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HOUSE OF REPRESENTATIVES—*Friday, March 21, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

In God we live and move and have our being.—Acts 17: 28.

O God, who art the source of light and love and the sustainer of our lives, make us one with Thee as we live through the experiences of these challenging hours. Make clear to us what we should do and give us the courage to walk in that way. In all our thinking and in all our doing may Thy love motivate us, Thy strength sustain us, and Thy spirit guide us for the good of our country and the welfare of all mankind.

God bless America and lead her through these crucial days.

In the spirit of Christ we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 25. An act to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 172. An act to revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of Government employees, and for other purposes;

S. 1236. An act to extend and amend the Emergency Livestock Credit Act of 1974, and for other purposes;

S.J. Res. 15. Joint resolution to authorize and request the President to issue a proclamation designating May 13, 1975, as "American Business Day";

S.J. Res. 36. Joint resolution authorizing and directing the President to declare Aleksandr I. Solzhenitsyn an honorary citizen of the United States of America;

S.J. Res. 56. Joint resolution to authorize and request the President to proclaim April 6, 1975, as a day of observance of the 30th anniversary of the liberation of the survivors of the holocaust; and

S.J. Res. 57. Joint resolution to authorize and request the President to proclaim the month of May 1975, as "National Car Care Month."

PERMISSION FOR SUBCOMMITTEE ON NATIONAL PARKS AND RECREATION TO SIT DURING GENERAL DEBATE TODAY

Mr. HALEY. Mr. Speaker, I ask unanimous consent that the Subcommittee on National Parks and Recreation of the Committee on Interior and Insular Affairs be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

PROVIDING FUNDS FOR THE COMMITTEE ON THE JUDICIARY

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration I call up the resolution (H. Res. 267) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 267

Resolved, That effective January 3, 1975, the expenses of the investigations, studies, and oversight responsibilities and functions to be conducted pursuant to rule X, clause 2(b)(1) (relating to general oversight responsibilities), and rule XI, clause 1(b) (relating to the authorization of investigations and studies), by the Committee on the Judiciary, acting as a whole or by subcommittee, not to exceed $1,831,090.37, including expenditures for the employment of experts, special counsel, clerical, stenographic, and other assistants and consultants, and all expenses necessary for travel and subsistence incurred by member and employees while engaged in the activities of the committee of any subcommittee thereof, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. Not to exceed $175,000 of the total amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on the Judiciary shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 75]

Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Armstrong
Bell
Brooks
Burke, Calif.
Butler
Chisholm
Conyers
Crane
de la Garza
Dellums
Dickinson
Duncan, Oreg.
Esch
Eshleman
Evans, Ind.
Fascell
Fithian
Flowers
Frey
Giaimo
Gibbons
Goldwater
Gude
Harsha
Hastings
Hays, Ohio
Hébert
Heckler, Mass.
Hightower
Horton
Jeffords
Jenrette
Karth
Kindness
LaFalce
Litton
McEwen
McKinney
Metcalfe
Mills
Moffett
Mosher
Murphy, N.Y.
Myers, Pa.
Neal
O'Brien
O'Hara
Ottinger
Pepper
Pressler
Railsback
Risenhoover
Roberts
Rosenthal
Rostenkowski
Ruppe
Ryan
St Germain
Scheuer
Shipley
Shuster
Skubitz
Staggers
Stark
Stratton
Teague
Traxler
Treen
Udall
Ullman
Vander Jagt
Waxman
Whitehurst
Winn
Wright

The SPEAKER. On this rollcall 353 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FURTHER LEGISLATIVE PROGRAM

(Mr. McFALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McFALL. Mr. Speaker, I would like to announce to the Members that there will be a Saturday session tomorrow.

We would send the tax bill to conference, assuming that this is ready from the Senate.

Mr. Speaker, the important part of this, I would emphasize to the Members of the House, is that the tax bill is being sent to conference, and it is possible that there could be some motion to instruct or something of that nature involved in that. The tax bill is the most important bill that we have to finish before we go on recess.

Mr. Speaker, it is necessary for us to meet tomorrow for that reason.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, there are many Members who have made plans for tomorrow evening, not anticipating a Saturday session. Is it the plan of the leadership to come in early tomorrow morning, perhaps at 10 o'clock?

The SPEAKER. It is the understanding of the Chair that the gentleman from California (Mr. McFALL) will ask unanimous consent to meet at 10 o'clock tomorrow morning.

REQUEST FOR HOUR OF MEETING TOMORROW, SATURDAY, MARCH 22, 1975

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. RHODES. Mr. Speaker, reserving the right to object, I will ask the Chair if there is any assurance that the other body will have passed the tax bill by 10 o'clock tomorrow morning so that it will be possible for us to take up the matter immediately.

The SPEAKER. If the Chair might state what he knows about the matter, there is no assurance. The Chair did talk to the majority leadership a few minutes ago, and the leadership hopes that they will vote later today. Therefore, the emphasis on the part of the majority leadership was that it would be beneficial to all Members concerned if we were to be in session tomorrow.

Mr. RHODES. Mr. Speaker, further reserving the right to object, would it be possible for us to get agreement that in the event the tax bill is ready to be sent to conference as soon as the House goes into session, the consideration of further business would be dispensed with tomorrow and the House would be adjourned immediately, putting over any further business to be considered?

The SPEAKER. The Chair would like to state that the foreign aid bill is a matter of urgency, because its disposition will determine whether we will have to have another continuing resolution or not. We would like to pass that bill.

Mr. RHODES. Mr. Speaker, further reserving the right to object, I had not known that the foreign aid bill was on the program for tomorrow.

The SPEAKER. The Chair would like to state that it is just a possibility, but we are hoping that we can take it up.

Mr. RHODES. Mr. Speaker, further reserving the right to object, I would like to have some assurance as to the amount of business that we would intend to take up tomorrow so that the Members might have some guidance as to what their personal plans might be. As I understand it, at the present time, we will send the bill to conference, hopefully, shortly after 10 o'clock.

The SPEAKER. May we dispose of this issue, the Chair will say, by taking the unanimous-consent request first and then we can have a discussion?

Mr. RHODES. Mr. Speaker, I do not like to go into the unanimous-consent request until I have an answer to my question.

Mr. PASSMAN. Mr. Speaker, will the distinguished minority leader yield?

Mr. RHODES. I yield to the gentleman from Louisiana; yes.

Mr. PASSMAN. We are not asking for unanimous-consent requests. We are ready to file a report on the foreign aid appropriation bill so that the Members may have an opportunity to consider it.

Mr. RHODES. I certainly have no objection to the gentleman's conducting his business after I have obtained some answer to my various queries propounded on the reservation of the right to object.

Could the distinguished majority whip enlighten me further as to what the program will be tomorrow in the event we can send the tax bill to conference immediately?

Mr. McFALL. If the gentleman will yield, the conference report on the foreign aid bill will be ready; is that correct?

Mr. PASSMAN. It is ready to be filed now.

Mr. McFALL. And the gentleman would be ready to bring up the report tomorrow?

Mr. PASSMAN. With the cooperation of the leadership on both sides, yes; we do have the conference report ready, and I am sure that the membership would like us to dispose of this conference.

Mr. RHODES. Mr. Speaker, this is the first time I have ever heard that the gentleman's conference report was ready. Prior to this time, it was my understanding that there would be only one deferral bill and two conference reports on rescission brought up as the business for tomorrow.

The SPEAKER. Will the gentleman from California (Mr. McFALL) withdraw his request?

Mr. McFALL. Mr. Speaker, I withdraw his request?

CONFERENCE REPORT ON H.R. 4592, MAKING APPROPRIATIONS FOR FOREIGN ASSISTANCE AND RELATED PROGRAMS FOR FISCAL YEAR ENDING JUNE 30, 1975

Mr. PASSMAN submitted the following conference report and statement on the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94-108)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4592) "making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 7, 8, 10, 11, 29, 31, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 12, 13, 14, 15, 16, 17, 21, 22, 23, 24, 25, 26, 27, 28, 30, and 33, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$300,000,000"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$125,000,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$475,000,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$225,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 6, 9, 18, 20, 32, 35, 36, and 38.

OTTO E. PASSMAN,
CLARENCE D. LONG,
EDWARD I. KOCH,
GEORGE MAHON,
GARNER E. SHRIVER,
SILVIO O. CONTE,
LAWRENCE COUGHLIN,
E. A. CEDERBERG,
Managers on the Part of the House.

DANIEL K. INOUYE,
WILLIAM PROXMIRE,
LAWTON CHILES,
J. BENNETT JOHNSTON, Jr.,
JOHN L. McCLELLAN,
EDWARD W. BROOKE,
CHARLES McC. MATHIAS, Jr.,
MILTON R. YOUNG,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4592) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES

Funds appropriated to the President

Economic Assistance

Amendment No. 1: Food and nutrition, Development Assistance: Appropriates $300,000,000 instead of $234,000,000 as proposed by the House and $450,000,000 as proposed by the Senate.

Amendment No. 2: Population planning and health, Development Assistance: Appropriates $125,000,000 instead of $115,000,000 as proposed by the House and $145,000,000 as proposed by the Senate.

Amendment No. 3: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: Restore the matter stricken by said amendment, amended to read as follows: "*Provided further*, That not more than $110,000,000 appropriated or made available under this Act shall be used for the purposes of section 291 during the current fiscal year."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers agree that this provision eliminates any requirement to restrict the use of any other funds this fiscal year or to carry over unprogrammed funds from one fiscal year into the next for the purpose of funding the population program in compliance with certain existing legislation.

Amendment No. 4: Deletes language proposed by the Senate which would have made available $20,000,000 from the loan repayments for grants for the population program.

Amendment No. 5: Selected development problems, Development Assistance: Appropriates $37,000,000 as proposed by the House instead of $40,500,000 as proposed by the Senate.

Amendment No. 6: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: Restore the matter stricken by said amendment, amended to read as follows: "of which not more than $500,000 shall be available for the National Association of the Partners of the Alliance, Inc.".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 7: Selected countries and organizations, Development Assistance: Appropriates $30,000,000 as proposed by the House instead of $32,000,000 as proposed by the Senate.

Amendment No. 8: Loan allocation, Development Assistance: Restores language proposed by the House and deleted by the Senate which places a floor of $175,000,000 on the amount of funds to be used for loans for development assistance.

Amendment No. 9: International organizations and programs: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$125,000,000, of which not more than $17,000,000 shall be available for the United Nations Children's Fund: *Provided*, That none of the funds appropriated or made available pursuant to this Act shall be used to supplement the funds provided to the United Nations Development Program in fiscal year 1974."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 10: American schools and hospitals abroad: Appropriates $17,500,000 as proposed by the House instead of $10,000,000 as proposed by the Senate.

Amendment No. 11: National Association of the Partners of the Alliance, Inc.: Deletes language proposed by the Senate which would have provided a separate appropriation of $750,000 for this item. An amount of $500,000 was included for this program under the Selected development problems item.

Amendment No. 12: Contingency fund: Appropriates $1,800,000 as proposed by the Senate instead of $5,000,000 as proposed by the House.

Amendment No. 13: International narcotics control: Appropriates $17,500,000 as proposed by the Senate instead of $27,500,000 as proposed by the House.

Amendment No. 14: Famine or disaster relief assistance: Appropriates $35,000,000 as proposed by the Senate instead of $30,000,000 as proposed by the House.

Amendment No. 15: Earmarks $25,000,000 of the famine or disaster relief assistance for Cyprus as proposed by the Senate instead of $20,000,000 as proposed by the House.

Amendment No. 16: Assistance to Portugal and Portuguese colonies in Africa gaining independence: Appropriates $25,000,000 as proposed by the Senate instead of $20,000,000 as proposed by the House.

Amendment No. 17: Retains language proposed by the Senate which will terminate the availability of the unobligated balances of the contingency fund for use in fiscal year 1975.

Security Supporting Assistance

Amendment No. 18: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which is as follows: "and not less than $77,500,000 shall be allocated to Jordan."

Military Assistance

Amendment No. 19: Appropriates $475,000,000 instead of $490,000,000 as proposed by the House and $450,000,000 as proposed by the Senate.

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which is as follows: *Provided further*, That the total number of flag and general officers of the United States Armed Forces assigned or detailed to military assistance advisory groups, military missions, or similar organizations, or performing duties primarily with respect to the Military Assistance Program and the Foreign Military Sales Program shall not exceed twenty after May 1, 1975."

Inter-American Foundation

Amendment No. 21: Places a limitation on obligations of $10,000,000 as proposed by the Senate instead of $5,000,000 as proposed by the House.

General Provisions

Amendment No. 22: Section 113: Provides that the United Nations Environment Fund will be subject to the prior notification requirement as set forth in section 113 as proposed by the Senate.

Amendment No. 23: Provides that the Indus Basin Development Fund will be subject to the prior notification requirement as set forth in section 113 as proposed by the Senate.

Amendment No. 24: Provides that the Administrative expenses, Agency for International Development, will be subject to the prior notification requirement as set forth in section 113 as proposed by the Senate.

Amendment No. 25: Provides that the Inter-American Foundation will be subject to the prior notification requirement as set forth in section 113 as proposed by the Senate.

Amendment No. 26: Provides that the Peace Corps will be subject to the prior notification requirement as set forth in section 113 as proposed by the Senate.

Amendment No. 27: Deletes the word "or" as proposed by the Senate.

Amendment No. 28: Provides that Assistance to refugees from the Soviet Union and Assistance to Palestinian refugees will be subject to the prior notification requirement as set forth in section 113 as proposed by the Senate.

Amendment No. 29: Deletes language proposed by the Senate which would have provided for the prior notification to be submitted to the Committees on Foreign Relations and Foreign Affairs.

Amendment No. 30: Retains language proposed by the Senate which extends the prior notification requirement from five days to fifteen days.

The conferees agree that any activity, project, or other operation specifically set forth by amount to be obligated in fiscal year 1975 and by country in the fiscal year 1975 Congressional Presentation Document shall be deemed to have been justified and the Committees on Appropriations informed. Similarly, amounts not in excess of the amounts proposed therein for obligation in fiscal year 1975 shall be deemed to have been justified and the Committees on Appropriations informed.

Any activity, project or other operation not specifically set forth by amount to be obligated in fiscal year 1975 and by country in the fiscal year 1975 Congressional Presentation Document shall be deemed not to have been justified and the Committee on Appropriations not informed. Similarly, amounts in excess of the amounts proposed therein for obligation in fiscal year 1975 shall be deemed not to have been justified and the Committees on Appropriations not informed.

TITLE III—FOREIGN ASSISTANCE (OTHER)

Independent agency

Action—International programs

Peace Corps

Amendment No. 31: Appropriates $77,000,000 as proposed by the House instead of $80,000,000 as proposed by the Senate.

Amendment No. 32: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: "*Provided*, That of this amount $44,500,000 shall be available only for the direct support of volunteers".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Department of State

Migration and Refugee Assistance

Amendment No. 33: Appropriates $8,420,000 as proposed by the Senate instead of $9,420,000 as proposed by the House.

The managers direct that the reduction made in this account be allocated equally among the various organizations and programs contained in this appropriation. The reductions for each program or organization should bear a direct relationship to the percentage each program or organization is to the total proposed budget program for each as listed in both of the committee reports for fiscal year 1975.

Assistance to Refugees From the Soviet Union

Amendment No. 34: Appropriates $40,000,000 as proposed by the House instead of $25,000,000 as proposed by the Senate.

Of the $40,000,000 recommended in the conference agreement, the managers direct that not less than $35,000,000 be made available to resettle Soviet refugees in Israel.

Assistance to Palestinian Refugees

Amendment No. 35: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which appropriates $10,000,000 to the Palestinian refugees. These funds were made available in the continuing resolution and the appropriation is not in addition to the $10,000,000 made available therein.

Funds appropriated to the President

International Financial Institutions

Investment in Asian Development Bank

Amendment No. 36: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the matter stricken and inserted, insert the following: "For payment by the Secretary of the Treasury of the United States to be contributed to the Asian Development Bank $74,126,982, to remain available until expended, of which $50,000,000 will be contributed to the Special Funds Resources of the Bank as authorized by the Act of March 10, 1972, as amended (Public Law 92–245), and of which $24,126,982 will be paid for an increase in the United States subscription to the paid-in capital of the Ordinary Capital of the Bank, as authorized by the Act of December 22, 1974 (Public Law 93–537)."

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Investment in the Inter-American Development Bank

Amendment No. 37: Appropriates $225,000,000 for the Fund for Special Operations instead of $150,000,000 as proposed by the House and $350,000,000 as proposed by the Senate.

Amendment No. 38: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which is as follows: "provided, that of this amount $25,000,000 shall be made available only to responsible cooperatives whose primary purpose is to increase the productive capacity of rural and urban citizens at the most economically disadvantaged level: provided further, that $10,000,000 of this amount shall be made available only to local credit unions or national or regional federations thereof, whose primary purpose is to increase the productive capacity of rural and urban citizens at the most economically disadvantaged level: provided further, that $15,000,000 of this amount shall be made available only to responsible savings and loan associations or other mortgage credit institutions, or national or regional federations thereof, whose primary purpose is to provide basic housing to rural and urban citizens at the most economically disadvantaged level."

Conference total—With comparisons

The total new budget (obligational) authority for the fiscal year 1975 recommended by the committee of conference with comparisons to the fiscal year 1974 amount, the 1975 budget estimate, and the House and Senate bills for 1975 follow:

New budget (obligational) authority, fiscal year 1974	$5,830,709,000
Budget estimates of new (obligational) authority, fiscal year 1975	5,946,460,909
House bill, fiscal year 1975	3,498,420,000
Senate bill, fiscal year 1975	3,946,096,982
Conference agreement	3,674,346,982
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1974	−2,156,362,018
Budget estimates of new (obligational) authority, fiscal year 1975	−2,272,113,927
House bill, fiscal year 1975	+175,926,982
Senate bill, fiscal year 1975	−271,750,000

Otto E. Passman,
Clarence D. Long,
Edward I. Koch,
George Mahon,
Garner E. Shriver,
Silvio O. Conte,
Lawrence Coughlin,
E. A. Cederberg,
Managers on the Part of the House.

Daniel K. Inouye,
William Proxmire,
Lawton Chiles,
J. Bennett Johnston, Jr.,
John L. McClellan,
Edward W. Brooke,
Charles McC. Mathias, Jr.,
Milton R. Young,
Managers on the Part of the Senate.

PROVIDING FUNDS FOR THE COMMITTEE ON THE JUDICIARY

Mr. THOMPSON. Mr. Speaker, before the quorum call, I asked unanimous consent that further reading of House Resolution 267 be dispensed with and that it be printed in the Record.

Mr. Speaker, the resolution (H. Res. 267) is for the Committee on the Judiciary. The dean of the New Jersey delegation, who is also the distinguished chairman of this committee, and the distinguished ranking member, Mr. Edward Hutchinson, appeared and testified in support of this resolution, which requests $1,831,090.37.

It was reported favorably by the Committee on House Administration by a rollcall on March 17, by a vote of 13 to 5.

The majority of the committee was satisfied with the justification offered by the chairman and ranking member. The amount requested, in light of the circumstances, is modest indeed.

It calls for 14 percent more than was available last session, the reasons being the obvious need for increased staffing under the new rules, and 5.5 estimated cost-of-living increase. Twenty-five new staff persons will be added by the committee, nine attorneys, one economist, three legislative assistants, and two clerical staffers. Greater oversight activities in the current jurisdiction of the committee are anticipated. There are seven legislative subcommittees, and it is anticipated that there will be need for the services of a limited number of consultants, and also a limited amount of travel for on-site public hearings.

Does the gentleman from Ohio (Mr. Ashbrook) desire me to yield?

Mr. ASHBROOK. That is correct.

Mr. THOMPSON. I yield to the gentleman from Ohio, for the purposes of debate only, 5 minutes.

Mr. ASHBROOK. Mr. Speaker, I thank the gentleman from New Jersey for yielding to me.

I believe on this particular issue there are a few things hanging which the Membership ought at least endeavor to receive some information on at this time, if not resolve them.

Most of the Members will remember on January 14 the House voted to abolish the Committee on Internal Security as a standing committee. That section of the new House rule regarding the disposition of this is found on page R–4, which is rule X, clause (m), subparagraph (19).

> All property and records of the Committee on Internal Security are hereby transferred to the Committee on the Judiciary and shall be available for use by the latter committee to the same extent as if such property and records were originally that of the Committee on the Judiciary.
>
> Such staff members of the Committee on Internal Security as the chairman of that committee for the 93d Congress may designate after consultation and agreement with the chairman of the Committee on the Judiciary shall, without reduction in compensation, be transferred and appointed to the Committee on the Judiciary as additional members of the staff of the Committee on the Judiciary for the period of the 94th Congress, and shall be paid from the contingent fund of the House.

I am sure all of the Members understand fully what was intended.

On that date during the debate on the Internal Security Committee the then chairman of the committee, the gentleman from Missouri (Mr. Ichord) stated, in reference to the arrangement which is stated in the rules:

> In effect, the language will require the Committee on the Judiciary to establish a Subcommittee on Internal Security.

Now, some 2 months later we are still waiting for the establishment of a subcommittee of the Committee on the Judiciary to handle the internal security work.

I would point out at this juncture that I understand arrangements have been made, certain correspondence has taken place and certain studies are being made.

I think the House should know that on the minority side, as the former ranking minority member, I have not been informed or brought into any consideration of any kind. It clearly is a matter that is operating a little bit like the original abolition of this committee. So I have to ask a few questions, because I know nothing of what has transpired. I have been brought in on nothing. I have been asked nothing.

As the gentleman from New Jersey, my friend, has indicated, I am only recognized for the purpose of debate. I will offer at the appropriate time a motion to recommit to endeavor to in some way resolve this matter.

The January 14 rules change which killed HISC was handled backhandedly, without a direct decision or vote. It was clearly left up in the air. We do not yet have any resolution of what the former Security Committee function will be in the Judiciary Committee. This is one of the only times we will have to debate it. That is why I am asking the indulgence of the Members, and that of my good friend, the gentleman from New Jersey (Mr. Thompson) to bring up these points.

I think it is also very significant, when one reads the statement of our distinguished chairman, Representative Rodino, attached to this report, that it clearly indicates on page 5 that the issue is still pending. Representative Rodino wrote:

> If it is concluded that H. Res. 5 intended the Judiciary Committee to absorb these expenses—

And he is referring to the Internal Security Committee—

> additional funds will be necessary, once we have been able to determine the nature and extent of the former committee's functions which will be preserved.

I would ask my good friend, the gentleman from New Jersey (Mr. Thompson) if during the hearings of the Committee on House Administration there was any indication of the disposition of the internal security function of the Committee on the Judiciary?

Mr. THOMPSON. The chairman and

ranking member indicated that that subject was a matter under discussion by them. It was made clear that the employees of the former Committee on Internal Security, under House Resolution 5 of this year, will be provided for by moneys to be paid for out of the contingent fund of the House, by the Clerk of the House, for a period of 2 years. There was no specific discussion with relation to the creation of a subcommittee. It is not considered by us normally to be our business to request or require that subcommittees be established or abolished.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman for yielding.

I would say to the gentleman from Ohio, and I hope that the gentleman from New Jersey, the chairman of the Committee on the Judiciary, participates in this discussion, that I agree the bill does contain $1,031,090.37 but provides nothing for carrying out the responsibilities of the House Committee on Internal Security.

I note from the letter of the chairman of the Committee on the Judiciary that he states that the study is in progress and, apparently, anticipates coming before the House Committee on Administration to ask for additional money to carry out the responsibilities transferred to it by House Resolution 5.

The SPEAKER. The time of the gentleman has expired.

Mr. THOMPSON. I yield 2 additional minutes to my friend, the gentleman from Ohio, for purposes of debate only.

Mr. ICHORD. If the gentleman will yield further. I will state to the gentleman from Ohio that the gentleman from New Jersey (Mr. Rodino) and I are planning a meeting this afternoon, and certainly the gentleman from Ohio (Mr. Ashbrook) will be invited to that meeting as far as I am concerned. I will state to the gentleman from Ohio that I am greatly concerned whether I can carry out my responsibilities under House Resolution 5 at this particular point. I do not know what is going to happen in that meeting with the chairman of the Committee on the Judiciary (Mr. Rodino) because the resolution states that "such staff members of the Committee on Internal Security as the chairman of that committee for the 93d Congress may designate, after consultation and agreement with the chairman of the Committee on the Judiciary, shall without reduction in compensation be transferred."

It is my understanding that the Committee on the Judiciary—and the gentleman from Ohio is a member of the Committee on the Judiciary—has not yet met to determine whether the functions of the House Committee on Internal Security are going to be performed by a separate committee or whether they are going to be performed by an existing committee, and I would really question—and I state this to the gentleman from New Jersey (Mr. Rodino)—I do not know how I can carry out my responsibilities at this time under House Resolution 5 without the Judiciary Committee resolving how the work will be done. So I certainly have sympathy for the resolution of the gentleman from Ohio in the light of these circumstances.

Mr. ASHBROOK. If I may respond to that, I will say to the gentleman that for the past 2 months, while I had hoped something would be done, I have not pressed the matter. I have great respect for the gentleman from New Jersey (Mr. Rodino). I have some understanding of the commitments and the load and the responsibilities that he has, but by the same token I will have to admit on a number of occasions when I have talked to knowledgeable people, they sort of winked and said, "Well, we might study this thing for a year or so."

I think there should be some date at which time we resolve this one way or the other. I am taking advantage of this opportunity because it is one of the few times we have to discuss this matter.

Mr. SIKES. Mr. Speaker, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Florida.

Mr. SIKES. I thank the gentleman for yielding.

I share the apprehension that has been discussed by the distinguished gentleman from Missouri (Mr. Ichord). I feel that this is a matter that deserves the attention of the House now. I think the distinguished gentleman from Ohio (Mr. Ashbrook) is proposing a course of action that is feasible, and I intend to support it.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I would like to ask the gentleman from Ohio whether or not there is any truth to the statement that was given to me the other day by someone I tend to believe that the employees who were carried over from the old Internal Security Committee have already received notice either officially or unofficially that all or most of them are to be terminated on April 15 regardless of any consultation already held?

Mr. ASHBROOK. I would reiterate what I have said. Everything I know as a member of the Judiciary Committee and the former ranking minority member of HISC is hearsay. I have not been consulted or brought in any way into the disposition of our former legislative mandate or function of employees. But I understand at least the employees of the former minority staff are led to believe that their jobs may be terminated on April 15.

Mr. BAUMAN. That would be in direct contravention of the rules as adopted January 15 when we first acted on this matter, is that not correct, unless consultation with the gentleman from Missouri is had and he agrees?

Mr. ASHBROOK. Not knowing what consultation has gone on, I cannot answer that question.

Mr. THOMPSON. Mr. Speaker, I might say to the gentleman from Maryland that no such termination notices have been issued and that the gentleman's information is incorrect. The matter is under discussion and will be the subject of further discussion by the distinguished gentleman from Missouri and the chairman, the gentleman from New Jersey (Mr. Rodino), I am assured, at the earliest possible time, but it is really not relevant to the money resolution presently before us.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I yield to the gentleman from Maryland for purposes of debate only.

Mr. BAUMAN. Mr. Speaker, I will just say to the gentleman from New Jersey it was very clear when the rules were adopted, and the rule was cited by the gentleman from Ohio, that the House directed the Judiciary Committee to carry out this internal security function. The report of the gentleman indicates that there is no money contained in this resolution for that purpose, which would seem to fly in the face of that direction.

The gentleman from Ohio intends to offer a motion to recommit with instructions to earmark $300,000 for the purposes of carrying out this security function, and this may be the only vote this House has on the issue of whether we are concerned about the internal security within the United States. Hopefully this will have the support of the Members of the House.

Mr. THOMPSON. I have the greatest respect and affection for the gentleman from Ohio (Mr. Ashbrook). I am constrained to say I think that the issue is premature and that it is obvious there has been no agreement on the interpretation of the language to which the gentleman refers in House Joint Resolution 5.

There will indeed be an opportunity to vote on the motion to recommit. I of course shall ask that the motion to recommit be defeated, but the gentleman from Ohio will make it at the appropriate time.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I yield to the gentleman from Ohio for debate only.

Mr. ASHBROOK. I will say to my friend, the gentleman from New Jersey, that I well understand the problem. We were in the minority and we were not able to secure a vote on this issue in January. I fully understand this is not a direct vote but it is the only recourse we in the minority have. I do this not to question the work of the Committee on House Administration but simply because there are no other opportunities for us to vote on this question. This is one chance we will have to vote on the continuation of this vital work. I do it clearly for that purpose, not to make difficulties and to criticize the Committee on House Administration or the Judiciary Committee but since we were gagged in January and under the rules this is the only chance we will have, I will do it for that reason. That is as honest as I can be.

Mr. THOMPSON. The gentleman from New Jersey understands perfectly.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I yield for purposes of debate only.

Mr. ICHORD. Mr. Speaker, I hope the gentleman from New Jersey is going to yield to the distinguished chairman, the gentleman from New Jersey (Mr. Rodino), because he is the only one I think who can answer the questions raised in this discussion.

Mr. THOMPSON. The gentleman from New Jersey has discussed this matter with the chairman and would yield if the chairman requested it and thought it necessary. He does not feel it necessary at this time and I agree with him.

Mr. ICHORD. The gentleman from New Jersey (Mr. Rodino) does not consider it necessary at this time to answer these questions? If so, then I must support the motion of the gentleman from Ohio (Mr. Ashbrook).

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. For purposes of debate only.

Mr. ROUSSELOT. Is the gentleman from New Jersey convinced that this is not an attempt on the part of those on the Committee on the Judiciary who genuinely want to see the Internal Security Subcommittee become extinct, just to stall the issue?

Mr. THOMPSON. The gentleman from New Jersey does not believe that, nor does he question the motives of any of the Members who feel either way about the issue.

The responsibility of my subcommittee and of the full committee was to hear the chairman, the ranking minority member and others who wished to be heard relative to the funding requirements of the Committee on the Judiciary. As with all other committees, the gentleman from New Jersey will say that a supplemental request will be considered immediately if further funds are needed for the establishment of an Internal Security Subcommittee, or for any other purpose.

Mr. ROUSSELOT. If the gentleman will yield further?

Mr. THOMPSON. For debate only.

Mr. ROUSSELOT. Could we have a statement from our distinguished chairman of the Committee on the Judiciary that he is convinced that there is no attempt at this time to stall this issue, that is, the problem of funding of this internal Security Subcommittee?

Mr. THOMPSON. The chairman of the Committee on the Judiciary has just reassured me that there is no such problem.

Mr. ROUSSELOT. Would the distinguished chairman be willing to so reassure the House?

Mr. THOMPSON. I am speaking for the distinguished chairman when I say that.

Mr. ROUSSELOT. Well, I see the distinguished chairman sitting right next to the gentleman from New Jersey who is speaking.

Mr. THOMPSON. He might have laryngitis.

Mr. ROUSSELOT. I seriously doubt that the affliction is that serious. Is he willing to be recognized?

Mr. THOMPSON. I think if the gentleman from California would be more comfortable, I will yield to the gentleman from New Jersey (Mr. Rodino).

Mr. RODINO. Mr. Speaker, I am sorry that this debate has gotten to the point where there is a question as to what the chairman of the Committee on the Judiciary intends to do with the responsibility that has been imposed upon him and his committee.

I think that the Members of the House know that whatever responsibility we assumed in the past, we discharged and we discharged in the best interests of the House and the best interests of the public.

I kept up a running dialog with my friend, the gentleman from Missouri. I communicated with him on March 13 after some previous discussions regarding the matter of staff and regarding the questions that are arising concerning the staffing of the committee, in keeping with the provision in the resolution that the gentleman might designate members of the staff, after consultation and agreement with me as to what members of the staff should be retained or what members of the staff should be replaced. These are matters that have not been in the dark.

The Committee on the Judiciary initially in its organizational meeting, and I cannot say whether the gentleman from Ohio (Mr. Ashbrook) was present, did at the time state that there would be a review of the operation of the then Internal Security Committee and that this operation would be then not only reviewed, but presented to the full Committee on the Judiciary for its determination.

We have dispatched members of the staff, from both the majority and the minority, to review the files, to review the operations, and we are presently carrying this on in order to best dispose of the matter and to assure the House that with respect to the responsibility that is now in the Committee on the Judiciary, that it will undertake its responsibility with respect to Communists and other subversive activities affecting the security of the United States.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I yield to the gentleman from Ohio for debate only.

Mr. ASHBROOK. Mr. Speaker, I would say to the chairman of the Committee on the Judiciary that I was present at the time, but being as cooperative as the gentleman from Ohio can be at times, I did not press that point. I recognized it would require some time. I guess I, down deep, thought that maybe we would not have months and months and months to go. The only thing which bothers the gentleman from Ohio at this point is whether or not this issue will be studied interminably through most of this Congress, or whether there will be a resolution.

Again, I say that not to chide the chairman, because I know his responsibilities, I know some of his problems, but I do think there should be some resolution of this issue one way or another, rather than just letting it go on for months and months and months. That is, of course, the reason I am offering this motion to recommit.

Mr. THOMPSON. May the gentleman from New Jersey just point out something? If proof be needed of the willingness of the Committee on House Administration to entertain any supplemental resolution, it is certainly contained in the history of this committee in the last 2 years, where five separate resolutions were required in order to fund the Committee on the Judiciary according to its needs.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, I agree with the gentleman from New Jersey that the House Administration Committee, I am sure, will consider the request of the gentleman from New Jersey (Mr. Rodino) when he determines how much money he will need, and the gentleman from New Jersey (Mr. Rodino) is correct when he states that we have had two informal discussions on this matter and that the gentleman from New Jersey (Mr. Rodino) has had his staff members talking and studying the matter with the staff members of the former House Committee on Internal Security.

However, none of those staff members have talked to me personally or to the ranking member of the former committee, the gentleman from Ohio. My concern is—whether I can carry out my responsibilities with the gentleman from New Jersey (Mr. Rodino), under Resolution 5, without having a determination as to whether the House Committee on the Judiciary is going to set up a separate committee or as to whether they are going to have the work done by existing committee. How can we transfer employees if we do not know what work will be done. For this reason I am compelled to support the motion of the gentleman from Ohio (Mr. Ashbrook).

Mr. THOMPSON. Mr. Speaker, I thank the gentleman. I might observe this, that the gentleman is talking about a meeting this afternoon on the subject of the creation, or not, of an additional subcommittee; and yet the gentleman from Ohio's recommittal action will be without any hearing on the needs of that non-existent, or not yet existent subcommittee, to expend $300,000. For that reason alone, I would oppose it.

Mr. ICHORD. Perhaps the motion of the gentleman from Ohio is premature, but I would state to the gentleman from New Jersey that I think this is an opportunity for the House to pass upon this question.

I would state that there is much work to be done, and I am vitally concerned as to whether the work of the internal security will be done.

Let me point out to the gentleman from New Jersey that we just had the State Department bombed a number of weeks ago. We just had a rubber plant up in Connecticut that was bombed and completely burned out and the Weathermen are taking credit for that. We just had several people killed in an explosion in New York City, reportedly set off by the Puerto Rican revolutionaries.

Mr. THOMPSON. I might say to the gentleman from Missouri that the House has made a determination to repose the responsibility for the activities of the distinguished gentleman's former committee in the Committee on the Judiciary. The question is the disposition of the personnel.

Mr. ICHORD. I agree with the gentleman from New Jersey, and I would not be presumptuous enough to state that I have any responsibility whatsoever as to telling the Committee on the Judiciary how to do its job, but I do insist, and I think the House will insist, that the House Committee on the Judiciary do some work in this area.

Mr. THOMPSON. I thank the gentleman.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. ASHBROOK. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ASHBROOK moves that House Resolution 267 be recommitted to the Committee on House Administration with instructions that said committee forthwith report back to the House said resolution with the following amendment, to wit: on page 2, line 11 of the resolution add the following new sentence: "Not to exceed $300,000 of the total amount provided by this resolution shall be used to carry out activities within the jurisdiction of the Committee on the Judiciary under the provisions of rule X, clause (m) (19) of the Rules of the House of Representatives."

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 169, nays 206, not voting 57, as follows:

[Roll No. 76]

YEAS—169

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Archer
Ashbrook
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Boggs
Bowen
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Davis
Derrick
Derwinski
Devine
Downing
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
Fish
Flynt
Fountain
Gilman
Ginn
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Hébert
Heckler, Mass.
Hefner
Hillis
Hinshaw
Holt
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Pa.
Jones, N.C.
Kasten
Kazen
Kelly
Kemp
Ketchum
Lagomarsino
Latta
Lent
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McEwen
McKinney
Mahon
Mann
Martin
Mathis
Michel
Milford
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Neal
Nichols
Passman
Peyser
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Randall
Regula
Rhodes
Rinaldo
Robinson
Rogers
Rose
Rousselot
Runnels
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Sikes
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Vander Jagt
Waggonner
Walsh
Whitten
Wiggins
Wilson, Bob
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NAYS—206

Abzug
Addabbo
Alexander
Ambro
Anderson, Calif.
Ashley
Aspin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brown, Calif.
Burke, Calif.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Clay
Collins, Ill.
Conyers
Corman
Cornell
Cotter
Daniels, Dominick V.
Danielson
Delaney
Dellums
Dent
Diggs
Dingell
Dodd
Downey
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fascell
Fenwick
Findley
Flood
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gonzalez
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Holland
Holtzman
Horton
Howard
Hughes
Hungate
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Keys
Koch
Krebs
Krueger
LaFalce
Landrum
Lehman
Levitas
Lloyd, Calif.
Long, Md.
McCormack
McDade
McFall
McHugh
McKay
Macdonald
Madden
Madigan
Maguire
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murtha
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patman
Patten
Patterson, Calif
Pattison, N.Y.
Perkins
Price
Rangel
Rees
Reuss
Richmond
Riegle
Rodino
Roe
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Steed
Stokes
Studds
Sullivan
Symington
Thompson
Thornton
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Weaver
Whalen
White
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wirth
Wolff
Yates
Yatron
Young, Ga.
Zeferetti

NOT VOTING—57

Adams
Anderson, Ill.
Annunzio
Armstrong
Bell
Breaux
Brooks
Crane
de la Garza
Dickinson
Duncan, Oreg.
Esch
Eshleman
Evans, Ind.
Fisher
Fithian
Flowers
Foley
Frey
Goldwater
Harsha
Hastings
Hays, Ohio
Hightower
Howe
Jacobs
Jones, Ala.
Kindness
Leggett
Litton
Metcalfe
Mikva
Mills
Moffett
Mosher
Murphy, N.Y.
Myers, Pa.
O'Brien
O'Hara
Pepper
Pike
Railsback
Risenhoover
Roberts
Ruppe
Shipley
Skubitz
Staggers
Stark
Traxler
Treen
Udall
Ullman
Wampler
Waxman
Whitehurst
Winn

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Crane for, with Mr. Annunzio against.

Mr. Eshleman for, with Mr. Murphy of New York against.

Mr. Hastings for, with Mr. Udall against.

Mr. Treen for, with Mr. Shipley against.

Mr. Wampler for, with Mr. Pepper against.

Mr. Frey for, with Mr. Hays of Ohio against.

Mr. Winn for, with Mr. Fithian against.

Mr. Armstrong for, with Mr. Leggett against.

Mr. Goldwater for, with Mr. O'Hara against.

Mr. Dickinson for, with Mr. Pike against.

Mr. Harsha for with Mr. Staggers against.

Mr. de la Garza for, with Mr. Stark against.

Mr. Roberts for, with Mr. Traxler against.

Until further notice:

Mr. Adams with Mr. Anderson of Illinois.

Mr. Hightower with Mr. Howe.

Mr. Ullman with Mr. Mosher.

Mr. Moffett with Mr. O'Brien.

Mr. Mikva with Mr. Whitehurst.

Mr. Jones of Alabama with Mr. Skubitz.

Mr. Brooks with Mr. Bell.

Mr. Mills with Mr. Duncan of Oregon.

Mr. Flowers with Mr. Esch.

Mr. Foley with Mr. Railsback.

Mr. Jacobs with Mr. Risenhoover.

Mr. Waxman with Mr. Litton.

Mr. Breaux with Mr. Metcalfe.

Mr. Evans of Indiana with Mr. Kindness.

Mr. Myers of Pennsylvania with Mr. Ruppe.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

RESIGNATION FROM COMMITTEE ON HOUSE ADMINISTRATION

The SPEAKER laid before the House the following resignation from the Committee on House Administration:

WASHINGTON, D.C.
March 20, 1975.

Hon. CARL ALBERT,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I hereby tender my resignation from the House Administration Committee, effective immediately.

Thank you for your kind attention to this matter.

Sincerely,

M. CALDWELL BUTLER.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

ELECTIONS TO COMMITTEE ON WAYS AND MEANS AND COMMITTEE ON HOUSE ADMINISTRATION

Mr. RHODES. Mr. Speaker, I offer a privileged resolution (H. Res. 353) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 353

Resolved, That William M. Ketchum, of California, be, and he is hereby, elected a member of the Committee on Ways and Means; and,

That Bill Frenzel, of Minnesota be, and he is hereby, elected a member of the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on March 20, 1974, the President approved and signed a joint resolution of the House of the following title:

H.J. Res. 258. Joint resolution to designate March 21, 1975, as "Earth Day."

PROVIDING FUNDS FOR INVESTIGATIONS AND STUDIES BY COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 292 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 292

Resolved, That effective from January 3, 1975, the expenses of the investigations, studies, and oversight responsibilities and functions to be conducted pursuant to rule X, clause 2(b)(1) (relating to general oversight responsibilities), clause 3(f) (relating to special oversight functions of the Committee on Science and Technology), and rule XI, clause 1(b) (relating to the authorization of investigations and studies), by the Committee on Science and Technology, acting as a whole or by subcommittee, not to exceed $554,000 including expenditures for the employment of investigators, attorneys, individual consultants or organizations thereof, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. However, not to exceed $25,000 of the amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on Science and Technology shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 292 is from the Committee on Science and Technology. It was supported enthusiastically and justified well by the chairman of the committee, the gentleman from Texas (Mr. TEAGUE), and the gentleman from Ohio (Mr. MOSHER), the ranking minority member. It requests an amount of $554,000.

The committee has gained seven new members. It now is a 37-member committee. The oversight responsibilities have been expanded, as has the jurisdiction of the committee, which has been increased by the addition of civil aviation research and development, energy research and development—except nonmilitary nuclear energy—environmental research and development, weather, and all nonmilitary research and development. There are seven subcommittees. This is a modest request.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR THE COMMITTEE ON RULES

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 150 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 150

Resolved, That effective January 3, 1975, in carrying out its duties during the First Session of the Ninety-fourth Congress, the Committee on Rules is authorized to incur such expenses (not in excess of $30,000) as it deems advisable. Such expenses shall be paid out of the contingent fund of the House on vouchers authorized and approved by such committee, and signed by the chairman thereof.

SEC. 2. Funds authorized by the resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

COMMITTEE AMENDMENT

The SPEAKER. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 1, line 4, strike out "$30,000" and insert "$6,000".

Mr. THOMPSON. Mr. Speaker, I rise to oppose the committee amendment.

Mr. Speaker, House Resolution 150 was a request in the amount of $30,000 for the Committee on Rules. In both the subcommittee and the committee there were several votes taken, and finally, by a vote of 11 to 8, on line 4, the amount of $30,000 was stricken by an amendment offered by the distinguished gentleman from South Carolina (Mr. DAVIS), and the amount of $6,000 was substituted therefor. This represents the first request by the Committee on Rules for travel money, and that money would amount to a total of $25,000 under the original resolution and $1,000 under the amendment offered by my distinguished friend, the gentleman from South Carolina.

It was my strong feeling, and that of a number of others on the committee and a number of the members of the Committee on Rules, that the request to travel, which is to be totally controlled in whatever amount the House decides by the chairman of the committee, the gentleman from Indiana (Mr. MADDEN), was a reasonable request. It is for this reason that I take the unusual step of opposing a committee amendment. I might point out that I voted against this amendment in the subcommittee and in the full committee.

Mr. Speaker, I yield 5 minutes now for purposes of debate only to the gentleman from South Carolina.

Mr. DAVIS. Mr. Speaker, I thank the gentleman from New Jersey for yielding.

Let me say it is a privilege and an honor to serve with such a capable leader as the gentleman from New Jersey, and I regret that he has seen fit not to follow the will of the subcommittee or the full committee on this matter. However, Mr. Speaker, as we all know, opposing the

Rules Committee may be a dangerous thing sometimes. I have had a couple of people tell me: "Mendel, you are a young man but you will never get a rule through the Rules Committee now." But, Mr. Speaker, there is no reason for the Rules Committee to be traveling. It has no oversight responsibility and it has no legislative responsibility for legislation and it oversees no appropriations by this House.

The Rules Committee has never traveled before. It has never requested travel money before. For them now to request $25,000 for the purposes of traveling around this country is totally absurd at this time. We have too much business going on right here on the floor of this House where we need the Rules Committee to be meeting here and bringing out rules so we can solve the problems of the country.

Mr. Speaker, the Rules Committee did not offer one word of justification for this money. Not one word was in the written statement presented to the Subcommittee on Accounts.

We can no longer be just a rubber-stamp and give travel money for committees that do not need to travel. The members get 36 trips, each and every one of them, to go back to their home districts. The majority of the members on the Select Committees would travel, but the Rules Committee has no business traveling and we have no business as responsible legislators giving them travel money. Maybe the time has come when we should decide whether or not to serve our constituents or to be servants of the Rules Committee.

I hope the amendment will carry.

Mr. THOMPSON. Mr. Speaker, I thank the gentleman from South Carolina.

Mr. Speaker, I yield for purposes of debate only 5 minutes to the distinguished chairman of the Committee on Rules, the gentleman from Indiana (Mr. MADDEN).

Mr. MADDEN. Mr. Speaker, I rise to urge the defeat of the committee amendment providing for $6,000 for expenses for the Committee on Rules during the first session of the 94th Congress.

If the committee amendment is defeated, then the sum of $30,000, the original amount requested by the Committee on Rules when Mr. QUILLEN, the ranking minority member, and myself appeared before the Subcommittee on Accounts will be authorized for expenditures for the Committee on Rules.

As chairman of the Rules Committee I believe that $30,000 is an appropriate authorization for expenses which may be incurred by the committee in its day-to-day operations and for any travel within the United States and its territories.

The rules of the 94th Congress have expanded the jurisdiction of the Committee on Rules considerably. We have now taken on oversight functions relating to the operations of the legislative budget procedures and must comply with the Ramseyer rule for measures which change the rules of the House. It is also anticipated that the Committee on Rules will devote more attention to legislation of original jurisdiction. We have pending before us more than 50 such matters. This is the reason for the inclusion of travel expenses for members of the House Rules Committee in the funding resolution.

As a major committee of the House of Representatives and an important arm of the House leadership, the sum of $30,000 is within the bounds of necessity and propriety.

I urge all Members to join with Mr. THOMPSON, the chairman of the Subcommittee on Accounts, and myself in defeating the committee amendment.

Mr. THOMPSON. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield to the gentleman from New Jersey.

Mr. THOMPSON. I would much prefer that this issue be confined to this committee and this particular amendment.

Mr. MADDEN. All right. I will just mention one: $164,000 for travel for one committee; $166,000 for another committee.

I think we ought to have a few dollars and I am going to make this promise. I doubt if we use a fourth or maybe a half of it. If we do not, maybe in the next 4 or 5 years we may use enough travel to eat up $25,000.

So I want to say to my friend, the gentleman from South Carolina, I think we will return one-fourth or one-half of this, and if we do not, I will buy him a present come next Christmas.

The CHAIRMAN. The time of the gentleman has expired.

Mr. THOMPSON. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. MADDEN. Mr. Speaker, I yield to the gentleman from South Carolina.

Mr. DAVIS. Mr. Speaker, the only thing I would say to the distinguished chairman of the Committee on Rules, who is one of the hardest workers on the Rules Committee and he does stay in the country, there are other committees that do travel, but these other committees have oversight functions.

Mr. MADDEN. We have oversight functions.

Mr. DAVIS. Where they have the right to travel.

Mr. MADDEN. We are in the same position.

Mr. DAVIS. This budget was for $30,000, $5,000 for the operation of the committee and $25,000 for travel; $5,000 of the budget is all it takes to operate the committee.

Mr. MADDEN. Well, there are 16 members of our committee.

Mr. DAVIS. That is a little over $1,000 apiece for travel.

Mr. MADDEN. If we do not spend it all, we will run it over into next year.

Mr. DAVIS. The gentleman says there are so many pieces of legislation, so many rules that they need to come out with, I think it would be well to stay here and bring them out.

Mr. THOMPSON. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana (Mr. LONG), for purposes of debate only.

Mr. LONG of Louisiana. Mr. Speaker, I was the originator of this $25,000 request in the Committee on Rules. I thought, frankly, that we were entitled to a serious discussion on the matter, rather than taking it in a light vein.

I rise in opposition to the amendment. Now, many of us are not fully aware of the duties of the Committee on Rules. As is apparent, we might question the right of the Committee on Rules to these funds for travel; but those of us who serve on the committee know that we have to go to some of the areas served in order to fulfill our responsibilities.

We also know that the jurisdiction of the committee does not simply involve producing resolutions for debate or resolutions for the floor of this House. The committee has substantial areas of original jurisdiction.

More than any other committee in the Congress, I think the members of the Committee on Rules receive the brunt of the criticism surrounding the normal operations of the House of Representatives. With all Members of this body, we regularly hear about the public opinion polls that testify to the low regard in which the public holds the U.S. Congress. Barely a quarter of the people think that the Congress is doing a good job and express any faith at all in our abilities. That is one reason we need to look at one of the foundations of our operation, namely, the rules of the House.

Many of the Members, particularly the freshmen Members of the House, come to this body from State legislatures, and I think they quite correctly boast about the efficient operation in their home States. The State Legislature of California and the State Legislature of Florida come to mind most readily when somebody thinks of progressive, forward-looking legislatures in the United States. Just the other day, the distinguished gentleman from Florida (Mr. FUQUA) was telling me what they had done with computerization—and he is the head of a task force—and that 37 States have done a better job of getting legislation available on the computer than has the U.S. Congress.

We do not want to get involved in that at all, but let us take the short quorum. I am one of the Members who brought the short quorum before the Rules Committee, and the idea came basically from what is being done in the legislature of a particular State in this Union. It saves everybody in this Congress some time every day.

State governments and State legislatures have for many years been the experimenting grounds for new programs, many of which have been accepted later on nationally. There is no reason why we cannot borrow from them when it comes to successful changes in rules and in procedures.

My intent in the Rules Committee, when I proposed this resolution, when I proposed the modest $25,000 travel figure, was that this money be used so that the committee could examine, in limited degree, those practices in principally the State legislatures to see if we could work out a better way and some innovative programs for the rules and procedures of the House that would retain the basic, essential character of the House but would enable us to operate more efficiently. This should start to restore public confidence in this institution.

I do not expect that we are going to change the character of this House at all. But it would be surprising how some small changes, such as the one on the short quorum, help the operations of this Congress.

Members of the Rules Committee, I can assure the Members, have no intention whatsoever of abusing these funds. I think we have a serious responsibility. In addition to the question of original jurisdiction and this question of rules, we have other areas of original jurisdiction. I am not going to bother the Members by setting those forth.

Let me point out that this is in keeping with the spirit of the Hansen committee recommendations—some Members were not here last year, but many were—when we went through this.

The Committee on Rules does have some oversight responsibility, and I again am not one to think that we ought to in any way to abuse that. I think when we combine that with our responsibilities of original jurisdiction, which I do not think we are performing adequately, I think we are entitled to these funds. I believe this $25,000 is the least amount any committee in the Congress is asking for in the way of travel. It is going to be impossible for the committee to perform its oversight functions, let alone even begin the evaluation of practices in other legislative bodies.

I urge rejection of the amendment.

Mr. THOMPSON. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. GAYDOS).

Mr. GAYDOS. Mr. Speaker, I want to thank the gentleman from New Jersey for yielding me this time.

I do want to make this point on behalf of the gentleman from South Carolina (Mr. DAVIS). There are eleven of us on the House Administration Committee who did vote to cut these funds. I think it is only fair and just that I rise and attempt to explain how this amendment came about before the full committee.

This is a precedent setting travel request, and nobody—no one person attempted to justify the request and what the use was for and the least I think the House Administration Committee could have expected, when asked for the first time, was at least a reasonable explanation.

The second point I want to make, which I think is a well established fact, is as follows:

The Committee on House Administration has been fair and equitable in all requests that are put before the committee. They have never acted frivolously. I think they have been very equitable and I think they have been fair. So, again, it brings me back to the original observation I made. It is unfair that the gentleman from South Carolina (Mr. DAVIS) has to stand alone and defend himself for taking this position. There were 11 other Members of the House who thought the same way.

In conclusion, let me say this—and I think I speak on behalf of the chairman of the subcommittee and also every one of the Members who voted for this amendment: The Committee on House Administration is available for requests at any time, by any committee, for any additional funds. All they have to do is justify it. If a case is being made out by the chairman of the Committee on Ways and Means that he may need additional funds or these funds are insufficient, then he should come before the committee and make such reasonable request if it is backed by justification and documentation.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. GAYDOS. I yield to the gentleman.

Mr. MADDEN. When the gentleman says that we have never justified the request, we went before the gentleman's committee and the chairman, and after we presented our request, we were dismissed, and the gentleman said, "We will hear it later on," and so on and so forth. And the next word we heard was that it was reduced.

I might read a letter.

Mr. GAYDOS. Let me reiterate what I said. The Committee on House Administration has been fair. The Committee on House Administration and the subcommittee has never attempted to pick a fight with anybody. We have been fair as to any requests.

Mr. MADDEN. We have appeared before the gentleman's committee and requested it.

Mr. THOMPSON. Mr. Speaker, I yield 3 minutes for the purposes of debate only to the distinguished gentleman from Ohio (Mr. DEVINE).

Mr. DEVINE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I think it is a shame to waste the time of the House talking about pennies. This is merely a $25,000 amendment. We are trying to get this thing out of the way so we can consider the $6 billion housing bill.

I rise in favor of the committee amendment on this basis. The gentleman from Indiana (Mr. MADDEN) said that it is only $30,000. That is right. It is only $30,000. The committee amendment reduces it to $6,000. That is to eliminate the $25,000 for travel expense if they do not justify it.

If the Members will look at the amount authorized last year, the Committee on Rules spent only $2,000. So we are going to give them $6,000 by this committee amendment, three times what they had before.

Let me say this: The Committee on House Administration is a housekeeping committee. It is not any fun for those of us on the committee to sit up there day after day and listen to the funding resolutions. All we do, if we reduce them, is to inspire the ire of the members of the various committees. I have heard, from time to time, "Oh, boy, wait until you come before the Rules Committee," or, "Wait until you come before any other committee in which you dare to suggest a little overly generous request."

So I would urge the Members to let us get on with the urgent affairs of the House, adopt the amendment, and vote on the resolution; then go forward with the important people's business.

Mr. THOMPSON. Mr. Speaker, I move the previous question on the committee amendment and on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the committee amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. DAVIS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 156, nays 214, not voting 62, as follows:

[Roll No. 77]

YEAS—156

Abdnor
Ambro
Andrews, N.C.
Andrews, N. Dak.
Archer
Ashbrook
Ashley
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Biester
Blanchard
Bonker
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burke, Fla.
Burleson, Tex.
Butler
Byron
Carr
Clancy
Clausen, Don H.
Cleveland
Cohen
Collins, Tex.
Conlan
Conte
Coughlin
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Davis
Derrick
Devine
Downey
Downing
Duncan, Tenn.
du Pont
Emery
English
Fenwick
Fish
Florio
Forsythe
Frenzel
Gaydos
Gilman
Ginn
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hall
Hansen
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Holland
Holt
Horton
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Karth
Kasten
Kemp
Ketchum
Krebs
Lagomarsino
Landrum
Latta
Lent
Lott
Lujan
McCloskey
McCollister
McDade
McDonald
McEwen
McHugh
Maguire
Martin
Mathis
Mazzoli
Michel
Miller, Calif.
Miller, Ohio
Mitchell, N.Y.
Mollohan
Moorhead, Calif.
Mottl
Myers, Ind.
Myers, Pa.
Nichols
Nolan
Nowak
Pattison, N.Y.
Poage
Pressler
Pritchard
Quie
Regula
Rinaldo
Robinson
Rogers
Rousselot
Runnels
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sharp
Shuster
Simon
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Stephens
Stuckey
Studds
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Tsongas
Vanik
Walsh
Weaver
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.

NAYS—214

Abzug
Addabbo
Anderson, Calif.
Aspin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Bingham
Blouin
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Brown, Calif.
Brown, Mich.
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Carney
Carter
Casey
Cederberg
Chappell
Chisholm
Clawson, Del
Clay
Cochran
Collins, Ill.
Corman
Cornell
Cotter
Daniels, Dominick V.
Danielson
Delaney
Dellums
Dent
Derwinski
Diggs
Dingell
Dodd
Drinan
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.

Evins, Tenn.
Fascell
Fisher
Flood
Flynt
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fuqua
Giaimo
Gibbons
Gonzalez
Green
Gude
Haley
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holtzman
Howard
Hungate
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jordan
Kastenmeier
Kazen
Kelly
Keys
Koch
Krueger
LaFalce
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
McClory
McCormack
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mann
Matsunaga
Meeds
Melcher
Meyner
Mezvinsky
Milford
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murtha
Natcher
Neal
Nedzi
Nix
Oberstar
Obey
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Perkins
Feyser
Pickle
Pike
Preyer
Price
Quillen
Randall
Rangel
Rees
Reuss
Rhodes
Richmond
Riegle
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Sebelius
Seiberling
Shriver
Sikes
Sisk
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Steed
Steiger, Wis.
Stokes
Stratton
Sullivan
Symington
Teague
Thompson
Thornton
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wirth
Wolff
Wright
Yates
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—62

Adams
Alexander
Anderson, Ill.
Annunzio
Armstrong
Bell
Brooks
Burton, John
Conable
Conyers
Crane
de la Garza
Dickinson
Duncan, Oreg.
Esch
Eshleman
Evans, Ind.
Findley
Fithian
Flowers
Foley
Frey
Fulton
Goldwater
Harsha
Hastings
Hawkins
Hays, Ohio
Hightower
Howe
Jacobs
Jenrette
Kindness
Leggett
Litton
Long, La.
Metcalfe
Mikva
Mills
Moffett
Mosher
Murphy, N.Y.
O'Brien
O'Hara
O'Neill
Pepper
Railsback
Risenhoover
Roberts
Ruppe
Shipley
Skubitz
Staggers
Stark
Traxler
Treen
Udall
Ullman
Wampler
Waxman
Whitehurst
Winn

So the committee amendment was rejected.

The Clerk announced the following pairs:

Mr. Annunzio with Mr. Armstrong.
Mr. Foley with Mr. Railsback.
Mr. Adams with Mr. Hastings.
Mr. Udall with Mr. Mosher.
Mr. Ullman with Mr. Esch.
Mr. John L. Burton with Mr. Bell.
Mr. Fulton with Mr. O'Brien.
Mr. Hays of Ohio with Mr. Goldwater.
Mr. Litton with Mr. Kindness.
Mr. Duncan of Oregon with Mr. Dickinson.
Mr. Evans of Indiana with Mr. Crane.
Mr. Brooks with Mr. Skubitz.
Mr. Moffett with Mr. Whitehurst.
Mr. Waxman with Mr. Findley.
Mr. Stark with Mr. Howe.
Mr. Shipley with Mr. Harsha.
Mr. O'Neill with Mr. Conable.
Mr. O'Hara with Mr. Anderson of Illinois.
Mr. Conyers with Mr. Frey.
Mr. Alexander with Mr. Ruppe.
Mr. Fithian with Mr. Treen.
Mr. Mikva with Mr. Wampler.
Mr. Metcalfe with Mr. Winn.
Mr. Hawkins with Mr. Leggett.
Mr. Jenrette with Mr. Roberts.
Mr. Long of Louisiana with Mr. de La Garza.
Mr. Traxler with Mr. Mills.
Mr. Hightower with Mr. Risenhoover.
Mr. Pepper with Mr. Jacobs.
Mr. Murphy of New York with Mr. Eshleman.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR EXPENSES OF INVESTIGATIONS AND STUDIES BY COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 282 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 282

Resolved, That, effective from January 3, 1975, not to exceed $2,809,000 shall be paid out of the contingent fund of the House for the expenses of the investigations and studies to be conducted pursuant to the rules of the House by the Committee on Interstate and Foreign Commerce, acting as a whole or by subcommittee, including expenditures for the employment of investigators, attorneys, individual consultants or organizations thereof, and clerical, stenographic, and other assistants. Such payment shall be made on vouchers authorized by such committee, signed by the chairman of such committee and approved by the Committee on House Administration. Not to exceed $340,000 of the amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202 (i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)).

SEC. 2. Of the total amount provided by this resolution, not to exceed the following amounts, shall be made available for the expenses of the following subcommittees of the Committee on Interstate and Foreign Commerce, in accordance with this resolution:

(a) Subcommittee on Communications, $223,000;

(b) Subcommittee on Oversight and Investigations, $600,000;

(c) Subcommittee on Energy and Power, $421,000;

(d) Subcommittee on Health and the Environment, $226,000;

(e) Subcommittee on Consumer Protection and Finance, $231,000; and

(f) Subcommittee on Transportation and Commerce, $394,000.

The amounts specified in this section shall be paid on vouchers authorized by such committee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

SEC. 3. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on Interstate and Foreign Commerce shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 4. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 282 is for the Committee on Interstate and Foreign Commerce. There testified in support of the resolution the chairman, the gentleman from West Virginia (Mr. STAGGERS) and the ranking minority member, the gentleman from Ohio (Mr. DEVINE). It was reported by the committee favorably by a vote of 14 to 5. It calls for an amount of $2,809,000.

The increase in staffing is principally responsible for the increase over the amount available to the committee last year. The staffing for the first time of a number of the subcommittees is additionally responsible.

It might be pointed out that the committee and its subcommittees anticipate an enormous increase in oversight activity, particularly with their new jurisdiction over biomedical research and development, health care facilities, nursing home construction, and so on.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

If I understand correctly, this budget is now going up over $2 million; is that correct?

Mr. THOMPSON. In the last session there was available to this committee $1,008,733.

Mrs. FENWICK. If the gentleman will yield further, what are they now asking for?

Mr. THOMPSON. They are asking for $2,809,000, and I believe it to be fully justified.

Mrs. FENWICK. On what grounds?

Mr. THOMPSON. On the bases of their need for increased staffing, and their increased jurisdictional responsibility. The responsibility of the nursing home industry alone is a prodigious one.

Mrs. FENWICK. How many staff are they planning for the nursing home section?

Mr. THOMPSON. For the Subcommittee on Health and Environment an increase of 10 staff persons.

Mrs. FENWICK. Is there an increase of $600,000 for that committee?

Mr. THOMPSON. The gentlewoman is referring to the Oversight Subcommittee.

Mrs. FENWICK. The Investigative Committee.

Mr. THOMPSON. The Oversight Subcommittee.

Mrs. FENWICK. But did they not lose some jurisdiction?

Mr. THOMPSON. They lost only jurisdiction over aviation and gained biomedical research and development, health care facilities, and nursing homes.

Mrs. FENWICK. What is the total rise in personnel of the Committee on Interstate and Foreign Commerce?

Mr. THOMPSON. It is 23 persons. For the first time, the gentlewoman might be reminded, the rules now require the staffing of the minority on each subcommittee, and the staffing increase is across the board for this committee, as it is for all the committees.

Mrs. FENWICK. Of course as we all know the staffing for the minority is, as I understand it, one-third the number for the majority party and does not include investigatory staff to the minority either. The only thing I wonder about is that for the relatively small increase in the number of personnel we have a large increase in the funding. What do we spend the funds on besides personnel?

Mr. THOMPSON. On travel, consultants, professional advice, printing—virtually innumerable things.

Mrs. FENWICK. I thank the gentleman.

Mr. THOMPSON. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR EXPENSES OF INVESTIGATIONS AND STUDIES TO BE CONDUCTED BY COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 285 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 285

Resolved, That effective from January 3, 1975, through the first session of the Ninety-fourth Congress, the expenses of the investigations and studies to be conducted by the Committee on Interior and Insular Affairs, acting as a whole or by subcommittee, not to exceed $913,985, including expeditures for the employment of investigators, attorneys, individual consultants or organizations thereof, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. However, not to exceed $80,000 of the amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on Interior and Insular Affairs shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 285 would fund the Committee on Interior and Insular Affairs. The distinguished gentleman from Florida (Mr. HALEY), the chairman of the committee, and the distinguished gentleman from Kansas (Mr. SKUBITZ), the ranking minority member, were before the Committee on House Administration and testified in support of this resolution, which requests an amount of $913,985. This is unusual in that this represents a decrease of 9 percent over what was available in the last session of the 93d Congress.

The resolution was unanimously reported and I therefore move the previous question on the resolution.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR EXPENSES OF INVESTIGATIONS, STUDIES, OVERSIGHT, AND FUNCTIONS OF COMMITTEE ON GOVERNMENT OPERATIONS

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 295 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 295

Resolved, That effective from January 3, 1975, the expenses of the investigations, studies, and oversight responsibilities and functions to be conducted pursuant to rule X, clause 2, paragraphs (b)(1), (b)(2), and (c) (relating to general oversight responsibilities), clause 4(c) (relating to additional functions of the Committee on Government Operations), and rule XI, clause 1(b) (relating to the authorization of investigations and studies), by the Committee on Government Operations, acting as a whole or by subcommittee, not to exceed $1,540,000 including expenditures for the employment of investigators, attorneys, individual consultants or organizations thereof, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. However, not to exceed $34,000 of the amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. The chairman of the Committee on Government Operations shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 295 calls for funding for the Committee on Government Operations. It was supported by the distinguished chairman of the committee, the gentleman from Texas (Mr. BROOKS), and the ranking minority member on the subcommittee, the gentleman from New York (Mr. HORTON). The resolution requests an amount of $1,540,000. Again, the expanded activities and the new staffing rules make this request necessary. I consider it to be modest.

It might be pointed out that the committee has had added to its jurisdiction the area of general revenue sharing, which is an enormous responsibility, and that it is also now responsible for the National Archives.

Mr. Speaker, I yield now to the ranking minority member, the gentleman from New York (Mr. HORTON), such time as he may consume.

Mr. HORTON. Mr. Speaker, I thank the gentleman from New Jersey for yielding.

Mr. Speaker, I support the resolution.

Mr. FOUNTAIN. Mr. Speaker, House Resolution 295 would authorize funds in the amount of $1,540,000 for the Committee on Government Operations during the first session of the 94th Congress.

The report accompanying the resolution gives full information on the estimate of salaries and other expenses, our justification statement, and a presentation on the estimated savings in government operations in which the committee played a substantial role in the last Congress. Let me make a few points in support of our request:

First. Our request has been carefully computed on the basis of estimates from our subcommittee chairmen working closely with Chairman BROOKS;

Second. Congressman HORTON, our ranking minority member, appeared with Mr. BROOKS before the committee. The proposal reflects minority requirements and he is in complete accord with the request;

Third. The amount approved by the committee will permit us to add eight investigative staff members. This is a rather modest increase over that authorized by the 93d Congress when considering our greatly expanded jurisdiction;

Fourth. Both our investigative and legislative jurisdictions have been considerably increased under the new rules of the House. We have been vested with an entirely new and important element of legislative jurisdiction; namely, general revenue sharing, which falls in my subcommittee's jurisdiction; and

Fifth. Last Congress we reported the highest number of bills in our recent history, 27. Of these, 20 became public laws. We held a total of 223 days of hearings, legislative and investigative. We issued 28 investigative reports and 10 committee prints.

Mr. Speaker, the Government Operations Committee has a most important role to play in this Congress. The funds that have been requested represent a very modest and realistic appraisal of our needs, and I hope that the House will approve them so that we can get on with our work.

Mr. THOMPSON. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN REPORTS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROVIDING FOR THE EXPENSES OF THE INVESTIGATIONS AND STUDIES TO BE CONDUCTED BY THE PERMANENT SELECT COMMITTEE ON AGING

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 287 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 287

Resolved, That effective January 3, 1975, the expenses of the investigations and studies to be conducted by the Permanent Select Committee on Aging, acting as a whole or by subcommittee, not to exceed $825,000, including expenditures for the employment of investigators, attorneys, and clerical, stenographic, and other assistants, and for the procurement of services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)), shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. Not to exceed $50,000 of the total amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202 (i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House; and the chairman of the Permanent Select Committee on Aging shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

COMMITTEE AMENDMENT

The SPEAKER. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 1, line 4, strike out "$825,000," and insert "$600,000,".

The committee amendment was agreed to.

Mr. THOMPSON. Mr. Speaker, this resolution calls for the funding of the new Select Committee on Aging. It was supported by the new chairman of that committee, the distinguished gentleman from Missouri (Mr. RANDALL) and by the distinguished ranking member from California (Mr. BOB WILSON).

This is a new committee. We have no historical guidelines. They are funded differently than the standing committees with legislative jurisdiction. Their jurisdiction is to investigate and study problems confronting older Americans. They propose to establish four subcommittees. Their original request was for $825,000. It was amended to $600,000 by the distinguished gentleman from Ohio (Mr. DEVINE) and I yield to him for purposes of debate only.

Mr. DEVINE. Mr. Speaker, I just wish to comment that the new select committee has no experience. We have reduced the amount from $825,000 to $600,000. If in their work we find they need more, they can request more. I think the amendment was adopted unanimously.

Mr. THOMPSON. It was adopted unanimously.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR THE EXPENSES OF THE INVESTIGATIONS, STUDIES, OVERSIGHT, AND FUNCTION OF THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 283 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 283

Resolved, That effective January 3, 1975, the expenses of the investigations, studies, and oversight responsibilities and functions to be conducted pursuant to rule X, clause 2(b)(1) (relating to general oversight responsibilities), and rule XI, clause 1(b) (relating to the authorization of investigations and studies), by the Committee on the District of Columbia, acting as a whole or by subcommittee, not to exceed $375,411.34, including expenditures for the employment of investigators, attorneys, consultants, and experts, and clerical, stenographic, and other assistants, and all expenses necessary for travel and subsistence incurred by members and employees while engaged in the activities of the committee or any subcommittee thereof, shall be paid out the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration. Not to exceed $50,000 of the total amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on the District of Columbia shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 283 is for the funding of the Committee on the District of Columbia. It was testified to on behalf of the honorable gentleman from Michigan (Mr. DIGGS), the chairman, and the honorable gentleman from Maryland (Mr. GUDE), the ranking minority Member. They were in complete agreement. It was reported by a unanimous vote on March 17.

There is requested for this committee an amount of $375,411.34. We felt that it was fully justified by the two distinguished gentlemen who testified in support of it.

The committee has increased jurisdiction by the addition of responsibility for St. Elizabeth's Hospital.

Mr. Speaker, I yield for debate only to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, I just wanted to ask, since the Committee on the District of Columbia has lost considerable jurisdiction over local District of Columbia affairs as a result of the home rule bill passed last year, why we are asking for a third more funding than in the last Congress? Did the Committee on House Administration look into this need for $130,000 now more than when the committee had a wider jurisdiction?

Mr. THOMPSON. Yes; we did. Although they lost direct control by enactment of the home rule bill, they still have responsibility for examining and overseeing all the activities and all of the acts of the District Council.

In fact, in the long run, although they lost some jurisdiction, the requirement of so much oversight fully justifies the increase.

Mr. McKINNEY. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I will be glad to yield to the gentleman from Connecticut.

Mr. McKINNEY. I would say that I understand the concern of my colleague from Maryland. I would point out that this is the first year of home rule and the problems of the District are traumatic and actually oversight implications and duties for this committee are extreme.

Strangely enough, while Congress was running the District, we never bothered to oversee it, but now under home rule which we passed, we are given a directive to oversee every activity of the government. This year, when the government is just being formed, this is an even more difficult job than any of us possibly could imagine.

We are going to try quite seriously to live up to that charge. I believe the U.S. Congress has to live up to its tremendous oversight problems. I am sure we can handle them properly under the law, which is a matter of law, with the staff we have.

I would say to the gentleman from Maryland, having increased in rank rather rapidly due to problems we did not foresee last November, I find myself totally buried under the responsibilities coming to us over budget items and operational factors of the District government. I never even bothered to concern myself with them before. As ranking minority member of the Fiscal Affairs Committee, I do not think there are going to be enough hours in the day, in 365 days of this year, to be able to come to the House honestly and tell the Members what we are doing and how we are doing it.

I would suggest that maybe 2 years from now the gentleman would have a perfect right to say cut it down, but in the forming of a brandnew government, new home rule, there are oversight responsibilities in reporting to Congress which are going to be a horrendous job.

Mr. THOMPSON. Mr. Speaker, the gentleman from New Jersey might observe that each committee must come before the Committee on House Administration at the beginning of each session. It is our intent, this being our first experience during the new Congress with the increased staff and oversight work mandated by the new rules, to examine what is done during the course of this session, before approving budgets for the next fiscal year.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR COMMITTEE ON INTERNATIONAL RELATIONS

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 315 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 315

Resolved, That (a) effective January 3, 1975, the expenses of the investigations and studies to be conducted pursuant to rule XI of the Rules of the House of Representatives, by the Committee on International Relations, acting as a whole or by subcommittee, not to exceed $965,000, including expenditures—

(1) for the employment of experts, investigators, clerical, stenographic, and other assistants; and

(2) for the procurement of services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i));

shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

(b) Not to exceed $75,000 of the total amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202 (i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but this monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purposes.

Sec. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House; and the chairman of the Committee on Foreign Affairs shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

Sec. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON. Mr. Speaker, I ask unanimous consent that the name of the committee in this resolution be changed from Committee on Foreign Affairs to Committee on International Relations. This action will make the resolution conform to the change in the rules which was adopted after the consideration by the Committee on House Administration.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 315, for the Committee on International Relations, calls for funding in the amount of $965,000. It was justified and testified to on behalf of that committee by the gentleman from Pennsylvania (Mr. Morgan), the chairman of the committee, and the gentleman from Michigan (Mr. Broomfield), the ranking minority member. They were unanimous in their support.

Mr. Speaker, I might point out that this committee has considerably increased jurisdiction in the following areas: International commodity agreements and export controls; international education; international trade; trading with the enemy; customs administration; intelligence activities; international financing of monetary institutions; and international fishing agreements, among others. I believe the request would be fully justified.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR EXPENSES OF COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 162 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 162

Resolved, That (a) effective January 3, 1975, the Committee on Standards of Official Conduct is authorized, in carrying out its functions and duties under the rules of the House, to incur such expenses, not to exceed $35,000, as the committee considers appropriate, including expenditures—

(1) for the employment of committee staff personnel; and

(2) for the procurement of services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)).

Such expenses shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

(b) Not to exceed $18,000 of the total amount provided by this resolution may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)); but such monetary limitation shall not prevent the use of such funds for any other authorized purpose.

Sec. 2. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from New Jersey (Mr. Thompson).

Mr. THOMPSON. Mr. Speaker, House Resolution 162 is for the financing of the Committee on Standards of Official Conduct. It is a request in the amount of $35,000. It is justified by the distinguished chairman, the gentleman from Georgia (Mr. Flynt), supported by the ranking member, the gentleman from South Carolina, Floyd Spence.

We consider it to be an extremely modest request.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. THOMPSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks in the Record on this and on the other funding resolutions considered today.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

SIXTH ANNUAL REPORT OF NATIONAL SCIENCE BOARD—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94-84)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Science and Technology and ordered to be printed:

To the Congress of the United States:

I am pleased to submit to the Congress the Sixth Annual Report of the National Science Board.

Our Nation's commitment to a strong program of scientific research is well-founded. Science has stretched the horizons of man by providing knowledge that enlarges our understanding of the universe and mankind. Scientific research has helped us solve a wide range of problems and provided the basis for expanding productivity, strengthening our economy and national security, and improving the quality of our lives.

There are many new challenges ahead, including mankind's growing power to affect the future and to modify—both intentionally and unintentionally—the basic conditions and quality of life. The National Science Board has made an important contribution by careful study of a number of the challenges that face our country and the world, including population growth, food supply, energy demands, mineral resource supply, weather and climate modification, and environmental change. The Board has recommended expanded research to help us prepare for these challenges.

Our strong national scientific research effort must be maintained with support from both the public and private sectors. During the current fiscal year, the Federal Government will spend $7.4 billion for the support of research. My 1976 budget asks the Congress to provide $8.2 billion—an increase of 10 percent. This increase, even though larger than that requested for many programs, will not permit support for all important research. For this reason, the National Science Board's report is especially significant. The recommendations of the distinguished scientists that make up the Board should be useful in identifying those areas of research that warrant the highest priority.

I am asking all Federal agencies to consider the Board's recommendations in developing their research programs. I also commend the report to the Congress and the American people.

Gerald R. Ford.

The White House, *March 21, 1975.*

JOINT COMMITTEE APPOINTS AD HOC SUBCOMMITTEE TO REVIEW LIQUID METAL FAST BREEDER REACTOR PROGRAM

(Mr. MOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOSS. Mr. Speaker, I want to give to each Member of the House the assurance that the Joint Committee on Atomic Energy is going to accord to every interested party the fullest opportunity to be heard on the matter of breeder reactors.

Our distinguished colleague, the gentleman from Washington (Mr. McCormack) has been appointed chairman of an ad hoc committee and has been instructed in detail to accord the full opportunity mentioned previously.

The order I now place in the Record:

[Press release No. 799, for immediate release, March 20, 1975, from the Office of the Joint Committee on Atomic Energy]

Joint Committee Appoints Ad Hoc Subcommittee To Review Liquid Metal Fast Breeder Reactor Program

Senator John O. Pastore, Chairman of the Joint Committee on Atomic Energy announced that the Committee on March 19, 1975, decided to appoint an Ad Hoc Subcommittee to review the Liquid Metal Fast Breeder Reactor Program of the Energy Research and Development Administration (ERDA).

The Ad Hoc Subcommittee will be chaired by Congressman Mike McCormack of Washington. All Joint Committee members have been invited to participate in the activities of the Subcommittee.

It was decided that the Subcommittee will proceed at the earliest possible date with an extensive, in-depth review of the LMFBR program and related enery resource questions. A part of this review will include public hearings at which government witnesses, and others representing all points of view will be invited to participate. The scheduling of certain of these subcommittee hearings must await further consultation with Dr. Robert C. Seamans, Jr., the Administrator of ERDA, regarding the timing for the completion of on-going studies relevant to the LMFBR program and his review of them. Consequently, it is not feasible to delay authorization of the Administration's Fiscal Year 1976 budget request for the LMFBR program. That budget request is being handled by the regular authorization procedures.

EMERGENCY MIDDLE-INCOME HOUSING ACT OF 1975

Mr. BARRETT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. Barrett).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 4485, with Mr. Giaimo in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 1, ending on page 1, line 5, of the bill.

If there are no amendments at this point, the Clerk will read.

The Clerk read as follows:

FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds that—

(1) many families of middle income cannot afford to purchase homes at current prices and high interest rates;

(2) the decline in the home purchasing power of middle-income families has contributed to the severe economic recession of the building industry and those industries dependent upon the building industry;

(3) the sharp decline in housing starts jeopardizes the attainment of an adequate housing stock in the years ahead;

(4) the accessibility of homeownership to middle-income persons is further aggravated by the high costs of land and fuel associated with low-density development;

Mr. BARRETT (during the reading). Mr. Chairman, as I pointed out yesterday, this is a 12-page bill. Therefore, I ask unanimous consent that the bill be considered as read, printed in the Record, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BAUMAN. Mr. Chairman, reserving the right to object, will the gentleman from Pennsylvania assure us that he does not intend to limit the time during which amendments may be offered?

Mr. BARRETT. Mr. Chairman, if the gentleman will yield, I would not desire to limit the time on the part of any Member. I will give as much time to any Member of the House as that Member desires.

Mr. BAUMAN. Mr. Chairman, further reserving the right to object, the gentleman then has no intention to limit the time for the consideration of amendments.

Mr. BARRETT. Mr. Chairman, I would, only in the event there was a prolonged debate on an amendment. However, at this time, I would have no desire or intention to limit the time for consideration of any amendment.

Mr. BAUMAN. Mr. Chairman, if the gentleman cannot give me that assurance, I object.

The **CHAIRMAN.** Objection is heard. The Clerk will read.

The Clerk continued to read as follows:

(5) recessionary pressures in the economy have created an excessively large inventory of unsold, newly constructed residential properties which, although seriously needed, are beyond the financial means of prospective buyers who are unable to find acceptable mortgage credit terms; and

(6) such inventory is dissuading the construction of additional seriously needed residential units, and contributing to an excessively high unemployment rate in the homebuilding and related industries.

(b) It is the purpose of this Act to reduce high mortgage interest costs to middle-income families and to stimulate employment in the homebuilding industry during the current emergency period and to encourage land and energy conservation, where appropriate, to reduce further the costs of homeownership.

Mr. McKINNEY. Mr. Chairman, I make the point of order that a quorum is not present.

The **CHAIRMAN.** Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The **CHAIRMAN.** One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

COMMITTEE AMENDMENTS

The **CHAIRMAN.** The Clerk will report the first two committee amendments.

The Clerk read as follows:

Committee amendments: On page 2, line 20, strike out "is dissuading" and insert in lieu thereof "discourages".

On page 2, beginning in line 21, strike out "contributing" and insert in lieu thereof "contributes".

The committee amendments were agreed to.

The **CHAIRMAN.** The Clerk will read.

The Clerk read the remainder of the bill as follows:

TEMPORARY HOMEOWNERSHIP ASSISTANCE AUTHORITY

SEC. 3. The Secretary of Housing and Urban Development (hereinafter referred to as "the Secretary") is authorized to reduce interest rates on home mortgages for middle-income families—

(1) by making, and contracting to make, periodic interest reduction payments, as described in section 4;

(2) by making, and contracting to make, interest rate differential payments, as described in section 5; and

(3) by purchasing, and committing to purchase, below-market-interest-rate mortgages, through the facilities of the Government National Mortgage Association (hereinafter referred to as "the Association"), as described in section 6.

INTEREST REDUCTION PAYMENTS

SEC. 4. (a) Interest reduction payments made on behalf of middle-income families shall equal the difference between the amount of principal, interest, and any mortgage insurance premium due under a home mortgage, and the amount of principal and interest due if the home mortgage were to bear interest at the rate of 6 per centum per annum.

(b) Interest reduction payments may be made with respect to any dwelling unit only for such period as the family on whose behalf the payments are made occupies the dwelling unit. Such payments shall be made in the full amount provided for in subsection (a) for the first three years during which a family occupies a dwelling unit, 75 per centum of such amount in the fourth year, 50 per centum of such amount in the fifth year, and 25 per centum of such amount in the sixth year. No interest reduction payments shall be made after such sixth year.

(c) Interest reduction payments on behalf of an occupant of a cooperative housing project shall be in amounts computed on the basis of the formula set forth in subsection (a) applying the cooperative member's proportionate share of the obligations under the project mortgage to the items specified in the formula.

(d) For purposes of chapter I of the Internal Revenue Code of 1954, the payments described in this section shall be deemed to be applied in their entirety toward the payment of the interest due under a mortgage.

INTEREST RATE DIFFERENTIAL PAYMENTS

SEC. 5. An interest rate differential payment shall equal the difference between the amount of the outstanding principal balance of a home mortgage and the amount which would be paid for the mortgage if it were priced to provide a market yield, as determined by the Secretary. The interest rate on a home mortgage with respect to which an interest rate differential payment is made to the mortgagee shall not exceed 7 per centum per annum.

PURCHASE OF MORTGAGES

SEC. 6. (a) The Association shall purchase, or commit to purchase, a home mortgage pursuant to this Act at a price equal to par. The interest rate on such a mortgage shall not exceed 7 per centum per annum. The Association is authorized to service, sell or otherwise deal in mortgage purchased pursuant to this Act.

(b) A home mortgage which is not insured under the National Housing Act or insured or guaranteed under chapter 37 of title 38, United States Code, shall not be purchased by the Association unless either (1) the outstanding principal balance of the mortgage does not exceed 80 per centum of the value of the property securing the mortgage or (2) the mortgage is insured by a qualified insurer as determined by the Association.

(c) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section. Each such obligation shall mature at such time and be redeemable at the option of the Association in such manner as may be determined by the Association, and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchase of the Association's obligations hereunder.

(d)(1) The Association is authorized to guarantee securities based on pools or trusts of the mortgages purchased or assisted by the Association under this Act as provided in section 306(g) of the National Housing Act with respect to federally insured or guaranteed mortgages and to act as issuer of such guaranteed securities. The Association shall possess with respect to securities under this Act all the powers it possesses with respect to securities guaranteed under such section 306(g), and the provisions of such section shall apply to guarantees under this Act.

(2) The Association may offer and sell any securities guaranteed under this Act to the Federal Financing Bank, and such Bank is authorized to purchase any securities so offered. The Association may also offer and sell any such guaranteed securities to any Federal Reserve bank. The proceeds from the sale of such securities when issued by the Association shall be treated in the accounts in the same manner as if such proceeds were from the sale of the underlying mortgages.

(e) The Association is authorized to pay for services performed in carrying out its functions under this Act without regard to any limitation on administrative expenses heretofore enacted.

DEFINITIONS

SEC. 7. As used in this Act—

(a) The term "middle-income families" means those families (including single individuals) whose incomes do not exceed 120 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller or larger families, except that the Secretary may establish income ceilings higher or lower than 120 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors.

(b) The term "home mortgage" means a mortgage covering a newly constructed or substantially rehabilitated single family unit or one family unit in a condominium project, or units in a newly constructed or substantially rehabilitated cooperative housing project, where the appraised value of the unit at the time of purchase does not exceed $38,000, or $42,000 in high-cost areas as determined by the Secretary.

AUTHORIZATION

SEC. 8. The aggregate amount of mortgages assisted under this Act shall not exceed amounts approved in appropriation Acts, and in no event shall such amount exceed $12,000,000,000. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, including such sums as may be necessary to make the interest reduction payments and the interest rate differential payments under contracts entered into under this Act.

ALLOCATION OF ASSISTANCE

SEC. 9. (a) The Secretary shall allocate to applicant lenders aggregate amounts of mortgages to be assisted. The Secretary shall take appropriate steps to assure that mortgage funds under this Act are made available on an equitable basis geographically among and within the States and to different types and sizes of lenders.

(b) The applicant lender shall indicate in its request for an allocation of mortgage amount the proportion of such amount to be utilized with the assistance described in section 4 of this Act and the proportion of such amount to be utilized with the assistance described in sections 5 and 6 of this *Act.*

(c) The Secretary may determine which of the types of assistance described in sections 5 and 6 of this Act may be made available at any particular time. The Secretary shall not make any division of the mortgage amounts approved in appropriation Acts based on whether the assistance described in section 4 of this Act or the assistance described in sections 5 and 6 of this Act is to be utilized, nor shall the Secretary accord any preference to a request for an allocation of mortgage amount based on whether the assistance described in section 4 or the assistance described in sections 5 and 6 is to be utilized.

(d) Not more than 25 per centum of the aggregate mortgage amounts approved in appropriation Acts may be allocated for use with respect to new, unsold dwelling units the construction of which was commenced prior to the enactment of this Act. Not more than 10 per centum of the aggregate mortgage amounts approved in appropriation Acts may be allocated with respect to dwelling units with appraised values in excess of $38,000.

A commitment to purchase a mortgage issued by the Association pursuant to the provisions of any other law shall not be exchanged or credited in any way to the purchase of a commitment pursuant to this Act.

A mortgage, with respect to which the assistance described in section 5 or 6 is utilized, may not be assumed except by a middle-income family.

ENERGY CONSERVATION

Sec. 10. In making financial assistance available under this Act, the Secretary shall take appropriate steps to encourage the construction or sale of dwelling units which he determines will contribute to the conservation of land and energy resources because of their design or their location in clusters or projects or otherwise.

EXPIRATION DATE

Sec. 11. After June 30, 1976, no interest reduction payments or interest rate differential payments shall be made except pursuant to contracts or commitments entered into on or before such expiration date and no mortgages shall be purchased or commitments to purchase mortgages shall be issued except pursuant to commitments made on or before such expiration date.

Mr. BARRETT (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: On page 4, line 19, insert "an obligation of, and paid by, the Secretary and to be" immediately after "be".

On page 5, line 10, strike out "mortgage" and insert in lieu thereof "mortgages".

On page 6, beginning in line 17, strike out "purchased or assisted by" and insert in lieu thereof "which".

On page 6, line 18, insert "purchases or commits to purchase" immediately after "Association".

On page 6, line 22, strike out "Act" and insert in lieu thereof "section".

On page 6, line 25, strike out "under this Act" and insert in lieu thereof "pursuant to this section".

On page 7, line 2, strike out "under this Act" and insert in lieu thereof "pursuant to this section".

On page 7, strike out lines 10 through 13.

The committee amendments were agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 8, strike out lines 3 through 10, and insert in lieu thereof the following:

(b) The term "home mortgage" means a mortgage covering a single-family unit or one-family unit in a condominium project, or units in a cooperative housing project, where the appraised value of the unit at the time of purchase does not exceed $38,000, or $42,000 in high-cost areas as determined by the Secretary and $48,000 in Alaska, Hawaii, and Guam.

AMENDMENT OFFERED BY MR. REUSS TO THE COMMITTEE AMENDMENT

Mr. REUSS. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. Reuss to the committee amendment: On page 8, at line 24, delete the words "units in"; and page 9 at line 19 add the following after the word "purchase": ", or average appraised value per unit in a cooperative".

Mr. REUSS. Mr. Chairman, the mortgage purchase provisions of H.R. 4485 apply to cooperative home ownership. However, a clarifying amendment is necessary to make the bill's provisions workable for the program involving the purchase of mortgages at a 7-percent rate. This program is especially suitable for cooperative home ownership.

In a cooperative, there are no individual mortgages on the individual units, but instead there is one mortgage on the project. The amendment would make it clear that the mortgage to be purchased would be that project mortgage. The cooperative would limit its membership to middle-income families who will reside in their unit so as to carry out the purpose of the act.

It is important to assure that cooperative home ownership is workable under the mortgage purchase program, since nonprofit cooperatives are better able to achieve costs which middle-income families can afford. Moreover, they will involve construction of dwelling units which contribute to the conservation of land and energy resources because of their location within a project.

This clarifying amendment is consistent with the purpose of H.R. 4485 to assist middle-income families in achieving ownership, since cooperative projects are a form of home ownership by the residents. In contrast, multifamily projects for rental housing are not consistent with the home ownership objectives of H.R. 4485 since the residents do not have the ownership which gives them a stake in their housing and helps to develop better communities.

Mr. BARRETT. Mr. Chairman, if the gentleman will yield, I would say that we have no objection to the amendment on our side, and will accept it if it is agreeable to the other side.

Mr. BROWN of Michigan. Mr. Chairman, I rise to state that I concur with what the gentleman from Wisconsin has said.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. Reuss) to the committee amendment.

The amendment to the committee amendment was agreed to.

AMENDMENT OFFERED BY MR. AU COIN TO THE COMMITTEE AMENDMENT

Mr. AuCOIN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. AuCoin to the committee amendment: On page 8, line 23, insert "newly constructed or substantially rehabilitated" immediately before "single-family"; and

On page 8, line 24, insert "newly constructed or substantially rehabilitated" immediately before "cooperative".

Mr. AuCOIN. Mr. Chairman and Members of the House, I rise to speak in behalf of the amendment I have offered to the committee amendment, which gets at a problem in the bill as amended by the full Committee on Banking, Currency and Housing.

This is a bill that is redesigned to speak to a serious problem in the economic condition of the country—the recession in the whole building industry and the related wood products industry. That problem is not just a recession, but a very deep depression.

There is one thing I think we can say in talking about this industry today that we can say of no other, and it is this: In difficult economic times it is the construction industry that, once restored, has traditionally led the Nation back along the road to economic recovery.

Mr. Chairman, the bill as it has come to the House from the full committee, provides for 55 percent of the subsidy funds for newly constructed units. But it also provides 45 percent of the funds to get at the inventory problem of unsold homes. Specifically, it provides 25 percent for the sale of newly constructed, unsold homes, and 20 percent for the sale of occupied homes.

Mr. Chairman, the difficulty with this is that it takes almost half of the subsidy funds away from housing that will create construction jobs.

I contend that if we take that many dollars away from this program we are going to be diminishing to a very damaging degree the potential the bill offers for economic recovery and job stimulation. This amendment is the first of three steps which must be taken in order to strike a reasonable compromise—reducing to 30 percent the funds available to existing, occupied homes and newly constructed, unsold homes, thereby allowing 70 percent of the funds for new construction or substantial rehabilitation. The difference is simply one of jobs. My compromise will put the most people back to work and make the greatest number of unemployed people revenue-producers again.

The adoption of this amendment would create 60,000 more housing units—newly constructed housing units—over the number of units that would be provided in the bill in its present form.

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. I thank the gentleman for yielding.

I rise in support of my colleague. I congratulate him on directing the thrust of his amendment to raise new jobs, particularly in the wood products industry, which in his district and in my district, wood-producing areas, are sorely in need of assistance.

Mr. AuCOIN. I thank the gentleman for his comments.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Wisconsin.

Mr. REUSS. I thank the gentleman for yielding.

Mr. Chairman, I congratulate the gentleman for a very persuasive argument. He has persuaded me and, I trust, the committee.

Mr. AuCOIN. I thank the gentleman.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from Oregon has developed into one of the finest members of our subcommittee, and has proved himself capable on the Committee on Banking and Currency.

We have no objection to the amendment.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Ohio.

Mr. ASHLEY. I thank the gentleman for yielding.

I want to echo the words of the chairman of our subcommittee. Those of us who have worked on this bill recognize the really valuable contribution the gentleman from Oregon has made, and I certainly want to pay tribute to him.

Mr. AuCOIN. I thank the gentleman.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Connecticut.

Mr. McKINNEY. I thank the gentleman for yielding.

Not coming from a State with any trees left, I want to endorse the gentleman's comments because we do make a great deal of hardware, and we would also greatly benefit under the gentleman's amendment.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

I just want to know if the gentleman from Oregon wants to announce for reelection now or later.

Mr. AuCOIN. In response to the question by the gentleman from Maryland, I would simply say if we can stimulate this segment of the economy, I can assure the gentleman that the national dividends will be shared by not only the delegation from Oregon but every Member of this House.

Mrs. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentlewoman from Louisiana.

Mrs. BOGGS. I thank the gentleman for yielding.

I congratulate the gentleman from Oregon on his tenacity in keeping at this particular aspect of the legislation, and I join in full support of his amendment.

Mr. J. WILLIAM STANTON. Mr. Chairman, will the gentleman yield.

Mr. AuCOIN. I yield to the gentleman from Ohio.

Mr. J. WILLIAM STANTON. I thank the gentleman for yielding.

This amendment is more in keeping with the title of the bill. The gentleman, I believe, stated it referred to three steps in order to accomplish it. I just wondered if the gentleman would explain them.

Mr. AuCOIN. To explain the steps necessary to take—if one agrees with my alternative—we must adopt this amendment, the defeat of the committee amendment on page 11, lines 9 through 12, then adopt my later amendment to the bill itself, which offers the specific provisions of the alternative.

Mr. PRITCHARD. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I yield to the gentleman from Washington.

Mr. PRITCHARD. I thank the gentleman for yielding.

I am not on the committee and did not hear any of the testimony. I just wonder, because I know the gentleman comes from an area concerned about wood products, could he tell me how it helps to build one from scratch, or whatever difference it makes if we take one off the market if it is up for sale. I do not understand how this helps.

The CHAIRMAN. The time of the gentleman has expired.

Mr. AuCOIN. I would be glad to explain to the gentleman from Washington, but my time is up.

(At the request of Mr. BARRETT, by unanimous consent, Mr. AuCOIN was allowed to proceed for 2 additional minutes.)

Mr. AuCOIN. If I understand the gentleman's question, he wants to know what the difference is in economics dividends, in terms of selling existing homes already constructed and having, on the other hand, a program that would place greater emphasis on stimulating new home construction. The point is simply that existing homes are homes which are already built. Homes that are already built represent construction that has already taken place.

If we are really interested in creating jobs in a depressed area of the economy, we need to tilt this program to a far greater extent than the bill does, to create new construction of homes. It is as simple as that.

Mr. PRITCHARD. I see. It would seem to me if we have an inventory of houses and if we move some off that inventory we do the same, but I appreciate the gentleman's confidence.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

(On request of Mr. BROWN of Michigan, and by unanimous consent, Mr. AuCOIN was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Michigan. Mr. Chairman, if the gentleman will yield, at the outset if I had known the gentleman was going to offer an amendment it would have simplified things tremendously on this side if we could have had a copy of the amendment before us when it was offered.

There was an amendment to change the percentage on page 11 from 25 percent to 30 percent, which would I assume mean the gentleman was increasing the amount that would apply to existing housing. Is that correct?

Mr. AuCOIN. Mr. Chairman, I would say by adopting my amendment what will happen is instead of 20 percent as a category for existing or occupied homes, in addition to the existing category for newly constructed or unsold homes, the percentage for which is 25 percent, we would merge those into one category and place a 30-percent ceiling on it. The difference would be the creation of an estimated 60,000 additional housing units.

Mr. BROWN of Michigan. I think it is important and I thank the gentleman for his explanation. Let me pursue it further. What the gentleman is saying is in effect 30 percent would be used for existing dwellings which could be occupied at the present time, not necessarily newly constructed and not occupied. Otherwise all the percentage could go to either newly constructed unoccupied residences or homes in being or else the whole amount could go to occupied dwellings. Is that not correct?

Mr. AuCOIN. That is correct.

Mr. BROWN of Michigan. And since we have not gotten to that section yet, I would say this.

Mr. AuCOIN. Mr. Chairman, the reason this revision is required is that we do have a problem with an inventory which is sitting idle today and we do have to move it to create the necessary market conditions to make new construction feasible. I think my proposal strikes a reasonable balance.

Mr. BROWN of Michigan. And does not the gentleman's amendment relate to page 11, an amendment to which I presume he will offer at the time appropriate in order to carry out the intent of his present language? Does that contain the same language saying "not more than" or what?

Mr. AuCOIN. With respect to the amendment the gentleman is referring to, it will be necessary, if the intent of my amendment is endorsed, that I propose an amendment to offer the specific language of my alternative proposal.

Mr. BROWN of Michigan. Mr. Chairman, then I rise in opposition to the amendment.

Mr. Chairman, the thing that bothers me about the amendment is that it is very possible we would not want to limit, as we do by this amendment, the application of the funding program to newly constructed unoccupied units. At the present time if our figures are correct there are some 400,000-odd units newly constructed unoccupied housing. There are some 200,000 to 250,000 condominiums newly constructed and unoccupied. That brings the present housing units in inventory so-called up to around 650,000 units. And of course since the number of units that will be available under this legislation will be totally determined by those set forth in appropriation bills, a very low level of funding in the appropriation bills, a very low authorization, could mean that very few, by this percentage limitation, very few of these units would be taken out of the inventory.

I do not see any sense in limiting the number of units that can come out of inventory by virtue of this program and still provide money for adding new construction to further glut that existing inventory.

I am just wondering if the Members on that side of the aisle, who have apparently given their tacit support to this provision, are sure that this is the direction in which they wish to go?

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. Certainly.

Mr. ASHLEY. I think we share a joint concern. We most certainly want the overhang or the inventory of newly built and unoccupied homes to be reduced.

Second, of the 416,000 homes that are in inventory at the present time, not quite 50 percent of that number would qualify under the terms of the bill. Some 50 percent of the units in inventory are being offered for sale at prices over $38,000 or $42,000. So the dimension, the shape of the overhang, is not quite as the gentleman suggested. It is a problem, but not of the dimensions that the gentleman suggests.

Of course, we want to provide, and the gentleman's amendment does so, for removal of these units from inventory.

Now, as funds are made available under this program, those units will go most quickly, most immediately, because obviously between existing stock, newly built, but unoccupied, and homes that have not yet been built, the immediate demand, the immediate impact is going to be on the stock that is in inventory.

So I think that the structure of the program and the gentleman's amendment work in precisely the same direction. There are ample authority and flexibility in the program. The intent of the Congress is made very clear with respect to how the program should be administered by the Secretary of HUD.

Under the circumstances, I really cannot see any justification for not supporting the amendment of the gentleman from Oregon (Mr. AuCoin).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. AuCoin) to the committee amendment.

The amendment to the committee amendment was agreed to.

AMENDMENT OFFERED BY MR. BADILLO TO THE COMMITTEE AMENDMENT

Mr. BADILLO. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. Badillo to the committee amendment: Before the period insert the following: "and in the Atlanta Standard Metropolitan Statistical Area, Georgia, the Chicago Standard Metropolitan Statistical Area, Illinois, the Cleveland Standard Metropolitan Statistical Area, Ohio, the Dallas Standard Metropolitan Statistical Area, Texas, the Detroit Standard Metropolitan Statistical Area, Michigan, the Houston Standard Metropolitan Statistical Area, Texas, the Los Angeles-Long Beach Standard Metropolitan Statistical Area, California, the New York Standard Metropolitan Statistical Area, New York, the San Francisco-Oakland Standard Metropolitan Statistical Area, California, the Seattle Standard Metropolitan Statistical Area, Washington, and in the Washington, D.C. Standard Metropolitan Statistical Area."

Mr. BADILLO (during the reading). Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with, in view of the fact it was published in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PEYSER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. 102 Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, futher proceedings under the call shall be considered as vacated.

The Committee will resume its business.

At the time of the quorum call the Chair had recognized the gentleman from New York (Mr. Badillo) in support of his amendment.

The Chair recognizes the gentleman from New York (Mr. Badillo).

Mr. BADILLO. Mr. Chairman, the Committee recognizes in the amendment which it has offered that there are high-cost areas in this country, and for that reason it has provided a change in the present committee bill to include the maximum sum of $48,000 per mortgage for Alaska, Hawaii, and Guam.

My amendment would seek to include the metropolitan areas which are outlined in the committee report: The metropolitan areas of Atlanta, Chicago, Cleveland, Dallas, Detroit, Houston, Los Angeles, New York, San Francisco, Seattle, and Washington, D.C.

My amendment would seek to include these metropolitan areas within the $48,000 limitation, because, as the committee report indicates, the median sales price for the fourth quarter of 1974 in each of these metropolitan areas was over $42,000. I have been advised by the Library of Congress that the median sales price since December has increased so that in February all 17 of the areas mentioned in the committee report are over $42,000. This would include Baltimore, Denver, Miami, Minneapolis, and Philadelphia, as well as the other ones that I have read.

So that it becomes important, if this bill is to provide housing for middle-income families, that we include the areas that have a substantial proportion of the population of this country. I am not talking only of the central cities; I am talking about the entire metropolitan area as well. But I do want to point out that in the central cities, such as New York City, it is impossible today to build a middle-income cooperative or condominium apartment for the sum of $42,000.

Whether one is building high-rise multiple dwelling units or whether one is building one-family homes, in none of these areas will it be possible to build anything at all if this bill is approved. It seems to me that a bill that seeks to address itself to the problems of the middle-income people of the country should include all of the middle-income people, wherever they may happen to reside.

Furthermore, Mr. Chairman, the intention of the bill is to provide help to the construction trades, and it should be clear to all of us that the construction trades are concentrated around the metropolitan areas, because that is where most building takes place. Therefore, those are the areas of highest unemployment in the construction trades.

Mr. Chairman, this bill does not provide any support at all for those areas, so, therefore, it will do nothing at all for relieving the unemployment in the construction trades in the areas which need it the most.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I just wish to congratulate my friend and colleague, the gentleman from New York, for his very excellent amendment. I think the gentleman has shown very clearly that this housing bill will not be of any effective use to the people in high cost-of-living urban areas throughout the country, and certainly the unemployment is very much concentrated in those very areas.

Ms. HOLTZMAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I want to take the floor to compliment my colleague, the gentleman from New York (Mr. Badillo), and to add my comments that as a representative from a district in an urban area I am singularly disturbed that this bill has virtually no relevance to the housing needs of that area. I venture to say that this bill, in its present form, has almost no relevance to the housing needs of the Borough of Brooklyn, which contains over 2½ million people. Mr. Chairman, I think that the amendment offered by my colleague helps to make this bill at least somewhat more relevant to our needs.

It seems to me that if we are going to stimulate the housing and construction industry in the country, we ought to be able to do it and at the same time satisfy some of the most desperate housing needs and housing shortages that exist.

I am sorry to say that this bill does not address both of these problems. It addresses only one.

I want to compliment my colleague, the gentleman from New York (Mr. BADILLO), for making this bill somewhat more relevant to the needs of New York City. Nonetheless, I think this bill needs some additional amendments to make it usable at all.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is not a worthy amendment. It would have very serious implications.

What the amendment says is that in Cleveland, Ohio, where the median-priced home for the fourth quarter of 1974 was $43,000, the builders under this program will be able to build or be invited to build a home of $48,000.

In Chicago the median-priced home is $42,600. Under the Badillo amendment, the Chicago builders would be building units for $48,000.

We have to remember that the families eligible for the housing that we seek to promote under this legislation must be families earning not more than 120 percent of the median-income in the area involved.

Let us look at the amendment of the gentleman from New York. Let us look at the median-income for New York City. The median-income in New York City is $13,700, 120 percent of median, the absolute top income that one can be earning and be eligible for benefits under the program, is $16,500.

Does anyone really mean to say that there is going to be housing available at the $50,000 price tag? Of course not. The average man cannot afford that housing.

Mr. Chairman, this is a snare and a delusion.

What we have said in the bill is that as a general proposition the housing that is to be constructed cannot exceed $38,000 in cost. That is generally within the range of families earning, let us say, from median income to 120 percent of median income. For higher cost areas we set $42,000. For the overseas areas, Hawaii, Quam, and the Virgin Islands, where we historically recognize the added higher cost, we have set $48,000.

The gentleman says that there is no distinction to be made between Honolulu, Hawaii, which has to import all of the components of the housing and New York City. Of course, there is a difference, the difference that we recognized in the legislation that we brought to this floor year in and year out; the distinction has been recognized.

For these reasons, Mr. Chairman, I oppose this amendment. Also because if this amendment is adopted and if we mean to have any action under the program, we would really have to then increase the eligibility levels of the family from 120 to, say, 140 percent.

Is that what we mean to do? Is this not getting to be exactly like a rich man's bill if we pursue that line? All we are really trying to do is to promote action and activity in the homebuilding sector, and we say that we want to target this to beneficiaries who are Mr. and Mrs. Middle Income America, not Mr. and Mrs. Upper Income America. We did that last year, and the year before. But these are hard working people who earn $15,000, $16,000 and $17,000 a year, that is who this program is constructed for, that is who the beneficiaries are.

Mr. BADILLO. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from New York.

Mr. BADILLO. The problem is, Mr. Chairman, that the hard working people who are making 15, 16, and 17 thousand dollars a year are now paying 9 percent interest. The way this bill helps them is because it makes mortgage money available at 6 and 7 percent. That is why it will be possible for them to pay the rent. What forces the rent to go up is not merely the cost of the construction, but it is the cost of the mortgage money.

All we are seeking to do here is provide relief to the middle-income families by reducing the cost of the mortgage money.

We have to take into account today in New York the Mitchell-Lama units, which are middle-income housing units. They are going at less than $42,000. If the gentleman will read the statement I put in yesterday he will see that we have over 750,000 families who are paying more than 25 percent of their income in rent. If the cost of the mortgage money is decreased they can secure higher mortgages.

Mr. ASHLEY. Let me say to the gentleman from New York that my figures show that $49,000 is the average in New York City. That means that there are as many built in New York City for less than $49,000 today as there are above that.

Mr. BADILLO. Not without subsidy; there are no homes built in New York City for less than $42,000.

The CHAIRMAN. The time of the gentleman has expired.

Mr. YOUNG of Florida. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, H.R. 4485 already has an income eligibility cutoff that means that families earning more than 120 percent of the area median income are excluded from the benefits of this bill anyway.

Wide geographical differences in median family income already result in an almost capricious distribution of the benefits under the bill. This amendment would make that disparity all the more capricious.

For example, in Utah, families living in Beaver, Garfield, Juab, Millard, Piute, Washington, and Wayne Counties who earn more than $11,900 will not be eligible for low-cost mortgages under the act, but their tax dollars will go to subsidize split-level ramblers for corporation executives earning $23,000 in New York City suburbs.

This amendment would make it even worse. In North Carolina, for example, families living in Alleghany, Ashe, Wilke, Davidson, Surry, Stokes, Anson, Montgomery, Moore, Richmond, Scotland, and Yadkin Counties earning over $12,000 will not be eligible for benefits under this bill, but their tax dollars, however, will help to subsidize mortgages for families earning $20,000 in Milwaukee, Wis.

In Texas, families in Donley, Foard, Motley, Brescoe, Collingsworth, Cottle, and Dickens Counties earning more than $10,000 get no housing assistance under H.R. 4485, but they will be glad to know that their hard-earned tax dollars will help provide cheap mortgages for families in San Mateo, Calif., earning over $20,000 a year.

The same is true in Texas for families living in Brewster, Coke, Concho, Edwards, Glasscock, Irion, Llano, Mason, Real, Runnels, Terrell, Val Verde, Jeff Davis, and Medina Counties who earn over $10,000.

In Wisconsin, families living in Barron, Buffalo, Crawford, Dunn, Jackson, Pepin, Polk, Richland, Tempealeau, Vernon, and Monroe Counties who earn more than $12,600 will not be eligible for housing assistance under this bill. They probably will not be too pleased to find out that they are paying taxes to help Government officials in suburban Washington, D.C., earning $21,000 to purchase housing.

In Oklahoma, families in Delaware, Okfuskee, Adair, Sequoyah, McIntosh, Green, and Kiowa Counties who earn over $8,000 a year will not be eligible. Nor will families in Craig, Ottawa, Rogers, Mayes, Muskogee, Wagoner, Cherokee, Creek, Okmulgee, Washita, Beckham, Custer, Roger Mills, Payne, Cimaron, Woods, Grant, Ellis, Dewey, Blaine, Kingfisher, Major, Noble, Logan Harper, and Alfalfa Counties in Oklahoma who earn over $12,000 a year.

Families in DeKalb County, Ga., earning $19,200, though, will be grateful for the tax subsidies that they are receiving from their fellow citizens from Texas, however.

In Kansas, families in Marshall, Nemaha, Brown, Dickinson, Wabaunsee, Pottawatomie, and Geary Counties with annual incomes over $12,000 will be ineligible for mortgage asistance under this bill. Their tax dollars will subsidize 6 and 7 percent mortgages for families earning $20,000 in suburban Philadelphia.

In Kentucky, prospective homebuyers earning more than $11,000 in Fulton, Hickman, Galloway, Marshall, Carlisle, Livingston, Lyon, Trigg, Crittenden, Caldwell, Webster, Christian, McLean, Ohio, Butler, Todd, and Logan Counties get no benefit under this act. Their hard-earned tax dollars will help *$20,000* a year families in Boston to get Government subsidies under the same legislation.

In Iowa, families earning more than $12,000 a year are excluded from this legislation in Allamakee, Clayton, Wayne, Harrison, Guthrie, Shelby, Audubon, Adams, Clarke, Ringgold, Adair, Madison, Union, Taylor, Lyon, Sioux, Palo Alto, Pocahonas, and Monona Counties. The benefit of their tax dollars will help families living in Howard County, Md. near Baltimore purchase subsidized housing, even though they earn $20,000.

In Georgia, families earning more than $6,800 a year get no assistance under this act if they live in Baker, Clay, or Randolph Counties.

The same is true for families earning more than $8,100 in Candler, Long, and Screven countries.

In Missouri, families in Barton, Vernon, Bates, St. Clair, Hickory, Benton, Morgan, Johnson, Henry, Howell, Oregon, Shannon, Texas, Dent, Washington, Pulaski, Camden, and Miller Counties get no assistance if they earn over $10,500 a year.

The same is true in Minnesota for families earning over $12,000 in the counties of Big Stone, Chippewa, Jackson, Lac qui Parle, Lincoln, Mille Lacs, Murray, Pipestone, Redwood, Renville, and Yellow Medicine; and for families in Tennessee in Bledsoe, Marion, Meigs, Morgan, Polk, Rhea, Roane, and Sequatchie Counties.

All these families will be interested in the outcome of the amendment offered by the gentleman from New York City, Mr. Badillo. This amendment would allow $48,000 subsidized mortgages for families in Chicago, Dallas, Detroit, Los Angeles, New York, Seattle, and Washington, D.C. instead of $42,000 mortgages already provided in the legislation.

The list goes on and on. Reports have been written in the Congressional Record, if the Members want to check what the effects would be in their respective counties. This amendment just goes to make this imbalance more unbalanced.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

I took the trouble to follow the gentleman's suggestion that each Member calculate the manner in which this bill affects our district. While I only had time to figure out a few of my 13 counties in Maryland, I have one county, Somerset, where unemployment is one of the highest in the State and where housing is badly needed. I find, under the provisions in this bill, people in Somerset County with an income greater than $9,600 a year are not going to be able to qualify for any help at all. It is appalling to me that some people with incomes as high as $21,000 would be able to buy high-priced condominiums and expensive homes in other parts of the Nation and receive interest subsidies, while people who really need help are completely excluded from this bill. I do not see how anyone could support the inequities written into this legislation.

Mr. YOUNG of Florida. I thank the gentleman for his observations and for his comments.

I am not going to take the time to read into the Record more and more of these examples, but the examples, but the examples we are talking about are magnified again and again by the amendment offered by the gentleman from New York.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman from California.

Mr. KETCHUM. I thank the gentleman for yielding.

The point that he makes is absolutely accurate. In Washington, D.C. a family earning $21,000 would qualify. Yet in my own home district, $12,900 would qualify. No one in his right mind could tell me that there is that much difference between the cost of living in Washington, D.C. and the cost of living in Bakersfield, Calif., that would warrant that kind of unfair subsidy vis-a-vis this bill.

Mr. YOUNG of Florida. The gentleman makes a very valid point. I thank him for his contribution.

Mr. KETCHUM. Mr. Chairman, I rise in opposition to H.R. 4485, the Emergency Middle Income Housing Act of 1975. This has been a good month for so-called "emergency" bills, and I think each number in the progression gets worse.

The bill we have before us today is but another example of a cure that can only make the patient worse. The principal reason why the housing industry is in a slump is inflation. Until we start to fight inflation by balancing the budget, and putting an end to massive Government borrowing, there will be no return to full prosperity.

You do not have to look hard to see why housing starts have dropped off. I submit that the principal reason is that 60 percent of all the available capital in this country is being taken by the Federal Government in order to finance our deficits. The Government has thus eaten up funds that could be made available for new construction, both residential and industrial. At the same time, it has been Government competition for borrowed funds in the money market that has driven up interest rates and made mortgages so difficult to obtain. Long-term economic recovery depends upon an end to the necessity for financing multibillion dollar deficits. Any bill which adds to this deficit is therefore contributing to our economic problems. This bill is estimated to cost us between $1.35 and $1.5 billion dollars. It should be rejected on this basis alone.

There are, however, a great many other things wrong with H.R. 4485. The most obvious one being that the emergency to which it addresses itself will have passed by the time its effects are felt. The prime rate has dropped to 8 percent and savings are returning to banks at a rate of $3 billion a month. There is evidence, therefore, that the crisis has passed and consumer confidence is returning. In that event, the 400,000 new units to be created by this bill will be both unnecessary and inflationary.

I also have my doubts about the eligibility formula for receiving the 6 percent subsidized mortgages provided for in the bill. The 120 percent of median income for the area ceiling is less than fair. In Washington, for example, a family could earn as much as $21,000 and qualify for a 6-percent mortgage, while in my own congressional district the ceiling is $12,900. I do not think that anyone in this Chamber could tell me someone making $12,900 with a family to support was too rich to qualify under this program. The cost of living does not vary that much to have a $7,000 spread in eligibility from Washington to Bakersfield.

I also believe the bill should set a minimum contribution toward the payment of the principal and interest of his housing costs before the amount of the subsidy is calculated. As it stands now, a resident of Arlington making $21,000 will receive exactly the same subsidy as one of my constituents making $12,900. As a matter of fact, he will receive the same subsidy as his neighbor making $14,000. There is something very unfair about this.

Why, we should ask, are multifamily dwellings excluded from this bill? Why is the interest rate set so low that it has been years since the days when you could get a mortgage at 6 percent? There are many such questions that can be raised about this bill.

But the important questions to ask are whether or not this bill is going to add to the deficit and worsen inflation, and whether or not it is really needed. I believe the bill is highly inflationary, and will serve to restrict credit and raise interest rates in the long run. Nor do I believe, with $14 billion in subsidized housing commitments under the Emergency Home Purchase Assistance Act, that this bill is necessary. I urge my colleagues to defeat it.

Mr. JOHN L. BURTON. Mr. Chairman, I have to strike the requisite number of words.

Mr. Chairman, I would support this amendment. In San Francisco one cannot buy a 25-by-125-foot lot for less than $20,000 to $25,000. That is for openers, if we are talking about building a home and making it relevant. In the Marin County portion of my district the homes cost a great deal more money.

The distinguished gentleman from Ohio (Mr. Ashley) talked about the median income in New York and then talked about Ohio, Guam, and Alaska. They are overseas; therefore, they are more expensive. We acknowledge the fact that homebuilding there is more expensive. Therefore, we gave a higher level of home costs. The homes are more expensive in the areas described in the Badillo amendment, and it is just as relevant to give them parity with the outside parts of the Nation on the basis of cost.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from Ohio.

Mr. ASHLEY. I thank the gentleman for yielding.

How do we get away from the fact that in the fourth quarter of last year in San Francisco—probably in the gentleman's district—there were as many single-family homes, new single-family homes, built costing less than $45,000 as there were that cost more than $45,000?

Mr. JOHN L. BURTON. Because they hardly built any. I mean, home construction in San Francisco, I will say to my dear friend, we could count on our hands and toes, as far as single-family home construction in that city last year and this year.

Mr. ASHLEY. If the gentleman will yield further, it was not 10 or 12; it was tens of thousands.

Mr. JOHN L. BURTON. I beg to differ with the gentleman. I would be willing to stake my life that they were not in the tens of thousands, which means that there must have been at least 20,000 homes built in San Francisco over the cost of $42,000 and under the cost of $42,000. It just has not been done. We have not had the land since they plowed up the sand dunes in World War II.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I will be happy to yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman yielding. Is the genetleman telling us that by raising the ceiling from $42,500 to $48,000 under this bill, and assuming the bill goes in place, in San Francisco there will be an increase in housing starts?

Mr. JOHN L. BURTON. No; not in San Francisco. I believe in the areas where the people live in big areas, perhaps, but it is just not appropriate there. In San Francisco there is just not that much room to do it.

Mr. ROUSSELOT. In the whole bay area?

Mr. JOHN L. BURTON. Yes.

Mr. ROUSSELOT. Maybe the gentleman has been talking to some of his constitutents about this. About what number of additional starts will be created as a result of raising this ceiling from $42,500 to $48,000?

Mr. JOHN L. BURTON. I can tell the gentleman this. At least it will give the people I represent a shot at the benefits under this legislation. I cannot give the gentleman a number. I can just tell him that they did not build 20,000 homes in San Francisco in the last year.

Mr. ROUSSELOT. But the gentleman is convinced it will give builders a substantial incentive to start new housing and individuals to buy in the marketplace?

Mr. JOHN L. BURTON. What I am saying is we ought to give our people a chance at the program.

I would like to say I, too, took note of the statements of the gentleman from Florida on income and I would hope we could do something this year to raise the median level on income for those people so it will really lift them out of the poverty levels.

Mr. ROUSSELOT. Is the median level for housing in the San Francisco bay area $48,000? I thought it was $52,000. I am talking about the median level of housing for the middle-income people in the bay area.

Mr. JOHN L. BURTON. I think it is $53,526.95.

Mr. ROUSSELOT. That is a fairly high level. Why not have the amendment be placed at that level of $53,000?

Mr. JOHN L. BURTON. We are not aiming at that. I am supporting this amendment to give my people a shot at utilizing this very good piece of legislation. I do not want them to be foreclosed. Fortunately one of my counties is a very high income level county. But this is for the schoolteachers and so on. If I am going to vote for it I would like to have some of my people I represent have a shot at it.

Mr. ROUSSELOT. But for all the people in the gentleman's area—that is the bay area—if there is to be a benefit for the middle class, the higher level will have to be put in place.

Mr. JOHN L. BURTON. I agree.

Mr. BARRETT. Mr. Chairman, if the gentleman will yield, I would like to tell the gentleman his people can build inexpensive homes if they so desire. We have thousands of homes in the inventory. If we come out with this bill, we can encourage the young people to build homes and we can give them an inducement to buy homes. We are asking for this because of the economic conditions today. We are using the offer of 6 percent to give them this inducement. We are also offering an older people's inducement, those who think they should not buy at this time, of 7 percent over the period of the mortgage as an interest rate. We are doing that to get those people to buy and to get the builders to start to building again, so we can create employment, because the building trades are now stopping.

We ultimately will bring out a bill that will take care of all the high-cost areas suitable for the people in the various parts of the country but what we are trying to do here today is to lower the unemployment level and to create employment and to get this industry back to a viable position. This is the purpose of bringing this bill today.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. John L. Burton was allowed to proceed for 1 additional minute.)

Mr. JOHN L. BURTON. Mr. Chairman, I would just like to say I agree with that, and the people I represent, who are the young married couples covered under this provision, who are finding the housing is so expensive in the area, these are the people I am talking about. I am not talking about the wealthy people. I am talking about the young couples, I am talking about those over age 55, who are retired or semiretired. I am talking about the cost of the homes in the district I represent which are not covered under the legislation.

If this is a jobs program, I will vote for a jobs program, but I thought this was housing. I say give us a chance to have the young people in the district I represent and the older people I represent have a shot at the benefits under this bill. I would vote for the bill but at the very least we ought to try to do something to help those people.

Mr. PEYSER. Mr. Chairman, I rise in support of the amendment.

Mr. PEYSER. Mr. Chairman, normally I would certainly on a complex bill such as this never take the floor, because I respect the committee in what they are doing here; but this particular issue that I would like to address myself to here does seem to be so unfair to so many of the areas of this country.

For those that may not have been on the floor when this was presented before, we are talking about metropolitan areas in Atlanta, Cleveland, Chicago, Dallas, Houston, Detroit, Los Angeles, San Francisco, Seattle, and so forth.

It seems to me that if what we are trying to do in this program is to reach out and give the middle-income group a break, we should be giving the middle-income people all over the country a break here. They are entitled to it, and yet very specifically that is not happening when we put this limit on.

It is sort of interesting to me to see Hawaii and Guam raised above the normal level. I have supported continually, as have practically all of us in this House, every time when special situations develop, whether it is in education or other areas where Hawaii and Guam need special help, always voting to give them the benefit that they needed because of their particular position. I would continue to support that; but it seems to me totally unrealistic to take the major metropolitan areas of this country and to say that we are not going to give their middle-income people a break because we just do not feel this would be fair to other middle-income people in the country. That does not make sense to me at all.

I do not have the statistics, but there have to be millions and millions of people involved and perhaps the majority of people in these middle-income areas, in these metropolitan areas we have outlined; so I am just asking that the House seriously consider this.

One thing that did disturb me that the gentleman from Florida brought out, and assuming his facts are correct, I would be very disturbed by the bill, that the lower income people that he is citing that are not going to get benefits under this bill. If that is correct, I think that is a tragedy.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. *I yield to the* gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I am on the committee and we have had an opportunity to go through these figures, that is the ceiling cost per unit and its relation to the 120 percent median income farmers. The gentleman from New York (Mr. Conable) yesterday put all median income figures for counties of the country in the Record, so we can all look right now in the Congressional Record and see them. There is a horrendous disparity. It is clearly discriminatory.

It is true, that in many parts of the country people will be eligible and in many other parts they will not be eligible when they are earning $10,000; so I think the gentleman brings up a good point, that there is substantial disparity built into this bill. It is going to be worse if we raise the minimum cost of a house to $48,000.

Mr. PEYSER. Mr. Chairman, I appreciate the gentleman's point that he is saying here; but I think if we are going to look at the low- and middle-income people in these metropolitan areas, I think to compound what may be a problem in this bill and to exclude all these people, I think, would be a tragedy today, because not only is employment at stake, and certainly these metropolitan areas, all we have to do is look at the statistics today and see what unemployment there is.

Mr. ROUSSELOT. That is exactly right.

Mr. PEYSER. And the building trades particularly and this is the area we should help.

Mr. ROUSSELOT. Will the gentleman yield further?

Mr. PEYSER. Yes.

Mr. ROUSSELOT. Has the gentleman had a chance to check the counties in his own areas?

Mr. PEYSER. Yes, I have, in the counties I represent.

Mr. ROUSSELOT. And which income levels will not be represented or allowed to participate?

Mr. PEYSER. I am aware of the income levels and I am also aware in this bill at this price of $42,000 we are excluding practically everybody from home building and that does not make sense to me.

Mr. ROUSSELOT. At $48,000?

Mr. PEYSER. At $48,000 we will be bringing many more in than we will be able to bring in at $42,000.

Mr. ROUSSELOT. So the $6,000 difference creates that much of a problem?

Mr. PEYSER. It does, my friend. I wish it did not, but it does.

Mr. McKINNEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, and my good friend from New York and my good friend from California, I stand in strong opposition to this amendment.

Let me point out something very clearly: I stand also alone in supporting this bill, on my side of the committee. Not one single house can be built in the Fourth Congressional District of the State of Connecticut under this bill as it presently stands. But, I am still opposed to this amendment. I suppose anyone in the building trades business or who carries a hammer could vote against the Congressman from the Fourth Congressional District for not standing up for his particular congressional district, but the fact of the matter is that we are going to, sooner or later, have to stop being utterly and totally provincial within this Congress.

The object of this bill is to give the housing industry on a nationwide basis, with its ripple effect into lumber and hardware and everything else, a boost; but far more important, I would ask the gentleman from New York; What have we had our mayors and what have we had our Governors in the States and the areas we are talking about do about the most outmoded, the most outrageous building codes, work rules, zoning codes? We must be honest with ourselves. I have to face up to the fact that in the Fourth District of Connecticut there are six towns, three of which are cities, and that 20 to 30 percent of the cost of building a dwelling or owning a home is land. That is a disparity we cannot solve across the country, but unfortunately once we get over the land topic and get to the price of dwellings themselves, we have to come down to the fact that we are talking about an imposition, through this amendment in good faith, asking the Congress and the taxpayers of the country to pay for building codes that are outmoded, work rules that are outmoded, methods of doing business that are outmoded.

I would suggest to the Members that this is an emergency piece of legislation designed to give an immediate boost to the overall building trades business. Most of the Members have forgotten that within this bill there is a second section which puts aside tandem money which will take care of our districts and which has been taking care of our districts.

This particular part of the bill we are discussing and amending at the present moment is simply for an immediate boost, but I in clear conscience cannot stand here and say, "Gimme, gimme, gimme," for Fairfield County when I realize that my State legislators and my mayors and my first selectmen have not attacked the basic problem, the high cost of building, to see what we can do about that.

We are still building houses as we built them in 1890 in New England, New York, and I believe in San Francisco.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Chairman, I just want to congratulate the gentleman for his very concise and emphatic statement. I will have to take his word for the fact that this will not directly aid Fairfield County, although I would hope that some of the Fairfield County workers and contractors could find a little bit of action in this.

But, what is really important is, as the nation goes, so goes Fairfield County. This bill is designed to improve the Nation's economy and make jobs for people, and that will help Fairfield County and everyone of the other 3,000 counties in the Nation.

Mr. McKINNEY. Mr. Chairman, I will try to remember that as I go to sleep tonight, because it seems to me that for the 4 years I have been down here, as the Nation and Congress goes, New England gets left behind.

Mr. BINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am in favor of this amendment because there is a chance that it will permit something to be done in my city of New York under this bill. But, frankly, I am not very hopeful that it will.

It is all well and good for the gentleman from Fairfield County to say that he is perfectly content that this bill does not do anything for Fairfield County. The situation in New York City is totally different.

If I might have the attention of the chairman of the full committee, I would like to ask him a question. In what way does the gentleman feel that this bill will help the city of New York, either in terms of housing, which is a desperate problem in our city, or in terms of employment?

Mr. REUSS. Mr. Chairman, I would be glad to try to answer that question.

Let us assume that not a single home gets built in Manhattan or the Bronx, nevertheless, building tradesmen from that area are going to find a full dinner pail on the outskirts, and also contractors.

But most of all, as I just said, New York, the last I heard, depends on the Nation's economic well-being for its own well-being, and the purpose of this bill is to do something about the most distressed, depression-ridden area of the economy—homebuilding. People who are helped all over the country will make the wheels go faster in New York.

Let me say about housing in New York that I want to help the gentleman from New York and all others from New York who have spoken, to try to get out of the Department of Housing and Urban Development a release of impounded funds for section 236 housing, section 235 housing, elderly housing, public housing, new section 8 housing. Ending impoundments, and adequate appropriations, help provide shelter for moderate- and low-income people in the boroughs of New York. We want to help, and we surely will.

Mr. BINGHAM. I thank the gentleman for that statement, and I am sure he does want to help. But the fact remains that, as far as this bill is concerned, it does not cover rental housing and, of course, rental housing is at least 80 percent of the housing in New York. Unless this amendment is passed, the bill will not cover unit costs in New York City for any type of construction. If we are to vote for this bill, we do so on the assurance of the chairman of the full committee that we will have action, either in the form of pressure on the department or in the form of some legislation, that will be addressed to our problems in the city.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman.

Mr. REUSS. There are on the statute books, I believe, suitable laws to get the kind of low-income and moderate-income rental housing that New York City and our other great metropolitan areas desperately need.

The gentleman surely has my pledge, and I know that of the leaders on both sides of the committee, that we will use our best efforts to dislodge from HUD the funds that will make the promise of low-rental housing come true and to get adequate appropriations. But I do not think any authorizing legislation is needed on low-income rental housing.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman.

Mr. SCHEUER. Mr. Chairman, I want to make two points. The amendment will definitely stimulate construction activity and jobs in New York City because, while one cannot build single family homes for $48,000, one can certainly build condominiums and cooperative apartments, both high rise and on the townhouse and cluster design variety. It would stimulate construction.

Mr. BINGHAM. Mr. Chairman, may I ask my colleague whether that can be done on 6-percent interest, given land costs and all of the other costs in New York City?

Mr. SCHEUER. The interest will be subsidized, I assume.

Mr. BINGHAM. But only down to 6 percent.

Mr. SCHEUER. I would say a 6-percent interest rate would be an excellent interest rate.

I would also like to answer the gentleman from Fairfield County, who says, very rightly, that there are structural problems.

Mr. BARRETT. Mr. Chairman, I ask unanimous consent that all debate on the Badillo amendment and all amendments thereto terminate at 3:50 p.m.

The **CHAIRMAN.** Is there objection to the request of the gentleman from Pennsylvania?

Mr. SCHEUER. Mr. Chairman, I object.

The **CHAIRMAN.** Objection is heard.

MOTION OFFERED BY MR. BARRETT

Mr. BARRETT. Mr. Chairman, I move that all debate on the Badillo amendment and all amendments thereto terminate at 3:50 p.m.

The motion was agreed to.

The **CHAIRMAN.** Members standing at the time the motion was made will be recognized for approximately 1 minute each.

The Chair recognizes the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Chairman, I would appreciate it if the gentleman from New York (Mr. Bingham) would discuss something that he mentioned in his remarks; it is something which disturbed me.

The gentleman from New York (Mr. Bingham) stated that he felt this bill, even with the increase of $48,000 as the ceiling allowable, would probably not do too much toward stimulating housing.

Mr. Chairman, will the gentleman explain to us what he meant by that statement?

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I would be glad to yield to the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, the costs are so great, the interest rates are so great and the land costs are so great that there will be little benefit, although there is some chance of condominium building with this amendment. I hope the amendment is adopted for that reason. I think the thrust of this entire measure is not to help New York City, and I believe the gentleman from Wisconsin (Mr. Reuss), the chairman of the committee, confirmed that view.

Mr. ROUSSELOT. So, Mr. Chairman, even with the $48,000, except for condominiums, it apparently really does not do that much to start meaningful motion in the housing market or really help homebuyers.

The **CHAIRMAN.** The Chair recognizes the gentleman from New Jersey (Mr. Hughes).

Mr. HUGHES. Mr. Chairman, I rise in opposition to the amendment offered by my colleague from New York (Mr. Badillo).

We have to draw the line somewhere and I would point out that 10 percent of the total funds can be committed for homes of up to $42,000 in areas designated by the Department of Housing and Urban Development as "high cost areas."

The purpose of the legislation is to reach middle-income homebuyers and a ceiling of $38,000 and an average of $30,000 for 90 percent of the interest subsidies seems sufficient to me.

But I would like to discuss the larger question, and that is what we can reasonably expect this legislation to accomplish in the related areas of driving down interest rates and encouraging home construction.

I have serious doubts if this legislation will make a significant contribution on either count.

For it does not address itself to methods of forcing down interest rates; indeed, it has the reverse effect of encouraging lenders to keep the rates up through Government guarantees and completely ignores the tight-money policies of the Federal Reserve Board that has brought on the crisis we face today.

Second, this legislation does not address at all the far more significant problem of many middle-income Americans of coming up with 20-, 25-, and 30-percent downpayments which are required by many thrift institutions in my State and throughout many sections of the country.

It is difficult, Mr. Chairman, to be speaking so critically of a piece of legislation so tantalizingly entitled the "Emergency Middle-Income Housing Act of 1975."

In my congressional district—the Second of New Jersey—layoffs in the residential construction industry are estimated to be running well ahead of the national average of 40 percent.

The depressed state of the construction industry is having a deleterious impact on associated support industries in my district every bit as severe as the worst examples cited by the Committee on Banking, Currency and Housing in its report.

But we should not be judging this act by its cover.

There are deficiencies in this legislation which in my opinion could seriously weaken the stimulative effect this bill is intended to offer.

The most serious deficiency is it does not prod the Federal Reserve Board into action which would result in lower interest rates. The Fed could lower the requirements; it could free $85 billion in short-term obligations by refinancing into long-term notes. Through the Farmers Home Loan Bank Board and other agencies old mortgages could be purchased which would act to drive current interest rates down.

We do not do any of these things under the Emergency Middle-Income Housing Act of 1975.

The legislation merely subsidizes already high interest rates and delays making those adjustments necessary to have a long term and lasting impact on revitalizing the homebuilding industry.

I appreciate the statements of the chairman in pointing to the emergency nature of this legislation and the lack of support he and the committee have received from the Federal Reserve Board. I know he agrees with me that the practices of the Board are at the root of our problems and that this legislation is not focused there.

The chairman has also advised me that the committee intends to challenge the practices of the Fed. And so, reluctantly, I intend to vote in favor of this temporary, 1-year housing proposal provided, however, that an amendment to prevent windfall profits in the resale of homes is adopted.

The last thing we want to do is encourage speculation and profit. The windfall profit amendment would require that if a home on which the purchaser receives an interest subsidy down to 6 percent is sold during the 6-year period of the subsidy, there would be a recapture of the lesser of the subsidy or the net gain realized from the sale.

This would minimize the amount the Government would have to spend under the act and prevent speculation. This amendment I shall support. Another provision which I hope the Government takes full advantage of is the financing provisions through Treasury obligations.

With the adoption of a windfalls profits amendment I will reluctantly vote for the bill but only after insisting that the committee consider the far more important question of putting pressure on the Federal Reserve Board in the immediate future to change its money policies

I am interested in knowing whether or not the committee, when it was questioning the Chairman of the Federal Reserve Board, Mr. Burns, got into the question of interest rates and why the interest rates are what they are today and whether or not he could suggest doing something to lower the rates.

Mr. Chairman, it just seems to me we are subsidizing extremely high interest rates.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Chairman, the Senate has already approved the conference report on House Concurrent Resolution 133, which would request the Federal Reserve to move promptly to reduce long-term interest rates. I hope that we will act on that Monday, and then for the first time in history there will be a formal request to the Fed to do just that.

(By unanimous consent, Messrs. Ottinger and Scheuer yielded their time to Mr. Badillo).

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. Badillo).

Mr. BADILLO. Mr. Chairman, I would like, first of all, to respond to the chairman of the full committee, who stated that there already are adequate laws on the books in order to provide housing for those who need subsidized housing in the city of New York and in other urban centers.

In New York City, as a statement that I included in the Record yesterday indicates, there are 956,000 families who are in need of housing and who presently live in housing which is either overcrowded or which is substandard.

The city of New York, through the City Planning Commission, has made an application for existing funds under the program that the gentleman from Wisconsin (Mr. Reuss) is talking about. That application was approved by the City Planning Commission 2 weeks ago. It is coming up before the Board of Estimate in New York City on Monday. The most optimistic hope of the City Planning Commission is that there will be allocated 12,000 apartments over a period of 1 year. For a 3-year period that is 36,000 apartments to meet a need of 956,000 apartments.

How can any reasonable person say, "We have enough laws on the books to provide for this problem"?

It is clear also that unless housing is subsidized, private enterprise will not be able to take any action. That is why I mentioned yesterday that we have 40,000 apartment buildings containing 400,000 apartments which were outlawed as uninhabitable in the year 1901 and are still standing today. That means that private enterprise has not been able to do anything about this housing for the past 74 years and will not be able to do anything for the next 74 years. That is why it is important that this Congress take action, and that is why it is important that we get a meaningful bill. At least let us provide some relief to the middle-income families who now cannot even go to Mitchell-Lama housing which is the traditional middle-income housing program, because of the fact that the interest rates are so high. Let us provide some relief to the housing industry in the high cost areas of our urban centers by increasing the mortgage limitation to $48,000, and giving them the same benefits as are provided for Alaska, Guam, and Hawaii.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. Koch).

Mr. KOCH. Mr. Chairman, I support the Badillo amendment, and even if it is agreed to, it does not go far enough.

Last year, when this House passed legislation, it provided approximately $1 billion for all of the subsidies that would be available to leased multifamily housing in the cities and across this country for the next year. In this bill for one-family houses we are providing a subsidy of $1.5 billion for a 14-month period. The inequity is outrageous in its clarity.

It is absurd that we are not providing for the people who need housing most in this country. Those are the poor and moderate-income people living in the metropolitan areas.

If this amendment is passed, it will be a small step toward equity, but if we vote for the bill on final passage it will be not because it is a housing bill, but because it is an employment bill.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. J. William Stanton).

Mr. J. WILLIAM STANTON. Mr. Chairman, there are a couple of points that probably should be brought out about this amendment because it was discussed for a considerable length of time in committee.

The first is this proposition: When one starts speaking about raising the ceiling, in this case from $42,000 to $48,000, what he is primarily involved with, the No. 1 problem, is that of inflation because we have the problem of homes being raised where the median becomes the floor.

Second, I would point out, and I believe the gentleman from Ohio (Mr. Ashley) pointed it out earlier, if we pass this amendment raising it from $42,000 to $48,000, primarily it would mean nothing unless we raise the median income which is now limited to 120 percent. We would have to raise it to 150 percent.

Honestly, if we were going to really kill this bill, as many on our side want to do, we would vote for this amendment raising it to 150 percent, and we would have no bill.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. Wylie).

Mr. WYLIE. Mr. Chairman, if I did not speak out in opposition to this amendment I fear that I would indeed be remiss. I think the amendment only exacerbates an unfair and inequitable formula which is now found in the bill.

For example, a family earning $1 more than 120 percent of the area's median income receives no benefit, whereas a family earning $1 less gets the full benefits.

What does this mean? It means if this amendment is adopted that if you earn $27,277 and live in Montgomery County, Md., you can qualify for a 6-percent interest loan on a $48,000 house, whereas a person living in Knott County, Ky., who makes $5,565 a year could not qualify for such a 6-percent loan.

I think, Mr. Chairman that points up the disparity and the inequity in this bill and this amendment would only aggravate the disparity. Therefore, I oppose the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. Ashley).

(By unanimous consent, Mr. Barrett yielded his time to Mr. Ashley.)

Mr. ASHLEY. Mr. Chairman, it would be a mistake for those of us on the floor to consider this legislation in isolation from the housing programs that have been adopted principally in the last couple of years. It was just last year that we adopted by an overwhelming vote, the Housing and Community Development Act of 1974, that provides for 600,000 units of rental housing for families earning up to 80 percent of the median income in a given area. Six hundred thousand units between now and the end of fiscal 1976.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Not at this time.

What else did we do last year, Mr. Chairman? We authorized, adopted and enacted programs calling for some $7.75 billion in tandem money to support housing.

All we are saying now is that this program is needed, and that we have to promote housing at this time in order to produce an upsurge and a revitalization of the whole building industry.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. Brown) for somewhat less than 1 minute, to close the debate.

Mr. BROWN of Michigan. Mr. Chairman, I would say to my colleagues from New York and elsewhere who are concerned about the whole problem of maximum price of units, income eligibility, et cetera, that their best bet, if they really want to do something for housing for their areas, and for the housing industry generally, is to support the Brown substitute which will be offered at the proper time. My substitute does many of the things desired in their areas, and provides the answers to so many of the problems, especially its multifamily unit provisions. It is the legislation that they should support, and not the committee proposal that is before us.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Badillo) to the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BADILLO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 101, noes 274, not voting 57, as follows:

[Roll No. 78]

AYES—101

Abzug
Addabbo
Ambro
Anderson, Calif.
Badillo
Bafalis
Bevill
Biaggi
Bingham
Blanchard
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Chisholm
Collins, Ill.
Conyers
Corman
Daniels, Dominick V.
Danielson
Delaney
Dellums
Dent
Diggs
Downey
Drinan
Edwards, Calif.
Fenwick
Fisher
Florio
Gaydos
Gilman
Goldwater
Gonzalez
Gude
Harrington
Harris
Hawkins
Heckler, Mass.
Helstoski
Holtzman
Horton
Howard
Koch
Lent
Levitas
Lloyd, Calif.
Madden
Maguire
Mikva
Miller, Calif.
Mineta
Minish
Mink
Moakley
Moorhead, Calif.
Mottl
Murphy, Ill.
Nedzi
Nix
Nolan
O'Hara
Ottinger
Patten
Patterson, Calif.
Pattison, N.Y.
Peyser
Pike
Price
Rangel
Rees
Richmond
Rinaldo
Rodino
Roe
Roncalio
Rosenthal
Rostenkowski
Roybal
Russo
Ryan
Scheuer
Seiberling
Simon
Solarz
Spellman
Stanton, James V.
Stokes
Stratton
Studds
Thompson
Vanik
Waxman
Wirth
Wolff
Wydler
Yates
Young, Alaska
Young, Ga.
Young, Tex.
Zeferetti

NOES—274

Abdnor
Adams
Alexander
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Ashley
Aspin
AuCoin
Baldus
Barrett
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Biester
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carr
Carter
Casey
Cederberg
Chappell
Clancy
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Davis
Derrick
Derwinski
Devine
Dodd
Downing
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Emery
English
Erlenborn
Fascell
Fish
Flood
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Fulton
Fuqua
Giaimo
Gibbons
Ginn
Goodling
Gradison
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Hastings
Hayes, Ind.
Hébert
Hechler, W. Va.
Hefner
Heinz
Henderson
Hicks
Hillis
Hinshaw
Holland
Holt
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Lehman
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Milford
Meeds
Melcher
Meyner
Mezvinsky
Michel
Mitchell, Md.
Mitchell, N.Y.
Miller, Ohio
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
O'Neill
Passman
Patman
Perkins
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Randall
Regula
Reuss
Rhodes
Riegle
Robinson
Rogers
Rooney
Rose
Roush
Rousselot
Runnels
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Schroeder
Schulze
Sebelius
Sharp
Shriver
Shuster
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Weaver
Whalen
White
Whitten
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Wylie
Yatron
Young, Fla.
Zablocki

NOT VOTING—57

Anderson, Ill.
Annunzio
Archer
Armstrong
Bell
Brooks
Clausen, Don H.
Crane
de la Garza
Dickinson
Dingell
Eilberg
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Findley
Fithian
Flowers
Frey
Hamilton
Harsha
Hays, Ohio
Hightower
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Kindness
Leggett
Litton
Metcalfe
Mills
Moffett
Mollohan
Mosher
Murphy, N.Y.
O'Brien
Pepper
Railsback
Risenhoover
Roberts
Ruppe
Schneebeli
Shipley
Sikes
Skubitz
Staggers
Stark
Steed
Traxler
Treen
Udall
Wampler
Whitehurst
Wilson, Bob
Winn

So the amendment to the committee amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MS. HOLTZMAN TO THE COMMITTEE AMENDMENT

Ms. **HOLTZMAN**. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Ms. HOLTZMAN to the committee amendment: On page 8, line 23, after the words "single family unit" add the words "or two family unit, where the owner occupies one of the units."

Ms. **HOLTZMAN**. Mr. Chairman, this is a very simple amendment. It makes the provisions of the bill applicable to two-family housing units, even where one is a rental unit, as long as the owner occupies the other unit.

Without my amendment, the bill would cover only single family units or multiple units which are condominiums or co-ops. Since it is rare for two-family houses to be either co-ops or condominiums, they are not presently covered.

It seems important to me that we try to encourage the construction of two-family units which are more likely to be built in densely populated urban areas than single family houses.

Let me add, however, that even if my amendment is accepted, this bill still does not address the housing needs of New York City or other metropolitan areas. While I offer my amendment as a means of perfecting this housing bill, I wish to emphasize that this bill will not create many construction jobs in New York City, nor is it likely to relieve the desperate shortage of housing in New York. It seems to me shortsighted at best and discriminatory at worst to create a housing program that fails to deal with housing construction or unemployment in the construction industry in large urban areas.

Mr. **BARRETT**. Mr. Chairman, will the gentlewoman yield?

Ms. **HOLTZMAN**. I yield to the gentleman from Pennsylvania.

Mr. **BARRETT**. Mr. Chairman, we have gone over the amendment, and we think we can accept the amendment if it is agreeable to the other side.

Mr. **BROWN** of Michigan. Mr. Chairman, will the gentlewoman yield?

Ms. **HOLTZMAN**. I yield to the gentleman from Michigan.

Mr. **BROWN** of Michigan. Mr. Chairman, the gentlewoman has discussed the amendment with me. It is acceptable to the minority, and I commend the gentlewoman for offering it.

The **CHAIRMAN**. The question is on the amendment to the committee amendment offered by the gentlewoman from New York.

The amendment to the committee amendment was agreed to.

Mr. **MATSUNAGA**. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am pleased to voice my support of H.R. 4885, the proposed Emergency Middle-Income Housing Act.

Mr. Chairman, the members of the Committee on Banking, Currency and Housing are to be commended for their fine efforts in bringing this bill to the floor. I particularly want to congratulate the gentleman from Ohio (Mr. ASHLEY) for the leadership and initiative he has displayed during the consideration of the bill.

In recent days some criticism has been lodged against Democrats in Congress, because too many pieces of legislation have borne the label "emergency." If any of my colleagues have any doubt about whether H.R. 4485 addresses itself to an emergency situation, they should direct that question to construction workers, 20 percent of whom are out of work, to young families, crowded into small apartments with their parents and desperately in need of a home, to almost anyone in Hawaii, where 50,000 low- and moderate-income housing units are desperately needed.

No, Mr. Chairman, there is no doubt that there is a genuine and grave emergency in housing in this country. H.R. 4485 would deal with that emergency by expanding the potential homebuying market by about 5 to 6 million families. Young families, with reasonable expectations of increasing income in the future, will be helped immeasurably by the plan to permit 6 percent mortgage payments for 3 years, *phased out over* a second 3 years.

According to Department of Labor estimates, the 400,000 homes which H.R. 4485 would help finance could provide more than 550,000 man-years of work, and generate more than $6.7 billion in additional income. Such a stimulus will be invaluable in these recessionary times, and the high rate of unused capacity in the construction industry insures that inflationary impact would be minimal.

Mr. Chairman, I want to draw the attention of my colleagues to one feature of the bill, which would permit financing of houses in the high-cost areas of Alaska, Guam, and Hawaii up to a selling price of $48,000, as compared to the $38,000 ceiling in other areas of the country and $42,000 ceiling in other relatively high cost areas.

I wish to thank the gentleman from Ohio (Mr. Ashley) for responding so positively to my request that the committee recognize the highly inflated housing costs in areas like Hawaii. There was no such recognition in the bill as reported by the subcommittee initially. Mr. Ashley offered my amendment in full committee markup, and it was adopted by voice vote. Lest some of the Members of the House think that Hawaii will be gaining some undue advantage under this provision, I would like to cite some recent Hawaii housing cost data. Of the 1,046 fee simple housing units completed during 1974 in Honolulu, only 21 percent or 218 units were priced under $50,000—and only 25 units were priced under $40,000. All of these units were condominium apartments. There were only 18 single family units priced under $50,000.

Federal programs have recognized this problem as a matter of course in the past. Both FHA and the Federal Home Loan Mortgage Corporation authorize loans in Alaska, Guam, and Hawaii on houses priced 50 percent above the maximum permitted in other areas.

I recognize, Mr. Chairman, that the committee expects the relatively low prices permitted to qualify for financing under this bill will help induce builders to build housing within the established ceilings. I trust that that will happen. It is imperative, however, that the limits not be lowered any further for Hawaii, Alaska, and Guam. If they are there will be no new homes financed under the program in my State of Hawaii whatsoever.

With that single caveat, I urge the passage of H.R. 4485.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

> Committee amendment: Page 9, line 13, immediately after "this Act," insert the following: "The aggregate amount of contracts to make interest reduction payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed $300,000,000 per annum. The aggregate amount of contracts to make interest rate differential payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed $1,500,000,000. The aggregate amount of mortgages purchased by the Association under this Act shall not exceed amounts approved in appropriation Acts, and the aggregate amount of such mortgages shall not exceed $12,000,000,000. The Association shall not issue obligations pursuant to section 6(c) or securities pursuant to section 6(d) except as approved in appropriation Acts."

Mr. WYLIE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, if I may have the attention of the gentleman from Ohio (Mr. Ashley) yesterday, during the consideration of the rule on this bill, there was a considerable amount of discussion about back-door spending and the fact that the language, as was then found in this bill, would conflict with the new Budget Control Act which Congress just recently enacted. I think the gentleman from Illinois (Mr. Anderson) and the gentleman from Maryland (Mr. Bauman) made a valid point of order in calling attention to the conflict. May I call attention to language on page 6 which states that—

> The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force.

Which is back-door spending language. It authorizes an increase in the public debt without congressional action.

As I understand it, this committee amendment which we are about to consider—and I want to make the point for the Record—if adopted, would in effect supercede the back-door spending provision found on page 6 of the bill. The provision of the Budget Control Act prohibiting spending without congressional action would then be in effect.

Is that the purpose of the committee language found on page 9, lines 23 and 24, and on page 10, lines 1 and 2?

Mr. ASHLEY. Mr. Chairman, I would say to the gentleman that there are four alternative means of funding the provisions of the bill before us. Each one of these four alternative means will be subject to the appropriation process. Not $1, in other words, to back-door financing will be permitted under the bill when the committee amendment is adopted.

Mr. WYLIE. I thank the gentleman.

Mr. BROWN of Michigan. Mr. Chairman, I rise to strike the requisite number of words.

Mr. Chairman, I would like to address a couple of questions to the gentleman handling the bill on the other side, if I may, please, since during the course of discussion in committee there was some question as to the limitation imposed by this committee amendment.

I think I understand it correctly, but I want to make sure that my understanding is correct and that my colleagues' view is accordingly.

It is my understaning that the true operative language, insofar as the limitation is concerned, in this bill occurs in the bill itself and not in the amendment; that is, the first sentence of section 8, which reads:

> The aggregate amount of mortgages assisted under this Act shall not exceed amounts approved in appropriation Acts, and in no event shall such amount exceed $12,000,000,000.

I ask that question, and I want to have my understanding confirmed, that the maximum amount of mortgages assisted under the bill is $12 billion, because in the committee amendment it speaks of a limitation of $300 million of assistance under section 4 and $1.5 billion under sections 5 and 6.

Mr. Chairman, will some Member on that side of the aisle confirm my understanding that in no case will there be mortgage assistance under section 4 or section 5 or section 6 in face amounts exceeding $12 million?

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield, the gentleman is entirely right.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. WYLIE. But, Mr. Chairman, in any event, if I understand what the gentleman said in his previous answer, any action as far as expenditures of money under this bill are concerned will have to be approved by Congress through the appropriation process?

Mr. ASHLEY. Mr. Chairman, will the gentleman from Michigan yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. ASHLEY. Absolutely so. Mr. Chairman, there is nothing inconsistent as between my response to the gentleman earlier and my response to the gentleman from Michigan (Mr. Brown).

Mr. WYLIE. I understand the gentleman.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. LEHMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support of H.R. 4485, the Emergency Middle Income Housing Act of 1975. The Committee on Banking, Currency and Housing is to be commended for bringing this most constructive piece of legislation before the House so expeditiously.

It is time we start giving greater assistance to the middle income families of this country. It is only fair that in these distressing times we endeavor to ease their inflationary burdens as best we can. After all, we call on them to subsidize the bulk of the Federal outlays year in and year out, in both boom times and during leaner periods.

Besides giving middle-income families an opportunity for home ownership, this bill before the House today would make several positive inroads in the fight to reverse the current recessionary trend. This measure would provide mortgage assistance to middle income families in the purchase of a single family home or condominium unit. It is estimated that the impact of this legislation would stimulate the purchase of 400,000 housing units at an average mortgage rate of $30,000. Eligibility under the bill would extend to all families whose income does not exceed 120 percent of the median income for an area, as determined by HUD.

For instance, in Miami the cutoff limit would be a little over $15,000 in annual income. What should be welcome news for the housing industry is the provision that would require over half of the funds appropriated under the bill to be used for homes constructed after the bill becomes law. This could well be the needed shot-in-the-arm that the sagging housing industry has been searching so desperately for, for so long.

Several weeks ago on a trip back to my congressional district in Florida, I was impressed by the very real concern and interest that this legislation had already generated. The reason was plainly simple. New housing construction in Dade County is at a 10-year low. Estimated new residential construction starts will barely top 10,000 compared to 18,980 units in 1974. Builders are holding off because there are no buyers. Buyers on the other hand are sitting tight because of the scarcity of mortgage money. The result is, quite expectedly, a standoff. Nobody is gaining, yet everybody is hurting to some degree. The building trades are hardest hit by this virtual halt in housing construction.

In Dade County, for example, 40 percent of the building tradesmen are unemployed today. Looking specifically at the carpenters, in January of 1974, 5,390 carpenters were employed. This year only 2,957 were able to find work in the first month of 1975. This represents a 45 percent reduction in the number of carpenters who could not find even part-time employment. The county office that issues new construction permits has had to cut back its workweek and lay off staff because of a lack of revenue. H.R. 4485 could provide the incentive that would turn this situation around.

The other section of the bill I wish to address myself to, deals with financial assistance for the construction of housing that is energy efficient. Although not stated, the implications of this section could provide Florida builders with an unexpected bonus especially those engaged in the construction and perfection of solar heating and cooling devices for homes or condominiums. The long-range effects are to encourage builders to construct housing units that are both architecturally sound and well designed but which are also energy savers. Energy efficient homes are as vital to this Nation's overall energy economization as a well running, gas conserving automobile.

Mr. Chairman, once again let me reiterate my support for H.R. 4485 as reported by the Banking, Currency and Housing Committee.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 11, line 9, insert:

"(e) Not more than 20 per centum of the aggregate mortgage amounts approved in appropriation Acts may be allocated for use with respect to existing previously occupied dwellings which have not been substantially rehabilitated."

Mr. AuCOIN. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, about an hour and a half ago I went to the well to offer a compromise between the findings in the report of the committee as they relate to the ratio of subsidies which are provided in terms of subsidies and which provide for the existing units already occupied and being offered by sale and the percentage allocated to sales of already constructed but unsold homes, and the percentage of funds that would be going into new construction.

Instead of offering, as the committee provides, 45 percent of the funds going to both existing and newly constructed but unsold housing and instead of providing 45 percent of the funds for that purpose and leaving only 55 percent for new housing, the compromise I offered an hour and a half ago simply said that the bill was overloaded as it comes before the House today, overloaded in terms of the amount of subsidy and provides for constructed housing and already sold and existing housing, as the committee report shows, only 45 percent of the funds for that category of housing.

Mr. Chairman, we have to be mindful of the fact that the thrust of the bill is to put people back to work in an area of the economy that is suffering from a depression today, and that is the housing construction industry and the building trades industry. By leaving only 55 percent of the funds available for new construction, we are stealing the punch from this program in terms of what the bill itself was originally designed to accomplish.

The compromise I offered would simply say we will indeed try to solve the inventory problems relating to items which are sitting idle and going unused, and we will limit that which is available to inventory to 30 percent as to existing limits and unsold units by putting a cap on that 30 percent so we would provide 70 percent of those funds to new homes being constructed and to put people back to work and provide for the wood products industry and the building trades industry the incentive and the economic recovery which would enable that industry, as it has done so many times before, to recover and bring back the general economic recovery in this country.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. AuCOIN. I will be glad to yield to my colleague, the gentleman from Ohio (Mr. Ashley).

Mr. ASHLEY. Mr. Chairman, what the gentleman is saying, then, is that in order to be consistent with the amendment that was adopted earlier this afternoon, we must vote down this committee amendment?

Mr. AuCOIN. That is absolutely true. The point is that we adopted that compromise and principle. By defeating this committee amendment, we merely conform or cause the bill to conform to that previous action, and then we will have a following amendment, as I indicated, to achieve this compromise and amendment to the bill itself.

Mr. ASHLEY. Mr. Chairman, I appreciate the gentleman's yielding, and I would appreciate a "no" vote on the committee amendment.

Mr. MYERS of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask the gentleman from Oregon (Mr. AuCoin) this question: Is the gentleman saying that the purpose of this bill is not to put people in houses, but to put people to work?

Mr. AuCOIN. I think that is one of the biggest points of confusion so far with respect to setting up another housing assistance program. The committee chairman has stated on the floor that our committee is going to work on the whole problem of housing assistance, but what we have to face right now is whether we are going to put a building block toward general economic recovery in place. In order to provide this general economic stimulus, for the wood products and construction industry, we have to adopt legislation that will put the greatest numbers of people back to work.

Even though it is commendable for individual Members to try to do something in a parochial way for the folks back home, we have to think in terms of the broad benefits which can be achieved from a revitalized wood products, building construction, and building trades industry. That is in the intent of the act. And my amendment makes the act truer to its purpose.

Mr. MYERS of Pennsylvania. It is my impression that we are in this bill attempting to do two things: one, to create work, and the other one, to attack the problem of the shortage of housing, which many families now find difficulty in wrestling with. I do not think it is unusual in the housing market for middle income persons to be seeking housing that has already been built and is on the market as used housing. I think it would be wrong to deny them that opportunity.

Mr. AuCOIN. To answer my colleague, I would simply say with this bill one does have an opportunity to have his cake and eat it too. We are going to create housing possibilities for a large number of persons, but the danger is that we might not achieve economic recovery if we turn around too far in the direction of subsidies for already-constructed homes. That is the danger.

The compromise I offered, which was agreed to in principle an hour and a half ago, recognized that. So through the passage of this three-stop amendment process, we will have reached both goals. We will have additional housing available to people and priced within their means, and we will also have the greatest number of people who are out of work today put back to work.

Mr. MYERS of Pennsylvania. Mr. Chairman, I thank the *gentleman* for yielding.

Mr. ST GERMAIN. Mr. Chairman, I move to strike the requisite number of words.

May I ask the sponsor of the amendment a question, please?

Mr. AuCOIN. I will be happy to respond.

Mr. ST GERMAIN. What percentage of now existing units under this amendment would qualify?

Mr. AuCOIN. What percentage of existing units would now qualify if this amendment is adopted?

Mr. ST GERMAIN. What percentage of units would be authorized by the legislation for subsidy? What percentage would be allotted to existing housing?

Mr. AuCOIN. Existing housing would fall in the 30-percent category.

Mr. ST GERMAIN. What percent of that would be allotted to existing occupied houses?

Mr. AuCOIN. The 30-percent category speaks to existing occupied homes as well as newly constructed unsold homes.

Mr. ST GERMAIN. Therefore, it would include the overhang of 450,000 units plus any occupied existing units? That would be 30 percent cut down from the 45 percent that was adopted in committee?

Mr. AuCOIN. That is true.

Mr. ST GERMAIN. The next amendment that the gentleman will offer will do what to the percentage?

Mr. AuCOIN. The amendment I will offer will make 30 percent of the funds go to the two purposes the gentleman just described, and 70 percent to new construction, to give the greatest help to the building trades, and the wood products and home construction industries.

Mr. ST GERMAIN. In other words, by striking in the first two instances this then necessitates an amendment which would reinstate 30 percent which would be available for existing housing, whether it be or not be previously occupied?

Mr. AuCOIN. That is right.

Mr. ST GERMAIN. I thank the gentleman.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would also like to address a question to the former speaker, the gentleman from Oregon (Mr. AuCoin). As I understand it, the gentleman intends to offer a further amendment to section 9 to change that figure to 30 percent as soon as we have completed work on the committee amendments, is that correct?

Mr. AuCOIN. That is right.

Mr. BROWN of Michigan. Does the gentleman intend to do anything about the 10 percent limitation which is in the same section with respect to units in high cost areas?

Mr. AuCOIN. The gentleman is referring to high cost areas?

Mr. BROWN of Michigan. That is correct?

Mr. AuCOIN. No, I do not.

Mr. BROWN of Michigan. The gentleman otherwise intends to strike the committee amendment which limits the available funds to 20 percent for existing houses which, when incorporated with the 25 percent for newly constructed and unoccupied houses, makes the total limitation 45 percent, and apply an overall limit of 30 percent to both categories.

Mr. AuCOIN. The gentleman is correct.

Mr. BROWN of Michigan. The gentleman from Oregon is aware, no doubt, that in the inventory of some 440,000 homes that approximately half of those are in or above the $38,000 figure; is that correct?

Mr. AuCOIN. I am not acquainted with that particular statistic.

Mr. BROWN of Michigan. Well let me advise the gentleman that by the changes you are advocating, you are excessively limiting the utilization of funding in this bill for housing in inventory, newly constructed but unoccupied, and I wonder if that is his intent?

Mr. AuCOIN. Mr. Chairman, I am not sure I understand the reasoning of the gentleman from Michigan. I do not believe we have to absolutely erase the inventory in either existing units or newly constructed household homes in order to create the market conditions to create the sale of newly constructed units.

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield, I might say that the inventory is a little over 400,000, and about half of that is within the price range of the homes that are covered. That brings it down to around 200,000 units. The inventory is about twice as much as is the normal situation. So that if we are targeting on the overhang of the inventory it is really about 100,000 that we are looking at. There is both the broad number of roughly 100,000 that we can get at, there is also the fact that—and this is important—that it is the length of time in inventory that is the problem. Units are now moving out of inventory at about half the speed that has been the normal process. So, what I am saying, this is not a statistic that is a monolithic overhang; it is a moving inventory. We think that with the amendment to be offered by the gentleman from Oregon this will more than address itself to the problem.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for his comments, but I respectfully disagree with the conclusions he has reached. It seems to me that these limitations will constitute an impediment upon the moving of housing that is in inventory, newly constructed and unoccupied, and it seems to me that that is the area upon which we ought to focus our attention primarily, just as the automobile manufacturers know that they need to move their inventory of automobiles if they expect to put production workers back to work in the automobile plants.

I think to the extent that we limit the extent to which funds under this program can be used for homes in "inventory," some 400,000-odd single-family, plus the 200,000-odd condominiums, that we are not doing a real service to the housing industry.

I think that this is a further reason, and a most cogent and convincing reason, for the Members of this House to adopt the Brown substitute when it is offered.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. I thank the gentleman for yielding.

I would like to ask a question. In the gentleman's opinion, is he saying that by taking this action here restricting funds for already available housing, we could, in fact, be creating a condition which would force some of the present homebuilders into bankruptcy situations and produce a lucrative markets for new contractors?

Mr. BROWN of Michigan. I think it is entirely possible. I think it is entirely possible that there are many homebuilders who have got to get rid of some of their inventory before they can start building new, and to the extent that we limit that potential for them, we are being counterproductive in our so-called desire to be of assistance.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. ASHLEY) there were—ayes 0, noes 38.

So the committee amendment was rejected.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 11, line 13, strike out "(e)" and insert in lieu thereof: "(f)".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 11, line 17, strike out "(f)" and insert in lieu thereof "(g)".

Mr. REUSS. Mr. Chairman, I move to strike the requisite number of words.

In order to conform with the action just taken by the House, it will be necessary to vote down the two committee amendments (f) and (g) in order that the numbering may be perfected.

The CHAIRMAN. The Clerk will rereport the committee amendment.

The Clerk read as follows:

Committee amendment: On page 11, line 13, strike out "(e)" and insert in lieu thereof: "(f)".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. REUSS. Mr. Chairman, I move to strike the requisite number of words.

What we are doing here is simply conforming the letters; "(e)" having been stricken, it now becomes necessary to make what are here called under the committee amendment "(f)" and "(g)," "(e) and "(f)." Therefore, I hope that the committee amendment would be voted down.

Mr. GIAIMO. The committee amendment has just been rejected. Therefore, the letter on line 13, the Chair will advise the gentleman, will remain "(e)."

Mr. REUSS. Likewise on line 17?

The CHAIRMAN. Likewise on line 17 the letter will be "(f)."

Mr. REUSS. I thank the Chairman.

The CHAIRMAN. Are there further amendments?

AMENDMENT OFFERED BY MRS. FENWICK

Mrs. FENWICK. Mr. Chairman, I am not sure but that I have let the time go by, but I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Fenwick: Page 11, strike out lines 1 through 12 and insert in lieu thereof:

"(d) Not more than 50 per centum of the aggregate mortgage amounts approved in appropriation Acts may be allocated (1) for use with respect to existing previously occupied dwellings which have not been substantially rehabilitated and (2) for use with respect to new, unsold dwelling units the construction of which commenced prior to the enactment of this Act. Not more than 10 per centum of the aggregate mortgage amounts approved in appropriation Acts may be allocated with respect to dwelling units with appraised values in excess of $38,000."

Mrs. FENWICK. Mr. Chairman, the purpose of this amendment is to put into two sections all the housing that will be benefited by this Act. In one section 50 percent will be allocated to new, as yet unbuilt housing in order to stimulate jobs. The other 50 percent taken together will be occupied housing or unoccupied but unsold housing.

The purpose of this amendment is to consider principally our older folks in this Nation. We have about 40 million people who are now living in their own homes as defined in this act. Only 80,000 of those 40 million homes can possibly benefit under this bill as it stands, and it will get even worse if we accept the amendment offered by the gentleman from Oregon. What we have are a great many older people living in smaller houses, and this is true in the cities, who dare not move out because they do not know where to go, and we have younger people who cannot buy those houses because those houses cannot benefit from the 6-percent mortgages. We have people in larger houses than they want to be in who cannot get into condominiums because their older houses cannot be sold. The situation will get worse.

We have in my district 4,000 principally older houses which cannot be sold. We have in another county 2,000.

We need movement in the housing market in order to get improvement. We need some way to have the older folks able to sell their houses if they want to, so that they too can benefit under this bill.

Mr. ROUSSELOT. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentlewoman for yielding. Mr. Chairman, as I understand the amendment it requires better attention be given to the very substantial inventory of existing housing in the marketplace and especially be made available for people in the elderly group who sometimes have a difficult time finding good housing.

Mrs. FENWICK. Exactly. Our senior citizens are having a difficult time. A great many of them in my hometown would like to move out but the younger people cannot buy the houses because they cannot get the mortgage money at a low rate, in addition to the money as a down payment.

Mr. ROUSSELOT. The amendment is pointed to the senior citizens of this country?

Mrs. FENWICK. Yes, and also to a healthy climate in the building industry. We have to have movement and we have to have people able to move. We have set up three categories and I do not believe that is correct.

PERFECTING AMENDMENT OFFERED BY MR. AUCOIN

Mr. AuCOIN. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Perfecting amendment offered by Mr. AuCoin: On page 11, line 1, strike out "25" and insert in lieu thereof "30".

On page 11, line 3, insert "with respect to existing units and" immediately after "use".

The CHAIRMAN. The Chair will treat this amendment as a perfecting amendment to the paragraph of the bill and it will be voted on first.

Mr. AuCOIN. Mr. Chairman, the amendment I am offering brings to fruition the compromise that I had spoken of at least twice during this afternoon's proceedings, which simply creates more jobs in the building industry and in the wood products industry and aims at having more homes built than the existing bill would provide.

The amendment which has been offered by the gentlewoman from New Jersey would siphon off 50 percent of the funds in this program to existing, already constructed units of one kind or another and by that amount would deprive this program of the economic stimulation so crucially important if the Congress is to stimulate housing and create jobs and put people back to work.

My amendment would limit the subsidy funds for the existing sale of house units to 30 percent and keep 70 percent available for subsidy funds for newly constructed homes and the whole purpose of that amendment is to put the greatest number of people back to work.

Mr. MYERS of Pennsylvania. Mr. Chairman, I rise in support of the amendment of the gentlewoman from New Jersey (Mrs. Fenwick).

Mr. Chairman, I would like to bring up the point that although I am not from the State of Florida, I saw a rather stimuating news broadcast the other day which showed a very large number of vacant homes and office spaces, that exist in the cty of Orlando. We have limited resources and we ought to use those resources to the best interests of our communities. Those vacant units are really causing that locality a massive problem. I do not think we should be creating a program here that would encourage that type of problem to develop in other portions of the country.

I think we ought to look at the fact that what we are trying to do is stimulate housing for middle-income wage earners. They are Americans. They have heads on their shoulders. They ought to be able to determine what they want to do with their money. If they want to go into an existing home, it might be a home of character built 50 years ago, they should not be prevented from participating in this funding because of this decision. We must leave that choice up to them. Certainly we must not use mandated Federal funds to encourage a vacancy situation in our communities, or prevent senior citizens from selling their homes to persons needing or desiring assistance under this bill.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. MYERS of Pennsylvania. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, I think the gentleman makes a very valid point. I know many people in Florida, as in the example he used, who are today prepared to enter into a contract to construct a new home or to buy an existing home that has never been occupied, but they cannot do that until they sell their existing home. They might have a buyer for the existing home, but they cannot sell it, because the mortgage money is not as available as it would be for newer property.

I think the gentleman makes a valid point.

Mr. MYERS of Pennsylvania. I hope this Congress will leave the freedom of choice up to the individual American for what type of home he wants to live in.

Mr. ASHLEY. Mr. Chairman, I rise in support of the amendment of the gentleman from Oregon.

Mr. Chairman, I hope we do not lose sight of the fact that this is a pump priming bill that we are considering. This is not a bill primarily designed to facilitate the transfer of existing homes owned by older people. That is not the purpose. The purpose is to put people back to work.

The program that we are presenting today can cost—I emphasize, can cost—the taxpayers in an outlay up to about a billion and a half dollars. If we do not dilute the thrust of the bill, about $700 million up to the billion and a half dollars can be recouped in taxes. This cannot be done if we start to say that 40 or 50 percent of the funds made available can be used to *facilitate the purchase* of existing houses. Then all we have is a quite expensive program that becomes all the more expensive because we are not providing additionally new construction. That is what we have to keep in mind.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. Is the gentleman opposing both amendments?

Mr. ASHLEY. I am more unhappy with the amendment of the gentlewoman from

New Jersey (Mrs. FENWICK) than I am with the amendment offered by the gentleman from Oregon (Mr. AUCOIN).

Mr. ROUSSELOT. Well, I wonder what the problem is? Is the gentleman opposing both, or does the gentleman feel that one is a little more pregnant than the other?

Mr. ASHLEY. I am taking them one at a time.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I can quite concur in what the gentleman has to say, but I do not know how many times we have to repeat that we *do not* pump prime the housing industry if we do not concentrate a great deal of our attention—if not perhaps a predominant amount of our attention—to disposing of the inventory of newly constructed unoccupied dwellings.

What the gentleman has done with the substitute for the Fenwick amendment is basically further restrict it so that under the several limitations we have, we are going to have most of that inventory out there and saying, "Builders, go and build irrespective of the fact that we are providing a program to take care of, at most, 15 percent of that inventory."

Mr. ASHLEY. Here is what the gentleman continues to overlook: The present inventory is roughly 400,000 units, 200,000 of which fall within the category of $38,000. The inventory is about twice as much as it should be, so we are talking about a maximum of 100,000 units we can move under this bill and provide, not 25 percent, but 30 percent, so, of course, we are taking into account the inventory. The bill specifically make provisions dealing with that situation.

Mr. BROWN of Michigan. The gentleman knows that we are talking about better than 400,000 single-family units and about 200,000 to 250,000 condominium units, units that are newly constructed, unoccupied, and yet we are going to permit only a very small percentage of those units to be funded by this program.

Mr. ASHLEY. Half of the inventory is priced over $38,000, so therefore it does not come within the provisions of the bill. The effective overhang, effective inventory, is less than 200,000. Of the 200,000, the inventory is only twice as large as it should be. So, the point is the 100,000 inventory would be quite appropriate in housing sales up to $38,000 to $40,000. In other words, the bill amply covers the problem.

Mr. ROUSSELOT. Mr. Chairman, I rise to strike out the requisite number of words.

Mr. Chairman, I know my colleague from New Jersey is anxious to expand on several points she wishes to make on her amendment; and therefore, I yield to my colleague from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I thank my distinguished colleague for yielding to me.

Mr. Chairman, I just would like to say to the gentleman from Ohio, what should be is one thing, but what we are talking about is what is. If we have 650,000 homes and condominiums, which are the units as described in this bill, and 50 percent of them are overweight, so to speak, overpriced, I call that a 325,000 overhang because that is 50 percent of 650,000.

I think every builder will tell the gentleman that what we have got to have in the home building market is movement. We cannot have a great, undigested lump of houses for sales and expect to sell new ones. We have got to have people moving from one home that no longer suits them to a home they feel they would be more comfortable in.

To facilitate that movement and build more new homes would not only be equity for our senior citizens, in whatever proportion, but for young people who may want to sell a house and move somewhere else. When they move, they can buy a new house.

All this is part of the normal flow of give and take of living in America. Would the gentleman answer? He says it is 100,000; I say it is 325,000. Am I wrong?

Mr. ASHLEY. Mr. Chairman, if the gentlewoman will yield, I will say that if she wants to add the condominiums——

Mrs. FENWICK. Of course. They are in the bill.

Mr. ASHLEY (continuing). To pay speculating builders for building in Florida and along the Gold Coast; do we mean to bail out these builders?

Mrs. FENWICK. But the gentleman has included it in the bill. They are included in the bill. The definition is condominiums and private homes.

Mr. ASHLEY. I, of course, simply want to create the most benefit possible, but the purpose is not to bail out every builder.

Mrs. FENWICK. If the bill includes in its definition certain kinds of housing, certainly we have a right to consider that housing in making an amendment to the bill. I think what we have got to consider here is, what happens in a healthy building industry. Every builder will say—and that is why I am in favor of this bill and of the Brown amendment particularly—it is not just the cost of land and building which counts; it is mortgage price which stops people from buying. That is why this is good. If we want movement, we have got to allow the free flow of occupation.

Mr. ROUSSELOT. Mr. Chairman, I wish to reemphasize that we were told in committee by the many people who came before us, who were reported to be experts in the field, that there are roughly 440,000 existing unoccupied units—that is, single family units—there are well over 200,000 condominium units, newly built but not sold and with no people in them.

So we are really talking about well over 600,000 units without people in them. What the gentlewoman from New Jersey is trying to do is to make more of that existing housing available, and especially, she says, for elderly people who desperately need this housing.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Chairman, I would like to point out that the success of the housing industry in many sections of the country has been the success of the housing speculators.

Just by the fact that there are these vacant homes standing around, one can tell that they have been speculating. They have created jobs. Why penalize them? Why ask them to go down the chute and face possible bankruptcy as the result of not being able to compete for customers created by this legislation?

The CHAIRMAN. The time of the gentleman has expired.

Mr. WIRTH. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK).

It seems to me, Mr. Chairman, there are two major thrusts in this bill. One is the need for shelter in this society, encouraged through subsidies of interest rates. The second is the clear economic implication: To provide jobs. I am in full support of both of these basic thrusts.

It seems to me there is a third objective, which has not been addressed as carefully as it ought to have been. That is the objective of national land use policy.

It seems to me that by continuing to focus so much of our funds on single-family dwellings, we continue to encourage the kind of urban sprawl that exists in too many metropolitan areas in this country. Coming along with that is the inefficient use of energy, the inefficient use of transportation, inefficient use of community intrastructure, et cetera.

I believe the amendment offered by the gentlewoman from New Jersey addresses this third issue, and I would like to ask her if she would like to comment on these implications of her amendment.

Mrs. FENWICK. Mr. Chairman, I thank the gentleman from Colorado. Yes, indeed, I think one of the virtues of the Brown amendment substitute, which will be offered later, will be this very point: that the multifamily project in a cluster arrangement is far better, indeed, for the east coast and many parts of the rest of the country. One cannot have little separate units as this bill so clearly favors. Land use and the whole problem of urban sprawl can be seen when one goes down the turnpike into my beloved State of New Jersey.

Mr. PATTISON of New York. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. Mr. Chairman, I yield to the gentleman from New York.

Mr. PATTISON of New York. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Colorado (Mr. WIRTH).

Mr. Chairman, I am very fearful that this bill, while it may well stimulate the housing and related products industries, may have a very detrimental effect in other respects. Basically, the bill will cause the building of single-family, detached dwellings. Most of these will be built in tract developments in the suburbs surrounding our central cities. We must all realize by now that the growth of the suburbs in this country, encouraged by the availability of cheap gasoline, the subsidization of highways, suburban schools, suburban water and sewer systems, and other similar programs, has been an unfortunate development in the past 40 years. It has had an enormously bad effect on the state of health of the central cities.

The middle class has moved out leaving the poor to cope with the problems of aging cities. Crime has increased, slums have multiplied, tax revenues have fallen off or, worse, risen dramatically, and further caused more of the middle class and business and industry to relocate.

At the same time the suburbs have created their own problems. Energy wasting, land consuming community-less Levittowns have not been the Gardens of Eden that many thought they would be. More and more these problems of the suburbs have increased as time goes on. It is increasingly apparent that many suburbs have none of the advantages of the city and most of the faults, none of the advantages of the country and all of the disadvantages.

Frankly, although I am very aware of the situation of the housing industry and recognize that something must be done to resolve that situation, I am reluctant to vote for H.R. 4485 because of the effects that it will have in those other areas that I have just mentioned.

I would far rather see a bill which would direct its efforts at the problem of housing in the inner cities where the most serious housing deficiencies obviously exist. Such a bill would have the beneficial effect not only of stimulating the housing industry and putting people to work but would also encourage people to buy and rehabilitate existing housing and not encourage further suburban sprawl with all its problems.

Mr. DERRICK. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from South Carolina (Mr. DERRICK).

Mr. DERRICK. Mr. Chairman, I thank the gentleman for yielding.

I would like to address my remarks to the gentleman from New York (Mr. PATTISON) and the gentleman from Colorado (Mr. WIRTH) and I invite their attention to the bill, as amended, on page 8, which says:

> The term "home mortgage" means a mortgage covering a newly constructed or substantially rehabilitated single family unit or one family unit in a condominium project * * *.

So, apparently, I mention to the gentleman from New York and the gentleman from Colorado, this is covered under the bill.

Mr. WIRTH. Mr. Chairman, I appreciate the comments of the gentleman from South Carolina, which focus on simply the issue of rehabilitation. I think we also want to focus on the issue of encouraging as many people as possible to live in urban areas and as close to town as possible.

As I understand the amendment of the gentlewoman from New Jersey, that is the thrust of her amendment.

Mr. DERRICK. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from South Carolina.

Mr. DERRICK. I think the gentleman must understand that this Congress was sent here with a mandate to get the economy back on its feet again, and the best manner and the most direct means to do this is through new home construction.

This bill, through the amendment of 30 percent, allows for that escape valve for those speculators and for those homes that are now on the market. But we must understand that the primary purpose of this bill is to put people back to work to cure the 40 or 50 percent unemployment rate that now exists in the construction industry.

Hopefully, when these people get back to work, the grocer, the bootmaker, and the candlestick maker will also benefit and we will re-create the employment cycle. Then all of us will benefit, including those of us who now have homes to sell.

Mr. WIRTH. Mr. Chairman, I concur completely with the statement by the gentleman from South Carolina that we have major responsibilities in getting the economy of this country turned around. I also believe we have major responsibilities to understand the implications of what we are doing, not only in national housing, but with regard to our other goals such as energy and transportation, with which the gentleman is most familiar. I believe the gentlewoman's amendment has focused on those other areas as well.

Mr. Chairman, we cannot focus on just one area; we must keep the broader objectives in mind.

Mr. DERRICK. Mr. Chairman, if the gentleman will yield further, I wish to say that the gentlewoman's amendment would take a substantial amount of the punch out of this bill and dilute its effect on the economy, and I ask the gentleman to consider that this is not necessarily a housing bill but a stimulant to the economy which will put people back to work in the construction industry, and a side effect of that, of course, will be more housing for the middle-income people of this Nation.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Chairman, I would like to thank the gentleman from Colorado for his statement which strengthens the amendment offered by the gentlewoman from New Jersey.

I think the gentleman brought an essential element into the debate relating to land use planning and the energy implications of this bill.

However, I am very much concerned that even if the objective of this bill is exactly the opposite. If we have homebuilding industry, we are going to do exactly the opposite. If we have homebuilders who have speculated in the past and they have vacant units and cannot get them sold and they go down the chute and lose their business, that is not going to strengthen construction jobs. That is not going to create a better homebuilding industry. I think we are going to get the exact opposite results.

Mr. Chairman, what we ought to be doing is strengthening the hands of the construction industry in order for it to move those inventories off the shelves and stimulate it to go ahead and make future plans in all sectors of the communities to provide adequate housing for middle-income wage earners.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from Oregon (Mr. AuCOIN).

The perfecting amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New Jersey.

The question was taken; and the Chairman announced that the ayes appeared to have it.

PARLIAMENTARY INQUIRY

Mr. ASHLEY. Mr. Chairman, a parliamentary inquiry.

Does the Chairman mean the amendment, as amended?

The CHAIRMAN. The Chair will advise the gentleman that the amendment offered by the gentleman from Oregon (Mr. AuCOIN) was a perfecting amendment to section 9(d) on page 11, line 1 through line 8. The amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK) is an amendment which would strike all of the language in the paragraph of the bill and substitute her language.

The Chair will now preserve the rights of Members who were standing at the time of the vote when the Chair put the question and stated that the amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK) had carried.

Does the gentleman from Ohio (Mr. ASHLEY) seek recognition?

Mr. ASHLEY. Yes, I do, Mr. Chairman.

Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ASHLEY. It is on this basis, Mr. Chairman, that I misunderstood the parliamentary situation. I had thought that the gentleman's amendment was in the nature of a substitute. Inasmuch as the gentleman's amendment was adopted, is it also the fact that the amendment of the gentlewoman from New Jersey (Mrs. FENWICK) was adopted?

The CHAIRMAN. Yes, thereby deleting the language which contained the perfecting amendment of the gentleman from Oregon.

Mr. ASHLEY. In that case, Mr. Chairman, I would ask for a division on the vote.

POINT OF ORDER

Mr. BAUMAN. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman from Maryland will state his point of order.

Mr. BAUMAN. It is too late. Other business had intervened.

The CHAIRMAN. The Chair will rule that no further business had intervened, that at the instant when the Chair was ready to declare the vote on the amendment of the gentlewoman from New Jersey, the gentleman from Ohio (Mr. ASHLEY) was on his feet seeking recognition with respect to whether to ask for a division vote on that amendment. The Chair has stated that he would protect the rights of the gentleman from Ohio.

The question is on the amendment of the gentlewoman from New Jersey (Mrs. FENWICK).

The question was taken; and on a division (demanded by Mr. ASHLEY) there were—ayes 34, noes 60.

RECORDED VOTE

Mrs. FENWICK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 137, noes 229, not voting 66, as follows:

[Roll No. 79]

AYES—137

Abdnor
Ambro
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Badillo
Bafalis
Bauman
Biaggi
Biester
Brodhead
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Carr
Casey
Cederberg
Chisholm
Clancy
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Daniel, Dan
Daniel, Robert W., Jr.
Derwinski
Diggs
Downey
Eilberg
Emery
Fenwick
Fish
Forsythe
Fulton
Gilman
Goldwater
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Hammerschmidt
Hansen
Hechler, W. Va.
Hefner
Heinz
Henderson
Hillis
Hinshaw
Holland
Holt
Horton
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kasten
Kelly
Kemp
Ketchum
Koch
Lagomarsino
Latta
Lent
Levitas
Lloyd, Calif.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McEwen
Macdonald
Madigan
Martin
Mezvinsky
Michel
Miller, Ohio
Moorhead, Calif.
Motti
Myers, Ind.
Myers, Pa.
Pattison, N.Y.
Pike
Pressler
Quie
Rees
Regula
Rhodes
Richmond
Robinson
Roncalio
Rosenthal
Rousselot
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Sebelius
Shriver
Shuster
Sisk
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spence
Steelman
Steiger, Ariz.
Steiger, Wis.
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Vander Jagt
Vander Veen
Wirth
Wolff
Wydler
Wylie
Young, Alaska
Young, Fla.

NOES—229

Abzug
Adams
Alexander
Anderson, Calif.
Ashley
Aspin
AuCoin
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bevill
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Broomfield
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carter
Chappell
Collins, Ill.
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, Dominick V.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Dingell
Dodd
Downing
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
English
Evins, Tenn.
Fascell
Fisher
Flood
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Haley
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Helstoski
Hicks
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jenrette
Johnson, Calif.
Jordan
Karth
Kastenmeier
Kazen
Keys
Krebs
Krueger
LaFalce
Landrum
Lehman
Lloyd, Tenn.
Long, La.
Long, Md.
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madden
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N..Y
Moakley
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Perkins
Pickle
Poage
Preyer
Price
Pritchard
Quillen
Randall
Rangel
Reuss
Riegle
Rinaldo
Rodino
Roe
Rogers
Rooney
Rose
Rostenkowski
Roybal
Runnels
Russo
Ryan
Santini
Schroeder
Schulze
Seiberling
Sharp
Simon
Slack
Spellman
Stanton, J. William
Stanton, James V.
Steed
Stephens
Stokes
Stratton
Stuckey
Studds
Symington
Teague
Thornton
Tsongas
Ullman
Van Deerlin
Vanik
Vigorito
Waggonner
Walsh
Weaver
Whalen
White
Whitten
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—66

Addabbo
Anderson, Ill.
Annunzio
Archer
Armstrong
Bell
Bergland
Brinkley
Brooks
Clausen, Don H.
Clay
Crane
de la Garza
Devine
Dickinson
Eckhardt
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Fithian
Flowers
Frenzel
Frey
Hamilton
Harsha
Hastings
Hawkins
Hays, Ohio
Heckler, Mass.
Hightower
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Kindness
Leggett
Litton
Metcalfe
Mills
Moffett
Mosher
Murphy, N.Y.
O'Brien
Pepper
Peyser
Railsback
Risenhoover
Roberts
Roush
Ruppe
Schneebeli
Shipley
Sikes
Skubitz
Staggers
Stark
Traxler
Treen
Udall
Wampler
Waxman
Whitehurst
Wilson, Bob
Winn

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. BARRETT. Mr. Chairman, I ask unanimous consent that all debate on the bill and amendments thereto close at 6 o'clock, excluding the substitute amendment of the gentleman from Michigan (Mr. BROWN).

It is my understanding, Mr. Chairman, to make this clear, that the gentleman from Michigan feels that he can terminate his substitute amendment within 20 minutes, and I hope he can accomplish that.

Mr. ROUSSELOT. Mr. Chairman, reserving the right to object, would the gentleman from Pennsylvania yield?

Mr. BARRETT. I yield to the gentleman from California.

Mr. ROUSSELOT. Would the gentleman be willing to make it 6:15?

Mr. BARRETT. Well, I think we have to hold to 6 o'clock. It is Friday night and ever so many Members are anxious to get away.

Mr. ROUSSELOT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. J. WILLIAM STANTON

Mr. J. WILLIAM STANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. J. WILLIAM STANTON: On page 4, line 23, insert a new subsection as follows:

"(e) If a family assisted under this Section sells or otherwise ceases to occupy the property for which assistance was granted within four years from the date of execution of the mortgage on such property, there shall become due and payable to the Secretary, by the family assisted at a time set by the Secretary, an amount equal to the lesser of (1) the full amount of the assistance received under Section 4; (2) the amount of the gain realized on the sale; or (3) the amount of gain which would have been realized at the time of cessation of occupancy if such property had been sold at fair market value at that time. If such property is sold more than four years but less than five years from the date of execution of the mortgage, 75 percent of the amount payable in accordance with the first sentence of this subsection shall be repayable. If such property is sold more than five years but less than 6 years from the date of execution of the mortgage, 50 percent of the amount payable in accordance with the first sentence of this subsection shall be repayable. If such property is sold more than six years but less than seven years from the date of execution of the mortgage, 25 percent of the amount payable in accordance with the first sentence of this subsection shall be repayable. There shall be no repayment if the property is sold or otherwise ceases to be occupied by the family after seven years."

Mr. BROWN of Michigan (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD. Copies have already been provided.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. J. WILLIAM STANTON. Mr. Chairman, this amendment I think is very important and needed in this legislation. It could be probably called a taxpayers' recovery amendment or a windfall profits protection amendment. This amendment came very close to passing in the full committee. I have made a couple of changes in the amendment and I hope the majority will see the sense of it.

My amendment simply applies to the principle that within 6 years if a person who receives 6-percent money should sell that particular home that he has occupied and make what we call windfall profit, then the amount of subsidy should go back to the taxpayers of the United States.

Fundamentally, this is the same language and the same amendment tht was in the Community Development Act which pssed this House last fall and I believe it is very important to protect the taxpayers of the country.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. J. WILLIAM STANTON. I yield to the gentleman from Ohio.

Mr. ASHLEY. I appreciate the gentleman yielding.

My question is this: The bill provides two alternatives for a potential homeowner. He can go the 6-percent route, which offers 6 percent for 3 years, after which there is a 3-year phaseout, or he can go the 7-percent route for the life of the mortgage.

Is it not a fact the recapture provision of the gentleman goes only to the homeowner who is pursuing the first approach?

Mr. J. WILLIAM STANTON. Absolutely, the gentleman is absolutely right.

This is tax money out of the U.S. Treasury. That is where it is coming from, and it is subsidizing 6-percent interest rates rather than the tandem approach.

Mr. ASHLEY. If the gentleman will yield further, I will say the 7 percent is also a subsidy because it is a lower interest rate than 9 percent, obviously; one point more than 6 percent. So, why does the gentleman treat the 6-percent mortgagor so differently than he treats the 7-percent mortgagor? On one he fastens the obligation to repay; in other words, to treat the 6-percent route as a lower one.

Mr. J. WILLIAM STANTON. It is very obvious why I am doing that. The 7-percent route is by tandem financing. It would be physically impossible to keep track of each individual loan.

All I am asking is that, if that person who gets a 6-percent loan gets a windfall profit, then that particular amount of money, whether it is $2,000 or $3,000 goes back to the Treasury.

Mr. REES. Mr. Chairman, I like this concept. I think it is a good one. If the person has to pay back the money on what he has received, it will have been an interest-free loan. I do not think this hurts the homeowner at all. This will be taken care of on the second sale of the house.

What the gentleman from Ohio (Mr. J. WILLIAM STANTON) is saying, is that on a 6-percent loan, that is a subsidy. On the other, there is a good chance it might not cost the taxpayers a nickel because, if we are selling Government securities at 5, 6, 7 percent then there is a subsidy, but it does not cost anyone anything.

But, in the first plan that runs this to 6 percent, that is a subsidy from the Treasury. I see nothing wrong in returning that if a house is sold within 6 years and if there is a capital gain to be made by the person who got the money.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the benefits under the bill before us are really very little different than the benefits that we made available in legislation last year under the various tandem programs, the $16 billion worth of authority that we approved last year.

Who are the beneficiaries of those tandem programs? Well, people in essentially the same income, but perhaps a little higher. We did not fasten on them the requirement to repay the amount of the subsidy at the time of a resale, but we are going to do it with one class of beneficiaries under this program. Not all of them, just some of them, because those that go the 7 percent route for the life of the mortgage, if they sell after 6 years, any gain that might be involved would be allowed under the Stanton amendment and inure to the benefit of the seller. But, not so his next door neighbor who has gone the 6 percent route. How in the world can we justify this difference?

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Chairman, the gentleman is well stating the objection to this well intentioned amendment. Let me ask the gentleman from Ohio: Is it not a fact that for 7 years now there has been in existence the section 235 program, and that under that program very low income people have been heavily subsidized, taking the interest rate down from, say, 9 or 10 percent to 1 percent and extending the subsidy for 30 years? If such a person sells his or her home at a gain, there has been no tax imposed.

Mr. ASHLEY. The gentleman is exactly right. I would say to the gentleman that the real purpose of the bill, of course, is to generate economic activity in the construction sector. We seek to do this by making available to the potential home buyer interest rates that are attractive, but if we mean to promote economic activity in this way, let us at least make sure that the inducement is sufficient to achieve the purpose.

If we adopt the amendment of the gentleman from Ohio, my very good friend, we are going to be weakening the inducement and thereby, in my view, we will thwart the purpose of the legislation.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. McKINNEY. I thank the gentleman for yielding.

I cannot understand why my colleague from Ohio is recalcitrant on this. Last year, in the Better Communities Act, we insisted on this very provision—insisted on it. We said that if we financed and subsidized rehabs and the people made a windfall profit, that they would have to pay back the financed subsidy. It was only because we could not get it through the Senate at conference that we lost that. The Senate said, "We thought it should be recaptured, too, but we let the localities worry about it," and we never got together.

Second, the gentleman brought up a very good point. In the tandem plan we are talking about billions and billions of dollars. I believe, $8 billion, we are talking about in this. It is a very limited program for a few special people. Most of them are buying in new developments, where experience shows us the windfall can be as much as 200 percent.

We are simply saying, "Here is a $77 break a month, to guarantee a person with 6-percent interest rates." They are wealthy persons, in most people's eyes, $18,000 to $20,000, that if they make a windfall profit they pay back about $14,000 at the time of sale, and after all of the IRS regulations and the cost of living has been taken care of and after the depreciation is out. I simply do not understand it.

Mr. DERRICK. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. DERRICK. Is it not true, under the program, if this house is sold, that the funds must be reinvested within a period of 18 months?

Mr. ASHLEY. Under the IRS regulations, yes.

Mr. DERRICK. Is it also not true if in fact there is some gain, that this is going to be an inflated gain, and not a real gain, so that these people have very little to gain, under any circumstances?

Mr. ASHLEY. Very little to gain. I quite agree with the gentleman.

Mr. McKINNEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. McKINNEY. Mr. Chairman, I would like to ask the gentleman some questions. If one reads the amendment, we have taken care of the cost of living in the amendment on a 6-year basis. In other words, let me explain it on a very technical basis here. I was hoping I would not have to read all of this so we could save time.

Mr. DERRICK. I would be glad to have the gentleman save the time. I have read it.

Mr. McKINNEY. All right.

So it is not correct, nor would it be fair, that we have taken into consideration the cost of living in this. What we are saying is simply that we are asking the taxpayers of the Nation, in very few instances—perhaps 400,000 at a maximum—to take and give the middle-income person a tremendous break that comes subsidized directly from the Treasury.

They do not have to pay any capital gains tax at all when they buy a more expensive house. The tandem plan, which is the other part of this bill, may never cost the Treasury one dime because it is all based on what we sell Government securities for.

If we really stand here for anything, the one thing we are supposed to do is to help the building business and the other thing is to help the middle class that we have stepped all over for many years. Why not then, if they make a gain, return the money to the Treasury so that we are not totally fiscally irresponsible. Let us really look at this amendment:

Under this amendment, we account for various cost-of-living increases over a 7-year period and require:

First, if property is sold after the 4th year but before the 5th, then 75 percent of the subsidy or the amount of the gain, whichever is less, shall be repaid.

Second, if the property is sold after the 5th but before the 6th year, then 50 percent shall be repaid.

Third, if the property is sold after the 6th year but before the 7th year, then only 25 percent will be repaid.

Fourth, there shall be no repayment after the 7th year.

Also under the new amendment, if the owner rents the property, he will be responsible for that portion of the repayment as stated above, however, the gain will be the amount which would have realized at the time of cessation of occupancy if such property had been sold at fair market value at the time. This will prevent the beneficiary of the subsidy to further increase the amount of his windfall profits without having to account for the return of the funds.

It should be made clear that for every dollar that is recaptured during the 14-month duration of this bill, from distributed subsidies, that dollar will become available for redistribution to families in need of funds, up to the maximum amount stated in the legislation.

This amendment is equitable and does not put an undue burden on the beneficiaries of this program. In order to reap the benefits of the program, the mortgagor is not required, in most cases, to submit a high downpayment. Thus his original capital investment is minimal. In addition, he then pays a reduced mortgage which enables him to reduce his monthly mortgage payments significantly. For example: an individual that receives a subsidy under section 4 of this bill would have to pay $227.83 per month on a $38,000 mortgage for 30 years instead of $305.76 which he would be required to pay under current mortgage rates. This is a significant savings of $77.93 per month. Carried out to a 6-year period, the amount of subsidy would be $5,610.96. I see no difficulty in requiring that if the mortgagor sells the property after the 6th year that he return one quarter or approximately $1,400 of the subsidy, if he sells the home at a gain of more than $1,400.

We should also note that a house bought today at $38,000 will be valued at $53,000 in 6 years—if national average increase trends remain the same.

Thus the appreciation on the property will be approximately $15,000. Even if he sells the property after the 4th year in which case 75 percent would be repayable—$2,781—the mortgagor would still reap a substantial profit.

I do not feel that it places an undue burden on the beneficiaries of this program to have them limit their windfall profits by returning the portion of the funds which were provided by the Government, to the Government. As a matter of fact, I believe that we would be remiss in our responsibilities to our constituents and all Americans who are so concerned about fiscal responsibility, if we do not provide that these funds, in very limited circumstances be returned to Federal coffers.

There is one other point which should be made concerning the objections provision. It is not unique. Just last year, as part of the House passed version of the Housing and Community Development Act of 1974, Congress provided that owners of private property, who received grants to finance rehabilitation of such property and sold that property within 4 years from receipt of the grant, would have to repay all or a portion of those funds to the grantor. The principle of recapture has thus been specifically endorsed by the House and should be applied in this instance.

Lest any one should comment that this provision was dropped in conference, I would like to point out that this was done in compromise with the Senate which felt that the local governing body, which would be the actual grantor, should determine how to operate the recapture. Specifically, the conference report states:

> The conferees believe localities making such grants should make appropriate steps toward preventing the kind of abuse at which the house provision was directed.

Mr. J. WILLIAM STANTON. Mr. Chairman, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman.

Mr. J. WILLIAM STANTON. The gentleman is absolutely right.

May I make one final observation, and that is that it is the exact language we used in the Community Development Act last year, which we have changed from time to time.

The gentleman's statement to the committee just makes sure this only applies if there is a windfall profit or an excess profit. If this person is receiving subsidized money in 6 years, if he has a $35,000 home at 6 percent and sells it for $45,000, then $3,000 is going back to the taxpayers of this country.

Mr. REES. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, this is a two-phase bill. If one wishes to purchase a home, he can go to his lending institution, and they will say, "If you qualify for this program, you can do one of two things: You can get a 7-percent loan or you can get a 6-percent loan, but with the 6-percent loan you only get that for 6 years; it is phased out. But if you get a 7-percent loan, that is for the length of the mortgage."

This is a choice that potential homeowners have to make.

Mr. Chairman, I think it would be far better if a person would choose the 7-percent route because that would be for the entire length of the mortgage, and that would probably not cost the taxpayers 1 cent. But if he chose the 6 percent, it means that there is a cash subsidy paying the difference between 6 percent and what the market rate might be. The market rate right now is around 9 percent. That would be a cash subsidy covering a 6-year period, and it would come out of the Treasury at a time when we do not have that much money in the Treasury.

I think it would be far better to try to persuade the homeowner to take a 7-percent loan for the length of the mortgage. The 7-percent loan probably would not cost the taxpayers anything, but it would be financed by the difference between what the Treasuries sell for and what the market interest rate might be.

I think that is a far better choice, and I think it would follow the purpose of the bill, which is to construct new homes and to get people to move into homes that are now in our inventory. I think that is by far the best way to go.

Mr. Chairman, I ask the Members for support of the amendment.

Mr. MILFORD. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Texas.

Mr. MILFORD. Mr. Chairman, will the gentleman please explain where this 7 percent is coming from if it is not going to cost the taxpayers anything?

Mr. REES. Yes. What would happen is that the Secretary of the Treasury would issue Government securities, as they do now, to purchase mortgages. Let us say the paper sold for 6 percent, and then the Government would guarantee a 7-percent mortgage. In this event it does not cost the Government anything because the money comes back as the mortgage is paid for.

Mr. MILFORD. Mr. Chairman, houses now are drawing 9 percent, so there is a 2-percent differential that has to come from somewhere.

Mr. REES. Yes. Mr. Chairman, this is the benefit that we get, because it costs the Government less to borrow than it would cost, let us say, a contruction company or a savings and loan institution, because Government securities, are the best securities one can buy.

Mr. MILFORD. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. J. WILLIAM STANTON).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. BARRETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: On Page 5, line 9, insert the following sentence at the end thereof: "Notwithstanding any other provision of this Act, interest rate differential payments may be made on mortgages for rental multi-family projects, provided that the principal obligation does not exceed, for the part of the property attributable to dwelling use, the lesser of the per unit amount specified in Section 7 (b) or the per unit limitations specified in Section 207 of the National Housing Act."

On Page 5, line 16, insert the following sentence at the end thereof: "Notwithstanding any other provision of this Act, a home mortgage for the purposes of this section shall be defined to include a mortgage for a rental multi-family project, provided that the principal obligation does not exceed, for the part of the property attributable to dwelling use, the lesser of the per unit amount specified in Section 7 (b) or the per unit limitations specified in Section 207 of the National Housing Act."

Mr. ROUSSELOT. Mr. Chairman, the "meaningful employment amendment" which I offer today is designed to add rental multifamily project mortgages to the list of those eligible for assistance under sections 5 and 6.

If the main purpose of this bill is to increase employment in the building industry, there is no reason why construction of multifamily rental housing cannot contribute to this end. On the other hand, there are many reasons for including such housing among those for which mortgage assistance may be provided:

First, multifamily housing starts dropped in February to a record low level 80 percent below that of a year ago on a seasonally adjusted basis, according to the latest Commerce Department figures, and the bulk of this decline occurred in rental units rather than condominiums. Meanwhile, single-family starts rose in February for the third consecutive month.

It is clear, therefore, that inclusion of multifamily rental units would provide assistance to the segment of the industry which is most in need.

Second, there are many families within the eligible income range who simply are not yet prepared to buy a home due to factors other than high interest rates. Some families may need to live in rental housing for a time while they accumulate the required downpayment. My amendment would promote ultimate homeownership on the part of this group by facilitating increased availability of multifamily housing.

Mr. KOCH. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague, the gentleman from New York, who formerly has been on the Committee on Banking and Currency.

Mr. KOCH. Mr. Chairman, I want to commend the gentleman. It is not often that he and I are in accord on an issue that comes onto this floor, although we have great mutual respect for one another. However, on this particular issue, this is an outstanding amendment. It will cure some of the defects in the bill and I urge its passage.

Committees occasionally make errors, and I believe that the omission of rental units from this bill—the Emergency Middle Income Housing Act—is one of those errors in judgment.

I urge my colleagues in cities across the country to support this amendment. The figures show both the need for assistance of rental units and the fact that the bill's omission is a grave one.

New York City has 2.8 million housing units, of which 2.2 million are rental occupied. Nationally, approximately one-third of all housing units, including both the cities and outside, are rented. Census figures for SMSA's, which include both central cities and suburbs, show that 72 percent of Detroit's housing units are rental, 67 percent of Philadelphia's, 51 percent of San Francisco's, 64 percent of St. Louis, and so forth. Comparable figures prevail across the country.

Equally alarming is the 50.9-percent drop in multifamily construction starts during 1974, compared with a 21.6-percent drop in single family starts, according to Department of Commerce statistics. It is clear that the major intent of this bill is to assist construction starts, but it makes sense to provide the assistance where it is needed most, and therefore to multifamily units.

The argument has been made that section 8 of the Housing and Community Development Act, which was enacted last year, already assists rental housing, but the fact is it 's far too meager. And section 8 is a low-income program, while the bill before us is intended to help middle-income housing.

There are those who argue that this amendment would create a new subsidy program for middle-income renters. But the bill already creates a new program for middle-income owners. To omit the millions of renters is patently discriminatory.

This amendment simply provides that we give the same assistance to multifamily rental units that we will give to owned homes.

For the information of my colleagues, I am citing the following:

OWNER-RENTAL RATIOS FOR 10 LARGEST SMSA'S IN UNITED STATES

SMSA	Percent owner	Percent renter
New York City	36.8	63.2
Los Angeles	48.5	51.5
Chicago	52.9	47.1
Philadelphia	67.1	32.9
Detroit	72.1	27.9
San Francisco	51.6	48.4
Washington, D.C.	46.0	54.0
Boston	52.6	47.3
Pittsburgh	67.8	32.2
St. Louis	64.6	35.4

Source: 1970 census statistics for all occupied housing, supplied by Rutgers University Center for Urban Policy Research.

DROP IN CONSTRUCTION STARTS, JANUARY 1974 TO JANUARY 1975

(From Department of Commerce Statistics in National Association of Homebuilders *Economic News Notes*, Jan. 17, 1975; information later provided by the National Apartment Association.)

Single Family Units, 21.6% Decrease.
Multi-Family Units, 50.9% Decrease.

Mr. Chairman, I urge the adoption of the amendment.

Mr. ROUSSELOT. Mr. Chairman, I thank my colleague, the gentleman from New York (Mr. KOCH), and I know that he, as a former member of the Committee on Banking and Currency, is very knowledgeable on the subject of what produces housing.

Mr. Chairman, multifamily housing provides an excellent opportunity to promote conservation of valuable energy and land resources and to provide such amenities as security, parking, and recreation in an efficient manner. This consideration is especially important in urban areas where it may be impractical to construct a substantial amount of single-family new housing.

For all of these reasons it is irrational in my judgment to exclude multifamily housing from coverage under sections 5 and 6, and it is also inconsistent with the language of section 10 of the bill, which calls upon the Secretary of HUD to "take appropriate steps to encourage the construction or sale of dwelling units which he determines will contribute to the conservation of land and energy resources because of their design or their location in clusters or projects or otherwise."

My amendment is intended to insure that the employment provided under this bill will be truly meaningful because it will address the needs of a lagging segment of the housing industry, of middle-income families who must rent, and of areas in which land and energy are especially scarce. I therefore strongly urge the adoption of this amendment.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the reason *that* we did not include rental housing is that multifamily housing does not really give us the counter-recessionary boost to the economy as does single-family housing. The reason for this should be quite clear. Interest rates, conventional interest rates, on multifamily housing are higher, generally about half a percent higher, than on conventional mortgages on single-family dwellings. The result is that for the dollars we make available under this program we will get less units, 15 percent less, I am told, if this amendment were to be adopted.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Let me just finish first, and then I will be happy to yield to the gentleman from California.

Another problem with this amendment is that the start-up time for multiple-family projects is substantially greater than it is for single-family housing.

This bill is a 1-year program. It is not a permanent program. As I say, it is a 1-year program during which we will try to do all we can as effectively as is possible to promote activity in the homebuilding industry.

What the amendment offered by the gentleman from California (Mr. ROUSSELOT) would do, would be to make this a permanent program, and at least to the extent that it is a permanent program and that it would be used for multifamily rental projects, and the reason for that is the quite simple——

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield at that point?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I would like to make one thing clear, and that is that I am not, by offering this amendment, making this a permanent program; it terminates with the rest of the law, so that is not correct.

Mr. ASHLEY. It will subsidize them for the life of the mortgage.

Mr. ROUSSELOT. It is not permanent.

Mr. ASHLEY. I say that it is, and the tenants would have to meet income limit tests for the life of the dwelling.

Mr. ROUSSELOT. No; that is not correct.

Mr. ASHLEY. Am I wrong on that?

Mr. ROUSSELOT. Yes, the gentleman is.

Mr. ASHLEY. How so?

Mr. ROUSSELOT. I suggest the gentleman re-read my amendment.

Mr. ASHLEY. Let me say that my time is limited, and I would like to continue.

Mr. ROUSSELOT. If the gentleman will yield just for one further moment, it says that it is subject to section 7(b) or the per-unit limitations specified in section 207 of the National Housing Act. So there are limitations, and it does not go on for life.

Mr. ASHLEY. The gentleman from California and I disagree. I say that it would make this permanent instead of temporary. The purpose of this bill is to vitalize the economy. The amendment would make it an ongoing program. It is a departure from the counterrecessionary program. It would be a straight housing program, a straight housing subsidy program. The amendment does run counter to the object of the legislation before us. On that basis I would ask rejection of the amendment.

Mr. ROUSSELOT. If the gentleman will yield still further, on the subject of providing an impetus for housing units, let me say to the gentleman that normally the unit cost on multifamily housing, in most instances, not in all, is generally lower per unit, so under the ceiling of $12 billion overall my amendment tends to increase the number of units under this bill.

As a matter of fact, multiple-family housing probably would create a possibility of more units.

Mr. ASHLEY. But the basic problem between the rental program and the sales program, that is exclusively provided for in the bill, is infinitely cleaner and less complicated, and of a temporary nature, whereas an ongoing program fastens the responsibility to meet the requirements with respect to income eligibility, and so forth, for the life of the project.

For these reasons I would urge defeat of the amendment.

Mr. ROUSSELOT. If the gentleman will yield still further, I think the amendment goes more directly to a part of the issue concerning more meaningful employment. That is what the committee was trying to do in this bill. We are down 80 percent in multifamily units. Multifamily construction provides more jobs.

Mr. ASHLEY. I might add that I am very concerned about the long leadtime that is required in multifamily housing, and this applies also if the gentleman's amendment were to be adopted, the long leadtime means the project will be coming onstream a year and a half from now, which is exactly at the wrong time from the standpoint of our economy.

Ms. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. The gentleman from Ohio says that he is opposed to the amendment offered by the gentleman from California (Mr. ROUSSELOT), because the gentleman thinks that multifamily housing requires a long lead time, and therefore will not do quite enough to deal with the recession.

On the other hand, this bill does subsidize condominiums and cooperatives. Could the gentleman please explain that apparent contradiction?

Mr. ASHLEY. Mr. Chairman, in reply to the inquiry of the gentlewoman from New York, let me say that frankly I believe the purpose of the bill would be better achieved if it were limited to single-family dwellings. I would add, however, for obvious reasons, that multifamily cooperatives and sales units can be included as well.

The gentlewoman is saying if we go the sales route, then it is just another small step to the rental group, but that is not a step I am going to take, because then we get into the unfortunate fact of a permanent ongoing program.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The amendment was rejected.

Mr. DU PONT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to this legislation.

First, let me give credit to those who drafted the title of this bill. The words "emergency relief for middle-class owners" are enough to convince the public that this bill is must legislation and that to oppose it indicates you are against either home ownership, the middle class or both. Such is not the case—for this legislation, if passed, will delay recovery in the housing market, duplicate programs already enacted by the Congress, add more redtape to the bureaucracy, and penalize the middle-income taxpayer by adding $1.5 billion worth of inflation to the economy in which he must try to live.

First, let us consider the timing of this emergency bill. If we had been voting on this last September, I would have been much more inclined to support the measure. At that time, the prime interest rate was running at 12 percent—and appeared to be heading even higher—and the thrift institutions which make mortgage money available had an outflow of savings of $1.1 billion. By contrast, in the months of January and February of this year the inflow in savings and loans were in excess of $3 billion, and prime interest rates are now well below 8 percent.

Second, as to the inappropriateness of the cure. What is needed more than subsidized interest rates for some home buyers is more consumer confidence. This means that other legislative actions are needed to restore confidence on the part of the public—antirecession and anti-inflation programs such as job programs, and cuts in nonessential spending. Until these programs take effect this legislation will not be effective; when they do take effect this legislation will not be necessary.

Third, Federal support for mortgages since the start of 1974 under the Emergency Home Purchase Act, which I supported, and other programs has totalled over $24 billion. Approximately $14 billion of this remains unused in the hands of potential lenders or is available in unused authorizations. If these funds are not stimulating the home buying market, I think it unlikely that this act will have any immediate effect. Worse, there is a very real possibility that it may be counter-productive because people will postpone their purchases until this money is available to them. This would result in further delaying possible recovery in this market.

Therefore, we have a situation where interest rates are declining and available mortgage money is in greater supply than at any time during the past year, yet we are proposing legislation to subsidize interest rates for a brief period at a cost to the taxpayers in excess of $1.5 billion. This hardly seems fair to any other home owner/buyer who is not fortunate enough to make his purchase during this period.

Further, if the trends currently visible in our economy continue in relation to interest rates and mortgage money then this bill will in the end, exert undesirable upward pressure on the price of homes and the materials used in their construction. In short, it would have an inflationary impact without adequate offsetting social benefits.

I am also most apprehensive about creating another complicated administrative structure. My experience is that these programs, once started, are nearly impossible to stop. They acquire bureaucratic backing, coupled with a special interest constituency, that insures their continuation.

It may be argued that the bill is necessary because Federal borrowing to pay for deficit spending will push the interest rate sky high, some say to 20 percent, by September. To this I would say that this is putting the cart before the horse. If such a development takes place it will be caused by spending for programs exactely like this which force the Government to borrow even more funds than would otherwise be the case.

And, of course, any potential home buyer who foresees an interest rate in the high teens or above within the next year needs no more financial incentive than that to make his decision to buy now.

The basic problem with the legislation is that it was hastily conceived and considered on the basis of economic conditions which no longer exist. However, it has such a politically appealing title and such admittedly worthwhile goals that its momentum has overrun a thoughtful consideration of either its meaning or its impact.

I will be voting against this bill because my analysis of it is that the biggest loser will be the middle-income taxpayer, the same taxpayer who this House virtually ignored in the tax relief bill which it passed last month. It is ironic that the misleading title of this bill suggests just the opposite. As the old saying goes:

> With friends like us, they won't need any enemies.

AMENDMENT OFFERED BY MR. M'KINNEY

Mr. McKINNEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> **Amendment offered by Mr. McKinney: On page 4, line 2, strike the "." at the end of the subsection and insert in lieu thereof "or such higher rate (not to exceed the rate specified in the mortgage), which the mortgagor could pay by applying at least 25 per centum of his income towards the payment of principal, interest, taxes, and insurance."**

Mr. McKINNEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. McKINNEY. Mr. Chairman, very briefly, I think this amendment is every bit as important as the one that we discussed about recapture for the taxpayer. We tell the poor people of this country when they participate in a program such as 235 or 236, or when they come into public housing, that they should commit 25 percent of their income to the priority of housing. Now we are dealing with basically wealthy individuals. All this amendment simply does is to state that they must make housing a priority of theirs high enough and important enough so that 25 percent of their income will be spent on the following things: mortgage payments, mortgage insurance, taxes, and insurance on the home. This is particularly important in this bill for one reason. We have a sliding income scale in this bill so that it is perfectly possible that different people at different levels of income can receive help from this bill, and yet not commit to their housing, which we are subsidizing with Federal tax dollars, the same personal individual effort that we require even from the poor.

It seems absolutely ludicrous to me that we can turn around to someone making $20,000 a year and say, "You do not have to commit or make the same commitment of 25 percent of your income to the priority of housing your family and paying the expenses on a home." This is something that has been basically a formula in banking, and I am not saying the formula is even correct, but it is a formula we have used time after time after time, and if we are going to use it for the poor, if we are going to use it for public housing, if we are going to use it for all of those things, we certainly should be using it when we are going back and telling our constituents that we are subsidizing rich people. We are subsidizing rich people to build homes.

Somehow or other in this whole debate we have gotten away from the point that this bill was designed for, simply to get building moving, but I do not want to go back to Bridgeport, Conn,, nor do I want to go back to Stamford, Conn., nor Norwalk, Conn., where I have people of the minority or Hispanic races who cannot even find a roof over their heads and say, "When you get your paychecks, you will be subsidizing somebody who makes $18,000 or $20,000 to live in a house, but, baby, when you go into public housing, we are going to take 25 percent of every dime you make."

This is not right.

This is a very basic, simple amendment.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from Iowa.

Mr. GRASSLEY. I thank the gentleman for yielding.

Mr. Chairman, this amendment was offered as a means of assuring equity and fairness among those families who will be fortunate enough to obtain federally subsidized, 6-percent mortgages under this bill.

The amendment requires that a homebuyer who chooses the 6-percent mortgage plan must agree to pay at least 25 percent of his gross income toward the amortization of the mortgage principal and interest, taxes and insurance. In other words, the buyer will be asked to make some financial commitment in return for the Federal subsidy that other taxpayers will be providing so that he might purchase a home. As a bare minimum, the buyer should be willing to show that housing is high on his list of priorities for the spending of his personal income. It is basic to our sense of fairness; and we have a responsibility to the taxpayer to require some commitment on the part of a subsidized homebuyer. We place housing high on the list of national priorities and force the taxpayer to support that priority. We can expect no less from the individual being subsidized.

The amendment also establishes equity among participants by requiring higher-income families to pay proportionately more than lower-income families. Without this provision, a family with income of 80 percent of median could pay as much as a family with income of 120 percent of median, assuming identical mortgages.

Thus, in its present form, H.R. 4485 could yield a greater subsidy for higher income families. This is true because they can afford a more expensive home and therefore, the size of the mortgage, the amount of interest paid and the net amount of subsidy will be greater than for the lower income family.

For example, in the Washington, D.C., area, it means that the same, if not greater, subsidy will go to a family with an income of $21,000 as would go to a family with an income of $14,000, even though one family makes 50 percent more money.

The concept of requiring the subsidized party to contribute according to his income has been basic and consistently applied throughout the various Federal programs for subsidized housing. Let me give you a few examples:

First. The section 235 Homeownership—interest subsidy—program required the federally subsidized low income homebuyers to pay at least 20 percent of adjusted income toward paying for the house.

Second. In public housing, the new section 8 rental housing program, the section 236 rental program and even in the rent supplement program we have required that the low- and moderate-income tenants pay some percentage of their income as a minimum personal commitment in return for the benefits offered by the program.

Third. Finally, I must note that the Congress set a precedent for my proposal when it enacted the Emergency Home Finance Act of 1970. In that statute, a program for federally subsidized 7-percent mortgages was established which included a requirement that the homebuyer commit at least 20 percent of adjusted income to the amortization of the mortgage.

Question. I ask you how we can possibly depart from the past tradition of fairness as we turn our attention from lower income families to middle-income families—even though we are doing this under the guise of assisting homebuilding and unemployment.

By every measure of current need, a good case could be made to amend H.R. 4485 into a loan program instead of a grant program. But the supporters of H.R. 4485 have said, Oh no, This cannot be a loan program. This is a bill for the support of the homebuilding industry—we must provide incentives to prospective homebuyers. It would remove or dilute any incentive to purchase if we ask for a minimum commitment from the buyer. Also, they say it would be too burdensome and costly to ask for administrative provisions to supervise a requirement that the buyer pay 25 percent of his income in order to receive this grant. I find the latter argument unacceptable in view of past precedent and I doubt that many will be dissuaded by my proposal.

I have been asked to explain why my amendment will apply only to the 6 percent mortgages authorized by section 4 of H.R. 4485. I would be inconsistent if I chose this distinction in an arbitrary manner. Certainly, I would advocate an across the board requirement for a minimum contribution by beneficiaries of all the subsidy programs in this bill if it were possible. Unfortunately, it cannot be imposed on the programs authorized under sections 5 and 6. Very simply stated, these programs will receive subsidy benefits over the life of the mortgage, not for just 6 years.

The Federal subsidy cost will be realized either at the time of origination of the mortgage or at some later date of final Federal disposition of the security.

All of this is done with the lender on a block of mortgages at one time. Further, these mortgages are assumable by other middle income purchasers of the property. There is simply no means for assessing and certifying to a minimum contribution on the part of the mortgagor. Of course, the amortization payments at a 7 percent interest will be somewhat higher than a 6 percent rate. Thus, the lender will be obliged to insure that the buyer is capable of fulfilling a reasonable contract which is compatible with his current income and budget. To a large extent a minimum—near 25 percent—contribution by a buyer of a 7 percent, 30-year mortgage, is normally assured as a matter of routine. I, therefore, repeat there is no feasible means for applying my amendment to section 5 and 6. Although the justification for this is somewhat ameliorated by the higher interest rate, I would move to include the 25 percent minimum commitment for these sections if it were in any way feasible.

I move this amendment as the minimum of consideration which must be given in any such program. I urge my colleagues to support this amendment and thereby reassure the public that the middle income family will not receive preferential treatment to that which we have provided to the low income family.

Mr. ASHLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise briefly in opposition to the amendment.

Mr. Chairman, there is a lot of difference between this kind of subsidy program and the very deep kind of subsidy involved in the 235 program to which the gentleman alluded. Even in that case the requirement was 20 percent of income, not 25, and I am informed that most families today could not qualify for FHA or VA loans if they had to pay, as the gentleman would insist, 25 percent of their income toward mortgage payments, exclusive of utilities and maintenance.

Mr. Chairman, this would hopelessly confuse and complicate a bill that we are trying to keep relatively pure, streamlined, and efficient.

Mr. McKINNEY. Mr. Chairman, if the gentleman will yield, would the gentleman like to amend it to 20 percent and at least put some standards on these people?

Mr. ASHLEY. No; because I have a very short period of time. I have to address myself to the amendment as it is in its imperfect state.

For these reasons, Mr. Chairman, I urge the amendment be rejected.

The CHAIRMAN. Under the previous agreement, all time has expired.

The question is on the amendment offered by the gentleman from Connecticut (Mr. McKINNEY).

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. McKINNEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 145, noes 218, not voting 69, as follows:

[Roll No. 80]

AYES—145

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Bauman
Beard, Tenn.
Bennett
Bevill
Biester
Boland
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Clancy
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Daniel, Dan
Daniel, Robert W., Jr.
Derwinski
Diggs
Dodd
Downing
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
Fenwick
Fish
Flynt
Forsythe
Fountain
Giaimo
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hammerschmidt
Hansen
Hastings
Hébert
Heinz
Henderson
Hillis
Hinshaw
Holt
Horton
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Colo.
Kasten
Kastenmeier
Kelly
Kemp
Ketchum
Krebs
Krueger
Lagomarsino
Landrum
Latta
Lehman
Lent
Levitas
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McKinney
Madigan
Martin
Mathis
Michel
Milford
Miller, Ohio
Mitchell, N..Y
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Myers, Pa.
Nichols
Passman
Poage
Pressler
Pritchard
Quie
Quillen
Regula
Rhodes
Rinaldo
Robinson
Rousselot
Runnels
Sarasin
Satterfield
Schulze
Sebelius
Shriver
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Van Deerlin
Vander Jagt
Waggonner
Wiggins
Wirth
Wydler
Wylie
Young, Alaska
Young, Fla.

NOES—218

Abzug
Adams
Ambro
Anderson, Calif.
Ashley
AuCoin
Badillo
Bafalis
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Biaggi
Bingham
Blanchard
Blouin
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Casey
Chappell
Chisholm
Collins, Ill.
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, Dominick V.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Dingell
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evins, Tenn.
Fascell
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Fulton
Fuqua
Gaydos
Gibbons
Gonzalez
Green
Gude
Haley
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hechler, W. Va.
Hefner
Helstoski
Hicks
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jenrette
Johnson, Calif.
Jones, N.C.
Jordan
Karth
Kazen
Keys
Koch
LaFalce
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McCormack
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N..Y
Murtha
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman
Patten
Patterson, Calif
Pattison, N.Y.
Perkins
Pickle
Pike
Preyer
Price
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Teague
Thornton
Tsongas
Ullman
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Weaver
Whalen
White
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—69

Addabbo
Alexander
Anderson, Ill.
Annunzio
Archer
Armstrong
Aspin
Bell
Bergland
Brinkley
Brooks
Clausen, Don H.
Clay
Crane
de la Garza
Devine
Dickinson
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Fithian
Flowers
Frenzel
Frey
Hamilton
Harsha
Hawkins
Hays, Ohio
Heckler, Mass.
Hightower
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Kindness
Leggett
Litton
Metcalfe
Mills
Moffett
Mosher
O'Brien
Pepper
Peyser
Railsback
Risenhoover
Roberts
Roush
Ruppe
Schneebeli
Shipley
Shuster
Sikes
Skubitz
Staggers
Stark
Thompson
Traxler
Treen
Udall
Wampler
Whitehurst
Whitten
Wilson, Bob
Wilson, Charles H., Calif.
Winn

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments pending?

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BROWN OF MICHIGAN

Mr. BROWN of Michigan. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. BROWN of Michigan: Strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Emergency Home Purchase Assistance Amendments of 1975".

INTERIM AUTHORITY TO PURCHASE CERTAIN MORTGAGES

SEC. 2. (a) Section 313 of the National Housing Act is amended—

(1) by inserting ", or other economic con-

ditions," immediately after "actions" in subsection (a)(1);

(2) by striking out subsection (b)(C) and inserting in lieu thereof the following: "(C) such mortgage involves an interest rate which shall not exceed the lesser of (i) 7½ per centum per annum or (ii) the rate set by the Secretary applicable to mortgages insured under section 203(b) of the National Housing Act, and no State or local usury law or comparable law establishing interest rates or prohibiting or limiting the collection or amount of discount points or other charges in connection with mortgage transactions or any State law prohibiting the coverage of mortgage insurance required by the Association shall apply to transactions under this section."

(3) by striking out "purchased" in the first sentence of subsection (d)(1) and inserting in lieu thereof "assisted";

(4) by striking out "outstanding at any one time" in subsection (g) and inserting after the period the following: "In addition, the total amount shall be increased on or after the date of the enactment of the Emergency Home Purchase Assistance Amendments of 1975, to the extent approved in appropriation Acts, but not to exceed $7,250,000,000 and the Association shall not issue securities pursuant to this section utilizing new authorization under this sentence or authorized under the first sentence of this subsection and unused after October 18, 1975 except as approved in appropriation acts."; and

(5) by adding at the end of such section the following new subsection:

"(h) Notwithstanding any other provision of this section, the Secretary is authorized, when he determines that such actions would further the purpose of this section, to purchase mortgages covering more than four-family residences or single-family units in condomium projects which are not insured under the National Housing Act or guaranteed under chapter 37 of title 38, United States Code, if—

"(1) in the case of a project mortage, the principal obligation of the mortgage does not exceed, for that part of the property attributable to dwelling use, the lesser of the per unit amount specified in subsection (b)(B) or the per unit limitations specified in section 207 of this Act in the case of a mortgage covering a rental project, section 213 in the case of a cooperative project, or section 234 in the case of a condominium project;

"(2) in the case of a mortgage covering a housing project, the mortgage is insured by a qualified insurer as determined by the Association, or the outstanding principal balance thereof does not exceed 80 per centum of the value of the property securing the mortgage;

"(3) in the case of a mortgage covering an individual condominium unit, the mortgage is insured by a qualified insurer as determined by the Association, or the outstanding principal balance thereof does not exceed 80 per centum of the value of the property securing the mortgage; and

"(4) the mortgage is not being used to finance the conversion of existing rental housing into a condominium or individual unit therein."

(b) The provisions of paragraph (2), other than those relating to usury laws or discount points, shall only apply with respect to commitments issued after the date of enactment of this section.

EXTENSION OF AUTHORITY

Sec. 3. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "The amendment made by subsection (a)" and all that follows down through "period of one year following such date of enactment," and inserting in lieu thereof "Section 313 of the National Housing Act shall remain in effect for a period of two years from the date of enactment of this Act,".

Mr. BROWN of Michigan (during the reading). Mr. Chairman, in the interest of time, I would ask that the amendment in the nature of a substitute be considered as read and printed in the Record. I will be glad to explain it. It has been offered in committee and the members of the committee are familiar with it.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. Brown).

Mr. BROWN of Michigan. Mr. Chairman, this substitute is designed to extend and expand the existing Emergency Home Purchase Assistance Act of 1974 to make it fully responsive to the needs of a viable homebuilding industry under continuing emergensy conditions. Basically the substitute would give assurance and direct assistance to the whole homebuilding industry, including existing residential properties, condominiums, cooperatives, and rental multifamily, and would address the full range of problems; excess inventory, slow starts, unemployment and consumer confidence.

It is not another new program with built-in delay factors and complicated administrative features which will further confuse both HUD and the mortgage lending industry which is in a state of convalescence from experiences of the past year. This program offers a stable and yet a flexible tool for assisting mortgages at a rate which would not exceed the very reasonable level of 7½ percent.

Mr. Chairman, when I talk about 7½ percent vis-a-vis the 6 or 7 percent or the other combinations of percentages that are in the committee bill, let me remind the Members that housing starts in the past have had their greatest success when interest rates have been at 7½ percent or higher. Let me document this for the Members.

For example, in the first quarter of 1973, when the average effective interest rate on conventional new homes was 7.69 percent, housing starts were at an annual rate of 2.392 million; in the second quarter, when the rates were at a 7.74-percent figure, starts were at a 2.212 million level.

Mr. Chairman, clearly, 7½ percent is a reasonable rate to encourage the homebuilding industry to recover, and if we have been reading the periodicals lately, we will have noticed that it has started to recover, and that 7½ percent money is an adequate rate to encourage the developer.

Mr. Chairman, specifically, the substitute provides:

First. That the interest rate would be the lesser of the unsubsidized FHA rate for single-family homes as set by the Secretary of Housing and Urban Development or 7½ percent.

Second. Mortgages for conventional condominium units and rental multifamily projects would be eligible to be purchased with the assistance offered under the act. However, condominium conversions would be excluded and the per unit mortgage value of condominiums and multifamily projects would be limited to the mortgage values presently authorized for FHA mortgages.

Third. The waiver of usury laws in the present statute would be clarified by new language and an additional waiver would be granted concerning State laws, such as in New York, which restrict or limit the percentage coverage authorized to be written by private mortgage insurance companies.

Fourth. The maximum authorization for mortgages to be held by GNMA at any one time would be increased from $7.75 to $15 billion, and to the extent necessary made subject to approval in appropriation acts.

Fifth. The authority for operation of the Emergency Act would be extended for 1 additional year to October 18, 1976.

Mr. Chairman, we have an opportunity at this time to adopt a program—it is a program that is in being—that will provide home mortgage credit at a reasonable rate, a rate that has been reasonable enough in the past to have housing starts in excess of 2 million seasonally adjusted. We have an opportunity to say to the industry, "This is a program you can immediately use. You don't have to wait."

The CHAIRMAN. The time of the gentleman from Michigan (Mr. Brown) has expired.

(By unanimous consent, Mr. Brown of Michigan was allowed to proceed for 2 additional minutes.)

Mr. BROWN of Michigan. Mr. Chairman, I do not like the idea of suggesting to my colleagues that the committee bill, if it is adopted in its present form, very surely faces a veto. I do not think that is an argument that should be used to support my substitute if on the merits the committee bill were that much better or were any better.

However, I do not think the committee bill is any better. Furthermore, I can assure my colleagues in the House of Representatives that, if my substitute is adopted, there is every indication, and I think each Member would have every right to believe, that the legislation will be signed and become law. The additional funding will become available at the reasonable rate of 7.5 percent, and I think that would be the greatest encouragement we could give to the homebuilding industry; it would help to bring back its confidence and the confidence of the consumer so that at least this phase of our economy would find some recovery and would be on its way back to the stability we seek.

Mr. Chairman, I urge adoption of the substitute.

Mr. RHODES. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. Mr. Chairman, I want to compliment the gentleman from

Michigan on the stand he has taken and on his substitute. The substitute, in my opinion, is well considered, and would certainly provide for a program which would help the building industry and the entire economy. Also, in my opinion, it is the only bill which could pass this House which, in my opinion, has the chance of becoming law without the procedure to override a veto or to try to override it.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for his remarks.

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, if the Brown substitute, on its merits, were as good as the committee bill, then I think I would support it, but it is not. There are at least five substantial flaws, in my judgment, some of them fatal.

To start with, his substitute, of course, provides for a 7.5-percent interest rate. The interest rate that we establish is going to determine the size and the composition of the market that we are serving. Therefore, as one increases the interest rate, obviously he is saying "Bye-bye" to the lesser-income families that otherwise would be provided for and are provided for in terms of eligibility in the committee bill under consideration.

The second problem, which we have already addressed, is that it would include multifamily rental as well as sales units. The committee obviously has already acted upon that.

The Brown substitute, my good Republican friends, relies exclusively on Federal borrowing in the bond market. It does not, as does the committee bill, have any option for the use of private capital.

This is the worst thing in the world, for us to be promoting the use of Federal credit in this manner. The savings and loan associations and other thrift institutions are choking with money. Why not make use of private money when it is available?

The fourth problem—and this is a fatal flaw—with the Brown substitute is that it provides for the subsidy of affluent households, because it contains no income limit, and there is no limit on the sales price of the home to be purchased, none whatsoever.

Can we justify, back in our district, supporting a substitute that makes it possible for one of your families or one of my families to buy a $70,000 home? That is entirely possible under the Brown substitute. We do not want that.

Mr. Chairman, the fifth defect is one that is really substantial, because under the Brown substitute only 200,000 units of housing would be authorized, and this is existing as well as new.

For the hundredth time today, if the purpose of our legislative effort this afternoon is to try, on a short-term, emergency basis, to promote or generate activity in the homebuilding sector, the Brown substitute obviously veers off and goes in exactly the opposite direction.

For these five reasons, Mr. Chairman, some of them fatal, I would urge the defeat of the Brown substitute.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, the gentleman from Ohio knows that the Emergency Home Assistance Act of 1974 and this substitute are aimed at the recession, the recession in the homebuilding industry. Everybody knows that the committee bill is sort of a schizophrenic bill; it is aimed at jobs, and the gentleman in the well says that is his primary purpose, and then the gentleman says in the next breath that we have got to keep the program aimed at lower-income people by adoption of income limitations for eligibility.

And the gentleman talks about it permitting $65,000 home purchases, and this would be true, if the purchaser has a down payment in excess of $38,000, the subsidy assistance applying only to the $38,000, the same as in the committee bill.

Mr. ASHLEY. I do not want this to be providing $70,000 mortgages.

Mr. BROWN of Michigan. This is a jobs program.

Mr. ASHLEY. That is right.

Mr. BROWN of Michigan. The gentleman himself says so.

But let me say that we have the low-income, deep subsidy section 8 program in force from the housing bill of 1974, the section 235 and 236 programs may become available, and these are the programs aimed at helping low- and middle-income people. All we are trying to do is provide the very thing that is in the title of this bill; that is, provide emergency middle-income housing, and create jobs.

I think the gentleman has made the best argument that could be made for my substitute.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wish to comment on the remarks made by my colleague about drying up the funds in private market. The tandem program which the gentleman supported very vigorously last year, is the backbone of the Brown substitute and really expands what we did in this House last year.

Mr. Chairman, I would like to read to the Members of the House the percentage on where the money comes from in the tandem mortgage market:

GNMA mortgage-backed securities, issued Sept. 30, 1975

[In percent]

Type of institution:	
Savings and Loans	31.75
Mutual savings banks	18.74
Pension funds	[1] 7.67
Mortgage bankers and investment bankers	9.91
Commercial banks	5.91
Individuals	1.66
Credit unions	4.21
All others (includes loans held in "street name") [2]	20.15
Total	100.00

[1] The $1.2 billion "street name" would then make pension fund holdings about $2.2 billion, or 15 percent of the market.

[2] *"All Other Category."* In the figure for December 31, 1971, life insurance companies represented the major institutions in this group. In the figure for August 31, 1973, securities held in "street names" probably for pension funds was the biggest element in this group. On September 30, 1974, pension funds owned a minimum of $1.2 billion in "street name."

Mr. ASHLEY. Will the gentleman yield?

Mr. ROUSSELOT. In just a minute I will yield. The gentleman from Ohio did not have time to yield to me, but I will yield to the gentleman.

An overwhelming and substantial portion of this tandem program comes from the private market.

That is exactly what we are saying in Mr. BROWN's substitute. But if the House takes the committee's amended bill with the interest subsidy, that will have to come from the Federal Treasury which in turn must go to the general marketplace and dry up what normally would be taken for many other activities, it is clearly more costly.

My point is this: The tandem program has proven that it works. My colleague, the gentleman from Michigan (Mr. BROWN), without trying to expand the bureaucracy, create a whole new set of circumstances, rules and regulations and books of programs, has said, let us take the program we already have in place, that we voted for last year, and merely add to this the wherewithal of the normal housing and finance system to produce the housing. We will not draw from the private market any more than we already have, but the difference is that there will not be a subsidized program that will require the Federal Government to go out and compete in the private marketplace for these funds, and postpone the day of reckoning with subsidized interest rates for a small portion of the consumer market.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding to me, and I wish to compliment the gentleman on his remarks.

Mr. Chairman, let me just say to my colleagues once again that we can sit here, or we can stand here, we Members on this side of the aisle, and the Members on that side of the aisle, and argue the relative merits of the committee bill versus the substitute amendment that I have offered. Frankly, there is not a lot of difference. The committee bill is more costly. I do not think that there is anyone who can come forward and say that it will produce that much more in housing starts. But what is important is that we do something, and that we do something now. If we adopt my substitute we can be sure that we have got a piece of legislation that can work its way down the road, and that the homebuilding industry understands.

The homebuilding industry understands it. They know what it will do for them, because they know that they have already picked up the commitments of the approximately $6 billion of the original funding of the emergency program.

They know what it is. They know it can work. They know it will work.

I suggest to the Members that that is what we want if we want to do something. If this Congress wants to do something, what it ought to do is adopt the substitute and say, "Here is a program. It works. We are funding it. Additionally we are sweetening some, as far as interest rates are concerned. Go out now and run with it."

I suggest to the Members that that is exactly what will happen, and this Congress will take the first progressive step toward bringing this Nation out of the economic slump in which it finds itself.

Mr. ROUSSELOT. I thank my colleague.

I want to make one additional point. For those Members who voted for the amendment to encourage multifamily housing, which is definitely a reemployment program, the availability under the Brown amendment for multifamily housing is far more substantial at an interest rate that is below market price today that is 7½ percent. If the Members believe in helping the middle-income people to provide multifamily housing and real jobs in the marketplace now, I urge them to support this amendment because it provides meaningful employment, not makeup employment, because the tandem program is now underway.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BARRETT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have been here for 20 minutes on the Brown substitute. We would like now to have an opportunity to say that we are unalterably opposed to the substitute, and we would like to vote and give the Members here a chance to go home. Therefore, I ask for an immediate vote, and hope that the Members will vote the substitute down.

Mr. GRADISON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this measure in its present form should not be enacted. Running through it is a threat of discrimination which many of us have heard about in the discussion today and yesterday, but I recognize that some who are present in the Chamber did not have the benefit of that discussion, and I want to briefly indicate to them what this discrimination is.

First, there is discrimination, depending on where a person lives. A resident of Montgomery County, Md., earning more than $27,000 a year can qualify for benefits under this bill. A resident of my district earning $16,200 a year cannot qualify.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GRADISON. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding.

We get the impression that the gentleman is speaking against the amendment.

Mr. GRADISON. I am speaking in support of the amendment and in opposition to the bill.

Mr. BROWN of Michigan. The discrimination the gentleman is speaking about is in the bill?

Mr. GRADISON. The discrimination is in the bill, yes.

I would urge my colleagues to take a look at yesterday's Congressional Record beginning on page 7711, because in there are figures on individual counties which will indicate to the Members that there is a large number of citizens of this country earning less than $8,000 a year who will be paying taxes to help subsidize families earning up to $27,000 a year who will get benefits under this bill.

I have heard of taking from the rich to help the poor, but this is the first time I have seen taking from the poor to help the rich.

There is discrimination depending on what one earns. A citizen of my district earning $16,184 would qualify for benefits. If he earns $1 over that limit, he will not receive any benefits at all.

There is also discrimination depending on where one borrows, because under the measure which is before us the lender, not the borrower, and not the Government, would determine whether the buyer would get a 6-percent or 7-percent loan.

I have pointed out earlier this afternoon there is discrimination among income groups. The poor who benefit from Federal housing programs must pay 20 or 25 percent of their income toward their housing costs. Those who would benefit from the bill which is before us would be required to make no similar contribution.

Finally, I think the most important point of all is that there is discrimination as to whether a qualified applicant can get any benefits at all. Far more people are eligible for the interest-rate subsidies than can possibly receive assistance under the authorization limits contained in this bill.

Thus we are asked either to pass this measure on a first come, first served basis, leaving everybody else out in the cold, or I suppose we are being asked to make a moral commitment to open up the program in the future at heaven knows what cost to the Treasury.

Mr. Chairman, the basic bill as it came from the committee was conceived in haste, and it is a program that can slow down construction. The substitute offered by the gentleman from Michigan (Mr. Brown) would speed things up, because we will not have to wait for the rules to be promulgated or wait for guidelines to be developed before people can make a commitment to buy a home.

I urge my colleagues to support the Brown substitute so we can have a measure which will help the building industry, but also a bill that will be fair to our people in all our districts.

Mr. REUSS. Mr. Chairman, I rise in opposition to the amendment.

The purpose of the committee bill is to put people back to work in the depressed homebuilding industry and to do so in a way that benefits the working person, the person who needs it the most, and to do that in a way that is environmentally sound.

Under the Brown substitute the number of homes involved would be cut in half, from 400,000 to about 200,000, and instead of helping the $10,000 to $18,000 a year working persons, the benefits of the Brown substitute would fall to those who make $25,000 a year to $50,000 a year. It is socialism for the affluent and the back of our hand to the working people.

Mr. Chairman, the amendment should be voted down.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. Brown).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BROWN of Michigan. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 126, noes 242, not voting 64, as follows:

[Roll No. 81]

AYES—126

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Biester
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Carter
Casey
Cederberg
Clancy
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Daniel, Dan
Daniel, Robert W., Jr.
Derwinski
Downing
Duncan, Tenn.
Edwards, Ala.
Emery
Fenwick
Fish
Flynt
Forsythe
Fountain
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hammerschmidt
Hansen
Hastings
Heinz
Hillis
Hinshaw
Holt
Horton
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Colo.
Kasten
Kastenmeier
Kelly
Kemp
Ketchum
Lagomarsino
Latta
Lent
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McKinney
Madigan
Martin
Michel
Milford
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Myers, Pa.
Passman
Pressler
Pritchard
Quie
Quillen
Regula
Rhodes
Rinaldo
Robinson
Rousselot
Sarasin
Satterfield
Schulze
Sebelius
Shriver
Shuster
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Vander Jagt
Waggonner
Wiggins
Wydler
Wylie
Young, Alaska
Young, Fla.

NOES—242

Abzug
Adams
Ambro
Anderson, Calif.
Andrews, N.C.
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bennett
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, *Mo.*
Burton, John
Burton, Phillip
Carney
Carr
Chappell
Chisholm
Collins, Ill.
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, Dominick V.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Downey
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt

Edgar
Edwards, Calif.
Eilberg
English
Evins, Tenn.
Fascell
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Green
Gude
Haley
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Hechler, W. Va.
Hefner
Helstoski
Henderson
Hicks
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Landrum
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McCormack
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Perkins
Pickle
Pike
Poage
Preyer
Price
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Runnels
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Steed
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Thompson
Thornton
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
White
Whitten
Wilson, Charles H., Calif.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—64

Addabbo
Alexander
Annunzio
Archer
Armstrong
Bell
Bergland
Brinkley
Brooks
Clausen, Don H.
Clay
Crane
de la Garza
Devine
Dickinson
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Fithian
Flowers
Frenzel
Frey
Hamilton
Harsha
Hawkins
Hays, Ohio
Heckler, Mass.
Hightower
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Kindness
Leggett
Litton
Metcalfe
Mills
Moffett
Mosher
O'Brien
Pepper
Peyser
Railsback
Risenhoover
Roberts
Roush
Ruppe
Schneebeli
Shipley
Sikes
Skubitz
Staggers
Stark
Traxler
Treen
Udall
Walsh
Wampler
Whitehurst
Wilson, Bob
Wilson, Charles, Tex.
Winn

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mrs. SULLIVAN. Mr. Chairman, I am reluctant to disparage a bill which has as its proclaimed objective the stimulation of homebuilding and the reduction of interest rates for homebuyers, but I am deeply disappointed in this measure and can develop no enthusiasm for it. It is a jerrybuilt contraption consisting of financial juggling of interest rates and discounts and repurchases and mortgage speculation, just like the $20 billion of subsidized mortgages we have previously approved in the forlorn hope of building houses for middle-income families.

The lenders would originate mortgages at the subsidized rates and then immediately turn them over at a profit at customary market return and the Government would pick up the difference between the market rate and the subsidized rate. We have used that technique before and it has been anything but successful. Generally, we have used it for very low-income families, as a substitute for public housing or rent supplements or other types of housing assistance, and if there had not been the scandals and scandalous deficiencies in administration of the section 235 and section 236 programs, they might have worked effectively.

But now we extend that same principle to families in the upper reaches of the middle-income level—to families making substantially more than the average income in this country, and while an estimated 400,000 families might benefit from it, the vast majority of the average-income families needing housing will not, but they will be helping to pay for the comparatively few families which do benefit, and nearly all of the beneficiaries will be making more than the families paying the subsidies through their taxes.

AVERAGE-INCOME FAMILY WILL NOT BENEFIT

I say that because the comparatively high limits for mortgages to be subsidized by this legislation will pretty much determine the cost of the housing which will be built to take advantage of the program—houses costing $38,000 to $42,000. Even at subsidized interest rates the average-income family will not be able to afford these homes.

The housing emergency is a series of different kinds of emergencies: we have an unusually large number of new but unsold homes; the homebuilding industry is in a deep depression; employment in housing is a disaster area; interest rates are far too high to enable average-income families to buy; the Nixon and Ford administrations have failed to use effectively the vast powers they hold to bring down interest rates and to stimulate housing; and, meanwhile, millions of workers now unemployed are facing the danger of losing their homes because they cannot keep up the payments.

WE SHOULD ATTACK PROBLEM OF RECESSION FORECLOSURES

Emergency legislation to enable homeowners to retain their homes without foreclosure during temporary unemployment is urgently needed. That is what we started out to pass in the Banking Committee when we convened at the start of this Congress. We should enact such legislation with top priority speed.

This bill, however, seeks to put a patchwork on the financing of homes by enabling a comparatively few families of the many priced out of the mortgage market to buy homes with Government subsidies. There is no requirement that the funds go into housing for the family in the $12,000-income range, except in a few areas.

In metropolitan areas, the assistance will, as a practical matter, go to those earning up to $20,000 a year, because the houses to be built will be within the reach only of those at the top level of the income eligibility standard written into the bill—120 percent of median income.

I think we will have many, many protests about the unfairness of this type of assistance when it goes into effect.

NEED FOR A DIRECT LOAN PROGRAM PROPOSED IN H.R. 1081

As many of the Members know, I have been urging for 6 years a direct Federal loan program at 6½ percent interest or less to average-income families for the purchase of homes. The significant features of that approach, as contained in H.R. 1081, are as follows:

First. The loans would be made directly to the individual family and would be repaid to the Federal Government over 30 years, so that the Government would not be out one penny in subsidies; instead, at 6½ percent interest, the Government would eventually get back not only the full principal but a fair return on its investment.

Second. Families of average income—the wage earners who pay their own way and help through their taxes to provide the subsidies for other segments of the population—would be the chief beneficiaries of this direct loan approach. The bill specifies a maximum family income of $12,000, but provides for adjustments upward or downward according to economic conditions.

Third. The maximum mortgage would be $30,000, which would place the homes within the reach of the families of average income.

Fourth. The interest rate could not exceed 6½ percent but, as conditions change, it could be lower.

Fifth. Only credit-worthy families could be included.

Sixth. No new bureaucracy would be established. The policy determinations would be made by a board of directors of nine persons, but the loans themselves would be issued through existing FHA offices. Private lenders could service the mortgages for a fee.

Seventh. The program would operate only when mortgage money is not available to average income, credit-worthy families, at reasonable rates of interest.

Eighth. The private lending industry would be provided an incentive to work to bring down interest rates rather than have potential customers for loans go to the Federal Government for direct loans.

Members of the Committee on Banking, Currency and Housing, and its predecessor, the Committee on Banking and Currency, have talked at length about this plan but have not yet taken it up seriously. It is time that we do so.

Mr. FORD of Tennessee. Mr. Chairman, I rise in support of the gentleman from Oregon's amendment to allocate 30 percent of the funds authorized in this bill to provide mortgage assistance to persons purchasing existing or new but as yet unsold homes.

The homebuilding industry is in a shockingly depressed state, having a devastating effect on the whole economy.

New housing starts in 1974 declined at a rate of 35 percent below 1973 levels and 43 percent less than in 1972. Unemployment nationally is estimated to be approximately 8.2 percent, while in the contract construction industry it has risen to an incredible 40 percent—with no end in sight.

Clearly, this Congress must take swift and decisive action to arrest this deteriorated situation. H.R. 4485, the Emergency Middle Income Housing Act of 1975, is a well-balanced, cautiously drafted piece of legislation which meaningfuly addresses the fundamental problems facing the homebuilding industry. However, first and foremost, we must remember that this is an emergency measure designed to achieve a limited objective—to stimulate jobs in the residential construction industry by providing mortgage loans subsidies to low- and middle-income home purchasers.

In H.R. 4485, as reported by the Committee on Banking, Currency and Housing, 20 percent of the money authorized has been earmarked to assist the purchase of existing housing and 25 percent for newly constructed yet unsold homes. By stipulating that a large portion of the funds to be appropriated pursuant to this act be used for helping homebuyers acquire existing or already built new homes, we would divert millions of dollars from the purpose of creating jobs for the unemployed and new housing starts.

The amendment advocated by the gentleman from Oregon would authorize that a moderate amount of funds be made available for subsidizing mortgages on existing or unsold new homes while at the same time preserving the integrity of the legislation.

Let us not destroy the effectiveness of the bill by strangling it with burdensome provisions. Mr. AuCoin's statement offers an evenhanded approach to a difficult problem. I urge my colleagues to support this amendment which would permit this emergency bill to achieve what it was originally intended to do.

Mr. FAUNTROY. Mr. Chairman, I rise in support of H.R. 4485 because I believe that this is legislation which is desperately needed to bolster the sagging housing industry. In a time when our people are unemployed and when the Nation suffers a lack of adequate housing for all of our people, it is appropriate that your Committee on Housing report a bill which has the effect of injecting a needed short-term stimulus which can bolster the industry and the economy while offering new homebuyers the unique opportunity to select a mortgage assistance program that will benefit their unique financial situation.

The current high interest rates and the very high level of housing costs have prohibited many people from sharing the dream of home ownership which has been one of the unique hallmarks of our society. This bill is an effort to assure that the opportunities which many of us have had in building and owning real property can be made available to our children and to those who can afford housing but not while interest rates are at an all time high.

Additionally, I think we must realize that this program, which is sharply limited in its life, can assure that the expertise which has been achieved in home building is maintained and is kept available so that the housing stock can continue to grow when the economy improves. This bill will not only build new housing and employ those who are suffering the ravages of our depressed economy, it will assure that our ability to build in the future is not diminished.

Not every jurisdiction, of course, needs the construction of additional housing. In some areas, newly built homes remain unsold, thereby creating an artificial glut of new homes which is met by permitting a portion of the aggregate mortgage amounts approved in the appropriation to be spent on new dwellings which were commenced prior to the enactment of this bill.

Let me also point out that this bill has taken full cognizance of high costs areas, such as Washington, D.C.; Detroit, Mich.; Chicago, Ill.; and Newark, N.J., by enabling the Secretary to certify these and other areas as high costs, thereby entitling them to mortgage assistance for properties valued up to $42,000.

This higher figure was not made applicable across the board to every jurisdiction because we did not want to encourage homebuilders to build the highest possible cost housing, thereby effectively defeating our plans of assisting middle income families. I also want to point out that your committee in accepting my amendment to raise the figure to $42,000 did so with the understanding that this represented the upper limit that is generally accepted for one who is earning two times 120 percent of the median income in the Washington area which is the highest in the Nation. The 120-percent figure can effectively be translated into a house which costs about 2.5 times the annual income. We left a shade of difference between the dollar amount and the full percentage because of the higher operating costs which new homes have in some of these areas that can be directly attributed to higher utility costs that have become apparent within the past year.

In determining whether we should have a long-term program or a short-term program, one of the considerations was the ability of a family to absorb the greater costs of interest in the future years. In making it possible for a family to elect between the lower interest rate for the short period or the higher rate for a longer period, this bill allows a lender to tailor a governmental assistance program that reaches the greatest number in the most helpful manner. This is a well-thought-out program, and it deserves the full support of every Member.

Mr. Chairman, the bill cannot, of course, lower housing costs when construction costs in some areas are simply so high as they are in the Washington area. We will have to do that with other legislation. What this bill can do, however, is enable the housing industry to regain the momentum it possessed in just January, where new housing starts were at a seasonally annually adjusted rate of 996,000 units versus 880,000 units in December. The February rate of 977,000 was the second lowest rate on record.

There are some signs that the money markets are loosening up; but, I think that it is clear to most of us, who are monitoring the housing situation, that without some form of governmental assistance, the housing industry will not regain the prior annual building rates it experienced as little as 1 year ago when housing starts were at a rate of more than 1.9 million units per year, or a year and a half ago when housing starts were at the rate of 2.35 million units per year.

On this basis, I urge adoption of the bill as reported.

Mr. MAGUIRE. Mr. Chairman, today the House will begin debating H.R. 4485, the Emergency Middle Income Housing Act of 1975. This legislation will reduce interest rates on a wide variety of home mortgages and should help to revitalize the ailing construction industry. I strongly support its passage.

The gross national product in the last quarter of 1974 fell by 9 percent in real terms, and the unemployment rate in February 1975 was 8.2 percent. In my own State of New Jersey, the unemployment rate has reached 10.9 percent, and fully 7½ million persons across our Nation are unable to find work. Housing starts declined 43 percent from 1972 to 1974. Some 688,000 construction workers were unemployed in February 1975, nearly 16 percent of all workers in contract construction.

The drop in housing production in 1974 is attributable to a number of factors, including:

First, the unavailability of mortgage credit;

Second, unusually high mortgage loan rates of 8½ to 10 percent;

Third, the high cost of new housing, the median price of new houses in 1974 was $36,000—beyond the means of four out of five families;

Fourth, the withdrawal of Federal support from subsidized new construction. In 1974, fewer than 43,000 subsidized units of low- and moderate-income households were started under HUD programs—down from 370,000 in 1970.

A Department of Labor study indicates that an increase in production of 250,000 single-family houses would generate up to 343,000 man-years of work. H.R. 4485 would make possible the financing of up to 400,000 dwelling units.

The employment opportunities generated by this legislation would provide $4.2 billion in incomes, on which $450 million in Federal income taxes would be paid for the year. Combined with corporate taxes of $250 million, which would be paid by the building industry, a total increase in Federal income tax revenues of $700 million will accrue to the U.S. Treasury.

H.R. 4485 would stimulate housing construction by expanding the potential homebuying market and by counteracting recessionary "no-buy" attitudes with the incentive of lower interest rates. The lower rates provided by this bill would increase the number of families eligible to purchase a given home by 5 to 6 million.

However, because the provisions of this bill are limited to only those homes whose prices do not exceed $42,000—even in "high-cost" areas—many metropolitan areas of this country will be denied its benefits. The median prices for new homes in the New York metropolitan area, including my own congressional district in Bergen County, N.J., is over $49,000. Fully 17 metropolitan regions across the United States have high-priced housing markets whose median price exceeds $42,000. In other words, the combined limitations of the legislation make participation in the program virtually impossible for large metropolitan areas. Accordingly, I will support amendments to this bill to raise the purchase-price ceiling to $48,000.

The decline in housing we face today jeopardizes any chance we have to provide adequate housing in the years ahead. Simultaneously, economic recession and high prices confront us with thousands of newly constructed homes which are priced beyond the financial means of prospective buyers.

This legislation will make it possible for middle-income families to purchase and own their own homes. At the same time, it will revive a depressed housing industry, and enable us to turn around an economy mired in recession.

Mr. FULTON. Mr. Chairman, the legislation which we consider at this time, the Emergency Middle Income Housing Act, is potentially the most beneficial to the economy and the American people which we will consider this year.

It is designed to help solve three pernicious problems; a shortage of new housing, a depressed homebuilding industry and the inability of the public to purchase new homes because of high interest rates and economic uncertainties.

At a relatively modest projected cost of $1.5 billion we are undertaking in this bill to launch an attack on an area where the recession has bit hard and held long, homebuilding and buying.

Mr. Chairman, the Congress, in my more than 12 years here, has demonstrated time and again its deep concern and ability to act swiftly to help the needy and deprived. However, seldom have we been called upon, as we are today to meet the pressing needs of middle Americans, needs fostered by a depressed economy. This bill is a realistic response.

Middle Americans more than any other group in America ask little of the Federal Government other than a guarantee of their right to work, raise their families and do as they see fit in harmony with the rights and responsibilities of citizenship under the Constitution. They do not ordinarily look to Government for help. But when that help is needed it must be forthcoming with dispatch.

By helping house middle Americans we also put them back to work. We start the wheels of recovery which lead to economic security through full employment and growth.

Mr. Chairman, this bill is designed primarily for middle Americans but it is really for the benefit of all Americans and I respectfully urge its passage.

Mr. DUNCAN of Oregon. Mr. Chairman, I am voting to support H.R. 4485, the Emergency Middle Income Housing Act of 1975, because it offers some hope of reviving the housing industry, which is of such vital interest to the Pacific Northwest, and because it will help get the economy moving again. This is especially so with one amendment offered by my colleague from Oregon (Mr. AuCoin).

My basic inclination is to oppose housing bills which have collateral benefits to homeowners and the wood products industry, but whose primary thrust is to further subsidize the banking industry.

My preference and efforts continue to be directed toward lowering interest rates which will have the same stimulus without the drain on the taxpayers.

I also support Congressman AuCoin's amendment to lower the percentage of purchases of existing constructions, proposed in this bill, from 45 to 30 percent and increase to 70 from 55 percent, new home construction that would start after the enactment of this bill. This could mean an estimated additional increase of 60,000 housing starts and would be of tremendous help to the wood products and housing industries.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I rise in opposition to the substitute to H.R. 4485.

Mr. Chairman, this Nation faces one of the most difficult economic situations ever faced by the United States in its history.

We face an immediate, urgent, and priority problem of seriously worsening economic recession with all the human suffering which follows from high rates of unemployment.

At the same time we must recognize the fact that we have not solved the recurrent long-term problem of inflation which is also injurious to our people.

It is clear that the economic medicine for our economic ailments is a short-term economic stimulus that does not contain within itself the ills of long-term inflation.

To describe the medicinal goal is easy, but to prescribe for it is not.

Section 4 of H.R. 4485 and related sections are designed to provide that prescription.

Section 4 is short-term antirecessionary and long-term anti-inflationary.

It is a short-term antirecession program because it provides a short-term interest subsidy only for those who apply for its benefits before June 30, 1976.

In an industry where the national rate of unemployment in the building trades is over 20 percent, such a program cannot be inflationary even in the short term. But with that rate of unemployment, it is clearly an industry which needs an economic stimulus in our present emergency economic recession.

In the long term, section 4 does not create a long-term inflationary bias—on the contrary—the antirecessionary bias ends June 30, 1976. After that date the program gradually begins to have an anti-inflation bias.

The aid is greatest in the early years of the mortgage and, assuming prompt implementation, at a time when we find ourselves in a worsening recession. The aid, and the cost to the Government, declines in 3 years, when, hopefully, we will be moving out of our recessionary economic woes and there will be less need for stimulative Government programs. I think this is an excellent short term antirecessionary program tailored to avoid any long-range inflationary impact.

As our committee report suggests, the investment in mortgage subsidies suggested in this legislation would have the effect of promptly regenerating housing construction starts and creating more than 340,000 man-years of work, which could result in a total increase of Federal tax revenues of some $700 million.

Do you have in your district unemployed building trade people who want to work?

Do you have in your district young couples who want to own their own home but cannot afford it because of high mortgage interest rates?

If you do and if you want to help them and our economy in a program that does not have a long term built-in inflationary bias, then section 4 and all of H.R. 4485 are legislative proposals you can and should support.

However, Mr. Chairman, let me add one note of caution.

As you have heard today, the administration does not like this legislation. The President might veto it, or if he chooses not to, or even if his veto is overridden, HUD could take months in issuing the necessary regulations and then refuse to seek appropriations for this subsidy program—tactics which already have been hinted at by senior HUD officials.

Should this legislation become law and HUD show signs of trying to circumvent the will of Congress—a practice not unknown to that Agency—I would demand that our Housing Subcommittee call the Secretary to appear before us—every 2 weeks if necessary—to discuss the Agency's progress in getting the subsidy program going and the fresh capital flowing into the depression-ridden housing industry.

I believe the situation in the housing industry demands the remedies contained in section 4 and all of H.R. 4485.

Mr. Chairman, this Congress should immediately pass legislation that will provide a prompt stimulus to a depression-ridden housing industry.

It should pass a bill that will help a large number of middle-income families afford houses they otherwise might not be able to secure.

And finally, it should author a program that will not provide undue expectation of long-term Government assistance, yet will sustain that aid over a duration long enough to make it attractive to both borrowers and lenders.

H.R. 4485 will help accomplish all of these purposes and I urge its immediate enactment.

Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to H.R. 4485. One of the things I have discovered in the 12 months I have served in this House is to beware of bills with appealing titles. And in the case of this bill there is adequate reason for alarm. The "Emergency Middle-Income Housing Act of 1975," as it is called, is a case of a ship flying false colors.

First, there is the implication that the bill is urgently needed to stimulate the moribund housing industry. I certainly would not dispute the need for stimulation but this bill is not the answer. In fact, the most immediate effect of the bill will be to deepen the recession in the housing industry, as people put off buying new homes in expectation of its passage. You would be a fool to buy a home now at a mortgage rate of 9½ percent when by waiting for this bill to take effect next fall you could get a rate of 6 percent.

Second, there is the implication that this bill is designed to help the middle-class taxpayer. I think the average middle-class taxpayer will be surprised to learn that in Washington, D.C., for example, the bill will give subsidies to people making $21,100 a year. So much for that fiction.

Third, there is the lack of a minimum buyer contribution. The man earning $21,000 would get the same subsidy—greater actually, in dollar terms—than the man making $10,000. I think we should institute a "truth-in-packaging" complaint against this bill.

There are other problems with the bill. Nothing in the bill prevents someone from taking out a subsidized mortgage and then pocketing the interest subsidy when he resells the house at a higher price.

The bill, by being limited to single-family dwellings, ignores the need for new inner-city housing. And finally, there is the enormous cost of this tax subsidy, up to $1.5 billion. Incidently, the bill has a cutoff date of June 1976, but I doubt that many Members of the House will allow a giveaway such as this one to die only 5 months before the next election.

Gentlemen, just yesterday you voted out a farm subsidy bill which will cost upwards of a billion dollars next year. Now you're voting on a subsidy for well-to-do homeowners costing even more. Who is going to pay the bill when it comes due? And what next? Are we going to be asked next week to subsidize the purchase of cars? Of refrigerators? Of yachts?

What is in a name? A lot, gentlemen, if you will look beneath the surface. I suggest we name this one "Rosemary's Baby," because no one is going to want to acknowledge fatherhood when the bill comes due.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. GIAIMO, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources, pursuant to House Resolution 337, he reported the bill back back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ROUSSELOT. I absolutely am, Mr. Speaker.

The SPEAKER. The gentleman absolutely qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. ROUSSELOT moves to recommit the bill H.R. 4485 to the Committee on Banking, Currency and Housing.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. BARRETT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 259, nays 106, answered "present" 1, not voting 66, as follows:

[Roll No. 82]

YEAS—259

Abzug
Adams
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Ashley
Aspin
AuCoin
Bafalis
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bennett
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Casey
Chappell
Chisholm
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, Dominick V.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Evins, Tenn.
Fascell
Fenwick
Fisher
Flood
Florio
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Green
Gude
Haley
Hall
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Hechler, W. Va.
Hefner
Heinz
Helstoski
Henderson
Hicks
Holland
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Jeffords
Johnson, Calif.
Jones, N.C.
Jordan
Karth
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Landrum
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McCormack
McDade
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Maguire
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman
Patten
Patterson, Calif.
Perkins
Pickle
Pike
Pressler
Preyer
Pritchard
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Spence
Stanton, J. William
Stanton, James V.
Stephens
Stokes
Stratton
Stuckey
Studds
Symington
Taylor, N.C.
Thompson
Thornton
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
White
Whitten
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wirth
Wolff
Wright
Wydler
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—106

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Ashbrook
Badillo
Bauman
Beard, Tenn.
Biester
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Cederberg
Clancy
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Coughlin
Daniel, Dan
Daniel, Robert W., Jr.
Derwinski
Duncan, Tenn.
du Pont
English
Fish
Flynt
Forsythe
Goldwater
Gradison
Grassley
Guyer
Hagedorn
Hansen
Hastings
Hillis
Hinshaw
Holt
Holtzman
Hutchinson
Hyde
Ichord
Jarman
Johnson, Colo.
Jones, Okla.
Kasten
Kelly
Kemp
Ketchum
Krueger
Lagomarsino
Latta
Long, Md.
McClory
McCloskey
McCollister
McDonald
McEwen
Madigan
Mahon
Martin
Michel
Milford
Miller, Ohio
Moore
Moorhead, Calif.
Myers, Ind.
Passman
Pattison, N.Y.
Poage
Quie
Quillen
Regula
Rhodes
Robinson
Rousselot
Runnels
Satterfield
Sebelius
Shriver
Shuster
Smith, Nebr.
Snyder
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Sullivan
Symms
Talcott
Taylor, Mo.
Teague
Thone
Vander Jagt
Waggonner
Wiggins
Wylie
Yates

ANSWERED "PRESENT"—1

Schulze

NOT VOTING—66

Addabbo
Annunzio
Archer
Armstrong
Bell
Bergland
Brinkley
Brooks
Clausen, Don H.
Clay
Crane
de la Garza
Devine
Dickinson
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Fithian
Flowers
Foley
Frenzel
Frey
Hamilton
Harsha
Hawkins
Hays, Ohio
Heckler, Mass.
Hightower
Jenrette
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Kindness
Leggett
Litton
Metcalfe
Mills
Moffett
Mosher
O'Brien
Pepper
Peyser
Price
Railsback
Risenhoover
Roberts
Roush
Roybal
Ruppe
Schneebeli
Shipley
Sikes
Skubitz
Staggers
Stark
Traxler
Treen
Udall
Walsh

Wampler
Whitehurst
Winn
Wilson, Bob

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Devine against.
Mr. Addabbo for, with Mr. Frenzel against.

Until further notice:

Mr. Hays of Ohio with Mr. Archer.
Mr. Udall with Mr. Frey.
Mr. Pepper with Mr. Brinkley.
Mr. Hamilton with Mr. Kindness.
Mr. Jones of Tennessee with Mr. Dickinson.
Mr. Stark with Mr. Harsha.
Mr. Traxler with Mr. Bell.
Mr. Shipley with Mr. Findley.
Mr. Price with Mrs. Heckler of Massachusetts.
Mr. Foley with Mr. Mosher.
Mr. Brooks with Mr. Armstrong.
Mr. Clay with Mr. Peyser.
Mr. Evans of Indiana with Mr. Erlenborn.
Mr. Fithian with Mr. Railsback.
Mr. Litton with Mr. Johnson of Pennsylvania.
Mr. Metcalfe with Mr. Roberts.
Mr. Evans of Colorado with Don H. Clausen.
Mr. Roush with Mr. O'Brien.
Mr. Hawkins with Mr. Esch.
Mr. Hightower with Mr. Ruppe.
Mr. Bergland with Mr. Mills.
Mr. de la Garza with Mr. Crane.
Mr. Staggers with Mr. Schneebeli.
Mr. Flowers with Mr. Eshleman.
Mr. Moffett with Mr. Skubitz.
Mr. Sikes with Mr. Wampler.
Mr. Jenrette with Mr. Treen.
Mr. Jones of Alabama with Mr. Walsh.
Mr. Flowers with Mr. Whitehurst.
Mr. Leggett with Mr. Bob Wilson.
Mr. Roybal with Mr. Winn.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the bill just passed.

The SPEAKER pro tempore (Mr. O'Neill). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

HOUR OF MEETING ON SATURDAY, MARCH 21, 1975

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. BAUMAN. Reserving the right to object, Mr. Speaker, could the gentleman tell us what business will be before the House tomorrow?

Mr. McFALL. If the gentleman will yield, the only business before the House tomorrow will be sending the tax bill to conference. The Senate is working on the tax bill now. They expect to be finished with it sometime in the middle of the evening, 8 or 9 o'clock. It will not be in condition to bring over here because there is a lot of staff work that has to be done, and it will take the staff 3 or 4 hours to get it ready, but it will be here at 10 o'clock.

Mr. BAUMAN. Does the gentleman contemplate we will be through tomorrow perhaps by noon on that basis?

Mr. McFALL. I would contemplate that the chairman of the House Committee on Ways and Means will ask unanimous consent immediately after the prayer, and unanimous consent will be granted, and the conferees will be appointed, and that should not take very long.

Mr. BAUMAN. I think it appropriate that the tax bill be handled immediately after the prayer.

I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. MICHEL. Reserving the right to object, Mr. Speaker, is the majority whip prepared at this particular time to give us a little general indication of what might be the prospect for us the first of next week?

Mr. McFALL. If the gentleman will yield for that purpose, I think we will have a full week. Of course, we cannot tell when the tax bill conference will be finished, but we will have that for one item. We know that we have the foreign aid conference report which was filed today. We will have the conference report on two of the rescission bills. There will be one deferral bill which was not a conference report, and I believe the school lunch bill will be ready to take up. Also, there will be the conference report on House Concurrent Resolution 133, the interest rate resolution.

So I would think that the 3 days that we will be meeting next week will be full.

Mr. MICHEL. I wonder if I might inquire about the Older Americans Act. Is the gentleman prepared to state whether or not that measure would be on scheduled for next week?

Mr. McFALL. That was on the calendar for this week, and the Speaker and the majority leader have not yet made a decision as to whether or not we would bring that up next week.

Mr. MICHEL. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, is there any possibility that the gentlemen on the other side of the aisle will have a motion to instruct on the conference?

Mr. McFALL. If the gentleman will yield for that purpose, we have been trying to determine that today. We have not found anybody yet who is prepared to do that.

There seems to be no desire to do that. However, we cannot guarantee that someone might not think during the thought period tomorrow morning between 8 o'clock when he gets up and when he comes here at 10 o'clock and he might decide to offer such a motion, but to date we have found no sentiment for that.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, I assume if there would be such a motion there would be a vote on that, I would presume.

Mr. McFALL. Assuming the unlikely prospect that such a motion tomorrow can come up, I presume there would be a vote on that.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California to come in at 10 o'clock tomorrow morning?

There was no objection.

THE FEDERAL RESERVE SHOULD BE AUDITED AND IT SHOULD COME TO CONGRESS FOR APPROPRIATIONS

(Mr. PATMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, this country is in deep economic trouble and the Congress and the executive branch continue to pussyfoot around about monetary policy and the Federal Reserve System.

I support short-range measures to deal with our immediate economic troubles, but we cannot have real improvement—or lasting improvement—until the Congress assumes its responsibilities to control monetary policy and the agency it created to carry out this function.

The Congress is weak in this area because it does not require the Federal Reserve to come to Congress for appropriations and it does not require an independent audit by the General Accounting Office of the activities of the System. We have a strong bill pending in the Domestic Monetary Policy Subcommittee of the Banking Committee which is being cosponsored by more than 100 Members of the House and this is scheduled for hearings immediately after the spring recess.

We must do something about requiring this agency to come to Congress for appropriations—for the same kind of review every other agency of the Federal Government undergoes. This will not happen, however, until we are willing to curb the procedures under which the Federal Reserve has amassed $85 billion in Government securities in the portfolio of the Federal Open Market Committee in the vaults of the New York Federal Reserve Bank. These bonds, which have been paid for once with the credit of the U.. Government, have not been canceled and instead draw about $6 billion in interest annually from the U.S. Treasury—tax money. The Federal Reserve System uses this huge slush fund—the $6 billion in interest payments on these bonds—to carry out its far-flung operations without audits and without appropriations review.

These bonds should be canceled—or at a minimum made non-interest-bearing—and the Federal Reserve required to come to Congress for appropriations. It has long been my contention that it is illegal for the Federal Reserve to operate its functions under this kind of financing.

Article 1, section 9, of the U.S. Constitution states:

> No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

This language is clear. No ifs, ands, or buts. Nonetheless, the Federal Reserve continues to operate on money which has not been appropriated for those purposes and this is something that should be stopped by the Congress.

More importantly, audits—independent audits—and the appropriations review would, for the first time, truly make the Federal Reserve System accountable to the people and their elected representatives. Then we would start getting monetary policy which is consistent with the economic goals of the Nation and we could start putting people back to work.

SOUTH VIETNAM—A VOICE CRYING OUT FROM THE WILDERNESS: FATHER JOHN TABOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Hampshire (Mr. CLEVELAND) is recognized for 15 minutes.

Mr. CLEVELAND. Mr. Speaker, I have recently received a copy of a letter addressed to the President of the United States and to the House of Representatives from a constituent, Father John Tabor, who is a priest in Da Nang, South Vietnam.

Following distinguished service with the Seabees in South Vietnam, he studied there for the priesthood, and last summer he was ordained at St. Patrick's Church in his native Jeffrey, N.H.

I believe his eloquent plea to this body and to the President of the United States is deserving of thoughtful consideration by all Members of the House. For this reason, at the end of my remarks, I will include Father Tabor's letter and my own answer, along with the editorials referred to in my answer.

Having committed his life to that unfortunate country in which he served as a serviceman and is now serving as a priest, the plea of John Tabor is, it seems to me, like a voice crying out from the wilderness. I can only hope and pray that his plea, which is but an echo of hundreds of thousands more which cannot be heard, will be heeded.

THOUSANDS FLEE FROM COMMUNISTS

As one reads of the countless thousands of South Vietnamese who are fleeing from the Communists and toward the Government of South Vietnam, it seems to underscore his eloquent message. It puts to shame those who would explain their unwillingness to help South Vietnam by saying that its government is unpopular or perhaps corrupt. Although admittedly we have many experts in government corruption here in this country, whether or not the South Vietnamese Government is perfect or not is beside the essential point. We do have continuing obligations there, and to ignore them would be very wrong and terribly sad.

The articles follow:

PHU THUONG PARISH,
DA NANG DIOCESE,
REPUBLIC OF VIETNAM, *February 4, 1975.*

DEAR MR. PRESIDENT, MEMBERS OF CONGRESS: I am John Tabor, an American citizen, living in South Vietnam. I have resided here for the past ten years.

After obtaining an honorable separation from active military service, I voluntarily remained here in Vietnam to preach religion and try to help the needy but lovable Vietnamese people.

I took my philosophical and theological training at St. Joseph Major Seminary in Saigon. I was recently ordained to the Holy Priesthood (June 29, 1974) back in the states, at my home town parish, St. Patrick church, Jaffrey, New Hampshire. I am presently offering my life and services to the Vietnamese, particularly the Vietnamese of the Da Nong diocese, administered by The Most Reverend, Peter Pham Ngoc Chi.

During the ten years I've sojourned in Vietnam. I have had numerous occasions to associate and converse with many different sects in society.

I have lived with the Vietnamese, perceived and experienced the vicissitudes of the past, continually struggle in perseverance of the present, and hopefully await Peace and True Freedom for the future.

I can vividly recall sights and experiences (I've witnessed) I could elaborate on in length; however, I honestly do not think many Americans could actually visualize or apprehend the acute factual reality of the Communist 'justified means'! Why?? Because of the unilateral distortion by the news media in the United States and the Free World countries. Secondly, the lack of a tangible existence in an immature communist infested country of Asia. The communist of the Western World have gone through their fetus and maturation in a civilization influenced and conformable to christian moral values and ideology. The communists here in Asia are not under such favorable conditions.

Mr. President, Members of Congress, the South Vietnamese are striving to secure the very essential human and moral values our whole western civilization exist on: Freedom and Liberty from constraint!

We can not relinquish the Republic of Vietnam. The frontier we have, and must continue to look upon as the decisive turning point in the history of the Free World's determination to live in true Freedom and Liberty, not domination and human alienation under communistic inhumanity!

May God Bless you and your efforts to bring about a true World Peace.

Very Sincerely, I am,
Rev. JOHN W. TABOR.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 20, 1975.

Rev. JOHN W. TABOR,
Phu Thuong Parish, Da Nang Diocese, Republic of Vietnam

DEAR REVEREND JOHN: Thank you very much for sending me a copy of your letter to the President of the United States and to Members of Congress. Having followed your career with much interest, your letter is particularly meaningful to me.

I want you to know that I have read and reread your letter with much care and concern. I wish that I could be more optimistic about the situation, but unfortunately I don't feel that the American public has been fully and fairly informed about the situation in South Vietnam and some of this may well be due, as you suggested, to distorted reporting by the media.

On a hopeful note, however, I do detect an increasing sense of responsibility and objectivity by important sections of the media. With this letter, I am sending your recent editorials from the NEW YORK TIMES (March 16, 1975), the WASHINGTON STAR (March 17, 1975), and the WASHINGTON POST (March 19, 1975). I hope you will be heartened to note that the editors of these three publications are unanimous in suggesting that we do have an important and continuing commitment in South Vietnam which we simply should not ignore.

Unfortunately, here in the House of Representatives, the Democratic Caucus voted by an overwhelming majority (189–49) in one of their secret sessions that there would be no additional assistance for this fiscal year to either Cambodia or South Vietnam. This underscores an unfortunate linkage between the situation in Cambodia and South Vietnam although there are important differences between the two suitations. The Caucus action was widely reported. Its effects on South Vietnam are incalculable.

The problem has been worsened by a mounting wave of isolationism in the United States, exacerbated by our economic depression and a mounting realization that with many unresolved problems at home the United States of America must be highly discriminating in its expenditures in foreign countries. Many of the countries throughout the world which we have assisted have shown little appreciation for our assistance. Among examples of this would be the manner in which the OPEC countries arbitrarily increased the price of their oil and the manner in which the third world countries continue to scold us in the United Nations.

To conclude on a hopeful note, the enclosed editorials give some glimmer of hope that our country may regain perspective and live up to its obligations to South Vietnam.

With respectful best wishes,
JAMES C. CLEVELAND,
Member of Congress.

[From the New York Times, Mar. 16, 1975]

AID TO INDOCHINA

Regarding the military future of South Vietnam, and United States responsibilities in that scarred land, there is no room for ideological certitude—neither for the familiar disaster threats of the Administration nor the Congressional Democrats' sweeping rejection of further military aid to Indochina this year.

Instead of posturing by the politicians (with an eye on 1976) to shed blame for anything that may go wrong, what is needed now is a compromise aid program—devised jointly by Administration and Congressional leaders—to phase down American military aid on an orderly timetable to which both policymaking branches can be committed and for which they would share responsibility.

The Democratic caucuses in House and Senate have trapped themselves in the fallacy of regarding urgent military aid to Cambodia and South Vietnam from the same perspective. Though obviously related, United States obligations in the two situations are quite different, as is the degree of military threat which each confronts. In contrast to Cambodia, it is not too late in Vietnam to revive the political machinery that all sides accepted in the Paris agreements two years ago.

* * *

A responsible policy for the United States would be to maintain, consistent with the Paris agreements, the minimum military support that Saigon needs to avert the deterioration that occurred in Cambodia, while at the same time restoring political options that for too long have been rejected in favor of a military solution. Congress and the Administration need to settle on the middle ground between undermining the Thieu government before such a renewed dialogue even gets under way in earnest, and providing such fulsome and open-ended military strength that the South Vietnamese leader would see no real reason even to attempt compromise—either with his domestic political opposition or with the enemy in the field.

President Ford has signaled a willingness to prepare a scheduled and orderly phase-down of American military aid to Saigon over the coming three years. The actual duration of such a program and the amounts to be appropriated would have to be carefully negotiated between executive and legislative branches, taking account of the valid concerns of both.

In the present mood, with suspicions of a new credibility gap opening on the Administration's pronouncements on Indochina, no such cooperative action will be possible so long as the only prospect in sight is intensified warfare on the vague chance that better days might yet come. If there is to be continuing support for the South Vietnamese under attack, this can come only in parallel with a renewed dialogue among the opposing forces aimed at political, rather than military, decisions.

[From the Washington Star, Mar. 17, 1975]

THE SAD STORY OF CONGRESS AND AID FOR INDOCHINA

There is something terribly sad about the apparently adamant refusal of Congress to vote funds for the continued defense of Cambodia and South Vietnam. And what is saddest of all is that so many people are hailing this decision as a kind of moral victory for the forces of rightiousness and liberalism in the United States.

A great many things, of course, contribute to the prevailing frame of mind. There is the widespread disillusion and revulsion left over from the American intervention in the war in Indochina, which has always forcused its hostility on the regimes that happened to be in power in Saigon or Phnom Penh. There is the loss of faith in the executive leadership of the nation—enormously compounded by the Watergate affair—which makes virtue of any congressional rebellion against presidential authority. There is a perception on the part of many individual senators and congressmen of a growing isolationist mood in the country, particularly when it comes to spending taxpayers' money on what are deemed to be lost foreign causes.

We are not insensitive either to the arguments that apply to the situation in Cambodia, and no doubt in the minds of many to Vietnam as well. To us as to them, it seems improbable that sending a few more hundreds of millions of dollars will drastically change the course of the war. Cambodia, in all probability, is past saving; the best that can be hoped for there is some kind of negotiation that might offer a measure of protection to the civilian population and the remaining members of the government armed forces. South Vietnam, it would seem, is still in a position to defend itself and survive as a free nation. But the effort will require a great deal more in the way of American support than the Congress—and perhaps the American people as well—are willing at this point to supply.

The general feeling is quite simply: What's the use of going on? Some of course have long been committed to the inevitability of a defeat in Indochina and are looking forward to the deluge. For others, the motivation is not wholly ignoble—in their view, cutting off aid to our allies is something like cutting off oxygen to a dying patient, to spare these long-suffering people more agony. We have talked ourselves into the idea that, in supplying Vietnam and Cambodia with the means of defending themselves, it is we who have instigated and perpetuated the war and it is our obligation to end it. "Are you asking for surrender, then, Mr. Fraser?" asked Robert S. Ingersoll, undersecretary of state, at a critical meeting of the House Foreign Affairs Committee. "Yes," replied the congressman from Minnessota, "under controlled circumstances, to minimize the loss of life."

In our view, this oddly ethnocentric concept of the Indochina War is one of the more grotesque historical concepts. One way or another—with or without outside help and regardless of ideological differences—the people of South Vietnam and Cambodia have been struggling for their freedom and national identity, not just for years, but for centuries. For most of the world's history, it has been considered a brave and noble thing for a people to fight to preserve their liberty. And one way or another, the fight will surely go on in a war which we did nothing to start and in which we have no right to impose a decision.

Yet it is sad beyond words to hear an American congressman vote with such evident conviction and self-satisfaction for surrender and defeat. For make no mistake about it, it is the United States—not the people of Cambodia or Vietnam—which will be performing the act of surrender. The world will draw the appropriate conclusions about the reliability of this country as an ally. And if this is bowing to some kind of "wave of the future," the future of this country—and of the world—will be very sad indeed.

[From the Washington Post, Mar. 19, 1975]

"A FIRM AND FINAL DECISION" ON VIETNAM AID

North Vietnam, which took its first South Vietnamese province in January, has gained control of three more—all in the long-contested, sparsely populated Central Highlands alongside the Cambodian supply roads. Although that leaves 40 provinces still pretty much subject to Saigon's authority, elsewhere in South Vietnam heavily-armed North Vietnamese troops are ignoring the Paris accords and pressing a major seasonal offensive. Saigon is severely embarrassed. But, for all that some Americans mistakenly compare its fix to that of Phnom Penh, it is far from disabled. Its recent losses should enable it to defend better the areas it still controls; and these include 90 per cent of the population and arable land. President Thieu's critics in Saigon and Washington may think his regime is not worth fighting for. But his army's heavy casualties indicate some willingness on the part of at least some South Vietnamese to fight on.

But for how long? President Thieu's difficult military situation in the Central Highlands and his difficult political situation on Capitol Hill increase the urgency, we believe, of another "final" effort at a Vietnam settlement. Just as it cannot be in the American interest to prolong the war, it cannot be in the American interest to end the war by panicking at the spectacle of local Communist advances and by arbitrarily and impetuously cutting off the aid that sustains Saigon. Abroad that would unnerve other nations which depend on the United States (some more, some less), and at home it would cause a degree of guilt and recrimination no less worrisome for not being subject to precise measurement in advance. Some middle way must be found, one that is politically feasible, strategically adequate and morally defensible as well.

The answer, we think, was suggested in passing the other day by President Ford at his Hollywood, Fla., news conference. "I'm willing to negotiate with the Congress," he declared. "If the Congress would join with me, we would make a firm and final decision on a three-year basis to permit South Vietnam to get over the current crisis that they face. I think that would be a reasonable solution. I am told that the South Vietnamese in a three-year period with our military and economic aid would be able to handle the situation."

That's it: a "firm and final decision" to help Saigon for three more years and then to accept the results, whatever they may be. The President ought now to conduct three-cornered negotiations with Saigon and the Congress to put the pieces in place.

No doubt some in Saigon would prefer an open-ended American commitment. But surely President Thieu is shrewd enough to see the advantages in terms of national pride and political realism of a final three-year-old commitment. That would give him enough time to decide whether to seek a comprehensive settlement (or province-by-province accommodation) with Hanoi while the United States was still around, or whether to plan on going it alone afterward. Hanoi would have to make its own calculations. Its need for a respite from decades of struggle, for reconciliation with South Vietnam, and for good relations eventually with Washington and with international aid institutions of which the United States is a member, would counsel against an attempt at a bloody kill. But if Hainoi did decide on a bloody kill Saigon would have three years to learn once and for all what it has to do if it is going to provide for its own security. One should not underestimate the potential effect of a flat and final deadline on Saigon's will and resourcefulness.

The Congress, we surmise, might welcome a three-year aid "treaty" with the Executive, unless, of course, the administration were so devious and insensitive as to think that it could stretch the deadline, in effect, by demanding huge increases in annual aid over the next three years. Such a "treaty" would likely satisfy the congressional consensus, which, as we read it, is to avoid either dumping President Thieu or carrying him indefinitely. It would also shrink, mercifully what remains one of the single most debilitating items of controversy in American public life in this century. We had previously urged the administration to offer Congress "a partnership of policy" on Vietnam. We now commend Mr. Ford for making the offer and call on him to show that he means it by putting forth the specific and realistic substantiating details.

WELFARE REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Crane) is recognized for 30 minutes.

Mr. CRANE. Mr. Speaker, this past Tuesday, March 18, 1975, it was my pleasure to participate in a press conference which introduced the National Welfare Reform Act of 1975 here in the Capitol. I was joined by a bipartisan group of cosponsors in presenting this bill (H.R. 5133, H.R. 5134, H.R. 5135) at a press conference on behalf of all 62 cosponsors.

Those in attendance at the press conference, beside myself, were:

Representative John J. Duncan, of Tennessee.

Representative Joe D. Waggonner, of Louisiana.

Representative Robert H. Michel, of Illinois.

Representative MARJORIE S. HOLT, of Maryland.

Representative DAVID E. SATTERFIELD, of Virginia.

Representative CLAIR W. BURGENER, of California.

Representative JAMES G. MARTIN, of North Carolina.

Representative L. A. "SKIP" BAFALIS, of Florida.

Representative JOHN H. ROUSSELOT, of California.

Representative CHARLES E. GRASSLEY, of Iowa.

Representative ROBERT E. BAUMAN, of Maryland.

Representative ROBIN L. BEARD, of Tennessee.

Representative DAVID C. TREEN, of Louisiana.

Mr. Speaker, I have called this special order to allow each principal cosponsor of this vital legisation to speak on its behalf.

Mr. DUNCAN of Tennessee. Mr. Speaker, as welfare rolls and corresponding costs have escalated rapidly in recent years, we have heard more and more talk about welfare reform. Everyone realizes there is a problem, but proposed solutions range from simply piling on more welfare programs to providing a guaranteed annual income for everyone to replace the myriad of programs we now have. I do not think any of these so-called solutions even begin to deal with the problem.

The bill we are introducing today, the National Welfare Reform Act of 1975, is quite different from past proposals for reform. Its goal is to stem the growth of the welfare rolls, not to increase it. At the same time, we want to insure that those who are genuinely in need of assistance are able to get it.

But above all, we believe that it is time that we limited public welfare to its original purpose, helping those who are really incapable of helping themselves. We do not believe that able-bodied citizens should be permitted to enjoy a relaxed lifestyle at the taxpayers' expense. This is especially true today, with taxpayers having to scrape hard just to maintain their present standard of living in the face of a declining economy and rampant inflation. To allow their tax dollars to be siphoned off by welfare recipients who are merely unwilling to work or by those who have become experts at receiving fraudulent benefits is unforgivable. The bill we are offering today will save the taxpayer an estimated $1.7 billion each year without hurting the truly needy recipients of welfare.

Mr. WAGGONNER. Mr. Speaker, it is a sad fact that every welfare reform proposal offered in recent years has promised nothing except an expansion of welfare at a cost of many billions of dollars. This is a reform proposal that is uniquely concerned with helping those who, for reasons beyond their control, cannot not help themselves, while saving tax dollars.

The legislation is concerned primarily with the AFDC program. AFDC is the most expensive single welfare program operated by the Federal Government, and one of the reasons why can be seen by a quick look at the way in which AFDC recipients with income are given benefits.

Some years ago, the Congress tried to rework the AFDC program a little in order to provide an aid recipient an incentive to get a job and go back to work. We adopted a law which allowed that person to deduct the first $30 of his outside income each month, plus a third of the remainder of that outside income, before figuring up his income for the purpose of deciding his eligibility for AFDC benefits. We also allow him or her to deduct "work-related expenses," such as union dues, day care costs, and car payments from income before calculating eligibility. The intent behind these provisions was good; we wanted to encourage recipients to get back into productive employment. But they became a Pandora's box. We now know of literally tens of thousands of instances throughout the United States where individuals using quite legal deductions are able to continue receiving welfare benefits under AFDC even though they have annual incomes of $10,000 or even more.

To deal with this obvious inequity in the law, we are preparing several remedies in this bill. One would limit eligibility to those making up to 150 percent of the "need standard" in gross income. Another changes the way in which work-related expenses are calculated; still another proposal would permit a standard work-related expense option to the current requirement for itemizing all such expenses. One other proposal will require a redetermination of eligibility for AFDC benefits for a recipient with outside income, without benefit of the "$30 plus a third" rule, after a single 4-month period of employment.

I think that these reforms are eminently fair and urgently needed. Surely no one can contend that a person making $10,000 a year should be eligible for welfare benefits of any sort. Placing an absolute limit on permissible outside income will not deprive the poor of the benefits they need, and neither will the other reforms we are proposing in this area. They will, however, save the taxpayer a very substantial amount of money. As a member of the Ways and Means Committee, I intend to work to see that we hold hearings on this measure in the near future, the sooner the better.

Mr. MICHEL. Mr. Speaker, it has become almost axiomatic in recent years that our welfare system is a mess. The assistance rolls are rife with persons who have no business whatsoever being there, while the truly needy do not get enough to maintain minimal standards of existence.

In addition, our present welfare programs promote the breakup of families and the breakdown of the work ethic. I believe that the maintenance of the family as the basic social unit is vital to the Nation, and that a welfare system which makes it profitable for recipient families to break up is a travesty.

I also believe that the erosion of the work ethic which has taken place in recent years is a major contributor to the losses in productivity which we have seen in this country, and which in turn have fueled the fires of inflation.

This legislation attacks all of these problems. By cracking down on welfare cheaters and correcting administrative inefficiencies, it will save a minimum of $1.5 billion. Much of this will then be available for those who truly need *it*.

The remainder will accrue to the taxpayers of America, who have been getting a raw deal too. Thus, we can do a better job of helping the poor and save tax dollars.

The challenge of welfare reform has always been to come up with a proposal that was comprehensive enough to really deal with the complexity of the problem, and that would be fair and efficient, as easy to administer as possible, and socially responsible. This legislation meets that challenge.

It is one of the most important bills to be offered in the Congress in the area of welfare programing in many years, and I earnestly hope it will be given early consideration in this session of the Congress. We hope to be able to offer similar legislation on the Senate side in the very near future, once again with bipartisan sponsorship, and plan to coordinate our efforts with legislators at the State level throughout the country. This is a very serious, major proposal, not to be taken lightly. We are not introducing the bill just to exercise our lungs or to get a little fleeting publicity. We intend to fight for these reforms until they are signed into law.

Mrs. HOLT. Mr. Speaker, it is a pleasure for me to be able to join in this truly bipartisan effort to bring about badly needed and seriously overdue welfare reform at the Federal level. The fact that many members of the Ways and Means Committee are among the cosponsors of this bill is ample evidence that it is a measure to be taken very seriously by legislators and news media alike.

It is my firm belief that conservatives and moderates of both parties must work together to restore fiscal sanity to this country, and this legislation is a step in the right direction. No program of Government should escape pruning as we try to escape the growth of an inflationary budget deficit that could exceed $70 billion in the next fiscal year.

Nowhere should that pruning be easier than where outright fraud exists in the collection of welfare benefits. Some who pooh-pooh efforts to crack down in this area contend that fraud occurs in only 1 to 3 percent of the total caseload. But that figure is based only on convictions, and the actual incidence of fraud is much higher. A 1969 study conducted by a national accounting firm in California found potential fraudulent activity in as much as 15 percent of the caseload. And in any case, even small percentages translate into tens of millions of dollars lost in a program as large and expensive as AFDC.

In the bill which we are introducing today, we propose a system of standardized photoidentification cards for welfare recipients in all areas, from AFDC to food stamps to medicaid. Such a system is already being tried in many jurisdictions, and is proving successful in heading off the fraudulent receipt and outright theft of welfare checks. We also propose Federal participation in bearing the costs of local efforts by law enforcement agencies to curb fraud. We propose that strikers, who are voluntarily unemployed, be ineligible for welfare benefits under AFDC. And finally, we propose that the support of aliens be the responsibility of the Federal Government. The problem of illegal aliens on the welfare rolls has become a very serious problem in several areas, and their receiving benefits is, in fact, illegal. But experience has shown that the Federal Immigration and Naturalization Service has given too little attention to the problem of aliens who receive public assistance. The assumption of that obligation by the Federal Government ought to provide the needed incentive to come to grips with the severe burden which these illegal recipients now place on the AFDC program.

Every moment we delay in putting these reforms into effect is costing the American taxpayer millions of dollars. If our entire package is implemented, we expect to save more than $1.7 billion a year in Federal expenditures. Let me reemphasize that none of this is at the expense of the truly needy—their benefits will continue or even increase.

Mr. SATTERFIELD. Mr. Speaker, it is a fact that the number of Americans receiving welfare payments has increased at an incredible rate in recent years. The principal focus of the welfare reform act is upon the program of aid to families with dependent children, the category of welfare which has been the most costly and subject to the greatest abuse. The AFDC caseload, which doubled in the decade ending in 1965, had doubled again by 1970.

One aspect of the program which requires specific attention is that a parent who is a recipient of AFDC payments who also receives a lump-sum payment, such as a temporary disability payment or life insurance or workman's compensation is not now required to apply such funds toward his living expenses. At the present time he can spend such money as he wishes without any adjustment in his welfare payments. This has happened.

To correct this situation our bill would require the aid recipient to use these lump-sum payments as part of living expenses over a given period of time and that AFDC payments be adjusted downwards consistent with a needs standard until the lump-sum has been dissipated.

This bill attempts to deal with another problem which crops up from time to time concerning recovery of overpayments of AFDC benefits. Under existing law an overpayment which is occasioned by administrative error or a failure by a recipient to report a change in circumstances cannot under any circumstance be recovered in whole or in part. We propose to require recoupment of overpayments consistent with a reasonable repayment pattern which will insure that no hardship will result.

Among the proposals in the bill whose objective is to reduce the unnecessary expenditure of Federal funds is one which would preclude federally funded attorneys from requesting and receiving at public expense court awarded attorneys fees. There have been incidents where federally funded legal aid and poverty attorneys, in addition to their regular salaries, have received court-awarded fees for handling cases in their regular line of duty. We feel this "double dip" at public expense is improper and should be eliminated.

I want to emphasize the fact that none of the proposals contained in this bill will harm the needy. Clearly we do not want to do that. Instead it will help to preserve the basic concept of public welfare assistance to help those who are truly in need and who cannot help themselves. The bill has been carefully drafted so as to insure that legitimate welfare recipients will continue to receive needed benefits. What we are attempting is to tighten Federal law in this area so as to preclude recipients or other connected with the welfare program from receiving help for which they do not in fact qualify or which is more than their fair share.

Mr. BURGENER. Mr. Speaker, the bill we are introducing bears a certain similarity to welfare reform measures which have been adopted by several States, including my home State of California. This similarity is no accident, inasmuch as the bill was drafted with an eye toward those reforms which have proved successful in California, New York, and other States. We believe that the bill is complimentary to those State reform efforts, and that it completes on the Federal level the changes which were begun in California and elsewhere.

In 1971, while I was serving in the California State Senate, Governor Reagan asked me to act as lead author of the legislation required to implement the State reforms. In the process of carrying this legislation, I learned a great deal about the operation of the welfare system—including the limitations which Federal laws placed on States desiring to reform their programs. The success of the California reforms were dramatic: When we began, the welfare caseload in our State was rising at a rate of 40,000 a month until the reform act became effective in March 1971. Not long afterward, the caseload started declining by 8,000 a month. And through all of this, there was no reduction in benefits to the truly needy; in fact, we were actually able to increase benefits for them by an average of 40 percent.

We have done about as much as we could in California without additional changes in Federal law. The bill before you is designed to make those changes at the Federal level and enable States like California to finish the job of fashioning a welfare system which helps only those who really need help, and provides the way and the incentive for all who are able to return to productive employment in the private sector.

We cannot, literally, afford to ignore the fact that there are hundreds of thousands of welfare recipients who are today receiving benefits far beyond the original intent of the legislation which established AFDC, and that there are thousands more getting benefits who should not be on welfare rolls at all. The money that these people receive does, in fact, limit the amount we can provide to the truly needy, and that situation must be changed.

This bill is a vital first step toward reforming America's welfare system, and it is a major step. We will be offering other bills dealing with different areas of the welfare system during the months to come, and we hope that in the not too distant future we can establish some rationality to the way in which the welfare system is run. We hope, too, to be able to go to the taxpayer and be able to say: We have done everything in our power to see that your tax dollars are being utilized in the best and most efficient manner possible in this program. The sad fact is that today, such a statement is far removed from the truth.

Mr. BAFALIS. Mr. Speaker, the problem of getting fathers to live up to their family responsibilities is one all too well known to anyone who studies the welfare system in this Nation.

Every time a father deserts his family or for some other reason refuses to live up to his obligations, it adds to the burden the working men and women of this country are forced to shoulder.

And that burden is already substantial, totaling hundreds of millions of dollars each year.

Unfortunately, this has been an area which everyone has discussed, but without coming forward with any reasonable solution.

The bill we are proposing is one which attempts to do something about the problem.

We can begin by tightening up considerably the definition of "continued absence" of one of the parents, which is used in the deprivation test for eligibility. As the law now stands, the temporary absence of a parent, even through a job-related duty assignment or the like, qualifies the other parent for an AFDC grant. We propose to limit eligibility to those cases where the absent parent is away because of desertion, abandonment, divorce, legal separation, institutionalization, or incarceration, but not where he or she is absent temporarily because of employment.

This problem is particularly severe, by the way, in the instance of some members of the armed forces. Some military men apparently just refuse to support their families back home. And, by virtue of the fact that a serviceman is stationed away from home, he is considered an absent parent, qualifying his family for AFDC. We propose to change that, to require military personnel, when separated from their families, to have a support allotment automatically deducted from their pay and forwarded to dependents.

We also propose sanctions against willful and knowing misuse of an AFDC grant by the parent. The institution of criminal sanctions would, we believe, deter the use of welfare funds for purposes other than that of supporting the eligible needy children and their caretaker.

The need for quick action in this regard is evident to anyone who studies the proposed fiscal 1976 budget. One hundred and thirty-five billion dollars—40 percent of the total budget—is earmarked for various welfare programs with direct payments of individuals. That is double the cost of just 5 years ago—and a 6,800-percent hike since aid to dependent children was inagurated in 1936.

It is time to call a halt to burdening the productive men and women of this country with those who do not want to work.

The actions we propose can and should rightfully be instituted at the Federal level. They will not deprive those in genuine need, but they will insure that our tax dollars are not used to support families which rightfully should be supported by the employed heads of those families. Other family responsibility problems, such as tracking down absent fathers who are not making the required support payments, will continue to be a local responsibility.

But these reforms will help, and they merit quick action by the Congress.

Mr. MARTIN. Mr. Speaker, it has been mentioned that there are several features in this bill that are very desirable if we are going to be productive in the way of welfare reform. Several who have spoken already have touched on the fact that it would, for one thing, remove benefits from people who are ineligible but who have been able, through fraud and deception and theft, to receive assistance. This bill would provide a tougher enforcement mechanism that would remove them from a program that they are not entitled to in the first place.

This would do another thing: It would shift the eligibility standards for some people who are now legally eligible but who in our opinion should not be. This would mean strikers, people who are out of work by their own choice, people with adequate income to be self-sustaining and who, therefore, have no real need for this kind of support would no longer be eligible.

It also creates stronger work requirements for recipients and requires them to move into available employment, and in this way allows us to do two other things that have been touched on: First, to provide more help for the people who are truly needy, and second, to save the taxpayers billions of dollars.

I think this is a very workable and worthwhile program which has been tested out in California as CLAIR—Mr. BURGENER, California—and others have pointed out, and in New York and West Virginia.

In order to succeed, of course, it has to work in all of the 50 States, and there are three things that are necessary if we are going to succeed:

First. This has to be a bipartisan effort, and as you can see from the list of cosponsors here today, of the 62 Members who are now cosponsors, there are 54 Republicans and 8 Democrats.

Second. We also have to get similar legislation in the Senate and we are working with the Senate Finance Committee to come up with a similar bill on that side of the Capitol so that we can move forward together.

Third. At the same time, there is going to be needed legislation at the State level and while some States have already moved in this direction, we know that in at least 10 States companion legislation is currently being drafted and will be introduced within the next month.

I personally hope that we can do what is needed in North Carolina as well, which is my State.

Mr. VANDER JAGT. Mr. Speaker, one area where experience has clearly shown that improvements can be made in the AFDC program which produce a positive step toward achieving a reasonable and realistic goal is a work requirement program. Too many in the welfare bureaucracy and among legislators at all levels forget that the goal of a successful welfare program ought to be getting people off welfare and into productive employment again. Through this bill, we propose to give meaning to that goal.

Some steps have already been taken in this area, of course. The work incentive program enacted in 1967 and the more recent Talmadge amendments require registration for manpower services, training, and employment. We propose to add a refinement which is another of the successes first achieved in California: community work experience programs. The bill would amend the Social Security Act to make clear that States may require such a work experience as a condition for receiving an AFDC grant. It would come into play if none of the other programs are successful, and require a recipient to work up to 80 hours a month in public service employment in return for his welfare check.

The benefits of such a program are many; the recipient learns work habits and skills, provides meaningful contributions to the community, and enables the children of the parent to see him maintain regular work hours as a daily event. The work need not be, and should not be, "make work." Rather, it can provide the community with positions it might find desirable but otherwise could not afford, such as playground attendants, nurses aides, library assistants, and any of a number of other useful tasks.

Where this sort of program has been tried, we have found a measurable improvement in the placement of welfare recipients in regular employment, and the departure from welfare rolls. This sort of achievement should be our principal and overriding goal in the operation of a public welfare system, and this and other related proposals in this bill point us in the right direction.

Mr. CRANE. Mr. Speaker, I would now like to insert a list of all cosponsors of the National Welfare Reform Act of 1975 as well as a brief summary of the main provisions of the bill:

List of Cosponsors

Bill Archer (Texas).
William L. Armstrong (Colorado).
L. A. (Skip) Bafalis (Florida).
Robert E. Bauman (Maryland).
Robin L. Beard (Tennessee).
James T. Broyhill (North Carolina).
Clair W. Burgener, (California).
Omar Burleson (Texas).
Bill Chappell, Jr. (Florida).
Donald D. Clancy (Ohio).
Del Clawson (California).
James M. Collins (Texas).
John B. Conlan (Arizona).
Philip M. Crane (Illinois).
Dan Daniel (Virginia).
Edward J. Derwinski (Illinois).
Samuel L. Devine (Ohio).
William L. Dickinson (Alabama).
John J. Duncan (Tennessee).
Jack Edwards (Alabama).
Edwin D. Eshleman (Pennsylvania).
Barry M. Goldwater, Jr. (California).
Wiliam F. Goodling (Pennsylvania).
Charles E. Grassley (Iowa).
Tom Hagedorn (Minnesota).
George Hansen (Idaho).
Andrew J. Hinshaw (California).
Marjorie S. Holt (Maryland).
Edward Hutchinson (Michigan).
Robert W. Kasten, Jr. (Wisconsin).
Richard Kelly (Florida).
Jack F. Kemp (New York).
William M. Ketchum (California).
Thomas N. Kindness (Ohio).
Robert J. Lagomarsino (California).
Trent Lott (Mississippi).
Manuel Lujan, Jr. (New Mexico).
James G. Martin (North Carolina).
Robert H. Michel (Illinois).
Clarence E. Miller (Ohio).
G. V. (Sonny) Montgomery (Mississippi).
Carols J. Moorhead (California).
John T. Myers (Indiana).
Ralph S. Regula (Ohio).
Ray Roberts (Texas).
J. Kenneth Robinson (Virginia).
John H. Rousselot (California).
David E. Satterfield III (Virginia).
Keith G. Sebelius (Kansas).
Bud Shuster (Pennsylvania).
Gene Snyder (Kentucky).
Floyd Spence (South Carolina).
Sam Steiger (Arizona).
Steven D. Symms (Idaho).
Burt L. Talcott (California).
Gene Taylor (Missouri).
Charles Thone (Nebraska).
David C. Treen (Louisiana).
Guy Vander Jagt (Michigan).
Joe D. Waggonner, Jr. (Louisiana).
Richard C. White (Texas).
C. W. Bill Young (Florida).

AFDC: The Need for Meaningful Federal Reform

Since its inception in 1936, the nation's aid to Families with Dependent Children has been growing at a dizzying rate. Caseloads have increased over twentyfold from December of 1936 to December of 1974. More significantly, the ratio of children covered by AFDC to the nation's population of persons under 18 years of age has grown substantially during that period, from one in fifty to one in eight presently. Nationwide, the proportion has more than tripled from 1960–1973. Further, by February of 1974, the ratio in a number of the country's large urban centers has grown even more alarmingly: Chicago and Detroit, one in five; New York and Newark, one in four; and St. Louis, Baltimore, Boston, and Washington, one in three.

It took fifteen years, from 1940 to 1955, for the AFDC rolls to double. Ten years later, the 1955 figure had doubled again and by 1970 those rolls had doubled once more.

Accordingly, the multiplying AFDC rolls have been accompanied by vast expansion of federal expenditures for the program. In fact, federal AFDC expenditures have risen over the last twenty years from over $545 million to well over $4 billion. The AFDC portion of the federal budget has risen 6800% from 1937–1974. The past decade alone has seen the federal government's participation in payments to families triple.

At every level of government, increasing fiscal distress has been experienced as this and a number of other public assistance programs have grown alarmingly. The results have been apparent not only in fiscal but in human and administrative terms: an invitation to generational dependency and an involvement in a growing and increasingly cumbersome bureaucratic maze.

In recent years, a number of states have undertaken basic reform of their own state codes, regulations, and administrative practices in an effort to bring the AFDC program under control. Caseloads were increasing without any regard, seemingly, for employment trends—continuing to escalate upward in periods of relatively full employment in the 1960's. During the period prior to welfare reform in California, welfare rolls were increasing at the rate of 40,000 a month. Since reform was instituted in that state, caseloads not only leveled off but actually decreased at the rate of approximately 8,000 per month.

One of the by-products of the rapidly escalating caseload phenomenon was the adverse effect it had upon grant levels. Grants remained constant—as, for example, in California from 1958 to 1971. The 1971 Welfare Reform Act in that state enabled a 27% increase in the maximum aid tables; instituted the first annual cost-of-living increase in that state in the children's program (and still one of only two states* to provide such a factor); and by 1974 had increased grants by 41%.

At the same time, at least 42 of the 58 counties in California were able to reduce their property tax rates, and overall savings to the taxpayer were estimated to exceed $1 billion between the period from 1971 to 1974.

Other states embarked upon similar reform efforts, tightening grant and eligibility requirements, strengthening child support provisions, instituting fraud control measures, and developing work requirements. But the experience of the state, country and city officials in the country has been that they can only do so much—that there remains a substantive body of law in the federal Social Security Act and accompanying DHEW regulations that perpetuates the irrational allocation of public assistance funds and serves as a barrier to complete reform.

The pages which follow detail a number of these. The legislative proposals do not pretend to be comprehensive in their scope. They do, however, offer a substantial opportunity to close a number of the remaining loopholes and provide the means to effect a more complete pattern of welfare reform than this nation has known to date.

SUMMARY OF RECOMMENDATIONS

AFDC recipients with income

Limit gross income eligibility to 150% of the needs standard.

Deduct work-related expenses *before* earnings exemptions.

Require eligibility to be redetermined without benefit of earnings exemptions for any individual who has earned income in four or more consecutive months and for any applicant or reapplicant.

Provide for a standard work-related expense option.

Improper beneficiaries of public assistance

Prohibit strikers from receiving AFDC.

Require assumption of fiscal responsibility for all aliens by federal government.

Require use of standardized photo-identification card.

Define "child" as one below the age of eighteen.

Provide 75% federal matching for local law enforcement fraud control costs.

Resource utilization

Require lump-sum benefits to be used to meet recipients' needs.

Allow adjustment of any overpayments from the grant.

Preclude federally-funded attorneys from requesting attorney's fees in litigation against public entities.

Eliminate the current 10% limitation upon vendor payments.

Define available income to include any for which the individual has only to file a claim and shared housing and utilities.

Family responsibility

Restrict definition of continued absence, to include only desertion, divorce, legal separation, institutionalization and incarceration, all in excess of thirty days.

Require military personnel to make and forward allotments of their pay for the support of their families.

Require support by non-needy person living with welfare family in amount it would cost him to support himself.

Require cross-check with state and federal income tax agencies to determine if non-needy person living with welfare family has claimed any of such family as dependents.

Require states to establish criminal sanctions for willful and knowing misuse of grant for purpose other than support of needy children and caretaker.

Preclude judges' waiver of arrearages in absent parent support.

Work requirements

Make it clear that states may require a community work experience program as a condition of eligibility.

Standardize sanctions against able-bodied employable recipients who voluntarily leave or refuse to look for or accept employment.

Administrative simplification

Simplify and decentralize the fair hearing process.

Eliminate the statewideness requirement for social services.

OVERVIEW

The proposals which are embodied in the National Welfare Reform Act of 1975 represent one of the most thorough and comprehensive revisions of the AFDC program yet suggested at the federal level. They have been derived from a careful evaluation of every loophole, every abuse, every possible resource that is present in the nation's largest cash assistance program.

If enacted, the proposal will:

Stop the practice of persons with high incomes remaining on the welfare rolls.

Eliminate from eligibility persons who should not benefit from tax-supported assistance at all and curtail opportunities for fraud.

Carefully identify outside resources that are available to recipients and require their utilization in a cost/beneficial manner.

Affirm the concept of family responsibility and strengthen child support requirements, in recognition of the fact that the parent who defaults on his family support responsibilities is a the heart of much of the welfare problem.

Strengthen work requirements and provide the states with needed latitude in designing effective programs to assist welfare recipients in the return to self-sufficiency.

Achieve administrative simplification and streamlining.

Permit a more rational allocation of resources to persons who are legitimately in need.

It is important to recognize that the recommendations are designed to curb areas of laxity:

They should not have an adverse effect upon recipients who are legitimately in need. In fact, as has been the experience elsewhere with welfare reform, genuine welfare reform frees tax resources in massive amounts which can be re-directed to areas of greatest need. This can be, at the discretion of the states, any one of a number of areas: direct increases in the grants to the truly needy, additional revenue to meet any caseload growth resultant from unemployment, additional child care, or whatever social assistance programs the states have found to be most cost/beneficial in alleviating dependency and meeting the needs of persons who, through no fault of their own, must rely upon public assistance.

The proposal demonstrates welfare reform in its most essential sense: Identifying areas where resources are misdirected or misused; closing loopholes; preventing fraudulent abuse of the system; and applying a fiscal and management oriented perspective that the taxpayer has a right to demand in the operation of a program that now exceeds $8 billion nationally.

GENERAL LEAVE

Mr. HYDE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of the special order today by the gentleman from Illinois (Mr. CRANE).

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Illinois?

There was no objection.

H.R. 4485

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 60 minutes.

Mr. FRENZEL. Mr. Speaker, there was an illuminating article in the local morning paper in which a newspaper reporter by the name of Richard Lyon accused the Democrats of putting the word "emergency" in front of every piece of legislation simply to get it passed. I note here for the record that both the bill before us and the $6 billion mess we passed last week both carry the word "emergency" in their titles. Mr. Speaker, I do not believe "emergency" is a valid excuse for sloppy legislative work or bad legislation.

A few comments about this bill:

First. It is a tremendous nonbudget expense in a deficit period;

Second. We have either waived, suspended, superseded, or amended the Budget Act. Whatever we have done to the rules, it is pretty well agreed that we have shattered, perhaps permanently, the Budget Act;

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*Massachusetts also provides an annual cost-of-living increase.

Third. We are spending through "the back door," and in so doing are breaking the second congressional commandment;

Fourth. We are assuming unfounded, unbudgeted and largely unknown future obligations;

Fifth. Because no one will buy a house until this program's regulations are in place, we will be preventing the housing industry from beginning its recovery for an additional 6 to 9 months; and

Sixth. We are taxing the poor to pay the relatively well off. We are levying our tax not only on the income of people who will still not be able to buy houses on this program, but we are levying the cruelest and most regressive tax of all—inflation upon the poorest of the poor who pay no other taxes but suffer the most because of our profligacy.

I am not quite sure how we are doing all this. We have either suspended our rules by less than two-thirds vote, or we have amended the rules without the Ramseyer rule. I am sure that what we have done is to write our own rules—the rules of majority convenience—or better, the rules of majority whim—as we go along. But, after we are told that this wholesale slaughter of rules is necessary for the majority, we are also told that it is unnecessary for the minority. Mr. Brown's substitute amendment has been determined to be not in order by another gracious ruling of our distinguished Rules Committee.

What we seem to be building in this 94th Congress is a repeat of 1965 where emergency Great Society programs were passed with great speed, little, if any, care and no minority participation. Those of us who have studied or experienced those epic times will remember it as the period when the "social pork barrel" began to reach its maximum development—a time when haste, waste, duplication, and overlap became badges of honor rather than symbols of shame. In short, it was the beginning of a congressional policy which has been escalated to the dizzying heights symbolized by this bill. That policy has been described by Pat Moynihan as taxing the poor to take care of the rich.

We have now recaptured those halcyon days, but we have improved them. Instead of a coordinated, wasteful, ineffective program, this year we are passing an uncoordinated, wasteful, ineffective program. Each committee is competing with every other one to see which can be the No. 1 hero.

The Appropriations Committee found ways to squander $6 billion. Agriculture had to be satisfied with only a half billion. Ways and Means spread out $21 billion, but—good news—it was a mere $5 billion over budget. Unfortunately the Senate has added another unbudgeted $10 billion onto it.

The Banking Committee will pass its billion-dollar boondoggle today, and do not think Education and Labor and Interstate and Foreign Commerce will want to be left out. They will be in soon curing their little corner of the recession with budget-busting programs of their own.

Never mind whether the programs work or are wasteful. Just pass them and get your Jack Armstrong recession-fighter's magic ring. It is all magic anyway, because we are paying for it with money we do not have. Worst of all, we may have to pay for it with money we cannot borrow.

Mr. Speaker, I do not have any great hopes that this bill will be defeated today. I do have some hope that it might be vetoed. I regret that previous commitments prevent my voting against it today.

REVENUE SHARING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. Young) is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, today I am introducing a companion bill to the one introduced by Senator Stevens of Alaska on March 4, 1975. This bill provides that 37½ percent of all revenues received by the United States from sales, bonuses, royalties, and rentals on naval petroleum lands be paid to the State within which the lands are located.

Additionally, the Alaska Native Fund as defined in section 6(a) of the Alaska Native Claims Settlement Act will receive 2½ percent of moneys received from sales, bonuses, royalties, and rentals on Naval Petroleum Reserve No. 4.

Although I strongly support H.R. 49 which would transfer management of Naval Petroleum Reserve No. 4 to the Department of the Interior, I am well aware of the controversy this proposal has engendered. The bill I am introducing today requires that even if management of the petroleum reserve is not transferred from the Department of Defense, land in the reserves would be placed on an equal footing with other federally-owned leased lands.

Under present law, 37½ percent of the revenues generated from leasing of public domain lands for development of oil, gas, or minerals are paid by the United States to the State within the boundaries of which the leased lands are located. If, however, naval petroleum lands are so leased the State within which such lands lie receives nothing. This is an inequitable situation which my bill would remedy.

It is of importance to this Nation that independence from foreign sources of oil be achieved as rapidly as possible. To this end serious consideration has been given to development of Elk Hills Reserve in California and Naval Petroleum Reserve No. 4 in Alaska. While Alaska recognizes and supports efforts to achieve energy independence it is, at the same time, necessary to recognize the impact such rsource development would have on Alaska and its people. Transportation of the oil and naural gas will require construction of a new pipeline. Community services will have to be expanded. New support facilities will have to be built. Schools, hospitals, and service agencies within the State are already overburdened.

Construction of the North Slope pipeline is presently having a tremendous impact on our State. Construction of a new pipeline would add to this burden. The State in 1976 will have an estimated budget deficit of nearly $300 million; without a fair portion of petroleum No. 4 revenues, it will become even more difficult for the State to meet is financial and social obligations. Alaska cannot and should not be asked to bear the economic and social costs of resource development alone. It is only equitable that it should share in the revenues in the same way as a State now enjoys the benefits of development of its public lands.

H.R. 5363

A bill to amend chapter 641 of title 10, USC, so as to require certain proceeds from the disposition of lands within the naval petroleum reserves to be made available to the States within which such lands are located

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 641 of title 10, U.S.C. is amended by inserting immediately after section 7433 of such title, the following new section:

"Sec. 7433A. Payments to the States.

"(a) On and after the date of the enactment of this section, all money accruing to the United States under the provisions of this chapter, including moneys received from sales, bonuses, royalties, and rentals of lands comprising the naval petroleum reserves, in connection with the production for domestic use of the oil and gas products from the naval petroleum reserves shall, notwithstanding any other provision of this chapter or of any other law, be paid into the Treasury of the United States, and 37½ % thereof shall be paid by the Secretary of the Treasury as soon as practicable after December 31 and June 30 of each year to the State within the boundaries of which the leased lands or deposits are or were located. Moneys received by any State pursuant to this section shall be used by such State for such purposes as the State determines to be in its best interests.

"(b) On and after the date of the enactment of this section, 2½ % of all such money referred to in subsection (a) accruing to the United States in connection with the production for domestic use of oil and gas products from naval petroleum reserve numbered 4, Alaska, and paid into the Treasury of the United States shall be paid to the Alaska Native Fund established by section 6 of the Alaska Native Claims Settlement Act for disposition in the same manner as that provided for other moneys within such fund. Payments to the Alaska Native Fund under this subsection shall be in addition to payments made to the State of Alaska pursuant to subsection (a) of this section."

(b) The analysis of chapter 641 of title 10, U.S.C., is amended by inserting after "7433. Disposition of royalties." the following:

"7433 A. Payments to the States."

INTRODUCTION OF LEGISLATION TO AMEND THE WATER POLLUTION CONTROL ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. Ginn) is recognized for 5 minutes.

Mr. GINN. Mr. Speaker, today on behalf of myself, Mr. Levitas, Mr. Cochran, Mr. Lott, and Mr. Gene Taylor I am inviting my colleagues to join us in cosponsoring legislation involving grants for construction of a publicly-owned waste water treatment projects. Our bill would change the allocation among the States of the recently released $9 billion in water pollution control funds which were impounded in fiscal years 1973, 1974, and 1975. President Ford directed that $4 billion of the $9 billion be released, and the decision of the U.S. Supreme Court in Russell E. Train against City of New York required that the remaining $5 billion be released.

The Environmental Protection Agency on February 27, 1975, announced in the Federal Register that it was allocating the $9 billion among the States on the basis of the distribution formulas in effect for the fiscal years when the funding was authorized. Our bill would require that EPA reverse its decision and reallocate the $9 billion on the basis of a formula based 50 percent on protected population and 50 percent on the latest EPA survey of State needs for waste treatment construction. This is the formula now recommended by EPA for future finding allocations. The formula is also supported by the majority of the water pollution control administrators of the various States.

We are sponsoring this legislation because we believe that it is essential that the $9 billion be distributed to the various States on the basis of the latest available data. Under the EPA allocation, many States will receive windfall allocations while most States will receive funding for only a fraction of their needs.

The allocation formulas used in fiscal years 1973–75 were based on the best data available at those particular times. But more detailed survey data has been compiled since then. For fiscal years 1973 and 1974, for example, the distribution to the States was based primarily on a 1971 analysis of State needs. More detailed and sophisticated surveys have since shown that the 1971 analysis does not accurately reflect State needs.

The Congress has always taken the stand that the funding allocation formulas for EPA grants are to be refined and adjusted on the basis of the latest available information. It simply makes no sense to distribute money by formulas which we now know to be outdated. And yet that is what EPA is doing with the $9 billion.

I urge my colleagues to consider these facts carefully and to join with me and Mr. Levitas, Mr. Cochran, Mr. Lott, and Mr. Gene Taylor in cosponsoring our legislation, which is identical to H.R. 4161 introduced recently by the entire Georgia delegation to the House of Representatives.

For the information of my colleagues, I include in the Record at this point the text of our legislation, a table showing the allocation of the $9 billion under the February 1975 decision by EPA as compared with the 50–50 formula, and a copy of the letter from Mr. Russell E. Train of EPA to the Speaker in which EPA endorses the 50–50 formula. The allocation formula chart includes in parenthesis the percentage each State would receive of the $9 billion under the EPA allocation and under our 50–50 formula.

The material follows:

H.R. —.

A bill to amend the Federal Water Pollution Control Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 205 of the Federal Water Pollution Control Act (86 Stat. 816; 33 U.S.C. 1285) is amended—

(1) by inserting following the fourth sentence thereof the following new sentence: "Any sums intended by this Act to be allotted for fiscal years 1973, 1974, and 1975, but which, pursuant to Presidential direction, were withheld from the initial allotment for such fiscal years shall be allotted among the States by the Administrator in accordance with regulations promulgated by him, one-half in the ratio that the population of each State bears to the population of all States, and one-half on the basis of table SP–3 in the final report to Congress dated February 10, 1975, entitled 'Cost Estimates for Construction of Publicly Owned Wastewater Treatment Facilities 1974 "Needs" Survey'."; and

(2) by striking out the last sentence thereof and inserting in lieu thereof the following sentence: "Allotments for fiscal years which begin after the fiscal year ending June 30, 1975, shall be allotted among the States by the Administrator in accordance with regulations promulgated by him, one-half in the ratio that the population of each State bears to the population of all States, and one-half on the basis of table SP–3 in the final report to Congress dated February 10, 1975, entitled 'Cost Estimates for Construction of Publicly Owned Wastewater Treatment Facilities 1974 "Needs" Survey'.".

COMPARATIVE DISTRIBUTION OF $9,000,000 ALLOCATION

	February 1975 $9,000,000 reserve allocation		EPA estimates, 50 percent needs, 50 percent population		Increases
Total	(100.00)	8,999.9	(100.00)	8,999.5	+1,396.4
Region I:					
Connecticut	(1.72)	155.1	(1.2946)	117.5	
Maine	(.87)	78.5	(.5185)	47.9	
Massachusetts	(3.29)	295.8	(2.8114)	259.9	
New Hampshire	(.86)	77.2	(.5927)	53.9	
Rhode Island	(.51)	45.6	(.4239)	37.8	
Vermont	(.25)	22.5	(.2400)	21.8	
Region II:					
New Jersey	(7.34)	660.8	(4.5391)	421.7	
New York	(11.62)	1,046.1	(9,2394)	844.8	
Puerto Rico	(.94)	84.9	(1,1378)	37.2	
Virgin Islands	(.09)	7.8	(.0562)	3.1	
Region III:					
Delaware	(.63)	56.4	(.3702)	33.6	
Maryland	(3.31)	297.7	(3,5537)	307.1	+9.4
Pennsylvania	(5.54)	499.0	(4.3671)	403.5	
Virginia	(2.80)	251.8	(.4239)	217.4	
West Virginia	(.66)	59.4	(1.7888)	148.7	+89.3
District of Columbia	(.81)	72.5	(.2239)	20.2	
Region IV:					
Alabama	(.49)	44.0	(1.269)	114.1	+70.1
Florida	(3.84)	345.9	(4.3189)	391.5	+45.6
Georgia	(1.31)	117.8	(2.2108)	199.4	+81.6
Kentucky	(1.01)	90.4	(1.4330)	125.8	+35.4
Mississippi	(.43)	38.7	(.8493)	75.8	+37.1
North Carolina	(1.23)	110.3	(2.2784)	205.1	+94.8
South Carolina	(.91)	82.3	(1.3783)	127.2	+44.9
Tennessee	(1.19)	107.4	(1.6703)	149.7	+42.3
Region V:					
Illinois	(6.35)	571.7	(5.1095)	461.4	
Indiana	(2.80)	251.6	(2.1624)	196.0	
Michigan	(6.96)	626.0	(3.9515)	346.5	
Minnesota	(1.91)	172.0	(1.6592)	147.8	
Ohio	(5.53)	497.2	(5.1405)	456.6	
Wisconsin	(1.61)	145.3	(2.0354)	181.9	+36.6
Region VI:					
Arkansas	(.44)	39.8	(1.0338)	89.5	+49.7
Louisiana	(.80)	71.7	(1.3524)	126.7	+55.0
New Mexico	(.17)	15.0	(.3457)	32.0	+17.0
Oklahoma	(.71)	64.3	(1.2911)	112.7	+48.4
Texas	(1.94)	175.0	(4.8608)	432.6	+257.6
Region VII:					
Iowa	(1.11)	100.0	(1.1721)	105.8	+5.8
Kansas	(.60)	53.8	(1.0572)	96.0	+42.2
Missouri	(1.75)	157.5	(1.9843)	183.4	+25.9
Nebraska	(.43)	38.5	(.5507)	52.2	+13.7
Region VIII:					
Colorado	(.48)	43.1	(.8367)	76.0	+32.9
Montana	(.14)	12.4	(.2368)	21.8	+9.4
North Dakota	(.03)	2.8	(.1985)	18.8	+16.0
South Dakota	(.06)	5.7	(.2035)	19.1	+13.4
Utah	(.24)	21.4	(.5307)	52.0	+30.6
Wyoming	(.03)	2.9	(.1275)	16.7	+13.8
Region IX:					
Arizona	(.21)	18.8	(.9490)	88.3	+69.5
California	(10.51)	945.8	(9.6374)	893.1	
Hawaii	(.55)	51.9	(.6724)	62.3	+10.4
Nevada	(.35)	31.8	(.3737)	33.7	+1.9
American Samoa	(.01)	.7	(.0154)	.7	
Trust Territory of Pacific Islands	(.03)	2.7	(.1839)	18.2	+15.5
Guam	(.07)	6.4	(.1186)	11.3	+4.9
Region X:					
Alaska	(.28)	25.3	(.4249)	42.2	+16.9
Idaho	(.21)	19.2	(.3817)	34.0	+14.8
Oregon	(.86)	77.6	(.9082)	83.5	+5.9
Washington	(1.15)	103.9	(1.5496)	142.0	+38.1

U.S. ENVIRONMENTAL
PROTECTION AGENCY,
Washington, D.C., February 10, 1975.
Hon. CARL B. ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I enclose our final report on the results of the 1974 Survey conducted Nationwide to estimate the costs of construction of needed publicly-owned wastewater treatment works. This report is submitted in compliance with Sections 516 (b)(2) and 205(a) of the Federal Water Pollution Control Act Amendments of 1972 (FWPCA), as further amended by Public Law 93-243.

The 1974 Survey was mandated by the law for the dual purpose of obtaining a comprehensive estimate of the cost of meeting the goals of the FWPCA, and of estimating these costs State-by-State as a possible basis for allocation of construction grant funds authorized after Fiscal Year 1975.

I submitted a Preliminary Report to the Congress on September 3, 1974, which included findings based on a limited review of the Survey questionnaires and an evaluation of State reports on the Survey. Following the Preliminary Report, EPA completed a detailed review of all State estimates.

There were three basic reasons for this more comprehensive review. The first was to identify and correct inadvertent clerical reporting inaccuracies. The second was to further evaluate State cost estimates that appeared to be excessive or otherwise deficient from the standpoint of technical validity. The third purpose was to consider the possible use of the estimates for allocation purposes and to identify data anomalies that would treat any State unfairly.

As a result of the review EPA found that there were wide differences in the approach taken by the individual States in projecting the level of effluent limitations they would impose within their States to meet the 1983 goals of the Act. Although under the Survey the States projected any level of treatment they deemed essential, the data distortions from those few States taking an extremely stringent approach appeared sufficiently large to have a potential adverse impact on the development of an equitable State allocation formula. An additional element of distortion occurred as the result of States deviating from the Survey Guidelines or from what EPA considers acceptable engineering standards.

The Agency has identified the extent of the unevenness in data and has developed a separate set of estimates that are considered to be more equitable and acceptable when viewed for their possible use in an allocation formula. These estimates were derived through a subjective Agency analysis and more closely portray the actual short-term treatment plant and interceptor requirements that would be met through funding programs in the immediate future.

Included in the final EPA adjusted 1974 figures which are presented in the attached report is $46 billion for Survey Categories I, II, and IVB that reflect the costs for the traditional Water Quality Program of treatment plants and interceptors. An additional $61 billion is included for Categories III, IVA, and V (Infiltration/Inflow Correction, Major Sewer System Rehabilitation, New Collectors and Correction of Combined Sewer Overflows). The State estimates for the new Category VI (Treatment and/or Control of Stormwaters) total $235 billion. Total costs for all categories reported in the Survey, therefore, come to $342 billion.

If after consideration is given to the state of data comparabiltiy, the 1974 Survey estimates are to be used for allocation purposes, only Categories I, II, and IVB are recommended for use. The Agency adjusted figures in these three Categories are considered to be sufficiently accurate for such purposes when viewed within the context of their overall National validity.

These figures are also felt to be adequate for use as an indicator of total National requirements. The cost estimates for the new Category VI (Treatment and/or Control of Stormwaters), are not considered useful as either an indicator of any long-term requirements, or for allocation purposes. The Agency adjusted cost estimates for Categories IIIA, IIIB, IVA, and V have limited value as an indicator of gross National requirements, but are not considered adequate for allocation purposes.

The uneveness of the estimates, even though adjusted through the final review process, leads me to recommend that any allocation formula should be further tempered by the inclusion of a population factor.

A new construction grant allocation formula is therefore recommended that would be based on an equal 50 percent division between population and the Agency adjusted cost estimates for use in allocating any new funds that might be authorized over and above those authorized in P.L. 92-500 for Fiscal Years 1973, 1974, and 1975. With regard to the $5 billion of currently unallotted funds, it is the intent to allot them pursuant to the 1973, 1974, and 1975 formulas in such a way as if they had been released in the time periods intended by the Act. Accordingly, I do not recommend the application of a new allocation formula to any of these reserve funds.

I would be pleased to discuss the results of this Survey at hearings or otherwise answer any questions which may arise.

Sincerely yours,

RUSSELL E. TRAIN.

H.R. 5047

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCFALL) is recognized for 5 minutes.

Mr. MCFALL. Mr. Speaker, I rise today to call the Members' attention to a bill, H.R. 5047, I introduced late Monday to place nearly all natural gas produced and marketed in the United States under the control of the Federal Power Commission.

Specifically, my bill would amend the Natural Gas Act in order to expand the jurisdiction of the Federal Power Commission with respect to the regulation of natural gas so as to give greater assurance that national and regional needs for natural gas are met in times of shortages of natural gas, and for other purposes.

The bill would give the FPC authority to establish a priority allocation system to make certain that natural gas gets to where it is most needed at the fairest possible cost to our citizens.

During recent weeks and months, Mr. Speaker, we have heard the natural gas industry, the administration, the FPC, and some voices in the Congress call for complete pricing deregulation of new sources of natural gas.

Supposedly, deregulation would allow the traditional market forces to prevail. Natural gas would eventually seek a price level, the tradition goes, that would assure producers and marketers a fair profit, and consumers a fair price.

Second, the deregulators say that freeing the price of natural gas would funnel this valuable resource from producer States, where there is plenty, to other States where the supply level is so low that future needs will not be met, and current needs are hardly met.

Clearly, Mr. Speaker, natural gas is a national resource, so vital to our economy and social well being that it should be available to all at a fair price, under a distribution program that is in the national interest.

The current pricing and distribution system is seriously lacking. I do not believe that deregulation will assure that improvements will be made in the national interest.

My bill, Mr. Speaker, provides a system of pricing and allocation that is in the public interest.

Let us review the present pricing and allocation practices.

At the present time, the natural gas supply is a feast or famine situation.

While many areas of the Nation search out enough natural gas to get through the winter, some natural gas producing States are running national advertisements inviting industries to relocate where there is plenty of natural gas.

What makes the difference? I believe the answer is that gas sold in intrastate commerce sells for about $1.70 per thousand cubic feet. Natural gas going into the interstate pipelines—those regulated by the FPC—is bringing about 50 cents per thousand cubic feet. Further, much of the supply is under long-standing, long-term contracts which bring the price range down to 20 cents per thousand cubic feet.

James L. Rowe Jr. reported 2 weeks ago in the Washington Post that:

> Currently the FPC regulates the price of about two-thirds of the gas produced in the country, some 13.7 trillion cubic feet of the 22.5 trillion consumed in 1973. The rest of the gas is out of federal control because it is consumed within the borders of the state in which it was discovered. This unregulated gas sells for substantially more than the gas that flows across state lines.

The result of this situation is predicable—less natural gas is leaving States in which it is found. A producer obviously would not place new natural gas in interstate pipelines, when he can get more than triple the interstate price by selling it in his own State.

Industries and consumers in producer States still pay a fair, though higher price for natural gas.

Still, with high usage—and perhaps wasteful usage of this resource—in producer States, they still face a natural gas glut, while other regions of the Nation starve for this resource.

The publication, U.S. News & World Report recently reported that:

> Pipelines, which carry 90 percent of the natural gas supply for 32 States, have had to turn increasingly to offshore wells, which are committed to the interstate market under terms of their Federal leases.

The onshore pipeline percentage of natural gas has shrunk from 75 percent to 33 percent.

We are in a period of National energy shortage, Mr. Speaker, and we need new sources of supplies, and a pricing system that is fair to the producer and the consumer.

Placing intrastate natural gas under the Federal Power Commission would free the existing supplies for national distribution.

Placing this resource under the Federal Power Commission would provide a system of pricing that is equitable to the producer and consumer.

Few would argue that the price of new natural gas should seek a new level, but this level should be controlled by an agency that is responsible to the American people.

I believe that it is the job of Congress, working in cooperation with the Federal Power Commission to protect the family energy budget.

I believe my bill would perform this vital task to the benefit of all concerned.

In recent weeks I have introduced a bill to increase the amount of energy available for use by creating a federally chargered corporation to explore and develop untapped energy offshore and in our heartland.

Moreover, I have introduced a bill to control the prices and profits of the major corporations.

I consider this new bill to be one more piece of legislation designed with the purpose of insuring the greatest possible economic equality and fairness for our people.

MODERNIZED PENNY POST CARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Gonzalez) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, I am reintroducing a bill in modified form today I first introduced in the 92d Congress. It is my belief that the need for this bill has only increased in the intervening years.

This bill would bring back the penny post card, or the modern equivalent thereof, making it possible for the poorest people in the land to communicate with their friends, family, perhaps even their Congressman.

I know the arguments presented against this proposal by heart—that it would cost too much money, that it would be used predominantly by business.

I find these arguments unconvincing. It does not seem impossible to me for the Postal Service to be efficient enough to handle post cards for a penny in a modern innovative way. If they cannot, surely this means of assuring every American the right to have his voice heard is worth subsidizing.

As to the argument that business and bulk mailers would swamp the Postal Service by their use of the modernized penny post card, the remedy is simple. Provisions could be added to assure that the penny rate would only be available for personal communication between individuals. Any commercial use of the penny post card could be avoided.

Surely we owe the people of America the right to communicate with each other at a cost that is not prohibitive. The high cost of communication by phone or telegraph makes those methods out of reach for many Americans, but the cost of postage has risen so high that it is too much for some people to pay.

We, in Congress, talk a lot about listening to the people, but unless we take action on the modernized penny post card, equivalent large groups of Americans will not be able to afford to be heard. Can we afford not to hear them?

IRS STATISTICS CONFIRM TAX AVOIDANCE OF NATION'S OIL COMPANIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Vanik), is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, the Internal Revenue Service has just released its preliminary report on corporation statistics of income for 1972. The report confirms what we have long suspected—our Nation's crude petroleum and natural gas mining corporations and petroleum refining and related corporations pay almost no Federal income taxes. The statistics read as follows:

Crude petroleum and natural gas mining companies

[In thousands]

Net income (less deficits)	$2,989,047
Income tax (total amount)	1,539,920
Foreign tax credit	1,392,714
Investment credit	18,677
Approximate total taxes actually paid to the United States	128,529

Petroleum refining and related industries and manufacturing corporations

[In thousands]

Net income (less deficits)	$5,924,761
Income tax (total amount)	2,305,854
Foreign tax credit	1,559,843
Investment credit	132,685
Approximate total taxes actually paid to the United States	613,326

It should be noted that the IRS statistics count the amount paid to foreign governments as part of the total income tax figure. I have subtracted those payments to foreign governments, because it has been well documented that most of these "taxes" are actually royalties or costs of production and not really income taxes at all. Recently, there was a major lawsuit against the IRS, protesting its rulings which have permitted these production payments to be counted as taxes. The suit was dismissed, not on its merits, but for lack of standing of the plaintiffs.

Mr. Speaker, while the IRS does not provide all the data necessary to compile precise percentages, in general, it appears that the oil mining companies are paying an effective U.S. income tax rate of 4.3 percent on nearly $3 billion in profits. The petroleum refining and related companies are paying an effective U.S. income tax rate of 10.3 percent.

I suspect that the same low tax rate still prevails, despite the enormous and growing windfall profits of the industry. Once again, these figures document the urgent need for oil tax reform.

HARDSHIPS FOR EMPLOYEES INVOLVED IN REASSIGNMENTS AND RELOCATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. Fisher) is recognized for 5 minutes.

Mr. FISHER. Mr. Speaker, last month a 53-year-old constituent with 23 years' Federal Government service contacted my office for help. He complained that, despite being 2 years away from retirement, he had been given 10 days official notice in which to decide whether to accept a cross-country transfer.

My office has been notified also of the merger of two Federal Government services necessitating relocation of offices and thus possibly leaving 50 current employees without jobs.

During these times of economic uncertainty, such reassignments and relocations can force extreme hardships on the employees involved.

The Washington metropolitan area, where most Federal offices have their headquarters, is obviously the most deeply affected by location decisions. Yet Congress has no central role here nor a regular source of information on such matters.

Today, I am introducing a bill to require the executive agencies and departments of the Federal Government to give Congress advance notice of certain proposed actions that would affect Federal civilian employment. These would include certain planned organizational or other changes which would result in the reduction, transfer, or relocation of an appreciable number of Federal civilian employees.

I am submitting this bill as a basis for discussion and formulation of perhaps more comprehensive legislation.

This bill would at least put Congress on notice when a move or other major change is planned. In this way, the Congress could participate in determining whether a particular change is consistent with a Government-wide location policy.

Since many of my constituents are affected by Government relocation decisions, this advance notice would be helpful. It would allow me to insure that my constituents also were given adequate notice of moves and that their concerns and needs regarding their own employment futures were given proper consideration. The bill would provide those constituents with a reasonable opportunity to seek further civilian employment with the Government in the same commuting area.

I expect to place this matter on the agenda of the Washington metropolitan area regional caucus in order that the views of my congressional neighbors might be heard.

PERSONAL EXPLANATION

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MIKVA. Mr. Speaker, because I was out of the Capital this afternoon on urgent official business, I was unable to be present to vote on two committee funding resolutions which were voted upon earlier today. Had I been present, I would have voted "no" on the motion to recommit House Resolution 267, providing funds for the Committee on the Judiciary, and "no" on the amendment to House Resolution 150 pertaining to the Committee on Rules.

FOR SALE: UTILITY INVESTMENT TAX CREDITS

(Mr. VANIK asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. VANIK. Mr. Speaker, the Tax Reduction Act, H.R. 2166, passed by the House on February 27, increases the investment tax credit—ITC—from 7 percent to 10 percent. For public utility companies, the ITC was increased by 250 percent—from the current 4 percent to 10 percent of capital expenditures. The current limitation of 50 percent of taxable liability that may be offset by the utilities' investment tax credits has also been increased to 100 percent, and carryback and carryforward provisions have also been liberalized.

All of these measures were instituted by the Committee on Ways and Means in an attempt to address two problems: First, supposed inadequacies in electricity production and money available to build utility plants and second, the need to generally stimulate the national economy—to create jobs.

Mr. Speaker, I argued that increasing the ITC for utilities would not accomplish either of these results. In fact, it amounts only to another Federal tax expenditure that would show little or no justification after it had become firmly rooted in the tax code. Since the annual increase in electricity consumption is down significantly, it appears that utilities will be given an incentive, through H.R. 2166, to build new and additional facilities that will not be needed. Additionally, since utilities are traditionally capital intensive instead if labor intensive, we can expect few if any jobs to be created with the hundreds of millions of dollars we will be giving utilities in ITC's.

In fact, Mr. Speaker, it has never been conclusively proven that an investment tax credit causes companies to make additional capital expenditures at all. Several responsible studies have been conducted—Wood and Panichi, 1965; McGraw-Hill, 1962; Castellano, 1972; National Industrial Conference Board, 1962; Rinfret Boston Associates, 1972—that suggest that an ITC has very little if any effect on industry capital spending plans.

Now, to add to the billions given away in H.R. 2166 in investment tax credits to all industries, a witness before the Ways and Means Committee last week suggested that the Congress consider legislation to allow utility companies to sell their excess tax credits. Don C. Frisbee, chairman of the Board of the Pacific Power & Light Co., testified on March 13:

> I think one simple and effective way Congress could make the investment tax credit available to all utilities, thus providing necessary cash to their construction programs, would be to permit utilities to sell their unused credits to the highest bidder, which I suggest should be another corporation so as to avoid problems inherent in the sale of tax credits to higher bracket taxpayers.
>
> We think that any legislation permitting the sale of tax credits should also provide that the proceeds from the sale not be taxed to the utility and that State and Federal regulatory bodies should be precluded from using the proceeds from the sale of the credit as a direct or indirect substitute for operating revenues in rate-making proceedings.

Mr. Speaker, Mr. Frisbee's statement that utilities have more tax credits than they can use is the most effective argument against the continuation of that tax break that I can think of. And not only does Mr. Frisbee want to be able to sell extra credits, but he wants the income from those sales to be tax free. As if that is not enough, he goes on to propose that the Congress not force State utility commissions to treat that income as everyday revenue—since such a measure could mean a decrease in the utility's rate base and a consequent decrease in charges to consumers.

I hope, Mr. Speaker, that the Congress will reconsider its earlier approval of the increased investment tax credit—particularly the ITC for utility companies. If our goal for the Tax Reduction Act is to get cash back in the hands of the public and to stimulate jobs, the investment tax section—title III—is not appropriate.

In the past, Mr. Speaker, I have proposed measures that would limit the application of the ITC to only the amount of capital expenditures above an industry's average new investment. If we continue to allow tax "incentives" for normal, everyday spending, we can no longer call the tax credit an incentive, but rather only a simple and indiscriminate subsidy, or an out-and-out gift from the Federal Government and the American taxpayers.

Mr. Speaker, I hope all members will give the continuation of the investment tax credit further thought.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PEPPER (at the request of Mr. O'NEILL), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HYDE) to revise and extend their remarks and include extraneous material:)

Mr. KEMP, for 10 minutes, tomorrow, Saturday, March 22, 1975.

Mr. DON H. CLAUSEN, for 5 minutes, today.

Mr. CLEVELAND, for 15 minutes, today.

Mr. YOUNG of Alaska, for 5 minutes, today.

(The following Members (at the request of Mr. PATTERSON of California) to revise and extend their remarks and include extraneous material:)

Mr. GINN, for 5 minutes, today.

Mr. MCFALL, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. VANIK, for 5 minutes, today.

Mr. FISHER, for 5 minutes, today.

Ms. HOLTZMAN, for 10 minutes, today.

Mr. SOLARZ, for 30 minutes, March 24, 1975.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. HYDE) to revise and extend their remarks and include extraneous material:)

Mr. GILMAN in two instances.
Mr. KEMP in four instances.
Mr. CRANE in five instances.
Mr. BOB WILSON in three instances.
Mr. ASHBROOK.
Mr. DERWINSKI in two instances.
Mr. DICKINSON in four instances.
Mr. MICHEL in five instances.
Mr. ROUSSELOT in two instances.
Mr. MADIGAN in two instances.
Mr. LATTA.
Mr. SYMMS.
Mr. BUCHANAN.

(The following Members (at the request of Mr. PATTERSON of California) and to include extraneous matter:)

Mr. GONZALEZ in three instances.
Mr. ANDERSON of California in four instances.
Mr. FRASER.
Mr. ASHLEY.
Mr. WOLFF in 10 instances.
Mr. MCDONALD of Georgia in 10 instances.
Mr. LLOYD of California.
Mr. DOWNEY in four instances.
Mr. MOORHEAD of Pennsylvania in 10 instances.
Mr. MAZZOLI.
Mr. ROSE.
Mr. GINN.
Mr. MURTHA.
Mr. MONTGOMERY.
Mr. RANGEL in three instances.
Mr. BLANCHARD.
Mr. ST GERMAIN.
Mr. FISHER.
Mr. BOLLING.
Mr. CONYERS.
Mr. HALL in two instances.
Mr. EDWARDS of California.
Mr. HAMILTON.
Ms. SCHROEDER.
Mr. MAGUIRE in 10 instances.
Mr. BALDUS.
Mr. DENT.
Mr. HAWKINS.
Mr. DODD.
Mr. ANNUNZIO in five instances.
Mrs. KEYS.
Mrs. SPELLMAN.
Ms. ABZUG in two instances.
Mr. SYMINGTON.
Mr. WIRTH.
Mr. GAYDOS.

SENATE BILL AND JOINT RESOLUTIONS REFERRED

A bill, and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1236. An act to extend and amend the Emergency Livestock Credit Act of 1974, and for other purposes; to the Committee on Agriculture.

S.J. Res. 15. Joint resolution to authorize and request the President to issue a proclamation designating May 13, 1975, as "American Business Day"; to the Committee on Post Office and Civil Service.

S.J. Res. 36. Joint resolution authorizing and directing the President to declare Aleksandr I. Solzhenitsyn an honorary citizen of the United States of America; to the Committee on the Judiciary.

S.J. Res. 56. Joint resolution to authorize and request the President to proclaim April 6, 1975, as a day of observance of the thirtieth anniversary of the liberation of the survivors of the holocaust; to the Committee on Post Office and Civil Service.

S.J. Res. 57. Joint resolution to authorize and request the President to proclaim the Month"; to the Committee on Post Office and Month", to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. PATTERSON of California. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 25 minutes p.m.), under its previous order, the House adjourned until tomorrow, Saturday, March 22, 1975, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

632. A letter from the Under Secretary of Labor, stating the opposition of the Department of Labor to the provisions of the Older Americans Amendments of 1975 (H.R. 3922) which would extend the Older American Community Service Employment Act for 4 years with authorizations totaling $700 million; to the Committee on Education and Labor.

633. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to authorize a U.S. payment for the fiscal year 1975 to the United Nations for expenses of the United Nations Force in Cyprus; to the Committee on International Relations.

634. A letter from the Director, Defense Security Assistance Agency, transmitting withdrawing a proposed foreign military sales letter of offer to the Government of Morocco; to the Committee on International Relations.

635. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended (8 USC 1154(d)); to the Committee on the Judiciary.

636. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the act of August 16, 1971, as amended, which established the National Advisory Committee on Oceans and Atmosphere, to increase and extend the appropriation authoriaztion thereunder; to the Committee on Merchant Marine and Fisheries.

637. A letter from the Chairman, John F. Kennedy Center for the Performing Arts, transmitting the annual report of the Center for fiscal year 1974, pursuant to 72 Stat. 1700 and 78 Stat. 4; to the Committee on Public Works and Transportation.

638. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the Internal Revenue Code of 1954 to enable exporters to obtain a refund of manufacturers' excise taxes in certain cases where the articles are exported by persons other than the manufacturers, producers, or importers of the articles; to the Committee on Ways and Means.

Received From the Comptroller General

639. A letter from the Comptroller General of the United States, transmitting a report on savings expected from better use of truck warranties by Government agencies; to the Committee on Government Operations.

640. A letter from the Comptroller General of the United States, transmitting a report of the need to eliminate the incentive for accumulating military leave; jointly to the Committees on Government Operations and Armed Services.

641. A letter from the Comptroller General of the United States, transmitting a report on opportunities for improving computer use in the Bureau of the Mint; jointly to the Committees on Government Operations and Banking, Currency and Housing.

642. A letter from the Comptroller General of the United States, transmitting a report on what is being done about individuals who fail to file a District of Columbia income tax return; jointly, to the Committees on Government Operations and the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PASSMAN: Committee of conference. Conference report on H.R. 4592. (Rept. No. 94–108). Ordered to be printed.

Mr. JONES of Alabama: Committee on Public Works and Transportation. H.R. 3786. A bill to authorize the increase of the Federal share of certain projects under title 23, United States Code; with an amendment (Rept. No. 94–109). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 355. A resolution providing for the consideration of the conference report on H.R. 4592. An act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposse (Rept. No. 94–110). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO (for himself, Ms. Abzug, and Mr. Oberstar):

H.R. 5312. A bill to amend title 38, United States Code, to provide hospital and medical care to certain members of the armed forces of nations allied or associated with the United States in World War I or World War II; to the Committee on Veterans' Affairs.

By Mr. ASHLEY:

H.R. 5313. A bill to amend the Export-Import Bank Act and the Trade Reform Act of 1974 to ease restrictive limitations on credits to be made available for export sales of American goods to the Union of Soviet Socialist Republics; to the Committee on Banking, Currency and Housing.

By Mr. BRODHEAD:

H.R. 5314. A bill to amend title 18 of the United States Code to prohibit refusals to deal and other discriminations based on religion; to the Committee on the Judiciary.

By Mr. DON H. CLAUSEN:

H.R. 5315. A bill to amend chapter 29 of title 18, United States Code, to prohibit certain election campaign practices, and for other purposes; to the Committee on House Administration.

H.R. 5316. A bill to amend the Internal Revenue Code of 1954 to allow a medical deduction for certain expenses incurred in connection with the birth of a child adopted by the taxpayer; to the Committee on Ways and Means.

By Mr. DRINAN (for himself, Ms. Abzug, Mr. Blouin, Ms. Chisholm, Mr. Edgar, Mr. Fascell, Mr. Fithian, Ms. Holtzman, Ms. Keys, Ms. Meyner, Mr. Pattison of New York, Mr. Pepper, Mr. Sarbanes, Mr. Scheuer, Ms. Schroeder, Mr. Seiberling, Ms. Spellman, Mr. Stark, Mr. Thompson, Mr. Tsongas, Mr. Waxman, Mr. Charles H. Wilson of California, Mr. Wirth, Mr. Solarz, and Mr. Young of Georgia):

H.R. 5317. A bill to amend the Impoundment Control Act of 1974 to provide that no rescission of budget authority proposed by the President shall take effect unless and until the Congress has passed a bill incorporating such rescission; to the Committee on Rules.

By Mr. DUNCAN of Tennessee:

H.R. 5318. A bill to amend the Internal Revenue Code of 1954 to deny any deduction for expenses of attending business conventions outside the United States; to the Committee on Ways and Means.

By Mr. EDWARDS of Alabama (for himself and Mr. Sikes):

H.R. 5319. A bill to amend the Federal Trade Commission Act to prohibit the Federal Trade Commission from requiring any person, partnership, or corporation to file line of business reports; to the Committee on Interstate and Foreign Commerce.

By Mr. FOLEY:

H.R. 5320. A bill to authorize the Secretary of the Interior to establish and operate a ferry on Lake Franklin D. Roosevelt as part of the Columbia Basin project, Washington; to the Committee on Public Works and Transportation.

By Mr. FORD of Michigan (for himself and Mrs. Burke of California):

H.R. 5321. A bill to amend the Fair Labor Standards Act of 1938, to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Education and Labor.

By Mr. FUQUA:

H.R. 5322. A bill to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer education, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products; to the Committee on Agriculture.

By Mr. GONZALEZ:

H.R. 5323. A bill to amend title 39, United States Code, as enacted by the Postal Reorganization Act, to provide a 1-cent postage rate for postal cards and post cards; to the Committee on Post Office and Civil Service.

By Mr. HAMMERSCHMIDT (for himself and Mr. Teague):

H.R. 5324. A bill to amend title 38 of the United States Code to authorize the release of the names and addresses of present or former personnel of the armed services and their dependents under certain conditions; to the Committee on Veterans' Affairs.

By Mr. HELSTOSKI:

H.R. 5325. A bill to amend title 5 of the United States Code with respect to the observance of Veterans Days; to the Committee on Post Office and Civil Service.

By Ms. HOLTZMAN (for herself and Mr. Duncan of Oregon):

H.R. 5326. A bill to provide joint and survivors' annuity benefits under private pension plans based upon the participant's vested benefit; jointly to the Committees on Education and Labor and Ways and Means.

By Mr. MAHON:

H.R. 5327. A bill to reserve a site for the use of the Smithsonian Institution; to the Committee on House Administration.

H.R. 5328. A bill to authorize the Smithsonian Institution to plan museum support facilities; to the Committee on House Administration.

By Mr. MEEDS:

H.R. 5329. A bill to authorize a limited waiver of the child labor provisions of the Fair Labor Standards Act of 1938 with respect to certain agricultural hand harvest laborers; to the Committee on Education and Labor.

By Mr. NOWAK:

H.R. 5330. A bill to amend title 5 of the United States Code with respect to the observance of Veterans Days; to the Committee on Post Office and Civil Service.

By Mr. ST GERMAIN (for himself and Mr. Reuss) (by request):

H.R. 5331. A bill to amend the Bank Holding Company Act of 1956, as amended, to provide special procedures for the acquisition of failing banks or bank holding companies and for the acquisition of banks or bank holding companies in emergencies; to the Committee on Banking, Currency and Housing.

By Mr. WALSH:

H.R. 5332. A bill to amend the Disaster Relief Act of 1974 to permit the proceeds of certain loans to be used to construct protective measures for the prevention of future damage; to the Committee on Public Works and Transportation.

By Mr. WHITE (for himself, Mr. Collins of Texas, Mr. Milford, Mr. Poage, and Mr. Patman):

H.R. 5333. A bill to amend section 1152(a) of the Social Security Act to provide that any State with a statewide professional standards review organization shall be established as one area for which a professional standards review organization may be designated, if such State requests; jointly to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. ADAMS:

H.R. 5334. A bill to terminate the airlines mutual aid agreement; to the Committee on Public Works and Transporation.

By Mr. ANDREWS of North Dakota:

H.R. 5335. A bill to amend the Fair Labor Standards Act of 1938 to exclude from its coverage patients employed by State hospitals and other State institutions primarily engaged in the care of the sick, the aged, or the mentally ill or defective; to the Committee on Education and Labor.

By Mr. BELL (by request):

H.R. 5336. A bill to prohibit the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on the Judiciary.

By Mr. BIAGGI:

H.R. 5337. A bill to amend the Internal Revenue Code of 1954 to provide a repayment for part of the Federal excise tax paid on gasoline and special fuels used in taxicabs; to the Committee on Ways and Means.

By Mr. BIAGGI (for himself, Mr. Downey, Mrs. Lloyd of Tennessee, Mr. Hanley, Mr. Long of Maryland, Mr. Hastings, Mr. Duncan of Tennessee, Mr. Minish, Mr. Nichols, Mr. Patman, Mr. Price, Mr. Sisk, Mr. Mollohan, Mr. Forsythe, Mr. Michel, Mr. Collins of Texas, Mr. Brown of California, Mr. O'Brien, Mr. Murphy of New York, Mr. Pike, Mr. Devine, Mr. Milford, Mr. Pepper, Mr. Burke of Florida, and Mr. Moore):

H.R. 5338. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to require as a condition of assistance under such act that law enforcement agencies have in effect a binding law enforcement officers bill of rights; to the Committee on the Judiciary.

By Mr. BIAGGI (for himself, Mr. Downey, Mr. Hannaford, Mr. Dominick V. Daniels, Mr. Roe, Mr. Treen, and Mr. Fithian):

H.R. 5339. A bill to amend the Immigration and Nationality Act to provide penalties for certain persons who employ, or who refer for employment, aliens who are in the United States illegally, and for other purposes; to the Committee on the Judiciary.

By Mr. BROYHILL (for himself and Mr. Preyer):

H.R. 5340. A bill to amend the Federal Trade Commission Act (15 U.S.C. 44, 45) to provide that exclusive territorial arrangements used in the distribution or sale of private label food products shall not be deemed per se unlawful, but shall be judged under the rule of reason standard; to the Committee on Interstate and Foreign Commerce.

By Mr. BURGENER (for himself, Mr. Lent, Mr. Hicks, Mr. Lagomarsino, and Mr. Robinson):

H.R. 5341. A bill to transfer jurisdiction over the food stamp program to the Secretary of Health, Education, and Welfare; to the Committee on Agriculture.

By Mr. BURGENER (for himself and Mr. Beard of Tennessee):

H.R. 5342. A bill to amend title 5, United States Code, to provide for a reduced retirement annuity for a Member of Congress who remains in office after becoming 70 years of age; jointly to the Committees on Post Office and Civil Service and House Administration.

By Mr. PHILLIP BURTON:

H.R. 5343. A bill to amend section 2 of the act of June 30, 1954, providing for the continuance of civilian government for the trust territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

By Mr. CHAPPELL:

H.R. 5344. A bill to amend titles II and XVIII of the Social Security Act to eliminate the requirement that an individual must have been entitled to disability benefits for at least 24 consecutive months in order to qualify for medicare on the basis of disability; to the Committee on Ways and Means.

By Mr. DANIELSON:

H.R. 5345. A bill to amend the Copyright Act of 1909, and for other purposes; to the Committee on the Judiciary.

By Mr. DRINAN (for himself, Mr. Maguire, and Mr. Won Pat):

H.R. 5346. A bill to amend the Impoundment Control Act of 1974 to provide that no rescission of budget authority proposed by the President shall take effect unless and until the Congress has passed a bill incorporating such rescission; to the Committee on Rules.

By Mr. EILBERG:

H.R. 5347. A bill to amend title IV of the Higher Education Act of 1965, as amended, and for other purposes; to the Committee on Education and Labor.

H.R. 5348. A bill to amend title II of the Social Security Act and the Internal Revenue Code of 1954 to provide that an individual who has attained age 65 may elect to treat any employment or self-employment performed by him as not covered for social security benefit purposes and exempt from social security taxes; to the Committee on Ways and Means.

By Mr. ENGLISH (for himself, Mr. Andrews of North Dakota, Mr. Burleson of Texas, Mr. Carter, Mr. Derwinski, Mr. Duncan of Tennessee, Mr. Hightower, Mr. Jarman, Mr. Johnson of Pennsylvania, Mr. Jones of North Carolina, Mr. Lott, Mr. McDonald of Georgia, Mr. Moore, Mr. Risenhoover, Ms. Schroeder, Mr. Sebelius, Mr. Shipley, Mr. Steed, and Mr. Charles Wilson of Texas):

H.R. 5349. A bill to provide that certain rural hospitals shall be exempt for a period of 18 months from the requirements and provisions of title XI of the Social Security Act relating to professional standards review organizations, and from the 1972 amendments to titles XVIII, XIX, and V of such act (and the recently approved regulations relating thereto) on utilization review and utilization control under the medicare, medicaid, and maternal and child health programs; and to provide for a 6-month study of alternative methods of utilization review and utilization control for such hospitals; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. FISHER:

H.R. 5350. A bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. FREY:

H.R. 5351. A bill to amend the act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes; to the Committee on Agriculture.

By Mr. ICHORD:

H.R. 5352. A bill to repeal the Real Estate Settlement Procedures Act of 1974; to the Committee on Banking, Currency and Housing.

By Mr. KEMP (for himself, Mr. Armstrong, Mr. Carter, Mr. McCollister, Mr. Talcott, and Mr. Young of Alaska):

H.R. 5353. A bill to reestablish the fiscal integrity of the Government of the United States, through the establishment of controls with respect to the levels of its revenues and budget outlays, and the preparation of the budget, and for other purposes; to the Committee on Rules.

By Mrs. MINK:

H.R. 5354. A bill to amend the Internal Revenue Code of 1954 to provide that the excludability from gross income of disability pension payments to an individual shall be determined without regard to whether or not the individual has reached retirement age; to the Committee on Ways and Means.

By Mr. RICHMOND (for himself, Mr. Roe, and Mr. Murphy of New York):

H.R. 5355. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children, the special supplemental food program, and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs; to the Committee on Education and Labor.

By Mr. ROGERS:

H.R. 5356. A bill to amend title 38 of the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans; to the Committee on Veterans' Affairs.

By Mr. ROONEY (for himself, Mr. Skubitz, Mr. Hungate, Mr. Metcalfe, Mr. Hefner, Mr. Santini, Mr. Florio, Mr. Staggers, and Mr. Matsunaga):

H.R. 5357. A bill to authorize appropriations to the Secretary of Commerce for the promotion of tourist travel; to the Committee on Interstate and Foreign Commerce.

By Mr. STAGGERS:

H.R. 5358. A bill to amend the Federal Railroad Safety Act of 1970 and the Hazardous Materials Transportation Act to authorize additional appropriations, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. **STAGGERS** (for himself and Mr. Devine):

H.R. 5359. A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 and other laws to discharge obligations under the Convention on Psychotropic Substances relating to regulatory controls on the manufacture, distribution, importation, and exportation of psychotropic substances; to the Committee on Interstate and Foreign Commerce.

H.R. 5360. A bill to increase benefits provided to American civilian internees in Southeast Asia; to the Committee on Interstate and Foreign Commerce.

H.R. 5361. A bill to amend the Consumer Product Safety Act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. **THONE**:

H.R. 5362. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax, to increase the estate tax marital deduction, and to provide an alternate method of valuing certain real property for estate tax purposes; to the Committee on Ways and Means.

By Mr. **YOUNG** of Alaska:

H.R. 5363. A bill to amend chapter 641 of title 10, United States Code, so as to require certain proceeds from the disposition of lands within the naval petroleum reserves to be made available to the States within which such lands are located; to the Committee on Armed Services.

By Mr. **BROOMFIELD**:

H.J. Res. 346. Joint resolution proposing an amendment to the Constitution of the United States relative to the assignment of public school students; to the Committee on the Judiciary.

By Mr. **BURKE** of Massachusetts (for himself, Mr. James V. Stanton, Mr. Dent, and Mr. Boland):

H.J. Res. 347. Joint resolution to designate April 24, 1975, as "National Day of Remembrance of Man's Inhumanity to Man"; to the Committee on Post Office and Civil Service.

Mr. **FITHIAN**:

H.J. Res. 348. Joint resolution providing for the designation and adoption of the American marigold as the national floral emblem of the United States; to the Committee on House Administration.

By Mr. **HELSTOSKI** (for himself, Mr. O'Neill, Mr. Conyers, and Mr. Maguire):

H.J. Res. 349. Joint resolution to designate April 24, 1975, as "National Day of Remembrance of Man's Inhumanity to Man"; to the Committee on Post Office and Civil Service.

By Ms. **HOLTZMAN** (for herself, Mr. Badillo, Mr. Harrington, Mrs. Heckler of Massachusetts, Mrs. Spellman, Mr. Stark, Mr. Charles H. Wilson of California, and Mr. Wolff):

H.J. Res. 350. Joint resolution proposing an amendment to the Constitution of the United States with respect to the pardon power; to the Committee on the Judiciary.

By Mr. **KEMP**:

H.J. Res. 351. Joint resolution requesting the President to issue a proclamation designating the last schoolday in April as "National Pledge of Allegiance to Our Flag Day"; to the Committee on Post Office and Civil Service.

By Mr. **MADIGAN** (for himself, Mr. Hyde, Mr. McClory, and Mr. Railsback):

H.J. Res. 352. Joint resolution to authorize the President to designate the period from June 8, 1975, through June 15, 1975, as "National Wheelchair Athletes' Week"; to the Committee on Post Office and Civil Service.

By Mr. **MAHON**:

H.J. Res. 353. Joint resolution to provide for the reappointment of Dr. John Nicholas Brown as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

H.J. Res. 354. Joint resolution to provide for the reappointment of Thomas J. Watson, Jr., as citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

By Mrs. **MINK**:

H.J. Res. 355. Joint resolution proposing an amendment to the Constitution of the United States to provide for an election for the office of President and the office of Vice President in the case of a vacancy both in the office of President and the office of Vice President, or in the case of a vacancy in the office of President if the person serving as Vice President was chosen as provided by the 25th article of amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. **DERWINSKI** (for himself, Mr. Addabbo, Mr. Carney, Mr. Cotter, Mr. Erlenborn, Mr. Gaydos, Mr. Grassley, Mr. Hannaford, Mr. Helstoski, Mr. Hicks, Mr. Kemp, and Mr. Murtha):

H. Con. Res. 189. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

Mr. **FLOOD** (for himself, Mr. Annunzio, Mr. Buchanan, Mr. Burke of Massachusetts, Mr. Cotter, Mr. Derwinski, Mr. Dingell, Mr. Giaimo, Mr. Gilman, Mr. Koch, Mr. Patten, Mr. Roe, Mr. Stratton, Mr. Vander Veen, Mr. Walsh, and Mr. Zeferetti):

H. Con. Res 190. Concurrent resolution requesting release of two Ukrainian intellectuals; to the Committee on International Relations.

By Mr. **HOWARD**:

H. Res. 354. Resolution creating a select committee to study the impact and ramifications of the Supreme Court decisions on abortion; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By the **SPEAKER**:

67. Memorial of the Legislature of the Commonwealth of Virginia, relative to funds for the Washington Metropolitan Area Transit Authority; to the Committee on the District of Columbia.

68. Also, memorial of the Legislature of the State of South Dakota, relative to problems of reservation and nonreservation residents of South Dakota; to the Committee on Interior and Insular Affairs.

69. Also memorial of the Senate of the State of Hawaii, relative to expanding public assistance programs; to the Committee on Ways and Means.

70. Also, memorial of the Senate of the State of Hawaii relative to the procedure for allocation of public assistance funds; to the Committee on Ways and Means.

71. Also, memorial of the Senate of the State of Hawaii, relative to the program of aid to families with dependent children; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. **CORMAN**:

H.R. 5364. A bill to authorize the President to appoint Capt. Ferdinand Mendenhall, U.S. Navy Reserve (retired), to the grade of rear admiral on the Reserve Retired List; to the Committee on Armed Services

By Mr. **EILBERG**:

H.R. 5365. A bill for the relief of certain Federal employees; to the Committee on Post Office and Civil Service.

SENATE—*Friday, March 21, 1975*

The Senate met at 8 a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. Metcalf).

PRAYER

The Reverend John L. Pharr, stated clerk, National Capital Union Presbytery, and pastor, Fifteenth Street Presbyterian Church, Washington, D.C., offered the following prayer:

God of all times, space, and eternity, your mercies are new to us every morning. Amidst the changing of the seasons you are forever the same. On this first day of spring speak to us of the possibilities of new beginnings. Evidence abounds of the resurgence of life in the world of nature. Remind us of the need to renew our souls and create in us clean hearts, O God.

Hear our prayer for these Senators here gathered for another day of noble work. As they endeavor to write our Nation's laws upon the tablets of stone, write upon their hearts your law and your eternal truths which speak of justice, mercy, and righteousness. Help them to do that which they cannot do by themselves; do for them that which they cannot do at all; and give them the insights to know the difference. Grant them wisdom and courage for the facing of this hour and the living of these days. Amen.

THE JOURNAL

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the Journal of the proceedings of Thursday, March 20, 1975, be approved.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

THE WORK OF CONGRESS

Mr. **MANSFIELD**. Mr. President, I have been reading in the press about Mr. Ron Nessen, the press attaché to the President of the United States. He stated most recently that the Congress has been playing to the galleries. I would suggest to Mr. Nessen that he come up and take a look at the empty galleries, it is now 8:05 a.m., to which we are playing. I would suggest, also, that he take note of the hours which the Senate has been putting in throughout this year, and I would extend an invitation to Mr. Nessen to come up and to observe at firsthand, rather than to comment in isolation about what Congress is doing. He is not establishing good relations between the President and Congress.

Mr. GRIFFIN. Mr. President, I shall respond briefly to the majority leader's comments by pointing out that Mr. Nessen is only stating facts when he suggests that it is not the President who is abandoning our allies in Southeast Asia—it is Congress. And it is Congress that will have to bear the responsibility which history will attach to its action. Perhaps I should say its inaction.

In another area, I think the President is perfectly justified when he points out that Congress is taking an inordinate amount of time in passing the very urgently needed tax legislation. It is not beyond the ability of the American people to take notice of the fact that some of the actions—and inaction—by Congress with respect to this tax legislation do not reflect the highest degree of responsibility.

I join the majority leader in taking note of the long hours that Congress is working. I do not believe that anyone speaking for the President has suggested that Congress is not putting in long hours. I hope, however, that those long hours will produce better results than we have seen so far.

Mr. MANSFIELD. Mr. President, may I say that I was not referring to President Ford, for whom, I reiterate, I have a great deal of affection and respect. I am referring to the statements that are being issued every hour on the hour by the White House Press Secretary.

I point out, all things considered, and especially in view of the special-interest types of amendments being offered to the tax bill, that we are being delayed somewhat. However, after a shaky start, I think the Senate is conducting itself with dignity and dispatch and that we are now approaching a time when we can see the light at the end of the tax tunnel.

But I do not like anyone to denigrate the work of Congress, especially of the Senate, when I know, as does the acting Republican leader, that the committees are working assiduously, doing everything they can to expedite legislation, and that Congress basically is trying to cooperate with the President.

I point out that the calendar is pretty clean at this time. The Senator from Michigan, who happens to be a member of the Committee on Foreign Relations—that is, the acting Republican leader—as well as the majority leader, now speaking, are aware that the Foreign Relations Committee did report an assistance bill for Southeast Asia. It is not on the calendar. I have said to the press time and time again this week that it was my intention to bring it up once it reached the calendar and before we recessed. Now it is too late. It is not on the calendar. It is still in committee, even though it has been reported—not with my approval, may I say—and therefore we are in a dilemma.

However, to blame Congress for a lack of application to duty and to do it on an hourly basis is carrying a distortion too far. Again, I extend an invitation to Mr. Nessen to leave his ivory tower and to come up and see just how filled the empty galleries are that we are playing to—as he says—and also to note how dedicated the Senate is in its application to its constitutional responsibilities.

Mr. WEICKER. Mr. President, will the Senator yield for a few minutes?

Mr. MANSFIELD. I yield.

Mr. WEICKER. Mr. President, I should like to respond. In deference to the distinguished Senator from Michigan, who certainly puts in long hours and has tremendous expertise with a variety of subjects, I want to make clear that he is expressing the frustration of many of us. We are trying to accomplish meaningful results on the floor of the Senate.

However, I have to depart from the assistant minority leader on a point I have heard in the past few days. Someone has to respond.

This business of Congress being responsible for the failure of governments, whether they be in Cambodia or South Vietnam, is rubbish—rubbish. So far as I am concerned, the American people, by their commitment of lives and money, honored, many times over, their commitments to those nations. So too, the Congress of the United States has honored its commitments to those nations, being the buying of time in order for those governments to gain the respect and support of their own peoples.

I am asked the question by those who served in Vietnam, "The time I spent, the sacrifices I made, were they honorable?" The answer is, "Yes, they were."

I do not demean those sacrifices. The fact is that those sacrifices were dishonored by those governments which used that time not for their people, not to establish a broad base of support, but for their own personal ends. That is why we are in trouble today, not because of the Congress of the United States or the attitude of the American people.

If we have learned anything over the past 10 years, it is that we cannot do the people's homework for Lon Nol or Thieu. They have to do the job; that is where the primary responsibility lies.

I have heard the old domino rhetoric. It belongs to an earlier time. This rhetoric of Congress fault is the same as my Democratic colleagues giving standby authority to the President. He is damned if he does; he is damned if he does not.

The same holds true about "Congress fault." That is rubbish and should be stated as such.

My feelings go to this so deeply that I am no longer going to sit back and hear persons say we dishonor our commitments. Southeast Asia commitments have been honored both inside and outside this Chamber. Now the time has come for those governments to do what we cannot do for them. I intend to vote against every single additional appropriation with the exception of humanitarian aid. Maybe if more emphasis had been put on that, these governments would not be in such weak shape at this time.

Mr. MANSFIELD. Mr. President, I wish to say that I, too, am prepared to vote for humanitarian aid, covering food, medical supplies, and the like, to countries of Southeast Asia which are now involved. I do think that we have a moral obligation in that respect, but when it comes to military aid, that is another matter.

I point out that we have spent pretty close to $150 billion in Southeast Asia, and, in my opinion, one of the reasons why we are discussing a $30 billion deficit—deficit—tax bill today is because of Vietnam, Cambodia, and Laos. It is my belief that the causes of the inflation which confronts the Nation at this moment as well as the increase in the price of oil fourfold over the past 13 or 14 months are based on that huge expenditure of funds in an area in a part of the world in which we have no vital interest, which is not tied to our security.

I suggest most respectfully that it is about time for the executive branch of this Government to contact Prince Norodom Sihanouk directly in Peking, rather than indirectly and through third parties and third persons, in the hope that something can be done without further delay to bring about a return of peace and stability to the people of Cambodia, a people who have suffered greatly, not because of what they have done, but because, in part, of what we, the North Vietnamese, the Chinese, and the Soviet Union have done to them.

So, rather than issue releases indicating that, in one way or another, through third parties and third countries, we have been trying to establish contact with Sihanouk, I think it is the constitutional responsibility of the executive branch of the Government to assume control of our foreign policy insofar as negotiations are concerned. I suggest, again most respectfully, that, rather than indirect negotiations, direct negotiations be undertaken at the earliest possible moment.

Mr. GRIFFIN. Mr. President, if I have some time left, I am afraid I cannot let the record stand as it is. Every President for the last 35 years, from Franklin Roosevelt to Gerald Ford, has recognized that helping other free nations to protect themselves from aggression is in America's interest. No one was more articulate on the point—no one thrilled the American people and the world more than did President John F. Kennedy when he said it this way:

> Let the word go forth from this time and place, to friend and foe alike, that the torch has been passed to a new generation of Americans—born in this century, tempered by war, disciplined by a hard and bitter peace, proud of our ancient heritage—and unwilling to witness or permit the slow undoing of those human rights to which this Nation has always been committed, and to which we are committed today at home and around the world.
>
> Let every Nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty.

As I see it, that—in effect—is what the Senator from Connecticut is saying is rubbish today.

Now, we are copping out, we are abandoning our friends who fight against aggression. We are not willing now to put years ago—to help our friends resist aggression when they want to do the fighting themselves.

It is not the President of the United States—not a Democratic or Republican President—who is making that determination; it is the Congress of the United States. And as I have said, the Congress of the United States must bear the responsibility for its decision.

Mr. ROTH. Mr. President, will the Senator yield?

Mr. GRIFFIN. I am glad to yield to the distinguished Senator from Delaware.

Mr. ROTH. I would just like to reiterate a suggestion I made 2 or 3 days ago on the Senate floor and that is I urge the administration to send the majority leader as a representative of this Government to make contact with Mr. Sihanouk. I know that the distinguished majority leader has great reluctance about the matter because of his great respect for the constitutional division of powers and because of his humility.

The ACTING PRESIDENT pro tempore. All the leadership's time has expired. Under the previous order, the Senator from Connecticut (Mr. WEICKER) is recognized.

Mr. WEICKER. Mr. President, I yield 1 minute to the distinguished Senator from Delaware.

Mr. ROTH. I thank the Senator from Connecticut. I would just like to say that I can think of no man in the United States who is in better position to make contact with Prince Sihanouk than the majority leader. He has taken an active interest in the Far East ever since he began serving in Congress. He is respected by Prince Sihanouk as well as other East Asian leaders. I think he could provide a real service to this country as a special negotiator and I would hope that the administration would seriously consider the suggestion that was initially proposed by the junior senator from Washington (Mr. JACKSON) and repeated by me a few days ago. I hope the administration will carefully consider this proposal, and I hope the majority leader would be willing to serve in that capacity.

Mr. MANSFIELD. Mr. President, will the Senator yield me 1 minute?

Mr. WEICKER. I yield 1 minute to the majority leader.

Mr. MANSFIELD. Mr. President, first let me reiterate "again and again and again"—the distinguished Republican leader has referred to President Franklin D. Roosevelt to recall that phrase. May I say the foreign policy in the area which the distinguished Senator from Delaware—the third Senator from Montana, may I say, he being a native of my State—has suggested is the responsibility of the executive branch of the Government. There is a line between the executive and the legislative branches which I have made it a point never to cross.

So I would reiterate my suggestion that direct negotiations be conducted between the Secretary of State, the agent of the President of the United States, with Prince Norodom Sihanouk in Peking, to see if something cannot be done to bring the bloodbath which has been occurring for so long in Cambodia to a close forthwith.

And, if the Senator will allow me, may I once again reiterate what the cost of Vietnam has been. I have indicated that it has been $150 billion to date, but the estimated cost of the Vietnam conflict, according to the Statistical Abstract of the United States, 1973, Bureau of the Census, U.S. Department of Commerce, based on an end to the war in 1970, is that the cost will be $352 billion, and the payout will extend to approximately the year 2045.

All that in addition to 55,000 Americans dead and 303,000 Americans wounded. We have paid a bloody price in many respects for an involvement which never should have taken place, in an area which is not vital to the security and interests of the United States.

I thank the Senator.

Mr. WEICKER. Mr. President, I first want the record to show—and I will allow the distinguished assistant minority leader to correct the record himself—that the distinguished assistant minority leader is entirely within his rights to quote me and then comment upon my quotation, but please do not quote John F. Kennedy and then say I called his words rubbish. That is the Senator's interpretation, not a matter of fact, and I want to record to show it.

I remember after the end of the Vietnam war there was a reception at the White House. It was a reception to which I was invited. I learned that there were several of my colleagues who had not been invited to that reception, and I inquired as to why.

I found out that since I had supported the administration policy in South Vietnam I was invited. Those who had not, including many of my colleagues on this side of the aisle, were excluded from that reception, which carried the title of "Peace With Honor." The implication was that those who did not support the administration either did not want peace or were dishonorable men and women.

That is the exact type of situation which is recurring now. Those who do not support these additional funds for Cambodia or South Vietnam are either dishonorable or do not want to achieve peace.

Mr. GRIFFIN. Those are the Senator's words, and not mine. Does the Senator agree?

Mr. WEICKER. I am saying they are my words. I have not alluded to anything. The assistant majority leader may attach what construction he chooses.

Mr. GRIFFIN. I thought the Senator was suggesting that I——

Mr. WEICKER. Speak for yourself.

That is exactly the situation we are confronted with today. We are dishonorable men if we do not vote the funds; dishonorable men, or men impeding the cause of peace, if the funds are not voted.

I would suggest to my colleagues that the cause of peace is far better accomplished by helping to meet the critical needs of the world as they exist abroad and at home.

If we had been paying attention to those who were starving, to those without a roof over their heads, to those who were ignorant, to those who were diseased, I would suggest democracy would be the stronger.

This is not 10 years ago. Time has been bought by American lives and American money for Cambodia and South Vietnam to engage in humanitarian activities.

The statements coming from the White House that imply in any way that it is Congress' fault relative to happenings in Southeast Asia, those statements are rubbish. They are not to be believed, and they are the type of statements which could only cause history to repeat itself in a very tragic way.

I would hope the United States would always stand firm in the cause of freedom. The problem is there has to be a definition of the word "friend" and the definition of the word "freedom."

I do not think there is any definition by the Governments of either Cambodia or South Vietnam which defines "freedom" and "friend" in a way deserving of the support of either Congress or the American people.

Mr. President, I did not mean to get sidetracked. But I seethed when the "Peace With Honor Reception" took place. This time I am countering the shot when it takes place, and not waiting. Yes, let us argue issues but let us not, by inuendo, indicate that because of differences some are engaging in dishonorable acts. Such characterizations have no place in the debates on this floor in pronouncements from the White House.

(Later in the day the following proceedings occurred:)

Mr. MATHIAS addressed the chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. MATHIAS. I yield myself 2 minutes of my time and reserve the remainder.

Mr. President, within the past 24 hours, Congress has been accused of having been, and I quote, "niggardly" in its provision for military assistance to the Government of South Vietnam.

I think it might be useful for the Members of the Senate to have, in fact, the figures with respect to provision made for the Government of South Vietnam.

As of February 28, $521.5 million had been obligated for Vietnam military aid, out of the total sum of $700 million which was appropriated.

Of this amount, $158.4 million had actually been expended. There was, on that date—

Mr. PEARSON. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. NELSON). The Senator will suspend until we have order in the Senate.

Mr. MANSFIELD. Mr. President, this is important information. I would suggest that all Senators take their seats so that we can hear this rebuttal to what has been circulating downtown about the fault of the Congress recently on Cambodia and Vietnam.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. MATHIAS. I thank the Chair.

As I had just remarked, as of February 28 there was still remaining in the pipeline $363.1 million, and in addition there was the sum of $178.5 million which had not yet even been obligated.

Now, under these circumstances, Mr. President, I think it is clearly illusory to blame the Congress for having been niggardly when, in fact, these hundreds of millions of dollars have been appropriated by the Congress, are available to the Department of Defense for providing assistance to the Government of South Vietnam, and which have not yet even been drawn upon at the time that a substantial supplemental request of some $300 million has been made.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MATHIAS. I am happy to yield to the Senator.

Mr. MANSFIELD. Does the Senator have any information as to where and how and in what manner the $22 million recently discovered, or uncovered, for use in Cambodia, came from?

I am interested because this is not the first time that there has been what has come to be known as found money.

Mr. MATHIAS. I must say to the distinguished majority leader that I do not have the answer to his question, but that since he and I both are members of the Appropriations Committee, I would hope——

The **PRESIDING OFFICER.** The Senator's 2 minutes have expired.

Mr. MATHIAS. I yield myself 1 additional minute.

I would hope that the Senate would join with me in the next appropriate hearing in the Appropriations Committee where we might pursue the question of how a bookkeeping error might be made of $21 million or $22 million.

Mr. MANSFIELD. Will the Senator yield?

Mr. MATHIAS. Yes.

Mr. MANSFIELD. I will say that I will not only join with him but all of us in the Congress should join with the distinguished Senator from Kansas who has called for a hearing by the Armed Services Committee, the Foreign Relations Committee, and a general investigation by the General Accounting Office. I think we will find out where this "found" money comes from.

Mr. MATHIAS. I am happy to join in the spirit of that suggestion by the Senator from Kansas. I hope at the same time we can keep public the bookkeeping with respect to Vietnam, so that the public can be fully informed as to what moneys have been appropriated, how much has been spent, how much remains to be spent. That not only will be good for our general understanding of the situation, but it may prevent these $21 million or $22 million errors from happening again.

TAX REDUCTION ACT OF 1975

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Will the Senator yield for a unanimous-consent request?

Mr. MANSFIELD. Yes, indeed.

Mr. LONG. Mr. President, I ask unanimous consent that in the event cloture is voted today, any amendment that would have been germane to the House bill as it was sent to the Senate, or to the committee amendment as originally reported by the Senate Committee on Finance, as well as the bill as it presently stands, would be germane after cloture has been invoked.

Mr. CURTIS. Reserving the right to object, and I shall not object, I only know of one amendment that I understand has not been placed at the desk. It is an amendment very similar to one placed in the committee. It does relate to taxes. It will be offered by the distinguished Senator from Alabama (Mr. SPARKMAN), I believe.

Mr. LONG. It has to do with industrial revenue bonds, and I ask unanimous consent that that be considered germane.

Mr. ROTH. Reserving the right to object, I do intend to offer an amendment, which has to be redrafted because of the changes yesterday, as a substitute. It will be a one-shot tax rebate. I think it is germane, but I wish to make certain that the rule of germaneness is not raised in that sense.

Mr. LONG. I believe it will be germane. If it is what I think it is, I will be glad to ask that it be germane, but may we see the amendment before we ask?

Mr. ROTH. Then I shall have to object to unanimous consent until we get agreement on that.

It consists of a tax rebate, investment credit for business; it will include the oil depletion allowance, exactly the way the Senate passed it, with the allowance for the aged.

Mr. LONG. I think it will be germane, but I ask unanimous consent that it be regarded as germane.

The **ACTING PRESIDENT** pro tempore. Without objection, the several unanimous-consent requests are agreed to.

Mr. GRIFFIN. Mr. President, is there any time remaining under the 10 minutes allotted?

The **ACTING PRESIDENT** pro tempore. There are 4 minutes remaining.

Mr. LONG. I ask unanimous consent, also, Mr. President, that all amendments at the desk, in the event that cloture is invoked, be regarded as having met the reading requirement.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF H.R. 4296

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that if action is completed on the tax cut bill today, and if the farm bill (H.R. 4296) is reported, that tomorrow, after the two leaders have been recognized, the farm bill be made the pending business.

Mr. GRIFFIN. Mr. President, reserving the right to object.

Mr. MANSFIELD. Will the Senator change that to make it even today, if possible? It probably will not be.

Mr. ROBERT C. BYRD. Yes.

The **ACTING PRESIDENT** pro tempore. Is there objection?

Mr. CURTIS. Reserving the right to object, has this been cleared?

Mr. ROBERT C. BYRD. It has been cleared with Mr. DOLE and the Republican leader.

Mr. CURTIS. At what time does the Senator wish it considered?

Mr. MANSFIELD. We will try to get started on it today. If not, we will come in very early tomorrow and try to finish it by noon.

The **ACTING PRESIDENT** pro tempore. Without objection, the consent is agreed to.

A BALANCED TRANSPORTATION PROGRAM—S. 1300

Mr. WEICKER. Mr. President, today I am pleased to join once again with the distinguished Senator from Massachusetts (Mr. KENNEDY) in this continual effort to achieve a balanced transportation system in the United States. This comprehensive legislation, which we have introduced, would revamp the method by which transportation systems are funded through a structural revision of title 23, of the Federal-Aid Highway Code.

Mr. President, I am going to allow the distinguished Senator from Massachusetts to get into the details of the legislation, but I would just like to make the following general remarks:

The need to adjust our distorted transportation priorities is obvious. For 19 years, ever since the enactment of the highway trust fund in 1956, we have relied on a self-perpetuating funding system that has afforded us a beautiful system of roadways—but little else.

In 1974, $7 billion was spent on transportation development in the United States. A full 61.6 percent of it went to the highways; 17.2 percent was spent on air transportation; 8.1 percent on mass transit, and 3.1 percent on rails.

This is as much at the heart of the problems which we have with our rail system as anything else. We are getting what it is that we paid for, and we paid for nothing insofar as our rail systems are concerned.

Our unequal and fragmented approach to transportation funding has led to a society dominated by the automobile. More than four out of five American families own cars today, and 90 percent of all urban travel is by car or truck.

But now, faced with no alternative but to cut back drastically on our consumption of gasoline, because of the energy crisis, we must make basic changes in our means of travel. We talk of conservation, but we have not done anything about it.

Over 6.5 million barrels of gasoline are used to move our automobiles each day. Since September of last year, when the drive for conservation was already in full force, our national rate of gasoline consumption has increased by 300,000 barrels per day. We continue to ignore alternative transportation modes while

Americans without cars, mainly the young, the elderly, and the poor, are still denied the right to mobility.

Instead of developing more mass transit in our cities, to save energy and reduce pollition, we hear appeals to relax the clean air standards—a proposal I have consistently opposed.

Health experts and environmentalists tell us that 280 million tons of pollutants are being thrown into the air every year, with most of it concentrating in the Northeast and other regions of dense population; 62 percent—almost two-thirds—of all that pollution is a direct result of our automotive engines. The air we choke on is yet another consequence of our distorted program of developing the roadways while ignoring other means of travel.

This continued proliferation of highway construction is contrary to our national effort to conserve our fuel and to clean our air. We must revise our transportation funding structure to give States and cities and towns the flexibility they need to use Federal transportation funds in a manner that reflects their needs in the 1970's.

It is time to develop a sensible national transportation policy that integrates different modes of travel and that sets forth specific objectives to be achieved, consistent with stated desires to save fuel and breathe decent air.

Our existing Federal transportaion programs are written so that States and localities have little say in how they use the money they receive. Broken down into separate categories, the transportation dollar is so earmarked as to actually dictate transportation priorities to the States and cities. Local officials see money in one specific category of the existing highway code and then build a road that fits the Federal guidelines, rather than building exactly what they need.

In drafting this legislation, we sought to maintain many of the existing administrative procedures presently utilized for highway programs. They have proved successful in developing an excellent road system in the United States. But the bill, while attempting to build upon an existing apparatus, makes important structural revisions. We have chosen to rewrite title XXIII of the United States Code precisely to establish the new transportation priorities it is clear we need.

First, and foremost, the legislation would abolish the Highway Trust Fund. The concept of a trust fund has outlived its usefulness. What was a mechanism for funding *principally* the interstate highway system through earmarking of various user taxes has become an open ended budget mechanism to proliferate highway programs.

Transportation programs should face the same budgetary review and analysis as other social programs. It should not be isolated from congressional scrutiny.

Funding priorities for transportation must be made in the context of other pressing social needs. By removing Federal funding bias toward highways, congressional authorization and appropriation committees will now be able to take a comprehensive view of our transportation priorities.

The administration has suggested maintaining the trust fund for the purpose of finishing the interstate system with a return of some of the taxes to the States, and the transfer of other funds to general revenues. I question the reason for exempting the interstate system from budgetary review. There is no reason why the interstate should have priority over other types of transportation. Continuing the trust fund would perpetuate the myth that it deserves that special status.

Since 1956, we have placed the formulation of transportation policy on automatic pilot. It is time to reconstruct our transportation funding and planning mechanisms.

Under the new procedures established by the Budget Reform and Impoundment Control Act of 1974, the Congressional budget will, by April 15, offer a resolution, which sets forth appropriate levels of total budget authority and outlays and the appropriate levels of new budget authority for functional categories of the budget. Thus, for the first time, Congress will be forced to set an overall level of funding for transportation programs, as well as other social programs.

I submit it is extremely difficult to establish appropriate spending levels in the absence of a national transportation policy. The establishment of objectives and goals in the area of transportation will provide a basis to view the needs of various modes of transportation. I believe it would be premature to specify authorization levels, without the formulation of Federal policy. The main purpose of the legislation is to formulate national transportation goals and to establish a process of implementing these objectives.

In a recent editorial in the Washington Post, J. W. Anderson cogently depicts the problems of the trust fund concept. He noted how the highway trust swelled, and how the road building machine became "the enemy of a rational transportation policy." The Kennedy-Weicker bill removes this obstacle on the road to the development of a balanced transportation system.

A second major revision contemplated by this legislation is the restructuring of current highway programs. As previously mentioned, an increased amount of money presently is being distributed to the States in an attempt to meet "priority" construction. This earmarking of funds had led the States to escape the necessity of weighing priorities and developing an integrated approach to their transportation problems. The current system allows the States to fund virtually all types of highway projects without having to justify to the Department of Transportation the actual need, or purpose of the construction.

Our proposal would consolidate the existing categorical programs into four major programs:

First. Interstate.

Second. Rural system.

Third. Urban system.

Fourth. Safety programs.

It is important to note, that the Kennedy-Weicker bill maintains both the interstate system and the urban mass transit program. Given the large capital needs of the UMTA program over the next 10 years, as well as the interstate system, it is essential to maintain the existing legislative vehicles to direct Federal funds for such purposes. Clearly, in the case of mass transit, there is a "catch-up" time required, before this categorical program can be "folded in" to our bloc grant approach. Thus, where intensive capital needs exist, separate programs are maintained. However, once these capital improvements are achieved, it is envisioned that these separate programs will be consolidated to the revised transportation system, established by this bill.

The legislation would continue the same level of funding for the interstate system, established by law. Specifically, the bill maintains the present authorization levels for fiscal year 1977, 1978, and 1979 of $3.25 billion per year. Thus, our proposal maintains the national commitment to the completion of the interstate system.

Furthermore, under the interstate transfer provisions of 1973 Federal Aid Highway Act, there is adequate flexibility for Interstate funds to be used for mass transit, if appropriate State and local officials so decide.

To insure coordination of mass transit projects with other projects at the State and local level, the current UMTA law is amended to require mass transit projects to be consistent with comprehensive State transportation plan.

Section 102 (b) and (c) of this bill defines urban and rural system as follows:

> (b) The Federal-Aid rural system shall consist of an adequate system of (1) connected main routes important to interstate, statewide and regional travel and (2) major rural collector routes designed to supplement connected main routes; and, where appropriate public mass transportation which operates, in whole or part, on such routes. The system shall be designated in each State by the Governor and the appropriate local officials, pursuant to the provisions of section 124 of this title and subject to the approval of the Secretary.
>
> (c) The Federal-Aid urban system shall be located in each urbanized area and such other urban areas as the Governor may designate and shall consist of arterial and collector routes and public mass transportation operating, in whole or part, over such routes. The routes on such system shall be designated by the appropriate local officials, with the concurrence of the Governor, pursuant to the provisions of section 129 of this title and subject to the approval of the Secretary.

This legislation removes any restrictions on the use of the money distributed to the urban and rural systems. It does not mandate funding for any particular mode of transportation. Highway construction, as well as mass transit can be funded from these sources. Operating assistance will be available provided that it does not exceed more than 50 percent of the States total allocation for that particular system.

The Federal share for construction projects and operating subsidies will be funded at an 80–20 rate. The interstate and safety programs will remain intact.

The urban system funds would be apportioned to the States on the basis of population. The Governor would be required to "pass through" funds for urbanized areas over 150,000. The Governor, with concurrence of the local public official, will designate a recipient to select programs and receive and distribute funds. Each designated recipient shall be a State agency or a local public body composed of representatives of the State and locally elected officials. The rural system funds would be apportioned to the States on the basis of mileage, land area, and population. The Governor would distribute the money within the State according to the programs of projects approved by the Secretary.

The last significant change in existing law relates to comprehensive planning and programing processes. The current planning and programing mechanisms of the Department of Transportation fail to provide proper Federal oversight over State and local development. Under our proposal, we revise this mechanism to provide for DOT approval over comprehensive transportation plans and a specific program of projects on an annual basis.

Two separate approval processes are contemplated. First, the Governor is responsible for the development of statewide transportation plans. He will develop rural aspects of the plan and incorporate plans formulated by urban areas into a statewide plan. Therefore, the Governor must coordinate and integrate the transportation needs of both urban and rural areas into an overall intermodel approach to the transportation problem in his or her respective State.

The State legislature has veto power over the proposed State plan, which must be submitted to the Secretary for his approval and resubmitted every 4 years, with any revisions.

The Secretary may not approve a plan unless—

First, there is adequate administration by a single State agency with responsibility for transportation in the State.

Second, various fiscal controls and maintenance of effort have been established.

Third, compliance with community development plans is demonstrated.

Fourth, compliance with environmental protection plans is demonstrated.

Fifth, compliance with energy conservation plans is demonstrated.

Sixth, urbanized areas control planning in their areas.

Seventh, further we provide for legal redress for States dissatisfied with the Secretary's action.

Planning procedures are designed to force the States to establish priorities in funding various modes of transportation. The officials, closest to the problem, must decide how best to use the limited amount of Federal funds. Their decision will be weighed in light of how their proposals comply with Federal guidelines set forth in the bill.

Once the State plan is approved, the Governor must submit for the Secretary's approval a program of projects for Federal assistance.

In approving these programs, the Secretary must assure that the State gives priority to—

First, reconstruction of highways on the rural system that are unsafe.

Second, "defense" roads.

Third, projects incorporating improved safety benefits.

Fourth, projects providing access to public airports and port facilities.

Fifth, fixed guideway and electric powered projects in areas failing to meet ambient air quality standards.

Sixth, projects which will result in the saving of energy.

Finally, Mr. President, the 94th Congress has reached a crossroad in the development of a rational transportation policy. The crucial decisions we make, will affect our transportation policy throughout this decade. This Congress must grapple with the issue of the future of the Highway Trust Fund. It must decide what our transportation priorities are and create a mechanism that will achieve those objectives. I submit that the legislation Senator KENNEDY and I have introduced provides the Congress with a basis to form logical and commonsense solutions to our current transportation mess.

So what the distinguished Senator from Massachusetts (Mr. KENNEDY) and I think we need here is some logic and commonsense so that we can have national mobility instead of one big parking lot, which is the situation in the United States today.

This legislation has been given even greater urgency, because of the fuel crisis in which we find ourselves, and I would hope that this would be the year when Congress would come to grips with the subject, and we would go ahead and act affirmatively in this area.

I am prepared at this time, Mr. President, to yield further of my time to the distinguished Senator from Massachusetts.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Massachusetts is recognized for not to exceed 15 minutes, and the Senator from Massachusetts also has the remainder of the time of the Senator from Connecticut.

Mr. KENNEDY. Mr. President, I am pleased to introduce today with my distinguished colleague, the Senator from Connecticut (Mr. WEICKER), the Federal Transportation Improvement Act of 1975.

This legislation continues our attempts over the past several years to end the bias and discrimination toward highways in Federal transportation planning, funding and construction.

By abolishing the highway trust fund and by encouraging a more balanced transportation system, this bill will halt the Federal underwriting of a distorted transportation program, that program has produced the best highways and the worst transportation in virtually the entire industrialized world.

Perhaps now that we are seeing a national awakening to the need to conserve energy, we can take the steps required to break the concrete stranglehold on transportation planning and transportation funding.

Perhaps now we can promote balanced transportation planning and balanced transportation funding so that the end result is a balanced transportation system.

In the past, we have put blinders on our transportation planners. They knew that highways commanded the lion's share of the Federal transportation dollar and so they planned for highways.

That nonsystem has produced highways that we need; but it has produced highways that we do not need as well. And it has failed to produce the mass transit systems that are vital to the future of our metropolitan areas.

It has insured a society built around the automobile and its demands for maintenance, for storage, for disposal, for replacement, and for energy.

Some 40 to 60 percent of our central cities now are given over to streets and parking areas for the automobile. Urban development for the past two decades has been twisted by a transportataion system focused on thrusting highways into the very hearts of our cities without much regard for the consequences of that action.

When we have 210 million people and 125 million automobiles and motor trucks, when we use 52 percent of our petroleum and 24 percent of our total energy for transportation, when we produce nearly 10 million automobiles and junk another 7 million each year, when we find our railroads going bankrupt and when we carried 19 billion mass transit fares in 1945 but only 5.5 billion in 1973—when we find these facts—then it is time to redesign our transportation system.

This bill will make a strong beginning toward that task. It will force transportation spending to be viewed as one among other national needs in the overall budgetary process. And it will insure that States and localities will make decisions on how to meet their transportation needs solely on which mode of travel works best.

Transportation planning at all levels of government will be freed from the lure of "easy money" for highways and little or no money for mass transit.

Six years ago, I felt it was time to call a halt to the tilt of Federal spending toward highway construction. I introduced legislation to create a National Transportation Trust Fund, permitting States and localities to have a mass transit option in their use of trust fund dollars.

And in each Congress since, I have introduced legislation with Senator WEICKER to open the trust fund.

We helped push the first wedge in the trust fund door in the Senate in 1972. Although our amendment to provide total flexibility was not adopted, a fallback amendment sponsored by Senators COOPER and MUSKIE was approved. The same process helped defeat the highway lobby in 1973 when, for the first time since its creation in 1956, we secured a portion of the trust fund moneys for mass transit use.

We also succeeded in permitting cities and States to obtain the use of interstate funds for mass transit when they decided not to construct an interstate segment, because of its disruptive effect on the community.

The interstate transfer provision translated community opposition to urban interstate highways into law. Boston, for example, has been able to free $671 million originally slated for highways to other projects. Of that amount, $600 million is being used for mass transit construction.

However, the steps we have taken thus far are still too meager to meet the problem. Even the approval of significant new urban mass transit administration funding last year represents only a minimal response to long-stalled transit needs.

The energy crisis also has made it apparent that we have been far too cautious and hesitant in our chipping away at the restrictions of the Highway Trust Fund.

We must abolish it with a single stroke if we are going to respond to the degree of urgency in our current transportation situation and if we are going to build an adequate system in the coming years.

It makes no sense that from 1956 to the present, we have devoted 95 cents of every Federal ground transportation dollar to highways. It makes no sense that even today, nearly 80 cents of every Federal dollar devoted to ground transportation goes to highway construction.

And even after our legislation of last year, the President's budget shows that in fiscal year 1976, we still will be directing more than 70 cents of every Federal dollar aimed at transportation into highway construction.

For that reason, I believe the elements of the legislation we are introducing today are critical for the restructuring and the redesign of our transportation system and the creation of a more balanced and integrated network to move people and goods.

First, the bill would abolish the Highway Trust Fund on September 30, 1976.

Second, all gasoline and other tax revenues that now flow into the trust fund would be channeled into the Treasury General Fund.

Third, Federal highway funding would be determined through the normal authorization and appropriation process.

Fourth, the proliferation of categorical highway programs would be streamlined with funds available for highway or mass transit systems, except for the interstate system. Under the interstate transfer provision, under existing law, there is flexibility for using those funds for mass transit where localities and States propose not to build a particular interstate segment.

Fifth, instead of nine different categorical highway programs, in addition to the interstate, there will only be the urban and the rural systems.

Sixth, funds authorized and appropriated for those systems would be available either for highway construction or for construction and operating subsidies for mass transit systems.

Seventh, the Federal share for the urban and rural system funds would be 80 percent, an increase of 10 percent. No more than 50 percent of a State's allocation for either system could be used for operating subsidies.

Eighth, the Federal share for the interstate system remains at 90 percent.

Ninth, the Governor would be responsible for development of a comprehensive State plan. Urban area plans would be incorporated into the State plan.

Tenth, a single State agency responsible for all transportation would administer the plan, removing the State Highway Department control over transportation planning in many States.

Eleventh, these comprehensive plans would represent local and State priorities in transportation. The plans would have to meet overall Federal objectives, such as priority to mass rail or other fixed guideway transit. In areas with air quality problems, priority to projects which result in energy savings, and priority to reconstruction of highways in the rural system that are unsafe.

Twelfth, the Secretary's disapproval of a State plan would be subject to court review.

Thirteenth, urban system funds would be apportioned to States on the basis of population. The Governor would be required to pass through funds for urbanized areas over 150,000.

Fourteenth, rural system funds would be apportioned to States under existing law.

Fifteenth, the bill returns the weight limit for trucks to the lower level in existence prior to 1974.

Sixteenth, it provides encouragement for carpools and requires enforcement of the 55-mile-per-hour speed limit.

These are the major changes in existing law which would be achieved through the legislation we are introducing today. I believe these measures will help insure more rational transportation decisionmaking in the future. And the Nation cannot afford any delay in achieving that goal.

Mr. President, I am glad to join with the distinguished Senator from Connecticut in submitting this legislation to which he has just spoken this morning. This is a continuation of the effort by the Senator from Connecticut and myself that has been going on now for close to 5 years to develop a more balanced transportation system in this Nation of ours.

I remember the time when we offered different amendments to various pieces of legislation to try to open up the highway trust fund and to provide a good deal more flexibility in the utilization of the resources of that fund so that there could be the development of a transportation system which would reflect our local, regional, and national needs in the development of not only automobile but mass transit, railroad, and even sea transportation as well as air transportation.

I think, perhaps, now, as this Nation is focused more directly on energy needs, and focusing more dramatically on the importance of insuring that whatever kind of transportation system we are going to develop is going to be sensitive to the amount of energy which is necessary to motivate that transportation, that the Members of Congress, the House, and the Senate, will be more responsive to the approach which the Senator from Connecticut and I have taken.

This, Mr. President, is a result of a number of years of work and consultation with many different representatives of different transportation units. We feel, if adopted, it will still insure the best distribution of resources in this country focused upon a transportation system which recognzies the needs of those in rural America and in underpopulated parts of this country as well as those who live in the major urban centers of the Nation.

We think it is a creative and thoughtful approach toward one of our great national needs, and we are extremely hopeful that this legislation can get the kind of early consideration that it demands and, hopefully, will be able to get Senate and House action during this session.

We come from a part of the country in which the major part of the American population lives. The critical needs in transportation are absolutely essential for the commerce as well as the livelihood of millions of people who live in the Eastern, Western, and Southern parts of this Nation. We feel that with the adoption of this legislation we can restore some balance to the development of a transportation system, and we feel that this will be an important major step in meeting one of our very important national needs.

So I am delighted to join with my friend and colleague, the Senator from Connecticut, in an area of great national importance and consequence. We are going to continue to work closely with the committees, with our colleagues, and with the administration in attempting to see that this legislation is implemented into law.

Mr. President, I send to the desk legislation and ask for its appropriate reference.

The **ACTING PRESIDENT** pro tempore. The bill will be received and appropriately referred.

Mr. **KENNEDY**. Mr. President, I yield back the remainder of my time.

TAX REDUCTION ACT OF 1975

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Senate will now resume consideration of H.R. 2166. The bill will be stated by title.

The legislative clerk read as follows:

> A bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The Senate resumed the consideration of the bill.

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Chair now recognizes the Senator from Michigan (Mr. Philip A. Hart) to call up his amendment on which there are 20 minutes of debate to be equally divided and controlled by the Senator from Michigan and the Senator from Louisiana (Mr. Long).

Mr. PHILIP A. HART. Mr. President, has the amendment been stated?

The ACTING PRESIDENT pro tempore. We do not have a copy of the Senator's amendment.

Mr. PHILIP A. HART. The amendment was filed yesterday but, I take it, that the printer has not yet delivered it.

The ACTING PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan (Mr. Philip A. Hart) for himself, Mr. Griffin, Mr. Roth, and Mr. Percy proposes an amendment.

The amendment is as follows:

At the appropriate place, insert the following new section:

"Sec. —. Election To Substitute Net Operating Loss Carryback Years for Carryforward Years.

(a) In General.—Subparagraph (E) of section 172(b) (1) (relating to years to which net operating loss may be carried) is amended to read as follows:

"(E) (i) In lieu of any net operating loss carryover to which a taxpayer would otherwise be entitled under this section, a taxpayer may elect to carry back any net operating loss for a number of taxable years equal to the number of taxable years to which such loss could have been carried forward, and the carryback so elected shall be added to the number of taxable years for which the taxpayer is otherwise entitled under this section to carry back such net operating loss. Except as provided in section 381(c) (25), and except as provided in paragraph (3) (E), an election under this subparagraph shall apply not only with respect to such net operating loss but also to the taxable year of such loss.

"(ii) Unless he is described in clause (iii), a taxpayer may not elect to have the provisions of clause (i) apply unless he establishes an employee stock ownership plan (as described in 301(d) of the Tax Reduction Act of 1975). This clause does not apply to any credit or refund attributable to a net operating loss or losses incurred in taxable years ending after the date of the first such election made by the taxpayer.

"(iii) The provisions of clause (ii) do not apply to any taxpayer the sum of whose credits or refunds resulting from electing to have the provisions of section 172(b) (1) (E) apply to net operating losses incurred in taxable years ending on or before the date of such first election does not exceed $10,000,000."

(b) Special Rules.—Section 172(b) (3) (relating to special rules) is amended by striking out subparagraphs (E) and (F), and by inserting in lieu thereof the following:

"(E) (i) An election made under paragraph (1) (E) may be revoked by the taxpayer at any time within 60 months after the close of the taxable year in which the election was made. If a taxpayer revokes such an election, the election may be revoked more than 60 months after the close of the taxable year during which the election was made only with the consent of the Secretary or his delegate. The taxpayer's liability for tax for all taxable years beginning with the earliest taxable year affected by the carryback of the net operating loss under election shall be redetermined as if the election had never been made. The amount of the taxpayer's liability for tax for the taxable year in which the election is revoked is increased (as of the end of such taxable year) by an amount equal to the amount by which such redetermined liability exceeds the tax paid for such taxable years. An election revoked on or before the time for filing a return for a taxable year (including any extensions thereof) is considered as made during that year. In redetermining the liability of a taxpayer for tax for preceding taxable years under this clause, the amount of such liability shall be reduced by an amount equal to the amount transferred (or treated as transferred) by the taxpayer to an employee stock ownership plan described in section 301(d) of the Tax Reduction Act of 1975 or to a supplemental unemployment compensation benefit plan described in such section in meeting the requirements of subsection (b) (1) (E) of this section. If the taxpayer was not required to transfer any amounts to such a plan under subsection (b) (1) (E) because of the provisions of clause (iii) thereof, the preceding sentence does not apply.

"(ii) An election under paragraph (1) (E), and a revocation of such election under this subparagraph, shall be made in such manner and at such times as the Secretary or his delegate may by regulations prescribe. No election may be made under paragraph (1) (E) by any taxpayer described in subparagraph (F) or (G) of paragraph (1). No election may be made under paragraph (1) (E) with respect to any foreign expropriation loss to which paragraph (1) (D) applies.

"(iii) If an election made by the taxpayer under subsection (b) (1) (E) with respect to a net operating loss incurred in any taxable year is revoked by the taxpayer, he may not make another election under that subsection with respect to that year. If a taxpayer has revoked an election made under subsection (b) (1) (E) with respect to a net operating loss incurred in any taxable year, and such taxpayer makes an election under such subsection with respect to a net operating loss incurred in a later taxable year, no part of the net operating loss for the taxable year with respect to which the election was revoked may be carried over to any taxable year beginning after the taxable year in which the second or other subsequent election under subsection (b) (1) (E) is made.".

(c) Carryovers in Certain Corporate Acquisitions.—Section 381(c) (relating to items in the case of certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

"(25) Treatment of Net Operating Losses Where to Substitute Carrybacks for Carryovers Has Been Made.—The acquiring corporation shall be bound by an election made by the distributor or transferor corporation under section 172(b) (1) (E) unless different rules with respect to the years to which a net operating loss may be carried apply among the group consisting of the distributor or transferor corporations and the acquiring corporation, in which case the acquiring corporation shall use the carryback and carryforward period prescribed by regulations of the Secretary or his delegate, and the rules of section 172(b) (3) (E) (i) shall apply to the extent required by such regulations."

(d) Conforming Amendments.—

(1) Clause (ii) of section 172(b) (1) (A) is amended by striking out "In the case" and inserting in lieu thereof "Except as provided in subparagraph (E), in the case".

(2) Paragraph (3) of section 172(b) is amended by inserting "(and so much of paragraph (1) (E) as relates to paragraph (1) (A) (ii))" after "(1) (A) (ii)" each place it appears.

(e) Technical Amendments.—

(1) Section 6654(f) is amended to read as follows:

"(f) Tax Computed After Application of Credits Against Tax.—For purposes of subsections (b) and (d), the term 'tax' means—

"(1) the sum of—

"(A) the tax imposed by this chapter 1 (other than by section 56), plus

"(B) the tax imposed by chapter 2, minus

"(2) the sum of—

"(A) the credits against tax allowed by part IV of subchapter A of chapter 1, other than the credit against tax provided by section 31 (relating to tax withheld on wages), plus

"(B) any increase in liability for tax determined under section 172(b) (3) (E) (relating to revocation of special carryback election)."

(2) Section 6655(e) (1) (B) is amended—

(A) by striking out "and" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserting in lieu thereof a comma and "and", and

(C) by adding at the end thereof the following new clause:

"(iv) any increase in liability tax determined under section 172(b) (3) (E) (relating to revocation of special carryback election)."

(f) Effective Date.—

(1) In general.—The amendments made by this section apply only to net operating losses incurred in the first two taxable years of the taxpayer beginning after December 31, 1975.

(2) Transitional rules.—If an election is made under section 172(b) (1) (E) of the Internal Revenue Code of 1954 with respect to any net operating loss for a taxable year ending before the date of the enactment of this Act—

(A) in the case of a deficiency for any taxable year attributable to the application of such net operating loss, section 6501(h) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment,

(B) in the case of an overpayment for any taxable year attributable to the application of such net operating loss, sections 6511(d) (2) and 6611(f) (1) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment, and

(C) the period for submitting an application for a tentative carryback adjustment under section 6411(a) of such Code with respect to such net operating loss shall not expire before the day which is 90 days after such date of enactment.

In the penultimate sentence of section 301 (d) (5) of the bill strike out "if the employer transfers no more than half of the amount" and insert in lieu thereof "only if, within one year from the date of the election under section 172(b) (1) (E) of such Code, the employer transfers the entire amount."

Mr. PHILIP A. HART. Mr. President, I yield myself 5 minutes.

I call up an amendment to the Tax Reduction Act of 1975 to permit substitution of net operating loss carryback years for carryforward years.

This amendment is changed in several important ways from a similar provision which was included in the Senate Finance Committee's original version of the Tax Reduction Act. Before those who described and dismissed the committee's proposal as a boondoggle to big business reject *this* amendment out of hand, I ask that they consider the changes and several points about the concept which were lost in the earlier rhetoric.

Let me list the changes.

First. The committee bill would have permitted a firm to apply the new carryback option to any taxable year from

1970 on. Our amendment restricts that option to taxable years 1974 and 1975.

That change means that the amendment will assist only those firms whose business has been adversely affected by the current recession and greatly improves the likelihood that with an upswing in the economy, there will be no long-term loss in Federal revenues.

Second. Under the committee bill, a company with a supplementary unemployment benefit plan—SUB—would have put up to 12.5 percent of any refund into the plan, and spread the payments over a 10-year period. Our amendment requires that the company puts 25 percent of any refund into existing SUB plans in the year the refund is received.

The change means that at least one hard-pressed SUB program will remain in business longer, and that those served by the plan will delay the time when they begin to ask the question, "Where is the welfare office?"

Mr. LONG. Mr. President, I ask that the yeas and nays be ordered on the amendment.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TUNNEY. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. PHILIP A. HART. May I inquire of the manager of the bill——

Mr. LONG. Now, Mr. President, may I also ask that the yea-and-nay vote on the Senator's amendment occur immediately after cloture has been involved if, indeed, it is today?

That being the case, Senators will have a chance to offer their amendments this morning and discuss them and the yea-and-nay votes will not use up more than 50 percent of the time between now and the time cloture is invoked.

Mr. PHILIP A. HART. In the event cloture is not invoked, will the vote occur at the conclusion of that failed event?

Mr. LONG. Yes.

Mr. PHILIP A. HART. Either way?

Mr. LONG. Yes.

Mr. PHILIP A. HART. For the information of our colleagues, that would mean the vote may occur at about 11:30?

Mr. LONG. That would appear to be about the time, yes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, I ask unanimous consent that Mr. Bob McNair and Lawrence Ash of my staff have privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PHILIP A. HART. Mr. President, I ask unanimous consent that Kitty Sherier and Jack Cornman of my office have privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PHILIP A. HART. Before discussing the justification for the amendment in its entirety, let me admit to a very parochial interest in this amendment. Senator ROTH and Senator GRIFFIN have parochial interests in this amendment. The Chrysler Corp., will benefit from this amendment but again probably not at the Federal Government's expense in the long run.

A few unemployment figures will explain my "parochial" interest. In January 1974, Chrysler employed 62,400 hourly wage workers in the Detroit area. This past January, that figure was down to 38,000 hourly wage employees. Detroit has an unemployment rate of 23 percent. One thing that city does not need is any more layoffs.

Nationwide, Chrysler normally employs 113,000 hourly wage workers. About 48,000 of those are laid off, and one thing this country does not need is still longer unemployment lines. So it just may be that my parochial interest in this amendment is shared by those representing many other sections of our country.

When measured against the costs of increased unemployment—and they range from food stamps to forfeiture of HUD guaranteed mortgages, to welfare payments to the unmeasurable mental strain and waste of human skills and energy resulting from widespread unemployment—the temporary loss in Federal revenues resulting from this amendment could turn out to be a bargain.

Now to the amendment.

EXISTING LAW

The concept of permitting a business to use an 8-year period to average profits and losses is not new. Under present law, a company can do so by carrying losses back 3 years and forward 5 years.

The concept of altering the provisions of the carryback-carryforward provisions is not new either. In passing a tax bill in 1967, Congress temporarily extended the carryback part of the law to help American Motors through a difficult time. That action, I believe, proved wise: it helped American Motors to remain a large employer and taxpayer, and I understand that the Government eventually recaptured all the money it would have received if the change had not been made.

Mr. GRIFFIN. Mr. President, may we have order please?

Mr. PHILIP A. HART. Employer and taxpayer, and I understand——

The ACTING PRESIDENT pro tempore. The Senate is not in order. Will the Senator suspend for just a moment?

Will the Senate come to order? Senators will please be seated.

The Senator from Michigan.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. PHILIP A. HART. Yes.

Mr. MANSFIELD. I would like to amplify on the unanimous-consent request of the distinguished manager of the bill to the effect that all rollcall votes prior to the vote on cloture be accorded the same consideration in sequence as the Senator from Michigan on his amendment.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none. Without objection, it is so ordered.

Mr. PHILIP A. HART. The justification for the Tax Reduction Act of 1975 is to help people and businesses adversely affected by the economic recession.

The hope is, I understand, to encourage people to spend and businesses to regain, keep or improve their financial health.

A proposal which would help firms from laying off more people is as germane to that goal as proposals to encourage economic growth.

By allowing firms to apply the carryback provision to any tax year back to 1970, as did the committee version of the bill, it could be argued—correctly in my view—that the provision was not really connected with the current recession and would reward inefficient companies which could not cut it in time of normal economic growth.

I emphasize, by restricting to 1974 and 1975 the taxable years to which this provision applies, as our amendment does, we make quite clear that the intent is to provide temporary assistance to firms suffering difficult times during a period of severe economic recession. And again, I recall that Congress did the same with good success for American Motors in 1966, and I repeat the importance of Chrysler to the depressed economy of Detroit and Michigan.

What would be the cost?

In figuring the cost of the amendment to the Federal Government, two provisions should be stressed.

First, a company electing the 8-year carryback gives up the right to carry losses forward against future profitable years, unless it pays back the refund received from the 8-year carryback.

If a company decides to switch back to the current provision, the Federal Government will be repaid in full.

Companies sticking with the 8-year carryback will have to pay full taxes on future profitable years, which means the Government will recapture funds it would have lost under the carry-forward provision.

Granted, the amount the Federal Government recaptures will depend on firms making profits within the next 5 or 6 years, which gives added importance to the change which limits the qualifying taxable years to 1974 and 1975.

Obviously, we can have little confidence that firms which could not make profits in the early 1970's will make profits in the last half of the decade. However, the companies using the amendment as now rewritten necessarily will have had to make profits within the last 8 years. That means we have reason to believe that these firms will be moneymakers again within the next 5 years.

Here then are the cost estimates:

Under the committee version, the Federal Government might lose between $1 billion and $1.5 billion in the next 2 years. The open-ended nature of the committee bill made it impossible to predict how much more might be lost beyond that. I am told you could expect the Federal Government to have recaptured about half the amount lost under the committee version.

Under our amendment, which, again, restricts the extension of the carryback period to 2 taxable years, this loss is estimated at about $250 million, most of which if not all would be recaptured.

DOES CHRYSLER NEED THE MONEY?

I am in no position to predict what might happen to Chrysler if this amendment is not approved.

However, it is no secret that the corporation's lines of credit are badly strained and that the Federal Reserve is contemplating emergency credit help if the company's condition worsens.

Also, whether by the demands of the marketplace or of Congress, auto companies will be required to build more gas efficient autos and it will take capital to design and retool to meet that demand. If the demand is not met, more layoffs at Chrysler is the least ominous of the possiblities. Further concentration in an already highly concentrated industry is one of the more ominous possibilities.

HOW TO RESTRUCTURE AN INDUSTRY

For some years now I have been lecturing about the dangers of economic concentration. If the car industry were less concentrated, I believe the industry would not be in such a serious financial condition today.

Regardless of that, however, it may be easy for the theorists to say that a large firm should be allowed to sink or swim on its own, but it is an entirely different thing to say that thousands and thousands of workers living in an area of extremely high unemployment should be asked to bear the cost of letting a large firm go under.

I do not know, as I said, what will happen to Chrysler if this amendment is rejected, and I cannot assure that it will spend all its refund wisely, but I do believe that given Detroit's serious economic depression, we should err on the side of helping a large employer keep people on the job.

We can talk about restructuring automobiles, I believe we should. Let us do it in an orderly fashion, not by the disastrous collapse which would bring in its train enormous human suffering.

The ACTING PRESIDENT pro tempore. The Senator's 10 minutes have expired.

The Senator from Louisiana.

Mr. LONG. Mr. President, the amendment offered by the Senator is similar to what the committee did agree to. The Senator's amendment does not have the same emphasis on employee stockownership as the Committee on Finance recommended, and in that respect it is not as appealing to the Senator from Louisiana as was the provision which we agreed to in the committee.

The Senator would undertake to say that the amount which we would urge go to an employee stockownership arrangement would go instead to their supplemental unemployment benefits fund.

I trust this matter to the good judgment of the Senate. I personally have no strong feelings about it.

I voted some years ago to do something of that sort for American Motors and I believe that the Senate can well contend that in view of the fact that this Nation saw fit to do a similar thing for American Motors, that Chrysler Corp. today needs the same consideration as badly as American Motors did at that particular time.

I am happy to yield time to anyone who wants to speak on either side, but I think that the time should be used first by those who want to speak in opposition to it.

Mr. BIDEN. Mr. President, I cannot possibly support the Hart amendment to liberalize the loss carryback and carryforward provisions of the tax laws. The amendment has been drafted to make Chrysler the major beneficiary. I have consistently voted against bailout legislation directed to single companies such as Lockheed and Pan Am. I consider such legislation a dangerous precedent. What it does is introduces a form of deception in our tax code. Tax laws should be general—not written to benefit a specific firm.

With respect to the SUB provisions of the amendment, I have a fundamental problem. Should Government become involved in providing supplemental unemployment benefits to one group of workers? Namely, autoworkers, specifically Chrsyler workers? Why not GM workers, many of which have been unemployed as long as Chrysler workers? If we do this, should we not do the same thing for the workers in the housing or construction industries, many of whom have been unemployed much longer than autoworkers? If Government gets involved in supplemental unemployment benefits, it should do it for all workers by increasing weekly unemployment benefits.

I propose to take care of the needs of the long term unemployed by passing special legislation to increase weekly unemployment benefits for all covered workers, by extending the number of weeks that all workers can receive benefits, by passing special legislation to pay health care insurance premiums for the unemployed and by passing mortgage relief assistance so that the unemployed do not lose their homes. For instance, today I will vote for the Javits amendment to extend unemployment benefits. Giving Chrysler a tax break has nothing to do with taking care of these people. I would suggest that the tax bailout should stand on its own merits. The injection of SUB fund aid, just serves to distort the issue. Perhaps the $190 million tax break should be directed to programs for the unemployed.

The best thing that we can do is to turn this economy around without going back to the kind of inflation that preceded our present economic recession.

What we can do is eliminate the giveaways from the tax bill that will needlessly increase the Federal deficit thereby resulting in higher interest rates and higher prices. What we can do is pass a tax bill that provides the necessary economic stimulus, that recognizes the needs of those truly requiring relief, while at the same time maintaining the fiscal responsibility needed to transform our current economic situation into one of economic order.

Mr. CURTIS. Mr. President, I do not wish to speak in opposition to this, but I think as a member of the committee I should point out one fact. There are three companies which sought relief under this philosophy. At the present time, a corporate taxpayer can average over 8 years, 5 years forward and 3 years back. It is a request that they could average the entire 5 years back. There is quite a heavy penalty if they want to change again. I think the taxpayers are taken care of in that way.

However, it happens that the years are such that here are two other entities, one of them an international airline, that will not be covered by this amendment. I believe its language is general in application. They are not excluded, but it happens that the years in question will not do that. I present that not as an argument against or for this proposal, but merely for the information of the Senate.

Mr. LONG. I yield to the Senator from Colorado.

Mr. HASKELL. Mr. President, I have to object to this amendment basically on philosophical grounds. I can understand the desires of the Senators from Michigan to help a corporation which is a large employer in their State. My only objection is that I do not think this is the way the Congress ought to do it. We are giving an unknown amount of help, because we do not know the extent of the loss. We are giving the assistance without hearings as to the desirability or undesirability.

Mr. President, I would merely like to register my objection that if this type of assistance is to be given, it be given directly after hearings and reports by committees rather than to do it by an amendment to the tax laws.

Mr. GRIFFIN. Will the chairman yield?

Mr. LONG. The time in support of the amendment should be yielded, if possible.

Mr. PHILIP A. HART. How much time remains?

The ACTING PRESIDENT pro tempore. The Senator from Michigan has exhausted his time.

Mr. PHILIP A. HART. I yielded myself 5 minutes.

Mr. GRIFFIN. Will the Senator yield 2 minutes?

Mr. LONG. If the Senator from Michigan has used all his time, I will yield 2 minutes of my time.

Mr. GRIFFIN. I merely wanted to take a moment to associate myself with my senior colleague from Michigan. (Mr. PHILIP A. HART) in the argument he has made. I think it is important to emphasize that there is important recognition in this bill of the housing industry. There are outright subsidies provided in the bill to stimulate the housing industry. But the other major industry that is dragging the economy down is the automobile industry and the depression that we are experiencing in the automobile industry.

In our State upwards of 14 percent are out of work and 25 percent of the automobile workers have been out of work. Fortunately, some of them have been called back recently, but it may be a temporary situation.

I think it is important to realize that the investment tax credit that is provided in this bill is meaningful only to corporations and businesses that make a profit. It does nothing to help a corporation that is incurring losses. The only way that you can help a corporation that is incurring a loss is to recognize the equity of this particular approach which only allows the corporations involved to spread their losses over a different period of time.

Really, what is involved here would be the Chrysler Corp. and other businesses that are affected getting some of their own tax money back, tax money that they have already paid in in years when they have made a profit. It is to allow them to offset that against the years now when they are incurring severe losses.

Furthermore, as the amendment is drafted, although there is some concern about it, there would be substantial help to the laid-off workers involved because a significant portion of what would be involved here would go to supplement unemployment compensation benefits. I believe in light of the total context of the tax legislation that is being considered and what we are trying to achieve, this amendment has merit. I hope it will be adopted.

Mr. ROTH. Will the chairman yield?

Mr. GARY W. HART. Will the Senator yield for a question?

Mr. LONG. First, for the record I wish to state these figures: It is my understanding Chrysler had a loss of $71 million in 1974, and that they will sustain a loss of $312 million in 1975, a total loss of $383 million. Their tax advantage therefore, is estimated at $191 million under the amendment.

Mr. President, I have said that to support a measure of this sort I would insist there be an employee stock ownership in the amendment. I suppose I would have to maintain my consistent attitude in that matter. I regret that is not in this proposal. I personally would like to vote for it. But if there is no employee stock ownership arrangement, I do not feel I could vote for it.

I yield to the Senator from Delaware.

Mr. ROTH. Mr. President, I am pleased to join the two Senators from Michigan in sponsoring this legislation, as I think it is important that we do something to help those companies so adversely affected by the recession and Government regulations. I would point out in answer to the distinguished Senator from Colorado that the Finance Committee did deal with this problem; that we did have a provision that would provide assistance to Chrysler as well as other companies. So we are not dealing with a subject that was not dealt with in the Finance Committee.

I would also like to point out that time is of the essence both from the standpoint of the employees and the company. Under this proposal, 25 percent of the benefits would go to the so-called subpayments, and the subpayments are very nearly bankrupt at the present time. So I think it is extraordinarily important that we act now to help the unemployed employees as well as the communities in which these plants are located. I can say that, from the standpoint of Delaware, where a Chrysler plant was shut down for several months and they are just now beginning to go back to work, the subpayments have had a very beneficial effect, especially to the employees out of work and also to the community as a whole.

I would like to point out that the primary purpose of the tax cut is to help the economy, to stimulate the economy. I can think of nothing that could be more disastrous for our economy today than for a major company, to force a major financial crisis. No one can predict that this legislation will necessarily correct all problems faced by Chrysler, but it will be a step in the right direction. I think, if we are going to help companies, such as Chrysler, who were so adversely affected by conditions beyond their control, it is highly important that we take action now. I believe it is important to realize that the major beneficiaries of this provision will be the thousands of employees and their families working for these corporations.

For the reasons already referred to, I also believe that the Congress must take steps to insure that Chrysler Corp. remains competitive. In my opinion, one of the reasons that Chrysler is now experiencing difficulties is the amount of Government regulations and controls that were imposed on them by this Congress. I would be extremely concerned if the company did go under, not only because of the impact this would have on jobs and incomes but also because of the psychological impact it would have on our whole economy. This provision would provide Chrysler the additional time and aid to make it through this very difficult time.

But this provision will help the employees of Chrysler most of all. Under this provision, Chrysler will be allowed to channel up to $40 million of its tax refund into the SUB funds for their unemployed workers and their families. The current SUB fund is expected to run out next week, when thousands of workers and their families throughout the country would be in desperate shape.

In my home State of Delaware, this provision would directly benefit the 1,700 Chrysler workers and their families who are still unemployed, and the 2,000 workers and their families who have recently been recalled temporarily.

The shutdown of the Chrysler plant in Delaware would have had a much more serious impact without the SUB funds. They not only help the unemployed individual and his family, but it also protects the economy of the community and the State.

The SUB funds are in danger of running out. I urge the Senate to adopt this amendment to extend these employee SUB funds.

Mr. GARY W. HART. Will the Senator from Louisiana yield for a question?

The **ACTING PRESIDENT** pro tempore. All time has expired.

Mr. GARY W. HART. Will the Senator from Louisiana yield for a question?

Mr. LONG. Do I have time to yield?

The **ACTING PRESIDENT** pro tempore. The time of the Senator from Louisiana has expired.

Mr. CURTIS. Mr. President, do we have any time under the bill?

The **ACTING PRESIDENT** pro tempore. There was no time allotted on the bill. Under the previous agreement, the vote on this amendment will go over until after the cloture vote.

Under the previous order, the Chair now recognizes the Senator from California (Mr. Tunney) to call up his amendment, on which there is 15 minutes debate to be equally divided and controlled by the Senator from California and the Senator from Louisiana.

The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. TUNNEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 3, between lines 8 and 9, insert the following:

Sec. 4. (a) Section 162 of the Internal Revenue Code of 1954 (relating to trade or business expenses) is amended by redesignating subsection (h) as (i), and by inserting after subsection (g) the following new subsection:

"(h) Certain Expenses Necessary for Gainful Employment.—

"(1) In general.—In the case of an individual who maintains a household which includes as a member one or more of the following qualifying individuals—

"(A) a child or stepchild of the taxpayer (within the meaning of section 152) who is under the age of 15,

"(B) a dependent of the taxpayer who is under the age of 15 or who is physically or mentally incapable of caring for himself or herself, or

"(C) the spouse of the taxpayer, if he or she is physically or mentally incapable of caring for himself or herself,

the deduction allowed by subsection (a) shall include the reasonable expenses paid or incurred during the taxable year for household services and for the care of one or more individuals described in subparagraph (A), (B), or (C), but only if such expenses are ordinary and necessary to enable the taxpayer to be gainfully employed.

"(2) Maintaining a household.—For purposes of paragraph (1), an individual shall be treated as maintaining a household for any taxable year only if over half of the cost of maintaining the household during such period is furnished by such individual (or if such individual is married during such period, if furnished by such individual and his or her spouse).

"(3) Special rules.—For purposes of this subsection—

"(A) Married couples must file joint return.—If the taxpayer is married at the close of the taxable year, the deduction provided by subsection (a) shall be allowed only if the taxpayer and his spouse file a single return jointly for the taxable year.

"(B) Gainful employment requirement.—If the taxpayer is married for any period during the taxable year, there shall be taken into account employment-related expenses incurred during any month of such period only if—

"(i) both spouses are gainfully employed, or

"(ii) the spouse is a qualifying individual described in paragraph (1)(C) of this subsection.

"(C) Certain married individuals living apart.—An individual who for the taxable year would be treated as not married under section 143(b) if paragraph (1) of such section referred to any dependent, shall be treated as not married for such taxable year.

"(D) Payments to related individuals.—No deduction shall be allowed under subsection (a) for any amount paid by the taxpayer to an individual bearing a relationship to the taxpayer described in paragraphs (1) through (8) of section 152(a) (relating to definition of dependent) or to a dependent described in paragraph (9) of such section except where the taxpayer can demonstrate that such payments were made in an arms length fashion pursuant to regulations to be prescribed by the Secretary or his delegate.

"(E) Reduction for certain payments.—In the case of employment-related expenses incurred during any taxable year solely with respect to a qualifying individual (other than an individual who is also described in subparagraph (A) or (B) or paragraph (1) of this subsection and who is under the age of 15) the amount of such expenses which may be taken into account for purposes of this section shall be reduced—

"(i) if such individual is 15 or older and is described in subparagraph (B) of paragraph (1) of this subsection, by the amount by which the sum of—

"(I) such individual's adjusted gross income for such taxable year,

"(II) the disability payments received by such individual during each year, exceeds $750, or

"(ii) in the case of qualifying individual described in subparagraph (C) of paragraph (1) of this subsection, by the amount of disability payments received by such individual during the taxable year.

For purposes of this subparagraph, the term 'disability payment' means a payment (other than a gift) which is made on account of the physical or mental condition of an individual and which is not included in gross income."

(b) Section 62(c) of the Internal Revenue Code of 1954 (relating to trade and business deductions of employees) is amended by adding at the end thereof the following new subparagraph:

"(E) Certain expenses necessary for gainful employment.—The deductions allowed under section 162 which consist of expenses allowable by reason of the application of subsection (h) thereof, paid or incurred by the taxpayer in connection with the performance by him or by her of services as an employee."

(c) Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended—

(1) by striking out section 214 (relating to expenses for household and dependent care services necessary for gainful employment), and

(2) by striking out the item relating to section 214 in the table of sections for such part.

(d) The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Sec. 5. (a) Section 43 of the Internal Revenue Code (relating to overpayments of tax) is redesignated as section 44 and the following new section is added:

"Sec. 44. Gainful Employment Credit.

"(a) General Rule.—In the case of an individual, there shall be allowed, subject to the limitations of subsection (b), as a credit against the tax imposed by this chapter for the taxable year, an amount equal to one-half of all the expenses for gainful employment, described in section 162(h).

"(b) Limitation.—(1) The credit allowed in subsection (a) shall not exceed $50, ($25, in the case of a married person filing a separate return) per month.

"(c) Election to Take Deduction in Lieu of Credit.—This section shall not apply in the case of any taxpayer who, for the taxable year, elects to take the deduction provided by section 167(h). Such election shall be made in such manner and at such time as the Secretary or his Delegate shall prescribe by regulations."

(b) Section 6401(b) (relating to amounts treated as overpayments) is amended—

(1) by inserting "section 44," (relating to gainful employment credit) after "section 43"; and

(2) by striking out "and 43" and inserting in lieu thereof "43, and 44".

(c) Section 6201(a)(4) (relating to assessment authority) is amended—

(1) by inserting "44 (relating to gainful employment credit)" immediately after "43" in the caption of such section; and

(2) by striking out "on section 43 (relating to personal exemptions)," and inserting in lieu thereof ", section 43 (relating to personal exemptions), or section 44 (relating to gainful employment),".

(d) The amendments made by this section shall apply to taxable years beginning after the enactment of this Act.

Mr. TUNNEY. Mr. President, I call up amendment to the pending tax bill which will extend the concept of allowing working parents tax relief for expenses incurred by them in caring for their dependents.

I act today in the conviction that this worthwhile concept can play a significant role in lightening the tax burden of hundreds of thousands of parents and heads of households throughout the country, and make this relief available to those who need it most—the hard-pressed low- and middle-income taxpayers of the United States.

Mr. President, as everyone in this Chamber knows, we presently allow individuals to deduct the cost of caring for dependents when the cost of such care is a necessary part of taking and keeping gainful employment. Section 214 of the Internal Revenue Code of 1954, as amended, allows deduction of those expenses. However, the law at present requires that those expenses be deducted through the mechanism of an itemized deduction.

That simply will not do. In the name of equity for working parents now and in the future, the current situation should be changed.

What is wrong with the present deduction? Put very simply, the problem lies in the fact that only those taxpayers who itemize deductions can receive the benefits of this tax allowance. Yet of the millions of people and families earning less than $10,000 a year, only 32 percent utilize itemized deductions. That means that some 68 percent of those low- and middle-income families and individuals receive no benefit at all from the existing allowance.

Yet we all know that these are the very people we should be striving to help with such tax relief. The working mother, struggling to make ends meet, needs this tax incentive more than anyone. To date, however, we have slammed the door in the faces of millions of working mothers by denying them the benefits of their expenditures on child care.

This means that hundreds of people who might otherwise hold down jobs, and be contributing vital income to ravaged family incomes, are discouraged from working, simply because the income from their work hardly exceeds their expenses.

And we should not believe that this problem will pass without further attention on the part of the Congress. The proportion of mothers working outside the home is more than double what it was 25 years ago. In 1948, 18 percent of our Nation's mothers went out of the house to work. Now that figure stands at 42 percent, and we can expect that trend to continue as the pinch on our middle-income breadwinners becomes worse.

Therefore, I say that it is time to bring the design of the tax law into concert with the realities of our contemporary society. We must recognize the fact that millions of American parents must work in these troubled times, and we must further recognize that millions of those parents must incur substantial expenses for child care to allow them to work. Insofar as the present tax structure does not allow thousands of families to utilize fully the existing deduction for such care, the law should be changed.

Therefore, I am proposing that there be three basic changes in the child care expense deduction:

First. I believe that the deduction should be placed under section 162 of the Internal Revenue Code. This would indicate that this deduction would be defined as an "ordinary and necessary" expense incidental to the conduct of a business or trade.

Certainly, it should be as legitimate for the working mother to deduct the cost of her child care as it is for the ordinary businessman or employee to deduct the cost of advertising or business lunches or the like. Both are directly related to the production of income, and as such they should fall within the same section of the code.

Second. I would also make this deduction an "adjustment to income." This technical term means nothing more than the fact that taxpayers would be permitted to deduct child care expenses, and still take the standard income tax deduction—the device overwhelmingly used by the majority of the Nation's ordinary taxpayers.

Third. After consultation with the distinguished chairman of the Senate Finance Committee, the Senator from Louisiana (Mr. Long) I have decided to incorporate another feature into this amendment. It will allow taxpayers to take tax credits equal to one-half their child-care expenses of up to $50 per month, or a total of $600 per year.

This provision would be especially helpful to the low-income taxpayer who was unable to take maximum advantage of his or her deduction or adjustment. Such taxpayers would receive up to $600 per year in credits toward their income tax liability. Thus, the taxpayer would be able to choose between taking a deduction or adjustment to income, and taking a tax credit, either of which would be based on his or her child-care expenses.

In either case, it would be the ordinary taxpayers of American who would be the beneficiaries of this amendment. We in the Senate have gone on record in favor of the concept of allowing working parents to deduct child-care expenses. Now we must take the next giant step, and insure that those tax deductions are available on a fair and equitable basis to all Americans, rich or poor. I hope the Senate will join me in this effort.

Mr. TUNNEY. Mr. President, I ask for the yeas and nays.

Mr. LONG. I ask for the yeas and nays on the amendment.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask for the same unanimous-consent agreement we had prior to this time, that the vote on the Tunney amendment occur immediately after the vote on the Hart amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, the amendment I am offering today corrects an inequity in the Internal Revenue Code of 1954 which makes household services and child-care expenses a personal deduction rather than a business deduction.

I think it is very important that we make this change, because many heads of households are working who need to have a babysitter to take care of their children. That babysitter costs a considerable amount of money, which represents a substantial deduction from the income of the head of the household. The head of a household is not able to claim that babysitter as a deduction against his or her income tax unless that family itemizes deductions. The way the law presently is worded, the deduction for child-care expenses is not a business deduction but a personal deduction. The family which takes a standard deduction rather than an itemized deduction when filing its return is not able to claim the babysitter expense.

On the other hand, if this were a business deduction, and an adjustment to income that family, in filing its return, would be able to claim the babysitter expense in addition even if it claimed the standard deduction.

Of the families that earn $10,000 or less, almost 70 percent file returns with the standard deduction, which means that 70 percent of the families that earn less than $10,000 are not able to claim the babysitter expense as a tax deduction. My amendment is designed to give those families an opportunity to write off the babysitter expense against their taxes.

This makes clear sense. If a businessman is able to write off his secretary as a business expense rather than as a personal expense, there is no reason in the world why a mother who is the head of a household should not be able to write off the cost of a babysitter as a business expense so that she can go to work.

The *amendment* I have offered today is a modified form of amendment No. 153, which was printed earlier. The modification provides that the head of the household, as an alternative to claiming this as a business deduction, can claim a tax credit of up to $50 a month equal to one-half the cost of the babysitter. This will enable many poorer families to have a much greater benefit than the amendment as originally drafted would provide.

If our desire in this country is to get people off welfare and get them to work, then we should be giving a substantial benefit *to those* families that are of lower income levels. They can then have an opportunity to receive a maximum write-off for the cost of the babysitter. As a result, we are actually getting two for one. We are employing the babysitter and employing the person on welfare.

Mr. LONG. Mr. President, will the Senator yield, on my time?

Mr. TUNNEY. I yield.

Mr. LONG. The tax credit the Senator is suggesting would be especially helpful to a mother drawing welfare payments who would like to go to work to improve the condition of her little family. When that mother goes to work, her work expenses would be increased by the cost of paying for day care for her child or by the cost of paying someone to take care of the child while the mother is at work. If she has to pay $100, which is about the minimum one could expect to pay for decent day care, that reduces her earnings by $1,200. Even if she earns enough to remove her from the welfare rolls, that $1,200 is a tremendous expense which will benefit her very little for income tax purposes since she can already take a standard deduction of $1,300.

So this amendment would give her the benefit of a tax credit that would cover about half the cost of providing decent day care for her child while she goes out and tries to provide for a better situation in life for both herself and the child.

Mr. TUNNEY. The Senator from Louisiana is absolutely correct.

I thank the Senator from Louisiana for his efforts in perfecting this amendment. Over a period of years, the Senator from California has discussed this amendment with the Senator from Louisiana, and the thoughts of the Senator from Louisiana always have been very helpful.

The tax credit incorporated in the amendment offered by the Senator from California is a result of the prescience and the understanding of the Senator from Louisiana. I deeply appreciate the suggestions that the Senator made, because I think they make it a better amendment.

Mr. LONG. It reflects our mutual view that we should try to make honest endeavor, honest work, more attractive than welfare, if we can.

Mr. TUNNEY. I agree with the Senator.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield.

Mr. CURTIS. Is it not true that there is a provision in the code now for deducting child care expenses for working mothers?

Mr. TUNNEY. Yes, but it is a personal deduction. It is not a business deduction, and it cannot be used with the standard deduction.

Mr. CURTIS. But anyone who itemizes his deductions can get substantially the same benefit as would be included in the Senator's amendment.

Mr. TUNNEY. Anyone who itemizes his deductions can do that. There are two changes necessary, however: allowing the use of the deduction with the standard deduction and providing a tax credit in this amendment of up to $50 a month. Both changes would be of substantially greater benefit to the lower income taxpayer than the deduction that is presently allowed.

Mr. CURTIS. Does the Senator's amendment provide for a credit?

Mr. TUNNEY. Yes—or a deduction—either one or the other, whichever the taxpayer elects to report and claim.

Mr. CURTIS. How much of an expenditure for child care does the taxpayer have to have in order to get a credit of $50 a month?

Mr. TUNNEY. It can be no more than $50, but it is one-half of the cost of the babysitter.

Mr. CURTIS. I would raise a serious question about using a tax credit for this purpose. A tax credit is a special category in which one just deducts a sum of money from the taxes owed. There are many worthy causes, many of them expenditures, but we may not have any revenue left.

I hope that the part of the amendment particularly relating to a tax credit will not be pushed by the Senator.

It is one thing to give an added benefit to the individual who takes a standard deduction, which there still might be some question about. But to make this a credit, I seriously question the wisdom of that. I hope that the Senator will reconsider it.

Mr. TUNNEY. The reason that the credit has appeal is that it helps those people most whom we would like to see have the greatest opportunity to go to work. These are the people who are presently on welfare or, who, under existing law, are not given any kind of encouragement to go to work. If there is a young child in the house, the cost of the babysitter is sufficiently high that it reduces the earned income of these people to the point that it is much better to sit at home and just draw welfare payments, rather than work. By giving this tax credit of up to $50 a month, what we are doing is encouraging such people to go to work, because they will have a very direct financial stimulus to do so.

The PRESIDING OFFICER. The time has expired.

Mr. LONG. Mr. President, I send to the desk an amendment. In the event the amendment of the Senator from California should be agreed to, I believe that this amendment will be needed to make it relate properly to the other sections in the bill.

Mr. TUNNEY. I modify my amendment to incorporate the language of the amendment offered by the Senator from Louisiana.

The PRESIDING OFFICER. Is there objection to the modification? Without objection, the amendment is so modified.

The clerk will state the modification.

The assistant legislative clerk read as follows:

On page 89, between lines 5 and 6, insert the following new paragraph:

(1) Section 50A(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) Limitation with respect to nonbusiness eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are not performed in connection with a trade or business of the taxpayer shall not exceed $1,000."

On page 89, line 6, strike out "(1)" and insert in lieu thereof "(2)".

On page 89, line 20, strike out "(2)" and insert in lieu thereof "(3)".

On page 90, line 25, strike out "(3)" and insert in lieu thereof "(4)".

On page 91, line 7, strike out "(4)" and insert in lieu thereof "(5)".

Mr. LONG. Mr. President, the amendment that I have sent to the desk seeks to reconcile the Tunney amendment with the Talmadge amendment that is in the bill. In the event that someone is employed off the welfare rolls, it would provide a tax credit for employing someone from the welfare rolls. The Senator may not be familiar with that provision, but we do not want to have an unintended benefit; so the two sections should be considered together.

Mr. TUNNEY. I thank the distinguished chairman.

I wish to point out to my distinguished friend from Nebraska that the amendment that I am offering—at least the part of it giving a business deduction for the cost of the babysitter—passed the Senate in November 1971 by a vote of 74 to 1. I offered it at that time. It was accepted again by the Senate by a vote of 71 to 8 as an amendment to H.R. 1 in 1972. So, this amendment has a good track record in the Senate, to say the least.

Mr. CURTIS. Do I understand by that——

Mr. TUNNEY. I dare say—I cannot be sure—that if we look at the record, we will find that the Senator from Nebraska voted for it.

Mr. CURTIS. All I gather from your argument is that it was such that they were unable to convince the conference.

Mr. TUNNEY. It was a technicality. It was declared nongermane to the House bill; therefore, it was dropped. It was at the time that the House adopted those rules which made it impossible to put into a House bill any language that was not germane to the original House bill. So it got thrown out on a technicality.

But it has widespread support in the House as well as in the Senate, and I am sure that if the Senator from Nebraska thinks about it, he will see the wisdom of what I call a two-for-one benefit. If we give the opportunity to a nonworking mother to go to work and give her the financial stimulus to do so, we then also hire a babysitter as well. So we get two for the price of one—two people employed for the price of one deduction.

Mr. CURTIS. Will the Senator yield?

Mr. TUNNEY. Yes.

Mr. CURTIS. Did his previous amendment have a credit?

Mr. TUNNEY. No; the previous amendment did not have a credit. The credit improves the amendment, in my view.

Mr. CURTIS. But not in the view of the Treasury. If we have enough credits, there will not be any income for the Treasury.

Mr. TUNNEY. They will be paying taxes. The person, instead of being a tax gobbler, will be working generating income and paying taxes.

Mr. CURTIS. I am not too sure that when we count up everything that is in existing law and everything in this bill, someone in the circumstances the Senator describes is going to pay more than $600 a year taxes, and he wants to give him $600 a year credit.

Mr. TUNNEY. We may be taking him off welfare. We have to count that, too.

Mr. CURTIS. And off the tax rolls.

Mr. TUNNEY. A person on welfare is probably drawing $4,000 or $5,000 a year of tax money, so we must consider the savings from forgone welfare payments.

Mr. CURTIS. We are giving them too much.

Mr. LONG. Mr. President, how much time remains?

The PRESIDING OFFICER. There is no time on the amendment.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Montana (Mr. METCALF), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Indiana (Mr. HARTKE) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, under our unanimous-consent request, we will vote on that amendment after we vote on the Hart amendment. Now, if there is another amendment which the Senator desires to discuss, we will discuss that one.

AMENDMENT NO. 191

The PRESIDING OFFICER. Under the previous order, the Chair now recognizes the Senator from New Mexico (Mr. DOMENICI) to call up an amendment, with a time limitation of 15 minutes, 7½ on a side.

Mr. DOMENICI. Mr. President, I call up my amendment No. 191 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOMENICI. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the last page, insert the following Title entitled, "structural Energy Conservation Incentives."

SECTION 1. (a) The Congress finds that—

(1) present national energy sources are limited and the capacity of the nationalenergy supply system to meet future demand is threatened;

(2) it is in the national interest to conserve energy by moderating the demand for fossil fuels and by improving the efficiency with which such fuels are used;

(3) significant energy savings for the Nation and the consumer may be achieved by applying existing methods of energy conservation to the thermal design of various residential units and

(4) it is an important national objective to encourage sound investment practices which improve the thermal design of various residential units and increase the use of solar energy in heating and cooling such units.

(b) It is the purpose of this Act to establish a system of income tax credits and income tax deductions in order to promote improvement of the thermal design of various residential units, and to promote the use of solar energy devices in residences.

INCOME TAX CREDIT FOR CERTAIN EXPENDITURES RELATING TO THERMAL DESIGN OF RESIDENCES

SEC. 2. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as section 43 and by inserting immediately after section 41 the following section:

"SEC. 42. EXPENDITURES RELATING TO THERMAL DESIGN OF TAXPAYER'S RESIDENCE.

"(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by this chapter—

"(1) an amount equal to the ordinary and necessary expenses paid by a taxpayer during the taxable year for the improvement of the thermal design of any residential units by that taxpayer through the purchase of conventional materials or through the purchase of solar heating and cooling equipment;

"(2) an amount equal to the ordinary and necessary expenses paid by a taxpayer, including a contractor, during the taxable year for the installation by that taxpayer, of insulation and caulking materials to the extent these materials exceed in the amount the specifications for such materials in the Department of Housing and Urban Development Minimum Property Standards, and storm windows, storm doors, and solar heating and cooling equipment, in any new residential unit; and

"(3) an amount equal to the ordinary and necessary expenses paid by a taxpayer during the taxable year for the improvement of the thermal design of any new or existing commercial building by that taxpayer through the purchase of conventional materials or through the purchase of solar heating and cooling equipment.

"(b) GENERAL LIMITATION.—The credit allowed by subsection (a)(1) and (a)(2) shall be limited to—

"(A) 25 percent of any expense which qualifies for a deduction under section 220 (a); and

"(B) $1,000 for the period during which the provisions of this section are in effect, no more than $250 of which may be allowed as a credit for the purchase of conventional materials.

"(2) The credit allowed by subsection (a) (3) shall be limited to (A) 25 percent of any expense which qualifies for a deduction under section 220(a); and (B) $5,000 for the period during which the provisions of this section are in effect, no more than $1,000 of which may be allowed as a credit for the purchase of conventional materials.

"(3) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), section 38 (relating to investment in certain depreciable property), and section 41 (relating to contributions to candidates for public office).

"(c) CARRYBACK AND CARRYOVER OF UNUSED CREDITS.—If the amount of the credit determined under subsection (a) for any taxable year exceeds the limitation provided by subsection (3)(2) for such taxable year (hereinafter in this subsection referred to as the 'unused credit year'), such excess shall be—

"(1) a credit carryback to any taxable year—

"(A) during which the provisions of this section are in effect; and

"(B) which precedes the unused credit year; and

"(2) a credit carryover to each of the 4 taxable years following the unused credit year.

"(d) DEFINITIONS.—

"(1) CONVENTIONAL MATERIALS.—For purposes of this section, the term 'conventional materials' includes caulking materials and insulation, storm windows, storm doors, and such other materials as so defined by the Secretary of the Treasury, in cooperation with the Federal Energy Administrator and the Secretary of HUD.

"(2) SOLAR HEATING AND COOLING EQUIPMENT.—For purposes of this section, the term 'solar heating and cooling equipment' means any solar heating and cooling equipment, solar electric generation devices and solar energy assisted heat pumps, which:

"(A) meets the definitive performance criteria prescribed by the Secretary of HUD under section 8 of the Solar Heating and Cooling Demonstration Act of 1974 (Public Law 93-409; 88 Stat. 1073)."; of which

"(B) meets adequately definitive performance criteria to be certified acceptable for receipt of a tax credit or deduction by the Secretary of the Treasury in cooperation with the Secretary of HUD. The Secretary of the Treasury shall take such appropriate actions to accelerate the development of "adequately definitive" performance criteria to allow certification of such equipment by not later than 180 days following enactment.

"(3) For purposes of this section the term 'residential units' shall include single family units and individual residental units within a multi-family structure.

(b) The table of sections for such subpart A is amended by striking out the item relating to section 42 and inserting in lieu thereof the followng new items:

"Sec. 42. Expenditures relating to thermal design of taxpayer's residence.
"Sec. 43. Overpayments of tax.".

INCOME TAX DEDUCTION FOR CERTAIN EXPENDITURES RELATING TO THERMAL DESIGN OF RESIDENCES

SEC. 3. (a) Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 220 as section 221, and by inserting immediately after section 219 the following new section:

"SEC. 220. EXPENDITURES RELATING TO THERMAL DESIGN OF TAXPAYER'S RESIDENCE

"(a) GENERAL RULE.—There shall be allowed as a deduction,

"(1) the ordinary and necessary expenses paid by a taxpayer during the taxable year for the improvement of the thermal design of any residential units by that taxpayer, through the purchase of conventional materials (as defined by section 42(d)(1)) or through the purchase of solar heating and cooling equipment (as defined by section 42 (d)(2)) and;

"(2) an amount equal to the ordinary and necessary expenses paid by a taxpayer, including a contractor, during the taxable year for the installation by that taxpayer of insulation and caulking materials to the extent these materials exceed in the amount the specifications for such materials in the Department of Housing and Urban Development Minimum Property Standards, and storm windows, storm doors, and solar heating and cooling equipment, in any new residential unit.

"(b) LIMITATION.—The deduction allowed by subsection (a) shall be limited to $4,000 for the period during which the provisions of this section are in effect, no more than $1,000 of which may be allowed as a deduction for the purchase of conventional materials.

"(c) ELECTION TO TAKE CREDIT IN LIEU OF DEDUCTION.—This section shall not apply in the case of any taxpayer who, for the taxable year, elects to take the credit against tax provided by section 42 (relating to credit against tax for expenditures relating to thermal design of taxpayer's residence). Such election shall be made in such manner and at such time as the Secretary or his delegate shall prescribe by regulations.".

"(d) The table of sections for such part VII is amended by striking out the item relating to section 219 and by inserting in lieu thereof the following new items:

"SEC. 220. Expenditures relating to thermal design of taxpayer's residence.
"Sec. 221. Cross references.".

REPORT

(a) The Secretary of the Treasury or his delegate shall prepare an annual report in consultation with the Administrator of the Federal Energy Administration. Such report shall be transmitted to the Congress not later than September 15 of each year, beginning with 1976, and shall include:

(1) information with respect to the number and amounts of credits and deductions taken under the amendments made by the foregoing provisions of this Act; (2) the nature of thermal design improvements made by taxpayers with respect to their principle residences; (3) the geographical areas of the United States in which such residences were located;

(b) The Administrator of the Federal Energy Administration, in consultation with the Secretary of the Treasury, shall—

(1) prepare an analysis of the energy savings achieved through operation of such amendments;

(2) coordinate all Federal studies of incentives to conserve energy or increase the development of such clean and renewable energy resources as, but not limited to, solar energy policy and program recommendations on additions or changes to the Federal Energy Incentives Program (including the tax credit and tax deduction amendments); and

(3) submit interim reports in conjunction with the report of Section 4(a), including findings on energy savings and on recommendations for incentives modifications.

(c) The Secretary of the Treasury shall prepare guidelines relating to Sec. 42(d) above and submit these to Congress for approval within 90 days following enactment of this legislation.

TECHNICAL AMENDMENTS

SEC. 5. (a) Section 56(a)(2)(A) of the Internal Revenue Code of 1954 (relating to imposition of minimum tax) is amended—

(1) in clause (iv) thereof, by striking out "and"; and

(2) by adding at the end thereof the following new clause:

"(vi) section 42 (relating to expenditures relating to thermal design of taxpayer's residence); and".

(b) Section 6096(b) of the Internal Revenue Code of 1954 (relating to income tax liability) is amended by striking out "and 41" and inserting in lieu thereof "41, and 42".

EFFECTIVE DATE

SEC. 6. The amendments made by the foregoing provisions of this Act shall apply to expenses incurred during taxable years beginning after December 31, 1974, and ending before January 1, 1980. Such amendments shall terminate at the close of December 31, 1979, except that taxpayers may continue to take credit carryovers as provided by section 42(d)(2) of the Internal Revenue Code of 1954 (relating to carryback and carryover of unused credit), as enacted by Section 2(a) of this Act.

Mr. DOMENICI. Mr. President, I offer this amendment in behalf of myself, Senators HUMPHREY, FANNIN, TUNNEY, PELL, and GARY W. HART. I yield myself 3½ minutes.

Mr. President, this amendment is one that I probably would not have offered if we were considering solely a tax reduction and tax rebate bill. But it seems to me that, since we have entered other areas, this one is a most significant and important amendment. This amendment, basically, is one that will do three things, all of which are needed today.

First, it will put into place some new incentives for residences, new and old, and commercial establishments new and old, to insulate either the homes or the commercial premises, and it will encourage that this be done. It is estimated that during the 4-year life of this bill, as far as residences in America, new and old, this will effect a savings of at least 250,000 barrels of oil or its equivalent per day.

It will cost approximately $700 million if in fact the entire program is accepted by the American people. There is no question but that the conversion aspect is recommended by everyone that has looked at America's needs. The President, in his state of the Union message, specifically referred to it. The congressional program on economic recovery and energy sufficiency directly recommended this approach. So as to that aspect it is absolutely certain that we must do this in our country.

Second, there is no question but that this would stimulate substantial employment. We do not know precisely how much, but certainly it would stimulate the presently depressed construction industry.

Third, in the area of solar energy or new technology, this particular proposal would encourage alternate uses of new technology and give a credit for those who would seek to use the same.

Mr. GARY W. HART. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats.

Mr. DOMENICI. I thank the Senator from Colorado.

There is no question but that solar energy for residential and commercial use is out and ready to be used. What we are trying to do with this bill is promote its use by giving appropriate tax relief to those who would use it, not by way of a bonanza, but rather by way of making it economical for them to do it.

We think this amendment would encourage it, and we also have reason to believe, from those who manufacture the apparatus and equipment for solar energy, that it would, in a few short years, bring the cost of solar energy to be used both in residences and in commercial establishments down substantially.

It is estimated that if this bill was in place, that kind of applied technology would be reduced in cost for the consumer by about one-third of its present cost, which is basically a demand and supply sort of cost.

I will summarize again, because we do not have much time.

Basically, this amendment would apply to both new and old houses in America. For those that are going to be constructed brand new, we will still allow some incentive if in fact the builder or the owner insists on maximum insulation standards rather than minimum. Both of these are defined by HUD today, and the difference in cost between the minimum and maximum is that to which the credit and deduction would apply.

For old homes, there is presently a HUD criterion for what is adequate insulation, and there again, for those who would want to do this to their homes, that is, install storm windows, insulation, and the like, there will be a criterion to be followed in terms of their getting adequate insulation into old homes.

Likewise in the area of solar energy, as a result of the Solar Demonstration Act, there are in existence, in place in HUD, known criteria that can be applied by IRS to determine whether or not appropriate new technology is being applied.

Mr. GARY W. HART. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. I am delighted to yield to the Senator from Colorado.

Mr. GARY W. HART. The Senator has implied, in connection with the solar energy portion of his amendment, that he felt it preferable that it be applied to this measure, the tax rebate bill, rather than for the Senate to proceed through the normal process with legislation, with hearings, debate, and discussion at the committee level on the solar energy portion of the bill.

I have a personal interest here. I have a bill presently working its way through which is very similar to the proposal suggested by the Senator from New Mexico. Mine would provide for a loan program for solar units, whereas, as I understand, this measure is a tax incentive or tax reduction provision.

These two measures seem to me to be very close together, and I question the wisdom of taking this step right now.

Mr. DOMENICI. I might say to the Senator from Colorado that I have seen his bill, and indeed it is an excellent bill, and contains features very similar to this.

We have had formal hearings last year in both the Commerce and Space Committees, which have demonstrated the need. There is a demonstration bill in place which establishes the criteria; and, as I said in my opening remarks, if this bill was not becoming a tax incentive as well as a tax reduction kind of a bill, a bill with a lot of matters other than tax reductions and rebates, I would not offer it here. But it seems to me that since this is the kind of a bill that it is, we ought right now to put in the one aspect that everyone agrees upon, which is that insulation and solar technology ought to be stimulated in the American market for their energy-saving capacity and employment potential; and certainly the tax incentive approach will cause that to happen.

I think, on instances when Senators have occasion to talk to average citizens, they will usually say, "We would like to insulate our home and save energy, and if we got a bit of a break we would do it."

This will permit $1,000 to be spent with tax relief for various expenditures in that field of insulation.

Mr. LONG. Mr. President, I yield 3 minutes to the distinguished senior Senator from Colorado.

Mr. HASKELL. Mr. President, I would like to state my reasons briefly for opposing this proposal. The ends sought are justifiable, but the Senator from New Mexico is having the Federal Government subsidize only people who pay taxes. There are a lot of people with many children, who may be working very hard, who may even have eight children, and not even be paying taxes. If we are going to subsidize people—and this is a worthy end—I think we ought to subsidize everyone across the board, and I think it ought to be done after hearings.

My colleague from Colorado has a very meritorious bill, which would provide for loans. Perhaps the committee after hearings would include provisions for both loans and direct subsidies; I do not know. But I am just mentioning to my friend that I think that is the way we ought to go, rather than subsidizing some of the people in this country.

I thank the Senator.

Mr. LONG. Mr. President, undoubtedly the Senate will do something in this area. As the Senator from Colorado pointed out, it would be well that we study the matter in greater depth and consider the alternatives before we decide which program to adopt.

I think I should advise the Senate that this amendment could increase the tax reduction of the bill by as much as another billion dollars. Senators will want to think about that in connection with how much overall tax reduction they want to vote.

We have added some revenue to the bill. The Hartke amendments, for example, would bring in another $1,600,000,000 or possibly more if agreed to in conference. I think I should point out that the revenue gains have been offset by the additional tax loss by a lot more than we would pick up. Senators may well want to carefully consider how much they want to load this bill down with amendments that increase it cost.

Personally, I think we would be justified in a tax cut bill of about $31 billion, but I am not sure the Senate wants to go that far. If this is added to the bill, I will offer a motion at some point to strike from the bill some portions of that which is already in it, to try to help contain the cost.

If anyone else desires to speak in opposition I will be glad to yield time.

Mr. DOMENICI. I did not hear the Senator.

Mr. LONG. The manager of the bill has control of time in opposition to the amendment, and I am offering to yield time to anyone who wishes to speak against the amendment.

If not, I reserve the remainder of my time.

Mr. DOMENICI. I yield a minute and a half to the Senator from Arizona.

Mr. FANNIN. Mr. President, I commend my distinguished colleague from New Mexico and the well-known Senator from Minnesota for their interest in energy conservation.

If we are truly seeking the capability of energy self-sufficiency, then energy conservation will play a major role in attaining that goal. This amendment will provide the required economic incentive for individuals to improve the thermal efficiency of their homes and commercial buildings through conventional means or by application of a solar heating and cooling system. My State of Arizona with its shortage of natural gas must find new sources of energy.

In the area of solar development, this incentive is crucial. Last session we passed major solar research legislation. And we are hopeful that these new public laws will bring solar energy use into commercial competition with conventional energy sources very soon. But certain technologies are ready to be marketed. The barrier to the use of these available solar heating and cooling systems is the high initial cost of application. Though once in place, solar devices would save a homeowner hundreds of dollars in fuel costs, it is the estimated $3,000 to $8,000 cost of a solar system which discourages its use.

The National Science Foundation has recently collected applications for a study of the incentives and barriers to the widespread use of solar energy. Such a project will open our eyes to many problems, and I know it will guide us toward the necessary remedies. But as I mentioned earlier, we are already aware of the major economic barrier to increased solar use. That is one reason for this amendment. If we adopt our proposal, taxpayers could at least receive tax credit for 25 percent of their expenses on a solar system, up to $1,000 for homes, or $5,000 for large commercial buildings.

I feel it was particularly important that we extend this privilege to owners of commercial buildings. In many cases, retrofitting of systems to existing commercial buildings is a most efficient use of solar energy and it is often more easily accomplished than retrofitting a residence, where it is harder to avoid visual distractions with a retrofit system. Additionally, businesses may be better able to bear the current expense of a solar heating and cooling system than an individual homeowner.

Mr. President, the Federal Energy Administration has often pointed out that we waste a high percentage of energy in this country—through inefficient conversion, misplaced use priorities and poor insulation of buildings. Here is our chance to recover some of that wasted and much-needed energy for other uses.

The Treasury will lose a certain amount of tax money by this measure. If we reach the target of the Energy Research and Development Administration—that is for 1 percent of all housing starts to carry solar devices by 1980—the Treasury would lose $12.5 million annually from this allowable credit. Coupled with the use of conventional thermal efficiency methods, this cost would probably increase to between $700–$800 million per year. But this estimate seems small when compared to the billions of dollars we are exporting to oil-producing countries.

But this low percentage of the cost of improvements will be lost to the Treasury only once. Meanwhile, with these improvements in effect during the coming years we will save more and more of the $70 million we are daily spending on imported energy. In addition, individual taxpayers will reap high savings year after year on fuel and utility expenses.

So this amendment accomplishes a great deal—energy conservation, the increased use of solar heating and cooling systems, the reduction of our foreign oil dependence, an increase in jobs within the solar and thermal efficiency industries and a great reduction in consumer costs.

I have added to the amendment of the distinguished Senator from New Mexico and the distinguished Senator from Minnesota the commercial portion of the bill because I feel that here we have a chance to level out the peak electricial loads which have caused the utilities so much difficulty in delivering adequate services. About 25 percent of the utilities' capital investment is involved in that peak load, and that is a very serious problem for them.

How can they do that? Well, by using the sun, solar energy, to accomplish that objective.

For water heating it is a very simple matter. For home heating, too, it can be utilized in the State of the distinguished Senator from Colorado and the State of the Senator from New Mexico where they are doing that. This is a mass coverage immediately in order that we can get this going, and get it producing at once a savings in electrical power and other fuels. I feel that if we can accomplish this it will go far toward leveling out that load about which we are talking.

Now, also this amendment would encourage growth in this area in the future because success breeds success. When people begin installing solar heating and cooling equipment as a result of this incentive then others will become interested. We already have commercial buildings around the country that are being heated with solar energy, but this is not true on a mass scale.

By utilizing this tax incentive, people will look into it, investigate it.

So I commend the Senator from New Mexico for this foresight in utilizing this particular amendment to accomplish that objective.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. FANNIN. The Senator from New Mexico has the floor.

Mr. DOMENICI. I yield.

Mr. McCLURE. I wanted to commend the Senator from Arizona, who is a real leader and who has been a leader in the field of solar energy, and the Senator from New Mexico for offering his amendment.

I wish to point out that the Senator from Louisiana has indicated that it might cost as much as $1 billion a year in tax revenue in the life of the exemption or the tax allowance that is provided for here, and that that would be matched by a savings of $1 billion a year of energy for 30 years, not the 4 years' time.

The PRESIDING OFFICER. The time has expired on the amendment.

Mr. DOMENICI. Mr. President, I ask for the yeas and the nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and the nays were ordered.

Mr. HUMPHREY. Mr. President, I am pleased to be the principal cosponsor of this amendment to the tax cut bill offered by Senator Domenici. The amendment will provide temporary tax incentives for installing adequate home insulation in any residential or multifamily structure.

The amendment is designed to stimulate voluntary energy conservation. Using data from the Federal Energy Administration, the Joint Economic Committee's staff estimates that this amendment will yield energy savings equal to 250,000 barrels of oil daily, or a reduction in energy costs to this country and its consumers of a minimum of $20 billion over the effective 20-year life of these incentives.

This amendment will also give any taxpayer the option of taking a tax credit or a tax deduction for the cost of purchasing and installing storm windows and doors, wall and roof insulation and for caulking around windows, the roof, doors and so on. The tax credit is set at 25 percent and carries a maximum ceiling of $250. Both the credit and the deduction are designed to stimulate energy conservation, now, because they will be available only through 1979. They are temporary and will yield benefits immediately—benefits which will, however, yield energy savings for up to 30 years.

All residential structures—new and old—single family, duplex, and multifamily apartments—are eligible.

Also, and perhaps, most important, temporary tax credits or tax deductions are created by this amendment for the cost of installing solar heating or cooling systems, for residential solar electric generation devices and for installation of solar energy-assisted heat pumps in new and existing residences. You know of my interest in solar energy, an interest shared I'm glad to say by many of my colleagues. These incentives, which also expire at the end of 1979, will be a giant step toward the development and certification of sound solar energy devices by creating incentives for a ready-made market for such devices.

The amendment is straightforward. It is necessary. And it embodies an energy conservation concept which has received essentially unanimous endorsement. It is quite similar to title III of S. 1149—the National Energy Conservation Act of 1975 which I have introduced and which Senator Jackson cosponsored. It is quite similar to S. 166 introduced by Senator Domenici with eight cosponsors—including myself—on January 16. Finally, it is similar to the proposals in the Ford Foundation's energy study, in the FEA's Project Independence Blueprint, and in the President's state of the Union message.

Of great concern to me and to my colleagues is the tax loss we can anticipate should this amendment be enacted. The Federal Energy Administration has quickly developed data in this regard for me.

I ask unanimous consent that correspondence summarizing revenue loss estimates from Ms. Maxine Savitz, Director of the FEA's Building Policy Research Section be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Federal Energy Administration,
Washington, D.C., March 14, 1975.

Mr. George Tyler,
Joint Economic Committee,
New Senate Office Building,
Washington, D.C.

Dear George: The following is information discussed in our telephone conversation yesterday regarding tax credits for residential and commercial buildings.

1. The enclosed fact sheet (Table A) indicates the actions and their costs for retrofitting single family dwellings. If the average homeowner would invest about $300, a 15% tax credit would cost the Treasury $225 million per year if 5 million homeowners took advantage of it.

Table B offers an additional approach. The type of retrofit action, how many actions would occur and their cost for single family; two family and multi-family units per year is shown. The cost to the Government can be obtained by taking the amount of tax credit as a function of the total spending. For example, 15 percent tax credit would cost the Government:

(.15) (1770M) = $265M for single family units;

(.15) (89M) = $14M for multi-family units. and

(.15) (89M) = $14M for multi-family unit.

2. If the credit were to be applied to new housing, the increase in construction costs might be close to $1,000 in areas with storm doors and windows and $200 where just insulation was required. If one assumes half the new starts are in areas which require storm windows and doors and 1 million starts a year;

(a) 500,000 homes at $1000 investment—$150 credit would cost the Government $75M;

(b) 500,000 homes at $200 investment (insulation only) would cost the Government $15M.

As I mentioned, I do not think that the credit should apply to new construction. HUD/FHA recently (Nov. 22, 1974) promulgated new thermal minimum property standards (MPS). These require certain levels of insulation, windows and door protection. The levels vary across the country depending on the severity of winter or summer weather. The MPS have been used twice in the past five years to reflect rising costs of home heating and cooling. Recent calculations for us by John Moyers, Oak Ridge National Laboratory, indicate that in a city such as Seattle the standard would raise the cost of construction by $1129.74. At 9% mortgage rate, 2.5% higher property tax and 0.4% higher insurance costs, this increase would mean a net increase of $114.75 in yearly payment. For a home with gas heat and electric air conditioning, the annual savings would be $176.55 for heating and $1.18 for cooling; net yearly savings of $62.98. Thus, the new home buyer is already getting a cost effective break on his energy savings.

3. Table C discusses two alternatives for the commercial sector; a 15 percent tax credit for commercial building retrofit and accelerated depreciation tax incentive for commercial building retrofit.

4. The following indicates solar market penetration projections.

a. Project Independence Solar Task Force Report, p. II–12–33.

ACCELERATED PROGRAM ($11 OIL, R.D. & D., ETC.)

	1980 (thousands)		1990 (thousands)	
	Residential	Commercial	Residential	Commercial
Hot water only	13.7	8.4	137.0	84.0
Space heating and hot water	45.0	5.2	68.0	42.0
Air-conditioning	5.8	3.4	33.0	27.0
Total	64.5	17.0	238.0	153.0

b. Draft of ERDA Interagency Task Force Report on Solar Heating and Cooling, March 1975.

1. Solar energy system in at least 1 percent of annual building starts by 1980; 10 percent by 1985.

2. Annual installation of retrofit solar energy systems in 2,500 residential buildings and on 200 commercial buildings by 1980.

3. Annual installation of retrofit solar energy systems on 25,000 residential buildings and on 1,000 commercial buildings by 1985.

c. Solar electrical generation by 1980—none. If you need any additional information, please contact me.

Sincerely,

MAXINE SAVITZ,
Director, Buildings Policy Research.

[FACT SHEET]

THERMALLY INADEQUATE HOMES

There are 48 million single family dwelling units as of 12/31/74.

13 million have adequate protection or are in climates where insulation or other retrofit won't pay [1]

5 million are occupied by the poor [2]

Of the 35 million remaining homes:

17 million need ceiling insulation [3];

10 million need storm doors and windows [4];

20 million need clock thermostats [5];

20 million need caulking and weatherstrippings.[6]

Another way of looking at it—who will do it?

Action	Per year millions of actions	Estimated actual 1974 retrofit [6]	(Millions) cost per action [7]	Total cost
Ceiling insulation	3.0	0.7	$200	$600
Storms (12 windows, 2 doors)	2.0	.5	450	900
Clock thermostats	1.0	.06	70	70
Caulking and weather stripping	2.0	NA	50	100
Other	1.0	NA	100	100
Total	[8] 9.0			1,770

[7] NBS estimates.

[8] These actions would occur in approximately 6,000,000 homes for an approximate average cost per dwelling unit $300.

In the 5 year program, we have assumed 5 million homes would be retrofit the first and second year and 6 million each year thereafter—a total of 28 million homes—or 80 percent at a weighted average cost of $300/home.

5 million homes at $300 at a 15 percent tax credit equals $225 million per year.

The 15 percent tax credit will cause roughly twice as many people to take some retrofit action for a net savings of 250,000 barrels per day by 1980.

Why?

15 percent communicates that Government thinks it's a good thing and wants to help;

Elasticity is only a minor factor;

Virtually all consumer expenditures are cost effective with or without tax credit.

Government costs are $1,260 billion to save 250,000 barrels per day, or $1.0 billion per year, or 1.26 year pay back.

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[1] Based upon today's energy prices (which justify a doubling of the current FHA standard), we estimate that only 10% of the 32 million homes above 2500 degree days (FHA dividing line) and 60% of the balance are adequately insulated (3.2+9.6=12.8).

[2] Washington Center for Metropolitan Studies Report.

[3] Market study by Owens-Corning Fiberglass (homes with 3" or less). Industry capacity is estimated at 3–4 million per year.

[4] Owens-Corning insulation study and Washington Center data (9 million homes with no protection in North).

[5] Indequate data available. Estimate is based upon other figures.

[6] Owens-Corning data.

TYPICAL SAVINGS AND EXPECTED ACTIVITY FOR VARIOUS RETROFIT ACTIONS (1-FAMILY HOMES)

Retrofit action	Cost per unit	Minimum number of units poorly protected	Expected yearly appropriation for tax credit	Btu per year saved per unit (millions)	Dollars saved per action [1]	Payback period (years)
Ceiling insulation	$200 per home	18,000,000	3,000,000	35 per home	$86.80	2.3
Wall insulation	$500 per home	25,000,000	100,000	30 per home	74.40	6.7
Storm windows	$30 per window	70,000,000 windows in north	25,000,000 (including replacements).	2.2 per window	5.46	5.5
Storm doors	$75 per door	25,000,000 in north	4,000,000 (including replacements).	1 per door	2.48	30.0
Clock thermostats	$70 per home	Not available	1,000,000	15 per home	37.20	1.9
Caulking and weatherstripping	$50 per home	20,000,000	2,000,000	Substantial but indeterminate.		2.0

[1] Computed at an average national cost of $2,480,000 Btu, weighted 60-percent gas, 30-percent oil, 10-percent electricity.

RESPONSES WHICH QUALIFY FOR CREDIT

	Single		2 units		3 units or more	
	Millions per year	Cost per unit	Millions per year	Cost per unit	Millions per year	Cost per unit
Ceiling	3	$200	0.15	$125	0.5	$50
Storms	2	450	.10	300	.2	160
Clocks	1	70	.05	70	.1	70
Caulk or weatherstrip	2	50	.10	40	.5	50
Other	1	100	.05	75		
Total spending by public ($M)		1,770		60		89

COST OF POSSIBLE RETROFIT ACTIONS FOR TYPICAL UNITS

	Single	2 units	3 or more units
Ceiling insulation.	$200	$125	$50/unit.
Wall insulation.	$750	$400	
Storm windows.	$30/window	$30/window	$40/window.
Storm doors	$50/door	$50/door	$50, if door to outside.
Clock thermostats.	$70/home	$70/unit	$70/unit, where possible.
Caulking and weather stripping.	$50/unit	$40/unit	$50/unit.

TAX INCENTIVES TO STIMULATE ENERGY CONSERVATION IN EXISTING COMMERCIAL BUILDINGS

Background

The commercial sector currently consumes about 10% of total U.S. energy.

There are approximately 24 billion square feet of space in the sector. The number of buildings is not known, but is estimated at one million.

Net space additions are projected to average 4.1 percent annually.

Energy consumption, without conservation, is projected to increase 4.0 percent annually.

Total energy use within the sector is estimated as.

	Percent
Space heating	41.2
Lighting	23.1
Air Conditioning	8.1
Refrigeration	6.9
Other	20.7

There are currently no federal incentives for commercial retrofit action; passage of the proposed 12 percent investment tax credit—if it does not apply to retrofit—can have a negative impact on conservation actions since other investment alternatives will yield a higher return.

Potential retrofit actions center on four main possibilities.

Action, and average potential savings	*Percent*
1. Installation of insulating glass, storm windows and/or doors	11
2. Increased wall and ceiling insulation	5
3. Improved weatherstripping and caulking	7
4. Adoption of existing heat recovery technology	3

In effect, a building implementating all four retrofit actions would save about 25 percent.

There are significant constraints that will prevent substantial adoption of certain retrofit options. These include building design, nature of existing windows, doors, walls, and roof, and HVAC system. Possible constraints also exist in supplying industries. Finally, some buildings currently are built including these potential retrofit measures.

Estimates of maximum penetration of the four potential retrofit alternatives, by 1980, are:

	Percent
Insulating glass, storm windows, & doors	5
Wall and ceiling insulation	15
Weather stripping and caulking	75
Improved HVAC technology	10

Tax incentives

There are two basic alternatives:

1. A 15 percent tax credit, applying to certified energy conserving retrofit actions in commercial buildings. The credit would be limited to 5 years and limited to a maximum of $3,000 per structure.

2. Allowing the costs of certified energy conserving retrofit actions to be depreciated or amortized over a 5-year period. The net effect is to lower a building owner's federal taxes by the difference between this accelerated amortization and what would normally occur.

Ample precedent exists for either alternative.

The two alternatives have differing energy and economic impacts.

	Alternative	
	15 percent tax credit	Accelerated depreciation
Energy saving (1980):		
BTU (10^{12})	80	120
Oil imports (barrels per day)	34,000	51,000
Lost Treasury revenues [1] (annual millions)	$40	$42
5-yr total (millions)	$200	$210
Consumer savings: 1980 (millions)	$160	$240
Benefit/cost ratio: (Consumer savings, 1980 divided by annual lost Treasury receipts)	4.0	5.7

[1] These Treasury revenues are not lost, merely deferred. If reinvested, it can be argued that Treasury revenues will be increased in the longrun.

Neither alternative adds significant costs or administrative burdens to Federal, State, or local governments.

FEA's draft environmental impact statement on a proposed 15 percent residential tax credit for conservation actions does not encounter any significant negative environmental of inflationary impacts.

Recommendation

Adoption of an Amendment to the Tax Code allowing 5-year depreciation of the costs of energy conserving retrofit actions.

Greater Energy Impact;

Higher Consumer Savings;

Higher Benefit/Cost Ratio.

TABLE A.—15-PERCENT TAX CREDIT FOR COMMERCIAL BUILDING RETROFIT ANALYSIS OF PROJECTED IMPACT

	1975	1976	1977	1978	1979	Cumulative
Annual penetration rates (percent):						
1. Insulating glass, storms	0.12	0.12	0.12	0.12	0.12	0.60
2. Wall/ceiling-insulation	1.30	1.30	1.30	1.30	1.30	6.50
3. Sealing and caulking	1.96	19.6	1.96	1.96	1.96	9.80
4. Improved HVAC	.40	.40	.40	.40	.40	2.00
Square feet retrofitted (millions):						
1. Insulating glass, storms	.030	.030	.03	.03	.03	.150
2. Wall/ceiling-insulation	.312	.307	.30	.30	.30	1.520
3. Sealing and caulking	.466	.461	.46	.45	.44	2.280
4. Improved HVAC	.94	.92	.90	.90	.89	.455

	1975	1976	1977	1978	1979	Cumulative
Costs of retrofitting (millions):						
1. Insulating glass, storms	$11	$11	$10	$10	$10	
2. Wall/ceiling-insulation	156	154	152	149	148	
3. Sealing and caulking	93	92	91	90	87	
4. Improved HVAC	14	14	14	14	13	
	274	271	267	263	258	$1,333
"Lost" Treasury revenues at 15 percent (millions)	41.1	40.7	40.0	39.5	38.7	200

TABLE B.—ACCELERATED DEPRECIATION TAX INCENTIVE FOR COMMERCIAL BUILDING PETROFIT ANALYSIS OF PROJECTED IMPACT

	1975	1976	1977	1978	1979	Cumulative
Annual penetration rates (percent):						
1. Insulating glass, storms	0.24	0.24	0.24	0.24	0.24	1.20
2. Wall/ceiling insulation	2.60	2.60	2.60	2.60	2.60	13.00
3. Sealing and caulking	3.92	3.92	3.92	3.92	3.92	19.60
4. Improved HVAC	.80	.80	.80	.80	.80	4.00
Square feet retrofitted (millions):						
1. Insulating glass, storms	60	60	60	60	60	3.00
2. Wall/ceiling insulation	624	614	608	598	590	3,034
3. Sealing and caulking	932	922	910	900	886	4,550
4. Improved HVAC	188	184	180	180	178	910

	1975	1976	1977	1978	1979	Cumulative
Costs of retrofitting (millions):						
1. Insulating glass, storms	$22	$22	$20	$20	$20	
2. Wall/ceiling insulation	312	308	304	298	296	
3. Sealing and caulking	186	184	182	180	174	
4. Improved HVAC	28	28	27	27	26	
Total	548	542	533	525	516	2,664
"Lost" Treasury revenues (millions) (difference in depreciation deductions for assumed 20-yr life and proposed 5 yr life, 50 percent tax rate for conservative estimate)	42	42	42	42	42	210

TABLE C.—ANALYSIS OF RETROFIT MEASURES FOR A 25,000-FT^2 BUILDING

				Without incentives	
	Estimated cost	Million Btu's savings	Savings at $2 per million Btu	Simple return (percent)	Years to payback
Insulating glass, storm windows, doors	$8,750	855	1,710	19.5	5.1
Ceiling and wall insulation	12,500	391	782	6.3	16.0
Caulking and weather-stripping	5,000	494	988	19.8	5.1
Improved HUAC technology	3,750	257	514	13.7	7.3
Total	30,000	1,997	3,994		

NOTES

Less 15-percent tax credit (4,500).
Net cost $25,500.
Simple return equals $3,994 per 25,500 equals 15.7 percent.
Years to payback equals 6.4 years.

Mr. HUMPHREY. Mr. President, in brief, Ms. Savitz' data suggests that the proposed amendment will cost the Treasury some $650 million annually through 1980 in lost tax revenue, based on FEA's best estimate of the number of taxpayers that would utilize the tax credit provisions. The use of the tax deduction alternative in place of tax credits by some taxpayers will increase this tax expenditure by an estimated $100 million. This tax expenditure of about $750 million, or $3 billion over 4 years, will reduce energy costs by at least $20 billion over the next two decades and save America the equivalent of 1.75 billion barrels of imported crude oil.

I urge my colleagues to join me in support of Senator DOMENICI's amendment.

Mr. MOSS. Mr. President, I sent to the desk a modification of the amendment of the Senator from New Mexico and I ask for its immediate consideration.

The PRESIDING OFFICER. Under the previous order of the Senate, at this time it is in order to recognize the Senator from New York (Mr. JAVITS) to call up his amendment with a 10-minute time limitation on debate. I thought the Senator was going to speak on this amendment.

Mr. MOSS. I do not know what the order is. Yesterday when the Chair was keeping a list I went to the desk and had my name placed immediately below that of the Senator from New Mexico because he was to offer this, and I was to offer a modification, and I talked with him about it. I do not know whether that was incorporated into an order or not.

The PRESIDING OFFICER. It was not. The order we have this morning is subject to a unanimous-consent request, and it would take a unanimous-consent request to modify it.

Mr. MOSS. I ask unanimous consent that I may proceed with my modification at this point, just to keep it together because it fits in with this amendment.

Mr. DOMENICI. Reserving the right to object, and I might not, but, Senator, last night we entered into a unanimous-consent agreement with very stringent time limitations. I have not had time to review the Senator's modification in depth. I do not want to be part of precluding the Senator from offering it, but I have difficulty, because of a procedural time limitation, in seeing how we are going to be able to discuss it adequately so as to know precisely what the Senator's amendment does or does not do to my amendment in terms of adequately informing ourselves before a vote. So I cannot agree to the Senator's unanimous-consent request at this time. Perhaps, with a little consultation, a quorum call, we might be able to, but I object at this time.

Mr. LONG. Mr. President, I ask unanimous consent, in the event I have not already obtained it, that the Domenici amendment be regarded as germane in the event cloture is voted.

The PRESIDING OFFICER. Is there objection?

Mr. MOSS. I did not hear the request.

Mr. LONG. I asked unanimous consent that the Domenici amendment be regarded as germane in the event cloture is voted. I am sure the Senator's amendment is germane to the Domenici amendment, so it indicates it is germane. So I believe we have consent that all amendments at the desk will be regarded as meeting the reading requirements.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOSS. I do not ask——

Mr. LONG. The point is that the Senator is protected.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Mr. President, do I assume that votes are going to be taken on all these amendments after the cloture vote?

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. But is it agreed, Mr. President, that they shall be voted on without reference to the rule of germaneness?

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. I thank the Chair. I heard the chairman, Senator Long, ask unanimous consent, so I gather it is not regarded on my amendment——

Mr. LONG. Mr. President, we can vote on the Senator's amendment. But first, let me make a parliamentary inquiry. How many Senators are yet to be recognized to present amendments under the special order?

The PRESIDING OFFICER. Three more after Senator Javits but those three are before amendments.

Mr. LONG. Well then, Mr. President, I ask unanimous consent that the amendment of the Senator from New York be regarded as germane, but that other amendments dealing with unemployment insurance not be regarded as germane.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. I thank the Chair.

Mr. DOMENICI. Mr. President, will the Senator from New York yield for a parliamentary inquiry?

Mr. JAVITS. Only an inquiry, because I have only 10 minutes.

Mr. DOMENICI. With reference to my amendment, was all our time used up?

The PRESIDING OFFICER. Yes, it was.

Mr. DOMENICI. Was all the time of the Senator from Louisiana used?

The PRESIDING OFFICER. All the time on the amendment was used.

Mr. DOMENICI. I thank the Presiding Officer.

Mr. JAVITS. I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end thereof, add the following: That (a) section 102(e)(2) of the Emergency Unemployment Compensation Act of 1974 is amended—

(1) in clause (A) thereof, by striking out "50 per centum" and inserting in lieu thereof "100 per centum", and

(2) in clause (B) thereof, by striking out "thirteen times" and inserting in lieu thereof "twenty-six times".

(b) The Secretary of Labor shall, at the earliest practicable date after the enactment of this Act propose to each State with which he has in effect an agreement entered into pursuant to section 102 of the Emergency Unemployment Compensation Act of 1974 a modification of such agreement designed to cause payments of emergency compensation thereunder to be made in the manner prescribed by such Act, as amended by subsection (a) of this section. Notwithstanding any provision of the Emergency Unemployment Compensation Act of 1974, if any such State shall fail or refuse, within a reasonable time after the date of enactment of this Act, to enter into such a modification of such agreement, the Secretary of Labor shall terminate such agreement.

(c) No payment of benefits under this amendment shall be made to any individual with respect to any week of unemployment ending after June 30, 1975.

Mr. JAVITS. Mr. President, I will describe the amendment. The amendment proposes that workers who have exhausted their unemployment compensation benefits, including the 13 weeks of extended benefits and the additional 13 weeks of emergency unemployment compensation, so that the worker has by then had up to 52 weeks of unemployment compensation, will be entitled to another 13 weeks of benefits financed as emergency Federal unemployment compensation within the period ending June 30, 1975. I wish to emphasize that this whole provision is limited to unemployment compensation payments up to June 30, 1975. That is the thrust of my amendment.

I yield for a unanimous-consent request.

Mr. MATHIAS. Mr. President, I ask unanimous consent that Terry Barnett of my staff be permitted to be present during the debate and votes on the floor on the pending legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. It is my understanding that during the quarter ending June 30, 1975, 250,000 workers will be in that condition. It is also expected that by the end of the year—although that is not relevant to this particular situation—about 1.5 million to 2 million workers will be in this situation.

Now, Mr. President, we have to make a very basic and fundamental decision. Are we going to, in this very serious recession-depression, terminate unemployment compensation and throw workers on relief or are we going to continue unemployment compensation?

The big difference between 1975 and 1932 is expressed in that sentence. The disaster of 1932 was that workers were thrown on relief and that the financial institutions of the country and the world were very materially shaken.

In this situation, happily for us, the latter is not yet the case, but certainly we are in the situation of the former, to wit, workers being thrown on relief in very large numbers.

Mr. President, if I may have the attention of the chairman of the committee, I have talked with the chairman of the subcommittee and the chairman of the Ways and Means Committee about this matter and the other body is going to give very serious and immediate attention to this matter. However, Mr. President, it cannot do it until they come back, and it is going to take a little time because it is a fact that there is something almost instinctive about the feeling that benefits should not go beyond 52 weeks of unemployment compensation. Yet they realize, and I am sure we realize, that we must.

I am not quoting them in any way. All I know from those few distinguished Members of the House is that they are going ahead with work in this when they get back. That is the only fact I report to the Senate.

Mr. President, the reason I have brought this up on this bill is that it is the only vehicle which is going to be available to us for the next few months in order to express ourselves and act on policy, one way or the other, respecting this matter.

I introduced a bill to this effect—S. 766—which now has 27 sponsors, including me, seeking to effectuate this extension, except that that bill was not limited to payments up to June 30, 1975.

The reason I propose this amendment, and again, if I may have Senator Long's attention——

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. JAVITS. I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator has no more time.

Mr. JAVITS. As I understood it, we had 10 minutes.

Mr. LONG. I yield 1 minute to the Senator.

Mr. JAVITS. One minute.

The only reason I am making this motion on the amendment is so that the conferees may have something before them, if they wish to do anything.

Now, I have no illusions about it. It may very well go down the drain in conference, but at least the conferees will have a vehicle. If they decide the emergency is so tense they ought to do something about it, ithey can.

That is my only reason for bringing it up. We talked together and I disclosed to the Senator my views and that is why I limited it to June 30.

It is only as to an effort, if it is possible—the Senator has nothing else and feels something must be done to carry on.

I ask unanimous consent to have printed in the Record a list of estimates for each State. About 10 are most directly affected including my own. They are the best figures and facts we could get from the Interstate Conference on Employment Security Administrators showing more than 250,000 in the next quarter.

There being no objection, the list was ordered to be printed in the Record, as follows:

Estimated number of workers exhausting all unemployment compensation benefits during April–June 1975

California	44, 000
Massachusetts	100, 000
Michigan	15, 000–20, 000
New Jersey	33, 000
New York	80, 000
Oregon	5, 600
Pennsylvania	17, 900
Rhode Island	20, 000
Washington	55, 000

Mr. JAVITS. I thank my colleague for yielding.

Mr. WILLIAMS. Mr. President, this amendment to provide an emergency extension of unemployment compensation benefits should be regarded not only as a necessary step, but also as a measure of our commitment to alleviate the human tragedies that the recession has inflicted on so many millions of American families.

In recent months, the Congress has provided for extended periods of coverage by unemployment compensation. In December, we enacted a second 13-week extension of the basic unemployment insurance benefits period, bringing regular coverage to a total of 52 weeks. In addition, we enacted a special unemployment compensation program to provide 26 weeks of benefits for those who could not qualify for compensation under the regular UI program.

We took these actions, Mr. President, because it was clear that to do otherwise would mean that hundreds of thousands of earnest and able Americans without work would also be without means of support other than the public assistance rolls.

The amendment we are proposing today addresses itself to an urgent, new problem: Beginning next month and continuing through June 30, an estimated 250,000 Americans will exhaust their 52 weeks of weekly compensation under the regular UI program.

A large proportion of these persons—33,000 of them, in fact—live in my New Jersey constituency. That is roughly one-tenth of all of the persons receiving unemployment compensation benefits in my State.

Twelve other States would also be adversely affected, if we do not act today. Among them are New York, with an estimated 80,000 persons scheduled to exhaust their benefits over the next quarter; Washington State, with 55,000; California with 44,000; Pennsylvania with 18,000; Michigan with 15,000 to 20,000; and Rhode Island with 20,000.

Mr. President, except for the emergency nature of the situation and the imminence of the April 1 deadline for action, I would not have supported attaching this measure to the tax bill that we have under consideration. But the need is urgent, the deadline is upon us, and the jurisdiction in the other body rests in the same Ways and Means Committee which has jurisdiction for the tax bill. In these circumstances, the modest and limited proposal contained in this amendment can be handled without serious complication and delay.

I want to emphasize, Mr. President, that there are two restrictions on the extension of unemployment compensation benefits under this amendment. First, the extended benefits are limited to 13 weeks only. Second, and more important, such extended benefits would terminate for any individual on June 30, 1975, regardless of whether he had received the full 13 weeks of extended benefits.

Thus, the major purpose of this amendment is to continue compensation benefits for those who would otherwise exhaust their 52 weeks of coverage during the next quarter and, at the same time, provide the Congress with the time it needs to thoroughly review the philosophy, structure, and necessity of the entire Federal-State unemployment compensation program in the context of the extraordinary economic conditions we are experiencing.

I am pleased to note that the Unemployment Compensation Subcommittee of the House Ways and Means Committee, under the able chairmanship of Congressman James Corman, is planning to begin its general hearings on the program in early April. It is my hope that early consideration will also be undertaken in the Senate, so that when June 30 arrives, it will not be once again necessary to act in an urgent manner to protect the many Americans who are forced to rely on meager UI benefits for their livelihood.

Mr. LONG. Mr. President, of course, this is not an unemployment insurance bill and the Senator has made clear the basis upon which he offers his amendment. But the amendment does present some problems.

Just this past December the Congress passed a billion dollar unemployment insurance bill extending benefits from 9 months to 12 months. The Senator's amendment would extend benefits another 3 months, at an estimated cost of $150 million to $200 million.

The basic question is, how long should we pay for unemployment benefits? We have the question to ask, is not 1 year long enough?

I would point out, in the unemployment insurance provisions of the law an unemployed worker must accept "a suitable job". The phrase "suitable job" means that a worker who is skilled and has been accustomed to make, let us say, $7 an hour feels privileged to draw his unemployment insurance benefits at a relatively high level and take little interest in jobs that would earn him let us say, $3.50 an hour.

There must come a time when those with skills and those who have been accustomed to drawing higher wages should lower their sights and accept a job paying a lower wage, recognizing that in their area there is simply no job available that would provide the type of compensation and working conditions to which that worker had been accustomed in the past.

It is a serious problem and it is one to torture the conscience of all legislators, but it is one that is not germane to the bill.

I am willing to give consent that it be regarded as germane, and I have done so, but I have my doubts that we should add it to this bill.

In view of the fact that we are going to be accused of having a Christmas tree, or an Easter basket bill, anyway, I just wonder to what extent the Senate would be justified in further diverting from the germaneness of tax reduction and adding unemployment insurance benefit measures.

I would be glad to yield any time anyone cares to ask for in opposition, otherwise I would suggest——

Mr. JAVITS. Will the Senator yield to me?

Mr. LONG. I yield.

Mr. JAVITS. Mr. President, I think I have made it clear that I do it only so that the conferees—they might write in conditions about a suitable job, I do not know—would have a vehicle. That is my only reason for bringing it. Otherwise we shall pass the dates by. The States will break on this. It will take a while when we get back to do something about it.

Therefore, the conferees may decide in their wisdom in the next few days that they want to do something about it in the next few days that they want to do something about it in this bill. It is the only vehicle available. So on that basis I would hope, because of the manager's sympathy for the bill, as I feel we all do, that we might take it to conference with this understanding.

Mr. LONG. Mr. President, if the amendment would be agreed to, I would prefer the Senate express its view on the matter, and I would hope we would vote on the matter.

As far as this Senator is concerned, I am entirely content to abide by the judgment of the Senate.

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

Thr PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Now, under the agreement, Mr. President, we will vote on this amendment of the Senator from New Mexico (Mr. Domenici).

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. I thank the Senator.

The PRESIDING OFFICER. Under the previous order, the Chair now recognizes the Senator from North Carolina (Mr. Helms) to call up his amendment on which there is a 10-minute time limitation.

Mr. HELMS. I thank the Chair.

Mr. President, I ask unanimous consent that Mr. Rom Parker, of my staff, be accorded privilege of the floor during consideration of the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I did not hear the consent request.

Mr. HELMS. A floor privilege.

Mr. LONG. Oh, no objection.

Mr. HELMS. Mr. President, first of all, I commend the distinguished chairman of the committee and manager of this bill.

The PRESIDING OFFICER. The amendment has not been stated.

Mr. HELMS. I have not called it up yet. I will call it up in due course.

The PRESIDING OFFICER. The amendment must be called up first.

AMENDMENT NO. 186

Mr. HELMS. Mr. President, I call up amendment No. 186 and ask it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

> At the appropriate place in the committee substitute, insert the following new section:
>
> SEC. . CONGRESSIONAL-CABINET SALARY CONTROL
>
> Notwithstanding any other provision of law, beginning with the next fiscal year following the enactment of this provision, and every succeeding fiscal year, if the outlays of the United States Government (excluding outlays for trust funds) for the preceding fiscal year exceed receipts (excluding receipts of trust funds) of the Government for such preceding year, then, during the immediately succeeding fiscal year, the rate of compensation that each Senator, Representative, Delegate and the Resident Commissioner from Puerto Rico, and each officer listed in level I of the Executive Schedule in section 5312 of title 5, United States Code, would have been paid but for the enactment of this provision shall be reduced by a percentage equal to the percentage by which such outlays exceed such receipts.

Mr. HELMS. Mr. President, as I was saying, I commend the distinguished chairman of the committee and the manager of this bill (Mr. LONG) for his efforts to maintain a degree of responsibility in the consideration of this measure. He has referred repeatedly to what we are doing to the Federal deficit, and it is well that he has done so. This one piece of legislation will increase the Federal debt by at least $25 billion. Other Senators have expressed similar concern. All Senators, I imagine, Mr. President, will go home for political speeches and will engage in great lamentations about the enormous spending level of the Federal Government. The most pious speeches will be made by Senators who have done most to pile up enormous Federal deficits.

Well, Mr. President, here is an opportunity for Senators to put up or shut up. If they are really serious about restoring economic sanity to the Federal Government, then they will support this amendment.

Mr. President, my amendment provides that beginning with the next year following its enactment, the rate of compensation of Senators, Representatives, delegates, the Resident Commissioner from Puerto Rico, and each officer listed in level I of the Executive Schedule in section 5312 of title V, United States Code—the members of the President's Cabinet—be reduced by the same percentage that non-trust fund outlays of the U.S. Government exceed non-trust-fund receipts during the preceding fiscal year.

Mr. CURTIS. Will the Senator yield?

Mr. HELMS. I am delighted to yield for a question from my good friend.

Mr. CURTIS. As I understand the amendment, this takes advantage of that good old American principle of incentive, does it not?

Mr. HELMS. Exactly. The Senator is correct.

Mr. CURTIS. If we put the budget in balance, there will be no reduction in salary.

Mr. HELMS. That is correct.

Mr. CURTIS. In other words, it is a disincentive for deficit financing?

Mr. HELMS. That is correct.

Mr. CURTIS. And there is a reward if we balance the budget.

Mr. HELMS. That is correct.

Mr. CURTIS. I do not know how anybody can improve it.

Mr. HELMS. I thank the distinguished Senator for his comments. I wish a majority of this body could have the prudence and responsibility of the Senator from Nebraska.

Mr. President, the Federal debt as of this time is in the neighborhood of one-half trillion dollars, and that is a pretty expensive neighborhood when you consider that it costs the taxpayers of this country $35 billion a year to pay the interest alone.

Mr. CURTIS. Will the Senator yield further?

Mr. HELMS. I am delighted to yield.

Mr. CURTIS. I am afraid something is happening here that is going to be very damaging to many Senators. They will be going up and down the country lambasting President Ford's proposal of an $80 billion deficit. That $80 billion is figured on a tax reduction of about $16 billion. So a vote for all these things in this tax bill means to vote for a deficit of about $96 billion.

I do not know how anyone who goes on record in a rollcall for a $96 billion deficit can point their fingers at the perpetrators of an $80 billion deficit. Can the Senator explain that?

Mr. HELMS. There is no explanation that makes any sense, I will say to the distinguished Senator. I thank him for his observation.

Mr. President, to return to my amendment, this provision is simple.

At the end of a fiscal year, one need only compute the percentage by which the Federal budget—in terms of non-trust fund receipts and expenditures—was not balanced, and the salaries of Members of Congress, delegates to the House, the Resident Commissioner from Puerto Rico, and the members of the President's Cabinet will be reduced during the following fiscal year by that same percentage.

The logic behind the provision is also simple. Congress is the body responsible for appropriating more money than the U.S. Treasury is expected to collect, and the members of the Cabinet are the senior officials overseeing the functioning of the departments. By penalizing our own salaries to the extent of our improvidence and mismanagement, we will all be more directly aware of the value of a dollar. Our problem in Congress is that it is relatively painless to vote for billions of dollars which do not come directly out of our pockets. After all, it is the American taxpayer at large who must pay up. But if our own paychecks are penalized directly in proportion to our mismanagement of the taxpayer's funds, then we will be more scrupulous in observing fiscal prudence.

Last year, the Senate voted not to allow the salaries of its Members to be raised. I was one of those voting against the salary increase. I did so because I felt, and I still feel, that excessive Government spending and our unbalanced budget was one of the primary causes of the current rate of spiraling inflation. If economy is needed to curb inflation, and in my view it is very much needed, there is no better place for economy to begin than right here in the Congress of the United States. I was very pleased by the Senate's action on that occasion. Though the compensation of Members of Congress is a very small percentage of the entire national budget of over $313 billion, it is important that the Members of this body lead by example. If Federal expenditures are to be cut, there is no better place than here.

Under this provision, Congress will have a choice of two ways to reduce Federal expenditures. It can appropriate less money, and thereby balance the budget, or it can continue the excesses of the past, and correspondingly reduce the salaries of its Members.

And, I might say that this is a much better choice than we are offering to the American people. High interest rates have resulted from spiraling inflation caused by deficit Federal spending. Though these interest rates have come down to some extent recently, they are far from low. As my colleagues are aware, Government borrowing in the money market to finance tremendous deficits has severely damaged savings institutions. These institutions cannot effectively compete with the Federal Government for deposits, nor should they be required to. The housing industry is facing possible disaster and the lumber and furniture industries have for some time been caught in the spiraling economic chaos.

Certainly, I need not remind my colleagues of the ever-increasing food prices, or, for that matter, the ever-increasing price of just about everything.

Mr. President, I remain convinced that we will not solve our economic problems unless and until we balance the Federal budget, and stop living today on tomorrow's money. On six separate occasions, the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) and I have cosponsored legislation to require the President to submit a balanced budget to Congress.

Yet, the problem grows worse. According to figures released on February 3, 1975, the Federal budget for fiscal year 1975 exceeds $313 billion with a deficit of over $35 billion. The estimated Federal budget for fiscal year 1976 will exceed $349 billion with a deficit of over $51 billion. Of course, we now know that the deficits will be well in excess of these projections.

I have pointed out on many occasions that the interest on the national debt alone is in excess of $30 billion a year. For fiscal year 1975, it is estimated at $32,900 million. Of course, that figure is rounded to the nearest million. But, let us consider the round figure of $30 billion a year in interest on the debt. That works out to about $54,000 a minute—almost $1,000 every time the clock ticks.

On December 31, 1972, the national debt was $449.3 billion. A year later, on December 31, 1973, it was $469.9 billion, an increase of $20.6 billion. Then, on December 31, 1974, the debt was $492.7 billion, an increase of $22.8 billion over the previous 12 months and an increase of $43.4 billion in a 2-year period.

One might well wonder where it will end. Of course, the end is obvious. If action is not taken to stop deficit spending, the result will be economic disaster. The American people know it. The polls show it. Depression is feared in every part of the country.

The simple fact of the matter is that Congress created this situation, and only Congress can do something about it. It is not pleasant to contemplate one's own folly—but, I, for one, believe it is time for Congress to look the American people in the eye and confess: We caused it—we and our predecessors, who permitted the Government of the United States to wander around so long in the swamps of deficit financing—and, worse still, let the people believe that it was sound economics to do so.

The time has come to bite the bullet, to admit our economic mistakes of the past, and to turn to logic and simple arithmetic for an honest solution to our problem. A solution must address the cause of the problem, not just the symptoms. For the sake of the well-being of the people we represent, we simply must balance the budget, and begin the hard and painful task of bringing this inflation to an end. This amendment will make the consequences of improvident spending apparent to us all.

I urge its approval—and, that failing, I hope the American people will take note of how the votes are cast. Let us see who is in favor of fiscal discipline, and who isn't.

Mr. PERCY. Will the distinguished Senator yield for a question?

Mr. HELMS. I will be glad to yield on someone else's time. I have only 5 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, how many other Senators have amendments to offer under the special order?

The ACTING PRESIDENT pro tempore. There are two more.

Mr. LONG. Mr. President, I ask unanimous consent that in the event this amendment has not been voted upon before cloture, that this amendment be regarded as germane under the rule, but that other amendments in this area not be regarded as germane by virtue of this consent.

Mr. MATHIAS. Reserving the right to object——

The ACTING PRESIDENT pro tempore. None of the amendments can be voted on before cloture.

Mr. LONG. I am simply asking, as I did earlier, that we agree that after cloture is voted, that this amendment be regarded as germane without prejudice to other amendments because I do not want to open the bill up to other amendments in this area, although I am willing to let this amendment be voted on after cloture has been voted.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. MATHIAS. Reserving the right to object, I wonder what the Senator means by other amendments in this area.

Mr. LONG. All I mean is if anybody else has an amendment that has to do with the compensation of members of the President's Cabinet, I do not want to vote on all those amendments just because I agreed to vote on this one.

Mr. MATHIAS. I have no such amendment and I have no objection.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LONG. Mr. President, I think the Senate has made its position clear with regard to the amendment. I am willing to yield time in opposition.

Mr. PERCY. Will the distinguished Senator yield for just one moment?

Mr. LONG. Yes.

Mr. PERCY. Taking into account the period of 1941 through 1946, a period of immense debt where we did not attempt to balance the budget, we had a war to win and we were looking to the future—and we were all fortunate that we did borrow money from the future to preserve freedom and integrity—what would the salaries of Members of Congress and the Cabinet have been then during the war when it was impossible to balance the budget, and is there any exclusion in this amendment for such emergencies?

Mr. HELMS. My good friend from Illinois need not worry because we are addressing ourselves to future sins of the Senate and the House of Representatives. What is past, I fear, may be prologue—unless we do something in the way of self-discipline.

Mr. President, I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. I yield back the remainder of my time, Mr. President.

Mr. LONG. Mr. President, I ask unanimous consent that notwithstanding the germaneness rule in the event cloture is voted, the manager of the bill be enabled to offer technical and conforming amendments and amendments to insert omitted effective dates.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Under the previous order, the Senator from Illinois (Mr. Percy) is now recognized to offer two amendments, with a time limitation of 10 minutes on each amendment.

AMENDMENT NO. 195

Mr. PERCY. Mr. President, I call up amendment No. 195.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Sec. . Repeal of Tax Deduction for State and Local Gasoline Taxes.

Effective after December 31, 1974—

(1) section 164(a) of the Internal Revenue Code of 1954 as amended (relating to deduction of taxes not related to a trade or business) is amended by striking out paragraph (5) (relating to taxes on gasoline and other motor fuels);

(2) section 164(b)(5) (relating to separately stated taxes) is amended by striking out "or of any tax on the sale of gasoline, diesel fuel, or other motor fuel.".

Mr. PERCY. Mr. President, I call up my amendment No. 195.

Mr. President, this amendment repeals the existing Federal income tax deduction for State and local gasoline taxes. It is identical to section 301 of H.R. 3153, the Social Security Amendments of 1973, as it was reported by the Senate Finance Committee.

During Senate floor action on H.R. 3153, an amendment to delete this section was adopted on a division vote in which approximately 11 members participated. Because I believe this proposal has merit, I am offering it at this time for consideration by the full Senate.

The existing Federal income tax deduction for State and local gasoline taxes operates unfairly in many respects.

First, it is of no benefit to those who have no tax liability because they have low earned incomes or live on social security or veterans benefits. A family of four with an adjusted gross income of up to $4,330 owes no Federal taxes. Obviously it will not suffer from the repeal of this tax deduction.

Second, this deduction's benefits are available only to those taxpayers who itemize their deductions rather than taking the standard deduction. Lower income taxpayers are generally less likely to itemize their deductions than those with higher incomes.

Third, because it is a deduction, rather than a credit, its benefit to the taxpayer increases as his tax bracket increases. A taxpayer in the 50 percent bracket receives a tax break of $25 on every $50 spent on State and local gas taxes. A taxpayer in the 14 percent bracket receives a tax break of only $7 for every $50 spent.

Fourth, as was pointed out in the Finance Committee's report on H.R. 3153, State and local gas taxes are primarily used for highway maintenance and their deduction shifts part of this highway maintenance cost from the highway user to the general taxpayer.

I believe this proposal also has merit as one small step towards tax simplification.

The benefit to the average taxpayer from this deduction is usually under $25, and hardly justifies the bookkeeping necessary to keep an accurate tally of gallons bought and miles driven. A truly accurate tally would include adjustments for four-cylinder cars and separate calculations for gas bought in States with different tax rates.

In practice, the Treasury Department has found that a large percentage of taxpayers determine the deduction available to them by guessing. Repeal of this deduction will be a favor to the Internal Revenue Service and the taxpayer alike.

Farmers have no benefit from this deduction, because farmers can deduct the full cost of gasoline, including taxes, as a business expense.

Finally, our Nation is facing a serious energy shortage. The Federal Government should not continue to subsidize the purchase of gasoline for personal automobiles, no matter how small the subsidy. Under present laws, the largest incentive is given to the highest income person who consumes the most gasoline. This is the reverse of what we should be attempting to accomplish.

Mr. President, in conclusion, I simply feel that tax deductions are used as incentives. We all believe in the incentive of encouraging home ownership, but we are trying to discourage the pleasure use of automobiles and encourage other use of transportation.

Besides, this bill should be in part a revenue bill, also. This would raise $600 million, essentially from higher income people. The higher the income, the more it raises from them. It does not hurt any low-income people. For that reason, I hope it can be accepted by the Senate.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. PERCY. I yield for a question.

Mr. CURTIS. For a matter of clarifying the record.

As I understand it, in the case of someone who drives a taxi for a living, the entire cost of his fuel, taxes and all, still would be a business deduction.

Mr. PERCY. The entire amount.

Mr. CURTIS. How about the individual who drives long distances to work? Will his entire transportation expense or any part of it be a deduction?

Mr. PERCY. If, by Federal provision, any part of that is a business expense, it all is deductible. However, if it is strictly not a business expense, I hope our national policy is to encourage group driving, to encourage the use of mass transit and other means.

Mr. CURTIS. Expenses to commute to and from work are not deductible?

Mr. PERCY. That is correct.

Mr. CURTIS. So the only thing he can deduct, under the present law, is the tax?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. I yield 2 minutes to the Senator.

Mr. CURTIS. I think the point that the Senator has raised has validity, but it is only part of quite a problem the tax-writing committees must face.

I refer to the standard deduction. Conceivably, someone can earn a sizable wage, contribute not a dime to an education fund or a religious fund, pay no direct taxes at all, not buy a home. The standard deduction gives him quite a reduction in taxes. His neighbor may have a similar income and may be giving very generously to many good causes, be in the process of buying a home, so he is paying both taxes and interest. The result can be that the citizen who is a homeowner and a generous fellow pays the same amount as the individual who does not carry any burdens.

I am not citing this in opposition to the Senator's amendment, but merely drawing attention to the problem the committees have.

Mr. PERCY. I hope the distinguished Senator could support the amendment. For more than a year, I have talked to Senator LONG about the amendment, and he has looked on it with favor in the past.

First, it will raise revenue and reduce the deficit. Second, it will reduce fraud. There is probably more fraud in this item than in any other item. We could have an infinite range of deductions, such as taxes on telephones. Why not deduct those, then?

Mr. CURTIS. Is it fraud if the Treasury or the IRS sends someone instructions for what amounts to a standard deduction? That is what it amounts to.

Mr. PERCY. They permit guessing on this, and I know very few taxpayers who, when given that freedom, guess on the low side.

Mr. CURTIS. The tables can be used to estimate the mileage.

Mr. PERCY. They can be, but what kind of car does one have?

Mr. CURTIS. That is it.

Mr. PERCY. If the low-income person has a four-cylinder car or a six-cylinder efficient car, those vehicles do not use as much gasoline.

It is subject to a great deal of problems; and when the average amount is only $25, I cannot see that it really amounts to very much. It is just one of those nuisance items that would add up to $600 million, and I do not know where you could collect it that easily.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LONG. Mr. President, I have urged this amendment on occasion to help finance some of the other things we were trying to do in other respects.

I point out that when one lives in a big city, usually the rent on his apartment or his home is more expensive, in order to live closer to his job. The expense of commuting back and forth to work is somewhat offset, in some cases more than offset, by the fact that the rent and the expenses are much cheaper by living in suburbia or living in a rural area, some distance from one's place of employment. I reduced my transportation expense by obtaining an apartment closer to where I work. That is not deductible. So one tends to offset the other.

I point out that the great majority of people do not itemize. The overwhelming majority of those not in the upper tax brackets file the short form and do not itemize. Therefore, they do not benefit from this.

I will vote for the Senator's amendment. I am prepared to yield the time remaining to those who wish to oppose it.

The PRESIDING OFFICER (Mr. MORGAN). The time on the amendment has expired.

Mr. LONG. Mr. President, I ask unanimous consent that in the event the amendment be voted upon after cloture has been voted, this amendment be regarded as germane, without prejudice to other amendments, because I do not want to make germane some other amendment that might be relevant to this. I want only this one amendment germane.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from Illinois is recognized.

AMENDMENT NO. 198

Mr. PERCY. Mr. President, I call up amendment No. 198.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

TITLE—DYEING OF HEATING FUEL OIL

Sec. 101. Definitions.

For purposes of this Act—

(1) the term "number 1 fuel oil" means any distillate oil which meets the following distillation requirements (established by the American Society of Testing Materials under test numbered D-86): the 10 percent point is equal to 420 degrees Fahrenheit maximum, and the 90 percent point is equal to 550 degrees Fahrenheit maximum;

(2) the term "number 2 fuel oil" means any distillate oil which meets the following distillation requirements (established by the American Society of Testing Materials under test numbered D-86): the 10 percent point is equal to 440 degree Fahrenheit maximum, and the 90 percent point is equal to 640 degrees Fahrenheit maximum; and

(3) the term "Administrator" means the Administrator of the Federal Energy Administration.

Sec. 102. Limitation on Use of Marked Fuel Oil

(a) No person shall purchase or use any number 1 fuel oil or number 2 fuel oil which is marked in accordance with the provisions of subsection (b)(1) for the purpose of providing fuel, which makes it subject to tax under section 4041(a) of the Internal Revenue Code of 1954 (relating to imposition of tax on diesel fuel) for any diesel-powered highway vehicle.

(b)(1) Any person who sells or distributes number 1 fuel oil or number 2 fuel oil shall provide for the marking of such fuel oil in accordance with rules which the Administrator shall prescribe under this subsection, except that such fuel oil shall not be marked if such fuel oil is to be used in a manner which makes it subject to tax under section 4041(a) of the Internal Revenue Code of 1954 (relating to imposition of tax on diesel fuel).

(2) The Administrator shall, before prescribing such rules, conduct and make available to the public a study to determine—

(A) the appropriate oil soluble dye to be used for the marking of such fuel oil, and the proportionate amounts of such dye to be used for such marking;

(B) the appropriate point or points in the petroleum distribution system at which such dye shall be added to such fuel oil in order to carry out the marking requirements of this section; and

(C) effective means and procedures through which the Administrator may oversee the marking of such fuel oil in accordance with the provisions of this section.

(3) The Administrator shall prescribe such rules no later than 180 days after the date of the enactment of this Act. Such rules shall, to the extent the Administrator considers practicable, take into account the findings and conclusions of the study which the Administrator conducts under paragraph (2).

SEC. 103. INSPECTION.

The Administrator or his delegate may enter during business hours the premises (including place of storage) of any person who sells or distributes number 1 fuel oil or number 2 fuel oil, and the Administrator or his delegate may have access to any motor vehicle owned or operated by any such person, for the purpose of conducting an inspection or examination to determine whether such person is in compliance with the provisions of this Act. The Administrator or his delegate may provide for the inspection with the provisions of this Act.

SEC. 104. PENALTY.

Any person who violates any provision of this Act shall be fined not more than $25,000 or imprisoned not more than 5 years, or both.

SEC. 105. EFFECTIVE DATE.

The provisions of this Act shall take effect on the date of the enactment.

Mr. PERCY. Mr. President, unlike the previous amendment, which I believe had previously been approved by the Committee on Finance, this amendment has never, to my knowledge, been approved by the committee nor seriously considered by it. The only precedent we can go to is Canada, which has enacted it, with great effectiveness. They have increased their tax yields in this area by some 55 percent.

The amendment requires that No. 1 and No. 2 heating fuel oil be colored with an oil soluble dye to deter tax fraud.

It requires the Administrator of the Federal Energy Administration to determine the appropriate soluble dye and the point of the petroleum distribution system at which the dye shall be added. Violators shall be subject to a fine of up to $25,000 or up to 5 years imprisonment.

Under existing law, diesel fuel is taxed at an average rate of 12 cents a gallon—4 cents by the Federal Government and an average of 8 cents by the States. An extensive black market has developed in which untaxed heating oil is used as diesel fuel, defrauding both the Federal Government and every State in the Union. A trucking trade publication, the Fleet Owner, estimates that this illegal practice is costing more than $1 billion a year in the United States of America in State and Federal taxes. That is a trucking trade publication that makes that estimate.

In the State of Illinois alone, about $100 million a year is lost in diesel fuel taxes. In addition, as a result of this black market, heating oil becomes more scarce to those who are dependent on this type of fuel.

A fuel dyeing program was instituted in Canada, as I have mentioned, and resulted in a 55.8-percent increase in revenues in the first year of operation.

I ask unanimous consent that an article by Bernie Swart, describing the extent of this black market and the revenues lost from it, as well as a letter from Mr. Paul E. Moreau, Minister of Revenue to the Governor of Quebec, regarding the results of this program in Canada, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LOST $100 MILLION IN DIESEL FUEL TAXES

(By Bernie Swart)

Illegal practices involving the sale and use of diesel fuel are diverting at least $100 million in taxes from state and federal tax coffers.

This figure may go as high as $1 billion a year, according to Albert T. Stoessel, an Iowa oil dealer and past president of the Iowa Petroleum Association. Stoessel estimates his state alone is losing more than $50 million a year in fuel taxes.

The taxes are lost, according to Stoessel, when Number two heating oil is substituted for diesel fuel. The two fuels are almost identical in chemical composition. Stoessel said, although diesel fuel is heavily taxed while home heating fuel is not.

The tax dodge works several ways, according to Stoessel. Some fleets knowingly buy untaxed heating oil at a bargain price in order to beat the fuel tax. In some cases, drivers buy untaxed heating oil rather than diesel fuel, turn in falsified fuel receipts, and pocket the difference. In other cases, independent service station operators will substitute heating oil for diesel fuel, collect, and pocket the taxes.

According to Stoessel, lack of supervision of stations by refinery companies is a factor that makes for easy chiseling by some gas station operators who sell to fleets. However, because most stations are lessee-operated, effective policing often proves extremely difficult.

In still other cases, Stoessel pointed out, what started out as a tax dodge ends up in out-and-out theft. He cited as an example the fuel oil delivery truck driver who shorts homeowners on deliveries and sells the surplus fuel oil to independent station operators, who, in turn, sell it to truckers as taxed diesel fuel. Or, bargain-priced diesel fuel may be heating oil that was stolen from an oil distributor's tank with the collusion of employees. Finally, the bargain-priced diesel fuel may be hijacked heating oil, or it may actually be diesel fuel obtained by a driver who makes a habit of shorting trucking companies on diesel fuel deliveries.

Several midwestern tanker truck drivers confirmed these theft techniques as authentic and added their own experience.

All fuel delivery trucks aren't metered and comparatively few oil distributors use meters with split loads. But even if they do, the procedure can still be beaten and provide extra gallons to be sold by the drivers through shorting large heating oil users.

One way this is done: Air can be pumped through the meters via the power takeoff unit by connecting the pumps to an empty compartment on the tanker. The meters register as if fuel is being pumped through them. Therefore, the customer gets a metered receipt for gallonage he did not receive and the driver has extra gallons to sell for himself.

If the customers double-checked the delivery with his own "stick" reading he'd spot the inaccuracy. But drivers are wise to who checks and who doesn't. Some large heating oil customers who should know better are regularly gypped his way. One police barracks in the midwest is regularly shorted because no one checked deliveries, fuel oil drivers said.

Here's another way drivers cheat both customers and fleet management: A driver delivers diesel fuel to a service station, and charges the correct price. Then he makes deliveries to private homes for heating use. At the end of the day he destroys the legimate gas station tickets, makes out fake tickets for home deliveries and pockets the difference. Drivers say that it's easy for them to obtain stacks of blank receipts from their companies.

After shorting large users of heating fuel, drivers may sell a couple of hundred gallons to a friend at a gas station for as low as 10c per gallon.

Then again, some of the racket happens because many service stations neither check diesel deliveries nor order correctly. Often they may order too much for their tanks, so the driver fills them to the brim and keeps the extra gallonage. The service station pays for the amount it ordered.

Both federal and state taxes are beaten this way, many times with apparent knowledge of trucking company management, the drivers say.

According to drivers, instructions at several tanker outfits are that if they have fuel left over—meaning some users may have been shorted—they are to bring it back and place it in the company's storage tanks. The drivers claim that trucking management seldom asks the reason for the overage.

Although the fuel tax problem takes on national proportions, enforcement is apt to be lax. Little interest is shown by most county, state, and federal officials, and most state legislators aren't excited by the situation. The federal government prefers to leave fuel tax collection to the states, and performs little auditing.

In Chicago, John A. Ainlay, executive secretary of the American Petroleum Institute, commented, "Experienced tax men are almost unanimous in their opinion that nothing will improve diesel fuel tax collections more than a rigid enforcement program backed by an adequate force of field men and auditors."

Stoessel, owner of the Albert Stoessel Co., in Ottumwa, and the oldest fuel oil dealer in the state, has been the sparkplug of much action against diesel fuel fraud, even though he is 77 years old. He recently charged the Iowa Petroleum Council's Tax Evasion Committee with making "no effort over the past 12 years to assist the revenue department to collect the diesel fuel tax."

"Many major interstate truck operators take advantage of the fuel tax situation on a large scale," Shoessel told Fleet Owner. "This would include drivers as well as moonlight operators. However, I don't think trucking companies or private fleets have anything to do with setting up illegalities."

Stoessel told the Iowa Petroleum Council that one major refinery "sent a letter to all of its dealers in the U.S., telling them to stop selling fuel oil to truckers for use as diesel fuel. The letter received prominence in some of the oil trade publications in 1971, and shows to what extent this evasion has gone."

Supporting Stoessel in his claim that the situation is serious, is a 1970 Iowa State survey of the number of miles trucks travel in the state. According to that survey an estimated $13.5 million in diesel fuel taxes is being lost annually.

According to Stoessel, the largest petroleum market price listing indicates diesel fuel in 32 cities cost 12c to 14c more per gallon at the pump than in Iowa, where prices run from 25c per gallon for less than 50 gal., to 23c per gallon for larger quantities. The price difference, he said, could indicate that the Iowa tax is not being collected equally.

Checking with Stoessel at press-time, Fleet Owner learned that diesel fuel was still selling for 23.9c per gallon in the Ottumwa area. This is below the price at which he says he can buy diesel fuel in transport quantities. The inference is that some dealers are not paying taxes and forcing others who are to lower their prices to stay in business. If diesel fuel taxes were collected with the same efficiency as gasoline taxes, Stoessel added, diesel fuel taxes in Iowa could be reduced 2c a gallon.

Stoessel has long advocated that truckers be permitted to buy fuel at the pump without paying taxes, in exchange for a single report and a single tax payment at the end of each month. He feels this type of system would eliminate much of the diesel fuel fraud now existing in Iowa and other states.

Labeling estimates of $100 million in state and federal tax losses as "very conservative," Carl F. Schach of the Iowa Highway Commission claims Iowa's 1970 diesel fuel tax collections amounted to $10.8 million, when it should have totaled $24.3 million. Iowa's diesel fuel tax collections jumped to $12.5 million in 1971, but still short of what Schach says they should be.

"Iowa has little or no requirements to differentiate between diesel fuel used for non-highway purposes," Schach said. "The bulk station operator, the tank wagon operator, or even the retail dealer makes this determination. All they need to do is to make a fake set of receipts or records, and no tax is paid."

Schach kicked over a hornet's nest in 1970, when he suggested that trucking associations stop "defending every moonlighter who gets involved in fuel tax violations." The associations don't defend them in any other instances, he said.

Answering protests from the American Trucking Associations and the Iowa Trucking Association, Schach said, "Trucking companies that choose to belong to state and national associations are generally straight-forward business firms. However, the organized trucking industry does not represent a majority of operators on the American highway today." Schach added that he intended no inference that non-membership indicated questionable conduct.

"Each time someone avoids the payment of his fair share for road tax use," he continued, "all users are deprived of the use of an improved facility. In defense of the trucker when he pulls into a station, what assurance does he have that the 8¢ per gallon of diesel fuel tax he pays ever gets turned over to the department of revenue?"

Don Briggs, Iowa director of revenue, says his department is conducting a three-year auditing program of trucking operations in the state. By the end of last spring, he said, 140 carriers had been audited, and each one ended up paying an average of $1,200 in additional taxes. If this percentage holds true throughout the program, Briggs said, the state should reap an annual $3.6 million in additional taxes. These efforts may be starting to pay off. Iowa diesel fuel collections for the first half of 1972 show a tax gain of $1,096,626 over 1971.

Briggs appears to be taking a careful, conservative look at the problem, challenging unsubstantiated figures and loss estimates. He is interested in determining whether certain changes in the law would improve collections without hurting the trucking industry. Efforts are also being made by the IRD to simplify reciprocity, increase cooperation with other states, reduce the trucker's information burden, and create uniform reports and filing dates.

"The trucking industry is not fighting us," Briggs said. "They don't like the violators either."

Because of weak enforcement and truck traffic three times greater than Iowa's, Illinois may be losing up to $100 million a year in diesel fuel taxes.

Even though there has been some progress in the Illinois battle, Revenue Director George E. Mahin said many of the tax dodges used in Iowa are also present in Illinois. Very prevalent in Illinois, Mahin claims, is the practice of shorting large motor carriers on fuel deliveries in order to obtain diesel fuel for untaxed sales.

To thwart this practice, Mahin said the department of revenue has cracked-down on oil distributors pumping diesel fuel directly from tankers into the tanks of groups of trucks on the streets and in terminal yards. One such "mobile" operation operated in the old Chicago Stockyard area. This practice Mahin pointed out, avoids payment of 7.5¢ per gallon in state tax, 4¢ per gallon in Federal tax and 1.5¢ per gallon in sales tax.

In Georgia, the Motor Fuel Tax Division of the Department of Revenue actively enforces the payment of fuel taxes. The department is currently investigating a misbranding case in which the suspect oil dealer has been under surveillance for several weeks.

"From time to time we run into these situations," Georgia Revenue Director Curtis Modling said, "and most of them occur around the borders of the state."

In a recent action, Modling's division rendered an assessment of approximately $104,000 against an agent of a national service station chain. Filed in the Carroll County (Ga.) Supreme Court, following an audit, the suit charged the station operator with failing to pay state taxes.

New Jersey is also becoming more active in clamping down on fuel tax violators. One recently investigated case involved a sand and gravel fleet making suspiciously large purchases of heating fuel during summer months.

Large-scale fuel tax evasion exists in Maryland, despite an energetic campaign by John K. Coleman, gasoline tax division chief, who has increased diesel tax collection more than $300,000 in each of the past three years. Coleman's crack-down—one of the most effective in the nation—is aimed primarily at mislabeling and fuel adulteration, and involves heating fuel oil distributors, service stations, and truckers who buy heating oil or untaxed diesel fuel.

Working very closely with the Internal Revenue Service and FBI, the Maryland Revenue Department is now involved in investigations in Maryland, the District of Columbia, Norfolk, Va., and New Jersey. Coleman insists that fuel tax evasion exists in every state, even though state officials don't know it. In Maryland, Coleman has noted an increase in violations in all fuel tax categories including violations by truckers.

Maryland truck consumers of diesel fuel are licensed and must post surety bonds. Under this procedure, Coleman explained, diesel fuel ordered from a supplier is placed in the fleet operator's underground storage tanks, and the fleet operator pays for it minus taxes. Each month the trucker files a report with the state tax commission, indicating his inventory, additional purchases, and the tax he owes. These reports are computerized and show a 24% gain in collections of diesel taxes as of July 1972, compared with the 1971 period.

Although some licensed fuel distributors in Maryland are permitted to blend and compound petroleum products, Coleman said, service station operators cannot, and there are severe penalties for violations of this law. And under Maryland law all additives must be added at the refinery to prevent customers from being defrauded. Nevertheless, he added, many investigations of diesel fuel tax evasion turn up incidents of fuel adulteration by water or other foreign substances.

Coleman told Fleet Owner that the problem of fuel tax evasion is not so much with regulated motor carries as it is with owner-operators and small truckers. "Legitimate truckers," he said, "favor our activities and will often loan us trucks to use in an investigation." Many times, he added, fleet drivers and owner-operators will notify officials if they discover an "obviously suspicious deal." Coleman's staff includes 32 auditors plus 16 inspectors.

Much of Coleman's investigation has been undercover, using trucker informants, hidden cameras, tape recorders, and state troopers planted as gas station attendents. Coleman said hijacking accounts for a substantial diversion of fuel in his state. He cited a few recent investigations by his department:

Truck drivers reported a Baltimore heating oil firm which they believed were shorting certain government and industrial users. Subsequent investigation by Coleman's office disclosed that the firm sold more fuel than it had a record of purchasing. Further investigation revealed the distribution operation, over a two year period, resulted in certain military bases being charged for some 500,000 gal. more than they received.

Military Intelligence aided Coleman's department in an investigation that cost the distributor $21,000 in fines and a trucking company $29,000 in fines. One of the military installations recently shorted on deliveries was the U.S. Naval Academy at Annapolis.

A 1971 investigation revealed a Baltimore service station operator was selling fuel oil to steel-haulers and owner-operators. Because he was passing the fuel oil off as diesel fuel and selling it without paying diesel fuel tax, the service station operator was arrested on charges of filing false tax reports, re-branding, and tax evasion, and was hit with a lien of $127,000.

In another of Coleman's cases, eight state troopers uncovered a re-branding operation involving a long-haul trucking company operating between Boston and Florida, and a truck stop. Arrests were made and asessments of $70,000 each were levied against the trucking company and truck stop operator.

Another case broke when FBI agents, working on a hijacking case, noticed a heating oil delivery truck making "midnight" deliveries to a truck stop. Further investigation revealed the truck stop had sold between 500,000 gal. and 1.5 million gal. of heating oil to unsuspecting truckers. Although the station operator claimed his records were destroyed by fire, he was convicted and fined $70,000.

Coleman also described a case in which an abandoned, weed-covered truck terminal in the Curtis Bay area of Baltimore was used as a "drop" for home heating oil by delivery drivers who shorted their customers. The heating oil was sold to "gypsy" truckers at bargain prices.

This system was able to operate, Coleman said, because so few residential and industrial users of heating oil bother to check their fuel indicator gage after a delivery.

In this connection, Coleman suggests that fleet operators buying bulk fuel check delivery tankers when they arrive to make sure they are filled. Tanker compartments should be checked again after delivery, to make certain they are empty.

To encourage more uniformity in state specifications and enforcement programs, the State of Maryland invited eastern corridor states to a fuel tax evasion seminar in 1970, to discuss the whole spectrum of plugging holes in fuel tax laws. During the meeting, about 18 states said they had enforcement programs, but only four states were able to prove they had effective programs. Some states didn't even own a pair of binoculars for surveillance work!

Tax officials were shown copies of a "crime manual prepared by Coleman's department complete with photographs made by hidden cameras, outlining the various ways of preventing fuel tax evasion. For more than a year now, Coleman has been involved in writing a new manual, one dealing with future state specifications for diesel fuel and heating oil.

Fleet Owner's research shows that two enforcement problems continue to exist:

The federal tax authorities are riding on the coat tails of state enforcement and doing comparatively little on their own.

Secondly, oil companies generally cannot effectively police the stations that carry their names because the dealers or operators are technically *independent* business men, operating under a lease arrangement. Coleman says, however, this may change in the future because oil companies appear interested in buying back their stations.

In addition, the oil companies are marketing "secondary" brands in new stations under direct company control, competing against regular brands in some areas.

Several recent developments will affect Maryland's diesel tax collection efforts.

As of 1973, Maryland tax authorities will not accept major oil company credit card receipts as evidence that taxes have been or will be paid. The state prefers meter imprinted tickets or statements which must be signed by company presidents under penalty of perjury.

In this connection, several Maryland gas stations were accepting competitive company gas credit cards when offered by truckers. Later these cards were taken to another state and cashed in at other service stations at a discount.

Coleman points out that there have been instances at so-called truck stops in Louisiana where prostitutes were available and their services charged through the truck driver's company credit cards. The "special services" were billed to the trucking company as gallonage placed in the truck's fuel tank.

A signed and witnessed statement obtained from a Florida owner-operator by the Maryland Gasoline Tax Division also indicates that prostitutes were available at a Georgia truck stop where fake Maryland and Delaware fuel tax receipts were readily available to truck drivers.

Maryland is also starting to generate a microfilm file to be placed at all of the state's truck weigh stations. The file will contain the names of truck fleets who *haven't* paid their fuel taxes.

The situation can only be truly corrected by a combination of state and federal teamwork, together with new efforts and understanding by the major refineries. The trucking industry must also recognize its responsibility in remaining above reproach to eliminate the possibilities of restrictive tax legislation.

GOUVERNEMENT DU QUEBEC,
MINISTERE DU REVENU,
Quebec, December 20, 1973.

Mr. JAMES C. VLAZNY,
Morton Chemical Co.,
Chicago, Ill.

DEAR MR. VLAZNY: In answer to your letter of December 13, 1973, in connection with our marking program of heating oils, I take pleasure to give you some information on the progress of this program.

Firstly, I am glad to say that we are very enthusiastic about our coloring program which has already brought a substantial increase in our monthly revenues as revealed by the following statistics:

	Revenue diesel tax, 0-25¢ per gallon	Increase (percent)	Revenue diesel tax. 0.03¢ per gallon
July:			
1972	$3,576,475		$150,366
1973	5,083,110	+42.1	188,388
August:			
1972	4,525,441		143,542
1973	6,079,910	+34.3	107,738
September:			
1972	4,712,599		148,924
1973	5,907,999	+25.4	165,807
October:			
1972	4,306,273		149,282
1973	6,144,371	+42.7	222,423

It has been estimated that we were losing about $25 million a year on diesel tax. We are confident that additional revenue from $15 to $18 million will be recuperated in the first year of operation and the $25 million target should be reached in the second year when the control and enforcement of the Act are fully put into force.

In order to appreciate fully the benefits derived from our dyeing program it must be taken into account that our Quebec Department of Revenue has for years made constant efforts to crack down on motor fuel tax dodgers. The following statistics in our revenues over the last five fiscal years are self revealing:

	Revenue diesel tax, 0-25¢ per gallon	Increase (percent)	Revenue diesel tax 0.03¢ per gallon
1968-69	$24,094,533	-3.75	$2,228,467
1969-70	28,583,879	+18.6	2,272,121
1970-71	35,336,208	+23.6	2,122,792
1971-72	39,399,847	+11.5	2,172,941
1972-73	43,679,652	+10.7	2,053,005

It is our contention that the major increases in 1969/70 and 1970/71 were the direct result of aggressive investigation programs, court actions and prosecutions against tax evaders.

In order to achieve these already encouraging results we use to have an audit staff of 95 employees; i.e., 25 professional auditors and 70 audit agents. After July 1st, 1973, we have engaged 25 inspectors to check in the field the illegal use of colored fuel in self propelled vehicles. Besides our audit staff of 95 auditors and agents, from 10 to 12 special agents of our Special Investigation Branch were continuously engaged in investigation fraud cases, rackets in the illegal use of fuel oil and in building up cases for prosecution.

We honestly believe that after we have completed our audit programs related to the application of our former Fuel Tax Act we will be in a position to gradually reduce our audit staff by fifty percent.

Should we be able to attain this objective our cost for the dye and compensation paid to the oil companies will be compensated by a reduction in our operating cost. According to our estimate our cost for the dye would be around $270,000 for 12 months, this for the marking of 1.6 billion gallons of fuel oil.

In addition we are paying the oil companies a compensation of 0.01¢ per 100 gallons for the coloration, i.e. an additional $160,000 per year. This compensation is being paid to cover any extra storage tanks and facilities paid by the oil companies as well as operating cost related to the marking program.

The overall cost of extra storage facilities and equipment for the coloration (mechanical injectors and equipment) has been estimated at $3.5 million for the whole petroleum industry. This estimate was determined after a detailed study and discussion of the additional facilities needed with officials of the refiners, importers and wholesalers. The original cost claimed by the petroleum people was $21 million.

Although, at first, we have faced a strong opposition on the part of people of the petroleum industry we have since received a very good cooperation after our regulations were published late in March 1973. The marking of fuel oil was in full operation on July 1st, 1973. As a temporary measure we have accepted that the dyeing of fuel oil be done by hand at the refineries and terminals. The oil companies are now completing the installation of mechanical injectors and by the end of December or early in January the coloring will be done and controlled entirely by mechanical equipment.

We are fully satisfied with the use of your Blue #10 dye and the tests to the laboratory are quite conclusive so far even on illegal blending of 5% colored fuel with clear diesel fuel.

We have now 25 cases pending before the Courts for illegal use of colored fuel, besides we won our first case in Court on a charge of illegal use of colored fuel; the trucker was sentenced to a fine of $200.

For your information, you will find attached clippings of the publicity we had on our court cases against people with heavy criminal records engaged in fuel oil rackets. We have evidence that these operators were closely linked with ranking members of the underworld in Montreal, same being well known to be related with crime families of the Cosa Nostra of New York and Buffalo.

We are glad that our marking program has already closed the door to a number of existing rackets. We are also confident that we now have the necessary tools on hand to exercise a good control over the illegal use on non taxable fuels especially in the present fuel crisis period where diesel oil sells at high price.

Mr. PERCY. Mr. President, in conclusion, I simply say that, once again, I urge my colleagues, for the sake of the credibility of the American people, who are going to be very concerned, and I mean deeply concerned, at seeing the extent of debt rollup—from $40 to $50 to $60 to $70 to $80 billion—over the next few years, in 2 years, $120 billion, unless they see some evidence that is consistent with national interest and consistent with equity and fairness that we attempt to bring in revenue where we can and where it will not hurt. All this amendment does is enable us to enforce the law, which is being flagrantly violated right now. Our States are losing revenue. They are laying employees off. Their budget and income are down. This would put money in their pocket the easiest way, it will cost us nothing, it will pick up considerable revenue.

I urge the acceptance by my distinguished colleagues, particularly those distinguished colleagues who have worked so hard on this tax bill. I hope that it can have the support of the chairman as well as my colleague, the ranking minority member.

Mr. LONG. Mr. President, the only reason I would know for voting down this amendment would be that some would contend that this should be on the energy bill rather than on this bill. But in view of the fact that we may very well be adding amendments to the bill that would more likely be on the energy bill, of an expenditure or a cost, a tax expenditure or tax loss basis, I think that the Senator's argument is well taken. It probably will appeal to us in conference if we did take some steps to offset the cost of some of these tax incentives to encourage people to save energy. I will vote for the Senator's amendment.

I shall be happy to yield some time in opposition to anyone who wishes to oppose it.

As a matter of fact, Mr. President, I shall be willing to accept the amendment now unless there is objection to it. I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Is there objection?

The amendment was agreed to.

Mr. PERCY. I thank my distinguished colleague.

The PRESIDING OFFICER. Under the previous order, the Chair now recognizes the Senator from Maine (Mr. HATHAWAY) to call up his amendment, on which there is 10 minutes for debate.

AMENDMENT NO. 137

Mr. HATHAWAY. Mr. President, I call up amendment No. 137.

The PRESIDING OFFICER. The clerk will state it.

The legislative clerk read as follows:

The Senator from Maine (Mr. HATHAWAY) proposes an amendment to amend the Internal Revenue Code of 1954.

The amendment is as follows:

At the end of the bill, add the following new title:

That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 42 as 43, and inserting after section 41 the following new section:

"SEC. 42. INTEREST ON PRINCIPAL RESIDENCE.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage of the interest paid or accrued during the taxable year by the taxpayer on indebtedness secured by a mortgage on real property owned and used by him as his principal residence or on any other indebtedness incurred by him to acquire or improve real property used by him as his principal residence.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage shall be 26⅔ percent.

"(c) APPLICATION WITH OTHER CREDIT.—The credit allowed by subsection (a) for any taxable .year shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowed by the preceding sections of this subpart (other than by sections 31 and 39).

"(d) SPECIAL RULES.—

"(1) PROPERTY USED IN PART AS PRINCIPAL RESIDENCE.—In the case of property only a portion of which is used by the taxpayer as his principal residence, there shall be taken into account, for purposes of subsection (a), so much of the interest paid or accrued by him with respect to such property as is determined, under regulations prescribed by the Secretary or his delegate, to be attributable to the portion of such property used by him as his principal residence.

"(2) JOINT OWNERSHIP.—In the case of property owned and used by two or more individuals (other than a husband and wife) as their principal residence, the applicable percentage applied under subsection (b) shall, under regulations prescribed by the Secretary or his delegate, be applied separately to such individuals.

"(3) COOPERATIVE HOUSING.—For purposes of this section, an individual who is a tenant-stockholder in a cooperative housing corporation (as defined in section 216(b))—

"(A) shall be treated as owning the house or apartment which he is entitled to occupy by reason of his ownership of stock in such corporation, and

"(B) shall be treated as having paid or accrued interest with respect to such house or apartment during the taxable year equal to the deduction which would be allowable to him under section 216(a) but for the last sentence of such section.

"(4) CHANGE OF PRINCIPAL RESIDENCE.—If during a taxable year a taxpayer changes his principal residence, this section shall apply, under regulations prescribed by the Secretary or his delegate, to that portion of the interest paid or accrued by him with respect to each such principal residence as is properly allocable to the period during which it is used by him as his principal residence.

"(e) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Interest on principal residence.
"Sec. 43. Overpayments of tax.".

SEC. 2. (a) Section 163 of the Internal Revenue Code of 1954 (relating to interest) is amended by redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

"(e) INDEBTEDNESS ON PRINCIPAL RESIDENCE.—No deduction shall be allowed (in addition to the credit allowed under section 42) under subsection (a) for interest paid or accrued on indebtedness secured by a mortgage on real property owned and used by the taxpayer as his principal residence or on any other indebtedness incurred by him to acquire or improve real property used by him as his principal residence.".

(b) Section 216(a) of such Code (relating to tenant-stockholders of cooperative housing corporations) is amended by adding at the end thereof the following new sentence: "No deduction except for real property taxes shall be allowed (in addition to the credit allowed under section 42) under the preceding sentence with respect to any house or apartment which is used by the tenant-stockholder as his principal residence.".

SEC. 3. The amendments made by this Act shall apply with respect to taxable years beginning after December 31, 1974.

Mr. HATHAWAY. Mr. President, this amendment allows a taxpayer to take a credit of 26⅔ percent for the interest that he pays on his mortgage, on his principal home only, in lieu of a tax deduction. The reason for the 26⅔ percent is that it hits it at the same tax bracket that Mr. MONDALE's tax credit hits in his provision in the bill, which allows a person to take a $200 credit in lieu of the deduction for a dependent.

This would benefit taxpayers, particularly, in the $10,000 to $20,000 income brackets. It is estimated that 73 percent of those taxpayers would be benefited. It would be of substantial help to the housing industry and, as has been noted on the floor, time and time again during the debate on this matter, this is one of the best ways for us to spur the economy.

One of the basic reasons why this would be a great incentive for the housing industry, a spur to the housing industry, is that it would reduce the effective interest rate on taxpayers, and it would provide a very great boost to taxpayers in that, at the beginning of their mortgage payments, the interest part of the mortgage payment, as opposed to the payment made on principal, is the higher. The cost of the program, to be sure, is $1 billion. It is not as stated in the pamphlet that has been circulated, which I think states over $1 billion. It is just about $1 billion because it applies to the principal home only.

I realize that we are trying to keep the amount of this bill down as much as we can, but the proposal that was made by the Senator from Louisiana, the chairman of the committee, to allow a tax credit for new and existing homes has been modified so that that only affects new homes, thereby saving about $2 billion over the original committee bill. I suggest that this amendment, by adding just $1 billion and covering both new and used homes, has still not reached the original $3 billion we had proposed to spur the housing industry.

Mr. LONG. Mr. President, this amendment was not agreed to in the committee I voted for it when it was suggested in the committee and I therefore feel that I should yield time to someone who desires to speak in opposition, if someone be present who desires to do so. Otherwise, I shall just yield back the time.

I think I should point out that the revenue losses estimated to the Treasury will be $1.165 billion. I shall yield time if someone desires at this point to speak in opposition.

Mr. SPARKMAN. Mr. President, may I ask a question?

Mr. LONG. Yes.

Mr. SPARKMAN. The Senator gave a figure.

Mr. LONG. $1.165 billion.

Mr. HATHAWAY. If the Senator will yield, I wish to correct that figure. It was reestimated to be about $1 billion, forgetting the $165 million. At the time they first computed it, they did not allow for the fact that it applied to principal residences only, so it has been computed at about $1 billion.

Mr. SPARKMAN. In the bill as it was first presented, as I understand, there was a $2,000 allowance, was it?

Mr. LONG. A tax credit of up to $2,000 to aid in the purchase of new homes. That is still in the bill.

Mr. SPARKMAN. Will that be in the bill if this goes in, or will this be a substitute?

Mr. HATHAWAY. This is in addition.

Mr. LONG. This would be in addition to that.

Mr. SPARKMAN. I wish to say to both of the Senators that I believe all in here know that I have been greatly interested in housing. I have not felt that that provision in the bill is the way to stimulate housing. I say that very frankly. I want to see a good, strong housing program, but I just cannot bring myself to believe that this is the best way.

I think this will do more, what the Senator from Maine has provided, than will what is in the bill. But I am somewhat disturbed by the provision in the bill and what the impact of that will be. I wish something could be worked out so that

that could be modified and brought down to a lower level.

By the way, the National Association of Home Builders were testifying before our committee just a couple of days ago, and they did not seem to be too interested in the provisions that are in the bill. I do not recall whether they came out with a definite statement against it, but they took somewhat the same stand that I am taking, I think, that that was not the way to stimulate homebuilding.

Mr. HATHAWAY. I thank the Senator very much for his support of my amendment.

Mr. SPARKMAN. It seems to be rather difficult to support the Senator's amendment, if it were to be added on top of this other provision, because that would be a tremendous drain on the Treasury.

Mr. LONG. Mr. President, what the amendment proposes, as I understand it, is that there be a tax credit for taxpayers in the low-income brackets which would amount to the equivalent of a deduction of 26⅔ percent of their mortgage interest costs.

Mr. SPARKMAN. 26⅔ percent.

Mr. LONG. The thought there is that if taxpayers are in the lower income brackets, the deduction does not do them enough good, and, therefore, the Senator would suggest that they have a tax credit which would give them the same advantage that someone would have if he were in a 26-percent tax bracket.

Mr. SPARKMAN. I was more concerned with the provision that is in the bill. As I say, if his were a substitute for that, I could support it readily, but I do not see how I can support both.

Mr. HATHAWAY. Perhaps if we leave both of them in the bill, it could be ironed out in conference. The House has neither provision. The House could have the option to select one. Perhaps they would select both also.

Mr. SPARKMAN. I would suggest that many of these items added over here would be "ironed out" in conference, as is usual. I simply wanted to make those comments.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I ask unanimous consent that the amendment by the Senator from Maine (Mr. HATHAWAY) be regarded as germane, but that the fact of this amendment being made germane not be regarded as making other amendments concerning the same subject germane.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I believe it is understood that this amendment would be voted on after the ones on which we have agreements to vote.

The PRESIDING OFFICER. If the yeas and nays are ordered on it, the Senator is correct.

Mr. LONG. I ask for the yeas and nays on the Hathaway amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Louisiana may proceed.

Mr. LONG. Mr. President, I yield to the Senator from Utah.

Mr. MOSS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MOSS. I understand there was an order entered as to certain amendments that might be discussed before our entering upon the debate prior to cloture. I made an attempt to modify an amendment, and was told I would have to wait.

There are two ways to go, as I understand: either I can ask unanimous consent that I be able to offer my modification now, or, if we start the discussion, to ask the floor leader for time on that. I am willing to go either way, whatever the parliamentary requirement may be.

Mr. LONG. Is the Senator talking about the Domenici amendment?

Mr. MOSS. Mine is a modification of the Domenici amendment.

Mr. LONG. I ask unanimous consent that when we reach the Domenici amendment, the amendment of the Senator from Utah may be offered.

Mr. MOSS. The Domenici amendment has already been offered.

Mr. LONG. The Senate has not voted on the Domenici amendment yet. Does the Senator wish to vote on his amendment before the vote on the Domenici amendment?

Mr. MOSS. That is correct.

Mr. LONG. Mr. President, I ask unanimous consent that the Senate vote on the Moss amendment immediately prior to the vote on the Domenici amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, the ranking minority Member is not in the Chamber. Is that agreeable to him?

Mr. MOSS. He agreed to that. I asked him.

Mr. LONG. I now ask unanimous consent that there be a limitation of 10 minutes, to be equally divided, for debate on the Moss amendment to the Domenici amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, I have sent to the desk my modification. I ask that it be reported, but that I be permitted to explain it.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Utah (Mr. MOSS) proposes an amendment to the amendment (No. 191) of the Senator from New Mexico (Mr. DOMENICI).

Mr. Moss' amendment is as follows:

PART III—TAX INCENTIVES FOR CERTAIN ENERGY-RELATED IMPROVEMENTS OF BUILDINGS

SEC. 1. INSULATION OF PRINCIPAL RESIDENCE.

(a) GENERAL RULE.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by redesignating section 43 as section 44 and by inserting after section 42 the following new section:

"SEC. 43. INSULATION OF PRINCIPAL RESIDENCE.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) 40 percent of the qualified insulation expenditures paid by the taxpayer during the taxable year with respect to any residence to the extent that such expenditures do not exceed $500, plus

"(2) 20 percent of the qualified insulation expenditures paid by the taxpayer during the taxable year with respect to such residence to the extent that such expenditures exceed $500 but do not exceed $1,000.

"(b) LIMITATIONS.—

"(1) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property and purchases of certain recyclable waste),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office).

"(2) PRIOR EXPENDITURES TAKEN INTO ACCOUNT.—If—

"(A) the taxpayer made qualified insulation expenditures with respect to any residence in any prior taxable year, or

"(B) any prior owner of any residence made qualified insulation expenditures with respect to such residence,

then subsection (a) shall be applied with respect to such residence for the taxable year by reducing (but not below zero) the dollar amounts contained in such subsection by the aggregate of the expenditures described in subparagraphs (A) and (B).

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED INSULATION EXPENDITURES.—The term 'qualified insulation expenditures' means any amount paid by an individual for any installation (other than pursuant to a reconstruction of the dwelling unit) which occurs after March 17, 1975, and before January 1, 1977, of insulation in any dwelling unit which—

"(A) at the time of such installation is owned by the individual and used by him as his principal residence (within the meaning of section 1034); and

"(B) is in existence on March 17, 1975, and used on such date by one or more individuals as a residence.

"(2) INSULATION.—The term 'insulation' means any insulation, storm (or thermal) window or door, or any other similar item—

"(A) which is designed to reduce, when installed in or on a building, the heat loss or gain of such building,

"(B) original use of which commences with the taxpayer, and

"(C) which has a useful life of at least 3 years.

"(3) JOINT OWNERSHIP.—In the case of any building which is jointly owned, and is used during any calendar year as a principal residence, by two or more individuals—

"(A) the amount of the credit allowable under subsection (a) (after applying subsection (b)(2)) with respect to any qualified insulation expenditures paid during such calendar year by any of such individuals with respect to such building shall be determined by treating all of such individuals as one taxpayer whose taxable year is such calendar year, and

"(B) each of such individuals shall be allowed a credit under subsection (a) for the taxable year in which such calendar year ends (subject to the limitation of subsection (b)(1)) in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount paid by such individual during such calendar year for such expenditures bears to the aggregate of the amounts paid by all of such individuals during such calendar year for such expenditures.

"(4) Tenant-stockholder in cooperative housing corporation.—In the case of an individual who holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual—

"(A) shall be treated as owning the dwelling unit which he is entitled to occupy as such stockholder; and

"(B) shall be treated as having his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any qualified insulation expenditures paid by such corporation.

"(d) Reduction of Basis.—The basis of any property shall not be increased by the amount of any qualified insulation expenditures made with respect to such property to the extent of the amount of any credit allowed under this section with respect to such expenditures.

"(e) Termination.—This section shall not apply to any amount paid after December 31, 1976."

(b) Technical and Conforming Amendments.—

(1) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 43. Insulation of principal residence.
"Sec. 44. Overpayments of tax."

(2) Section 56(a)(2) (relating to imposition of minimum tax) is amended by striking out "and" at the end of clause (iv), by striking out "; and" at the end of clause (v) and inserting in lieu thereof ", and", and by inserting after clause (v) the following new clause:

"(vi) section 43 (relating to insulation of principal residence); and".

(3) Section 56(c)(1) (relating to tax carryovers) is amended by striking out "and" at the end of subparagraph (D), by striking out "exceed" at the end of subparagraph (E) and inserting in lieu thereof "and" and by inserting after subparagraph (E) the following new subparagraph:

"(F) section 43 (relating to insulation of principal residence), exceed".

(4) Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking out the period at the end of paragraph (22) and inserting in lieu thereof a semicolon and by inserting after paragraph (22) the following new paragraph:

"(23) to the extent provided in section 43(d), in the case of property with respect to which a credit has been allowed under section 43."

(c) Effective Date.—The amendments made by this section shall apply to amounts paid after March 17, 1975, in taxable years ending after such date.

Sec. 2. Residential Solar Energy Equipment.

(a) General Rule.—Subpart A of chapter IV of subchapter A of chapter 1 (relating to credits allowable) is amended by redesignating section 44 as section 45 and by inserting after section 43 the following new section:

"Sec. 44. Residential Solar Energy Equipment.

"(a) General Rule.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) 40 percent of the qualified solar energy equipment expenditures paid by the taxpayer during the taxable year with respect to any residence to the extent that such expenditures do not exceed $1,000, plus

"(2) 20 percent of the qualified insulation expenditures paid by the taxpayer during the taxable year with respect to such residence to the extent that such expenditures exceed $1,000 but do not exceed $2,000.

"(b) Limitations.—

"(1) Application with other credits.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property and purchases of certain recyclable waste),

"(D) section 40 (relating to expenses of work incentive programs),

"(E) section 41 (relating to contributions to candidates for public office), and

"(F) section 43 (relating to insultation of principal residence).

"(2) Prior expenditures taken into account.—If—

"(A) the taxpayer made qualified solar energy equipment expenditures with respect to any residence in any prior taxable year, or

"(B) any prior owner of such residence made qualified solar energy equipment expenditures with respect to such residence, then subsection (a) shall be applied with respect to such residence for the taxable year by reducing (but not below zero) the dollar amounts contained in such subsection by the aggregate of the expenditures described in subparagraphs (A) and (B).

"(c) Definitions and Special Rules.—For purposes of this section—

"(1) Qualified solar energy equipment expenditures.—The term 'qualified solar energy expenditures' means any amount paid by an individual for any installation (other than pursuant to a reconstruction of the dwelling unit) which occurs after March 17, 1975, and before January 1, 1977, of solar energy equipment, in any dwelling unit which—

"(A) at the time of such installation is owned by the individual and used by him as his principal residence (within the meaning of section 1034); and

"(B) is in existence on March 17, 1975, and used on such date by one or more individuals as a residence.

"(2) Solar energy equipment.—The term 'solar energy equipment' means equipment which conforms to performance criteria established by the National Bureau of Standards, and—

"(A) which is designed, when installed in or on a building, to use solar energy to heat such building or to heat water for use within such building,

"(B) the original use of which commences with the taxpayer, and

"(C) which has a useful life of at least 3 years.

"(3) Joint ownership.—In the case of any building which is jointly owned, and is used during any calendar year as a principal residence, by two or more individuals—

"(A) the amount of the credit allowable under subsection (a) (after applying subsection (b)(2)) with respect to any qualified solar energy equipment expenditures paid during such calendar year by any of such individuals with respect to such building shall be determined by treating all of such individuals as one taxpayer whose taxable year is such calendar year; and

"(B) each of such individuals shall be allowed a credit under subsection (a) for the taxable year in which such calendar year ends (subject to the limitation of subsection (b)(1)) in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount paid by such individual during such calendar year for such expenditures bears to the aggregate of the amounts paid by all of such individuals during such calendar year for such expenditures.

"(4) Tenant-stockholder in cooperative housing corporation.—In the case of an individual who holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual—

"(A) shall be treated as owning the dwelling unit which he is entitled to occupy as such stockholder; and

"(B) shall be treated as having paid his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any qualified solar energy equipment expenditures paid by such corporation.

"(d) Reduction of Basis.—The basis of any property shall not be increased by the amount of any qualified solar energy equipment expenditures made with respect to such property to the extent of the amount of any credit allowed under this section wtih respect to such expenditures.

(e) Termination.—This section shall not apply to any amount paid after December 31, 1976."

(b) Technical and Conforming Amendments.—

(1) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 44. Residential solar energy equipment.
"Sec. 45. Overpayments of tax."

(2) Section 56(a)(2) (relating to imposition of minimum tax) is amended by striking out "and" at the end of clause (v), by striking out "; and" at the end of clause (vi) and inserting in lieu thereof ", and", and by inserting after clause (vi) the following new clause:

"(vii) section 44 (relating to residential solar energy equipment); and".

(3) Section 56(c)(1) (relating to tax carryovers) is amended by striking out "and" at the end of subparagraph (E), by striking out "exceed" at the end of subparagraph (F) and inserting in lieu thereof "and", and by inserting after subparagraph (F) the following new subparagraph:

"(G) section 44 (relating to residential solar energy equipment), exceed".

(4) Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking out the period at the end of paragraph (23) and inserting in lieu thereof a semicolon and by inserting after paragraph (23) the following new paragraph:

"(24) to the extent provided in section 44(d), in the case of property with respect to which a credit has been allowed under section 44."

(c) Effective Date.—The amendments made by this section shall apply to amounts paid after March 17, 1975, in taxable years ending after such date.

Mr. MOSS. Mr. President, this follows the general concept of the Domenici amendment, in that it provides for rebate of money for insulating of homes, and contains a special provision for solar energy.

This is a matter that I have been concerned with for a long time. In fact, on February 13 of 1973 I introduced the first bill on this matter, and that was incorporated in the emergency energy bill on the 15th of November 1973 and adopted unanimously by the Senate. Of course, that bill was vetoed by the President, so it was lost. Thereafter, on the 15th of January, I introduced again a bill of this sort.

What do I suggest by way of modification of the Domenici amendment? It is to substitute the proposal introduced by Chairman Ullman of the House Ways and Means Committee in terms of this tax incentive for residential energy conservation and improvements, which would modify it in this respect:

A 40-percent tax credit on the first $500 of cost of insulation, storm windows, and so on, that are installed in a dwelling home, and a 20-percent tax credit on the second $500, which is a total of $1,000 that a person might receive as a tax credit base for appropriate insulation of his home.

For solar and heating devices, we have the same percentages, 40 and 20, but the first 40 percent would be for $1,000, then 20 percent for the second $1,000, and, therefore, there could be a $2,000 ceiling on using solar energy, to encourage that.

There is no optional tax deduction, but simply a tax credit, and this is because a tax deduction favors the high-income taxpayer, and is not the incentive to the lower income taxpayer that a tax credit is. It puts the greater incentive where it is needed.

The other thing that it seems to me is a really potent argument for this proposal is that these are the terms of the Ways and Means Committee bill on the House side, and for that reason I would think when it goes to conference, the likelihood of its being accepted in conference is very great, and I would think there would not be much opportunity, on this proposal, to argue about it.

It does have an impact on the treasury, but it also has an impact in creating jobs, both in materials and employment, and in the actual installation of the insulation, and it also has an effect on net exports from this country. Thus, under an econometric study that was made by the Chase Institute, it was determined that the job creation potential and the amount of increased activity in materials are such that the bill is not really a burden on the treasury, but fits in with the two things we are trying to accomplish right now: First, to get people back to work, and second, to conserve energy. This proposal would do both things.

Therefore, I offer this as a modification of the Domenici amendment, and ask for the yeas and nays upon it.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The Chair would like to ask the Senator from Utah is this a substitute for the Domenici amendment or amendment to his amendment?

Mr. MOSS. Well, I have called it a modification because I wanted to make it clear that I am not displacing his idea at all. I simply have a better formula, I think.

The PRESIDING OFFICER. Would it then be a substitute amendment?

Mr. MOSS. I will offer it then as a substitute. It is the Ullman provision that appears on page 75 of H.R. 5005.

Mr. FANNIN. Mr. President, is there any time remaining?

Mr. LONG. Is there a request for time in opposition?

Mr. FANNIN. In opposition.

Mr. LONG. In opposition. I yield to the Senator from Arizona.

Mr. FANNIN. Mr. President, although I agree with the Senator from Utah that there are very valuable features to his amendment I oppose it because I do not feel that allowing a 40-percent credit on the first $1,000 spent on solar equipment will be enough.

What we are trying to do is to achieve the mass development throughout the United States of solar energy installations We are interested in solar energy, and I think the distinguished Senator only covers heating. I do not see in his proposal that it covers cooling.

Would the Senator respond on whether or not his amendment also provides for cooling?

Mr. MOSS. It covers insulation.

Mr. FANNIN. I am talking about the solar energy part.

Mr. MOSS. Yes, I think it does.

Mr. FANNIN. There is not any explanation there that would cover cooling, and I would certainly feel this is a highly essential part of it. I think we cannot afford to invest the amount of money that the Senator discusses unless we are going to have results of a broader nature than just heating.

As I understand it, the great hope for solar energy cutting down the load of the utilities is to combine solar energy with the heat pump and other devices and supplemental heating and cooling. I just want to be certain that we accomplish that. The Domenici amendment does, but I do not feel, from the information I have on the amendment of the distinguished Senator from Utah, that it accomplishes that objective.

Mr. MOSS. Well, as the Senator well knows, we now have in law a bill that provides that the Housing and Urban Development Administration, in conjunction with the National Aeronautics and Science Administration, is building demonstration homes in a number of places with respect to heating and cooling, and we are trying to get developed the equipment that does that. This is an incentive to step up now and use what we know about the technique that is being perfected.

Mr. FANNIN. I think the distinguished Senator has answered the question, but I just want to elaborate that I do not feel in conference we can hold a $1 billion proposal. So my goal is to try to get something in the bill that will spread the story of solar energy throughout the United States by including a tax incentive which people will investigate. The net result will be that millions upon millions of dollars can be saved by the utilization of solar energy for supplemental heating and cooling.

I do not feel that we should wait until we have all of these solar devices perfected that will also take care of cooling and I think that will be some time in the future—we can now combine it with other devices such as the heat pump, and get immediate results.

Mr. MOSS. I do appreciate the Senator's comments.

The principal recommendation, I think, on this is we are likely to get this in the bill if we take the modification here because it conforms exactly with what the House Ways and Means Committee has already reported.

The PRESIDING OFFICER. Who yields time?

Mr. FANNIN. The Senator from New Mexico has time in opposition to the Moss substitute to his amendment.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I might further say to the Senator from Utah that I apologize for not being here when he presented his substitute. I was aware he was going to, but I was in a committee hearing.

May I ask the Senator a few questions about the difference in the two bills?

Mr. MOSS. Yes.

Mr. DOMENICI. First, as I understand it, the Senator's proposal would cover only existing homes to whatever extent it is applicable; it is only for existing homes, is that correct?

Mr. MOSS. That is correct.

Mr. DOMENICI. It does not cover commercial at all in any respect; is that correct?

Mr. MOSS. This does not extend to commercial construction because the owner of a commercial building may take a business deduction in modifying his building.

Mr. DOMENICI. Then it does not cover new homes at all, even though we are aware of a minimum and a maximum existing HUD standard, and all the new homes are required to comply with a minimum, but there is a maximum that is covered by the Domenici-Humphrey amendment but not by the Senator's amendment; is that correct?

Mr. MOSS. That is right. This does not cover new homes because we already have a provision in this bill for credit for those building new homes. This is to encourage those to insulate their homes that already have an existing home, and it is to meet this.

In addition to that, as the Senator well knows, because he helped with the bill, we have in addition the fact that HUD and NASA are operating right now, building demonstration new homes.

Mr. DOMENICI. On the other hand, speaking of the existing provisions in the bill regarding new construction, I still ask the question of the Senator, this has not special treatment for insulation or solar energy with reference to new homes?

Mr. MOSS. No. They must rely on that other incentive rather than this incentive.

Mr. DOMENICI. I ask the Senator what is there in the existing proposal that would be an incentive?

The PRESIDING OFFICER. All time on the amendment of the Senator from New Mexico has expired.

Under the previous order, the Chair lays before the Senate the motion to close debate on H.R. 2166, the time to be equally divided and controlled by the Senator from Louisiana (Mr. LONG) and the Senator from Nebraska (Mr. CURTIS).

Who yields time?

Mr. LONG. Mr. President, I ask unanimous consent that the Senator from Alabama be given 10 minutes of my time, that 10 minutes of my time might be taken for the Senator from Alabama to offer his amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I send an amendment to the desk and ask the clerk to report.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

At the appropriate place, insert the following new section:

SEC. . LIMITATION ON INDUSTRIAL DEVELOPMENT BONDS

(a) Section 103(c)(6) of such Code (relating to exemption from industrial development bond treatment for certain small issues) is amended—

(1) by striking out "$5,000,000" in the heading of subparagraph (D) and by inserting in lieu thereof "$10,000,000";

(2) by striking out "$5,000,000" in subparagraph (d)(i) and by inserting in lieu thereof "$10,000,000.

(b) The amendments made by subsection —— shall apply with respect to obligations issued after the date of enactment of this Act.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SPARKMAN. Mr. President, this is essentially a small business proposition and one that instead of costing the Government money will actually make a profit to the Treasury of the United States because what it does is to lift to a reasonable level the amount that would be available for industrial development bonds. Those bonds are issued, they are tax-exempt bonds, for the purpose of allowing development companies to build plants. Ordinarily they are small plants that will employ 25, 30, 50 people, but it will create jobs in places where they are needed, and will actually pay a profit to the Federal Government as the result of their production.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

The PRESIDING OFFICER. Will the Senator yield?

Mr. LONG. Will the Senator yield? This amendment was offered in the committee and it was discussed and voted on.

Now, it is not germane to the bill as it stands, but I think that——

Mr. SPARKMAN. However——

Mr. LONG. Wait just a minute. I think this amendment should be voted on by the Senate. It was voted on by the committee, and I ask unanimous consent that the amendment offered by the Senator be considered germane to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. SPARKMAN. The Senator will recall last night that was established on his request.

Mr. LONG. That is what I wanted to get clear.

Mr. SPARKMAN. Yes.

Mr. LONG. Senator, when cloture is voted, if it is, we can then proceed to handle this amendment in the ordinary fashion after the others we have agreed to vote on and, at that point——

Mr. SPARKMAN. That is the point of the Senator's unanimous consent request.

Mr. LONG. That is what I had in mind. At that point there will be more Senators here. In fact, I ask that this amendment be made the pending amendment after we have disposed of the other amendments we have already agreed to vote on.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Will the Senator yield for a minute?

Mr. LONG. Yes.

The PRESIDING OFFICER (Mr. FORD). The Senator from Connecticut.

Mr. WEICKER. Mr. President, I ask unanimous consent that an amendment printed as Calendar No. 39, but without the strike section, which relates to tax-free interest on savings accounts, be considered germane.

Mr. LONG. Mr. President, I am going to give consent to his amendment that would add a tax advantage for the——

Mr. CURTIS. I will object on the germaneness.

Mr. WEICKER. It would be to——

The PRESIDING OFFICER. Will the Senator use his microphone so he can be heard?

Mr. LONG. I yield to the Senator on my time.

The Senator, I believe, would have an exemption——

Mr. WEICKER. For interest that stems from savings accounts, where those savings accounts are involved with money going to the homebuilding industry.

Mr. LONG. Mr. President, I ask unanimous consent the Senator may offer an amendment as an addition to the bill which would provide for an exemption of interest on savings accounts. That is what he has in mind.

Mr. WEICKER. That is correct.

The PRESIDING OFFICER. Without objection——

Mr. PASTORE. Now, wait a minute, please.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PASTORE. Reserving the right to object, why can we not dispose of this amendment before the cloture petition, if we begin to——

Mr. LONG. I would like to dispose of a lot of them before cloture.

Mr. PASTORE. I do not think it would take long.

Mr. LONG. We have nine other amendments waiting to be voted on.

Mr. PASTORE. I understand they have been discussed.

Mr. LONG. The other amendments have been discussed.

Mr. WEICKER. I would like to protect myself, if I could, so that if cloture—the hour comes, I am not left out without an opportunity to present my amendment.

Mr. PASTORE. I have no serious objection to it, but only as a question of expedition, I was wondering why we could not take it up right now.

Mr. WEICKER. A time now, before or after——

Mr. LONG. Well, I have nine other amendments I want voted on first.

So I ask unanimous consent that the Senator may offer an amendment to add at the end of the bill an amendment dealing with a deduction for interest on deposits in qualified savings institutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Now, Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. If the Senator has not prepared it, I believe there is an amendment somewhere to strike the provision with regard to the tax credit on new homes, and that would be germane. But if there is no such amendment at the desk, I ask consent that it be in order for someone to offer an amendment to strike the provision that deals with a tax credit on the purchase of new homes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Now, Mr. President, I send to the desk two additional amendments. I believe these are germane to the bill, but I ask they be regarded as read.

The PRESIDING OFFICER. The clerk will state the amendments.

The legislative clerk proceeded to read the amendments.

Mr. CURTIS. Well, germane——

The PRESIDING OFFICER. Without objection, the amendments are considered en bloc.

Mr. LONG. I yield to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. Mr. President, I have an amendment that corrects a date in reference to the private pension law that we completed some time back.

I ask unanimous consent that the rule on germaneness be waived regarding this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. I send the amendment to the desk.

Mr. BEALL. Will the Senator yield?

Mr. LONG. I yield to the Senator from Maryland.

The PRESIDING OFFICER. Without objection, the request regarding the amendments of the Senator from Louisiana is agreed to.

Mr. LONG. All I am asking is that the amendments I offered simply be regarded as read. That is all I am asking.

I do not believe that is need for the germaneness provision, since I believe they are germane anyway. I just ask they be regarded as read.

Mr. BEALL. I have an amendment at the desk offered by Mr. GOLDWATER and myself relating to condominium taxation. May I bring it up now? It is nongermane.

Mr. LONG. It is not germane?

Mr. BEALL. It is not germane.

The PRESIDING OFFICER. The Senator from Nebraska, is the Senator asking for immediate consideration of his amendment?

Mr. LONG. Mr. President, I ask unanimous consent that that amendment be regarded as germane for purposes of the rule without broadening the germaneness requirement in any other respect.

The PRESIDING OFFICER. Without objection——

Mr. BEALL. Bring it up now——

Mr. LONG. I want to start voting, Senator.

Mr. BEALL. We will not be able to vote until after cloture.

Mr. LONG. If I can get consent, we can.

The PRESIDING OFFICER. Will the Senator from Louisiana make clear one point, the last motion was in regard to the amendment of the Senator from Nebraska?

Mr. LONG. Yes, the Senator simply sent an amendment to the desk and asked it be regarded as germane and I had no objection.

Mr. BEALL. No. 170 is at the desk.

The PRESIDING OFFICER. I was referring to the Senator from Nebraska, and the Senator from Maryland now has an amendment before or on the desk?

Mr. LONG. I am simply asking that be considered germane without prejudice to other amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Now, Mr. President, we have before us a number of amendments with regard to which it was agreed that the Senate would meet and seek to reach a decision before cloture was invoked.

Under the rule, we would not have 1 hour to discuss whether or not we are going to invoke cloture.

In my judgment, that would be a waste of time and so in order to save that time, because it is going to be a long workday anyway, I would suggest that we agree by unanimous consent to proceed to vote on those amendments that we had agreed to vote on after cloture.

It had previously been understood they would be voted on prior to cloture.

I ask unanimous consent that the Senate now proceed to vote on the first of the amendments which the Senate had agreed to vote on immediately after cloture.

The PRESIDING OFFICER. Without objection——

Mr. CURTIS. Reserving the right to object——

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. I want to cooperate, but just to understand it fully and get the record straight, it will be—we can yield part of our hour to discussion of a particular vote that is coming up——

Mr. LONG. It was these amendments with regard to which there is a time limitation.

We came in with the understanding that these amendments would briefly come and would have votes, there would not have been time for all Senators to put their amendments under the limitations and to have had a vote on them.

Therefore, rather than vote on these which we came in this morning to do, consent was given they be regarded as germane and voted on immediately.

For example, we came here with the understanding we were going to vote on the amendment by Senator Hart, relating to the Chrysler Corp. We were going to vote on that amendment this morning before cloture.

Now, Mr. President, now that we are ready to vote on all those amendments, rather than spending an hour talking about cloture, I want the Senate to simply proceed to start voting.

I think we should vote on the Chrysler amendment first.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MANSFIELD. Mr. President, reserving the right to object, how many votes will there be, may I ask the distinguished manager of the bill?

The PRESIDING OFFICER. Nine.

Mr. MANSFIELD. Now, I think in fairness, we ought to have a brief quorum call, not to exceed 5 minutes, so that we can put Senators on notice——

Mr. LONG. Would the Senator withhold that for a moment?

Mr. MANSFIELD. Surely.

Mr. LONG. Mr. President, I send to the desk an amendment to the Hart amendment which modifies it, to make it more as it was when it was reported by the committee, and the Senator from Michigan (Mr. Philip A. Hart) has asked his amendment be so modified.

The PRESIDING OFFICER. Without objection, the amendment is modified.

The modification is as follows:

In amendment number 262, substitute for the amendment to the penultimate sentence of section 301(d)(5) of the bill the following: insert immediately before the period on l. 11, fig. 72 ", and only if such employer transfers such amount within one year from the date of the election under section 172 (b)(1)(E) of such Code".

Mr. MANSFIELD. Mr. President, I do not object, but I would suggest a 5-minute quorum call.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, may I make that the hour for the beginning of the vote 11 o'clock, and that will give Members plenty of chance——

The PRESIDING OFFICER. Senator, there is a quorum in progress.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. And I raise my request from 5 minutes to the hour of 11 o'clock.

Mr. PASTORE. Will the majority leader—

Would the majority leader ask unanimous consent that after the 15-minute vote, the other votes be 10 minutes?

Mr. MANSFIELD. Yes.

Mr. President, I make that request. The first vote will take 15 minutes. The others are back to back, and there will be eight or nine. I suggest that they be 10-minute votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BEALL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. LONG. Mr. President, I suggest the absence of a quorum. I would like the Members to be notified that we are going to start to vote.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDENT NO. 170

Mr. BEALL. Mr. President, I call up my amendment No. 170 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. BEALL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. Beall's amendment, which is cosponsored by Mr. Goldwater, is as follows:

At the end of the bill insert the following new section:

Sec. . (a) Section 501(c) of the Internal Revenue Code of 1954 (relating to list of exempt organizations) is amended by adding at the end thereof the following new paragraph:

"(20) Corporations or organizations, such as condominium associations, homeowner associations, or cooperative housing corporations (as defined in section 216(b)(1)), not organized for profit, the membership of which is limited to the owners or occupants of residential units in the condominium, housing development, or cooperative housing corporation, and operated exclusively for the management, operation, preservation, maintenance, or landscaping of the common areas and facilities owned by such corporation or organization or its members situated contiguous to such houses, apartments, or other dwellings, or for the management, operation, preservation, maintenance, and repair of such houses, apartments, or other dwellings owned by the corporation or organization or its members, but only if no part of the net earnings of such corporation or organization inures (other than through the performance of related services for the members of such corporation or organization) to the benefit of any member of such corporation or organization or other person."

(b) Section 512(a) of the Code is amended to add after paragraph (4) the following:

"(5) Special rule applicable to organizations described in section 501(c)(20).—

"(A) General rule.—In the case of an organization described in section 501(c)(20), the term 'unrelated business taxable income' means the gross income (excluding any membership income), less the deductions allowed by this chapter which are directly connected with the production of the gross income (excluding any membership income), both computed without regard to the modification provided in paragraph (1) of subsection (b).

"(B) Membership income.—For purposes of subparagraph (A), the term 'membership income' means the gross income from assessment, fees, charges, or similar amounts received from members of the organization for expenditure in the preservation, maintenance, and management of the common areas and facilities of or the residential units in the condominium or housing development."

(c) The amendment made by this section applies to taxable years beginning after December 31, 1973.

Mr. BEALL. Mr. President, I ask unanimous consent that my colleague from Maryland (Mr. MATHIAS) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL subsequently said: Will the Senator yield for a unanimous-consent request?

Mr. LONG. Yes.

Mr. BEALL. Mr. President, I ask unanimous consent that on the amendment that I introduced which was recently adopted, in addition to the cosponsor mentioned at the time I called up my amendment, the following be added as cosponsors: Senators FONG, STEVENS, CRANSTON, HATFIELD, McCLELLAN, THURMOND, TUNNEY, TAFT, and BUCKLEY.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, I am today proposing an amendment designed to exempt from income taxation the membership contributions in reserve funds accumulated by condominium housing associations, homeowner associations, and cooperative housing corporations in order to defray future, high-cost maintenance and repair bills.

This legislation, if enacted by the Congress, would overcome recent Internal Revenue Service rulings which held that condominiums and housing associations are in fact corporations under the law, and thus can be taxed at corporate levels. The practical effect of these rulings, if allowed to stand by the Congress, would severely hamper the development of such housing concepts by placing heavy tax penalties on the accumulation of reserve funds, and thus require associations to make heavy assessments on homeowners whenever extensive repairs must be made.

Mr. President, condominium and cooperative home ownership has become a most attractive—and often the only—way for many Americans to own a home. We are familiar with it in this area. In urban areas, and other areas of dense population, such as resorts, condominiums, and cooperatives offer an efficient method of housing large numbers of people in a relatively small area.

A recent survey of 25 metropolitan areas revealed that half of all new housing units in these areas in 1973 were condominium units. At a time when this Nation is facing severe housing problems, particularly for low- and moderate-income persons, it seems to me highly unwise to lay tax barriers before the development of this promising concept.

In this period of spiraling inflation, especially in the housing market, single-family homes are simply out of the reach of many Americans. In the Washington area an average existing home now sells at about $49,700, a 9.5-percent increase over 1973, and the average new home sells for $48,900, an 8.4-percent increase over the same period. Obviously, for young families, retirees, for moderate-income people, such prices are completely out of reach. The condominium and cooperative concepts offer them the chance to be a homeowner. Congress has throughout our tax laws recognized the social good of homeownership, and has encouraged its development by allowing deductions for such things as mortgage interest and property tax payments. To permit these latest IRS decisions to stand would fly in the face of our effort to assist Americans in owning their home.

Let us look at what a condominium really is. A condominium is simply a plan of ownership which permits individuals to own directly a portion of the building in which they live, as well as part of the land underneath it. It provides for the separate ownership by each owner of a unit or apartment in the building and for the common ownership of the underlying land and public or commonly used improvements.

Owners typically are responsible for the maintenance of the interior of their units. But to meet the maintenance needs of commonly held areas, they form associations to handle these chores. Usually, this ownership management association takes the form of a corporation, in order to protect owners from unlimited liability.

Homeowner associations, usually found in planned unit developments, and cooperatives also make use of this vehicle to accomplish needed maintenance.

Unit owners then pay, usually in monthly installments, a sum to the management organization or the association to meet these maintenance costs. The bulk of the monthly assessment will be used for utilities, current maintenance and repairs and capital replacement and repairs. However, a smaller portion of this fee will be set aside in a reserve for future capital replacement and repairs, such as for major repairs to roofs, sidewalks, heating and air conditioning equipment and recreational facilities. Of particular note is that most lenders and private mortgage insurers require reserves. The same is true of secondary purchasers of mortgages such as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

It is these reserve funds which will bear the burden of this capricious and unfair IRS decision. The amount of this tax involved could well be as high as 48 percent at the Federal level, in addition to any State corporation tax.

There are over 20,000 "community associations," which include condominiums, home associations in planned unit developments and townhouse communities, in the country today, a number I might add that is growing at a rate of about 4,000 associations per year. To allow these rulings to stand would be to force each and every owner to pay the high tax assessments on this reserve fund, an amount which is often in the tens of thousands of dollars.

And is it fair? I do not believe so. To prove my point, take this example:

If citizen A and citizen B decide to establish a joint bank account to pay for future repairs to their driveway, they will not be penalized for their thrift by having those deposited funds taxed.

Yet, when a condominium, homeowner, or cooperative housing association pools its resources, essentially for the same reason, it is taxed at corporate levels.

Additionally such a tax is, in my judgment, double taxation on these residents. The owner has already paid income taxes on the money deposited with the association for maintenance, but he must in effect pay another higher tax when that money goes into the reserve.

So what we have, in fact, is a situation whereby Government and private lenders are requiring the maintenance of a reserve as a good, sound financial procedure, but another Government agency—the IRS—has decided, in effect, to preclude the development of such a viable fund by taxing it to death.

Some of my colleagues are probably asking themselves, "How did these associations get into this position?"

On January 15, 1974, the Internal Revenue Service, in Revenue Ruling 74–17, ruled that organizations—

> Formed by the unit owners of a condominium housing project to provide for the management, maintenance and care of the common areas of the project, as defined by State statute, with membership assessments paid by the unit owners does not qualify for exemption under section 501(c)(4) of the code.

This decision reversed the traditional IRS interpretation which stated that organizations which are operated primarily for the purpose of bringing about civic betterment and social improvement, such as condominiums, were tax-exempt.

On March 6, 1974, much of the substance of Revenue Ruling 74–17 was applied to homeowners associations although not in such an all-inclusive order, as was the case with condominiums. In Revenue Ruling 74–99, a homeowners' association may qualify for exemption under section 501(c)(4) of the code, if, first, it serves a "Community" which bears a reasonable recognizable relationship to an area ordinarily identified as governmental; second, does not conduct activities directed to the exterior maintenance of private residences; and third, offers the common areas or facilities it owns for the use of the general public.

Thus, although some homeowner associations will still be tax-exempt, most will no longer receive the exemption they also have previously enjoyed.

Cooperatives also face these same heavy tax burdens when they accumulate excess assessments. In *Park Place, Inc.* v. *Commissioner of Internal Revenue* (57 T.C. 767 (1972) the Court found that excess assessments from members, over and above, those amounts used for current operating expenses, were taxable. Thus, this ruling also prohibits cooperatives from accumulating reserves necessary for the accomplishment of long-term or costly maintenance tasks.

Mr. President, the individual homeowner does not have to pay a tax on the money he saves and expends for maintenance. But because of these rulings, the condominium, cooperative, and planned unit development homeowner does. In effect, the Internal Revenue Service has made the performance of these services much more costly to these homeowners than to other homeowners. The discrimination could not be clearer.

Mr. President, my amendment seeks to end that discrimination. It would exempt from corporate taxes the income derived by condominium homeowners and cooperative housing associations from owner assessments for the purpose of maintaining, repairing, and replacing common property items. The measure requires that such corporation be operated exclusively for the preservation, maintenance, management, operation, and repair of the common buildings, grounds and facilities of the association, and does not allow such associations to engage in any profitmaking ventures not connected with the performance of services for the benefit of individual members of the association.

Additionally, membership in these associations, for the purposes of the amendment, would be limited to owners or occupants of residential units in the condominium, housing development, or cooperative housing corporation. Thus, by inclusion of this standard, we are precluding the use of this exemption by commercial operations who might seek such favorable tax treatment.

Finally, to make absolutely certain that this new section will not be subject to abuse, my proposal includes a special rule applicable to such organizations as I have described which makes it unmistakably clear that only membership income—that income derived from assessments, fees, or charges received from members of the association for maintenance and management of the development—is exempt, and that other income, from whatever source, including interest, is still subject to taxation.

In short, all this legislation does is exempt from tax those reserve funds accumulated by housing associations through membership assessments for the purpose of maintaining the common buildings, grounds, and facilities of condominium, cooperative or homeowner associations.

Mr. President, condominiums, cooperatives, and homeowner associations are not organized for profit. They are organized for the mutual benefit of the association members, and for the community at large. A well-run, properly maintained condominium development improves the area in which it is located, as well as providing possibly the only opportunity for potentially millions of Americans to own a home.

My amendment merely seeks to return things to the way they were prior to the time these two discriminatory tax rulings were made.

I do not believe Congress wants to place disincentives before potential homeowners, and thus I urge the Senate to rectify this situation by acting favorably on this legislation.

I would suggest to the distinguished chairman of the committee and the ranking minority member that this amendment is something that does not do any injustice at all to the equity of our tax system. As a matter of fact, it will bring about a greater equity and provide an inducement for people to engage in this type of homeownership.

I ask the chairman and ranking member if they would be willing to accept the amendment.

Mr. LONG. Mr. President, I believe this is a good amendment. There are some points which I believe can be worked out in conference. I know of no opposition to the amendment. I am prepared to accept the amendment.

Mr. GOLDWATER. Mr. President, this amendment of which I am a cosponsor is similar to a bill that I now have pending before the Finance Committee, S. 411. My bill and this amendment would exempt from double taxation the membership contributions and assessments which are accumulated in reserve funds established by condominium and homeowners' associations, and by cooperative housing corporations, to defray future maintenance and repair bills.

In recent revenue rulings, the Internal Revenue Service has held that these reserve funds are subject to income tax at corporate tax levels. These rulings are unfair.

They discourage the setting aside of money for future housing improvements and repairs, and they clearly impose a double tax on the money deposited with community housing associations and corporations by providing that the members must pay a second and higher tax, on amounts for which they have already paid individual income taxes, when these amounts go into the reserve.

Mr. President, let me emphasize that we are not talking about the tax on dividends, interest, or capital gains. I am only referring to that portion of the assessments or dues that are set aside for future improvements and replacements to private residences by community housing organizations.

A homeowner who lives in a noncondominium residence or a noncooperative apartment corporation is not taxed on the principal he puts in a reserve for such purposes, and why, I must ask, should the members of townhouse, condominium, and cooperative housing corporations?

It is downright disgraceful to accept a tax ruling against citizens which amounts to "double tax jeopardy," and I urge approval of our amendment to the Tax Reduction Act which will correct this situation.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CURTIS. Mr. President, I call up the amendment which I have just sent to the desk, and ask for its immediate consideration. It relates to the time for making contributions to certain pension plans.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CURTIS. Mr. President, I ask that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following:

Sec. — Time for Making Certain Contributions to Pension Plans.

Amend Section 2001(i) of Public Law 93–406, the Employee Retirement Income Security Act of 1974, by adding at the end thereof a new paragraph:

"(7) Notwithstanding any other provision of law, amounts contributed before the day after the date on which the tax return on a self-employed individual (within the meaning of Sec. 404 of the Internal Revenue Code of 1954) is due including any extensions of time, to a plan described in such section shall be treated as contributed before the end of the taxable year to which such return relates, if such individual so elects.

Mr. CURTIS. Mr. President, this amendment corrects a date by which contributions to a private pension plan have to be made to make them uniform for all years. It is a correction of a date. It could have no consequences to the Treasury. I believe it will be accepted.

Mr. President, my amendment would make a minor but necessary change in the Keogh plan provisions of the pension reform act to correct what I believe was an error in expressing the intent of Congress.

As you know, the Retirement Income Security Act of 1974, Public Law 93–406, liberalized the self-employed or so-called Keogh plans to increase the 10 percent, or maximum $2,500 annual set-aside subject to tax deductions under a Keogh plan to a new allowance of 15 percent of earned income—up to $7,500 a year.

The law provides that for 1976 and future years the taxpayer can make his Keogh plan contribution up until the time of filing his return—that is, up until April 15 or the end of any extension period. However, for 1974 and 1975, the law provides that the contribution must have been made prior to the end of the calendar year—December 31. I believe this is unfair, particularly in view of the fact that the liberalization of the Keogh plan provisions could be expected to induce more taxpayers than ever before to take advantage of the deduction. I believe that the law as written is also illogical, since there is no reason I can discover to treat a taxpayer wishing to make a Keogh plan contribution differently in 1974 and 1975 than in 1976 or later years.

Moreover since this is new legislation it would be logical to grant more than rather less time to comply in the first years.

A further point is that taxpayers normally do not have the facts in nand at the end of the calendar year to calculate what a 15 percent of income contribution to a Keogh plan should be—but this information does become apparent as work progresses on one's income tax return due April 15.

A parallel situation exists with regard to corporations, which are allowed under the tax code to make charitable contributions—which in effect are also deductions from gross income—up until 60 days after the close of their fiscal year.

Mr. President, my amendment would simply amend the Retirement Income Security Act to provide that Keogh plan contributions made by the date on which the tax return of a self-employed individual is due, including any extensions of time, shall be treated as contributed before the end of the taxable year to which such return relates, if such individual so elects. This allows the taxpayer to do for 1974 and 1975 what present law allows them to do for 1976 and thereafter.

Mr. LONG. Mr. President, I know of no objection to this amendment. I would be prepared to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LONG. Mr. President, unless someone else has an amendment that can be disposed of briefly, or that would be noncontroversial, I would suggest that we now have a quorum call, and at the end of the quorum call we proceed to vote on amendment No. 262.

The PRESIDING OFFICER. Is the Senator suggesting the absence of a quorum?

Mr. LONG. I ask unanimous consent that after a quorum has been determined to be present, the Senate then proceed to vote on amendment No. 262.

Mr. PASTORE. Will the Senator yield on that point? Is the Senator suggesting a live quorum? That is the only way that can be determined. I hope we do not get into a live quorum. Just have a quorum.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PASTORE). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a nongermane amendment to be offered by the Senator from Alabama (Mr. ALLEN), who is detained in the Rules Committee, counting votes, be considered after the vote on cloture; that there be a time limitation on the amendment of 10 minutes, the time to be divided in the usual manner.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that the amendment by Mr. ALLEN, while the germaneness has been waived, will not thereby make germane other amendments that might be relevant to the Allen amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LEAHY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. LEAHY. Mr. President, I ask unanimous consent that Herbert Jolovitz, a member of my staff, may have the privilege of the floor during all votes pertaining to the tax bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, does the Senator from Kansas correctly understand that earlier this morning, the chairman obtained unanimous consent to consider anything in the original committee bill to be germane, notwithstanding the outcome of the cloture vote?

Mr. LONG. That is correct.

Mr. DOLE. So that anything that was in that bill could be offered, whether or not cloture is invoked?

Mr. LONG. It was agreed that anything that was in the Senate Finance Committee amendment or anything that was germane to what was in the Senate Finance Committee amendment would be relevant.

Mr. MANSFIELD. Vote!

Mr. LONG. Mr. President, under the previous order, I believe the clerk should call the roll.

The PRESIDING OFFICER. The question is on agreeing to the amendment by the Senator from Michigan (Mr. PHILIP A. HART). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. PACKWOOD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 50, nays 46, as follows:

[Rollcall Vote No. 92 Leg.]

YEAS—50

Abourezk
Baker
Bentsen
Brooke
Case
Clark
Dole
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Philip A.
Hartke
Hruska
Huddleston
Inouye
Johnston
Kennedy
Laxalt
Leahy
Long
Mansfield
McClure
McGee
McGovern
Metcalf
Mondale
Montoya
Nelson
Pastore
Fearson
Percy
Proxmire
Roth
Scott, Hugh
Scott, William L.
Stafford
Stennis
Symington
Thurmond
Tower
Williams
Young

NAYS—46

Allen
Bartlett
Bayh
Beall
Bellmon
Biden
Brock
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Cranston
Culver
Curtis
Domenici
Hart, Gary W.
Haskell
Hatfield
Hathaway
Helms
Hollings
Humphrey
Jackson
Javits
Magnuson
Mathias
McClellan
McIntyre
Morgan
Moss
Muskie
Nunn
Pell
Randolph
Ribicoff
Schweiker
Sparkman
Stevenson
Stone
Talmadge
Tunney
Weicker

NOT VOTING—3

Packwood
Stevens
Taft

So Mr. PHILIP A. HART's amendment was agreed to.

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the amendment was agreed to, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. GRIFFIN. I move to lay that motion on the table.

Mr. PASTORE. I ask for the yeas and nays.

The PRESIDING OFFICER. There is a sufficient second. The yeas and nays are ordered on the motion to reconsider the vote.

Mr. GRIFFIN. No, Mr. President, I moved to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

Mr. PASTORE. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. MCINTYRE). The question is on agreeing to the motion to lay on the table the motion to consider the vote by which the amendment of the Senator from Michigan (Mr. PHILIP A. HART) was agreed to.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Debate is not in order during a rollcall. The Senate will be in order. Senators will take their seats. There are six or seven Senators holding conversations in the aisles.

The clerk may proceed.

The rollcall was resumed.

Mr. NELSON. Mr. President, the Senate is not in order. We cannot hear the votes.

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats and desist from conversations, or take them to the cloakrooms. Senators must maintain order so that the roll may be called.

The rollcall was resumed and concluded.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. PACKWOOD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 53, nays 43, as follows:

[Rollcall Vote No. 93 Leg.]

YEAS—53

Abourezk
Baker
Bentsen
Biden
Brock
Brooke
Buckley
Case
Clark
Dole
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Philip A.
Hartke
Helms
Hruska
Huddleston
Inouye
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Mansfield
McClellan
McClure
McGee
McGovern
Mondale
Montoya
Nelson
Pearson
Percy
Proxmire
Randolph
Roth
Scott, Hugh
Scott, William L.
Stafford
Stevenson
Symington
Thurmond
Tower
Williams
Young

NAYS—43

Allen
Bartlett
Bayh
Beall
Bellmon
Bumpers
Burdick
Byrd, Harry F., Jr.

Byrd, Robert C.
Cannon
Chiles
Church
Cranston
Culver
Curtis
Domenici
Eastland
Goldwater
Hart, Gary W.
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Magnuson
Mathias
McIntyre
Metcalf
Morgan
Moss
Muskie
Nunn
Pastore
Pell
Ribicoff
Schweiker
Sparkman
Stennis
Stone
Talmadge
Tunney
Weicker

NOT VOTING—3

Packwood
Stevens
Taft

So the motion to lay on the table was agreed to.

The PRESIDING OFFICER. We proceed to the next amendment, the amendment offered by the distinguished Senator from California (Mr. Tunney).

Mr. LONG. Mr. President, I ask that this rollcall be limited to 10 minutes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER (Mr. Gary W. Hart). The clerk will suspend the rollcall until the Senate is in order. Senators will clear the aisles and clear the well. The Senate will be in order.

The assistant legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. The Senate will be in order.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. BIDEN (when his name was called). Present.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. Packwood) and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 56, nays 39, as follows:

[Rollcall Vote No. 94 Leg.]

YEAS—56

Abourezk
Bayh
Bentsen
Brooke
Buckley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Clark
Cranston
Culver
Eagleton
Eastland
Ford
Glenn
Gravel
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Javits
Johnston
Kennedy
Leahy
Long
Mathias
McGee
McGovern
Metcalf
Mondale
Montoya
Moss
Muskie
Nunn
Pastore
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stennis
Stevenson
Stone
Thurmond
Tunney
Weicker
Williams

NAYS—39

Allen
Baker
Bartlett
Beall
Bellmon
Brock
Byrd, Harry F., Jr.
Chiles
Church
Curtis
Dole
Domenici
Fannin
Fong
Garn
Goldwater
Griffin
Hansen
Hruska
Jackson
Laxalt
Magnuson
Mansfield
McClellan
McClure
McIntyre
Morgan
Nelson
Pearson
Pell
Percy
Proxmire
Roth
Scott, William L.
Sparkman
Symington
Talmadge
Tower
Young

ANSWERED "PRESENT"—1

Biden

NOT VOTING—3

Packwood
Stevens
Taft

So Mr. Tunney's amendment was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that the next rollcall be limited to 7 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. GRIFFIN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. It is 10 minutes.

The PRESIDING OFFICER. It is 10 minutes.

Mr. MOSS. Mr. President——

The PRESIDING OFFICER. The Senator from Utah.

Mr. MOSS. Mr. President, I understand that my amendment is the next one on the list.

Mr. President, I ask unanimous consent that I may modify my amendment and ask the Senator from New Mexico if this modification would be acceptable to his amendment in the event that it is accepted now.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I accept the Senator's modification as he presents it at the desk to my pending amendment.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from New Mexico will be accordingly modified.

The amendment, as modified, is as follows:

At the end of the last page, insert the following Title entitled, "structural Energy Conservation Incentives."

Section 1. (a) The Congress finds that—

(1) present national energy sources are limited and the capacity of the national energy supply system to meet future demand is threatened;

(2) it is in the national interest to conserve energy by moderating the demand for fossil fuels and by improving the efficiency with which such fuels are used;

(3) significant energy savings for the Nation and the consumer may be achieved by applying existing methods of energy conservation to the thermal design of various residential units and

(4) it is an important national objective to encourage sound investment practices which improve the thermal design of various residential units and increase the use of solar energy in heating and cooling such units.

(b) It is the purpose of this Act to establish a system of income tax credits and income tax deductions in order to promote improvement of the thermal design of various residential units and to promote the use of solar-energy devices in residences.

INCOME TAX CREDIT FOR CERTAIN EXPENDITURES RELATING TO THERMAL DESIGN OF RESIDENCES

Sec. 2. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as section 43 and by inserting immediately after section 41 the following section:

"Sec. 42. Expenditures Relating To Thermal Design of Taxpayer's Residence.

"(a) General Rule.—There shall be allowed as a credit against the tax imposed by this chapter

"(1) an amount equal to the ordinary and necessary expenses paid by a taxpayer during the taxable year for the improvement of the thermal design of any residential units by that taxpayer through the purchase of conventional materials or through the purchase of solar heating and cooling equipment;

"(2) an amount equal to the ordinary and necessary expenses paid by a taxpayer, including a contractor, during the taxable year for the installation by that taxpayer, of insulation and caulking materials to the extent these materials exceed in the amount the specifications for such materials in the Department of Housing and Urban Development Minimum Property Standards, and storm windows, storm doors, and solar heating and cooling equipment, in any new residential unit; and

"(3) An amount equal to the ordinary and necessary expenses paid by a taxpayer during the taxable year for the improvement of the thermal design of any new or existing commercial building by that taxpayer through the purchase of conventional materials or through the purchase of solar heating and cooling equipment

"(A) (1) 40 percent of the qualified insulation expenditures for conventional materials paid by the taxpayer during the taxable year with respect to any residence to the extent that such expenditures do not exceed $500, plus

"(2) 20 percent of the qualified insulation expenditures for conventional materials paid by the taxpayer during the taxable year with respect to such residence to the extent that such expenditures exceed $500; and

"(b) General Limitation.—(1) The credit allowed by subsection (a) shall be limited to—

"(B) (1) 40 percent of the qualified solar energy equipment expenditures paid by the taxpayer during the taxable year with respect to any residence to the extent that such expenditures do not exceed $1,000, plus

"(2) 20 percent of the qualified insulation expenditures paid by the taxpayer during the taxable year with respect to such residence to the extent that such expenditures exceed $1,000 but do not exceed $2,000.

"(3) Application with other credits.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), section 38 (relating to investment in certain depreciable property), and section 41 (relating to contributions to candidates for public office).

"(c) Carryback and Carryover of Unused Credits.—If the amount of the credit determined under subsection (a) for any taxable year exceeds the limitation provided by subsection (3) (2) for such taxable year (hereinafter in this subsection referred to as the 'unused credit year'), such excess shall be—

"(1) a credit carryback to any taxable year—

"(A) during which the provisions of this section are in effect; and

"(B) which precedes the unused credit year; and

"(2) a credit carryover to each of the 4 taxable years following the unused credit year.

"(d) Definitions.

"(1) Conventional materials.—For purposes of this section, the term 'conventional materials' includes caulking materials and insulation, storm windows, storm doors, and such other materials as so defined by the Secretary of the Treasury, in cooperation with the Federal Energy Administrator and the Secretary of HUD.

"(2) Solar heating and cooling equip-

MENT.—For purposes of this section, the term 'solar heating and cooling equipment' means any solar heating and cooling equipment, solar electric generation devices and solar energy assisted heat pumps, which;

"(A) meets the definitive performance criteria prescribed by the Secretary of HUD under section 8 of the Solar Heating and Cooling Demonstration Act of 1974 (Public Law 93-409; 88 Stat. 1073)."; or which

"(B) meets adequately definitive performance criteria to be certified acceptable for receipt of a tax credit or deduction by the Secretary of the Treasury in cooperation with the Secretary of HUD. The Secretary of the Treasury shall take such appropriate actions to accelerate the development of 'adequately definitive' performance criteria to allow certification of such equipment by not later than 180 days following enactment.

"(3) For purposes of this section the term residential units shall include single family units and individual residential units within a multifamily structure.

"(b) The table of sections for such subpart A is amended by striking out the item relating to section 42 and inserting in lieu thereof the following new items:

"Sec. 42. Expenditures relating to thermal design of taxpayer's residence.

"Sec. 43. Overpayments of tax.".

REPORT

(a) The Secretary of the Treasury or his delegate shall prepare an annual report in consultation with the Administrator of the Federal Energy Administration. Such report shall be transmitted to the Congress not later than September 15 of each year, beginning with 1976 include:

(1) information with respect to the number and amounts of credits and deductions taken under the amendments made by the foregoing provisions of this Act; (2) the nature of thermal design improvements made by taxpayers with respect to their principle residences; (3) the geographical areas of the United States in which such residences were located;

(2) The Administrator of the Federal Energy Administration, in consultation with the Secretary of the Treasury, shall—

(1) prepare an analysis of the energy savings achieved through operation of such amendments;

(2) coordinate all Federal studies of incentives to conserve energy or increase the development of such clean and renewable energy resources as, but not limited to, solar energy policy and program recommendations on additions or changes to the Federal Energy Incentives Program (including the tax credit and tax deduction amendments; and

(3) submit interim reports in conjunction with the report of Section 4(a), including findings on energy savings and on recommendations for incentives modifications.

(c) The Secretary of the Treasury shall prepare guidelines relating to Sec. 42(d) above and submit these to Congress for approval within 90 days following enactment of this legislation.

TECHNICAL AMENDMENTS

SEC. 5. (a) Section 56(a)(2)(A) of the Internal Revenue Code of 1954 (relating to imposiiton of minimum tax) is amended—

(1) in clause (iv) thereof, by striking out "and"; and

(2) by adding at the end thereof the following new clause:

"(vi) section 42 (relating to expenditures relating to thermal design of taxpayer's residence); and".

(b) Section 6096(b) of the Internal Revenue Code of 1954 (relating to income tax liability) is amended by striking out "and 41" and inserting in lieu thereof "41, and 42".

EFFECTIVE DATE

SEC. 6. The amendments made by the foregoing provisions of this Act shall apply to expenses incurred during taxable years beginning after December 31, 1974, and ending before January 1, 1980. Such amendments shall terminate at the close of December 31, 1979, except that taxpayers may continue to take credit carryovers as provided by section 42(d)(2) of the Internal Revenue Code of 1954 (relating to carryback and carryover of unused credit), as enacted by Section 2(a) of this Act.

Mr. MOSS. Mr. President, I ask unanimous consent that the yea and nay vote on my amendment be vitiated and no vote held upon it since it is now included in the amendment of the Senator from New Mexico.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Louisiana.

Mr. LONG. Mr. President, I have discussed the matter with others, and with the understanding——

The PRESIDING OFFICER. Will the Senator suspend until the Senate is in order?

The Senators will take their seats.

Mr. LONG. With the understanding, Mr. President, that on the next rollcall after 2 minutes the 5 minute warning will be sounded. I ask that the next rollcall be limited to 7 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question is on the amendment of the Senator from New Mexico, as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senate will be in order. The rollcall will be suspended until conversations stop.

Will Senators take their seats and clear the aisles? The rollcall is being delayed by conversations on the floor.

The clerk will proceed.

The second assistant legislative clerk resumed and concluded the call of the roll.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. Packwood) and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "yea."

The result was announced—yeas 64, nays 32, as follows:

[Rollcall Vote No. 95 Leg.]

YEAS—64

Abourezk
Allen
Baker
Bayh
Beall
Brooke
Buckley
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Dole
Domenici
Fannin
Ford
Garn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary W.
Hart, Philip A.
Hatfield
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Nelson
Pastore
Pearson
Pell
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevenson
Thurmond
Tower
Tunney
Williams
Young

NAYS—32

Bartlett
Bellmon
Bentsen
Biden
Brock
Bumpers
Burdick
Byrd, Harry F., Jr.
Chiles
Curtis
Eagleton
Eastland
Fong
Glenn
Hartke
Haskell
Helms
Hruska
Huddleston
Johnston
Long
Morgan
Muskie
Nunn
Percy
Proxmire
Roth
Stennis
Stone
Symington
Talmadge
Weicker

NOT VOTING—3

Packwood
Stevens
Taft

So Mr. Domenici's amendment, as modified, was agreed to.

The PRESIDING OFFICER (Mr. Haskell). The question is on agreeing to the amendment of the Senator from New York (Mr. Javits). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. Packwood) and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 59, nays 37, as follows:

[Rollcall Vote No. 96 Leg.]

YEAS—59

Abourezk
Baker
Bayh
Beall
Bentsen
Biden
Brooke
Bumpers
Burdick
Case
Church
Clark
Cranston
Culver
Dole
Eagleton
Ford
Glenn
Gravel
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
Metcalf
Mondale
Montoya
Morgan
Muskie
Nelson
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Symington
Tunney
Weicker
Williams

NAYS—37

Allen
Bartlett
Bellmon
Brock
Buckley
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Domenici
Eastland
Fannin
Fong
Garn
Goldwater
Hansen
Hatfield
Helms
Hruska
Johnston
Laxalt
Long
McClellan
McClure
McIntyre
Moss
Nunn
Pearson
Scott, William L.
Sparkman
Stennis
Stone
Talmadge
Thurmond
Tower
Young

NOT VOTING—3

Packwood
Stevens
Taft

So Mr. Javits' amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote.

Mr. PASTORE. I move to lay that on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Amendment No. 186, by the Senator from North Carolina. The yeas and nays have been ordered. The clerk will call the roll.

Mr. STENNIS. Mr. President, will the Chair state the title of the amendment?

The PRESIDING OFFICER. The title of the amendment is "Congressional-Cabinet Salary Control."

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, may we have order in the Senate?

The PRESIDING OFICER. The Senate will be in order.

Mr. NELSON. Mr. President, there are still Members conversing in the aisles. May we have order in the Senate pursuant to the rules?

The PRESIDING OFFICER. The clerk will suspend until all the Senators have taken their seats.

The Senator will proceed.

Mr. NELSON. Mr. President, I think the Chair is going to have to speak more loudy. Some of the Senators cannot hear.

The PRESIDING OFFICER. The Chair is exercising his voice as far as one can be amplified by a microphone.

The clerk will now proceed.

The second legislative clerk resumed the call of the roll.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. Packwood) and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 19, nays 77, as follows:

[Rollcall Vote No. 97 Leg.]

YEAS—19

Allen
Brock
Buckley
Byrd,
  Harry F., Jr.
Curtis
Fannin
Garn
Goldwater
Hansen
Helms
Laxalt
McClure
Morgan
Nunn
Roth
Stone
Symington
Talmadge
Thurmond

NAYS—77

Abourezk
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Eastland
Fong
Ford
Glenn
Gravel
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott,
  William L.
Sparkman
Stafford
Stennis
Stevenson
Tower
Tunney
Weicker
Williams
Young

NOT VOTING—3

Packwood
Stevens
Taft

The PRESIDING OFFICER. On this vote there were 19 yeas and 77 nays. The amendment is rejected.

Mr. BIDEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BIDEN. Would it be in order to suggest that those who voted for this amendment voluntarily comply with it, despite the fact that they lost?

The PRESIDING OFFICER. That would not be in order.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I would like to address a question to the distinguished manager of the bill, and I do so without impugning the motives of any Senator and certainly with no disrespect for the distinguished author of the amendment. The question is this: Is there anything in the present Federal laws that would prohibit any Member of the House of Representatives or the Senate from turning back all of his salary of $42,500 a year, or any portion thereof, to the Federal Treasury?

Mr. LONG. No, there is nothing whatever. As a matter of fact, they can do that and get a charitable deduction for up to 50 percent of their total income that they donate back.

Mr. ROBERT C. BYRD. All right. So any Member of either body who desires to return to the Federal Treasury a portion of his salary or all of it, can do so without any legal inhibitions or prohibitions?

Mr. LONG. Nothing would prevent him if he so desired.

Mr. CURTIS. Will the Senator yield on that point also?

Mr. LONG. Yes.

The PRESIDING OFFICER. The 1 minute has expired.

Mr. CURTIS. I yield myself 1 minute.

The PRESIDING OFFICER. There is no time to be yielded.

Mr. BROCK. Mr. President, I ask unanimous consent that the Senator from Nebraska may have 2 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. PASTORE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. CURTIS. Mr. President, I move that the Senate stand in recess for 2 hours.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Nebraska may proceed for 1 minute.

The PRESIDING OFFICER. Is there objection Without objection, it is so ordered.

Mr. CURTIS. Mr. President, in fairness to the distinguished Senator from North Carolina, those Senators who availed themselves of the privilege of appearing here at 8 o'clock this morning when the Senate convened would have heard the debate.

The amendment was offered as an incentive to get a balanced budget. There was nothing in it that said a Senator was not worth a certain salary, or that a member of the Cabinet was not worth that much. It was offered as an incentive to work for a balanced budget, a disincentive to running a deficit, and I resent this ridicule of any Members of the Senate when they offer amendments in good faith. There are many of us who would gladly offer this amendment if it provided an incentive to bring about a balanced budget.

Now, of course, we can all make any charitable contributions we wish, but I believe we should extend the right to every Senator not only to offer amendments as he chooses, but to vote as his conscience dictates.

The PRESIDING OFFICER. The time has expired.

Mr. HELMS. Mr. President, I ask unanimous consent to proceed for 10 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, the Senator from North Carolina sincerely regrets that he obviously has stepped on the toes of some of the big spenders of the Senate.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GOLDWATER. Mr. President, may we hear again the result of that last rollcall? I think it came out over 100 votes.

Mr. LONG. Regular order, Mr. President.

Mr. GOLDWATER. I am sincere. I think it came out to 107 votes.

The PRESIDING OFFICER. The Senator is correct. Apparently the correct vote was 19 yeas, 77 nays.

Mr. GOLDWATER. I thank the Chair.

Mr. LONG. Regular order, Mr. President.

The PRESIDING OFFICER (Mr. Haskell). The question is on agreeing to the amendment No. 195 of the Senator from Illinois. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

The second assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. Packwood) and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "yea."

The result was announced—yeas 30, nays 66, as follows:

[Rollcall Vote No. 98 Leg.]

YEAS—30

Bentsen
Biden
Brock
Brooke
Burdick
Case
Clark
Cranston
Curtis
Eagleton
Fannin
Gravel
Griffin
Hart, Philip A.
Haskell
Hatfield
Javits
Long
Mansfield
Mathias
McClure
McGovern
Moss
Muskie
Pell
Percy
Stevenson
Stone
Tunney
Williams

NAYS—66

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Buckley
Bumpers
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Culver
Dole
Domenici
Eastland
Fong
Ford
Garn
Glenn
Goldwater
Hansen
Hart, Gary W.
Hartke
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kennedy
Laxalt
Leahy
Magnuson
McClellan
McGee

McIntyre
Metcalf
Mondale
Montoya
Morgan
Nelson
Nunn
Pastore
Pearson
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Symington
Talmadge
Thurmond
Tower
Weicker
Young

NOT VOTING—3

Packwood
Stevens
Taft

So Mr. PERCY's amendment was rejected.

The **PRESIDING OFFICER**. The next vote on amendment No. 37. The question is on agreeing to the amendment of the Senator from Maine (Mr. HATHAWAY). The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. **GRIFFIN**. I announce that the Senator from Oregon (Mr. PACKWOOD) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "nay."

The result was announced—yeas 24, nays 72, as follows:

[Rollcall Vote No. 99 Leg.]

YEAS—24

Abourezk
Allen
Bayh
Case
Clark
Cranston
Culver
Ford
Gravel
Hart, Gary W.
Hartke
Haskell
Hatfield
Hathaway
Jackson
Long
Mathias
McGee
McGovern
Metcalf
Mondale
Montoya
Schweiker
Sparkman

NAYS—72

Baker
Bartlett
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Garn
Glenn
Goldwater
Griffin
Hansen
Hart, Philip A.
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Javits
Johnston
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
McClellan
McClure
McIntyre
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stevenson
Stone
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NOT VOTING—3

Packwood
Stevens
Taft

So Mr. HATHAWAY's amendment was rejected.

Mr. **MANSFIELD**. Mr. President——

The **PRESIDING OFFICER**. The Senator from Montana.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the automatic quorum under the cloture rule be negated.

The **PRESIDING OFFICER**. Is there objection?

Without objection, it is so ordered.

Mr. **ABOUREZK**. Mr. President——

The **PRESIDING OFFICER**. The clerk will state the motion to invoke cloture, the——

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the Senator from South Dakota be recognized for not to exceed 1 minute.

Mr. **ABOUREZK**. Thirty seconds.

Mr. **MANSFIELD**. For 30 seconds.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

CHANGE OF REFERENCE—S. 1251

Mr. **ABOUREZK**. Mr. President, I ask unanimous consent that the Government Operations Committee be discharged from further responsibility for S. 1251, a bill to provide for improved government organization, and that it be appropriately referred.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

CLOTURE MOTION

The **PRESIDING OFFICER**. The time for debate under the unanimous-consent agreement having expired, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 2166, to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Ernest F. Hollings, John O. Pastore, Alan Cranston, Frank Church, William D. Hathaway, Richard (Dick) Stone, Warren G. Magnuson, Floyd K. Haskell, Thomas F. Eagleton, Joseph R. Biden, Jr., Gary W. Hart, Quentin N. Burdick, Abraham Ribicoff, Vance Hartke, Thomas J. McIntyre, Mike Mansfield, Daniel K. Inouye, Claiborne Pell, Lee Metcalf.

VOTE

The **PRESIDING OFFICER**. The question is, is it the sense of the Senate that debate on H.R. 2166, to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, shall be brought to a close?

The yeas and nays are mandatory under the rule. The clerk will call the roll.

The legislative clerk called the roll.

Mr. **GRIFFIN**. I announce that the Senator from Oregon (Mr. PACKWOOD), and the Senator from Alaska (Mr. STEVENS), are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT), is absent due to illness.

I further announce that, if presènt and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The yeas and nays resulted—yeas 83, nays 13, as follows:

[Rollcall Vote No. 100 Leg.]

YEAS—83

Abourezk
Baker
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Buckley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Stone
Symington
Tunney
Weicker
Williams
Young

NAYS—13

Allen
Bartlett
Byrd, Harry F., Jr.
Eastland
Goldwater
Helms
McClellan
Scott, William L.
Sparkman
Stennis
Talmadge
Thurmond
Tower

NOT VOTING—3

Packwood
Stevens
Taft

The **PRESIDING OFFICER**. On this vote the yeas are 83, and the nays are 13. Three-fifths of those duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Who yields time?

Mr. **SPARKMAN**. Mr. President, I call up my amendment at the desk.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

At the appropriate place, insert the following new section:

SEC. . LIMITATION ON INDUSTRIAL DEVELOPMENT BONDS.

(a) Section 103(c)(6) of such Code (relating to exemption from industrial development bond treatment for certain small issues) is amended—

(1) by striking out "$1,000,000" in subparagraph (A) and by inserting in lieu thereof "$10,000,000";

(2) by striking out subparagraphs (D), (E), (F), and (G) thereof.

(b) The amendments made by subsection (a) shall apply with respect to obligations issued after the date of enactment of this Act.

Mr. **SPARKMAN**. Mr. President, I shall make a very brief statement on this matter.

This amendment would amend the present act relating to the tax-exempt industrial development bonds. There is a limit on it now of a million dollars. These bonds are used to aid local development companies to erect buildings that may be necessary for some small company to occupy and to carry on the industry. It is essentially a small-business measure.

We have had this in existence for a long time. The figure used to be much higher. Finally, a few years ago, it was reduced. There was a sort of formula whereby the maximum was set at $10 million, and there was a proviso that if $10 million or more were put into it, there would be a carryback, and so forth.

This amendment simplifies it and sets the maximum amount at $10 million that can be issued for these small businesses.

What happens is that a local community that will organize a local industrial agency may issue tax-exempt bonds for the purpose of doing what is necessary to get the company started. Ordinarily, most of those companies would have 25, 30, or 50 employees. As I say, it is essentially a small-business matter.

This may sound as though it would cost the Government money, but actually, it would make money for the Government. It would put unemployed people to work in small business, and in a very short time that business would be paying taxes, the employees would be paying taxes, and the Government, in the long run, would not lose any money.

I am not going to make an extensive statement. That is the essence of it, as I see it.

Mr. RIBICOFF. Mr. President, in behalf of the committee, we have to oppose this amendment.

Before 1968, all bonds—State, municipal, and industrial development bonds—were tax exempt. In 1968, there was deep concern because of the wild proliferation of industrial revenue bonds. So Congress changed the law, and we generally said that industrial revenue bonds are not tax exempt, but we made two exceptions.

First, we said that on any industrial bond issue, whether it be $10 million or $100 million, the first $1 million was tax exempt. Thus, on a $100 million bond issue, only the first $1 million was exempt.

Second, we said that if the total issue of industrial revenue bonds was less than $5 million, then that total issue was exempt.

The amendment I oppose would provide a flat $10 million exemption for all industrial revenue bonds. This is the reason why we oppose this amendment: We all know that our cities and towns are in economic distress. Any encouragement of industrial development bonds will compete against State and municipal bonds. As the supply of all types of bonds goes up, the demand will remain the same, so the price of our municipal and State bonds will go down and interest rates will go up. This is going to drive up the cost to all our cities and States in trying to finance their problems.

Second, industrial development bonds were invented as a way for the community to attract industry. Now, virtually all the States have these bonds.

I recall, during my years as Governor of Connecticut, that we did not have these bonds, and we saw some of the States issue these bonds and lure industry away from the State of Connecticut. Now, Connecticut, like almost every other State in the Union, has bonds, so that advantage no longer is there for my State. Therefore, there is no longer any incentive for a business to move from one place to another, because all our States and municipalities have this privilege. Therefore, the community is buying nothing for the investment it is making.

Third, industrial development bonds are, in reality, a use of the tax code for essentially a private purpose. Industrial development bonds are not backed up by the full faith and credit of the States or municipalities. They are backed up by the economic well-being and long-term profits of the industry affected. After the bonds are paid off, the property is owned by the private industry. Given the economic problems of towns and cities in meeting their day-to-day responsibilities of providing basic services, building schools, and other basic needs, the encouragement of more industrial development bonds can only hurt towns and cities throughout the country.

I have asked the Joint Committee on Taxation for the figures on the revenue losses under the proposal of the distinguished Senator from Alabama.

They say that, on the assumption that $1 billion of these bonds would be issued each year, they anticipate the following losses to the Federal Treasury: in 1975, $520 million; in 1976, $62 million; in 1977, $108 million; in 1978, $150 million; in 1979, $240 million.

What we are doing is laboring under a delusion that this is going to help any municipality or State to create jobs. What we are trying to do is lure industry away from one locality to another. But that is pretty rough to do now, because every municipality is the same. So we will have private industry shopping around for where they can buy or have a building built for them cheap, giving them a competitive advantage with other industries in the same field.

I think that Congress, in its wisdom, after having looked at the proliferation of these industrial bonds, cut it back to $1 million and put a cap on it of $5 million, and it would be a mistake for Congress now to change its policy to go back to $10 million.

It would hurt many communities, bring no basic gains, and at the same time, involve a very substantial loss. So, in behalf of the Committee on Finance, I oppose that amendment.

Mr. CURTIS. Mr. President, I yield myself 5 minutes.

The distinguished Senator from Connecticut is very eloquent and persuasive, and he is equally eloquent and persuasive when he is wrong—which is not often, but this time he is.

An abuse did arise in industrial development bonds and some of them were issued for $90 million. Congress, in its wisdom, put a cap on it. With the added cost growing, that cap is inequitable. It ought to be raised to $10 million. That is our case.

Classically, over the years, the bureaucracy and the Treasury have a classical opposition to this. But at this time, we are faced with the problem of creating jobs and activity over the country. Are we going to do all of that with Federal credit? If the Small Business Administration lends money for a local industry, it costs the Treasury. If the Federal Government guarantees a loan for some sort of development, that adds to the debt of the country.

What this amendment does is permit localities to use their credit to provide an industry. The Federal Government does not guarantee it, the Federal Government does not lend the money.

It is not a question of pirating industries from one State to the other. That is an old, worn-out argument. That might have had some validity 25 years ago, but it has not now. I can give an illustration of the use of this.

We have, in my home town, which is a town of 2,600 people, a meatpacking plant. It provides jobs for about 60 people. The farmers built it. They voted revenue bonds to do so. They are paying off their bonds. There was not the slightest way that the Federal Government could lose anything on it. The feedback of payroll taxes and income taxes from those 60 people employed has meant much to the Federal Government. They used local credit at a time when the burdens on our Federal Government are so great.

This amendment was considered in the committee and was voted down—but not unanimously, by any sense. When the distinguished Senator from Connecticut says he speaks for the Committee on Finance in opposing this, he does not speak for me.

Mr. RIBICOFF. If the Senator will yield, I think I speak for the majority of the Committee on Finance at the request of the chairman.

Mr. CURTIS. I am afraid the Senator did not so state.

Mr. RIBICOFF. Yes, the Committee on Finance voted against it.

Mr. CURTIS. No, no, the distinguished Senator said that, speaking for the Committee on Finance, he opposed this amendment.

Mr. RIBICOFF. The chairman asked me if I would oppose this amendment for the committee. I suppose, speaking for the chairman—I do not know how he is going to vote. He asked me to speak against it. I do not speak for the Senator. I think the Committee on Finance voted it down. I think if the vote in the Committee on Finance was negative, I can say that, speaking for a majority, they turned this down.

Mr. CURTIS. The Senator may speak for the majority who voted that way, but there were six of us in the Committee on Finance who voted for it. It was a public session. I assume that the reason the chairman turned the opposition over to the distinguished Senator from Connecticut is that he was one of those who opposed it. I think that is the proper way to handle this.

Mr. President, this was not opposed unanimously by the Committee on Finance—far from it. It does not involve Federal Government borrowing, or Federal Government credit, it does not involve Federal Government guarantees. The loss in revenue is greatly exaggerated. It allows for no feedback of additional revenue by reason of the activity of the measure.

Mr. President, I reserve the remainder of my time.

Mr. RIBICOFF. Mr. President, I intend to move to table the amendment, but I shall refrain to give the distinguished Senator from Alabama whatever additional time he wishes.

Mr. SPARKMAN. I appreciate that. I shall speak very briefly.

We have had this law on the statute books, as pointed out by the Senator from Connecticut, for a good many years. It has operated at different levels and it is true that when there was no limit, I think there were some cases that were really abuses of the power. But then we limited it to $10 million, with the possibility of involving even as much as $50 million. Then we cut it down to $1 million. The system is still there, but it is just a million dollars now.

There are some plants, naturally, that need more money than that. I wish to say that over the years that we have had this program working, I have never known of a city or a town or a State that objected to it. As a matter of fact, I know from experience that it has meant much in many of the smaller towns and communities, where private enterprise came in there. They were not moving from somewhere else. Local people, ordinarily, were the ones who would put up the building and start the operation with, as the Senator from Nebraska pointed out, the income from those workers becoming taxable, the profits from the operation of the business becoming profitable, and they have been profitable aperations for the localities in which they operated.

Mr. President, there never was, to my knowledge, any plant seduced away from another area. If there is such a thing as local operation by local people, this is it. It means much to the communities, it means much to the workers who get employment there, and it means much to the Treasury of the United States, too, because they do not put out any money. But they do start getting money from the operations.

I very strongly advocate the amendment.

Let me say this with reference to some statement made about the Senator from Connecticut. Let me say in all fairness to the chairman of the committee that he told me that he would ask the Senator from Connecticut to handle this on the floor, because he had been in opposition in the committee. So that is quite understandable in that respect.

Mr. RIBICOFF. Just two words, Mr. President. The Treasury is strongly opposed to this amendment.

Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table (putting the question). The ayes appear to have it, and the motion is agreed to.

Mr. CURTIS. I ask for a division, Mr. President.

The PRESIDING OFFICER. The result has been announced, and the request is not in order.

The Chair recognizes the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I yield myself such time as I may require. It will not be too long. I shall not speak on the pending amendment.

Mr. President, I shall not vote for this bill, but at the time of voting, the Senate will probably be too busy for me to make any remarks. I just want to say a few things about what we are doing.

I was thinking last night about all the different things taking place in this country, and around this world in relation to this country, and the question came to my mind, What has happened to my country?

Let me try to explain why I shall vote against this piece of legislation. To begin with, it was suggested first by the President of the United States as a way to end a recession—not a depression, because we are not in that yet—a way we thought might attack inflation; but it has no bearing at all on inflation.

Mr. President, I think I understand the thinking behind the suggestion that the Federal Government can put people to work and, by putting Federal money, which is really the people's money, into jobs, that they can prevent a depression or cure recession.

Mr. President, this all came about back about 1934 when an Englishman who later became a lord, John Keynes, came to this country in the middle of our depression. He is the one who suggested the full employment approach, the idea that the Federal Government can always save the economy.

He is the one who talked our country into going off the gold standard. And I must say, Mr. President, in spite of what some people think and in spite of what I have heard on this floor, this approach had no bearing at all on the depression of the 1930's. I know something about that depression. I was running a business at that time. There were 17 million people out of work in 1939. At one time there were almost 20 million people out of work, in a work force less than half what it is today.

The only thing that saved the depression in the 1930's was the coming of World War II. The whole concept of Keynesianism has proved to be disastrous every place it has been tried. Is has practically bankrupted England, and is on the way to bankrupting our country, because what has happened as a result of this false idea that the Federal Government can do something about the economy is that we have increased our credit by over 400 percent in the last 10 years, while at the same time we have only increased our productivity by about 28 percent.

Our credit has been increased by the printing of paper money, money that has absolutely no value at all. A dollar in my pocket is only worth what you think it is when you and I get to talking about something I might buy from you. It has no gold behind it. It is absolutely worthless except as a means of barter, sort of like the shells that the Indians used, wampum 'or something like that, which had nothing behind it but what someone thought it was worth.

We have added to our deficit year after year after year, under the mistaken idea that if we keep on doing it, some day the economy is going to grow so greatly by it that all of the deficits will be paid back.

This is absolutely wrong, Mr. President. As I said, I saw this tried in the 1930s, and I saw it fail. The only time that you can apply the Keynesian theory to economics and have it work is during wartime, and this is the first time we have been out of a war economy, now, since 1939. The moment we began to look like we would get out of it and did not take proper steps to get back on some sound basis, this economy of ours started into trouble. We are still in it. And, while this bill may have some little effect, it is not going to have the effect that people in this body, the Congress, or the President think it will have.

I have sat here on this floor and I have listened to free enterprise being castigated. I have listened to the whole concept of our economy being torn apart. I remind my colleagues that there is only one way in the world this country can produce money. That is to produce profit, to produce enough profit so that the company can reinvest a part of that profit in new structures, new equipment, new ideas.

I hear it stated here that this bill for $30 billion will create new jobs. Sure it will; worthless jobs that mean nothing to our economy. Perhaps it will also create some tax reductions.

Mr. President, we in Congress have to take the full blame for the state of inflation in this country and, yes, around the world, because many, many countries have pinned their currency to our dollar, and they are now realizing that was a false pin, and if there was any way to get out of it, believe me, they would. In fact, we see the Middle Eastern countries now attempting to do that.

So, Mr. President, I am going to vote against this measure, because it is not going to do what we think it will. We have seriously damaged some important parts of our economy—though not as seriously, probably, as we would have if we had not followed the advice of the Senator from Montana (Mr. MANSFIELD) yesterday and sort of gotten this thing back on a decent track.

As an example to show what is causing me worry, I sat here the other night and heard distinguished Members of this body plead to take $4 billion out of the general fund to pay increases in social security. If it is good for the social security recipient, let me remind you, it is good for every retired civil servant, every retired military man, and every retired person who has ever been connected with the Federal Government. If we had done that, we would have opened a door to what I believe would have been complete disaster. Mr. President, I may be wrong, and I hope and pray that I am, but if we face a deficit this year that approaches $40 billion or $45 billion, and then look at an $80 billion to $100 billion deficit next year, I have to make the prophecy that this country will not remain solvent for 5 more years, and we will see total national bankruptcy. There is no other way to go. You cannot do that in business, you cannot do it in your private lives, and there is no way to do it in government, particularly.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. GOLDWATER. Yes.

Mr. CURTIS. I commend my colleague for his statement. The estimate of an $80 billion deficit for next year. I am sure, was based upon an estimate that this tax reduction would be much more modest thn it is. So a vote for this bill is not a vote to support an $80 billion deficit, but more likely about a $95 billion or a $96 billion deficit

Mr. GOLDWATER. I have to agree with my friend from Nebraska, because I have not taken into consideration the almost certain passage of some health bill this year, that could in itself range from a few billion dollars to as high as $60 billion or $70 billion.

Mr. President, as long as I have the floor, and I have spoken about this bill I would like to mention some other things that bother me today about the direction our country has taken.

It was sickening to me to read the paper last night to see that Hue has been evacuated, when we fought like tigers three times to save Hue. It bothers me to see coming true what I prophesied a year ago that, without continued financial aid from the United States, South Vietnam would go down the tube. This does not bother me just because it happens to be South Vietnam. It does concern me because I think under two Presidents and one Secretary of Defense that was the worst-conceived, worst-fought war in the history of warfare, and I hope to be around when the proper tails are pinned upon the people responsible for that. But that is beside the point.

We now see the Government of South Vietnam being pushed back into an almost defenseless position in Saigon, without naval power to speak of, with limited airpower, and with the United States of America saying "no" to what is a moral commitment.

Now we are in South Vietnam because President Eisenhower promised them we would, and we kept our word. Three different Presidents or four different Presidents have promised South Vietnam and Cambodia monetary aid.

Now, we are not giving it. What does that do? I think it almost certainly seals the fate of South Vietnam. It certainly seals the fate of Cambodia and Laos, and now we have Thailand trying to get us out of that country. I will say to my colleagues when that domino of Thailand begins to teeter, we are going to be asked to answer the $64,000 question: What do we do about the defense of Southeast Asia, because if Thailand falls, and we lose the isthmus of Thailand, we will deny oil to the entire Pacific Ocean as it comes from the Middle East. I hope I am wrong.

What bothers me is I have been right too doggone often. Maybe I ought to go someplace where I cannot think. But I see these things in the paper, I listen to them on television, I listen to debates on the floor, and read the RECORD of what is going on in the other body, and I am worried.

Now we see Portugal going Communist. A great newspaper like the New York Times cannot see anything wrong with it. What do we do about a refueling base in the Azores? I happen to have been stationed out there during part of World War II. I saw that base start.

We never could have supplied Israel without Portugal's help, and to my friends in this body who are devoted to the protection and defense of Israel, write it off if Portugal comes under communism this next week. Yet we have not heard one word about this from our Secretary of State. Of course, it is kind of hard to get a word from Aswan Dam. Maybe he ought to come home. We have not heard one word coming from the President. I have not heard anything about it on the floor of this body.

Portugal can—the ownership of Portugal by the Communists can—deny the 6th Fleet the use of the Mediterranean almost as certainly as the Soviets can now deny that 6th Fleet its use because of land-based aircraft surrounding the whole perimeter of the Mediterranean.

Mr. President, just a few days ago the beleaguered, set-upon CIA revealed that it had raised a Soviet submarine. Why, to listen to some of the press and the media and some of my friends in this body, in Congress, some of my friends downtown, you would think we had just burned the American flag.

I think this is probably the greatest stroke of intelligence that this country has ever pulled off. And they say, "Oh, is it worth $350 million?" Who knows? We may have learned enough about their warhead—whether we have I do not know—to be able to say that we can scrub $2 billion or $3 billion or $4 billion orth of defensive equipment that I have been battling for. I do not know what they found.

But the CIA has done an outstanding job. And yet, morning, noon, and night we hear that something is wrong with the CIA.

If I had been the President of the United States, and they only had a tail on 10,000 people in this country, I would have been a little upset because of what I see in this town, with people able to sell top secret documents, steal top secret documents, writers in our press telling us, who have access to any secret that we have, and are willing to divulge it. I think we need a stronger CIA.

I can tell Senators this: In my contacts in this field around the world, we are losing credence, and we are losing it fast. When we lose top men in the CIA, as we have lost them because of criticism, and because of the very plain fact that in that business you do not stay exposed very long, because you do not stay alive very long—when we lose the services of men like we have lost in the CIA, we have been hurt. This bothers me.

We now have a Rockefeller commission studying the CIA. I am on a committee in the Senate studying the CIA. The House has a committee studying the CIA. Now they want to appoint three more committees to see about the submarine and what happened.

It is getting so, Mr. President, that there are no secrets in this country. No country can live in the hostile world in which we live today without intelligence, intelligence of what the enemy is capable of doing, what they might do and are capable of, and what are our allies willing to do.

This is what bothers me, too. Our allies are beginning to question the integrity and the honesty of our country. Why? Because we are dumping a little country like South Vietnam. Not of much importance, you say. I happen to think it is, but some of my colleagues do not think so.

So, Mr. President, I am worried, and the final thing that bothers me, and this all adds up to it, is a very obvious loss of confidence among our people in our form of government.

When less than 50 percent of the people turned out to vote last November, we knew what it meant. They have lost faith in this constitutional republic that is the greatest Government ever created on the face of the Earth. It has provided more freedom for more people than all the governments of all time. It has provided more living for more people than all the governments of all time. I am not saying it is perfect, but we have got to do something in this body to make it more understandable and acceptable to the people of this country.

I suggest that when we go on the rampages on which we have been going in the past week relative to this so-called tax cut—and I know people honestly believe it will help, and they are entitled to that thought—when we are looked on, as we must be looked on, as an irresponsible group of people by our fellow citizens, I think it is time we did something about it.

As I travel all over the United States, I have approached over 500 good men and women, as dedicated to this country as they can be. I have discussed with them what we as a Nation are doing, and yet something is not working. It might be leadership—I doubt it. I think we have able leadership in this body. I think we are engaging in far too much politics about what is going on in our daily lives. I do not think we are candid enough with the people. I do not think we tell them the truth.

So, Mr. President, while I only expected to get up and tell you why I was not going to vote for this bill, I guess I have gone on, but, having voted against cloture, I guess I am allowed to say something once in a while.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

AMENDMENT NO. 275

Mr. MONDALE. Mr. President, I call up my amendment No. 275.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. MONDALE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the committee amendment insert the following new sections:

Sec. . Increase in Percentage Standard Deduction.

(a) Increase.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) Percentage Standard Deduction.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—

"(1) $3,000 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,500 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,500 in the case of a married individual filing a separate return."

(b) Conforming Amendment.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $3,000 ($2,500 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

(c) Effective Date.—The amendments made by this section apply with respect to taxable years beginning after December 31, 1974.

Sec. . Increase in Low-Income Allowance.

(a) In General.—Section 141(c) (relating to low-income allowance) is amended—

(1) by striking out "$1,300" and inserting in lieu thereof "$1,800"; and

(2) by striking out "$650" and inserting in lieu thereof "$900".

(b) Conforming Amendment.—Section 6012(a)(1) (relating to persons required to make returns of income) is amended by striking out "$2,050" each place that it appears and inserting in lieu thereof "$2,550", and by striking out "$2,800" each place that it appears and inserting in lieu thereof "$3,300".

(c) Effective Date.—The amendments made by this section apply with respect to taxable years beginning after December 31, 1974.

Mr. MONDALE. Mr. President, this amendment would restore the standard deduction provisions that were contained in the House bill, but which were dropped by the Senate Committee on Finance.

The amendment would guarantee that all taxpayers receive a tax cut under the Senate bill at least as large as the one they would have received under the House bill. Most would receive a substantially larger tax cut. There is a fact sheet on each Senator's desk showing in detail the effect of this amendment on taxpayers with different incomes and different family sizes.

Mr. President, I ask unanimous consent that that fact sheet appear immediately following the conclusion of my remarks in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit No. 1.)

Mr. MONDALE. The revenue loss from this amendment would be $2.97 billion.

During Finance Committee consideration of H.R. 2166, I offered an amendment to give each taxpayer the option of taking either a $200 credit or the present $750 exemption for themselves and each of their dependents.

My intention was that this $200 optional credit would be an addition to the individual tax cut provisions in the House bill. However, the Committee on Finance was concerned that the $6 billion extra revenue loss from simply adding the $200 optional credit to the House bill would be too large.

The committee therefore decided to substitute the $200 credit for the House minimum and maximum standard deduction provisions. This resulted in an additional revenue loss of only $1 billion.

In general, the $200 optional credit is a more effective and equitable way of granting relief to a broad range of taxpayers than the House standard deduction provisions.

However, some taxpayers would save less in taxes under the Senate bill than they would have under the House version.

Single taxpayers and married couples without dependents with incomes below $10,000 are in this category. So are many taxpayers with incomes between $12,000 and $20,000 who use the standard deduction.

To remedy this problem, the amendment I propose would raise the minimum standard deduction—low-income allowance—to $1,800, increase the percentage standard deduction to 16 percent from the present 15 percent, and raise the maximum standard deduction to $2,500 for single taxpayers and $3,000 for joint returns.

The percentage and maximum standard deduction provisions in this amendment are identical to those in the House version of H.R. 2166.

The minimum standard deduction—or low-income allowance—however, is lower. The House bill raised the minimum standard deduction to $1,900 for single returns and $2,500 for joint returns. My amendment simply raises it to $1,800 for everyone. It is now $1,300.

Mr. CURTIS. Will the Senator yield?

Mr. MONDALE. I shall yield in about 2 minutes, when I complete my remarks.

The reason for this is that the $200 optional credit serves the same purpose for which the low-income allowance was originally designed—making sure that no one with an income below the poverty level pays a Federal income tax on income which almost by definition is absolutely essential to their survival.

Keeping the low-income allowance at $1,800 saves approximately $2 billion, compared to the cost of simply adding the $200 optional credit to the House bill. Almost all of this $2 billion would otherwise go to taxpayers who already receive large tax reductions from the $200 optional credit.

I believe the standard deduction provisions in the House bill represent a valuable improvement in our tax system. They would greatly simplify the task of filling out income tax returns each year for millions of Americans. Under the House bill, it is estimated that more than 9 million taxpayers would shift to using the standard deduction and away from the more difficult task of itemizing.

The higher standard deduction would also ease the tax burden substantially for many taxpayers earning between $10,000 and $20,000 who do not own their own homes, and who, therefore, usually do not itemize their deductions. With the increasing price of homes and high interest rates, many Americans in these income brackets simply cannot afford to buy a home. Increasing the standard deduction would enable them to share in some measure in the tax benefits our tax system provides to their neighbors who are fortunate enough to own their own homes.

Mr. President, I believe my amendment represents an effective melding of the House standard deduction provisions with the Senate's $200 optional credit. If we are able to adopt this amendment on the floor today, it should greatly simplify and expedite consideration of this aspect of the bill in the House-Senate conference.

I hope, therefore, that we can adopt these constructive House provisions, and help speed the way toward a quick conference and rapid approval of this much-needed tax relief.

Just before yielding to the Senator from Nebraska, I would like to make this point.

When the bill came from the House it had one major failure which was quickly recognized by most tax analysts. That was that there was a gap. There was no relief for Americans who itemized their deductions. There was a liberalization of standard deduction, but no relief for families, usually those owning homes, who itemize.

So what we did in the Senate committee was to move to correct that gap, but in moving it in the form of a substitute, we created another gap, namely, for those who do not itemize their deductions and take the standard deduction.

The amendment I offer now would take the best of the House bill, it would take the best of the Senate bill, and combine them so that there is relief granted equitably up and down the income brackets, bringing most of the relief to persons in middle- and low-income brackets without having notches that deal unfairly with people in low income brackets, single taxpayers, married couples without dependents, or, unless we change this, taxpayers who can benefit from the standard deductions, usually because they do not own their own homes.

Exhibit 1

Fact Sheet—Mondale-Humphrey-Ribicoff Amendment No. 275

Purpose—To restore the minimum and maximum standard deduction provisions contained in the House version of H.R. 2166, but dropped from the Finance Committee version.

Effect—The amendment will assure that no taxpayer receives a tax reduction under the Senate bill lower than the reduction that would have been received under the House bill.

Cost—Revenue loss of $2.97 billion. (1974 income levels.)

Provisions—Increases the minimum standard deduction (also known as the low income allowance) to $1,800, increases the percentage standard deduction to 16 percent, and the maximum standard deduction to $2,500 for single persons and $3,000 for joint returns. Under this amendment, therefore, the standard deduction would amount to 16 percent of a taxpayer's adjusted gross income, but no less than $1,800, and no more than $2,500 for single returns and $3,000 for joint returns.

COMPARISON WITH CURRENT LAW AND HOUSE BILL

	Current law	House bill	Mondale amendment
Minimum standard deduction (low income allowance)	$1,300	[1] $1,900 [2] $2,500	$1,800
Percentage standard deduction	15	16	16
Maximum standard deduction	$2,000	[1] $2,500 [2] $3,000	[1] $2,500 [2] $3,000

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[1] Singles.
[2] Joints.

The Mondale amendment does not fully restore the House minimum standard deduction provision because it overlaps very substantially with the $200 optional credit (which may be taken in place of the $750 personal exemption) added by the Finance Committee. Keeping the minimum standard deduction at $1,800 saves approximately $2 billion (compared to the House provision), almost all of which would go to the same taxpayers who already receive a large tax reduction under the $200 optional credit.

IMPACT ON INDIVIDUAL TAXPAYERS

The attached tables show the impact of the amendment on taxpayers with varying income and family sizes. However, the tables do not show the impact of changes in the percentage and maximum standard deduction, since it is assumed in the tables that all taxpayers have deductible personal expenses of at least 17 percent, which exceeds both the current (15%) and proposed (16%) percentage standard deduction. To take one example, a married couple with no dependents earning $17,500 with deductions equal to 10% their income who now take the standard deduction would save $225 in taxes if the standard deduction provisions in the proposed amendment are adopted, but this saving is not reflected in the attached tables. In the tables, the tax reductions noted result from the following provisions:

House bill—Increase in minimum standard deduction to $1,900 for single returns and $2,500 for joint returns, increase in percentage standard deduction to 16%, and increase in maximum standard deduction to $2,500 for single returns and $3,000 for joint returns.

Finance Committee Substitute—$200 optional credit in lieu of $750 personal exemption, and reduction of 1 percentage point in tax rates applicable to first $4,000 of taxable income.

Mondale Amendment—Finance Committee Substitute, plus $1,800 minimum standard deduction, 16% percentage standard deduction, and maximum standard deduction of $2,500 for single returns and $3,000 for joint returns.

The numbers in parenthesis indicate the increase (+) or decrease (−) in tax reduction—compared to the House bill—under the Finance Committee Substitute and the Mondale Amendment.

SINGLE PERSON

AGI	Present law tax	Tax reduction: House bill	Tax reduction: Finance Committee substitute	Tax reduction: Mondale amendment
3,000	138	89	95 (+6)	138(+49)
5,000	491	114	94(−20)	185(+71)
6,000	681	114	83(−31)	189(+75)
8,000	1,087	113	63(−50)	169(+56)
10,000	1,482	48	57 (+9)	82(+34)
12,500	1,996	0	45(+45)	45(+45)
15,000	2,549	0	40(+40)	40(+40)
17,500	3,145	0	40(+40)	40(+40)
20,000	3,784	0	40(+40)	40(+40)
25,000	5,230	0	40(+40)	40(+40)
30,000	6,850	0	40(+40)	40(+40)
35,000	8,625	0	40(+40)	40(+40)
40,000	10,515	0	40(+40)	40(+40)
MARRIED COUPLE, NO DEPENDENTS				
3,000	28	28	28	28
5,000	322	182	190 (+8)	270(+88)
6,000	484	194	171(−23)	266(+72)
8,000	837	217	155(−62)	239(+22)
10,000	1,152	152	146 (−6)	168(+16)
12,500	1,573	83	110(+27)	110(+27)
15,000	2,029	0	96(+96)	96(+96)
17,500	2,516	0	65(+65)	65(+65)
20,000	3,035	0	47(+47)	47(+47)
25,000	4,170	0	40(+40)	40(+40)
30,000	5,468	0	40(+40)	40(+40)
35,000	6,938	0	40(+40)	40(+40)
40,000	8,543	0	40(+40)	40(+40)
MARRIED COUPLE, 1 DEPENDENT				
3,000	0	0	0	0
5,000	208	173	207 (+34)	207 (+34)
6,000	362	185	249 (+64)	344(+159)
8,000	694	202	212 (+10)	296 (+94)
10,000	1,010	152	203 (+51)	226 (+74)
12,500	1,408	75	145 (+70)	145 (+70)
15,000	1,864	0	131(+131)	131(+131)
17,500	2,329	0	77 (+77)	77 (+77)
20,000	2,848	0	59 (+59)	59 (+59)
25,000	3,960	0	40 (+40)	40 (+40)
30,000	5,228	0	40 (+40)	40 (+40)
35,000	6,668	0	40 (+40)	40 (+40)
40,000	8,251	0	40 (+40)	40 (+40)
MARRIED COUPLE, 2 DEPENDENTS				
3,000	0	0	0	0
5,000	98	98	98	98
6,000	245	175	245 (+70)	245 (+70)
8,000	559	189	277 (+88)	361 (+172)
10,000	867	152	261 (+109)	283 (+131)
12,500	1,261	71	199 (+128)	199 (+128)
15,000	1,699	0	166 (+166)	166 (+166)
17,500	2,156	0	104 (+104)	104 (+104)
20,000	2,660	0	72 (+72)	72 (+72)
25,000	3,750	0	40 (+40)	40 (+40)
30,000	4,988	0	40 (+40)	40 (+40)
35,000	6,398	0	40 (+40)	40 (+40)
40,000	7,958	0	40 (+40)	40 (+40)
MARRIED COUPLE, 4 DEPENDENTS				
3,000	0	0	0	0
5,000	0	0	0	0
6,000	28	28	28	28
8,000	312	172	312(+140)	312(+140)
10,000	586	136	380(+244)	401(+265)
12,500	976	71	314(+243)	314(+243)
15,000	1,371	0	238(+238)	238(+238)
17,500	1,826	0	174(+174)	174(+174)
20,000	2,285	0	97 (+97)	97 (+97)
25,000	3,330	0	40 (+40)	40 (+40)
30,000	4,508	0	40 (+40)	40 (+40)
35,000	5,858	0	40 (+40)	40 (+40)
40,000	7,373	0	40 (+40)	40 (+40)

Mr. MONDALE. I yield to the Senator from Nebraska.

Mr. CURTIS. I thank the distinguished Senator.

My purpose is to make clear what is proposed here.

The House raised the minimum standard deduction from $1,300 to $1,900. It got to the Committee on Finance and we adopted the Mondale amendment which, in lieu thereof, gave taxpayers the right to elect a $200 credit instead of taking a $750 personal exemption.

Mr. MONDALE. Take one or the other, that is correct.

Mr. CURTIS. One or the other.

Now, can the Senator tell us what the cost was of the Mondale amendment?

Mr. MONDALE. $5.9 billion.

Mr. CURTIS. Pardon?

Mr. MONDALE. $5.9 billion.

Mr. CURTIS. $5.9 billion.

Now, what does the Senator propose to do at this time?

Mr. MONDALE. $2.97 billion.

Mr. CURTIS. Additional?

Mr. MONDALE. That is correct.

Mr. CURTIS. In other words, the Senator's amendment would increase the loss of revenue from 5.9 to 8.6?

Mr. MONDALE. I do not think the Senator's arithmetic is exactly correct, but his point is well taken.

Mr. CURTIS. Well, whatever it adds up to.

Mr. MONDALE. Yes, and there must be some here who can help us add it.

Mr. CURTIS. Well, a pretty high figure, to me.

Mr. MONDALE. The Senator will be pleased to know I joined with the Senate yesterday and today in closing some of those tax loopholes, so that we picked up $3 billion in revenue.

Mr. CURTIS. Yes, but who is this additional money going to go to?

Mr. MONDALE. Principally, these taxpayers: single taxpayers, married couples without dependents, and Americans between $10,000 and $20,000 a year who do not itemize but take the standard deduction, and usually they do so because they are renters and not homeowners. Those are the ones who would get the benefits.

There is a table on the Senator's desk that shows none get a tremendous amount. But the Senate committee's work, while I strongly favored it because it incorporated my optional tax credit, did, upon analysis, have certain flaws in it.

It was unfair to single taxpayers below $10,000 a year. It was unfair to Americans who do not itemize their deductions but take standard deductions, and it was unfair to married couples without dependents.

We are trying to distribute it a little more fairly.

Mr. CURTIS. I want to say to the Senator that I thank him for yielding.

Inasmuch as time is limited, I will not ask any more questions, but I will speak for a couple of minutes on my own time.

Mr. MONDALE. Fine.

I yield the floor.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSTON). The Senator from Nebraska.

Mr. CURTIS. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 55 minutes.

Mr. CURTIS. I yield myself 2 minutes.

Mr. President, we have a number——

Mr. LONG. Mr. President, will the Senator yield?

Mr. CURTIS. I am happy to yield to the Senator.

Mr. LONG. Mr. President, may I ask unanimous consent that further debate under the Mondale amendment be limited to a half-hour to be divided between the Senator from Minnesota and the Senator from Nebraska?

Mr. CURTIS. Well, I am not going to charge——

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. A half-hour to my time.

Mr. LONG. Well, then——

Mr. CURTIS. That would be all right if I can farm it out without it being charged to me.

Mr. LONG. Yes.

Mr. CURTIS. OK.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CURTIS. All right, I yield myself 2 minutes.

Now, here is the situation, the committee has already provided for a 12-percent rebate. We have already provided for a $200 tax credit in lieu of the personal exemption. We have already provided for earned income credit, 10 percent, with a maximum of $400, and they get that back if they do not pay any taxes.

We have also reduced the tax rates. The amendment of the distinguished Senator from Minnesota would increase a $5.9 billion by something over $2 billion.

I call attention to the fact that it is a vote to increase the deficit, and I oppose the amendment.

Mr. HUMPHREY. Mr. President, I wish to voice my strong support for the amendment by my colleague from Minnesota which provides for increasing the levels of the low-income allowance and the standard deduction. My Tax Relief Act of 1975 contained such provisions and I still believe that they are necessary at this time. I wish to briefly point out the reasons why such increases would be helpful.

The present low-income allowance level of $1,300 was established in 1972 to correspond with the poverty line at that time. Because of the severe inflation we have experienced in the past 2 years, the $1,300 level no longer corresponds in any real sense to the poverty level, which for a family of four has increased by around $1,200. The result is that a family of four with an income right at the poverty level now pays over $150 a year in taxes. This, of course makes no sense and must not be tolerated.

Let me speak now on the more general standard deduction. One of the reasons that inflation has had such a sharp impact on tax burdens is that it reduces the real value of the standard deduction I will illustrate through a simple example.

The average four-person family in 1973 with an income of $13,000 which took the standard deduction paid $1,391 in Federal income taxes. This left $11,609 of disposable income. Assume the family's income rose 8 percent in 1974, about the national average increase, to $14,040. Because of higher taxes—$1,609—its after-tax income would be $12,431, only 7 percent higher. Thus, the diminished value of the standard deduction and the exemption actually increased the tax burden on this family from 10.7 percent of income to 11.5 percent.

Even if this family's income had risen by the rate of inflation, 12 percent, its after-tax purchasing power would have declined 3 percent from 1973 to 1974. The main point to remember is that this 3-percent decline would be entirely due to the diminished value of exemptions and deductions in a period of inflation.

Tax burdens have also increased particularly for lower- and middle-income taxpayers, because tax brackets are fixed in dollar terms rather than real terms. The result is that many taxpayers have moved into higher tax brackets, even though their real income remains the same.

To conclude, these increases in the levels of the low-income allowance and the standard deduction are economically sound and would help restore equity to the tax system. We must remember that this is the only postwar recession, and we have had five others, in which taxes as a percent of total personal income have risen. So let us now take action to adjust these deduction levels to take account for the inflation of the last 2 years, which in turn will provide equitable relief to all low- and middle-income Americans.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I would strongly urge the Senator from Minnesota not to press the amendment. I will explain why.

I believe the Mondale amendment that was agreed to in the committee was a very good amendment, and I still think so. If we agree to this amendment as it is proposed here, when we go to conference with this, it would mean that what the House sent us on the standard deduction is locked in and is not subject to negotiation.

For example, a logical compromise would be to tell the House conferees that we would consider accepting their version, provided they would give the taxpayer the option to use the Mondale approach if that were more to the taxpayer's advantage, and that would increase the cost above the House or Senate figure. That is a logical compromise.

If we go to the House with this further modification of the original Mondale amendment, then the House will take the view that their part is already agreed to, and that this would cost an extra $3 billion in addition to all the other Senate cost increases.

So there we would be. As a matter of fiscal responsibility, they cannot accept any more of the Mondale amendment. That would then mean that we would just have the House bill without the good work done by the Senator from Minnesota in either respect.

I would not want that to happen.

I think what the Senator has done, particularly for the benefit of people with families, is a very fine and laudable contribution to this bill.

I hope the Senator would not press it because I am afraid he is likely to defeat his own purpose, or it might work out that way.

Mr. MONDALE. I have the point of the distinguished floor manager, and I appreciate his comments.

I feel very, very strongly that the present individual income tax structure does not provide relief in an effective way for taxpayers with families in the $6,000 to $18,000 or $20,000 bracket.

I understand and clearly see what the distinguished floor manager is suggesting here, namely, that it will be easier to hold the optional tax credit in the conference by perhaps acceding in the course of the negotiations to the provisions of this amendment—which are already found in the House bill—if we leave it in the present form.

I would like to have a few minutes to discuss this with my cosponsors before I go further.

Mr. LONG. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that I might suggest the absence of a quorum without it being charged against my time.

The PRESIDING OFFICER. Quorum calls are not charged against the time of the Senators.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MONDALE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONDALE. Mr. President, I have talked with my cosponsors, my colleague from Minnesota (Mr. HUMPHREY) and my colleague from Connecticut (Mr. RIBICOFF), and they agree that with this realization and understanding it would probably be wise at this point to withdraw the amendment, knowing that it would probably improve our chances of holding the $200 optional credit in conference.

Mr. LONG. I believe that would be a wise thing.

Mr. MONDALE. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The Senator from Kansas.

Mr. DOLE. Mr. President, I call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 87, between lines 13 and 14, insert the following new section:

SEC. 304. ELECTION TO SUBSTITUTE NET OPERATING LOSS CARRYBACK YEARS FOR CARRYFORWARD YEARS.

(a) IN GENERAL.—Subparagraph (E) of section 172 (b) (1) (relating to years to which net operating loss may be carried) is amended to read as follows:

"(E) (i) In lieu of any net operating loss carryover to which a taxpayer would otherwise be entitled under this section, a taxpayer may elect to carry back any net operating loss for a number of taxable years equal to the number of taxable years to which such loss could have been carried forward, and the carryback so elected shall be added to the number of taxable years for which the taxpayer is otherwise entitled under this section to carry back such net operating loss. Except as provided in section 381(c) (25), and except as provided in paragraph (3) (E), an election under this subparagraph shall apply not only with respect to such net operating loss but also to the taxable year of such loss.

"(ii) Unless he is described in clause (iii), a taxpayer may not elect to have the provisions of clause (i) apply unless he establishes an employee stock ownership plan (as described in subsection (g)). This clause does not apply to any credit or refund attributable to a net operating loss or losses incurred in taxable years ending after the date of the first such election made by the taxpayer.

"(iii) The provisions of clause (ii) do not apply to any taxpayer the sum of whose credits or refunds resulting from electing to have the provisions of section 172(b)(1)(E) apply to net operating losses incurred in taxable years ending on or before the date of such first election does not exceed $10,000,000."

(b) Special Rules.—Section 172(b)(3) (relating to special rules) is amended by striking out subparagraphs (E) and (F), and by inserting in lieu thereof the following:

"(E)(i) An election made under paragraph (1)(E) may be revoked by the taxpayer at any time within 60 months after the close of the taxable year in which the election was made. If a taxpayer revokes such an election, the election may be revoked more than 60 months after the close of the taxable year during which the election was made only with the consent of the Secretary or his delegate. The taxpayer's liability for tax for all taxable years beginning with the earliest taxable year affected by the carryback of the net operating loss under election shall be redetermined as if the election had never been made with respect to each taxable year in which the taxpayer has a net operating loss to which the election applies, as of the end of the period within which the taxpayer could have carried forward such loss (without regard to the amount of such loss) if the election had never been made. The amount of the taxpayer's liability for tax for the taxable year in which the election is revoked shall be increased (as of the end of such taxable year) by an amount equal to the amount by which such redetermined liability with respect to each such loss year exceeds the tax paid for all such taxable years with respect to each such loss year except that with respect to each such loss year as to which such period ends after the year of revocation, the amount of the taxpayer's liability for tax for the last year in such period shall be increased (as of the end of such taxable year) by an amount equal to the amount by which such redetermined tax liability with respect to such loss year exceeds the tax paid for all such taxable years with respect to such loss year. An election revoked on or before the time for filing a return for a taxable year (including any extensions thereof) is considered as made during that year. In redetermining the liability of a taxpayer for tax for preceding taxable years under this clause, the amount of such liability shall be reduced by an amount equal to the amount transferred (or treated as transferred) by the taxpayer to an employee stock ownership plan described in section 301(d) of the Tax Reduction Act of 1975 or to a supplemental unemployment compensation benefit plan described in such section in meeting the requirements of subsection (b)(1)(E) of this section. If the taxpayer was not required to transfer any amounts to such a plan under subsection (b)(1)(E) because of the provisions of clause (iii) thereof, the preceding sentence does not apply.

"(ii) An election under paragraph (1)(E), and a revocation of such election under this subparagraph, shall be made in such manner and at such times as the Secretary or his delegate may by regulations prescribe. No election may be made under paragraph (1)(E) by any taxpayer described in subparagraph (F) or (G) of paragraph (1). No election may be made under paragraph (1)(E) with respect to any foreign expropriation loss to which paragraph (1)(D) applies.

"(iii) If an election made by the taxpayer under subsection (b)(1)(E) with respect to a net operating loss incurred in any taxable year is revoked by the taxpayer, he may not make another election under that subsection with respect to that year. If a taxpayer has revoked an election made under subsection (b)(1)(E) with respect to a net operating loss incurred in any taxable year, and such taxpayer makes an election under such subsection with respect to a net operating loss incurred in a later taxable year, no part of the net operating loss for the taxable year wtih respect to which the election was revoked may be carried over to any taxable year beginning after the taxable year in which the second or other subsequent election under subsection (b)(1)(E) is made.".

(c) Carryovers in Certain Corporate Acquisitions.—Section 381(c) (relating to items in the case of certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

"(25) Treatment of Net Operating Losses Where to Substitute Carrybacks for Carryovers Has Been Made.—The acquiring corporation shall be bound by an election made by the distributor or transferor corporation under section 172(b)(1)(E) unless different rules with respect to the years to which a net operating loss may be carried apply among the group consisting of the distributor or transferor corporations and the acquiring corporation, in which case the acquiring corporation shall use the carryback and carry-forward period prescribed by regulations of the Secretary or his delegate, and the rules of section 172(b)(3)(E)(i) shall apply to the extent required by such regulations."

(d) Conforming Amendments.—

(1) Clause (ii) of section 172(b)(1)(A) is amended by striking out "In the case" and inserting in lieu thereof "Except as provided in subparagraph (E), in the case".

(2) Paragraph (3) of section 172(b) is amended by inserting "(and so much of paragraph (1)(E) as relates to paragraph (1)(A)(ii))" after "(1)(A)(ii)" each place it appears.

(e) Technical Amendments.—

(1) Section 6654(f) is amended to read as follows:

"(f) Tax Computed After Application of Credits Against Tax.—For purposes of subsections (b) and (d) the term 'tax' means—

"(1) the sum of—

"(A) the tax imposed by this chapter 1 (other than by section 56), plus

"(B) the tax imposed by chapter 2, minus

"(2) the sum of—

"(A) the credits against tax allowed by part IV of subchapter A of chapter 1, other than the credit against tax provided by section 31 (relating to tax withheld on wages), plus

"(B) any increase in liability for tax determined under section 172(b)(3)(E) (relating to revocation of special carryback election)."

(2) Section 6655(e)(1)(B) is amended—

(A) by striking out "and" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserting in lieu thereof a comma and "and", and

(C) by adding at the end thereof the following new clause:

"(iv) any increase in liability tax determined under section 172(b)(3)(E) (relating to revocation of special carryback election)."

(f) Effective Date.—

(1) In general.—The amendments made by this section shall apply to net operating losses for taxable years ending after January 1, 1970.

(2) Transitional rules.—If an election is made under section 172(b)(1)(E) of the Internal Revenue Code of 1954 with respect to any net operating loss in a taxable year ending before the date of the enactment of this Act—

(A) in the case of a deficiency for any taxable year attributable to the application of such net operating loss, section 6501(h) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment.

(B) in the case of an overpayment for any taxable year attributable to the application of such net operating loss, sections 6511(d)(2) and 6611(f)(1) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment, and

(C) the period for submitting an application for a tentative carryback adjustment under section 6411(a) of such Code with respect to such net operating loss shall not expire before the day which is 90 days after such date of enactment.

(g) Plan Requirements for Taxpayers Electing Substitution of Loss Carryback Years for Loss Carryforward Years.—In order to meet the requirements of this subsection—

(1) A corporation (hereinafter referred to as the "employer") must establish an employee stock ownership plan (described in paragraph (2)) which is funded by transfers of employer securities in accordance with the provisions of paragraph (5) and which meets all other requirements of this subsection.

(2) The plan referred to in paragraph (1) must be an individual account plan established in writing which—

(A) is a stock bonus plan, a stock bonus and money purchase pension plan, or a profit-sharing plan,

(B) is designed to invest primarily in employer securities, and

(C) meets such other requirements (similar to requirements applicable to employee stock ownership plans as defined in section 4975(e)(7) of the Internal Revenue Code of 1954) as the Secretary of the Treasury or his delegate may prescribe.

(3) The plan must provide for the allocation of all employer securities transferred to it or purchased by it (because of the application of the provisions of section 46(a)(1)(E) of the Internal Revenue Code of 1954, or the requirements of section 172(b)(1)(E) of such Code) to the account of each participant at the close of each plan year in an amount which bears substantially the same proportion to the amount of all such securities allocated to all participants in the plan for that plan year as the amount of compensation paid to such participant (disregarding any compensation in excess of the first $100,000 per year) bears to the compensation paid to all such participants during that year (disregarding any compensation in excess of the first $100,000 with respect to any participant). Notwithstanding the first sentence of this paragraph, the allocation to participant's accounts may be extended for such additional period or periods as may be necessary to comply with the requirements of section 415 of the Internal Revenue Code of 1954.

(4) The plan must provide that each participant is entitled to direct the plan as to the manner in which any employer securities allocated to the account of the participant are to be voted.

(5) On making a claim for credit, adjustment, or refund under section 38 of the Internal Revenue Code of 1954, or under section 172 of such Code (if applicable), the employer states in such claim that it agrees, as a condition of receiving any such credit, adjustment, or refund, to transfer (not less rapidly than ratable over 10 years) employer

securities to the plan having an aggregate value at the time of the claim of, in the case of an employer making an election under section 172(b)(1)(E) of such Code, at least 25 percent of the total amount of the refund or credit of any overpayment of tax claimed by the employer in its first carryback adjustment application or claim for refund pursuant to such election. In the case of an employer who, on March 13, 1975, maintained a supplementary unemployment compensation benefit plan for its employees which meets the requirements of section 501(c)(17) of such Code, the requirements of such subparagraph shall be treated as satisfied if the employer transfers no more than half of the amount required under such subparagraph to such supplementary unemployment compensation benefit plan. For purposes of meeting the requirements of this paragraph, a transfer of cash shall be treated as a transfer of employer securities if the cash is, under the plan, used to purchase employer securities.

(6) Notwithstanding any other provision of law to the contrary, if the plan does not meet the requirements of section 401 of the Internal Revenue Code of 1954—

(A) stock transferred under paragraph (5) and distributed to participants, to the extent that it is considered income under the Internal Revenue Code of 1954, shall be taxed in accordance with the provisions of section 72 thereof (treating the participant as having a basis of zero in the contract) rather than under section 83 of such Code,

(B) no amount shall be allocated to any participant in excess of the amount which might be allocated if the plan met the requirements of section 401 of such Code, and

(C) the plan must meet the requirements of sections 410 and 415 of such Code.

(7) If the amount of the credit determined under section 46(a)(1)(D) of the Internal Revenue Code of 1954, or the amount of the adjustment or refund resulting from the carryback of the net operating loss under the election made under section 172(b)(1)(E) of such Code, is recaptured in accordance with the provisions of such Code, the amounts transferred to the plan under this subsection and allocated under the plan shall remain in the plan or in participant accounts, as the case may be, and continue to be allocated in accordance with the original plan agreement.

(8) For purposes of this subsection, the term—

(A) "employer securities" means common stock issued by the employer or its affiliate with voting power and dividend rights no less favorable than the voting power and dividend rights of other common stock issued by the employer or its affiliate, or securities issued by the employer or its affiliate convertible into such stock, and

(B) "value" means the average of closing prices of the employer's securities, as reported by a national exchange on which securities are listed, for the 20 consecutive trading days immediately preceding the date of transfer or allocation of such securities.

(9) The Secretary of the Treasury or his delegate shall prescribe such regulations and require such reports as may be necessary to carry out the provisions of this subsection.

(10) If, at any time within 120 months following the date on which the plan is established under this subsection the employer fails to meet any requirement imposed under this subsection or under any obligation undertaken to comply with the requirement of this subsection, he is liable to the United States for a civil penalty of an amount equal to the amount involved in such failure. The preceding sentence shall not apply if the taxpayer corrects such failure (as determined by the Secretary of the Treasury or his delegate) within 90 days after it occurs. The amount involved shall not exceed the amount of the credit or refund or adjustment, and shall not be less than one-half of 1 percent of the amount such person is required to transfer to the plan described in this section during such 10-year period. The amount of such penalty may be collected by the Secretary of the Treasury and the same earned which a deficiency in the payment of Federal income tax may be collected.

(15) Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary no deduction shall be allowed under sections 162, 212, or 401 of such code for amounts transferred to an employee stock ownership plan or a supplementary unemployment compensation benefit plan and taken into account under this subsection.

Mr. DOLE. Mr. President, the energy crisis and the deepening recession have placed some U.S. companies in desperate financial condition, requiring extensive layoffs because of severe cash shortages and inability to borrow. Particularly affected are some automobile, shoe, and electronics manufacturers, airlines and airline suppliers, and others. These companies have experienced unusually large losses after earlier periods of substantial fully taxed profits. The existing unduly short-loss carryback period—3 years—prevents such companies from recovering the tax overpayments that result from properly averaging losses and profits so that they pay only on true net profits.

An extended net operating loss carryback period is desperately needed to provide these companies with a quick infusion of cash to enable them to rehire workers and resume full operation. The companies most needing assistance will obtain it at once from such a change and will immediately put such funds into circulation to stimulate the economy.

REVITALIZING THE ECONOMY

Mr. President, the Ways and Means Committee panels of distinguished economists—January 27–30, 1975—unanimously agreed that loss carryback relief would be extremely effective to combat the recession. It will help companies most needing it by refunding taxes previously paid which they should recover. Carrybacks provide immediate cash, representing overpaid taxes, not tax forgiveness, since income cannot fairly be determined on a year-by-year basis but should be averaged. The effect, however, is much the same as the tax relief proposed for low income individuals—an immediate infusion of new purchasing in the economy with strong stimulative results. Workers will be rehired; new materials, components, and machines will be ordered. There is a striking parallel in the basic equity of providing tax relief to low income individuals and to companies which have suffered catastrophic losses from the energy crisis and the recession. Both need the help and both will respond to the relief by increased purchasing of goods and services, thereby helping to revitalize the economy.

The Internal Revenue Code already contains a long list of extended carryback and carryover periods for particular industries or circumstances, demonstrating the inadequacy of the existing general rules in many cases.

Any revenue loss from such a proposal is, for the most part, temporary only. If additional carryback years are allowed only as a substitute for existing carryforward years, the revenue loss will be recovered in future years to the extent the carryforwards would have been used under existing law. Most companies will use losses as carryforwards; others will be able to sell the benefits of the carryforwards to new interests. Additional carrybacks are preferable, however, particularly under current economic conditions, because they provide an immediate infusion of cash to the companies needing it most. They do so while at the same time reducing the tax shelter problem of trafficking in loss carryforwards.

Further, the proposal would have widespread application—to small business—which has long sought an increased loss carryback period—as well as large, to individuals engaged in business as well as corporations. Representatives of small business testified in favor of such a proposal before the Senate Finance Committee on March 10, 1975.

PROPOSED CHANGE

It is proposed that all taxpayers be allowed to elect to substitute their carryforward years under existing law as additional carryback years for losses occurring in the 1970–75 period. Thus any taxpayer—a corporation or an individual—could, with respect to losses in taxable years beginning on or after January 1, 1970, and ending on or before December 31, 1975, elect an 8-year carryback period and no carryforward period instead of 3 back and 5 forward under present law. A regulated transportation company entitled to 3 back and 7 forward under existing law could elect to carry such losses back 10 years—with no carryforwards. No increase in the total carryover period would occur.

The election would be allowed only if the taxpayer's loss for any such year exceeds 200 percent of average income for the preceding 4 years. This will restrict the election to unusually large losses—in general, to taxpayers which could not use the loss carrybacks within the normal 3-year carryback period.

The amendment I offer would allow this treatment for losses in the years 1970 through 1975, the period most directly affected by the earlier 1970–71 recession, the energy crisis, and the current deeper recession. Allowance of the treatment for these years will provide the desperately needed help for those particular industries previously mentioned which have suffered unusually large losses. It is necessary to allow the treatment for 1970 and later years to deal fairly with the adverse effects on particular U.S. industries which are now at their worst.

EMPLOYEE STOCK OWNERSHIP PROGRAM

The proposal would insure that employees of larger companies benefitting, as well as the companies themselves, would share to a substantial degree in the relief. In general, listed companies which take advantage of the new averaging provision would be required to contribute 25 percent of the tax refund obtained from the extended carryback over a period of 10 years in value of common stock of the corporation to an employee stock ownership plan, or, in some cases in part, to a supplemental unemployment benefits plan. The contributions of company stock would be limited so as not to dilute the existing equity of the company by more than 15 percent; this recognizes the problems of companies with very large losses and sharply depressed stock prices.

Employees will, of course, derive further benefit from the carryback proposal since the cash infusions will assist employers in maintaining or increasing existing employment levels.

REVENUE EFFECT

As previously indicated, in evaluating the revenue loss effect, it is essential to take into account the fact that the allowance of losses by way of extended carrybacks is offset by the revenue loss which would have resulted in the future from deduction of such losses as carryforwards. Present law is sufficiently flexible to allow a taxpayer with loss carryforwards either to use them itself or at the very least to sell much of the benefit of such losses, in which case they cause a revenue loss.

In other words, to the extent that more effective use of carrybacks is possible, carryforwards are eliminated. If such carryforwards would have been used in any event, whether as a result of transactions with new interests or otherwise, the revenue loss is limited to the effect of simply allowing the losses at an earlier time. In that event, the only real revenue effect is an interest factor.

The importance of the amendment to a company now is the immediate availability of the cash to help it through its current cash shortage which has been caused by the recession—1970–71 and 1971–75—and the energy crisis of 1973, up to the present time.

Mr. President, having said that and having made that formal statement, I think it may be obvious to some that this amendment is almost identical to the amendment adopted by the Committee on Finance; and at the time, it was called the Pan Am-Chrysler-Lockheed amendment. I wish to clarify, if at all possible, that this amendment is not strictly for big business. So far as this Senator knows, there is no Chrysler or Lockheed or Pam Am interest in the State of Kansas.

I wish to set the record straight and assure Senators that this amendment, which is virtually identical to that adopted by the committee, would apply to any taxpayer, including individuals, small businesses, as well as large corporations.

I have some information with respect to a number of small companies. I understand that there are 500 footwear companies in this country that belong to the American Footwear Industry Association, and about 200 of these corporations would be helped by this amendment.

I am informed that, based on the prospective application of this provision, if enacted, the John Swenson Granite Co., in Concord, N.H., for example, would receive an anticipated refund of some $800,000. American Girl Fashions, Inc., of Ware, Mass., a women's shoe producer, would receive an anticipated refund of about $3 million.

A textile company in a Southern State, if this amendment is adopted, would receive an anticipated refund of about $2.5 million.

Another shoe company in Massachusetts would receive an anticipated refund of about $25,000, and a granite fabricator in Brooklyn, N.Y., would receive an anticipated refund of about $35,000.

For what will these funds be used? They will be used for payroll and supplies, working capital, new equipment, and the like.

Mr. President, the Joint Committee on Internal Revenue and Taxation has estimated that of the $1 billion which would be refunded under this proposal, approximately $750,000 would go to about 200 to 300 individuals owning corporations of all sizes. I say that again to demonstrate and to underscore and to emphasize this is not a bailout amendment for Lockheed. It is not a bailout amendment for Pan American. It is an amendment that applies right across the board to all enterprises. It applies to the entire business sector.

It would apply, for example, to farmers, businessmen, housing contractors, and manufacturers who have been hard hit by cheap foreign imports, and to practically anyone who has suffered extraordinary losses during these inflationary times.

This amendment will not provide these taxpayers with any windfall. They will be getting back their own tax dollars which they have previously paid to the Government.

As I said earlier in my statement, most businessmen are now permitted an 8-year period in which to carry losses back and forward. Under present law, it is a 3-year back and a 5-year forward formula. This amendment simply permits the average taxpayer to elect a loss averaging period for 8 years back and zero forward. If they later wish to switch back to the general rule of carrybacks and carryforwards, they will have to pay back to the Treasury the tax benefit they derived under this amendment.

Finally, if there is any something-for-nothing element in this amendment, it is for the millions of individual employees of corporations who will be getting, at no cost to them, stock of the employer equal to 25 percent of the refund received by the corporations.

The agreement to turn over 25 percent of the refund in the form of stock is the result of the efforts of the distinguished chairman of the Committee on Finance, and it is given to the employees as a precondition to the application of this amendment. In other words, if the agreement is not made to turn over the stock, then there is no benefit from this amendment to that employer.

In short, and in conclusion, this amendment applies to all taxpayers, individuals, and corporations of any size. They will not be permitted to use any more years for averaging their losses than the law now provides. They will be required to repay any tax benefit if they later revoke the extended carryback election.

Finally, millions of employees will be getting a cost-free stake in their own companies.

Mr. President, earlier today, we had an amendment similar in scope but perhaps somewhat stricter in application, applying to just one corporation—applying to Chrysler Corp. It was the intention, or at least the thought, of the Senator from Kansas at that time to add this amendment as a substitute. After some thought and some consultation, it was agreed that perhaps it might be best to see what happens so far as Chrysler Corp. is concerned. When the tax rebate package left the Committee on Finance, it included the Chrysler Corp. amendment, which was adopted, and a motion to table failed by a vote of 53 to 43.

It also contained the provision that I have now discussed—not just Pan Am, not just Lockheed, but some 200 to 300 corporations and individuals. It seems to this Senator that in fairness and equity, if we said less than 2½ hours ago that we are willing to give Chrysler Corp., in this amendment that this Senator voted for, some benefit of averaging and carryback and carryforward, this amendment has even greater merit and greater appeal. Because under this amendment, there will be a requirement of the ESOP or stock ownership plan, of 25 percent, going back to the employees at no cost to the employees at all.

I believe that, despite what it may be called by the press and advertised as by some, it does have great merit and it will be of benefit. I certainly hope that it will be adopted—if not accepted by the chairman, adopted by the Senate.

Mr. President, I ask unanimous consent to have printed in the RECORD certain material relating to this amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PROFILES OF SELECTED SMALL COMPANIES WHICH WOULD BENEFIT FROM THE ENACTMENT OF SEC. 304 OF H.R. 2166

[The net operating loss carryback provision of the tax reduction bill]

Name	Location	Business	Number of employees	Anticipated refund	Anticipated use of funds
1. John Swenson Granite Co.	Concord, N.H.	Granite quarrier and fabricator	170 in 1970, 20 today	$800,000	Payroll and supplies.
2. American Girl Fashions, Inc.	Ware, Mass.	Women's shoe producer	2,000 in 1966, 200 today	3,000,000	Working capital.
3. Bernie Shoe Co.	Haverhill, Mass.	do	170 in 1966, 100 today	25,000	Payroll and supplies.
4. *Joseph Weiss & Sons, Inc.*	Brooklyn, N.Y.	Granite fabricator	20 today	35,000	New equipment.
5. *A textile company (name available upon request).*	*A Southern State*	Textile manufacturer	9,000 in 1968, 5,000 today	2,500,000	Equipment and supplies.

Note: These corporations are representative of the type of small company which would benefit from the enactment of sec. 304. A more detailed description of each is attached.

[Memorandums]

March 19, 1975.

Joseph Weiss & Sons, Inc., Brooklyn, N.Y.

Re: H.R. 2166, § 304.

PROFILE OF A COMPANY WHICH WOULD BENEFIT FROM AN EXTENSION OF THE NET OPERATING LOSS CARRYBACK PERIOD

Joseph Weiss & Sons, Inc. is a small owner operated New York granite and marble fabricator which was founded in 1952 in Brooklyn. The company made moderate profits for the first twenty years of its existence and paid substantial amounts in federal income taxes.

Since 1973, however, this company has incurred large losses which have depleted its working capital. Under existing law it is not able to carry these current losses back far enough to fully offset them against previous profits. If section 304 of H.R. 2166 is enacted, however, it will be permitted to carry its losses back an additional five years, thereby providing it with an immediate refund in the neighborhood of $35,000.

The funds received will be used by the company to replenish its working capital and to provide for new equipment.

March 19, 1975.

American Girl Fashions, Inc., (Formerly Consolidated National Shoe Corp.), Ware, Mass.

Re: H.R. 2166, § 304.

PROFILE OF A COMPANY WHICH WOULD BENEFIT FROM AN EXTENSION OF THE NET OPERATING LOSS CARRYBACK PERIOD

Among the companies which would benefit from an extension of the net operating loss carryback period would be American Girl Fashions, Inc., a large employer in Massachusetts, Maine and New Hampshire.

American Girl Fashions, Inc. was originally founded in Lynn, Massachusetts in 1917 as a women's shoe manufacturer. Over the years it expanded its operations until in 1968 it was a large publicly held company, with numerous factories and over 2,000 employees.

In 1969 it began to suffer losses, however, and has recently been forced to file a petition under Chapter 11 of the Bankruptcy Laws in order to permit it to reorganize its affairs. Most of its plants have been closed. Employment has declined from over 2,000 in 1968 to approximately 200 at the present time.

Under existing law, American Girl is not able to offset its recent substantial losses ($12 million in the past five years) with previous profits. If § 304 of H.R. 2166 is enacted permitting corporations to carry their losses back for an additional five year period, however, American Girl would receive an immediate refund in the neighborhood of four million dollars from taxes previously paid. These funds would be promptly put to use for the purchase of additional materials and payroll, and would materially assist in the recovery of this substantial New England employer and taxpayer.

March 19, 1975.

A Southern Textile Manufacturer

Re: H.R. 2166, § 304.

PROFILE OF A COMPANY WHICH WOULD BENEFIT FROM AN EXTENSION OF THE NET OPERATING LOSS CARRYBACK

Among the companies which would benefit from legislation extending the period for carrying back net operating losses is a southern textile manufacturer (name available upon request). This company made a profit in every year from 1911 to 1968, and in the period from 1941 to the present, it has paid 66 million dollars in income taxes.

In 1969, it began suffering losses, at first because of intense import competition, and later because of the recession. As a result, it has been forced to close a substantial portion of its plants. Since this company is one of the largest employers in its state, the resulting layoff of 45 percent of its labor force (approximately 4,000 employees) has had a significant effect upon the state's economy.

The recent losses have also had a disastrous effect on the company's stockholders. No dividends have been paid since 1968, and the market price of the company's stock has declined by 84 percent since 1966.

The company has suffered cumulative tax losses in the past four years of 20 million dollars, and under existing law it is unable to fully offset these losses against previous profits. If section 304 of H.R. 2166 is enacted permitting corporations to carry losses back for five additional years, the company will obtain an immediate refund of approximately 2.5 million dollars from taxes paid during earlier periods. These funds will be used to replenish badly depleted working capital so that more supplies can be purchased and more employees put back to work.

March 19, 1975.

Bernie Shoe Co., Haverhill, Mass.

Re: H.R. 2166, § 304.

PROFILE OF A COMPANY WHICH WOULD BENEFIT FROM AN EXTENSION OF THE NET OPERATING LOSS CARRYBACK PERIOD

The Bernie Shoe Company is a small owner operated Massachusetts shoe manufacturer which was founded in 1946 in Haverhill, Massachusetts. Over the years it grew and prospered, earning profits and paying federal income taxes. By 1966 it employed nearly 170 workers and its sales had risen to over $1.5 million.

Since 1970, however, it has incurred losses which, although not large by big company standards, are substantial for it. In recent years it has cut back its operation in part because of the lack of working capital. At the present time it has only about 100 employees, a decrease of 40 percent since 1966.

Under existing law Bernie Shoe Company is not able to carry its present losses back far enough to fully match them up with earlier profits, and accordingly, it has net operating losses which it is not able to use. However, if legislation is enacted permitting corporations to carry their losses back an additional five years, Bernie Shoe Company will offset its current losses against earlier profits, and will receive an immediate refund in the neighborhood of $25,000. The funds received by this small company will be promptly put to use for the purchase of additional materials and to meet payroll.

March 19, 1975.

John Swenson Granite Co., Concord, N.H.

PROFILE OF A COMPANY WHICH WOULD BENEFIT FROM AN EXTENSION OF THE NET OPERATING LOSS CARRYBACK:

Among the companies which would benefit from legislation extending the period for carrying back net operating losses is the John Swenson Granite Company. This company was founded in 1883 and has been an important source of economic activity in the Concord, New Hampshire area for nearly 90 years. The company quarries and processes granite into monuments, curbing and building stone.

The John Swenson Granite Company had a very profitable experience from its founding in 1883 until the late 1960's. Since that time it has suffered substantial losses and at present has a large cumulative net operating loss, which under existing legislation, it is not able to offset against profits made in earlier years. If section 304 of H.R. 2166 is enacted, however, permitting corporations to carry their losses back an additional five years, the John Swenson Granite Company will receive an immediate refund in the neighborhood of $800,000. These funds will replenish badly depleted working capital enabling the company to purchase additional supplies and reemploy some of its laid-off workers.

Mr. LONG. Mr. President, the Senator from Louisiana voted for the amendment in the committee and frankly, I honestly think that the amendment has more merit than some of the other provisions in the bill. For example, there is a provision in the House-passed bill, that doubles the amount of favorable tax treatment for small business so that the surtax exemption is raised from $25,000 to $50,000. While that is a desirable item, I really think that it would not do so much to help the ailing economy as would the Senator's amendment, which would prevent some of these major companies, which are having to lay off a great number of their people, from going out of business or from having to bring to an end for example, to the rebate scheme which is helping to move the automobiles out of inventory, and matters of that sort. I really think that with two items of about equal cost, it would be better to help those who are having a difficult time, even though they have paid a great deal of taxes to this country in years gone by, by a tax-averaging arrangement than it would be to provide a further tax cut to somebody who did not expect it and will be surprised to find that he got it, merely because we doubled the tax exemption, for example. Looking at priorities, I am inclined to feel there is great merit to the Senator's suggestion and I am inclined to vote for it. I do not believe we are under time control.

Mr. President, I ask for the yeas and nays on the Dole amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, the Senator from Kansas is willing to proceed without the yeas and nays.

Mr. LONG. I think that there should be a rollcall vote on it, Mr. President. That is why I asked for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. Symington) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Nevada (Mr. Laxalt), the Senator from Oregon (Mr. Packwood), and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 24, nays 70, as follows:

[Rollcall Vote No. 101 Leg.]

YEAS—24

Baker
Brock
Brooke
Chiles
Clark
Cranston
Dole
Fong
Garn
Gravel
Griffin
Hartke
Inouye
Long
McClure
Montoya
Nelson
Pearson
Scott, Hugh
Talmadge
Thurmond
Tower
Tunney
Young

NAYS—70

Abourezk
Allen
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Culver
Curtis
Domenici
Eagleton
Eastland
Fannin
Ford
Glenn
Goldwater
Hansen
Hart, Gary W.
Hart, Philip A.
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nunn
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, William L.
Sparkman
Stafford
Stennis
Stevenson
Stone
Weicker
Williams

NOT VOTING—5

Laxalt
Packwood
Stevens
Symington
Taft

So Mr. Dole's amendment was rejected.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROOKE. Mr. President, I ask unanimous consent that staff members Barbara Harris and Jeremiah Buckley be permitted to remain on the floor for the remainder of the consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STAFFORD. Mr. President, earlier I filed an amendment which I shall not call up at this time——

The PRESIDING OFFICER. May we have order.

Mr. STAFFORD. Mr. President, I will yield to the Senator from Kentucky, with the understanding that I shall not lose the floor, for a unanimous-consent request.

Mr. FORD. Mr. President, I ask unanimous consent that a member of my staff, Tom Preston, be allowed the privileges of the floor for the remainder of the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STAFFORD. Mr. President, as I said a moment ago, earlier I filed an amendment which I shall not call up at this time because of developments that have taken place since——

The PRESIDING OFFICER. Will the Senator suspend? The Senate is not in order. The Senator may proceed.

Mr. STAFFORD. I do not want to take any action now that may further delay our action on passage of tax reduction legislation that is so important to our Nation.

I do, however, want to make a few remarks on a provision in H.R. 2166 that I believe is detrimental to a balanced and efficient transportation system in this country.

The amendment I filed would have deleted section 401 of the bill, a provision that would repeal excise taxes on trucks and buses, along with their parts and accessories.

Late in the last Congress we passed a measure permitting heavier trucks to use the Interstate System. I opposed that action primarily because of increased safety hazards, but also because of higher costs required to maintain a safe and efficient highway system.

Estimates by the Federal Highway Administration of maintenance and construction cost increases resulting from the heavier weights amounted to over $150 million a year in current dollars.

Revenues from the taxes which section 401 would repeal amounted to $744,793,000 in 1974. Thus, if the excise tax is repealed, Congress will, within 3 months, have provided a subsidy to the trucking industry on the order of $850 million.

It seems to me particularly ironic at this time to rush through a change of this magnitude when the Senate recently devoted many hours of debate to the question of increasing assistance to bankrupt railroads by $347 million.

The railroads, especially in the Northeast and Midwest, are in dire straits. Many suggest that a major cause of this situation is the competitive edge given to truck transportation by virtue of the fact that Federal, State, and local governments provide and maintain truck rights-of-way, that is, the Nation's highways.

One measure of this advantage is given in the recent preliminary report by the U.S. Railway Association, which notes that class I and II regulated motor carriers spent only 5.9 percent of their revenues for "user charges"—both State and Federal—while class I railroads spent almost 21 percent of their revenues on maintenance of right-of-way facilities. To increase the competitive edge of trucks at this time seems particularly ill advised.

A related issue is the question of whether trucks pay their fair share of the cost of the Nation's highway system. Truckers have long contended, in testimony before the Public Works Committee and elsewhere, that the existing tax structure represents a balance between truck user benefits from, and contributions to, the Highway Trust Fund.

Some economic analyses, including one done by DOT, however, have concluded that heavy trucks do not pay their share of highway construction costs, even under present tax rates.

The Committee on Public Works, over the past several years, has heard repeated testimony from State and county highway officials, from automobile associations, and safety experts, that there is a pressing need to rebuild and upgrade existing highways.

Many billions of dollars are required—not to construct new roads but to render the present network safe and efficient. It is said that an investment in improving the highway system produces long-term economic benefits, and that the investment must be made now to insure that highway transportation does not suffer the same fate as the railroads.

Surely this is no time to reduce the investment required from those profiting most from an efficient highway system.

Finally, the Public Works Committee will be looking at the entire Federal-aid highway program this year and making recommendations to the Finance Committee with regard to the highway trust fund, which is scheduled to expire in October 1977.

Repeal of this source of revenue, which in 1974 contributed 12.3 percent of the income to the trust fund, could limit other options for modifying the trust fund, such as turning back to the States a portion of gasoline tax revenues.

To relieve the trucking industry of a substantial share of its obligation to contribute to the cost of reconstructing highways which its vehicles tear up while simultaneously giving trucks further economic advantage over rails, seems to this Senator too high a price to pay for a scheme which might only eventually result in higher employment.

Mr. President, I reserve the remainder of my time.

Mr. ROBERT C. BYRD. Mr. President——

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Does the Senator from Florida wish to offer an amendment?

Mr. LONG. Mr. President, I ask that the Senator from South Carolina be recognized for 1 minute.

Mr. ROBERT C. BYRD. Mr. President, I yield then to the Senator from South Carolina, and I have an amendment which I would like to call up.

I would ask unanimous consent that following the amendment of Mr. Hollings and the amendment of Mr. Chiles, that I be recognized to call up my amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I call up my plowback clarification amendment. I have checked with the leader and the minority leader on the other side, and I ask the clerk to state the amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

At the end of the Internal Revenue Act, section 613A., Limitations on percentage depletion in case of oil and gas wells, subsection "(e), Plowback Limitation," after "(3) Qualified investment carryover", add a new subsection "(4) Royalty Owners", and renumber all succeeding sections accordingly:

"(4) Royalty Owners.—

"(1) General rule shall not apply in the case of the deduction for depletion with respect to a producer's share of production from a royalty interest.

Mr. HOLLINGS. Mr. President, in drawing up our compromise amendment yesterday that we presented to the Senate, I thought in the Cranston plowback provisions they included section 4 of the Senator from Texas (Mr. Bentsen) relative to royalty owners.

At one time the distinguished Senator from Oklahoma (Mr. Bartlett) asked me if that was in that version and my answer was, "yes." I am only submitting an amendment now—and we can just by voice vote put it in—to put it just exactly where we said it was; namely, that the Bentsen plowback provision relative to exempting royalty owners would be in this bill.

The merit is, of course, that the royalty owner could lease his tract, he should not be required to go into that business, particularly with respect to independents.

I am trying to put the amendment exactly where I represented it to be at the time the Senate adopted it yesterday afternoon.

Mr. BARTLETT. Mr. President, I thank the distinguished Senator from South Carolina and this is agreeable.

Mr. HOLLINGS. I yield to the distinguished Senator from Louisiana.

Mr. JOHNSTON. Mr. President, just to be perfectly clear, on the Hollings amendment, the intent is to exempt the landowner royalties from the plowback provisions. Is that correct?

Mr. HOLLINGS. That is correct. When you look at the amendment on page 9 where they include the plowback provision, they put it into the Cranston amendment, but in clipping pages 9, 10, and 11 they made a mistake on the top paragraph, paragraph 4, which referred to the royalty owner. That is what we thought was included. It was a clipping error on their part. When we took that, we thought we were including the full Bentsen plowback. The intent is clear, that the royalty owner is only the owner of the property and he could not in good conscience be required to go into the oil business on a plowback provision. It does not relate whatever to his income. If he is the landowner, he is exempt from the plowback provision.

Mr. JOHNSTON. I thank the Senator.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. HOLLINGS. I ask for the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment. (Putting the question.)

The amendment was agreed to.

Mr. CURTIS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. I am informed there was a previous agreement to recognize the Senator from Florida.

Mr. CHILES. It is a unanimous-consent request, Mr. President.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

Mr. CHILES. I call up my amendment in the form of a substitute and request its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

Section 1. Short Title; Table of Contents.

(a) Short Title.—This Act may be cited as the "Tax Reduction Act of 1975".

(b) Table of Contents.—

Sec. 1. Short title.
Sec. 2. Amendment of 1954 Code.

TITLE I—REFUND OF 1974 INDIVIDUAL TAX

Sec. 101. Refunds of 1974 individual income taxes.
Sec. 102. Refunds disregarded in the administration of Federal programs and federally assisted programs.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Tax credit for personal exemptions.
Sec. 202. Credit for certain earned income.
Sec. 203. Withholding tax.
Sec. 204. Credit for purchase of principal residence.
Sec. 205. Effective dates.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

Sec. 301. Increase in investment credit.
Sec. 302. Allowance of investment credit where construction of property will take more than 2 years.
Sec. 303. Change in corporate tax rates and increase in surtax exemption.
Sec. 304. Effective dates.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND BUSINESSES

Sec. 401. Repeal of excise tax on motor vehicles.

Sec. 2. Amendment of 1954 Code.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

Sec. 101. Refund of 1974 Individual Income Taxes.

(a) In General.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"Sec. 6428. Refund of 1974 Individual Income Taxes.

"(a) General Rule.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 7.5 percent of the amount of his liability for tax for such taxable year.

"(b) Minimum Payment.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $75 ($37.50 in the case of a married individual filing a separate return).

"(c) Maximum Payment.—

"(1) In general.—The amount treated as paid by reason of this section shall not exceed $150 ($75 in the case of a married individual filing a separate return).

"(2) Limitation based on adjusted gross income.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) Liability for Tax.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) Date Payment Deemed Made.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) Joint Return.—For purposes of this section, in the case of a joint return under section 6013 both spouses shall be treated as one individual.

"(g) Marital Status.—The determination of marital status for purposes of this section shall be made under section 143.

"(h) Certain Persons Not Eligible.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) No Interest on Individual Income Tax Refunds for 1974 Refunded Within 60 Days After Return Is Filed.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be subtitled for "45 days" each place it appears in such section 6611(e).

(c) Clerlcal Amendment.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Section 6428. Refund of 1974 individual income taxes."

Sec. 102. Refunds Disregarded in the Administration of Federal Programs and Federally Assisted Programs.

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Tax Credit For Personal Exemptions.

(a) In General.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by renumbering section 42 as 45 and by inserting after section 41 the following new section:

"Sec. 42. Personal Exemptions.

"(a) General Rule.—There shall be allowed to the taxpayer as a credit against tax for the taxable year in lieu of the deduction provided for personal exemptions under section 151 (if such credit results in the imposition of a lower tax under this chapter), an amount equal to $185 multipled by the number of exemptions which would otherwise be allowed to such taxpayer under section 151. Such credit shall not exceed the tax imposed by this chapter (determined without regard to subsection (b)) for the taxable year.

"(b) Definition.—For purposes of this title, in the case of an individual, the term 'tax imposed by this chapter' means the tax imposed by this chapter reduced by the amount of the credit allowed under this section."

(b) Technical Amendments.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Personal exemptions.
"Sec. 43. Earned income.
"Sec. 44. Purchase of principal residence.
"Sec. 45. Overpayments of tax."

(2) Section 2(e) (relating to definitions and special rules) is amended to read as follows:

"(e) Cross References.—

"(1) For definition of taxable income, see section 63.

"(2) For definition of tax imposed by this chapter, see section 42(b).".

(3) Section 63 (relating to táxable income defined) is amended—

(A) by striking out "subsection (b)" in subsection (a) and inserting in lieu thereof "subsections (b) and (c)", and

(B) by inserting at the end thereof the following new subsection:

"(c) Individuals Allowed the Credit Under Section 42.—With respect to individuals who are allowed a credit under section 42 (relating to personal exemptions), except for the purposes of sections 1 and 3, the term 'taxable income' means the amount determined under this chapter without regard to section 42.".

(4) Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) Individuals Allowed a Credit Under Section 42.—With respect to any taxpayer who is allowed a credit under section 42 (relating to personal exemptions), any reference to personal exemptions allowed under this section shall be considered to be a reference to the exemptions which would be allowed under this section without regard to section 42.".

(5) Section 6201 (a) is amended by adding at the end thereof the following new paragraph:

"(5) Overstatement of tax liability.—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of liability for tax with respect to the credit allowable under section 42 (relating to personal exemptions) or the deduction allowable under section 151 (relating to deductions for personal exemptions), the amount of such liability shall be recomputed by the Secretary or his delegate in the same manner as a mathematical error appearing on the return.".

Sec. 202. Credit for Certain Earned Income.

(a) Allowance of Credit.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by inserting after section 42, as added by this Act, the following new section:

Sec. 43. Earned Income.

"(a) Allowance of Credit.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of so much of the earned income for the taxable year as does not exceed $4,000.

"(b) Limitation.—Notwithstanding the provisions of subsection (a), the amount of the credit allowable to a taxpayer under subsection (a) of any taxable year shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $4,000.

"(c) Definition.—For purposes of this section—

"(1) Eligible individual.—The term 'eligible individual' means an individual who—

"(A) maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of that individual and of a child of that individual with respect to whom he is entitled to claim a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents), and

"(B) does not exclude any amount from gross income under section 911 (relating to earned income from sources without the United States) or section 931 (relating to income from sources within the possessions of the United States).

"(2) Earned income.—

"(A) The term 'earned income' means—

"(i) wages, salaries, tips, and other employee compensation, plus

"(i) the amount of the taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402 (a)).

"(B) For purposes of subparagraph (A)—

"(i) except as provided in clause (ii), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year,

"(ii) the earned income of an individual shall be computed without regard to any community property laws,

"(iii) no amount received as a pension or annuity shall be taken into account, and

"(iv) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) Requirement of Joint Return.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for the taxable year under section 6013.

"(e) Taxable Year Must Be Full Taxable Year.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) Refund To Be Made Where Credit Exceeds Liability for Tax.—

(1) Section 6401(b) (relating to excessive credits) is amended—

(A) by inserting "43 (relating to earned income credit)." before "and 667(b)"; and

(B) by striking out "and 39" and inserting in lieu thereof a comma "39, and 49".

(2) Section 6201(a)(4) (relating to assessment authority) is amended by—

(A) inserting "or 43" after "section 39" in the caption of such section; and

(B) striking out "oil)," and inserting in lieu thereof "oil) or section 43 (relating to personal exemptions),".

(c) Amendment of Social Security Act.—Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 43 of the Internal Revenue Code of 1954)".

Sec. 203. Withholding Tax.

(a) Requirement of Withholding.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) Requirement of Withholding.—Every employer making payment of wages shall deduct and withhold upon such wages (except as otherwise provided in this section) a tax determined in accordance with tables prescribed by the Secretary or his delegate. The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld for the remainder of calendar year 1975 and for calendar year 1976 and thereafter shall reflect the amendments made by title II of the Tax Reduction Act of 1975 which are applicable to such years. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(b) Conforming Amendment.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

Sec. 205. Credit For Purchase of Principal Residence.

Subpart A of part IV of subchapter A chapter 1 (relating to credits allowed), as amended by this Act, is amended by inserting after service 43 the following new section:

"Sec. 44. Purchase of Principal Residence.

"(a) General Rule.—In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 5 percent of the purchase price of a principal residence purchased, constructed, or reconstructed by the taxpayer.

"(b) Limitations.—

"(1) Maximum credit.—The credit allowed under subsection (a) for all taxable years may not exceed $2,000.

"(2) Married individuals.—In the case of a husband and wife who file a joint return under section 6013, the amount specified under paragraph (1) applies to the joint return. In the case of a married individual filing a separate return, paragraph (1) shall be applied by substituting '$1,000' for '$2,000'.

"(3) Certain other taxpayers.—In the case of individuals to whom paragraph (2) does not apply who purchase a single principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals as prescribed by the Secretary or his delegate, but the sum of the amounts to such individuals shall not exceed $2,000 with respect to that residence.

"(4) Application with other credits.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under sections 33, 35, 37, 38, 40, and 41.

"(c) Definitions.—For purposes of this section.—

"(1) Principal residence.—The term 'principal residence' means a principal residence (within the meaning of section 1034), and includes, without being limited to, a single family structure, a residential unit in a condominium or cooperative housing project, and a mobile home.

"(2) Purchase price.—The term 'purchase price' means the adjusted basis of the property.

"(3) Purchase.—The term 'purchase' means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(B) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014(a) (relating to

"(d) Recapture for Certain Dispositions.—

"(1) In general.—Except as provided in paragraphs (2) and (3), if the taxpayer disposes of property with respect to the purchase of which a credit was allowed under subsection (a) at any time within 36 months after the date on which he acquired it as his principal residence, then the tax imposed under this chapter for the taxable year following the taxable year during which such disposition occurs is increased by an amount equal to the amount allowed as a credit for the purchase of such property.

"(2) Acquisition of new residence.—If, in connection with a disposition described in paragraph (1) and within the applicable period prescribed in section 1034, the taxpayer purchases a new residence, then the provisions of paragraph (1) do not apply and the tax imposed by this chapter .or the taxable year following the taxable year during which disposition occurs is increased by an amount which bears the same ratio to the amount allowed as a credit for the purchase of the old residence as (A) the adjusted sales price of the old residence (within the meaning of section 1034), reduced (but not below zero) by the taxpayer's cost of purchasing the new residence (within the meaning of such section) bears to (B) the adjusted sales price of the old residence.

"(2) Death of owner; casualty loss.—The provisions of paragraph (1) do not apply—

"(A) to a disposition is made on account of the death of any individual having a legal or equitable interest in the old residence occurring during the 36 month period to which reference is made under such paragraph, or

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily and involuntarily converted (within the meaning of section 1033(a)).

"(e) Property to Which Section Applies.

"(1) In general.—The provisions of this section apply to property acquired and occupied by the taxpayer as his principal residence after March 12, 1975, and before January 1, 1977—

"(A) the construction, reconstruction, or erection of which by the taxpayer commences before January 1, 1976, or

"(B) in the case of property not constructed, reconstructed, or erected by the taxpayer, acquired by the taxpayer under a binding contract entered into by the taxpayer before January 1, 1976.

"(2) New property limitation.—Notwithstanding the provisions of paragraph (1), this section does not apply to the acquisition of any property upon which construction is commenced before March 13, 1975, whether by the taxpayer or by any other person. In the case of reconstruction property to which this section applies, the preceding sentence shall apply only to the period beginning on the date on which reconstruction is begun.

"(3) Self-constructed property begun before March 13, 1975.—In the case of property the construction, reconstruction, or erection of which was begun by the taxpayer before March 13, 1975, only that portion of the basis of such property properly allocable to construction after March 12, 1975, shall be taken into account in determining the amount of the credit allowable under subsection (a).

"(3) Binding contract.—For purposes of this subsection, a contract for the purchase of a residence which is conditioned upon the purchaser's obtaining a loan for the purchase of the residence (including conditions as to the amount or interest rate of such loan) is not considered non-binding on account of that condition.".

Sec. 205. Effective Dates.

(a) Section 201.—The amendments made by section 201 apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(b) Section 202.—The amendments made by section 202 apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(c) Section 203.—The amendments made by section 203 apply to wages paid after April 30, 1975.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

"Sec. 301. Increase in Investment Credit.

(a) Increase of Investment Credit to 10 Percent.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) General rule.—

"(A) 10-percent credit.—The amount of the credit allowed by section 38 for the taxable year shall by equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) 7-percent credit.—Notwithstanding the provisions of subparagraph (A), in the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before January 22 1975, or

"(ii) which is acquired by the taxpayer before January 22, 1975,

the amount of the credit allowed by section 38 for the taxable year shall be equal to 7 percent of the qualified investment (as defined in subsection (c)).

"(C) Transitional rule.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before January 22, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975,

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before January 22, 1975, and subparagraph (A) or (D), whichever is applicable, shall apply to such property to the extend of that portion of the basis which is properly attributable to construction, reconstruction, or erection after January 21, 1975.

"(D) 12-percent credit.—In the case of a taxpayer who elects to have the provisions of this subparagraph apply, the amount of the credit allowed by section 38 for the taxable year is an amount equal to 12 percent of the qualified investment (as determined under subsections (c) and (d). In the case of a taxpayer whose qualified investment (as determined under subsections (c) and (d)) for the taxable year exceeds $10,000,000 (determined without regard to carryovers and carrybacks), an election may not be made to have the provisions of this subparagraph apply for the taxable year unless such taxpayer meets the requirements of section 301(d) of the Tax Reduction Act of 1975.

"(E) Application of 12-percent credit.—An election by the taxpayer to have the provisions of subparagraph (D) apply shall be made at such time, in such form, and in such manner as the Secretary or his delegate may prescribe. If elected, the provisions of subparagraph (D) apply only to—

"(i) property to which subsection 46(d) does not apply, the construction, reconstruction, or erection of which by the taxpayer is completed after January 21, 1975, but only to the extent of the basis thereof attributable to construction, reconstruction, or erection after January 21, 1975 and before January 1, 1977,

"(ii) property to which subsection 46(d) does not apply, acquired by the taxpayer after January 21, 1975 and before January 1, 1977, and placed in service by the taxpayer before January 1, 1977, and

"(iii) property to which subsection 46(d) applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d)) with respect to qualified progress expenditures made after January 21, 1975 and before January 1, 1977."

(b) Public Utility Property.—

(1) Determination of qualified investment.—Subparagraph (A) of section 46(c)(3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) To the extent that subsection (a)(1)(B) applies to property which is public utility property, the amount of the qualified investment shall be $\frac{4}{7}$ of the amount determined under paragraph (1)."

(2) Increase in 50-percent limitation.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) Alternative limitation in the case of certain utilities.—

"(A) In general.—If, for a taxable year ending after 1974 and before 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) Applicable percentage.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that portion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment.

If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) Tentative percentage.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year begins in:	The tentative percentage is:
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10

"(D) Public utility property defined.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c)(3)(B).".

(3) Limitation in case of certain regulated companies.—Section 46(f), as redesignated by section 302(a) of this Act (relating to limitation in case of certain regulated companies, is amended by adding at the end thereof the following new paragraph:

"(8) Prohibition of immediate flowthrough in certain cases.—

"(A) In general.—Except as provided under subparagraph (D), no additional credit shall be allowed with respect to public utility property (within the meaning of subsection (a)(6)(D)) unless paragraph (1) or (2) applies with respect to such property.

"(B) Additional credit.—For purposes of this paragraph, the term 'additional credit' means the credit allowable under section 38 with respect to public utility property (within the meaning of subsection (a)(6)(D)) determined without regard to this paragraph in excess of the credit which would have been allowable if the Tax Reduction Act of 1975 had not been enacted.

"(C) Ratable flowthrough.—Unless the taxpayer makes an election within 90 days after the date of enactment of the Tax Reduction Act of 1975 in the manner prescribed by the Secretary or his delegate (or has previously made such an election) to have the provisions of paragraph (2) apply with respect to public utility property (within the meaning of subsection (a)(6)(D)), the requirements of paragraph (1) shall apply with respect to the additional credit.

"(D) Special election for immediate flowthrough.—Subparagraph (A) shall not apply with respect to public utility property (within the meaning of subsection (a)(6)(D)) if, at its own option and without regard to any requirement imposed by an agency described in subsection (c)(3)(B), the taxpayer elects, within 90 days after the date of enactment of this paragraph, to have the provisions of paragraph (3) apply with respect to such property.

"(E) Limitation.—The requirements of this paragraph shall not be applied before the first final determination which is inconsistent with such requirements, determined in the same manner as under paragraph (4)."

(4) Effective dates.—The amendment made by subsection (b) (1) applies to property placed in service after January 21, 1975, in taxable years ending after January 21, 1975. The amendments made by paragraphs (2) and (3) apply to taxable years ending after December 31, 1974.

(c) Repeal of Dollar Limitation on Used Property.—Paragraph (2) of section 48(c) is amended by inserting after subparagraph (D) the following new subparagraph:

"(E) Expiration of limitation.—This paragraph shall not apply with respect to property acquired by the taxpayer after January 21, 1975.".

(d) Plan Requirements for Taxpayers Electing 12-Percent Credit or Substitution of Loss Carryback Years for Loss Carryforward Years.—In order to meet the requirements of this subsection—

(1) A corporation (hereinafter referred to as the "employer") must establish an employee stock ownership plan (described in paragraph (2)) which is funded by transfers of employer securities in accordance with the provisions of paragraph (5) and which meets all other requirements of this subsection.

(2) The plan referred to in paragraph (1) must be an individual account plan established in writing which—

(A) is a stock bonus plan, a stock bonus and money purchase pension plan, or a profit-sharing plan,

(B) is designed to invest primarily in employer securities, and

(C) meets such other requirements (simiiiar to requirements applicable to employee stock ownership plans as defined in section 4975(e) (7) of the Internal Revenue Code of 1954) as the Secretary of the Treasury or his delegate may prescribe.

(3) The plan must provide for the allocation of all employer securities transferred to it or purchased by it (because of the application of the provisions of section 46(a) (1) (E) of the Internal Revenue Code of 1954, or the requirements of section 172(b) (1) (E) of such Code) to the account of each participant at the close of each plan year in an amount which bears substantially the same proportion to the amount of all such securities allocated to all participants in the plan for that plan year as the amount of compensation paid to such participant (disregarding any compensation in excess of the first $100,000 per year) bears to the compensation paid to all such participants during that year (disregarding any compensation in excess of the first $100,000 with respect to any participant). Notwithstanding the first sentence of this paragraph, the allocation to participants' accounts may be extended for such additional period or periods as may be necessary to comply with the requirements of section 415 of the Internal Revenue Code of 1954.

(4) The plan must provide that each participant is entitled to direct the plan as to the manner in which any employer securities allocated to the account of the participant are to be voted.

(5) On making a claim for credit, adjustment, or refund under section 38 of the Internal Revenue Code of 1954, or under section 172 of such Code (if applicable), the employer states in such claim that it agrees, as a condition of receiving any such credit, adjustment, or refund, to transfer (not less rapidly than ratable over 10 years) employer securities to the plan having an aggregate value at the time of the claim of—

(A) at least one-twelfth of the amount of the credit determined under section 46(a) (1) (D) thereof for the taxable year (determined without regard to section 46(a) (2)), or

(B) in the case of an employer making an election under section 172(b) (1) (E) of such Code, at least 25 percent of the total amount of the refund or credit of any overpayment of tax claimed by the employer in its first carryback adjustment application or claim for refund pursuant to such election.

In the case of an employer to whom subparagraph (B) applies, and who, on March 13, 1975, maintained a supplementary unemployment compensation benefit plan for its employees which meets the requirements of section 501(c) (17) of such Code, the requirements of such subparagraph shall be treated as satisfied if the employer transfers no more than half of the amount required under such subparagraph to such supplementary unemployment compensation benefit plan. For purposes of meeting the requirements of this paragraph, a transfer of cash shall be treated as a transfer of employer securities if the cash is, under the plan, used to purchase employer securities.

(6) Notwithstanding any other provision of law to the contrary, if the plan does not meet the requirements of section 401 of the Internal Revenue Code of 1954—

(A) stock transferred under paragraph (5) and distributed to participants, to the extent that it is considered income under the Internal Revenue Code of 1954, shall be taxed in accordance with the provisions of section 72 thereof (treating the participant as having a basis of zero in the contract) rather than under section 83 of such Code,

(B) no amount shall be allocated to any participant in excess of the amount which might be allocated if the plan met the requirements of section 401 of such Code, and

(C) the plan must meet the requirements of sections 410 and 415 of such Code.

(7) If the amount of the credit determined under section 46(a) (1) (D) of the Internal Revenue Code of 1954, or the amount of the adjustment or refund resulting from the carryback of the net operating loss under the election made under section 172(b) (1) (E) of such Code, is recaptured in accordance with the provisions of such Code, the amounts transferred to the plan under this subsection and allocated under the plan shall remain in the plan or in participant accounts, as the case may be, and continue to be allocated in accordance with the original plan agreement.

(8) For purposes of this subsection, the term—

(A) "employer securities" means common stock issued by the employer or its affiliate with voting power and dividend rights no less favorable than the voting power and dividend rights of other common stock issued by the employer or its affiliate, or securities issued by the employer or its affiliate convertible into such stock, and

(B) "value" means the average of closing prices of the employer's securities, as reported by a national exchange on which securities are listed, for the 20 consecutive trading days immediately preceding the date of transfer or allocation of such securities.

(9) The Secretary of the Treasury or his delegate shall prescribe such regulations and require such reports as may be necessary to carry out the provisions of this subsection.

(10) If, at any time within 120 months following the date on which the plan is established under this subsection the employer fails to meet any requirement imposed under this subsection or under any obligation undertaken to comply with the requirement of this subsection, he is liable to the United States for a civil penalty of an amount equal to the amount involved in such failure. The preceding sentence shall not apply if the taxpayer corrects such failure (as determined by the Secretary of the Treasury or his delegate) within 90 days after it occurs. The amount involved shall not exceed the amount of the credit or refund or adjustment, and shall not be less than one-half of 1 percent of the amount such person is required to transfer to the plan described in this section during such 10-year period. The amount of such penalty may be collected by the Secretary of the Treasury and the same earned which a deficiency in the payment of Federal income tax may be collected.

(15) Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary no deduction shall be allowed under sections 162, 212, or 404 of such code for amounts transferred to an employee stock ownership plan or a supplementary unemployment compensation benefit plan and taken into account under this subsection.

SEC. 302. ALLOWANCE OF INVESTMENT CREDIT WHERE CONSTRUCTION OF PROPERTY WILL TAKE MORE THAN 2 YEARS.

(a) General Rule.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) Qualified Progress Expenditures.—

"(1) In general.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) Progress expenditure property defined.—

"(A) In general.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clauses (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) Normal construction period.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) Qualified progress expenditures defined.—For purposes of this subsection—

"(A) Self-constructed property.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) Non-self-constructed property.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) Special rules for applying paragraph (3).—For purposes of paragraph (3)—

"(A) Component parts, etc.—Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) Certain borrowings disregarded.—Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) Certain unused expenditures carried over.—In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) Determination of percentage of completion.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or achitectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) No qualified progress expenditures for certain prior periods.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later, before the first day of the first taxable year to which an election under this subsection applies).

"(F) No qualified progress expenditures for property for year it is placed in service, etc.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property,

or for any taxable year thereafter.

"(5) Other definitions.—For purposes of this subsection—

"(A) Self-constructed property. — The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

"(B) Non-self-constructed property.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) Construction, etc.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) Only construction of section 38 property to be taken into account.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) Election.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) Transitional rules.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	The applicable percentage is:
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100;

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount for each such preceding taxable year.

For purposes of this paragraph, the term 'full amount', when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) Conforming Amendments.—

(1) Amendment of section 46(c).—Section 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) Coordination with subsection (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leaseback described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d)), to the extent the amount so treated has not been required to be recaptured by reason of section 47(a)(3)."

(2) Disposition, etc.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) Property ceases to be progress expenditure property.—

"(A) In general.—If during any taxable year any property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) Certain excess credit recaptured.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46(c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) Certain sales and leasebacks.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48(d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property does not exceed the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) Coordination with paragraph (1).—If after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) Clerical Amendments.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(3)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48(d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

Sec. 303. Change in corporate tax rates and increase in surtax exemption.

(a) Tax Rates.—Section 11 (relating to tax imposed on corporations) is amended—

(1)(A) by striking out "and" at the end of subsection (b)(1),

(B) by striking out the period at the end of subsection (b)(2) and inserting in lieu thereof a comma and "to which paragraph (3) does not apply, and", and

(C) by adding at the end of subsection (b) the following new paragraph:

"(3) 18 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.",

(2)(A) by striking out "and" at the end of subsection (c)(2),

(B) by striking out the period at the end of subsection (c)(3) and inserting in lieu thereof a comma and "to which paragraph (4) does not apply, and", and

(C) by adding at the end of subsection (c) the following new paragraph:

"(4) 30 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.".

(b) Surtax Exemption.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(c) Technical and Conforming Amendments.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by

striking and "$25,000" and inserting in lieu thereof "$50,000".

SEC. 304. EFFECTIVE DATES.

(a) SECTION 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(b) SECTION 303.—

(1) IN GENERAL.—The amendments made by section 303 apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply for taxable years ending after December 31, 1975.

(2) CHANGES TREATED AS CHANGES IN TAX RATE.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) INCREASE IN SURTAX EXEMPTION.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303(b) of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) shall be treated as a change in a rate of tax."

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND CORPORATIONS

SEC. 401. REPEAL OF EXCISE TAX ON MOTOR VEHICLES.

(a) IN GENERAL.—Part I of subchapter A of chapter 32 (relating to manufacturer's excise tax on motor vehicles) is repealed.

(b) FLOOR STOCKS REFUNDS.—

(1) IN GENERAL.—Where, before the day after the date of enactment of this Act, any tax repealed article (as defined in subsection (e)) has been sold by the manufacturer, producer, or importer and on such day is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article, if—

(A) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of enactment of this Act based upon a request submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of enactment of this Act by the dealer who held the article in respect of which the credit or refund is claimed; and

(B) on or before the first day of such tenth calendar month reimbursement has been made to the dealer by the manufacturer, producer, or importer in an amount equal to the tax paid on the article or written consent has been obtained from the dealer to allowance of the credit or refund.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, which were applicable with respect to the taxes imposed by part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect to the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayment of the tax.

(c) REFUNDS WITH RESPECT TO CERTAIN CONSUMER PURCHASES.—

(1) IN GENERAL.—Except as otherwise provided in paragraph (2), where, with respect to an article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code (as in effect on the day before the enactment of this Act), a tax repealed article (as defined in subsection (e)) has been sold to an ultimate purchaser after March 13, 1975, and on or before such date of enactment, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer of such article an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) with respect to an article unless—

(A) he has in his possession such evidence of the sale of the article to an ultimate purchaser, and of the reimbursement of the tax to such purchaser, as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection;

(B) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of the enactment of this Act based upon information submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of the enactment of this Act by the person who sold the article (in respect of which the credit or refund is claimed) to the ultimate purchaser; and

(C) on or before the first day of such tenth calendar month reimbursement has been made to the ultimate purchaser in an amount equal to the tax paid on the article.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, were applicable with respect to taxes imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraph (1) or (2) of this subsection, apply in respect of credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(d) CERTAIN USES BY MANUFACTURER, ETC.—Any tax by reason of section 4218(a) of the Internal Revenue Code 1954 (relating to use by manufacturer or importer considered sale) is deemed an overpayment of such tax with respect to any article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code as in effect on the day before the date of the enactment of this Act if the tax was imposed on such article by reason of such section 4218(a) after March 13, 1975.

(e) DEFINITION. For purposes of this section—

(1) The term "dealer" includes a wholesaler, jobber, distributor, or retailer.

(2) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made) and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(3) The term "tax-repealed article" means an article on which a tax was imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954 as in effect on the day before the date of the enactment of this Act and is not imposed under such subchapter as in effect on the day after the date of enactment of this Act.

(f) EFFECTIVE DATE.—

(1) The amendment made by subsection (a) applies with respect to articles sold after the date of enactment of this Act.

(2) For purposes of paragraph (1), an article shall not be considered sold before the day after the date of enactment of this Act unless possession or the right to possession passes to the purchaser before such day.

(3) In the case of—

(A) a lease,

(B) a contract for the sale of an article where it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,

(C) a conditional sale, or

(D) a chattel mortgage arrangement wherein it is provided that the sale price shall be paid in installments,

entered into before March 14, 1975, payments after such date with respect to the article leased or sold shall, for purposes of this subsection, be considered as payments made with respect to an article sold after such date, if the lessor or vendor establishes that the amount of payments payable after such date with respect to such article has been reduced by an amount equal to that portion of the tax applicable with respect to the lease or sale of such article which is due and payable after such date. If the lessor or vendor does not establish that the payments have been so reduced, they shall be treated as payments made in respect of an article sold before such date.

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to provide a tax credit in lieu of the personal exemption deduction, to provide a credit for certain earned income, to increase the investment credit and the corporate surtax exemption, and for other purposes."

Mr. LONG. Reserving the right to object, is that on an amendment which has been reported upon?

Mr. **CHILES**. It was.

The **PRESIDING OFFICER**. Without objection, the Senator may proceed.

Mr. **CHILES**. Mr. President, I have some sheets that would show the effect of this amendment. Basically, what it would do is to scale down the amendment as reported out by the Finance Committee after recommittal, and would provide that where the income tax refund was going to be $8.1 billion, it would be scaled down $2.1 billion by reducing the maximum tax rebate to $150 and the minimum to $75.

Then on the $200 exemption, it would scale that down from $200 to $185 reducing the revenue loss by $2.1 billion.

Then it would eliminate the 1 percent rate decrease on the first $4,000. On the credit for home purchases it would leave that the same way that it came out with the Mansfield substitute. In total, this bill would reduce the revenue loss by $10 billion compared to the bill we are working on now.

It would provide that there would be a total revenue loss for the bill of $19.4 billion as opposed to the Mansfield substitute which was $31.2 billion.

Over $2 billion have been added on the floor so it would be up to over $33 billion, less the moneys that were picked up in the depletion allowance and the foreign tax credit, which is some $3.5 billion there.

I think when we were adopting the recommittal motion we had some direction that we were going to clean the bill up. Many of us felt, even when we were adopting that, that the bill was much too high, especially when we found that the Mansfield recommittal motion had actually added dollars to what the Finance Committee had come out with originally.

Now we see the amendments that have

been adopted on the floor have run this up a couple more billion dollars. I think what we are talking about now is whether we are going to come out of here with a balloon.

The House is at some $21 billion. If we come out at over $30 billion and we are trying to tell the American people that we are attempting to restore their confidence with a tax cut, I am not sure whether we are really restoring their confidence when they look around and find out that we are now talking about a deficit of over $80 billion. We do not know where that is going to end up.

The whole trigger of a tax cut is to try to restore confidence. If you have that tax cut and the people are scared to death that you are being irresponsible and that you are running a deficit of over $80 billion, they are just going to take this money and put it in their sock. They are going to put it anywhere they can except spend it and put it in the economy because they will know a worse day is coming around the corner tomorrow.

Mr. President, with the announcement of a tax cut and the publicity which would go with such an announcement, I believe that it is necessary that guides be established that so much of it has to be spent to be received if we are going to obtain any benefit from such a tax cut. There is the investment tax credit and yet you are giving something to the lower income groups, too. You give to the lower income groups because it is hoped that they will spend it.

I think, by following this procedure, and keeping the tax cut down to under $20 billion, you would have all of the benefits that you could possibly have by a tax cut.

Maybe we will have some shred of trying to have confidence with the American people when we start talking about this deficit.

I am confident right now that the whole economy would react faster than anything else if we were talking about reducing our expenditures $10 billion and giving that back to the people in the form of a tax cut. It would show that we have some kind of a handle and some kind of control.

But we have now gotten into a situation in which we are told that the more we spend and the more we rebate the better things are going to be. If that is true, why are we talking about a $30 billion tax cut? Why not have a $100 billion tax cut? Why are we talking about an $80 billion deficit? Why not have a $100 billion deficit and get back to the roses and honey? I think most of us realize that unless we do something about the confidence of the American people we are still going to be in trouble.

Right now if everybody who has not bought a car was to decide that now is the time to buy one, and if everybody who has held off doing anything at their house would decide now is the time to do it, that would do more to restore confidence than all of the deficits and all of the tax dribblings that we can do.

Now we have this bill on the floor and it has become sort of a Christmas tree. We started writing some tax reform and we started putting a little bit of everything into it.

I think we have gotton completely off the track where we started with it being a tax cut, a simple tax cut bill.

What this bill I propose would try to do would be to bring it back to that, bring it back to some kind of sanity of a tax cut bill, and get it passed so that we could get a bill passed and get on with the business of what we are trying to do.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

Mr. HOLLINGS. Mr. President, I am very sympathetic with the position of the Senator from Florida in his amendment. However, since we have been able for the first time in the history of Congress to do as we did on yesterday; namely, enact almost a $4 billion tax saving for the people—I want to make certain that that tax saving for the people is not eliminated, that the Hollings amendment is not quite cleaned by the amendment of the Senator from Florida. In that event, I think I can support it. But I would have to almost rely on the House to clean it up and vote for any kind of tax bill so I can hold the tax depletion provision and be cleaned up by the House rather than falling into entrapment on the floor of the Senate.

Is the oil depletion amendment affected by the amendment of the Senator from Florida?

Mr. CHILES. I do not think it is. We tried to take the bill as it was yesterday afternoon, with the amendments that had been adopted yesterday afternoon, and work on the substitute from there. We should check that.

Mr. HOLLINGS. This would apply to sections 1, 2, and 3. We added the new section with the depletion amendment. This would not at all affect section 4?

Mr. CHILES. This would not, but I want to make that clear and make sure, because if it would, I would modify it right now. It is not my purpose or intent to change that at all. I was trying to work from where we were yesterday.

Mr. HOLLINGS. Will the Senator make the request that if a modification is necessary, it be modified so as not to modify that section?

Mr. CHILES. I make the unanimous-consent request that, if it is necessary to be modified, it not be modified to affect section 4.

The **PRESIDING OFFICER** (Mr. PEARSON). Is there objection? The Chair hears none, and it is so ordered.

The modification is as follows:

Insert in the appropriate place:

TAXATION OF FOREIGN AND DOMESTIC OIL AND GAS INCOME AND RELATED INCOME

PART I—TAX TREATMENT OF FOREIGN OIL RELATED INCOME, TAXATION OF EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS, CERTAIN DISC INCOME, AND TREATMENT FOR PURPOSES OF THE INVESTMENT CREDIT OF CERTAIN PROPERTY USED IN INTERNATIONAL OR TERRITORIAL WATERS

SEC. 101. ELIMINATION OF FOREIGN TAX CREDIT FOR TAXES PAID IN CONNECTION WITH FOREIGN OIL RELATED INCOME; SPECIAL RATE OF TAX FOR SUCH INCOME

(a) ELIMINATION OF TAX CREDIT—Section 901(a) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) TERMINATION OF CREDIT FOR FOREIGN TAXES ON OIL-RELATED INCOME.—

"(A) In the case of a corporation, no credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil-related income from sources within such country or possession.

"(B) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells.

(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(v) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902.

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of parnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil related income.

"(D) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account in computing foreign oil related income for such year.

"(E) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil related income *described in* subparagraph (B)(i).".

(b) TAXATION OF FOREIGN OIL RELATED INCOME.—

(1) Section 11(e) of such Code (relating to exceptions from tax imposed on corporations) is amended to read as follows:

"(c) EXCEPTIONS.—

"(1) FOREIGN OIL RELATED INCOME.—Subsection (a) does not apply to foreign oil related income (as defined by section 901(e)(3)(B)).

(2) CERTAIN CORPORATIONS.—Subsection (a) does not apply to a corporation subject to a tax imposed by—

"(A) section 594 (relating to mutual savings banks conducting life insurance business), "(B) subchapter L (section 801 and following, relating to insurance companies), or

"(C) subchapter M (section 851 and following, relating to regulated investment companies and real estate investment trusts).".

(2) Part II of subchapter A of chapter 1 of such Code (relating to tax on corporations) is amended by redesignating section 12 as 13 and by inserting after section 11 the following new section:

"SEC. 12. FOREIGN OIL RELATED INCOME.

"(a) IN GENERAL.—There is imposed for each taxable year a tax of 24 percent on the taxable income of every corporation which is foreign oil related income (as defined in section 904(e)(3)(B)).

"(b) EXCEPTION.—Subsection (a) does not apply to any corporation described in section 11(e)(2).

"(c) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section, including, but not limited to, regulations providing that deductions, credits, and other computations properly allocable to computing foreign oil related income are properly allocated in computing such income.".

(3) The table of sections for such part is amended by striking out the item relating to section 12 and inserting in lieu thereof the following:

"Sec. 12. Foreign oil related income.
"Sec. 13. Cross references relating to tax on corporations.".

(c) The amendments made in this section apply to taxable years beginning after the date of enactment of this Act.

SEC. 102. TAXATION OF EARNINGS AND PROFITS OF CONTROLLED FOREIGN CORPORATIONS.

(a) Part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to income from sources without the United States) is amended by inserting after subpart II thereof the following new subpart:

"Subpart I—Controlled foreign corporations
"Sec. 985. Amounts included in gross income of United States shareholders.
"Sec. 986. Definitions.
"Sec. 987. Rules for determining stock ownership.
"Sec. 988. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 989. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 990. Records and accounts of United States shareholders.

"SEC. 985. AMOUNTS INCLUDED IN GROSS INCOME OF UNITED STATES SHAREHOLDERS.

"(a) AMOUNTS INCLUDED.—

"(1) IN GENERAL.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation who owns (within the meaning of section 987(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, its pro rata share of the corporation's earnings and profits for such year.

"(2) PRO RATA SHARE OF EARNINGS AND PROFITS.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 987(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the amount determined under subparagraph (A), as (ii) the part of such year described in subparagraph (A) (ii) during which such shareholder did not own (within the meaning of section 987(a)) such stock bears to the entire year.

"(b) EARNING AND PROFIT.—For purposes of this subpart, under regulations prescribed by the Secretary or his delegate, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m)(3), shall be determined according to rules substantially similar to those applicable to domestic corporations.

"(2) shall be appropriately adjusted for deficits in earnings and profits of such corporation for any prior taxable year beginning after the date of the enactment of the Trade Reform Act of 1974.

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(c) COORDINATION WITH ELECTION OF A FOREIGN INVESTMENT COMPANY TO DISTRIBUTE INCOME—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) COORDINATION WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(b) (relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"SEC. 986. DEFINITIONS.

"(a) UNITED STATES SHAREHOLDER DEFINED.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d)) who owns (within the meaning of section 987(a)), or is considered as owning by applying the rules of ownership of section 987(b), 1 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) CONTROLLED FOREIGN CORPORATION DEFINED.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 987(a)), or is considered as owned by applying the rules of ownership of section 987(b), by United States shareholders on any day during the taxable year of such foreign corporation.

"SEC. 987. RULES FOR DETERMINING STOCK OWNERSHIP.

"(a) DIRECT AND INDIRECT OWNERSHIP.—

"(1) GENERAL RULE.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) STOCK OWNERSHIP THROUGH FOREIGN ENTITIES.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation or foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for puropses of applying such sentence, be treated as actually owned by such person.

"(b) CONSTRUCTIVE OWNERSHIP.—For purposes of section 986, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any United States person as a United States shareholder within the meaning of section 986(a), or to treat a foreign corporation as a controlled foreign corporation under section 986(b), except that—

"(1) in applying paragraph (1)(A) of section 318(a), the stock owned by an unresident alien individual (other than a foreign trust or a foreign estate) shall not be considered as owned by a citizen or by a resident alien individual.

"(2) in applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote.

"(3) in applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C), and

subparagraphs (A), (B), and (C) of section 318(a)(3) shall not be applied so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

"SEC. 988. EXCLUSION FROM GROSS INCOME OF PREVIOUSLY TAXED EARNINGS AND PROFITS.

"(a) EXCLUSION FROM GROSS INCOME.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 987(a), to—

"(1) such shareholder (or any other United States person who acquires from any person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary or his delegate may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary, be again included in the gross income of such United States shareholder (or of such United States person or of such trust).

"(b) EXCLUSION FROM GROSS INCOME OF CERTAIN FOREIGN SUBSIDIARIES.—For purposes of section 985(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when distributed through a chain of ownership described under section 987(a), be also included in the gross income of another controlled foreign corporation in such chain for purposes of the application of section 985(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest, as the Secretary or his delegate may prescribe by regulations).

"(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 985(a), and

"(2) then to other earnings and profits.

"(d) Distributions Excluded From Gross Income Not To Be Treated as Dividends.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"Sec. 989. Adjustments to Basis of Stock in Controlled Foreign Corporations and of Other Property.

"(a) Increase in Basis.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 987(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in its gross income under section 985(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) Reduction in Basis.—

"(1) In general.—Under regulations prescribed by the Secretary or his delegate, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 988(a) shall be reduced by the amount so excluded.

"(2) Amount in excess of basis.—To the extent that an amount excluded from gross income under section 988(a) exceeds the adjusted basis of the stock of other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"Sec. 990. Records and Accounts of United States Shareholders.

"(a) Records and Accounts To Be Maintained.—The Secretary or his delegate may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) Two or More Persons Required To Maintain or Furnish the Same Records and Accounts With Respect to the Same Foreign Corporation.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary or his delegate may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons.".

(b) Technical and Conforming Amendments.—

(1) Section 864(c)(4)(D) of such Code is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote.".

(2) Section 951 of such Code is amended by adding at the end thereof the following:

"(e) Taxable Years Ending After Enactment of the Trade Reform Act of 1974.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1)(A)(ii), or paragraph (1)(B) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning after the date of the enactment of the Trade Reform Act of 1974.".

(3) Section 1016(a)(20) of such Code is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 990".

(4) Section 1246(a)(2)(B) of such Code is amended by inserting "or 985" after "section 951" and by inserting "or 988" after "section 959.".

(5) Section 1248(d)(1) of such Code is amended to read as follows:

"(1) Amounts included in gross income under section 951 or 985.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 985, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 988.".

(c) The table of subparts of part III of subchapter N of chapter I of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Subpart I. Controlled foreign corporations.".

(d) Effective Date.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after the date of the enactment of this Act, and to taxable years of United States shareholders within which or with which such taxable years of such foreign corporation end.

Sec. 103. Denial of Disc Benefits With Respect to Energy Resources and Other Products

(a) Amendment of Section 993(c)(2).—Section 993(c)(2) (relating to property excluded from export property) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ", or", and by adding at the end thereof the following:

"(C) products of a character with respect to which a deduction for depletion is allowable (including oil, gas, coal, or uranium products) under section 611.

"(D) agricultural and horticultural commodities and products (including but not limited to livestock, poultry, fish, and fur-bearing animals), or

"(E) products the export of which is prohibited or curtailed under section 4(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2403(b)) to effectuate the policy set forth in paragraph (2)(A) of section 3 of such Act (relating to the protection of the domestic economy).

Subparagraphs (C) and (D) shall not apply to any commodity or product at least 50 percent of the fair market value of which is attributable to manufacturing or processing, except that subparagraph (C) shall apply to any primary product from oil, gas, coal, or uranium. For purposes of the preceding sentence, the term 'processing' does not include extracting or harvesting, handling, packing, packaging, grading, storing, or transporting.".

(b) Effective Date.—The amendments made by subsection (a) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

Sec. 104. Treatment for Purposes of the Investment Credit of Certain Property Used in International or Territorial Waters.

(a) Amendments to 1954 Code.—

(1) In general.—Clause (x) of section 48(a)(2)(B) (relating to property used outside the United States) is amended by striking out "territorial waters" and inserting in lieu thereof "territorial waters within the northern portion of the Western Hemisphere".

(2) Definition.—Subparagraph (B) of section 48(a)(2) is amended by adding at the end thereof the following new sentence: "For purposes of clause (x), the term 'northern portion of the Western Hemisphere' means the area lying west of the 30th meridian west of Greenwich, east of the international dateline, and north of the Equator, but not including any foreign country which is a country of South America."

(b) Effective Date.—

(1) In general.—The amendments made by subsection (a) shall apply to property, the construction, reconstruction, or erection of which was completed after March 18, 1975, or the acquisition of which by the taxpayer occurred after such date.

(2) Binding contract.—The amendments made by subsection (a) shall not apply to property constructed, reconstructed, erected, or acquired pursuant to a contract which was, on April 1, 1974, and at all times thereafter, binding on the taxpayer.

(3) Certain lease-back transactions, etc.—Where a person who is a party to a binding contract described in paragraph (2) transfers rights in such contract (or in the property to which such contract relates) to another person but a party to such contract retains a right to use the property under a lease with such other person, then to the extent of the transferred rights such other person shall for purposes of paragraph (2), succeed to the position of the transferor with respect to such binding contract and such property. The preceding sentence shall apply, in any case in which the lessor does not make an election under section 48(d) of the Internal Revenue Code of 1954, only if a party to such contract retains a right to use the property under a long-term lease.

Part II—Percentage Depletion in Case of Oil and Gas Wells

Sec. 411. Limitations on Percentage Depletion for Oil and Gas.

(a) In General.—Part I of subchapter I of chapter 1 (relating to natural resources) is amended by inserting after section 613 the following new section:

"Sec. 613A. Limitations on Percentage Depletion in Case of Oil and Gas Wells

"(a) General Rule.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without regard to section 613.

"(b) Exemption for Certain Domestic Gas Wells.—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas.

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposits in the United States or in a possession of the United States coming within the meaning of the term 'geothermal steam and associated resources' as found in the Geothermal Steam Act of 1970, 84 Stat. 1566.

"(2) Definitions.—For purposes of this subsection—

"(A) Natural gas sold under a fixed contract.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this chapter by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) Regulated natural gas.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) Small Producer Exemption.—

"(1) In General.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the taxpayer's average daily production of domestic crude oil as does not exceed 2,000 barrels, plus, in case such production is less than 2,000 barrels, and

"(B) so much of the taxpayer's average daily production of domestic natural gas as does not exceed 12,000,000 cubic feet reduced by that fraction of 12,000,000 which the average daily production of domestic crude oil is of 2,000 barrels.

If the taxpayer elects to have subparagraph (A) apply to any amount below 2,000 barrels, the amount of barrels specified by him, and such amount shall constitute the numerator of the fraction in applying subparagraph (B).

"(2) Average daily production.—For purposes of paragraph (1)—

"(A) the taxpayer's average daily production of domestic crude oil or natural gas shall be determined by dividing his aggregate production of domestic crude oil or natural gas, as the case may be, during the taxable year by the number of days in such taxable year, and

"(B) in the case of a taxpayer holding a partial interest in the production from any property (including an interest held in a partnership) such taxpayer's production shall be considered to be that amount of such production determined by multiplying the total production of such property by the taxpayer's percentage participation in the revenues from such property.

In applying this subsection, there shall not be taken into account the production of natural gas with respect to which subsection (b) applies.

"(3) Exemption to be determined on a proportionate basis.—

"(A) Domestic crude oil.—If the producer's average daily production of domestic crude oil exceeds 2,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as 2,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) Domestic natural gas.—If the producer's average daily production of domestic natural gas exceed 12,000,000 cubic feet, the production to which paragraph (1) applies shall be determined by taking from the production of each property a number of cubic feet of natural gas which bears the same proportion to the total production of the taxpayer for such year from such property as 12,000,000 cubic feet bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) Reduction of exemptions.—If the exemptions of 2,000 barrels and 12,000,000 cubic feet are reduced upon the application of paragraph (5), the amount of the reduced exemption in barrels shall be substituted for the figure of 2,000 barrels in applying paragraphs (1) and (3), and the amount of the reduced exemption in cubic feet shall be substituted for the figure of 12,000,000 cubic feet in applying such paragraphs.

"(5) Business under common control; members of the same family.—

"(A) Component members of controlled group treated as one taxpayer.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) Aggregation of business entities under common control.—If 50 percent or more of the beneficial interest in two or more corporations trusts, or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the exemptions provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such entities.

"(C) Allocation among members of the same family.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such individuals.

"(D) Definition and special rules.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563 (b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(6) Transfer of oil or gas property.—

"(A) In the case of a transfer after December 31, 1974, of any proven oil or gas property, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such property, and such production shall not be taken into account for any computation under this subsection. A property shall be treated as a proven oil or gas property if at the time of the transfer the principal value of the property has been demonstrated by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of—

"(i) a transfer of property at death, or

"(ii) the transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated under paragraph (5) between the transferor and transferee.

"(d) Limitations of Application of Subsection (c).—

"(1) Limitation based on taxable income.—The deduction for the taxable year attributable to the application of subsection (c) shall not exceed 50 percent of the taxpayer's taxable income computed without regard to—

"(A) subsection (c),

"(B) any net operating loss carryback to the taxable year under section 172, and

"(C) any capital loss carryback to the taxable year under section 1212(a)(1).

If an amount is disqualified as a deduction for the taxable year by reason of the application of the preceding sentence, the disallowed amount shall be treated as an amount allowable as a deduction upon the application of subsection (c) for the following taxable year, subject to the application of the preceding sentence to such taxable year.

"(2) Retailers excluded.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(3) Related person.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(4) Certain refiners excluded.—If the taxpayer or a related person engages in the refining of crude oil, subsection (c) shall not apply to such taxpayer if on any day during the taxable year more than 50,000 barrels of oil were refined by the taxpayer or such person.

"(e) Plowback Limitation.—

"(1) General rule.—The deduction allowed producers for depletion under this section shall not exceed for any taxable year an amount equal to the sum of the producer's qualified investment and qualified investment carryover for the taxable year.

"(2) Qualified investment.—For purposes of paragraph (1), any person's qualified investment for any taxable year is the amount paid or incurred by such person during such taxable year (with respect to areas within the United States or a possession of the United States) for—

"(A) intangible drilling and development costs;

"(B) the following items if paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States:

"(i) aerial photography;

"(ii) geological mapping;

"(iii) airborne magnetometer surveys;

"(iv) gravity meter surveys;

"(v) seismograph surveys; or

"(vi) similar geological and geophysical methods;

"(C) the construction, reconstruction,

erection, or acquisition of the following items, but only if the original use of such items begins with such person:

"(i) depreciable assets used for the exploration for or the development of production of oil or gas (including development or production from oil shale); converting oil shale, coal, or liquid hydrocarbons into oil or gas; or refining oil or gas (but not beyond the primary product stage);

"(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines.

"(D) secondary or tertiary recovery of oil or gas, including remedial work necessary to maintain or restore primary production, or

"(E) the acquisition of oil and gas leases but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpayer under subparagraphs (A), (B), (C), and (D) for such period.

"(3) QUALIFIED INVESTMENT CARRYOVER.—For purposes of paragraph (1), a producer's qualified investment carryover shall be the amount, if any, by which the amount of the producer's qualified investment for the preceding taxable year exceeds so much of the deduction allowed for depletion as is computed under section 613 by reason of subsection (c) (determined without regard to this subsection) for such preceding taxable year.".

(4) Paragraph (1) General Rule shall not apply in the case of deduction for depletion with respect to a producer's share of production from royalty interest.

"(5) DEFINITIONS.—For purposes of this section—

"(1) CRUDE OIL.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(3) DOMESTIC.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) BARREL.—The term 'barrel' means 42 United States gallons.".

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 613(b) (1) (relating to 22-percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas wells, to the extent allowable under section 613A;".

(2) The last sentence of paragraph (7) of section 613(b) (relating to 14-percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1975.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

Mr. DOLE. As I understand it, along the same line of questioning by the Senator from South Carolina, it would be in the form as finally adopted late yesterday, so that it would still be a depletion allowance for the small independents—2,000 barrels?

Mr. CHILES. That is right. I did not try to affect any of that. We just modified it to put in section 4 the way it was.

Mr. DOLE. Just the way it was, no changes?

Mr. CHILES. No changes.

Mr. DOLE. No other interpretation?

Mr. CHILES. No change whatsoever.

Mr. NUNN. Mr. President, will the Senator yield?

Mr. CHILES. I yield.

Mr. NUNN. Mr. President, I congratulate the Senator from Florida for sponsoring this amendment, and I am proud to be one of the original sponsors.

I started this week, which the Senate has devoted to debate on economic remedies, fully aware of the severe problems the people of our Nation are now experiencing with inflation, recession, and energy. I know that a tax-cut measure would be a stimulus to our economy, which we all know we need. However, the momentum here on the floor of the Senate is building toward providing a stimulus which will provide short-term relief followed by long-term problems. For this reason, I strongly support the move of the Senator from Florida to try to get the total package down to the amount in the measure passed by the House of Representatives.

Although I have been a Member of the U.S. Senate for only 2 years, I find myself becoming more and more skeptical of the so-called economic experts. The "economic experts" have testified that we need an economic stimulus in the amount of about $30 billion.

However, in reviewing the record, I note that these same experts recommended a reduction in taxes in 1971 and 1972 as a stimulus to the tune of about $21 billion to pull the country out of the so-called recession. At that time, the politicians applauded, Congress acted, and we had their "bold stimulus." Now we have reaped the bitter harvest of these seeds—unemployment is substantial and inflation has doubled. Of course there are other causes—energy, agriculture, and a continuing pattern of deficit financing. Yet the underlying factor beneath most all of our problems is the lack of consumer confidence which has spread rapidly throughout our Nation, affecting each citizen's own sense of security.

I agree with the Senator from Florida when he says that restoration of the confidence of the American people is the important focus now. We must recognize that the confidence of the American people has deteriorated because of inflation. We did not start off this recession because of a slack in our economy. It started because the economy was overheated and inflated which in turn caused the loss of confidence and the subsequent loss of consumer purchases.

Yet we now see the same experts offering the same advice applauded by the same politicians. The Senate's recipe will feed the American worker dessert for about 3 months in the form of the tax rebate. The main course to follow—increased inflation and interest rates—will place the American worker right back into the circle I mentioned above.

Mr. President, I fear the American working man and woman is being deceived. A tax rebate will provide an initial benefit of about $200 to the average family. This will help in the short term—4 to 6 months. The overheated Federal spending and deficit financing, accompanied by massive borrowing, will push inflation and interest rates way up. The workers' initial benefit will be erased and his income and purchasing power plunged even lower by the hidden tax of inflation.

I know that the Keynesian philosophy is widely accepted by Members of Congress. I know that many experts, whether they agree with the Keynesian philosophy or not, will agree that you cannot make it work when you apply only 50 percent of it. What we in Congress are good at doing is applying the pleasant 50 percent of Keynesian philosophy. That part is to cut taxes and to raise spending. History shows clearly, however, when the time comes for the other unpleasant 50 percent to be applied, there are very few people around who can be found to voice that view. That part of the so-called economic philosophy is to cool off our economy, either by lowering expenditures or by increasing taxes.

If some of my colleagues in the Senate had been at the Budget Committee meeting yesterday afternoon and had seen the charts and heard the presentation there, I believe there would be a dampening of enthusiasm for the tax package we have before us in the amount of about $32 billion.

A couple of months ago, the President of the United States proposed that we have a total deficit of about $52 billion. This proposal included a tax cut in the amount of $16 billion. Since that time, due to both Executive and congressional action—including anticipated action by Congress that has not yet occurred—that deficit is now projected by the Budget Committee to be closer to $80 billion. That means that even without this tax cut, what the President and all his advisers described as a horrible deficit in the amount of $50 billion would still be with us if we did not pass one penny of tax reduction. The $80 billion figure is now considered an optimistic deficit—not just a realistic deficit, but an optimistic deficit.

Of course, the Budget Committee is a new concept. The Budget Committee has just been formed, and I do not think it could have been formed at a more difficult period in our economic history. Yet, the members are going to be judged—and the new budgetary process is going to be judged—by the action Congress takes this year.

The discouraging part about yesterday's presentation, strange as it may seem, was not the projected *deficit* figure of $80 billion, but the more likely deficit that we are leading to, based on the reports of the various authorizing committees.When you consider the presentations to the Budget Committee by the authorizing committees as to what they anticipate, add it all up *and include* the tax package that came out of the Committee on Finance, the potential deficit that we may incur in fiscal year 1976 is not $80 billion, but $122 billion.

One event that is ocurring in America that so few people understand is that because of the accumulated deficits and expenditure patterns of the Federal Government—not just for 1 year—the private capital market is dying. Last year, the Federal Government borrowed 62 percent of all available funds. Based on the trends that are taking place right now, that figure will go up dramatically.

Mr. President, I believe that very few good things come out of a recession. Very few good things will come out of the economic period with which we are now plagued. Unemployment is high. People are suffering. Our elderly people and people on fixed incomes are having an extremely difficult time. I believe we must take steps and we are taking steps to alleviate that pain. We must do that even as we know we are going to have to increase expenditures.

I am not one of those who believe that we can have a balanced budget, an absolutely balanced budget, every year; nor am I one of those who believe that we can balance this year's budget with the revenues going down at a very rapid rate. I do believe, however, that if we are going to restore any degree of confidence by the American people—regardless of what the theoretical economists may tell us—we are not going to restore confidence with a $90 billion to $100 billion deficit. That will never happen. What we must do with the Federal budget is to show a surplus in years when the economy is booming. Instead, we have had increasing budget deficits even in good years. Our goal in this Congress must be to have an overall balanced budget over a period of years.

Mr. President, I believe that we mark a responsible course in congressional spending, even though it may not be the best formula politically—even though we may lose votes by our action.

Since World War II, we have had many deficits, but we have never had a period in which accumulated deficits came anywhere near what the fiscal year 1975 deficit is going to be and what the 1976 projection will reach.

I fear that we are dealing in a self-defeating circular reaction. In our sincere efforts to deal with our economic problems, we are going to preclude any kind of future recovery. Just when the economy starts to recover, and I believe it will begin to recover by reason of this stimulus—just as that starts to happen—businesses will be borrowing more money, consumers will be spending more money and borrowing more money for automobiles and homes; however, at the same time, the Government is going to be dominating the capital borrowing market.

We are not taking this tax cut out of revenue. We are taking it out of borrowed funds. At this point in our Treasury, every dollar spent is a dollar borrowed. The Government will have to compete with every consumer, every businessman, and every private company in the fall of 1975 and in calendar year 1976 in order to borrow enough money to pay for this.

One of the most discouraging items that I heard yesterday afternoon from our economist on the Committee on the Budget is that, contrary to what some people have said, we are not going to reap the benefit of this depleted revenue as a reward for cutting taxes. In other words, the idea is to stimulate the economy, increase the revenue, and thereby reduce future deficits. The maximum that we can expect to recover by reason of this revenue loss during fiscal year 1976, according to testimony yesterday, is 25 percent of the total. So the chronic merry-go-round we are on is going to get worse and worse.

For example, at a 56-percent rate of inflation a family making $12,000 per year is losing $60 per month in spendable income. The tax legislation we are considering, coupled with other anticipated spending, will push the rate of inflation back to 12 percent, or even more. That inflation would cause the family to lose $120 per month in spendable income. So it is easy to see that a $200 to $300 tax rebate would be wiped out by inflation within several months.

What, then, can we do? I believe we can pass the amendment the Senator from Florida and I offered and do our utmost, in addition to cutting down this tax package and at the same time giving needed relief to both consumers and businessmen, to devise some kind of trigger mechanism to react to overheated Federal spending. If my fears are correct, as recovery starts and we get into an overheated situation with interest rates going right back up, we need to dampen Federal expenditures. I hope our Committee on the Budget will work toward that end. I strongly believe we need a mechanism that as the economy recovers, will begin to dampen the ill effects of the Federal deficits.

I congratulate the Senator from Florida for proposing this amendment. As unpopular as it may be to administer painful medicine, I think it is needed. My own hope in terms of support or opposition to this total tax package certainly will have to be determined based on the outcome of this particular amendment or the Bumpers amendment that would also reduce the total amount of the bill. I am under no illusion that we are likely to secure majority passage. Neither am I under any illusion that Congress can pass a bill that is going to increase our Federal deficit by this much without corresponding damage and hope, at the same time, to restore the confidence of the American people.

In every recession we have had in this country, the seeds have been sown for a higher rate of inflation. We went into this recession with about 12 percent inflation. I shudder to think what we may come out with in 1976 and 1977.

Mr. CHILES. I thank the distinguished Senator from Georgia for his remarks. I think he has added eloquently to the thrust of the amendment, which is what I feel and what I think the distinguished Senator from Georgia feels is the purpose of this bill when we started off talking about a tax cut. That was to try to give some stimulus to the economy. If we look at some of the items that we have added in the bill we were working on prior to this substitute, we are not talking about stimulus to the economy in some of those items we put in. It became something that was a little bit of tax reform, a little bit of something for everyone. And I hated to vote against some of those amendments.

Under other circumstances, on a tax reform bill——

Mr. NUNN. Mr. President, I ask for order. The Senator from Florida is trying to speak and because of the noise, it is difficult to hear, as close as I am.

The PRESIDING OFFICER. The Senate will be in order.

Mr. NELSON. Mr. President, the Senate is not in order. There are Senators not in their seats.

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. CHILES. Under other circumstances, I would have liked to vote for a number of those amendments, but I tried to come in here to vote for those things which I thought would stimulate the economy. I thought that really was what we were talking about in this tax package. I think we now have gotten so far out of sight of this. As the Senator pointed out, listening to those figures that are coming up in the Committee on the Budget, we see, almost no matter what kind of course we take, unless we are willing to cut some spending, that we are talking about at least $80 billion as a deficit.

We know that there are other stimulant bills coming along. We see that the House has passed a bill, an additional bill on public service jobs. I think the price tag on that was about $6 billion. We are seeing additional moves to add to the unemployment compensation. We know that is going to be coming along.

Mr. NUNN. I might ask the Senator if, when some economist hollers "stimulate," that is not the equivalent—as far as Congress is concerned—of throwing Br'er Rabbit into the briar patch? Everybody up here knows how to stimulate the economy and everybody has a particular way of doing it. Is that not just about what we now see coming forth?

Mr. CHILES. That is absolutely correct. I thought what we were talking about in an economic game plan was that we were really going to get together the President with Congress and we were going to decide on a package that we could agree on—a total package that would be the tax cuts and the stimulants—and that that would be a manageable package that we could try to handle. Now, the way I see it going, the President goes in one direction, and certainly his tax cut was lower than Congress'. But we were talking, at one time, about a $52 billion deficit. Has the Senator heard anyone talking about a $52 billion deficit lately?

Mr. NUNN. That has disappeared from the face of the earth. We are not even in that universe.

Mr. CHILES. Most people conservatively estimate, and the Secretary of the Treasury, who, we know, is a fiscal conservative, now says it is $80 billion that he is talking about. That is the deficit that is facing us, so we know $52 billion went out the window. Fifty-five billion dollars went out the window. We are now talking about $80 billion and we know that is not going to be the figure in the direction in which we are going, because we are talking about trying to establish medical care now to the unemployed. The price tag on that is $2 billion to $3 billion. But that is good. Boy, we are all going to want to vote for that, as we want to vote for the additional unemployment compensation.

Somewhere along the line, and I think the distinguished Senator from Georgia recognizes this, it is kind of a cruel hoax to people to say, "We are going to give you $100, or, we are going to give you $200 this year, but we are really not doing anything about helping you save your job, or helping you so that that job will be there next year, or that we will crank this economy back up."

Where do we reach the point where we will quit and are able to say, no, to some group because of the overall good and because of what we know to be the responsibility for the overall good?

I have heard some people say—and I do not know how many they are. Maybe I am wrong in the numbers. I know I have heard some people say, "I am going to vote against this tax bill; it has gotten too big. But I know it is going to pass."

I have had that kind of feeling, that maybe I would just vote against the tax bill and let it pass. But somehow, I feel that we ought to try to have some kind of crack at seeing if we can get back to what would be a reasonable tax cut, and try to see whether there is a reasonable place that we can vote for that.

I know one man's idea of what is responsible is not another's, especially one Senator's. But it seems to me that, rather than just sit back the way I was going and say, "OK, we will let these amendments be adopted, I will put my statement in the record and just vote against the bill," that we should at some stage try to come back to where I think we started off in trying to set up a reasonable tax cut—and that is just a little part of the job. The other job is what we do about that deficit that has been growing every day and what we do about that package of stimulants. Because we know, as the Senator knows, the economists tell us now there are two ways of stimulating. One is the tax cut and the other way, what they call the stimulant, is the deficit spending for public service and release of funds, however it is done. What we are doing is both, as fast as we possibly can, without anyone having a sort of meter on what is going out.

The whole concept of the Budget Act and the Committee on the Budget, I thought, was that we were going to have a game plan to start with and we were going to know what the spending figure was. Even while we have been sitting in that Committee on the Budget, trying to come back with a spending figure for the floor to tell them what we thought we are going to spend—it is just like sitting in a gas station and watching those numbers go around on that pump, except that it is not pennies, it is billions.

The way it has been running up, I do not know how we will ever get a chance long enough to get a figure on the floor, unless we say the figure this morning was $85 billion, so we think the afternoon figure would probably be about $90 billion.

Mr. NUNN. I would like to ask the Senator from Florida if he will yield for a question. Does it not appear that the formula for political activity and maybe political success, though I question the latter, is what the Senate is implementing right now: decrease taxes, increase expenditures, and dominate the money market by causing the Federal Government to borrow something like 68 to 78 percent of all capital funds in this calendar year. Then Congress can shift the blame to the Federal Reserve System for all the resulting woes of our economy.

I do not blame the Federal Reserve System for everything the Government has done, and I believe high interest rates are one of the most injurious mechanisms we can have. Nevertheless, I believe we in Congress must begin to stand up and assume our share of responsibility for the woes the Nation is now undergoing. The Federal Reserve System, in the fall of 1975, is going to have a couple of bitter choices: They are either going to have to dramatically increase the money supply——

Mr. CHILES. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NUNN. The Federal Reserve System is going to have a couple of bitter choices come the fall of 1975, as the Senator from Georgia sees it. They are either going to have to dramatically increase the money supply, thereby diluting the value of every American dollar; or they are going to have to tighten up on the money supply and restrict the economy, which is what they have done since 1973. This will cause interest rates to go right back up, causing the person who is looking for an automobile or a home to go back and say, "I don't think I can afford it even if I have got another $200 from a tax cut," because that interest rate—the difference between 6.5 percent and 9 percent on a 25-year or 30-year mortgage—overwhelms the amount of the tax break that we are going to give the American people.

I ask the Senator from Florida if in his experience—at least in mine this is true—the average income working people in his State are not crying for relief from three things: burdensome taxes, high-interest rates, and excessive Government expenditures.

Mr. CHILES. Absolutely, plus the fact that their money will not buy anything because of the inflation rate.

I think the Senator from Georgia has put his finger right on it. There was a time when I thought all we had to do was hurry to Dr. Arthur Burns, shake him a little bit if we wanted to lower the rates from where they are today, and see that he manufactured money fast enough that no matter what our deficit, he supplied enough money into the money market not to cause the interest rates to tend to go up.

That sounded to me like the best solution we could possibly find, and for the life of me I could not understand why we would have any problem with Dr. Burns in doing that.

But finally it dawned on me, after listening to some of our experts, I got it through my head that yes, we are keeping interest rates down if we do that, but watch the spiral of inflation go up, because we went through that once with our last President, the President who just resigned. He wanted to heat up the economy a little bit just before the election, and he shook Arthur Burns a little bit at that time. He loosened up on the money supply, and things took off. But in addition to business taking off and the economy taking off, the inflation took off, and that is where we went from where we had been, where we thought we were so ahead of all the rest of the world, to where we spurted up into the present demand inflation. Yes, that changed after a while, when the energy and food shortages hit it, to a different kind of inflation, but that was the trigger that set it off.

The Senator from Florida understands that you just cannot manufacture that money and add it to the money supply as you keep the deficit spending going without watering everybody's dollar. We see right now our dollar is in more trouble on the world market. We have devalued it twice, and it probably should be devalued again, and there is no easy out.

We keep looking for easy answers. Now we have taken people through the wringer, where we have the kind of unemployment we now have in this country. Now we are talking about coming under control at 8 percent. We used to call that uncontrolled inflation, but now we are so happy we do not know what to do if it is no greater than that. Now that is dampening down, the interest rates are coming down, and the economy is at a place where the only thing that is holding back our economy right now is the confidence of the American people.

Mr. NUNN. I agree with the Senator.

Mr. CHILES. And if that confidence changed this afternoon, at 4 o'clock this afternoon we would be on the way to recovery. The confidence of the people—how do we trigger that? I do not think we trigger it by passing a 30-some-billion-dollar tax bill, and following that with the kind of deficit we know is now probably going to be over $80 billion, and all of these other stimuli. We may crank it up again. We may crank up the economy again, but you and I know we would also have to be cranking up inflation, and inflation is what put us here to start with.

Do we have to go back down the same row every time? You would think when we have plowed that row once, we would know where the curves are, and how to straighten out the furrow a little bit; I think that is what we are attempting to do with this amendment.

Mr. NUNN. Does the Senator from Florida agree with the analysis I made a while ago about past history—and that we do not have to look very far to see that we are doing right now exactly what was done in 1971 and 1972—that the same people who advised then are still here right now, still the experts, still advising, and we are repeating the past history we have had?

Mr. CHILES. Yes. As we know, some of these same people were there in the fall of last year, even before it turned, saying, "Inflation is the problem; deal with the inflation. Do not worry about the recession and unemployment." And then suddenly they said, "Well the recession went a lot faster than we thought it was going to go; forget what we said." Now they are saying, "Just deal with the unemployment and recession; there is so much slack in the economy you do not have to worry about inflation."

But someday we have to pay the money back. The interest on the national debt, we know how that affects our economy now. It just has to be paid back, and that is the lesson we seem to go over and over without learning.

I yield to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, for clarification, the Senator from Florida got unanimous consent to modify his amendment to include the action taken on oil depletion and related subjects on yesterday or today, and I think, in doing so, he sent to the desk a copy of the amendment taken from the Congressional Record, pages 7770 to 7773 or so, with the modifications, obviously, that I referred to, that wherever it said 1,000 barrels, it has been changed to 2,000 barrels, and wherever there appeared 6 million cubic feet, it is 12 million cubic feet, and that that one section as to the royalty owners, that the plowback does not apply to them, that section 4 that was not included, but later adopted, now, by the Senate.

That section 4 will appear at the bottom of that middle paragraph of the section on page 7773. That is the modified amendment that the Senator sent to the desk?

Mr. CHILES. I think the Senator is correct in everything but the last provision, and I would be delighted to modify it to include that plowback, which I think was agreed to by everyone here.

Mr. LONG. Mr. President, I must object to Senators by unanimous consent putting together substitutes for the whole bill. We have a host of amendments at the desk, and all those could be turned by Senators into complete substitutes for the entire bill, putting in pages and taking out pages, and that kind of thing could go on forever; so I must object to modifying the amendment.

The PRESIDING OFFICER. Objection is heard.

Mr. CHILES. Mr. President, the yeas and nays have not been ordered on the amendment, have they?

The PRESIDING OFFICER. No, the yeas and nays have not been ordered.

Mr. CHILES. I think I am entitled to modify the amendment until such time as the yeas and nays have been ordered.

The PRESIDING OFFICER. The Chair is advised that cloture has been invoked, and, objection having been heard, the Senator cannot modify his amendment.

Mr. HOLLINGS. The Senator has already had unanimous consent. I think that the Chair would rule it would modify the amendment. I was just clarifying what he had sent to the desk.

Mr. CHILES. I had sent to the desk what we had unanimous consent on, and we will stand on what we had by unanimous consent.

Mr. HOLLINGS. That is right.

Mr. DOLE. Mr. President, will the Senator yield? Maybe the Senator from South Carolina can make a statement on it. It may make a difference in how many of us vote on the amendment.

As the Senator from Kansas understands it, we have the Hollings amendment as amended by the Bartlett amendment.

Mr. HOLLINGS. That is correct. I want the Senator from Oklahoma to look at it.

Mr. LONG. Mr. President, what we now have pending is a Chiles amendment in the nature of a substitute for the entire bill.

Mr. PERCY assumed the chair.

Mr. LONG. Now, I would like to ask the Chair if this is correct: If this is agreed to, does that cut off all other amendments?

The PRESIDING OFFICER (Mr. Percy). The Senator is correct.

Mr. LONG. So no other Senator can offer his amendment.

The PRESIDING OFFICER. That is correct.

Mr. LONG. In addition to that, does it delete all of the amendments that the Senate has agreed to? That is, all the amendments we have agreed to today since we started voting today?

The PRESIDING OFFICER. If the substitute is adopted, no other amendments agreed to by the Senate previously would be a part of the bill.

Mr. LONG. All right.

If this substitute is agreed to, it strikes down all the other amendments that have been agreed to by the Senate, including the Dole amendment, and it means that Senators then would be precluded from offering their amendments which are at the desk; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. LONG. Well, Mr. President, I hardly think the Senators want to proceed in that fashion. I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table Mr. Chiles' amendment.

Mr. CHILES. I ask for the yeas and the nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. Symington) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. Packwood) and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 54, nays 41, as follows:

[Rollcall Vote No. 102 Leg.]

YEAS—54

Abourezk
Bayh
Bentsen
Brooke
Bumpers
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Eastland
Fong
Ford
Glenn
Gravel
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hathaway
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Long
Magnuson
Mathias
McGee
McIntyre
Mondale
Montoya
Moss
Muskie
Nelson
Pastore
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stevenson
Talmadge
Thurmond
Tunney
Weicker
Williams

NAYS—41

Allen
Baker
Bartlett
Beall
Bellmon
Biden
Brock
Buckley
Burdick
Byrd,
Harry F., Jr.
Chiles
Curtis
Dole
Domenici
Eagleton
Fannin
Garn
Goldwater
Hansen
Hatfield
Helms
Hollings
Hruska
Johnston
Laxalt
Mansfield
McClellan
McClure
McGovern
Metcalf
Morgan
Nunn
Pearson
Pell
Roth
Scott,
William L.
Stafford
Stennis
Stone
Tower
Young

NOT VOTING—4

Packwood
Stevens
Symington
Taft

So the motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Under the previous order, the Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that instead of my calling up my amendment at this time, that I be allowed to follow Mr. Bumpers. I ask if we can call his amendment up now.

Mr. CURTIS. Mr. President, reserving the right to object——

Mr. ROBERT C. BYRD. My amendment has no relation to his, but we are counting ballots on the New Hampshire election, and I would like to return there if I could at this point.

If it would be agreeable to everyone, Mr. Bumpers could go ahead of me.

Mr. CURTIS. Does he have an amendment?

Mr. ROBERT C. BYRD. He has an amendment, yes.

Mr. CURTIS. Very well.

Mr. BROOKE. I did not understand the request.

Mr. ROBERT C. BYRD. Under the previous unanimous-consent order, I am recognized now to call up an amendment which I have at the desk, and there will be yea and nay vote on it. But Senator Bumpers also has an amendment on which there will be a yea and nay vote.

I was merely asking consent that I be dropped back one, let Mr. Bumpers proceed with his amendment, and I will follow him.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, will the Senator yield for 30 seconds?

Mr. BUMPERS. I yield.

AMENDMENT OF THE NATIONAL INSURANCE DEVELOPMENT ACT OF 1975.

Mr. SPARKMAN. Mr. President, I ask that the Chair lay before the Senate a message received from the House of Representatives on H.R. 2783.

The PRESIDING OFFICER laid before the Senate H.R. 2783, an act to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982, which was read twice by its title.

The Senate proceeded to consider the bill.

Mr. SPARKMAN. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> On page 4, strike out lines 4 through 14, and insert in lieu thereof the following:
>
> SEC. 2. Section 1201(b)(1) of the National Housing Act is amended by striking out "April 30, 1975" and inserting in lieu thereof "April 30, 1977".
>
> Amend the title so as to read: "An Act to continue the national insurance development program."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read the third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read a third time, the question it, Shall it pass?

So the bill (H.R. 2783) was passed.

The title was amended so as to read:

> An Act to continue the national insurance development program.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. PASTORE. Will the Senator yield for a unanimous consent request?

Mr. BUMPERS. I yield without losing my right to the floor.

Mr. PASTORE. Mr. President, I ask unanimous consent that during the remainder of the consideration of the pending business, Mr. Martin K. Donovan of my office, be allowed the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Will the Senator yield for a unanimous consent request without losing his right to the floor?

Mr. BUMPERS. I yield.

Mr. NELSON. Mr. President, I ask unanimous consent that Mr. Herbert L. Spira, of the professional staff of the Senate Select Committee on Small Business, be permitted the privilege of the floor during the course of debate on the pending legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 165

Mr. BUMPERS. Mr. President, I call up my amendment No. 165 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> Strike title I of the bill, entitled "Refund of 1975 Individual Income Taxes," and renumber succeeding titles accordingly.

Mr. BUMPERS. Mr. President, I have now been a member of this distinguished body for a little over 2 months.

This is the first substantive item that I have brought before you. I do so with some reservation and some trepidation. I detect a sentiment in this body about the size of this tax bill. What I am proposing to do is simply delete the $8.1 billion tax refund, or, under the substitute bill of the distinguished Senator from Montana, delete the $10 billion tax refund.

I believe it is widely misunderstood among my colleagues as to what effect it will have on the economy.

I do not enjoy taking a negative stance and being against things. Yet I feel that the deletion of this $10 billion refund which, by all reports, would have a very insignificant effect on the economy, ought to be deleted as an act of responsibility.

My sensitivities have not been dulled towards the poor people of this country, toward the people on fixed incomes, toward many others who would indeed enjoy a $100 or $200 rebate. But I would like to point out that there was testimony before the Budget Committee yesterday that the budget deficit this year could run anywhere from $90 billion to $120 billion.

That would not only be the biggest budget deficit in the history of this Nation; it would be a budget deficit that would literally boggle the mind as well as the economy.

Mr. LONG. Will the Senator yield for a unanimous-consent request?

Mr. BUMPERS. I yield.

Mr. LONG. May I ask the Senator how long he will require to explain his amendment?

Mr. BUMPERS. Not more than 15 minutes.

Mr. LONG. Then I ask that further debate on the Bumpers amendment be limited to one-half hour, half under the control of the Senator from Arkansas and half under the control of someone in opposition.

Mr. STENNIS. Reserving the right to object, and I will not object, I would like to have 5 minutes.

Mr. LONG. Forty minutes to be equally divided.

Mr. BUMPERS. Mr. President, I can finish in 10 or 15 minutes.

Mr. LONG. I have asked that it be limited to one-half hour, half under the control of the Senator from Arkansas.

Mr. McCLELLAN. Reserving the right to object——

Mr. LONG. The Senator can have my half.

Mr. McCLELLAN. I want to ask a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. Mr. President, we are operating, are we not, under the cloture rule?

The PRESIDING OFFICER. Each Senator has 1 hour for debate.

Mr. McCLELLAN. Then each Senator, or any Senator, during the time of debate, if he gets the floor, could use part of his time for any purpose he wanted to, irrespective of this limitation?

Mr. LONG. Not without getting unanimous consent. This would be for 100 hours.

The PRESIDING OFFICER. He could not use above the limit on this amendment.

Mr. McCLELLAN. Mr. President, do you mean I could not use the time that I have under cloture to discuss this amendment?

The PRESIDING OFFICER. That is correct.

Mr. LONG. Mr. President, let me explain the parliamentary situation.

Under the cloture rule, every Senator has 1 hour. I am aware of what has happened in some situations, where even after cloture was invoked the debate went on for 2 weeks thereafter, or 10 days thereafter.

I am simply trying to move along as expeditiously as we can, and trying to gain consent on the individual amendments as well as the 1-hour limitation.

That is why I am trying to get Senators to agree on the amendments, to limit themselves. Otherwise, the debate might drag out 4 or 5 hours because it keeps inspiring more debate.

I would hope that we could have a 1-hour limitation, as has been done many times, with regard to this amendment.

May I say as manager, I will be glad to yield half of the time from opposition to those who favor the amendment.

Mr. McCLELLAN. Reserving the right to object, Mr. President, and I do not want to object, sometime before this bill comes up for a final vote I will have something to say. I thought the appropriate time for me to use some of my time, since I am going to say something about this amendment, might be at this particular time, and not have to cut it in two. But if the time was limited maybe I could not use all my time.

Mr. GOLDWATER. Objection.

The PRESIDING OFFICER. Objection is heard to the unanimous-consent request of the Senator.

Who yields time?

Mr. BUMPERS. Mr. President, I will do my best to be as responsive and as expeditious as possible in presenting the purposes of the amendment; but with the objection, of course, I cannot control the time of my colleagues who may wish to speak for or against the amendment.

This is a concept which was in the President's original proposal. His proposal was to give up to $1,000 per person in tax refunds for 1974. The House Ways and Means Committee bought the concept and made it more acceptable, more equitable.

But my point is, what are we trying to do by giving $8 billion back to taxpayers who paid their taxes in 1974, with no expectation of any kind of refund? Are we trying to stimulate the economy, or are we trying to make a political decision which we think will be a palliative to the disenchanted people in this country?

All the information I have is that on the original $8 billion proposal, unemployment in this country would be reduced by less than .15 of 1 percent. That is based on a rule of thumb of 100 million people in the work force of this country. Every time you reduce the unemployment rate 1 percent, that means a million people have gone to work. Fifteen one-hundredths would be 150,000 people going to work if the people who get this $8 billion refund in chunks of $100 and $200 spend it.

The Siblinger report, which was issued last week, based on a poll of 1,653 households in this country, said that 43 percent of the people in this country intend to save it; 30 percent said they were going to apply it on their bills; only 18 percent said they would spend it.

While I recognize that saving money and placing money on bills has some economic stimulus, it has to vitiate .15 of 1 percent.

Compare the impact of $8 billion spent in such a manner with spending $8 billion on public service jobs. You could hire a million men and women in this country at $8,000 a year by putting $8 billion into a public service fund.

We are not trying to create a handout. We are trying to give a job to people who honestly want a job and cannot find one. We are trying to sustain them and give them a little dignity.

So it is not a question of whether or not we are going to spend the money. We are going to spend it. We are going to spend it in housing, in economic development, in public facilities, and for public service jobs.

The testimony that the Budget Committee heard was that unless this body acts more responsibly than it has in the past, the deficit may well reach $100 billion.

I do not want to give a lesson in 103-A economics, but everybody knows that if the budget reaches anything like that, the private money capital of this country cannot sustain it without reversing the trends of interest rates, which are now declining.

Mr. GOLDWATER. Mr. President, will the Senator yield, on my time?

Mr. BUMPERS. I yield.

Mr. GOLDWATER. I think the Senator is making an excellent point, one that has been completely overlooked on the floor of the Senate during this debate.

One only needs to read the daily newspapers in this country to find out what the situation is with respect to the interest and the expenditure and the money that would be saved by the rather small tax cuts that would be made.

Every newspaper carries copious ads on the overstock of televisions, of radios, of hi-fi equipment, of tools. Having been a merchant a good part of my life, I know that when you are overstocked, you want to get rid of the merchandise, and that is precisely what is going to happen.

These people will take their $100, $200, or $300 and will either pay their bills or will buy something from these overstocked merchants. This does not mean that the merchants are going to turn around and buy something. They will not, if they are smart, and I think they are fairly smart. They are going to stay as they are, with a reduced inventory. So nobody will be put back to work.

I think the Senator makes this point very well, and I compliment him on that, especially having had a pretty good part of my life's experience in what is going to happen to this money.

Mr. BUMPERS. I thank the distinguished Senator from Arizona for his observation.

Mr. President, there are very encouraging signs in the country. Inventories are down $17 billion since the first of the year. Savings in the savings and loan associations and other thrift institutions are accelerating at an unprecedented rate. Capital reserves in the Nation's banks are at the highest level in 7 years. Yesterday, Chase Manhattan Bank reduced its prime rate to 7.5 percent, and an article in the New York Times this morning predicted that the rate could very well reach 7.25 percent to 7 percent next week.

We are offering business people in this country great incentives with this 10-percent or 12-percent investment tax credit. Couple that with the depleting inventories of the country and a declining interest rate, and certainly the economy is going to do some things on its own, despite what we may do to it or for it.

I heard the distinguished chairman of the Senate Finance Committee the other evening, in all his eloquence, express what had to be one of the most frustrating statements I ever heard, when he was considering all the amendments that are being considered to this bill. He cried out, "What are we doing and why do we do these things?" I thought it was the most appropriate question that has been asked since I have been in the Senate.

It is time for us to be selective. Nobody has a monopoly, in this Chamber or in Congress, on his concern for the people of this country and for its economy. We do disagree, indeed, on what we should do to stimulate the economy. But I am saying that this is probably the poorest of all ways. I said this on national television 2 weeks ago, and my office was flooded with mail. Of all the mail I received, three people criticized my approach in saying that we should not hand out this $100 and $200 rebate.

America wants its confidence restored. It does not want a rebate. If you want to see the money in the savings and loan associations start being spent, if you want to see people—businessmen, in particular—start borrowing some of the reserves in the banks of this country, to start their plants up again, let Congress act responsibly and help restore their faith in the future of the economy.

In this body, we have come to rely on deficit spending as a drug. We are all interested in our respective States, and we know that there is no such thing as a free lunch. We all heard Alistair Cooke make his poignant argument on his series "America." There is no such thing as a free lunch; yet, we continue to act as though there is.

We are going to have a deficit this year. Nobody likes it. What we are talking about is, how big is it going to be? How is it going to affect the demand for private capital?

Mr. President, I have sat here all this week feeling the same frustration that the chairman of the Committee on Finance expressed more eloquently than I ever could.

I went back to a sort of patron saint of mine, Walter Lippmann, who wrote a book in 1952 entitled "The Public Philosophy." There is a chapter in that book entitled "The Malady of Democratic States." While I am reluctant to read to the Senate, I should like to read the last two paragraphs of that chapter. He said:

> With exceptions so rare that they are regarded as miracles and freaks of nature, successful democratic politicians are insecure and intimidated men. They advance politically only as they placate, appease, bribe, seduce, bamboozle, or otherwise manage to manipulate the demanding and threatening elements in their constituencies; the decisive consideration is not whether the proposition is good but whether it is popular—not whether it will work well and prove itself but whether the active talking constituents like it immediately. Politicians rationalize this servitude by saying that in a democracy public men are the servants of the people.

He concludes by saying:

> This devitalization of the governing power is the malady of democratic states . . . the malady can be fatal.

In my opinion, Walter Lippmann was a visionary. As we say in Arkansas, "You do not have to be broke out with brilliance" to see what the future of this country is going to be unless we bring the political actions we have been taking on this bill to a screeching halt.

I am saying that this decision on the rebate had to be political, not economic. There are no economic indices to justify it. People are not looking for a $100 rebate; they are looking for a responsible Congress.

For all of the reasons I have just stated, Mr. President, I strongly urge my colleagues to support the deletion of this item, which the American people are not looking for, and it will make this bill a lot more palatable to the American people.

Mr. GARY W. HART. Will the Senator yield for a question?

Mr. BUMPERS. I yield to the distinguished Senator from Colorado.

Mr. GARY W. HART. I wonder if the Senator would propose a substitute purpose for the expenditure of these funds, or is he merely moving to strike this item from the tax bill?

Mr. BUMPERS. Mr. President and my colleagues, I am moving to strike this provision from the bill in the belief—and this is based on my conversation with various chairmen of appropriate committees—that substantial appropriations will be brought to this body for consideration to stimulate the housing industry; a $5 billion economic development bill was introduced yesterday—or at least, hearings, perhaps, were held on it yesterday.

I first considered offering a substitute for the $8 billion, but I felt this ought to be taken out simply to get this bill within manageable limits, acceptable limits, in the sure knowledge that that much and more will be spent in all of those areas—public service, housing, and so on—which I think will have a much greater and more intensive effect.

Mr. GARY W. HART. Will the Senator yield for another question?

Mr. BUMPERS. Yes.

Mr. GARY W. HART. Does the Senator from Arkansas feel that those expenditures would be in enough time to do some good for the economy, or will the appropriation process and the expenditure process take so long that they will not have any impact at all by the time they are spent?

Mr. BUMPERS. To answer the question directly, on the front end, I think that action will be taken on those measures in sufficient time. I think, above all, that with those indications I mentioned a moment ago about the present state of the economy, some things are going to start turning up in the next 30 to 60 days simply because of the investment tax credit, which is a part of this bill, and the renewed confidence of people that we might stimulate if we make this a more reasonable bill.

Mr. BIDEN. Will the Senator yield to me, as a cosponsor, to respond to what I consider a non sequitur in the question the Senator from Colorado is asking?

Mr. BUMPERS. I am happy to yield to the distinguished Senator from Delaware.

Mr. BIDEN. Implicit in the question of the Senator from Colorado as to what we will substitute for this is the assumption that this might have some merit and that we are going to substitute something that has merit for something that also has merit. The analogy I would make to the Senator is that it makes no sense whatever, for example, with a dying patient, to go out and spend $50 on a supply of aspirin that will have absolutely no effect on his health whatsoever. When, in fact, I come to the Senator and say, "No, do not spend the $50 on the aspirin," and the Senator says, "Well, if you do not spend it on the aspirin, what are you going to spend it on?"—it has nothing to do with anything. The aspirin is not any good for the patient. This rebate is not any good for the patient.

On its face, instead of $8.1 billion, it is more like $10 billion that we are talking about under the Mansfield substitute. There is no relevance to spending that money in terms of helping the economy. The sole justification for the tax rebate in the first place was to take us out of the recession by encouraging consumers to go out and purchase, which in turn would put people back to work. The evidence is, in every poll that has been taken, from every economist who has testified before the Committee on the Budget and the Committee on Banking, that it will have little or no impact upon unemployment.

Therefore, it seems to me logical to ask the next question: If it will have no impact on unemployment and if the reason for it was to impact on unemployment, what is the merit of increasing the deficit of this Nation to the tune of $10 billion?

Mr. GARY W. HART. Will the Senator yield?

Mr. BIDEN. I shall yield in just a moment—as of yesterday, in the Committee on the Budget, as we looked at the alternative budgets—and, everybody in this room, make no mistake about it, it was estimated that we may have a budget deficit of as high as $120 billion, I repeat, $120 billion. If we are talking about this economy coming back, if we are talking about increasing investment and rebounding, I would like anyone to show me how, when Government is out in that capital market competing for $120 billion, or even $80 billion, of debt financing, we are not going to cause interest rates to skyrocket. There was a prediction, as late as yesterday, in the Wall Street Journal that the interest rate could go as high as 20 percent if, in fact, we have a $100-plus billion deficit.

What effect is that going to have upon unemployment? What effect is that going to have upon the recession?

It seems to me that every place we can eliminate a nonessential expenditure we should do so—and make no mistake about it, this is an expenditure. That is clearly what it is. It is just as if we went out and spent it on a Space Shuttle or spent it on a food program or anything else. Every place we can, we should be looking to knock out nonessential expenditures.

Mr. HUMPHREY. Will the Senator yield?

Mr. BIDEN. I do not know if I can. I will if I can.

The PRESIDING OFFICER (Mr. MATHIAS). The Senator may yield for a question.

Mr. BIDEN. I yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. Will the Senator break out this $120 billion deficit? What are the areas in which this amount is ascertained? The administration says its budget deficit is about $55 billion.

Mr. BIDEN. They have now revised it to say it is closer to $65 billion. Secretary Simon has pointed out it is going to be $80 billion, in his opinion, a minimum of $80 billion.

Mr. HUMPHREY. Secretary Simon likes to scare little children and old ladies and other people. I think it is possible that it may be that big. But I am asking the question, where does the Senator get the $120 billion? I am asking it as a point of information.

Mr. BIDEN. I get the $120 billion from three or four places: First, revenue estimates of this year. They vary in terms of from, I believe, $269 billion to a top of $294 or $295 billion. They come from several sources: First, the Committee on the Budget staff; second, the joint Economic Committee came out with a projection; and I believe, maybe, but I am not sure, the Committee on Appropriations. There are four sources within this Congress that have estimated revenues. None of those estimates ranges above $300 billion, and they go as low as $169 billion.

It was pointed out that in the last 3 years, the administration's own estimate of revenue has been off by close to 20 percent. In each instance when they have been off that far, we may be more realistically looking at a picture where we have revenues of closer to $159 billion. So part of the increased estimate is due to a relook at what revenues are going to be.

Mr. HUMPHREY. Will the Senator yield there?

Mr. BIDEN. I certainly will.

Mr. HUMPHREY. What does he think causes the drop in revenues?

Mr. BIDEN. Unemployment in large part.

Mr. HUMPHREY. How do we remedy unemployment?

Mr. BIDEN. We have to give it an injection. That is why the Senator is a cosponsor with me and I am a cosponsor with him in a number of pieces of legislation dealing directly with housing, dealing directly with unemployment compensation, dealing with railroads, dealing with a number of other areas which have a specific, direct effect on the economy.

We can tie it in and say, "OK, fellows, look at where our dollar went and what we have." That is why the Senator has been a leader in that area all these years. But now, we are sort of out-rebating each other.

Mr. HUMPHREY. I want to talk a little economics with the Senator. First of all, is it not purchasing power which determines what we call the velocity of money and turnover on which we gain revenues?

Mr. BIDEN. In part.

Mr. HUMPHREY. I am an advocate of the housing program and say there is no way out of this recession unless housing is brought out of its depression. I know it is going to take some time. I believe in public works, and I know that is going to take some time. But I know one thing that does not take time. If one has a weekly paycheck that is a little larger each week because we reduce taxes——

Mr. BIDEN. Let us not confuse rebates and reductions.

Mr. HUMPHREY. Let me add that a rebate, while I read that it is not the most desirable form, the rebate proposed here is a maximum of slightly over $200, which will go to the taxpayers of this country, compensate most of them in the lower income brackets for the cost of inflation. While it is true that the polls indicate that much of it will be saved, I still want to say that savings are part of the general money supply.

The money supply, what they call M–1 or M–2, is the basis on which the lower interest rates and on which we have available credit, and it is credit that is the name of the game.

Mr. BIDEN. That is correct, but at the same time, while we talk about the money supply, how can we have the Government out in that money market competing to borrow up to between $80 billion and $120 billion without having the very adverse effect the Senator is most concerned about, which is in fact the rise in interest rates, which has a direct effect upon unemployment?

Several Senators addressed the Chair.

Mr. NUNN. I would like to ask the Senator from Florida a question on that point.

Mr. BIDEN. Mr. President, I would prefer to hear the response of the Senator from Minnesota first.

Mr. HUMPHREY. We each have an hour. I will take it out of my time. I do not want to use the Senator's time here.

My point is that while we do have a deficit in figures that are appalling, that is due primarily, may I say, to the drop in income and revenues due to the recession, the unemployment, and the drop in production. The old saw that this is all due to Federal spending is not entirely the case, because we have had unbelievable amounts of impoundments, even lessening what we say is a rather high Federal budget.

It is a gamble. But I submit this: If we are unwilling to take the gamble of a substantial tax reduction with a compound of investment tax credit, individdual income tax reduction, corporate tax reduction, and rebate, I will make the prediction that we will not be able to finance this deficit, that this country will grind to a halt, that we will be in a deep depression, and then we will really have trouble.

Of every witness we listened to in the Joint Economic Committee, and we listened to 32 of them from labor, business, finance, and every segment of this economy, the only ones who raised any fear about the ability of the Government to finance the deficit and to refinance the part of the deficit which is due this year were administration witnesses. Everyone else said it was possible to refinance it without increasing interest rates.

The interest rates are coming down. We know we have to have a balance; we cannot go hog wild and crazy. The only way I know to stop the horrendous deficit is to get the country to work, and the longer we delay—the country is in trouble, and we have been fussing around here for a month longer than we should have. We should have had the bill ready a month before. We had a President named Franklin Roosevelt who, in 100 days, did a thousand and one things.

Mr. BIDEN. Mr. President, if I may, I would like to suggest that the one thousand and one things Franklin Roosevelt dealt with do not exist today. This is 1975. The cause of the recession is drastically different than the depression. We are dealing with totally different things than in 1932, 1958, 1962, and 1967.

I agree with 90 percent of what the Senator has said. It has not been Federal spending; it has been because of our asinine policies and the turndown in revenue and loss of purchasing power and tax base because of increased unemployment.

I agree with all that. I would like to focus, though, on one thing: Will, in fact, the expenditure of $10 billion in regard to a tax rebate—which is very appealing to everyone in the gallery and throughout the country, but they confuse tax rebates with permanent tax reform—get us anywhere near 10 billion bucks worth of bang, by that expenditure? My only point to the Senator of Minnesota and my colleagues is that it will not do that. It will have precisely the opposite effect from that it is intended to have.

Mr. GARY W. HART. Mr. President, will the Senator yield for a question?

Mr. BIDEN. I yield.

Mr. GARY W. HART. Let me redirect a question to the principal sponsor here, the Senator from Arkansas. I am not trying to get the floor away from the Senator from Delaware. I believe the remarks of the Senator from Arkansas——

Mr. BIDEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BIDEN. Who has the floor?

The PRESIDING OFFICER. The Senator from Delaware has the floor.

Mr. BIDEN. Can I yield for a question from the Senator from Colorado to the Senator from Arkansas without losing my right to the floor?

Mr. HUMPHREY. Yes.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry. Had the junior Senator from Arkansas released the floor? Had the Senator from Arkansas yielded?

The PRESIDING OFFICER. The Senator from Arkansas will state his parliamentary inquiry.

Mr. BUMPERS. Mr. President, I believe I yielded to the distinguished Senator from Delaware. I will be happy to yield back to him immediately after the Senator from Colorado poses his question.

The PRESIDING OFFICER. The Senator from Arkansas is advised that under the rules he may only yield for the purpose of having a question asked, to which he must respond; and when he yields for any other purpose he loses the floor.

Mr. BUMPERS. I was under the impression that I had done that, but that may not be true. I thought I had yielded for a question, but it is immaterial.

Mr. BIDEN. Mr. President, I yield the floor to the Senator from Arkansas.

The PRESIDING OFFICER. The Chair would like to state that the Senator from Delaware entered into an extensive colloquy, and the time was at that point charged to him and not to the Senator from Arkansas, or to such other Senators as indicated that they were entering into colloquy.

Mr. GARY W. HART. Mr. President, I think the record will show that the Senator from Arkansas yielded to me for a question, which the Senator from Delaware then answered.

Nevertheless, the remarks of the Senator from Arkansas included the statement, I believe, that other means of stimulating the economy are far superior to a rebate of the 1974 tax. I think that is the crucial point here: What are the other means, and how fast can they be put on the line? Why would they be more effective?

Mr. BUMPERS. Mr. President, I appreciate the question. It is a very cogent one. I would say that at very best, on the assumption that everyone who receives a tax rebate will spend it, the highest possible estimate I have seen for reduction of unemployment based on the $8 billion would be fifteen hundredths of 1 percent, or 150,000 jobs.

That same amount of money dumped into the housing industry on a direct-line basis would generate almost 500,000 jobs. If you take the $8 billion and take the administrative cost out of it, you could conceivably hire as many as a million people.

The statement to which my distinguished friend from Colorado referred is that I think this is the very lowest priority as far as stimulating the economy is concerned, because there are so many other programs—housing, public service jobs, and I think even other public jobs, such as waste treatment facilities—any of those will create substantially more jobs for the money than will this rebate.

Mr. NUNN. Mr. President, will the Senator yield for a brief question?

Mr. BUMPERS. Yes.

Mr. NUNN. In reference to the colloquy awhile ago between the Senator from Delaware and the Senator from Minnesota, reference was made to the polls showing that people are not going to spend this rebate, but rather put it into savings.

The Senator from Minnesota said this added to M–1 and increased the savings accounts, thereby adding to the money supply.

What the Senator from Georgia does not understand about the statement of the Senator from Minnesota—perhaps the Senator from Arkansas can answer this—is how is the money supply increased when the Government goes out and borrows the funds to give the $8 billion tax rebate, and then the people who get the rebate put it back into savings accounts? The $8 billion is not coming from the Federal Treasury, it is coming from Federal borrowing. So if the people do not expend the money, where is the increase in the money supply?

Mr. BUMPERS. I think the distinguished Senator from Georgia makes a valid point. I think, as I understand the question, it is a cycle where it goes into savings and loan associations and the Government, because of the deficit, has to turn around and borrow it from them, so there is no net gain; is that the point?

Mr. NUNN. That is exactly the point.

I would have to say I do not understand and, perhaps the Senator from Minnesota can explain, how you increase the money supply by $8 billion if the people who get it put it into savings while, at the same time, the Government has to borrow it in the first place from somebody out there in the United States of America.

Mr. BUMPERS. If I may comment further on the question of the Senator from Georgia, this past week ending March 12 the money supply in this country increased at a rate of about $2.9 billion as opposed to the same week last year of a $1.3 billion decrease.

Now, what I am trying to say is that with the banks having the largest reserves in 7 years that are lendable, with savings and loan association deposits accelerating at an unprecedented rate which, incidentally, is a manifestation of the apprehensions and the fear of people because they are afraid, they are saving more, but the money is available for lending right now, if the banks and savings and loan associations in this country were lending money at the traditional spread used in 1970 and 1971, between what the money was costing them and what they were getting for it, the prime rate would be 6.5 percent right now rather than 7.5 percent.

The bankers argue in response to that that they have more high-risk loans on their books right now, and they say they cannot afford to reduce their rates.

But the point is interest rates in this country have been declining. It is a very healthy thing. The investment tax credit ought to stimulate the demand for that money, and what I am trying to say is that there has to be a point—and I think the Senator from Minnesota will agree to this—at which the Federal deficit is most certainly going to start accelerating interest rates again.

I have heard many different arguments but, as I say, when I heard of a figure of $120 billion, I am glad the Senator from Minnesota did not ask me how we arrived at that. I heard that an economist appeared before the Budget Committee and he said that the deficit this year would most definitely be between $80 billion and $120 billion.

It is my belief that this Government cannot finance this kind of deficit without interest rates accelerating again, without the concomitant acceleration of inflation which most certainly is going to follow.

But I do not want this body to lose the principal point that has been so appropriately brought out by the Senator from Colorado that the spending of this money for this purpose and in this manner is a very, very foolish and insignificant way. It is a foolish expenditure, for one thing, because it does not have the impact and it does not have the stimulus we think it is going to have or some of us think it is going to have.

Mr. NUNN. Mr. President, will the Senator yield for just one brief comment in reply to the Senator from Minnesota's question to the Senator from Delaware about the $120 billion figure? That figure comes out of the Budget Committee analysis not only of the revenue picture in what is coming in, but also of the reports that come from the various authorizing committees of the Senate. So it is a compiled version of what the authorizing committees of the Senate have indicated to the Budget Committee they are going to authorize in expenditure. After you add all of that up it is a deduction from the anticipated revenue, and that does come to, I believe—and I do not want to make the horror story any worse than it is—but I believe it is $122 billion.

I would just like to say that I agree with the Senator from Arkansas in the argument he has made, and the Senator from Delaware. I think this would be a positive step and would leave a tax cut needed to stimulate the economy without posing the grave dangers which the Senator from Arkansas has already so well delineated.

Mr. BIDEN. Mr. President, will the Senator yield?

Mr. NUNN. I yield back to the Senator from Arkansas. I do not have the floor.

Mr. BUMPERS. Mr. President, I yield to the Senator from Delaware. I would like to yield the floor to the Senator from Delaware with the understanding that our other sponsor, the Senator from Florida, have an opportunity to speak.

Mr. BIDEN. I think it is important we look at one, and only one, thing: not what effect it is going to have on the deficit, this $8 or $10 billion; not what the alternative is, not any one of those things, but we should examine it the way we examine any other expenditure here. Is the expenditure going to produce that for which it is spent? Is it going to have the effect for which it is designed?

The expressed purpose for this rebate in economic terms, not political terms, the expressed purpose of this rebate is to help us out of a recession by putting money into the hands of consumers who, ostensibly, are going to go out and buy durable goods which are going to be required to be produced by employees, which are going to put people to work, which are going to, in fact, lessen unemployment, which are going to increase revenues, and that is the cycle.

If, in fact, the rebate cannot stand on its own, regardless of deficits or surpluses or alternatives, if that cannot stand on its own, then it is not worth expending $8 to $10 billion. It is, quite frankly, as simple as that.

Every economist who has come before the Joint Economic Committee, I think, has appeared either before the Budget and/or the Banking Committees at one time or another, and I have heard much of that same testimony.

Every economist agrees at least on one thing. They agree that what the consumer spends that money on and what they do with it affects the relative worth of the expenditure.

I would like to read a response that I had when I said to, I believe it was, Mr. Greenspan—who is a favorite of the Senator from Minnesota, I know—I was saying that I thought that the consumer would do just what my mom would do. My mom is going to get that 100 bucks and she is going to go out and say, "I'm going to go down and buy a new television? I'm going to buy a new toaster?"

My mother is going to say, "Hey, look, the electric bill is up 40 percent; food bills keep rising. I do not have any confidence that inflation is under control. I had better take my 100 bucks and not put it in a savings account. I had better stick that 100 bucks in a cookie jar so that I can pay for the increased cost of energy and the increased cost of food."

I said, "Sir, if, in fact, the money is spent in that way which, I think, it will be, and I think others believe it will be," and it was admitted here on the floor that it probably will be, "then what effect would it have? Is it wise to spend the 8," and we were then talking $8.5 billion.

The response of Mr. Greenspan at that time was:

> Of course, it matters, because clearly if it is spent on food, while it will have some obvious effect, a very substantial amount of the production of the supply of food available is really predetermined in a much longer time frame and does not critically affect—

I emphasize that—

> Does not critically affect in the first stages at least the level of employment.

We are talking about employment. How we can stand here on the floor and just through a wave of a wand spend $10 billion for something that everyone or many people are coming to believe will not have the stated effect for which it is designed and, at the same time, say things like:

"Oh, we cannot subsidize interest rates for purchases of new homes at 6 percent because it will cost $600 million," or:

"We cannot spend money on the program designed by the young Congressman in the House who said, 'Why don't we put *x* number of dollars into refurbishing the rail beds of the Northeast,' which is a specific project which will put people to work, we cannot do that because we will spend too much money," and, at the same time, we say those kind of things, we turn around in this Chamber and say:

"But $8.5 billion will have some effect, $10 billion will have some effect, so we have got to take a chance; we have got to move forward rapidly and with new imaginative programs."

I submit to you there is nothing imaginative about this program. I submit to you that it is a scatter gun approach. It is like the old thing to throw the mud against the wall and some of it is bound to stick. Sure, some of it will go back into the economy.

What we all think we are going to be able to do is go back home and say, "Thank God I do not have to run again for 3 years," and, "thank God, Senator BUMPERS does not have to run for 6," if either of us do again, because if you go home there, you go out and say, "Hey, folks, I do not want to give you back 200 bucks," or, "I do not want to give you back a 100 bucks," that is a lot different from going up and saying, "You know, I am concerned about you. We took some significant tax proposals. We did not just treat the big corporations, we gave you your piece, too. We gave you you 50 bucks or your 100 bucks."

That is what, it seems to me, much of this comes down to; that, coupled with a frustration, a frustration here on the floor. People I have spoken with privately have said, "Joe"—and maybe they are just trying to patronize me, but they say, "Joe, maybe you are right. But what else can we do, so let us take a chance and spend $10 billion."

Well, I will tell you what about taking a chance in spending $10 billion on this instead of on worthwhile programs like the Senator from New York (Mr. JAVITS) has proposed with regard to unemployment, and the Senator from Minnesota has proposed with regard to housing or like the Congressman from Pennsylvania has with regard to the rail system. Instead of targeting that money, if we are foolish enough to spend $10 billion on a rebate, do not think the folks out there are that dumb, because they are not. They understand what we are doing. Walk out and ask your secretaries what they are going to do with the 100 bucks or their 50 bucks. Do you think they are going to do what the administration suggested and some of the sponsors of the bill suggested? Well, they may get on a plane and fly to Bermuda. They may go and buy a new color television set.

They are not going to do those things. Besides, it is sort of a gratuitous slap to them at the same time we do not—well, I yield the floor. I have said more than enough.

Mr. NUNN. Will the Senator yield?

Mr. BIDEN. I yield the floor.

Mr. NUNN. I agree with what the Senator is saying. I agree with the thrust of his comments.

Some act as if this $8.2 billion, or the Senator from New York's program, or the Senator from Minnesota's program is the only spending we are considering. The mood of this Congress now is that we are going to spend that $8 billion by rebate, and the Senator from Minnesota's money, and then spend the Senator from New York's money, and then all the other money.

Mr. BIDEN. The Senator from Delaware was arguing in the alternative here.

It seems to me that we are going to spend additional moneys, but rather than to cloud the issue as to whether or not anything else is worthwhile, or the deficit can stand it—the Senator from Georgia and I serve in that same Budget Committee and we have seen the renaissance of a liberal into a fiscal conservative when I watched those figures come up on the board.

I am clearly of the opinion now that, brother, we better darn well be looking at where it is coming from before deciding where it is all going to go.

But so as not to confuse the issue, I think the only issue before this body is to judge on its own merits, separate and apart from everything else, whether or not this debate will, in fact, produce that which it was intended for.

Will it, in fact, have any impact upon the unemployment? Will it have any impact upon consumer confidence?

I submit that if the conclusion reached by my colleagues is, No. 1, it will not have a significant impact or much of an impact on unemployment, and two, it will not do much to rekindle the confidence of the consumer, then my colleagues have no choice, it seems to me, but to vote against it and go out and tell the American people that the rebate is something that, in fact, got a little out of hand.

It sort of reminds me of what they formerly talked about, they would go out and out-seg one another. Well, now they are out-rebating one another.

The President, $52 billion deficit. I thought we Democrats would come along and have some proposal. How about that? We came out and came up and decided we would out-rebate him because we thought he was getting some mileage and we would out-rebate his rebate.

What effect will it have?

I only ask my colleagues to look at what expenditure of $10 billion is going to affect, unemployment and/or consumer confidence?

If one is satisfied that it will, please by all means vote for it. If one is satisfied it will not, do not vote for it.

Apply it in some other area. Do not spend it, do whatever one wants with it, but do not spend it if it will not have the designed purpose.

I yield the floor.

Mr. BROCK. Mr. President——

Mr. STONE. Mr. President——

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BROCK. Mr. President, I have been fascinated and intrigued by the arguments. I am very supportive of the statement made by the Senator from Arkansas and the Senator from Delaware.

The thing that bothers me most about this debate is the point made by the Senator from Arkansas with regard to consumer confidence.

Maybe we ought to wonder why there is a lack of confidence now? Maybe we ought to start listening to the people and ask some questions about what is bothering them?

I do not think Tennessee is that different from Delaware, Arkansas, Ohio, Pennsylvania, or New York.

I think people are bothered because they sense the lack of leadership, or decision or coherence in our policy.

I think they sense an almost desperate searching for answers here without any coherence to the answers arrived at.

I think they see Congress grasping for every straw in the bucket without having the will or the time, perhaps, to analyze them to see if they have merit.

We can talk all we want about expenditures versus rebates, but I think the fundamental question we have to ask ourselves—is will the Federal Government do the job? At what price? We are talking about a rebate and that is all—will it be effective?

No single economist that has made predictions before a committee of this Congress has said that this rebate is going to create a surge of employment in the troubled industries where people are out of work. I do not believe anyone who receives a $100 rebate will make a purchase—as the Senator from Delaware said—of a color television set, or an automobile, or a home.

The Senator from Minnesota says that we have got to get this thing in balance. We do have to do that. We are all in agreement there. The question is, who knows when the string will snap?

I do not know, I really and truly do not, but I do know the string has a breaking point and I honestly and truly and deeply feel that at the moment we are rushing pell-mell for that breaking point.

We can now debate, the choice between the expenditures and rebates, but somewhere in this Congress we have got to decide where we draw the line, where do we stop, $10 billion here, $5 billion there, $6 billion for public service employment, another $8 billion or $10 billion for housing?

There is not a Member that does not want to help these people and restore vitality to these industries and the economy as a whole. But where do we get the money? Where does it come from? And we are going to have an $80 billion deficit. If we want to rebate $10 million more, where do we get the money?

There are two places to get it—through the Federal Reserve System and through Federal Government borrowing authority. I will say to the Senator from Georgia, that we have an alternative to the Federal Government borrowing money. We do not really have to borrow. There is a mechanism within this Government where we do not borrow in the true terms. We go to the Federal Reserve and sell them Federal debentures. If this is done it creates money. The creation of money increases inflation.

If we do not want to do that, or if the Federal Reserve does not want to buy the paper, we have to go to the marketplace. If we had gone to the market yesterday in New York City with 8.25 percent 15-year Federal bond, the result would have been disaster, catastrophe chaos. This has happened. When the Federal Reserve came in with a 15-year 8.25 percent issue, the whole market went to smithereens. The bond market went crazy.

Issues selling at a hundred ended up at the end of the day at 93. Why? Because nobody can compete with the Federal Government if it wants to borrow money.

When we want it, we go to the head of the line. There is no question about that. Nobody can compete with us.

What happens when we borrow $10 billion from the marketplace?

Mr. GARY W. HART. Will the Senator yield for a question?

Mr. BROCK. Surely.

Mr. GARY W. HART. Can the Senator tell us what the administration's proposed size of the proposed rebate was?

Mr. BROCK. The administration's rebate was about $12 million.

Mr. GARY W. HART. I thank the Senator.

Mr. BROCK. Senator, I am not defending the administration's position on this particular question.

I am not arguing their case. I am trying to present the case of my constituents as best I can.

Gentlemen, we have to look at this thing honestly. There is a limit to the productive capacity of the American people. The money has to come from somewhere, sometime.

Where? If the Federal Government borrows billions of dollars in order to give a rebate, people have to buy these issues. They take their money out of the banks and savings and loan associations. There is much less for the purchase of a home. There is much less for the purchase of a refrigerator for the family.

Where is the breaking point? I do not know. I really truly do not know.

It is somewhere less than the anticipated deficit that we are talking about. That is why the Senators from Florida and Delaware got my attenion on this point. I think they are making one fine, sincere effort which should be terrifying to a lot of people in this country. I just do not understand how we cannot ask ourselves the question: Where are our priorities? Where does the money come from? At what cost?

Do you know what inflation cost the American people last year, the average family $100 a month, every month all year long; $100 a month in purchasing power was lost by the average family in this country. Are you going to do them a favor by giving them a one-time $100 rebate that continues the same level of inflation? Who is kidding who? Who is being had?

The family is sweating like the dickens just to make it, just to stay even. Will you give a man who is unempolyed a rebate instead of a job? Come on, what have you done for him? Who is kidding who?

The Government did not create this economy. It does not make it go. It does not give us the fuel. The efforts of the American people are what sustain this free society—their work, their sweat, their labor, their concern, their car, and their intellect. The mental, physical, and spiritual muscles of human beings are out there trying to make it. What happens to them? What happens to the small business when we preempt by deficit debt and Federal borrowing all the funds in the marketplace? That is what deficit means. All the funds will be preempted by this Government. What happens to the small businessman who wants to buy a few more items to stock his shelves? If he cannot borrow the money to place those items on his shelves, what happens to him? How will the economy run? How will it respond? How will it come out of a recession when 20 out of 21 jobs are private enterprise jobs—most of those are in small business—and there is no ability for them to acquire the working capital; or the loans to produce more goods, to hire more people, to create more sales, and to get the country back on the track again.

Yes, we have to have a balance. This amendment is the first step in trying to achieve that balance. I could not agree with it more. I am grateful for the effort of the authors of this amendment and their initiative, and I am going to support them.

Mr. FANNIN. Will the Senator yield for a comment? I feel it is tremendously important.

Mr. BROCK. The Senator from Florida had yielded.

The PRESIDING OFFICER. The Senator may only yield for the purpose of an inquiry to which he expects to respond. If he yields for any other purpose, he loses his right to the floor.

Mr. FANNIN. I would like to ask a question. The Senator asked where was the breaking point. I would like to ask where is the breaking point as far as the dollar is concerned? I am sure that the Senator is very much aware of what is happening as far as the dollar is concerned internationally. We have countries like Saudi Arabia and Kuwait who have decided that the dollar is not of sufficient value in exchange for their oil. I think the Senator realizes they have asked that they be paid in SDR's, special drawing rights. I would ask the Senator how long does he think we can continue on in this position where the countries of the world supplying us with products no longer are willing to take the dollars as a valuable currency that they will be able to bank and depend upon in the future.

Mr. BROCK. In answer to the Senator's question, I feel that when you assess our energy crisis, inflation and recession, the result is the devaluation of the dollar. This means simply that we have to pay more dollars for the essential necessities of life in this country, including oil, bauxite, and other absolutely crucial materials. The people have to pay more. This devalues current dollars so you have to print more dollars; in turn that means you have to pay more dollars which again means more inflation. It is a self-feeding process. A "catch 22" situation. There is no stopping until we exercise the political courage and will to tell the American people, "We are not doing you any favors with a rebate that does not strengthen this economy."

Mr. FANNIN. The Senators from Tennessee, Arkansas, and others have brought out the importance of having capital available here in this country. The Senator from Tennessee has referred to that in his recent comments. I know he is aware of the great problem we have as far as retained earnings are concerned and the necessity for the business sector of our economy to borrow money for expansion purposes. I think the Senator will remember some of the figures cited by Secretary Simon. Retained earnings in 1965 amounted to $20 billion. Eight years later, in 1973, that figure was down to $6 billion. A short time ago, Mr. Simon has revealed that retained earnings for 1974 were minus $15.6 billion. I ask the distinguished Senator from Tennessee that if this downward trend continues, what can the business sector expect in the way of investment capital—especially in the energy area. What can these people do for capital?

Mr. BROCK. If the Congress of the United States does not accept its responsibility and does not understand the workings of the marketplace, if the Congress continues to borrow the people's money without their consent and take it from the marketplace—and I do not concern myself just with large businesses, a lot of small businesses and individuals are in great trouble now for the same reason—again if the Congress refuses to accept its responsibility, then we will soon see the end of our system.

Mr. FANNIN. The Senator and I will expand on these remarks later because I think it is important. I thank the Senator for his comments.

The PRESIDING OFFICER. The Senator from Florida.

Mr. STONE. Mr. President, when we were at an impasse yesterday, the distinguished majority leader, to break the impasse, offered a committee substitute which was forthwith reported to this Chamber. In doing it, he warned this Senate that the size of the bill was then so large that he planned to vote no. The majority leader planned to vote no. The size of the bill then was $29 billion. After backing and filling, the size of the bill now is over $30 billion.

A moment ago my distinguished senior colleague from Florida offered an attempt to take $10 billion off the size of this price tag. The junior Senator from Florida supported that. I believe that most of the Senators in this Chamber are beginning to concern themselves just a little bit about just the plain size of the addition to the deficit which we are going to contribute in the name of stimulus. This Chamber is the deliberative part of the Congress. But it was the House of Representatives that reported a bill out that was no larger than $20 billion, and we are $30 billion and climbing. To this beginning Senator, that does not seem like responsibility.

We have heard a lot of talk about the consumer, but it takes two to tango. What about the producer? Who produces jobs as well as products? It is the producer. What does the producer need in order to produce jobs and products? He needs investor confidence. If he does not have it, if he pulls in his horns, if he chooses not to invest, the jobs are not produced, the products are not produced, and with the absence of the products you do not lower the price. If you have a steady demand, if you do not increase the supply, you cannot lower the price.

We do not have investor confidence in this country today, for several major reasons. One major reason is that people who would invest, as opposed to simply squandering the money or putting it in the mattress, believe that this Government is not responsible in the trusteeship of its funds, and they believe that based on evidence.

What good does it do to put money into the stream of economic income by borrowing it out of thin air and depreciating the value of the dollars that we hand—supposedly—back to our taxpayers? It not only does no good; it does a great deal of harm. The optimism that we felt in recent weeks by reason of the interest rate coming down will evaporate as quickly as the interest rate stops going down.

When the OPEC nations state that they no longer wish to measure their price by the dollar, even though they are locked into that dollar, that should tell us something. They have no choice; yet, they are seeking a way out of using the basic unit of currency in the world—the dollar.

What benefits do we really confer on someone of limited income if we hand him a hundred dollars in cheapened currency and then raise the price at the grocery store and at the market and at the hardware store more than the hundred dollars?

The price tag on this bill is too high. An act of responsibility which would go further than the dollars in restoring the confidence of this Nation would be to adopt this amendment. If we cannot take this money off this bill, whether by this amendment or an amendment similar to the one of my senior colleague from Florida which was just tabled, or some other similar approach to take the dollars out of this deficit that we are about to add to it, then this Senator will have to follow the sterling example of the majority leader and vote "No," much as this Senator wants to start the stimulus going as quickly as possible.

It would be an act of deception to take away more than we provide. I urge the Senate to adopt this amendment.

Mr. MORGAN and Mr. McCLELLAN addressed the Chair.

The PRESIDING OFFICER (Mr. BURDICK). The Senator from Arkansas is recognized.

Mr. McCLELLAN. Mr. President, I will try to be rather brief.

It has been my expectation, my hope, that I could support a tax relief bill within reason and within the framework of trying to provide a proper and a limited stimulant to the economy.

A little earlier, I supported the Chiles amendment substitute, hoping that we could reduce this total amount to what that substitute provided, which would be some $10 billion less than the $30 billion in the present bill.

I would have trouble even voting for a bill with a price tag of $20 billion. It seems to me that even that is excessive. But, in my judgment, there is no question about a $30 billion bill being excessive and unwise at this time.

I compliment my colleague from Arkansas and commend him highly for having presented his amendment. I think it takes a great deal of courage, under the conditions that prevail today, not only for him but also for any of us, to stand on the floor of the Senate—especially those who hope to run for reelection some day—and say that we do not feel that under conditions that prevail today, a rebate of $10 billion, out of taxes already collected and already spent—that we will have to borrow the money to finance—is a proper remedy for the conditions that prevail today.

I associate myself with my colleague and the distinguished Senators from Delaware, Tennessee, and Georgia and others who have already spoken in support of this amendment.

Mr. President, what we are all trying to do is to give a stimulant to the economy. It is needed. A proper stimulant can be beneficial, can be helpful. But this bill, with a $30 billion loss in revenue, provides an overdose of stimulant which, when its temporary effects subside, will produce an adverse reaction. It is calculated to rekindle economic health, but I am confident that it will accelerate and fan—the flames of inflation again. Thus, in undertaking to give relief of $100 or $200 to the low-income people, if this stimulates inflation again, it will immediately wipe out any benefits they receive. An overdose of a stimulant can be helpful. An excessive dose can prove harmful to the patient, even fatal; whereas, a proper dosage or a proper limit can be beneficial.

Mr. President, when the force and effect of this temporary and excessive stimulant shall have receded, then the patient will be in a more serious condition, by reason of having become further addicted to heavy deficit spending. Deficit spending is now so greatly in excess of revenues that it is becoming intolerable and unsustainable.

Mr. President, this bill is not all we need to consider. I think we should take into account what else is happening on the expenditure front. Let me point out what we have already done, what is already in the bill, together with this bill, to try to deal with this recession.

We have already enacted Public Law 93-624, urgent supplemental, which provides for $2,750,000,000 for extending Federal employment benefits; $1 billion for public service jobs; $249 million for grants to States for unemployment insurance and employment services. That totals $4 billion.

We have already agreed to Senate Resolution 61, which mandates release of $264 million for the HUD home ownership assistance program.

These funds are intended to stimulate housing construction when released.

The House has passed, Mr. President, House Resolutions 241–246. These resolutions overturn deferrals of over $80 million for the Corps of Engineers-Bureau of Reclamation construction program. All of this money, Mr. President, is going to the economy and would not have gone into it except for action by Congress.

H.R. 4481, the Emergency Employment Appropriations Act, has been passed by the House. This bill provides for $5.9 billion of money to be expended to help alleviate the current recession conditions. This bill has not yet been marked up by the Senate. We have held hearings on it. But I have no doubt that this bill will be passed—maybe not for the full amount, but for a substantial part thereof.

Then, Mr. President, the House Democratic leadership announced this week that they propose to initiate a $5 billion bill known as the emergency local public works bill, to continue the fight against recession.

The House is also moving forward, Mr. President, on several new housing subsidy programs for the same reason.

The Senate is in the final stages now of consideration of the bill before us and it provides for up to $29 billion, at least, Mr. President, in loss of revenues. In addition to the broad tax relief offered by this bill, it also provides selected antirecession provisions, such as tax subsidies to homebuilders, special aid to several large corporations, and relief to social security recipients.

Senate Resolution 69 will be considered by the Senate Committee on Appropriations soon after the Easter recess. This resolution, which has already been reported favorably to the Committee on Appropriations by the Committees on the Budget and Public Works, would mandate release of over $9 billion of impounded highway funds. This is in addition to $2 billion that have already been released last month.

Mr. President, the combined impact of all of these millions totals, together with the bill pending before us, over $53 billion in revenue loss and increased budget authority. To identify these amounts more specifically, $4 billion in budget authority has already been enacted; $5.9 billion is now pending over here in the emergency employment bill; $5 billion is proposed over in the House for further local job programs. The $9 billion for highways to which I have just referred, Mr. President, together with this tax bill that is now before us, provides for about $53 billion in revenue loss and increased budget authority.

Mr. President, that is not all. Three years ago, when I became chairman of the Committee on Appropriations, in an effort to try to get some control over expenditures, in an effort to find a way to make reductions in the budget and hold down the cost of Government, we initiated a procedure of submitting to each subcommittee of the Committee on Appropriations that part of the budget over which those committees have jurisdiction and asking them to submit to us a ceiling of a target that they would undertake to meet in an effort to reduce expenditures. I may say, Mr. President, that that has worked somewhat favorably, but not with the full results that we had hoped for. But we have, during those 3 years, reduced expenditures under the President's budget by over $15 billion in regular appropriations acts. We have been able to do that partially because of this procedure that we have adopted.

I may say in passing, Mr. President, that out of the total amount exceeding $15 billion, over $13 billion of this amount came out of the Subcommittee on Defense, the subcomittee over which I preside. We have been able to make numerous cuts over 3 years with the purpose of trying to hold down expenditures.

Now, Mr. President, this year, recently, when we divided up the budget request and submitted each part of it to the relevant subcommittees, they have come in with their ceiling targets and, Mr. President, I am not criticizing them, but they propose, after these reports are evaluated and the totals added, ceilings that total $6.668 billion in outlays over and above the President's budget. And that does not include the significant impacts of two bills that I have referred to, the Emergency Employment Appropriations Act and the local public works bill, that is now proposed over in the House. These bills are not fully accounted for in the $6.668 billion increase.

Mr. President, I say that this $6,668,000,000 is the amount that the subcommittes propose as a ceiling even after we take into account the outlay impact of the $5 billion in budget authority that we said we would try to cut again from the military. I simply am pointing out, Mr. President, what we are doing and what is happening, not only to our economy, but what we are trying to do to revive it. I am also pointing out what is happening to the fiscal stability of our Government.

Mr. President, the impact of this is going to be, we have heard some argue here just a minute ago, a deficit approaching $80 billion to $120 billion. I do not know whether it will ever reach $120 billion. But if we take $80 billion as a minimum, Mr. President, that is $80 billion more that the Treasury must go out and borrow in addition to what it has to borrow continuously to finance the present national debt that we have.

Another $80 billion will carry with it some $5 billion plus of additional interest each year for this Government. It is just pyramiding and pyramiding.

Mr. President, if we think that by giving a $10 billion tax rebate in the face of all of this and we add that to the deficit, if we think we are helping the people who are going to be the recipients of it or that we are revitalizing the economy of this country by doing it, I say to the Senators that in my judgment, we are sadly mistaken. We are simply adding more fuel to the flames and bringing about again a restoration or an acceleration of inflation that will consume—more than consume—every benefit that the recipients of these rebates will derive from them.

Mr. President, I hope that we can reduce this tax bill to some reasonable amount in tax reductions and give some incentive, put it on a sound basis, and try to keep in mind that, if we break the Treasury, any benefits we give the recipients will be of little value. The erosion of the dollar, Mr. President—by reason of this exorbitant deficit spending—the erosion of the dollar alone, will wipe out every dime that we give the recipients here as a rebate benefit.

I hope, Mr. President, that my distinguished colleague's amendment will be adopted. If it is adopted, then I think I can give further consideration as to whether I shall support this measure on final passage. But, Mr. President, if the existing title is retained in the bill, and we keep a bill before us with a loss to the Treasury of $30 billion, I cannot in good conscience, Mr. President, support it as being of benefit to the people it is supposed to help, or as in the best interests of my country, and I shall be compelled to vote against it.

Mr. NUNN. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the distinguished Senator from Georgia.

Mr. NUNN. I commend the Senator from Arkansas for what I think is an excellent statement, and for looking at the big picture and disregarding what all of us know is the popular course at this point in history.

I also commend the Senator for his continued diligence in trying to prevent the very erosion of the dollar that is now taking place. I know of his past actions, and I have watched him closely.

I would just like to ask the Senator if he agrees that those who are going to pat themselves on the back if we pass a $30 billion tax reduction bill, and go back home and tell the hard-working, ordinary income American what they have done for him, if in the judgment of the Senator from Arkansas they had better do it in the first 6 months after passage, because, in the judgment of the Senator from Georgia, after that first 6 months there will be more money coming out of the average American's pocket by reason of what we are doing than will be going into his pocket by reason of the tax rebate.

Mr. McCLELLAN. I agree with the Senator completely. Moreover, the dollars in his pocket will purchase a whole lot less.

I commend the Senator from Delaware on the excellent statement he has just made.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a compilation by members of the staff of the Appropriations Committee relative to the cost of each of the various proposals contained in this measure.

There being no objection, the compilation was ordered to be printed in the RECORD, as follows:

The following are the provisions of the House bill which have been modified by various amendments and the Mansfield substitute.

(1) Rebates of 12% with a maximum of $240 on individual income taxes—Cost to Treasury—Approximately $10 billion.

(2) An optional tax credit of $200 in lieu of the present $750 personal exemption—Cost to the Treasury—$6.1 billion, approximately.

(3) Reduction in Tax Rate for 1975 and 1976. This temporary reduction is in the amount of 1% for the first four tax brackets.—Cost to the Treasury—$2 billion.

(4) Earned Income Credit—For married workers with families with incomes of $4,000 or less, a credit against tax in the amount of no more than $400.—Cost to Treasury—$1.7 billion.

(5) Tax credit for home purchase—For individuals purchasing a new residence a credit against tax in the amount of 5% of the purchase of the house, not to exceed $2,000—Cost to Treasury—$1 billion.

(6) Increase in Investment Credit—The investment tax credit would be set at 10% for all business taxpayers (with a 7% rate for utilities). There would be an optional 12% for taxpayers so electing through December 31, 1975. Those so electing would be required to place a portion of the benefits obtained under the 12% plan in an employee stock ownership plan.—Cost to Treasury—$4.4 billion.

(7) Increase in Corporate Surtax Exemption and Change in Basic Tax Rate—The first $50,000 of taxable corporate income would be taxed at 18% (as opposed to current rate of 24% on the first $25,000). Other rates would remain the same.—Cost to the Treasury—$1.9 billion.

(8) Increase in Earnings Permitted to be accumulated by Corporation Without Penalty is increased to $150,000 from the present $100,000.—Cost to the Treasury—negligible.

(9) The Tax Credit Available to Employers who hire Federal Welfare recipients is extended to non-business employees.—Cost to the Treasury—negligible.

(10) Repeal of Excise Tax on Certain Motor Vehicles—this would eliminate the 10% excise tax on trucks, buses, and Trailers. It is currently scheduled to drop to 5% in 1977.—Cost to the Treasury—$700 million.

(11) Special Payments to Social Security recipients of $100, to be appropriated from general funds.—Cost to the Treasury— $3 billion.

AMENDMENTS THAT HAVE BEEN ADOPTED

(1) Hollings-Kennedy as Modified by Bartlett Elimination of oil depletion allowance for producers of over 2,000 b/d or 12,000 m/cf of natural gas; modification of foreign tax credit and tax deferral of foreign profits. Revenue gain by best estimates of approximatley 3.5 billion dollars.

(2) Humphrey Amendment—to extend the deferrment period for reinvestment in residences to 18 months from the current 12 months.

(3) Hart Amendment—limiting the effect of the Committee's loss carryback provision. Chrysler Corporation is the principal beneficiary of this provision. Cost $500 million.

(4) Tunney Amendment—treating child care expenses as a deduction on an optional $50 per month tax credit if the care is required for gainful employment. Cost: $110 million.

(5) Domenici-Humphrey Amendment creating tax incentives for installing home energy conservation materials. Cost: Approximately $750 million.

(6) Percy Amendment requiring the dyeing of certain fuel oils.

(7) Javits Amendment extending unemployment conservation for those eligible under the 1974 Emergency Unemployment Act for an additional 3 months. Cost: $200 million.

As the bill presently stands, there is approximately $32.36 billion in revenue loss. This is offset by $3.5 billion gained as a result of the various oil depletion amendments. Should Senator Bumpers amendment pass, this would eliminate $10 billion in revenue loss.

Mr. McCLELLAN. Mr. President, I yield the floor.

Mr. STENNIS. Mr. President, I commend the junior Senator from Arkansas on this excellent amendment, and I ask the Chair to call me in 5 minutes.

Mr. President, I believe that the commonsense of the people of this country has fully realized that this is no time to be paying rebates, even though some of it would come to them, out of a Treasury that already has an estimated deficit for this year of more than $34 billion.

Mr. President, I do not believe it is necessary for so many people to be coming in and going across here. I just want to take a few minutes to make a point that I do not believe has been made.

I believe the *commonsense of the* people of this country has sensed the situation already, that even on its face it is almost ridiculous to be paying a rebate back out of a Treasury that is already broke to the extent of $34 billion, in a year that will end in 3 months. They sense the fact that with the prospect of a greater deficit for 1976, they will have to pay this money back, or their children will, with compound interest.

That is exactly what I believe will happen. I do not believe we are going to get anything for this $8 billion. There is no evidence that says we are, except the very slightest kind of employment—far less than one-half of 1 percent help, as I have understood, on employment.

Mr. President, there are alternatives. We set priorities all the time for what we are going to do with Federal dollars. Then just the last 2 weeks, for example, we have been taking proof on the public works projects of the U.S. Engineers and the Bureau of Reclamation. We have found there are ongoing projects now, with contracts already let and the workmen on the job, that could be stepped up. Those that are already ongoing run anywhere from $400 million to $500 million. That could be done within 2 weeks to 3 weeks.

Then there are many other on-the-shelf projects that are ready to advertise and to get into motion and employ more and more people. We are compiling the statistics on this now, to show how many more years there will be for this new employment. So we set priorities. We make comparisons all the time; and we are getting down now, to some commonsense here.

The country is in bad shape. We have got to meet this matter of employing the unemployed, but there is only one way to do it, if we are going to be practical, which is to employ people.

I have sensed from the beginning that this matter of a rebate was just to even up the score and make everyone satisfied, like the appropriation bills that come in sometimes—there is something in it for everybody. I believe that is the nature of this bill, and I believe we would have a far more effective bill, a cleaner bill and a more honest bill, if I may use that word, if we took this part out of it with a clean cut, hold future hearings, and I further believe, Mr. President—may we have order?

The **PRESIDING OFFICER**. The Senate will be in order.

Mr. **STENNIS**. I believe if the full membership of this body had heard the splendid arguments made here on the merits by our new Members in this body, who have been long and patiently studying this matter and have reached this conclusion, they would agree that here is something that is not going to do the good intended, it will not work as a practical matters, and it ought to be taken out and something else done.

So again I commend these gentlemen for the work they have done. We will have these figures in here, the senior Senator from Arkansas says, in these appropriation bills, maybe the first of next week, if we stay over. Certainly the proof is already in—tangible, definite, and certain, and it means employment.

Mr. President, I yield the floor.

Mr. **MORGAN**. Mr. President, my distinguished colleagues who are sponsoring this bill and my distinguished colleagues who have already spoken in support of the amendment, have ably and well presented the arguments in support of the measure, and I will not undertake at this time to repeat them, except to say to my colleagues and for the record that I concur wholeheartedly in almost all that has been said in argument in support of this amendment.

I was particularly impressed, as the President was, when the distinguished majority leader said on the floor of the Senate a couple of days ago that he could not support this bill or the bill pending before the Senate that carried such a large tax reduction.

Neither can I, Mr. President. I do not understand all that the economists say. But I make no apology for it, because I find that they do not agree among themselves; and I do not know whether deficit spending has any direct relationship to the high cost of money in the private sector or economy or not, but I believe that it does, and I believe that the American people think that it does.

For that reason, if the Senate should pass a tax reduction bill carrying a reduction of more than $31 billion, I believe that it would so shake the confidence of the American people that the bank reserves, which my distinguished colleague from Arkansas says are higher than they have been in 7 years, will grow even higher, because the people will lack confidence in our system and they will not be willing to invest in the system.

During the last 12 months I traveled more than a quarter of a million miles back and forth across North Carolina talking with people from every walk of life, and I can say to my colleagues that they believe that deficit spending and borrowing, continually borrowing, by the Government of money to make ends meet has a substantial effect on the interest rate.

Maybe I do not understand the complexity of the system, and that may be a virtue, Mr. President, for I am a director or I was a director of a relatively small rural savings and loan that has only about $20 million savings. But up until the middle of last year we were continually making loans for new homes in my general area.

But, as the Government continued to borrow money, and the interest rates began to grow, our savers began to draw their money out of our savings and loan and to such an extent that we had no money to make loans for new housing starts in our general area. Even the stockbrokers were calling our savers and saying to them that they were putting together large blocks of money to invest at much, much higher rates of interest.

Whether or not a $50 billion deficit or a $80 billion deficit or a $120 billion deficit will cause interest rates to rise or not is immaterial. The fact is that the people think that such a deficit would cause them to rise, and if they think that, it is going to have that effect.

So I wholeheartedly support this amendment. I hope we can act, and we can pass it and assure the American people that this body is acting responsibly.

I have heard a number of my colleagues who have voted for various amendments which would cost the Treasury billions of dollars say:

> Well, the conference committee will take this out.
>
> This bill will be reconciled in the conference committee.

I have no doubt but what the conference committee will substantially reduce the amount involved in the Senate bill if it is now passed. But the fact is that the American people will feel that the Senate has not acted responsibly fiscally.

For that reason, Mr. President, I am going to vote for this amendment. I have said to my people on statewide television in North Carolina that I did not favor rebates and, in all likelihood, I would vote against the tax reduction because I feel that the economy can be best stimulated by stimulating housing or promoting new housing starts, and in many other ways.

To that end, I have introduced a bill that would provide $20 billion for new housing starts at 6 percent interest. I realize that the likelihood of that bill passing is not that great, but it is a seed, it is an idea, and I believe that if the Senate would move as hastily toward creating new housing starts as we are now moving in this bill, that we can best stimulate the economy.

Mr. **HUMPHREY**. Mr. President, I shall not take much time of the Senate. I want to commend those who have participated in this debate. It seems to me that this is perhaps one of the most thoughtful and provocative discussions we have had on economic policy.

The debate also reveals the understandable differences that responsible Members of the Senate have on economic policy.

There are no absolute remedies and cures for our national ills. I do not think anyone really can say positively that the program that he may embrace is the one that will produce the desired results. We are all groping for answers, and we are attempting to bear upon the problems of inflation and recession what knowledge we have and what understanding we have of the economic situation.

I would like to put the proper focus upon my concern in this debate. My concern is the deficit. But the deficit that I am most concerned about is the deficit that is taking place throughout the Nation in jobs, in income, in production; a deficit, if you please, that you see reflected in the unused plant capacity, and it is that deficit that has precipitated and produced this huge Federal budget deficit.

Mr. **RIBICOFF**. Mr. President, I wonder if the Senator will yield for a question.

Mr. **HUMPHREY**. Yes.

Mr. **RIBICOFF**. First, may I say that I have the greatest respect for my colleague from Minnesota, and I do not recall anyone who, in such a short time, in taking over the chairmanship of the Joint Economic Committee, has done so much constructive work.

There are many questions in the minds of the people of the country and, I think Members of the Senate, concerning the failure of economic predictions during the past few years which cause a great deal of uncertainty, and there is great concern at the same time of how do we continue on this deficit and still have such a large tax cut.

I wonder if the distinguished chairman of the Joint Economic Committee would give us his point of view of why we need a substantial tax cut at this time.

Mr. HUMPHREY. I shall attempt to do that, if the Senator will bear with me. That is what I wish to address my remarks to.

I said that I was essentially concerned about the deficit that I see in the Nation. Let me just pinpoint the meaning of that.

First of all, the deficit in jobs, not only 7.5 million jobs——

The PRESIDING OFFICER. The Senate will be in order.

Mr. RIBICOFF. Mr. President, may we have order because I think what the distinguished chairman of the Joint Economic Committee is going to tell us is of great importance. There is so much confusion as to the nature——

The PRESIDING OFFICER. I will ask the Senators to take their seats, please. If the Senators wish to converse, please retire to the cloakrooms.

The Senator from Minnesota may continue.

Mr. RIBICOFF. There is such confusion regarding the problem of deficits, lack of jobs, underproduction, their relationship with one another, that I do not believe we can address ourselves to these problems unless we understand the correlation of all of them.

It is my personal opinion that there is no one in this body who is more qualified to address himself to the interrelationship of these economic problems than the distinguished Senator from Minnesota, and that is why I believe what he has to say is of the utmost importance.

Mr. HUMPHREY. I am very grateful to the Senator from Connecticut.

Mr. President, let me say I can only do the best that my limited information permits me, provides me, but I would like to just discuss for a short period of time the situation as I see it, and what we might do about it, and what kind of treatment we might lend to our difficulties.

I said I was deeply concerned, in fact most concerned, about the deficit that I saw in our Nation. This is not to in any way downgrade or to have a lack of concern about the deficit that I see in the Federal budget. But the deficit that I see is 7.5 million people unemployed, totally unemployed, with no income, unable to pay their taxes, unable to meet their bills; on top of that, 3.8 million who want full-time work, who are working less than halftime or about halftime; and to add to that, if you will, another half-million who have dropped out of the employment market because they have become discouraged looking for work.

This adds up, according to the most reliable estimates, to about 10.9 percent, almost 11 percent unemployment.

Added to this is a drop in our gross national product of substantial proportions, a drop in productivity per worker, per man-hour, due to the fact that the plant capacity of this country is not being used.

We are now about 25 percent below our capacity in the utilization of plant and equipment, and everyone knows when those conditions prevail that the cost of articles produced in those plants goes up. In other words, recession has fed inflation.

There are other matters of deficit I am concerned about. For example, it is estimated by the President's Office of Management and Budget that for the years 1974, 1975, and 1976 the loss of income due to unemployment over and beyond 4 percent will be approximately $600 billion.

That is $600 billion of goods and services not produced that ought to be produced without straining our plant capacity, without having an inflationary impact due to excessive demand, or heavy or unusual pressures upon the employment market.

Mr. RIBICOFF. Will the Senator yield at that point?

Mr. HUMPHREY. Yes.

Mr. RIBICOFF. Is it not true, if we had the production which this Nation has a capacity to achieve, instead of running governmental Federal budget deficits, we would be running Federal budget surpluses?

Mr. HUMPHREY. The Senator is absolutely right. It is a fact if we were operating today at 4 percent unemployment, we would have a budget surplus of $12 billion to $15 billion. If we were operating at about 4.5 to 5 percent unemployment, we would have a balanced budget.

But we have 8.2 percent unemployment, plus a good deal of underemployment and part-time employment. It should be noted that for every single percentage point of unemployment, we lose about $12 billion in revenues. For every single point of unemployment, approximately $12 billion in Federal revenues.

Now, let me explain again what I consider the horrendous deficit in this country.

According to the budget estimates given us by the Office of Budget, between 1974 and 1980 our country will lose $1,500,000,000,000 in lost income. That is because, again, workers are not on the job, that is because the plant capacity is not being used, and that is, of course, because consumers are not able to purchase.

So I see that the great need is, how do we decrease, how do we absorb any workers into the work force? How do we get our plant capacity back into production, and how do we, in other words, get people to work and to produce?

This is the task that is before this Chamber and the Congress and the executive branch of the Government.

I do not mean to say that Government alone can do this. But it is my judgment that the lack of continuity of policy or, to put it another way, the mistake in judgments that have been made over the past years on economic policy have precipitated this tragic recession in which our country finds itself.

Likewise, those policies have aided and abetted the double-digit inflation which was the fact of our time this past year.

So we need take a look now at what Government policies can do to alleviate the pain and the suffering, to increase jobs and income, to put our workers back on the job and to utilize our plants and equipment.

Once that is done, whatever impact it might have, that immediately starts to reduce the Federal Government's deficit, it immediately starts to generate commerce and turn the wheels of industry, it immediately starts putting people back on the job so that they can pay their taxes, that they can meet their bills, and that they can buy the things that they use and that they need.

I am not unconcerned about the Government's deficit. I do not like either private deficits or public deficits, but I think we have to take the choice here between two rather difficult and unhappy alternatives.

The one alternative is to do too little and to do it too late as we approach the dimensions of a Federal budget deficit.

That is, to some people, frightening, and I can understand how people feel about that because these figures we are talking about today are enough to boggle the mind, so to speak.

But here we have this deficit. Whatever we wish to call it, it is large—whether it is $65 billion which the administration now admits it will be, or the $75 billion the Joint Economic Committee said our program would result in, or whether it is what we call the off-budget deficit, which includes the unified budget and those other items like Export-Import Bank, the Fannie Mae, the Ginnie Mae, and a number of these borrowing and lending programs which, if added into the budget, become very sizable items.

The off-budget direct loans, the Export Import Bank, Rural Electrification Administration, Rural Telephone Bank, the Housing for the Elderly, Federal Deposit Insurance Corporation, Federal Financing Bank, U.S. Railway Association, Environmental Financing Authority, these are the so-called off-budget items and they run into a very substantial amount.

In fact, for the year, estimated for fiscal 1975, they were $20 billion. For fiscal 1976, they run about $14 billion.

So when we add those into whatever budget deficit we normally look upon as budget deficit, the figures become really very, very big and to many people alarming.

But the answer is not to stand here and feel we have just got to do something about that deficit and to be literally transfixed by it and paralyzed by its meaning, but to do something to get at it.

Now, the simple fact is that if we cut that budget, as some people have recommended, we are going to precipitate even greater recession. No one denies that.

The administration does not; not an economist. No one comes in and says we have to slash the budget because to do so would throw the country into an economic tailspin, the consequences of which we *could safely* predict.

Therefore, we have to face that budget deficit. We know it has to be financed and we have to ask ourselves how we can bring it under control, how we can start to reduce it. Interestingly enough, and almost paradoxically enough, the only way that we have been able to design thus far, insofar as governmental policy is concerned, is through what we call fiscal and monetary policy.

Mr. RIBICOFF. Will the Senator yield at this point?

Mr. HUMPHREY. Yes.

Mr. RIBICOFF. Now, during the course of the last few months, the Senator had before him economists and private individuals, every walk in life, Republican, Democrats, liberals, conservatives——

Mr. HUMPHREY. Bankers.

Mr. RIBICOFF. Middle-of-the-road, bankers, industrialists, labor leaders.

Could the distinguished chairman give us a résumé of the thinking of this large group of people from all walks of American economy, what their advice to the Joint Economic Committee was?

Mr. HUMPHREY. Yes, and might I add, today we issued our report of the Joint Economic Committee, and in that report there were a series of items that were supported by both majority and minority.

The basic items were supported by both sides of the aisle, in the House and Senate, and a large temporary tax cut, including a rebate, that was as the result of our hearings.

Second; a substantial increase—and we have the figures on it—in public service employment.

Three, an extension and an increase in unemployment compensation.

Four, a housing program with reduction in interest.

Five, an expansion of money supply.

Mr. RIBICOFF. Along that line.

Mr. HUMPHREY. Yes.

Mr. RIBICOFF. The question has been raised with great seriousness by a group of Senators that all of us should respect.

I am deeply impressed with the new Senators that have come to the Senate this year. I do not believe there has ever been an infusion of more quality in the U.S. Senate than represented this year by the men that have been added to this body.

I think that the questions they have should be taken very seriously. They are close to the people. They have just gone through an election. They know the thinking of the people back home. What has been the consensus concerning the value of this so-called rebate to get the economy going? Is it useless? Is it meaningful? What role will the rebate play in getting our economy going again?

Mr. HUMPHREY. I think I can say that, as a result of the witnesses we have listened to, the rebate is a useful part of a total tax reduction package. I personally do not think that the rebate does as much good as the kind of permanent tax adjustments you make, such as the tax credit that is in the Senate bill and other measures that we have in the Senate Finance Committee bill.

I just list some of the witnesses that we listened to: Mr. Paul McCracken, one of the members of the Federal Reserve Board years ago and Chairman of the Council of Economic Advisers under President Eisenhower; Dr. Heller, Dr. Okun, Dr. Houthaker, a very famous and what you might call conservative economist; Dr. Ackley, along with Merrill Lynch, along with Leonard Woodcock of the United Automobile Workers, and the representatives that came in from the AFL-CIO. Each and every one of them said the package that we were working on here in the Senate, the package that included the rebate—and they emphasized the rebate, itself—would have a stimulating effect.

I think there is substantial evidence here, as was said most responsibly by our able and good Senator from Arkansas, that there is a public opinion poll that shows that a number of people who would get the rebates say they would save them. That is what they say now.

But even if they did, it becomes a part of the total economic structure of the country.

Mr. PASTORE. Will the Senator yield?

Mr. HUMPHREY. Yes.

Mr. PASTORE. We must admit that the rebate in and of itself will not be the answer to our problem. Anyone who pretends that is just living in a different world.

The fact is that we have had a gigantic gross national product of a trillion and a half. Surely $8 billion is not going to have that much of an effect. We all admit that. But it is part of a large package.

Mr. HUMPHREY. That is the point.

Mr. PASTORE. I think the most important thing today is to restore the people's confidence. They have lost confidence. People who are in need of certain articles and commodities, who have money, are not spending the money for the reason that they do not know what is going to happen.

I understand one of the recent polls indicated that most of our people think that we are drifting into a depression.

When people begin to lose confidence in their Government, when they begin to lose confidence in the free enterprise system, that, of course, will create chaos. What we need to do now is to affirmatively come forward and do everything that we possibly can. It will not necessarily mean that everything we do is right, and not everything that we hope will accomplish that result. But we have to do something. With most of the economists—they are not always right and not everything that they think or say is sacrosanct—the fact remains that it is almost unanimous that we have to have a large rebate in order to get things going.

Mr. HUMPHREY. The Senator has put his finger on it. What we have here is a package. What we need to do is to establish a policy. Once the people of America know what the policy is; once the investment community knows what the investment tax credit is going to be; once the utilities know that they will have 10 percent tax credit instead of 4; once the individual knows that his paycheck each week will be better because of the tax reduction; once an individual knows he will get a rebate on taxes for 1974; once the ground rules are established, Mr. President, I predict this economy will start to move ahead and move ahead much more rapidly than the prophets of doom and gloom have predicted. There is great ability in this economy, but the real problem has been no one knows what the ground rules are. No one knows how long we are going to be in any one position. We are now saying that we are going to give a tax rebate on 1974 income, a maximum of $240. Then we are saying in the Senate bill, and in other items, that there will be a tax credit; there will be an investment tax credit; there will be a housing credit. There are certain things that are being laid down so that the investment community and the consumer community will know what is going to take place.

Again, we cannot be positive. We cannot be sure. But I will say one thing we can be sure of: If we do too little and too late, we will be in the pit of economic despair and depression.

We have been proceeding rapidly to the bottom of that pit. The whole country is waiting to see what we are going to do. They are waiting to see what the Government of the United States is going to do about the economic plight that affects this Nation.

I would remind this distinguished body that we are capable of financing our deficit. I remind the Senators here that not a single witness who appeared before the Joint Economic Committee from any segment of our economy said that we were incapable or unable to finance a deficit much larger than had been predicted—deficits up to $75 and $80 billion, and billions and billions of dollars and more, and be able to finance it without impinging upon the needs of the private money market or without raising interest rates.

It will necessitate cooperation from the Federal Reserve Board. That cooperation is slow in coming, Mr. President. This morning's Washington Post carried the story that the supply of money has been increasing at about seven-tenths of 1 percent, the annual rate, over the past 3 months. It has to come better. That is why we have been encouraging the Federal Reserve System to take a look at the picture that is before us and to cooperate with the fiscal policy which we are attempting to establish here.

I am not unaware of the dangers involved here in deficit financing. That is why, in the resolution passed by the Federal Reserve Board, we did not set any percentage of money supply, even though men of the quality of Mr. McCracken said from 8 to 10 percent is what the money supply ought to be in terms of increased money supply. We have simply said we wanted the Federal Reserve Board to become a part of the team.

Mr. GARY W. HART. Will the Senator yield for a question?

The PRESIDING OFFICER. The Senator will suspend for 1 moment, please.

The Chair will ask the members of the staff who are here by unanimous consent to try to retain their seats. If they leave, leave by the side doors rather than the doors closer to the Chair so we can maintain order in this Chamber.

Mr. HUMPHREY. I yield to the Senator from Colorado.

Mr. GARY W. HART. I thank the Senator for yielding.

I think what is troubling many of us

is the problems this country faces are different from the problems, economically, that it faced in the past, and the possibility that solutions which may have worked 10, 20, or 30 years ago may not work against a new set of problems. Frankly, what I find most disturbing about the argument made in favor of the Senator's position is the names he refers to as authority. If there is any one characteristic which distinguishes those names, aside from their credentials and their background, it is that on many occasions, on both sides of the economic spectrum, they have been wrong. Many of them are responsible for the situation this country is in today.

My question to the Senator is: Did the Finance Committee or the Joint Economic Committee hear testimony from new economists, new theories, people who are not relying on past solutions, who may have some new ideas of how to stimulate this economy and accomplish the result that all of us want?

Mr. HUMPHREY. May I say that the chairman of the Joint Economic Committee has said repeatedly to the staff of that committee and others, "I want to hear the new voices in America. I want to hear new ideas. I think this committee needs new ideas."

But when a man comes down from Merrill Lynch, and they did not get where they are by being stuffy, stodgy and stoogy, when they come down and testify before us with a battery of young economists, younger than Senators in this body, and say the things that they did, I listen.

Might I say that I do not consider a man like Dr. Okun worn out.

I do not think there is a brighter mind in the American economy scene than Dr. Walter Heller.

Youth does not necessarily give you wisdom. It gives you enthusiasm and it gives you vitality. There is no substitute for experience.

I think that what we have been talking about here is the past, in many areas. We tried the public works route. We tried it in the depression. We still had 10 percent unemployment in 1940.

I am a New Dealer. I believe in what Roosevelt tried to do. But in those days they did not have the courage to use the fiscal stimulant. They used budget deficits but not the tax program.

What happened in 1964? That is not long ago. What happened with respect to the Kennedy tax cut, which was passed at the time of President Kennedy and came into being when Lyndon Johnson was President? We had a $12 billion tax cut, which in today's economy is about a $25 billion or $26 billion tax cut. It had the immediate effect, within a few months, of stimulating the economy, and the increase in revenues in 1 year was more than the tax cut.

The $30 billion tax cut we are discussing is about the same kind of tax cut that we had back in 1964. Related to the gross national product, it is 2 percent of the gross national product of this country.

The question about the $30 billion tax cut is not whether it is too big but whether it is too little. I think we need to have some daring. We need to do something else but figure out how we can simply build more water and sewer projects, even though I think they are important. I think there is the need of the mix.

We have had some of the brightest minds this country has available on economic and finance policy.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KENNEDY. Mr. President, I agree with the remarks of the chairman of the Joint Economic Committee and the Senator from Rhode Island (Mr. PASTORE).

The Senator from Minnesota is entirely right in reviewing some of the economic history of the earlier period, particularly in the early 1960's.

In January of 1961, we had a 7-percent unemployment rate nationwide, coming out of the recession of 1958. As the Senator from Minnesota understands full well, under the leadership of Walter Heller at that time, that unemployment was brought down to 3.5 percent. This was by 1964, and this was prior to the buildup in Vietnam. We had the longest period of economic growth and price stability in the history of the Nation. We had a 3.6-percent increase in inflation in 3 years. We have that in 3 months at this time.

Not that we have to take everything that Walter Heller or Art Okun or Joe Peckman have to say, but I would challenge the economists, either the younger economists or the radical economists—and I have had an opportunity to exchange some ideas with them as well—I would challenge any of the track records of those individuals with the predictions or projections or performance in terms of this particular issue.

I am a member, a new member, of the Joint Economic Committee. I feel that the case that has been made about the rebate provisions in terms of early action by the House and the Senate in this area is of the greatest importance and consequence in terms of the total package.

Many of the individuals who have appeared before the Joint Economic Committee urged the House and the Senate last year to have a $6 billion tax cut, with a $6 billion closing of various tax loopholes. The Senator from Minnesota was a cosponsor of that proposal. We debated that issue here for 10 days, and it was filibustered. We listened to editorials from the Wall Street Journal that said this was too strong a medicine at that time. There were a number of people here who effectively filibustered that effort, which was cosponsored by the Senator from Minnesota, a bipartisan effort.

In any fair analysis of the hearings we have held in the Joint Economic Committee, in questioning any of these economists, they said that if Congress had taken the action last year, just $6 billion, the greatest percentage of the problems we are facing in our economy at the present time could have been avoided. They make the case, I think convincingly so, of the importance of this front-end effort which is included in the rebates.

I have a good deal of respect for those who have offered this amendment and for their thoughtful presentation of it to the Senate. But I do feel that this is an extremely important aspect of the package that has been developed, and I hope that the position taken by the Senator from Minnesota and others will be maintained. It is an important aspect for the reasons that have been talked about, and I need not develop it. I hope the amendment will be agreed to.

Mr. BIDEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. BIDEN. Mr. President, I direct my remarks to the distinguished Senator from Massachusetts and some of the comments made by the distinguished Senator from Minnesota.

Will either Senator tell me whether or not the rebate is justified if, in fact, people do not spend the rebate on durable goods?

Mr. HUMPHREY. Yes, I would think so.

Mr. BIDEN. How?

Mr. HUMPHREY. I do not think durable goods are necessary at all. Consumer goods may be very vital, if they spend it on consumer goods, if they spend it on energy and food. That still will help. It is money in circulation, and that is what it is all about. It is the money getting into circulation.

Mr. BIDEN. I have heard the same economists the Senator has heard, and I have not heard one say that. I have not heard one say that if the money is spent on energy and food, it will have the stimulative effect for which it was designed.

Mr. HUMPHREY. It would be better served if it were spent on other things. But what is needed, strangely enough, is spending.

Mr. BIDEN. I agree wholeheartedly.

Mr. HUMPHREY. Do not misunderstand me. As I said to the Senator privately—and I say it to him on the floor of the Senate—I do not think the rebate is the alpha and omega of economic treatment here; but it is part of a total package, and it does give an economic shot.

Some of that rebate may be saved, as the Senator says. But much of the savings that are put aside like that are very temporary, and they are drawn out. Even if it is put aside, it still has some impact on the economy; and I think that if you tie it in, it makes a substantial impact.

The only question before this body—and I am going to raise it again and again—is, Is what we are doing big enough? Is what we do today enough to stem the tide of recession?

Remember, the President was saying, up to Christmas, that we should have a 5 percent tax increase. That would have been an economic disaster.

As the Senator from Massachusetts properly said, he sponsored a measure, in which I and several others joined, which offered to give a tax reduction; because we saw the recession not in January of this year but last year, as other Senators did.

Mr. BIDEN. I was also on the Budget Committee and the Banking Committee and made the same statement, that I did not think a balanced budget was in the best interest. But the Senator from

Massachusetts and the Senator from Minnesota talk about this being one part of a package, and that should be put in perspective. It is a third of the entire package.

Mr. HUMPHREY. No, it is not.

Mr. BIDEN. In terms of this bill, it is $10 billion.

Mr. HUMPHREY. The Senator is talking about a third of the tax package.

Mr. BIDEN. That is correct. That is what we are talking about right now.

Mr. HUMPHREY. The economic stimulus that the Senator from Minnesota is talking about is not just a tax package. It is other things, things we are trying to do in the housing market, on which we have basic agreement.

Let me be fair. I do not know whether all this is going to do as much good as we hope it will. But I have enough confidence in those who have been advisers to me to say that the package on the tax or the fiscal side should be accepted and we should give it a run, because to delay or to have it too little is to waste it all. If we think it so small, it will do nothing, and all it will do is to lose revenue. But if we can make it big enough to have an economic impact, it will generate jobs, it will start to cut down the Federal deficit, it will increase the gross national product, and I think it will be helpful.

I know the Senators want to vote on it. I am ready to yield the floor.

Mr. BIDEN. I appreciate the Senator's candor. My concern——

SEVERAL SENATORS. Vote.

Mr. STEVENSON. Mr. President, a one time tax rebate—as contrasted with permanent tax reduction—will cause a major increase in the Federal deficit while doing little to stimulate the economy.

A single $100 to $240 check from the Government will cause virtually no one to make major new expenditures in sectors of the economy hit hardest by recession. Consumer spending patterns are governed by long-term expectations of future earnings—not by month-to-month fluctuations in income. Consumers increase spending when they expect a permanent increase in income—and have confidence in the future. But with over 6 million people out of work, consumer prices rising at a rate of over 7 percent a year, industrial production declining at a record rate, and the prospect of a vastly increased rate of inflation under the President's energy program, few have much confidence in the future. Instead of committing themselves to major new expenditures, consumers will use their rebate to pay off old debts, add to their savings, and attempt to compensate for the crippling erosion in incomes which they have suffered as a result of more than a year of double digit inflation, rising energy costs, escalating utility bills, and massive unemployment.

As a result, the rebate will be wasted. Instead of being put to productive use on the Nation's burgeoning public problems, the Treasury will be drained of an additional $10 billion. The $10 billion which would be spent for rebates exceeds by $2 billion the entire sum spent on Federal programs for natural resources and the environment in fiscal 1975. It is more than six times as much as we are spending on energy. And it is more than three times as much as we are spending for the Nation's entire community development effort.

With the loss of $10 billion in Federal revenues, the Nation's collapsing railroads, inadequate health care system, and deteriorating cities will continue to be starved for funds. And the Nation's ability to reorder its spending priorities to deal with the fundamental causes of inflation and recession will be further impaired.

Moreover, with the rebate, the Federal debt, already at the astronomical level of over $600 billion, would grow by another $10 billion. When combined with the other parts of the tax package, it could add more than $20 billion to the current Federal deficit.

The result will be increased upward pressures on interest rates. The depression in housing and the capital goods industries will continue. And the seeds of accelerating inflation will be sown for the years ahead.

Mr. President, the Nation cannot afford a $10 billion increase in debt. It cannot afford to waste the public's precious resources. It cannot afford to throw away funds when its other pressing needs are so great.

This futile gesture at economic stimulation is misplaced and misconceived, and, I therefore urge my colleagues to vote against the motion to table the amendment offered by Senator BUMPERS.

Mr. HATHAWAY. Mr. President, I have listened to very learned argument on both sides of this question for the past almost 3 hours, and I do not think many more minds are going to be changed if we proceed any further. I should like to get the sentiment of the Senate on this issue. For that reason, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. SYMINGTON) and the Senator from Texas (Mr. BENTSEN) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. MCGOVERN) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 52, nays 40, as follows:

[Rollcall Vote No. 103 Leg.]

YEAS—52

Baker
Bayh
Beall
Bellmon
Brooke
Cannon
Case
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Fong
Ford
Glenn
Gravel
Griffin
Hart, Philip A.
Hartke
Haskell
Hathaway
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mathias
McGee
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Pastore
Pearson
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Tunney
Williams
Young

NAYS—40

Abourezk
Allen
Bartlett
Biden
Brock
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Curtis
Eastland
Fannin
Garn
Goldwater
Hansen
Hart, Gary W.
Hatfield
Helms
Hollings
Hruska
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
Morgan
Nunn
Pell
Roth
Scott, William L.
Sparkman
Stennis
Stevenson
Stone
Talmadge
Thurmond
Weicker

NOT VOTING—7

Bentsen
McGovern
Packwood
Stevens
Symington
Taft
Tower

So the motion to table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a technical amendment to an amendment adopted yesterday by the Senate, the so-called Cranston amendment, be in order, and that the necessary technical amendment be incorporated at the appropriate section of the bill. This has been cleared with the manager of the bill and the ranking minority member.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment was agreed to, as follows:

On page 23, of the Hollings amendment in section 103 thereof, entitled "Denial of DISC Benefits With Respect to Energy Resources and Other Products," in subsection (a) thereof strike out the addition of a new subparagraph (D) to section 932(c)(2) of the Internal Revenue Code.

On page 24, line 9, strike "harvesting".

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, for the information of the Senate, it is the intention of the joint leadership to stay in tonight to finish this bill if at all possible. I realize that we have had a pretty difficult week. We have spent a lot of time, contrary to the reports emanating from the White House, on measures which the President wants considered by Congress, and I am sure that the White House is aware of the fact that the Senate cannot consider a measure of the nature now pending before it has been passed by the House of Representatives and referred to the appropriate committee here.

For the information of the Senate, we

came in at 11 a.m. on Monday and quit at 5:10 p.m. On Tuesday, we came in at 10:30 a.m. and quit at 8:28 p.m. On Wednesday we came in at 9:15 a.m. and quit at 8:54 p.m. And on Thursday, yesterday, we came in at 9:40 a.m. and quit at 8:07 p.m.

Today we came in at 8 o'clock, almost 11 hours ago, and it will be beyond 12—12 hours, that is—before we complete the business tonight, if we are going to do it.

So I would hope the Senate would bear this in mind, and be prepared to stay as long as possible, so that we can face up to our responsibilities, and—contrary to the report from the area within the gates surrounding the White House—prove, as we have consistently during this session, that we are doing our job, doing it to the best of our ability, and on the whole doing it well.

In the morning we take up the agricultural bill under a unanimous-consent agreement, and that will be the pending business after the joint leadership has been recognized. How far we will get along with it I do not know, but at least we are going to start and do the best we can.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. PASTORE. In view of that brilliant record of endurance, I was wondering, inasmuch as we have been here since 8 o'clock this morning, if we stay here no matter what the time is and finish this bill tonight, would it not be more appropriate to bring up the agricultural bill on Monday, and we could stay here and finish this bill tonight even though it means 2 o'clock tomorrow morning?

Mr. MANSFIELD. I wish the Senator from Rhode Island, with his usual understanding, would give us the benefit of the doubt.

Mr. PASTORE. I will give the Senator the benefit of the doubt.

Mr. MANSFIELD. Mr. President, could I ask—then I will yield to the Senator from Florida—first, how many amendments are still to be offered? Five, maybe six.

I yield to the Senator from Florida.

Mr. CHILES. I just wanted to ask the distinguished leader, my understanding was, when we held a Democratic Caucus and said that we would stay on this bill until we finished it, and we would not adjourn for our recess prior to the time that we finished this bill, we were talking about the passage of it, and many of us, based on that, again did what we were going to do with our schedules or left things out, and thinking that once we voted on the bill we could go to our respective States if we had to, knowing we would come back for a conference report if we needed to have that adopted, but still we would be able to leave.

Now we find we are talking about taking up the farm bill. It certainly is an important bill, but it was not part of the things we considered that had to be done before, and so many of us again have set our schedules on that kind of basis—at least the Senator from Florida has—and now we find we are going to go over to the farm bill, and probably have votes on that. It seems to me as if that is contrary to what we decided in our caucus that we would do.

Mr. MANSFIELD. Well, it is a hard question to answer because, as a matter of fact, the farm legislation was not discussed at the Democratic conference. We did concentrate on the facts and we did agree, I believe, informally, that we would even stay through the conference, if need be, on a call-back basis or a come-back basis.

Mr. CHILES. Yes, on a call-back basis.

Mr. MANSFIELD. But that will depend on what happens to the conference, the length of time entailed, and I would hope that the distinguished Senator from Florida would allow the leadership to go ahead with its plans to take up the agricultural bill tomorrow, which is of vital significance to the farmers of the Nation.

I do not know how long we will be, to tell the Senator the truth, but there will be amendments offered, and there will be votes.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Florida.

Mr. CHILES. The Senator from Florida is one Member here, and certainly if the leader wants to do that, I am sure that is what is going to happen. It seems to me as if that is again contrary to what we discussed in the caucus and what we agreed. It was important that we stay here, regardless of the fact that we had the recesses, and we were going to stay, and we were not going to leave prior to the time we voted on this bill.

Based on that again, on that kind of agreement, that is what we were going to do, and that is where I tried to set all of my kind of schedule based on that.

Mr. MANSFIELD. Mr. President, if the Senator will yield, it had been the leadership's intention to have the Senate in session Monday or Tuesday, depending on developments. That did not mean that Senators could not leave and come back if the situation warranted it, as might well be the case if this bill goes to conference and agreement is reached.

Mr. LONG. Mr. President, will the Senator yield to me at that point?

Mr. MANSFIELD. I yield.

Mr. LONG. Mr. President, let me assure the Senator I will be around, as far as this Senator is concerned, and so far as a few people are concerned. I will be glad to provide a pair with the other side.

Mr. MANSFIELD. Let me assure the Senator that no matter how he votes on the agriculture bill I will give him a live pair. I will make that deal with him.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MOSS. If the majority leader will yield, the farm bill that is now reported, of which we cannot get a copy and have not seen as yet, has in it an amendment that was different from anything the House considered. I have heard about that, and understanding that this now is coming on, that we entered into a unanimous-consent agreement without ever knowing what was in the bill and, as a matter of fact, before the bill even went to the committee, and in order to bring it up I am going to be constrained to offer a great many amendments that will probably take the farm bill over more than 1 day, and there will be many votes and many live quorums.

So I think it would be the wise thing if we put that over until after the recess and then tackled it at that time.

Mr. MANSFIELD. Mr. President, the same situation would arise if we postponed it until after the so-called recess. I, like the Senator from Florida, do not like the use of the word "recess." I do not consider Saturdays and Sundays off as being a recess. I do not consider Holy Thursday, Good Friday, Holy Saturday or Easter Sunday as being a recess.

What the Senator would do 2 weeks from now he would do tomorrow, so if that is the case, let us face up to it.

Mr. MOSS. If the Senator will yield. That is not so. What I would do tomorrow I would not do after the nonlegislative days.

Mr. MANSFIELD. If the Senator can do it after the nonlegislative period, he can do it tomorrow in discussions with the chairman of the committee and others.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GRIFFIN. I know the majority leader, after consulting with the minority leader and the ranking member and chairman of the Agriculture Committee, and so forth, did get a time limitation with respect to the farm bill. However, there has not been any agreement, as I understand it, that it will be brought up tomorrow; is that correct?

Mr. MANSFIELD. There has been an agreement it will be brought up and be made the pending business if this bill is disposed of, after the leaders have been recognized.

Mr. President, what is the order?

The **PRESIDING OFFICER.** It is the order of procedure that the agriculture bill, H.R. 4296, will be the pending business after the disposition of this pending legislation and after the leaders are recognized tomorrow morning.

Mr. GRIFFIN. It is also the fact that the agriculture bill was just reported today, and the report is not yet available; is that correct?

Mr. MANSFIELD. I believe the report is available at this time.

Mr. GOLDWATER. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. Yes.

Mr. GOLDWATER. With all due regard to the majority leader for whom I have great respect, would it be possible to get a copy of the Democratic Caucus rules? [Laughter.]

Mr. MANSFIELD. No. It would be just as possible as for a Democrat to get a copy of the Republican Caucus rules, if the Republicans have caucus. I understand they have lunches. [Laughter.]

Of course, the figures are on the menu.

Mr. GOLDWATER. We do not need rules. I said that because I have a little feeling that maybe the caucus rules have taken the place of the Senate rules and, if so, we would like to know.

Mr. MANSFIELD. No, no. This is not the House. [Laughter.]

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, what is the order of the Senate for recognition?

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. BROOKE. Mr. President, parliamentary inquiry?

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. BROOKE. Parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator yield for the purpose of a parliamentary inquiry.

Mr. ROBERT C. BYRD. Yes, I am going to yield the floor shortly. I do not plan to call up my amendment that I intended to call up.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. KENNEDY and Mr. BROOKE addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts (Mr. KENNEDY).

Mr. KENNEDY. Mr. President, I would like to call up my amendment.

Mr. BROOKE. Mr. President, may I be heard?

The PRESIDING OFFICER. Does the Senator from Massachusetts have a parliamentary inquiry?

Mr. BROOKE. Yes, he does.

The PRESIDING OFFICER. The Senator will state it.

Mr. BROOKE. Mr. President, many hours ago prior to the Bumpers amendment the Senator from West Virginia asked unanimous consent that the Bumpers amendment be substituted at that time out of order for that of the Senator from West Virginia.

This morning, when we began a list, I put my name on that list, and I have waited, not so patiently, for 6 or 7 hours to call up my amendment, and I think that the Chair has that list before it and that the list would reveal I am next to call up my amendment.

I am wondering at what time that list will be respected and I will have an opportunity to call up two amendments which I have been waiting all day to call up.

The PRESIDING OFFICER (Mr. STONE). The Senator from Massachusetts is advised that the list in front of the Chair does not even include the Senator from Massachusetts.

Mr. BROOKE. Now, I want to know about the rules the Democrats are keeping, Mr. President, because I cannot understand, if there is a list up there which had Senator CURTIS and then Senator BROOKE, and Senator CURTIS decided not to call up his amendment——

Mr. CURTIS. That is correct.

Mr. BROOKE (continuing). And I was next in line, the Senator from West Virginia——

The PRESIDING OFFICER. Now——

Mr. BROOKE. Mr. President, if I may proceed; the Senator from West Virginia asked unanimous consent. I did not object at the time because I was led to believe we would be following after Mr. BUMPERS.

Now, Mr. BUMPERS has concluded and 4 or 5 hours later the Chair tells me I am not even on the list.

The PRESIDING OFFICER. When this Senator took the chair and looked at the list, the list included Senator ROBERT C. BYRD by unanimous-consent agreement, and then by request Senator GRAVEL, Senator KENNEDY, Senator ROTH.

That is what this list showed. There may have been a previous list.

Mr. CURTIS. Will the Senator yield?

Mr. BROOKE and Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. At all events, such lists do not bind the Chair and the Chair has to recognize the Senator first on his feet seeking recognition, which the other Senator from Massachusetts was at the time.

Mr. BROOKE. Mr. President, I was on my feet at the time the Senator from West Virginia was recognized and the other Senators were——

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I would like to ask unanimous consent that my distinguished colleague from Massachusetts be recognized and I am delighted to take my chances after he is.

Mr. ROBERT C. BYRD. Mr. President, the Senator is recognized.

Mr. KENNEDY. No, he is not. This Senator from Massachusetts is recognized.

Mr. ROBERT C. BYRD. Oh, I see.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Massachusetts is recognized at this time.

Mr. BROOKE. I am most grateful. I thank my distinguished senior colleague and I thank the Chair for recognizing me.

Mr. GOLDWATER. Will the Senator yield for a question on my time?

Mr. BROOKE. I am pleased to yield.

Mr. GOLDWATER. About how much time does the Senator think he might be——

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. Mr. President, may we have order in the Senate?

Might the Chair insist the Senators desiring to hold conferences should retire to the cloakroom or somewhere outside the Chamber so we can hear what debate is going on?

The PRESIDING OFFICER. The distinguished chairman of the Committee on Finance is correct and the Chair will ask all Senators in the aisles, even leadership Senators, to maintain order in the Senate.

The Senator from Massachusetts.

Mr. BROOKE. Mr. President, the distinguished Senator from Arizona has asked me to yield on his time and has asked a question as to how long I will take on these two amendments.

I expect that on each of the two amendments, I will take one-half hour apiece.

Mr. GOLDWATER. I thank the Senator.

Mr. BROOKE. I do not know how long——

The PRESIDING OFFICER. The Senator has 56 minutes remaining.

Mr. BROOKE. When did I use the 4 minutes?

On my parliamentary inquiry?

The PRESIDING OFFICER. According to the Parliamentarian——

Mr. BROOKE. I want to get on, Mr. President, before I lose some more time.

Mr. President, the primary purpose of the tax reduction bill is to return purchasing power to the American people so that, in turn, their purchases could stimulate a badly sagging economy. Since the introduction of this bill, its original thrust has been significantly changed in one respect: It now places greater emphasis on returning buying power to those in the lower income brackets—those who need it the most.

I commend the distinguished chairman of the Finance Committee for the so-called work bonus, which he developed and which is included in the committee amendment. This proposal will go a long way to providing relief for working Americans at the lower end of the income scale.

There is an anomaly, however, in title II of the present bill. Title II of H.R. 2166, as presently written, denies any real tax credit relief to those working families who are eligible for AFDC and SSI benefits, and may cause them to lose their eligibility for food stamps and medicaid as well. The tax credit which the Government gives them with one hand, it takes away with the other, as their Government assistance is reduced by the amount of the credit received.

I would emphasize that we are so punishing only those poor people on Government assistance who work, who attempt to better their own and their family's lives. I cannot imagine why we should so wish to destroy their incentive to work.

AFDC families alone demonstrate the unfortunate effects of section 203(c): 3.3 million families receive AFDC benefits. Of these 3.3 million, almost 1.3 million heads of families work for at least some part of the year and would be adversely affected by the present provisions of this tax bill.

Under section 402(a)(7) of the Social Security Act, in determining eligibility for aid to families with dependent children, the State agency must take into consideration any other income which, unless specifically excluded, would include any tax credit received. Thus, the 40 percent of AFDC family heads who work would be discouraged from working.

In another program, supplemental security income, eligibility for supplemental security income payments—aid to aged, blind, and disabled—is determined by the State taking into consideration all earned and unearned income except that specifically excluded in section 1612(b) of the Social Security Act. That tax rebates or credits are to be considered as income unless specifically exempted can be concluded from section 1612(b)(5) which specifically does exempt refunds of taxes paid on real property or on food. I would hope that the Senate would not discourage those blind and disabled who choose to work.

Section 203(c) of the Senate version of H.R. 2166 specifically states that the tax credit must be counted as income for the purposes of determining eligibility for aid to families with dependent children. However, it is clear that, even without the specific language of section 203(c), the tax credit would be counted as income for both AFDC, and SSI recipients, and therefore result in a reduction of their grants.

Those who purchase food stamps and the millions on medicaid could also have their eligibility for these programs threatened or ended. Therefore, what we are talking about in this bill may be more than just a dollar-for-dollar reduction. For the credit, considered as income, may end eligibility for any cash assistance, which in turn would end eligibility for medicaid and, in some States, for food stamps.

Section 203(c) should be stricken from the Senate bill. In its place, the amendment which I am offering contains specific language making clear that any payments made by reason of section 43 shall not be taken into account as income, receipts, or resources for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

In conclusion I would emphasize that this amendment adds nothing to the cost of this bill. It might prevent some reductions in the costs of welfare—at most $100 million. That is a small price to pay in this bill for justice for those welfare recipients who are trying to work and achieve as much independence as they can.

AMENDMENT NO. 259

Mr. President, I call up my amendment No. 259 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

> The Senator from Massachusetts (Mr. BROOKE) proposes amendment No. 259.

Mr. LONG. I ask it be read, Mr. President.

If it is the amendment that has to do with section 203, that is all I need to know.

The PRESIDING OFFICER. Does the Senator from Massachusetts have an extra copy of the amendment which he can send to the desk?

Mr. BROOKE. I did, I just sent it up.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

> In section 203 of the bill strike out subsection (c) and insert in lieu thereof the following subsection:
>
> (c) Any payments made by reason of section 43 of the Internal Revenue Code of 1954 shall not be taken into account as income, receipts, or resources for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

Mr. MATHIAS. Mr. President, I am pleased to join with the distinguished Senator from Massachusetts (Mr. BROOKE) in introducing this amendment to the Tax Reduction Act of 1975, H.R. 2166.

Last night and this morning, the American people received the news that the Senate was moving forward on a measure to provide immediate tax relief for various segments of our badly shaken economy. I am sure that the millions of older Americans who receive benefits from social security, railroad retirement, and the supplemental security income program were pleased to learn that the Senate adopted a measure which would grant them a special payment of $100 this year. This $100 grant, I would add, will not in any way, adversely affect the level of benefits now being received by social security recipients, railroad retirees, or SSI beneficiaries. However, the millions of working aged, blind, and disabled Americans who receive benefits under the SSI program, and the 1.3 million working Americans who receive benefits from the AFDC program will be in for a rude awakening when they discover what else the Senate did on the way toward increasing the spending power of the American people.

In section 203(c) of the Tax Reduction Act of 1975, which allows for tax credits for the American people, any tax credits awarded to working citizens who now receive benefits under SSI or AFDC will be counted as income. The net effect of this provision is that those in our population who would benefit most from a tax credit may actually end up being most adversely affected because their benefits, either SSI, AFDC, food stamps, or medicaid are based on a means test. These benefits in some States could be reduced or eliminated since the tax credit counted as income might artificially elevate citizens beyond the current eligibility requirements for these programs.

Mr. President, I do not believe that the Senate desires this emergency tax relief measure to penalize our senior citizens, or the blind and disabled or the beneficiaries of AFDC. The amendment we are offering at this point will allow the Senate to make it clear that we intend for this bill to assist not only our depressed economy but also those most severely affected by this recession.

In brief, this amendment provides that tax credits made possible by section 43 of the Internal Revenue Code of 1954 shall not be taken into account as income, receipts, or resources for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

I urge the adoption of this amendment.

Mr. LONG. Mr. President, knowing that Senators are anxious to vote on these measures, I am going to use a procedure of trying to speak no more than the sponsor of an amendment speaks and move to table an amendment, and then if the motion to table fails to carry, I will be willing to consider any additional speeches Senators want to make. I do think that we ought to try to give the Senate a chance to express its views on these various amendments rather than permit the debate to go on and on when many times Senators know pretty much what they want to do about the matters. I do not know any other way, since I have been unable, so far, to obtain the unanimous consents to vote that I have been seeking.

Mr. President, this particular amendment reflects the very warm feeling that the Senator from Massachusetts has toward all those who are poor, who seem to get the worst of it in this society, and I commend him for that. He has always shown a great interest in the less fortunate. I believe that no one in this Chamber has had greater compassion for those who, at least from the income point of view, are the least benefited in our society.

I regret, Mr. President, that I am unable to support the amendment. It would provide that payments under the refundable earned income credit are not to be considered as income for welfare purposes.

One of the purposes of this provision for a refundable tax credit on earned income, which is directed to those in low-income brackets, is to help these people to have enough income so that they would not have to be on welfare.

The Senator's amendment would require that we disregard that income.

Mr. President, there is no more reason to disregard all the money paid out of the Federal Treasury to a citizen than there is to disregard all the money he earns. Under our welfare laws, depending upon the various regulations, the State is already required to disregard certain work expenses. In some States, that disregard is very liberal. In addition to that, the State must disregard the first $30. A State cannot even look at that in determining welfare eligibility. They are required, in addition to that, to disregard one-third of all additional earnings. Mr. President, that is a very liberal disregard requirement in present law.

We have at least three provisions in this bill right now seeking to help people move from a state of dependency into a state of independence. We seek to help give these people with children an advantage in getting a job. We provide a 20-percent tax credit to employers to help make it advantageous to employ people in that situation. We provide this very provision, the earned income credit, for the low-income workers with families.

We provide a more liberal child-care arrangement under the Tunney amendment than has ever been voted in the Senate.

But we do believe, Mr. President, that the earned income credit is income and it should be regarded as income. One of its main purposes is to encourage people to find employment and to make their income adequate so that they will not need to seek Federal and State help and live at the expense of the taxpayer.

There are some other things involved. It would be possible, if the amendment were to be agreed to, that someone would actually seek to move on to the welfare rolls so they could get the benefit of this earned income credit and disregard it and receive welfare payments as well.

We hope to encourage them just to the contrary, to take a job when that job is available to them. Therefore, Mr. President, both the Senate committee, which has considered this on at least three different occasions and has felt that this should be regarded as income, as well as the House committee, feel that the credit should be considered as income. I believe, Mr. President, that it should be so considered.

Therefore, Mr. President, I move that the amendment be laid on the table.

The **PRESIDING OFFICER.** The question is on the motion to lay on the table.

Mr. BROOKE. Yeas and nays, Mr. President.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask that the time on the rollcall be limited to 10 minutes.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I would like to ask unanimous consent to add Senator Mondale and Senator Biden as cosponsors of amendment 259.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen) and the Senator from Missouri (Mr. Symington) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. McGovern) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Brock), the Senator from Oregon (Mr. Packwood), the Senator from Virginia (Mr. Scott), the Senator from Alaska (Mr. Stevens), and the Senator from Texas (Mr. Tower) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 50, nays 40, as follows:

[Rollcall Vote No. 104 Leg.]

YEAS—50

Allen
Baker
Bartlett
Bellmon
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Curtis
Domenici
Eastland
Fannin
Fong
Ford
Garn
Glenn
Griffin
Hansen
Hartke
Haskell
Hathaway
Helms
Hollings
Hruska
Huddleston
Johnston
Leahy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McIntyre
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Proxmire
Roth
Stennis
Stone
Talmadge
Thurmond
Tunney
Young

NAYS—40

Abourezk
Bayh
Beall
Biden
Brooke
Buckley
Burdick
Case
Clark
Cranston
Culver
Dole
Eagleton
Goldwater
Gravel
Hart, Gary W.
Hart, Philip A.
Hatfield
Humphrey
Inouye
Jackson
Javits
Kennedy
Laxalt
Mathias
Metcalf
Mondale
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevenson
Weicker
Williams

NOT VOTING—9

Bentsen
Brock
McGovern
Packwood
Scott, William L.
Stevens
Symington
Taft
Tower

So the motion to table was agreed to.

Mr. BROOKE. Mr. President, I send to the desk my modified amendment to H.R. 2166.

Mr. LONG. Mr. President, the Senator cannot modify an amendment.

The **PRESIDING OFFICER.** Is there objection to the amendment being modified?

Mr. LONG. I object.

The **PRESIDING OFFICER.** The objection is heard.

The amendment is not in order unless it had been submitted prior to cloture.

AMENDMENT NO. 172

Mr. BROOKE. Mr. President, I call up my amendment No. 172.

The **PRESIDING OFFICER.** The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. Brooke) proposes an amendment numbered 172.

The amendment is as follows:

On page 57, line 3, strike out "Subpart" and insert in lieu thereof the following:

"(a) In General.—Subpart".

On page 57, beginning with line 6, strike out through line 23 on page 61, and insert in lieu thereof the following:

"Sec. 44. Purchase of Principle Residence.

"(a) In General.—In the case of an individual there is allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to $2,000 if the taxpayer purchases or constructs a principal residence for use by the taxpayer.

"(b) Property to Which This Section Applies.—The provisions of this section apply only to property—

"(1) the construction of which commences before September 13, 1975,

"(2) which has not been occupied before March 13, 1975, and

"(3) in the case of property the construction of which commences after March 12, 1975, acquired by the taxpayer as his principal residence within 180 days after the date on which such construction is completed, but in no event later than March 13, 1976.

"(c) Limitation.—

"(1) Cost of acquisition.—Notwithstanding the provisions of subsection (a), the amount otherwise allowable as a credit under subsection (a) shall be reduced by 20 percent of the amount by which the cost of acquisition of the property (as determined under section 1034) exceeds $45,000.

"(2) Married individuals.—In the case of a husband and wife who file a joint return under section 6013, the amount specified under paragraph (1) applies to the joint return. In the case of a married individual filing a separate return, paragraph (1) shall be applied by substituting '$1,000' for '$2,000'.

"(3) Certain other taxpayers.—In the case of individuals to whom paragraph (2) does not apply who purchase a single principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals as prescribed by the Secretary or his delegate, but the sum of the amounts to such individuals who shall not exceed $2,000 with respect to that residence.

"(4) Minimum size.—No amount shall be allowed as a credit under subsection (a) for the purchase of any property which fails to meet such minimum standards as the Secretary of Housing and Urban Development prescribes with respect to minimum floor space per dwelling.

"(5) Maximum credit.—The credit allowed by subsection (a) to a taxpayer shall not exceed $2,000 for all taxable years.

"(d) Definitions.—For purposes of this section—

"(1) Principal residence.—The term 'principal residence' means a principal residence (within the meaning of section 1034), and includes, without being limited to, a single family structure or a residential unit in a condominium or cooperative housing project, but does not include a mobile home or a houseboat.

"(2) Purchase.—The term 'purchase' means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b), (but in applying section 267(b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(B) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014(a) (relating to property acquired from a decedent).

"(e) Recapture for Certain Dispositions.—

"(1) In general.—If the taxpayer disposes of property with respect to the purchase of which he claimed a credit under subsection (a) (referred to in this subsection as the 'old residence') at any time within 36 months after the date on which he commenced occupying it as his principal residence, then the tax imposed under this chapter for the taxable year following the taxable year during which such disposition occurs is increased by an amount equal to that percentage of the amount allowed as a credit for the purchase of the old residence determined by multiplying the amount of the credit allowed for the purchase of the old residence by a (fraction not greater than 1 cent and not less than zero) the numerator of which is an amount equal to the amount determined by subtracting the cost of acquisition of property which qualifies as a new residence under section 1034 from the amount received from the disposition of the old residence and the denominator of which is the amount received for the old residence. For purposes of this paragraph, the cost of acquisition of any property acquired by the taxpayer more than 12 months after the month in which disposition of the old residence was made shall be treated as zero.

"(2) DEATH OF OWNER; CASUALTY LOSS.—The provisions of paragraph (1) do not apply—

"(A) to a disposition made on account of the death of any individual having a legal or equitable interest in the old residence occurring during the 36-month period to which reference is made under such paragraph, or

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily and involuntarily converted (within the meaning of section 1033(a)).

"(f) ELECTION TO APPLY CREDIT TO PRECEDING YEAR.—At the election of the taxpayer (made at such time and in such manner as the Secretary or his delegate prescribes by regulations), the credit allowed under subsection (a) for any taxable year shall be allowed as a credit against the tax imposed by this chapter for the preceding taxable year.".

"(b) SPECIAL RULES.—

(1) REFUND OF CREDIT IN EXCESS OF LIABILITY.—Section 6401(b) (relating to excessive credits) as amended by section 203(b)(1) of this Act, is amended—

(A) by inserting "44 (relating to purchase of principal residence)," before "and 667 (b)"; and

(B) by striking out "and 43" and inserting in lieu thereof "43, and 44".

(2) ASSESSMENT AUTHORITY FOR OVERSTATED CREDIT.—Section 6201(a)(4) (relating to assessment authority) as amended by section (b)(2) of this Act, is amended—

(A) by striking out "or 43" in the caption of such section and inserting in lieu thereof "43, or 44"; and

(B) striking out "or section 43 (relating to personal exemptions)" and inserting in lieu thereof the following: "section 43 (relating to personal exemptions), or section 44 (relating to purchase of principal residence)".

Mr. BROOKE. Mr. President, several weeks ago I introduced S. 948, the Home Purchase Incentive Act of 1975. That bill, which was referred to the Banking Committee, seeks to reduce the current, unprecedented rate of unemployment in the construction trades and to promote economic recovery by encouraging the construction and purchase of new homes of median price or less. Under S. 948, the buyers of newly built homes meeting size and price requirements established by the bill would receive a direct cash payment applicable against their downpayment at the time they purchase their homes. This home purchase incentive program will produce more jobs at less cost than any proposal I know of, including the public service jobs program, which I have supported. Because it would put the large, unused capacity in our housing industry back to work, the program would not have an inflationary effect. By increasing the supply of housing, the bill will in fact dampen inflationary pressures now developing in some tight housing markets.

Last week, I appeared before the Committee on Finance and discussed the concept of a direct cash payment program with committee members. That committee has included a tax credit for home buyers in the Tax Reduction Act, which we are considering tonight. This program is somewhat similar to my proposal in S. 948. However, the Committee's proposal has certain features which I believe must be changed if it is to be effective and to operate at an acceptable level of cost to the Federal Government. The changes, which I believe are necessary, are contained in the amendment which I have offered and which I shall describe in a minute.

I have heard some talk that a home purchase incentive program does not belong on the tax bill and goes beyond the jurisdiction of the Finance Committee. While there may be some merit to these arguments, I believe that the interests of the economy and the country are better served if we put aside jurisdictional niceties for the time being.

In the larger sense, we are not talking about a housing program but a jobs program, an economic recovery program. There has been testimony both in the Committee on Finance and in the Committee on Banking, Housing, and Urban Affairs, that the home purchase incentive program is among the most potent and least expensive ways to promote employment. Each dollar spent by the government under the home purchase incentive program will generate $12 in private expenditures, as opposed to the 1½ to 3 dollars of private spending generated by the ordinary tax rebate dollar.

The amendment which I propose today would change section 205 of H.R. 2166 as amended by the Committee on Finance in the following ways:

First, the amendment would retain the provision in the Mansfield substitute which would make a tax credit available only to the purchasers of newly constructed homes, condominiums, or cooperative units. However, my amendment would change the Mansfield substitute by providing that a buyer would qualify for a credit only if he purchased a unit from the inventory of newly constructed units or a unit presently under construction within 6 months of the effective date of the program, or if he bought a unit started during the next 6 months and sold within 12 months of the effective date of the program. The bill as reported by the Committee on Finance would provide that the buyer could receive a credit if he entered into a contract to buy a new unit before the end of this year even if he did not buy the unit until next year.

If the Finance Committee bill were not amended, buyers might well wait until the last possible opportunity to take advantage of the tax credit, thus diluting the impact of the program during the current building season, when it is most needed.

Perhaps the major change the amendment would make in section 205 of the Finance Committee bill would be to make the tax credit refundable, that is to make it available at the time the new home is purchased. In order to encourage new home purchases, it is necessary that the proceeds of the tax credit be available to the buyer to assist in meeting his downpayment at the time he purchases the home. The Finance Committee bill, on the other hand, would make the credit payable only when the individual files his next year's income tax return, thus preventing use of the credit to reduce the downpayment, which is the major incentive in the home purchase rebate program.

Third, the amendment would make a flat $2,000 rebate available to all purchasers of newly built units rather than a credit of 5 percent of the price of the home up to $2,000 as the Finance Committee bill does.

I wanted, if the unanimous consent agreement had been given, to reduce that figure to $1,500, or even to $1,000, which would have reduced the cost of the program to $850 million. As the present bill is written, it would cost about $2.5 billion. This program, without existing homes, would reduce that cost down to approximately $2 billion. I would have liked to have unanimous consent to reduce it even further.

Fourth, the amendment would gradually phase out the credit from $2,000 for a $45,000 house down to zero for a $55,000 house, thus putting a ceiling on the price of homes the purchase of which is encouraged under the program.

Under the present program, as I understand it, it could go considerably higher.

Economic analysis indicates that the total cost of the program as modified by this amendment would be approximately $2.5 billion and that the revised tax credit program would result in over 460,000 housing starts which would not otherwise have occurred this year, thus boosting new housing starts in 1975 from approximately 1.3 million to over 1.75 million. Perhaps most important, it is estimated that the revised program would generate over 560,000 new jobs in housing and supporting industries. The increased income taxes and decreased level of unemployment compensation which would result from institution of this program should more than cover the cost to the Federal Government. The program as amended would not serve wealthy families. About 65 percent of the families who are likely to take advantage of the program will have incomes of less than $20,000 and about 50 percent will have incomes of less than $15,000.

Mr. President, the changes I have suggested will not only make this program more effective and less costly, but it is hoped that they will also make it more acceptable to the House of Representatives and to the Administration.

Mr. President, I do not need to remind this body that we are way behind in our housing starts and that, although unemployment in the country is about 8.4 percent, and possibly increasing slightly, the unemployment figures for the housing industry are about 17 percent at the present time. The Committee on Banking, Housing and Urban Affairs has been conducting extensive hearings as to what can be done in order to spur the housing industry to get housing built in the country, and, hopefully, bring back into employment the large numbers, the hundreds of thousands of unemployed workers in the housing industry.

I know that my own committee, the Housing Subcommittee of the Committee on Banking, Housing and Urban Affairs, is concerned about the jurisdictional problem. Our distinguished chairman, the Senator from Wisconsin

(Mr. PROXMIRE) is concerned about it. I am concerned about it myself.

I would not even suggest that we go this route had it not been for the fact that the Finance Committee has this provision in its bill, and I think that what the Finance Committee has in its bill will not do the job. It will not build the housing. It will be extremely costly. It will not impose the ceiling that we need so that moderate and middle income people will be able to buy housing in the country, and I do not think that any kind of a tax credit to the wealthy people will encourage them to build or to buy homes, because they will buy homes anyway, without this credit.

In addition to that, I think the most important aspect of the Finance Committee bill that we need to change in the event that this housing section remains in the bill is that the credit should be made a refundable credit, which could be carried back, rather than a simple tax credit. If it is not a refundable credit, which ban be carried back, it will mean that the prospective home purchaser will have to wait until the end of the taxable year to get a tax credit.

The only way we are going to inspire and encourage people to buy homes is to have that money in their hands at the time that they must make a down payment—not at the end of the taxable year.

Therefore, I respectfully suggest to my own chairman of the Banking, Housing and Urban Affairs Committee, Senator PROXMIRE, and to my colleagues that they seriously consider the adoption of this amendment, which will improve the Finance Committee bill, which has the provision in it which, I repeat, will not be effective and will be extremely costly to the taxpayers, without, I think, the desired results for homebuilders, and even more importantly for home purchasers.

Mr. LONG. Mr. President, the Senator must not be aware of the fact that the credit for the purchase of homes has been modified to apply only to new homes, and therefore the cost of the provision in the Senate bill has been reduced by two-thirds. The cost would be about $1 billion.

Mr. BROOKE. Will the Senator yield at that point?

Mr. LONG. Yes.

Mr. BROOKE. I have heard those figures. If the Senator's figures are correct then the cost of my amendment would be more in the same range as the one now in the Finance Committee's bill. I do not know whether the Senator is quoting proper cost figures. I do not think we ought to mislead.

Mr. LONG. I am not trying to mislead anyone.

Mr. BROOKE. I know the Senator is not. I am not suggesting he is.

Mr. LONG. But I will explain why the Senator's proposal will cost a great deal more than what the committee has proposed.

Mr. President, under the committee proposal we would seek to move out and sell these 400,000 houses that are in inventory. At the rate new houses are moving, that is about all the public will buy all year long. We hope people will not buy new houses until these houses are moved out of inventory.

One of the principal purposes is to provide jobs for people building houses, and move out and sell houses in inventory right now. I am talking about the new houses; the committee bill is limited to that.

Under the committee proposal, a person would get a tax credit of 5 percent of the purchase price for the residence. Under the Brooke amendment, he would get a flat credit of $2,000, which would phase out between $45,000 and $55,000. Mr. President, if that person were buying a trailer—which would be eligible under either bill—and that trailer cost $2,000, then he would get a tax credit and an immediate payment out of the Treasury of $2,000 to pay the entire cost. As a matter of fact, if he could find a trailer that would cost $1,900——

Mr. BROOKE. Mr. President, that would not be true.

Mr. LONG. This is the analysis, as I say, that was given to me on the Senator's amendment. If he bought a house trailer that would cost $1,900, he would get the trailer free and make $100 profit simply by buying the trailer.

Mr. BROOKE. Will the Senator yield?

Mr. LONG. This is the kind of thing that runs up the cost of the bill. And I submit, Mr. President, that it is far better to provide a 5-percent measured against the purchase price than to provide a flat $2,000 credit.

The Senator then proposes to phase out the tax credit between $45,000 and $55,000. I would point out, Mr. President, that although in the committee bill the credit would not exceed 5 percent, or $2,000, the top limit would be the $2,000, but it does provide twice as much employment if a person buys a $80,000 house as it does if he buys merely a $40,000 house. Therefore, the Senator's amendment would have no stimulating effect at all to encourage people to buy houses that might cost as much as $80,000, $100,000, or $200,000.

While we are not seeking to benefit those who can buy an expensive home, we would like to see them spend that much money to put people to work, because a $200,000 home provides five times as much employment to bricklayers, carpenters, electricians, plumbers—people in all branches of the construction trades—as well as those who produce the materials. It provides five times as much employment as the purchase of a $40,000 house, and therefore we do not want to deny someone the incentive to buy that kind of house that we would provide for one to buy a smaller home.

As I say, the limit in the committee bill is a $2,000 tax credit, and we think it ought to be on that basis.

The Senator has some good suggestions. For example, he suggests that the tax credit should be paid immediately rather than have one wait until the end of the taxable year. I think that is a very good suggestion, Mr. President. If ferees to agree to the Senate provision, we are able to persuade the House con- I will certainly strive for that provision in conference, so that it should be amended more fairly to provide what the Senator has in mind, because that is a very good suggestion.

I do not think we are going to find it necessary to make this a refundable tax credit, as the Senator would do, for the reason that most people who buy homes have incomes. They have to have an income to pay an income tax, and therefore we do not need to give them a refundable tax credit against taxes they do not pay. And while we do provide a refundable credit for low income working people, those are generally not the kind of people who are going to buy homes. Therefore, we do not think it would be necessary to provide a refundable tax credit against taxes that have not been paid and are not in fact due. It might be desirable to provide a carryforward or carryback, if that could be made available to some, but that is something we could also do in conference.

I believe the amendment would have unintended consequences. I do not believe that anyone would contend that the Government, the taxpayers, should pay 100 percent of the cost of someone buying a new home, even though it be only a $2,000 home, nor do I think they would want to provide as much as 25 percent of the cost of buying a new home if they do not think it is necessary to provide that much stimulation. If we enact the committee provision, we will be able to tell from the experience we have with the taxpayers under the bill the extent to which the credit will stimulate the purchase of new houses, and see whether we should go further, beyond that.

Therefore, I believe, Mr. President, that all things considered we would best stay with the committee bill and accordingly, Mr. President, in order to test the sentiment of the Senate on this——

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, I ask unanimous consent that I might yield to the Senator for 3 minutes on the Senator's time, and then I may have the floor.

Mr. BROOKE. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 40 minutes remaining.

Mr. LONG. I ask unanimous consent that I yield to the Senator time, at the conclusion of which I would regain the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, the Senator has said many things which are not quite in keeping with the facts. I refer the Senator to the amendment. I am sure the Senator has read the amendment.

Number 1, the Senator said you could buy a trailer at $1,900 and get $2,000, pay for it, and have $100 left over.

The amendment that I proposed does not include trailers, it specifically says, "but does not include a mobile home or a houseboat."

Number 2, I refer the Senator to the provision in my amendment which says:

> "(4) MINIMUM SIZE.—No amount shall be allowed as a credit under subsection (a) for the purchase of any property which fails to meet such minimum standards as the Secretary of Housing and Urban Development prescribes with respect to minimum floor space per dwelling.

That is the language we used.

Number 3, the Senator said that he

does not see anything wrong with an $80,000 house. Now, are we going to give $2,000 to people to buy an $80,000 house?

Does the Senator really believe that that is going to be an incentive to building housing? I can see a man who is going to have a hard time raising the down payment, who will be helped by $2,000, and who will say:

> All right, I cannot afford to buy the house because I cannot afford to get the down payment. But if I get $2,000 I can do it. I will go ahead and I will put that $2,000 down with money that I have saved in the bank, and I will buy the house.

But we are talking about a $30,000, $40,000, $45,000 house. I cannot see how the Senator could ask the Senate to vote for an amendment or a bill which provides for $2,000 for the building of an $80,000 house, or a $100,000 house for that matter.

Number 4, the Senator said he wants to get rid of the existing housing stock. I agree we want to get rid of it, and my amendment provides for that. But getting rid of existing housing starts is not going to put one bricklayer back to work, one painter back to work, one plumber back to work. That is the purpose of this bill. The purpose of this bill is to turn the economy around and get people back to work; and as I have showed under the amendment, which would improve the Senator's bill, we will get people back to work.

I am glad the Senator has read that part of the bill which says we ought to have a refundable tax credit which could be carried back because if we do not have a refundable tax credit which could be carried back you will give a tax credit which people will only get after a taxable year is over. Very few people will buy houses with this type of incentive, and then the Federal Government will have to pick up a tab of $2 billion and you still will not have more housing starts, and you still will not have anybody back to work.

If that is what the Senator, the distinguished chairman of the Finance Committee, wants, then go ahead with the present bill. But if he does want housing, if he does want the construction workers to go back to work, he had better seriously consider more than just one amendment that is included in this bill and get it through the conference.

I hope the Senate will have the wisdom to adopt this amendment.

Mr. LONG. Mr. President, the Senator is, of course, an expert on his own amendment. If he says it does not include mobile homes, I will take his word for it.

Mr. BROOKE. The Senator does not have to take my word; he can read it.

Mr. LONG. Well, Senator, we can agree that it would still include a small home, and it could be, for example, a $10,000 house. It could be a 20 percent credit or if the Secretary——

Mr. BROOKE. Mr. President, will the Senator yield at that point?

Mr. LONG. No, I do not yield.

Further, Mr. President, the Senator says there would be something immoral in providing a credit to a person buying an expensive home.

I would point out that people usually do not hire an architect any more to design a house. Most people buy homes that have been built by a builder seeking to find a market. The builders are not going to build new homes when they have got houses all over town that they cannot sell. When they can sell those that they have on hand then they will proceed to build more.

In that respect, I just do not agree with the Senator's view that there is anything wrong about providing a credit for somebody buying an expensive home. We want them to buy homes, and the more they spend buying homes the more people we are going to put to work.

As I say, Mr. President, the Senator does have a point that it would be good to modify the credit in a way to provide for an immediate payment. We can take care of that in conference, Mr. President, if the Senate sees fit to retain the provision that was recommended by the homebuilders themselves, that we should have a 5-percent tax credit for people to buy new homes to help move out of inventory those they have and to encourage that more could be built.

Mr. President, I move that the amendment be laid on the table.

The **PRESIDING OFFICER.** The question is on agreeing to the motion to lay on the table (putting the question).

Mr. BROOKE. Mr. President, I am sorry, I was not listening. I want the yeas and the nays on this amendment.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, I am pleased to join with the distinguished Senator from Massachusetts, Mr. BROOKE, in proposing what I believe to be a very significant amendment to the housing tax credit provision of the tax reduction bill that is before the Senate today. This amendment will result in a significant increase in the effectiveness of the housing tax credit provision of this legislation in creating new homes and in producing jobs.

Today our Nation's housing industry is in disastrous shape. Housing starts for December 1974 were at a seasonally adjusted annual rate of only 868,000 units, the lowest level in 9 years and far below the level necessary to achieve the 2.6 million annual rate of housing starts called for in the 1968 Housing Act. At the same time, the unemployment rate in the housing and construction industry is at a depression level of 16 percent for the Nation as a whole and in excess of 30 percent in many specific areas in this country.

At the same time, an estimated 600,000 housing units have been constructed and are sitting idle because consumers simply cannot afford to purchase them. This is an incredible situation given the fact that 13 million American families are inadequately housed.

I am convinced that direct assistance must be initiated immediately to stimulate housing production and to make home ownership affordable for a larger percentage of our families. While I would prefer to see a housing program considered by the Congress on its own merits, the urgency of the crisis in this industry requires that we take action on the legislative vehicle that is before us.

Under the Brooke-Humphrey amendment which is before us today, buyers of newly built homes, meeting size and price requirements established by the bill, would receive a direct cash payment applicable against their downpayment at the time they purchase their homes. This home purchase incentive program will produce more jobs at less cost than virtually any proposal that I know of. For this reason, I give it my full support and urge my colleagues to do likewise.

This amendment would make three fundamental changes in the current housing tax credit provision of the tax reduction bill.

First, it would provide a flat $1,500 rebate to all purchases of newly built homes rather than provide the credit as a fixed percentage of the cost of the home. I believe that this feature is more equitable to those who buy lower priced homes.

Second, this amendment will make the housing tax credit refundable, that is, it will make the tax credit available at the time the new home is purchased. I believe it is essential that the tax credit be available to assist the purchaser in making the downpayment on the new home, since this is a crucial bottleneck in stimulating new housing purchases today.

Third, this amendment would gradually phase out the credit from $1,500 for a $45,000 house down to zero for a $55,000 house, thus putting a ceiling on the price of homes, the purchase of which is encouraged under the program.

The housing experts who have analyzed this proposal indicate that the net additional housing starts that we can expect this year, if this proposal is enacted, would be 437,000. Yes, nearly half a million new homes would be under construction this year, if we pass this amendment before us. Of course, equally as significant, we would create a substantial number of new jobs. In this regard, it is estimated that 568,000 man years of net additional jobs, at least, would result from enactment of the measure we are proposing today.

As the chairman of the Joint Economic Committee, I can assure you that after having spent several months in analyzing the impact of various Federal spending programs on jobs, that this is a very desirable and cost effective manner of expanding employment.

The cost of this program as modified by our amendment would be approximately $2 billion. I believe that the benefits described above certainly warrant an immediate tax expenditure of this size.

I would also like to assure my colleagues that this program would provide primarily for the needs of American families with incomes of $20,000 a year or less. In fact, 70 percent of the funds provided in this bill, $1.4 billion would go to families in the $20,000 or less income bracket. As significantly, the experts inform me that 50 percent of the funds in this bill, $1 billion, will go to families with incomes of $15,000 or less. I believe that this pattern of distribution is fair to our citizens.

Mr. President, we can act today to provide our people with the opportunity to acquire more decent housing, to provide our housing industry with a small increment of help that will keep many small contractors in business, and to provide hundreds of thousands of American workers with a chance to get back to work and support their families.

Mr. President, I urge all of my colleagues to join me in support of the Brooke-Humphrey amendment to the housing tax credit provision of the tax reduction bill.

The **PRESIDING OFFICER**. The question is on agreeing to the motion to lay on the table.

The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **ROBERT C. BYRD**. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. MCGOVERN) is absent on official business.

Mr. **GRIFFIN**. I announce that the Senator from Oregon (Mr. PACKWOOD), the Senator from Virginia (Mr. WILLIAM L. SCOTT), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "nay."

The result was announced—yeas 62, nays 29, as follows:

[Rollcall Vote No. 105 Leg.]

YEAS—62

Abourezk
Allen
Baker
Bartlett
Bayh
Biden
Brock
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Hansen
Hart, Gary W.
Hart, Philip A.
Haskell
Hathaway
Helms
Hollings
Hruska
Huddleston
Inouye
Jackson
Johnston
Laxalt
Leahy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Ribicoff
Scott, Hugh
Stafford
Stennis
Stone
Talmadge
Thurmond
Young

NAYS—29

Beall
Bellmon
Brooke
Case
Clark
Culver
Eagleton
Griffin
Hartke
Hatfield
Humphrey
Javits
Kennedy
Mathias
McIntyre
Metcalf
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Roth
Schweiker
Sparkman
Stevenson
Tunney
Weicker
Williams

NOT VOTING—8

Bentsen
McGovern
Packwood
Scott, William L.
Stevens
Symington
Taft
Tower

So the motion to lay on the table was agreed to.

AMENDMENT NO. 129

Mr. **GRAVEL**. Mr. President, I call up my amendment 129.

The **PRESIDING OFFICER**. The clerk will state the amendment.

Mr. **GRAVEL**. And I send a modification to the desk.

The **PRESIDING OFFICER**. A modification is not in order except by unanimous consent.

Mr. **NELSON**. What is the ruling?

The **PRESIDING OFFICER**. The Senator was requesting unanimous consent to modify his amendment. A modification of an amendment is not in order in view of the cloture.

Is there objection?

Mr. **HOLLINGS**. I object.

Mr. **GRAVEL**. I call up my amendment No. 129.

The **PRESIDING OFFICER**. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. **GRAVEL**. I ask unanimous consent to dispense with the further reading of the amendment.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

Section 103 of the bill, relating to effective dates for sections 101 and 102 of title IV (relating to repeal of percentage depletion for oil and gas) is amended to read as follows:

"SEC. 103. EFFECTIVE DATES.

"The amendments made by sections 101 and 102 of this title apply to oil and gas produced more than 30 days after the date of enactment of this Act."

At the end of the bill add the following:

"TITLE V—NATURAL GAS DEREGULATION; TERMINATION OF PRICE CONTROLS

"NATURAL GAS DEREGULATION

"SEC. 501. (a) Section 1(b) of the Natural Gas Act is amended to read as follows:

"'(b) The provisions of this Act shall apply to the transportation of natural gas in interstate commerce, to the sale in interstate commerce of natural gas for domestic, commercial, industrial, or any other use, and to natural gas companies engaged in such transportation or sale, but shall not apply to any other transportation or sale of natural gas or to the local distribution of natural gas or to the facilities used for such distribution or to the production or gathering of natural gas or to the sale of natural gas dedicated for the first time to interstate commerce or rededicated upon expiration of an existing contract on or after the date of the enactment of the Energy Revenue and Development Act of 1975 or produced from wells commenced on or after such date, for domestic, commercial, industrial, or any other use, by any person, whose principal business is not the transportation of natural gas in interstate commerce'

"(b) Section 2(6) of the Natural Gas Act is amended by striking the last two words and by inserting before the period at the end thereof a comma and the following: 'subject to the exception in section 1(b) above'.

"(c) Section 2 of the Natural Gas Act is amended by adding at the end thereof the following new clause:

"'(10) "Affiliate" of another person means any person directly or indirectly controlling, controlled by, or under common control with such other person.'

"(d) Section 3 of the Natural Gas Act is amended by striking from the first sentence 'or import any natural gas from a foreign country' and by striking from the second sentence 'or importation'.

"(e) Section 4(e) of the Natural Gas Act is amended by inserting before the period at the end thereof a colon and the following: '*Provided, however,* That the Commission shall have no power to deny, in whole or in part, that portion of the rates and charges made, demanded, or received by any natural gas company for or in connection with the purchase of natural gas exempt from this Act pursuant to section 1(b) except to the extent that the rates or charges made, demanded, or received for natural gas by an affiliate of the purchasing natural gas company exceed those made, demanded, or received by persons not affiliated with the purchasing natural gas company: *Provided further,* That the Commission shall have no power to deny, in whole or in part, that portion of the rates or charges made, demanded, or received by any natural gas company for natural gas produced from the properties of that company from wells commenced on or after the date of the enactment of the Energy Revenue and Development Act of 1975, except to the extent that the rates or charges made, demanded, or received exceed those made, demanded, or received for natural gas by persons not affiliated with the purchasing natural gas company.".

"(f) Section 5(a) of the Natural Gas Act is amended by inserting before the period at the end thereof a colon and the following: '*Provided, however,* That the Commission shall have no power to deny, in whole or in part, that portion of the rates and charges made, demanded, or received by any natural gas company for or in connection with the purchase of natural gas exempt from this Act pursuant to section 1(b), except to the extent that the rates or charges made, demanded, or received for natural gas by an affiliate of the purchasing natural gas company exceed those made, demanded, or received by persons not affiliated with the purchasing natural gas company: *And provided further,* That the Commission shall have power to deny, in whole or in part, that portion of the rates or charges made, demanded, or received by any natural gas company for natural gas produced from the properties of that company from wells commenced on or after the date of the enactment of the Energy Revenue and Development Act of 1975 except to the extent that the rate or charges made, demanded, or received exceed those made, demanded, or received from natural gas by persons not affiliated with the purchasing natural gas company: *And provided further,* That the Commission shall have no power to order a decrease in the rate or charge made, demanded, or received for the sale of natural gas by any person not engaged in the transportation of natural gas in interstate commerce or by any affiliate of such person, if such rate or charge shall have been previously determined to be just and reasonable, such determination being final and no longer subject to judicial review. The Commission shall have no power to require any averaging of the price of natural gas subject to control under this Act and natural gas not subject to such control.

"TERMINATION OF PRICE CONTROLS

"SEC. 502. Upon the expiration of sixty days following the date of enactment of this section, the authority conferred by section 4 of the Emergency Petroleum Allocation Act of 1973 to stabilize the prices of petroleum products, crude oil, natural gas, and coal shall terminate, but such termination of authority shall not affect any action or pending proceedings, civil or criminal, not finally determined on the date of such termination of authority, nor any action or proceeding based upon any act committed prior to such date. Immediately upon the enactment of this section, the President or his delegate shall begin to make such periodic adjustments in ceiling prices of commodities referred to in the preceding sentence as may be appropriate to insure that such termination of authority may be accomplished in a manner which does not cause undue disruption or dislocation in the economy of any industry.

"TITLE VI—REPEAL OF THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

"Sec. 601. Notwithstanding any other provisions of this Act, the Emergency Petroleum Allocation Act of 1973, as amended, is hereby repealed.

"TITLE VII—EXCESSIVE PROFITS TAX

Sec. 701. (a) Subtitle A of the Internal Revenue Code of 1954 (relating to income taxes) is amended by adding at the end thereof the following new chapter:

" 'CHAPTER 7—TAX ON EXCESSIVE FOSSIL FUEL PROFITS

" 'Sec. 1601. Imposition of tax.
" 'Sec. 1602. Credit for reinvestment in domestic areas.
" 'Sec. 1603. Excess fossil fuel profits income.
" 'Sec. 1604. Related corporations.
" 'Sec. 1605. Definitions; special rules; regulations.

" 'Sec. 1601. Imposition of tax.

" 'There is imposed on the excess fossil fuel profits income of every corporation for any taxable year ending after December 31, 1974, and before January 1, 1980, a tax of 80 percent.

" '1602. Credit.

" 'There is allowed to each corporation liable for the tax imposed by section 1601 for the taxable year, an amount equal to the amount of such corporation's qualified investment for the taxable year.

" 'Sec. 1603. Excess Fossil Fuel Profits Income.

" 'For purposes of this chapter, the term 'excess fossil fuel profits income' means the amount by which the fossil fuel profits income of a corporation for the taxable year exceeds the larger of—

" '(1) the average annual fossil fuel profits income of that corporation for the base period; or

" '(2) an amount equal to an annual return for that taxable year of 15 percent on capital invested by that corporation in fossil fuel industry activities.

" 'Sec. 1604. Related Corporations.

" '(a) Related Corporations.—In the application of the provisions of this chapter to any domestic corporation which owns stock issued by a foreign corporation which has fossil fuel profits income from any source—

" '(1) the domestic corporation is considered to have fossil fuel profits income from that source in an amount which bears the same ratio to the total amount of the fossil fuel profits income of that foreign corporation as the value of the foreign corporation's stock held by the domestic corporation bears to the total value of all stock issued by the foreign corporation, and

" '(2) a foreign corporation (referred to elsewhere in the paragraph as the acquiring corporation) which owns stock issued by another foreign corporation (referred to elsewhere in this paragraph as the issuing corporation) which has fossil fuel profits income from any source is considered to have fossil fuel profits income from that source in an amount which bears the same ratio to the total amount of the fossil fuel profits income of the issuing corporation as the value of the issuing corporation's stock held by the acquiring corporation bears to the issuing corporation.

" '(b) Valuation Rule.—For purposes of this section, the value of a share of stock is its average fair market value for the taxable year. If the Secretary or his delegate determines that the fair market value of a particular class of stock cannot be ascertained with reasonable certainty, the value of that stock shall be determined in accordance with rules promulgated by the Secretary or his delegate which are designed to reflect fairly, for purposes of this chapter, the ownership interest of the corporation which owns the stock in the corporation which issued the stock.

" 'Sec. 1605. Definitions; Special Rules; Regulations.

" '(a) Definitions.—For purposes of this chapter—

" '(1) Base period.—The term "base period" means, in the case of any corporation, the first four taxable years of that corporation beginning after December 31, 1969.

" '(2) Fossil fuel industry activity.—The term "fossil fuel industry activity" means the business of extracting, refining, transporting, distributing, manufacturing, producing, or selling gas, coal, petroleum, petroleum products, or products used in connection with the extraction, refining, transportation, distribution, manufacture, production, or sale of gas, coal, petroleum, or petroleum products.

" '(3) Fossil fuel profits income.—The term "fossil fuel profits income" means the taxable income of a corporation derived from fossil fuel industry activities.

" '(4) Qualified investment.—For purposes of this chapter, any person's qualified investment for any taxable period is the amount paid or incurred by such person during such taxable period (with respect to areas (within the United States or a possession of the United States) for—

" '(A) intangible drilling and development costs, or geological and geophysical costs, described in section 263(c),

" '(B) the construction, reconstruction, erection, or acquisition of the following items but only if the original use of such items begins with such person:

" '(i) depreciable assets used for—

" '(I) the exploration for or the development or production of coal, oil, or gas (including development or production from oil shale),

" '(II) converting oil shale, coal, or liquid hydrocarbons into oil or gas, or

" '(III) refining oil or gas (but not beyond the primary product stage),

" '(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines.

" '(C) secondary or tertiary recovery of oil and gas,

" '(D) the acquisition of oil and gas leases (other than off-shore oil and gas leases), but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpayer under subparagraphs (A), (B), and (C) for such period, and

" '(E) the discovery, development, or utilization of any other energy source (including amounts paid or incurred for the acquisition of depreciable assets and for the construction, reconstruction, or erection of facilities in connection therewith).

" '(b) Special Rules.—

" '(1) Application of related corporation rules.—The related corporation rules contained in section 1604 apply to the determination of fossil fuel profits income for the base period and for the taxable year, and to the determination of return on investment.

" '(2) Return on investment.—

" '(A) In general.—For purposes of section 1602, return on investment shall be determined by computing the excess of the fossil fuel profits income for the taxable year over the capital investment in fossil fuel industry activities for the taxable year as a percentage of the amount of such capital investment.

" '(B) Exclusions.—In computing return on investment there shall be excluded from consideration—

" '(i) the excess of any amount allowed as a deduction under section 613 (relating to percentage depletion) over the amount allowable under section 611 for cost depletion;

" '(ii) any amounts allowed as a deduction in accordance with the provisions of section 263(c) (relating to intangible drilling and development costs in the case of oil and gas wells) in connection with any oil or gas well which is commercially productive, as determined by the Secretary or his delegate; and

" '(iii) with respect to each item of section 1250 property (as defined in section 1250 (c)), the amount by which the deduction allowable for the taxable year for exhaustion, wear and tear, obsolescence, or amortization exceeds the depreciation deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life (determined without regard to section 167(k)) for which the taxpayer has held the property.

" '(3) Changes in corporation structure volume of business, etc.—In the application of the provisions of this chapter—

" '(A) income, expenditures, gains, and losses not related to fossil fuel industry activities shall be disregarded; and

" '(B) if, for any taxable year, the fossil fuel profits income of a corporation is greater than the average annual fossil fuel profits income of that corporation for the base period as a result of expanded volume of products handled, a different type of fossil fuel industry activity than that engaged in by the corporation during the base period, or a different combination or proportion of fossil fuel industry activities than those engaged in by that corporation during the base period, the corporation may, with the approval of the Secretary or his delegate, adjust the annual average base period fossil fuel profits income, or compute the taxable year's fossil fuel profits income in such a manner as necessary, to reflect equitably that part of the fossil fuel profits income for the taxable year which is subject to treatment as excess profits from fossil fuel industry activities as compared to the profits from those activities during the base period. Any approval granted by the Secretary or his delegate under this subparagraph shall be granted after a public hearing conducted in accordance with the provisions of section 553 of title 5, United States Code, applicable to rulemaking.

" '(c) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this chapter.'.

"(b) Section 11 of the Internal Revenue Code of 1954 (relating to tax on corporations) is amended by adding at the end thereof the following new subsection:

" '(g) Tax Not To Apply to Excess Fossil Fuel Profits Income.—The provisions of this section apply only to so much of the taxable income of a corporation for the taxable year which is excess fossil fuel profits income (as defined in section 1603) of that corporation for that taxable year as equals the amount of the credit claimed under section 1602 by that corporation for the taxable year.'.

"(c) Technical Amendment.—

"(1) Section 12 of such Code (relating to cross references relating to tax on corporations) is amended by adding at the end thereof the following new paragraph:

" '(9) For tax on excess fossil fuel profits income, see chapter 7.'.

"(2) Section 21 of such Code (relating to effect of changes) is amended by adding at the end thereof the following new subsection:

" '(f) Changes Made by the Energy Revenue and Development Act of 1975.—On applying subsection (a) to the taxable year of a corporation which is not a calendar year, the tax imposed under section 1601 shall be treated as a change in a rate of tax.'.

"(3) The table of chapters for subtitle A of such Code is amended by adding at the end thereof the following item:

" 'Chapter 7. Tax on excessive fossil fuel profits.'

"(d) The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

"(e) The amendments made by this Act apply with respect to taxable years ending after December 31, 1974.".

Mr. GRAVEL. I want to propound another unanimous-consent request, and I am sure all Senators will want to hear it.

The PRESIDING OFFICER. Senators will clear the aisles. Senators will take their seats. The Senate will be in order.

The Senator from Alaska.

Mr. GRAVEL. Mr. President, I have my amendment at the desk. I do not know why there was objection to the modification. It is a normal courtesy that is accorded.

Mr. NELSON. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senator from Alaska wishes to make a unanimous-consent request.

Mr. GRAVEL. I would like to ask unanimous consent to modify my amendment at the desk.

Mr. HOLLINGS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that members of my staff, Dave Clanton and Bob Turner, have permission to be on the floor during the debate and vote on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. Without losing my right to the floor, may I ask the Senator from South Carolina what objection he has to my amendment? Is there any reason why I should experience this discourtesy?

Mr. HOLLINGS. Mr. President, answering my distinguished colleague's questions, I do not see anything discourteous. I do not agree with any of the amendment at all, not one part, not two parts, not three parts, or four parts, and no discourtesy is intended. The Senator has been voting against me for the past 3 days and I never had in the back of my mind that discourtesy was involved. It is just because I do not want it separated.

We have studied this amendment. We have heard it proposed. It would decontrol oil prices. It would deregulate gas. It would cost the consumer some $40 billion extra in America, wreck the economy, and put us into a depression. That is the reason I really oppose the amendment and any modification of the amendment. I oppose it as it now is submitted and has been printed. If that involves discourtesy, I apologize, but I object.

Mr. GRAVEL. I have the answer to my question, Mr. President. I do not need the Senator to use up my time in the process. I might say in the 3 days that he used in this body I did not object on any single occasion. On no occasion did I vote for his proposal, but I did not object to any of his unanimous consents.

I do want to thank my colleague from South Carolina for that courtesy. If I think I can improve legislation by sending a modification to the desk, I think I should be accorded that privilege. If someone wants to argue something that is not an improvement, then so be it. I do thank my colleague.

I do not wish to be interrupted so that if the Senator wants to say something, he can say it on his time. I will yield and ask unanimous consent that I not be charged with it.

If my colleague wants to take the floor and give us some more of his cracker barrel rhetoric, he can take the floor.

Of course, I never thought of tabling his motion or amendment. I gave it full consideration. It is interesting that now after he has eaten in the larder there is no time for anybody else to come in with thoughts, information, or knowledge.

Mr. HOLLINGS. I can respectfully listen to my colleague from Alaska, but the record will show that my amendment was moved for tabling when I was out of the body on the day before yesterday. I did not get a chance to discuss my amendment and he was part of the conspiracy.

Mr. GRAVEL. I hope the Senator speaks on his time and not mine.

The PRESIDING OFFICER. The Senator speaks on his time.

Mr. GRAVEL. As a matter of policy, I did importune upon the chairman at that time, saying that Senator HOLLINGS was not in the room and he should not do that. But since it was not in the RECORD, my colleague did not know that. These are some of the kinds of courtesies that some of my colleagues think are in order.

We can get lost in parliamentary chicanery, but we are trying to get the issue across.

I will make my presentation, and it really makes no difference whether I make it on my modified amendment or this amendment. The substance is the same, and that is really what I am after in this body—to get across the substance of the issue.

I would like to begin by saying that in the 3 days of debate that we have had on the energy aspect of this legislation, I think the most profound statement and the most accurate statement was made by the Senator from Connecticut. That is when he made the statement that the issue before us was the symbol of privilege.

I would like to raise a question. Do we legislate here on the basis of symbols and perceptions, or do we legislate on the basis of facts and knowledge.

I think in the short time that I have been here we have legislated both ways. I think on the debate on the depletion allowance we have heard a lot of rhetoric; it has been highly emotional rhetoric and not much based on fact. I will go into the arguments made by the Senator from South Carolina and the Senator from Massachusetts as to where fact departs from fiction.

Let me just say that the action we took with respect to repeal of the depletion allowance was an error whose time has come, and there is no way you can change that.

The PRESIDING OFFICER. The Senate will be in order.

Mr. GRAVEL. Mr. President, I would like not to have any efforts made in acquiring order charged to my time. I think that would be only fair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. I think the liberals are recognized as being in control of the Congress, both the House and the Senate, and I think it is readily recognizable that as part of liberal ethics, you just have to be against the depletion allowance. That is just automatic.

In fact, I think it was best characterized by a statement made in committee by Senator Nelson. He made it with a certain degree of emotion. That was, very simply, that he was for repeal of the depletion allowance before he knew what it was. I think that, essentially, is a good deal of the view—that they are for depletion before they really know what it is about or what it its impact or what is its effect.

But, of course, we can real in emotion and we can deal in perceptions. But the facts are always going to be there.

Let me just give a few facts that cannot be altered and which do exist. You can look at these facts two ways. I will state these facts one way, and they are totally accurate stated that way. And I will then state them in the opposite, and they are also totally accurate that way.

The first fact is that the U.S. Government and we, as its policymakers, actually permit—and in fact force—the American consumer to subsidize Arab and all foreign oil production. That is a very simple fact, when you recognize that part of American oil is forced to be sold for $5.25 a barrel through Government edict, and foreign oil comes into the United States a little more than $12 a barrel. That means we are forcing the American consumer to buy foreign oil at those prices.

You can reverse that and say, "Aren't we great?" We permit the American consumer to buy oil cheaply, by edict," and that is exactly what we do. But the converse is also true.

The second fact is that the FPC, by edict, requires the American consumer to pay six times more for Arab and foreign oil than the energy equivalent of natural gas. It is very simple.

The average cost of natural gas, by FPC edict, is a little below 30 cents a thousand cubic feet. The oil coming in is $2 a barrel oil equivalent, on a Btu basis; and oil coming in is $12-plus from foreign sources. That means you are actually paying one-sixth, or, reversing that, you are causing the American consumer to buy foreign oil at six times what he gets domestic.

The third fact is that the FPC requires the American consumer to subsidize Algerian gas, or forces the consumer to buy Algerian gas, at three times more than American gas. That is just a fact.

Those three facts obtain. We can talk and pontificate about profits and taxes, but these are the facts.

One fact that is involved in the domestic situation is that the FPC has skewed the energy market, has distorted it, by forcing gas in the United States to sell for one-third of the oil equivalent. Why we should do that is beyond my comprehension.

Why, in the upper reaches of the State of Minnesota or Wisconsin or Maine, where they do not have any natural gas, you permit the American consumer to pay three times more for a fuel, energy to heat his home, than you do for somebody a hundred miles away—why the Government does that capricious act is beyond my comprehension. But it does just that.

In Boston, where you have natural gas, you can heat your home, if you are fortunate enough to be on the pipe, for a third of what it would cost you to heat your home if you lived somewhere in New Hampshire, where you do not have natural gas.

In fact, when you have the shortfalls of natural gas, if you buy a new house, you suffer the misfortune of having the inability to get natural gas. That means that it is going to cost you more to heat your new house with fuel heating oil than it would if you owned an older house, because then you would have natural gas available to you. So you can be on the same street and be required, as a result of Government policy, to pay three times more to heat your house because of the house you buy. That kind of capriciousness is fact, not emotion. That is something we should begin to realize.

Our actions in the passage of the repeal of the oil depletion allowance are totally counterproductive to arriving at any self-sufficiency in energy. That the Senate should consider the minutiae of the depletion cutback, arguing 1,000 barrels or 2,000 barrels for 2 days—and will dispose of this action, out of hand, in a very short period of time—is quite interesting.

The impact of my amendment, as stated by opponents, is $40 billion. The impact is erroneously stated by them. As I view it, as its impact on the gross national product of this Nation, it will have more impact than the entire tax cut. But, be that as it may, I will take the attention I can get and obviously will take the votes we can get.

I did not really feel that we could win, but I do feel one thing: There is going to be many a surprised Member over the next 2 or 3 years, because our actions, as I stated, are counterproductive; and they are going to aggravate the energy crisis. And they are going to thwart any possible true impact of this tax cut.

The problem is going to come back. As Harry Truman often said, "Don't worry about problems. If they're big enough, they'll be back at your desk." So we may not be giving full consideration to this amendment, but do not worry—it will be back; and what will be back will be the political consequences and the retribution that will go with it, because, I predict most humbly and most respectfully, that this will be the point of measuring where a person is on the energy crisis. There is a clean-cut shot in this amendment. It is not encumbered with a great deal, and Mr. America will understand it.

Those who are cynical enough to believe that they will not understand it and that they have to vote what is politically convenient for them are going to be sorely surprised.

So I might characterize this amendment a little like the Gulf of Tonkin Resolution. Many people are going to regret voting against it, and most of them are going to be in the central part of the United States, the northeast part of the United States, and a good part of the eastern coast of the United States. Those are the areas that are going to be the most aggravated by an energy crisis.

The tax cut is fine, but keep in mind one thing: You can take all the money you want and throw it at this economy, but only one thing moves an industrial society, and this is energy. Energy is going to do it; it is not going to be money. You are going to take that money and buy energy.

So if we foul our nest so badly in our energy consideration that, regardless of the money we throw at it, it will not solve the problem, that is sad indeed. Throw money at it by the billions. It will not mean a hill of beans because of what will happen.

Let me pose this question: What have we done to add one drop of oil or gas to the marketplace in the United States of America in the last 2 years of the energy crisis? What have we done? Let us take a moment to analyze what we have done.

Let me, by definition, for consideration, define a time frame: the long term, the intermediate term, and the short term. I think that all our actions can be placed within those categories.

I would say that the long term is the year 2000 and beyond, and I define areas and solutions for that to be areas of fusion, possibly fission, certainly solar energy.

In the intermediate, from 1985 to the year 2000, I would suggest oil, gas, coal, and solar as devices to solve the energy crisis.

In the short run—that is, from 1973, not today; the fuse is already burning—from 1973 to 1985, and we have already used up 2 years of that period, the only answer, the only possible ability to do anything, is through coal or gas.

What has the President done to add one drop of oil or gas to our domestic market? I mean the President within the last 2 years. He has done one thing and only one thing. In August of 1973, he deregulated new oil. As a result of that deregulation, we can see the reactions that have taken place. There has been a 29 percent increase in the amount of rigs, and I will develop that with a chart in a moment.

What has Congress done? We like to pit ourselves in competition with the Executive. What has Congress done? Let me take just a moment to tell my colleagues. We passed quite a bit of legislation—some of it long term, some of it short term, and some of it counterproductive; and only one item that adds a drop of oil or gas.

In the counterproductive category, I classify Public Law 93-159. That was the Emergency Petroleum Allocation Act of 1973—totally counterproductive, and I will go into great detail as to why it was counterproductive.

The second was the Emergency Highway Energy Conservation Act. That falls in the area of conservation, and it was a good one.

I might add on the subject of conservation, those who use the figures of today on what they can achieve in conservation presuppose a depression economy the way we have it right now.

The next item that we passed was the Federal Energy Administration. I consider that bureaucratic, long term, and certainly necessary as a device to do something. The next one I could consider is Public Law 93-319, the Energy Supply and Environmental Coordination Act. That was another good one. Another was the Appropriations for Energy Research and Development Activities—again, that was another long-term consideration; a good one.

Public Law 93-405, Solar Heating and Cooling Demonstration Act, a very good one, intermediate and long term. Geothermal Research and Development—intermediate and long term.

Emergency Daylight Saving Time. That was a conservation measure, worth doing.

Energy Reorganization Act of 1974, bureaucratic in nature. It did not add a drop of oil or gas.

Solar Energy Research, intermediate and long term, another good piece of legislation.

Amending the tariff schedules—this has merit.

Extending the Emergency Petroleum Act of 1974, totally counterproductive. Federal Nonnuclear Energy Research and Development Act of 1974. That was energy research and development.

We passed one that was vetoed, thank God, by the President. That was the emergency act to roll back the price of oil.

The only other bill we passed that added one drop of oil to the supply of oil and gas was the Alaska pipeline bill. How many of us recall January 1973, how ridiculous it was to think that this body would have the perspicacity to pass the Alaska pipeline bill? That was not popular with the American people at all—not at all. The amendment came up. Senator JACKSON came out of the committee with a bill. It did not build the Alaska pipeline. It went back to the courts. So it was over the leadership of that committee that this body passed, by one vote, the Alaska pipeline, and then, on a procedural matter after that we had to turn around and have the Vice President break a tie.

How interesting. If we had to vote on the Alaska pipeline today, it would pass by 80 votes. How interesting it is that we get wisdom after the fact. How ironic that, during the Arab boycott, our shortfall was 2 million barrels a day, and how ironic that the capacity of the Alaska pipeline was 2 million barrels a day.

Now, I think the question really is: What have we done to add one drop of gas and oil to the marketplace for the American people? Not very much.

Mr. RANDOLPH. Mr. President.

Mr. GRAVEL. Quite sad.

I am happy to yield to my colleague, asking unanimous consent that I not lose my right to the floor.

The PRESIDING OFFICER. Is there objection?

Mr. GRAVEL. I might, since time is of a precious nature, ask that my colleague speak on his time, because I do have a cloture on time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, this is

not the time for me to give a list of those energy related legislative measures, well over 41 in number, that have passed the Senate of the United States in the past 2 years. The Senator from Alaska (Mr. Gravel) has referred to only a few of them. When I offered the national 55-mile-an-hour speed limit measure I stressed that if it is enforced, we would save approximately 160,000 barrels of oil daily in the United States. There are important bills that can be added to his list. Conservation on many fronts can result in an energy savings greater than 1 million barrels of oil per day by the end of 1975. The American people have the responsibility to cut waste. In a sense we create energy if we save fuel.

President Gerald Ford has urged enforcement of the speed limit law. He commended the Senate, in a statement on Thursday, for its further action of a few weeks ago in the passage of a voluntary energy conservation program. He characterized our action as "constructive."

We recall what we did last June when we passed coal conversion legislation, which was signed into law. I am not a carping critic. I do not desire to polarize a point between the Congress and the administration but after 8.5 months we did not have the guidelines for the use of coal instead of oil and gas in electric power-generating plants of the country. This act, if fully implemented by the administration, would save tremendous amounts of oil—400,000 barrels per day.

I commend my colleague for bringing his proposal to our attention. I am gratified that we have it available for our consideration because this is a vital subject, as he knows, in which I am deeply interested and have been a close student through the years.

There are those in this body who have made determined efforts to secure self sufficiency in energy here at home without heavy foreign supplies. As he has indicated, it is difficult when we act after the fact rather than before the fact. We need to center our attention to such problems as he directs our thoughts to this evening.

Mr. GRAVEL. I had mentioned in my presentation of the summary, the 55-mile-an-hour limit which the Senator had such a hand in. I am aware of his distinguished work in this area of conservation and I do want to commend the Senator.

I wish to add that with respect to the 41 pieces of legislation he talks about leaving the Senate, that is just what happened in the Senate. The American people are not really interested in what leaves the Senate. What they are interested in is what becomes law. What I spoke to was what becomes law.

Mr. RANDOLPH. I was not arguing with the Senator about his premise. I was simply saying that within the Senate, we have directed our attention to these problems. We have had a task force, as the Senator well knows, of not one committee but, now, nine committees that have worked in concert to bring these acute areas into focus.

It is not really understood that during the 93d Congress a total of 421 energy-related bills were introduced in the Senate. Some 405 of these measures were referred to a single Senate committee, and 6 were jointly referred to more than one committee. Final congressional action, Mr. President, was completed on 48 measures, of which 43 were signed and 5 were vetoed at the White House.

I ask unanimous consent that this list be printed in the Record at this point in my remarks.

There being no objection, the list was ordered to be printed in the Record, as follows:

Major Energy Legislation—93d Congress

I. ENACTED AND PUBLIC LAW

Public Law and bill number

1. Economic Stabilization Act Amendments: Public Law 93-28, S. 398.
2. Rural Electrification Act: Public Law 93-32, S. 394.
3. Water Resources Planning Act: Public Law 93-55, S. 1501.
4. Federal-Aid Highway Act: Public Law 93-87, S. 502.
5. To Amend the Euratom Corporation Act of 1958, as amended: Public Law 93-88, S. 1993.
6. Oil Pollution Act Amendments: Public Law 93-119, H.R. 5451.
7. Rail Passenger Corporation: Public Law 93-146, S. 2016.
8. Mineral Leasing Act of 1920, Amendments and Trans-Alaska Oil Pipeline Authorization: Public Law 93-153, S. 2081.
9. Emergency Petroleum Allocation Act of 1973: Public Law 93-159, S. 1570.
10. Emergency Daylight Saving Time Energy Conservation Act of 1973: Public Law 93-182, H.R. 11324.
11. Northeast Rail Service Act: Public Law 93-236, H.R. 9142.
12. Emergency Highway Energy Conservation Act: Public Law 93-239, H.R. 11372.
13. Supplemental Appropriation Act to Explore and Develop Naval Petroleum Reserves: Public Law 93-245, H.R. 11576.
14. Intervention on the High Seas Act: Public Law 93-248, S. 1070.
15. Fuel Cost Pass-Through for Truckers: Public Law 93-249, S.J. Res. 185.
16. Federal Energy Administration: Public Law 93-275, S. 2776.
17. AEC Authorization Act: Public Law 93-276, S. 3292.
18. NASA Authorization Act: Public Law 93-316, H.R. 13998.
19. Energy Supply and Environmental Coordination Act of 1974: Public Law 93-319, H.R. 14368.
20. Special Energy Research and Development Appropriations for 1975: Public Law 93-322, H.R. 14434.
21. AEC Omnibus Legislation of 1974: Public Law 93-377, S. 3669.
22. Housing and Commodity Development Act: Public Law 93-383, S. 3066.
23. Aid Energy Affected Small Business: Public Law 93-386, S. 3331.
24. Natural Gas Pipeline Safety Act, as amended, additional appropriations: Public Law 93-403, H.R. 15205.
25. The Solar Heating and Cooling Demonstration Act of 1974: Public Law 93-409, H.R. 11864.
26. Geothermal Energy Research, Development and Demonstration Act: Public Law 93-410, H.R. 14920.
27. Public Works and Economic Development Act: Public Law 93-423, H.R. 14883.
28. Defense Production Act of 1950, extended for 2 years: Public Law 93-426, S. 3270.
29. Emergency Daylight Saving Time Energy Conservation Act of 1973, amendments: Public Law 93-434, H.R. 16102.
30. Energy Reorganization Act of 1974: Public Law 93-438, H.R. 11510.
31. Federal Columbia River Transmission System: Public Law 93-454; S. 3362.
32. Solar Energy Research, Development and Demonstration Act of 1974: Public Law 93-473, S. 3234.
33. Foreign Investment Study Act: Public Law 93-479, S. 2840.
34. To amend the tariff schedule of the United States to provide for the duty free entry of methanol imported for use as fuel: Public Law 93-482, H.R. 11251.
35. International Nuclear Cooperation: Public Law 93-485, S. 3698.
36. National Railroad Passenger Corporation: Public Law 93-496, H.R. 15427.
37. Export Administration Amendments: Public Law 93-500, S. 3792.
38. Urban Mass Transportation Act: Public Law 93-503, S. 386.
39. Emergency Petroleum Allocation Extension Act of 1974: Public Law 93-511, H.R. 16757.
40. Federal Nonnuclear Energy Research and Development Act of 1974: Public Law 93-577, S. 1283.
41. Deep Water Port Act: Public Law 93-627, H.R. 10701.
42. Federal-Aid Highway Act Amendments of 1975: Public Law 93-643, S. 3934.
43. Export-Import Bank Act Amendments (requires semi-annual report on impact of domestic energy resources of each loan involving export of any energy-related product or service): Public Law 93-646, H.R. 15977.

II. VETOED

1. Energy Emergency Act (S. 2589, H.R. 11450), March 6, 1974.
2. Atomic Energy Act, Price-Anderson provisions (H.R. 15323), October 12, 1974.
3. TVA Pollution Control Cost Credit (H.R. 11929, S. 3057), December 21, 1974.
4. Energy Transportation Security Act (H.R. 8193), December 30, 1974.
5. Surface Mining Control and Reclamation Act (S. 425, H.R. 11500), December 30, 1974.

Mr. RANDOLPH. Mr. President, in 1961, when appearing before the Senate Committee on Interior and Insular Affairs, "that each year we delay in establishing a fuels and energy policy for the United States, perhaps we have come 1 year nearer to disaster." But that is past; it is gone. Tonight, as the Senator says, he focuses attention on it again.

The submarines prowling along the east coast and the New England waters as well, during World War II, caused us to bring into being the Synthetic Liquid Fuels Act which I coauthored with Senator O'Mahoney. Then what happened? After the projects were in being and were moving into coal gasification and coal processed into auto and aviation fuel and shale processing for oil, the submarines had gone home and the American people took it easy again. The Congressional appropriations and programs and pilot projects were stopped. So we had to make a new start. It has been too, too long delayed. I hope, I trust, we still have time to do the job.

Mr. GRAVEL. I thank my colleague.

I should like, in the spirit of efficiency, to ask that on any question that I receive, the time be charged to the questioner. I ask unanimous consent in that regard. That will save my adding dilatory words to my deliberation.

The PRESIDING OFFICER. Is there objection?

Mr. NELSON. What is the question?

Mr. GRAVEL. Just as a matter of procedure, I am asking unanimous consent that any question posed to me be not charged to my time.

Mr. NELSON. Without asking unanimous consent, the Senator may just ask the person.

Mr. GRAVEL. I did ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAVEL. I thank my colleagues.

Mr. President, I think when we talk in terms of the depletion allowance as a symbol of privilege, as so well charged by the Senator from Connecticut, it was just that. The symbol of privilege was addressed by the Members of the House and I think properly so. I think there is a new breath of air in the House and what we saw was a decision of the House, acting as a Committee of the Whole. Of course, we acted similarly as a Committee of the Whole because the Committee on Finance chose not to bring out anything relative to depletion. This was not my preference. I hoped we would deal with it within the Committee on Finance, just to put an energy package in this piece of legislation. This was not the committee decision. Now we are at Senate action.

With respect to Senate action, we did hold a 1-day hearing. At those hearings, or a week prior to the hearings, I propounded a question to the Senator from Massachusetts and to the Senator from South Carolina.

The Senator from South Carolina loves to deal in rhetoric on the floor, but at the time, I asked him if he would come to a hearing if we called for him, and if we called for the Senator from Massachusetts, he would come. Neither one was able to be at the hearing. This was a courtesy the committee wanted to offer them.

Mr. KENNEDY. Will the Senator yield on that?

Mr. GRAVEL. I will be happy to yield on his time.

Mr. KENNEDY. The Senator from South Carolina and the Senator from Massachusetts appeared at the Committee on Finance on Monday, March 10. We stayed there for a period of 2 hours. Later I had a direct conversation with the chairman of the Committee on Finance. The chairman indicated the committee was going to markup the tax bill and expected to finish it on Friday. In my conversations with the chairman of the Committee on Finance, I thought that there was no need for me or the Senator from South Carolina to make an additional appearance, which would be an appearance before the Senator's subcommittee when we had already just appeared before the chairman's full committee.

I do not want the record to be left to suggest that we were either unwilling or unprepared or not desirous to spend whatever time was necessary to deal fully and completely with the issue.

Mr. GRAVEL. The record will be very clear. The subcommittee hearing was called by the chairman of the full Finance Committee and myself, and I instructed the staff to contact Senator KENNEDY's office and Senator HOLLINGS' office.

Mr. KENNEDY. On what measure?

Mr. GRAVEL. On the depletion allowance measure.

Mr. KENNEDY. The committee had already finished action on the tax bill. We had appeared before the Finance Committee and answered all questions for 2 hours.

Mr. GRAVEL. What the Senator from Alaska is driving at is a test of the Senator from Massachusetts' memory. This time the request, my request, is more specific.

Mr. KENNEDY. About what?

Mr. GRAVEL. About oil profits. About oil taxes.

Mr. KENNEDY. Would the Senator from Alaska please explain his request?

Mr. GRAVEL. Wait a minute. You do not have the facts. You do not have the economists to back up your position.

Mr. KENNEDY. That material was supplied.

Mr. GRAVEL. It was not supplied to the committee.

Mr. KENNEDY. As the Senator from Alaska will see, Senator HOLLINGS and I responded fully and completely to every request by the Senator from Alaska at the full committee hearing to provide additional material. Our submissions are printed in the committee hearing volume, which has been on every Senator's desk all this week for all to see.

In addition, the Senator from Alaska prepared a staff reply to our testimony. We, in turn, submitted a reply to his reply. All that was printed in the RECORD during the floor debate this week.

Mr. GRAVEL. The Senator from Alaska is building a case that this body has acted irrationally.

Mr. KENNEDY. I believe that the Senate has acted responsibly. The Senator from South Carolina made an excelent case.

Mr. GRAVEL. We will see how well he did.

Mr. KENNEDY. He made an excellent case.

Mr. GRAVEL. We will see how well he did. The record will stand. The requests were made.

Mr. STEVENSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Alaska has the floor. Does the Senator yield?

Mr. STEVENSON. Will the Senator yield for a question, on my time?

Mr. GRAVEL. I yield.

Mr. STEVENSON. The Committee on Commerce has held hearings for 2 years, 25 days of hearings, on the subject of natural gas regulation. It is attempting to act rationally, and it has afforded every single Member of the Senate the opportunity to appear before that committee.

I ask the Senator, how many times has he appeared in the course of those lengthy hearings on the subject of nautral gas regulation, before the Commerce Committee?

Our point is not to act irrationally; it is to act rationally. What the Senator is proposing now is an irrational act, an irrational amendment that is not supported by 1 day of hearings in the last 2 years. I speak after 25 days in 2 years of hearings, and now in markup sessions on the Senate Commerce Committee bill, which will be reported within a matter of weeks.

Mr. MAGNUSON. And we will agree to report a bill out as soon as they will.

Mr. STEVENSON. If there had not been an objection to the Commerce Committee meeting during sessions of the Senate, we would have a bill out on the Senate floor today, and there is a bill out on the Senate floor on the subject of oil, after many more days of hearings, in the Committee on Interior and Insular Affairs.

Both of those subjects, natural gas and oil, will be before the Senate, and with the benefit of lengthy hearings and committee recommendations, within a matter of weeks.

Mr. GRAVEL. Let me say that what I am doing here is no different than what my colleagues did in bringing depletion to the floor. The Senator talks about hearings; we have had hearings in the Finance Committee. Here they are. They go all the way back to November 1973 and January of 1974. At the same time that the Senator from Washington was excoriating the oil companies we were having hearings. They were not nearly so spectacular; we dealt with natural gas regulation and with the whole spectrum of the energy crisis right here. I introduced a piece of legislation, a whole energy plan, back in November of 1973, introduced it again on a firm basis in August of 1974, and put another one in just a little while ago.

Now we have this amendment which strips it back down to the proper size; so if it is proper to consider it as a committee of the whole, it is certainly proper to consider my amendment on the deregulation of natural gas, and not necessarily after it has been passed on by the Commerce Committee.

I would like to submit that we do have an analysis of the documents submitted by the Senator from Massachusetts (Mr. KENNEDY) and the Senator from South Carolina (Mr. HOLLINGS). It was passed out to Senators, and I commend it to the body for good reading. In fact, if I had this kind of analysis done on some of my work, I would be embarrassed. It is embarrassing, because some of the facts in here are wrong.

Talking about taxes, the chart on taxes refers to 1974, but in point of fact the record it was taken from was dated 1972, and the document was put out in June of 1974, so there is no way that they could have had the facts in question.

The source for this is, it says, the Oil League. If I could have the attention of my colleagues—may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. GRAVEL. I think my colleagues would like to have the record straightened out. With respect to the statement by the Senator from South Carolina and the Senator from Massachusetts, the source table, on page 5, talked about 1974 income taxes owed by the largest oil companies. But the chart in question, which they are speaking from, has only the 1972 figures, and the last publication that dealt with that was in the middle of June, 1974; so how could they have 1974 figures, when it was in the middle of the year?

Obviously it will not be read now, but I ask my colleagues to go over the analysis prepared by the Finance Committee and make their own judgment as to the accuracy of the data in question. And that is, of course, what we have challenged.

The document that was presented by our colleague, the Senator from South Carolina, that was passed out in the course of the debate, on the major oil companies' net income after taxes, does not show any amount of profit. The chart deals only with percentage increases.

Percentage increases are, of course, really meaningless because if you go from a growth of zero to 1 you have a 100-percent increase. But you still have only 1 percent profit.

Let us move to the profit argument. I have here, that I will read from, a document that was sent to me. I tried for a month, over a month, to get it. It was an in-house paper prepared for the Treasury. The title is "Treasury Survey of 19 Petroleum Companies, October 4, 1974" prepared by Alan Arsht.

I will be referring first to page 6 which gives an example of what we mean by profits:

> This illustrates how misleading an overemphasis on increases of absolute profits can be. When Occidental Petroleum Company reported its 1973 earnings, it was stated that profits rose 666 percent above 1972 levels. The magnitude of Occidental's total investment and the percentage return realized on its investment received little attention.
>
> A review of that information places the profitability of Occidental in clearer perspective. In 1972 Occidental's return on investment was .68 percent. A 666 percent increase in 1973 profiits lifted the return on investment to 4.95 percent. Occidental's performance compares to a petroleum industry median return on investment of .90 in 1972 and 1.5 in 1973. Other companies, such as Getty, Ameranda Hess and Gulf showed dramatic increases in 1970 over 1973 profits, in large part due to the comparison with the extraordinarily depressed earnings and returns on investment in 1972.

Again from the same study I would like to develop an analysis of where the profits of these companies came from and what is behind the profits. There are five reasons for the profits. One is price increases. All prices in the United States were regulated at the time, so any increase that was given was given by the Government. Two, the devaluation of the dollar abroad; three, inventory profits; four, tanker operations; and, five, increase in chemicals from subsidiary operations.

The first one, and I will read from it in a second—

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 31 minutes.

Mr. GRAVEL (reading):

> Three other actions of the United States Government—

And I am reading from the study—

> contributed directly to the increase in revenues and profits of the oil industry in 1973 and 1974. In September of 1973, the Cost of Living Council deregulated the price of new and released oil which accounted for 16 percent of total production. Shortly afterwards, the Congress exempted stripper production, which accounted for 13 percent of production, from price controls. Finally, in December 1973 the Cost of Living Council permitted the price of old oil and controlled oil to rise from $4.25 to $5.25. When the world price of oil rose, a two-tier price for domestic oil developed because the prices of uncontrolled oil moved in sympathy with the world price. By the end of 1973 the free market price of uncontrolled oil had increased from $3.25 per barrel at the beginning of 1973 to $6.63 at the end of the year.
>
> Because old oil is declining as a percentage of the total, the weighted average price of domestic oil continued to rise and now approximates $7.15 a barrel. Within one year the weighted average price of domestic oil has risen 120 percent, a factor which has contributed directly and substantially to the increased profitability of domestic petroleum operations.
>
> The U.S. Government took those actions in the correct belief that higher domestic prices would draw forth additional domestic supplies and reduce our dependency on foreign oil.

Mr. President, with respect to inventory profits, I shall only say that when the price of oil rose, the companies that had oil in the ground saw the value of that oil rise, and when these companies sold this oil they sold this oil at what was obviously an inflated price.

If the oil companies were going out of business then they would walk away with a profit. But if the oil company was in business the next year it had to go out in the marketplace and buy oil at the new higher cost to replenish the old oil. So, in point of fact, by staying in business it did not get a windfall profit. It got a paper profit on its inventory.

Let me repeat for the record so it is understood. These are paper profits. They are not real profits and so, as a result of these paper profits, they could even incur a larger tax liability. But still they need the money to go and buy the oil to fill up the tanks where they supposedly "ripped it off at."

So, quite obviously, there are no excess profits. They are paper profits. So all of the fear that the American public has that they have "ripped it off" is a tragic misunderstanding. They have got to replace that oil if they are going to stay in business, and it is that simple.

With respect to tanker profits, last year, in 1973, they went from a low to a high of $2.50, and now back down to $1.50. They ballooned their profits through their tanker operations in 1973, but throughout 1974 and up to today, it has been a losing operation.

Of course, the final reason for the profits—and it will be interesting to look at other profits from other areas—is the simple rise in chemical activities, which accounts for the rest of their increase in profits.

It astounds me that Members of this body, the U.S. Senate, and the general public-at-large hold such a misconception of the profit picture, especially when there are adequate documents that talk of it.

We published in the Finance Committee "Oil Profitability" study in February of 1974 which deals with the profits. I do not know how many have read it.

We published another one in December of 1974 which was referred to by the Senator from Louisiana (Mr. LONG). That contained information from the oil companies from a questionnaire, and I was in the room when the Senator from Louisiana asked the Secretary of the Treasury to check it out against the oil companies' tax records. The information is accurate. This is what they paid. We may think they are deceiving us about what they are paying, but I think what we need to do is exactly what was done in the House. Let us get a group of Senators to go down to the Treasury and look at the canceled checks, because, quite obviously, there are people in this body who do not even believe the Treasury when they say they have got the money, and they did collect the money. So when they are talking about profits of 3 or 4 percent, it just is not true.

I do not know how you can overcome that except to go down there en masse and look at the canceled checks to see what the oil companies have paid. That is the only way to really find out, and I hope that the Senator from Washington (Mr. JACKSON) would be interested enough to organize a group to go down to the Treasury and verify this.

Let me just quote one paragraph from the summary of this Finance Committee study, a public document: "Oil Company Profitability."

> We analyzed the 10 "Big Sisters" which hold 75 percent of the assets of integrated oil companies in the United States—Exxon, Texaco, Mobil, Gulf, Standard of California, Standard of Indiana, Shell, Phillips, and Standard of Ohio. The analysis being released today covers rates of return on shareholders' investment, net income and overall effective tax of these companies for the years 1964 to 1973 and, for the first time, set forth each company's profit on U.S. operations. For example, the study shows that on U.S. operations in 1973, the weighted average rate of return was 11.3 percent while on foreign operations it was 20.4 percent.
>
> This compares with a weighted average of approximately 12.8 percent realized on all U.S. manufacturing companies for 1973.

This, of course, obviously was not read by those who keep insisting that there were tremendous profits. But that is just the public record; that is our reports in Government contrary to reports of others.

Let us look at the private sector now. Let us go to the marketplace and the fact—if you will look at chart No. 5, which you have in your packets, those of you who have it—unfortunately, the charts are very small, and we did not have one as well colored as this one, but I will have one posted later.

(See exhibit 1.)

Mr. GRAVEL. Mr. President, I ask unanimous consent to have the charts printed in the RECORD as exhibit 1.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 7.—SELECTED FINANCIAL DATA FOR 30 OIL COMPANIES

[Dollars in millions]

Year	Revenues	Net income after tax	Percent profit margin	Percent return on net worh
1952	$19,458	$2,020	10.4	13.4
1957	31,162	3,100	10.0	12.4
1962	37,473	3,344	8.9	10.0
1967	55,921	5,402	9.7	11.9
1972	106,278	6,860	6.5	9.6
1973	133,909	11,678	8.7	15.5

Source: Chase Manhattan Bank. Financial analysis of a group of petroleum companies 1953, 1958, 1963, 1968, 1972, 1973.

SELECTED FINANCIAL DATA FOR 8 MAJOR OIL COMPANIES

[In millions of dollars]

Company	Revenues	Net income after tax	Percent profit margin	Percent return on net worth
Exxon:				
1952	4,050.8	520.0	12.8	16.6
1957	7,830.3	805.2	10.3	14.0
1962	9,536.9	840.9	8.8	11.1
1967	13,266.0	1,232.3	9.3	13.0
1972	20,309.8	1,531.8	7.5	12.5
1973	25,724.4	2,443.3	9.5	17.8
Mobil:				
1952	1,560.6	171.1	11.0	11.3
1957	2,976.1	220.4	7.4	9.3
1962	3,933.3	242.3	6.2	8.2
1967	5,771.8	385.4	6.7	10.0
1972	9,166.3	574.2	6.3	11.2
1973	11,390.1	849.3	7.5	14.9
Texaco:				
1952	1,510.1	181.2	12.0	13.7
1957	2,344.2	332.3	14.2	16.2
1962	3,272.1	481.7	14.7	14.8
1967	5,121.4	754.4	14.7	15.3
1972	8,692.9	889.0	10.2	12.4
1973	11,406.9	1,292.4	11.3	16.2
Gulf:				
1952	1,528.8	141.8	9.3	13.0
1957	2,730.1	354.3	13.0	16.2
1962	2,836.3	340.1	12.0	10.6
1967	4,202.1	578.3	13.8	13.1
1972	6,243.0	197.0	3.2	3.6
1973	8,417.0	800.0	9.5	14.4
Shell:				
1952	1,142.6	90.9	8.0	15.2
1957	1,764.6	135.1	7.7	13.8
1962	1,960.7	157.7	8.0	11.2
1967	3,073.2	284.8	9.3	13.8
1972	4,075.9	260.5	6.4	8.9
1973	5,701.1	332.7	5.8	10.75
Standard of Indiana:				
1952	1,592.1	119.9	7.5	8.8
1957	2,010.1	151.5	7.5	7.9
1962	2,147.8	162.4	7.6	6.6
1967	2,918.1	282.3	9.7	9.6
1972	4,503.4	374.7	8.3	9.9
1973	6,379.4	511.2	8.0	12.4
Arco:				
1952	602.8	40.5	6.7	10.7
1957	565.9	25.3	4.5	7.4
1962	580.7	46.3	8.0	7.7
1967	1,270.8	130.0	10.2	10.2
1972	3,320.7	195.6	5.9	6.6
1973	4,481.1	270.2	6.0	8.7
Socal:				
1952	1,015.3	174.9	17.1	15.0
1957	1,650.8	288.2	17.5	15.5
1962	2,150.9	313.8	14.6	11.6
1967	3,297.8	421.7	12.8	10.8
1972	5,829.5	547.1	9.4	10.5
1973	7,761.8	843.6	10.9	14.5

Source: Moody's industrial manuals and annual Fortune 500 listings.

NET INCOME AS A PERCENT OF NET WORTH: PETROLEUM OTHER SELECTED INDUSTRY GROUPS, TOTAL MANUFACTURING AND TOTAL MINING 1964 THROUGH 1973

[In percent]

Industrial groups	1964	1965	1966	1967	1968	1969	1970	1971	1972	[1] 1973	10-yr. average 1964–73
Drugs and medicines	19.8	21.2	22.5	20.3	19.8	17.7	18.8	19.0	19.8	20.6	19.8
Soap and cosmetics	17.6	17.0	17.9	19.4	18.9	18.6	18.7	19.3	20.2	20.2	19.0
Instruments, photo goods, etc	16.6	19.2	21.2	20.3	19.2	18.7	15.8	15.4	17.0	17.3	17.7
Office equipment and computers	17.9	18.7	18.1	17.8	19.0	17.4	13.9	12.5	13.8	16.7	15.9
Autos and trucks	19.9	23.4	17.8	12.0	16.6	13.8	5.8	15.0	17.2	17.7	15.6
Tobacco products	13.4	13.3	13.9	14.8	14.6	14.6	16.4	16.6	16.0	16.4	15.2
Printing and publishing	14.6	16.9	17.9	15.4	14.9	14.8	12.5	12.6	13.8	15.2	14.6
Household appliances	14.1	15.0	15.0	14.7	14.0	13.5	11.9	12.1	15.4	15.6	14.1
Electrical and electronic equipment	11.1	14.8	16.7	15.4	14.1	13.0	10.1	10.7	13.6	15.1	13.2
Lumber and wood products	11.5	11.5	11.0	9.4	14.1	15.2	10.2	11.2	12.6	20.6	13.2
Dairy products	12.2	12.5	12.6	11.8	11.7	11.8	12.0	12.6	12.8	13.1	12.4
Chemical products	14.2	15.4	14.6	11.5	11.7	11.4	9.5	9.7	11.3	15.0	12.4
Petroleum production and refining	11.5	11.9	12.6	12.8	13.1	11.9	11.0	11.2	10.8	15.6	12.3
Automlotive parts	12.2	13.4	14.0	11.4	12.6	13.0	8.9	10.4	13.5	14.4	12.3
Clothing and apparel	13.6	16.3	16.2	13.6	15.7	13.3	10.7	10.8	9.8	9.1	12.1
Glass products	12.1	13.5	12.7	11.1	11.9	12.2	9.0	11.1	12.5	13.0	11.9
Farm, construction equipment	13.7	14.4	14.7	10.9	8.4	10.4	9.3	8.8	12.4	14.8	11.7
Aerospace	13.1	15.4	15.7	13.4	13.9	11.4	6.7	6.3	8.9	11.7	11.4
Rubber and allied products	11.4	11.8	12.8	10.8	12.7	11.1	7.6	9.8	11.6	11.7	11.1
Distilling	8.5	9.6	10.4	10.5	10.2	10.4	10.1	10.3	11.1	11.8	10.4
Building, heating and plumbing equipment	8.9	10.6	12.0	11.3	11.3	8.5	7.0	8.4	12.1	13.3	10.3
Nonferrous metals	9.2	11.8	15.7	11.4	11.1	12.5	10.6	5.0	7.1	11.6	10.3
Paper and allied products	10.5	10.5	11.8	9.5	10.7	10.3	7.4	5.6	8.8	14.2	9.6
Textile products	8.9	11.6	12.3	8.8	9.8	8.8	6.4	6.6	7.4	8.9	8.8
Iron and steel	9.0	9.6	9.4	7.4	8.5	7.4	4.6	4.6	6.1	9.4	7.8
Total mining	10.4	12.2	13.9	16.2	15.0	12.6	11.7	8.5	10.7	15.1	12.5
Total manufacturing	12.6	13.9	14.2	12.6	13.3	12.4	10.1	10.8	12.1	14.8	12.6

[1] Preliminary.

Source: First National City Bank, monthly letter, April of each year. April 1974.

U.S. CONSUMPTION AND RESOURCES OF ENERGY FUELS

Energy fuels	Potential resources	1973 consumption
Oil [1]	346 billion bbls.	6.3 billion bbls.
Natural gas [1]	1,178 trillion cu. ft.	23.0 trillion cu. ft.
Coal [2]	394 billion tons	588.0 million tons.
Uranium [3]	1.6 million tons	12.9 thousand tons.
Oil shale [4]	189 billion bbls.	None.

[1] U.S. Geological Survey.
[2] U.S. Bureau of Mines.
[3] U.S. Atomic Energy Commission.
[4] National Petroleum Council, U.S. Energy Outlook, a Mutual Appraisal.

COMPARISON OF CAPITAL, EXPENSES AND REQUIREMENTS ESTIMATES:[1] TOTAL DOLLARS CUMULATIVE 1975-85

[Billions of 1973 dollars]

	NPC [2]	NAE [3]	ADL [4]	FEA accelerated supply (without work in progress) [5]	FEA accelerated supply
Oil and gas (including refining)	133	149	122	187.7	205.4
Coal	8	18	6	10.6	11.9
Synthetic fuels	10	19	6	.6	.6
Nuclear	7	93	84	105.3	138.5
Electric powerplants (excluding nuclear)	137	53	43	50.5	60.3
Electric transmission	42	125	90	92.1	116.2
Transportation	43		53	[6] 25.5	[6] 25.5
Other [7]			8	2.2	2.2
Total	380	457	396	474.0	561.0

[1] Assumes replacement costs are proportional to net new investment for each energy activity and oil and gas figures are adjusted for expensed capital items.

[2] U.S. Energy Outlook, a summary report of the National Petroleum Council, Washington, D.C., December 1972 (average of 4 supply cases).

[3] U.S. Energy Prospects, an engineering viewpoint, National Academy of Engineering, Washington, D.C., 1974.

[4] Arthur D. Little estimates based upon an energy conservation scenario.

[5] Assumes that imported oil prices is $11/B. Work in progress consists of investment spending made prior to 1985 for new plant and equipment which will not come on line until after 1985.

[6] Does not investments required for tanker fleets, but does include $5,500,000,000 targeted for trans-Alaska oil pipeline.

[7] Solar, geothermal, municipal waste treatment plants, and shale oil.

Source: Federal Energy Administration: Project Independence, November 1974.

TABLE 3.—THE EFFECTS OF PHASED DEREGULATION

Year	Field price on new contracts (cents per Mcf)	Additions to reserves (trillion cubic ft.)	Production supply (trillion cubic ft.)	Production demand (trillion cubic ft.)	Excess demand over production continental United States (trillion cubic ft.)
1972	26.3	9.8	19.3	23.3	4.1
1973	29.6	12.7	22.1	24.4	2.3
1974	44.1	13.8	25.0	25.4	.3
1975	47.7	15.4	26.0	26.4	.3
1976	51.3	18.3	27.1	27.4	.3
1977	54.9	22.2	28.2	28.5	.3
1978	58.4	25.9	29.5	29.7	.2
1979	62.0	29.9	31.0	31.0	.0
1980	65.6	34.6	32.8	32.4	.2

TABLE 4.—THE EFFECTS OF STRICT CONTROL

Year	Field price on new contracts (cents per Mcf)	Additions to reserves (trillion cubic ft.)	Production supply (trillion cubic ft.)	Production demand (trillion cubic ft.)	Excess demand over production continental United States (trillion cubic ft.)
1972	26.3	9.8	19.3	23.3	4.0
1973	29.6	12.7	22.0	24.3	2.3
1974	30.5	13.8	22.8	25.6	2.8
1975	31.3	15.2	23.4	26.9	3.6
1976	32.1	16.8	24.0	28.5	4.5
1977	33.0	18.7	24.7	30.3	5.6
1978	33.8	20.8	25.7	32.2	6.5
1979	34.6	23.2	26.7	34.4	7.7
1980	35.5	26.3	28.0	36.9	8.9

Source: Paul W. MacAvoy and Robert S. Pindyck "Alternative Regulatory Policies for Dealing with the Natural Gas Shortage" Bell Journal of Economics and Management Service. Vol. 4, No. 2, Autumn 1973, pp. 489 and 491.

MIT MODEL FORECASTS OF THE 1980 RESULTS OF LEGISLATION TO DEAL WITH THE GAS SHORTAGE

[In trillions of cubic feet]

	Continued FPC[1] national price ceiling		Phased deregulation[2]		Complete deregulation[3]	
	Demand	Supply	Demand	Supply	Demand	Supply
1976	30.8	25.9	30.5	27.1	24.1	31.9
1978	35.6	27.0	33.2	29.4	31.0	32.5
1980	39.6	28.1	35.1	30.5	33.5	33.5

[1] National price ceiling at 50 cents per mcf in 1979, 1 cent increase thereafter.

[2] Immediate 1975 increase on new contracts to 65 cents, 5 cents thereafter.

[3] Prices on new contracts go to $1.50 per mcf immediately and then decrease to $1.25 by 1980.

Source: Paul W. MacAvoy, Henry R. Luce, Public Policy Department, Massachusetts Institute of Technology.

Mr. GRAVEL. Mr. President, if you will look at the chart CRS–17 in the packet distributed, the Chase Manhattan figures for the 30 oil companies show returns from 13.4 percent to 15.5 percent, and 9.6 percent. That is Chase Manhattan.

We can insist those are not real figures. We can then look to the next chart and this is "Selected Financial Data for Eight Major Oil Companies," which is from Moody's Industrial Manuals and Annual Fortune 500 listings.

The Senators have it in their packets, they can look at it up close. This chart deals with profit rate on net worth, profit margins, 10 percent, 8 percent, 9 percent, 12 percent.

One can tell me they are ripping it off, but look at the facts.

That is Chase. That is Moody's.

We have the public documents.

The next chart is the one by First National City Bank. My opponents would say this must be another corporation that is full of misinformation, and they come in right in the middle of the chart.

We can see—if the Senators would pick up their packets—young man, give Senator Jackson a packet.

We can look right in the middle of the First National City Bank chart at "petroleum products." I am sure they have an ax to grind like everybody else

Right in the middle of the chart, we have a 10-year average, not just 1974, but a 10-year average, 12.3. On this chart, we have drugs and medicine, 19.8, soaps and cosmetics, 19-percent profit.

But the oil companies are right in the middle of the chart at 12.3.

I do not know, maybe somebody wants to dispute this chart. It is prepared by First National City. My opponents may say "obviously the figures are part of the misconception that exists."

Earlier I talked of what the response would be on the price increases. This chart is the public record.

Let us go to another area. My opponents will say "obviously the banks are publicly in cahoots with the oil companies to not tell the truth to the American people."

Let us look at a public journal—Forbes magazine. The January 1 issue has a list of 850 annual corporations which are rated. Let me read how Forbes magazine rates them.

Everyone can make his own judgment, I will just read this section:

> In a way, the profitability rankings below are the most telltale Forbes Yardsticks of all. Growth is important, mind you. But if it doesn't result in a consistently healthy return on the stockholders' investment or the company's total capital, growth can be dangerous. How profitably management uses its money is what the capitalistic game is all about.
>
> That word "consistently" is important. Forbes' rankings are based on profitability over a five-year period, to eliminate the one-shot wonders. Even so, companies occasionally soar into the top ranks.

The description continues, but just let me talk about the big gainers at the end of the 5-year period:

> What about those shortage-plagued basic industries like oil, steel, chemicals and paper where reported profits soared last year?

For most, that is enough to improve 5-year standings significantly. Exxon moved from 269 to 155. Texaco from 235 to 142. Inland Steel from 643 to 551, and so forth.

Let us analyze a summary of this table, because I did not have the capability to reproduce the entire Forbes charts, so I just covered examples from the whole spectrum. This chart which ranks the 850 largest companies in terms of return on equity and return on capital shows Skyline, which is the No. 1 in rank, all the way down to Penn Central—which we are very familiar with in this body—which is 850—that sounds logical.

And then in between the major oil companies and their ratings, the chart shows the breaking point is here, this little line.

More than half the oil companies are below the middle line, the other half are above the line.

Ford made more money than Shell on this 5-year average.

Here is Phillips, that is "an oil giant, obviously ripping it off." Thrifty Drug Stores is ahead of it.

Look at Atlantic Richfield, that is the big company in Alaska, obviously "ripping it off," 9.1 percent return on equity, their average for 5 years, ranking 621.

Standard Oil of Ohio ranks 714.

Exxon did the best of all, not as good as Texaco, which ranks 155. Texaco's 5-year average return on equity is 16.3 and 22 during the last 12 months.

Up here is Skyline—where is that located? Elkhart, Ind., they make trailer homes.

Mr. PASTORE. Will the Senator yield so that I might ask a question on my time?

Mr. GRAVEL. I am pleased to yield to the Senator.

Mr. PASTORE. If the Senator's amendment goes through, where would he place them?

Mr. GRAVEL. The oil companies?

Mr. PASTORE. Yes.

Mr. GRAVEL. Probably just where they are.

Mr. PASTORE. Does the Senator mean to tell me if he added $190 a year to every individual per capita in this country as an added cost, that is to remain static?

Mr. GRAVEL. That $190.

Mr. PASTORE. Talking about rationality——

Mr. GRAVEL. These are not my figures. The returns on equity and capital will not change because my amendment includes an excess profits tax, which applies to profits of those companies which exceed 15 percent. That means we have to get down into this area of the chart not up here. All the oil companies would be able to make under my amendment is 15 percent; above that they have to plow their profits back in.

Now, I would like to dispute the Sentor from Washington's (Mr. Jackson), figures, but I will not have time because of the time limitation. I will not have time to dispute the figures Senator Jackson sets forth in the letter he distributed. But he has a double entry, which he then adds up and divides by the number of people. He also lays on me Gerald Ford's $3 tax, which he puts in his paper which he distributed to the Senator. He claims that is what my amendment is going to cost.

I do not have a $3 tax in my amendment on oil. I think it is ridiculous to tax oil or gas like that. But SenatorJACKSON says that is what is in my amendment.

I ask Senators to read my amendment, because we are going to have to live with it.

Mr. PASTORE. The fact still remains—if the Senator will permit another question—it has been admitted that if the old domestic oil is decontrolled, that the price of old oil would rise to the price of imported oil, therefore, if that sells for $11.50 and the price goes through with his plan, $13 tariff, which means $14.50, and the old oil is at $5.25, does that not mean they are going to treble the price of the oil to the consumer?

Mr. GRAVEL. No.

Mr. PASTORE. Why not?

Mr. GRAVEL. And why should——

Mr. PASTORE. What is the difference between $5.25 and $15?

Mr. GRAVEL. If I may answer, Senator JACKSON in his amendment, in the amendment sheet right here said——

Mr. PASTORE. I do not care about Senator JACKSON's amendment, I am talking about the amendment of the Senator from Alaska, I am asking the Senator from Alaska.

Mr. GRAVEL. The Senator from Rhode Island said the price would rise to foreign levels. It will not. Why should it? We have new oil now, why would old oil rise to the price of any——

Mr. PASTORE. Because I asked Dr. Greenspan that question and he said it would.

Mr. GRAVEL. Then he is wrong. Does that surprise the Senator?

Mr. PASTORE. I think everybody is wrong but the Senator from Alaska.

Mr. GRAVEL. No, I can be very wrong, I can make mistakes like everybody else. But we have decontrolled oil in the United States and that price is $11, so why should anyone expect that if we decontrol more oil it will go higher than what the free market price already is in the United States?

Mr. HANSEN. Will the Senator yield on my time?

Mr. GRAVEL. I am happy to yield to the Senator.

Mr. HANSEN. I understood the Senator from Rhode Island, my very good friend—I am not asking the Senator——

Mr. PASTORE. I know that, but I am ready for the Senator.

Mr. HANSEN. That is fine, on the Senator's time.

Mr. PASTORE. On my time, always on my time.

Mr. HANSEN. Would the Senator like me to speak on his time?

Mr. PASTORE. No, no, the Senator should speak on his own time. If he needs any, I will give him some.

Mr. HANSEN. I ask my colleague from Alaska, is it not a fact when the Senator from Rhode Island says if the President's plan for $3 import fee goes through, as a matter of fact, from what I read and from what I am told, the President has abandoned that proposal to put $3 import fee. He has been working out, as most people know, an arrangement with the Congress of the United States and has said that $1 is all of the tax that he proposes to add on. Am I right about that, I ask the Senator from Alaska?

Mr. GRAVEL. That is correct.

Mr. PASTORE. Wait a minute, will the Senator yield?

Mr. GRAVEL. I am happy to yield.

Mr. PASTORE. All right, on my time.

Mr. GRAVEL. On the Senator's time.

Mr. PASTORE. As a matter of fact, the President imposed $1 on February 1. When we went down to visit the President, because he wanted to see us to see if we could not reach an arrangement, I am the one who suggested to the President that he forestall the second and third dollar, and he has agreed to do it only for 60 days.

Now, even if we do not take the $3 into account, if we only take the $1 into account, the price of imported oil per barrel of crude today is $12.50.

The price of the old domestic oil is $5.25.

It has been admitted that if you paid $12.50 for the imported oil and you decontrolled the old domestic oil, that the price of the old domestic oil will rise to the price of the imported oil. That is the argument that has been made by the Senator from Alaska. He is opposing the two-tier pricing system. That is what it amounts to. The price of the imported oil will not come down to the price of the domestic oil, but the price of the domestic oil will go up to the price of the imported oil. We will be governed in our prices by the OPEC nations.

Mr. HANSEN. On my time I would ask the Senator from Alaska further if he is familiar with the article appearing in the Wall Street Journal for March 20, 1973, headed "Impending Breakdown of OPEC Cartel."

The article is written by Robert Z. Aliber, who is the professor of finance at the Graduate School of Business at the University of Chicago.

I will not take the Senator's time, though I am speaking on my time, to read the entire article, but the fact is, I say to my good friend from Alaska and my good friend from Rhode Island, that there are very clear evidences that the Arab cartel is breaking down. That is because presently there is a substantial cutback in the productive capability of a number of OPEC countries.

May we have order, Mr. President?

The PRESIDING OFFICER. The Senators will take their seats and the Senate will be in order.

The Senator from Wyoming.

Mr. HANSEN. The fact is, I say to my good friend from Alaska, that there is a substantial overproductive capability in the OPEC countries right now, and they have cut back.

I quote from part of that article:

> As demand declines in the next six months, maintenance of the $10 price could require reduction of six million to eight million barrels a day in OPEC production. These cutbacks must somehow be distributed among OPEC members. A few countries already have reduced production substantially. Libya now produces less than 900,000 barrels a day, whereas its peak output exceeded two million. Similarly, Kuwait, which has a daily capacity of nearly four million barrels, has been producing two million barrels. Both countries appear reluctant to reduce their output further. The poor, heavily-populated countries like Indonesia and Nigeria are unlikely to make substantial cutbacks. Iraq has been loud in its support of OPEC, but its output in January exceeded the pre-embargo level.
>
> Increasingly, maintenance of the current price will require larger cutbacks by Iran, Saudi Arabia and Venezuela. In January, the daily output of these three countries totaled 16 million barrels a day. Reduction in demand has already forced Iran to reduce its output by 10%, Venezuela by 20% and Saudi Arabia by 30%. These three countries might be required to cut back twice as much in the next few months to match even further reduction in demand.

My question to the Senator from Alaska is: Based upon what the facts are today, not what the President may have recommended in the middle of January, is there not good reason to believe that the price will further decline and that it will not be too long until, as this article predicts, the OPEC nations cartel could come apart when the need for money to satisfy financial commitments that have already been made overcomes the willingness of the nations to participate on a uniform cutback basis and result in the price cutting that is predicted in this article?

Mr. GRAVEL. There is no question about it. In fact, right now—and I will place an article in the RECORD later—there is a 20-percent glut on the world market of oil. That is only because of the cutbacks.

In this country, incidentally, we also have glut of oil right now. Our refineries are operating at between 80 and 85 percent capacity, and we have 38 days' supplies in the tank and also in the pipelines. Why we think the price is going to rise, I do not know.

I want to stipulate with my colleague from Rhode Island that the price increase that will occur, according to my best estimate—is the top line of the letter submitted by the Senator from Washington. That is, the price will rise to about $11.40 a barrel, and it will mean a little less than 5 cents per gallon to the consumer.

Mr. LONG. Will the Senator yield?

Mr. GRAVEL. I will be happy to yield.

Mr. LONG. Let me see if I understand the Senator's proposal. What he is saying is that a 15-percent return on equity is an adequate return to encourage investments and expenditures for a corporation based on the fact that tobacco products, automobiles, office equipment, photo goods, soap and cosmetics and drugs have been making more than that, and he feels that at that level of profitability capital can be attracted into an industry. Is that correct?

Mr. GRAVEL. There is no question about it.

Mr. LONG. The Senator is saying that, if you simply permit the industry to compete with everybody else at the world market price and require that any profit above that must be plowed back in or else it would all be taxed away, in short order this Nation would be self-sufficient in energy. You would not have to have an allocation system; you would not have to have the Federal Government going into the business. Just the free market, under that type of arrangement, would, in short order, make the United States totally and completely independent of all foreign nations for energy. Is that correct?

Mr. GRAVEL. I want to thank my colleague for saying it so succinctly.

Mr. LONG. Do we understand further that the Senator is saying that the Arab countries are telling us that they are not going to sell us energy any cheaper than it would cost us to produce it for ourselves, but the longer it takes us to let the industry achieve enough capacity to provide our requirements, the longer we will have to pay hijack prices for energy from abroad and also have those people trying to dictate our foreign policy to us through boycotts and blackmail?

Mr. GRAVEL. In fact, I had stated it before by saying we actually subsidize the Arabs by our edict. What we are saying to Americans is, "You cannot charge the market price for oil. You have to sell it cheap.

"But, foreigners, you come in and gouge the heck out of the Americans, because we are going to make the consumers buy our product."

They have no choice. That is why today imports are rising. That is what is happening, imports are rising.

IBM makes more money than Exxon; CBS makes more money than Texaco. We have the Washington Post which is only bypassed, in terms of return on equity and capital by 2 of the 11 oil companies.

Could anybody in his right mind who examined this chart say the oil companies are making ripoff profits? That is the argument made for the repeal of the depletion allowance. The figures on the Forbes chart are the test. These figures are not from the Government. These figures are not from the Finance Committee or the Interior and Insular Affairs Committee. This Forbes chart is a public record.

Look at this article in Business Week magazine. It says the same thing. Why must we sit here and continue to perpetrate lies about oil company profits?

Look at Skyline. That is a company in Indiana which makes mobile homes. Do you know where they sell them? They sell them in Alaska. They sell them in the rural parts of the United States. If we are getting "ripped off" by the oil companies, then we are also getting ripped off by this mobile home company. I was a major mobile home developer in Alaska, and the mobile homes we got mostly were from Indiana.

The Senators want to regulate oil companies like Texaco, and you do not want to regulate a company which is making almost twice as much as Texaco. This is convoluted reasoning.

Mr. LONG. Will the Senator yield further?

Mr. GRAVEL. I will be happy to yield.

Mr. LONG. I ask that this be on my time.

At one of the recent meetings, an economist pointed out that while $11 a barrel price for oil is pretty high, you must keep in mind that over a 20-year period Arab oil will all be gone, and that when they go to buy energy from the rest of us in the world, to buy America's coal or Canada's coal, it will be costing them on a Btu basis a great deal more after the year 2000, let us say, than it costs now even in terms of constant dollars. It will cost them more to buy energy from the rest of the world, such as us, than they are charging for the oil that they are selling even at these high prices.

If that be true, and I believe it is, then does not that indicate that you will never be able to replace the gas that is being required to be sold at 50 cents or 25 cents, and you will never be able to replace the oil you are selling at $5? It will cost more than that in terms of energy, anyway. But by failure to permit the industry to charge in line with what it is going to cost to replace these energy sources, the industry will never be able to make America self-sufficient; and by denying it that capacity, it sets the stage for those who would nationalize this industry and raise the money to put it out of business.

It is like the French revolutionaries used to do for those they did not like. They made them carry a basket to the guillotine with them so it would be available to carry off their heads.

[Laughter.]

Mr. GRAVEL. My colleague says it very well.

Let me point this out to the Senator from the State of Illinois: the Forbes chart shows Northeast Industry, 5-year average, 25-percent profit; last year, 37-percent profit. Does the Senator know what they do? They make chemicals, metals—right in the State of Illinois. If anyone wants to regulate something, there is a company to regulate.

Here is a company in Connecticut: Heublein which shows 19 percent; they made 20 percent last year. I could go down the list.

Here is an interesting company in Washington, D.C. I get my insurance from them: Government Employees Insurance; a good company, right here in town. Their 5-year average, 23.4-percent profit; last year, 20 percent. A good business to be in. Somebody ought to regulate it.

I pointed out J. C. Penney, right under Exxon in rank. Anheuser-Busch, right above Texaco. If you want to start regulating somebody, this chart deserves a lot of interest.

Here is a company, Seattle First, a bank holding company in Seattle in the State of Washington that made 13.8 percent for the 5-year average. That is ahead of six of the major oil companies.

If you are going to regulate, there is a lot of room for regulation in this country. If you are going to do it on the basis of profits—and they said wipe out the depletion allowance because of the "exorbitant ripoff profits"—look at the companies as they are ranked on this chart.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. GRAVEL. I yield.

Mr. MAGNUSON. Is that net profit?

Mr. GRAVEL. If my colleague would like——

Mr. MAGNUSON. Is this net?

Mr. GRAVEL. Return on equity. That is a net profit. The Forbes chart sets forth two figures.

Mr. MAGNUSON. Is it net?

Mr. GRAVEL. Return on equity is what it is.

Mr. MAGNUSON. It is not net profit.

American Express is sniffing around the Commerce Committee to get a handout. They are going bankrupt.

Mr. GRAVEL. Does the Senator see them there?

Mr. MAGNUSON. Yes.

Mr. GRAVEL. Where are they?

Mr. HANSEN. Mr. President—on my time—maybe that is a good place to sniff around.

Mr. GRAVEL. If they are sniffing around for something, the Senator ought to look at the oil companies, but then examine those higher on the list of profitability.

Mr. MAGNUSON. I ask the Senator this question: One can make a profit, and a profit can be shown in Forbes, but can one still have a net loss, which American Express has?

Mr. CURTIS. Is the Senator referring to Haller Parcels, or which company?

Mr. MAGNUSON. I am referring to American Express.

Mr. CURTIS. The credit card company?

Mr. MAGNUSON. No.

Mr. CURTIS. That is what this is.

Mr. HANSEN. The Senator is thinking of the Railway Express, is he? This is the American Express. The American Express is a credit card company. If the Senator will recall, just a year or 2 ago, Senator JAVITS introduced a bill that came to the Committee on Finance, and we acted upon it, to see that the money that was never paid out by that company to satisfy travelers' checks that had been issued by that company would be returned to the States where the travelers' checks were sold. That company, so far as I know, is not going broke.

Mr. MAGNUSON. They have not had a net profit. The Railway Express Agency is broke.

Mr. BROCK. But they are not on the list.

Mr. HANSEN. American Express is a different company.

Mr. MAGNUSON. I know they are two different companies. Railway Express is in receivership.

Mr. HANSEN. It is going the way of all railroads—too much regulation.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. GRAVEL. I yield.

Mr. BROCK. I find the Senator's chart rather remarkable. I have been hearing about all these obscene profits, and it does not look like the oil companies are that obscene, when you see some of the alternatives. Everybody is screaming about obscenity, and I have not been a particular proponent of their actions or their profitability. I am simply pointing out that the chart shows a very different picture from what we have had presented in the debate in the last 3 days.

Mr. GRAVEL. We have been trying to get to the bottom of it.

Mr. JACKSON. Mr. President, will the Senator yield, on my time?

Mr. GRAVEL. I yield.

Mr. JACKSON. Inasmuch as obscene profits are being discussed, and I think I am charged with having used that descriptive term, and in view of the fact we have had quotations from great financial institutions and houses, I thought it might be in order, Mr. President, to read something from the great radical organization known as Morgan Stanley & Co., Inc., International Research, which is a part of J. P. Morgan:

> ENERGY NOTES, FEBRUARY 24, 1975
>
> 1974—THE YEAR OF "OBSCENITY"
>
> *Summary*
>
> With the exception of Royal Dutch/Shell and British Petroleum, both of which are expected to report on March 13, all of the major integrated oil companies have issued preliminary 1974 earnings statements. Aggregate results for nineteen of the twenty-one companies we normally monitor were:

And they are stated. I read from the Morgan Stanley report:

> The year will pass into the record books as one of "obscene" profits.

That is Morgan Stanley.

I just thought, Mr. President, that inasmuch as the word "obscene" came up, I should at least refer to an authoritative document to corroborate a statement I had made earlier.

Mr. HANSEN. Mr. President, will the Senator yield, on my time?

Mr. JACKSON. I yield.

Mr. HANSEN. I know about Morgan Guaranty. I assume——

Mr. JACKSON. I did not say Morgan Guaranty.

Mr. HANSEN. I think the Senator did say that that was the parent company.

Mr. JACKSON. Morgan Stanley & Co., which is a part of J. P. Morgan.

Mr. HANSEN. I am going to pay tribute to the Senator. These big companies have chosen their favorites, and I thought they used the word "obscene" to let Americans know that they found the Senator from Washington not without merit. That is a word he has oftentimes used. I thought they wanted to be on the Senator's side.

Mr. JACKSON. And they did not say anything about the independents having obscene profits.

Mr. HANSEN. It shows how clever those big companies are. [Laughter.] They know how to do it. They have the light touch.

Mr. JACKSON. I was delighted to wait, and I was going to bring this up; but I knew that somebody was going to bring up the element of obscenity. I just wanted to refer to that old financial house, Morgan Stanley & Co., for a response.

Mr. GRAVEL. Is the Senator prepared to place that whole statement in the RECORD?

Mr. JACKSON. Yes, I am going to do so.

Mr. GRAVEL. I think it also says that profits are going down.

Mr. JACKSON. That is right.

Mr. GRAVEL. Will the Senator read that part, please?

Mr. JACKSON. I will, but the point I am making is this: I charged, and I stand by it, that the year 1974 was the year of obscene profits. The Senator has been saying that is not so. The records he is referring to certainly are not for 1975.

Mr. GRAVEL. That is 1974. That is January 1, 1974.

Mr. JACKSON. That is right. And Morgan Stanley is referring to 1974. The Senator from Alaska is trying to make the case that it was a year of sort of normal profits. What I am doing is quoting from Morgan Stanley & Co., and I repeat it:

> The year will pass into the record books as one of "obscene" profits. But as the fourth quarter gave evidence, earnings are in the process of declining.
>
> With worldwide surpluses exerting tremendous pressure on downstream realizations, the likely elimination of an equity position in many of the oil-producing countries, and probable congressional legislation—

I guess that is relevant tonight——

> aimed at eliminating percentage depletion and taxing "windfall" producing profits, 1974 is likely to remain a high watermark for earnings for some years to come.

I ask unanimous consent to have the entire memorandum printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

1974—THE YEAR OF "OBSCENITY"

SUMMARY

With the exception of Royal Dutch/Shell and British Petroleum, both of which are expected to report on March 13, all of the major integrated oil companies have issued preliminary 1974 earnings statements. Aggregate results for nineteen of the twenty-one companies we normally monitor were:

[Dollars in millions]

	Full year			4th quarter		
	1973	1974	Percent change	1973	1974	Percent change
Gross revenues	$106,404	$181,653	70.7	$31,552	$49,354	56.4
Net income	8,058	12,273	52.3	2,848	2,480	(12.9)

The year will pass into the record books as one of "obscene" profits. But as the fourth quarter gave evidence, earnings are in the process of declining. With world-wide surpluses exerting tremendous pressure on downstream realizations, the likely elimination of an equity position in many of the oil-production countries, and probable congressional legislation aimed at eliminating percentage depletion and taxing "windfall" producing profits, 1974 is likely to remain a high watermark for earnings for some years to come.

Individual profits of some of the majors for both the year and the fourth quarter are discussed briefly and shown in the following tables.

INTERNATIONALS

Exxon

Exxon evidently did not have to compare its fourth-quarter 1974 results against levels which were inflated by inventory gains as for other companies at the end of 1973. Additionally, unusual year-end adjustments resulted in a net gain of $0.32 per share. Earnings in the first and second quarters of 1974 were $0.36 and $0.31 per share higher, respectively, than would have been achieved without inventory profits. First-half 1974 earnings were also increased $0.05 per share by changes in currency exchange rates.

[Dollars in millions except EPS]

	Full-year earnungs							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Oil and Gas:														
United States	$830	$3.70	33.9	$1,027	$4.59	32.7	24.1	$224	$1.00	28.5	$246	$1.00	28.6	10.0
Other Western Hemisphere	482	2.15	19.7	435	1.94	13.8	(9.8)	159	.71	20.2	141	.63	16.4	(11.3)
Eastern Hemisphere	988	4.41	40.5	1,178	5.26	37.6	19.3	342	1.53	43.6	317	1.42	37.0	(5.9)
Chemical:														
United States	66	.29	2.7	146	.65	4.6	124.1	23	.10	2.8	34	.15	3.9	50.0
Foreign	136	.61	5.6	314	1.40	10.0	129.5	50	.22	6.3	75	.33	8.6	50.0
Other	(59)	(.26)	(2.4)	40	.18	1.3		(11)	(.05)	(1.0)	47	.21	5.5	
Total	2,443	10.90	100.0	3,140	140.3	100.0	28.7	787	3.51	100.0	860	3.84	100.0	9.4

Gulf Oil

Bob R. Dorsey, Gulf's Chairman, stated: "It is safe to say that we have crossed the profit peak and will be living with lower earnings, perhaps substantially lower earnings, for the next few years." Gulf estimated the Federal crude allocation program cost it $110-million ($0.56 per share), while repeal of percentage depletion could cost it $125-million ($0.64 per share) in 1975.

[Dollars in millions except EPS]

	Full-year earnings							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Oil and gas:														
United States	$364	$1.85	45.6	$420	$2.16	39.4	16.7	$29	$0.15	12.7	$92	$0.47	50.0	213.3
Foreign	560	2.84	70.0	594	3.05	55.7	7.4	267	1.36	115.3	83	.42	44.6	(69.1)
Chemical:														
United States	10	.05	1.2	96	.49	9.0	880.0	6	.03	2.5	31	.16	17.0	433.3
Foreign	17	.08	2.0	80	.41	7.5	412.5	3	.02	1.7	9	.05	5.3	150.0
Nuclear	(133)	(.68)	(16.6)	(97)	(.50)	(9.1)	(26.5)	(55)	(.28)	(23.7)	(5)	(.03)	(3.2)	(89.3)
Minerals	(8)	(.04)	(1.0)	(22)	(.11)	(2.0)	175.0	(8)	(.04)	(3.4)	(18)	(.09)	(9.5)	125.0
Other	(10)	(.05)	(1.2)	(6)	(.03)	(.5)	(40.0)	(12)	(.06)	(5.1)	(7)	(.04)	(4.2)	(33.3)
Total	800	4.06	100.0	1,065	5.47	100.0	34.7	230	1.18	100.0	185	.94	100.0	(20.3)

Mobil

Mobil's fourth-quarter earnings were reduced $58-million ($0.57 per share) by dollar conversions and $23-million ($0.23 per share) by the cancellation of the Paulsboro refinery expansion. Foreign inventory profits added $325-million ($3.19 per share) to full-year earnings. The negative effect of dollar conversions is estimated at $80-million ($0.79 per share). Translation of the dollar had the effect of increasing 1973 earnings by $150-million, or $1.47 per share. Netting out the extraordinary gains and losses in 1974 would have produced earnings of $8.04 per share.

[Dollars in millions except EPS]

	Full-year earnings							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Oil and gas:														
United States	$258	$2.54	30.5	$287	$2.83	27.6	11.0	$71	$0.70	25.6	$57	$0.57	42.5	(18.6)
Foreign	558	5.38	65.7	654	6.42	62.9	17.2	189	1.86	68.2	40.	.39	29.1	(79.0)
Chemical	36	.35	4.2	111	1.09	10.7	211.4	14	.14	5.1	138	.37	27.6	164.2
Other	(3)	(.03)	(.4)	(12)	(.12)	(1.2)	(300.0)	4	.03	1.1	1	.01	.8	---------
Total	849	8.34	100.0	1,040	10.21	100.0	22.4	278	2.73	100.0	136	1.34	100.0	(50.9)

Texaco

The company estimated its foreign inventory profit at $259 million ($0.95 per share). On the other hand, operating earnings decreased $29 million ($0.11 per share) because of losses in foreign currencies. Earnings in the fourth quarter and the year were also charged with a reserve of $28.2 million ($0.10 per share) relating to possible nationalization by Libya and nonrecovery of a currently nonprofitable investment in Colombia. Earnings would have been $5.10 per share in the absence of these items.

[Dollars in millions except EPS]

	Full-year earnings							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Oil and gas:														
United States	$426.9	$1.61	33.9	$390.2	$1.44	24.7	(10.6)	$86.8	$0.32	19.3	$86.5	$0.32	27.2	---------
Foreign	832.0	3.06	64.4	1,090.8	4.01	68.7	31.0	359.9	1.32	79.5	216.2	.80	67.8	(39.4)
Chemical:														
United States	17.0	.06	1.3	63.2	.23	3.9	283.3	5.3	.02	1.2	14.3	.05	4.2	150.0
Foreign	6.5	.02	.4	42.2	.16	2.7	300.0	1.5	---------	---------	2.7	.01	.8	---------
Total	1,297.4	4.75	100.0	1,586.4	5.84	100.0	22.9	453.5	1.66	100.0	319.7	1.18	100.0	(28.9)

Texaco adopted LIFO accounting for its U.S. inventories in 1974. This had the effect of reducing per share earnings previously reported approximately as follows:

	Reported	Restated
1st quarter	$2.17	$1.92
2d quarter	1.69	1.35
3d quarter	1.40	1.39
4th quarter	1.18	1.18

It is interesting to note currently indicated dividend payouts for these four companies against their U.S. oil, gas, and chemical earnings:

Company	Indicated dividend	U.S. earnings [1]	Percent payout
Exxon	$5.30	$5.24	101.1
Gulf	1.70	2.65	64.2
Mobil	3.40	3.91	87.0
Texaco	2.10	1.69	124.3

[1] Gulf excludes nuclear, mineral, and other losses; Mobil includes foreign chemical profits.

Furthermore, U.S. oil and gas earnings dropped from 35% of total profits of the four in 1973 to only 31% in 1974 and accounted for a mere 17% of the gain in net income. By contrast, chemicals accounted for 39% of the increment, rising from 5.3% to 12.5% of aggregate income. Foreign oil and gas profits dropped somewhat from 63% of the total to 58%, but contributed 37% of the gain.

DOMESTICS

Atlantic Richfield

Fourth-quarter net income was affected by $21.7-million ($0.38 per share) resulting from the company's write-off of its withdrawal from the tar sands venture. Because of the manner in which Arco reports its divisional earnings, the figures should be regarded as approximations.

[Dollars in millions except EPS]

	Full-year earnings							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Oil and gas:														
United States	$360.8	$6.36	74.2	$477.4	$8.41	65.4	32.2	$124.6	$2.18	77.8	$138.7	$2.44	91.7	11.9
Foreign	82.6	1.46	17.0	129.1	2.27	17.7	56.3	25.9	.45	16.1	(17.9)	(.31)	(11.6)	
Chemical	27.7	.48	5.7	123.0	2.17	25.9	344.0	9.6	.17	6.1	30.4	.53	19.9	216.7
Corporate	15.2	.26	3.1	NA										
Subtotal	486.3	8.57	100.0	729.5	12.85	100.0	50.0	160.1	2.80	100.0	151.2	2.66	100.0	(6.2)
Expense items	216.1	3.81		254.9	4.49		18.0	68.4	1.19		54.3	.95		(20.6)
Total	270.2	4.76		474.6	8.36		75.6	91.7	1.61		96.9	1.71		6.2

Continental Oil

Earnings for the year were reduced by $71-million, or $1.40 per share to reflect adoption of LIFO. Net income for 1973, which reflected FIFO accounting, was approximately $50-million, or $0.99 per share, higher than if LIFO had been in effect. Of this, $40-million, or $0.79 per share, was in the fourth quarter of 1973. Consolidation Coal's earnings were impaired by $15-million, or $0.30 per share, as a result of the miners' strike. Based on fourth-quarter production of 9-million tons, earnings per ton were $2.13 before corporate overhead compared with $0.93 per ton for the full year. Results for the quarter also included a $7.4-million gain ($0.15 per share) from the sale of property compared with a write-off of $6.7-million ($0.13 per share) in 1973.

[Dollars in millions except EPS]

	Full-year earnings							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Oil and gas:														
United States	$131.7	$2.61	54.2	$220.8	$4.36	67.4	67.0	$31.3	$0.62	35.0	$54.0	$1.07	87.7	72.6
Canada	20.0	.40	8.3	30.3	.60	9.3	50.0	6.1	.12	6.8	6.8	.13	10.7	8.3
Other	(2.0)	(.04)	(.8)	(3.8)	(.07)	(1.1)		(1.0)	(.02)	(1.1)	(2.4)	(.05)	(4.1)	
Total Western Hemisphere	149.7	2.97	61.7	247.3	4.89	75.6	64.6	36.4	.72	40.7	58.4	1.15	94.3	59.7
Eastern Hemisphere	139.0	2.75	57.2	22.0	.43	6.6	(84.4)	74.1	1.47	83.0	(7.1)	(.14)	(11.5)	
Total oil and gas	288.7	5.72	118.9	269.3	5.32	82.2	(7.0)	110.5	2.19	123.7	51.3	1.01	82.8	(53.9)
Consolidation coal	(12.8)	(.25)	(5.2)	43.8	.87	13.4		(12.2)	(.24)	(13.6)	19.2	.38	31.1	
Conoco Chemicals	20.9	.41	8.5	67.7	1.33	20.6	224.4	5.4	.11	6.2	14.2	.28	23.0	154.5
Minerals	(6.1)	(.12)	(2.5)	(9.0)	(.18)	(2.8)		(1.9)	(.04)	(2.2)	(4.4)	(.09)	(7.4)	
Corporate	(48.0)	(.95)	(19.7)	(44.2)	(.87)	(13.4)		(12.5)	(.25)	(14.1)	(18.5)	(.36)	(29.5)	
Total	242.7	4.81	100.0	327.6	6.47	100.0	34.5	89.3	1.77	100.0	61.8	1.22	100.0	(31.1)

Getty Oil

Getty reported consolidated net income for 1974 of $281-million, or $15.00 per share, compared with $135-million (before an extraordinary gain of $7.2-million), or $7.15 per share in 1973. Net income was reduced $67.2-million ($3.61 per share) by cost accruals against the company's foreign operations and amounts in dispute with Phillips over prices paid for uncontrolled oil. A charge of $24.2-million ($1.30 per share) was made to net to reflect the company's equity share of losses by its 48.7%-owned affiliate. Mitsubishi Oil. The total of these charges in the fourth quarter, when the company reported earnings of $3.13 per share versus $2.78, was approximately $20.4-million, or $1.10 per share. Getty's remaining net equity interest in Mishubishi was $6-million at December 31. As we understand it, this would be the current limit to Getty's direct exposure to further losses at Mitsubishi. The oilspill damage resulting from the rupture of a storage tank at the company's Migushima refinery is estimated at in excess of $30-million, and in all likelihood Getty's equity investment will be reduced to zero in the first quarter. It may be noted that Getty's cash flow in 1974 was $468-million, or $30.47 per share.

Standard Oil of Indiana

The figures below indicate a loss of $9.5-million in Canada in the fourth quarter. In point of fact, quarterly earnings will be restated to take account of Canadian tax adjustments, and the correct figure attributable to Canadian operations in the fourth quarter is approximately a deficit of $2.3 million. It is also noted that 1973 Canadian earnings were restated to reflect a capital employed adjustment. The major surprise in the fourth quarter, however, was the sharp contraction in chemical profits. It is indicated that this occurred largely as a result of a sudden drop in demand for terephthalic acid and DMT around mid-November. The end uses for these products are in the home furnishing, apparel, and automobile industries. Since the company's chemical earnings had been averaging over $10-million per month, we surmise that December operations were substantially in the red. Gauging the end of the inventory adjustment for these products is extremely difficult, but hopefully it will occur by midyear. It may also be recalled that Indiana's first-half overseas petroleum operations were $58-million more (about $0.40 per share) than would have been reported under LIFO accounting.

[Dollars in millions except EPS]

	Full-year earnings							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Oil and gas:														
United States	$387.8	$2.69	76.0	$638.1	$4.36	65.8	62.1	$102.3	$0.71	84.5	$154.3	$1.04	88.1	46.5
Canada	35.1	.24	6.8	34.2	.23	3.5	(4.2)	3.9	.03	3.6	(9.5)	(.06)	(5.0)	
Overseas	43.5	.30	8.5	209.1	1.43	21.6	376.7	9.9	.07	8.3	34.1	.23	19.5	228.6
Chemical	48.3	.33	9.3	98.8	.68	10.2	106.1	6.3	.04	4.8	1.5	.01	.8	
Other	(3.5)	(.02)	(.6)	(10.0)	(.07)	(1.9)	(25.0)	(1.0)	(.01)	(1.2)	(5.7)	(.04)	(3.4)	
Total	511.2	3.54	100.0	970.2	6.63	100.0	87.3	121.5	.84	100.0	174.8	1.18	100.0	40.5

Standard Oil of Ohio

Sohio provides a breakdown of its earnings before interest expense and income taxes on percentage terms. The following figures attempt to reconcile this breakdown with the earnings statement and must accordingly be regarded as providing only a rough approximation of the divisional breakdown.

The improvement in Sohio's domestic petroleum operations that was noted in the third quarter gave way to an imputed loss in these operations in the fourth quarter. This was largely occasioned by loss of production and maintenance at the company's Marcus Hook refinery and other requirements in the Ohio refineries. Expenses attributed to this program increased $12 million over 1973 and crude runs were reduced 56,000 b/d. On the other hand, the fourth quarter was notably aided by a royalty payment of $18.2 million versus only $1.5 million in the similar 1973 period.

[Dollars in millions except EPS]

	Full-year earnings							4th-quarter earnings						
	1973			1974				1973			1974			
	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change	Net income	EPS	Percent of total	Net income	EPS	Percent of total	Percent change
Domestic petroleum	$45.6	$1.24	37.9	$34.7	$0.95	18.1	(23.4)	$1.6	$0.04	9.8	($4.9)	($0.13)	(9.2)	
Foreign petroleum	14.4	.39	11.9	38.6	1.05	20.0	169.2	3.9	.11	26.8	18.2	.51	36.2	363.6
Coal	12.0	.33	10.0	30.9	.84	15.9	154.5	3.6	.09	22.0	8.3	.23	16.3	155.6
Chemical and plastics	22.8	.26	19.0	48.3	1.32	25.0	112.9	3.9	.11	26.8	12.9	.35	24.8	218.2
Royalties	25.2	.69	21.2	40.5	1.11	21.0	60.9	1.5	.06	14.6	18.2	.50	35.5	733.3
Other											(1.7)	(.05)	(3.6)	
Earnings before interest, etc	120.0	3.27	100.0	193.0	5.27	100.0	61.2	15.1	.41	100.0	51.6	1.41	100.0	243.9
Net interest exp	11.8	.32		7.0	.19		(40.6)	2.5	.07		2.5	.07		
Income taxes	34.0	.93		60.0	1.64		76.3	1.0	.03		20.5	.56		167.7
Total	74.2	2.02		126.0	3.44		70.3	11.6	.31		28.6	.78		151.6

1975 EARNINGS ESTIMATES

The assumptions underlying our 1975 earnings estimates were detailed in the Energy Outlook dated December 24, 1974. Slippage in chemical income noted during the fourth quarter, however, has caused us to revise several earnings estimates downward. The exact form of oil tax legislation in the United States remains an unknown. Our initial assumption was that the final 1975 bill would closely approximate the one that cleared the House Ways & Means Committee late in 1974. We note that the windfall profit tax proposed by the Administration would have an almost identical effect as the Ways and Means bill. In both cases, the industry would be burdened with around $3-billion of additional U.S. taxes which would amount to a cut in the producing profit of roughly $1.00 per barrel. Our revised 1975 estimates appear below:

1974 EARNINGS AND 1975 ESTIMATES

	1974A	1975E	Percent change
Ashland	$3.83	$4.50	(17.5)
Atlantic Richfield	8.36	6.50	(22.2)
British Petroleum	E3.60	1.50	(58.73)
Cities Service	7.58	7.00	(7.7)
Continental	6.47	6.50	
Exxon	14.03	10.00	(28.7)
Getty	15.00	12.00	(20.0)
Gulf	5.47	4.40	(23.2)
Kerr-McGee	4.64	4.90	5.6
Louisiana Land	2.98	2.30	(22.8)
Marathon	5.70	4.30	(24.6)
Mobil	10.21	7.75	(24.1)
Phillips	5.66	4.90	(13.4)
Royal Dutch	E11.00	6.35	(42.3)
Shell	9.21	8.30	(9.9)
Standard Oil (California)	5.71	5.25	(8.1)
Standard Oil (Indiana)	6.63	5.00	(24.6)
Standard Oil (Ohio)	3.44	3.60	4.5
Sun	8.31	7.40	(11.0)
Texaco	5.84	4.75	(18.7)
Union	7.03	6.25	(11.1)

CAPITAL EXPENDITURES

A number of companies have announced their planned capital and exploratory expenditures for 1975. Among these are:

	1974A	1975E
Exxon	$3,610	$4,700
Gulf	1,700	1,800
Texaco	2,000	1,800
Arco	1,800	2,000
Conoco	759	935
Getty	450	687
Marathon	175	300
Phillips	637	1,200
Shell	929	1,000+
Standard Oil (Indiana)	1,800	2,000
Union	685	750

A recent survey by the Oil & Gas Journal indicated the industry had budgeted $26.2-billion for capital spending in the U.S. alone during 1975, an increase of 24.1% over 1974. The Journal's breakout of spending by area is of interest:

INDUSTRY CAPITAL EXPENDITURES

[In millions of dollars]

	Actual, 1973	Estimated, 1974	Budgeted, 1975	Percent change 1975–74
Exploration and production:				
Drilling exploration	$6,660.8	$7,657.0	$8.034.0	4.9
Production	1,734.8	2,005.9	2,104.0	4.9
OCS lease bonus	3,082.0	5,024.0	5,000.0	.5
Total	11,477.6	14,686.5	15,138.1	3.1
Others:				
Refining	1,103.8	1,974.7	3,127.8	58.4
Petrochemicals	269.1	816.3	1,643.1	101.3
Marketing	914.5	780.7	1,106.0	41.7
Natural gas pipelines	600.0	541.0	988.0	82.6
Crude product pipelines	150.0	1,069.0	2,318.0	111.5
Other transportation	152.9	178.7	240.4	34.5
Miscellaneous	646.9	1,073.3	1,684.0	56.9
Grand total	15,314.8	21,147.2	26,245.4	24.1

In the exploration/production category planned expenditures for lease bonuses appear very much on the high side in view of apparent environmentalists' opposition to lease sales anywhere except on the Gulf Coast. Aside from questionable geologic prospects, the fact that the February 4 lease sale off Texas drew only $300-million in high bids, compared with more than $1-billion at individual 1972–1974 sales, may hopefully indicate a more realistic view on the part of industry toward costly front-end load bonuses. It may be noted that these bonuses alone accounted for 43% and 49% of capitalized expenditures for exploration/production in 1972 and 1973, respectively. It would also appear that the amount allocated for refining/marketing is on the high side and that reduced consumption could bring about significant cancellations or deferrals in this category. Finally, the planned doubling in petrochemical expenditures would undoubtedly be reduced if a reversal in recent demand trends is not foreseen. In short, we regard these as "soft" budgets in most areas except for transportation (the Trans-Alaska Pipeline) and exploration/production. A number of companies have already warned that enactment of punitive tax legislation would result in a reconsideration of investment plans, and Texaco has in fact already reduced its originally contemplated $2.1-billion 1975 budget by $300-million. While more announcements of this nature may be forthcoming, we believe they will be related more to ventures whose needs are more questionable than exploration/production and, hence, will not have a negative impact on the business prospects for the petroleum service industry.

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February 24, 1975.

REFERENCES

Energy Notes: 1/24/75; 1/16/75; 8/30/74; 8/13/74; 8/2/74; 7/12/74; 1/18/74.

Morgan Stanley & Co. Incorporated has managed the most recent public offerings within the last three years of securities of British Petroleum, Continental, Exxon, Mobil, Shell, Standard Oil of Indiana, and Standard Oil of Ohio.

Mr. GRAVEL. I thank my colleagues from Washington for putting that in the RECORD. I think it should be noted that it is one person giving a little handout as opposed to Forbes magazine's annual evaluation of 850 American companies, as opposed to Business Week, as opposed to the Committee on Finance's new charts on profitability, as opposed to the tax returns of the oil companies. If that is the basis of his case, I will rest my case on the profits. The Senator can rest his case on the one little piece of paper that he has shown to the body.

Mr. JACKSON. Will the Senator yield so I can place something in the RECORD?

Mr. GRAVEL. I am happy to yield to the Senator from Washington.

Mr. JACKSON. I ask unanimous consent that there be printed in the RECORD a summary of the findings on the tax rate of the five leading oil companies which came as a result of the GAO study made for the Committee on Investigations last year. It shows, of course, that in 1968, the average oil corporate tax rate was 3.88 percent; in 1969, 2.55—this is compared to a general corporate tax rate that has a maximum of 48 percent. For 1970, it was 5.36, and for 1971, 4.94. For 1972 it was 4.41. This comes, Mr. President, as a result of the detailed examination of the tax returns of the major international oil companies over a period of many months last year.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

TABLE 1.—B. AGGREGATE—7 COMPANIES

[In thousands of dollars]

Year	Pretax net income[1]	Foreign income taxes[2]	U.S. income taxes[3]	Total U.S. and foreign income taxes	Effective rate: Foreign income taxes	Effective rate: U.S. income taxes	Effective rate: Total income taxes
1968	$7,576,607	$1,477,056	$294,018	$1,771,074	19.49	3.88	23.88
1969	8,161,889	1,623,103	208,500	1,831,603	19.89	2.55	44.22
1970	8,848,243	1,735,324	474,570	2,209,894	19.61	5.36	24.98
1971	9,460,257	2,522,981	467,467	2,990,488	26.67	4.94	31.61
1972	10,236,458	2,938,012	450,985	3,388,997	28.70	4.41	33.11

[1] Net income per book plus provision for Federal income taxes plus foreign creditable income taxes paid and deemed paid.

[2] Taxes paid and deemed paid.

[3] Regular plus minimum income tax.

Mr. LONG. Will the Senator from Alaska yield to me at that point?

Mr. GRAVEL. I am happy to yield.

Mr. LONG. I ask unanimous consent that right behind that table there be inserted a chart showing the taxes—those same companies paid when we look at all taxes. When we look at all the taxes they paid in foreign nations and all the taxes that they paid in the United States, it shows that in the United States, they paid an average of about 42 percent, measured against income, compared to 42 percent for the average for manufacturing. Overseas, they paid over 70 percent compared to an average far below that. I do not know what the average manufacturing company pays.

Mr. GRAVEL. If the Senator will yield, I shall give him the book published by this committee and he can read it.

Mr. LONG. When all the taxes are put in, we find that those companies paid a great deal more than the average for manufacturing.

For example, here is the 10-company average. They paid an average of 42.9 percent. Let me just explain that. That is domestic. In Louisiana, for example, our State takes advantage of the fact that an oil company cannot very well move away and produce energy from Arkansas or Illinois or someplace. If they want to produce Louisiana energy, they have to drill the holes in Louisiana to get it. They cannot move away, as a manufacturing company can. So in our State they raised it to almost 50 percent of the entire revenue to support that State government out of the oil industry.

Now, that is what a lot of people like to overlook.

If we take into account the taxes that they are paying locally and the taxes they are paying to the State government and add that to the taxes they are paying to the Federal Government, we find that that industry averages out to 42.9 percent in the United States, compared to an average of 42.0 percent for all manufacturing.

Now, let us look at overseas. Overseas, they paid 70.3 percent. The reason that the Senator can say that they paid only 3 percent in U.S. income tax is because they paid 70 percent of what they made overseas before they ever got back here with it. They paid very heavy taxes in Louisiana, Texas, Alaska, where the States tax them so much more heavily than they tax other industry. So if we take that into account, they are taxed more heavily than anybody except tobacco and alcohol, if we take all taxes into account.

Mr. JACKSON. Will the Senator yield on my time?

Mr. GRAVEL. I am happy to yield on the Senator's time.

Mr. JACKSON. I wish to ask the Senator from Louisiana, my good friend, this question. I think we went into it the other day, but we want to make the record straight. Let us take company A, that does all of its business in the United States. They produce a million barrels a year. Let us take company B, that produces half of that amount, 500,000 barrels, in the United States and 500,000 barrels overseas. Which pays the higher taxes and which will have the higher net, company A or company B?

Mr. LONG. If we are looking at all taxes, and it is an oil company the Senator is talking about——

Mr. JACKSON. I am talking about oil, of course.

Mr. LONG. Then here is the record. A company pays an average of 70.3 percent in foreign taxes and a company pays an average of 42.9 percent locally, within the United States.

Mr. JACKSON. The answer to that is that the price, under that old Treasury ruling of 1951, is treated as a tax that is deducted from the U.S. corporate tax.

Mr. LONG. Senator, they have long ago made that tax——

Mr. JACKSON. So the net return on a company that does business overseas is going to be greater than the company that does the business here.

Mr. LONG. Let me say something about taxation that the Senator ought to know, and probably does. It is a standing rule among nations that among equal sovereigns, one does not deduct taxes, one credits taxes paid to another. For example, in the State of Washington or the State of Louisiana, in levying a sales tax, they credit for a sales tax paid to Washington if somebody is doing business in Louisiana, where they might also pay a sales tax. If it is an income tax and the person is doing business in Washington State and Louisiana, we credit one State for the tax paid in another State.

It is also the same rule among nations, with the exception of the Hartke amendment voted the other day—and I voted for that. But it is also the rule among equal sovereigns that we do not deduct, we credit.

If we are talking in the United States about levels of government, we deduct what is paid at a local or State level against a Federal level. That is because the Federal Government is the overall sovereign. But if we look at the rule of taxation around the world and within the United States, whether it be city against city, State against State, county against county, or the United States against foreign countries, the rule is that among equal sovereigns, they do not deduct, they credit. That just happens to be the rule.

Generally speaking, among nations it is recognized that the nation in which one is operating has the privilege of taxing everything a business makes. If they want to, they can take it all. That is why nobody expects to make much money, more than just a pittance, by taxing someone for what he made doing business abroad in a foreign land. That is how most foreign countries treat foreign income. Just look at their laws.

They follow that concept for a very simple reason: To depart very far from it means that their companies doing business in foreign lands would not be competitive with those that are there or those of other nations that happen to be there.

Mr. JACKSON. Will the Senator answer the question, then, as to company A or company B: Who pays more taxes?

Mr. LONG. Does the Senator mean a company doing business overseas and here?

Mr. JACKSON. I am pointing out that an independent oil company in the United States which does all its business here pays way more in taxes than the oil company that does have its business—using that as an illustration——

Mr. LONG. If the Senator is using all taxes, they are just about the same. They are paying 70 percent overseas, 42 percent here.

Mr. JACKSON. I am talking about the consolidated taxes we were discussing the other day. Where all the confusion comes——

Mr. BROCK. The Senator is referring to taxes paid to this Government, not total taxes paid.

Mr. LONG. Senator, that is just the point we are talking about.

Mr. JACKSON. I am talking about the net income as a result of being able to deduct as a tax and treat as a royalty the price that they pay for the oil. That is not a tax.

Mr. BROCK. But we have already changed that law.

Mr. JACKSON. It is not changed yet.

Mr. BROCK. All right, but it is being——

Mr. JACKSON. I am talking about what the law is right now.

Mr. LONG. The point is that if you are talking about a company doing business overseas, you should not really feel too bad about the fact that they do not pay too much income taxes here. After all, they have already been 75 percent expropriated over there.

Mr. GRAVEL. Mr. President, if the Senator will yield on that point, what really happens when they repatriate the dollar is that it comes back into the consolidated statement my friend from Washington likes to talk about. They are taxed again when it comes back. They are taxed twice, up to the rate of 48 percent.

Mr. JACKSON. Will the Senator yield on my time?

Mr. GRAVEL. I yield.

Mr. JACKSON. I am not going to pursue it anymore. The point is that they stretched it so far, to the price they pay for the oil; that is why there has been no incentive to hold the price down overseas, because the price for the purchase of it is treated as a royalty and as a tax credit.

My good friend from Louisiana has agreed that this is outrageous. He has voted for and supported the repeal of the so-called Treasury ruling.

We are talking about what the law is now, and what we have been operating under. It relates to the charts and to the whole issue of just taxation.

It is the independent oil company in this country that does all of its business here that is paying a lot more in taxes than the international company that operates overseas. Who in his right mind can claim, when they are paying $8 a barrel for a barrel of oil, that that is a tax? That is what the whole argument is about, and that is why this body virtually unanimously voted to repeal it.

I do not see any need, Mr. President, to pursue it any further, because my good friend from Louisiana understands the injustice of that versus the situation of the independents, and has joined in seeking the repeal of it. If it were just, I know he would have been on the other side. That is all I have to say.

SEVERAL SENATORS. Vote. Vote. Vote.

Mr. GRAVEL. Mr. President, I have a few more minutes left, and I would like to use them. I have been very patient.

Senators must appreciate that this amendment does affect the energy this Nation will chart in self-sufficiency. If I can only point out one thing on this particular chart here, look at what happened in 1969, when we reduced the depletion allowance. We had a drop in the amount of activity that took place. And we are going to experience that drop in activity in the next few months. This Nation is going to become more dependent on foreign oil as a result of our wipeout of the depletion allowance.

I do not mind that. I think the whole depletion issue was a red herring. I think that is one of the reasons why the energy industry is regulated today, because there is a desire to punish them.

All I am making a plea for with my amendment is to provide a free market for those companies. If a free market is good for Skyline, for Avon, or for Coca Cola, it should be good for Richfield, because they hold their place in American industry, and it makes little sense to punish them in that fashion.

Mr. NUNN. Mr. President, will the Senator yield for a question?

Mr. GRAVEL. I yield.

Mr. NUNN. Does the Senator from Alaska have an excess profits provision in this amendment?

Mr. GRAVEL. Yes.

Mr. NUNN. Is it a plowback, or will the Senator kindly explain it?

Mr. GRAVEL. The excess profits tax is a guarantee that the public will not be ripped off. It says that any oil or gas company can only earn up to 15 percent. Beyond that, it is taxed at a confiscatory rate of 80 percent, unless it is plowed back into energy.

Mr. NUNN. Does that plowback have to take place in the United States, or where does it have to take place?

Mr. GRAVEL. In the United States. It cannot take place abroad.

Mr. NUNN. I had been told it could be plowed back in other lands.

Mr. GRAVEL. No, that is misinformation that was put out by the paper drafted by the Senator from Washington. That is not the case, if the Senator will read the amendment.

Mr. JACKSON. Will the Senator yield briefly at that point?

Mr. GRAVEL. I am happy to yield.

Mr. JACKSON. Does that plowback include the right to take over such organizations as Montgomery Ward?

Mr. GRAVEL. No, it does not. Does that satisfy my colleague?

Mr. JACKSON. That is encouraging. That is progress.

Mr. GRAVEL. Do you know why a company would want to take over Montgomery Ward or Ringling Brothers? Because they have lost faith in Congress to establish policies which make it possible for them to operate. Why would a person want to put money in oil, when it is going to be regulated until it cannot make a profit?

Mr. NUNN. Is the Senator saying that the plowbacks have got to take place in the field of energy?

Mr. GRAVEL. In the field of energy.

Mr. NUNN. It has got to take place in the United States?

Mr. GRAVEL. In the United States.

Mr. NUNN. If it is reinvested in Saudi Arabia, it would not be credited?

Mr. GRAVEL. It would be taxed at a confiscatory rate. That is the feature of the bill that was called a sham by Senator JACKSON's paper.

I would like to go to my amendment. Unfortunately, I am now in a tight situation. I have labored long and hard to put together a package to present to the Senate. I cannot now put together the whole package because of what has happened with respect to time limitation. So I will move very rapidly to the case of deregulation of natural gas and oil, the petroleum allocation, and then, of course, the excess profits tax.

I would like to yield, on my colleague's time, to the Senator from Wyoming.

Mr. HANSEN. Mr. President, on my time, it is my understanding that the distinguished Senator from Alaska has put his case very succinctly in a summary. Would the Senator kindly explain exactly what the important points in the summary are, that he would like to call to the Senate's attention?

Mr. GRAVEL. Well, very succinctly, this is something that was given to the Committee on Commerce on Tuesday of this week. It is a technical report by the FEA that says gas ought to be deregulated, and it will not cause a cataclysmic occurrence in this country if that happens.

What happens on gas is, of course, of great concern to the poor people. That is supposedly the reason why we do not want to raise the price of oil, or let it seek its normal price.

Let us look at what happens with natural gas.

This chart shows the demand. That is the demand for gas, and this is the supply of gas. That is if we have FPC regulation.

This shows there is more demand than gas, so that means someone will not get the gas. He may have a gas burner, but he will not get it.

Here the chart shows phased deregulation, and here I have complete deregulation. The price is going to rise to $1.50 per thousand cubic feet. You say, "My God, that is terrible. That is an unbelievable rise; the poor people cannot stand that."

Do you know what a $1.50 rise per thousand cubic feet means? Look at this chart. Here is the oil-gas conversion, the effect on home heating of natural gas—and the conversion is shown by this report from the FEA, so that at the wellhead 50 cents a thousand cubic feet—that is the ceiling on the United deregulated, to $1.50 per thousand cubic feet, what does that mean? That means the cost of heating his home will rise to $194 a year.

A $14 increase—$1.10 a month. Do you mean to tell me there is a citizen in this country, a consumer, who will not pay $1.10 a month more to stay on natural gas?

Here is the alternative: We really ought to take care of the poor person.

If that person has to shift from natural gas to fuel oil, the cost of heating his home will go from $180 a year to $300 a year. That is if you can afford the $2,000 to $3,000 to convert.

But the real poor person does not have the $3,000 to convert his furnace. Do you know what he does? He goes down to Peoples Drug Store and he buys a space heater. You know what it is going to cost him to heat his house now, with our emotion for the poor? It is going to cost him $720 a year to heat his house. That, my friends, is not the marketplace doing it to him; that is the Congress of the United States doing it to him.

I yield to my colleague from West Virginia.

Mr. RANDOLPH. What the Senator says in reference to natural gas is in part true. We have had votes here in the Senate on the deregulation of new natural gas. On one occasion, at least, we almost had an affirmative vote to deregulate natural gas. The Senator is familiar with that vote?

Mr. GRAVEL. It failed by one vote.

Mr. RANDOLPH. That is right. I cosponsored and supported that measure to deregulate new natural gas. I think this is a necessary step. Perhaps it will come to the Senate soon for another try.

Mr. GRAVEL. How much time do I have, Mr. President?

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. GRAVEL. To make a case of this proportion with 1 minute.

Mr. LONG. Mr. President, will the Senator yield at this point?

Mr. GRAVEL. I yield.

Mr. LONG. I have been looking at the chart the Senator from Washington used, and I think the whole thing should be placed in the Record so that the reader of the Record can judge for himself.

I believe I noted the word "obscene" to which the Senator made reference was in quotes, which was to suggest that those profits were not obscene at all, and I believe if one reads it—it looks as though what is claimed is that the industry is not able to raise enough funds. The whole thing ought to appear in the Record, so everyone can understand and see what it means.

Mr. JACKSON. I placed it in the Record.

Mr. MAGNUSON. Mr. President, will the Senator yield on my time? Those figures that the Senator has of the cost of natural gas versus fuel oil versus electric heat, are they yearly?

Mr. GRAVEL. Yes.

Mr. MAGNUSON. Well, I do not know, but it is just the opposite in my country, just completely turned around. The cheapest form of heat is electric heat.

Mr. BROCK. The Senator is fortunately blessed with a great deal of hydroelectric power, and that is why he has cheaper electricity than any other State in the United States.

Mr. MAGNUSON. Mr. President, I did not yield to the Senator.

I did not want it to go home that it is costing $720 to convert to electric heat. In my country that is not true. Those are not the figures. It may be in Tennessee.

Mr. BROCK. It is not in Tennessee either, thank goodness.

Mr. MAGNUSON. The Senator has cheap power.

Mr. BROCK. Yes, we do.

Mr. MAGNUSON. I want to check those figures because I have no experience with fuel oil. We do not use much of that.

Mr. BROCK. It is mostly in the Northeast.

Mr. MAGNUSON. But we surely have natural gas versus electric heat, and it is very competitive. The gas people advertise to use gas, and the electric people advertise to use electricity, and both of them say now to use less energy, but it is very competitive, and both of them are clean heat.

Mr. BROCK. The most competitive is the oil in the Northeast.

Mr. MAGNUSON. Yes, the oil is very competitive.

Mr. GRAVEL. Mr. President, let me just close by saying if I have spoken——

Mr. MAGNUSON. Yielding on my time, so I will not take up much time of the Senate, can I ask unanimous consent to make a statement at this point in the Record? It deals mainly with the Commerce Committee which is now ready to report a bill. Everything is ready, but we have held it up as a courtesy to Members of the Senate, including the Senator from Alaska and the Senator from Louisiana who has been very busy on the floor. We are ready to report the bill when we come back here after the recess. It will not take us more than two or three meetings to get a bill on reregulation of natural gas. It is a very well thought out bill.

It is thorough. We have heard witnesses, as the Senator from Illinois said, 25 days, 2 days again last week, who have discussed it pro and con. I think we have got a pretty reasonable bill to reform the regulation of natural gas.

Mr. STEVENSON. Yes.

Mr. MAGNUSON. That is why I would seriously oppose the Gravel amendment because it is doing it in a way that I do not think should be done.

Second, there was a unanimous-consent request to make the Senator's amendment germane. I do not know who was here when it happened. No member of the Commerce Committee that I can find was notified because we were struggling to complete a meaningful natural gas bill. I do not think the committee processes are well-served by coming in with an amendment like this at the last minute and hope to do everything in one amendment. That is one reason why I oppose it.

We are going to have a natural gas regulation bill that is going to be a good one. It is going to be fair.

Just one more thing: I have no doubt if this amendment prevails the price of natural gas within 6 months will triple, and every expert tells us that.

Therefore, I oppose the pending amendment. But I did want to point out the work of the Commerce Committee and the fact that this amendment is really not germane to the pending tax bill. But the Senator from Alaska got a unanimous-consent request here one morning to make his amendment germane.

I had never seen the amendment. The Commerce Committee, at the same time the Senator was getting this request, was working on a good, reasonable natural gas reregulation bill, a bill which includes deregulation of gas producers, if they sell under the ceiling price for a long term. We have been at it and we have heard scores and hundreds of witnesses on both sides, and we are ready now to report the bill to the full Senate. I think it is a fair bill, a much better bill than we could do tonight in an abrupt crash action way by a single amendment to a bill to which it is not germane to begin with.

As opposed as I am to the substance of the Gravel amendment, I ask my colleagues to put aside their own views on regulation versus deregulation.

The Gravel amendment raises a more fundamental question: Is this body going to put aside all senatorial courtesy and act on matters being actively considered in the committee of jurisdiction?

At the specific request of several members of the Senate, the Commerce Committee delayed its final markup on its natural gas reregulation bill.

At the very time I was honoring this request, the Gravel amendment, nongermane to the tax bill, was being qualified by unanimous consent as germane. The Congressional Record on page 7481 discloses how questionable the granting of that unanimous consent was.

A vote on the merits of the Gravel amendment, even though I am confident that such a vote would lead to the defeat of the Gravel amendment, would be a personal affront to the members of the Senate Commerce Committee who have been laboring so hard to bring to the Senate floor a natural gas bill and will bring that bill to the floor as soon as Congress returns from the recess.

The only decent thing to do with the Gravel amendment is to table it.

Mr. GRAVEL. I thank my colleague.

Just in closing let me apologize to the Senator from Massachusetts (Mr. Kennedy), the Senator from Rhode Island (Mr. Pastore), the junior Senator from Washington (Mr. Jackson), and the Senator from South Carolina (Mr. Hollings). I have been overly intense because I feel very deeply about this subject. I feel I have been constrained in my ability to present the case. I will have an opportunity in the future to present the case, and I can assure my colleagues that I will continue to do so. All I ask with respect to my amendment is that we have a free market for the oil and gas industry, which is a vital part of making this Nation self-sufficient, like we have for every other American industry.

There is one person who is going to be involved in the end. He is called Mr. Consumer and Mr. Taxpayer. When the Government takes control there is no check and balance. When the private sector does it at least we have the Government's check and balance on the private sector, imperfect as that might be.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STEVENSON. Mr. President, I have not said one word on this bill. I have 60 minutes remaining but I do not intend to take 4 minutes before I move to table this amendment.

There is only one thing wrong with those figures. They have been studied, they have been examined, and they are wrong. They do not take into account the unique accounting procedures of the oil and gas industry.

The revenues of the oil and gas industry are artificially depressed for tax and for reporting purposes by such practices as deducting intangible drilling costs; of course, in the past depletion allowances. But, even so, even recognizing the unique accounting practices and the artificial depressed revenues, the depressed effect of the figures in the industry, if you look at the Senator's own chart, the oil industry as a group enjoys the highest return on equity of any other group on that chart. Individually those companies enjoy a very high return, and they have historically. And, in fact, even in 1972, which was supposed to have been a low point, according to our own analyses, they were at about the same point as in other industries.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. STEVENSON. No, I will not yield to any Senator. We have been in session for 13½ hours continuously, and I think it is time to make a decision on this amendment.

The effect of this amendment is to

increase, in fact to explode, profits which are already obscene.

The Senator from Washington would have to invent a new word to describe the profits that would follow as a result of this amendment.

It is labeled a deregulation amendment. It is in fact, a reregulation amendment. It would substitute the regulation of foreign governments, the governments of foreign oil-producing states for the regulation of the United States.

The price of new natural gas at the wellhead and the price of old oil in the United States would rise to equivalent levels for energy in the international markets. That would mean $2, at least, for natural gas. Oil would rise to the unregulated price of $11.40.

The overall effect with the associated increase in the cost of coal, about $40 billion.

In other words, far more in increased costs for the consumer than this tax bill proposes to return to the consumer.

The tax bill proposes decreased cost, tax benefits of about $30 billion. This would take back about $40 billion.

Now, Mr. President, the main point I would like to make is that this is exceedingly important and an exceedingly complex matter, and the issues raised genuinely and seriously by the Senator from Alaska, and he does feel strongly about them, ought to be considered by the Senate with benefit of serious study in the standing committees of the Senate.

Now, the Commerce Committee, as its distinguished chairman has mentioned, has held some 25 days of hearings on the subject of natural gas regulation. It has been working over 2 years. We will have a bill in a few days.

The Interior Committee, under the chairmanship of the distinguished Senator from Washington, has been working equally hard on the subject of oil price regulation.

The Finance Committee under the chairmanship of the distinguished Senator from Louisiana is perfectly competent to deal with the tax question raised by this amendment.

This is not the time or the place to act on this amendment. In fact, the Senate will have before it bills and committee recommendations, committee bills on natural gas and on oil, within a matter of weeks, at which point the Senator would be able to bring up these arguments in his proposal once again and the Senate will have a far better opportunity than it does at this late hour to make a sensible decision on questions of great importance to the Nation.

With that having been said, Mr. President, I move to table the amendment.

Several Senators addressed the Chair.

Mr. **JACKSON**. Will the Senator yield for a unanimous consent request?

Mr. **LONG**. Will the Senator withhold a moment, just one moment?

The **PRESIDING OFFICER**. Does the Senator withhold?

Mr. **STEVENSON**. I yield to the Senator from Washington.

Mr. **JACKSON**. Mr. President, the Tax Reduction Act of *1975* is supposed to be a bit of overdue good news for the American people. Were the Senate to add the amendment of the Senator from Alaska (Mr. GRAVEL) that good news would be effectively negated by some very bad news.

The impact of this amendment should be clearly understood. If enacted, this amendment will implement the administration's irresponsible and inequitable policy of rationing by increasing energy prices. We have already voted on the question of implementation of the energy prices the administration favors. On February 19, 1975, by a vote of 66 to 28, the Senate rejected rapid escalation in domestic energy prices proposed by the administration. The vote in the House on this question was 309 to 114; an even more lopsided margin of almost 3 to 1.

There is no mystery why the administration's sledgehammer energy price policy was overwhelmingly rejected by the Congress. It is an economic disaster. Not one prominent economist outside of the President's own Council of Economic Advisers supports the administration policy. A distinguished group of economists, including the current Chairman of the Federal Reserve Board, has warned the Congress in very blunt terms not to accept this energy price policy. It will substantially increase the rate of inflation and seriously threaten the prospects for economic recovery.

The amendment of the Senator from Alaska would implement the provisions of the President's energy price decontrol policies which produce the heaviest economic impact:

> Decontrol of new nautral gas will add well over $9 billion annually to the Nation's energy bill. On December 5, 1974, the Acting Deputy Administrator of the Federal Energy Administration, Eric Zausner, estimated that the price of "new" natural gas, if decontrolled, would rise to $1.80 to $1.90 per Mcf. The increase in the price of natural gas this implies, translates into over $3 billion in annual costs to consumers. The increase in intrastate gas prices—spurred by competition between the inter- and intrastate buyers for supplies—would add over $6 billion to consumer costs.
>
> Decontrol of domestic crude oil will add an enormous $14 billion to the Nation's oil bill based on the current "new oil" price of over $12.00 per barrel. If the President's plan to add a $3 tax to each barrel of imported crude oil is allowed to take effect—and under the Gravel amendment it certainly could—the price of domestic oil would increase to over $14 per barrel and the cost to consumers would grow to an enormous $19 billion annually.

Mr. President, in 1974, the annual cost to consumers of imported oil increased by $17 billion and the cost of domestic oil rose by $11 billion. Gasoline prices increased by 15 cents per gallon, heating oil prices doubled, electricity rates soared, and coal and unregulated natural gas costs rose with oil prices. We had 12 percent inflation and, by the end of the year, 8 percent unemployment.

The Tax Reduction Act of 1975 is intended to give the American consumer some relief from this economic catastrophe. If the amendment of the Senator from Alaska is added to this bill there will be no relief. The impact on energy costs will be virtually the same as the OPEC-induced price increases. We have some experience with the economic impact on inflation and unemployment of these kinds of price increases. I propose we reject them entirely.

The cost to the U.S. economy of the combination of proposals authorized by this amendment and which the President intends to implement is a staggering $40 billion annually. This amounts to $190 for every man, woman, and child in the United States—$760 annually for an average four-person family. This is over three times the maximum rebate to a four-person family which would be authorized by the Tax Reduction Act. By adopting this amendment the Congress would give with one hand and take—three times as much—with the other.

Mr. President, it has been claimed that the cost to the average family of the administration's energy price policy would be $275. It has become increasingly clear that this figure grossly underestimates the real cost of these price increases. I was interested to see the estimate of over $600 per family as the cost of the administration's program in a paper prepared by William A. Johnson, former Director of the Office of Energy and Natural Resources of the Department of the Treasury and Assistant Administrator for Policy Analysis and Evaluation at the Federal Energy Office. The Senator from Tennessee (Mr. BROCK) inserted this paper in the RECORD on March 19. Dr. Johnson wrote:

> Administration estimates of the impact of the President's program have been hotly disputed, even by some officials within the Administration itself. The Congressional Research Service of the Library of Congress undertook a quicky impact study at the request of Representative John Moss of California. This study concluded that the energy proposals would cost $50.3 billion rather than the $30 billion projected by the Administration. The effect of oil and gas price increases, it concluded, would be so significant that 1974's 12 percent rate of inflation would continue through 1975. Senator Jackson has asserted that the increased cost to the average household would be $800 rather than the $275 estimated by the Administration. The major reason for this difference is the fact that the Administration estimate assumes a significant decrease in profit margins and no increase in unregulated natural interstate natural gas and coal prices (sic). A Treasury Department Study estimating these indirect cost increases concludes that the total impact of the price and tax increases could be as high as $618 for the average family. Senator Jackson's estimate may not be too far from the truth.

In addition to implementing the principal—and most economically damaging—portions of the administration's energy tax, tariff and price decontrol proposals, this amendment would repeal the Emergency Petroleum Allocation Act. Repeal of the Allocation Act would remove the only existing legal authority to control oil prices at reasonable levels and to allocate scarce fuels to all regions of the country and to all sectors of industry in an equitable manner.

The proposed excess profits tax on fossil fuel producers proposed in the amendment is technically deficient and a sham, permitting the energy industry to spend the consumer's money to purchase coal reserves and make overseas investments in fossil fuels.

The proposals which are contained in this amendment deal with issues which are under active consideration in the Finance, Commerce, and Interior Committees. I see no reason why these committees should not be permitted the opportunity to act on these issues through the normal legislative process. There is even less merit in weighing down essential tax rebate legislation with a major and enormously questionable and controversial energy price decontrol policy.

Mr. President, I strongly urge the defeat of amendment No. 129 offered by the Senator from Alaska (Mr. GRAVEL).

Mr. LONG. Will the Senator yield for 1 minute, reserving his rights, reserving his rights?

Mr. STEVENSON. Well, reserving my rights to the floor, and for what purpose?

Mr. LONG. I just want to speak for a moment.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Reserving the Senator's rights.

Mr. STEVENSON. Reserving all my rights.

Mr. LONG. Yes.

Well, let me just say to the Senator that we all learn something from these debates, and I would suggest the Senator learn something he does not know at this moment, and that is that these figures do not reflect unique accounting practices. They are based on cost depletion.

When a company tells Forbes, National City Bank, and Chase, they are trying to sell their stock like anybody else, and also trying to borrow money. They use percentage depletion for computing their tax liability only. When they go to report to a bank for the purposes of borrowing money, they do it on a cost basis.

I believe the Senator knows, and if not I would like to educate him now, that the difference between percentage depletion and cost depletion is that with cost depletion we deplete our investment. With percentage depletion we deplete the resources.

But if we report an investment, we report it based on what we invest in it. We do not report it by entering on the books a value for the resources we have in the ground.

So the Senator will find that the companies just do not have unique accounting practices, even though like a great many others, accounting practices do vary from company to company and we have had some difficulty finding adequate comparability between them.

But the Senator will find that in preparing a report for someone like Forbes, Securities and Exchange Commission, or Chase Manhattan, or First National City, they do not use percentage depletion in reporting what their return on equity is because it would be misleading and, frankly, from their point of view it would fail to fully state what their profits actually were.

In other words, when it gets down to the point, Senator, it reminds me of the story about the father teaching his son about bidding, he said, "All right, let us see what you know, how much is 2 and 2?" He said, "Father, are we buying or selling?"

Now, when these companies are reporting what their profits are to the banks and lending institutions, they are selling and they are putting it on the high side.

Mr. STEVENS. I thank the Senator. I have great respect for the chairman. I respect his experience in this industry, with its accounting procedures, and I would just hope he might reciprocate in some measure.

Some of us have had experience in the oil industry, too. In my own case, I spent some 10 years as a lawyer representing one of the largest banks in the business of financing the oil companies. What is more, the authors of those figures have been before the Commerce Committee in the course of these lengthy hearings and have been cross-examined.

Now, unless there is any further unanimous consent——

Mr. HANSEN. Will the Senator yield without losing his right to the floor? Would the Senator yield and permit me to ask a question on my time?

Mr. STEVENSON. I am glad to yield for a question.

Mr. HANSEN. It occurs to the Senator from Wyoming that this question is divisible, and I would hope that the Senator from Illinois would give us an opportunity to divide the question and to have a separate vote on the issue of natural gas deregulation alone. Would the Senator from Illinois for that purpose——

Mr. STEVENSON. I regret that I have to disappoint the Senator, but I do not want to disappoint all the other Members of the Senate by prolonging this long session.

Mr. President, I move to table the amendment.

Mr. HANSEN. Mr. President, I move to adjourn.

The PRESIDING OFFICER. The question is on the Senator from Wyoming's——

Mr. HANSEN. I thought that was a privileged motion?

The PRESIDING OFFICER. The Senator is recognized.

Mr. HANSEN. Mr. President, am I recognized?

The PRESIDING OFFICER. The Senator is recognized for the purpose of making the motion to adjourn.

Mr. HANSEN. Mr. President, I move to adjourn for 10 minutes.

The PRESIDING OFFICER. The question is on the motion——

Mr. CASE. That is debatable, is it not?

The PRESIDING OFFICER. The motion to adjourn is not debatable.

Mr. CASE. Is that debatable?

The PRESIDING OFFICER. The motion is not.

The question is on the motion to adjourn. [Putting the question.]

The motion was rejected.

WHY DEREGULATION OF NATURAL GAS IS AGAINST THE PUBLIC INTEREST

Mr. PROXMIRE. Mr. President, we hear a great deal of talk about the problems of the producers of natural gas, who happen to be among the most profitable, integrated, and wealthiest companies not only in the United States but in the world. But we hear almost nothing about the problems and difficulties of the gas consumers, the ordinary family who has a house which is heated with natural gas, who cooks with natural gas, and who heats water with natural gas. They are the ones who will be the victims of any measure to deregulate natural gas and it is their plight with which we should be concerned.

GRAVEL AMENDMENT LOOSELY DRAWN

The fact is that the Gravel amendment would not merely deregulate new natural gas. It is so loosely drawn that its effect would be to deregulate almost all natural gas either because of its definition of new natural gas or because of the fact that when new contracts are negotiated or when the most favored nation clauses in gas fields are applied, virtually all gas would be deregulated. And the most favored nation clauses are those which effectively allow all the gas in a field to rise to the price of the most recent new contract. What is given to one producer is hence given to them all.

Let us look, therefore, at what will happen to the homeowner in Madison, Wis., or Chicago, Ill., or Washington. D.C., or New York City, or other major consumer areas of the country if the Buckley amendment is passed and if natural gas is deregulated. The enormity of the situation is breathtaking. Tens, indeed hundreds, of billions of dollars are at stake.

President Ford, in his speech to Congress shortly after he took office, called for the "deregulation of natural gas." He did not call for deregulation of new gas, but of natural gas. And the Buckley amendment would carry that out with a vengeance.

TRIPLE DIGIT INFLATION

At a time of rampaging inflation the President of the United States has put forward the most inflationary policy ever put forward by any President of the United States. The Buckley amendment or the Buckley bill carries it out. It is the most inflationary bill I can recall in the over 17 years I have been in the Senate.

We now have double-digit inflation. With respect to gas prices, this bill would give us "triple-digit inflation."

In the name of anti-inflation we have a proposed consumer rip-off which would raise the price of natural gas by a minimum of 300 percent. It could transfer a minimum of at least $16.5 billion from the pockets of the public to the oil and gas companies each year it is fully in effect. It would further give the oil and gas companies a $180 billion windfall in the immediate increase in the value of their existing gas reserves even if we calculate these matters on a conservative basis.

PRICE WOULD RISE FROM 25 CENTS TO $1 OR MORE PER MCF

If natural gas is deregulated it would rise to the price of the Btu equivalent of oil. For new oil, which is now priced at about $11 a barrel, the Btu equivalent price of natural gas would be $2 a thousand cubic feet (mcf). For old oil, which is now priced at about $5.50 a barrel, the Btu equivalent price of natural gas would be $1 a thousand cubic feet (mcf).

On December 4, 1974, the Chairman of the Federal Power Commission, Mr. John N. Nassikas, testified before the Joint Economic Committee in answer to a question I put to him, that if natural gas were deregulated the price would increase from its present level to $1.50 to $2 per thousand cubic feet [transcript, p. 29].

But to be very conservative, let us first calculate the cost or price increase on the basis of $1 per mcf. Here is what would happen.

Natural gas prices have averaged just slightly more than 25 cents per thousand cubic feet. About 22 billion thousand cubic feet or 22 trillion cubic feet of natural gas is produced and sold each year. Therefore the price of natural gas at the well head is now about $5.5 billion a year, or 22 trillion cubic feet times 25 cents.

$16.5 BILLION ANNUAL BONANZA

If the price goes up to $1 per thousand cubic feet at the wellhead, think what would happen. The price at the wellhead would rise from $5.5 billion in total revenues a year to $22 billion a year, or an increase of $16.5 billion or by 300 percent.

Recently I had my staff phone to the gas company in Madison, Wis. We asked them how much the average homeowner who heats with gas and cooks with gas and heats his water with gas pays for gas a year. We did not ask for the price for the most luxurious home or the smallest home, but the cost for the average homeowner in Madison, Wis., per year.

The answer was $250.

MADISON, WIS., HOMEOWNERS COST WOULD RISE TO $1,000 A YEAR

Now, if the price at the wellhead goes up from 25 cents to $1 per thousand cubic feet, and if the gas pipeline pays that amount at the wellhead and then carries the gas to the pipeline by way of the gathering lines, and then by pipeline itself hundreds of miles to the local utility, and if the pipeline adds on its costs plus a fair return which it is allowed to receive, and if in turn the utility takes the gas and sends it out along its gas mains to the homeowner, and adds its costs plus its fair return, the ultimate price of the gas to the consumer could increase by about 300 percent.

The Madison, Wis., homeowner will be paying $1,000 a year for gas which now costs him $250 a year. And while it may not be as much for some other places in the country, because most places in the United States are warmer than Madison, Wis., one can expect that every homeowner who heats with gas and cooks with gas and heats his water with gas or has a gas dishwasher will pay 300 percent or four times as much for his gas as he now pays. That is inflation. That is not double-digit inflation. That is triple-digit inflation. And that is why I said this is the most inflationary proposal ever put forward by any President or by any Member of Congress in the 17 years I have been here.

$180 BILLION INCREASE IN RESERVES

But the $16.5 billion annual ripoff of the consumer is only the beginning. The big money is involved in the overnight, one-time increase in the value of the gas company reserves. The value of what economists call the unearned increment is almost too staggering to state. If the price of natural gas merely rises to $1 per thousand cubic feet, the value of the reserves now held by the gas producers and big oil companies will increase by a minimum of $180 billion now.

And one should remember that these wells have already been discovered. The major costs have already been paid. They will not increase. Therefore the increase in value is a windfall profit to those who hold existing reserves.

SIMPLE CALCULATION

The calculation of the $180 billion is very simple and very straightforward even when based on the conservative estimate that the price of gas will rise to only $1 per thousand cubic feet.

The oil and gas industry claims it has an 11-year supply of proven recoverable reserves on hand. Most experts believe the reserves are much bigger, and that in fact there is a 15- to 17-year supply on hand. Because the Federal Power Commission, unfortunately, is little more than the hand maiden of the gas producers, the FPC essentially accepts the gas and oil company estimates of their reserves and has done very little to guarantee that the facts about reserves are independently determined.

Therefore, using the oil and gas company estimates of an 11-year supply greatly underestimates the windfall they will receive. But if we merely use that estimate and also use the conservative figures of $1 per thousand cubic feet, deregulation means an immediate windfall and bonanza to the gas producers of over $180 billion on the value of their existing reserves.

The value of their reserves would rise from the present estimate of $60.6 billion—11 years of reserves times 22 billion cubic feet annual production times 25 cents per thousand cubic feet—to $242 billion—11 years of reserves times 22 billion cubic feet annual production times $1 per thousand cubic feet—or a net increase of $181.5 billion.

BIG MONEY AT STAKE

If anyone wonders why the lobbyists of the gas and oil companies have been stalking the halls of Congress these last few weeks; if any Senator or Senate employee has wondered why the form mail has rolled in urging deregulation of natural gas; and if any citizen of Washington, D.C., was surprised to see the airport limousines arriving at the local hotels with their cargo of oil producers from oil-producing States coming here to work out grand strategy to pass a bill to deregulate natural gas at the end of this Congress and before the new public interest, anti-inflation, proconsumer new Congressmen arrive; the answer is very simple.

At least $180 billion in windfalls and bonanzas are at stake if this bill passes the Congress. And that represents a most conservative estimate of the bonanzas because it is calculated on the price of natural gas rising merely to $1 a thousand cubic feet instead of the $1.50 to $2 level which the Chairman of the Federal Power Commission, an advocate of the legislation, predicted a price of $2 per thousand cubic feet would raise the price of natural gas to the Btu equivalent of new oil.

There is big money at stake in this bill. A very small group of powerful people stand to gain billions. And a very large group of American citizens—some 200 million of them—stand to be taken to the cleaners if the Buckley amendment is passed.

BONANZA IF THE PRICE GOES TO $2 PER THOUSAND CUBIC FEET

Mr. President, I am amazed at the modesty of my calculations based on a rise to $1 per thousand cubic feet. If the price goes to $2 the bonanza is even greater.

If the price rises to the Btu equivalent of new oil, which the Chairman of the FPC said it could, then annual revenues to the oil producers from wellhead gas will go up from $5.5 billion a year to $44 billion a year, or a $38.5 billion or a 700-percent rise.

The value of the present reserves, based on the oil and gas companies low estimate of only 11 years, would go up from $60.5 billion to $484 billion dollars, or a $420 billion increase.

A PHONEY SHORTAGE

One of the arguments the oil and gas producers use in favor of this bill is that without it there will be a shortage of gas this winter. They tell us not to complain if the gas supplies are cut off.

But why would there not be a shortage? If you were a gas producer and if the President of the United States kept telling you he was for deregulation, and if you knew that deregulation would increase the value of your gas from 300 to 700 percent overnight, you obviously would not be rushing to put your gas on the market.

That is why we have a shortage. And when we finally convince the oil and gas producers that they are not going to get their bonanza and that we intend to defeat the Buckley amendment, then gas supplies will begin to flow.

BIG INCREASES IN GAS PRICES ALREADY

There is no justification at all for increasing the price of gas to $1 or $2 per thousand cubic feet. Chairman Nassikas testified to the Joint Economic Committee that the price of gas has gone up from 15 to 17 per thousand cubic feet in 1969 to an average price of 27 cents today, or an 80-percent increase, in those 5 years.

Furthermore, the price of new gas on December 4 was raised to 50 cents, or an increase of three times or 200 percent in the last 5 years.

In addition, the Commission has been extremely generous with the gas producers, allowing them a 15-percent return, which is an extremely good return when one realizes that this is in addition to all the tax benefits, the depletion allowance, the special drilling and development cost deductions, and the dry hole writeoffs the oil and gas companies routinely get.

When the gas producers learn that they are not going to get any more bonanzas, when the Government insists that they produce and deliver the gas now found on Government leases, and when the Government of the United States starts treating the oil and gas industry like everyone else instead of treating it like a spoiled child and with kid gloves, we will get an abundance of gas and oil production in this country. And the companies will get a fair return based on appropriate prices.

MONOPOLY PRICE

One of the most ironic arguments we have heard from the gas producers and their allies is that the price of gas should rise to the price of oil.

We all know that the present price of oil is a monopoly price. It is not a price determined by costs plus a fair profit. It is an arbitrary, monopoly price set by the OPEC cartel.

Now the gas industry tells us that since the price of oil is a monopoly price, we must raise the price of gas to that artificial monopoly price in the name of competition.

If there were true competition in this industry what we would see is the price of oil falling to the price of gas, instead of the other way around.

In fact what we should expect is that the price of oil would fall to the Btu equivalent price of gas if there was genuine competition in this industry.

CALCULATIONS OF BONANZA

Mr. President, I ask unanimous consent that a table setting forth the calculations of the proposed bonanzas which would come about if natural gas is deregulated be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

NICREASE IN REVENUES AND RESERVES TO THE OIL AND GAS COMPANIES IF NATURAL GAS IS DEREGULATED

			Billions	
Basis of pricing	Price per M ft^3	Production (b/M ft)^3	Annual total/well-head revanue	Value of reserves (based on 11-year estimate
1974 average well head price	$0.25	22	$5.5	$60.5
Fuel equivalent value of old oil	1.00	22	22.0	242.0
Fuel equivalent value of new oil	2.00	24	44.0	484.0

DEFEAT GRAVEL AMENDMENT

Mr. **PROXMIRE**. Unless we defeat the Gravel bill, there is no protection for the consumer of gas in the United States.

The average homeowner has spent several thousand dollars for his gas heating plant, his gas stove, and his gas water heater and other gas appliances. Once those are in place he is stuck with them. He has no alternative choice of fuels.

Furthermore, this industry is by nature a monopoly. There is a pipe which runs from the consumers house to the local utility, which is a regulated monopoly. The local utility gets its gas from a regulated pipeline, which is a natural monopoy. There is no justification for running two or five or ten pipelines built at very high costs from the same point to another identical geographical point. Then the pipeline has its gathering lines which go to the wellhead.

The Senator from Michigan (Mr. HART) has shown that the vast proportion of gas in this country is owned or leased or developed by a very few companies, often operating in joint leasing and joint ventures. These same companies own the pipelines. They therefore have no incentive whatsoever to compete which would drive down the price of gas. Since the FPC must pass on to the consumer the legitimate costs of a regulated pipeline, the pipeline has no incentive to bargain to keep the price of gas down.

And this is even more true when the companies which own the pipelines also own the gas wells. Their incentive is to pay themselves the highest possible price for their own gas. And without regulation that is exactly what they would do because that price would be passed on to the consumer who is locked in and has no real alternative.

That is why we have regulation and that is why regulation must continue at least until such time as there is an entirely new relationship and real competition in this industry.

When the day comes that an army of small producers own the gas wells instead of a handful of big producers who own and control most of them; when the pipelines are owned by nonproducing interests and when there are alternative methods of distribution in abundance so the utility and homeowner is not dependent on a single monopoly source; and when the special tax privileges of the gas and oil companies have been changed so they truly compete with other industries; then and only then can we seriously talk about deregulation.

But that day is not at hand. The oil and gas producers are more powerful today than they have ever been. The new monopoly oil prices have not increased refining and production, but production has actually been reduced.

In these circumstances it is folly and against the public interest even to consider deregulation of natural gas.

Mr. **PHILIP A. HART**. Mr. President, once again—under severe pressure from the industry—Congress is being asked to agree to the deregulation of natural gas and crude oil prices.

And the pot is being sweetened by a so-called excess profits tax, which I do not think will produce much in the way of taxes or in new production.

In effect, the gun is at our head as we deliberate. For bombarding us from all sides are stories of curtailments which supposedly "will close factories and chill homes" by next winter.

The picture being painted is that the wells are dry and there is not another cubic foot of gas available.

This, of course, ignores the fact that we have natural gas reserves sufficient to last us for 65 years at current usage. It also overlooks the fact that 10 times the gas needed to make up this winter shortage was dedicated to pipelines—ready to flow—but just was not pumped.

What we have is not a "shortage" of natural gas but a refusal by the industry to produce at today's prices.

What is being turned down by the industry is a price which covers all their costs—including dry holes—and allows a 15-percent return on investment.

This price—set a few months ago by the Federal Power Commission at 50 cents per thousand cubic feet—it not enough we are told by the industry. They want an "incentive" price. And, in their book that means one that is equal to the Btu cost of other fuels. The most popular other fuel cited is crude oil—whose price today is determined by an international cartel.

And when you figure out the Btu equivalent of natural gas versus crude oil you arrive at a price for natural gas of about $2 per thousand cubic feet.

That is some request when we consider that each penny of increase in the price per thousand cubic feet costs consumers $230 million.

Mr. President, I am most sympathetic with those who plan to agree to the amendment proposed by Senator GRAVEL which would tie natural gas deregulation to an excess profit tax. The problem in our factories and homes is very real. There is not enough natural gas flowing to supply the demand. And the inclination of any responsible representative is to do something. Based on everything we have been taught to believe over the years, it seems to follow that making profits more attractive will cause more product to be produced.

However, I firmly believe that that theory ignores the real world of this industry.

The theory that price brings forth sufficient product is one which applies in a competitive market. This is not a competitive market.

There are three criteria frequently cited as measures of whether a market is competitive. They are: A large number of buyers and sellers, an absence of significant barriers to entry, and independence of action of buyers and sellers.

Over the last 2 years, the Senate Antitrust and Monopoly Subcommittee has gathered much documentation that these conditions do not exist in the natural gas industry.

Let us examine some of that evidence:

NUMBER OF BUYERS AND SELLERS

Proponents of deregulation will tell you that there are some 3,600 producers of natural gas. That is true. But share of the market—particularly the share of the market in uncommitted reserves—is the meaningful measure. For when an interstate pipeline goes shopping for natural gas it must shop among those companies who have product available in the beginning end of their pipeline.

As table 1 indicates, as of June 30, 1972, in the major producing areas of the Nation, eight companies controlled from 83 to 100 percent of all uncommitted reserves in each area.

That, I submit, is the real world.

BARRIERS TO ENTRY

Apparently, they do exist, for the companies on top today were the same companies on top many years ago. The top 10 producers of natural gas in 1971 were Exxon, Shell, Amoco, Gulf, Phillips, Mobil, Texaco, Union, Atlantic Richfield, and Continental Oil. They, along with two other companies, held the top four slots in terms of concentration in each of the six major producing areas in the United States. The eight largest were the same in 1972 and in 1971. With one exception, they were the same in 1971 and 1972 as 15 years earlier. The exception was absorbed by a major.

Those who argue that there has been new entrants like to cite a report by the Senate Interior and Insular Affairs Committee. The report cited as new entrants: TransOcean Oil, Inc., founded in 1968 and four others—Exchange Oil and Gas Corp., Imperial American Management, King Resources Co., and Rodman Corp.—which entered the industry since 1966.

Dr. John Wilson, a witness before the Antitrust Subcommittee, analyzed for us just what kind of "new" competition this was.

He concluded:

a. TransOcean is a subsidiary of Swift & Co. It is quite deceptive to say that this firm is a "new seller founded in 1968." In truth, J. Ray McDermott & Co., Inc., which was founded in the 1940's, set up TransOcean Oil as a subsidiary in June of 1968. This "new" corporation merely took over McDermott's oil and gas operations before Swift acquired control through a stock purchase in April, 1970.

b. To argue that Exchange Oil and Gas Corporation is "new" is also misleading. Exchange is new only in the sense that it recently adopted that corporate name as opposed to Exchange Oil and Gas Co., under which it did business in the 1950's.

c. As for Imperial-American Management Co., rather than being a producer in the usual sense, it was primarily a management firm which entered into operational contracts to produce oil and gas for other producers. Moreover, according to a letter dated July 14, 1972, on file with the FPC, the Company experienced "numerous problems" after June, 1970, and In February, 1972, Imperial-American Resources Fund, Inc. was placed in a Chapter X bankruptcy proceeding in Denver, Colorado.

d. King Resources is also a bankruptcy case. An involuntary petition under Chapter X was filed against the company in August, 1971. Moreover, the company was not really new either. It was the corporate successor to King-Stevenson Corp., which sold gas in interstate commerce in the 1950's, and the King-Stevenson Gas and Oil Co.

e. Finally, the Rodman Corporation is primarily a gas processing firm. It buys gas from producers such as Continental Oil and Diamond Shamrock, extracts natural gas liquids at its two processing plants in Oklahoma, and then sells the residue to Cities Service. While Rodman Corp. and its president, E. G. Rodman, do own various working interests in Oil and Gas leases, Rodman has been selling his gas in interstate commerce since the 1940's.

In short, those examples fall short of documenting ease of entry into this industry.

INDEPENDENCE OF ACTION BY BUYERS AND SELLERS

The most striking thing about this industry is how often the buyers and the sellers are the same corporations, wearing different hats—or different corporate names.

Here table 2 is particularly significant. Running down it, you will see that many of the major pipelines in the country are joint ventures of oil companies, that is, natural gas producers. Added to that have to be the joint producing ventures where non-oil-company pipelines are also participants.

The relationships become even more intriguing when you look at the buyers in the intrastate market. This is the market today cited as the one paying the "competitive prices" for natural gas. The prices are called competitive because they are not regulated by the FPC.

But when you look at the buyers in this market, it certainly is questionable as to whether the negotiations are conducted at arm's length.

In the fall of 1972, the FPC collected data on large intrastate gas commitments over the most recent 12 months from each of the 75 largest intrastate suppliers. Dr. Wilson took that information and proceeded to identify the buyers as to who owned them.

His comments and a table he prepared show that in case after case the "buyer" paying the high "competitive" price was a subsidiary of a major oil company.

Mr. President, I ask unanimous consent that the appropriate excerpt from Dr. Wilson's testimony and his table be inserted at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

For example, there were 14 large intrastate buyers identified in the Permian Base. They are as follows:

1. Pecos Growers Oil Company—This buyer is a subsidiary of Texas Oil and Gas Corp., which is also the parent of Pecos Growers Gas Co., Delhi Gas Pipeline Corp., Nueces Co., and the Tonkawa Gas Processing Co. Four of these corporations are major interstate sellers. In 1971 Pecos Oil sold 5.6 billion cubic feet to interstate pipelines, Pecos Gas sold 18.6 billion cubic feet, Delhi sold 8.5 billion cubic feet, and their mutual parent, Texas Oil and Gas, sold 14.2 billion cubic feet of gas in interstate commerce.

2. Pecos Growers Gas Company—See Pecos Growers Oil Company.

3. Intratax Gas Company—This company is a subsidiary of Houston Natural Gas which is also the parent of Houston Pipeline Co. and HNG Oil Corp. Houston Natural Gas also is a co-owner of Oasis Pipeline Co. along with its partners, Dow Chemical and Tengasco, a subsidiary of Tenneco, Inc. Houston Natural sold 9.1 billion cubic feet of gas to interstate pipelines in 1971, and through its subsidiaries controls substantial production acreage.

4. Llano, Inc.—No information available.

5. Lo Vaca Gathering Company—Lo Vaca is a subsidiary of Coastal States Producing Co., one of the largest intrastate producers. In 1971 Coastal States sold 34.1 billion cubic feet of gas to interstate pipelines and Lo Vaca sold 64.7 billion cubic feet in interstate commerce. Another Coastal States subsidiary, the Nueces Industrial Gas Co., had 1971 interstate sales of 45.2 billion cubic feet.

6. Texas Utilities Fuel Co.—This company is a subsidiary of Texas Utilities Co., which is also the parent of Bi-Stone Fuel Co. It also owns, with Lo Vaca (a Coastal States subsidiary), an intrastate pipeline system reaching from the Permian Basin to Dallas.

7. Delhi Gas Pipeline Corp.—See Pecos Growers Oil Co.

8. BTA Oil Producers—This company is an independent gas producer. In 1971, BTA sold 2.1 billion cubic feet of gas in interstate commerce.

9. Lone Star Gas Company—Lone Star's subsidiary. Lone Star Producing Co., sold 70.8 billion cubic feet of gas in interstate commerce in 1971.

10. Pioneer Natural Gas Co.—Pioneer is the parent of Pioneer Production Co. which sells gas in interstate commerce to Michigan Wisconsin Pipe Line Co., Natural Gas Pipeline Co. of America, Northern Natural, Panhandle Eastern, and Transwestern.

11. Amoco Gas Co.—Amoco is a subsidiary of Standard Oil of Indiana. Together with Midwest, another Indiana Standard subsidiary, Amoco ranks second behind Exxon in natural gas sales to interstate pipelines.

12. The Dow Chemical Co.—Dow is an independent natural gas producer.

13. Houston Pipeline Co.—See Intratex Gas Co.

14. Pennzoil Pipeline Co.—Pennzoil Pipeline is a subsidiary of United Gas Pipeline, which is a subsidiary of Pennzoil United, Inc. Pennzoil United Inc. is also the parent of Pennzoil Producing Co., Pennzoil Petroleum, Ltd., Pennzoil Offshore Gas Operators, Inc., and Pennzoil Louisiana and Texas Offshore, Inc. Pennzoil United and its affiliates were the largest buyer of Offshore Louisiana leases in the December 1972 Federal offshore lease sale, and in June 1973 they had high bids totaling over $800 million in the Texas Offshore lease sale (out of a $1.6 billion total of high bids). Pennzoil is therefore one of the largest potential offshore gas producers. Their 1971 interstate sales totaled nearly 250 million cubic feet.

These then are the *buyers* who are bidding up the intrastate price in the Permian Basin. Surely one can be forgiven for suspecting that when Pennzoil, Amoco, Coastal States, *et al.*, acting as intrastate buyers, bid up the price of gas, there may be some potential for certain fairly obvious ulterior motives. A complete list of all the major intrastate buyers in major producing areas who were identified by the FPC in the 1972 intrastate price survey is presented in Table 18. It would be quite incredible, in view of this information, to permit these parties to go on establishing so-called intrastate "market prices" which they and their own corporate affiliates subsequently press upon the interstate market. Surely this gaping regulatory loophole must be closed if regulation is to work. The exemption presently undermines the Federal goverment's ability to regulate interstate commerce.

TABLE 18.—INTRASTATE BUYERS IDENTIFIED IN THE 1972 FPC SURVEY OF INTRASTATE NATURAL GAS PRICES

[Docket R389A]

Area and intrastate buyer	Also a gas producer? [1]	Interstate pipelines served in 1971 [1]
PERMIAN BASIN		
1. Pecos Growers Oil Co	Yes	Lone Star Gas Co., Natural Gas Pipeline Co., El Paso Natural Gas Co., Arkansas Louisiana Gas Co., Cities Service Gas Co., Colorado Interstate, Florida Gas Trans. Co., Michigan Wisconsin Pipeline Co., Northern Natural Gas Co., South Texas Natural Gas Gathering Co., Tennessee Gas Pipeline, Texas Eastern Trans. Corp., Trunkline Gas Co., Transcontinental Gas P.L., United Gas Pipeline Co.
2. Pecos Growers Gas Co	Yes	See Pecos Growers Oil Co above.
3. Delhi Gas Pipeline Corp	Yes	Do.
4. Intratex Gas Co	Yes	Consolidated Gas Supply Corp., Natural Gas P.L. Co., South Texas Nat. Gas Gath., Texas Eastern Trans. Corp., Texas Gas Pipe Line, Transcontinental Gas Pipeline Corp., Valley Gas Trans. Inc.
5. Houston Pipeline Co	Yes	See Intratex Gas Co. above.
6. Dow Chemical Co	Yes	None in 1971.
7. Lo-Vaca Gathering Co	Yes	Cities Service Gas, Columbia Gas Trans., Consolidated Gas Sup., Lone Star Gas Co., Natural Gas P.L., Co., South Texas Natural Gas Gathering Co., Tennessee Gas Pipeline, Texas Eastern Trans., Transcontinental Gas Pipeline Corp., Trunkline Gas Co., Arkansas Louisiana Gas, El Paso Natural Gas Co., Northern Natural Gas Co., Colorado Interstate Gas, Florida Gas Trans. Co.
8. Texas Utilities Fuel Co	Yes	None in 1971.
9. BTA Oil Producers	Yes	El Paso Natural Gas Co.
10. Lone Star Gas Co	Yes	Arkansas Louisiana Gas, Lone Star Gas Co., Natural Gas P.L. Co., Panhandle Eastern P.L., Texas Eastern Trans., Transcontinental Gas Pipeline Corp., United Gas P.L. Co.
11. Pioneer Natural Gas Co	Yes	Michigan Wisconsin P.L., Natural Gas, P.L. Co., Northern Natural Gas Co., Panhandle Eastern P.L.
12. Pennzoil Pipeline Co	Yes	United Gas Pipeline Co., Arkansas Louisiana Gas Michigan Wisconsin P.L., Natural Gas P.L. Co., Sea Robin P.L. Co., South Texas Natural Gas Gathering Co., Southern Natural Gas Co., Tennessee Gas Pipeline, Texas Eastern Trans., Texas Gas Trans. Corp., Transcontinental Gas Pipeline Corp., Trunkline Gas Co., United Gas Pipeline Co., Columbia Gas Trans., Consolidated Gas Sup., Transwestern P.L. Co.
13. Amoco Gas Co.	Yes	Arkansas Louisiana Gas Co., Cimarron Trans. Co., Cities Service Gas Co., Colorado Interstate Gas, Columbia Gas Trans., El Paso Natural Gas Co., Florida Gas Trans. Co., Lone Star Gas Co., Michigan Wis. P.L. Co., Miss. River Trans. Corp., Montana Dakota Utility Co., Mountain Fuel Sup. Co., Natural Gas P.L. Co., Northern Natural Gas Co., Northern Utilities Co., Panhandle Eastern P. L., Sea Robin P.L. Co., Southern Nat. Gas Co. Tennessee Gas Pipeline, Texas Eastern Trans. Corp., Texas Gas P. L. Corp., Texas Gas Trans. Corp., Transcontinental Gas P.L., Transwestern P. L. Co., Trunkline Gas Co., United Gas P.L. Co., Valley Gas Trans., Inc.
4. Llano, Inc	No	N/A.
TEXAS GULF COAST		
1. Amoca Gas Co	Yes	See Amoco Gas—Permian Basin.
2. Atlantic Richfield Co	Yes	Arkansas Louisiana Gas Co., Cimarron Trans. Co., Cities Service Gas Co., Colorado Interstate Gas Co., Columbia Gas Trans. Corp., El Paso Natural Gas Co., Florida Gas Trans. Co., Kansas Nebraska Natural Gas Co., Lone Star Gas Co., Michigan Wisconsin Pipeline, Montana Dakota Utility Co., Mountain Fuel Supply Co., Natural Gas P. L. Co., Northern Natural Gas Co., Northern Utilities Co., Panhandle Eastern P. L. South Texas Natural Gas Gathering Co., Southern Natural Gas Co., Tennessee Gas Pipeline, Texas Eastern Trans. Corp., Texas Gas Trans. Corp., Transcontinental Gas P. L. Co., Transwestern P. L. Co., Trunkline Gas Co., United Gas P. L. Co., West Texas Gath. Co.,
3. Channel Industries Gas Co	Yes	Arkansas Louisiana Gas Co., Cimarron Trans. Co., Cities Service Gas Co., Columbia Gas Trans. Corp., El Paso Natural Gas Co., Florida Gas Trans. Co., Michigan Wisconsin P. L. Co., Mississippi River Trans. Corp., Montana Dakota Utility Co., Mountain Fuel Supply Co. Natural Gas P. L. Co., Northern Natural Gas Co., Oklahoma Natural Gas Gathering Corp., Panhandle Eastern P. L. Co., South Texas Natural Gas Gathering Co., Southern Natural Gas Co., Tennessee Gas Pipeline, Texas Eastern Trans. Corp., Texas Gas Trans. Corp., Transcontinental Gas P. L., Trunkline Gas Co., United Gas Pipeline Co., Western Trans. Corp., Kansas Nebraska Nat. Gas Co.
4. Coastal States Producing Co	Yes	See Lo-Vaca Gathering Co.—Permian Basin.
5. Texas Gas Utilities Co	Yes	Do.
6. Texas Southeastern Gas Co	Yes	Do.
7. Lo-Vaca Gathering Co	Yes	Do.
8. Continental Oil Co	Yes	Arkansas Louisiana Gas Co., Cascade Natural Gas Corp., Cities Service Gas Co., Colorado Interstate Gas Co., El Paso Natural Gas Co., Florida Gas Trans. Co., Kansas Nebraska Natural Gas Co., Lone Star Gas Co., Michigan Wisconsin P. L. Co., Montana Dakota Utility Co., Mountain Fuel Supply Co., Natural Gas P. L. Co., Northern Natural Gas Co., Northern Utilities Co., Panhandle Eastern P. L. Co., South Texas Natural Gas Gathering Co., Southern Natural Gas Co., Tennessee Gas Pipeline, Texas Eastern Trans. Corp., Texas Gas Trans. Corp., Transcontinental Gas P. L., Transwestern P. L. Co., Trunkline Gas Co., United Gas P. L. Co., West Texas Gathering Co.
9. Delhi Gas Pipeline Corp	Yes	See Delhi Gas Pipeline Corp.—Permian Basin.
10. Dow Chemical Co	Yes	None in 1971.
11. Houston Pipeline Co	Yes	See Intratex Gas Co.—Permian Basin.
12. Lone Star Gas Co	Yes	See Lone Star Gas Co.—Permian Basin.
13. Pennzoil Pipeline Co	Yes	See Pennzoil Pipeline Co.—Permian Basin.
14. Phillips Petroleum Co	Yes	Arkansas Louisiana Gas Co., Cities Service Gas Co., Columbia Gas Trans. Corp., Delta Gas, Inc., El Paso Natural Gas Co., Florida Gas Trans. Co. The Jupiter Corp., Lone Star Gas Co., Louisiana Nevada Transit, Michigan Wisconsin P. L. Co., Mississippi River Trans. Corp., Natural Gas P. L. Co., Northern Natural Gas Co., Panhandle Eastern P. L. Co., Southern Natural Gas Co., Tennessee Gas Pipeline, Texas Eastern Trans. Corp., Texas Gas Trans. Corp., Transcontinental Gas P. L. Corp., Transwestern Pipeline Co., Trunkline Gas Co., United Gas Pipeline Co., Valley Gas Trans., Inc., Western Gas Interstate Co.
15. American Smelting & Refining Co	No	N/A.
16. Goodyear Tire & Rubber Co	No	N/A.
17. Houston Chemical Co	No	N/A.
18. Olin Corp	No	N/A.
SOUTH LOUISIANA		
1. Continental Oil Co	Yes	See Continental Oil Co.—Texas Gulf Coast.
2. Allied Chemical Corp	Yes	El Paso Natural Gas Co., Lone Star Gas Co., Natural Gas Pipeline Co., Northern Natural Gas Co., Oklahoma Natural Gas Gathering Corp., Panhandle Eastern P. L. Co., Southern Natural Gas Co., Texas Eastern Trans. Corp., Texas Gas Pipeline Corp., Texas Gas Trans. Corp., Transcontinental Gas P. L. Corp., Transwestern Pipeline Co., United Gas Pipeline Co.
3. Monterey Pipeline Co	Yes	Arkansas Louisiana Gas Co., Colorado Interstate Gas Co., Columbia Gas Trans. Corp., El Paso Natural Gas Co., Florida Gas Trans. Co., Kansas-Nebraska Natural Gas Co., Lone Star Gas Co., Louisiana Nevada Transit, Michigan Wisconsin P. L. Co., Montana Dakota Utilities Co., Mountain Fuel Supply Co., Natural Gas P. L. Co., Northern Natural Gas Co., Panhandle Eastern P. L. Co., Plaquemines Oil & Gas Co., Southern Natural Gas Co., Tennessee Gas Pipeline, Texas Eastern Trans. Corp., Texas Gas Trans. Corp., Transcontinental Gas P. L. Corp., Transwestern P. L. Co., Trunkline Gas Co., United Gas P. L. Co., West Texas Gathering Co., Western Gas Interstate Co.
4. Louisiana Intrastate Gas Corp	No	N/A.
OTHER SOUTHWEST		
1. Arkansas Western Gas Co	Yes	None in 1971.
2. Arkansas Louisiana Gas Co	Yes	Arkansas Louisiana Gas Co., Arkansas Okla. Gas Corp., Mississippi River Trans. Corp., Texas Gas Trans. Corp.
3. Western Gas Corp	Yes	Kansas-Nebraska Natural Gas Co., Cities Service Gas Co., Texas Eastern Trans. Corp.
4. Delhi Gas Pipeline Corp	Yes	See Delhi Gas Pipeline Corp.—Permian Basin.
5. Bi Stone Fuel Co	Yes	None in 1971.
6. Lone Star Gas Co	Yes	See Lone Star Gas Co.—Permian Basin.
7. Oklahoma Natural Gas Co	Yes	Arkansas Louisiana Gas Co., Cities Service Gas Co., Michigan Wisconsin P. L. Co., Natural Gas P. L. Co., Northern Natural Gas Co., Oklahoma Natural Gas Gathering Corp., Panhandle Eastern P. L. Co., Transwestern Pipeline Co.
8. Oklahoma Natural Gas Storage Co	Yes	See Oklahoma Natural Gas Co. above.
9. Pioneer Natural Gas Co	Yes	Michigan Wisconsin P.L. Co., Natural Gas P.L. Co., Northern Natural Gas Co., Panhandle Eastern P.L. Co., Transwestern Pipeline Co.
10. Kansas-Nebraska Natural Gas Co., Inc	Yes	See Western Gas Corp.—Other southwest.
11. Anadarko Prod. Co	Yes	Arkansas Louisiana Gas Co., Cities Service Gas Co., Colorado Interstate Gas Co., Kansas-Nebraska Natural Gas Co., Lone Star Gas Co., Michigan Wisconsin P.L. Co., Natural Gas P.L. Co., Northern Natural Gas Co., Panhandle Eastern P.L. Co., Texas Gas Transmission Corp., United Gas Pipeline Co., Panhandle Producing Co., Colorado Interstate Gas Co.
12. Phillips Petroleum Co	Yes	See Phillips Petroleum Co.—Texas Gulf Coast.
13. Southwestern Gas P.L	No	N/A.
14. The LBA Co., Inc	No	N/A.
15. Coastal Chemical Corp	No	N/A.
16. Oklahoma Gas & Electric Co	No	N/A.
17. Transok Pipeline Co	No	N/A.
18. Reynolds Metals Co	No	N/A.
19. Mississippi Chemical Corp	No	N/A.
20. Mississippi Power & Light Co	No	N/A.

Area and intrastate buyer	Also a gas producer?[1]	Interstate pipelines served in 1971[1]
ROCKY MOUNTAIN		
1. Amoco Gas Co	Yes	See Amoco Gas Co.—Permian Basin.
2. Colorado Interstate Gas Co	Yes	See Lo-Vaca Gathering Co.—Permian Basin.
3. Koch Industries, Inc	Yes	Arkansas Louisiana Gas Co., El Paso Natural Gas Co.
4. Koch Oil Co	Yes	See Koch Industries above.
5. McCulloch Gas Processing Corp	Yes	McCullouch Interstate Gas Corp., Montana Dakota Utilities Co.
6. Mountain Fuel Supply Co	Yes	None in 1971.
7. Southern Union Gas Co	Yes	El Paso Natural Gas Co.
8. Cody Gas Co	No	N/A.
9. Texas Gas Corp	No	N/A.
10. Thomas G. Vessels	No	N/A.

[1] Either the company named or an affiliate.

Mr. PHILIP A. HART. A difficulty in understanding the lack of competition in this industry is that it is usually documented with percentages, tables, and charts.

Let me flesh out those bones a little with an example from the real world of what such intermingling produces.

Let us look at the request before the Federal Power Commission last fall for 45 cents per thousand cubic feet for gas which would be paid the producer, Sun Oil Co., by Truckline, a pipeline company.

According to the staff brief filed in the proceeding, there had been an agreement signed in 1971 between the two companies that when gas was to be produced it would be priced by a formula which would allow Sun Oil Co. the higher of three possible rates. The possibles were the highest area rate prescribed by the Federal Power Commission, or the highest unconditional rate any Federal agency is approving for offshore Louisiana or 30 cents per thousand cubic feet.

When it was time to sign the production contract, the highest rate of the three possibles would have been 30 cents. Yet, the buyer—Truckline—did not insist on getting the gas at 30 cents but joined Sun Oil Co. in requesting 45 cents.

Very strange—until you learn that a partner with Sun in the production venture was Anadarko Production Co., a subsidiary of Panhandle Eastern. Panhandle Eastern also happens to be the owner of Truckline.

That is the real world—and that is why we cannot trust this market to deliver to consumers sufficient natural gas at reasonable prices.

Mr. President, the question of the competitiveness of this industry has time and time again been before the Supreme Court. Each time the court has ruled that this is not a competitive industry. In light of that, to pass the amendment without restructuring the industry, I think, will guarantee us that we will get higher prices indeed but will not get sufficient quantities of natural gas.

This bill also proposes removal of price controls on domestic crude oil. The effect of this again will be to make domestic crude prices rise to the level set by the OPEC cartel. It is difficult to justify this measure on any theory. A price increase on such a basic necessity will have a disproportionate effect on poor and lower income peoples. The resulting increase in heating fuel prices in particular could be ruinous. But worse, it is difficult to foresee any offsetting benefits. It is inconceivable that such price increases could elicit any additional supply. First of all, the present price incentive for producing an additional new barrel of oil is more than $17. This is a result of the fact that the present price regulations permit a producer to realize not only the $11.50 for the barrel of new oil, but it also permits the release from price controls of a barrel of old oil. This permits him to realize an additional $6. Moreover, there is a physical limit as to how fast domestic production can expand in response to any price increase. It is perfectly obvious to anyone who has followed the problems related to the supply of drill pipe and drilling rigs that we are already at the outer edge of our shortrun producing capacity.

Senator GRAVEL's proposal would deregulate oil and gas prices—but with an excess profits tax. Simply removing the oil ceiling price and permitting old oil prices to rise by $6 or $7 a barrel would cost consumers something over $12 billion. Gas deregulation would cost consumers an additional $9.2 billion to $11.2 billion the first year. I doubt if the Treasury would recover anything like this in increased tax revenues. But even if the full amount of the increase went to the Treasury, I would oppose it. What we need to worry about right now are the prices paid by consumers, rather than whether or not the benefit of higher prices goes to the industry or whether some part of it goes to the Treasury.

Beyond this, I have some problems with excess profit taxation directed at any particular industry. Maybe a great many industries have run high profits. Aluminum prices have risen sharply, and Alcoa's profits last year went up 66 percent over 1973. Steel prices have been among the most rapidly rising in the economy. United States Steel's 1974 profits were 95 percent higher than in 1973. Chemical prices have gone up, and the rate of return in the chemical industry exceeds that of the petroleum industry. Should we also put excess profits taxation on aluminum, steel, and chemicals?

Now, would Senator GRAVEL's amendment take very much from the oil industry? I do not know. A 15 percent rate of return on total investment—not just stockholders' equity—is not ungenerous. It may be even higher than the industry's present rate of return on investment. Granted price increases could raise this further. But, I am sure that any excess profits taxes would be more than offset by present levels of qualified investment, as provided in the Senator's amendment.

Mr. President, for these reasons I oppose the amendment.

Mr. President, I ask unanimous consent that the tables referred to in my statement be inserted at appropriate places in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—CONCENTRATION OF THE AVAILABLE NEW GAS SUPPLIES AS OF DEC. 31, 1971 AND JUNE 30, 1972[1]

[Percentage of reported uncommitted reserves controlled by 4 and 8 largest producers][2]

Producing area	Dec. 31, 1971		June 30, 1972	
	4 largest	8 largest	4 largest	8 largest
Permian Basin	63.6	86.5	80.6	94.2
Hugoton Anadarko	76.6	94.5	62.6	83.3
Other Southwest	93.3	98.6	94.4	99.3
South Louisiana:[3]				
Onshore	96.9	99.6	92.3	98.4
Offshore (Federal)	57.0	83.3	49.6	74.9
Offshore (State)	84.5	100.0	94.9	100.0
Texas gulf coast:[4]				
Onshore	89.4	96.7	84.4	92.4
Offshore (Federal)	98.5	100.0	100.0	100.0
Offshore (State)	100.0	100.0	100.0	100.0
Rocky Mountain	63.4	82.9	70.4	86.0
Appalachian	99.6	100.0	100.0	100.0
Unclassified:				
Michigan	100.0	100.0		
California	95.4	100.0	94.3	100.0
Miscellaneous	87.7	99.9	98.0	100.0
Alaska[5]	93.9	99.9	93.9	99.9

[1] Concentration ratios are based on individual company reserve reports. To the extent that 2 or more companies report pro rata ownership shares of jointly held leases for which there is a single operation, the concentration ratios tend to underestimate the actual degree of seller concentration.

[2] Reports were obtained from 79 large producers. These producers provide mos of the gas sold to interstate pipelines (e.g., in 1971 the top 22 supplied over 70 percent of all interstate gas). Nevertheless, to the extent that nonreporting small producers may have had significant volumes, the ratios reported here tend to slightly overstate actual market concentration.

[3] Combined concentration ratios for the south Louisiana area are not available Onshore represents 44 percent of the total, offshore (Federal) 53 percent, and offshore (State) 3 percent.

[4] Combined concentration ratios for the Texas gulf coast area are not available. Onshore represents 47 percent of the total offshore (Federal) 51 percent, and offshore (State) 2 percent.

[5] Does not include 26,000,000,000 ft [1] in North Slope reserves reported in the aggregate for all companies by 1 producer.

TABLE 2—JOINT VENTURES IN THE OIL PIPELINE INDUSTRY

Pipeline company and coowners:	*Percent held by each*
Badger Pipeline Co. (assets=$OE2,400,000):	
Atlantic-Richfield	34
Cities Service	32
Texaco	22
Union Oil	12
Dixie Pipeline Co. (assets=$46,400,000):	
Amoco	12.1
Atlantic-Richfield	7.4
Cities Service	5.0
Continental	4.1
Exxon	11.1
Mobil	5.0
Phillips	14.5
Shell	5.5
Texaco	5.0

TABLE 2—JOINT VENTURES IN THE OIL PIPELINE INDUSTRY—Continued

	Percent held by each
Dixie Pipeline Co.—Continued	
Gulf	18.2
Transco	3.6
Allied Chemical	8.6
Laurel Pipeline Co. (assets=$35,900,000):	
Gulf	19.1
Texaco	33.9
Sohio	17.0
Colonial Pipeline Co. (assets=$480,200,000):	
Amoco	14.3
Atlantic-Richfield	1.6
Cities Service	14.0
Continental	7.5
Phillips	7.1
Texaco	14.3
Gulf	16.8
Sohio	9.0
Mobil	11.5
Union Oil	4.0
Plantation Pipeline Co. (assets=$176,100,000):	
Exxon	48.8
Shell	24.0
Refiners Oil Corp	27.1
Four Corners Pipeline Co. (assets=$20,900,000):	
Shell	25
Chevron	25
Gulf	20
Continental	10
Atlantic-Richfield	10
Superior	10
Olympic Pipeline Co. (assets=$30,700,000):	
Shell	43.5
Mobil	29.5
Texaco	27.0
Wolverine Pipeline Co. (assets=$21,800,000):	
Union Oil	26
Mobil	21
Texaco	17
Clark	11
Marathon	10
Cities Service	8
Shell	7
Platte Pipeline Co. (assets=$33,000,000):	
Continental	20
Marathon	25
Union Oil	15
Atlantic-Richfield	25
Gulf	15
West-Shore Pipeline Co. (assets=$17,600,000):	
Shell	20
Amoco	16.5
Mobil	14
Texaco	9
Marathon	9
Clark	8
Cities Service	8
Continental	6.5
Union Oil	5.5
Exxon	3.5
Wyco Pipeline Co. (assets=$14,100,000):	
Amoco	40
Texaco	40
Mobil	20
Yellowstone Pipeline Co. (assets=$16,000,000):	
Continental	40
Exxon	40
Husky	6
Union Oil	14
West Texas Gulf Pipeline Co. (assets=$19,800,000):	
Gulf	57.7
Cities Service	11.4
Sun	12.6
Union Oil	9.0
Sohio	9.2
Chicago Pipeline Co. (assets=$25,600,000):	
Union Oil	43.4
Clark	33.2
Amoco	23.4
Cook Inlet Pipeline Co.:	
Atlantic-Richfield	20
Marathon	30
Union Oil	30
Mobil	20
Texas-New Mexico Pipeline Co. (assets=$30,500,000):	
Texaco	45
Atlantic-Richfield	35
Cities Service	10
Getty	10

The PRESIDING OFFICER. The question is on the motion to table.

Mr. JACKSON, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. McGOVERN) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. HRUSKA), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

On this vote, the Senator from Ohio (Mr. TAFT) is paired with the Senator from Texas (Mr. TOWER).

If present and voting, the Senator from Ohio would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 66, nays 25, as follows:

[Rollcall Vote No. 106 Leg.]

YEAS—66

Abourezk
Allen
Bayh
Beall
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Domenici
Eagleton
Fong
Ford
Glenn
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McClellan
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Stone
Talmadge
Tunney
Williams
Young

NAYS—25

Baker
Bartlett
Bellmon
Brock
Buckley
Byrd, Harry F., Jr.
Curtis
Dole
Eastland
Fannin
Garn
Goldwater
Gravel
Hansen
Helms
Johnston
Laxalt
Long
McClure
McGee
Scott, William L.
Sparkman
Stennis
Thurmond
Weicker

NOT VOTING—8

Bentsen
Hruska
McGovern
Packwood
Stevens
Symington
Taft
Tower

So the motion to lay on the table was agreed to.

AMENDMENT NO. 205

Mr. KENNEDY. Mr. President, I call up my amendment No. 205.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes amendment No. 205. The amendment is as follows:

On page 40 beginning with line 6, strike out through the matter appearing below line 16 on page 43 and insert in lieu thereof the following:

SEC. 101. REFUND OF 1974 INDIVIDUAL INCOME TAX.

(a) IN GENERAL.—Subpart A of chapter IV of subchapter A of chapter 1 is amended by renumbering section 42 as 46 and inserting after section 41 the following new section:

"SEC. 43. PERSONAL EXEMPTIONS.

"(a) GENERAL RULE.—There shall be allowed, as a credit against the tax imposed by this chapter for the taxable year an amount equal to $50 multiplied by the number of exemptions to which the taxpayer is entitled under section 151.

"(b) LIMITATION.—That portion of the amount of the credit allowed under subsection (a) which exceeds an amount equal to $25 multiplied by the number of exemptions to which the taxpayer is entitled under section 151 shall be reduced (but not to an amount less than 0) by an amount which bears the same ratio to an amount equal to $25 multiplied by the number of exemptions to which the taxpayer is entitled under section 151 as the amount by which the adjusted gross income (as defined in section 62) of the taxpayer for the taxable year exceeds $20,000 bears to $10,000.".

(b) REFUND TO BE MADE WHERE CREDIT EXCEEDS LIABILITY FOR TAX.—

(1) Section 6401(b) (relating to excessive credits) is amended—

(A) by inserting ", 42 (relating to earned income credit), 43 (relating to personal exemptions)," before "and 667(b)"; and

(B) by striking out "and 39" and inserting in lieu thereof ", 39, 42, and 43".

(2) Section 6201(a)(4) (relating to assessment authority) is amended by—

(A) inserting ", 42 or 43" after "section 39" in the caption of such section; and

(B) inserting "42 (relating to earned income credit) or 43 (relating to personal exemptions)" immediately before "the amount so overstated".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1973, and before January 1, 1975.

Mr. LONG. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. KENNEDY. I yield.

Mr. LONG. Mr. President, I ask unanimous consent that debate on the amendment be limited to 10 minutes, to be equally divided between the sponsor and the manager of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KENNEDY. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats.

Mr. KENNEDY. Mr. President, on the desk of each Senator is a brief description of what this amendment will do. I hope Members will take a look at this description.

The amendment changes the method of calculating the 1974 rebate. Instead of using the percentage rebate initially proposed by the President and adopted by the Ways and Means Committee of the House of Representatives and then by the Finance Committee, my amendment substitutes a simpler rebate, equal to $50 per person. The revenue effect is essentically identical to the Mansfield version of the committee amendment now before the Senate.

If Senators will look at the printed description, they will see how the $50 per person rebate is distributed among the various income groups. They will see that compared to the Senate committee rebate more of the benefit goes to low- and middle-income groups, as compared to the Senate committee rebate.

An important advantage of the $50 approach is its simplicity. This rebate is designed for people, not computers. Yet the present committee version is a complex rebate with percentages, maximums, and minimums. Every individual will have a difficult time understanding the amount of the rebate he will actually receive.

Under the amendment I propose, the amount of the rebate will be very clear. It is $50 per individual, $100 per couple, $200 for the couple over 65, $200 for a family of four, $300 for a family of six. So it has the advantage of simplicity.

But most important of all, it has the further advantage of providing equity for families. It is unfair for a family of two or four or six to get the same rebate that a single person gets at the same income level.

Finally, there is the further advantage that, in terms of economic impact, the fact that the greatest benefits go to the lower income groups, will increase the likelihood that the rebate will be spent and that it will therefore accomplish its purpose of stimulating the economy.

For simplicity, for equity within the various economic groups, for help to hard-pressed families, for help to the poor, for its more efficient economic impact—for all of these factors, I think, this amendment is an improvement over the committee version.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. I yield myself 10 minutes.

Mr. President, in the first place, the complication is no problem here. Both the House bill and the Senate bill have been carefully considered with the Treasury computers in mind. The computers can handle either bill very easily. As a matter of fact, the computers are presently being programed so they can handle either the Senate version or the House version. In any event, because both the House and the Senate bill have been made up with computer technology in mind, the computers can mail the checks out without any difficulty.

The House took the administration recommendation and drastically altered the tax reduction downward to favor the middle and lower income brackets. The Senate Committee on Finance did the same thing. We adopted the Mondale amendment, which further tilted the income distribution of the tax downward and favored large families.

The Senator's amendment further favors large families. In that respect, it would make the bill very much subject to the charge that we are discriminating against the single taxpayers and those with small families, which has already happened both in the Senate Committee on Finance and also through the amendments adopted here on the floor—the Tunney amendment, the Talmadge amendment in the committee, the earned income credit—all of these have tilted the income distribution toward the families. So the bill is, right now, subject to the charge that it discriminates against single persons, small families, and middle income taxpayers. This amendment would make that discrimination even worse.

Mr. President, I believe that we have gone about as far as one can justify. The House went a long way, the Senate committee went further that way, and here, on the Senate floor, the Senate has gone further and further in that direction, moving and shifting the income distribution to favor the lower income taxpayers, and further to favor the large families. Any addition to what has been done, in my judgment, would be rather unfair to those low-income and low- and middle-income taxpayers, as large families have been favored every step of the way—by the House committee, the Senate committee, and the Senate itself, here on this floor.

For those reasons, Mr. President, I believe that the rebate proposal which was recommended by the committee will probably be better.

Keep in mind that under this bill 35 percent of the reduction goes for low-income brackets, 49 percent goes to the middle brackets and 15 percent to the upper brackets. The Kennedy amendment would make a bigger reduction in the low-income brackets.

However, I point out that we have some provisions in this bill that do not favor anybody but the low-income people. They favor them by billions of dollars through such things as the earned income credit and the Mondale amendment. I feel, Mr. President, that to go any farther in that direction would leave us subject to the charge that we have very badly discriminated against the middle-income people who, after all, are those who are paying the overwhelming burden of taxes for this country.

Mr. KENNEDY. Mr. President, I say in response, that first, the Senator is talking about the 1975 tax cut. I am talking about the 1974 rebate. It is no answer to say that the 1975 cut is fair, when the 1974 rebate is unfair. The low-income and lower middle-income people deserve a fair share of the rebate.

Second, the Senator says my amendment discriminates against single persons. I say, the committee bill discriminates against the family. Under the committee rebate, a single person gets a $120 by a rebate for himself. A married couple still gets the same $120. If they have two children, they get the same $120. If they have four children, they still get the same $120. It does not make any difference if he is single, married, has two children or four children. He still gets only $120. What sort of equity is that?

So if we want to make the argument on discrimination, I would say the committee bill discriminates against a married couple with two children—that is the average American family. Under my amendment, they would receive $200, not $120.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the factsheet I mentioned may be printed in the RECORD.

The PRESIDING OFFICER. There being no objection, the factsheet was ordered to be printed in the RECORD, as follows:

KENNEDY 1974 TAX REBATE AMENDMENT

Purpose: Change the method of granting the 1974 tax rebate in Title I of the Act from the regressive 10 percent rebate method in the House bill and the 12 percent rebate in the Finance Committee substitute, to a new $50 per person rebate, based on the number of the taxpayer's dependents. The credit would be phased down to $25 for persons with incomes of $30,000 or more.

PRESENT BILL

House Version: Adopts President Ford's percentage rebate approach; the House formula contains a 10% rebate, with a $100 minimum, a $200 maximum, and a phase-down to $100 for persons with incomes over $30,000. Revenue loss: $8.1 billion.

Senate Substitute: 12% rebate, with $120 minimum, $240 maximum, and phase-down to $120 for incomes over $30,000. Revenue loss: $9.7 billion.

KENNEDY AMENDMENT

$50 rebate for each personal exemption claimed by the taxpayer on his return:

Single person, $50.
Married couple, $100.
Couple over 65, $200.
Family of four, $200.
Family of six, $300.
Revenue loss: $9.9 billion.

ADVANTAGES OF KENNEDY AMENDMENT

1. Simplicity: 1. The Kennedy per person rebate is simple and easy to understand. Any taxpayer can easily calculate the amount of his rebate by multiplying the size of his family by $50. By contrast, the percentage approach of the House and Senate committee bills is a Rube Goldberg rebate, full of conflicting rules and approaches. Most taxpayers won't know the exact amount of their rebate until the Treasury calculates it for them and they receive their rebate check in the mail.

2. Equity—the Kennedy per person rebate is "progressive taxation," whereas the House-Senate committee percentage rebate is regressive. A percentage rebate is inherently regressive, because it gives the largest rebate to those who pay the most taxes. That is why 43% of President Ford's $12 billion rebate, even with the $1000 cap, went to persons earning over $20,000. To counterract this inequity, the House and Senate committee bills have been forced to adopt a complex and unsatisfactory formula with minimums and maximums. And that formula still isn't fair to low and middle income groups. Congress should abandon the percentage method—we can't make a silk purse out of a sow's ear. The accompanying table shows the distribution of the rebate by income groups.

3. Help for Families—The Kennedy per person rebate would key the rebate to the size of the taxpayer's family. Under the House and Senate Committee versions, taxpayers

at the same income level would receive the same rebate, whether they are single or married couples, and whether they have no children, two children, or ten children. In fact, the Senate version penalizes a taxpayer for the size of his family—the larger his family, the larger the deduction he gets for his dependents. As a result, he pays lower taxes and gets a lower percentage rebate.

4. Help for the Poor—Unlike the House and Senate Committee bills, the Kennedy per person rebate is "refundable," so that it also helps those who work but who are so poor that they have no income tax liability. In the House and Senate Committee bills, a taxpayer with zero tax liability gets no rebate; those with a tax liability less than $100 get only a partial rebate. Under the Kennedy amendment, they would get the full rebate, so long as they have earned income.

5. Economic Effect—The Kennedy rebate is more likely to be spent instead of saved, since a higher proportion of the rebate goes to low and middle income groups. These groups are the hardest pressed by inflation and recession, and they will need more of the rebate to make ends meet.

(NOTE: The $50 rebate has no relation to Title II of the bill, which contains a $200 optional credit for 1975 taxes. The $50 rebate is simply an alternative method of computing the 1974 rebate.)

KENNEDY REBATE

Income class	Amount (millions)	Percent	Cumulative percent	Percent by segment
0 to $3,000	$996	10.1	10.1	42.5
$3,000 to $5,000	775	7.6	17.7	
$5,000 to $7,000	894	9.0	26.7	
$7,000 to $10,000	1,563	15.8	42.5	
$10,000 to $15,000	2,576	16.1	68.6	44.0
$15,000 to $20,000	1,772	17.9	86.5	
$20,000 to $50,000	1,224	12.6	99.1	13.5
$50,000 to $100,000	65	.7	99.8	
$100,000 and over	16	.2	100.0	
Total	[1]9,880	100.0	100.0	100.0

[1] Source: Joint Committee on Internal Revenue Taxation; does not include returns representing beneficiaries of the rebate who are nonfilers under the 1970 filing requirements, or their refundable credits.

SENATE COMMITTEE REBATE (MANSFIELD SUBSTITUTE)

Income class	Amount (millions)	Percent	Cumulative percent	Percent by segment
0 to $3,000	$244	2.5	2.5	35.4
$3,000 to $5,000	806	8.3	10.8	
$5,000 to $7,000	949	9.8	20.6	
$7,000 to $10,000	1,433	14.8	35.4	
$10,000 to $15,000	2,613	27.0	62.4	49.0
$15,000 to $20,000	2,155	22.0	84.4	
$20,000 to $50,000	1,395	14.4	98.8	15.4
$50,000 to $100,000	79	.8	99.6	
$100,000 and over	19	.2	99.8	
Total	9,694	100.0	100.0	100.0

Mr. LONG. Mr. President, what the Senator overlooks is that the Senate committee structured its bill to the Mondale amendment, which carried out the same theory, that we provide a $200 tax credit for each individual and each dependent on their tax returns. It followed the same pattern as the Kennedy amendment in that theory and it is subject, itself, to the charge of discriminating in favor of the large families and against those single people and two place and three place families, as would the Kennedy amendment.

To use this in addition to the Mondale amendment, which was agreed to by the Senate committee and by the Senate, would be to go even farther in the direction with regard to which we are already subject to a charge of discrimination.

Mr. CURTIS. Will the Senator yield?

Mr. LONG. If I have time.

The PRESIDING OFFICER. The Senator has 30 seconds.

Mr. CURTIS. The IRS is geared up for machines to take care of either the Senate or the House formula because it is based upon adjusted gross income for tax. It can go either way. Anything else would be a delay.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. MCGOVERN) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Nebraska (Mr. HRUSKA), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER), are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT), is absent due to illness.

The result was announced—yeas 43, nays 47, as follows:

[Rollcall Vote No. 107 Leg.]

YEAS—43

Abourezk
Bayh
Biden
Brooke
Bumpers
Burdick
Case
Clark
Cranston
Culver
Eagleton
Ford
Glenn
Hart, Gary W.
Hart, Philip A.
Hartke
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
Metcalf
Montoya
Moss
Muskie
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Sparkman
Stevenson
Thurmond
Tunney
Weicker
Williams

NAYS—47

Allen
Baker
Bartlett
Beall
Brock
Buckley
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Goldwater
Gravel
Griffin
Hansen
Haskell
Helms
Inouye
Javits
Johnston
Laxalt
Long
McClellan
McClure
McIntyre
Mondale
Morgan
Nelson
Nunn
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stone
Talmadge
Young

NOT VOTING—9

Bellmon
Bentsen
Hruska
McGovern
Packwood
Stevens
Symington
Taft
Tower

So Mr. KENNEDY'S amendment (No. 205) was rejected.

Mr. LONG. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. INOUYE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PERCY. Mr. President, it is the intention of the Senator from Illinois to yield back approximately 57 minutes of the 60 minutes that he would have allotted to him. I would merely like to make a few observations.

Mr. LONG. Mr. President, does the Senator plan to offer an amendment?

Mr. PERCY. I do not intend to offer an amendment.

Two days ago I sent a letter to all of my colleagues. I said unless the bill proposed by the Finance Committee was changed in several significant and important ways, I would be required to vote against the bill.

This does not detract in any respect from the hard work of the Finance Committee under the able leadership of Senator LONG.

Mr. HARRY F. BYRD, JR. Mr. President, may we have order?

Mr. PERCY. It does not in any way detract——

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Illinois.

Mr. PERCY. It does not in any way detract from the outstanding work done by your majority leader, Senator MANSFIELD and the other members of the leadership.

The essence of the fact remains, however, that in the first instance I had indicated and a great many of my colleagues also indicated, that the bill's emphasis should be on a temporary stimulus to renew economic activity in 1975. The necessary changes simply have not been made in the bill before us tonight.

The amount of the rebate has been increased to $10 billion by the Mansfield substitute, an improvement. But the bulk of the revenue loss in the bill, roughly $16 billion, stems from permanent changes in the tax laws.

Second, I said in my letter to my distinguished colleagues that the distribution of the rebate should, in my judgment, be changed to permit larger rebates in order to stimulate spending for durable goods and really help to create jobs. I proposed a rebate limit of $450. Although the rebate maximum in the bill has been increased by $50 to $250, I do not consider it enough to stimulate spending for job-creating consumer durables.

Neither, in my judgment will it contribute to building customer confidence, which is that all-important ingredient needed to stimulate economic recovery.

Third, I said that the permanent revenue loss measures in the bill should be as substantially as possible counterbalanced by the adoption of measures that would raise revenue in nonrecessionary ways. I proposed a package of revenue-raising measures totaling $16,280,000,000, and although the Senate accepted one of them, raising $500 million, and removed the oil depletion allowance, adding about $2 billion to revenue, the emphasis of the bill is still squarely on deficit-building, revenue-losing measures.

For these reasons, I reluctantly intend to vote against the bill despite the fact that it does contain some redeeming features. On balance, it will not meet the needs of the economy. Rather than boost the confidence of the American public, I think it will show Americans that Congress is simply not willing today to face up responsibly to the urgent need to get this economy back on a sound and noninflationary footing.

The Federal deficit over the 2-year period of fiscal years 1975 and 1976, after passage of this bill is estimated to be from $120 to $150 billion, staggering figures. And, having put in this bill all of the sweeteners, the easy things to pass—and we have even had a struggle on that—we are now left with all of the bitter to be put in another bill to somehow counterbalance this and continue the fight against our other enemies; namely, inflation and excessive high-cost energy consumption.

I do not think the stimulus is in the right place. I do not think it is going to *build* the consumer confidence needed to get the economy moving again, and I still think we have an horrendous job ahead of us in putting together a piece of legislation that will restore the balance. That is going to be harder to pass than even this bill when we get down to it.

So, for that reason, without detracting one bit from the intensive work and some of the creative thinking that resulted in some of the good measures in this bill, I reluctantly have concluded I will have to vote against it.

The Nation is in the grip of the most severe economic recession since the great depression. Although there are some signs that recession may have moved through its worst phase, the key indicators of economic activity—real economic growth, industrial production and unemployment—all showing continuing recession. Real GNP dropped by 9.1 percent in the fourth quarter. The Federal Reserve Board's index of industrial production showed a 3 percent drop in February, 12.2 percent since September 1974. Unemployment increased to 8.2 percent in February.

There is an urgent need to stimulate economic recovery.

Action is needed to provide new consumer purchasing power to stimulate production of cars, appliances, furnishings, and other durable goods;

Action is needed to encourage immediate business investment in new plants and equipment;

Action is needed to renew consumer and business confidence in the economy without the inflationary impact of huge deficits.

The acid test of any bill—be it the Finance Committee bill or the substitute as amended—is whether and how well it meets these needs for economic recovery.

I conclude that both bills have important failings.

The Finance Committee bill failed to provide enough stimulus to encourage consumer spending this spring and summer. The bill contained a one-time tax rebate of only $8.1 billion, less than the $12 billion rebate proposed by the President. The bill also called for a number of indefensible, special interest-oriented, permanent tax changes such as the so-called housing credit. These tax changes would have weakened the tax structure and would have provided little income relief for the majority of taxpayers.

The fact which I am most concerned about is the addition to debt which this bill entails. The fiscal year 1975 deficit is already conservatively estimated at $45 billion and for fiscal 1976, at least $80 billion. These estimates assume a number of recisisons and other savings which the President has proposed that will, realistically, not be made by this Congress. Thus we are likely anticipating a 2-year addition to debt from $120 to $150 billion. This bill produce revenue losses in calendar 1975 of nearly $30 billion which will cost another $30 billion to finance in interest costs alone over the next 10 years. I believe it could well be dangerous for us to assume this additional level of debt and debt servicing.

This bill is so obviously deficit-oriented, it will further erode the taxpayers' confidence in the will of their government to take the necessary steps to cure an ailing economy and to control inflation.

On Wednesday I introduced an interrelated package of amendments to the committee bill. I believed them to be preferable to the Mansfield substitute as well and intended to offer them for consideration were there adequate time. Unfortunately, I was able to offer only two prior to the vote on cloture. The germaneness provision under rule XXII made it impossible to offer my package after cloture was invoked.

The amendments I offered are intended:

To provide a strong measure of temporary fiscal relief this year;

To raise revenues in nonrecessionary ways in order to help pay for tax cuts;

And to develop credibility and therefore public confidence by demonstrating that we intend insofar as possible to "pay as we go," continue the fight against inflation, and deal responsibly with the energy problem.

The revenue raising measures I proposed would increase receipts by $16.28 billion. The stimulative tax rebates and cuts I proposed would amount to $32.4 billion, for net spending of $15.12 billion. In addition to the investment tax credit increase costing $4.3 billion, the removal of truck excise taxes costing $100 million, and the increased small business exemption costing $1.2 billion, the total net spending I proposed was no more than $21.32 billion, compared with a Ways and Means total of $19.9 billion, the Finance Committee total of $29.2 billion, and the Mansfield substitute's approximate total of $28 billion.

The revenue raising amendments I proposed are as follows:

First. An increase of the Federal gasoline tax to 20 cents per gallon the first year and 30 cents the second. The tax on the first 450 gallons would be rebated to individuals. The effect, in the first year, would be to conserve 750,000 barrels of oil a day. The tax would be in lieu of any further increase in the oil import fee or in oil and gas excise taxes. It would target our energy conservation effort onto the oil derivative that is most responsive—gasoline. The revenue generated by the tax would be $18 billion the first year, of which $9 billion would be rebated, and of which $2.7 billion would be offset by increased business tax deductions reflecting the increased cost of gas. The net revenue gain would thus be $6.3 billion.

Second. Double the tax on cigarettes and increase alcohol taxes 50 percent. There has been no increase in these luxury taxes in 23 years. My amendment would increase the tax per 1,000 short cigarettes from $4 to $8 per thousand. It would increase by 50 percent the tax on the proof of alcoholic beverages, so that the Federal tax on a bottle of wine would increase by 8½ cents and the tax on a fifth of 100 proof whiskey would be $1. The revenue gain would be $5.8 billion.

Third. Repeal the deductibility of State and local gas taxes from taxable income for Federal tax purposes. The benefits of this deduction go mainly to higher income taxpayers who itemize deductions. The revenue gain would be $600 million. Unfortunately, the Senate chose not to adopt this amendment.

Fourth. Require refineries to dye fuel oil so that if it is fraudulently used in diesel vehicles its use can easily be detected. This practice, which permits escape from excise taxes on diesel fuel that would otherwise be bought at the pump, is estimated to cost the Federal Treasury as much as $500 million in lost revenue. Canada has implemented this practice with considerable success. I am pleased that the Senate adopted this amendment.

Fifth. Eliminate the dollar for dollar foreign tax credit for oil companies on royalties paid to foreign countries. Presently, oil companies may take as a credit against U.S. taxes the full amount of tax payments to foreign governments, and they are permitted to calculate royalties paid to such government as taxes on income. This amendment would limit the amount of the credit claimed by oil companies to 52.8 percent of foreign source income. It repeals the "per country" limitation, thus requiring U.S. corporations to treat their foreign earned income on a worldwide basis. To the extent that foreign losses offset domestic source income, it provides for a recapture in subsequent years when foreign income is earned or the foreign assets are disposed of. Revenue raised: $580 million.

Sixth. Eliminate the oil depletion allowance with an exception for independents as provided in the Hollings amendment. The revenue gain would be $2.5 billion.

The stimulative spending measures I proposed, in place of the provisions in the substitute, are as follows:

First. A two-stage rebate of 1974 personal income taxes totaling $15.9 billion. The total rebate would be 19 percent of an individual's 1974 tax bill, to be distributed in May and September 1975. The important differences between this proposal and the substitute's are the total amount, and the distribution of, the rebates. I believe it is now critically important to provide a boost in consumer purchasing power sufficient to encourage consumers to buy durable goods. Thus, I propose a distribution schedule paying a maximum rebate of $450 and a minimum of $100. I ask unanimous consent that a table illustrating this plan be included in the record at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXAMPLES OF REVENUE EFFECT OF 19 PERCENT REBATE OF 1974 TAXES

[Total cost $15.8 billion]

$9,000 adjusted gross income—family of four:	
Under current law, tax paid would be	$529.90
Under House bill, minimum rebate would be	100.00
Under Percy amendment, total rebate would be	100.68
$11,000 adjusted gross income—family of four:	
Under current law, tax paid would be	1,024.70
Under House bill, minimum rebate would be	102.47
Under Percy amendment, total rebate would be	194.69
$17,500 adjusted gross income—family of four:	
Under current law, tax paid would be	2,156.00
Under House bill, minimum rebate would be	200.00
Under Percy amendment, total rebate would be	409.64

Source: Treasury estimates.

Mr. PERCY. A permanent change in the personal income tax rates to accomplish two purposes: to offset the effect of inflation in forcing wage earners into higher and higher tax brackets; and to provide greater progressivity in the tax schedules. This change would cost $16.5 billion. I ask unanimous consent that a table illustrating the effect of this change be included in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EFFECT OF CHANGE IN PERSONAL INCOME TAX RATES, 1975 LEVELS

[In billions of dollars]

Adjusted gross income class (thousands)	Income tax paid under present law	Amount of income tax reduction	Percentage reduction in income tax percent
0 to $3,000	3	−.25	−83.3
$3,000 to $5,000	1.8	−1.20	−66.7
$5,000 to $7,000	4.0	−1.96	−49.0
$7,000 to $10,000	8.9	−3.38	−38.0
$10,000 to $15,000	21.9	−4.72	−21.6
$15,000 to $20,000	22.8	−2.70	−11.8
$20,000 to $50,000	44.4	−2.15	−4.8
$50,000 to $100,000	13.5	−.11	−.0
$100,000 and over	13.3	−.03	−.2
Total	130.9	−16.50	−12.6

TAX CHANGES ILLUSTRATED FOR A FAMILY OF 4

Adjusted gross income	Present tax [1]	New tax	Tax saving	Percent saving
$5,600	$185		$185	100.0
$7,500	402	$110	292	72.6
$10,000	867	518	349	40.3
$12,500	1,261	961	300	23.8
$15,000	1,699	1,478	221	13.0
$20,000	2,660	2,450	210	7.9
$30,000	4,988	4,837	151	3.0
$40,000	7,958	−7,028	130	1.6

[1] Calculated assuming low income allowance or itemized deuctions equal to 17 percent of income, whichever is greater.

Mr. PERCY. I also included as a part of this package two amendments that will have no net revenue loss or gain effect, but which are intended to implement the extremely important goal of energy conservation.

The first is a fuel efficiency tax and rebate plan under which purchasers of autos with EPA-certified performance of less than 16 miles per gallon—average city and long-distance driving—would be taxed more severely the less efficient are their autos. However, purchasers of cars performing at better than 16 miles per gallon would be given a Federal rebate increasing in amount as the fuel efficiency of the auto increased, up to 24 miles per gallon. The plan is designed so that the taxes charged would be sufficient to offset the rebates.

This tax/rebate plan based on fuel efficiency is designed to meet two urgent problems: the need for energy conservation through purchase of more efficient autos, and the need to stimulate auto production and sales.

While stimulating auto sales now, however, I believe that it is highly desirable to pursue the long-term goal of decreasing this country's reliance on the auto and increasing the availability, speed, and quality of mass transportation.

Therefore, I believe it important to abolish the bloated Highway Trust Fund and convert it to the general revenues.

I ask unanimous consent that a table summarizing this combination of proposals be included in the RECORD at the conclusion of my remarks.

In summary, Mr. President, I regret that the Senate did not adopt some of the bitter with the sweet and pass a tax reducion that will lay the basis for economic growth without inflation this year and in future years.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Revenue raising, spending, and related amendments proposed by Senator Percy to the Tax Reduction Act of 1975

[In billions of dollars]

Revenue raising measures:	
Gas tax (20 cents a gallon), net of rebates totaling $9 billion*	$6.3
Alcohol and tobacco tax increases	5.8
Repeal deductibility of State and local taxes	.6
Dry fuel oil	.5
Limit the foreign tax credit	.58
Eliminate oil depletion allowance	2.5
Total revenue raised	16.28
Spending measures for economic stimulation:	
Rebates of 1974 taxes (2 stages, $450 max./$100 min.)	15.9
Permanent change in the personal tax rate schedule	16.5
Total spending	32.4
Net spending resulting from these measures	15.12
Related measures in Percy package:	
Abolish highway trust fund—no revenue gain.	
Auto efficiency tax/rebate plan—no net revenue loss or gain.	
In addition to these measures, Senator Percy supports the committee bill's provisions that:	
Increase the investment tax credit	4.3
Remove truck excise taxes	.7
Increase the small business exemption	1.2
Total	6.2

*Also net of $2.7 billion in increased business tax deductions that could result from increased gas costs.

Thus the total of revenue and spending measures proposed and sponsored by Senator Percy results in a deficit totaling $21.32 billion compared with the Ways and Means total of $19.9 billion, and the Finance Committee total of $29.2 billion.

Mr. PELL. Mr. President, will the Senator yield?

Mr. PERCY. Yes.

Mr. PELL. Would the Senator characterize the bill not as a Christmas tree, perhaps, but as an Easter basket?

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, I am very proud of the U.S. Senate. I want to tell this body that the restraint shown by the U.S. Senate on this bill has been absolutely remarkable. The net revenue loss is still below $30 billion, and I had predicted it would come out of committee at $30.5 billion. There has not been a single revenue-losing provision added to the bill since noon. [Laughter.] And, furthermore, Mr. President, I am still holding onto an amendment that would reduce the amount of the bill by $1 billion. So that is far different from what is often said that if the committee increases the bill by $10 billion, the Senate increases it by $20 billion. I am proud of the restraint shown by the Senators.

Mr. MANSFIELD. Mr. President, I wonder if we could have an indication of how many more amendments will be offered tonight.

The PRESIDING OFFICER. The Chair has been advised of three so far.

Mr. LONG. I believe most of them should go by voice vote, Mr. President.

How many Senators' amendments can go by voice vote? Apparently only one.

Mr. BARTLETT. Mr. President, I have an amendment in behalf of the Senator from Kansas (Mr. DOLE) and myself, and I would like to send it to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

At the end of the bill, add the following: Notwithstanding any other provisions of law or this Act, any requirement for plow back for depletion on oil and gas production shall be satisfied by the construction, erection, or acquisition of new or used equipment.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. BIBLE. Yes.

Mr. LONG. Is this the same plowback amendment relating to used equipment which the Senator discussed with me?

Mr. BARTLETT. Yes.

Mr. LONG. I discussed this matter with the Senator from South Carolina (Mr. HOLLINGS). It amends a part of the bill he put in, and he agrees it is a meritorious amendment. It should be agreed to, and it should be agreed to by a voice vote.

Mr. HOLLINGS. We have no objection. We accept it.

Mr. LONG. We yield back our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of Mr. Bartlett (putting the question).

The amendment was agreed to.

AMENDMENT NO. 138

Mr. ALLEN. Mr. President.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. ALLEN. Mr. President, I call up Amendment No. 138.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Alabama (Mr. Allen) proposes an amendment numbered 138.

The amendment is as follows:

At the end of the committee amendment, add the following new title:

TITLE .—AN ALTERNATE METHOD OF VALUING CERTAIN REAL PROPERTY FOR ESTATE TAX PURPOSES

(a) Section 2052 of the Internal Revenue Code of 1954 (relating to exemption for purposes of the Federal estate tax) is amended by striking out "$60,000" and inserting in lieu thereof "$200,000".

(b) Section 6018(a)(1) of such Code (relating to estate tax returns) is amended by striking out "$60,000" and inserting in lieu thereof "$200,000".

Sec. 2. The amendments made by the first section of this Act shall apply to the estates of decedents dying after the date of enactment of this Act.

Sec. 3. Increase in Estate Tax Marital Deduction.—

(a) Section 2056(c) of the Internal Revenue Code of 1954 (relating to limitation of aggregate marital deduction) is amended by inserting after "shall not exceed" in paragraph (1) "the sum of $100,000, plus".

(b) The amendment made by subsection (a) shall apply with respect to decedents dying after the date of enactment of this Act.

Sec. 4. Alternate Valuation of Certain Real Property.—

(a) Section 2031 of the Internal Revenue Code of 1954 (relating to definition of gross estate) is amended by adding at the end thereof the following new subsection:

"(c) Alternate Valuation of Certain Real Property.—

"(1) In general.—If the executor of an estate so elects, the value of any qualified real property included in the estate shall be determined by its value for the use under which it qualifies, under paragraph (2), as qualified real property.

"(2) Definition of qualified real property.—For purposes of this subsection, the term 'qualified real property' means real property substantially all of which is, and, for the 60 months preceding the date of death of the decedent, has been, devoted to—

"(A) farming (including the production of agricultural commodities and the raising of livestock),

"(B) woodland (including land use for the commercial production of trees and land used for scenic and recreational purposes), or

"(C) scenic open space.

"(3) Election requirements.—An election under this subsection shall be filed with the Secretary or his delegate at such time and in such form and manner as he may prescribe and shall contain, in addition to any other matter, the name, address, and taxpayer identification number of the person to whom the property passes under the terms of the decedent's will or by operation of law.

"(4) Revocation of election.—If property valued under paragraph (1)—

"(A) is sold or transferred, by or on behalf of the person to whom the property passed, within 5 years after the date on which the return of the tax imposed under this chapter was filed, or

"(B) is converted substantially to a use not described in paragraph (2) within that 5-year period by that person, the election made under this subsection shall be revoked and the difference between the tax actually paid under this chapter on the transfer of the estate and the tax which would have been payable on that transfer had the property not been valued under paragraph (1) shall be a deficiency in the payment of the tax assessed under this chapter on that estate.".

(b) Section 1014(a) of such Code (relating to basis of property acquired from a decedent) is amended by inserting before the period at the end thereof a comma and the following: "or, in the case of an election under section 2131(c) (relating to alternative valuation of certain real property), the value thereof as determined under such action for the applicable valuation data.".

Sec. 5. The amendments made by section 4 of this Act shall apply with respect to the estates of decedents dying after the date of enactment of this Act.

Mr. LONG. Would the Senator agree to a 10-minute limitation?

Mr. ALLEN. It will not be very long, but I would rather not have a 10-minute limitation. Some other Senators might want to speak on it.

Mr. LONG. Would the Senator need 15 or 20 minutes?

Mr. ALLEN. Twenty. I do not think I will use it all.

Mr. LONG. Well, 20.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I ask unanimous consent that the following named Senators be added as cosponsors of the amendment: Mr. Mondale, Mr. Culver, Mr. Ford, Mr. Huddleston, Mr. Sparkman, Mr. Clark, Mr. Bumpers, Mr. Nunn, Mr. Domenici, Mr. Morgan, Mr. Humphrey, Mr. Johnston, and Mr. Helms.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I might state that I have been looking for a measure on which I found myself in agreement with the distinguished senior Senator from Minnesota (Mr. Mondale), and I have finally found that amendment.

Mr. President, this amendment might well be called the "Save the Family Farm Amendment."

As the Presiding Officer understands, many farmers work all their lives and end up with a farm on which they have a large mortgage, and at the time of their death the property, for purposes other than farming might be worth a great deal. But it is impossible for the family farm to stay in existence because it is necessary, on account of the value for purposes other than farming that is placed on the farm, to sell the farm for the purpose of paying the inheritance tax.

Now, the amendment as previously filed called for raising the amount of the exemption from the present $60,000, which has been the exemption for more than a generation to $200,000.

I have a modification which would cut the amount of the exemption down to $100,000. In other words, it would be a raise from $60,000 to $100,000.

Mr. President, I ask parenthetically that the distinguished Presiding Officer of the Senate (Mr. Stone) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. And the distinguished Senator from Idaho (Mr. Church), the distinguished Senator from North Dakota (Mr. Burdick), as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. But the main thrust of the amendment is not the raise in the amount of the exemption, but it is to allow the heirs of the decedent farmers to elect to have the farm, or woodland, or scenic open space, valued for estate tax purposes—and it is called, of course, death duties, I believe, in England—not for the potential use that it might have as a subdivision, but the value placed on it as a farm.

Now, if the property stays in the family for 5 years and the use to which it is put remains the same, then that original tax payment would remain operative, but if the property was transferred, or if it was subdivided or put to a different use, then the owners of the property would have to pay the difference between the inheritance tax they paid on it as a farm and the value that would have been placed on it for other purposes.

Mr. HELMS. Mr. President, this amendment would amend the Internal Revenue Code to provide a $100,000 Federal estate tax exemption rather than the present $60,000 exemption.

Historically, the amount of the Federal estate tax exemption has variously ranged from $50,000 at its inception in 1916, to a high of $100,000 from 1926 to 1932, to a low of $40,000 from 1935 to 1938. The present $60,000 exemption was established in 1942 and has not been changed since that time, a period of 33 years.

During the intervening 33 years great changes have occurred in our economy. Years of inflation have had the practical effect of reducing the exemption and increasing the tax. Since 1942 the Consumer Price Index has increased 220 percent. Had the exemption been increased proportionately, it would now be in the amount of $132,000. However, I do not at this time propose such an increase. I propose simply to return the amount of the exemption to $100,000 as it was from 1926 to 1932.

It is important that this action be taken now, because as a result of spiraling inflation, it has become very difficult for farmers to pass their agricutlural enterprises on to the next generation. As is commonly known, farming involves a very large investment in land and machinery. The return on this investment is small when compared to other industries.

At present, upon a farmer's death, it is often very difficult for his heirs to find the funds to pay his Federal estate taxes without selling some, or all, of the farm land. The purpose of this amendment is to increase the estate tax exemption just enough to allow the small farmer a chance of passing his farm on to his children. All too often we have seen the ravaging effects upon the environment of converting farmland to other uses. Additionally, at this time, when there is a world food crisis, I seriously question the wisdom of a tax policy which inhibits the future production of much needed agricultural products.

Further, the small farmers of America have traditionally been the very heart of our agricultural enterprise. With the current rate of inflation, even the smallest farm together with its equipment is worth in excess of the amount of the present exemption. If we fail to allow this modest increase, we will deny access to agricultural enterprise to the average citizen whose family has traditionally engaged in this form of livelihood. Our failure to allow this increase would effectively mandate that future farming operations will be conducted by large corporations with great resources. It is therefore entirely appropriate that we take this means of preserving competition in the production of food and other agricultural commodities.

I urge the adoption of this amendment.

Mr. ALLEN. Mr. President, I ask unanimous consent that the amendment may be modified as suggested by the modification.

The PRESIDING OFFICER. Is there objection?

Without objection——

Mr. LONG. Mr. President, I believe I will have to object to that.

The PRESIDING OFFICER. The objection is heard.

Mr. LONG. I believe I would be charged with not treating all Senators the same if I did not object.

Mr. ALLEN. Does the Senator speak to the modification?

Mr. LONG. I regret that I must. I have objected to other modifications.

Mr. ALLEN Very well.

Mr. LONG. I feel that I would be subject to the charge that I was not treating all Senators the same if I did not do so, Senator.

Mr. ALLEN. Very well.

Mr. President, I ask unanimous consent that the names of Mr. Buckley, Mr. McClure, Mr. Fannin, and Mr. Percy be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. In view of the objection of the distinguished chairman of the Finance Committee, Mr. President, I ask unanimous consent that there may be printed in the Record at this point the modification that I intended to offer and suggest that if the amendment does pass as presented at the desk that the conferees would be guided by the provisions of the modification, and that they will take that into view.

Mr. HOLLINGS. Will the Senator yield?

Mr. LONG. Will the Senator yield?

Please understand I have objected to other Senators modifying their amendments, and I honestly feel I am compelled to object.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. But I will keep in mind that the Senator did propose to modify it.

Mr. ALLEN. I understand the Senator objected to the modification, but does the Senator object to my inserting this in the Record?

Mr. LONG. No; go right ahead.

Mr. ALLEN. That is all the Senator asked, that this be inserted in the Record.

The amendment, as modified, is as follows:

Amendment No. 138

Intended to be proposed by Mr. Allen, Mr. Mondale, Mr. Humphrey, Mr. Johnston, Mr. Helms, Mr. Culver, Mr. Ford, Mr. Huddleston, Mr. Sparkman, Mr. Clark, Mr. Bumpers, Mr. Nunn, Mr. Domenici, and Mr. Morgan, to H.R. 2166, an Act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, viz: At the end of the committee amendment, add the following new title:

TITLE .—AN ALTERNATIVE METHOD OF VALUING CERTAIN REAL PROPERTY FOR TAX PURPOSES

(a) This amendment shall be known as the "Save the Family Farm Amendment."

(b) Section 2052 of the Internal Revenue Code of 1954 (relating to exemption for purposes of the Federal estate tax) is amended by striking out "$60,000" and inserting in lieu thereof $100,000.

(c) Section 6018(a)(1) of such Code (relating to estate tax returns) is amended by striking out "$60,000" and inserting in lieu thereof "$100,000".

Sec. 2. The amendments made by the first section of this Act shall apply to the estates of decedents dying after the date of enactment of this Act.

Sec. 4. Alternate valuation of certain real property.—

(a) Section 2031 of the Internal Revenue Code of 1954 (relating to definition of gross estate) is amended by adding at the end thereof the following new subsection:

"(c) Alternate Valuation of Certain Real Property.—

"(1) In general.—If the executor of an estate so elects, the value of any qualified real property included in the estate shall be determined by its value for the use under which it qualifies, under paragraph (2), as qualified real property.

"(2) Definition of qualified real property.—For purposes of this subsection, the term 'qualified real property' means real property substantially all of which is, and, for the 60 months preceding the date of death of the decedent, has been, devoted to—

"(A) farming (including the production of agricultural commodities and the raising of livestock),

"(B) woodland (including land use for the commercial production of trees and land used for scenic and recreational purposes), or

"(C) scenic open space.

"(3) Election requirements.—An election under this subsection shall be filed with the Secretary or his delegate at such time and in such form and manner as he may prescribe and shall contain, in addition to any other matter, the name, address, and taxpayer identification number of the person to whom the property passes under the terms of the decedent's will or by operation of law.

"(4) Revocation of election.—If property valued under paragraph (1)—

"(A) is sold or transferred, by or on behalf of the person to whom the property passed, within 5 years after the date on which the return of the tax imposed under this chapter was filed, or

"(B) is converted substantially to a use not described in paragraph (2) within that 5-year period by that person, the election made under this subsection shall be revoked and the difference between the tax actually paid under this chapter on the transfer of the estate and the tax which would have been payable on that transfer had the property not been valued under paragraph (1) shall be a deficiency in the payment of the tax assessed under this chapter on that estate.".

(b) Section 1014(a) of such Code (relating to basis of property acquired from a decedent) is amended by inserting before the period at the end thereof a comma and the following: "or, in the case of an election under section 2131(c) (relating to alternative valuation of certain real property), the value thereof as determined under such action for the applicable valuation date.".

Sec. 5. The amendments made by section 4 of this Act shall apply with respect to the estates of decedents dying after the date of enactment of this Act.

Mr. ALLEN. Mr. President, I would like to ask unanimous consent that Mr. Thurmond, Mr. Hatfield, and Mr. Hansen be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. ALLEN. Yes.

Mr. HOLLINGS. The Senator told us about the thrust. What about the cost? How much does that amendment cost?

Mr. ALLEN. I do not have the figures, some of it is speculative.

I do not know that the Treasury Department would know how many farmers would elect, or the heirs of how many farmers would elect to have the property so treated.

Mr. HOLLINGS. But the $60,000 to $200,000 is in there?

Mr. ALLEN. No, the Senator from Alabama is trying to reduce the thrust.

Mr. HOLLINGS. But the amendment on the desk does not reduce it?

Mr. ALLEN. That is correct, I do not have the figures.

Mr. HOLLINGS. So that is about a $2 billion cost.

Mr. ALLEN. Well, that is what the Senator states.

As I say, a great deal of it is speculative.

Mr. HOLLINGS. Yes.

Mr. ALLEN. And I have asked that the conferees take into account the provisions of the modification which the Senator from Alabama sought to make to his amendment.

Mr. HOLLINGS. It would be about $2 billion.

Mr. ALLEN. Well, that is what the Senator states.

Mr. HUMPHREY. Will the Senator yield?

Mr. ALLEN. Yes.

Mr. HUMPHREY. Would it be that, if the modification takes place?

Mr. ALLEN. No, sir; it would be a negligible add-on, or a negligible reduction.

It is raised only $60,000 to $100,000.

Mr. BAYH. Mr. President——

Mr. HASKELL. Will the Senator yield for a question?

Mr. ALLEN. Yes.

Mr. HASKELL. As I understand the amendment it provides that if the property is kept as farm land for 5 years.

then this treatment is given. If in the sixth year something else happens, why there is no——

The PRESIDING OFFICER. All time of the proponents of the amendment has expired.

Mr. ALLEN. That is correct, it would just guarantee to be used that way for 5 years.

Mr. HASKELL. Mr. President, maybe I am against the amendment. I am not sure. That is why I am asking the Senator from Alabama a question.

Mr. BAYH. Mr. President——

Mr. HASKELL. Could I finish my question, Mr. President? I may be against the amendment.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HASKELL. Would the Senator consider making a modification to his proposal to make it 10 years? In a 5-year span there could be some very careful planning to get within the amendment, but I doubt if anybody would hang on for 10 years.

Mr. LONG. Mr. President, point of order.

The PRESIDING OFFICER. The point of order is well taken. The time has expired.

Mr. LONG. If I ever saw a good case where amendments should be considered by the committee before being reported on the floor, this is it.

For example, this amendment has been explained as an amendment to save the family farm. I am sure the Senator has that in mind.

But our Joint Committee's estimate, and they have oftentimes been a lot more accurate than the Treasury estimates, is that this amendment will cost the Treasury $2,600,000,000. How much of that will the farmers get? Only $100 million. So the farmers will get 4 percent of that benefit, and the other 96 percent goes to somebody else. Where does that go? $500 million of that benefit would go in the form of increased marital deductions.

The other $2.1 billion in cost results from increasing the estate tax exemption $60,000 to $200,000. That exemption applies to any type of estate assets, that is stocks and bonds, oil income, royalties, dividends, you name it, anything that could be described as properly subject to the estate tax, would be increased from $60,000 to $200,000, at a cost of $2 billion.

The Senator said he would like to modify this part of his amendment. But even as modified, the lion's share, over 90 percent of the benefit, would go to persons other than farmers, by increasing the estate tax exemption from $60,000 up to $100,000.

Mr. President, that is an area that we ought to look at in terms of tax reform concerning trusts and foundations, and I am not talking about the legitimate foundations that actually give money to charity and education; I am talking about situations in which people set up foundations but in effect give the money to themselves.

Mr. ALLEN. Will the Senator yield?

Mr. LONG. Not at this point.

Mr. BAYH. Will the Senator yield for a question?

Mr. LONG. There are all sorts of ways that people can get around estate taxes now. We want to take a good look at it. The House Ways and Means Committee wants to take a good look at it. We are not raising as much money through inheritance taxes as we should be.

This is something, Mr. President, that ought to be considered by the committee. We ought to have a Treasury report on it. We ought to know what the Treasury thinks about it. It should be the subject of hearings, not just legislated here on the floor of the Senate.

To raise the estate exemption from $60,000 to $200,000 will eliminate 50 percent of all the revenue raised by the estate tax.

Mr. BAYH. Mr. President, will the Senator yield briefly?

Mr. LONG. I yield.

Mr. BAYH. Last year we passed a family farm inheritance tax bill that would provide a $200,000 exemption for family farms. We could not keep it in conference. This amendment only provides $100,000, and the farmers will tell you it is not enough. But what concerns me even more than that—and I am sure the Senator from Alabama does not realize it, is that this is the biggest loophole we have had come down the pike in some time. I am a family farm man but when you talk about scenic open spaces. That means something else altogether. Under this bill, a scenic open space like the Rockefeller estate would qualify for special valuation.

When you give special treatment to woodland, that means a fellow can have 1,000 acres of walnut logs worth more than $1,000 apiece, and all he has to do is leave it alone and the logs will get more valuable during the 5-year period. The valuation would be small since the use is negligible. The land is valued as parkland, not as walnut logs.

Mr. President, I must say I want to help the family farm, but I do not want to do it this way and create a loophole which will allow people to escape the intent of the inheritance tax laws.

Mr. ALLEN. Will the Senator from Louisiana yield?

Mr. LONG. Mr. President, let me repeat, this amendment would reduce the revenue raised by the estate tax in half. Just half of it would be gone by this one amendment.

Mr. ALLEN. Will the Senator yield?

Mr. LONG. I yield for a question only.

Mr. ALLEN. The Senator said something about foundations and one thing and another. Foundations do not die. Foundations are not subject to the inheritance tax. I do not know where he gets that.

Another thing—

Mr. LONG. I did not yield for a statement. I yielded for a question.

Mr. ALLEN. Will the Senator yield further?

Mr. LONG. I ask for order, Mr. President.

The PRESIDING OFFICER. The Senator will proceed.

Mr. LONG. Mr. President, the record shows that the estate tax area ought to be the subject of reform to get the Government more revenue, not less revenue. In any event, the matter should be subject to hearings. We do not know what we are doing at this time. We ought to know about the kind of things that even I do not know about, such as the matter mentioned by the Senator from Indiana.

Mr. President, this is not the way the Senate of the United States ought to legislate.

When my time has expired, Mr. President, I am going to move that the amendment be laid on the table.

Mr. HUMPHREY. Will the Senator yield?

Mr. LONG. I yield.

Mr. HUMPHREY. I want to say I joined in cosponsoring this because I thought it related to values of farmlands and the fact that the lands could be assessed as if they were to be subdivided for suburban development purposes and, therefore, have different assessments.

I think the Senator from Louisiana is right. I think this opens up a Pandora's box of difficulties and revenue change. I want to say that I withdraw my name, I regret to say, as a cosponsor. I think it is not the way we ought to proceed. I say I think we ought to set it aside. I hope my friend from Alabama will withdraw the amendment and we can come back another day to find out what is objectionable in terms of agricultural lands in terms of their estate value and have a hearing on it to really find out what the facts are.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The following Senators also withdrew their names as cosponsors of the amendment: Mr. CHURCH, Mr. FORD, and Mr. CULVER.)

Mr. LONG. Mr. President, last year I accepted an amendment by the junior Senator from Indiana for family farms that would do twice as much for the family farm and would not cost but 4 percent of what this amendment would cost.

Mr. President, this amendment, if it is for the family farm, should be carefully drafted, thoroughly considered, and be a matter for hearings. I would be glad to hold a hearing on this. It was the suggestion of the Senator from Indiana (Mr. BAYH) and others, to see that we do not give away half of the revenue that the estate tax would raise while we are trying to help somebody with a family farm.

I yield to the Senator for a question.

Mr. CURTIS. I yield it back.

[Laughter.]

Mr. LONG. Mr. President, I yield back the remainder of my time. I move to lay the amendment on the table.

Mr. ALLEN. I call for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENT-

SEN) and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. McGOVERN) is absent on official business.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Michigan (Mr. GRIFFIN), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), the Senator from Texas (Mr. TOWER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 68, nays 21, as follows:

[Rollcall Vote No. 108 Leg.]

YEAS—68

Abourezk
Baker
Bartlett
Bayh
Beall
Biden
Brock
Brooke
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Cranston
Culver
Curtis
Eagleton
Eastland
Fong
Ford
Glenn
Goldwater
Gravel
Hart, Gary W.
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McGee
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Scott, William L.
Stafford
Stevenson
Stone
Tunney
Weicker
Williams

NAYS—21

Allen
Buckley
Burdick
Clark
Dole
Domenici
Fannin
Garn
Hansen
Hartke
Hatfield
Helms
Hruska
McClure
Morgan
Percy
Roth
Sparkman
Stennis
Talmadge
Thurmond

NOT VOTING—10

Bellmon
Bentsen
Griffin
McGovern
Packwood
Stevens
Symington
Taft
Tower
Young

So the motion to table was agreed to.

Mr. CURTIS. Mr. President, I move to reconsider the vote and ask to be recognized.

Mr. President, I am for the Allen amendment. I think that we should not let the record be closed without a further explanation of this.

The Senator offered a good amendment. The greatest thing that can be said for it is that it is just. After all, that should be the purpose of government, to do justice. The $60,000 exemption was established back in the twenties, almost 60 years ago. Let us get out our slide rules and decided what it ought to be now. It ought to be ranged up to about where this amendment provides. That is just. The fact that it affects all people and not just agriculture is why it runs into a little money. But we have thrown billions out of the window all week now.

What happens when people of modest- and lower-middle income have to pay an estate tax? It means their property has to be sold.

Who can buy a small business? The giants.

When a farm or a ranch has to be sold, who can buy it? The large speculators.

The estate tax is a very small part of the revenue that comes into the U.S. Treasury, but the estate tax, without amendment, today is operating to further monopoly; it is operating to destroy small operators. It is operating to destroy small business.

I could cite many cases. I know of a dairy, well known in my State, that faced a situation like this, a family operation. They had been successful enough that the estate tax was very burdensome. It escaped being sold by a great deal of ingenuity, but only Carnation and Pet and a few others would have bid on it. It is the biggest incentive to monopoly and concentration of power that we have, because families have to sell their farms and ranches and their businesses to pay the estate tax.

All this amounted to was bringing a 1920 figure up to the present time. The Senator from Alabama should be commended for it. I think, in the business of taxation, the first thing that is required of us is to be just. If that happens to be in favor of the taxpayer and against the Treasury, so be it. If it happens to be in favor of the Treasury and against the taxpayer, so be it.

It was never intended that the estate tax should be imposed upon anyone other than the rather substantially wealthy. But because of our trend of inflation, it is a threat to every hard-working, successful family in America. And the Congress of the United States ought to change it.

Whether or not this bill is the right place, as a member of the committee, I understand some of those arguments. But I cannot understand the demagoguery that ridicules it as a bad amendment.

Mr. ALLEN. Will the Senator yield for a question?

Mr. CURTIS. I yield for anything the Senator wants.

Mr. ALLEN. The Senator from Alabama did not have a great deal of opportunity, in view of his agreement to limit the time on this debate at the request of the chairman of the committee. He would like to use this time to elicit information from the distinguished Senator from Nebraska.

Does the Senator from Nebraska think that it is a reasonable assertion to say that this amendment would cost the Treasury half of the receipts from the estate tax, when all it is is a raise from $60,000 to $100,000 for the estate tax exemption, and to allow farms and open areas and timberland to be taxed as such, rather than a potential use that they might be put to? Does the Senator from Nebraska think that that is a reasonable estimate?

Mr. CURTIS. The estimate that was placed on it on the floor?

Mr. ALLEN. I say does the Senator from Nebraska think that the estimate that this would cost the Treasury half of the customary receipts from the estate tax is a reasonable statement?

Mr. CURTIS. Not if it had been amended the way the Senator sought to amend it.

Mr. ALLEN. Does the Senator feel that the use of estimates with regard to a bill that the Senator from Alabama sought to modify is a proper estimate, or should the estimate be based on the modification offered by the Senator from Alabama?

Mr. CURTIS. I think the estimate should be on that basis.

On the other hand, I can understand that staff would feel inclined to respond in accordance with the amendment. I do not think we can get it adopted tonight, and I am about to yield back my time and withdraw the motion to reconsider.

I do think that the Senator has offered a sound amendment. He was ridiculed on this floor. Cosponsors withdrew, or at least one did, and I think because it was totally misunderstood.

It is not in the public interest that the rank and file of successful people should be faced with this tax. It was never intended for that. It is driving the families out of business, and it is increasing monopoly and the concentration of power and wealth.

There is one thing that is very true in the tax business: If someone has already made his pile, it is easy to be for a higher estate tax and all these other things. High taxes do not hurt the rich, because they can find ways and means to split the burden to take care of it. We should look at our tax system to see what it does to the people who are coming up, who have great ability and can add to the productiveness of America and to its wealth.

Mr. President, I withdraw the motion to reconsider.

Mr. LONG. Mr. President, in justice to myself and to the staff of the Committee on Internal Revenue Taxation, I think I should make a point or two of fair warning.

I gave the revenue estimates on that amendment both ways, both as originally proposed and as to what the cost would be if the amendment were modified as suggested.

The fact is that the estate tax raises about $5 billion. A reduction of the amount raised by that tax of $2.6 billion would cut that in half, as I said. If the amendment were modified downward, it would, of course, be less than that.

Mr. President, when the Senator said that the deduction does not help as much as it once did because of inflation, of course that is true. He failed to state that in 1948, during the period the Senator mentioned, Congress passed a law granting a marital deduction to a couple, so that for a married couple it had the effect of eliminating half of the estate from taxation and made a great deal of difference, drastically reducing the amount of money raised by the estate tax. The Senator did not mention that.

Furthermore, Mr. President, as a matter of justice we tax based on how much revenue the Government needs. We tax based on the needs of the Government, looking, then, to see how, in the judgment of the taxing body, which in this case would be Congress, would be the most appropriate way to raise the funds.

Mr. **WILLIAM L. SCOTT**. Mr. President, I will be very brief at this hour, but I was interested in the remarks by the distinguished Senator from Louisiana a few minutes ago characterizing this as a good bill.

I can understand the pride the chairman of one of our major committees would have in a bill that comes out of his committee, one that has been considered for some days in the committee. He made the statement, perhaps jokingly, that there had been no increase in this bill since noon today. And yet I wonder, 5 years from now, how good we will think a bill that adds $30 billion to the deficit that this Government faces at this time.

We now have a $500 billion deficit. We would add $30 billion. It has been suggested that instead of $52 billion, we are going to have a deficit for the next fiscal year which may approximate $100 billion, when the new programs that have even been mentioned by this time are added to what the President has recommended in his budget.

Mr. President, I believe this is a bad bill. I believe it is a bill that we will come to regret. I believe the deductions and the rebates that the people are going to get under this bill will be taken away from them in the marketplace in the form of higher prices for everything they purchase. I believe we should give very serious consideration to whether or not we should vote for this measure.

I have not spoken about it before because, looking at the magnitude of it and that alone, it is an overreaction to the serious economic condition in which we find ourselves.

I think there are some good parts of this bill. I think when we stimulate the private sector it is a very fine thing. But these rebates, in my opinion, are not going to cure our economic situation, and I am going to vote against the bill, and would urge my colleagues to vote against it.

The **PRESIDING OFFICER**. The bill is open to further amendment.

Mr. **ALLEN**. Mr. President, does the Senator from Maryland have an amendment?

Mr. **MATHIAS**. I am glad to defer to the Senator from Alabama. I have lost my amendment.

AMENDMENT NO. 179

Mr. **ALLEN**. I call up my amendment No. 179.

The **PRESIDING OFFICER**. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. ALLEN) offers amendment No. 179: In lieu of the language proposed to be inserted by the committee substitute, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE—This Act may be cited as the "Tax Reduction Act of 1975".

The amendment is as follows:

Mr. ALLEN's amendment (No. 179) is as follows:

In lieu of the language proposed to be inserted by the committee substitute insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Tax Reduction Act of 1975".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Amendment of 1954 Code.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

Sec. 101. Refund of 1974 individual income taxes.
Sec. 102. Refunds disregarded in the administration of Federal programs and federally assisted programs.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Increase in low income allowance.
Sec. 202. Increase in percentage standard deduction.
Sec. 203. Credit for certain earned income.
Sec. 204. Withholding tax.
Sec. 205. Effective dates.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

Sec. 301. Increase in investment credit.
Sec. 302. Allowance of investment credit where construction of property will take more than 2 years.
Sec. 303. Increase in corporate surtax exemption.
Sec. 304. Effective dates.

SEC. 2. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provisions, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

SEC. 101. REFUND OF 1974 INDIVIDUAL INCOME TAXES.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6428. REFUND OF 1974 INDIVIDUAL INCOME TAXES.

"(a) GENERAL RULE.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 10 percent of the amount of his liability for tax for such taxable year.

"(b) MINIMUM PAYMENT.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $100 ($50 in the case of a married individual filing a separate return).

"(c) MAXIMUM PAYMENT.—

"(1) IN GENERAL.—The amount treated as paid by reason of this section shall not exceed $200 ($100 in the case of a married individual filing a separate return).

"(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) LIABILITY FOR TAX.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) DATE PAYMENT DEEMED MADE.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) JOINT RETURN.—For purposes of this section, in the case of a joint return under section 6013 both spouses shall be treated as one individual.

"(g) MARITAL STATUS.—The determination of marital status shall be made under section 143.

"(h) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1974 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be substituted for "45 days" each place it appears in such section 6611(e).

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"SEC. 6428. Refund of 1974 individual income taxes."

SEC. 102. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

SEC. 201. INCREASE IN LOW INCOME ALLOWANCE.

(a) IN GENERAL.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

"(c) Low Income Allowance.—The low income allowance is—

"(1) $2,500 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $1,900 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,250 in the case of a married individual filing a separate return."

(b) Change in Filing Requirements To Reflect Increase in Low Income Allowance.—So much of paragraph (1) of section 6012(a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1) (A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—

"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,650,

"(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $3,250, or

"(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than $4,000 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home. Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) The amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 151(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151(c);".

Sec. 202. Increase in Percentage Standard Deduction.

(a) Increase.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) Percentage Standard Deduction.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—

"(1) $3,000 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,500 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,500 in the case of a married individual filing a separate return."

(b) Conforming Amendment.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $3,000 ($2,500 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

Sec. 203. Credit for Certain Earned Income.

(a) Allowance of Credit.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by redesignating section 42 as section 43 and by inserting after section 41 the following new section:

"Sec. 42. Earned Income Credit.

"(a) Allowance of Credit.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 5 percent of the taxpayer's adjusted earned income for the taxable year.

"(b) Adjusted Earned Income.—For purposes of this section, the term 'adjusted earned income' means—

"(1) so much of the individual's earned income for the taxable year as does not exceed $4,000, reduced by

"(2) two times the excess over $4,000 of the greater of—

"(A) the taxpayer's adjusted gross income for the taxable year, or

"(B) the taxpayer's earned income for the taxable year.

"(c) Earned Income Defined.—

"(1) In general.—For purposes of this section, the term 'earned income' means—

"(A) wages, salaries, tips, and other employee compensation, plus

"(B) the amount of taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402(a)).

"(2) Special rules.—For purposes of paragraph (1)—

"(A) except as provided in subparagraph (B), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year,

"(B) the earned income of an individual shall be computed without regard to any community property laws,

"(C) no amount received as a pension or annuity shall be taken into account,

"(D) compensation described in paragraph (1)(A) for services performed by an individual in the employ of his spouse, father, mother, son, or daughter (within the meaning of section 3121(b)(3)) shall be taken into account only if such compensation constitutes wages (as defined in section 3121(a)) and only if such wages are evidenced by a receipt required to be furnished under section 6051(a) (relating to receipts for employees),

"(E) in the case of an individual who has not attained the age of 18 years by the close of his taxable year—

"(i) compensation described in paragraph (1)(A) shall be taken into account only if such compensation is evidenced by a receipt required to be furnished under section 6051(a), and

"(ii) earnings described in paragraph (1)(B) shall be taken into account only if such individual has self-employment income for the taxable year (within the meaning of section 1402(b)), and

"(F) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) Requirement of Joint Return.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for thhe taxable year under section 6013.

"(e) Taxable Year Must Be Full Taxable Year.—Except in the case of a taxable year closed by reason of the death of a taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) Refund To Be Made Where Credit Exceeds Liability for Tax.—Section 6401(b) (relating to excessive credits) is amended—

(1) by inserting ", 42 (relating to earned income credit)," before "and 667(b)"; and

(2) by striking out "and 39" and inserting in lieu thereof ", 39, and 42".

(c) Clerical Amendment.—The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Earned income credit.
"Sec. 43. Overpayments of tax."

Sec. 204. Withholding Tax.

(a) Requirement of Withholding.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) Requirement of Withholding.—

"(1) General rule.—Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with—

"(A) in the case of wages paid on the basis of an annual payroll period, the table set forth in paragraph (2), or

"(B) in the case of wages paid on the basis of other payroll periods, tables prescribed by the Secretary or his delegate.

In the tables prescribed under subparagraph (B), the amounts set forth as the amount of wages and the amount of income taxes to be deducted and withheld shall be computed on the basis of the table set forth in paragraph (2). For purposes of this subsection, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).

"(2) Annual payroll period.—

"(A) Single Person—Including Head of Household:

"If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over $3,000	0.
Over $3,000 but not over $4,500	33% of excess over $3,000.
Over $4,500 but not over $7,500	$495 plus 21% of excess over $4,500.
Over $7,500 but not over $10,500	$1,125 plus 26% of excess over $7,500.
Over $10,500 but not over $14,000	$1,905 plus 21% of excess over $10,500.
Over $14,000 but not over $15,200	$2,640 plus 28% of excess over $14,000.
Over $15,200 but not over $18,000	$2,976 plus 30% of excess over $15,200.
Over $18,000	$3,816 plus 35% of excess over $18,000.

"(B) Married Person:

"If the amount of wages is:	The amount of income tax to be withheld shall be:
Not over $2,450	0.
Over $2,450 but not over $5,450	16% of excess over $2,450.
Over $5,450 but not over $9,250	$480 plus 20% of excess over $5,450.
Over $9,250 but not over $12,250	$1,240 plus 21% of excess over $9,250.
Over $12,250 but not over $14,750	$1,870 plus 15% of excess over $12,250.
Over $14,750 but not over $20,950	$2,245 plus 26% of excess over $14,750.
Over $20,950 but not over $25,650	$3,857 plus 30% of excess over $20,950.
Over $25,650	$5,267 plus 36% of excess over $25,650."

(b) Conforming Amendment.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period set forth in subsection (a)(2)".

Sec. 205. Effective Dates.

(a) For Sections 201 and 202(a).—The amendments made by sections 201 and

202(a) shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply to taxable years ending after December 31, 1975.

(b) FOR SECTION 203.—The amendments made by section 203 shall apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(c) FOR SECTIONS 202(b) AND 204.—The amendments made by sections 202(b) and 204 shall apply to wages paid after April 30, 1975, and before January 1, 1976.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

SEC. 301. INCREASE IN INVESTMENT CREDIT.

(a) INCREASE OF INVESTMENT CREDIT TO 10 PERCENT.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) GENERAL RULE.—

"(A) 10-PERCENT CREDIT.—Except as provided in subparagraph (B), the amount of the credit allowed by section 38 for the taxable year shall be equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) 7-PERCENT CREDIT.—In the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before January 22, 1975, or

"(ii) which is acquired by the taxpayer before January 22, 1975,

the amount of the credit allowed by section 38 for the taxable year shall be equal to 7 percent of the qualified investment (as defined in subsection (c)).

"(C) TRANSITIONAL RULE.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before January 22, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975.

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before January 22, 1975, and subparagraph (A) shall apply to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after January 21, 1975."

(b) PUBLIC UTILITY PROPERTY.—

(1) DETERMINATION OF QUALIFIED INVESTMENT.—Subparagraph (A) of section 46 (c)(3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) *To the extent that subsection* (a)(1) (B) applies to property which is public utility property, the amount of the qualified investment shall be 4/7 of the amount determined under paragraph (1)."

(2) INCREASE IN 50-PERCENT LIMITATION.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) ALTERNATIVE LIMITATION IN THE CASE OF CERTAIN UTILITIES.—

"(A) IN GENERAL.—If, for a taxable year beginning after 1974 and before 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) APPLICABLE PERCENTAGE.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that proportion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment.

If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) TENTATIVE PERCENTAGE.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year begins in:	*The tentative percentage is:*
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10.

"(D) PUBLIC UTILITY PROPERTY DEFINED.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c)(3)(B)."

(c) CAP ON THE INCREASE IN INVESTMENT CREDIT BENEFITS FOR PUBLIC UTILITIES WHICH MAY RESULT FROM INCREASING INVESTMENT CREDIT TO 10 PERCENT.—

(1) IN GENERAL.—The amount of the credit allowed by section 38 of the Internal Revenue Code of 1954 to any taxpayer which is a public utility for the taxable years shall not exceed by more than $100,000,000 the amount of such credit which would have been allowed to such taxpayer for such year but for the amendments made by subsections (a) and (b)(1) of this section.

(2) CREDIT IN EXCESS OF CAP MAY BE CARRIED ONLY TO TAXABLE YEARS TO WHICH THIS SUBSECTION APPLIES.—For purposes of section 46 (b)(1) of the Internal Revenue Code of 1954 (relating to carryback and carryover of unused credits), the excess of the amount which would be allowable as a credit under section 38 of such Code for any taxable year over the amount which is allowable under such section after the application of paragraph (1) of this subsection—

(A) shall be treated as an excess described in such section 46(b)(1), but

(B) shall be an investment credit carryback and an investment credit carryover only to taxable years to which paragraph (1) of this subsection applies.

(3) CONTROLLED GROUP OF CORPORATIONS.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer. For purposes of the preceding sentence, the term "controlled group of corporations" has the meaning given to such term by section 1563(a).

(4) PUBLIC UTILITY DEFINED.—For purposes of this subsection, the term "public utility" means a taxpayer 50 percent or more of the qualified investment of which for the taxable year consists of public utility property within the meaning of the first sentence of section 46(c)(3)(B) of the Internal Revenue Code of 1954.

(d) INCREASES FROM $50,000 TO $75,000 OF DOLLAR LIMITATION ON USED PROPERTY.—Paragraph (2) of section 48(c) (relating to dollar limitation in case of used section 38 property) is amended—

(1) by striking out "$50,000" each place it appears and inserting in lieu thereof "75,000", and

(2) by striking out "$25,000" and inserting in lieu thereof "$37,500".

SEC. 302. ALLOWANCE OF INVESTMENT CREDIT WHERE CONSTRUCTION OF PROPERTY WILL TAKE MORE THAN 2 YEARS.

(a) GENERAL RULE.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) QUALIFIED PROGRESS EXPENDITURES.—

"(1) IN GENERAL.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) PROGRESS EXPENDITURE PROPERTY DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clause (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) NORMAL CONSTRUCTION PERIOD.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) QUALIFIED PROGRESS EXPENDITURES DEFINED.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) SPECIAL RULES FOR APPLYING PARAGRAPH (3).—For purposes of paragraph (3)—

"(A) COMPONENT PARTS, ETC.—Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) CERTAIN BORROWINGS DISREGARDED.—Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) CERTAIN UNUSED EXPENDITURES CARried over.—In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) Determination of percentage of completion.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) No qualified progress expenditures for certain prior periods.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later before the first day of the first taxable year to which an election under this subsection applies).

"(F) No qualified progress expenditures for property for year it is placed in service, etc.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property,

or for any taxable year thereafter.

"(5) Other definitions.—For purposes of this subsection—

"(A) Self-constructed property.—The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

'(B) Non-self-constructed property.—The term 'non-self-constructed property" means property which is not self-constructed property.

"(C) Construction, etc.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) Only construction of section 38 property to be taken into account.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) Election.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) Transitional rules.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	The applicable percentage is:
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100;

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount for each such preceding taxable year.

For purposes of this paragraph, the term 'full amount', when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) Conforming Amendments.—

(1) Amendment of section 46(c).—Section 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) Coordination with subsection (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leaseback described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d), to the extent the amount so treated has not been required to be recaptured by reason of section 47 (a)(3)."

(2) Amendment of section 46(a)(1).—Paragraph (1) of section 46(a) (as in effect without the amendment made by section 301(a)) is amended by striking out "(as defined in subsection (c))" and inserting in lieu thereof "(as determined under subsection (c) and (d))".

(3) Disposition, etc.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) Property ceases to be progress expenditure property.—

"(A) In general.—If during any taxable year any property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) Certain excess credit recaptured.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46(c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) Certain sales and leasebacks.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48(d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property does not exceed the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) Coordination with paragraph (1).—If after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) Clerical Amendments.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(3)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48(d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

Sec. 303. Increase in corporate surtax exemption.

(a) General Rule.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(b) Technical and Conforming Amendments.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

Sec. 304. Effective dates.

(a) For section 301.—

(1) Increase of investment credit to 10 percent.—The amendments made by subsections (a) and (b)(1) of section 301 shall apply to—

(A) property placed in service after January 21, 1975, and before January 1, 1976, in taxable years ending after January 21, 1975,

(B) property—

(i) acquired pursuant to orders placed before January 1, 1976, and

(ii) placed in service in 1976 in taxable years ending after December 31, 1975,

(C) property the construction, reconstruction, or erection of which is completed by the taxpayer and which is placed in service after December 31, 1975, but only to the portion of the basis of such property which is properly attributable to construction, reconstruction, or erection by the taxpayer after January 21, 1975, and before January 1, 1976, and

(D) qualified progress expenditures, as described in section 46(d) of the Internal Revenue Code of 1954, made after January 21, 1975, and before January 1, 1976, but only to the portion of the basis of the progress expenditure property, as described in such section 46(d), which is properly attributable to construction, reconstruction, or erection for the taxpayer after January 21, 1975, and before January 1, 1976.

(2) Increase in 50-percent limitation.—The amendment made by subsection (b)(2)

of section 301 shall apply to taxable years beginning after December 31, 1974.

(3) Increase in limitation on used property.—The amendments made by subsection (d) of section 301 shall apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(b) For Section 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(c) For Section 303.—

(1) In general.—The amendments made by section 303 shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply for taxable years ending after December 31, 1975.

(2) Changes treated as changes in tax rate.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) Increase in Surtax Exemption, Etc.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303, and the change made by the second sentence of section 304(c)(1), of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) and in section 962(c) (relating to individuals electing to be taxed at corporate rates) shall each be treated as a change in a rate of tax."

TITLE IV—REPEAL OF PERCENTAGE DEPLETION FOR OIL AND GAS

Sec. 101. Repeal of oil and gas depletion.

(a) Section 613(b)(1)(A) of the Internal Revenue Code is amended by striking out the words "oil and gas wells," and by substituting therefor the words "certain gas wells as defined in subsection (e)."

(b) Section 613(b)(7) of such Code is amended by:

(1) Deleting "or" at the end of subparagraph (A) thereof;

(2) Deleting the period at the end of subparagraph (B) thereof and by inserting, in lieu thereof, "; or"; and

(3) Adding the following new subparagraph after such subparagraph (B):

"(C) Oil and gas wells."

Sec. 102. Certain gas wells.

The following new subsection is added to section 613 of the Internal Revenue Code:

"(e) Special Rule for Certain Gas Wells.—

"(1) The gas wells referred to in section 613(b)(1)(A) are—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2)(A) The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times after before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975 shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) The term 'domestic' refers to petroleum from an oil or gas well located in the United States or in a possession of the United States.

"(D) The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(E) The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976 subject to the jurisdiction of the Federal Power Commission the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975 shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence."

Sec. 103. Effective dates.

The amendments made by section 101 and 102 of this bill shall apply to oil and gas produced on or after January 1, 1975.

Sec. 104. Reform of percentage depletion in case of oil and gas wells.

(a) In General.—Part I of subchapter I chapter 1 (relating to deductions with respect to natural resources) is amended by adding at the end thereof the following new section:

"Sec. 613A. Denial of percentage depletion in case of oil or gas well.

"(a) General Rule.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without reference to section 613.

"(b) Special Rule for Certain Gas Wells.—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2) Definitions.—For purposes of this subsection—

"(A) Natural gas sold under a fixed contract.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter and before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) Regulated natural gas.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of percentage depletion. Price increase subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) Small Producer Exemption.—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the producer's average daily production of domestic crude oil as does not exceed 3,000 barrels, and

"(B) so much of the producer's average daily production of domestic natural gas (other than natural gas with respect to which subsection (b) applies) as does not exceed 18,000,000 cubic feet.

"(2) Average daily production.—For purposes of paragraph (1)—

"(A) the producer's average daily production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, shall be determined by dividing his aggregate production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies) during the taxable year by the number of days in such taxable year, and

"(B) in the case of a producer holding a partial interest in the production from any property (including an interest held in a partnership or joint venture), such producer's production shall be considered to be an amount of such production determined by multiplying the total production of such property by the producer's percentage participation in the revenues from such property.

"(3) Exemptions to be determined on a proportionate basis.—

"(A) Domestic crude oil.—If the producer's average daily production of domestic crude oil exceeds the producer's exemption under this subsection, the barrels to which this subsection applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as the number of barrels to which this subsection applies bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) Domestic natural gas.—If the producer's average daily production of domestic natural gas exceeds the producer's exemption under this subsection, the production of domestic natural gas to which this subsection applies shall be determined by taking from the production of each property a number of cubic feet of natural gas (not including natural gas to which subsection (b) applies) which bears the same proportion to the total production of the producer for such year from such property as the number of cubic feet of natural gas to which this subsection applies bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) Business under commission control; members of the same family.—

"(A) Component members of controlled group treated as one producer.—For purposes of this subsection, corporations which are members of the same controlled group of corporations shall be treated as one producer.

"(B) Aggregation of business entities under common control.—If 50 percent or more of the beneficial interest in two or more corporations, trusts, or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), or if 50 percent or more of the beneficial interest in one or more corporations, trusts, or estates is owned by a person who has income from the production of oil or gas, the exemptions provided by this subsection shall be allocated among all such corporations, trusts, estates, and persons in proportion to the respective production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, during the period in question by such entities.

"(C) Allocation among members of the same family.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil or natural gas during the period in question by such individuals.

"(5) Definition and Special Rules.—For purposes of this subsection—

"(A) The producer of crude oil or natural gas means the person whose liability for tax under this chapter will be affected by the deduction allowed for depletion with respect to such crude oil or natural gas, except that in the case of a subchapter S corporation, the corporation and not the shareholder shall be considered the producer, and in the case of an estate or trust the producer shall be the person entitled to the depletion deduction under section 611(b).

"(B) The term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that 'more than 50 percent' shall be substituted for 'at least 80 percent each place it appears in section 1563 (a).

"(C) A corporation is a related person to another corporation if such corporations are members of the same controlled group of corporations, and a person is a related person to another person, if the relationship between such persons would result in a disallowance of losses under section 267 or 707 (b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(D) The family of an individual includes only his spouse and minor children.

"(6) Transfer of oil or gas depletion property.—

"(A) In the case of a transfer (as defined for these purposes under regulations prescribed by the Secretary or his delegate), of any oil or gas depletion property after March 17, 1975, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such oil or gas depletion property. For purposes of this paragraph the term 'oil or gas depletion property' means any property interest (including an interest in a partnership, trust, or estate) with respect to the income from which a deduction for depletion is allowable under section 611 for domestic crude oil or domestic natural gas but only if the principal value of the property has been demonstrated before such transfer by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of (i) a transfer of an oil or gas depletion property at death, or (ii) a transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated among the transferor and transferee by reason of paragraph (4)(B).

"(d) Limitation Based on Qualified Investment.—

"(1) General rule.—So much of the deduction allowed for depletion as is computed by reference to section 613 by reason of subsection (c) shall not exceed for any taxable year an amount equal to the sum of the producer's qualified investment and qualified investment carryover for the taxable year.

"(2) Qualified investment.—For purposes of paragraph (1), any person's qualified investment for any taxable year is the amount paid or incurred by such person during such taxable year (with respect to areas within the United States or a possession of the United States) for—

"(A) intangible drilling and development costs;

"(B) the following items if paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States:

"(i) aerial photography;

"(ii) geological mapping;

"(iii) airborne magnetometer surveys;

"(iv) gravity meter surveys;

"(v) seismograph surveys; or

"(vi) similar geological and geophysical methods;

"(C) the construction, reconstruction, erection, or acquisition of the following items, but only if the original use of such items begins with such person:

"(i) depreciable assets used for the exploration for or the development or production of oil or gas (including development or production from oil shale); converting oil shale, coal, or liquid hydrocarbons into oil or gas; or refining oil or gas (but not beyond the primary product stage);

"(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines.

"(D) secondary or tertiary recovery of oil or gas, including remedial work necessary to maintain or restore primary production, or

"(E) the acquisition of oil and gas leases but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpayer under subparagraphs (A), (B), (C), and (D) for such period.

"(3) Qualified investment carryover.—For purposes of paragraph (1), a producer's qualified investment carryover shall be the amount, if any, by which the amount of the producer's qualified investment for the preceding taxable year exceeds so much of the deduction allowed for depletion as is computed under section 613 by reason of subsection (c) (determined without regard to this subsection) for such preceding taxable year.

"(4) Royalty owners.—Paragraph (1) shall not apply in the case of any producer for depletion with respect to a producer's share of production from a royalty interest.

"(e) Producer Must Be Independent.—

"(1) Retails excluded.—Subsection (c) shall not apply in the case of any producer who directly, or through a related person, sells gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils, or diesel fuel—

"(A) through any retail outlet operated by the producer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the producer or a related person to use a trademark, trade name, or service mark or name owned by such producer or a related person, in marketing or distributing gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils or diesel fuel, or

"(ii) given authority pursuant to an agreement or contract with the producer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(2) Related person.—For purposes of this subsection, a person is a related person with respect to the producer if a significant ownership interest in either the producer or such person is held by the other, or if a third person has a significant ownership interest in both the producer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(f) Definitions.—For purposes of this section—

"(1) Crude oil.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(3) Domestic.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) Barrel.—The term 'barrel' means 42 United States gallons.

"(b) Technical Amendments.—

"(1) Subparagraph (A) of section 613(b) (1) (relating to 22 percent of depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas, to the extent allowable under section 613A;

"(2) The last sentence of paragraph (7) of section 613(b) (relating to 14 percent depletion rate for certain other minerals) is amended by striking out "or at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells."

(c) Clerical Amendment.—The table of sections for part I of subchapter I of chapter 1 is amended by inserting after the item relating to section 613 the following new item:

"Sec. 613A. Denial of percentage depletion for oil and gas wells."

Mr. ALLEN. Mr. President, I yield myself such time as I may require.

The distinguished Senator from Louisiana objected to the amendment offered by the Senator from Alabama on the ground that there would be a loss of revenue to the Treasury, and that is certainly true, though the Senator from Alabama felt that, with the conferees on the part of the Senate in full control of the amendment in the conference, it could be passed in such a way as to grant to farmers the opportunity of passing on their farms to their families, and keep the family farms in operation without the rest of the family having to sell the farm in order to pay the inheritance tax.

The amendment offered by the Senator from Alabama at this time, when we are talking about saving money for the Treasury, would save anywhere from $11 to $13 billion or $14 billion over the bill as it exists at this time. This may well be the last call tonight for fiscal responsibility and fiscal sanity.

This substitute which the Senator from Alabama has offered takes the House bill, which was in the vicinity of a $20 billion reduction and adds the Bentsen amendment to the House bill.

We all know what the Bentsen amendment would do: We approved of it here in the Senate, on the Senate floor. This is an opportunity, I will say to the Members of the Senate, to save the Treasury from $11 to $13 billion, because the bill would go to conference with the provisions of the House bill and the Bentsen amendment added, so that all that the conferees would have to consider would be the matter of the oil depletion allowance—the difference between the House cutting it out and the Bentsen amendment saving it for small—or I withdraw the word "small," because it preserves the exemption for independents that produce up to 3,000 barrels of oil a day.

So that is all that would be left.

The reason I am not able to give an exact estimate as to the saving that this amendment would accomplish is that we have not had any estimates out of the committee in quite some time.

The Mansfield motion for the recommittal of the bill, and its reporting back forthwith to the Senate, was a barebone substitute of some $31 billion. Numerous additions have been made since that time, and so we have not had any estimate. and I hope that the Senator from Louisiana would give us an estimate other than just saying it is about $30 billion that the Senate bill has in cuts and rebates.

Well, Mr. President, I do not feel that a tax reduction measure calling for reductions and rebates of around $33 billion and, possibly, a whole lot more, is in order at this time when even with the President's estimates and his proposals on tax reduction and tax refund there is going to be a $52 billion deficit.

When you add these additions on, if the Senate passes a $33 to $35 billion tax reduction, and the House goes along somewhere in the neighborhood, and the Senate continues adding spending programs, Congress continues adding spending programs, I intended to say, this deficit could get up in the neighborhood of $90 to $100 billion just at a time when the economy is showing some signs of improving perking up, and we have a whole lot of overkill in this bill.

So, if we are anxious to save money for the Treasury, here is an opportunity to do it. The House passed a pretty good bill, and we can take that bill with the amendment that the Senator from Alabama has offered, put on the Bentsen amendment, and save some $11 to $13 billion for the treasury.

Are we interested in doing that? It remains to be seen. We worked for 2 days here in the Senate marching up the hill and down the hill on this bill. The work of 2 days was wiped out by the Mansfield motion which, by the way, was, one reason for it apparently was, to provide the method to get in this matter of the gift of $100 to social security and other Federal program beneficiaries.

So, Mr. President, give us an opportunity to see how much we really want to save money for the Treasury, whether we are willing to have a $31 to $33 to $35 billion outlay by the Treasury in these critical times.

If we do, vote down the amendment, and I am satisfied it will be voted down, but that does not prevent the Senator from Alabama to at least make the effort.

The Senator from Alabama would like to see the refunds and tax cuts cut down somewhere in the neighborhood of the figure that the President recommended, and in the neighborhood of the amount that the House approved.

I do not see why it is the Senate always has to add to the programs and the appropriations that the House sends over to us. But that seems to be the custom.

So, Mr. President, as the last opportunity we are going to have with respect to this bill, because I do not believe there are more than one or two more amendments, this would be a complete substitute, would cut off further amendments, would freeze the payout by the Treasury after the $20 billion figure, and would save the taxpayers from $11 to $13 billion.

I do not know what support this amendment will draw, but if any Senators are interested in cutting the present bill down by from $11 to $13 billion, here is the opportunity. They will not get another one, because there is no other single amendment at the desk that would accomplish what this amendment will do. So far as the Senator from Alabama knows, this is the only substitute at the desk. This is the last opportunity for economy, the last call, the last call for economy. We will not get many more opportunities like this, and I hope the Senate will avail itself of this opportunity to save $11 to $13 billion. It may be $15 billion, I do not know. We have not had an advisory opinion recently on this amount.

There was an amendment passed, either yesterday or today, adding $800 million to the payout. I am sure that the Senator from Louisiana can furnish us with a pretty good estimate on the amount of money this is going to cost the taxpayers. It is not just a payout that we have before us, it has got to come out of somebody's pocket.

Well, this amendment the Senator from Alabama is offering is a taxpayers' protection amendment, a TPA. You hear a lot about CPA, this is TPA—taxpayers' protection amendment. That is what the Senator from Alabama is offering.

Mr. President, I call for the yeas and nays on the amendment.

The **PRESIDING OFFICER**. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Alabama. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. **ROBERT C. BYRD**. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Missouri (Mr. SYMINGTON), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. MCGOVERN) is absent on official business.

Mr. **HUGH SCOTT**. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Michigan (Mr. GRIFFIN), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), the Senator from Texas (Mr. TOWER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Texas (Mr. TOWER), and the Senator from Ohio (Mr. TAFT) would each vote "yea."

The result was announced—yeas 36, nays 52, as follows:

[Rollcall Vote No. 109 Leg.]

YEAS—36

Allen
Baker
Bartlett
Biden
Brock
Buckley
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chiles
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Garn
Goldwater
Gravel
Hansen
Helms
Hruska
Laxalt
Mansfield
McClellan
McClure
McGee
Morgan
Nunn
Pell
Randolph
Scott,
  William L.
Stennis
Stone
Thurmond

NAYS—52

Abourezk
Bayh
Beall
Brooke
Bumpers
Cannon
Case
Church
Clark
Cranston
Culver
Ford
Glenn
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mathias
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Pastore
Pearson
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Talmadge
Tunney
Weicker
Williams

NOT VOTING—11

Bellmon
Bentsen
Griffin
McGovern
Packwood
Sparkman
Stevens
Symington
Taft
Tower
Young

So Mr. ALLEN's amendment was rejected.

AMENDMENT NO. 155

Mr. **MATHIAS**. Mr. President——

The **PRESIDING OFFICER**. The Senator from Maryland.

Mr. **MATHIAS**. I call up amendment No. 155.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

On page 56, line 20, strike the quotation marks and insert the following: "The Secretary or his delegate may further amend such tables in order to reduce excess withholding means the amount by which funds withheld exceed tax obligations actually incurred by the taxpayer.".

Mr. **MATHIAS**. Mr. President, this is a brief amendment which empowers the Secretary of the Treasury or his delegate to amend the withholding tables in the Internal Revenue Code in order to reduce excess withholding.

The principle which I seek to support is that withholding should approximate the actual tax obligations of individual American citizens. The fact is that in recent years, withholding has exceeded taxes actually owed by over $20 billion per year. This means that approximately $1.20 was withheld from paychecks for every $1 actually owed to the Government.

This gross overwithholding results from several factors. In some cases, individuals prefer to have more withheld from their paychecks than they actually owe so that they receive a refund each April. In other cases, the withholding tables do not recognize the realities of the working lives of individuals. In still other cases, wage earners could reduce the amount which is withheld from their paychecks, but only by filing forms which are either unknown to them, or unavailable, or at least difficult to obtain or to understand. In any case, the result is massive overwithholding by the Federal Government of money which belongs not to the Government but to individual Americans.

There are several reasons why this excess withholding is undesirable. First, all withholding denies citizens the use of their money between the time at which it is earned and the time at which payment of a tax is due. The citizen does not receive interest from the Government on the amount withheld, nor can he invest it himself in a business venture or a savings account. He cannot pay a pressing bill early in the year, some 15 months before a tax is actually due. Indeed, money withheld is, for the wage earner, money the fruits of which are never attained nor attainable, until the refund check finally arrives.

Moreover, money withheld from the taxpayer is money that does not flow freely through our economy encouraging the very purchases of goods and services which the Congress is trying to encourage by enacting this tax reduction act. A reduction of excess withholding frees this money from the clasp of the Government for circulation through the private economy.

Indeed, a study undertaken at my request by the Library of Congress a year ago showed that if we had cut withholding rates at that time by 8 percent, the economy would have been stimulated, over 200,000 new jobs created, inflation reduced, and the Government deficit actually slashed. If we had acted then, we would not be confronted today with the dire economic statistics which leap at us from the front pages of our daily newspapers, or appear in human form at the unemployment bureau, the closed factory gates, or the supermarket lines. The lives of millions of Americans would today be more prosperous and more rewarding. And the Federal deficit, instead of being monumentally increased by a tax cut bill of this proportion, would have been reduced by the taxes paid by people put to work and businesses with increased sales and production.

Mr. President, this amendment makes economic sense. It also makes our Tax Code more fair and equitable. I urge its adoption by the Senate.

Mr. MATHIAS. Mr. President, I believe this amendment can be unique this evening——

The PRESIDING OFFICER. The Senator will suspend.

The Senate will be in order and the Senators will take their seats.

The Senator from Maryland.

Mr. MATHIAS. Mr. President, I believe this amendment will be unique, first because it will not cost the Treasury a nickel, not even a penny and, second, because I think it can be presented in record time.

All it does, Mr. President, is it addresses the problem of overwithholding.

The Treasury annually overwithholds $20 billion of taxpayers' money that they do not owe. For every dollar of tax owed, the Treasury takes $1.20 in withholding. Ultimately, that money comes back, but in this particular climate, in this particular time, every American family needs every penny to pay the grocery bill and the rent. I think it is very unfair for the Government to take $1.20 for a dollar that is owed. All we do by this amendment is empower the Secretary to adjust the withholding tables to recognize the overwithholding, to take from the taxpayer what is fairly due, and to leave to the taxpayer the money that he or she has earned to pay their family expenses. It does not mandate it; it does not direct it. It empowers the Secretary to do it. As in section 204 of the bill, the Secretary is empowered to adjust tables in other respects. That is the amendment.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, what the Senator overlooks is that a great number of taxpayers use the withholding system as a way of actually saving. A lot of taxpayers like to claim fewer exemptions than they are entitled to claim so that at the end of the year they will have money coming back to them.

What this amendment would do, to a considerable degree, would be to delegate the taxing power to the executive branch of Government. I do not know why we would want to do that. It would seem to me that we would do just as well to leave the taxing power where it is, in the Congress. Our staff has studied it and they do not think it is a good idea.

I would think, Mr. President, if we are to do something of this sort, it could well be subject to some study, to know what the Treasury suggestions would be in this area, and to see the various suggestions that could be made to a committee headed by the Senator from Colorado (Mr. HASKELL) who is very diligently studying the procedures of the Internal Revenue Service.

In my judgment, there are a number of reasons why this amendment should not be agreed to. It may very well be that in further hearing and study someone might find ways to improve on the system, but in my judgment this amendment creates, and I say this with the advice of the joint committee staff, more problems than it solves.

Mr. MATHIAS. Mr. President, very briefly to respond to the distinguished chairman of the committee, I recognize the argument will be made that some people enjoy the refunds. They like to get a refund after they have filed their tax return. But I do not think it can be said that everybody who receives a refund deliberately arranged to have his taxes overwithheld.

Even those who may want to err on the side of safety, so that they do not have to make up the deficit when they file their return, did not contemplate that they would have a 20-percent overwithholding. They did not contemplate that $20 billion in taxes would be overwithheld that were not due from the taxpayer.

I think that at this particular moment in America's economic history, it is an unfair imposition on our taxpayers to make this kind of an overwithholding.

Furthermore, with regard to the powers delegated to the Secretary, there is no greater power delegated to the Secretary by this amendment than is already delegated to the Secretary under section 204 of the bill as it now stands.

So, Mr. President, I urge the Senate to adopt this amendment.

Mr. LONG. Mr. President, there are now devices in the tax system available to all taxpayers, completely legal, whereby the taxpayer can have the Treasury overwithhold if he wants that done. Some taxpayers have explained to me their reasons why they wanted their taxes overwithheld.

I move to lay the amendment on the table.

Mr. MATHIAS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that the vote be a 10-minute vote.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Missouri (Mr. SYMINGTON), are necessarily absent.

I further announce that the Senator from South Dakota (Mr. McGOVERN) is absent on official business.

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Michigan (Mr. GRIFFIN), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), the Senator from Texas (Mr. TOWER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "nay."

The result was announced—yeas 52, nays 36, as follows:

[Rollcall Vote No. 110 Leg.]

YEAS—52

Abourezk
Allen
Bayh
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Church
Clark
Cranston
Culver
Dole
Eagleton
Eastland
Fannin
Glenn
Gravel

Hansen
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hathaway
Helms
Huddleston
Humphrey
Inouye
Jackson
Johnston
Leahy
Long
Magnuson
Mansfield
McClellan
McClure

McGee
McIntyre
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Ribicoff
Stennis
Stone
Talmadge
Tunney
Williams

NAYS—36

Baker
Bartlett
Beall
Biden
Brock
Brooke
Buckley
Bumpers
Case
Chiles
Curtis
Domenici
Fong
Ford
Garn
Goldwater
Hatfield
Hollings
Hruska
Javits
Kennedy
Laxalt
Mathias
Metcalf
Montoya
Pearson
Percy
Randolph
Roth
Schweiker
Scott, Hugh
Scott, William L.
Stafford
Stevenson
Thurmond
Weicker

NOT VOTING—11

Bellmon
Bentsen
Griffin
McGovern
Packwood
Sparkman
Stevens
Symington
Taft
Tower
Young

So the motion to table was agreed to.

UNANIMOUS-CONSENT REQUEST

Mr. MANSFIELD. Mr. President, while we have such good attendance, I should like at this time, first, to ask how many more amendments there are which will be offered this morning. Four.

Second, I think I should announce to the Senate—and I feel like Daniel in the lion's den in so doing—that the Senate has agreed to a unanimous-consent proposal that it take up the agriculture bill at 9 o'clock in the morning. I wish at this time to ask unanimous consent that the time be changed to 11 o'clock Monday morning. Anybody who wishes to object can knock it off.

Mr. HUDDLESTON. Mr. President, reserving the right to object, I inquire of the majority leader whether or not there is a possibility that we might set a time certain on Monday for a vote on *final* passage of the farm bill.

Mr. MANSFIELD. I am prepared to make such a proposal, with little hope of success. May I say that the reason for the change from Saturday to Monday is due to the possibility of a filibuster to a particular amendment by a Member on the Democratic side, plus objections of other Members on the Democratic side, plus objections of Members on the Republican side. It is most difficult to find a way in a period such as this on which all Members can agree, and there are Members who, if the Monday date is agreed to, will be very much put out and very unhappy because of that change. But no matter what day we pick, that would very likely be the result.

Mr. ALLEN. Reserving the right to object, I shall not object. I am wondering; the distinguished majority leader gave us some rather frightening news there when he said that a filibuster was in prospect. I wonder if the distinguished majority leader had possibly heard that the Senator from Alabama might engage in any such nefarious practice.

Mr. MANSFIELD. No, the word "filibuster," I think, was overused in this instance. "Delay" might have been a better word, and a number of amendments might well have been offered dealing with the same subject.

Mr. ALLEN. That is actually not attributed to the Senator from Alabama, I think.

Mr. MANSFIELD. No, whenever he filibusters, the whole world knows it.

Mr. WEICKER. Reserving the right to object. Is it the intention of the distinguished majority leader that we shall then, on Monday, actually consider the agriculture bill, with whatever votes might occur, and that we will probably also have to continue on, to consider the conference report vis-a-vis the legislation which is now being considered by the Senate?

Mr. MANSFIELD. Yes.

Mr. WEICKER. Is this merely something that is expected to fade away, or are we actually expected to work during the course of the session next week?

Mr. MANSFIELD. No; the joint leadership considered the possibility of coming in on Monday or Tuesday in the hope of having a reading at that time from the conference on the tax bill to decide what should be done subsequent to that period. But if the agreement is reached to come in on Monday, rather than on Saturday, I add a further caveat to the effect that no votes occur before 4 o'clock—again to try to comply with the wishes of Members on both sides of the aisle who find themselves in difficulties of sorts.

I yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding. Is it the intention of the Senator from Montana that we should go to final passage of the agriculture bill, or is it, as some have it, that there should be general discussion and vote on amendments, with final passage coming after the recess?

Mr. MANSFIELD. The personal wish of the Senator from Montana is that we be able to finish the bill on the day we take it up. But I am not at all sure that that will be possible. I shall do everything I can, and this fits in with the suggestion made by the distinguished Senator from Kentucky, to see that the matter be brought to a conclusion on that particular day because, except for one amendment that I know of, there is not much in the way of roadblocks in the consideration of that legislation.

Mr. TALMADGE. Will the distinguished majority leader yield at this point?

Mr. MANSFIELD. Yes, indeed.

Mr. TALMADGE. The Committee on Agriculture and Forestry today approved the House bill with some amendments, by a unanimous vote. This is an emergency bill. The reason we think that time is of the essence is because farmers in the South and in the Southwest are planting their crops at the present time. Farmers throughout the United States are making plans as to what crops they will plant. Those decisions take time. Before one plants a crop, one must arrange financing, one must get the necessary machinery, must acquire the necessary labor, must acquire the necessary fertilizer. In some instances, one must acquire the land. More than 8 million people who farm for a living in the United States of America are entitled to know what they can expect of their Government this year and they are entitled to know soon. They ought not to be kept waiting any longer. So I hope that the Senate can expeditiously act on this bill not later than Monday.

As the Senate knows, we had a unanimous-consent agreement to come in this morning, 8 hours and 40 minutes from now, to act on this bill with a 2-hour limitation on the bill, 30 minutes on each amendment. There was some objection interposed on the part of one Democratic Senator. The leadership discussed it with me, with the ranking minority member of the Agriculture and Forestry Committee, and several other Senators. Since I have been in the Senate, for 18 years, I have never asked the leadership of this party to postpone a bill for the convenience of the Senator from Georgia. I have canceled engagements already for Atlanta, Ga., tomorrow night, on the assumption that the Senate would act on this bill today. I have never quibbled with the leadership about when they ought to schedule matters for consideration by this body. I realize that the leadership needs flexibility in order to try to accommodate themselves to the difficult task which they undertake.

We have 99 Senators—100 Senators—who have different points of view, different reservations, and different timetables. I would hope that the request of the majority leader would be acceded to. I would hope that we could come in at 11 a.m. Monday in accordance with the request that he has made, and I would hope that this body could complete action on that bill expeditiously Monday, in order that those who farm for a living in this Nation will know what to expect this year.

Several Senators addressed the Chair.

Mr. MANSFIELD. I yield to the Senator from Tennessee.

Mr. BROCK. Mr. President, I would just like to ask, since there are an awful lot of Senators who have canceled, as has the Senator from Georgia, things for tomorrow, and the Senator did not——

Mr. MANSFIELD. Today.

Mr. BROCK. Well, all right, today, Saturday. I wonder if it would not be possible, or what the logic is of putting the debate over. I am not sure that I really understand why we cannot proceed at least to begin the debate tomorrow, as was requested and agreed to by virtually all Senators in the Chamber.

Mr. MANSFIELD. We could. All a Senator has to do, one Senator, is to interpose an objection to the unanimous-consent request I made.

The same arguments would prevail for Monday and Tuesday, as would prevail for today. There is no way under God's green earth that you can find a solution which will take care of all the 100 Senators of this body at this particular time, in view of the expectations of some days ago.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. MANSFIELD. Yes, indeed.

Mr. McCLURE. There is, as I understand it, an existing agreement under which the bill would be considered today if there were objection to the pending request of the Senator from Montana?

Mr. MANSFIELD. Yes; it would be considered beginning shortly after 9 o'clock this morning.

Mr. McCLURE. Will the Senator yield further?

Mr. MANSFIELD. Yes.

Mr. McCLURE. Had the Senator from Utah (Mr. Moss) indicated any preference whether it be on Monday as compared to Saturday? He is the gentleman who made some comment earlier about bringing it up on Saturday.

Mr. MANSFIELD. The Senator from Utah will have to speak for himself. I yield to him for that purpose.

Mr. MOSS. Mr. President, I am glad to respond to that. The Senator from Utah did not ask for the change; it was requested by others.

I would like to point out that we still do not have a report. If we start in the morning and spend 8 hours on this thing, we are going to be starting blind. We do not even have anything to look at, to find out what we are talking about. Therefore, it made sense to me to go over to Monday, and I agreed to it.

I, too, have canceled things for tomorrow and all next week. I have done those things just because, for some reason, we want to get on the agriculture bill. The Senator from Georgia thinks it is because the farmers have to know when to plant; but the Senator from Georgia tells me there will not be any attempt even to go to conference until after we come back. The Senator from Utah offered to come back in on the day we come in after we have had our nonlegislative period, to come in and, under a time limitation, present a single amendment, have it voted up or down, and have the bill done with. But that was not accepted. Therefore, I must take the course I took.

Mr. PASTORE. Mr. President, will the majority leader yield?

Mr. MANSFIELD. First I yield to the Republican leader. Then I will yield to others.

Mr. HUGH SCOTT. Mr. President, I must say I am in agreement with the distinguished Senator from Tennessee. One suspects that more than half the Senators in this Chamber have canceled engagements for tomorrow. I suppose we are considering the greatest good for the greatest number, and we have got to get the fertilizer down to the farmers. The Senate is, of course, in an exporting position in that regard. [Laughter.]

But I think we ought to recess, come in tomorrow, and finish this bill, if we can, tomorrow or Monday.

Mr. MANSFIELD. I yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I agree. There is a dimension here that has not been discussed. Here it is, 25 minutes past 12. There is no guarantee that we will get out of this Chamber much before 2 o'clock. By the time we get back home and ready for bed, it will be 3 o'clock in the morning, and after all, even the Constitution provides against cruel and unusual punishment. After all, we are dealing with the people's business, and I think we ought to deal with it with clear, cool, and rested heads.

Senators know all the machinations that can take place in this Chamber. We could be harassed and harassed and harassed with live quorum calls, and maybe accomplish little or nothing. After all, the difference between Saturday and Monday is not going to hurt the farmers too much, and if the agreement has already been made, why do we not just do it that way, and come back here Monday? We have to come back anyway to discuss the conference report, and in all probability a conference will be held over the weekend, so that we can wind up this matter.

We have to come back anyway. Give us a break on this weekend. We came in here at 8 o'clock this morning, and here it is, 12:30 the next day, and God knows when we are going to get out of here tonight. To come back here after 4 or 5 hours and take up an important bill, where we do not even have the report, I do not think that augurs well with the people.

Monday is not very much different than Saturday. I realize Senators have called off engagements, and I would hope the agreement being suggested by the majority leader will be agreed upon, we will come back here Monday, and I think we will all have a better frame of mind. We will not have the harassment that we would have tomorrow. We went through that on the change of rules, how much one Member can stand up and harass this body, and ask for a live quorum with every single amendment he proposes, and by 5 o'clock we would not have accomplished anything anyway. I think we ought to go home, come back Monday, and do the people's business.

Mr. MANSFIELD. I yield to the Senator from California.

Mr. TUNNEY. Mr. President, I do not think any Senator wants to ask the entire Senate to make accommodations, change the entire schedule for him, and I certainly would not ask that myself.

On the other hand, I understood until approximately an hour ago that we were going to have a Saturday session, and as a result of that I canceled, as many other Senators did, a trip to California in which I had several meetings of great importance. They are of no importance to anyone else in this Chamber, but they are of great importance to me, because I am up for reelection next year. I wanted to go to those meetings. Some of them were groups of several hundred people that I was speaking to.

I cannot help but feel that by puting this off until Monday we are making a personal accommodation for some Senators who feel they do not want to be here on Saturday; they would rather be here on Monday than Saturday.

Well, that is fine, except for the fact that we had unanimous-consent agreement that was in being for many days, and many of us understand that we were going to be coming in on Saturday.

The one thing that I have heard in the corridors of the Senate and in the cloakroom more than any other thing about the scheduling, and recognizing the terrible difficulty that the majority leader has in scheduling the business of this body to make accommodations to fit the schedule of everyone, is the need for some degree of security and knowledge of what the program is going to be in the days ahead, so that we can make plans.

I think that the majority leader has an impossible task, quite frankly, in trying to make that schedule so that it does serve for the benefit of the Nation as well as individual Senators. But I just cannot help but feel that if we have had a schedule that was planned for many days now, with a unanimous-consent agreement to come in on Saturday, and many of us have canceled our Saturday schedules to be sure that we are here, and now we are going to put it off until Monday, which will mean we will have to cancel our schedule for Monday after we have already canceled for Saturday, it just is not fair. I am loath to object, as one person, in order to satisfy or accommodate myself; but I cannot help but have the feeling that the accommodation that is being made for Monday is to satisfy the individual schedules of a few other Senators around here.

Mr. MANSFIELD. May I say that I certainly appreciate the sentiments of the distinguished Senator from California, and if he feels strongly enough all he has to do is to object to the unanimous-consent request, and we will do our best to come in this morning.

What I am trying to do is to find a way out of a labyrinth in which we find ourselves because of circumstances over which we do not have too much control.

I yield to the Senator from Kentucky as I agreed to.

Mr. HUDDLESTON. Mr. President——

Mr. MANSFIELD. I wish somebody would say yes or no.

Mr. WEICKER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. That is it. Objection is heard.

Mr. CHILES. Mr. President, will the leader yield? I wonder if there is not a way to try to find a way around there. It seems we really have more than one problem. We have got to also concern ourselves with returning or coming back for the conference report on the tax bill when we finish that. I would guess that perhaps the best chance that that would happen would be, say, around Wednesday, that that conference report might be up. I wonder if we came in tomorrow, and if we know that the Senator from Utah is going to hold us beyond tomorrow, and that is his right, and if we knew that, would we not be better off to come in tomorrow, file a cloture motion, call that motion up on Wednesday, and then if we come in, if we get cloture on Wednesday, we would know that we would be able to finish the bill, plus have a good shot at taking up the conference report on the tax thing, and we would know 3 or 4 days in advance so we could at least make our schedules and tearing them up for Wednesday.

SEVERAL SENATORS. Vote.

Mr. MANSFIELD. Mr. President, the regular order, please. A Senator is entitled to be heard.

Mr. CHILES. That may be the basis on which we could get out. If we come in tomorrow we are not going to finish the bill. If we come in Monday we are not going to finish the bill. So we are going to waste those days. It would seem much better if we laid down a cloture motion and go about our business until Wednesday when we take up the cloture motion.

Mr. MANSFIELD. It is perfectly legitimate and within the rules of the Senate, and if the Senator desires to do so or any Senator, he can do so on that basis.

I yield to the Senator from Maryland. I am using my time under the cloture.

Mr. BEALL. Before the Senator from Florida made his suggestion, I was going to suggest it might be accommodating to most of the Senators if the conference report and the agricultural bill would be considered on the same day because that is something that could be worked out. It is a good idea that when the conference report comes back that we start the agricultural bill and——

Mr. MANSFIELD. If it works that way it would be fine. But we do know we have an agricultural bill before us, and we do not know as yet when a conference report will be available.

I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I would like to point out that none of us has seen a report of the agricultural bill, and the final effect upon the cotton farmers in my State who are very strongly opposed.

Mr. PASTORE. Mr. President, may we have order. I would like to hear the Senator.

Mr. GOLDWATER. They are opposed to the legislation as we heard it.

I think it is very wrong for this body to consider such important legislation as agriculture within a few hours when we have not even seen what we are going to talk about, and when they have already entered into a unanimous-consent agreement to vote tomorrow. I do not see how you can do this in good conscience, and I suggest that it is rather useless to call this an emergency bill. Farmers know when they are going to plant. They know pretty much what they are going to plant, and they know how much money they are going to need, and they know all about fertilizer. [Laughter.]

I would certainly hope that the decision made by the majority leader to come in here Monday could be abided by. It is going to inconvenience everybody, as everything we do in this body inconveniences some 1, 2, or 3 of the 100 Members. But I think we put on a rather silly display this week. Now, let us not cap this week off by trying to pass a multibillion-dollar agricultural bill that many large farm organizations do not want, and do it in 1 day, in fact, in 2 hours under a controlled agreement that I did not know was made. I do not think there were more than three people on the floor when it was asked for.

I would certainly back the leader in his suggestion that we come in on Monday. As I understand it, the distinguished chairman of the Senate Agriculture Committee has no intentions of taking this to conference with the House until after the recess, so why all the fire? Why all the get-there-tomorrow with it when we are already coming up to 1 o'clock in the morning and we have not even reached a decision on the effort we have been in for these last 100 hours?

Mr. TALMADGE. Mr. President, will the majority leader yield at this point?

Mr. MANSFIELD. Yes.

Mr. TALMADGE. For the information of the Senate, the committee report is being printed in the Government Printing Office at this moment. It will be on every Senator's desk by 9 a.m. tomorrow. I believe it is short enough, brief enough, simple enough, where every Member of this body can read it in less than 30 minutes and understand it fully. It is not a complicated report.

As I stated a moment ago in response to the distinguished Senator from Arizona, for whom I have very great affection, it is planting time in many areas of the country now, and it will soon be planting time in other areas of the country. Farmers cannot decide today what they are going to plant, and plant it tomorrow. It takes time to make those decisions. There must be acquisition of fertilizer, acquisition of pesticides, acquisition of farm equipment, acquisition of labor and, in many instances, acquisition of land.

The farmers of this country are expecting Congress to act, if the witnesses who came before our committee are any indication. We had 164 before our committee.

Mr. STENNIS. Mr. President, I call for order.

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. TALMADGE. We had 2 full weeks of hearings. Since the Agricultural Act of 1973 was adopted, we have had the Arab embargo; we have had inflation and, in many instances, that has gone up 100 percent. The target prices and loan levels of basic farm commodities in this country now are grossly inadequate, and I hope the Senate will consider that fact.

I have no objection to going over till Monday. I have indicated that to the majority leader and the majority whip. The ranking Republican member of our committee has concurred in that. He raises no objections. But I do think this Congress ought to act on this bill before we go home for the Easter recess, and that is what I urge that we do.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, if we had spent the time we are spending seeking a unanimous-consent agreement as to when to come in, tomorrow or Monday, on the tax bill, we would be through with the tax bill.

Now, I plead with the Senate, let us spend the next hour on the tax bill and get out of here, and we can come back any time we want to, and I will try to accommodate everyone.

Mr. PERCY. Mr. President, will the Senator yield?

Would it be possible now to get a time limitation on each of the remaining amendments?

Mr. MANSFIELD. Hold it. Let us get one question settled at a time.

I yield to the assistant majority leader.

Mr. ROBERT C. BYRD. Mr. President, I would hope that we could agree to the majority leader's request. I am as inconvenienced as is any Senator here by virtue of the canceling out of the Saturday session. I secured unanimous consent 2 to 3 days ago for the Senate to meet on Saturday so all Senators were on notice.

I canceled an engagement for tonight, which I considered to be a pretty important engagement. I canceled one for Sunday because I felt that we were going to be in session here on Saturday. But my own personal convenience does not matter.

I do think we ought to settle this thing one way or the other, and unless we get a new agreement we are locked in by the unanimous-consent agreement that requires us to come in here today at 9 o'clock. There is no way under Heaven to change that by a motion. We can only do that by unanimous consent. And, as the distinguished majority leader has stated, any Senator can interpose that objection, and I would hope we would go on and complete action on the tax bill, give consent to the majority leader's request, come in on Monday at 11 o'clock and let us see what we can do.

I think we are going to be the object of much criticism by virtue of the fact that 100 men cannot decide, cannot agree on a time to meet whether it is going to be Saturday or whether it is going to be Monday.

Every person here is going to be inconvenienced one way or the other. So, for once, let us take the inconvenience and go with Monday. I hope that the majority leader will make his unanimous-consent request once more.

Mr. MANSFIELD. I will after yielding to the distinguished Senator from Kentucky who has been waiting so patiently.

Mr. HUDDLESTON. Mr. President, I am sure all of you have been inconvenienced, and I believe every Member of the Senate ought to have every opportunity to present an amendment to the bill he wants to present, and be given adequate time to make his case.

We are faced with a situation where the majority leader has already described it as a delaying and dilatory effort that apparently is going to be made on this very important piece of legislation.

Now, it does not really make any difference to me, and I have an interest in this bill, whether we come in Saturday or Monday, if we are going to do something about the bill when we come in.

Now, what I would like to know, Mr. Leader, we are here now and we are going to be here either Saturday or Monday because we all agreed it was of paramount importance that the Senate stay in session until we passed the tax bill and that any recess be delayed until that time.

My question is, What happens if next Wednesday we are still working on the farm bill and all of the trips that are scheduled to begin to start, are we going to continue to delay the recess until we complete the farm bill, or is the Senate going to be at the mercy of one Senator who wants to delay action on a particular section of the farm bill?

Mr. MANSFIELD. I think the Senate can render proper judgment at that time.

I do not know what it would be, but a proper judgment.

At this time, Mr. President, I would like to renew my request.

Mr. McCLURE. Mr. President, will the Senator withhold his request for just a moment?

Mr. MANSFIELD. I would like to get a decision, it has been objected to once, I would like to go ahead on the tax bill.

I am getting tired, others are getting tired. I would like to get home to see my wife, my daughter, my granddaughter, and go to my bed.

Mr. HUMPHREY. Mr. President——

Mr. McCLURE. I do appreciate the Senator yielding, I wonder if it might not be possible to accommodate the desires of the majority of the Senators if we could agree that the farm bill be debated, whatever amendments may be offered, either tomorrow or Monday, but that all votes on amendments and final passage of the farm bill be deferred until the time that the Senate is considering the conference report on the tax bill.

That would at least give every Senator here the opportunity to come in on one time, and one time alone, during this period of time on which to vote.

Mr. MANSFIELD. Well, the proposal is intriguing, but the point is, as I said before, we have the agricultural bill before us, or will have it later this morning. We do not know how long it is going to take to arrive at an agreement on the tax conference.

I think it would be great if we could tie the two together, but I think we are jumping ahead of ourselves in trying to be definite in that respect at this time.

Mr. McCLURE. Will the Senator yield further?

It would be my suggestion that we ask unanimous consent that the farm bill be considered either on Saturday or on Monday, and I have no preference as to which, with the agreement that no votes on the amendments or the final passage of that would be in order until the time that the Senate considers the final passage of the conference report on the tax bill.

That way, all Senators would be required to be here for only one period of time so far as the votes on both measures are concerned.

Mr. MANSFIELD. Again, the suggesting is intriguing, but we would be spinning our wheels as far as the agricultural bill was concerned and I do not think it would be the right way to approach this legislation, even though if both could be considered it would save us a lot of time and energy and allow many of us to avoid the debate and to do other things we might have on our mind.

So at this time, Mr. President, I renew my request for——

Mr. HUMPHREY. Mr. Leader, this will just take 1 minute.

May I say, everybody is confused tonight. They have had appointments and have had to change schedules. I was going to take my grandson to the circus, but I should have brought him to the Senate. [Laughter.]

Maybe it would have been a little more fun.

I just hope we will agree with what the leader has asked for. If we do this on Monday, we will have the bill before us, we will have the report before us, and we can analyze this legislation, it is not that complicated, really, to get over.

Frankly, I do not mind, I am a night man myself, my father told me to stay out of bed, people die there. [Laughter.]

I felt it was sort of a good idea to stay awake. [Laughter.]

So if my good friend from Connecticut, my good friend from Idaho, or anywhere else, remove their objection, comes Monday it will be a beautiful day. In Minnesota the snow is melting, and next Monday the sun will be shining in Washington. Let us all pray for a happy Monday and get the farm bill under way.

In the meantime, I will come over here and give affectionate greetings to my friend from Utah, we will not worry about a cigarette, a cigar, or tobacco, we will get on agriculture.

So, come on fellows——

The PRESIDING OFFICER. Is there objection?

Mr. BROCK. Object.

Mr. MANSFIELD. Mr. President, I guess we will have to come in at 9 o'clock this morning.

I am sorry we could not work out an agreement.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. MANSFIELD. Now, Mr. President, I wonder if it would be possible in view of the objection made by the Senator from Illinois if we might have a limit then on all amendments from now on so we can reach a conclusion on this bill.

Mr. LONG. Mr. President, I ask unanimous consent that debate on all further amendments be limited to 10 minutes to be equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. WEICKER. Reserving the right to object, and I will not object, I just want to make one comment on that suggestion of the distinguished Senator, and those who want to vote sometime.

This Senate had a tax package before it with the introduction of the amendment of Mr. BIDEN and Mr. BUMPERS this afternoon. Some 10 hours ago we started to discuss taxes and unanimous consents. We spent the whole afternoon on everything but the actual bill. I can appreciate wanting to go ahead and limit debate right now, but I think that would have been a far more appropriate motion had it been made on Monday.

I am not going to ask for a rollcall on my amendment. I do not intend to presume on the time of the Members. But I think it is a sad commentary that when we have legislation before us that, in fact, we only spend 10 hours of the time debating the subject matter before us.

We have discussed everything else under the sun and I think the unanimous-consent request for the time limitation comes after everybody has had his crack at this thing and, actually, now we are on the only amendments that have any real bearing on the subject matter before the Senate.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Maryland.

Mr. MATHIAS. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. MATHIAS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 42, line 23, strike the period and insert ", except as provided in subsection (g),".

After line 23, add a new subsection (g) as follows, and renumber the succeeding subsections accordingly.

"(g) REBATE RECAPTURE FOR TWO-EARNER COUPLES.—In the case of taxpayers who file a joint return under subsection 6013, if each spouse has earned income, and the lower income is either (a) $2,000 or (b) 10 percent of the total of the earned income of the two spouses, whichever is less, there may be computed a tax credit as follows:

(1) There shall first be computed the rebate which would have been due to each spouse if each had been entitled to file a return as a single taxpayer;

(2) The amount of the rebate otherwise due under this section shall be subtracted from the sum of the two rebates calculated under paragraph (1) above.

The amount computed under paragraph (2) may be applied by the said spouses as a credit against the Federal income taxes payable by such spouses on their income for 1975, if they file a single return jointly under section 6013, with respect to such income, or a proportionate share of said amount apportioned accordingly to the adjusted gross income attributable to each spouse, may be applied as a credit by each of said taxpayers who may file separately with regard to 1975 income.

The PRESIDING OFFICER. The Senate will give attention to the Senator from Maryland, the Senators will take their seats.

Mr. MATHIAS. Mr. President, I will try to be even briefer in my presentation of this amendment than I was with the last in the hope that I will be more successful.

I was consulting with one of our very distinguished Members, the Senator from Nebraska, about this amendment earlier and he said, "Oh, this amendment should be called the holy matrimony amendment."

In fact, it is the holy matrimony amendment because its sole purpose is to give to a sober, serious, decent, low-income married couple, both of whom are working, the same tax treatment that we give to a couple of unmarried swingers who are living together but reporting separately.

It simply tries to give some equity to a married couple with respect to the rebate which the Senate and the House have now both agreed should be a part of this tax program.

My amendment would make the rebate or refund mechanism provided in the

House bill, and maintained in the current text, more equitable and more consonant with fundamental American values and beliefs.

The rebate mechanism as passed by the House and as presently before us discriminates invidiously and substantially against any wage earner who happens to be married to another wage-earner. I have provided charts to all my colleagues which demonstrate the extent of this discrimination, and which clearly show that the discrimination is most severe against the lowest income married working couples.

The rebate mechanism thus has three serious faults.

First, it discriminates against taxpayers who need help the most—the low income married couple in which both spouses already work and which is very hard hit by inflation and threatened by rising unemployment.

Second, the rebate mechanism as reported undermines the institution of marriage which is fundamental to our social system. The rebate mechanism, and the tax code generally, provide significant financial incentives to individuals to postpone marriage or to speed divorce. It encourages our young people to live together without the benefit of matrimony and without the serious reflection and recognition of mutual responsibility that is encompassed within the framework provided by the marriage ceremony.

Third, the rebate mechanism as it stands before us is an indirect, somewhat subtle, but very serious discrimination against working women in America. For good reasons or bad, in most American households in which both spouses work, the woman is regarded as the second wage earner and the husband as the principal earner.

The tax code, by combining the incomes of both spouses, today taxes the second income at a higher rate than the first income. This is documented by articles and charts which I have provided to all my colleagues. Therefore, in most households we are in effect taxing the woman who works at a higher rate than the man. The rebate mechanism further discriminates against two-earner families and is yet another slap in the face to women who work, and a further incentive for them to drop out of the labor force and conform to the social role which makes them financially dependent on a man.

The issue is one of equity, fairness and principle. I urge my colleagues to support my amendment.

My amendment states that if two spouses both have earned income, and if they would receive a higher rebate were they to file tax returns as unmarried individuals rather than as a married couple, then the rebate they lose this year because they are married can be recaptured next year as a tax credit against their 1975 income.

The amendment is thus structured so that it does not in any way delay the mailing of rebate checks this year. It will not impede the flow of refunds which is needed to stimulate the economy.

But the amendment does insure that the rebate mechanism treats individuals with similar incomes fairly.

Now, I agree that the committee will raise the objection that this amendment is going to cost a lot of money, and they may say it will cost as much as $3 billion.

They may be right. I suspect that they cannot say that with any certainty, but I can say with certainty that it will not cost a penny this year.

It provides for a tax credit against the 1975 income of that working couple which will be reported against their 1975 income and reported next year so that it does not affect the deficit which has been talked about so much as a part of these proceedings.

What we are seeking here——

The PRESIDING OFFICER. The Senate will be in order so we can proceed rapidly. The Senate will be in order.

Mr. MATHIAS. What we are seeking here is what the Senator from Nebraska so aptly said earlier is justice. We are seeking equity. We are simply trying to make a fair rebate of tax moneys to those who are married and those who are unmarried. That is all it does.

The details are, I think, simple. The committee, because of the differences between the House and Senate versions of the rebate, would have ample opportunity to make whatever adjustments might be required as part of the conference.

I urge the Senate to adopt the amendment.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, this amendment would increase the tax cut by $3 billion. This is what is known as the double rebate. It would permit a couple each to compute what their taxes would be as individuals and then to add the two together.

The bill is already subject, as I said with regard to the Kennedy amendment, to the charge that it does too much for families compared to individuals as it stands now.

The Senator says that most of this tax loss would not occur in this year, and that is correct. Some of it would occur in this year. But, Mr. President, his amendment is also subject to the argument that it may very well be that by the time the additional $3 billion tax loss hits us the stimulative effect of the bill might have gotten the economy moving so you did not need to give away the additional $3 billion. In my judgment, Mr. President, this amendment should not be agreed to. We should not have the double rebate for married couples because they are being treated more fairly than others are now. I move to table the amendment, Mr. President.

Mr. MATHIAS. Will the Senator withhold that for a moment? I want to advise the Senate that when I inquired of the Treasury as to the cost of this bill they advised me that it would be in the neighborhood of $1 billion and not $3 billion. I would like to ask the manager of the bill if he does not agree that whatever the sum is, it will not be reflected in the current year.

Mr. LONG. It will be larger next year. The estimate I have from the joint committee staff is the best estimate I can find, and I do not know of any other estimate to the contrary. The estimate for the revenue loss in this amendment is $3 billion, and we are being criticized for going as high as $30 billion the way it is now. I hope the amendment is not agreed to. I move to table the amendment.

Mr. MATHIAS. Because of the equity of this proposition, would the Senator assure us that sometime in the calendar year the committee would hold hearings on this subject?

Mr. LONG. If the Senator will withdraw the amendment, I will.

Mr. MATHIAS. If the Senator will give us that assurance, I will withdraw the amendment. I think it is an extremely important and equitable principle. If I have the assurance, I will withdraw the amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn. The Senator from Connecticut.

AMENDMENT NO. 190, AS MODIFIED

Mr. WEICKER. I call up my amendment No. 190.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Connecticut proposes a new section. The amendment, as modified, is as follows:

At the end of the bill, add the following new section:

SEC. CREDIT OR EXCLUSION FROM GROSS INCOME FOR INTEREST ON SAVINGS IN RESIDENTIAL FINANCE INSTITUTIONS.

(a) CREDIT.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowed), as amended by this Act, is amended by inserting after section 43 the following new section:

"SEC. 44. INTEREST ON SAVINGS IN RESIDENTIAL FINANCE INSTITUTIONS.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the amount of interest received by the taxpayer from a qualified financial institution.

"(b) LIMITATION.—The credit allowed under subsection (a) for a taxable year shall not exceed $250 ($500 in the case of a joint return of tax under section 6013).

"(c) DEFINITION.—For purposes of this section—

"(1) FINANCIAL INSTITUTION.—The term 'financial institution' means:

"(A) a bank, as defined in section 581, and which provides mortgage financing for the purchase of residential housing,

"(B) a savings institution described in section 591, and which provides mortgage financing for the purchase of residential housing, and

"(C) a credit union, the accounts in which are insured under the Federal Credit Union Act or otherwise insured under State law, and which provides mortgage financing for the purchase of residential housing.

"(2) INTEREST RECEIVED.—The term 'interest received' means interest or dividends on savings deposits or withdrawable savings accounts received by, or credited to the account of, an individual.".

(b) EXCLUSION.—Part III of subchapter B of chapter 1 (relating to item specifically excluded from gross income) is amended—

(1) by redesignating section 124 as 125, and

(2) by inserting after section 123 the following new section:

"Sec. 124. Interest on Savings in Residential Finance Institutions.

"(a) General Rule.—In the case of an individual, gross income does not include any amount of interest received by, or credited to the account of, a taxpayer from a financial institution during the taxable year.

"(b) Limitation.—The exclusion allowed under subsection (a) for any taxable year shall not exceed $1,000 ($2,000 in the case of a joint return of tax under section 6013).

"(c) Election To Take Credit in Lieu of Exclusion.—This section does not apply in the case of a taxpayer who, for the taxable year, elects to take the credit against tax allowed by section 44 (relating to interest on savings). Such election shall be made in the manner and at the time prescribed by regulations by the Secretary or his delegate.

"(d) Definition.—For purposes of this section—

"(1) Financial institution.—The term 'financial institution' means:

"(A) a bank, as defined in section 581, and which provides mortgage financing for the purchase of residential housing,

"(B) a savings institution described in section 591, and which provides mortgage financing for the purchase of residential housing, and

"(C) a credit union, the accounts in which are insured under the Federal Credit Union Act or otherwise insured under State law, and which provides mortgage financing for the purchase of residential housing.

(c) Effective Date.—The amendments made by this section apply to interest received by the taxpayer under December 31, 1974.

Mr. WEICKER. Mr. President, as I indicated before, I do not intend to presume on the part of my colleagues by asking for a vote on this amendment. I will just make a few comments in about 2 minutes' time.

As I have indicated, I think it is a shame that when we had the economic problems of this country before us we chose to take an entire week and discuss a myriad of other matters which did not so much pertain to the economy but as to certain philosophical monuments of long standing and which have been present among us even before the present crisis.

I just do not see how we can resolve the economic crisis of this country unless some sacrifice is asked. We have engaged in the old politics by not asking any sacrifice but, rather, just handing out a platter of tax rebates and tax cuts, in no wise trying to set ourselves aright economically. I can understand tax cuts and tax reform as a necessary stimulus for the economy and for getting jobs for those who are unemployed. Tax rebates is a sugar-coated lollypop which can only worsen the crisis.

Now, Mr. President, insofar as I will not make it a part of this package but will hope that it would be part of a tax reform package coming later, I lay before you the idea that if you want to stimulate the housing industry you are going about it the wrong way. Never mind the rebate, and I do not care whether it is new or old housing.

The problem is not the availability of those to build houses; the problem is not the vacancies which exist in new or old housing. The problem is money. Even though the interest rates have been going down, just as soon as the Federal Government steps into the borrowing market those rates are going to go soaring again. Some people are going to be unable to buy housing.

The amendment which I propose, which I will not present to a vote tonight, is to give tax-free status to interest on savings accounts. In effect, you are taking money from the private sector and putting it into the private sector and making it available to the housing market. That will not be subject to the borrowings of the Federal Government. It will not cost the taxpayers anything, and it will supply the necessary impetus for construction and the ripple effect that it has jobwise.

Mr. President, in view of the fact that apparently we are not interested in the economic problems but merely want to rush through something whereby everybody can claim an element of authorship in something which, believe me, will straighten out nothing but only compound the problems not only of the country but of the President and, indeed, of the Congress, I will withdraw the amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. BROOKE. Will the Senator yield?

Mr. WEICKER. I yield.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BROOKE. I certainly respect the Senator from Connecticut and what he is trying to do or would have tried to do with this amendment, but I just want to point out to him that the banks are getting all the money they need today. The S. & L.'s have them, the savings banks have them. Even in the city of New Bedford, which has an unemployment rate today of 14.2, they are busting at the seams with money in the banks. So I think the money is there.

I think what we are really lacking in the country insofar as housing is concerned, and other things as well, is an uncertainty and a lack of confidence which we have to restore. Certainly, we need to do everything we can to stimulate and to encourage people to buy housing—as the Senator said, to buy either existing housing or new housing, hopefully, so that we can get the construction industry back at work.

How do we do that? I think we have to do it first of all because the people need something to put down on that house. If they have some money in the savings bank and they want to buy a house, they may not have quite enough to put down for the purchase of that house.

If we could give them an incentive for building that house or buying that house within the next 6 months or within the next year when we need it most, then we will get people to buy that house. But not because they cannot get money. Some months ago they could not get money. They could not get it at all. If they could get it, they were getting it at 10 percent and above. But now interest rates are coming down. We have many propositions to bring that interest rate down to even 6 percent. But I feel that even if we did that, we would still have a serious problem in getting housing starts today in this country.

I would just suggest to my distinguished colleague that, rather than giving a tax credit on savings accounts where there is already sufficient money, he might turn his attention and address his attention to the real problem. That is the downpayment a person needs in order to buy that house.

I am talking about the low- and middle-income person that would buy a house, say, from $10,000 to $15,000 in rural areas to $45,000 and no higher than $50,000 in urban areas.

Mr. WEICKER. I appreciate the comments of the distinguished Senator from Massachusetts. I know the interest he has in housing, and I respect the approach toward the problem. But I am not giving away any secrets. The banks are sitting there with a large amount of money on their hands. They are waiting for the borrowing to occur and the interest rates to go up. I think it is misleading—I do not mean that in a bad way, to impute that to the Senator from Massachusetts; but I say that for anybody to believe we are going to have 6- or 7-percent money out there, "It just ain't so." There has been no Federal borrowing of a substantial amount of late, and that is the reason.

Mr. BROOKE. I did not mean to say that I expected that the interest rates would go down to 6 percent on their own. I do expect that the interest rates might go down as low as 8 percent.

I am suggesting that even the distinguished chairman of the Committee on Banking, Housing and Urban Affairs has proposed legislation before our committee that would subsidize, so that you would get interest rates at 6 percent. That would be with a Government subsidy, of course. That is the only way we are going to get it at 6 percent.

I agree with the Senator that we should not mislead anybody that interest rates are automatically going to bottom out at 6 percent. It could get down to 8 percent, and it is down at the present time. I think HUD statistics will bear that out.

Mr. WEICKER. I thank the Senator.

I reiterate that it seems to me that Congress—and, I might add, the President of the United States—has not asked for any sacrifice in the area of energy. Until that sacrifice is requested, we are not going to solve the energy crisis. Therefore, we are not going to attack the principal cause of inflation. We in Congress have not asked for that sacrifice insofar as straightening the economic ship is concerned. We have sat here with a package of tax rebates and tax cuts that could only serve to weaken the economy further.

I think the *time has come for* a little straight talk, if not tonight. But sooner or later, we are going to be held accountable for our leadership. So far as I am concerned, that leadership has been nonexistent. Politics has been as usual. Therefore, I imagine that the recession will continue as usual, and the inflation as usual; and the energy crisis which started in the fall of 1973—and nothing has been done on that—will continue as usual. It is a pessimistic note, but sooner or later we will put to our task, and maybe we will respond.

Mr. BUMPERS. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BUMPERS. Mr. President, I have an amendment at the desk which I am not going to present. I associate myself essentially with what has been said.

I was going to offer an amendment which would have deleted section 205 of title II of the act, which would give people up to 5 percent or $2,000 to build a house between now and January 1 of 1976.

I feel that the fastest way to stimulate the economy of this country is to stimulate the housing industry. Not only is it labor intensive, but also, you get a very tangible result in providing people with homes which they so desperately need.

I objected to this. I know that the Finance Committee pursued this proposal very carefully. I objected to it, and I am not going to present that objection, because I hope the conference committee will give it very serious thought and consideration. I think that to offer people $2,000 to build a house, one, will certainly absorb the housing inventory that exists in this country today. But it will not necessarily stimulate the construction of new homes.

Second, I think there are all kinds of potentials for abuse in such a program. The difficulties of administering such a program are going to make it counterproductive.

For example, a man who chose to build his own home and had it half completed on March 13 will have the opportunity of allocating that portion of his house which was built and completed after March 13, as opposed to that part which was built before March 13. That is the decision he will make in taking tax credit at the end of the year on his tax return.

Finally, it is open-ended. The committee put a billion-dollar price tag on this, but there is really no way of knowing. If it served the effect we would like it to serve, they would run as high as $1, $3, or even $4 billion. So we have no way of judging the effect it is going to have on the Treasury.

For all those reasons, and as strongly as I want to stimulate the housing industry, that part of the bill was objectionable to me. But in the interest of time and in the interest of what I know will be a productive conference committee, I will not present that amendment, in which the distinguished Senator from Colorado (Mr. Gary W. Hart) joined me; and I should like to associate him with the remarks I have just made.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. Mr. President, I call up my amendment to eliminate the increase in the surtax exemption.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. Long) proposes an amendment:

Page 85, lines 21–22, strike out "and Increase in Surtax Exemption".

Page 86, strike out line 21 through line 13 on page 87.

Page 88, strike out line 14 through line 23.

Mr. LONG. Mr. President, I have gained the impression from hearing Senators that they would like to reduce the amount of the so-called tax cut in this bill.

In my judgment, the area where there is the greatest overlap of tax advantage occurs in the name of small business. The Secretary of the Treasury testified that the provision that the House sent us to increase the surtax exemption from $25,000 to $50,000 could not be justified.

There was also an article in the Wall Street Journal pointing this out as a new tax loophole in the law.

We did increase the investment tax credit. These corporations get the investment tax credit of 12 percent. In addition, these corporations receive a tax-rate decrease which averages 15 percent. Their rate is reduced from 22 percent down to 18 percent. In addition, they get a doubling of the size of the surtax exemption from $25,000 to $50,000—another 38-percent tax cut. They get in total a triple break in the tax cut.

If you want to reduce something, these corporations, having benefited three different ways, should be satisfied to be benefited but two ways, and I urge that that provision be stricken from the bill.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I claim the time in opposition, and I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, we have heard a great deal about sudden amendments. This is a very sudden amendment, and it affects a very large segment of America; because, in number, about 85 percent of all American business is small business.

This has been one of the classic demands of the small businessman, who finds it very difficult to raise capital and therefore finds in this opportunity of a tax break on low earnings—this all relates to relatively low earnings for a business concern—the opportunity to accumulate some capital. I cannot tell, standing here at 10 minutes after 1 in the morning, whether Senator Long is right or wrong. All that I know is that in most cases, there are two sides to every question.

Senator Nelson is the chairman of our committee. I am the ranking member of the Committee on Small Business. He has introduced a bill very recently, in which I have joined, a rather classic tax bill for small business, expressly seeking this kind of tax benefit for small business. Hence, Mr. President, I do not feel that I can just let the matter go unchallenged, with all my respect for Senator Long, and I do not need to affirm that. He knows it very well.

I do not know what the Senator intends to do about pressing his amendment. I would suggest that as chairman of the Committee on Finance, he can get it considered any time. This is no big emergency matter. Just as he has urged many Members here not to press something that is a really major, serious question to many small business concerns and many individuals about which there may be two sides, I hope that he will not press this. If he does, and that is his privilege, I feel that we should have a rollcall, Mr. President, and I shall move to table it.

I realize that I am bucking very difficult odds with the chairman of the committee. But in all fairness and candor, to pull something like this out of the deck and put it up at this point, in my judgment, merits the very same argument that the chairman has made, not once but a number of times, this very night.

Mr. HASKELL. Will the Senator yield?

Mr. JAVITS. I yield.

Mr. HASKELL. Will the Senator yield? to speak in opposition to the Senator from Louisiana as chairman of the Committee on Finance. Basically, in the tax package, the relief for business is the investment credit, and basically, this goes to very large, capital-intensive, high-equipment-using businesses. Really, the relief for small businesses is two-fold: It is the raising of the exemption from 25 to 50, it is the lowering of the rate from 22 to 18.

The distinguished Senator from Louisiana would take a good part of that relief for small business away. I stand to be corrected on this by the Senator from Louisiana, but my recollection is that the $25,000 exemption has been there for approximately a generation and, therefore, is probably worth about one-half to one-fourth of what it was a generation ago. So I shall be compelled to oppose this.

I am not going to call for the yeas and nays. I shall ask for a division and I shall ask for somebody to get Senators from the cloakrooms so we can have a division on this.

Mr. JAVITS. Mr. President, I think I have the floor still on this, do I not?

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. JAVITS. Mr. President, I demand the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ABOUREZK. Mr. President.

Mr. LONG. Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana has 2 minutes.

Mr. LONG. Mr. President, I point out that there are more benefits for this small group in the House bill—it was the House bill that increased this tax exemption. There are more benefits for small businesses which have incorporated, as contrasted to small businesses operating as proprietorships and as partnerships. Then the Committee on Small Business came in with a whole package of additional benefits for small business, expanding the investment business, such as expanding the investment credit for used equipment and cutting the 22 percent tax rate. The whole package was added to the bill in the committee as well.

Mr. President, there is no group that gets as many benefits than those incorporated as small business. And increasing the surtax exemption does not help any but those incorporated small businesses that have taxable income over $25,000.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. Will the vote be a straight presentation or up and down on the amendment?

The PRESIDING OFFICER. The Chair is advised that at this point, the vote is on the amendment.

Mr. ABOUREZK. Mr. President, I want to ask unanimous consent again that all rollcall votes, up through final passage, be of 10 minutes' duration.

The PRESIDING OFFICER. Without objection, it is so ordered. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Alabama (Mr. SPARKMAN), the Senator from Missouri (Mr. SYMINGTON), are necessarily absent.

I further announce that the Senator from South Dakota (Mr. McGOVERN), is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Oregon (Mr. PACKWOOD), the Senator from Alaska (Mr. STEVENS), and the Senator from North Dakota (Mr. YOUNG), are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT), is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "nay."

The result was announced—yeas 17, nays 73, as follows:

[Rollcall Vote No. 111 Leg.]

YEAS—17

Byrd,
  Harry F., Jr.
Curtis
Eastland
Fannin
Hansen
Hartke
Johnston
Long
Mansfield
McClellan
Pell
Ribicoff
Roth
Stennis
Stone
Talmadge
Tunney

NAYS—73

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Biden
Brock
Brooke
Buckley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hart, Gary W.
Hart, Philip A.
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Laxalt
Leahy
Magnuson
Mathias
McClure
McGee
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Percy
Proxmire
Randolph
Schweiker
Scott, Hugh
Scott,
  William L.
Stafford
Stevenson
Thurmond
Tower
Weicker
Williams

NOT VOTING—9

Bellmon
Bentsen
McGovern
Packwood
Sparkman
Stevens
Symington
Taft
Young

So Mr. LONG's amendment was rejected.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, under the unanimous consent agreement previously attained, I have a right to send technical and conforming amendments to the desk. I send such amendments to the desk.

The PRESIDING OFFICER. The clerk will report the amendments.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes certain technical amendments.

Mr. LONG's amendments are as follows:

On page 61, between lines 11 and 12, insert the following:

On page 61, line 12, strike out "(2)" and insert "(3)".

On page 61, line 19, strike out "(3)" and insert "(4)".

On page 61, after line 24, insert the following:

SEC. 206. EFFECTIVE DATES.

(a) Sections 201 and 203.—The amendments made by section 201 and 203 apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(b) Section 202.—The amendments made by section 202 apply to taxable years beginning after December 31, 1974, and before January 1, 1977. For purposes of section 21 of the Internal Revenue Code of 1954, the amendments made by this section shall not be considered a change in the rate of tax.

(c) Section 204.—The amendments made by section 204 apply to wages paid after April 30, 1975.

The amendments were agreed to.

Mr. LONG. Mr. President, I believe that the RECORD should show that this is a tax cut bill of slightly less than $30 billion: $29.3 billion. I say that because the bill, after the controversy over tax reform, picks up a considerable amount of revenue in some respects while it provides tax cuts in others. I think the tax increases should be balanced against the tax cuts. So I think, on balance, this should be looked upon as a $29.3 billion tax cut bill, which is considerably below what I had predicted it would be when the measure was reported by the Committee on Finance, on the theory that the Senate would probably insist on adding more than that to this measure.

Mr. MUSKIE. Mr. President, the Senate this week has voted tax reductions in both this year and the next which will provide an immediate stimulus to a recession-ridden economy and additional incentives to help sustain long term growth. By putting almost $30 billion back into the economy, we can increase the purchasing power of our citizens and restore strength to the business community.

We have focused individual tax relief on the low- and middle-income wage earners who have the greatest need and will make the greatest use of this revenue.

We have directed tax relief to our Nation's business community—with emphasis on small businesses and the housing industry—which is intended to bring new growth and help hire new employees.

Finally, the Senate has closed a large loophole in the tax code which allowed excessive profits through use of the percentage depletion allowance on oil and gas and the handling of taxes on foreign income.

The proposal by the administration falls short of those goals. The President's proposal for an immediate rebate on Federal taxes is too small. His proposal would end with this calendar year, and the growth it might spark would tend to dwindle by the end of that period.

In 1974, this country experienced the largest annual decline in the gross national product since 1946. During 1975 it is expected that the gap between our potential and our actual gross national product could reach $200 billion. That would be the equivalent of $1,000 for every person in this country.

We all generally agree upon the economic goals for this year and the next. We must stop this economic decline and turn the recession around. We must reestablish orderly economic growth. And we must overcome the record-high 8.2 percent unemployment recorded in February—the highest in this country since 1941. Finally, we must bring down the intolerable rate of inflation.

The $29.3 billion dollar tax reduction measure approved by the U.S. Senate is a responsible approach. It will go far toward achieving those goals—to stimulate the economy and get it moving without inviting a new round of inflation. If it were not for the recession, we would have a surplus—not a deficit budget.

The choices before us were not easy. But it was important to assure that the reductions we approved would benefit the entire country—that it would act as a general stimulus without favoring any one segment of the economy and without pushing the country into any greater deficit than necessary.

Let us look at the solutions that we have agreed upon. We have provided $22.5 billion worth of tax relief to individuals. This will give the American people additional money to cope with the harsh impact of rising costs and to encourage them to start purchasing consumer goods again. These reductions will go in large part to low- and middle-income wage earners and to those of our citizens on the social security rolls who have been coping with escalating costs while they are bound by fixed sources of income.

For each person who paid Federal income taxes in 1974, the Senate measure would provide a 12 percent rebate of those taxes up to $240 per individual. This is the basic stimulus which our economy needs to help renew consumer purchasing and restore consumer confidence.

The Senate bill gives each taxpayer the option to elect taking a $200 credit on 1975 taxes instead of the $750 exemption. This would provide $6.1 billion in relief to low- and middle-income wage earners. This is also important as a reform of our present tax structure as it provides more equitable tax relief for all those who have been limited to the $750 personal exemption.

That exemption has benefited the rich—as it is worth $525 to persons in a 70-percent tax bracket—while it has discriminated against the low- and middle-income wage earner—since it is worth only $125 to the individuals in the 14 percent tax bracket.

The Senate has provided another $1.7 billion in assistance to those workers with families who earn up to $4,000 in the form of a 10 percent reduction in the taxes they owe up to a maximum credit of $400. This is phased out between incomes of $4,000 and $8,000.

One of the first segments of the economy to stumble in the battle against inflation was the housing industry. In 1972, 2.4 million new houses were started. In 1973, the number had dropped to 2.1 million. In 1974, the drop was to 1.4 million, and by January of this year, it was anticipated that the annual rate of housing starts would be under 1 million. It is essential that we turn this industry around and provide a stimulus for Americans to again begin to purchase new homes. The Senate bill would allow individual taxpayers to reduce their taxes by 5 percent up to $2,000 of the cost of a new home purchased between March 13 and December 31 of this year.

For our older Americans and other citizens who must rely upon social security and railroad retirement payments, the Senate bill provides $100 to each recipient for a total of $3 billion to help them cope with inflationary costs which outstrip their fixed incomes.

We have provided $7 billion dollars to encourage a new cycle of business investment and activity. We hope the combined reductions will renew purchases of consumer goods, rejuvenate retail sales and industrial production and get more of our citizens back to work. And $1.9 billion of this reduction is directed at small businesses in the form of an increase in the surtax exemption—the 22 percent corporate rate would apply to the first $50,000 instead of the first $25,000 and the rate itself would be reduced to 18 percent.

In an effort to encourage businesses and utilities to invest in new facilities, the investment tax credit is increased to a permanent rate of 10 percent from the present 7 percent—4 percent for utilities. For a 2-year period, the taxpayers may claim up to a 12 percent investment tax credit.

If that credit is elected, an employer must contribute one-half of the additional 2 percent gained under this credit to an employee stock ownership plan. Finally, the Senate bill repeals the 10 percent manufacturers excise tax levied on new trucks and buses and the 8 percent manufacturers excise tax on truck parts. It is estimated that this will reduce costs on these items by an estimated $7 million in 1975.

Mr. President, when the Congress set about the task of stimulating economic recovery, our goal was to provide sufficient reductions in taxes for both individuals and businesses to combat the impact of the current recession.

It is inevitable in the consideration of tax legislation, that certain issues of tax reform are considered. On Thursday, the Senate adopted long-overdue reforms in the availability of the percentaged depletion allowance to the oil and gas industry—reforms which will provide additional revenues to the Federal Treasury at a time when that industry has experienced record windfall profits. This is a realistic reform which will help restore equity to our tax structure without appreciable impact on the development of new oil and gas resources.

This achievement is no substitute for long-range, comprehensive tax reform. I am preparing legislation to introduce again in this Congress which would propose reforms in the Internal Revenue Code and to restore the basic premise of our system of taxation—that taxes be measured by ability to pay and that citizens with equal resources make equal contributions to the costs of government.

In many fields of law, government and custom, we have made great strides toward carrying out the goal of the Declaration of Independence that all men are created equal. In other areas we have much progress to make. In the area of taxation we actually have moved away from the standard of equality we all have sought to achieve.

We started with the idea of collecting taxes in direct proportion to the ability to pay them. We have strayed from that path and it is time to go back to the precepts which guided us in the beginning.

I know that the distinguished chairman and the members of the Committee on Finance intend to give thorough consideration to this most important issue.

Most of us in the Senate who believe in the vital need for tax reform have withheld our proposals at this time so that we would not delay the need for immediate tax relief to all of our citizens. We believe that this is a responsible approach at this time and hope that comprehensive tax reform will be forthcoming in the very near future.

Mr. President, the economy needs a strong stimulus. I hope that the House and Senate conferees will agree upon the Senate bill which I believe is a responsible approach toward moving us out of a recession and into an economy of growth and renewed prosperity.

Mr. HANSEN. Mr. President, I rise to express my belief that the total revenue loss to the Treasury as a result of this bill is far too high. Mr. President, my concern is that this $29.3 billion bill will over-stimulate the economy and lead to an even higher round of inflation.

In the President's state of the Union message, he outlined a tax cut proposal. This proposal resulted in the administration's $16.3 billion tax bill. When that tax package emerged from the House, the $16.3 billion package had grown to $19.8 billion. The tax cut bill has now emerged from the Senate with a total revenue loss of $29.3 billion, a figure that is far too high. More importantly, the Senate bill will have a total tax cut/rebate stimulative effect of $33.1 billion. Mr. President, this amount of stimulation is far in excess of the amount recommended by the President, and, I submit, will overstimulate the economy, resulting in even higher inflation rates. A rise in the rate of inflation will surely consume the effect of the tax rebate in a further round of higher prices. This occurrence will not only leave the American people in no better shape than they presently find themselves, but will do irreparable damage to the Nation's financial ability to sustain itself.

Mr. President, on Monday of this week, Secretary Simon, in testimony before the Senate Budget Committee, indicated—

> It is essential to understand that the forces of inflation are very largely to blame for the recession we are experiencing today. Both the housing industry and consumer spending, as I have noted, first tumbled under the pressures of rising prices. If we revive those pressures through excessive fiscal and monetary policies, there is a very real danger that we could enter a new and more vicious cycle of inflation and recession. Because of the continuing danger of inflation, we must carefully avoid the temptation of trying to return to full employment at breakneck speed. Instead, we must attack both the recession and inflation at the same time, and that requires a balanced, careful approach.

Mr. President, clearly an economic stimulus of $29.3 billion represents neither a balanced nor carefully conceived approach. I would hasten to indicate that we may buy our way back from the Nation's present unemployment problems only to find ourselves in a worse condition.

I wish to draw my colleagues' attention to an article that appeared in today's Washington Post. The article indicated that though Britain has the lowest rate of unemployment of any major developed country, it is the lone major industrial nation where inflation is worsening. The latest figures indicate that retail prices in Britain are 19.9 percent higher than a year ago, and the gap has been widening almost every month.

My concern, Mr. President, is that the United States may cure unemployment only at the expense of far worsening inflation. Such a course is far from being a balanced and carefully conceived approach to economic recovery, but rather, a step toward the ill-fated approach of the British.

Mr. President, an additional factor that concerns me is that this bill will significantly add to this Nation's growing deficit.

The Department of Treasury estimates are that the United States will experience deficits in excess of $45 billion and $80 billion for fiscal year 1975 and fiscal year 1976. Secretary Simon has indicated that he is fearful that the capital markets cannot meet such heavy federal demands for funds without producing seriously adverse economic consequences.

The Secretary has indicated that the danger of this extremely high Federal capital demand is twofold:

> One possibility is that the excessive federal demands on the capital markets would set in motion a vicious competition between

the government and private borrowers for capital funds. Inevitably, mortgage borrowers and medium to lower-rated business borrowers would be crowded out of the marketplace. This could abort the expected economic recovery at an early stage and cause unemployment to rise again.

Another possibility would be for the Federal Reserve to accommodate the enormous borrowing requirements of the Federal Government, as well as private demands, by creating a more rapid growth in money and credit. This might postpone the adverse impact on the recovery for perhaps a year or two. But the consequences of such action would soon catch up with us in the form of a reaccelerated inflation followed by a new recession and higher unemployment.

Many of my colleagues have indicated that we do not need to worry about these problems because even though the deficit has grown, the economy has also substantially grown. They argue that big deficits can be easily accommodated by a big economy. I do not buy this.

Secretary Simon addressed this argument in his March 17 testimony before the Budget Committee:

> In fiscal year 1975, a budget deficit of $45 billion will amount to about 3.1 percent of the Gross National Product, while in fiscal year 1976, an $80 billion deficit will come to about 5.0 percent. It is true that on some occasions in the past we have approached such deficit levels—at least the 1975 level. The times most often cited for comparison are fiscal years 1959 and 1968, in which the deficits reached 2.7 and 3.0 percent of the GNP respectively. But what is usually left unsaid in such comparisons is that the deficits associated with those periods were confined to a single fiscal year. In fiscal year 1960 and again in fiscal 1969, the budget returned to surplus. This time, however, we anticipate very large deficits not just for a single year but for three years in a row.

Moreover, even though the Nation's GNP has grown, there has not been a comparable rise in the Nation's formation of capital, and it is the lack of adequate capital formation that should be our true concern. Inadequate capital formation that has caused interest rates to skyrocket, investment in new production to decline and, accordingly, placing a higher and higher demand on the Nation's available production, resulting in higher and higher prices.

Mr. President, we cannot justify increased deficit spending based on increased GNP, even assuming that GNP increases keep up with deficit increases. We must look to see whether the financial market has sufficient capital to finance the growing Federal deficit and still leave room for private sector financing.

The long and short of all this is that we can no longer justify larger Federal deficits based on a larger GNP.

Mr. President, during the next year, local, State and Federal Government units will absorb 90 percent of all available capital. The result of this capital demand will leave the business community competing for the remaining 10 percent. This competition will lead to higher and higher interest rates and more inflation.

On this point I would like to direct my colleagues' attention to a recent editorial in the Wall Street Journal, and ask unanimous consent that it be included in the Record immediately following my remarks.

Mr. President, it is surely time for the Congress to recognize that it cannot spend this country into prosperity. It is for this reason that I cannot support this bill.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Wall Street Journal,
Mar. 13, 1975]

CROWDING OUT

Understanding the economy in 1975, unfortunately for those of us with enough on our minds already, requires an understanding of an esoteric economic debate over something called "crowding out."

Treasury Secretary Simon sounded the first guns in this debate by warning that financial markets cannot finance both the huge federal deficit and the needs of private borrowers. Some economists have described his fear as "hysterical." In a letter to The New York Times, six prestigious liberal economists said the problem would be handled through an "accounting identity." But in recent weeks, independent analyses have been conducted by Norman B. Ture, a Washington-based consulting economist, and Allan H. Meltzer of Carnegie-Mellon University. Each reports that, until he got the numbers down, he could not believe things are as bad as they are.

The crux of the matter is that when the federal government borrows to cover its deficits, it competes with private borrowers who need funds to invest in plant construction and housing. Both government and private needs must be met from the savings pool, which consists of business savings (profits plus depreciation and other "capital consumption allowances"), personal savings and inflows of foreign funds. Allowing for special factors and statistical error, the two totals will always be the same; this is the "accounting identity."

The problem is that if you plug some reasonable 1975 projections into this equation, it is very hard to get the totals to come out equal. This suggests that as the heavy government borrowings come on stream in the second half, the economy may well be in for some type of severe shock now only dimly foreseen. A typical projection, with calendar year 1974 as a base, would look something like this:

Billion dollars

1974

Invest.	+	Deficit	Eq. Bus. Sav.	+	Per. Sav.	+	For. Inv.
208.9	+	5.9	Eq. 136.5	+	76.7	+	3.6

Total 214.8 Eq. total 216.8.

1975

205	+	70	Eq. 150	+	80	+	10

Total 275. Eq. 240.
Eq. means equals.

First, a word about the estimates. Private investment may fall off more rapidly, but so may corporate profits. Personal savings may be higher if the savings rate rises but will lower if personal income falls. The net inflow of foreign funds may increase, but the above estimate already provides a tripling in a year's time. The estimate of a $35 billion gap is essentially a conservative one, and the question is, how will this gap be closed?

Part of the gap—and in a sense the whole debate is over how much—will be filled by the Federal Reserve System's purchases of federal debt by in effect printing up new money. Over the course of a normal year, the Fed will buy federal securities, thus injecting reserves into the banking system and making the money supply grow. It's easy enough to calculate roughly the relationship between the Fed's purchases and money growth. At a 6% growth in the narrowly defined money supply, the Fed would buy about $7 billion in new federal debt. If the Fed closes the gap by buying the whole $35 billion, the money supply would grow by about 30% over a year's time.

Before we go one sentence further, let everyone understand that money growth anything like the latter figure will not only rekindle inflation, but will make interest rates go up, not down. As soon as lenders and borrowers see that kind of money growth coming, they will start to crank higher inflation estimates into their calculations. Mr. Ture expects the Fed to monetize the bulk of the deficit, for example, and talks in terms of a prime rate of 20% by the end of 1975.

If the Fed pursues reasonably moderate money growth, the deficits will still make interest rates rise, though not so astronomically. The normal operations of the market would balance the equation through higher interest rates, discouraging borrowing and encouraging savings and foreign inflows. But with a $35 billion gap to close, this implies interest rates that still might be high enough to cause severe problems.

A drop in business investment below $205 billion implies a much deeper economic decline than so far predicted. Even the pessimistic predictions of the Council of Economic Advisers looked for a small increase, not decrease, in private investment.

Alternatively, the $80 billion in personal savings is based on a savings rate of 7.9% of a disposable income of $1,049 billion. Over the last 25 years, the savings rate has ranged from 4.9% to 8.2%. To generate an extra $35 billion it would have to leap to an implausible 11%.

Finally, the interest rates necessary to force savings up and investment down by such an amount might themselves be high enough to prevent a recovery. The effect on the housing sector, in particular, is entirely predictable.

The long and short of the analysis is that somewhere between a federal deficit of $50 billion and a federal deficit of $80 billion the string snaps. To maintain the "accounting identity," you are all but forced to assume the economy will unwind in one way or another. You can make the same kind of analysis not through the National Income Accounts as above, but through a different "flow of funds" methodology. Salomon Brothers did this earlier in the year, coming to this conclusion:

"The consequences of a U.S. budget deficit substantially greater than the nearly $50 billion estimated by us for calendar 1975 should be clearly recognized. Such a deficit could be reasonably financed only if the economic contraction this year is much greater than we expect. Otherwise the budget deficit would either lead to a vicious struggle for funds between private borrowers and the government, or the Federal Reserve would have to supply funds without regard to its long-range responsibilities. In any event, a larger than expected deficit would threaten economic recovery, despite the best intentions of government, by crowding out medium to lower rated borrowers, many of whom are already in peril, and mortgage borrowers as well, thus aborting recovery in housing activity."

Last week Walter W. Heller, a valued member of our Board of Contributors, cited the Salomon Brothers analysis as reason not to worry about crowding out. But by now the Salomon Brothers analysts are well aware the deficit for calendar 1975 will be far above $50 billion. The St. Louis Fed puts the calendar year deficit at $62 billion merely on the basis of administration proposals, which included (on a fiscal year basis), $16 billion in expenditure reductions and a tax cut of only $16 billion.

But suppose for a minute that Mr. Heller is right about 1975 and that the gap is filled by a happy combination of events. Suppose money growth is moderate, and the Fed takes up some debt. Falling inflation means lower interest rates, and suppose this effect is powerful enough that non-destructive rates can balance the supply and demand for funds. There still remain two problems.

One is simply that private borrowers will still be crowded out, that private investment will decline. In other words, because of the huge deficits, we have a lower rate of capital formation and thus slower economic growth in future years. Assuming that the deficits cannot be reduced, this is the smallest price we can possibly pay.

The final problem is 1976, or whenever recovery does get under way in earnest. At that point, the investment needs of business and housing will go up, not down. If the government is by then still running $70 billion deficits, this will call for an even more impossible-looking increase on the savings side of the ledger. At that point, high deficits will again threaten to abort the recovery. This destruction of capital formation, excessive monetization of debt and aborting of real growth is essentially what has already happened in Great Britain.

Yet Congress goes its happy way, adding to expenditures, increasing tax cuts, charting tax bills that discourage saving instead of encourage it, secure in the knowledge that there is a recession on, and in that case Dr. Keynes always assured them that budget deficits are a free lunch. Didn't he?

Mr. EAGLETON. Mr. President, reluctantly I shall vote in favor of the Senate tax bill, despite my strong reservations about its overall size. It is better than no bill at all. The economy is desperately in need of a stimulus and I do not believe we can wait much longer to take action.

My concern is that the bill goes too far and will lead to a Federal deficit that will not only rekindle inflation, but could interfere with economic recovery as well by siphoning needed credit from the private sector. This bill alone would drain $30 billion out of the Treasury even considering revenue gains from changes in percentage depletion and foreign tax credits. If we look beyond this legislation to consider the numerous spending bills we will be enacting to help the economy, it is not difficult to foresee a deficit anywhere from $70 to $100 billion.

I also have reservations about the composition of the tax cuts, because I do not think there is enough tax relief for middle-income working Americans.

Mr. President, I have at the desk an amendment to substitute the House-passed bill except for the depletion and tax credit sections. But I have not called it up because I do not believe it would pass or that the Senate wants to be further delayed in getting this bill into law. I sincerely hope, however, that Senate and House conferees will agree to a more reasonable overall figure and include in the final bill only those items which are truly necessary to bring about economic recovery.

Mr. THURMOND. Mr. President, I cannot in good conscience support this bill. The final cost of this bill to the U.S. Treasury will be about 30 billion dollars. This is entirely too large a figure. I would have been more than happy to support a bill which would have been in the $15 to $20 billion range.

This Congress cannot continue to display fiscal irresponsibility. The overall deficit of the Federal Government in fiscal year 1976, according to best estimates, may well be between 80 and 100 billion dollars. This is totally unacceptable. There is absolutely no way the economy can withstand a deficit of this size without serious consequences. These consequences are renewed inflation and further lessening of the value of the dollar.

Mr. President, to give the people of the United States a tax rebate, the U.S. Government must go into the money market and borrow additional money. Last year the Federal Government borrowed 62 percent of the available funds in the private capital market. If the Government continues to increase its borrowing, there will be fewer dollars available for the American businessmen and consumers to borrow. The interest rate, as a result, will rise to an unacceptable level. The economy cannot be revitalized when interest rates are high. High interest rates were a major cause of the current recession.

Mr. President, a major factor in any economic recovery is confidence—both consumer confidence and investor confidence. If investors and consumers do not have confidence that the Government is doing its best to see that the economy is sound and healthy, they will not invest and spend the amount of money necessary to get our economy rolling again. I do not think the American public will have any confidence in Congress if we contribute so greatly to our already enormous deficit.

We have no assurance that this Congress is going to cut expenditures and balance the budget. Without such assurance, the revenue loss, $30 billion, that will be created by this bill is totally out of line.

Mr. President, it has been said that it is political suicide to vote against this tax reduction legislation, but I say to you it is economic suicide to pass a bill which adds so greatly to our national deficit without corresponding cuts in expenditures.

Mr. President, this Congress should not practice deceit on the American taxpayer by giving him a tax rebate and tax cut with one hand and taking it away with the other by increasing inflation—inflation caused by the tremendous revenue loss that will occur if this bill is passed. We must be truthful with our constituents, and the truth is that this bill in its present form is not good for the American people nor the American economy.

Mr. MORGAN. Mr. President, I am voting no on the Tax Reduction Act of 1975 for the reasons substantially stated by me during the day while speaking on behalf of the Bumpers amendment. There are some provisions in the bill that I would favor if I could vote on such provisions separately. Unfortunately it is now all or nothing. At a time when predictions by the Senate Budget Committee are that a budget deficit of $80 to $120 billion is likely, I believe to vote for this bill would be irresponsible and indefensible. It would, I believe, fan the flames of inflation so that the result would be a net loss to all taxpayers.

Mr. STENNIS. Mr. President, the purposes behind the drive for the passage of this bill are laudable and naturally I would like to cast a vote that would decrease the tax burdens on an already overburdened people.

For several years now I have watched with concern and alarm the steadily mounting tide of inflation that has gradually but steadily overcome the people, and like a thief in the night, robbed them of the purchasing power of their dollar.

From fiscal year 1960 through fiscal year 1976—with fiscal year 1975 estimated at $34.7 billion and fiscal 1976 estimated at $80 billion—our deficits have totaled $242 billion. Several times in this period we have decreased taxes to help the economy. We have also devalued our dollar twice and I understand our dollar lost 6 cents in the world exchange market within the last few weeks.

All these moves have cost us greatly and still the economy, it is said, must have a huge tax reduction in order to move forward. I believe this large sum of $30 billion in tax reductions will give a relatively short lived boost to our economy. At the same time the $80 billion deficit will lay the ground work for another round of inflation that will grow and grow and become runaway inflation in a few shorts years. This will further decrease the buying power of the American dollar at home and abroad.

It is inflation that I fear and I am compelled to oppose such a large tax cut that will create this huge deficit and another round and wave of inflation. Rebates and tax cuts amidst such shaky fiscal affairs will make our people and their children, pay more later, with compound interest.

We must find a better way. I am willing to keep trying.

Mr. HANSEN. Mr. President, yesterday while the depletion allowance for oil and gas was being denied to all integrated oil companies, the Wall Street Journal was pointing to the possibility of the OPEC oil price cartel falling apart. But here on the floor of the Senate by a vote of 82 to 12, we were telling OPEC that they do not need to worry about the United States making any big push to lessen our dependency on foreign oil.

In denying depletion allowance to integrated oil companies, large and small alike, we were eliminating one of their main sources of capital for investment in exploration, development and production of new supplies of oil and gas.

And until someone is successful in repealing the law of supply and demand, and I would not be surprised at such an amendment to this tax reduction bill, the one hope we and the other 17 countries of the International Energy Agency have of breaking the OPEC price cartel is by lessening our dependence on OPEC oil.

Make no mistake about the effects of elimination of depletion allowance.

First we will see an increase in gasoline, fuel oil and all petroleum product prices. The amount taken away from the integrated oil companies will end up in the Treasury but it won't come out of oil company profits which are already declining. It will come out of the pockets of those who buy gasoline to get to work and oil to heat their homes.

And the search for new supplies of oil and gas will be set back by the amount these companies lose in money paid into the Treasury that would have been reinvested in their search for new oil and gas supplies.

Listen to what the General Accounting Office says about the Federal Government's plan for accelerated leasing of offshore oil and gas resources.

It says that the Interior Department estimates "allow only a 1-year time lag between exploratory drilling and production."

> GAO . . . found oil industry experts saying that a more realistic time lag between the start of exploratory drilling and production is three to eight years. If the lag were only three years, GAO said, oil production from the Atlantic in 1985 "would be about 126 million barrels, or 53 million barrels a year less than the Project Independence estimate."

So that offers some idea of the added delay of less investment in drilling which is the only conceivable result of the loss of depletion allowance, the industry's main source of reinvestment revenue, the purpose for which depletion allowance was intended and for which it has been used for all of the years since it was approved in its present form in 1926.

And, Mr. President, not all integrated oil companies qualify as majors. In fact many of the so-called majors came from small beginnings, some of them from the old wildcatters who risked all they had to get where they are. Many of them did not make it but the tax reformers never mention the many failures in this high risk industry.

One of the smaller integrated oil companies that has kept competition alive in the Rocky Mountain area is Husky Oil Co. It has three small refineries in Wyoming and Utah and retail in several other States.

It is no "oil giant" by any stretch of the imagination. But it will suffer from loss of depletion allowance just as the major companies.

Husky has been a well managed operation and has reinvested its profits and depletion allowance in developing its own reserves of oil. In fact, Husky was fortunate enough because of its efficiency and foresight to have more than the national average of its own supply of old or price controlled oil when the crude equalization program was established last year.

Under this ridiculous oil-sharing plan, Husky must buy the right to use its own oil to benefit some refiner who did not have enough and in some cases, none of its own oil.

Husky has already been penalized under that monstrosity of bureaucratic regulation which was a child of the Emergency Petroleum Allocation Act.

Let us hear, then, from Husky Oil Co. itself just how the further blow of loss of depletion allowance will effect them.

I quote from a letter I received today from Husky Oil Co. president, James E. Nielson:

> Husky Oil Co.,
> *Washington, D.C., March 21, 1975.*
> Senator Clifford P. Hansen,
> *U.S. Senate,*
> *Washington, D.C.*
>
> Dear Senator Hansen: Last evening, as the Senate was attacking the depletion allowance, a group of 24 companies representing the modest-sized oil companies was meeting to determine what might be done by way of compromise. It was agreed that Congress had heard from the smallest independents. The majors had been castigated unmercifully. The middle cut of companies represented around the table by and large had not been heard from, yet they are essential to keep competition alive. No Congressional hearings on depletion had been held. No testimony had been received from these companies representing about 20% of the domestic oil and gas production. The consensus was clear. If depletion is lost, exploration budgets will be cut. Fewer wells will be drilled. Secondary and tertiary recovery projects will be slowed, resulting in less domestic production than otherwise could be expected. On the other side, there will be more dependency on foreign overseas oil supply and price domination.
>
> Husky's position in this dilemma is typical. One third of our exploration budget for 1975 is dependent upon the depletion allowance for capital. The high risks of wildcatting demand equally high potential rates of return to attract needed capital. Striking the depletion allowance removes one of the most important sources of such capital, which in the past has assured consumers of a plentiful supply at bargain prices. Reading today's mood of the Congress, because Husky has painstakingly built an integrated enterprise, furnishing thousands of jobs in the process, we are excluded from any benefits of the vestiges of depletion. What facts form the basis of such arbitrary decision-making? Is it that Congress wants more tax money or do they want more oil and gas? They can't have both. The present course is for less oil and gas, higher product prices. Make no mistake about it, this is the course, particularly in view of the proposals for windfall taxes, rollbacks and more price controls. If the public knew the facts, and we in the industry must bear much of the responsibility that they don't, we are convinced the public would demand more, not fewer, incentives to spur domestic production of oil and gas.
>
> As we approach compromising depletion, we are loath to suggest anything that falls unevenly upon the industry. Each company is willing to be taxed on earnings, but deserves the full recovery of its capital by depletion. Nevertheless, in face of today's exigencies, we reluctantly petition the Congress to retain 22% depletion on the first 100,000 barrels per day of production, 11% on the second 100,000 barrels per day, with no depletion thereafter. While this proposal strikes down measurable incentives for the very largest firms, it will retain essential incentives necessary for energy growth and competitive viability. Even this proposal passes to future generations the brunt of a gross error.
>
> Most sincerely,
> James E. Nielson,
> *President.*

Mr. President, Husky Oil would like to continue to expand and compete with the major oil companies. It had plans to participate in offshore drilling to help lessen our dependence on OPEC oil. But there may now be serious doubt that it will be able to.

Mr. President, so that all Senators may realize the importance of a continuation of the stepped-up pace of domestic oil and gas production to the Nation's security and the hope of breaking the OPEC cartel, I ask unanimous consent that the Wall Street Journal article "Impending Breakdown of OPEC Cartel" to be printed in the Record.

Mr. President, I also ask unanimous consent that an article in today's issue of the Washington Post, "Consumers Reach Oil Talks Approach" also be printed in the Record and another Washington Post article, "Offshore Drilling Pace Is Questioned."

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Mar. 20, 1975]

IMPENDING BREAKDOWN OF OPEC CARTEL

(By Robert Z. Aliber)

The oil cartel is in the early stages of a breakdown. Crude petroleum prices are being lowered, both directly and indirectly, by individual producing countries seeking to increase their exports. In the next several months, the demand for OPEC-produced petroleum will decline sharply. The cartel will fall apart when its members prove unable to share the necessary production cuts.

For 15 months the demand for crude petroleum has been substantially smaller than the potential supply. Initially the embargo adopted during the Yom Kippur war forced consuming nations to adjust to contrived scarcity by queuing at gas pumps, lowering thermostats, and foregoing Sunday driving. Since the embargo was lifted, demand declined in the face of recessions in the United States, Western Europe and Japan.

Two mild winters in succession reduced heating demand. The 1975 autos consume substantially less gasoline than the late 1960s' models now being junked. OPEC exports have declined even more rapidly than the demand in the consuming countries, in part because a few countries, including Mexico and Malaysia, have increased their production and exports.

Current OPEC output is estimated at 26 million barrels a day, 11 million below its capacity. In the months ahead, the heating demand will decline further, offsetting the increased automobile use during warm weather. Deepening of the recession means industrial demand also should decline, at least until autumn.

For most of the last year, production of petroleum exceeded consumption, even as demand fell, while petroleum in storage increased, both in traditional forms like tank farms and in non-traditional ones like ocean tankers and gasoline stations. At current rates, there are now 100 days of consumption in storage. A large inventory is necessary to keep pipelines full, and a smaller additional inventory is a useful contingency reserve. Over the last year, inventories above these two requirements have increased by a third.

At $10 a barrel, these inventories are valued at $50 billion. Any fall in the market price means owners of petroleum will incur losses; if the price falls to $8 a barrel, they will be poorer by $10 billion. Despite their vested interest in maintaining the current price level, owners of inventories will begin to convert oil into money when they anticipate a price decline.

A decrease of petroleum in storage by one day's consumption over a month means OPEC production would fall by two million barrels a day. A reduction of the excess inventory by one-third over the next four months translates into a decline in OPEC exports of five million barrels a day. The more rapidly the price is expected to fall, the more rapidly inventories will be reduced, and the lower the demand for newly produced oil.

THE VALUE OF MONEY

As it becomes apparent that the price of crude petroleum will decline, some members of the cartel, especially the smaller producers, also will convert oil into money. In 1975, money in the bank will earn interest income at the rate of 6% or 8% a year. Oil held in the ground, in contrast, will have a negative rate of return, since the market price at the end of 1975 will be below the price at the end of 1974.

Individual OPEC countries will lean more heavily on the multinational oil companies to buy more oil, for oil not sold in 1975 and 1976 may not be sold until the distant future. The multinationals, however, will buy petroleum only if they can sell it, so they will play musical chairs with various supply sources, increasing their purchases from countries which offer discounts, rebates, and other concessions from the posted price. While individual OPEC countries can increase their exports, OPEC countries as a group cannot—at least not until a business upswing occurs.

As demand declines in the next six months, maintenance of the $10 price could require reduction of six million to eight million barrels a day in OPEC production. These cutbacks must somehow be distributed among OPEC members. A few countries already have reduced production substantially. Libya now produces less than 900,000 barrels a day, whereas its peak output exceeded two million. Similarly, Kuwait, which has a daily capacity of nearly four million barrels, has been producing two million barrels. Both countries appear reluctant to reduce their output further. The poor, heavily-populated countries like Indonesia and Nigeria are unlikely to make substantial cutbacks. Iraq has been loud in its support of OPEC, but its output in January exceeded the pre-embargo level.

Increasingly, maintenance of the current price will require larger cutbacks by Iran, Saudi Arabia and Venezuela. In January, the daily output of these three countries totaled 16 million barrels a day. Reduction in demand has already forced Iran to reduce its output by 10%, Venezuela by 20% and Saudi Arabia by 30%. These three countries might be required to cut back twice as much in the next few months to match even further reduction in demand.

Two sets of events, separately or in combination, may upset this scenario for the demise of the cartel. The estimated decline in petroleum demand during warmer weather, the impact of the recession and inventory reduction may be overstated. And the cartel may be effective in allocating reductions in output among its members. As long as the members were rich, such allocations were easy. But individual countries are not likely to abide by the commitments if they expect the price to fall. Cartels have their momentum; they work when their members believe they will work and fold when that belief is eroded.

The announcement from the recent meeting in Algiers that the OPEC producers would like to enter into long-term agreements about price and supply arrangements reflects their sensitivity to the weakness of their economic position. If the demand for petroleum proves unexpectedly strong, then they would break the agreements, as they have in the past. If the demand for petroleum proves as weak as they expect, they would count on the United States and other importing nations to abide by its commitments.

INCREASING TARIFF BARRIERS

The OPEC countries recognize that their ability to export petroleum will be increasingly constrained in the next few years as the energy markets in various industrial countries become increasingly segmented from the world market. The United States will apply tariffs or quotas to imports, much as in the 1960s, and the U.S. price will be substantially above the world price. Similarly, the British home market will be protected from low-cost Middle East imports so that North Sea producers will be able to recover the high costs of offshore drilling. In Continental Europe, and Japan, similar import-limiting measures will be adopted to reduce dependence on foreign sources of energy.

The growth of such barriers to imports will increasingly fence off OPEC supplies and the OPEC countries will find themselves with more oil than markets. At that stage, access to markets in the developed countries will be very valuable, and OPEC countries will compete aggressively for market shares.

For the next several months, the United States faces a policy dilemma. Is it worthwhile to adopt a $3 tariff on imported petroleum? Or set quotas to reduce imports by half-million barrels a day? Or impose a gasoline tax of 15 cents or 20 cents a gallon? Or adopt measures designed to increase domestic energy supplies? Should any of these policies be followed, given that the world price could fall sharply? Similarly, is it worthwhile for the United States to enter into long-term supply agreements with various oil exporters?

OPEC's ability to maintain the price over the next few months does not depend on whether the U.S. adopts import tariffs, quotas, gasoline taxes or domestic production subsidies. They will have only a modest impact in altering demand-supply relations in the near future. Instead, policy should focus on two other measures.:

The U.S. should indicate to selected oil-producing countries that they will be guaranteed favored access to the U.S. market in the next decade, provided they maintain their production in the next few months. In late 1972, Saudi Arabia's oil minister Ahmed Zaki Yamani suggested an assured access arrangement, but Washington should link any such assurances to minimum production guarantees.

Further, Washington might also encourage companies to reduce their petroleum in storage. It could nudge the price downward by buying oil for auction to distributors; the price decline, by indicating the vulnerability of the petroleum inventory, would induce owners to reduce their stocks. While the Treasury would incur a financial loss from this anti-stockpiling tactic, consumers would benefit from lower prices. More importantly, as owners of the inventory reduced their stocks, this would sharply increase pressures on the cartel, which also would result in lower prices to consumers.

[From the Washington Post, Mar. 21, 1975]

CONSUMERS REACH OIL TALKS APPROACH

(By Gilbert Sedbon)

PARIS, March 20.—The world's leading oil-consuming nations today reached agreement on a common approach for talks with oil producers beginning here on April 7, conference sources said.

The agreement came after difficulties had been overcome on American demands for the protection of investments in developing alternative energy sources.

The consumers—members of the 18-nation International Energy Agency, were reported to have decided on minimum prices for oil imports to protect their investments in new power resources, including nuclear and solar energy, against any sudden slump in oil prices.

American sources said there might be a price range at the beginning with members choosing prices within a range that best protected their investment.

"Ultimately, there will have to be a single price for all agency member states," one source said. "But no price range has as yet been fixed and neither do we know what the ultimate specific price will be."

The IEA members also discussed their general strategy when they meet the producing countries.

"We have discussed the timetable that would eventually lead to a full-scale producer-consumer conference later this year and also how best to protect our own interests," one source said.

The meeting here next month, which is being sponsored by France, is aimed at preparing for a comprehensive conference of oil producers and consumers some time this year.

Besides reaching agreement today on ways of protecting investments in nonoil energy sources, the IEA had previously agreed upon joint oil conservation measures and the establishment of a $25 billion "safety net" fund to help member countries with balance of payment problems caused by high oil prices.

[From the Washington Post, March 21, 1975]

OFFSHORE DRILLING PACE IS QUESTIONED

(By Douglas Watson)

The federal government's plan for accelerated leasing of offshore oil and gas resources is overly optimistic, a highly critical General Accounting Office report says.

It charges that the Interior Department's plan to lease 10 million acres of the outer continental shelf each year during this and the next four years was reached "without carefully analyzing and considering several factors and problems affecting the goal's soundness."

GAO added, however, that even if the goal of leasing 10 million offshore acres annually is reached, such a leasing pace won't meet the objectives of Project Independence toward making the nation self-sufficient in energy production.

"GAO's rough calculations show that from 15 to 28 million acres would have to be leased and drilled by 1985 to satisfy the Project Independence assumptions," according to the 40-page report.

For example, it says that Interior Department estimates "allow only a one-year time lag between exploratory drilling and production" of oil from the Atlantic continental shelf.

GAO, the investigatory arm of Congress, found oil industry experts saying that a more realistic time lag between the start of exploratory drilling and production is three to eight years. If the lag were only three years, GAO said, oil production from the Atlantic in 1985 "would be about 126 million barrels, or 53 million barrels a year less than the Project Independence estimate."

GAO's report calls on Interior Secretary Rogers C. B. Morton to "clearly define (offshore) leasing goals and specify how these goals will be met and how they relate to overall national energy goals."

It also urges the Interior Department to "reconsider the accelerated [offshore] leasing schedule in the light of government and industry capabilities and possible alternatives."

Rep. William S. Morehead (D-Pa.), chairman of a House Government Operations subcommittee on energy and natural resources, said yesterday his subcommittee will hold hearings on GAO's report, which Morehead said "seriously undermines the Interior Department's credibility."

"The government's tract selection and valuation practices are inadequate even at much slower leasing rates," GAO said. It claimed that in raising its offshore leasing goal from 1 million to 10 million acres annually, the government is proposing to lease almost as much of the continental shelf each year as it has over the past 20 years.

The report says that offshore oil and gas drilling will be slowed more than the govern-

ment has anticipated by shortages of essential equipment, material, and manpower.

SENATE FINANCE COMMITTEE TAKES ACTION TO HELP AMERICAN SMALL BUSINESSES

Mr. NELSON. Mr. President, as chairman of the Select Committee on Small Business, I wish to further advise this body on several decisions taken by the Committee on Finance on March 14, 1975, concerning the Nation's 12 million small businesses incident to its consideration of H.R. 2166, the tax reduction bill of 1975.

Many newspaper reports omitted descriptions of the small business provisions or were very sketchy, perhaps because these Committee actions occurred rather late on Friday afternoon. A brief explanation of these provisions and their significance might be helpful as the Senate proceeds with consideration of the tax reduction bill.

THIRD REPORT ON SMALL BUSINESS TAX SITUATION

This is actually the third in the series of reports to the Senate on current small business tax problems which flowed from public hearings that we conducted on February 4, 5 and 20.

On February 12, we presented a preliminary report to this body reflecting that inflation and recession had hit small businesses more quickly and with greater severity than larger business firms during 1974. Our evidence showed that costs had risen faster for small firms, profits had turned down before the general economy, interest rates for small business were higher, and equity financing had virtually come to a standstill during the past year. (CONG. REC. Feb. 12, p. 3039.)

On March 10, nine members of the Select Committee offered a legislative package of eight proposals addressed to these problems, for consideration in connection with the first-priority tax reduction bill. (CONG. REC. March 10, p. 5800.)

PROVISIONS APPROVED BY SENATE COMMITTEE ON FINANCE

We offered a number of these amendments in the Finance Committee on March 14, and the following provisions were accepted by that committee for inclusion in the Finance Committee version of the bill which will shortly be placed before the Senate.

One. Increase in accumulated earnings. The amount of permissible accumulated earnings, which would be free of a penalty tax under section 531 of the Internal Revenue Code, would be increased from $100,000 to $150,000.

We pointed out to the Finance Committee that this fixed-dollar provision has been in the law since 1958, and since then the Gross National Product deflator—the broadest measure of inflation—has increased 77.7 percent, and the deflator for fixed investment has increased 76 percent.

This provision will be extremely helpful to many firms such as homebuilders, whose activities are especially subject to economic cycles because of inflation and recession.

Second. Equivalent investment credit benefits for used machinery. In two related decisions, the Finance Committee agreed to remove the ceiling on the amount of previously used property which would be subject to the investment credit; and also provided for the carryovers from year to year of credits on used machinery which cannot be fully utilized in any particular year to the same extent as with new machinery. Together, these decisions would eliminate a discrimination in the Internal Revenue Code between new and used machinery, and should be most helpful to new and smaller businesses which find it increasingly difficult to afford brand new machinery at inflated prices.

The committee has also pointed out the advantages to both the economy and small business of such a provision, because used machinery is available immediately to be placed in productive service, while often a wait of 18 months to 2 years would be required before the delivery of a new machine.

Third. Reduction in corporate rates for smaller businesses. The Finance Committee discussed the reduction of rates according to a graduated scale and then agreed to a version of a Small Business Committee amendment increasing the corporate surtax to $60,000.

However, upon further discussion, the Committee voted to substitute for the additional surtax increase a shift of four percentage points from the normal tax rate to the surtax rate.

In other words, the normal tax rate which, under the House bill would apply to the first $50,000 of corporate income, would be reduced to 18% rather than the present 22%. The surtax rate would rise from ts present level of 26% to 30%.

IMPORTANCE OF COMMITTEE'S DECISIONS

In my view the Finance Committee action, particularly as combined with the action of the House of Representatives in raising the surtax exemption—from $25,000 to $50,000—promises substantial tax benefits for smaller and independent businesses for the first time since 1958.

PRACTICAL IMPACT ON SMALL COMPANIES

The effect on the pocketbooks of the smaller business community can be illustrated by the following table concerning the tax burden under existing law with that under the proposed Senate-House small business amendments:

Classifications	Small business tax burden under existing law		House-passed Bill		Proposed taxes under Senate-House small business amendments		Difference
	Percent	Amount	Percent	Amount	Percent	Amount	
Taxable income:							
0 to $25,000	22	$5,500	22	$5,500	18	$4,500	$1,000
$25,000 to $50,000	48	12,000	22	5,500	18	4,500	7,500
Total		17,500		11,000		9,000	[1] 8,500 [2] 2,000

[1] Difference between existing law and Senate bill

[2] Difference between Senate bill and House bill

Thus, the percentage of reduction for the lowest 91% of U.S. corporations—over 1.3 million companies—which earned less than $25,000, would be 18.18 per cent. The growing companies which earned between $25,000 and $50,000 would receive a reduction of 48.57 per cent. Additionally, corporations earning over $50,000 would experience a material reduction in their taxes based upon the proposed lower rate which would be imposed on their own income under $50,000.

These actions by the Senate and the House are very substantial steps in the right direction. Small business did not, of course, receive everything that it would have wished for. The Committee did not raise the surtax exemption to $100,000, as many small business organizations advocated. Nor was it possible to directly assist the noncorporate business sector, beyond augmenting the investment tax credit benefits which, we had discovered, are going to noncorporate business to the extent of about 18 per cent of the total.

We also learned, when the report of the bill was filed on March 17th (S. Rept. 94–36), that the rate shift was drafted to apply for one year only. I have introduced, with Senator BROCK, Amendment No. 260 in an attempt to do something about this.

However, the Senate-House amendments have at least three distinct advantages over the program advanced by the Treasury Department and the administration.

EFFECTS ARE LESS CONCENTRATED

The first is that they are less concentrated as to their effects. The Treasury-administration proposals would have given no relief whatever to the 91 per cent of corporations earning less than $25,000; and would have concentrated about 50 per cent of those benefits on the largest 350 corporations and 74 per cent of those benefits on the 50,000 largest corpoations.

In a decisive break with this approach, the Senate and House have proposed to spread the available tax benefits in a much more balanced manner to the business community, with the result that the competition will not be undermined, and the free enterprise system will be encouraged to work.

GREATER FLEXIBILITY IN CONGRESSIONAL APPROACH

Second, the Senate-House approach promises greater flexibility. The administration targeted its 1975 investment credit proposal solely on the purchase of machinery. The congressional approach would free more capital for putting people to work, improving their training, building working capital, financing intangible assets—such as accounts receivable and inventory—increasing advertising, or whatever policies resourceful smaller and independent firms feel are necessary to revive consumer interest and improve the tone of the marketplace.

BENEFITS MORE DIRECTLY FELT

Third, the Congressional approach is much more direct. The Administration appeared to be proposing a classic trickle-down system where large amounts of benefits would go to a relatively few large business firms, with the possibility that increasing general business activity might bring eventual benefits to smaller firms.

The congressional proposal would place a substantial share of the benefits directly in the hands of medium-sized and smaller businesses in every corner of the country, in every community, business district, shopping center, crossroads, and farm area.

The small business community accounts for about 99 percent of the Nation's 12 million enterprises; between 52 percent and 53 percent of all U.S. jobs; and one-third of the GNP. They are dispersed through the country. I feel that spreading the benefits of the business tax cut in this manner is a much sounder approach to help pull the country out of its recession without worsening inflation. Traditionally, small business is the best source of innovation and economic growth.

If we provide a climate for the good health and expansion of existing small firms and the founding of new firms, this sector of our economy will provide millions of new jobs—precisely what we need most to get out of the economic doldrums.

ROLE OF SMALL BUSINESS ORGANIZATIONS

It is my view that these congressional actions came largely as a result of well-informed and effective efforts by smaller business organizations throughout the country to make their needs and problems known to us, and in gathering together to support practicable solutions. In this regard, I ask unanimous consent that a letter from 19 business organizations be printed in the RECORD following my remarks, as an illustration of the views of a broad representative sample of the small business community.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

(See exhibit 1.)

CONCLUSION

Mr. **NELSON.** Mr. President, the tax needs of smaller firms in this time of recession and inflation are apparent. I hope the Senate and the House will speedily approve these important small business provisions as part of the Tax Reduction Act of 1975 and enact this vital bill into law.

EXHIBIT 1

NATIONAL SMALL BUSINESS ASSOCIATION,
Washington, D.C., March 12, 1975.

Hon. GAYLORD NELSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: We urge you most strongly to support S. 1119, introduced by Senator Nelson and others in the mark-up sessions of the Senate Finance Committee on the Emergency Tax Reduction Bill. We commend it to you because it will help the Senate to meet one of the three yardsticks with which we believe the Nation's small businessmen will measure the value of the legislative end-product.

First, they will be concerned with how quickly, surely and directly recession-ending jobs will be created in the independent sector of the economy, instead of only in Government or big business. That is why we have urged the consideration of a small business job creation tax credit. Unlike everything else in the bill, this would NOT be based on a guess about how consumers or investors would respond to an influx of cash. This would have no cost except to the extent that jobs were really created.

Second, they will be concerned with how fairly the business benefits of the measure are divided between big business on the one hand and small business on the other. We hope you will specifically ask for a computation of what share of the business benefit package is going to big companies as against small ones. We believe the Committee's goal should be to provide at least 50 percent of the business benefit to small business which provides 50 percent of the Nation's jobs; to do anything less is to distort the economy still further with a subsidy to economic concentration. We hope the Committee will include in its Report to the Senate a clear comparison of its product with that of the House on this point. It should be noted that the House Committee's Report alleged that 60 percent of the benefit of one of its provisions would go to businesses with less than $100,000 in pre-tax income. But it did not provide a comparison of big and small business benefit for all of the business tax benefit provisions. Our best estimate, and we urge you to ask the staff of the Joint Committee for a definitive estimate, is that at least 75 percent to 80 percent will go to big business.

Third, small business will be concerned with how many kinds of small companies will be enabled to contribute to, and participate in, national recovery by the Emergency Tax Bill's provisions. Since the preparation of our own testimony, (which we have enclosed for your convenience) Senator Nelson and others have introduced S. 1119. We commend it to you most strongly since two-thirds of its benefits as we understand it, will go to small business, and since it extends some relief to many more millions of small firms than does the House bill.

We know from discussions with Committee Members on both sides that there is a sentiment for improving the measure in the direction suggested here. We appreciate fully the tremendous time pressures on the Committee. But we are confident that you will be able to protect the legitimate interests of millions of small businesses despite those pressures.

Sincerely,

MILTON D. STEWART,
President.

We have been authorized to advise you that the following groups join in supporting S. 1119 and the general views expressed here:

National Small Business Association.
National Association of Black Manufacturers.
National Home Furnishing Association.
National Retail Hardware Association.
Retail Jewelers of America.
National Association of Music Merchants.
Retail Floorcovering Institute.
Photo Marketing Association.
Menswear Retailers of America.
National Association of Small Business Investment Companies.
National Parking Association.
National Office Products Association.
Associated Builders and Contractors, Inc.
Council of Smaller Enterprises, Cleveland, Ohio.
Smaller Manufacturers Council, Pittsburgh, Pa.
Smaller Business Association of New England.
National Business League.
National Oil Jobbers Council.
Independent Business Association of Wisconsin.

IRRESPONSIBLE TAX LEGISLATION

Mr. **ROTH.** Mr. President, I am a strong supporter of the idea that a tax cut is the best way to stimulate our economy and to reduce unemployment. I am also a strong supporter of the concept of a quick, equitable, one-shot rebate of tax liability as an antirecession measure. This type of legislation would provide an immediate stimulus to the economy, increase consumer purchasing power, and put people back to work again. It has the additional benefit of being temporary, as opposed to increased Federal spending on programs which, once they are started, can never be turned off.

But for the last few days, the Senate has gone on a completely irresponsible spending binge, voting for every single amendment that was politically appealing without stopping to determine the economic impact or cost. First the Finance Committee and then the Senate changed a $16 billion antirecession tax bill into a $31 billion antipoverty Easter Basket.

For this reason, I cannot support the Senate tax bill in its present form. Although there are many good features in the bill, provisions which I strongly support, the overall revenue total of the bill is much too high.

The primary purpose of this legislation is to stimulate the economy, but in order to be beneficial, it must be kept within a reasonable limit. The recession we are now experiencing was caused by the high rates of inflation the past two years, and we run the serious risk of rekindling an even higher rate of inflation. The Federal budget deficits are now projected to be $45 billion in fiscal 1975 and over $80 billion in fiscal 1976. In the two months since the President submitted his budget estimates, the moratorium on new Federal spending has been violated, with $10 billion added to this year's deficit and $30 billion added to the fiscal 1976 deficit.

This tax legislation is supposed to improve consumer confidence in the state of the economy, but consumer confidence cannot be improved if the U.S. Government is on the brink of bankruptcy.

I also had hopes that the tax cut legislation would be equitable, providing a sufficient amount of tax relief to the millions of moderate- and middle-income taxpayers who pay most of our taxes. But while there has been some improvement in the amount of middle-income tax relief, these people, who many economists believe are the ones which will spend the rebates on consumer goods, are still getting shortchanged by the bill. In addition, the negative income tax features of the bill are actually welfare reform measures, and this is neither the time nor the place for fundamental welfare reform. Nor is it the time to act on such diverse tax reform amendments as those adopted by the Senate today applying to solar heat and baby sitters. In order to get the economy moving again, we must place more money into the hands of the people who will spend it on consumer goods. This in turn will get the factories working again and put the unemployed back to work.

I intend to vote against this Senate bill because it is too costly and because it is biased against the middle-income taxpayers. I hope that my vote will send a message to the House and Senate Conference Committee that the final tax cut bill should be cut back to a reasonable level. I continue to believe that a tax cut is the best way to stimulate the economy, but it must be done without putting an unbearable strain on our already massive budget deficits.

My final vote on the tax cut legislation will thus depend on the size and the scope of the legislation that is approved by the House-Senate Conference Committee.

Mr. BARTLETT. Mr. President, I regret very much the recent action of the Senate with regard to oil tax legislation. The legislation is punitive because it concerns only the oil industry, and, in my opinion, is shortsighted. It is essential for this Nation and the world that sufficient capital be available for investment in the search for and development of energy resources, particularly oil and gas. The reasons for this are very capably explained in a recent publication titled, "How Much Oil—How Much Investment" of the Energy Economics Division of the Chase Manhattan Bank.

All Senators could benefit by reading this article and I ask unanimous consent that it be printed into the RECORD.

There are a number of figures in this publication which cannot be reproduced in the RECORD. Any interested person can obtain a complete copy from the Washington, D.C. office of the Chase Manhattan Bank or from the bank's energy economics division in New York City.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

(The charts referred to herein cannot be printed in the RECORD.)

HOW MUCH OIL—HOW MUCH INVESTMENT

A SPECIAL PETROLEUM REPORT

Energy and business

Try to think of a business activity—any kind at all—that does not depend in some way upon energy. None will come to mind because the satisfaction of all needs for goods and services requires the use of energy in some form, to some degree, at some stage. Indeed, as much as 70 percent of the overall utilization of primary energy in the United States is for business related purposes. And, in many other countries the proportion is even higher.

A fully adequate supply of energy, therefore, is vitally important to both the economic and social well-being of nations everywhere throughout the world. Within the past year, that fact became painfully known to a vast number of people who had previously taken the availability of energy for granted. Abruptly, they were jolted out of their complacency wher they discovered they could not have all the energy they wanted when they wanted it.

Investment, supply, and shortage

Although public awareness has come only recently, the energy shortage actually did not evolve suddenly. Studies conducted by this Bank as long as twenty years ago indicated clearly that an energy shortage in the United States was eventually in prospect if corrective forces were not brought into play. There was no basis at that time for doubting the existence of sufficient energy resources to be developed—the potential actually was enormous. But there was mounting evidence of underinvestment. And there is, of course, a natural relationship between the supply of any form of energy and the investment made to provide that supply. The future supply of energy cannot possibly be adequate unless a sufficient investment is made well in advance of actual needs. By the late 1950's, it was obvious that investment was not keeping pace with expanding energy needs. And it has continued to lag ever since.

Although the relationship between investment and the supply of energy is an elementary principle that applies to any and all sources of primary energy, it is nevertheless one that is not well understood. In fact, the lack of understanding was responsible for the incredibly unenlightened regulation and many other political actions about the world that had the two-pronged effect of preventing the generation of sufficient capital funds and discouraging the investment of money that actually was available. And the current energy shortage is the consequence. Yet, even today, after so much damage has been done, there is still a widespread failure to recognize the relationship between investment and supply. Instead, two distinctly different attitudes generally prevail. Many apparently continue to believe they can somehow again have enough energy without paying all the associated costs. Others, obviously, are resigned to the prospect of a permanent shortage and see conservation as the only avenue of partial relief. Neither attitude is realistic, of course. The world still does not lack basic energy resources remaining to be developed. And it is conceivable that eventually there can again be enough to serve all its needs—but only if the necessary investment is made first. If it is not, a permanent shortage will indeed be the certain outcome.

But a permanent shortage would be intolerable—it would unleash a flood of additional problems. Several interrelated factors would be involved. For a long time, the use of energy in the United States has remained constant relative to the gross national product, as shown in Figure 1. The amount of employment, however, has declined relative to gross national product, and the use of energy has risen in relation to employment as a result of technological progress. It is mathematically certain that the nation's labor force will continue to grow for many years to come, as indicated in Figure 2. But, if the future expansion of the gross national product were to be restrained by a lack of energy, the level of productive employment would not rise as fast as the labor force. Conceivably, it might not rise at all and unemployment with all its attendant problems could reach record proportions within a decade.

To varying degrees, other nations would experience similar difficulties. Without enough energy, developing nations could not attain the economic and social goals they so desperately need and developed nations could go into a phase of decline. Clearly, the world cannot afford a permanent energy shortage. The economic and social costs of that condition would far outweigh the capital and other financial costs of providing enough. Therefore, a maximum effort to provide enough must be made.

How much energy?

But how much energy will the world require in the years ahead? Forecasts that seemed realistic as recently as a year and a half ago are no longer valid. Because of the changed circumstances brought about by the latest crisis in the Middle East, a new assessment is necessary. For most of the past, energy costs have been exceedingly low and there was not a broad-based incentive to avoid waste or achieve more efficient utilization. But now that energy costs are substantially higher, that incentive exists to a greater degree. As a consequence, the world's future needs for energy are likely to be somewhat less than the amount previously in prospect. How much less is a matter of conjecture. There is not yet a reliable basis for estimating the waste that can be eliminated or the additional efficiency that can be achieved. The accumulation of sound evidence over a period of several years will be necessary before truly meaningful measurements will be possible. Some reductions in energy use have already occurred. For the most part, they are those that required a minimum of effort and cost. Potential savings that can be achieved only by spending large amounts of money are likely to come much more slowly, if at all. The process could be accelerated with tax incentives, but government appears reluctant to accept reduced tax revenue.

Historically, forecasts of future energy needs have proven grossly conservative, as illustrated in Figure 3. And the very poorest forecasting has been done during abnormal or transitional periods. For example, a highly qualified organization predicted in 1933 that the demand for oil would reach 2.9 million barrels per day by 1960. The actual demand in that year, however, was 10.1 million barrels per day—more than treble the predicted amount. Other forecasts made at that time missed the mark by a similar margin. A detailed analysis of these earlier efforts reveals a common fault: nearly all of the basic assumptions utilized in the forecasting process proved to be very wrong. To understand why, the conditions of that period should be recalled. The forecasts were made when the depression of the 1930's was at its worst and the prevailing attitudes were generally pessimistic. Indeed, there were some who thought the nation would never overcome its economic difficulties just as there are some now who believe the energy shortage will be a permanent problem and enforced conservation is the only source of relief available. There is a strong tendency on the part of professional forecasters and instant experts alike to project the present and the recent past. The faulty forecasts of the 1930's clearly reflect that tendency.

And there is now the grave danger that the same kind of errors may be committed again. Current conditions are by no means normal and neither are prevailing attitudes. Forecasts made in such an atmosphere can once more be way off the mark if they are not conducted with utmost care and objectivity. There are disturbing signs of too much reliance upon untried theories, particularly in respect to radical schemes to curb energy use. Demonstrated needs and proven facts tend to be ignored. And, obviously, there is a great deal of wishful thinking. If government and business plans are based and implemented upon ultra-conservative forecasts of future energy needs, the stage will surely be set for progressively worsening shortages in the years ahead. From the standpoint of the future well-being of all nations, it would be far better if forecasts proved to be too optimistic rather than too pessimistic. The problems associated with oversupply would not be nearly as great as those caused by too little supply.

In 1955, there were 2.7 billion people in the world—all with growing needs for goods and services. By 1970, another billion people had been added to the world's population and they too all had needs for goods and services. In the process of satisfying these expanding needs, economic activity increased throughout the world and progressively more energy was required to fuel that growth. Between 1955 and 1970 the worldwide demand for energy grew at an average annual rate of about 5 percent. As revealed in Figure 4, demographic authorities expect the world's population will rise by 1.3 billion between 1970 and 1985 to reach a total of 5 billion. Based upon the needs of these additional people plus the expanding needs of all the rest of the world's population, we had concluded in studies completed in mid-1973 that the worldwide demand for energy in the 1970–1985 period would continue to grow at an annual rate of approximately 5 percent.

Since then, however, we have reassessed the world's energy requirements in the light of the changed circumstances and we now think demand will grow at a lower annual rate of 4.2 percent. Admittedly, the revised forecast reflects more speculation than usual because of the inability to measure adequately the effects of reduced waste and more efficient utilization. The lower rate of growth represents our best judgment as of now. Hopefully, it will not prove too conservative, as so many earlier forecasts have.

The Markets

For analytical purposes, we have divided the world into seven geographical regions. The amount of energy used in 1970 and expected requirements by 1985 are shown for each of these regions in Figure 5. Although North America is likely to be the scene of the largest volumetric growth, the other regions are all expected to experience faster rates of growth. As Figure 4 shows, much of the world's population growth between 1970 and 1985 will occur in the less developed countries. And these, of course, are the countries with the greatest needs for economic and social gains—needs for more goods and services. If these needs are to be satisfied, the per capita consumption of energy in the less-developed countries must rise dramatically. And it must go up substantially in the developed countries too, because a significant portion of their energy use will be for the purpose of producing goods for export to other parts of the world, including the less-developed nations.

The Sources

At present, the world depends largely upon five sources of primary energy. They are oil, natural gas, coal, water, and nuclear. Eventually, other more exotic sources may be utilized but no significant development is in prospect within the time frame under consideration here. Revealed in Figure 6 is the amount of each used in 1970 and the expected requirements by 1985. As indicated, oil is the single largest source. It satisfied 46 percent of the world's energy needs in 1970 and is likely to be required for an even larger proportion by 1985. Of the total growth of worldwide energy needs between 1970 and 1985, oil alone is expected to be called upon to accommodate more than half. Oil's dominant position reflects its form value. Being a liquid, it is more versatile and can be applied more effectively to a broader range of uses than the other sources. And in some parts of the world oil is more readily available, both in a physical and economic sense.

Whether or not the world's indicated future needs for energy can be fully satisfied will depend, of course, upon the adequacy of capital investment. That, in turn, will hinge upon the ability of the energy industries to generate sufficient financial resources. The primary purpose of this report is to provide information relating to the financial needs. It is not practical, however, to do this for all of the energy industries at once. Therefore, the balance of this report is devoted to the needs of the petroleum industry and the financial requirements of other energy industries will be discussed in subsequent releases.

Because of the superior form value of oil, the worldwide demand for it has grown rapidly. For the fifteen years ranging from 1955 to 1970, demand increased at an average annual rate of approximately 7.5 percent, as shown in Figure 7. Obviously, such a strong rate of growth could not be expected to continue indefinitely. And detailed studies completed in mid-1973 indicated a lower average annual growth of 5.5 percent was a reasonable prospect for the 1970–1985 period. But now, because of the higher cost of oil, consumers can be expected to make a greater effort to limit their consumption and a revised estimate has therefore become necessary. And our latest studies indicate a still lower growth of about 4.5 percent for the fifteen-year period. That, however, is an average rate for all of the period and, since demand actually grew at a higher rate of 7 percent during the first three years, the estimated rate for the remainder of the period—1973 to 1985—is no more than 4 percent. Significantly, that is little more than half the rate of growth prevailing from 1955 up to as recently as 1973.

How the worldwide needs for oil are likely to expand geographically is illustrated in Figure 8. Even though the rate of growth in prospect is much slower than in the past, the requirements for oil in all seven of the world's subdivisions nevertheless will become very much larger by 1985. The relative size and prospective growth of these individual markets is particularly noteworthy because of their influence on investment policy. Three basic factors—geologic prospects, size and location of markets, and political circumstances—largely determine where the petroleum industry's capital investment occurs. History has amply demonstrated that capital will take flight if one or more of these factors becomes unfavorable. On the other hand, capital will be attracted if these conditions become more favorable in one region relative to the others.

Although North America is the single largest market for oil, it accounts for no more than one-third of the worldwide consumption. And it is expected to be the scene of only one-fourth of the worldwide market expansion between 1970 and 1985. Obviously, much of the petroleum industry's financial resources therefore will be generated outside North America and investment policy will be influenced accordingly.

In the 1955-1970 period—when demand was growing at a 7.5 percent annual rate—the world consumed a total of 153 billion barrels of oil. Despite the slower growth of 4.5 percent expected in the following fifteen years, the accumulated consumption nevertheless will amount to 375 billion barrels—nearly two and a half times more than in the 1955-1970 period. Even if demand failed to grow at all after 1973, the consumption in the 1970-1985 period would still total 310 billion barrels—more than twice as much as in the preceding fifteen years. That highly significant fact is illustrated in Figure 9.

The Underground Inventories

Clearly, the world's future needs for oil will be enormous. And the petroleum industry must make a gigantic effort if those needs are to be satisfied. In any business activity involving products, inventories must grow in realistic proportion to the expansion of market demand. And inventories also should be strategically located throughout the market territory. In respect to oil, however, neither requirement has been met. Proved reserves—oil that has actually been found and developed—are really in the nature of underground inventories. Reported additions to the world's proved reserves have not kept adequate pace with market growth for a long time. Nor are the reserves well located relative to market needs. As revealed in Figure 10, there were 575 billion barrels of oil in a proved reserve status in 1970. As much as 67 percent of those reserves were concentrated in the Middle East and Africa—a region that constituted only 4 percent of the worldwide market. And fully two-thirds of all the proved reserves in existence in 1970 will be required to satisfy the world's indicated needs in the following fifteen years.

Obviously, the situation is precarious and demands a maximum corrective effort. There is the need to accelerate the search for more reserves. And the search should be conducted with the objective of achieving a better geographical distribution of the world's reserves. To meet minimum standards relative to indicated market needs, the world's proved reserves of oil should total at least 800 billion barrels by 1985. That is 225 billion barrels—or nearly 40 percent—more than in 1970. And to provide the better distribution and reduced vulnerability so urgently needed much of the increase should occur in regions of the world other than the Middle East and Africa. Between 1970 and 1985, the reserves located in those other regions should be more than doubled, if possible.

If the petroleum industry is to satisfy market needs of 375 billion barrels and also build up the world's reserves by 225 billion barrels, it must find and develop a total of 600 billion barrels of new oil between 1970 and 1985. As figure 11 reveals, that is nearly 50 percent more oil than was actually found and developed in the preceding fifteen years. Also indicated is the larger proportion of reserves that need to be found in regions other than the Middle East and Africa. Of the 415 billion barrels actually found and developed throughout the world in the preceding fifteen years, only 106 billion were discovered outside the Middle East and Africa. Three and a half times that much should be found in the 1970–1985 period if a better geographical distribution is to be achieved.

Even though the Middle East and Africa possessed two-thirds of the world's proved reserves in 1970 and most likely will still have well over half by 1985, other regions are likely to produce more oil nevertheless. As illustrated in Figure 12, the combined production of other countries in the 1970–1985 period is expected to exceed that of the Middle East and African nations by fully one-third.

Anyone thoroughly familiar with the history of the petroleum industry knows that most of the petroleum found thus far was discovered in areas that were once considered either barren or beyond reach. Almost from the beginning there have been continuous predictions that the earth's supply of oil would soon be exhausted. Even though most of the earlier predictions were made by qualified authorities, they nevertheless proved faulty because they were based upon insufficient geologic knowledge and a severely restricted ability to conduct the search for petroleum. With the passage of time, however, knowledge of the earth's geology has increased progressively and so has man's ability to hunt for petroleum. There is no logical basis for thinking such progress has come to an end. Given a sufficient incentive, man will doubtless continue to add to his geologic knowledge and improve his ability to conduct an ever-expanding search. Indeed, because of existing circumstances, the pace of technological progress may actually quicken. Some of the potential techniques now being considered sound like science fiction. But, so did today's widely used methods not long ago. There is much evidence to prove that technological progress can change the seemingly impossible to reality.

How much petroleum remains to be found will never be known without a truly exhaustive search. And, in view of the vital importance of energy, the world cannot afford not to make that search. The effort must go on until there is positive assurance that the over-all economic costs of continuing the search exceed those of providing alternate forms of energy. Investing money in the search for petroleum will not guarantee success. But the failure to make that investment will indeed guarantee that no petroleum will be found. And we should be mindful that undiscovered petroleum is of no real value—neither to this nor any future generation. We cannot save what has never been found.

All those costs

For several decades, this Bank has conducted continuing studies with the objective of measuring the capital and exploratory costs of carrying on the search for petroleum. Such measurements are not particularly valid for individual companies nor for time periods as brief as one or two years. But for the petroleum industry as a whole over longer time spans there is a demonstrated consistent relationship between the financial input and the amount of petroleum found and developed. And that relationship in combination with other factors provides a meaningful indication of the future costs of finding enough petroleum to satisfy the world's requirements.

Our studies indicate the petroleum industry will need to invest at least 400 billion dollars for capital and exploratory purposes if it hopes to find 600 billion barrels of oil between 1970 and 1985. As Figure 13 reveals, that is more than two and a half times the actual investment for such purposes in the preceding fifteen years. In addition, another investment of 370 billion dollars will be required for other essential purposes—refineries and other processing facilities, tankers, pipelines, the vast market distribution system, and the costly equipment needed to achieve and maintain environmental standards. Figure 13 shows that the investment required for such purposes will also be much greater than in the preceding fifteen years. Amounting to 770 billion dollars, the total capital and exploratory investment required is nearly three times more than the actual investment of 275 billion dollars in the preceding fifteen years.

In addition, the petroleum industry has other financial needs that must also be met if it is to function in a viable fashion. There are additional investments and advances to be made. Shareholders must be paid for the use of the funds they have made available. Debt must be repaid. And, as the magnitude of its operations increases, there must be additions to working capital. For all these additional purposes, the industry is likely to require more than 400 billion dollars in the 1970–1985 period. The relative size of the industry's various financial needs is shown in Figure 14. Totaling 1.2 trillion dollars, they are more than treble the 375 billion dollars actually used in the preceding fifteen years.

Where will the money come from?

How the petroleum industry will satisfy its needs for such an enormous sum of money is by no means a simple matter. Part may be obtained from external sources, but the major portion must be generated internally. The financial needs for petroleum operations within the Communist countries are estimated to amount to 225 billion dollars and the money is likely to be supplied by their own treasuries. Although the industry will probably seek to borrow as much as possible in the capital markets, the relatively high degree of risk associated with its activities will limit the amount. It seems likely that 240 billion dollars may represent the maximum. Provisions for capital recovery, such as depreciation, depletion, and other write-offs constitute another source of funds. If these provisions are not changed by governmental actions, they are expected to provide 260 billion dollars. The remaining 460 billion dollars—nearly 40 percent of the industry's total financial needs—must be obtained from profits. The relative size of these potential sources of funds is also illustrated in Figure 14.

The enormous burden of inflation

In the hard light of reality, however, these sources are all likely to be called upon to provide a great deal more money. The various financial needs discussed above were measured in 1970 dollars and it is not realistic to think in such terms. Inflationary forces cannot be ignored. There is little likelihood that inflation can be brought under effective and lasting control until governments about the world recognize and eliminate their own powerful contributions to inflation. And to expect that to happen flies in the face of political reality. It is, therefore, prudent to assume continuing inflation. But how much? That, of course, is a matter of conjecture. And being unable to predict future inflation with meaningful accuracy, we have therefore measured the potential impact in terms of 5, 10, and 15 percent annual rates.

That impact is illustrated in Figure 15. With 5 percent inflation, the petroleum industry's financial needs would be increased from 1.2 trillion dollars to 1.6 trillion. With 10 percent, they would be raised to 2.2 trillion. And with 15 percent, they would be nearly trebled at 3.1 trillion dollars. We have encountered no informed belief that worldwide inflation can be reduced to a rate as low as 5 percent. The opinion that it will average within the so-called double digit range is much more general and, therefore, we think it is prudent to measure the industry's financial needs in terms of at least 10 percent inflation.

As Figure 16 indicates, all of the industry's financial needs would be nearly doubled if the world does experience 10 percent inflation. The requirements for capital and exploratory purposes would rise from 770 billion dollars to more than 1.4 trillion. And the various other essential needs together would be increased from 415 billion dollars to 760 billion. When the financial needs for the 1970–1985 period were measured in 1970 dollars, the task of raising the required funds appeared formidable indeed. But, when the potential inflationary impact is added, that task becomes enormously more difficult. And, under some circumstances, it could prove impossible.

As Figure 17 reveals, the industry would require a great deal more money from all potential sources as a result of inflation. The Communist nations would not be immune, and their treasuries would have to provide nearly twice as much. The industry's demand upon the capital markets could be expected to rise from 240 billion dollars to 420 billion. Its dependence upon capital recovery would increase from 260 billion dollars to 490 billion. And the amount of profits required would expand from 460 billion dollars to 845 billion.

But it is conceivable that the industry may be unable to draw upon these sources to the full extent necessary. The capital markets, which will be experiencing a demand for funds from the rest of the worldwide economy as well, may not be able to respond sufficiently. And governments, failing to recognize the vital role played by capital recovery, might act to take away or reduce some of the provisions that permit that important process to function. In that event, additional profits would be required to make up the difference, of course. But governments might also act to restrain the growth of profits. If limitations were imposed upon either capital recovery or profits or both, the industry's access to the capital markets would also be limited as a consequence. Obviously, the industry's ability to repay borrowed capital depends upon the adequacy of its cash flow which is determined by capital recovery and profits.

The behavior of government

Frequently in the past, representatives of government and the news media have called for the elimination or reduction of some of the provisions for capital recovery. *Until recently*, however, profits went virtually unnoticed. The lack of attention reflected the fact that the industry's profits were extremely modest for a fifteen-year period prior to 1973 and therefore were not noteworthy. But profits have become a major issue as a result of the large-scale increases achieved in 1973 and 1974. All over the world the news media and governments have focused much attention on the size of the profit gains and thereby fostered widespread adverse public opinion. The public has been led to believe that the profits were grossly excessive and that viewpoint obviously exists extensively within the ranks of government too. As a result, there have been many demands that restraints of various forms be imposed on the industry's profits.

These demands are a manifestation of the continuing failure to understand the relationship between investment and the supply of energy. As emphasized earlier, there cannot possibly be enough energy of any kind without adequate investment. And investment cannot be adequate without sufficient profits. But profits are labeled excessive and restraints are proposed without apparent consideration of the need for profits as a source of investment funds. As indicated earlier, the industry will need at least 845 billion dollars of profits between 1970 and 1985 if the world experiences a 10 percent rate of inflation. But in the first four years of that period the industry generated no more than 60 billion dollars of profits—only 7 percent of the required amount. Even in the highly unlikely event of no further inflation, the 60 billion dollars would represent but 13 percent of the industry's total needs for the fifteen year period. Figure 18 illustrates the huge additional amount that must be generated over the remaining eleven years. Under the circumstances, how can the industry's profits possibly be considered excessive?

Indeed, is it even realistic to think that the industry will be able to generate all the money it will need in the years ahead? The answer to that question depends upon the future actions of government. Obviously, if governments continue to ignore the financial realities involved and act in various ways to inhibit the process of capital formation, the industry will not be able to make the investment required to provide an adequate supply of petroleum. There are no possible financial short cuts—all the costs associated with providing enough must be paid. The potential for having enough petroleum in the future is promising. But the realization of that potential requires much greater enlightenment than exists at present. More cooperation between governments and the petroleum industry and also between the governments of the world will be needed. And there must be a truly meaningful, nonpolitical sense of purpose. Clearly, the potential can never be realized by simply hoping to muddle through as usual.

Mr. BUCKLEY. Mr. President, the tax bill presently being considered by the Congress of the United States is a mindless disaster. It will not significantly speed recovery. Rather, it will contribute significantly to a credit crunch in 1976, lay the foundation for another boom and bust with inflation by 1977, and in the process will discriminate against many of the very families most hard pressed by the recent inflation and increases in energy prices. I would dearly like to be able to support a $30 billion, or even $50 billion, tax cut; but, I cannot support an irresponsible measure which this tax bill has become. An economically sound case can be made for the rebate from 1974 taxes, a case can be made for a modest reduction for 1975, and a case can be made to provide businesses and corporations a cut in the precent surcharge rate. But a case cannot be made for all of them.

There are today very few Americans who do not have some understanding that we are in trouble economically. We are just coming off a shocking inflation which peaked in 1974 at an annualized rate of more than 15 percent. We now have 8.2 percent unemployment. In some key industries the rate is twice that amount. Projections for the fiscal deficit for the year ending June 1975, are approaching $50 billion. The deficit projection for the next fiscal year is now more than $70 billion, and could very well be substantially higher than that.

What the Congress does with this tax bill will play an important part in determining whether we can get out of our present economic difficulties and restore conditions of economic stability in the years ahead. Given the way the Congress is responding, it is not at all certain that we will. We must face facts and possible consequences. The time for unrestrained optimism, so much a part of the American psychology, is over. The time for unrestrained response to short-term problems is over. Unless we put our economic house in order now we will be assigning ourselves to an economic stagnation similar to the conditions which presently grip the United Kingdom. It wasn't too long ago that their situation was very strong. Now after many years of unsound economic policies they are in deep trouble.

In one of the most powerful books written in the 20th century, Prof. Richard Weaver reminded us that ideas, indeed, do have consequences. So do tax bills and economic policies. What the Congress does on taxes will have consequences, but I am afraid that the consideration of this legislation has been keynoted by the lack of consideration for them.

The economic idea being relied upon to justify the proposed $30-plus billion tax cut is that the Nation needs additional fiscal stimulus. That idea rests upon the notion that there is a fundamental relationship between Government deficits and future economic growth. Unfortunately, the fact of the matter is that there is no such direct relationship. In the whole of the postwar period the evidence clearly indicates that it is the money supply which is controlling. In Prof. Paul Samuelson's words, "money matters." This is crucially important because if fiscal stimulus goes beyond the ability of the economy to accommodate prudent monetization of the stimulus, then one of two economic consequences will result: inflation or Government spending at the expense of private, job-producing investment. It will probably be our bad fortune that in this rush to realize our political objectives, the Congress will achieve both consequences.

The tax bill specifically will add almost $10 billion in debt to the fiscal year 1975 deficit of an estimated $35 billion. This is accomplished by rebating 1974 taxes, in the form of a lump-sum payment near the end of this fiscal year—June 30, 1975. In addition, the Senate would cut personal and business taxes for fiscal year 1976 by more than $20 billion. This action increases the deficit from the President's estimated $55 billion to upwards of $75 billion for fiscal 1976 alone. It is assumed by the Congress that this additional debt will do something for the economy. I am afraid we will be doing something to the economy instead.

Unless the Congress and the President are prepared to unleash on the Nation another and even more severe inflation over the course of the next 36 months, then the whole of the tax cut amount will have to come back to Government from private citizens—taxpayers—in the form of Treasury borrowings. There is no possibility that the Federal Reserve can monetize a $75 billion Federal Government deficit without creating a inflation of 3 percent or more. At the very outside, we can expect an accomodating policy which would monetize no more than $25 to $30 billion. Such an accomodation would require a 10 percent increase in the money supply. What should be crystal clear to all the Members of the Congress is that economists are quite uncertain what the particular consequences might be. Such an increase in the money supply is usually followed by a wave of inflation. It is not only possible but probable to calculate that a portion, even a substantial portion, of the increases in the money supply which go beyond the capacity of the economy to expand will produce only an increase in prices, not sustained economic growth.

Unfortunately, the problems do not stop there. Even with such a heavy monetization, the Federal intrusion into the Nation's capital markets will be aggravated by the whole amount of the 1975 tax cut. Just how is it then that it can be said that the tax bill will be stimulative. The truth is it will not be. The reality is that the increases in spending when combined with the decline in fiscal year 1976 revenues due to this tax bill will reduce the capital available to industry, especially the housing industry, while making it more expensive.

The real key to a sustained recovery is wealth-producing investment in sufficient amounts in the form of new plant and new construction. With this tax bill we most assuredly will cause an increase in interest rates, making private investment more costly and, therefore, at least somewhat less likely.

Moreover to the extent there is any crowding out, which I personally feel will occur within the next year to 18 months, this bill, and others, will make it that much more difficult for the recession-ending investment to take place.

As to the income tax credit of up to $2,000 to purchasers of new homes, let us hope the Congress is not deluding itself that such a credit will have a substantial impact on new housing starts of 1975. Leadtimes to construction are quite long and getting longer. The construction time itself is often up to 6 months. How then does anyone really expect that a credit available during calendar year 1975, made law in March or April of that year will have much, if any impact, on investment behavior. To be sure it will aid in the sale of houses presently inventoried. But that's happening anyway. The point is that the idea is not sound and will primarily inure to the benefit of those already planning new housing purchases in 1975. But more importantly, the idea that short-term radical responses to severe problems offer us sound solutions is dangerous. Manipulation of incentives, such as this, invariably create unstable market distortions and often produce effects which are totally unintended. The only sound solution is a long-term solution. To suggest otherwise, except in very rare cases, is very bad public policy.

Present estimated housing starts are running at an annual rate substantially below 1 million. The housing industry has a capacity for more than double that rate. To utilize that capacity it will require substantially more than $30 billion in investment resources. But as the capital market figures come into focus, as we get close to 1976 it is very possible that the "crowding out" factor will be realized and could amount to as much as $30 billion. In other words, the very resources which we are now depending upon to get us out of the recession are coming under attack by virtue of this tax transfer bill.

If what this bill is, is nothing more than a transfer of burden, then it is essential that we determine who benefits and consequently who is assigned additional burden, which includes all those ignored by the legislation. And this is a crucially important point: the 1976 tax cut is, unfortunately, a cruel hoax on millions of American taxpayers. Whether referring to the House-passed version of H.R. 2166 or the version reported by the Senate Finance Committee, no other term can adequately describe the bill.

First, let us look at the figures in the House-passed bill. More than 10 million taxpayers with incomes under $20,000 per year would receive absolutely no tax relief, under the best of circumstances and assumptions. More likely, the number of taxpayers that would be totally ignored is around 20 million taxpayers, again whose incomes are under $20,000. In addition, only a very few of the more than 4.3 million whose income are between $20,000 and $30,000 will get any relief whatsoever. I wish, however, to point out that these figures understate the inequities because these latest income figures are themselves 3 years old. Given the rapid inflation of 1973–74 the numbers being ignored are substantially higher because the tax tables provide no adjustment for the inflation distortion.

In other words, as many as 24 million middle-class Americans, who have been led to believe that they will get some permanent tax relief are being shut out under the House bill. Interestingly, the groups of taxpayers most likely to be excluded because of the formula relied upon are homeowners, the generous and most incredibly of all, the sick.

The Senate bill is only slightly better, in theory. By relying upon a tax credit alternative to the personal exemption, families with incomes over $10,000 but less than $16,000 will get something. What they will get is interestingly, not detailed in the Senate Finance Committee report, but you can be sure that it will be less than $50 for the whole of 1975. The changes made in the tax tables will give a family whose income is $8,000 a tax reduction of $40 for the year. Using the same analysis of the Senate bill that was employed against the House bill, more than 20 million taxpayers will get no tax relief and 20 million more will get so little as to make the bill, as I said, a cruel hoax on millions of middle class Americans.

This discriminatory treatment is highlighted when one takes into account the two major rationales for the legislation. The first, recession, was dealt with above on an aggregate basis. Individually, the foundation of the American economy is the middle class, as worker, saver, and consumer. If he is lucky he will get $25 in a 1975 tax cut. Perhaps the supporters of this legislation figure that he will buy a new Ford with that kind of money. Let us hope so; but let us be realistic and ask, what are the chances?

The idea that all benefits of Government policy whether those benefits come in the form of new Government spending or tax breaks should be drafted so as to exclude the American middle class is as mindless as it is misguided equity. The middle class cannot and should not be ignored or shunted aside by the ideology of redistributionism. As an antirecession measure take as a whole the tax bill is economically dangerous and threatens to wreak havoc with our economy over the last half of this decade and beyond.

The second reason offered for the tax reduction is to provide relief from inflation, especially as it has caused higher taxes to individuals and corporations. It is true that if you had an income of under $20,000 in 1974 the rebate would work to substantially correct for the higher taxes paid due to the inflation. Unfortunately, the Senate failed to make this adjustment permanent when it voted to table my amendment to tie the income tax to the Cost of Living Index. Hopefully the Congress will in the near future index the income tax so that any future inflation will not also work to increase the heavy tax burden of all working Americans; especially those with low to middle incomes. But given the failure of my indexing amendment there is no protection against the effects of inflation on its rates in future years. Surely, the $25 or so tax cut will more than be returned to the Government as the cost-of-living wage increases pushes these taxpayers into higher tax brackets.

Further, it is contended that the tax cut is needed to offset the impact of increases in the cost of energy which have already occurred. But the fact is the suburbanite who has borne the heaviest burden in energy cost increases is shut out entirely by the House of Representatives and almost as completely by the Senate. Mr. President, I feel fully justified describing this tax bill as a cruel hoax.

Sadly I must conclude that the Congress and the administration have learned nothing from the inflation of 1973–74 and the consequent recession of 1974–75. It is clear to me that while the American worker suffers through recession and inflation his Government is off on a lark pursuing wrong-headed economic theories which have driven this country into a deepening inflation-recession cycle. I would hope that the increasingly clear threat to our future economic well-being causes the President to reassess his position on this legislation. He should veto it and tell the American people why. Americans are a tough lot. They will listen; and when told the truth will respond.

SENATE STAND ON DEPLETION IN CONFERENCE

Mr. DOLE. Mr. President, the 2,000-barrel of crude oil, or 12 million crude feet of natural gas, exemption from the depletion allowance repeal is vitally important to maintaining a high level of energy exploration and production. It is also vital to keeping a competitive element in the oil industry. I strongly urge those Members of the Senate participating in the joint conference committee on this bill to stand fast on the Senate exemption.

Those Senators who supported the 2,000-barrel and 12,000-billion-cubic-feet exemption are to be commended for their wisdom in identifying the particular importance of independent producers. The exemption provided in this legislation will be relevant to the vast majority of independent producers in Kansas and other States. The exemption from the depletion allowance repeal will permit most of these small producers to remain in production, giving us the additional oil and gas that we so greatly need at this time. It will also encourage most of the independents who do the vast bulk of exploration in this country to continue their drilling programs. That is why I urge the Senate conferees on this measure to work hard to retain the Senate language in the conference committee.

PROVISION STILL HAS PROBLEMS

Although I supported the 2,000-barrel exemption and the amendment containing that exemption by the Senator from South Carolina (Mr. HOLLINGS), I believe the amendment still contains difficulties for independent oil producers in Kansas and other States.

Probably the most difficult problem is a matter I called attention to earlier in this debate. That is the further restriction of depletion to not more than 50 percent of gross taxable income. This provision is counterproductive to the plowback provision that is intended to expand production. That is because the 50-percent limitation means a producer could actually lose part of his tax benefits under depletion allowance if he drills new wells.

So I am very hopeful that the conferees will be able to work out a way to resolve the counterproductive result of the 50-percent limitation in order that we will see an expansion of exploration and development as the plowback provision was intended to achieve.

Second, the limitation of 2,000 barrels excludes many independents larger than that level of production. Many independent producers between 2,000 and 3,000 barrels per day of production have been among the most active producers in exploration and expansion programs. By dropping that category of independents from the exemption, we are adding another disincentive for them to maintain their high level of exploration and development.

Third, the exemption requires producers to plow back income into exploration and development programs in order to use the depletion allowance. The plowback requirement of this amendment has a particular difficulty, because it states that equipment used in expansion and and development programs must be new equipment.

The problem is simply that independents, whom this amendment is supposed to help, are greatly limited in obtaining new equipment. Probably every Senator and Congressman with independent producers in his State has been contacted by oil men about the extreme difficulty in obtaining oil field equipment.

In fact, the shortage of oil field equipment has been so severe that, in the 93d Congress, the Senate adopted an amendment by the junior Senator from Kansas that prohibited export of oil field equipment to nations that embargoed oil shipments to the United States.

But the shortage of oil field equipment continues.

The result has been that independent producers have been forced to take casing and other oil well equipment from old wells and put it to use again in new wells.

So the plowback language requiring new equipment may in effect prevent independent producers from receiving the incentive we are trying to give them.

In addition, there are many small producers especially with stripper wells who have no drilling and exploration capacity. The plowback requirement would be impossible for this category of producers to use. Since they would be barred from the depletion allowance, those producers with stripper wells, or using secondary or tertiary recovery techniques with high costs or production, will probably be forced to cap their wells. The result is a lower level of production of the petroleum we so vitally need at this time.

So even while I support the 2,000 exemption to the depletion allowance repeal, I have difficulties with it.

I believe that the matter needs to be further discussed in hearings in the Senate Finance Committee and hope that those considerations may be taken up at a later date when the committee takes up other energy tax proposals that have been made.

FURTHER CONSIDERATION NEEDED

Mr. President, every State has some mineral production and I would hope that every Senator would take note of the precedent the depletion repeal has set. As the distinguished majority leader stated earlier this week, there is a total of 108 other minerals that receive depletion allowance. Petroleum alone has been discriminated as the one mineral to lose depletion allowance.

The roots of percentage depletion go back a long way. After World War I, we woke up to find ourselves facing a serious petroleum shortage. Beginning with action in 1918, the Congress took action that culminated in the Mineral Depletion Act of 1926. At that time, depletion was assigned a rate of 27.5 percent, because of the highest risk in exploration and the greatest need for additional production being in petroleum. The high risk and great need for petroleum production continue to exist today. In view of these considerations, I hope the Congress will take a serious look at all factors affecting exploration and development and production of our energy resources. This will come naturally when the House Ways and Means and the Senate Finance Committee complete consideration of energy tax proposals that have been made.

EXEMPTION IS VITAL

But the passage of the 2,000-barrel exemption by the Senate is an important factor to keep our energy production growing. Those who voted for the 2,000-barrel exemption voted to keep the competition and exploration provided by independents.

Without the depletion allowance, many small independents will be forced out of business. Their equipment and operations will be bought out by large companies. So that would mean the big companies would get bigger. Many of my constituents in Kansas have already expressed their concern to me about the need for competition in the oil industry. So I believe it is vital that the Senate conferees stand firm on the 2,000-barrel exemption in order to keep as much competition in the industry as possible.

Mr. President, I have here a letter from a financial adviser to a potential oil industry investor. This letter gives a vivid description of what happens when depletion allowance is repealed.

As indicated in this letter, many oil drilling programs become unprofitable when the depletion allowance is repealed. In the words of this adviser, "the investment potential deteriorates dramatically."

During this time, when we are trying desperately to expand our oil production, it is apparent from this communication that, by repealing depletion allowance, we will in fact reduce expansion. We will especially reduce the drilling programs of the independents in Kansas and other States that do the vast majority of drilling in this country if the 2,000-barrel exemption is not kept in this bill.

This letter also indicates the result we can expect if depletion allowance is repealed for independents. Two alternative results are likely. First, the price of oil and gas could rise. Second, the structure of drilling programs could change.

The first alternative, as every Member of the Senate knows, is one we do not need at this time. High fuel prices are already a tremendous burden for the American public. I do not think we want to force fuel prices higher.

Regarding the second alternative, the changes in drilling program structure would be determined precisely only after market dislocations would run their course. I believe the primary change in the structure of drilling programs would be that major companies would be able to buy out the operations of independents. That is because independent drillers would no longer be able to make a living by drilling a limited number of wells, and major oil companies would take over those operations so that drilling programs operated at a large scale would be able to operate without the tax incentive of depletion.

There has been a great deal said in the Senate about the lack of competition in the oil industry. I share that concern and believe that we should not force a lower level of competition by repealing depletion, especially for independents, at this point.

Mr. President, I commend this letter to the attention of my colleagues. I hope every Senator will take note of it and the warning it gives of the dramatic detriment that will result from repealing depletion allowance for independent oil producers.

I ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letters was ordered to be printed in the RECORD, as follows:

BAILARD, BIEHL & KAISER, INC.,
March 12, 1975.

MR. J. PAUL JENNINGS,
Kedco Management Corp.
Wichita, Kans.

DEAR PAUL: I apologize for my tardiness in getting back to you after our meeting in January. As my following comments will indicate, however, I've had some research to complete before I could decide what my next move would be this year in oil and gas.

I have just completed a two-month-long review of the potential returns on investment available from fifteen different 1975 oil and gas programs. This analysis was done assuming both the continuation and the elimination of the percentage depletion allowance. With the allowance, all fifteen structures offer a reasonable potential for investment return to limited partners. When the depletion allowance is eliminated from the analysis, however, the investment potential deteriorates dramatically. In fact, only three programs of the original fifteen still have the prospect of a reasonable return.

Obviously the percentage depletion allowance currently contributes a substantial portion to oil and gas investments' potential. Therefore, I have decided to defer any program recommendations for this year until the fate of this tax advantage is known. Assuming the depletion allowance is eliminated (the probabilities of which seem quite high), I can envision two occurrences which could restore the lost potential to oil and gas investments.

1. The price of oil and gas can rise enough to offset the return lost to increased taxes.

2. The structures of drilling programs can change to compensate for the loss of the depletion allowance.

Needless to say, this has been a very difficult and disappointing decision for me to make. However, I can not continue to recommend a high risk (both economically and politically) investment opportunity if there is a real possibility of diminished potential return. I hope you will respect this decision from my point of view as an investment counselor and not perceive it as a criticism of your program or oil and gas programs in general. In my mind, this particular problem can be attributed to Congress' inability to understand the need to provide sufficient economic incentive to ensure capital investment in oil and gas exploration and development.

If you would like to discuss this with me further, please feel free to call.

Sincerely,

THOMAS E. BAILARD.

Mr. DOLE. So I am hopeful that the Finance Committee and the Congress can later consider all factors affecting energy production. We need to reduce the uncertainties that are keeping the industry from investing in further production at this time.

The first step of that will be for the Senate conferees to stand firm on the Senate 2,000-barrel exemption. I strongly urge them to do that.

UNFAIR DISCRIMINATION AGAINST MARRIED COUPLES

Mr. GOLDWATER. Mr. President, I rise to protest an unfair discrimination made by the pending Tax Reduction Act against 47 million married couples. In this age of increasing permissiveness and weakening moral fabric, I am shocked to observe that the U.S. Congress is about to go on record with passage of a tax measure that rewards living out of wedlock and penalizes married life.

Mr. President, I am referring to section 101 of the bill which provides for a refund of 1974 individual income taxes. Under the provision adopted yesterday on the Senate floor, the general rule is that each individual taxpayer will receive a rebate of twelve percent of his or her tax liability for 1974. This refund will vary from a low of $120 to a high of $240, depending on the taxpayer's total tax bill.

The proposal is being publicized in the media as a refund to each individual taxpayer, but a close reading of the bill reveals that for purposes of the refund married couples are being discriminated against.

According to the Senate committee report, single persons are entitled to the full refund. Heads of households are entitled to the full refund. Surviving spouses are entitled to the full refund. However, married taxpayers are not.

The committee report at page 26 states:

> Where married taxpayers file a joint return for 1974, the amount of the refund is determined by reference to the joint income tax liability and adjusted gross income figures *as if the spouses were one individual* (emphasis added).

What if married taxpayers file separate returns, each having personal earnings? Their tax refund will be cut in half. They each will be treated as only half-of-a-person.

The committee report explains very clearly that in the case of a married couple filing separate returns "the minimum and maximum refunds are cut in half with respect to each spouse."

Mr. President, this practices is downright unfair to married couples. Moreover, it is not even justified in the Committee report. We are given no explanation of why the bill discriminates against persons solely because they are married.

Is this a portent of things to come? Are married couples next to be treated as if they are one individual for purposes of claiming the personal exemption?

Mr. President, I know section 101 provides a refund only for one year and is not made a permanent feature of the tax structure. However, I find it a bad precedent and fear that it reflects a growing attitude of disregard for the sanctity of married life.

As an example of how the provision will work, I will offer the case of a man and wife who each are making adjusted gross incomes of $12,500. If these two people were single, their separate tax refunds would be $240 under the proposed law, a total of $480.

But because the two income earners are married, their total refund based on a joint return, will be $180, instead of $480. Not only will their refund be cut in half because they are married, but also they will haven fallen victim to a more severe income limitation applicable to married couples.

Even if the couple filed his and her separate returns, the maximum refund to which each would be entitled is $78, a total of only $156 per couple. This result occurs because married taxpayers who file separate returns are entitled under section 101 to a maximum refund of $120, subject to further reduction by reason of his or her adjusted gross income.

Mr. President, any tax formula which gives a refund of over $300 more to two single persons who may be living together out of wedlock, than to a married couple living next door, each with the same combined income, is arbitrary, unfair, and immoral. I believe the bill should be sent back to committee for reconsideration of this aspect.

Mr. President, I ask unanimous consent that two tables presenting the current projected estimate of the total number of returns to be filed by married taxpayers for 1974 be printed in the Record.

There being no objection, the tables were ordered to be printed in the Record, as follows:

Table 1.—*Number of married couples filing Joint returns for 1974*

Adjusted gross income:	*No of joint returns*
Under $5,000	5,023,000
$5,000 to $10,000	10,248,000
$10,000 to $15,000	12,496,000
$15,000 to $20,000	9,702,000
$20,000 and over	8,252,000
Total	45,721,000

Table 2.—*Number of married persons filing separate returns for 1974*

Under $5,000	1,059,000
$5,000 to $10,000	908,000
$10,000 to $15,000	328,000
$15,000 to $20,000	57,000
$20,000 and over	20,000
Total	2,371,000

Mr. McGEE. Mr. President, my colleagues, I am sure, are aware of the sudden and heavy tax cost that will fall on oil companies which operate overseas as a result of action taken yesterday on this floor. This body needs to give consideration to them. There are a few smaller oil companies who are attempting to establish themselves in the foreign oil exploration and production area. These companies will provide much needed competition to those who are already well established in foreign production. Also, some of them have been successful in finding oil in non-OPEC countries which we all know is to this country's advantage.

Substantial investments overseas have already been made by them and substantially larger sums to complete their drilling and start production have been committed by them. The heavy tax cost of the amendments that have been and are being considered on this floor can delay or halt their foreign investments as they cannot quickly absorb the heavy tax cost.

Mr. President, yesterday the Senate granted relief to the independent domestic companies by excluding them partially from the repeal of the depletion allowance for tax purposes. I believe it behooves us also to grant some relief to the small oil companies who are trying to expand their overseas operations and provide much needed competition with the major oil companies.

I believe there is a reasonable difference between these companies that built up their established overseas position under the present tax laws and those that are attempting to establish themselves.

I have discussed this matter with my colleagues, including Senators LONG, HARTKE, HANSEN, and DOLE, all of whom will be serving on the conference committee, and they have assured me they are and will be aware of the problem.

Mr. DOLE. Mr. President, action we may take should not run the small companies out of the foreign oil business and ways to make it possible for them to stay in business should be found.

They have spent large sums of money already. Yet they are required to spend a great deal more at a time when the tax laws would be drastically changed for them. In short, they deserve some breathing room. I think it is very important that the smaller oil companies have time to establish themselves equally on the same basis as the larger oil companies have done under the present tax laws. These companies will contribute towards providing much needed competition.

The smaller companies can be defined and their problem, hopefully, can be given favorable consideration in the conference on this bill.

Mr. BELLMON. Mr. President, as the Senate continues debate on H.R. 2166, I feel it is timely to review a statement made several years ago by Charles E. Wilson, who was nominated by President Eisenhower to be Secretary of Defense.

Mr. Wilson stated that "what is good for the country is good for General Motors and vice versa." He was misquoted as having said only that what was good for General Motors was good for the country.

The latest figures released by the Federal Reserve Board show that the output of the Nation's factories, mines, and utilities dropped 3 percent in February after declining 3.6 percent in January and 3.1 percent in December. It is predicted that the real gross national product will drop at an annual rate of more than 10 percent in the current quarter. Indications are, however, that we have reason to be hopeful about the outlook of the economy during the next few months.

The most recent economic indicators, compared to those of last December, show consumer confidence rising, inflation rates declining, and new claims for unemployment-compensation benefits slowing down. It is not a coincidence that businessmen can also show a rise in the retail sales volume during the past few months, a decline in interest rates, and an increase in capital-spending plans. In January, business inventories dropped for the first time in more than 4 years. This sign indicates that business is reducing its stock and will begin to increase production.

Mr. President, an article in the Wall Street Journal December 18, 1974, by Vermont Royster makes several valid points concerning the relationship of the welfare of the business sector and the welfare of the Nation's economy as a whole. Because the editorial contains information which would be helpful in restoring our economic health, I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

COMMON SENSE FOR UNCOMMON TIMES

(By Vermont Royster)

There was a lot of jeering back in 1953 when Charles E. Wilson, Eisenhower's nominee for Secretary of Defense, remarked that what was good for the country was good for General Motors, and vice versa.

The jeering was made worse because his remark itself got turned vice versa. He was widely quoted as having only said what was good for General Motors was good for the country, which sounded quite different. Altogether, the poor chap got pilloried as the very caricature of the Wicked Big Businessman who would put corporate welfare ahead of the national welfare.

Well, I suspect that hardly anyone today would scoff at Engine Charlie. Anyway, we are all learning that what's bad for the country is bad for General Motors—and even vice versa.

Right now hardly anyone can fail to see that the bad things that have been happening to the country—inflation and the oil shortage, for example—have been disastrous for Detroit. And just about everybody is beginning to notice that the bad things that are happening to Detroit—the sagging sales, the cut-back production—are in turn having very unhappy effects on the rest of the country.

The reason is that the auto industry interlocks with so much of our whole economy. Not only is the direct manufacture of automobiles itself a major enterprise in terms of capital and jobs, the industry also supports the thousands of dealers and gas stations scattered all over the country. It provides a market for hundreds of suppliers, from batteries to spark plugs, and is a major customer of many other large industries, notably steel, rubber and glass. It's been estimated that one out of every five industrial jobs in the country is related in some way to the auto industry.

That's why President Ford the other day had all those auto industry people at the

White House. They came with tears in their eyes from the auto companies and the unions and the ranks of the politicians, including the governor of Michigan.

Everybody was there because they recognized that the welfare of the country and the industry were intertwined. Clearly it was a belated acknowledgement that Engine Charlie had a point. What isn't so clear is that everybody really understands the point.

For of course the real point of Mr. Wilson's remark was that there is a direct relationship between the welfare of the nation's business enterprises, of which the auto industry is one among many, and the welfare of the country. That, in fact, the two are inseparable.

What Mr. Wilson was suggesting was that if the government encouraged economic policies that were good for the counrty they would benefit business in general, and his own in particular, and that if the government pursued policies good for business in general they would inevitably benefit the whole country.

And that is a proposition as likely to bring jeers now as it did then. For well over a generation the attitude of our governors has been that business was something apart from the national welfare. It might have to be tolerated but never encouraged. On the contrary, it must be held down, restrained, restricted, even punished, because the interests of business are antithetical to the interests of the people.

Thus our habit of dividing the economy into a public sector and a private sector. The private sector is bad because it is greedy profit-grubbing. The public sector is good because it provides for the welfare of the people.

Right now even the most obtuse politician can see how the plight of the auto business translates into long lines of the unemployed. But a Senator Jackson can still talk about the "obscene profits" of oil companies at a time when the real welfare of the people calls for untold billions of capital investment to find and deliver new oil resources. Just so at a time when the nation cries for new gas supplies the regulators choke them off because that would just help greedy business.

It never seems to occur to the railers against business that if new oil supplies aren't found, that if new natural gas supplies aren't piped to industry, the lines of the unemployed will grow even longer.

It ought to be clear to anybody that there is no such thing as a job in any industry unless there is first the capital to build the plant and provide the tools for the laborer to do his job. Yet for years our taxing policy has been designed to discourage capital formation. The basic corporate rate, state and federal, is close to 60% even before the providers of the captial are taxed again on any return they get for providing the capital.

Worse, by recognizing interest payments, as an expense but not dividends, our tax laws encourage the piling up of debt while discouraging entrepreneurial capital investment. And to add to that problem the government is the biggest borrower of all, borrowing billions for non-productive purposes and so driving up all interest rates.

The examples could be endlessly multiplied. Everywhere you turn our national policies are imbued with the idea that somehow what is restrictive on business is good for the country.

Now, of course, with business in sad estate, with company after company in financial distress, with unemployment lines lengthening everywhere, business is threatened with more controls while the government, understandably enough, talks of enlarging the public sector to provide relief for those thrown out of work by the maltreatment of the private sector. And who, pray, is to pay for it?

It's been a long time since any President dared say that the business of America is business. But maybe we'd better also stop jeering at Cal Coolidge.

Mr. LONG. As far as I am concerned, Mr. President, I am ready to vote on the bill.

Mr. JAVITS. Mr. President, will the Senator yield for just a comment?

Mr. CURTIS. The Senator can have third reading. I want 2 or 3 minutes.

Mr. LONG. Can we go to third reading and the Senator's——

Mr. JAVITS. I just want to make this comment. I want to say it has been a triumph of management to have brought the bill to where it is, and I congratulate the Senator and the staff for being so competent, and the minority manager as well.

Mr. LONG. I thank the Senator.

May I say with reference to the debate that occurred on the small business amendment, that amendment was at the desk prior to the time that cloture was invoked, and it was available to everyone, just as all other Senators' amendments that came in during that time were available to me, and if it caught the Senator from New York or anyone else by surprise, I am sorry. But the same thing happened with some of the amendments that I was confronted with today.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read a third time.

Mr. MANSFIELD. Mr. President, will the Senator allow me to yield to the assistant majority briefly?

Mr. CURTIS. I yield to the assistant majority leader.

The PRESIDING OFFICER. The Senator from West Virginia.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I have been authorized by the distinguished majority leader to make the following unanimous-consent request. It has been cleared with Mr. Moss, Mr. Talmadge, Mr. Dole, Mr. McClure, Mr. Griffin, Mr. Brock, Mr. Scott and several other Senators, including Mr. Huddleston, Mr. Ford and others.

The unanimous-consent request is as follows, and it is with the hope that the action on the farm bill would occur on the same day that action on the conference report on the tax bill would occur. However, we have no assurance as to when the conference report will be back in the Senate for action. But, by virtue of the fact that the other body is expected to go out for a few days on next Wednesday, it is hoped that a conference report would be back in the Senate by Wednesday.

The unanimous-consent request is as follows: That when the Senate completes its business today it stand in recess until the hour of 12 noon on Monday, at which time there would be no business transacted that would require any rollcall votes. Perhaps unanimous-consent measures could be adopted; that when the Senate completes its business on Monday it stand in recess until the hour of 9 a.m. on Wednesday next;

Provided further that immediately after the two leaders or their designees have been recognized under the standing order, the Senate resume consideration of the farm bill with the following time agreement obtaining: That there be a 3-hour limitation for debate on the bill, the time to be divided equally between Mr. Talmadge and Mr. Dole; that time on any amendment be limited to 30 minutes; time on any debatable motion or appeal be limited to 20 minutes; that time on one amendment to be designated by Mr. Moss be limited to 2 hours, and that no nongermane amendments be in order; that a final vote occur at 5 p.m., waving paragraph 3 of rule XII, and that the agreement as to the division and control of time be in the usual form.

Mr. ROBERT C. BYRD subsequently said: Mr. President, in the unanimous-consent agreement I entered into earlier on the farm bill, I failed to include in the unanimous-consent agreement the request or the provision that no tabling motion would be in order on the amendment on which Mr. Moss is being given 2 hours.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The PRESIDING OFFICER. Is there objection?

Mr. TALMADGE. Mr. President, will the distinguished majority whip yield?

Mr. ROBERT C. BYRD. Yes.

Mr. TALMADGE. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered——

Mr. ROBERT C. BYRD. No, not yet.

Mr. MAGNUSON. The vote will occur the same day as the tax bill?

Mr. ROBERT C. BYRD. I said hopefully if the conference report comes back.

Mr. MAGNUSON. I want to remind the Senator the House is going out, and if we know the House, as most of us do, when they decide to go out on Wednesday, they go, so that is your last day. So if Russell Long has bad luck and he cannot get it ready, it will have to go over. But the Senator said hopefully.

Mr. ROBERT C. BYRD. Hopefully.

Mr. INOUYE. First of all, the conference report on the foreign aid bill is scheduled to be voted on in the House on Monday. When can I take it up in the Senate?

Mr. ROBERT C. BYRD. Under this agreement, the distinguished Senator could take up that conference report on Monday, with the understanding that there would be no rollcall votes occurring on Monday on that measure. If any were ordered, they would go over until Wednesday.

Mr. INOUYE. Could we have a voice vote?

Mr. ROBERT C. BYRD. Voice vote. But under the unanimous-consent request if there were any rollcall votes they would go over until Wednesday.

Mr. ALLEN. Mr. President, reserving

the right to object, and I do not intend to object——

Mr. CURTIS. The Chair had ruled once.

Mr. ALLEN. I merely wanted to make an inquiry. I shall not object. I wanted to ask a question, if it would be possible to have the vote occur not later than 5 o'clock so that we would not be bound to wait until 5 o'clock for the vote if we got through at 3 or 3:30.

Mr. ROBERT C. BYRD. That is agreeable with me. But the reason for setting it at 5 o'clock, making it a time certain, was to accommodate Senators who may be coming from distant points and who, perhaps, cannot get here before 5 o'clock.

Mr. ALLEN. There might be others who want to go to distant points.

(Laughter.)

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank all Members.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. While I shall not vote for this bill because I believe it adds too much to the deficit and also because there is a great part of it which is very bad tax law, I do want to thank—may I have order, Mr. President?

The PRESIDING OFFICER. Let the Senate be in order.

Mr. CURTIS. I do want to thank the distinguished chairman for his courtesies and to commend him on his management of the bill, and to thank the staff members, both majority and minority.

Mr. President, I shall not delay. I am just going to read a one-page letter that came into my hands today. I think it will be of interest to the Members. I hope it will have an effect upon the conferees. This dated March 21 and is as follows:

> March 21, 1975.
>
> Dear Senator: I have been reading the papers about the tax benefits that the Senate is voting for me, and I want to express my thanks to the Senate.
>
> My wife and I are retired, and both of us are past sixty-five years of age. I am a primary beneficiary of Social Security. We have investment income of $20,000 a year, and I have been figuring up what you have done for us.
>
> We have been living in a rented apartment all of our married lives, but this summer we are going to purchase a new condominium in Florida for $40,000.
>
> Under existing law, our Social Security benefits are free from taxation. The tax, under existing law, on our $20,000 income amounts to $2,660.
>
> According to the Senate Tax Reduction Bill, we will receive a tax rebate of $240. We will also receive $100 because I am a Social Security beneficiary. The provisions of the Senate Bill which gives us the right to a $200 credit in lieu of the personal exemption of $750 plus the rate reduction will reduce our taxes by $72. These provisions will save us $412 in taxes.
>
> We are going to purchase a condominium in Florida this summer for $40,000 and thus get a $2,000 tax credit provided in this new law. This will make a total benefit to us of $2,412.
>
> For 1975 this will mean that instead of having to pay our regular taxes of $2,660, we will only have to pay $558. Will you please convey our heartfelt thanks to those wonderful statesmen who have done this for us?
>
> Sincerely yours,
>
> U. R. Dunn.

All of these figures have been checked out, and they are absolutely accurate.

Mr. LONG. Mr. President, I am glad the Senator put that letter in the Record. It is good to know that somebody appreciates us. If everybody did what that gentleman was doing the recession would be over next week.

In my judgment, taxes are too high and should be reduced.

Mr. HARRY F. BYRD, JR. I would like to support the pending legislation. It would benefit the average family by about $5 per week. This reduction could be important to many families, and I would like to see it achieved.

Likewise, the legislation provides substantial and, in most cases, desirable tax benefits to businesses and corporations.

A good case can be made for a reduction in taxes to stimulate the economy in time of recession, provided—provided—excessive Government spending has been brought under control.

But such is not the case at the present time.

In fact, the situation is just the opposite.

What is being proposed is to reduce taxes by $30 billion and substantially increase spending with a resulting deficit for fiscal 1975–76 of about $125 billion.

This unbelievably high 2-year deficit comes on top of 14 years of accumulated deficits.

It is the accumulated deficits that fuel inflation and cause the Government to go into the money markets to such an extent that its impact on interest rates will be severe.

In recent weeks interest rates have tapered off. But with the tremendous deficits that are in prospect for the 1975–76 fiscal years, the Federal Government must go into money markets for unprecedented amounts.

Secretary of the Treasury Simon has confirmed to me that for fiscal year beginning July 1, the Federal Government will need 66 percent of all the lendable funds.

Indeed, the Treasury Secretary testified before the Finance Committee that for fiscal 1976 the Federal Government will borrow more money than the Federal Government, the State governments, the local governments and all, private borrowers collectively have ever borrowed in any previous year.

On a net basis, Secretary Simon added, Federal Government demand will be larger than all demands totalled in any previous year.

With such heavy Federal deficits, and with the Federal Government standing at the head of the line in seeking loans, one does not need to be an economist to realize how severe will be the impact on interest rates and how little money will be left for the private sector which itself has huge capital needs.

The Federal deficits of the last several years played a major part in keeping money scarce and interest rates high.

To me a significant and alarming figure is that more than one-third of the Nation's total national debt of $600 billion as of July 1, 1976, will have been incurred during the 6 year period 1971–76.

Yes, more than one-third of the total debt will have been incurred in 6 years.

Washington's current economic program provides for Federal spending at the rate of almost $1 billion a day—with deficits of more than $1 billion a week.

It is in this context that a reduction in taxes is being proposed.

Having been in public office 27 years, I am not unaware that tax cut legislation is popular. But as popular as a tax cut may be, I have concluded that I must vote against it under existing conditions.

In voting against this legislation, I realize I am substituting my own judgment for that of the experts.

But my experience with the experts in Washington, D.C. is that they have been wrong more often than they have been right.

It was only 3 years ago that the same experts recommended reducing the 1972–73 taxes by $21 billion—along with an increase in Federal spending.

The reasons were precisely the same as the reasons now: To stimulate the economy, to reduce unemployment, to relieve the hardships imposed by inflation. We need bigger deficits, they said—and the Congress voted accordingly.

Yet, today, unemployment is substantially higher and inflation has doubled.

So what do they now propose? More of the same—except even greater deficits.

The prevailing Washington view is that if two pints of whiskey would not sober the alcoholic, six pints surely should do the job.

Undoubtedly, the huge deficits now proposed will stimulate the economy.

But these deficits, resulting from the $30 billion tax cut coupled with huge increases in Federal spending will, in my judgment, lay the foundation for greater difficulties in the future.

Is the Congress being fair with the American public to encourage the belief that excessive spending can continue indefinitely and no one need pay for it?

Unless one believes that Federal spending comes free—this tax cut is a sham.

Congress can legislate a reduction in direct taxes, but if the *spending is not* paid for by direct taxation it will be paid for by the hidden and cruel tax of inflation.

Reducing taxes while increasing spending is, I recognize, a bonanza for politicians.

But, in my judgment, it is a cruel hoax for the working people, the elderly, the vast majority of our citizens who have seen their income and savings eroded in value while the cost of living soars ever higher.

What is needed to achieve true economic recovery, which then can lead to a true tax reduction, is to restore confidence—consumer confidence and business confidence.

Confidence is not likely to be restored by perpetuating unsound fiscal policies in Washington.

The public, I feel, realize there is something phony about reducing taxes by $30 billion and simultaneously increasing spending by $50 billion without paying the price of inflation.

It is my deep conviction that we will not get the cost of living under control until we get the cost of Government under control.

In the context of the Government's overall financial condition, I regard this $30 billion tax reduction bill as being highly irresponsible.

I shall vote against this bill.

Now, Mr. President, noting the arguments given by economists as to the reason for this legislation plus increased spending—namely, putting our lagging economy in the high growth path and diminish high unemployment, I invite attention to the fact that this was precisely the reasoning 3 years ago for the Tax Reduction Act of December 1971—again coupled with increased spending.

Since then unemployment has increased and inflation has doubled.

I ask unanimous consent to insert at this point page one of the Senate Finance Committee report on the Revenue Act of 1971, enacted in December 1971.

There being no objection, the page was ordered to be printed in the Record, as follows:

I. SUMMARY

As reported by the House, the Revenue Bill of 1971 was designed to provide a balanced program of tax reductions for individuals and tax incentives for business. As stated in the House report, this bill, in the form passed by the House, was designed to—

put our present lagging economy on the high growth path.

increase the number of jobs and diminish the high unemployment rate.

relieve the hardships imposed by inflation on those with modest incomes.

provide a rational system of tax incentives to aid in the modernization of our productive facilities.

increase our exports and improve our balance of payments.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Several Senators. The yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the role.

Mr. MANSFIELD (after having voted in the negative). Mr. President, I have already voted in the negative. If the Senator from Missouri were here, he would vote no. If I were permitted to vote, I would vote aye. Therefore, I withhold my vote, but the negative vote still stands.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Alabama (Mr. Sparkman) and the Senator from Missouri (Mr. Symington) are necessarily absent.

I further announce that the Senator from South Dakota (Mr. McGovern), is absent on official business.

On this vote, the Senator from Texas (Mr. Bentsen) is paired with the Senator from South Dakota (Mr. McGovern).

If present and voting, the Senator from Texas would vote "yea" and the Senator from South Dakota would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. Bellmon), the Senator from Oregon (Mr. Packwood), the Senator from Alaska (Mr. Stevens) and the Senator from North Dakota (Mr. Young), are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft), is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 60, nays 29, as follows:

[Rollcall Vote No. 112 Leg.]

YEAS—60

Abourezk
Bayh
Beall
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Fong
Ford
Glenn
Gravel

Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mathias
McGee
McIntyre

Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stevenson
Talmadge
Tunney
Weicker
Williams

NAYS—29

Allen
Baker
Bartlett
Biden
Brock
Buckley
Byrd,
 Harry F., Jr.
Chiles
Curtis
Eastland

Fannin
Garn
Goldwater
Hansen
Hatfield
Helms
Hruska
Laxalt
McClellan
McClure
Morgan

Nunn
Percy
Roth
Scott,
 William L.
Stennis
Stone
Thurmond
Tower

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mansfield, against

NOT VOTING—9

Bellmon
Bentsen
McGovern

Packwood
Sparkman
Stevens

Symington
Taft
Young

So the bill (H.R. 2166) was passed.

The title was amended as follows:

An act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to provide a tax credit in lieu of the personal exemption deduction, to provide a credit for certain earned income, to increase the investment credit and the corporate surtax exemption, and for other purposes.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. TALMADGE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR PRINTING OF H.R. 2166, WITH AMENDMENTS, AND AUTHORIZING THE SECRETARY OF THE SENATE TO TAKE CERTAIN ACTION

Mr. LONG. Mr. President, I ask unanimous consent that the bill—H.R. 2166—be printed with the amendments of the Senate numbered, and that in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate be authorized to make all necessary technical and clerical changes and corrections, including corrections in section, subsection, and so forth. Designations, and cross-references thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I move that the Presiding Officer appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Ribicoff, Mr. Hathaway, Mr. Haskell, Mr. Curtis, Mr. Fannin, Mr. Hansen, and Mr. Dole conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, the passage this morning of this tax bill adds another great achievement to an already long list of the distinguished Senator from Louisiana (Mr. Long), chairman of the Finance Committee. This critically important measure has been passed by the Congress in record time and demonstrates a high sense of urgency of what is truly needed to stimulate the economic growth necessary to bring full employment.

This act was greatly improved by the Finance Committee and by the full Senate—it is far superior to what had been originally proposed. The shepherding of this measure through the Senate by the distinguished chairman of the Finance Committee (Mr. Long) demonstrates again that there is no one in the Senate of greater legislative leadership, experience, and know-how than he. The leadership in the Senate and the Nation as a whole, owe him a great debt of gratitude. In addition, the leadership is appreciative of the cooperation it has received during the consideration of this act by the entire Senate and is proud of the sense of responsibility and urgency all have shown to the Nation's business.

Mr. ROTH. Mr. President, I urge that the House-Senate conference on the tax bill will be open to the public, press, and media.

The final decisions on what remains in this bill and what does not will be made in conference. These decisions are of great interest to all Americans because they will determine the size of the rebates, the nature of the incentives included to stimulate economic activity in general and the housing and automobile industries in particular, and the size and scope of the bill.

As the principal sponsor of Senate Resolution 11 to open conference committees to the public except when there are compelling reasons to the contrary, I am strongly committed to the public right to know. There are no compelling reasons why this legislation should not be considered in public. Both House and Senate have had open markup and surely the final deliberations should also be open.

Although Senate Resolution 11 has not yet been acted upon by the Rules Committee, it has been endorsed by both the Republican and Democratic caucuses in the Senate. I commend the chairman of the Finance Committee for holding the Senate markup in public even though that is not now required by Senate rules. I hope that in keeping with the spirit of the caucus decisions, the conference also will be open to the public.

AUTHORIZATION FOR COMMITTEE PRINT

Mr. MANSFIELD. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. STONE). The clerk will state the concurrent resolution.

The legislative clerk read as follows:

S. Con. Res. 26

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Committee on Foreign Relations five thousand copies of the Committee Print entitled "China: A Quarter Century After the Founding of the People's Republic."

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

AUTHORIZATION FOR THE APPOINTMENT OF A SPECIAL SENATE DELEGATION TO VISIT CERTAIN EUROPEAN COUNTRIES

Mr. HUMPHREY. Mr. President, I send to the desk a resolution on behalf of myself and the Senator from Pennsylvania (Mr. Hugh Scott), and ask for its immediate consideration.

Mr. GRIFFIN. Will the Senator tell me what it is?

Mr. HUMPHREY. It has been cleared. It is a substitute resolution for the one which related to the trip to the Soviet Union.

The PRESIDING OFFICER (Mr. Stone). The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 118) to authorize the appointment of a special Senate delegation to visit certain European countries.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 118) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. Res. 118

Resolved, That the President of the Senate is authorized to appoint a special delegation of Members of the Senate to visit certain countries in Europe to conduct a study on the current status of the North Atlantic Alliance and to designate the co-chairmen of said delegation.

Sec. 2. (a) The expenses of the delegation, including staff members designated by the co-chairmen to assist said delegation, shall not exceed $25,000, and shall be paid from the contingent fund of the Senate upon vouchers approved by the co-chairmen of said delegation.

(b) The expenses of the delegation shall include such special expenses as the co-chairmen may deem appropriate, including reimbursements to any agency of the Government for (1) expenses incurred on behalf of the delegation, (2) compensation (including overtime) of employees officially detailed to the delegation, and (3) expenses incurred in connection with providing appropriate hospitality.

(c) The Secretary of the Senate is authorized to advance funds to the co-chairmen of the delegation in the same manner provided for committees of the Senate under the authority of Public Law 118, Eighty-first Congress, approved June 22, 1949.

The PRESIDING OFFICER. The Senator from West Virginia.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the executive calendar through Calendar Order No. 53.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of Harold R. Tyler, Jr., of New York, to be Deputy Attorney General.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF STATE

The second assistant legislative clerk read the nomination of John E. Reinhardt, of Maryland, a Foreign Service information officer of the class of Career Minister for Information, to be an Assistant Secretary of State.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

U.S. ADVISORY COMMISSION ON INFORMATION

The second assistant legislative clerk read the nomination of John M. Shaheen, of Illinois, to be a member of the U.S. Advisory Commission on Information for a term expiring January 27, 1977.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. GRIFFIN. Mr. President, I ask that the President of the United States be notified concerning the confirmation of the several nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

AID FOR CAMBODIA

Mr. CRANSTON. Will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. CRANSTON. I would like to ask the Senator the status of a report, if there is one, of the Foreign Relations Committee on the matter of supplemental funds for Cambodia.

Mr. ROBERT C. BYRD. Mr. President, I cannot answer the question that has been asked by the distinguished Senator. That measure is not on the calendar. Whether or not it has been ordered reported I am in no position to say. I can only say this, that under the unanimous-consent agreement any measure that is ready for action can be brought up on Monday next, with the caveat that rollcall votes could not occur thereon until Wednesday next.

Mr. CRANSTON. Is it in order to request that it not be dealt with by voice vote on Monday so that there can be an opportunity for consideration by the full membership on Wednesday?

Mr. ROBERT C. BYRD. The Senator can be assured that that matter will not be disposed of by voice vote, I would imagine on any day.

Mr. CRANSTON. I thank the Senator very much.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SERVICE OF SENATOR STONE AS PRESIDING OFFICER

Mr. ROBERT C. BYRD. Mr. President, I call attention to the fact that the distinguished Senator from Florida (Mr. Stone) has been presiding over this body now for nine continuous and consecutive hours. His tenure in the chair on this particular occasion began at 5 o'clock yesterday afternoon, and now it is 2 minutes past 2 a.m. on Saturday. That is a pretty long stint in the chair.

I am sure that other Senators would join me in saying that the Senator from Florida has presided over this body with a degree of skill, competence, effectiveness, and dignity that is "so rare as a day in June," and that he certainly has set a fine example of enforcing the rules that require that the Senate be in order.

The Senator from Florida has observed the rule that it is the duty of the Chair to enforce order in the Chamber and in the galleries, without a point of order being made by any Senator.

I personally congratulate him; and I would say that all Senators are in his debt, because somebody has to preside, and it is not an easy task. It is difficult to get Senators to take their turn in the Chair. But the Senator from Florida (Mr. STONE) has today taken on that labor and in so doing not only has done it well but also has relieved 98 other Senators of the opportunity—which they do not want—for that task.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. ALLEN. Mr. President, I, too, commend the distinguished junior Senator from Florida (Mr. STONE) for his long and faithful service in the chair, for his near record, I understand, of length of service at one time in the chair. He has presided with great skill and ability and with a fidelity to the rules, and I would suggest that other presiding officers seek to emulate him.

So far as the Senator from Alabama is concerned, he would not mind seeing the distinguished Senator from Florida have permanent status as Presiding Officer in this Chamber.

[Laughter.]

The Senator from Alabama feels that if that were the case, any Senator would have no difficulty getting recognized at such times as he seeks recognition.

So I commend the distinguished Senator from Florida, also, for his fine service as Presiding Officer of the Senate.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. ALLEN. I yield.

Mr. GRIFFIN. Mr. President, I do not know if I can agree with everything that has been said; but I certainly want to associate myself with almost everything that has been said. The only reason why I would not go on at great length with a comparable speech commending the Senator from Florida, beyond what has been said, is that I think he might like to get out of the chair.

[Laughter.]

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. GRIFFIN. I yield.

Mr. MANSFIELD. Mr. President, I join in the accolades being bestowed upon the Senator from Florida. I just wonder, though, what he is going to do when the Senate has an executive session.

[Laughter.]

The PRESIDING OFFICER. The Chair is not going to answer that inquiry.

The Chair thanks the Senators for their very kind sentiments.

The Chair observes that the Chair is aware of the fact that this is not a record; that, instead, the record is well held—and probably permanently held—by the distinguished assistant majority leader, for more than 22 hours, on one yolk of an egg.

Mr. ROBERT C. BYRD. I thank the Senator.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there morning business? If not, morning business is closed.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Marks, one of his secretaries.

ANNUAL REPORT OF THE NATIONAL SCIENCE BOARD—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. METCALF) laid before the Senate a message from the President of the United States transmitting the Sixth Annual Report of the National Science Board, which, together with the report, was referred to the Committee on Labor and Public Welfare. The message is as follows:

To the Congress of the United States:

I am pleased to submit to the Congress the Sixth Annual Report of the National Science Board.

Our Nation's commitment to a strong program of scientific research is well-founded. Science has stretched the horizons of man by providing knowledge that enlarges our understanding of the universe and mankind. Scientific research has helped us solve a wide range of problems and provided the basis for expanding productivity, strengthening our economy and national security, and improving the quality of our lives.

There are many new challenges ahead, including mankind's growing power to affect the future and to modify—both intentionally and unintentionally—the basic conditions and quality of life. The National Science Board has made an important contribution by careful study of a number of the challenges that face our country and the world, including population growth, food supply, energy demands, mineral resource supply, weather and climate modification, and environmental change. The Board has recommended expanded research to help us prepare for these challenges.

Our strong national scientific research effort must be maintained with support from both the public and private sectors. During the current fiscal year, the Federal Government will spend $7.4 billion for the support of research. My 1976 budget asks the Congress to provide $8.2 billion—an increase of 10 percent. This increase, even though larger than that requested for many programs, will not permit support for all important research. For this reason, the National Science Board's report is especially significant. The recommendations of the distinguished scientists that make up the Board should be useful in identifying those areas of research that warrant the highest priority.

I am asking all Federal agencies to consider the Board's recommendations in developing their research programs. I also commend the report to the Congress and the American people.

GERALD R. FORD.

THE WHITE HOUSE, *March 21, 1975.*

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. METCALF) laid before the Senate the following letters, which were referred as indicated:

LEGISLATIVE PROPOSALS BY THE PRESIDENT

A communication from the President of the United States transmitting the following proposed legislation:

A bill to limit to 5 percent cost-of-living adjustments under certain food assistance programs through June 30, 1976, and for other purposes; to the Committee on Agriculture and Forestry.

A bill to limit to 5 percent certain adjustments under the Food Stamp Act of 1964 through June 30, 1976; to the Committee on Agriculture and Forestry;

A bill to limit cost-of-living adjustments of annuities under the uniformed services tirement System for a specified period of time, and for other purposes; referred to the Committee on Armed Services;

A bill to limit cost-of-living adjustments of annuities under the Central Intelligence Agency Retirement Act of 1964 for certain employees, as amended, for a specified period of time, and for other purposes; to the Committee on Armed Services;

A bill to limit to 5 percent cost-of-living benefit increases under the old-age, survivors', and disability insurance and supplemental security income programs established by the Social Security Act through June 1976; to the Committee on Finance;

A bill to limit cost-of-living adjustments of annuities under the Foreign Service Retirement System for a specified preiod of time, and for other purposes; to the Committee on Foreign Relations;

A bill to limit Federal pay increases to 5 percent for a specified period of time, and for other purposes; to the Committee on Post Office and Civil Service;

A bill to limit cost-of-living adjustments of annuities under the Civil Service Retirement System for a specified period of time, and for other purposes; to the Committee on Post Office and Civil Service; and

A bill to limit cost-of-living increases under the Federal Employees' Compensation Act for a specified period of time, and for other purposes; to the Committee on Labor and Public Welfare.

REPORT OF THE ASSISTANT SECRETARY OF DEFENSE

A letter from the Deputy Assistant Secretary of Defense transmitting, pursuant to law, a report of the design and construction supervision, inspection, and overhead fees charged by the construction agents to the military construction projects of the military departments and the Defense agencies (with an accompanying report); to the Committee on Armed Services.

REPORT OF THE SECRETARY OF DEFENSE

A letter from the Secretary of Defense transmitting, pursuant to law, a report on the property records on fixed property, installations, and major equipment items, and stored supplies of the military departments (with an accompanying report); to the Committee on Armed Services.

REPORT OF THE FEDERAL RESERVE SYSTEM

A letter from the Chairman of the Board of Governors of the Federal Reserve System transmitting, pursuant to law, the annual report of the Board entitled "Monetary Policy and the U.S. Economy in 1974" (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

Report of the Comptroller General

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Holiday Administration Overseas: Improvement Needed To Achieve More Equitable Treatment of Employees" (with an accompanying report); to the Committee on Government Operations.

Report of the Social Security Administration

A letter from the Secretary of Health, Education, and Welfare transmitting, pursuant to law, the annual report of the Social Security Administration for the fiscal year 1974 (with an accompanying report); to the Committee on Finance.

Report of the Foreign-Trade Zones Board

A letter from the Secretary of Commerce transmitting, pursuant to law, the annual report of the Foreign-Trade Zones Board for the fiscal year ending June 30, 1970 (with an accompanying report); to the Committee on Finance.

Proposed Legislation by the Administrative Office of the United States Courts

A letter from the Director of the Administrative Office of the United States Courts transmitting a draft of proposed legislation to amend the Bankruptcy Act and the Civil Service Retirement law with respect to the tenure and retirement of referees; to the Committee on the Judiciary.

Proposed Legislation by the Administrative Office of the United States Courts

A letter from the Director of the Administrative Office of the United States Courts transmitting a draft of proposed legislation to increase the maximum compensation allowable to receivers and trustees (with accompanying papers); to the Committee on the Judiciary.

Report of the Commission on Civil Rights

A letter from the Chairman and members of the Commission on Civil Rights transmitting, pursuant to law, a report evaluating the efforts to insure equal educational opportunity by three Federal agencies: the Department of Health, Education, and Welfare; the Internal Revenue Service, and the Veterans' Administration (with accompanying papers); to the Committee on the Judiciary.

Report of the Federal Mediation and Conciliation Service

A letter from the National Director of the Federal Mediation and Conciliation Service transmitting, pursuant to law, a report of the Federal Mediation and Conciliation Service for the fiscal year 1974 (with an accompanying report); to the Committee on Labor and Public Welfare.

Proposed Legislation by the Department of Health, Education, and Welfare

A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to extend until July 31, 1975, the date for submission of the long-range projection for the provision of comprehensive services to handicapped individuals (with accompanying papers); to the Committee on Labor and Public Welfare.

Proposed Regulations of the Department of Health, Education, and Welfare

A letter from the Executive Secretary of the Department of Health, Education, and Welfare transmitting, pursuant to law, proposed regulations for a State dissemination grants program in the National Institute of Education (with accompanying papers); to the Committee on Labor and Public Welfare.

Proposed Regulations of the Department of Health, Education, and Welfare

A letter from the Executive Secretary of the Department of Health, Education, and Welfare transmitting, pursuant to law, proposed amendments to the regulations governing the Library Services and Construction Act to reflect amendments made by Public Law 93-380 (with accompanying papers); to the Committee on Labor and Public Welfare.

Proposed Legislation of the Secretary of Health, Education, and Welfare

A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to extend the authorization of appropriations for the National Institute of Education (with accompanying papers); to the Committee on Labor and Public Welfare.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

A joint resolution of the Legislation of the Commonwealth of Virginia; to the Committee on Public Works:

"House Joint Resolution No. 233

"Memorializing the Congress of the United States to amend the Clean Air Act in order to relieve the States and citizens thereof from unrealistic deadlines for reduced automobile emissions

"Whereas, the Clean Air Act requires that the national ambient air quality standards for carbon monoxide and photochemical oxidants be attained no later than nineteen hundred seventy-five; and

"Whereas, carbon monoxide and oxidants, originate primarily from automobiles; and

"Whereas, in order to attain such national standards, many metropolitan areas of our Nation, including our Nation's Capital and its surrounding suburbs in Virginia and Maryland, have relied in great measure upon the new automobile emission standards originally required in the Clean Air Act; and

"Whereas, Congress has already once deferred new automobile standards, and the President is now proposing the further deferral of those standards until nineteen hundred eighty-one, in order to encourage new designs and model changes which may yield major improvements in fuel economy and performance; and

"Whereas, the Environmental Protection Agency, on the basis of theoretical and questionable studies, is requiring the states and their citizens to bear the burden of making up any deficit in emission reduction which is due to the inadequacy of new automobile standards, which burden includes the imposition of inspection of emissions and retrofit air pollution devices, both being of theoretical efficacy and both being applicable to all automobiles in an affected air quality control region, irrespective of the fact that many of these automobiles never will take part in commuter traffic, which is the cause of our urban pollution problems; and

"Whereas, if new automobile standards are further deferred without any corresponding deferral of the appropriate national air quality standards, the Environmental Protection Agency will impose additional burdens of unproven efficacy upon the states and their citizens in order to meet the attainment date in nineteen hundred seventy-seven; and

"Whereas, all burdens will impose a great expense of money and time upon citizens, especially in the case of retrofit devices for older cars, which are generally owned by those least able to afford such modifications; and

"Whereas, both State and personal financial resources have deteriorated because of an unprecedented combination of inflation and recession, unknown at the time the ambitious commitments of the Clean Air Act were made in nineteen hundred seventy; and

"Whereas, it is fundamentally unfair and unreasonable to shift the burden from new car manufacturers to the states and citizens, in these times of economic peril; now, therefore, be it

"Resolved by the House of Delegates, the Senate concurring, That the Congress of the United States is respectfully memorialized to amend, at the earliest date, the Clean Air Act, so as to provide a moratorium on the implementation of measures designed to reduce emissions from automobiles presently in use, so long as new automobile standards may be deferred.

"Resolved further, That the Congress of the United States is respectfully requested to repeal the sections of the Clean Air Act that provide for punitive measures against State and local officials.

"Resolved finally, That the Clerk of the House is directed to send copies of this resolution to the Speaker of the United States House of Representatives, the President of the United States Senate and the members of the delegation to the Congress of the United States of this Commonwealth in order that they may be apprised of the sense of the Virginia General Assembly."

A resolution of the General Court of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"Resolution of the Commonwealth of Massachusetts

"Resolutions memorializing the Congress of the United States to enforce legislation prohibiting the employment of aliens entering the United States illegally

"Whereas, The current standard of living ing employment opportunities of domestic workers is undermined by the employment of aliens who enter the United States illegally; now, therefore, be it

"Resolved, That the General Court of Massachusetts respectfully urges the Congress of the United States to exercise its powers to inforcing the existing laws which prohibit the employment of aliens who enter the United States illegally; and be it further

"Resolved, That the General Court of Massachusetts respectfully urges the Senate of the United States to enact H.R. 982; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the Clerk of the House of Representatives to the President of the United States, the presiding officer of each branch of Congress and to the members thereof from the Commonwealth."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TALMADGE, from the Committee on Agriculture and Forestry, with amendments:

H.R. 4296. A bill to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending *March 31, 1976* (Rept. No. 94-53).

By Mr. SPARKMAN, from the Committee on Foreign Relations, with an amendment:

S. 663. A bill to provide additional military assistance authorizations for Cambodia for the fiscal year 1975, and for other purposes (Rept. No. 94-54).

By Mr. PASTORE, from the Committee on Commerce, with amendments:

S. 893. A bill to amend certain provisions of the Communications Act of 1934 to provide long-term financing for the Corporation for Public Broadcasting, and for other purposes (Rept. No. 94–55). (Referred to the Committee on Appropriations).

Mr. PASTORE. Mr. President, I submit a report on S. 893, from the Committee on Commerce, with reference to the long-range funding for public broadcasting. Inasmuch as this also involves an appropriation, I ask by unanimous consent the bill be referred to the Committee on Appropriations.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. HELMS, from the Committee on Agriculture and Forestry, without amendment:

S. 1307. A bill to amend the McIntyre-Stennis Act of 1962 to promote forestry research at private University Forestry Schools (Rept. No. 94–56).

Mr. HELMS. Mr. President, Mr. Eastland being chairman of the Subcommittee on Environment, Soil Conservation and Forestry of the Committee on Agriculture and Forestry was directed to report this legislation. However, he has delegated that responsibility to me, as ranking minority member of the subcommittee, to report an original bill to amend the McIntyre-Stennis Act of 1962. Chairman Talmadge of the committee concurs with that delegation, and I am pleased to submit the report at this time.

REPORT ON LEGISLATIVE AND REVIEW ACTIVITIES—REPORT OF A COMMITTEE (REPT. NO. 94–52)

Mr. McGEE. Mr. President, pursuant to the requirements of section 136(b) of the Legislative Reorganization Act of 1946, I hereby submit to the Senate in behalf of the Committee on Post Office and Civil Service the report on the committee's activities during the 93d Congress. I ask unanimous consent that the Senate order the report on the legislative and review activities of the Committee on Post Office and Civil Service to be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHANGE OF REFERENCE—S. 1251

Mr. ROBERT C. BYRD. I ask unanimous consent that S. 1251 be discharged from the Committee on Government Operations and be referred to the Committee on the Judiciary, and if and when reported from that committee, it be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. PHILIP A. HART (for himself and Mr. Hugh Scott):

S. 1279. A bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years and to make permanent the ban against certain prerequisites to voting. Referred to the Committee on the Judiciary.

By Mr. TUNNEY:

S. 1280. A bill to authorize the President to appoint Capt. Ferdinand Mendenhall, U.S. Navy Reserve Retired, to the grade of rear admiral on the Reserves Retired list. Referred to the Committee on Armed Services.

By Mr. PROXMIRE:

S. 1281. A bill to improve public understanding of the role of depository institutions in home financing. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. KENNEDY (for himself, Mr. Javits, Mr. Cranston, Mr. Hathaway, Mr. Pell, Mr. Randolph, and Mr. Stafford):

S. 1282. A bill to amend the Public Health Service Act to provide for a National Center for Clinical Pharmacology, to provide support for the study of clinical pharmacology and clinical pharmacy, and to provide for review of drug prescribing; and to amend the Federal Food, Drug, and Cosmetic Act to provide for additional regulation of drug promotions, to provide for recordkeeping and reporting for all drugs, to provide for certification of programs respecting manufacturers' representatives, to provide for the submission of data relating to therapeutic equivalence of drugs, to provide for the certification of certain drugs, to provide for a national drug compendium, to provide additional drug information to consumers, to establish a code system for the identification of all drugs and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. BURDICK (by request):

S. 1283. A bill to improve judicial machinery by further defining the jurisdiction of U.S. magistrates, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. PHILIP A. HART (for himself and Mr. Hugh Scott):

S. 1284. A bill to improve and facilitate the expeditious and effective enforcement of the antitrust laws. Referred to the Committee on the Judiciary.

By Mr. HUMPHREY (for himself, Mr. McGee, and Mr. Mondale):

S. 1285. A bill to provide for payments to compensate county governments for the tax immunity of Federal lands within their boundaries. Referred to the Committee on Agriculture and Forestry and the Committee on Interior and Insular Affairs, jointly, by unanimous consent.

By Mr. BEALL:

S. 1286. A bill to amend title II of the Social Security Act to increase to $5,100 the annual amount which individuals may earn without suffering deductions from benefits on account of excess earnings. Referred to the Committee on Finance.

By Mr. TOWER (for himself and Mr. Montoya):

S. 1287. A bill to extend part J of the Vocational Education Act of 1963 relating to bilingual vocational training. Referred to the Committee on Labor and Public Welfare.

By Mr. GARY H. HART (for himself, Mr. Abourezk, Mr. Bayh, Mr. Hatfield, Mr. Philip A. Hart, Mr. Kennedy, Mr. Leahy, Mr. McGovern, Mr. Mondale, Mr. Mansfield, Mr. Nelson, and Mr. Proxmire):

S. 1288. A bill to prohibit the expenditure of funds for the development and procurement of any lethal chemical weapons after the date of enactment of this act, and for other purposes. Referred to the Committee on Armed Services.

By Mr. KENNEDY (for himself, Mr. Stafford, Mr. Ribicoff, Mr. Percy, and Mr. Clark):

S. 1289. A bill to amend chapter 5, subchapter II of title 5, United States Code, to provide for improved administrative procedures. Referred to the Committee on the Judiciary.

By Mr. NELSON (for himself and Mr. Mr. Javits):

S. 1290. A bill to reorganize the Clemency Board, the Department of Defense, the Department of Justice and the Department of Transportation to provide fair and efficient consideraton of all individuals eligible for amnesty relating to military service in the war in Southeast Asia, and for other purposes. Referred to the Committee on Government Operations.

By Mr. JOHNSTON (for himself and Mr. Cranston):

S. 1291. A bill to establish a National Commission on Economic Growth and Stability to identify major changes and long-term trends in the economy of the United States and to propose public policies responsive to such changes and trends. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. HASKELL (for Mr. Jackson) (for himself and Mr. Fannin) (by request):

S. 1292. A bill to provide for the management, protection, and development of the national resource lands, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. METCALF (for himself, Mr. Mansfield, and Mr. Packwood):

S. 1293. A bill to establish the Charles M. Russell National Wildlife Range, the Charles Sheldon National Wildlife Range, and the Kofa National Wildlife Range as part of the National Wildlife Refuge System, and for other purposes. Referred to the Committee on Commerce.

By Mr. METCALF (for himself, Mr. Mansfield, Mr. Allen, Mr. Hollings, Mr. Thurmond, Mr. Burdick, and Mr. McClure):

S. 1294. A bill to provide additional funds to the States for carrying out wildlife restoration projects and programs, and for other purposes. Referred to the Committee on Commerce.

By Mr. ROTH:

S. 1295. A bill to limit the jurisdiction of the Supreme Court of the United States and any such inferior court as ordained and established by the Congress of the United States to enter any judgment, decree or order, denying or restricting, as unconstitutional, the exercise of free religious expression or the saying of voluntary prayer in any public school or other public building. Referred to the Committee on the Judiciary.

By Mr. HUGH SCOTT:

S. 1296. A bill to provide cabinet-level status to the Administrator of Veterans' Affairs. Referred to the Committee on Post Office and Civil Service.

By Mr. MORGAN:

S. 1297. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide for an improved method of selection of the State planning agency, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. BELLMON:

S. 1298. A bill to amend the Interstate Commerce Act. Referred to the Committee on Commerce.

By Mr. CHURCH (for himself, Mr. Jackson, and Mr. Fannin) (by request):

S. 1299. A bill to amend the Water Resources Planning Act to revise the membership of the Water Resources Council. Referred to the Committee on Interior and Insular Affairs.

By Mr. KENNEDY (for himself and Mr. Weicker):

S. 1300. A bill to revise title 23 of the United States Code, relating to highways, terminate the Highway Trust Fund, and amend the Urban Mass Transportation Act of 1964 in order to improve transportation. Referred to the Committee on Public Works.

By Mr. CHURCH (for himself, Mr. Jackson, and Mr. Fannin) (by request):

S. 1301. A bill to promote a more comprehensive national program of water resources research and technology development to reorganize certain functions in the Department of the Interior, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. WILLIAMS (for himself, Mr. Randolph, Mr. Kennedy, Mr. Hartke, Mr. McGee, Mr. Schweiker, Mr. McGovern, Mr. Humphrey, Mr. Metcalf, Mr. Hathaway, Mr. Pell, Mr. Eagleton, Mr. Ribicoff, Mr. Tunney, Mr. Jackson, Mr. Abourezk, Mr. Stafford, Mr. Gravel, Mr. Stevenson, Mr. Mondale, Mr. Philip A. Hart, Mr. Muskie, Mr. Gary W. Hart, Mr. Mansfield, Mr. Bayh, Mr. Case, Mr. Nelson, Mr. Church, Mr. Cranston, Mr. Javits, Mr. Brooke, Mr. Clark, Mr. Bentsen, Mr. Magnuson, Mr. Moss, Mr. Glenn, Mr. Haskell, Mr. Bumpers, Mr. Montoya, and Mr. Biden):

S. 1302. A bill to promote safety and health in the mining industry, to prevent recurring disasters in the mining industry, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. INOUYE (forhimself, Mr. Pearson, Mr. Allen, Mr. Bayh, Mr. Huddleston, Mr. Metcalf, and Mr. Stone):

S. 1303. A bill to regulate the foreign commerce of the United States by providing means to assure full disclosure of significant foreign investment in the United States, and for other purposes. Referred, by unanimous consent, to the Committee on Commerce; and, if and when reported from that committee, to the Committee on Banking, Housing and Urban Affairs.

By Mr. BIDEN:

S. 1304. A bill to amend the Social Security Act to provide for immediate care services under titles XIV and XIX of such act. Referred to the Committee on Finance.

By Mr. BIDEN (for himself, Mr. McGovern, and Mr. Case):

S. 1305. A bill to amend the Agricultural Trade Development and Assistance Act of 1954 to prohibit the disposition of food to foreign countries under such act in any fiscal year unless the Secretary of Agriculture determines and certifies that all domestic feeding programs will be adequately provided with appropriate foods in such fiscal year. Referred to the Committee on Agriculture and Forestry.

By Mr. BARTLETT (for himself, Mr. McClellan, Mr. Clark, Mr. Culver, Mr. Dole, Mr. Johnston, Mr. Gary W. Hart, Mr. Bumpers, Mr. Humphrey, Mr. Long, Mr. Tower, Mr. Domenici, and Mr. Hruska, and Mr. Mondale):

S. 1306. A bill to authorize the Secretary of Transportation to make a loan of $100,000,000 to the Chicago, Rock Island, and Pacific Railroad Co. Referred to the Committee on Commerce.

By Mr. HELMS:

S. 1307. An original bill to amend the McIntyre-Stennis Act of 1962 to promote forestry research at private University Forestry Schools. Placed on calendar.

By Mr. ROTH:

S.J. Res. 64. A joint resolution proposing an amendment to the Constitution. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PROXMIRE:

S. 1281. A bill to improve public understanding of the role of depository institutions in home financing. Referred to the Committee on Banking, Housing and Urban Affairs.

HOME MORTGAGE DISCLOSURE ACT OF 1975

Mr. PROXMIRE. Mr. President, today I am introducing the Home Mortgage Disclosure Act of 1975. This bill would require lending institutions to disclose to the public where they are obtaining their deposits and where they are making mortgage loans. The problem which this legislation addresses is one of the central problems of our time—the decay of America's great cities. Good housing policy is as much a matter of adequately maintaining the Nation's existing housing stock as building more houses.

But America's great metropolitan areas are in the peculiar position of having to build more and more new subdivisions on farm land 50 miles from the center of cities while public policy permits urban neighborhoods to decay.

The irony is that in many of our older cities, including Washington, Baltimore, Philadelphia, Milwaukee, and Chicago, there are hundreds of thousands of solidly built, older houses that could not be duplicated today except at a considerable cost. Saving and upgrading these houses requires a reliable source of credit to finance home improvements and to enable new families to own and occupy these homes.

Unfortunately, many lending institutions deny credit to these older urban neighborhoods especially when money is tight. People of all ethnic backgrounds suffer. Some institutions may shy away from black neighborhoods or neighborhoods that are changing from white to black. Some institutions may red-line older white ethnic neighborhoods. Some institutions may supply a disproportionate amount of credit to real estate speculators at the expense of owner occupants.

Here is how the redlining process often works. A prospective home buyer will approach a lending institution for a mortgage loan. His credit rating can be excellent, and the house can be in sound condition. But some lenders will reject the application because they don't like the neighborhood, and steer the buyer to the suburbs.

The bank will say that the area is a "declining neighborhood." Of course, that description by the bank turns into a self-fulfilling prophecy, because more than any other factor, denial of mortgage credit to homebuyers by lenders causes the neighborhood to decline. If, on the other hand, mortgages were available and homeowners continued to predominate in the community, the neighborhood would not decline.

Lenders, more than anybody else, have the power to determine which communities decline and which stabilize or revive. Unfortunately, in many areas the very lenders who deny credit to home buyers in older urban neighborhoods, will lend money in the very same neighborhood, sometimes on the very same house, to speculators or to absentee landlords. And that really makes the neighborhood decline. We permit all kinds of tax breaks for home ownership on the theory that pride of ownership creates stable neighborhoods, promotes proper maintenance of housing, and maintains property values. But that premise goes down the drain—and so do some fine old communities—when lenders decide a neighborhood is a poor risk.

In Milwuakee, for example, a report by the Housing Committee of the Westside Coalition found that several lending institutions would not even consider making loans in certain neighborhoods. the report indicated that these lenders often did not bother to inquire about the income or credit rating of the prospective borrower. According to the report, these lenders turned the inquiry down flatly on the basis of the neighborhood. Other lenders reportedly demanded shorter terms for payback and higher downpayment requirements. Then some of these same lenders turned around and lent mortgage money on these same presumably unmortgagable properties to absentee owners, according to the survey.

In Chicago, a broad coalition of citizens representing diverse racial and cultural backgrounds are negotiating with local lenders to keep mortgage money available in the city's middle class neighborhoods. Recently, Mayor Richard Daley, whose own neighborhood is red lined by many lenders, said that he shared the group's objectives, and he endorsed a city ordinance against redlining. The Chicago Housing Training and Information Center, which is headed by Mrs. Gail Cincotta, is hosting a national housing conference next month, and the subject will be redlining.

In Baltimore, a study by the city's department of housing and community development found that "the primary obstacle" to continued home ownership in the city was neighborhood discrimination by lenders. And here in the District of Columbia, preliminary data indicates that some lenders have virtually redlined the entire city, and other lenders are reluctant to loan money east of Rock Creek Park unless the buyer is a real estate professional.

There is a special irony involved when lending institutions begin restricting credit in an urban neighborhood. Some of these lending institutions draw much of their capital from small savers who live in these communities. The deposit window is always open, but the loan window is often closed. Or if it is open, it is open only if you can make a higher than usual down payment and settle for a shorter loan. No wonder people move to the suburbs.

Well, what is the remedy? I do not want to set up yet another bureaucracy to tell banks and savings and loan associations where to lend their money. I think a much better approach is to rely on the informed judgment of the residents of these communities where already many local citizens' groups have organized antiredlining campaigns, and to let the free market do the rest.

Knowledgeable citizens are likely to favor banks and savings and loan associations which do not discriminate against their communities. This is already happening in Chicago, Milwaukee, and other cities. In fact, in some areas, so-called green-lining campaigns have been launched, to persuade banks to make every effort not to siphon funds out of these neighborhoods, but to give preference to their primary service areas.

As I have said, Mr. President, I am not proposing a complicated regulatory scheme that tells a bank or a savings and loan how to do its business. I am proposing a simple disclosure law, that would give local citizens the right to know where their neighborhood banks or savings and loan associations were making their mortgage loans, and I would expect an informed citizenry to do the rest.

There is no invasion of privacy problem here, because this information is already public. Anybody with a little sophistication can go to the county courthouse and look up who holds the mortgage on every house in the city.

But these deed records will not reveal the pattern of loans by each institution unless a citizen has either a computer and the patience to wade through all of the files.

There is no need to require lending institutions to send all of this material to Washington. All I am proposing is a requirement for each local institution to have available a public record file that would disclose by zip code, the number and dollar amount of mortgage loans, whether they were conventional or FHA or VA, and whether they went to an owner-occupier or an absentee landlord. The names would not be disclosed, even though that information is already public record. The file would also disclose by zip code the number and aggregate dollar amount of savings accounts.

In this way, savers and potential homeowners could intelligently decide which institution deserved their business. The bill would not require banks to invest their money in older urban neighborhoods, but it would enable these neighborhoods to exercise their sizable consumers power to reward institutions that rewarded them. Through the effect of full disclosure, it would induce lending institutions to begin contributing to the process of urban rehabilitation rather than urban decay.

Mr. President, I anticipate that the Senate Banking Committee will be holding hearings on the Mortgage Disclosure Act next month. I ask unanimous consent that text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1281

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the Home Mortgage Disclosure Act of 1975.

FINDING AND PURPOSE

SEC. 2. (a) The Congress finds and declares that depository institutions have sometimes failed to provide adequate home financing on a nondiscriminatory basis for all neighborhoods within the communities and neighborhoods from which those institutions receive deposits.

(b) The purpose of this Act is to provide the citizens and public officials of the United States with sufficient information to enable them to determine which depository institutions are filling their obligations to serve the housing needs of the communities and neighborhoods in which they are located.

DEFINITIONS

SEC. 3. As used in this Act—

(1) the term "mortgage loan" means a federally related mortgage loan as defined under section 3 of the Real Estate Settlement Procedures Act of 1974;

(2) the term "depository institution" means a person who is in the business of making federally related mortgage loans;

(3) the term "savings account" means any deposit or account, other than a demand deposit, received or held by a depository institution; and

(4) the term "Board" means the Board of Governors of the Federal Reserve System.

MAINTENANCE OF RECORDS AND PUBLIC DISCLOSURE

SEC. 4. (a)(1) Each depository institution shall compile and make available, in accordance with regulations of the Board, to the public for inspection and copying at each office of that institution the following information:

(A) The number and total dollar amount of mortgage loans made by that institution which were outstanding as of the close of the last fiscal year of that institution.

(B) The number and total dollar amount of mortgage loans made by that institution during such year.

(C) The number and total dollar amount of savings accounts held by that institution as of the close of such year.

(D) The number of savings accounts opened during such year and the total dollar amount in such accounts at the close of such year.

(2) In the case of a depository institution which has a home office or branch office located within a standard metropolitan statistical area, as defined by the Office of Management and Budget, the information required to be maintained and made available under paragraph (1) shall also be itemized in order to clearly and conspicuously disclose the following:

(A) The number and dollar amount for each item referred to in paragraph (1), by United States Postal Service zip code, for borrowers under mortgage loans secured by property located within the standard metropolitan area, and for savings account holders whose addresses, as furnished to such institution, are within that standard metropolitan statistical area.

(B) The number and dollar amount for each item referred to in paragraph (1), by county, for all such mortgage loans which are secured by property located outside the standard metropolitan statistical area or for savings account holders whose addresses, as so furnished, are located outside the standard metropolitan statistical area.

(3) In the case of a depository institution which has no home or branch office located within a standard metropolitan statistical area, as defined by the Office of Management and Budget, the information required to be maintained and made available under paragraph (1) shall also be itemized in order to clearly and conspicuously disclose the following:

(A) The number and dollar amount for each item referred to in paragraph (1), by United States Postal Service zip code, for borrowers under mortgage loans secured by property located within the State in which the institution is located, and for account holders whose addresses, as furnished to such institution, are within that State.

(B) The number and dollar amount for each item referred to in paragraph (1), by State for all such mortgage loans which are secured by property located outside the State in which such institution is located or for savings account holders whose addresses, as so furnished, are located outside the State.

(b) Any item of information relating to mortgage loans required to be maintained under subsection (a) shall be further itemized in order to disclose for each such item—

(1) the number and dollar amount of mortgage loans which are insured under title II of the National Housing Act or under title V of the Housing Act of 1949 or which are guaranteed under chapter 37 of title 38, United States Code; and

(2) the number and dollar amount of mortgage loans made to mortgagors who did not, at the time of execution of the mortgage, intend to reside in the property securing the mortgage loan.

ENFORCEMENT

SEC. 5. (a) The Board shall prescribe such regulations as may be necessary to carry out the purposes of this Act. These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary or proper.

(b) Compliance with the requirements imposed under this Act shall be enforced under—

(1) section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, by the Comptroller of the Currency.

(B) member banks of the Federal Reserve System (other than national banks), by the Board.

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation.

(2) section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and sections 6(i) and 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions.

(3) the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal credit union.

(c) For the purpose of the exercise by any agency referred to in subsection (b) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this Act shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (b), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any requirement imposed under this Act, any other authority conferred on it by law.

(d) Except to the extent that enforcement of the requirements imposed under this Act is specifically committed to some other Government agency under subsection (b), the Federal Trade Commission shall enforce such requirements. For the purpose of the exercise by the Federal Trade Commission of its functions and powers under the Federal Trade Commission Act, a violation of any requirement imposed under this Act shall be deemed a violation of a requirement imposed under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with the requirements imposed under this Act, irrespective of whether that person is engaged in commerce or meets any other jurisdictional tests in the Federal Trade Commission Act.

(e) The authority of the Board to issue regulations under this Act does not impair the authority of any other agency designated in this section to make rules respecting its own procedures in enforcing compliance with requirements imposed under this Act.

By Mr. KENNEDY (for himself, Mr. Javits, Mr. Cranston, Mr. Hathaway, Mr. Pell, Mr. Randolph, and Mr. Stafford):

S. 1282. A bill to amend the Public Health Service Act to provide for a National Center for Clinical Pharmacology, to provide support for the study of clinical pharmacology and clinical pharmacy, and to provide for review of drug prescribing; and to amend the Federal Food, Drug, and Cosmetic Act to provide for additional regulation of drug promotions, to provide for recordkeeping and reporting for all drugs, to provide for certification of programs respecting manufacturers' representatives, to provide for the submission of data relating to therapeutic equivalence of drugs, to provide for the certification of certain drugs, to provide for a national drug compendium, to provide additional drug information to consumers, to establish a code system for the identification of all drugs and for other purposes. Referred to the Committee on Labor and Public Welfare.

DRUG UTILIZATION IMPROVEMENT ACT

Mr. KENNEDY. Mr. President, I am pleased to introduce on behalf of myself and Senators Javits, Cranston, Hathaway, Pell, Randolph, and Stafford, the Drug Utilization and Improvement Act of 1975.

It is more than 10 years since the Congress enacted the landmark Kefauver-Harris drug amendments which gave the Food and Drug Administration the authority to require proof of safety and effectiveness of prescription drugs before they are marketed. That landmark legislation has had a profound impact on our medical care system. It has significantly affected the practices of the pharmaceutical industry impacting on their advertising, marketing and promotional activities as well as on the process of new drug research and development. There is no question that the standards imposed by that legislation have made the United States preeminent in the world with respect to the safety and effectiveness of its pharmaceutical products.

All legislation deserves periodic review and evaluation. For the past year the Senate Health Subcommittee has been conducting a series of investigative and legislative hearings into the pharmaceutical industry. These hearings continue at the present time and are intended to focus on the whole range of pharmaceutical industry activities and problems.

The first phase of this subcommittee inquiry focused on the advertising, marketing and promotional practices of the pharmaceutical industry. That phase was completed last year and S. 3441 was introduced toward the end of the 93d Congress. There was not enough time left in the session, however, for the Committee to thoroughly review and evaluate that legislation. I am, therefore, reintroducing it today and pledge that prompt action on this and other drug legislation pending before the Health Subcommittee will be forthcoming in this session of Congress.

Much has been said and written about the problems identified by the Health Subcommittee during the hearings on advertising, marketing and promotional practices of the pharmaceutical industry. Full legislative hearings were held on the specifics on S. 3441 and on S. 966. As was the case with medical device legislation, it is my intention to move directly to subcommittee markup of these pieces of legislation, at which time the committee will consider the numerous suggestions which have been made respecting amendments to the bill. S. 3441 is identical in every way to the measure that was introduced before the committee last year with the exception of technical and conforming changes respecting the life of the bill.

The problems identified in that legislation continue to be pressing medical problems today and deserve prompt attention.

The National Center for Clinical Pharmacology established in title I of the bill is designed to fill a vast informational void with regard to prescribing practices and their consequences to patients. The committee heard frightening testimony with regard to the incidence and consequences of adverse drug reactions in the United States. It is clear that thousands of Americans needlessly die each year from adverse drug reactions. Estimates before the Committee range betwen 30,000 and 120,000. Estimates in a Pfizer sponsored study on adverse drug reactions placed the figures somewhat lower at 14,000 deaths—still a highly significant and highly worrisome figure. I don't think anybody knows what the accurate figure is. What we need and need badly is information. What the National Center for Clinical Pharmacology is going to do is provide that information. In addition, it is going to assist in educating doctors to be better trained in the use of drugs and to be in the best possible position to minimize those drug problems that are caused by physician error or ignorance.

Hardly a month goes by without a significant new development indicating that the misuse of prescription drugs is a serious American health problem. It is a problem not only measured in terms of lives but in terms of dollars as well. Testimony before the committee indicated that as much as $2 billion a year may be spent on treating hospitalized patients who suffer from adverse drug reactions. We have seen most recently where many experts feel that the oral anti-diabetic agents may be responsible for thousands of premature deaths in this country among our diabetic population.

It is time we found out the precise dimensions of the problem. It is time we found out how drugs are used in this country. It is time we improved the physician's education about the use of drugs in the United States.

Title I of this legislation also requires that the Secretary of the Department of Health, Education, and Welfare develop a drug experience assessment report each year, which shall for the first time force the Government to take an active role in the effort to control improper prescribing of drugs. The legislation authorizes the Secretary to experiment with different mechanisms that may or may not prove useful in controlling appropriate prescribing on a national basis.

The purpose of title I is to improve the education of each member of the health care team about the use of drugs; to collect reliable national data on the way drugs are used and on the extent of the problems caused by drug misuse; to develop mechanisms to monitor the ongoing use of drugs; and to improve the use of those drugs.

The Senate Health Subcommittee hearings last year on the promotional practices of the pharmaceutical industry uncovered some significant abuses. Many of these abuses have been acknowledged by the industry itself and to its credit many voluntary steps have been taken to correct the situation. I believe these voluntary steps are too little and too late. This legislation would prohibit the giving of any gift product, premium, prize, or other thing of value to a physician or pharmacist by the drug companies. This kind of promotional activity can have no purpose other than the improper influence of physician prescribing habits.

The size of a premium or gift should have no relevance to the physician's decision as to which drug to prescribe.

Testimony before the committee indicated that over 2 billion free samples were given out in 1973. The purpose of this gigantic giveaway was to influence physician prescribing practices. These samples were then misused by both physicians and pharmacists in too many instances. This legislation would prohibit the unsolicited distribution of samples and require that sampling be limited to the fulfillment of written requests by physicians. Physicians will still be able to get samples, but they will have to request a specific number and will have to outline the intended use of the drug. Only a few uses will justify the receipt of samples. These include clinical research and the treatment of medically indigent patients.

Some of the greatest abuses in the area of pharmaceutical promotion center around the role of industry detail men. Convincing testimony presented before the committee indicating that detail men emphasized the positive features of drugs and minimized side effects; spent a limited amount of time with each physician; and rarely offered comparative prescribing information. This legislation would require that all industry detail men undergo a period of approved training followed by a registration procedure. It also requires that each encounter between a detail man and physician consist in part of the presentation of a card by the detail men to the physician summarizing the uses of the drug under discussion, the contraindications, the side effects, the warnings and cautions. Also required is a signed statement by the practitioner that he has received this information as part of the detail men's presentation.

The purpose of this section is to curb the abuses in the promotional practices of the pharmaceutical industry. The basis for the physician's decision to prescribe a drug should be scientific. The physician should have access to relevant data and comparative prescribing information. He should not make his decision on the basis of modern advertising techniques. The purpose of title II of this legislation is to reduce his exposure to such techniques and to substitute for it, to the maximum possible extent, a substantive presentation of valid comparative scientific information.

Along these lines the legislation also provides for the development of the National Drug Compendium. Such a compendium is intended to be a comprehensive reference document for all physicians, containing all the pertinent information on any particular drug, comparative prescribing information and price information. I believe that such a compendium would fill the very real informational void into which the questionable pharmaceutical industry advertising, marketing and promotional practices currently expand.

The major features of this legislation are summarized in the appendix to this statement. And I ask unanimous consent that the full text of that appendix be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KENNEDY. Mr. President, the subcommittee's inquiry into the pharmaceutical industry does not end with the subject matter covered in this legislation. This legislation merely reflects the record developed as part of the look into the advertising, marketing, and promotional practices of the industry. The subcommittee is now focusing on the process of new drug research and development. It is looking at the role of the Food and Drug Administration in regulating that process. Part of that effort involves an evaluation of the 1962 drug amendments.

The subcommittee recognizes the need to assure a productive research component in the pharmaceutical industry. It also recognizes the equal need of assuring that drug products be shown to be safe and effective before being marketed. It is the interrelationship of these two concerns and their effects on one another on which the subcommittee is now focusing. I expect additional legislation to be forthcoming as this phase goes forward.

Mr. President, I believe the Health Subcommittee has established a comprehensive record demonstrating the need for the legislation which I am introducing today. I know that my colleagues share my commitment that this legislation will receive prompt and thorough attention.

[EXHIBIT 1]

TITLE I

This title establishes a National Center for Clinical Pharmacology which will be located in the Secretary's Office and will:

(a) Provide support for the teaching of clinical pharmacology to all health science students.

(b) Provide support for continuing education of health professionals in clinical pharmacology.

(c) Support the training of specialists in clinical pharmacology and clinical pharmacy.

(d) Collect drug experience data including information on adverse drug reactions, their extent, causes, etc.

(e) A comprehensive study, including pilot projects, of alternatives designed to improve the use of prescription drugs, including pilot projects, as necessary, in: drug utilization review; the development of a national formulary; the development of new ways of *detailing* drugs by individuals not affiliated with manufacturers; etc.

(f) A study of the feasibility and effect of developing a system of controls over prescription drugs—to see if some drugs should be restricted to hospital use or specialist use, etc.

(g) The development of a drug safety assurance plan to reduce improper prescribing—to be updated annually.

(h) The mandating of drug utilization review for all health care delivery funded under this Act.

(i) Costs of Title I:

Fiscal year 1976, $11 million.

Fiscal year 1977, $16 million.

TITLE II—PROMOTIONAL PRACTICES

(a) Bans gifts, products, premiums, prizes, or other things of value to practitioners and pharmacists.

(b) Allows for educational material to be distributed.

(c) Bans samples except upon written request of practitioner licensed to prescribe drugs. Requires the practitioner to identify the reason for samples. Only two reasons are permissible—for indigent patients and for clinical research. Requires practitioners and companies to keep records of each sample.

(d) Bans prescription surveys.

(e) Bans reminder advertisements with exceptions for catalogs, price lists, etc.

(f) Requires detailmen to *complete* training course offered in schools of pharmacy, medicine, or other approved health science schools. Content of courses must be approved by FDA. Requires detailmen to deliver a card to physician on each encounter which summarizes indications, contraindications, side effects, warnings and cautions.

TITLE III—DRUG QUALITY

(a) Requires companies to furnish proof of therapeutic equivalence (including bioequivalence and bioavailability).

(b) Gives Secretary's authority to require batch testing of any drug when necessary to protect the public health and safety.

(c) Expands Secretary's authority to require recordkeeping.

TITLE IV—NATIONAL DRUG COMPENDIUM

(a) Requires the Secretary to prepare and publish a compendium of all approved drugs, and price information.

(b) Requires arrangement of drugs by therapeutic classification and other classifications as determined by the Secretary.

(c) To be sent free to all practitioners. Supported with Federal funds.

TITLE V—CONSUMER DRUG INFORMATION

(a) Requires established (generic) name on all labels.

(b) Establishes a uniform code or system of coding to identify manufacturer, identity of the drug, identity of final package, dosage form and strength and number of units in the container.

(c) Requires pharmacies to post prescription drug prices as determined in regulations by the Secretary.

Mr. HATHAWAY. Mr. President, I am pleased to join with the Senator from Massachusetts, Mr. KENNEDY, in sponsoring the proposed Drug Utilization Improvement Act. I am in support of the bill's provisions dealing with continuing education of health professionals in clinical pharmacology; I support the sections of the bill banning certain promotional practices, and the provisions on drug quality and a compendium of drugs. However, I wish to state for the record that I have reservations regarding provisions in title V requiring price posting of prescription drugs. This provision has caused a great deal of concern within the Maine Pharmaceutical Association, particularly among pharmacists in the more rural areas of the State. Therefore, if further study of the possible impact of this section warrants it, I will offer modifications to this section as the Labor and Public Welfare Committee considers this bill.

Mr. JAVITS. Mr. President, I am pleased to join in introducing with Senator KENNEDY and Senators STAFFORD, CRANSTON, PELL, HATHAWAY, and RANDOLPH the Drug Utilization and Improvement Act of 1975.

The bill is identical to the measure we introduced in the 93d Congress upon which there have been extensive hearings.

The bill does not incorporate any of the legislative recommendations made to the committee during the hearing process. However, this is not intended to indicate that any or all of such recommendations have been rejected. Rather, I join in introducing the bill to highlight the need for the Labor and Public Welfare Committee, of which I am ranking minority member, to consider promptly such legislative recommendations together with the provisions of the bill.

Whatever the incidence of adverse drug reactions in the United States one thing is certain, the current estimates of the magnitude and cost of the adverse drug reaction problem are derived from an inappropriate data base and no statistically valid estimates can be obtained from such information. Thus, it is clear that there is an urgent need for a National Center for Clinical Pharmacology as established by title I of the bill.

The purpose of title I is to improve the education of each member of the health care team about the use of drugs; to collect reliable national data on the way drugs are used and on the extent of the problems caused by drug misuse; to develop mechanisms to monitor the ongoing use of drugs; and to improve to the maximum extent feasible the use of such drugs.

Title II of the bill seeks to curb the abuses in the promotional practices with respect to drug sales and prescribing—well documented by the hearing record. The physician's decision to prescribe a drug should be based on scientific evidence, with access to all relevant data and comparative prescribing information. The provisions of title II seek to reduce exposure to improper marketing techniques and to substitute in lieu thereof, to the maximum possible extent, a substantive presentation of valid, comparative, scientific information.

By **Mr. BURDICK** (by request):

S. 1283. A bill to improve judicial machinery by further defining the jurisdiction of U.S. magistrates and for other purposes. Referred to the Committee on the Judiciary.

Mr. BURDICK. Mr. President, I am today introducing at the request of the Judicial Conference of the United States, S. 1283, a bill to improve judicial machinery by further defining the jurisdiction of U.S. magistrates.

When the Congress enacted the Magistrates Act in 1967, it created a system of full-time and part-time judicial officers who would perform various judicial duties under the supervision of the district courts in order to assist the judges of these courts in handling an ever-increasing caseload.

In the last Congress, the Judiciary Subcommittee on Improvements in Judicial Machinery, held 17 days of hearings, during which extensive inquiry was made into the caseload of Federal district courts. During these hearings the chief judges of 44 of the Federal judicial districts personally appeared and testified before the subcommittee. The vast majority of the chief judges who testified stated that the magistrates were of assistance to the court in handling certain preliminary matters in both civil and criminal cases, and were of greatest assistance in handling petitions for the issuance of a writ of habeas corpus made by both, State and Federal prisoners in an effort to obtain a collateral review of the original conviction. A few of the districts courts which had not made extensive use of the services of the magistrates were encouraged to do so as a means of freeing time of district court judges to preside at trials of other cases.

In several of the districts, the majority of the judges of the court authorized magistrates to hold evidentiary hearings in habeas corpus cases and to submit to a judge of the court recommended findings of fact and conclusions of law dispositive of the petition for a writ of habeas corpus. The recommendations of the magistrate would be reviewed by the judge who would then exercise the ultimate authority to issue an appropriate order.

However, on June 26, 1974, in the case of *Wingo v. Wedding,* 418 U.S. 461, the Supreme Court of the United States interpreted section 636(b) of title 28 of the U.S. Code, as authorizing the magistrate to make merely a "preliminary review" of a prisoner petition and expressly held that the statutory language did not express any intent by Congress that the magistrate be authorized to hold an evidentiary hearing in a habeas corpus proceeding.

In a dissenting opinion, the Chief Justice and Justice White dissented on the basis that section 636(b) "should be interpreted to permit magistrates to conduct evidentiary hearings in Federal habeas corpus cases," since such an interpretation would serve the principal objectives of the Magistrates Act. The dissenting opinion concluded with the following statement:

> In any event, now that the Court has construed the Magistrates Act contrary to a clear legislative intent, it is for the Congress to act to restate its intentions if its declared objectives are to be carried out.

Mr. President, the bill which I am introducing would accomplish this suggestion that the Magistrate Act be amended so as to authorize these judicial officers to conduct evidentiary hearings and to determine certain preliminary motions in civil and criminal cases, subject to ultimate review by a district judge. There can be no question, in the light of the testimony received by the judiciary subcommittee, that the 94 district courts are in great need of this type of assistance from the magistrates. The U.S. magistrates when properly used to perform the duties authorized by the Congress have proven to be a valuable part of, and adjunct to, our judicial system. I believe that this legislation should be given prompt action by the Congress.

By Mr. **PHILIP A. HART** (for himself and Mr. **Hugh Scott**):

S. 1284. A bill to improve and facilitate the expenditious and effective enforcement of the antitrust laws. Referred to the Committee on the Judiciary.

Mr. PHILIP A. HART. Mr. President, over the past 186 years, the document protecting our personal freedoms—the Constitution—has acquired 25 amendments. In 85 years the laws protecting our economic freedom—the antitrust laws—have been augmented really only five times.

A persuasive argument could be made that some attention should be paid to bringing the antitrust laws up to date. That argument has been made by the Attorney General's Task Force Report in 1955; by the Neal Task Force under President Johnson; and by the Stigler Task Force under President Nixon. And that argument has been made over recent years before the Senate Antitrust and Monopoly Subcommittee. And, at times we have considered various bills which would have updated the laws in a piecemeal fashion.

For many reasons—the times, the pressure of other interests, or something—the bills have met with varying degrees of success. Some passed one House. Some were killed by vote. Some never got to a vote.

But today there is a new interest in the antitrust laws. Pressured by inflation and recession together, the administration, the Department of Justice, and many outstanding Members of Congress have turned to the antitrust laws as—if not the savior—at least as a warrior in the battle.

In my opinion—and admitting my own prejudice—I think this is a wise move. But there is no question that, if we expect the antitrust laws to carry our banner into battle, we had best inspect their equipment to make sure it is in the best order.

Unfortunately, I do not believe it is.

Therefore, the distinguished minority leader (Mr. Hugh Scott), and I today introduce the Antitrust Improvements Act of 1975 which we think would apply the spit and polish to put the laws in order.

Mr. President, I ask unanimous consent that the text of the bill be printed at the conclusion of my remarks. Let me highlight some of the parts here.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. PHILIP A. HART. Title I, the preamble, reiterates this Nation's dedication to free, competitive enterprise as the best way to protect social, political, and economic freedom and to produce the best buys at the best prices.

Title II amends the Antitrust Civil Process Act. Ninety percent of this title was incorporated in a bill submitted by the administration during the second session of last Congress. Basically, it would allow the Department of Justice to issue antitrust civil process to individuals as well as corporations and to third parties. Also, currently the Antitrust Division is handicapped because it cannot obtain the information necessary to evaluate a merger in advance of the merger taking place. The present authorization for civil investigative demands allows their issuance only when a violation of law may have been committed. Obviously, when a merger is announced and not yet consummated—even if it would violate the antitrust laws—no violation has yet occurred. Therefore, we would amend the law in order to allow the Department to obtain in advance of a merger full information on which to decide if the merger should be challenged.

It also permits the taking of depositions and written interrogatories as well as documentary evidence. Mr. President, I ask unanimous consent that the text of the April 4, 1974, letter from the Attorney General to the Vice President be printed in full in the Record at the conclusion of my remarks.

The **PRESIDING OFFICER.** Without objection, is is so ordered.

Mr. PHILIP A. HART. Title III amends the Federal Trade Commission Act to provide increased penalties for not obeying FTC special orders or subpenas. In 1914—when establishing the Federal Trade Commission—Congress set the penalty at $100 a day. It has not been changed since. This title would set the penalty at not more than $5,000 nor less than $1,000 per day. Title III also codifies case law respecting enforceability and enjoining of Commission compulsory process and the accumulation of civil penalties for failure to comply with such process.

Title IV is the parens patriae section. This permits State attorneys general to file antitrust actions and to collect treble damages on behalf of the citizens of their States. A similar bill has been introduced on the House side and has been the subject of hearings. The provision authorizing the Attorney General to file such an action when a State attorney general does not, precipitated *substantial* debate in the House hearings. The provision is included in this bill in the hope of eliciting further comment on the issue before making a final judgment of its merits. Particular comment also is invited on the notice and opting out provisions of the title.

Title V requires the Federal Trade Commission to broaden and keep in force its premerger notification reporting requirement. A 30-day notice period to the Commission and the Department of Justice is required. Giant corporations—those with assets or sales of more than $100 million—are required to wait 60 days when planning to merge with or acquire a corporation with assets of $10 million or more. If an antitrust action challenging the legality of the proposed merger or acqusition is brought during this 60-day period by the Government, the Government is authorized to block the merger until its legality is determined by the courts. These concepts were proposed in Congress in the mid-1950's. In fact, a similar bill passed the House in 1956 and was reported by the Senate Antitrust and Monopoly Subcommittee but failed to clear the Senate Judiciary Committee.

Mr. President, currently $1 out of every $4 consumers spend goes to buy products produced by a concentrated industry. Much of this concentration developed not from hardnose competition but from gobbling up a competitor rather than going out and establishing new competition. The Government simply has inadequate tools to deal with mergers before they are consummated.

Until recently, the only method the Antitrust Division and Federal Trade Commission had to be aware of pending mergers or acquisitions was to read the general and trade press.

In other words, if the Wall Street Journal missed one, so well may the Federal Trade Commission and the Antitrust Division. Under FTC's recently required merger notification provisions, it now receives certain information from merging companies having combined sales or assets of at least $250 million. But, little can be done to prevent illegal mergers even upon learning of them.

Anyone who has looked at the problems in undoing a merger knows that, if the merger is not to be allowed, all—the country and the companies—would be much better off if it is never born.

Title VI would clarify the status of the nolo contendere plea relative to a private antitrust suit. As we all know, a plea *of nolo* contendere in a criminal action makes the defendant liable to all punishment that would befall him if he pleaded guilty—including a jail term. However, traditionally, a nolo plea in antitrust has bought escape from one thing: use as prima facie evidence in private treble damage suits that a crime had been committed. This bill would end that discrimination.

Title VII is a miscellaneous section which does basically three things: First, the reach of the Clayton Act is extended to activities in or affecting commerce, just as the Congress broadened the reach of the Federal Trade Commission Act last year; second, expedited procedures, special masters, and economic and other experts are provided for complex antitrust cases; and third, authority and sanctions to deal with situations involving the refusal of foreign corporations to comply with United States court orders are vested in the Judiciary.

Mr. President, it is my intention to move to hearings on this bill in the Antitrust and Monopoly Subcommittee as soon as possible—hopefully in the next 2 months.

The changes are important. I think they are needed. And over the past 20 years, most have been discussed in great depth. Extensive hearings would not be necessary for Congress to work its will on this bill.

The aforementioned article follows:

S. 1284

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Sec. 101. This Act may be cited as the "Antitrust Improvements Act of 1975".

TITLE I—DECLARATION OF POLICY

Sec. 102. (a) Findings.—The Congress finds and declares that—

(1) this Nation is founded upon and committed to a private enterprise system and a free market economy, in the belief that competition spurs innovation, promotes productivity, prevents the undue concentration of economic, social, and political power, and preserves a democratic society;

(2) the decline of competition in industries in which oligopoly or monopoly power exists, and the decline of competition caused by State and Federal regulatory policies, have contributed significantly to unemployment, inflation, inefficiency, underutilization of economic capacity, a reduction in exports, and an adverse effect on the balance of payments;

(3) diminished competition and increased concentration in the marketplace have been important factors in the ineffectiveness of monetary and fiscal policies in reducing the high rates of inflation and unemployment;

(4) the near record rates of inflation and unemployment have caused extreme hardship and dislocation to the American consumer, worker, farmer, and businessman;

(5) investigations by the Federal Trade Commission, the Department of Justice, the National Commission on Food Marketing, and other independent studies have identified conditions of excessive concentration and anticompetitive behavior in various industries; and

(6) vigorous and effective enforcement of the antitrust laws, and reduction of monopoly and oligopoly power in the economy, can contribute significantly to reducing prices, unemployment, and inflation.

(b) Policy.—It is the purpose of the Congress in this Act to support and invigorate effective and expeditious enforcement of the antitrust laws by improving and modernizing antitrust investigation and enforcement mechanisms, to facilitate the restoration and maintenance of competition in the marketplace, and to prevent and eliminate monopoly and oligopoly power in the economy.

TITLE II—ANTITRUST CIVIL PROCESS ACT AMENDMENTS

Sec. 201. The Antitrust Civil Process Act (76 Stat. 548; 15 U.S.C. 1311) is amended as follows:

(a) Clause (c) of section 2 is amended to read as follows:

"(c) The term 'antitrust investigation' means any inquiry conducted by any antitrust investigator for the purpose of ascertaining whether any person is engaged, has been engaged, or is about to engage in any antitrust violation or in any activities which may lead to any antitrust violation;".

(b) Clause (f) of section 2 is amended by striking out the words "not a natural person", by inserting immediately after the word "means" the words "any natural person or", and by inserting immediately after the word "entity" the words ", including anybody acting or purporting to act under color or authority of State law".

(c) Subsection (a) of section 3 is amended to read as follows:

"(a) Whenever the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice, has reason to believe that any person may be in possession, custody, or control of, or may have reasonable means of access to, any documentary material, or may have or may reasonably be able to secure any information, relevant to the subject matter of a civil antitrust investigation, he may, prior to the institution of a civil or criminal proceeding thereon, issue in writing, and cause to be served upon such person, a civil investigative demand requiring such person to produce such documentary material for examination or to answer in writing written interrogatories concerning such information, or to give oral testimony concerning it, or to furnish any combination thereof.".

(d) Subsection (b) of section 3 is amended to read as follows:

"(b) Each such demand shall—

"(1) state the nature of the conduct constituting the alleged antitrust violation which is under investigation and the provision of law applicable thereto; and

"(2) (A) if it is a demand for production of documentary material—

"(i) describe the class or classes of documentary material to be produced thereunder, with such definiteness and certainty as to permit such material to be fairly identified; and

"(ii) prescribe a return date or dates which will provide a reasonable period of time within which the material so demanded may be assembled and made available for inspection and copying or reproduction; and

"(iii) identify the antitrust investigator who will be the custodian to whom such material shall be made available; or

"(B) if it is a demand for answers to written interrogatories—

"(i) identify the antitrust investigator to whom such answers shall be made; and

"(ii) propound the written interrogatories to be answered; and

"(iii) prescribe a date or dates at which time answers to the written interrogatories shall be made; or

"(C) if it is a demand for the giving of oral testimony—

"(i) prescribe a date, time, and place at which oral testimony shall be commenced; and

"(ii) identify the antitrust investigator or investigators who shall conduct the examination.".

(e) Subsection (c) of section 3 is amended to read as follows:

"(c) Such demand shall—

"(1) not require the production of any information that would be privileged from disclosure if demanded by, or pursuant to, a subpoena issued by a court of the United States in aid of a grand jury investigation of such alleged antitrust violation; and

"(2) (A) if it is a demand for production of documentary material, not contain any requirement which would be held to be unreasonable if contained in a subpena duces tecum issued by a court of the United States in aid of a grand jury investigation of such alleged antitrust violation; or

"(B) if it is a demand for answers to written interrogatories, not impose an undue or oppressive burden on the person required to furnish answers.".

(f) Subsection (f) of section 3 is redesignated subsection (h) and the following new subsections are inserted immediately following subsection (e):

"(f) Service of any such demand or of any petition filed under section 5 of this Act may be made upon any natural person by—

"(1) delivering a duly executed copy thereof to the person to be served; or

"(2) depositing such copy in the United States mails, by registered or certified mail duly addressed to such person at his residence or principal office or place of business.

"(g) Service of any such demand or of any petition filed under section 5 of this Act may be made upon any person who appears to the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice, not to be found within the territorial jurisdiction of the United States, in such manner as the Federal Rules of Civil Procedure prescribe for service in a foreign country. If such person has had contacts with the United States that were sufficient to, or if the conduct of such person has so affected the trade and commerce of the United States as to, permit the courts of the United States to assert jurisdiction over such person consistent with due process, the United States District Court for the District of Columbia shall have the same jurisdiction to take any action respecting compliance with this Act by such person that it would have if such person were personally within the jurisdiction of such court.".

(g) Section 3 is further amended by inserting the following new subsections immediately after redesignated subsection (h):

"(i) The production of documentary material in response to a demand for production thereof shall be made under a sworn certificate, in such form as the demand designates (by a person or persons having knowledge of the facts and circumstances relating to such production, to the effect that all of the documentary material described by the demand which is in the possession, custody, or control of the person to whom the demand is directed, or to which he or it has reasonable access, has been produced and made available to the custodian.

"(j) Each interrogatory in a demand served pursuant to this section shall be answered separately and fully in writing under oath, by a person or persons having knowledge of the subject matter thereof, and it shall be submitted under a sworn certificate, in such form as the demand designates, to the effect that all information required by the demand which is in the possession of the person to whom the demand is directed, or to which he or it has reasonable access, has been furnished.

"(k)(1) The examination of any person pursuant to a demand for oral testimony served under this section shall be taken before an officer authorized to administer oaths and affirmations by the laws of the United States or of the place where the examination is held. The officer before whom the testimony is to be taken shall put the witness on oath or affirmation and shall personally, or by someone acting under his direction and in his presence, record the testimony of the witness. The testimony shall be taken stenographically and transcribed. Upon certification the officer before whom the testimony is taken shall promptly transmit the transcript of the testimony to the possession of the antitrust investigator or investigators conducting the examination. The antitrust investigator or investigators conducting the examination may exclude from the place where the examination is held all persons other than the person being examined, his counsel, the officer before whom the testimony is to be taken, and any stenographer taking said testimony. The provisions of the Act of March 3, 1913 (Ch. 114, 37 Stat. 731; 15 U.S.C. 30) shall not apply to such examinations.

"(2) The oral testimony of any person taken pursuant to a demand served under this section shall be taken in the judicial district of the United States within which such person resides, is found, or transacts business, or in such other place as may be agreed upon between the antitrust investigator or investigators conducting the examination and such person.

"(3) Any person compelled to appear under a demand for oral testimony pursuant to this section may be accompanied by counsel. For any purposes other than those set forth in this paragraph, such person shall not refuse to answer any question, nor by himself or thorugh counsel interrupt the examination by making objections or statements on the record. Such person or counsel may object on the record, briefly stating the reason therefor, whenever it is claimed that such person is entitled to refuse to answer on grounds of privilege or other lawful grounds. If such person refuses to answer any question on the grounds of privilege against self-incrimination, the testimony of such person may be compelled in accordance with the provisions of part V of title 18, United States Code. If such person refuses to answer any question, the antitrust investigator or investigators conducting the examination may request the district court of the United States for the judicial district within which the examination is conducted to order such person to answer, in the same manner as if such person had refused to answer such question after having been subpenaed to testify thereto before a grand jury, and upon disobedience to any such order of such court, such court may punish such person for contempt thereof.

"(4) Upon completion of the examination, any person examined under a demand for oral testimony may clarify or complete answers otherwise equivocal or incomplete on the record.

"(l) The antitrust investigation procedures specified in this section shall be deemed within the scope of sections 371 and 1001, title 18, United States Code, and such sections shall be applicable to any written or oral statement, or other act or omission, made or done in the course of such antitrust investigation procedures."

(h) Subsection (b) of section 4 is amended by inserting in the first sentence immediately after the word "demand", first appearance, the words "for the production of documents", and by amending the second sentence to read as follows: "Such person may upon written agreement between such person and the custodian substitute true copies for originals of all or any part of such material.".

(i) Subsection (c) of section 4 is amended by inserting in the first sentence immediately after the word "material" the words "described in subsection (b)(2) of section 3", and by inserting in the fourth sentence immediately before the word "documentary" the word "such".

(j) Subsection (d) of section 4 is amended to read as follows:

"(d)(1) Whenever any attorney of the Antitrust Division of the Department of Justice has been designated to appear before any court, grand jury, or Federal administrative or regulatory agency in any case or proceeding or to conduct any antitrust investigation, the antitrust investigator or investigators having custody and control of any documentary material described in subsection (b)(2) of section 3, interrogatories served pursuant to this Act and answers thereto, or transcript of oral testimony taken pursuant to this Act may deliver to such attorney such documentary material, interrogatories and answers thereto, or transcript of oral testimony for use in connection with any such case, proceeding or investigation as such attorney determines to be required. Upon the completion of any such case, proceeding, or investigation such attorney shall return to the antitrust investigator or investigators any such materials so delivered and not having passed into the control of such court, grand jury, or agency through the introduction thereof into the record of such case or proceeding.

"(2) The Antitrust Division, while participating in any Federal administrative or regulatory agency proceeding, may employ the authority granted by this Act to obtain information or evidence for use in such proceeding.".

(k) Subsection (e) of section 4 is amended to read as follows:

"(e) Upon the completion of (1) the antitrust investigation for which any documentary material described in subsection (b)(2) of section 3 of this Act was produced, and (2) any such case or proceeding, the custodian shall return to the person who produced such material all such material (other than copies thereof furnished to the custodian pursuant to subsection (b) of this section or made by the Department of Justice pursuant to subsection (c) of this section) which has not passed into the control of any court, grand jury, or federal administrative or regulatory agency through the introduction thereof into the record of such case or proceeding.".

(l) Subsection (f) of section 4 is amended to read as follows:

"(f) When any documentary material has been produced by any person under a demand described in subsection (b)(2) of section 3 of this Act, and no case or proceeding as to which the documents are usable had been instituted and is pending or has been instituted within a reasonable time after completion of the examination and analysis of all evidence assembled in the course of such investigation, such person shall be entitled, upon written demand made upon the Attorney General or upon the Assistant Attorney General in charge of the Antitrust Division, to the return of all such documentary material (other than copies thereof furnished to the custodian pursuant to subsection (b) of this section or made by the Department of Justice pursuant to subsection (c) of this section) so produced by such person.".

(m) Subsection (g) of section 4 is amended to read as follows:

"(g) In the event of the death, disability, or separation from service in the Department of Justice of the custodian of any documentary material produced under a demand for production described in subsection (b)(2) of section 3 of this Act or the antitrust investigator having possession of answers in writing to written interrogatories or the transcript of any oral testimony produced under any demand issued under this Act, or the official relief of such custodian or antitrust investigator from responsibility for the custody and control of such material the Assistant Attorney General in charge of the Antitrust Division shall promptly (1) designate another antitrust investigator to serve as custodian of such documentary material or to maintain possession of such answers to interrogatories or such transcript of oral testimony, and (2) transmit in writing to the person who submitted the documentary material produced under a demand for production described in subsection (b)(2) of section 3 of this Act, notice as to the identity and address of the successor so designated. Any successor designated under this subsection shall have with regard to such materials all duties and responsibilities imposed by this Act upon his predecessor in office with regard thereto, except that he shall not be held responsible for any default or dereliction which occurred before his designation.".

(n) Subsection (a) of section 5 is amended by striking out all the words following the word "Act", and by striking out the comma after the word "Act" and inserting in lieu thereof a period.

(o) The first sentence of subsection (b) of Section 5 is amended to read as follows:

"(b) Within twenty days after the service of any such demand upon any person, or at any time before the compliance date specified in the demand, whichever period is shorter, or within such period exceeding twenty days after service or in excess of such compliance date as may be prescribed in writing, subsequent to service, by an antitrust investigator named in the demand, such person may file, in the district court of the United States for the judicial district within which such person resides, is found, or transacts business, and serve upon the antitrust investigator or investigators named in the demand a petition for an order of such court modifying or setting aside such demand.".

(p) The second sentence of subsection (b) of section 5 is amended by striking out the final period and inserting a colon in lieu thereof, and by inserting immediately after the colon the words: *Provided, however*, That such person shall promptly comply with such portions of the demand not sought to be modified or set aside.".

(q) Subsection (b) of section 5 is amended by inserting the following sentence at the end thereof: "Any such ground not specified in such a petition shall be deemed waived unless good cause is shown for the failure to assert it in such a petition.".

(r) Subsection (a) of section 6 as amended by *inserting in* the third "whoever" paragraph between the words "any" and "documentary" the words "any oral or written information or", and by inserting between the third and fourth "whoever" paragraphs the following:

"Whoever knowingly and willfully withholds, falsifies, or misrepresents, or by any trick, fraud, scheme, or device conceals or covers up, a material part of any oral or written information or documentary material which is the subject of a demand pursuant to the Antitrust Civil Process Act, or attempts to or solicits another to do so; or".

SEC. 202. The provisions of this title shall be effective on the date of enactment of this Act, and may be employed in respect of acts, practices, and conduct that occurred prior to the date of enactment thereof.

TITLE III—FEDERAL TRADE COMMISSION ACT AMENDMENTS

SEC. 301. Section 10 of the Federal Trade Commission Act (38 Stat. 724; 15 U.S.C. 50) is amended as follows:

(a) The first sentence of the third paragraph is amended to read as follows:

"If any person, partnership, or corporation required by this Act to file any annual or special report or to obey any subpoena shall fail so to do within the time fixed by the commission for filing or obeying the same, and such failure shall continue for fifteen days after notice of such default, the person, partnership, or corporation shall forfeit and pay to the United States a civil penalty of not less than $1,000 nor more than $5,000 as the court may determine, for each and every day of the continuance of such failure. Such forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the Commission, brought in the case of a corporation or partnership, in the district where the corporation or partnership has its principal office or in any district in which it shall do business, and, in the case of any other person, in the district where such person resides or has his principal place of business.".

(b) Immediately following the third paragraph, insert the following new paragraph:

"No action to stay accumulation of any of the penalties provided by the preceding paragraph of this section or to enjoin the Commission or the United States from enforcement of any subpoena or any Commission order to file any annual or special report may be commenced until after the service of a notice of default by the Commission as provided in the preceding paragraph. No court shall issue any order staying the accumulation of such penalties unless the party seeking such relief shall have first demonstrated:

"(1) a substantial probability of ultimate success on the merits;

"(2) that such party will be irreparably injured unless the accumulation of such penalties is stayed; and

"(3) that the equities clearly favor such stay.

No court shall issue an order enjoining the Commission or the United States from enforcement of any subpoena or any order to file an annual or special report unless the plaintiff shall have first demonstrated:

"(1) that such subpoena or order to file a special or annual report is unduly burdensome; or

"(2) that the information sought by such subpoena or order to file a special or annual report is not reasonably relevant to the inquiry being conducted by the Commission.

The Commission shall have authority to determine its own jurisdiction to conduct investigations or to adjudicate complaints in the first instance, unless such investigation or adjudication is expressly prohibited by this Act.".

TITLE IV—PARENS PATRIAE

SEC. 401. The Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat. 730; 15 U.S.C. 12), is amended by inserting immediately following section 4B the following new sections:

"SEC. 4C. (a) Any attorney general of a State may bring a civil action in the name of such State in the district courts of the United States under section 4 or 16, or both, of this Act, and such State shall be entitled to recover damages and secure other relief as provided in such sections—

"(1) as parens patriae of the persons residing in that State, with respect to damages sustained by such persons, or alternatively, if the court finds in its discretion that the interests of justice so require, as a representative of a class or classes consisting of persons residing in that State, who have been damaged; or

"(2) as parens patriae, with respect to damages to the general economy of that State or any political subdivision thereof: *Provided*, That such damages shall not be duplicative of those recoverable under paragraph (1) of this subsection; or

"(3) on behalf of any or all political subdivisions of that State with respect to damages sustained by such political subdivisions.

"(b) (1) Whenever the attorney general of a State institutes an action pursuant to paragraph (a) (1) of this section, he shall within thirty days thereafter cause notice thereof to be published in the manner prescribed by State statute or rule of court for publication of legal notice in such State, or, in the absence of an applicable State statute or rule of court, in such manner as the district court shall by general rule prescribe. No further publication or notice shall be required in respect to such actions.

"(2) Any person may exclude from an action instituted pursuant in paragraph (a) (1) of this section his or its claim for relief in respect of the subject matter of such action, by filing a statement to such effect with the court in which such action has been instituted. Such statement shall be filed within thirty days after publication of notice required by paragraph (1) of this subsection, in such form as the district court shall by general rule prescribe. The claims of only those persons filing such statements shall be excluded from such action. The claims for relief in respect of such subject matter of all other persons residing in such State shall be included in such action, and the final judgment in such action shall be res judicata as to such claims.

"(c) In any action under subsection (a) of this section, the State—

"(1) may recover the aggregate damages sustained by the persons or political subdivisions on whose behalf the State sues without separately proving the individual claims of each such person or political subdivision; and proof of such damages shall be permitted on the basis of any or all of the following:

"(A) statistical or sampling methods;

"(B) the pro rata allocation of—

"(i) illegal overcharges, or

"(ii) excess profits—

to sales occurring within the State; or

"(C) such other reasonable system of estimating aggregate damages as the court in its discretion may permit; and

"(2) shall distribute, allocate, or otherwise pay out of the fund so recovered either (A) in accordance with State law, or (B) in the absence of any applicable State law, as the district court may in its discretion authorize. Such distribution procedure shall afford each person or political subdivision on whose behalf the State sues a reasonable opportunity individually to secure the pro rata portion of the fund attributable to his or its respective claims for damages, less litigation and administrative costs, including attorneys' fees, before any such fund is escheated or used for general welfare purposes.

"SEC. 4D. (a) Whenever the Attorney General of the United States has brought an action under this Act, and he has reason to believe that any State attorney general would be entitled to bring an action based substantially on the same cause of action pursuant to section 4C of this Act, he shall promptly so notify such State attorney general.

"(b) If, after the ninety-day period which begins on the date of the mailing of any notification under subsection (a) of this section, the State attorney general fails or declines to bring such an action, the Attorney General may himself bring such action in place of the State attorney general, and he shall thereafter be deemed parens patriae of the persons residing in such State for the purposes of such action. Such action shall be brought in the district in which the action under section 4A is pending and shall be consolidated therewith.

"(c) In actions brought under this section, section 4C(c) (1) shall apply with respect to proof of damages by the Attorney General. Subject to subsection (d) of this section, section 4C(c) (2) shall apply to any amounts paid to States pursuant to this subsection.

"(d) With respect to any recovery of damages under this section, the Attorney General shall pay or cause to be paid to the respective States, on behalf of the persons residing in such States for whom he has recovered such damages, a pro rata share of the total damages recovered, after deducting therefrom, on the basis of regulations prescribed by the Attorney General and approved by the Comptroller General of the United States, litigation expenses, including actual attorney's fees and administrative costs. Any amounts so deducted shall be deposited in a special fund by the Attorney General, and, subject to an appropriation, used only for activities under this section.

"SEC. 4E. With respect to any federally funded State program affected by antitrust violations, any State shall be entitled to treble damages for the entire amount of overcharges or other damages sustained in connection with such a program. The Attorney General of the United States shall have the right to intervene in any such action, to protect the interests of the United States; and he shall have the power to sue for treble damages on behalf of any State that fails or declines to bring such action within the ninety-day period which begins on the date of the mailing of notification from the Attorney General that he believes cause exists for bringing such action. The United States shall be entitled to secure reimbursement of its actual expenses, if any, and of its equitable share of any recovery of damages under this section. If the United States brings a separate action for its damages sustained in connection with the program, and recovers such damages, the defendant in such action shall be entitled to set such recovery off against any amount recovered by a State in respect of the same damages. The provisions of sections 4C(c) and 4D (c) and (d) of this Act shall apply to any action and damages recovered therein pursuant to this section."

SEC. 402. (a) As used in this title, the term "State" shall include the District of Columbia, and the term "attorney general of a State" shall include the Corporation Counsel of the District of Columbia.

(b) The provisions of this title shall apply to all civil actions filed under the antitrust laws, in which a State is plaintiff, that are pending on the date of enactment of this Act or that are hereafter filed, including those in which the cause of action accrued before the date of enactment of this Act.

TITLE V—PREMERGER NOTIFICATION

SEC. 501. The Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat. 730; 15 U.S.C. 12), is amended by adding a new section 23 to read as follows:

"PREMERGER NOTIFICATION

"SEC. 23. (a) Notwithstanding any other provision of law, no person or persons shall acquire, directly or indirectly, the whole or any part of the stock or other share capital or of the assets of another person or persons, if the acquiring person or persons, or the person or persons the stock or assets of which are being acquired, or both, are engaged in commerce or in any activity affecting commerce, and—

"(1) (A) the acquiring person or persons have total assets or annual net sales in excess of $100 million; and

"(B) the person or persons the stock or assets of which is being acquired have total assets or annual net sales in excess of $10 million; or

"(2) the combined total assets or annual net sales of the acquiring person or persons and the person or persons the stock or assets of which is being acquired are in excess of $100 million—until expiration of the notification and waiting period specified in subsection (b) (1) of this section.

"(b) (1) The notification and waiting period required by this section shall expire 60 days after the persons subject to subsection (a) of this section each file with the Federal Trade Commission and the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice (hereafter referred to in this section as the 'Assistant Attorney General') duplicate originals of the notification specified in paragraph (2) of this subsection, or until expiration of any extension of such period pursuant to subsection (c) (2) of this section, whichever is later, except as may otherwise be authorized pursuant to section (c) (4) of this section.

"(2) The notification required by this section shall be in such form and contain such information and documentary material as the Federal Trade Commission, after consultation with the Assistant Attorney General, shall by general regulation prescribe, after notice and submission of views, pursuant to section 553, title 5, United States Code.

"(3) The Federal Trade Commission, after consultation with the Assistant Attorney General, is authorized and directed to require the filing of a premerger notification report at least 30 days prior to the effective date of an acquisition by any person or persons engaged in commerce, or in any activities affecting commerce, and not subject to subsection (a) of this section.

"(4) The Federal Trade Commission, after consultation with the Assistant Attorney General, is authorized and directed to define the terms used in this section, prescribe accounting methods for reporting thereunder, by general regulation except classes of persons and transactions from the notification requirements thereunder, and to promulgate rules of general or special applicability as may be necessary or proper to the administration of this section, insofar as such action is not consistent with the purposes of this section, after notice and submission of views, pursuant to section 553, title 5, United States Code.

"(c) (1) The Federal Trade Commission, pursuant to the Federal Trade Commission Act, or the Assistant Attorney General, pursuant to the Antitrust Civil Process Act, may prior to the expiration of the periods specified in subsections (b) (1) and (b) (3) of this section, require the submission of additional information and documentary material relating to the acquisition by any person or persons subject to the provisions of this section, or by any officer, director, or partner of such person or persons.

"(2) If such information and documentary material is not produced in full within the time specified, the Federal Trade Commission or the Assistant Attorney General may, in its or his discretion, extend the periods specified in subsections (b) (1) and (b) (3) of this section for an additional period of up to 30 days beyond the date on which it or he notifies such person, officer, director, or partner that it or he is satisfied that the information or documentary material has been produced. If such notification as to production is unreasonably withheld, any person entitled to such notification may secure a declaration to such effect by way of civil action instituted in the United States District Court for the District of Columbia.

"(3) No provisions of this section shall limit the power of the Federal Trade Commission or the Assistant Attorney General to secure, at any time, information or documentary material from any person, including third parties, pursuant to the Federal Trade Commission Act or the Antitrust Civil Process Act.

"(4) The Federal Trade Commission and the Assistant Attorney General may waive the waiting periods provided in this section or the remaining portions thereof, in particular cases, by publishing in the Federal Register a notice that neither intends to take any action within such periods in respect of the acquisition.

"(d) If, within the notification and waiting period specified in subsection (b) (1) of this section, a proceeding is instituted by the Federal Trade Commission or an action is filed by the United States, alleging that an acquisition violates Section 7 of this Act, or Sections 1 or 2 of the Sherman Act (15 U.S.C. 1–2), and either the Federal Trade Commission or the Assistant Attorney General certifies to the United States District Court within which the respondent resides or carries on business, or in which the action is filed, that it or he believes that the public interest requires relief pendente lite pursuant to this subsection, the court shall enter an order that such acquisition shall not be consummated until the order of the Commission in respect thereof or the judgment entered in such action has become final, and that the proceeding or action shall be in every way expedited.

"(e) Failure of the Federal Trade Commission or the Assistant Attorney General to request additional information or documentary material pursuant to this section, or failure to interpose objection to an acquisition within the periods specified in subsections (b) (1) and (b) (3) of this section, shall not bar the institution of any proceeding or action, or the obtaining of any information or documentary material, with respect to such acquisition, at any time under any provision of law.

"(f) (1) Whenever any person violates or fails to comply with the provisions of subsection (a) of this section, such person shall forfeit and pay to the United States a civil penalty of not more than $10,000 for each day during which such person directly or indirectly holds stock or assets, in violation of this section. Such penalty shall accrue to the United States and may be recovered in a civil action brought by the United States.

"(2) Whenever any person fails to furnish information required to be submitted, pursuant to subsection (c) (1) of this section, such person shall be liable for the penalties provided for noncompliance with the provisions of the Federal Trade Commission Act or the Antitrust Civil Process Act, whichever is applicable.

"(g) In any proceeding instituted or action brought by the Federal Trade Commission or the United States alleging that an acquisition violates section 7 of this Act, or sections 1 or 2 of the Sherman Act, upon application of the Federal Trade Commission or the Assistant Attorney General to the United States District Court within which the respondent resides or carries on business, or in which the action is filed, such court shall, as soon as practicable, enter an order establishing the purchase price of the acquired stock or assets, requiring the acquiring person or persons to maintain the personnel, assets, stock or firm being acquired as a separate entity, and requiring the profits of the acquired firm, stock, or assets to be placed in an escrow account, pending the outcome of the proceeding or action. Upon entry of a final order or judgment that the acquisition is in violation of section 7 of this Act, or sections 1 or 2 of the Sherman Act, the court shall order the divestiture of the unlawfully acquired assets or stock. If divestiture is by sale, it shall be at a price not to exceed the purchase price. Any profits held in escrow shall be transferred with the stocks or assets unlawfully acquired."

SEC. 502. The provisions of this title shall be effective 120 days after the date of enactment of this Act. Effective upon the date of enactment of this Act, the Federal Trade Commission is authorized to carry out the requirements of sections 23(b) (2) and (b) (4) of the Clayton Act, as amended by this Act.

TITLE VI—NOLO CONTENDERE

SEC. 601. Section 5(a) of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 16(a)), is amended to read as follows:

"5(a) (1) A final judgment heretofore or hereafter entered in any civil action or criminal proceeding brought by the United States under the antitrust laws, finding or concluding that a defendant has violated said laws, or is guilty of an offense under said laws, shall be prima facie evidence against such defendant in any civil action brought by any person against such defendant under said laws, as to all matters respecting which said judgment would be an estoppel as between the parties thereto, except as provided in paragraph (3) of this subsection.

"(2) (A) A plea of nolo contendere hereafter entered in a criminal proceeding under the antitrust laws shall be prima facie evidence against such defendant in any civil action brought by any person against such defendant under said laws, as to all matters in the indictment necessary to sustain a judgment of conviction upon a jury verdict that the defendant was guilty of the offense charged in the indictment.

"(B) When a plea of nolo contendere is

used as provided by subparagraph (A) of this paragraph, the bill of particulars filed in the proceeding may be used to interpret or construe the indictment, and any statement made in court on behalf of the defendant in connection with the entry of such plea may thereafter be received in evidence against the defendant as an admission.

"(3) The provisions of paragraph (1) of this subsection shall not apply to a consent judgment entered before any testimony has been taken, or to a judgment entered in an action brought by the United States under section 4A of this Act.".

SEC. 602. The provisions of section 5(a)(2) of the Clayton Act, as amended by this title, shall apply to all criminal proceedings that are pending on the date of enactment of this Act or that are hereafter filed, including those in which the offense was committed before the date of enactment of this Act.

TITLE VII—MISCELLANEOUS

AFFECTING COMMERCE

SEC. 701. Sections 2, 2a, 3, and 7 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 13, 13a, 14, and 18), are amended by striking out the words "in commerce" wherever the term appears and inserting in lieu thereof the words "in or affecting commerce".

COMPLEX CASES

SEC. 702. The Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12), is amended by adding a new section 21 as follows:

"COMPLEX CASES

"SEC. 21. In any civil action brought in any district court of the United States under the antitrust laws, or any other Acts having like purpose that have been or hereafter may be enacted, wherein the United States is plaintiff and equitable relief is sought, the Attorney General may file with the court, prior to the entry of final judgment, a certificate that, in his opinion, the case is a complex antitrust case. Upon filing of such certificate, it shall be the duty of the judge designated to hear and determine the case or the chief judge of the district court if no judge has as yet been designated, to assign the case for hearing at the earliest practicable date and to cause the case to be in every way expedited. Special masters, economic experts, and other personnel may be designated to assist the trial judge in the expeditious and efficient trial of the case, and in expediting discovery and pretrial matters. Economic and other experts may be used by the court in all phases of the trial, including the preparation and analysis of plans for relief.".

FOREIGN ACTIONS

SEC. 703. The Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12), is amended by adding a new section 22 as follows:

"FOREIGN ACTIONS

"SEC. 22. In any civil action or proceeding before any court of the United States, involving any act to regulate interstate or foreign trade or commerce, or to protect the same against unlawful restraints or monopolies, in which the court orders any party thereto or any person in privity with such party to furnish discovery, evidence, or testimony, and such party or person refuses, declines, or fails to do so on the ground that a foreign statute, order, regulation, decree, or other law prohibits compliance with such order, the court may enter an order forthwith against such party, dismissing all or some of such party's claims, striking all or some of such party's defenses, or otherwise terminating the proceeding or any portion thereof adversely as to such party.".

SEVERABILITY

SEC. 704. If any provision of this Act, or the application of any such provision to any person or circumstances, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

EFFECTIVE DATE

SEC. 705. (a) Section 701 of this title shall apply to acts, practices, and conduct occurring after the date of enactment of this Act.

(b) Section 702 of this title shall apply to all actions on file on the date of enactment of this Act or hereafter filed.

(c) Section 703 of this title shall apply to all actions on file on the date of enactment of this Act or hereafter filed, in respect of noncompliance with discovery orders hereafter entered. Nothing contained in this subsection shall be deemed to limit the authority of any court to reenter any discovery order heretofore entered, and thereby make such section 703 applicable thereto.

(d) Unless otherwise specified, the effective date of this Act shall be the date of enactment thereof.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C., April 4, 1974.

The VICE PRESIDENT,
U.S. Senate,
Washington, D.C.

DEAR MR. VICE PRESIDENT: Enclosed for your consideration and appropriate reference is a legislative proposal "To amend the Antitrust Civil Process Act to increase the effectiveness of discovery in civil antitrust investigations."

The Antitrust Civil Process Act, 76 Stat. 548, 15 U.S.C. 1311, which presently applies solely to the production of documents by persons (other than natural persons) under investigation, would be extended by this proposal to (1) include persons (including natural persons) in addition to those under investigation, who may have information relevant to a particular antitrust investigation, and to (2) permit the service of written interrogatories and the taking of oral testimony.

The draft bill would also clarify the Act by correcting the adverse effect of a Ninth Circuit Court of Appeals decision, which held that civil investigative demands may issue only to require the production of documents relating to current or past, but not incipient, violations. *United States* v. *Union Oil Company of California,* 343 F.2d 29 (9th Cir., 1965). The Act would also be clarified by removing any doubt that it permits the use of evidence in investigations and cases in addition to the specific investigation to which the issued demand relates and any case resulting therefrom. Cf. *Upjohn* v. *Bernstein* (D.D.C. Civ. Action No. 1322–66, 1966).

The draft bill specifically authorizes the Department of Justice to extend the period in which persons served may judicially contest a demand, thereby protecting the rights of the latter while facilitating compliance with the demand and lessening the possibility of litigating the question of the legality of the demand. The draft bill would specifically sanction the Government's present practice of extending the time for production, thereby affording opportunity for partial production, possibly obviating the need for full production, and avoiding resort to the court by either the person served or the Government. The Department's existing practice of requiring certification of compliance would also be specifically sanctioned by the draft bill.

A major objective of the proposed legislation, the production of oral testimony, would be obtained by a somewhat modified Administrative Procedure Act process providing for the presence of the witness' counsel in a limited role with a resticted right to raise objections.

Broadening the Act to cover oral testimony would introduce no novel, untried concepts in antitrust enforcement. Arizona, Connecticut, Florida, Hawaii, Illinois, Kansas, Louisiana, Maine, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, South Carolina, Texas, Wisconsin, and Puerto Rico have given their Attorneys General (in the case of Puerto Rico, the Secretary of Justice) the power to summon witnesses to give oral testimony in antitrust investigations prior to initiation of any suit or proceeding.[1]

These jurisdictions also extend the civil investigative subpoena power in antitrust investigations to individuals as well as to artificial persons, and provide for service upon persons capable of providing testimony relevant to the investigation, whether or not they are the actual target of the investigation. The draft bill would utilize the provisions of the federal immunity statute to bring natural persons producing evidence within the reach of a civil investigative demand.

In the area of trade regulation at the federal level, section 9 of the Federal Trade Commission Act confers on the Commission power to compel oral testimony in the course of its examinations. Among departments and other agencies whose heads, members, or employees have statutory authority to compel attendance and testimony of witnesses in the course of investigations pertinent to laws which they administer are Agriculture, HEW, Labor, Treasury, AEC, CAB, FAA, FCC, FPC, FMC, ICC, NLRB, Rail Road Retirement Board, Tariff Commission, and VA.[2]

Nor is precedent lacking for extending the investigatory power to incipient violations. The acts of Hawaii, Illinois, New Jersey and New York for example, specifically authorize the use of civil investigative subpoenas in investigations of incipient violations.

No field of litigation involves facts more complex and records more extensive than are found in the Government's antitrust cases. The task of amassing the voluminous data essential to successful antitrust enforcement is of considerable magnitude. Insofar as it went, enactment in 1962 of the Antitrust Civil Process Act provided a signal benefit to the Government's civil investigations by authorizing production of relevant documents from corporations, associations, partnerships, or other legal entities not natural persons, under investigation. But the limitations on the scope of the demand have left the Act far from meeting essential investigatory needs of the Department's Antitrust Division.

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[1] Ariz. Rev. Stats., Ann., title 44, chap 10, sec. 44–1407; Conn. Gen. Stats. Ann., title 35, chap. 624, sec. 35–42; Fla. Stats. Ann., title 31, chap. 542, sec. 11; Hawaii Rev. Stats., title 26, chap. 480, sec. 480–18; Ill. Ann. Stats., chap 38, sec. 60–7.2; Kan. Stats. Ann., chap. 50, sec. 50–153; La. Rev. Stats., title 51, secs. 143, 144; Me. Rev. Stats., title 10, chap. 201, sec. 1107; N.H. Rev. Stats. Ann., title 31, chap. 356, sec. 356.10; N.J. Stats. Ann., title 56, chap. 9, sec. 56:9–9; N.Y. Consol Laws, chap. 20, art. 22, sec. 343; N.C. Gen. Stats., chap 75, sec. 75–10; Okla. Stats. Ann., title 79, chap 1, sec. 29; Code of Laws of S.C., title 66, chap. 2, art. 6, sec. 66–111; Texas Codes Ann., Bus. and Commerce Code, title 2, chap. 15, sec. 15.14; Wisc. Stats. Ann., title 14, chap. 133, sec. 133.06; P.R. Laws Ann., title 10, chap. 13, sec. 271.

[2] There are over three dozen provisions in the United States Code authorizing the taking of compulsory testimony. Among them are: 7 U.S.C. 15, 222, 499m, 610, 855, 2115 (Agriculture); 12 U.S.C. 1820 (banking agencies); 15 U.S.C. 49 (FTC); 15 U.S.C. 77s, 78u, 79r, 80a–41, 80b–9 (SEC); 15 U.S.C. 717m (FPC); 16 U.S.C. 825f (FPC); 18 U.S.C. 835 (ICC); 19 U.S.C. 1333 (Tariff Commission); 26 U.S.C. 7602 (Treasury); 27 U.S.C. 202(c) (Treasury); 29 U.S.C. 209, 308, 521 (Labor); 38 U.S.C. 3311 (VA); 42 U.S.C. 405 (HEW); 42 U.S.C. 2201 (AEC); 45 U.S.C. 362 (R. R. Retirement Board); 46 U.S.C. 826, 1124 (FMC); 47 U.S.C. 409 (FCC); 49 U.S.C. 12, 916, 1017 (ICC); and 49 U.S.C. 1484 (CAB).

The refusal of industry sometimes to cooperate voluntarily in antitrust investigations, which gave rise to the Antitrust Civil Process Act, is the reason today that more effective civil discovery means are needed. The same reasons that supported enactment of the Civil Process Act speak for the Act's expansion. Although the grand jury can be used in investigation of criminal violations under the Sherman Act, the Clayton Act is not a criminal statute, and the grand jury is unavailable where only a civil action is contemplated. Often it is not desirable to bring companion criminal and civil suits; the facts may not warrant criminal sanctions, or the urgency for civil relief may make it unfeasible to risk the delay that very likely would attend the bringing of both types of actions. In other situations it may appear at the outset that the evidence may not meet the test for a criminal case.

The proposed bill would simply make available to the Attorney General the same antitrust investigatory powers in civil investigations that he now has in criminal investigations, and provide him with authority similar to that of the Federal Trade Commission. Enlarged discovery would not only materially assist investigation of facts leading to decisions on the filing of civil actions, but will facilitate the reaching of decisions on whether to resort to grand jury proceedings.

For the reasons set forth above, I urge the Congress to give this legislative proposal its early and favorable consideration.

The Office of Management and Budget has advised that there is no objection to the submission of this proposal from the standpoint of the Administration's program.

Sincerely,

——— ———,

Attorney General.

Mr. HUGH SCOTT. Mr. President, I am delighted to be sponsoring the Antitrust Improvements Act of 1975 with Senator Hart.

I have always been a vigorous supporter of our antitrust laws. Our system works best when we have full competition. Competition produces a wide variety of products at the lowest possible prices for the consumer and industry. This is the reason why I have already sponsored legislation in this Congress to repeal the fair trade laws and to increase the budgets of the Justice Department and the Federal Trade Commission for more antitrust enforcement.

It is important to emphasize that President Ford has already called for more vigorous antitrust enforcement. Effective use of the antitrust laws can be a positive method to bring down high prices and to control inflationary tendencies in our economy.

The bill introduced today advances some significant changes which can expedite antitrust action by the Government. I understand there may be some adverse comments and I look forward to full and complete hearings on each of the issues raised. If after hearings a significant doubt exists as to the viability of a particular part of the bill, I would certainly reevaluate my current position. However, at this time I believe the bill would help vigorous antitrust enforcement.

The legislation recommends a number of ideas that have been discussed for years by those involved in the antitrust field. It would make a plea of nolo contendere in a criminal antitrust action available as evidence in a private antitrust case. Fines for failure to comply with an FTC subpena or special order would be increased for the first time in 50 years. A method would be set forward to have notice of large mergers or acquisitions with power in the Attorney General under certain cases to forestall mergers pending court determination. State attorneys general will be permitted to file antitrust suits on behalf of citizens or their States—similar to class action suits. In large antitrust cases, the bill allows for the use of special masters and other experts to speed their resolution. The Antitrust Division is permitted to issue civil investigative demands to individuals as well as companies. This would also apply to demands in advance of a merger. Finally, the bill would increase the effectiveness of our antitrust laws to foreign corporations that do business in the United States.

All of these proposals deserve study and I hope we will seek quick action by the Senate. Antitrust laws have traditionally acted as a check upon a tendency of corporations in some industries not to compete. Because we do not live in a perfect world, we need antitrust laws now more than ever before. The consumer can only benefit from their just and thorough application. The Antitrust Improvements Act of 1975 will move us quickly in that direction.

By Mr. HUMPHREY (for himself, Mr. McGee, and Mr. Mondale):

S. 1285. A bill to provide for payments to compensate county governments for the tax immunity of Federal lands within their boundaries. Referred to the Committee on Agriculture and Forestry and the Committee on Interior and Insular Affairs, jointly, by unanimous consent.

PAYMENT IN LIEU OF TAXES ON FEDERAL LANDS TO COUNTIES

Mr. HUMPHREY. Mr. President, I am today introducing a bill to overhaul and improve the system of payments by the Federal Government to counties in which Federal lands associated with Federal natural resources programs are located. I introduced this legislation last year with Senators Mondale, Moss, McGee, Magnuson, and Church. It will also again be introduced on the House side.

This bill would offer another method for determining fair revenues from these Federal lands, rather than the many different existing formulas for making payments in lieu of taxes to the local governments. These payments presently are computed as a percentage of the Federal revenues generated by these lands. My bill would give local governments the opportunity to have these Federal lands appraised, placed on the tax rolls, and taxed according to the same millage rate applied to similar private lands.

The need for reform in this area, so vital to hundreds of counties in rural America, has long been recognized. When the Public Land Law Review Commission completed its work in 1970, one of its principal recommendations was that—

> The United States—should—make payments in lieu of taxes for the burdens imposed upon State and local governments by reason of Federal ownership of public lands without regard to the revenues generated therefrom.

Mr. President, when I introduced this bill in the 93d Congress, I asked that chapter 14 of the Public Land Law Review Commission report be included in the Record. Those interested can refer to page 1045 of the January 29, 1974, Record.

Almost 14 years ago the Senate took action to accomplish a similar reform. On May 14, 1960, the Senate passed my bill, S. 910, which was similar in intent to the legislation I am introducing today.

This was just prior to a change of administrations and, regrettably, the Bureau of the Budget opposed that bill, and the House did not complete action on it.

The bill passed by the Senate in 1960 would have resulted in a basic reform of the Federal payments system, while also assuring that Federal expenditures would be fair and reasonable.

Mr. President, we have waited 3 years for the administration to submit its proposals to implement the recommendation of the Public Land Law Review Commission that a Federal payment system be established that would not be tied to varying levels of revenues from Federal lands, which have led to serious inequities and often totally inadequate payments under the present system.

During the summer and fall of 1973, my distinguished colleague from Minnesota, John Blatnik, who has since retired, held several detailed conferences with county officials representing those areas in Minnesota where the national forests are concentrated. My staff and I cooperated in those meetings.

What we learned made it abundantly clear to us that under the present system, payments from the national forests to the counties very seldom come close to approaching tax equivalency. The same thing is true of other "fixed-percentage" type payment systems under other Federal lands holdings. Thus, it seemed to us that the best approach was to introduce a bill that reformed the entire payments system. The bill I am introducing today will do just that.

It covers such holdings as the national forests, Bureau of Land Management lands, fish and wildlife refuges, and the Corps of Engineers—civil functions. In a nutshell, it covers all natural resources lands that now have a "payment-in-lieu-of-tax" formula.

The bill gives the counties 2 years to elect whether to participate in the new payment system established under this act or to stay with the present system.

The bill also provides for an appraisal of the value of Federal lands in each county to be made. A 2- to 4-year period is provided for this to be completed.

In sum, once a county elects to go under the new system, the method of fixing the payments to the local government will be the same as that for comparable private land. The assessed value of the land multiplied by the local millage rate will determine the annual payment. This, in my opinion, will be a tremendous improvement over the present hodgepodge of payment formulas.

With regard to the national forests, for example, last year with 25 percent of revenue going as the in-lieu-of-taxes payment to the counties, payments ran from an average of 1 cent per acre in some States to an average of $2.85 per acre in the highest State. For individual counties the payments ran from a few dollars in some counties to a high of $9,677,709 in one county.

In Minnesota, four counties received 7 cents per acre and three received 13 cents per acre from regular national forest land. Nationwide, the average county was paid 62 cents per acre.

Payments to Minnesota counties ranged from $45.63 in total to $39,642.64.

On another block of national forest lands in Minnesota, the Boundary Waters Canoe area, a separate payment formula exists that pays three-fourths of 1 percent of the value of the lands. These 749,000 acres pay an average of 35 cents per acre as compared to the average of 9 cents per acre paid on the 1.4 million acres of national forest land under the 25-percent system. In neither case is the payment a fair approximation of tax equivalence based upon the best information that we have been able to secure.

St. Louis County, Minn., provides an interesting example. This county had 795,000 acres of private forest taxed at 53 cents per acre, 753,000 acres of national forest at 7 cents per acre, and 195,000 acres in the Boundary Waters Canoe area taxed at 32 cents per acre. Certainly these data do not suggest that all of the national forest lands would pay, under our bill, 53 cents per acre. However, since the lands that pay 7 cents are essentially the same as the lands that pay 32 cents and neither are too dissimilar from the private lands, there is reason to believe that on a truer tax equivalence than either of the current Federal methods provide, the payments would be far closer to 53 cents per acre than to 7 cents per acre.

This bill has been discussed with representatives of the National Association of Counties. Its principles have their support.

The enactment of this bill will not only increase the payments made by the Federal Government to local governments, it will also give these payments a reasonable relationship to the taxes paid on similar private lands. I believe it will also encourage local governments to adopt more uniform and equitable tax policies and systems.

I believe that this is a reasonable approach to meeting an old and complex problem. The fact that this problem has not yielded to earlier reform efforts does not discourage me from seeking to improve the situation. However, as my friends in county government know, securing enactment of this bill will require hard work and will be a real exercise in Federal-State-county cooperation. Enactment of this legislation will give to our hard-pressed rural counties the equitable treatment that they deserve and that fairness dictates.

Mr. President, since the jurisdiction over the matter included in this bill is divided between the Committee on Agriculture and Forestry and the Interior Committee, I ask unanimous consent that it be concurrently referred to both of these committees.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent that the text of my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1285

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Payments in Lieu of Taxes Act of 1975".

Sec. 2. As used in this Act—

(a) The term "public lands" means all lands, and natural resources thereon, or interests in lands, owned by the United States which are administered for natural resources purposes, except lands or interests therein held by the United States in trust for any group, band, or tribe of Indians, Aleuts, or Eskimos, lands used exclusively for national defense purposes, and the Outer Continental Shelf.

(b) The term "Administrator" means the Administrator of General Services Administration.

(c) The term "board" means a State Board of Appraisal Appeals established under section 4.

(d) The term "regular taxpayers" means taxpayers subject to State and local real property taxes who do not enjoy the benefits of tax immunity.

(e) The term "county" includes a parish or borough.

Sec. 3. (a) Within two years after the date of enactment of this Act, each county shall elect whether it wishes to proceed under the terms of this Act to receive payments from the Federal Government equal to the real property taxes otherwise due from public land within such county, or continue to receive whatever payments such county is entitled to receive under any existing applicable Federal law providing for Federal payments for such county similar to those available under this Act or for payment to such county of part of the revenue derived from such public land.

(b) The Administrator and each county electing to proceed under this Act shall jointly arrange to have the public land in such county appraised and such appraisal shall be completed within two years after the date such county made such election. If the Administrator and the county agree that the appraisal may require longer than two years to complete they may either divide the area and complete a portion in two years or provide a period of not to exceed four years to complete such appraisal. However, before such appraisal is finally adopted by the county, the county, upon due notice and payment of actual costs for such appraisal to date, may elect to remain under such existing applicable Federal law.

(c) In making appraisals under this section the following criteria shall be met:

(1) The appraisal of public land shall be consistent with the appraisal for real property tax purposes of privately owned lands in the county.

(2) There shall be no discrimination against the Federal Government in relating payments to the real property tax rates applicable to similar private land.

(3) Appraisals shall be completely and thoroughly reviewed at least every ten years. In the intervening years, appraisals shall be updated annually in accordance with procedures to be established by the Administrator. However, upon the request of any county, at no less than five-year intervals, a reappraisal may be conducted in the same manner as the original appraisal.

(d) Appraisals shall, when made, conform to standards for the State and counties involved, and only their actual cost shall be deducted from payments to be made to a county under this Act.

Sec. 4. (a) When any county within a State has elected to proceed under the terms of this Act, there shall be established for that State a State board of appraisal appeal which shall consist of three members, one member to be appointed by the Administrator and two members to be appointed by the Governor of the State for which such board is established. Of the members appointed by the Governor, one shall be appointed from among persons who are citizens of the State and representative of the interests of the counties in the State in which are located public lands. Members shall serve terms of five years and may be reappointed.

(b) Members of each board shall serve without compensation but, while away from their homes or regular places of business in performance of services for the board, shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

(c) Two members of a board shall constitute a quorum.

(d) Each board shall select a chairman who shall call meetings of that board.

(e) Each board shall consider and decide any appeal from a county within the State relating to the appraisal of public land within such county either with regard to the cost or procedure of the appraisal or to the appraisal findings. Decisions of the board shall be final and shall not be subject to judicial review unless arbitrary or capricious.

Sec. 5. (a) Beginning in the first complete fiscal year after the acceptance of such appraisal by both the county involved and the Administrator, the Secretary of the Treasury is authorized to pay annually to the State in which such county is located an amount equivalent to the State, county, and local real property taxes on public lands within such county, based on the tax rate applicable to similar private lands at the value arrived at under the appraisal conducted under this Act.

(b) The payment made to a State shall be distributed by the State to those counties electing to proceed under the terms of this Act in which the public lands are located to be used by such counties for any public purpose. Each such county shall receive an amount equal to the total amount of taxes due from the public lands located within such county.

(c) Notwithstanding any other provisions of this Act, or of any other law, the Administrator is authorized to discontinue payments to such county of part of the revenue derived from such public land on a gradually decreasing basis over a period of five years and to program implementation of this Act on a similar time basis, for any county where immediate implementation of this Act will result in hardships because of a substantial reduction in the amount of payments.

Sec. 6. Nothing in this Act shall interfere with the right of State or local governments to levy possessory interests taxes on private owners of improvements made by private users on public lands.

Sec. 7. There are hereby authroized to be appropriated such sums as may be necessary to administer this Act and to make the payments authorized by it.

By Mr. BEALL:

S. 1286. A bill to amend title II of the Social Security Act to increase to $5,100 the annual amount which individuals may earn without suffering deductions from benefits on account of excess earnings. Referred to the Committee on Finance.

Mr. BEALL. Mr. President, I am sending to the desk a bill which would, if enacted, increase the social security earnings limitation to $5,100.

On May 14, 1973, I introduced S. 1787 which would have provided for an earnings limitation of $2,800. The Congress ultimately compromised by raising the ceiling from $2,100 to $2,400. This figure has subsequently been increased to $2,520.

Because so many of our senior citizens are forced to live on such meager income, I believe it is incumbent upon the Congress to allow this segment of our population the additional flexibility they need to provide a decent standard of living for themselves.

I would like to see us abolish altogether the earnings limitation, and I am a cosponsor of S. 410 which would achieve that objective. However, I am not certain that it is possible for us to achieve the enactment of this legislation at this time, and I have, therefore, decided to introduce legislation which would approximately double the current income a social security recipient can earn without a reduction in his or her benefits.

I have selected this figure because it would expand the work opportunities for those senior citizens who are willing and able to contribute their talents to our economic system. By supplementing their income through additional earnings, senior citizens can improve their standard of living and enjoy greater independence and comfort in their retirement years. Such an opportunity is especially important to senior citizens in light of the hardships they bear during a period of inflation.

As the ranking Republican on the Subcommittee on Aging of the Labor and Public Welfare Committee, as well as a member of the Senate Special Committee on Aging, I have been impressed by the willingness and resourcefulness of our Nation's senior citizens to utilize their own talents and resources in overcoming the problems that confront them. Second, my bill will help to make the talents and resources of our Nation's senior citizens available to our Nation's economy to a greater degree than is presently possible. I strongly believe that senior citizens, for the most part, want to remain active contributing members of the community for as long as possible. America's 20 million senior citizens are largely responsible for the unprecedented wealth and power that our Nation has achieved and I believe that we should not exclude them from actively participating in the economic affairs of our Nation.

Mr. President, I ask unanimous consent that the text of this legislation be printed in the Record at the completion of my remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1286

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraphs (1) and (4) (B) of section 203(f) of the Social Security Act are each amended by striking out "$200" and inserting in lieu thereof "$425".

(b) The first sentence of paragraph (3) of section 203(f) of such Act is amended by striking out "$200" and inserting in lieu thereof "$425".

(c) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$200" and inserting in lieu thereof "$425".

Sec. 2. The amendments made by this Act shall be effective with respect to taxable years beginning after December 31, 1975.

By Mr. TOWER (for himself and Mr. Montoya):

S. 1287. A bill to extend part J of the Vocational Education Act of 1963 relating to bilingual vocational training. Referred to the Committee on Labor and Public Welfare.

Mr. TOWER. Mr. President, I am today introducing a bill to extend part J of the Vocational Education Act of 1963 relating to bilingual vocational training. The distinguished Senator from New Mexico (Mr. Montoya) has joined me in presenting this bill to the Senate for its consideration.

For a long time we have directed our efforts toward increasing opportunities for Spanish-speaking peoples. Through these efforts we have determined that the Vocational Education Act offers tremendous resources for achieving our national goal of equal education and employment opportunities for all of our citizenry.

Part J, an extension of title VII of Public Law 93–380, contains a number of important provisions that have helped to promote bilingual job training for Americans with limited English-speaking ability. I have worked hard for this legislation, and I am confident that its extension will result in expanded employment opportunities for bilingual citizens. We have not yet come close to eliminating the education problems faced by Spanish-speaking Americans in a predominately Anglo environment. Education is the key to advancement in our society; and if our goal of equal educational opportunity is to be achieved, we cannot tolerate the high dropout rate which exists within our Spanish-speaking community and which is directly related to the fact that the median income of a Spanish-speaking family is well below that of the population as a whole.

The legislation offered today is intended to strengthen the partnership which has been created between vocational education and bilingual education. Bilingual vocational training is primarily directed at the disadvantaged bilingual person who, for a variety of reasons, finds himself outside the confines of the traditional education establishment and who wishes to acquire additional skills. The objective of bilingual vocational training is to remove barriers to citizens with limited English-speaking ability as they strive to obtain better jobs in the private sector.

I am very pleased to note that our bill to extend part J is strongly supported by the major Spanish-speaking organizations and groups within our society. Such organizations include the National Congress of Hispanic American Citizens—El Congreso; SER—Jobs for Progress, Inc.; League of United Latin American Citizens—LULAC; American GI Forum of the United States; and other similarly active organizations. It must be kept in mind that the purpose of this legislation is to provide equal employment opportunities for bilingual persons while at the same time allowing them and their communities the opportunity to thrive within their own cultural background and heritage. The Spanish-speaking American's culture is a rich one, and we must work within this framework in order for the program to be a successful one.

I urge my colleagues to give this important proposal their utmost consideration. I ask unanimous consent that the text of the bill be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1287

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 193 of the Vocational Education Act of 1963 is amended by striking out "for the fiscal year ending June 30, 1975" and inserting in lieu thereof "for each of the fiscal years 1975, 1976, and 1977".

By Mr. GARY W. HART (for himself, Mr. Abourezk, Mr. Bayh, Mr. Hatfield, Mr. Philip A. Hart, Mr. Kennedy, Mr. Leahy, Mr. McGovern, Mr. Mondale, Mr. Mansfield, Mr. Nelson, and Mr. Proxmire):

S. 1288. A bill to prohibit the expenditure of funds for the development and procurement of any lethal chemical weapons after the date of enactment of this act, and for other purposes. Referred to the Committee on Armed Services.

Mr. GARY HART. Mr. President, today, I will introduce, along with 11 of my colleagues, a bill that would place a total freeze on the military's program to produce a new generation of deadly nerve gas bombs and other lethal chemical weapons.

A few months ago, the United States finally ratified the Geneva Protocol of 1925 in which we pledged not to use nerve gas and other toxic chemical agents—weapons that have been anathema to the nations of the world since World War I. But that agreement, while a major step forward, unfortunately contains an important exception. Most major nations, including the United States, still reserve *the right* to use chemical weapons if they are attacked first.

I strongly believe that the next important step should be a further international agreement providing for a total ban on nerve gas and other chemical weapons The next step should not be the development of new and advanced chemical weapons systems.

The principal effect of this bill would be to bring to a halt the Pentagon's new program to develop binary nerve gas weapons. The binary weapons would differ from our current stockpile in one main way. Instead of loading the artillery shells or bombs with the deadly agent, the binary weapons would contain two less dangerous substances that would combine, after firing, to create the lethal gas. This, the Pentagon argues, means that our nerve gas would be safer to manufacture, to store, and to take to the battlefield.

In my view this so-called safety would only have the effect of increasing the danger of chemical warfare. If nerve gas is easier to handle and more widely distributed around the world, it is more likely to be used. It also raises the danger that these weapons might be stolen by terrorist groups.

I believe that there is no such thing as a "safe" nerve gas—some are so deadly that they can cause painful death within seconds if a microscopic quantity simply touches the skin.

While the Department of Defense has asked for only some $14.3 million for binary nerve gas weapons for fiscal 1976, this is only the tip of the iceberg when it comes to the total cost of this new generation of chemical weapons. The entire program will eventually cost hundreds of millions of dollars if the Pentagon is allowed to proceed with its plan to replace our existing stockpile with binary weapons.

This bill would also have a second effect. It would prohibit the Pentagon from replacing nerve gas weapons that have deteriorated with similar models. Our current stockpile is large enough to exterminate the population of entire nations. Any small reduction in that stockpile caused by detoxifying obsolete weapons would not, in my view, be of military significance.

But again, I believe this prohibition would be a step in the right direction—toward the eventual elimination of morally repulsive weapons that do not significantly contribute to our national security.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD as follows:

S. 1288

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) no funds may be expended on or after the date of enactment of this Act by the Department of Defense or by any other department or agency of the United States for the purpose of:

(1) researching, developing, testing, engineering or manufacturing of any lethal chemical warfare agent or any lethal chemical warfare agent delivery system;

(2) procuring or otherwise obtaining any lethal chemical warfare agent;

(3) procuring or otherwise obtaining any delivering system or any component of any delivery system designed for the dissemination of any such lethal chemical warfare agent.

(b) Notwithstanding the provision of subsection (a) of this section, the Department of Defense shall be permitted to acquire or develop such quantities of lethal chemical warfare agents as may be necessary to conduct research, development, testing, and evaluation of devices, equipment, or processes that are or may be required to provide protection against lethal chemical warfare agents.

(c) The Secretary of Defense shall report to Congress within 30 days after the acquisition of any quantity of any lethal chemical warfare agent. Such report shall describe the agent, the quantity acquired, and the specific purpose for which such lethal chemical warfare agent is to be used.

(d) For purposes of this Act:

(1) The term "lethal chemical warfare agent" means any toxic chemical, solid, liquid or gas, which through its chemical properties is intended to be used to produce injury or death to human beings.

(2) The term "lethal chemical warfare agent delivery system" means any device, instrument, apparatus or contrivance, including any components or accessories thereof, intended to be used to disperse or otherwise disseminate lethal chemical warfare agents.

By Mr. KENNEDY (for himself, Mr. STAFFORD, Mr. RIBICOFF, Mr. PERCY, and Mr. CLARK):

S. 1289. A bill to amend chapter 5, subchapter II of title 5, United States Code, to provide for improved administrative procedures. Referred to the Committee on the Judiciary.

THE OPEN COMMUNICATIONS ACT OF 1975

Mr. KENNEDY. Mr. President, each day, in the Halls of Government, the voice of the American public is muffled and overwhelmed by the force of secret influence. But it is no secret that special interests often launch massive assaults on Federal administrative agencies for their own purposes, to the detriment of the public interest. A few well-documented examples illustrate the pervasiveness of this problem. The ITT settlement stands as one classic example. Secret meetings held between dairy lobbyists and White House officials paved the way for the administration to raise milk price supports. Calls were made by Government officials to the SEC on behalf of Mr. Vesco, and to other regulatory agencies on behalf of other campaign contributors.

While these examples are among the most notorious incidents of recent years, the pattern they suggest is all too common. The same pattern emerges from a careful study of the CAB, the FDA, and other major regulatory agencies begun by the Senate Subcommittee on Administrative Practice and Procedure.

Last year, the subcommittee began to compile data on the practices and procedures of regulatory agencies, with particular emphasis on the nature and extent of industry contacts. An analysis of the data obtained thus far has revealed a pattern of routine, continuous contacts between Federal administrative agencies and special interest groups. For example, the subcommittee ascertained from materials submitted by the Civil Aeronautics Board that, in 1974 alone, there were 769 contacts between members of the CAB and industry representatives, not including social and off-hours visits. Yet despite the continuous and significant nature of these contacts, the fact that they take place and their frequency and content are almost always hidden from public view.

Similarly, last year the subcommittee began hearings on the procedures of the Food and Drug Administration. During the course of these hearings, agency employees revealed that FDA policy regarding the safety and effectiveness of new drugs often changed markedly after private, unannounced meetings between FDA administrators and drug company officials, despite scientific evidence militating against the approval of the drugs.

These examples of unceasing day-to-day communications cast a constant shadow over the integrity of administrative proceedings. They also show how ineffective the rules governing such contacts are as they now stand.

Yet this problem is not a simple one with a simple solution. It must be recognized that the public has a legitimate right to communicate with Federal officials. The first amendment guarantees and protects the right of citizens to petition the Government for redress of grievances. Likewise, Federal officials benefit from the input of individual citizens, businesses, and groups in shaping Government policy in the public interest.

Some administrative agencies have begun to address the problems—both apparent and real—highlighted by the exercise of secret influence in administrative decisionmaking. The Department of Justice, under an order promulgated by former Attorney General Richardson, requires employees to record all communications with noninvolved parties. The Department of Transportation has established procedures for making records of meetings and conversations, with logs of certain kinds of meetings automatically placed on the public record. Employees of the Consumer Product Safety Commission maintain public record of communications regarding any matter "other than of a trivial nature, that pertains in whole or in part to any issue—likely to be the subject of a regulatory or policy decision."

The Administrative Procedure Act, which governs the internal procedures of Federal agencies, contains limited rules regarding communications of agency officials with private interests. These rules, called ex parte rules, prohibit off-the-record communications between agency employees and parties to formal on-the-record agency proceedings. But the statute neglects to regulate the greater part of an agency's activities: rulemaking, the formulation of policy, and the exercise of discretion in investigatory and prosecutorial matters. These sensitive and important areas are ripe for abuse, yet they remain cloaked in secrecy.

Today, I am introducing an amendment to the Administrative Procedure Act, cosponsored by Senator STAFFORD, Senator RIBICOFF, Senator PERCY, and Senator CLARK, which will reach those areas. The legislation would require the logging and disclosure of heretofore secret communications between agency officials and those who seek to influence them. Yet it would also fully protect and encourage the right of the public to petition Government. The bill recognizes that all interested members of the public are entitled to an equal opportunity to make their views known to Government officials. Thus, free access would be allowed for all, while the logging procedure will provide sufficient "sunshine" to maintain public confidence in the entire process.

We know that this can be done. The Department of Transportation, for example, has been logging such contacts for 5 years. During the last year, the Federal Energy Administration, the Federal Trade Commission, the FDA, and the Consumer Product Safety Commission have all established procedures for making records of meetings and conversations and for making some public disclosure. Other agencies have begun to establish similar procedures.

The legislation we are introducing recognizes that some administrative difficulties may arise from logging and disclosure requirements that have too broad a sweep. Its purpose is to strike a balance between administrative burdens and the greater public interest, as has been done in the past with the Freedom of Information Act, the Administrative Procedure Act, and the new campaign finance law.

This bill recognizes the sophistication of administrative decisionmaking and tailors its requirements accordingly. It focuses on the high-level decisionmaker and the highest level decisions. It would allow agency personnel to solicit information freely. The legislation provides for the confidentiality of internal agency activities. And it would not unduly impede the flexibility which is the lifeblood of the administrative process.

Basically, the bill would require agency officials to maintain a record of communications initiated by persons outside the agency, with the exception of informants and the working press. High-level agency officials, beginning at the GS-15 and including the executive levels, would be subject to the logging requirements.

An agency's activities would be subject to three different kinds of logging and disclosure requirements.

First, communications concerning formal agency proceedings would be logged by the agency official and fully disclosed to the public. Second, communications regarding matters other than agency proceedings—policy matters or internal agency proceedings not governed by the Administrative Procedure Act—would be disclosed to the public in summary form if they are among those deemed "important" by the agency. A third category of requirements would apply to communications relating to discretionary agency activities during the preadjudicative stages of an enforcement proceeding. In order to protect the privacy of parties who are the subjects of such actions, communications they initiate with agency officials would be recorded and maintained only within the agency. However, all communications from nonparties attempting to influence agency officials during this critical period would be fully logged and publicly disclosed. And officials who knowingly falsify their records would be subject to criminal sanctions.

Let me suggest a specific example of how this bill would work in practice. A recent news article revealed that an Assistant Secretary of the Treasury Department wrote the General Services Administration, urging it not to intervene in local electric company rate cases. The article further revealed that shortly before this letter was sent, the head of the local electric power company met privately with Treasury Secretary Simon, seeking Government support for the company's request for a rate increase. I believe that it was entirely appropriate for the company official to bring his views to the Secretary's attentions. And it is equally appropriate for the company official to bring his position to GSA. But the public certainly has an interest in knowing that there may have been a connection between the Treasury letter and the utility company's plea. The public should be able to know of the communication with the electric company, with all the necessity for enterprising investigative reporters to reveal what the agency itself should be disclosing. The bill I introduce today would require that the company's contact with the Treasury Secretary on this important matter of public policy be logged and publicly disclosed as a matter of course.

I am pleased to note that Common Cause has given us considerable support in developing this legislation. In a statement last year, John Gardner offered his perceptive observations on the problem of agency secrecy:

> Some of the most effective and surreptitious lobbying today is practiced on executive agencies. Agency secrecy makes it extremely difficult for the citizen-consumer-taxpayer to counter the behind the scenes influence of the industries being regulated. The ironic thing is that government secrecy is no problem for the special interests: they have ways of knowing all that goes on. The only ones left out in the dark are the citizens. Our emphasis is not on prohibition of lobbying activities, but on their full disclosure. This can only be accomplished by a new lobby registration law, and by a new executive branch program for logging lobbying contacts. Most of the abuses can be traced to the secrecy which hides lobbying from public scrutiny.

I believe this bill represents a reasonable approach which attempts to distinguish between high Government officials and other Federal employees, between contacts on important matters of public interest and those of lesser significance, and between records of contacts which should be publicly disclosed and those which should be maintained only within an agency. It respects the privacy of individuals under investigation and the freedom of the press. Its procedures are relatively inexpensive and easy to administer. And, most importantly, it will draw aside the veil of secrecy which shrouds administrative matters and will reaffirm the public's right to know about and participate in agency decisionmaking.

Mr. President, I ask unanimous consent that the full text of this bill be printed in the Record at the close of my remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1289

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act may be cited as the "Open Communications Act of 1975".

Sec. 2. Subchapter II of title 5, United States Code, is amended by adding at the end thereof the following:

"§ 560. Maintenance of records of ex parte communications

"(a) For the purpose of this section, the term—

"(1) 'agency official' means all employees of the executive branch who are compensated in grade 15 and above under the General Schedule under section 5332 of this title 5, or under the Executive Schedule under subchapter II of chapter 53 of this title;

"(2) 'person' includes an individual, partnership, corporation, association, firm, society, joint stock company, Member of Congress, officer or employee of the executive branch, or any party to a proceeding;

"(3) 'informant' means any person who offers incriminating information, under an assurance of confidentiality, to the agency official for use in a civil or criminal enforcement proceeding;

"(4) 'preadjudicative stages of a proceeding' means agency activities prior to the commencement of an administrative or judicial enforcement proceeding held to determine punishment for or to prevent the violation of Federal law or agency regulation;

"(5) 'record of communications maintained for internal disclosure' means a record of communications received by the agency official which shall contain—

"(A) the name and position of the official who received the communication;

"(B) the date upon which the communication was received;

"(C) an identification, so far as possible, of the person from whom the communication was received and of the person on whose behalf such person was acting in making the communication;

"(D) in the case of communications through letters, documents, briefs, and other written material, copies of such material in its original form;

"(6) 'record of communications maintained for summary disclosure' means a record of communications received by the agency official which shall contain—

"(A) the name and position of the official who received the communication;

"(B) the date upon which the communication was received;

"(C) an identification, so far as possible, of the person from whom the communications was received and of the person on whose behalf such person was acting in making the communication;

"(D) a brief characterization of the subject matter under discussion;

"(E) in the case of communications through letters, documents, briefs, and other written material, copies of such material in its original form. In the case of materials which fall under section 552(b), a summary of the communication or a copy of such material with suitable deletions will suffice in lieu of the original.

"(7) 'record of communications maintained for full disclosure' means a record of communications received by the agency official which shall contain—

"(A) the name and position of the official who received the communication;

"(B) the date upon which the communication was received;

"(C) an identification, so far as possible, of the person from whom the communication was received and of the person on whose behalf such person was acting in making the communication;

"(D) a brief summary of the subject matter or matters of the communication, including relevant docket numbers if known;

"(E) in the case of communications through letters, documents, briefs, and other written material, copies of such material in its original form. In the case of materials which fall under section 552(b), a summary of the communication or a copy of such material with suitable deletions will suffice in lieu of the original;

"(F) a brief description, when applicable, of any action taken by the official in response to the communication.

"(b)(1) Each agency official shall prepare a record of communications maintained for summary disclosure for each oral or written communication initiated by persons outside the agency, pertaining to a substantive policy matter before the agency, except any such communication from informants or members of the working press. For the purpose of this paragraph, a 'substantive policy matter' means any important agency action or policy issue as prescribed in regulations promulgated by the agency, except that no such regulation shall apply to agency proceedings as defined in section 551(12) of this chapter.

"(2) Each agency official shall prepare a record of communications maintained for full disclosure for each oral or written communication, initiated by persons outside the agency, during the pre-adjudicative stages of a proceeding or pertaining to a pending agency proceeding, except (i) any such communication from informants or members of the working press and (ii) any such communication initiated by the party to an enforcement proceeding during the pre-adjudicative stage. With respect to communications initiated by the party to an enforcement proceeding during the pre-adjudicative stage the agency official shall prepare a record of communications maintained for internal disclosure.

"(c)(1) Each agency shall assure that records of communications maintained for summary disclosure and records of communications maintained for full disclosure shall be prepared and furnished for inclusion in a public file within five working days of the receipt of the communication. Public files containing such records shall be located in the public reading room of the agency. Such records for which no public file already exists shall be placed in public files located in the public reading room, appropriately indexed pursuant to regulations promulgated by the agency. All public files shall be maintained for a period of five years, and shall be available for public inspection and copying.

"(2) Each agency shall assure that records of communications maintained for internal disclosure shall be prepared and furnished for permanent inclusion in the case or other appropriate file and that a copy of such record shall be furnished for inclusion in a centrally located file in the agency within five working days of the receipt of the communication.

"(d) Each agency official who is compensated under the Executive Schedule under this title shall provide for the maintenance of his prospective and retrospective calendars for public inspection in the public reading room of the agency. Such materials shall be submitted, and updated, the first working day of each week.

"(e) Any agency official who knowingly and willfully falsifies, forges, or fails to file any record required by this section shall be fined not more than $1,000 or imprisoned not more than one year, or both."

(b) The analysis of Chapter 5 of Title 5, United States Code, is amended by adding after item "559" the following new item:

"§ 560. Maintenance of records of ex parte communications".

Sec. 3. One year after the effective date of this Act, the Administrative Conference of the United States shall prepare a study of the procedures established under this section and offer suggestions to agencies and to Congress for their modification or improvement.

Sec. 4. The amendments made by this Act shall take effect ninety days after the date of enactment.

By Mr. NELSON (for himself and Mr. Javits):

S. 1290. A bill to reorganize the Clemency Board, the Department of Defense, the Department of Justice and the Department of Transportation to provide fair and efficient consideration of all individuals eligible for amnesty relating to military service in the war in Southeast Asia, and for other purposes. Referred to the Committee on Government Operations.

CONTINUATION OF THE PRESIDENT'S AMNESTY PROGRAM

Mr. NELSON. Mr. President, Senator Javits is joining me in introducing a bill to continue the President's amnesty program with certain changes.

The time has come for Congress to take further steps to heal the deep wounds inflicted on our Nation by the long and bitter war in Vietnam. Specifically, Congress should support and extend the President's amnesty program for the thousands of young men who evaded the draft or deserted the military during the Vietnam conflict. We are therefore introducing legislation for that purpose.

The need for immediate action on this legislation is clear. Last September, President Ford took the constructive step of establishing a program to provide amnesty for thousands of young men who, for one reason or another, felt compelled to refuse the draft or desert the military during the Vietnam war. In creating that program, the President recognized, as we all should, that the interests of society are served best when its system of justice reflects a good measure of understanding and mercy. The President spoke of this national need last summer when he announced his intention to issue an amnesty program:

> All of us who served in one war or another know very well that all wars are the glory and agony of the young. In my judgment, these young Americans should have a second chance to contribute their fair share to the rebuilding of peace among ourselves and with all nations.
>
> So I am throwing the weight of my Presidency into the scales of justice on the side of leniency. . . .
>
> I ask all Americans who ever asked for goodness and mercy in their lives, who ever sought forgiveness for their trespass, to join in rehabilitating all the casualties of the tragic conflict of the past.

The program promulgated one month later incorporated the spirit of the President's promise. That program insured that every Vietnam draft evader or military deserter would be given a fair hearing to determine whether or not he should be granted clemency for his offense. The President's program also provided that, under certain circumstances, clemency would be granted only if the offender agreed to perform some alternate public service for a period of 2 years or less.

Already there is enough evidence with individual cases to demonstrate the wisdom and justice of an amnesty program. The Clemency Board created by the President, for example, has reviewed a large number of cases in which clemency was necessary as a matter of simple justice. Some representative cases reviewed by the Board include the following:

One individual served valiantly with the Army in Vietnam for almost a year. He was wounded three times and was awarded three Purple Hearts, the Vietnam Service Medal, and the Bronze Star for valor. After being reassigned to the United States, his father went bankrupt because of a drinking problem and his family generally fell upon hard times. He therefore returned home without authorization from the Army to earn some money to help his parents and his seven brothers and sisters. Despite these circumstances, the individual was fined, sentenced to six months at hard labor, and given a bad conduct discharge.

Another individual also served valiantly with the Army in Vietnam for a year and earned the Republic of Vietnam Campaign and Vietnam Service Medals. After his return to the United States, he requested an administrative discharge from the Army so that he could return home to help his mother, who had become extremely ill and was in desperate financial straits. When the Army refused the request for an administrative discharge, he returned home and went immediately to work. He, too, was fined and given a bad conduct discharge.

Another individual was a Jehovah's Witness whose religion forbade him from participation in war. He applied for conscientious objector status, but that was denied because the application was made after he had received his induction notice. The individual reported for induction but failed to step forward and take the oath. He turned himself in and stated he would do alternate service. However, he was convicted as a draft evader and given a 3½-year sentence, of which he served almost a year.

These and many similar cases underscore the need to continue the amnesty program. No one should condone violations of the law. But respect for the law does not preclude mercy in the dispensation of punishment. Nor should it blind one to injustices in the administration of the law.

Under the most recent Executive order, every eligible draft evader or military deserter must apply for clemency by March 31, 1975. After that, there will be no institutionalized opportunity for an eligible individual to seek the clemency he may deserve. This would be most unfortunate. Of the approximately 125,000 men eligible to apply for clemency, fewer than 20,000 have taken advantage of the opportunity. At this point we do not know all the reasons which may account for the unwillingness or inability of eligible individuals to apply. But we do know that the President's spirit of reconciliation will not be served—and will in fact be undermined—if the opportunity for those individuals to receive mercy is withdrawn at the end of this month.

Congress, however, should not expect the President alone to continue to bear the burdens of the amnesty program. Congress, after all, repeatedly voted billions of dollars of public funds—over the dissents of myself and others—for the Vietnam war. Congress thus assumed some responsibility for the conduct of American policies in Vietnam. Congress should now accept some responsibility for ending the divisiveness which the war created.

This bill would enable Congress to fulfill that responsibility. In essence, the bill provides for the continuation of the President's program with certain modifications. These modifications account for some problems which have been exposed by the program's implementation over the past few months.

The first problem which the bill tries to correct concerns the administration of the program. The President's program actually consists of four separate operations. The Justice Department handles all cases of draft evasion where the individual has not yet been convicted. According to the Justice Department, this involves approximately 4,400 men. The Department of Defense handles all cases of military desertion from the Army, the Navy, the Marines, and the Air Force where the individual has not yet been discharged. The Department of Transportation independently handles all cases of military desertion from the Coast Guard where the individual has not yet been discharged. Together, the Defense and Transportation Departments estimate that there are 12,500 eligible men under their jurisdictions. Finally, the Clemency Board handles all cases where the individual has been convicted of draft evasion or already discharged from the Armed Forces. The Board estimates that 110,000 eligible men are within its jurisdiction.

The problem here is that there are different agencies which are applying different criteria to people in similar situations. Someone who was discharged from the Army for being absent without leave, for example, may receive better treatment at the hands of the Clemency Board than someone who went AWOL for similar reasons but has not yet been discharged and is therefore subject to the Defense Department's jurisdiction. Or, conversely, the Board may recommend that a military deserter do alternate service to obtain some form of clemency; the Defense Department, on the other hand, cannot require someone to do such alternate service outside the armed services since it loses jurisdiction over the individual as soon as he is discharged.

To prevent these kinds of inequitable situations, the bill would vest the Clemency Board with jurisdiction over all cases of draft evasion and military desertion. In this way, the same criteria and recommendations will be applied to people in similar situations. As a practical matter, this will increase the Board's workload by only 10 percent.

Another problem which the bill attempts to remedy concerns the arrest, prosecution and punishment of men who have applied for clemency. Under the existing situation, a draft evader living in Canada may return to the United States and apply for clemency. After conducting its examination, the Board may recommend a period of alternate service which the individual may decline to accept because he believes it is inequitable. If the offer of clemency is rejected, the individual immediately becomes subject to arrest, prosecution, and punishment.

This is clearly unjust. An individual should not have to risk prosecution in order to apply for clemency. The bill consequently provides that an individual who rejects any clemency offer may return to any foreign country in which he may have been living before he made the application for clemency.

Another problem concerns the right of draft evaders and military deserters living abroad to visit their families. To the rich family, of course, this is not a problem; they can afford the travel costs to visit their son wherever he may be. But to the vast majority of families, the cost of their son's draft evasion or military desertion means that they may never see him again because they cannot afford the travel expenses involved. The Vietnam war has already caused enough heartache and divisiveness. We should not compound the problem by prohibiting families from seeing their son, especially when his offense may be based on moral principle or some other compelling reason.

To correct this situation, the bill provides that any draft evader or military deserter living abroad shall be given a 30-day nonimmigrant visa each year. The bill provides further that anyone holding such a visa will be immune from arrest, prosecution or punishment for draft evasion or military desertion.

Finally, the bill does away with all deadlines for making a clemency application. Draft evasion and military desertion during the Vietnam war often involved agonizing choices by men who ultimately felt a greater obligation to their families or their conscience than to the laws and regulations governing military service. Such a person may need considerable time to decide whether or not to apply for clemency under the President's program—not only to understand fully how the program works but also to determine whether he wants to take advantage of it.

In any event, there is no sense in making this process a race to beat the clock. This is especially so since some individuals may have committed an offense 10 years ago and have had a long time to consider their fate, while others may have committed an offense only 2 or 3 years ago. Accordingly, the bill provides that the Clemency Board will entertain applications until its demise on December 31, 1976; thereafter, its functions will be assumed by the Justice Department. This should not pose any administrative burden since the vast majority of eligible men who want to apply will probably do so within the year.

The bill being offered today does not pose any constitutional problems. The legislation makes clear that the President will have the sole responsibility and discretion to determine whether clemency should be granted and, if so, under what conditions. Therefore, the bill does not in any way restrict the pardon power or any other power granted to the President under article II of the Constitution.

Many decades ago, Supreme Court Justice Benjamin Cardozo wrote that "the final cause of law is the welfare of society." That observation underlies the importance of the legislation being offered today. For there is no question but that this bill, if enacted, would do much to further the welfare of our society. It would enable thousands of young men to redeem their mistakes of the past; and in giving them this chance, the bill will further the spirit of national reconciliation which the President paid tribute to in announcing the amnesty program.

In offering this bill, we recognize that there are broad disagreements among people as to the merits of that program. I have cosponsored the bill offered by Senator PHILIP HART to grant unconditional amnesty to all Vietnam draft evaders and military deserters. At some point in the near future the Congress is going to have to face the question of whether we should grant unconditional amnesty to the Vietnam draft evaders and military deserters. But in the meantime we should not allow thousands of young men to become the unintended victims of our disagreements. Time is running out of them. The President's program requires all applications for clemency to be filed by March 31, 1975. For this reason, I trust and hope that the measure being offered today will be given a fair and speedy hearing.

Mr. President, I ask unanimous consent to insert the text of the bill in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1290

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this bill may be cited as the "Clemency Board Reorganization Act of 1975."

REORGANIZATION OF THE PRESIDENTIAL CLEMENCY BOARD

SEC. 2. The Presidential Clemency Board created by Executive Order 11803, dated September 16, 1974, is hereby established by law and reorganized to assume such responsibilities and powers granted to it by this Act and is directed to execute such responsibilities and powers in a manner consistent with the provisions of this Act. The Board shall be composed of nine members to be appointed by the President, one of whom shall be designated by the President to serve as chairman.

REORGANIZATION OF EXECUTIVE DEPARTMENTS AND AGENCIES AND TRANSFER OF POWERS

SEC. 3. (a) Any jurisdiction, responsibility or function which the Department of Defense has with respect to any draft evader or military deserter, as defined by this Act, under any law, regulation, presidential proclamation or Executive Order, shall be transferred to the Presidential Clemency Board. The Department of Defense shall thereafter be relieved of all such jurisdiction, responsibility or function, except as may otherwise be provided for by this Act.

(b) Any jurisdiction, responsibility or function which the Department of Justice has with respect to any draft evader or military deserter, as defined by this Act, under any law, regulation, presidential proclamation or Executive Order shall be transferred to the Presidential Clemency Board. The Department of Justice shall thereafter be relieved of all such jurisdiction, responsibility or function, except as may otherwise be provided for by this Act.

(c) Any jurisdiction, responsibility or function which the Department of Transportation has with respect to any draft evader or military deserter, as defined by this Act, under any law, regulation, presidential proclamation or Executive Order shall be transferred to the Presidential Clemency Board. The Department of Transportation shall thereafter be relieved of all such jurisdiction, responsibility or function, except as may otherwise be provided for by this Act.

THE FUNCTIONS OF THE PRESIDENTIAL CLEMENCY BOARD

Sec. 4. (a) The Board, under such regulations as it may prescribe, shall examine the cases of all draft evaders and military deserters who apply for Executive clemency.

(b) The Board shall report to the President its findings and recommendations as to whether Executive clemency should be granted or denied in any case. If clemency is recommended, the Board shall also recommend the form that such clemency should take, including clemency conditioned upon a period of alternate service in the national interest. In recommending any period of alternate service, the Board shall consider, among any other factors it deems appropriate, any prison term, or part thereof, or other punishment which the individual has served or endured for any offense specified in subsection (a) or (b) of section 14 of this Act. In the case of an individual discharged from the armed forces with a punitive or undesirable discharge, the Board may recommend to the President that a clemency, general or honorable discharge be substituted for a punitive or undesirable discharge. The President shall make the final determinations as to whether Executive clemency should be offered and, if so, under what conditions.

(c) The Board shall give priority consideration to those applicants who are presently confined and have been convicted only of an offense specified in subsection (a) or (b) or section 14 of this Act, and who have no other outstanding criminal charges pending against them.

(d) Any alternate service recommended by the Board under subsection (b) of this section shall not be longer than two years and shall promote the national health, safety or interest. No applicant shall be permitted to complete all or any part of such alternate service by service in the armed forces. The alternate service shall be completed in accordance with such regulations as the Board may prescribe and under the auspices of any department or agency of the United States which the Board deems appropriate. Any applicant who satisfactorily complete the period of any alternate service proposed by the President will be relieved of arrest, prosecution and punishment for any offense specified in subsection (a) or (b) of section 14 of this Act.

RIGHTS OF APPLICANTS

Sec. 5. (a) Notwithstanding any other law or regulation, any draft evader or military deserter residing in a foreign country may return to the United States for purposes of applying for Executive clemency under the provisions of this Act. Such individual shall be required to make an application with the Board for Executive clemency within 30 days after the date of entry into the United States and shall not be arrested, prosecuted or punished for any offense specified in subsection (a) or (b) of section 14 of this Act until the expiration of that 30 day period.

(b) No applicant shall be arrested, prosecuted or punished for any offense specified in subsection (a) or (b) or section 14 of this Act until 30 days after he receives notice of the President's disposition of the recommendation made by the Board with respect to that applicant, or until 30 days after he receives notice of the President's disposition of any appeal made to the Board, whichever is later, and then only if Executive clemency is not offered or, if offered, is not accepted. Any applicant who entered the United States from another country under the limited immunity granted by subsection (a) of this section and who rejects any offer of Executive clemency by the President may return to that other country at the point of entry.

(c) Notwithstanding any other law or regulation, any draft evader or military deserter, whether or not a United States citizen, who resides in a foreign country and has not been indicted or convicted of any offense other than those specified in subsection (a) or (b) of section 14 of this Act, shall, upon application, be given a 30-day non-immigrant visa at least once each year if he otherwise qualifies for such visa. No draft evader or military deserter holding such a non-immigrant visa shall be arrested, prosecuted or punished for any offense specified in subsection (a) or (b) of section 14 of this Act.

(d) Any regulations adopted by the Board pursuant to section 4(a) of this Act shall account for and preserve any and all legal and constitutional rights which a draft evader or military deserter may have.

REACQUISITION OF UNITED STATES CITIZENSHIP

Sec. 6. Notwithstanding any other law or regulation, any applicant who has renounced his United States citizenship and acquired the citizenship of another country may have his United States citizenship restored by appearing before a United States district court judge and renouncing citizenship of that country and pledging allegiance to the United States.

SEALING OF RECORDS

Sec. 7. Any and all records of an offense for which a Presidential pardon has been granted under this Act shall be sealed and shall not be disclosed except:

(a) in response to an order of a court of competent jurisdiction;

(b) at the request of the pardoned applicant;

(c) at the request of a department or agency of the United States which is conducting a lawful investigation necessary for a security clearance or Presidential appointment; or

(d) at the request of a department or agency of the United States which is conducting a lawful investigation of fraud in the application for or the granting of Executive clemency under the provisions of this Act.

VETERANS BENEFITS

Sec. 8. Unless otherwise granted by the President, the issuance of a clemency discharge shall not automatically confer rights to Veterans Benefits: *Provided,* That the Veterans Administration or the Department of Defense may review each case of an applicant receiving a clemency discharge for the purpose of determining whether or not Veterans Benefits should be granted; such review shall be without regard to any acts for which a presidential pardon has been granted.

ADMINISTRATION

Sec. 9. Each member of the Board, other than an officer or employee of the United States, shall be entitled to compensation for each day he is engaged in the work of the Board at a rate not to exceed the daily rate prescribed by law for persons and positions in GS-18 and shall also be entitled to receive travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in government service employed intermittently.

ADMINISTRATIVE SERVICES

Sec. 10. Necessary administrative services and support may be provided to the Board by the General Services Administration on a reimbursable basis.

COOPERATION OF OTHER DEPARTMENTS AND AGENCIES

Sec. 11. All departments and agencies in the Executive branch are authorized and directed to cooperate with the Board in the conduct of its work and to furnish the Board, to the extent permitted by law, all appropriate information and assistance.

FINAL RECOMMENDATIONS; TERMINATION OF BOARD

Sec. 12. The Board shall submit its final recommendation to the President not later than December 31, 1976, at which time it shall cease to exist. Any functions assigned to the Board under this Act shall thereafter be assumed by the Department of Justice.

AUTHORIZATION

Sec. 13. There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

DEFINITIONS

Sec. 14. As used in this Act—

(a) The term "draft evader" means any individual who has been or may be indicted or convicted for any offense committed on or after August 4, 1964, and prior to March 29, 1973, in violation of section 6(j) or 12 of the Military Selective Service Act (50 App. U.S.C. § 462) or of any rule or regulation promulgated under such sections, or of any related law, rule or regulation.

(b) The term "military deserter" means (A) any individual who has received or may receive a punitive or undesirable discharge for one or more violations of article 85, 86, or 87 of the Uniform Code of Military Justice (10 U.S.C. 885, 886, 887), or any related article, committed on or after August 4, 1964, and prior to March 29, 1973, or (B) any individual who is serving a sentence for one or more such violations.

(c) "Executive clemency" means a pardon or other act of mercy or forgiveness by the President, under such terms and conditions as the President may prescribe, pursuant to powers granted to the President by Article II of the United States Constitution.

(d) "Presidential Clemency Board" or "Board" means the body created by this Act to consider the cases of draft evaders and military deserters and to recommend to the President whether such evaders or deserters should receive executive clemency and, if so, under what conditions.

(e) "Clemency applicant" or "applicant" means any draft evader or military deserter who applies for clemency under the provisions of this Act.

(f) "Clemency discharge" means a military discharge granted by the President pursuant to the provisions of this Act to signify that the applicant left the military service under honorable conditions.

(g) The term "Military Selective Service Act" means the Military Selective Service Act or any prior corresponding Act.

By Mr. JOHNSTON (for himself and Mr. CRANSTON):

S. 1291. A bill to establish a National Commission on Economic Growth and Stability to identify major changes and long-term trends in the economy of the United States and to propose public policies responsive to such changes and trends. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. JOHNSTON. Mr. President, today

Senator CRANSTON and I are introducing legislation to create a National Commission on Economic Growth and Stability. The purpose of this commission is to bring a number of economic experts into Government for 1 year. The mission of these economists would be to identify the major changes that have occurred in our economy, and to make specific public policy recommendations for addressing these changes on a long-term basis.

One of the messages of the economic recession in which we now find ourselves is that our national and international economies may be far more complicated than any of us realized. In the 1960's, when our country enjoyed 9 years of continued prosperity, there was the feeling among economists and many Members of Congress that we had discovered the secret of our economy, and that we could fine tune that economy to maintain growth, high employment, and price stability. The last year has shown that that kind of confidence was premature.

The lessons we are now learning are very different. Perhaps the most important economic lesson of today is that there are continuing and substantial changes in our economic world.

All of us can identify several major changes. American industrial structure continues to become more concentrated. Most of our large industries are now oligopolistic, with anywhere from three to a dozen major producers. At the same time, we all have observed the growth of conglomerate corporations, so that previously independent producers and distributors are now part of much larger corporate entities.

There are a number of other important changes we have seen. The situation of world commodity shortages experienced during 1973 was unprecedented in recent years. The current increase in unemployment coupled with the highest rates of inflation since World War II are suggestive of an economic environment which is very unusual. The increase in energy costs, and the embargo on Arab oil in late 1973, have introduced a new set of variables into our economic equations. There is continuing concern about our capital needs in the future, and whether or not we will be able to meet them. And we have recently heard questions about the total size of Government spending—which now accounts for one-third of our national output—and whether such a large public sector can undermine the solid foundations of our economy.

When we look at this list of economic developments, there is an inescapable message: Our world is forever changing, and we must respond to those changes. In submitting this legislation, which is titled the Economic Growth Act of 1975, we are trying to take a first step toward meeting the unprecedented economic challenges that we face today.

Ideally, our Government should have an ongoing means of tapping expert economic advice on problems of long-range importance. Such a resource does not now exist. The major elements of the economic advisory mechanism—the President's Council of Economic Advisers, the Department of the Treasury, the Federal Reserve Board, and the Office of Management and Budget—are too concerned in solving our day-to-day problems to focus on the long-range issues mentioned before. These organizations must spend their time in putting Americans back to work now; in speeding economic growth now; in restoring price stability now. But in solving today's problems, we do not always plan well for tomorrow.

We recognize that there is general skepticism among many Americans about commissions. And this is with good reason. All too often commissions have been established when a President has faced an issue of national concern and did not know specifically what to do. All too often commissions have lacked independence, or have functioned with limited support from either the executive or legislative branch. And all too often the proposals of commissions have been ignored.

The body that this legislation would create is unlike most of these commissions in many important ways. First, it would be a group of men and women qualified professionally to do a specific job. Most of our commissions include a mix of distinguished Americans. And that is fine for many tasks. But today we have people who are professionally qualified to contribute to our economic problem-solving, and we should tap that resource. This is why this is a commission of professional economists. Second, members of the commission usually meet infrequently, and spend most of their time ratifying conclusions that are reached by staff. The National Commission on Economic Growth and Stability would require that the nine members serve on a full-time basis, so that the product of the Commission is really the work of the members. Third, the commission would have complete independence. It would have its own budget, and would not have to rely on the President or the Congress once it was created. Fourth, the Commission would be comprised of members nominated by both parties. The legislation provides for the appointment of five members by the President, five by the Speaker of the House, and five by the President of the Senate. Fifth, there is a provision for congressional input into the Commission's work by the Joint Economic Committee. Sixth, there is a provision for formal comment on the report of the Commission once completed.

We believe that this proposal would be an important first step to our understanding the long-range needs of the American economy. Perhaps if something like this had been undertaken in the 1960's we could have discovered many of the problems we are now facing in the 1970's and might have better prepared for them. If such a commission had made but one basic recommendation—for example, the need for energy conservation—we could have avoided many of the economic hardships that we are now experiencing. Therefore, we hope that the Congress will create this Commission and that the group can begin its work by next fall.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1291

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Growth Act of 1975."

FINDINGS

SEC. 2. The Congress finds that—

(1) The goals of the Employment Act of 1946, requiring that the Federal Government use all practical means to create and maintain useful employment opportunities for all those able, willing, and seeking work, continue to be important guidelines for the United States.

(2) It is equally important that the Federal Government, to the greatest extent possible, use all practical means to maintain economic growth in the United States and to achieve and maintain stable prices.

(3) In order to accomplish these goals, it is necessary for the Federal Government to identify major and significant changes in the national and international economy that have occurred, and to project important possible economic changes for the future.

(4) These changes should be identified with sufficient frequency and specificity so that public policy can reflect the evolving economic environment.

(5) The industrialization of the United States and the rapid and significant changes in the structure of American industry have resulted in a developing economy that presents significant problems in maintaining efficient utilization of scarce resources and maximum utilization of production capacity.

(6) The growing interdependence of national economies raises additional issues in the coordination of the international economy.

(7) Existing institutions do not adequately identify and anticipate the kind of broad and significant changes in economic activity that occur.

(8) Therefore an organization should be established to identify major problems facing the United States economy in the future, in the context of the primary changes that have occurred in the national and international economies, and to identify public policy for achieving national economic goals.

PURPOSE

SEC. 3. It is the purpose of this Act to establish a National Commission on Economic Growth and Stability to identify the major changes in the national and international economic environments that would affect the development of national economic policy. The Commission shall propose a long-range program designed to achieve the national economic goals referred to in section 2 (1) and (2) of this Act.

ESTABLISHMENT AND DURATION

SEC. 4. (a) There is established as an independent instrumentality of the Federal Government a National Commission on Economic Growth and Stability (hereinafter referred to as the "Commission"). The Commission shall consist of 9 members who are, by background, training, or experience, qualified economists and who shall serve on a full-time basis for the first 12 months of Commission activity, during which time the report of the Commission will be completed. The Commission shall cease to exist 18 months after appointment, and members will serve during the last 6 months with sufficiency frequency to conduct the hearings and receive the comments as provided for in Section 6(c). Commission members will receive per diem compensation during this 6-month period, as provided in Section 4(c).

(b) The members of the Commission shall be appointed by the President, by and with the advice and consent of the Senate, except that 3 members so appointed shall be from among individuals recommended by the Speaker of the House of Representatives, and 3 such members shall be appointed from among individuals recommended by the President pro tempore of the Senate. The President shall, at the time of appointment, designate one of the members to be chairman of the Commission and one of the members to be vice-chairman of the Commission.

(c) Each member of the Commission shall be entitled to be compensated at a rate equal to the rate for level IV of the Executive Schedule under section 5315 of title 5, United States Code, whether the compensation is on an annual or per diem basis.

(d) The Commission shall submit a final report not later than 12 months after the appointment of the Commission to the President and the Congress on specific findings and recommendations with respect to the subjects outlined in section 5. The Commission may prepare, publish, and transmit to the President and to the Congress such other reports and recommendations as it deems appropriate.

FUNCTIONS

Sec. 5. It shall be the function of the Commission to conduct a study and report to the President and to the Congress with respect to major changes in the economy and proposed policies for addressing these changes. The work of the Commission should focus on the long-term issues facing the national economy, and should identify appropriate public policy for addressing projected long-term changes in national economic structure, stability, and activity. The work of the Commission will present findings on the following subjects, as well as other topics selected by the Commission:

(1) *Sources and problems of economic growth*, including productivity trends, the availability of capital and the structure of capital markets, the impact of population trends, the impact of technical achievements and technology transfer, the impact of energy shortages and long-range shortages in other commodities, and monetary policy.

(2) *Problems of price stability*, including the impact of more concentrated market structures on competition, antitrust laws and their enforcement, structure and impact of organized labor, and the effectiveness and significance of Government rate-making commissions.

(3) Problems of full employment, including long-range manpower training, and the correspondence of manpower supply with employment demands in the long term.

(4) Problems of international economic stability, including international trade policy, the international monetary system, and the United States balance of payments.

(5) Problems of Government fiscal policy, including the level and composition of Government spending, and the structure and impact of the tax system.

(6) Effectiveness of the existing economic advisory mechanism, including the current resources for economic policy formulation.

ADVICE TO THE COMMISSION

Sec. 6. (a) The Commission may, during the period of its work, hold hearings at such times and places as it may deem advisable to gather information and opinions about subjects of importance to the Commission's study.

(b) It is recommended that during the period of its work the Commission solicit advisory counsel from representatives of industry, labor, relevant international organizations, governmental regulatory agencies and commissions, the banking and investment industries, members of the antitrust and tax bar, and elected public officials.

(c) During the period of six months after the issuance of its report, the Commission shall receive comments on the report and hold hearings on the report. If it is deemed necessary by the Commission, a supplement to the report may be issued to summarize contributions made from this comment and hearing process.

(d) The provisions of the Federal Advisory Committee Act will not apply to this Commission.

STAFF AND POWERS

Sec. 7. Subject to such rules and regulations as it may adopt, the Commission may—

(1) appoint and fix the compensation of an Executive Director at the rate provided for GS–18 of the General Schedule under section 5332 of title 5, United States Code, and such additional staff personnel as is deemed necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51, and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates but at rates not in excess of the lowest rate for GS–15 of the General Schedule;

(2) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5 United States Code.

CONGRESSIONAL OVERSIGHT

Sec. 8. The Joint Economic Committee shall monitor and review the activities and reports of the Commission.

ASSISTANCE OF GOVERNMENT AGENCIES

Sec. 9. Each department, agency, and instrumentality of the Federal Government including the Congress, consistent with the Constitution of the United States, is authorized and directed to furnish to the Commission such reports, and other information as the Commission deems necessary to carry out its functions under this Act.

AUTHORIZATION OF APPROPRIATIONS

Sec. 10. There are authorized to be appropriated not to exceed $2,000,000 for the expenses of the Commission.

By Mr. HASKELL (for Mr. Jackson) (for himself and Mr. Fannin) (by request):

S. 1292. A bill to provide for the management, protection, and development of the national resource lands and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. HASKELL. Mr. President. As you know, on January 30, 1975, I introduced S. 507—the National Resource Lands Management Act. This bill, often referred to as the BLM Organic Act would provide the first comprehensive statement of congressional goals, policies, and authority for the use and management of 451 million acres of federally owned lands administered by the Secretary of Interior through the Bureau of Land Management.

I am introducing today, for Senators Jackson and Fannin, by request, the administration's version of this important legislation. I am pleased to note, Mr. President, that this bill closely parallels S. 507 in many respects. Unfortunately, the administration's proposal was not available last week when the Subcommittee on the Environment and Land Resources held a hearing on S. 507. Due to the extraordinary number of rollcall votes on the floor last Friday, the subcommittee was unable to complete the hearing in a single day. Therefore, we will be scheduling another hearing in the near future and will be pleased to have the administration's proposal before us at that time.

I ask unanimous consent that the letter of transmittal accompanying the administration's proposal be included in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Washington, D.C.,
March 6, 1975.

Dear Mr. President and Dear Mr. Speaker: Transmitted herewith is a draft bill "To provide for the management, protection and development of the national resource lands, and for other purposes."

We recommend that the proposed bill be referred to the appropriate committee and that it be enacted.

The national resource lands administered by the Secretary of the Interior through the Bureau of Land Management comprise 60% of all Federal lands. The national resource lands were for many years used as a means of stimulating the growth and development of the West. Consequently, little attention was given to preserving the irreplaceable values of those lands. Many of the laws pertaining to the lands were designed primarily to facilitate disposal. Although there has been a growing awareness that these lands are an invaluable national asset and although our policy is now to preserve their values in Federal ownership for the benefit of the general public, these lands have inherited an archaic and often conflicting conglomeration of laws which govern their use.

From 1812 to 1946, these lands were under the custodial administration of the General Land Office in the Department of the Interior. Its primary job was to survey the land and convey it to qualified applicants. The dust storms and other distress of the 1930's focused national attention on western lands. In 1934, the Taylor Grazing Act brought a large measure of protection and management to the "forgotten lands" in the West. For the purpose of managing grazing of the western lands, the Grazing Service was created within the Department of the Interior.

From 1934 to 1946, the Grazing Service and the General Land Office shared administration of the western range. The Bureau of Land Management was created in 1946 primarily through consolidation of the functions of these two existing agencies. The variety of responsibilities of the Bureau of Land Management is extraordinary among the Federal resource management agencies:

It has exclusive jurisdiction over and responsibility for management of 450 million acres of national resource lands. In addition, BLM has some management responsibilities on millions of acres of withdrawn lands.

In cooperation with the Geological Survey, it has responsibilities for administration of the mineral laws on more than 800 million acres of land including public domain, acquired lands and lands in which the United States has reserved mineral interests. In addition, BLM administers the mineral leasing program on the Outer Continental Shelf.

It keeps the basic public land records and does land boundary surveys for most Federal lands.

Despite the extensive responsibilities of BLM, Congress has never clearly defined BLM's mission or made a comprehensive grant of authority to BLM to accomplish its mission. Unlike other Federal conservation agencies such as the National Park Service and the National Forest Service, the mission and authority of BLM must be gleaned from some three thousand land laws which have accumulated over some 170 years. This piecemeal collection of laws is seriously inadequate, incomplete, and sometimes conflicting.

Although the Bureau of Land Management

is responsible for more Federal land than any other Federal agency, its authorization to administer the land is inadequate. For example, BLM has insufficient sale and exchange authority and has no general authority to enforce its rules and regulations. It does not have essential administrative authority enjoyed by other Federal agencies, such as really workable exchange authority, or a working capital fund and authority to contract with State and local law enforcement agencies for protection of Federal lands and their uses. The bill transmitted herewith would provide the basic mission statement and authority for management, protection, development, sale and administration of national resource lands. It would be a Congressional declaration, for the first time, of national policies governing the use and management of the national resource lands and would provide specific guidelines for the management of these vast lands.

The format of the bill is designed in view of the long-range needs for a legislative base for the management of the national resource lands, as pointed out in various analyses, including that of the Public Land Law Review Commission. Each title of the proposal is designed to permit separate consideration of its provision and to permit modifications without review of other titles. It provides for a separate repealer title, to consolidate administrative authority in one act and eliminate archaic laws.

Title I of the proposal, the "National Resource Lands Management Act", declares a national policy that these lands be managed under the principles of multiple use and sustained yield in a manner which will, using all practicable means and measures, protect the quality of environment, including requiring appropriate land reclamation as a condition for use.

It directs the Secretary of the Interior to inventory the national resource lands and to develop comprehensive land use plans for such lands, giving priority to areas of critical environmental concern. "Areas of critical environmental concern" are defined to include, among others, important natural systems and scenic or historic areas. The bill also directs the Secretary to identify land suitable for wilderness study, and to review and make recommendations to Congress for inclusion of eligible land within the Wilderness System.

Title II, Conveyance and Acquisition Authorities, would provide modern disposal authority for the Secretary to sell by competitive bidding national resource lands at not less than fair market value, when management of those lands would be significantly improved or when such disposal would serve important public objectives which cannot be prudently and feasibly achieved on land other than the national resource lands, or when the lands are not suitable for Federal purposes. Under certain circumstances it would authorize conveyance of mineral interests in lands to the surface owner if certain criteria are met. Acquisition of lands needed for proper management of national resource lands would be authorized.

Title III, Management Implementing Authority, would provide modern land management tools and procedures designed to facilitate achievement of the goals and objectives established for the national resource lands. Among other things, it would establish a working capital fund that would afford a more efficient method of accounting for various programs and service operations of the Bureau of Land Management.

It would significantly facilitate management of the national resource lands by making violation of laws and regulations pertaining to them a crime and by vesting enforcement authority in certain designated Departmental employees. In addition, the Secretary would be authorized to cooperate with State and local law enforcement agencies on national resource lands and to reimburse them for extraordinary services on national resource lands.

Title IV provides uniform and comprehensive authority for the Secretary to grant rights-of-way for purposes ranging from roads, trials and canals to powerlines and pipelines other than oil and gas pipelines. Presently this authority must be gleaned from numerous, often overlapping laws.

Title V of the proposal would repeal a number of obsolete, duplicative, or superseded laws. These include a hodgepodge of land disposal laws, and a number of other laws relating to fees, charges, and other administrative matters.

The national resource lands are a priceless and irreplaceable national asset. It is time to provide the Department of the Interior with the tools to manage and preserve them in accordance with their value to the American people.

The Office of Management and Budget has advised that this legislative proposal is in accord with the program of the President.

Sincerely yours,

Jack Horton,
Assistant Secretary of the Interior.

By Mr. METCALF (for himself, Mr. Mansfield, and Mr. Packwood):

S. 1293. A bill to establish the Charles M. Russell National Wildlife Range, the Charles Sheldon National Wildlife Range, and the Kofa National Wildlife Range as part of the National Wildlife Refuge System, and for other purposes. Referred to the Committee on Commerce.

Mr. METCALF. Mr. President, a major component in our efforts to protect wildlife in the Western United States has been a system of wildlife ranges, including the preserve of nearly a million acres in central Montana known as the Charles M. Russell National Wildlife Range. Imagine my surprise when, upon returning from an Interparliamentary Union Conference in February, I learned that the Interior Department had arbitrarily decided to oust the U.S. Fish and Wildlife Service from administrative responsibilities of the Russell and two other major ranges and award sole jurisdiction for them to the Bureau of Land Management. The action regarding the Russell Range was taken without any consultation with the Montana Senators, and the same may have been true with regard to consultation with my colleagues representing States in which the other ranges are located. I refer to the Kofa Range in Arizona and the Sheldon Range located in Nevada and Oregon.

Apart from the questionable legal basis for such an arbitrary decision, I was distressed that jurisdiction was awarded to an agency which is identified in the public eye with commercial use of public lands. I have long insisted that the Bureau of Land Management has one of the most difficult jobs in America managing some of our most fragile lands without adequate popular and congressional support. But I cannot understand why the Bureau, with its many and diversified problems, wants to expand into management of game ranges in the west.

I have always held the view that the Fish and Wildlife Service should be the sole administrator of the areas in question, and have so communicated my feelings to the Secretary. But I refrained from introducing remedial legislation pending an explanation from the BLM. I met with agency officials in my office on March 7 and queried them at length on the rationale for the transfer. With reluctance, I agreed to withhold introduction of legislation pending the outcome of explanatory hearings by the BLM in Montana. Assistant Secretary Jack Horton later confirmed that formal approval of the proposed shift would also await completion of the hearings.

I have since learned from several sources that Fish and Wildlife personnel on the Russell Range have been given 2 weeks by BLM to either transfer to the latter agency or leave the area. The ultimatum adds to my uneasy feeling that the decision is final, no matter what transpires at the Montana hearings. I thus feel compelled to introduce restraining legislation in spite of our tentative agreement.

I am, therefore, introducing today a bill which would, first establish the Western game ranges by act of Congress rather than by their present executive decree, and second, award sole jurisdiction to the U.S. Fish and Wildlife Service. This action has the support of 22 national conservation organizations, plus cosponsorship on short notice by my senior colleague, Mike Mansfield, and the junior Senator from Oregon, Bob Packwood. I have no doubt that further support will be generated as the merits of the case become known.

Under terms outlined in my March 20 letter to Secretary Rogers Morton, no Senate hearing will be sought on the bill until the BLM completes its hearings in Montana and we have a chance to assess public reaction. I am, however, asking Senate Interior Committee Chairman Henry Jackson to request a full report on the Department's order. Hopefully, that information will be available by the time the Montana hearings are completed.

Mr. President, I introduce the bill for appropriate reference and ask that it be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1293

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, on and after the date of this Act, the Charles M. Russell National Wildlife Range in Valley, Garfield, Petroleum, Fergus, Phillips and McCone Counties, Montana; the Charles Sheldon National Wildlife Range in Washoe and Humboldt Counties, Nevada, and Lake County, Oregon; and the Kofa National Wildlife Range in Yuma County, Arizona (hereinafter in this Act referred to collectively as the "ranges"), which consist of the lands and waters as described in Section 2 of this Act, shall be areas within the National Wildlife Refuge System.

Sec. 2. (a) The Charles M. Russell National Wildlife Range shall consist of the lands and waters described in Executive Order 7509 of December 11, 1936, establishing the Fort Peck Game Range, as modified by Public Land Order 2951 of February 25, 1963, changing the name to the Charles M. Russell National Wildlife Range, and shall include lands and waters comprising the U L Bend National Wildlife Refuge established on a portion of the lands formerly within the range by Public Land Order 4588 of March 25, 1969.

(b) The Charles Sheldon National Wildlife Range shall consist of the lands and waters described in Executive Order 7522 of December 21, 1936, and shall include all lands and waters acquired by purchase, gift or exchange within the boundary of the range and administered as separate units of the range. The Sheldon National Antelope Refuge established by Executive Order 5540 of January 26, 1931, creating the Charles Sheldon Wildlife Refuge, as enlarged by Executive Order 7364 of May 6, 1936, and modified by Executive Order 2416 of July 25, 1940, changing the name to Sheldon National Antelope Refuge, including all lands and waters acquired by purchase, gift or exchange, administered as part of the refuge shall be added to the range and redesignated as the Charles Sheldon National Wildlife Range.

(c) The Kofa National Wildlife Range shall consist of the lands and waters described in Executive Order 8039 of January 25, 1937, as modified by Public Land Order 4216 of April 24, 1967.

SEC. 3. (a) The Secretary of the Interior, acting through the United States Fish and Wildlife Service, shall administer the ranges in accordance with the National Wildlife Refuge System Administration Act of 1966, as amended (16 U.S.C. 668dd-ee; 80 Stat. 927), and other applicable laws and regulations.

(b) No lands or waters within any of the ranges may be disposed of by sale, donation, or otherwise, nor may the administration of the ranges be transferred, in whole or part, from the United States Fish and Wildlife Service, unless such disposal or transfer is authorized by Act of Congress.

Mr. PACKWOOD. Mr. President, the citizens of Oregon have been shocked to learn of the cavalier decision by the Department of the Interior to oust the U.S. Fish and Wildlife Service from managing the Charles Sheldon Antelope Range, part of which is in our State, and turn this magnificent wildlife area over exclusively to the Bureau of Land Management, along with other wildlife ranges in Montana and Arizona.

Many people first heard of this decision in newspaper stories, and even now, 6 weeks later, no public comments have been invited on this action by the Department of the Interior.

The critical concern over these ranges is one of management. The Presidential orders establishing these ranges provided that wildlife would be the primary concern in managing the ranges, and that all other uses would not conflict with it. The Fish and Wildlife Service is eminently qualified to do this. They have the professional expertise and a long history of dealing with wildlife problems.

As you know, I am a strong supporter of the Bureau of Land Management. About 25 percent of our State is administered by BLM, including some of our richest timber land and vast expanses of range land. BLM needs help badly in establishing a multiple-land-use mandate for the difficult job it has managing some of our country's most fragile land without adequate popular and congressional support.

However, I do not subscribe to the notion that BLM should also take over lands whose predominant purpose is for wildlife conservation. The Sheldon Antelope Range was established primarily for wildlife purposes, and it should stay that way, under the proven management of the Fish and Wildlife Service. Oregonians have much experience with the Fish and Wildlife Service, which manages large refuges, such as the Hart Mountain Antelope Refuge and Malheur National Wildlife Refuge. I can see no plausible reason not to continue this capable agency's management of the wildlife refuges and ranges.

My colleagues should be aware that BLM has already considered opening these ranges for oil and mineral extraction, as well as intensive grazing. The published materials released by BLM on the transfer decision state that BLM will not change the management of the Sheldon Range in any way. However, I understand that BLM intends to allow practices in these ranges which will seriously threaten the wildlife values there. Furthermore, BLM is well known to be more sympathetic toward the exploitation of commodity resources on these ranges than would the Fish and Wildlife Service.

These ranges were never meant to be multiple-use areas. Certain livestock grazing is allowed under the Executive orders that established them, but they have never been viewed as being open to all resource uses. The citizens of Oregon would not stand for it.

Mr. President, at least three major newspapers have criticized this transfer of these valuable lands over to the BLM. I ask unanimous consent that their editorials be included in the RECORD at this point.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Sunday Oregonian, Portland (Oreg.) Feb. 23, 1975]

WILDLIFE LOSS

The never-ending crusade to conserve and enhance wildlife resources of the nation has its high points and its low points. Federal agencies with jurisdiction over such resources sometimes demonstrate sincere recognition of their responsibilities. Sometimes, they don't.

Among the items of bad news is the decision of Secretary of Interior Rogers Morton removing jurisdiction over 2 million acres of wildlife habitat in Montana, Nevada and Arizona from the Fish and Wildlife Service and awarding it exclusively to the Bureau of Land Management, another Interior Department agency whose chief concerns are grazing, mining and oil and gas leasing. The affected areas are the Charles M. Russell National Wildlife Range, the Charles Sheldon Antelope Range and the Kofa Game Range. These have been jointly administered by Fish and Wildlife and BLM since they were established in the 1930s by order of President F. D. Roosevelt.

Twenty-three environmental organizations led by the Wilderness Society have urged President Ford to revoke Secretary Morton's order. Turning these wildlife ranges over to BLM, they said, "is absolutely unacceptable." BLM's own report that 83 per cent of the grazing land it administers is in fair, poor and bad condition is not reassuring as to its management of habitat set aside for wildlife.

[From the New York Times, Feb. 27, 1975]

WHOSE PUBLIC LANDS?

Conservationists are rightly aroused by the Interior Department's decision to give exclusive control of three of the country's major wildlife ranges to the Bureau of Land Management. Their concern is warranted enough for Congress to step in if President Ford does not reverse Secretary Morton's deplorable action.

The issue is extremely simple. The Fish and Wildlife Service, which has had joint jurisdiction with the B.L.M. over these areas, has been conscientiously trying to fulfill its duty to protect the wild animal life of the Kofa Game Range in Arizona, the Charles Sheldon Antelope Range in Nevada and the Charles M. Russell National Wildlife Range in Montana. It has resisted overgrazing of the land and destructive mining claims.

The B.L.M., by contrast, has historically concentrated on protecting the interests of livestock grazers and mining interests, with only secondary concern for watershed, wildlife and recreational values. Inevitably the two agencies have been in conflict—notably on such matters as the bureau's plans to destroy the sagebrush of the antelope range by spraying it with herbicides and to confine livestock with extensive fencing, regardless of harm to the wildlife of the area.

The unnatural administrative yoking of the two agencies should no doubt be ended—but the Secretary wants to do that in precisely the wrong way. B.L.M. is already in control of the vast bulk of public lands, as it was intended to be.

But there is no justification for turning over to it the administration of ranges specifically established for the protection of animals that depend on undisturbed environments—among them the desert bighorn sheep, the pronghorn antelope and a variety of raptors. These ranges, which are their habitat, represent less than one-half of 1 per cent of the public lands. They should be assigned to Fish and Wildlife, to which a fourth game range, in Arizona, has in fact been transferred.

The only purpose in Mr. Morton's move is to accommodate the stock and mining interests which have already been overprotected by an indulgent government at the expense of the common heritage. Congress should say no.

[From the Los Angeles Times, Feb. 27, 1975]

BUREAU OF LAND MANAGEMENT UNFIT TO RUN SYSTEM?—THE DIRE THREAT TO OUR WILDLIFE PRESERVES

(By Lewis Regenstein)

America's system of wildlife preserves is in danger of being dismantled and destroyed. Unless public pressure can force a shift in current policies of the Interior Department, the entire system may eventually be turned over to private interests intent on mining, oil and gas exploration, livestock ranching and other destructive exploitation.

The clearest indication of Interior's intentions came just three weeks ago when it striped the U.S. Fish and Wildlife Service of its jurisdiction over three of the nation's most important wildlife preserves and turned them over solely to the Bureau of Land Management. The three preserves—totaling more than 2 million acres—are among the nation's most important wildlife conservation areas, each essential to the preservation of several rare and endangered species:

The Charles M. Russell National Wildlife Range in Montana, which consists of 970,000 acres of gentle rolling grasslands and steep forested ridges. It provides ideal habitat for elk, prong-horn antelope, beaver, burrowing owls, and such rare and endangered species as the bald eagle, prairie and peregrine falcons, osprey and black-footed ferrets.

The Charles Sheldon Antelope Range in Nevada and Oregon, famous for its 578,000 acres of high desert mesas and rolling hills. It contains California big horn sheep, bald eagles and antelope.

The Kofa Game Range, which covers 660,000 acres in southwestern Arizona. It provides essential habitat for desert big horn sheep, mule deer, ringtailed cats, and peregrine and prairie falcons.

A fourth range, the Cabeza Prieta Game Range in Arizona, which contains little grazing or mining potential, was assigned to the Fish and Widlife Service by the same order, while the Desert National Wildlife Range in Nevada is already under sole jurisdiction of the FWS.

These five wildlife ranges were established in the 1930s by President Franklin D. Roosevelt to protect wildlife species dependent in the shrinking wilderness of the desert and high plains. At that time, management of the ranges was assigned jointly to the FWS, which was to take charge of wildlife, and the Bureau of Land Management, which as to supervise livestock grazing and mining. Since then, BLM's discharge of its duties has been less than striking. For example, cattle grazing was to be carried out only where there was excess forage not needed by wildlife, but BLM has permitted extensive overgrazing by livestock, thus robbing resident wildlife populations of forage necessary for survival.

Further evidence that the Bureau of Land Management is not qualified to be in charge of wildlife ranges can be found in a 1974 study of Nevada grazing lands done by an evaluation team for BLM itself. The report concluded that Nevada lands under the bureau's jurisdiction have been used almost exclusively for livestock grazing at the expense of wildlife, recreation and water conservation. As recently as last September, in fact, BLM director Curt Berklund conceded that conditions similar to or worse than those in Nevada existed on lands throughout the West managed by the bureau.

A 1965 evaluation of the Kofa Game Range, done jointly by BLM and FWS, made this observation: "It is apparent the delicately balanced vegetative complex on the desert areas involved cannot support livestock and also maintain its inherent potential to serve wildlife." This study also found that "present livestock use is occurring to the detriment of wildlife, representing an infraction of the directives of the establishing executive order," and recommended that grazing be phased out within seven years.

Nevertheless, nine years later, grazing continues today.

In turning over three of the nation's most important wildlife ranges to BLM—long known as a destructive and exploitative agency—Interior Secretary Rogers C. B. Morton caved into pressure from mining, livestock and other business interests. These interests want the Fish and Wildlife Services stripped of control of the ranges because it has, in some cases, had the temerity to try and halt overgrazing by livestock.

BLM control poses no such problem. The latest figures supplied by BLM itself show that 83% of the rangeland it manages is in fair, poor, or bad condition, and no effort is being made to improve it.

Clearly, a takeover by BLM could virtually destroy the stability of the species for whose protection our wildlife ranges were originally established. BLM, for instance, has proposed large-scale herbicide spraying of sagebrush and extensive fencing on the Sheldon Antelope Range—a program which, of course, would benefit livestock while wreaking havoc with wildlife. The fencing would interfere with the free movement of the antelope, and elimination of sagebrush would destroy plant life on which the sage grouse depend.

Several species that were rare in the 1930s—such as proghorn antelope—have made a remarkable recovery on these ranges, but under BLM management their survival will once again become jeopardized. The ranges were established in part because livestock grazing had seriously depleted forage necessary for antelope. Now, with the need for wildlife preserve greater than ever before, the livestock lobby—through the Bureau of Land Management, has regained its dominant position in supervising wildlife ranges.

Responsibility for the regrettable decision by the Interior Department can be attributed to holdovers from the Nixon administration—notably Interior Secretary Morton; Undersecretary of Interior John Whitaker, who worked with oil and mineral exploration firms for most of his professional career, and BLM director Berklund, a former Idaho sawmill operator.

In the long view, much more than three wildlife ranges is at stake. As George Alderson, director of federal affairs for the Wilderness Society in Washington, D.C., has pointed out: "If Secretary Morton is allowed to get away with this decision to turn over three major wildlife preserves to commercial interests, it will set a precedent that could result in the dismemberment of our entire National Wildlife Refuge system."

America's native wildlife, much of which is rapidly disappearing, deserves better than to be handed over to the government's least competent, least responsible land management agency. It is abhorrent to true conservationists that these irreplaceable wildlife preserves should be converted into feed lots for sheep and cattle or into devastated land scarred by open-pit mines.

Thus, a coalition of 25 national environmental, conservation and animal-protection organizations, led by the Wilderness Society, has launched a campaign to persuade President Ford and Secretary Morton to reconsider and assign these wildlife ranges solely to the Fish and Wildlife Service.

Otherwise, these preserves will be lost forever to the miners and ranchers—men who would imperil our nation's beauty and natural heritage for the sake of quick profit.

Mr. PACKWOOD. Mr. President, I am pleased to join today with the Senator from Montana (Mr. Metcalf) as a cosponsor of legislation that will give the Charles Sheldon Antelope Range, the Charles M. Russell National Wildlife Range, and the Kofa Game Range, a permanent statutory sanction and assign it solely to the U.S. Fish and Wildlife Service. I am also very pleased to learn that the honorable chairman, Congressman Al Ullman, from our home State of Oregon, supports the transfer of the Charles Sheldon Refuge lands back to the Fish and Wildlife Service, since those lands are within his congressional district.

I understand that the Fish and Wildlife Service employees in these game ranges have been given an ultimatum of choosing whether they wish to remain with the Service and take their chances on transfers over to the Bureau of Land Management. I understood that no such action was to be taken until public meetings with the BLM were held in Montana later this spring. I also join with Senator Metcalf in respectfully suggesting that any action to transfer personnel be postponed by Secretary Rogers Morton.

Mr. President, in summary, I ask unanimous consent that the editorial, "A Time To Protest," from the Living Wilderness, be included in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

A Time To Protest

Miners and stockmen of the West, who long have coveted the five great national wildlife ranges created by President Franklin D. Roosevelt in the 1930s, won a victory in early February which should shock every conservationist in the country. What they succeeded in doing was twisting the arm of Secretary of the Interior Rogers C. B. Morton to wrest three of those ranges from the U.S. Fish and Wildlife Service, an agency which exists to protect wildlife, and turn them over to the exclusive control of the Bureau of Land Management, an agency which exists primarily to serve commodity interests.

The Secretary directed that the Kofa Game Range in Arizona, the Charles Sheldon Antelope Range in Nevada and the Charles M. Russell Wildlife Range in Montana be administered exclusively by BLM.

As a sop to Fish and Wildlife the Cabeza Prieta Game Range in Arizona was placed in its exclusive jurisdiction, as the Desert Wildlife Range in Nevada had been in 1966.

The result of that shift can be a steady decline in wildlife populations, including desert bighorn sheep, eagles, endangered peregrine and prairie falcons and many other species of wildlife. BLM already has plans to use chemical herbicides, such as 2,4-D, to kill sagebrush, on which the sage grouse is dependent, and to fence large acreages for cattle, despite the clear danger this poses to the free movement of antelope and other wildlife. In countless decisions to come one can expect BLM to give short shrift to wildlife values.

If this were the beginning of the agency's involvement in wildlife range management, one might hope for something better. But through almost four decades of joint administration with the Fish and Wildlife Service, BLM has shown its hand time and again. (Under the joint arrangement, Fish and Wildlife was supposed to look after wildlife habitat needs while BLM handled grazing and mining.) Pleas by Fish and Wildlife to eliminate overgrazing, for example, have fallen on deaf ears.

A measure of BLM's performance may be found in its own recent year-end report, which found 83 percent of its grazing land in fair, poor or bad condition.

Behind the shift to BLM may be an effort to undermine the Fish and Wildlife Service, ultimately turning over wildlife management exclusively to the states, and to keep these large tracts of public land from getting into the wilderness system. The Wilderness Act of 1964 required review of all lands administered by the National Park Service, Forest Service and Fish and Wildlife Service—but *not* BLM. By shifting these areas to BLM the Interior Department may hope to reduce their chances of Wilderness Act protection. Interestingly enough, when conservationists last year urged that BLM be given a mandate to review its lands for wilderness designation, BLM Director Curt Berklund was hotly opposed.

What is to be done? We think the course is clear. Conservationists should insist that this outrageous decision be revoked or, barring that, that the Congress take steps to block it. There is simply no valid justification for turning over more than 2 million acres of America's best wildlife habitat to a handful of livestock and mining interests having no concern for the future of this country's wilderness wildlife populations and those dependent on a natural condition for survival.

By Mr. METCALF (for himself, Mr. Mansfield, Mr. Allen, Mr. Hollings, Mr. Thurmond, Mr. Burdick, and Mr. McClure):

S. 1294. A bill to provide additional funds to the States for carrying out wildlife restoration projects and programs, and for other purposes. Referred to the Committee on Commerce.

Mr. METCALF. Mr. President, I introduce today a bill that seeks to expand our national capability to restore and enhance wildlife. This would be done by building on the successful foundation of the Federal Aid in Wildlife Restoration Act of 1937, a program that pays its own way.

That program, administered by the U.S. Fish and Wildlife Service, has been a tremendous force in acquiring and developing key areas of wildlife habitat, in stimulating research to learn the biology and needs of our wildlife, in upgrading wildlife conservation programs in every one of our 50 States. It can be said without exaggeration that no other single program has contributed so fully to the restoration and improved management of America's wildlife.

Financial support for this outstanding program comes entirely from the American sportsman. Through manufacturers' excise taxes, he pays for the entire program, including its administration by the Fish and Wildlife Service.

The Federal Aid in Wildlife Restoration Act was signed by President Franklin D. Roosevelt on September 2, 1937. It dedicated a then 10-percent excise tax on sporting arms and ammunition for wildlife restoration. The money is deposited in a Federal aid in wildlife restoration fund. The revenue collected is apportioned by formula to the respective States and territories.

The program was initiated on July 1, 1938, through an appropriation of $1,000,000, as a reimbursable contract grant program. Other than the initial appropriation, the entire program has been supported wholly by America's sportsmen ever since.

During World War II, the Congress imposed new excise taxes on many articles and raised the percentage on items already taxed. Thus, the excise tax on sporting arms and ammunition became 11 percent. Also during World War II more money was being collected than could be fully used by the States and the Congress permitted the tax collections to accumulate in the fund.

Although there have been several amendments to the act, its basic principle remains unchanged. In fiscal year 1948, the Congress authorized the amount of the tax collected by the Treasury in each fiscal year to be appropriated automatically in total in the succeeding fiscal year. That increased efficiency of fiscal administration for the Federal departments and the States.

The backlog of $13.5 million which had accumulated during World War II was authorized under Public Law 84–375 to be apportioned in five annual equal amounts under the statutory formula beginning with fiscal year 1956.

Public Law 91–503, approved on October 23, 1970, provided that the long-standing—since 1932—10-percent excise tax on pistols and revolvers be credited to the wildlife restoration program. One-half of the funds apportioned from this additional revenue may be used by the States for improved outdoor education programs and shooting range construction. A similar amendment imposing an 11-percent excise tax on certain types of archery gear was signed on October 25, 1972. My bill would impose a similar tax on the remaining logical source of support for this vital program, the powder, shot, and other components of hand-loaded ammunition.

During its 36 years, the Federal aid in wildlife restoration program accomplishments are legend. In fact, during the post-World War II period of excise tax cancellations, it was the sportsmen paying the tax that implored the Congress to maintain this successful program. They wanted to pay for it so they must have felt that they were getting their money's worth.

At the close of fiscal year 1974, the U.S. Treasury had collected $624,703,604.29 through this tax; and, through fiscal year 1975, $593,966,125.45 has been apportioned to the 50 States in support of wildlife programs. Only $37,737,478.84, 4.9 percent, has been retained by the Secretary of the Interior as authorized by the statute and about 3 percent has been used in direct program administration. Gross program expenditures including the States' 25-percent share exceed $741 million.

An outstanding contribution of the program has been the professional upgrading of the staffs of State wildlife conservation departments. A review of the wildlife profession, including appropriate positions in universities and colleges, reveals that about 75 percent of the wildlife resource professionals are or were at one time employed under this program. Thus, in addition to providing a greatly expanded employment opportunity, the percentage of professionally trained people on all agency staffs increased from as low as zero to almost 100 percent. The proof of the value of this program is the dramatic increase in America's wildlife, many species of which formerly were at a very low point.

Physical accomplishments include: acquisition in fee of almost 3.5 million acres of wildlife habitat at a cost of over $100 million; additional land control through lease, easement, license, agreement, and so forth, of over 36 million acres; development, operation, maintenance, and management of 3,000 game management areas; successful introduction or reintroduction of over 50 species of birds and mammals providing some thriving populations in every State and territory. Non-hunted species also invariably benefit from the purchase, development, and protection of wildlife management areas in all States.

During the early years of the program, one of the major activities was the initiation of an inventory of "what do we have, how many, and where." These investigations were coupled with research into techniques for maintaining the status of the respective populations and included such methods as: age and sex criteria; habitat evaluation systems; population thresholds; and trapping, tagging and monitoring methods. As staff capability and the flow of dollars increased the emphasis toward practical research advanced. The need for pooling equipment and specialists in interrelated fields results in multistate cooperative research ventures utilizing the available expertise for specific problems normally beyond the economic capability of individual States.

Thus a program that was introduced in fiscal year 1939 at $1,000,000 level of funding has grown to more than $50,000,000 in fiscal year 1975. It has permitted the State fish and game agencies to pull themselves up by their own bootstraps. It has helped put the United States in the undisputed position of the foremost and most successful practitioner of wildlife management in all of the world. And, as I noted earlier, all of the money, with the exception of the pump-priming $1 million, has been paid by sportsmen.

The bill I have introduced would provide still more of America's sportsmen an opportunity to contribute to this worthwhile program. My bill would require that half of the components excise tax receipts and half of the previously enacted excise taxes on handguns and archery gear be allocated for wildlife restoration projects. The other half would be used only for hunter education and shooting range construction.

Hunter education and shooting range activities are becoming an increasingly important part of State wildlife programing. They result in better public understanding of wildlife and wildlife conservation which elicits more intense interest in the resource. Shooting ranges are important for hunter education and as public recreation facilities, especially near densely populated areas. In recent times, State wildlife agencies have been doubling each year the amount of money they invest in public shooting ranges. But the demand for these facilities has not been met. More funds are needed and will be produced by my bill.

I have been informed that there is broad agreement with my bill. National conservation organizations, sportsmen's groups, State wildlife agencies, handloaders associations, and the components manufacturers have voiced their support.

By Mr. ROTH:

S. 1295. A bill to limit the jurisdiction of the Supreme Court of the United States and any such inferior court as ordained and established by the Congress of the United States to enter any judgment, decree or order, denying or restricting, as unconstitutional, the exercise of free religious expression or the saying of voluntary prayer in any public school or other public building. Referred to the Committee on the Judiciary.

S.J. Res. 64. A joint resolution proposing an amendment to the Constitution. Referred to the Committee on the Judiciary.

VOLUNTARY SCHOOL PRAYER

Mr. ROTH. Mr. President, American education is rooted in the schools first transplanted here from England to the Massachusetts Bay colony by the Puritans. American values and tradition including the reading of the scriptures were nourished in the early American grammar schools.

Compulsory education came into being at a time when the thirst for religious and political freedom provided the stimulus for the early immigration and settlement of this country. Since this Nation's founding parents enjoyed the highly cherished freedom of rearing their children in an environment conducive to the development of moral values. Then came the Supreme Court decision of *Engel* v. *Vitale*, 370 U.S. 421.

Mr. President, I am sure that my colleagues are familiar with that decision and its aftermath. The immediate reaction of Congress to it was the introduction of more than 50 constitutional amendments to override the decision or to limit its impact upon a "vital and sensitive spot" in our national life.

Justice Douglas, though concurring, has these words to say which are relevant:

> First, a word as to what this case does not involve.
>
> Plainly, our Bill of Rights would not permit a state or the federal government to adopt an official prayer and penalize anyone who would not utter it. This, however, is not that case, for there is no element of compulsion or coercion in New Yorks regulation requiring that public schools be opened each day with the following prayer: "Almighty God, we acknowledge our dependence upon Thee, and we beg thy blessings upon us, our parents, our teachers and our country" ...
>
> What New York does on the opening of its public schools is what we do when we open court. Our marshal has from the beginning announced the convening of the court and then added, "God save the United States and this honorable court." That utterance is a supplication, a prayer in which we, the judges, are free to join, but which we need not recite any more than the students need recite the New York prayer.
>
> What New York does on the opening of its public schools is what each house of Congress does at the opening of each day's business. . . .

Mr. President, as a result of the Supreme Court's decision of 1962, the few that rejected religion have been able to impose their will over the vast majority of Americans—denying their children the right to harmlessly reaffirm their faith and dependence on God.

Mr. President, in the State of Delaware, as I am sure in the rest of the United States also, there is preponderent support for voluntary prayer in public schools. In 1969, I took a poll of my constituents. Eighty-four percent of the respondents favored a constitutional amendment to permit voluntary prayer in public schools.

Mr. President, in 1973, I introduced Senate Joint Resolution 89 to amend the Constitution of the United States to permit voluntary prayer in public schools or other public buildings, especially our public schools. The Senate Committee on the Judiciary of the 93d Congress did hold hearings on Senate Joint Resolution 89 and similar proposals. Regretably it was not reported. However, failure of enactment need not be reason for despair. If we do not succeed, we can certainly try, try, and try again, again, and again.

Mr. President, today I am reintroducing the same resolution and am urging that it be given priority consideration.

Recognizing that any constitutional amendment is a long and difficult road toward the reinstatement of voluntary prayer in public schools, I am introducing a second bill today to limit the jurisdiction of the Supreme Court of the United States and any such inferior court as ordained and established by Congress of the United States, to enter any judgment, decree or order, denying or restricting, as unconstitutional, the voluntary participation by anyone in the exercise of free religious expression or the saying of a prayer of his or her choice in any public school or building.

Mr. President, my proposal, is similar to S. 283 introduced by Senator HELMS, the distinguished senior Senator from the State of North Carolina. However, my bill is slightly different in that it addresses not merely voluntary prayer, but the voluntary participation by anyone in the free exercise of religious expression as well.

The purpose of my second bill is to reinstate the legal right to the States to make their own decision with respect to prayer in public schools. My bill will preclude the Supreme Court of the United States from having any appellate jurisdiction, and the Federal district courts from having any original jurisdiction over cases emanating from any State statute, ordinance, rule, regulation, or the like related to the free exercise of religious expression or the saying of a voluntary prayer in any public school or public building.

I am well aware that it will not overturn the Engel decision. That is not my intent because the reintroduction of my Senate joint resolution will, hopefully, accomplish that. Meanwhile, my second bill, if enacted, will keep future school prayer related cases out of Federal district courts and the Supreme Court.

Mr. President, I now send to the desk my legislative package, in support of prayer in public schools and I ask that the full texts be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill and joint resolution were ordered to be printed in the RECORD, as follows:

S. 1295

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

(a) chapter 81 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1259. Appellate jurisdiction; limitations

"(a) Notwithstanding the provisions of sections 1253, 1254, and 1257 of this chapter the Supreme Court shall not have jurisdiction to review, by appeal, writ or certiorari, or otherwise, any case arising out of any State statute, ordinance, rule, regulation, or any part thereof, or arising out of any Act interpreting, applying, or enforcing a State statute, ordinance, rule, or regulation, which relates to the exercise of free religious expression or the saying of voluntary prayers in public schools or other public buildings.".

(b) The section analysis at the beginning of chapter 81 of such title 28 is amended by adding at the end thereof the following new item:

"1259. Appellate jurisdiction; limitations.".

SEC. 2. (a) Chapter 85 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 1363. Limitation on jurisdiction

"Notwithstanding any other provision of law, the district courts shall not have jurisdiction of any case or question which the Supreme Court does not have jurisdiction to review under section 1259 of this title.".

(b) The section analysis at the beginning of chapter 85 of such title 28 is amended by adding at the end thereof the following new item:

"1363. Limitations on jurisdiction.".

SEC. 3. The amendments made by the first two sections of this Act shall take effect on the date of the enactment of this Act, except that such amendments shall not apply with respect to any case which, on such date of enactment, was pending in any court of the United States.

S.J. RES. 64

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"SECTION 1. Nothing contained in this Constitution shall abridge the right of persons lawfully assembled, in any public school or other public building which is supported in whole or in part through the expenditure of public funds, to participate in voluntary prayer.

"SEC. 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress."

By Mr. MORGAN:

S. 1297. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide for an improved method of selection of the State planning agency, and for other purposes. Referred to the Committee on the Judiciary.

AMENDMENT OF THE OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968

Mr. MORGAN. Mr. President, I am today introducing an amendment to the Omnibus Crime Control and Safe Streets Act of 1968. This bill (S. 1297) could have a major impact on the administration and allocation of LEAA funds.

Under the present legislation the various State Governors have the responsibility for establishing and overseeing the State planning agencies, which with the statewide committees, administer the LEAA program at the State level. I believe that experience has proved that this is bad policy and bad law and I think it time that it be corrected.

As many of you know, I served as attorney general of North Carolina for some 6 years prior to resigning to seek the public office I now hold. By tradition, the attorney general of a State is considered the chief law officer of that State and it is to him that citizens automatically turn for leadership in the area of law and order and justice. By virtue of my office, I served on the statewide planning committee along with some 25 or 30 other persons. However, in spite of the fact that the attorney general is considered the chief law officer of his State, the attorney general of my State as in many others has absolutely no control over the functioning of the committee or its staff.

I, for one, believe that programs intended to improve the quality of criminal justice in this Nation ought to be administered by those who are involved in the day-to-day problems related to the criminal justice system. At least, I think the legislative bodies of the States should have the right to determine by whom the program will be run in their respective States and not be bound by Federal legislation to administration under the direct control of the Governor.

The LEAA program has come under increasing criticism and a good part of it has been to the effect that those administering it at the Federal and State level have not been responsive to the needs of the agencies receiving grant funds. I believe that a good way to insure that responsiveness is to let the legislative bodies of the States determine who is best suited in their State to administer a program to improve the criminal justice system. Frankly, in many instances I do not believe that will be the Governor or his designee as the law now provides.

My bill would not preclude the Governors from running the program in their States. It would simply provide that some constitutional officer other than the Governor could administer the program if the duly elected legislative officials of that State determined that the goals of the program could thus be better served.

During the last several years I have experienced and seen others experience the frustration of seeing a program vitally related to the office to which one was elected run by persons at the State level who had little background or interest in the area of criminal justice. Time has proved that the logic which prompted the restriction in the existing law was faulty and for this reason I offer this amendment to the Omnibus Crime Control and Safe Streets Act of 1968.

Mr. President, I ask unanimous consent that this bill (S. 1297) be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1297

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 203(a) of the Omnibus Crime Control and Safe Streets Act of 1968 is amended to read as follows: "Such agency shall be established by the State legislature or designated by a constitutional officer selected by the State legislature and shall be subject to the jurisdiction of a constitutional officer selected by the State legislature."

Sec. 2. The amendment made by this Act shall become effective on the first day of the third month following the last month during which the State legislature meets in regular or special session on or after the date of enactment of this Act or one year after the date of enactment of this Act, whichever occurs first.

By Mr. BELLMON:

S. 1298. A bill to amend the Interstate Commerce Act. Referred to the Committee on Commerce.

Mr. BELLMON. Mr. President, today I am introducing legislation which would significantly modify the emergency rail provision, section 1(16)(b), of the Interstate Commerce Act.

The Nation has already been faced with a state of failing railroads. Various actions have been taken to help assure that necessary services to affected communities will be continued. These actions, in my opinion, are vastly inadequate and in addition they offer no help at all to the thousands of employees who are affected.

Mr. President, the impending shutdown of the Rock Island Railroad threatens to put more than 10,000 employees out of work at a time when other jobs are difficult if not impossible to find. The hardship upon these workers is intense. They deserve far more consideration from the railroads which will absorb the Rock Island and provide future services than the present law provides.

The bill I am introducing will help give these loyal and dedicated men and women an opportunity to continue their careers and continue using their skills in the transportation industry of our country.

Under present Federal law, the Interstate Commerce Commission is empowered under section 1(16)(b) to order another railroad to operate all or a portion of a failing railroad in order to assure the preservation of essential services. This remedy is limited to 60 days although it can be extended for cause for a maximum of 240 days. The Federal Government is obligated to compensate fully any costs which profitable railroads entail in performing services for the failing railroad.

Although the implementation of this provision will assist greatly in insuring that essential services are maintained, we have seen in the case of the Rock Island Railroad that this act simply does not go far enough in guaranteeing that the employees affected will keep their jobs and that rail service is fully maintained in all communities being served. It is for this reason that I am today introducing legislation which, if enacted, would make the following changes in section 1(16)(b) of the Interstate Commerce Act.

First, the ICC would be required to provide for the operation of the entire rail system of any railroad when its cash position makes its continued operation impossible. At present, the ICC is empowered to decide in its infinite wisdom which lines are to be operational thereby leaving some areas without assured rail service. This change would remove this discretionary authority and guarantee the continued operation of all areas presently being served by the failing railroad.

Second, this bill would mandate that the rail carrier's lines be operated for a period of 18 months.

Third, the rail carriers ordered to take over the operation of the bankrupt railroad would be required to utilize the services of all its employees during this 18-month period.

By enacting this proposal, Congress would make it possible that when a railroad is unable to maintain its operation a means will become available to guarantee for a period of at least 18 months full employment and continued rail service to all communities. This will permit the time necessary for a proper and orderly economic readjustment to the many problems caused by the economic failure of the railroad.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1298

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1, paragraph (16)(b) of the Interstate Commerce Act be amended to read as follows:

"(b) Whenever any carrier by railroad is unable to transport the traffic offered it because—

"(1) its cash position makes its continuing operation impossible;

"(2) it has been ordered to discontinue any service by a court; or

"(3) it has abandoned service without obtaining a certificate from the Commission pursuant to this section;

the Commission shall upon the same procedure as provided in paragraph (15) of this section make such just and reasonable directions as will provide for the operations of the entire system of such carrier's lines subject to the following conditions:

"(A) Such direction shall be effective for a period of 18 months; provided that during the 18 month period no service in existence at the beginning of such period shall be terminated."

(B) No such directions shall be issued that would cause a carrier to operate in violation of the Federal Railroad Safety Act of 1970 or that would substantially impair the ability of the carrier so directed to serve adequately its own patrons or to meet its outstanding common carrier obligations.

(C) the directed carrier shall not, by reason of such Commission direction, be deemed to have assumed or to become responsible for the debts of the other carrier.

(D) The directed carrier or carriers shall hire all employees of the other carrier to the extent such employees had previously performed the directed service for the other carrier, and, as to such employees, the directed carrier or carriers shall be deemed to have assumed all existing employment obligations and practices of the other carrier relating thereto, including, but not limited to, agreements governing rate of pay, rules and working conditions, and all employee protective conditions commencing with and for the duration of the direction.

(E) any order of the Commission entered pursuant to this paragraph shall provide that if, for the period of its effectiveness, the cost, as hereinafter defined, of moving the traffic of another carrier shall exceed the direct revenues therefor, then upon request, payment shall be made to the directed carrier, in the manner hereinafter provided and within 90 days after expiration of such order, of a sum equal to the amount by which such cost has exceeded said revenues. The term "cost" shall mean those expenditures made or incurred in or attributable to the operations as directed, including the rental or lease of necessary equipment, plus an appropriate allocation of common expenses, overheads, and a reasonable profit. Such cost shall be then currently recorded by the carrier or carriers in such manner and on such forms as by general order may be prescribed by the Commission and shall be submitted to and subject to audit by the Commission. The Commission shall certify promptly to the Secretary of the Treasury the amount of payment to be made to said carrier or carriers under the provisions of this paragraph. Payments required to be made to a carrier under the provisions of this paragraph shall be made by the Secretary of the Treasury from funds hereby authorized to be appropriated in such amounts as may be necessary for the purpose of carrying out the provisions hereof.

By Mr. CHURCH (for himself, Mr. JACKSON, and Mr. FANNIN) (by request):

S. 1299. A bill to amend the Water Resources Planning Act to revise the membership of the Water Resources Council. Referred to the Committee on Interior and Insular Affairs.

Mr. CHURCH. Mr. President, by request, I send to the desk on behalf of the Senator from Washington (Mr. JACKSON) and the Senator from Arizona (Mr. FANNIN) a bill to amend the Water Resources Planning Act to revise the membership of the Water Resources Council.

Mr. President, this draft legislation was submitted by the U.S. Water Resources Council, and I ask unanimous consent that the explanation of the amendment accompanying the proposal be printed in the RECORD.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

BACKGROUND INFORMATION

The Water Resources Council (WRC) was established by the Water Resources Planning Act of 1965 (P.L. 89-80) for the purposes of preparing periodic national assessments of the adequacy of the Nation's water and related land resources; directing and coordinating comprehensive regional and river basin planning; recommending to the President needed changes in Federal policies and programs; establishing, with the approval of the President, principles, standards, and procedures for Federal water and related land resources planning; coordinating such planning activities, performing responsibilities with regard to the creation, operation, and termination of Federal-State river basin commissions; and providing financial assistance to the States so as to increase their participation in water and related land resources planning.

The proposed bill would amend the Water Resources Planning Act to revise the membership of the Water Resources Council.

The Council of Members has unanimously approved full membership in the Water Resources Council for the Secretary of Commerce, the Secretary of Housing and Urban Development, and the Administrator of the Environmental Protection Agency and has recommended that appropriate action be taken to make them full members. The Secretaries and the Administrator have indicated that they would favor full membership and participation in the Council. At present, the Secretary of Commerce, the Secretary of Housing and Urban Development and the Administrator of the Environmental Protection Agency are non-statutory "associate" members of the Council. This status does not give them the privileges and responsibilities of statutory membership; the Secretaries cannot vote and their roles are essentially advisory.

The Department of Commerce has responsibility for providing extensive basic economic data and projections (OBERS) in cooperation with the Department of Agriculture, for certain marine resources affairs, for fostering industrial expansion and economic development which requires substantial use of water and related land resources, for providing the national networks of geodetic control surveys, and for river flow forecasting and flood warning.

The Department of Housing and Urban Development has contributed much to the Council by providing a link between planning for river basins and planning for the concentrated urban population centers. The National Flood Insurance Program, established by the Housing and Urban Development Act of 1968, as amended, will require extensive coordination with all flood damage prevention programs for which the other Council members have major responsibilities.

The Environmental Protection Agency has major responsibilities with respect to water quality and other aspects of water resources use. These responsibilities are an integral part of coordinated and comprehensive water resource planning. Without participation of EPA, major components of water resources activities represented in the Council prior to the creation of the Agency cannot be adequately considered in the Council's coordinated activities.

The Department of Transportation Act of 1966 expanded WRC membership to include the Secretary of Transportation on matters pertaining to navigation features of water resource projects. The Water Resources Planning Act of 1965 does not have language including the Secretary of Transportation and therefore this amending language is necessary for purposes of completeness.

In addition, the Secretary of Health, Education, and Welfare has requested to be removed from full membership status on the Council. The Council of Members unanimously approved the request.

Removal of the Secretary of HEW is appropriate because of Reorganization Plan No. 3 of 1970 which transferred virtually all water resources and related land planning functions then existing in HEW to the new Environmental Protection Agency.

By Mr. KENNEDY (for himself and Mr. WEICKER):

S. 1300. A bill to revise title 23 of the United States Code, relating to highways, terminate the Highway Trust Fund, and amend the Urban Mass Transportation Act of 1964, in order to improve transportation. Referred to the Committee on Public Works.

(The remarks of Mr. KENNEDY and Mr. WEICKER when they introduced the above bill appear earlier in the RECORD.)

By Mr. CHURCH (for himself, Mr. JACKSON, and Mr. FANNIN) (by request):

S. 1301. A bill to promote a more comprehensive national program of water resources research and technology development to reorganize certain functions in the Department of the Interior, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

WATER RESOURCES RESEARCH AND TECHNOLOGY DEVELOPMENT ACT OF 1975

Mr. CHURCH. Mr. President, by request, I send to the desk on behalf of the Senator from Washington (Mr. JACKSON) and the Senator from Arizona (Mr. FANNIN) a bill to promote a more comprehensive national program of water resources research and technology development to reorganize certain functions in the Department of the Interior, and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Secretary of the Interior be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., March 10, 1975.

Hon. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.
Hon. NELSON ROCKEFELLER,
President of the Senate,
Washington, D.C.
Dear Mr. President.
Dear Mr. Speaker.

There is enclosed a draft bill "To promote a more adequate national program of water resources research and technology development, to reorganize certain functions in the Department of the Interior, and for other purposes." It constiutes an amendment to the Water Resources Research Act of 1964, P.L. 88-379, as amended by P.L. 89-404 and P.L. 92-175.

We recommend that the proposed bill be enacted.

The bill combines into a new Office of Water Research and Technology those functions authorized by the Saline Water Conversion Act of 1971, P.L. 92-60, and the Water Resources Research Act of 1964, P.L. 88-379, as amended. It also provides for an expanded technology development program which encompasses desalting technology development activities authorized by the Saline Water Conversion Act of 1971 but, additionally, provides authorization to pursue, through technology development program actions, the results of other water-related research authorized by the Act to the stage where such findings and determinations can be used for practical application in resolving or mitigating the Nation's water and water-related problems.

The draft bill extends certain authorities under the Water Resources Research Act which would otherwise expire at the end of fiscal year 1976. That Act authorizes the appropriation of funds with which the Secretary of the Interior can by means of grants, matching grants, contracts or other arrangements with qualified educational institutions, private firms and individuals, and with local State and Federal government agencies, undertake research into aspects of water problems related to the mission of the Department of the Interior which may be deemed desirable and are not otherwise being studied. This authorization started at $5,000,000 in fiscal year 1967 and gradually increased to a maximum of $10,000,000 for each fiscal years 1972 through 1976.

The bill does not change the "Assistance to State for Institutes" or the "Matching Grants for Institutes" water resources research, training, and technical information dissemination program currently authorized by Title I of P.L. 88-379, as amended. Institutes, together with their cooperating universities, will continue to be a major source for producing the basic problem-oriented research results that are an absolute requirement for sound and cost-effective technology development. The draft bill authorizes appropriation of such funds as may be specified by the Congress in annual appropriation acts to carry out the provisions of Title II, in contrast to the specified limitations of the present Act.

Similarly, the Saline Water Conversion Act of 1971 authorizing annual appropriations for the initiation of new desalting program work extends only through fiscal year 1977. The draft bill would extend this program in modified form. Inasmuch as the functions authorized by the Saline Water Conversion Act are incorporated as part of the research and development activities authorized under the proposed amended Title II of the Water Resources Research Act of 1964, the draft bill repeals the Saline Water Conversion Act of 1971, P.L. 92-60, as amended.

The draft bill as forwarded is lacking patent provisions which will be provided in the near future.

New legislation is desirable to continue the water resources research and the technology development programs previously administered by the Office of Water Resources Research and the Office of Saline Water. Excellent progress has been made during the last decade in research directed toward a better understanding of the many complex biological, physical and sociological elements which comprise our water resource systems. There is, however, less certainty of the effectiveness with which these excellent and innovative research results have been interpreted and converted into practical applications. Recognition of this technology development and technology transfer deficiency prompted the National Water Commission, in its 1973 Report, to recommend that the Federal government establish an Office of Water Technology.

To meet this need of converting water resources research results into viable action programs without sacrificing the emphasis on research, the Secretary of the Interior established an Office of Water Research and Technology this past July. This action combined the functions then assigned to the Office of Water Resources Research and the Office of Saline Water, and established added responsibility for assuring the systematic and orderly application of research and research results to our most critical water problems.

The bill contains a provision that the Department of the Interior will cooperate fully with the Environmental Protection Agency to avoid duplication of efforts and it was the stated view of the Department of the Interior representatives, during negotiations formulating the bill, that the Department had no intention to encroach upon matters already being undertaken by EPA or to duplicate their efforts. It was understood that the Department of the Interior would coordinate its efforts with EPA to the extent necessary.

The proposed bill provides a comprehensive framework for carrying out this coordinated water resource research and technological development effort.

The Office of Management and Budget has advised that the presentation of this proposed legislation would be consistent with the Administration's objectives.

Sincerely yours,

JACK HORTON,
Assistant Secretary of the Interior.

By Mr. WILLIAMS (for himself, Mr. RANDOLPH, Mr. KENNEDY, Mr. HARTKE, Mr. MCGEE, Mr. SCHWEIKER, Mr. MCGOVERN, Mr. HUMPHREY, Mr. METCALF, Mr. HATHAWAY, Mr. PELL, Mr. EAGLETON, Mr. RIBICOFF, Mr. TUNNEY, Mr. JACKSON, Mr. ABOUREZK, Mr. STAFFORD, Mr. GRAVEL, Mr. STEVENSON, Mr. MONDALE, Mr. PHILIP A. HART, Mr. MUSKIE, Mr. GARY W. HART, Mr. MANSFIELD, Mr. BAYH, Mr. CASE, Mr. NELSON, Mr. CHURCH, Mr. CRANSTON, Mr. JAVITS, Mr. BROOKE, Mr. CLARK, Mr. BENTSEN, Mr. MAGNUSON, Mr. MOSS, Mr. GLENN, Mr. HASKELL, Mr. BUMPERS, Mr. MONTOYA, and Mr. BIDEN):

S. 1302. A bill to promote safety and health in the mining industry, to prevent recurring disasters in the mining industry, and for other purposes. Referred to the Committee on Labor and Public Welfare.

FEDERAL MINE SAFETY AND HEALTH AMENDMENTS OF 1975

Mr. WILLIAMS. Mr. President, I am introducing for myself and other Senators, legislation designed to provide for increased efficiency and better management of our mine safety regulatory agencies. The cosponsors of this bill represent a national and bipartisan constituency. We serve on the committees concerned with our Nation's most pressing human and economic problems—Labor and Public Welfare, Public Works, and Interior. While we represent both mining and nonmining States, States with a wide divergence of economic and social problems, we have a unified concern for protecting the safety and health of our working miners. The tragic number of mine accidents in recent years has shown that the effectiveness of our mine safety programs has fallen drastically short of their anticipated goals. We in Congress have long recognized mining as one of the most dangerous occupations in this country, and over the years we have attempted to reduce its occupational hazards by passing major mine safety legislation. Unfortunately, our efforts have been largely frustrated by the tepid administration and enforcement of these laws by the Department of the Interior. Therefore, it again becomes our responsibility to alleviate the suffering of the Nation's miners and their families by providing the legislative machinery to reduce mine fatalities and injuries to an absolute minimum. The vehicle by which we hope to achieve this end is S. 1302, the Federal Mine Safety and Health Amendments of 1975.

The proposed legislation has three principal features: First, the bill will take the long overdue action of combining all mine workers under a single, strong piece of legislation. Mine safety and health is now regulated under two separate laws—the Federal Coal Mine Health and Safety Act of 1969 and the Metal and Nonmetallic Mine Safety Act of 1966.

Second, the functions of the Secretary of the Interior under the present Coal Mine and Metal Mine Acts will be transferred to the Secretary of Labor in a separate mine-safety and health administration, with an administrator, subject to Senate confirmation.

Third, the bill provides for standard setting and enforcement procedures which would conform to the Administrative Procedure Act and provide for appellate court review.

One of the major features of our proposed legislation is to transfer all responsibility for mine safety regulation and enforcement from the Department of the Interior to the Department of Labor. We consider this absolutely imperative if our nation's miners are to receive maximum benefit from the efficient administration of mine safety regulations. We deem this transfer necessary because of the inherent conflict imposed on the Department of the Interior by virtue of its dual mandate to maximize mineral and fuel production and to enforce mine safety regulations. Historically, the Interior Department's primary function has been the development of the Nation's natural resources. The protection of persons who must produce those resources often has been perceived as one of the Department's secondary functions. At best, maximizing mine production and enforcing mine safety are certainly conflicting roles for the Department. This dual mandate, compounded by the current increased demand for energy, really puts the Department between "a rock and a hard spot" in determining its policy priorities.

The Secretary of the Interior recognized this conflict in principle when he reorganized his Department in May, 1973, to separate responsibility for mine safety and health from the other functions of the Bureau of Mines. To this end, he created the Mining Enforcement and Safety Administration (MESA). However, while this has resulted in some improvement over the prior situation, the fact remains that the responsibility for the miners' health and safety continues to reside in a Department whose first concern is production. We recognize that MESA has many people who are dedicated to mine safety and that their corps of inspectors is well qualified. We simply maintain that MESA cannot be primarily responsive to the working miner's needs if it continues to be housed within the Department of the Interior.

One provision of our bill will transfer MESA's qualified and dedicated personnel resources to the Department of Labor, a Department which has no inherent conflict in its duty to American workers, a Department that has long been recognized as the advocate of the American worker with the Federal Government, one which has the interest and well being of workers at the top of its priority list. This bill will transfer those personnel now administering mine health and safety. We admit that transferring the administrative agency from one department of government to another does not represent an ultimate resolution of the mine safety problem. Rather, it represents the first step toward insuring vigorous enforcement of the law. It is a means toward the ultimate goal of reducing the present rate of death and disabling injuries that eats at the vitals of this important industry.

Let us pause for a minute on the matter of maximization of energy resources. I would like to bring to your attention the problems we will face in increasing coal production to meet the Nation's demands. We have vast coal resources, and when extracted, these can satisfy our energy needs for many years in the future. To some extent, coal can replace petroleum products as energy fuel and hence lessen our dependence on foreign oil. It may seem to some that we can immediately curtail our oil imports by producing more coal. While it is recognized that strippable coal production can be increased almost immediately, the same is not true for underground coal production. This is because we do not have a ready stock of high production mining machinery, nor do we have an excess of skilled coal miners. Modern mining equipment is very sophisticated, and if a coal operator were to order new machinery tomorrow, his anticipated delivery date may be 2 or more years in the future. Should he advertise for skilled coal miners, he may not get enough response to begin a single shift.

Therefore, any immediate increase in coal production by underground mining would require an increase in output of existing mines by using on-hand equipment and by training more miners. If we attempt to increase production by operating around the clock, inexperienced miners will have to be utilized. As a matter of fact, some coal companies do now operate on a 24-hour basis, but they have the necessary equipment, expertise, and personnel to comply with the safety regulations. Some others do not. Therefore, we need a comprehensive and an effective mine safety program to insure the health and safety of those who are already employed and those who choose to enter mining occupations in the future. We think S. 1302 will fill that need.

A major defect in our present mine-safety legislation is that we have two separate Federal laws in existence: the 1966 Metal and Nonmetallic Mine Safety Act, which regulates mine safety in metal and nonmetallic coal mines, and the 1969 Coal Mine Health and Safety Act for the regulation of safety in coal mines. This has resulted in two separate enforcement divisions under MESA, which perform approximately the same regulatory functions for these two broad classes of mining operations. S. 1302 would place all mine-safety enforcement under one law administered by a single agency, thus ending the tremendous duplication of effort and disparity in operations between the two divisions. I will predict that before the ink is dry on today's Congressional Record, we will be hearing from those who oppose the single-manager concept and will uncategorically state that it is impossible to administer metal mining and coal mining under a single law. This is like saying that the manufacturing and construction industries cannot be regulated under a single statute by one agency. I would only mention that this is already being done by the Occupational Safety and Health Administration (OSHA) under the Department of Labor.

While OSHA may not be perfect, considerable progress has been made since the act was passed in 1970, and continuing improvement is expected. Again, by transferring mine safety to the Labor Department, a close relationship between OSHA's functions and mine safety regulatory functions will be effected. The opportunity to further reduce Federal expenditures, due to current duplication of efforts or facilities, is apparent. It is also expected that OSHA will benefit from the accummulated technical expertise of the mine-safety regulatory agency, once MESA is transferred to the Department of Labor.

Because I seem to have emphasized the increased efficiency of mine safety enforcement in my introduction of S. 1302, I do not want to convey the impression that our concern with operational efficiency is more important than humanitarian considerations. On the contrary, our primary objective is to minimize the suffering of miners and their families, and we view any improvement in operational efficiency as a means to that end.

While there have been no major mine disasters in the past 2 years, we should not allow the passage of time to dim our memory of two of the most calamitous disasters in American mining history that took place in 1972. On May 4, 1972, 91 men were killed in a mine fire at the Sunshine Silver Mine near Kellogg, Idaho. On February 26, 1972, the collapse of a coal mine refuse dam at Buffalo Creek, W. Va., took the lives of 125 inhabitants of the valley, including 14 coal miners. A total of 392 miners were killed in 1972—more than in any year since 1968, when 460 miners were killed while working. We contend that such a large number of deaths in any single year is a direct result of inadequate safety standards, standards which have been further diluted and made ineffective by questionable interpretations of the two existing laws covering mine safety.

The need for improvement in mine safety continues to be evident when the death rates for 1973 and 1974 are reviewed. During 1973, 132 coal miners were killed while pursuing their occupation. In 1974, 130 coal miners were killed while mining, and although this is two fewer than in the preceding year, it must be remembered that the mines were completely closed for almost 4 weeks during the 1974 contract negotiations and were operating at only 50 percent of capacity for another 2 weeks beyond that. We estimate that, had the mines not been shut down either completely or partially for a month and a half, the total number of fatalities for 1974 would have been greater than in 1973.

Obviously, the enforcement of the regulations pursuant to the 1969 Coal Mine Health and Safety Act is not having the desired result, despite the increase in the number of Federal coal mine inspectors from 1,226 in 1973 to 1,275 in 1974 and despite an increase in notices of violations issued against coal mine operators between the 2 years—from 71,155 in 1973 to 81,463 in 1974. In our view, there should have been a marked decrease in fatalities between 1973 and 1974, especially since MESA has been given ample resources to carry out its responsibilities.

As I mentioned earlier, there are two separate divisions in the Mining Enforcement and Safety Administration, one for coal mines and the other for metal and nonmetallic mines. The statistics for the metal and nonmetal mines are slightly better but still leave much room for improvement. The number of fatalities in metal and nonmetallic mines in 1974 was 151, compared to 175 in 1973, or a decrease of 24.

Why there should be such a marked difference in the results of the two divisions of the same organization is hard to understand, and it would seem logical that, since the same training and technical facilities are available both, the results should be somewhat equal. I would also mention that 36 of the fatalities charged to metal and nonmetal mining occurred in sand and gravel operations. Under the proposed legislation, sand and gravel operations would be placed under the jurisdiction of OSHA, where they could be more appropriately handled.

To those who might oppose new legislation, particularly that calling for the transfer of the Mining Enforcement and Safety Administration to the Department of Labor, I can only say that the record indicates a change is drastically needed. The effective enforcement of mine safety regulations is going to be critical in the coming months in view of the increased demand for energy fuels. There are those who will say that mine accidents, injuries, and fatalities are a normal part of the mining business and a part of the price we must pay for our energy needs. I cannot endorse the view that we must sacrifice human lives in order to further our existence—or even worse—our personal comfort and well being.

So far, I have directed my introductory remarks to the need for this legislation and, before closing, I should briefly explain some of the other provisions of the bill.

These are: a general duty provision to cover unique but dangerous circumstances for which no standards have been set; exclusion of the construction-oriented sand and gravel operations from mine safety regulations, which will allow the mine safety enforcement agency to concentrate its efforts on the more dangerous underground mining; *provision* for standard setting and enforcement procedures which would conform to the Administrative Procedure Act and provide for appellate court review; elimination of advisory health and safety standards, either by making them mandatory or by eliminating them completely. The new legislation would also provide for assessment of penalties for violations in metal and nonmetallic mines, a feature that presently applies only to coal mines. Health research matters are transferred to the Secretary of Health, Education, and Welfare under the National Institute of Occupational Safety and Health. Some particular provisions of the 1969 Coal Mine Health and Safety Act to be retained in the new legislation are the requirement that all underground mines be inspected at least four times a year and that especially hazardous mines be given a spot inspection at least once every 5 working days. In addition, the Secretary of Labor would retain the sanction to close a mine for certain violations, and this provision is, in fact, strengthened under our proposed legislation.

Most of all, the new legislation will contain a number of streamlined enforcement and review procedures which should reduce excessive delays in assessing fines. There still exists a disturbing gap between the amounts of penalties proposed by MESA for mine safety violations and the amounts actually collected in fines. This gap can largely be attributed to the delay between the time of citation for a violation by the mine inspector and the issuance of a proposed assessment order. A July 1972 GAO report on MESA's penalty assessment system showed that the average time between the citation for a violation by the mine inspector and the issuance of a proposed assessment order was 129 days, with some delays ranging upward to 279 days. That same report revealed that of approximately $12 million in proposed penalties only $1.4 million had actually been collected.

In March 1973, a Federal judge ruled that the Interior Department's regulations and procedures for assessing fines were illegal, further complicating the collection of the full amount of penalties from coal companies who have violated the law. In April 1973, the Secretary of the Interior suspended the procedures for informal assessment of civil penalties and in October 1973, decentralized the assessment process by placing it in the district offices rather than in Washington. While some 70 coal mine inspectors were assigned to duty as assessment officers in an effort to clear up the backlog, MESA attorneys began compromising the penalties in an effort to further expedite the reduction of the backlog.

In June 1973, the Solicitor of the Department of the Interior issued Solicitor's Regulation 31 which gave solicitors within MESA the authority to dismiss Federal Mine Safety Acts of 1966 and 1969 and also gave regional and field solicitors and attorneys within a region the authority to dismiss and compromise litigation before the Office of Hearings and Appeals. This regulation was implemented immediately, and outstanding penalties compromised at an average of only 30 cents on the dollar. In one instance, an assessed penalty of $3,325 was settled for $1.

Our latest records show that the total amount assessed for all cases as of January 31, 1975 was about $48 million, of which only about $11.6 million has been collected, leaving an approximate difference of $36.4 million in unpaid assessments. Between April 24, 1973 and February 1, 1975, of some 20,546 new cases assessed for a total of $19,449,400 million, 6,293 cases were settled for a total of $4,681,782 million. We should emphasize that these figures are taken from data furnished by MESA itself. By contrast, OSHA's records show that of approximately $6.5 million in assessments for calendar year 1974, over $5 million has been collected.

It is difficult to estimate exactly how much of the $36 million in total unpaid assessments has been collected by the Department since the end of January 1975. But the Department has acknowledged that it is currently compromising the penalties for 30 to 40 cents on the dollar. This continued practice of compromising the penalties will hardly permit the Department to collect outstanding assessed penalties in full, let alone encourage compliance with the law.

I think these figures speak for themselves. We are not convinced that Interior's present system of processing and collecting penalties serves as an effective deterrent against mine safety violations. More to the point, the relationship between the violation itself and the amount of the fine is lost in a process whereby the adverse action between the coal operator and the government becomes more important than the safety or health violation. Let me emphasize that we are not concerned with collecting fines as an end in itself, but rather with the maintenance of an efficient but fair system of fines that will command respect from both the mine operators and the workers and serve as an incentive for voluntary compliance with the law.

To conclude, we are confident that our proposed legislation will resolve the conflict between the mandate to maximize mine production and to regulate mine safety that necessarily exists within the Department of the Interior by placing all mine safety regulatory functions under a single law administered by a single agency within the Department of Labor. It will allow further for the ready exchange of ideas, expert information, and experienced personnel between mine safety and occupational safety regulatory agencies within the same Department. I believe that this legislation is fair, that it will not impose an excessive burden on the mine operators, and that it will serve both the interests of the workers and of the business community.

I ask unanimous consent that S. 1302 together with an explanation be printed in the RECORD.

There being no objection, the 6:11 and analysis were ordered to be printed in the RECORD, as follows:

S. 1302

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Mine Safety and Health Amendments of 1975".

TITLE I—AMENDMENTS TO THE GENERAL PROVISIONS OF THE FEDERAL COAL MINE HEALTH AND SAFETY ACT OF 1969

SHORT TITLE

SEC. 101. The first section of the Federal Coal Mine Health and Safety Act of 1969 is amended to read as follows: "That this Act may be cited as the Federal Mine Safety and Health Act of 1975' ".

DEFINITIONS AND APPLICABILITY

SEC. 102. (a) (1) Section 2 of the Federal Mine Safety and Health Act of 1975 is amended by striking out "coal" wherever it appears. (2) Section 2(g) (1) of such Act is amended by striking out "the Interior" and inserting in lieu thereof "Labor."

(b) (1) Section 3(a) of such Act is amended by striking out "The Interior" and inserting in lieu thereof "Labor".

(2) Section 3(h) of such Act is amended to read as follows:

"(h) 'Mine' means (1) an area of land from which minerals other than sand or gravel are extracted in non-liquid form or, if in liquid form, are extracted with workers underground, (2) private ways and roads appurtenant to such area, and (3) land, excavations, underground passageways, shafts, slopes, tunnels, and workings, structures, facilities, equipment, machines, tools, or other property including impoundments, retention dams, and tailings ponds, on the surface or underground, used in, or to be used in, or resulting from, the work of extracting such minerals other than sand or gravel from their natural deposits in non-liquid form, or if in liquid form, with workers underground, or used in the milling of such minerals, except that with respect to protection against radiation hazards such term shall not include property used in the milling of source minerals defined in the Atomic Energy Act of 1954, as amended.".

(3) Sections 3 (d), (e), (g), and (j) of such Act are each amended by striking out the word "coal" wherever it appears.

(4) Section 3 of such Act is amended by striking out the word "and" at the end of paragraph (l), by striking out the period at the end of paragraph (m) and inserting in lieu thereof a semicolon, and by adding at the end thereof the following new paragraphs:

"(n) 'Administration' means the Mine Safety and Health Administration in the Department of Labor; and

"(o) 'Commission' means the Occupational Safety and Health Review Commission established under the Occupational Safety and Health Act of 1970."

(c) Section 4 of such Act is amended by striking out the word "coal".

(d) (1) Section 5(c) of such Act is amended by striking out "Labor" and inserting in lieu thereof "the Interior".

(2) Section 5(f) of such Act is amended by striking out the word "coal" wherever it appears, and by striking out "section 106" and substituting "section 107".

(e) Section 301(c) of such Act is amended by striking out "Secretary" wherever it appears and inserting in lieu thereof "Commission".

TITLE II—MINE SAFETY AND HEALTH STANDARD AMENDMENTS

AMENDMENT TO TITLE I

SEC. 201. Title I of the Federal Coal Mine Health and Safety Act of 1969 is amended to read as follows:

"DUTIES

"SEC. 101. (a) Each mine operator (1) shall furnish to each miner employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or harm to such miner;

(2) Shall comply with the safety and health standards and all rules, regulations, and orders promulgated under this Act.

"(b) Each miner subject to the provisions of this Act shall comply with the safety and health standards and all rules, regulations, and orders promulgated under this Act which are applicable to his own actions and conduct.

"SAFETY AND HEALTH STANDARDS

"SEC. 102. (a) The Secretary may by rule promulgate, modify, or revoke any safety and health standards for the health and safety of miners, including standards for mine rescue and firefighting operations, and for the prevention of accidents, injuries, or occupational health hazards in mines which are subject to this Act in the following manner:

"(1) Whenever the Secretary, upon the basis of information submitted to him in writing by an interested person, a representative of any organization of employers or employees, a nationally recognized standards-producing organization, the Secretary of Health, Education, and Welfare, the National Institute for Occupational Safety and Health, or a State or political subdivision, or on the basis of information developed by the Secretary or otherwise available to him, determines that a rule should be promulgated in order to serve the objectives of this Act, the Secretary may request the recommendations of an advisory committee appointed under section 103 of this Act, The Secretary shall provide such an advisory committee with any proposals of his own or of the Secretary of Health, Education, and Welfare, together with all pertinent factual information developed by the Secretary or the Secretary of Health, Education, and Welfare, or otherwise available, including the results of research, demonstrations, and experiments. An advisory committee shall submit to the Secretary its recommendations regarding the rule to be promulgated within ninety days from the date of its appointment or within such longer or shorter period as may be prescribed by the Secretary, but in no event for a period which is longer than two hundred and seventy days.

"(2) The Secretary shall publish a proposed rule promulgating, modifying, or revoking a safety or health standard in the Federal Register and shall afford interested persons a period of thirty days after publication to submit written data or comments. Where an advisory committee is appointed and the Secretary determines that a rule should be issued, he shall publish the proposed rule within sixty days after the submission of the advisory committee's recommendations or the expiration of the period prescribed by the Secretary for such submission.

"(3) On or before the last day of the period provided for the submission of written data or comments under paragraph (2), any interested person may file with the Secretary written objections to the proposed rule, stating the grounds therefor and requesting a public hearing on such objections. Within thirty days after the last day for filing such objections, the Secretary shall publish in the Federal Register a notice specifying the safety or health standard to which objections have been filed and a hearing requested, and specifying a time and place for such hearing.

"(4) Within sixty days after the expiration of the period provided for the submission of written data or comments under paragraph (2), or within sixty days after the completion of any hearing held under paragraph (3), the Secretary shall issue a rule promulgating, modifying, or revoking a safety or health standard or make a determination that a rule should not be issued. Such a rule may contain a provision delaying its effective date for such period (not in excess of ninety days) as the Secretary determines may be necessary to insure that affected operators and miners will be informed of the existence of the standard and of its terms and that operators affected are given an opportunity to familiarize themselves and their employees with the existence of the requirements of the standard.

"(5) The Secretary, in promulgating standards dealing with toxic materials or harmful physical agents under this subsection, shall set the standard which assures that no miner will suffer any impairment of health or functional capacity even if such miner has regular exposure to the hazard dealt with by such standard for the period of his working life. Development of standards under this subsection shall be based upon research, demonstrations, experiments, and such other information as may be appropriate. In addition to the attainment of the highest degree of health and safety protection for the employee, other considerations shall be the latest available scientific data in the field, the feasibility of the standards, and experience gained under this and other health and safety laws. Whenever practicable, the standard promulgated shall be expressed in terms of objective criteria and of the performance desired.

"(6) Any standard promulgated under this subsection shall prescribe the use of labels or other appropriate forms of warning as are necessary to insure that employees are apprised of all hazards to which they are exposed, relevant symptoms and appropriate emergency treatment, and proper conditions and precautions of safe use or exposure. Where appropriate, such standard shall also prescribe suitable protective equipment and control or technological procedures to be used in connection with such hazards and shall provide for monitoring or measuring employee exposure at such locations and intervals, and in such manner so as to assure the maximum protection of miners. In addition, where appropriate, any such standard shall prescribe the type and frequency of medical examinations or other tests which shall be made available, by the operator or at his cost, to miners exposed to such hazards in order to most effectively determine whether the health of such employees is adversely affected by such exposure. In the event such medical examinations are in the nature of research, as determined by the Secretary of Health, Education, and Welfare, such examinations may be furnished at the expense of the Secretary of Health, Education, and Welfare. The results of such examinations or tests shall be furnished only to the Secretary or the Secretary of Health, Education, and Welfare, and, at the request of the miner, to his designated physician. The Secretary, in consultation with the Secretary of Health, Education, and Welfare, may by rule promulgated pursuant to section 553 of title 5, United States Code, make appropriate modifications in the foregoing requirements relating to the use of labels or other forms of warning, monitoring or measuring, and medical examinations, as may be warranted by experience, information, or medical or technological developments acquired subsequent to the promulgation of the relevant standard.

"(7) No safety or health standard promulgated under this title shall reduce the protection afforded miners below that provided by any safety or health standard previously in effect.

"(b)(1) The Secretary shall provide, without regard to the requirements of chapter 5, title 5, United States Code, for an emergency temporary standard to take immediate effect upon publication in the Federal Register if he determines (A) that miners are potentially subjected to physical or mental impairment from exposure to substances or agents determined to be toxic or physically harmful or from new hazards, and (B) that such emergency standard is necessary to protect miners from such danger.

"(2) Such standard shall be effective until superseded by a standard promulgated in accordance with the procedures prescribed in paragraph (3) of this subsection.

"(3) Upon publication of such standard in the Federal Register, the Secretary shall commence a proceeding in accordance with section 102(a) of this Act, and the standard as published shall also serve as a proposed rule for the proceeding. The Secretary shall promulgate a standard under this paragraph no later than six months after publication of the emergency standard as provided in paragraph (2) of this subsection.

"(c) The Secretary is authorized to grant a variance from any standard or portion thereof whenever he determines, or the Secretary of Health, Education, and Welfare certifies, that such variance is necessary to permit an operator to participate in research approved by him or the Secretary of Health, Education, and Welfare designed to demonstrate or validate new and improved techniques to safegurad the health or safety of workers.

"(d)(1) Any operator may apply to the Secretary for a temporary order permitting limited noncompliance with a standard or any provision thereof promulgated under this section. Such temporary order shall be granted only if the operator files an application which meets the requirements of paragraph (2) and establishes that (A) he is unable to comply with a standard by its effective date because of unavailability of professional or technical personnel or of materials and equipment needed to come into compliance with the standard or because necessary construction or alteration of facilities cannot be completed by the effective date, (B) he is taking all available steps to safeguard his employees against the hazards covered by the standard, and (C) he has an effective program for coming into compliance with the standard as quickly as practicable. Any temporary order issued under this subsection shall prescribe the practices, means, methods, operations, and processes which the operator must adopt and use while the order is in effect and state in detail his program for coming into compliance with the standard. Such a temporary order may be granted only after notice to employees and an opportunity for a public hearing: *Provided,* That the Secretary may issue one interim order to be effective until a decision is made on the basis of the hearing. No temporary order may be in effect for longer than the period needed by the employer to achieve compliance with the standard or six months, whichever is shorter, except that such an order may be renewed not more than twice (i) so long as he requirements of this subsection are met and (ii) if an application for renewal is filed at least 90 days prior to the expiration date of the order. No interim renewal of an order may remain in effect for longer than 180 days.

"(2) An application for a temporary order under this subsection shall contain—

"(A) a specification of the standard and/or portion thereof from which the employer seeks a noncompliance order,

"(B) a representation by the operator, supported by representations from qualified persons having firsthand knowledge of the facts represented, that he is unable to comply with the standard or portion thereof and a detailed statement of the reasons therefor,

"(C) a statement of the steps he has taken and will take (with specific dates) to protect miners against the hazards covered by the standard,

"(D) a statement of when he expects to be able to comply with the standard and what steps he has taken and what steps he will take (with dates specified) to come into compliance with the standard, and

"(E) a certification that he has informed his employees of the application by giving a copy thereof to their authorized representative, posting a statement giving a summary of the application and specifying where a copy may be examined at the place or places where notices to employees are normally posted, and by other appropriate means.

A description of how employees have been informed shall be contained in the certification. The information to employees shall also inform them of their right to petition the Secretary for a hearing.

"(e) Any affected operator may apply to the Secretary for an order for a variance from a standard promulgated under this section. Affected miners and their representative shall be given notice of each such application and an opportunity to participate in a hearing. The Secretary shall issue an order if he determines on the record, after opportunity for an inspection where appropriate and a public hearing, that the proponent of the variance has demonstrated by a preponderance of the evidence that the conditions, practices, means, methods, operations, or processes used or proposed to be used by an *operator will provide* employment and places of employment to his employees which are as safe and healthful as those which would prevail if he complied with the standard. The order so issued shall prescribe the conditions the operator must maintain, and the practices, means, methods, operations, and processes which he must adopt and utilize to the extent they differ from the standard in question. Such order may be modified or revoked upon application by an operator, miner, representative of miners or by the Secretary, in the manner prescribed for its issuance under this subsection at any time after six months from its issuance.

"(f) The provisions of subsections (d) and (e) shall not apply with respect to any standard in effect on the effective date of the Federal Mine Safety and Health Amendments of 1975, other than the standards in sections 202 (b) and (c) and 305(a) of this Act.

"(g) Any hearing held under this section shall be of record and subject to section 554 of title 5, United States Code.

"(h) Any person who may be adversely affected by a standard issued under this section may, at any time prior to the sixtieth day after such standard is promulgated, file a petition challenging the validity of such standard with the United States court of appeals for the District of Columbia circuit or the circuit wherein such person resides or has his principal place of business, for a judicial review of such standard. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The filing of such petition shall not, unless otherwise ordered by the court, operate as a stay of the standard. The determinations of the Secretary shall be conclusive if supported by substantial evidence in the record considered as a whole.

"ADVISORY COMMITTEES

"SEC. 103. (a) The Secretary may appoint advisory committees to assist him in his standard setting functions under section 102 (a) of this Act, and to advise him on other matters relating to safety and health in mines. Each such advisory committee shall include as a member one or more designees of the Secretary of Health, Education, and Welfare, the National Bureau of Standards, Department of Commerce, and the National Science Foundation, and shall include among its members persons qualified by experience and affiliation to present the viewpoint of operators of such mines and an equal number of persons similarly qualified to present the viewpoint of workers in such mines, as well as one or more representatives of mine inspection or safety agencies of the States. An advisory committee may also include such other persons as the Secretary may appoint who are qualified by knowledge and experience to make a useful contribution to the work of such committee, including one or more representatives of professional organizations of technicians or professionals specializing in safety or health, but the number of persons so appointed to any such advisory committee shall not exceed the number appointed to such committee as representatives of Federal and State agencies. Any meeting of such committee shall be open to the public and an accurate record shall be kept and made available to the public. No member of such committee (other than representatives of operators and miners) shall have an economic interest in any proposed rule.

"(b) Persons appointed to advisory committees from private life shall be compensated in the same manner as consultants or experts under section 3109 of title 5, United States Code. The Secretary shall pay to any State which is the employer of a member of such committee reimbursement sufficient to cover the actual costs to the State resulting from such representatives' membership on such committee.

"INSPECTIONS, INVESTIGATIONS, AND RECORDKEEPING

"SEC. 104. (a) In order to carry out the purposes of this Act, the Secretary or the Secretary of Health, Education, and Welfare, or an authorized representative of either, upon presenting appropriate credentials to the owner, operator, or agent in charge, is authorized—

"(1) to enter without delay and at reasonable times any mine subject to this Act; and

"(2) to inspect and investigate during regular working hours and at other reasonable times, and within reasonable limits and in a reasonable manner, any mine and all pertinent conditions, structures, machines, apparatus devices, equipment, and materials therein, and to question privately any such operator, owner, agent, or miner. In carrying out the requirements of this section in each underground mine, the Secretary shall make inspections of the entire mine at least four times a year. Advance notice of any inspection shall not be given.

"(b) In making his inspections and investigations under this Act, the Secretary may require the attendance and testimony of witnesses and the production of evidence under oath. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. In case of a contumacy, failure, or refusal of any person to obey such an order, any district court of the United States or the United States courts of any territory or possession, within the jurisdiction of which such person is found, resides, or transacts business, upon the application by the Secretary, shall have jurisdiction to issue to such person an order requiring such person to appear to produce evidence if, as, and when so ordered, and to give testimony relating to the matter under investigation or in question, and any failure to obey such order of the court may be punished by said court as contempt thereof.

"(c) (1) Each operator shall make, keep and preserve, and make available to the Secretary or the Secretary of Health, Education, and Welfare, such records regarding his activities relating to this Act as the Secretary, in cooperation with the Secretary of Health, Education, and Welfare, may prescribe by regulation as necessary or appropriate for the enforcement of this Act or for developing information regarding the causes and prevention of occupational accidents and illnesses in the mines subject to this Act. In order to carry out the provisions of this paragraph such regulations may include provisions requiring operators to conduct periodic inspections.

"(2) The Secretary, in cooperation with the Secretary of Health, Education, and Welfare, shall prescribe regulations requiring operators to maintain accurate records of, and to make periodic reports on, work-related deaths, injuries, and illnesses other than minor injuries requiring only first aid treatment and which do not involve medical treatment, loss of consciousness, restriction of work or motion, or transfer to another job in the mines subject to this Act.

"(3) The Secretary, in cooperation with the Secretary of Health, Education, and Welfare, shall issue regulations requiring operators to maintain accurate records of employee exposures to potentially toxic materials or harmful physical agents which are required to be monitored or measured under any applicable health and safety standard promulgated under this Act. Such regulations shall provide miners or their representatives with an opportunity to observe such monitoring or measuring, and to have access to the records thereof. Such regulations shall also make appropriate provision for each miner or former miner to have access to such records as will indicate his own exposure to toxic materials or harmful physical agents. Each operator shall promptly notify any miner who has been or is being exposed to toxic materials or harmful physical agents in concentrations or at levels which exceed those prescribed by an applicable health and safety standard promulgated under section 6, or mandated under title II, and shall inform any miner who is being thus exposed of the corrective action being taken. Any miner transferred as a result of such exposure shall receive compensation for such work at not less than the regular rate of pay received by him immediately prior to his transfer.

"(4) All accidents, including unintentional roof falls (except in any abandoned panels or in areas which are inaccessible or unsafe for inspections), shall be investigated by the operator or his agent to determine the cause and the means of preventing a recurrence. Records of such accidents, roof falls, and investigations shall be kept and the information shall be made available to the Secretary or his authorized representative and the appropriate State agency. Such records shall be open for inspection by interested persons.

"(d) Any information obtained by the Secretary, or by the Secretary of Health, Education, and Welfare under this Act shall be obtained in such a manner as to impose a minimum burden upon operators, especially those operating small business consistent with the underlying purposes of this Act. Unnecessary duplication of effort in obtaining information shall be reduced to the maximum extent feasible.

"(e) Subject to regulations issued by the Secretary, a representative of the operator and a representative authorized by his miners shall be given an opportunity to accompany the Secretary or his authorized representative during the physical inspection of any mine under subsection (a) for the purpose of aiding such inspection. Where there is no authorized miner representative, the Secretary or his authorized representative shall consult with a reasonable number of miners concerning matters of health and safety in the mine. To the extent that the inspector determines that more than one representative from each party would further aid the inspection, he can permit each party to have an equal number of such additional representatives. Any representative of miners who is also an employee of the operator shall suffer no loss of pay as a result of his participation in the physical inspection made under this subsection. Compliance with this subsection shall not be a jurisdictional prerequisite to the enforcement of any provision of this Act.

"(f) (1) Any miners or representatives of miners who believe that a violation of a health or safety standard exists that threatens harm, or that an imminent danger exists, may request an inspection by giving notice to the Secretary or his authorized representative of such violation or danger. Any such notice shall be reduced to writing, shall set forth with reasonable particularity the grounds for the notice, and shall be signed by the miners or representative of miners, and a copy shall be provided the operator or his agent no later than at the time of inspection, except that, upon the request of the person giving such notice, his name and the names of individual miners referred to therein shall not appear in such copy or on any record published, released, or made available pursuant to subsection (g) of this section. If upon receipt of such notification the Secretary determines there are reasonable grounds to believe that such violation or danger exists, he shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if such violation or danger exists. If the Secretary determines there are no reasonable grounds to believe that a violation or danger exists he shall notify the miners and representative of the miners in writing of such determination.

"(2) Prior to or during any inspection of a mine, any miners or representatives of miners employed in such mine may notify the Secretary or any representative of the Secretary responsible for conducting the inspection, in writing, of any violation of this Act or of any imminent danger which they have reason to believe exists in such mine. The Secretary shall, by regulation, establish procedures for informal review of any refusal by a representative of the Secretary to issue a citation with respect to any such alleged violation or order with respect to such danger and shall furnish the miners or representative of miners requesting such review a written statement of the reasons for the Secretary's final disposition of the case.

"(g) (1) The Secretary and Secretary of Health, Education, and Welfare are authorized to compile, analyze, and publish, either in summary or detailed form, all reports or information obtained under this section.

"(2) The Secretary and the Secretary of Health, Education, and Welfare shall each prescribe such rules and regulations as they may deem necessary to carry out their responsibilites under this Act, including rules and regulations dealing with the inspection of mines subject to this Act.

"(h) Whenever the Secretary finds that a mine liberates excessive quantities of methane or other explosive gases during its operations, or that a methane or other gas ignition or explosion has occurred in such mine which resulted in death or serious injury at any time during the previous five years, or that there exists in such mine other especially hazardous conditions, he shall provide a minimum of one spot inspection by his authorized representative of all or part of such mine during every five working days at irregular intervals.

"(i) In the event of any accident (whether or not resulting in an injury or death) occurring in a mine, the operator shall promptly notify the Secretary thereof and shall take appropriate measures to prevent the destruction of any evidence which would assist in investigating the cause or causes thereof. In the event of any accident occurring in a mine where rescue and recovery work is necessary, the Secretary or an authorized representative of the Secretary shall take whatever action he deems appropriate to protect the life of any person, and he may, if he deems it appropriate, supervise and direct the rescue and recovery activity in such mine.

"(j) In the event of any accident occurring in a mine, an authorized representative of the Secretary, when present, may issue such orders as he deems appropriate to insure the safety of any person in the mine, and the operator of such mine shall obtain the approval of such representative, in consultation with appropriate State representatives, when feasible, of any plan to recover any person in the mine or to recover the mine or return affected areas of the mine to normal.

"CITATIONS AND ORDERS

"SEC. 105. (a) (1) If, upon inspection or investigation, the Secretary or his authorized representative believes that an operator of a mine subject to this Act has violated a safety or health standard prescribed by or under this Act, or any rule, order, or regulation promulgated pursuant to this Act, he shall, with reasonable promptness, issue a citation to the operator. Each citation shall be in writing and shall describe with particularity the nature of the violation, including a reference to the provision of the Act, standard, rule, regulation, or order alleged to have been violated. In addition, the citation shall fix a reasonable time for the abatement of the violation.

"(2) If a citation under section 105(a) (1) is issued for a violation which the Secretary or his authorized representative believes to have been willfully committed, or committed with gross negligence, and to have subjected a miner or miners to an imminent danger, the Secretary or his authorized representative shall include in the citation a charge that the violation was willfully committed, or committed wtih gross negligence, and that it subjetced a miner or miners to an imminent danger, with a specific description of the danger or dangers involved.

"(b) If upon any follow-up inspection of a mine, an authorized representative of the Secretary finds (1) that a violation described in a citation issued pursuant to subsection (a) has not been totally abated within the period of time as originally fixed therein or as subsequently extended, and (2) that the period of time for the abatement should not be further extended, he shall find the extent of the area affected by the violation and shall promptly issue an order requiring the operator of such mine or his agent to immediately cause all persons to be withdrawn from, and to be prohibited from, entering such area until an authorized representative of the Secretary determines that such violation has been abated, except the following persons:

"(1) Any person whose presence in such area is necessary, in the judgment of the operator of the mine, or an authorized representative of the Secretary, to eliminate the danger described in the order;

"(2) Any public official whose official duties required him to enter such area; or

"(3) Any legal or technical consultant, or any representative of the employees of the mine, who is a certified person qualified to make mine examinations, or is accompanied by such a person, and whose presence in such areas is necessary, in the judgment of the operator of the mine or an authorized representative of the Secretary, for the proper investigation of the conditions described in the order.

"(c) (1) In the case of a violation of any safety or health standard which is of such nature as could significantly and substantially contribute to the cause and effect of a mine safety or health hazard, and which is caused by an unwarranted failure of such operator to comply with such safety or health standards, the citation shall include a statement to that effect. If, during the same inspection or any subsequent inspection of such mine within ninety days after the issuance of such citation, an authorized representative of the Secretary finds another violation of any safety or health standard and finds such violation to be also caused by an unwarranted failure of such operator to so comply, he shall forthwith issue an order requiring the operator to cause all persons in the area affected by such violation, except those persons referred to in subsection (b) of this section, to be withdrawn from, and to be prohibited from entering, such area until an authorized representative of the Secretary determines that such violation has been abated.

"(2) If a withdrawal order with respect to any area in a mine has been issued pursuant to paragraph (1) of this subsection, a withdrawal order shall promptly be issued by an authorized representative of the Secretary who finds upon any subsequent inspection the existence in the mine of other unwarranted violations until such time as an inspection of such mine discloses no such violations. Following an inspection of the mine which discloses no unwarranted violations, the provisions of paragraph (1) of this subsection shall again be applicable to that mine.

"(d) During the abatement period for a violation of the applicable limit on the concentration of respirable dust, the operator of the mine shall cause samples described in section 202(a) of this Act to be taken of the affected area during each production shift.

"As soon as possible after an order relating to failure to abate excessive dust concentrations is issued, the Secretary, upon request of the operator, shall dispatch to the mine involved a person or team of persons, to the extent such persons are available, who are knowledgeable in the methods and means of controlling and reducing respirable dust. Such person or team of persons shall remain in the mine involved for such time as they shall deem appropriate to assist the operator in reducing respirable dust concentrations. While at the mine, such persons may require the operator to take such actions as they deem appropriate to insure the health of any person in the mine.

"(e) Each citation or order issued under this section, or a copy or copies thereof, shall be prominently posted in accordance with section 110 of this Act, and as prescribed in regulations issued by the Secretary.

"(f) No citation may be issued under this section after the expiration of six months following the occurrence of any violation.

"(g) Any order issued under subsection (b) or (c) shall remain in effect until revoked by the Secretary or modified or vacated by the Commission or the courts pursuant to section 106(c) or 107(a).

"PROCEDURE FOR ENFORCEMENT

"SEC. 106. (a) If, after an inspection or investigation, the Secretary issues a citation under section 105(a) (1), he shall, within a reasonable time after the termination of such inspection or investigation, notify the operator by certified mail of the civil penalty proposed to be assessed under section 111(a) for the violation cited and that the operator has fifteen working days within which to notify the Secretary that he wishes to contest the citation or proposed assessment of penalty. If the citation contains a charge under section 105 (a) (2), the Secretary's notification under this subsection shall include a proposed civil penalty closure order under section 111(c) in addition to the proposed civil monetary penalty. If, within fifteen working days from the receipt of the notice issued by the Secretary, the operator fails to notify the Secretary that he intends to contest the citation or the proposed penalty or penalties, and no notice is filed by any employee or representative of employees under subsection (c) of this section within such time, the citation and the penalty or penalties, as proposed, shall be deemed a final order of the Commission and not subject to review by any court or agency. Refusal by the operator or his agent to accept certified mail containing a notice under this subsection shall constitute receipt thereof within the meaning of this subsection.

"(b) If the Secretary has reason to believe that an operator has failed to correct a violation for which a citation has been issued within the period permitted for its correction (which period shall not begin to run until the entry of a final order by the Commission in the case of any review proceedings under this section initiated by the employer in good faith and not solely for delay or avoidance of penalties), the Secretary shall notify the operator by certified mail of such failure and of the penalty proposed to be assessed under section 111 by reason of such failure, and that the operator has fifteen working days within which to notify the Secretary that he wishes to contest the Secretary's notification or the proposed assessment of penalty. If, within fifteen working days from the receipt of notification issued by the Secretary, the operator fails to notify the Secretary that he intends to contest the notification or proposed assessment of penalty, the notification and assessment, as proposed, shall be deemed a final order of the Commission and not subject to review by any court or agency. Refusal by the operator or his agent to accept certified mail containing a notification issued under this subsection shall constitute receipt thereof within the meaning of this subsection.

"(c) (1) No person shall discharge or in any manner discriminate against or interfere with the exercise of the statutory rights of any mine employee or applicant for employment subject to this Act because such employee has filed or made a complaint under or related to this Act, including a complaint notifying his labor or safety representative of an alleged danger or safety or health violation in the mine, or because such employee has instituted or caused to be instituted any proceeding under or related to this Act or has testified or is about to testify in any such proceeding, or because of the exercise by such employee on behalf of himself or others of any statutory right afforded by this Act.

"(2) Any mine employee or applicant for employment who believes that he has been discharged, interfered with, or otherwise discriminated against by any person in violation of this subsection may, within thirty days after such violation occurs, file a complaint with the Secretary alleging such discrimination. Upon receipt of such complaint, the Secretary shall cause such investigation to be made as he deems appropriate. If upon such investigation, the Secretary determines that the provisions of this subsection have been violated, he shall immediately file a complaint with the Commission, with service upon the alleged violator and the mine employee or applicant for employment, alleging such discrimination or interference and proposing an order granting appropriate relief. The Commission shall afford an opportunity for a hearing (in accordance with section 554 of title 5, United States Code, but without regard to subsection (a)(3) of such section) and thereafter shall issue an order, based upon findings of fact, affirming, modifying, or vacating the Secretary's proposed order, or directing other appropriate relief; and such order shall become final thirty days after its issuance. The Commission shall have authority in such proceedings to require a person committing a violation of this subsection to take such affirmative action to abate the violation as the Commission deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee to his former position with back pay and interest.

"(3) Within ninety days of the receipt of a complaint filed under paragraph (2) of this subsection, the Secretary shall notify the mine employee or applicant for employment, in writing, of his determination whether a violation has occurred. If the Secretary, upon investigation, determines that the provisions of this subsection have not been violated, the complainant shall have the right, within thirty days of notice of the Secretary's determination, to file an action in his own behalf before the Commission, charging discrimination or interference in violation of paragraph (1) of this subsection. The Commission shall afford an apportunity for a hearing (in accordance with section 554 of title 5, United States Code, but without regard to subsection (a)(3) of such section), and thereafter shall issue an order, based upon findings of fact, dismissing or sustaining the complainant's charges and, if the charges are sustained, granting such relief as it deems appropriate, including, but not limited to, an order requiring the rehiring or reinstatment of the mine employee or applicant for employment to his former position with back pay and interest. Such order shall become final thirty days after its issuance. Whenever an order is issued sustaining the employee's charges under this paragraph, a sum equal to the aggregate amount of all costs and expenses (including attorney's fees) as determined by the Commission to have been reasonably incurred by the mine employee or applicant for employment for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the person committing such violation. Proceedings under this section shall be expedited by the Secretary and the Commission. Any order issued by the Commission under this paragraph shall be subject to judicial review in accordance with section 107 of this Act. Violations by any person of paragraph (1) of this subsection shall be subject to the provisions of section 109 and 111(a) of this title.

"(d) If an operator of a mine subject to this Act notifies the Secretary that he intends to contest a citation or order issued under section 105 or notification issued under subsection (a) or (b) of this section, or if, within fifteen working days of the issuance of a citation or order under section 105, any miner or representative of miners files a notice with the Secretary alleging that the period of time fixed in the citation for the abatement of the violation is unreasonable, the Secretary shall immediately advise the Commission of such notification, and the Commission shall afford an opportunity for a hearing (in accordance with section 554 of title 5, United States Code, but without regard to subsection (a)(3) of such section), and thereafter shall issue an order, based on findings of fact, affirming, modifying, or vacating the Secretary's citation, order, or proposed penalty, or directing other appropriate relief; such order shall become final thirty days after its issuance. The rules of procedure prescribed by the Commission shall provide affected miners or representatives of affected miners an opportunity to participate as parties to hearings under this subsection. The Commission shall take whatever action is necessary to expedite proceedings for hearing appeals of orders issued under section 105.

"JUDICIAL REVIEW

"SEC. 107. (a) Any person adversely affected or aggrieved by an order of the Commission issued under this Act may obtain a review of such order in any United States court of appeals for the circuit in which the violation is alleged to have occurred or where the operator has its principal office, or in the Court of Appeals for the District of Columbia Circuit, by filing in such court within sixty days following the issuance of such order a written petition praying that the order be modified or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Commission and to the other parties, and thereupon the Commission shall file in the court the record in the proceeding as provided in section 2112 of title 28, United States Code. Upon such filing, the court shall have exclusive jurisdiction of the proceeding and of the question determined therein, and shall have power to grant such temporary relief or restraining order as it deems just and proper, and to make and enter upon the pleadings, testimony, and proceedings set forth in such record a decree affirming, modifying, or setting aside, in whole or in part, the order of the Commission and enforcing the same to the extent that such order is affirmed or modified. The commencement of proceedings under this subsection shall not, unless ordered by the court, operate as a stay of the order of the Commission. No objection that has not been urged before the Commission shall be considered by the court, unless the failure or neglect to urge such objection shall be excused because of extraordinary circumstances. The findings of the Commission with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the hearing before the Commission, the court may order such additional evidence to be taken before the Commission and to be made a part of the record. The Commission may modify its findings as to the facts, or make new findings, by reason of additional evidence so taken and filed, and it shall file such modified or new findings, which findings with respect to question of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The Commission may modify or set aside its original order by reason of such modified or new findings of fact. Upon the filing of the record with it, after such remand proceedings, the jurisdiction of the court shall be exclusive and its judgment and decree shall be final, except that the same shall be subject to review by the Supreme Court of the United States, as provided in section 1254 of title 28, United States Code. Petitions filed under this subsection shall be heard expeditiously.

"(b) The Secretary may also obtain review or enforcement of any final order of the Commission by filing a petition for such relief in the United States court of appeals for the circuit in which the alleged violation occurred or in which the operator has its principal office or in the Court of Appeals for the District of Columbia Circuit, and the provision of subsection (a) shall govern such proceedings to the extent applicable. If no petition for review, as provided in subsection (a), is filed within sixty days after service of the Commission's order, the Commission's findings of fact and order shall be conclusive in connection with any petition for enforcement which is filed by the Secretary after the expiration of such sixty-day period. In any such case, as well as in the case of a noncontested citation or notification by the Secretary which has become a final order of the Commission under subsection (a) or (b) of section 106, the clerk of the court, unless otherwise ordered by the court, shall forthwith enter a decree enforcing the order and shall transmit a copy of such decree to the Secretary and the operator named in the petition. In any contempt proceeding brought to enforce a decree of a court of appeals entered pursuant to this subsection or subsection (a), the court of appeals may assess the penalties provided in section 111, in addition to invoking any other available remedies.

"PROCEDURES TO COUNTERACT DANGEROUS CONDITIONS

"SEC. 108. (a) If, upon any inspection or investigation of a mine which is subject to this Act, an authorized representative of the Secretary finds that conditions or practices in such mine are such that an imminent danger exists, such representative shall determine the extent of the area of such mine throughout which the danger exists, and issue an order requiring the operator of such mine to cause all persons, except those referred to in section 105(b), to be withdrawn from, and to be prohibited from entering, such area until an authorized representative of the Secretary determines that such imminent danger no longer exists. The issuance of an order under this subsection shall not preclude the issuance of a citizen under section 105 or the proposing of a penalty under section 111.

"(b)(1) If, upon any inspection or investigation of a mine, an authorized representative of the Secretary finds (A) that potentially dangerous conditions exist therein which have not yet resulted in an imminent danger, (B) that such conditions cannot be effectively abated through the use of existing technology, and (C) that reasonable assurance cannot be provided that the continuance of mining operations under such conditions will not result in an imminent danger, he shall determine the area throughout which such conditions exists, and thereupon issue a notice to the operator of the mine or his agent of such conditions, and shall file a copy thereof, incorporating his findings therein, with the Secretary and with the representatives of the miners of such mine. Upon receipt of such copy, the Secretary shall cause such further investigation to be made as he deems appropriate, including an opportunity for the operator or a representative of the miners to present information relating to such notice.

"(2) Upon the conclusion of such investigation and an opportunity for a public hearing upon request by any interested party, the Secretary shall make findings of fact, and shall by decision incorporating such findings therein, either cancel the notice issued under this subsection or issue an order requiring the operator of such mine to cause all persons in the area affected, except those persons referred to in section 105(b), to be withdrawn from, and be prohibited from entering such area until the Secretary, after a public hearing affording all interested persons an opportunity to present their views, determines that such conditions have been abated. Any hearing under this paragraph shall be of record and shall be subject to section 554 of title 5 of the United States Code but without regard to subsection (a)(3).

"(c) Findings and orders issued pursuant to subsection (a) of this section shall contain a detailed description of the conditions or practices which cause and constitute a situation of imminent danger, and all orders issued pursuant to this section shall contain a description of the area of the mine throughout which persons must be withdrawn and prohibited.

"(d) Each finding made and order issued under this section shall be given promptly to the operator of the mine to which it pertains by the person making such finding or order, and all of such findings and orders shall be in writing, and shall be signed by the person making them. Any order issued pursuant to subsection (a) or (b) may be annulled, canceled, or revised by an authorized representative of the Secretary. Any order issued under subsection (a) or (b) shall remain in effect until revoked by the Secretary or modified or vacated by the Commission, or the courts pursuant to sections 107(a) or 108(e). "(e)(1) Any operator notified of an order under this section may apply to the Commission within ten days of such notification for annulment or revision of such order. The Commission shall forthwith afford an opportunity for a hearing (in accordance with section 554 of title 5, United States Code, but without regard to subsection (a)(3) of such section) and thereafter shall issue an order, based upon findings of fact, vacating, affirming, modifying, or terminating the Secretary's order.

"(2) The Commission shall take whatever action is necessary to expedite proceedings under this subsection.

"INJUNCTIONS

"SEC. 109. The Secretary may institute a civil action for relief, including a permanent or temporary injunction, restraining order, or any other appropriate order in the district court of the United States for the district in which a mine is located or in which the operator of such mine has his principal office, whenever such operator or his agent (a) violates or fails or refuses to comply with any order or decision issued under this Act, or (b) interferes with, hinders, or delays the Secrtary or his authorized representative, or the Secretary of Health, Education, and Welfare or his authorized representative, in carrying out the provisions of the Act, or (c) refuses to admit such representatives to the mine, or (d) refuses to permit the inspection of the mine, or the investigation of an accident or occupational disease occurring in, or connected with, such mine, or (e) refuses to furnish any information or report requested by the Secretary or the Secretary of Health, Education, and Welfare in furtherance of the provisions of this Act, or (f) refuses to permit access to, and copying of, such records as the Secretary or the Secretary of Health, Education, and Welfare determines necessary in carrying out the provisions of this Act. The court shall have jurisdiction to provide such relief as may be appropriate. Temporary restraining orders shall be issued in accordance with rule 65 of the Federal Rules of Civil Procedure, as amended, except that the time limit in such orders, when issued without notice, shall be seven days from the date of entry. Except as otherwise provided herein, any relief granted by the court to enforce an order under clause (a) of this section shall continue in effect until the completion or final termination of all proceedings for review of such order under this title, unless, prior thereto, the district court granting such relief sets it aside or modifies it. In any action instituted under this section to enforce an order or decision issued by the Commission or the Secretary after a public hearing in accordance with section 554 of title 5 of the United States Code, the findings of the Commission or the Secretary, as the case may be, if supported by substantial evidence on the record considered as a whole, shall be conclusive.

"POSTING OF NOTICES, ORDERS, AND DECISIONS

"SEC. 110. (a) At each mine subject to this Act there shall be maintained an office with a conspicuous sign designating it as the office of the mine, and a bulletin board at such office or at some conspicuous place near an entrance of the mine, in such manner that notices, orders, citations, and decisions required by law or regulation to be posted on the mine bulletin board may be posted thereon, be easily visible to all persons desiring to read them, and be protected against damage by weather and against unauthorized removal. A copy of any notice, order, citation, or decision required by this Act to be given to an operator shall be delivered to the office of the affected mine, and a copy shall be immediately posted on the bulletin board of such mine by the operator or his agent for not less than thirty days.

"(b) The Secretary shall (i) cause a copy of any notice, order, citation, or decision required by this Act to be given to an operator to be mailed immediately to a representative of the miners in the affected mine, and (ii) cause a copy thereof to be mailed to the public official or agency of the State charged with administering State laws, if any, relating to health or safety in such mine. Such notice, order, citation, or decision shall be available for public inspection.

"(c) In order to insure prompt compliance with any notice, order, citation, or decision issued under this Act, the authorized representative of the Secretary may deliver such notice, order, citation, or decision to an agent of the operator, and such agent shall immediately take appropriate measures to insure compliance with such notice, order, citation, or decision.

"(d) Each operator of a mine subject to this Act shall file with the Secretary the name and address of such mine and the name and address of the person who controls or operates the mine. Any revisions in such names or addresses shall be promptly filed with the Secretary. Each operator of a mine subject to this Act shall designate a responsible official at such mine as the principal officer in charge of health and safety at such mine, and such official shall receive a copy of any notice, order, citation, or decision issued under this Act affecting such mine. In any case, where the mine is subject to the control of any person not directly involved in the daily operations of the mine, there shall be filed with the Secretary the name and address of such person and the name and address of a principal official of such person who shall have overall responsibility for the conduct of an effective health and safety program at any mine subject to the control of such person, and such official shall receive a copy of any notice, order, citation, or decision issued affecting any such mine. The mere designation of a health and safety official under this subsection shall not be construed as making such official subject to any penalty under this Act.

"PENALTIES

SEC. 111. (a) Any operator who violates a safety or health standard prescribed by or under this Act, or any rule, order, or regulation promulgated pursuant to this Act, shall be assessed a civil penalty of not more than $10,000 for each such violation.

"(b) Any operator who fails to correct a violation for which a citation has been issued under section 105(a) within the period permitted for its correction (which period shall not begin to run until the date of the final order of the Commission in the case of any review proceeding under section 106 initiated by the employer in good faith and not solely for delay or avoidance of penalities), may be assessed a civil penalty of not more than $1,000 for each day during which such failure or violation continues.

"(c) Whenever a corporate operator violates a safety or health standard prescribed by or under this Act, or any rule, order, or regulation promulgated pursuant to this Act, any director, officer, or agent of such corporation who knowingly authorized, ordered, or carried out such violation shall be subject to the same civil penalties, fines, and imprisonment that may be imposed upon a person under subsection (a), (b), (e), (f), or (g) of this section.

"(d) Any operator who willfully, or with gross negligence, violates a safety standard prescribed by under this Act, and thereby causes a miner or miners to be subjected to imminent danger, shall be subject to a civil penalty closure order by the Commission, which order shall: (i) order the mine closed for a minimum specified period not to exceed thirty working days, (ii) provide that the mine may not be reopened except upon a subsequent order and finding by the Commission that no unabated safety or health violations exist at such mine (except violations for which the period for abatement has not expired), and (iii) provide that during the period of closure the operator shall pay the miners at their regular hourly rates for the hours they would have worked had the mine not been ordered closed, exscept any miner or miners found by the Commission to have willfully or with gross negligence contributed to the violation or violations which gave rise to the closure order.

"(e) Any operator who willfully violates a safety or health standard prescribed by or under this Act, or any rule, order, or regulation promulgated pursuant to this Act, shall, upon conviction, be punished by a fine of not more than $25,000 or by imprisonment for not more than one year, or by both; except that if the conviction is for a violation committed after a first conviction of such person for any violation of this Act, punishment shall be a fine of not more than $50,000 or imprisonment for not more than five years, or both.

"(f) Any person who gives advance notice of any inspection to be conducted under this Act shall, upon conviction, be punished by a fines of not more than $1,000 or by imprisonment for not more than six months, or by both.

"(g) Whoever knowingly make any false statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained pursuant to this Act shall, upon conviction, be punished by a fine of not more than $1,000, or by imprisonment for not more than six months, or by both.

"(h) Any operator who violates any of the posting requirements, as prescribed under the provisions of this Act, shall be assessed a civil penalty of up to $1,000 for each violation.

"(i) Any miner who willfully violates the mandatory safety standards relating to smoking or the carrying of smoking materials, matches, or lighters shall be subject to a civil penalty assessed by the Commission of not more than $250 for each occurrence of such violation.

"(j) Whoever knowingly distributes, sells, offers for sale, introduces, or delivers in commerce any equipment for use in a mine, including, but not limited to, components and accessories of such equipment, which is represented as complying with the provisions of this Act, or with any specification or regulation of the Secretary applicable to such equipment, and which does not so comply, shall, upon conviction, be punished by a fine of not more than $25,000 or by imprisonment for not more than one year, or by both.

"(*k*) The Commission shall have authority to assess all civil penalties and to issue all civil penalty closure orders provided in this Act. In assessing civil monetary penalties, the Commission shall give due consideration to the gravity of the violation, the good faith of the person charged, the history of previous violations, and the appropriateness of the penalty with respect to the size of the business of any mine operator being charged: *Provided,* That, in proposing civil penalties under this Act, the Secretary may rely upon a summary review of the information available to him and shall not be required to make findings of fact concerning the above factors.

"(l) Civil penalties owed under this Act shall be paid to the Secretary for deposit into the Treasury of the United States and shall accrue to the United States and may be recovered in a civil action in the name of the United States brought in the United States district court for the district where the violation is alleged to have occurred or where the employer resides or maintains a place of business.

"ENTITLEMENT OF MINERS

"SEC. 112. (a) If a mine or area of a mine is closed by an order issued under section 105 or section 108 of this title, all miners working during the shift when such order was issued who are idled by such order shall be entitled, regardless of the result of any review of such order, to full compensation by the operator at their regular rates of pay for the period they are idled, but for not more than the balance of such shift. If such order is not terminated prior to the next working shift, all miners on that shift who are idled by such order shall be entitled to full compensation by the operator at their regular rates of pay for the period they are idled, but for not more than four hours of such shift. If a mine or area of a mine is closed by an order issued under section 105 or section 108 of this title for a failure of the operator to comply with any health or safety standard, all miners who are idled due to such order shall be fully compensated by the operator for lost time at their regular rates of pay for such time as the miners are idled by such closing, or for one week, whichever is the lesser. Whenever an operator violates or fails or refuses to comply with any order issued under section 105 or section 108 of this Act, all miners employed at the affected mine who would be withdrawn from, or prevented from entering, such mine or area thereof as a result of such order shall be entitled to full compensation by the operator at their regular rates of pay, in addition to pay received for work performed after such order was issued, for the period beginning when such order was issued and ending when such order is complied with, vacated, or terminated. The Commission shall have authority to order compensation due under this section, upon the filing of a complaint by a miner or his representative and after opportunity for hearing subject to section 554 of title 5, United States Code.

"ADMINISTRATIVE PROVISIONS

"SEC. 113. (a) The Secretary is authorized and directed to administer the provisions of this Act through a Mine Safety and Health Administration established under section 402 of the Federal Mine Safety and Health Act of 1975. The Secretary, acting through the Administration, shall have authority to appoint, subject to the civil service laws, such officers and employees as he may deem necessary for the administration of this Act, and to prescribe powers, duties, and responsibilities of all officers and employees engaged in the administration of this Act.

"(b) Except as provided in section 518(a) of title 28, United States Code, relating to litigation before the Supreme Court, the Solicitor of Labor may appear for and represent the Secretary in any civil litigation brought under this Act.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 114. There are authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this title."

AMENDMENTS WITH RESPECT TO INTERIM MANDATORY HEALTH STANDARDS

SEC. 202. (a) (1) Section 201(a) of the Federal Mine Safety and Health Act of 1975 (as redesignated by this Act) is amended by striking out "coal mines" and inserting in lieu thereof "mines".

(2) Section 201(b) of such Act is amended by striking out "coal mine" and inserting in lieu thereof "mine".

(b) Section 202 of such Act is amended by striking out "coal mine" and inserting in lieu thereof "mine".

(c) (1) Section 203 of such Act is amended by striking out "coal mine" each time it appears therein and inserting in lieu thereof "mine".

(2) Section 203(d) of such Act is amended by striking out "coal mine" and inserting in lieu thereof "mine".

(d) Section 205 of such Act is amended by striking out "coal mining" and inserting in lieu thereof "mining".

(e) Section 206 of such Act is amended by striking out "coal mine" each time it appears therein and inserting in lieu thereof "mine".

TITLE III—RELATIONSHIP TO OCCUPATIONAL SAFETY AND HEALTH PROGRAM

APPLICABILITY OF THE OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

SEC. 301. Except as otherwise specifically provided, nothing in this Act or in the amendments made by this Act shall be construed to apply the provisions of the Occupational Safety and Health Act of 1970 to working conditions in the mines subject to the Federal Mine Safety and Health Act of 1975.

THE OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION

SEC. 302. (a) The Occupational Safety and Health Review Commission created by section 12(a) of the Occupational Safety and Health Act of 1970 is hereby continued as an agency of the United States, except that the Commission shall consist of five members instead of three members, appointed by the President by and with the advice and consent of the Senate. Three of the members shall be appointed from among persons who by reason of training, education, or experience are qualified to carry out the functions of the Commission under the Occupational Safety and Health Act of 1970. The two additional members of the Commission shall be appointed from among persons who by reason of training, education, or experience are especially qualified in the field of mine safety and health. The President shall designate one of the members of the Commission to serve as Chairman. Not more than three Commissioners, including the Chairman, shall be of the same political party.

(b) The terms of the two additional members shall be six years, except that—

(1) such additional members of the Commission, first taking office after the date of enactment of the Federal Mine Safety and Health Amendments of 1975, shall serve, as redesignated by the President at the time of appointment, one for a term of two years, and one for a term of six years; and

(2) a vacancy caused by the death, resignation, or removal of any such member prior to the expiration of the term for which he was appointed shall be filled only for the remainder of such unexpired term.

Any such member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

(3) The Chairman shall be responsible on behalf of the Commission for the administrative operations of the Commission. The Commission shall appoint such employees as it deems necessary to assist in the performance of the Commission's functions and to fix their compensation in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and general pay rates. The Commission shall appoint a chief administrative law judge and such administrative law judges as it deems necessary to carry out the functions of the Commission: *Provided,* That assignment, removal, and compensation of administrative law judges and a chief administrative law judge shall be in accordance with sections 3105, 3344, 5362, and 7521 of title 5, United States Code.

(c) Three members of the Commission shall constitute a quorum and official action can be taken only on the affirmative vote of a majority of those present and voting: *Provided,* That, pursuant to such rules as the Commission may establish for proceedings arising under the Federal Mine Safety and Health Act of 1975, the Commission may fix a quorum at two members. In any review by the Commission, or upon any petition for review before it, an equally divided vote of the Commissioners shall operate as an affirmance of the order or decision being reviewed or for which review is petitioned.

(d) (1) Pursuant to such rules as the Commission may establish, proceedings held pursuant to the Federal Mine Safety and Health Act of 1975 may be had before a special mine safety and health panel established in the Commission composed of both members who are especially qualified in the field of mine safety and health and one additional member. In any such proceeding two members shall constitute a quorum and official action can be taken only on the affirmative vote of at least two members.

(2) Notwithstanding any other provision of this section, the Commission is authorized, consistent with the rights of the parties to an opportunity for a hearing, to expedite in every way proceedings held pursuant to the Federal Mine Safety and Health Act of 1975.

(e) (1) An administrative law judge appointed by the Commission to hear matters under this Act and the Occupational Safety and Health Act of 1970, shall hear, and make a determination upon, any proceeding instituted before the Commission and any motion in connection therewith, assigned to such administrative law judge by the chief administrative law judge of the Commission or by the Commission, and shall make a decision which constitutes his final disposition of the proceedings. The decision of the administrative law judge of the Commission or by the Commission, thirty days after its issuance unless within such period the Commission has directed that such decision shall be reviewed by the Commission in accordance with paragraph (2) of this subsection. An administrative law judge shall not be assigned to prepare a recommended decision under this Act or under the Occupational Safety and Health Act of 1970.

(2) The Commission shall prescribe rules of procedure for its review of the decisions of administrative law judges in cases under this Act and under the Occupational Safety and Health Act of 1970 which shall meet the

following standards for review (the provisions of section 557(b) of title 5, United States Code, with regard to the review authority of the Commission are hereby expressly superseded to the extent that they are inconsistent with the provisions of paragraphs (i) (a) (b) and (c), (ii) and (iii) of this subsection):

(i) (a) PETITIONS FOR DISCRETIONARY REVIEW.—Any party may file and serve a petition for discretionary review by the Commission of a decision of an administrative law judge within thirty days after the issuance of such decision. Review by the Commission shall not be a matter of right but of the sound discretion of the Commission.

(b) Petitions for discretionary review shall be filed only upon one or more of the following grounds:

(1) A finding or conclusion of material fact is not supported by substantial evidence.

(2) A necessary legal conclusion is erroneous.

(3) The decision is contrary to law or to the duly promulgated rules or decisions of the Commission.

(4) A substantial question of law, policy, or discretion is involved.

(5) A prejudicial error of procedure was committed.

(c) Each issue shall be separately numbered and plainly and concisely stated, and shall be supported by detailed citations to the record when assignments of error are based on the record, and by statutes, regulations, or principal authorities relied upon. Except for good cause shown, no assignment of error by any party shall rely on any question of fact or law upon which the administrative law judge had not been afforded an opportunity to pass. Review by the Commission shall be granted only by majority vote of the Commissioners present and voting. If granted, review shall be limited to the questions raised by the petition.

(ii) REVIEW BY COMMISSION AT ITS OWN INITIATIVE.—At any time within thirty days after the issuance of a decision of an administrative law judge, the Commission may in its discretion (by majority vote of the Commissioners present and voting) order the case before it for review but only upon the ground that the decision may be contrary to law or Commission policy, or that a novel question of policy has been presented. The Commission shall state in such order the specific issue of law, Commission policy or novel question of policy involved. If a party's petition for discretionary review has been granted, the Commission shall not raise or consider additional issues in such review proceedings except in compliance with this paragraph.

(iii) SCOPE OF REVIEW.—For the purpose of review by the Commission under paragraph (i) or (ii) of this subsection, the record shall include (1) all matters constituting the record upon which the decision of the administrative law judge was based, (2) the rulings upon proposed findings and conclusions, (3) the decision of the administrative law judge, (4) the petition or petitions for discretionary review, responses thereto, and the Commission's order for review, and (5) briefs filed on review. No other material shall be considered by the Commission upon review. The administrative law judge's findings and conclusions of fact, as distinguished from policy determinations, shall not be set aside by the Commission unless such findings or conclusions of fact are unsupported by substantial evidence of record. The Commission either may remand the case to the administrative law judge for further proceedings as it may direct or it may affirm, set aside, or modify the decision or order of the administrative law judge in conformity with the record. If the Commission determines that further evidence is necessary on an issue of fact it shall remand the case for further proceedings before the administrative law judge.

(f) In connection with hearings before the Commission, or its administrative law judges, under this Act or the Occupational Safety and Health Act of 1970, the Commission and its administrative law judges may compel the attendance and testimony of witnesses and the production of books, papers, or documents or objects, and to order testimony to be taken by deposition at any stage of the proceedings before them. Any person may be compelled to appear and depose and produce like documentary or physical evidence, in the same manner as witnesses may be compelled to appear and produce evidence before the Commission and its administrative law judges. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States and at depositions ordered by such courts. In case of a contumacy, failure, or refusal of any person to obey a subpena or order of the Commission or an administrative law judge, respectively, to appear, to testify, or to produce documentary or physical evidence, any district court of the United States or the United States courts of any territory or possession, within the jurisdiction of which such person is found, or resides, or transacts business, shall, upon the application of the Commission, or the administrative law judge, respectively, have jurisdiction to issue to such person an order requiring such person to appear, to testify, or to produce evidence as ordered by the Commission or the administrative law judge, respectively, and any failure to obey such order of the court may be punished by said court as a contempt thereof.

(g) Except as otherwise specifically provided in this section, the provisions of section 12 of the Occupational Safety and Health Act of 1970 with respect to the Occupational Safety and Health Review Commission shall continue in effect.

NATIONAL INSTITUTE FOR OCCUPATIONAL SAFETY AND HEALTH

SEC. 303. The National Institute for Occupational Safety and Health established under section 22 of the Occupational Safety and Health Act of 1970 is authorized to conduct research related to the development of safety and health standards under the Federal Mine Safety and Health Act of 1975 and to perform all functions with respect to mines that it performs with respect to employments subject to the Occupational Safety and Health Act of 1970.

STATISTICS

SEC. 304. The Secretary of Labor in carrying out his functions under section 24 of the Occupational Safety and Health Act of 1970 shall include accurate statistics on the work injuries and illnesses occurring in the mines subject to the Federal Mine Safety and Health Act of 1975.

SAND AND GRAVEL MINES

SEC. 305. Nothing in this Act shall be construed to prohibit the application of the Occupational Safety and Health Act of 1970 to sand and gravel mines.

TERMS OF PRESENT MEMBERS OF THE REVIEW COMMISSION

SEC. 306. Nothing contained in this title shall affect the terms of the members of the Occupational Safety and Health Review Commission serving on the date of enactment of this Act.

TITLE IV—MISCELLANEOUS PROVISIONS

TRANSFER MATTERS

SEC. 401. (a) The functions of the Secretary of the Interior under the Federal Coal Mine Health and Safety Act of 1969, and the Federal Metallic and Non-Metallic Mine Safety Act of 1966 are transferred to the Secretary of Labor, except those which are expressly transferred to the Commission by this Act.

(b) (1) The mandatory and advisory standards relating to mines, issued by the Secretary of the Interior under the Federal Metallic and Nonmetallic Mine Safety Act of 1966 and standards under the Federal Coal Mine Health and Safety Act of 1969 which are in effect on the date of enactment of this Act shall remain in effect as standards under title I of the Federal Mine Safety and Health Act of 1975 until such time as the Secretary shall issue new or revised standards under that title, or, with respect to sand or gravel standards, until new or revised standards are issued by the Secretary of Labor under section 6 of the Occupational Health and Safety Act of 1970.

(2) All interpretation, regulations, and instructions of the Secretary of the Interior or the Director of the Bureau of Mines, in effect on the date of enacement of this Act and not inconsistent with any provision of this Act or any amendment made by this Act, shall be published in the Federal Register and shall continue in effect until modified or superseded in accordance with the provisions of this Act.

(c) (1) All unexpended balances of appropriations, personnel, property, records, obligations, and commitments which are used primarily with respect to any function transferred under the provisions of subsection (a) of this section to the Secretary shall be transferred to the Department of Labor. The transfer of personnel pursuant to this paragraph shall be without reduction in classification or compensation for one year after such transfer, except that the Secretary of Labor shall have full authority to assign personnel during such one-year period in order to efficiently carry out functions transferred to him under this Act.

(2) All orders, decisions, determinations, rules, regulations, permits contracts certificates licenses and privileges (A) which have been issued, made, granted, or allowed to become effective in the exercise of functions which are transferred under this section by any department or agency, any functions of which are transferred by this section, and (B) which are in effect at the time this section takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary of Labor, the Occupational Safety and Health Review Commission by any court of competent jurisdiction, or by operation of law.

(3) The provisions of this section shall not affect any proceedings pending at the time this section takes effect before any department or agency, functions of which are transferred by this section; except that such proceedings, to the extent that they relate to functions so transferred, shall be continued before the Secretary of Labor or the Occupational Safety and Health Review Commission. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this section had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Secretary of Labor, the Occupational Safety and Health Review. Commission, by a court of competent jurisdiction, or by operation of law.

(4) The provisions of this section shall not affect suits commenced prior to the date this section takes effect and in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this section had not been enacted; except that if before the date on which this section takes effect, any department or agency (or officer thereof in his official capacity) is a party to a suit involv-

ing functions transferred to the Secretary, then such suit shall be continued by the Secretary. No cause of action, and no suit, action, or other proceeding, by or against any department or agency (or officer thereof in his official capacity) functions of which are transferred by this section, shall abate by reason of the enactment of this section. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United States or the Secretary as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this paragraph.

(d) For purposes of this section, (1) the term "function" includes power and duty, and (2) the transfer of a function, under any provision of law, of an agency or the head of a department shall also be a transfer of all functions under such law which are exercised by any officer or officer of such agency or department.

MINE SAFETY AND HEALTH ADMINISTRATION

Sec. 402. (a) There is established in the Department of Labor, a Mine Safety and Health Administration to be headed by an Administrator appointed by the President, by and with the advice and consent of the Senate. The Secretary is authorized and directed, except as specifically provided otherwise, to carry out his functions under the Federal Mine Safety and Health Act of 1975 through the Mine Safety and Health Administration.

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following paragraph:

"(98) Administrator of the Mine Safety and Health Administration".

AMENDMENTS WITH RESPECT TO MINE SAFETY AND HEALTH ADMINISTRATION

Sec. 403. (a) (1) Section 501(a) of the Federal Mine Safety and Health Act of 1975 (as redesignated by this Act) is amended by striking out the word "coal" wherever it appears therein.

(2) Section 501(b) of such Act is amended by striking out the word "coal" each time it appears therein and by adding after the word "Welfare" the following: "through the National Institute for Occupational Safety and Health established under the Occupational Safety and Health Act of 1970".

(3) Section 501(d) of such Act is amended by striking out the word "coal".

(b) Section 502 of such Act is amended by striking out the word "coal" each time it appears therein.

(c) (1) Section 503(a) of such Act is amended by striking out the word "coal" each time it appears therein.

(2) Section 503(b) of such Act is amended by striking out the word "coal" each time it appears therein.

(d) (1) Section 503(f) of such Act is amended by striking out the word "coal".

(2) Section 503(g) of such Act is amended by striking out the word "coal".

(e) Section 505 of such Act is amended by striking out "the mining of coal" and inserting in lieu thereof "in mining".

(f) Section 506(b) of such Act is amended by striking out the word "coal" each time it appears therein.

(g) (1) Section 511(a) of such Act is amended by striking out the word "coal".

(2) Section 511(b) of such Act is amended by striking out the word "coal".

(h) Section 7(b) (5) f of the Small Business Act is amended by striking out the word "coal".

SAVINGS PROVISION

Sec. 404. Nothing contained in this Act or any amendment made by this Act shall be construed to reduce the number of inspectors engaged in enforcing the provisions of the Coal Mine Safety and Safety Act of 1969 and Metallic and Nonmetallic Mine Safety Act of 1969 as in effect prior to the effective date of this Act or to reduce the number of inspectors engaged in the enforcement of the Occupational Safety and Health Act of 1970.

BUDGET PROVISION

Sec. 405. In the preparation of the Budget message required under section 201 of the Budget and Accounting Act, 1927 (1931 U.S.C. 11), the President shall set forth as separate appropriation accounts amounts required for appropriation for mine health and safety pursuant to the Federal Mine Health and Safety Act of 1975 and for occupational safety and health pursuant to the Occupational Safety and Health Act of 1970.

REPEALER

Sec. 406. The Federal Metal and Nonmetallic Mine Safety Act of 1966 is repealed.

EFFECTIVE DATE

Sec. 407. This Act and the amendments made by this Act shall take effect on the first day of the second month after the date of enactment of this Act, except that the Secretary of Labor is authorized to establish such rules and regulations as may be necessary for the efficient transfer of functions provided under this Act.

Federal Mine Safety and Health Amendments of 1975

ANALYSIS OF FEDERAL MINE SAFETY AMENDMENTS OF 1975

The legislation has three principal features. First, the bill would merge the safety and health protection for metallic and nonmetallic miners with the protection for coal miners under the Coal Mine Health and Safety Act of 1969 into a Federal Mine Safety and Health Act.

Second, the functions of the Secretary of the Interior under the present Coal Mine and Metal Mine Acts be transferred to the Secretary of Labor in a separate mine safety and health administration with an administrator, subject to Senate confirmation.

Third, the bill provides for standard setting and enforcement procedures under the new Federal Mine Safety and Health Act of 1975 which would conform to the Administrative Procedure Act and provide for appellate court review.

MERGER OF METALLIC AND NON-METALLIC AND COAL MINE SAFETY AND HEALTH

The merger provision is accomplished by eliminating all references to coal under Titles I, II, and V of the 1969 Coal Mine Health and Safety Act, and by repealing the 1966 Metallic and Non-Metallic Act. The definitions of the Coal Mine Health and Safety Act are revised to make clear their application to all forms of underground mining but specifically exclude sand and gravel operations. This approach is predicated on an assumption that the essentials of safety in underground mining are similar and that a unified statutory approach would make for a much more efficient operation. Moreover, existing metal mine statutes are seriously deficient with respect to administrative and enforcement procedures (see below.)

TRANSFER OF MINE SAFETY FUNCTIONS TO THE SECRETARY OF LABOR

The transfer of mine safety enforcement to the Secretary of Labor is accomplished by substituting Secretary of Labor for Interior or Bureau of Mines in the Amendments to the 1969 Act. Additional provisions are made for a separate mine safety and health administration in order to provide a continuity and maintenance of effort. The bill has legislative language requiring a maintenance of the separate inspection forces and separate budget submissions designed to make sure that existing cases and decisions are maintained in force regardless of the transfer. The rationale for this transfer function is that the Bureau of Mines has failed as the governmental agency responsible for mine safety. The Subcommittee's oversight activities coupled with the disaster investigations reflects an inability of the Bureau of Mines to develop the strong enforcement program needed in this area.

The over-riding need for the transfer is that the Secretary of the Interior with his primary charge of responsibility to ensure adequate energy sources for our country is presented with an irreconcilable conflict in also being changed to ensure maximum safety of workers in the mines. A transfer of this function to the Secretary of Labor will allow him to concentrate his efforts on workers protection and avoid the Interior Department's continuing schizophrenic conflict on energy v. safety.

Health research matters are transferred to the Secretary of Health, Education, and Welfare under the National Institute of Occupational Safety and Health.

The elimination of the jurisdiction of sand and gravel pits is done because that coverage closely relates to construction work rather than mining operations and accordingly a more efficient operation can be accomplished by letting that be handled by the Occupational Safety and Health Act of 1970. Moreover, the ability of the Bureau of Mines to focus on the more dangerous underground mining operation is diminished by having the jurisdictional responsibility of the vastly large sand and gravel operations.

REVISION OF ADMINISTRATIVE PROCEDURE AND ENFORCEMENT

The bill revises the standard making procedures, enforcement and inspection procedure, and penalty provisions of the 1969 Coal Mine Act under a basic framework of operation within the Administrative Procedure Act while retaining some of the more viable features of the 1969 Coal Mine Act. This is accomplished legislatively by rewriting the entire Title I of the 1969 Act. The Secretary of Labor is given stronger independence on promulgating standards, advisory committees are strengthened in their operation and given a definite time frame within which to deliver. However, Advisory Committees are left optional with respect to the Secretary's decision to appoint them. Existing coal mine and metallic mine safety and health standards are retained in place until better substitutes are promulgated. One feature will be to make all of the metallic mine safety standards mandatory and eliminate the present situation where some of the metal mine standards are mandatory and some advisory. There seems to be no rational basis for devising a standard which is necessary to life and safety as being advisory. The Secretary is given authority to issue future temporary noncompliance orders and variances.

The procedures for inspection enforcement are likewise based on making clear the strong inspection requirements of the Coal Mine Act but eliminating certain of the bureaucratic problems that the Bureau of Mines has had in conducting inspections. The closure for imminent danger situations are stronger under the 1969 Coal Mine Act and therefore have been retained.

The penalties of the 1969 Coal Act are retained. The Occupational Safety and Health Review Commission is given jurisdiction for appeals from the Secretary under the new Act. The review commission is expanded for this purpose.

Section-by-Section Analysis

TITLE I—AMENDMENTS TO THE GENERAL PROVISIONS OF THE FEDERAL COAL MINE HEALTH AND SAFETY ACT OF 1969

Section 101—This section amends section 1 of the Federal Coal Mine Health and Safety Act of 1969 such that it is now cited as the

"Federal Mine Safety and Health Act of 1975."

Section 102—Definitions and applicability.

Section 102(a)(1)—provides that Section 2 of the Federal Mine Safety and Health Act of 1975 is amended by striking out "coal" wherever it appears.

Section 102(a)(1)—provides that the functions of the Secretary of the Interior in developing and promulgating improved mandatory health and safety standards under Section 2(g)(1) are transferred to the Secretary of Labor.

Section 102(b)(1)—changes the definition of "Secretary" in section 3(a) from Secretary of the Interior to Secretary of Labor.

Section 102(b)(2)—enlarges the definition of "mine" in section 3(h) to include those mines previously covered by the Federal Metal and Non-Metallic Mine Safety Act (except sand and gravel mines).

Section 102(b)(3)—expands the definitions of "operator," "agent," "miner," and "imminent danger" in sections 3(d), (e), (g), and (j), respectively, to apply to all mines now covered by the Act.

Section 102(b)(4)—amends section 3 to add a new section 3(n) defining "Administration" which means the Mine Safety and Health Administration established under section 402 of this Act and a new section 3(o) defining "Commission" which means the Occupational Safety and Health Review Commission established under section 12 of the Occupational Safety and Health Act of 1970.

Section 102(c)—amends section 4, "Mines Subject to Act," to include in addition to coal miners, mines newly covered by this Act.

Section 102(d)(1)—amends Section 5(c) to conform the wording thereof to the new definition of "Secretary," but the meaning is unchanged.

Section 102(d)(2)—includes operators and miners' representatives of mines newly covered by this Act among those that may ask the Interim Compliance Panel for a public hearing under Section 5(f), and changes the wording of that section to conform to the new section number for "Judicial Review."

Section 102(e)—transfers authority to modify application of mandatory standards from the Secretary of the Interior to the Commission.

TITLE II—MINE SAFETY AND HEALTH STANDARD AMENDMENTS

Amendment to title I

Section 202—This section amends Title I of 1969 so that it includes:

Section 101—Duties.

Section 101(a)—establishes the duty of each mine operator to comply with the health and safety standards, all rules, regulations, and orders promulgated under this Act and to furnish a place of employment free from recognized hazards causing or likely to cause death or physical harm.

Section 101(b)—establishes the duty of each miner to comply with the health and safety standards, all rules, regulations, and orders promulgated under this Act which are applicable to his own conduct.

Section 102.—Safety and Health Standards.

Section 102(a)—establishes that the Secretary may by rule promulgate, modify, or revoke any health and safety standard.

Section 102(a)(1)—provides that the Secretary may request the recommendations of an advisory committee appointed under section 103 whenever he determines from information submitted to him in writing or on the basis of his own information that a rule should be promulgated. Where an advisory committee is appointed, the Secretary must provide such committee with any proposal of his own or of the Secretary of Health, Education, and Welfare as well as any factual information that has been developed. The advisory committee must submit to the Secretary its recommendations within 90 days from the date of its appointment or a longer or shorter period of time prescribed by the Secretary, but no longer than 270 days.

Section 102(a)(2)—requires the Secretary to publish a proposed rule in the Federal Register and afford interested persons a period of 30 days after publication to submit written comments. Where an advisory committee is appointed and the Secretary decides to issue a rule, he must publish the proposed rule within 60 days after submission of the committee's recommendations or the expiration of the period prescribed by the Secretary for those recommendations.

Section 102(a)(3)—permits any interested person to file with the Secretary written objections to the proposed rule and request a public hearing before the expiration of the comment period provided for in section 102(a)(2). Within 30 days after the last day for filing such objections, the Secretary shall publish in the Federal Register a notice specifying the standard objected to and the time and place for a hearing.

Section 102(a)(4)—provides that within 60 days after expiration of the comment period under section 102(a)(2) or within 60 days after completion of a hearing under section 102(a)(3), the Secretary shall issue a rule or determine that a rule should not be issued. In order to insure that affected employers and their employees are informed of the existence of the standard and its requirements, an issued rule may contain a provision delaying its effective date for a period determined by the Secretary, but not longer than 90 days.

Section 102(a)(5)—requires the Secretary, in promulgating standards, to set the standard which assures that miners will not suffer impairment of health, functional capacity, or diminished life expectancy even if regularly exposed to the hazards throughout their working lives. Development of standards is to be based on research, demonstration, experiment, and other appropriate information. In addition to the attainment of the highest degree of safety and health protection for the miner, other considerations shall be the latest available scientific data in the field, the feasibility of the standards and experience gained under this and other health and safety statutes. Wherever practicable, the standard should be expressed in terms of objective criteria and performance desired.

Section 102(a)(6)—provides that any standard promulgated under section 102(a) must prescribe the use of labels or other warnings necessary to ensure that miners are apprised of all hazards to which they are exposed, relevant symptoms and appropriate emergency treatment and proper conditions and precautions of safe use or exposure. A standard, when appropriate, shall prescribe protective equipment, control or technological procedures to be used, and shall provide for monitoring or measuring miners exposure as may be necessary for the protection of the miners. Where appropriate, such standard shall prescribe the type and frequency of medical examination or tests which the miners shall provide, at his cost, in order to determine whether the miner exposed to such hazards is adversely affected by such exposure.

The medical examination may be furnished at the expense of the Secretary of Health, Education, and Welfare if he determines them to be in the nature of research. The results of such examination or tests shall be furnished only to the Secretary, the Secretary of Health, Education, and Welfare, and at the miners request, to his designated physician. The Secretary, in consultation with the Secretary of Health, Education and Welfare, may by rule promulgated pursuant to section 554 of title 5, United States Code, modify the foregoing requirements relating to labels, warning, monitoring and medical examination as subsequently acquired experience, information or medical and technical developments warrant.

Section 102(a)(7)—requires that no safety or health standard promulgated under Title I shall reduce the protection afforded miners below that are provided by any safety or health standard previously in effect.

Section 102(b)(1)—provides that where the Secretary determines that miners are potentially subjected to physical or mental impairment from exposure to substances or agents determined to be toxic or physically harmful or from new hazards and that an emergency standard is necessary to protect the miners, he may promulgate an emergency standard effective upon publication in the Federal Register without regard to the rule making procedures of the Administrative Procedure Act.

Section 102(b)(2)—provides that an emergency temporary standard shall be effective until superseded by a standard promulgated in accordance with the procedures prescribed in section 102(b)(3).

Section 102(b)(3)—requires the Secretary to begin a proceeding for promulgating a standard in accordance with section 102(a) upon publication of the emergency temporary standard. The emergency temporary standard shall serve as the proposed rule in such a proceeding and the Secretary shall promulgate the permanent standard no later than six months after publication of the emergency temporary standard.

Section 101(c)—authorizes the Secretary to grant a variance if he determines or the Secretary of Health, Education, and Welfare certifies that such a variance is necessary for the operator to participate in an experiment approved by one of the Secretaries designed to improve techniques of safeguarding the health or safety of the workers.

Section 102(d)(1)—provides that any operator may apply to the Secretary for a temporary order permitting limited non-compliance with a standard or any of its provisions promulgated under section 102. Such a temporary order shall be granted only if the operator's application meets the requirements of paragraph (2) and establishes that (A) he is truly unable to come into compliance with the standard by its effective date, (B) he is taking all available steps to safeguard his miners against the hazards covered by the standard, and (C) he has an effective program for coming into compliance with the standard as quickly as practicable. Any temporary order issued under the above subsection must prescribe the practices the operator must use while the order is in effect and describe his program for coming into compliance with the standard. A temporary order may be granted only after notice to miners and an opportunity for a public hearing but the Secretary may issue one interim order to be effective until a decision is made on the basis of the hearing. A temporary order may be in effect only long enough for an employer to achieve compliance with the standard or 6 months, whichever is shorter, except that such an order may be renewed not more than twice if (i) the requirements of this subsection are met and (ii) an application for renewal is filed at least 90 days prior to the expiration date of the order. No interim renewal of an order may remain in effect longer than 180 days.

Section 102(d)(2)—requires that an application for a temporary order contain:

(A) a specification of the standard or portion thereof from which the employer seeks a non-compliance.

(B) a representation by the operator, supported by qualified persons, that he is unable to comply with the standard or portion thereof and the detailed reasons for such inability to comply.

(C) a statement of steps he has taken and will take to protect employees against the hazard covered by the standard.

(D) a statement of when he expects to be able to comply with the standards, and what steps he has taken and will take to comply with the standard, and

(E) a certification that he has informed his employees of the application and their right to petition the Secretary for a hearing; a description of how miners have been informed shall be contained in the certification.

Section 102(e)—allows operators to apply to the Secretary for a variance from a standard promulgated under Section 102. Affected miners and their representative must be given notice of each such application and an opportunity to participate in a hearing. The Secretary shall issue a variance if he determines on the record, after opportunity for an inspection where appropriate and a public hearing, that the operator will provide conditions as safe and healthful as those which would prevail if he complied with the standard. The order of variance shall prescribe the conditions the operator must maintain and the practices he must use to the extent they differ from the standard. Such an order may be modified or revoked upon application by an operator, miners, miners' representative, or by the Secretary in the manner prescribed for its issuance.

Section 102(f) provides that subsections (d) and (e) shall not apply with respect to any standard in effect on the effective date of the Federal Mine Safety and Health Amendments of 1973 other than the standards in sections 202(b) and (c) and 305(a) of this Act.

Section 102(g) provides that hearings held under this section shall be of record and subject to 5 U.S.C. 554.

Section 102(h) allows persons adversely affected by a standard to challenge its validity, within 60 days of its promulgation, in the appropriate U.S. court of appeals. Unless ordered by the court, such challenge shall not operate as a stay of the standard. The Secretary's determination shall be conclusive if supported by substantial evidence in the record, as a whole.

Section 103—Advisory Committees.

Section 103(a)—allows the Secretary to appoint advisory committees to assist him in his standard setting functions under section 102(a) and advise him on other health and safety matters. Each committee shall include one or more designees of the Secretary of Health, Education, and Welfare, The National Bureau of Standards, Department of Commerce, and the National Science Foundation, operator and miner representatives in equal numbers, one or more representatives of State mine inspection or safety agencies. It may include other members qualified by knowledge and experience but shall not exceed in number the members from Federal and State agencies. Committee meetings must be open to the public and the record thereof must be made available to the public. No committee member, except representatives of the operators and miners, shall have an economic interest in any proposed rule.

Section 103(b)—provides for the compensation for committee members from private life according to the provisions for section 3109 of title 5, United States Code for consultants or experts. The Secretary shall pay to the States the actual costs to them of their representatives' membership on the Committee.

Section 104—Inspections, Investigations, and Recordkeeping.

Section 104(a)—authorizes the Secretary or the Secretary of HEW or the authorized representative of either, upon presenting appropriate credentials to the owner, operator, or agent in charge, (1) to enter without delay and at reasonable times any mine subject to the Act and (2) to make reasonable inspections and investigations and to question privately employers, owners, operators, agents, or employees. With respect to underground mines, the Secretary is required to make inspections of the entire mine at least four times a year. No advance notice of inspections shall be given.

Section 104(b)—allows the Secretary to require the attendance and testimony of witnesses and the production of evidence under oath. Witnesses will be paid the same as witnesses in U.S. courts. The appropriate district courts, upon application by the Secretary shall have jurisdiction over witnesses failing to appear and may issue orders requiring such appearance. Failure to obey such an order may be punished as contempt.

Section 104(c)(1)—requires each operator to maintain and make available to the Secretaries such records that the Secretary, in cooperation with the Secretary of Health, Education, and Welfare, prescribes as appropriate for the enforcement of the Act or for developing information regarding the causes and prevention of occupational accidents and illnesses in the mines. Regulations issued pursuant to this paragraph may include provisions requiring operators to conduct periodic inspections.

Section 104(c)(2)—provides that the Secretary, in cooperation with the Secretary of Health, Education, and Welfare, shall require operators to maintain records of and make periodic reports on work-related deaths, injuries, and illness except for minor injuries requiring only first aid treatment.

Section 104(c)(3)—requires the Secretary, in cooperation with the Secretary of Health, Education, and Welfare, to issue regulations requiring operators to maintain records of minor exposures to potentially toxic or harmful physical agents that must be monitored or measured under the Act's health and safety standards. The regulations are to give miners or their representatives an opportunity to observe the monitoring or measuring and to give miners and former miners access to such records of individual exposure. Operators are to notify miners of overexposure and shall inform overexposed miners of the corrective action being taken. Any miner transferred due to such exposure shall receive compensation at not less than the rate he received immediately prior to his transfer.

Section 104(c)(4)—provides that all accidents, except some unintentional roof falls, shall be investigated by the operator or his agent to determine the cause and means of preventing recurrence. Records of accidents and investigations shall be maintained and made available to the Secretary and the appropriate State agency. Such records shall be open for inspection by interested persons.

Section 104(d)—requires that information obtained under the Act must be obtained with a minimum burden upon operators, especially those operating small businesses. Unnecessary duplication of effort in obtaining information is to be reduced as much as possible.

Section 104(e)—provides that subject to regulations issued by the Secretary a representative of the operators and a representative of the miners shall be given an opportunity to accompany the inspecting official during the inspection of a mine under section 104(a). Where there is no authorized miner representative the inspector shall consult with a reasonable number of miners. If he determines more than one representative from each party would aid the inspection, the inspector may permit each party an equal number of additional representatives. A miner representative who is also employed by the operator shall not lose pay for his participation in the inspection. Compliance with this subsection shall not be a jurisdictional prerequisite to the enforcement of any provision of this Act.

Section 104(f)(1)—provides that if any miner or his representative believes that a standard violation exists that threatens physical harm or that an imminent danger exists, he may request an inspection by giving written notice with his signature to the Secretary or his authorized representative of such violation or danger. A copy of such notice shall be provided to the employer or his agent no later than at the time of inspection but, upon request, the name of the person giving such notice and the names of the miners referred to therein shall be deleted.

If the Secretary determines there are reasonable grounds to believe that a violation or danger exists, he shall make a special inspection as soon as practicable. If the Secretary determines there are no reasonable grounds to believe that a violation or danger exists, he shall so notify in writing the miners or their representative.

Section 104(f)(2)—provides that prior to or during any inspection any miners or their representative may notify the federal inspector, in writing, of any violation of this Act or of any imminent danger they believe exists. The Secretary shall, by regulation, establish informal review procedures for any refusal by an inspector to issue a citation with respect to such alleged violation or order with respect to such danger and shall furnish the miners or their representative requesting such review a written statement of the reasons for his final disposition of the case.

Section 104(g)(1)—authorizes the Secretary and the Secretary of Health, Education and Welfare to publish information obtained under this section.

Section 104(g)(2)—provides that the Secretary and the Secretary of Health, Education, and Welfare shall each prescribe regulations necessary to carry out their responsibilities under this Act.

Section 104(h)—requires the Secretary to provide a minimum of one spot inspection of all or part of a mine during every 5 working days at irregular intervals, if the mine contains some especially hazardous conditions.

Section 104(i)—provides that if there is a mine accident, the operator shall notify the Secretary and preserve any evidence that would aid an investigation of the cause. The Secretary may supervise rescue and recovery activity in such mine, if such activity is necessary, and take other appropriate action to preserve life.

Section 104(j)—provides that if there is a mine accident, and the Secretary's representative is present, he may issue appropriate orders to insure the safety of persons in the mine, and the operator must obtain his approval, in consultation with appropriate State representatives, when feasible, of any recovery plan or of any plan to return affected areas to normal operation.

Section 105—Citations and Orders.

Section 105(a)(1)—provides that if, upon inspection or investigation, the Secretary or his representative believes an operator has violated any standard, rule, order or regulation pursuant to this Act, he shall with reasonable promptness issue a citation to the operator. The citation shall be written, describe with particularity the nature of the violation, and fix a reasonable time for the violation's abatement.

Section 105(a)(2)—provides that, if a citation is issued under paragraph (1) for a violation the Secretary believes was committed willfully or with gross negligence and which subjected miners to an imminent danger, the citation shall include such charge with a specific description of the danger involved.

Section 105(b)—provides that, if upon any follow-up inspection, the Secretary's representative finds (1) the cited violations have not been totally abated within the original or subsequently extended abatement period, and (2) the abatement period should not be further extended, he shall find the area affected by the violation and promptly issue an order requiring the operator to withdraw from the affected area all persons (until the Secretary's representative determines the violation has been abated), except the following:

(1) Any person whose presence is necessary to eliminate the danger, in the judgment of the operator or the Secretary's representative;

(2) Any public official whose official duties require his presence, or

(3) Any legal or technical consultant or representative, qualified to make mine examinations or accompanied by such a person, and whose presence is necessary for the proper investigation of the conditions described in the order, in the judgment of the operator or the Secretary's representative.

Section 105(c)(1)—provides that, if an inspector finds a standard violation that could significantly contribute to the cause and effect of a mine health or safety hazard and which is caused by an unwarranted failure of the operation, he shall issue an order withdrawing all persons, except those referred to in section 15(b), from the affected area until the Secretary's representative determines that the violation has been abated.

Section 105(c)(2)—provides that, if a withdrawal order has been issued pursuant to section 105(c)(1), a withdrawal order shall be issued by the Secretary's representative who finds other unwarranted violations. The order shall be effective until an inspection discloses no similar violations. Following such an inspection, the provisions of section 105(c)(1) shall again be applicable to the affected mine.

Section 105(d)—requires that during the abatement period for a violation of the respriable dust concentration limit, the operator must take samples described in section 202(a) during each production shift. The section also provides that, after a withdrawal order has been issued for failure to abate a violation of the respirable dust concentration limit, the Secretary, upon request of the operator, shall provide technical assistance to aid in reducing such dust concentrations. Those persons sent by the Secretary may require the operator to take actions they deem appropriate to insure the health of persons in the mine.

Section 105(e)—requires that each citation or order or copy thereof issued under this section must be posted in accordance with section 110 and as prescribed by the Secretary's regulations.

Section 105(f) provides that no citation may be issued under this section after 6 months following any violation.

Section 105(g) provides that any order issued under sections 105 (b) or (c) is effective until revoked by the Secretary or modified or vacated by the Commission or the courts pursuant to sections 106(c) or 107(a).

Section 106. Procedures for Enforcement.

Section 106(a)—requires the Secretary to notify within a reasonable time an operator issued a citation under section 105(a)(1) of any penalty to be assessed under section 111(a) and that the operator has 15 working days to notify the Secretary that he wishes to contest the citation or proposed penalty. If the citation contains a charge under section 105(a)(2), the Secretary's notification shall include a proposed civil penalty closure order under section 111(c) in addition to the proposed civil monetary penalty.

If the operator fails to notify the Secretary within the 15 working days that he intends to contest the citation or proposed penalty or penalties and if no notice is filed by any miner or miner representative under subsection (c) within such time, the citing penalty or penalties as proposed shall be deemed a final order of the Commission and not subject to review by any court or agency.

Section 106(b)—provides that, if the Secretary believes an employer has failed to correct a cited violation within the abatement period (which period begins on the entry of the Commission's final order in the case of any review proceedings under this section initiated in good faith and not solely for delay), the Secretary shall notify the operator of such failure, of the proposed penalty under section 111 for that failure, and that the operator has 15 working days to contest the notification or proposed penalty. If the operator does not so notify the Secretary within the 15 working days, the notification and proposed assessment shall be deemed a final order of the Commission and not subject to review by any court or agency.

Section 106(c)(1) prohibits discharging, discriminating against, or interfering with the exercise of statutory rights by any mine employee or applicant for employment because he filed a complaint or instituted or caused to be instituted any proceeding under or related to this Act, or testified or is about to testify in any such proceeding, or exercised for himself or others any statutory right afforded by this Act.

Section 106(c)(2) authorizes any mine employee or applicant who believes that he has been discharged or otherwise discriminated against or interfered with by any person in violation of this subsection to, within 30 days after such violation, file a complaint with the Secretary, who shall then make any appropriate investigation. If upon such investigation, the Secretary determines there has been such violation, he shall immediately file a complaint with the Commission. The Commission shall afford an opportunity for a hearing and, based on findings of fact, issue an order affirming, modifying, or vacating the Secretary's proposed order or directing other appropriate relief. Such order is final 30 days after its issuance. The Commission shall have the authority to order all appropriate relief, including rehiring or reinstatement of the miner to his former position with back pay and interest.

Section 106(c)(3) requires the Secretary, within 90 days of the receipt of a complaint filed under this subsection, to notify the complainant of his determination whether a violation has occurred. If the Secretary determines there is no violation the complainant may file, within 30 days of such notice, before the Commission charging discrimination under paragraph (1). The Commission shall afford an opportunity for a hearing and thereafter shall issue an order dismissing or sustaining the complainant's charges and, if sustained, granting appropriate relief. Such an order becomes final 30 days after its issuance. When such order sustains the miner's charges, all reasonable expenses (as determined by the Commission) incurred by the miner related to such proceedings shall be assessed against the violator. Proceedings under this section shall be expedited by the Secretary and the Commission. A Commission order under this paragraph shall be subject to judicial review under section 107. Violations of paragraph (1) by any person shall be subject to the provisions of sections 109 and 111(a).

Section 106(d)—provides that, if an operator notifies the Secretary that he intends to contest a citation or order under section 105 a miner or miner representative alleges that the abatement period for a cited violation is unreasonable, the Secretary shall immediately so advise the Commission. The Commission must then provide an opportunity for a hearing and thereafter issue an order affirming, modifying, or vacating the Secretary's citation, order, or proposed penalty or directing other appropriate relief. Such an order becomes final 30 days after its issuance.

The rules of procedure prescribed by the Commission shall provide affected miners or their representatives an opportunity to participate as parties to Commission hearings under this subsection. The Commission shall take whatever action is necessary to expedite proceedings for hearing appeals of orders issued under section 105.

Section 107. Judicial Review.

Section 107(a)—permits any person adversely affected or aggrieved by an order of the Commission issued under this Act to obtain review of such order or decision in any appropriate U.S. Court of Appeals by filing a written petition within 60 days of the issuance of the order. The subsection specifies those procedures to be followed after a petition for review is filed, including:

(1) The clerk of the court transmits a copy of the petition to the Commission and other parties.

(2) The Commission files in court the proceeding record pursuant to 28 United States Code 2112 and the court shall then have exclusive jurisdiction.

(3) The court is authorized to grant appropriate temporary relief or restraining orders and may enter and enforce a decree affirming, modifying, or setting aside in whole or in part the Commission's order.

(4) Unless ordered by the court, the commencement of proceedings shall not stay the Commission's order.

(5) Objections not urged before the Commission will not be considered by the court unless the failure to urge such objection is excused because of extraordinary circumstances. The Commission's findings of fact shall be conclusive when supported by substantial evidence on the record as a whole.

(6) Any party may apply for leave to adduce additional evidence and if such evidence is material and there were reasonable grounds for not adducing such evidence before the Commission, the court may order the evidence taken before the Commission and made part of the record. The Commission may then modify its findings of fact or make new findings and shall file such findings, which shall be conclusive if supported by substantial evidence on the record as a whole. The Commission may modify or set aside its original order due to such modified or new findings of fact.

(7) The judgment and decree of the court shall be final except subject to review by the Supreme Court of the United States, pursuant to 28 United States Code 1254.

(8) Petitions filed under this subsection shall be heard expeditiously.

Section 107(b)—permits the Secretary to petition an appropriate United States Court of Appeals for review or enforcement of the Commission's final order and, to the extent applicable, the provisions of section 107(a) shall govern such proceedings. If no review petition pursuant to section 107(a) is filed within 60 days after service of the Commission's order, the Commission's findings of fact and order shall be conclusive in connection with any enforcement petition filed by the Secretary after such 60 day period. In any such case, or in the case of a final order by the Commission under section 106 (a) or (b), the clerk of the court, unless otherwise ordered by the court, shall enter a decree enforcing the order and shall transmit copies to the Secretary and operator. In any contempt proceeding to enforce a court of appeal's decree pursuant to section 107 (a) and (b), the court of appeals may assess penalties provided in section 111 and other available remedies.

Section 108. Procedures to Counteract Dangerous Conditions.

Section 108(a)—provides that, if upon any inspection or investigation, the Secretary's representative finds an imminent danger exists, he shall determine the affected area and issue a withdrawal order barring all persons except those referred to in section 105 (b) from such area. The issuance of an order under this subsection shall not preclude the issuance of a citation under section 105 or the proposing of a penalty under section 111.

Section 108(b)(1)—provides that, if upon any inspection, the Secretary's representative finds (A) conditions exist which have not resulted in an imminent danger, (B) such conditions cannot be effectively abated with existing technology, and (C) reasonable assurance cannot be provided that continued mining will not result in an imminent danger, he shall determine the affected area and issue a notice to the operator or his agent of such conditions, and file a copy with the Secretray and miners' representative. Upon receipt of such copy, the Secretary shall make appropriate investigations, including an opportunity for the operator or miners' representative to present information relating to such notice.

Section 108(b)(2)—provides that upon conclusion of such investigation and an opportunity for a pubilc hearing (when requested by an interested party), the Secretary shall make findings of fact and, by decision, either cancel the notice or issue a withdrawal order barring all persons from the affected area except those referred to in section 105(b) until the Secretary, after a public hearing affording all interested persons an opportunity to present their views, determines that such conditions have been abated. Hearings under this paragraph shall be of record and subject to 5 United States Code 554 but without regard to subsection (a)(3).

Section 108(c) requires findings and orders issued under section 108(a) to contain a detailed description of the conditions which constitute an imminent danger, and all orders issued under this section to contain a description of the area of the mine throughout which persons must be withdrawn.

Section 108(d)—requires that each finding made and order issued under this section be in writing, signed by the person making them, and given promptly to the affected operator. Any order issued pursuant to sections 108 (a) or (b) may be annulled, canceled, or revised by the Secretary's representative. Any order issued under sections 108 (a) or (b) shall remain in effect until annulled by the Secretary or revised or canceled by the Commission or the courts pursuant to sections 107(a) or 108(e).

Section 108(e)—provides that any operator notified of an order under this section may apply to the Commission within ten days for its annulment or revision. The Commission shall afford an opportunity for a hearing (in accordance with 5 United States Code 554, but without regard to subsection (a)(3) of such section) and thereafter issue an order, based on findings of fact, vacating, affirming, modifying, or terminating the Secretary's order.

Section 108(e)(2)—provides that the Commission shall take appropriate action to expedite proceedings under this subsection.

Section 109. Injunctions.

Section 109(a)—authorizes the Secretary to institute civil action for relief, including a permanent or temporary injunction or any appropriate order, in any appropriate United States district court whenever an operator or his agent (a) violates or does not comply with any order or decision issued under this Act, (b) hinders the Secretary or the Secretary of Health, Education, and Welfare or their representatives in carrying out the provisions of the Act, (c) refuses to admit such representatives to the mine, (d) refuses to permit the inspection of the mine, or the investigation of an accident or occupational disease related to such mine, (e) refuses to furnish any information or report requested by the Secretary or the Secretary of Health, Education, and Welfare in furtherance of the Act's provisions, or (f) refuses to permit access to and copying of such records as the Secretary or the Secretary of Health, Education, and Welfare determines necessary in carrying out provisions of the Act. Each court shall have jurisdiction to provide appropriate relief. Temporary restraining orders must be issued in accordance with rule 65 of the Federal Rules of Civil Procedure, as amended, but seven days from the date of entry shall be the time limit when issued without notice. Except as otherwise provided, relief granted by the court to enforce an order under clause (a) of this section is effective until completion of all review proceedings for the order under this title, unless prior thereto, the district court granting such relief sets it aside or modifies it. In any action instituted under this section to enforce an order or decision by the Commission or the Secretary after a public hearing in accordance with 5 United States Code 554, the Commission's or Secretary's findings, if supported by substantial evidence on the record as a whole, shall be conclusive.

Section 110. Posting of Notices, Orders, and Decisions.

Section 110(a)—requires that at each mine there be a mine office and a bulletin board at such office or at or near a conspicuous place near the mine entrance so that notices, orders, citations, or decisions required to be posted thereon are easily seen, and protected against damage by the weather and unauthorized removal. A copy of any notice, order, citation, or decision required to be given to the operator must be delivered to the mine office and immediately posted on the bulletin board, for not less than 30 days.

Section 110(b)—requires the Secretary to mail a copy of any notice, order, citation or decision given to an operator to the affected miners' representative and to the State official or agency that administers State laws relating to health or safety in the affected mine. Such notice, order, citation, or decision shall be available for public inspection.

Section 110(c)—provides that in order to insure prompt compliance, the Secretary's representative may deliver any notice, order, citation, or decision to the operator's agent who shall immediately take appropriate measures to comply.

Section 110(d)—requires the name and address of each mine and each person who controls or operates such mine to be filed with the Secretary. Each operator must designate an official responsible for health and safety at the mine and that official shall receive copies of any notice, order, citation, or decision affecting that mine. The designation of a health and safety official does not make him subject to any penalty under this Act.

Section 111. Penalties.

Section 111(a)—provides that a civil penalty of up to $10,000 shall be assessed for each violation of any standard, rule, order, or regulation promulgated pursuant to this Act.

Section 111(b) provides that an operator who fails to correct a violation cited under section 105(a) within the abatement period (which period shall not begin until the date of the Commission's final order in any review proceeding under section 106 initiated by the operator in good faith and not solely for delay or avoidance of penalties) may be assessed a maximum civil penalty of $1,000 for each day the violation continues.

Section 111(c) provides that, whenever a corporate operator violates any standard, rule, order, or regulation promulgated pursuant to this Act, any director, officer, or agent of such corporation who knowingly authorized, ordered, or carried out such violation shall be subject to the same civil penalties, fines, and imprisonment that may be imposed upon a person under subsections (a), (b), (e), (f), or (g).

Section 111(d) provides that any operator who willfully or with gross negligence violates any standard under this Act and thereby subjects miners to imminent danger, shall be subject to a civil penalty close order by the Commission which shall:

(i) order the mine closed for minimum specified period not to exceed 30 working days;

(ii) provide that the mine not be reopened except upon a subsequent order and finding by the Commission that no unabated safety or health violations exist at such mine (except those for which the abatement period has not expired), and

(iii) provide that during the period of closure the operator shall pay the miners at their regular hourly rates, except miners found by the Commission to have willfully or with gross negligence contributed to the violation which gave rise to the closure order.

Section 111(e) provides that any operator who willfully violates any standard, rule, order, or regulation promulgated pursuant to this Act shall upon conviction be punished by a fine of not more than $25,000 or imprisonment for not more than 1 year, or both. For any subsequent conviction, punishment shall be a fine of not more than $50,000 or imprisonment for not more than 5 years, or both.

Section 111(f) requires that any person convicted of giving advance notice of any inspection shall be punished by a fine of not more than $1,000 or imprisonment for not more than 6 months, or both.

Section 111(g) provides that whoever knowingly makes false statements, representations, or certifications in any document filed or required to be maintained pursuant to this Act shall, upon conviction, be punished by a fine of not more than $1,000 or imprisonment for not more than 6 months, or both.

Section 111(h) provides that any operator who violates any of the posting requirements under the Act shall be assessed a civil penalty of up to $1,000 for each violation.

Section 111(i) provides that any miner who willfully violates smoking related safety standards related to smoking or the carrying of smoking materials shall be subject to a civil penalty of not more than $250 for each violation assessed by the Commission.

Section 111(j) provides that whoever knowingly distributes, sells, offers for sale, introduces, or delivers in commerce any equipment for use in a mine, which is represented as complying with the provisions of this Act, or with any specification or regulation of the Secretary and which does not so comply, shall upon conviction be punished by a fine of not more than $25,000 or by imprisonment for not more than one year, or both.

Section 111(k) authorizes the Commission to assess all civil penalties and to issue all civil penalty closure orders provided in this Act, giving consideration in assessing civil monetary penalties to (a) the gravity of the violation, (b) the good faith of the person charged, (c) the history of previous violations, and (d) the appropriateness of the penalty with respect to the size of business of any operator being charged, provided that, in proposing civil penalties under this Act, the Secretary may rely upon a summary review of the information available to him and shall not be required to make findings of fact concerning the above factors.

Section 111(l) provides that civil penalties owed under this Act shall be paid to the Secretary for deposit into the U.S. Treasury, shall accrue to the United States, and may be recovered in a civil action in the name of the United States brought in the appropriate United States district court.

Section 112. Entitlement of Miners.

Section 112(a)—provides that if a mine or an area of a mine is closed by an order issued under section 105 or 108, all miners working during the shift when the order was issued who are idled by such order shall be entitled to full compensation by the operator at their regular rates of pay for the period they are idled, but not more than for the balance of the shift. If the order is not terminated before the next working shift, all miners on that shift shall be entitled to full compensation by the operator at their regular rates of pay for the period they are idled, but not for more than four hours. If the closure results from an order for failure of the operator to comply with a health or safety standard, all miners idled by the order shall be fully compensated by the operator at their regular rates of pay for such time as they remain idled by the closing or for one week, whichever is lesser. When an operator fails to comply with an order issued under section 105 or 108, all miners employed at the affected mine who would, by such order, be barred from such mine or area thereof shall be entitled to full compensation at their regular rates of pay, in addition to pay received for work performed after the order was issued, for the period beginning when the order was issued and ending when the order is complied with, vacated, or terminated. The Commission shall have authority to order such compensation under this section when a miner or his representative files a complaint and after an opportunity for a hearing subject to 5 USC 554.

Section 113. Administrative Provisions.

Section 113(a) authorizes and directs the Secretary to administer this Act through the Administration. Acting through the Administration, the Secretary shall have authority to appoint, subject to civil service laws, such officers and employees as he deems necessary for the administration of this Act, and to prescribe powers, duties, and responsibilities of all officers and employees engaged in administering this Act.

Section 113(b) authorizes the Solicitor of Labor to appear for and represent the Secretary in any civil litigation brought under this Act, except as provided in 28 U.S. Code 518(a) relating to litigation before the Supreme Court.

Section 114. Authorization of Appropriations.

Section 114—authorizes appropriations of any moneys in the Treasury not otherwise appropriated that may be necessary to carry out the provisions of this title.

Section 202. Amendments with respect to Interim Mandatory Health Standards.

Section 202(a)(1) makes all mines covered by this Act subject to the interim mandatory health standards of section 201(a).

Section 202(a)(2)—applies to all mines subject to this Act the provisions of section 201(b).

Section 202(b) applies the dust standard and respiratory equipment requirements of section 202 to all mines subject to the Act.

Section 202(c)—applies the medical examination requirements of section 203 to all mines covered by this Act.

Section 202(d)—applies the dust standard of section 205 to all mines covered by the Act.

Section 202(e)—applies the noise standard of section 206 to all mines subject to this Act.

TITLE III—RELATIONSHIP TO OCCUPATIONAL SAFETY AND HEALTH PROGRAM

Section 301. Applicability of the Occupational Safety and Health Act of 1970. This section provides that nothing in this Act applies the provisions of the Occupational Safety and Health Act of 1972 to the working conditions in the mines, unless specifically provided under this Act.

Section 302. The Occupational Safety and Health Review Commission.

Section 302(a)—increases the Commission from 3 to 5 members appointed by the President with the Senate's consent, one of whom shall be designated by the President as Chairman. The two additional members shall be qualified by reason of training, education, or experience in mine safety and health. Not more than 3 commissioners, including the Chairman, shall be of the same political party.

Section 302(b)—provides that the terms of the 2 additional members shall be 6 years except—

(1) the first 2 additional members taking office after this Act's enactment shall serve, as redesignated by the President at the time of appointment, one for 2 years and one for 6 years; and

(2) a vacancy prior to the expiration of the term for which such member was appointed shall be filled only for the remainder of such unexpired term.

Any such member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

(3) the Chairman shall be responsible for the Commission's administrative operations. The Commission shall appoint such employees as it deems necessary, including a chief administrative law judge and other necessary administrative law judges. Employee compensation shall be in accordance with chapter 51 and subchapter III of chapter 53 of title 5, U.S.C., and assignment, removal, and compensation of administrative law judges shall be in accordance with sections 3105, 3344, 5362, and 7521 of the same title and section 12(k) of this Act.

Section 302(c)—provides that 3 members of the Commission constitute a quorum and official action can be taken only on the affirmative vote of at least three members, except pursuant to rules the Commission may establish for proceedings arising under this Act, the Commission may fix a quorum at 2 members. In any review by the Commission or upon any petition for review before it, an equally divided vote shall be an affirmative of the order or decision being reviewed or for which review is asked.

Section 302(d)(1)—provides that pursuant to rules the Commission may establish proceedings held under this Act may be held before a special mine safety panel established in the Commission, composed of both members especially qualified in mine safety and health and one additional member.

Section 302(d)(2)—authorizes the Commission to expedite the proceedings held pursuant to this Act in ways consistent with the rights of the parties to an opportunity for a hearing.

Section 302(e)(1) provides that the Commission shall appoint an administrative law judge to hear matters under this Act and the Occupational Safety and Health Act of 1970 assigned to him by the Commission or its chief administrative law judge. The decisions of the administrative law judge become the final Commission order 30 days after its issuance unless within such period the Commission directs the decision to be reviewed by the Commission pursuant to paragraph (2) of this subsection. An administrative law judge shall not be assigned to prepare a recommended decision under this Act or under the Occupational Safety and Health Act of 1970.

Section 302(e)(2) directs the Commission to prescribe rules of procedures for its review of the administrative law judges' decisions in cases under this Act and the Occupational Safety and Health Act of 1970 which shall meet the following standards for review:

(i)(a) Petitions for Discretionary Review—Within 30 days of its issuance, any party may file a petition for discretionary review by the Commission of an administrative judge's decision. Such review is not a matter of right but the Commission's sound discretion.

(i)(b) Such petitions shall be filed only upon one or more of the following grounds:

(1) A finding or conclusion of material fact is not supported by substantial evidence.

(2) A necessary legal conclusion is erroneous.

(3) The decision is contrary to law, or to the Commission's promulgated rules and decisions.

(4) A substantial question of law, policy, or discretion is involved.

(5) A prejudicial error was committed in the proceedings.

(i)(c) Indicates some technical requirements of such petitions. Also, except for good cause shown no assignment of error shall rely on questions of fact or law upon which the administrative law judge has not had opportunity to pass. The Commission's review shall be granted by majority vote of those present and voting. If granted review shall be limited to questions raised by the petitioner.

(ii) Review by the Commission at its own Initiative—Within 30 days after the issuance of a decision of an administrative law judge, the Commission, by majority vote of those present and voting, may review such case but only on the grounds that the decision may be contrary to law or Commission policy or that a novel question of policy has been presented. Such grounds shall be specifically in the order to review. If a party's petition for discretionary review has been granted, the Commission shall not raise or consider additional issues in such review proceedings except in compliance with this paragraph.

(iii) Scope of Review—For purposes of Commission review under paragraphs (i) or (ii) of this subsection, the record shall include (1) all matters constituting the record upon which the decision of the administrative law judge was based, (2) rulings upon proposed findings and conclusions, (3) the decision of the administrative law judges, (4) any petition for discretionary review, responses thereto, and the Commission's order for review, and (5) briefs filed on review. No other material shall be considered by the Commission upon review. The administrative law judge's findings and conclusions of fact shall be set aside only if unsupported by substantial evidence of record. The commission may remand the case to the administrative law judge or affirm, set aside, or modify his decision or order.

Section 302(f) provides that in hearings before the Commission, the Commission or its administrative law judge may compel the appearance and testimony of witnesses and the production of physical evidence. They may order depositions. In case of failure to obey such order of the Commission or an administrative law judge, any appropriate U.S. district court, upon application by the Commission or the administratvie law judge, may order such person to appear, testify, or produce evidence and failure to obey such an order may be punished as contempt.

Section 302(g) provides that, except as specifically provided in this section, the provisions of section 12 of the Occupational Safety and Health Act of 1970 with respect to the Commission shall continue in effect.

Section 303. National Institute for Occupational Safety and Health. This section authorizes the National Institute for Occupational Safety and Health established under section 22 of the Occupational Safety and Health Act of 1970 to conduct research related to the development of safety and health standards under this Act and to perform all functions with respect to mines that it performs with respect to employments subject to the Occupational Safety and Health Act of 1970.

Section 304. Statistics. This section provides that the Secretary, in carrying out his functions under section 24 of the Occupational Safety and Health Act of 1970, shall include accurate statistics on the work injuries and illnesses occurring in the mines.

Section 305. Sand and Gravel Mines. This section provides that nothing in this Act prohibits the application of the Occupational Safety and Health Act of 1970 to sand and gravel mines.

Section 306. Terms of Present Members of the Review Commission. This section provides that nothing in this title shall affect the terms of the members of the Commission serving on the date of enactment of this Act.

TITLE IV—MISCELLANEOUS PROVISIONS

Section 401. Transfer Matters.

Section 401(a)—transfers the functions of the Secretary of the Interior under the Federal Coal Mine Health and Safety Act of 1969, and the Federal Metallic and Nonmetallic Mine Safety Act of 1966 to the Secretary of Labor, except those expressly transferred to the Commission by this Act.

Section 401(b)(1)—provides that the mandatory and advisory standards relating to mines, issued by the Secretary of the Interior under the Federal Metal and Nonmetallic Mine Safety Act of 1966 and standards under the Federal Coal Mine Health and Safety Act of 1969 which are in effect on the date of enactment of this Act shall remain in effect as mandatory standards under Title I of this Act until the Secretary issues new or revised standards under that Title, or with respect to sand and gravel standards, until new or revised standards are issued by the Secretary under Section 6 of the Occupational Safety and Health Act of 1970.

Section 401(b)(2) provides that all interpretations, regulations, and instructions of the Secretary of the Interior or the Director of the Bureau of Mines, in effect on the date of enactment of this Act and not inconsistent with any provision of this Act or any amendment made by this Act, shall be published in the Federal Register and shall continue in effect until modified or superseded in accordance with the provisions of this Act.

Section 401(c)(1)—transfers to the Department of Labor all personnel, property, records, obligations, unexpended balances of appropriations, and commitments which are used primarily with respect to any transferred function under section 401(a). The transfer of personnel pursuant to this paragraph shall be without reduction in classification or compensation for one year after such transfer, except that the Secretary shall have full authority to assign personnel during such one-year period in order to efficiently carry out functions transferred to him under this Act.

Section 401(c)(2)—provides that all orders, decisions, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges (A) which have been issued, made, granted, or allowed to become effective in the exercise of functions which are transferred under this section by any department or agency or any functions of which are transferred by this section and (B) which are in effect when this section takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Secretary, the Commission, any court of competent jurisdiction, or operation of law.

Section 401(c)(3)—provides that the provisions of this section shall not affect any proceedings pending at the time this section takes effect before any department or agency, functions of which are transferred by this section; except that such proceedings as they relate to transferred functions shall be continued before the Secretary or the Commission. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this section had not been enacted, and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Secretary, the Commission, a court of competent jurisdiction, or operation of law.

Section 401(c)(4)—provides that the provisions of this section shall not affect suits commenced prior to this section's effective date and in all such suits proceedings shall be had, appeals taken, and judgments rendered, as if this section had not been enacted; except that if before this section's effective date, any department or agency (or officer thereof in his official capacity) is a party to a suit involving functions transferred to the Secretary, then such suit shall be continued by the Secretary. No cause of action, and no suit action, or other proceeding, by or against any department or agency (or officer thereof in his official capacity), functions of which are transferred by this section, shall abate by reason of this section's enactment. Causes of action, suits, actions, or other proceedings may be asserted by or against the United States or the Secretary as appropriate and in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this paragraph.

Section 401(d)—provides that for purposes of this section, the term "function" includes power and duty, and the transfer of a function of an agency or the head of a department shall also be a transfer of all functions which are exercised by any office or officer of such agency or department.

Section 402. Mine Safety and Health Administration.

Section 402(a)—establishes in the Labor Department, a Mine Safety and Health Administration to be headed by an Administrator appointed by the President, with the Senate's advice and consent. The Secretary is authorized and directed to carry out his functions under this Act through the Administration.

Section 402(b) amends 5 United States Code 5315 by adding "(98) Administrator of the Mine Safety and Health Administration" to Level IV of the Executive Schedule.

Section 403. Amendments with respect to Mine Safety and Health Administration.

Section 403(a)(1) applies the research provisions of section 501(a) to all mines covered by this Act.

Section 403(a)(2) amends section 501(b) such that research activities relating to mine health will be carried out by the Secretary of Health, Education, and Welfare through the National Institute for Occupational Safety and Health, and the Secretary's research activities relating to safety are extended to all mines now covered by this Act.

Section 403(a)(3) extends to all mines covered by this Act the Secretary of Health, Education, and Welfare's authorization under section 501(d) to conduct studies and research involving the protection of life and prevention of diseases relating to certain nonminers who work with or around mine products.

Section 403(b) extends the training and education provisions of section 502 to all mines now covered by the Act.

Section 403(c)(1) amends section 503(a) to authorize the Secretary, in coordination with the Secretary of Health, Education, and Welfare, to make grants to any State in which mining takes place.

Section 403(c)(2) applies the criteria for approval of State grant applications to all mines now covered by this Act.

Section 403(d)(1) expands the exchange of State and Federal inspection reports provided for in section 503(i) to include inspection reports of all mines covered by this Act.

Section 403(d)(2) extends to any mining State the 80 percent limit on State grants in any fiscal year provided for in section 503(g).

Section 403(e) revises the qualifications for mine inspectors under section 505 to include practical experience in mining in lieu of "practical experience in the mining of coal."

Section 403(f) amends section 506(b) such that any State law or regulation providing for health and safety standards applicable to any mine now covered by this Act and that (1) are more stringent than Federal law, or (2) apply to any area not covered by Federal law, shall not be held to be in conflict with this Act.

Section 403(g)(1) amends section 511(a) such that the Secretary's annual report shall cover health and safety relating to all mines now covered by this Act.

Section 403(g)(2) amends section 511(b) such that the annual report of the Secretary of Health, Education, and Welfare shall cover health matters relating to all mines covered by this Act.

Section 403(h) amends section 7(b)(5) of the Small Business Act such that appropriate loans are available to small business concerns that operate any mine subject to this Act.

Section 404. Savings Provision.

This section provides that nothing in this Act or the amendments made by this Act shall be construed to reduce the number of inspectors enforcing the provisions of the Coal Mine Health and Safety Act of 1969 and the Federal Metal and Nonmetallic Mine Safety Act of 1966 as in effect prior to the effective date of this Act or to reduce the number of inspectors enforcing the Occupational Safety and Health Act of 1970.

Section 405. Budget Provision.

This section provides that in the preparation of the Budget message required under section 201 of the Budget and Accounting Act of 1927, the President shall set forth as separate appropriation accounts those amounts required for appropriations for mine health and safety pursuant to this Act and for occupational safety and health pursuant to the Occupational Safety and Health Act of 1970.

Section 406. Repealer.

This section repeals the Federal Metal and Nonmetallic Mine Safety Act of 1966.

Section 407. Effective Date.

This section establishes the effective date of this Act and the amendments made by this Act as the first day of the second month after the date of enactment of this Act, except that the Secretary is authorized to establish rules and regulations necessary for the efficient transfer of functions provided under this Act.

Mr. McGEE. Mr. President, today I have again joined in sponsoring the proposed Federal Mine Safety and Health Amendments Act which was first introduced in 1973. Mine safety, of course, is a constant concern of all of us. The health and safety of the men who labor in our mines, indeed, deserves a top priority. The passage of the 1969 Coal Mine Health and Safety Act was a needed step in the right direction, and conditions did improve with its implementation, but we can and must do better.

While I am not particularly wedded to each and every provision in the bill which we introduce today, I wholeheartedly support its objectives. I am pleased that I have this opportunity to participate in the formulation and enactment of this legislation, which I am hopeful will serve well both labor and management in their efforts to substantially reduce injury and death in all types of mines in this country.

Mr. President, I want to take this opportunity to draw attention to a particular concern which I have—a concern to which we must address ourselves as we consider this legislation here in the Senate, and particularly in the Subcommittee on Labor, which will be taking testimony and gathering evidence upon which we formulate a final mine safety and health program. Of particular interest to me in this regard is a unique mining industry in my State. Near Green River, Wyo., we have vast deposits of trona, a mineral used for the production of soda ash. The trona mining which is carried on by several separate companies in this area is vitally important to this Nation. Wyoming trona currently provides over 50 percent of the Nation's soda ash production, and expansion plans now being contemplated would raise this production to almost 75 percent of all of the soda ash produced in the United States.

This is, indeed, an important industry to my State, and the entire Nation, as well.

Mr. President, I wish to draw this matter to my colleagues' attention at this time because the trona mining operations in Wyoming are unique—they differ drastically, for instances, from coal mining. It naturally follows that health and safety regulation and standards governing trona mines must, therefore, be fundamentally different. For instance, trona is nonexplosive and nonflammable. In fact, trona is a fire retardant. Trona is nontoxic, while coal causes black lung. The trona beds are thick enough to avoid problems encountered in thin seam underground coal mining. And, finally, ignition hazards from methane gas are greatly reduced in trona mines due to the nonexplosive nature of the trona dust.

Mr. President, we must, therefore, direct our attention to these and other fundamental differences as this omnibus mine safety legislation is being formulated. Failure to do so would most certainly result in cumbersome and unworkable regulations from the viewpoint of management, and even more importantly, a diminished safety and health record within this industry. Statistics reveal that disabling injury frequency rates for trona underground mines is substantially below—even miniscule—in comparison with the frequency rates in other nonmetallic, metal, and coal mines. The trona companies in Wyoming, however do not regard their present safety record as a resting place and have set their goal to achieve an even greater safety and health record in the years ahead.

Mr. President, I met with several representatives of the trona industry from Wyoming regarding pending mine safety legislation. During this meeting we discussed the many reservations and objections which these representatives had to the proposed Federal Mine Safety and Health Act of 1973, the forerunner of the bill which is being introduced today. This meeting was very productive for me and provided a great deal of insight into some of the problems which we are going to encounter in formulating this legislation. I am, therefore, pleased that the distinguished chairman of the Senate Committee on Labor and Public Welfare has given me his assurance that representatives of the Wyoming trona industry will be given full opportunity to present their views at the committee hearings on this legislation. Furthermore, the trona mining representatives have extended an invitation to members of the Subcommittee on Labor or their staff people to visit the trona mining operation in Wyoming. Indeed, I hope that this can be arranged so that there will be a healthy exchange of viewpoints and a firsthand observation by members of the committee of this unique mining operation in southwest Wyoming.

By Mr. INOUYE (for himself, Mr. PEARSON, Mr. ALLEN, Mr. BAYH, Mr. HUDDLESTON, Mr. METCALF, and Mr. STONE):

S. 1303. A bill to regulate the foreign commerce of the United States by providing means to assure full disclosure of significant foreign investment in the United States, and for other purposes. Referred, by unanimous consent, to the Committee on Commerce; and, if and when reported from that committee, to the Committee on Banking, Housing and Urban Affairs.

Mr. INOUYE. Mr. President, I am introducing today for appropriate reference the Foreign Investment Disclosure Act of 1975. Joining me as cosponsors are Senators JAMES PEARSON, ranking minority member of the Commerce Committee, JAMES ALLEN, BIRCH BAYH, WALTER HUDDLESTON, LEE METCALF, and RICHARD STONE.

This bill is being introduced at a time of rising concern about foreign investment in the United States. This concern has been compounded by events of the last year, during which time member nations of the Organization of Petroleum Exporting Countries—OPEC—quadrupled prices and began to accumulate large monetary surpluses. These surpluses were estimated to be approximately $60 billion in 1974 and may peak at $200 to $250 billion by the end of the decade. This range, while still large, is a great reduction in the earlier estimates and should, I believe, ease some of the anxiety which accompanied initial reports of vast pools of investible funds.

Much of the discussion about foreign investment in the United States has been unsophisticated and emotional and has focused too closely on absolute figures, with inadequate attention given to questioning the potential impact of foreign investment in the United States and the implications of the policy we are currently following. Today I would like to discuss the background of foreign investment in the United States, the policy we are currently pursuing, and the reasons why this bill is needed, notwithstanding the position of the administration and some members of the financial community.

The bill is based in part on S. 3955, which former Senator Metzenbaum introduced in the last Congress. He has worked diligently on this subject, and his contribution is gratefully acknowledged.

BACKGROUND

The Department of Commerce is the agency currently responsible for collecting information on foreign investment in the United States, a function it discharges through the Bureau of Economic Analysis, under authority of the Bretton Woods Agreement Act. Additional information on foreign investment is provided by the Department of the Treasury, which keeps track of capital flows. Other agencies collect information, but this data is not systematically kept or analyzed. Nor is this data easily obtainable by Congress or the public.

Long-term investment is divided for analytical purposes into direct and portfolio investment. Direct investment is defined as investment which is made with the actual or potential objective of obtaining a voice in management, while portfolio investment is considered investment made simply for the sake of financial yields. In practice, however, the distinction between the two is arbitrary, and an investment officially categorized as "portfolio" may be direct and vice-versa.

Although the definition is somewhat arbitrary, it does focus on an important concept; namely, that we should be considered not with simple financing but rather with control of corporations. It matters less where capital originated than how the investor uses his investment.

Assuming for the sake of argument that this distinction accurately reflects the division of direct and portfolio investments in the United States, according to Department of Commerce figures at the end of 1973 the book value of foreign direct investments in this country totaled $17.75 billion, while portfolio investment totaled approximately $37 billion. Comparable figures for U.S. investment abroad were $107 billion and $25 billion. Thus although the total U.S. long-term investment abroad is substantially larger than foreign investment in the United States, the difference is by no means as large as suggested simply by comparing the figures for direct investment.

Second, it cannot be emphasized too strongly that the figures on foreign investment in the United States are acknowledged by the administration to be inadequate. Yet they are freely used by some individuals to buttress their case proving the small amount of foreign investment in the United States. Private estimates of foreign direct investment have ranged up to twice the amount estimated by the Commerce Department. Moreover, the portfolio figure is based on a study conducted in 1949, and the Treasury Department concedes it is only an informed estimate. The Commerce figure is based on a 1959 benchmark study, which is similarly outdated.

Finally the Commerce figures omit major investment activities such as real estate. As my colleagues from California, Florida, and the Midwest will attest, this omission is of critical importance because of the large amount of land purchases in these areas. We need well-funded, Government-supported analyses and oversight on a continuing basis. This information simply does not exist, as anyone who works on this topic knows. I believe that this proposed legislation will help to end this crucial information gap.

Under authority of the Foreign Investment Study Act of 1974, which I introduced in the last Congress, the Treasury and Commerce Departments will conduct benchmark studies of foreign investment in the United States using 1974 as the benchmark year. Some of the deficiencies noted above will be corrected, but since the study will only be a one-shot project, our data collection facilities could again become outmoded and make another Study Act imperative in the future.

As a result of the inadequacy of raw statistical data, we in fact know little about the way foreign firms operate in the United States and their motivations for investment here. While some of this analysis is required by the Foreign Investment Study Act, much research about the effects of foreign investment in the United States and the operations of foreign-dominated firms here remains to be done.

Some opponents of disclosure and restrictions have resorted to comparing the size of foreign direct investments to annual domestic investment, book value of domestic plant and equipment, and other figures which are of marginal or totally irrelevant significance. They do themselves and Congress a disservice, for this specious exercise does not address itself to the serious questions which confront us as we analyze the activities of foreign investors in crucial sectors of the economy.

Foreign investment in the United States is an old phenomenon and assisted in the building of many industrial enterprises such as the railroads. Some firms such as Shell, Nestlé, and Phillips are so well known that few Americans are aware of their foreign origin.

Historically foreign investment played an important role in the development of certain American industries, and it can continue to make a positive contribution to our economy. It has been contended by some that the United States will soon face a capital shortage, and foreign investment can help to meet this gap in our capital resources.

Until 1973 foreign investment grew modestly, but as a result of the devaluation of the dollar, the stock market decline, and the growth of multinational activity abroad, foreign investment in that year spurted. The accompanying tables which I ask unanimous consent to have printed in the RECORD provide some descriptive statistics for the period 1950–73.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE I.—FOREIGN DIRECT INVESTMENTS IN THE UNITED STATES, VALUE BY COUNTRY OF ORIGIN

[In millions of dollars]

	Total	Canada	United Kingdom	Netherlands	Switzerland	Germany	Japan	Other
1950	3,391	1,029	1,168	334	348	(1)	(1)	512
1955	5,076	1,542	1,749	613	522	(1)	(1)	650
1960	6,910	1,934	2,248	947	773	103	88	817
1965	8,797	2,388	2,852	1,304	940	209	118	986
1970	13,270	3,117	4,127	2,151	1,545	280	219	1,421
1971	13,655	3,339	4,438	2,125	1,537	771	—230	1,575
1972	14,263	3,422	4,621	2,357	1,567	845	—129	1,581
1973	17,748	4,003	5,437	2,550	1,825	768	307	2,858

(1) Included in other.

TABLE 2.—FOREIGN DIRECT INVESTMENTS IN THE UNITED STATES, VALUE BY INDUSTRY

[In millions of dollars]

	Total	Petroleum	Manufacturing	Trade	Insurance and other finance	Other
1950	3,391	405	1,138	(1)	1,065	784
1955	5,076	853	1,759	(1)	1,499	965
1960	6,910	1,238	2,611	634	1,810	617
1965	8,797	1,750	3,478	748	2,169	692
1970	13,270	2,992	6,140	994	2,256	888
1971	13,655	3,113	6,755	512	2,352	923
1972	14,263	3,234	7,228	511	2,437	853
1973	17,748	4,425	8,418	948	2,716	1,244

(1) Included in other.

Mr. INOUYE. Mr. President, although figures for 1974 will not be available until August, the pace of foreign investment in 1974 remained high. The Treasury Department estimates that foreign direct investment in the first three-quarters of the year was approximately $2.9 billion, a figure which may have been distorted because of ownership changes in the oil industry.

There is little evidence that foreign investment has had a negative impact on the United States. There have been some cases in which the effects may have not been positive, particularly in the real estate development area, where some speculation may have overridden market or environmental needs. By and large, however, foreign investment has played a positive role in our economy, and we should not adopt further limitations on inward capital flow without strong justification for the action.

It is for these two reasons the need for capital and the lack of substantial evidence on the negative effects of foreign investment—that I oppose current legislation to restrict foreign capital. Such restrictions are premature and could have the effect of terminating the benefits we now enjoy from reverse investment.

The demand for immediate limitations is understandable. Although the shift of surplus reserves to the OPEC nations, principally the Arab states, is unprecedented, the once enormous projections have been reduced to a size which the world monetary system can probably handle. The latest U.S. estimates for the surplus accumulation are for a peak of $200 to $250 billion by the end of the decade. At least one responsible estimate is even lower.

Unfortunately some of the opposition to foreign investment in the United States appears to be motivated by anti-Arab sentiment. While the potential for disruption of certain segments of the American economy through investment does exist, Arab investors thus far have limited their activities and have acted prudently—like other foreign investors. Last year, by Treasury estimates, less than $1 billion of OPEC money was invested in corporate equities and real estate. The bulk of it went into Government notes and securities. Moreover, Arab leaders have repeatedly assured the U.S. Government that they do not intend to purchase control of major U.S. industrial corporations, which they have neither the expertise nor will to run. In short, I think we must dispel the fear of Arab investors, while at the same time remain aware that their funds can have a destabilizing effect if misused.

Today we live in a world in which the United States plays a diminishing economic role. While still the world's premier economic power, our ability to control—much less influence—events has seriously deteriorated. Although most of the world is in serious financial straits, many of our industrial competitors will recover much faster than we.

Structural changes in the world economy have resulted in making the United States much more vulnerable to international economic turmoil and open to the operations of foreign multinational corporations. Foreign investment in the United States is not a freak phenomenon but rather evidence that this country is firmly a part of the international system and no longer in firm control of its economic destiny.

Events in the economic sphere have a habit of overtaking our expectations. It is for this reason that we cannot wait for the results of the Foreign Investment Study Act to be finalized before acting. Further delay will only make the establishment of monitoring and disclosure procedures more difficult and allow those who oppose reporting to obfuscate issue and block action.

PRESENT U.S. POLICY AND RECENT DEVELOPMENTS

The present U.S. policy with respect to foreign direct investments is to extend to them "national treatment," that is, to treat them the same as domestic investments once they are made. We neither discourage nor encourage foreign investments although some individual State agencies may offer incentives to locate facilities in their States. Current U.S. restrictions on foreign investments are few in number, and they are generally acknowledged by most nations as being in areas which are of legitimate concern to sovereign countries.

The administration, under the aegis of the Council on International Economic Policy and the Office of Management and Budget, recently completed a major review of U.S. Government data collection programs and requirements in compliance with a provision in the 1974 Foreign Investment Study Act. Information gathered pursuant to this project is still being analyzed and will be published shortly by CIEP. Preliminary findings about the data gathering programs are most interesting.

First. The study has confirmed that while many agencies engage in data collection, no single agency either coordinates, compiles or discloses to the public a comprehensive, overall picture of foreign investment in the United States.

Second. Most information collected is a byproduct of other activities carried out pursuant to enabling legislation. Very little is collected with the specific intention of learning more about the foreign investment.

Third. Policies on the dissemination of data to the public and other Government agencies differ from agency to agency, with no consistent practice on disclosures.

Fourth. Information gathered is something of limited value and even where more detailed is often kept confidential.

Fifth. Identification of the "beneficial owner" is often requested by the collecting agency, but it is usually provided by the reported only when such information is known and available to him, and the definitions of beneficial owner are inconsistent.

Sixth. Most information on foreign investment is collected only after an investment is already made. There are only a few requirements for prior notification.

Seventh. Although various agencies do monitor or restrict the control of particular companies or industries, there is no uniformity in the definition of "control."

Finally, there is little information collected with respect to foreign investment in real estate in the United States.

The administration also undertook a review of governmental policy toward foreign investment in the United States. The basic conclusion of this review was a reaffirmation of the traditional commitment to free capital markets and opposition to the enactment of any additional restrictions except where absolutely necessary on national security grounds or to protect an essential national interest.

Existing laws, regulations, and practices were considered adequate by the inter-agency task force. However, the administration implicitly recognized weaknesses in its data collection procedures by proposing the following changes:

First. It would establish a new high-level interagency committee to serve as the focal point within the executive branch for insuring that foreign investments are consistent with the national interest and to report to the President's Economic Policy Board.

Second. A new office to serve that committee and all other parts of the Government will monitor foreign investment and produce analyses.

Third. The new office is to centralize and improve the gathering of information on foreign investment and its dissemination to appropriate parts of the Government.

Fourth. New procedures will be negotiated with principal foreign governmental investors for advance consultation with the U.S. Government on prospective major direct investments in the United States.

No details on these plans have been released nor does the Congress have a timetable for the implementation of these changes.

FOREIGN INVESTMENT DISCLOSURE ACT

I concur with the general thrust of our current policy, but I believe that my agreement still leaves room for a variety of different positions vis-a-vis the procedures we should establish. The bill which my colleagues and I are introducing today in no way undermines this Nation's commitment to unimpeded capital flows. However, it does uphold the public's right to know about the activities of foreign investors in the United States and to encourage public discussion about our policy on foreign investment.

The Foreign Investment Disclosure Act of 1975 would create a Foreign Investment Administration within the Department of Commerce headed by a Director appointed by the President with the advice and consent of the Senate. The Secretary of Commerce would be authorized to promulgate rules and regulations requiring persons having information on foreign investments to keep records and reports on such investments.

He would be further authorized to establish procedures for the submission by foreign investors of investments in U.S. companies whose equity security is publicly traded if the foreign investors owns, directly or indirectly, 5 percent or more of such securities. This floor might be lowered if he has reason to believe that two or more foreign investors have acted in concert or if the investment is in a strategic industry.

Reports of foreign investment in U.S. companies whose stock is not publicly traded on a national securities exchange would be required if the investment is 10 percent or more and the total assets of such company are $3 million or more. Moreover, reports must be filed if foreign investments are made in the form of loans, long-term contracts or ownership of assets or interests in property if the substantial effect of such investment is to give or could be to give the investor a predominant influence on management or operation or results in ownership or control of more than $1 million in property.

Reports would be required of any foreign investment in real property with a fair market value in excess of $50,000, with the Secretary having the authority to waive this requirement for owners of property with a fair market value up to $250,000 if the real estate in question is strictly for personal use and contains no exploitable resource. This provision is designed only to monitor investments in agricultural land, land containing natural resources such as timber, and raw land capable of being developed for commercial use.

Finally reports would be required of foreign investments in U.S. Government or agency securities, notes, certificates of deposit, or other marketable instruments exceeding $1 million per issue. This provision has been included because of our concern about the potential impact of short-term capital flows into the United States. Such short-term investments could affect interest rates and the money supply and have other unpredictable effects. To the extent that this category of investments does not relate directly to U.S. business enterprises, it differs from the other types of investments. However, the sheer volume of short-term securities purchases should be of interest and concern to the Congress, and I believe that this area also needs monitoring.

Reports on acquisitions made after enactment of this act will be due 10 days after the acquisition, while reports on existing investments must be made 90 days following enactment. The Secretary of Commerce will be required to publish a quarterly report containing, among other things, the names of companies in which the investments were made, the transactions which were required to be reported, extent of foreign investment, analyses of trends and developments, and related information. An annual summary of investment activity is also required.

The Secretary is also authorized, after hearings and consultations, to issue nonbinding guidelines and policy statements with respect to foreign investments. It is the intention of this provision to lodge within the Secretary the authority to clarify U.S. policy and to resolve ambiguous questions on the appropriateness of certain types of investment.

The administration is also authorized to collect information from other Government agencies and to disseminate data to them. However, to protect certain types of business information, access to information not required to be published will be limited, and the confidentiality of reporters who furnish additional information will be protected.

Willful violations of the act will be punishable by a fine not exceeding $10,000 for each infraction and, in the case of natural persons, a jail sentence not exceeding 1 year. The Secretary will have authority to seek a mandatory injunction to compel compliance with the act. Failure to comply could also result in the suspension of a foreign investor's voting rights in a stock or, in the case of a loan agreement or long-term contract, a prohibition on the exercise of any provision regarding management or operational rights in the company.

As I noted above, I believe that this legislation is vitally needed and eminently reasonable, balancing the public's interest in learning more about the activities of foreign multinational corporations and foreign individuals in this country with the need to attract foreign capital to this country. Our commitment to this latter objective is embodied in the declaration of policy in which we stress that nothing in this act is intended to restrain or deter foreign investment in the United States or to discriminate against any particular foreign investors.

In spite of the reasonableness of this legislation, I anticipate that there will be objections to the bill from the administration and certain members of the financial community. Therefore, I would like to discuss briefly why I believe this bill is necessary even though changes in the monitoring program are being contemplated by the Administration.

First. This bill clarifies beyond a doubt the right of the public and Congress to have access to detailed information on foreign investment and investors. I noted with interest that the representative of the Treasury Department who testified on S. 425 made no reference in his statement to the role of Congress in setting policy in this area. Apparently none of the changes envisioned by the administration provide for Congress or the public to have ready access to information gathered pursuant to these monitoring changes. If the public's uneasiness about foreign investment is to be stilled, it must have accurate, detailed and current information—none of which exists today. Data gathered and maintained at the Executive level, hemmed in by claims of privilege and confidentiality, will not satisfy this requirement.

Second. The bill institutionalizes the monitoring and disclosure process and provides the statutory underpinning for the establishment of an office. As an executive creation, the office planned by the administration can be dismantled at any time without congressional approval or disapproval regardless of Congress views on the need for further action. Furthermore, the act would help to clarify responsibilities, avoid bureaucratic contentions, and expedite establishment of the monitoring mechanism.

Third. It is highly questionable under what statutory authority the proposed executive level office would operate. The Bretton Woods Agreement Act designated the Department of Commerce to collect balance of payments information. Data on foreign investment in this country has been a byproduct of this process and is not specifically authorized to be gathered. Collection of statistics strictly concerned with foreign investment in the United States should be clearly, unambiguously authorized to prevent legal disputes and to remove obstacles by those who wish to conceal this information from Congress and the public.

Fourth. The act will provide opportunities for congressional oversight and make the Director answerable to Congress for the administration's activities.

Those who oppose reporting and monitoring often express their fear that such actions might trigger retaliatory action by other nations. This contention is entirely groundless since most nations have already enacted strict limitations on foreign investment. Canada, which is entering phase two of its regulatory program, is a prime example. Even the Federal Republic of Germany, which has traditionally maintained the same attitude as we, is in the process of changing its policies as a result of the Kuwaiti investment in Daimler.

Mr. President, I believe strongly in this bill and urge its enactment. At a time when the American public is deeply suspicious of governmental processes because of their secrecy, often with justification, this is the minimum program. Unless we act—and act expeditiously—we *would rightly* deserve some of the blame for failing to resolve an important issue in our national economic life.

Mr. President, I ask unanimous consent that this measure be referred to the Committee on Commerce; and if and when reported from that committee, that it be referred to the Committee on Banking, Housing and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INOUYE. Mr. President, I also ask unanimous consent that the text of the bill be printed at this point in the Record.

There being no objection, the bill was order to be printed in the Record, as follows:

S. 1303

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Investment Disclosure Act of 1975".

DECLARATION OF POLICY

Sec. 2. (a) The Congress finds and declares that—

(1) Foreign investment in the United States has increased in recent years.

(2) Such investment could significantly affect the economy of the United States.

(3) Large monetary reserves and capital accumulations exist in many oil exporting nations and other foreign countries and these reserves and accumulations may be invested in this Nation.

(4) The potential consequences of foreign investment, particularly on a massive scale, cannot be calculated because the Federal Government lacks sufficient information on foreign investment and its actual or possible effect on the national security, commerce, employment, inflation, and the general welfare.

(5) Federal agencies responsible for the collection of data on foreign investment do not maintain adequate programs for the gathering and analysis of sufficient detailed data and information on such foreign investment and planned investment and lack sufficient authority to collect information sufficient to enable the Congress to formulate and enact a reasoned and comprehensive policy with respect to such investment.

(b) It is therefore the purpose of the congress in this Act to—

(1) require foreign investors and their agents to make public disclosure of their identities and the identities of their principals;

(2) discover and disclose the nature and scope of all significant foreign investment in the United States; and

(3) direct the Secretary of Commerce to analyze such investments and planned investments and make recommendations with respect to foreign investment policy.

(c) Nothing in this Act is intended to restrain or deter foreign investment in the United States or to discriminate against any particular foreign investors.

DEFINITIONS

Sec. 3. As used in this Act, the term—

(1) "Administration" means the Foreign Investment Administration, established by this Act;

(2) "foreign investment" means the ownership or control, by ownership of stock or other securities, by contractual commitments or otherwise, by any foreign investor, of all or part of a United States company or property which is located wholly or substantially in the United States;

(3) "foreign investor" means—

(A) a foreign government, agency, or instrumentality thereof;

(B) an international agency or organization, as defined by the Secretary;

(C) a natural person who is not a citizen of the United States;

(D) a company other than a United States company;

(E) any person who, directly or indirectly, is owned or controlled by or acting as agent or trustee, for one or more such government agencies, organizations, or persons; or

(F) two or more persons acting in concert for the purpose of acquiring, holding, voting, or disposing of securities or for the purpose of acquiring, holding, or disposing of property, at least one of whom is a person described in any of the preceding subparagraphs of this paragraph;

(4) "person" includes any government or agency or instrumentality thereof;

(5) "property" means any real or personal property and any other thing of value, including the right to acquire or control any real or personal property;

(6) "Secretary" means the Secretary of Commerce, or his delegate;

(7) "United States company" means any corporation, syndicate, partnership or other business unit organized in one of the United States, the Canal Zone, the District of Columbia, Guam, Puerto Rico, the Virgin Islands, or any other possession of the United States.

FOREIGN INVESTMENT ADMINISTRATION

Sec. 4. (a) There is established in the Department of Commerce an agency to be known as the Foreign Investment Administration. The Secretary shall carry out the provisions of this Act through the Foreign Investment Administration and shall supervise the Director of such Administration.

(b) The agency shall be administered and supervised by a Director, who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall receive compensation at the rate now and hereafter prescribed for offices and positions at level V of the Executive Schedule (5 U.S.C. 5316).

(c) The Director shall appoint a Deputy Director who shall serve as Acting Director during any period of absence or incapacity of the Director and who shall carry out any duties delegated or assigned to him by the Director. The Deputy Director shall receive compensation at a rate now and hereafter prescribed for offices and positions at level of GS–18 on the General Schedule (5 U.S.C. 5332).

(d) The Director may procure the temporary or intermittent services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code. Persons so employed shall receive compensation at a rate to be fixed by the Agency, but not in excess of the maximum amount payable under such section. While away from his home or regular place of business and engaged in the performance of services for the Administration, any such person may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5, United States Code, for persons in the Government services employed intermittently.

(e) The Secretary is authorized, after investigation, to transfer the whole or part of the functions of any office subject to his jurisdiction to the Administration, upon the preparation of a reorganization plan for the making of the reorganization as to which he has made findings and which he includes in the plan, and upon the submission of such plan to Congress together with a declaration that such reorganization is necessary or appropriate to further the purpose of this Act: Provided, that such reorganization plan shall not become effective if either House of Congress within sixty days after the date of transmittal passes a resolution stating in substance that such House does not favor the reorganization plan.

ADMINISTRATIVE POWERS

Sec. 5. The Administration is authorized—

(1) to issue such rules and regulations,

in accordance with section 553 of title 5, United States Code, as it deems necessary and appropriate to carry out the provisions of this Act;

(2) to the extent necessary or appropriate to the policy of this Act, to acquire and maintain property (real, personal, or mixed, tangible, or intangible, or any interest herein) by purchase, lease, condemnation, or in any other lawful manner, to sell, lease, or otherwise dispose of such property in any manner; and to construct, operate, lease, and maintain buildings, facilities or other improvements on such property;

(3) to accept gifts or donations or services, money or property in any form;

(4) to enter into contracts or other arrangements or modifications thereof, with any person, any department or agency of the United States, and any State government or political subdivision thereof;

(5) to make advance, progress, or other payments which the Director deems necessary or appropriate to further the policy of this Act;

(6) to hold such hearings and to conduct investigations at such times and places as the Director determines to be appropriate;

(7) to propose, in the discretion of the Director, additional programs in furtherance of the policy of this Act to the Committee on Commerce of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives without prior submission, review, or clearance of any other agency or officer of the United States; and

(8) to take such other action as may be necessary to carry out the provisions of this Act.

FOREIGN INVESTMENT DISCLOSURE

Sec. 6. (a) The Secretary may require any person subject to the jurisdiction of the United States to maintain a full and accurate record of any information (including journals or other books of original entry, minute books, stock transfer records, list of shareholders or financial statements) germane to the purpose of this Act, and to furnish under oath, in the form of a report or otherwise, such information as the Secretary may determine may be necessary to enable him to carry out his responsibilities under this Act. The information which may be required shall not be limited to holdings or transaction but shall include any information necessary to the Secretary's functions under this Act in the possession of such person, from whatever source derived, concerning foreign direct investment and foreign portfolio investment by any person whatsoever.

(b)(1) The Secretary shall, by regulation, order, or otherwise, establish procedures which require the maintenance of records and the submission of reports by foreign investors, and by such other persons as he determines to be appropriate with respect to—

(A) any foreign investment in a United States company whose equity security is publicly traded on a national securities exchange or otherwise in the United States if, after such investment, the foreign investor owns or controls, directly or indirectly as the beneficial owner, 5 per centum or more of the equity securities of such company, except that the Secretary may by regulation establish a lower percentage of ownership requirement consistent with the purposes of this Act—

(i) if he has reason to believe that two or more foreign investors have acted in concert, or may act in concert in the future, to acquire an aggregate of 5 per centum or more of such companies; or

(ii) in other circumstances where the importance of an industry, or the highly dispersed ownership of a given industry or company makes it advisable to establish a lower percentage requirement in order to fulfill the objectives of this Act.

(B) any foreign investment in the United States company whose stock is not publicly traded on a national securities exchange or otherwise in the United States, if—

(i) after such investment 10 per centum or more of the equity securities of such company is owned or controlled, directly or indirectly as the beneficial owner, by the foreign investor; and

(ii) at the time of such investment the total assets of such company have a value of $3,000,000 or more.

(C) any foreign investment in the United States, including but not limited to loans, long-term contracts, and the ownership of property or interests in property which the Secretary determines, on the basis of objective economic and other criteria, shall be subject to the recordkeeping and reporting requirements under this subsection, if the substantial effect of such investment is—

(i) to give or could be to give the foreign investor a predominant influence on the management or operation of a United States company described in paragraph (A) or (B) of this subsection; or

(ii) to result in the ownership or control by a foreign investor of more than $1,000,000 in property in the United States except that the Secretary may establish a lower figure if he determines that a lower figure is necessary to identify significant foreign investments in the United States.

(D) any foreign investment in the United States in real property with a fair market value in excess of $50,000, except that the Secretary may waive this requirement if, after review, he determines that such property is intended solely for personal use and contains no exploitable natural resources and if such investment does not exceed $250,000.

(E) any foreign investment in United States government or agency securities, notes, certificates of deposit or other marketable instruments exceeding $1,000,000 per issue.

(2) The records and reports required under this section shall include but not be limited to—

(A) the name or names of the foreign investors involved;

(B) the nationality or citizenship and residence of the foreign investor or investors;

(C) the country or countries with which any agency or other organization which is a foreign investor is affiliated or organized;

(D) the extent of the ownership or control which is exercisable by such foreign investor, including—

(i) the details of any loan agreement, long-term contract, or sale of assets; and

(ii) the number of shares beneficially owned, including the number of shares to which there is a right to acquire, directly or indirectly, by such foreign investor and by each member of the group of such investors;

(3) Any report required under this section with respect to an acquisition made after enactment of this Act shall be submitted not later than ten days following the date of the acquisition. Reports required under this section with respect to existing foreign investments in the United States shall be submitted to the Administration not later than 90 days following enactment of this Act.

(c) The Secretary is further authorized to issue such rules and regulations as he deems appropriate in accordance with the purpose of this Act to require any United States company which knows or has reason to know of a foreign investor in that company qualifying under subsection (b) of this section to report such investment to the Administration.

(d) The Secretary shall publish a quarterly report on the nature and scope of foreign investment in the United States during the quarter covered by the report. Such report shall include, but not be limited to, a listing of transactions whose disclosure is required by this Act, the names of United States companies in which foreign investments covered by this Act have been made and the extent of such investments, the Secretary's assessment of any significant trends, on an industry by industry basis and in the aggregate, of foreign investment in the United States during such quarter, and such other information he deems appropriate, but it shall not include any information whose disclosure would cause competitive injury to the foreign investor or the United States company. The first report shall be due 90 days after enactment of this Act and shall be issued quarterly thereafter.

(e) The Secretary shall issue an annual report to the Congress no later than 90 days after the end of each year on foreign investment in the United States. Such report shall include, but not be limited to, the nature and scope of foreign investment in the United States during the previous year; the industries and economic sectors in which significant foreign investment occurred; a list of major United States companies in which significant foreign investment occurred; an identification of the geographical regions, to the extent practicable, where significant foreign investment was made; an analysis of the economic impact of foreign investment in the United States during the previous year, including the effects of such investment on the United States balance of payments, balance of trade, employment, and economic competitiveness; a summary of significant actions taken by the United States Government to improve and consolidate programs, rules, and regulations relating to foreign investment in the United States; a list of policy changes or recommendations issued by the Secretary; and such other factors as the Secretary deems relevant and appropriate.

GUIDELINES

Sec. 7. The Secretary is authorized, after such hearings and consultations with other agencies and individuals as he deems necessary and appropriate, to issue periodically statements pertaining to United States polices on foreign investments in the United States companies and property. Such statements shall contain recommendations and guidelines on foreign investments in United States companies or industries which are determined to be important for reasons of national security, foreign policy, or economic security. Such statements shall be printed in the Federal Register and be made available for distribution through the Administration.

USE OF INFORMATION

Sec. 8. (a). The Administration may secure from any agency of the United States any information relating to foreign investment in the United States necessary to enable it to carry out its duties under this Act. Upon request of the Director, each such department or agency is authorized to furnish such information to the Administration on a reimbursable basis or otherwise. The Administration may also supply information obtained under this section to other Federal agencies and to foreign governments as deemed appropriate by the Director except as otherwise provided in this Act.

(b) The provisions of section 1905 of title 18, United States Code, shall apply to the Administration, its officers and employees, with respect to information obtained under this section or in any other manner. The Administration shall not release, without written permission of the person to whom it relates, any information described in section 552(b) of title 5, United States Code. In addition to the Secretary, the only individuals who may have access to information obtained under this Act but not required to be published are those sworn employees, including consultants, of the Department of Commerce designated by the Secretary.

(c) Except for a proceeding under section 9(b) of this Act, no report or constituent part thereof may be produced for any Federal judicial or administrative proceeding. No agency of the United States or employee thereof may compel the Secretary or the Director or any person which maintained or furnished any report under section 6(a) or 6(b) to submit any such report or constituent part thereof to that agency or any other agency of the United States.

(d) Nothing in this Act shall be construed to require or to authorize the Secretary to publish or make available to any other person or organization in any manner except as herein authorized information which, if disclosed, would encourage speculation or cause competitive injury to the foreign investor or United States company.

ENFORCEMENT

Sec. 9. (a). Whoever willfully fails to furnish any information required pursuant to the authority of this Act, whether required to be furnished in the form of a report or otherwise, or to comply with any rule, regulation, order, or instruction promulgated pursuant to the authority of this Act may be assessed a civil penalty not exceeding $10,000 for each infraction on a proceeding brought under subsection (b) of this section.

(b) Whenever it appears to the Secretary that any person has failed to furnish any information required pursuant to the provisions of this Act, whether required to be furnished in form of a report or otherwise, or has failed to comply with any rule, regulation, order, or instruction promulgated pursuant to the authority of this Act, he may in his discretion bring an action, in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, seeking a "mandatory" injunction commanding such person to comply with such rule, regulation, order, or instruction, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond, and such person shall also be subject to the civil penalty provided in subsection (a) of this section.

(c) In any case in which the Secretary determines that any foreign investor has made an investment subject to the requirements of section 6(b) and that such person has failed to comply with the provisions of such section, after such notice and opportunity for hearing as he determines to be appropriate, he may bring an action in the proper United States district court seeking the suspension of any and all voting rights of the securities until such time as the foreign investor or his agent complies with the provisions of this Act or such securities are sold. If the court determine that the company's financial condition requires the exercise of voting rights, it may authorize the Secretary to exercise such rights. In the case of a loan or long-term contractual agreements, the Secretary may bring an action in the proper United States district court to prohibit the exercise of any provision of such loan agreement or contract with respect to management or operational rights until the foreign investor or his agent complies with the provisions of this Act or until such loan or contract agreement terminates.

(d) Whoever willfully fails to submit any information required pursuant to this Act, whether required to be furnished in the form of a report or otherwise, or willfully violates any rule, regulation, order or instruction promulgated pursuant to the authority of this Act shall, upon conviction be fined not more than $10,000 or, if a natural person, may be imprisoned for not more than one year or both, and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

(e) The Secretary or his duly authorized agent shall have authority, for any purpose related to this Act, to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this section, the Secretary or his delegate, may request the Attorney General to seek the aid of the United States district court for any district in which such person is found to compel that person, after notice, to appear and give testimony, or to appear and produce the documents before the agency.

AUTHORIZATION FOR APPROPRIATION

Sec. 10. There is authorized to be appropriated sums as may be necessary to carry out the provisions of this Act.

Mr. BAYH. Mr. President, it is my pleasure to join with Senator Inouye in introducing the Foreign Investment Disclosure Act of 1975.

In recent months, there have been varied estimates regarding the amounts of wealth which will shift to the oil producing nations as a result of the five-fold increase in world oil prices. Early projections showed that the OPEC nations would accumulate reserves of $650 billion by 1980 and $1.2 trillion by 1985. More recently, experts have forecast a smaller surplus of $300 billion in 1985. Though these estimates are quite different, Mr. President, it is clear that even those on the low end show that the producing nations are and will continue amassing financial resource with unprecedented speed.

It is also clear that a large amount of that new-found wealth will flow into the United States. There is no way to know for sure what the investments by the oil producing nations in the United States amounted to last year, but from estimates I have seen, it is reasonable to believe that investment was in the $13 to $16 billion range. Such investment will grow rapidly in the years to come.

Mr. President, foreign investment in the United States is extremely important. It provides badly needed capital to our financial markets and return petrodollars to our shores. In the past, the absence of restrictions on foreign investment has made our country extremely attractive to foreign investors. We must carefully guard against any action which would significantly discourage investment from abroad. At the same time, Mr. President, with such a rapid shift in the world's wealth and with the expectation of massive new foreign investment in this country, we cannot take a business-as-usual attitude.

We are going to see foreign holdings in America grow to an amount which far exceeds anything we have experienced in the past. It is not difficult to imagine situations in which large foreign interests in American businesses could have a profound effect upon our national security and economic well-being. Further, influence or control in corporate affairs could result in inimical, discriminatory practices which are wholly incompatible with the American way of life.

At present, Mr. President, there is no systematic means for the Government, or for that matter any other institution or person, to gather and compile information regarding foreign investment in the United States. We have no way of knowing the size of such investment, in what sectors of the economy it is concentrated or what trends it is following.

While it is very important, Mr. President, that we keep America attractive to foreign investment, I believe it would be foolhardy to ignore recent world events and to continue operating in the dark regarding foreign interests in our economy. We must make certain that our Government is carefully monitoring the influx of foreign capital, in order that prompt action can be taken should dangers develop.

The bill we are introducing today would set up a mechanism for keeping records on foreign investments and would insure that Congress, the executive branch, and the public are well informed about these matters. It will remove the blindfold, so we can see clearly any problems which confront us.

Our bill would establish a Foreign Investment Administration within the Department of Commerce. It would be the duty of the adminstration to collect and analyze information on foreign investment in the United States.

The act would require any foreign investments in a company, whose stock is publicly traded, which resulted in a 5 percent direct or indirect ownership interest to be reported to the administration. Investments in privately held companies which resulted in a 10-percent ownership interest would also be reported as would investments in real property and in U.S. Government securities which exceeded $50,000 and $1 million, respectively. Further, there would be reporting requirements on any investment in a U.S. company, such as a loan or long-term contract, which would tend to give the foreign investor substantial influence in the management of the company. The required report would include details relating to the investment and the name and nationality of the investor.

On a quarterly basis, the Secretary of Commerce would publish a report which would include information regarding aggregate foreign investment in the United States, trends in such investment, and a list of transactions which had been disclosed under the reporting requirements. The Secretary would also make an annual report which would analyze in detail all aspects of the previous year's foreign investment and include the Secretary's recommendations for policy in the area of foreign investment. In matters of policy, the Secretary further would be authorized to make recommendations at any time which would be published in the Federal Register.

Mr. President, I believe passage of this bill is a necessity if we are to act wisely in the face of massive investment by foreign interests in the United States. It does not propose unreasonable restrictions, and is, in fact, far less burdensome to investors than laws in force in many other western countries. It will provide us the means to become and stay currently informed on foreign investment in our country so that we can prevent economic power from being employed from within this Nation by foreign interests to our detriment. I hope that my colleagues will consider the bill carefully.

By Mr. BIDEN:

S. 1304. A bill to amend the Social Security Act to provide for immediate care services under titles XVIII and XIX of such act. Referred to the Committee on Finance.

Mr. BIDEN. Mr. President, increasing national attention is being given to the pressing need to improve the means of treating medical cases requiring immediate care. The legislation I am introducing which would extend medicare and medicaid reimbursement to cover the special institutional costs of immediate care services provided by qualified facilities other than hospitals—which already receive reimbursement—would contribute to both an improvement in the availability and quality of care and an increase in the equity of the reimbursement provisions.

Currently, medicare and medicaid reimbursement for the institutional fee of immediate care services under titles XVIII and XIX of the Social Security Act may only be made when the services have been rendered in a provider hospital or a qualified emergency hospital. The inadequacy of the law is that it focuses upon the context in which the care is provided rather than emphasizing the principal factor—the capability of providing quality care regardless of context.

Secretary Weinberger's remarks at the meeting of the American Health Congress in Chicago on August 21, 1973, underscore the shortcomings of the medicare and medicaid legislation which encourages doctors to put patients in high cost hospitals rather than treat them as out-patients. This generalization certainly extends to immediate care services as well. Since only hospitals are eligible for reimbursement of the special institutional costs of their immediate care services, the law discriminates against other facilities which are equally qualified to perform particular immediate care services and often better able to deliver such services.

It should also be noted that with regard to medicaid coverage of the immediate care services provided in nonhospital facilities, the administration in its 1974 budget message promised proposed legislation "requiring States under medicaid to reimburse free-standing clinics for covered outpatient services." Consistent with the specific purpose of my proposal, the legislation I am introducing would only require coverage in the State plan of immediate care services provided by free-standing facilities.

The foregoing statements by the administration support my contention that the time has come for the legislation I am offering. Let us look, however, at the concrete circumstances which demonstrate the importance of these amendments to the medicare and medicaid law.

With the growing number of cases requiring immediate medical care and the rising expectations of our citizens to receive immediate attention, our hospital emergency rooms have become overburdened and frequently unprofitable. The Senate Labor and Public Welfare Committee's report accompanying the Emergency Medical Services Systems Act of 1973 (S. 2410) outlines the problem:

> Increasing concern is being expressed throughout the Nation regarding the heavy demands made upon a major element of any emergency medical system—the hospital emergency room. Hospital emergency rooms are increasingly called upon to provide outpatient care for the community. The position paper prepared by the American College of Emergency Physicians in 1972 reported there has been over a 600% increase in the number of emergency visits in some hospitals in the last 25 years. Nationally the average is an increase of 10% a year. Last year there were approximately 50 million visits to emergency rooms.
>
> In the critically underserved neighborhoods of densely populated urban areas, emergency medical services should more accurately be termed primary health services. Here the distinction between emergency medical care and primary health care is very difficult to determine.
>
> This increased community reliance on the services of the emergency room has overburdened its resources and has vastly compounded the difficulties of providing effective critical care to the emergency victim.

In my State, for example, until the last few years the primary source of immediate medical care in the populous northern county was the central-city hospital's emergency room. A survey by the comprehensive health planning council, the 314b agency for the county, revealed that approximately 25 percent—90,000—of the county's population, however, is concentrated in an area which is more than 30 minutes from the central-city hospital's emergency room. Thus, a large and increasing concentration of population was isolated from a provider of immediate medical care.

Responding to these circumstances a so-called free-standing emergency medical facility developed to serve the area. This facility and another facility which recently replaced the original facility have both met stringent licensing regulations established by the State of Delaware and fulfill the guidelines of the National Blue Cross Association as specified in the requirements of the Blue Cross and Blue Shield of Delaware—intermediary of titles XVIII and XIX for Delaware—for Blue Cross reimbursement of covered services rendered to plan subscribers.

Despite the encouragement and support of State and local officials, Blue Cross and Blue Shield recognition, and community interest, these facilities have been financially hampered by the exclusive provisions of the medicare and medicaid law which deny them reimbursement for the institutional fee their specialized immediate care services entail. Since the facilities cannot obtain reimbursement from the Federal Government for services which would be covered if they had been performed in a hospital, the facilities must turn to the medicare and medicaid patients themselves—the aged and the poor—for repayment to maintain solvency. Thus the patient who thought he or she had health care coverage discovers that the coverage is available only if one receives the services from a particular class of the facilities qualified to offer the services. Under circumstances requiring immediate medical care, however, the patient does not have the opportunity to shop around for a facility which is eligible for medicare and medicaid reimbursement for its patients. Instead, the individual is taken, as he or she should be, to the nearest facility equipped to treat the case.

The narrow limitations of the current law have generated ill-will between the facility and the patients who are being asked to pay for services which is provided in a hospital emergency room would be paid by medicare and medicaid. The result is the bills go unpaid and the facility loses its solvency.

My position based on what I believe to be both sound medical advice and simple equity is that if a facility is qualified to treat cases requiring immediate medical care, it should receive reimbursement on the same terms as a hospital for the specialized services provided. A recent statement by the former Executive Director of the local comprehensive health planning council, Mr. Clifford Foster, summarizes the case in favor of reimbursement.

> The Health Planning Council, Inc. of New Castle County, Delaware, the B agency under comprehensive health planning, has worked hard and long to establish outreach programs away from hospitals, free-standing in nature and delivering services where the action is. We are attempting to follow through on the priorities set by the Secretary of HEW in ascertaining the gaps in service and the needs of the people in the area for which we are responsible for health planning. It is impossible for any agency to set up shop today and deliver health services unless they are certified to receive reimbursement from both Title XVIII and Title XIX moneys. With the increasing caseload of the programs, it is imperative that these type facilities, if they have adequate coverage adequate quality of care and deliver such care at a reasonable price, should be reimbursement for freestanding facilities in Delaware is an albatross around the necks of we planners in encouraging organizations to set up such facilities.

Mr. President, this bill would neither expand the kinds of services medicare and medicaid cover nor lower the standards a facility would have to meet for the provision of immediate medical care—the standards for an immediate care facility in the amendment are comparable to those for a provider hospital. Although my legislation would not directly encourage the development of nonhospital immediate care facilities, it would enable such facilities to obtain equity for themselves and their patients and thus maintain a source of services which will be able to provide the life-saving stabilization of serious emergency cases for subsequent transfer to a hospital and fully treat the less critical cases and thereby avoid unnecessary high-cost hospital emergency room treatment and free the hospitals to provide the highly specialized emergency medical services and intensive care for which they are uniquely equipped. Therefore, I foresee enactment of my proposal leading to the improved provision of immediate medical care at lower cost—the twin goals for which we should strive.

I ask unanimous consent that the text of my bill and an explanation be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 1304

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1861(e) of the Social Security Act is amended by inserting, immediately before the last sentence thereof, the following: "The term 'hospital' also includes an immediate care facility (as defined in subsection (aa)), but only with respect to immediate care facility services (as defined in subsection (bb)), and payment under this title with respect to such services provided by such a facility shall be made subject to the same terms and conditions as those applicable with respect to the payment under this title for similar services provided by an institution which meets the requirements specified in clauses (1) through (9) of the first sentence of this subsection.".

(b) Section 1861 of such Act is amended by adding at the end thereof the following new subsections:

"Immediate Care Facility

"(aa) The term 'immediate care facility' means a public or nonprofit private institution which—

"(1) is primarily engaged in providing, by or under care services for the diagnosis, treatment, and care, of injured, disabled, or sick persons;

"(2) maintains clinical records on all patients;

"(3) provides twenty-four-hour nursing service with a licensed practical nurse or a registered professional nurse on duty at all times;

"(4) has a physician in attendance at all times;

"(5) in the case of an institution in any State in which the State or applicable local law provides for the licensing of institutions of this nature, (A) is licensed pursuant to such law or (B) is approved, by the agency of such State or locality responsible for licensing of such institutions, as meeting the standards established for such licensing;

"(6) has in effect a written transfer agreement with one or more hospitals having agreements in effect under section 1866, under which any patient of such institution who requires other than immediate care facility services will be transferred to such a hospital at the earliest practicable time (which shall not be later than twenty-four hours after such patient is admitted to such institution);

"(7) has in effect a policy under which any patient who is provided services by the institution will, within twenty-four hours after he is admitted to such institution for services, be discharged or transferred to a hospital;

"(8) has in effect an overall plan and budget that meets the requirements of subsection (z); and

"(9) meets such other requirements as the Secretary finds necessary in the interest of the health and safety of the individuals who are furnished services in the institution.

"Immediate Care Facility Services

"(bb) The term 'immediate care facility services' means services, furnished to an individual by an immediate care facility, which—

"(1) is primarily engaged in providing, by or under the supervision of physicians, to outpatients immediate care services for the diagnosis, treatment, and care, of injured, disabled, or sick persons;

"(2) maintains clinical records on all patients;

"(3) provides twenty-four-hour nursing service with a licensed practical nurse or a registered professional nurse on duty at all times;

"(4) has a physician in attendance at all times;

"(5) in the case of an institution in any State in which the State or applicable local law provides for the licensing of institutions of this nature, (A) is licensed pursuant to such law or (B) is approved, by the agency of such State or locality responsible for licensing of such institutions, as meeting the standards established for such licensing;

"(6) has in effect a written transfer agreement with one or more hospitals having agreements in effect under section 1866, under which any patient of such institution who requires other than immediate care facility services will be transferred to such a hospital at the earliest practicable time (which shall not be later than twenty-four hours after such patient is admitted to such institution);

"(7) has in effect a policy under which any patient who is provided services by the institution will, within twenty-four hours after he is admitted to such institution for services, be discharged or transferred to a hospital;

"(1) are of a type which such facility is authorized to provide, and

"(2) are for a medical condition requiring immediate medical attention.".

(c) The amendments made by subsections (a) and (b) shall be effective in the case of services furnished on and after the first day of the first calendar month which commences more than thirty days after the date of enactment of this Act.

Sec. 2. (a) Section 1905(a) of the Social Security Act is amended by adding after clause (17) thereof the following new clause:

"(18) immediate care facility services (as defined in section 1861(bb)) which are furnished in an immediate care facility (as defined in section 1861(aa);"

(b) Section 1902(a)(13) of such Act is amended—

(1) in subparagraph (B) thereof, by inserting "clause (18) and" immediately after "care and services listed in",

(2) in subparagraph (C)(i) thereof, by inserting "clause (18) and" immediately after "care and services listed in", and

(3) in subparagraph (C)(ii) thereof, by inserting "clause (18) and" immediately after "care and services listed in".

(c) The amendments made by this section shall become effective July 1, 1974.

EXPLANATION OF BIDEN BILL

WHAT IT MEANS

Provides Medicare and Medicaid coverage for the institutional costs of the specialized medical services of facilities treating cases requiring immediate medical care;

Makes a facility eligible for reimbursement if it meets medical standards comparable to those required of a hospital emergency room; and

Bases the reimbursement on the same coverage of services and reimbursement procedure (Part A, reasonable cost) as a hospital emergency room.

Note.—The amendment does not establish a new benefit. It simply enables qualified facilities other than hospitals to receive reimbursement for the same services for which hospitals currently receive reimbursement. It thereby would ensure Medicare and Medicaid beneficiaries of coverage in all facilities qualified to perform immediate care services.

WHAT IT WOULD COST

A 1971 Blue Cross-Blue Shield survey (the best available data source) indicates that at that time there were 23 identifiable free-standing facilities (facilities existing apart from hospitals) of which 14 provide immediate medical treatment. One free-standing immediate care facility which would be eligible under the amendment is in my state of Delaware.

Since the amendment would not establish a new benefit but instead only extend the present reimbursement provisions to a few additional qualified facilities, the Congressional Reference Service analysts have estimated that the cost to the Federal Government resulting from enactment of the amendment would be nominal.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 144

At the request of Mr. McClure, the Senator from Connecticut (Mr. Weicker), the Senator from Vermont (Mr. Stafford), the Senator from Arizona (Mr. Fannin), the Senator from Georgia (Mr. Talmadge), the Senator from Utah (Mr. Garn), and the Senator from Nevada (Mr. Cannon) were added as cosponsors of S. 144, a bill to prohibit the banning of lead shot for hunting.

S. 277

At the request of Mr. Tower, the Senator from Hawaii (Mr. Inouye) was added as a cosponsor of S. 277, a bill to amend title II of the Social Security Act to eliminate the special dependency requirements for entitlement to husband's and widower's insurance benefits, so that benefits for husbands and widowers will be payable on the same basis as benefits for wives and widows.

S. 506

At the request of Mr. Church, the Senator from North Dakota (Mr. Burdick) was added as a cosponsor of S. 506, a bill to amend the Water Resources Planning Act to extend the authority for financial assistance to the States for water resources planning.

S. 893

At the request of Mr. Pastore, the Senator from New Hampshire (Mr. McIntyre) was added as a cosponsor of S. 893, a bill to amend certain provisions of the Communications Act of 1934 to provide long-term financing for the Corporation for Public Broadcasting, and for other purposes.

S. 953

At the request of Mr. Stevenson, the Senator from Oregon (Mr. Packwood) was added as a cosponsor of S. 953, a bill to amend the Export Administration Act of 1969.

S. 998

At the request of Mr. Moss, the Senator from California (Mr. Cranston) was added as a cosponsor of S. 998, a bill to amend title 44, United States Code, to strengthen the authority of the Administrator of General Services and National Archives and Records Service with respect to records management by Federal agencies, and for other purposes.

S. 1004

At the request of Mr. Hugh Scott, the Senator from Pennsylvania (Mr. Schweiker) was added as a cosponsor of S. 1004, the Allegheny River bill.

S. 1136

At the request of Mr. Philip A. Hart, the Senator from Maryland (Mr. Mathias) was added as a cosponsor of S. 1136, a bill to authorize appropriations for increased investigation and prosecution by the Federal Trade Commission and the Department of Justice of unfair methods of competition, restraints of trade, and other violations of the antitrust laws, and for other purposes.

S. 1215

At the request of Mr. Hartke, the Senator from New Jersey (Mr. Williams) was added as a cosponsor of S. 1215, a bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes.

S. 1219

At the request of Mr. Inouye, the Senator from Hawaii (Mr. Fong) and the Senator from Montana (Mr. Metcalf) were added as cosponsors of S. 1219, the child-care deduction legislation.

S. 1220

At the request of Mr. Inouye, the Senator from South Dakota (Mr. Abourezk), the Senator from Montana (Mr. Metcalf), and the Senator from Utah (Mr. Moss) were added as cosponsors of S. 1220, a bill to amend title II of the Social Security Act.

S. 1256

At the request of Mr. Mathias, the Senator from Massachusetts (Mr. Brooke) was added as a cosponsor of S. 1256, a bill to extend for 1 additional year entitlements for part B of the Education of the Handicapped Act.

S. 1270 THROUGH S. 1275

At the request of Mr. Percy, the Senator from Utah (Mr. Moss) was added as a cosponsor of S. 1270, S. 1271, S. 1272, S. 1273, S. 1274, S. 1275, having to do with nursing home reform.

SENATE JOINT RESOLUTION 23

At the request of Mr. Harry F. Byrd, Jr., the Senator from Oregon (Mr. Hatfield) was added as a cosponsor of S.J. Res. 23, a joint resolution restoring posthumously full rights of citizenship to Gen. Robert E. Lee.

SENATE JOINT RESOLUTION 51

At the request of Mr. Stevenson, the Senator from Colorado (Mr. Haskell) and the Senator from Missouri (Mr. Symington) were added as cosponsors of Senate Joint Resolution 51, a joint resolution to disapprove Export-Import Bank financing of a nuclear reactor sale to South Korea.

SENATE RESOLUTION 117—SUBMISSION OF A RESOLUTION CALLING FOR ARMS CONTROL TALKS ON THE INDIAN OCEAN

(Referred to the Committee on Foreign Relations.)

Mr. KENNEDY (for himself, Mr. Pell and Mr. Javits) submitted the following resolution:

S. Res. 117

Resolved,

Whereas, the Indian Ocean basin is not yet an arena of serious military or naval competition among the great powers;

Whereas, it is in the mutual interest of both the United States and the Union of Soviet Socialist Republics to avoid a competition between themselves in naval and other military forces deployed in the Indian Ocean, or littoral states, since such competition would pose high economic costs, political uncertainties, and dangers of heightening tensions.

Whereas, in December 1971 and 1973 the United National General Assembly passed resolutions calling for the establishment of the Indian Ocean as a "zone of peace", and has created an ad hoc committee to implement those resolutions;

Whereas, it has been reported that the United States may secure the use of military facilities in the Sultanate of Oman;

Whereas, Section 613 of Public Law 93–352 of December 27, 1974, precludes the obligation of any funds for construction of facilities on the island of Diego Garcia until the President has advised the Congress in writing that he has evaluated all military and foreign policy implications regarding the need for these facilities, and has certified that this construction is essential to the national interest, and within 60 days thereafter neither House of Congress has adopted a resolution disapproving such construction;

And, whereas, the Report on H.R. 17468, by the Senate Committee on Appropriations, urged the President, as part of this evaluation, to make a thorough exploration of the possibility of achieving with the Soviet Union mutual military restraint without jeopardizing U.S. interests in the area of the Indian Ocean.

Therefore, be it *Resolved* by the Senate, that it is hereby declared to be the sense of the Senate that

(1) The President of the United States should seek direct negotiations with the Union of Soviet Socialist Republics, designed to achieve agreement on limiting deployment of their respective naval and other military forces in the Indian Ocean and littoral states;

(2) These negotiations should be convened, as rapidly as possible, either in a bilateral forum or in an appropriate multilateral forum, including other concerned states;

(3) These negotiations should consider, among other topics, agreed limitations by the two Powers on (a) establishment or use of naval and other military facilities in the Indian Ocean and littoral states, (b) numbers of war-ships (or ship-days) deployed in the Indian Ocean basin, and (c) the size and characteristics of warships and other military forces deployed there;

(4) The President should make no certification, pursuant to Section 613 of Public Law 93–552, nor should he make any agreement, or reach any understanding, providing for the use by United States air, land, or naval forces of any military or naval facility in the Sultanate of Oman, until he has used his best efforts to convene negotiations and to agree on an interim standstill with the Soviet Union, referred to in Subsections (1), (2), and (3).

Sec. 2. The Secretary of the Senate shall transmit a copy of this Resolution to the President of the United States.

Mr. KENNEDY. Mr. President, for some time, we have been working to define the nature of our future involvements in the outside world. Clearly, the central international issues for the next decade lie in the area of economic policy. But just as clearly, there remain a host of more traditional issues involving military power and America's foreign commitments. Maintaining strong military forces, pursuing détente and arms control, maintaining critical alliances—all these are part of our continuing responsibility. Yet as we move beyond the cold war era, some issues of military relations with other countries are not yet clear. For example, in recent weeks, I have spoken on several occasions about the international trade in conventional arms, and have warned about the serious implications that an unrestricted arms trade could have on U.S. interests and involvements abroad.

There is yet another area of military involvement that has not yet been placed firmly within the context of a philosophy of U.S. interests and policy. This is the area of seapower and, in particular, the nature of commitment, flexibility, and potential involvement in crises and conflicts in farflung parts of the globe.

A region of growing concern in regard to naval power is that bordering on the Indian Ocean. In the past generally removed from superpower competition, the Indian Ocean is now becoming the focus of increasing attention. For our part, we are looking to the Persian Gulf, the source of most of the oil imported by the West. In recent weeks, we have also been reexamining our policies toward the nations of the Indian subcontinent, and toward Ethiopia, now locked in civil conflict. The Soviet Union, meanwhile, has been paying increasing attention to the Indian Ocean, and has in recent years increased its fleet movements in this region. Some observers have even contended that the Soviet Union has been acquiring basing rights in more than one littoral state. Last July, this view was disputed by the Director of Central Intelligence, Mr. William Colby, in testimony before the Senate Armed Services Committee. However, the Secretary of Defense, in a Newsweek interview, now indicates that the Soviet Union appears to be building a cruise-missile support facility at Berbera in Somalia. If so, there is even greater urgency in defining U.S. interests and policy in the Indian Ocean area.

Because of uncertainties regarding the future of this region, it is increasingly important that any action we take toward the nations bordering the Indian Ocean be well thought out in advance. We have been through too much in the past—and have too much at stake in the future—to create policy without the most fundamental analysis of costs, benefits, risks, and opportunities.

For some time, now, the U.S. Navy and Air Force have sought to build upon existing facilities on the island of Diego Garcia. And in recent months, we have received reports of plans to acquire landing rights on the island of Masira, part of the Sultanate of Oman.

The questions raised by these developments have been receiving congressional attention. Last year, I joined with the distinguished Senator from Rhode Island (Mr. Pell) in introducing a resolution concerning the manner in which we should proceed with regard to Diego Garcia.

Similarly, last year the Congress placed firm restrictions on the obligation of monies—some $18.1 million—for construction work on Diego Garcia. By a vote of 83 to 0, the Senate provided that no funds could be spent there unless the President advised the Congress in writing that he has evaluated all military and foreign policy implications regarding the need for these facilities, and has certified that this construction is essential to the national interest. The Congress would then have 60 days in which to adopt—in either House—a resolution disapproving of the President's certification.

This provision is now law, and I understand the administration is at this moment debating the merits of proceeding with Presidential certification. Yet it is important to note what the Senate had in mind in adding this restrictive provision to the Military Construction Appropriation Act of 1974. In its report to the Senate, the Committee on Appropriations said the following:

> Because of the importance and complexity of the issues raised by Diego Garcia, the Committee felt that it was important for the new Administrtaion to make a full reevaluation of this matter. It is the hope of the Committee that such an evaluation would include a thorough exploration of the possibility of achieving with the Soviet Union mutual military restraint without jeopardizing U.S. interest in the area of the Indian Ocean.

This language closely parallels the intent behind the Indian Ocean resolution submitted last year for Senate consideration.

Mr. President, because of the expressed intent of the Congress—and because of the continuing sensitivity and importance of this issue—I am today joining with the distinguished Senators from Rhode Island (Mr. PELL) and New York (Mr. JAVITS) in introducing a revised Senate resolution on the Indian Ocean. We hope in this way to reiterate the concern of the Senate about the manner in which U.S. policy toward the Indian Ocean should be made.

In particular, this resolution calls upon the President to seek direct negotiations with the Soviet Union, designed to achieve agreement on limiting deployment of the two nations' respective naval and other military forces in the Indian Ocean and littoral states.

How these negotiations should take place would be a matter of choice for the administration. They could take place in a bilateral forum, or in a multilateral forum including other concerned states. The existence of this concern is manifest. Already, on two occasions—December 1971 and 1973—the United Nations General Assembly has passed resolutions calling for the establishment of the Indian Ocean as a "zone of peace," and has created an ad hoc committee to implement those resolutions. This ad hoc committee might, indeed, be the proper forum for negotiations. And I have heard from representatives of a number of the littoral states, in support of efforts to make the Indian Ocean such a "zone of peace.'

Any negotiations should cover a variety of topics—and should be undertaken with a clear view of U.S. interests in the region of the Indian Ocean. Topics for negotiation should include agreed limitations by the superpowers on, first, establishment or use of naval and other military facilities in the Indian Ocean and littoral states; second, numbers of warships—or ship-days—deployed in the Indian Ocean basin; and third, the size and characteristics of warships and other military forces deployed there. In this way, it may be possible to head off yet another arms race, yet another futile exercise in trying to reach a balance of military power at levels far higher—and with far greater risk—than are deployed in the Indian Ocean today.

Mr. President, the timing of this effort to convene direct negotiations with the Soviet Union is critical. Our resolution provides specifically that the President should make no certification pursuant to section 613 of Public Law 93-552—nor should he reach any agreement or understanding providing for the use by U.S. air, land, or naval forces of any military or naval facility in the Sultanate of Oman—until he has used his best efforts to convene negotiations with the Soviet Union. And neither of the steps outlined above should be taken until the President has used his best efforts to gain agreement with the Soviet Union on an interim standstill on deployment of forces—or on building or use of bases—in the Indian Ocean region.

In this way, we believe that the best interests of the United States would be served, and that we would have the best chance of gaining a recognition on the part of the Soviet Union that it, too, has nothing to gain by entering into yet another arms race. Perhaps the Soviet Union does intend to expand its naval presence in the Indian Ocean, especially after reopening of the Suez Canal. Perhaps what is happening in Berbera represents a firm Soviet commitment to a naval presence in the Indian Ocean.

Yet that is all the more reason now to seek mutual restraint on naval deployments, before these are a fait accompli on both sides.

To be sure, direct negotiations are not the only means for achieving this objective. We would be perfectly content to see mutual restraint achieved by other means—either tacit or explicit. Yet in the absence of some other means of achieving mutual restraint, we believe that the approach we advocate here is likely to be most productive.

Mr. President, today I have been speaking in terms of United States-Soviet relations. But there is an added reason for looking carefully at our military and naval deployments in the Indian Ocean area. This is the question of possible U.S. military action against one or another oil-producing state of the Persian Gulf. Since the Secretary of State spoke on this subject at the end of last year, there has been growing uneasiness about the possibility that the United States might at some point contemplate military action.

I have said on more than one occasion that I could not countenance sending American men and women to die for oil in the Middle East. I have also supported efforts to promote good relations between the United States and the oil-producing states, through political and economic means. Therefore, I believe it is imperative that we take no action that could raise in anyone's mind the suspicion that we were, indeed, preparing for military action.

Whatever merits there may be in increasing our capacity for military or naval action in the area, therefore, it is critical at this time that we do nothing that would make it more difficult to work out productive relations with local states. And this means we should adopt a standstill on construction at Diego Garcia, and should exercise extreme caution on acquiring any basing rights in the area.

Mr. President, I join with Senators PELL and JAVITS in introducing this Indian Ocean resolution, and I commend it to the Senate for its consideration. I ask unanimous consent that the text of Mr. Colby's testimony on Soviet involvement in the region, Dr. Schlesinger's comments in Newsweek, and an article on Diego Garcia from the Washington Post be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CIA DIRECTOR COLBY, TESTIMONY ON DIEGO GARCIA

PROPOSED EXPANSION OF NAVAL FACILITIES ON THE ISLAND OF DIEGO GARCIA

SUBCOMMITTEE ON MILITARY
CONSTRUCTION OF THE COMMITTEE
ON ARMED SERVICES,
Washington, D.C.

The Subcommittee met, pursuant to notice, as 2:10 o'clock p.m., in Room 212, Russell Senate Office Building, Senator Stuart Symington (Chairman of the Subcommittee) presiding.

Present: Senators Symington (presiding), Dominick and Taft.

Also present: Gordon A. Nease, Professional Staff Member; Joyce T. Campbell, Clerical Assistant; and Kelly Smith, Assistant to Senator Symington.

Senator SYMINGTON. The hearing will come to order.

Mr. Colby, we welcome you.

I see you have a statement. You may proceed.

STATEMENT OF W. E. COLBY, DIRECTOR OF CENTRAL INTELLIGENCE AGENCY; ACCOMPANIED BY JOHN B. CHOMEAU, OFFICE OF STRATEGIC RESEARCH; WILLIAM B. NEWTON, OFFICE OF CURRENT INTELLIGENCE; AND GEORGE L. CARY, LEGISLATIVE COUNSEL

Mr. COLBY. Mr. Chairman, it is a pleasure to be here.

Mr. Chairman, the Soviet naval presence in the Indian Ocean began in March 1968, when four ships from Vladivostok made a "good will" visit to most of the littoral countries. In the little over six years since those visits, the Russians have maintained a nearly continuous presence in the Indian Ocean area.

The Soviet naval presence has grown slowly but steadily during these years, and has helped Moscow increase its influence in that part of the world.

The forces the Soviets have; deployed in the Indian Ocean, however, have been relatively small and inactive.

The vessels have spent 80 percent of their time at anchor or in port visits, mostly in the northwestern portion of the ocean.

Although the number of countries visited annually has decreased since 1969, the general expansion of the naval force and the increased use of ports on a routine basis have resulted in an overall increase in the number of port calls. Put in terms of naval ship days in the Indian Ocean the Soviet presence increased from about 1,000 in 1968 to 5,000 in 1973, excluding harbor clearing operations in Bangladesh.

By mid-1973, the typical Soviet Indian Ocean force included five surface warships—one gun-armed cruiser or missile-equipped ship, two destroyers or destroyer escorts, a minesweeper and an amphibious ship. There was also usually a diesel submarine, and six auxiliary support ships, one of which was a merchant tanker.

Mr. Chairman, today there are six surface combatants, one submarine, nine minesweepers and 11 support ships in the Indian Ocean, not substantially different from that typical showing, except for the increase in minesweeps, as I will explain later.

Recently, a Soviet intelligence collection ship has been deployed to the Indian Ocean for the first time since the India-Pakistan War, and is apparently monitoring developments in the Persian Gulf area.

It will probably also conduct surveillance of any major Western naval movements in the Indian Ocean.

In addition, a group of Soviet minesweepers has recently arrived from the Pacific to conduct mine-clearing operations in the Gulf of Suez—in the areas shown on this map at the bottom. The ones at the top you will note are being cleared by the U.S. and the United Kingdom.

Last weekend the helicopter carrier Leningrad, on a voyage from the Black Sea, rounded the Cape of Good Hope and may join this group. This is by far the farthest from home waters that either the Leningrad, or its sister ship the Moskva, has ever ventured.

The Soviet warships and submarines sent to the Indian Ocean normally come from the Pacific Fleet, which is also the primary source for logistic support. Combatants from the western fleets, however, have operated in the Indian Ocean, but only while transferring to the Pacific.

The Indian Ocean has become, in effect, a "southern sea route" for the interfleet transfer of naval units.

About one-fourth of the Soviet warships and submarines that have operated there have been units transferring to the Pacific from the western fleets.

The Pacific Fleet naval forces are now being modernized. As part of this effort, since early 1974 the Soviet force in the Indian Ocean has included more modern anti-carrier and anti-submarine units, transferring from Soviet western fleets. These units have provided the Russians a more impressive naval presence than could have been drawn from their Pacific Fleet a year ago.

In addition to this de facto improvement in the quality of the Indian Ocean force, the length of time on station for the individual warships seems to be increasing. Some of the ships that have just left the area, for instance, were there for a year, as compared to five or six months for previous rotational tours. This added time on station is at least partly owing to improved Soviet support facilities in the area.

Until 1973, the Russians relied almost exclusively on "floating bases"—collections of auxiliary ships usually anchored in international waters—to provide support to their Indian Ocean naval forces.

The most frequently used anchorages were near the Island of Socotra, and in the Chagos Archipelago, about 1,000 nautical miles south of India, where the Soviets have implanted mooring buoys. You will notice that Diego Garcia is in the Chagos Archipelago.

Contrary to numerous reports about Socotra, the barren island has no port facilities or fuel storage and its airstrip is a small World War II gravel runway. The only military installation on the island is a small South Yemenese (PDRY) Garrison. A major construction effort would have to precede any significant Soviet use of Socotra, other than as an anchorage.

In early 1973, the Soviets acquired use of some facilities at the small Port of Berbera, in Somalia. These have now been expanded, and the Soviets are now using the harbor for routine ship maintenance and crew rest.

There are no repair facilities ashore, but tenders now provide the same services in port as they previously did at anchor.

The Soviets have set up naval communications facility near Berbera, and also appear to be building an airfield although they have made little progress [deleted].

The Soviets have use of a POL storage area there, and have constructed a barracks area for their technicians.

Soviet naval ships also have some access to the Iraqi port of Umm Qasr, in the Persian Gulf, where Soviet technicians have been assisting in minor port development.

Repair facilities at the former British naval base at Aden have not been used by Soviet warships, although support ships and, occasionally, small warships stop there for refueling and replenishment. Soviet transports periodically land at an ex-RAF airbase—now Aden's International Airport.

Soviet naval auxiliaries regularly call at Singapore as they enter and exit the Indian Ocean. In addition to receiving bunkers, since May 1972, the Soviet support ships have been serviced in the commercial drydock facilities there.

Moscow's prospects for naval facilities in other littoral countries are not very bright.

The Soviets helped build India's naval base at Vizakhapatnam, and have equipped the Indian Navy with minor warships and diesel submarines.

Nevertheless, New Delhi has not granted the Soviets free access to Indian ports, nor is it likely to do so in the foreseeable future. [Deleted]

The USSR is trying in some other countries, too, although prospects are equally dim beyond receiving bunkers. Moscow has apparently made overtures to Sri Lanka for access to the Port of Colombo, and has sent in research ships, support ships, and an occasional warship—probably trying to accustom the Ceylonese to a Soviet naval presence.

Similar calls have been to Port Louis, in Mauritius.

The Soviets may also hope to use the facilities in Chittagong, now that they have finished the harbor clearing operation there.

Senator Symington. Where is Chittagong?

Mr. Colby. Chittagong is in Bangladesh. You will recall that the Soviets were asked to help in some salvage and minesweeping efforts there. They finished the salvage very rapidly, but the minesweeping operation was very complicated and difficult. They just finished that a few weeks ago. They have withdrawn from there now.

We have no evidence that the Soviets have made overtures for naval access to Littoral countries other than Somalia, Iraq, Aden, India, Singapore, Mauritius, and possibly Sri Lanka.

Senator Symington. Where is Sri Lanka again?

Mr. Colby. To people of our age, it was Ceylon.

Senator Symington. We had an open hearing this morning and a closed hearing this afternoon, but so far it does not seem to me that there is anything that you have said here that should be classified up to IV in your statement. All that information, as I see it, is something that everybody would know that wanted to know it.

Mr. Colby. There may be a few phrases in there, Mr. Chairman, that would reveal how we learned certain items. But in essence, I agree with you.

Senator Symington. Would you please declassify as much as possible for your statement.

Mr. Colby. I would be delighted to go through this and pull out those few things that have to remain classified and declassify the remainder, Mr. Chairman.

So far, Mr. Chairman, I have been talking about the more or less continuous Soviet naval presence in the Indian Ocean. Another aspect of the problem has been the Soviet surge deployments to the area—and these have been highly responsive to U.S. naval activities.

Moscow apparently prefers to keep a minimal force in the ocean that can be quickly strengthened. This provides a "signalling" capability during crisis periods, while avoiding the political and economic costs of maintaining a larger continuous presence.

There have been two occasions when the Soviets have clearly made use of this "signalling" device.

Following the Indo-Pakistani War of November 1971, and almost three weeks after the deployment of the USS Enterprise, they brought their force level up to six surface combatants, six submarines and nine auxiliaries. This represents a doubling of surface combatants, and a significant increase in submarines, from one to six.

In the Arab-Israeli War in October 1973, the Soviets responded to the unanticipated deployment of a U.S. carrier task group to the Indian Ocean by sending additional units into the area—increasing their submarine force from one to four.

[Deleted.]

Senator Dominick. Mr. Chairman, would Mr. Colby yield at that point?

When you are talking about the Soviets, are you talking about missile firing submarines or attack submarines?

Mr. Colby. We are talking about attack submarines, Senator.

Senator Dominick. Thank you.

Mr. Colby. The timing of Soviet ship movements into the area, both during the India-Pakistan War and following the Arab-Israeli conflict, is instructive. The Russian units left port only after U.S. or U.K. carrier task groups had departed for, or arrived in, the Indian Ocean. All indications were that Moscow was chiefly responding to deployments by the U.S. and other western countries, specifically Britain, rather than initiating a unilateral buildup.

There remains one important consideration concerning Soviet naval capabilities in the Indian Ocean—the forthcoming opening of the Suez Canal. We believe this will increase the overall flexibility of the Soviet Navy in the Indian Ocean, but not in itself cause a significant increase in the Soviet presence.

Use of the canal would give the USSR easier and more timely naval access, particularly in times of crisis, to the western Indian Ocean—that is, the important Persian Gulf and Arabian Sea area.

It also would facilitate the logistic support of ships in the Indian Ocean and reduce Soviet dependence on littoral countries.

A reopened canal would expedite interfleet transfers and deliveries of military aid.

A few warships from the Mediterranean squadron probably would be sent to the Indian Ocean once the canal opens.

But because of the higher priority of Soviet naval operations in the Mediterranean, and the maintenance of a strategic reserve in the Black Sea, the Soviet Pacific Fleet would still be the chief source for surface combatants—and all of the submarines—for the Indian Ocean. Support ships could be drawn from the Black Sea and the Pacific on a nearly equal basis.

The Soviet Union is likely to increase its continuous deployments there whether or not the Suez Canal is reopened.

Moreover, the USSR probably recognizes that the canal is subject to closure in a crisis. The Soviets would not wish to be caught with a substantial portion of available units on the wrong end of a blocked canal, and in considering this contingency they almost certainly would give priority to their Mediterranean squadron.

If there is no substantial increase in U.S. naval forces in the area, we believe the Soviet increase will be gradual say, one to two surface combatants per year.

Mr. Colby. [Deleted.]

Should the U.S. make a substantial increase in its naval presence in the Indian Ocean, a Soviet buildup faster and larger than I have just described would be likely. If the canal were open and available to Russian ships, the task of responding would be easier.

In any event, the Soviets would probably not be able to sustain an Indian Ocean force significantly larger than that presently deployed there without reordering their priorities and shifting naval forces from other areas.

Let me now put the Soviet naval activity I have been discussing into the context of overall Soviet objectives in the Indian Ocean area.

Viewed from a global perspective, the Indian Ocean area—as distinct from the Middle East—has a lower priority than the U.S., China, or Europe in the USSR's diplomatic, economic, and military initiatives. Moscow's probable long-range strategic objectives in this area are to win influence at the expense of the west, and to limit the future role of China.

Toward these goals, the Soviets use their naval presence as one element in a combined approach that utilizes political, economic, subversive, and military aid activity.

We believe that the roles of military, and particularly naval forces, have been secondary to diplomatic efforts and aid programs in promoting Soviet interests in the Indian Ocean area.

The principal objective of the naval force is to maintain an adequate military strength to counter—or at least provide a political counterweight to—moves made by western naval forces there, particularly those of the U.S.

Soviet leaders have shown that they will maintain a naval presence in the ocean at least equal to, if not greater than, that of the U.S. Navy.

Soviet writings have reflected concern over the possibility of the U.S. sending nuclear-powered ballistic missile submarines to the Indian Ocean, but so far as the activities of Soviet naval units there have not indicated an anti-Polaris mission.

The Soviets recognize the importance to the west of Persian Gulf oil, and the sea lanes between the Gulf and Europe or Japan. Moscow perceives a causal relationship between the oil question and recent increases in the U.S. naval presence in the Indian Ocean.

Nevertheless, the normal composition of the Soviet force there—particularly the lack of a significant submarine capability—suggests that interdiction of western commerce, particularly oil shipments from the Persian Gulf, has not been a major objective.

At present, about 50 percent of the industrialized countries' oil imports come from the Persian Gulf. This share may decline somewhat in coming years, as alternative sources are developed.

Judging from the size and composition of the Soviet Indian Ocean force, direct military intervention does not appear to figure prominently in Soviet plans.

As for future Soviet naval activity in the Indian Ocean, we believe that growth will be steady over the long term, if there is no permanent increase in U.S. naval forces in the area.

Moscow would probably consider such a measured approach as consistent with a generally growing—and accepted—Soviet presence in the Indian Ocean countries.

Soviet capabilities to project and support larger naval forces in the Indian Ocean are constrained by a variety of factors.

First, is the distance and steaming time from the various Soviet fleets. Those in the western USSR now have to go around Africa and are twice as far from the Arabian Sea as is the Pacific Fleet. If the Suez Canal were open, the steaming time for the fleets in the western USSR would be significantly reduced, as shown on this map. You can see that the red line south of India, Mr. Chairman, shows the point from which you have approximately an equal steaming time from either the Black Sea or the Pacific Oecan fleets.

Other restraints include the requirement to maintain a strategic reserve in home fleet areas, a large deployed force in the Mediterranean, plus the economic and political costs of operating a sizable naval force in the Indian Ocean.

Moreover, the Soviets are not likely to acquire substantially better naval support facilities for their ships in the Indian Ocean area, at least in the near future. There seems to be little prospect for routine access to large shore facilities—such as those in Singapore, India, Sri Lanka, or Aden—for major repair and overhaul of warships.

The limited facilities that the Soviets use now, such as those in Berbera or Umm Oasr, would require considerable development—and probably changes in the host countries' policies—to provide major services.

On the other hand, the Soviets probably hope to increase their capabilities for air reconnaissance in the Indian Ocean. Their prospects are best in Somalia, where Russian technicians are helping to construct airfields at Berbera and near Mogadiscio.

Somalia is unlikely to give Moscow permanent basing rights, but would probably allow occasional flights.

TU–95 naval reconnaissance aircraft staging from Somalia could conduct surveillance from the Cape of Good Hope to the Malacca Strait.

Visits by TU–95's most likely would be on a periodic basis, as in Cuba and Guinea, but might increase in frequency during times of crisis, major western deployments or exercises, or Soviet naval space support activity.

Anti-submarine warfare aircraft, such as the LL–38 May, operating from Somalia could provide surface reconnaissance and anti-submarine warfare coverage of the Arabian Sea. These aircraft, as well as TU–16 medium bombers, were based in Egypt until July 1972, and closley monitored U.S. and NATO ships and exercises in the Mediterranean.

Mr. Chairman, that completes my prepared statement. I would be very happy to answer any additional questions you might like to ask.

Senator Symington. Thank you, Mr. Colby. The first request would be that you declassify as much of this as possible.

Mr. Colby. I will, Mr. Chairman.

Senator Symington. It would be your decision.

Mr. Colby. The other matters I will do it as best as I * * *.

Senator Symington. The more information we can get out in order to help us make the right decision the better.

Mr. Colby. I understand, Mr. Chairman. In our country our decision-making has to be public as opposed to some countries where it is to be secret, and consequently, we have to make as much of our input public as possible.

Senator Symington. Do you consider the Indian Ocean area to be of strategic importance to either the Soviets or the U.S.?

Mr. Colby. I would rather answer from the Soviet side, Mr. Chairman. I think the Soviets are interested in the Indian Ocean as an area of expanding their influence, primarily through their political relationship with some of the countries in the area, with the Indians, especially, and some of the other countries in that general area. I think they would obviously be concerned if there were some major threat to Soviet security posed from the Indian Ocean. I think there is a certain interest in posing a possible counter-threat to American or western pressure on the Soviet Union by posing a threat to the oil sources of Western Europe. But it is certainly not in priority anything like their relationships with the U.S., Western Europe or China.

Senator Symington. The Navy spokesmen have indicated that the Soviets have use of facilities in several locations in the littoral area. I would like to take them one by one and have your comments. I have already heard them in another committee, but I would like to hear them now.

The Island of Socotra.

Mr. Colby. The Island of Socotra, Mr. Chairman, is a bare island. There is almost nothing there except for a small garrison from South Yemen. The Soviets have used Socotra as they have used many other areas around the world as an anchoring place for their ships. The Soviets spend a considerable portion of their time at anchor. They do their provisioning frequently at anchor. They have anchored there off Socotra in protected waters in order to conduct this kind of reprovisioning and just plain sitting.

Senator Symington. How about an air strip?

Mr. Colby. The only air strip on Socotra is an old World War II air strip which is really not feasible for modern operations.

Senator Symington. We were told of anchorages and permanent mooring in the Chagos Archipelago.

Mr. Colby. There are anchorages in that Archipelago. Again, some of this water between the different islands is international water, and Soviet ships are inclined to anchor there. They have set up some mooring buoys there in international waters so that they can just come on and hook onto them.

Senator Symington. That is very close to Diego Garcia.

Mr. Colby. It is not far from there.

Senator Symington. On Berbera, Somalia, communications station, barracks, repair ships and other facilities, including air strips. What are the facts on that?

Mr. Colby. Let me give you an overall picture of the port at Berbera, Mr. Chairman. It is a small installation which will handle two or three ships. And there is an air strip under construction outside of Berbera.

They have been building an air strip there for about a year, but have not gotten very far.

Senator Symington. Mogadiscio.

Mr. Colby. Mogadiscio is the Capital of Somalia, Mr. Chairman. It is a big town there. They have an embassy, and they have people there, advisors.

The port is a fairly big port.

But the area within the breakwater is somewhat shallow water, and you would have to anchor a little offshore and bring lighters in if you use the port at all.

There is an airfield about 30 or 40 miles northwest of Mogadiscio which they have been gradually building up a little bit. But there is not much progress on that either.

Senator Symington. The Iraqi Port of Umm Qasr.

Mr. Colby. Umm Qasr, you will notice there up at the head of the Persian Gulf.

The sea is down here. You come up a river, kind of a delta area. This particular island is claimed by the Kuwaitis as well as the Iraqis. The facility here, the so-called port, is about four, five or six buildings here, a place where you can anchor. It is a little complicated to get through the delta down to the Gulf. The Iraqis appear to be a little bit restrictive as to the degree to which they will allow the Soviets free use of this particular port. [Deleted.]

Senator Symington. The former British base at Aden and the former Royal Air Force Base.

Mr. Colby. The former British base at Aden is a good base. It is a good harbor. There are facilities in it. There is an airfield in that town. That is the Capital of South Yemen. And there is an airfield that is an effective airfield and could be used.

The Soviets have not used it very much. They have not done much more than port visits there. But the Government of South Yemen of course, is a Communist government. The Soviets have been assisting them. So they have a pretty active presence there. But they have not actually used the port facility to that degree.

Senator Symington. What kind of a runway do they have.

Mr. Chomeau. It is short. It is not large enough to handle the extremely large aircraft. I have forgotten the length.

Mr. Colby. It is a short runway, not big enough to handle the TU-16's and larger aircraft.

Senator Dominick. It is big enough, Mr. Chairman, to handle the B-24, because I have landed one there.

Mr. Colby. You know, then.

Senator Dominick. It is a horrible place.

Senator Symington. It is probably pretty hot, is it not?

(Discussion off the record.)

Senator Symington. Bunkering rights in Mauritius and Singapore.

Mr. Colby. Singapore, of course, is a very well equipped port. And the Soviets have tinkered there. Singapore sells to whoever happens to go by. They have also used Singapore for some repair, because there are some good shipyards in Singapore, and some of their auxiliary ships, for instance, have been repaired in Singapore.

Port Mauritius—Port Louis on the Island of Mauritius is a very good port. It is not all that highly developed. It is an independent country now. Mauritius. They have sold bunkering to the Soviets.

There are lots of other areas. You can stop by and buy fuel oil if you want to.

Senator Symington. Have they a representative in the UN?

Mr. Colby. I would assume so. I am pretty sure they are UN members. Whether they actually keep a mission there or not, I am not sure. But I know we have an ambassador there. As a matter of fact, Phil Manhardt is just going there as Ambassador. As you will recall, he was a Foreign Service Officer, and was a prisoner of the North Vietnamese for five years.

Senator Symington. Senator Dominick.

Senator Dominick. I think I have only got one question, and that is, what is Mr. Colby's assessment—if we should pass the Diego Garcia enlargement, would we by so doing increase the force of the Russian fleet?

Mr. Colby. I think our assessment is that the Soviets would match any increase in our presence in that area.

Senator Dominick. That is all I have.

Senator Symington. Senator Taft.

Senator Taft. Thank you, Mr. Chairman. Mr. Colby, would you consider that enlarging the port and the airfield as planned would be such an increase or not?

Mr. Colby. I am not all that familiar with the details of the plan, Senator Taft. I do think that the public impression of what we do would probably be almost as important as what we actually do. In other words, the Soviets would believe that if we were to establish a permanent establishment capable of supporting a regular force in that area, that they would react in some fashion in order to establish a countervailing force. That is more or less at any degree at which we do it.

Senator Taft. If we have a big debate and authorize it, is that going to have—

Mr. Colby. It will certainly attract their attention.

Senator Taft. If we go ahead and authorize it, and public opinion seems to justify authorizing it, would that have an effect on being able to negotiate limitation on forces in the area?

Mr. Colby. I think that our assessment, Senator, is that you will see a gradual increase in Soviet presence in the Indian Ocean area, that if there is some particular American increase, that the Soviets will increase that gradually to match any substantial additional American involvement. So that it would really depend upon the size of the investment and the forces that we arrange to be there. If we put in a permanent establishment of some size, why they would correspondingly increase to some substantial degree. If we had only sort of tentative connections there and some improvements, they might just continue their gradual increase.

Senator Taft. You have not mentioned the British or French forces, I do not think, that are in the area. Both of them have permanent naval forces.

Mr. Colby. Yes, the French have a naval base up at the north end of Malagasy as well as a base at Djrbouti. They keep a permanent force of five to six ships. And the British, their only permanent establishment is in Singapore, where they keep a very small fleet. [Deleted.]

Senator Taft. That is all I have.

Thank you, Mr. Chairman.

Senator Symington. Thank you, Senator. Have the number of ports visited by the Soviets in the littoral area increased in the last few years?

Mr. Colby. Yes, Mr. Chairman. The number of port calls in 1973 has gone up particularly because the calls in Somalia have expanded quite a lot. You will notice that they are rather targeted, there are only certain ones.

Senator Symington. The number of countries visited have dropped?

Mr. Colby. Yes. It has been more of a focus where they have visited.

Senator Symington. As I understand it you expect the Soviet presence in the Indian Ocean to continue to grow regardless of what we do but that it will grow faster if we start developing Diego Garcia, is that a fair interpretation?

Mr. Colby. I think that is true, yes, sir.

Mr. Chairman, our estimate of the gradual growth is a reflection of our estimate of the general Soviet intention to assert itself as a major power, as one of the two superpowers, and to assert itself in a world role, and that consequently, there will be a tendency to gradually expand its presence throughout the world.

Senator Symington. Who reacted first in the Indian Ocean at the time of the Indian-Pakistan War?

Mr. Colby. In the Indian-Pakistan War, Mr. Chairman, the first thing that happened was that the British sent a carrier task group to help with the possible evacuation of their citizens. The Soviets sent a force very shortly thereafter. And the American force was sent two or three weeks later, or something like that.

Senator Symington. How about in the recent Middle East War?

Mr. Colby. In the Middle East War the movement of American carrier task group was followed by a Soviet increase in presence, particularly in submarines.

Senator Symington. Who has access to the most ports in the littoral area, the U.S. or the Soviets?

Would that be up for grabs?

Mr. Colby. Even would not be far off, I would say.

Mr. Chomeau. I do not know what the U.S. really has.

Mr. Colby. The U.S., I think, would have access to Pakistan, Iran, and Saudi Arabia.

Senator Symington. Off the record.

(Discussion off the record.)

Senator Symington. There was some question as to whether nuclear submarines could go through the Suez Canal when it is opened. What is the opinion of the CIA on that?

Mr. Colby. Physically, they could go through it, there is no question about it, after it is opened, physically you can send them through. Whether the Soviets would send them through is something else.

Senator Symington. Is there enough depth?

Mr. Colby. You mean without being seen? I mean on the surface, obviously, just going through, I do not think there would be much problem.

Senator Symington. There would not be?

Mr. Chomeau. They have enough depth, but it is risky. You have to be certain that you are not going to run into some place where it is silted. But there is enough depth if it is cleared, yes.

Mr. Colby. It depends upon the permission of the Egyptians, of course,

Senator Symington. Do either of you gentlemen have any further questions?

Senator Dominick. No, Mr. Chairman.

Senator Taft. No questions.

Senator Symington. Thank you very much.

(Whereupon, at 3 p.m., the hearing was recessed, to reconvene at 10 a.m., Friday, July 12, 1974.)

[Newsweek, Mar. 17, 1974, interview with Secretary of Defense James R. Schlesinger]

A Word of Warning

Q. Would you include the Indian Ocean in the sphere of vital American interests?

A. Most of the industrialized world is dependent on the flow of petroleum out of the Persian Gulf. The domination of the oil resources of the Persian Gulf area would dramatically alter the configuration of world politics. The Soviets have built up and are still building a major logistical capability in the general area of the Persian Gulf. Nonetheless, there is an inclination to bury one's head in the sand, and some people now exhibit that ostrich-like tendency. Soviet facilities at Berbera in Somalia are both impressive and growing. They are now, it appears, constructing a cruise-missile [unmanned nuclear bomber] support facility at Berbera, on the Gulf of Aden.

Undoubtedly there will be those who will find imaginative excuses for the Soviets. They might suggest it is an economic demonstration project for the Somalis or perhaps an advance reaction to current U.S. research-and-development activities on cruise missiles. But the fact is that this represents reload capabilities for a potent weapon system that the U.S. does not yet possess. It is plain, I think, that the Soviets are deeply serious about a permanent presence and strike capability in the western part of the Indian Ocean and we would be blind to reality if we were unprepared to take the necessary countermeasures.

Q. What kind of coutermeasures?

A. The United States should have its own logistical capability in the Indian Ocean at Diego Garcia so, if the necessity arises, we can support our own forces in the area.

Q. In terms of the other bases that the Soviet Union has managed to establish, how would you rate their present base facility in Somalia?

A. I would regard this as unique. In some ways it could be compared to the facilities that the Soviets had established for themselves in Egypt and in Syria.

[From the Washington Post, May 19, 1974]

U.S. Navy Still Pressing for Base in Indian Ocean

(By Judith Miller)

An American naval base in the Indian Ocean is an idea which has been patiently awaiting its time. For more than 15 years, Pentagon and Senate leaders have blocked the Navy's efforts to establish a permanent naval presence in the area, but this year, the Navy's plan to build a base on the Indian Ocean island of Diego Garcia may finally outlive its opposition.

The Navy now argues that the prospective reopening of the Suez Canal will lead to an expansion of the already impressive Russian naval presence in the area and that such a prospect necessitates immediate congressional approval of $32.3 million to expand the Diego Garcia facility.

Public testimony and secret correspondence between the Pentagon and Capitol Hill, however, indicate that these supposedly "new" factors justifying an expanded U.S. presence on Diego Garcia are little more than rationalizations for the Navy's persistent expansionist aims in the Indian Ocean.

Specific plans for a more permanent naval presence in that area date from the late 1950s. Retired Rear Adm. Gene La Rocque, who now heads the Washington-based Center for Defense Information, recalls that in the early 1960s, the Navy wanted to station naval forces in six islands, including Diego Garcia. According to a State Department official, the U.S., fearing a political vacuum after the British withdrawal from commitments "East of Suez," persuaded Britain in 1965 to form the British Indian Ocean Territories (BIOT), an administrative entity including Diego Garcia and several other Indian Ocean islands.

The real purpose of these territories became clear the following year, when the U.S. and Britain signed an agreement making BIOT available for the defense needs of both governments.

According to former State Department intelligence officer John Marks, the CIA was an enthusiastic supporter in the mid-1960s of a permanent U.S. presence somewhere in the Indian Ocean since it was assumed that when China tested an ICBM, it would do so in that area.

PROJECT REST STOP

In testimony before a House Foreign Affairs subcommittee, former Pentagon systems analyst Earl Ravenal said that the proposal to build a base in Diego Garcia first emerged in the Defense Department in the summer of 1967, but was rejected. Senate staff aides recall that the Navy proposed the Diego Garcia base in 1968 to then Armed Services Committee Chairman Richard Russell, but failed to win his support.

In 1969, a proposal for a Project Rest Stop—the construction of a $26 million "austere naval facility"—appeared as a classified line item of the fiscal year 1970 military construction budget. The project was approved by both House and Senate Armed Services Committees, but the authorized funds were deleted by the Senate Appropriations Committee.

In an attempt to save the project by having the funds reinserted during House-Senate conference, then Chief of Naval Operations Adm. Thomas Moorer appealed to Senate Armed Services Chairman John Stennis in a letter dated December, 1969. Moorer, expressing "deep concern" over the status of the classified Diego Garcia project, claimed that deletion of funds for the base would have an "adverse strategic effect of major importance." According to Moorer, the Diego Garcia base was "the Navy's number one priority of all items" in that year's military construction program.

At about the same time, the Navy sent a memo to the Senate Armed Services Committee stressing the strategic importance of the support base's construction. The Navy argued that the base would provide the President with "a range of involvement options from no involvement to whatever involvement is deemed necessary."

The Navy memo further noted that Diego Garcia, if necessary, "could be quickly converted for use of Polaris submarines." The justifications cited in the memo for an Indian Ocean naval base are identical to those expressed now: increasing Soviet presence and Chinese influence and the vacuum created by British withdrawal from the area.

"Despite Moorer's attempts to solicit Stennis' aid, efforts to save the project were not successful, and Project Rest Stop died. The Navy, however, attempted the next year to secure funds in the FY 71 budget for Diego Garcia expansion. This time, it requested $18 million for a smaller-scale "communications facility," involving radar and satellite operations, supposedly intended to replace the National Security Agency installation at Asmara, Ethiopia.

Congress approved the request, an agreement was signed with the British and the Navy began building a communications facility which included construction of naval support base intrastructure: harbor, roads, an 8,00-feet runway and permanent facilities for 250 men.

TALKING TO MOSCOW

At the same time, the National Security Council staff issued two secret National Security Study Memoranda highly critical of plans for such expansion. The memoranda, dated Nov. 9, 1970, and Dec. 22, 1970, concluded that the U.S. had minimal strategic interests in the area and that those limited interests were not amenable to protection by military intervention. The memoranda encouraged the government to seek an agreement with the Russians to limit American and Russian naval deployments in the area.

The Soviets did approach the U.S. about such an agreement privately in early 1971. In June of that year, Soviet leader Brezhnev again referred in a speech to the possibility of naval deployment negotiations in the Indian Ocean. The U.S. approached the Russians three months later but failed to pursue the matter vigorously, claiming that "clarification" from the U.S.S.R. had not been forthcoming.

Congress now is considering the Pentagon's request for a $32.3-million expansion for the communications facility into what the Navy calls an "austere" support base—virtually the same proposal it rejected in 1970.

The House recently approved, but the Senate deferred action on the $29 million sought for Diego Garcia expansion in this year's supplemental military authorization bill. Having failed to slide the funds through in the supplemental without much debate, the administration is preparing for the coming confrontation with the Senate over the base.

The State Department is refining its rationale for the base. In Senate hearings this March on the supplemental request, Pentagon and State Department witnesses stressed the Soviet holdup in the Indian Ocean. Though State officials continue to emphasize Soviet expansion of facilities at Berbera, Somalia, administration officials recently have been softpedaling the Soviet menace argument. Instead, they are stressing the "flexibility" Diego Garcia would provide the U.S. in its efforts to "reinforce" diplomatic initiatives in the Middle East through a naval presence.

The National Security Council is preparing yet another National Security Study Memorandum, one which reevaluates American strategic interests in the Indian Ocean in light of recent events in the Middle East and attempts to justify the Diego base expansion.

Administration officials now argue that funding the base expansion might actually induce the Russians to consider Indian Ocean arms limitation negotiations seriously, since a base in Diego Garcia would give the U.S. the option of matching Soviet ship levels in the area.

A "ZONE OF PEACE"

Opposition to the project, however, appears to be growing. The Diego Garcia base is opposed by nearly all of the nations bordering—the Indian Ocean, most of whom support a United Nations resolution aimed at establishing a "zone of peace" in the Indian Ocean. In addition to India, which has recently denied Soviet requests for port facilities, traditional U.S. allies such as Australia and New Zealand have criticized the planned expansion.

Britain apparently also is having second thoughts about the project. According to a State Department official, the U.S. and Heath governments negotiated and agreed in principle to a new supplemental executive agreement authorizing construction of the base, but, at last report, the new Wilson government still withheld its approval. State Department officials are confident, however, that Britain eventually will sign the agreement rather than risk losing American assistance in modernizing its strategic defense system.

Several senators, however, are attempting to use the Diego Garcia expansion to express opposition to executive agreements in general as opposed to treaties, which require Senate approval. The Senate Foreign Relations Committee recently approved an amendment to the State Department-USIA authorization bill requiring that any agreement on Diego Garcia with Britain be approved by Congress.

The Navy has pegged the project's urgency to its prediction that Soviet presence in the Indian Ocean will increase markedly when the Suez Canal reopens. Pentagon critics La Rocque and Ravenal contend that, in times of conflict, reliance on waterways as vulnerable as the Suez Canal makes no military sense.

In addition, in a recent issue of the Economist, a British magazine which consistently supported U.S. policy in Vietnam, the Pentagon's claim that current Soviet naval deployments are greater than that of the U.S. is termed misleading. The magazine reports that both France and Britain have been increasing their deployments to the area and that combined U.S., British and French forces outnumber Russian deployments.

Moreover, in a secret memo sent to a Senate committee only a year ago, the Pentagon acknowledged that, though the Soviets have had naval forces in the Indian Ocean since 1968, only once, in December, 1971, during the India-Pakistan war, did Russia deploy major combat forces there. Soviet naval presence in the area, according to the memo, is designed primarily to "show the flag." It further noted that most of the Soviet ships in the area are merchant vessels, hydrographic research ships and vessels being tested in tropical environments.

Opponents like Ravenal and La Rocque argue that construction of the Diego Garcia base would goad the Soviet into further strengthening their forces, since they now lack reliable and secure shore-based support facilities in the area comparable to what is planned for Diego Garcia.

COSTS AND CARRIERS

One of the strongest but least discussed arguments against the project, however, is its direct and indirect cost. About $65.3 million already has been spent on construction and operation of the current Diego communications facility. In the next two years, the Pentagon is requesting $37.5 million for construction and equipment and another $78 million for Navy Seabee pay and support for the planned expansion. But the total construction and operations cost of $180.1 million is minuscule compared with the cost of a single additional aircraft carrier.

Despite Pentagon denials, critics of the expansion argue that, if approved, the base will be used by the Navy to justify aircraft carrier construction at a time when current plans call for reduction of the active force to 12 attack carriers. Frequent naval visits to the area since the October Middle East War already have resulted in postponement of the retirement date of two carriers.

The Navy has claimed that it intends to keep a carrier task group in the Indian Ocean for only six months of the year. During hearings on the supplemental request for Diego Garcia funds, Joint Chiefs of Staff Chairman Adm. Moorer assured Sen. Stuart Symington (D-Mo.) that no new additional carriers would be needed to keep a carrier task group in the Indian Ocean for six months of the year.

It is doubtful that U.S. expansion in the Indian Ocean can be stopped. Defense Secretary James Schlesinger announced in December that the U.S. would re-establish the pattern of regular U.S. Indian Ocean vessel visits which were disrupted by the Vietnam war.

Although the Pentagon agreed to close the Asmara communications post in order to gain approval in 1970 of the facilities on Diego Garcia, Pentagon spokesmen recently testified that Asmara was being phased down, but not phased out.

Congress, however, can stop the expansion of the planned support base on Diego Garcia, which many see as the beginning of a permanent U.S. naval presence in the Indian Ocean—a presence which could stimulate yet another arms race in another part of the world.

Mr. PELL. Mr. President, again I welcome the opportunity to cosponsor with the distinguished senior Senators from Massachusetts (Mr. KENNEDY) and New York (Mr. JAVITS) a resolution calling for arms control talks on the Indian Ocean. The reson for introducing a similar resolution, Senate Conference Resolution 76, in the 93d Congress were compelling. They are even more so now.

A year ago, we were not yet on an economic toboggan slide going into a dangerous curve combining rising prices and falling employment. The budget was not strained as it is now to meet the social and economic costs of a threatening depression. The hard choice between guns and butter was not pinching us as it is now. Can we afford a defense bill close to $100 billion? Even if we could, is it essential to our national security?

That is why it behooves the Congress to examine more carefully than ever, every new military expenditure, not only in terms of the immediate cost but what a project may ultimately cost, financially, economically, politically.

I pointed out last year, for instance, that $18 million spent on expending our so-called communication facility on Diego Garcia, could be just the initial downpayment on an ultimate $10 billion investment of maintaining a permanent U.S. carrier task force in the Indian Ocean. A $3 billion task force that must be backed up by two more forces does not come cheap. Money like that could provide a lot of food stamps at home and relief to the hungry abroad.

The reluctance of the 93d Congress to approve funds for an expansion on Diego Garcia that could lead to an arms race with the Soviets, resulted in the provision in the 1975 military construction authorization bill calling for Presidential certficaition that this expansion is in the national interest. The certification is to be based on his evaluation of all military and foreign policy implications regarding the need for the expanded facilities.

Early in his administration, President Ford stated that there was need for these facilities because the Soviets have "three major bases" there. Press reports and published CIA testimony indicate, however, that there are no such large Soviet installations justifying this need. In the absence of any immediate Soviet threat, therefore, there is time for arms talks on the Indian Ocean before going ahead with expanding on Diego Garcia even if that action eventually proves necessary.

Proceeding with Diego Garcia has also been justified on the grounds that it would help assure access to Middle East oil on which the industrial world has become so dependent. These days fear of strangulation does not stem from Soviet but from Arab action, which has produced speculation on the possible use of U.S. military force to take over Middle East oil fields. How this might be done is spelled out in a number of recent magazine articles.

I fear, therefore, that increased U.S. military interest in the Indian Ocean and adjoining Persian Gulf areas, such as in the Oman Island of Masirah, may now be stimulated less by a Soviet presence, than by our own contingency planning for the deployment of U.S. forces in the region. Ironically, in such planning, these forces would have to face U.S. arms and equipment now being supplied in ever greater amounts to countries with which we would be engulfed in hostilities. In any event, arms control talks should help discourage any ill-advised thinking of our own on other than peaceful solutions to our oil supply problems.

Finally, arms control talks before a Presidential determination should be welcomed by the British. They now find themselves in the dilemma of not wishing to offend the littoral states of the Indian Ocean and Persian Gulf by supporting U.S. expansionist plans that would contribute to the militarization of the area; at the same time, they do not wish to incur administration displeasure by obstructing such plans. Indeed, the British might well wish to condition their formal agreement to an enlargement of our base on Diego Garcia to a prior effort to hold these talks. As the Senate may want to withhold its advice and consent to the agreement on the same condition.

As I said initially, Mr. President, these are compelling reasons for early passage of this resolution aimed at constraining our mounting military budget and reducing world tensions by preventing confrontation through negotiations.

AVOIDING TENSIONS IN THE INDIAN OCEAN

Mr. JAVITS. Mr. President, I join today with Senators KENNEDY and PELL in introducing a resolution which calls upon the President to seek direct negotiations with the leaders of the Soviet Union to achieve mutual limitations on Soviet and U.S. military deployments in the Indian Ocean. In December 1971 and again in 1973, the United Nations General Assembly adopted resolutions calling for the establishment of a "zone of peace" in the Indian Ocean, an area which has so far not been a locus of parallel military deployments by the superpowers on a major scale.

Nonetheless, in recent years both the United States and the Soviet Union have taken steps to increase their military presence in the Indian Ocean—with each side claiming that its stepped-up activity is a reaction to the moves of the other side.

Shortly, under a certification procedure in the law, the President may order the implementation of U.S. Navy construction plans to transform the modest communications facility at Diego Garcia into a major naval logistical base capable of supporting a major deployment of U.S. military forces into the Indian Ocean area.

There is no doubt that the Soviet Union would move ahead with efforts massively to upgrade its own deployment facilities in the area, if it has not already done so.

Our resolution seeks to head off a new dimension of the superpower arms race, which could create in its wake major new costs and dangers of confrontation.

The sponsors of this resolution believe that every effort should be made to head off such an undesirable prospect through negotiations between the United States and the Soviet Union for an agreement on deployment limitations.

I hope that this resolution will be adopted by the Senate, in accordance with its advice and consent function under the Constitution, and I hope that the President will seek the negotiations that it advocates.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REDUCTION ACT OF 1975—H.R. 2166

AMENDMENT NO. 275

(Ordered to be printed and to lie on the table.)

Mr. MONDALE (for himself, Mr. HUMPHREY, and Mr. RIBICOFF) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

MILITARY PROCUREMENT AUTHORIZATION ACT—S. 920

AMENDMENT NO. 282

(Ordered to be printed and referred to the Committee on Armed Services.)

Mr. SCHWEICKER submitted an amendment intended to be proposed by him to the bill (S. 920) to authorize appropriations during the fiscal year 1976, and the period of July 1, 1976, through September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loans, and for other purposes.

AGRICULTURAL PRICE SUPPORTS—H.R. 4296

AMENDMENTS NOS. 276 THROUGH 281

(Ordered to be printed and to lie on the table.)

Mr. **MOSS** submitted six amendments intended to be proposed by him to the bill (H.R. 4296), to adjust target prices, loan, and purchase levels on the 1975 crops of Upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 percent of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

AMENDMENTS NOS. 283 THROUGH 303

(Ordered to be printed and to lie on the table.)

Mr. **MOSS** submitted 21 amendments intended to be proposed by him to the bill (H.R. 4296), supra.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 86

At the request of Mr. Bartlett, the Senator from Utah (Mr. Garn) was added as a cosponsor of amendment No. 86, intended to be proposed to the bill (S. 66), a bill to amend title VIII of the Public Health Service Act to revise and extend programs of assistance under that title for nurse training and to revise and extend programs of health revenue sharing and health services.

AMENDMENT NO. 137

At the request of Mr. Hathaway, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of amendment No. 137, intended to be proposed to H.R. 2166, the Tax Reduction Act of 1975.

At the request of Mr. Tunney, the Senator from South Dakota (Mr. Abourezk), the Senator from Montana (Mr. Metcalf), the Senator from Connecticut (Mr. Ribicoff), and the Senator from Indiana (Mr. Hartke) were added as cosponsors of amendment No. 153, intended to be proposed to H.R. 2166, supra.

AMENDMENT NO. 259

At the request of Mr. Brooke, the Senators from Minnesota (Mr. Mondale and Mr. Humphrey) were added as cosponsors of amendment No. 259, intended to be proposed to the bill (H.R. 2166), supra.

NOTICE OF HEARING

Mr. **CHURCH**. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Energy Research and Water Resources Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for May 22, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding the operation of the San Juan-Chama project, Colorado-New Mexico, and the related impacts in the San Juan River basin.

For further information regarding the hearing, you may wish to contact Mr. Russell Brown of the subcommittee staff on extension 41076. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Energy Research and Water Resources Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C., 20510.

ANNOUNCEMENT OF HEARINGS BEFORE THE ENVIRONMENT AND LAND RESOURCES SUBCOMMITTEE, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. **JACKSON**. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of public hearings before the Environment and Land Resources Subcommittee of the Senate Committee on Interior and Insular Affairs.

The hearings are scheduled for April 22, 23, and 24, beginning each day at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding two bills which are presently before the committee. The first measure, S. 984, the "Land Resource Planning Assistance Act," is a bill to authorize the Secretary of the Interior to make grants to assist the States to develop and implement State land resource programs and to assist Indian tribes to plan the use of tribal lands; to encourage expeditious energy facility siting decisions; to coordinate Federal programs which significantly affect land use; to encourage research on and training in land resource planning and management; to establish an Office of Land Resource Planning Assistance in the Department of the Interior; and for other purposes. The second proposal, S. 619, the "Energy Facilities Planning and Development Act of 1975," is a bill to increase domestic energy supplies and availability by assuring timely siting, consideration, approval, and construction of necessary energy facilities, and for other purposes. S. 984, introduced on March 6, 1975, is similar to S. 268, the "Land Use Policy and Planning Assistance Act," which passed the Senate in 1973. S. 619 is also found in title VIII of S. 594, the President's "Energy Independence Act of 1975," introduced on February 5, 1975.

As both bills relate to the planning and siting of energy facilities, I invite my colleagues who serve as ex-officio members of the National Fuels and Energy Policy Study, conducted pursuant to Senate Resolution 45, to sit with the panel during the hearings.

For further information regarding the hearings you may wish to contact Mr. Steve Quarles, counsel to the subcommittee, at 224-9894. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Environment and Land Resources Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.

ANNOUNCEMENT OF A PUBLIC HEARING BEFORE THE ENVIRONMENT AND LAND RESOURCES SUBCOMMITTEE OF THE SENATE INTERIOR AND INSULAR AFFAIRS COMMITTEE

Mr. **HASKELL**. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Environment and Land Resources Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for April 3, 1975, beginning at 9:30 a.m. in the Glenwood Springs High School, 1340 Pitkin Avenue, Glenwood Springs, Colo.

Testimony is invited regarding two Colorado wilderness proposals which are presently before the subcommittee. The proposals are S. 267, my bill to designate as wilderness approximately 237,500 acres in the Routt and White River National Forests—the Flat Tops Wilderness Area; and S. 268, my bill to designate as wilderness approximately 128,374 acres in the Arapaho and White River National Forests—Eagles Nest Wilderness Area.

Additionally, the subcommittee will receive testimony on the administration proposals S. 1014 and S. 1015.

As you know, Mr. President, my subcommittee held hearings in Washington on S. 267 and S. 268 on February 26, 1975. At that time, we received testimony from the Forest Service concerning these proposals. The purpose of this hearing in Colorado is to receive public testimony on these two important wilderness measures.

NOTICE OF HEARINGS

Mr. **ALLEN**. Mr. President, the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture and Forestry will hold hearings Monday and Tuesday, April 14 and 15, on S. 772, the Beef Research and Consumer Information Act. The hearings will be in room 324 Russell Office Building, beginning at 10 a.m. on April 14 and at 9:30 a.m. April 15. Oral presentations will be limited to 10 minutes and the remainder of the statement can be filed for the record. Anyone wishing to testify should contact the committee clerk as soon as possible.

NOTICE OF HEARINGS RELATING TO THE VOTING RIGHTS ACT OF 1965

Mr. **TUNNEY**. Mr. President, the Senate Subcommittee on Constitutional Rights will hold hearings on April 8, 9, 10, 22, 29 and 30, 1975 on legislation relating to the Voting Rights Act of 1965. The major provisions of the act are due to expire on August 6, 1975.

The first phase of the subcommittee hearings will focus on S. 407, which would extend the major provisions for 5 years, and S. 903, which would repeal the provisions entirely. The second phase of the hearings will address the problems of minority language groups and appropriate legislative responses.

The hearings will commence at 9:30 a.m.—except on April 9 at 10:30—in room 2228 Dirksen Senate Office Building, and on April 29 and 30 in 1202 Dirksen Building.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. **EASTLAND**. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Mark W. Buyck, Jr., of South Carolina, to be U.S. attorney for the district of South Carolina for the term of 4 years, vice John K. Grisso, term expired.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, March 28, 1975, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

PROPOSED SELECT COMMITTEE TO STUDY THE SENATE COMMITTEE SYSTEM

Mr. **DOMENICI**. Mr. President, I have joined in cosponsoring Senate Resolution 109 submitted by Senators STEVENSON and BROCK, to create a select committee to study the Senate committee system. Not since 1946 has the Senate substantially altered its committee jurisdictions or methods of operations.

In 1885, Woodrow Wilson said:

> It is not far from the truth to say that Congress in session is Congress on public exhibition, whilst Congress in its committee rooms is Congress at work.

I would conclude that his most perceptive statement is very accurate today.

However, I think it is possible that our committee system is not as efficient as it might be. This select committee would be created to conduct a thorough study of the Senate committee system, the structure, jurisdiction, number, and optimum size of Senate committees, committee rules and procedures, media coverage of meetings, staffing, and other committee facilities, and to make recommendations which promote optimum utilization of Senators' time, optimum effectiveness of committees in the creation and oversight of Federal programs, clear and consistent procedures for the referral of legislation falling within the jurisdiction of two or more committees, and workable methods for the regular review and revision of committee jurisdictions.

I think we have all experienced the overlapping of committee jurisdictions. This overlapping requires the referrals, whether they be joint, sequential, or both joint and sequential, which invariably slows the legislative process. While speed may not be the most important factor in good legislation, it is a significant element.

As an example of some possible defects in our current committee jurisdictions, I have a Library of Congress study on referrals of energy-related bills in the 93d Congress. As this study shows many bills were referred to as many as four committees. Several bills were sequential which greatly slows their consideration. The select committee may or may not recommend sweeping reforms, but the fear of such reforms should not deter us from a thorough investigation of our current committee system.

Mr. President, in this regard I therefore ask unanimous consent that this Library of Congress study be printed in the RECORD.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

TABLE II.—MULTIPLE REFERRALS OF ENERGY-RELATED BILLS TO SENATE COMMITTEES IN THE 93RD CONG.

Subject	Committees	Type of referral	Senate action H.	Senate action REPT.	Senate action P.	House action H.	House action REPT.	House action P.	Conference	Public law
Conservation:										
S. 2462 (R&D to promote efficient energy use)	Comm. Int. & Ins. Aff.	Joint Referral (9/20,73)								
S. 3035 (Mass transit)	BH&UA Fin. Pub. W.	Joint Referral (2/12/74)		(P.W.)x						
S. 3625 (Recycling oil)	Pub. W. Fin.	Joint Referral (6/11/74)								
Environment:										
S. 841 (Oil Pollution Compensation)	Comm. For. Rel.	Joint Referral (2/8/73)		(F.R.)x						
Government Organization:										
S. 2176 (Office of Energy Conservation)	Int. & Ins. Aff. Comm. Pub. W.	Sequential Ref. (Int. 7/13/73 Comm. 9/27/73 P. W. 10/2/73)		(Int.)x	93-409 93-526	x				
S. 3151 (Energy Information)	Comm. Int. & Ins. Aff.	Joint Referral (3/11/74)								
S. 3523 (National Comm. on Supplies & Shortages)	Comm. Govt. Ops.	Joint Referral (5/22/74; Committees report jointly by 6/5/74 or be discharged)		93-904 (Included as Sec. 5 S. 3270, a BH&UA bill)	x					
S. 3270 (Amend Def. Prod. Act)	BH&UA	Single Referral	x	93-922	x	(Referred to Banking)	x			93-428
S. 2956 (Fed. Energ Prod. Corp.)	Govt. Ops. Fin. Int. & Ins. Aff.	Sequential Referral (Govt. Ops. 2/4/74; when reported to be referred jointly to Fin. and Int. & Ins. Aff.)								
Industry Regulat on:										
S. 3188 (Anti-competitive practices in petroleum industry)	Gov, Ops. Jud.	Joint Referral (4/5/74)								
Research and Development:										
S 2495 (NASA technology to domestic problems)	Aer. & Sp. Sc. Comm. Lab. & Pub. Wel.	Joint & Sequential (9/27/73 to A. & S. S. and Comm; 9/18/74 to Lab. & Pub. Wel.)	X	93-1155		(Joint hearings and joint report by Aer. & Sp. Se. and Comm.; incorporated into S. 32 by Lab. & Pub. Wel.)				
S. 32 (same as S. 2495)	Lab. & Pub. Wel.	Single Referral	X	93-1254	X					
S. 2650 (Solar Home Heating & Cooling Act)	BH&UA Comm. Lab. & Pub. Wel.	Joint & Sequential (11/2/73 referred jointly to BH&UA and Comm.; to Lab. and Pub. Wel. when reported)	X X	(BH&UA) (Comm. joint hearings with Int. & Ins. Aff.)						

Subject	Committees	Type of referral	Senate action			House action			Conference	Public law
			H.	REPT.	P.	H.	REPT.	P.		
H.R. 11864 (Solar Home Heating and Cooling Act)	Aer. & Sp. S. BH&UA Int. & Ins. Aff. Lab. & Pub. Wel.	Sequential & Joint (2/19/74 to Aer. & Sp. S.; 3/13/74 to BH&UA, Comm., Int. & Ins. Aff., and Lab. & Pub. Wel.)	×	93-734 (Aer. & Sp. S.) 93-847 (BH&UA Lab. P.W.)	×	×	93-769	×	H. Rept. 93-1278 S. Rept. 93-1083	93-409
Resources										
S. 1134 (Deep Seabed Minerals)	Int. & Ins. Aff. For. Rel.	Sequential Referral (3/18/73 to Int. & Ins. Aff.; 9/4/74 to For. Rel.)								
S. 1751 (Deepwater Ports)	Comm. Int. & Ins. Aff. Pub. W.	Joint Referral (5/8/73)	×	(Joint hearings; agreed to jointly report S. 4076, a clean bill)						
S. 4076 (Deepwater Ports)	Comm. Int. & Ins. Aff. Pub. W.	Clean bill reported jointly		93-1217	x	(Proceedings vacated; H.R. 10701 passed in lieu of with S. 4076 amended in nature of a substitute)				
H.R. 10701 (Deepwater Ports)	Comm. Int. & Ins. Aff. Pub. W.	Joint Referral (6/11/74)		(Committee discharged)	x	x	93-668	x	H. Rept. 93-1605 S. Rept. 93-1306	93-627

THE PEACE CORPS

Mr. HUMPHREY. Mr. President, through an unfortunate misunderstanding the conferees on the foreign assistance bill have adopted restrictive language which would cripple the operations of the Peace Corps in the next few months.

I refer to the language which requires the Peace Corps to spend a disproportionate amount of its $77 million on direct volunteer costs and restricts the payment of support costs. I am informed that unless the intent of the Congress is clarified, the Peace Corps will have to fire as much as one-half of the people in its volunteers supporting mechanism.

The Peace Corps means a great deal to the Nation. In readjusting its activities to meet the severe limitations now imposed on it, the Peace Corps should inform the appropriate House and Senate committees as soon as possible of the measures that it considers will have the least severe impact on its programs, having particularly in mind the necessity of assuring the safety of our Peace Corps volunteers.

I will do every thing I can to assure that the Congress clarifies this situation.

ADDITIONAL STATEMENTS

THE CELESTIAL HORSE

Mr. MATHIAS. Mr. President, it seems to me that one of the miracles of human nature is the way that the successful exercise of human creativity leads to further creativity. Thus the current exhibit of relics recently discovered in China not only expands our knowledge and appreciation of the creativity of the artists and artisans of China through the centuries, but also has encouraged creative thinking about man and his spiritual aspirations.

An example of this process is a sermon preached in the Washington Cathedral on March 16, 1975, by the Reverend Clement W. Welsh, a canon of the cathedral, I ask unanimous consent that the sermon be printed in the RECORD.

There being no objection, the sermon was ordered to be printed in the RECORD, as follows:

SERMON PREACHED IN THE WASHINGTON CATHEDRAL ON MARCH 16, 1975, BY CANON CLEMENT W. WELSH

I hope you have seen the horse!

Perhaps I had better explain. I don't mean the golden horse at the foot of the Pilgrim Steps, just south of the Cathedral, of gilded bronze with eyes of glass, with George Washington riding him. Nor do I mean the many generals on horseback to be found among the memorial sculptures that are inevitable in a capital city. The horse that I hope you have seen is to be found in the exhibition of "Cultural Relics Unearthed in China," a collection of beautiful ancient artifacts which the Peoples Republic of China has sent to us, and which is to be seen at the National Gallery in this city (and, I believe, only in Kansas City after it leaves here). It includes some extraordinarily beautiful objects: wine jars of bronze, pottery bowls, figurines, ranging in time from many centuries before Christ to fairly recent times.

And one of the most mysteriously moving of the works of sculpture is the horse: a bronze flying horse, discovered in 1969 by Chinese archaeologists in the tomb of a general in Kansu Province. It represents what was apparently a new kind of horse, larger and more powerful than those in common use, introduced from Central Asia about 135 B.C. It was able to carry a man wearing heavy leather armor, and able also to be ridden swiftly along the Great Wall to bring warnings of invaders. The date of this horse is that of the Eastern Han Dynasty, from 25 to 220 A.D. He is in full stride, with one foot resting on the back of a flying swallow, and when you see the luminous greens and blues and gold of the aging bronze, the delicate yet powerful motion arrested by the sculptor, it comes as no surprise to learn that it was of a breed of horse known as "heavenly" or "celestial". There is an awesome quality about the small figure, as if it stirred some deeply sleeping hunger in us for power and beauty, so rarely found together.

There is a special quality of any beauty that is recovered from the past. Beauty at any time is almost—scary, but beauty that persists over the centuries has something special. The recovery of a fragile bowl of perfect proportions, glowing with a luminous blue from a thousand years ago, reminds us of the rare and perishable quality of all excellence. We don't really expect it to survive—or that any thing that *they* liked *then*, could be something that *we* could like *now*. A thousand wine pitchers are formed of clay, glazed and fired, and only one is—right. And one day a drunken warrior lifts it carelessly, and it slips from his hand and is shattered. The pin cunningly shaped of gold wire drops from the cloak and a foot grinds it into the dust. The globlet is melted down to make coins. But here and there, perhaps hidden in a tomb, a few perfect works of beauty lie waiting, sleeping in darkness, silent testimonies of what we can do at our best.

But these reflections on an exhibition in a museum can turn us to deeper matters.

A contemporary writer has used the phrase, "the archaeology of ideas"—as if now and again, at rare intervals, we can discover in the past a moment of revelation—the breaking through of a compelling and liberating idea. Like an artefact of the artist, such an idea can have a special power and beauty—the capacity to grasp reality and to express it.

The real history of the human animal is not just a story of battles, murders, and sudden deaths. It is the record of the victories of our humanity: learning to grow wheat, to shape a pot of clay, to weave a rope, to use a tool, to draw the outline of a deer, to carve the head of a bird. The moments of insight may have been rare and far between, and not many caught on when they first appeared. How many brilliant guesses, how many glimpses into the nature of things, were uttered and not heeded, destroyed and lost in the rubble of time? How many times, do you suppose, did primitive geniuses invent the wheel, only to be stoned as madmen?

It is with a special sense of excitement that we find any evidence in the ancient past of the perceptive eye, the skilled hand, the inquiring mind. In the Chinese exhibit, the earliest presentation is of some stones, shaped with care and skill for use in skinning animals, made by artisans *six hundred thousand years ago!*

But we can be moved to look more deeply still. For we may be discovering that any archaeological digging into the human past becomes an *archaeology of the self*. It is my own nature that is revealed, layer upon layer, age upon age: a history of time wasted, of insight lost, of beauty destroyed. And then, here and there, preserved as if by miraculous accident, I find an artefact of behavior or of idea that briefly weaves together power and beauty.

At about the time that the flying horse of Kansu was made, an event was taking place several thousand miles away. It is odd to think that during the very years of the Eastern Han Dynasty, from 25 A.D. to 220 A.D., we can date the ministry of Jesus, the formative years of Christianity, and the entire writing of the books of the New Testament. And we know how fragile those events were: a little group of ordinary people in a minor corner of the world, producing a few documents for their own use. It all might have been washed away by flood or famine or war.

But with an astonishing toughness, that moment of power and beauty persists. For unlike a piece of bronze that can lie buried, or an idea whose time can come and go, the Christian moment of excellence was a structure of persons—it was, as we say, a community—and it shared its special vision of perfection, perhaps the rarest treasure the world has ever known. And St. Paul, borrowing a metaphor from pottery, reminds us that although we have this treasure in earthen vessels, nevertheless we have it.

Unless a vision of power and beauty awakens a people, they do not live. Unless an archaeology of the spirit recovers for us the rare, mysterious event of salvation, we are lost in the sands. The celestial horse does not fly, and the world becomes a wasteland.

So I commend to you the celestial horse, strange symbol of the continuing power and beauty of resurrection, discovered in an alien land where the Spirit touched down, briefly, some two thousand years ago, and someone responded with excitement and joy.

TRAINING NEEDS IN GERONTOLOGY

Mr. CHILES. Mr. President, on March 7 I chaired a hearing of the Special Committee on Aging on "Training Needs in Gerontology." The hearing was a continuation of a series we began on this subject 2 years ago when the administration failed to request any specific funding for training in the field of aging under the Older Americans Act. Since that time, it has been one perpetual struggle with the administration in that each year they fail to request funding; the Congress appropriates funding; and, then as in this year's case the administration attempts to rescind the amount the Congress appropriated. There appears to me to be an unnecessary amount of effort on both sides to do something that could easily be accomplished if the administration recognized the obvious need for trained personnel in the field of gerontology—the study of aging—and requested funds for this purpose in their fiscal year budgets.

But the administration has not responded, and again for fiscal year 1976 we face uncertainty about the future of training in the field of gerontology. Our hearing focused on the absence of the funds in the fiscal year 1976 budget and also on how the administration will allocate the funds for fiscal year 1975 which will not be rescinded.

Arthur S. Flemming, Commissioner, U.S. Administration on Aging, appeared on behalf of the administration. Dr. Flemming told the committee how the funding for fiscal year 1975 would be allocated as it is likely that the proposal to rescind such funds will not be approved. The funds, according to the Commissioner, will be divided between supporting long-term, university based training of practitioners and personnel who work with aging service programs. Dr. Flemming also pointed out that the lack of fiscal year 1976 funds for training in aging leaves the Administration on Aging in a rather weak position of support. He stated that:

> Some of our other programs would provide some indirect support, but in terms of direct support, we would not be in a position to provide it.

Speaking on behalf of the long-term and short-term training programs, several witnesses pointed to the obvious need to train the growing number of persons who work with the elderly. Ms. Maryanne Station, director of title VII training at Oregon State University, stated that:

> The programs as they have done in the past, should continue to "provide technical assistance, training, and resource development which because of our acquired knowledge and experience, will be maximally useful to staff delivery service to the elderly at a minimal cost. I hope this Committee will support the continuance of short-term training. Sustaining training centers in this supportive role can increase the effectiveness of programs at the local level and maximize training monies available for aging programs.

Walter Beattie, director of the All-University Gerontology Center at Syracuse University and president of the American Association for Gerontology in Higher Education, described the need for both short-term and long-term training. Dean Beattie stated:

> Certainly there is a great need for the personnel now directly working with the older persons, who have never had any preparation, to have short-term training, but we must also pay attention to the trainers of the trainers, because again as I say in my testimony, so often we have instances of almost the blind leading the blind.

VIRGINIA SENATE JOINT RESOLUTION 92

Mr. HARRY F. BYRD, JR. Mr. President, the Virginia General Assembly has recently completed its legislative 1975 session.

One of the resolutions enacted by that body has come to my attention.

Virginia Senate Joint Resolution 92 was introduced by State Senators George F. Barnes, Leslie D. Campbell and William B. Hopkins.

Senator Barnes represents Virginia Senatorial District 38, comprised of the counties of Bland, Craig, Giles, Pulaski, Tazewell and Wythe.

Senator Campbell's senatorial district is the fourth, which includes the counties of Charles City, Gloucester, Goochland, Hanover, King and Queen, King William, Louisa, Matthews, Middlesex and New Kent.

Senator Hopkins represents Senatorial District No. 21, including a portion of Roanoke County and the City of Roanoke.

I had the opportunity to serve with these distinguished gentlemen in the Virginia Senate. I have high regard for their abilities in the areas referred to in Virginia Senate Joint Resolution 92 and I would call to the attention of my colleagues and to members of the Senate Committee on Labor and Public Welfare the sentiments expressed on this matter by the Virginia General Assembly.

I ask unanimous consent that the text of Virginia Senate Joint Resolution No. 92 be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Senate Joint Resolution No. 92

Whereas, in nineteen hundred sixty-six there were one thousand two hundred thirty-two truck or small mines in Virginia, but in November of nineteen hundred seventy-four there were only three hundred twelve; and

Whereas, most of the decrease in the number of truck mines has been due to the inability to obtain permissible equipment because of its unavailability within a reasonable amount of time; and

Whereas, millions of dollars worth of nonpermissible equipment lies in storage; and

Whereas, 30 USC 811(c) of the Federal Coal Mine Health and Safety Act of 1969 provides in part that:

". . . In addition to the attainment of the highest degree of safety protection for miners, other considerations shall be the latest available scientific data in the field, the technical feasibility of the standards, and experience gained under this and other safety statutes."; and

Whereas, new methane monitors of greater accuracy than those available in nineteen hundred seventy when the Federal Coal Mine Health and Safety Act went into effect are now available; and

Whereas, these new methane monitors, set at a predetermined level, can instantly de-energize all nonpermissible face equipment in the producing section of a truck mine if methane is detected; and

Whereas, the only effective way to take care of methane is by proper ventilation; and

Whereas, between April of nineteen hundred seventy and November of nineteen hundred seventy-four, in Virginia mines using nonpermissible equipment, there were only two ignitions, one of which may have been caused by cigarette smoking; and

Whereas, great benefits to our energy needs, economy, employment rate, and balance of payments would result from production of more coal by reopening our small coal mines; now, therefore, be it

Resolved by the Senate, the House of Delegates concurring, That the Congress of the United States is respectfully memorialized to examine sections 811(c), 861, and 865 of the Federal Coal Mine Health and Safety Act of 1969 in light of the facts mentioned in this resolution; and, be it

Resolved further, That Section 863(b) of the Act should be examined for possible change to increase the minimum quantity of air required from nine thousand to ten thousand cubic feet a minute in the last open crosscut and at the intake end of a pillar line. Minimum quantity of air required on each working face should be increased from three thousand to four thousand cubic feet a minute; and, be it

Resolved finally, That the Clerk of the Senate is directed to forward a copy of this resolution to the Clerks of the Senate and the House of Representatives of the United States and to each member of the Virginia delegation to the Congress.

SENATOR WILLIAM L. SCOTT'S REPORT TO CONSTITUENTS

Mr. WILLIAM L. SCOTT. Mr. President, my regular report to constituents is being printed for distribution and I ask unanimous consent to include a copy in the Record. We have been considering the tax reduction bill for several days and the lead item in the newsletter indicates my reasons for voting against this bill.

There being no objection, the report was ordered to be printed in the Record, as follows:

Bill Scott Reports

TAX BILL

One of the most important matters to come before the Senate so far this year is the Tax Reduction Act. As you know, the national unemployment rate is 8.2%, and the President is attempting to combat unemployment and to stimulate the economy. He has suggested a tax rebate of 12% on 1974 income and tax reductions for this calendar year, amounting to approximately $16 billion. His overall recommendations call for deficit spending of $35 billion for the current year and $52 billion for the next fiscal year. While this projected deficit is unprecedented in peacetime, it still is conditioned upon the imposition of an import tax on oil, rescession of a number of spending programs enacted by Congress in the past and no new spending programs outside of the energy field. However, the Congress has indicated that it will not impose an import tax on oil or rescind a number of spending programs and that it will enact new programs as illustrated by a new $5.9 billion employment appropriations act already passed by the House of Representatives.

While the President's recommendations are extremely inflationary, in view of an existing $500 billion national debt, the tax bill under consideration in the Congress and other measures would increase the deficit substantially this year and could result in a deficit approaching $100 billion next year. While there is no doubt that a stimulus is necessary for the economy, a deficit anywhere near the amounts presently under consideration could turn what is hoped to be a temporary condition into a long time period of inflation. The tax rebates of $100 to $200 will be quickly dissipated by higher prices on various items purchased at the market place.

I frankly believe that there has been an overreaction to the serious economic condition with which the country is confronted and believe that measures can be taken to stimulate the economy which will not have such far-reaching detrimental effects as those now under consideration; for example, a combination of investment tax credits, release of all impounded highway funds, relaxing of business regulations and laws that limit the capacity of private industry to meet our energy needs. Illustrations that the free economy is still working are the response of the stock market to the decrease in the prime interest rates by the Federal Reserve, and the increase in new car sales when rebates were established. It also appears that the automobile industry is responding to price resistance and energy shortages by tooling up for the manufacture of smaller cars. However, we do have serious economic problems and I would, of course, welcome any suggestions you may have to meet these problems, especially from those who have expertise in the economic field.

LORTON PENAL INSTITUTIONS

As you know, the Lorton Penal Institutions have been a festering sore in Northern Virginia for many years. These facilities contain inmates from the District of Columbia even though they are located in Fairfax County, Virginia. I have sponsored legislation in the past to transfer jurisdiction over the facility to the U.S. Bureau of Prisons but after consultation with Attorney General Levi, the Library of Congress and the Senate Legislative Counsel, have prepared and introduced a measure to provide for the sale of all of the District of Columbia property in the Lorton-Occoquan area and for the establishment of suitable replacement facilities within the District of Columbia. The physical transfer of existing institutions from Virginia to the District of Columbia will, of course, eliminate the problem of having a prison complex located in one state and administered by another jurisdiction and apparently is the only way to permanently remove friction between the two jurisdictions.

A report prepared by the General Accounting Office last year lists 141 escapes among a prisoner population of 2,040. There are numerous accounts of assaults on guards by inmates and attacks on other inmates. In recent years five violent deaths have occurred in the complex including the murder of a 26-year old Lorton guard. The situation is so serious that recently the Fairfax County Board of Supervisors instructed attorneys to seek relief in the courts. The Virginia General Assembly has overwhelmingly passed a resolution calling for the transfer of the facilities to the Department of Justice.

Under our proposed legislation, the D.C. Government would have an opportunity to design and establish a new prison complex to meet its requirements. A $40 million jail currently is planned for Washington, and $60 million was appropriated by Congress in 1972 for improving D.C. Penal Institutions. These funds as well as proceeds from the sale of the Lorton-Occoquan property should be more than sufficient to establish new facilities in Washington.

Should the District Government fail to provide a suitable replacement for Lorton, the Attorney General would have authority under my bill to cause one to be constructed or to disperse the Lorton inmates throughout the Federal prison system. It is expected, however, that passage of the legislation would be sufficient incentive to cause the District of Columbia to establish substitute facilities of the nature it considers necessary to care for its own prisoners.

AMERICAN BUSINESS DAY

The Judiciary Committee has approved, and the Senate has passed my proposal to designate May 13 as "American Business Day." It seems appropriate that one day be set aside to honor contributions made by private enterprise to the economic and social well-being of the country. The business community has expressed its support for such a measure which passed the Senate last year but was not acted upon by the House. The founding of Jamestown on May 13, 1607, by the Virginia Company of London is a landmark of history for America, in my opinion, and is an early example of the contribution of business to the welfare of the country. It is hoped that the House will join the Senate in favorable action on this joint resolution and designate May 13 as a time to pay tribute to the American system of free enterprise.

VISITING CONSTITUENTS

As you know, we recently spent a week visiting constituents in western and southwestern parts of our State and did appreciate those individuals who stopped by to share their concerns. The trip was quite beneficial, and preliminary plans call for similar visits in Staunton, Lynchburg and Richmond, probably within the next six weeks or so.

COAL

As you know, coal is our most abundant source of energy and it is estimated that we have something like a 500-year supply in this country. However, the Senate, a few days ago, passed a Surface Mining Control Act to establish national standards for strip mining, even though such regulations in the past have been left to the States. The Virginia General Assembly enacted legislation at its last session to provide safeguards, the third time the State has acted in this field in the past few years.

Many Virginia coal operators have indicated that the Senate measure may well shut down or cripple small mining operations and eliminate jobs in the mining industry at a time when unemployment is increasing. All of us, of course, want to preserve natural beauty and to have a clean environment. However, we must avoid placing the business community in a straitjacket and must realize that aesthetic values are not a substitute for energy and cannot be used to heat our homes or commercial enterprises. A balance between the need for energy and a clean environment appears desirable. Copies of my own remarks on the Senate floor in opposition to this bill are available upon request.

We have also introduced two amendments to the Clean Air Act that would ease some of the overly stringent restrictions on coal. One proposal would allow industry and city-owned utilities to use various emission control systems to abate pollution rather than requiring expensive antipollution control equipment. In addition, the amendment would delay the deadline for meeting national air quality standards from power plants while further technical and scientific research on the mater is pursued. Another measure would clarify the intent of Congress with regard to the so-called nondegradation policy of clean air areas. The Supreme Court, in effect, has held that factories and other facilities cannot be built in rural areas if it is found they would "significantly" deteriorate air quality. My proposal would allow the national air quality standards established to protect public health and welfare to prevail throughout the country, without unreasonable limitations on such development in rural and other clean air areas. It would prevent standards more stringent than the national ones and allow industry to locate anywhere in the country.

VETERANS DAY

The Senate recently passed and sent to the House of Representatives a bill to redesignate November 11 of each year as Veterans Day and make it a legal holiday. Certainly this is a matter that has received considerable support since the law was changed a few years ago and major veterans groups have testified before our Veterans' Affairs Committee and Judiciary Committee in favor of such a change. Since enactment of the so-called Monday holiday law, it is understood that 42 States, including Virginia, have acted to restore the observance of Veterans Day to its traditional date. As you know, historically November 11th was celebrated as Veterans Day because on that date the armistice was signed, ending World War I; and it seems appropriate that we should bring the Federal law into conformity with the majority of our States by restoring Veterans Day to its original date.

PAMPHLET AVAILABLE

A 36-page pamphlet, "You, the Law and Retirement," has been prepared by the Administration on Aging. It may be of particular interest to senior citizens, retirees, or those contemplating retirement. A limited number is available upon request through the office.

HOME INSULATION

There has been an increasing awareness by all Americans of the need to conserve energy and expand existing sources of energy and develop new ones as we work toward a goal of energy self-sufficiency. Turning down the thermostat in our homes, driving less and at reduced speeds are examples of individual efforts that appear to be working. Yet, a need to stimulate individual initiative in this regard exists, and we introduced a measure a few days ago to help encourage persons to make energy-saving improvements to their homes.

The proposal would provide a tax credit up to 20 percent for addition insulation, for installation of storm doors and windows and weatherstripping for those individuals who make such improvements during tax years 1975, 1976 and 1977. Any person who invests $500 or more would be eligible to receive a $100 tax credit at any time during this three-year period.

Federal energy officials tell us, for example, that up to 20 percent of the energy used in our homes is wasted through inadequate insulation. It has been estimated that more than 18 million homes are contributing to this waste of energy, and hopefully this legislation would provide incentives to the homeowner or tenant to make these energy and cost-saving improvements to their homes. A copy of my floor statement upon introducing this measure is available upon request.

MISCELLANEOUS BILLS

We have sponsored or cosponsored a number of legislative proposals during the first session of the 94th Congress. Among them are measures to—

Encourage individual savings and stimulate housing construction by excluding the first $500 of interest on savings from taxation;

Transfer jurisdiction from the Federal courts to State courts regarding issues and controversies involving the public schools;

Establish orderly procedures for renewal of broadcast license applications;

Prohibit distribution of food stamps to strikers;

Provide for separate offense and consecutive sentencing for felonies involving use of firearms;

Remove the anti-trust exemption for labor union activity;

Permit nondenominational prayers in public buildings;

Provide tenure for Federal judges, subject to renomination and reconfirmation every ten years;

Limit the size of trial juries in U.S. to six jurors;

Restore posthumously full rights of citizenship to General Robert E. Lee;

Retain full sovereignty by the U.S. over the Panama Canal Zone; and

Prohibit forced assignment to schools or jobs because of race, creed, or color.

SOMETHING TO PONDER

We are told spending by the government is roughly $1 billion a day, an increase in the national debt of approximately $1 billion a week. Sometimes these figures are difficult to grasp.

How much is a billion dollars? Someone has put it this way: If one started spending $1,000 a day at the time of the birth of Christ and spent this amount every day from then until the present time, 1975 years, he would still have more than 750 years to go before spending $1 billion.

EMERGENCY FARM PROGRAM LEGISLATION

Mr. HARTKE. Mr. President, the seriousness of the problems facing American farmers cannot be avoided any further by this Government. Net farm income in 1974 dropped 16 percent from the 1973 record, and the current outlook suggests an even larger decline for 1975. Commodity prices remain under downward pressure, while costs of farm inputs continue to increase. Some items are at an alltime high.

Economic forecasts from the Purdue University Agricultural Extension Department show that both corn and soybean prices are in a downward trend. Sharply lower cattle feeding rates have weakened domestic grain demand much faster than previously anticipated. Wheat prices have dropped substantially. In February, crop prices averaged 14 percent below a year earlier and livestock prices were down 21 percent. Livestock producers had to cope with the most serious financial difficulties in a quarter of a century.

The farmer is demanding that action must be taken now to prevent any further erosion in the economic situation facing the agricultural sector of the economy. A national coalition representing 13 farm organizations and a majority of farmers in 49 States, held an emergency meeting on March 10 in Washington and unanimously approved the following statement, which expresses the obligation of Congress.

Mr. President, I ask unanimous consent that the statement of the National Farm Coalition on Emergency Farm Program Legislation be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE NATIONAL FARM COALITION ON EMERGENCY FARM PROGRAM LEGISLATION, MARCH 10, 1975

A National Coalition representing 13 Agricultural organizations and the majority of farmers in 49 states held an emergency meeting today in Washington and unanimously approved the following:

Farmers have long experienced tough economic times. But seldom, if ever, have they been so severely squeezed between inflation and rising production costs on the one hand and unprecedented drops in prices received on the other. Never before in modern times have most farm prices fallen so precipitously as in the last 100 or so days.

Never before have farmers been so unprotected against so many uncertainties—

the uncertainties of price
the uncertainties of costs
the uncertainties of production supplies
the uncertainties of weather
the uncertainties of government action or inaction
the uncertainties of international developments.

If farmers are to produce for empty stomachs and empty grainaries as they have been required to do by their government, it is only fair and logical that the government should share in these uncertainties.

Specifically, farmers need meaningful price protection. Such action is imperative *now* as farmers plan and plant their 1975 crops, to give them confidence and make possible abundant harvests for our hungry world. Likewise, consumers deserve adequate supplies of food at reasonable and stable prices.

Thus, we support and urge prompt action by the House, the Senate and the President on emergency legislation along the lines of H.R. 4296 as reported by the House Agriculture Committee.

For 1976 and beyond the National Farm Coalition urges Congress to develop a long-range program that will enable farmers to produce adequate supplies of food for consumers at home and for export markets overseas. Specifically, we urge Congress to update and modify the provisions of the Agriculture Consumer and Protection Act of 1973. It is clear that the provisions of that Act are already out of date with the kinds of economic conditions that this nation and the world are now enduring.

A new food and agriculture act must assure adequate price and income incentives for farmers and ranchers. It should be predicated on the goal of parity returns for resources used in agriculture with those used in other segments of the economy. The targets and goals of the legislation should be expressed in terms of parity prices. While this concept is not perfect, it is, nevertheless, the most accurate and well-known indicator of the cost-price relationship in the agriculture industry.

Further, we urge Executive and Legislative Branches to work together to develop and enunciate a long-term national food policy. Such a policy should be consistent with the free enterprise system and contain a rational approach to the production and distribution of the food equation. The policy would of necessity encompass all of the demands—domestic and international, commercial and humanitarian, as well as to assure an adequate food supply.

We urge action to open and maintain markets on a continual and uninterrupted basis. This should be accomplished through discussions and international forums that lead to bilateral and multilateral arrangements which recognize the needs of domestic producers.

We urge the use of farmer-elected committees to the maximum extent possible in the administration of all national farm programs.

LIST OF SIGNATORIES

Don Woodward, National Associaton of Wheat Growers.

Charles Duzan, United Grain Farmers.

Robert L. Melbern, National Association of Farmer Elected Committeemen.

Charles D. Colvard, Cooperative Council of North Carolina.

Alfred Schutte, Webster County Farmers Organization.

A. W. Athong, Jr., Grain Sorghum Producers Association.

DeVon Woodland, National Farmers Organization.

Edwin O. Marsh, National Wool Growers Association.

Joe Sugg, National Peanut Growers Group.

John Curry, National Corn Growers Association.

Fred V. Heinkel, Midcontinent Farmers Association.

John W. Scott, National Grange.

Patrick B. Healy, National Milk Producers Federation.

MIHAJLO MIHAJLOV

Mr. JACKSON. Mr. President, the severe sentence imposed in Yugoslavia last month on Mihajlo Mihajlov, the writer well-known for his commitment to his country and his brilliant and principled political dissent, was a deep disappointment to those of us who have come to regard Yugoslavia as an independent country not indifferent to the human dimension of social development. The sentence of 7 years at hard labor, handed down after an elaborate show trial, was Mihajlov's fourth and harshest sentence in 10 years for publishing his views in the Western press.

In response to the presiding judge who described Mihajlov's sentence as a warning "both personal and general," I would say that our concern for Mihajlov's fate is "both personal and general." Mihajlov has earned wide respect in the West, particularly in the academic and literary communities which have been so active in his behalf.

On March 10, the Committee on Human Rights sponsored a demonstration in Washington, D.C., in support of Mihajlov, led by his sister, Mrs. Maria Mihajlov Ivusic, who is an American citizen. That same day, I had the great privilege of meeting Vladimir Maximov, the renowned Soviet author who was forced to leave the Soviet Union last year. As we talked in the Senate, a statement by Maximov was being read at the demonstration. Among the many expressions of concern for Mihajlov, Maximov's is perhaps the most moving and relevant.

Mr. President, I would like to call the Maximov statement to the attention of my colleagues and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MARCH 14, 1975.

STATEMENT BY VLADIMIR MAXIMOV[*]

Seven years of imprisonment for civic honesty. For spiritual and moral consistency. For his lack of fear. Even the kangaroo courts of contemporary Russia seldom boast of such sentences, and in Russia they don't stand on ceremony with dissidents. The so-called Yugoslav "liberals" are trying to outdo their masters as ideologically loyal subjects.

But having condemned one of the most remarkable men of our time, they have first of all condemned themselves. Totalitarianism, disguised as "people's democracy," has once again shown its bestial, inhuman essence, has once again demonstrated before the whole world the immutability of its nature, methods, and goals.

For us, the representatives of Russian culture, the name of Mihajlo Mihajlov is inseparably linked with its rebirth and development. His talented work dedicated to the literature of contemporary Russia, his whole-heartedly courageous defense of Solzhenitsyn, Sinyavsky, Daniel, Ginsburg, and Galanskov, his sensitive sharing with us of our affairs and problems, all this gives us the full right to consider Mihajlo Mihajlov as belonging to Yugoslav and Russian culture to an equal degree. He is our friend, our brother-in-arms, and our pride!

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[*] The author of "The Seven Days of Creation" and other works.

We are often told that people like Mihajlov, Solhenitsyn, and Sakharov are an insignificant minority in the totalitarian world. But in all times it was individuals who went to the scaffold, but, fortunately, it was exactly they, those individuals, who determined the face of the epoch.

The judges of Mihajlov will be just as ingloriously forgotten as were the judges of Socrates, but the name of this great son of the Russian and Yugoslav peoples will remain forever for our grandchildren as a heroic symbol of our tragic and violent, but beautiful times.

We are always with you, Mihajlo Mihajlov!

A SKEPTICAL LOOK AT AMERICA'S DRUG PROBLEM

Mr. HARTKE. Mr. President, the problem of drug abuse in this country is constantly growing more serious. One of the most difficult aspects of this problem is disseminating accurate information to the general public on the various kinds of drugs and their effect. After all, there are many drugs used for medicinal purposes that relieve suffering and prolong life. Others, however, can control an individual and possibly ruin his life.

Alan Boram, in an article in Listen magazine, entitled "A Skeptical Look at America's Drug Problem," attempts to explain some of the different kinds of drugs and clear up some of the myths and errors that have cropped up. As Boram states:

> We live simultaneously in a sea of drugs and in a sea of misinformation about them.

Mr. President, I ask unanimous consent that this article be printed in the RECORD:

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A SKEPTICAL LOOK AT AMERICA'S DRUG PROBLEM

(By Alan Boram)

Anyone who works around people with problems is constantly exposed to a great deal of anxiety about drugs. Even if their own kids aren't using drugs, parents may become nervous, for example, when the President of the United States declares drugs as "public enemy number one."

It is generally agreed that America in 1975 is somewhat of a drug culture. Many drugs are used for medical purposes to relieve suffering and prolong life. On the other hand, chemical advances have made other drugs available so that many people run the risk of depending on them, instead of merely being treated by them.

The real question in the drug picture is rapidly becoming the confusion as to which are the so-called "good" drugs and which are the "bad" ones. The common definition of a "bad" drug is any drug which can be abused to the user's detriment. However, this generality makes the confusion greater, since theoretically any drug—no matter what its source—can be abused.

Mental health authorities frequently run into situations in which people get into trouble with drugs and then other drugs are prescribed supposedly to alleviate the problem caused by drugs in the first place.

A classic example of this substitution is the methadone maintenance experiment, in which heroin addicts are weaned off their heroin dependence on methadone and hailed as cured. Yet many of them are as addicted to a narcotic as they were in the first place. The proved fact that methadone is as potentially addictive and dangerous as heroin is apparently ignored.

In 1971 it was noted that the death rate by methadone poisoning was up 800 percent in New York City. In 1974, the New York *Times* reported that methadone poisoning, "virtually unknown only a few years ago, killed nearly twice as many people as heroin in New York last year, according to a confidential report by Dr. Dominick J. DiMaio, the city's acting chief medical examiner."

The heroin-methadone substitution dilemma is not an isolated example. Demerol, another substitute for opiates, was allegedly nonaddictive when it was first placed on the market. Unfortunately, many licensed physicians believed their own propaganda and wound up as one of the largest single groups of Demerol addicts in the country.

Unhappily, this sort of thing frequently occurs. We live simultaneously in a sea of drugs and in a sea of misinformation about them. Both the superabundance of drugs and misinformation about them—and much of the resulting abuse—is not something which just happens. It is in large part a direct result of what is considered to be the legitimate drug industry.

The people really making big money on drugs are not kids dealing marijuana and pills to each other in high school corridors, or even the urban dope pushers feared by middleclass Americans. The real money in drugs is being made by pharmaceutical houses. It was reported in recent Congressional testimony that in 1971 they manufactured enough barbiturates for every man, woman, and child in the United States to kill themselves twice by overdose.

There's another force making enormous profits on the country's appetite for drugs. The liquor industry, through clever advertising and lobbying, has erroneously convinced many people that alcohol is not a drug, even though it is one of the most poisonous and habit-forming ones around.

In the last few years drugs have been categorized into soft and hard ones, with the former supposedly being relatively harmless and the latter dangerous. In most cases—with the exception of marijuana—soft drugs are the ones which profit legitimate sources such as the medical profession, which prescribes them, and large pharmaceutical houses, which manufacture them. Hard drugs are generally sold on an illegal basis. Or to put it another way, soft drugs are usually the ones advertised and marketed legally.

But the difference in the danger of hard drug abuse and soft drug abuse may not be that great. Let's compare what is considered to be the hardest drug, heroin, and stack it up against the most respectable one, alcohol.

Heroin is dangerous because the body comes physiologically to crave the drug, and the user progressively needs increasing amounts of it to achieve the effect he wants. This means that the addict feels he needs heroin to survive, and he needs more and more of it and will do anything to get it. The eventual result is as much a social and criminal problem as a chemical one because of the lengths to which the addict will go to obtain the drug. Since heroin can be obtained only illegally, the addict's efforts to continue his habit are criminal in nature. This aspect of heroin addiction may be more dangerous than its chemical properties.

According to *New York* magazine, many fatalities connected with heroin occur because of crime connected with the underworld nature of the drug. Those who die of overdoses frequently die actually from battery-acid or rat poison surreptitiously cut in with the drug, or from a dose which is much higher than they anticipated.

Heroin is marketed illegally, so there is no standard dose. Each time a person uses the drug he must make a guess which can be fatal. If the criminal aspect of heroin use were removed, some think that a lot of the dangerous qualities of its use might disappear or be reduced.

The alcoholic may suffer seizures, delirium tremens, and may even die during the withdrawal process. The longer a person has been an alcoholic, the worse physical condition he is in, and much of it cannot be reversed.

Alcohol affects every cell of the body. This drug, which is legal, is destructive to the brain, the liver, the gastrointestinal tract, the pancreas, and the whole structure of the central nervous system. In addition, alcohol is an anesthetic, which means that it eases mental and physical pain, including pain it causes in the first place, thus leading to a false sense of well-being. An alcoholic can fool himself that he is really OK, while actually he is drinking himself to death. By dosing himself with increasing amounts of the drug, the alcoholic can delay an awareness of the fact he is killing himself until it is virtually too late.

We hear very little about the negative possibilities of alcohol use. The media reports about the war on heroin or other drugs, at the same time running slick, glib advertisements encouraging people to drink alcohol. One company suggests unwinding with their product after a day's work. But if people can't handle an everyday activity such as going to work without depending on a drug to cope with it, they're really in trouble. Another company advises people to buy their whiskey in a six-pack, which costs about $75. And one refers to a bottle of its bourbon as an "old friend of the family," which isn't very logical when there are millions of seriously ill alcoholics in this country alone, and alcoholism is the third greatest killer in the United States.

Alcohol versus heroin presents the starkest contrast in comparing drugs supposedly at opposite ends of the spectrum. But there are plenty of other examples of the illogic with which we regard drugs. Marijuana is illegal, and many people have paid dearly to learn this. But a drug like Valium is legal. It can be obtained by prescription from almost any doctor, and it is found in the medicine cabinets of countless families. Valium is a drug which relaxes the muscles, consequently a person can get into the habit of using it and depending on it for a sense of well-being. Because the user gets accustomed to having his muscles continuously sedated or relaxed on an artificial basis, when the drug is withdrawn after long-term use, the person feels as though his muscles and nerves are going to jump out of his skin. The problem of withdrawal is complicated by the fact that it is so easy for the person to alleviate the agony of the process by going to a doctor and getting a legitimate prescription for the drug or some substitute.

Barbiturates—the sleeping-pill family—are legitimately manufactured in abundance and can be obtained rather easily through prescription. They are highly addictive and very popular among the young. It is not unusual to find kids taking twenty to thirty Quaaludes a day and still be standing. This is very near the lethal dose, and if taken in conjunction with alcohol can be fatal. The user takes the pills, fights off the urge to go to sleep, and then finds himself in a euphoric stupor. Many young users get at least part of their supplies from their parents' medicine cabinets.

The public appetite for drugs is increasing as the situation becomes more complex and confusing. It is recognized that a drug problem exists. But at the same time, we're urged to resort to chemical alternatives every time something doesn't go our way—and we are urged to celebrate chemically when something does go our way. This kind of thinking is the dangerous thing about drugs, not necessarily the drugs themselves.

HEALTH CARE AND EDUCATION: ON THE THRESHOLD OF SPACE

Mr. HUMPHREY. Mr. President, concern over geographic maldistribution of physicians has stimulated unusual and innovative responses to these problems. The Department of Health, Education, and Welfare has recently conducted experiments in advanced telecommunications techniques to deliver health care and medical education to populations where these services are scarce.

This problem was attacked from two directions: First, training physicians so that their under- and post-graduate experiences will be rooted in rural America, and second, finding acceptable substitutes for the physical presence of highly qualified physicians and teachers of medicine.

An area in central Alaska was chosen as the site for the experimental use of the ATS–1 satellite communications in health care delivery because of its inaccessibility and HEW's responsibility for the care of the Indians in the area. Prior to the development of the satellite, local community health aides communicated health care problems to professionals by two-way radio. The increase in radio contact stimulated by the satellite communications improved the paramedics' abilities by permitting more complete consultation with public health service physicians in central Alaska.

The AT–6 communications satellite experiment was designed to facilitate rural health care delivery in the Pacific Northwest and to allow the teaching staff at the University of Washington School of Medicine in Seattle to communicate with students and teachers at the University of Alaska in Fairbanks. The use of television equipment allowed clinical consultation by the faculty as well as complete classroom based activity.

An evaluation of these experiments will be made to determine whether the students have gained "meaningful experience" from preparing and presenting cases by way of satellite and to find out whether adequate evaluation of the student's progress can be made.

I commend to the attention of my colleagues a recent article by Mr. Albert Feiner which describes the procedures and results of these experiments.

Mr. President, I ask unanimous consent that excerpts from "Health Care and Education: On the Threshold of Space" be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

HEALTH CARE AND EDUCATION: ON THE THRESHOLD OF SPACE

Audio and video satellite communications are being used experimentally for health care and education in Alaska. ALBERT FEINER.

It is not universally agreed that there is an absolute shortage of physicians, but it is so agreed that there exists a maldistribution of medical services that leaves many millions of Americans with minimal or no primary health care. The problem must be attacked from two directions if the situation is to be alleviated: physicians must be trained so that their undergraduate and postgraduate experiences will be rooted in rural America, and acceptable substitutes must be found for the physical presence of highly qualified physicians and teachers of medicine. The Department of Health, Education, and Welfare (HEW) has examined both approaches to the problem and recently, at the Lister Hill National Center for Biomedical Communications, a part of the National Library of Medicine, scientists have been exploring the possibility of using advanced telecommunications techniques to deliver health care and medical education to populations where these commodities are scarce.

THE ATS–1 MEDICAL NETWORK

Since 1971, the Advanced Technology Satellite (ATS-1) launched by the National Aeronautics and Space Administration (NASA) has been used in a program for delivering health care to rural populations in Alaska.[1] The Tanana Service Unit in central Alaska, an area about the size of Texas, was chosen as the first experimental site because of the nature of the terrain and climate and because the Indian Health Service, a sister organization at HEW, has responsibility for the well-being of all Alaskan Indians. The majority of the native population is scattered in some 200 villages over the length and breadth of the state. Seven health service units, each with a service unit hospital, serve these villages. The major hospital to which patients are referred is located in Anchorage. Primary health care in the villages is administered by a community health aide who has received up to 16 weeks of training by the Public Health Service (PHS). The health aide's tools are a basic drug kit, a manual, and a high-frequency (hf) radio that may be used to contact a PHS physician on a daily schedule and in times of emergency. The hf radio is plagued by ionospheric interference that causes periods of "blackout" (no communications) which can last for days. This unreliability has caused much stress among patients as well as health aides and has resulted in very infrequent use of the radio.

Earth stations for satellite communications have been installed in some 26 villages, most of them in the Tanana District. The ATS-1 communication satellite is used to relay voice consultation between health aides and the PHS physicians at Tanana. A single simplex narrow-band channel is used, which means that only one person at a time may talk.

When the satellite communication system had been in operation for 1 year, results of the program were analyzed.[2] Villages with satellite communication stations showed a 400 percent increase in radio contacts compared to those same villages (and to villages not included in the program) prior to the installation of the earth stations, a difference which is statistically significant despite the fact that only 13 villages were involved in the analysis. As would be expected, the number of satellite-conducted discussions with physicians increased correspondingly. Although this increase does not in itself guarantee that better health care was provided, both health aides and doctors were convinced that the quality of care did improve.

In this same area of Alaska a number of experimental educational programs have also been initiated. A lecture has been transmitted from the medical school at the University of Washington, Seattle, to medical students in basic genetics at the University of Alaska; approximately 22 nurses in small clinics throughout Alaska regularly "attended" a 3-month course on coronary care; and the National Education Association has sponsored a three-credit course by the University of Alaska for teachers in rural areas of Alaska.

THE ATS–6 SATELLITE AND GOALS OF CURRENT EXPERIMENTS

Because the experiments with the ATS–1 satellite have been so successful, the Health Resources Administration and the Health Services Administration are now cooperating with the Lister Hill National Center for Biomedical Communications to sponsor two advanced series of experiments with the ATS–6 satellite (designated ATS–F before it went into orbit) that was launched at the end of May 1974.[3][4] In these experiments the advantages of wide-band communication services such as video consultation are being explored.

Before I discuss the details of the actual experiments now being conducted, it would be well to explain briefly why these experiments are being performed and the promise they hold for alleviating some pressing health problems.

The Indian Health Service operates a number of programs designed to provide better health care to populations living in the more remote areas of the United States. Local health aides and paramedical personnel are sent in to these areas and, to compensate for their somewhat limited training, they are given the support of highly trained physicians who are located in more populated areas and who consult with the paraprofessionals by radio. While such voice consultation enhances the paraprofessional's abilities, in many instances the physician does not receive enough information to enable him to provide complete instructions for the care of a patient's problems. Medical decisions must often, therefore, be delayed until the status of the patient changes, or the patient must be transported to a hospital or medical center. Transportation to a medical facility is not only costly, but it may also cause trauma or family hardship; it might frequently be avoided if the physician had adequate information.

Telemedicine, under controlled conditions, has been demonstrated to be an effective tool for providing the additional information required by physicians giving support to paramedical personnel.[5] The ATS–6 satellite will provide the opportunity for testing the new technologies in an environment where remoteness and harsh climate have a major effect on communication and transportation, and it will therefore have a much greater impact on the delivery of health care. Information will be gathered on the effectiveness of sophisticated technological support for minimally trained paraprofessionals and on the ability of these people to use the technology effectively and with confidence.[6]

The effectiveness of several configurations of health professionals and technology will be compared. At Fort Yukon a registered nurse will consult with physicians at the Tanana Health Service Unit Hospital by video and audio communication. Telemetry—for example, eletrocardiograms—can be sent at the physician's request and current patient medical records made available at both sites to assist in diagnosis and formulation of the treatment plan. At the clinic in Galena a health aide, or other professional, will have the same technological support as the registered nurse at Fort Yukon. In still another setting, a health aide will have access only to audio consultation with the physician and to medical record information.

The Indian Health Service has stated that the purpose of these experiments will be to gather data to help test the following hypotheses concerning the improvement of patient care. Telemedicine, when used in conjunction with a good medical record system [in this instance the *Indian Health* Service's Health Information System (HIS)], will (i) affect patient movement in such a way that only those patients requiring physician services will be transported to hospitals while those retained in the villages will still receive adequate treatment; (ii) enable treatment of problems to begin at a lesser degree of severity; (iii) reduce the average time between detection and treatment of a problem; (iv) reduce the percentage of patients lost to diagnostic, therapeutic, or follow-up programs; (v) reduce the number of visits

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by specialists to remote villages; (vi) provide, by means of educational programming, a better understanding of health, health care, and the health delivery system among the native population; and (vii) enable patients to receive higher levels of consultation than would otherwise be possible and will in this way increase the sense of security of the native population.

Telemedicine as a substitute for the physical presence of a physician represents one aspect of alleviating the problem of delivering good health care to people in rural areas. However, it is also desirable to train physicians in the rural areas where they are needed, because studies have shown that where a physician receives his education has a major influence on where he will choose to set up practice.[7] In the northwestern United States, Wyoming, Alaska, Montana, and Idaho do not have a medical school within their borders. For several years, in a program sponsored by the Health Resources Administration at the University of Washington, Seattle, attempts have been made to expand medical education into those states that have no medical school. Known as WAMI, an acronym obtained by taking the first letters of the states of Washington, Alaska, Montana, and Idaho, this program is designed to test the feasibility of providing young, aspiring physicians in the states without medical schools an opportunity to study medicine equal to that of their peers in other states.[8]

In the ATS-6 experiments, the teaching staff at the University of Washington School of Medicine in Seattle will be communicating with students and teachers at the University of Alaska in Fairbanks. Curriculum experiments will be conducted, and studies will be made of administrative conferencing (for example, joint development of curriculum via video and audio interaction, interviewing applicants for admission to the University of Washington School of Medicine by faculty at both the remote and on-campus sites), and of computer-aided evaluation of student performance.

In relation to basic science education, attempts will be made to determine the following: (i) whether satellite-mediated teaching is academically effective, is acceptable to students and local and peripheral faculties, evokes meaningful student-faculty interactions, is effective in reducing the sense of isolation experienced by students and peripheral faculty, and assists local and peripheral faculty in clarifying educational objectives. (ii) In the computer-aided evaluation of student performance, will the satellite communication system facilitate the expansion and standardization of selected areas of the curriculum at the peripheral institutions, and will the accessibility and reliability of the system be sufficient to permit effective student interaction and faculty evaluation of progress made in specified areas of learning?

In studies of undergraduate clinical education and of continuing medical education, faculty at the University of Washington and students in clerkships under the tutelage of clinicians at Omak, Washington, will participate. Students will make case presentations, and these will be followed by conferences and critiques. Case presentations concerning patients requiring specialist intervention will also be made by Omak clinicians.

Attempts will be made to determine whether the students will gain meaningful experience from preparing formal cases and presenting them by way of satellite communication for analysis and critique; and whether such a system will permit adequate evaluation of the students' knowledge and progress in the care of patients. The experiments will also indicate whether case presentations via satellite are able to enhance the practitioners' ability to provide service, and whether the communication system can contribute materially to the continuing education of the participating faculty.

TECHNICAL REQUIREMENTS FOR ATS-6 AND NETWORK COORDINATION

It was early in 1972 that the health agencies of HEW joined with the Office of Education to participate in the satellite communication experiments. The design of the experiments was in large part dictated by the coverage that the ATS-F satellite would provide when launched.[4]

Both health care delivery and medical education experiments must take place in real time. Visual as well as audio interactions are conducted between students and faculty and physicians and other health professionals. Video and audio signals are transmitted from all participating sites (except the medical center at Anchorage) from one small earth station directly to the other small earth stations. It was recommended by NASA that the signals from the ground to the satellite (uplink) be centered at 2247.5 Mhz, because the ATS-F satellite was already equipped to receive at this frequency for another experiment involving the relay of signals from low-orbiting satellites. This frequency presented problems because it is located in a band assigned for military use.

Through the cooperation of the Office of Telecommunications Policy, the Executive Office of the President, the Department of Defense, and other members of the Intragovernmental Radio Advisory Committee a compromise was worked out. For the duration of the ATS-6 experiments, July 1974 through June 1975, the earth stations in Alaska will be permitted to transmit at 2247.5 Mhz on a noninterfering basis with the military services, and the two earth stations in Washington, Seattle and Omak, will use the commercial bands at 6 and 4 gigahertz. This unusual arrangement resulted in an unexpected dividend permitting simultaneous two-way television interactions between Seattle and Fairbanks for the basic science portion of the medical education experiment.

To coordinate the variety of health and education experiments, HEW established an ATS-F User Policy Committee which is chaired by the director of the Office of Telecommunications Policy of HEW, and includes representatives from all the participating organizations. All the representatives maintained that the technology should support high-priority objectives and that the health professionals in the field should require no on-site assistance to operate the system. None of the "operators" from health aides to physicians and teachers, would have had experience with this kind of technology. Therefore, at the request of NASA, all experiments were to be coordinated from "operational day 1" by a single entity that was also to be the sole interface with NASA. The experiments are now being coordinated (this includes positive control of all transmitters) at a Network Coordination Center (NCC) located at Denver and managed by the Federation of Rocky Mountain States (the NASA interface) under contract to HEW. Schedule changes, preemption, individual station performance monitoring, and reporting are some of the functions assigned to the NCC.

The network began operation in July of this year.

HEALTH CARE DELIVERY EXPERIMENTS

The individual experiments are being conducted within the network context and there is almost no intervention from the NCC. The Indian Health Service's health care delivery experiment is being conducted with five earth stations. The small clinics at Fort Yukon (population 425) are comprehensive stations, the examining rooms being outfitted with television equipment and capable of transmitting and receiving video and audio signals as well as psysiological data. Health professionals (aides or paramedical personnel) present patients to the viewing physicians at the PHS Hospital in Tanana. This station is also a comprehensive one. Medical specialists in Fairbanks and at the Alaska Native Medical Center in Anchorage are available for consultation. Fairbanks is a comprehensive medical station, but the Alaska Native Medical Center is an intensive station and is not capable of originating video, although patients can be "seen" there. All sites can receive information about medical records via the ATS-1 satellite. Medical records of patients are retrieved from the Indian Health Service's data bank in Tucson, Arizona.

The health care system is operated as follows: Tanana physicians contact villages and clinics via ATS-1 to discuss medical problems with the health professionals in the same way that they had been doing for the past 2 years. Patients in the clinics who might benefit from visual consultation are scheduled for video time with the ATS-6 satellite. Emergencies may preempt scheduled video consultations. Patients are visually presented at comprehensive medical stations and appropriate management is recommended by the Tanana physician. Specialists in Fairbanks and Anchorage are consulted if necessary. During the presentation of a patient, physiological information, such as that obtained by an electrocardiograph, may be sent simultaneously via any or all of the four aural channels associated with the television picture. Talk-back from the Tanana physician or other specialists to the presenting clinics is accomplished via ATS-1 since simultaneous two-way transmission through ATS-6 is not possible in this mode. If the physician at Tanana deems it appropriate, he can terminate video transmission from the clinic and assign the ATS-6 channel to Fairbanks or use it himself to demonstrate some technique that would help the health professionals at the clinics to better manage their patients. During this period, the clinic talk-back mode is via the ATS-1. Upon termination of a consultation, the attending health professionals prepare a report to be mailed to Tucson where it is used to update the stored medical records. In the interest of privacy, the video and audio signals associated with all consultations are scrambled. Only the presenting clinic and consulting staffs are able to unscramble the information. All interactions for this experiment take place in Alaska. Three hours per week of video (ATS-6) communications and 3 to 4 hours per day of audio and data communications (ATS-1) are available.

MEDICAL EDUCATION EXPERIMENTS

Two aspects of medical education are being investigated: basic science instruction, and undergraduate clinical education and continuing medical education. Students and peripheral faculty at Fairbanks, Alaska, and local faculty at the University of Washington, Seattle, are participating in the basic science program. Because both S-band and C-band portions of the satellite repeater can be activated simultaneously, it will be possible to compare the advantages of using one-way television and voice talk-back interaction with those of using simultaneous two-way television interaction.

For the studies of undergraduate clinical education, third and fourth year medical students at remote sites receive local instruction from clinicians at Omak and television instruction from the medical faculty at Seattle. Students are required to give both formal, prepared presentations of patients and spontaneous presentations of new patients. The former presentations are of complex cases prepared in detail over a period of time. The latter presentations are followed by verbal discussions of the history and physical condition of the patients, the results obtained by laboratory analyses, and diagnostic impressions and tentative treatment plans. In addition to student presentations, the clinical faculty at Omak can make presentations of selected patients from Omak. Dif-

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ficult cases can be discussed with specialists in Seattle who can confer with them by video and audio communication. Both clinicians and students then make decisions on patient care based on the consultative input. If desired, the patient can also interact.

SATELLITE EARTH STATIONS

The ATS-6 earth stations were specifically designed to meet the needs of both the health and education programs. The ATS-6 User Policy Committee established the types of characteristics of terminals to be developed and detailed specifications were written jointly by the Lister Hill National Center for Biomedical Communications, NASA, and the Federation of Rocky Mountain States. It was realized from the outset that the stations should be designed so that they could be operated solely by the health professionals and teachers without the help of on-site technicians. The system would be far too costly if each earth station had to have a full-time technician. A building-block approach was used so the receive-only, intensive, and comprehensive stations could be assembled from a relatively few low-cost components. The hardware is (i) solid state throughout; (ii) has no high voltages; (iii) has relatively few circuit boards, so that first-level maintenance will consist of plugging in boards until the defective one is found; (iv) has very few switches and adjustments; and (v) has simple go, no-go indicators for critical voltages and signal levels, for example.

CONCLUSION

The studies described herein represent some of the most sophisticated social and technical experiments ever attempted in education and health care delivery. It is hoped that the lessons learned from them will bring us much closer to the goal of providing good quality health care and education in areas that are away from metropolitan centers.

FOOTNOTES

[1] A. Feiner, "An experimental satellite medical network for scarcity areas," paper presented at the 8th Annual Meeting of the American Institute for Aeronautics and Astronautics, Washington, D.C., 28 October 1971.

[2] H. E. Hudson and E. B. Parker, *N. Engl. J. Med.* 289, 1351 (1973).

[3] National Aeronautics and Space Administration, *The HEW-NASA Health-Education Telecommunications Experiment, Summary Description* (Goddard Space Flight Center, Greenbelt, Md., November 1973), pp 11–18,

[4] ———, *The ATS-F Data Book* (Goddard Space Flight Center, Greenbelt, Md., rev. ed., May 1974).

[5] For example, see K. T. Bird and M. E. Kerrigan, "Telemedicine: A new health information exchange system," "paper presented at the 970 Medical Services Conference sponsored by the American Medical Association, Boston, Mass., 28 November 1970; R. L. H. Murphy, D. Barber, A. Broadhurst, K. T. Bird, *Am. Rev. Respir. Dis.* 102, 771 (1970); J. Hayes, *Biomed. Commun.* 1, 18, 48 (1973); B. K. Thorne, *Dartmouth Alumni Mag* (April 1973).

[6] Indian Health Service, "Master Plan: ATS-F Alaska Health Service Experiment" (unpublished report, Indian Health Service, Washington, D.C., 1973).

[7] J. Hadley, "Physician specialty and location decisions: A literature review," *Discuss. Pap. Ser. No. 10* (internal report prepared for the National Center for Health Services Research and Development, May 1973).

[8] R. Kobernick, *Health Sci.* Rev. (University of Washington, Seattle, Summer 1973).

COMMEMORATING HAYM SALOMON

Mr. HUMPHREY. Mr. President, the U.S. Postal Service will issue a series of commemorative stamps on March 25, 1975, honoring patriots of the American Revolution. One of these patriots, Haym Salomon, has been occasionally overlooked by historians despite his heroic dedication to the Revolution and the cause of freedom. I would like to pay tribute to Haym Salomon and direct the attention of my colleagues to the outstanding contributions of this great American.

Haym Salomon was born in Lissa, Poland, in 1740, the son of Jewish-Portuguese parents. As a youth he traveled extensively throughout Europe, developing his linguistic capabilities and a fervor for politics. Returning to Poland at the age of 30, Salomon became active in the Polish independence movement. He soon was forced to leave the country and drifted to America where he opened a brokerage and commission merchant's business.

Salomon's previous experiences with oppression and his zest for liberty led him to the revolutionary cause from which he never strayed. As a follower of the Revolution, Salomon quickly fell into disfavor with the British and was imprisoned on several occasions, beginning in 1775. But, his multilingual talents enabled him to avoid internment. Employed as an interpreter by the British, Salomon used his position to foster dissension among the Hessian troops and encourage desertion.

In 1778 Salomon was sentenced to death by the British for espionage activities. He managed to escape, however, and set up an office as a dealer in bills of exchange and securities. Salomon's business prospered and he became a major financial backer of the new Government. He served as paymaster general for the French forces in America, loaned huge amounts of capital to the bankrupt Government, and supported the Revolution with his general financial expertise.

The financial help which Salomon contributed to the Revolution reflected his unselfish devotion to the American cause. His liberal advances of specie and investment funds allowed the tenuous Government to remain solvent. In total, Salomon held Government obligations amounting to over half a million dollars which he never received.

Even though he encountered serious financial losses, Salomon did not question the Government's large indebtedness to him. He continually served the American Government up until his death in 1785 at which time his estate was worthless.

The dedication to American ideals which Salomon constantly maintained is a model of patriotism. Called the "Good Samaritan" by some authors, he stretched far beyond his means and responsibilities to sustain the revolutionary efforts of the American Colonialists.

I salute Haym Salomon. His generosity and patriotism stands out as an example for all Americans which should not be forgotten.

Our upcoming Bicentennial observance and the stamp commemorating Haym Salomon make this an occasion to remember and to redidicate ourselves to the basic principles of our moral and political life—the dignity of the individual, freedom of conscience, and the brotherhood of mankind.

RUSSELL E. TRAIN, "CONSERVATIONIST OF THE YEAR" AWARD

Mr. HOLLINGS. Mr. President, recently it was my privilege and pleasure to hear a very forceful address on conservation and the environment. It was delivered by the Honorable Russell E. Train, the distinguished and able Administrator of the Environmental Protection Agency. The occasion of Mr. Train's remarks was the presentation to him of the "Conservationist of the Year" award by the National Wildlife Federation at their 39th annual meeting in Pittsburgh last weekend.

I will not attempt to summarize remarks which deserve to be read in their entirety. But I would point out that Mr. Train did a first-rate job in portraying environmentalism in its true perspective. At its best, environmental action has a far better claim on the term "conservative" than does the extravagance of those who would waste and deplete the resources of our country. And the true environmentalist has a truer claim to the description "realist" than do those who would exploit for short-term profit at the expense of long-term depletion. In short, he is the very antithesis of—and here I quote Mr. Train—"a romantic, distracted by fantasies of bluebirds and daisies, a birdwatcher oblivious to the practical needs of making a living."

Mr. President, I ask unanimous consent that the text of the Administrator's remarks be printed in the Record. I commend them to my colleagues, and I congratulate Mr. Train on making them.

Finally, I commend the National Wildlife Federation in making this award to Russell Train. His efforts on behalf of the environment are efforts on behalf of us all, and this recognition is very fitting indeed.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

The True Conservatives

(By the Hon. Russell E. Train)

It is a privilege to be with the largest non-governmental conservation organization in the United States, and to observe with you the beginning of National Wildlife Week. The Environmental Protection Agency does not have a constituency in the accepted sense of a special interest group, but we share common goals with you, and in that sense I always feel among friends at your meetings.

I especially want to congratulate the National Wildlife Federation for its successful campaign this past year to secure in South Dakota and Nebraska the first permanent sanctuary for the bald eagle. This great creature, which has been our national emblem since 1782, continues to be threatened by man's destructive technology, and it is heartening that your dedication and commitment is bringing positive action in protecting a conspicuous living symbol of our country.

It was Gifford Pinchot, chief of the U.S. Forest Service in the early years of this century, who popularized the word "conservation," and tonight I would like to talk about the nature of the true conservative because some of its older meanings need to be rehabilitated and applied to our problems. Like so many labels, the word has drifted far from its original context. Often it is now used politically in contrast to the word radical, which means, according to Webster, tending to make "extreme changes in existing views, habits, conditions or institutions." To conserve, on the other hand, comes from a Latin word for keeping guard over something; to protect and preserve.

In a thoughtful editorial recently, the *Wall Street Journal* took note of a poll showing that more than half the American people now consider themselves conservatives, double the figure of a decade ago. The *Journal* said that much of this conservatism is neither political nor economic so much as a return to traditional values. "The ecology movement," it declared, "which many political liberals support, is conservative in a very real sense." And so it is, for we ecologists seek to protect and preserve the air and water and land for posterity, and to prevent the despoilation of those natural systems upon which our well-being and, indeed, our survival ultimately depend.

That leads us to a paradox in our labels for people. We must ask ourselves who are the true conservatives, a term often linked with industry and business. Are they those members of industry who would foul the air so that asthmatics choke and plants wither, or those business executives who would accept and encourage controls on air pollution? Should those who advocate a "no-holds-barred" approach to economic progress, who would increase the Gross National Product regardless of the penalty to public health and welfare be regarded as conservatives? Is a conservative a corporate manager who would strip the land for coal with such reckless abandon that it is left to posterity as an ugly, useless moonscape? Or would the term apply more fittingly to managers who accept safeguards in strip mining legislation to restore the land after it has been overturned?

It seems to me that persons who would abuse our land, either through bulldozers or chemicals or sheer bad planning of cities, so that the land is unfit for posterity, really come under the heading of radicals, defined by Webster as those who make "extreme changes in existing views, habits, conditions or institutions."

Your organization has chosen for its conference theme this coming week the habitat of wildlife. My agency shares your concern for this subject for obvious reasons. We are interested in wildlife for its beauty and wonder and the diverse ways it enriches our lives. We also worry about the threats by man to its future for more selfish reasons. Wildlife serves as a continuous early-warning system for environmental problems that ultimately can affect humans. Because various species are sensitive to pollutants, their illness or a decline in their numbers is of immense potential significance to man, for such phenomena can signal undetected environmental dangers to all of us. The reverse side of this warning system is that the increase and flourishing of certain species also can alert us to environmental problems. In recent years, for example, we have seen in the western United States a surprising proliferation of starlings. Since these birds are an important indicator species for garbage, crop damage, and urban degradation, we are aware that their population explosion is a commentary on what Americans have been doing to their land and cities.

The truth is that everything in nature is connected, and we are going to need all the early-warning systems we can find to protect ourselves in the years ahead from our own insults to the environment. As Dr. Lewis Thomas has observed in his book "The Lives of a Cell," "We are not the masters of nature that we thought ourselves; we are as dependent on the rest of life as are the leaves or midges or fish. We are part of the system. Who knows, we might even acknowledge the fragility and vulnerability that always accompany high specialization in biology, and movements might start up for the protection of ourselves as a valuable, endangered species." Man is indeed an endangered species, and does need protection from himself.

Six years ago the politically conservative journalist, James J. Kilpatrick, made these observations:

"One of the most serious problems in American society goes to the quality of life in the world around us. Our rivers and lakes are dying of pollution. Our greatest cities stifle in smog. Our littered streets insult the eye. Concern mounts at the residual damage done to man's environment by such pesticides as DDT. Year by year, our loveliest countrysides are yielded up.

"The problem essentially is a problem of conservation—of conserving some of the greatest values of America; and conservatives, of all people, ought to be in the vanguard of the fight."

Mr. Kilpatrick went on to urge an affirmative conservatism, to translate broad conservative principles more frequently into specific affirmative action.

Since its creation in 1970, the Environmental Protection Agency has been doing just that. Under the basic environmental laws we have been taking specific affirmative action based on broad conservative principles to protect public health and welfare—in particular, under the Clean Air and Water Acts. It is, of course, significant that billions of dollars are being spent by public and private institutions to comply with these new laws and to control pollution. It is estimated that clean water under the new 1972 Act, for example, will mean a total estimated outlay of $18 billion by the Federal government for municipal sewage treatment plants by the end of Fiscal 1977. But equally important are the pollutants that are being removed from air and water. An EPA analysis shows that by the statutory deadline of mid-1975, 90 million tons of particulate matter will be removed each year from the air, plus 25 million tons of sulfur dioxide. In addition, nearly two dozen of our nation's important rivers either have shown positive improvement or will do so as the result of the discharge permits that have been issued. Under this program, 95 percent of the major industrial wastewater discharges are now under definite water clean-up schedules.

Without going into further detail, I would only add that over the past year EPA has put together most of the basic regulatory machinery in air, water, pesticides and solid waste. We are moving forward, despite a few setbacks, in carrying out the mission entrusted to us by Congress, to protect and preserve and enhance the environment. The authority provided in six of these environmental laws will have to be renewed by Congress this year. We will need new authority in all or part of the laws dealing with water, air, solid waste, noise control, pesticides and ocean dumping, authority which would otherwise expire June 30. Formal requests for these changes will be submitted to Congress soon, and I assume they will be approved without major difficulty. As you may know, the environment was an important issue in a number of States in last year's elections. Both in Congress and among the public generally environmental interest is strong.

I spoke a moment ago of the paradoxes in how we use labels as conservative and radical. There is another paradox in the public image of the environmentalist that is often projected. He is portrayed by his critics as a romantic, distracted by fantasies of bluebirds and daisies, a birdwatcher oblivious to the practical needs of making a living. In short, he is not a realist.

But I submit to you that he is far more realistic than those who would exploit this earth for short-term profit. He is worried about protecting the birds and the flowers because man is linked to them, part of the same web of life, sharing the same air and water, the same pollutants, the same hazards. He is concerned about the lesser creatures and plants because he is concerned also about the survival of man. By contrast, it is the wanton polluter, the thoughtless and quick-profit land developer, the promoter of urban sprawl who are the romantics of this world, out of touch with the realities of how today's careless lack of planning can waste energy and space and promise only ugliness and pollution to posterity.

Consider for a moment some of the beautiful cities of the world, cities like Florence, Athens, Berne, Copenhagen, and Venice. They are by common consent humane and attractive places to live because they put people first. They have been thoughtfully assembled, not overnight in a burst of technological dazzle, but over centuries. They have taken available land and carefully shaped plazas, pedestrian malls, vistas, waterside, parks and boulevards. They have sheltered their citizens from the elements with shade trees and arcades. They have brought nature into the marketplace with fountains and flowers. Curiously, all these cities also are busy centers of commerce. Somehow their industries and merchants manage to flourish without dehumanizing their surroundings. They work in harmony with their neighbors.

So we have to ask ourselves, who is the realist in these cases? Who sees things with greater vision and with more enlightened self-interest?

The cities of America are making steady progress in cleaning up their air and water, but there still is much we do not know about pollutants and their effect on the biosphere. Sometimes the best efforts turn out to be trading one set of problems for another. EPA has devoted years to enforcing and implementing the law to clean up auto exhausts, only to find that the chief device used by the auto industry for meeting air standards required by Congress, the catalytic converter, does reduce some pollutants but creates another, sulfuric acid mist.

Failure to control pollution also can result in international problems. Some time ago the Norwegians began noticing a build-up in the southern part of their country of sulfuric acid from the air. Fishing in the area has suffered severe setbacks in recent years due to acidification of the water, which especially affects salmon and trout. The sulfuric acid precipitation also attacked plant life.

Since it was known that air pollutants can be transported over long distances, and that Great Britain, West Germany, and other Western European countries have been burning increasing amounts of fossil fuel which spew sulfur oxides into the air, the Norwegians called for international action. The result was a conference by 17 countries in Oslo last December to help set up a network for monitoring air pollutants over Europe. Such cooperative arrangements will be increasingly necessary in the years ahead as the world community continues to learn more about the ways in which such pollutants are created and distributed, and the damage they can do in remote locations. The lack of communication not only between nations but between various branches of science contributes to the problem. One of those with a reputation for breaking down barriers between scientific disciplines is the British scientist, James Lovelock. He was the first to measure the amounts of fluorocarbons in the air, which led to the investigation now underway by several Federal agencies, including EPA, of whether this constitutes a danger to the ozone layer surrounding the earth.

Dr. Lovelock has evolved a theory that living things help control the environment in a way that ensures their survival. As an example, he has demonstrated that the production of methane gas in the earth by certain bugs helps in a round-a-about way to maintain the proper concentration of oxygen in the atmosphere. Such thinking has led him to a view of life which he calls the Gaia hypothesis, after the earth goddess of the ancient Greeks. This interdependence of the environment and living things, he warns us, should not be tampered with. "We disturb and eliminate at our peril," Dr. Lovelock has written. "Let us make peace with Gaia on her terms and return to peaceful co-existence with our fellow creatures."

Let us indeed seek a detente in our often hostile and destructive relations with other members of the animal and plant kingdom, and recognize that we are dependent on them in the long run for our own existence. In short, let us practice conservation that we may survive.

Your organization is a conservative one in the original sense of the word, and has done much to alert America to the dangers of environmental abuses. EPA welcomes your support, and we will need your help in the years ahead.

On a final personal note, I would only add that I am very deeply honored, more than I can express in words, for your invitation to be here tonight. On behalf of the more than nine thousand men and women of the Environmental Protection Agency, without whose work America's efforts to enhance the quality of life could not succeed, and who are really the ones who have earned my award, I ant to say simply—thank you.

CONGRESSMAN RODINO'S REMARKS ON MEETING THE NEEDS OF THIS NATION

Mr. BENTSEN. Mr. President, last Friday evening, the honorable chairman of the House Judiciary Committee, Congressman Peter Rodino, addressed a Jefferson-Jackson Day Dinner in New York.

With the same thoughtfulness that marked his presiding over the historic proceedings of last summer, Congressman Rodino challenged Democrats and all Americans to make the interests of their party subservient to those of their Nation.

Others may have said this before, but Congressman Rodino has added immeasurable force to his wise counsel by his own conduct. Few Americans will forget the thoroughness, fairness, and dispassion with which he met one of the most difficult challenges ever assigned a Member of this branch of the Government. Throughout those long weeks and months, Congressman Rodino remained committed to doing what was right. He remains dedicated to that goal today and sets a standard of conduct for us all. He has earned the deep respect of us all.

I ask unanimous consent that Mr. Rodino's remarks be printed in the Record. They are wise counsel for us all and a tribute to a man to whom this Nation owes so much.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Jefferson-Jackson Speech

(By Congressman Peter Rodino)

I am deeply grateful and extremely proud that you have chosen me to receive this Democrat of the Year award. Since tonight we celebrate Jefferson-Jackson Day, it is especially appropriate for me to accept the award in the spirit of Thomas Jefferson, who said that the receipt of an award was an occasion for gratitude and pride for the opportunity his contemporaries had given him to serve the public interest. I thank you for the honor you do me. I am grateful that I have been given the opportunity to serve, along with all of you, the public interest through the medium of our party . . . the people's party.

There is a tradition about Jefferson-Jackson Day dinner speeches: the speaker must always invoke the past, calling the roll of great Democratic Presidents, recounting in passionate prose the achievements, and even the dreams, of the Democratic Party.

The fact I do not intend to do that tonight is no indictment of tradition. It is simply a recognition that what might have been sufficient in past years is not adequate tonight.

What is before the American people as we gather here this evening is a national crisis which has been worsened by new and devastating changes in the world, and in ourselves.

That is why the usual speech is not suitable.

What is needed is plain talk and simple truth. What is required is a declaration of action on the part of the Democratic Party—a firm resolve to do what needs to be done in the service of our country.

What are the elements of change that will test us as never before, and require us as a Nation to rise to challenge?

For the first time in our history we have a President and Vice-President who have not been elected by the people.

For the first time in our history the confidence of the people has been shaken by a Presidential resignation.

For the first time in our history we are facing at the same time inflation and recession, rising prices and rising unemployment.

For the first time in our history, large segments of our economy are endangered by decisions made in other countries.

For the first time in our history, we face the possibility of running short of natural resources which we have for so long with such casual neglect taken for granted.

For the first time in our history, the traditional cures for what ails our economy do not work.

In truth, my fellow Democrats, we may be living through the most unusual political era since the very birthyears of the Republic.

So tonight I come to you, and talk with you, not about past glories or ancient dreams but the stark realities which confront the Democratic Party in the Congress and in the United States.

Every elected official knows that the voters are sick and tired of the usual campaign talk. We only have to walk our districts and speak to the voters to learn that they are fed up with unredeemed pledges, talk without action, action without aim, and the law morality which infected the highest reaches of the Government.

If the people are suspicious and skeptical they have ample cause to feel that way.

That is why we have to change traditional attitudes toward party politics, toward the duty of Government, and toward the role of the individual.

There can be no more politics as usual, we cannot assume or assert that we in the Democratic Party have all the answers, because we don't. We cannot oppose something simply because the President or the other party advocates it.

We cannot celebrate either the party or the individual: For whom do we serve? Surely not the party, nor ourselves! We serve the people who have chosen us to speak for them.

But to do so we must change our political attitudes as private citizens and public men and women. Attitude change is not easy, but it is not impossible. We in the Judiciary Committee proved it could be done, it was difficult for men and women of divergent ideology, from different parties and sections of the Nation, compelled by contrasting political loyalties to put their personal feelings aside. But there was something more important to them than party ideology or sectional difference. Within the hearts and minds of the members of the Judiciary Committee was a solemn commitment—a commitment to be fair—a commitment to do not what was expedient—but to do what was right.

And so we proceeded—with fairness, with decency and in the end it came out right. For there was no other way.

Nothing was hidden. The truth came through, fairness and justice from both sides of the aisle on display. And the Nation knew that this republic was not barren of promise.

And so I say to this Democratic gathering that we must look at this dismaying and terrible time in which we live with a new attitude—not of party but of nation—not of individual self-interest but of community purpose—not of winning an election but of doing our duty.

What should be the goal of the Democratic majority? That goal should not be based on what is good for the Democratic party alone or the Republican party alone. It should not be pro-President or anti-President. There is only one goal we should point to—and that is to do what is right.

Therefore, let us begin.

Our task is to recapture and build upon the confidence and trust of the public which has been squandered by officials scrambling to save themselves from disgrace.

Our responsibility is to understand, in detail and with accuracy, what it is that we face and to face up to it.

Our obligation is to lay before the American people in plain language the specific sacrifices we may be called on to make, in order to repair the damage to our Nation and our economy.

Our duty is to create the legislation that is required, and to prod the executive department to do its job.

All of this we can do and more—if we are firm in our determination to meet every challenge and fair in the challenge.

The people of this nation want strong, believable leadership and equitable programs and principles.

On this dais tonight are several candidates for the Democratic Party nomination for President. I say to you and all those who will join you in contesting for both the honor and the burden of leading the party in 1976—I say to you speak the truth, no matter how harsh the truth may be—I say to you be fair in your judgment in spite of those who would be unfair. In our Republic the majority will should prevail, but to quote Jefferson, "That will, to be rightful, must be reasonable." To paraphrase Jefferson in his inaugural address, we are all democrats and we are all republicans when the issue is the health and well-being of the Nation.

The people are looking to us for guidance and we cannot fail them by practicing politics as usual. The best politics is knowing what is right—and then doing what is right.

And so we begin a journey without any reassuring proof of where the journey will take us. But begin we must. If we are fair, if we are honest, if we recognize the dangers, if we rise to challenge without partisan prejudice, then the actions of the democratic party will be ample testimony that we faced up to grim realities—and that the course of conduct we recommended to the people was not only just, it was right.

That is why I am not afraid of what we have to confront in the months that lie ahead. For we have on this dais tonight and elsewhere within our party those with the talent, the dedication and the sense of mission and of urgency to meet these needs.

Now let me conclude my remarks to a Democratic Jefferson-Jackson Day Dinner with a story about a Republican President. During the Civil War, a clergyman said to Mr. Lincoln: "Let us have faith, Mr. President, that the Lord is on our side in this great struggle."

To which Mr. Lincoln quietly answered:

"I am not at all concerned about that, for I know that the Lord is always on the side of the right, but it is my constant anxiety and prayer that I and this Nation may be on the Lord's side."

That is my prayer also.

THE VETERANS' COST OF INSTRUCTION PROGRAM

Mr. BENTSEN. Mr. President, I would like to express my concern over the fate of the veterans' cost of instruction program. For the past several years, VCOI has been helping many of our institutions of higher learning provide for the special needs of the Vietnam-era veteran. It has done this with little or no help from the administration, and Congress will apparently again have to take the initiative to insure that it is funded this coming fiscal year. I want to urge the Congress to provide that funding.

Concerned that several million young veterans were not taking advantage of their education benefits, the Congress first enacted the VCOI program in 1972. The legislation offered Federal assistance to institutions of higher learning which agreed to maintain a full-time office of veterans' affairs, actively encouraged veterans to use their education benefits, offered a comprehensive program of peer and professional counseling, developed programs of remedial and tutorial services for veterans, and provided a multipurpose program of community outreach services.

In return, the qualifying institution was to receive $300 for each undergraduate veteran enrolled and an additional $150 for each educationally disadvantaged veteran enrolled. Because VCOI was funded as an entitlement program and the administration has sought minimal funding, however, the payment to the institution per veteran student has actually been only a fraction of the amount specified.

Although VCOI has a relatively short history, it has recorded impressive achievements. During its 2 years, more than 1,000 institutions have opened or maintained their own offices of veterans' affairs. The full-time equivalent number of undergraduate veteran students, the one means we have for measuring the number of veterans enrolled, utilizing VCOI's services has increased by 83,000 to over 539,000, and that figure may somewhat underestimate the total number of veterans participating since many have enrolled only on a part-time basis.

Moreover, as a result of VCOI's efforts, a growing number of young veterans with various educational deficiencies have enrolled, received special assistance, and completed their educations. The payments made for the full-time equivalent number of enrolled undergraduate veterans receiving tutorial and remedial assistance has risen by nearly two-thirds, to well over 40,000.

I am convinced that these accomplishments have occurred because the services VCOI has rendered are meeting the needs of so many of our veterans.

Unfortunately, VCOI has recorded these gains with little help from the Administration. Since the program's inception in June 1972, the Nixon-Ford administration has made at least three different assaults against it. In fiscal 1973, President Nixon impounded VCOI's funds, an action subsequently reversed only after the National Association of Concerned Veterans obtained a court order requiring release of the funds. On January 30, 1975, President Ford requested authority to rescind the $23.75 million appropriated for VCOI in fiscal 1975, and later in announcing his budget for fiscal 1976, the President refused to seek a cent for the program. On February 24, the Senate Appropriations Committee wisely denied the President's rescission request, and I am hopeful that it will appropriate adequate funding for an expanded VCOI effort.

Apparently, the administration believes that the services provided as a result of VCOI assistance are either no longer needed or can be maintained without Federal assistance. Neither conclusion can be upheld.

The need to help veterans complete their higher education remains because more and more of our young veterans are only now returning to the classroom. As of June 1974, less than half of the Vietnam-era vets had applied for even a single education payment. Of the total 7,088,000, no more than 3.3 million had received such assistance.

One can reasonably expect that their numbers will increase, and, in fact, initial reports indicate that the number of vets enrolled this semester is up an astonishing 12 to 25 percent. As the recession worsens, many vets are apparently deciding that with employment so difficult to find, this is a good time to acquire the skills which will later help them qualify for the good jobs they seek. In many instances, these young men and women will depend upon the assistance guaranteed them under the GI bill, and yet if prior experience is an accurate guide, they will encounter various problems in receiving that assistance along the way. VCOI will assure that at many of our institutions, these vets will have someone on campus sympathetic to their problems and determined to get them their due.

I believe that we should do everything in our power to encourage these young vets to obtain the education and skills they need to find rewarding employment. I have long been deeply troubled by the high unemployment among our youngest vets were without jobs, compared to 8.2 the national average. In February, for example, 17.3 percent of our youngest vets were without jobs, compared to 8.2 percent of our National workforce, and one wonders how many others have become so disillusioned that they, too, have stopped looking for a job.

And yet many of these young men who have been chronically unemployed since their discharge have serious disadvantages in attempting to acquire advanced training. Over 600,000 Vietnam-era vets never completed their high school education, and many more carry serious educational deficiencies. These are precisely the individuals who need special help, and in so many instances, that remedial and tutorial help has been made available through the VCOI.

And once these young vets have proven to themselves that they can succeed in college, they will nevertheless need assistance in locating employment in a tight job market. VCOI on many campuses is also providing this valuable service.

These are not easy times for our institutions of higher learning. During the past year, many have closed their doors, and most have been forced to cut back on the services and programs provided. Difficult decisions have to be made, and one wonders how many small and midsized institutions, in particular, will be able to fund on their own a special veterans' office. As a society concerned about repaying the debt we owe our youngest veterans, we simply cannot afford to make this gamble. We must provide the assistance needed to insure that VCOI continues to help institutions meet the needs of their student veterans.

I shall be urging the Appropriations Committee to reject the administration's efforts to stifle this important program. The Congress has initiated and provided for this effective program, and I urge it to maintain its strong support for it.

CITY IN RENAISSANCE

Mr. SYMINGTON. Mr. President, good news has become a precious commodity in our Nation. This is sad, but true about the problems of the cities of America. Inflation, recession, the energy crisis have all had a devastating effect upon cities—especially those still recovering from the serious urban crises of the 1960's.

Today, the very existence of our cities as social institutions is being challenged. Cities are being blamed for much that is both ugly and sordid in our society; in fact many of our cities, or so we are told, are either dead or dying.

Nevertheless, there is much good news in urban America—and Kansas City, Mo., is an excellent case in point.

The leadership of this progressive community have forged a unique coalition of urban forces that has literally raised the city so as to prepare it for the problems of today, as well as the challenges of tomorrow.

In the last 4 years, these good people have tackled this renaissance in their metropolitan area with a $5.3 billion construction program. We in Washington have followed it closely. They are rightfully proud, for it is clearly stamped, "made in Kansas City."

On March 13, our colleague Senator Eagleton, Congressman Richard Bolling, the dean of the Missouri delegation, and I had the privilege of hosting a luncheon attended by some 80 persons including Members of the Senate and the House, Federal departments and agencies. We had the rare opportunity to hear Kansas Citians tell the exciting story of this "city in renaissance."

Presentations were made for Mayor Charles Wheeler and by Dr. Charles N. Kimball, president, Midwest Research Institute, and Judge Charles E. Curry, president of the Kansas City Chamber of Commerce and chairman of the board of Home Savings Association.

Others present from Kansas City included Henry Block, president, H & R Block, Inc.; Robert H. Gaynor, vice president and general manager, American Telephone & Telegraph Co. Long Lines Division; Miller Nichols, chairman of the board, J. C. Nichols Co.; Richard K. Degenhardt, executive vice president, Chamber of Commerce of Greater Kansas City; Charles Jennings, president, Kansas City Stockyards Co.; Merrill Talpers, chairman of the board, Kansas City Convention & Visitors Bureau, and Ray Bennison, president, Kansas City Convention & Visitors Bureau. Mayor Charles B. Wheeler, who had planned to attend was forced to cancel because of airplane problems.

They were joined by a long-time friend—and Kansas City's most famous "chief"—Clarence M. Kelley, director of the Federal Bureau of Investigation.

Most of us have attended hundreds of luncheon presentations during our years in Washington. "City in Renaissance," stands out as one of the most effective meetings in which I have taken part.

I believe this story should be shared for the lessons it offers other cities elsewhere. I therefore ask unanimous consent that the remarks of the Kansas Citians be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Kansas City, A City in Renaissance

(Remarks of Mayor Charles B. Wheeler, Jr., delivered by Robert H. Gaynor)

Business and government have buried the hatchet in Kansas City—and not in each other's backs.

The kids would say, "We've put it all together in Kansas City." And we have. It's the foundation of our truly exciting renaissance.

It's also a direct benefit of the Prime Time program sponsored by our Chamber of Commerce.

We've gone beyond rhetoric. The businessmen in this room and government are working together on a day-to-day basis to solve our problems. This ecumenical spirit has had a dramatic effect on our city—our citizens—and our ability to overcome problems that other cities still face.

Here is our record:

On four different occasions, citizen support has manifested itself at the ballot box. It has come in the form of the two-thirds majority necessary in Missouri to pass bond issues for major civic improvements. Because of this "can do" attitude, Kansas City now has a new $250-million international airport; a $71-million sports complex with the world's only twin baseball and football stadiums; a brand new professional hockey and basketball arena; and a modern $30-million convention center under construction next to our Municipal Auditorium.

Our businessmen have paid profit dollars—not lip service—to civic improvements. Our Kemper Sports Arena is a reality because of a $3.2-million contribution from the family of banker R. Crosby Kemper. Business leaders have pledged $3 million to insure the construction of a new Center for the Performing Arts on the campus of the University of Missouri at Kansas City. On an earlier occasion, a group of 12 Kansas City businessmen (some of whom are in this room) advanced the city $1.25 million for the engineering plans for the new convention center—and they did so long before it was passed by the voters.

The Kansas City business community also actively supported our successful efforts to pass an additional half-cent sales tax last August for the support of our schools.

For its part, city government has been far from a silent partner in the area-wide renaissance.

We've supported the business community's efforts with money and manpower. The payoff of business and government working together toward common goals has been new business, new jobs, new conventions, new tourists—and a better place for all our citizens to live.

Despite the problems we face, Kansas Citians have not lost faith in our city, its government, its business community and its ability to handle challenges of the future.

This is not empty rhetoric from a Mayor who is running for re-election.

As a lawyer, I submit the following evidence:

Not long ago we asked a nationally recognized opinion research organization to find out how Kansas Citians compare our city with other similar-sized cities as a place to live. More than half of those questioned said they believed it was a better place to live—while only five per cent said they were disappointed.

Our city-government Action Center—which boldly advertises for citizen complaints—allows Kansas Citians not only a place to gripe, but also a chance to rate the quality of government service they now receive. After six months of operation—and 12,000 requests for help—the Action Center reports that an amazing 80 per cent of our citizens are pleased with the government service they've received.

As someone recently wrote, "Boss Pendergast wouldn't believe it."

This expression of citizen confidence hasn't come easy. It's taken a great deal of commitment on all our part—and perhaps more than our share of gambling on the future. But as the poker players say, "The pot is worth the ante."

Remarks by Dr. Charles N. Kimball

I don't know if it's common for a city to come to Washington as we come today—seeking nothing, preaching no gospel, nor angry over Washington events.

I ask myself—as surely you must be asking yourself—Why are we here today?

Eight or nine years ago, Stu Symington's invitation would have frightened us. Kansas City in 1964–65 was a cozy—often glorious—place to live, blessed in its isolation with verdant parkland, and blue waters, and seated amid a hilly rocky topography of immense charm.

We seldom ventured out and we were rarely disturbed by visitors.

For many years after the siege of the Pendergast era, we slowly cultivated our famed inferiority complex. It hasn't always been good manners in our town to be ostentatious or too forward.

Every time we were told by outsiders that "Kansas City didn't have any allure" we retreated ever deeper into ourselves—satisfied with an enviable quality of life, yet envious, all the same, of San Francisco, Boston, Atlanta, Dallas, and even St. Louis—which put together the Arch and Busch Stadium on its riverfront.

Without any Grand Design or orchestrated ballyhoo, we slowly began to stir from our long hibernation. In the late 1950's massive annexation brought growth onto the city tax rolls. The klaxons of that Super Bowl Victory in New Orleans over the Vikings of Minnesota aroused a dormant civic pride, and suddenly, architecture and construction became our way of life.

Soon, our new hotels began hosting new visitors; aviation experts and aviation writers toured Kansas City International airport and TWA's unique operational headquarters; city planners and urban writers arrived steadily, as did photographers and feature writers.

Surprisingly, we began reading about ourselves.

More recently, other cities have sought our counsel, seeking the double magic of progressive growth and an enhanced life style. Some friends in St. Louis, once our model, asked me to visit them, then said—"What the heck is going on over there? All we hear about is Kansas City, Kansas City. How can we get it going here?"

Sixteen French urban specialists scheduled a Kansas City trip, then engineers from Thailand, then the leadership of Des Moines, then an invitation from Seattle, then Boston, then Little Rock, with Omaha and Sacramento coming up in April and May.

Kansas City was selected as host city for annual meetings of IT&T, A&P, F. W. Woolworth, and Chrysler introduced its 1974 model line in our town.

Suddenly business expansion was no longer passing us by. Eastern businessmen began looking our way—and new industry with new jobs and new taxes were the prizes.

Business and investment has been attracted to our metropolitan area. Kansas City businesses and industry are now encouraged to not only stay put—but to expand; tourism, meetings, and conventions are being pursued successfuly; and last—but certainly not least—Kansas City Spirit—famous at the turn of the Century—has been rekindled, nurtured, and force-fed.

Leadership—at the highest level—public and private has emerged in this meaningful renaissance!

The answer is what we call Prime Time, a joint business and local government program revitalizing Kansas City and its Spirit—and beginning to tell the world about it. This is not difficult selling—the troubled cities of this nation are hungry for successful solutions to our nagging problems.

Men of the caliber of Donald Hall, president of Hallmark Cards; Miller Nichols whose company has built the finest residential district in America; and former Mayor Ilus W. Davis set truth and credibility as our guidelines.

Our goals—then and now—are not conventional.

Manageable growth of our own choosing at our own pace.

Improvement of our superior quality of life. How people live is far more important to us than where they live.

Better employment, education, medical and cultural facilities for every citizen.

A city designed for the cultivated intellects we expect in the coming decades.

Retalistic new guidelines for the funding and operation of our modern metropolitan area.

We seek to create a city that people choose to work in, to live in. A city where their children are educated properly. We want them and all our citizens to live in grace and dignity.

If the companies we attract aren't concerned about the life quality of their employees—then we aren't sure those companies are right for us. We seek to marshall our talents and find a realistic alternative to urban living as it is known today, in so many less fortunate places.

That's how we started and, in part, why we are here today.

Now I'd like to ask Judge Charles Curry to highlight some of the specifics of Kansas City's past few years.

Remarks by Charles Curry

Since its inception, the Price Time program has been a gathering of eagles—not a flocking of pigeons with their wing feathers clipped. This vital leadership ingredient has been indispensable to our success and our unprecedented progress.

Let's be completely honest with each other. Leadership is what made Prime Time a vital model that other cities can, and are, following.

When we first sowed the seeds of our $3.4-billion renaissance, few of us realized where we were heading. We knew what we wanted to do—and set out to accomplish it. We also realized we'd have to work together if a better Kansas City was going to become a reality.

In the process, business leadership invested more than $2.5 billion of their own money in Kansas City and its future.

As we moved beyond 1972, the magnitude of what was happening became crystal clear to us—and to the rest of America. Kansas City had grabbed the interest of the nation. Businessmen and government representatives from other cities visited us to get a first-hand look at what was happening in Kansas City.

They discovered that in only three years, we had given birth to a list of civic improvements that most cities don't realize in a lifetime.

Let me give you a quick tour of what people are calling, "The New Kansas City":

Kansas City International Airport, the first in the nation to be designed for people—as well as airplanes—is a reality. In its first year KCI stimulated more than $150 million in additional investment in Kansas City—and influenced the design of new airports in Dallas-Fort Worth, Munich and Frankfurt.

Crown Center—the $250-million jewel in Kansas City's crown—is the talk of the nation. With this city-within-a-city—a monument to the community involvement of Hallmark Cards—Kansas City has a luxury hotel, a new convention location, new shops, restaurants and offices. It's the most innovative private redevelopment project in the country.

There's new life in downtown Kansas City. New buildings valued at more than $150 million are either completed, under construction, or approved in the heart of our city.

They include the new convention center complex to be opened in July 1976; and the new $21-million Kemper Sports Arena—already known as the Madison Square Garden of the Midwest. There's the new Mercantile Bank Building, the Executive Plaza office building and City Center Square, a $30-million office complex is going up in the heart of our city.

Regency Hyatt plans a new $50-million convention hotel across from the Convention Center and Mutual Benefit Life is building its first regional headquarters just south of Crown Center.

We expect downtown development to add an additional 30,000 jobs in the central business district and boost downtown sales volume by $60 million.

The $71-million Harry S. Truman Sports Complex is now well-known. It's the home of the world's only matched set of professional baseball and football stadiums. Today Kansas City is Big League in every way—one of only nine U.S. cities with professional teams in all four major sports.

We've become a second home to Texas sportsman Lamar Hunt. Hunt has invested heavily in the Kansas City Chiefs—and also added some $25-million investment in Worlds of Fun, a tourist facility that drew more than a million people to our city last year.

River Quay, a new "old" town has brought people back to the waterfront where Kansas City began.

Social projects have not been forgotten. There's a new $13 million University of Missouri at Kansas City Medical School, a $29 million teaching hospital at the Kansas City College of Osteopathic Medicine, a $20 million Penn Valley Community College and a $5 million Dr. Martin Luther King, Jr., Memorial Hospital in our black community.

And when Kansas Citians thought the boom had crested—it produced a second wave of renaissance. During 1974, the original $3.4-billion program stimulated an additional $1.9 billion of investment in our city.

Success has bred more success. New business, new investment and new jobs were achieved—and our way of life hasn't changed.

Link Programs of Chicago and the Kansas City Terminal Railway Co. have announced plans for Pershing Square, a $500-million, 25-year phased development of historic Union Station—just across the street from Crown Center.

J. C. Penney Company is constructing a $35-million catalog warehouse.

Our unique foreign trade zone—the first in the heartland of the nation—has become not only the biggest in the U.S.—but larger than all others combined. With it, an international port has been born on the prairie.

Armco Steel, a long-time corporate citizen of our community, has announced an expansion of more than 50 per cent—and a potential growth of more than 2,000 new jobs.

Despite inflation and the energy crisis more than 100 new companies—equaling an all-time high—visited Kansas City during the past year. Eleven new businesses located in the city and some 36 local firms expanded operations creating nearly 5,000 jobs.

Convention bookings and attendance set records. More than 278,000 delegates accounted for more than $50 million in revenue for Kansas City. Tourism hit 3 million visitors—a new high—and added another $18 million to our income.

Kansas City will be one of only two American cities to host the famed Chinese Art Exhibition that is now showing at the National Gallery here. And for the first time, we, and the Midwest, will host the top-level Japanese-U.S. Businessmen's Conference in June.

Our litany of change has been far-reaching. It goes beyond the brick, mortar, steel and glass of new buildings. Our view—and our viewpoints—have changed. We've seized an opportunity that comes only once in a lifetime.

Now I'd like to ask Charlie Kimball to return to the podium and reflect for a few minutes of The Kansas City Experience—and what it means to the future of all urban America.

Remarks by Dr. Charles N. Kimball

Before we wind up our presentation today, let me make a few closing observations that are pertinent to this discussion.

Kansas City is not yet Utopia. We still have problems to solve.

But, neither is our experience a one-time fluke of the American urban scene. It is probably best described at the crest of the urban wave of the future for some cities.

It symbolizes what is happening, to a perhaps lesser degree, in Minneapolis, Seattle, Little Rock, Cincinnati, Louisville, Denver and Houston for example. These cities are neither obsolete, unmanageable, nor crowded with crime, corruption and congestion.

Like Kansas City, they have the space, time, and environment to plan carefully for the future.

Perhaps the difference is that in Kansas City—its people and its leadership—are committed to demonstrating an attractive new option for urban dwellers throughout this nation—a new quality of life within a metropolitan center.

An obvious problem exists in how to handle our end-of-the-century population of nearly 300 million Americans. Left to its own devices, this massive population will drift in excessive numbers to the very large cities—and none of them can handle it. This uncontrolled growth cannot be checked by rigid attempts to set immigration limits. Expansion and ugly sprawl can be checked only by attracting growth to other cities that can survive.

In the past, the skilled craftsmen and the professionals went to the so-called centers of action—Los Angeles, New York and Chicago—which lack the alternative we now provide.

There are 75 metropolitan areas in the U.S. with populations under one-and-a-half million that appear to be able to absorb, in an orderly fashion, the population increase now forecast. Many of these cities have options open that if properly exercised can assure that they will be both liveable and governable in the year 2000. But only a few of these cities are exploring their options to bring this about.

The successful city of the future must take action now—and not rely on external forces, and passively flow with the tide. Few great cities are historical accidents wherever they are located. Great cities develop because thinking men take hold action.

We've learned a lot on our renaissance road.

A firm commitment toward controlled, manageable growth is a necessity. We will not hustle pell mell in any direction to achieve growth for its own sake. Our growth is slower than Dallas, Houston and Atlanta and we like it that way. Bigness for its own sake alone can only lead to the inhumanity found too often in many of our present cities.

An honest to God coalition of top-level business and government must be forged if cities are to continue to be places where our citizens want to work—and to live. Mutual respect and cooperation are the key words.

Despite the recessionary trends in the national economy, businessmen can't back off from the job of helping to rebuild our cities. Business leadership has to care as much about their cities, as they do about their P & L statements, and their country clubs. Without this concern, there might not be any business or country clubs to attend to.

Cities must act for themselves—and not wait for Washington to save them.

Good News on the U.S. Urban Scene—like leadership—isn't born, it's made. Cities like Kansas City are—and will be—exactly what we make them.

What we've made in Kansas City runs counter to the national recessionary trend.

Our outlook for 1975 is optimistic and bright.

Non-residential construction in Kansas City was up more than 12 per cent in 1974—and is headed for another boom year.

Ten new civic improvement projects—valued at more than $1.3 billion are now under construction. A backlog of another billion dollars is expected to be ready to go as the current projects near completion.

Thirteen capital improvements—including seven first-class hotels—were completed and open last year.

Bank resources, deposits and loans—which all hit record highs in 1974—are expected to continue their strong growth in '75. Retail sales—also at record levels during the last year—are forecast to continue to rise.

Agribusiness—which represents 53 per cent of Kansas City's $4 billion GNP—is off and running.

Although residential construction was sharply reduced in Kansas City, as it was in the rest of the nation, a 12 per cent increase is forecasted this year. Unemployment has hit an amazing high of 5.6 per cent for us—it remains two or three per cent beneath the fast climbing national averages.

Add to all of this the surprisingly diversified economy of Kansas City and you can see where we get almost unprecedented economic stability. As one fellow said, "We make everything but ships and cigars."

Thank you for joining us today. I hope we'll have the opportunity to show you Kansas City in the near future.

LORTON PENITENTIARY

Mr. WILLIAM L. SCOTT. Mr. President, I introduced a bill on Thursday, S. 1243, to encourage the District of Columbia government to construct penal institutions within the District as a substitute for facilities at Lorton in Fairfax County, Va. The Lorton problem has existed for a number of years and the frequent escapes and disorders within the institution have been a constant concern of Virginia resident for many years. So much so that the Attorney General of Virginia filed suit to have the prison declared a public nuisance and Fairfax County has instructed its attorneys to file a proceeding to obtain the removal of the facility from Virginia. Our State legislature has also overwhelmingly passed a joint resolution memorializing Congress to take action to eliminate this festering sore within our State.

The basis for the problem appears to be that we have one jurisdiction sending those convicted of crime within the District of Columbia into another jurisdiction, the State of Virginia, to serve their time. It would seem reasonable for those convicted of crime within the District of Columbia be housed within the District and I doubt that the friction between the two jurisdictions will ever be resolved without the removal of the penal institution from our State.

My bill would encourage the District of Columbia to construct new facilities within the District to serve as a replacement for those in Virginia. It would permit the $65 million appropriated by the Congress in 1972 for updating District penal institutions to be utilized for this purpose and would also provide that the proceeds from the sale of the 3,500 acres of land comprising the prison complex in Virginia be given to the District of Columbia to supplement the funds already appropriated for new facilities. Should the District of Columbia government fail to construct suitable facilities and remove the prisoners by January 1, 1978, the attorney general would have authority to sell the prison complex and to construct suitable replacement facilities in the District or as an alternative to absorb all Lorton inmates within the Federal prison system.

The measure was referred to the Committee on the Judiciary where I hope it will receive early and favorable consideration. No doubt all Senators are familiar with this controversy which has received publicity through the media for many years. The passage of this bill should remove a serious controversy between Virginia and the District of Columbia, and I do ask the support of my colleagues for its passage.

NUCLEAR PROPONENT ONCE KNEW BETTER

Mr. GRAVEL. Mr. President, over the past several months, and recently on the Today television program, nuclear physicist Dr. Ralph Lapp has emerged as one of the chief promoters of nuclear power. And yet, just 3 years ago, Dr. Lapp was a very convincing critic of our leap into nuclear dependence.

Mr. Ralph Nader recently reminded me of some very important testimony presented by Dr. Lapp at the national reactor hearings in 1972. Dr. Lapp testified on behalf of the National Intervenors, a coalition of more than 150 citizen groups working to stop nuclear power.

His subject was the emergency core cooling system, or ECCS, the safety backup mechanism that is meant to prevent nuclear catastrophe in the event of a loss of coolant to the reactor.

In his remarks, Dr. Lapp noted that the ECCS was an unproven system. The confidence of the Atomic Energy Commission that the ECCS would work was based solely on design criteria and computer programs—in other words, the AEC assumed that if the machinery was designed to work, that meant it would work.

The agency overlooked the fact that the ECCS failed all six of its semiscale tests. And even though the full-scale ECCS test—called LOFT—had not been performed, the AEC continued to license new power reactors which rely on the questionable safety system.

Dr. Lapp raised the most important question concerning reactor safety: Why are we building potentially hazardous reactors before safety equipment is verified?

Dr. Lapp said:

> Given the present timetable for deployment of nuclear stations, the LOFT experiments take on the character of a post facto safety program. . . . It is difficult for me to reconcile the fact that much AEC safety research is in the future tense, whereas power reactors are in operation. . . .

Mr. President, the LOFT testing still has not been performed. It is 10 years behind schedule. And yet we continue to license ever larger and potentially more dangerous reactors.

And I would like to point out that, just as reactors represent only one of the hazardous steps in the nuclear cycle, other problems are being left unresolved as we rush into the nuclear commitment:

The safeguarding of plutonium is inadequate, even though this byproduct of the fission process could be used by terrorists to construct atomic weapons:

We continue to defer meaningful development of the desirable clean energy alternatives that are available to us, so that it is impossible to know whether we need dangerous nuclear fission at all;

And, incredibly, we continue to produce radioactive poisons in our reactors without having a plan for the permanent disposal of these wastes. Without secure storage, these poisons could cause irreversible damage to our land, our health, and to the genetic integrity of future generations.

The logic is compelling: we must not accelerate the development of nuclear power if it is unsafe for us and for those who will follow us.

I hope Dr. Lapp will again recognize this inescapable conclusion and again state it as well as he did before the Atomic Energy Commission in 1972.

Mr. President, I ask that Dr. Lapp's testimony of March 23, 1972, be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

ACCEPTANCE CRITERIA FOR EMERGENCY CORE COOLING SYSTEMS

(By Ralph E. Lapp)

I appreciate this opportunity to appear as a witness to discuss an issue of serious concern to the future growth of nuclear electric power in this country. I am deeply concerned that the present light water generation of nuclear power reactors may not employ an adequate margin of safety to protect the public health and safety.

As of January 1, 1972, a total of 23 nuclear generating units, rated at 10 million kilowatts of electrical power, are in operation. Industry has accumulated about 100 reactor-years of experience with power reactors. It might be thought that this record, laudable as it is, should install confidence in the safety of this new power source. However, this experience has been primarily with reactors of modest power; Shippingport (90Mw), Yankee (175Mw) and Dresden–1 (200Mw) for which emergency core cooling is less of a challenge than in the 500–800 Mw class, for which about a fifth of the experience applies. Of course, there is no experience with the 1,000 Mw and large nuclear units. If we reckon reactor experience in the 1,000 Mw units, then we have about 18 reactor-years of record, i.e., 18 years of operation of all reactors normalized to a 1,000 Mw level. Clearly, however, the lower power reactors which are weighted in the statistics provide no experience base in the 1,000 Mw or large scale class of reactors.

The fact that there has been no major thermal emergency (ECC accident or LOCA, loss-of-coolant, accident) in the past is of little statistical significance. An accident probability of 0.01 per reactor per year or one chance that a reactor will exhibit an ECC accident in one year's operation is not acceptable as a public risk. This would mean a 25% chance of accident over the 25 year life of the power unit. Life time operation of four such units would obviously be hazardous in the extreme. Deployment of large numbers of reactors requires that the individual reactor risk must be extremely small since the total risk is summed.

The ECC challenge is greatest in reactors exhibiting the highest power densities[1] and I believe it is instructive to reproduce here the AEC charts displaying the time sequence-growth of power plant size:

The increase in power levels imposed upon reactor design a concomitant rise in power density and this, in turn, posed an emergency core cooling problem which, apparently, presented itself to the AEC's Regulatory Staff with the Consolidated Edison application for a construction permit (Indian Point 2 application of December 1965, awarded October 14, 1966, for an 873 Mwe PWR). It seems to me that it was at this point that there was a realization, a realization still valid today, that a high degree of confidence had to be assigned to reliance on the ECCS in order to make containment "honest." That is to say, the ECCS had to function reliably, otherwise a reactor transient could overwhelm the integrity of the containment and result in the release of fission products to the atmosphere.

It was on October 12, 1966 that the Advisory Committee on Reactor Safeguards (ACRS) stressed the need for emergency core cooling systems of high reliability and for investigation of the thermal behavior of uncovered cores.

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[1] By this statement I do not mean to imply that technical evaluation and experimental verification are unnecessary or not critical for emergency core cooling systems in reactors smaller than the larger scale reactors. My point is that with the dramatic increase in the size of reactors, it is all the more necessary that critical safety problems (and particularly the problems surrounding ECC) are resolved now.

On October 27, 1966 the Director of Regulation appointed a task force "to conduct a review of power reactor emergency core cooling systems and core protection." A year later the Ergen Task Force filed its final report, "Emergency Core Cooling," containing 12 conclusions. The Ergen report defines a large number of technical unknowns in the ECC field and makes many recommendations. The report could scarcely be regarded as a confidence-builder for the nuclear industry. It is significant that ACRS (in its letter of February 26, 1968) found itself in "substantial agreement" with some conclusions of the Ergen report. It is even more significant that thereafter, in letters dated March 20 and November 12, 1969, ACRS reemphasized its recommendations on additional safeguards and research on ECCS. This repeated emphasis, including reiteration on June 22, 1971, in testimony before the Joint Committee on Atomic Energy, supports my view that safety research in the ECC sector is lagging behind time goals consonant with the safe deployment of large power reactors.

Finally, the ACRS letters of January 7 and February 10, 1972, dealing solely with ECC, make clear that the ACRS shares the views expressed here that the step-up in power density and size of reactors are unreasonable without a concomitant positive resolution of the unknowns connected with ECC.[5]

This safety gap which has opened up between the accomplishments of AEC-industry research and development and the reality of the AEC's Regulatory Staff approval of nuclear-electric stations appears to me as most significant and for this reason I would like to direct my testimony to it.

As a specific example, I call attention to the long time delays which have been occasioned in the LOFT, loss-of-fluid test facility at the National Reactor Testing Station (NRTS). I wish to emphasize this particular facility since LOFT essentiality to reactor safety is described by the AEC as follows:

"LOFT is the only integral test in the world planned to carry out a major loss-of-coolant accident experiment which integrates all of the accident initiation, response, and consequence phenomena into a single test with engineered safety systems in operation.

"Additionally, it can be noted that—

"(1) LOFT is the focal point which provides a fundamental sense of direction to water reactor safety investigations

"(2) as a live reactor in an accident mode it makes investigators face reality and

"(3) it provides a central vehicle to build and hold a competent technical staff in a vital national program." (Joint Committee on Atomic Energy hearings, FY70, Pt. 2, p. 957.)

The conceptual design of LOFT was completed in 1963 and Kaiser Engineers was the firm selected as architect engineer for the facility. AEC testimony in 1964 stated: "This experiment is scheduled for test operation in late 1966." (JCAE Authorization FY65, p. 764). Testimony last year (JCAE Au. FY72, Pt. 2, p. 855) stated that LOFT was 60% complete in its construction and that initial operation was scheduled for late 1973.

Thus it appears that LOFT is seven years behind schedule and that high temperature operations will be delayed until 1975. Given the present timetable for deployment of nuclear stations, the LOFT experiments take on the character of a post facto safety program.

LOFT is not an isolated example of slippage in time-framing of the reactor safety research program. If we look at the AEC's WASH-1146 "Water Reactor Safety Program Plan" (February 1970), we find a tabulation of 50 individual programs in reactor safety, 15 of which are classified as *Class A Priority* defined (p. I-14):

"*A:* This is applied to *very urgent, key* problem areas, the solution of which would *clearly* have *great impact,* either directly or indirectly, on a major critical aspect of reactor safety." (Emphasis as in original document.)

In addition, 20 of the programs are stipulated as *Class B Priority,* meaning.

"This is applied to problem areas which are *demonstrably* of high interest due to their potential *effect* on reactor safety."

Many of these programs relate to the ECC issue: yet the document shows them extending over a four to five year time span, beginning in fiscal year 1970.

It is difficult for me to reconcile the fact that much AEC safety research is in the future tense, whereas power reactors are in operation. It seems to me that this situation places the AEC's Regulatory Staff in an awkward position when it is called upon to approve new plant construction and operation. The position will be very much more awkward as and if utilities continue to advance reactor designs employing higher power densities. It is pertinent to note that the ACRS (JCAE Au Hrg FY71 Pt. 1, p. 133) stated:

"While the resolution of the ECCS issue is believed acceptable for most reactors at listed powers and power densities, the Committee is not now prepared to advise on the acceptability of ECC systems for higher power density cores. Experimental work is required to provide a basis for evaluation of operating and accident behavior at higher power densities. The ACRS also notes that more experimental work is required to establish the degree of safety and conservatism in current ECC systems."

I note that the December 28, 1971, statement of Aerojet Nuclear Company (p. II-22) states:

"The development of analytical models used to analyze and predict the events of loss-of-coolant accidents in water-cooled reactor systems should be complemented with experimental tests which provide data to evaluate and verify the solutions of the analytical models. Without such experimental tests and resultant data, meaningful confidence limits cannot be established for the analytical models."

When over a year ago LOFT semiscale tests indicated a deviation of experiment from the predictions of calculational codes, the Regulatory arm of the AEC established a task force to review the data and in June 1971 Interim Criteria for ECCS were stipulated. In a number of public statements (*New Republic,* January 23, 1971), I proposed application of limits to reactor power levels and conservative siting policy to reduce the population at risk to the radioactive consequences of a thermal catastrophe. The AEC Regulatory Staff (p. 1-32 of its January 27, 1972 testimony) rejected such proposals in favor of the evaluation model approach. But how good is such a model when it lacks experimental verification?

LOFT experiments later in this decade will test the predictive capabilities of analytical models but complete verification may not be attained since LOFT is a 55 Mwt reactor and application of the results involves a scale-up of more than a factor of 60. Furthermore, a limited series of LOFT experiments can test only certain ECCS efficacies. Indeed, a full-scale test with an operating power reactor would provide only a single set of results applicable only to the specific accident mode and core history of the reactor.

The siting of nuclear-electric stations adjacent to large populations imposes extraordinary responsibilities on the regulatory agency which must license these plants. A nuclear power plant constitutes a unique metropolitan hazard both in nature and in potential magnitude. I can think of only one parallel of comparable risk, namely, siting a large population in a valley directly below a high dam. In such a case there is direct, line-of-vision perception of the threat and graphic comprehension of the consequences of a dam failure. It is, of course, a low probability event. Given no earth disturbance, such as a seismic shock, people could put confidence in the engineering record of the dam builders, but rare events, such as earthquakes, can have high consequences and this is precisely the statistical situation posed by siting nuclear plants near metropolitan populations.

However, the layman is not apt to have line-of-sight perception of the nuclear risk. If he objects to the siting of a nuclear plant in his vicinity, he is at a disadvantage in intervening to oppose the nuclear action. In order to match wits with the nuclear utility, the intervenor needs time, money and availability of competent technical authority. I would estimate that perhaps $500,000 is the sum needed to fund an adequate intervention. Very often an intervenor finds it almost impossible to obtain the services of qualified persons to serve as experts. Too often, the intervenor has felt that he was in contest with not only the utility and the nuclear vendors, but also with the Atomic Energy Commission. If local intervention is to serve as a check on deployment of unsafe reactors or of unsafe siting, then intervenors must have access to some independent authority with which to challenge the organized technical resources of the utility.

As an example of the problem of democratic application of checks and balances in a nuclear issue, I cite the 163-page statement submitted as the AEC Regulatory Staff Testimony. On page 2 of the Forward, it states:

"As the testimony indicates, the technical data available today have been combined with complementary conservative assumptions and procedures in the evaluation models. Together, these give reasonable assurance that a design meeting the criteria will provide adequate protection to the health and safety of the public."

But if we were to turn back the clock to the days before the Semiscale tests 845-851, and assume that the Regulatory Staff had then been required to prepare a statement like the 163-page testimony submitted in this proceeding, would it not have been quite different in its character? Would "reasonable assurance" as then posited have been as conservative as set forth in Staff Testimony or perhaps as additionally required by the data disclosed at the public hearing? We are not given a definition of what the Regulatory Staff means by "reasonable." In any event the health and safety of a large population is being decided by a small population of experts who put their trust in evaluation models whose predictive capabilities are subject to future verification. It is significant that neither the statement of Aerojet Nuclear Company nor the testimony of Milton Shaw defines the time scale for LOFT. The long delays in bringing the LOFT reactor into operation constitute a serious deficiency in the AEC's reactor safety research program and point to a need for examination of the mechanisms by which the AEC Regulatory Staff coordinates its research needs with the AEC's Division of Reactor Development and Technology. It would be pertinent to know how the Regulatory arm of the AEC has expressed its concern over the long delays in the LOFT and other safety programs.

In his testimony (p. 3), Mr. Shaw states:

"The background and pertinent information pertaining to our safety R&D program and its relationship to other ongoing R&D programs and to the U.S. civilian power program have been presented in many official AEC publications and covered in depth in annual testimony before the Congress. (References 4–7, 10, 11)."

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[5] See also Water Reactor Safety Program Augmentation Plan, Report of RDT, pp. 7-8, 26-27, November 1971, Exhibit 1026 herein.

In his testimony, at pages 11 and 13, Mr. Shaw appears to indicate that design analysis might somehow be a substitute for implementation of the research and resolution of the problems set forth in the Water Reactor Safety Program Augmentation Plan. I believe it very important to make clear that, whereas design modifications, operating experience and compliance investigation are all critically important to the safety of nuclear reactors, they are in importance considerably outweighed by the basic research and experimental verification which are now lacking. To put it another way, I am not satisfied with "defense in depth" without the step-up in research and resolution of ECCS safety problems and other limitations I have recommended in my testimony; indeed, the reliability of "defense in depth" is still in question.[3]

The introduction (Chapter 1) to the Staff Testimony and Mr. Shaw's testimony advance the argument that technical debate on safety issues can be endless and therefore trade-offs, including philosophical trade-offs, must be made. In my judgment, in the area of predictability of ECCS effectiveness, such trade-offs are an unacceptable substitute for experimental verification, particularly in connection with large scale reactors. This is all the more true when one realizes that trade-offs suggested by the AEC and industry include so-called "conservative assumptions" which also have no experimental verification. We thus cannot logically argue that safety is provided by a conservative or bounding assumption when that assumption has not been supported by experimental verification but rather by computer codes whose reliability is severely questioned.[4]

At page 18 of Mr. Shaw's testimony, he states that it is his conclusion that "no crucial R&D data is [sic] required to make a determination on these interim criteria for application to current designs" and at page 20 in the first paragraph he sets forth what are in his judgment "the necessary steps to achieve the requisite degree of safety considered essential by the nuclear community."

I wish to make it clear that these statements of Mr. Shaw are unsupported in that the hearing has thus far demonstrated that crucial R&D data are required and that there has been demonstrated thus far that many experts in the nuclear community believe that the most urgent steps necessary include prompt resolution of ECCS safety programs by experimental verification. Indeed, the statement in the first paragraph of page 20 of Mr. Shaw's testimony is directly in conflict with the report of his Division under date of November 1971.[5] Therefore, within the context of my testimony, I do not believe that the AEC Interim Acceptance Criteria for ECCS issued in June of 1971 are adequately conservative for use in analyzing severe, hypothetical design basis loss-of-coolant accidents.

I submit that the AEC's safety program is deficient in publication of up-to-date and critical evaluations. I admit that this deficiency is being corrected and the situation is improving. But I have taken the time to recheck the literature references cited by Mr. Shaw and I find that the AEC's safety program has been inadequately dealt with in Congressional hearings. In some years the Joint Committee on Atomic Energy glossed over the issue with no critical examination of the program. The most recent literature cited by Mr. Shaw (AEC Licensing Procedure and Related Legislation, Hearings before the Joint Committee on Atomic Energy, 4 parts, 2090 pages) is almost exclusively devoted to regulatory matters, with only little attention given to reactor safety. One would have thought that the Idaio Semiscale Experiments would have been treated in detail by the Joint Committee. Instead, the issue was dealt with by calling Mr. Shaw from the audience during a hearing to testify briefly on the problem. The Joint Committee concerned itself with studying means of expediting the licensing procedures; and most recently in connection with Joint Committee on Atomic Energy hearings on budget and interim licensing, safety problems were ignored.

I do not wish to appear to be unduly critical of the Atomic Energy Commission, but the nature and magnitude of potential nuclear risks demand a public accountability which imposes unusual responsibilities upon the AEC. Our democracy must invent mechanisms for dealing with technological risk so that checks and balances are applied to the decision making of the AEC, particularly since the emergency core cooling issue involves complex technology, as illustrated by the technical details of various testimony thus far presented here.

To summarize my position, I believe that the Atomic Energy Commission has allowed reactor safety research to lag so that its Regulatory Staff is called upon to judge reactor applications without an adequate experimental base which verifies the evaluation models and checks out the calculational codes of the safety statements submitted by the utilities. Furthermore, it is my opinion that new mechanisms are required to provide independent checks and balances for the protection of the public health and safety in areas where high power reactors are sited.

It appears to me that part of the explanation for the faltering AEC safety program in ECCS may be ascribed to the undefined role of the nuclear industry in this area. There was apparently a belief within the Atomic Energy Commission that it had fulfilled its promotional aspects of reactor development during the late 1960's and that it was up to industry to assume responsibility for the safety of the reactors which were being marketed. In this connection the Advisory Committee on Reactor Safeguards (JCAE Au. Hrg. FY71 Pt. 1, p. 115) commented:

"We are unable to determine what factors determine industry vs. AEC funding of reactor safety research programs, other than in those cases where the AEC discontinues support. Then the decision is clearly up to industry."

It is my impression that interest within the AEC shifted from safety research on water reactors to programs oriented toward the power-breeder and that this also accounts, in part, for deficiencies in the present water reactor safety program.

The proprietary nature of certain reactor safety information developed by nuclear vendors may be tantamount to a classification of data which denies the public access to information vital to their understanding and participation in public hearings.

In conclusion, I wish to summarize some suggestions and recommendations which may be constructive in increasing public confidence in nuclear power safety:

1. Require the Atomic Energy Commission to submit an annual report on progress in nuclear reactor safety programs. I would suggest that this report include the separate comments of the Regulatory Staff and of the Advisory Committee on Reactor Safeguards.

2. Amend the Atomic Energy Act to require biennial public hearings of the Joint Committee on Atomic Energy for the purpose of investigating the current status and adequacy of the AEC-nuclear industry safety programs.

3. Direct the Atomic Energy Commission to issue specific criteria for the siting of power reactors, defining the allowable population at risk as a function of distance from the reactor site. (The absence of specific criteria has allowed escalation of the population at risk to a point where the Newbold Island facility would, if approved, "see" 0.75 million people within a radius of 10 miles.)

4. Encourage the nuclear industry to redesign reactor cores to effect a reduction in power densities so as to ease the burden on the ECC system in the event of a coolant accident.

5. Require power derating of the large scale reactors under construction and presently seeking operating authority within a radius of 10 miles from the reactor in which are situated more than 10,000 persons.

6. Direct the Atomic Energy Commission to initiate a program to develop core restraint systems (i.e., "corecatchers") as part of a defense-in-depth safety system to insure the public safety and protect the environment. (I would add that such a safeguard becomes essential for offshore reactors, since a meltthrough could result in extensive marine contamination.)

7. Consider type certification of power reactors, treating the reactor core and primary coolant system with ECC systems as a unit so as to facilitate licensing of nuclear reactors.

TRIBUTE TO A DYNAMO

Mr. GRIFFIN. Mr. President, the sudden death last week of Prof. Keeve M. Siegel has stirred the sympathies of many Americans. Professor Siegel, scientist and owner of KMS Fusion Industries, Inc., of Ann Arbor, Mich., was testifying before the Joint Committee on Atomic Energy last Thursday when he slumped in his chair and suffered an apparent stroke. He was rushed to George Washington University Hospital where he died of a cerebral hemorrhage on the following day, March 14, 1975. His death is a great loss not only to his family, friends, and associates, but to my State and the entire Nation.

Prof. "Kip" Siegel was a former University of Michigan professor and an expert in electromagnetic theory. Since 1969, he has been in the forefront of research efforts to develop an alternate source of energy through the perfection of laser-fusion techniques.

Almost alone among private firms in

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[3] In connection with defense in depth, I call attention to the Reactor Operating Reports published by the United States Atomic Energy Commission, a summary of which appears as an appendix to other testimony of CNI, and to a recent publication of the Oak Ridge National Laboratory entitled "Safety-Related Occurrences in Nuclear Facilities" as reported in 1970 by R. L. Scott, ORNL–NSIC-91. These documents would appear to call into question the conclusions by Mr. Shaw that design research has been sufficient to provide for assurance necessary for the protection of the health and safety of the public. Moreover, it is well known that the regional offices of the Compliance Division are not adequately staffed.

[4] See Shaw Testimony, pp. 13–14, 18, 20 and 24.

[5] See Water Reactor Safety Program Augmentation Plan, Report of RDT, November 1971, and *supra*, N. 2.

this field, his small company, KMS Fusion Industries, Inc. had done some of the most advanced work in nuclear fusion in America. Its achievements are a tribute to both the creative genius of private enterprise and the personal drive and commitment of Mr. Siegel himself.

Long before most Americans recognized the critical need to develop our country's own sources of energy, Professor Siegel and his associates were working on a potential solution. It is appropriate that we honor the memory of this man whose work will be a legacy to future generations of Americans.

Accordingly, I ask unanimous consent that the Washington Post editorial of March 19, 1975, and an article in Fortune magazine of December 1974 describing his company's research efforts into laser fusion, be printed in the Record.

There being no objection, the editorial and article were ordered to be printed in the Record, as follows:

[From the Washington Post, Mar. 19, 1975]

KEEVE SIEGEL AND FUSION RESEARCH

Last week, as he was beginning to read a statement urging Congress to provide more funds for nongovernmental fusion research activities, Keeve M. Siegel collapsed. He died a few hours later as the result of a cerebral homorrhage. His friends and his associates in a little known corporation called KMS Industries Inc. attributed his death to overwork. For years, he had been pursuing, day and night, one of those ultimate dreams—the successful generation of energy, in a controlled way, from the fusion reaction that provides the power of the hydrogen bomb.

The story of Mr. Siegel and KMS contains some insights that ought to be kept in mind now that the need for success in fusion research is so pressing. He organized his company in 1969 with the intent of tackling head-on the government's monopoly on nuclear energy research. His fights with the old Atomic Energy Commission were monumental—over patents, secrecy and personnel. The claims his company made for its research were often disputed by scientists at the AEC and elsewhere. But in the last year or so, after he and his associates had poured around $20 million of their own money into the research, the claims began to be taken more seriously. Several articles have appeared in various journals suggesting that KMS has developed the most advanced system in the world for using laser beams to generate the pressure and heat needed to make the fusion reaction work under controlled conditions. Just this month, the new Energy Research and Development Administration awarded KMS its first government contract—$350,000 for a series of experiments with its laser equipment. That led Science magazine to speculate that the new energy administrators had decided it was in the national interest for them to join forces with KMS.

We have no idea whether the laser process for fusion being developed by KMS will produce the kind of results needed for a major technological breakthrough. We do know, however, that such a breakthrough would be of immense importance. If energy can be generated someday on a commercial basis from the fusion reaction, the energy crisis will be over. The basic fuel for fusion, deuterium, is cheap and practically inexhaustible. Its by-products would be not nearly so dangerous as the by-products of the current fission reactors or of the planned breeder reactors or, even, of coal-burning furnaces.

While no one anticipates the use of energy from any fusion process on a commercial basis for at least 20 years, this is an area of research the government needs to push more in the future than it has in the past. To do that, the walls of secrecy about atomic energy that the AEC erected so carefully in the 1950s will have to be broken down more than they already have been, and the resistance to outside criticism and ideas that marked the old AEC will have to continue to disappear from the new energy administration. The existence of those two factors, as well as the AEC's rejection of entrepreneurs like Mr. Siegel, may well have slowed the development of atomic energy. Mr. Siegel's life work is a forceful reminder that even in this complex and extremely expensive area of research, there is a place for devoted and gifted scientists who don't fit into the conventional molds of normal government administration.

[From Fortune, December 1974]

KMS INDUSTRIES BETS ITS LIFE ON LASER FUSION

(By Gene Bylinsky)

In the world of thermonuclear-fusion research, a certain bigness prevails—immense potentialities for the future, grand-scale efforts to overcome the technical obstacles, huge costs that only governments can afford. Yet a small company in Ann Arbor, Michigan, has been agitating that world with some seemingly audacious claims of success. KMS fusion, Inc., says its scientists have mastered the key mechanism of laser-driven fusion—a feat that has so far eluded the big teams of government researchers in both the U.S. and the Soviet Union, as well as smaller groups in Great Britain, France, Japan, and West Germany.

What's more, the brash little company attained its results with exceedingly low laser energy. This raises questions about the soundness of U.S. and Soviet plans to build mammoth lasers, which many scientists in both countries think are needed to attain success.

Experimental proof that laser fusion can be made to work would strengthen hopes that this new approach will leap-frog the older, more ponderous schemes to achieve fusion through magnetic confinement. (See "Lasers Blast a Shortcut to the Ultimate Energy Solution," Fortune, May.) Trying to kindle on earth the fusion that powers the stars, scientists have attempted to confine ionized gas, called plasma, inside magnetic fields, or "magnetic bottles," in the innards of big and expensive apparatus. In the interior of the sun and other stars, fusion takes place because of enormous gravitational pressure. Inside the experimental devices on earth, the plasma has to be compressed and heated electromagnetically to ignition. (Fusion scientists use terms such as "ignition" even though fusion, in which nuclei of light elements merge, is a different kind of process from chemical combustion.) There has been encouraging progress in magnetic confinement lately, but after nearly a quarter century of research and expenditures of more than $500 million in the U.S. alone, that approach hasn't lit the magic fire. A major difficulty is leakage from the magnetic bottles.

THREATENING TO UPSET THE SCENARIO

Laser fusion greatly simplifies the confinement scheme. Converging laser beams would hold a tiny ball of fuel for a brilliant moment, compressing it to a density 100 times that of lead and thus start ignition. The resultant flux of neutrons would be captured as heat and transformed into electricity or made to do other useful work.

In the U.S. large-scale work on laser fusion began only about five years ago. The Soviet Union started earlier and now runs an impressive effort. The U.S. has been building up a similar enterprise, with $64 million in federal funds going into laser fusion in fiscal 1975. As part of the expanding federal program, a huge $25-million laser will be built at the AEC's Lawrence Livermore Laboratory near San Francisco to become operational in 1977. The Soviet Union is building a similar lasser. Official U.S. plans do not call for possible commercial use of laser fusion until about the end of this century.

When KMS Fusion barged in, threatening to upset this leisurely scenario, the not unreasonable question arose how a small company, the only private company working directly in the field, could have outdone the government projects of the superpowers. Some skeptics suggested that KMS Fusion had made up the story to raise funds so that it could continue research in laser fusion. But the doubts faded considerably as the company kept reporting further advances. At a meeting of the American Physical Society in Albuquerque in October, 500 scientists listening to a KMS scientist reporting on the latest tests burst into applause when he finished.

What KMS Fusion has done so far, to be sure, is a very early step toward eventual construction of laser-fusion reactors. The company's scientists succeeded at the end of 1973 in using laser light to produce a slight compression of tiny glass pellets filled with deuterium and tritium (isotopes of hydrogen). Last May, they compressed the pellets further and started getting some energy output in the form of neutrons from the pellets—the first time anyone had obtained compression neutrons. In late October, by turning up the laser power a little, they got much greater compressions and a lot more neutrons. The company thus appears to be on the right course toward the next step, ignition inside the barely visible pellet. This would be equivalent to the first successful chain reaction in fission.

A FIREFLY 100 MILES AWAY

There is a great difference, of course, between the tiny sizzle in the microscopic pellet that KMS has achieved so far and the brilliant intensity of a full-fledged fusion burn that must precede net energy production. In the words of one scientist, it is "the difference between a firefly 100 miles away and a giant lightning stroke." Still, KMS has overcome what many scientists in the field considered to be the critical challenge in laser fusion: compressing the fuel pellet symmetrically so as to avoid producing instabilities that would prematurely break it apart.

In a reactor, laser energy would implode perhaps dozens of such pellets each second, one after another. Before KMS conducted its pathfinding experiments there was a question whether the basic process that underlies the concept of laser fusion could be made to work. The company's experiments showed that it could. Scientists at the Atomic Energy Commission and their Soviet counterparts now call the KMS feat "a significant first step" toward attainment of controlled laser fusion.

That a small private company has outdone huge governmental research efforts is no surprise to the energetic man behind it, mathematician-businessman Keeve M. Siegel, fifty-one, who endowed his company with his own initials. Siegel believes in "the lesson of the Cavendish Laboratory," the famous British research establishment "where a few bright people outinvented the world for a long period of time. And they did this literally with wires and chewing gum. There, the people motivated each other. In a small company, there is that same kind of drive for success. Whether the drive is motivated by the scientific people like it was at Cavendish, or by the desire to make a buck, I think that's all incidental."

Siegel's own motivation includes but also transcends the desire to make money. He is already a millionaire from a previous venture in high technology, so he can afford to indulge in some philosophy, too. A noted physicist says that Siegel "has developed a Jehovah complex over laser fusion." Siegel speaks intensely and persuasively about laser fusion as a new source of potentially unlimited energy, at once freeing the U.S. from its dependence on imported oil and cooling the inflationary fever too.

USING NEUTRONS TO FILL PIPELINES

A boldly innovative aspect of the KMS approach is the idea of utilizing fusion neutrons not to produce electricity, as almost everyone else in fusion research wants to do, but to produce methane, the principal ingredient in natural gas. The neutrons would be used to break down water molecules into their constituent elements, hydrogen and oxygen. The hydrogen would be converted into methane, which would be put straight into pipelines.

This novel idea evokes admiration on the part of some of the experts who have talked about a "hydrogen economy," in which hydrogen (produced by electrolysis) would be substituted for natural gas. Because hydrogen is so volatile, that transformation would be complex and costly, requiring extensive changeover in distribution lines, storage facilities, pumping stations, household appliances, and other hardware. The alternative "methane economy" that Siegel is preaching would supplement our supplies of natural gas (which is more than 80 percent methane) while leaving pipelines, pumps, and appliances intact. To prove out the process, KMS Fusion is already producing hydrogen "by the thimbleful and bucketful," as Siegel puts it, with neutrons from conventional generators.

Since fusion can generate more energy per pound of fuel than any other reaction, the use of fusion neutrons to produce hydrogen could be an inexpensive and highly efficient process. The lack of cheap hydrogen has been an impediment to economic coal gasification. With cheap fusion-generated hydrogen, it would be possible to produce methane cheaply and abundantly by making hydrogen react with coal or with carbon derived from limestone. "If it works," says the chairman of a pipeline company that supports research at KMS Fusion, "it will be like the invention of the electric light."

Siegel and his associates figure that by taking the shortcut from pellet to pipeline, their company could cut years from the development of economic fusion power. The design of a methane generator would be simpler than that of an electricity-generating fusion plant. Scientists at KMS Fusion talk about having a pilot methane generator operating about five years from now if the company gets enough financial and technical help from the government and from larger companies.

Most researchers at the AEC and at universities consider such optimism nothing short of reckless. Although they admire the technical achievements at KMS Fusion, these experts, almost to a man, don't see a demonstration power reactor until the mid-1990's.

STEEP HEIGHTS TO BE SCALED

Crucial tests to settle the issue may be performed in the next few months, or at the most in the next few years. Ignition will be a critical step. After that must come "scientific breakeven," where the flux of energetic neutrons and alpha particles from the fusion process equals the energy in the laser beam applied on the pellet. Another steep height to be scaled will be "total breakeven," or "engineering breakeven," where the energy produced by the pellet exceeds the energy put into the overall system that powers the laser. After that comes the tough engineering task of developing the fusion reactor.

So far, KMS Fusion has invested $19 million in laser fusion. Some outsiders doubt the company's ability to last out what they view as a long and arduous race. Siegel, who puts the cost of a methane pilot plant at about $85 million, readily concedes the possibility of having to drop out. "You are not talking to a corporation whose future is assured," he says, "and as chief executive I have told that to my shareholders."

A TOUCH OF THE GAMBLER

The answer to the question of what such a small company is doing in such an expensive and demanding field involves the ambitions and dreams of "Kip" Siegel. He is a man of huge girth and huge ego, energized by a pressing need to be liked, praised, and appreciated. An expert on electromagnetic theory and a former University of Michigan professor, Siegel has long cherished the dream of building a major corporation. He made at least $4 million from his previous venture, Conductron Corp. He has faced skepticism before. While running Conductron, for instance, he proposed a technique to make U.S. missile nose cones less vulnerable to enemy radar. Some scientists said it couldn't be done, but Siegel went ahead and proved it could.

Siegel is something of a gambler. He is part owner of a stable of trotters and likes to watch his horses run. What gamble, if it pays off, would pay more than a bet on a solution to the energy predicament? His bet on laser fusion is a big one. He has been selling off divisions of KMS Industries, the parent company, to keep KMS Fusion going, and has put in about $3 million of his own as well.

Siegel had no intention of getting into laser fusion when he started KMS Industries in 1967. Conductron, a profitable electronics company, had been absorbed into McDonnell Aircraft Corp., and Siegel had resigned after a disagreement with Chairman James S. McDonnell. Rebounding with amazing speed, Siegel took only a week to found KMS Industries. He assembled a pool of scientists—many followed him from Conductron—and began installing them in old, experienced, but technically backward companies that he acquired with KMS stock. His idea was to invigorate these companies with new technological skills and new products to be marketed through their established sales channels.

KMS Industries reached sales of $12.2 million in its first year, and leaped to $51.7 million in its second, partly thanks to acquisitions. During 1967–69, KMC Industries acquired no less than forty-six companies. Then, in late 1969, Siegel discovered laser fusion.

NEEDED: A NEW IDEA

The concept that KMS Fusion has used so successfully was worked out by Keith A. Brueckner, an imaginative theoretical physicist. Starting in 1968, Brueckner divided his time between the University of California at San Diego and a KMS subsidiary in southern California. He also spent about eight days a year as a consultant to the AEC's magnetic-confinement program.

In the course of his work for the AEC, Brueckner could observe the high interest in laser fusion in the Soviet Union and elsewhere. He tried to prod the AEC into starting an active program and even presided over a meeting to discuss the subject. But laser fusion got a cool reception because the AEC scientists at the meeting believed, among other things, that very large and much more efficient lasers would be needed to achieve success.

Brueckner then asked Siegel what it would take for KMS to underwrite a fusion project. "A new idea," Siegel said. Not long afterward, Brueckner came up with one. He worked out a compression and implosion scheme that by his calculations would require far less laser power than the AEC calculations suggested.

Siegel and Brueckner approached the AEC. From their understanding of the Atomic Energy Act, they assumed that Brueckner's results would not be patentable. Accordingly, they were surprised when the AEC's research director urged them to file patents.

It turned out, however, that a number of AEC scientists had secretly worked on implosion schemes on and off since the late 1950's. The news of KMS's entry into laser fusion therefore raised a lot of eyebrows in Livermore and other AEC labs. The AEC had no patents in the field because it had considered laser fusion to be related to weapons development. Yet here was a private company applying for patents that touched on the AEC's own secret work aimed at a potential use of the laser as an H-bomb trigger. (Even today, that concept remains impractical. A laser big enough to trigger an H-bomb would cost perhaps $10 million, and it would have to be transported by ship. Says Brueckner, "You could do more damage by dropping the laser than by dropping the bomb.")

BATTLING ATOMIC BUREAUCRATS

Brueckner and KMS got caught in the whiplash. The commission got tough and directed KMS to stop laser-fusion research, on the ground that the work related to nuclear weapons. The AEC conceded that it couldn't stop Brueckner from thinking, but instructed him to stop discussing the ideas with his coworkers. He was also prohibited from doing any calculations relating to laser fusion, except in his head.

The AEC tried to talk KMS into quitting the field, but Siegel decided to fight. He hired lawyers and even wrote a letter to President Nixon. Slowly, the AEC eased its restrictions. In February, 1971, the commission gave KMS a contract that allowed the company to work in laser fusion without government funds, without access to government information, but under government control. The AEC also reserved the right to contest any patents issued to KMS.

The toughest provision prohibited KMS from hiring any scientist, technician, or engineer who had ever worked in federal laser or nuclear-weapons programs. The AEC interpreted this provision literally. KMS officials recall that once when they submitted a list of fifteen proposed employees, the agency turned down thirteen; it approved only the two secretaries on the list. This kind of thing effectively limited hiring to people with no experience in the field.

To provide leadership for Siegel's scientists, Brueckner took a leave of absence from his teaching post. Late in 1971, he and five other scientists from the KMS subsidiary in California moved to Ann Arbor. To further strengthen newly organized KMS Fusion, Inc., Siegel had brought in Henry J. Gomberg, an experienced nuclear scientist, as president of the enterprise. Toward the end of 1971, Gomberg succeeded in convincing James Schlesinger, who had just become AEC chairman, to make a new interpretation of the contract with KMS so that the company could hire scientists and technicians who had left AEC or defense jobs at least two years earlier. That greatly eased the recruiting difficulties.

Delayed in its schedule for about two years, KMS was able to begin large-scale work only in 1971. For about $1 million it bought from Compagnie Générale d'Electricité in France the biggest and most powerful laser system that was commercially available. Made of glass containing a touch of the element neodymium, the laser was so large it could be flown to New York only in a Boeing 747 cargo plane. It was then shipped to Ann Arbor in specially equipped vans.

TRICKS WITH MIRRORS

In efforts to achieve symmetrical compression of the fuel pellet, most laser-fusion projects split the laser beam into a large number of sub-beams and have them converge on the target from many directions. But this approach introduces the difficult problem of synchronizing and focusing the beams so that they will all hit a target the size of a grain of dust in the same billionth or trillionth of a second.

Under pressure to minimize costs, KMS took a quite different approach: splitting the laser beam only once, and using mirrors and lenses to illuminate the pellet from many directions. This was a much more elegant solution than the multiple-beam approach.

Another important advance was the "pulse stacker." With this instrument, the ultrashort laser pulse can be stretched, accordion-like, so that when the pulse hits the pellet the pressure is applied in a graduated way. Without a "pulse stacker," the laser's short blast would hit the pellet like a hammer.

KMS also started developing new types of fuel pellets and learning how to mass-produce them. This was no easy task since it involves extremely close tolerances and the use of radioactive tritium gas. The deuterium and tritium are diffused into the tiny glass spheres by heating under pressure; the gas becomes trapped inside when the pellets are cooled. KMS has mastered the process to such an extent that it can mass-produce the pellets for less than a hundredth of a cent apiece.

CANNIBALIZING A COMPANY

Even with innovative and successful efforts to hold down on costs, fusion research is very expensive. What's more, Siegel moved into fusion at a time when KMS Industries was already facing financial stress. The trouble came in an avalanche. First, the 1969 recession. KMS stock plunged from 73 a share to 12½. Then, early in 1970, the company was suddenly asked to repay $16.7 million to Detroit's Bank of the Commonwealth, which found itself in trouble, and a year later another $5 million to John Hancock Mutual Life Insurance Co., which had purchased a twenty-year debenture but now, wary of the fusion venture, wanted its money back.

To pay off the debts and get money for the fusion project, Siegel started selling off divisions. In many cases he tried to sell to previous owners, and often he succeeded. Graphic Services went back to its original owners for $1.7 million. So did the lens division, for $896,000. A few months later, Vail-Ballou, a book-manufacturing company, was sold to Maple Press for $4.8 million. The divisions went fast after that: two more in 1970, eight in 1971, five in 1972, two in 1973.

Today KMS Industries has only six divisions left, including fusion, and is seeking to dispose of most of the remaining non-fusion work. With most divisions gone, total sales have fallen from a high of $59 million in 1969 to $6 million in 1973; the stock declined to an all-time low of 1⅝ this year.

From the "cannibalizing," as Siegel calls it, the company took in $33 million. To get more funds for fusion research, Siegel tried to attract big companies as partners. In 1972, Texas Gas Transmission Corp., concerned over the possibility that its natural-gas pipelines would be only half full in 1980, decided to support KMS research into fusion-produced hydrogen. It has so far contributed about $1.6 million.

TOWARD THE MOST FOR THE BUCK

To help finance the fusion side of the work, Siegel succeeded in late 1973 in signing on Burmah Oil Co., Ltd., the huge British petroleum concern. Burmah has so far guaranteed bank loans of $12.5 million and has options to buy up to 20 percent of the company for up to $27.9 million.

With its own money and Burmah's guarantees, KMS Fusion constructed and equipped a "shooting gallery," where the rifle-like cracks of laser firings resound as the tiny pellets are blasted in a vacuum chamber at the rate of about ten shots a day.

Brueckner's calculations had looked so good that Siegel had expansively predicted that KMS would achieve scientific breakeven by December 31, 1973. But the technical problems turned out tougher than expected. By the end of 1973, KMS Fusion was still far from that goal, although it could report some slight compressions of the pellets, without generation of "true" fusion neutrons. (It is relatively easy to obtain "false" neutrons from the corona that forms around the fuel pellet.) The Russians were reporting similar results.

A major milestone in KMS Fusion's drive for what Siegel calls "the most neutrons for the buck" was reached at 4:30 p.m. last May 1. The pop of pellet shot No. 1036 had just echoed through the "shooting gallery" when Roy Johnson, a young physicist who supervises the experiments, tore off a Polaroid print from a recording camera and shouted somewhat hysterically: "We've got neutrons!"

CHAMPAGNE AND INCREDIBILITY

Other instruments were also indicating that the pellet had been compressed and imploded. If they were right, KMS scientists were the first in the world to see laser fusion taking place, though only on a tiny scale. Brueckner went out and returned with a case of champagne for the scientific crew.

Siegel telephoned the scientist he had recruited to be KMS Fusion's "test monitor": Novel Prize-winning physicist Robert Hofstadter of Stanford University. (He was then director of Stanford's big high-energy laboratory.) Hofstadter flew-in to observe additional tests. The experiment was successfully repeated four times before KMS reported the facts to the AEC, which reviews the company's progress and all its public statements about laser fusion.

The news, as released, met with a lot of incredulity. Part of the problem was that KMS was caught between the SEC, which requires immediate disclosure of important developments, and the AEC, which censored some important facts because of concern about security. Both criteria conflict with the scientific procedure of first presenting papers at meetings and publishing them in journals. Not until August did the AEC declassify the fact that KMS had been using a new kind of pellet, a glass sphere filled with hydrogen isotopes. One newspaper, not familiar with the AEC's role in the disclosures, even claimed that the AEC had questioned the use of the word "unambiguously"—which in fact the AEC had suggested—in the KMS news release. There were also other ill-informed press reports.

The skepticism generally faded after a large contingent of AEC scientists came to KMS for a briefing and after KMS scientists showed they could repeat the compressions easily. Says John Nuckolls of Livermore Lab, a leading theoretician: "These are the best laser-implosion experiments so far."

Continuing to scale up compressions and neutron yields, KMS recently achieved compressions of 250 times by volume and obtained seven million neutrons per shot. The company hopes to achieve ignition and scientific breakeven in the next year and a half.

In sunny Livermore, they proudly point to a big hole in the ground where a three-story building will rise to house that huge laser. AEC scientists there express doubt that KMS can move as fast as it says it can. "KMS," says Nuckolls, "has come out of the starting gate with a quarter horse in a mile race. The race has gone about a quarter of a mile so far and just watch the next quarter. I think they have about run their horse out. Now the longer-running horses can take over."

Nuckolls means that the KMS laser is not powerful enough for KMS to get much further, but he admits that he doesn't really know whether scientific breakeven can be achieved with a laser that size. It's a difficult time to be a theoretician in this fast-moving field, and KMS Fusion appears to be rewriting the theory. The AEC badly underestimated KMS when it blandly stated in 1971: "We do not foresee KMS proceeding at a pace in advance of our laboratories. We do not believe it will be possible for such a firm to compete with the vast experience and resources of our laboratories."

LIVING FROM MONTH TO MONTH

So far, KMS Fusion has proved the AEC wrong. But even if the company soon attains a net energy gain with its present laser, a number of tough engineering barriers stand in the way of a laser-fusion reactor. The laser would have to fire at pellets at a rate of as many as 6,000 times a minute. No such laser exists today, although there are prospects under development.

Another difficult task is designing reactor chamber walls that would withstand the constant battering by neutrons and alpha particles, and the mechanical strains of millions of consecutive pellet explosions, each amounting to several pounds of TNT. Siegel insists, however, that KMS has made significant progress in designing reactor walls for hydrogen production. He dismisses other scientists' doubts with an optimistic "What they think are hard problems aren't." In his view, the problems KMS faces are no longer scientific. "The major obstacle is me and my ability to raise money. I don't think it's science anymore. It's financial breakeven." Adds a KMS executive: "Everything is a cliff-hanger. We practically live from month to month."

Much more is at stake, of course, than the personal triumph or defeat of Keeve M. Siegel or any other sicentist. It is entirely possible that KMS Fusion will fail for lack of funds before it has had a chance to prove its concepts. "If Siegel and his scientists are right in the parameters they've set," says a friend, "then everybody will be the loser if the project is not pursued to a successful conclusion."

VIEWS AND ESTIMATES ON PENDING BUDGET REQUESTS—ARMED SERVICES COMMITTEE

Mr. STENNIS. Mr. President, the congessional budget act requires that views and estimates of standing committees on the pending budget requests be supplied to the Budget Committee by March 15 so that the concurrent budget resolution can be prepared. Acting for the Senate Armed Services Committee, I have complied with that requirement in a letter dated March 12, 1975.

I am today making that letter available to the press, and I ask unanimous consent that it be printed in the RECORD so that it will be easily available to all Senators.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NEWS RELEASE BY SENATOR JOHN C. STENNIS

Chairman John C. Stennis, of the Senate Armed Services Committee, said today that "some very hard policy choices would have to be made before any drastic reductions could be achieved" in this year's defense authorization requests.

Senator Stennis made the statement in releasing a letter to Senator Edmund S. Muskie, D-Me., Chairman of the Senate Budget Committee. The new Congressional Budget Act requires that standing committees make recommendations by March 15th for inclusion in a concurrent budget resolution which is to be enacted by May 15th.

With hearings still in process on Administration defense requests, Senator Stennis said, any judgment now on reductions would be "premature." He recommended inclusion of the Administration budget requests—$107.7 billion in budget authority and $94 billion in outlays—in the resolution for the category, national defense.

Each year this Committee has made substantial reductions in the Defense Authorization request. Between FY 1970 and FY 1975, the Committee cut a total of $10.0 billion from the Procurement and R&D fund request. In addition, some $2.6 billion in annual savings would be attributable to the reductions of 261,700 military and civilian personnel that were recommended by the Committee beginning in FY 1972. However, because of the uncertainty in the international military situation some very hard policy choices would have to be made before any drastic reductions could be achieved this year," Senator Stennis said.

His letter made these further comments: "Despite detente, real, substantial and potentially hostile military capability exists throughout the world, particularly in the Soviet Union. We simply don't know the real intention of the people who possess this large military power."

"The U.S. still remains secure and remains the most powerful country in the world. However, over the last 10 years the balance has been slowly but perceptibly shifting. While the Soviet Union has gradually increased its defense spending as well as its military manpower and equipment, the U.S. has gradually reduced its real defense spending and the amount of its military manpower and equipment."

"The Defense budget request is large—over $100 billion. However, because of inflation, increased personnel costs, and increased sophistication of weapons, it is buying less than 10 years ago. Since 1967, a series of increases in pay and benefits for military and civilian personnel have more than doubled the average cost per man."

Senator Stennis concluded by suggesting that the timing of the new Budget Act may force Congress to choose between setting overall budget ceilings or deciding which budget programs are needed.

"We should not have to make this choice," Senator Stennis said. He noted that the Armed Services Committee is required to report its Military Procurement Authorization Bill by May 15th—the final date for enactment of the concurrent budget resolution.

Congress may not have the time or the machinery to resolve the differences involved, Senator Stennis said, and may face a choice between an overall budget ceiling and a group of programs which ignore the ceiling.

"This was certainly not what I envisioned when this Congressional budget act was passed," Senator Stennis said.

The text of the letter from Senator Stennis to Senator Muskie:

MARCH 12, 1975.

Hon. EDMUND S. MUSKIE,
Chairman, Budget Committee,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter, which provides our views and estimates on the national defense budget, is being provided as required by the Congressional Budget Act and requested in your letter of February 3, 1975.

As you know, the annual authorization process for the Department of Defense involves a comprehensive and detailed review by this Committee on the funds, manpower and line items requested for the Department of Defense. The Committee just received the Executive Budget recommendations on February 3 and has held hearings from February 5 to the present time. We have only been able to cover about half of the many matters in this bill and none of those to a final conclusion. Therefore, it is premature to judge how many reductions can be made in this request.

At this time and for purposes of preparing the first concurrent budget resolution, we recommend using the Executive Branch FY 1976 request for the overall budget category called national defense. Accordingly, the figures for the defense category would be:

[In billions]

Budget authority	$107.7
Outlays	94.0

These figures include the amounts for the Department of Defense military budget, the military construction budget, military assistance to Vietnam and to other countries and other activities related to national defense. They also include the assumption that military, civilian and retired pay increases in FY 1976 will be held down to 5% and that the oil import tax does *not* require increased Defense expenditures for oil. If these policy assumptions do not stand, it could add $3.0–$3.5 billion to the Defense budget request.

Each year this Committee has made substantial reductions in the Defense Authorization request. Between FY 1970 and FY 1975, the Committee cut a total of $10.0 billion from the Procurement and R&D fund request. In addition, some $2.6 billion in annual savings would be attributable to the reductions of 261,700 military and civilian personnel that were recommended by the Committee beginning in FY 1972. However, because of the uncertainty in the international military situation some very hard policy choices would have to be made before any drastic reductions could be achieved this year.

Internationally, the world continues to be marked by military tension and, in some cases, open conflict. The Middle East, Southeast Asia, the border between Eastern and Western Europe and the border between North and South Korea in varying degree represent potential opportunities for adverse action against U.S. interests. Despite detente, real, substantial and potentially hostile military capability exists throughout the world, particularly in the Soviet Union. We simply don't know the real intention of the people who possess this large military power. We cannot foresee if and when others would use military power to threaten important U.S. interests—some whose character is known (e.g., the security of energy supplies) and others which are presently unknown. We do know, however, that they possess the military power to do so. In this situation the U.S. simply cannot reduce its military strength to a level that would create unacceptable risks to our vital interests.

The U.S. still remains secure and remains the most powerful country in the world. However, over the last 10 years the balance has been slowly but perceptibly shifting. While the Soviet Union has gradually increased its defense spending as well as its military manpower and equipment, the U.S. has gradually reduced its real defense spending and the amount of its military manpower and equipment. In that period the Soviet Union increased its military manpower by some 750,000, while the United States reducted its military manpower by some 585,000. The U.S.S.R. retained about the same number of major combatant ships and submarines, while the U.S. reduced these kinds of ships by one-third. Similarly, the number of Soviet tactical aircraft remained level while the U.S. number declined 17 percent. Thus over the long run the quantitative military potential of the Soviet Union has been increasing relative to that of the U.S. and has substantially narrowed the clear margin the U.S. had 10 years ago. If this trend sharply speeds up or continues for a long time, our ability to influence the course of world affairs will be diminished. This could lead to a substantal threat to our national interests and to world peace.

The Defense budget requests is large—over $100 billion. However, because of inflation, increased personnel costs, and increased sophistication of weapons, it is buying less than 10 years ago. Since 1967, a series of increases in pay and benefits for military and civilian personnel have more than doubled the average cost per man. These raises, which were intended to make military and civilian pay comparable to the civilian economy and to achieve the all volunteer force, account for about 85% of the difference between the FY 1964 and FY 1974 defense budgets. With 600,000 fewer military and civilian personnel it cost $54.4 billion to operate the Defense Department in FY 1974, an increase of $26.4 billion, or 93%, in 10 years.

In the same period, research, procurement and construction costs increased $1.4 billion to $24.0 billion. This 6% increase is much less that the 85% that inflation increased the price of purchases in this period. As a result, fewer weapons can be brought. In FY 1976, the Defense Department request includes money to buy 271 fighter attack aircraft, compared to 583 in FY 1975. It includes 50 ballistic missiles compared to 454 in FY 1965; 2 nuclear attack submarines compared with 6 in 1965; 11 destroyers compared with 16 in FY 1965; 138 helicopters compared with 1226 in FY 1965; and no transport aircraft compared with 84 in FY 1965. These figures clearly show that while today's defense budget includes a large amount of money, it will not buy the same amounts of military equipment that we have bought in the past. .

I would like to make one final comment on the budget process established by the Congressional Budget Act. Although we are now just getting into the "dry run" this year, the timing in the Congressional Budget Act may force Congress to choose between establishing figures on the overall Federal budget and determining which specific programs within the overall figure are best for the country. We should not have to make this choice. In the long run, some of those specific programs may be more important than the precise overall Federal budget figure for one year. Under the Budget Act, the Defense Authorization Bill must be reported to the Senate by May 15th. May 15th is also the date the first concurrent resolution on the budget must be enacted. If there are major differences between the defense authorizations reported to the Senate and defense budget figure contained in the concurrent budget resolution, Congress may not have the time or machinery to reconcile the differences. Since major differences would likely involve substantive policy issues, Congress might be faced with either an overall budget ceiling approach which, by its nature, puts the substantive policy decisions in the Executive Branch or choosing to ignore the budget figures. That was certainly not what I envisioned when this Congressional Budget Act was passed.

Sincerely,

JOHN C. STENNIS.

THE CIA WAS DOING ITS JOB

Mr. GOLDWATER. Mr. President, the Washington Star has an editorial in this evening's newspaper that comes as a fresh breeze on this first day of spring. It defends the CIA and its retrieval of the Soviet submarine. Imagine the courage of this fine newspaper, defending an action of one of the most important agencies of our Government, an action which will prove to be the most important gathering of intelligence in this Nation's history, a defense coming in the teeth of a general kneejerk reaction by the fuzzy brained Members of Congress, other news media, and the general collection of those who would rather see this country suffer than do one little thing which might offend the Soviet Bear. I say to the Star: Thank you for your well-expressed attitude and may you keep at it.

I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE CIA WAS DOING ITS JOB

There are two major points to make in the case of the sunken Russian submarine that the Central Intelligence Agency tried to recover: First, the CIA was doing its job; second, the chances of keeping anything secret in the interests of national security are getting more remote every day.

It has become fashionable to kick the CIA around; and investigations into it and other intelligence-gathering agencies have sprouted thicker than spring crocuses. We have no quarrel with attempts to determine whether the CIA has over-stepped its bounds on domestic spying, nor with reining it in if it has—so long as the matter is handled in such a way as not to destroy the agency and its vitally needed functions in the process.

This is not a marshmallow world. Anyone who thinks the United States can lower its guard and dismantle its intelligence-gathering apparatus is living in dreamland. Soviet leaders and the KGB no doubt are rubbing their hands in glee over the public fix the CIA has gotten into.

The sunken sub case has given the CIA's critics some more ammunition. Boys playing at cops and robbers, it was a waste of money; whatever information that might have been gleaned from the Russian submarine would have been of minimal value, they say. All of a sudden everyone has become an intelligence expert.

We regard "Project Jennifer," as the submarine operation was known in official circles, as a tremendous feat. It was an extraordinary accomplishment for U.S. intelligence forces to pinpoint the location of the sub that even its owners couldn't find, and then to devise and have built a vessel with the capability of raising the sunken hulk out of 17,000 feet of water—and to pull it off apparently without the Russians knowing what was going on. That the submarine broke up and the important section sank back to the bottom certainly was a disappointment but it doesn't detract from the value of the project.

The significant thing that ought to be remembered is that the CIA was doing exactly what it was supposed to be doing: gathering foreign intelligence. It wasn't shadowing U.S. dissidents around Washington or New York; it was out on the high seas performing a function that was legitimate and potentially of high intelligence value.

Fear has been expressed in some quarters that it will harm the move toward detente with the Soviet Union and queer efforts to reach agreement on strategic arms limitations. That is absurd. Who believes for a minute that the Soviet Union would not do the same thing if it had the opportunity? If detente is so shaky as to be thrown off course by this, it was never going anywhere in the first place.

This brings us to our second point. If there are diplomatic repercussions, they can be put down to the publicity about the operation, not to the operation itself. The Soviets understand espionage and the need to keep it from public view. If they complain in this case, it will be because they feel that public exposure of the sub-raising operation somehow has made them appear inept or has challenged their national manhood.

If secrecy on this kind of operation is not in the national interest, what is? CIA officials are reported to have made strenuous efforts to keep the operation from being printed or broadcast by the U.S. news media, but to no avail.

What has been gained by spreading this over the airwaves and across the front pages of the nation's newspapers? Sure, it was interesting reading. Sure, someone gets to claim he was first to blab it to the public. Well, first is not always best—and especially it is not best when the national interest is involved.

FOOD FOR PEACE

Mr. CLARK. Mr. President, although the Food for Peace program began 21 years ago, it only recently has been the subject of close congressional attention—as world food shortages have forced everyone to focus on all areas of our agricultural policy. In an excellent five-part series in the Washington Post, Dan Morgan considers the program's purpose and potential. Morgan explains how "Food for Peace develops markets, expands trade, and when necessary, drives out a competitor." His articles go on to demonstrate how "Food for Peace has often served as a tool in the foreign policy of the Department of Agriculture." The questions raised in each article in the series are not new. The analysis, however, forcefully suggests that the old answers are too old for the times and the fundamental problems with the operation and intention of Food for Peace require review and solution.

The very purpose of food assistance is at issue. What is the goal of Food for Peace? Should Food for Peace—Public Law 480—be an instrument of foreign policy or should it simply get food to hungry people whoever they are, wherever they live.

Congress will be considering those questions in the weeks ahead, and the Post series provides background and information that will prove very valuable in that process.

I request unanimous consent to have the series of articles by Dan Morgan printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

BYZANTINE WORLD OF CARGO CONTRACTS

(By Dan Morgan)

Washington, a city where vessels larger than the President's yacht are seldom sighted, is one of the nation's main centers of shipping business activity.

Congress holds a life-and-death power over the subsidized American shipping companies here, trade and aid decisions are made here and millions of tons of cargo generated by federal programs are divided up by shipping companies here.

The U.S. Food for Peace program is expected to provide at least $250 million in ocean freight fees this year. And the chance to reap a profit is what draws the shipping crowd to Washington, to mingle with diplomats and court ambassadors, lobby members of Congress and argue with bureaucrats.

The food aid business in Washington spawns intrigue, rivalries and a cast of characters which sometimes seems to be drawn from an Agatha Christie mystery novel.

The shipping business is one facet of American food aid—a 21-year-old $24.5 billion undertaking that has been used to promote the State Department's foreign policy and open new agricultural markets abroad, in addition to its role in fighting hunger overseas.

It involves dozens of shipping brokers, who may be here today, in San Francisco tomorrow and in Europe the day after; broker commissions that can net tens of thousands of dollars; mysterious foreign shipowners; Bermuda-based corporations; foreign bank accounts; reports of kickbacks to diplomats, and even frequent rumors that the Central Intelligence Agency is involved in the ocean transportation business.

The choice of which shipping lines get the subsidized cargoes is anything but automatic. It can hinge on countless small decisions by a myriad of little-known people who comprise the players in a game with multimillion-dollar stakes.

According to a report prepared by Rep. Otto E. Passman (D-La.), "Many millions of dollars in commissions are paid in such a way that they are not subject to U.S. income tax laws."

Some of the money winds up in Hong Kong bank accounts, the congressman said.

Passman, chairman of the House Appropriations Subcommittee on Foreign Operations, claims that 'a large percentage of the cargo moving to recipient nations is moving under contracts handled by foreign nationals who either own or control the management of the freight brokers."

He said he got his information about alleged tax-dodging and questionable "self-dealing" practices of brokers from government witnesses, but he was unable to say which witnesses had so testified.

Several brokers, asked about the statements, said that virtually all of them operating here are American citizens, though many were born overseas.

However, several of them, who asked not to be identified, said they have heard that "cost-of-doing-business payments," or kickbacks, to diplomats here or governments abroad often were required to win Food for Peace business for shipowners or operators.

Privately, several of them accused Passman of personally meddling in the ocean shipping program by getting South Vietnam, and, more recently Bangladesh, to hire American shipping agents.

Such charges and countercharges are endemic in the fiercely competitive world of the Food for Peace cargo business.

To keep the costly-to-operate American ships at sea, the government grants the U.S. shipping industry a bewildering array of subsidies. One of the most important benefits American companies get is an assurance that the government will give them preference in assigning cargoes.

The direct benefits of this provision of Food for Peace are evident.

Over $1 billion worth of commodities will be shipped abroad this year in hundreds of vessels under the auspices of the program's low-interest, long-term loans. The U.S. government finances the buying of the agricultural commodities. But the foreign governments, except for Cambodia, pay the transportation costs.

The law says that at least half those cargoes must travel in American flag vessels.

The U.S. government pays the additional ocean transportation costs that importing governments pay because of this requirement. Between 1970 and 1974, these "differential" payments amounted to $229 million.

From 1970 through 1973, U.S. flag ships hauled 12.9 million tons of Food for Peace commodities. They also transported 9.5 million tons of fertilizer and technical aid of the foreign assistance program, and hauled military equipment for the Pentagon.

According to Hans Blocklin of Lykes

Brothers Steamship Lines—the largest American shipping company—"We could sustain a regular service without it [Food for Peace], but we probably couldn't call at as many ports. There's no question that [Food for Peace] is important."

One indication of that is that Lykes carried 29 of the 32 shipments of upland cotton transferred under Food for Peace to Indonesia in the last 18 months.

In cases like that, the government-financed freight can serve as a basic cargo, justifying a ship's service to a remote port.

The Pacific Far East Line, which was acquired last year by John Alioto, son of Mayor Joseph L. Alioto of San Francisco, fills almost 20 per cent of its cargo orders with rice, wheat and cotton of the Food for Peace program.

Alioto, an aggressive businessman, called Washington in January when he learned that one of his vessels might be edged out of carrying Food for Peace rice to South Korea by bureaucrats at the Agriculture Department.

At Alioto's request, a representative of his line helped set up an emergency meeting Jan. 15 in the office of Rep. Robert L. Leggett (D-Calif.), a member of the House Merchant Marine and Fisheries Committee.

Present were shipping people, rice people, brokers and bureaucrats.

Basically, the officials from the Agriculture Department were not happy with the decision of South Korea's supply agents in New York City to take all of some 60,000 metric tons of Food for Peace rice from the West Coast.

They felt a case could be made that it would be cheaper for the Koreans to buy at least some Gulf Coast rice and haul it from there, given the rather low ocean transportation rates prevailing then in the gulf.

After some debate, during which the West Coast rice and shipping interests challenged the Agriculture Department's arithmetic, there was a compromise.

It was agreed that about 10,000 tons of rice would be shipped from the gulf. The rest would be taken from the West Coast, with the Pacific Far East Line's China Bear carrying 8,000 tons, the Madsen Line's Koppa another 21,671 tons and Korean vessels the rest.

If the Food for Peace business is good for American operators, it is also valuable to certain foreign shipowners as well.

Nearly half the tonnage carried goes on ships not flying the American flag.

One foreign ship operator, Abbas Gokal, was described by a Washington broker as "coming out of nowhere in just three years."

Gokal, a Syrian-born Pakistani, is reported by reliable sources to have backing from an Abu Dhabi Bank in London in expanding his operations.

Foreign flag ships owned or operated by Gokal's Gulf Shipping Co. or various other companies run by him have run up a remarkable record in winning Food for Peace contracts to carry freight to Pakistan and Bangladesh.

Saeed M. Sheikh of Star Trading and Marine, Inc., which represents Gulf Shipping in Washington, estimates that his agency has placed a million tons of food and economic assistance cargoes to those two countries in recent months, about 90 per cent of the foreign flag vessels.

Alioto said the Department of Agriculture allows foreign governments to select Gokal's ships "Even when American ships are in position."

The department reviews all shipping awards and has overall responsibility for making sure the American-financed commodities arrive safely.

Yet the department does not have a single licensed merchant marine officer or employee with commercial shipping experience assigned to the ocean transportation division.

The division's director retired in mid-February, at a time when department auditors were investigating the program.

At least one lawsuit alleging mismanagement is pending against the department. A New York City shipowner claims his vessel departed from a gulf port without a Food for Peace cargo because of the department's inefficiency.

The broker system has grown up because shipowners normally rely on private brokers to find cargoes for them, and because governments and most embassies don't have the technical expertise, communications facilities or knowledge of ships, ports, markets and prices to perform the service. The commissions are paid by the shipowners. Indirectly, they are a cost of running the Food for Peace program.

The private broker who represents the most foreign governments is Harry J. Smith Jr., president of St. John International, Inc., with offices at 1666 K. St. NW., and in New York, Brussels, and Kinshasa, Zaire.

His competitors concede that Smith has had a "phenomenal track record" in getting accounts. His firm represents South Vietnam, Bangladesh, the Philippines, Ghana, Guinea, Jamaica and Bolivia. Previously, it represented Cambodia, Zaire and the United Nations' World Food Program.

Smith, an urbane, restless man, alumnus of Georgetown University and former lecturer on ocean transportation there, credited his success to chance and hard work. In 1965, he registered as a lobbyist for the American Log Exporters.

Smith is a strong defender of the broker system.

He said shipowners "would love to see embassies standing naked with fluttering hands, but as long as the agent is there that is not going to happen."

He says that he "aggressively" seeks accounts with embassies. It is a cutthroat business, requiring legwork and some mingling in the diplomatic cocktail circuit to get a start, he said. When Cambodia changed ambassadors several years ago, St. John lost the agency to Joseph Harari's American Trade Sales, Inc., in New York City.

Present shifts in the emphasis in the Food for Peace program from the Far East to South Asia have intensified rivalries among brokers and shipowners.

"Food for Peace is running hot in the Bay of Bengal," was how one broker put it.

On Feb. 1, Smith's firm took over the account of Bangladesh on a six-month trial, after guaranteeing to save the embassy money in its ocean transportation. Until then the embassy had done its own chartering.

Smith's Bangladesh coup prompted four competitors to send an open letter to the Dacca English language newspaper "Holiday" charging that the "exclusive" arrangement with St. John would cost the Bangladesh foreign exchange. St. John International fired off a letter to Holiday claiming that a few shipowners monopolized the business to Bangladesh and that St. John's assistance would save the Dacca regime money.

St. John's Bangladesh success received an indirect nudge from Passman on Capitol Hill. While St. John's application was at the embassy, Passman urged Ambassador Hossain M. Ali to obtain the services of an American freight agent.

Passman said he never mentioned any company and had met Smith briefly only once in his life.

"It is my belief that there should be a firm policy that all cargo under economic assistance or Food for Peace should have an American freight broker," he said. Otherwise foreigners might earn "juicy commissions," he said.

Passman also sought several years ago to get South Vietnam to move its commodity and freight procurement operations out of Saigon, where he said he was convinced that corruption was rife.

Since then, a Vietnam government procurement office has been opened in Washington. There was a scramble among Washington shipping brokers to represent it, and Smith won.

The broker system inevitably sparks charges of special relationships and favoritism in the relationship between shipowners, brokers and embassies.

Smith said he is very careful to keep shipowners at arms' length.

He scoffs at suggestions by competitors that he favors Central Gulf Steamship Corp. of New Orleans.

Two ultramodern Central Gulf ships were recently picked to haul 27,000 tons of rice to Bangladesh. Vessels of the same company, or of its associated, Bermuda-based foreign flag company, Mammoth Bulk Carriers, scored heavily last summer in winning government-financed cargoes of bagged urea fertilizer for South Vietnam.

"We like their style," Smith said. "We have supported them; they're responsible; they are the sharpest American shipping company, in my opinion."

John H. Maxwell, the new acting director of the Department of Agriculture's Ocean Transportation Division, said he is reviewing the overall system of tendering and awarding contracts for shipping.

There is a requirement that the bidding be competitive. But there is no rule that they must be opened publicly or that they have to be awarded to the low bidder at time of deadline. Many bids are submitted by telex and negotiation continues after the deadline.

Some brokers, like Smith, said this system is preferable because of the extreme complexity of matching cargoes with vessels—an art in which economic factors are often changing and the ships in competition are all different.

However, Lykes Brothers' Blocklin said that "publicly opened bids are the safest way to make sure that no advantage is taken."

"You are dealing with a business where there is always going to be backbiting," said a government official with shipping experience. "It is a business where only one person ends up happy; the owner who gets to carry the cargo."

Opening Markets

(By Dan Morgan)

The United States' eviction of the Soviet Union from the lucrative Iranian vegetable oil market in 1968 and 1969 was an American agricultural policy victory made possible by the Food for Peace program.

Throughout most of the 1960s, the U.S. Department of Agriculture regarded Iran as its domain in world oil seed trade.

Then, as retired department official Harry I. Dunkelberger recalled it, Iran "found there was such a thing as competitive prices." The Iranians bought lower-priced Soviet sunflower seed oil. By 1968, U.S. deliveries were down to 4,000 tons annually.

The department met the challenge by pouring in $19.5 million of low-interest, long-term loans under the Food for Peace Program. These credits enticed an Iranian bank and a private Iranian company to buy 83,000 tons of American soybean and cottonseed oil.

The Soviets soon dropped out of the market; the United States then asked Iran to pay cash for the vegetable oil.

The example illustrates how Public Law 480, better known as Food for Peace, has often served as a tool in the foreign policy of the Department of Agriculture.

Food for Peace develops markets, expands trade and, when necessary, drives out a competitor.

The phenomenal growth of this country's farm exports—from $2.3 billion in 1955 to $21 billion in 1974—is linked to Food for Peace. The program enabled the United States to satisfy two traditional national drives: helping the needy, and also opening new markets for American products.

It moved a mountain of U.S. farm surpluses overseas in the 1950s and 1960s. In the process, new tastes and diets evolved abroad that established a permanent market for this country's farm output.

Ronald Muller, co-author of "Global Reach," a work on multinational corporations, cites some aspects of P.L. 480 as textbook examples of what he calls "government-corporate interlock"—instances in which private and public interests are almost indistinguishable.

The best example is the little-known "private trade entity" (PTE) loans, relatively recent innovations. The U.S. government grants credits to American subsidiaries overseas to buy commodities in this country. The subsidiaries then use the proceeds of the resale of the commodities on the local economy to raise the currencies they need to function.

South Korean subsidiaries of Ralston-Purina, and the Cargill and Peavey grain companies, have received such Food for Peace credits to help establish highly successful poultry raising and animal feed operations.

A similar Food for Peace PTE loan for buying commodities in this country is aiding an American-Korean joint venture to build a grain silo at the port of Inchon.

The Soviet eviction from Iran's vegetable oil market was arranged under similar provisions of P.L. 480.

Soon after that success, the Agriculture Department used P.L. 480 wheat-buying credits to pull another coup in Iran. The credits undercut Australian wheat exporters. Department sources allege that the Australians used kickbacks and rebates to corner the wheat trade with Iran, so that the P.L. 480 response was justified.

Between 1959 and 1971, Public Law 480 also directly subsidized a number of private American and foreign businesses overseas, through the Cooley loan program, named after the late Rep. Harold D. Cooley of North Carolina. The U.S. government loaned 420 businesses a total of $415 million worth of local currencies collected by American embassies abroad as repayment of earlier American Food for Peace shipments. The Cooley loans made it possible for U.S. companies to start businesses abroad with little or no outlay of dollars.

The U.S. pharmaceutical industry received many such Cooley loans in South America. Well known companies such as a Ralston Purina, Sears Roebuck, and General Electric also are among the firms whose names appear frequently on the Cooley loan lists.

In South Korea, some Cooley loans went to the Chase Manhattan Bank, the First National City Bank, the Bank of America (all for "business development promotion"), as well as to a brewery and a mink ranch.

Official say the program stimulated substantial business activity, though very few of the Cooley credits were for projects or enterprises associated with agricultural development.

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Food for Peace also spurred a surging growth of American feed grains, mostly corn. U.S. feed grains now make up more than half the world trade, and may increase further if global tastes for grain-fed chicken, pork and beef spread further.

The Agriculture Department has promoted this development and subsidized poultry operations that require feed grains all over the world. A byproduct can be seen in the the Kentucky Fried Chicken emporiums in such far away places as Panama City.

An example of how Food for Peace has encouraged that trend are the private projects operated by subsidiaries of Purina, Cargill and Peavey in South Korea.

They were instrumental in founding that country's first modern poultry industry, which in turn gave the country "a good, low price source of protein," as an official said. It also established a national requirement for 500,000 tons annually of animal feed grains, where almost none had existed in 1965.

Robert P. Bratland, director of the private U.S. Wheat Associates office in Seoul, credits P.L. 480 with "getting the poultry industry started here, and also swine and dairy."

"Right now it is a very heavy burden to South Korea because of high prices and lack of foreign currency," he added. "If things improve, this market for U.S. grains could be great."

The P.L. 480 dollar credits to the three private companies totaled $12 million. They financed the importation of 193,000 metric tons of corn, some animal fat and wheat flour. The U.S. government's Commodity Credit Corporation also financed portions of the ocean freight. An Agriculture Department spokesman said the terms of the credits were "better than commercial rates."

The United States, on behalf of the companies, also sought and obtained other concessions from South Korea, including guarantees against restrictions of feed grain imports for three years and conversion of local proceeds into dollars so Washington could be repaid.

Meanwhile, proceeds from local sale of the corn and of processed feed grains were used by several of the ventures to establish egg-laying and broiler operations.

According to E. E. Hurst of Ralston Purina's International Division, "We wouldn't have put capital into that market without this arrangement . . . What it did for us was provide for a capital influx at a time when the market was very small . . . basically small farmers and primitive operations. A lot of people were trying to raise chickens, but the quality of the feed was bad. Basically what this did was to bring in a lot of U.S. companies."

According to a U.S. agricultural attache in Seoul, the private P.L. 480 deals have introduced a level of sophistication and technology not previously known. Other officials say they have benefited chicken farmers as well.

Less successful was another effort to use South Korea as a proving ground for American-style cattle raising.

The project involved airlifting 264 steers from Oklahoma in "the longest cattle drive in history," as a pamphlet of the U.S. Feed Grains Council described it. The council financed the effort in an attempt to expand the Asian country's grain-fed cattle industry.

Subsequently, the Seoul regime barred foreign exchange outlays for importing more of the cattle because of depleted government reserves. "As a result, [South Korea] was left with a feedlot facility and trained personnel but no readily available supply of feeder cattle," said the council's report.

That setback in expanding the market for American grains is minor compared with the overall success of the Agriculture Department in boosting cash exports, however.

Statisitcs indicate that Public Law 480 has been enormously successful as a "come on" for later cash deals.

In 1960, total commercial agricultural exports from the United States totaled $3.2 billion, compared with agricultural exports under the law of $1.2 billion.

In 1974, total commercial farm exports were $21 billion and Food for Peace exports were under $1 billion.

Yugoslavia, Brazil, Taiwan and Japan are examples of countries that have gone from heavy dependence on food aid to being all-cash customers.

In many cases, acceptance of food-buying credits requires a commitment to make a substantial commercial purchase.

Accepting credits this year, Egypt agreed to buy 2,144,000 tons of wheat from the United States and South Korea promised to purchase at least 150,000 tons of rice for cash.

In food aid idealistic concerns about malnutrition abroad and solid business rationales often dovetail.

An example of this is the activity of the American blended foods industry on behalf of increased humanitarian assistance to hungry nations this year.

The credits for food that the United States gives are mainly used by governments abroad to purchase bulk commodities such as wheat, corn and rice. These commodities are usually resold by the governments in cash markets and become available to the population for local currency.

By contrast, blended foods—one fortified with vitamins and high protein sources such as soy—are purchased directly by the U.S. government from American producers, and distributed abroad as part of this country's food giveaway program in some 93 countries.

The humanitarian cause and the market development rationale merge in the selling of these blended foods.

Herbert J. Waters, president of the Amercan Freedom from Hunger Foundation, which lobbied aggressively at the World Food Conference for increased American food aid, is also the Washington representative of Archer Daniel Midland Co., which manufactures wheat and soy blended products.

Waters testified before the Senate Agriculture Committee recently in favor of increasing the blended food component of Food for Peace.

Waters said that instead of providing just bulk commodities, the United States should send processed products, to support the industry here and keep jobs at home, rather than subsidizing processing industries abroad.

Dr. F. James Levinson, director of the International Nutritional Planning Program at the Massachusetts Institute of Technology, said blended food promoters were extremely active in India while he was there as a member of the AID mission. India is the No. 1 recipient of American free food.

He said "very active" corn industry lobbyists tried to prevent the Indian government from starting its own indigenous processed food-making program.

"The introduction of wheat soy blend was an effort (by AID) to appease the wheat people," he asserted. Partly as a result of similar lobbying, "Pakistan went from corn soy milk to wheat soy blend to whey soy beverage . . . you can imagine what kind of havoc this plays in running a feeding program.

Nutritionist Alan Berg wrote in his book, "The Nutrition Factor," that the U.S. government annually buys more than $30 million worth of corn soy milk, a high protein cereal.

The General Accounting Office, Congress' watchdog agency, says that since 1970 only two companies have supplied this commodity to the government.

Many independent experts consider blended foods excellent, though expensive, and would like to see them marketed much more widely all over the world. They also add that without Public Law 480, blended foods would not have made the inroads they have around the world.

According to Berg, however, the problem remains to "reconcile the demand for corporate profit with a product low enough in cost to reach the needy in large numbers."

High Rice Prices Probed

(By Dan Morgan)

American rice growers produced a record crop of 5.2 million tons last year. Only about half of it will be needed by millers, brewers and other rice consumers in the United States.

Yet rice prices have not declined substantially in supermarkets, or in the rice trade.

Some government agricultural specialists are convinced that the explanation for this seeming contradiction of the basic law of supply and demand is that influential friends of the rice industry in politics manipulate the prices through the Food for Peace program.

U.S. Department of Agriculture investigators have been quietly studying the relationship between profits and politics in this country's rice trade for some time.

Sen. Hubert H. Humphrey (D-Minn.), a member of the Senate Agriculture Committee, has demanded to know "what kind of monkey business is going on with these rice prices," and suggested that "somebody's taking us for a ride."

No sooner was it clear last fall that a large crop was in prospect than friends of the industry on Capitol Hill, such as Rep. Otto E. Passman (D.-La.), began pressuring government agencies to allocate more rice to the Food for Peace program.

As a result, 1 million tons—almost a fifth of the entire crop and nearly half of all anticipated exports—have been earmarked for the government-subsidized food aid program by an interagency group.

In December and January, Passman made a tour of rice-eating nations abroad and urged them to buy more rice for cash, while indicating that he could be helpful in getting the government to earmark food and under the low-interest, long-term loans of Food for Peace. One such country was Bangladesh.

At the same time, Richard T. Hanna, who retired from Congress in January, swung into action.

Hanna journeyed to Seoul to try to break a bureaucratic logjam that was delaying the shipment of 7,000 tons of Food for Peace rice to South Korea.

"I was in a position to go to the top of the bureaucracy, to the President and to the deputy prime minister, Nam. We're good friends," said Hanna, who won the nickname "the California rice salesman" among American diplomats during his Asian tours as a six-term Democratic congressman.

Hanna said that some Korean officials apparently believed American rice prices would decline if they waited. Soon after Hanna's mission, the rice transfer was approved. Hanna, whose district, covering Orange and Los Angeles Counties, grows no rice, went to work for George E. Koppel, Inc., of Long Beach, Calif., after leaving Congress. The company exports vegetables and bulk foods, including rice.

In some respects, the way the government handles its rice policy is a humanitarian's dream. In effect, a fifth of American rice is being grown for the food aid program.

However, there are several drawbacks.

Much of the food aid rice does not reach the hungriest people.

Since 1968, the main receivers of it have been relatively well-to-do Asian countries, or military client governments of the United States. Five countries—Cambodia, South Vietnam, South Korea, Indonesia, and the Philippines—received almost all the rice shipped under the program. Small amounts went to India, Liberia, Guinea, Ghana and Zaire.

The first shipment of 150,000 tons of Food for Peace rice to Bangladesh left only in February.

Sen. Mark Hatfield (R-Ore.) charged recently that most of the aid rice airlifted into Cambodia now goes to soldiers and civil servants, with less going to refugees.

Almost all the rice is transferred abroad under Food for Peace's dollar credits program. The United States gives loans to governments abroad on favorable credit terms, to buy the commodity in this country.

Rice industry officials speak of Food for Peace as a means of financing exports, to be used in combination with other methods such as straight commercial purchases.

Another anomaly of the rice aid is that a single company, the Connell Rice and Sugar Co. of Westfield, N.J., has had over $679 million worth of the export contracts under Food for Peace since 1968 out of a total of $1.3 billion, according to records at the Agriculture Department.

Grover Connell, the company president, attributes his success to aggressiveness, and to underbidding his competitors.

However, Agriculture Department officials say that Connell's superior capacity to hold large quanties of rice has made it possible for his firm to make sales at higher prices than smaller export operators.

When Cambodia procured 50,000 tons of Food for Peace rice in late January, Connell was able to win a contract to supply 23,296 tons while three of its competitors were offering the remainder at prices as much as $13 a ton lower.

In other words, higher-priced Connell rice was needed to complete the Cambodian order because other firms didn't have enough rice on hand.

A mystery man in the closely knit circle of big-time rice dealers is a wealthy American-educated South Korean now resident in Washington, Tong Sun Park.

Park is friendly both with Connell and with a number of members of Congress, including Passman and Hanna.

According to Connell, Park represented the New Jersey firm several years ago in Seoul, when the company was competing to provide rice under the Food for Peace credit program to Seoul.

Connell said Park was paid a "nominal" commission and has not represented the company since the South Korea government transferred its government purchasing operations to New York City.

Passman, who has known Park for a long time, describes the South Korean as a "fine negotiator."

In September, 1972, Park arranged a lavish banquet for Passman at the Sejong Hotel in Seoul during a visit by the congressman to South Korea.

On Passman's latest trip to South Korea in January, Park was booked into a $150-a-day suite adjoining Passman's in the Chosun Hotel in Seoul, The Washington Post's Don Oberdorfer reported. The hotel told Oberdorfer that the accommodations were arranged by Park's Miryang Navigation Co.

The shipping company, according to reliable sources, owns only a few South Korean vessels. The sources said Park also operates Japanese-owned vessels under the Korean flag for at least one major Japanese shipping company.

Park also runs the exclusive Georgetown Club on Wisconsin Avenue, where diplomats and shipping brokers—including some who vie to obtain contracts for transporting Public Law 480 rice—dine off pewter plates in dark-paneled elegance.

Several American businessmen acknowledged in response to questions that they have asked Park to do favors for them in South Korea, Park did not return any of the calls placed to him in connection with the preparation of this article.

The debate about the role of rice in the Food for Peace program has gone on between government agencies in Washington for some time, though it has not surfaced publicly.

A government economist who formerly worked on budget matters recalls that officials argued against allocating large quantities of foodaid rice to Indonesia on grounds that it was discouraging that country from realizing a vast potential for increasing its own rice output.

"It was always the same we would make this point, and then the rice people would come storming in and Indonesia would get its rice, it was very discouraging."

A former coordinator of the program, Irvin R. Hedges, maintains that the Food for Peace program was, in effect, setting the market price for the commodity during the four years he was running the food aid program.

He also maintained that Passman and others were bringing strong pressures to bear to get more rice put into the program.

"It was our government-financed purchases that were setting the price," Hedges said. In 1972, he said, he attempted to get the Office of Management and Budget to place a ceiling on the government-financed rice prices.

"We could have saved millions of dollars if we had announced a ceiling at which the government would finance. The government was making the market. A couple of companies got hold of the market and just gouged. The profits were going to two or three."

Herbert J. Waters, president of Tadco Enterprises, Inc., which buys commodities in this country for Jamaica, says that when "we knew there was a (Food for Peace) tender coming up on rice, we'd have to get out of the market."

Waters said soaring rice prices brought on by the demand created by Food for Peace financing forced Jamaica to turn to Guyana as the main supplier.

Connell strongly denies that there is any connection between the Food for Peace program and the market price of rice today.

He said only 400,000 tons of rice have been committed abroad through the program—not enough to hold prices up. "It's world demand for rice," said Connell. Trade sources confirm that cash demand from wealthy countries such as Saudi Arabia and Iran is strong. In money value, though, Food for Peace has already given the rice industry more than $200 million worth of contracts, only slightly less than the value of wheat shipments, with more to come.

Connell also noted that Jamaica has always looked to Guyana to supply most of its rice needs, and now has a trade agreement with that country.

Others say that food aid rice is not very price-competitive with commercially sold varieties because much of it consists of inferior "No. 5" grade with up to 20 per cent broken grains.

In defense, rice officials say that just as large a proportion of the American wheat crop was moved under Food for Peace in the 1960s. Also, they add, rice tends to be the poor man's food in Asian and South Asian countries, while wheat products are consumed by more affluent people.

James J. Naive of the Agriculture Department's Economic Research Service, however, says Food for Peace "very definitely" influences rice prices by adding to demand.

Many rice trade people acknowledge their dependence on the program, and say they feel very vulnerable to shifts in American foreign policy that could affect their fortunes.

The export trade is especially crucial to California growers because there is almost no domestic markup for short-grained California rice.

Gordon Dore, a Passman friend and president of the Supreme Rice Mill of Cronley, La., criticized congressional limitations on foreign aid to countries not seriously affected by food and fuel shortages—a list that includes such traditional rice recipients as South Korea, South Vietnam and Indonesia.

"This has really cut into us," he said.

Rice industry publications also make clear that Food for Peace allocations are our vital concern.

The Jan. 15 Washington Riceletter predicted high demand and continued good prices. But the Riceletter noted at the time that Congress's Food for Peace restrictions were "hurting exports."

IMPACT OF U.S. FOOD HEAVY ON S. KOREA

(By Dan Morgan and Don Oberdorfer)

South Korea is "the greatest success story worldwide" of the Food for Peace program "in terms of its contribution to the growth of that nation," according to Assistant Secretary of Agriculture Clayton K. Yeutter.

The program, also known as Public Law 480, has turned South Korea from a "zero" market for American farm products to a $700 million annual customer, one of the fastest-growing in Asia, Yeutter said.

Opinion is mixed on the value of the program to South Korea, however. Its effect on farmers, on agricultural productivity, on distribution of wealth and on the country's general economic development has been questioned by some economists.

Food for Peace's heavy impact on South Korea is undisputed by officials of both countries.

The program has changed the eating habits of an entire nation. Today, there are 7,000 bakeries in a country where there were almost no bread-eaters until food aid wheat was introduced in the 1950s. Koreans now even eat Italian-style noodles made from wheat flour.

American officials said transferring Public Law 480 commodities to South Korea freed foreign exchange for economic investment that otherwise would have been spent importing food. It helped the balance of payments and softened the impact of inflation, they maintain.

"It was a tremendous resource in days of low economic activity," said Michael H. B. Adler, mission director of the Agency for International Development in Seoul.

As more people had money, the introduction of American food helped prevent a spiral of heavy demand for food, too little of it and consequent inflation.

Fransis X. Carlin, director of Catholic Relief Services in Seoul, recalled that after the Korean War "the people wanted money but there wasn't any. There was food, though, from U.S. surpluses. The food was a form of payment."

South Korea has received more Food for Peace commodities than any other country in the world except India.

The value of those commodities is estimated at just under $2 billion. Of that, $500 million was free.

The United States also extended food aid loans to the Seoul government at extremely favorable terms, so it could buy nearly $1.5 billion worth of wheat, rice, corn, tobacco, cotton and other farm products here.

American officials estimate that South Koreans, on average, have each consumed $50 worth of U.S. food that came to their country as food aid—enough for each of them to buy nine bushels of wheat, two bushels of feed grains and 100 pounds of rice.

Nevertheless, Bernie Wideman, a Fulbright Fellow in Korea from 1971 to 1973, harshly criticized the program in a chapter of "Without Parallel."

He maintained that the program "allows the government to maintain its stranglehold on the country's grain supply."

He argued that the massive subsidized American imports of food reduced pressure on South Korean government to increase agricultural output in the countryside by offering peasants higher prices.

In 1974, South Korea imported 3 million tons of cereal grains, including rice, and may soon become a $1 billion market for the United States, said Agriculture Secretary Earl L. Butz. In 1970, it produced 81 per cent of its food grain needs, in 1973, 68 per cent.

By contrast, North Korea is nearly self-sufficient in cereal grains and may be exporting some, some officials said. North Korea has about the same amount of farmland. However, North Korea has half the population of the south and a very tough regime that can control consumption patterns, according to State Department officials.

The south's food deficits recently have had a serious impact on South Korea's balance of payments, as commodity prices doubled and tripled in world markets in 1973 and 1974, officials conceded.

As a result of cheap, government-subsidized rice available to consumers, South Koreans went on a "rice binge" in the last half dozen years.

An alarmed government is now trying to check this trend by requiring rice meals in restaurants to be mixed with 30 per cent barley or other grains, decreeing two riceless days a week in restaurants and ordering less polishing of rice in mills to leave more bulk.

These adjustments coincided with United States attempts to convert South Korea from a beneficiary of Food for Peace credits to a cash purchaser. The massive American food assistance program to South Korea actually ended temporarily, between mid-1973 and early this year, because of scarcity of commodities in the United States. Rice shipments under the program are now resuming.

The cutoff prompted top Korean government officials to write the Treasury Department and other Washington agencies, reminding them of a U.S. commitment to increase Public Law 480 sales by $175 million in return for Seoul's voluntarily restricting textile exports to this country.

United States officials conceded that the promise by Treasury Secretary David Kennedy in October, 1971, has weighed on relations between the two countries.

The impact of U.S. food aid on the economies of recipient countries has been a matter of debate for years.

During a two-month investigation of Public Law 480's operation by The Washington Post, officials named four countries where they believed the inflow of food had adversely affected domestic agricultural production. These were Colombia, Pakistan, Indonesia and South Korea.

Government economists are aware of the pitfalls of aid that is not carefully integrated with countries' development plans. Among these are disincentives to domestic food output diversion of agricultural resources to other economic sectors, and price disruptions.

Although the U.S. government has operated a massive program of loans to foreign governments for food buying in the United States for 21 years, studies of the impact have been few—and almost all by outsiders.

One of the most detailed studies, by Leonard Dudley of Canada's University of Montreal and Roger J. Sandilands of the University of Strathcyde in Scotland concluded that in one country—Colombia—the benefits were "positive" on balance. But they concluded that food-pricing policies induced by Public Law 480 imports caused Colombia to sacrifice the greater part of the potential benefits from this foreign aid program."

Between 1955 and 1971, Colombia imported 1,023,000 tons of wheat under the credit program. Dudley and Sandilands noted that Colombia's wheat production fell continuously in the 1960s until, by 1971, it was a third of peak levels in the 1950s.

"A large part of the 165,000 hectares that went out of wheat production could not be accounted for by any increases in other crops," they wrote in the January issue of Economic development and Cultural Change, published by the University of Chicago. Meanwhile, total imports rose sharply and imposed a "substantial strain" on Colombia's balance of payments, they concluded.

In 1965 the United Nations Economic and Social Council published a mildly critical report of the impact of American agricultural surpluses imported into South Korea under Public Law 480.

The report said that imports of U.S. farm surpluses influenced the prices of domestic farm products and maybe prices in general.

From 1960 on, South Korea's economic development strategy was based on building export-processing industries on the Japanese model. Light, and later heavy industry, using a fairly cheap work force, received the main emphasis.

Rice prices were kept low so labor costs were kept low. The government encouraged migrations from farms to cities to swell the labor force. That boosted urban rice consumption.

Outwardly, that presented no serious problems during years of very low world rice prices and generous American food aid credits.

However, a 1974 World Bank economic analysis noted a "sharp deterioration" in the position of farm families in comparison to city households between 1963 and 1967.

Lately, the government has sharply increased the rice support price to induce more rice production and to narrow the rural-urban gap, with some success.

Food aid critic Wideman maintained that the long-term, low-interest U.S. loans to South Korea for food buying were damaging, not helpful, in some respects.

He said the loans enabled the regime to hold down rice prices, since ample amounts of cheap rice were available. The effect was "to stifle the income potential of peasants, and the wage demands of [urban] workers," Wideman argued.

Food aid loans "obviously are of no benefit to the South Korean people," he wrote. "The main beneficiary, aside from the government, is the U.S. farmer . . . U.S. agricultural circles are delighted that, thanks to Public Law 480 loans, South Korea is the fastest growing market for U.S. farm goods in the Far East."

Not all of the Public Law 480 commodities shipped to South Korea in past years were used as food. Substantial amounts of wheat have gone into making makkalli, a traditional Korean wine. Makkalli once was made from rice, but processors shifted to wheat as a result of rice shortages and an abundance of subsidized wheat. Wheat for Makkalli is officially recorded as "home and industrial use."

Wheat is also used to make cakes, donuts and noodles. One local entrepreneur became rich selling his countrymen noodles made from food aid wheat.

South Korea's imports of American wheat climbed from 52,000 tons in 1954 to 1.17 million tons in 1974—a trend that the United States Wheat Associates, based in Seoul, believes is sure to continue. "The U.S. can expect to keep the lion's share of the market," the organization noted in its briefing paper for visitors.

Early this year, the United States resumed food aid credits to South Korea, and rice bought with the dollar credits is on its way. Some officials question the need for the credits. But policy-makers conclude that the possible drawbacks are outweighed by political and security requirements of keeping friendly with South Korea's regime.

The 1965 United Nations study found that 85 per cent of the proceeds of resale of surplus U.S. commodities by the South Korean government until then had been earmarked for "common defense purposes." Use of funds for this purpose were stopped by Congress, as of June 30, 1974.

Government revenues can still be shuffled in such a way that the congressional restriction is meaningless, foreign aid officials admitted.

Also a requirement to use the proceeds for development is difficult to enforce, they added.

The United Nations study said that few imports of food were made under Public

Law 480 for the express purpose of financing development projects in the first 10 years.

In 1971, 1972, and 1973, the AID extended three loans totaling $77 million from "development funds" to enable South Korea to purchase rice on the open market. There was no pretense that the loans were for "development purposes."

President Park Chung Hee still has the confidence of many American officials working in the food aid and economic assistance fields.

"Park is extremely devoted to development as the *sin qua non* of more than doubling the standard of living," said a now retired AID officer. "Park has been the driving force . . . a classical, benevolent dictator."

FREE FOOD EFFECT UNCLEAR

(By Dan Morgan)

The scene could be in any one of many ports around the world:

A ragged line of peasant laborers—men and women wearing sarongs and head towels in the noon heat—inches in and out of the belly of a freighter, hauling bags of rice or other commodities to a nearby warehouse.

Often, mothers among the workers break from the line to nurse babies or cook meals under trees or by buildings.

This scene took place at a river dock in Phnom Penh, shortly before Communist forces cut the river link to the Cambodian city. But it could have taken place in many ports where the United States sends gifts of food.

The United States has distributed more than $5 billion in free food, to children, nursing mothers, workers, refugees and disaster victims in more than 100 countries.

Surprisingly, the government has only sparse data to prove that these giveaways significantly improve the health and nutrition of populations abroad.

Emergency relief to the Sahel region of Africa, to Bangladesh and to India's famine-stricken province of Bihar in 1966 and 1967 indisputably saved lives.

Less certain is the long-range beneficial impact of dozens of mass feeding programs utilizing the free American food.

In the first detailed study of such programs, conducted in Colombia, Kenya and the Philippines by the Washington consulting firm of Chechi and Co., the assessment was mixed.

It concluded that programs that are sporadic, badly organized or of short duration do not have much more impact on the health and nutrition of recipients than no program at all.

School lunch programs, the Checchi research indicated, "require a high number of feeding days and a very low level of interruptions to be effective."

It has been obvious for a long time that U.S. food aid alone cannot eliminate malnutrition in the world, aid experts insist.

U.S. aid helped establish school lunch programs all over Brazil in the 1960s. The value of the free food provided was $276 million—more than the $259 million in U.S. military assistance. Yet World Bank health officers say Northeast Brazil has some of the world's worst pockets of malnutrition.

According to nutritionist Alan Berg in his book, "The Nutrition Factor," protein supplements provided to people over extended periods in the Philippines and El Salvador brought no significant change in health.

Random samples that are much less sophisticated than the Checchi study have offered only vague conclusions about the nutritional impact of various feeding programs.

The fundamental limits on what American free food can achieve can be seen clearly in India. India receives far more free American food than any other country in the world—200,000 tons in 1974.

Yet the food reaches only slightly more than 10 million people out of a population nearing 600 million. Its impact is seen best in only two states, Tamil Nadu and Kerala, according to The Washington Post's correspondent in India, Lewis M. Simons.

In emergencies and famine, the food from America (and increasingly from Canada and Europe) often lifts a population's calorie and protein levels above what they were before the disaster, studies have shown. But followup is seldom reliable. CARE noted in a report after the 1966–1967 Bihar famine relief project that the hopes of government and private agencies to continue a preschool feeding program were "not fulfilled."

In some rural areas of the world where malnutrition is most severe, there is no distribution system to deliver free food.

America's donation program is spread too thin globally, some government experts contend.

This year 93 countries will divide up the $350 million worth of free food available. Some will get only a few thousand tons.

There has been resistance from some America-based relief agencies against closing down programs in countries where nutritional results seem only marginal, because they are anxious to keep representatives in many parts of the world.

Relief organization officials say that would smack of immoral "selection" of some countries over others by the United States.

Despite occasional, well-publicized scandals involving abuses in the giveaway program, the amount of food lost or pilfered may be less than 5 per cent worldwide, according to some reliable estimates.

Abuses do occur. A priest in northern Brazil boasted he had financed the construction of his church by selling "free" U.S. food. And an official of the U.S. Department of Agriculture said, "Heaven knows how many millionaires this program has made in Cambodia." Cambodia military officers with rice quotas for their troops have been reprimanded and quickly reinstated when their troops mutiny because they never get the food.

Yet the majority of experts interviewed by The Post during a two month study of Food for Peace agreed that bureaucratic snarls and uncertainties in U.S. governmental policy were a far greater problem than corruption.

A study by the General Accounting Office, found a number of lapses in the program. It concluded that the giveaway mechanism "should be examined by the Congress and the administration."

Among its findings:

As a result of a shortage of commodities in this country in 1973 and 1974, 26 feeding programs in 23 countries were ended ahead of schedule and "significant reductions were made in most of the remaining programs."

The number of persons receiving free food dropped from 74 million in 1973 to 55 million in 1974, just as the world was moving into a period of food shortages and malnutrition.

In fiscal 1974, the United States gave away only a little more than half the amount of commodities it averaged in each of the preceding 13 years.

Between June and September, 1973, the Department of Agriculture stopped buying food altogether for the donation program—resulting in confusion and uncertainty in volunteer organizations which distribute it.

A senior Food for Peace program official said that, even today, "getting commodities is an ad hoc thing—sometimes month to month."

Herbert J. Waters, president of the American Freedom From Hunger Foundation, a private organization that lobbies for food aid, said a longer-term commitment from the U.S. government is needed. That way, supplies will be allocated to the feeding programs on a long-term, regular basis.

If the Secretary of Agriculture would calculate a food aid component in setting farm production targets, it might induce farmers to continue producing, and earning, even when grain supplies were large, he said.

The U.S. food aid program initially wasn't meant to be a humanitarian effort. When passed in 1954, Public Law 480, later called Food for Peace, was to dispose of excess farm commodities. The goal of using the surpluses to combat hunger and malnutrition, and to encourage economic development, was written in by Congress only in 1966.

Since then, officials at the Agency for International Development have started setting targets for the purpose of achieving nutritional results.

Today, only one dollar out of every five that the United States spends for food aid goes to the food giveaway program. The rest is for long-term, low-interest dollar credits to friendly governments (and some private firms) for food buying in the United States.

The United States has little control over how the food purchased with those loans is used by governments abroad, other than to see that it is not re-exported by the recipient government.

Much of it ends up in commercial markets which are not necessarily accessible to the lowest income groups, though some of the food does reach hungry people.

In India, the commodities which the government procures through such credits go into the pool of food the government distributes to fair price shops, where prices are kept artificially low. (No official statistics on how the country distributes its food are available.)

An educated guess is that between 7 and 17 percent of all food—imports as well as what is grown by peasants and bought by authorities—goes to the subsidized fair price shops in India.

These shops are mainly in towns and cities, so that the poorest of the country's poor, the landless laborers, get little benefit from them.

Some economists say the credit program is more like a commercial food-selling operation than like food aid.

Berg suggests that the United States ought to require the governments getting the credits to give poor people the same chance to obtain the food that middle class and rich people have.

A universal ration card system would be one plan for meeting such a requirement.

In India, the richest Indians as well as the poorest buy in the fair price shops, where much of the wheat and rice purchased with food aid credits from the United States ended up in the past.

Others argue that it is difficult to attach strings to a foreign government's use of food that was purchased in a semi-commercial transaction.

Still others say that the food acquired with American food aid credits must be doing good, because it is eaten. Yet that is not true of the tobacco and cotton that the United States ships abroad under Food for Peace—a projected $84 million in this fiscal year.

Faced with the seemingly unsolvable task of winning the war on world hunger, some Americans are discouraged.

Feeding hungry people abroad turns out to be a far more complicated undertaking than many had expected.

Yet some in government are encouraged. They say there is a trend now to recognize limitations, define what is possible, spot weaknesses of old programs, and use resources more cleverly.

Nutrition experts say that even small scale feeding programs can be extremely useful as models. This year, Brazil is taking over responsibility for a national school lunch program that was introduced by the United States.

Models of good nutritional practices are especially important to counteract the negative effects of well-advertised high-cost, low-nutrition products, they say.

In his book, Berg maintains that some companies are persuading mothers in Africa and Latin America to switch from human milk to costly baby formulas in nursing their infants.

This is one reason U.S. government officials are wary of the well-publicized claims of certain agribusiness firms that they will develop "new products to feed the hungry of the world."

Food Aid Role Weighed

(By Dan Morgan)

"The food aid program today exists as an arm of Kissinger's foreign policy," a senior bureaucrat said recently.

The Secretary of State has granted more than $50 million in food-buying credits to Egypt, Syria and Jordan to buttress his peacekeeping efforts in the Mideast.

Food for Peace rice is helping the Cambodian government feed its people while troops stave off Communist attacks.

Henry A. Kissinger's State Department supported a resumption of food credits to the military regime in Chile and backed plans to ship 61,000 bales of surplus cotton to South Vietnam and Indonesia this year under Food for Peace.

American food has served a wide variety of diplomatic purposes: luring the Soviet Union toward détente, rewarding Pakistan for its intermediary role in the Nixon-Kissinger opening to China, and bolstering South Vietnam's soldiers.

It also has been employed to support U.S. foreign economic policy. In 1971, then Treasury Secretary David Kennedy promised South Korea increased food-buying credits in return for Seoul's reduction of textile exports to the United States. As partial payment of that pledge, the United States recently issued South Korea a $22.8 million food-aid credit to buy rice here.

Such political uses of food aid sparked debate last year in Congress, which acted to restrict politically motivated food aid for the first time in the 21-year history of the program.

Defenders of Kissinger's priorities say there is a legitimate political use for food aid, especially since other nations use oil and raw materials to accomplish their own economic or diplomatic ends.

Assistant Secretary of State Thomas O. Enders says the distinction between humanitarian and political aid is, in any case, artificial since some of both elements are always involved in American largesse.

If American food aid can deter aggression in the Middle East, it may be the most humanitarian assistance this country gives, State Department officials maintain.

The debate on "political" versus "humanitarian" aid is only one of the controversies surrounding Public Law 480, the 1954 statute under which America has distributed more than 200 million tons of commodities valued at $24.5 billion around the world.

That program has relieved hunger in such places as India, the Sahel region of Africa, Bangladesh and Cambodia.

As this series of articles has indicated, PL 480 also serves American self-interest: it disposes of crop surpluses, develops new markets, provides indirect subsidies to farming branches, gives business to the U.S. shipping industry and buttresses American diplomacy.

Critics of the program's operations say there is nothing wrong with that, but they add that clearer goals and more coherent policies are needed as this country's resources become more limited.

Many Americans are confused about the nature of the program, said James T. Grant, president of the private Overseas Development Council here.

Americans supported the postwar aid to Western Europe because political, humanitarian and security motives were inseparable, he added. Now the aims of food aid seem much less clear and the food deficits abroad seem almost endless, not temporary as they did in Europe in the late 1940s.

An Agriculture Department official said, "We haven't got a national consensus on how to handle the question of food aid."

Sen. Dick Clark (D-Iowa), a member of the Senate Agriculture Committee, said the ultimate solution is to develop more productive agricultural economies abroad in order to close the widening food deficit between rich and poor countries.

In the meantime, he said, "It's time we had a total look at the program and wrote a new bill. We have got to get the domestic politics out of it. "We've got to get more consistency into the program, even if it means a somewhat lower level" of food shipments.

Numerous officials contracted during a two-month investigation of the operations of PL 480 said that the program has become an increasingly unwieldy weapon in fighting hunger and in encouraging other nations to increase their own agricultural productivity.

A number of officials claimed the "self help" requirements that the United States writes into many of its food aid agreements with foreign government are seldom enforced. Such agreements usually require the governments to use revenues from the local sale of the American farm commodities for development.

Several officials in foreign assistance said this was a "cosmetic." Budget officials note that revenues raised by governments anywhere go into a single pot. Thus, they question the effectiveness of the June 30, 1974, congressional ban on using the food aid funds for defense purposes.

Some American officials say that the United States could help farmers abroad if it required governments receiving food-buying loans to establish rural credit systems or give price incentives to growers.

The administration has said repeatedly that it wants to shift its foreign aid priorities to help countries abroad produce more food. However, that new emphasis was not evident in the House Appropriations Committee Monday. The committee slashed the administration's request for overseas aid this fiscal year in the agriculture and nutrition fields from $546 million to $234 million. The full House approved the cut yesterday.

Along with such actions, the possibility of the country's return to low farm prices and big farm surpluses worries proponents of food aid reform.

"The one thing we all agree on is that what we have done in the past—dumping huge amounts of food when we have too much and holding back when we have too little—was abominable," said a government economist who deals with the food-aid program.

Clark and others say that a long-term commitment of some kind is essential.

According to Susan Sechler, of the Agribusiness Accountability Project, which is now looking into PL 480 programs, machinery should be set up to allocate supplies and food aid recipients, if necessary. The Agribusiness Accountability Project is a public interest group here that focuses on conglomerates and concentration in agriculture.

"We've got into a situation where what we want to give has little to do with what they need or with getting them on their feet agriculturally," she said.

Many administration officials say the future of the food aid program cannot be divorced from complicated decisions about world trade, Kissinger's proposed international grain reserve and price supports for American farmers.

Harald B. Malmgren, who resigned recently as a deputy special trade representative at the White House, and others agree that American farmers cannot assume all the risks of producing surpluses against disasters.

Major grain producers and consumers have started negotiating on a 60 million-ton international grain reserve, in which participating countries would share responsibility for holding reserve stocks and would release them during scarcity.

The reserve would be the centerpiece of the United Nations' plan for a system of world food security, in which international food aid would be a component.

However, domestic and international politics could well decide the success or failure of the reserve plan.

Many farmers in the United States fear it could depress prices. Agriculture Secretary Earl Butz maintains the reserve is no answer to the perennial problem of American overproduction. However, Malmgren and some others say that it could be sold to American farmers if there was something in it for them, such as better access to European grain markets during periods of worldwide stockbuilding.

But it might be hard to persuade the Europeans to trade an easing of their economic barriers for the reserve idea, particularly as a big American grain surplus this year seems possible.

Extreme care will have to be taken to make sure that neither the reserve scheme nor future food aid serves as a substitute for expanded investment in agricultural production abroad, officials say.

Others say food aid will be needed for years to come. Lowell Hardin, agriculture specialist at the Ford Foundation, said it can act as insurance that sudden agricultural disasters will not be a "critical issue for developing nations in getting on with other elements of national planning."

Carefully applied, he added, food aid can stabilize economies abroad, fight inflation and help balance-of-payments problems of developing societies.

A former aid worker in Brazil summed up the dilemma facing United States policymakers this way:

The question is whether the 1954 mentality of dumping surpluses abroad can be tolerated in the finite world we live in now. Can the self-serving rationale for the program be admitted in the conditions we have today?

THE AMERICAN REVOLUTION

Mr. GOLDWATER. Mr. President, I have never been especially happy with the description of American's drive for independence as a "revolution." And the reason is that word conjures up all kinds of horrible incidents which occurred in other revolutions such as the French Revolution which had a reign of terror running from May 1793 until July 1794, a 15-month period during which some 17,000 persons were executed in the name of legal reform. The number of persons in prison reached the hundreds of thousands, many of whom died before they were released.

Nothing of this sort accompanied the

American Revolution. It was a revolution only in the sense that standards, values, and orders were overturned. Even so the American political system continued with the principles of liberty and justice which had been adopted and established by the English people. Actually the American Revolution was fought in the beginning for Americans the basic English principle of that which concerns all should have the consent of all. Another way to say it is, "No taxes without representation."

Mr. President, I do not think I have ever seen the American Revolution described in its true colors and better than in a speech by Mr. F. J. Ryley before the Episcopal Church Women of Arizona Diocese, All Saints Church in Phoenix on March 4. Mr. Ryley takes us back to those difficult days of the 1770's and describes what occurred in terms of how Rousseau perhaps saw them. In all events Mr. Ryley's speech is one that every Member of the Senate should study and think about in these days of stress. I ask unanimous consent that the speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

If, by way of illustration, we liken our American polity and order to a tree, then we can carry the illustration further and say that freedom is the fruit of this tree.

And what are two of the necessary roots for this tree—the two roots without which the tree dies?

George Washington and Benjamin Franklin both agreed that these two roots were: individual morality and religion.

What were the religions of these two leading architects of our government? Two hundred years may seem like a long time to go back and look at their beliefs, but in number of generations it is comparatively few, and the character of man has not changed in this period.

Many of you know Archdeacon Jenkins of this diocese. He died a few years ago and was in his 90's. He came to Prescott as rector of St. Lukes and missionary to the Indians in 1909, and was made Archdeacon in 1914. His great grandfather was a chaplain in the Continental Army at Valley Forge. Here in our own lifetime lived a man in whom only two generations separated him from an ancestor who was a chaplain in the Continental Army at Valley Forge.

What was the religion of George Washington? George Washington was a worshiping and devout member of the Church of England and its successor, The Protestant Episcopal Church of the United States. He was made warden of his parish in Virginia in 1762. The Pohick Parish vestry minutes record that he attained 23 of the 31 meetings between the time of his appointment as warden and his appointment as Commander-in-Chief of the Continental Army 11 years later. Of his 8 absences in these intervening years, one absence was due to sickness, two because of attendance at the House of Burgesses, and five because he was out of the county.

The Pohick Parish records also show that on his appointment as a warden he signed this declaration: "I will be confirmable to the doctrine and discipline of the Church of England as by law established."

The Reverend Charles Green, rector of Pohick Parish from 1738 to 1765, wrote: "I never knew so constant an attendant in church as Washington and his behavior in the House of God was ever so deeply reverential that it produced the happiest effect on my congregation and greatly affected me in my pulpit labors."

George Washington, in the second general order which he issued as Commander-in-Chief on July 4, 1775, directed "a punctual attendance on divine service to emplore the blessings of heaven upon the means used for our safety and defense."

Upon Washington's urging, Congress authorized the employment of chaplains in the Continental Army and, immediately upon the enactment of this authorization, he issued a general order on July 9, 1776 (when the army was in New York City) stating:

"The colonels or commanding officers of each regiment are directed to procure chaplains, accordingly persons of good character and exemplary lives, to see that all inferior officers and soldiers pay them a suitable respect and attend carefully upon religious exercises. The blessing and protection of heaven are at all times necessary, but especially in times of public distress and danger. The general hopes and trusts that every officer and man will endeavor so to live and act as becomes a Christian soldier, defending the dearest rights and liberties of his country."

Washington was president of the Constitutional Convention held in 1787 and Bishop White, the first Protestant Episcopal Bishop of Pennsylvania was chaplain of the Convention.

Washington had strong views as to the necessity of human morality and religion. In his Farewell Address on September 17, 1796, Washington told his countrymen:

"Of all the dispositions and habits which lead to political prosperity, Religion and morality are indispensable supports. In vain would that man claim the tribute of Patriotism, who should labour to subvert these great pillars of human happiness, these firmest props of the duties of Men and Citizens. The mere Politician, equally with the pious man, ought to respect and to cherish them. A volume could not trace all their connexions with private and public felicity. Let it simply be asked where is the security for property, for reputation, for life, if the sense of religious obligation desert the oaths, which are the instruments of investigation in Courts of Justice? And let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure—reason and experience both forbid us to expect, that national morality can prevail in exclusion of religious principle.

'Tis substantially true, that virtue or morality is a necessary spring of popular government. The rule indeed extends with more or less force to every species of Free Government. Who that is a sincere friend to it can look with indifference upon attempts to shake the foundation of the fabric?"

Benjamin Franklin held the same views as to the importance of individual morality and religion as did Washington.

Franklin has to be one of the most remarkable and talented men of all times and countries.

Marquis, who publishes Who's Who in America, prepared a galley proof on Franklin as he would have been listed if Who's Who had been published in his lifetime. The list of Franklin's honors and achievements is from 15 to 20 times longer than that of the average person listed in today's Who's Who. Fritzi has posted this listing on a board with other materials which she has prepared and placed so that you can see it when we adjourned.

It would have been fun to have followed Franklin around England while he was there as representative of the American colonies—not the least interesting would have been his argument with King George regarding an architectural feature of a building then being built in London. It would have been interesting to sit in while he and Lord LeDespensor revised the Book of Common Prayer in the 1750's.

When one reads Franklin's autobiography, it is as though you were sitting down listening to him talk directly with you. In his autobiography, Franklin described his religion as follows:

"I had been religiously educated as a Presbyterian; and tho' some of the dogmas of that persuasion, such as *the eternal decrees of God, election, reprobation, etc,* appeared to me unintelligible, others doubtful, and I early absented myself from the public assemblies of the sect, Sunday being my studying day, I never was without some religious principles. I never doubted, for instance, the existence of the Deity; that he made the world, and govern'd it by Providence; that the most acceptable service of God was the doing good to man; that our souls are immortal; and that all crime will be punished, and virtue rewarded, either here or hereafter. These I esteem'd the essentials of every religion; and, being to be found in all the religions we had in our country, I respected them all, tho' with different degrees of respect, as I found them more or less mix'd with other articles, which, without any tendency to inspire, promote, or confirm morality, serv'd principally to divide us, and make us unfriendly to one another. This respect to all, with an opinion that the worst had some good effects, induc'd me to avoid all discourse that might tend to lessen the good opinion another might have of his own religion; and as our province increas'd in people, and new places of worship were continually wanted, and generally erected by voluntary contribution, my mite for such purpose, whatever might be the sect, was never refused.

"Tho' I seldom attend any public worship, I had still an opinion of its propriety, and of its utility when rightly conducted, and I regularly paid my annual subscription for the support of the only Presbyterian minister or meeting we had in Philadelphia. He us'd to visit me sometimes as a friend, and admonish me to attend his administrations, and I was now and then prevail'd on to do so, once for five Sundays successively. Had he been in my opinion a good preacher, perhaps I might have continued, notwithstanding the occasion I had for the Sunday's leisure in my course of study; but his discourses were chiefly either polemic arguments, or explications of the peculiar doctrines of our sect, and were all to me very dry, uninteresting, and unedifying, since not a single moral principle was inculcated or enforc'd, their aim seeming to be rather to make us Presbyterians than good citizens."

When we refer to the American War of Independence as a revolution, it is not a revolution in the sense that standards, values, and orders were overturned. The American political order continued with the principles of liberty and justice which had been adopted and established by the English people.

King Edward I of England, who reigned from 1272 to 1307, declared as a principle of English government that that which concerns all should have the consent of all. He called the first English Parliament. The American revolution was fought to gain for Americans this basic English principle of that which concerns all should have the consent of all. No taxes without representation.

Were the beliefs of Washington and Franklin then universally accepted Unfortunately, no.

All through history there has been two philosophical roads in opposite directions. In ancient Greece these two roads were hypostatized by the god Apollo and the god Dionysius.

Apollo stood for the divine law and order around which the universe was structured and the divine wisdom was the center of all. Those who broke these laws were punished and those who obeyed them were rewarded.

Dionysius, on the other hand, represented the irrational in which man was the center of everything and his will and desires were the only law.

Socrates, of course, believed in divine laws and in the logos—the divine wisdom. Socrates is often called the first witness to Christ; he said we have gone as far as we can go in our philosophy without a divine revelation.

Washington and Franklin were on the Apollo, Socrates and Christian road.

Two years after Washington's Farewell Address, the French Revolution had begun. The Bastille was stormed on July 14, 1789. With the French Revolution, the Dionysiac road was wide open and France went roaring down it.

The reign of terror began in May 1793 and ended on July 27, 1794, with the killing of Robespierre. In this 15 months period, 17,000 persons were executed under a form of law. No one knows how many were shot, drowned or otherwise killed outside the law, but it was far greater than 17,000. The people imprisoned reached the hundreds of thousands; many died in prison; 150,000 persons were listed as emigres. Every kind of eminence marked men for death, and all classes and ages were included. In 1799 the man on horseback—Napoleon—seized control of France.

You can have order without freedom, but you can't have freedom without order. France had no freedom, neither under the revolution of the mob nor under Napoleon.

During the French Revolution so-called reason displaced God. Religious services ceased and statues labeled reason were placed on altars, and Christ and Mary were taken down.

Who is the author of the French Revolution, and what were his beliefs? Rousseau has been given the credit. What was Rousseau's religion? He did not have one. Did he have individual morality? The answer is NO. He has been called a sentimental deist:

Deism was a philosophical movement existing from, roughly, 1650 to 1800 and then it expired. It started in England, and Rousseau was the main exponent in France.

Paul E. More described Rousseau's deism as follows:

"Gist of his faith is a pure deism, a trustful reliance on some beneficial god who is united with nature by a mutual sympathy corresponding to that which he himself feels, and who is in fact no more than a magnified projection of his own innocent personality into the infinite void—himself and nature; god and nature."

The deists thought a god created the universe and then started it running, like a watchmaker makes a clock—winds it up and it goes on ticking away. The deists nature is a very unsentimental force.

I would like to hear an imaginary discourse between the late Bishop Johnson of the Episcopal Diocese of Colorado and Rousseau. They tell the story of Bishop Johnson riding on a train and a noted astronomer was sitting beside him. He told the Bishop that his idea of religion was the golden rule; the Bishop replied his idea of astronomy was "twinkle, twinkle little star."

However, sentimentalism was the essence of Rousseau's philosophy; deism was an accident of his creed.

Briefly, Rousseau's sentimentalism lay in this theory: man is infinitely good; if he does wrong, it is society's fault. "In his view the primitive savage was the perfect being, living in solitude, mating by chance, following undisturbed his healthy animal instincts. The first law of nature is love of self and in this paradise of primeval isolation, there is nothing to distort that innocent impulse. When by chance man meets with man, he is kept from wrongdoing by the feeling of sympathy and pity which is after the instinct of self preservation—the second law of nature." [Paul E. More]

In the opinion of the sentimentalists, the first fall from this social Garden of Eden was when the first man said—"this is my parcel" and hence all troubles and disputes arise from property.

Rousseau's views on educating a child were that the instincts planted in a child by nature are right. Therefore, the aim of education is to place the child in such a position that these instincts may develop freely without any thwarting control from master or society.

Under this education theory, it is: instinct instead of experienced judgment; impulse instead of control; unbridled liberty instead of discipline.

Rousseau would foster emotions, as if the uniting bond of mankind were sentiment.

The founding fathers of our country knew that in each man there is a will to power which has to be curbed through self-mastering. The sentimental deists say there is no such will to power if people own no property.

The agency which has existed to chain this beast in man has traditionally been the church, but the church appears to have lost its moral leadership.

In colonial and pioneer days, the church did not hesitate to preach hell fire and damnation. The church was concerned with eschatology—the end; the return of Christ; a man's death, his resurrection; the weighing of his soul; judgment, heaven or hell.

Eschatology throughout the history of the church has had periods when it was emphasized and when it was soft-pedaled. The extent of the moral influence of the church appears to have a direct ratio with the concern with eschatology.

The eminent christian apologist, C. S. Lewis, in his writings makes it clear that we should ever remember The Four Last Things: Death, Judgment, Heaven, Hell.

It appears that there are these two roads going in opposite directions. It isn't important whether you are on the right or the left side or the middle of the road, the important things is which road are you on!

There is the Rousseau road—and it is traveled by the Bernard Shaw and Webb Socialists. Shaw and Webb, in their book on Socialism, state that the first thing that must be accepted if you are going to be a socialist is that man is the creature of society and, second, that the elite who understand socialism must be allowed to establish the perfect society without hindrance or obstruction.

Another group which is traveling the Rousseau road are those who espouse the Freudian ethic, which holds that man cannot and should not be provident or venturesome and that he must and should be supported, protected and socially maintained.

One has only to read Poor Richard's Almanac by Benjamin Franklin to see where he stood on the question of self-reliance and enterprise.

It is a useless exercise to study or recount history unless we relate it to the problems of the present.

The two roads I mentioned still exist and are being traveled today. I will leave it to you which is the heavier traveled today.

I bought, on the street corner from a vending machine, the weekly newspaper, The Weekly People, published by the Socialist Labor Party of America dated February 22, 1975. One of its articles contained this paragraph, which is pure Rousseauism:

"At the outset of historical evolution, there were neither class divisions nor a state. The primitive organization of society knew only the democratic communal authority of the group. It is only after material necessity has forced the classless primitive society to break up into class divisions, into rulers and the ruled, that the state appears. And as society evolved through different forms of class rule, from ancient chattel slavery to feudal serfdom to capitalism, with its system of wage slavery, the state remained the vehicle of the dominant class in society, the more or less adequate expression of ruling-class interests. From the time it sprang up with the advent of class society, the state has used its organs of force and coercion primarily to maintain the suppression of other classes."

I do not think any American wants to be a primitive.

The socialists talk about the proletariat. It is a Latin word and it is interesting to know what it meant in ancient Rome. It was a man who gives nothing to society but his children.

The question, I suppose, is really: which road are we going to travel; which road will produce the best men and women?

It is not hard to ascertain which road some educators are traveling. The following news story would be humorous if the results would not be so tragic. The Arizona Daily Star newspaper of February 19, 1975, carries a Washing Star report:

Overhaul in Education Is Proposed

WASHINGTON.—Children should not be required to learn how to read until the seventh grade. Arithmetic and all other mandatory subjects, as well as grades and achievement tests, should be abandoned by elementary schools.

These controversial proposals were made here Monday by William D. Rohwer, Jr., of the Institute For Human Learning at the University of California, Berkeley, who contends that millions of children—most of them from middle-class families—are programmed by elementary schools for failure at an early age.

"The only kinds of children for whom school is congenial are those who have a bent for reading or arithmetic, and who can profit from early formal instruction in these subjects," Rohwer said. "For the remainder of the population, schooling is experienced as a constant struggle dotted with repeated notices that failure has been achieved."

Most schools, Rohwer said at a conference sponsored by the National Education Assn., have misplaced priorities: requiring students to succeed in the early grades, rather than attempting to insure success in junior and senior high school.

Priorities should be turned around, he said, so that children in elementary schools will be guaranteed against failure, thereby increasing their chances of finding schools congenial and pleasurable places in which they can succeed as they grow older.

Under Rohwer's radical overhaul of schooling, no children would be required to attain any subject matter level of achievement before the seventh grade. In elementary schools, students would be free to work on any projects they desired, including traditional subject areas, or even topics of their own choosing such as computer programming or the lore of professional baseball. Students who wanted to learn how to read would be allowed to do so, if teachers felt they could achieve without difficulty.

During two or three years of junior high school, he said, all basic skills of reading, mathematics and other subjects could be taught.

In closing, I would like to quote from three sources: Edmund Burke, the Arizona Bill of Rights, and the Bible.

Edmund Burke, in referring to Rousseau, said:

"We have had the great professor of the philosophy of Vanity in England—Benevolence to the whole species and want of feeling for every individual with whom the professor comes in contact, form the character of the new philosophy."

Section 1 of the Bill of Rights of the Arizona Constitution says: "A frequent recurrence to fundamental principles is essential to the security of individual rights and the perpetuity of free government."

Jesus in Matthew 12: 33: "Make a tree sound and its fruit will be sound; make a tree rotten and its fruit will be rotten. For the tree can be told by its fruit."

And last: "What does the Lord require of you?" The Prophet Micah answered: "But to do justice, and to love kindness, and to walk humbly with your God." Micah 6: 8.

MIA AWARENESS YEAR

Mr. STONE. Mr. President, I rise today to express my concern over the fate of our servicemen missing in action. I have joined many of my colleagues in cosponsoring Senate Resolution 48, a resolution directing the State Department and the President to pressure the North Vietnamese and Cambodian Governments into providing additional information concerning our MIA's. I have also cosponsored S. 624, a bill that would prohibit any change in the status of any member of the uniformed services who is missing in action until such time as the provisions of the Paris Peace Accord of January 27, 1973, have been fully complied with.

I am very pleased that concern over our servicemen missing in action has also been formally expressed by Florida's Governor Reuben Askew. Mr. President, I ask unanimous consent that Governor Askew's proclamation proclaiming the year 1975 to be "MIA Awareness Year" be printed in full in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

PROCLAMATION

Whereas, in January, 1973, the Vietnam Cease-Fire agreement was signed in Paris, and

Whereas, the provisions of that agreement called for the return of American Prisoners of War and an accounting of the Men Missing in Action, and

Whereas, today, almost two years later, the fate of 1,300 of our men as prisoners or missing in Vietnam, Laos, Cambodia, or China is unknown, and

Whereas, there is no evidence that the Communists intend to comply with the provisions of a return of all prisoners, an accounting of the Men Missing in Action, and return of the remains of those who died on foreign soil, and

Whereas, VIVA (Voices in Vital America) and the National League of Families have undertaken the task of bringing to focus attention on the plight of our Prisoners of War and Missing Men, and

Whereas, the focus is in the form of a rededication for freedom;

Now, therefore, I, Reubin O'D. Askew, by virtue of the authority vested in me as Governor of the State of Florida, do hereby proclaim the year 1975 as MIA Awareness Year in Florida, and do urge all citizens to join in proclaiming support for the efforts of the families and friends in bringing to the attention of America and the world the plight of our Prisoners of War and those Missing in Action in Southeast Asia.

THE SUMMER LUNCH PROGRAM

Mr. CASE. Mr. President, nothing is more important to the future of our country than the health of our Nation's children. And all of us in the Congress know this. That is why I have joined in sponsoring legislation to expand and improve all our child nutrition programs, including the summer lunch program.

A particular problem has arisen in connection with this year's summer lunch program however. It is almost the end of March, and the time is upon us when the States are gearing up for this summer's program. But they cannot do so unless Congress acts to authorize the program, and the funds for it. We do not have the time, before the Easter recess, to consider and come to agreement on amendments to all of the Federal feeding programs. That is why I am joining in the effort to pass legislation authorizing the summer program through September 30 of this year, at the fiscal year 1974 level.

In New Jersey alone last year, there were 532 sites serving lunches to 56,770 children each day during the summer. The amount of Federal money for the program amounted to $2,860,655. This year, with the unemployment rate still on the rise in New Jersey and currently touching almost 11 percent, continuation of this program, at least at the level of last year, is vital.

As we all know, unemployment is not the only thing that has increased in the past year. Food costs have also continued to rise, by some 10 to 15 percent. We have acted in Congress to tie food stamps to the Consumer Price Index, and I hope that we will succeed in doing the same thing for the summer lunch program. If we do not, we will be reducing the level of the program by as much as 15 percent. This is something that we simply cannot afford to do.

THE WARWICK EMBLEM CLUB'S WINNING AMERICANISM POLICY

Mr. PASTORE. Mr. President, the Warwick Emblem Club No. 416 has shared with me the essay that won the Americanism essay contest that the club recently sponsored in the secondary schools of Warwick, R.I. The essay contest is an annual event, and all the students in the Warwick secondary school system can participate. This year, Beth Pagliarini wrote the winning essay. She chose as her topic the American flag.

Mr. President, Beth's thoughts on the symbolism of our flag are so beautiful and so sensitively expressed that I would like to share them with my colleagues who, I know, will enjoy them.

I ask unanimous consent that the essay be printed in the RECORD.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

OUR FLAG

Holding his head high and publicizing his appearance, the flag cordially waves to those scurrying below. Expressing himself as an easy-going character he readily cooperates with the friendly wind swaying him gently. He is totally conscious of his sailor-type collar accented by a red and white shirt ablaze with patriotic spirit. The flag reveals his inner feelings and sensitivity by paying strict attention to each of the thirteen original colonies. Each one has its own "souvenir" engraved individually into the flag; proudly representing what they accomplished in the past. Little stars, printed on his cloth "twinkle" with pride—bearing the name of each state in the United States. Careful of coordinating his outfit, the flag deftly chose the colors that would express the outstanding characteristics of his country. Deep in his heart he feels that there are three colors that would announce us precisely. The red would express the outstanding men of the United States who "blaze" inside our hearts. The blue would speak for us by gently broadcasting "the peace and good will of men." Standing on top, however, is the white—free to reveal our number one characteristic—the liberty and freedom that is pure and delicate.

Undaunted by our faults, he continues to be loyal to us. Optimism and confidence flare up inside of him and he flaps enthusiastically in the air—American air. With the skill of an experienced baker, he blends the weight of our mistakes with an equal portion of our accomplishments. Proudly presenting the results for others to admire he smiles in spite of himself—America is America, good points and bad!

BETH PAGLIARINI,
St. Rose of Lima School.

WARWICK, R.I., *February 1975.*

GOV. SHERMAN W. TRIBBITT RENEWING DELAWARE'S SUPPORT FOR OUR NATION'S MIA'S

Mr. ROTH. Mr. President, the letter of the Foreign Minister of North Vietnam released by Senator KENNEDY shows that Hanoi continues to withhold information on Americans missing in action in a crude attempt to further its political and military goals. This is a flagrant violation of the Paris Peace Accords and of any standard of decent, civilized behavior.

North Vietnam's behavior shows that their leaders are obviously aware that the United States has not forgotten its missing in action. Indeed we have not. In the past several months, proclamations of support for MIA's have been issued in cities and States all over this country. One of these proclamations was issued by Delaware's Governor, Sherman W. Tribbitt.

The families of our missing in action have asked for support on several bills, including S. 494 and S. 624. I urge the Armed Services Committee to give these bills speedy attention.

I also ask unanimous consent that Governor Tribbitt's proclamation be printed in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

STATEMENT BY GOV. SHERMAN W. TRIBBITT, RENEWING DELAWARE'S SUPPORT FOR OUR NATION'S MIA'S

Whereas, in January, 1973, the Vietnam Cease-Fire Agreement was signed in Paris; and

Whereas, the provisions of that agreement called for the return of American Prisoners of War and an accounting of the Men Missing in Action; and

Whereas, today, almost two years later, the fate of 1,300 of our men as prisoners or missing in Vietnam, Laos, Cambodia, or China is unknown; and

Whereas, there is no evidence that the Communists intend to comply with the provisions of a return of all Prisoners, an accounting of the men Missing in Action, and return of the remains of those who died on foreign soil; and

Whereas, VIVA (Voices in Vital America) and the National League of Families has undertaken the task of bringing to focus attention on the plight of our Prisoners of War and Missing men; and

Whereas, the focus is in the form of a rededication for freedom.

Now, therefore, I, Sherman W. Tribbitt, Governor of the State of Delaware, do hereby proclaim support for the efforts of the families and friends of the American Prisoners of War and Missing in Action in Southeast Asia, and call upon all citizens to support this cause and help bring to the attention of America and the world, the plight of our Prisoners of War and Missing in Action.

MANPOWER TRAINING

Mr. CLARK. Mr. President, the Environmental Protection Agency, under Administrator Russell Train's leadership, has been making a most commendable effort to help State and local officials solve their environmental manpower shortages. In November, Train contacted all Governors, mayors, and county commissioners alerting them that title I and II funds of CETA, Comprehensive Employment and Training Act of 1973, Public Law 92–203—a Labor Department program—could be used to employ and train needed pollution abatement and control personnel. Concurrently with Administrator Train's letter, regional EPA administrators contacted State environmental agencies and local public works directors alerting them to the same possibility and offering technical assistance, if needed.

To further familiarize State and local environmental officials with CETA and other manpower resources, EPA sponsored the National Environmental Manpower Planning Conference in December. Over 245 officials representing all 50 States, Puerto Rico and Guam attended this Conference. I was pleased that a number of Iowans were asked to be speakers at this Conference because of their record and national reputation in the environmental education fields.

They were:

Robert H. Lounsberry, secretary of agriculture, State of Iowa, Des Moines.

Dr. William M. Baley, associate superintendent, area school and career education branch, Iowa Department of Public Instruction, Des Moines.

Charles C. Miller, acting director of land quality management, Iowa Department of Environmental Quality, Des Moines.

Michael E. Crawford, director of development, Kirkwood Community College, Cedar Rapids.

Mr. President, I understand that State and local officials are interested in this program which will make it possible to train the unemployed to fill environmental and public works jobs. I am providing this information to my colleagues for two reasons: First, with the Nation's unemployment rate soaring to 8 percent, I believe every worthwhile effort to help decrease the unemployment rolls should be recognized. Second, I am pleased to see the EPA and the Labor Department working together in such a constructive manner.

VIETNAM MILITARY AID CUTOFF

Mr. MATHIAS. Mr. President, yesterday, the Senator from Illinois (Mr. Stevenson) and I submitted an amendment to S. 920, the military procurement authorization bill for fiscal year 1976, which would cut off all military aid to the Government of South Vietnam on July 1 of this year, with a one-time 120-day extension allowed if the President certifies to the Congress that such an extension would promote a peaceful solution to the Vietnam conflict. I ask unanimous consent that our amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

On page 14, between lines 10 and 11, insert a new section as follows:

Sec. 802. (a) Notwithstanding any other provision of law, no military assistance and no defense article may be made available (whether by cash, credit, guaranty, lease, gift, or otherwise) to the Government of South Vietnam on or after July 1, 1975; and all licenses heretofore issued for the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to or for the Government of South Vietnam shall be invalid (to the extent unused) on and after July 1, 1975, and no new licenses may be issued for such purpose after such date.

(b) The President is authorized to suspend the provisions of subsection (a) of this section if he certifies to the Congress that such suspension will further a peaceful solution of the Vietnam conflict in accordance with the Paris agreement on ending the war and restoring peace in Vietnam, but the authority of the President to suspend such provisions shall be effective only for a period of 120 days after June 30, 1975. In no event may any amount be obligated for military assistance (in any form) for South Vietnam during any period of suspension invoked by the President under this subsection in any amount in excess of an amount equal to one third of the amount appropriated for such purpose for the fiscal year ending June 30, 1975.

Renumber section 802 through 804 as sections 803 through 805, respectively.

SOCIAL SECURITY RECIPIENTS FAIRNESS ACT: DISABILITY APPEALS

Mr. PELL. Mr. President, on March 6, when I introduced the Social Security Recipients Fairness Act, S. 985, I made reference to the provisions under title II of that bill, which would require that disability insurance appeals be concluded within 110 days from the date of initiation, barring delays imposed by the appellant. I said then that the enormous disparity in the amount of time it took to hear these appeals in the different regions of our country was disgraceful and absolutely unjustified.

At the time, I was using statistics which were slightly dated so I would have expected that if the SSA has been making a good faith effort to correct this problem, that new statistics, both national and regional, should reflect an improvement in their administration of these more than 60,000 cases each year. I have just learned, however, that the contrary is true.

April 1974 statistics indicated that on a national basis, appeals took an average of 163 days. I was shocked to learn yesterday that in December 1974, far from an improvement in this situation, the national average was 213 days. This is practically a 30-percent increase in waiting time nationally. The delay in my region is still a full month longer than this average.

Imagine if one of us were sitting at home disabled, waiting for the Federal Government to respond to our pleas for assistance, assistance which we as taxpayers contribute to every day while we work. Imagine waiting 7 months on the average for this machinery to grind out a decision which national statistics indicate will be in our favor, and imagine at this time of incredible inflation, how fast our savings would be depleted.

Mr. President, the issue here is whether this bureaucracy cares about whether it runs well or not, and whether it cares about its constituency, which it should be reminded is not the dollars and cents of the social security trust fund, but the people whose dollars and cents those are.

MONTANA AND THE NCAA WESTERN REGIONAL BASKETBALL SEMIFINALS

Mr. MANSFIELD. Mr. President, I invite the attention of the Senate to an article in today's Washington Star entitled "UCLA Has Its Hands Full With Montana" and an article in today's Washington Post entitled "UCLA Nips Montana In West." In last night's NCAA Western regional basketball semifinals in Portland, Oreg., UCLA had considerable difficulty edging 67 to 64 a University of Montana basketball team who by many was at best rated an underdog going into that contest. I remind Senators that UCLA has won the Western regionals 8 consecutive years and has won seven of the last eight national collegiate basketball championships. We in Montana are proud of the University of Montana and its basketball team. I offer my congratulations to the Grizzlies' coach and team who ended the season as Big Sky Conference Champions and gave UCLA a fight to the finish last night. They have represented Montana well.

I ask unanimous consent that the articles from the Washington Post and the Washington Star be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Mar. 21, 1975]

UCLA Nips Montana in West, 67 to 64

Portland, Oreg., March 20.—Second-ranked UCLA, chased all the way, held off hustling Montana, 67–64, and struggling into the NCAA Western Regional basketball finals tonight.

The victory moved UCLA, 25–3, into Saturday's regional championship game against the winner of the evening's second game between seventh-ranked Arizona State and 16th-rated Nevada-Las Vegas.

Montana, the Big Sky Conference champion, was a big underdog, but the Grizzlies challenged UCLA from start to finish, led by the scoring of Eric Hays and Ken McKenzie.

The Bruins were ahead by only two points with 1:10 remaining, but put the game away on a free throw by Marques Johnson with 38 seconds left and two more foul shots by Pete Trgovich with 16 seconds to go.

Montana led briefly twice in the first half as Hays, 6-foot-3 senior hit all nine of his shots from the floor and scored 19 points.

UCLA, the Pacific-8 Conference champion, led 34–33 at halftime.

The Bruins, behind all-America forward Dave Myers, went ahead by nine points with 12 minutes left, but Montana would not fold.

Montana, 21–7, trailed 64–55 with about 4½ minutes left. The Grizzlies then scored seven straight points to pull within 64–62 before the Bruins put down the rally.

Hays, who wound up 13–16 from the floor, led all scorers with 32 points. McKenzie, 6-9 senior, added 20.

Trgovich and Richard Washington, a former Portland prep star, led UCLA with 16 points each. Myers finished with 12.

[From the Washington Star, Mar. 21, 1975]

Western Regional—UCLA Has Its Hands Full With Montana

Portland, Oreg.—Second-ranked UCLA which has won seven of the last eight college basketball championships, and seventh-ranked Arizona State will meet Saturday afternoon in the finals of the NCAA Western regional tournament.

Neither team was exactly perfect in Thursday night's first round. UCLA edged underdog Montana 67–64, and Arizona State erased an eight-point deficit late in the game to stop 16th-rated Nevada-Las Vegas 84–81.

UCLA, which has won the Western regionals eight consecutive years, needed all the help it could get in disposing of Montana. The Bruins may need more to get past Arizona State for a berth in the NCAA semifinals.

"I can't have anything but praise for Montana," UCLA Coach John Wooden told sports writers after the game. "If you gentlemen as writers try to downgrade UCLA for it being a tight ball game, you'd be very unfair to Montana. They could have beaten a lot of teams tonight. They came close to beating us."

"Call me Mr. Lucky," said Arizona State Coach Ned Wulk after the Sun Devils rallied to overtake Nevada-Las Vegas. "Certainly we were most fortunate, and that is almost an understatement."

UCLA, the Pacific-8 Conference champion, and ASU, the Western Athletic Conference titlist, will square off in Portland following a Saturday morning consolation game between Nevada-Las Vegas and Montana.

If All-America forward Dave Meyers had elected to sit out the Montana game, UCLA might have suffered one of the season's biggest upsets. Meyers, a 6-foot-8 senior, has been having trouble with both of his legs in the past month.

"I try not to say too much about it," Wooden said of Meyers. "David isn't playing well." The injuries have discouraged Meyers, he added. "I discussed not playing him at all tonight, win or lose, but he wanted to play."

Meyers finished with 12 points and five rebounds.

Eric Hayes, a small 6–3 forward, gave Montana a big lift with 32 points. He was 9 for 9 in the first half and wound up 13–16. Ken McKenzie added 20 points.

"I'm happy with the way I played, but I didn't come here to put on a show," said Hayes, who guarded the taller Meyers most of the way. "I came here to win."

Montana, behind by one point at halftime, trailed by only two points with 1:10 to go before UCLA finally put the Big Sky champions away.

Pete Trgovich and Rich Washington scored 16 points each for UCLA.

SOME JOBS TAKEN FROM CIVIL SERVICE

Mr. PELL. Mr. President, on Thursday, March 6, an article appeared in the Washington Star by Joseph Young discussing the administration's intent to use the regional offices as political arms of the administration.

It was reported that, over the opposition of the Civil Service Commission, the President issued an Executive order removing from the civil service coverage of top career jobs in the regional offices of the Departments of Interior, Transportation, Housing and Urban Development, Labor, Health, Education, and Welfare, and the Environmental Protection Agency.

The administration has attempted to beef up the regional offices under the rhetoric of "bringing the Government to the people." What in effect they do, however, is create a fourth layer of government between the traditional local and State agencies and the Federal Government here in Washington. When you have a regional layer of government, you have an illogical situation such as Washington educators having to travel to Philadelphia in order to deal with the Department of Health, Education, and Welfare, and educators from Puerto Rico having to go to New York to do the same.

I can only speak for education programs, for, as chairman of the Subcommittee on Education, I have followed the whole question of the regionalization of Health, Education, and Welfare education programs. I have found that, on a purely substantive level, when a program is regionalized, it takes longer to be funded, and any inquiries we make on behalf of constituents or with regard to legislative oversight are shunted between the regional offices and Washington with each saying that the decision is up to the other. Regionalization, in effect, means that there are 10 different criteria for grantmaking in that they are administered in 10 different regional offices. More and more money is being gobbled up by administering programs rather than putting it into schools, and now we see the regional offices being turned into mouthpieces for the administration.

In the Education Amendments of 1974, we stopped all regionalization which had occurred after June 30, 1973. We had previously looked upon regional offices as centers for technical assistance and dissemination of information. Judging by the Star article, a big reason of the administration for the continued existence of regional offices is political. If this be the case, it confirms me in my intention to do what I can to cut back on any regional involvement with Office of Education programs.

I ask unanimous consent that an excerpt from the aforementioned Washington Star article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Some Jobs Taken From Civil Service

(By Joseph Young)

Despite his statement of strong support of the merit system, President Ford has taken action to politicize some key federal career jobs.

Over the reported opposition by the Civil Service Commission, Ford on Feb. 15 issued an executive order removing from Civil Service coverage top career jobs in the regional offices of the Departments of Interior, Transportation, Housing and Urban Development, Labor, HEW and the Environmental Protection Agency.

The jobs are those of regional directors and administrators, and principal regional representatives. The jobs will be transferred to excepted Schedule C for Grades 15 and below and to non-career executive assignments for those in Grades 16 through 18.

Incumbents in these jobs are not affected by the order as such. However, in these situations they are usually "encouraged" to take another position or to retire if they meet the age and service requirements.

In his executive order Ford said in justification of his action:

"The program to decentralize federal policy and decision making and to involve local governments and other interested parties in federal, state and local policy and program development requires a capability for deep involvement in the development and advocacy of Administration proposals and policies, and support of their controversial aspects on the part of certain senior regional officials."

Ford's action as well as his statement has been a matter of concern to Chairman David Henderson and other members of the House Civil Service manpower subcommittee which disclosed the executive order as part of its hearings into what can be done to strengthen the government's merit system.

Henderson and his colleagues feel that Ford's action could be a prelude to further moves to remove additional career jobs from civil service protection under the argument that key positions should be filled by political loyalists to the administration's programs.

It was arguments like these that Nixon administration officials used and that led to the most serious assault ever on the merit system.

When Ford took office, he issued a statement pledging his support and protection of the merit system and instructed the heads of departments and agencies to adhere to merit system principles.

However Ford's executive order in removing top career jobs from Civil Service in regional offices has raised concern anew over the future of the merit system.

Henderson and his colleagues seek to determine whether legislation is necessary to give stronger protection to the merit system.

CORRUPTION IN VIETNAM; U.S. AID DOWN THE DRAIN

Mr. PROXMIRE. Mr. President, I have received information that American citizens have conspired with Vietnamese contractors to bilk the United States out of $1 million in military aid.

The information is contained in an exchange of letters with the staff of the Joint Chiefs of Staff which provides evidence of fraud and collusion in Vietnamese purchases of defense goods.

The massive fraud and conspiracy occurred during 1973 and 1974 in Vietnam under the in-country procurement program of the Defense Attaché Office.

The Defense Attaché Office is responsible for building up an industrial base in Vietnam by funneling U.S. military aid through local businesses.

An audit of just 12 contracts under this "Buy Vietnamese" program has revealed that over $1 million of the total contract price of $6.6 million was fraudulently diverted by U.S. civilians and Vietnamese contractors.

Delivery documents have been falsified. Receipts have been submitted for materials not delivered. Overpayments were made due to overstatement of the weight of delivered goods. Signatures have been forged.

In one case, the delivery of lumber was overstated by adding a series of new numbers to the delivery notices. A delivery of 15,242 board feet of lumber was changed to 315,242 board feet in one document. Eleven instances of this type of fraud by three Vietnamese companies were uncovered.

In other cases involving lumber, the payment was made but there is no record that the lumber was delivered. Over 3.3 million board feet of lumber are unaccounted for.

Fraudulent delivery and altered documents also were discovered in contracts to deliver sandbags, nails—the same contractor—and barbed wire.

In each of the cases above, one U.S. citizen working in the contract administration branch certified the payment for the United States. He left on leave to the United States in December 1973 and has not returned. The Army Criminal Investigation Command has concluded that this individual was "involved in considerable collusion."

A number of U.S. quality assurance personnel quickly left Vietnam when the investigation began.

Eight formal criminal investigations have been opened in this case, with five still pending. The investigation has been hampered by the destruction of records in the procurement branch of the Defense Attaché Office.

The Defense Attaché Office has found that four contractors are indebted to the U.S. Government for improper payments involving eight contracts. Repayment for the fraud has not been forthcoming, however, since the companies involved have appealed to the Armed Services Board of Contract Appeals.

This situation was brought to my attention in 1974 by anonymous letters from Americans in Vietnam: These letters indicated that the Defense Attaché Office was not vigorously pursuing the investigation, that U.S. civilians were fleeing to the United States to avoid prosecution, and that the Vietnam contractor swindles were far more widespread than indicated.

I am asking the Army's Criminal Investigations Division to verify whether or not fraud occurred on this scale prior to 1973 and specifically what action was taken against the Americans involved, either in Vietnam or those that fled to the United States.

We have all heard that corruption is a way of life in Southeast Asia. But we had thought it was only by the Vietnamese. Now we find American officials involved.

The million dollars may be small in terms of the $150 billion we have poured into Vietnam but it undoubtedly represents only part of everyday bribery, collusion, and fraud.

As the summary of the Army audit report states:

> Considering the possibility of skillful fraud and collusion, the extent of fraud within the In-Country Procurement Program could be substantially more significant than disclosed in this report.

OPERATING EXPERIENCES UNDER THE STATE AND LOCAL ASSISTANCE ACT OF 1972

Mr. HATHAWAY. Mr. President, I ask unamimous consent to have printed in the Record a press release relating to the intention of the Subcommittee on Revenue Sharing to hold hearings on operating experiences under the State and Local Fiscal Assistance Act of 1972.

There being no objection, the press release was ordered to be printed in the Record, as follows:

[Press Release, Mar. 21, 1975]

Hearings On Operating Experiences Under the State and Local Fiscal Assistance Act of 1972

The Honorable William D. Hathaway (D., Maine), Chairman of the Subcommittee on Revenue Sharing, announced today that the Subcommittee would hold hearings on operating experiences under the Federal Revenue Sharing program.

The hearings will be held in April, 1975. The specific dates for these hearings will be set at a later time so as not to conflict with the schedule of business before the full Committee on Finance.

Senator Hathaway stated: "These hearings will attempt to focus on a general review of the administration and operation of the revenue sharing program. According to the Finance Committee report when the bill was enacted, the purpose of the program is to provide the States and localities with a specified portion of Federal individual income tax collections to be used by them in accordance with local needs and priorities and without the attachment of strings by the Federal government. In our hearings we hope to develop information concerning the administration and monitoring of this program by the Office of Revenue Sharing and to review the way in which these funds have been utilized by the various recipient governments. In addition, the Subcommittee intends to examine the ramifications of this program on the structure and organization of units of local government."

Senator Hathaway added that a number of Government officials and private individuals who have been intimately involved with the revenue sharing program will be invited to appear before the Subcommittee as witnesses in order to obtain a full and well-balanced discussion of the issues involved in extending the revenue sharing program. In addition, interested State and local officials, as well as other persons interested in appearing before the Subcommittee to express their views on this subject, are invited to submit requests to testify.

Requests to Testify.—Persons desiring to testify during these hearings must make their request to testify to Michael Stern, Staff Director, Committee on Finance, 2227 Dirksen Senate Office Building, Washington, D.C. 20510, not later than April 7, 1975. Witnesses will be notified as soon as possible after this cutoff date as to when they are scheduled to appear. Once the witness has been advised of the date of his appearance it will not be possible for this date to be changed. If for some reason the witness is unable to appear on the date scheduled, he may file a written statement for the record of the hearing in lieu of a personal appearance.

Consolidated Testimony.—Senator Hathaway also stated that the Subcommittee urges all witnesses who have a common position or with the same general interest to consolidate their testimony and designate a single spokesman to present their common viewpoint orally to the Committee. This procedure will enable the Committee to receive a wider expression of views than it might otherwise obtain. Senator Hathaway urged very strongly that all witnesses exert a maximum effort, taking into account the limited advance notice, to consolidate and coordinate their statements.

Legislative Reorganization Act.—In this respect, he observed that the Legislative Reorganization Act of 1946, as amended, requires all witnesses appearing before the Committees of Congress "to file in advance written statements of their proposed testimony, and to limit their oral presentations to brief summaries of their argument."

Senator Hathaway stated that in light of this statute and in view of the large number of witnesses who desire to appear before the Subcommittee in the limited time available for the hearing, all witnesses who are scheduled to testify must comply with the following rules:

(1) A copy of the statement must be filed by the close of business two days before the day the witness is scheduled to testify.

(2) All witnesses must include with their written statement a summary of the principal points included in the statement.

(3) The written statements must be typed on letter-size paper (not legal size) and at least 50 copies must be submitted by the close of business the day before the witness is scheduled to testify.

(4) Witnesses are not to read their written statements to the Subcommittee, but are to confine their ten-minute oral presentations to a summary of the points included in the statement.

(5) Not more than ten minutes will be allowed for oral presentation. Written statements.—Persons not scheduled to present oral testimony and others who desire to present their views to the Subcommittee are urged to prepare a written statement for submission and inclusion in the printed record of the hearings. These written statements should be submitted to Michael Stern, Staff Director, Committee on Finance, Room 2227, Dirksen Senate Office Building.

"OUR FLAG"—BETH PAGLIARINI WARWICK, R.I.

Mr. PELL. Mr. President, I should like to ask, at this time, unanimous consent to have printed in the Record, an essay by Miss Beth Pagliarini, of Warwick, R.I. Beth is an eighth grade student at St. Rose of Lima School, and she was judged the winning contestant in an essay contest sponsored by the Warwick Emblem Club No. 416.

When Miss Pagliarini read her essay before the Emblem Club, her audience was spellbound. That is why I commend to my colleagues this magnificent—almost poetic—statement entitled "Our Flag." It speaks of optimism and confidence, of liberty and freedom, and it expresses with great clarity the accomplishments of the people of America.

It is with a sense of great personal

pride that I ask my colleagues to join me in paying tribute to Miss Pagliarini and her winning epic, "Our Flag," as well as to the Warwick Emblem Club for bringing this to my attention.

I ask unanimous consent that the essay be printed in the Record.

There being no objection, the essay was ordered to be printed in the Record, as follows:

Our Flag

(By Beth Pagliarini)

Holding his head high and publicizing his appearance, the flag cordially waves to those scurrying below. Expressing himself as an easy-going character he readily cooperates with the friendly wind swaying him gently. He is totally conscious of his sailor-type collar accented by a red and white shirt ablaze with patriotic spirit. The flag reveals his inner feelings and sensitivity by paying strict attention to each of the thirteen original colonies. Each one has its own "souvenir" engraved individually into the flag; proudly representing what they accomplished in the past. Little stars, printed on his cloth, "twinkie" with pride—bearing the name of each state in the United States. Careful of coordinating his outfit, the flag deftly chose the colors that would express the outstanding characteristics of his country. Deep in his heart he feels that there are three colors that would announce us precisely. The red would express the outstanding men of the United States who "blaze" inside our hearts. The blue would speak for us by gently broadcasting "the peace and good will of men." Standing on top, however, is the white—free to reveal our number one characteristic—the liberty and freedom that is pure and delicate.

Undaunted by our faults, he continues to be loyal to us. Optimism and confidence flare up inside of him and he flaps enthusiastically in the air—American air. With the skill of an experienced baker, he blends the weight of our mistakes with an equal portion of our accomplishments. Proudly presenting the results for others to admire he smiles in spite of himself—America is America, good points and bad!

PROPOSED CPSC HANDGUN AMMUNITION BAN

Mr. SCHWEIKER. Mr. President, the Consumer Product Safety Commission has published in the Federal Register a solicitation of written public comments concerning a proposed ban on the sale of handgun ammunition, except to police, licensed security guards, the military, and licensed pistol clubs.

I am opposed to this proposal. When the Committee for Hand Gun Control, Inc., of Chicago, originally requested this prohibition, I was pleased that CPSC denied the request, but thereafter, the U.S. District Court for the District of Columbia ordered the CPSC to reconsider this request, and the Federal Register solicitation of comments followed.

Mr. President, I would not presume to advise the district court how to interpret legislative history, but every Member of this body knows that literally dozens of legislative proposals have been considered to restrict handguns or ammunition in recent years. This is not an issue that has never been addressed by Congress; to the contrary, there have been numerous and heated debates on this subject in Congress. In these circumstances, I think it is highly improper for a regulatory agency, which has not been elected by anyone, to attempt to superimpose its judgment over the judgment of the elected representatives of the American people.

The simple answer, Mr. President, is to make it absolutely clear, not only to the CPSC but also to the Nation, that Congress will not permit regulatory agencies to usurp its basic legislative authority in this fashion. My colleague from Idaho, Mr. McClure, has proposed legislation to prohibit the CPSC from restricting the sale or manufacture of firearms or ammunition, and I am pleased to cosponsor this legislation

But beyond the clear impropriety of agency action in this area, there is another issue, and that is the basic issue of gun and ammunition control itself. I have opposed such measures in the Senate, Mr. President, because I do not see how these measures deter anyone intent on committing a crime with a gun. Restrictions of this nature impose great hardship on sportsmen and others with legitimate needs to use weapons, without reducing criminal activity. I will continue to oppose this type of counterproductive restriction, and I will oppose efforts to accomplish gun control or ammunition control through the backdoor, by agency action.

Finally, I would like to emphasize that I share the widespread concern about violent crime—and I think we should move promptly to counter it, by imposing mandatory, additional sentences for those convicted of crimes while carrying firearms. If the criminal setting out to commit a crime knew, beyond any doubt, that simply putting a firearm in his pocket would add a mandatory 5 to 10 years to his sentence if apprehended, I predict the crime rate would drop fast.

In closing, I urge the CPSC to reject the proposed handgun ammunition ban, and I urge my colleagues to join me in moving for prompt action on Senator McClure's bill to prohibit CPSC action in this area.

AMERICAN INTELLIGENCE SUFFERING

Mr. NUNN. Mr. President, I am deeply concerned about the present and future status of our Nation's foreign intelligence gathering operations. Surely many foreign agents are worried about being out of work because America is doing such a thorough job of publicly exposing our intelligence functions. This current climate portends grave risks because crucial future decisions by our Government could possibly be based on inaccurate and skimpy data.

I am unalterably opposed to illegal intelligence activities in the domestic arena. Any such improprieties should be rooted out and permanently stopped. I believe that strong and appropriate measures must be formulated to do just that.

I remain, however, deeply troubled by recent events which are uncloaking our foreign and military intelligence activities to the potential enemies against whom these legitimate weapons are directed. The Central Intelligence Agency is losing valuable sources of vital information throughout the world because no foreign source wants to risk his life knowing his name may be in tomorrow's headlines.

The recent press reports on the salvage attempt of a Russian submarine is a case in point. There is no doubt that the Soviets have submarines loaded with nuclear missiles aimed at the people of the United States. There is no doubt that in the future crisis involving the United States and the Soviet Union, our President and Congress should have the best and most current information available as the basis for decisions. I can foresee circumstances where such intelligence information could prevent a nuclear holocaust.

Throughout our history, thousands of American lives have been saved because of our country's intelligence-gathering operations.

An American secret weapon in the basement of a building in Hawaii—a small code-breaking intelligence group—enabled the United States to turn the tide of the war at Midway. American censorship in World War II fingered Nazi secret-ink spies by winning a battle of test tubes and shortened the war. An American intelligence official was running toward the State Department early in the morning of December 7, 1941, with the crucial intercepted and deciphered message an hour before the Japanese planes roared off the carrier decks and even hours before the Japanese Embassy had deciphered their own message. All this valuable intelligence information would have been worthless if the opposition knew their intelligence and codes were in the hands of the United States.

The publication of the details of the recent CIA operation regarding the Russian submarine—listing the precise location of the sunken sub and the intelligence gathered—effectively ended this potential source of valuable intelligence data. This public disclosure created the danger of an international incident between our Nation and the Soviet Union. It is inconceivable to me that the CIA and its officials are being criticized in the American press by Members of Congress and other distinguished citizens for undertaking an operation in the middle of the Pacific Ocean to find out more about the real Russian nuclear capabilities. I believe that the CIA action was entirely appropriate and in the best, long-term interest of every American.

In addition, there has been some implication that the funds for the submarine project were somehow spent without congressional approval. I have been told that the funding for this project was handled in the normal congressional process that applies to all our intelligence activities.

One of my congressional colleagues recently asked for a cost-benefit analysis of U.S. intelligence operations. I am convinced that the benefits of the American intelligence community greatly exceed the total cost. I might add that a cost-benefit study of some of the current public criticism would show that the cost to our Nation far exceeds any possible benefit.

I did not know and did not have a need to know the specifics of this CIA operation with the Russian submarine, but I agree with the New York Times editorial of March 20 that—

> The CIA is only to be commended for this extraordinary effort to carry out its essential mission.

If we are going to have an able and efficient intelligence operation—which I believe is essential—we should not criticize these men when they have brilliantly accomplished their mission. Unfortunately, we cannot afford to herald the CIA's successes as front page news, because destroying the secrecy of the successes destroys the success itself. The members of our intelligence community must be satisfied to have their information remain secret so that it can be used by our country's leaders when needed. To criticize them at every turn and in some cases, unjustly, is to tear down this capability our country needs. I will not be a party to this undermining process because I believe the American people know we need this capability and information and know that their own lives would be jeopardized without it.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the United States has led the way in establishing protection of basic human rights. The premise of the inalienable rights of man on which this country was founded has been a constant example of morality and ethics to all countries.

When this human rights convention was first initiated, we were one of its major proponents. We spoke out in support of the Genocide Treaty. But, we have not followed our words through with actions. We are jeopardizing our potentially good influence with hypocritical actions and empty words.

I have mentioned before that I feel we have a duty to lead the world in establishing a code of international law because I felt that it would provide a basis for understanding between nations. That duty demands that we ratify the Genocide Treaty in order to make genocide an international crime.

In a statement to the Subcommittee on Foreign Relations, Mr. Richard Gardner, representing the Ad Hoc Committee on the Human Rights and Genocide Treaties, said:

> Another practical consequence is that it will give us greater influence in the drafting of new standards in the future, because as long as the U.S. abstains from ratifying any human rights convention in the United Nations, it will necessarily diminish our influence in drafting other conventions. Foreign countries will say the United States does not ratify these, why should its views be taken so seriously into account.

We must stop talking and begin acting to preserve the power of our example.

THE MISERY OF JOBLESSNESS

Mr. PELL. Mr. President, cold statistics cannot, in themselves, express the agony and misery that unemployment brings to a family. But statistics can give us some indicators of the extent of the misery being caused by increasing joblessness.

I have just seen the most recent report on unemployment in my own State of Rhode Island. I can only say it is shocking and depressing. As of a month ago, 15.8 percent of the work force in Rhode Island was jobless. By now it has increased. That is nearly 1 out of every 6 workers and family breadwinners is now experiencing the agony of wanting work, searching for work, and facing the frustration of not being able to find work. It is an unemployment rate nearly double the national average.

Mr. President, our Nation has not suffered joblessness of this magnitude since before World War II.

Compounding the misery of unemployment now is a high continuing rate of inflation. Some economic analysts have suggested a new economic index, called the discomfort index, computed by combining the jobless and inflation rates. In Rhode Island that index has gone completely off the discomfort chart into the economic distress area.

We are in a situation requiring urgent action. There is growing and understandable impatience among the jobless, those whose jobs are threatened, those whose fixed incomes are being relentlessly squeezed by rising prices, and the average worker who is uncertain about what the future—tomorrow, next week, or next month—may bring for him and his family.

Most of all, however, I believe what is needed is a sense of urgency and a realization that mere hand-wringing in Washington does very, very little for the jobless throughout the Nation.

In the present context, the time is past for fine-line academic debates among economists over the precise size of a stimulative tax cut, or for hair-splitting disputes. It is time for effective action. It is time for action that will assure the people of this Nation that their Government is capable and responsive.

In my own view, the actions that are necessary include a program of wage and price controls to bring inflation under control, coupled with greatly increased Government employment, including public service employment and public works projects. We should act promptly on tax measures that will most directly stimulate productive employment, particularly in housing and in providing the new energy-conserving transportation systems we need. At the same time, we must insure that any tax cut we pass is not so large that it increases the cruelest tax of all, inflation.

And we must act to minimize the suffering that unemployment brings, by making certain that the jobless have adequate unemployment compensation payments, and that the unemployed and their families have food, shelter, and necessary medical care during this crisis.

THE ARROGANT SECRETIVENESS OF THE FED

Mr. HUMPHREY. Mr. President, I found an excellent article by Mr. Kohlmeier who writes for the Chicago Tribune Syndicate. It is entitled "The Arrogant Secretiveness of the Fed." It is worth the attention of those who are concerned about monetary policy. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ARROGANT SECRETIVENESS OF THE FED

WASHINGTON.—It's your money. Money is a job instead of an unemployment line. Money is a steak instead of a handout.

The country is in its worse money crisis since the Great Depression. The government is paralyzed. The recession is six-months old and Congress still has not cut taxes.

President Ford's right hand doesn't know what his left hand is doing. Mr. Ford orders up make-work jobs on public highways at the same time he takes food stamps from the unemployed.

I know of nothing in government more outrageously stupid in these bad times, however, than the secrecy inside the marble palace where an autocratic government agency regulates the nation's money supply.

The Federal Reserve Board's marble palace is on Constitution Avenue, of all places. Our government is a democracy, and money is the most common of all commodities regulated by the government.

Regulation of the money supply either puts money into or takes money out of the pockets of every one of us.

But the Federal Reserve Board, otherwise known as the Fed, regulates the money supply in deepest, darkest secrecy.

The Fed won't tell the White House, Congress or the public what it's doing.

The gnomes of the Fed claim money is too complicated to be understood by the people or their elected representatives.

The business of bureaucracy often is to complicate and obfuscate what is simple and clear and the Fed is one of the oldest and most arrogant of bureaucracies.

In fact, there is nothing terribly complicated about regulating the money supply.

Basically, the Fed buys government securities in the open market to increase the money supply. It sells securities in the market to decrease the money supply.

A Fed committee meets frequently to decide whether to increase or decrease the money supply.

But the meetings are so secret that the Fed does not publish even brief summaries of its decisions until 90 days later.

The minutes of meetings, which don't tell all, are not published until five years later. The 1969 minutes are being published only now.

Theoretically, the Fed is accountable to Congress. But in fact, the Fed is accountable to no one.

Many bureaucracies run wild on long leashes, but they must return to Congress annually for appropriations to pay salaries and expenses.

Not the Fed! It pays lavish salaries and expenses from its money operations.

While most top federal officials are paid $40,000 a year, the president of the Federal Reserve Bank of New York pays himself $90,000.

Other bureaucracies are audited. Not the Fed! It won't admit auditors from the General Accounting Office, Congress' watchdog agency.

Secrecy hides mistakes, and prevents public and congressional criticism. The Fed has plenty of mistakes to hide.

The Fed is supposed to regulate banks to keep them sound. Three of the largest bank failures in history occurred in the past year. The Fed secretly helped arrange takeovers of the insolvent banks by other banks.

Much more seriously for you and me, the

Fed for years has been hiding its mistakes in regulating our money supply.

Economic historians agree the Fed made the Great Depression worse by failing to increase the money supply enough between 1929 and 1932.

The Fed unquestionably made inflation worse by expanding the money supply too rapidly between 1971 and 1973. And the Fed may very well now be making recession worse by expanding the money supply too slowly.

Secrecy is a disease as natural to government as cirrhosis of the liver is to drunks. Bureaucracies hide their mistakes like an alcoholic hides bottles.

The Fed's marble palace is full of hidden bottles.

"RUN FOR THE MENTALLY RETARDED" FUNDRAISING DRIVE

Mr. INOUYE. Mr. President, in keeping with America's tradition of generosity and compassion, some 2,354 service personnel stationed in Hawaii recently participated in a marathon that raised $30,000 for the Hawaii Special Olympics.

The Hawaii marathon was the first in a national "Run for the Mentally Retarded" fundraising drive by the Noncommissioned Officers Association and the Joseph P. Kennedy Foundation. More local marathons are scheduled, and next week a 3,182-mile run is planned.

The money raised in Hawaii will enable many of the State's 4,500 mentally handicapped children to compete in the Special Olympics in May at the University of Hawaii. Fifty winners from that meet will advance to the National Special Olympics at Mount Pleasant, Mich.

Hawaii marathoners ran on three courses ranging from 27 to 38 miles in length. Participants solicited sponsors before the marathon and were paid on a per mile basis.

Thanks to the marathon, the Hawaii Special Olympics will have twice as much money as ever before to spend on this year's event. The previous record for private contributions was $14,000. And the marathon not only raised money, it focused public attention on the Special Olympics and the problems of the mentally retarded.

On March 25, one group of runners will leave from Los Angeles and another from the White House in Washington. They will meet in Houston on April 2. Each group will run 1,591 miles.

Ninety percent of the money raised by this marathon will go to the State in which it was pledged. The remaining 10 percent will go to the Kennedy Foundation.

I wish to commend the Noncommissioned Officers Association for its involvement in this worthy project. I am happy to see military personnel involved with improving the quality of life where they are stationed. Efforts like these do much to enhance the military's image with the general public.

I also wish the Association and the Kennedy Foundation continued success with the "Run for the Mentally Retarded" program. The Special Olympics have done unmeasurable good for the children who have competed in them. They deserve the active support of all Americans.

Mr. President, I ask unanimous consent to have printed in the Record an article from the Honolulu Advertiser of March 2. The story discusses the recent Hawaii marathon.

There being no objection, the article was ordered to be printed in the Record, as follows:

2,354 Runners "Give a Damn"

(By Janice Wolf)

Chances are that they went home with burning feet and aching muscles.

But ask any of the 2,354 service people who participated in yesterday's "Run for the Mentally Retarded" if they'd do it again—and chances are equally good that they'd all say yes. And gladly.

For with the aches came a deep satisfaction of having done something good for 4,500 mentally handicapped children in the Islands.

The marathon—a fund-raiser sponsored by the Noncommissioned Officers Association—netted more than $30,000 to enable thousands of mentally retarded youngsters from Oahu and the Neighbor Islands to participate in the annual Hawaii Special Olympics in May.

Fifty of those youngsters will continue on to national competition at Mount Pleasant, Mich.

The scene at the finish line was bedlam yesterday, as hundreds of runners, panting and singing, poured into the parking lot outside the association's headquarters at 3131 N. Nimitz Hwy.

Hundreds of wives and children and friends were there cheering and dispensing soft drinks and ice-cold beer.

Dozens of youngsters who will benefit from the event were on hand, too. Many of them had run a distance themselves.

"It just makes you realize they give a damn about other people," said a much-moved Maj. Gen. Harry Brooks Jr. as he watched the teams sprint in.

Brooks, 25th Division commanding general, is honorary chairman of this year's Special Olympics.

Brooks—dressed in a jogging suit that was navy blue, if you'll pardon the expression—took special delight in waving to busloads of baffled tourists passing along Nimitz Highway.

Early yesterday morning Brooks ran the first mile of the marathon and contributed $600 in sponsoring pledges.

Commanding officers of Navy, Marine and Air Force bases also participated in the fund-raising event.

"Marines like to think of themselves as tough guys, but all you have to say is kids and hospitals and they come out of the woodwork," said Col. Dean C. Macho, commandant at Kaneohe Marine Corps Air Station.

Participants in the event, divided into teams, used three routes: One group took a 27-mile route through Kolekole Pass; another made a 35-mile trek from Kaena Point; and the third ran from the Kaneohe air station around Hawaii Kai, a distance of 38 miles.

A few of the runners went the entire distance by themselves, but most divided the jaunt into 3-, 5- and 8-mile stretches.

The 27th Infantry Division Wolfhounds were first over the finish line. And in "private competition," Army runners bested Marines through Kolekole Pass by 19 minutes.

The Special Olympics will be held in May on Cooke Field at the University of Hawaii.

Youngsters will compete in such events as track and field, swimming, baseball throws and wheelchair races.

Mrs. Phillis Rice, statewide director for the Hawaii Special Olympics, said this year's fund-raising effort set an Island record.

"The most we've ever collected in citizen contributions before was $14,000," she said.

The run—the first of its kind for the Special Olympics—is part of a national "Run for the Mentally Retarded" fund-raising effort sponsored by the Noncommissioned Officers Association and the Joseph P. Kennedy Foundation.

Funds were raised through pledges to participants, to be collected after the runners completed certain distances.

MUNICIPAL CLERK'S WEEK

Mr. INOUYE. Mr. President, the city council of the city of Carson, Calif., recently passed a resolution in support of Senate Joint Resolution 45, which I have introduced to declare the second week in May as "Municipal Clerk's Week."

I ask unanimous consent that the resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution No. 75-035

A resolution of the city council of the city of Carson supporting S.J. Resolution 45 and H.J. Resolution 227 relative to proclaiming the second week in May as "Municipal Clerk's Week"

Whereas, it is recognized that the City Clerk performs the highly valued functions of administering the procedures and keeping the records of the City; and

Whereas, it is further recognized that the City Clerk provides and maintains an organized source of knowledge about the community; and

Whereas, the City Clerk provides conscientious representation of the municipal government in the affairs of the community; and

Whereas, the City Clerk helps mold public opinion of local government through daily contact with the citizenry.

Now, therefore, be it resolved that the City Council of the City of Carson does hereby support the national movement to recognize the importance of the position of City Clerk with the passage of joint congressional resolutions proclaiming the second week in May as "Municipal Clerk's Week"; and

Be it further resolved that the City Council of the City of Carson does hereby encourage the Senate Committee on Judiciary and the House Post Office and Civil Service Committee to give Senate Joint Resolution 45 and House Joint Resolution 227 respectively, favorable hearings.

GEORGE WILL ON SOCIAL SECURITY

Mr. CHURCH. Mr. President, the false alarm that the social security might collapse has been terribly unsettling to many Americans, especially those who depend on the system for much or all of their income. Consequently, those of us we know that the alarmist view is ill-founded were pleased when Columnist George Will recently joined in debunking these irresponsible rumors. Mr. Will is a conservative. He is not quick to rush to the defense of a program born during a liberal Democratic administration.

Recently, Mr. Will wrote a column

which appeared in the Washington Post under the headline "A Cure for Social Security." In that column Mr. Will deals with the speculation that social security is "going broke." He points out that social security would be in serious financial trouble if present trends continue. But he also makes clear that the Congress and the Nation will not let that happen. There are ample opportunities to head off serious problems long before they develop.

I differ with some of Mr. Will's comments on social security, but I am grateful for his sober appraisal at a time when other observers are making a whipping boy of a fundamentally sound and really quite durable system.

Mr. Will's column is worth wide attention, and I ask unanimous consent to have it printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

A Cure for Social Security

(By George F. Will)

Anxiety about the solvency of the Social Security system is understandable but misplaced. The anxiety should be about the economic system that sustains the Social Security system and everything else.

The bad news about the Social Security system is bad but not dreadful: the system is headed for bankruptcy, but will not get there. The good news is gloomy: the system's solvency will be maintained, but at a substantial cost to the nation.

Social Security is a pay-as-you-go system: today's benefits are paid by today's workers' taxes. The system is headed in the direction of bankruptcy in the sense that benefits now exceed revenues, and the system's reserves can only make up the difference until the 1980s.

Substantial new revenue-raising measures will be necessary for the system. The system now has an actuarial deficit of at least $1.3 trillion over the next 75 years, adjusted to present value—and this deficit projection is based on some unreasonable optimistic assumptions, e.g., a long-term inflation rate of 3 per cent.

(An independent report for the Senate Finance Committee says that the actuarial deficit could be twice that size—that we would need reserves of $2.6 trillion, earning interest to finance the deficit until the year 2050).

The system's financial problem is a product of Congress, inflation, unemployment and demographic factors.

Congress has "indexed" benefits, linking them not only to the Consumer Price Index, but also to both wage and price increases.

Thus future benefits will increase even faster than inflation, and eventually—how soon depends largely on the long-term inflation rate—retired workers will receive benefits larger than the wages they earned.

Such high-power indexing makes double-digit inflation a disaster: wages, and hence revenues, increase slower than benefits. Of course, high unemployment widens the gap.

And demographic factors—declining birth rates, the growth of the retired population relative to the working population—compounds the disaster for a pay-as-you-go system. In 1955 seven workers paid Social Security taxes for every beneficiary. Today the ratio is three-to-one, and by early next century the ratio will be two-to-one.

Even if the problem is "only" $1.3 trillion—with market interest rates compounded over 75 years—it cannot be solved by traditional Social Security financing measures. These measures are increases in the flat tax rate or in the level of income to which the rate applies. The tax is regressive and inflationary, and political and economic considerations preclude relying on the tax to raise the required revenues.

Social Security taxes have increased at a compound annual rate of 17 per cent since 1949. Since 1971 the maximum annual Social Security tax bill has more than doubled for wage-earners from $405.60 to $824.85, with employers paying a like amount.

The impact of this flat, regressive tax on lower income individuals has virtually matched, and hence nullified, tax relief Congress has tried to grant on lower income individuals. And such a payroll tax is reflected in the price of goods and services.

On Jan. 1 Social Security taxes rose again. The 5.85 per cent rate remained the same, but the taxable portion of each individual's income rose from $13,200 to $14,000, a tax increase affecting 19 million Americans—one out of every five persons covered by the system.

It is written in letters of flame across the sky that the Social Security system cannot be run forever as it has been run—by politicians anxious to increase benefits, reluctant to increase taxes. Social Security, like the nation, is approaching a day of reckoning; bills are coming due.

Congress probably won't cut scheduled benefits. It probably will increase the tax rate; and increase the taxable portion of an individual's income; and then pour large sums of general revenues into the system.

This could mean increasing by tens of billions of dollars annually the taxes on labor and capital, leading to slower growth of capital, real income and the economy.

Slow economic growth will have a shattering effect on the Social Security system's sensitive actuarial assumptions, causing an implosion. For every percentage point difference between real wage growth and inflation, there is a staggering growth of the system's actuarial deficit which, in turn, requires additional tax revenues with additional adverse consequences for economic growth.

Congress, which made the Social Security system what it is today, must find a way to reform it without sending the economy into a permanent downward spiral.

SENIOR CITIZENS REACTION TO PROPOSED CUTBACKS

Mr. CHURCH. Mr. President, I have been among the Members of Congress who have taken sharp issue with President Ford's proposals to reduce budget expenditures by doing serious damage to programs serving older Americans. I will continue to do so.

Disapproval of the President's proposals is not limited to the Congress, by any means. My mail is crowded with letters of protest from older persons in all parts of the Nation. Many ask why so many of the so-called savings in the President's budget seem to be directed at the elderly.

One of the most vigorous and well-reasoned evaluations of the President's budgetary reasoning has been issued by a person I have known for many years in Idaho. He is Larry Evans, president of the Boise Club, National Council of Senior Citizens. His evaluation was published by the Idaho Statesman in what I regard as a genuine public service. I ask unanimous consent to have Mr. Evans' spirited—and informative—article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Ford Plan Penalizes Older Citizens

(By Larry Evans)

The nation's president, economy doctor Ford, has handed the elderly a senior's depletion pill. It is a pill designed to be unpalatable to some 46 million, 55 years of age and older, people who are designated by the federal government as senior citizens.

Ingredients of the senior depletion pill consist of a combination of less services under our Health, Education and Welfare agency—there being some 15 varied programmed units.

The senior depletion pill ingredient which affects—and will become disastrous to—21 million people in the country now drawing Social Security checks, is the proposal to reduce the alloted 9 per cent increase due in July 1975 to a meager 5 per cent. Idaho's Congressman Steven Symms writes that he concurs with the President in this matter.

Informed sources predict that administration offices will continue sniping at this source of legally earned income, especially if there is congressional action towards another raise in the cost of living increase. This part of the pill may be abolished through the efforts of the United States Senate's lead with the introduction of Senate Concurrent Resolution 2, introduced by 52 Senators and sparked by Idaho's Sen. Frank Church.

Another ingredient of the pill—upping the cost of the food-stamp program—has been successfully aborted by both congressional and court action.

But millions still face the frightful thought of illness, privation and suffering because of the tremendous increase in the cost of hospitalization, doctors and medical services. A stay in the hospital during 1973 which cost a deductible of $80 could conceivably now cost $750. Many will now retire into an elderly shell and wither away.

While pill doctor Ford blitzes the country on his proposed energy program, planned to solve the country's ills, he is constantly demonstrating that a leopard does not change his spots by following the same pattern he pursued for 25 years as a bi-partisan big business oriented, conservative congressman. His actions have proven him no William Tell! At the same time Congress has yet to prove an ability to be an Annie Oakley. On his first national appeal at Atlanta the President directed his thoughts towards an ethnic problem.

At Houston he appealed to the big oil industry and in the Midwest agriculture got a sample of the cure-all—not fully assimilated. To date he has mentioned no aid for the little people. On the same day of his agricultural speech a Washington bureau predicted an increase of consumer costs at the markets.

While the purchasing power of those on fixed incomes lessens daily, and inflation leaves an empty purse before the end of the month, millions look in desperation towards an uncertain future.

These are the Americans who kept this nation together during a crippling national and world-wide depression, many of whom "saved" the world for democracy during World War I and World War II. The elderly deserve a better break.

Nationally organized senior groups are now fighting a rear guard action. The Ford Senior Pill cannot be accepted as a necessary palliative.

If concerted efforts among senior organizations are used to present their problems before Congress, there is evidence of successful aid measures. The National Council of Senior Citizens, through its Washington offices, has been pushing for a 15 per cent hike in Social Security payments in July 1975 instead of the lawful 9 per cent raise. The council says that the contribution rate into the Social Security trust funds is set by the Congress to match, as closely as possible, the benefits which have been set under the law. But the President, who proposes to reduce the cost of living benefits, is not suggesting that the workers' and employers' contributions be reduced to offset the benefit reduction. Is that reasonable?

These contributions go into a trust fund which cannot be spent for anything except benefits, according to the provision of the Social Security law. It seems that economic doctor Ford wishes to use this money to make this administrations' huge deficit seem smaller.

The last thing the Social Security recipients could ask is to keep the benefit increase at the same rate as the increase of living costs. Should Congress decide to do this in July 1975 it would be necessary to grant an approximate 13 per cent hike in the checks of the beneficiaries. Costs of living increases have not caught up with recipients of Social Security checks. It is not possible to stand still without going backward.

In addition to suggested cuts in these benefits, the President asks the same reductions in the checks received by these in civil service and railroad retirement. Proposed cuts in the Veterans Administration would reach many millions more.

Social Security is not set up as are these other units of governmental services to the country's people. The complicated Social Security system is beyond the understanding of most recipients and many congressmen. At the urging of the National Council of Senior Citizens and other groups Sen. Frank Church has introduced Senate Bill 338 (on January 27) which would establish the SS Administration as autonomous and outside of the HEW, placing it under a three-man board appointed by the President with the advice and consent of the Senate. It would also separate the Social Security trust funds from the unified budget.

The House of Representatives has named Rep. William J. Randall as chairman of the House Committee on aging. These are the two men who chair important committees for senior citizens as well as all retirees. They must rely on the wishes of the people for their actions.

The Ford senior depletion pill includes more bad news for the elderly, seniors and those on Medicare. It does not suggest that the worker contributions to the Medicare Trust Funds be reduced to match the proposed cut in benefits. The money collected from the workers and employers, instead of being used for the elderly sick, will become a trust fund surplus to offset other deficits incurred by this administration. This makes for an added tax for the elderly.

Similar problems are presented by presidential proposals on Medicaid. Action must be taken to prevent the inmates of nursing and rest homes from becoming welfare patients.

The bitter depletion pill cannot be swallowed by the elderly. Write to your congressional delegation and tell them how it is with you.

IMPACT STATEMENTS

Mr. CHILES. Mr. President, yesterday, in a hearing before the Senate Government Operations Committee, Commerce Secretary Frederick Dent and Assistant Labor Secretary Abraham Weiss testified that their departments have not prepared inflation impact statements with proposed legislation and regulations as required by President Ford last November.

It is inconceivable to me that the departments and agencies have not complied with an Executive order 4 months after it was issued by President Ford and proudly proclaimed before the American people.

The people have a right to know the true cost of the laws and regulations proposed by the administration, and they have a right to ask if their government is working when it takes this long to obey an Executive order.

I cannot believe that the President of the United States would issue an Executive order in November and the bureaucracy has not complied with that directive 4 months later. It proves that our Government is not working.

In addition to this development, I am also cosponsoring with Senator NUNN and Senator PERCY bills that would require productivity impact statements to accompany all proposed major Federal laws, rules, and regulations.

I have also joined with Senator Brock in sponsoring an amendment to the Consumer Protection Act to require all proposed laws, rules, and regulations to be accompanied by an assessment of their effect on consumers. The Senate Committee on Government Operations accepted this amendment. One of our biggest needs is to look at the total cost of Federal programs, both in terms of their actual cost in dollars and their impact on consumers.

INDUSTRY RESPONSE TO REPORTS ISSUED BY THE SUBCOMMITTEE ON LONG-TERM CARE

Mr. MOSS. Mr. President, my Subcommittee on Long-Term Care of the Senate Committee on Aging is in the process of releasing a 12-volume report on nursing home problems entitled, "Nursing Home Care in the United States: Failure in Public Policy." The report is based on some 25 hearings over the past year and more than 3,000 pages of testimony. Our subcommittee issued an introductory report in November followed by one additional volume each month.

This procedure is unusual, perhaps unprecedented; but it is directed toward sustained public and congressional interest leading once and for all to meaningful reform in this much maligned industry. But the report has other unusual features. The report to be released in May is devoted entirely to positive aspects in long-term care. It is an effort to capture the most innovative and progressive practices used in America's finest facilities and make these techniques available to all providers. The 11th volume of the series will be made up of the administration and industry response to our reports; such statements will be printed without comments by the subcommittee. The 12th volume will analyze the industry response, update earlier findings, and provide the Congress with our final recommendations.

Our reports have contained many hard knocks for the industry. For example, we charge that 50 percent of U.S. nursing homes are substandard; that is, they have one or more life threatening conditions or problems. We charge that 20 to 40 percent of the drugs in nursing homes are administered in error. But even in the face of such serious charges the predominant response from the industry to date has been positive. It has largely been accepted that our purpose is constructive and that our approach to these problems has been factual and intellectual rather than emotional.

I am pleased by this response and the industry's apparent commitment to cooperation and reform. I am pleased that the American Health Care Association—formerly the American Nursing Home Association—has called for a national conference on long-term care in conjunction with George Washington University. This conference in June could help influence legislation. But this association has also taken another highly positive step. The subcommittee can print a maximum of 5,000 copies of any report. In most cases we receive far less copies to distribute. The demand for our nursing home reports has been unprecedented. The committee quickly runs out of its supply of each paper without distributing it to any of its master mailing list.

The Government Printing Office has been besieged for requests and quickly exhausts its supply of each paper. AHCA's decision was to print copies of our reports at its own expense and to make them available to the public as well as its membership. Moreover, their price is cheaper than that of the Government Printing Office, the introductory report selling for $1.50 rather than $1.85 at the Government Printing Office.

As additional evidence of the positive response our reports have received within the industry itself, I ask unanimous consent to have printed in the RECORD a letter to me from George W. Akers, vice president of the health care division of the Hillhaven nursing home chain who lauds the subcommittee for its work.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HILLHAVEN,
Tacoma, Wash., December 19, 1974.

Re: "Nursing Home Care in the United States: Failure in Public Policy—Introductory Report" Prepared by the Subcommittee in Long-Term Care.

Hon. FRANK E. MOSS,
U.S. Senate,
Washington, D.C.

DEAR SIR: While reading, in the December 10 Congressional Record, your overview of the above publication, my original impressions regarding the Subcommittee's "Introductory Report" were reaffirmed and I am moved to share them with you.

The objectivity with which the Subcommittee has conducted its investigations and published its findings is most appreciated and indeed to be congratulated. The "Introductory Report" reflects this objectivity and contains background and statistical data which is obviously factually sound and which is also "eye-opening" to say the least.

Problems within the nursing home industry have long been guessed at by all sectors, public and private. The members and staff of the Subcommittee on Long-Term Care

are to be commended for going beyond the guessing stage and for developing a program for publishing factual analysis of problems and causes—analysis from which workable resolutions may be planned.

Our organization, nationally representing approximately 7,800 long-term care beds, desires and intends to actively contribute to such resolutions and we are looking forward to receiving and responding to the Subcommittee's projected Supporting Papers. The Subcommittee's "unusual plan of action" affords use and others this unusual opportunity. For this we wish to express our appreciation to you, Senator Moss, as Chairman and to the members and staff of the Subcommittee on Long-Term Care.

Sincerely,

GEORGE W. AKERS,
Vice President.

JAMES E. SCOTT COMMUNITY WEEK

Mr. STONE. Mr. President, Reubin O'D. Askew, the Governor of the State of Florida, has proclaimed the week of March 15 through March 22, 1975, as James E. Scott Community Association Week. The James E. Scott Community Association is celebrating its golden anniversary on March 22.

The main objective of the James E. Scott Community Association is to build a creative partnership among people of all races and economic levels for the purpose of creating a society of equal justice and opportunity for all.

After 50 years of service to the Miami community, the James E. Scott Community Association has expanded its boundaries from primarily a child care agency to an institution that is concerned with all aspects of human development.

The James E. Scott Community Association is very proud of its history. I, therefore, request unanimous consent that the following proclamation, by Governor Askew, be printed in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

PROCLAMATION

Whereas, the James E. Scott Community Association has been a significant force in the service to the black and minority residents of Dade County, and

Whereas, the James E. Scott Community Association has provided an Early Childhood Development Program, a Comprehensive Community Coordinated Service Unit, a Youth Employment Service Project, the Scott Economic Development Corporation, the Youth Streetworkers Project, a multi-purpose Senior Center, a Social Services and Golden Agers Service to assist Senior Citizens, and

Whereas, all of the aforesaid programs have been unselfishly used to the benefit and advancement of the minorities of Miami, and

Whereas, this program deserves and enjoys the full support of the people of Miami, Dade County, Florida and their elected leaders and

Whereas, the year 1975 marks the fiftieth anniversary of the founding of the James E. Scott Community Association:

Now, Therefore, I, Reubin O'D Askew, by virtue of the authority vested in me as Governor of the State of Florida, do hereby proclaim the week of March 15 through March 22, 1975, as James E. Scott Community Association Week in Florida and urge all citizens to join in commending the efforts of the James E. Scott Community Association and to reaffirm our individual efforts at aiding our fellow man.

THE 57TH ANNIVERSARY OF THE BYELORUSSIAN DECLARATION OF INDEPENDENCE

Mr. PASTORE. Mr. President, it is now 57 years since the freedom-loving people of Byelorussia rose up against their independence by proclaiming the Byelorussian Democratic Republic. It was the latest revolt in Byelorussia's two-century long struggle to gain her freedom from the political control of Moscow. But, it was a short gulp of fresh air for the commissars, like their tyrannical predecessors the czars, moved quickly to destroy the ancient aspirations of the Byelorussian people to live freely and independently in their own democratic state. By January of 1919 the last insurgents were crushed and Byelorussia was incorporated into the Soviet Union.

The fact that Byelorussia's struggles for independence and liberty date back more than 600 years is eloquent testimony to the deep-seated and irradicable yearning of the proud Byelorussian people to be free. And for the better part of 600 years now the Byelorussians have been fighting for their freedom from Moscow.

The Communists, recognizing clearly the fierce Byelorussian love of freedom and independence, have embarked upon a massive and insidious campaign to obliterate everything Byelorussian in an attempt to obliterate the Byelorussian's uniqueness as a people, eradicate their national customs and their language, and assimilate them into the Soviet population.

It was on March 25, 1918, that Byelorussia proclaimed her national independence and become a free and independent state. But despite the Communist oppression of Byelorussia in the intervening 57 years, the ideals and spirit of independence have lived on, burning ever more brightly.

Mr. President, wherever there is a man who has the courage to stand against a tyrant's oppressions, I will stand with him. And as long as there is a Byelorussian who is articulating the legitimate aspirations of his people and who asks for my support, I will lend him a hand.

TRAGEDY IN INDOCHINA

Mr. KENNEDY. Mr. President, spokesmen for the administration, including the Secretary of Defense, are once again engaging in the drama of political rhetoric, of threats and scare tactics, about Indochina. Once again we are hearing the same old arguments and the same old controversies over the same old war.

Once again efforts are being made by the administration to intimidate Congress and the American people by ignoring the facts in the field, and by covering up the failure of our national policy in Indochina.

The clear implication of the administration's statements is that Congress holds the fate of Vietnam and Cambodia in its hands—that Congress and the American people are responsible for the failure of the Paris agreement for Vietnam—and for the failure of peaceful settlement in Cambodia.

The administration's arguments not only renew a needless controversy of recrimination over who is to blame for the failure of national policy in Indochina, but their arguments also mislead the American people.

Mr. President, let us end the needless recrimination. Let us not renew the old wounds that nearly tore our society apart. Let us be realistic about our options. Let us be realistic about what we can and should do—and not about what might have been.

Let us not pretend that the crisis in Vietnam can be solved by a few dollars more. After pouring in some $140 billion over the last decade—including some $4 billion in military and economic aid since the Paris Agreements—what will a few dollars more achieve? And the same holds true for Cambodia.

Peace cannot be brought in Indochina. The billions of dollars in military hardware and economic aid we have put in to Indochina, even since the ceasefire, has not served to reduce the level of violence. In fact, the statistics on the human costs of the on-going war—the number of refugees, civilian war casualties, orphans, and war victims of all kinds—have mounted steadily. And today we are confronted with the greatest nightmare of death, destruction, confusion and human flight the war has ever seen.

And regrettably, apart from the apparent lack of any meaningful diplomacy by the administration to lessen the violence and open a dialogue of accommodation among the parties involved, we are once again confronted with a national policy which all but ignores the new crisis of people building up in Cambodia and Vietnam. We are confronted wtih a national policy which all but ignores the kinds of efforts needed to bring about the better care and protection of the civilian populations on all sides of the battle lines.

As chairman of the Subcommittee on Refugees, I am distressed that weapons deliveries still have priority over medicine and relief supplies. I am distressed that the voluntary agencies and international humanitarian organizations are not being given the full support of our Government, nor the full resources to meet humanitarian needs.

I am distressed over the callous attitude of our Government toward the massive human suffering and starvation in Cambodia. I am distressed over the complacent attitude of officials in the administration who view the massive dislocation of people in Vietnam as a routine emergency that will surely be patched up with a few more dollars.

But there is nothing routine about the new crisis of people spreading over Cambodia and Vietnam. And as events in the field expose the failure of our national policy in Indochina, the time has finally come for new initiatives by the President and for new efforts by our national leadership to face squarely our true remaining obligations to the people who have suffered so much for so long.

And so I call upon the President to finally carry out the legislative mandate of Congress for internationalizing humanitarian assistance to Indochina. Given the massive human tragedy unraveling today in Cambodia and Vietnam, I also call upon the President to seek the good offices of the United Nations for the protection and care of refugees and war victims on all sides.

I call upon the President to urge the United Nations Secretary General to exercise his good offices for humanitarian purposes in Cambodia and Vietnam—perhaps through the United Nations High Commissioner for Refugees or UNI CEF, whose offices are already actively present in all parts of Indochina. The active presence and good offices of the U.N. will help to insure the free movement of relief personnel and supplies to all areas of need, and hopefully strengthen the efforts for peace.

DOES THE CATTLEMAN GET A FAIR SHARE?

Mr. CHURCH. Mr. President, for years the cattlemen have been told that the price they receive for their cattle reflects no more than the operation of the free market. And yet the widespread suspicion continued that not only did the massive purchasing power of the supermarket chains establish prices paid to the producer but that some form of agreement among the chains determined prices to consumers.

Evidence is now beginning to emerge that these suspicions have a basis in fact. How is it possible to explain the fact that prices to the producers have fallen while the retail price has increased or stayed the same? Can inflation alone account for the fact that, as the Department of Agriculture reports, middlemen added 52.7 cents to each pound of choice beef in 1974 compared to 36.5 cents in 1971—a two-thirds increase?

These questions and others are explored in a recent article for the Washington Post by James Risser and George Anthan of the Des Moines Register. While these reporters do not draw final conclusions, they discuss the evidence assembled on behalf of six cattlemen who recently won a $32.7 million verdict against A. & P.—what may be a landmark case now on appeal—and find it convincing.

So that others may have an opportunity to consider the matter for themselves, I ask unanimous consent that the article, "The Meat Price Explosion and Chain Stores," from the March 9 Washington Post be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From The Washington Post, Mar. 9, 1975]

The Meat Price Explosion and Chain Stores

(By James Risser and George Antham)

In the mid-1960's, officials of the nation's largest supermarkets gathered quietly at confidential "meat clinics" sponsored by their trade organization, the National Association of Food Chains (NAFC).

Each participant was guaranteed anonymity. Neither his name nor his company affiliation appeared on any list. Officially, he was known to his colleagues only by a color-coded badge on his lapel. If he spoke during clinic sessions, he could be identified only as a member of, for instance, "the red-striped badge group."

The system was developed, one NAFC official explained later, "for the purpose of encouraging people to speak out and not hold back" as the executives discussed complexities of buying and marketing meat at a profit. And, somewhat to their chagrin today, participants did speak freely.

One color-coded supermarket man declared that "it is about time we stopped passing along the savings in distribution costs to the customer. I think we ought to keep some of it for ourselves."

"The group seemed in general agreement with this thought," notes of the meeting said.

Last summer, those words and others uttered at the meat clinics came back to haunt the supermarket industry as a federal court jury in San Francisco handed six cattlemen a stunning $32.7-million verdict against the Great Atlantic & Pacific Tea Co. (A&P) in a lawsuit charging that major retail grocery chains had conspired to fix the price of beef.

During the trial, the chief meat buyer for A&P had denied he ever met with his competitors. But then the jury of four women and two men was shown a photograph of him meeting with other supermarket officials at an NAFC clinic. The impact on the jurors was powerful.

Their verdict was upheld 10 days ago by Chief U.S. District Judge Oliver Carter, who denied A&P's pleas for a new trial. Judge Carter ruled the jury had received "sufficient evidence" to support its finding that A&P had plotted with other supermarkets to set the prices they pay for beef at a low level and the prices they charge customers in their retail stores at a high level. The jurors were justified in believing that, at the "various secret meetings," supermarket executives and meet buyers "met, not only to discuss prices of meat, but to forge agreement concerning fixing of those prices," said the judge.

A&P has termed the verdict "monstrous" and plans an appeal to the U.S. Circuit Court of Appeals. The decision has sent tremors through the multi-billion-dollar supermarket industry as cattlemen in other states have moved quickly to file similar suits. While the San Francisco case covers a period which began almost a decade ago, some cattlemen contend the alleged practices have continued.

Backed by some farm-state congressmen, the cattle raisers say large supermarket chains wield undue influence on wholesale and retail prices of meat. Rep. Neal Smith (D-Iowa) charges the chain grocers have replaced meat packers as the largest single force in the nation's food industry, saying they exert "tremendous leverage" over meat prices and can, in effect, dictate prices meat packers pay the cattleman for his live animals.

Smith is pushing legislation to limit the chains' involvement in production of meat, and some veteran industry regulators at the U.S. Agriculture Department agree privately that tough new laws are needed.

The farmers complain that low prices they are paid for cattle are not adequately reflected at the stores' meat counters. This has become one of the most curious aspects of the high food-price situation of recent months. How can it be that U.S. cattlemen have lost $100 to $200 on each animal sent off to the slaughterhouse, and yet consumers have had to pay higher prices for their steaks and hamburger?

Agriculture Department economists and statistical experts agree that if there is an economic villain, it's someone called the "middleman"—the meat packer, the processor, the packager, the shipper, the retail grocer. All have been getting an increasingly large piece of the action as beef makes its way from an Iowa farm or a Texas feedlot to the American dinner plate.

Agriculture Department figures show that in 1971 middlemen, including the retail supermarkets, added an average of 36.5 cents to each pound of choice beef they handled. This increased to 52.7 cents a pound in 1974.

A special department task force reported last August that meat price margins—costs added by middlemen—"exploded" late in 1973 and early in 1974 "while market prices for cattle and hogs dropped sharply and losses mounted for livestock feeders." General inflation, restrictive labor union practices, government regulations and market distortions caused by earlier federal price controls were factors in this "explosion" but not enough to "explain the surge," the task force stated.

Meat marketers, the unit's report said, had significantly increased their profits, partly to recoup earlier losses. "It appears that the recent increase in meat price spreads was caused partially by food retailers changing their pricing policies to increase profits in their meat departments," it said.

A series of recent hearings by the Congressional Joint Economic Committee also dealt a blow to the supermarkets' public image. First, the committee staff accused the chain stores of issuing "intentionally misleading" financial figures in order to "cover up" high profits. Then, several supermarket chains refused to testify before the committee unless forced to do so by subpoena.

Cattlemen's suits patterned after the California case are on file in Nebraska and Texas, and the filing of others is under consideration. A $104-billion antitrust action filed in Cedar Rapids, Iowa, by cattlemen there was dismissed recently, but strong efforts are being made to revive it.

An examination of the voluminous record in the six-week A&P trial in San Francisco shows that cattlemen's attorney Joseph M. Alioto (an antitrust specialist and son of San Francisco Mayor Joseph L. Alioto) was able to produce little clear or startling proof of an overt conspiracy. There was no document actually showing high grocery chain officials agreeing on price-fixing schemes. But there was massive testimony and statistical evidence that, at a time when beef demands was high, cattlemen were being paid low prices while supermarkets profit margins were rising. And the jury apparently was convinced that the NAFC meat clinics were a cover for supermarket efforts to get together on pricing.

TWO CHAINS SETTLE

The case, filed in 1968, originally named as defendants A&P, Safeway Stores, Inc. and Kroger Co. The three firms had conspired to pay low prices for the beef they bought and to fix high prices for the beef they sold to customers, the petition asserted. The large supermarket chains, the cattlement alleged, had divided geographical territories among themselves to reduce competition. They also had eliminated competition among themselves in purchasing meat products, and even among different stores of the same chain. Also, it was charged, they had exchanged information on prices, sales, margins and profit through their trade associations.

Safeway and Kroger eventually elected to avoid a trial and settled out of court by paying the cattlemen $90,000 for attorney's fees, though the two chains strongly denied the charges against them. A&P, however, decided to fight the case to the end.

After a six-week trial, the jury returned its verdict, finding that a price-fixing conspiracy had cost the six cattlemen 20 cents a pound on all the beef they sold from 1964 through 1967. As a result, they had lost a total of more than $10 million and, under federal antitrust law, were entitled to triple damages.

The plaintiffs produced witnesses to buttress their claim that the big supermarket chains had agreed, perhaps only through an informal "understanding," to pay packers uniform, arbitrary, non-competitive and artificially low prices for fresh meat and meat products.

Cattlemen told the jury they sold cattle for less than it cost to raise them, and that they were able to stay in business only with bank loans and by raising crops. Also, a former independent packer testified that he had been forced to pay cattlemen low prices because of "great pressure" from major food chains he dealt with.

Testimony showed that A&P followed a policy of buying 20 million pounds of meat a week—90 percent of its total requirements—out of a single office in Chicago. Company officials acknowledged that such large buying power could not help but have a significant market impact, but they insisted "we do not determine prices."

But, in his closing argument to the jury, Alioto claimed: "It's more likely than not that they (the competing supermarket executives) got together, either by an understanding or an agreement or an invitation to some and an acceptance by others, to control the market. They talked about prices. The evidence is they talked about methods and procedures. . ."

Referring particularly to the photograph of A&P meat buyer Robert Carpenter meeting with his competitors, Alioto commented: "First, several of them deny meeting each other, and then we have to show that and prove that in documents . . . Next, they say, 'Well, I didn't sit with him: I might have met him, but I didn't sit with him.' And then we have to get a picture . . . And then they say, "Well, we didn't talk about prices or supply or anything like that, and then it's all over these documents."

Arguing unsuccessfully that the jury verdict should be set aside, A&P contended that the NAFC sessions involved "wholly theoretical and legitimate discussions about retail marketing practices and consumer buying habits, but were not an attempt to fix prices or coordinate buying.

"Accusations of retail price-fixing before a jury of consumers in a period of high inflation were obviously highly prejudicial," A&P complained.

THE "YELLOW SHEET"

In addition to the NAFC meat clinics, evidence of some contact among competing food stores came in testimony of A. D. Davis, an official of Winn-Dixie Stores. He said he had given his private telephone number to officials of some other firms to save them from making more expensive person-to-person calls when they wanted to speak to him.

The calls often related to handling of "excess supply" of beef, said Davis, who acknowledged that he may have told a competitor that Winn-Dixie was planning to "feature" beef.

Supermarket officials said that the NAFC often issued notices to its members, telling them of the existence of excess meat supplies, and asking them to conduct beef sales. But A&P lawyers said such sales had the effect of removing excess supplies and actually benefitted cattlemen.

The cattlemen who testified in San Francisco made it clear they don't feel that way. Courtenay C. Davis, who operates a 75,000-acre ranch at Horse Creek, Wyo., told the court that many cattlemen have been losing money since 1952. At about that time, he said, "a powerful new force emerged in the form of the concentrated buying power of fewer and fewer big chain store buyers, operating without restraint in the carcass beef market."

Supermarket officials testified that the four largest chains together were accounting for less than 20 per cent of carcass meat sales in the nation, but they acknowledged that much of the other 80 per cent represented "fragmented" purchases by locally oriented grocery, hotel, restaurant and institutional operations.

While noting that most of its 3,500 stores get most of their meat through a centralized buying office in Chicago, A&P strongly denied it sets prices it will pay to packers relying on the so-called "Yellow Sheet." That publication, officially called The National Provisioner, is a daily compilation of wholesale prices in the meat industry. It bases its quotation on actual sales, but there have been allegations in the press and before Congress that the Yellow Sheet's figures sometimes are manipulated.

Also, during the California trial, the cattlemen contended that a Safeway decision to sell its New York City stores, A&P's decision to leave the Los Angeles market and a Kroger decision to abandon Washington were tied to efforts to lessen competition among the three in the purchase of meat.

C. W. McManamy, an official of the Omaha, Neb., Livestock Foundation and a longtime observer of midwestern markets, sees evidence large supermarket chains have been able to force some significant drops in prices farmers receive for their cattle.

One clue to this, he said, is a uniform price decline on the same day at widely scattered markets. "When I look at a radical departure from normal patterns," he said, "then I have to look at market muscle as a possibility. I see six to eight major retail outlets. Against this, I see 3,500 packing plants, and producers market through all these plants. When I look at this picture, I can't escape the conviction that concentration in retailing would provide substance for suspecting that prices can be dictated where the power lies. Packers to a large degree don't sell meat to retailers anymore; the retailers order meat from the packers."

Testifying before the Joint Economic Committee last December, Irvin Bray, one of the plaintiffs in the California suit, said he had been unsuccessful in trying to sell cattle to packers early in the week because the packers have to wait until Wednesday to find out what Safeway, the dominant chain in his area, is willing to pay.

Safeway's buyers wait until then so they can determine through the Yellow Sheet what A&P has paid the previous day, he claimed. Bray said that in recent years there has been very little relationship between the prices paid to cattlemen and the retail beef prices charged to consumers.

Testifying later, Safeway denied the charge. Company lawyer Richard W. Odgers said Safeway does not utilize centralized buying, but purchases its beef through competitive "offer and acceptance" in which packers" offers are received and accepted separately through more than 15 meat-buying offices.

W. S. Mitchell, Safeway's president was grilled before the committee by Sens. William Proxmire (D-Wis.) and Hubert Humphrey (D-Minn.) about the increasing concentration of economic power in a few of the big chains. Proxmire said he has "serious doubts about the competitiveness of the industry" and Humphrey asserted that the supermarket chains "went out for a killing" after food price controls were removed.

But Mitchell told the committee that "all those stories about price-gouging profiteering, ripoffs, price-fixing and monopoly are just not so." He strenuously resisted suggestions that Safeway, with its 2,200 stores and annual sales of some $6 billion, is able to drive out competition and keep its prices high. Net profits of most major chains have averaged around 1 per cent of total sales, Mitchell said.

"A DEVASTATING CASE"

Later, the committee staff issued a report calling such figures "irrelevant." Profit figures based on rate of return on sales have been "purposefully" used to "cloud the issues and obscure the industry's true performance," the report said. A more reliable measure of supermarket profits, it contended, is "return on equity" (earnings compared to the value of the stock owned by the companies' stockholders) because this shows how much money the supermarkets are making in comparison to their total worth. For the supermarket chains, return on equity is "strikingly higher" than return on sales, the report said.

Safeway's rate of return on equity, for example, was 11.2 per cent in September, 1973, and rose to 19.5 per cent in September, 1974, an increase of 74 per cent, the report said. Winn-Dixie's rate of return rose from 13.1 per cent to 21.4 per cent. Kroger Co. went from 6.1 per cent to 10.4, and A&P from a loss of 2.2 per cent to a profit of 3.2 per cent.

The figures, on the average, are "neither spectacular nor poor," but they refute the retail food stores' claims that they are doing poorly, the committee report said.

The NAFC continues to argue, nevertheless, that supermarkets make so little profit that, if their earnings were entirely wiped out, the average family's food bill would drop by only eight cents a week.

"Lowering food prices by reducing supermarket profits is like trying to pump water from a dry well," says NAFC president Clarence Adamy. As for meat specifically, the supermarkets generally have been unable or unwilling to provide figures, although A&P has acknowledged that its average markup on fresh meat nearly doubled between 1968 and 1973. Safeway says its gross profit on meat is lower than on other grocery products, and Jewell Companies, Inc., officials say the company lost $5 million on meat sales during the first half of 1974.

Proxmire said in December that his committee staff's field investigations showed that where a small number of supermarket firms dominate the grocery business in a particular city, as in Washington, food prices tend to be higher and often are identical in the various competing stores in that city. A sampling of 4,000 items in Safeway and A&P stores in Kansas City, Mo., turned up identical prices on 3,000 items, he said. The Wisconsin senator described the finding as "the kind of conduct you'd expect out of a price-fixing conspiracy."

Three weeks later, Proxmire announced that A&P, Kroger, Winn-Dixie and Grand Union Co. had refused to appear before the committee unless subpoenaed.

Proxmire said company records obtained from the 17 largest chains had been analyzed and "we believe that a devastating case has been made against the industry—especially that retail prices rose while farm prices fell and that actual price competition, as such, did not exist in about 60 per cent of the items sold in the food chains."

Proxmire has since yielded the chairmanship of the Joint Economic Committee to Humphrey and the future status of the investigation is in doubt, as is the question of public release of the reportedly revealing company financial records.

The Federal Trade Commission has announced a probe of the food industry, but a congressional source who has followed the FTC effort says it is "in bad shape, partly because of lack of staff." The Senate Select Committee on Nutrition and Human Needs also has plans to investigate the food industry, including price fixing and other anticompetitive activity, later this year.

AN INVENTORY: AMERICA IN 1975 COMPARED TO 1950

Mr. BROCK. Mr. President, I ask unanimous consent that an article by Mr. Tom Fesperman be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AN INVENTORY: AMERICA IN 1975 COMPARED TO 1950

(By Tom Fesperman)

As we move into 1975, national morale is shaky.

Across the front pages march the grim phalanxes of inflation, recession, scarcity, crime and corruption with heavy tread. They have sent out stabs of fear that good times are forever gone and our system is crumbling under the forces of disintegration.

On newsstands, national magazines challenge passers-by with apocalyptic covers: one depicts a well-to-do family sitting down to a Christmas dinner of empty plates; another trumpets "The End of Affluence: The Last Christmas in America"; a third cover announces that we are "Coming Around to Socialism."

Erudite pundits blithely tell us that the edifice America has built is junk, now come tumbling down about us.

Great difficulties loom before us in 1975, no one can doubt that. But before writing off the future or jumping into a briar patch of quack nostrums, a little stock taking is in order. Remember the 1950s? That decade opened on a surge of Korean War inflation, followed with three back-to-back recessions.

Hanging over the chronically depressed economy were two spectres that promised untold trouble. Remember? One was automation, which threatened to bring mass unemployment by wiping out millions of traditional jobs; the other was the after-effect of the postwar baby boom.

What would happen, went the refrain, when 70 million kids poured into the school system and then the job market? The mathematical extrapolations were ghastly. At the levels of growth and capacity which were then current, the incoming hordes would be locked out, first without classrooms and teachers, then without jobs, houses, hospitals, highways.

To ward off a catastrophe that would bring on a breakdown of society, we would have to spend more, train more and construct more in two decades than in all the previous years of our national life combined. Stagnant America lacked the will and the vision, the critics said; it couldn't be done.

Well, we did it. What we accomplished just yesterday is worth reviewing. For if we grasp what we have done, then we shall gain a sense of what we can do.

Part of the story is chronicled in the book, "The Real America," by Ben Wattenberg, an author with a nose for doomsday cant and an uncanny gift for making the cold statistics come to life. Other facts have been gathered by my staff. Here's the story, all carefully documented:

Since 1950, we have made it possible for—hold your hats—74 million people to be enrolled in schools today. That's one-third of the nation! Nine million are in college, more than double the 1960 figure. From our poorest homes, earning from $3,000 to $5,000 a year, 21 per cent enter college.

Since 1950, employment has expanded fast enough to absorb almost all those postwar babies. Manual labor and menial jobs declined. But the ditch digger re-emerged as a bulldozer operator and the maid as a bank teller.

Since 1950, America has constructed from scratch a suburbia that houses 35 million people. In a twinkling, as it were, we erected the physical equivalent of a new nation.

Since 1950, the median income of the American family has doubled. With inflation taken into account, average family income, measured in constant 1972 dollars, has risen from $4,500 to more than $11,000. Distress over inflation and fear of recession cause us to forget this gain.

Since 1950, working conditions have improved dramatically. Shameful conditions still exist in some industries and they must be relentlessly exposed. But for most people, gains have been impressive. Work begins later and retirement comes earlier.

What of the poor? Since 1959, poverty has been cut in half; the percentage of families below the poverty line has dropped from 22 to 11 per cent.

We who have wrought these advances in our own time have not suddenly atrophied and fallen sterile, ready for the ideological embalmers. Whatever innovations the new era calls for, we'll be equal to them.

FUTURE OF THE SOCIAL SECURITY SYSTEM

Mr. PERCY. Mr. President, the Senate Select Committee on Aging, on which I serve, held 3 days of hearings on future directions in social security this week. The hearings served as a timely public review of the projections and recommendations of the Social Security Trustees' 1974 Report, the report of the Panel on Social Security Financing appointed by the Senate Finance Committee and the report of the Advisory Council on Social Security. Most important, they served to heighten public awareness of the exact nature of the financial problems facing the social security system and of the alternative means of dealing with them.

I have been aghast at the verbal battle waged during the last few months over the financial soundness of the social security system. Now that two panels of experts have confirmed the projection of financial problems made by the OASDI Board of Trustees in its 1974 report, hopefully we can rise above the din and work together to bring order to this system.

It is as fiscally irresponsible and cruel to the elderly to ignore reality and leave these problems to future generations as it is to declare that the system will soon collapse and do nothing to prevent it.

The social security system will not collapse. Future generations will not deny earned benefits to the retired. However, it is evident that the system cannot continue to be self-supporting under the present contribution and benefit formulas. The immediate gap between income and outgo is small compared with the deficit projected for the 21st century. We must avoid the temptation to deal with the short-term problem with stop gap measures and leave long-term solutions to those who will be responsible for the system at that time. To do so could not help but result in serious economic dislocations and hardship.

Two main factors must be taken into consideration in redesigning the social security system. Its economic impact must be fair and manageable for employers and workers on the one hand and fair and adequate for retirees on the other. It must also be financially sound over the long term, so that neither a massive infusion of funds nor a reduction in benefits is ever necessary. If we take corrective action now, I believe it is possible to meet both these goals.

The Social Security Advisory Council estimates that by 1978, the balance in the trust fund will be under 35 percent and that this is about the minimum necessary to fund current obligations. By 1980, tax receipts will once again approximate expenditures. After 1980, costs are projected to rise dramatically, and by the year 2030 woud necessitate a payroll tax of 17.6 percent to fund them. These are very close to the estimates provided in the 1974 Trustees' Report. The Panel on Social Security Financing appointed by the Senate Finance Committee projects a similar short-term deficit, but estimates that costs will reach 23.3 percent of taxable payroll by the year 2030.

The difference in estimates stems from the different economic and demographic assumptions used by each panel. The Advisory Council estimates an average increase of 5 percent in wages, and 3 percent in the Consumer Price Index, over the next 75 years, and an increase in the fertility rate—the average number of children born to a woman during her lifetime—from 1.9 to 2.1 beginning in 1985. These are essentially the estimates used by the trustees. The Finance Committee's panel assumed an average increase of 6 percent in wages and 4 percent in the Consumer Price Index and a dip in the fertility rate through 1990, with the 2.1-percent rate not being reached until the year 2025.

Obviously, relatively small differences in economic and demographic assumptions lead to significant variations in estimating the long-term financial soundness of the social security system. In adopting corrective measures, it is important to keep the lack of long-term predictability of these vital factors in mind. For example, it may be reasonable to presume an even greater degree of labor force participation in the next century than did either the Finance Committee panel or the Advisory Council. As there are fewer and fewer workers relative to consumers, unemployment will drop and a greater number of women and potential retirees will join or remain in the work force.

I believe the most sensible course at this time is for the Congress to enact those changes in the social security system which will assure its enduring effectiveness. Adoption of some of the Advisory Council's recommendations, as well as other proposals I intend to make, could stabilize the system's financial base through the remainder of this century. By 1990, we will know for certain the ratio between workers and retirees during the first half of the 21st century, the most important variable in today's cost projections, and will be able to plan ahead accordingly. This, of course, assumes that there will be no changes in the present system which significantly increase benefits relative to payroll taxes.

First, and I believe most important, is the recommendation made by both the Social Security Advisory Council and the Panel on Social Security Financing to "decouple" social security benefit levels. Under the present system, a worker who retires 20 years from now will receive a social security benefit which will directly reflect not only the compounded 20-year increase in the CPI but all wage increases received during the period. For a worker retiring in the year 2050, this could result in a monthly social security benefit 60-percent higher than the worker's average preretirement wage. Coupled with a wife's or husband's benefit, the retired couple's benefit would be nearly 150 percent higher than the worker's average preretirement wage. While this problem is not critical to the financial integrity of the system today, it plays a major part in the estimated long-term deficit. "Decoupling" the system by basing retirement benefits on a worker's average monthly wage, increased, or "indexed," to reflect average wage increases for all workers during that period, and providing cost-of-living increases only after retirement, will correct this problem. The Advisory Council estimates that this change alone will reduce the estimated average long-term deficit by nearly one-third.

Second, in line with insuring that benefits bear a reasonable relationship to preretirement earnings, total benefits should not exceed the purchasing power of preretirement earnings. A maximum replacement ratio of 80 to 85 percent of average "indexed" preretirement earnings would be both fair and adequate.

Although these changes would result in a cost savings under the economic assumptions used by both the Advisory Council and the Finance Committee panel, it is important to note that they could increase costs if real wages increase at a higher rate than projected. The importance of these changes rests in the fact that they will bring the revenues and costs of the system closer in line, whatever the long-term relationship of wages to prices turns out to be.

Third, I believe the automatic eligibility of wives to a "dependent's" benefit equal to half their husband's benefit should be phased out and that this benefit be paid only where actual dependency exists. This automatic eligibility was enacted on the presumption that wives are almost invariably dependent on their husbands for more than half their income. More and more women are now collecting social security and other pension benefits based on their own earnings and this presumption is certainly no longer valid. It is unfair to those men and women who contribute to the social security system to have to pay the costs of "dependent's" benefits to individuals who are not in actuality dependents. The Advisory Council recommended doing away with the proof of dependency now required of husbands applying for such benefits and, in the alternative, decreasing both husband's and wife's benefits by the amount of any pension earned from earnings not covered by social security.

A far simpler and more equitable solution is to require actual dependency for both men and women.

Fourth, consideration should be given to the establishment of a special replacement ratio for retirees who have spent relatively little of their work careers under the social security system. The Advisory Council spent considerable time looking into the inequity of such workers benefiting from the higher earnings replacement ratio for those with a low average preretirement wage. The higher replacement ratio was enacted, of course, to provide an adequate retirement income for those who worked for many years under social security but at low wages. One solution recommended by the council was to reduce social security benefits by the amount of any pension or benefit earned from employment not covered by the social security system.

I do not believe it is fair to penalize such workers, Government employees being a major example, for working in noncovered employment. An alternative approach would be to establish a separate schedule of replacement ratios for workers who contributed to the social security system for less than 10 or 15 years. Such workers would then receive a fair return on their contributions to the system but would not benefit inequitably from an elevated ratio established for low-income individuals.

Of course, any changes adopted in the system should not adversely affect those already retired or the long-term retirement plans of workers. Thus, the first two proposals I have outlined should become effective immediately, but only as to future retirees, and the second two should be phased in over a period of years.

Finally, if these proposals are not adequate to eliminate the projected deficit over the next 25 years, consideration should be given to moving a portion of the tax rate increase scheduled for the year 2011 forward to the 1990's and/or accelerating the scheduled increases in the taxable wage base. I do not believe the tax rate should be increased beyond the rate of 11.9 percent now scheduled for 2011. Including the 1.8-percent medicare tax, this will amount to a payroll tax of 6.85 percent each on employers and employees. This in itself will be a fairly substantial burden, particularly for low-income workers and small businesses, and I do not believe additional increases should be counted on to finance whatever long-term deficit may develop. Certainly, a thorough study should be made of the effect of the payroll tax on the adequacy of capital investment and workers' purchasing power before any additional changes in the rates are made.

I must also disagree with the Advisory Council's recommendation of gradually transferring the financing of the medicare program to general revenues and using the revenues from the medicare payroll tax to help finance social security benefits. Although I appreciate the council's interest in postponing any increase in the payroll tax, I believe further consideration should be given to the effect of this proposal on the medicare program itself. It, like social security, is an earned benefit, and should continue to be so. In addition, we have yet to determine what place the medicare program will have in national health insurance and should make that determination before enacting major changes in its financing structure.

In conclusion, if we act now, the short-term financing problems of the social security system can be solved without economic dislocation or hardship and we can lay the basis for an equitable and potentially fiscally sound system in the future.

WHY HIGH COST

Mr. BROCK. Mr. President, I ask unanimous consent that a provocative article by Nicholas von Hoffman be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHY WE PAY SO MUCH TO SO MANY TO DO SO VERY LITTLE

(By Nicholas von Hoffman)

WASHINGTON.—As reprehensible as the people in the airplane-hijacking business may be, we can thank them for making a significant contribution to the fight against unemployment. Without them the thousands of women who earn their living searching other people's handbags and suitcases at the nation's airports would probably be unemployed.

Airplane hijacking is rapidly going the way of train robberies, not because of these women and their X-ray machines, but because the hijackers themselves are such criminal nuisances there are almost no nations left that will give them asylum. Nevertheless it's safe to assume that the great-granddaughters of the present pioneer generation of bag searchers will be pursuing the same line of work.

They are exemplars of what some social thinkers have called the changeover from a production to a service economy.

Wage rates have made it unprofitable to produce a wide variety of items from television sets to sewing machines in America because, it is said, too many workers have been sucked into the service industries.

At the same time the middle and upper classes, the people who presumably can afford to purchase services as well as products, are screaming there are none to be had, except at exorbitant prices, and even then they complain the work is shoddy. If that's so, it may explain the rise in the number of service occupations for which there is only a marginal demand.

Who really needs the services of tens of thousands of public relations representatives, guidance counselors, inspectors, receptionists and variously titled paper shufflers who drag down the productivity of every large enterprise, public or private?

None of us do individually, but all of us do collectively because we have a national commitment to full employment.

This commitment is so intense, and the personal consequences of getting fired or laid off are so terrible in a society where almost none of us have any savings or other income to fall back on, that we never ask ourselves whether there is a better way to create the jobs we need.

Save in recessionary times such as now, we don't even like to admit we're creating jobs for the sake of a job rather than the work product. Only the radicals routinely point out the numbers of people who are dependent for their livelihoods on the war and munitions industry. The rest of us know it but we don't like to talk about it, except when the government decides to close down a naval base. Then the television news airs a few interviews with the bewildered workers, and the politicians speak vague thoughts about "conversion to a peacetime economy," perhaps by commissioning the construction of a subway from Omaha to suburban Los Angeles.

Even the depletions of war and the direct siphoning off the labor market of several millions into the armed forces has been insufficient. We have had to resort to other expedients which are hidden under the mantle of justice.

Hasn't that been the real social economic function of the mandatory programs to hire women and minority groups? It would be hard to demonstrate that they've provided much "equal opportunity" but easy to show that they are an effective legal crowbar for job creation.

Unhappily this is a very expensive way to attempt to meet the minimal claims of distributive justice. Not only do we have millions of workers who know they're being paid to do nothing much, but because they're so unproductive they act as a constant pressure on the government to cover the bills by inflation. At the same time an immense misallocation of resources is required to create these non-jobs, while wage scales are so distorted by them that employers with real work to be done can't afford to hire the workmen to do it.

Attempting to meet national full employment goals by creating non-producing service jobs has been politically painless because it doesn't jangle the sensibilities of special interest groups and the costs are both hidden and postponable.

However, like living off one's capital, we're going to find there comes an end to that. If we go on letting Haitian women make our baseballs and Taiwanese peasants manufacture our television sets, one of these days the airport ladies are going to open our bags for inspection and find nothing in them.

PREDICTING THE CAMBODIAN TRAGEDY

Mr. BIDEN. Mr. President, it is my considered opinion that U.S. military aid to Cambodia has been largely responsible for the tremendous loss of life and human suffering that we are presently witnessing in that country. Our continued intervention in the internal affairs of Cambodia has served to further worsen conditions in Cambodia and to preclude any attempt at a negotiated peace settlement there. Five members of Secretary of State Kissinger's National Council foresaw the present state of affairs in 1970, according to a recent news account, when Mr. Kissinger was the Special Assistant for National Security Affairs under President Nixon, but neither he nor Mr. Nixon heeded their warnings.

James McCartney, in his column in the Boston Globe of March 13, 1975, relates the story of the five men—Anthony Lake, Roger Morris, William Watts, Laurence Lynn, and Winston Lord—whose views if listened to by the Nixon administration in 1970, could have prevented the present exercise in futility. To quote from Mr. McCartney's column;

> The story has relevance now because many of the arguments President Ford and Kissinger are making for continued U.S. military aid to Cambodia are similar to those Mr. Nixon made in explaining his decision to invade on April 30, 1970. Then, as now, U.S. "Prestige" and "credibility" were said to be at stake in Indochina.

Mr. President, I ask unanimous consent that the full column by Mr. McCartney be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Cambodia Predictions That Turned Out Right

(By James McCartney)

Washington.—The tragedy of Cambodia that is now unfolding was foreseen in the highest councils of the US government in 1970 by five men whose warnings went unheeded.

They warned Henry Kissinger in advance—with uncanny perception—what would happen if President Nixon invaded neutral Cambodia with US troops.

They warned that the war in South Vietnam would be expanded; that Nixon would not be able to get out after he got in; that events would become uncontrollable for the US.

One told Kissinger the invasion would be "an exercise in futility" that would lead to mass deaths "to no real avail." Another warned that if it was done the US eventually would bomb Haiphong harbor in North Vietnam.

Three felt so strongly that they quietly resigned prestigious White House jobs when their warnings were ignored and Kissinger sided with Mr. Nixon, enthusiastically backing the invasion.

The five were members of Kissinger's handpicked National Security Council staff—Anthony Lake, Roger Morris, William Watts, Laurence Lynn and Winston Lord.

Their predictions to Kissinger have been a nightmare come true.

By the best available figures some 450,000 persons have been killed or wounded in Cambodia in the five years that have followed, and three million have been driven from their homes. Haiphong was bombed. US troops are gone from Vietnam, but there has been no victory in either country.

Today even the Pentagon is conceding that the exercise has been a monument to futility.

"We know it was wrong," says Lake today, "but I don't think any of us foresaw the dimensions of the tragedy."

Says Morris: "We made a mistake. We tried to conduct ourselves like gentlemen in the establishment club.

"Like gentlemen, we quietly resigned. We should have called a press conference and blown the lid off."

The story has relevance now because many of the arguments President Ford and Kissinger are making for continued US military aid to Cambodia are similar to those Mr. Nixon made in explaining his decision to invade on April 30, 1970. Then, as now, US "prestige" and "credibility" were said to be at stake in Indochina.

Many believe that Mr. Nixon appreciated Kissinger's leadership in seeking to rally support on the White House staff so much that the result was to cement the relationship between the two.

In his book "Before the Fall" Safire reports that Kissinger told White House staffers at private meetings: "Look, we're not interested in Cambodia, we're only interested in it not being used as a base" against US troops.

On the day before the invasion was announced Lake and Morris drafted a letter of resignation, delivering it to Kissinger's top assistant, Alexander Haig Jr. It began: "Dear Henry:"

"As you know," they said, "we have grave reservations about the value of using US troops in Cambodia. We believe the costs and consequences of such an action far exceeds any gains one can reasonably expect."

They told Haig to deliver it whenever he thought best—not necessarily that day, because Kissinger was "tense."

Watts came to his decision to resign after Kissinger asked him to take on the job of coordinating the entire invasion. He told Kissinger he would not—and knew that meant he would have to resign.

Today Lake is working for International Voluntary Services in Washington, a privately supported "peace corps" type of organization which sends social workers overseas.

Morris went to work for a liberal Democratic senator, Walter Mondale of Minnesota, and later joined the Carnegie Endowment for International Peace. Today he is trying to make it as a free-lance writer in foreign affairs.

Watts soon afterward joined Potomac Associates in Washington, as director of that "research and analysis" group.

Laurence Lynn stayed on the Kissinger staff for several months after the invasion, but quit in the fall of 1970 and is now *teaching* at the Kennedy School at Harvard.

Winston Lord is the only one of the five who is still with Kissinger. He heads the State Dept's Policy Planning staff.

THE EMERGENCY FARM BILL OF 1975

Mr. PERCY. Mr. President, I do not intend to support the farm bill that will be before us on Monday, March 24. I can find no reason to make such sweeping changes in the Agriculture and Consumer Protection Act of 1973. The act of 1973 is working well in moving agriculture away from heavy Government involvement toward a policy designed to give farmers more freedom to make their own decisions. As a result of the Farm Act of 1973, the United States has moved from heavy Government involvement to a minimum number of controls, and from heavy Government stocks to virtually no Government-owned agricultural commodities. Since 1973, Government storage costs have been reduced to almost zero from a previous $1 million a day, and direct payments to farmers have dropped from $3.9 billion a year to $524 million in calendar 1974, and $215 million of that was for disaster payments. Also, no acreage is now being held out of production.

Further, 1973 and 1974 have been the two most successful farm income years in history. Farmers earned a record $32.2 billion in 1973, and $27 billion in 1974—hurt somewhat by adverse weather conditions. These are the 2 best years in U.S. history for farm income.

Farm exports have increased since passage of this act from $8 billion in 1972 to $21.3 billion in 1974.

I support continuation of this trend for agriculture in its reliance on the market which has proven so beneficial in the past 2 years, and I oppose a return to patterns of the past.

I oppose the amendments to the law made in this bill. I think the higher target prices could artificially stimulate production, particularly in cotton. Cotton planters have indicated that they had planned to plant less cotton this year and shift part of their production into soybeans. Raising target prices for cotton could increase production of cotton, which is now in surplus, instead of contributing needed soybean protein to the Nation's supply.

The high loan rates could hold United States prices above world levels and make the United States uncompetitive in world markets, unless we would once again resort to export subsidies, a situation I do not want to see.

I am also concerned about the cost of

this bill. The Department of Agriculture estimates the cost of the bill at $470 million this year and estimates that for one commodity—milk—the provision of this bill would increase the price of milk by 8 cents a gallon, the price of cheese by 10 cents a pound, and the price of butter by 20 cents a pound.

Mr. President, for all of the above reasons, I cannot and will not support this bill, and I hope the Senate will defeat it.

CONGRESS AND FOREIGN AFFAIRS

Mr. BIDEN. Mr. President, time and time again, we Members of Congress are repeatedly told by the press and Presidents that we are incapable of making foreign policy decisions. We are told that the Congress, with its 535 Members, is institutionally incapable of making policy decisions.

It is my opinion that this is highly inaccurate. After all, it was Congress that insisted on our country's extrication from the Vietnam war.

Joseph Kraft, in his column in the Baltimore Sun this morning, states the case for congressional participation in foreign policy affairs. To quote his opening paragraph:

> Events are now making a liar of the claim that congressional meddling in foreign affairs inevitably yields disaster. Thanks to just such meddling, the Turks and Greeks are once more on the road to a Cyprus settlement.

I ask unanimous consent, Mr. President, that Mr. Kraft's complete column of March 13, 1975 be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONGRESS MEDDLING GETS UNITED STATES OUT OF JAM

(By Joseph Kraft)

Events are now making a liar of the claim that congressional "meddling" in foreign affairs inevitably yields disaster. Thanks to just such meddling, the Turks and Greeks are once more on the road to a Cyprus settlement.

Similar meddling holds out prospects for settlement in Cambodia—and eventually Vietnam. For only Congress—it now becomes clear—can break the perverse logic whereby officials of the executive branch regularly cause the United States to become the prisoner of its allies.

Take first the case of Cyprus. Congress cut off military aid to Turkey to force Ankara to compromise with Athens on a Cyprus solution.

The President and all his men harrumphed about congressional interference. Henry A. Kissinger, the Secretary of State, spoke of an "unmitigated disaster," and claimed the move to cut off aid would only stiffen Turkish resistance, thereby harming the Greeks. James R. Schlesinger, the Secretary of Defense, also spoke of disaster, and warned the Turks might begin cutting back their military co-operation in ways harmful to the security of Europe.

In fact—after some huffing and puffing—Turkish authorities saw that Washington meant business and that their forces would soon be running out of spare parts. Ankara, in these conditions, turned reasonable. Mr. Kissinger was received there Tuesday. Now negotiations for a Cyprus settlement have been renewed and the outlook is not bad.

In the case of Cambodia, the issue is whether to grant $222 million in special aid for food and ammunition to the beleaguered government of President Lon Nol.

President Ford contends there is a "moral" obligation to help. The secretary of defense implies that to abandon Cambodia would advertise American weakness to the world. The State Department indicates that it favors negotiations and could get something going, if the situation on the ground were improved and it could find somebody to speak for the Communist insurgents, or Khmer Rouge. Ronald H. Nessen, the presidential press secretary, intimates that congressional action would make possible negotiations, and at the same time asserts that the government of Lon Nol is "legitimate."

These arguments are mostly nonsense. There is no reason to believe the Lon Nol government can ever right the military balance to the point of making a negotiated settlement possible. The Khmer Rouge rebels have at least as good a claim to legitimacy as Lon Nol, and they are far from being unknown figures.

Congress, fortunately, has read the situation well. Instead of trying to prop up the satellite regime for one more go at a position of strength, senators and representatives understand that the right way to a settlement is through a change in the regime in Phnom Penh. With Lon Nol gone and the struggle to achieve political advantage abandoned, arrangements can be made for an orderly transfer of power. The result, far from being a disaster for the United States, will be a left-wing government likely to aggravate even further the already abundant strains working among Hanoi, Peking and Moscow.

Two leading senators—Charles McC. Mathias, Jr. (R., Md.) and Adlai E. Stevenson 3d (D., Ill.)—have seen that the same logic applies to Vietnam. They are readying legislation that would cut off aid to Saigon unless the regime of President Nguyen Van Thieu moved toward free elections and a more broadly based government. Only in that way can pressure be applied to Mr. Thieu to set up the kind of regime that could achieve a settlement.

This is not to say that Congress ought to meddle indiscriminately and try to fine-tune all foreign policy issues. On the contrary, recent experience teaches that there is a definable condition where congressional meddling works.

That is the situation where the United States has become the prisoner of a client state, where American officials have become personally over-committed to allied regimes, where the executive branch is burdened by past commitments to the point of being unwilling to re-examine them in the light of changed circumstances.

In those situations, Congress, with its ego uninvolved and its face in no need of saving, has a wisdom that the executive branch does not. It can get the president off the hook, and its meddling works.

FOREIGN INVESTMENT REVIEW ACT OF 1975

Mr. HUDDLESTON. Mr. President, I am pleased to cosponsor the Foreign Investment Review Act of 1975 which, on the strength of recommendations made in hearings last year and additional research, refines a similar bill which I cosponsored in the last Congress.

This bill will close an information gap which has existed too long in the area of foreign investment in the United States. While data relating to foreign investment is collected by countless agencies and departments throughout the Government, their efforts are not coordinated and there are no data collection activities oriented specifically toward foreign investment for its own sake. I think the inadequacies of this system are well exemplified by the experience of the Federal Energy Administration in compiling its "Report to Congress on Foreign Ownership, Control and Influence on Domestic Energy Sources and Supply" recently published pursuant to an amendment which I offered to the Federal Energy Administration Act. In their research, FEA had to rely primarily on private publications as their principal source of information, and the report includes the caveat that "there is no assurance that this report, or any other report for that matter, can present a comprehensive list of foreign ownership activities in the United States unless substantial efforts are made to improve data collection."

This bill is just such an effort. It establishes a Foreign Investment Administration within the Department of Commerce, and requires the Secretary to assemble, analyze and make public information on the source of, nature, extent, and trends in foreign investment in the United States.

At this point, I want to emphasize that this bill is in no way intended to restrict or discourage foreign investment in the United States. Our Government traditionally has observed, and continues to observe, an open-door, nondiscriminatory policy. In general, foreign investors receive "national" treatment—we do not offer foreign investors any special incentives nor, with a few internationally recognized exceptions, do we place any limitations on their investment opportunities. Without a doubt, that policy offers many advantages. Foreign investment creates new jobs, provides innovations and advances in technology, stimulates productivity, and increases our tax base.

But, the effects can be adverse also. And, stories of dramatic increases in the level of foreign investment in the United States over the past 2 years and reports of the huge capital excesses being amassed by the OPEC nations have spawned a fear in many Americans of foreign domination of strategic sectors of our economy.

We need solid, coordinated data, like this bill would provide, to put these reports in their proper perspective. Information has always been the lifeblood of any economy. We cannot hope to make calm, rational, and intelligent decisions without it.

NATIONAL HOUSING CONFERENCE RESOLUTIONS

Mr. KENNEDY. Mr. President, the National Housing Conference had its annual meeting in Washington, D.C., on March 9, 1975. I was pleased to have the opportunity to deliver the keynote address at that meeting and to pay tribute to the long and distinguished record of the National Housing Conference.

Founded in 1931, it is the oldest national citizen's organization devoted to housing and community development. It has worked for 44 years to promote better communities and decent homes for all Americans.

At the annual meeting, resolutions were adopted in response to the current crisis in national housing and urban development policy. The recommendations for legislative and administrative actions combine to represent a thoughtful and essential program for the revitalization of our housing industry and for the renewal of urban and rural communities across the land.

When one examines the depth of unemployment and unused capacity in the housing industry, it is clear that immediate and emergency action to rescue that industry is necessary solely on economic grounds. And when one looks at the gap between our housing needs and the continued decline in housing starts—in February, only 673,000 building permits were issued, which is the lowest rate since we began keeping records—it is evident that emergency action is required if we are to keep faith with our pledge to provide a decent home in a decent environment for all Americans.

The NHC program once more is a complete agenda for meeting our housing and community development needs in our cities and in rural America. I support virtually every recommendation made in these resolutions. These resolutions should be read by everyone interested in housing and community development legislation and the revival of our economy.

I ask unanimous consent that the completed resolutions be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

NATIONAL HOUSING CONFERENCE RESOLUTIONS ADOPTED BY THE MEMBERSHIP AT ITS ANNUAL MEETING IN WASHINGTON, D.C., MARCH 9, 1975, LEON N. WEINER, PRESIDENT

STATE OF HOUSING AND ECONOMY[1]

I. Emergency measures needed to overcome housing depression and stimulate economy

Our economy is in the deepest and worst recession since the Great Depression. In January and February of this year, 7,500,000 people were out of work and our unemployment rate was 8.2 percent. The unemployment rate did not increase in February, but only because 580,000 discouraged workers gave up looking for jobs and dropped out of the labor force. If we count the discouraged people who have dropped out of the labor force and are not counted as unemployed, that adds more than a full point to the published unemployment rates.

For the six-month period ending in January, 1975, the Commerce Department reported that its index of leading economic indicators had the steepest decline since the Government began collecting the statistics after World War II.[2] This index is supposed to foreshadow future development in the economy. It plunged 12.6 percent so we can anticipate that economic conditions will get worse before they get better, even if new legislative programs are adopted to stimulate the economy, because of the long lead time it takes for them to become effective.

Housing starts were at an annual rate of only 987,000 in January which is less than 40 percent of the annualized average of 2,600,000 units (excluding mobile homes) required to meet the national goal adopted in the Housing and Urban Development Act of 1968 ("1968 Housing Act"). Building permits were issued that month at the annual rate of 661,000 units which is the lowest rate since the Government started keeping housing statistics in 1946. This permit-rate forecasts continuing low housing starts unless stimulative actions are taken as recommended in these Resolutions.

The drop in multifamily starts was more than twice the drop in single-family starts. With the Administration's phase out of the traditional public housing and Section 236 programs, only 26,000 units of such assisted housing were started in the first 8 months of 1974. This low level of multifamily housing production will deepen the recession. The tightening of rental housing markets will cause further rent increases and hardships, thereby increasing inflationary pressures in the economy.

Since 1973 there have been suspensions and strangulations of housing assistance programs which have caused incalculable harm among families of low and moderate incomes. Their urgent needs for housing have been neglected. Elderly persons have been on public-housing waiting lists for three to five years with no prospect of meeting their needs until additional housing is produced for them. A recent Harvard-MIT study concludes that over 13,000,000 families are still living in a state of housing deprivation as measured by a lack of plumbing, dilapidation, lack of heating, overcrowding or excessive rent burdens. High interest rates and high housing costs have priced most middle-income people out of the market and denied them an opportunity for home ownership or adequate rental housing.

The current low level of housing production is creating a further dangerous distortion in the economy and causing mounting unemployment. There is a threat of disaster for those engaged in this vital industry and others dependent upon it.

In the first 8 months of 1974, 1,160 construction firms with total liabilities of $270 million failed. Hundreds of thousands of workers in the affected trades became unemployed. In January of this year, about 900,000 construction workers were unemployed and there was widespread additional unemployment in related industries. The rate of unemployment among construction workers was 22.6 percent as then reported by the Department of Labor, which was almost triple the rate of unemployment generally. When we add the multiplier effect of unemployment in related and other industries caused by the depression in construction, the total unemployment was 2,700,000 people. In housing construction, the rate of unemployment was about 40 percent.

There are many disastrous results of the continuing depression in housing construction. Unemployment is increasing in housing and related industries, thereby further depressing the economy generally. The backlog of housing need is growing, with adverse social consequences. Our capability to provide decent housing is rapidly diminishing.

In our Resolutions in the past two years, we forecast the current depression in housing and the recession in the economy as a result of the Administration's actions in suspending housing programs for low and moderate income families and pursuing policies which resulted in a calamitous drop in housing production. If actions are taken which are recommended in this year's Resolutions, housing can again be the bellwether to lead the economy out of the recession and meet the urgent housing needs so long neglected.

With the increases in prices and interest rates and the cutback in Federally assisted production, only 4 percent of all new housing is available for low income families. Relatively few homes are available for middle income families. About two-thirds of American families are precluded from buying new homes as long as mortgage interest rates and housing costs are at their current levels so that monthly charges are beyond what they can afford unless they receive assistance.

Today as we enter the last third of the housing decade so hopefully inaugurated by the 1968 Housing Act, social and economic conditions require a re-evaluation of the housing goals it established. These goals called for the production of 26,000,000 new and rehabilitated housing units—excluding mobile homes—within the 1968–78 decade. This includes 6,000,000 Federally assisted housing units for low and moderate income families. These goals recognized the average annual housing need of 2,600,000 units to meet the growth of households and to replace substandard housing and losses in the housing supply.

To monitor the achievement of this goal along with other related issues, Congress mandated HUD to furnish it with an annual housing goals report. The most recent of these reports, delivered to Congress some eleven months late, indicates HUD's conclusion that housing production is on schedule and will meet the goal set for the decade by the 1968 Housing Act. This is not correct. The assertion is predicted on the inclusion of mobile homes production. Clearly, this was not the original intent of the housing goals. If HUD insists on including such mobile homes production, then the 26,000,000 unit decade goal must be increased to at least 31,000,000.

The Nation has fallen far short of its housing goals, particularly during the last year. Housing production is generally depressed now and there is an inequitable burden on those who need housing and on the housing industry. Housing continues to bear a disproportionate share of the reduction in economic activity through credit restraints, tight money and high interest rates. The goals of the 1968 Housing Act were designed to achieve a reasonably stable level of housing construction each year. We have failed to achieve those goals or to avoid the unsteady cycles of housing construction. This current emergency emphasizes the need to achieve a better coordination between housing and national economic policy.

Today's emergency conditions call for actions which are recommended below to provide necessary Federal assistance to achieve an adequate volume of housing at monthly charges within the financial reach of those who need it. During this critical period, it is important that we continue our target to reach the revised annualized starts goal for assisted housing which we recommend.

According to the 1968 Housing Act, at least 6,000,000 of these units were to be for persons of low and moderate incomes. However, that goal is no longer realistic. Even HUD recognized that the annualized average of 600,000 units has not been achieved. Moreover, additional studies—such as that of Harvard-MIT—combined with the obvious results of inflation in housing costs indicate that this goal must be revised sharply upward to meet needs of the low and moderate income groups. In addition, a large amount of the remaining units should be for middle-income families who have been priced out of the market due to the current high interest rates and high housing costs. It is clear that the original goal of 6,000,000 assisted units is now obsolete. *A new goal of at least 12,000,000 assisted units for the decade—and 1,200,000 annually—would be far more accurate and appropriate at this time.*

There are many completed houses and condominiums which are overhanging the market and discouraging new housing starts. This is confirmed by Mr. Michael Sumichrast, Chief Economist for the National Association of Home Builders, who stated:

"One reason builders are reluctant to start new houses is that they are sitting on an

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unsold inventory of 400,000 single-family homes and 250,000 condominiums."

While we know there has been a soft sales market, this is not proof that there is only a limited need and market for housing. The reason that many of these houses are unsold is because of their high costs and high interest rates. We must offer people housing at monthly charges that most of them can afford and we must offer them incentives to buy or rent now. This can be accomplished through the programs we recommend.

No housing goal is realistic unless we can bring housing to the market at monthly charges which people at different income levels can afford, including those with low, moderate and middle incomes. The following programs recommended in these Resolutions will produce that kind of lower monthly charges to serve a broad spectrum of the market commensurate with the need:

The multifamily assistance programs under Section 236 and public housing which reduce monthly charges to the extent necessary to serve low and moderate income families in projects occupied by a cross-section of these income groups.

The home ownership assistance program under Section 235 which reduces interest rates to the extent necessary to serve families of moderate and lower income with a minimum interest payment of 1 percent.

A new emergency housing program with an initial 6 percent interest rate for middle-income families who cannot afford home ownership at current high interest rates and an alternate program for the par purchase of mortgages with a permanent 7 percent rate.[3]

A reduction in interest rates to 7⅝ percent for unassisted housing through mortgage purchases under the Emergency Home Purchase Assistance Act of 1974 ("Emergency Housing Act") and the Tandem Program, with a lowering of that below-market rate as market interest rates come down.[3]

By serving this board market and reaching people who have been priced out of the market, it should be possible to achieve sales and rentals of housing at the rate of our housing goal. This will not only help overcome the recession throughout the economy, but it will also relieve the unemployment of 2,700,000 people who have lost their jobs as a result of the drop in construction and its ripple and multiplier effect throughout the economy. The proposed assisted housing construction will provide an average of 2,400,000 full-time jobs a year during a two-year period. This includes not only construction, supplier industries and transportation, but also the ripple and multiplier effect in the economy. It will also increase national production by $70 billion a year during a two-year period.

We must take actions which will inspire confidence. Lack of confidence is due to the fact that people are afraid of their economic future. Confidence can be restored by putting people back to work and stimulating production in the economy. The programs we are advocating will accomplish this. With additional housing construction to help restore the health of our economy and increase employment, the confidence of people will be restored so that they will buy and rent housing produced at charges they can afford. They will also resume normal purchases of other products of American industry.

Since World War II housing has been the crucial industry which has led an economic recovery from every recession. Through the programs we are recommending, housing can again lead to an economic recovery. In contrast, the inadequate housing programs proposed by the President will lead to a recession for years as protected in the President's economic report to Congress.

The housing industry has demonstrated its capacity to meet our housing goals when the Federal Government was committed to that objective and when it provided necessary housing assistance. For the two years before 1973, more than 2,000,000 units were produced annually and the scale of production was increasing so that our annualized housing goal would have been met. However, in 1973 the Administration changed its policies and abandoned its commitment to housing, which was no longer regarded as one of the Nation's priorities. In our current emergency, the time has come when the Federal Government must again recognize that housing is a top priority, and provide the assistance necessary to meet our housing goals. We recommend that the Congress enact legislation with a mandate to the Executive Branch to afford housing the top priority it needs and to provide all of the assistance necessary to meet our housing goals.

It is necessary to have adequate authorizations which will not only achieve a volume of housing construction this year, but also in future years. The pipelines on multifamily housing should soon be exhausted by use of Operation Push-Out which we recommend. Those pipelines need to be refilled with multifamily housing projects, as it takes many months to achieve construction starts on newly initiated multifamily housing.

The restoration of economic activity through increased housing production will increase Federal tax revenues and reduce unemployment expenditures. Accordingly, it is sound public policy to spend money for housing assistance and other measures which will increase housing production and create jobs. The money spent to stimulate housing construction should not be viewed as an added burden to the Federal budget when it has the effect of reducing the burden for high unemployment insurance benefits in the budget. Moreover, the stimulation of the economy through increased housing construction will further offset spending for housing assistance through increases in Federal tax revenues.[4]

ASSISTED HOUSING TO MEET URGENT NEEDS, STIMULATE CONSTRUCTION AND CREATE JOBS [5]

II. Operation push-out to achieve prompt starts on 300,000 units of assisted housing in HUD pipeline with available funds

HUD can get a quick start on construction this year of almost 300,000 units of assisted housing by reviving the Operation Push-Out program which was used successfully in 1971. These housing projects are already in the HUD pipeline and have funds available under assisted programs. There is a long neglected need for this housing among families of low and moderate incomes who will be able to afford the monthly charges achieved through Federal assistance. These 300,000 units will provide 600,000 full-time jobs for a year. They will also increase national production by $16 billion and Federal tax revenues by $3.6 billion.

Many of these projects have been in process for over a year and have completed environmental and other clearances, so they can be started quickly under a revived Operation Push-Out. In contrast, the new and untried housing assistance program under Section 8 will take a long time before any substantial volume of projects can reach the construction stage—if ever, under the program as it has been structured by HUD. There is a cumbersome procedure involving advertisements for proposals, clearances with local governments, preparation of applications and processing them, together with many unworkable requirements.[6]

The attached table, Exhibit "A", shows the number of units in the HUD pipeline under each of the assisted programs. If HUD continues its present slow processing which often takes two years for the issuance of a commitment, construction on most of these units will be delayed until next year or even later, as shown by this table. HUD doesn't even project the start of 120,000 of the units until after Fiscal Year 1976! Under Operation Push-Out, virtually all of these units could be started this year—many of them in Spring and early Summer.

Operation Push-Out should be used again to provide expenditious processsing and cut red tape on these projects in the HUD pipeline. HUD should give top priority to getting these units under construction at the earliest possible date, with a target that all of them should start this year. While admittedly insurance companies and other private lenders do not have some of the processing requirements of a government agency, it is significant that they are able to issue commitments and get housing started within a couple of months. In 1971 when HUD utilized Operation Push-Out, they were able to get commitments issued quickly and achieve a high volume of housing starts on multifamily projects. This will be more readily achieveable on the projects which have been in the HUD pipeline for a long time and need an extra push to get construction started.

Housing start targets should be established for every project in the pipeline, with weekly progress reports required on them. Special task forces should be sent from Washington to HUD offices to assure that these targets are met. There should be reassignments and additions to the production staff to get the job done. Some of the experienced personnel who have retired should be called back to service during this critical period. Congress should promptly appropriate additional funds to expand HUD's production staff to push housing starts.

Operation Push-Out is the fastest way to get a quick start of construction on the following units in the HUD pipeline with available funds under assisted programs:

	Units
Section 236	124, 1666
Low rent public housing	121, 147
Rent Supplements	27, 603
Section 235	18, 300
Total	291, 216

III. Additional authorization and releases of impoundments to produce 540,000 additional assisted units under section 235, 236, public and turnkey housing

The Administration is relying *only* upon a new and untried subsidized housing program to serve those of lower incomes. This is the new Section 8 program authorized by the Housing and Community Development Act of 1974 ("1974 Housing Act"). There are grave questions whether this program will be workable or effective in the form in which it is being offered by the Administration. We note that the estimated annual subsidy cost per unit pursuant to the new Section 8 program is much greater than the annual subsidy cost per unit under the Section 236 and 235 programs. This is difficult to reconcile with one of HUD's justifications for the suspension of the Section 236 and 235 programs, i.e., alleged excessive cost.

Experience shows that new housing programs take a long time to get started and accepted, even when the programs are well conceived, with built-in incentives to attract developers, sponsors and lenders. Since many of these characteristics are lacking in the Section 8 program as offered in HUD's regulations, it may take more than a year before we will know whether the program will achieve any significant volume of production. During this time, it will be necessary to try and make modifications in the program to try and make it more attractive and acceptable to developers, sponsors and lenders.

Under these circumstances, complete re-

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liance on the Section 8 program as the only subsidized program will not serve the public interest, nor will it assure meeting the urgent needs for housing and for a stimulation of the economy and homebuilding.

It is necessary that the Federal Government take emergency action to meet the current emergency in housing and the economy. Production in Federally assisted and other housing programs must be increased to relieve unemployment and meet urgent housing needs. Legislation should be passed to rescind the impoundments made by former President Nixon in January of 1973 when all assisted housing programs were suspended. It is two years since the impoundments were announced and HUD has not yet put any alternative program into successful operation.

It is imperative that all impounded funds be released now and that all existing programs be reinstituted immediately to provide Federal assistance for those of low and moderate incomes. Congress should mandate the use of all of these programs. Since these programs have been tried and tested, they can work quickly. The problems that arose in Section 236 and other assisted projects were not due to program weaknesses but to maladministration, as documented elsewhere in these Resolutions.[7] These include HUD's failure to take necessary and timely actions on rent increases, operating subsidies, mortgage increases and other matters to assure the continued viability of multifamily projects. Financial difficulties were also due to energy cost increases and inflation, rather than mismanagement or miscalculations on some 236 projects. It is imperative that action be taken to achieve effective and expeditious HUD administration of housing laws and a sense of urgency to get prompt housing starts.[8]

All existing authorizations under these programs should be utilized immediately and additional authorizations should be provided. We need these programs to get housing started during the transitional period until it is determined whether the new Section 8 program has been effective in achieving the necessary volume of subsidized housing for persons of low and moderate incomes and in reaching those persons at charges they can afford. We call upon the President and the Congress to take all actions necessary to put into full-scale operation immediately all available programs to assist in the construction of housing for low, moderate and middle-income families.

We urge the following actions to get housing started under existing programs during the transitional period before it can be determined whether the new Section 8 program can achieve the necessary volume of housing starts:

A. Additional authorizations and other funds for the public housing and turnkey programs

We recommend that $450 million in annual contribution authority be made available for the development of traditional public housing, including turnkey projects. This should provide at least 200,000 additional units of such housing for persons of low income. There is a particularly urgent need for a large number of these public housing units for the elderly under the popular turnkey program.

We recommend that this annual contribution authority be reallocated from Section 8 to the traditional public housing and turnkey program. Since the President's budget indicates that HUD will not meet its original projected housing goals under Section 8, the reallocation of $450 million in annual contribution authority will get a quicker start on 200,000 additional public housing units for the elderly and others. In view of the fact that no one knows whether and to what extent the Section 8 program will work, it is necessary to utilize the public housing and turnkey programs which have been tried and tested. We recommend an additional legislative authorization of $450 million in annual contribution authority to restore to the Section 8 program the amount reallocated.

The 1974 Housing Act earmarked part of the additional authorization for public housing to be used for additional traditional public housing and turnkey projects, but HUD does not intend to use the funds for this purpose. The President's budget makes it clear that 6,000 units for the Indians will be the only additional public housing in the coming fiscal year. This confirms the need for the $450 million allocation of annual contribution authority for traditional public housing and turnkey projects.

The provisions in the 1974 Housing Act instituted safeguards and improvements in the public housing program which would avoid past difficulties. These provisions will help to assure the financial stability of public housing projects. In the future, there will be a broader distribution of the income groups who are served, which will create better communities. Low-income tenants will be required to pay a minimum rent. Also, when tenants receive welfare assistance designated for housing, they will be required to pay a rental equal to the full amount of the housing assistance received.

Besides the measures taken in the 1974 Housing Act to increase income from public housing, it must be recognized that an adequate continuing amount of operating subsidies is necessary for the proper operation and maintenance of public housing. The President's budget recommends $525 million for operating subsidies in public housing for FY 1976 which is the minimum amount to meet the need.

We reject the HUD interpretation of Section 9, Title II, of the 1974 Act, which advances a prototype program, with a performance-funding formula, for the allocation of operating subsidies for public housing. It should be replaced by the Secretary's allocation of operating subsidies in conformance with the law, "taking into account the character and location of the project and characteristics of the families served". Further, HUD should consistently comply with its funding and operating budget obligations as defined in existing annual contributions contracts. Congress should direct the Secretary to make periodic reports to the Congress on HUD's compliance with these obligations. Lawsuits against HUD may be necessary to compel it to fulfill its statutory and contractual obligations on this and other matters covered in these Resolutions. If necessary, the National Housing Conference should initiate or support appropriate action in the courts to assure that all available programs are carried out to assist in the construction and operation of housing for low, moderate and middle-income families.

B. Additional Legislative Authority for Assisted Private Housing Under Section 236

We recommend an additional legislative authorization of $150 million as contract authority for interest reductions under Section 236. There is an unused existing $75 million legislative authorization which has not yet been approved in an appropriation act for use. We urge approval in an appropriation act of the use of these authorizations totalling $225 million.

This should provide 100,000 additional units of multifamily housing under Section 236 for low and moderate income persons in rental or cooperative housing, with 20 percent of the units for families of very low incomes below 50 percent of the median. Congress must mandate the use of these funds by HUD to assure their use. It should also mandate the expeditious processing of the 236 projects in the pipeline which now have funds allocated to them.[9]

The 1974 Housing Act contains a specific authorization for the use of authorizations under the Section 236 program along with a time extension to permit such use. We recommend a recision of the limitation in Congressional committee reports that allocations for new projects under Section 236 be delayed until it is proven that the Section 8 program will not meet the housing need in the area. It may take more than a year to determine this. In the current emergency, we cannot afford to delay further allocations for new projects under Section 236 while the new Section 8 program is being tried.

The 1974 Housing Act instituted safeguards and improvements in the Section 236 program which would avoid program difficulties. We believe that the financial difficulty experienced by some existing 236 developments is a result of inflation and energy cost increases and not mismanagement or miscalculation. Most financial difficulties are due to HUD's failure to take necessary and timely actions on rent increases, operating subsidies and other matters to assure the continued viability of multifamily projects.[10] These problems can be solved by HUD's adoption of the following recommendations:

(a) Rental increases should be approved to the extent necessary to make the projects viable.[11]

(b) The 1974 Housing Act provides for necessary adjustments in the subsidies to meet increases in real estate taxes and utility costs to the extent that the residents cannot afford to pay them. Congress must mandate the use of this authority to help assure the financial stability of Section 236 projects.[12]

(c) The Section 236 admission limits should be raised so that needy families—who do not qualify under current income limits which are too restrictive—can occupy units and still get a partial subsidy. The 1974 Housing Act requires the projects to serve a reasonable range of income groups, including both low and moderate income families. This would serve to decrease the total subsidy per unit in the existing 236 projects and also would promote economic integration.[13] Families now are having an increasingly hard time finding housing if they are a little bit above the current income limits. This recommendation would help to meet the needs of such families.

(d) Section 8 subsidy assistance should be made available to meet the difference between 25 percent of family income and the new rent. For these projects the Section 8 income limits should be raised so that they are at least four times the fair market rent.

C. Release of Impounded Contract Authority for Home Ownership Assistance Under Section 235

There is still an impoundment under Section 235 of almost $280 million in annual contract authority for home ownership assistance under Section 235. Congress should mandate the use of these funds which would produce 240,000 additional units for home ownership by lower income families.

The 1974 Housing Act contains a specific authorization for the use of these funds for home ownership assistance for lower income families. The President subsequently asked Congress to defer the use of any of this money. We recommend that the President's request be denied and that HUD be required to allocate the available funds and get the houses built. We urge the enactment of S. Res. 61 disapproving the proposed deferral of budget authority to carry out the home ownership assistance program under Section 235. This Resolution was introduced by Chairman John Sparkman of the Subcommittee on Housing and Urban Affairs for himself and Senators Brooke, Hathaway, Humphrey,

Footnotes at end of article.

Javits, Mathias, Percy, Proxmire, Stevenson and Williams.

D. CONCLUSION

The 1974 Housing Act continued existing programs under public housing and under Sections 235 and 236 and rent supplements. It is imperative that these be utilized during the current emergency in housing and the deep recession in our economy. All impounded funds should be released and the recommended additional authorizations should be enacted promptly. Congress should extend for two more years the time during which contract authority may be used to assist Section 235 home ownership and Section 236 multifamily housing. The law should mandate the use of these funds by HUD and the prompt start of construction of projects which already have funds allocated to them. A total of 540,000 units of housing could be started under these 3 existing programs, besides the 300,000 units already in the pipeline. This housing is urgently needed by those of lower incomes who are suffering serious hardships. It would also relieve unemployment and stimulate the economy.

In HUD's budget last year, it estimated 206,700 units of reservations for subsidized housing for Fiscal Year 1974. In this year's budget, the actual number of reservations shown is only 38,147 units for Fiscal Year 1974. That is some shortfall! It is against this background and the continued ineffective operations of HUD that we have grave skepticism concerning HUD's projections of allocations of 200,000 units and 55,000 starts by June 30 of this year under the new and untried Section 8 program. We have similar doubts concerning HUD's ability to achieve reservations of 400,000 units and starts of 140,000 units under Section 8 during Fiscal Year 1976.

In the following sections of this Report, we are recommending necessary actions under other existing programs to provide housing for the elderly and the handicapped and housing in rural areas, particularly for persons of lower incomes. In later sections of this Report, we are recommending additional emergency housing programs which—together with those described above—will enable the achievement of our revised annual goal of 1,200,000 units a year for persons of low and moderate incomes and for middle-income families who have been priced out of the market due to current high interest and housing costs.[14]

IV. Section 202 should be fully implemented to provide 40,000 additional dwellings for the elderly and handicapped

Direct loans should be made under Section 202, together with assistance under section 8, which should provide over 40,000 units of housing for the elderly and handicapped. The 1974 Housing Act amended the Section 202 program to provide housing for the elderly and handicapped through an authorization of $800 million of Treasury advances for loan purposes. These loans are to be made at an interest rate equal to the Treasury's borrowing cost, plus a surcharge to cover administrative expenses and anticipated losses. Such financing will make it possible to serve the elderly who are unable to pay the current higher interest costs. The 1974 Housing Act provides that borrowings and loans under Section 202 shall not be included in the Federal Budget.

The Section 202 program should be used in tandem with Section 8 to serve those of low and moderate incomes. We agree with HUD that Section 8 housing assistance should be provided for some or all of the units in any project approved under Section 202. Through such housing assistance, the monthly housing costs will be reduced to an amount which will be within the financial reach of the elderly and the handicapped in the lower-income group. Each project is to serve both low and moderate income families in an economic mix which is appropriate for the area and for the viable operation of the project.

The Administration has taken the first step toward the use of Section 202 loans in conjunction wtih Section 8 housing assistance. The Section 8 program will provide assistance to lower the monthly charges when needed to serve the elderly and handicapped who are among those most deserving and in need of Federal housing assistance.

However, HUD plans to provide only construction financing under Section 202. We recommend that the funds be used not only for construction financing, but also for the permanent financing authorized by the 1974 Housing Act. This is necessary to provide permanent financing at the lower interest rates intended under Section 202. It is also necessary to assure that sponsors of such projects will be able to get permanent financing in the amounts required to develop those projects.

We recommend that the competitive bidding requirements in the earlier Section 202 program be eliminated or substantially modified. This requirement serves to discourage potential developers[15] because of the high front-end costs and risks which must be undertaken in initiating projects and obtaining final determinations by HUD. The turnkey or negotiated bid approaches should be authorized, as they have been most successful in public housing and cooperatives.

Instead of HUD's program to use only $215 million for the Section 202 program, we urge the use of the full $800 million authorized in the 1974 Housing Act, together with the $155 million of uncommitted funds previously available under Section 202. To enable the full use of these authorized funds, it will be necessary to obtain approval in an appropriation act of an increase in the limits of HUD's lending authority equal to the full amount of the legislative authorization under Section 202. We recommend such action.

To better enable nonprofit and cooperative corporations to participate in the Section 202 programs, it is necessary to revive the programs for technical assistance and seed capital loans under Sections 106(a) and 106(b). These programs were suspended as part of former President Nixon's moratorium. They should now be revived.

V. Rural housing authorizations in the 1974 Housing Act should be fully used and implemented

Assistance under the rural housing programs should provide—primarily in new construction—at least 50,000 assisted units for those of lower incomes and 50,000 unsubsidized units with FmHA's insured mortgage financing. This is in addition to whatever housing can be produced with assistance under Section 8. Rural housing has become increasingly important to meet urgent needs and stimulate the national economy. There has been a change in the migration of families so that now more families are moving from the cities to the non-metropolitan areas than those moving from rural areas to the cities. There is also an increased economic development of rural areas as more workers are moving to job opportunities in small towns and rural communities.

To meet these increasing needs, the 1974 Housing Act made a number of important and progressive changes in the housing programs of the Farmers' Home Administration ("FmHA"). These included raising the service area to communities with a population of up to 20,000 which are outside of SMSA's, a technical assistance grant program, expanded research authority, and an improved housing rehabilitation loan program. Most importantly, it includes a rent supplement program for use with the rural rental and farmworkers housing programs of the FmHA.

These legislative changes have brought programs to rural areas which were long available to urban America. Unfortunately, the Administration has decided not to implement and carry out these laws. The President's budget drops the farmworkers housing program of grants and loans. It also drops the technical assistance grants for self-help housing. FmHA is refusing to implement the rent supplement program for rural areas. HUD is strangling the traditional public housing program. All of this means that there will be no program to serve rural low-income people despite the provisions in the 1974 Housing Act. Congress must mandate the use of the rural housing programs in the 1974 Housing Act to assure that housing is provided for low-income people in rural areas.

Legislative goals for 1975, consequently, must be both long and short term. The changes wrought in the 1974 Housing Act have to be seen in the context of both goals. The benefits gained for rural areas are a major step toward the broader changes needed to eradicate substandard housing in rural America.

In the short term, we must see that the rural housing programs made available in the 1974 Housing Act are implemented immediately and that this is done as intended by the Congress. We recommend the funding of the previously legislated grant programs for housing rehabilitation and the fulfillment of the Rural Development Act. We also recommend legislation which will prevent massive foreclosures on homes resulting from the ravages of the present economic recession.

The proper administration of the FmHA housing programs has become an increasing concern. Recent oversight hearings have exposed situations of FmHA staff shortages, program overloading and unqualified personnel. In order to overcome these deficiencies, we recommend proper funding levels for salary and expenses, including restoration of the travel funds. The recent cut in FmHA travel is causing havoc with its housing program which depends upon direct services in widely dispersed areas and will prove counterproductive by deepening the economic crisis in rural areas.

Rural areas still face high levels of poverty, institutional-housing-delivery weaknesses, and market aggregation problems. In the long run, new ways of dealing with these different problems must be examined by Congress. During the last session, the Emergency Rural Housing Act was introduced and assigned to the housing subcommittees as S. 2582 and H.R. 10920. However, major features of the Bills did not receive the full hearing and examination that they deserved. We recommend legislation providing for a comprehensive rural delivery system and more realistic subsidies.

A new look at the operation of the FmHA is in order. Because of the importance of housing and community development in rural America, consideration should be given to making the FmHA a major division of the Department of Agriculture and separating its farm-related activity from its housing and community development functions.

Under the 1974 Housing Act, the major subsidy intended to serve the lowest income population is Section 8 leasing, of which 25 percent has been allocated to non-metropolitan areas. The effectiveness of this program in serving poor rural Americans should receive early oversight review by the housing subcommittees of the Congress.

In the face of mounting inflation, need and unemployment, we recommend that the authorization level for the Rural Housing Insurance Fund—which covers the home ownership and rental programs of FmHA—should be increased from its present $2.2 billion level to $2.9 billion. Appropriations for farmworker housing should be raised from the present $5 million to $18 million to approximate the current authorization

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level. We recommend necessary increases in appropriations for the additional staff required for FmHA to do the job that must be done by it; also, necessary action to improve and expedite its administration.

VI. Section 8 Program should be administered and modified to try to make it workable and acceptable

We do not approve or support the action of the Administration in placing complete reliance on the Housing Assistance Program under Section 8 of the United States Housing Act as contained in the 1974 Housing Act. All of the major interest groups have expressed grave concern about the basic workability of the Section 8 program. This includes home builders, private developers, housing authorities, state agencies, sponsors and lenders. Nevertheless, we urge that this program be fully implemented and tried, to determine whether it can become workable and effective. As stated above, during a transitional period—which will extend at least through FY 1976—until we can determine whether the Section 8 program will be effective in achieving the necessary volume of subsidized housing, we recommend that other existing programs be available. The Section 8 program should be only one of the alternate available programs. Past experience shows that it takes at least a year to get a new multifamily program started, even when it is structured to make it workable and acceptable.

As to the President's budget, it estimates that not more than 200,000 units will be allocated in FY 1975 of the available authority for 400,000 units. The unused authorization for the other 200,000 units would be carried forward to FY 1976 when there is an estimated allocation of 400,000 units. An additional annual contribution authorization will be requested by HUD in 1975 to cover 200,000 additional units rather than 400,000 units for the previous year, as provided in the 1974 Housing Act. Since the budget indicates that HUD will not meet its original projected housing goals under Section 8, we have recommended above that HUD be required to divert half of the Section 8 money—$900 million of which has been distributed for allocation—to traditional public housing and turnkey programs. However, we recommend an additional authorization of $450 million in annual contribution authority to restore to the Section 8 program the proposed amount to be reallocated to traditional public housing and turnkey programs. This amount should be added to the amount requested for Section 8 in the President's budget for FY 1976.

The Secretary of HUD should follow the concept embodied in Title XVI of the 1968 Housing Act and establish a production goal for all Section 8 housing by the categories of new, rehabilitated, state housing and existing housing. These goals should be defined in terms of units to be started nationally and by each insuring office and should also prescribe target dates for achieving the identified goals. HUD should make a quarterly report to Congress concerning the rate of starts achieved as compared with the prescribed target dates; also, the annual cost per unit of the subsidy assistance.

In publishing regulations to implement the Section 8 program, HUD has failed to fully utilize the authority granted to it. It has imposed many restrictions and limitations which tend to make the program even less attractive than those under the law itself. If a larger volume of housing is to be constructed with assistance under Section 8, we recommend that these additional administrative restrictions be removed and that the regulations carry out the intent of the 1974 Housing Act. Illustrative of necessary changes in regulations and administrative policies are the following:

(a) The 1974 Housing Act provides that families should pay between 15 and 25 percent of their gross income for their housing costs. The HUD Regulations only apply the 15 percent requirement to "very large or very poor families" or families with exceptional medical or other expenses. All other families must pay 25 percent of their gross income for their portion of rent. The HUD Regulations should utilize more than the lowest extreme of the Congressional income range.

We recommend that elderly families whose incomes are 50 percent below the median should also pay only 15 percent of their gross income for housing costs. We further recommend that all other families pay 20 percent since this relates to gross income. This will be more fair to families and better assure their ability to pay, particularly during this period of deep recession.

(b) The 1974 Housing Act provides that the amount of the subsidy should be adjusted annually with interim revisions as market conditions vary. The Congressional intent was to make frequent adjustments in the subsidy to reflect variances in the actual and necessary expenses of owning and maintaining units which have resulted from substantial general increases in real estate taxes, utility rates or similar costs. The Regulations restrictively define "similar costs" to mean only costs regulated by an administrative body. The law makes no such restriction and neither should the Regulations.

(c) The 1974 Housing Act provides that subsidy payments can be made for a 60-day period when there are vacancies either during rent-up or during the term of the subsidy contract. The Regulations, however, arbitrarily limit their payments to 80 percent. The figure should be raised to 100 percent to owners who are acting in good faith to fill the vacancies.

(d) The 1974 Housing Act requires that 30 percent of the families must be in the very low income category on a national basis. The Regulations require that this be done on a project-by-project basis at initial occupancy. While we approve economic integration in all assisted housing projects, this regulation is unduly restrictive in requiring 30 percent of very low income families in every project, because this does not allow enough flexibility in administering the program.

(e) Fair market rents and rent increases should reflect realistic local market conditions by taking into account new construction costs, the prevailing tax structure, Davis-Bacon prevailing-wage requirements, as well as probable increased costs due to compliance with Federal regulations and requirements. All too often in the past HUD has relied on faulty data. As a result, programs have been ineffective and have not been administered in a way that Congress intended. There is a need for a better mechanism in establishing fair market rents for new and existing housing. In each housing market area, there should be a joint committee of housing industry groups, including participants from the public, quasi-public and private sector as well as the HUD Area Office representatives.[10]

(f) Since income limits are based on a percentage of the median income in an area, it is important to assure that HUD's median-income determinations accurately reflect the facts and are workable. Frequent re-determinations should be made to enable upward adjustments and keep the limits current at all times, particularly during these periods of rising wages and costs of living.

(g) The Regulations provide that the initial contract rents may exceed the fair market rents by up to 10 percent if the HUD field office director determines such higher rents are reasonable and are necessary to implement the local housing assistance plan. Traditional practice under the Section 23 leasing program, as well as the language of the 1974 Housing Act, imply that the 10 percent excess should be available without requiring approval or specific conditions. The 10 percent should be available upon the certification of the owner, particularly in view of the fact that special costs of administration and management will result in costs for Section 8 developments that exceed those of the comparable units used in determining the fair market rents.

(h) The Regulations' requirement that there be compliance with HUD minimum property standards should be changed to require such compliance—on non-FHA insured financing—only in localities where a modern, recognized building code is not enforced.

(i) HUD Regulations should permit "one-step HUD processing" in order to make the use of HUD-insured financing more practicable in tandem with the Section 8 subsidy.

(j) Our primary concern relates to the availability of financing for the development of projects to be assisted under Section 8. We recommend that the following actions be taken by HUD to assure the availability of financing:

(1) In the case of loans by state and local agencies where a 40-year term of assistance payments is permitted, HUD should make it clear that the loans will be for the 40-year period contemplated in the 1974 Housing Act. Under proposed regulations, HUD has reserved the right to allow shorter periods of assistance payments. This jeopardizes the ability of state agencies to obtain the funds and make the loans. The involved state or local agency should have the option of renewing the assistance contract up to the full term maximum of forty years, which is the required period for financing to achieve fair market rentals approved by HUD.

(2) In the case of mortgages to be insured by FHA, it is necessary that HUD insure loans for a 40-year period even though the assistance contract is limited to 20 years. It would not be feasible to amortize FHA insured loans in a shorter period because the debt service would be too high to achieve the fair market rentals approved by HUD. Moreover, in order to make the Section 8 program attractive and acceptable to developers, par financing should be available through Ginnie Mae (Government National Mortgage Association) in the same manner as it is now available for 236 projects. We reaffirm our recommendation that Section 8 should be amended to provide the same 40-year term for assistance payment on projects not financed by state or local agencies as is provided where the financing is obtained from such agencies. There is the same need for such 40-year assistance to support 40-year financing in all projects regardless of the source of the financing.

(3) To help assure the availability of financing, the contracted amount of assistance should be equal to the amount of debt service on the development loan and be pledged as security. To the extent that excess income is collected from the projects, the excess income should be paid to HUD and credited against the amount of assistance paid and pledged as security for the loan. This will involve no greater cost to the Federal Government, but will effectively utilize the assistance contract to achieve financing at lower interest rates, just as has been done with annual contributions in financing public housing.

(4) HUD should issue clarifying instructions for processing mortgage-insurance applications by HUD field offices which permit recognition of Section 8 subsidy payments to be received on account of assisted occupants. A project clearly intended for full

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or partial occupancy by assisted families should be processed on that basis and not on the hypothetical assumption of non-subsidized occupancy.

(5) Other actions should be taken which will assure that housing assistance payments by HUD are required rather than discretionary when increases are needed in assistance payments to meet increases in utility costs, real property taxes and other expenses. This will conform to the clear intent of the 1974 Housing Act.

(k) We urge HUD to assure sufficient funding for the new construction portion of the program by administratively allocating 75 percent of the available funding for newly constructed and substantially rehabilitated projects, and the remaining 25 percent for existing housing.

(l) We support HUD's exclusion of Section 8 housing assistance for mobile homes. They fail to provide adequate safety and to meet proper standards for family life and a good environment.

(m) In projects which have FHA-insured financing, elderly residents are being forced to leave because their fixed incomes are inadequate to pay increases in monthly charges. They should be eligible to receive assistance under Section 8 and such assistance to the elderly should not be limited to 20 percent of the units in a project.

(n) Many projects have been built which have renewable contracts for assistance under Section 23 to enable them to serve lower income families. These contracts should be automatically renewed under Section 23 and necessary funds should be available for that purpose. HUD should keep faith in fulfilling the purposes of projects which were initiated in reliance upon such renewals at the end of each periodic term. HUD should not require the conversion of those contracts to Section 8, which may jeopardize their renewal if new conditions are attached or uncommited Section 8 funds are not available. Likewise, HUD should not require conversions on existing housing from Section 23 to Section 8, but should continue operations under Section 23 on such projects. Thus, on a project assisted under Section 23, the local housing authority should not be required to cancel the lease if a unit becomes unoccupied, but a new tenant should be permitted to occupy with continued assistance under Section 23. Moreover, if an owner cancels the lease with the local housing authority, the housing authority should be permitted to enter into a new lease with someone else and continue Section 23 assistance.

In addition to our recommendations of the foregoing administrative actions, we recommend that the 1974 Housing Act be amended to correct the flaws and defects which become evident in the administration of the Section 8 program. Such amendments should also cover the recommendations which we have made above which are necessary to make Section 8 a workable program. To the extent that HUD takes such action administratively, such amendments will not be necessary.

VII. Rehabilitation to improve existing housing, including section 312 and public housing

A. Section 312 Program For Rehabilitation Should be Extended With Additional Authorizations

The Section 312 rehabilitation program was extended for one year in the 1974 Housing Act. Since this program will expire on August 22, 1975, we recommend that it be extended for two years with an additional authorization of $150 million a year. *Section 312 should be continued as a separate HUD program with a revolving fund.*[17] The mixture of loan funds with grant funds represents an obvious distortion in actual assistance a community is getting. In addition, a number of cities in about 20 states are restricted from the use of community development funding for rehabilitation loans or grants by state law. In these cities, the critical need for rehabilitation will be blocked or delayed indefinitely unless the Section 312 rehabilitation program is continued independent of the Community Development Program funding.

By providing assistance for rehabilitation to people who can't afford to make necessary improvements, we can preserve and improve the housing stock. This should make it possible for some of the elderly and others to stay in their present housing if it can be properly rehabilitated with monthly charges that they can afford.

B. Public Housing Should Be Modernized To Preserve It

The President's budget for FY 1976 also reflects authority for capital costs for modernization in public housing of $215 million. This involves annual contribution contract authority of $20 million. This rehabilitation program is long overdue to correct obsolescence and provide necessary repairs and replacements of items that have worn out. *We recommend that the amount for such modernization be increased to $350 million in each fiscal year until the job is done.* This will involve annual contribution contract authority of $32 million—an increase of $12 million above the President's budget. Without such adequate funding, public housing is seriously threatened by deterioration beyond a point where it can be saved.

C. Rehabilitation Under Other HUD Programs

Assistance and financing should be provided under other HUD programs for rehabilitation to preserve and improve existing housing. This includes assistance and financing under Sections 236, 221(d)(3), 213, 202 and Section 8. It also includes financing of unassisted housing with FHA insurance under all applicable programs.

VIII. Assisted housing projects should encourage economic integration to produce better communities

The 1974 Housing Act contains varying provisions on the different programs to achieve an economic mix in assisted housing developments. This is recognized as a major means of achieving sound and wholesome communities—not just housing. Unhealthy communities are often created when developments are occupied solely by a stratified low-income group with many deprived families who have serious social problems. A broad range of incomes will include people with upward mobility who can provide leadership in developing good and stable communities. We have long advocated this policy of economic integration in assisted housing. We recommend necessary action to help effectuate this objective.

As to the public housing program, the 1974 Housing Act provides that assisted housing projects should include families with a broad range of incomes to avoid concentrations of low income and deprived families with serious social problems. However, at least 20 percent of the units in any project are to be for very low income families whose incomes do not exceed 50 percent of the median income for the area. The Section 8 program also contains provisions to promote economically mixed housing, with 30 percent of the families to be in the very low income category on a national basis.

Housing for the elderly under Section 202 and housing under Section 236 are also to serve both low and moderate income families in a mix which will have a reasonable range in the income levels of residents. Under the Section 236 program, 20 percent of the units are to be used for very low income families.

The establishment of realistic and workable income limits will help to achieve economic integration. Since income limits are based on a percentage of the median income in an area, it is important to assure that HUD's median-income determinations accurately reflect the facts. Moreover, frequent re-determinations should be made to enable upward adjustments and keep the limits current at all times, particularly during these periods of rising wages and costs of living.

In order to achieve the objective of these provisions in the 1974 Housing Act to assure a reasonable range in income levels within projects, we recommend that 20 percent of the tenants in each project have incomes which can go up to the median income in the area. The 1974 Housing Act authorizes the Secretary of HUD to establish income limits which are higher than 80 percent of the median[18] when he finds that such variations are necessary because of prevailing levels of construction costs, incomes or other factors. Since an economic mix in housing developments is a key factor in achieving better communities, we recommend that HUD adopt this policy. If HUD does not do so, we recommend that the 1974 Housing Act be amended to require that a median-income limit apply to 20 percent of assisted housing units in the project.

When the Housing Act was first introduced in previous years, HUD recommended the median income as the appropriate income limit due in part to its desire to encourage economic integration. By allowing this limit for only 20 percent of the assisted units, we can better achieve an economic mix while retaining the other 80 percent of assisted units for those of lower incomes.

The proposed amendment will avoid discriminating against families who are largely self-supporting but need some help in obtaining decent housing, particularly with current high interest rates and high costs. As a matter of equity, housing assistance should meet the needs of these families as well as those of lower incomes.

Under the applicable legislative formula, assisted families with incomes above 80 percent of the median would pay higher rents based upon the prescribed percentage of their higher incomes. This will reduce the total expenditures for housing assistance on the project. It will also help assure the financial stability of projects and the adequacy of project income to meet obligations during the terms of the financing Finally, it will avoid a gap of unfilled housing needs, particularly in these critical times when we need to broaden the market for housing to reach those who need some help and to stimulate production and employment.

IX. A combination of H.R. 29 (as modified by the committee) and S. 773 should be enacted to enable 2,000,000 middle-income families to achieve home ownership

Increases in interest rates and tight money have priced most middle-income families out of the market. These prospective home buyers have been eliminated from the market because they can no longer afford the higher monthly charges on the financing available.

To serve these middle-income families whose incomes do not exceed 120 percent of the median income for an area, the Emergency Middle-Income Housing Act of 1975, H.R. 29, was introduced by Representative Henry S. Reuss, Chairman of the Committee on Banking, Currency and Housing.[19] This Bill would authorize HUD to subsidize the interest rate on mortgages of such middle-income families to reduce that rate to 6 percent. Full assistance payments would be made to the family for the first three years. Half of that amount would be paid for the fourth year, with no assistance payments thereafter. The Bill provides such assistance for single-family units and units in coopera-

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tive or condominium projects. With a reduction in interest rates to 6 percent during the first few years, this program should finance 1,000,000 new housing units a year for middle-income families during a two-year period. The eligible income group would be just above the moderate-income group served by other assisted programs.

The House Subcommittee on Housing and Community Development approved a modified version of the Reuss Bill. The Subcommittee Bill, H.R. 4485, was introduced by Subcommittee Chairman Barrett for himself, Chairman Reuss, and 17 other members of the Committee. The full House Committee then approved the Subcommittee Bill, with some amendments.

Instead of a two-year program of 1,000,000 units a year, the Bill reported by the Committee authorizes commitments until June 30, 1976 involving a program of 400,000 units. The aggregate amount of contracts for interest reduction payments is not to exceed $300 million per year and the aggregate amounts of such contracts are required to be approved in appropriation acts. We still recommend that the authorization be the original figure in the Reuss Bill of 1,000,000 units a year and that it cover a two-year period. Otherwise, we support the Committee Bill and urge its prompt enactment.

The interest reduction payment is to cover the difference between (a) the payment for principal, interest and any mortgage insurance on the mortgage at a market rate and (b) the amount of principal and interest on the mortage if it were at a 6 percent interest rate. We are gratified that our recommendation was accepted for a gradual phase-out of the subsidy. For the fourth year, 75 percent of the interest reduction would be payable, 50 percent for the fifth year, 25 percent for the sixth year, and no assistance thereafter.

As an alternative to the interest reduction program, the Committee bill makes the Tandem Plan available through Ginnie Mae for the purchase at par of mortgages bearing an interest rate of 7 percent. In such cases, the homeowner will be assured of the 7 percent interest rate for the term of mortgage. Ginnie Mae is authorized to purchase such 7 percent mortgages in an amount not to exceed $12 billion. Ginnie Mae is further authorized to guarantee securities based on pools of mortgages purchased or assisted by Ginnie Mae. There is another alternative available which would permit a private lender—instead of Ginnie Mae—to buy a mortgage at a 7 percent interest rate and receive a subsidy payment representing the difference between the principal amount of the 7 percent mortgage and the amount which would be paid for that mortgage if it were priced to provide a market yield.

Under the Bill reported by the Committee, there will be a choice available to the home purchaser of (a) a 7 percent mortgage for the whole term or (b) interest reduction payments from HUD to achieve a 6 percent interest rate for three years, a gradually increasing rate for the next three years and the market rate in the mortgage thereafter. The reported Bill provides that the appraised value of a unit eligible for assistance may not exceed $38,000, or $42,000 in high cost areas, and $48,000 in Alaska, Hawaii and Guam. Not more than 10 percent of the aggregate mortgage amounts approved in appropriation acts may be allocated with respect to dwelling units with appraised values in excess of $38,000. Not more than 25 percent of the aggregate mortgage amounts approved in appropriation acts may be allocated for use with respect to new, unsold dwelling units, the construction of which was commenced prior to the enactment of the Committee bill.

We approve the emphasis in the Bill on dwelling units which will contribute to the conservation of land and resources because of their location in clusters. However, this should not be administered in a way that will delay the use of the program.

Senator William Proxmire, Chairman of the Committee on Banking, Housing and Urban Affairs—for himself and Senators Humphrey and Randolph—introduced S. 773 to establish an emergency credit program to reduce unemployment and aid middle-income home buyers. This legislation has the same objectives as H.R. 29 since it likewise provides for mortgages at an effective interest rate of 6 percent for an initial three-year period with declining assistance for a couple of additional years. However, this Bill is not limited to a two-year period, but is continuing legislation for a permanent program. It would come into operation whenever the annual housing starts drop below 1,750,000 and the unemployment rate exceeds 6 percent for three consecutive months. Whenever these rates were restored for a three-month consecutive period, the program would stop.

Under S. 773 the mortgage loans would be made by normal lending institutions, except that the interest rate would be limited to 6 percent and the loan could not carry extra discount points or origination charges. When the loan was closed, the lender would sell the mortgage to HUD but retain the servicing. The homeowner would pay the 6 percent interest for the first three years. Then there would be a gradual adjustment in the interest rate by increases of not more than half of 1 percent at six-month intervals, subject to a ceiling rate of 9 percent. The houses are not to cost more than $40,000 or, in the case of high cost areas, $50,000.

HUD would re-sell the mortgages to the Federal Financing Bank. The Government would pay the difference between the cost of money to the Treasury and the 6 percent rate on the mortgages held by the Federal Financing Bank. Since the Treasury's average borrowing rate is about 7 percent, the initial subsidy would be 1 percent. Chairman Proxmire estimates that the annual cost would be $300 million for 1,000,000 units or $300 annually per house based on an average house cost of $30,000.

We also support S. 773, but urge that it be amended to make its provisions on cooperative units workable by providing for the purchase of the blanket mortgage on a cooperative project since a cooperative member does not have an individual mortgage on his unit. This is necessary because the Senate Bill relates to the purchase of a mortgage with an adjustable 6 percent interest rate, rather than an assistance payment to lower the interest rate as in H.R. 29. The amendment should provide that the cooperative project could not exceed an average price attributable to the units in excess of the limits established for single-family units. We support the provision in S. 773 for the establishment of a ceiling on interest rates to help assure that home purchasers can afford the mortgage payments when interest reduction assistance ends; however, we recommend that the 9 percent ceiling be lowered to the maximum current interest rate permitted for FHA and VA mortgages which is now 8 percent.

If the Middle-Income Housing Bill passes the House and Senate in different forms, the differences would be reconciled and determined in a Conference representing the two Houses. There are very good features in both Bills which we will recommend for adoption in such a Conference.

Illustrative of a feature we support in S. 773 is the provision for a continuing program and its activation and de-activation based upon the national rate of unemployment and the annual rate of housing starts. However, we recommend that the yardstick for the annual rate of housing starts should be the 2,600,000 unit goal established in the 1968 Housing Act.

The foregoing Bills would make it possible for middle-income families to achieve home ownership at a time when they are otherwise priced out of the market due to the current high interest rates and housing costs. Since this is an emergency Bill to cover a temporary critical situation, it is both equitable and necessary to help families who would normally be home owners.

Because middle-income families can generally anticipate their incomes to increase, we expect that they will be able to carry the mortgage without a subsidy after an initial six-year period with gradually declining assistance in the last three years. The income group to be served will have an upward mobility since most of that group could normally afford to become homeowners if the interest rates and monthly charges were not so high in today's market. We strongly support these Bills with some amendments as described above. They will provide young families particularly with the opportunity to buy a home which they sorely need, and enable them to start building equities as homeowners.

X. Cost of additional assistance programs will be offset by budget-deficit reductions resulting from additional housing construction

The amounts of additional annual assistance which we are recommending through FY 1976 will total $1.617 billion to supplement the Section 8 authorization in the 1974 Housing Act. They consist of the following:[20]

(a) Increase in the annual contribution authority to restore to Section 8 the proposed $450 million reallocation from Section 8 to traditional public housing and turnkey projects $450 million.

(b) Increase in annual assistance under Section 236, which includes an additional authorization of $150 million and an existing authorization of $75 million, both of which should be approved in an appropriation act $225 million.

(c) Release of impounded contract authority for assistance under Section 235 $280 million.

(d) Increase in annual contribution authority above the $20 million recommended by the President in order to support a $350 million capital cost of modernization in public housing $12 million.

(e) Annual cost of H.R. 29 to enable 1,000,000 middle-income families to achieve home ownership through a 6 percent interest rate for a three-year period and half that amount in the fourth year $650 million.[21]

Total amount $1.617 billion.

The foregoing does not include the following:[22] (i) the authorization of $800 million in the 1974 Housing Act under Section 202 for loans at market interest rates; (ii) the annual authorization of $150 million for rehabilitation of housing under Section 312, since these are loans; (iii) the subsidy cost under the authorizations for the Section 8 program recommended by the President, since the purpose of this table is to show the cost of additional programs which we are recommending; and (iv) the second-year authorization for FY 1977 in H.R. 29 for $650 million of additional assistance for the middle-income homeownership program. Assistance for housing should be viewed as an annual cost in return for the annual benefits received in each year by serving those of low, moderate and middle incomes.

The additional assisted housing programs which we are recommending will involve 2,600,000 units during a two-year period.[23] This will include single-family houses under the revived Section 235 and under the new home ownership program for middle-income fam-

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ilies. It will also include multifamily units under existing programs to be initiated during the transitional period through FY 1976 until we can determine whether the new and untried Section 8 program will be effective in achieving any substantial volume of construction.

With our proposed increased authorizations and with expeditious administration by HUD, it should be possible to achieve housing starts on 2,400,000 assisted units during FY 1976 and 1977. This will include units now in the pipeline, as well as the additional units which are authorized. At the end of FY 1977, there will be some units with pending applications in the pipeline for future housing starts.

Since past experience shows that it takes at least a year to get a new multifamily program started, we do not anticipate any substantial volume of new construction under Section 8 until FY 1977 even if changes are made in that program to make it workable and acceptable. To the extent Section 8 projects are initiated, they will help to assure our projected volume of housing starts and to build up the pipeline which is necessary to achieve our annual goal for housing production.

Our program of 2,400,000 housing starts[23] in housing construction will provide 4,800,000 man years of work in construction, supplier industries and transportation. This would be spread over a two-year period. There will be an average of 2,400,000 full-time jobs a year. This includes not only construction, supplier industries and transportation, but also the ripple and multiplier effect in the economy.

With this level of re-employment through additional housing construction, it will be possible to reduce unemployment to a more tolerable level in a revised economy. During the week ending February 8, 1975, the budget carried the burden of unemployment insurance benefits for 5,960,000 workers. Through the proposed additional assisted housing construction, there would be a reduction of more than 2,400,000 in the number of workers receiving unemployment insurance benefits because they will obtain full-time jobs.

The increase in national production during the two-year period will be $140 billion as a result of the additional assisted housing construction we recommend. This includes the multiplier effect throughout the economy. On an annual basis, this would represent a 5 percent increase in our Gross National Product. This improvement in the economy will increase the tax revenues by more than $16 billion a year for a two-year period.

In contrast to the program which we are recommending, the Administration's program is to reduce expenditures for housing which will result in huge budget deficits because it continues the depression in housing construction and the deep recession in the economy. The main elements in causing the current budgetary deficits under the Administration's program are the added cost of unemployment relief and the tremendous loss in tax revenues. By reducing the cost of unemployment relief and increasing tax revenues, there will be an improvement in the budget which will more than offset the additional assistance payments for housing. Our proposed assisted housing program will reduce budget deficits rather than add to them.[24]

COMMUNITY DEVELOPMENT, URBAN RENEWAL AND NEW COMMUNITIES[25]

XI. Community development and its linkage to local housing assistance plans

For community development block grants, we recommend an increase of $505 million above the appropriation requested by the President for the coming fiscal year. This will bring the appropriation to the full amount of $2.95 billion which was authorized in the 1974 Housing Act, plus the amount of last year's cut of $55 million below the authorization.

The President, in his proposed budget, has requested $2.5 billion for fiscal year 1976 community development funds. This is $450 million less than was authorized by the Congress in the 1974 Housing and Community Development Act. We strenuously oppose this reduction. The full amount of the authorization should be appropriated. Even this amount is hardly adequate when measured against the needs. For almost three years until the current year, there was no funding for community development programs. The cities are playing "catch-up ball" with funds that are now, at most, approximately equal to what they were getting five years ago.

There is a linkage between housing and community development under the 1974 Housing Act, which was passed after four years of debate on this and other issues. The 1974 Housing Act provides that no grant may be made for community development unless the application of the local government includes the local government's housing assistance plan. This plan is to specify a realistic annual goal for the number of dwelling units to be assisted and the types of assistance best suited to the needs of lower income persons in the community. When HUD later receives any application for housing assistance under any Federal program, HUD is required to take actions to assure that the application is consistent with the local housing assistance plan.

These requirements provide a new framework to allocate Federal housing assistance funds as part of the local community's comprehensive planning and community development programs. Housing allocations are to assist in meeting lower income housing needs as described in approved housing assistance plans submitted by units of local government. A stated objective is to foster the undertaking of housing and community development activities in a coordinated and mutually supportive manner.

We do not perceive the Community Development Program authorized in the 1974 Housing Act as an attempt by the Congress to replace certain categorical grant programs with an entirely new approach toward dealing with urban blight and neighborhood preservation. Instead, we see present community development legislation as a substitute procedural mechanism for the older categorical programs, which should eliminate bureaucratic red tape and haphazard funding.

The intent of the 1974 Act is that the funds made available should be used to eliminate slums and blight, prevent deterioration in areas where a threat of decline is imminent, and to emphasize particularly assistance to neighborhoods where low and moderate income persons reside. While these goals are set forth quite clearly in the reports on the 1974 Housing Act and in the record of the debates on the floor of Congress, the regulations which HUD has promulgated bring about a result which Congress did not intend.

The impact of the community development legislation on local programs will produce a shift away from projects to a use of funds on a city-wide emphasis. This geographical dispersion of resources strongly militates against a comprehensive and concentrated neighborhood effort and well may contribute to diluting the primary purposes of the Act.

There is a possibility that, if not properly interpreted, the Community Development Act could create some devastating internal community problems which the Congress did not intend in its development of the Act. It would be unfortunate if it became the subject of a battle between those who are in need of social program assistance and those who are in need of assistance which can only come about as a result of physical and housing improvement programs. It would be unfortunate if the occupants of deteriorated areas had to contend for program funds with those who advocate their use for much needed community-wide public works or recreation facilities.

We, therefore, recommend that, through a combination of necessary legislation, technical amendments and clarification of HUD regulations, the Community Development Program be structured so as to assure that it will address itself to the priority objectives of the 1974 Housing Act. Our specific recommendations are:

1. A clear mandate to focus on areas where there is a need to eliminate or prevent slums and blight.

The regulations should require that all eligible activities must relate to solving problems of people who are in areas in which it can be demonstrated that there are a combination of physical, social and economic problems which require attention.

For such areas, HUD should require the community to prepare a comprehensive improvement plan and to demonstrate that the activities proposed in the plan can be carried out within a stated period of time. Further, the community should be required to analyze estimated improvement costs and to establish that it is reasonable to expect that the level of funding required will be available during the time frame proposed for carrying out the plan.

For activities that might take place outside of specified areas, there should be a clear demonstration that they are for the most part designed and intended to meet the needs of the occupants of the areas where major community development activities are taking place.

2. A need to define ". . . other community development needs have a particular urgency. . . ."

Under the statute, the Secretary of HUD may approve activities which fall within this category. The regulations which HUD has promulgated give no guidance as to what criteria are to be used in making this judgment. In the Congressional debate on the Bill, it was clear that the managers of the Bill did not intend that this provision be used as a catch-all clause to permit any and every activity. Yet, as presently written, and as interpreted by some HUD staff, it is possible that a community could use a major portion of its funds, for example, for the construction of a swimming pool in an affluent section of town while doing nothing about slums in another part of town. Given local political problems, a community may find it hard to resist such temptations. Clearly, Congress did not intend this and we recommend regulation changes which would preclude this possibility.

3. A requirement for emphasis on the improvement of housing conditions.

We recognize that communities have multi-faceted problems and that improvements are often needed in the central business district or in industrial areas in order to provide jobs and stabilize the local tax base. Nevertheless, there ought to be a requirement for a balanced program. While HUD should not get into the business of setting down detailed regulations, some overall guidelines would be useful in carrying out the purposes of the Act. To this end, we recommend that, where the need exists, HUD should take steps necessary to assure that there are adequate funds for a balanced development program in each community over a three-year period, including improvement of residential areas and providing sites and infrastructures for low, moderate and middle income housing.

4. A reinforcement of the expressed statutory recognition of the need to provide social

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services as an integral part of a responsible community development program.

We believe that "human renewal" is as important as physical improvements. The social services must go hand in hand with housing for persons of low and moderate incomes, the elderly and the handicapped. Funds should be made available for such social services in the housing provided for them. Both should be tied together as an integral part of a responsible community development program. The legislative history indicates that Congress felt that a maximum of about 20 percent of the Community Development funds might be used for software purposes, except in the case of Model Cities applicants.

HUD made no mention of this in the regulations and there is no indication as yet as to what posture, if any, they will take in the review of first year applications.

Locally, the uncertainty of the future of O.E.O. programs adds to the pressure for use of Community Development funds for these purposes. There are a whole series of H.E.W. programs that are administered in a variety of ways. Some work through the State, others through counties, others directly through communities or through local nonprofit agencies. It is almost impossible to ascertain the full range of social services programs available in a given area or the funding available for them. It is obvious that, at most, Community Development funds can only be used to meet a small portion of social services needs. We recommend that the funds should be for the purpose of providing social services in connection with the improvement and utilization of housing for persons of low and moderate incomes, the elderly and the handicapped.

In the long run, we recommend that Congress should enact a software "allied services-community assistance program", which would provide block grants for social and health services, adjunct educational activities, crime prevention and cultural and economic assistance programs. In so doing, Congress could distinguish this from the Housing Act-Community Development program which would then focus solely on the physical improvements necessary to eliminate existing or incipient blight and on the construction of facilities which would house social service activities.

Until such time as Congress enacts such measures, we recommend that the following steps be taken administratively towards meeting the same goal:

(a) HUD should establish a 20% maximum on software programs and indicate that these are to be used only in areas where other major Community Development activities are being focused. Basically, we believe the Community Development funds at this time should be used to coordinate and facilitate the provisions of services under the other available programs.

(b) We recommend an inter-departmental task force comprised of HUD, H.E.W., O.E.O., Labor and Commerce, and the L.E.A.A. It should develop policies that will assure that priority for funding and maximum program flexibility to meet locally identified needs under existing programs will be given to those which will relate to comprehensive local community development programs. An alternative might be to carry out this activity through the federal egional Councils that have been previously established for similar purposes. A precedent for this approach is the "annual arrangements" system which was tried on an experimental basis in a number of governmental jurisdictions.

5. An assurance by HUD of proper guidelines for the planning and administration of these programs.

We believe that, in order to develop sound comprehensive programs and to administer them in a sensitive and effective way, HUD should assure that there are proper guidelines for planning and administration. The program should not be permitted to become a vehicle for distributing political jobs to people who have no experience or background in the types of antecedent programs which are amalgamated hereunder.

In this context, we strongly recommend that the HUD regulations give due recognition to the possibility that existing local public agencies (LPA) might, in many communities, be the best vehicle for effective administration. If the local Chief Executive Officer elects to so designate them, they should be able to enter into direct contractual relations with HUD—much as they have in the past. In so recommending, we recognize that approval of a Community Development plan and application is a legislative function which has to be left to the local governing body. However, once approved, in many communities the carrying out of the program ought to be a function of an experienced LPA or department which should not have to go to the local governing body for approval of every step in the effectuation process.

6. A separate program for financing housing rehabilitation. We have always considered the rehabilitation of the existing housing stock as a necessary and major tool in any comprehensive national housing policy. In order to accomplish this in the deteriorating sections of many urban areas, massive governmental assistance is required for housing rehabilitation, if we are to prevent the need for major bulldozer approaches in the future.

We believe that no meaningful program can come about through each community using a portion of its Community Development funds for housing rehabilitation. There are not adequate Community Development funds available; and the actuarial risks of a small financing pool are obviously far greater than they would be in a national F.H.A. type loan insurance program.

In some States there appear to be constitutional or legislative prohibitions against the use of community development grants for loans purposes to individual owners. This problem does not exist in the case of direct federal loans.

Further, the mixing of loan funds with grant funds represents an obvious distortion in the amount of actual assistance a community is getting. We believe that the Community Development program should coordinate and administer a rehabilitation loan program. However, the financing for this should come from an extended and expanded Section 312 program and other sources as recommended in Part VII of these Resolutions. This should be separately identified in the HUD budget as a revolving fund rather than a grant program.

7. Need for oversight. At this point in time, and with very little program experience under the new Act to draw upon, we are hopeful that tangible productive benefits will be achieved under the new community development legislation. However, with so much at stake, we believe it is imperative for the Congress to create its own device to monitor the progress of the program in order to form its own independent judgment on how well this effort is succeeding. This oversight function by the Congress is essential since the success of the program will be dependent upon a successful resolving of the following pitfalls which the program now faces:

(a) The first local governments' housing assistance plans are now being filed accompanying their application for community development grants. It is important to assure that local communities will carry out the intent to clear slums and blight and meet the needs of low and moderate income families. A close monitoring is required to determine what is happening and to take necessary corrective action.

(b) The Community Development Program suffers from serious underfunding in terms of the number of communities intended to be served under the program. In addition, valid objections can be raised on the inequities inherent in the formula which determines the allocation of funds to local recipients.

(c) The community development program is likely to produce a shift away from neighborhood projects. Because of local pressures, there may be a geographic dispersion of community development to spread the funds on a city-wide basis which may adversely affect the primary purposes of the community development program.

(d) The administrative responsibilities which must now be assumed by local governments have increased significantly under the 1974 Housing Act. It is unclear, for instance, how localities will cope with the certification required under the Act in the areas of environmental impact, citizen participation, labor standards, relocation and equal opportunity. Furthermore, it is not clear how HUD will evaluate the certifications from localities to assure that these local levels of government have fulfilled the statutory requirements of the Act. Needless to say, the requirement for certification has built into it the potential for inducing protracted court cases simply because the process and structure to fulfill these requirements are not clear and decisions are left to the judgment of the grant recipients.

(e) The capability of available assistance programs to produce the required new and rehabilitated housing units which are an integral part of the municipalities development program must be carefully observed. It is necessary to assure that viable Federal assistance programs are available in order to preserve the mandatory linkage between community development and housing programs. This is another reason why we cannot place sole reliance on the Section 8 program which is untried and untested and why we need to continue other existing housing assistance programs during the transitional period until we know whether Section 8 will provide an adequate volume of assisted housing.

8. Implementing Recommendation. We recognize that HUD has had very little time to prepare regulations. Communities, in turn, have been operating under an almost impossible timetable. Given these constraints, it is understandable that mistakes will have been made in the first year of community development. We do not propose that the changes and refinements be applied to first year applications. This would be unfair to cities and to HUD.

Rather, we recommend that these be implemented as early as possible by HUD and by the Congress, so the second year applications will more accurately reflect a clear national purpose and the intent of the Act. We are frankly concerned that the 1974 Housing Act can, if not properly administered and monitored, result in a public-works pork barrel. It may be amalgamated with a series of unrelated and ineffective software programs, with little progress made in the admittedly difficult task of removing slums and blight and providing a decent home and decent community for every American.

XII. Housing assistance plans of local governments

The inclusion of this requirement in the Housing and Community Development Act of 1974 is a pioneering step towards providing a linkage between housing and community development activities. We believe that it can prove to be a useful tool for assuring that there is a coordinated process between overall revitalization efforts and housing production and rehabilitation. In this first year, however, communities have been hampered in their ability to produce meaningful plans because of a lack of knowledge as to how much federal housing assistance resources will be available to them; also, because of the lack of good basic housing data available in many communities. The housing assistance plans of local governments cannot be accomplished unless there are adequate Federal assistance programs of the character and amounts recommended in these Resolutions.

We urge that local governments properly formulate and implement their housing assistance plans to accomplish the following objectives:

The plan should give top priority for the production of housing to meet the needs of those of low and moderate incomes who have suffered most from high interest rates and high costs due to inflation. These local housing assistance plans should encourage the achievement of sufficient production to meet our housing goals.

The plans should contribute to the health and stability of our economy. Housing and community development activities should generate hundreds of thousands of jobs to alleviate unemployment.

As a condition to community development grants, HUD should carry out the Congressional intent that local housing assistance plans meet the needs of lower income persons.

In a nation in which there is a continuing increase in households and where there is widespread housing deprivation, it is necessary that we have growth policies that will enable us to meet our housing goals. We must resist efforts of local governments to establish no-growth limitations such as discriminatory and exclusionary zoning; needless delays in providing essential community services and facilities; exclusion of certain economic, racial or ethnic groups; and other limitations on the attainment of our housing goals.

We also believe that there is a need to consider more carefully the provision that general location of housing sites for new construction is to be specified in the Housing Assistance Plan. While the objective for doing so is laudable, it has unfortunate by-products. In many census tracts there may be only one potential site and, unless this is owned by a public agency, the land price of the site may be driven up to a point that its use for assisted housing is no longer feasible. There are also other considerations which relate to socio-political dynamics of site selection which we believe call for consideration of housing locations on a careful site-by-site basis in the context of a planning process which considers site design, access, housing mix, structure type and combination with other types of land uses, in order to gain local acceptance. In this context, it is difficult for communities to establish realistic general locations. Their tendency may be to avoid the issue by opting only for rehabilitation programs and subsidies to families living in existing units. Accordingly, we recommend the following:

(a) In this first year, HUD should give general approval to most Housing Assistance Plans with the requirement that they be refined and updated by the middle of the program year. Since many of the housing assistance plans have serious weaknesses which need to be corrected, HUD's Regulations should establish a clear procedure to enable local governments to revise their plans so they are not required to adhere to features of a plan that were not properly conceived.

(b) The HUD Area Office should indicate to each locality, as expeditiously as possible, the minimum number of units available to it under the Section 8 program and the other housing assistance programs which we urge. This allocation should be broken down by number of new units, number of rehabilitation units, and number of existing units to receive Section 8, subsidies or other housing assistance tools.

(c) The provision for general location of housing sites should be amended to provide instead that the community indicate how its total zoning, land use and housing policy meets anti-discrimination guidelines. We suggest that the latter provide that there must exist either in the community, the county, or the state, an active program for assuring that potential home buyers or renters will not be subject to discrimination practices. The amount of land zoned and utilized for mutiple dwellings should result in a proportion which is consistent with the averages for the SMSA of which they are a part. Any sites selected for new housing should meet sound environmental and planning standards.

(d) The communities should be encouraged to use a portion of their community development funds or 701 funds for updating and refining the data regarding housing conditions and needs. We support H. Res. 130 introduced by Representative Spark M. Matsunaga which would disapprove the President's proposed deferral of grants for comprehensive planning under Section 701. These funds are urgently needed.

(e) Elsewhere, we stress the need for a new housing census which, when completed, would also provide a data base for establishing local as well as national needs.

XIII. Completion of existing urban renewal projects

NHC recommends that Congress provide adequate funding for the completion of existing conventional urban renewal projects as well as neighborhood development programs.

In the 1974 Housing Act, a provision was made to allow the Secretary of HUD to set aside a maximum of 20 percent of the community development entitlement funds for the purpose of completing existing projects. At the same time, communities were told by HUD at conferences, through the various media, and by national leaders that the community development funds were to be available for a whole series of new programs.

Another factor to be considered is that many of the existing projects were funded as a result of informal agreements between HUD and the communities in which they were told that, through an annual amendment process, they would eventually get enough funds with which to complete the project in accordance with the original plan. This process of annual amendment did take place for a number of years. For the last three years, it has been at a reduced level and, in some instances, there was no additional funding even though it had been informally promised to communities. The inflationary trends in construction costs as well as the rising interest rates and the need to carry unsold land for longer periods of time because of the national economic conditions, all have wreaked havoc with project budgets.

If steps are not taken to complete the conventional projects in an expeditious manner, the communities, the local public agencies, and HUD are all subject to the possibility of lawsuits for damages. These could come about because a developer had bought land and made investments under a plan which he had every reason to believe would be carried out. That plan might have provided for removing slums across the street from him, or installing a parking lot to the rear of his development, or putting in a new street and utility access. Similarly, people who have bought or rented homes in renewal areas might have grounds for damage suits if the environment in which they are living has not been improved in accordance with a previously approved plan. In neighborhood development program areas as well as in conventional projects, people who have waited for years for their properties to be acquired in accordance with an approved plan might urge that the non-acquisition of the property constitutes condemnation justifying grounds for damage suits.

For all of these reasons, we believe that Congress and HUD have to develop a realistic program for assuring that urban renewal projects are brought to a successful completion. The neighborhood development programs should be permitted to terminate their activities within the context of a plan that eliminates hardships to those most immediatedly affected by the renewal process. Accordingly, we suggest:

(a) Congress should appropriate $200 million a year for the next three years for the purpose of completing existing urban renewal projects and NDP's. It should provide an additional $100 million in loan funds for cities that need assistance in taking over unsold land at project close-outs, which loans would be repaid at such time as they are able to sell the land.

(b) HUD should adopt a policy of accelerating progress payments so that communities receive up to 95 percent of their grant funds within the next fiscal year. By reducing the need for large outstanding temporary loans, the interest costs in the project budgets would be reduced and this would reduce the pressure for budget amendments needed to close projects.

XIV. HUD should provide additional assistance to save new communities program

We deplore the failure of HUD to utilize fully its authority to grant assistance and relief to new communities which are suffering from adverse economic conditions and a depression in home building. The programs of new communities involve social objectives and requirements that are not normally a part of an economic enterprise with profit motivations. In fact, these social objectives and requirements often preclude the realization of economic objectives including sufficient income to meet obligations. Nevertheless, the achievement of these social objectives and requirements is vitally important in the public interest. They justify HUD's underwriting and assistance of new community programs to the full extent necessary to assure their success. This is particularly true since the completion of the existing new communities is a demonstration program. It involves practical research and development to determine how future new communities can best be undertaken to achieve sound urban growth.

Title VII of the Housing and Urban Development Act of 1970 ("Title VII") authorized HUD to make loans to new community developers for the purpose of assisting them to make interest payments on indebtedness incurred to finance new community development programs approved by HUD. These loans would cover interest payments for a period up to 15 years until land marketing activity is of sufficient volume to permit the continued development of the new community without the benefit of such interest loans. These loans are to be repaid commencing not later than 15 years after the loan date when development progress and marketing permits such repayment. An interest loan up to $20 million is permitted for any single new community development.

HUD has refused to make such loans despite the clear purpose and intent of Title VII. Consequently, the programs of many new communities are seriously jeopardized and threatened with bankruptcy which will cause diastrous suffering for their residents. We recommend and urge that HUD make these interest loans to each of the new community developers who require them due to the adverse conditions that now prevail and were contemplated by Title VII. In addition, HUD should provide additional loan guarantees to enable new community developers to obtain additional financing which they need for other purposes besides interest payments, including further land acquisition and land development to complete their programs. If HUD continues its refusal to make such loans, we recommend that Congress mandate the use of the authority in Title VII to save the new communities and preserve their vital role as part of a sound urban growth policy to provide housing and community facilities in well planned environments with nearby jobs.

New communities relied upon the availability of (i) promised Federal grants for essential public services and facilities, special planning grants and supplementary grants and (ii) promised set-asides of housing assistance. In fact, these grant and assistance programs have been suspended since January of 1973. The new communities have suffered greatly by being deprived of these intended grants and aids. Now that we have block grants for community development and assistance for housing, we urge that these provisions of the 1974 Housing Act be fully utilized to make the maximum possible grant funds and assistance available to new communities so they can move forward with their programs. We recommend that Congress mandate HUD to utilize its full authority under Title VII and the 1974 Housing Act to make necessary grant funds and assistance available to new communities to keep faith with them and help restore their financial stability. Such action is urgently needed to carry out the intent of Title VII relating to Urban Growth and New Community Development.

During this deep recession, there is a lack of income among the unemployed and under-employed which removes them from the housing market. There is also a lack of confidence among other people who are afraid of their economic future. As pointed out elsewhere in these Resolutions, there is a soft sales market with 650,000 completed houses and condominiums which are unsold and overhanging the market. This includes many houses and condominiums in new communities where developers are discouraged from undertaking new housing starts. Consequently, the volume of land marketing has dropped precipitously in new communities and they have inadequate incomes to continue their operations and meet their obligations. To restore confidence by increasing employment and production, it is necessary to take the actions recommended in these Resolutions, including the rescue of new communities to assure the fulfillment of their programs.

New communities are faced with bankruptcies and foreclosures which will have serious social and economic consequences. This will be most distressing for homeowners who purchased their homes in new communities in reliance on HUD's support to assure the continued operation and completion of those new communities. In many of the new communities, such continued HUD assistance is necessary to assure the continuance of water, sewer and other services for the continued occupancy of homes. New community developers often subsidize these services until there is sufficient growth in the new communities to support the services from utility income or local taxes.

In Part XX we have discussed the relief which is necessary to prevent massive foreclosures on housing mortgages during this economic recession. Similar measures are necessary to prevent foreclosures and bankruptcies of the new community developers and to develop solutions which will assure the continued viability and operation of new communities.

In paragraph (g) of Part XX, we refer to a pending HUD-proposal to reduce the principal of project mortgages to an amount which can be carried by the current cash flow on the project as a means of avoiding foreclosures and continuing the viability of housing projects. We recommend that similar action be taken with new communities. This can be done through an agreement between the new community developer and HUD under which HUD would meet its guarantee obligations with respect to paying the full principal amount on guaranteed debentures, but would reduce the reimbursement from the developer to an amount which can be carried by the cash flow under the new community program.

It will be some years before principal payments will be due on these HUD-guaranteed obligations, but agreements must be made in advance to assure the continued viability of the new communities based upon the projected cash flow. A new community cannot effectively continue its operations unless there is a long-term program which assures the continued solvency of its operations and its ability to meet its obligations. To the extent that amendments are necessary in existing laws to effectuate these recommendations to save new communities, we recommend such legislation, including a mandate to HUD to utilize and implement the amended laws.

There is the same need to improve and expedite HUD administration in the new communities program as is described in Part XXII relating to housing programs. This includes the elimination of present detailed controls by HUD over every phase of new Community development and operation. These are overly burdensome and time consuming and they preclude efficient operations. Effective and cooperative working relationships must be established not only between HUD and the new community developers, but also with the other Federal agencies and local governments who are active participants in developing the new communities. Above all, there is a need to assure that there is a dedication and commitment among the HUD staff to achieve the goals and purposes of urban growth and new community development under Title VII.

Finally, we reaffirm our support for additional new communities and urge that HUD lift its suspension of processing loan-guarantee applications to develop such additional new communities.

If steps are not taken to complete the programs of existing new communities, HUD will be subjected to many lawsuits. In reliance upon a new community plan which they had every right to expect would be carried out with necessary assistance from HUD, people bought land, businesses built commercial and industrial facilities and public agencies made investments. All of these groups will suffer great damages and hardships unless HUD provides assistance to complete these new communities in accordance with the plans upon which these groups relied.[26]

ADEQUATE CREDIT FOR HOUSING AT LOWER INTEREST RATES [27]

XV. Financing to stimulate housing construction and improve housing markets

Increases in interest rates and tight money have been major causes of the decline in home building. These are usually accompanied by increases in the down payment requirement and shortening the mortgage term. All of this results in higher monthly payments and a smaller market for housing.

During tight money periods, major suppliers of home financing—savings and loan associations and mutual savings banks—become so short of funds that they cannot make mortgage loans. This occurs when interest rates on other investments rise to higher competitive levels. The problem is aggravated by restrictive general monetary policies adopted by the Federal Reserve Board to dampen demands for credit, goods and services. Unfortunately, housing bears a disproportionate share of the burden of reduction in economic activities through credit restraints and higher interest rates.

Housing should be sheltered from the disproportionate and adverse effect of tight money and higher interest rates. We need to lower the excessive interest rates that have increased both inflation and unemployment and reduced home construction. We need to channel adequate credit into housing production. We recommend the following actions—described under Part IX and under this topic—to help achieve the foregoing objectives including the necessary stimulation of housing construction to relieve the depression in housing and the deep recession in the economy.

Senator Proxmire's Bill, S. 773,[28] establishes a permanent program to channel credit into housing at lower interest rates. That program would be activated whenever annual housing starts drop below 1,750,000 and the unemployment rate exceeds 6 percent for three consecutive months. Whenever these rates are restored for a three-month consecutive period, the program would be deactivated. This is a credit program for emergencies which will provide financing for 1,000,000 new homes a year for middle-income families. Chairman Proxmire estimates its annual cost for that number of homes would be $300 million, or $300 annually per house, with the 6 percent interest rate limited to an initial three-year period and a gradual increase in that rate until it reaches the ceiling rate in the mortgage.

Billions of dollars of commitments have been issued to purchase mortgages under the Emergency Housing Act and the Tandem Plan which have not yet been used to get housing starts. With respect to the purchase of mortgages under the Emergency Housing Act, the Tandem Plan and the Freddie Mae program, we urge that standard and uniform interest rates be established on all commitments which are issued. There is great confusion in these programs with 11 different interest rates applicable to commitments issued at different times ranging from 7¾ to 9¼ percent. There should be a standard and uniform interest rate that is available in accordance with the formula in the Emergency Housing Act. Under that formula, the interest rate would now be 7⅝ percent. As to any outstanding commitments at a higher rate the holder of the commitment should have the right to exchange it for a new commitment at the standard rate which is applicable at any given time. To obtain a new commitment at a lower rate, an appropriate charge can be made which should not exceed the half of 1 percent which has been applicable when commitments are returned for the purpose of enabling the holder to purchase a new commitment at a lower rate. We recommend that the same interest rate should be available under the Tandem Plan as under the Emergency Housing Act, with the same right to exchange outstanding commitments for new commitments when a lower rate become applicable, subject to the payment of the same additional fee.

Through the use of these commitments and the additional commitments which will be issued under the additional authorizations we recommend, it should be possible to stimulate the construction of unassisted housing. By creating jobs and improving the economy through an increase in assisted housing construction under the programs recommended elsewhere in these Resolutions, there should be a restoration of confidence among home purchasers. This should improve the market for unassisted housing to be financed under these mortgage purchase programs.

We support the Administration's action in reducing the FHA–VA rate from 8½ percent to 8 percent as this will help reach part of the higher-income segment of families who have been priced out of the market.

Footnotes at end of article.

XVI. Additional mortgage purchases under the Emergency Housing Act

We recommend the full use of the mortgage-purchase authorization under the Emergency Housing Act together with an increase in that authorization. This includes the release of the $1.75 billion unused balance authorized by that Act for mortgage purchases. It also includes the full use of the $6 billion made available for purchases and commitments. More than $300 million of the earlier commitments issued under the Emergency Housing Act were turned back and cancelled because the earlier commitments were at a higher interest rate, and there was a partial refund of the commitment fee. Since the $7.75 billion authorization applies to the amount of purchases and commitments outstanding at any one time, we urge that new commitments be issued in an amount equal to those which are cancelled from time to time.

The President's budget does not provide for additional mortgage purchases under the Emergency Housing Act. There is an urgent need to continue these programs. We recommend an amendment to the Emergency Housing Act to increase the authorization for mortgage purchases by $10 billion to assure the continuance of sufficient additional mortgage purchases to achieve necessary additional housing production. These purchases would continue to be made by Fannie Mae (Federal National Mortgage Association), Freddie Mac (Federal Home Loan Mortgage Corporation) and Ginnie Mae. The last interest rate on such mortgages was 7¾ percent.

This below-market interest rate should be reduced pursuant to the statutory formula for periodic adjustments based upon the average rate on 6 to 12 year government obligations plus ½ of 1 percent, rounded up to the nearest ⅛ of 1 percent. Based on that formula, the last interest rate should be reduced to 7⅝ percent. From time to time this rate should be further reduced as market interest rates come down. These lower rates should be available to holders of present commitments as recommended above so that more people will be able to afford housing as interest rates come down. The mortgages are to be in a principal amount which does not generally exceed $42,000 per dwelling unit. The Emergency Housing Act should be amended to include the purchase of *multi-family* mortgages as previously requested by President Ford; also, the purchase of condominium mortgages.

The amount of mortgage commitments and purchases under the Emergency Housing Act will be largely recovered on the resale of the mortgages or mortgage-backed securities. The actual cost to the Federal Government will represent only the difference between the amount paid for the mortgages and the amount realized on their sale. When there was a similar program during the recession in the Eisenhower Administration, the operation resulted in a net profit to the Government because interest rates had gone down and the mortgages were sold at a premium. Although billions of dollars are authorized to buy mortgages under the Emergency Housing Act or the Tandem Plan involving purchases at a discount price—which is discussed below—there is likely to be very little cost to the Government (except where par purchases are required) when the mortgages or mortgage-backed securities are sold. There is even a possibility of a profit if market interest rates should go below the effective rate in a commitment by the time the mortgages or mortgage-backed securities are sold.

XVII. Additional mortgage purchases under the tandem plan

(a) There is an urgent need to continue the Tandem Plan both for assisted and unassisted housing through mortgage purchases by Ginnie Mae and Fannie May. The President's budget estimates that about $12.5 billion of Tandem commitments will be issued during FY 1975 ending June 30 of this year. However, the budget does not reflect the continuance of this program in FY 1976, since less than $0.25 billion in commitments are projected for that year. In FY 1976 the need for the Tandem program is even more urgent than last year, with a continuing drop in housing production and a tremendous increase in unemployment, along with the accumulated unmet needs for housing.

We recommend that the Tandem Program be continued in FY 1976 at least at the same rate of $12.5 billion of commitments as last year. The most urgent need for Tandem commitments is in the assisted program where HUD purchases Section 236 mortgages at par. It is imperative that this program be continued to enable the completion of the projects in the pipeline, as well as additional projects under an additional authorization. To help make the Section 8 program workable, we recommend that the Tandem purchase of mortgages at par be extended to projects which will be assisted under Section 8.

Under the Tandem Plan, the interest rate on the purchase of multifamily mortgages should be reduced to correspond to the interest rate on mortgages purchased under the Emergency Housing Act, and to eliminate the ½ of 1 percent or higher rate.

Most of the mortgage purchases under the Tandem Plan relate to unassisted housing and involve a discount purchase price. They may involve little or no cost to the Federal Government when the mortgages are sold directly or through the sale of mortgage-backed securities, depending upon the market interest rates at the time of such sales. As to certain par purchases under the Tandem Plan—such as Section 236 mortgages—the cost represents only the difference between the par purchase and the market price at which Ginnie Mae later sells the mortgage. These costs on additional commitments will not be reflected until after FY 1976 since Ginnie Mae does not purchase mortgages until the completion of the project.

(b) We recommend the release of the impounded $100 million which is the uncommitted balance in the revolving fund administered by Ginnie Mae for the purchase of cooperative mortgages insured by FHA under Section 213. The 213 program fills an unmet need among middle income persons who can only afford the lower monthly charges achievable through cooperative economies and financing. To lessen the budget impact, we recommend that these funds—which have been impounded since 1968—be used under the Tandem Program so that the budget will reflect only the difference between the Ginnie Mae par purchase of the mortgage and the market price at which Ginnie Mae later sells the mortgage.

XVIII. Other measures to channel adequate credit for housing at lower interest rates

All necessary actions should be taken to provide more credit to housing as a priority need. The highest priority should be given to assuring credit and assistance for housing to meet the urgent needs of those of low, moderate and middle incomes.

An adequate volume of credit for housing production will have an anti-inflationary effect and reduce pressures for interest rate increases. Such selective credit allocations and actions are necessary to avoid extreme instability in housing production and meet national housing needs.

The use of tight money policies and the resulting high interest rates have imposed a disproportionate and unfair burden on housing. This has adversely affected housing production and housing markets. In these Resolutions, we are recommending programs to remove this disproportionate burden on housing and assure that adequate credit and assistance is provided for housing. In addition to the measures recommended elsewhere, we recommend the following actions to help assure the availability of adequate credit for housing:

(a) We recommend a continuance of the program of forward commitments to savings and loan associations to enable them to make investments in residential mortgages. These funds are particularly needed during any periods when savings and loan associations lose large amounts of savings. This will help to provide greater stability in credit for housing. Under this program, the commitments are issued by the Federal Home Loan Bank Board.

(b) We recommend an amendment to the income tax laws which will provide tax exemption or credit on $500 of interest earned on savings deposits which are invested in housing mortgages. This will enable savings and loan associations and mutual savings banks to attract and hold savings during periods when others are offering higher interest rates which have previously diverted savings from use in residential mortgage financing.

(c) We recommend a further amendment to the income tax laws to provide a variable tax credit on the net interest income from investments in residential mortgages made after enactment of the new law, without eliminating the present bad-debt reserves in thrift institutions.

(d) The Housing Cooperative Financing Association should be established within HUD through legislation in the form that passed the Senate last year. This is an unsubsidized program which would get necessary housing built for people of modest incomes to achieve cooperative homeownership at reasonable interest rates. The Association would be similar to the successful cooperative associations for agricultural purposes which have been established in the Department of Agriculture where the need for specialized financing institutions for cooperatives has long been recognized. Cooperative housing has the greatest difficulty in securing financing because only a group of consumers is involved.

The Federal Government would initially subscribe to $5 million of preferred stock in the Association which would also be authorized to borrow $50 million from the Treasury. Thereafter, the Association would obtain its financing through normal private channels by issuing its bonds against the FHA-insured mortgages in its portfolio securing its loans. Within a few years, the Association would become wholly privately owned by the borrowing cooperatives and would fully retire the initial Treasury subscriptions and advances. Over 40,000 dwellings would be developed by cooperatives at reasonable interest rates under this program.

(e) Developers are experiencing great difficulty in obtaining financing for the construction and development of housing projects. When they can get such financing, the interest rates are prohibitive. To meet this problem, we recommend that construction and development loans be made through Fannie Mae, Ginnie Mae and Freddie Mac and under the Tandem Plan.

(f) To help protect our capability to provide decent housing, we recommend assistance to builders and other businessmen in related industries who are temporarily having financing difficulties. This can be done through a new institution such as the Reconstruction Finance Corporation and through the Small Business Administration.

(g) We support pending legislation to assure the exemption from income taxation of nonprofit cooperative housing corporations, condominium housing associations and homeowners' associations.

(h) We recommend that HUD make a study and report on the advisability of including provisions in residential mortgages which would better attract money for investments in them. The study should explore provisions for annual adjustments in principal or interest based upon changes in consumer price indexes or prevailing interest rates. Any such adjustments should be subject to consumer protections which take into account the ability to pay of the borrower through deferring—until after the stated mortgage maturity—any increased payments which exceed a prescribed percentage of his income. The study should also include adjustments in savings deposited in savings and loan institutions according to the same index that is used to adjust mortgages. The report should cover the results of use of such adjustments on mortgages and savings in Chile during the past 17 years.

(i) The mortgage limits for multifamily programs with FHA insurance require adjustments for high cost areas resulting from inflation. This should be done through administrative or legislative action. Realistic limits should be established for such areas, through the use of prototype cost limits—which are determined for such areas based on current costs—or otherwise.

(j) The Emergency Housing Act of 1975 should cover all of the legislative proposals listed in these Resolutions.

XIX. Section 223(f) program to provide permanent financing when needed for multifamily housing projects

HUD has announced a new program under Section 223(f) to make FHA insured permanent financing available to sound developers carrying good quality apartment projects who cannot secure permanent financing in today's market. We support this program as a necessary temporary measure to assist developers who are in distress due to the heavy drain of carrying a project on a construction loan at very high interest rates. This program will help to protect the capability and availability of such developers to undertake production of additional housing which is vitally needed.

However, the new program will discriminate against cooperative mortgagors, as the administrative instructions tentatively promulgated by HUD limit this program to rental housing. There is no such limitation in the statute. Cooperatives should have the same opportunity to refinance sound multifamily projects which need assistance in obtaining permanent financing.

The new program will apply to projects started before June 30, 1974, and completed by the end of 1975. The loans are limited to 80 percent of HUD's estimate of value, so the developers will be required to meet substantial equity requirements. The loans are to be insured under Section 207 which means they will be predicated on value rather than replacement cost. Since HUD acts only as an insurer of the mortgage, it is necessary to assure the availability of purchasers of the mortgages. We are concerned about this particularly since if Section 207 is utilized lenders would receive debentures rather than cash in the event of a default. These debentures are currently worth much less than the face amount of the obligation.

Limiting financing to Section 207 is an unnecessary restriction not required by the enabling legislation. It will lead to disputes between sponsors and HUD field offices concerning applicable capitalization rates, valuation formulae and other appraisal matters subjective in nature. It will also be difficult to sell 207 mortgages. We recommend that other multifamily mortgage insurance programs should be available for mortgage insurance, such as Section 221(d)(4) or 221(d)(3). As insurance benefits are payable in cash rather than in debentures under these alternative programs, permanent lenders will be more likely to be attracted.

To accomplish the purposes of this program, we recommend that these HUD insured mortgages be made eligible for purchase by Ginnie Mae at a price which will enable the program to work, and that these loans be eligible for GNMA-backed securities. To meet its intended goal, expeditious processing by HUD of applications is absolutely essential.

PREVENTING MASSIVE FORECASTS AND SELLING HUD-OWNED PROPERTY TO RESIDENTS [29]

XX. Relief to prevent massive foreclosures on housing mortgages during this economic recession

During this deep recession, besides the 7,500,000 unemployed, there are some millions more who are suffering from a loss of income, including discouraged people who have dropped out of the labor force and workers who are under-employed. Many of the unemployed will stop receiving Supplementary Unemployment Benefits under union contracts because the funds will have been exhausted within a month or two. Soon afterwards, much larger numbers will have exhausted their unemployment insurance benefits. Mortgage loan defaults will then become so great that massive foreclosures will occur unless pending bills are enacted which will provide necessary relief. In paragraphs (h) through (k) below, we describe the bills which are needed to save people's homes through temporary repayable mortgage payments on behalf of unemployed or under-employed homeowners.

Even now, there are widespread delinquencies on residential mortgages which require preventive actions by HUD to save people's homes and avoid project foreclosures. Besides losses of employment and reductions in incomes among homeowners and tenants, there have been substantial increases in their monthly charges due to increased costs of oil, utilities, local property taxes and other expenses. Unless action is taken to save people's homes and avoid foreclosure on project mortgages, there will be serious social and economic consequences. Besides the distress for the owners and tenants involved, such foreclosures will adversely affect lender confidence and the availability of mortgage credit.

The Secretary of HUD announced a moratorium on foreclosures of project mortgages until March 1 to allow time to develop solutions to save such projects. We recommend that the period of this moratorium be extended and that action be taken when practicable to grant a similar moratorium on the foreclosure of mortgages on individual homes or condominium units which involve mortgages insured by HUD.

We recommended the following administrative actions and legislation to meet the critical problems on both project mortgages and single-family mortgages on residential properties:

(a) A major cause of defaults and foreclosures in multifamily housing is the inability to collect sufficient rental income to meet debt service and operating costs. To meet this problem, it is necessary that project income from rents be increased in time to cover higher operating costs. Present procedures for rent increases are too cumbersome and time consuming, with unnecessary administrative layers of responsibility in decision-making. Moreover, HUD requires an owner to experience operating-cost increases before allowing rent increases, so he must operate at a deficit which causes him to default on his mortgage. Under HUD's procedures, the owner is always behind in adjusting his rents and can never catch up in meeting his mortgage obligations.

New realistic procedures must be established which will allow rent increases based upon reasonable budget projections as to the amounts of income required to meet projected requirements for operating expenses and mortgage payments. HUD should act promptly on requests for rent increases to cover such projected increases in operating costs of projects, including heating, utilities and local property taxes.

(b) HUD should fully utilize the authority granted in the 1974 Housing Act to make additional assistance payments under Section 236 to project owners in an amount sufficient to cover increases in the cost of utilities and local property taxes above their levels in initial operating budgets. These additional subsidy payments are not to exceed the amount required to maintain the basic rentals at levels not in excess of 30 percent of occupant's income or 25 percent where the occupant pays his own utility costs. HUD has not taken action to implement this provision of the new law, and we urge that it do so immediately. This is one way to help assure that a number of projects assisted under Section 236 can avoid foreclosure and meet their mortgage obligations and other expenses. As to the President's budget, we oppose its failure to provide for use of the authority to make these additional assistance payments on Section 236 projects. We recommend an amendment to the housing law to make this additional assistance available under the below-market interest rate program to cover increases in the cost of utilities and local property taxes.

Besides using additional appropriations and contract authority for subsidy authorizations, there is a second source of funds for the payment of these operating subsidies on Section 236 projects to cover increases in the cost of utilities and local taxes. The 1974 Housing Act provides for a reserve fund to be used for such payments. This reserve fund would include all rentals collected on Section 236 projects in excess of the basic rental charges. We urge that HUD implement this provision in the 1974 Housing Act and utilize these excess charges for this purpose, instead of crediting them to appropriations as permitted prior to the passage of the 1974 Housing Act.

The operating subsidies for Section 236 projects should cover the cost of heating by oil just as it covers the cost of heating by gas purchased from a utility company. In fact, the increased costs for oil are greater so that it is urgent to provide operating subsidies to cover such increases to the extent they are not obtainable through rent increases.

When operating subsidies are paid on Section 236 projects to cover increases in the cost of utilities and local property taxes, the occupants should not be required to pay 30 percent of their income—or 25 percent if the occupant pays his own utility cost. The law should be amended to provide for a lower and more equitable payment which should not exceed 25 percent of adjusted income or, if the occupant pays his own utility cost, 20 percent of such income.

(c) We support the recommendation of Assistant Secretary Crawford that assistance contracts under Section 236 be amended to increase assistance payments so that occupants who qualify can get the benefit of a one percent simple interest rate instead of a higher interest rate which has been required under current HUD requirements. This will provide additional relief and help owners to meet their obligations.

(d) We recommend that HUD take all possible actions to avoid foreclosures or acquisitions of projects due to defaults. HUD should defer payments of principal, interest and replacement deposits to the extent they cannot be paid from project income and housing assistance. It will be less costly to take affirmative actions through such work-out agreements to avoid defaults than to acquire billions of dollars of projects or to write down mortgages in those amounts. We recommend that work-out agreements be made for a period of five years on mortgages which HUD holds. With a longer work-out period, it will be possible to get realistic esti-

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mates concerning future increases in income to meet mortgage payments and expenses. At the end of a work-out period, the mortgage should be recast with deferred payments spread out to be amortized over the mortgage term. If owners are allowed longer work-out and deferment periods, many of them will be able to resume regular payments on their mortgages. Over a period of time, inflation will enable them to compete in the market with housing which is being produced at higher costs.

(e) Many developers have been unable to complete multifamily projects because of the inflationary increases in construction costs which have occurred and which were beyond their reasonable control. Due to such unanticipated inflation, the estimated construction costs reflected in HUD commitments were unrealistic and the developers were unable to complete the projects within original budgets. We believe that this situation should be corrected by allowing a necessary increase in the HUD mortgage insurance commitment in those cases where the project will be able to realize enough income—together with assistance payments—to carry the mortgage, with some deferments of payment in the early years, if necessary. In the long run, this program would involve less cost to the government and it would avoid foreclosures and financial hardships and losses to all the parties concerned in such cases. To prevent this situation from recurring in the future, we recommend that HUD revise its contract forms to provide relief from cost escalations which are beyond the control of the contractor, as is done by other government agencies.

(f) A revision in the GNMA mortgage-backed securities program is necessary to avoid unnecessary declaration of mortgage defaults. In the current GNMA mortgage-backed securities program, it is not possible for mortgage relief to be granted through traditional procedures, e.g., temporary deferment of principal and other scheduled payments. As the issuer of the security must make periodic interest and principal payments to holders and depends upon payments from the mortgagor to generate such funds, it is unable to grant any form of mortgage relief to the mortgagor. Consequently, a project experiencing minor and temporary difficulties may be placed into a default status and a resulting claim submitted to HUD for insurance benefits. GNMA or HUD should be vested with authority to make advances or provide other assistance which will enable the issuer to meet his obligations to the security holders, without declaration of default on individual mortgages backing the security.

(g) Other measures will be necessary in the case of assisted projects where the foregoing relief will be inadequate to meet the problem. For such projects, we support a program which HUD has announced as being under study. HUD should accept the assignment of a project mortgage and then take action to reduce the principal of the mortgage to an amount which can be carried by the current cash flow on the project. This would assure the continued operation and viability of such housing projects. This may be done through the filing of a foreclosure in which a consent decree would be entered to dismiss the foreclosure under a settlement with a reduced mortgage. By reducing the principal of the mortgage it will be possible to utilize income for deferred maintenance and other needed improvements and to avoid rent increases beyond amounts which the residents can afford. Any such program should be available for all types of mortgagors who need such relief.

(h) To save people's homes by providing necessary relief to homeowners who are suffering from unemployment or reduced income, we support the Emergency Homeowners Relief Act introduced by Congressman Ashley as H.R. 34. A number of similar Bills have been introduced by Congressman Ashley for himself and 91 other members of the House. This Bill authorizes HUD to make repayable mortgage relief payments on behalf of distressed homeowners for a 2-year period when HUD determines that such action is necessary to avoid foreclosure and that the assistance will enable a full resumption of mortgage payments.

The relief payments could cover principal, interest, taxes, hazard insurance and mortgage insurance premiums but not to exceed $375 a month. The dwelling must be owned and occupied by the homeowner. A distressed homeowner is one whose income has declined by more than 20 percent. We recommend an amendment to H.R. 34 that, besides a decline in income by more than 20 percent, relief should be limited to those persons whose monthly housing payment would be in excess of 25 percent of their total income unless the additional assistance was provided. The additional assistance should be in an amount sufficient to reduce their monthly payments to 25 percent of their income.

The mortgage relief payments may be made for a period of two years. During this period, the payments may be increased or decreased as necessary. The relief payments will be repayable. We recommend that the interest to be charged on the relief payments be fixed at the same 6 percent as is provided for middle income purchasers under H.R. 29. HUD may require security for such repayments. HUD would obtain the funds for this program through advances from the Treasury against repayable obligations of the Secretary.

(i) We also support the Moakley Bill, H.R. 2700, directing that HUD refrain from foreclosures on housing projects until 60 days after HUD submits a report to Congress with recommendations for curing or avoiding defaults and protecting moderate income residents.

(j) *We support the Home Retention Act, S. 655, introduced by Senator Sparkman for himself and Senator Tower which would authorize Ginnie Mae to acquire mortgages of homeowners facing imminent foreclosure.* Ginnie Mae would either refinance the mortgage to reduce monthly payments or suspend all mortgage payments for a period up to two years. After full payments are resumed on the mortgage, Ginnie Mae could sell the mortgage. With the widespread danger that the unemployed will lose their homes, Senator Sparkman urges passage of the legislation to "lock the barn door before the mule gets out".

(k) *We also support the alternative program proposed by Senator Mondale in a Homeowners' Loan Act, S. 660. This would reactivate the Homeowners' Loan Corporation that operated during the depression and World War II years.* It would be authorized to make payments up to 18 months to lenders on behalf of home owners facing foreclosure as a result of unemployment. It could also refinance mortgages at a 6 percent rate for 30 years or pay the mortgages in order to cure the defaults. Eligibility under the program would be limited to owners of dwellings valued at $50,000 or less.

(1) We recommend that the Congress fund and that HUD implement the provision of homeownership counseling services to delinquent mortgagors through "private or public organizations with special competence and knowledge in counseling" as specified in Section 106a as amended by the 1974 Housing Act. Efforts to prevent mortgage foreclosures should be expedited in light of current economic conditions and the impact of unemployment on millions of Americans.

XXI. Disposition of HUD-Owned Properties to Residents

As stated above, HUD is faced with defaults and foreclosures on many properties. This is due in part to dramatic escalating operating costs, poor management and tenant-landlord relationships, and HUD's past failure to provide imaginative supervision and constructive solutions. The end result is that HUD has already taken title to many properties and is expected to become the owner of hundreds more.[30]

Congress was aware of this problem and provided in Section 246 of the 1974 Housing Act that HUD should make a substantial number of acquired properties available for sale to cooperatives which will achieve resident ownership. Congress recognized that in projects where landlord-tenant relationships had deteriorated to a point of no return, such acquisition of the property by the residents could completely change their attitude to property maintenance, payment of monthly charges and community responsibility. When HUD makes sales of its projects for cooperative ownership by the residents, there is already experience that these properties are permanently removed from the list of HUD defaults.

The 1974 Housing Act provides for sales of HUD-acquired projects to cooperatives which are organized by qualified nonprofit, consumer-sponsored organizations to provide home ownership for the residents. In connection with such dispositions, HUD provides financing and necessary rehabilitation. The HUD-acquired properties that are sold should be suitable for cooperative ownership.

The 1974 Housing Act intended that HUD-acquired projects be made available for the residents through a negotiated sale. It was recognized that it is not necessary or feasible to have competitive bidding on a project to be acquired by a cooperative which will consist of the residents.

With the problem of distressed properties reaching crisis dimensions, HUD should utilize every tool given it by Congress to cope with this problem. We urge HUD to proceed expeditiously in issuing regulations and directives to its field offices to implement the Section 246 program and proceed with dispositions of HUD-acquired properties.

IMPROVEMENT OF HUD ADMINISTRATION[31]

XXII. Need to improve and expedite HUD administration

Laws are not self-executing. The enactment of the 1974 Act and other necessary housing legislation will not achieve the purposes of those laws, nor will it relieve the present depressed state of housing construction and the deep recession in the economy. To achieve the objectives of housing laws, it is necessary to have effective and expeditious HUD administration of those laws.

In all new appointments to the top positions at HUD, we urge the selection of persons with long experience in housing, recognized administrative abilities and a dedication and commitment to achieving our housing goals. This is particularly important at this critical time when housing starts have dropped so precipitously. Such an experienced and dedicated top staff is necessary to stimulate housing construction, create jobs and meet urgent and neglected housing needs.

HUD should be an advocate and focal point within the Federal Government to discharge its housing responsibilities. It should provide leadership and a sense of urgency in moving forward to increase production in housing, particularly to meet the urgent needs of those of low and moderate incomes and to stimulate the economy and relieve unemployment.

We are particularly concerned about the virtual destruction of the Federal Housing Administration (FHA) as an effective agency and force in homebuilding. In recent years, there has been a loss of morale and efficiency in FHA. As a result, FHA no longer performs

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its intended major role in housing. Last year it was involved in only 5 percent of housing starts. It now often takes FHA two years to process an application for mortgage insurance on multifamily housing.[33]

FHA has become so ineffectual and dilatory that there are demands from many quarters to separate it from HUD as the only hope to achieve proper administration of functions which are so vital to the Nation. As one of the first advocates of HUD as a Department to consolidate the housing functions of the Federal Government, we do not support the separation of FHA from HUD. Instead, we urge necessary action to rejuvenate FHA and restore its vigor and effectiveness which helped so greatly to improve housing in America. For many years FHA was cited as a model within the Federal Government. In today's housing emergency, we need that kind of a vigorous and effective FHA, but we believe it should function within HUD as part of a coordinated housing and community development program. We concur in the recommendation of former FHA Commissioner Sheldon Lubar that FHA should function as a separate part of HUD in the same way that IRS is a separate part of the Treasury Department.

All former FHA functions should be reunited within FHA including management matters. FHA functions should also be reunited in the field offices. The FHA Commissioner should have clear line authority to the field offices. The FHA Commissioner should have a mandate to provide the large volume of housing required. Production goals should be established for each field office and its performance should be monitored weekly by the FHA Commissioner who shall take necessary action to assure that those goals are achieved. To help achieve production goals, autonomy should be returned to the field offices for decision-making on projects involving FHA-insured mortgages.

There is a similar need for strengthening the organization structure and administration of all HUD programs. We should avoid duplications in processing and decision-making which cause excessive delays in processing and production. Present HUD policies encourage slow action and over-caution by employees to avoid criticism for their mistakes, which has resulted in the greatest mistake of all—a precipitous decline in the use of HUD programs and in meeting the needs of housing and the economy. HUD should provide incentives for employees to achieve targets for housing starts. It should have criteria for evaluating performance based on rapid processing and starts of construction, particularly in this period of the housing depression and deep recession in our economy.

We recommend necessary increases in appropriations for the editorial staff required to do the job that must be done by HUD generally and FHA in particular. There should be an extensive recruitment program to hire experienced and qualified people. There are many qualified people available who were in the mortgage or building business and are out of work due to the depression in home building. Now is the time to recruit them. This will assure a staff with expertise and efficiency. As one reason for the discontinuance and slow down of assisted housing programs other than Section 8, former Secretary Lynn had stated that he could only handle one assisted housing program with his staff. In these critical times, HUD must be equipped to handle *all* of the assisted housing programs that are necessary to increase housing production to the levels so urgently needed.

It is imperative that HUD reform all of its operations to accelerate processing, production and decision-making. HUD should simplify its requirements and eliminate its detailed controls over every phase of project development and operations. These are overly burdensome, costly and time consuming. Time limits should be established within HUD for the processing of applications. After commitments or contracts are issued, HUD should be required to act within a designated time on requests for approvals required by the commitment. If HUD fails to take action within the allowed time, the submission should be considered approved by HUD.

HUD should consult regularly with representative groups of local public agencies and private participants in each of its programs to identify problems which impede progress and to develop workable and realistic solutions, including innovative programs.

XXIII. Need for Federal-local housing advisory groups

A review of the proposed Section 8 fair market rents for new and existing housing as well as a recollection of the many previous problems in establishing housing costs in different areas has indicated that there is a need for a better mechanism for establishing these indices in local areas. All too often in the past, HUD has relied on faulty data. As a result, programs have been ineffective and have not been administered in the way that Congress intended.

We recommend that in each housing market area, there should be a joint committee of housing industry groups, including participants from the public, quasi-public, and private sector, as well as HUD Area Office representatives. This joint committee would be charged with the responsibility of reviewing and making recommendations with respect to the various cost indices on these HUD programs which are tied to such a formula. These committees should have available to them adeuate staffing resources so that competent technical studies can be performed and used as a basis for the recommendations.

XXIV. Required actions to implement laws on housing and community development

HUD should implement and effectuate the 1974 Housing Act and earlier laws to carry out all the authorized programs on housing and community development in the manner intended. The following are illustrative of laws awaiting implementation or administrative policies requiring revision to carry out the Congressional intent:

(a) Utilizing existing assisted programs under Sections 235, 236, public and turnkey housing as intended.

(b) Revising unworkable or unattractive aspects of the Section 8 program which will preclude the achievement of the necessary volume of housing construction and rehabilitation under that program; also, adequately implementing the statutory authorization for participation by cooperatives in the Section 8 program.

(c) Carrying out the intent of the 1974 Housing Act to emphasize community development assistance to neighborhoods where low and moderate income persons reside; also, to assure that the local government's housing assistance plans will meet lower income housing needs as intended.

(d) Implementing the authorization in the 1974 Housing Act for additional assistance to meet increased utility costs and real estate taxes on existing 236 projects for persons of low and moderate incomes.

(e) Providing necessary assistance to save new communities through the use of the law authorizing HUD to make loans to pay the interest on HUD-guaranteed debentures during the current recession when new communities have inadequate income.

(f) Implementing authorization in Section 246 to dispose of HUD-acquired rental projects to achieve resident home ownership through cooperatives.

(g) Implementing authorization for HUD insurance of loans to finance the sale of cooperative memberships under Section 203(b) as amended by the 1974 Housing Act.

(h) Revising HUD's unworkable and unacceptable prototype program, with the performance-funding formula, for the allocation of operating subsidies for public housing as more fully described in Part III(A).

(i) Revising procedures for environmental review on HUD-assisted projects so as to expedite and streamline the processing and avoid the present onerous delays and red tape.

(j) Implementing the provisions in the 1974 Housing Act to increase income from public housing through a minimum rent and the collection from welfare tenants of the welfare allowance they receive for rent.

(k) Undertaking adequate housing programs and affirmative actions to provide equal opportunity for all Americans to secure good housing in good neighborhoods.

We recommend early oversight hearings by Congressional committees concerning the implementation of the 1974 Housing Act as intended, including the illustrative subjects listed above.

EQUAL HOUSING OPPORTUNITY AND OTHER PROGRAMS [33]

XXV. Equal housing opportunity and freedom of choice

(a) NHC reaffirms its commitment to equal opportunity for all American families to secure good housing in good neighborhoods. Equal opportunity in housing is now the law of the land—both by statute and by court decree. Yet this opportunity is still denied to millions of American families throughout every section of the land because of their race, color, creed or national origin, or because of the myth which exists as to their desire or ability to pay for and maintain good homes. To overcome this denial of opportunity and to dissipate these myths, an urgent task is facing the nation.

(b) NHC has long supported the principle of a competitive housing market open to free bargaining by all American families without regard to racial or ethnic background. Many localities have been limited in achieving this objective, however, because of inadequate supplies of low and moderate cost living accommodations and the congestion of many minority group families in limited sections of the community.

(c) We urge the President and the Congress to take all steps necessary to provide an equal opportunity for housing. This includes full and adequate appropriations to achieve equal opportunity for all American families to secure good housing in good neighborhoods. Affirmative actions are necessary to achieve this objective.

(d) We should provide an opportunity for freedom of choice in our housing programs. The choice of individual, cooperative or condominium home ownership or rental housing and the choice of city, suburban, new town or country living must not be limited by race, color, religion or national origin. With housing in each development available for a cross-section of income groups and a broader market, we can also provide freedom of choice to people of all incomes to select where they want to live.

(e) HUD should provide special affirmative marketing assistance to strengthen integrated areas in their ability to reach the whole market.

(f) Community discrimination against subsidized housing should be removed as it is a most serious constraint on the availability of building sites for low and moderate income housing. We recommend legislation which would prohibit States and local public bodies from discriminating against housing subsidized by the federal government, whether through legislative or ad-

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ministrative action. The legislation should authorize suits by interested parties, as well as the Attorney General, to enjoin such discriminatory action. The legislation should be strengthened by providing for federal preemption of local zoning upon an appropriate finding by the Secretary of HUD, so as to require opponents rather than proponents to initiate litigation.

(g) The effect of the 1973 impoundments and suspensions of housing programs has been disastrous upon minority enterprises which were nurtured by subsidized housing programs. The stoppage of planned subsidized projects has hit hardest those minority-owned businesses involved in the housing industry. These firms lacked the financial resources to withstand even minimal production cutbacks and many went out of business.

(h) The incidence of housing segregation in the cities and suburbs continues to increase. In 1972, federally assisted programs began to require a number of affirmative actions to help expand housing opportunities beyond racial ghettos. Subsidized housing has done more than any other housing program to provide new opportunities for minorities to escape the confines of ghettos, to move nearer to new job opportunities and to improve the quality of life and environments necessary for minorities to become a part of our overall society.

(i) Since January of 1973, HUD has strangled the existing assistance programs which would have increased housing opportunities and housing choices, at prices most minorities could afford to pay. This has caused incalculable harm, further disillusionment with the Federal Government and increased racial unrest. It has prolonged the fulfillment of the government's policy to assure every American a decent home in a suitable environment.

XXVI. Encourage energy conservation in housing

The Home Heating Efficiency Bill of 1975, H.R. 3573, was introduced by Subcommittee Chairman Barrett for himself and Chairman Reuss. This Bill would authorize HUD to make payments to assist low- and middle-income owners of existing residential structures to purchase and install energy conservation improvements. These include insulation, storm windows and doors, and caulking and weatherstripping. The amount of the payment on any structure would be, in the case of a middle-income household, the lower of $300 or 25 percent of the cost of the improvement. In the case of a lower-income household, the amount of the payment would be the lower of $300 or 90 percent of the cost of improvements. A middle-income household is one with an adjusted gross income for the previous year of less than $20,000. The total amount authorized to be appropriated for this purpose is $800 million.

While the Administration had previously announced its intention to adopt a program of direct subsidies for persons of low income and elderly homeowners, it has not done so. We recommend and urge the enactment of the Barrett-Reuss Bill, H.R. 3573, which would provide necessary assistance for those of low and middle incomes to install energy conservation improvements.

The President's budget provides for an income tax credit of 15 percent of expenditures for energy-saving home improvements, such as storm windows and insulation. This credit would be limited to $150 over a period of three years. This would be based upon expenditures of $1,000 for such energy-conservation improvements. We support this program to further assist residential energy conservation by those who do not receive assistance under the proposed Home Heating Efficiency Act of 1975.

We recommend that the Secretary undertake, and make contracts, grants or provide other types of assistance for special demonstrations to determine the economic and technical feasibility of utilizing solar energy for heating or cooling residential housing. The demonstrations should involve both single and multifamily housing located in both urban and rural areas having distinguishable climatic characteristics, and could include demonstrations of new housing design or structure.

XXVII. Public service employment should be channeled into housing and community development work

We fully support programs for public service employment during the current period of excessive unemployment. City government, housing authorities and community development agencies should make every effort to see that this is a meaningful program. They should not only stress putting people to work, but also recognize that this is an opportunity to use heretofore unavailable resources to accomplish essential activities and projects.

The Public Service Employment Program can be channeled, or utilized more effectively than is now being done, in areas of needed improvements and supplementary activities in housing and community development sectors. This will also serve to stimulate housing and development in the private sector.

There are a number of areas and types of activities in which Housing Authorities and Community Development Agencies can supplement their work force through the Public Service Program, obtain additional resources and accomplish needed results. All local agencies in the housing and community development field should mount an extensive campaign with local government to assure proper utilization of this resource.

This program, however, is not enough. Unemployment is likely to go much higher than most estimates now indicate and it is likely to continue longer than anyone would like. There is a recycling lag in the changeover of large working forces that takes longer than is realized. Planning to anticipate and provide for this should be recognized as an essential ingredient.

We recommend legislation for an expanded public works program, which could be linked to construction of essential public facilities needed for the regeneration of housing and essential community development. This would not only help to stimulate the construction industry, but would also help to accelerate the initiation and development of new housing and the completion of stalled and dragging projects throughout the country.

XXVIII. Special housing census should be taken

Existing housing data in terms of evaluating national needs as well as local needs is very poor. The 1970 census was not comprehensive in terms of providing information about housing conditions and needs. Whatever data exists is certainly no longer relevant in view of the major changes that have taken place in the non-urban areas.

We recommend that as soon as it can possibly be structured, Congress should authorize the funds for a special housing census. The special housing census can then become the basis for congressional consideration on future housing appropriations, programs and goals.

NHC PROPOSED HOUSING PROGRAM WILL HELP REVIVE ECONOMY INSTEAD OF ADMINISTRATION'S PROGRAM WHICH WOULD CONTINUE DEEP RECESSION [34]

XXIX. Administration's program has caused depression in housing which helped get recession started

Toward the conclusion of his speech of January 20, 1975, before the National Association of Home Builders annual convention, former Secretary Lynn expressed his judgment that nothing was more vital to the health of home building than halting budget increases. He then stated two alternative ways of dealing with the budgetary deficit problem:

(1) to increase taxes—which would leave less purchasing power for home purchase down payments and monthly mortgage payments; or

(2) not to increase taxes, but have the government borrow more and more resulting in an increase in interest rates which would choke off funds for housing and other investments.

Former Secretary Lynn concluded his remarks by indicating that budgetary stringency is the policy to be followed, a course which he promised to pursue as Director of the Office of Management and Budget. The implication for housing is that the government should not increase the rate of housing assistance in order to increase housing production.

Such an Administration policy has, in effect, been pursued since January 1973 when a moratorium was placed on new approvals under subsidized housing programs. It was lifted only for the FmHA rural housing programs—although there has been a slow-down and little production under them—but has been continued for the HUD programs. Consequently, about 200,000 less Federally-assisted housing units were started in 1974 than in 1972 and the rate of production is even less this year. This and other Administration policies have contributed to the drastic decline in the annual rate of total housing starts between October 1972 and January 1975.

In the wake of declining construction activity during 1974, there followed decreased production and increased unemployment in the manufacture of lumber and wood products; stone, clay and glass products; and fabricated metal products, including major appliances. Directly related unemployment also developed in transportation, wholesale trade and finance and real estate activities. One step removed were the decreased demands, production and employment in furniture, fixtures and home furnishings. Finally, the decreased purchasing power of the construction-related unemployed seriously weakened demands for less durable consumer products and the overall rate of unemployment accelerated to reach the highest rate since 1941.

The current low level of housing production is creating a further dangerous distortion in the economy and causing mounting unemployment. There is a threat of disaster with many business failures among those engaged in this vital industry and others dependent upon it. In January of this year, the unemployment in construction was at a rate of 22.6 percent as reported by the Department of Labor which is almost triple the rate of unemployment generally. When we add the multiplier effect of unemployment in related and other industries caused by bythe depression in construction, the total unemployment is 2,700,000 people. The unemployment in residential construction is about 40 percent. In this deepening recession, the housing industry has suffered earliest and most and it has contributed more to unemployment than any other industry.

Based on past experiences, we know that high unemployment results in substantial losses of production and income. As much as one-third of the total deficit in national production is due directly or indirectly to the housing shortfall and its ramifying effects upon so many other types of enterprises. The most effective way to reduce projected Federal budget deficits and borrowing needs of the Treasury is to get people back to work. Getting people back to work will reduce outlays for unemployment insurance benefits and provide increased tax revenues from ad-

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ditional income that would be generated in a revived economy.

The Administration's proposed program would reduce expenditures for housing, but this will create greater budget deficits because of the tremendous unemployment and the cost of unemployment insurance benefits and because of the tremendous loss in tax receipts. We find it hard to believe that the Administration has not learned from its past mistakes. The 1973 moratorium and post Administration policies on housing helped the recession get started. Even in the face of two years of declining housing starts and the deepening recession, former Secretary Lynn prescribes more of the same bad medicine. The inadequate housing programs proposed by the Administration will lead to a recession for years as projected in the President's economic report to Congress.

We are faced with an inflationary situation in housing which can only be overcome by increased production. Although short-term interest rates have been declining in recent weeks, the traditionally sticky mortgage interest rates have not shown much sign of significant decline. If we wait—as the Administration suggests—for market forces to reduce mortgage interest rates so that home building activity can be raised, the depression in residential construction will be protracted. This will cause a prolongation of the deep general economic recession which gives rise to very large budget deficits.

Treasury Secretary William Simon sees "blue patches" in the present clouded economic skies. To talk about "blue skies" now is a disservice says former Economic Council Chairman Walter Heller. There is a danger in the Administration's excessive optimism or its belief that recovery will be automatic. The danger is that these views discourage the strong stimulative actions—such as those recommended in these Resolutions—which are necessary to achieve an economic recovery.

As described below, Federally assisted housing programs of the level recommended in these Resolutions will accelerate the economic recovery and increase effective demands for housing. It will create jobs to relieve unemployment. It will increase national production which will increase tax revenues by billions of dollars. All of this will reduce the deficits in the budget nd reduce government borrowing.

XXX. NHC proposed program will help revive the economy and cut budget deficit

It is sound public policy to spend money for housing assistance and other measures which will increase housing production and create jobs. The money spent to stimulate housing construction should not be viewed as an added burden to the Federal budget because it has the effect of reducing the burden of high unemployment insurance benefits in the budget and increasing Federal tax receipts.

Hundreds of thousands of unemployed workers in construction trades, building materials and home appliance production and transportation are available to increase the level of housing construction. There is a desperate need for additional housing since we are currently starting new housing units at less than 40 percent of the rate that is required to meet population growth needs and replacement of units lost from the supply. Moreover, the high mortgage interest rates have priced more than two-thirds of families out of the home purchase market. High mortgage interest rates have also caused a collapse of multifamily construction, because the required rents would be too high for most families. Although rents on new units being completed are relatively high, the rental housing vacancy rate declined during 1974.

The additional assisted housing programs which we are recommending will increase housing starts by 2,400,000 units during a two-year period. This will include construction of a single-family houses under the revived Section 235 and under the new home ownership program for middle-income families. It will also include multifamily units under existing programs to be initiated during the transitional period at least through FY 1976 until we can determine whether the new and untried Section 8 program will be effective in achieving any substantial volume of construction.

With our proposed increased authorizations and with expeditious administration by HUD, it should be possible to achieve these housing starts on assisted units during FY 1976 and 1977. This will include units now in the pipeline, as well as the additional units which are authorized.

By the adoption of our program with these housing starts, there will be 2,400,000 full-time jobs a year for a two-year period. This includes not only construction, supplier industries and transportation, but also the ripple and multiplier effect in the economy.

With this level of re-employment through additional housing construction, it will be possible to reduce unemployment to a more tolerable level in a revived economy. During the week ending February 8, 1975, the budget carried the costly burden of unemployment insurance benefits for 5,960,000 workers! Through the proposed additional assisted-housing construction and the creation of additional jobs, there will be a large reduction in the number of workers receiving unemployment insurance benefits because they will obtain full-time jobs.

In testimony before the Joint Economic Committee on February 28, 1975, Mr. Arthur M. Okun, former Chairman of the Council of Economic Advisers, stated:

"The nation's rate of production is currently running some $175 billion below the levels that would be generated by an average prosperity with a 5 percent unemployment rate. That is the present toll of idle men and idle machines, and it keeps growing with the end nowhere in sight."

By the adoption of our program to stimulate additional assisted housing construction, there will be an increase in the national rate of production by $70 billion a year for a two-year period. This is almost half of the shortfall cited by Mr. Okun. This includes the multiplier effect of the additional construction throughout the economy. On an annual basis, this would represent a 5 percent increase in our Gross National Product. This improvement in the economy will increase tax revenues by more than $16 billion a year for a two-year period. The housing industry has contributed more to idle capacity than any other industry during this pervasive recession. With housing starts far less than half of what they were in 1972, our annual level of national production is at least $175 billion below potential.

In testimony before the Ways and Means Committee, the former Director of the Office of Management and Budget stated that tax receipts would be $40 billion greater than in FY 1976 if the economy were as fully employed as in 1974, which was not a year of full employment. This confirms the fact that increases in the Gross National Product as a result of the additional assisted housing construction will reduce the budget deficit as indicated.

A rapid restoration of housing construction would be the best and biggest positive stimulant to recovery. By a prompt and major expansion in housing construction, we can help fulfill the needs for more and better housing, stop this costly and wasteful recession and help bring us back to economic prosperity.

We oppose the Administration's proposed program which would reduce expenditures for the avowed purpose of reducing budget deficits. In fact, that program results in higher budget deficits because it continues the depression in construction and the deep recession in the economy. The main elements in causing the current budgetary deficits under the Administration's program are the added cost of unemployment insurance benefits and the tremendous loss in tax revenues. By reducing the cost of unemployment relief and increasing tax revenues, there will be an improvement in the budget which will more than offset the annual cost of additional assistance payments for housing. Our proposed assisted housing program will reduce budget deficits rather than add to them. Moreover, the expenditures to stimulate housing construction will increase our capital assets and add to the real wealth of the Nation.

CONCLUSION

The housing expenditures we recommend will (1) create 2,400,000 full-time jobs a year for a two-year period which will cut budget expenditures for unemployment insurance benefits and (2) improve the national rate of production by $70 billion a year for two years which will increase tax revenues by $16 billion for each of these years. This will reduce the deficits in the Federal Budget and reduce Government borrowing. Through the adoption of the programs we recommend, housing can again be the bellwether to lead the economy out of the recession, relieve unemployment and meet the urgent housing needs so long neglected.

EXHIBIT A

HUD'S PROJECTIONS OF HOUSING STARTS BASED ON EXCERPTS FROM ITS TABLE ENTITLED "INVENTORY OF RESERVATIONS OUTSTANDING"

	236	Low rent public housing	Rent supplements	235	Total
Fiscal year 1975 starts...	30,000	35,000	6,000	18,300	89,300
Fiscal year 1976 starts...	40,000	35,000	7,000	....	82,000
Reservations outstanding on July 1, 1976, without housing starts.......	54,166	51,147	14,603	....	119,916
Total....	124,166	121,147	27,603	18,300	291,216

NOTES

1. The foregoing table relates to housing projects which are already in the HUD pipeline and have funds available under assisted programs. The table is more optimistic in its projection of housing starts than is justified based on HUD's current slow rate of achieving housing starts.

2. In sec. II of our resolutions, we recommend that HUD get a quick start on construction this year of the above 291, 216 units of assisted housing by reviving the operation push-out program which was used successfully in 1971. These housing projects are already in the HUD pipeline and have funds available.

3. Our resolutions contain other legislative and administrative recommendations to increase housing production to the annual goal of 2,600,000 units (excluding mobile homes) established in the 1968 Housing Act, with a revised annual goal of 1,200,000 units for those of low and moderate incomes and others who have been priced out of the market.

SUPPLEMENTAL RESOLUTION CALLING FOR ACTION TO PUT ALL PROGRAMS INTO FULL-SCALE OPERATION

XXXI. Resolution calling for action by the President and the Congress—and, if necessary, the courts—to mandate the use of assistance programs for housing those of low, moderate and middle incomes

(Resolution adopted by the Board of Directors and Presented to the Membership on March 10, 1975)

Whereas, the National Housing Conference, since its founding in 1931, has been committed to the provision of decent housing in suitable environments for all American families, and

Whereas, over these 44 years it has worked particularly for the enactment of Federal programs to provide assistance, where needed, for those of low, moderate and middle incomes to obtain such housing, and

Whereas, there are now available an array of proven programs, with funding, which can be used to meet the housing needs of the nation's low, moderate and middle income families but which have been stopped by administrative fiat, or so encumbered with excessive requirements and red tape that practically no housing is being provided under them, and

Whereas, the National Housing Conference believes that the full use of these housing and community development programs should represent a matter of the highest priority for this nation and its government, to meet not only the unquestioned needs of millions of families now residing in inadequate housing, but also to restore an opportunity for employment to the hundreds of thousands of workers who have been thrown out of their jobs because of the severe falloff in housing construction,

Now, therefore, be it resolved by the Board of Directors of the National Housing Conference that it calls upon the President and the Congress to take every necessary action to put into full-scale operation immediately all programs which are available to assist in the construction and provision of housing for low, moderate and middle income families, and

Be it further resolved, that the Congress, unless immediate action is taken by the President, mandate that the President use these programs to the full extent of funds available through such means as may be necessary, including conditioning the continued operation of the Department of Housing and Urban Development on their use and tieing such a mandate to the next appropriate appropriations act that will be before the Congress, and

Be it further resolved, that, if necessary, the National Housing Conference initiate or support appropriate action in the courts of the United States to assure that the programs are, in fact, carried out.

In presenting this Resolution to the members, President Leon N. Weiner stressed the urgency of the housing situation as follows:

"The time for hand wringing, pleading, and hoping is over. As housing production slipped dramatically in the past two years, we have watched our country fall further and further away from attaining our national goal of a decent home in a suitable environment for every American family. Our repeated warnings have gone unheeded.

"We cannot wait any longer; the time to take action is now. The tools already exist, only the will to utilize them is lacking. Fund commitments have already been made for 300,000 units of subsidized housing. The Administration, however, has proposed that only 170,000 starts be made under these commitments during the current and next fiscal years. Through an Operation Push-Out, all of the 300,000 units could be started this year. The suspended Section 235 low income home ownership program could produce 240,000 more units if impounded funds were released. In addition, funds should be reallocated from the new and untested Section 8 program to the public housing and turnkey programs in order to provide 200,000 units in a minimum of time.

"The measures, if taken now would produce 740,000 units of desperately needed low and moderate income housing in the shortest time possible. This does not include an additional housing under new programs which we support. It only includes the use of existing programs effectively and to the fullest possible extent.

"The additional housing starts will help revive the economy. They will provide about 1,500,000 full-time jobs for a year. They will increase the national rate of production by $45 billion for a year. They will increase Federal tax revenues by about $10 billion."

FOOTNOTES

[1] This topic is covered in Part I below.

[2] The underscoring in these Resolutions is to emphasize matters of major importance.

[3] These two incentives should help sell many houses which overhang the market and which qualify for this assistance. See Part IX below for a discussion of this.

[4] For a fuller discussion of the reduction in budget deficits through increased housing construction, see Parts X, XXIX and XXX.

[5] This topic is covered in Parts II through X below.

[6] For a fuller discussion of this, see Part VI.

[7] For a discussion of the maladministration of these programs and HUD's failure to take necessary and timely actions on many matters which created problems, see paragraphs (a) through (g) and (1) of Part XX, Part XXII, and paragraphs (d), (h) and (i) of Part XXIV.

[8] For a full discussion of the actions necessary to improve and expedite HUD administration, see Part XXII.

[9] This will assure the use of the Operation Push-Out program described in Part II.

[10] For references to discussions of this elsewhere in the Resolutions, see footnote 7.

[11] For a full discussion of this, see paragraph (a) under Part XX.

[12] For a full discussion of this, see paragraph (b) under Part XX.

[13] For a full discussion of this, see Part VIII.

[14] These recommendations are in Parts IV through IX below.

[15] The developers include private non-profit corporations, consumer cooperatives, limited profit sponsors and public bodies or agencies.

[16] For a full discussion of this, see Part XXIII.

[17] For a further discussion of this subject, see paragraph 6 under Part XI.

[18] The amendment in the 1974 Housing Act establishing the new income limit of 80 percent of the median is applicable to Section 236 projects undertaken before June 30, 1974, at the option of the mortgagor. It applies to all projects undertaken after that date.

[19] The same Bill was introduced in the Senate as S. 587 by Senator Ernest F. Hollings. This same Bill was also introduced by Senator Harrison A. Williams as S. 591 except that it includes provisions which would carry out some of the recommendations made in these Resolutions, such as expending assistance payments for two additional years.

[20] The programs listed below are described elsewhere in these Resolutions as follows: item (a) in paragraph (A) under Part III; item(b) in paragraph (B) under Part III; item (c) in paragraph (C) under Part III; item (d) in paragraph (B) under Part VII; and item (e) in Part IX.

[21] The House Subcommittee on Housing and Community Development approved a modified version of H.R. 29. The Subcommittee Bill, H.R. 4485, was then approved by the full House Committee with amendments. The Committee Bill authorizes commitments until June 30, 1976, for a program of 400,000 units instead of 1,000,000 units per year for two years which we still recommend. The aggregate amount of contracts for interest reduction payments under the Committee Bill is $300 million per year. Under S. 773, Chairman Proxmire estimates that the annual cost would be $300 million to reduce interest rates to 6 percent on 1,000,000 homes for middle-income families, based on financing through the Federal Financing Bank at Treasury rates.

[22] The foregoing table does not include other programs recommended in these Resolutions which relate to unassisted housing, such as additional mortgage purchases under the Emergency Housing Act and the Tandem Plan and measures to prevent massive foreclosures. These are described in Parts XVI, XVII and XX.

[23] There is an explanation for the figures of 2,600,000 and 2,400,000 used in the text. The *authorizations* are 2,600,000 units for additional assisted housing. Under the middle-income home ownership program of 2,000,000 units in H.R. 29 and S. 773 as introduced, at least 400,000 units may involve existing housing. There is a balance of 2,200,000 involving construction on assisted housing plus the 300,000 units in the pipeline. Of these, we are projecting 2,400,000 *starts* of assisted housing for a two-year period, with the balance remaining in the pipeline along with pending applications for Section 8 assistance.

[24] See Parts XXIX and XXX which show how the proposed assisted housing programs will help revive the economy and reduce budget deficits.

[25] This topic is covered in Parts XI through XIV below.

[26] For a discussion of other grounds for damage suits if new communities are not completed and environments improved in accordance with HUD-approved plans, see Part XIII relating to possible suits for the failure to complete urban renewal areas and plans.

[27] This topic is covered in Parts XV through XIX below.

[28] For a further discussion of S. 773, see Part IX.

[29] This topic is covered in Parts XX and XXI below.

[30] Hopefully new programs are being formulated by legislation and by HUD to try to avoid massive future foreclosures and acquisitions of projects.

[31] This topic is covered in Parts XXII through XXIV below.

[32] Former FHA Commissioner Sheldon Lubar states that the processing time often reached two years because of the requirements that have been imposed on multifamily. He also states that multifamily housing had the major impact on the downturn and that is where we need a clearer, simpler, direct system.

[33] This topic is covered in Parts XXV through XXVIII below.

[34] This topic is covered in Parts XXIX and XXX below.

TRIBUTE TO JAMES H. SCHEUER

The National Housing Conference salutes our immediate past president, Congressman James H. Scheuer, who resigned as President upon his reelection to the U.S. House of Representatives.

Jim Scheuer has been a dedicated fighter for decent housing for all Americans all of his life.

He has been a long-time member and supporter of the NHC. He served as a member of the Board of Directors from 1959 through 1965 when he resigned to become a member of the House of Representatives.

He served for four terms as President of the Citizens Housing and Planning Council of New York City.

He was appointed by Governor Averell Harriman of New York as Chairman of the Housing Advisory Council of the New York State Commission Against Discrimination.

In 1973, he replaced the late Nathaniel S. Keith as President of NHC and carried on the work of the organization in the great tradition of his predecessor.

Jim Scheuer has demonstrated his concern for good housing both as a private developer who pioneered under the urban renewal program and as a public leader in and out of Congress for better housing programs and legislation for the American people.

The National Housing Conference regrets the loss of Jim Scheuer's services as its President, but is deeply appreciative of its new friend in Congress with a depth of knowledge of the problems of the housing industry and the housing needs of the American people. We look forward to his continued advice and counsel in the years ahead. We pay tribute to him for his dedicated service.

OBITUARIES

The National Housing Conference notes with regret the loss of the following loyal and effective supporters of good housing and community development:

TRACY B. AUGUR

Tracy Augur received many honors as an urban planning pioneer. His 40 years of Federal service included participation in the development of the Tennessee Valley Authority and eight years as the first director of the "Section 701" urban planning assistance program in HHFA, which in 1954 established Federal aid for local, metropolitan and regional planning on a permanent basis.

EDWARD H. BAXTER, SR.

Ed Baxter's career in HUD and its predecessor HHFA included 9 years as regional administrator in Atlanta.

ARCHIE P. BURGESS

Archie Burgess spent most of his long Federal service in public housing architecture and design. He was an assistant director of public housing in San Francisco and Philadelphia regional offices before returning to Washington as director of design services.

IVAN D. CARSON

After service as director of the Federal government's rent control program, Ivan D. Carson joined HHFA's then new slum clearance and urban redevelopment program in 1950. He was regional director of urban renewal in Chicago for nearly 5 years.

RAYMOND M. FOLEY

A permanent foundation for HUD's present extensive housing and community development functions was created during Ray Foley's 7-year tenure as national housing administrator. First was the establishment in 1946 of the Housing and Home Finance Agency as a permanent peacetime housing agency, of which Ray was first administrator. Then came enactment after a long struggle of the first omnibus housing legislation, the Housing Act of 1949, which among other things reactivated the low-rent public housing and established the sum clearance and urban redevelopment (later urban renewal) progam. Other major accomplishments of his administration were accelerated housing production to alleviate the critical post-war shortages and the establishment of FHA's Section 213 cooperative housing program. But to him one of the biggest accomplishments was bringing greater understanding and less controversy between private industry and the government agencies.

A. R. HANSON

Ray Hanson spent his entire 27 years of Federal service in public housing, most of them in Atlanta. From 1952 to 1969 he directed Federal public housing activities in the Southeast region.

FRANK S. HORNE

Dr. Frank S. Horne was for many years in the forefront of the struggle for better housing for all, the elimination of racial discrimination in housing and in public employment opportunities. In 1940, after two years service under Robert C. Weaver, he became Federal public housing's principal racial relations officer and later directed the greatly expanded minority group activities for the entire HHFA. After 1955 he performed similar services for New York City. He was a longtime member and supporter of NHC, a founder of the Committee against Discrimination in Housing and a member of several civil rights organizations.

ANDREW S. IDDINGS

Andrew Iddings fought for the first state housing authority law, in Ohio in 1933, helped draft the United States Housing Act of 1937, and was a founder and long-time chairman of the Dayton Metropolitan Housing Authority.

JOHN A. KERVICK

John Kervick's services to housing were extensive and varied. As regional director of the Federal public housing in New York he supervised the production of more than 78,000 war housing units. He was an ardent supporter of NHC and fund raiser, a member for approximately 30 years, board member for more than a decade, for many of which he was also chairman.

MARY C. MAHER

Mary Maher was the nation's first woman public housing manager. She managed the Lakeview Terrace project of the Cleveland Metropolitan Housing Authority for 23 years until, in 1965, she retired at the age of 80 years.

THEO J. MCGEE

When Theo McGee retired in 1972 after 34 years of continuous service as chairman of the Housing Authority of the City of Columbus, a board resolution designating him honorary chairman and identified his name as "synonymous with public housing, urban renewal, slum clearance, community improvement and all related worthwhile objectives in Columbus". His quarter century of service on the NHC board of directors included terms as chairman, president and vice president. He was elected an honorary director in 1974. Theo also found time as a practicing lawyer to be an active Methodist layman on a local, state and national scale and to participate in politics and other civic enterprises.

ORVIL R. OLMSTED

Orvil Olmsted's 18 years in the Federal public housing program included service as regional director in Chicago and as assistant PHA commissioner of development in Washington.

ALFRED RHEINSTEIN

As chairman of the New York Housing Authority from 1937 Alfred Rheinstein selected the sites, bought the land and supervised planning and construction of the city's initial public housing project financed under the United States Housing Act of 1937.

CLARENCE S. STEIN

Clarence S. Stein, town planning pioneer, was best known for his advocacy of the "garden city" concept and for the prototype projects he designed, including the three Federal greenbelt towns built in the '30's, Sunnyside Gardens in Queens, Baldwin Hills Village in Los Angeles, and the planned suburb of Radburn, N. J. He had a broad interest in social problems and politics. He was an extensive writer and received many architectural and planning awards.

RUSSELL C. TAYLOR

Russell Taylor, director of the Columbus (Ohio) Metropolitan Housing Authority for 22 years, was particularly proud of its accomplishments in providing better housing for the city's elderly residents. He was a member of NHC for nearly 20 years.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 12 o'clock noon on Monday next, following a recess.

After the two leaders or their designees have been recognized under the standing order, there will be a period for the transaction of routine morning business, of not to exceed 1 hour, with statements therein limited to 5 minutes each, for which I ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, under the agreement entered, business can be transacted on Monday by unanimous consent, and business may be transacted by voice vote. But any rollcall votes that are ordered will go over until Wednesday under the agreement. I was about to ask that they follow the vote at 5 o'clock which will occur on the farm bill, but it is quite possible that Senators would be agreeable to having any votes that would be ordered on Monday occur prior to 5 p.m. on Wednesday. So I will not deprive them of that decision, which can be made later.

The Senate, upon the close of business Monday, will go over until 9 a.m. on Wednesday. Immediately after the two leaders or their designees have been recognized on Wednesday under the standing order, the farm bill will be resumed, under a time agreement. Rollcall votes may occur during the day on amendments thereto or on related motions or appeals or points of order, with a final vote to occur on that bill at 5 p.m.

If the conference report on the tax bill has been adopted by the other body and is ready for action in this body by Wednesday, that action would follow the final vote on the farm bill on Wednesday.

TIME LIMITATION AGREEMENT

Mr. President, I ask unanimous consent that time on any point of order in relation to the farm bill also be limited to 20 minutes, to be equally divided, in accordance with the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL MONDAY, MARCH 24, 1975

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 12 o'clock on Monday next.

The motion was agreed to; and at 2:09 a.m., Saturday, March 22, 1975, the Senate recessed until March 24, 1975, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate March 21, 1975 (legislative day of March 12):

IN THE COAST GUARD

The following graduates of the Coast Guard Academy to be permanent commissioned officers in the Coast Guard in the grade of ensign:

Gregory Don Ahlstrom
John Joseph Albertine
Douglas Harold Alsip
Mark Raymond Anderson
William Duncan Angel
William Coolidge Antrican, Jr.
William Timothy Bailey
David Paul Baird
Thomas John Baird
Danny Lee Barney
John Roger Barrett
Daniel Chris Becker
Charles Thomas Bennett III
William Clayton Bennett

Craig Randall Berry
Gary Thomas Blore
Raymond Walter Blowitski
Mark Elvin Blumfelder
Roger Wayne Bogue
Gregory Merle Bowlry
Dave Lee Brannon
Michael Bray
Lawrence Michael Brooks
Raymond Thomas Brooks
David Wallace Broughton
Daniel Morris Brown
Roger William Browne III
Lutz Gerd Buesing
John Louis Byczek
Jon Travis Byrd
Michael Shaun Canavan
George Albert Capacci
Keith William Chase
Stephen Thomas Ciccalone
Stephen Dennis Cmar
John Edward Comeau
Steven Marr Conway
John Ennis Crowley, Jr.
John Emmett Crowley, Jr.
Arthur Ernest Cubbon, Jr.
John Joseph Davin, Jr.
Michael John Devine
Jon Scott Dilloway
Michael John Dobravec
Brian Neil Durham
Julian Orante Elevado, Jr.
Paul Charles Ellner
Lawrence Allen Eppler
Phillip Allen Fallis
Douglas Martin Farley
Robert Edward Fellrath
John Lawrence Ferrare
Randall Robert Fiebrandt
Jeffrey Arthur Florin
Elijah Flynn
Daniel Wayne Fouts
David Michael French
Erik Norton Funk
Dale Gerald Gabel
Gordon David Garrett
Christopher Albert Gauvin
Joseph Gerard Gianfalla, Jr.
David Cannon Glover
Richard Wayne Goodchild
William Ernest Goodwin
John Lawrence Grenier
Gregory Peter Griffiths
Frank Jeffrey Gross
Donald Stephen Grushey
Jonathan Todd Gunvalson
Wayne David Gusman
Lawrence Alan Hall
James Joseph Hanks
Dennis John Hardacker
Barry Albert Harner
Stephen Philip Healow
Harlan Henderson
Joel Charles Hendrix
Benjamin Arnold Herrick
Michael Francis Holmes
David Willis Hoover
Gregory Joseph Horton
Richard Reid Houck
Dwight George Hutchinson III
Dennis Ihnat
Harvey Elwood Johnson, Jr.
William Logan Johnson
David Wyn Jones
Richard Dan Kassler
William Connor Kessenich
Roosevelt Lincoln Kinney
William Alan Kosty
Scott Vincent LaBurn
Charles Taylor Lancaster
Robert Michael Latas
Harold Devoy Lee
Patrick Kenneth LeSesne
Warren David Levine
Carl Andrew Lindberg
James Jerome Lober, Jr.
Kevin John MacNaughton
Christopher Ryder Marple
Douglas Eugene Martin
Thomas John Martin
George Ritchie Matthews, Jr.
Thomas Jackson McDaniel
Eugene Lawrence McDermott
Joseph Robert McFaul
Kenneth David McKinna
Thomas Henry Micklas
Terence Russell Miller
Walter Scott Miller
Steven Allen Newell
Frederick Thomas Nichols
Dana Vincent O'Hara
Robert Andrew Opkins
John Gerard Pagani
Robert Joseph Papp, Jr.
William Melvin Parker, Jr.
John Frederick Pillsbury
Richard Charles Pohland
Marvin James Pontiff
Martin Bernard Potkalesky
Geoffrey David Powers
Richard Paul Prince
Wayne Clay Raabe
David James Radachy
Paul Ellery Redmond, Jr.
Gregory John Robinson
Walter John Romanosky, Jr.
Richard Arthur Booth
Fred Mandez Rosa, Jr.
Richard Lee Roseberry
Douglas Paul Rudolph
David Wayne Ryan
Patrick Joseph Ryan
James Sabo
Arthur Louis Sala
Richard Wayne Sandford
James Robert Santucci
Craig Louis Schnappinger
Mark Warren Schultz
Mark Linsly Scirf
Richard Michael Sebek
Herbert Henry Sharpe
Bernard Joseph Silkowski
Michael Jeffrey Smith
John Clyde Simpson
Michael Jeffrey Smith
Glenn Louis Snyder
William Henry Southwood
Robert Arnold Stromsted
Timothy Shawn Sullivan
Jeffery Henry Sunday
Philip Allen Thibault
Michael Edward Thompson
Dennis Coleman Thorseth
Timothy Edward Tilghman
Craig Richard Trump
George Robert Turner, Jr.
Mark Gustav Vanhaverbeke
William Stephen Otto Vlcek
Walter Emil Veselka III
Arthur Joseph Volkle, Jr.
Charles Lewis Wakefield
Mark Richard Warburton
Clyde Kazuto Watanabe
Ty G. Waterman
Thomas Alden Watkins
Christopher Cyrus Watson
Andrew Garey Webb
James Duffy Weselcouch
Joel Raphun Whitehead
Franz Meredith Wilcenski
David Ernest Willhite
Frank James Williams
John Robert Williams
Matthew Gilbert Williams
Henry Kendall Witmer
Frederick Roy Wright

The following regular officers of the permanent commissioned teaching staff of the U.S. Coast Guard for promotion to the grades indicated:

Captain

Jimmie D. Woods
Ronald A. Wells

Commander

David A. Sandell

The following member of the U.S. Coast Guard for appointment as Director of the Coast Guard Band to be a permanent commissioned officer in the grade of lieutenant (junior grade):

Lewis J. Buckley.

The following Reserve officers of the U.S. Coast Guard to be permanent commissioned officers in the Regular Coast Guard in the grades indicated:

Lieutenant commander

Lawrence G. D'Oench
John A. Goodman

Lieutenant

Peter S. Heins
John C. Beckwith
Douglas H. Eldridge
Paul K. Anderson
Robert A. Breunig
William Y. Clark II
John K. Colvin
Richard B. Franks III
Richard W. Harbert
John G. Kotecki
Paul D. Mankovich
Timothy R. McHugh
James B. Morris
Zoran Sajovic
William C. Thompson
William J. Van Orden
Daniel V. Wallace
Gary J. Turvill
Richard J. Davison
Thomas H. Donek
James G. Force III
Brian W. Hadler
Timothy J. Jamison
William S. Jerrems
Paul J. Larson
John R. McElwain
Robert G. Ramsay
John A. Unzicker, Jr.

The following Reserve officers of the U.S. Coast Guard to be permanent commissioned officers in the Regular Coast Guard in the grade of lieutenant (junior grade) and for promotion to the grade of lieutenant:

James L. Arias
Philip K. Chase
Charles N. Cobb
William E. Dahlberg
Robert V. Diaz
Craig S. English
Barry A. Farnsworth
Pedro G. Filipowsky
Paul G. Golden
John H. Johnson III
Raymond E. Mattson
Donald P. Montoro
Bruce Pickard
Scott H. Smith
Thomas H. Spooner
Gregory N. Yaroch

CONFIRMATIONS

Executive nominations confirmed by the Senate March 22, 1975 (legislative day of March 12):

DEPARTMENT OF JUSTICE

Harold R. Tyler, Jr., of New York, to be Deputy Attorney General.

DEPARTMENT OF STATE

John E. Reinhardt, of Maryland, a Foreign Service information officer of the class of Career Minister for Information, to be an Assistant Secretary of State.

Wiley T. Buchanan, Jr., of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Austria.

Eugene V. McAuliffe, of Massachusetts, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Hungary.

Donald B. Easum, of Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Nigeria.

Arthur Z. Gardiner, Jr., of the District of Columbia, to be an Assistant Administrator of the Agency for International Development.

U.S. ADVISORY COMMISSION ON INFORMATION

John M. Shaheen, of Illinois, to be a member of the U.S. Advisory Commission on Information for a term expiring January 27, 1977.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

TAX BILL HURTS THE MIDDLE CLASS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. ARCHER. Mr. Speaker, one of the great successes of our economic system in the United States has been the development of a strong and durable middle class. If we are to continue to grow economically as a nation and to provide a good life for our citizens, we need to preserve our middle class and expand the number of Americans in this group. Yet, under the influence of those individuals more interested in redistributing our national income rather than providing the means for sound economic growth leading to an increase in national income, greater and greater burdens have been placed on the middle-class American taxpayer. The tax bill recently passed by the U.S. House of Representatives is an example of a measure which, in the words of an editorial in the St. Louis Globe-Democrat, March 8–9, 1975, "is inexorably grinding the American Middle Class into oblivion." If we are going to stimulate our economy and provide sound economic growth for the future, we need to devise a taxation policy which will not penalize our industrious middle class. I would like to enter this editorial in the CONGRESSIONAL RECORD:

> LIQUIDATING THE MIDDLE CLASS
>
> By steadily transferring the income of families earning between $12,000 and $30,000 to those who pay little or no taxes, Congress is inexorably grinding the American Middle Class into oblivion.
>
> Figures of the Joint Economic Committee of Congress prove this point. They show that the biggest cost increases to an "intermediate" U.S. family last year came from a 26.5 per cent increase in income taxes and a 21.6 per cent hike in Social Security taxes.
>
> When the averages of inflation are added to the fiscal depredations of the Robin Hood Congress, the effect on Middle Americans is absolutely devastating.
>
> An average U.S. family of four with a $13,000 income actually LOST 6 per cent in purchasing power in 1974 even if its total income rose at the average national rate of 8 per cent. This was because the 12 per cent inflation rate not only increased the cost of nearly everything it bought but also reduced the value of exemptions and deductions on its tax return.
>
> The continual squeezing of middle-income Americans by a deficit-spending, social welfare happy, inflation-promoting Congress is one of the principal reasons why the nation is in a deep recession.
>
> Under incessant pounding from Congress, families earning from $12,000 to $30,000 no longer have money to purchase new cars, major appliances or other durable goods. The result has been a 34 per cent drop in purchases of these "big ticket" items and massive layoffs at companies that manufacture them.
>
> Families in middle income brackets normally buy roughly 80 per cent of all cars, 70 per cent of all washing machines, 72 per cent of all refrigerators and freezers, 85 per cent of dish washers, 67 per cent of room air conditioners, 77 per cent of furniture, 73 per cent of color tv sets and 75 per cent of hi-fis, according to Business Week.
>
> It should be apparent that the practice of Democratic liberals in Congress of soaking the Middle Class, as well as the rich, is destroying the economy along with the families that are the bulkwark of our society.
>
> The $21.3 billion Emergency Tax Reduction bill recently approved by the House demonstrates that the liberals want to continue their war against the Middle Class. It reeks of discrimination against middle-income taxpayers and bias favoring those earning less than $10,000.
>
> Under the guiding liberal hand of Rep. Al Ullman, D.-Ore., the House voted to give about 56 per cent of the individual tax cuts and benefits to families earning less than $10,000. Taxpayers in the middle-income and higher income brackets who paid far more in taxes will get the short end of the stick.
>
> Thus the bill is an outright fraud. It is billed as a tax reduction when in reality it is another gigantic tax transfer. Families with incomes over $10,000 simply wouldn't get back their fair share of taxes. Taxes that should be given back to them would be handed over instead to families who paid far less in taxes.
>
> Under this legislative atrocity a taxpayer who paid $100 in taxes in 1974 would get back his $100. But a taxpayer who paid $1,000 also would get only $100. Most taxpayers with a liability over $1,000 would get only a 10 per cent rebate, up to a maximum refund of only $200. Anyone earning over $30,000 would get a mere $100.
>
> In specifying about $8.1 billion in tax reductions on 1975 income taxes, the House also found another segment of the Middle Class to discriminate against—some 9.5 million families who itemize their tax deductions. These 9.5 million families would be virtually excluded from the 1975 tax cuts.
>
> House liberals believe that this maneuver will force these middle-income taxpayers to switch from itemized tax deductions to the standard deduction. They have billed this as a major accomplishment in tax simplication when in reality it is another poorly concealed way of denying middle-income families tax deductions to which they are entitled.
>
> In addition to being another vicious income redistribution vehicle, the $21.3 billion sham passed by the House wouldn't stimulate the economy as it is supposed to do. Families earning less than $10,000, who would get the bulk of the tax breaks, are the least likely to purchase the durable goods that must be bought to get the wheels of the economy moving. Middle-income families who do up to 80 per cent of such buying would be badly short-changed.
>
> It is up to the Senate to rewrite the measure so that middle-income families get the tax rebates and tax cuts to which they are entitled. This is the only way to provide an honest tax cut measure. It also happens to be the only way to give the economy the stimulus that it so urgently needs.

CLEAN AIR ACT AMENDMENTS OF 1975

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. BROWN of California. Mr. Speaker, it has been less than 2 weeks since I, and Congressman RICHARD L. OTTINGER, have asked for cosponsors on H.R. 4369, the Clean Air Act Amendments of 1975. We felt it important to introduce this legislation at this time because of the time schedule that the Subcommittee on Health and Environment of the Committee on Interstate and Foreign Commerce is following on all Clean Air Act amendments. Our package addressed some of the same issues that the administration's bill did, and ignored others. Those provisions of the law that we did not seek to amend are ones that we believe can be made to work, if the Environmental Protection Agency exercised good judgment and good faith in enforcing those provisions of the law.

I have been impressed with the depth and scope of the House hearings, and while there are obviously areas that deserve greater study by other committees, such as the data base upon which the EPA has been making *decisions*, and their research capabilities in general, the Health and the Environment Subcommittee has been doing an excellent job of exploring, on the record, the main areas of conflict. I am also reassured that the subcommittee is seriously considering the legislation that I, and many of my colleagues, have introduced.

Most of my colleagues have not had sufficient time to consider the legislation that Mr. OTTINGER and myself have introduced, which is understandable under the existing time constraints on all of us. I know that many Members were interested in this legislation, and I thank them for their interest and support. However, the subcommittee is approaching the markup stage on all amendments to the Clean Air Act, and it was necessary to act without delay.

The Clean Air Act Amendments of 1975 have now been introduced three times, as H.R. 4369, H.R. 4836, and H.R. 5220. Many of the public witnesses have also testified on this bill. I would like to share with my colleagues what two of the witnesses said about this legislation.

The National Clean Air Coalition testified on both the administration bill, and the Brown-*Ottinger bill*. On the Brown-Ottinger bill they said:

> The Brown-Ottinger Bill, unlike the Administration bill, addresses responsibly the public health and welfare problems that result from our increasing use of energy, especially energy generated from coal. It includes means for allowing flexibility in meeting the Act's deadlines, while retaining significant and workable measures to encourage the earliest possible compliance.
>
> With respect to sulfates, the bill proposes a device for forcing the rapid development of a National Ambient Air Quality Standard for suspended sulfates, while encouraging emitters to curtail their output of pollutants. Under the bill, the EPA Administrator would have a specified time period to make a choice of either promulgating a Standard, or explaining that certain gaps in his knowledge prevents promulgation of a Standard at that time. If he reaches the latter conclusion, he would by statute begin the application of an incremental emission charge, beginning at 5 cents per pound of sulfur oxides emitted and increasing over a five year period to 25 cents per pound. The gradually rising emission charge would serve two purposes: first, it would provide an incentive for polluters to

curtail emissions; and second, since the charge would be rescinded when EPA promulgated a National Standard for sulfates, it would provide industry an incentive to encourage EPA's efforts to set a Standard.

The bill also proposes requiring EPA to reexamine its National Air Quality Standard for particulates. EPA's present Standard makes no distinction among different-sized particles, though it has become accepted in the scientific community that the health effects of particulates are associated with those of a certain size range. Increasing the use of coal will sharply increase emissions of particulates of all sizes, and it is important that EPA's National Air Quality Standards zero in on those which cause health damage.

The bill also contains a significant new measure to provide flexibility in the deadlines now in the Clean Air Act, without abandoning the deadlines. The Administration bill, as you remember, provides as much as 10 years extension of the date for installing control equipment. In addition, the Administration has proposed to nullify a series of court decisions that limit the States (and EPA's) ability to grant variances to polluters who fail to meet the Act's deadlines. The Administration bill would give EPA power to issue "enforcement orders" extending beyond any deadline set in the Act.

The Brown-Ottinger bill takes a quite different tack. It starts from the fact that pollution sources will have had three years to comply with the State Implementation Plans when the Act's present deadlines for compliance are reached. Many have complied. Those who have failed to comply have reaped a windfall at the expense of the others. An extension of the time for compliance for these polluters, without penalty, would be unfair to those who have complied. Moreover, it would remove to a future date the incentive to comply that comes from the threat of court action to enforce the deadline.

For these reasons, the Brown-Ottinger bill proposes a penalty on "excess emissions"—that is, those emissions in excess of the emission limitations in the applicable State Implementation Plan. This penalty would be assessed in ratio with the degree of violation—the more excess pounds of pollutants emitted, the higher the penalty. Whenever a source reached compliance, it would no longer be liable for the penalty. Thus the penalty would provide an important incentive to comply as soon as possible, rather than delay and seek additional time when the deadline approaches. Since the polluter would be liable for the penalty on a continuing basis, enforcement would be straightforward and no doubt effective. Failure to report accurately one's excess emissions or to pay the penalty would be punishable criminally.

These are the major portions of the Brown-Ottinger bill relating to the problems of sulfates and coal conversion. We believe it contains a far more responsible, effective and reasonable approach to these problems that the Administration's bill. In this short analysis, we cannot address the remainder of the bill's provisions, but we feel the whole bill merits the most serious consideration by the Committee.

The League of Women Voters also testified on this bill, and I was especially appreciative of the following comments made by the League representative, Betty N. MacDonald:

COMMENTS BY BETTY MACDONALD

The League supports other strengthening amendments, proposed by Representatives Brown and Ottinger, which would:

Require EPA to promulgate national primary and secondary air quality standards for suspended particulate matter which reflects the latest scientific evidence on the relationship between the size and weight of particulate matter and the degree of health hazards. The present standards, based on weight, do not take into consideration the more serious health hazards of small particulates;

Prohibit employers from discrimination, firing or otherwise penalizing employees who initiate law suits under the Clean Air Act, or who testify or involve themselves in public hearings or court proceedings;

Require EPA to investigate and institute civil penalties against an employer who willfully misrepresents the loss of jobs resulting from compliance with air pollution standards.

Where unemployment is found to be caused by meeting clean air standards, provide extended periods of unemployment benefits and assistance in meeting mortgage or rental payments during such unemployment. In instances where cutbacks have severely impacted the local economy, such as a company town with a single employer, the Secretary of Labor should be authorized to provide compensation for loss in home values and to pay for moving expenses for workers who are forced to relocate in order to find new jobs.

In conclusion, we want to assure the committee that the public remains your greatest ally in continuing the nation's strong effort in reducing air pollution. We urge you to extend and strengthen the Clean Air Act for another three years.

Mr. Speaker, I wish to conclude my comments by asking that the Members who have had time to consider, and cosponsor this legislation be listed for the RECORD:

THE COSPONSORS OF THE CLEAN AIR ACT AMENDMENTS OF 1975, H.R. 4369, H.R. 4836, H.R. 5220

George E. Brown, Jr., Richard L. Ottinger, Yvonne Brathwaite Burke, Bella S. Abzug, Edward I. Koch, Edward W. Pattison, Robert F. Drinan, Louis Stokes, Jonathan B. Bingham, Ken Hechler, Benjamin S. Rosenthal, John F. Seiberling.

Herman Badillo, Dominick V. Daniels, Ronald V. Dellums, Don Edwards, Frederick W. Richmond, James H. Scheuer, Patricia Schroeder, Stephen J. Solarz, Gladys Noon Spellman, Fortney H. (Pete) Stark, Larry Winn, Jr., Sidney R. Yates.

ENERGY CRISIS STILL UNCLEAR

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. FINDLEY. Mr. Speaker, an editorial in the Jacksonville, Ill., Journal Courier brings a great deal of balance and sense to the debate over the energy crunch. The long lines and critical shortage of last winter have given way to a gasoline surplus this winter. Because of the strong influence of governments—both ours and those of the OPEC countries—the price of oil has not yet responded to the burgeoning surplus, and there is still some question whether it will.

The Journal-Courier brings perspective and wisdom to the discussion, and I commend it to your attention:

THE ENERGY CRISIS: (CONTINUED NEXT YEAR)

These days, the only certainty is uncertainty. So quickly does one crisis tread upon the heels of another that almost before we have had time to work up a case of worries about one, the next is shouldering its way onto center stage.

In the short space of four or five months, for example, this country has gone from WIN to LOSE—from Whip Inflation Now to Let's Opulently Stimulate Employment.

Where once it was a patriotic duty to refrain from spending, just the opposite is now true. It was a complete 180-degree turn, but we seem to have taken it in stride.

Right now, Congress and the President are trying to arrive at some mutually agreeable program to lessen America's dependence upon foreign oil by discouraging Americans from consuming so much oil. But will anyone really be surprised if, perhaps this time next year, cries of alarm are heard about an impending recession in the gasoline business because of reduced sales and excess supply?

It could come to pass, at least in the short run. There are all kinds of signs.

OPEC, the Organization of Petroleum Exporting Countries, which had everything going its way in 1974, is beginning to be concerned in 1975. Already the 12 member countries have been forced to cut back production an average of 16 per cent to keep prices up in the face of lowered world consumption and one of them, Abu Dhabi, has announced a slight price reduction.

Even if the others manage to hold the line, inflation—aggravated in no small part by their own action in sharply raising the price of oil last year—has eaten into their profits as effectively as an outright price cut. They are getting more money, but they are paying more for everything they buy from the oil-consuming countries.

Where once it was feared that the Arabs were about to take over the world with petrodollars, some economists are venturing to suggest that the worst of the oil-created financial crisis is over.

Congress and the President may yet prevent natural market forces from coming into play, however, and spare us the terrible consequences of finding ourselves up to our axles in oil.

For its part, the administration actually proposes a floor on imported oil prices to encourage the development of alternate energy sources, none of which at the present stage is competitive with petroleum even at today's inflated prices.

At the same time, to discourage consumption, it proposes a higher tax on a gallon of gasoline, along with a rebate to consumers and a "plow-back" provision to encourage the oil companies to put more of their profits into exploration.

Congress seems willing to go along with some of this, but fearing the possibility of "windfall" oil company profits, opposes lifting price controls on domestic oil and the deregulation of natural gas—thus at one blow both discouraging new exploration and insuring our continuing dependence upon foreign supplies.

In the long run, of course, we will need those alternate sources of energy as well as all the oil and gas we can pump out of the ground ourselves. In the long run, Americans will of necessity practice the "conservation ethic" that is just now a-borning.

But as Lord Keynes remarked, in the long run we will all be dead. It is in the here and now that the dimensions of the energy crisis, and the solutions to it, are suddenly not as clearly defined as they appeared to be only a few months—or weeks—ago.

WHISPERING "DÉTENTE" INTO THE WIND MEANS NOTHING TO THE WOLF AT THE DOOR

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. GOLDWATER. Mr. Speaker, on March 11, a U.S. Senator addressed those assembled at the VFW congressional dinner here in Washington. He was there to receive the VFW Congressional Medal.

He spoke to us about the importance of national defense, the dangers of isolationism, and the "new breed of supercritics" that would have us believe that peace will come everlastingly if only the United States would dismantle the Department of Defense.

The Senator did not mince words; he never does. He did not have to draw any pictures. He came prepared with the facts, and the facts were illustration enough.

I believe my colleagues should give careful thought to his message, and I present his remarks for their attention.

I am proud to say I know the speaker well. He is my father, Senator BARRY GOLDWATER, of Arizona:

PREPARING FOR PEACE

(By Senator BARRY GOLDWATER)

George Washington: "To be prepared for war is one of the most effective ways of preserving the peace."

Here lately I note that the Secretary of Defense, as he presents the defense posture statement to the Congress, has been given to quoting scripture. He made good use of Proverbs last year as he began by saying, "Where there is no vision the people perish." And he noted the need for vision in the maintenance of our defense establishment.

This year he quoted from the New Testament in beginning his presentation by saying, "When a strong man armed keepeth his palace, his goods are in peace."

It has been true down through the ages and it is true today that peace can be kept only by the maintenance of a strong military and the willingness of the people and their officials to use it for the protection of America, Americans and our interests. In saying this I do not indicate that I believe we get a dollar's worth for every dollar we spend in the Pentagon. Now I would have to be 100 percent naive to believe that there is no waste and inefficiency in an organization as big as the Pentagon. And I am on record over and over as saying that such "slippages" (I think that is the bureaucratic term) have to be ferreted out and eliminated to the maximum extent possible.

Furthermore the Secretary of Defense is well aware of my impatience and astonishment at the procurement procedures that appear to me sometimes to be pulled out of an abandoned briefcase left behind by one Robert Strange McNamara. I think there is a lot of improvement urgently needed there. I've tried to be constructive in my criticisms, and I am sure the Secretary knows I will continue to be so.

But having said that, I think it's high time that some people who have drifted into Washington on a pink cloud, throwing rose petals in every direction and promising defense budget cuts that would destroy our military, take off their dark glasses. They need to come back from the world of make-believe and get over the nutty idea that you can whisper the word "detente" into the wind and make the big bad wolf go away from the door.

For example, despite the "Spirit of Vladivostok" the Soviets have already begun—in the words of the Secretary of Defense—"a very substantial, indeed unprecedented, deployment of large new ICBM's in the first quarter of this year."

Also—they are now in a position to challenge our attack carrier forces in the Norwegian Sea, the Mediterranean and the Sea of Japan.

They can make a major assault on U.S. and allied sea-lanes.

They can provide more long-range protection for their merchant shipping than they could during the Cuban Missile Crisis.

They have 27 of the Soviet Union's first line divisions in East Germany, Poland and Czechoslovakia.

They have 16,000 tanks and almost 3,000 tactical aircraft at the disposal of Warsaw Pact nations with about 930,000 men at the ready.

I need not go on for this audience. I just simply want to throw out for consideration a few of these little ice cubes left over from the cold war.

These are not, by the way, military secrets. I am not revealing to you something that is being withheld from anyone. These are simple straightforward military facts contained in Department of Defense publications and available to anyone who wants to take the time to read them. And believe me, they are true.

At the same time the Soviets have built up their strength in the Far East to 40 divisions without robbing their western force capability; and while they strengthen their general purpose forces and provide large amounts of military assistance to other countries, we will have a naval fleet this year of under 500 vessels—less than we had two years before Pearl Harbor.

Furthermore, we are now beginning to see the Soviets engaging in the largest initial deployment of improved strategic capabilities since the nuclear arms race began. When you put the improvement in accuracy, the increased "throw-weight" of these missiles and the improvement in their sea-based missiles all together, you can only conclude that Vladivostok notwithstanding, they've got much more strategic offensive capability than they have ever had before.

Meanwhile, here in the nation's Capital, we continue to threaten our defense budget.

Back in 1964—a year I remember with some gladness and some sadness—our armed forces combined with defense-employed civilian personnel stood at 3.7 million people. In Fiscal Year 1976 the total civilian and military personnel will be less than 3.1 million. Adjusted for inflation and the increases in pay we have awarded to maintain our military people in our inflating economy, defense budgets have actually been declining over the past four years.

Now why go through all that? I simply want to show the new breed of supercritics that there are more facts floating around than the few they have captured and keep repeating ad nauseam.

When you convert the rubles into our declining dollars, you come up with some rather startling information:

In defense research and development the Soviets spend 20% more than the U.S.

In all purpose forces they spend 20% more.

In procurement they spend 25% more.

In strategic nuclear offensive forces they outstrip us by a whopping 60%.

Now does that sound to you like a nation that is going to be deterred by our willingness to disarm? I think we're going to have to have something more believable than that.

In some ways we may be looking at a situation that much resembles the 1930s. At that time the Balkans were the Middle East tinderbox. With the deterioration of international financial institutions and the growing economic problems of many nations, the Western powers turned inward and began to get weaker. The upshot of that was the rise of Hitler and the outbreak of World War Two.

In such a situation I don't think we have to be belligerent—in fact we should avoid that in every possible way—but we should not be put in a weaker international position where our civility is mistaken for cowardice. Somehow or other we have let the notion be sold that an active foreign policy implies risks and a passive one doesn't. That's wrong. There are no "risk-free" *policies* either passive or active. So if there are going to be risks in either case, we ought to take the primary role in shaping those risks and not let others do it for us.

In the words of Col. Oliver—"Put your trust in God, my boys, and keep your powder dry."

Detente, deterrence, defense—are not free floating words. There can be no detente without deterrence, and deterrence is not a substitute for defense. I would add still another to this parade—determination—because it is only as your enemies, and even more importantly, your friends believe that you have the will and the determination to utilize your defense forces and resources that you will be able to get along in this world.

This is what I mean, at least in part, when I said a few weeks ago that this is one of the most dangerous Congresses in history. If the nation can survive this, it can survive anything. I fear that we have too many who have come to the Congress, for whatever reasons, without the basic determination that America will remain a leader in the free world. Somehow the price of food stamps or softening the rules so those who don't work don't have to, is more important to them than that America remain able to keep its own people free, and remain a symbol of freedom to the oppressed around the world.

Let me give you an example of what we are talking about now. At least three different administrations of our government promised monetary aid to South Vietnam and Cambodia. Last year the Congress saw fit to cut that aid in half and now the question comes up, will the Congress approve the amount of money the President has requested in order to keep a moral obligation? The question does not ride on whether or not this money will allow those people to survive, the question rests exactly on what the world is going to think of a nation like the United States that goes back on its word. Nations are like men, men keep their word or they slide down; nations do the same thing.

And if you are interested in getting in touch with those people who represent you in the Congress of the United States, I think it might be well to try and bring home to them that we are not going to maintain a position of strength in this world when we are already talking of giving in to Panama, when we are suggesting that we not keep our word made to another country, and when by even discussing the word detente, we are placing the world more and more in a position where the Soviets will have the final say and we won't even be asked. As all of us know, war is not something any of us advocate but, on the other hand, neither is cowardice. Just let the United States maintain its leadership and increase the effect this leadership can have on the world for good, not for war.

One of the most amazing performances of the last Congress, which illustrates my point, was the handling of the supplemental appropriation that became necessary after the Mid-East conflict of October 1973. We were asked to do everything necessary to insure the survival of Israel.

We were asked to pass a $2.2 billion supplemental appropriation for that war, and we did it. Now that works out, according to the length of that war to about $700 million per week. That's what it cost to replace the equipment and arms inventory, etc.

Now comes South Viet Nam and Cambodia—a country our nation has given our solemn word to, a nation we have committed more manpower and material, lives and money to than any other in so-called peacetime, to see that they remain out from under the bamboo curtain. A nation that has every reason to believe what we say. And the world is watching. And South Viet Nam asks that we keep our promise.

I know this is an audience that by and large I don't have to convince. And I didn't come here to just make you a flag-waving speech. I came because I know that you, and thousands more like you, are spread across this great land in every state and county and township. Many of you come from the districts and states where the isolationist dreamers come from. I'm just asking you to communicate with them. You know how. I know you know how to write, I can't keep up with the mail in my office. But don't write me—write them. Let them know you know something about how this country ought to be run—and particularly how we ought to conduct ourselves internationally.

We are already seeing the unusual procedure develop in recent years to soften the American people to foreign policy decisions they basically resist. Members of Congress have gone to Peking, to Havana and have made speeches extolling these two centers of communism. We are now in the process of having this technique used again on us and I don't intend to sit idly by and watch our long, close friends, the Chinese on Taiwan, turned away nor the destructive regime of Castro recognized.

It never ceases to surprise me at how naive some Americans can be. Here we have the isolationists discounting the military prowess of the Soviet Union because it has a relatively poor and struggling economy. They fail—or refuse—to recognize the fact that Soviet military expansion in the past decade has been extraordinary and that it shows no sign of letting up. A poor economy can sustain a high level of military expansion if the leaders want it.

And here we are talking about "detente" and working for disarmament—just as though the U.S.S.R. was standing still.

Right today, I have to say that the peace of the world is being endangered and its being endangered by our refusal to face reality. Wishful thinking will not solve Israel's problem in the Middle East or Viet Nam's problems in Indo-China. Nor will it help the situation in the Indian Ocean—the importance of which has been lost entirely on our new breed of isolationist.

What is more, the Congress is going to have to wake up to that situation. Last year the Senate and House failed miserably to understand the meaning of Russia's extension of its naval strength into the Indian Ocean. Funds to permit the U.S. to establish a base on the Island of Diego Garcia were cut so drastically that the Soviets will have no trouble holding their base in the Indian Ocean without challenge.

This of course, means they'll be in a position to control everything that moves to our allies in the Pacific, including the oil needed to run their transportation systems and their economies. All they would have to do would be to block the "Straits of Malacca" and nations like Japan, Australia and New Zealand would be at their mercy.

I'm sure all of you know what kind of danger this involves. You fought to make America free, now it's a responsibility of yours to write and fight to keep it acting like a leader of the free world.

"There can be no assured peace and tranquillity for any one nation except as it is achieved for all. So long as want, frustration, and a sense of injustice prevail among significant sections of the earth no other section can be wholly released from fear."

Those are not my words. Those are the words of one of my favorite generals—Dwight D. Eisenhower. It was good advice when he said it then, it's good advice today.

But having begun this talk with words from the Holy Scripture, I would like to conclude that way also. Dwight Eisenhower was a man of deep faith. He was also a good soldier. He knew the value of proper preparation and adequate defense both as Supreme Allied Commander in Europe and as President of the United States. I am sure he often resorted to these words, which I think are appropriate for us as a nation today—words which challenge us on a material as well as a spiritual level.

"The horse is prepared against the day of battle,

But victory is of the Lord."

Thank you for your devotion to your country, and your attention to her needs.

CONTINUING OUR SEARCH FOR OUR MIA's

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. ST GERMAIN. Mr. Speaker, after the recent factfinding journey to Southeast Asia which was undertaken by a distinguished group of our colleagues in the House and Senate, several eye-opening bits of information were gleaned. Among the most disturbing of these concerned the fact that the North Vietnamese are in possession of a list identifying the location of many American soldiers considered missing in action, some for 10 years or longer. However, the North Vietnamese have refused to release this list unless the United States totally withdraws support from South Vietnam.

The seriousness of this threat cannot be ignored. Power plays of this sort always seem to take precedence over the torment which each of our MIA's has endured, to say nothing of the daily suffering of each of their families. We must certainly be wary of nations who will attempt to dictate policy, as in this instance and in last year's oil embargo by the Arab countries. But we also must not forget the MIA's and their families. Therefore, while we continue in our actions to extricate ourselves from this relentless war, I believe that we should redouble efforts to locate these men relying on our own resources, rather than reacting to North Vietnamese scare tactics.

In further reference to the need for continuing vigilance in our search for our MIA's, I am enclosing a Senate resolution passed in the General Assembly of the State of Rhode Island on the 26th day of February, 1975, "Memorializing Congress To Maintain a Vigorous Search for all Americans Who Are Missing in Action in Southeast Asia":

MEMORIALIZING CONGRESS TO MAINTAIN A VIGOROUS SEARCH FOR ALL AMERICANS WHO ARE MISSING IN ACTION IN SOUTHEAST ASIA

Whereas, It has been one year since the American military withdrawal from Southeast Asia and there remains an estimated 1300 men whose fate is still unknown; and

Whereas, Among those unaccounted for are the following Rhode Island men: Air Force Colonel Curtis Eaton, missing since 1966, Army Captain Kenneth Goff, Jr., missing since 1967, Air Force Captain Frederick Mellor, missing since 1966, Navy Lieutenant O. J. Pender, Jr., missing since 1972, Army Staff Sergeant Louis C. Walton, missing since 1971, and Air Force Senior Master Sergeant Samuel Adams, missing since 1965, and

Whereas, All these men courageously and selflessly struggled in an unpopular and lonely war in the belief that it was their duty as American citizens; and

Whereas, It is now our duty to not only these men but to their families who suffered immeasurable hardship to expend all our energies and resources to discover their whereabouts; and

Whereas, Their sacrifice should never be forgotten as it seemingly has been by a majority of Amercians especially the Congress of the United States; now therefore, be it

Resolved, That the Congress of the United States is memorialized to maintain a vigorous search for all Americans who are missing in action in Southeast Asia; and be it further

Resolved, That the Rhode Island delegation in Congress be at the forefront of this search; and be it further

Resolved, That the Secretary of State be and he hereby is authorized and directed to transmit a duly certified copy of this resolution to the Rhode Island delegation in Congress.

GOVERNORS URGE STRONG NATIONAL GUARD

Hon. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. MONTGOMERY. Mr. Speaker, in their recent meeting in Washington, the Nation's Governors reinforced my own strong belief that our Nation must have a strong National Guard program. Like I, they took exception with recent Department of Defense proposals to reduce the strength levels of the Army National Guard and the Air National Guard.

I would like to share with my colleagues the following resolution passed by the National Governors' Conference and urge my fellow members to rededicate their own efforts on behalf of a strong National Guard program:

RESOLUTION ON NATIONAL GUARD

The Army and Air National Guard of the several States is a force of 500,000 trained and disciplined men and women, organized in over 4,000 units from 2,600 communities. The Governors of the several States rely on this force to provide succor and support to their citizens during times of disaster and strife. Moreover, the National Guard is the least costly of our armed forces, providing 16 percent of the nation's organized military forces for only 2.6 percent of the total military budget.

The Department of Defense has proposed to the Congress that it authorize the reduction of the Army National Guard from 400,000 to 379,848, and the Air National Guard from 95,000 to 89,128. It also has proposed to the Congress that it authorize a reduction in the number of Air Guard flying units from 91 to 86.

The National Governors' Conference strongly opposes any reductions in manning or force structure of the Army National Guard and Air National Guard, and urges instead that additional Federal support be provided to the National Guard in the form of equipment modernization and membership incentives to enhance the Guard's ability to perform its dual State-Federal mission.

(Enacted February 1975 by the National Governors' Conference in Washington, D.C.)

ARCHITECTURAL AND TRANSPORTATION BARRIERS FACING THE ELDERLY AND PHYSICALLY HANDICAPPED

HON. WILLIAM S. COHEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. COHEN. Mr. Speaker, one of the most serious and least understood problems facing elderly and handicapped citizens is the large number of architectural and transportation barriers that thoughtlessly stand in their way. Congressman BURKE and I have reintroduced legislation along with 73 of our colleagues which provides tax incentives to encourage owners of buildings and transportation facilities to remove existing barriers from the paths of the approximately 44 million aged and disabled in our country.

It is vital for us to realize that support for the removal of the Nation's architectural and transportation barriers is not limited to the Halls of Congress, but comes from the general public as well. In a nationwide survey, two-thirds of those polled felt that something should be done to overcome these barriers.

Ms. Pat Curran, volunteer secretary of the Committee for Barrier-free Design of the Maine Rehabilitation Association, published an article in the Bangor Daily News which underlines this strong public support.

Ms. Curran raises the question of our own vulnerability, not only to the physical, but the social handicaps faced by the aged and disabled. I commend this editorial to the attention of my colleagues:

DO WE WANT THEM AMONG US?

(By Pat Curran)

We correctly view the ancient Spartans as a strong, vigorous society. They were so because anyone in Sparta who, for reason of heredity, disease, or accident, could not live "the Spartan life" was sent or taken into the mountains and left to die. Until relatively recently the Eskimaux would place the infirm on icebergs and float them out to sea. While we, of course, neither condone nor practice such barbaric customs, we subconsciously exclude the "less able" from full participation in the "American way of life."

I began thinking about this problem during the course of preparing several statements to present at public hearings on bills dealing with improving the lives of the handicapped. "Why," I thought, "is it even necessary for me, an able-bodied walking person, to have to explain to other able-bodied walking people why handicapped citizens would like to get into so-called public buildings, eat in restaurants, participate in recreation, go shopping?"

"Why do I have to listen to resistance masked as Good Samaritanism, as when a legislator said to me, 'Well, we can always find a couple of strong fellas to carry a person?' Why do I have to repress rage every time a city manager says, 'But they're such a minority and we never see them'?"

I want to shout back, "Of course we never see them, because we don't want to see them!"

I hope that the readers will repress their urges to say, "Oh, fiddlesticks!" or some such thing, and allow me to explain. I also hope that they will sort through their own feelings regarding the handicapped.

I believe that we resent the physically handicapped adult because he or she is a visible representation of our own vulnerability. I call it, the there-but-for-the-grace-of-God syndrome. We don't like to be joltingly reminded that a single mistake behind the wheel, a misstep on an icy sidewalk, a careless second at the top of a flight of stairs could put us in that chair. The chilling reality of just how fragile the human body is, is something that we simply would rather not face. So, like turning one's back to the northwest wind in winter, we turn our backs on the adult handicapped, casting curious and fearful glances over our shoulders. Remember what Satchel Page said: "Never look back; they might be gainin' on ya."

We're not callous; we're not mean. We give to charitable organizations; we have a National Employ the Handicapped Week; we watch the public service announcements on television which show all of the marvelous things that disabled workers can do.

Yet, when we see a person in a wheelchair, we subconsciously think that that person is on "an outing" from a hospital, a nursing home, a state institution. In a way, we hope that he or she is; we hope that we won't have to see that person again in "our world," the world of physical fitness, jogging, "strong bodies make strong minds." The wheelchair-confined person becomes the Grim Reaper, unexpectedly appearing behind us, and we recoil with a slight shudder.

Our society has provided us with a defense mechanism—the Poster Child. So we think, "Oh, poor thing—has probably been that way from birth. I feel so sorry for him." We don't want to realize that the majority of Americans who are in wheelchairs are there because of accidents or disease—which could strike any one of us at any second. We can't think about the one misstep which might be our last step.

I understand why charitable organizations use kids in their fund-raising campaigns. Nothing is more heart-rending than a winsome little tyke, trying so hard to overcome her weak legs, his wildly waving arms. Nothing brings in money like an adorable little face, with big, bright eyes, and a "brave" attempt to smile.

Would the same amount of money be forthcoming if a 29 year-old man looked straight into the camera and said, "I was coming out of City Hall, after paying my taxes. I slipped on an icy patch on the sidewalk, and the next thing I knew, I was in the hospital. I've got a wife and three kids to support; I need more therapy, and I can't afford it. Will you help . . . organization to see me through?"

I don't think that such a fund-raising drive would work. The viewers could come up with kinds of rationalizations: "He should have watched where he was walking. So . . . where's his insurance? What's he need therapy for anyway; he'll never get better. There but for the grace of . . ."

We also have another rationalization: "Well, we never see them." Of course we never see them. We construct buildings for the able-bodied walking only. Our so-called "public ways" are walled with curbs which make it almost impossible for a person in a wheelchair to cross from one sidewalk to another. Public toilets have stalls so narrow that either one cannot get a wheelchair into them or one cannot turn the wheelchair within the stall in order to transfer from the chair to the facility.

We have more respect for the delivery of merchandise or for the removal of garbage from our buildings than we do for our handicapped citizens. People in wheelchairs must use alley-way, rear-door entrances to get into restaurants. They must wheel through the kitchen in order to arrive at the dining room. In public auditoria, they must come in through the entrance used by the elephants at circus time.

By forcing them to put themselves in totally undignified situations, we rob them of their dignity. We can then pity them, and by pitying them, we can make ourselves superior to them. By making ourselves superior to them, we can forget (for a moment) our fear that, at any second, we too might "be there."

Until we, the able-bodied walking, confront our fear of being "one of them," we will continue to act as the Spartans and the Eskimaux acted in the past. We will deny, we will reject.

JET LAB BRINGS SPACE SCIENCE DOWN TO EARTH

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. TEAGUE. Mr. Speaker, in an article by Mr. Marvin Miles in the Los Angeles Times of Monday, March 17, the practical application of space program technology is well described. In waste disposal, energy, and other essential areas of our daily lives our national space program is continuing to make essential technology contributions. The article which follows amply illustrates this point:

JET LAB BRINGING SPACE SCIENCES DOWN TO EARTH

(By Marvin Miles)

Horse manure from a nearby riding academy put Jet Propulsion Laboratory engineers on the track of a new cost-saving technique for processing sewage that could solve critical national problems of waste disposal.

The promising development is one of the major projects in the Pasadena Jet Lab's busy Civil Service Program Office, which is responding to a wide range of American problems with a goal of producing significant answers.

Long accustomed to dealing with complex tasks in rocket propulsion, guided missiles, space flight and unmanned exploration of the moon and the planets, JPL has increasingly turned its wealth of scientific and engineering talent to the civil sector.

Today more than 150 experts are engaged in dozens of active tasks which address pressing civil problems, not only for the National Aeronautics and Space Administration which directs JPL, but for other government agencies and nongovernmental sources as well.

Headed by Dan Schneiderman, who managed the Mariner 9 spacecraft mission to map the planet Mars, the Jet Lab's *civil* systems effort is divided into four offices covering five areas—energy and environment, transportation, public safety and biomedical systems.

The fact that the program has grown at the same time space projects have slowed is coincidental, Schneiderman said, although the work undoubtedly has helped keep the laboratory's skilled technical staff intact.

"Actually," he pointed out, "this effort started when JPL gave up working on secret projects during the Vietnam war and turned to solving problems in the civil area.

"It has since grown, with NASA's backing, to speed up what we call technology transfer, the application of space technology to significant urban and industrial problems."

Schneiderman emphasized that the laboratory's role is the solving of such problems rather than the production of systems. He gave as an example the sewage processing development, which could revolutionize waste disposal at substantial savings to taxpayers.

This program, he said, started when Marshall Humphrey, a chemical engineer in JPL's propulsion division, was testing materials in search of a lightweight rocket motor insulator.

"He built a pyrolysis (heating) unit for manufacturing activated carbon that could be used in the throats of rocket motors," Schneiderman said. "Carbon comes from organic materials so manure was tried and the result was great.

"Then the question was asked: If we can make activated charcoal out of manure, maybe we can do the same with sewage; in other words, can we use the sewage to clean itself."

JPL engineers found the idea worked and then produced a 10,000-gallon-a-day mobile test unit that converts solid sewage to carbon which, in turn, helps purify incoming waste water.

In operation during the last year for the Orange County Sanitation District at Fountain Valley, the test unit virtually eliminates solids in raw sewage, removes heavy minerals, eliminates odors and delivers cleaner water to the ocean, Schneiderman said.

"The only disposables from the system," he added, "are dry, black, odorless cakes of carbon and ash that are eventually extracted in the process."

Most municipal sewage treatment plants provide only primary treatment, the engineer said, and as a result 40% of the waste material in raw sewage is dumped into rivers and offshore waters, creating mounting problems.

"Tens of billions of dollars," he said, "must be spent to upgrade existing facilities to comply with the Environmental Protection Agency's new standards. Our system is expected to exceed stringent new EPA standards to be enforced in 1977."

Schneiderman told of plans to install a 1-million-gallon-a-day permanent installation at Fountain Valley, a pilot plant funded 75% by a $2.6 million grant from the EPA. So far, the plan has been stymied by a holdup of the federal funds in Sacramento.

"I don't know why the EPA funds have been stalled in Sacramento." Schneiderman said, "But I do know it will take a pilot plant such as that planned by Orange County to really demonstrate the system and prove we have a breakthrough that could help the entire nation."

In the field of energy the laboratory is working in three major problem areas:

To increase the supply of energy by utilizing essentially inexhaustible sources such as the sun.

To improve the energy yield from fossil-fuel resources in an environmentally acceptable manner.

To reduce energy demand by enhancing the efficiency of intensive use areas, particularly the automobile.

A major program in this area is JPL's low-pollution engine project to generate hydrogen for mixture with gasoline and air to provide engine operation at ultra-lean fuel settings.

Tests to date have shown a mileage improvement of 25%, with a significant reduction in nitric oxide emissions, although reduced burning temperatures have increased hydrocarbons to a degree—a problem that is currently occupying JPL researchers.

In collaboration with Caltech's environmental quality laboratory, the Jet Lab has just completed a $500,000 evaluation of the kinds of power plants that will be acceptable for cars and light trucks in the 1980s.

Funded by a public interest grant from the Ford Motor Co., this independent study considers all aspects of internal combustion engine design, materials, manufacturing requirements, etc., against the key considerations of fuel consumption and air quality.

The report, which is expected to trigger great interest—and probably controversy—within the automobile industry, will be released some time next month.

Another major project at the laboratory, an investigation for the Energy Research and Development Administration, seeks methods of producing low-cost, high-volume solar cells for the production of primary electrical power from the sun's rays.

This program seeks to reduce the cost of solar cells to the point where generating arrays competing with conventional or nuclear power stations can be made available for 50 cents per watt generated.

"Current solar cell arrays are much too costly, ranging up to $50 per watt," Schneiderman said. "We hope that the crystal silicon cells will eventually be produced like Reynolds Wrap."

In the energy field the laboratory also is analyzing coal mining technology, unmanned undersea oil and mineral exploration, and oil exploration by special processing of satellite films.

Additionally, JPL is supporting a NASA effort to develop a comprehensive program for the definition, integration and commitment of geothermal (earth heat) resources for the effective development of power.

In the area of public safety the laboratory is studying development of a national law enforcement telecommunications network to meet the exploding need for fast information exchange throughout the 50 states.

The criminal justice system is under steadily increasing pressure to reduce response time in fighting crime, Schneiderman said.

One such supporting development is the emergency communications and control system (ECCS) being developed for the Los Angeles Police Department to relieve the overcrowded radio spectrum with print-out messages to patrol cars.

Another support system for the police would provide automatic location of patrol cars when officers are on foot in pursuit of offenders.

Also in the area of criminology, JPL scientists have developed a digital image processing technique for computer restoration of smeared or distorted fingerprints and a method of monitoring all police vehicles in a given district.

But while civil projects draw on all of JPL's technical divisions for needed skills, the Caltech laboratory still functions as a NASA facility and its role in the exploration of space remains its primary responsibility.

MEANINGFUL WELFARE REFORM

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. ASHBROOK. Mr. Speaker, the staggering cost of welfare is a serious national problem. It has strained the pocketbook of the taxpayer and drained the public treasury at every level of government.

A major part of the cost results from aid to families with dependent children—AFDC. In the last 20 years Federal AFDC expenditures have grown from $545 million to over $4 billion.

I believe it is time that we closed the loopholes and ended the abuses in the AFDC program that are causing so much of these vast expenditures. Therefore, I have introduced legislation entitled the National Welfare Reform Act of 1975.

Provisions of the bill include the following:

AFDC RECIPIENTS WITH INCOME

Limit gross income eligibility to 150 percent of the needs standard;

Deduct work-related expenses before earnings exemptions;

Require eligibility to be redetermined without benefit of earnings exemptions for any individual who has earned income in 4 or more consecutive months and for any applicant or reapplicant; and

Provide for a standard work-related expense option.

IMPROPER BENEFICIARIES OF PUBLIC ASSISTANCE

Prohibit strikers from receiving AFDC;

Require assumption of fiscal responsibility for all aliens by Federal Government;

Define "child" as one below the age of 18; and

Provide 75 percent Federal matching for local law enforcement fraud control costs.

RESOURCE UTILIZATION

Require lump-sum benefits to be used to meet recipients' needs;

Allow adjustment of any overpayments from the grant;

Preclude federally funded attorneys from requesting attorney's fees in litigation against public entities;

Eliminate the current 10-percent limitation upon vendor payments; and

Define available income to include any for which the individual has only to file a claim and shared housing and utilities.

FAMILY RESPONSIBILITY

Restrict definition of continued absence, to include only desertion, divorce, legal separation, institutionalization, and incarceration, all in excess of 30 days;

Require military personnel to make and forward allotments of their pay for the support of their families;

Require support by non-needy person living with welfare family in amount it would cost him to support himself;

Require cross-check with State and Federal income tax agencies to determine if non-needy person living with welfare family has claimed any of such family as dependents;

Require States to establish criminal sanctions for willful and knowing misuse of grant for purpose other than support of needy children and caretaker; and

Preclude judges' waiver of arrearages in absent parent support.

WORK REQUIREMENTS

Make it clear that States may require a community work experience program as a condition of eligibility; and

Standardize sanctions against able-bodied, employable recipients who voluntarily leave or refuse to look for or accept employment.

ADMINISTRATIVE SIMPLIFICATION

Simplify and decentralize the fair hearing process; and

Eliminate the statewideness requirement for social services.

If enacted this legislation would halt the practice whereby persons with high incomes receive welfare payments. It would eliminate from eligibility those who should not benefit from tax-supported assistance. It also would limit opportunities for welfare fraud.

Since the parent who defaults on his family support responsibilities is at the root of much of the welfare problem, my bill would strengthen child support requirements. In addition, it would strengthen work requirements and give the States flexibility in designing effective programs to assist welfare recipients in the return to self-sufficiency.

These reforms are desperately needed. Passage of the National Welfare Reform Act of 1975 would not only provide some relief for the taxpayer but also allow more money to be given to those who are truly in need.

SURFACE MINING CONTROL OF RECLAMATION ACT OF 1975

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. GOLDWATER. Mr. Speaker, it was with a great deal of regret that I voted against H.R. 25, the Surface Mining Control and Reclamation Act of 1975. I fully agree with the objectives of the bill. Coal mining, and especially coal surface mining, is a difficult, dirty, tough business. Some of the mining techniques developed over the years have been expedient and cost efficient. But, they also have been environmentally injurious and destructive. For far too long, America has let expediency and efficiency be the only considerations. We have let only these considerations dictate waste disposal and esthetic treatment of the land. We have been poor stewards of God's creation to the extent that our search for coal has caused us in some areas to tear open the Earth, wrench out the mineral treasure and leave festering, poisonous sores and scars behind.

But, we cannot correct 150 years of abuse and thoughtlessness in 1 year or in one measure. This Nation lives on coal and coal derivative products. Our quality of life is dependent on a continuing abundance and efficient use of coal. A majority of our industrial and residential activities are totally dependent on coal. This legislation is so burdensome, costly, and restrictive as to seriously threaten our industrial might, our quality of life, and our economy.

The bill will close down some operations without regard for whether they are behaving responsibly or not. It will prevent the development of many available, accessible surface deposits that could provide us with cheap energy. This legislation will cause increases in the electric bills you and I pay. The consumer-taxpayers cannot afford any more increases in their electric bills, just as they cannot afford the increased retail prices of goods and services produced from coal derived energy or coal derivative products.

The Congress is playing a shell game with Americans. We offer the beleaguered taxpayer some relief 1 week in a tax rebate bill and then turn around the next week and take it away through the higher costs of goods and services this bill will bring about. And, we are doing it in such a way as to discredit and erode legitimate environmental interest and concern.

H.R. 25 does not just confine its negative, harmful effects to direct costs in the marketplace. It also creates another gigantic, all-powerful, inefficient Federal bureaucracy, and it places expensive regulatory burdens on the States. The American free enterprise system cannot support much more costly, arbitrary, and capricious bureaucratic oversight and interference. Inflation in the marketplace is not just a function of deficit Federal spending and easy Federal monetary policy.

Less obvious but just as devastating a factor is the myriad of regulations imposed on the private sector by Government. Someone must pay for the manhours spent in processing forms, making product changes, making alterations or additions to the plant, and informing the consumer. These costs are a "hidden tax." And, the costs are passed right on to the consumer. You and I pay and pay and pay.

This bill establishes regulations, procedures, and liability bonding practices that are time consuming and expensive. Some of them clearly confer benefits that outweigh the increased price tag. But, too many provisions in this bill are counter-productive and self-defeating. Their cost—both in dollars and lost resources—outweigh any intended benefit.

This legislation does these things in a time of growing unemployment, sagging industrial production, falling consumer activity and rising inflation. H.R. 25 could have been a good bill. It could have begun a reasonable restoration of our environment in strip mining areas. And, it could have done it in a manner compatible with today's energy and economic realities. I wanted to be a partner in such an undertaking, but this legislation is too extravagant. It is dangerously punitive and prohibitive. It will make the goal of energy self-sufficiency an impossible dream and it will make you and I pay dearly for the privilege.

A TRIBUTE TO RABBI HENRY E. KRAUS

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. LLOYD of California. Mr. Speaker, I am privileged and honored to have as a constituent and friend Dr. Henry E. Kraus, who is the rabbi of Temple Beth Ami in West Covina, Calif. It gives me pleasure to deliver in this House of Representatives words of tribute and praise to Rabbi Kraus.

He is indeed a remarkable man. Thirty years ago he was liberated from the Nazi holocaust in Germany by Gen. George Patton's 3d Army.

Eighteen years ago he escaped from the peril of communism during the Hungarian Revolution. He came to the United States of America from Hungary after Congress, upon the request of President Eisenhower, passed a resolution of special permission for Hungarian refugees to enter our country.

Dr. Kraus, who holds a Ph. D. from the University of Budapest, also holds the highest rabbinical degrees from the Jewish Theological Seminary of Budapest. He was ordained as a rabbi 35 years ago.

On April 6, 1975, this humble man who has devoted his life to God and the cause of human dignity, will be honored by his Temple Beth Ami with a testimonial dinner.

The State of Israel will also honor him with the Ben Gurion Award, which for the first time will be given in California.

My words of praise to Rabbi Kraus seem to pale by comparison to his lifetime of achievements and dedication. Few could have survived his ordeals. Yet, he not only survived, but also lived to triumph over his difficulties. *His life*, which I pray will continue for many years, serves as the highest example for all of us. To know this man as I do is a personal honor for me.

Such a man as Rabbi Kraus is rare. He has achieved the highest honors in his studies, vocation, and service to God. He is loved by all who know him, and all who know him are in turn loved by him.

As a Representative of this 94th Congress, I salute Rabbi Kraus.

BENEVOLENT RULE UNDER SIHANOUK?

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. DERWINSKI. Mr. Speaker, as the Congress will soon be taking up the Cambodian aid issue, I would like to bring to the attention of the Members an editorial by Rowland Evans and Robert Novak, which appeared in the Saturday, March 15, Chicago Sun-Times.

This article, which explores the situation in Cambodia under the absentee rule of Prince Sihanouk, is very penetrating and timely as the debate in the House and Senate continue of this issue; therefore, I insert it at this time:

BENEVOLENT RULE UNDER SIHANOUK?

(By Rowland Evans and Robert Novak)

WASHINGTON.—The foggy notion in Congress that ending aid to Cambodia will halt bloodshed under a coalition government benevolently guided by Prince Norodom Sihanouk conflicts with two harsh realities.

First, Sihanouk, exiled in Peking, has no real influence over Communist forces in Cambodia, which are largely controlled by the North Vietnamese politburo.

Second, neither Cambodian insurgent leaders nor their mentors in Hanoi have the slightest intention of collaborating with the defeated politicians of Phnom Penh. Rather, they talk of avoiding the mistake of Salvador Allende, the late Marxist president of Chile; not quickly liquidating the bourgeois politicians who later ousted him.

Thus, by stopping fuel and ammunition for besieged Phnom Penh, Congress speeds the Communist victory and probably guarantees nationwide re-enactments of executions, imprisonments and repression common everywhere in Cambodia under Communist control. Even with continued U.S. aid, the miserably led Cambodian army seems doomed. But that can be traced to years of Congress' denying adequate aid and advisers.

To cleanse their hands of blood, members of Congress show ingenuity—particularly Sen. Henry M. Jackson (D-Wash.), the former hawk turned Indochina dove. Jackson is urging Senate Majority Leader Mike Mansfield (D-Mont.) to fly to Peking to urge his old friend Sihanouk to seek a coalition government that would avert a Cambodian bloodbath. The Jackson view of Cambodia sees the insurgents suspicious of Hanoi, friendly to Peking and respectful of Sihanouk.

Jackson must not have listened to the prince lately. Ever since being deposed by Gen. Lon Nol on March 8, 1970, Sihanouk has talked of revenge through Communist military victory in Cambodia and then fading away to France. "If I go on as chief of state after victory," he told the Swiss Tribune de Geneve in December, 1971, "I run the risk of being pushed out the window by the Communists, like (Jan) Masaryk, or I might be imprisoned for revisionism or deviationalism." He since has sounded that theme in interview after interview.

Nor is Peking calling the Cambodian tune. Although military supplies for the insurgents come from China, 2,000 military advisers in the field are North Vietnamese (as are some 8,000 logistical troops).

And Hanoi is notoriously allergic to negotiating when its troops are on top. The clandestine radio of Cambodia's insurgents, located near Hanoi and run by Vietnamese, on March 3 indicated President Lon Nol and six other Cambodian leaders: "Our Cambodian people . . . cannot forgive these traitors. We must eliminate them." Any doubt about what "eliminate" meant was ended March 6 when Sihanouk told Reuters that six of the seven (excluding former Prime Minister Son Ngoc Thanh, now in Saigon) would "probably be executed."

In short, when anti-aid congressmen argue to end aid rather than "prolong Cambodia's agony," they are urging the United States to hasten a brutal campaign against one of the world's oldest, most sophisticated cultures.

A BAN ON POLITICAL RECOMMENDATIONS FOR COMPETITIVE SERVICE POSITIONS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. ANDERSON of Illinois. Mr. Speaker, I am introducing today a bill which will strengthen the merit system of appointing civil servants by outlawing political recommendations. This would apply to myself, my colleagues, Members of the other body, and any other elected or political official. It would extend to the civil service and other competitive services the ban on political interference which now covers appointments to the Postal Service.

If we are to have a Government staffed by the highest quality administrators, the impartial hiring procedures which make up the merit system must be allowed to operate untrammeled.

While intentional subverting of Civil Service regulations is, I believe, increasingly uncommon, this bill would erect a firm barrier against any attempts at politicization of positions which by law must be filled impartially. The recent ruling by the Civil Service Commission forbidding referrals by its own commissioners is one necessary step in exorcising undue political influence. This measure I am now presenting would go further and make it clear that Congress is firmly committed to fair, nonpartisan, and effective competitive service appointments.

The workings of this ban are fairly simple. Appointments, assignments, and so forth, of competitive service personnel will, as by present law, be made without reference to any recommendations by elected or political officials. Any statements on behalf of a candidate must be returned to their source, marked as violations. Neither the candidate nor congressional or other political officials may request or furnish a recommendation. Statements concerning work performance, character, or residence may be requested and supplied through the competitive service hiring authorities, however, so that endorsements based on specific experience with an employee or associate would, rightly, be permitted.

Rather than cutting down the perogatives of Congress, I feel this legislation will provide Members with a meaningful guideline concerning recommendations. In addition, it will provide a necessary legal footing for continuing efforts on the part of competitive service officials to restore and retain the merit system in its most efficient form.

MILITARY AID TO SOUTH VIETNAM

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. RHODES. Mr. Speaker, on Wednesday of this week the North Vietnamese overran the South Vietnam city of Quangtri. This was followed early Thursday by a wave assault on the old imperial capital of Hue. The rapid-fire loss of these two South Vietnamese cities represents the most dramatic and disastrous military setback for the South in the long and bitter history of the Vietnam war.

The decision to abandon the highlands was a painful one made out of military necessity. The thought was to preserve government forces and ammunition for use in subsequent battles. The Government of South Vietnam, after considering the situation carefully, reached the conclusion that their chances of repelling this inevitable Communist wave attack will be better if they consolidate their resources nearer to the capital city of Saigon.

As I said, this was a military decision that, given the circumstances, was probably a wise one. But here—as elsewhere—we cannot separate the human element from this development. The decision to retreat may have brought the South Vietnamese army some additional time, but it has also created thousands upon thousands of new refugees, more than in any short period in the history not just of this war, but of war itself. At least 100,000 people, according to the most recent estimate, have fled from Quangtri and Hue to Danang.

Mr. Speaker, it is obvious that the people of South Vietnam do not want to live under Communist rule. It is also obvious that many Americans—and I am thinking in particular of our own military men who fought to keep South Vietnam free—also do not want to see a Communist takeover.

Last year, Congress cut administration proposals for aid to South Vietnam almost in half. This year, the President has made a request for a supplementary aid allocation which Congress is presently considering. Given the situation in South Vietnam as it exists at this very moment, I think it absolutely essential for Congress to face the issue squarely and reach a final decision that is both practical and humane—if such a combination is in fact possible.

I hope that this House will act promptly on this matter of great urgency and provide the South Vietnamese with the military resources that can enable them to survive in their hour of darkest need.

SHOPWELL FOOD DISCOUNT PROGRAM AIDS ELDERLY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. RANGEL. Mr. Speaker, I believe that many of our colleagues in the House of Representatives will be interested in a new idea being tried by one of the supermarket chains in New York City. I have been advised that on March 11, 1975, Shopwell Inc., 400 Walnut Avenue, New York, N.Y., announced a food discount program aimed directly at helping those who need it most. In accordance with the program, Shopwell savings certificates will be sold at a 10-percent discount to senior citizens and to persons on welfare, to those who qualify for Federal food stamps, and to the unemployed beginning March 24 and ending August 25.

Certificates in $5 denominations will be sold on Mondays only, from 9 a.m. to 6 p.m., at 23 Shopwell supermarkets in New York City and the surrounding area. They may be redeemed any day of the week in all 90 Shopwell stores for purchases of all products except cigarettes and beer.

Purchases of Shopwell savings certificates up to $50 per week per family will be allowed upon presenting proper identification at one of the selling locations. Each certificate will be signed by the recipient at the time of purchase and again when used at a Shopwell store. The certificates must be used in their entirety, since change cannot be given at the time of purchase. The certificates may be used any time in the future and there will be no expiration date on the certificates.

Mr. Speaker, I enthusiastically endorse this program. It appears to be imaginative and well intentioned. In this great country, with all of its apparent wealth, for too long we have tolerated a large number of our citizens having difficulty feeding themselves.

DAVIS-BACON ACT UNDER ATTACK

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. EILBERG. Mr. Speaker, the Davis-Bacon Act was passed 34 years ago, during the depression to protect construction workers from unscrupulous contractors who would import unemployed men and pay them substandard wages instead of the prevailing rate.

Today, in a period of unemployment among construction workers, which equals depression levels, Davis-Bacon is under attack by persons who claim it is driving up the cost of construction. This is simply not true and the matter should be clarified.

At this time I enter into the RECORD a letter sent to me by Robert A. Georgine, president of the Building and Construction Trades Department of the AFL-CIO:

BUILDING AND CONSTRUCTION
TRADES DEPARTMENT,
Washington, D.C., March 17, 1975.

Hon. JOSHUA EILBERG,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN EILBERG: The Davis-Bacon Act was enacted in 1931 with the purpose of protecting local wage standards of workers on Federal construction projects. Later, the scope of the Act was expanded to include construction which was Federally-assisted, even though the contract was not wholly a Federal project. This program was necessary because unscrupulous contractors were winning Federal contracts at the expense of the poorly paid construction workers. By importing labor from areas where wages were lower, or by drawing workers from pockets of high unemployment, the promiscuous contractor undercut the prevailing local wages and usually caused serious distortions in local economic conditions.

In 1931 the Federal government decided that it would no longer be a party to such exploitative practices. The Congress examined the construction industry and decided that it would protect these workers against those that would line their pockets in times of economic crisis. Again we are facing a dangerous economic situation. In 1931, when the Davis-Bacon Act was passed, we had a national unemployment rate of 15.9 percent. Today the construction industry has a 15 percent unemployment rate set against a much larger work force. That is why it is particularly inappropriate for some members of Congress to be considering the repeal of this worthwhile program. But even beyond its immediate value this program has served a very necessary function throughout the past 44 years. By its nature, the construction industry is subject to high rates of unemployment. A review of the last five years demonstrates this. In 1969 the average annual rate of all unemployment was 3.5 percent; in construction it was 6 percent; in 1970 the annual rate was 4.9 percent; in construction it was 10.4 percent; in 1972 the national rate was 5.6 percent and 10.3 percent in construction; and in 1973 the national rate of unemployment was 4.9 percent while the construction industry suffered a rate of 8.8 percent unemployment. Today, even though the 8.2 percent (Jan. '75) unemployment rate for the nation is the highest since 1961, the jobless rate in construction is twice that figure.

These figures show that unemployment in the construction industry runs about twice as high as the total economy. Because of this, construction workers face a higher risk of exploitation. In the past the Federal government has refused to be a party to such unfair practice, but should Davis-Bacon be tampered with, Congress would be just as guilty as the profiteers who would win Government contracts by paying substandard wages, thereby dragging the economy lower into the depths of our economic recession.

Whenever the Davis-Bacon Act is discussed detractors reference the high hourly wage paid in the construction industry. They choose the hourly wage because it gives an inflated impression of annual earnings.

According to Labor Department studies, the average full-time construction worker only works about 1,500 hours at his trade each year—about 500 hours less than the average industrial worker.

By maintaining the prevailing wage requirements of the Davis-Bacon Act we will provide equality of opportunity for contractors bidding on Federal government construction projects, and assure that contracts are awarded not according to exploitative wage rates but according to qualifications and efficiency of operations.

The current downswing in the economy reinforces the need for the continuance of this program. In 1973 all new construction totaled $135.5 billion. Of this, $32.5 billion was government-related. In 1974 government construction exceeded $34 billion and had Davis-Bacon not been in effect the situation facing construction workers would be even more disastrous than it is today.

The purpose of the Act is not to increase construction wages but to maintain construction wage levels already prevailing in an area. With government or government-related construction going on at a $35 billion dollar pace, the Federal government could, without Davis-Bacon, wield tremendous power in local labor markets, and Federal contractors working on these projects could act as market depressants.

Congress is considering other programs to bolster our sagging economy and it is ludicrous that you should even be discussing the repeal of a program which has served so well in the past and is so uniquely appropriate for our present needs.

Construction workers are not becoming wealthy at the public expense; the Davis-Bacon Act does not increase wages but only maintains them, and therefore, the Building and Construction Trades Department feels that to repeal Davis-Bacon at this time would be injurious to thousands of construction workers and their families and would have a depressing effect on both the local and national economy.

With best wishes, I am
Sincerely,

ROBERT A. GEORGINE,
President.

THE 1975 OHIO MOTHER OF THE YEAR

HON. WAYNE L. HAYS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. HAYS of Ohio. Mr. Speaker, I would like to take a brief moment of the House's time to say something about a constituent of mine who has recently achieved a signal honor. Mrs. Harold Timberlake of Toronto, Ohio, has been chosen as the 1975 Ohio Mother of the Year. Her selection was the culmination of a series of accomplishments and honors achieved by Mrs. Timberlake through a lifetime of dedication and service to her family and her community. Her accomplishments are so extraordinary that I would like to bring only a few of them to the attention of the House of Representatives.

As the mother of a retarded child, Mrs. Timberlake was repeatedly counseled to put her child into an institution. Instead she and Mrs. Norma Cable, also the mother of a retarded child, decided to establish an education program designed to return these children to a useful life in society.

Her efforts began with a door-to-door campaign to contact families who might be interested in sending a retarded child for instruction. The first class was conducted in a basement room of the Old Washington school building in 1952. As the program grew, she began to travel through the area lecturing at high schools, colleges, hospitals, and the many service organizations that serve good causes. She was the first president of the Jefferson County Council for Retarded Children and was the supervisor of the county program until 1966 when she became the supervisor of the sheltered workshop attended by her son.

She serves on the board of directors of Martha Manor, is a member of the Jefferson County Child Development and Family Advocacy Center, and the Ohio Lung Association. She is also past president of the Jefferson County Tuberculosis and Health Association and served on the board of directors of the Ohio Association for Retarded Children. Everyone in Jefferson County who has ever known a retarded child or who has any interest in or contact with the improvement of retarded children knows Mrs. Timberlake and the work she has done.

Mr. Speaker, on behalf of myself and all of my colleagues here today, I wish to extend to Mrs. Harold Timberlake our sincere gratitude and best wishes.

CORRECTING THE RECORD ABOUT SYRIAN JEWS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. SOLARZ. Mr. Speaker, last week a letter appeared in the New York Times in which the writer declared that—

> Jews living in Arab Countries enjoy equal rights.

This statement is a gross misrepresentation of fact, particularly in the case of the small but vibrant Jewish community in Syria.

A rebuttal has been submitted to the New York Times by Mr. Michael Abraham, secretary of the Committee for Rescue of Syrian Jewry. In his letter, Mr. Abraham reports that—

> The 4,500 Jews of Damascus, Aleppo and Qamishli are being subjected to the cruelest forms of discrimination, restriction and torture.

He continues by listing a number of the many restrictions which are imposed upon the Syrian Jewish community. Having recently visited that land and having seen for myself the conditions under which Jews in Syria are forced to exist, I can attest to much of what Mr. Abraham has written.

I believe the record should be set straight and the facts made clear to our colleagues and other persons of good will. I take this opportunity to present herewith, for inclusion in the RECORD, the full text of Mr. Abraham's letter and commend it to the attention of our colleagues:

COMMITTEE FOR RESCUE OF
SYRIAN JEWRY,
Brooklyn, N.Y., March 11, 1975.

The NEW YORK TIMES,
New York, N.Y.

TO THE EDITOR: Michael Saah, Secretary of the Natl. Assn. of Arab Americans, who states that "Jews living in Arab countries enjoy equal rights. . . ". (letter March 11) has totally ignored the dire plight of the Jews in Syria and has deliberately attempted to conceal the facts.

The 4,500 Jews of Damascus, Aleppo and Qamishli are being subjected to the cruelest forms of discrimination, restriction and torture. They must carry cards boldly marked in red ink "Jew", their freedom of movement is severely restricted and they are kept under close surveillance by the secret police. Moslem principals in Jewish schools have curtailed religious studies. Soldiers were ordered to boycott Jewish shops. Jews are forbidden to import and export, denied bank credit or collection of debts and may not sell or dispose of their property. They live in constant fear and are prevented from emigrating.

As to Mr. Saah's suggestion that Jews "were discriminated against for . . . dual loyalty.", this is completely untrue since the Syrian authorities are obviously aware that their Jewish citizens are innocent scapegoats and that their only crime is being Jewish.

Sincerely yours,
MICHAEL ABRAHAM, *Secretary.*

RE-REFINED CRANKCASE OIL DESERVES A CHANCE

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. HELSTOSKI. Mr. Speaker, each day it becomes more imperative for us to take whatever steps we can to conserve our existing energy supplies, and one idea which is receiving increasing attention concerns the possibility of using re-refined oil more effectively.

Lubricating oil does not wear out; it just gets dirty. Nevertheless, we waste a great deal of oil which could be salvaged through the recyling facilities of oil re-refiners. As a result, I recently introduced a bill which is designed to facilitate more widespread use of re-refined oil.

Today, however, I would like to call our attention to an article which was forwarded to me recently by one of my constituents, Mr. R. Kurtz, of Lyndhurst, N.J. Written by Patrick J. Sloyan, of the Los Angeles Times/Washington Post News Service, the article is entitled "Re-refined Crankcase Oil Deserves a Second Chance." In view of the fact that I found this material to be relevent to the problem now facing our country, I would like to take this opportunity to share this article with my colleagues:

RE-REFINED CRANKCASE OIL DESERVES A CHANCE

(By Patrick J. Sloyan)

WASHINGTON.—It is a simple procedure witnessed by many motorists: The mechanic loosens the crankcase drain on the car with a wrench, then unscrews it with his fingers so that the black, syrupy, used oil can ooze away.

Where does it go?

That depends on what country you live in. If it is the United States, it could end up in the water you drink or the water you swim in. The Environmental Protection Agency estimates that 370 million gallons of waste oil is dumped each year—on the grounds, or in the ocean.

If you live in West Germany, this dirty oil is a valuable commodity. A major industry collects it, re-refines it and returns it to the market place for use by car owners and industry.

But in the United States the Ford administration has retained a dubious federal policy to deal with the 1.1 billion gallons of dirty oil that pours out of autos and industrial machines each year. So far, the administration has rejected re-refining proposals that could save oil during an energy crisis, create jobs during a recession and eliminate one pollutant from increasingly hazardous water systems.

Before 1965, there was a bustling oil re-refining industry in many major American cities. More than 160 such companies paid filling-station owners and others for their old oil. The re-refined product was the cheapest oil a driver could purchase at most gasoline stations. A lower-priced re-refined oil was favored by farmers, contractors and other users of "off-highway" machines.

The turning point came in 1965, when Congress repealed a series of excise taxes. The major oil companies complained that the re-refined oil companies were avoiding having to pay excise taxes, even though they claimed their oil was as good as unused oil.

Re-refined oil mixed with unused oil carried a 3-cents-a-gallon excise tax whereas unused oil bore a 6-cents-a-gallon tax when sold for off-highway machines. Despite warnings that the re-refining industry would be hurt, Congress approved rebates that gave back the oil excise tax to farmers and other off-highway users. By offering a 6-cents-a-gallon rebate the major oil companies cut into the re-refiners' price edge.

The big oil companies got even more important help from the Internal Revenue Service. The IRS ignored congressional concern over the refiners and ruled that the re-refined oil was "ineligible" for the tax rebate.

Also in 1965 the Federal Trade Commission required that re-refined oil be clearly labeled "previously used oil". The FTC decision was the culmination of efforts to deal with the varying quality of re-refined oil, a problem acknowledged by reputable re-refiners.

The combination of new labeling and loss of tax advantage was a severe blow to the industry. Now, 10 years later, there are only 40 re-refiners across the nation. As the industry slipped, the demand for waste oil went with it. Filling-station owners who once profited from old oil often had to pay to have it hauled away.

Old oil scavengers in many cities chose to dump it. Cleveland and Minneapolis were among the first cities to discover that waste oil in their sewer systems was disrupting sewage treatment plants. It remains a serious problem in many cities, the EPA says.

According to the EPA, one part of the waste oil is enough to foul the taste of a million parts of water. The National Oceanic and Atmosphere Administration believes that waste oil, hardened by low ocean temperatures, is a major cause of oil globules polluting 700,000 square miles of ocean between Cape Cod and Caribbean.

With the onset of the oil shortage, more used oil—treated and untreated—is being mixed with fuel oil and burned for heat. But this use of waste oil releases metal oxides and other pollutants that can cause serious health problems.

As it stands now, automatic operations produce about 600 million gallons of waste oil a year. Another 400 million gallons come from industrial and aviation operations, and the EPA lists 100 million as coming from other sources.

About 480 million gallons are burned as fuel; 200 million gallons are used for use as lubricating oil. "The fate of 370 million gallons is unknown," the EPA reported to Congress last year. Both EPA and industry officials say they assume most of it is dumped.

In West Germany, where a shortage of oil has been a problem since the 1930s, almost one-third of the nation's lubricating oil comes from its re-refining industry. According to a study by William A. Irwin of the Environmental Law Institute, the Bonn government has implemented subsidies and laws designed to encourage the re-refining industry. Since 1963 it has also imposed restrictions and penalties to prevent waste-oil dumping in waterways, a step that has led to a further expansion of re-refining.

West Germany, France, Italy and other European nations started to provide incentives for their re-refining industries at about the same time the U.S. government's moves crippled domestic re-refiners. In France, the re-refining industry has pioneered a propane extraction system that is producing a reprocessed oil much higher in quality than products of the acid and clay process common to U.S. and some other European re-refining plants.

President Ford made no mention of re-refining oil in what was billed as "the most comprehensive energy proposals ever put forward by the government."

In Congress, little attention has been focused on providing incentives or subsidies for a potentially bigger and better re-refining industry that would produce high-quality products under uniform specifications.

The exception is Rep. Charles Vanik (D-Ohio) who has been a leading critic of the billions of dollars a year in tax subsidies to the big oil companies. Vanik, a member of the House Ways and Means Committee, favors repealing the 1965 tax laws and IRS rules that left re-refiners at a disadvantage against the big oil companies.

REPUBLICAN POLICY COMMITTEE OPPOSES EMERGENCY HOUSING BILL, H.R. 4485

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. CONABLE. Mr. Speaker, the House Republican Policy Committee met earlier this week to discuss the Emergency Middle-Income Housing Act of 1975. The statement the committee adopted appears below.

I am also inserting an article by Gene Meyer which appeared Wednesday, March 19 in the Wall Street Journal. It describes the growing optimism in the housing industry now that ample mortgage money is becoming available. I commend it to my colleagues' attention:

Emergency Middle-Income Housing Act of 1975

The word "emergency" in the title of a bill usually signals legislation that contains costly, difficult-to-explain expenditures aimed at chancy goals. H.R. 4485 is well qualified to bear the title, "Emergency Middle-Income Housing Act of 1975." With it, the Democratic Majority has once again cranked up the printing presses in another counter productive and expensive attempt to convince those who voted for them that they are hard at work achieving results in Washington.

This time, they have come up with a bill that commits the federal government to spending an imprecise amount—perhaps $1.5 billion—to subsidize home-buying by the middle class. Families earning up to 120% of the median income in their area ($21,000 in Washington, D.C., for example) would be eligible to receive government subsidies large enough to reduce their mortgage payments to the equivalent of 6 percent for the first three years or 7 percent over the life of the mortgage.

With home mortgages currently averaging 9 to 9½% and the housing construction industry at low ebb, this measure has a surface appeal. But closer scrutiny reveals serious problems:

The immediate effect of this bill will be to *stop* home-buying, not to stimulate it during the spring months which generally see a pick-up of housing construction. House passage is only the first step toward putting this program into existence. It may well be next fall before final regulations are drawn and mortgage money actually becomes available. Between now and then, however, potentially eligible families will postpone housing purchases until cheaper mortgages become available. The gap will temporarily bring the housing industry to a halt.

Nothing in the bill prevents buyers from reaping windfall profits by pocketing the interest subsidy when this assisted housing is resold at greater prices than originally paid.

H.R. 4485 requires no minimum buyer contribution. The family earning $21,000 could get the same or greater subsidy as the family earning only $10,000 or $15,000. The arbitrary cut-off level means that the family earning $1 over the 120% of the median qualifies for no assistance at all while the family earning $1 less gets the full interest subsidy benefits. The wide geographical differences in median income mean that a taxpayer earning $12,661 in San Antonio, for example, (where the 120% of the median is $12,600) would have to pay market interest rates on his mortgage, and with his tax dollars, subsidize a home buyer making $21,084 in the Washington, D.C. area (where the 120% of the median is $21,085).

The 6% interest rate equivalent provided in the bill is unrealistically low. Conventional mortgages have not dropped to this level since 1966. At the end of January, $3 billion in commitments for mortgages at 7¾% was grabbed by lenders under the government's current tandem plan. This 6% rate entices families to buy housing with government subsidies while keeping their savings in thrift institutions forced to pay interest on long-term accounts at 7% and even higher. Since thrift institutions cannot compete with 6% mortgages, pressure will build to extend the program indefinitely.

The bill excludes multi-family rental units, a type construction relied upon by millions of families. The emphasis on single-family homes means that cities, where there is little new construction of this type will not benefit from the bill, despite their need for new housing stock and a long term energy situation that discourages commuting from distant suburban new single-family home sites.

If the principles applied in this bill to aid the construction industry spread to other high unemployment sectors of the economy—such as the auto industry—we might expect to see the government help all Americans earning less than 120% of the median income to buy cars. Is this a precedent we want to set?

Like virtually every other "temporary" government program, this one too will resist expiring on schedule—in this case June 30, 1976, a scant five months before elections and hardly a time to eliminate programs putting money in the pockets of voters.

The government has already made a substantial commitment to encouraging investment in home ownership. The fiscal 1976 budget projects a total government tax expenditure of $11.8 billion through deductibility of mortgage interest and property taxes on owner-occupied homes. Just last October, Congress passed the Emergency Home Purchase Assistance Act of 1974; that measure plus still other prior programs have made some $14 billion in subsidized commitments available for home buying. What potential home buyers truly need is not yet more government mortgage assistance, but rather a return to a stable, prosperous economy that would permit thrifty, industrious families to purchase modest homes *without* government intervention.

Rather than embark on yet another federal program of political appeal but questionable merit, we would favor the substitute measure supported by Republicans on the Banking, Currency, and Housing Committee. This substitute, offered by Rep. Garry Brown of Michigan, builds upon the 1974 Act rather than initiating an entirely new effort. It assists multi-family rental units and condominiums as well as single family dwellings. Interest rates would not exceed 7½ percent and would be lower only if the HUD Secretary sets a lower rate on unsubsidized FHA single family homes. This approach would be immediately available and require no lengthy start-up period, would help the entire home-building industry, and would avoid the many problems inherent in H.R. 4485.

Admittedly, extending and expanding an existing program to meet continuing needs is not as politically invigorating as launching an entirely new legislative and rhetorical vehicle. Congress is following a dangerous course in this regard. While the House is promising 6 or 7 percent mortgages, the Senate is raising the stakes by offering a flat $2,000 tax credit to every homebuyer. If the Majority Democrats follow their accustomed pattern, compromise will consist of judiciously accepting *both* provisions. The American people simply cannot afford any more of these expensive political promises.

[From the Wall Street Journal, Mar. 19, 1975]

Good Omen?—People Take a Look at New Houses Again, and Even Buy Some

(By Gene Meyer)

New York.—Home buyers are straggling back to the market. Their return may stimulate the nation's lagging economy as they buy everything from new carpeting to new appliances for their new homes.

It may be months, however, before a pick-up in buying stimulates home builders. A huge number of unsold homes gluts the market. Overall, builders still are starting fewer new homes and will keep retrenching for a while, to judge—by building-permit figures released yesterday. (See story, page 3.) But sales of existing one-family homes, at least, definitely are creeping upward.

"We can't say for certain we're out of the woods. We're certainly not in good times yet, not back in the boom days," says Charles Rutenberg, chairman and chief executive of U.S. Home Corp., the nation's biggest home builder. "But there is very little question that the housing industry has bottomed out. The public is buying homes once again."

"I can only describe the housing market as ready to go," says George A. Christie, chief economist for McGraw-Hill's F. W. Dodge statistical division.

Last month U.S. Home took almost 700 orders for new housing units around the country—85% more than in January and three times as many as in December. And when it opened two model homes in Naples, Fla., several weeks ago, more than 1,000 people went to see them. Five bought in the first weekend. Generally, 100 to 150 visitors to such centers is a respectable weekend turnout in good times.

"TRAFFIC AND INTEREST ARE THERE"

Timothy Jones, a securities analyst for Faulkner, Dawkins and Sullivan, has talked to other big national builders in recent days. "The situation at the others is pretty much the same as U.S. Home," he says. "January was a very strong month and it seems to have gone into February. There's no question that the traffic and interest are there."

Malcom Prine, chairman and president of Ryan Homes, Inc., the national home builder based in Pittsburgh, says:

"We're moving from the dismal lows of November and December and have seen a significant increase in traffic in January and February. It's still below traffic level last year—roughly 10% less.

"But we've seen a bit of brightening in March. Apparently people seem to feel we aren't into a dark disaster after all. The more modestly priced, lower-cost housing is moving much better than the middle- and upper-priced."

Kaufman & Broad, the huge California-based national builder, says that in the first week of this month, 2,508 people turned out to look at their houses, still down from the 3,002 that showed up in the like week of 1974. But in the second week of this month, 3,708 people showed up, a big rise from 2,319 a year earlier. Sales figures for the two weeks aren't available.

CONDOMINIUMS HAVE NOT REVIVED

So far, the rise in traffic and sales has been felt almost entirely in the market for houses. With a few exceptions, the improvement hasn't extended to condominiums and co-ops.

Builders of all sizes are getting nibbles. Michael Sumichrast, economist for the National Association of Home Builders, says his group's monthly survey of builders' attitudes shows deep gloom in November and December and slight improvement in January—and in February, he says, "the gloom changed to hope."

This new hope came after 18 months of almost steady decline caused by the unavailability of mortgages, soaring interest rates, a gasoline crisis that kept buyers at home and concern about the economy. Reasons for the apparent revival range from buyers' hopes of picking up bargains in a sluggish market to the sudden availability of more mortgage money. The latter results from the decline in interest rates on bonds and on other money-market instruments. It now pays many investors to put money into savings banks and savings-and-loan associations, the main lenders of mortgage funds for housing.

THE TRADITIONAL CYCLE

When mortgage money becomes available after a scarcity, the resale market—the sale of already occupied homes—usually stirs first. In a number of areas in the past few months, this has started, As the supply of older homes falls, buyers turn to unsold new homes. That started last month in some places. Finally, construction of new housing begins to pick up. So far, this hasn't happened yet. Housing starts in February continued to fall—if slightly.

Repeated predictions that the housing market would revive have turned out wrong in the past 18 months. Early last year, for example, many builders and securities analysts thought they saw an upturn in the market, and sales did pick up when gasoline got plentiful. But by mid-March last year, Federal Reserve Board policy sent interest rates skyward and choked off the supply of mortgage money. Home sales came to a near standstill and have stayed that way.

This time, housing specialists think their expectations are realistic. "Most of the conditions we need for a recovery have already been met—an inflow of savings to the savings-and-loans for several months, for example, which is needed to rebuild liquidity," says Mr. Sumichrast, the home builders' economist. Savings-and-loan institutions had a net inflow of some $3 billion in deposits in January against a mere trickle, $550 million, in December.

Furthermore, the Federal Reserve System isn't showing signs of tightening up again. And in Congress, several proposals to stimulate housing are in the works. Last week, for example, the Senate Finance Committee tentatively agreed to provide up to a $2,000 tax credit for the purchase of a home between now and Dec. 1. While the break isn't included in a House bill and may not survive a Senate-House conference, "the possibility of a $2,000 tax credit has a lot of shoppers looking," says Kenneth Campbell, editor and publisher of Audit's Housing & Realty Investor, an industry newsletter.

But so much money is flowing into savings institutions that the Ford administration and others doubt that a $2,000 tax break is needed. And the administration, which had agreed to finance some $7.75 billion in home mortgages, now has begun to pull back after committing some $6 billion. The rest of the $7.75 billion may not be funded.

Builders, meanwhile clearly are more optimistic than they were a few months ago. "Builders have stopped cutting their plans for the future," Mr. Sumichrast says, "and have made selective plans for new starts." This isn't to say that starts will rise much, or even rise soon, he says; there are too many homes already built and unsold.

In normal times, according to Mr. Sumichrast, the number of unsold new houses is about one-sixth the annual rate of housing starts. He figures there now are some 400,000 unsold houses built and standing on their lots (not counting 250,000 or so unsold condominiums and co-ops). That 400,000 figure wouldn't be large if housing starts were running at a 2.4 million annual rate. But in February the seasonally adjusted annual rate was just 977,000, down slightly from January's 996,000 and not much higher than December's near record-low rate of 880,000 units. The February 1974 rate was 1,881,000.

Mr. Rutenberg of U.S. Homes concedes that existing new homes haven't yet been absorbed by the market. But he adds that if sales continue at their faster pace, his company will be building more homes by summer and will be "much more active" by fall.

The optimism isn't confined to national builders. "We're ahead of last year," says John Ward, marketing vice president of Ryland Group, a regional home builder based in Columbia, Md. In the first quarter of 1974 the company sold 242 homes in Baltimore-Washington, Atlanta, Houston and Dallas. This year's improvement has come mainly in the Baltimore-Washington market, "but we've also seen a definite pickup in Atlanta and Houston," Mr. Ward says. He adds that Ryland is only a small factor in the Dallas market.

F. W. Dodge's Mr. Christie figures that an upturn in housing starts "is only a matter of a month or two away."

Commercial and industrial construction, however, still show scarcely a sign of revival. "Nonresidential building is likely to continue its decline for several quarters," Mr. Christie says, "and will rebound only after a more general recovery has taken hold in the economy."

Housing usually leads a general recovery, just as it usually leads a general decline. At the top of an economic cycle, high economic activity increases the demand for borrowed funds; interest rates climb, and the housing industry retrenches. At the bottom of a cycle, slow economic activity reduces the demand for borrowed funds; interest rates fall, and housing perks up.

IMPENDING BREAKDOWN OF OPEC CARTEL

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. DRINAN. Mr. Speaker, a very perceptive article in the Wall Street Journal for March 20, 1975, deserves the consideration of everyone who is a Member of the Congress.

Prof. Robert Z. Aliber, its author, teaches finance in the graduate school of business at the University of Chicago.

Professor Aliber's contention is that the oil cartel—the OPEC nations—is in the early stages of a breakdown. The author contends that this cartel will fall apart within the next several months when the members of OPEC prove "unable to share the necessary production cuts."

Professor Aliber makes an excellent point when he urges that—

> The United States should indicate to selected oil producing countries that they will be granted favored access to the U.S. market in the next decade, but only with the proviso that they maintain their production (of oil) in the next few months.

Dr. Aliber is here referring to the fact that current OPEC output is estimated at 26 million barrels a day—11 million below the capacity of this oil producing cartel.

This important article follows:

IMPENDING BREAKDOWN OF OPEC CARTEL

(By Robert Z. Aliber)

The oil cartel is in the early stages of a breakdown. Crude petroleum prices are being lowered, both directly and indirectly, by individual producing countries seeking to increase their exports. In the next several months, the demand for OPEC-produced petroleum will decline sharply. The cartel will fall apart when its members prove unable to share the necessary production cuts.

For 15 months the demand for crude petroleum has been substantially smaller than the potential supply. Initially the embargo adopted during the Yom Kippur war forced consuming nations to adjust to contrived scarcity by queuing at gas pumps, lowering thermostats, and foregoing Sunday driving. Since the embargo was lifted, demand declined in the face of recessions in the United States, Western Europe and Japan.

Two mild winters in succession reduced heating demand. The 1975 autos consume substantially less gasoline than the late 1960s' models now being junked. OPEC exports have declined even more rapidly than the demand in the consuming countries, in part because a few countries, including Mexico and Malaysia, have increased their production and exports.

Current OPEC output is estimated at 26 million barrels a day, 11 million below its capacity. In the months ahead, the heating demand will decline further, offsetting the increased automobile use during warm weather. Deepening of the recession means industrial demand also should decline, at least until autumn.

For most of the last year, production of petroleum exceeded consumption, even as demand fell, while petroleum in storage increased, both in traditional forms like tank farms and in non-traditional ones like ocean tankers and gasoline stations. At current rates, there are now 100 days of consumption in storage. A large inventory is necessary to keep pipelines full, and a smaller additional inventory is a useful contingency reserve. Over the last year, inventories above these two requirements have increased by a third.

At $10 a barrel, these inventories are valued at $50 billion. Any fall in the market price means owners of petroleum will incur losses; if the price falls to $8 a barrel, they will be poorer by $10 billion. Despite their vested interest in maintaining the current price level, owners of inventories will begin to convert oil into money when they anticipate a price decline.

A decrease of petroleum in storage by one day's consumption over a month means OPEC production would fall by two million barrels a day. A reduction of the excess inventory by one-third over the next four months translates into a decline in OPEC exports of five million barrels a day. The more rapidly the price is expected to fall, the more rapidly inventories will be reduced, and the lower the demand for newly produced oil.

THE VALUE OF MONEY

As it becomes apparent that the price of crude petroleum will decline, some members of the cartel, especially the smaller producers, also will convert oil into money. In 1975, money in the bank will earn interest income at the rate of 6% or 8% a year. Oil held in the ground, in contrast, will have a negative rate of return, since the market price at the end of 1975 will be below the price at the end of 1974.

Individual OPEC countries will lean more heavily on the multinational oil companies to buy more oil, for oil not sold in 1975 and 1976 may not be sold until the distant future. The multinationals, however, will buy petroleum only if they can sell it, so they will play musical chairs with various supply sources, increasing their purchases from countries which offer discounts, rebates, and other concessions from the posted price. While individual OPEC countries can increase their exports, OPEC countries as a group cannot—at least not until a business upswing occurs.

As demand declines in the next six months, maintenance of the $10 price could require reduction of six million to eight million barrels a day in OPEC production. These cutbacks must somehow be distributed among OPEC members. A few countries already have reduced production substantially. Libya now produces less than 900,000 barrels a day, whereas its peak output exceeded two million. Similarly, Kuwait, which has a daily capacity of nearly four million barrels, has been producing two million barrels. Both countries appear reluctant to reduce their output further. The poor, heavily-populated countries like Indonesia and Nigeria are unlikely to make substantial cutbacks. Iraq has been loud in its support of OPEC, but its output in January exceeded the pre-embargo level.

Increasingly, maintenance of the current price will require larger cutbacks by Iran, Saudi Arabia and Venezuela. In January, the daily output of these three countries totaled 16 million barrels a day. Reduction in demand has already forced Iran to reduce its output by 10%, Venezuela by 20% and Saudi Arabia by 30%. These three countries might be required to cut back twice as much in the next few months to match even further reduction in demand.

Two sets of events, separately or in combination, may upset this scenario for the demise of the cartel. The estimated decline in petroleum demand during warmer weather, the impact of the recession and inventory reduction may be overstated. And the cartel may be effective in allocating reductions in output among its members. As long as the members were rich, such allocations were easy. But individual countries are not likely to abide by the commitments if they expect the price to fall. Cartels have their momentum; they work when their members believe they will work and fold when that belief is eroded.

The announcement from the recent meeting in Algiers that the OPEC producers would like to enter into long-term agreements about price and supply arrangements reflects their sensitivity to the weakness of their economic position. If the demand for petroleum proves unexpectedly strong, then they would break the agreements, as they have in the past. If the demand for petroleum proves as weak as they expect, they would count on the United States and other importing nations to abide by its commitments.

INCREASING TARIFF BARRIERS

The OPEC countries recognize that their ability to export petroleum will be increasingly constrained in the next few years as the energy markets in various industrial countries become increasingly segmented from the world market. The United States will apply tariffs or quotas to imports, much as in the 1960s, and the U.S. price will be substantially above the world price. Similarly, the British home market will be protected from low-cost Middle East imports so that North Sea producers will be able to recover the high costs of offshore drilling. In Continental Europe, and Japan, similar import-limiting measures will be adopted to reduce dependence on foreign sources of energy.

The growth of such barriers to imports will increasingly fence off OPEC supplies and the OPEC countries will find themselves with more oil than markets. At that stage, access to markets in the developed countries will be very valuable, and OPEC countries will compete aggressively for market shares.

For the next several months, the United States faces a policy dilemma. Is it worthwhile to adopt a $3 tariff on imported petroleum? Or set quotas to reduce imports by half-million barrels a day? Or impose a gasoline tax of 15 cents or 20 cents a gallon? Or adopt measures designed to increase domestic energy supplies? Should any of these policies be followed, given that the world price could fall sharply? Similarly, is it worthwhile for the United States to enter into long-term supply agreements with various oil exporters?

OPEC's ability to maintain the price over the next few months does not depend on whether the U.S. adopts import tariffs, quotas, gasoline taxes or domestic production subsidies. They will have only a modest impact in altering demand-supply relations in the near future. Instead, policy should focus on two other measures:

The U.S. should indicate to selected oil producing countries that they will be granted favored access to the U.S. market in the next decade, provided they maintain their production in the next few months. In late 1972, Saudi Arabia's oil minister Ahmed Zaki Yamani suggested an assured access arrangement, but Washington should link any such assurances to minimum production guarantees.

Further, Washington might also encourage companies to reduce their petroleum in storage. It could nudge the price downward by buying oil for auction to distributors; the price decline, by indicating the vulnerability of the petroleum inventory, would induce owners to reduce their stocks. While the Treasury would incur a financial loss from this anti-stockpiling tactic, consumers would benefit from lower prices. More importantly, as owners of the inventory reduced their stocks, this would sharply increase pressures on the cartel, which also would result in lower prices to consumers.

RURAL HEALTH CARE DELIVERY IMPROVEMENT ACT OF 1975

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. CARTER. Mr. Speaker, in recent years the Congress has weighed the merits and demerits of a number of across-the-board proposals designed to solve the problems inherent in our complex health delivery system.

It is tempting, I must admit, to entertain the notion that these problems can all be solved with one monumental legislative solution.

It is tempting, Mr. Speaker; but I submit that such a course is ill-considered, simplistic, and dangerous. And I submit that it cannot work.

Our health care system is incredibly diverse. We deliver care to the patent in a variety of ways. This is the strength of the system: that it is flexible; that it accommodates to the widely differing needs of our communities.

I do not mean to imply by that observation a system perfect of its kind—one that should be immune to change, because there is no need for improvement.

Improvements are indeed necessary. But in our desire to make them, let us not recreate the bed of Procrustes, who accommodated guests too tall by sawing off their legs; and guests too short by stretching them on the rack. The achievement of symmetry by such devices is hard-won at best and is never much to the satisfaction of anyone besides Procrustes himself.

The need to design Procrustean proposals is usually justified by the assertion of a crisis—from which it follows that crisis action must be taken. From there it is only a hop, step, and jump to megaproposals which promise much and change little.

I suggest, Mr. Speaker, that before we proceed to a consideration of omnibus proposals, we rather carefully select our targets.

One such target is the problem of health delivery in rural America.

That problem can hardly be called inconsiderable.

It affects the lives of some 54 million rural Americans.

In our approach, we must not lose sight of these figures from the Department of Agriculture. Let me quote them to you:

> Poverty in rural America dominates the lives of 12 million people . . . or 17 per cent of the rural population as a whole. One out of six people in rural areas lives in poverty, compared with one of ten in urban areas.

I remind my friends that we presently have a variety of programs whose purpose it is to improve the quality of life in rural America.

It is not a shortage of programs that must concern us here.

Further, the Government has most of the funds needed to create public programs; and it has a long record of general rural assistance—farm loans, price supports, and agricultural extension services, for instance—from which to proceed in the area of rural health.

But Government cannot, and should not, be expected to go it alone. It cannot and should not if it expects to succeed. Government must draw on the enthusiasm, energies, and knowledge of physicians, farm groups, businessmen, trade unions, consumer groups, individuals, colleges.

With them, it should develop a coherent strategy for tackling the many problems that now beset so many of our rural communities.

I am calling then, for a national strategy, Mr. Speaker, and, I am also arguing that our national strategy be thought out thoroughly in advance; that it be realistic as well as ambitious; and that it be practical, not abstract.

It does us no good, for example, to make rural health care more commonly available if we do not, at the same time, make it more easily accessible. What good is the finest modern, central clinic if the people it is designed to serve cannot get to it, because they lack the means of transportation?

It has been this sort of thinking on my part, and on the part of many of my medical colleagues experienced in the problems of rural health care delivery, that leads me to introduce the Rural Health Care Delivery Improvement Act of 1975.

This measure would have the Congress find that there is an urgent need for the development and improvement of rural health care delivery; that availability of health services in many rural areas is below that of the Nation as a whole; that although present Federal programs are applicable to rural health, there has been no centralized focus on the health needs of rural areas; that community health programs can best be planned and implemented at the community and regional level with coordination at community, regional, State, and *National levels*; that there is a need for feasibility studies, development, and demonstration of rural health care delivery models and components; that recognition by rural communities should be given to the fact that rural health resources are limited and that consequently, alternative rural health care delivery models and components should be developed and tested; and that experimental and developmental rural health care delivery models and/or components should be developed with a view to becoming financially self-sustaining within 3 years.

The bill, therefore, calls for the establishment of a Federal entity within the Department of Health, Education, and Welfare with the authority to coordinate Federal activities, review existing programs, and initiate demonstration projects and programs which can improve rural health care delivery.

The Office of Rural Health, as this entity would be called, would be administered and run by a director appointed by the Secretary. The director would be a qualified health care professional.

He would be authorized to award grants, contracts, loans, and loan guarantees for projects to examine existing models of rural health care delivery, to determine their applicability to other rural areas, and to assist in the study, planning, development, experimentation, and demonstration of rural health care delivery models.

The bill would also establish an 11-man Rural Health Care Advisory Committee which would advise the Director and make recommendations to him with respect to overall planning, policies, objectives, and priorities. The committee would consist of six doctors of medicine, one of whom could be a doctor of osteopathy, knowledgeable in rural health care delivery; one dentist; and five recognized authorities in rural health care delivery.

The bill would authorize $75 million for the fiscal year ending June 30, 1976; $100 million for the fiscal year ending June 30, 1977; and $125 million for the fiscal year ending June 30, 1978.

Herewith, Mr. Speaker, is the bill in detail:

H.R. 5236

A bill to establish an Office of Rural Health within the Department of Health, Education, and Welfare, and to assist in the development and demonstration of Rural Health Care Delivery Models and Components

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. That this Act may be cited as the "Rural Health Care Delivery Improvement Act of 1975".

FINDINGS; DECLARATION OF POLICY AND PURPOSE

SEC. 2. (a) The Congress finds—

(1) that there is an urgent need for the development and improvement of rural health care delivery in many areas throughout the nation;

(2) that availability of health services in many rural areas is below that of the nation as a whole;

(3) that although current authorized federal programs are applicable to rural health, there has been no centralized focus on the health needs of rural areas;

(4) that community health programs can best be planned and implemented at the community and regional level with coordination at community, regional, state, and national levels;

(5) that there is a need for feasibility studies, development, and demonstration of rural health care delivery models and components;

(6) that recognition by rural communities should be given to the fact that rural health resources are limited and that consequently, alternative rural health care delivery models and components should be tested and developed; and

(7) that experimental and developmental rural health care delivery models and/or components should be developed with a view to becoming financially self-sustaining within three years.

(b) It is the policy of the Congress and the purpose of this Act to provide assistance to programs for the delivery of health services in order to increase the availability of health care services to residents of rural areas. This purpose should be achieved through the establishment of a federal entity within the Department of Health, Education, and Welfare having the authority to coordinate federal activities, review existing programs, and initiate demonstration projects and programs which can improve rural health care delivery.

ESTABLISHMENT OF OFFICE OF RURAL HEALTH

SEC. 3. There is established within the Department of Health, Education, and Welfare, an Office of Rural Health. The Office shall be administered and headed by a Director who shall be a qualified health care professional, appointed by the Secretary.

DIRECTOR OF THE OFFICE; TECHNICAL AND PROFESSIONAL PERSONNAL

SEC. 4. (a) The Director of the Office of Rural Health, under the general direction and supervision of the Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary"), shall carry out the functions and responsibilities vested in him or to the Office by or under this Act, and shall perform such related duties as may be prescribed by the Secretary to carry out the purposes of this Act.

(b) The Director shall receive basic pay at the rate prescribed for level V of the Executive Schedule under subchapter 11 of Chapter 53 of title 5, United States Code.

(c) The Director shall appoint in addition to the regular personnel of the Office under his direction and control, such technical and professional personnel and consultants as are necessary to carry out the functions of the Office, in accordance with the provisions of title 5, United States Code, governing appointments in the competitive service or the provisions of Chapter 51 and subchapter III of Chapter 53 of such title relating to classification and General Schedule pay rates.

(d) Such technical and professional personnel and consultants shall include specialists in the health professions as well as specialists in environmental health, community organization, communication, transportation, and such other areas as the Director deems appropriate.

DIRECTOR'S AUTHORITY

SEC. 5. (a) The Director shall have the authority to award grants, contracts, loans, and loan guarantees for projects to examine existing models of rural health care delivery, to determine their applicability and transferability to other rural areas, and to assist in the study, planning, development, experimentation, and demonstration of rural health care delivery models and/or components. Except in the case of assistance for feasibility studies, assistance shall be provided only when the Director has determined that such assistance is likely to further the goal of increasing the availability of health care services in rural areas where the Director has determined that adequate services are presently not available. In determining the eligibility of any entity (which term shall include an individual) for assistance for improving the availability of health care services in a rural area, the Director will consider the extent to which the entity will incorporate in its activities one or more of the following:

(1) identification of the demographic and geographic characteristics which categorize an area as rural, including the definition and delineation of health service areas;

(2) Identification of beneficial (including new and innovative) health components of various types of rural health care delivery models, and utilization of such components in increasing availability of health care services;

(3) Identification and utilization of transportation modes appropriate in achieving the goal of making health care services available to residents of rural areas;

(4) identification and utilization of appropriate communications in rural areas;

(5) determination and utilization of economically feasible uses of biomonitoring technology;

(6) emergency medical care components and systems available to meet the special problems of the rural areas;

(7) education programs in rural areas, including health and nutrition education, as well as continuing education for health professionals;

(8) experimentation in appropriate linkages with regionalized health programs and facilities in its and other rural areas, and with health programs and facilities in urban areas;

(9) development of community planning mechanisms so that the communities can develop health care delivery models appropriate to their needs;

(10) provision for community support for appropriate health care delivery models and/or components including necessary staffing, construction, and equipment; and

(11) identification and utilization of appropriate dental services for rural areas.

(b) No assistance shall be provided to any project under subsection (a) above unless the Director has satisfactory evidence indicating that the type of project being assisted will be transferrable or adaptable to other rural areas.

(c) No assistance shall be provided to a project under subsection (a) above unless the project, in accordance with regulations prescribed by the Director, provides for periodic evaluation of the effectiveness of the project in meeting its purposes.

(d) Any assistance provided under subsection (a) above, may also include support for staffing, construction, and furnishing of necessary equipment. Staffing assistance would be limited in the first year to 90 per centum of such costs, to 60 per centum of such cost in the second year, and to 30 per centum of such cost in the third year.

(e) The Director shall—

(1) provide liaison among all agencies and instrumentalities of the Federal Government for the purpose of coordinating health care programs in rural areas;

(2) make a periodic evaluation of other Department of Health, Education, and Welfare programs relating to health care in rural areas, including development of adequate manpower and to make periodic recommendations to the Secretary;

(3) provide technical assistance and advice for the development of rural health care delivery models and/or components including such assistance and advice to health providers, and including such assistance to expand existing or develop new medical groups in rural areas;

(4) provide for evaluation of the projects assisted under this Act in order to insure that the projects are carried out in conformance with the application for the assistance and in conformance with regulations of the Director;

(5) provide for the coordination of programs and projects assisted under this Act with programs and projects of the National Health Service Corps to the end that the development and expansion of private medical care will be encouraged.

SEC. 6. Agencies and departments of the Federal Government are hereby authorized by this Act to enter into contracts with the Office of Rural Health to enable the Office of Rural Health to carry out provisions and/or functions authorized by law dealing with rural health care delivery or development.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. (a) For grants and contracts, as authorized by Sections 5 and 9, there is authorized to be appropriated the sum of $75,000,000 for the fiscal year ending June 30, 1976, the sum of $100,000,000 for the fiscal $125,000,000 for the fiscal year ending June 30, 1978.

(b) Any amounts appropriated pursuant to this section shall remain available until expended and any amounts authorized for any fiscal year under this section but not appropriated, may be appropriated for any succeeding fiscal year commencing prior to July 1, 1978.

LOAN GUARANTEES AND LOANS

SEC. 8. (a) The Director may not approve the application for assistance under this Act unless—

(1) he determines, in the case of a loan for which a guarantee is sought, that the terms, conditions, maturity, security (if any), and schedule and amounts of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable and in accord with regulations, including a determination that the rate of interest does not exceed such per centum per annum on the principal obligation outstanding as the Secretary determines to be reasonable, taking into account the range of interest rates prevailing in the private market for similar loans and the risks assumed by the United States;

(2) the term of a loan for which a guarantee is sought does not exceed fifteen years or such shorter period as the Secretary prescribes; and

(3) he obtains assurances that the applicant will keep such records, and afford such access thereto, and make such reports, in such form and containing such information, as the Secretary may reasonably require.

(b) Guarantees of loans under this section shall be subject to such further terms and conditions as the Secretary determines to be necessary to assure that the purposes of this part will be achieved, and, to the extent permitted by subsection (d), any of such terms and conditions may be modified by the Secretary to the extent he determines it to be consistent with the financial interests of the United States.

(c) In the case of any loan guaranteed under this section, the United States shall be entitled to recover from the applicant the amount of any payments made pursuant to such guarantee unless the Secretary, for good cause, waives his right of recovery, and, upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payments with respect to which the guarantee was made.

(d) Any guarantee of a loan under this section shall be incontestable in the hands of an applicant on whose behalf such guarantee is made, and as to any person who makes or contracts to make a loan to such applicant in reliance thereon, except for fraud or misrepresentation on the part of such applicant or such other person.

(e) The cumulative total of the principal of the loans outstanding at any time with respect to which guarantees have been issued, or which have been directly made, under this section may not exceed such limitations as may be specified in appropriations Acts.

(f) (1) (A) There is hereby established in the Treasury a rural health care delivery loan guarantee and loan fund (hereinafter in this section referred to as the 'fund') which shall be available to the Secretary without fiscal year limitation, in such amounts as may be specified from time to time in appropriations Acts, (i) to enable him to discharge his responsibilities under guarantees issued by him under this section, and (ii) for direct loans to public entities. There are authorized to be appropriated to the fund from time to time such amounts as may be required for the fund. There shall be deposited in the fund amounts received by the Secretary as interest payments or repayments of principal on loans and any other moneys, property, or assets derived by him from his operations under this section, including any moneys derived from the sale of assets.

(B) Of the moneys in the fund there shall be available to the Secretary for the purpose of making direct loans to public entities only such sums as are appropriate for such purpose, or sums received by the Secretary as interest payments or repayments of principal on such loans and authorized in appropriations Acts to be used for such purpose.

(2) If at any time the moneys in the fund are insufficient to enable the Secretary to discharge his responsibilities under this section to meet obligations under guarantees of loans under subsection (a), he is authorized to issue to the Secretary of the Treasury notes or other obligation in such forms and denominations bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under The Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

(g) (1) (A) Any loan by the Secretary under this section shall bear interest at a rate comparable to the current rate of interest prevailing with respect to loans which are guaranteed under subsection (a).

(B) No such loan may be made unless—

(i) the Secretary is reasonably satisfied that the applicant therefor will be able to make payments of principal and interest thereon when due, and

(ii) the applicant provides the Secretary with reasonable assurances that there will be available to it such additional funds as may be necessary to complete the project with respect to which such loan is requested.

(C) Any such loan shall have such security, have such maturity date, be repayable in such installments, and be subject to such other terms and conditions (including provisions for recovery in case of default) as the Secretary determines to be necessary to carry out the purposes of this title while adequately protecting the financial interests of the United States.

(D) No such loan shall have a term in excess of fifteen years.

(2) The Secretary may, for good cause, waive any right of recovery which he has by reason of the failure of a public organization to make payment of principal and interest on a loan under this section.

GRANTS, CONTRACTS, LOANS, AND LOAN GUARANTEES

SEC. 9. (a) The Director may make grants to public and nonprofit private entities, may enter into contracts with public and private entities and individuals, and the Secretary may provide loans to public entities, and may provide loan guarantees to private entities and individuals, for projects described in Section 5.

(b) No grant, contract, loan, or loan guarantee may be awarded under this Act unless an application therefor has been submitted to and approved by the Director, and the Rural Health Care Advisory Committee, nor shall any such assistance be awarded without the approval of the appropriate state and local medical society. Such an application shall be in such form and submitted to the Director in such manner as the Secretary shall by regulation prescribe. In order to be approved, an application shall include assurances to the satisfaction of the Director that existing facilities and services will be utilized to the maximum extent feasible, and shall contain information such as the Secretary shall by regulation prescribe. This shall include assurances satisfactory to the Director that the applicant is qualified to carry out the provisions outlined in the application and that the program will be conducted in cooperation with the planning entity referred to in section 10.

SEC. 10. The Director may not approve an application under this Act unless the planning agency referred to in section 314(b) of the Public Health Service Act, or if there is no such agency or organization, then the state planning agency referred to in section 314(a) of the Public Health Service Act has been provided an opportunity in accordance with regulations of the Secretary, to review the application and to submit to the Director for his consideration its recommendations respecting approval of the application.

SEC. 11. Payment may be made in advance or by way of reimbursement and at such intervals and on such conditions as the Director finds necessary.

SEC. 12. Contracts may be entered into under this Act without regard to Sections 364(b) and 3709 of the Revised Statutes of the United States (31 U.S.C. 529, 41 U.S.C. 5).

RURAL HEALTH CARE ADVISORY COMMITTEE

SEC. 13. There is established a Rural Health Care Advisory Committee which shall advise, consult with, and make recommendations to the Director with respect to overall planning, policies, objectives and priorities for the Office of Rural Health and the general administration of the program created under this Act. The Committee shall consist of eleven members, appointed by the Secretary, who by virtue of their education, training, or experience are qualified to carry out the functions as members of the Committee. Of the members so appointed, six shall be Doctors of Medicine, one of whom may be a doctor of Osteopathy, knowledgeable in rural health care delivery, one shall be a Dentist and the remainder shall be persons who are recognized authorities in rural health care delivery. The Secretary shall designate one member of the Committee to be Chairman of the Committee and the Committee shall meet at the call of the Chairman but not less than four times year.

(b) (1) The Committee shall conduct a study and shall within eighteen months after its appointment, and annually thereafter, submit to the Secretary and to the Congress a report on the accomplishments of this Act in meeting the goal of increasing the availability of health care in rural areas and also with respect to the need for continued assistance under the Act. The Committee shall include recommendations for legislative and administrative modifications as it determines appropriate to further the purposes of this Act.

(c) Members of the Committee (other than members who are fulltime officers or employees of the United States) shall, while serving on business of the Committee, be entitled to receive a per diem allowance for grade GS-18 of the General Schedule. Each member of the Committee, while so serving away from his home or regular place of business, may be allowed actual travel expense and per diem in lieu of subsistence as authorized by section 5703 title 5 of the United States Code for persons in the Government service employed intermittently.

MAOISTS PLAN ATTACKS ON UTILITIES IN SUPPORT OF AFRICAN TERRORISTS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, Maoist Communist groups have been active against utilities owned by the Southern Co. since last summer when the company announced the signing of a 3-year contract to import coal for use in its Florida power generating plants.

Local Maoist groups and coalitions in Birmingham, Mobile, and Atlanta immediately organized demonstrations and picket lines, in their words, to link "the struggles of United States and South African working people against their common enemy, U.S. imperialism."

I would note that the Communists' "anti-imperialist" campaigns are based on Lenin's precept that imperialism is the "highest stage" of capitalism.

During 1974, the two most vocal organizations involved in the coal protests were the Birmingham Coalition To Stop South African Coal, in which the Revolutionary Union plays the leading role; and the Atlanta Stop the Coal Coalition, in which the October League, the chief rival of the Revolutionary Union, sets policy.

Among the other organizations active in the Atlanta Stop the Coal Coalition are the African Liberation Support Committee—ALSC; the Black Labor Action Committee—BLAC; the October League's Atlanta Labor Action Alliance—ALAA—which was formerly known as the Atlanta Strike Support Committee; the Southern Conference Educational Fund—SCEF, a former operation of the Communist Party, U.S.A., which was taken over in 1973 by a Maoist-dominated coalition; and the self-admittedly socialist Georgia Power Project—GPP.

After a series of preliminary planning conferences coordinated by SCEF, approximately 150 members and supporters of militant groups who follow the Maoist variety of communism met in closed sessions in Atlanta, February 1-2, 1975, to organize the structure and policies of a new southwide coalition designed to block the import of South African coal by the Southern Co. and to organize support for guerrillas in Africa.

The conference call was initiated by the Southern Conference Educational Fund and was endorsed by the African Liberation Support Committee, an eclectic, nationally active coalition of Negro "cultural nationalists" and Marxist-Leninists.

The call was not widely distributed nor publicized, but was sent only to those "who can unite around, first, showing the connection between the struggles of workers and oppressed peoples in the United States and Southern Africa; second, concrete support for the liberation struggles in Southern Africa; third, relating the coal imports to the current crisis of imperialism."

The "imperialist press" was not invited, nor were representatives of rival Communist factions. When alert, patriotic constituents informed me of this radical meeting and the veil of secrecy was pulled away, its organizers responded with some Orwellian "doublethink" that the meetings were not secret, but would be open to prescreened reporters who would agree to report the conference favorably.

Among the groups represented at the Stop the Coal conference were:

The October League, Marxist-Leninist (OL).

The Revolutionary Union (RU).

Southern Conference Educational Fund (SCEF).

Workers World Party (WWP).

Iranian Student Association (ISA).

American Committee on Africa (ACOA).

African Liberation Support Committee (ALSC).

Black Workers Congress (BWC).

People's Community Hall, Mobile, Alabama.

Selma Project, Birmingham, AL.

New Orleans Strike Support Committee.

United Farmworkers Support Committee, Tampa, Fla.

African People's Socialist Party, Gainesville, Fla.

Nashville Black Labor Alliance.

Student Anti-Imperialist League, Tallahassee, Fla.

Committee for Prisoner Support, Birmingham, Ala.

Birmingham Coalition to Stop South African Coal.

Malcolm X United Liberation Front, Fla.

Tallahassee Anti-Repression Coalition.

Philadelphia (Pa.) Coalition to Stop Rhodesian and South African Imports.

Baltimore (Md.) Coalition to Stop Rhodesian and South African Imports.

Tallahassee Socialist Group.

Black Military Resistance League, Norfolk, Va.

Revolutionary Student Brigade, the RU youth group.

The Organizing Conference to Stop South African Coal took place in the Phyllis Wheatly YWCA in Southwest Atlanta. The keynote speaker at the conference was Tapson Mawere, the U.S. representative of the Zimbabwe African National Union—ZANU—who lives in New York City.

ZANU, whose leaders proclaim Marxism-Leninism-Mao Tse Tung thought as its guiding principles, was formed in 1963 by a Rev. N. Sithole in Rhodesia. Since that time, ZANU has engaged in terrorism against both black and white inhabitants of Rhodesia. ZANU guerrillas have received training in China, Algeria, and Ghana; and claim to have established "liberated zones" where cadre schools and military training activities can operate without interference from the Rhodesian Government.

The terrorist spokesman Mawere called for a boycott of all imports from Southern Africa and noted that while a boycott of South African coal would not greatly affect that country's economy, but could act as a "wedge" around which international solidarity against South Africa. He called for a boycott of all Rhodesian products, especially chrome ores and asbestos, which he asserted would quickly cripple the Rhodesian economy.

The entire conference was marked by bickering on minor issues among the major Maoist sects present, especially between the October League and the Revolutionary Union. Eventually in a unity move, a position paper prepared by the Atlanta chapter of the ALSC was accepted as the basis for future actions. Excerpts from this document are appended.

I want to point out that America's privately owned public utilities have been the target for a broad range of protest groups for some time. The Southern Co., the sixth largest utility in the United States, and its Georgia subsidiary, the Georgia Power Co., have been the target of an avowedly socialist group, the Georgia Power Project, which hopes to bankrupt the company by organizing mass protests against necessary rate hikes and thereby force eventual nationalization of the utility as a first step toward socialism.

The Maoist campaign against the utility is a part of a similar strategy. By stopping the import of lower cost coal, the Southern Co. will be forced to spend millions of dollars additionally. In a side benefit, the South African coal is low in sulfur and relatively nonpolluting, thereby saving the Southern Co. the cost of installing costly emission control devices.

The various groups at the conference spelled out the goals as educating "the American people about the nature of imperialism;" "building internationalism among the American workers and people;" and developing "the consciousness and fighting ability of the workers, oppressed peoples, and the American people in general."

While the liberal groups targeted for inclusion in the united front coalition did not attend the conference—after it had received critical publicity in the Rome News-Tribune—the Maoist radicals have stated that rank-and-file miners groups, union officials, consumer groups, and other progressive forces—such as liberal churches, students, community organizations, et cetera will be approached for inclusion in the united front coalition.

It remains to be seen how many of the progressive forces will be drawn in to act as the willing dupes of the Maoists in their fight against capitalism and support of African guerrillas.

The excerpts follow:

Maoists Plan Attacks on Utilities in Support of African Terrorists

The attempt of the Southern Company to import South African coal is a direct indication of the crisis of imperialism. The response to the Southern Company on the part of all those who wish to struggle against it, should be clearly understood as an action against the capitalist and imperialist system. Imperialism is at the heart of the exploitation of Black workers in South Africa and the American toiling masses. Our activity should be geared to unite as many forces as possible around a conscious, anti-imperialist program. While we do not see it necessary that all who would initially join the struggle would be consciously anti-imperialist, we do see it as our responsibility to give focus and direction to our work so that everyone will be educated as to the oppressive, exploitative, and vicious nature of imperialism and monopoly capital. As well, the struggle against importation of South African coal will lead into other areas of the crisis of imperialism such as unemployment, inflation, rising prices of utilities in general, national chauvinism, political represson, etc. The responsbility of this combination of forces is to follow where the logic of the struggle against imperialism leads, wherever it leads.

It is in this spirit that African Liberation Support Committee, Atlanta, puts forth a concrete program to Stop the Coal!

STRATEGY

We aim to expose the imperialist U.S. in its aggressive plunder, exploitation, and oppression of the worlds people at home and abroad, particularly as manifested in this South African situation. We would further, in the course of this, aim to expose the agents of, and the concilitators and collaborators with the U.S. bourgeoisie, from the State Department to the trade union bureaucracy.

We call for the broadest possible combination of forces to Stop South African Coal, the composition of which should be from all sectors of the population who oppose imperialism generally, and who oppose the importation particularly.

TACTICS

The following tactical recommendations should be accomplished through consistent well planned oral and written agitation and propaganda, demonstrations, mass mobilizations, forums, media, direct appeals, personal contacts, etc.

1. Working class and consumers

To get the longshoremen to refuse to unload the coal.

To engage in direct agitation at the generating plans where coal is burned.

To get workers to confront their unions to take a stand against the importation.

To appeal to the national and class consciousness of workers, organized and unorganized, in committees and caucuses to actively support the campaign, to educate them as to the reason for the "conditions of life" of South African workers and workers in the U.S.

To organize a campaign among consumers in the 5 state area to write Dont Buy South African Coal on their light bill.

To make Georgians aware that Georgia Power Company is indirectly asking them to support the oppression and exploitation of black mine workers, by importing the coal.

2. Legislation

Request that Congresman Diggs, House Chairman of the Sub-Committee on Africa, introduce legislation demanding to Stop the Coal.

Request that Diggs put before the Congressional Black Caucus, the necessity to oppose, by every political means, the importation of the coal.

Initiate among the people a letter campaign to Congressmen to Stop the Coal.

3. Mass activity

Demonstrations at public service commissions.

Mass picket lines at the docks, generating plants, power companies, etc.

Education and agitation by way of forums, attending community meetings, etc.

4. Student mobilization

University students agitation and demonstrations against schools holding stock in Southern Company.

5. Media exposure

Radio, T.V. appearances, newspaper articles. The latter should be particularly directed towards anti-imperialist newspapers as well as those of the liberation movements of Southern Africa.

6. Local agitation

Letter campaigns challenging power rate increases and connecting it with the importation of the coal.

Writing Don't Buy the Coal on light bills.

A massive post card campaign against the importation of the coal.

7. International appeal

Communication with the United Nations Committee Against Apartheid to discuss combined effort to oppose the importation, etc.

Appeal for support from those progressive, anti-imperialist African and Asian students in the U.S., i.e. Iranian, Ethiopian, and Southern African students.

STRUCTURAL RECOMMENDATIONS

A Steering Committee to coordinate all necessary communication and all activities between the five state region, to further develop programs, and to publish a bimonthly newsletter keeping all members informed of developments, progress, etc.

The Steering Committee would further be responsible for all liaison activities necessary between us and the United Nations. Congressman Diggs, and like forces, functioning in the capacity of official spokesmen.

We recommend that the Steering Committee be elected at the conference, and soon after convene a state-wide conference to organize work around the issue on a statewide basis.

We further recommend that a state representative be elected onto the Steering Committee.

GREEK ORTHODOX CHURCH OPENS CENTER

HON. JACK EDWARDS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. EDWARDS of Alabama. Mr. Speaker, on May 5, 1974, it was my pleasure to participate in the ground-breaking of the Hellenic Community Center—the educational and recreational center of the Annunciation Greek Orthodox Church in Mobile, Ala., along with His Grace Bishop Iacovos of Catania, Diocesan Bishop; the parish priest, Rev. Fr. Dimitrios Simeonidis, the parish president, Mr. Alex H. Zavros; the building committee chairman, Mr. George C. Panayiotou; the church benefactors and parishioners.

The center was constructed in rapid time and is now completed. It is a beautiful building, which is highly functional and serves the Greek community of Mobile in a fine way.

Recently, I was invited to return to speak in this magnificent center about my trip to Greece last January. I am most impressed by the tremendous concern on the part of the Greek people of my district with the plight of the people of Cyprus. But even more than that, I am impressed about their general interest in our country at all levels of government.

The Greek community of the First District of Alabama is made up of good citizens. I am proud to claim them as my friends. If all citizens took as much interest in the affairs of this Nation as they do, public apathy would vanish overnight.

SHOWDOWN WITH PUBLIC TELEVISION

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. CLAY. Mr. Speaker, public television has the responsibility to serve, entertain, and educate all segments of the community in which it operates. WNET-TV, as well as other public television stations, has failed in this regard. Its failure to live up to the purposes for which it was conceived and licensed is incomprehensible, especially when one realizes that it is financed entirely with public moneys and the contributions of citizens in the community which it serves.

WNET-TV's misinterpretation and misunderstanding of its mission is clearly outlined in the dissenting statement of Mr. Benjamin J. Hooks before the Federal Communications Commission. A copy of his statement follows:

Dissenting Statement of Commissioner Benjamin L. Hooks

In Re: WNET-TV, Public Television.* Complaint of the Puerto Rican Media Action and Educational Council.

WNET, the radiant jewel in the public television's crown, is unquestionably a media symbol of sophistication and urbanity whose programs I (along with millions of other Americans of every race persuasion, and background) have watched and frequently enjoyed. WNET does not, however, serve the public interest and I cannot put an approving imprimatur on its licenseeship by dismissing the instant complaint.

WNET's glaring deficiencies, its failure to live up to the purposes for which it was conceived and licensed, and its gross misinterpretation of its mission as a "public" broadcaster could not be better illuminated than by this complaint by Puerto Rican Media Action and Educational Council (hereinafter, "Council"). The Council's cogent, passionate, and important complaint beams a needed spotlight on what I believe to be the central offense committed by a public licensee. WNET's sin, one of arrogance, is to have concentrated its efforts on one minority group, the cultured, white cosmopolites, and too often neglected the enlightenment of other less fortunate minorities which it has a fundamental duty to

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Footnotes at end of article.

serve. Because New York, like this nation, is nothing but an amalgam of discrete minorities, the highly educated white community should, indeed, be served by WNET. But, its current pattern of establishmentarian predomination must cease; the time has come for a showdown with public television.

In its complaint, the Council contends that WNET has failed to provide sufficient programming of particular importance to the Hispanic community, has "either ignored the Puerto Rican community or failed to take into consideration the cultural, linguistic or educational needs of the Puerto Rican community,"[1] and has "consistently refused to produce Puerto Rican programming despite specific demands from the community for special programs."[2] It is pretty well stipulated that the particular Hispanic and Latino community described by the Coalition is about one and one half million people in WNET's service area.[3]

In response to the million-plus Hispanics who look to WNET as their "public" broadcasters, WNET asserts that the indictment is unjustified, citing some occasional examples of programs of Hispanic interest,[4] and seeking to excuse the balance of violations of its charter obligations with alleged financial inability.[5] WNET says that it has "aggressively sought funding for Hispanic programming, but has not been able to develop funding for one specific group from many of its sources."[6]

The Commission, although, candidly, uncertain of the appropriate role of contemporary public broadcasting, dismisses the essence of the Coalition grievance by a statement, which—in view of precedent and past expressions—I don't think it literally intended, declaring: "[W]e have consistently held that programming which is responsive to the needs of a community in general, need not be shown to be responsive to the particular needs of each individual group within that community."[7] That statement is an unfortunate distortion of settled Commission policy and the law. Without going further back than our *En Banc Programming Inquiry* where we specifically admonished licensees that they must direct programming to minorities, 44 FCC 2303, 2314 (1960), we have continuously ordered that a licensee cannot short change an expressed need and that special interest minorities must receive appropriate attention through programming.

We have unequivocally held that "special problems . . . give rise to a need for specific programming" to meet those needs. *Evening Star Broadcasting Company*, 27 FCC 2d 316, 332 (1971); and that "[t]he problems of minorities must be taken into consideration by broadcasters in planning their program schedules to meet the needs and interests of the communities they are licensed to serve." *Time-Life Broadcast, Inc.*, 33 FCC 2d 1081, 1093 (1972). With specific reference to this duty by public broadcasters, we recently said:

> . . . educational programming—its responsibilities to minorities within its service area are no less important than those of commercial broadcasters. Both types of stations do, of course, use a valuable public resource, for which privilege they are rightly expected to serve the needs of the public. This obligation includes not merely service to the general public but also service to significant, distinctive minority interests which are not and cannot be as fully served by commercial stations. *Alabama Educational Television Commission*, —— FCC 2d —, (FCC 74-1385, released January 8, 1975, at par. 21) (footnotes omitted).

The courts have ratified that position, noting that although "[h]ow a broadcast licensee responds to what may be conflicting and competing needs of regional or minority groups remains largely within its discretion. It may not flatly ignore an expressed need . . ." *Stone* v. *FCC*, 151 U.S. App. D.C. 145, 157, 466 F. 2d 316, 328 (1972).

Moreover, although I recognize that minority groups do derive great benefit from programs of mass appeal, *Stone, supra*, and that general public affairs shows cannot always be broken down into ethnic points of view, *Columbus Broadcasting Coalition* v. *FCC*,— U.S. App. D.C.—, 505 F. 2d 320, (1974), there exists a simultaneous obligation not to elevate the general to the unreasonable impoverishment of significant minority groups. *United Church of Christ* v. *FCC*, 138 U.S. App. D.C. 112, 425 F. 2d 543, (1969). *Alabama Educational, supra*, removed all doubt as to the transcendant need to go beyond general appeal programming saying: ". . . we cannot accept that appeal to the general average of tastes, intellects, problems, needs and interests is the one and only way for programming decisions to be made. A licensee cannot with impunity ignore the problems of significant minorities in its service area." (FCC 74-1385, released January 8, 1975, at par. 22). A hint as to what the courts consider an "expressed need", and the magnitude of public dissatisfaction necessary to require the FCC to dig into programming neglect of a significant minority is found in the so-called "format cases."[8] The "public grumbling" about insufficient programming attuned to expressed needs represented by the Coalition is from over one million persons of Spanish lineage and its views with respect to inadequate minority attention are shared by other identifiable minority segments of the WNET service area.

That the principal purpose of public broadcasting is to provide an alternative education media is clear from the legislative history of the Public Broadcasting Act of 1967 (Public Law 90-129, approved, November 7, 1967, 81 Stat. 368, 47 U.S.C. § 396 *et seq.*). Congressional intent in adopting public broadcasting's organic statute was: "to assist in establishing innovative educational programs, to facilitate educational program availability, and to aid the operation of educational broadcasting facilities; and to authorize a comprehensive study of instructional television and radio."

H.R. Rep. No. 794, 90th Cong., 1st Ses. 1, (1967). The above language, as well as the Public Broadcasting Act itself confirm that education and instruction of excellence was the prime objective of government in conceiving this service; not, fundamentally, enlightened entertainment.[9] The Commission has reiterated that purpose especially with regard to minorities by pointing out that the strength of educational television derives "from its ability to be innovative and to serve significant minority tastes, needs and interests." *Ascertainment of Community Problems by Educational Broadcast Applicants*, 42 FCC 2d 690, 693. "Indeed an argument can be made that the educational broadcaster has a very special obligation to serve needs over and above what is expected of commercial stations inasmuch as the educational broadcaster not only receives the benefits of the public spectrum but also is supported by general public funds, the rationale for which is providing special services to the community." *Alabama Educational Television Commission, supra*, at note 17.

Because it is not primarily responsible for the defection of public broadcasting from its charter obligations or its present identity crisis, I do not intend to further chide the Commission for WNET's derelictions. The chief fault lies in public broadcasting's abdication of its role as the "people's television medium", a medium wholly funded by the public through tax money and citizen contributions. And, according to a recent article, Conner, "Public TV Stations Experience No Recessions as Viewers Donate Money In Record Amounts." Wall Street Journal, January 22, 1975, at 2, col. 1, public broadcasting and WNET in particular can stop crying poverty. In this reportage, it is stated that "WNET yesterday kicked off an ambitious $10 million 'independence fund campaign,'" more than "$5.2 million of the total" being raised before the campaign started and that Ford Foundation matching dollar grants are expected to yield a "fund of $20 million". WNET's defense of indigency to the Council mentioned earlier, cannot be made today with good faith. In fact, WNET's past financial limitations are all the more reason why its inordinately high expenditure on cultural delicacies was unjustifiable. If a budget is tight, basics must be favored and luxuries foregone. WNET's financial excuse is a perversion of those priorities.

Perhaps, like some *nouveau riche* individuals we have all known, WNET's recent wealth will cause it to further forget the ordinary folk they originally were established to serve and push their social climbing deeper into exclusively high brow latitudes. Or, maybe, in addition to callously pursuing an audience ratings battle with commercial broadcasters, public television will become increasingly interested in "checkbook ratings". That is, its programs will be keyed more heavily to that societal segment affluent enough to donate the "record amounts" of which the Wall Street Journal speaks, thereby perpetuating a form of self-enrichment for which commercial broadcasters are repeatedly scorned. Whatever the truth underlying those two speculative possibilities, it is informative to note that the Wall Street Journal article, *supra*, observes that "[t]he list of those who have donated the $5.2 million WNET has raised so far reads something of a Who's Who" (which, quite likely, does not contain a roster of the Puerto Rican Media Action and Educational Council.) With respect to the Coalition's complaint, the record (note 4, *supra*) shows that over a three-month period from November, 1973, to January, 1974, (about ¼ of a year), WNET presented a lean and sporadic schedule of Spanish-oriented programming. The only such program presented on an almost weekly basis, "Realidades," was reduced in presentations later that season. *Majority Opinion* at note 4. Thus, where the educational and cultural needs of the million and one half Hispanics, many of who cannot even speak another language, should have been attended to nearly daily because of their great need, WNET is fortunate to be able to show barely one, regular program a week so intended. Compare this niggardly apportionment of program time to the overwhelming amount of scheduling directed to the white intelligentsia. The comparison speaks, disparagingly, for itself. The manifest unreasonableness of these programming balances raises questions about WNET's *bona fides* and reasonableness calling for review. *See Programming Policy Statement*, 25 Fed. Reg. 7291 (1960).

Again, this is not to say that lofty, cultural programming is not properly within the province of public broadcasting. As I said at the outset, and not at all facetiously, I have enjoyed many of WNET's presentations. So too, do almost all of the minority citizens, Black, Yellow, Browns and White, and public interest group representatives I've spoken to about public broadcasting.

They agree that esoteric fare, spurned by the mass-targeted, privately-owned stations, belongs on public television because it is not mass-oriented. From its perpetually low ratings, it is evident that WNET's British drama, German music, French cuisine, and Russian Ballet are of interest to a minimal portion of the television audience.

I have, over the years, become increasingly disconcerted with the path taken by educational broadcasting and in an address I made in 1972, also critical for the same reasons set forth herein, I said "your name is Legion;"[10] you must serve all the myriad interests of this diverse society, particularly those marginally served by the mass-directed commercial system. If public television did not suffer a preoccupation with competing with commercial broadcasters by stressing its version of mass appeal programs and, rather, attempted to narrow its focus on unique minorities it might find itself doing better. Perhaps, instead of slick, sophisticated packages (many imported), WNET could try simply supplying capable and interested Hispanics and other minorities with studio space, equipment and some technical expertise and let some of these groups "do their own thing". Some of the productions—in comparison to commercial TV—would undoubtedly look amateurish. But, as an educational tool, it would be unsurpassed and it would provide a glimpse into the "real" culture and character of "real" people, the very people who own the public system. While such programs would cost less (thus alleviating some of public broadcasting's averred financial squeeze), experience has demonstrated that minorities are uniformly interested in programs directed specifically to them. And, with time, these efforts would improve. Excellence is a transportable description; there can be such a thing as excellent local studio shows. I love the *concept* of public broadcasting because of its ability to concentrate on minority concerns. Without attempting to "rub it in", a reorientation away from its current disproportions to something along the lines I perceive, could not do much to jeopardize its ratings which, at present, are almost *de minimus*. It might even improve those ratings. But even if gross ratings do not ascend, the public interest in providing minority service would be served and that, after all, is what an FCC license requires.

By styling itself, preponderantly, as an electronic Harvard liberal arts course,[11] public broadcasting has forsaken those less privileged and influential whose cultural and educational needs are far more on a "street academy" or community college scale. By aspiring to titillate the sensibilities and sensitivities of the twentieth century Renaissance man, it has overlooked the intellectual needs and sensitivities of that core of the population, which, after years of third-rate education and cultural repression, is just emerging from the chains of the eighteenth and nineteenth centuries. By disproportionately featuring the refinements of Western European heritage, it has slighted those whose heritage derives from Africa, Latin America and the Orient.

Public television, without the legal or moral right to do so, has become the caucasian intellectual's home entertainment game. Its attitude toward the Council's lament of insufficient programming for Latinos is reflective of the disdain it has shown to many Black groups and others. It throws these disadvantaged people a few token bones and, aloofly, turns its back, wanting not to "mingle with the masses." Who then, if not public broadcasting whose very reason for being is its great alternative promise, will supplement the cultural and educational offerings of majority institutions? What media, if not "the people's television", will explain the complex social, financial and political intricacies of New York, the nation and this world? Does public television expect to continue to slough off these responsibilities, wholly or primarily, to commercial broadcasters?

Because these are serious and material questions of fact relative to WNET's service in the public interest, and because this disposition leaves those critical questions unanswered, I must dissent.

FOOTNOTES

*While this statement is directed to WNET-TV inasmuch as its performance, from a legal standpoint, is the sole issue before us, the sentiments herein expressed are just as applicable (more or less) to the public broadcasting establishment generally and the individual licensee components thereof.

[1] *Majority Order* at *par*. 18.

[2] *Id*. at par. 20.

[3] *Id*. at note 3.

[4] *Majority Opinion*, Attachment A.

[5] See the discussion of decidedly contrary description of WNET's fiscal fortunes of late in this opinion, *infra*.

[6] *Majority Opinion* at par. 18.

[7] *Id*. at par. 16.

[8] *E.g., Citizens Committee* v. *FCC*, 141 U.S. App. D.C. 109, 436 F. 2d 263 (1970); *Citizens Committee to Keep Progressive Rock* v. *FCC*, 156 U.S. App. D.C. 16, 478 F. 2d 926 (1973).

[9] Throughout this statement I have maintained that there is a place on public broadcasting for sophisticated entertainment. As President Johnson opined when signing the Public Broadcasting Act into law:

> It [P.L. 90-129] announces to the world that our Nation wants more than just material wealth; our nation wants more than a "chicken in every pot." We in America have an appetite for excellence, too.
>
> While we work everday to produce new goods and to create new wealth, we want most of all to enrich man's spirit.
>
> This Corporation [for Public Broadcasting] will assist stations and producers who aim for the best in broadcasting good music, in broadcasting exciting plays, and in broadcasting reports on the whole fascinating range of human activity. It will try to prove that what educates can also be exciting.

Weekly Compilation of Presidential Documents, Vol. 3, No. 45 at 1531 (1967). Yet, the President was also sanguine about the educational potential of the medium. With public television, he hoped and anticipated:

> . . . great network for knowledge—not just a broadcasting system, but one that employs every means of sending and of storing information that the individual can use.
>
> A famous teacher could reach with ideas and inspirations into some far-off classroom so that no child need be neglected. *Id*.

[10] "Undertones of Racism", *Educational Broadcasting Review*, Vol. 6, No. 6, at 387 (December, 1972) (reprinted from a speech before the National Association of Educational Broadcasters, Las Vegas, Nevada, October 31, 1972).

[11] In view of its Anglophilic propensities these days, Oxford or Cambridge might be more correct.

SHAMROCKS TO THE MOON

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. MINISH. Mr. Speaker, earlier this week millions of Americans joined to honor the Irish and to observe a day set aside in tribute to their patron, St. Patrick. Whether we are Irish by birth, by descent, or in spirit St. Patrick's Day unites us all in the celebration of the Irish character and culture.

A constituent, close friend of mine, and proud Irish American, Mr. O. Vincent McNany of Maplewood, N.J., recently brought to my attention just how far the Irish spirit and Irish tradition have spread. To elaborate, let me quote from the book "To Rule the Night" by Astronaut James B. Irwin who walked on the Moon as part of the Apollo 15 crew:

> Since I am Irish and was born on St. Patrick's Day, I had planned from the time I was first selected for the (Apollo) program in 1966 to take shamrocks to the Moon.

So, Mr. Speaker, the shamrock now rests on the Moon.

USRA PRELIMINARY SYSTEM PLAN IN NEED OF AMENDMENT TO SAVE LIGHT DENSITY LINES

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. HUGHES. Mr. Speaker, on Monday, March 17, I testified at the Interstate Commerce Commission hearings in Trenton in response to the U.S. Railway Association's preliminary system plan as it affects more than 50 miles of rail line in the Second District of New Jersey which I represent.

I was not in Congress last term when the Regional Rail Reorganization Act was passed, but at this time I forsee some problems that need correction. In a few months I will propose an amendment to the act concerning the ratio in subsidy funding. I will propose a 90/10 instead of the existing 70/30 formula for States like New Jersey which can prove that insolvency prevents the appropriation of funds to subsidize light density lines.

The U.S. Railway Association plan, in my estimation, is myopic in that it fails to recognize south Jersey as a growth region for metropolitan Philadelphia. If these light density rail lines are abandoned the future development of south Jersey industry would cease, and existing small businesses forced to close, adding to an already intolerable level of unemployment.

It seems absurd that the Senate Finance Committee last Friday finalized a tax bailout bill which would save four corporations—American Telephone & Telegraph, Lockheed Airlines, Pan American Airlines, and Chrysler Corp.—while for lack of a modest subsidy, vital light density lines may be abandoned in my district and in others under the ConRail proposal.

Related materials follow:

NEWS RELEASE

TRENTON, N.J.—The Federal Government must be prepared to step in to save railway lines that serve small businesses in states, like New Jersey, which claim they can't meet the subsidy-sharing scheme of the Regional Rail Reorganization Act, U.S. Rep. William J. Hughes said today.

Testifying on a Preliminary System Plan submitted by the U.S. Railway Association, Hughes told an Interstate Commerce Commission hearing that he would seek to amend the Act when it is reexamined by Congress later this year.

"It shall be my intention to seek to authorize a change in the subsidy formula from 70 to 90 percent federal and in very special cases total federal subsidy should a rail abandonment threaten to cause a serious adverse impact on a community."

Hughes said that the proposal as submitted would abandon six light density lines in his district because the state claims it does not have the $350,000 a year necessary as its share for keeping the lines operating. Those lines, which Hughes said are all in need of subsidies assistance to continue serving small businesses are: the Toms River to Pinewald 4.1 mile track in Ocean County; the 3.8 mile Pleasantville to McKee City track and the 3.9 mile Pleasantville to Linewood line in Atlantic County; the 16 mile Glassboro to Vineland track and the 18.2 mile Glassboro to Bridgeton line, and finally a 6.8 mile commuter-freight line from Palermo to Ocean City.

Hughes said that the USRA plan "takes an incredibly myopic view of the future of South Jersey. The counties of Salem, Cumberland, Cape May, Atlantic, Burlington and Ocean all contain large open space areas and are logical choices for industrial expansion for the Philadelphia urban area.

"This proposal abandons far more than some 50 miles of railway line. It abandons South Jersey industry and threatens to put still more people out of work in counties, such as Cumberland, where unemployment is already running at the intolerable rate of nearly 17 percent.

"The twin economic disorders of inflation and recession have taken an enormous toll in South Jersey and now, for added measure, we prepare to respond by making matters worse."

Hughes told the Commission that the survey of freight traffic along the Central New Jersey and Pennsylvania-Reading Seashore Lines was taken at a time when the South Jersey area that these lines serve "was and continues to be economically depressed. The survey looked to the past and its conclusions, not surprisingly, were a self-fulfilling prophesy.

"I think we need to consider the future and recognize that South Jersey is a logical growth area for industry. So let us not take actions today which will cut off industrial lifelines tomorrow."

Hughes made note of the February statement of USRA Board Chairman Arthur Lewis who said that federal subsidies were sufficient to keep all light density lines in operation should state and users come forth with their 30 percent. In fact, Lewis said, there might be as much as 20 million dollars in reserve from what the Congress authorized for subsidy.

New Jersey officials, however, have claimed that the state is broke and won't be able to put up its share of $350,000 to trigger the release of one million dollars in federal funds.

This led Hughes to recommend a 90 percent federal, 10 percent state formula to be released to states which show evidence that they do not have the means to come up with their 30 percent.

Hughes said that the extra $300,000 or slightly more that the federal government would make available to New Jersey would be well spent if it meant keeping small industries operating, and in the case of the Ocean City line, a vital commuter rail service open.

"Some of you may have read last Friday that the Senate Finance Committee overwhelmingly approved a bailout bill in the form of multimillion dollar tax cuts for four major corporations.

"Tax forgiveness for American Telephone & Telegraph would amount to $400 million. A $150 million cut was approved for Chrysler Corporation, $65 million for Lockheed Aircraft and $40 million for Pan American Airways. This, the Committee said, was to make sure these firms do not go under.

"A nation that is prepared to bail out American Telephone & Telegraph can afford to keep light density rail service open to areas where it is critical to its economic recovery."

Statement of the Honorable William J. Hughes at Hearings on the U.S. Railway Association's Preliminary System Plan

Good morning, my name is William J. Hughes, for the past two months the Congressional representative of New Jersey's Second District which, in geographical terms, is very nearly a third of the state.

No other section of the state stands to loose more in the way of freight service in the years ahead than my district should this Preliminary System Plan become the Final System Plan.

Gentlemen, I will come straight to the point.

This proposal abandons far more than some 50 miles of railway line. It abandons South Jersey industry and threatens to put still more people out of work in counties, such as Cumberland, where unemployment is already running at the intolerable rate of nearly 17 percent.

The twin economic disorders of inflation and recession have taken an enormous toll in South Jersey and now, for added measure, we propose to respond by making matters worse.

This Preliminary System Plan takes an incredible myopic view of the future of South Jersey. The counties of Salem, Cumberland, Cape May, Atlantic, Burlington and Ocean all contain large open space areas and are logical choices for industrial expansion for the Philadelphia urban area.

There are already burgeoning industrial parks in several counties and plans for more. If this plan goes through, however, freight service would be severely curtailed unless the state government—which claims virtual bankruptcy—comes up with its share of federal-state subsidy moneys.

If the State of New Jersey fails to ante up its share of subsidy funds to keep vital freight service operating in rural parts of the state, are we then limited to idly watch as one industry after another shuts down?

I would hope not and will conclude my remarks with a suggestion on how this might be avoided.

Perhaps most incomprehensible is the fact that the survey of freight traffic along the Central New Jersey and Pennsylvania-Reading Seashore Lines was taken at a time when the whole area these railways service was and continues to be economically depressed.

The survey looked to the past and its conclusions, not surprisingly were a self-fulfilling prophesy.

I think we need to consider the future and recognize that South Jersey is a logical growth area for industry. So let us not take actions today which will cut off industrial lifelines tomorrow.

REGIONAL RAIL REORGANIZATION ACT

I was not in Congress when the Regional Rail Reorganization Act of 1973 was passed. I am there now and already can foresee that it is in need for further amendment.

Barely three weeks ago the U.S.R.A. issued its preliminary plans and set a course for these hearings and ultimate Congressional approval or rejection by Fall.

If the Commission is able to keep to this timetable, it is certain to act as an inspiration to the new ConRail system.

I don't pretend to be an expert on railroads or even on the Rail Reorganization Act. But I do know, after considering the likely possibility of the abondonment of six light density lines in South Jersey, that the 70 percent federal, 30 percent local subsidy formula is in need of change.

For what will happen if New Jersey fails to put up the $350,000 it says it basn't got to keep those lines not recommended for the ConRail system operating?

The answer is apparent. They will simply cease to be.

Are these lines then so unimportant that their abandonment will go unnoticed? Let us look at the six failing lines not recommended for the ConRail system in my district. And, more importantly, let us consider their potential as well as their current operating losses.

TOMS RIVER TO PINEWALD

The Toms River to Pinewald light density line is a 4.1 mile Class I track in Ocean County. True, in 1973 it operated at a loss of $84,213 or $1,504 per carload.

But what is the real loss if the line is abandoned and unsubsidized?

The real loss is in the projected 4,000 inbound carloads and 15 outbound carloads projected in the next five years by the Jersey Central Power & Light Company at Oyster Creek. Add to this a possible nuclear generating station at Forked River, with another 800 carloads per year through 1978 and construction work for 3,000 tradesmen, and the economic impact becomes impressive.

ATLANTIC COUNTY

In Atlantic County we have two short lines which, abandoned and unsubsidized, would almost certainly mean the loss of an industrial park and the possible closing of many businesses.

The Pleasantville to McKee City track served by the Pennsylvania-Reading Seashore Lines travels a distance of only 3.8 miles. But it serves an industrial park complex which expects to add to the firms already located there—provided rail service is uninterrupted.

Here there is the possibility of error by the USRA in its preliminary report. Frank Burke, treasurer of the Atlantic City Press and Chairman of the McKee City Spur Users Committee, plans to challenge at these hearings the estimated number of 107 carloads a year serviced by this line.

The total may be three or four times as great and since the newspaper itself used 83 carloads for its operation, this spur may not be nearly as unprofitable as the $227 per carload estimate made in the survey.

Even if it were, the point again is the need to consider the long-range growth potential of the service area.

Termination of the 3.9 mile Pleasantville to Linewood spur could force Dee Lumber Company, an important employer, out of business. Herbert Adler has advised me that his firm would be unable to price its products competitively if rail service was discontinued.

CUMBERLAND-SALEM COUNTIES

The Millville branch of the Pennsylvania-Reading Seashore Lines extends for 16 miles from Glassboro in Goucester County to Vineland in Cumberland County.

Several firms may face economic ruin if rail service is eliminated. Let me read a typical letter from Walter R. Sjogren, President of Whitehead Brothers Company, an industrial sand supplier in Florham Park:

". . . if the railroad is discontinued," he writes, "the cost of finding alternative shipping arrangements will be so exorbitant that we will not be able to justify continued operation at (three) locations."

Continued service along the Bridgeton branch from Glassboro to Bridgeton is, if anything, even more urgent. This 18.2 miles spur passes through three counties—Goucester, Salem and Cumberland.

A 4,000 to 5,000 acre industrial park is planned along the line near Bridgeton. Though considered unprofitable for ConRail, the line nonetheless generated 1,894 carloads by USRA estimates in 1973. Cessation of service would have a devastating effect in the three county area.

Scholick Mills, which relies on railway supplies from the Midwest, would almost certainly shut down. Owner George Scholick states it would simply be impractical to attempt to arrange for 450 trucks to form an alternative supply line. My office has already received a petition from nearly 500 farmers who depend on the mill for feed stock.

This line also serves, as in Ocean County, a supply link for a nuclear generating plant under construction. This is the facility at Artificial Island in Salem County.

I am reminded that in a statement made

by USRA Board Chairman Arthur D. Lewis prior to the release of the Preliminary System Plan special consideration was to be given to the preservation of rail service to sources of energy and to the "minimization of job losses and associated increases in unemployment.

On both these counts we can make a case for continuing the Bridgeton line.

OCEAN CITY BRANCH

The sixth and final line not recommended for ConRail inclusion is unique. The 6.8 mile stretch from Palermo to Ocean City continues its growth despite the need for repair as a commuter link.

Commuter use of the rails should be encouraged yet here where a successful service is growing, we are faced with possible abandonment.

As recently as the week of March 3, a check of passenger service from Ocean City to Tuckahoe revealed full accommodations with 89 passengers aboard.

In this case, loss of the freight line also signals loss of commuter service. Neither should happen.

SUBSIDY PAYMENTS

Earlier in my remarks I mentioned that I would conclude by suggesting how the abandonment of these lines could be avoided.

Returning for a moment to the Regional Rail Reorganization Act, Section 401(a) states that rail service continuation subsidies should be used where "the cost to the taxpayer of rail continuation subsidies would be less than the cost of abandonment of rail service in terms of lost jobs, energy shortage and degradation of services."

Yet what happens in states—like New Jersey—which profess an inability to contribute 30 percent of the cost toward keeping the lines operating?

USRA Board Chairman Arthur Lewis may have provided us with an answer last month when he announced that federal subsidies for light density lines not included in ConRail will not exceed $75 million though the Congress authorized $90 million.

It shall be my intention when the USRA presents the Final System Plan to Congress this year to seek an amendment which would authorize the expenditure of the federal share in certain cases under a 90 percent federal, 10 percent state formula.

In very special cases, where it could be demonstrated that a state and the line customers were financially unable to even put up 10 percent, and that abandonment would cause a serious adverse impact on a community, a total federal subsidy would be allowed.

To become eligible for these moneys, a state would have to satisfactorily prove evidence of its insolvency—rather than an unwillingness—to contribute toward the cost of keeping light density lines in operation.

I would hope that the Interstate Commerce Commission might give thought to supporting such a formula revision.

Some of you may have read last Friday that the Senate Finance Committee overwhelmingly approved a bailout bill in the form of multimillion dollar tax cuts for four major corporations.

Tax forgiveness for American Telephone & Telegraph would amount to $400 million. A $150 million cut was approved for Chrysler Corporation, $65 million for Lockheed Aircraft and $40 million for Pan American Airways. This, the Committee said, was to make sure these firms do not go under.

The $1 million, $350,000 to save light density lines in New Jersey and the hundreds of customers they serve palls by comparison.

A nation that is prepared to provide welfare to the wealthy can save the small businesses dependent on rail service.

I would prefer a 90 to 10 split because I do believe that the state and those along the lines should share in the commitment to keep them open. However, I can see circumstances that would call for total federal subsidy, at least until an area is back on an even economic keel.

We have precedence in such a 90 percent federal, 10 percent local formula in the construction of our interstate highway system. Certainly the continuance of rail service to businesses dependent on them is as important as creating a high-speed highway network.

Let me close by saying that the continuance of light density rail service in South Jersey, in the opinion of those who use those lines, is crucial to the economic recovery of the entire region.

They must not be abandoned. And if it is a question of additional funds, I will work at the federal level to get them.

We simply cannot stand the additional job layoffs in my district which would certainly result from closing these six rail lines in these economically difficult times.

SALARY STRUCTURE OF VA PHYSICIANS

HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. MILFORD. Mr. Speaker, the quality of medical services within veterans' hospitals is a valuable one that must be maintained in every way possible. In the future, we shall be considering legislation (H.R. 1545) which shall affect the salary structure accorded to VA physicians. I am submitting a letter from Dr. S. Eisenberg, a constituent in the 24th Congressional District, who has made a valid and timely point:

DEAR CONGRESSMAN MILFORD: It is the purpose of this letter to apprise you of a gross inequity existing in the salary structure of VA physicians viz-a-vis private and university physicians which could threaten the very existence of what should be one of the proudest programs of the U.S. Government. The following points should be made unambiguously:

1. The maximum salary restriction ($36,000) of the past five years has been tantamount to a yearly salary reduction—and has prompted many top-notch physicians to seek employment elsewhere.

2. We have, in recent years, been extremely successful in recruiting superb physicians into the VA. This entire picture is rapidly changing because of our salary restrictions.

3. It is pointed out by various concerned persons in Congress that there is no "groundswell of public opinion" in support of corrective legislation. It is clear that such will not be forthcoming, but on the other hand, it completely escapes me as to why this is even remotely to be considered a political issue. This type of problem must be decided upon merit, not public opinion; clearly very few people would rally to the cause of a group making $36,000, but this in no way diminishes our need. Many lay persons are simply not as well informed regarding such issues as are our elected officials and to refuse to consider this on such grounds would reveal an appalling lack of sensitivity to the nature of the grievance.

4. This is a matter of extreme urgency.

S. EISENBERG, M.D.,
Chief, Medical Service.

UNEMPLOYMENT AMONG BLACK TEENAGERS

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mrs. CHISHOLM. Mr. Speaker, we have heard a lot about the rate of unemployment in this country and the problems of those who are suffering the consequences of what has become our worst economic crisis in 40 years.

Even in times of prosperity, unemployment has been a major problem among black teenagers. Now, our current economic situation has had catastrophic effects on that group of Americans.

We have not paid enough attention to the particular plight of black teenagers who want to work and cannot. It is not simply a matter of these young men and women not being able to earn "spending money." Rather, it is a problem which affects many black families as well. A good number of black teenagers contribute their income to the operation of a household. With the high number of single-parent families in black communities, most of them headed by women, unemployment of these families' teens is tantamount to having an unemployed father. It is not enough to talk about making summer jobs available to these teenagers; many of them seek and need full-time permanent jobs.

I found this news analysis by Herrington Bryce, director of research and director of the Public Policy Fellows Program for the Joint Center for Political Studies, on the crisis in unemployment among black teenagers an insightful discussion of this problem. Mr. Bryce's article, which appeared in the March 12, 1975, Washington Post, makes it startlingly clear that we must take a hard look at this crisis and find some remedies. The article follows:

THE CRISIS IN BLACK TEENAGE UNEMPLOYMENT

(By Herrington J. Bryce)

The rate of unemployment among black teen-agers has risen by an astronomical 43 per cent over the last year. Nearly 400,000 black youths (41.1 per cent of their labor force) are pounding the streets looking for work.

It may come as a surprise to many, but the rate of unemployment among black teenagers has always been intolerably high. Even in good times, say in 1969, when the overall unemployment rate was 3.5 per cent, the black teen-age unemployment rate was 24 per cent. Furthermore, ever since the middle '60s the black teen-age unemployment rate has been more than twice that of their white counterparts. Ever since the 1957–1958 recession, at least a fourth of all black teen-agers have been unemployed.

We did not get to the 41 per cent unemployment rate in one big leap. It should not have been a surprise. Knowing that teen-age unemployment climbs rapidly in a recession, we should have expected it as part of the overall forecast of an 8 plus general unemployment rate. Moreover, during the year the black teen-age unemployment rate worsened steadily month by month, but nobody noticed. It was 34.5 per cent in October, 36.9 per cent in November, 37.7 per cent in December and, then the jump to 41.1 per cent in January. And figures seriously underestimate the gravity of the problem. Black teenagers are accelerating the pace at which they leave the labor force. Between 1973 and 1974, alone, the number of black teen-agers who left the labor force in disgust and convinced that they could not find jobs more than doubled. These discouraged youths are not counted among the unemployed.

And the problem is not only in the poor sections of our cities. At the close of last year, the unemployment rate for black teenagers living in the poor sections of our metropolitan areas was 43 per cent compared to 34 per cent in the non-poor areas. Even black teen-agers outside of the large cities have an intolerably high rate. More than one fourth of them are unemployed. And most are not eligible for unemployment insurance even under the new expanded program; for many are not part of the experienced labor force, and many quit voluntarily or did not work long enough to qualify.

The unfortunate part about all this is that we have consistently belittled the problem of high black teen-age unemployment. The argument persisted that teen-age unemployment was not all that important. It was the male head of the household who was important. The error in this chauvinism is that nearly 34 per cent of black families as compared to 10 per cent of white families are with a female head and this fact is especially poignant with poor black families; 64 per cent are female-headed.

The point is that black teen-agers contribute significantly to the earnings of their families. While their median income is just over $600 per year, this is just under one-tenth of the income of the average black family. Such a proportion is critical in low-income black families. Furthermore, 20 per cent of low-income black families have more than one wage earner. Who are these other earners? Many are teenagers.

The situation is substantially different among white low-income families. Poverty in this group relates more to the elderly than it does among blacks where poverty is the plight of people who have children.

It is not only in respect to their contribution to family income that black teen-agers' work is important, but also with respect to their future. Teen-age employment provides work experience, it provides an early opportunity to select professions, to develop proper work attitudes, and to obtain an exposure to new friends. Little wonder that we find that after years of being beaten around in the labor force, blacks develop high labor market turnover rates. We destroy proper work attitudes at the outset.

What can be done? Many call for summer employment for youth. The United States Conference of Mayors is asking for approximately 1.2 million summer jobs for their urban youth. Laudable, but for blacks this misses the point. The seriousness of black teen-age unemployment is year-round. It has been 38 per cent or more during these winter months.

Public service employment? Yes, but the number of jobs to be provided by the current public service employment program is so small that it will not have an appreciable effect even on the adult unemployment rate. Faced with a choice, employers will (as they must) choose adults—not teen-agers.

Many suggest training. But during all the training and placement activities of the '60s, the black teen-age unemployment rate was 25 per cent or better. This is not to say that we do not need these programs. We need a more intensified and a more sophisticated effort than those of the 1960s.

Naive as it may seem, I believe that commitment (money and policy) is what it is all about. The fact is that in our economy neither the private nor the public sector has any commitment to full employment. The private sector's commitment is to higher profits. This is frequently attained merely by increasing prices. Sometimes it is attained by firing or furloughing workers which only increases the unemployment rate.

It is true that full employment is a nebulous concept. But it does change priorities. It directs and mobilizes the government to find jobs. Furthermore, when the economy is fully employed blacks, women, teen-agers and unskilled workers do relatively well. Historically, their wages rise faster than those of very skilled workers. They do well because employers, faced with a pressing need to increase their output to meet a rising demand, find it too costly to discriminate or to put unrealistic requirements on who they hire.

Admittedly, education is no panacea—one fifth of all black family heads who are poor had at least a high school education. A black who has finished high school makes no more than a white who finished eighth grade and one who has finished college makes no more than a white college dropout. All this aside, education is important. Most black teenagers ought to be in school rather than in the labor market.

The sad reality of black teen-age life is that it lacks viable alternatives. White teenagers also leave the labor force. But they have some place to go. They are enrolling in colleges and in the military in increasing numbers. Many go home to parents who are not economically strapped.

Unfortunately, as the teen-age unemployment rate rises, blacks will have to compete more intensely for entrance into colleges which is a newfound hope. As the supply of potential students and soldiers swells with young whites who are leaving the work force in search of alternatives, there will be a strong incentive for college and military recruiters to screen out blacks either on the basis of qualification or discrimination. The black teen-ager will continue to fall behind.

SHE TELLS IT THE WAY IT IS!

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. SARASIN. Mr. Speaker, I would like to take this opportunity to honor Mrs. Bertha Watrous of Waterbury, Conn., who is celebrating her 100th birthday on March 24. Mrs. Watrous was born in 1875 and brought up in Bantam, Conn., on a farm where she spent most of her life. Her contributions to her country include raising a daughter and an adopted son and providing help during the war rolling bandages for the injured abroad.

I am pleased to say that I will be visiting Mrs. Watrous, who still enjoys excellent health and plays the piano. Her family has grown to include 3 grandchildren, 7 great-grandchildren and 12 great-great-grandchildren. Those who live with her at the Whitewood Manor home will attest to the fact that this spunky little lady still tells it the way it is.

Her life and good humor provide an example for all Americans. Mrs. Watrous has seen national economic difficulty, major world wars, death and destruction, and she remains candid and optimistic about people and their ability to summon all the resources and talents necessary to solve our multitude of problems. At this time, I would like to extend my personal congratulations to Mrs. Watrous and her family and wish her a very happy birthday.

THE EXTENSION OF VISAS TO CHILEAN POLITICAL PRISONERS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. HARRINGTON. Mr. Speaker, the State Department has approached Congress with a proposal to admit Chilean political refugees to the United States. Traditionally, visa quotas are waived so that citizens victimized by their own country can have a safe haven. Hence, the State Department's suggestion, besides having merit as a humanitarian act, acknowledges that the Chilean junta is violating the human rights of its countrymen.

It is now up to the Congress to follow the State Department lead. Until the leaders of the Senate and House Judiciary Committees endorse the plan, it will not be implemented. Unfortunately, the implications of congressional veto go far beyond this single issue. If Congress fails to demonstrate sensitivity to this human rights issue, the State Department will have a mandate to ignore any number of similar situations, especially those involving Chile.

This is no idle speculation. In a matter of weeks, the so-called Paris Club will meet to consider rescheduling the Chilean debt falling due this year. While other creditor nations have expressed willingness to tie repayment terms with the junta's efforts to improve the quality of human rights in Chile, the United States negotiators appear oblivious to the possibility of extracting a fair exchange for reconsideration of an outstanding debt.

With this as background, the Chilean visa question currently under consideration is all the more critical. Consequently, I urge my colleagues to read the AP story by George Gedda that follows:

UNITED STATES WANTS TO ADMIT REFUGEES FROM CHILE

The State Department is weighing a plan under which the United States would accept as political refugees several hundred Chileans either jailed in Chile or living in exile in Peru.

While there are thousands of refugees in the United States from Communist countries, congressional sources said there is no precedent for the large-scale entry of persons from nations under rightist rule.

Assuming the plan does not encounter opposition from congressional leaders, the State Department is expected to recommend to the attorney general that about 400 Chileans and their dependents be permitted to come here as refugees.

The initiative appears to reflect State Department sensitivity to congressional charges that American foreign policy lacks a human rights dimension.

Hundreds of Chilean refugees have been received by other Latin American and West European countries, and State Department officials say the United States has a responsibility to aid certain categories of Chileans who have been unjustly victimized by political events in that country.

Under the plan, potential refugees would be screened to ensure that no leftist militants are granted entry. Jailed Chileans with only a tenuous relationship with the ousted regime of President Salvador Allende would be the most likely candidates for refugee status.

The government of President Augusto Pinochet has agreed to release certain political prisoners on the condition that another country is willing to accept them.

Another category of would-be refugees involves those Chileans who fled to Peru for fear of arrest following Allende's downfall and death. Peru agreed to accept several thousand such refugees but on a temporary basis.

Numerous independent commissions have visited Chile during the past 18 months and most have concluded that there have been systematic violations of human rights, including torture. However, some independent observers who have visited the country in recent months have said the situation has improved considerably. There are no precise estimates of the number of political prisoners in Chile but American officials believe there are about 5,000.

SEX DISCRIMINATION IN VOCATIONAL EDUCATION PROGRAMS

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. PEYSER. Mr. Speaker, sex discrimination is a waste. Regretfully, it continues in employment practices despite much effort of Government and many businesses to put an end to it.

Last Monday a significant step was taken toward ending this wasteful practice. The House Subcommittee on Elementary, Secondary and Vocational Education, chaired by my colleague from Kentucky (Mr. PERKINS), at the request of my colleague from New York (Mrs. CHISHOLM) began hearings on sex discrimination in vocational education programs. I want to congratulate both of my colleagues for this initiative.

The purpose of the hearings is to take a realistic look at the occupational placement of women in relation to salary levels and vocational training. The traditional education courses for women, such as secretarial training, have provided only limited employment opportunities, placing women into lower paying professions, dominated by other women.

I would hope that these hearings draw the attention of all those concerned with this problem, and that eventually we can report remedial legislation to correct any discriminatory aspects of the programs that there may be. In order to illustrate the importance of these hearings, which will continue on March 24, I am enclosing some Labor Department statistics on women workers, and an excerpt from the testimony given by Ms. Nancy Perlman at last Monday's hearing:

U.S. DEPARTMENT OF LABOR,
Washington, D.C.

TWENTY FACTS ON WOMEN WORKERS

1. Nine out of ten girls will work at some time in their lives.

2. A majority of women work because of economic need. About three-fifths of all women workers are single, widowed, divorced, or separated, or have husbands whose earnings are less than $7,000 a year.

3. More than 35 million women are in the labor force; they constitute nearly two-fifths of all workers. Some 4.5 million women of minority races are in the labor force; they constitute more than two-fifths of all minority workers.

4. More than half of all women 18 to 64 years of age are workers.

5. About one-fourth of all women workers hold part-time jobs.

6. Women accounted for three-fifths of the increase in the civilian labor force in the last decade.

7. Labor force participation is highest among women 18 to 24 and 35 to 54 years of age; the median age of women workers is 36 years.

8. The more education a woman has, the greater the likelihood she will seek paid employment. More than 3 out of 5 women 45 to 54 years of age with 4 or more years of college are in the labor force.

9. The number of working mothers (women with children under 18) has increased about ninefold since 1940. They now number 13.0 million, an increase of 3.7 million in the last decade.

10. The 4.8 million working mothers with children under 6 in 1973 had 6.0 million children under 6; the estimated number of licensed day care slots is 920,000.

11. Women workers are concentrated in low-paying dead end jobs. As a result, the average woman worker earns less than three-fifths of what a man does, even when both work full time year round.

12. Unemployment was lowest for white adult males (2.9 percent) and highest for minority teenage girls (34.5 percent) in 1973.

White adult women, 4.3 percent.
Minority adult men, 5.7 percent.
Minority adult women, 8.2 percent.
White teenage boys, 12.3 percent.
White teenage girls, 13.0 percent.
Minority teenage boys, 26.9 percent.

13. Among all families, about 1 out of 8 is headed by a woman; almost 3 out of 10 black families are headed by women. Of all women workers, 1 out of 10 is a family head; 1 out of 5 minority women workers is a family head.

14. Among all poor families, more than 2 out of 5 are headed by women; almost 2 out of 3 poor black families are headed by women.*

15. It is frequently the wife's earnings which raise a family out of poverty. In husband-wife families 11 percent have incomes below $4,000 if the wife does not work; 3 percent, when she does work.

16. The average woman worker is slightly better educated than the average man worker. Women have completed a median of 12.5 years of schooling; the medium for men is 12.4 years.

17. Women are about two-fifths of all professional and technical workers but less than one-fifth of all nonfarm managers and administrators.

18. Women are 77 percent of all clerical workers but only 5 percent of all craft workers.

19. The median wage of full-time year-round private household workers was only $2,365 in 1972. Effective May 1, 1974, most private household workers were covered by Federal minimum wage and overtime legislation.

20. Fully employed women high school graduates (with no college) have less income on the average than fully employed men who have not completed elementary school.

SOURCE.—U.S. Department of Commerce, Bureau of the Census; U.S. Department of Health, Education, and Welfare, National Center for Social Statistics; U.S. Department of Labor, Bureau of Labor Statistics and Wage and Hour Division, Employment Standards Administration.

EXCERPT FROM THE STATEMENT OF NANCY PERLMAN

There is a brochure put out by the Women's Bureau entitled "Twenty Facts on Women Workers" which ought to be required reading for all policy-makers. As the pamphlet points out, women work out of economic necessity. Two-thirds of all women workers are either single, divorced, widowed, or separated, or their husbands earn less than $7,000 a year. Working wives employed full-time year-round contribute almost two-fifths of their families' income. Twelve percent of these working wives contribute half or more to the family income. They are working to put food in their childrens' mouths and to pay the rent.

Those with the most serious problem are the female heads of households, a large and growing group. Between 1960 and 1972, the number of households dependent upon women increased 56%, from 9.5 million to 14.8 million. A very large portion of these are due to the accelerated rate of separation and divorce. Studies point out that after two years, child support and alimony payments are either completely absent or severely reduced. This means that many women are the only source of income for their families. Of low-income families 43% are headed by working women, and the median income for such families in 1971 was $5,116, less than half the income of male-headed families. As always, minority women face the most serious problem.

While some 11% of all U.S. families are female-headed, among Black families 34% are female-headed. Among Puerto Rican, 32.2% are female-headed, and among Chicano, 13.4% are female-headed.

The phenomena of female-headed minority families has always existed, but as a study done by the Community Council of Greater New York indicates, it is a growing trend. They report that in the last decade there was an 89% increase in black female-headed households, and a 100% increase in Puerto Rican female-headed households. The New York study cited above also indicates that 17% of all families in New York are now female-headed.

One of the most significant aspects of the female work force is that it is increasingly made up of working mothers. From 1940 to 1972 the labor force participation rate of mothers rose almost five times—from 9 to 42%. In contrast, the rate for all women workers rose only one and a half times—from 28 to 43%. Mothers have been entering the labor force since 1948 at a rate of one percent a year, despite the decline in the total population of children since 1970.

In March 1973, U.S. families had 1.5 million fewer children under age 18 than the year before, but 650,000 more mothers were working, and perhaps most significant of all has been the sharp rise in the numbers of mothers with pre-school children in the labor force. The rate of working mothers with children aged 3 to 5 increased by 13.2% to 38.3% from 1960 to 1973. The participation rate of mothers with children under 3 rose by 29.4% over the same period.

One of the basic problems of women workers is that they are concentrated in the lower-paying jobs. These tend to be those occupations which are female-intensive. In fact, the higher the concentration of women in the job category, the lower the wages.

Attached is a table from an article written by Elizabeth Waldman and Beverly J. McEaddy of the Bureau of Labor Statistics for the May 1974 Monthly Labor Review entitled

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*Classified as poor were those nonfarm families of four with total income of less than $4,275 in 1972.

"Where Women Work—An Analysis by Industry and Occupation." This table shows the average weekly and hourly earnings for non-supervisory workers on private non-agricultural payrolls in selected industries.

Women are concentrated in the lower-paid and less skilled jobs. For example, while the average salary for all manufacturing workers was $159 a week in January, 1973, in female-intensive industries the average is much lower. In the apparel industry, in which 81% of the employees are female, the average weekly salary is only $93—that is $4,336 a year.

The service industry—the most female-intensive of the major industry groups, with 55% of its workers women—employed 6.8 million women in January 1973. Earnings for this group averaged $111 a week. Hospital workers average $108 a week, and women in hotels, and laundries and drycleaners average $76 and $87 respectively.

Another low-paying female-intensive industry is retail/general merchandise, where the average weekly wage is $82. All of this is contrasted with those occupations which are male-intensive. For example, in transportation equipment, which has only 10 percent female workers, the average earnings were $210, and in the malt liquor industry, which has 7% women, the average worker earned $229 a week. Finally, compare in the public utilities the pay of switchboard operators—$126 a week—with those of line construction employees—$228 a week. The message is clear: women should seek and be encouraged to seek non-traditional jobs if they wish to secure higher incomes.

It is clear that current Vocational Education courses are not preparing women to do that. They are now concentrated in Home Economics, clerical training, health and cosmotology. As Ms. Marilyn Steele's report, "Women in Vocational Education" points out, girls are enrolled in only 38 wage-earning courses out of 136 instructional programs identified by the Office of Education.

THE OFFICE OF INSPECTOR GENERAL AT HEW

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. ROSENTHAL. Mr. Speaker, while HEW program expenditures will total $81 billion for this fiscal year, the department has no effective contralized investigatory authority to monitor its disbursements. It has abdicated its investigatory responsibilities for many programs to the States and has failed to properly oversee whether the States actively investigate charges of improper expenditures.

As an example, there is massive evidence of millions of dollars of unlawful HEW payments in the $1.5 billion medicaid program for proprietary nursing homes. HEW's small investigations office has acted on only three cases involving the $10 billion in total medicaid disbursements, none of which involve nursing homes, and these three cases alone represent an estimated potential saving or recovery of $2.6 million.

Fraud and misuse of funds are problems not confined to medicaid alone. Thousands of allegations regarding illegal medicare reimbursements are reported yearly, but HEW follows up on less than 1 percent of these charges. As a result, this $12 billion program meant to defray medical expenses for Americans age 65 or over, has been called "a gold-lined grab bag for chiseling doctors, hospitals—and related health facilities." Moreover, in recent months HEW's education funds have been subjected to GAO scrutiny and the Department has been criticized for failing to actively oversee vocational education funds. The GAO report concluded that State education agencies have kept too much Federal money for themselves and been unresponsive to relative local needs.

HEW seems incapable of effectively monitoring its multibillion-dollar programs. The audit agency is denied necessary investigative power and is poorly staffed. New York State, for example, has only 16 auditors and 1 full time lawyer covering reimbursement claims for 1,600 medical facilities. HEW's small investigations office, staffed by 10 men, has acted on just a handful of the cases that have come to its attention.

For this reason, 40 of our colleagues are joining me today in introducing legislation to establish an independent Office of Inspector General in DHEW, whose primary responsibility would be to assure that all HEW funds are lawfully expended. The Inspector General would be appointed for a 10-year term by the President with the advice and consent of the Senate. He would be removable for cause only and would not be eligible for reappointment beyond the original term.

My bill would invest the Inspector General with the power to subpena persons, records, and documents. This authority, which is indispensable to an adequate investigatory agency, is not presently enjoyed by HEW investigators. The legislation would require the Inspector General to be answerable equally to the Congress and to the President. He would be required to submit major investigative reports simultaneously to the HEW Secretary and the appropriate committees of Congress.

Mr. Speaker, at this point I am inserting the list of cosponsors:

LIST OF COSPONSORS

Joseph P. Addabbo (N.Y.)
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Larry W. Winn (Kans.)

A PROTEST AGAINST DIPLOMATIC IMMUNITY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. GILMAN. Mr. Speaker, one of the keystones of the government of our great land is the principle that our laws apply equally to everyone, and that no group or individual is allowed to violate the law with impunity. Unhappily, this is not always the case.

One of my constituents, Mrs. Sylvia Torgan of Spring Valley, N.Y., recently made a personal crusade against the legal immunity our Nation extends to members of the diplomatic corps.

On January 11, 1975, in Yonkers, N.Y., Mrs. Torgan was given two traffic summonses. When Mrs. Torgan appeared in court, she refused to pay the fines on these two tickets, declaring that foreign diplomats in the United States, and especially in New York City, commit traffic and parking violations by the thousands with virtual impunity. Why, she demanded, did the law apply to her in all its particulars, and not to the foreign diplomats?

Mrs. Torgan was incarcerated for refusing to pay the fine.

Mr. Speaker, while I do not condone her illegal act, Mrs. Torgan has forcefully raised a valid point which we should all consider in reviewing our Nation's policy toward infringement of our laws by diplomats. In the last 3 months of 1974, more than 31,000 separate parking violations issued to embassy and diplomatic vehicles went ignored. The Soviet Union received 3,600 of these, Cuba was given 1,216, Egypt 1,208, and Nigeria 821. The New York Post commented editorially:

> The overall three-month total, more than 31,000 separate violations, is an extraordinary exhibition of selfishness and dangerous irresponsibility. Many of these parking offenses involve fire hydrants. And the lame excuses of the diplomats are the familiar kind heard from many a resident scofflaw.
>
> This is an old but still dismal story. It involves serious hazards. It is also something less than an encouragement to international concord. Isn't it time the Department of State issued the visitors more pointed instructions about elementary courtesies in the host country.

Mr. Speaker, we often hear that our Nation has one set of laws for the rich and powerful and still another for the poor and weak. We deny this is the case; we fervently uphold the principle that our laws apply equally to everyone. Yet how can we make this claim when we tolerate in our midst an utter disregard for the simplest of our laws? The contempt these distinguished violators have for the laws and customs of our Nation is exceeded only by the magnitude of their offenses.

Must we wait until someone dies in a fire because the fire department could not dislodge a diplomatic Lincoln Continental to get to a hydrant?

It is all very well to extend additional courtesies to our foreign visitors, who may not always be familiar with our laws and with the necessities and principles that underly our laws. But we are not speaking here of an esoteric or vague statute, hidden somewhere in a dusty law book. Nobody expects our foreign guests to be aware of these laws and honor them. We are speaking, rather, of the simplest and best known of all our laws—the parking regulations—and, even if the diplomatic scofflaws were not aware of the laws when they arrived, 31,000 citations ought to be enough to familiarize them with the rules.

If our existing laws are adequate to meet this problem, then let us enforce them to the hilt. If new laws are needed, then let us get on with the task to rid ourselves of this menace.

PERLE MESTA DIES AT 85

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mrs. HECKLER of Massachusetts. Mr. Speaker, it was with deep sadness that Perle Mesta's countless friends and associates throughout the world learned this week of her passing.

Mrs. Mesta will long be remembered not only as this capital city's most respected and renowned hostess, but more importantly for her outstanding service to the Nation as Ambassador to Luxembourg, where she earned that country's highest honors. A "legend in her time" is an apt description of this exceptional woman's career.

I will remember the day in 1971 when the House enacted the equal rights amendment. Perle was my guest at lunch that day, and she was thrilled that the principle to which she had dedicated her life was finally being recognized by Congress.

She was a wonderful person, and I would like to share with my colleagues the following article by Betty Beale from the Washington Star of March 17, 1975.

"Hostess With the Mostest," Perle Mesta, Dies at 85

(By Betty Beale)

Perle Mesta, the internationally known Washington "hostess with the mostest" who was immortalized in the musical comedy "Call Me Madam," died yesterday at the age of 85 in Oklahoma City, where she was raised.

She had returned there on Feb. 6, 1974, to live with her brother, William Skirvin. An active woman on the Washington scene for 50 years, she never recovered from the fall she suffered here in the summer of 1972 that resulted in a broken hip and other complications.

Perle Mesta combined politics and parties with a zest that led to her appointment as minister to Luxembourg by President Truman in 1949. She gained her greatest fame from her glamorous gatherings in honor of President and Mrs. Truman. More than any other hostess in this century, she loved publicity and knew how to cultivate the kind of public relations that enhanced her image as a celebrity. Her warmth, humor and delight in giving people a good time did the rest.

Mrs. Mesta's father, William Balser Skirvin, was on the first train to Oklahoma Territory when it was opened up. He staked out lots in Guthrie, the first capital of the state, and began making money in real estate before moving to Galveston, Texas. He laid out the town of Alta Loma, across the bay from Galveston, and started investing in oil prospecting. He was in on the second gusher at the famous Spindletop field in Texas and acquired an interest in other big oil fields.

Perle, the first of three children, was born in Sturges, Mich., where her mother was escaping the summer heat of Galveston. In the early 1900s the family moved to Oklahoma City and her father struck oil again near Tulsa. By the time he built the Skirvin Hotel in Oklahoma City in 1911, he was a millionaire. Her mother, who was born in a log cabin and was a graduate of the University of Kansas, died in 1908.

Mrs. Mesta was never interested in higher education and admitted that she didn't like to read. In her autobiography, "Perle," she said that when she finished school she went to Chicago to study piano and voice, but in 1915 moved to New York to live with a wealthy great-aunt.

There she met millionaire bachelor George Mesta, who owned the Mesta Machine Co. in Pittsburgh. They were married in 1917 and soon after took an apartment at the Willard Hotel here, where they stayed off and on throughout World War I while Mesta served as a $1-a-year consultant to President Wilson. Mrs. Mesta said she was never accepted in Pittsburgh so Washington, where she and her husband entertained first Vice President and Mrs. Thomas Marshall, then Vice President and Mrs. Calvin Coolidge, became her favorite city. When her husband died in 1925, Washington became her home, through she lived for a time later in New York City, Arizona and Rhode Island.

Her fascination with politics began in 1928 when she attended the Republican National Convention. She helped organize the young voter turnout in Oklahoma and the usually Democratic state went for Herbert Hoover. Vice President Charles Curtis began escorting the rich widow places and their names were romantically linked, but they were only good friends.

She entertained Curtis in Newport where she and her sister had taken a house, and set the fashionable summer resort on its ear, because he was the first vice president to visit there while in office. It was Curtis who arranged for her formal presentation at the Court of St. James in the summer of 1931 when she curtsied to King George and Queen Mary.

In the late 1930s Mrs. Mesta became converted to the cause of women's rights and joined the National Woman's Party. She was asked to open the headquarters at Geneva of the World Woman's Party, which subsequently led to a permanent League of Nations committee on the status of women. In 1940 she persuaded the Republican National Convention to go on record as supporting a constitutional amendment to provide equal rights for women, the first time a major political party had backed such a plank.

She worked for Wendell Willkie in that campaign but began to feel more and more sympathetic with the New Deal program, and by 1944 had switched her registration from Republican to Democrat. She was named an alternate delegate to the Democratic convention in Chicago that year and helped get an equal rights plank in the Democratic platform.

Her first big party for the Harry Trumans was held in 1945 just a month before he became President. The big affair, held at the Sulgrave Club, made news when singer Rosa Ponselle persuaded Vice President Truman to accompany her at the piano while she sat on top of it and did an impersonation of torch singer Helen Morgan.

When Truman became president, Mrs. Mesta, a frequent guest at the White House, decided to rent the former 2300 S St. NW residence of the Herbert Hoovers and entertain on an extensive scale. She gave three or four parties a week. Margaret Truman had a memorable dance there, with Mrs. Mesta importing a band from New York to play. There were three bachelors to every girl invited.

Other memorable Mesta affairs were a party for Army Chief of Staff and Mrs. Dwight D. Eisenhower at which the general sang "Abdul Abulbul Amir," a white tie dinner for President and Mrs. Truman in 1947 at which Truman again played the piano, and a Christmas party at which the President played Christmas carols and his daughter Margaret sang.

In 1948 Mrs. Mesta joined the Truman campaign train to raise money, and was so successful that the President appointed her chairman of the Inaugural Ball to raise more money to pay off the Democratic Party debt. In the following months there were more Mesta soirees, including a dinner for the Trumans at which a young Representative named John Kennedy arrived wearing brown loafers with his tuxedo.

In July 1949, Mrs. Mesta was named Minister to Luxembourg. She had so many friends in Congress that the Senate Foreign Relations Committee approved her appointment without calling her to testify, and her confirmation sailed through the Senate. Both Mrs. Truman and Margaret went to New York for her send-off party aboard the "America."

The world in general, however, was waiting to see Mme. Minister fall flat on her face in her new job. In her book, Mrs. Mesta wrote:

"It took me only a few days in Luxembourg to discover that for the first time in my life, the cards were all stacked against me. The members of the legation staff resented the fact that they had been sent a minister who had no training whatsoever in the arts and duties of diplomacy." But the people of little Luxembourg welcomed her and in a very short time her democratic ways and warm interest in everything the people were doing earned her a permanent niche in diplomatic annals.

Combining her motherly feelings with her hostess know-how, Mrs. Mesta began holding open house every Saturday for GIs stationed in Europe. Eventually she entertained 25,000 American servicemen. Gen. Eisenhower, now Supreme Commander of NATO forces, and Mrs. Eisenhower flew in from Paris frequently to visit her, and Eleanor Roosevelt, who had once criticized her appointment, came to Luxembourg and afterwards wrote a warm and complimentary column that enhanced her reputation as an effective diplomat.

It was during her tenure in Luxembourg that Irving Berlin's "Call Me Madam" was launched on Broadway and became an immediate hit, with Ethel Merman in the starring role. The State Department ordered Mrs. Mesta not to attend because her presence would "tend to dignify a burlesque on a State Department official." But she got permission from President Truman to go and take his wife and daughter with her. They winced at some of the jibes but thoroughly enjoyed the show.

Mrs. Mesta remained in Luxembourg for three months after Eisenhower became president. Before her departure Grand Duchess Charlotte of Luxembourg presented her with the Grand Cross of the Crown of Oak, the duchy's highest honor.

The biggest party of her career as a hostess was probably her party in London during the coronation of Elizabeth II in 1952. It drew everybody from the Crown Prince and Princess of Norway, Prince Bernhard of the Netherlands and lords and ladies of England, to Humphrey Bogart and Lauren Bacall. Mrs. Mesta called it her greatest party, although her convention extravaganzas in Chicago in the Blackstone Hotel in 1952 and again in 1956 are still remembered among the best ever given.

One of the great surprises of her life occurred before she left Luxembourg, when she received an official invitation to visit the then restricted Union of Soviet Socialist Republics Mrs. Mesta wanted to take a friend with her on the trip but the Russians did not allow that. So she went alone equipped with a camera, four dozen rolls of film and a little black notebook, which she scratched in whenever possible and hid in her bosom. She managed to visit a steel plant that no American had seen since the war and other points of interest barred to American diplomats. After leaving Russia, she wrote a series of articles for the New York Herald Tribune about her visit.

The doughty dowager then took speech lessons, had some help in composing lecture, memorized it and went on the lecture circuit. In 1955 she picked up more material for her lectures by traveling around the world. Her experiences on that trip included a riot in Saigon which she described in breathless detail in her later talks.

The same year she moved into "Les Ormes" in Wesley Heights with her sister Margaret and brother-in-law George Tyson. It became the scene of more parties that were noted for, and sparked by, the bringing together of political opponents. (The name of the house was changed to the English translation, "The Elms," when it was purchased by Vice President Lyndon Johnson.) In the meantime, her life was dramatized on television's "Playhouse 9," with Shirley Booth enacting the hostess role.

Never one to mince words, Mrs. Mesta deserted the Democratic Party in the 1960 election and campaigned for Richard Nixon. Her invitations to the White House ended abruptly and were not resumed until Johnson became president, when she was again invited to the White House and was taken back into fold of the Democratic Party.

Mrs. Mesta wound up her active, colorful life entertaining on a smaller scale in her apartment at the Sheraton Park.

She is survived by her brother, William Skirvin of Oklahoma City, her nephew William Tyson, and her niece; Mrs. Lewis Ellis, both of Washington.

THE ENERGY CRISIS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, many people are led to believe that the Energy Crisis began in late 1973 at the time of the Arab oil embargo. But in fact the crisis had been building up for years and had been predicted repeatedly by industry spokesmen.

To those who understand the laws of economics and who are familiar with the energy industry, such a prediction was an easy task: Government interference in the economy had made a crisis inevitable.

Now, a year and a half after the oil embargo and after the extent of the crisis became clear to the American people, the Federal Government is still trying to figure out what to do about it. They do not know what to do because they are unable or unwilling to identify the cause, since this would require admitting that the Government was at fault and lead to a return to a free-market economy. Consequently most of the proposals put forth by the Government deal with reducing consumption, not increasing production.

It is never too late, however, for Government officials to recognize their fault and take corrective action. To do this requires an identification of the causes of the energy crisis. A good place to start is the following article by Robert G. Anderson, which appeared in the August 1973 issue of the Freeman. Not only does Mr. Anderson provide an excellent analysis of the nature and causes of the energy crisis, but he does it several months prior to the oil embargo.

The article follows:

THE ENERGY CRISIS

(By Robert G. Anderson)

The doomsday cultists of the mature economy seem to be at it again. These omnipresent talismen of doom, so eager to have us return to a pre-industrial society of agrarian primitivism, have found new fodder for their propaganda campaign.

The incentive for their most recent burst of gloom has been the scare value of the current "energy crisis." Responding to publicized shortages in the energy field, certain ecologists insist we are exploiting our resources so rapidly that shortly there will be nothing remaining. Future generations, we are told, will surely perish unless something is done.

Such pessimism has been fueled by the confusion surrounding the rather unorthodox behavior of firms which are admonishing customers for excessive use of their services. Instead of seeking new customers to consume more of their services, there now is a concerted effort toward encouraging nonconsumption.

This is, to say the least, a radical departure from traditional marketing practices. Yet, witness the electric utility company urging customers to "turn off the lights," and the natural gas company refusing to service new customers and reminding old ones to "turn down the thermostats." More recently the petroleum companies, acting under orders from the Federal Oil Policy Committee, have adopted "voluntary-allocation plans," resulting in limiting customer purchases of gasoline and early closings of retail gasoline stations.

Further complicating the crisis are those ecologists, who, seeing a growing problem of pollution, hamper and harass all efforts to expand supplies of energy, and plead for restrictions on the use of existing energy resources.

Indeed it would seem that the enemy is the consumer, whose excessive wants have finally exceeded all normal limits and have threatened to deplete a precious national inheritance. Unless these consumers are somehow convinced to temper their consumption, there is the danger that such shortages will occur as to spell final disaster for the lot of us.

VOLUNTEER—OR ELSE

Numerous remedies are being advanced as popular solutions to this crisis. The efforts by utility and petroleum companies to restrict sales voluntarily is lauded as being in "the public interest," for it is placing civic duty above mere profit-making. Through "educating" the consumer to consume less, it is believed, the demand for energy resources can be lessened.

Should such efforts fail, the ultimate remedy suggested is direct government regulation of consumption by bureaucratic rationing. Such an alternative is not idle theorizing. The Federal Government has made it clear that if "voluntary" methods fail, it intends to move in. Confronted with a picture of individuals glutting themselves on scarce economic resources and ravaging the earth of all its riches, there appears to be no alternative but to turn to collective, forceful action, complete with penalties for transgressions. The state at this point is seen as the only means available to force an adjustment to the reality of scarcity rather than endless abundance.

Once again we see the threat of government intervention in order to remedy the ill effects of an earlier government interference. The so-called "energy crisis" is a direct consequence of earlier government intrusions into the free market pricing process. To expect any good to come from further government intervention at this point is to believe that a person just run down by a truck would get relief if the truck backed over him again.

Market economics has always recognized the problem of scarcity. Indeed, it is the sole basis for the science of economics. An individual's capacity to want is insatiable, but possessing only a limited ability to fulfill his wants, the individual is never able to satisfy all of them. Clearly, choices must be made and resources allocated toward the accomplishment of those chosen ends. The process by which this is done is the concern of economics.

While a market system of economic organization cannot eliminate the problem of scarcity, it has demonstrated its superiority over all other systems of economic organization in reducing the degree of relative scarcity. The emergence of a social division of labor and concomitant price system has resulted in attaining the highest degree of efficiency in allocating resources toward the satisfaction of human wants.

Within the framework of a market-structured society the allocation of economic goods is accomplished through prices established by the actions of buyers and sellers. This interaction between supply and demand is never static, and thus there is a continually changing price structure. As greater quantities are demanded or supplies dwindle, prices tend to rise; conversely, prices tend to fall when lesser quantities are demanded or when supplies increase. Free market prices are constantly adjusting in order to bring toward equilibrium these opposing forces of supply and demand.

It is these free market prices that direct the actions of buyers and sellers. As long as buyers and sellers are free to act, as long as the price mechanism is uninhibited, economic goods will be allocated in a fashion that will always assure their availability to anyone wishing to enter the market. Supply will always tend toward equilibrium with demand.

SERVING WILLING BUYERS

This phenomenon of an equilibrium price, of course, has not eliminated the problem of scarcity. Instead, it can only assure that scarce goods will always be available to willing buyers. Prices serve as a means of allocating these scarce resources to those buyers who value them more highly than do others.

The justice of the free market lies in the fact that the most efficient sellers will prevail in supplying scarce resources to the buyers who most urgently seek these resources over all other potential buyers. Such a system is in a continual state of flux as new buyers and new sellers supplant one another and cause prices to correspondingly rise and fall.

The present "energy crisis" stems not from a problem of economic scarcity, but instead from nonmarket forces which are interfering with free market prices, and thus causing shortages to develop. The problem of economic scarcity is present in nearly every situation of our lives. We are not in an "energy crisis" now because energy is scarce, but rather because there is a "shortage" of it. Shortages are inconceivable in a free market structure; but they do occur whenever free market methods are abandoned.

The competitive actions of buyers and sellers in a free market system precludes any threat of shortages. The very essence of price allocation negates the development of shortages. A greater relative scarcity of a good in a free market situation will inevitably lead to higher prices as buyers bid against one another for the shrinking supply. For shortages to occur, some nonmarket force must be introduced to create the disequilibrium.

The "energy crisis" is an example of such interference. Of course energy resources are scarce; that is conceded. They always have been, and they always will be scarce. But the current shortages in the market have led many people to believe that we have encountered something worse than scarcity; all of a sudden there is a specter of a well running dry.

MISUNDERSTANDING THE CAUSES

Popular remedies being suggested are further confused by a misunderstanding of the causes of the problem. Certain forces which have contributed to an increase in the relative scarcity of energy, and other forces which have contributed to an increased demand for energy, are now being blamed for *causing* the shortages of energy resources. Such is not the case, for under conditions of an unhampered market these forces would be reflected in a changing price structure. Only direct interference with free price movements can cause the shortages.

A leading example of a force not responsible for causing the energy shortage, but certainly a factor affecting its supply and demand, is radical ecology.[1] Ecology is frequently blamed as the primary cause of the "energy crisis." As proponents for the preservation of natural resources, the ecologists have in many instances been successful in curtailing supplies of energy resources by hampering the construction of new oil refineries, electric generating plants, drilling operations, and pipe lines. Their efforts at preserving resources in their natural state, by harassment of utilities and petroleum companies, have undoubtedly restricted present supplies. Ironically, their success in forcing automobile manufacturers to equip engines with emission-control devices has greatly increased the demand for gasoline. (Presently these devices consume an additional three million gallons of gasoline daily.)

While a paradox can readily be seen between their efforts at preservation on the one hand, and the wasteful results of their efforts regarding pollution on the other hand, the fact remains that their actions cannot be held accountable for the current energy shortage. It is certainly valid to observe that to the degree they have curtailed supplies and have increased the consumption of energy, they have been a factor in causing the prices of energy resources to rise. But ecologists can no more hamper price movements than can any other private individuals.

In the same context, forces such as import quotas, declining exploration, production controls on producing wells, tax depletion allowances, agreements between refineries and dealers, and even possible secret cartels have been advanced as the causes of our present crisis. Valid charges or not, any or all of these factors can affect only the quantities of energy resources supplied, and thus the ultimate market price. None of them, any more than the ecologist, can cause market disequilibrium in the form of shortages.

SHORTAGES FROM PRICE-FIXING

Shortages are a result of price-fixing by government interference in the market place. Specifically, the government, through both direct and indirect methods, has been successful in preventing the prices for energy resources to rise.

The developing energy shortage has been growing for a long period of time in the utility industries. The reason is obvious when we realize that direct price regulation by government has existed far longer in this area of our energy resources than within the petroleum industry.

State public utility commissions, the Federal Power Commission, and other government regulatory commissions have direct authority over rates charged for energy by electric power and natural gas companies. Unfortunately, these commissions mistakenly assumed low rates to be in the best interests of consumers of energy resources. Under the misguided notion that low prices for energy—rather than equilibrium prices—benefited the consumer, little attention was given to the developing disequilibrium between energy supplies and energy demanded.

For many years the disequilibrium has been absorbed in the capital structures of utility companies. This consumption of accumulated capital, with its ensuing financial weakening of the utility companies, gradually affected their capacity and willingness to attract capital for expansion of their energy resources. Production of energy became marginal, if not entirely uneconomic.

At the same time, demand for energy at the low rates continued to expand until the inevitable disequilibrium developed. Energy was being supplied in shorter quantities than were being demanded. Since additional quantities could not be supplied without incurring losses (at the low rates imposed on utility companies by the government commissions), these companies had no recourse but to deny service and to urge less use by their customers.

The failure of the utility industry to meet the full market demand for energy requirements had a "spill-over" effect on the petroleum industry. Customers, fearful that electrical power and natural gas supplies would be unavailable to them, sought greater quantities of fuel oil from the petroleum industry to meet their energy requirements.

TWO BLOWS AT ONCE

Unfortunately, this increased demand upon the petroleum industry occurred at a time when price controls on their industry had just been introduced. While the method of price regulation has been less direct than that experienced in the utility industry, the problems created are similar.

After many years of a government-imposed inflation of our money supply and resulting higher and higher prices, a government program of price controls was inevitably adopted. Abandoning all economic reasoning, the government established a "freeze" on prices of most goods and services, including petroleum products. Throughout the various "phases" of the price-control program, petroleum prices have not been able to reflect the changing forces of supply and demand affecting them.

Few industries failed to feel the pressures of the government price freeze; but the petroleum industry, along with other capital-intensive industries, felt the heaviest pressure. Inflation always inflicts the severest damage on industries with a heavy capital investment in their productive processes.

The capacity of such capital-intensive industries to calculate their economic costs is seriously hampered by inflation. Furthermore, the erosion of capital resources by inflation discourages future productive efforts by such industries. Accurate economic calculation becomes nearly impossible.

Thus, a government-imposed price freeze on the heels of a government-engineered inflation made a petroleum shortage inevitable. A combination of factors pressuring for an upward movement of prices only worsened the disequilibrium: the peculiarly sensitive financial position of the industry to inflationary pressures; ecological forces affecting their capacity to increase supplies while at the same time increasing the consumption of the product; and heavier consumption on account of a diversion of demand from the natural gas and electric power industries.

Obviously, had petroleum prices been completely free to respond to these changing facts and conditions there would be no threat of shortages. However, the petroleum industry like the utility industry, having lost its entrepreneurial freedom to resolve the disequilibrium through the price mechanism, found itself pleading with its customers to "not buy."

THE "SOLUTION" IS THE PROBLEM

The real cause for concern at this point is not the "energy crisis" so much as it is the solution the government will undertake to "solve" the problem of the shortages. Rather than admit the failure of government price interference and allow the free market to once again achieve equilibrium between supply and demand, the government more likely will propose the adoption of rationing.

The allure of rationing seems to be based on an egalitarian ideal which rejects the price system as a discriminatory relic of economic inequality, and thus not suitable as a means for the just allocation of resources. Regrettably, this egalitarian doctrine attracts many supporters and is one of the leading threats to the survival of individual liberty.

The concept of rationing is predicated on an archaic and totally refuted objective theory of value, yet its philosophical appeal has had an overwhelming influence in our political affairs. The notion that an equal distribution of goods to individuals will provide equal utility is a complete denial of modern theory of subjective value; but government rationing still insists on the allocation of resources in this fashion.

If selective rationing of energy resources should materialize, the consequences are quite predictable. The decline of profit margins will result in a capital shift away from such industries, and this will lead to additional shrinkage of supplies. Since capital always moves away from low-profit industries and into higher-profit industries, future production of energy resources must decline. The low prices imposed by government edict will ultimately be meaningless as, finally, no supplies will be produced at all by private companies.

The historical response to this development has always been the same. Whenever governments have finally succeeded in making a productive service completely uneconomic for private enterprise, they assume the function for themselves and nationalize the industry. (This "final solution," it might be pointed out, not only fails to solve the problem of scarcity but tends rather to intensify it.)

LOOK TO THE MARKET

The appropriate alternative to our energy crisis is to return to free market principles.

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[1] "A Conservationist Looks at Freedom," Leonard E. Read, *The Freeman*, November, 1970.

The consequences will not be pleasant, for the most probable result will be higher prices for energy resources than exist today.

Recent price movements in those few goods that have not been covered by the freeze give us a good contrast to the situation with respect to the controlled goods. For example, we have seen as much as a fourfold increase in the prices of some agricultural products in the past year because of inflation and other changes in the supply and demand picture. While such price rises have been a cause of much consternation to consumers, they have not resulted in shortages and subsequent rationing.

Should supplies of these agricultural products now increase (as well they might, because of their profitability), or if demand declines (because of consumer resistance to the high prices), then prices will again fall in a reflection of market actions of buyers and sellers.

While the government planners recognized the presence of these market forces in agricultural products and exempted them from direct controls, they failed to recognize that these same forces are at play with all economic goods and services. Instead, believing that prices of manufactured goods are somehow "administered" and immune from the economic laws of supply and demand, the government imposed the price "freeze" upon them.

As must always happen with an abandonment of economic reality, the edicts of government are falling victim to inexorable economic law. The ever-changing forces of supply and demand, continuing an upward pressure on the prices of energy resources, are making the "frozen prices" a relic of economic history. The growing disequilibrium between the government-manipulated prices and the actual forces of supply and demand precipitates the inevitable shortage.

If this "energy crisis" is to be resolved, there is only one alternative. We must return the allocation of scarce resources to the market. Freedom in the market place, so that the economic structuring of society is in the hands of individuals acting as their own free agents, is the only "final solution." Under such a system, the crisis of shortages is unknown.

FEDERAL HOUSING BANK

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mrs. SPELLMAN. Mr. Speaker, I am introducing today a bill to establish a Federal Housing Bank that would purchase mortgages having rates of interest no higher than 6 percent from the Federal National Mortgage Association and the Federal Home Loan Bank System, in the hope that such refinancing of these mortgages would stabilize the supply of reasonable cost mortgages. Senator HUBERT HUMPHREY, who has introduced the bill in the Senate, and I both agree that none of the Federal agencies designed to assure adequate home mortgage credit have done the job. These agencies include: the Department of Housing and Urban Development, the Federal Home Loan Bank Board, the Federal National Mortgage Association, the Federal Financing Bank, and the Federal Reserve Board. The failure of these institutions is premised on their ties to the financial establishment and the failure of the financial establishment to buy mortgages when profit can be made in more lucrative credit areas.

This bill would make the Federal Government the purchaser of last resort of mortgages. This bill would set up a Federal agency to buy mortgages with interest rates below 6 percent at a pace keyed to national housing needs and goals.

For the first 2 years, the mortgages that the bank will buy will be secured by the construction of new homes. This will act as another incentive to revitalize the building industry in this country. After 2 years, the bank will purchase mortgages on existing housing. Under the emergency mortgage assistance portion of the bill it will purchase and refinance mortgages for homeowners of existing housing who are stricken by unemployment.

The buying activity of the bank will be keyed to the Nation's housing needs. The bank, each year, will survey the Nation to ascertain the need to meet the goal of a decent home for every American. The bank will then seek to buy enough mortgages so that housing starts are stimulated so as to help us reach that goal.

The bank will get the money to purchase mortgages from the issuance of bonds supported by the full faith and credit of the Federal Government.

The bank will have at least one additional and important task. It will provide emergency assistance to persons who because of unemployment cannot continue to meet mortgage payments. Where a person has been unemployed for a period of at least 6 months, and has no other major assets from which to make mortgage commitments he will be eligible for refinancing assistance from the bank. These mortgages would be securable by housing stock already in existence and would have interest rates of 6 percent or less. If this alternative is not sufficient the bank is also empowered to declare a moratorium on principal and interest payments for up to a year and a half.

The bank will prevent the Federal Reserve and the rest of the banking industry from strangling the housing industry in times of tight credit.

"SPIRIT OF '76"

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. GILMAN. Mr. Speaker, it was my pleasure to have recently sponsored an essay contest for high school seniors in the 26th Congressional District of New York with the theme "Spirit of '76" and what our approaching Bicentennial means to them individually.

Mr. Speaker, because these essays express such intense feelings of pride for accomplishments of our Nation in the 200 short years since our Nation was founded, I am pleased to submit, for the review of my colleagues, three essays which were awarded honorable mention in the contest. The essays were written by Ms. Roberta Chinsky of the senior class of Clarkstown High School North, New City, N.Y.; Ms. Helene Teller, of the senior class of Pearl River High School, Pearl River, N.Y.; and Steve Cohen of the senior class of Nyack High School, Nyack, N.Y.:

200 YEARS OF PRIDE AND HOPE

(By Roberta Chinsky)

"We hold these truths to be self-evident, that all men are created equal . . . with certain . . . rights . . . Life, Liberty, and the pursuit of Happiness."

This declaration, written June 28, 1776, and passed Congress on July 4, 1776, has positive impact today in securing equal rights for women, blacks, Hispanic peoples, and other minorities; yet this proud heritage of an independent nation for all men was won at the cost of many of our forefather's lives. This fight continues today as we apply this heritage to securing freedom for the persecuted nations of the world.

"The Spirit of '76"—one of hope, exploration, courage, and helping others without personal gain—endures to this day to help us reach our goals. This 200 year period afforded many opportunities to apply this spirit and to aid our nation in growing to be what it is today. "Our country grew and prospered on that spirit. When all else fails, it is that spirit that will be there to guide us and keep us strong."[1]

Our constitution and the bill of Rights has strengthened us by giving us a code of law and by insuring us of our freedoms and rights. A truly great heritage.

With the celebration of our bicentennial, we may feel proud of our heritage, our freedom, and our laws, and with this firm base, look forward to even greater freedoms for all people of the world so that we may share this heritage with all.

SPIRIT OF '76

(By Helene Teller)

Today, we live in a mercurial society in which the political, social, and economic conditions seem unrelated to our past experience as a nation. This is a misconception! Our situation is quite similar to that of our ancesters. They, also, experienced confusion about the solution to problems and suffered much the same sort of anxiety that we are enduring.

Presently, we face inflation, social divisions and a public attitude of apathy and distrust. We look for excuses to procrastinate, and to escape the involvement necessary to improve our situation.

The source of this indifference lies in the polarization of the American people which tends to make us apathetic towards government, leaving unsolved problems to erupt into crises.

We must realize that our present situation is not unique. Our Founding Fathers faced similar problems when they created our Federal republic nearly two hundred years ago. They were apprehensive just as we are today. They, however, did not ignore problems. They were not willing to risk the loss of fundamental liberties set forth in the Declaration of Independence, principles for which their brothers had given their lives. Instead they created a Constitution, upholding with the highest degree of respect, our unalienable rights, and the idea that governments derive their power from the people.

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[1] America's Bicentennial, a speech by Ann Armstrong, delivered at the Alfred M. Landon Lectures on Public Issues, Kansas State University, Manhattan, Kansas, February 12, 1974.

Government was created for our benefit, and it is our duty to select people who will help solve our problems. We must not take for granted our forefathers' efforts. We must defend their ideals and preserve them from destruction.

It is now the time to rededicate ourselves to the Spirit of '76—as Dr. J. Warren once said:

"Our country is in danger, but not to be despaired of . . . On you depend the fortunes of America. You are to decide the important question, on which rests the happiness and liberty of millions yet unborn. Act worthy of yourselves."

SPIRIT OF '76

(By Steve Cohen)

As we approach our 200th anniversary, the time has come to look back and ask ourselves certain fundamental questions. After two hundred years of countless wars, economic depressions and domestic crises, does our system still function? Do the people still believe in that system? Do they stand behind all that this country was built on and stands for? Most of us will state with confidence that our system has functioned, our people believe in America and that our country will endure.

But how have the people been able to stand together in a country that has pitted North against South, rich against poor, black against white? How have they stood through the social and political divisions which in the eyes of some, have torn American apart? The struggle to preserve our Constitutional, social and political values has been an almost impossible one. Yet many times the people fought to preserve; and won. But why didn't they just assume the system to be a failure and give up?

The people have been kept together by a spirit. A spirit of loyality and devotion toward all of that which represents America. This country has faced more complex problems than any other country in the world. Yet the people have endured and strived for a better way because of a spirit. A spirit which represents to all Americans that their country will always put the welfare of the people first, above anything else. It is that spirit which we shall celebrate on our 200th anniversary.

OUTER CONTINENTAL SHELF DEVELOPMENT — CONGRESSIONAL ROLE CITED

HON. DOMINICK V. DANIELS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. DOMINICK V. DANIELS. Mr. Speaker, this morning's New York Times contains an editorial that underscores the responsibility that has been thrust upon the Congress as a result of the Supreme Court's decision on Maine against United States. We are now confronted with the challenge of developing public policy that will enable the responsible development of our Outer Continental Shelf resources. At the same time, we must address the vital issue of rights of those States whose economies and environment will be affected by OCS development.

The first aspect of OCS development that merits congressional consideration and action concerns the current leasing practices of the Department of the Interior. These practices allow the oil industry to explore and evaluate potential petroleum and gas reserves, withhold much of that knowledge from the public, and then bid for development rights on the basis of this confidential information. The most glaring defect of this system is that it ignores the public interest. U.S. energy resources belong to all the people of the United States—they are not the exclusive property of the oil industry.

I do not question the vital role that can be played by the industry in the development of OCS resources, and I am not opposed to those companies being able to obtain a fair return on their exploration and development investments. However, I do question their right to withhold exploration information from the public sector. In the absence of this information, we are hardly in a position to judge if bids received for development rights are realistic.

Mr. Speaker, it is clear that our Alaskan oil reserves and those reserves located on the Outer Continental Shelf will be our greatest hope for closing the U.S. energy gap for the short term. However, public policies regarding the development of these resources must include some consideration of the long-range strategic value of these reserves. We would be wise to husband these reserves very carefully while we develop alternate energy sources. Depletion of these reserves prior to the development of such alternatives as solar energy, nuclear fusion, and coal gasification and liquifaction would place the United States in an even more vulnerable energy position than it is today. OSC and Alaskan reserves are "the ace in the hole" for the United States. If we throw in this card too early in the game, we might end up as very big losers indeed.

Mr. Speaker, I am sure my colleagues will benefit from the thoughtful views in the New York Times editorial on the responsibility of Congress to assure that policies adopted for development of the Outer Continental Shelf are in the long-range, best interest of the entire nation, and take into consideration the needs and rights of the States that will be affected by such development. The New York Times editorial follows:

[From the New York Times, Mar. 20, 1975]

DECISION ON OIL

The Supreme Court's decision unanimously rejecting the claims of the thirteen Atlantic states to ownership of the oil and gas on their Outer Continental Shelf definitively places the responsibility for wise national policy regarding these resources where it has in fact always rested—in Congress.

Legally, there was never much doubt that the Court would rule that the Federal Government has exclusive dominion over the nation's continental shelf. The Court reached the same conclusion years ago in cases involving California, Texas and Louisiana. The arguments set forth by the Eastern states were not factually stronger or constitutionally much different.

Where the law leaves off, the policymakers can begin. Oil and gas have in recent years assumed a central importance in the nation's economic, diplomatic and strategic planning far more critical and urgent than they had a quarter-century ago. Much more is also now known about the environmental hazards of oil spills and of the intensive on-shore development that such drilling can bring to shoreline communities.

Under the circumstances, it would be irresponsible for the Department of the Interior to rush ahead with leasing the unexploited sections of the Continental Shelf without the most careful consideration by Administration and Congress of both the short-term and the long-term implications of alternative lines of action.

MAKE HASTE SLOWLY

Fortunately, Congress does at last seem disposed to grapple with the real issues in this field. There is recognition that the Interior Department has long had relations of injudicious intimacy with the oil industry. The department is scarcely in a position to defend the public interest in these immensely valuable—and publicly owned—resources when it permits the oil industry to explore and evaluate the potential rewards, keep much of that information confidential, and then bid for the development rights on the basis of that knowledge.

Senator Ernest Hollings, South Carolina Democrat, and fourteen other Senators are sponsoring a bill to require the Geological Survey to conduct its own tests and explorations and to require the private oil firms to make available to the Government all of their information and their sophisticated interpretations of it. The Government would then be in a far better position to know what it is offering for sale.

The Hollings bill and other pending bills would also require the Interior Department to prepare a ten-year plan for the leasing of the Outer Shelf, taking into account the nation's total energy situation as well as the coastal-zone management plans of the individual states. Immediate exploitation of the oil off the Atlantic Coast, for example, might not be in the nation's long-term interests.

By depleting those resources in the 1980's instead of holding them as strategic reserves, the United States could wind up at the end of this century more dependent than ever on imports. Similarly, the billions of dollars invested in existing shoreline development on Long Island and the beaches from New Jersey to Florida are an economic interest that cannot be put in jeopardy without the most careful advance planning.

The formulation of a national oil policy is long overdue. It cannot be left to business as usual or Government by default. It is too complex to be devised in haste and too important to be decided in secret.

HIGH COST OF COMMUNISM FOR MARYLAND TAXPAYERS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Washington Metropolitan area was visited this past weekend by Angela Yvonne Davis, a member of the Central Committee of the Communist Party, U.S.A.—CPUSA. On Friday, March 14, 1975, Miss Davis spoke at the University of Maryland College Park campus to some 1,500 people.

Reliable information indicates that Miss Davis was paid a total of $2,500 for her 45-minute speech in Ritchie Coliseum—a rate exceeding $55 per minute.

The breakdown of funding of her appearance was $1,500 directly from the Student Government Association—SGA; $500 from the Black Student Union, whose funds are provided by the SGA; and $500 from the Women's Center, whose funds also come from the SGA.

I find it interesting that the director of the Women's Center is a Julie Carlson, who is also a public campus representative of the Young Socialist Alliance. YSA is the youth arm of the Trotskyist Communist Socialist Workers Party. Obviously the various Communist factions found it expedient to unite in bringing Miss Davis to the College Park campus.

The Student Government Association funds are provided by the University of Maryland, and the taxpayers of Maryland are the ultimate source of the money paid to Angela Davis for her remarks on the "drowning" of the free enterprise system by revolutionary socialism.

In these times of economic distress, unemployment, and high taxation, the $55 per minute paid to Angela Davis is an insult to the people of Maryland.

I would also note that one of the prominent radicals attending Miss Davis' speech was Stokely Carmichael, now the leader of a rival to the CPUSA called the All African People's Revolutionary Party.

Mr. Carmichael also made a recent appearance as a speaker at the College Park campus. On Wednesday, February 19, 1975, Stokely Carmichael was a guest lecturer in the Afro-American studies department course No. 429, "Special Topics in Black Development," a graduate level course which features special lectures on black political economics.

The accounts of the Davis and Carmichael speeches which appeared in the student newspaper, Diamondback, are most informative:

[From the Diamondback, Mar. 17, 1975]

EXPLOITATION, RACISM CONTINUE, DAVIS SAYS

(By Vanessa Tharps)

The general conditions of this country are rapidly deteriorating as the wealthy ruling class continues to exploit and oppress Americans, Angela Davis told a crowd of about 1,500 in Ritchie coliseum Friday.

"We need to open our eyes, because we are experiencing the most critical period in our society," said Davis, a member of the National Alliance Against Racism and Political Oppression and the American Communist Party.

According to Davis, the ruling class is a small minority of White men who wheel the country. Money rolls into the pockets of these men because they can employ Blacks, Chicanos and other people of color at lower rates.

"As corporations are attempting to recuperate their resources" Americans must suffer higher prices and increased unemployment, Davis said.

Because one third of the world's people are building a socialist society, she said capitalists are being drowned by ties formed between these countries.

"Socialists are not trying to fight for capitalism, but for socialism and their rights."

Many countries in the Middle East, Latin America, Africa and Asia are no longer allowing American corporations "to rip off" their labor and resources, she said.

Therefore, corporations must retreat because these countries are saying "we need these resources for ourselves and we will no longer suffer in oppression."

Davis said unemployment has affected 52 percent of United States families. The reported 13.4 percent for Blacks is an underestimation, she claimed.

Because the unemployment rates among Black teenagers is 65 percent, "a whole generation of Black folk will reach adulthood without ever getting jobs."

Women of color are hardest hit by this depression, according to Davis. Sixty five per cent of the women who work as domestics and support a family of three are earning less than $1,000 yearly, she said.

Davis referred to the struggle for emancipation by women on campus as "a most severe struggle—a struggle from being brown, black, yellow, red, from being poor.

"You're enlightening yourselves here at the University, but how can you allow the medieval torture to go on only 20 miles from here at Patuxent?" Davis asked her audience.

The alleged experimentation and drugging of inmates is "humanly debasing" she said. Fifty six per cent of the male inmates are Black and 30 per cent are less than 18 years old, she added.

Davis, acquitted in 1970 of murder, kidnap and conspiracy charges, spent 22 months in prison. "I know what it's like in prison.

"The Brothers and Sisters in prison are doing all the suffering. They are suffering for us.

"Boston reveals a picture of the way racism is wielded at Blacks and Whites as well," Davis said.

"And Ford's refusal to send troops was just a way of throwing more fuel on the fire. As long as racism is on the rampage no militancy will be directed toward their (ruling class) power.

"If we all don't fight racism, we're all going to fight each other and go down the drain," Davis warned.

She urged support of the Black Student Union and Black Studies Program in order to damage racists.

"If we all don't act now, tomorrow may be too late."

[From the Diamondback, Feb. 21, 1975]

CARMICHAEL BLASTS CAPITALISM

(By Shirley Thomas)

Capitalism and Christianity were among the targets of the verbal battle launched by Black activist Stokely Carmichael here Wednesday.

"America is a backward country," Carmichael announced to the standing-room-only crowd in the Student Union's black and white room. "It pulls out the negative things, not the positive things."

Sponsored by the Afro-American studies department, Carmichael spoke on "Ideology in the African World."

Attacking U.S. capitalism, Carmichael said Americans are taught man is inherently evil. Overthrowing this economic system, he claimed, will allow mankind to shed such an image.

The direct answer to capitalism's exploitation of labor, he said, is socialism.

"The General Motors worker gets a wage scale," he said softly, "but the man who doesn't work gets a profit."

Carmichael said socialism's motivating force is man, while capitalism's is money. In the U.S., he explained, it is believed that a financial stimulus is all to which "basically evil" man will respond.

He said Christianity also supports the theory that man is evil and can only transform himself through an outside force.

"They want you to believe that a woman gave birth to a child without the sperm" he laughed. "When you get through with that one, they'll have you walking on water."

Carmichael also said the Christian ideology teaches man to sit back and pray, waiting for the outside force, presumably Jesus, to come and save him.

"Man can do anything he wants to do," he shouted suddenly.

Carmichael told the predominately Black audience not to be afraid to use all its talent for the betterment of Black people.

"Students are not passive objects but vibrant and dynamic people," he said.

Addressing himself directly to Black students, Carmichael claimed they are only here at the University as "concessions" made to the masses of people who staged protests in earlier decades.

"You didn't get here because you were smart," he exclaimed. "We always were smart. You didn't get here because you had money. Some of us always had money."

Carmichael said the "makers of history," Blacks who fought for their rights, are the only people to whom Black students must subordinate themselves.

He said the Black student should take his or her knowledge and lay it at the feet of those who gave him or her the opportunity to acquire it.

Speaking of Black people's lost heritage, Carmichael said he went through high school and thought "the world was Europe."

By ignoring Africa's contributions to the world, Carmichael said, historians make Blacks appear as if they never had the desire to "go home."

"When they can't deal with it, they leave it out," he explained. "They think if they don't record it, it never happened."

Carmichael said Marcus Garvey, a Black separatist of the 1920's, was "the greatest organizer the 20th century had ever seen," but was left out of history books.

However, Carmichael said, today Blacks know Africa is a part of the world and has a long cultural heritage.

One thing Blacks must do, he claimed, is decide what it is they are struggling for.

"I'm not fighting to sit next to a white person," he said. "I'm fighting to stop the control they have over our lives."

Carmichael told the audience to fight reactionary ideas "without mercy" because the "revolution"' will not be over in five or even ten years.

"I encourage you to be strong," he said. "We can't lose."

INTERNATIONAL WOMEN'S YEAR: CANADIAN INVOLVEMENT

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. FRASER. Mr. Speaker, 1975 is International Women's Year, and governments now have an opportunity to demonstrate their commitment to redress the discrimination and inequities faced by women. Canada has shown a particularly strong commitment, setting aside $5 million in supplementary funds. One of the most outstanding Canadian programs is its Advisory Council on the Status of Women.

The council was created in response to a recommendation made in the report of the Royal Commission on the status of women. The council began operating in July 1973, with the mandate to bring before the government and the public matters of interest and concern to women and to advise the government on actions to improve the position of women in society.

In addition to keeping the government informed on women's concerns, the council has undertaken research, established programs, proposed legislation, and served as a central communication center for all Canadian women's organizations as well as such international organizations as the United Nations' Commission on the Status of Women.

The advisory council has selected priority areas on which to work toward early action by the Federal Government. The list follows:

Establishment of a federal Human Rights Commission;

Amendment to the Canada Labour Code to ensure equal access to job opportunities;

Amendments to the federal Superannuation Act to ensure equal pension and fringe benefit rights without discrimination on the grounds of sex;

Equality for women and inclusion of homemakers in the Canada Pension Plan;

Divorce Act amendment to reduce the waiting period from three years to one;

Ensuring on the dissolution of marriage that there is an equitable distribution to both spouses of property acquired during the marriage;

More equitable employment of women by the federal government;

Proportionate appointment to and employment by federal Boards, Commissions and Crown Corporations;

Citizenship Act amendments to give women equal rights to confer citizenship on their children;

Extension and improvement of day and other child care services;

Increased availability of information, referral counselling and other services through women's aid centres.

SCHOOL TEXTBOOKS ARE NOT SACRED

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. CRANE. Mr. Speaker, there has been much discussion about the contents of school textbooks, and this has been a healthy development for American education.

Unfortunately, our schools seem to be placing more emphasis on social and political "awareness" in their textbook selections then they are in transmitting to young people the ability to read.

The New York Times of March 18 notes that—

> American school children have apparently slipped in their reading ability since the mid-nineteen sixties.

This is the conclusion of an as yet unreleased report, "Reading Achievement in the United States: Then and Now," based on a research project sponsored by the Department of Health, Education, and Welfare.

While young people seem to be reading less well than previously and while controversy rages concerning violence and sex on television as a contributing factor to crime on the part of young people, many textbooks used in our schools seem filled with the same objectionable material.

In the entire textbook dispute which has emerged in West Virginia, in Maryland, and in other parts of the country the basic issue is whether the schools are to educate young people in our traditional values or, to the contrary, are to educate them away from such values.

Discussing this debate, Jenkin Lloyd Jones notes that—

> The fundamental issue is this: Is a textbook selection committee immune from audit? The cries from the education establishment would indicate that school reading lists come down from Mount Sinai and must be accepted as gospel. Rot!

Mr. Jones states that—

> There is an area in which common sense must prevail. But just as a newspaper editor is responsible for what his paper tells the reader, so are schoolbook selectors responsible for what the books say.

I wish to share the column, "School Textbooks Are Not Sacred," by Jenkin Lloyd Jones, as it appeared in Human Events, with my colleagues and insert it into the RECORD at this time:

SCHOOL TEXTBOOKS ARE NOT SACRED

(By Jenkin Lloyd Jones)

When a group of parents in Montgomery County, Maryland, circulated a handbill recently protesting books on the public school reading list that included Eldridge Cleaver's *Soul on Ice* and Wardell Pomeroy's *Girls and Sex*, the editor of the Montgomery *Journal* described the protest as "garbage."

But when the protesters challenged the editor to carry in his newspaper verbatim selections from the complained-of books, he pleaded that "it would be the height of irresponsibility" to print such material in a family newspaper. If this isn't a howler, it will do, as Damon Runyon used to say, until one comes along.

There is nothing new about protests over approved school reading lists. Charges that teachers corrupt the young predate Socrates, who drank the hemlock upon conviction. But the matter heated up last spring when a member of the Charleston, W. Va., school board objected to the fruit of the textbook selection committee and, after patrons began pawing through the books, a major school boycott got under way.

West Virginia was made to order for a four-plus case of liberal hysteria. Wasn't this the country of the Hatfields and McCoys? Isn't it in West Virginia where people take up snakes?

The New York *Times* editorial was predictable:

"Even here in the heart of the Appalachian coal fields, where the airwaves are full of emotive radio preachers' fire and brimstone and roadside signs carry the bullet pocks of beery Saturday night automobile snipers, the Fundamentalist bill of particulars seemed too thin to many this week to explain the near chaos that is still disrupting Kanawha County and West Virginia's capital city."

The *Times* didn't elaborate on who these "many" were who felt that there were no grounds for complaint, nor did it print any of the sexual stuff that had the West Virginians on their ears. Readers could only take the *Times'* word for it that there was no fire beneath the smoke.

But Dr. Benjamin Fine, education writer for the North American Newspaper Alliance, found a reign of terror. He described the textbook quarrel as "the greatest wave of book burning and teacher fear since the McCarthy era."

Because U.S. Education Commissioner Terrel H. Bell had suggested that publishers edit their texts so as not to "insult the values of most parents," Fine feared that this "incredible and astounding advice would set back education a century or more."

If respect for parents' values would set education back 100 years it is fair to ask what it is in the protested books that is advancing education. I'm in the same jam as the editor of the Montgomery *Journal*, since I'd like to keep this a family column. But I might essay one very mild sample of recommended school reading in the Montgomery case:

"A tall, red-headed chick. She had been mainly a whore with very expensive johns who would pay her $100 a shot. And she was a very lively chick who took a lot of pot. . . . I had a special regard for her because she really put herself out to straighten me out, and here she was like a big, expensive whore."

This is literature?

Education is a conditioning process. When Pytor N. Demichev took over as Soviet minister of culture in November he affirmed his determination that all Soviet media should show Russia in its most favorable light.

This, of course, a free society rejects. But schools can condition children, not only to betray themselves but to hate each other and their country as well.

To dismiss schoolbook protests as yahooism and red-neckery could be superficial. For one thing, the antiprotest crowd conveniently forgets that the NAACP started the school reading censorship drive by knocking Little Black Sambo and Huckleberry Finn off the shelves. Are the fierce anti-honkyisms of Eldridge Cleaver which the NAACP has been pushing onto the reading lists more holy?

Dr. Fine is horified that Commissioner Bell likes the old McGuffey readers of a century ago. But William Holmes McGuffey pumped in heroic tales, moral homilies and national pride, and his children could generally read bigger and tougher words than children of the same age can today. Is this so awful?

The fundamental issue is this: Is a textbook selection committee immune from audit? The cries from the education establishment would indicate that school reading lists come down from Mount Sinai and must be accepted as gospel. Rot!

Overheated citizens' protest groups can indeed overcriticize.

There is an area in which common sense must prevail. But just as a newspaper editor is responsible for what his paper tells the reader, so are schoolbook selectors responsible for what the books say.

Whatever gave our "liberal" totalitarians the idea that to question their performance is to burn a witch?

A RESOLUTION PROVIDING FOR THE DESIGNATION AND ADOPTION OF THE AMERICAN MARIGOLD AS THE TRADITIONAL FLOWER OF THE UNITED STATES

HON. FLOYD J. FITHIAN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. FITHIAN. Mr. Speaker, the Farm Bureau of La Porte County, Ind., has designated as its Bicentennial project the encouragement of Congress to adopt the American marigold as the Bicentennial emblem of the Union; and the Indiana General Assembly also endorses the adoption of the American marigold as the Nation's floral emblem.

I would like to take this opportunity to include my support and endorsement of this beautiful and wholesome flower as the traditional flower of the United States.

My own home State of Indiana has in itself made history by being the first State in the Union to formally pass a resolution endorsing the adoption of the American marigold as the Nation's floral emblem. They, along with myself, are now leading the way for other States to join in this endeavor.

I commend the Farm Bureau of La Porte County, as well as the Indiana General Assembly, for their efforts in this proposal and urge my fellow colleagues to join with the great State of Indiana in the support and passage of this resolution.

NEWSLETTER TO CONSTITUENTS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. WOLFF. Mr. Speaker, periodically, I distribute a newsletter to my constituents in a continuing effort to keep them informed of my activities as their representative in Washington. And often, I use the newsletter as a vehicle to obtain their views on major issues, thus allowing me to function more effectively on their behalf on Capitol Hill. I would like to share with my colleagues my latest newsletter:

DEAR FRIEND AND CONSTITUENT: I am most pleased to report that the House Foreign Affairs Committee has selected me to be Chairman of the new Subcommittee on Future Foreign Policy Research and Development—a post that will enable me and my colleagues on the panel to investigate worldwide problems, determine their impact on domestic conditions, and recommend correlated Congressional action and legislation that will give first consideration to the security of the American people.

I am especially gratified that this new assignment affords me great latitude to examine the inter-relationship between occurrences at home and abroad and to derive solutions to the many problems that beset us in an increasingly interdependent world. Specifically, my committee will be a "watchdog" over future U.S. involvement abroad to seek out that which is wasteful or imprudent or ignores our pressing domestic needs.

Be assured we intend to closely scrutinize every aspect or our foreign policy and aid programs to insure that America's self-interest and our people receive first priority.

Sincerely,

LESTER WOLFF.

WOLFF STRIVES TO GIVE TAXPAYERS A BREAK

The wage earning, "middle income" family, more than any other income group, is being stifled today by excessively high taxes on income and property and for sales and services. The half-way measures, coupled with the righteous pleas for "more thrift," as advanced by the Administration, simply will not ease the burden, nor will they increase the working man and woman's spendable income.

The multi-faceted dilemma of inflation, a depressed national economy and rampant unemployment must be remedied with direct legislation that will provide immediate relief for the overburdened taxpayer.

The Tax Reduction Act, passed by the House last month, provides for an $8.1 billion rebate on 1974 income taxes, an $8.1 billion reduction in 1975 withholding taxes, a $5.1 billion in business tax cuts, and at long last an end to oil and gas depletion allowances—an action I have called for ever since I first entered Congress 10 years ago.

However, the tax cut is not enough to stimulate the stagnant economy and open up new employment opportunities. The rebate will do nothing more than provide a little extra cash to offset overdue debts and current expenses. Next year's "withholding" reduction, minimal at best, will not be realized in time to meet current pressing needs, nor will the tax breaks to business be soon enough to spur production.

I believe corrective measures must be taken now—this Spring—to relieve the tax burden, especially on the wage earning "middle income" family. I have re-introduced in this new Congress the series of bills I know would return meaningful amounts of spendable income to the pocketbooks of taxpaying men and women and which could be implemented almost at once.

These would include tax credits to families of limited income for the cost of higher education; a flat 25 percent deduction of rent paid by tenants; a tax deduction for the cost of traveling to and from work by mass transit facilities, and would permit the disabled and handicapped to deduct the annual cost of taxicabs and other transportation needed to perform essential daily activities.

Further, my proposed legislation would permit an exemption of the first $5,000 of retirement income for persons 65 years of age or more; would permit tax deductions for the cost of installing crime prevention equipment and for medical expenses and theft losses to victims of crime—an increasing problem plaguing both our suburban and urban areas. To cope with the high costs of home heating oil, the tax legislation I am supporting would grant a deduction for the expense of installing fuel conserving insulation materials.

And, significantly, my bill to allow an income tax deduction on interest (up to $800 a couple) from deposits in savings institutions would not only give the taxpayer a break, but would spur deposits to generate new activity in the housing and building sector of our economy.

Interest must be reduced, across the board, to allow American industry to expand without being shackled by onerous costs that make it impossible to contain inflated prices. For example, lower interest rates would provide the necessary momentum to the home building and construction industry to infuse new life into the economy. We also must make certain that provisions of the "buy American" laws are maintained on U.S. projects undertaken in foreign countries where too frequently the State Department does not insist that American labor and materials be utilized. As a member of the International Operations Subcommittee, I intend to ride herd on this type of activity that only fuels the flames of recession.

While I believe the government should be the "employer of last resort", it must act now to curtail the unemployment that is devastating our economy by providing emergency public service jobs that will serve to reduce the burgeoning welfare rolls.

WOLFF AIRES ISSUES ON TV AND RADIO

"Ask your Congressman", WOR's public service radio program, moderated by Rep. Wolff, now is aired in the tri-state area Sundays at 4:45 p.m. The program features Congressional and civic leaders discussing issues of national and local concern and is similar in scope to "Ask Congress", the nonpartisan weekly television show, also moderated by Rep. Wolff, which may be viewed Thurdays at 9 a.m. over WPIX.

KEY LEGISLATION

The following itemizes the legislation proposed by Rep. Wolff to afford immediate taxpayer relief. All Bills would amend the Internal Revenue Code to permit certain additional deductions and exemptions and are now before the House Ways and Means Committee:

H.R. 3068—to allow a tax credit for certain expenses incurred in providing for higher education.

H.R. 3069—to permit tenants a deduction on 25 percent of their annual rent for that portion attribued to property taxes.

H.R. 3070—to grant commuters a tax deduction for expenses incurred in travelling to and from work on mass transit facilities.

H.R. 3071—to permit the disabled and handicapped to exclude the annual costs for taxicab fares and other essential transportation.

H.R. 3073—to allow deductions for the cost of installing crime prevention equipment and to provide tax relief for victims of crime.

H.R. 3074—to exempt persons 65 years and over from federal income tax on the first $5,000 of retirement income.

H.R. 3075—to exclude from gross income the interest on savings bank deposits (to $400 a person, $800 per couple).

H.R. 1505—to permit a tax deduction for the cost of installing home insulation for fuel conservation purposes (co-sponsor).

AN INTERVIEW WITH DR. ROBERT SEAMANS

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I would like to call to the attention of the Members of the House of Representatives a very interesting article which appeared in the winter 1975 edition of St. Albans Bulletin. It is an interview with Dr. Robert Seamans, Administrator of the Energy Research and Development Administration. Dr. Seamans' distinguished career has included 10 years as Secretary of the Air Force, Deputy Administrator of the National Aeronautics and Space Administration, and president of the National Academy of Engineering.

The text of the question and answer interview with Dr. Seamans follows:

AN INTERVIEW WITH DR. ROBERT SEAMANS

Question. How is the United States being altered by energy considerations?

Answer. Certainly we can anticipate important changes as a result of the energy situation. The embargo and subsequent quadrupling of the price of oil—among other reasons—have affected our economy rather dramatically. And we can expect the gap between our demand, on the one hand, and our domestic supply, on the other, to be with us for some time. The President has a plan to bring it back by 1985 to a tolerable level; but even then, it will take a prodigious effort here. There is going to be a great need to conserve, a lot of pressure to live more frugally than we have in the past. Where we have been profligate in the use of our resources, in the future we're going to have to be more careful. It's going to change our lifestyle in that regard.

Question. Does this effort call for a basic re-education of Americans or is the understanding already there from which this can be forged?

Answer. No, I think it does call for a re-education. People still don't quite believe it even though they are beginning to appreciate it more than they did. When the embargo took place, people thought that it was not a real thing, that there were really plenty of tankers out there just waiting to come in when the price went up, that somehow or other the multinational oil companies were in cahoots with the Arabs. Some of this is beginning to be understood; people are coming to realize that this is really a pretty fundamental issue we are facing and that—even if we hadn't had the embargo, even if the price hadn't gone up—the time is coming when we are going to run out of fossil-fuel energy. There is a need here at the secondary-school level, as well as at all levels, to make people understand that we live in a finite world with finite resources and hence we must learn to conserve and to use energy more efficiently. But the demands are going to go up anyway—in part because the population is increasing and in part because many, many disadvantaged people around the world, including our own country, aren't satisfied with their present situation. All of these factors tend to push up the demand, and I think an understanding of this is terribly important.

Question. Do you see specific areas into which education should be moving and is not?

Answer. The energy crisis is a general proposition, and it is bound to affect everything. It's going to affect our own institutions—public and private; it's bound to influence the world of politics as well, the interrelationships between countries and so on. But actually there are a lot of specifics here too. Because I am a technically oriented person, I would like to see more emphasis on science and technology. It's not the sole answer, obviously, but I think it's been a little out of favor lately. Secondary schools should place greater emphasis on math and science. I see there is a course in ecology at St. Albans. I think that's great, and I'd like to see that expanded. By having these kinds of courses at the secondary level, more students will be interested in going to technically and scientifically oriented colleges, and that would be very healthy. I've been working on this from a rather specialized standpoint in the last two years in regard to minorities going into engineering. A number of the reasons why they haven't involve economic factors: they haven't been able to get the education to compete. But part of the problem goes back to the counseling in high schools: people haven't heard, don't know what an engineer is, whereas it can be a terribly exciting career. We're going to need more engineers in the future. They're going to explore different fields than they have in the past.

Question. After Sputnik, the secondary schools were inundated with new science and math programs. Has that push fizzled?

Answer. Well, these things ebb and flow. They tend to be exaggerated. Engineers were laid off in aerospace; and because of these kinds of layoffs, the enrollment in engineering schools went down dramatically. For a layoff of perhaps 3% or 4%, the engineering enrollment was dropping 30%. Now enrollment is no longer dropping; it is starting to increase but still isn't up to the level it should be at.

Question. So much of the energy news of the past year, particularly that generated by the dramatic events such as the Rome Conference, tends to be almost apocalyptic. Does this enter into your range of considerations?

Answer. It's very important that we understand what is going on but that we don't get so discouraged by it—which is fairly easy. We musn't reach the conclusion that, we can't do anything about it, so we might as well relax and live as we are as long as we can. I don't take that gloomy view, but I'm afraid I sometimes sound gloomy beause I have to convince people that I have a problem. But it's very important not to overdo it.

Question. What percentages of your time do you devote to diplomacy, politics, administration, and science?

Answer. When I think about that, I may tend to overemphasize the technical. Other fields are terribly important. The whole area of business and finance is crucial: raising the capital to build all the new plants is going to be very difficult. The whole field of negotiations and diplomacy, of foreign affairs is another terribly important concern. There are a lot of exciting things to do other than the technical. As to my own job, I cannot put percentages on it, but right now I'm not doing anything that I can say is technically innovative. I spend time on the programs, however, so that I can understand them and get some idea of the level of resources which might make sense in terms of people and dollars. I obviously must spend considerable time on administrative and personnel matters, particularly right now when we've got to attract key people and when we need a new permanent facility here in Washington. There are many very special administrative problems that relate to procurement practices, incentives, patent policy, and all kinds of things of that sort. And then I have to spend time on planning, not only within the organization but with other organizations such as NASA, The Department of the Interior, the Science Foundation, Federal Energy Administration, etc. And then certainly there is a great deal to do with the Congress, to explain to the many members and the committees what the program really is and to gain their support for the President's budget. And then finally, in the broad field of geopolitics, diplomacy, there is a great deal to be done. For example, we have a joint-study program with the Iranians; I'm the co-chairman along with an Iranian who is head of their atomic energy work. They are doing quite a bit in the nuclear field, recognizing that even their oil supplies won't last forever. I'm also doing a great deal of work related to the consumer nations—the Europeans, the Japanese, and the Canadians. I've been meeting with the British, and I'm soon going to be meeting with individuals from some of the other countries, but most of the time so far I've spent working with our own State Department on international matters. It's a terribly exciting job just because it does get into so many different fields of endeavor.

Question. In your search for talent, are you finding genuine excitment in the scientific community?

Answer. Yes, I'd say there is some similarity to the period when I first joined NASA. People then were excited about going out into space.

Question. Is there a Tom Swift somewhere around the corner with a magic machine?

Answer. I wouldn't count on it although there are several fields which may produce true breakthroughs. The area of fusion is exciting because it could produce—well I hate to say unlimited energy—but it could make a fantastic difference. But at this time we don't even know whether it is scientifically possible much less whether it is going to be possible from an economic or engineering standpoint. The temperatures at which fusion takes place are up in the millions of degrees centigrade, and containing reactions that occur at those terribly high temperatures is a real challenge. There are two areas to consider—magnetic confinement and laser confinement since obviously no metals, no substances will withstand those temperatures. That's one area. We are also working on solar and geothermal energy; but for the near term, the next 15 to 20 years, we are going to have to rely on coal a lot more than we have. This gets into issues on how to convert coal into gas and liquid form. It's just not enough to have the energy; it's got to be in the right form to use it. And at this time anyway, we cannot go into a completely electric society. Cars, for example, have not been developed that will run on batteries very long, but someday we'll have them.

Question. And coal also leads to the problem of balancing energy and environmental concerns.

Answer. Yes, one whole office, one of the six key program offices in ERDA, is for environmental and safety concerns because you cannot develop some new technology and say, OK now we're all set, unless you consider the environmental from the beginning and get that into the design precept right from the start.

Question. Balancing energy and moral considerations at the same time must present a terrific challenge.

Answer. These are the kinds of issues that should come up for discussion here at the School and at other secondary schools. The United States, with 5–6% of the world's supply, is using one-third of the world's energy, for example. What are our responsibilities? The concept of the President's message of shifting over to the point where we can assist others in the field of energy is a very good way to look at it rather than thinking in terms of how we can be independent. We must realize that we cannot be independent. We are interdependent with other nations, and we must use our technical and other resources to be in a position to help others.

Question. Certainly, the attempt to put the United States on the defensive was a large thrust at the World Food Conference. Do you find yourself having to assume a defensive posture in your international dealings?

Answer. Not yet—I may. I gave a lot of thought to the food problem—although this isn't what we are here to discuss—when I was at the Academy; and there is a very, very grave moral issue here, one that Dr. Handler, the President of the National Academy of Science, has considered extensively. The problem is that there is nothing we can do, even with our Midwest and all the advantages we have, to feed the whole world. This just is not possible with the amount of land that we have. Yet when you look at some of the places in the world today where people are living in perfectly horrible conditions, you certainly see that we have a responsibility to do what we can to ease their burden. Certainly we must help other countries to develop the capability to help themselves; we have that responsibility. But to allocate these finite resources which don't match the need is really a tough problem.

Question. How have your work with NASA and your present work fused together?

Answer. Of course there is some similarity in that both are part of the Federal Government; both have involved science and technology, the process of budgeting and going up every year to Congress, running laboratories and establishing contracts with industry and universities. But it tends to be a different set of technologies. It's also important for people to understand that at NASA the objective was to do the research and development so that NASA could carry out missions for which NASA was responsible. We had to develop liquid-hydrogen engines so that we could put them on the Saturn vehicles so we could then go to the moon. Now that's not the case in ERDA. The ultimate operation is not a government mission; it's not an ERDA responsibility. Right now it is completely diffused throughout our whole economy; the delivery system in the case of energy shows up in many different industries and is primarily in the private sector. How do we do the development and take the responsibility for research and development in ERDA in such a way that it is properly available to the private sector? That's a very, very difficult question. We presently are financing the highly speculative work 100% in government; then as we go to pilot operations—experimental operations—we have partial industry funding, perhaps one part industry to two parts government. With full-size demonstrations, we split the cost, maybe 50/50, with industry. From then on it's up to industry to take it on. But those kinds of programs are often more difficult to run than the programs we had in NASA because if a company is going to put in half the funding they are going to expect some say in how the project is managed.

Question. Is "crisis" right or is "challenge" a better word? Do you have a preference?

Answer. There is no question that it is a challenge. It's a challenge right now and it's going to be a challenge for all the students who are here now and 10–15 years from now. It's not something that's going to go away. But it will be a crisis if we don't accept the challenge.

THE PENSION PINCH

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. DOWNEY. Mr. Speaker, for too many years now, the economic problems of older Americans have been largely ignored. Although we may have been aware of the situation, we did little to improve it and that is why today, with our economy in such bad shape, many of the elderly face a desperate struggle just to stay alive.

That struggle has become so difficult and so widespread that it is finally receiving more attention. The new House Select Committee on Aging, of which I am a member, is just one sign of our national recognition of the problem. And the Nation's journalists have brought some of these sad stories vividly before a growing number of American people.

A recent column by Jack Anderson is a fine example of the kind of media attention that may push us to move faster in our present efforts to assist our senior citizens. I would like to take this opportunity to bring his column to the attention of my colleagues:

THE PENSION PINCH

(By Jack Anderson)

The most pathetic victims of the economic squeeze are the elderly, who are described in a confidential Senate study as the nation's "most economically disadvantaged age group.

Their story is best told in human terms. From geriatric ghettos across the country, they have written to us about their troubles:

A Miami couple, in their early 70s, dreamed of retiring on a comfortable pension after a lifetime of hard work. Inflation has now stretched their pension check so thin that they can no longer afford the basic necessities.

A 73-year-old Cumberland, Md., woman can't squeeze enough money from the $89 monthly pension to buy eyeglasses and teeth—"the first things that go wrong," she wrote, "as a person gets older."

A devoted Chicago husband scrapes together his retirement pennies to buy an occasional slice of his wife's favorite imported cheese—the only luxury he permits himself.

A Bluefield, W. Va., widow was compelled to give away her beloved pet cat because she simply can't afford to feed him.

A Greenville, Miss., woman summed up the feelings of many senior citizens in these poignant words: "The elderly people, who worked all their lives, gave and gave to the government and now they are made to feel like worthless people."

Not only are a higher percentage of senior citizens already "living in poverty," according to the Senate study, but the job pinch hits them harder than any other age group. During hard times, for example, older workers usually are released ahead of younger workers and remain longer in the unemployment lines.

The confidential background study, prepared by the Senate Committee on Aging, shows that the jobless rate for workers over 45 almost doubled during the last six months of 1974. Yet "these figures really understate the true dimensions of the joblessness picture for older workers," the document says.

Not counted in the statistics, for example, are those "who have dropped out of the labor force after prolonged and fruitless searches for work."

Others simply have been retired prematurely. For most of them, this means starvation Social Security benefits, with little supplemental outside income. "Even when benefits from other federal programs are considered," states the study, "only one out of three couples and one of six other beneficiaries have a second pension."

Their plight has worsened, of course, as the skyrocketing inflation rate has outdistanced Social Security payments. Under federal law, Social Security benefits are supposed to keep up automatically with the consumer price index. But the study declares grimly: "In the four areas where the elderly have their greatest expenditures—housing food, medical care and transportation—the increases equalled or exceeded the overall consumer price index."

Yet President Ford's response has been to slash rather than expand federal help for the elderly. Here are his heart-wrenching proposals:

He wants to hold down Social Security increases below the Consumer Price Index. The law mandates a projected 8.7 per cent rise in Social Security payments; the President would reduce this to five per cent. For 31 million Americans, many of them already subsisting on inadequate diets, this would mean an average $80 less a year.

The President would like to reduce Medicare outlays by nearly $1.3 billion in fiscal 1976. For ailing senior citizens, the cost of a 30-day hospital stay could jump from $92 to $375. The shocking fact, states the report, is that "the elderly now pay more in out-of-pocket payments for medical care than the year before Medicare became law."

Ford is also trying to cut $9 million from federal programs which help senior citizens to live in their own homes. This would force thousands into cold, clinical institutions.

He hopes to trim another $8 million from training programs, which are critically needed to alleviate the shortage of trained personnel serving the aged.

He has asked Congress to slash $25.4 million from the nutrition program for the elderly. This is perhaps the cruelest statistic of all, which would mean malnutrition for thousands.

The President wants to withhold the entire $12 million appropriation for the Older American Community Service Employment program to provide jobs for older workers. Yet in the past six months, the number of workers over age 54 who have been thrown out of their jobs has jumped 52 per cent.

He also sought to increase the charges for food stamps, which would have forced as many as half of the elderly recipients to drop out of the program. But providently, Congress has already rejected this proposal.

After studying President Ford's plans for the elderly, Sen. Frank Church (D-Idaho) said: "The President is either unaware or doesn't care sufficiently about the problems of senior citizens today—so many of whom are confronted with unpaid heating bills, foodless days, costly prescriptions and poverty."

A footnote: The confidential study will be used by the Senate Committee on Aging as background for hearings later this month. Proposals will be considered to make the Social Security Administration an independent, nonpolitical agency; to prohibit the mailing of political announcements with Social Security checks; and to separate Social Security transactions from the regular federal budget. The committee will also focus on the impact of inflation on the elderly.

U.S. CREDIBILITY ON TRIAL

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BOB WILSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[From the San Diego Union, Feb. 28, 1975]

U.S. CREDIBILITY ON TRIAL

There are really two issues in the debate between the Administration and Congress over sending additional military and economic aid to Cambodia and South Vietnam.

One is quote obvious—whether it is worth another $522 million in U.S. aid to keep those two countries from falling to the Communists. President Ford and Secretary of State Henry Kissinger believe Cambodia may collapse within a month without a continued supply of weapons and ammunition from the United States of America. South Vietnam's prospects for survival without additional U.S. aid are reckoned in terms of a few months, but the fall of Cambodia would open the way for Communist forces to step up their pressure on Saigon and that timetable might not hold.

The other issue is of much greater consequence to the United States than the fate of two countries in Southeast Asia, as portentous as their fall would be in terms of the future of that part of the world. What is at stake is the credibility of commitments which the United States has made to scores of allies in the last quarter-century.

Congressional leaders are not impressed by the fact that a cut-off of U.S. aid at this time would be disastrous for the Cambodians and South Vietnamese. They say enough is enough. However, they fail to look beyond this narrow issue to the impact of such a decision in other parts of the world.

Some of the same members of Congress who would have us turn our backs on a commitment to Southeast Asians would be aghast at the suggestion we reconsider our commitment to the survival of Israel. That would be an invitation to another war in the Middle East. The hope for a negotiated settlement there is based on a balance of power which the United States has commited itself to help maintain.

If such commitments become questionable, what becomes of the 20-year stand-off between North and South Korea? Why should the Soviet Union be impressed by the North Atlantic Treaty Organization, whose defense of Western Europe is based on a U.S. commitment?

Another appropriation of aid for Cambodia and South Vietnam does not mean that either of those countries is going to "win" the long war that each has been fighting against Communist aggressors. However, it will signal to the Communists that they are not going to win, either, and it is that principle which must prevail if there is to be any hope for a negotiated peace in Southeast Asia.

South Vietnam and Cambodia pinned their futures on the word of the United States when the Paris agreements were signed in 1973. We cannot go back on our word to them without causing both our friends and potential enemies to question the defense commitments of the United States which are now the cornerstone of world peace.

THE HONORABLE EARL B. RUTH SWORN IN AS GOVERNOR OF AMERICAN SAMOA

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ROUSSELOT. Mr. Speaker, I wish to congratulate my good friend, Earl B. Ruth, on his recent inauguration as Governor of American Samoa.

In his new position, Governor Ruth will utilize the many talents he demonstrated during his three terms in Congress as the elected Representative from the 8th Congressional District of the State of North Carolina. Earl was a constructive and hard-working member of the Appropriations Committee and his colleagues valued his expertise and firm grasp of committee assignments. Earl contributed much to the understanding of the House in the field of fiscal affairs and his presence and sound counsel have already been missed. Once again, I congratulate Earl, and wish he and his wife, Jane, much success and happiness in Samoa.

In conclusion, I would like to share with my colleagues the following news bulletin describing Governor Ruth's inauguration:

[Published by the Office of Samoan Information Pago Pago, American Samoa]

GOVERNOR RUTH SWORN IN

There are some wise Samoans who say that if rain falls during an important occasion, it is a very good omen. Others say its a sign that the Good Lord is bestowing his blessings.

If the inauguration of Governor Earl B. Ruth is any indication, the former congressman from North Carolina should do an excellent job, with the help of an abundance of blessings from the Good Lord.

To put it briefly, the heavens literally opened up—and ironically, just during the period of the inauguration ceremonies.

The inauguration began as scheduled, under threatening skies, before a large crowd at the Fono Building in Fagatogo. But, by the time Governor Ruth was sworn in by Associate Justice Leslie Jochimsen, a torrential downpour had virtually flooded the area.

The traditional Samoan installation for the paramount title was performed by High Talking Chiefs Fofo Sunia of the Manu's District, Multitauaopele Tamotu of the Eastern District and Le'oso Malama of the Western District, as the rain pour down.

The Vailoatai Village Council and Aumaaga, which sat patiently through the torrent, then carried out the traditional Ava Ceremony.

Governor Ruth delivered his inaugural speech under conditions that made it virtually impossible to hear him—and then said, in a good-natured manner, "Let's end it now. You can read my speech in the newspaper."

In less than an hour, the wind, rain, lightning and thunder which had disrupted the ceremony, had vanished. But even those conditions did not dampen the enthusiasm at a damp reception held by the Fono and the officials of the Local Government, with assistance from the Women's Organization of the village of Aua.

Now, as Governor Ruth promised, here is his inaugural speech:

"First, I bring you greetings from the President of the United States. Also, I proudly bring you good tidings from the Secretary of the Interior—Rogers C. B. Morton.

"Don't be misled by the distance from here to Washington. President Ford and Secretary Morton are extremely interested in you and what happens in Samoa. If I were not positive of this, I would not be here.

"This is the time a new governor could recall your glorious history or count your blessings. However, I have chosen to discuss the present. My appointment as your governor is marked by circumstances unlike all previous ones.

"For almost half a year, you have been served by an acting governor. This always makes for uncertainty and is hard on both the people and the leadership. Let me stop right here and point out how fortunate both you and I are to have had a person of the caliber of Frank Mockler as your governor during this time. You have prospered by his leadership and understanding and I have the advantage of a smooth transition involving a real gentleman who wants only the best for both you and me. Governor, (to Mockler) I assure the people join me in expressing their thanks.

"I come here during a time when the economy is not up to par. The United States battles inflation on one side and recession on the other. As the result of a drought and other extenuating circumstances, Samoa has budgeted expenditures several million dollars more than it has in the treasury. I have just attended the National Governors' Conference in Washington, D.C. Unbalanced budgets were the primary problem of the conference. So while our problem is not unique, it is real and will take some belt tightening. Some of our savings will be at the direction of the Department of the Interior, and some will be at the direction of the Governor and the Fono.

"This will not only take a while, but will require sacrifice from all of us. While the government officials will direct this cut with the best advice possible, I know the real success of balancing the budget rests with the people of Samoa. Let's shoulder this responsibility together and get things moving again.

"I know of your desire to some day elect your own governor. Already you elect your own Fono, and I look forward to working with your elected leaders. I realize that your vote to postpone electing your own governor to lengthen your period of preparedness took both courage and forethought. Let's strengthen our self-confidence by working out our current budget problem.

"Now you may ask, "What do you want for Samoa?' I want the individuals of this territory to be productive citizens, in a happy, healthy, environment while retaining the culture which distinguishes them from others. A culture, I might add, that other nations have not had the good fortune to inherit. I hope your votes will reflect this same interest.

"For 2½ months I have been reading, studying, and being briefed on Samoa. But only after being here three short days have I begun to really appreciate what is here. Mrs. Ruth and I were deeply moved by the reception we received at our early Friday morning arrival. We spent most of Saturday afternoon being shown around the island. I saw clean streets and yards, with boys, girls, men and women playing cricket all over the island. I saw groups sitting in fales smiling and talking. I saw men, women and children constructing new homes and working farm land. I got a big smile and wave from most everyone as I waved and smiled.

"In short, in the most beautiful place I have ever been, I've found happy, friendly people in a land where the most prominent buildings are churches.

"Before going to bed, I thanked God that I had been sent to such a wonderful place. Soifua."

HOUSE OF REPRESENTATIVES—*Saturday, March 22, 1975*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch offered the following prayer:

Jesus said, "I am the Way, the Truth, and the Life".—John 14: 6.

Our Father God, before this altar of prayer set up by our Founding Fathers, we would step aside from the crowded and confused ways of daily life that we may become conscious once again of Thy presence and from Thee receive wisdom and strength for the duties of this demanding day. May the decisions we make and the actions we take be for the highest good of our beloved land.

We pray that Thou wilt lead us to heal the hurts which harm us, to dissipate the differences which divide us and help us to plant the seeds of honor and honesty in the garden of democracy which will bear fruit in the fair and fragrant virtues of faith and hope and love.

In the spirit of Him who is the Way, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 2166. An act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 2166) entitled "An act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Ribicoff, Mr. Hathaway, Mr. Haskell, Mr. Curtis, Mr. Fannin, Mr. Hansen, and Mr. Dole to be the conferees on the part of the Senate.

CALL OF THE HOUSE

Mr. ARMSTRONG. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 83]

Abzug
Addabbo
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Bell
Bergland
Biaggi
Blouin
Brinkley
Brooks
Broomfield
Burke, Calif.
Burke, Fla.
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Conte
Cotter
Crane
Daniel, Dan
Daniels, Dominick V.
de la Garza
Devine
Dickinson
Duncan, Oreg.
Early
Eckhardt
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fish
Fithian
Flood
Flowers
Fountain
Frey
Fulton
Gaydos
Gilman
Goldwater
Goodling
Green
Gude
Guyer
Hammerschmidt
Hansen
Harkin
Harrington
Harris
Harsha
Hawkins
Hays, Ohio
Hébert
Heckler, Mass.
Heinz
Helstoski
Hightower
Hillis
Holt
Horton
Hungate
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Karth
Kindness
Leggett
Lehman
Lent
Litton
McDade
Macdonald
Madigan
Maguire
Mann
Martin
Matsunaga
Metcalfe
Mezvinsky
Mills
Mitchell, N.Y.
Moffett
Mollohan
Mosher
Mottl
Murphy, Ill.
O'Brien
O'Hara
Patten
Pepper
Peyser
Price
Railsback
Richmond
Riegle
Risenhoover
Roberts
Roe
Rose
Rostenkowski
Roush
Ruppe
Ryan
Schneebeli
Sikes
Skubitz
Snyder
Spellman
Staggers
Stark
Steelman
Steiger, Ariz.
Stephens
Studds
Taylor, Mo.
Taylor, N.C.
Thompson
Traxler
Treen
Udall
Vander Jagt
Waggonner
Walsh
Waxman
White
Whitehurst
Wilson, Bob
Winn
Wirth
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Zeferetti

The SPEAKER. On this rollcall 283 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REQUEST FOR APPOINTMENT OF CONFEREES ON H.R. 2166, TAX REDUCTION ACT OF 1975

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I wonder whether our good colleague, the gentleman from Oregon (Mr. Ullman), could tell us what is in the bill.

Mr. ULLMAN. If the gentleman will yield, I will.

Mr. ROUSSELOT. I will be glad to yield to my colleague, the gentleman from Oregon, if it takes 5 or 6 hours.

Mr. ULLMAN. There are many, many amendments, rather accurately reported in the morning press, that were added by the other body, which we are in disagreement. Let me say that before we go to conference the chairman of the committee plans to carefully study all of the things that the other body did. We know the subject areas and we know the general thrust, but they are very complex, complicated matters, many of them nongermane to the bill before us, and they will require a great deal of consideration.

Mr. ROUSSELOT. Further reserving the right to object, can the gentleman give us any idea of about how many nongermane items there are?

Mr. ULLMAN. There are five or six nongermane matters, such as unemployment compensation and social security. Some of the tax provisions also are not germane to the bill.

Mr. ROUSSELOT. Roughly how many items are in the bill that are in disagreement with the House amendments?

Mr. ULLMAN. There are about 15 different items in disagreement.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. FRASER. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman from Oregon some questions.

The SPEAKER. The gentleman reserves the right to object.

Mr. FRASER. Mr. Speaker, as I understand it, in the measure that the other body has sent to us they have provided that the new earned income credit, authorized in section 203, would, in effect, be denied to people who are working, but who supplement their earned income with some public assistance.

Mr. ULLMAN. If the gentleman will yield, I do not believe that is quite the way it is.

Mr. FRASER. These people would lose the section 203 credit in that it would be considered income and thus counted against their benefits. They would get the credit one month and the next month their benefits would be cut.

Mr. ULLMAN. The gentleman is correct in saying that the provision in the Senate bill means that the payments for the earned income credit could reduce welfare payments.

Mr. FRASER. In the meantime, some people could lose foods stamps, medicaid, and other benefits. In other words, they could end up worse off than they were before.

Mr. ULLMAN. I would say that that is something that is a matter of great concern which we will study closely in our conference. We will certainly have that matter in mind.

Mr. FRASER. I thank the gentleman. I think it is a very serious matter, but I know that the gentleman from Oregon will handle it very carefully.

Mr. CORMAN. Mr. Speaker, if the gentleman will yield, I would also point out that the point raised by the gentleman from Minnesota (Mr. Fraser) was considered very carefully by the Committee on Ways and Means. Let me say that if there is a requirement for that consideration for public assistance benefits, that passthrough, that amount of refund will cost $52 per case just to reduce it, and then increase again the check. That will be a cost to the counties for administration, and a loss of earnings for 2 months after the pension is received. I would hope that the conferees can show the Senators the wisdom of our position.

Mr. FRASER. I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. HOWARD. Mr. Speaker, reserving the right to object, I would like to discuss with the chairman of the Committee on Ways and Means, the gentleman from Oregon (Mr. Ullman), one or two items that were in the bill, and I have had the opportunity to learn about them only in the newspaper this morning.

This has to do with items which I believe were not considered in the debate in the House, and were not considered when the House passed the bill. They would do irrevocable damage to the highway program throughout this country.

One of the items introduced by the other body involved the elimination of the excise tax, the 10-percent tax, on new trucks, buses, and trailers. This item for fiscal year 1974 produced $614 million, which went into the highway trust fund.

Also, the other body repealed the 8 percent tax on truck and bus parts, and accessories, which produced an additional $130 million during fiscal year 1974, and which went into the highway trust fund.

This would give a windfall break to the trucking business in this country, the ones who certainly derive the greatest financial benefits from the mobile transportation system that has been developed in this country through the use of the highway trust fund.

We plan to have a major highway bill this year, and there are several aspects of funding for the highway trust fund that will be absolutely devastated if those two provisions providing this great rip-off for the trucking industry were to remain in this bill.

Mr. Speaker, I have no intention of

moving to instruct the conferees, but could the chairman tell me whether or not there was any consideration in the deliberations on this bill concerning this, and what might be the outcome on these two items involving some three-quarters of a billion dollars?

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield, let me assure the gentleman that I fully share his concern about this provision and we will consider closely its effect on the highway trust fund. There was, of course, absolutely no consideration by the committee on this matter. As the gentleman knows, the Committee on Ways and Means coordinates its efforts with the gentleman's committee on matters affecting the highway trust fund. We move together on these matters with respect to the highway trust fund. So I would want to assure the gentleman that I share his concerns, and we will certainly do everything possible to uphold the House position in that matter.

Mr. HOWARD. I thank the gentleman. I certainly have great faith in his ability to negotiate in this matter. The House Committee on Public Works and Transportation would be very much in support of his stated view here this morning on this matter.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. BINGHAM. Reserving the right to object, Mr. Speaker, I would like to express the hope to the chairman of the Committee on Ways and Means that he and the conferees will look very sympathetically at the provision with respect to Social Scurity that has been added to the bill in the Senate. This provision providing $100 for social security beneficiaries approximates the proposals that many of us have made, and which have been supported by many on this side of the aisle, to make the increase expected for July 1 retroactive to January 1. It would certainly provide very useful purchasing power to help the economy and would provide needed help for many millions of Americans.

I know it was not in the House bill, but I hope the conferees will look sympathetically upon that provision.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

APPOINTMENT OF CONFEREES ON H.R. 2166, TAX REDUCTION ACT OF 1975

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, by direction of the Committee on Ways and Means and pursuant to clause 1 of rule XX, I move to take from the Speaker's table the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, together with the Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. Ullman moves to take from the Speaker's table the bill H.R. 2166, with the Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

PARLIAMENTARY INQUIRY

Mr. ROUSSELOT. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ROUSSELOT. Mr. Speaker, I am asking whether the Committee on Ways and Means has met and has had an opportunity to decide to go to conference.

Mr. ULLMAN. Yes, the Committee on Ways and Means did.

Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. Ullman).

Mr. ROUSSELOT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 281, nays 18, not voting 133, as follows:

[Roll No. 84]

YEAS—281

Adams
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Ashley
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bevill
Biester
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Casey
Cederberg
Cochran
Cohen
Collins, Ill.
Conable
Conyers
Corman
Cornell
Coughlin
D'Amours
Daniel, Robert W., Jr.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Derwinski
Diggs
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
English
Evins, Tenn.
Fascell
Fenwick
Findley
Fisher
Florio
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Fuqua
Giaimo
Gibbons
Ginn
Gradison
Grassley
Green
Gude
Hagedorn
Haley
Hall
Hamilton
Hanley
Hannaford
Harris
Hastings
Hayes, Ind.
Hechler, W. Va.
Hefner
Henderson
Hicks
Hinshaw
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Mahon
Mathis
Mazzoli
Meeds
Melcher
Meyner
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patman
Patterson, Calif.
Pattison, N.Y.
Perkins
Pickle
Pike
Pressler
Preyer
Pritchard
Quie
Quillen
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Robinson
Rodino
Rogers
Roncallo
Rooney
Rosenthal
Roybal
Runnels
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Shuster
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Stanton, J. William
Stanton, James V.
Steed
Steiger, Wis.
Stokes
Stratton
Stuckey
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thornton
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Wampler
Weaver
Whalen
Whitten
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Young, Ga.
Young, Tex.
Zablocki

NAYS—18

Abdnor
Bauman
Butler
Clawson, Del
Collins, Tex.
Conlan
Gonzalez
Hansen
Johnson, Colo.
Ketchum
Long, Md.
Lujan
McDonald
Poage
Rousselot
Sebelius
Symms
Thone

NOT VOTING—133

Abzug
Addabbo
Andrews, N.C.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
Bafalis
Bell
Bergland
Biaggi
Blouin
Brinkley
Brooks
Broomfield
Burke, Calif.
Burke, Fla.
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Conte
Cotter
Crane
Daniel, Dan
Daniels, Dominick V.
de la Garza
Devine
Dickinson
Duncan, Oreg.
Early
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fish
Fithian
Flood
Flowers
Frey
Fulton
Gaydos
Gilman
Goldwater
Goodling
Guyer
Hammerschmidt
Harkin
Harrington
Harsha
Hawkins
Hays, Ohio
Hébert
Heckler, Mass.
Heinz
Helstoski
Hightower
Hillis
Holt
Horton
Hungate
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Karth
Kindness
Leggett
Lehman
Lent
Litton
Macdonald
Maguire
Mann
Martin
Matsunaga
Metcalfe
Mezvinsky
Mills
Mitchell, N.Y.
Moffett
Mollohan
Mosher
Mottl
Murphy, Ill.
O'Brien
O'Hara
Patten
Pepper
Peyser
Price
Railsback
Richmond
Riegle
Roberts
Roe
Rose
Rostenkowski
Roush
Ruppe
Schneebeli
Sikes
Skubitz
Snyder
Staggers
Stark
Steelman
Steiger, Ariz.
Stephens
Studds
Taylor, Mo.
Thompson
Traxler
Treen
Udall
Waggonner
Walsh
Waxman
White
Whitehurst
Wilson, Bob
Winn
Wirth
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Zeferetti

So the motion was agreed to.

The Clerk announced the following pairs:

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The **SPEAKER**. The Chair appoints the following conferees: Messrs. ULLMAN, BURKE of Massachusetts, ROSTENKOWSKI, LANDRUM, VANIK, SCHNEEBELI, and CONABLE.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that I may revise and extend my own remarks on the motion just agreed to, and that all Members may have 5 legislative days in which to revise and extend their remarks on the motion just agreed to.

The **SPEAKER**. Is there objection to the request of the gentleman from Oregon?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. **RHODES** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time to inquire of the distinguished majority leader as to whether or not he is prepared to inform the House of the program for the balance of the week and next week.

Mr. O'NEILL. Mr. Speaker, will the distinguished minority leader yield?

Mr. RHODES. I would be happy to yield to the distinguished majority leader.

Mr. O'NEILL. Mr. Speaker, the program for the House of Representatives for the week of March 24, 1975, is as follows:

Monday is District day, there are no bills.

For Monday, Tuesday, and Wednesday, we will take up H.R. 4592, foreign assistance appropriations, fiscal year 1975, conference report;

H.R. 2166, Tax Reduction Act, conference report;

House Concurrent Resolution 133, lowering interest rates, conference report; and

H.R. 4222, National School Lunch Act and Child Nutrition Act amendments, under an open rule, with 2 hours of debate.

Conference reports may be brought up at any time.

Any further program will be announced later.

As the gentleman knows, there are a couple of rescission bills that are in conference and they may be brought back to the House.

There could be a possibility of a conference report with regard to the agriculture bill, and possibly other conference reports which will have to be disposed of.

Mr. RHODES. Mr. Speaker, recognizing the fact that the precise answer would have to depend on the conference on the tax bill, is it the majority leader's opinion that Wednesday will be a light day?

Mr. O'NEILL. Mr. Speaker, we are hoping it will be a light day. The situation at the present time is that we would be waiting for a resolution from the Senate with regard to the adjournment of the House and the Senate. If it does not come, then at the conclusion of business on Wednesday, we would go into the customary 3-day situation.

I am informed the gentleman from Oregon (Mr. ULLMAN) expects that on Wednesday the conference report on the tax bill will be ready for House consideration. We would hope to expedite that matter as quickly as we possibly can, in view of the fact that Wednesday evening is the start of the high season and holy days for those of the Jewish faith, and we hope that we will adjourn at a reasonable hour.

Mr. RHODES. Mr. Speaker, I thank the gentleman.

PERSONAL EXPLANATION

Mr. JENRETTE. Mr. Speaker, on rollcall No. 77 yesterday, the vote on the committee amendment on the resolution providing funds for the Committee on Rules, I was recorded as not voting. I was present, inserted my card and voted "aye," but I am listed as not voting in the RECORD. I wish the RECORD to show that I voted "aye."

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. McFALL. Mr. Speaker. I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The **SPEAKER**. Is there objection to the request of the gentleman from California?

There was no objection.

TRIAL BY PRESS

(Mr. **ST GERMAIN** asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ST GERMAIN. Mr. Speaker, on March 18, an article appeared in the Washington Post headlined, "LEAA Use of Funds Called Wasteful," based upon a leaked OMB memorandum prepared as an internal working document in connection with the preparation of the fiscal 1976 budget.

As a Member of the House Government Operations Committee, I participated fully in the highly publicized hearings which began on July 20, 1971, culminating in the adoption of a critical report on May 11, 1972. While I believe the report accomplished a significant public purpose, in that it served as a catalyst for a number of significant reform measures eliminating the flagrant examples of waste and inefficiency brought to light to the committee, I think it appropriate to repeat from my dissent to the committee report the following:

> Aside from this, I believe that the evidence that was developed at the hearings does not justify the report's sharp-edged and frequently hostile denunciation of LEAA. The agency's officials were in effect held guilty until they could prove their innocence—and then ignored when their reasonable explanations proved their competence in administering the program. There is no more a fair way to treat a government agency than it is to treat a person in a court of law. It is not the way the Congress should proceed against another branch of the Government.

Mr. Speaker, once again we find an agency castigated by a press account, quoted out of context, from an internal memorandum prepared as a budget document which LEAA itself has not received or been given an opportunity to comment upon. Upon receiving a copy of the memorandum from OMB, I find it deeply disturbing that the article did not adequately emphasize the positive things that OMB had to say about the program. This was the thrust of my dissenting views in the 1972 Government Operations report. This agency, with its crucial role is the development of an efficient criminal justice system in this country, simply cannot be and should not be dealt with in such a patently unfair manner.

For the benefit, certainly, of our many new colleagues, a brief review history of this important agency is in order. Largely in response to the riots and civil disorders of the late 1960's, LEAA was established under title I of the Omnibus Crime Control and Safe Streets Act of 1968. LEAA's primary purpose was to assist State and local governments in strengthening and improving law enforcement at every level through a program of national assistance. To meet this mandate and address the pressing problems which were facing all areas of the country, LEAA's early efforts were largely directed toward increasing the law enforcement capabilities of State and local police forces. How ironic it is that LEAA is now being criticized for spending too much for police and equipment in its early years, when the agency was, in fact, merely responding to congressional and public demands.

LEAA also has been charged with responsibility for assisting States and units of local government in the development and adoption of comprehensive State plans to improve law enforcement. The cited OMB memorandum appears to have conceded that there has been some success in this area, but this fact was only mentioned in passing in the Post article. The pertinent section of the OMB memorandum reads:

> On the positive side, LEAA funding has provided for the establishment, in all 50 States, of criminal justice planning agencies, has begun development of a national criminal justice data system with comparable data elements in each State, has contributed to an improvement in the training available to State and local law enforcement officers, has helped to upgrade the quality of equipment and has provided for research and development in hardware and techniques used by

law enforcement agencies. These factors may have contributed to an improvement in the capability of State and local law enforcement agencies.

The block grant program established by the Safe Streets Act was unique, in that it allowed States and localities to participate directly in making the decisions that were to affect them. A discretionary fund was to be used by LEAA to support demonstration projects involving new criminal justice concepts. LEAA's administration of this discretionary program has been quite successful, with many innovative and exemplary projects having received support. Of course, in any attempt to try out new ideas, there will be failures as well as successes. It is unfair to now penalize the agency for going into areas where others have been hesitant to go before. It is only through trying new techniques in law enforcement that any progress can be made.

The LEAA program has been called wasteful. Let me give an idea of some of these "wasteful" projects which the agency has recently supported:

A juror utilization guide has been developed which, if used by all States and localities, could save them $50 million per year;

The National Advisory Commission on Criminal Justice Standards and Goals, funded by LEAA, made an exhaustive, 2-year study of the Nation's criminal justice system and proposed a detailed series of improvements through more than 400 recommendations;

A $3 million demonstration program recently launched by LEAA has as its goal the identification and prompt trial of career criminals—those offenders who frequently and repeatedly commit murder, rape, aggravated assault, robbery, and burglary;

Support has been given for a $1 million program to improve prosecutor services to witnesses, to be conducted in eight cities by the National District Attorneys Association;

LEAA has put $160 million into sponsoring a high impact anticrime program in eight major cities in an effort to reduce stranger-to-stranger street crime and burglary.

I ask, Mr. Speaker, if these types of programs can be called "wasteful?"

The annutl expenditures of LEAA, which some have termed massive, represent only about 5 percent of the total amount spent annually by State and local governments for law enforcement and criminal justice purposes. It cannot reasonably be expected that with this small proportion of funds, LEAA could have an immediate, profound impact on the Nation's crime rate, particularly in light of the many factors other than money which affect crime, such as the soaring unemployment rate. Yet, in its 7 years of existence, the agency has caused States and localities to rethink many of the basic law enforcement premises under which they have operated. LEAA can be credited with many significant improvements in our criminal justice system.

Only last year, the Congress reaffirmed its support for LEAA by giving its expanded authority in the areas of juvenile justice and delinquency prevention, and by making it the agency primarily responsible for coordinating all of the Federal Government's juvenile programs. The recent criticisms of LEAA have caused me to reflect on the idea that the only ones who do not make mistakes are those who do not do the work.

Certainly, Mr. Speaker, LEAA has made mistakes, which I noted in no uncertain terms in my dissenting views in 1972. But let me say, given the complexity of its task, the rapid buildup of its funding level, $69 million in 1969 to $880 million in 1975, the requirement to deal under the block-grant concept with each of the States, I for one salute the agency's accomplishments under the most difficult circumstances taking a backseat to no one by virtue of my membership on the Government Operations Committee in the rooting out of waste and inefficiency. I have reviewed each of the consecutive steps taken by LEAA subsequent to our 1972 investigation for which the agency should be commended rather than condemned by vague generalities. I might add that both the House and Senate Judiciary Committees in exhaustive studies reviewed our findings and LEAA's corrective measures as have both Appropriation Committees on at least two occasions.

This is the fair way for Congress to discharge its oversight responsibilities rather than reliance upon "half-truths." The present Administrator, Mr. Velde, and his immediate predecessor, I have found to be forthright and totally candid, responding quickly and efficiently to constructive criticism. I have confidence that this healthy executive branch-legislative branch partnership will continue as envisioned by the Omnibus Crime Control and Safe Streets Act of 1968 which created the Law Enforcement Assistance Administration.

THE EMERGENCY COMMITTEE FOR A FREE VIETNAM APPEALS TO THE CONSCIENCE OF AMERICA

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from New York (Mr. Kemp), is recognized for 10 minutes.

Mr. KEMP. Mr. Speaker, I take this time to bring to the attention of my colleagues an organization of outstanding and respected Americans who have joined together to dramatize the need to help keep South Vietnam free of Communist domination.

This "Emergency Committee for a Free Vietnam" is composed of Democrats and Republicans, liberals and conservatives. They all are deeply concerned and dedicated Americans who recognize what the implications would be to America's foreign policy objectives if the Communist's North Vietnamese, extensively supported by Russian tanks and Chinese A.K. 47s, were allowed to take over the South while the United States turned its back.

As one who has been to South Vietnam three times since the Tet offensive of 1968, I can personally attest to the tragedy of this long drawn-out and controversial war. And as a supporter of our commitment to help those who will help themselves, I firmly believe that the South Vietnamese want no part of what communism, North Vietnamese style, has in store for them. In fact, refugees from communist controlled provinces are streaming into the cities and towns along the South Vietnam coast, south of Hue and DaNang, looking for protection from the North Vietnamese military advance. This advance and North Vietnam main force buildup in the South is in total and blatant disregard for the terms of the Paris Agreements. As the New York Times argued so logically and compassionately in its editorial of Friday, March 21, it would be unconscionable for the United States in effect to cut off the ammunition supply to South Vietnam for their weapons.

For the Record, Mr. Speaker, I submit the New York Times editorial at the end of this "appeal to the American Conscience":

Vietnam, American Credibility and World Peace

Within the coming weeks and months, Congress and the American people will quite possibly decide the fate of South Vietnam. Current readings indicate that the prognosis for South Vietnam is not very good partly because even some of those who in the past staunchly supported our commitment to the freedom of South Vietnam have now come to regard it as a hopeless cause. In effect, they feel that we should cut our losses and let the Communists take over.

We, the undersigned citizens—Republicans and Democrats, conservatives and liberals—hope that all members of Congress and, indeed, all Americans, will weigh with a careful hand and an open mind the implications of the decisions they will soon be called upon to make.

CO-CHAIRMAN

Dr. Frank Trager, Director, N.Y. University Graduates School of Public Administration.

John Chamberlain, Syndicated Columnist.

MEMBERS

Murray Baron, Former Chairman, Liberal Party of New York.

Adda Bozeman, Professor of International Relations, Sarah Lawrence College.

William F. Buckley, Jr., Editor, National Review.

Rabbi Marcel Blitz, Pickwick Jewish Center, Baltimore, Maryland.

Ronald F. Docksai, Chairman, Young Americans for Freedom.

Dr. James Dornan, Chairman, Department of Politics, Catholic University.

Honorable Elbridge Durbrow, Former U.S. Ambassador to South Vietnam.

Dr. Chester Earle, Professor of Political Science, American University.

Dr. Valerie Earle, Professor of Government, Georgetown University.

M. Stanton Evans, Chairman, American Conservative Union.

John Fisher, President American Security Council.

Dr. Jeffrey Hart, Professor of English, Dartmouth College.

Dr. William Henderson, President, William Henderson Consultants, Inc.

James Jackson Kilpatrick, Syndicated columnist.

John Lofton, Syndicated columnist.

Honorable Clare Booth Luce, Former U.S. Ambassador to Italy.

Charles Lucom, President, Concerned Citizens, Inc.

Eugene Lyons, Former Senior Editor, Reader's Digest.

Admiral John McCain, USN (Ret.) Former Commander-in-Chief, Pacific Fleet, 1968–72.

Admiral William C. Mott, USN (Ret), Exec. V.P., U.S. Independent Telephone Association.

Paul Nitze, Former Secretary of the Navy.

Dr. G. Warren Nutter, Professor of Economics, University of Virginia.

Daniel Oliver, Executive Editor, National Review.

Dr. Howard Penniman, Professor of Political Science, Georgetown University.

Dr. Stefan Possony, Professor, Hoover Institution, Sanford University.

Maj. Nick Rowe, U.S.A. (Ret.), Ex-POW.

William Rusher, Publisher, National Review.

Allan Ryskind, Capitol Hill Editor, Human Events.

Dr. I. Milton Sachs, Professor of Labor and Social Thought, Brandeis University.

Dr. Robert Scalapino, Professor of Political Science, University of California at Berkeley.

Dr. Paul Seabury, Professor of Government, University of California at Berkeley.

Dick Smith, Chairman, Young Republican National Foundation.

Larry Stark, Ex-POW.

Gerald Steibel, International Relations Research Director, Institute of America.

Charles Stephens, Business Executive.

Dr. Edward Teller, Nuclear Physicist.

R. Emmeti Tyrell, Jr., Editor-in-Chief, The Alternatives.

Professor Eugene Wigner, Princeton University, Nobel Laureate.

Thomas S. Winter, Editor, Human Events.

Stephen B. Young, Attorney and Author.

Admiral E. R. Zumwalt, USN, (Ret.), Former Chief of Naval Operations.

It is only human to be weary of the Southeast Asia war and its recurring annual expenditures, and to wish that it would all go away. It is only human, too, that the question of cost should weigh more heavily on the minds of all of us when we must deal on the domestic front with a serious economic recession, mass unemployment and an energy crisis. Finally, it is only natural that everyone should be tired of the bitterness and division that attended our involvement in the Vietnam war.

There would be no point in reviving or rearguing the bitter controversies and divisions of the past. Our starting point must be the situation as it exists today. Given this situation, we must face up to the fact that a cut-off of aid, or a refusal to provide adequate aid—in the measure promised—is virtually certain to have these results:

It would turn over the 25,000,000 people of Indochina to Communist rule, and place Hanoi's militant imperialism in a position to field the third largest army in the world.

It would corrode our alliances and undermine American security by demonstrating to our allies and dependents that we do not live up to our pledges.

Because it is bound to be perceived as a product of weakness and lack of resolve, it is certain to play into the hands of the more hawkish elements in both Moscow and Peking—with dire consequences for the security of the free world.

It would seriously undercut our ability to conduct a viable foreign policy that will prevent the outbreak of war in the Middle East and elsewhere.

Given these premises, our abandonment of Vietnam would create a world situation so perilous that we would have to increase massively our already heavy defense expenditures. Sir Robert Thompson has suggested that we might find ourselves shouldering a military budget of $200 billion five years from now.

While everyone now agrees that there must be some limitations on our involvements, the overwhelming majority of the American people *tend to sympathize* instinctively with all peoples who are seeking to defend their freedom against communist aggression. But with this there is a widespread belief that it really won't affect America too much if Vietnam or Cambodia or some other country should fall under communist rule.

We do well to ponder the meaning of the fact that this strange dichotomy does not exist in Israel. The Israeli leaders, no matter what their political differences, have staunchly sympathized with our commitment to the freedom of South Vietnam because, as they see it, the extension of Communist power in any significant area of the world is bound to have an adverse impact on their ability to defend their own freedom.

There is more involved than maintaining some kind of international balance between the forces of communism and the forces of the Free World.

For those who opposed as well as for those who supported our Vietnam policy there is also involved the issue of our moral commitment to an ally whose forces in recent years fought alongside our forces in many hard and bloody battles—an ally, which, on a proportionate basis, has sacrificed a hundred lives for every life that we have sacrificed in defense of their own freedom and of Free World interests in Southeast Asia.

THE MATTER OF HONORING ASSURANCES

Also involved is the question of American honor. That question, simply posed, is: does America live up to solemn assurances given to friends and allies—of does it renege on these assurances a few years later because it considers the cost excessive?

At the time of the Vietnam Peace Agreement, we gave our firm assurance to the government of South Vietnam that, if the Communists continued to attack, we would replace the materiel and ammunition consumed in resisting these attacks, on a one-for-one basis. It was not a written agreement—but the fact of assurance has been confirmed by both American and South Vietnamese spokesmen and the right to replace materiel on a one-for-one basis was written into the clause of the Peace Agreement which froze the military strength of both sides.

To do precisely this much and no more the Administration last year asked the Congress for $1,400,000,000. Congress authorized only $1,000,000,000—and then proceeded to appropriate only $700,000,000. This cutback, aggravated by inflation, has already had drastic consequences.

Congressmen who supported the reduction in assistance argued that it would help to reduce the level of combat and would therefore lead to more meaningful negotiations between the two sides. In fact, precisely the opposite has happened.

The cuts encouraged Hanoi and its allies to break off all negotiations—both the political negotiations in Paris and the Four-Party Joint Military Talks in Saigon—and to go for an all-out military victory. As a corollary of this, it encouraged the Soviet Union and China to step up the scale of their military assistance to Hanoi.

The stepped up Communist military activity since Congress halved last year's military aid request has resulted in the highest level of death and destruction since the Vietnamese Peace Accords were signed. Reduced to a position where they can receive no replacements for tanks or planes or other heavy hardware lost in battle, and where they have to ration hand grenades and rifle ammunition, the Saigon forces have had to pull in their defense lines in an effort to conserve resources. In the Delta alone they have had to abandon more than 1,000 of 3,700 defensive outposts. With this have gone serious reverses on the battlefield, including the loss of Phuoc Long Province in January.

There has been a tendency in some quarters to blame Saigon's reverses on the lack of a will to fight. This adds insult to injury. The South Vietnamese Army has fought heroically in situation after situation. There have been few easy surrenders and no significant desertions to the other side. Those who make this gratuitous accusation against the South Vietnamese military would do well to consider the following facts—resulting directly from last year's aid reduction.

Saigon has had to impose a 50 per cent cut in flying time on its air force, including a 40-50 per cent cut in close air support, interdiction and transport.

It has had to drydock several score naval vessels.

Its ammunition stocks have been reduced by 40 per cent since the cease fire.

While Saigon has been fighting under these increasing restrictions, Hanoi—in flagrant violation of the cease-fire agreement—has been engaged in a remorseless buildup of its forces in South Vietnam. Since the cease-fire it has augmented its forces by 70,000 men, to give it a total current force of 300,000; it has brought in 400 additional tanks, for a total complement of 600; it has added 1,000 artillery pieces, plus anti-aircraft systems (including SAM missiles), and it has built 12 airfields.

Given these facts, it is clear that those who favor continuing the present restrictions on aid to Saigon, or who favor cutting aid even more drastically, are pursuing a policy which—if it is not quickly reversed—is virtually certain to result in a communist takeover.

OUR INVOLVEMENT IS NOT UNENDING

To those who argue that we should get out because Vietnam is an unending commitment, we would point out that the past several years have witnessed massive reductions in the scale of American involvement. For years we were spending up to $30 billion a year in Vietnam and losing men in battle at the rate of 1,000 a month or more. Now there is no American combat involvement; our prisoners have been released; and all that is being asked is that we provide South Vietnam with less than $2 billion a year in economic and military aid so that it can survive as a non-communist nation.

There *is* a will to fight in South Vietnam: Southeast Asian expert Sir Robert Thompson has stated that, in terms of morale and fighting ability, the 5 best divisions in the South Vietnamese Army would be a match for the 5 best divisions in the American Army—or any other army.

Given adequate support, the South Vietnamese can *win*. There is also every reason to believe that, if they are given the necessary support, the South Vietnamese can be largely self-sufficient within a few years. Among other things this belief is founded on the incredible success of the offshore oil drilling operations in Vietnam—virtually every drilling operation to date has produced oil! And it should not be lost sight of that these vast oil reserves, instead of being a free world asset, will fall to the communists if Vietnam goes under.

VIETNAM AID, AMERICAN CREDIBILITY, AND MIDDLE EAST PEACE

If South Vietnam now goes under because of our failure to honor our assurance that we would replace military material on a one for one basis, it would inevitably have a devastating effect on American credibility—with friend and foe alike. It would undermine our ability to use our diplomacy as a protective shield for our national security and as a guarantor of the peace in other parts of the world. It would have a corrosive effect on existing alliances, and make it virtually impossible to persuade any other nation to credit an assurance of protection from the United States.

If such a situation should ever come about, the first casualties would be the State of Israel and the prospect of a stable peace in the Middle East. For these negotiations to be successful, the Israelis will have to agree to make major withdrawals in the Sinai, including the surrender of the vital Sinai passes and the oil fields from which Israel now gets most of its oil. To agree to a concession of this magnitude, Israel would have to have a firm American assurance against the possibility of renewed Arab attack. And no Israeli leader in his right mind would be willing to stake Israel's survival on such an assurance, if Congress now demonstrated, in the case of Vietnam, that it can, at its own whimsy, completely nullify a solemn assurance of assistance to an ally, given only two years ago.

A FEW NON-ISSUES

Charges have been made by his political opponents that the Thieu regime is corrupt and oppressive.

It is impossible to know from this side just how much there is to the charges of corruption—but it is a reasonable assumption that there is more than there ought to be and certainly the undersigned would favor even stronger measures by the Thieu Government to bring it under control. But we cannot believe that Congress would deliberately condemn 19,000,000 Vietnamese to communist subjugation simply because the degree of corruption in that country exceeds that to which we are accustomed in our own country.

As for the charge that the Thieu Government is repressive, we do not take the stand that the United States must support President Thieu, come hell or high water or that there are no alternatives to him. But those who bandy about the charge would do well to remember that South Vietnam is fighting a desperate battle for survival, with enemy forces no more than 50 miles from Saigon; that the Lincoln government at the time of the American Civil War also felt constrained to restrict civil liberties; that the survival of a substantial measure of freedom in South Vietnam is apparent from the almost daily accounts of opposition demonstrations and statements; and finally, whatever its shortcomings, there is a thousand times as much freedom in South Vietnam as there is under the totalitarian dictatorship of the Vietnamese Communists—in both the South and the North.

THE DANGER OF A COMMUNIST BLOODBATH

The establishment of communist power in the Soviet Union, China, North Vietnam and other countries has been attended by a massive bloodletting of opposition elements, extending over a period of many years. Experts who have followed Vietnamese affairs closely predict that a communist victory in the South would lead to one of the greatest bloodbaths of all.

This prediction is reinforced by the memory of the terrible massacres perpetrated by the Communist forces when they occupied the city of Hue for 26 days at the time of the Tet offensive. When it was over, 5,700 civilians had disappeared; roughly 3,000 were later found in mass graves; and the Communist radio boasted that they had eliminated "the hooligan lackeys who owed blood debts."

Professor P. J. Honey of London, who is widely regarded as one of the Free World's foremost authorities on N. Vietnam, has predicted that "on the basis of past Communist deeds, and given the size of South Vietnam's population, the minimum number of those to be butchered will exceed one million and could rise to several times that figure." Two high ranking North Vietnamese defectors, Colonel Tran Van Dac, and Colonel Le Xuan Chuyen, have declared that the Communists, if they win, will slaughter several million of those who resisted them. Douglas Pike, author of the definitive work "The Viet Cong," who conducted an in-depth study of the communist massacre in Hue, concluded with these words:

The meaning of the Hue massacre seems clear. If the Communists win decisively in South Vietnam: . . . What is the prospect? First, all foreigners would be cleared out of the South, especially the hundreds of foreign newsmen who are in and out of Saigon. A curtain of ignorance would descend. Then would begin a night of long knives. The war was long and so are memories of old scores to be settled. . . . Beyond this would come Communist justice, meted out to the "tyrants and lackeys." Personal revenge would be a small wheel turning within the larger wheel of party retribution."

But little of this would be known abroad. The communists in Vietnam would create a silence.

The world would call it peace.

We appeal to all members of Congress to keep these facts and these considerations in mind. So long as we deny assistance, it is a foregone certainty that the Communists will persist in their refusal to negotiate and to pursue the goal of outright military conquest. Only if we are prepared to give our Southeast Asian allies the means to resist, can there be some hope of persuading China and the Soviet Union to scale down the assistance to Hanoi to return to negotiations within the framework of the Paris Agreement.

Mr. Speaker, this editorial by the New York Times explains clearly and compassionately that it would be unconscionable for the United States to cut off ammunition to the South Vietnamese:

VIETNAM'S CRISIS

North Vietnam's wide-ranging military advances—the first resumption of large-scale warfare since 1972—and Saigon's dramatic withdrawals have created a new situation in Indochina. It cannot fail to affect the politics of South Vietnam and the American debate over aid to Saigon.

The war clearly is on in earnest, not just the small-scale local attacks in disputed areas that both sides began within the first days after the January, 1973, ceasefire. Hanoi sees within its grasp the opportunity to reunify Vietnam by force; Saigon has retrenched the better to defend the most populous areas under its control.

The new war finds the military balance significantly altered. The Paris accords permit one-for-one replacement, but no increase of military equipment in South Vietnam. They prohibit not only increases but even replacement there of North Vietnamese troops, which are supposed to be slated for ultimate withdrawal. Instead, North Vietnam's combat forces in the South during 1973 alone were increased by more than one-third by infiltration to an all-time high of 190,000, plus 50,000 Vietcong.

Tanks (Soviet built) have been quadrupled in number as have heavy artillery pieces. Supplies have been enormously increased to levels sufficient for 18 to 20 months of combat at the intensity of the 1972 Easter offensive. Added supplies can be moved from North Vietnam to the Saigon area in three weeks, instead of three months, with the aid of an oil pipeline and two dual-lane, hard-surfaced highways built through Laos and Cambodia to replace the Ho Chi Minh trail.

Meanwhile, the sharply reduced level of American aid funds has prevented replacement of Saigon's equipment losses. Substantial numbers of planes, helicopters, tanks and other combat vehicles are out of service for lack of spare parts and civilian maintenance crews.

In the past three years, American military aid funds have been steadily reduced by Congress. Rationing of fuel has cut the operating hours of aircraft and ground combat vehicles to one-half their capability; ammunition use has been cut back 30 per cent. Lack of mobility and reduced air and artillery support have led to loss of outposts, an increasingly defensive posture and higher casualties.

The supply drawdown and the uncertainties of future aid evidently were key factors in President Thieu's decision to abandon vast sparsely inhabited areas in the Central Highlands and the northernmost provinces of South Vietnam. The withdrawal of Saigon forces to shorter lines and the defense primarily of agricultural, coastal and urban areas containing 80 to 90 per cent of the country's population and arable land may be a sound strategic move but its psychological impact cannot yet be assessed.

In these new circumstances, it would be unconscionable for the United States, in effect, to cut off the ammunition supply for the weapons with which Washington has armed the South Vietnamese. President Ford's proposal for a terminal three-year aid program, if adequately funded by Congress, would remove the Vietnam issue from next year's Presidential campaign and give the South Vietnamese a chance to reach a stalemate that might encourage Hanoi to turn to negotiation and domestic reconstruction. That prospect would be greatly enhanced if President Thieu were to seize the present opportunity—with his non-Communist opposition impressed with the gravity of the military situation—to broaden his regime and to set up a government of national union.

Mr. Speaker, if South Vietnam should fall for the lack of will and determination, that is one thing, but if it falls for lack of spare parts and ammunition for its weapons of defense, that will be a tragedy for all who have a stake in America's word and credibility.

A CITY VULNERABLE—NO. 1

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas, (Mr. GONZALEZ) is recognized for 45 minutes.

Mr. **GONZALEZ.** Mr. Speaker, this discussion this afternoon I shall entitle "A City Vulnerable—No. 1." It is really a sequelae to my previous speeches. The reason that I rise at this time on this subject matter is that, as the Members have probably noticed, over a period of a total of some eight or nine occasions I have addressed the House on the subject matter entitled "A City Betrayed." Then I followed with about six discussions entitled "A City Redeemed."

The question has occurred—and some of the folks back home have asked me this—"Why are you using this forum? Is this not a local matter?"

My answer has been that they probably missed the very first discussion I had initiating the series, in which I pointed out that what I was saying on specific factual grounds had national connotations, because this is only a local manifestation of a national disease. It is one example, unfortunately in my native and beloved hometown, that is not unique, inasmuch as it seems to be a fairly common pattern throughout the Nation.

On top of that, the specific developments in my own hometown clearly show that the city continues to be betrayed and victimized as a result of the interstate activities of known and established swindlers or criminals. Yet it seems that the forces of society in our communities, locally, State, and nationally, are powerless, or weak, or ineffective, or seem to be incapable of confronting this wave, this miasma of crime, particularly the white-collar crime that seems to be plaguing the Nation. In this jet age it is hard for a local cop to catch an interstate criminal.

Mr. Speaker, it so happens that what I have said has from time to time stirred up some of the local political leaders and some of the local business leaders. But not one time has anyone rebutted or contradicted any particular categorical statement I have made. Rather, they have resorted to abuse and to crude attempts to intimidate. I am disappointed at this because, after almost 22 years of privileged service in an elective capacity in my native city, it would seem that these people would know me well enough to know I cannot be intimidated.

About 2 weeks ago somebody fired a high-powered rifle bullet into my station wagon which I use when I go home. There is a lot of speculation about that. I suppose we could sit all day and all night wondering who, why, where, and so forth. But again I have had to remind friends as well as foes and critics that this is not the first time in 21 or 22 years that I have confronted this situation. I have had even perhaps more direct and, as I look in retrospect, more real and awesome threats.

In any event, I want to go on record as saying that it will take far more than that to intimidate me from the use of the forum which, by election to this office, I enjoy. I also pride myself in having resorted to this forum from time to time in the 13 years that I have served in this House, and I also pride myself on the fact that when I have taken the forum and have made use of it, it has never been to abuse it or to take undue advantage of it.

As a matter of fact, I have always said to those who feel they have been injured or hurt and will offer factual rebuttal in contradiction, I will more than be happy to include that statement right here in the record if I myself am the one to do it.

However, in the absence of that, no amount of threat or no amount of intimidation, direct or indirect, is going to accomplish the purpose of removing me from the forum.

I have stated that the difficulty with these problems is the intertwining, the interleaving, the seamless web or pattern of connection between crime of the most sophisticated and organized type that can exist in any society and the highest features of our society, whether it is political or whether it is business; and that this makes it next to impossible for those forces that we ourselves have elected and paid to protect us from the criminal and do an effective job in rooting out crime, in rooting out the causes, in rooting out the malefactors, and thereby protecting and giving minimal protection to citizens.

In my city the situation has reached the point where I am impelled, in fact, compelled to speak out in order to protect what are presently potential victims of highly sophisticated swindlers who travel among the highest social and business groups of my community, my State, and of other States. Moreover, they seem to be doing it with impunity. It seems that neither the law enforcement officials of one or the other States is capable of restricting and restraining these established criminals, and there also exists the incapacity of the local officials of my own State, the enforcement officials, to do much about it.

Therefore, at this particular time I rise because I want to warn citizens in my community that I may not have an opportunity to reach otherwise against the pattern that has developed whereby several have already been victimized. The awesome thing about it is that it is the same modus operandi that was reflected in the celebrated murder case in Oklahoma, the home State of the Speaker, known as the Mullendore murder case, where involved is the question of the million dollar insurance policies.

I would like to point out at this time, particularly to the constituents of the city of San Antonio, but not necessarily restricted to those citizens, but also to the citizens of the State of Georgia, of the State of California, and of several other States particularly, that if they have been approached with an attractive offer to purchase a million-dollar policy with come-ons attached to it, I say to you who might be approached that way, be extremely cautious. The policy you are about to buy, instead of being for your life or to protect your life, may mean your life. This is how dangerous the situation is. It has reached a stage in my area and in other points, particularly the State of Georgia and the State of California, where I know of and have corroborated evidence showing the pattern of activity.

Mr. CARTER. Mr. Speaker, would the distinguished gentleman yield?

Mr. GONZALEZ. I will be delighted to yield to my distinguished colleague, the gentleman from Kentucky.

Mr. CARTER. Mr. Speaker, I want to say that the gentleman in the well today is one of the most highly respected Members of this body. He is a man of unquestioned honesty and of impeccable character. I trust that the people will give an ear to what the gentleman is saying, and credence to what the gentleman is saying. I want to thank him for the remarks that he is making and the advice that he has advanced at this time.

Again I thank my distinguished friend for yielding.

Mr. GONZALEZ. Mr. Speaker, I in turn am deeply grateful to my distinguished colleague and friend, the gentleman from Kentucky (Mr. CARTER). Very frequently we call the gentleman Doc, or DOCTOR, because he is a medical doctor and this is not my first expression of very deep gratitude to the gentleman. I have already good cause to be indebted to him for his graciousness, and also for the tremendous service that he renders the Nation in his capacity as a Member of the House of Representatives. As such a Representative, the gentleman has transcended the parochialism of a Congressman who represents only his local district.

Coming from the gentleman, these words mean everything to me, because I have been under attack. It has not been exactly easy, neither has it been awesome, nor could I truly say that the overwhelming preponderant majority of the people have not responded sympathetically. But the point is when these issues are drawn it is not easy to point, and it is not a happy thing to point to pillars of society, to publishers of newspapers, to owners or managers of the local media, whether it is radio or television. Because what I have done has aroused criticism and has aroused injured feelings, and the like.

But, as I said, there are times when we have to justify ourselves within ourselves, in our own minds and souls, of our reason for being here. We have to answer that question individually. I believe there is no other way.

I am sure that every other Member of the House has responded to similar issues in the very same, identical fashion. In my case it just seems so disheartening, so sad, that it would be necessary for a Member of the Congress to have to come back and take on some of these chores. And yet, in reality, I know that in the end the local folks will come out and join in this effort because it involves them, too.

One thing in particular is that just less than 2 years ago, to illustrate the fact that these are lonely ways, I had accepted an invitation to go to the campus of the University of Colorado in Boulder. It was an ordinary lecture, there was no reason to expect anything but a very nice, peaceful gathering, yet when it all ended up there was organized violence. I was prevented from using the forum of the university.

A mob was imported from nearby Denver. They did not know me, and I did not know them, but they had other motives.

The end result was the same, identical tactics that the infamous Storm Troopers of Hilter had used in preventing freedom of speech on campuses. Not one university student was involved except one part-time, temporary summer student. Yet there was not one voice decrying that incident, even though I actually warned, as a result of that experience, and being new to Boulder—I was not new, of course, to these experiences, and I detected things that some of the people in Denver and in Boulder seemed to be unaware of—and I warned the officials, not only the law enforcement officials in Boulder, but those from Denver, that unless they woke up they were in for serious trouble. Also, that this action resulted from the interstate activity of some men back home in San Antonio.

I noticed that in this mob there were at least four who were armed. They were disorderly, and they seemed to be drinking what appeared to be whisky. They seemed to be hopped up with more than whisky. I know that at least four were armed. The same reaction met that warning that some people have reacted to in this case when I have spoken out on this particular situation, only to find that within 7 months after that incident, which was August 8, 1973, and less than a year later, in fact 8 months, three of the four who were armed were blown to bits by dynamite that they had been handling. In fact, it also cost the life of one girl who apparently was attracted to the group who came from another State, not Colorado.

Three of the four that I had detected as being armed, about whom I warned the officials, even though I was a stranger to the State of Colorado, are dead. One of the others has since fled, I believe, to Cuba.

So I think that when I have reached the point of burdening my colleagues in this House with speaking out from this forum, which once one speaks from does become a national forum of a sort, that it has to be done responsibly and always with documentation, that is, backed up by facts that have been established.

In the succeeding 2 weeks I will specify the names of the individuals I have referred to generally today, but I rise now because it is my information that some of these individuals will be in San Antonio, my native city, over the weekend. Perhaps if I can warn some of these would-be purchasers of million dollar insurance contracts in time, we can save somebody.

I have one person already who has been hooked up. Thank God, by happenstance I was able to find out and meet and, therefore, prevent what might have been not only a swindling but something more tragic.

Let me conclude by saying that the sad thing is that here are all of the established forces within our communities that we elect and set up. It seems as if they are inert, just as in the case of Colorado. It just seemed as if the university's faculty, the university officials, the law enforcement officials were either prostrate or did not know what to do, or if they did know what to do, they were afraid to move, or if they were afraid to move, they were afraid because they would be accused of victimizing some civil libertarian and accused of violating civil rights.

I can assure my colleagues that in the case I speak of the pattern of one particular individual has been well established. It has been, in fact, publicized nationally, and yet without a license to sell insurance in Texas, under the shadow of indictment in Georgia, he has continued to attempt to swindle people in my district, out of my State, in California, and in Georgia as well, and in other States in between.

In fact, some of the local bigwigs in my hometown became offended and said, "Put up or shut up." So then that compelled two more speeches, and I went into specifics, and I named names, and everything.

Then I was threatened. So my answer was, I am challenged: Put up or shut up. I put up, and then they want me to shut up.

The point is that we have got to develop the healthy and legal resources of our communities. We have got to stand up and say that we are with them and not with the criminal, no matter how sympathetic we may feel toward those who espouse causes but do wrongful acts in the name of those causes. If we do not, I do not know of any society in history that has long endured when its government cannot even furnish the principal reason why governments are formed, which is security to life and limb and, if possible, to property, too.

In San Antonio we are under a shadow. As I said before, it is a long shadow because, believe it or not, it entails crookedness in high places and low. It involves people in and out of public office.

I have always said that if I had a list of demons or those things that I considered the most reprehensible in life, it would be a simple list of about three or four. The first would be a crooked or a corrupt elected official. Right alongside him would be a crooked cop. Then would be a faithless priest or minister or preacher and possibly right along with him some of the other related quasi-public trust officials, because in a democracy when corruption seeps into these areas the whole fabric is threatened.

But it is a very awesome thing to call attention to one thing and to see that in your loved community it seems like a web and when you pull on one end the whole fabric just shakes because it is so intricately involved. Yet somehow in some way we must find the answer to help the healthy, the legal, the lawfully established forces of the communities to regain their strength because at this time, I can assure the Members, the criminal element is on top and way ahead. The lawful forces up to now are losing the fight.

Instead of successfully winning a fight a man finds himself threatened and intimidated from all quarters—business, press, TV. For example, after the first series of "A City Betrayed" and on the occasion when I was on a visit home, one of the local television stations—I believe they are called newscasters—seemed to be inordinately inflamed and excited. He asked me:

> Do you know what you are saying?

I said:

> Well, I think every word I have said has been carefully evaluated and weighed. I am a man who has used words for many years, and I hope every word I have ever said, whether extemporaneously or whether prepared or whether written has most certainly been weighed and sifted in my mind. What are you referring to?

He said:

> Well, the mayor says if you keep speaking this way from the congressional floor you will give the city a bad name.

I said:

> Then why in the world do you report crimes, since your station specializes in reporting the crimes of the city every night? Why do you report any incident of a crime in the city? It is going to give the city a bad name. I think the question should be whether I am correct and truthful or not, and if you are imputing to me that I am inaccurate, then I want you to tell me where and I will be glad to correct the statement, because I like to feel in my mind that I am honest and I think that if I am honest and I have been wrong, then my honesty will impel me to correct the wrong. But you will not browbeat me by the implied threat that somebody is threatening a lawsuit or physical violence. Those things do not scare anybody but elderly women and small kids and I am neither one.

This same gentleman happens to be the one that felt offended because I chastised the media when on the occasion of the Fred Gomez Carrasco exploits, which were nationally reported—he holed himself up with hostages in the State penitentiary at Huntsville, Tex., and later was killed. He was a known criminal and a drug addict who was trying to find sympathy by saying he had the capacity to be a lawyer or a doctor but the reason he was not either one was because the establishment was unfair or unjust.

Some newscasters tried to romanticize and make a folk hero of the likes of Fred Gomez Carrasco. Some of these gentlemen naturally do not like me. That is easy to see; but it has nothing to do with the issue on hand. If such things as those were to intimidate a Member of the House from ceasing to speak forth particularly from his forum, then I think I or any Member similarly situated would be craven and unfit to discharge this office.

Next week I will specifically point to those cases where this interstate swindler is attempting to defraud and gyp the people in my district and others.

Mr. Speaker, I yield back the balance of my time.

SOUND AND WARRANTED REASONS TO OPPOSE SURFACE MINING BILL

The SPEAKER pro tempore (Mr. DANIELSON). Under a previous order of the House, the gentleman from Missouri (Mr. RANDALL) is recognized for 10 minutes.

(Mr. RANDALL asked and was given permission to revise and extend his remarks.)

Mr. RANDALL. Mr. Speaker, because this is one of those rare Saturday meetings of the House, I shall not speak very long. We have all just listened to the last speaker, the gentleman from Texas (Mr. GONZALEZ), who has issued some timely warnings about the increase of organized crime in this country. Now I will take a few moments to issue another warning on another subject.

When I opposed the so-called surface mining bill this week I thought it was for valid and good reasons, because of its effect on the utility rates. Now during the few days past since the debate, I find there will be not simply an increase in the costs of electricity for lights and power, but also doubts raised as to the availability of coal.

Within the last day or 2, two of our power companies that serve west central Missouri have written that rates in our 16-county area would be increased $750,000 as a result of H.R. 25. I was also told the legislation would result in shortages of electricity that could lead to brownouts or blackouts. Information was released to me that one mine in our district would be closed and if this is a typical example, others could be closed which would affect the volume of electrical energy to be produced.

The representatives of the two power companies serving our district rely totally and completely on coal to generate their energy. Even if available, with the cost increased from 15 to 30 percent and if the companies do not enjoy escalator clauses and are delayed or refused an immediate rate increase—then they will not or cannot operate very long at a substantial loss.

Because pressing business prevented my participation in the debate on H.R. 25, I take the floor at this time is to set out in the record what I sincerely believe to be were good and sufficient reasons to oppose the passage of H.R. 25, that will probably forever be known as the strip mining bill. I think it is necessary to recite for the record what I submit are valid, sound and warranted objections to this particular legislation.

At the very beginning of these remarks, let me emphasize I favored a strip mining bill to commence to reclaim our land but not one which will add such intolerable costs to coal users and thus inevitably cause an immediate and unbearable increase in electric rates. In the course of the debate, someone appropriately predicted that this bill could become known as the 1975 act to increase electric rates in America. It is a matter of record that I supported final passage of the bill, S. 425 last fall after the Hosmer substitute was defeated. However, during the interim between then and now the energy problems of this country have multiplied and the problem of inflation has worsened.

Of course, I harbored no illusions that my opposition would make any substantial difference in the passage of the bill. Notwithstanding it becomes not only a Member's prerogative but his responsibility and obligation to oppose this measure this year, and make clear the reasons.

The paramount reason for my opposition quickly stated, is that this bill with its tax rate of 35 cents a ton will produce immediate damage and detriment to the condition of our economy. It will hamper the progress of recovery, because of the heavy inflationary impact it will create.

If there were one way I could emphasize, underscore and put in italics, the foremost reason to be against H.R. 25 is because it puts a tax on coal at not only the wrong time but at the very worst time.

I supported the Clean Air Act when it was passed but I think today many Members who supported that effort hail and salute the responsible and reasonable proposals which have been made to defer or postpone the strict enforcement of emission standards on automobiles until we can make some progress toward the solution of the energy crisis. Why cannot this some philosophy be applied to temporarily deter such strict and drastic regulations on strip mining until such time as we can make at least some measure of progress toward energy independence?

Legislation of this kind would have made more sense if there had been some provision for "phase-in" of the per ton tax on coal. For example why not 5 to 10 cents at the present time with a 5-cent increase at the end of 5 years, and then a 5-cent increase at the end of say, 8 years. With such a time frame our country would be in a position to make some progress toward the use of solar energy or perhaps enjoy the benefits of some new and now unavailable technological breakthrough which would lower the cost of converting coal to liquid motor fuel or to a gaseous state for home and industrial fuels.

Over the long pull I am able to report that I have enjoyed a better-than-average record in support of environmental measures. There has never been a single bill for clean water or clean air that I have failed to support. On the other hand, we must all recognize that if there is one demand which we must meet as a necessity with almost as high a priority as food itself, it is an adequate supply of energy which we can afford to use. Coal is the only presently available source of energy that we now possess in abundance.

The question to be asked is "How does the passage of this bill discourage the use of our abundant supply of coal?" A good answer comes from the Department of the Interior which estimates the passage of this bill could cut coal production from between 48 to 141 million tons or from 8 to 23 percent of all coal production. The same Department of the Interior estimate states that the passage of this bill would result in the requirement of daily import of an additional 1.3 million barrels of foreign oil at a balance of payment cost fo 5.4 billion and causing a 2.1 billion reduction in the gross national product. Interior also estimates this bill would result in the loss of about 50,000 jobs.

Another consideration that should not be forgotten is the fact 32 States already have adequate strip mining laws on the books, including our own State of Missouri. Some of the biggest coal mining States have legislation far superior to this proposal, including the States of Pennsylvania, West Virginia, Ohio, Montana, and others. In our own State of Missouri, we have a very excellent strip mining bill. It requires that before any new strip mine be opened, the company must put money in escrow or deposit bonds in the bank for enough security to provide restoration of the land in an amount as high as from $700 to $1,000 per acre.

The per-ton tax imposed by this bill is particularly onerous when this so-called reclamation fee of 35 cents per ton can be seen to be several times the amount actually needed to reclaim the land and without adequate provision to insure the funds do not go for other area uses vaguely described as highways and sewers, which are altogether unrelated to the reclamation of land. The Administration suggested a 10-cents-per-ton fee. This would have been ample to reclaim the abandoned coal mine land in need of reclamation.

Many times when a bill is considered on the floor of the House there is a collision between facts and emotions. In the consideration of the surface mining bill the environmental activists and environmental extremists become emotional. On the other hand if we are going to be rational we must consider the result of virtually banning strip mining in this country, which might could or may very well come to happen as a direct result of the passage of this bill.

There are many other disturbing provisions in this bill other than the tax on coal. For example there is the right of citizen suits which gives any citizen authority to file litigation without knowing anything about the surface mining of coal. These suits would thereby delay significantly the production of coal as well as raise another step upward the cost of electrical energy to the consumers.

For all of the foregoing reasons which I submit are valid, sound and warranted, I opposed H.R. 25, the so-called Surface Mining Act of 1975.

EXXON AND GULF: CROCODILE TEARS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia (Mr. HECHLER), is recognized for 5 minutes.

Mr. HECHLER of West Virginia. Mr. Speaker, each of us received a telegram this morning from the chairman of the Board of Exxon Corp., Mr. J. K. Jamieson, which states as follows:

WASHINGTON, D.C.,
March 21, 1975.

Hon. KEN HECHLER,
Capitol Hill, D.C.:

The Senate has just approved tax amendments which would have catastrophic effects on the ability of the country to achieve the greater energy independence which is a prime target of national policy.

In the case of Exxon, removal of the foreign tax credit, together with current taxation of non-repatriated income and removal of the depletion allowance, would cause an additional tax burden of some 600 million dollars per year. If, in addition, a windfall profits tax were to be imposed, as is being proposed in pending House legislation, the total immediate effect on the company would approximate three quarters of a billion dollars. The effect on the industry as a whole would be several fold larger.

This would come at a time when we are already investing more in new energy projects than the total of our earnings, when the cost and difficulty of new projects is rapidly escalating, when industry profits are showing signs of falling off, and when the urgency to develop new and reliable sources of supply is greater than ever.

These punitive measures would drastically reduce both our ability to make desired investments at home and abroad and our incentive to do so. Exxon is now repatriating substantial amounts from earnings in areas outside the U.S. in these areas we would become non-competitive with foreign companies. For a typical foreign producing project, removal of the foreign tax credit as proposed under the Hartke amendment would result in foreign companies earning a third more on investment than would a U.S. company. We do not believe that the inevitable curtailment of foreign energy investments by

U.S. companies would be in the national interest. The solution to our energy problems will require the development of new supplies outside the U.S. as well as at home. Moreover, it cannot be inferred that because U.S. companies are penalized in their foreign activities they will necessarily invest more at home. Investments in the U.S. must be justified by their own economic prospects and these will not automatically improve because taxes on foreign income rise. In fact, domestic investments will be impaired by the removal of depletion and the proposed imposition of a windfall profits tax.

Longer range, the impact on company cash flow and profits could be even greater than the immediate three-quarters of a billion dollars. If new foreign investments are stopped, foreign governments will be reluctant to see a continued outflow of profits from existing investments, and retaliatory measures might be expected.

For all these reasons, we urge Congress to reconsider its proposals. Success in our national effort to promote greater energy security is very much at stake.

J. K. Jamieson,
Chairman of the Board, Exxon Corp.

Mr. Speaker, I ask unanimous consent to include the complete text of this telegram from the chairman of the Board of Exxon Corp. and Gulf Oil Corp.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER of West Virginia. Mr. Speaker, I certainly hope and have full confidence and optimism that this telegram will not deter the conferees from proceeding with a fair and equitable tax bill. Although I do not have the latest figures, the net income before taxes of the Exxon Corp. in 1973 was $6,195 billion, on which Exxon Corp. only paid 5.4 percent. Five point 4 percent to the average American is a very, very small percentage of his total income. Every American would like to be able to get away with paying only 5.4 percent of total income on Federal taxes.

The Gulf Oil Corp. in the following telegram to all Congressmen also protested actions of the House and Senate on the oil depletion allowance and windfall profits taxes:

Washington, D.C.,
March 21, 1975.

Hon. Ken Hechler,
House Office Building,
Capitol Hill, D.C.:

Congress is on the verge of taking some actions having grave consequences on the economy of our country. We urge you to consider carefully their implications.

1. The House has voted to eliminate the depletion allowance—only for oil and gas. This will reduce capital available for investment to find new oil and gas in the U.S. (production of which is declining every year) by $2–$3 billion annually. The Senate is considering similar action, except for small producers.

2. The Senate has voted to reduce the foreign tax credit, only for oil and gas companies. If passed this will make the United States the only industrialized country in the world which imposes double taxation on foreign income.

3. The Senate has voted to eliminate deferral of income earned by foreign subsidiaries, this and the foreign tax credit reduction will effectively dry up billions of dollars of foreign income earned overseas by U.S. oil companies and their foreign subsidiaries much of which is returned to the U.S. each year and invested in the U.S. to find, produce, and supply U.S. sources of energy.

4. Both Houses of Congress are considering continuation of price controls, only for oil and gas.

5. Congress is considering a special tax only for oil and gas which is called a windfall profits tax but which is in essence an additional tax on gross receipts and has no real relation to excess profits or rate of return on investment.

The combination of these measures plus the substantial decline in foreign profits resulting from recent OPEC actions would take many billions of dollars from the oil industry each year, and would have a very serious impact on the ability of the oil industry to invest the huge amounts needed to develop domestic energy sources. Capital will flow away from, not into, U.S. energy investments—curtailing domestic energy development, curtailing employment in the petroleum and supporting industries, and further depressing the economy, just when strong steps in the opposite direction are sorely needed.

In short, we believe these proposed negative measures are counterproductive, they will inevitably increase U.S. dependence on foreign oil and gas not controlled by U.S. companies. We urge you to carefully consider what you are trying to accomplish in enacting them, and to formulate and enact positive measures which will increase U.S. energy self sufficiency.

Since this legislation involves major and fundamental changes in the tax laws, we urge that hearings be held prior to any final congressional action so that the far reaching implications of the proposed changes may be clearly understood.

B. R. Dorsey,
Chairman, Gulf Oil Corp.

In 1973, Gulf Oil Corp. had a net income before taxes of $2,164 million on which Gulf paid only 1.1 percent in Federal taxes.

Mr. Speaker, it would seem to me that the House and Senate are moving in the proper direction. I certainly trust that we will shed no tears, but crocodile tears over the pleas of Exxon Corp. to be further exempted from Federal taxes. At a time when the economic situation is adversely and severely affecting so many people, and the burden of taxation on the middle class and the poor is so severe, the tax system must remain fair and equitable.

It is absolutely essential that we close the loopholes in our present tax laws. This must be done either through the pending tax legislation and certainly by future legislation that will produce fairness and equity in our tax system. We must not allow corporations such as the Exxon Corp. and the Gulf Oil Corp. to escape the payment of taxes at a time when they are piling up billions of dollars of profits, which presumably will be enhanced also by the Nation's energy needs and demands.

Mr. Speaker, I certainly have confidence that the conferees, in considering this tax legislation, will produce a strong and equitable tax bill which closes loopholes, which provides equity for all Americans and which limit windfall profits growing out of our present energy emergency.

(Mr. HECHLER of West Virginia asked and was given permission to revise and extend his remarks.)

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Gonzalez, for 45 minutes, today, and to include extraneous matter.

Mr. Randall, for 10 minutes today, and to include extraneous matter.

Mr. Hechler of West Virginia, for 5 minutes, today, and to revise and extend his remarks and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Hyde) and to include extraneous matter:)

Mr. Latta.

Mr. McEwen.

(The following Members (at the request of Mr. Krueger) and to include extraneous matter:)

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Murtha.

Ms. Schroeder.

Mr. Teague in 10 instances.

Mrs. Spellman.

Mr. Mazzoli.

ADJOURNMENT

Mr. KRUEGER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 24 minutes a.m.), under its previous order, the House adjourned until Monday, March 24, 1975, at 12 o'clock noon.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. JONES of Alabama: Committee on Public Works and Transportation. H.R. 3787. A bill to amend section 109 of title 23, United States Code, relating to the preparation of certain statements on highway projects in the States of New York, Vermont, and Connecticut; with an amendment; referred to the Committee on Merchant Marine and Fisheries for the period ending April 12, 1975. (Report No. 94–111, Part I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GIBBONS:

H.R. 5366. A bill to amend title II of the Social Security Act to provide under the retirement test a substantial increase in the amount of outside income *permitted* without loss of benefits, but with a requirement that income of all types and from all sources be included in determining the amount of an individual's income for purposes of such test; to the Committee on Ways and Means.

By Mrs. SPELLMAN (for herself and Mrs. Burke of California):

H.R. 5367. A bill to amend the Internal Revenue Code of 1954 to remove tax incentives to plant closings; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

TORRANCE SCHOOL DISTRICT RECOGNITION BANQUET

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ANDERSON of California. Mr. Speaker, our educational system represents one of the most important factors in America today. No other segment of our society has such a direct bearing on our hopes for the future, since it deals with the preparation of our youth to face the challenges the future presents.

The men and women who serve in our educational institutions are more than mere employees. Administrators, secretaries, teachers, custodians—these people are the very heart of the schools they serve. Without them, there would be no education for the leaders of tomorrow.

On April 10, 1975, the Torrance Unified School District of California will hold a banquet in honor of 32 outstanding employes who are retiring after many years of dedicated service.

Buildings, classrooms, books—these are not the important aspects of a school system. It is the men and women who use them, along with the student, who turn our educational institutions into living, vibrant centers of human experience.

Those who work in our schools are not drawn into them by visions of personal wealth or dreams of renown. Instead, they are faced with the purpose of teaching our children the knowledge they will need when they are ready to assume their responsibilities as the next generation of leaders.

When we think of schools, we usually think of teachers. Certainly, the instructors have the most direct responsibility for the education of our children. They deserve our highest praise and gratitude.

However, we often forget the administrators who keep the schools running. We forget the custodial and maintenance staffs who see to the upkeep and development of the buildings and facilities. The secretaries and assistants who work in almost all aspects of education rarely receive mention. Yet their jobs are also important to education. They too, along with the instructors, deserve our gratitude and recognition.

Mr. Speaker, this is why those of us in government, as well as the public, owe so much to educational personnel. Those 32 persons who are retiring in my district personify the qualities that have made our educational system so outstanding. Their true reward is not only in the future; their reward is the future.

I would like to offer a word of thanks to these men and women, who have given so much of themselves to set our children on the paths they must take in the future.

Those retiring are: Mrs. June K. Allen, Mrs. Clarine G. Hamilton, Mrs. D. Pearl Hebert, Mrs. Ellen L. Lyon, Mr. Patrick K. McManus, Mrs. Ada Belle D. Myers, Mr. Clyde A. Perdiew, Miss Olive Marshall, Mr. Howard C. Shoen, Mrs. Lorene D. Shoup, Mr. Joseph M. Stuart, Mrs. Ruthann H. White, Dr. Harold S. Widney, Mrs. Kathryn N. Widney, Mrs. Marie B. Zillman and Mrs. Rose C. Franklin.

Also retiring are: Mr. Virgil U. Bauguoss, Mr. Edmund F. Curtis, Mr. Salvatore F. Grasso, Mr. Erwin B. Jarrett, Mrs. Beulah Latham, Mr. Courtney R. Munsey, Mr. Charles A. Newville, Mr. Leonard L. Powell, Mr. Ray R. Arnett, Mrs. Bernice J. Lee, Mr. Cecil H. Butts, Mr. Edward W. Ford, Mr. Merlin M. Trepp, Mrs. Ethel L. Eddy, Mrs. Wilma C. Williams, and Mrs. May L. Sherfy.

Mr. Speaker, the influence of these men and women will never stop; it will continue to be felt in future generations.

The philosophical tenets of the Torrance Unified School District state that:

> Education is a dynamic, evolving relationship with subject matter the means, man the product, and society the result.

Because of the dedication of these individuals to that philosophy, we can look to the future with great optimism and hope.

For this our entire community, and the Nation, is eternally grateful.

CONTINUING MISSION STORY

HON. JESSE A. HELMS

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Friday, March 21, 1975

Mr. HELMS. Mr. President, a few weeks ago, dedicatory exercises were held in Raleigh, N.C., for a remarkable facility. Quite appropriately, this facility bears the name of a remarkable man, son of a remarkable father.

The facility is the A. J. Fletcher Baptist Communications Center. The man is A. J. Fletcher, son of a devout mountain missionary of long ago. In a moment, I shall share with Senators the text of remarks made by Rev. L. J. Morriss, director of the center.

Countless thousands of North Carolinians know both Mr. Fletcher and Jimmy Morriss. Jimmy has built a tremendously effective ministry through the use of radio and television. Millions of Americans, including the deaf and the blind, the elderly and the shut-ins, have an opportunity to worship regularly as a result of Jimmy Morriss' untiring efforts. And Jimmy would be the first to acknowledge that Mr. A. J. Fletcher has been largely responsible for the success of all of the various Christian programs, both radio and television, which Jimmy produces and distributes among broadcasting stations in so many States.

This is far more than an instance of effective use of audiovisual communications. It is a tremendous christian witness for countless thousands of people.

Mr. Fletcher contributed $50,000 toward the cost of the center. He did it in memory of his beloved father—that circuit-riding mountain missionary, James Floyd Fletcher.

At the recent dedicatory exercises, the Rev. Mr. Morriss delivered an inspiring address, "The Continuing Mission Story."

I ask unanimous consent, Mr. President, that the text of Mr. Morriss' address be printed in the Record at the conclusion of my remarks.

There being no objection, the address was ordered to be printed in the Record, as follows:

The Continuing Mission Story

(By Rev. L. J. Morriss)

"And as Moses lifted up the serpent in the wilderness, even so must the Son of Man be lifted up; that whosoever believeth in Him should not perish, but have eternal life."

The events we share today really began more than 118 years ago, and sprang from the life of a Godly mountain preacher who served the Lord with all his heart. The verse I have read is the text of his life, and when he retired, it was said of him, "I have never known, in all my varied and extensive experience, a human being who more faithfully and unswervingly "lifted up" Christ in his life."

Our story begins with the birth of James Floyd Fletcher, born in a log cabin on November 11, 1858 on Beaver Creek in Ashe County. The first years of his life were "full of fearsome scenes and incidents—guns, soldiers, dead men and frightening days", due to the Civil War. "But no one came to my mother's house asking for food, and went away hungary."

When young Floyd was 12 years old, he received his first Bible for having memorized 679 verses of Scripture. A year later, he made his profession of faith in Christ at the Methodist church in Jefferson; shortly after he joined the Baptist church there and worked as a printer's devil in a local print shop to help support his family. At seventeen, he received a certificate to teach school and secured the old Pugh school that same fall.

The failure of a visiting preacher to arrive to lead services was God's means of reaching the heart of young Floyd. Twice he and two of his friends walked several miles to attend preaching at the home of a local doctor, and both times were disappointed because the circuit preacher did not arrive. While walking back home the second time, the three boys decided to lead a community prayer service of their own, and from that day on, young Floyd, who was only 18 years old, never stopped preaching.

Working in pioneer areas of western North Carolina and Virginia, James Floyd Fletcher struggled to promote the cause of missions in an era when missions as we know them today, were not only undeveloped, but were an explosive and controversial issue, causing bitter factions in the church. He became a modern Apostle Paul, visiting and strengthening the churches, always preaching missions when often not even one person present believed in missions.

At age 18, Floyd Fletcher married a beautiful, blackeyed girl, Louisa Barker, and together they established a Christian home for the nurture of 14 children, nine of whom grew into adulthood. Times were unbelievably hard as he recorded in his diary—"I often had to borrow a coat, hat or pair of shoes to wear to my appointment, but I kept going. The weather did not hinder, lack of clothes did not hinder, lack of conveyance did not hinder. I reasoned, God said GO. He gave me two feet and good health and provided no other conveyance. Children came—some died—their mother was an invalid, heart disease and rheumatism. We lived 8 miles from the doctor and I could not, on our little farm, make enough to keep doctor bills paid. God only knows how we lived, but we never reached a place when there was not a bit of anything in the house to eat. One morning tho, when Fred was a baby, I ate corn bread and water for breakfast."

For 48 years, James Floyd Fletcher served our Lord in western North Carolina and Virginia with just this depth of dedication. What are the fruits of a life such as this? This one man established 12 churches, was appointed missionary for 36 consecutive years by either the North Carolina or Virginia conventions and was the driving force that reopend and firmly established Oak Hill Academy, the first Baptist board school for the high school grades in western Virginia and the first to admit girls to these grades. He served as pastor to the school for many years also.

Over a century has passed, but the mission zeal of this Godly man lives on today, not only in the lives of the children and grandchildren of the thousands he baptized into Christ's Kingdom, but also in the life of his son, Mr. A. J. Fletcher. Mr. Fletcher has extended his father's ministry into our day through generous gifts to Oak Hill Academy, which is still influencing young people for Christ in western North Carolina and Virginia, through substantial support of an educational annex to the Fletcher Memorial Baptist Church in West Jefferson, and through his continuing interest and support of his own church here in Raleigh. The mission zeal kindled by the living example of his father has culminated in our purpose today, the dedication of the A. J. Fletcher Baptist Communications Center. His $50,000 challenge gift to the Baptists of North Carolina, to be used to equip this Center, has made possible our entry into the open door of radio, cablevision, closed circuit and television ministries in a new and vital way. His continuing support of Baptist television ministries to the deaf, the unchurched and to youth, through providing production facilities and staff at the studios of WRAL–TV here in Raleigh, have provided an almost priceless tool in proclaiming the Gospel to men in our day. Surely God has blessed this man and has blessed us through him as he has carried out the teachings of his father. It is with grateful hearts that we are gathered here today to share in the continuing story of missions in North Carolina and to honor our friend.

LOCAL GOVERNMENT AND THE CLEAN AIR ACT

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BROWN of California. Mr. Speaker, during the course of the recent hearings on the Clean Air Act some general themes were raised by city and county governments. The National Association of Counties, the National League of Cities, and the U.S. Conference of Mayors testified that the deadline for complying with auto emission standards should not be extended, the Environmental Protection Agency should be required to cooperate with city and county governments in a more integrated fashion, and money to implement the necessary programs of air pollution emission control, and the related land use and transportation control measures, should be made available.

This common theme was echoed in the testimony of Los Angeles Mayor Tom Bradley. As the mayor of the city most severely impacted by the regulations promulgated under the Clean Air Act, the views of Mayor Bradley should be especially enlightening to my colleagues who wish to know what the Clean Air Act actually means to cities.

I will conclude my own comments by noting that Los Angeles believes it can live with the Clean Air Act, with only minor modifications, as indicated in the attached testimony. And if Los Angeles, the most severely impacted city can do it, then other cities which are less severely impacted can live with the Clean Air Act.

The testimony follows:

TESTIMONY OF NORMAN H. EMERSON ON BEHALF OF MAYOR TOM BRADLEY, CITY OF LOS ANGELES

CITY OF LOS ANGELES

Mr. Chairman, members of the Subcommittee, my name is Norman H. Emerson, Executive Assistant to Mayor Bradley. Unfortunately, the Mayor was not able to travel to Washington and present testimony on the important issue facing the Committee. Therefore, I will be speaking on his behalf this morning.

As you know, Los Angeles is no stranger to air pollution—we have been coping with it longer, and possibly with more concerted efforts, than any other area of the Nation.

For years, we in Southern California have been growing increasingly aware that our air pollution was steadily worsening. At the same time, as our anxiety rose, there seemed no way that we could participate in a solution to the problem—it was everywhere, and yet it was regarded as a highly specialized, technological problem. First, incinerators were banned, then industry brought under stronger control, and then finally we discovered that we, ourselves, in our automobiles, represented the largest single part of this problem.

It was the automobile which gave Los Angeles its mobility, its spread out pattern of growth, and its unique quality of freedom. Now it seemed that the automobile was going to blight this good life. And we had no way of dealing as a community, with this vehicle we had become dependent upon. It had made each of us individually free and now it threatened all of us together.

The spirit of freedom in Southern California is reflected in the fierce independence of its sovereign incorporated cities—78 of them in Los Angeles County alone. And yet it is possible to drive through 15 cities in 30 minutes on a freeway. In light of the "balkanization" of individual local jurisdictions, control of moving sources was shifted to the State government in 1967, and we here in the troubled area were further isolated from the power to improve our situation to help ourselves.

Then, in 1970, the major initiative moved to the federal government, with passage of the Clean Air Act Amendments of 1970. In the four years and two monts this law has been in effect, we have finally:

1. Measured the true extent of the air pollution problem for the first time. The Environmental Protection Agency's 82% gas rationing proposal for Los Angeles was greeted with shock and scorn, but the point had been made—No longer could we confine our efforts to carburetor and ignition adjustments, and a partial control of stationary sources.

2. Citizen suits have forced the EPA to look the problem in the face, and to utter previously unthinkable strategies involving control of existing transportation, and projected land uses. Today the question is not whether such controls are realistic, but who should administer them.

The practical effect of the EPA's efforts to devise strategies to meet these enormous challenges has been to awaken state and local governments to their responsibility to implement programs which will be effective, on the greater scale which has emerged, while preserving the social and economic well-being of their constituents as well. I would like to illustrate how this has occurred:

In 1973, the EPA issued a Transportation Control Plan containing measures which were clearly untenable in Los Angeles because of our extreme dependence on the automobile. The obvious necessity of finding and providing realistic alternatives lit an unprecedented spark of cooperation among local jurisdictions in our part of the Nation.

A local agencies task force was formed, and in a very short period, a plan of transportation controls was developed and submitted by the joint members of the task force to the Environmental Protection Agency.

Subsequently, the EPA included many of the task force's recommendations in a revised Transportation Control Plan, and added parking surcharge, parking management, and gasoline rationing measures to bring a massive reduction in vehicle miles travelled (VMT), in order to achieve the National Ambient Air Quality Standards by 1977. At the time of this announcement, the Acting Administrator acknowledged that the gas limitation provision could not be enforced without catastrophic results, and that eventual amendment of the Clean Air Act would be mandatory.

Nevertheless, a dialogue has been opened between federal and local governments, and a basis for local initiative had been established.

Subsequently, following promulgation in August 1974 by the Environmental Protection Agency of its parking management regulations, we reconvened the task force to prepare an appropriate response. In an effort to demonstrate a good faith effort, we are transmitting to EPA a program for developing a local parking management plan. Attached is an outline of the program which we intend to finalize by Summer of 1975. (See Attachment I.) The program is part of a region-wide effort being jointly sponsored by the Urban Mass Transportation Administration and the Environmental Protection Agency.

During the last year a number of other actions have been taken in Southern California, to reduce auto use and vehicle miles traveled. It is important to note that many of these actions have dual objectives: improving air quality and conserving energy resources. These actions include:

Adoption by the Southern California Association of Governments, (SCAG) the metropolitan planning organization for the region, of a Short Range Regional Transportation Plan, with a goal of reducing VMT by 20%, with specific elements for:

Preferential Treatment for High-Occupancy Vehicles

Traffic Control Improvements

Carpool Action Programs

Bus-related Improvements

Commuter Rail Service

Bicycle Related Improvements

(See Attachments II & III.)

Implementation by the Southern California Rapid Transit District of a bus service improvement program with the following components:

A 25c flat fare, which has increased ridership by more than *100,000 riders per workday.*

Increased bus fleet by more than 400 buses, with 300 more buses planned by this summer.

Park and ride lots in 15 different locations.

Implementation of two major grid bus systems.

Completion of the El Monte Busway (similar to the Shirley Expressway Virginia/Washington, D.C.), stimulating a 300% increase in ridership from suburban Los Angeles County to the Los Angeles Central Business District (CBD). (See Attachment IV.)

The City of Los Angeles has taken similar steps, for example:

Establishment of one lane of a major downtown street for use as a contra-flow bus lane to speed commuters from the El Monte Busway through the Los Angeles CBD.

Implementation of a $700,000 regional computer car pool matching program.

An arrangement with the Rapid Transit District for implementation of a subscription bus program for City employees.

Development of a dial-a-ride community transit program.

Expansion of a mini-bus program in downtown Los Angeles.

We believe these actions to be positive and we will continue to work for implementation of meaningful programs to reduce auto use and vehicle miles traveled. But the air pollution problem in Southern California is still a severe health problem. For example, recent studies have shown that air quality in the South Coast Air Basin deteriorated during 1974, almost equaling levels not reached since 1971. In particular, levels of oxidant, the principal constituent of smog, escalated noticeably. Within Los Angeles County, the days on which State standards for total oxidant (a 1-hour average of .10 ppm) was equalled or exceeded rose from 185 in 1973 to 215 in 1974, almost equalling the 1971 total of 218 days. Additionally, research over the last three years by scientists shows that pollutants generated in Los Angeles and Orange Counties reached inland communities by mid to late afternoon and can hit rural areas more than 100 miles away. It has been estimated that emission in the amount that comes from Los Angeles County could cause Federal ozone standards of .08 part per million (ppm) to be exceeded at least as far as 160 miles away.

Mayor Bradley is deeply concerned with recent Administration proposals to amend the Clean Air Act to reduce the current momentum we possess in Southern California. In a recent letter to Russell Train the Mayor stated:

"At a time when the public and local officials are working to reduce auto use it would be unwise and counter-productive to grant a delay in direct source auto emission standards."

It may be instructive to point out that last year before a Senate Subcommittee, Mr. Train testified that:

"If we were to postpone the requirements for auto emissions for a year, the nation's overall momentum in achieving health-related air quality standards would suffer. . . . A postponement would require that some transportation control plans would have to be made more stringent."

Mayor Bradley holds the strong position that we should not waver from a basic commitment to the integrity of the Clean Air Act. The health of the American people must be protected against environmental hazards. We must beware of attempts to "balance environmental concerns with energy requirements". This position may be shortsighted, for it assumes environmental standards are a "commodity" that can be bartered. Yet, as you know, many elements of implementation plans have been deleted, administratively or by Congress, on a piece-meal basis.

In view of the Mayor's basic position I would like to make the following specific proposals regarding amendment of the Clean Air Act:

Federal Preemption—We strongly support continuation of a "California Waiver" in the Act which would permit the setting of stricter (than the National) standards to meet the state's more severe air quality problem.

Since 1969, the state has utilized the existing waiver and has achieved greater progress in reducing individual automobile emissions than any other state in the Nation. To maintain and build upon this momentum, California must have the authority to advance its own air pollution program at a pace ahead of other less smog-impacted areas.

Auto Emission Control Standards—We oppose any delay in the scheduled implementation of stricter Federal automobile control emission standards.

California will be maintaining the 1977 standards. We have not seen convincing evidence to justify a delay for California or the rest of the Country. The potential sulfate problem must be dealt with directly—employing every available option in mitigating and averting any potential problem before it reaches significant proportions. Such a strategy should include the setting of a 1977 sulfate standard.

Ambient Air Quality Standards—We support the existing federal primary ambient air quality standards, which relate to the protection of public health and recommend that ambient standards, as minimum standards, continue to be uniform nationwide. Such standards should be subject to future review whenever new evidence emerges concerning their validity. An immediate comprehensive study to improve knowledge of health effects of oxidants and sulfates would be beneficial.

In the absence of sufficient evidence challenging the standards, we believe it prudent and responsible to support the National Academy of Sciences' conclusion that "in general, the evidence that has accumulated since the promulgation of the Federal ambient air quality standards by the EPA Administrator on April 30, 1971, supports those standards."

Extension of 1977 Statutory Deadlines—We support amendments to the Act which would permit the EPA Administrator to extend the 1977 air quality achievement deadines, following a case by case review by the EPA Administrator, (1) for air basins where all reasonable control efforts are now in effect, and (2) if a compliance or implementation schedule is established by agreement of EPA, the Governor, and the appropriate comprehensive regional and local planning agencies requiring specific increments of progress toward achievement and maintenance of the national ambient air quality standards. After such an approvable schedule has been developed, time limits related to specific measurable steps toward achievement would substitute for the existing statutory deadlines.

An open-ended or unconditional extension is unwarranted because it could offer "relief" from the Act to regions which can achieve the federal standards using reasonable efforts in the very near future. On the other hand, a compliance and implementation schedule for "long term achievers" in critical air basins would provide state and local officials with a specific timetable and a series of milestones in air quality progress which would be helpful in developing a sense of urgency, in sustaining a coordinated intergovernmental response to the air quality problem, and in providing a measure of effort and progress against which the individual citizen could evaluate achievement.

Land Use and Transportation Planning to Achieve Air Quality Standards. We acknowledge that in the absence of an almost totally clean engine, which is not yet on the horizon, auto emission control devices alone will not permit most of California's urban areas to achieve and maintain federal air quality standards. Land use and transportation planning measures in some form will be necessary, together with strict enforcement of controls on primary sources, to achieve healthy air quality in the foreseeable future.

Much confusion and doubt has been generated about the effectiveness of certain transportation control measures designed to reduce vehicle emissions, such as an indirect or complex source review. Whether or not any single land use or transportation strategy is valid, however, does not diminish recognition of the eventual need in the critical air basins to reduce vehicle emissions by supplementing strict controls on primary or direct sources with air quality planning for indirect sources.

Comprehensive Areawide Planning Agency to Implement Land Use and Transportation Planning. We support incentives in the Clean Air Act that land use and transportation measures to achieve air quality be undertaken by a basinwide, comprehensive planning agency composed of at least half locally elected officials which also has jurisdiction over region-wide transportation, water-related and land use planning programs.

Although an areawide planning agency with such responsibilities as described above is desperately needed in California, such an agency which has the authority to enforce its planning decisions has not yet been established. Encouragement through the provisions of the Clean Air Act would be welcome. However, air quality-related land use and transportation planning should still be coordinated with competing regional or state land use and transportation priorities. Local agencies acting individually, or a comprehensive areawide planning agency, in cooperation with the Governor or the State Air Resources Board, should retain the legal ability and indeed obligation to weigh air quality objectives against other social, economic or environmental objectives, particularly if the achievement of air quality objectives would result in unreasonable disruption or prevent the achievement of programs to cure serious economic and social problems. The procedures and criteria for balancing air quality-related land use and transportation plans against competing considerations would be elements of the implementation or compliance plan.

Improve Fuel Efficiency—We urge that a mandatory fuel efficiency program, establishing a minimum average fuel improvement of 40%, be incorporated into the Clean Air Act.

Our experience with auto pollution control shows that a voluntary fuel efficiency improvement program will not work. There is convincing evidence that we don't need to sacrifice auto emission standards to achieve increased fuel efficiency. A recent joint EPA/DOT report documented that a 40% increase in gas mileage can be reached by 1980 without altering the Act's requirements. The report also stated that fuel efficiency improvements by 60% could be reached by 1985. Additionally a report by the Committee on Motor Vehicle Emissions of the NAS came to a similar conclusion.

Assured Availability of Mass Transit Vehicles and Assistance—We recommend that the Congress and Administration take specific action to assure that bus manufacturers produce buses in adequate quantities and in time for effective utilization in air pollution impacted regions. State and local revenue sources need to be supplemented by major and long-term commitment of priority federal funding.

The effectiveness of land use and transportation planning and control programs depends largely upon the availability of attractive, convenient, and efficient alternatives to low-occupancy auto use. Buses would appear to play the biggest role in these efforts to reduce vehicle miles traveled. But bus availability is a severe problem to the Nation's cities. In Southern California it takes approximately nine to ten months from order to delivery to receive full supply of buses ordered.

In a recent report the Southern California Rapid Transit District (SCRTD) noted:

"Although the District had placed orders early in 1974 for 300 full-sized buses, the large backlog of orders made it impossible to receive delivery until December (1974), when General Motors units arrived."

A recent order by the SCRTD placed with Rohr Inc., of San Diego has been delayed for 4 to 6 weeks because of backlog problems, including a six-month backlog in wheel deliveries. Rohr bus production capability has decreased from 15 buses per day in 1970 to 8 a day in 1975. The President of Rohr, which produces about 35% of the municipal buses built in the U.S., recently stated that it is now turning down business because it can't get the money it needs to increase its production capacity.

The Congress has an urgent responsibility to generate expanded bus production in this Country. Such expansion may come about only if the Congress legislates appropriate controls and incentives. The Mayor believes that the Congress must act to require the auto industry to produce more energy efficient vehicles including smaller autos and more buses. Last, it should be pointed out that the bus production situation may be symptomatic of a larger issue, as the Mayor noted one year ago before the Senate Subcommittee on Antitrust and Monopoly:

"Congress has a responsibility to examine the auto industry which may be going through a major transitional stage, affording the nation an opportunity to redirect the priorities of the three major corporations which have such an enormous impact on the nation. If the Congress is reluctant to act, we may be faced with massive unemployment and economic stagnation, and subsequent calls for spending of billions of dollars to bail out the auto industry, as was the case recently with aerospace companies."

In closing Mr. Chairman, let me say that Mayor Bradley stands ready to work with the Congress to develop constructive amendments to the Clean Air Act. In this regard, such legislation must acknowledge the fact that California, and particularly Southern California, has severe health-related air quality problems. We will pursue our responsibility to institute transportation controls and other measures to minimize our air pollution generating activity. In return, new federal legislation must also maintain California's ability to deal directly with the auto industry and the need to develop new and more effective emission control systems, or better yet, basic new engines which will not require new add-on devices. The Mayor holds the position that a wholehearted retreat from the integrity of the Clean Air Act is not in the best interest of the Nation, especially California. It is his hope that the Congress will seek a positive and forthright course to protect the public health in the Nation's urban areas.

Thank you.

FEDERAL SUPERSESSION

HON. JAKE GARN

OF UTAH

IN THE SENATE OF THE UNITED STATES

Friday, March 21, 1975

Mr. GARN. Mr. President, if I have sounded a recurring theme since I came to the U.S. Senate, it is that local governmental officials are frustrated by the lack of comprehension by the Federal Government of the problems actually facing local government. I do not claim, and never have claimed, that Federal legislators and bureaucrats are evil people, trying to destroy local government, and bent on making conditions as unpleasant as they can. Rather, I have argued that they are inexperienced in local government, and so far removed physically from the problems they seek to solve that they cannot help but produce results which are worse than the original problems.

One of the prime examples of the lack of understanding is the passion found in the Congress for enacting legislation which overrides, or supersedes, State and local laws. The courts have long since established the legal point that when Federal and State laws conflict, the latter must give way. Indeed, the Nation fought a long and bloody war over the point, and I know of no one who is presently raising it. What is not so clear is that the Federal Government ought to step in wherever it thinks best, and pass laws which will supersede State laws, or which will impose penalties unless State laws are enacted which conform to the Federal law.

Today, Mr. President, I would like to call the attention of the Senate to an extremely absorbing article by Mr. James B. Croy, a Research Associate with the Oklahoma Legislative Council, published in the current issue of State Government, a publication of the Council of State Governments. Mr. Croy's article outlines five types of Federal supersession, which I would like to mention and comment on briefly. The first is "overt supersession," so called because the language which characterizes it is clearly stated in the legislation itself: "the provisions of this act shall supersede any and all laws of the States" and their political subdivisions. A good example of this type of legislation, and one which is particularly offensive to many citizens of my State, is the Uniform Time Act of 1966, which burdens us with the "spring forward, fall back" conundrum twice a year.

The second type of supersession Mr. Croy calls "unless-surprise," because unless the State law agrees with the Federal, surprise, the State law falls. In Mr. Croy's words:

> If we agree, then we are both right; but if we disagree, then I alone am right.

Mr. Croy cites the Mine Safety Act of 1971 and the campaign reform act of the same year as examples, but here he could have multiplied examples without end.

"Enforced compliance" is the third type of supersession, often used in environmental legislation. It is a type with which I have had personal, and painful, experience. In these cases, the Federal law requires a State to act, and if it fails to do so, for whatever reason, the Federal Government will assume jurisdiction in the area. Under authority of Federal air quality legislation, the Environmental Protection Agency threatened me, as Mayor of Salt Lake City, and the Governor of the State of Utah with jail and a fine if we did not produce air quality plans acceptable to the bureaucrats in Washington.

Occasionally the Federal Government gets burned with this type of legislation. For instance, Congress passed a Meat Inspection Act which required that States enact meat inspection laws meeting Federal standards. If the States did not, the threat ran, the Federal Government would step in. Faced with this situation, most States did the obvious thing, and dropped their meat inspection programs, which were, of course, quite adequate, leaving Washington to do the work, and pick up the tab.

A similar situation is now brewing with respect to pesticide control. The 1972 amendments to the Federal Insecticide, Fungicide and Rodenticide Act—FIFRA—provided that certain pesticides could only be applied by "certified applicators," and that the applicators would be certified by the States. Since most States have a pesticide regulatory program, it was not widely thought that there would be a problem with this provision, until the Environmental Protection Agency began to specify what kind of training and certifying procedures a State would have to provide. Now many States, my own included, are balking, and telling Washington to certify the applicators. EPA is claiming that the law gives them no authority to certify applicators, since it has no budget to carry out a function it is trying to impose on the States. Of course, the law gave EPA no authority to require the incredibly complex and expensive State plans either, but that did not stop them.

The fourth type of supersession is one that prevents a State from acting where the Federal Government has. The Federal Cigarette Labeling Act, for instance, requires a Federal health warning, and prohibits any State from requiring any additional or different warning. EPA also claims that FIFRA as amended prohibits States from requiring any cautionary labeling not required by the EPA. And that in the face of widely varying use patterns on different crops in different regions of the country, and the impossibility of a single label carrying all possible variant use instructions.

The last type of supersession in the mandating of certain actions on the part of local officials by Federal officials. We all know about the rivers of paperwork flowing from the States and cities to Washington and its regional offices, and I have warned on this floor of the budgetary effects of certain interpretations of the Fair Labor Standards Act amendments adopted last year. This same type of supersession allows Federal officials to perform tasks which normally would be performed by local officials. Mr. Croy cites the example of the 1965 Food and Agriculture Act which allows the Secretary of Agriculture to determine the apportionment of wheat acreage allotments, which the States normally would carry out.

Mr. President, we face in this Nation challenges of incredible complexity, challenges which will tax the best efforts of all men of good will to meet. As Federal legislators, we must be aware, not only of the fact that local mayors, city councillors, county commissioners, aldermen, Governors, and just plain people, are men of good will, but of the fact that they are extraordinarily competent people. I am not saying that they could come back here to Washington and run the Department of HEW, but they do not have to do that. What they can do is run their local schools and health centers, and they can do that a whole lot better than HEW can and better than they can do it with HEW looking over their shoulders. What someone needs to do is to make the point that the Apostle Paul made in a slightly different context:

> All things are lawful unto me but all things are not expedient.

Court decisions have pretty well established that the Federal Government can do pretty much anything it wants to, under cover of the commerce clause of the Constitution, or the taxing power, or something. But we need to begin to realize that Federal solutions are not always the best ones; that sometimes variance among the States is desirable, indeed essential, if restrictive regulations and guidelines are to be avoided. The Federal nature of this republic provides us with a God-given opportunity for social experimentation. One State can try something, and if it works out, others can adopt it. The State of Oregon adopted a law a few years ago banning non-returnable beverage containers. At the time there was, and there still is, considerable pressure for a national law. Well, maybe Oregon's law is a good thing. If it is, that will become apparent, and if it does, I hope the State of Utah will enact one too. If it is not, that too will become apparent, and Utah will be able to avoid a mistake. If a national law had passed, we would all be stuck with it, and it should be obvious to everyone that it is easier to pass laws than to repeal them.

Mr. President, I insert Mr. Croy's fine article in the RECORD, and I urge all my colleagues to read it and heed it:

Federal Supersession: The Road to Domination

(By James B. Croy)

(Observers of the American federal system are aware of the tendency of Congress to supersede state laws and authority. The dimensions of such national actions have not been well observed or quantified. This article, based on the author's research for the Oklahoma Legislative Council, spotlights the past decade's federal actions.)

It would be difficult to determine whether the framers of the U.S. Constitution could foresee a time when the national government would almost totally dominate the States. Such speculation would be extraneous at any rate, for it is a fact that the States' power to govern independently has been progressively and incontrovertibly diminished.

One of the processes by which this shift of power has been accomplished is federal supersession, which this article is designed to explore. Supersession is defined as the process by which a State is deprived of jurisdiction over matters embraced by congressional acts, which acts require the States to pass laws of equal stringency or else the federal law will control; it is forced compliance with federal legislation by the States and it is the entering into a contract by the individual States and the federal government for the provision of services (through laws) regardless of state laws.

In an attempt to ascertain the form and effect of the supersession utilized by the national government, I perused the *United States Statutes at Large* for the years 1964 through 1973. This cursory and somewhat simplistic analysis revealed 48 acts which contain provisions of a supersessive nature.[1] That the supersession is not always a major thrust of the act—and indeed at times seems to have been completely superfluous—is not of importance here, for our interest is in the fact that the national level of government has deemed it necessary to appropriate a power that a State possessed or to deprive the States of an opportunity to assume that power in the future.

It is important to understand that the 48 acts found to be supersessive are all, at the time of this writing, constitutionally valid. The federal government must have a constitutional basis for the assumption of power, just as a State must have constitutional authority to govern in a given area. In my study of supersessive language, I found five provisions of the constitution of particular import:

> The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States (Article I, Section 8, Clause 1)
>
> *The Congress shall have Power* . . . To regulate Commerce with Foreign Nations, and among the several States, and with the Indian Tribes; (Article I, Section 8, Clause 3)
>
> *The Congress shall have Power* . . . To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof. (Article I, Section 8, Clause 18)
>
> This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding. (Article VI, Clause 2)
>
> The Powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people. (Amendment 10)

Four of the five sections quoted, all but the Tenth Amendment, which has been the States' only guardian, have been used as foundations for supersessive legislation. These provisions have been dissected, examined, interpreted, and otherwise scrutinized for almost two centuries. With the passage of time, the words have taken on new meanings, and of late Congress has fallen back on the interpretations to justify assumption of a wide range of powers.

Most of the 48 supersessive acts studied proclaim their constitutional foundations, and not one of them has been the object of an adverse ruling on its constitutionality by the U.S. Supreme Court. The federal government's ability, or right, to exercise supersessive power is not an issue here. Because interstate commerce is an integral and predominant portion of our country's economy, and because the courts have concurred with federal assertions that its power over interstate commerce also extends to intrastate commerce that affects interstate commerce, the federal government, apparently, can assume control over virtually any product manufactured or vended in this country. Combined with the power to regulate other items not confined to a State, such as environmental and safety problems, the federal government's regulatory power over interstate commerce dwarfs any power which a State can possess.

FIVE GENERAL CLASSES OF SUPERSESSION

The supersessions encountered may be placed into five general categories. The first is the overt supersession, which is easily recognized because of its bluntness. Language such as, "It is hereby declared to be the intent of the Congress that the provisions of this Act shall supersede any and all laws of the States and political subdivisions thereof insofar as they may now or hereafter provide for," leaves little doubt as to the degree of autonomy which the federal legislative branch wishes to allow the States in a given area of regulation. This type of supersession is common, and about one half of the supersessive acts surveyed contain this language. The Civil Rights Act of 1964, the Uniform Time Act of 1966, the Fair Packaging and Labeling Act, and the Noise Control Act of 1972 all make use of this overt supersession.

A second type of supersession is what I call the "unless-surprise" type. Basically, this category begins by stating that it is not the intent of Congress to supersede state authority "unless" state law disagrees with the provisions of the federal act, in which case—surprise—the State must give way. For instance:

"No provision of this chapter shall be construed as indicating an intent on the part of the Congress to occupy the field in which such provision operates to the exclusion of the law of any State on the same subject matter, unless there is a direct and positive conflict between such provision and the law of the State so that the two cannot stand consistently together."

While this example is from the Gun Control Act of 1968, the Drug Abuse Control Amendments of 1965, the Federal Metal and Nonmetallic Mine Safety Act, and the Federal Election Campaign Act of 1971 also contain some version of this provision for resolving conflicts between state and federal laws. This "If we agree, then we are both right; but if we disagree, then I alone am right" logic is used by the federal government in approximately one third of the acts surveyed and found to be supersessive.

The enforced compliance provision, found in several pieces of environmental quality legislation, is somewhat more involved. Typically, these supersessions follow an "if-then; if-then" pattern. That is, if a State does not issue regulations acceptable to the U.S., then a federal agency or department will do so, and if the State does not adopt and enforce these regulations, then the federal level of government will assume jurisdiction over that area. An example is the Water Quality Act of 1965:

"If a State does not (A) file a letter of intent or (B) establish water quality standards in accordance with paragraph (1) of this subsection, or if the Secretary or the Governor of any state affected by water quality standards established pursuant to this subsection desires a revision in such standards, the Secretary may . . . prepare regulations setting forth standards of water quality to be applicable to interstate waters or portions thereof. If, within six months from the date the Secretary publishes such regulations, the State has not adopted water quality standards found by the Secretary to be consistent with paragraph (3) of this subsection, or a petition for public hearing has not been filed . . . the Secretary shall promulgate such standards."

A fourth type of supersession is characterized by a fiat of the federal government. Merely by stating that only the provisions of this particular act shall apply in a given situation, the federal government supersedes any existing or contemplated state action, as in the Federal Cigarette Labeling and Advertising Act:

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[1] Oklahoma Legislative Council, *The Supersession of Sovereignty* (Oklahoma City, (Oklahoma: State Legislative Council, May 1974).

"No statement relating to smoking and health, other than the statement required by section 4 of this Act, shall be required on any cigarette package."

As an aside, in this particular act, no mention of interstate commerce was made, although it is surely the basis for the supersession.

The last classification of supersession concerns the involvement of the federal government in substate political units or the dictation of duties by the federal government to the officials of a State. An example of the former would be the Food and Agriculture Act of 1965, in which the Secretary of Agriculture is given authority to determine the apportionment of wheat acreage allotments among the counties of the various States, as opposed to allowing the States to make this determination. The 1965 amendments to the Federal Coal Mine Safety Act, in which state agencies are directed to require state personnel to carry out certain actions, would be an example of the latter.

Also, although not involving supersession per se, the Highway Beautification Act of 1965 and the Emergency Highway Energy Conservation Act constitute examples of a de facto supersession through a modified impoundment procedure. In both of these cases, unless the State agrees to certain restrictions, federal aid highway funds will be withheld. Because the States depend on federal funds to such an extent, they are left with no real choice.

Supersession is not the only means whereby federal control is exercised over the state legislative and executive process. Far more prevalent is grant-in-aid and voluntary-compliance legislation, in which the federal government sets forth standards and regulations deemed advisable and provides financial assistance to States which adopt these regulations or standards through state plans and grant applications. Thus, the States are left with the option of not accepting the federal standards. For each supersessive act found in the study, there were at least two pieces of voluntary-compliance legislation.

COMMENTARY

Virtually every piece of supersessive legislation confronted in the original study can be categorized into the following areas: civil rights, environmental protection and conservation, consumer protection, public health and safety, and agricultural standards. (The table below presents a breakdown of the legislation.) Thus, it is apparent that the thrust of supersession, at least for the last 10 years, has been in the area of social welfare. This can be explained in part because of the time frame in which the sample was taken. The 1960s and 1970s have been years of exploding social consciousness.

Pressure was exerted at the state level as well as at the federal level, but for whatever reason, the United States, as opposed to the States themselves, assumed a position in the vanguard. The federal level was powerful enough to assume this role. However, governmental power is awesome in its potential for totality, and it needs to be exercised with great restraint. The federal government should act to supersede the States' right to govern only when the necessity for such action is truly compelling. To take such actions under other circumstances would be a perversion of the concept of a federal system.

Each of the acts mentioned is constitutional, and as such, is proper law. But taken as a group, they form a pattern of ever-expanding federal authority exercised at the expense of the States. It is ironic that the more authority the federal government assumes, the further the United States drifts from the federal system of government, for a federal system connotes a compact of political entities in which certain powers are given to a central government and others retained. As the central government assumes more and more of the powers, the duality of power and vitality of the system wane.

This trend of federal assumption of power affects both the state and federal levels of government. The added power is coupled with added responsibility, resulting in a larger bureaucracy at the federal level. On the state level, the supersession of an area can have far-reaching consequences. It would be erroneous to assume that a state government is not aware of a problem simply because it has not legislated in that area. The State—until it is preempted by the federal level—has a discretionary power not to interject itself into a potential area of regulation. This discretionary power is as important as the ability to legislate, and to assume that the reason for a State's failure to assume an active role in the regulation of a given aspect of the lives of its citizens is that (a) it hasn't occurred to the Legislature to legislate in that area, or (b) the elected officials and legislators have been uninterested in acting in their constituents' best interest is simply not credible. Nor would it be logical to assume that members of Congress are more intimately aware of the desires and needs of the citizens than are state legislators. In general, state legislators interact with their constituents at a much more accessible and immediate level than do their federal counterparts. Decisions not to step into an area of activity can surely be attributed, at least in part, to an exercise of discretionary restraint in response to citizen desire.

The good and bad effects of widespread federal supersession are difficult to measure, for it would be necessary to take into consideration whether or not the federal intervention was wanted, whether the States had been doing an adequate job of regulating in a given area, and how supersession has affected the political system. On the immediate level, the citizens might benefit from federal supersession. In the long run, though, the effect of supersession will be to deprive the people of one level of their representative government—to reduce the States to the role of molding local situations to meet national solutions.

It is because supersession is only one of the several ways that the States are being weakened that the process needs to be scrutinized. This brief study did not reveal sufficient information to draw ironclad conclusions about whether the good outweighs the bad. Hopefully, it has called attention to the issue.

Recalling James Madison's comments, I am struck by his confidence in the central government. "It is true," he says with respect to the English central government's power, "the prerogative is sometimes misapplied, through ignorance or partiality to one particular part of the Empire; but we have not the same reason to fear such misapplications in our system."[2] It would indeed be fortunate if Mr. Madison were able to explain to us today exactly why it is that we need not fear such misapplications in our system.

BREAKDOWN, BY CATEGORIES, OF SUPERSESSIVE LEGISLATION[1]

Health and Safety (18—37.5 percent):

Drug Abuse Control Amendments of 1965.

Federal Cigarette Labeling and Advertising Act.

Federal Coal Mine Safety Act Amendments of 1965.

National Traffic and Motor Vehicle Safety Act of 1966.

Highway Safety Act of 1966.

Federal Metal and Nonmetallic Mine Safety Act.

Child Protection Act of 1966.

Omnibus Crime Control and Safe Streets Act of 1968.

Natural Gas Pipeline Safety Act of 1968.

Radiation Control for Health Safety Act of 1968.

Gun Control Act of 1968.

Federal Coal Mine Health and Safety Act of 1969.

Public Health Cigarette Smoking Act of 1969.

Federal Railroad Safety Act of 1970.

Occupational Safety and Health Act of 1970.

Federal Boat Safety Act of 1971.

Lead Based Paint Poisoning Prevention Amendments.

Health Maintenance Organization Act of 1973.

Environmental Protection and Conservation (9—18.7 percent):

Water Quality Act of 1965.

Highway Beautification Act of 1965.

Clean Air Act.

Clean Air Act Amendments of 1970.

Federal Environmental Pesticide Control Act of 1972.

Noise Control Act of 1972.

Federal Water Pollution Control Act Amendments of 1972.

Marine Mammal Protection Act of 1972.

Marine Protection Research and Sanctuaries Act of 1972.

Consumer Protection (7—14.6 percent):

Fair Packaging and Labeling Act.

Flammable Fabrics Act, Amendment.

Wholesome Meat Act.

Consumer Credit Protection Act.

Poison Prevention Packaging Act of 1970.

Motor Vehicle Information and Cost Savings Act.

Consumer Product Safety Act.

Agricultural Standards (3—6.2 percent):

Food and Agriculture Act of 1965.

United States Grain Standards Act.

Egg Products Inspection Act.

Civil Rights (3—6.2 percent):

Civil Rights Act of 1964.

Voting Rights Act of 1965.

Voting Rights Act Amendments of 1970.

Miscellaneous (8—16.6 percent):

Atomic Energy Act of 1954, Amendment.

Uniform Time Act of 1966.

Employment Security Amendments of 1970.

Federal Deposit Insurance Act, Amendment.

Horse Protection Act of 1970.

Federal Election Campaign Act of 1971.

Emergency Petroleum Allocation Act of 1973.

Emergency Highway Energy Conservation Act.

CONGRESS SHOULD REPEAL AUTHORITY FOR PRICE-FIXING STATUTES

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. McCLORY. Mr. Speaker, I was pleased to reintroduce on Wednesday, H.R. 2390, the Price Reduction Act of 1975 aimed at the repeal of the Miller-Tydings Act of 1937, which has permitted states to enact socalled fair trade statutes under which manufacturers and wholesalers fix retail prices of various types of consumer goods. Mr. Speaker, the adverse effect on our economy, including the inflationary impact inherent in such legislation, as well as the anticompetitive practices permitted under such fair trade statutes have been most detrimental to the interests of American consumers.

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[1] Although some acts can fall into more than one category, the thrust of the article is not affected.

[2] James Madison, *Journal of the Federal Convention*, ed. E. H. Scott, Publication of Albert, Scott and Co. (Chicago, Illinois: The Lakeside Press, 1893), p. 364.

Mr. Speaker, the distinguished Senator from Massachusetts (Mr. EDWARD BROOKE) has sponsored S. 408 in the other Body, and I was privileged to sponsor a corresponding House measure—H.R. 2390 on January 29, 1975. The measure is supported by President Ford, and has received uniformly favorable comments in the press and other media.

Mr. Speaker, I note with interest that the Illinois House of Representatives voted to repeal that State's fair trade laws on Monday, March 17. At least 10 other State legislatures have repealed their fair trade laws—and similar action is expected in additional States. However, the authority for such legislation by the States is contained in the exemption granted by the Miller-Tydings Act of 1937. Accordingly, a repeal of this exemption is essential in order to restore competition to our private enterprise system and eliminate this noncompetitive price-fixing authority from our Federal statutes.

Mr. Speaker, I am proud that 20 other Members of this Body have joined me in the reintroduction of this legislation. I am encouraged to know that my Judiciary Subcommittee on Anti-Trust and Monopolies will begin hearings on this measure on Tuesday, March 25. It is my hope that the subcommittee and the full House Judiciary Committee will recommend favorable action on this measure to the House of Representatives, and that we may see enacted in this session of the 94th Congress a repeal of the Miller-Tydings Act of 1937, and that we may take other necessary steps to eliminate this exemption from free competition and price fixing which our Federal Statutes have condoned for almost 40 years.

A copy of this legislation (H.R. 5199) follows:

H.R. 5199

A bill to repeal exemptions in the antitrust laws relating to fair trade laws

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Price Reduction Act of 1975".

SEC. 2. The first section of the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890, as amended (15 U.S.C. 1); is amended by striking out the colon preceding the first proviso in the first sentence and all that follows before the period at the end of such sentence.

SEC. 3. Paragraphs (2) through (5) of section 5(a) of the Federal Trade Commission Act, as amended (15 U.S.C. 45(a)), are repealed.

SEC. 4. The amendments made by this Act shall become effective ninety days following the date on which this Act is enacted.

OFFSHORE DRILLING

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. DODD. Mr. Speaker, the recent Supreme Court ruling that the Federal Government owns the oil and gas resources on the Outer Continental Shelf is a serious one for Members representing districts on the Nation's east coast.

The Department of Interior is now free to go ahead with its plans to lease over 10 million acres off the east coast for exploration and development by private oil companies. In view of the current energy shortage, there is no doubt that offshore resources will now be developed to increase our domestic energy supplies.

Only Congress can provide the assistance which coastal towns and communities will need to meet the demands offshore drilling will place on them. Therefore, I believe we must give our immediate consideration to legislation that will protect these communities from environmental damage to inland estuaries, wetlands, and coastal regions, from disruption caused by fluctuations in population within short periods of time, from increases in demand for public services, and from economic dislocation.

To deal with these problems, legislation has been introduced in this Congress that would establish greater restrictions on the criteria for leasing offshore properties than exist currently and that would provide direct assistance to coastal towns affected by offshore drilling activity. Since no one committee presently has exclusive jurisdiction over these bills, they have been referred to the Committees on Judiciary, Science and Technology, Interior and Insular Affairs, and Merchant Marine and Fisheries.

I am very concerned that Congress take all steps necessary to provide towns in our coastal districts with the planning and development assistance they will need to deal with the problems that will be caused by offshore drilling. For this reason I want to invite all of my colleagues with an interest in this matter to a meeting on Tuesday, March 25, at 3:30 p.m. in room 2318 of the Rayburn House Office Building.

Meeting with us to discuss the impact of offshore drilling on the towns along the east coast will be Ms. Barbara Heller, member of the energy policy staff of the Environmental Policy Center and member of the Federal Energy Administration's advisory committee on the environment; Mr. Jeffrey Knight, legislative director of the Friends of the Earth; and Mr. Richard Lahn from the Sierra Club.

Ms. Heller, Mr. Knight, and Mr. Lahn have been actively involved with issues relating to the development of offshore oil and gas resources for several years. I know you will find their comments very helpful in developing a greater understanding of this very important issue.

TRIBUTE TO BILL OLSTEN

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. WOLFF. Mr. Speaker, I would like to bring to the attention of my colleagues a constituent of mine who has contributed greatly to the economic growth of Long Island, and indeed, to the Nation. William Olsten is the founder and board chairman of the Olsten Corp., which maintains its international headquarters within my district and which is celebrating its 25th anniversary in business this year.

Founded in 1950, the Olsten Corp. now has 150 offices throughout the United States and Canada which provide temporary office personnel and industrial personnel to business and industry. The Olsten Corp. provides temporary employment for 80,000 men and women annually. It is, in fact, one of the largest temporary personnel services company in the country.

Bill Olsten has been a pioneer in the temporary services industry. He has been a leader in introducing innovative, successful approaches to making the temporary services industry an important and effective economic factor. For instance, several years ago, Bill Olsten started a pilot health care services program in New York City which today provides registered and licensed practical nurses, nurses' aides and home companions to hospitals, nursing homes, extended care facilities and out-patients in the home. At a time when competent health related assistance is in increasing demand, temporary health care personnel is fulfilling a very definite need, and the concept has been successful in large measure due to Bill Olsten's efforts.

The Olsten Corp. has also been a pioneer in affording employment opportunities to our senior citizens, those who have been forced into retirement at age 65, yet who still have many more years of skills and talent to offer.

The temporary services industry, with the Olsten Corp. in the forefront, has also paved the way for women to return to the job market and has contributed to the ability of women to achieve economic self-sufficiency.

On the occasion of the Olsten Corp.'s 25th anniversary, I simply wanted to share some of Bill Olsten's accomplishments with my colleagues and extend my congratulations to him on his 25 years of achievement.

"XAIRETE"

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ANDERSON of California. Mr. Speaker, next Tuesday, March 25, marks independence day for the Greek Nation. I would like to address myself to our many friends and neighbors in the United States who carry the proud and distinct heritage of the long and great history of Greece.

Xairete literally means rejoice—rejoice, we are meeting; rejoice, we are parting. It is an expression that has been used for over 2,500 years, ever since Pheidippides said it with his dying breath. After he had run the 26 miles to announce the victory at Marathon, he said Xairete!

That was the golden age of Greece.

Greece who gave the world so much in beauty, wisdom, logic and philosophy was to have so much taken from her. First the Romans, then the Visigoths, then the Franks, and then the Turks. They all tred heavily on Greek soil destroying, stripping, leaving nothing but Greece—that rare nation that survived, that maintained its language, its religion, its identity, its integrity, and its pride.

For almost 4 centuries the Ottoman Empire made Greece its footstool—for 377 years, for 12 generations, the Greeks not only endured, they emerged under the leadership of another Alexander—Alexander Ypsilanti, and after 7 years of war, they won their independence.

Pheidippides' dying word echoes—"Xairete". That is what we are commemorating here today. The debt we Americans and every free nation in the world owe to the spirit of the Greek people. This little country that lies like an outstretched hand in the middle of the Mediterranean is a last outpost to the East, the region between Africa and Europe bordered on the north by Communist countries. Her position geographically and politically is critical to the free world. That is why the Cyprus question is so crucial. It is why we are working very hard toward a solution. I salute the Greek people and their magnificent heritage and unconquerable spirit, and though I am not of Greek blood, I am of Greek heart.

I say to you—"Xairete".

STATEMENT ON THE CENTENNIAL OF BERKELEY TOWNSHIP, OCEAN COUNTY, N.J.

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. HUGHES. Mr. Speaker, on March 31 of this year the Berkeley Township in the Second Congressional District of New Jersey will observe its Centennial celebration.

Berkeley Township, Ocean County, N.J., was created on March 31, 1875, and was named after John Lord Berkeley, one of the two original proprietors of New Jersey.

Berkeley Township extends across Barnegat Bay to Island Beach, lies south of Dover Township, and west of Lacey Township. To the northwest in Manchester Township. The Township's northern boundary is the famous Toms River.

The good climate, one of the longest ocean frontages of any county in the States, bountiful gifts of the sea and plentiful crops of melons, cranberries, and sweet potatoes from the rolling land, a veritable paradise for the hunter and the fisherman, made the early settlers describe the area as "a pleasant land to live in."

In its early history the area had numerous small industries centered in such colorfully named places as Double Trouble, once a center of the thriving cranberry business. There was also Dover Forge, established early in the nineteenth century. The furnaces here contributed their share to the iron needed during the War of 1812 and afterwards in the many farm implements needed to cultivate the land. Dover Forge was once one of the largest bog-iron furnaces in Ocean County. Many of these small but important industries are gone now but they were important in their time and their memory survives.

Men from Ocean County and Berkeley Township participated in all the major wars of the United States. In World War I, for example, almost 500 men were drafted from the county and more than double that figure enlisted. The men who were too young for the draft formed the Ocean County Militia and performed important guard duty during the war. The war was brought close to home when, in 1918, German U-boats sank cargo ships just off the beach.

World War II brought a temporary halt to the progress of the county. A new enterprise was developed, however, as poultry farming flourished and the egg industry became an economic base for future development.

After the war, Ocean County and Berkeley Township became a center of boatbuilding and today there are several large marinas along the coast.

Berkeley Township, with an ever-growing population, is today an integral part of the eastern metropolitan region, yet it remains a delight to the botanist and vacationist. Here it is possible to have the best of both worlds; to work in a large city and to live, away from the urban hustle and bustle, in a place with a rural charm all its own.

Ocean County and Berkeley Township have had a glorious past. They now have a burgeoning present and can look forward to a promising future. The county is indeed, "a pleasant land to live in."

MARCH IS MINUTEMAN MONTH

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. McDONALD of Georgia. Mr. Speaker, March is the official start of America's Bicentennial, 200 years of history, customs and traditions. One of the oldest traditions in the history of this great nation is the citizen-soldier, the minuteman of the National Guard.

The Air and Army National Guards are celebrating this month as "March is Minuteman Month," paying special tribute to the Guardsmen of the present and the Minutemen of the past.

The men of the past were the men of the American Revolution, who fought at Bunker Hill, at Valley Forge and who crossed the Delaware. Back then people were scattered in farms and villages all over the countryside and gathering a fighting force was too time consuming. Yet the people needed protection; soldiers were needed who could be ready to fight within minutes, hence the citizen-soldier concept was born.

These were the men, who on a moment's notice, took up their arms and bravely fought for their struggling newborn country, for their land and for their families. They fought for what they believed in and ultimately that was their freedom and the freedom of generations to come. These were men like Paul Revere, who will always be remembered in the annals of American history. The persistence and vigilance of men like these, even 200 years later, is what America is all about.

In the beginning, the minutemen were soldiers, but when America took to the air, so did the National Guard. When the country had only two airplanes, it had a Guard pilot to fly them. A Guardsman was the first to land a plane on a ship, another was the first to solo the Atlantic nonstop. Today the Guard's first aviators would marvel at the way America turned biplanes into jet planes.

It is obvious that the Guardsmen of the present have come a long way from the minutemen of Bunker Hill. In common with all branches of the service, the guard now has better pay and better benefits than ever before. The Guardsmen of the present are technicians, doctors, pilots, and administrative specialists, but most important of all, they are civilians, like the minutemen.

This is the first time ever for the Air and Army National Guard to launch such a joint month-long campaign. "March is Minuteman Month" will also function as an intensified recruiting effort. The National Guard Advertising Support Bureau in Edgewood, Md., has called this drive "the most important single recruiting effort in recent history of the National Guard."

Each and every one of the 95,184 Air and 403,918 Army National Guardsmen throughout the country perform vital functions nationally and locally. When disaster strikes, the Guard is trained and ready to save lives and protect property, aiding victims of hurricanes, tornadoes, and floods, bringing in supplies and offering necessary support.

Guardsmen not only provide service in times of stress, but many units carry out volunteer projects. There are Guard units across the United States who sponsor medical programs for innercity children, who help to clean up rivers and streams, who help run day camps, and who service the underprivileged and handicapped.

I would like to take this opportunity to salute the Guardsmen of my own State of Georgia. Throughout our State, there are 9,078 Army and 2,846 Air Guardsmen, with one major Army Guard unit and three major Air units. These are all outstanding groups which have been recognized locally and nationally for their performance and service.

I ask my colleagues and all Americans who take pride in the history of their country, to recognize this historic month. What better way to celebrate the beginning of the Nation's 200th birthday, than to pay tribute to our Air and Army National Guardsmen? March is truly Minuteman Month.

HEROIN ADDICTION IN VIETNAM: ANOTHER TRAGIC AMERICAN LEGACY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. RANGEL. Mr. Speaker, the American war in Southeast Asia has permanently scarred the region. Millions of civilians and soldiers were killed or maimed. Countless others lost their homes and farms. Chemical defoliation doomed still others to starvation or marginal survival. Cultural landmarks were destroyed. Families were uprooted. Bomb craters pockmark the landscape. A repressive regime continues to hold sway in Saigon, despite our so-called fight for "democracy."

As for the United States, tens of thousands of American GI's returned from Southeast Asia addicted to heroin. The traditional opium fields of the Golden Triangle—Burma, Laos, and Thailand—were expanded to meet the increased GI demand as over half a million American military men were stationed in Indochina. When the GI's left, international drug traffickers began diverting more of their deadly products to the continental United States, feeding American addicts. The Veterans' Administration and the Defense Department have still not been able to repair the physical and psychological damage done to drug dependent GI's and veterans.

Now we have learned that heroin addiction among South Vietnamese military forces has spread, along with drug abuse among civilians in Saigon. A recent New York Times report reveals that the merchants of death who processed and sold heroin to GI's are now disposing of their surplus drugs profitably by pushing to South Vietnamese soldiers. This represents another tragic legacy of our ill-fated and unconscionable participation in the Indochina war.

The article follows:

[From the New York Times, Feb. 23, 1975]

HEROIN ADDICTION GROWING IN SOUTH VIETNAM, ESPECIALLY AT REMOTE ARMY POSTS

(By Fox Butterfield)

PLEIKU, SOUTH VIETNAM, February 17.—In the dingy, dimly lit back room of a house near the Roman Catholic cathedral here, two solders lay sprawled on a bed, their eyes closed.

Another soldier, in the mottled green camouflage uniform of a South Vietnamese ranger, entered the room and approached a tired-looking old man squatting in the corner over a water pipe. "Dad, may I borrow the bowl and sword," he asked. These were the code words used to ask for a heroin injection.

This was an example of a growing heroin addiction problem throughout the South Vietnamese armed forces and among some well-to-do young people, especially in Saigon.

According to military investigators in this dusty Central Highlands garrison city, about 30 per cent of the airmen and combat soldiers stationed here now use heroin in some form. At least part of this heroin is said to be sold by South Vietnamese officers.

There have been no known instances of plane crashes or avoidance of combat because of this use of narcotics. But there have been several cases reported here recently of deaths among pilots and soldiers because of overdoses.

The drug problem began, Vietnamese familiar with it say, with the national mood of despair that accompanied the Communists' offensive in 1972 and then the ineffective Paris peace agreement in 1973. The problem is most acute in isolated garrisons such as Pleiku where there has been little actual fighting recently and boredom is almost as big an enemy as the North Vietnamese.

In the view of investigators, the heroin problem is also a direct legacy of the American presence in Vietnam.

"We always had some opium smoking, but we didn't know what heroin was until the G.I.'s brought it," a South Vietnamese official remarked. He was referring to the epidemic of heroin use that spread rapidly among American soldiers here in 1970 and 1971 as United States participation in the war was phased out.

The most commonly used Vietnamese term for heroin, "si ke," does in fact suggest an American origin. It is a corruption of the G.I. slang word "scag."

Moreover, narcotics specialists believe, much of the heroin being sold in Vietnam now is left over from the large stockpiles accumulated in those earlier years to supply American servicemen.

"The smugglers hadn't anticipated a drop in the market so soon," a Western specialist suggested. As evidence of his theory, he added that no heroin was now known to be moving into South Vietnam from Thailand, the usual source.

The wholesale drug business in Vietnam is thought to be carried on by Chinese networks operating from Cholon, the large Chinese section of Saigon. But just who markets it to the troops is murky.

The ranger who bought a dose in the house near the cathedral here said that his former commander, a major, had once sold heroin at their border outpost in Kontum.

PUSHERS IN AREA HEADQUARTERS

Other knowledgeable Vietnamese and foreigners say they can point out pushers among low-ranking officers in the headquarters of Military Region II in Pleiku.

Lieut. Col. Nguyen Ngoc Thoai, the chief of police in Pleiku, is well aware of the problem.

"As you can see, Pleiku is a city of soldiers," he said, sitting in a small coffee shop. "It is the soldiers who use the drugs, and they themselves protect the pushers. Then what can I do?"

There have been some police efforts at arresting suspected dealers in Pleiku. But heroin can still be purchased easily down dozens of back alleys and in some coffee shops for prices ranging from the equivalent of about 70 cents for the smallest cellophane packet to $10 for a plastic vial.

Because the heroin is of extremely high purity—from 90 to 97 per cent—it is dangerous to inject it directly and most users mix it with tobacco for smoking. Street heroin in New York often is of as low purity as 2 to 3 per cent.

The South Vietnamese Army has established several rehabilitation centers and hospital wards, including one at the Cong Hoa Military Hospital in Saigon, which has treated more than 1,000 patients in two years. But the methods are primitive and the rate of relapse is said to be high.

It also seems difficult for many Vietnamese to treat heroin addiction as a serious problem—there are too many other major problems already.

As the ranger was sticking a needle into his left forearm, in the hour here, two young girls walked into the room carrying the family laundry. They hung it up to dry without even glancing at him.

SECRETARY KISSINGER PLANS TRIP TO CHILE

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. FRASER. Mr. Speaker, I would like to bring to the attention of Members that Secretary Henry Kissinger is planning a trip to Chile during April. My own position, which is contained in the letter which follows, is that such a trip at this time would be inappropriate unless there is a dramatic change of events in Chile. Regardless of whatever purposes we may attach to the trip, many people will interpret the trip as a symbol of U.S. support for the oppressive tactics used by the Junta. Moreover, I have not received any convincing arguments that this trip to Chile would serve any useful purpose.

The letter follows:

MARCH 5, 1975.

Hon. HENRY A. KISSINGER,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: At our meeting on January 28, you will recall that I expressed serious reservations concerning your pending trip to Chile. Although the Junta has lifted the "state of war," it is applying the provisions of "military justice in time of war" to the "state of siege" which continues in force. One of the practical consequences of this situation is that political dissidents are tried by military courts with serious shortcomings in due process. The Junta has continued the "state of siege" on the grounds that the threat of a violent overthrow of the existing government still exists. A visit by you under these circumstances would appear to represent an intervention in the internal struggle within Chile.

Moreover, regardless of our intentions, your visit would be interpreted by the Junta and certainly by world public opinion as a sign of U.S. approval of the arbitrary and brutal methods the government has used to repress dissent and punish anyone who was supportive of the Allende government. I would strongly urge you not to visit Chile unless the "state of siege" has been lifted, the use of torture has been abolished, arbitrary arrest and detention has ceased, the trial of civilian defendants takes place through the normal civilian system of justice, and a significant number of political prisoners have been released. Many Members who attended the January 28 meeting share these views. However, should you not accept the above position, I would certainly hope that your discussion with the Junta, as well as those of Assistant Secretary William Rogers during his trip next week, would give considerable attention to these matters. However, I must repeat that my own view is that a trip to Chile by you at this time is inappropriate.

Another item with respect to Chile which I had hoped to raise at our January 28 meeting is the recent report on that country by the O.A.S. Inter-American Commission on Human Rights. The report concludes that since the Junta seized power "extremely serious violations of human rights occurred".

The Commission issued a series of recommendations, many of which have not been acted upon by the Junta. As I am sure you are aware, the Commission's report will be considered by the General Assembly at its annual meeting in April or May. Normally, the Commission's report to the Assembly receives perfunctory treatment by the Assembly. Chile, however, has already indicated it intends to discuss the report at the Assembly's session. I would hope that your delegation will also comment on the report in some detail and that it encourages other delegations to do the same. The U.S. Delegation should urge the Assembly to endorse the Commission's findings and—since it has been nine months since the Commission made its field investigation—to request the Commission to make another such investigation. During your visit to Chile and the visit of Secretary Rogers the Junta should be encouraged to comply with the Commission's recommendations and accept another visit by the Commission.

Finally, I understand that both you and Secretary Rogers will be visiting Brazil and Mr. Rogers will be visiting Uruguay. The human rights situation in both of these countries has been of serious concern to the Subcommittee on International Organizations. We received testimony from Reverend Fred Morris, an American Methodist missionary brutally tortured in Recife, Brazil. Although it is recognized that President Geisel has made efforts to prevent the use of torture and other forms of repression, these practices do continue. Although the situation in Uruguay has received less attention in the press, it is equally serious. The report of the International Commission of Jurists states that arbitrary arrest and detention, torture and other denials of justice continue in that country. I would strongly urge that your discussions in Brazil and those of William Rogers in Uruguay give serious attention to the human rights question.

Your kind attention to these matters will be gratefully appreciated. I look forward to discussing these and other matters with you at our next meeting which I hope can take place before the Congressional recess on March 26. In connection with our last meeting, I was very pleased to learn from Ambassador McCloskey that the U.S. Delegation to the Commission on Human Rights publicly stated that we would generally favor a study of country situations referred to it by the Subcommission on Prevention of Discrimination and Protection of Minorities.

Sincerely yours,

DONALD M. FRASER,
Chairman, Subcommittee on International Organizations.

THE NECESSITY OF REORDERED PRIORITIES FOR YOUTH

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mrs. SCHROEDER. Mr. Speaker, there are those who question whether we can afford to give to children and youth the services they need and deserve. But I ask if we can afford not to reorder our priorities in terms of children and youth.

A study by the Colorado State Division of Youth Services analyzed 444 entrants committed to the State's Lookout Mountain School for Boy and Mount View Girls School. Over 90 percent of these "certified" delinquents had learning disabilities, the average being 2.4 per youth. What did our society do to identify their basic problems and correct them before these youths became antisocial? Did we give them a fair start in life? When a child is allowed to be born handicapped or to become so, it costs the public dearly. Education for a handicapped child is two or three times as expensive as a normal child—and the results are smaller. A crime career costs society $500,000.

I recommend to my colleagues the following remarks by Dr. Michael S. March, a former budget analyst with the Office of Management and Budget, who retired after 33 years of Government service and is presently professor of public affairs at the University of Colorado.

HOW TO IMPROVE FEDERAL PRIORITIES FOR CHILDREN AND YOUTH

If there is ever to be a successful follow-up on the recommendations of the 1970–71 White House Conference there are several essentials in order for the U.S. to redress its priorities and do justice to children and youth:

Organization responsibility must be fixed on some specific unit or official of Government in each State and in the Federal Government for carrying out the follow-up process. The units at each level must, moreover, have status and access sufficient to affect the resources allocation or budget patterns of the State and Federal agencies as well as, hopefully, those of local governments. In the Federal Government no one really speaks for children and youth as a group or considers all the programs which affect them in an interrelated way. Their needs are thus not fully considered in setting budget priorities either in the White House or in the Congress.

Provision must be made for adequate assessment and reporting to the public. At present in the Federal Government, and I suspect in most States, there is no single unit which carries on effective, comprehensive evaluation and assessment of the needs of children and youth and the status of the programs designed to meet those needs. Nor are assessment reports issued. The dismal neglect of the needs of children and youth in the Federal budgetary process is underlined by recent performance. In the last 6 years the budget increased by $119.8 billion and the aged alone took 34 percent or $40.2 billion of this increase. The young, who are nearly 4 times as numerous, got a meager $13.9 billion of just 12 percent of the increase. No one in Washington, D.C., seems to care deeply about children and youth. The Nation needs an effective organization of mothers and fathers to fight hard and see that children and youth receive 34% of the increases in the Federal budget in the next 6 years, based on the solid merits of their claim and their past neglect. This would bring us out close to the goal for 1980 suggested by the White House Conference.

The Chief Executives of the States and of the Federal Government must assume responsibility for the follow-up process in their respective areas. Moreover, this process must actively involve the respective State legislatures and the Congress of the United States, which enact the necessary legislation and appropriate the money to make it effective. At the Federal level, and in every State, both the Chief Executive and the legislature should receive annually a comprehensive status report on the programs as they relate to children and youth and on the status of the follow-up agenda.

Organizational machinery is needed in each State and in the Federal Government with sufficient power and staff resources to coordinate the multitudes of fragmented programs for children and youth which now exist. The objective should be to balance out the priorities and to achieve sufficient coordination and action so that the various service agencies serve the whole child and the whole family at the local community level instead of working at cross purposes as they often do.

Adequate provision should be made for representation of all groups, where the unmet needs of children today are particularly great, in these program areas so that their voice will be heard with respect to the setting of priorities and achievement of responsive administration of programs. We are all aware that needs often are overlooked if provision for advocacy is not made.

During the 1970 White House Conference process I had the good fortune of serving as Executive Secretary of an Ad Hoc Committee on Follow-up of the WHCCY. The other members of this group were Joseph Berg, Dr. Edward Greenwood, Mrs. Joseph Haefeli, C. F. McNeil, and Marsha Stevens. It prepared a blueprint for follow-up which was published as an appendix at pages 414–422 in the report to the President by the White House Conference on Children.

The Ad Hoc committee specifically urged a systematic follow-up under "strong Federal leadership and involvement of the States and citizens groups."

For the Federal follow-up machinery it suggested a well-staffed, highly-placed Federal unit to assess periodically the status of the nation's children and youth and represent them in the overall priorities- setting process of the Federal budget: It suggested that the President issue an annual Report on Children and Youth and that the Federal budget should show how children and youth share in its expenditures. It suggested the designation of a high level official to lead the Federal implementation effort. It also proposed the creation in the Congress of a Joint Committee on Children and Youth to hold periodic hearings on the entire range of Federal programs and concerns relating to the young, including on the annual report submitted by the President.

None of this has been done! Action is needed in the new, and hopefully more responsive, 94th Congress. It is our task to call this to the attention of our Senators and Representatives.

There is a real national urgency for action in reorienting the Federal Government's priorities to give a top rank to a comprehensive set of programs for child and youth development.

At the present time the 212 million people in the U.S. constitute only 5 percent of the world's population of about 4 billion. The world population is growing about 75 million each year—adding the equivalent of the entire population of the U.S. each 3 years. With the onset of ZPG in the United States our total population in the year 2000 is likely to be only 3.5 percent of the world's projected population of 7 billion.

There is increasing reluctance on the part of the underdeveloped nations to sell their resources cheaply to the U.S. Hunger is stalking one-fourth of the people on the globe and tensions are mounting in the "third world".

In this increasingly competitive situation the U.S. will not be able to survive economically, diplomatically, or militarily by virtue of the number of its people. We will have to maintain our status on the basis of quality and performance. It follows that if we are to outproduce, outthink, and even outfight the determined competitors from the rest of the world, every adult American will have to be a first-class citizen and able producer. We will not be able to afford an underclass consisting of millions of half-ignorant, half-sick, and half-productive citizens.

There is no more effective way to reduce significantly the ineffective underclass in the United States than through a full start for the little children—beginning with proper maternal health and nutrition and ending with maximum education and training for all the youth.

President Nixon was wrong on many things, but he was dead right in 1969 when he said that the first five years of life are the most important in the healthy development of an intelligent human being. Unfortunately he did not really act on this premise when it came to budgeting.

I can visualize no more vital piece of national legislation which the 94th Congress could enact than a "Full Opportunity Act for Children". Such a bill should have as its ultimate purpose two objectives: (1) the assurance that every child born in the United States would be given a full chance to have a sound body and a sound brain through proper health and nutritional care for the mother; and (2) the assurance in the first 5 years of life of adequate nutrition, proper preventive health care, and stimulative educational development in the home and in preschool day care centers to develop his or her capacities to the fullest. Social insurance provision for complete maternal and child health care is the most urgent and high priority step the country can take today to improve the health of the nation in a fundamental way—and the suggested bill would do it, plus much more.

The assurance of these basic human rights is the highest obligation of a society which says it believes in "social security". In 1935 the needs of both the aged and the children for social security were recognized—but the children still have not been given real protection 40 years later. I suggest that a bill for services to mothers and little children be drafted as an amendment to the Social Security Act and the program financed 50/50 by payroll taxes on all employers and all workers. The ultimate social and economic returns from this new program would exceed those from any existing title in the Social Security Act, I believe. In one generation we would be well on the road to a completely changed society—especially if this action were followed up by provision of full educational and health opportunities in the next 15 years of life for all children.

The Federal Government can provide money, but the action must be at the State level. Improved organization is necessary in each of the 50 states. To provide a strong State and local follow-up, the Ad Hoc Committee proposed that the State Committees on Children and Youth be strengthened so they could make periodic factual assessments of the status of children and youth in their States and evaluate the effectiveness of State and local programs serving them. Such strengthening would permit them to achieve better coordination of service delivery, to work with Federal regional offices and councils as the Federal Government decentralizes functions to the field, and to cooperate with voluntary organizations. The Committee proposed that each Governor make a public commitment to review and implement desirable proposals recommended during the WHCCY and that at least biannually a State Report on Children and Youth be prepared by each state.

The committee further proposed that the Federal Government encourage the States to take such action, by enacting new legislation to provide special Federal matching grants to strengthen staff resources of the State committees and the Governor for the planning, evaluation, and coordination of programs for children and youth. It was also suggested that the Federal Government should provide technical assistance and funding for follow-up functions from available Federal funds. This has not been done. Perhaps the use of general revenue sharing could fill this gap if a priority were set in the next revision of this program, but special Federal legislation specifically for children and youth is necessary. These stimulative grants might well be one title of the bill I have already suggested.

In addition, the Ad Hoc Committee suggested that similar strengthening of private voluntary sector follow-up to be achieved, including the creation of a strong "children's lobby" or a "coalition for children".

The budget priorities for children and youth I have described are bleak. Likewise, I have seen no action to create a strong mechanism for representing the interests of children and youth effectively at the highest policy levels of the country, particularly in the budgeting process. This bodes ill for social justice, and may indeed impair the future stability of our republic by perpetuating inequitable and avoidable social and economic inequalities. We need decisive action at the Federal level and in each of the 50 states.

In theory our public social welfare and human resources programs are predicated on the principle of social equity. However, in neglecting programs for children and youth many of our policy-makers have been blind to intergenerational equity and also to the greater social efficiency of adequate investments in the young—who will be the producers and the citizen-custodians of our society as the stream of life flows onward. I hope my analysis contributes toward redressing the balance in favor of more equitable and more effective use of our scarce public resources for the young whose future is in our hands.

FEDERAL EXPENDITURES FOR THE AGED AND THE CHILDREN AND YOUTH, FISCAL YEARS 1960-75

[Aged: over 65; children and youth: under 21; selected fiscal years; amounts in billions of dollars]

Category	Annual outlays in—					Outlay increases from—	
	1960	1969	1972	1974 estimate	1975 estimate	1960-69	1969-75 estimate
Cash benefits:							
Aged	12.6	25.5	34.8	49.9	57.7	12.9	32.2
Children and youth	1.6	4.2	5.7	7.3	8.3	2.6	4.1
Health:							
Aged	.6	8.2	10.1	13.4	15.1	7.6	6.9
Children and youth	.4	1.5	2.3	2.7	2.9	1.1	1.4
Food:							
Aged	(1)	.1	.4	.7	.8	.1	.7
Children and youth	.3	.8	2.0	2.4	2.9	.5	2.1
Education:							
Aged	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Children and youth	1.1	5.8	6.9	9.3	9.8	4.7	4.0
Manpower programs:							
Aged	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Children and youth	(1)	1.0	1.7	1.7	1.7	1.0	.7
All other:							
Aged	.1	.4	.5	.6	.8	.3	.4
Children and youth	.2	.8	1.5	2.3	2.4	.6	1.6
Grand totals:							
Total for aged	13.3	34.2	45.8	64.6	74.4	20.9	40.2
Total for young	3.6	14.1	20.1	25.7	28.0	10.5	13.9
Total, all budget outlays	92.2	184.6	231.9	268.3	304.4	92.4	119.8
Percent for aged	14	19	20	24	24	23	34
Percent for young	4	8	9	10	9	11	12

[1] Unknown, but probably less than $50,000,000.

(1) Includes general revenue sharing, social services, housing, early child care, etc.

Source: These are rough statistical estimates prepared by author from various publications and budget documents including: Children's Bureau, "Federal Programs Assisting Children and Youth" (1968); Special Analyses, Budget of the United States Government (fiscal years 1970-75, with downward adjustments in figures for 1972, 1973, and 1974 to exclude amounts of $3,000,000,000 to $4,500,000,000 a year for so-called elderly people who are under age 65 but are on the cash benefit rolls); "Budget Highlights," fiscal year 1974 (chart book by OMB); "The United States Budget in Brief," fiscal year 1975. Figures for 1974 and 1975 are based on amounts recommended in President's 1975 budget. Figures exclude special tax benefits, which for aged exceed $8,000,000,000 in 1975.

DEATH OF FRED BALL

HON. WILLIAM L. DICKINSON

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. DICKINSON. Mr. Speaker, at its annual meeting the Montgomery County Bar Association adopted a resolution honoring a most unusual Alabamian and American. I was most impressed by the resolution and by the late Fred Ball. Therefore, I would like to place that resolution at this point in the RECORD:

STATE OF ALABAMA, MONTGOMERY COUNTY
RESOLUTION

Know all men by these presents:

That, whereas, Fred St. Clair Ball, native Montgomerian, born October 2, 1896, departed this life on the 30th day of June, 1974; and

Whereas, in recording some of the facts about the life of our late friend, it is not only apparent and manifest that Fred Ball was no ordinary or common man, but true that he had few peers and no supervisor among the members of the legal profession; and

Whereas, he was a real scholar and gentleman who was educated at Princeton, Columbia, and Emory Colleges, and who continued his studies throughout his long and distinguished career. Having given much to the law, he received, in return, recognition among the members of his profession as being one of the most successful corporate, business, and trial lawyers at the Bar. This recognition was nation wide.

Fate bestowed upon Fred Ball many blessings, having a cultured and gracious wife and similar charming daughters; and

Whereas, this distinguished member of our Bar possessed everything necessary for a successful lawyer to have. He was self-confident, but never arrogant; courageous, but never overbearing; seriously religious, but never a bigot; and beneath a natural dignity he was a warm, congenial, human person. He served his country well in war and peace. Such was the nature of our departed friend.

Now therefore, it is the opinion of our association at this its annual meeting that upon the loss of such a distinguished member as the late Fred Ball, not only our profession, but the country suffered, because he was a most patriotic and valuable citizen.

Let a copy of this Resolution be placed upon the permanent records of the association, a copy be sent to the Archives and History Department of Alabama, and copies be sent to the family of our departed friend.

Adopted on the 27th day of January, 1975.

EEOC CHAIRMAN'S RESIGNATION

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. HAWKINS. Mr. Speaker, as chairman of the Subcommittee on Equal Opportunities, which has jurisdiction over the Equal Employment Opportunity Commission and as one of the cosponsors of title VII of the Civil Rights Act of 1964, which created the EEOC, I am deeply concerned and interested in all matters affecting the effective operation of EEOC as a viable arm in equal employment efforts.

On March 18, 1975, Mr. John Powell, chairman of the Commission, in a letter to President Ford resigned his chairmanship; he further indicated that effective April 30, 1975 he will resign as a Commissioner.

As a courtesy to the Members of Congress, I wish to share the following correspondence between Mr. Powell and the President relative to Mr. Powell's resignation.

THE WHITE HOUSE,
Washington, D.C., March 19, 1975.

Hon. JOHN H. POWELL, JR.,
Chairman, Equal Employment Opportunity Commission, Washington, D.C.

DEAR JOHN: I have your letter dated March 18, and as you request, I accept your resignation as Chairman of the Equal Employment Opportunity Commission, effective today, and your resignation as a Commissioner, effective April 30, 1975. I appreciate your willingness to stay on as a member of the Commission during the next month to assist in the orderly transfer of authority to the Acting Chairman and to provide a period of time in which a well-qualified nominee to replace you can be selected.

I want to take this opportunity to express my personal appreciation for your dedicated service to our Nation. Under your Chairmanship, the Commission has broken new ground, expanding the economic and social horizons of all our citizens. I know that this has been a particularly challenging time for the Commission, but your devotion to the goals of the Commission and to the present and future well-being of every American has not faltered. You have earned their thanks as well as my own.

As you depart the Equal Employment Opportunity Commission, I want you to know that you take with you my very best wishes for every future happiness and success.

Sincerely,

GERALD R. FORD.

A BICENTENNIAL CHALLENGE

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. GILMAN. Mr. Speaker, I request this opportunity to share with my colleagues the remarks of Alan A. Reich, Deputy Assistant Secretary for Educational and Cultural Affairs, the U.S. Department of State, made to the Rockland County Rotary Clubs on the 70th anniversary of Rotary International at Bear Mountain, N.Y., on February 19 of this year. I take special pride in providing these remarks, not only because of Mr. Reich's close association with my congressional district, but also due to the timeliness and relevancy of his thoughts. Mr. Reich's presentation, emphasizing the international aspects of the forthcoming Bicentennial commemoration, touched upon three major themes—heritage, festival, and horizons.

In relating each of these interests prevalent in our New York community Mr. Reich stressed the importance of people-to-people diplomacy and the manner in which community organizations, such as the Rotarians, can improve international understanding during our Bicentennial commemoration period.

Mr. Speaker, I include Mr. Reich's significant remarks in full in the CONGRESSIONAL RECORD at this point:

FROM INDEPENDENCE TO INTERDEPENDENCE—A BICENTENNIAL CHALLENGE

It is an honor and personal privilege to speak to the Rockland County Rotary Clubs on the 70th anniversary of Rotary International. My father, as a founding member, was very active in the Pearl River Club, and I recall with pleasure attending several meetings with him and many of you.

Improving international cooperation is the theme of my talk. It has been gratifying to observe at Rotary Clubs I have addressed—in Boston and Houston, in New York and San Francisco—your organization's strong interest in this subject. I shall cover the international dimensions of the Bicentennial Commemoration, the importance of people-to-people diplomacy, and make suggestions on how community organizations can further international mutual understanding during the Commemoration.

THE BICENTENNIAL COMMEMORATION HAS WORLD-WIDE SIGNIFICANCE

The Bicentennial Commemoration has three major themes—Heritage, Festival, and Horizons. Each has important international implications. The first, "Heritage," recalls the ethnic origins and diversity of America. Our way of life owes much to other peoples of the world. Their contributions find rich expression throughout our country. Reflecting together on our heritage and its meaning will result in significant and constructive international dialog.

The second theme, "Festival," suggests the opportunities international visitors have to discover and understand America and our people. The "Festival" theme is far broader and more meaningful than the view expressed by one foreign visitor on the occasion of our Centennial celebration in 1876. He observed, "The crowds come like sheep, run here, run there, run everywhere. One man start, thousand follow. Nobody see anything, nobody do anything. All rush, tear, push, shout, make plenty noise, say damn great many times, get very tired, and go home." The President, through the Department of State and our embassies, officially invited other nations to participate in the Bicentennial. There will be cultural, sports, arts, and other attractions both in the United States and abroad which should enhance the appreciation of our respective achievements and societies.

Recently I referred to "*Our* Bicentennial" in a conversation with a cabinet minister of a nation making plans for the Commemoration. He interrupted and noted politely, "The Spirit of '76 belongs to us, too, you know!" His remark made me realize other peoples around the world share with us and hold dear the ideals and values we associate with our Revolutionary period. Other nations have been guided by the American model in establishing their governments. They see the United States as the custodian of democracy. George Washington's words, "the basis of our political system is the right of *people* to make and alter their constitutions of government" have had and continue to have world-wide meaning.

"Horizons," the third theme, is perhaps the most important. It looks to the future. John Adams put it succinctly when he said, "I like the dreams of the future better than the history of the past." The notion of the continuing revolution and all it stands for is captured in the growing awareness we are interdependent. If mankind is to survive, we must cooperate. Problems, national a few years ago, are now global. Our neighbors' problems are ours, and vice versa. Improving the quality of life is a world-wide challenge. Problems of population, inflation, food, and the use of resources require cooperative action. Neither we nor our children will have the luxury of working on our domestic problems if we do not succeed in bringing about peaceful cooperation throughout the world during the next few years.

Whether we cooperate with our international neighbors because it is good, right, or necessary, we must get on with it *while* we are improving the quality of life at home. Secretary Kissinger said last fall in New Delhi, "Our goal is to move toward a world where power blocs and balances are *not dominant* . . . where countries consider cooperation in the global interest to be in their national interest." The strengthening of informal relationships on a people-to-people basis helps improve the climate for cooperation in solving these problems which have no national boundaries. The Commemoration is relevant not only to the American future but also to the goals and aspirations of mankind.

PEOPLE-TO-PEOPLE DIPLOMACY—A DOMINANT FORCE IN INTERNATIONAL RELATIONS

In a world of constant change, from the diplomat's point of view, one of the most profound—and perhaps least understood—changes has been increasing involvement of individuals everywhere in public affairs. More and more people every day become involved in local affairs, national affairs, and also, to an extraordinary degree, in world affairs. We live in an era of people-to-people diplomacy. One notable result of this change is that government-to-government relations—diplomatic relations alone—are no longer enough to assure world peace and cooperation. Concerned citizens and private organizations the world over play key roles in influencing international relations.

Why, you may ask, are people-to-people relations and informal communications activities of this kind of concern to the U.S. Department of State? Formal diplomatic channels, of course, are crucial for official business and the resolution of differences between nations. To an unprecedented degree, however, the problems nations confront, the means they choose to solve them, and even the perceptions people of one country have to another, evolve outside official channels. Diplomacy has gone public. Foreign affairs is no longer the exclusive domain of the professional diplomat. Many foreign offices no longer confine themselves to speaking with other foreign offices for peoples; they help and encourage their people to speak for themselves across national boundaries. The tone and content of our international relations are set increasingly by the vastly expanded contacts between Americans and other peoples of the world.

This geometric increase in citizen involvement in world affairs has special significance for the diplomat. When people-to-people bonds and networks for two-way communication are fully developed, there will be a greater readiness to seek accommodation and negotiate. When people know and understand each other and appreciate their differences, likelihood of confrontation diminishes. Prospects for peaceful solutions are enhanced. As Woodrow Wilson said, "When we truly know one another, we can have differences without hating one another." This rationale governs the State Department's interest in the furtherance of meaningful people-to-people interchange.

In the past few years, scholars increasingly have studied informal, non-governmental communications activities in relation to war and peace. They are developing a scientific basis for such activities. Their research suggests that the existence of informal communications tends to reduce the level of tensions when conflicts of interest occur and contributes to a climate of opinion in which conflicts may be negotiated more effectively. Second, informal relationships create greater openness in individual attitudes toward other nations, peoples, and cultures. These predispositions also lead to greater readiness to communicate and resolve differences peaceably. Third, social scientists tell us that international cooperation and two-way exchange contribute to world-mindedness and an internationalist perspective. Finally, international people-to-people relations help develop enduring networks of communication that cut across political boundaries and reduce the likelihood of polarization along nationalist lines.

The Department of State has a strong commitment to cross-cultural communication. When you think of the Department's conduct of our international affairs, people-to-people diplomacy and exchange-of-persons programs may not come immediately to mind. It is, nonetheless, a significant Department activity carried out with 126 nations of the world. The exciting, challenging job of the Bureau of Educational and Cultural Affairs is to use its resources to reinforce the work of American individuals and organizations who want to help construct the foundation of better relationships with the rest of the world. The Bureau also coordinates, as necessary, the activities of other government agencies with international exchange programs in such fields as health, education, social welfare, transportation, agriculture, military training and urban planning.

There are several major elements in this Government-sponsored cultural relations program. Annually, some 5,000 professors, lecturers, and scholars are exchanged to and from the United States. The international visitor program brings to this country about 1,500 foreign leaders and potential leaders annually for orientation tours of 4–6 weeks' duration. We send abroad several leading performing arts and sports groups as well as some 150 U.S. lecturers annually for brief lecture tours. The Bicentennial Commemoration offers a great opportunity for expanding and strengthening people-to-people relations.

The three Bicentennial themes were selected to provide for involvement of all our states, communities and people. There will be no *single* national focus in one city. In addition to the American Revolution Bicentennial Administration in Washington and the ten regional offices, each state has its own commission. Many cities and communities, too, have their own commissions and active programs.

A number of governments of the world, as well as private individuals and organizations of other nations have asked the Department of State and the American Revolution Bicentennial Administration for suggestions on how to commemorate the Bicentennial and simultaneously to strengthen ties with the American people. Let me give you a few examples of the exciting Bicentennial projects planned by governments and peoples of other nations:

Establishment of chairs in American studies in foreign universities.

Establishment of chairs for studies about other nations in American universities.

Symphony orchestra tours to the United States.

National folk group participation in the Smithsonian Folklife Festival and in community festivals throughout the United States.

Endowment of library collections of Americana—both in the United States and abroad.

A number of historical books, studies, and films about the American experience are being commissioned.

Historical and philosophical conferences on American civilization will be convened abroad.

Theatre and opera groups, museum collections, and exhibits will be sent to the United States.

As other nations develop their Bicentennial programs, Americans too are incorporating an international dimension in their planning. Many local activities planned by state and community Bicentennial groups involve people of other nations. For instance:

Operation Sail '76 is a visit of tall-masted sailing vessels from around the world to come to New York City on July 4, 1976 and visit other world ports.

The World Theatre Festival, a non-profit foundation based in New York, will sponsor appearances of distinguished theatre companies from around the world.

Utica, New York, will hold an ethnic arts festival celebrating America as a conglomerate of peoples. Fourteen nationality groups are expected to participate.

Cornell University is conducting a major research project on the Marquis de Lafayette.

Numerous international conferences are being planned such as the World Food Conference to be held at Iowa University.

Binational, international exchange, and ethnic organizations are developing new exchange-of-persons programs, such as Polk County, Nebraska's Bicentennial exchange with Japan.

The American Council of Polish Cultural Clubs is conducting a poster contest on Polish immigration to the United States.

The American Medical Association is inviting counterpart associations of other countries to attend their 1976 annual convention to review medical contribution to man's well-being over the past 200 years.

The American Association of Museums is organizing a program for American museums to exhibit foreign contributions to America's development.

Sister Cities International plans to increase from 1,000 at present to 1,976 by July 4, 1976 the number of U.S. and foreign cities affiliated in sister city relationships.

The American Historical Association is offering a prize to the author of the best historical work on the American Revolution written in a language other than English.

THE BICENTENNIAL CHALLENGE

Several organizations, such as Rotary International, through its people-to-people programs, are making a significant contribution to international mutual understanding. Rotary's international youth exchange, involving 700 youths throughout the world annually, has considerable impact.

The Rotary Club matching program, linking Rotary Clubs in 150 countries with counterpart clubs for direct Rotarian-to-Rotarian relationships and shared service projects is equally impressive. Rotary's world community service program has helped people throughout the world. Through Rotary International's small business clinic program, many individuals in less-developed countries have been helped to self-sufficiency and community contribution.

Two other elements of the overall Rotary International outreach are noteworthy. The existence of some 16,000 Rotary Clubs joining 750,000 Rotarians in 151 countries is a potent force for mutual understanding. Rotary consists of leaders from all segments of society; this fraternal relationship—professional-to-professional, businessman to businessman—generates good will among millions throughout the world.

Another service which Rotary Clubs perform is the furtherance of international person-to-person relationships by others in their communities. In visits throughout the United States, I have been impressed with the extent to which Rotary and other service clubs have initiated and developed sister city affiliations, people-to-people exchanges, international hospitality programs, and international activities of local performing arts and sports groups. These activities contribute to international mutual understanding.

I urge Rotary and other organizations to do more of the same—demonstrating the capacity for commitment of the American people in solving that most important of all human problems, the achievement of a sustained world peace, by sponsoring exchanges, providing community leadership in international programming, helping peoples of other nations become less dependent, and strengthening international ties among key individuals and groups. Specifically, I urge your Rockland County Rotary Clubs to undertake in whole or in part the following 12-point program:

1. Expand home hospitality and community orientation programs for international visitors (including professional, business, diplomatic, military and government leaders).

2. Develop programs for the international alumni of area universities and colleges.

3. Strengthen or initiate a sister city program, or affiliate with a new sister city.

4. Expand and strengthen youth and cultural exchange programs.

5. Develop and improve community programs for foreign students in the United States.

6. Internationalize your community involvement by affiliating with an appropriate international organization in cooperation with the U.S. National Commission for UNESCO.

7. Participate directly in and support the international exchange programs of the Peo-

ple-to-People International and of the People-to-People Sports, Music, Handicapped and other exchange committees.

8. Invite foreign professional counterparts and students to conferences and seminars.

9. Help expand the international public service activities of U.S. corporations operating internationally.

10. Form international institutional linkages affiliating U.S. and counterpart universities, hospitals, rehabilitation centers, schools, libraries, and museums for exchange relationships.

11. Establish university chairs of international studies.

12. Maximize the goodwill generated by ensuring public visibility for these activities both here and abroad.

Secretary Kissinger posed the question recently, "Will our age of interdependence spur joint progress or common disaster?" In our 200 years as a nation we have matured from independence to interdependence. The challenge, the Bicentennial challenge of interdependence, is to strengthen these ties over the long-term so that they are expanded, improved in quality, and institutionalized. These relationships will contribute in ways which will not sacrifice private sector initiative, dynamism, and diversity. They will indeed spur joint progress.

Such a Bicentennial program will be in the U.S. national interest and in mankind's interest too in providing an improved climate for solving our global problems. In the words of Ralph Waldo Emerson, "Nothing great was ever achieved without enthusiasm." With the kind of enthusiasm the Rockland County Rotary Clubs have demonstrated, great goals can be achieved.

I thank the Rotary Club of Rockland County and Rotary Clubs throughout the United States for your very real contribution in helping to build the "human foundations of the structure of peace."

YEAR 1976 MARKS 50TH ANNIVERSARY OF POLAR EXPLORATION BY BLIMP

HON. EDWARD P. BEARD

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BEARD of Rhode Island. Mr. Speaker, a recent visitor to Washington called to my attention the fact that 1976 will mark the 50th anniversary of one of the great accomplishments in polar exploration by the airship pioneer who invented the lighter-than-air craft we now call the "blimp." The visitor to my office is a cousin of General Umberto Nobile and is, in fact, named for his illustrious cousin. Mr. Nobile, of Providence, R.I., has kept a complete record of the pioneering work done by this great Italian scientist and polar explorer and was a technical advisor for the recent motion picture, "The Red Tent" which dramatically portrayed the remarkable feats of his renowned cousin, General Nobile.

At the age of 91, Italian Air Force Gen. Umberto Nobile lives today among the mementos of one of the most extraordinary careers in pioneering aviation. As inventor, scientist, pilot, and airship developer, his life is unique in the annals of both airship construction and polar exploration. It was General Nobile who invented the craft we now call the "blimp," the reliable aircraft we see flying over football games and other events or carrying sophisticated survey equipment for tasks that cannot be accomplished by any other type of aircraft.

The Bicentennial year of 1976 will mark the 50th anniversary of the flight over the North Pole by General Nobile, a venture in which he was accompanied by two of the world's greatest polar explorers, Roald Amundsen of Norway and Lincoln Ellsworth of the United States. The airship was named "Norge," in honor of Amundsen's country which funded the venture together with Mr. Ellsworth.

Two years later General Nobile set off another polar flight in the "Italia", a newer and larger airship of his own design. General Nobile became the only man in the history of polar exploration to plant the flag of his country at the North Pole twice from the air. But it was just after his crossing of the pole that the airship came to grief, buffeted by wild storms and weighed down by heavy formations of ice. General Nobile was severely injured when the airship's gondola crashed on an ice floe.

A massive rescue operation was started by Roald Amundsen but that intrepid man lost his life before he could reach the marooned Nobile party. Finally, 49 days after the mishap, Russian polar experts managed to rescue the crew and bring them to safety.

Today, General Nobile lives in Italy, honored by many countries as one of aviation's notable pioneers. He has never lost faith in the efficacy of lighter-than-air craft and believes that there is still room for the transportation of heavy cargoes by semirigid airships where there is no need for the high speed of jet-propelled planes.

Along with the names of such aviation pioneers as the Wright Brothers, Glenn Curtiss, Richard E. Byrd, Count Zeppelin, and Igor Sikorsky, the name of Umberto Nobile occupies that top rank of brave and brilliant men who helped to conquer the air space of our world, taking risks that were well-nigh unbelievable in those times and still achievements of wonder for us today.

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS TO CONTINUE TESTIMONY ON GUN CONTROL ACT OF 1968

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. CONYERS. Mr. Speaker, I am pleased to announce that the Subcommittee on Crime of the Committee on the Judiciary will continue hearings on more than 40 bills which would amend the Gun Control Act of 1968. Thus far, the subcommittee has held seven hearings on this subject. We have heard testimony from our colleagues in the Congress, law enforcement officials, and a representative of the medical profession.

Yesterday, Rex D. Davis, Director of the Bureau of Alcohol, Tobacco, and Firearms, began testimony on the administration and effectiveness of the Gun Control Act of 1968. Mr. Davis will continue his testimony on Wednesday, March 26, at 10 a.m., in 2141 Rayburn House Office Building.

Those wishing to testify at a future hearing or to submit a statement for the RECORD should address their requests to the Committee on the Judiciary, 2137 Rayburn House Office Building, Washington, D.C. 20515.

ABUSES OF FBI FILES

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BADILLO. Mr. Speaker, we have been made aware of many abuses of certain FBI files which have been, and continue to be, maintained by the FBI. These files, some 6½ million in number, apparently contain sensitive information, much of it in the form of unsubstantiated allegations, on private citizens. The FBI also has other information in its files which it obtained on private citizens through various forms of surveillance. The following article by Nicholas M. Horrock contains an account of how this information was used by the FBI in an attempt to harass and intimidate Dr. Martin Luther King. We must seriously question this practice.

In addition to enactment of needed legislation to seriously limit this type of activity, the Congress must take firm action to prevent future abuses of information collected and maintained by the FBI, including the provision of appropriate criminal penalties for violation of the law. At this point I wish to insert Mr. Horrock's article in the RECORD.

[From the New York Times, Mar. 9, 1975]

EX-OFFICIALS SAY F.B.I. HARASSED DR. KING TO STOP HIS CRITICISM

(By Nicholas M. Horrock)

WASHINGTON, March 8.—The Federal Bureau of Investigation mailed what some agents considered an "unsavory" tape recording made from an electronic room bug to Coretta King to frighten her husband, the Rev. Dr. Martin Luther King, Jr., into halting his criticism of the bureau, according to a former high official of the agency.

The mailing of the tape recording to Mrs. King was part of nearly a decade of "harassment" of the late civil rights leader by the bureau, several former agents and officials say.

One retired agent, Arthur Murtagh, who was attached to the F.B.I's Atlanta field office, said the moves against Dr. King were second in size "only to the way they went after Jimmy Hoffa."

Yet there was never a criminal prosecution of Dr. King and, these former F.B.I. men say, there was a "dubious" national security rationale for what they said were thousands of hours of electronic and physical surveillance. These sources believe that the alleged harassment of Dr. King should be investigated by the Congressional committees on intelligence. Several have written to the Senate Select Committee on Intelligence.

VIOLATION OF REGULATIONS

The sending to a private citizen of a tape recording obtained by a national security electronic surveillance is a violation of F.B.I. regulations and was a potential violation of the Federal Communications Act and the Federal Criminal Code.

The surveillance of Dr. King was briefly noted last year in a report by William B. Saxbe, then the Attorney General, and Clarence M. Kelly, director of the F.B.I., on the bureau's Counterintelligence Program, or Cointelpro. The report said that Cointelpro techniques included "investigating the love life of a group leader for dissemination to the press." Justice Department officials, later identified the group leader as Dr. King.

A spokesman for the bureau said it had "no comment" on the alleged harassment of Dr. King.

The former high F.B.I. official who brought the matter to the attention of The New York Times asked to remain anonymous in the expectation that he might be called to testify in investigations of the bureau.

He said that in late 1964, after Dr. King criticized the F.B.I. for having assigned agents with Southern backgrounds to handle civil rights cases, the late director, J. Edgar Hoover, ordered William C. Sullivan, then in charge of the bureau's counterintelligence operations, to arrange to send a copy of a tape recording secretly to Mrs. King in such a manner that it could not be traced to the F.B.I.

The source said that a copy of a tape recording was made by the bureau's laboratory. It was wrapped in a small plain, unmarked package with no return address, and delivered to Mr. Sullivan's office, the source said, and it had been addressed to Mrs. Coretta King, Atlanta, Ga.

Another source, attached to the bureau at the time, said that he believed the recording was of a party held by Dr. King and officials of the Southern Christian Leadership Conference, which Dr. King headed, in the Willard Hotel in Washington in the fall of 1963. The source said the party had been picked up by an F.B.I. electronic bug in the room and put on tape.

Bureau officials, according to sources at the time, felt that the content of the tape was detrimental to Dr. King and some of his associates because it recounted activities at the party they thought did not conform with the rights leader's position as a religious leader.

TRACING OF TAPE

The tape and the package had been prepared so they could not be traced, one source said. He said Mr. Hoover wanted the tape mailed from somewhere in Florida and that Mr. Sullivan had ordered a special agent to fly to Tampa and mail the tape to Mrs. King. The source stressed that the agent had no idea of the contents.

The source said that Mr. Hoover believed the sending of the tape to Mrs. King would stop Dr. King's criticism of the bureau and break up his marriage as well.

Mrs. King said in a telephone interview that she recalled receiving a tape recording in January, 1965.

"I received a tape that was rather curious, unlabeled," she said. "As a matter of fact, Martin and I listened to the tape and we found much of it unintelligible. We concluded there was nothing in the tape to discredit him."

Mrs. King said that she and her husband immediately realized that the tape had been made covertly and "presumed" it had been made by the F.B.I.

Mr. Murtaugh, 53 years old, who now lives in Constable, N.Y., said the "trick" of sending the tape to Mrs. King to discredit her husband was well known "among senior agents in the Atlanta bureau and some of them bragged about it as a smart stunt."

According to two former senior F.B.I. officials, a wiretap on Dr. King later picked up a conversation in which Dr. King told a friend that he was deeply concerned about the pressure being placed upon him.

S.C.L.C. sources from that era say that Dr. King never wavered in his leadership of the movement and that the harassment failed.

The following incidents of harassment were either confirmed in earlier press accounts or uncovered in interviews with high bureau officials:

Mr. Murtagh and a former senior bureau official confirmed the bureau tried to disrupt plans for a banquet in Atlanta in 1964 by business leaders to laud Dr. King's winning of the Nobel Prize. It included covert contacts with community leaders with charges about Dr. King's personal life.

Two former bureau officials said that a "monograph" on Dr. King's personal life was circulated among Government officials by the bureau during the Kennedy Administration. President Kennedy became aware of what was going on and ordered Mr. Hoover to retrieve every copy of the monograph.

Mr. Murtagh said that efforts at harassment of S.C.L.C. leaders continued after Dr. King's assassination in 1968. He said he was ordered by bureau officials to obtain handwriting samples of Andrew Young, now a Democratic Representative from Georgia, and Hosea Williams to permit bureau experts to forge letters over the Young and Williams signatures that would harm their careers. Mr. Murtagh said he refused the assignment.

Two former senior F.B.I. officials said the bureau "routinely" sought to prevent Dr. King from receiving honorary degrees from colleges and universities by planting stories about his personal life, including charges that he directed S.C.L.C. funds to his own use and to Swiss bank accounts.

Mr. Murtagh and other sources said there was a consistent practice of anonymous telephone calls, sometimes to make false fire alarm reports at locations where Dr. King was to speak and in other instances to friends and associates of Dr. King trying to sow distrust among them.

INFILTRATION BELIEVED

In 1961 and 1962, bureau intelligence experts reportedly became convinced that two members of the Communist party had infiltrated the S.C.L.C. The intelligence men urged then Attorney General Robert F. Kennedy to open a national security investigation of Dr. King, and he complied.

Reliable sources said that Dr. King was under electronic surveillance well before Mr. Kennedy had made his decision. On two occasions, members of the Kennedy Administration warned the S.C.L.C. leaders to disassociate themselves from the alleged Communists because they were leaving Dr. King open to attacks by Southern conservatives in the Senate, but Dr. King refused to do so unless the Government produced evidence of Communist affiliation.

In 1963, Mr. Kennedy authorized a national security wiretap on Dr. King, then legal under federal law. Court testimony and interviews with F.B.I. and Justice Department officials indicate that the electronic surveillance continued for at least two years, from 1963 to 1965, and produced a massive amount of recordings. One estimate held that 5,000 separate conversations went on tape.

Former agents said the room bugs were planted in hotels from coast to coast as Dr. King moved about the country.

Despite this massive surveillance, veteran agents said, there was never a recommendation for prosecution for violation of any Federal or State law. Nor, several sources said, were grounds for any national security concern ever established.

TESTIMONY IN CASE

In a 1969 Federal Court case involving the boxer Muhammed Ali, a Federal agent testified that he believed the tapes from the King investigation had been destroyed. But other sources among former bureau officials maintain that the tapes or transcripts of the tapes are still in the bureau and may be part of the material disclosed 10 days ago by Attorney General Edward H. Levi.

Mr. Murtagh said the bureau surveillance of the S.C.L.C. failed because it concentrated on gathering information about the mores and personal lives of the rights group's officials.

"This was a little naive because S.C.L.C. officials told me they couldn't care less," Mr. Murtagh said.

Under laws in force when the tape was reportedly mailed, it was both a potential crime and a violation of bureau regulations to use the tape in this manner.

The Federal Communications Act in force in 1964–1965 prohibited a police or Government agency from disclosing the contents of a taped or bugged conversation to a third party. Another section of the Federal criminal statutes makes it a crime for Federal employees to convert Government property and records to other than official use.

PETROTAXES PLUGGING UP FUTURE ENERGY SOURCES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. DERWINSKI. Mr. Speaker, while I recognize that the public image of American oil companies is badly tarnished as a result of the blame being placed on them for most of the problems that beset our economy, I do believe that the views of the leading executives of such a vital industry should at least be given an objective review.

At this time, I would like to insert an article which appeared in the Chicago Tribune's Perspective section on March 17, contributed by John Swearingen, chairman of the Board of Standard Oil Co. of Indiana, on the subject of oil company taxation. Since the Congress is expected to be processing energy legislation shortly, this article will hopefully inform the Members on some very often overlooked views on oil economies:

PETROTAXES PLUGGING UP FUTURE ENERGY SOURCES

(By John Swearingen)

One of the most misleading bits of folklore common in this country is the notion that large oil companies manage to escape paying their fair share of taxes. The idea is on a par with the belief that storks bring babies.

Because of the key function oil companies perform in keeping a modern economy running, they are among the most obvious targets for taxation on the landscape and they have received more than their share of taxes levied by every taxing body from town councils to foreign governments.

Nevertheless, the folklore is widely believed.

While this might not make much difference in normal times, we are in an abnormal period in which U.S. reliance on imported oil has risen to more than one-third of our daily requirements and in which both the supply and price of foreign oil are being dictated by a powerful cartel of foreign producing governments—some of whom are openly hostile to the United States and all of whom have their own self interests uppermost in mind.

Unless we can restore an adequate measure of energy self-sufficiency in this country, our position as the Free World's economic and political leader will remain in jeopardy.

The government is at last facing up to the problem. President Ford has presented a comprehensive, long-range energy plan. The Congress, while criticizing the President's proposals, has thus far come up with no clear-cut program of its own, altho various alternatives have been advanced.

The resulting stalemate will have to be resolved soon, and at this point it remains to be seen whether short-term political considerations or the nation's long-term interests will be given priority.

What is most discouraging is that a number of proposals now being advanced in Congress call for a sharp increase in U.S. taxes on the petroleum industry, threatening to abort the effort before it can get under way. In actuality, the petroleum industry's total tax burden is among the heaviest in the entire economy.

Standard Oil's record is both instructive and representative of the industry as a whole. Our net earnings in 1974 totaled $970 million. However, our direct tax bill totaled more than $1.1 billion—not including $939 million in excise taxes on our refined products.

Of the $1.1 billion in direct taxes, the largest portion was $745 million in income taxes paid to federal, state, and foreign governments. Production and property taxes added another $182 million. The third largest category was $139 million in export taxes and import duties collected on oil we produced abroad or imported.

Moreover, we also paid $382 million to the U.S. government in bonuses to obtain the right to lease and explore offshore federal acreage, and we committed $105 million to acquire a half-interest in a lease on federal shale properties in Colorado. These amounts are not included in the tax totals and represent an additional $487 million in fees charged by the government as part of the price of searching for new energy supplies.

There is no way our company can absorb any significant new taxes without cutting back on the funds devoted to our basic business of finding, developing, and processing energy resources. Our capital and exploration program in 1974 cost approximately $1.8 billion, or more than three times our net earnings in 1973 with the largest single portion spent in efforts to expand domestic oil and gas production—and we borrowed nearly half a billion dollars to help finance the program.

The federal government is going to have to recognize it is not the only taxing body on the globe, and that it cannot go on demanding an ever-larger share of the pot without bringing down the whole system.

The petroleum industry is already carrying a tremendous tax burden, and its tax obligations to foreign, state, and local governments are every bit as real as those to the Internal Revenue Service and must be met out of the same revenues.

The government cannot have it both ways—reaping both large additional federal oil tax revenues and spurring an accelerated domestic oil and gas development program at the same time. It is crucial that any new federal tax measures include an offsetting "plow-back" credit for the sums reinvested to find and develop new domestic energy supplies, if we are to avoid condemning the nation to perpetual dependence on unreliable foreign sources.

Unless these realities are faced by the Congress in its current deliberations, we will never arrive at energy policies which will meet the nation's compelling needs.

LEE HAMILTON'S MARCH 5 WASHINGTON REPORT, "NUCLEAR POWER"

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include my March 10 Washington Report, "Nuclear Power":

NUCLEAR POWER

The feeling is growing in the Congress that 1975 may be a year of decision for nuclear power.

Thirty years into the atomic age, and at a time when atomic power ought to be providing the answer to the energy shortage, unsolved questions about the cost and the safety of nuclear power are becoming urgent. Everyone agrees that nuclear energy offers the potential for meeting a significant part of our energy needs far into the future. It offers an alternative to our present heavy reliance on oil and gas. It is clean, requires less land, and avoids many of the problems of the fossil fuels. Even so, scientists and others are divided over how much reliance should be placed on nuclear power, some of them finding its risks acceptable and others favoring a moratorium on development until further research is completed.

The proponents of nuclear power view it as an essential part of the national energy strategy, and the President has set a target at 200 nuclear power plants operating by 1985. The nuclear power industry, with 53 plants currently producing 7% of the nation's electricity, has already committed over $100 million for nuclear power production and has planned a major expansion. The opponents of nuclear power recognize that they must restrain the nuclear power juggernaut this year in the Congress or chances are they never will.

These are the issues that the Congress will discuss this year:

Safety: The record of the nuclear power industry so far is good. There has not been a single nuclear-related fatality in the United States civilian nuclear power program and no serious accidents have occurred. Yet doubts remain about the adequacy of safeguards and controls. Just last month the newly-created Nuclear Regulatory Commission, which was designed to keep a sharp eye on nuclear power abuses, issued shut-down orders to 23 boiling water reactors due to cracks in the emergency cooling system. During 1973 there were 861 "abnormal occurrences" at operating nuclear power plants, about half of which involved safety questions. Nuclear systems today contain many safeguards to prevent accidents, but questions persist about the safety of the systems.

This year the Congress will examine the question of nuclear accidents when it reviews the Price-Anderson Act, which mandates government subsidies for the insurance costs of atomic generators, and limits accident liability to $560 million. The Atomic Energy Commission has always argued that the probability of an accident causing that much damage was non-existent and the critics reply that, if that is so, why have any liability limit and why doesn't the insurance industry insure against such accidents.

Congress is also concerned about how to protect against the risk of sabotage and theft of plutonium, the extremely hazardous material of nuclear weapons, which will be generated in large quantity. An effective safeguard system must include physical barriers to prevent theft and perhaps even a security force for protection.

Costs: The costs of nuclear plants have jumped dramatically and the serious economic problems within the industry itself may prove to be the major obstacle to rapid nuclear development. Last year more than 60% of some 230 atomic plants on the drawing boards were postponed or cancelled by utility companies, mostly for economic reasons. The President has proposed to help the utility industry with a package of tax breaks, expedited licensing and siting procedures, and regulatory reforms.

Waste disposal: The storing of radioactive waste from nuclear power plants has defied solution. The volume of these wastes is not large, but finding a fail-safe storage for thousands of years is a difficult task. For the near term, the Energy Research and Development Administration has decided to postpone a final choice and "buy time" by building a temporary storage facility until a long, term, acceptable solution can be found. The question is whether it is desirable to develop nuclear power vigorously without a firm assurance that the technology is at hand to satisfactorily manage the hazard.

Energy research: In recent years atomic power has received a major portion of the federal government's energy research funds—about 74% in 1973. The Congress is moving now in the direction of diversifying energy supply technology, expanding the research in solar, geothermal, coal, and other alternative energy sources, but there are disputes as to which new type of energy is best.

Nuclear power is widely regarded as essential to the nation and no one expects the Congress to halt the progress of nuclear technology. Nevertheless, the problems of reliability, safety, and economic viability illustrate the number of unsolved difficulties in the nuclear area. These problems must always be considered in the context of the benefits of nuclear power and the strong incentives those benefits provide.

The actions of the Congress this year will indicate how fast the nation will proceed toward increasing the nuclear share of the nation's power. Decisions made in the months ahead will set a pattern for decades, if not for generations to come, and they will determine the degree to which the United States becomes a nuclear power nation.

LBJ AND THE BEANSTALK

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. MICHEL. Mr. Speaker, as we face the prospect of ever-spiraling budget deficits, it is useful and instructive to look back and consider how we got where we are.

Certainly many of the reasons for the inflated budgets of today can be found in the Great Society programs of the mid-1960's, programs that have proven to be "creeping budget-busters", in that they began with relatively modest appropriations which have escalated sharply during the last decade.

We should remember the lesson, I think, when we consider enacting new social programs. What sort of a burden will we be placing on the taxpayers in the years to come?

A good analysis of just how much Great Society costs have grown is provided in the current issue of U.S. News &

World Report by that magazine's editor, Howard Flieger. We would all do well to give some real thought to the statistics Mr. Flieger cites, and so that we may do so I insert this article to be printed at this point in the Record:

LBJ and the Beanstalk

(By Howard Flieger)

Remember Lyndon Johnson's "Great Society"? Ever wonder what became of it?

You can stop wondering.

The Great Society is alive and well in Washington—growing like a beanstalk and costing taxpayers more money than anyone—its creator included—ever dreamed.

It should be remembered that President Johnson, when he first produced the phrase in 1964, used it to embrace and enhance some federal programs and to initiate others—all intended to improve the lot of the American people through guidance and financial help from the Government in Washington.

And so it began.

In the year before the start-up—fiscal 1964—Great Society-type programs cost 29.5 billion dollars and accounted for about a fourth of all federal outlays.

For this fiscal year—the one that ends on June 30—Great Society spending is officially estimated at 152.8 billion dollars. That's almost half of the current budget.

Even leaving out Social Security cash benefits, which have gone up at a pace hardly anyone expected, the Great Society will have grown from 13.3 billions in 1964 to 111.5 billions in 1975—an increase of 738 per cent.

Take a few specifics:

Medicare began in mid-1966. In its first 12 months, benefits totaled 3.4 billions. Outlays for 1975 are estimated at 13.9 billions.

Federal public-assistance spending for medical purposes in 1964 cost $538 million for 4.1 million beneficiaries. Then medicaid was born in 1966. The figures in the new budget: 6.6 billion dollars for 24.7 million people.

The food-stamp program, an LBJ favorite, almost 600 percent more than it was in 1964. and 360,000 people shared in it. In fiscal 1975 the figures are estimated at 3.7 billion for 15.8 million people—and both numbers probably are going to turn out to be low.

Education was one of the cornerstones of the Great Society. Federal outlays (not counting veterans' education) came to 919 million dollars in fiscal 1964, and reached 4 billion in the last LBJ budget. They have continued to grow under Presidents Nixon and Ford. This fiscal year, federal spending on education is expected to total 6.3 billion—almost 600 per cent more than it was in 1964.

The above examples are cited to illustrate a trend in the role of Government, not to pass judgment on the worthiness of such undertakings or the efficiency of their handling.

Certainly there are pluses.

Medicare and medicaid have relieved the health problems of millions of Americans. Bigger Social Security payments have cushioned the impact of inflation for older people, the disabled and their dependents, and survivors of deceased workers.

Undoubtedly, Great Society spending has helped rescue millions from poverty. In 1964 there were 36 million classified as poor. By 1973 the figure had dropped more than a third. Economic expansion prior to the current recession accounted for much of the improvement, but Government programs most certainly made a significant contribution.

The point being made here is that such ventures as the Great Society develop a momentum of their own that is almost impossible to reverse. As more and more people become dependent on tax-supported programs for aid and comfort, it becomes more and more politically unpopular to try to turn off the tap.

Looking far ahead, many economists see the U.S. moving inexorably into a socialistic state because of the growing dependence of its people on Washington.

Is that what Americans want?

The question has never been faced squarely by the vast majority. But this is a fact of history: No nation part socialist and part free enterprise has yet found the perfect blend to assure it of well-being, prosperity and dynamic growth.

KLAN STIRS WEST WINFIELD'S "MELTING POT"

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. DENT. Mr. Speaker, this is a time in which we are often visited by the past, and by recurrences of what happened in bygone days. For example, I was reading recently of modern day "Okies" or "Dust Bowlers" who are traveling throughout our land in search of jobs, pulling up roots and piling the family into the station wagon in the hope that somewhere down the road there might be a better day for them.

There are other manifestations of the current economic crisis that harken back to hard times in history and I recently had occasion to read of one of those manifestations that came very close to home.

I am talking about the ghost town, which first came to prominence in western towns whose main industry was gold or silver mining. Whole communities were left to the elements when the mines ran out of mineral wealth.

I should know something about ghost towns because I come from one. When I tell people that I was born in Johnetta, Pa., they look puzzled. I do not blame them. I hardly know where it is anymore either, because it has literally vanished from the face of the Earth.

Ruth Heimbuecher of the Pittsburgh Press has chronicled the dying of another small Pennsylvania town, West Winfield, in two articles printed recently, and I was immediately struck by the fact that my family lived and worked there for a number of years. Two of my sisters were born in West Winfield.

I can remember those old coal mining towns and the way of life that they held. Originally our name was spelled Dente, until an Irish mine foreman by the name of Ryan proclaimed one day that no Italian would have a name with more than four letters. Thus we became Dent and have been ever since.

Those coal field towns were full of immigrants like my father, who took the good with the bad like any American would. Maybe a realization of that philosophy might help us today. My father was happy, he died with never a regret. That is quite a lot when you think of it.

The articles follow:

[The Pittsburgh Press, March 13, 1975]

Dying Town Tribute to the Past: Klan Stirs West Winfield's "Melting Pot"

(By Ruth Heimbuecher)

History is traditionally recorded with broad strokes of the pen, describing notable people, places and events.

As we approach America's Bicentennial anniversary, we will read and hear how our ancestors "triumphed over adversity," or if they failed, how they did so in "some noble endeavor."

We will be reminded how they tamed rivers, crossed mountains and wildernesses, grew crops on arid plains and brought forth riches that lay under the earth.

Pittsburgh is a facet of that success story in its growth from fort to trading post to rich industrial city.

STORY OF TOWN

But there are other places that grew and thrived, declined and died, victims to the ebb and flow of jobs or changing lifestyles, and they are just as much a part of the American historical scene.

If these towns could talk, they would have their own interesting and important stories to tell, for where there were people, there was also drama.

And there were conflicts, as ethnic groups rubbed against each other, differences so intense that the Ku Klux Klan sometimes invaded, and found support.

This is the story of one such town—West Winfield—population less than 10, and still falling.

It lies northeast of Pittsburgh in a shallow valley near Saxonburg, about 15 miles and many years from the busy traffic of Route 8.

Hemmed by hills and divided by the stream that carved and defined its boundaries, West Winfield is almost a ghost town. Soon, only six people will live there, and once, 1,000 or more called it home.

Before it was settled, almost 200 years ago, there were Indians and the soft sounds of nature. Bird songs, the rush of a creek that drained the hills. Wind moving the branches of trees, riffling bushes and weeds. The silken slip of a gliding snake, and at night, the hoot of an owl.

Among the first white settlers was Jeremiah Smith, who changed those sounds forever when he arrived in 1796 with four sons and two daughters.

One boy was a cooper, another a carpenter. The rest farmed, starting in a small way to alter the creek bottom land.

The Smiths were followed by other settlers—mostly Irish, and many of them Revolutionary veterans: the Cruikshanks, Cyphers, Joneses, Fairs, Johnstons, Hazletts and Kennedys.

A sawmill was built along Rough Run in 1806, a gristmill in 1809 by Smith's son, Jeremiah Jr., and a flour mill in 1817 by the McLaughlins.

The land had other riches. Ore deposits were found near the mouth of Rough Run in 1847, and a big stone iron furnace was built for smelting.

With the discovery of more extensive ore deposits elsewhere, the smelting operation was abandoned, but ruins of the furnace are still there beside the creek.

Other enterprises were begun and abandoned—a salt works on land near the furnace, using natural gas from wells close by, a sewer pipe plant that wrestled clay from the hillside, and much later (in the 1920s) a cement block factory that turned out to be unprofitable.

They were there, and they are gone. Some left their marks on the landscape; trees and shrubs cover scars where others stood.

Only one industry—limestone and coal mining—sustained the area before it became a town in the early 1890s. And the mines remain, although the long, cool tunnels, some 25 miles of them, are being used for another purpose—mushroom farming.

A little limestone is still quarried, but for the most part, stone is trucked in to supply the mines' offspring, Penn-Dixie Cement Co., which bought out West Penn Cement around 1950.

COMPANY STILL WORKING

The cement plant owns mineral rights to 2,368 acres in Winfield Twp.

One of its markers is at the edge of an abandoned cemetery in the woods, identified by a rickety wooden cross, two tombstones and sunken, anonymous graves dating from the 1918 flue epidemic.

A marker in town juts from the ground near the spot where stables housing mules for the mine used to be.

The cement company owns West Winfield, and it had been a reluctant landlord. Taxes on the homes (most built around 1900 and some in 1927) were higher than the rent employes paid.

As soon as a family moved out, its home was torn down. All that is left is one double house, long unpainted, its roof green with moss, standing on the high side of the main street (the only street—and one alley), and the partly razed remains of others.

Gaps like missing teeth show where other houses died.

The 1894 post office, a narrow wooden relic, perches at the end of the row, its glass honeycombs that held letters for residents empty now. It is scheduled for demolition soon.

Across the asphalt strip that cuts through West Winfield are more foundations, ruins of buildings that used to be: a Catholic church, a Protestant church, more houses, a confectionery, a barber shop.

Structures that made this a thriving community have disappeared. Gone are the hotel, the big boarding house, Donaldson's general store, Jacob Schwartz' clothing store, the public school building where a Presbyterian mission operated.

PEOPLE DRIFT AWAY

They are gone, like almost all the people who worked, married, raised families, held picnics in the woods, made moonshine, and died there.

It's not a pretty place, especially at this time of year, unsoftened by the green of summer.

In spite of its homeliness, West Winfield had its romance and drama, the kind usually found in fiction, the "once upon a time" stuff that happened long ago in this little bowl in the hills.

It's found in the story of Mary and Dwight Raymer, who still live in West Winfield, in one of the two homes not owned by the company (sturdy brick buildings with indoor plumbing), and therefore, still standing.

A Foreigner and an American Confront the Klu Klux Klan

(By Ruth Heimbuecher)

Dwight Raymer is retired now. He worked almost 42 years for the cement company, and before that, in the coal mines at West Winfield.

He was born in Natrona Heights and moved to West Winfield to work at the age of 14—in 1917.

With her family, 6-year-old Mary Demchik arrived in West Winfield in 1914, where her father found work at the sewer pipe shop.

The Demchiks (11 of them) lived across the railroad tracks, for in the old and early tradition of some U.S. towns, "foreigners" and "Americans" lived separate lives in separate parts of the community. The parents of Mary Demchik (now Mrs. Dwight Raymer) were born in Czechoslovakia, in the town of Dubova.

RAYMERS TELL TALE

Here's how the Raymers recollect that long-ago time in a company town.

Mrs. Raymer: "The Americans lived up in town. Foreigners lived below the tracks in Hunkytown, and beyond that was a section called Hartford City—for Slavic people, Czechs and Poles."

(In the West Winfield definition, non-Slavs were "foreigners.")

"They even put us (the Slavs) out of school," she said, "and built a one-room schoolhouse down there for the 'hunkies.' " Her voice stops for a minute as the images come rushing back.

Dwight Raymer takes up the story. Considered an "American"—his background is German and Scandinavian—he lived on the upper side of town.

He remembers when the first "foreigner" moved into the "American" section. "The man was a big shot at the sand plant," Raymer recalled. A Croatian, he settled next to the house of an engineer, who promptly built a high fence between the houses.

"Then Frederick McKee—he was owner of the town at that time—came up from Pittsburgh and asked about the fence and believe me, that fence was torn down by the time he left."

Even the "Americans" didn't get along with each other, Raymer related. "I remember they used to put big boards between the porches so they wouldn't have to look at each other. And they'd even set their swings up facing away from each other."

West Winfield was an exotic little melting pot for a while. Immigrants were brought in to work at the mines and in the pipe shop. There were Italians, Mexicans, Austrians, Poles, Czechs, Croatians, Spaniards, one black man, and one Paiute Indian.

Around the early part of the century, perhaps, 1,000 people lived there, according to an old history of Butler County.

SUNDAY DAY OF REST

And although they worked peaceably enough side by side during the week, Sundays were days of rest for some and brawls for others.

"People from Hunkytown would get drunk on Sunday and go down to Hartford City, where the Slavic men lived," Mrs. Raymer said. "We'd watch them coming down the road with clubs and bricks, and such fights you never saw."

In 1924, the Ku Klux Klan came to West Winfield to recruit. It burned crosses on the hills and offered memberships to anyone who had $25. "Lots of people joined so they could be 'all-American,' " Raymer said, the sarcasm heavy in his voice.

The "Ku Kluxers" were there the night before Mary Demchik and Dwight Raymer were married, and friends warned Raymer there would be trouble.

No "mixed" marriage had ever taken place in West Winfield before. Not only were Mary and Dwight from opposite sides of the tracks, but Mary was Catholic and Dwight was not.

They had met at the hotel run by Raymer's aunt, where Dwight boarded and Mary worked. "Like a danged old mule," Mrs. Raymer remembers without rancor.

"That was all right, but when his aunt found out Dwight and I were serious, she fired me."

WALKING AND COURTING

The couple courted by walking up and down the road. "Most people walked on dates. What else?" said Mrs. Raymer. "That's all the American girls did, too. But it was very, very seldom you'd see them walking through Hunkytown and Hartford City. They walked up above."

As expected, the Ku Klux Klan burned a cross on the hill the night before their wedding. Raymer, who punctuates his salty speech with mild expletives, said, "I told them damn Ku Kluxers they better stay the hell away from us."

Dwight and Mary were married quietly in a Lutheran church in Butler, 50 years ago this coming June.

Raymer had a Model T Ford which he sold for $100. They bought a "shanty," as Mrs. Raymer describes it, near the cement plant. It cost $35, and had a kitchen and one bedroom.

Some time later, they moved to a house in the "American" section. Even with no indoor plumbing, it was a step up for the Raymers.

They had seven children, six born at home, and the youngest (Nancy, who still lives with them and works in the mushroom mine) at the hospital in Tarentum.

What did Dwight Raymer like so much in Mary Demchik that he risked his family's good graces and the ire of the "Ku Kluxers"? "Damned if I know," he says laughing. "It was just one of those things, I guess. It'll be 50 years in June; that's a hell of a long time to live with one woman."

And what of Mary Demchik? What did she see in Dwight Raymer, the "American" from the right side of the tracks? She waves her hand, dismissing the question as silly. "I don't remember."

NATIONAL WHEELCHAIR ATHLETES' WEEK

HON. EDWARD R. MADIGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. MADIGAN. Mr. Speaker, the University of Illinois Division of Rehabilitation-Education Services and Delta Sigma Omicron, the disabled students' service organization, have been awarded the 19th National Wheelchair Games to be held June 12–15, 1975 on the Urbana Champaign campus. More than 400 of the United States' finest wheelchair athletes will be competing for national championships in track and field, table tennis, weight lifting, swimming, and archery and berths on the U.S. Wheelchair Athletic Team which will compete in Stoke-Mandeville, England and Mexico City, and Mexico this summer.

The National Games are considered to be more than a sports spectacular. They present the opportunity to vividly demonstrate the abilities and capabilities of the disabled to the general public. It goes a long way in reinforcing the statement, "It's ability, not disability, that counts."

In order to focus public attention on this outstanding event, my colleagues in the House, Mr. Hyde, Mr. McClory, and Mr. Railsback, are joining with me and Senators Percy and Stevenson in offering a joint resolution which would designate the week of June 8–19, 1975, as "National Wheelchair Athletes' Week." I urge expedient and favorable action or this joint resolution by the House of Representatives.

WHO WILL BEAR THE "GUILT"?

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BOB WILSON. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following:

Who Will Bear the "Guilt"?

(By Rowland Evans and Robert Novak)

The foggy notion in Congress that ending aid to Cambodia will halt bloodshed under a coalition government benevolently guided by Prince Norodom Sihanouk conflicts with two harsh realities.

First, Sihanouk, exiled in Peking, has no real influence over Communist forces in Cambodia, which are largely controlled by the North Vietnamese politburo. After the Communist takeover in Cambodia, the saxophone-playing prince would be a temporary figurehead packing his bags for luxurious retirement at Mougins on the French Riviera. Even if he favored a coalition government, Sihanouk could not impose it on Cambodian Communists and would not try.

Second, neither Cambodian insurgent leaders nor their mentors in Hanoi have the slightest intention of collaborating with the defeated politicians of Phnom Penh. Rather, they talk of avoiding the mistake of Dr. Salvador Allende, the late Marxist president of Chile; not quickly liquidating the bourgeois politicians who later ousted him. Publicly earmarking seven Cambodian leaders for the firing squad is only the beginning.

Thus, by stopping fuel and ammunition for besieged Phnom Penh, Congress speeds the Communist victory and probably guarantees nationwide reenactment of executions, imprisonments and repression common everywhere in Cambodia under Communist control. Even with continued U.S. aid, the miserably led Cambodian army seems doomed. But that can be traced to years of Congress' denying adequate aid and advisers. In seeking guilt for the Cambodian tragedy, all roads lead to Washington.

To cleanse their hands of blood, members of Congress show ingenuity—particularly Sen. Henry M. Jackson, the former hawk turned Indochina dove. Jackson is urging Senate Majority Leader Mike Mansfield to fly to Peking to urge his old friend, Prince Sihanouk, to seek a coalition government which would avert a Cambodian blood bath. The Jackson view of Cambodia sees the insurgents suspicious of Hanoi, friendly to Peking and respectful of Sihanouk.

Jackson must not have listened to the prince lately. Ever since being deposed by Gen. Lon Nol on March 18, 1970, Sihanouk has talked of revenge through Communist military victory in Cambodia and then fading away to France. "If I go on as chief of state after victory," he told the Swiss Tribune de Geneve in December 1971, "I run the risk of being pushed out the window by the Communists, like (Jan) Masaryk, or I might be imprisoned for revisionism or deviationism." He since has sounded that theme in interview after interview.

Returning from a visit to Hanoi in January, Sihanouk seemed even more resigned to Hanoi's hegemony over all Indochina, including Cambodia. To a Western visitor in mid-February, the Prince seemed morose, expressing doubt he could serve any useful purpose in Cambodia.

Nor is Peking calling the Cambodian tune. Although military supplies for the insurgents come from China, 2,000 military advisers in the field are North Vietnamese (as are some 8,000 logistcal troops). Having trained Cambodian insurgents while North Vietnamese divisions held the field for three years, Hanoi remains the dominant political force.

And Hanoi is notoriously allergic to negotiating when its troops are on top. The clandestine radio of Cambodia's insurgents, located near Hanoi and run by Vietnamese, on March 3 indicted President Lon Nol and six other Cambodian leaders: "Our Cambodian people . . . cannot forgve these traitors. We must eliminate them." Any doubt about what "eliminate" meant was ended March 6 when Sihanouk told Reuters news service that six of the seven would "probably be executed."

Nobody who has studied Communist control over nearly all of Cambodia's countryside and one-third of its population believes the list would end at six or seven notables. There is abundant evidence of drumhead justice in the provinces, with officials secretly executed by stabbing.

Ordinarily villagers are scarcely immune. Refugees and defecting Communist soldiers agree that in July 1974, after capturing Ta Hen outpost of Battambang Province, insurgents executed 900 men, women and children.

In short, when anti-aid congressmen argue to end aid rather than "prolong Cambodia's agony," they are urging the United States to hasten a brutal campaign against one of the world's oldest, most sophisticated cultures.

That attitude is in keeping with congressional decisions ever since Lon Nol in 1970 provoked war by ordering out North Vietnamese regulars who had been using Cambodia as a sanctuary for the Vietnam war with Sihanouk's tacit approval. As we reported from Cambodia in 1970, 1971 and 1973, some 1,000 CIA paramilitary advisers could have turned Cambodia's ceremonial army into an effective fighting force. Congressional abhorrence over the Vietnam nightmare stopped effective help for the Cambodians—brave, patriotic but unskilled militarily. No eleventh-hour proposal that Mike Mansfield go to China to prevent a blood bath can erase that grim responsibility.

ASHLEY CALLS FOR REMOVAL OF RESTRAINTS ON UNITED STATES-SOVIET TRADE

HON. THOMAS L. ASHLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ASHLEY. Mr. Speaker, I am today introducing legislation to repeal section 613 of the 1974 Trade Reform Act and the 1974 amendment to the Export-Import Bank Act which placed a $300 million ceiling on credits for the sale of U.S. products to the Soviet Union. I opposed this ceiling in hearings, in floor debate, and in the conference because of its potential for damage to the hard-earned détente we have been seeking with the U.S.S.R., a fear that has been realized with the crumbling of trade between our two countries to the detriment of international relations, American export trade, and the jobs flowing from this trade. It was my view then, and still is, that it is bad policy to single out one country for discriminatory treatment regarding Export-Import Bank financing.

As several of us warned last year, these amendments have made Ex-Im Bank financing less competitive, with serious damage to incentives to export from this country. The major European countries and Japan have agreements under which more than $7 billion in Government-backed export credits will be available to finance sales to the Soviet Union. In the last 3 months agreements have been signed by France, Italy, and the United Kingdom committing $5 billion in new credits for the U.S.S.R. There are also more than $2 billion in credits still available from West Germany and Japan.

U.S. firms have projects involving more than $3 billion of U.S. exports under active discussion and negotiation with the Soviet Union. Agreements for projects involving over 25 percent of these potential American exports were apparently nearing conclusion at the end of 1974 when the Congress clamped the lid on United States-Soviet trade. One American paper company now plans to shift the purchase of some $800 million worth of equipment from the United States to the United Kingdom, France, Canada, and Finland, for financing to sell the equipment for a pulp and paper complex to be built in the Soviet Union.

Mr. Speaker, the limitation placed on credits to the U.S.S.R. was a direct slap in the face to a country with which we should be improving relations, not moving backwards. If this action was intended as a rebuke for policies of that country with which we disagree, it has certainly had no effect other than to shift Soviet trade agreements from the United States to other countries willing to deal with them as full and equal trading partners. By proposing to repeal the limits on Ex-Im Bank credits to the Soviet Union, I do not imply acquiescence with their emigration policies or other activities repugnant to American values.

Rather, the purpose of this repeal measure is to attempt to recapture for this country the preeminent position we need in world trade to get on the road to economic recovery, at a time when our balance of payments has dropped to the worst sustained deficit level of this century.

Congressional meddling with the Eximbank has done nothing less than export American trade and American jobs to other countries. Our export policy cannot be fashioned on the basis of disagreement over internal political practices. It must be based on our own self-interest, which we now find damaged by the restraints we have placed on the Eximbank in this area. With our economy hurtling deeper into recession, we can no longer afford this self-defeating posturing.

Mr. Speaker, Congress through its oversight jurisdiction and various reporting requirements will be continually aware of the amount of credits being extended by the Eximbank and can act at any future time when it feels that the amount is too great. We need not limit our readiness to take any initiatives we feel are necessary as the world situation changes.

But the singling out of one country for discriminatory treatment in advance can only be construed as a purposeful affront to that country, and in this particular instance it has had the predictable result. We need to reconsider our ill-advised actions of last year at the earliest date and reinstitute evenhandedness in our international trade policies.

Mr. Speaker, I urge the approval of this legislation as a matter of highest priority to undo the damage we have done to our own position in world trade. It is the only course that makes sense.

COMMUNISTS CLAIM LINCOLN BRIGADE AS THEIR OWN

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. McDONALD. of Georgia. Mr. Speaker, on March 12, 1975, I entered into the RECORD remarks clarifying the Communist Party origins of the Abraham Lincoln Brigade, and the espionage record as a Comintern agent of Steve Nelson, now the national commander of the Veterans of the Abraham Lincoln Brigade—VALB. You will recall that an article by Mr. Nelson had appeared on the Op-Ed page of the February 12 New York Times, and that this article had been placed into the RECORD.

Nelson's article denounced anticommunism and called for the removal of all U.S. military forces from Spanish bases because they are a "deterrent" in the path of "new forces" in Spain which "have gathered to put an end to General Franco's rule."

In a recent exchange of letters in the Communist Party, U.S.A. newspaper, the Daily World, between Steve Nelson and another old-time Communist, Phil Frankfeld, is instructive both as to the history of the brigade, the purpose of the VALB, and the purpose of Mr. Nelson's New York Times article.

The letters read:

[From the Daily World, Mar. 1, 1975]

A DELETION THAT'S UNWORTHY OF THOSE WHO DIED IN SPAIN

Steve Nelson's article in the New York Times, "Lincoln Brigade Recalled" (Feb. 12), was timely, informative and unexpected. It was a tribute long overdue to those brave Americans who volunteered to fight for Spanish democracy. They were the first Americans to meet Hitler's and Mussolini's troops in actual combat. Those young volunteers were selfless, dedicated and strongly motivated. They symbolized some of the richest and noblest traditions of American democracy.

Yet one very serious omission is contained in Nelson's article. For the sake of historic truth, I feel compelled to write this addendum.

The Lincoln brigade was not a spontaneous, immaculate conception. Unlike Minerva, it did not spring full-blown from Jupiter's brow.

It had its origin, inspiration and organizing genious somewhere.

That was the Communist Party of the United States. At a plenary session of the national committee held in mid-1936, a special report was made on the war in Spain and the organization of the International Brigade by Earl Browder, then our General Secretary. A motion was unanimously and enthusiastically adopted that an American contingent be formed to help defend the Spanish Republic.

Every Party leader was directly involved and given responsibility to recruit volunteers, raise funds, help obtain passports and necessary equipment for combat conditions. In this the party was ably supported by the Young Communist League.

Based on first hand, personal experience in New England, where I was district organizer; we set up a special committee to handle all aspects of implementing the Party decision. The special committee included Manny Levine, educational director (and a former U.S. Marine), Hy Gordon, organization secretary and myself. (Other names are not mentioned since they are still alive.)

This committee, working through the Communist Party and non-Party sympathizers, recruited 250 volunteers; we raised over $50,000 over two week-ends from non-Party, anti-fascist friends. Each volunteer was supplied with enough money to get a passport, buy some luggage and essential needs and sent to New York, which was embarcation center.

I have always considered the role of the Communist Party, USA, in defense of Spanish democracy as one of its most glorious achievements. True, in other aspects of help for Spain, like the raising of funds for ambulances, medicines and mobile hospitals, the Communists cooperated with many non-Party people in all walks of life; including bankers and industrialists in Boston and Cambridge, trade union leaders, educators, church leaders, Blacks, etc. But the Communist Party was the dynamo of this movement.

In recalling the Lincoln brigade, one should not ignore or refuse to credit the Communist Party for its heroic labors and historic contributions. Phil Frankfeld.

(The author served three years and ten months in Atlanta Federal Penitentiary for violation of the McCarthyite Smith Act.)

[From the Daily World, Mar. 15, 1975]

STEVE NELSON REPLIES

Phil Frankfeld's article in your paper. March 1, attacks my piece on the Op-Ed page of the New York Times of Feb. 12 on the grounds that it did not credit the Communist Party of the United States for organizing the movement of American volunteers who fought on behalf of the Spanish Republic in 1936–39.

When I write or speak on Spain, I do so as the National Commander of the V.A.L.B., and I attempt to reflect our organization's policy. That policy is to raise the issues on Spain which have the widest appeal, which go beyond the Communists, the left and the "New Left"—and which reach out to the Republicans, Democrats and independents in the effort to generate support for changing our government's policy of support of Franco.

In taking this position. I am mindful of the role of the Communist Party of Spain which is today most active in mobilizing the widest front of various elements, including some who fought on the Franco side, as well as Monarchists, Socialists, Basques, Catalan nationalists, bourgeois democrats, and even the Catholic Church. These are the elements that constitute the democratic coalition emerging inside Spain—called the "Democratic Junta."

When I have an opportunity to speak at length on the history of the Spanish Civil War, as I often do at universities. I develop the role of the Communist Party of the United States as it related to the war.

However, in writing an article for the Op-Ed page of the Times. I was limited to approximately 750 words and I was writing for an audience I believed is more interested in the current issues than in historical analyses. I therefore concentrated on presenting questions that are of major importance today. I emphasized the anti-fascist character of the fight for the Spanish Republic in 1936, of the American volunteers, and of the present struggle to end support of the Franco regime. In this I was guided by the V.A.L.B.'s position. To me it is more important to project a broad policy and win support of people who might shy away from supporting us in the fight today, than merely to re-state factual matters which existed in 1936, as important as they are.

THE SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. MAZZOLI. Mr. Speaker, the Commonwealth of Kentucky is the Nation's largest coal producing State. More coal is mined by surface mining methods in Kentucky than any other State.

The passage of H.R. 25, the Surface Mining Control and Reclamation Act of 1975, will therefore affect Kentucky, in the near term, more than any other State.

I supported this bill, voted for it, and I am happy to note that it was approved in the House by a substantial margin. Its fate should not be a Presidential veto. Kentucky needs this bill, and the Nation needs this bill.

Although final wording of the act is yet to be decided—by a conference committee which will iron out differences in House and Senate versions of the legislation—it is still important to note the provisions of the House bill.

Basically, H.R. 25 attempts to provide for clean and safe extraction of the Nation's most abundant energy resource: Coal. Over half of the 600 million tons of coal produced last year came from strip mining, about one-fifth of both amounts from Kentucky. However, only about 3 percent of total coal reserves are recoverable by surface mining methods.

Strip mining is often preferred to underground mining because it is a cheaper method of coal extraction. However, since 97 percent of our coal is recoverable only by underground mining, the Nation's energy needs can only be met by a renewed interest in underground mining.

In the meantime, though, surface mining cannot be permitted without a painstaking regard for its environmental impact. Without such caution, we face devastating results.

It has been estimated that more than one million acres of land has been stripped without adequate reclamation. The remaining scars are painfully visible in many parts of Kentucky and elsewhere in the coal fields of the Eastern United States.

And, we do not wish this fate for our sister States in the West which have estimated reserves of 32 billion tons of strippable coal.

Rather than prohibit strip mining altogether, as some have advocated, Congress has chosen a wise middle ground in H.R. 25. This legislation would regulate strip mining, permitting the States to administer and enforce this regulation if they have the capability and the desire to do so, and allowing mine operators to adjust to the new law by providing a 2-year period of interim regulations.

If H.R. 25 were a wild-eyed effort to destroy the coal industry, or even surface coal mining, I could not have supported it. It attracted my support precisely because it was not wild-eyed or unrealistic. It struck me—and most of my colleagues—as a reasoned, rational, responsible approach to a subject which stimulates passion in its proponents and opponents.

Credit should go to my colleagues, Mr. Udall, Mrs. Mink, and many other members of the Interior Committee, for drafting legislation which mustered the support of 333 Members of the House and which richly deserves the signature of President Ford.

Following is a title-by-title brief summary of H.R. 25 as approved by the House on March 18, 1975, by a vote of 333 to 86.

Title I. Declares that strip mining's environmental effects necessitate Federal legislation promoting a joint Federal-State effort of control, with basic responsibility to be left to the States.

Title II. Creates a new Office of Surface Mining Reclamation and Enforcement in the Interior Department to administer the new law.

Title III. Creates a grant program for mining research through State mining and mineral resources research institutes, and creates an Advisory Committee to help administer the program.

Title IV. Provides for reclamation of abandoned mines. Reclamation efforts would be financed by a severance tax on coal, amounting to the lesser of 5 percent of the value of the coal, and 35 cents per ton of surface mined coal or 10 cents per ton for underground coal. At least half of these funds would go to the States in which they are collected.

Title V. This title is the heart of the bill. It provides for interim regulations, permanent federal regulations, and State programs.

For 34 months after the act is approved, temporary regulations will be in force. The interim program requires that strip mining operations keep waste materials off steep slopes; control waste piles; return mined lands to approximately the same contour as it was before mining; and take other specified precautions.

Permits for mining are required, and the application for a permit must include: A reclamation plan; a full description of the mining operation; and, a bond to guarantee that the operator will reclaim the land.

Permanent reclamation performance standards are outlined, including: Restoration to approximate original contour; restoration sufficient to enable the same use of the land—for example, agriculture—after mining as before mining; minimization of effects on water resources; control of mine wastes; safe construction of water impoundments; and other safeguards.

States which want to administer the law's provisions themselves must submit a proposed program to the Secretary of the Interior within 18 months of enactment, or 24 months if the State needs a new law to create the program. Among other requirements, the States must have procedures for designating certain areas as unsuitable for strip mining.

This is an important provision. The designation of suitable land would apply only to land not now being stripped, and where the land is not economically or physically suited for reclamation or where specified overriding needs conflict.

No surface mining whatsoever would be permitted in the national park, national wilderness, national wildlife refuge, or wild and scenic rivers systems, or on Federal lands within national forests.

Federal regulations will take effect in any State which fails to secure the Secretary's approval of its program or fails to adequately enforce its approved program.

Title VI. Provides that Federal lands can be declared unsuitable for mining—other than coal mining—where specified overriding goals conflict.

Title VII. This title contains administrative provisions, including the authorization of appropriations for the regulatory program.

Although some important amendments were adopted by the House during consideration of H.R. 25, the bill is substantially as it was reported by the Committee on Interior and Insular Affairs.

The approved amendments which I consider to be most important are:

An amendment which encourages the States to fund reclamation efforts through their own severance taxes by permitting up to one-half of the Federal severance tax paid by mine operators to be forgiven in the amount of State taxes paid;

An amendment which prohibits all surface mining in alluvial valley floors. These are areas where water is most available in the dry Western States, and where vegetation flourishes most readily, and,

An amendment prohibiting the blasting and excavation of surface coal where it would prevent extraction of deep-mined coal on the same site.

THREE BRAVE FIREFIGHTERS

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. MURTHA. Mr. Speaker, on Saturday, March 15, it was my privilege to be guest speaker for the annual firemen's dinner-dance program at the Punxsutawney, Pa., Country Club.

Prior to my remarks during which I conveyed my appreciation for the service which volunteer firemen provide for their communities, the Borough Council and the Punxsutawney Fire Departments honored three young men for their heroic efforts in saving two persons from a burning building in Punxsutawney on December 30, 1974.

These three fine people are: Mr. Lance Casaday, Mr. Alan Rowland, and Mr. Bill Reitz. As I said in my remarks, volunteer firefighters are making America a better place in which to live, and these three young men are living proof of that.

I would like to insert poritons of a news story from that dinner into the Record. Before that I would also like to honor the parents of these three men. Mr. Casaday is the son of Mr. and Mrs. Harvey G. Casaday of R.D. No. 1, Rossiter. Mr. Reitz is the son of Mr. and Mrs Delbert Reitz of 103 Myrtle Avenue, Punxsutawney, and Mr. Rowland is the son of Mr. and Mrs. Dalvin R. Rowland of 504½ N. Penn Street, Punxsutawney.

Also, I would like to extend my appreciation to the Punxsutawney Members of the Council, Fire Chief Don Brown, Mr. A. T. Patterson, president of the Punxsutawney Fire Department, and all members of the volunteer fire departments in Punxsutawney.

[From the Indiana Evening Gazette, Mar. 17, 1975]

BRAVERY OF YOUTHS PRAISED BY FIREMEN

(By Bill Graff)

Punxsutawney.—The bravery and prompt action by three young Punxsutawney youths was recognized Saturday night during the annual dinner-dance of the Punxsutawney Fire Department held at the Punxsutawney Country Club.

Honorary memberships in the Punxsutawney Fire Department and engraved plaques from Punxsutawney Borough Council were presented to the young men: Lance Casaday, Alan Rowland and Bill Reitz.

On the night of Dec. 30, 1974, the three youths heard a cry for help and found several elderly residents of third floor apartments above the Clinton Discount Store trapped by smoke, heat and flames.

The youths carried the residents out as firemen arrived and in effect, saved the lives of these people.

On hand to pay tribute to the three young men were Congressman and Mrs. John P. Murtha, Senator and Mrs. Patrick J. Stapleton, Rep. L. Eugene Smith, and 178 firemen, their wives and guests.

Rep. Murtha singled out the youths and their parents and said: "It makes me proud to be here to help honor you . . . Lance, Bill and Alan. These young fellows did what was necessary, and I'm going to place this (the rescue) in the Congressional Record."

COAL: AN ANSWER FOR THE MOMENT?

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I wish to call to the attention of my colleagues an article which recently appeared in the winter 1975 edition of St. Albans Bulletin entitled "Coal: An Answer for the Moment?" The article was written by Dr. C. Anthony Bisselle, who is with the technical staff of the Mitre Corp., McLean, Va.

The text of the article follows:

COAL: AN ANSWER FOR THE MOMENT?

(Dr. C. Anthony Bisselle)

The gasoline shortage of last winter may eventually be seen as a minor nuisance compared to the energy problems of the future if we fail to achieve energy self-sufficiency by increasing domestic supply and reducing demand.

As the population expands, a reduced overall demand can only be achieved with per capita reductions. The "market place," seemingly, is going to assist our "voluntary" efforts. As energy prices soar, people are coming to realize that conservation and efficiency measures must be implemented. Among the more obvious, though still vital, necessities are more insulation in buildings, more efficient automotive engines, a more sensible electricity-rate structure which does not encourage wasteful usage, better use of the waste heat from electricity generation plants, programs such as staggered work hours to alleviate peak demands, and studies to determine which are really the most efficient overall energy systems in terms of the energy produced versus the energy provided to produce it.

On the supply side, there are many different approaches. Some of the more exotic sources of power such as geothermal and solar energy have limited geographical applications. Nuclear fusion, still in its infancy, raises many extremely difficult technological problems. Acceptable sites in the country for hydroelectric power plants have been nearly exhausted and the radioactive waste disposal and safety issues have raised serious questions about the widespread implementation of a nuclear fission program. Domestic supplies of oil and natural gas, even with Alaskan and outer continental shelf reserves, are relatively limited.

The most sensible answer to the supply situation appears to be in the development of this country's only really abundant energy resource—coal. Associated with this development, however, is an entire spectrum of problems—technological, environmental, social, and economic.

Coal production in this country peaked in the late forties, then slowly declined for several decades as oil and natural gas increased in popularity. Along with this production decline was a decrease in capital investment in coal-related facilities. While the railroads (cars, tracks, roadbeds) fell into disrepair, electric power plants were converted into, or initially built as, oil- and gas-burning facilities.

Another factor contributing to the decline of coal was the advent of the nuclear age. Tremendous amounts of money, public and private, have been spent on various phases of nuclear development; yet the promise of cheap, safe power has not been fulfilled. It is interesting to note, however, that because of a great concern for safety, some of the best ecological research—particularly with regard to the complex pathways taken by elements and compounds through air, water, land, plants, animals and eventually to man—has resulted from nuclear studies. Much of this information can be applied to the environmental impact statements now required before the opening of many coal mines.

Within the past few years there has been much talk about developing the vast coal resources of the Northern Great Plains Region, particularly Wyoming and Montana. Billions of tons of coal in thick seams lie relatively close to the surface and therefore are amenable to strip-mining techniques. Although strip mining is safer and more productive per man hour than underground mining, numerous problems and issues must be understood and solved before strip mining becomes a generally acceptable technique.

One of the great appeals of western coal, besides the huge quantities involved, is its low sulfur content. With strict environmental standards on the amount of sulfur dioxide that can be emitted from smoke stacks—such as those associated with power plants—electric utilities are obliged either to install clean-up systems on the stacks or obviate that messy solution by burning low-sulfur coal. There is, however, a catch: not all low-sulfur coal is really that desirable. Although huge lignite deposits of the Fort Union Region in North Dakota contain only about 0.6% sulfur compared to an average of 1.8% for bituminous coal in the Appalachian Region, the heat content of the latter type is about twice as high. Therefore, on the practical basis of equal heat content, the disparity in sulfur content is considerably reduced (about 0.9 and 1.3% respectively, based on 10,000 BTU/lb). However, many other Western coal seams do contain low-sulfur coal of relatively high heat content.

Unlike deep mining where a shaft is sunk several hundred or more feet and horizontal tunnels are used in the digging out of relatively thin (less than 5 ft.) seams of coal, in strip mining the hundreds or so feet of earth, or overburden, are removed and the thick (average between 10 and 30 ft.) seams are shoveled out. The overburden is temporary piled to the side and subsequently replaced in the hole, generally trench shaped.

Reclamation involves grading the surface back to its approximate original contours and seeding the land with appropriate flora. Good reclamation actually begins before the coal is even mined: the top soil is first removed separately and stored so that it may be replaced as the surface layer when the hole is refilled. Because the overburden consists of many different layers, some of which may contain substances toxic to plant growth, care must be taken to insure that these particular layers are segregated and not placed too near the surface when the trench is filled in.

A major consideration in reclamation is the amount of available water. Many Western coal fields are located in areas of low annual precipitation which makes revegetation extremely difficult. Unless costly irrigation schemes are used, certain areas are not likely to be satisfactorily reclaimed, even for grazing land.

Among the societal problems are those involving Indians. With the discovery of rich coal deposits on Indianlands, many tribes are beginning to organize and to require not only royalties for their coal but jobs in the mines if leases are to be let.

These are just a few of the problems and conditions with respect to coal development. Other problems include shortages of mining personnel, particularly engineers; shortages of the huge specialized equipment used for strip mining; inadequacies in the coal-hauling networks; new techniques for digging out thick seams much deeper than presently feasible; social conditions in "boom towns"; means of financing municipal services in mining towns before the mining revenues and taxes become large enough to support measures for assuring that water rights are reasonably apportioned. There are no easy answers; and many different disciplines, besides mining engineering, are involved. Near-term brownouts may already be unavoidable; but if they are to be kept from becoming a way of life for the next several decades, action must replace rhetoric.

VFW WASHINGTON CONFERENCE

Hon. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. MONTGOMERY. Mr. Speaker, the weekend of March 7, 1975, my comrades in the Veterans of Foreign Wars of the United States held their annual working conference here at the Sheraton-Park Hotel in Washington, D.C., which was attended by the entire, nationwide leadership of this largest veterans' organization, comprised of those of us who served in our Armed Forces overseas in combat areas in times of conflict. On this occasion, our friend and colleague, the chairman of the Veterans' Affairs Committee, the Honorable RAY ROBERTS of Texas, addressed an overflow meeting of more than 500 in attendance at the national legislative committee seminar. As chairman of the Subcommittee on Compensation, Pension, and Insurance, of the Veterans' Affairs Committee, I believe Mr. ROBERTS' remarks to be both timely and informative and I commend his statement to the attention of all our colleagues.

ADDRESS BY CONGRESSMAN RAY ROBERTS

Commander Stang, Senator Hartke, Administrator Roudebush, Mr. Chairman: I appreciate your kind invitation to visit with you this afternoon and discuss matters of mutual interest dealing with the affairs of our nation's veterans.

Our nation has no equal in its generous treatment of the men and women who have defended it in time of war. We will celebrate our bicentennial next year, but our soldiers have been serving the common defense even before our nation came into existence. Our veterans' programs had their origin in the colonies before our nation gained its independence. Provision was made in those early times to assist the disabled and the survivors of those who were killed in the defense of the colonies. Our Nation had had a turbulent history and has called upon its citizens to rise to its defense about every 30 years throughout its 200 years of existence.

Modern veterans programs, as we know them today, began to take form immediately following World War I. The beginning of a medical program devoted exclusively to the care of veterans came after World War I. The idea that we should have a single agency administer the affairs of veterans was born through the experiences of World War I veterans being shuffled from one agency to another. As time has progressed, we have fabricated a rather elaborate program of insurance, compensation and pension, medical care, burial benefits; readjustment assistance such as education and training, housing assistance, unemployment compensation, job assistance, and a wide variety of other specialized programs designed to meet the specific needs of disabled veterans with special problems.

This elaborate program which touches the lives of 29 million veterans, and millions more of their families and survivors, has been the product of long and continuous efforts by organizations such as the VFW. It is the manifestation of the regard which the citizens of this country hold for those who have defended the nation in time of war. The operation of this vast program taxes 4.5% of the entire Federal budget, an amount which will exceed $17 billion this year. It requires an agency which is the nation's third largest for its administration.

During the 13 years I have served in Congress, I have served continuously on the Veterans' Affairs Committee. During that period of time we have never encountered any serious difficulty in gaining enactment of a needed program which was based on equity and fairness to the veteran. I can never remember there being a minority of dissenting report on a bill reported by the Veteran's Affairs Committee.

Bills involving millions of dollars in benefits are routinely voted through the Congress, with only one of two dissenting votes. I can never remember a bill brought to the floor by the House Veterans' Affairs Committee being defeated, and only on one occasion can I recall that as many as 40 votes were cast against a bill.

This record is an expression of concern of the American people, voiced through their representatives in Congress, for their citizens who served in time of war. With such a display of generosity on the part of our fellow citizens, it is incumbent upon us to see that these programs are conservative and fair and honestly administered. Your organization can take great pride in its contribution to the orderly and effective administration of veterans programs.

Perhaps you have not thought about it, but the Veterans' Administration is a unique agency. There is no other agency nor any other Federal program which is surrounded by thousands of ombudsmen, who we call service officers, that are working full time at no cost, for the benefit of our clients, the veteran. The Veterans' Administration houses thousands of these service officers in its own quarters, furnishes them telephones, and gives them access to the necessary files. It is not likely that a problem of major proportions can develop in the Veterans' Administration without it being detected within a matter of a few days by the Nation's Corp of Service Officers. This unique group of people, who have dedicated their lives to working for others, range from the County Service Officers on through the State Veterans' Affairs Commissions, and through the national veterans organizations such as the VFW.

It is impossible to estimate how much additional funds it would cost to administer our programs if we did not have the help of this army of service officers, whose salaries are paid from sources other than Federal funds. Without hiring a lawyer, we can rest assured that a veteran with a claim against the Federal Government can get a fair shake. You probably are so deeply emersed in the process that it has never occurred to you to marvel at its uniqueness.

Another great asset to the veterans of this Nation is the nonpartisan character of these programs. We approach veterans affairs on a nonpartisan basis in Congress. Your organization and others are prohibited by your charter from indulging in partisan political activities, and we have been successful in minimizing political patronage in the operation of the Veterans' Administration. Of course, the Administrator and a few of his top officers are appointed by the President, and that is as it should be. But there are probably fewer political appointments in the VA than any other comparable agency in the Government.

One other great asset of our program is the high training and professional ability of the directors and assistant directors of regional offices and hospitals and the section and division chiefs that provide the expertise and leadership in the operation of our hospitals and regional offices. For the most part, these men have been appointed on the basis of professional ability and there has been very little political patronage.

I am concerned, however, about a report which I have seen in the press in the last few days which indicates that an Executive Order has been issued removing from Civil Service coverage top career jobs in the Regional Offices of the Departments of Interior, Transportation, HUD, Labor, HEW, and the Environmental Protection Agency. These jobs of regional directors and assistants are being transferred to the expected Schedule C at the grade 15 and below, and to non-career executive assignments for those in grade 16 and above.

For all practical purposes, this means that these regional directors and officials may be appointed on a political basis rather than on the basis of professional attainment and capability. I am happy to see that the VA was not among this list, and I certainly would oppose any action which would subject the leadership of our regional offices and hospitals to political patronage. If you share this view, I think it would be well worthwhile for your Washington staff to investigate this matter further.

We have had quite a few changes on the committee this year. We have 9 new Democrats and 2 new Republicans. We have created a new Subcommittee on Cemeteries and Burial benefits.

Congressman Sonny Montgomery of Mississippi will head our Compensation, Pension and Insurance Subcommittee. Tiger Teague will be Chairman of the Subcommittee on Education and Training. Dave Satterfield of Virginia will continue as our Hospital Subcommittee Chairman. George Danielson of California will head the Cemetery and Burial Benefits Subcommittee. And Jack Brinkley of Georgia will probably be the Housing Subcommittee Chairman.

We will conclude our visits with the national veterans organizations this week, and immediately following, we will begin work on our legislative program. We have identified serveral items which we believe deserve priority attention.

A compensation increase for veterans and survivors is in order, based on changes in the Consumer Price Index since the last increase. I would like to point out, however, that there are no funds in the Administration's budget for this increase, and I should remind you that the President has recommended that increases for Social Security, military retired pay and Federal workers be held to 5%. We have no assurances that the President will support a compensation increase in excess of 5%. Nevertheless, we expect to give this matter our early attention.

We have been receiving complaints about the 9-month extension which we passed last year for veterans in education and training. The additional 9 months was restricted to obtaining an undergraduate degree and we are receiving complaints from veterans who would like to use the additional time for a graduate degree. I hope this matter can receive attention early in this session.

We are concerned about the ability of the Veterans' Administration to continue to recruit competent doctors and dentists, and we have legislation before us which we hope would place the VA in a more competitive position to recruit needed medical personnel.

We are fairly well satisfied with the budget submitted by the Administration. It has about $300 million in funds for construction of hospitals and cemeteries. There are funds for beginning new hospitals at Augusta, Georgia, and Columbia, South Carolina. There are funds for new cemeteries in California, New England, Pennsylvania and the Washington, D.C. area. And there are funds for a great many minor construction projects, such as nursing bed units and other needed improvements.

The one part of the budget which is of great concern to us is the proposed reduction in personnel in the Department of Veterans' Benefits. The Veterans' Administration is experiencing a dramatic increase in workloads. Telephone interviews increased about 41% during the first half of fiscal year 1975. Face to face interviews increased by 78%. Workloads are of substantially in claims for compensation and applications for education and training. And we have placed additional requirements on the VA with new programs which were enacted last year. Instead of a reduction, it appears to me that the Department of Veterans' Benefits will need additional personnel.

There are two matters I would like to call to your attention.

One is the attempt which was made at the end of last session to tax Veterans' Administration disability compensation. Through the vigorous efforts of the veteran organizations and some of us in Congress who are interested in this issue, this proposal was set aside. But we have no assurance that it has been laid to rest. This is the most substantial threat to veterans benefits in modern times, and it is absolutely imperative that your organization remain alert when so-called tax reform proposals are submitted.

We are undergoing a very important transformation in the operation of the Congress. This change surrounds the activities of the new budget committees which were established by law last year. This new law requires the Congress to establish a budget of its own and adopt ceilings. These ceilings are to be created after considering all of the proposed expenditures for various programs.

We are just beginning to work with our budget committee, and the process will not be fully implemented this year. It probably will be, however, next year. When fully operational, this budget process will have an impact on all government expenditures, and will be a factor to reckon with from here on so far as veterans programs are concerned.

In an effort to meet this new obligation, I am appointing a new staff member who will devote his time exclusively to studying the budget so that our Committee can be well equipped to meet this new responsibility.

In closing, I want to compliment your fine Washington staff—Cooper Holt, Francis Stover, and Bob Ashworth. I also want to express my personal thanks for the fine cooperation and friendship that I have received over the years from the VFW, and express my personal affection for those great VFW leaders from Texas—Julian Dickenson and Ted Connell.

I thank you for inviting me here, and we will look forward to seeing you on Capitol Hill next week.

GAREY HIGH SCHOOL OF POMONA, CALIF., CAPTURES CIF CHAMPIONSHIP

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. LLOYD of California. Mr. Speaker, there is always a sense of pride which permeates a community whenever its young people excel in athletic competition. The city of Pomona, Calif., today, takes pride in the California Interscholastic Federation—(CIF)—basketball championship captured by Garey High School.

The Vikings of Garey High School ended the basketball season with a 30–1 record. On March 15, 1975, at the Los Angeles Sports Arena, the Vikings came up with a last minute surge to claim a 55–52 victory over San Gabriel High School.

It is with pleasure that I insert for the Record, two articles about the Viking victory, written by Kevin Cloe and Bill Langley of the Pomona Progress-Bulletin.

[From the Pomona (Calif.) Progress-Bulletin, Mar. 16, 1975]

GAREY WINS CIF CHAMPIONSHIP, 55–52

(By Kevin Cloe)

Los Angeles.—**All year long, Garey High's basketball team has been top-ranked in the CIF 3-A division.**

The Vikings (30–1) ended the season Saturday night in the Los Angeles Sports Arena and proved they really deserved all that recognition.

Before a crowd of 8,000 screaming fans, Garey came up with a last-minute surge to claim a 55–52 victory over San Gabriel. It gave the Vikes their first CIF basketball title ever.

The San Antonio League champions led right up until the final minute of the third quarter except for one instance. San Gabriel, led by the dominating strength of 6-11 center Ray Ellis, had a three-point lead (48–45) going into the final period.

The Matadors maintained that lead for the first four minutes of the last quarter.

Then Ken Jordan, coming off the bench instead of starting as expected, pulled it out for Garey.

Jordan, who came up with the greatest game of his career, scored to cut the Mats' lead to one point, 52–51 with four a half minutes remaining.

Viking guard Billy Evans then put the Vikings on top for the first time in the period at the 4:20 mark. Jordan then got Ellis to charge into him, causing a San Gabriel turnover.

Kent, only a junior, tried to put the game away at the 1:50 mark with his usually effective 20-footer. But the ball bounced off the rim and forward Gary Carpenter followed it up with a layin to cap the scoring.

The scoring was completed, but the game wasn't. There was still enough time for San Gabriel to come back.

Ellis, who scored 28 points and grabbed nine rebounds, missed a turnaround jumper at the 1:35 mark and Evans slipped under the boards for the rebound.

The Vikings, however, turned the ball over and San Gabriel coach Bob Stand called his final timeout.

It was Matador forward Tom Zankocich's turn to try and pull the Mission Valley League Champions to within a point of Garey, but the 6–2 junior missed a 10-foot jumper and Garey center David Larry nabbed the carom. Larry, incidentally, sat out a good portion of the game with an excess of fouls.

Garey turned the ball over one more time at the 40-second mark, but Ellis and forward Clay Brown were unable to convert on the offensive end.

Carpenter, who blocked Brown's last attempt, ended up with the ball and was immediately fouled by Brown.

Garey was able to stall out the final seconds to win it.

Although Jordan didn't partake in any of the crucial plays in the waning seconds of the game, it was that charge foul he forced on Ellis that helped trim off time on the clock and keep Garey out in front.

The six-foot sixth man was simply incredible throughout the game.

He scored a total of 22 points and came up with several very crucial defensive plays.

Jordan had a chance to start for the injured Delbert McDonald, who attended the game in his street clothes and got a standing ovation by both sides of the arena when he was introduced.

Kent, instead, chose to remain as the Vike's sixth man because he felt he was more effective at that spot.

Again he was.

Coming in for starting guard Victor Newton, Kent poured in 12 points in the second quarter. That got the Vikings going.

For his outstanding play, Kent was named to the playoffs' All-Tournament team.

Carpenter scored nine points and led the game with 11 rebounds. Sonny Baldez, whose outside shooting (six points) gave Garey its 10–6 lead after one quarter, finished with 10 points and seven boards.

In other championship games Saturday, Banning claimed the 1–A title with a 51–49 upset of top-ranked and unbeaten Big Bear; defending champion El Dorado retained possession of the 2–A crown with a 67–55 win over Culver City and Palos Verdes copped the 4–A championship with a 64–50 victory over Marina.

VIKINGS WIN TITLE MINUS THEIR STAR

(By Bill Langley)

Los Angeles.—Garey High rules the basketball world today. It may take a while for the south Pomona high school to come down from the clouds.

The Vikings rose to the occasion here at the Sports Arena Saturday night in defeating San Gabriel, 55–52, rallying in the fourth quarter.

It seemed like the happiest person on the Garey bench was senior forward Delbert McDonald, the team's leading scorer all season, who was forced to sit out the championship game because of an operation early this week for a blood clot in his forehead.

McDonald received a standing ovation by the fans from both schools before the game when he was introduced along with the Garey starters.

"McDonald helped us by just being on the bench with us," said Garey coach Mike Wells, who climaxed his fourth season by taking his team all the way with a final 30–1 record. "It's seemed to inspire the players on the floor when they looked over and saw Delbert on the bench cheering them on."

"The doctor told me not to get excited tonight but he knew I would and he laughed about it," said McDonald. "I wish I could have played but the players did just great. That ovation before the game was real nice."

Wells couldn't praise his team enough.

"This team is just the greatest," the youthful Viking skipper said.

"We've had good teams at Garey the last few years but this is the one that went all the way," he continued, "these kids really wanted it."

As usual, Garey displayed great balance but sixth man Kent Jordan was the spark as he came off the bench to make 10 of 17 field goals, some of them the long range spectacular type, in leading the Vikings with 22 points.

Wells had said earlier that Jordan would start in McDonald's place but he changed his mind and went with Victor Newton instead.

"Ken has been just great coming off the bench for us all year," Wells explained. "I just decided not to change anything tonight because, why change something that has worked."

Jordan, a junior, missed on his first two shots but he found the range in scoring five buckets in the second quarter.

"I knew I was going to get hot," Jordan said as he was accepting congratulations from all the Garey fans.

Sonny Baldez scored eight of his 10 points in the first half.

"Our hustle was the key to the win," Baldez said. "We really had the desire to win."

Probably the biggest key to the win was holding San Gabriel, which entered the fourth quarter with a three point lead, to only four points in the final period.

Wells used his big men, Gary Carpenter and David Larry, to keep the ball away from the Matadors' big center, 6–11 Ray Ellis, who made only two of his 28 points in the fourth period.

"I was playing behind Ellis and Gary was in front of him," Larry said. "Ellis was pretty good. I didn't expect him to be that good. This championship means a hell of a lot to all of us."

Carpenter, a junior, added, "we were just trying to stop Ellis from getting the ball and it worked. This championship feels real good. We've got to do it again next year."

Team captain Bill Evans spoke for the entire team when he said, "this means the whole world. We were a little nervous when we got behind but we just decided to put it all together."

Garey's veterans equipment man, John McNally was also excited. "This is the first CIF championship I've been involved with in my 17 years of working with the Pomona schools. It's terrific. It seems like on this team, when one player gets cold, another gets hot."

Principal Ted Tynes, who has announced his resignation effective in June, added, "This team is sending me out a champion."

REPRESENTATIVE LEVITAS VERSUS OCTOPUS

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. GINN. Mr. Speaker, The Atlanta Constitution, on March 18 published an editorial that I believe deserves the attention of all my colleagues. The editorial concerned legislation introduced recently by my distinguished Georgia colleague, Mr. Elliott Levitas. The Levitas bill is designed to bring a halt to the "legislation by regulation" that we all know has become a great problem in the Congress.

This is a tremendous piece of legislation, and it is, incidentally, the first bill introduced by Mr. Levitas. I believe it is a fine example of his excellent judgment and ability in the legislative process.

I insert the editorial concerning the bill at this point in the Record:

LEVITAS VS. OCTOPUS

The Mafia (or Cosa Nostra or organized crime or whatever you want to call it) has been described as the "invisible government." Well, the massive federal bureaucracy surely isn't invisible, but it wields the very visible power of government over the American people.

But Georgia Congressman Elliott Levitas is determined to make the bureaucracy more responsible and answerable to the people—and he is getting lots of help from other congressmen who also believe that the federal bureaucracy has grown too strong.

Rep. Levitas recently introduced by himself a House bill calling for a crackdown on Congressional oversight on administrative lawmaking by the federal bureaucracy. The bill has become so popular that more than 40 congressmen have asked to join its list of cosponsors.

The cosponsors include members of both major parties and range from liberal to conservative. "This seems to be an idea whose time has come," said Levitas, who represents Georgia's Fourth District. And indeed it is: One out of six Americans now work with the government and the bureaucracy's influence and reach is octopus-like.

Federal agencies, said Levitas, "have evolved into a fourth branch of government with hosts of regulations that carry the force of law without benefits of legislative consideration." In 1974 alone, he said federal agencies adopted approximatley 6,000 administrative rules—many of which carry penalties of jail or fine or both if violated.

"My bill would not destroy the administrative process; it will make it more responsible," said Levitas. "It assures that those few administrative rules which clearly go beyond Congressional contemplation are never inflicted on the public."

Levitas is right in saying that most government employees try to do a good and conscientious job and many of them do. But it is those "overzealous" officials—as Levitas described them—who need curbing and the direct oversight of Congress.

Levitas' bill is based on the principles of the Constitution and Bill of Rights that no person should be deprived of liberty or property without someone elected by and answerable to the people being involved in the adoption of laws that can place them in jail or fine them. The unchecked growth of administrative lawmaking by the federal bureaucracy was leading us away from those principles.

The bill is the first to be introduced by Levitas, who is serving his first term in Congress. It is a great one, and a happy forerunner of others Levitas has promised to introduce in the future aimed at making the federal bureaucracy "more responsive, more open, more accessible, swifter . . . and more consistent with the needs of a modern society founded on enduring principles of freedom, democracy, and republican government."

You never know, "red tape" might one day be a curious expression of the past. It would be good riddance, for sure.

REVENUE SHARING AND THE BLACK COMMUNITY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. RANGEL. Mr. Speaker, I believe that general revenue sharing funds should be used to improve human services such as education, health care, housing, mass transit and nutrition. Some local governments have done this with their revenue-sharing funds. Unfortunately, too many have not.

The first comprehensive analysis of the revenue sharing program, recently released, reported that:

> One of the most striking aspects of the General Revenue Sharing program is the absence of the usual checks on local governmental decision-making.

The report was prepared jointly by a number of national organizations including the National Urban Coalition and the League of Women Voters Education Fund. Although there has been some citizen activity, generally citizen oversight of the spending of revenue sharing funds has been inadequate. Community organizations have not been able to properly monitor how this money is being spent.

One item we in the Congressional Black Caucus will focus our attention on is requiring increased citizen participation in the decisionmaking process. Many of the block grant programs cut back or abolished as a result of revenue sharing were designed to help the inner city and rural poor. Remedial education, maternal health centers, child development programs, community safety and related projects should be receiving more money out of the general revenue-sharing kitty. These funds can be used to stimulate the construction of urban housing, creating badly needed jobs at a time of increasing unemployment.

Only an aroused community, expressing its concerns and demanding accountability from local officials, can press for attention to these human priorities.

A second area the Congressional Black Caucus will carefully examine this year is racial and ethnic discrimination in the spending of revenue sharing money. This is critical since the cities receiving the biggest slices of the revenue sharing pie have large populations below the poverty level. For example, Los Angeles has 9.9 percent of its population below the poverty level and 36 percent of its population from minority groups. New Orleans has 21.6 percent of its population under the poverty line and 49 percent of its total population from minority groups. Buffalo has 11.2 percent of its people beneath the poverty level and its citizens are 21 percent minority. There are similar statistics for other cities.

The amount of money available under general revenue sharing is not large enough to meet all our needs and we must take any steps necessary to guarantee that our share will not be reduced by discrimination. Yet that is exactly what now takes place according to the U.S. Civil Rights Commission. The following article from the Columbus, Ga., Times of February 27, 1975, details the charges made by the Civil Rights Commission against the Office of Revenue Sharing.

> U.S. SERVICE COMMISSION CHARGES REVENUE SHARING BIAS
>
> (By John W. Lewis, Jr.)
>
> WASHINGTON.—The United States Civil Service Commission last week charged that the Office of Revenue Sharing, which gives billions in financial aid each year to 39,000 state and local governments, has conducted a civil rights enforcement program that is not even "minimally effective."
>
> "Abundant evidence indicates that discrimination in the employment practices and in the delivery of benefits to state and local governments is far-reaching, extending to activities funded by general revenue sharing," said Arthur S. Flemming, chairman of the Commission at a news conference.
>
> 'Nevertheless, the Office of Revenue Sharing . . . has one of the most poorly staffed and funded civil rights compliance programs in the Federal government. Moreover, the Office has not utilized its existing resources to the maximum effect.
>
> "For example, the Commission staff found that the Office of Revenue Sharing has not conducted any full-scale civil rights compliance review unrelated to the receipt of complaints of discrimination and does not plan to do so at any time in the near future," stated Fleming.
>
> The Commission, in the fourth of its current seven-part series on the Federal civil rights enforcement effort, "strongly recommends" that president Ford should request from Congress an appropriation of $7.5 million to be used to provide "at least 300 additional positions." in the revenue sharing compliance review program.
>
> The 6-member Commission also recommended that "other Federal agencies having civil rights responsibilities which overlap ORS," be delegated "the role of monitoring compliance" with the Federal government's anti-discrimination requirements.
>
> The ORS, a section of the Treasury Department, has issued nearly 16 billion dollars to state and local governments since general revenue sharing money was first appropriated in 1972, according to the Commission.
>
> The legislation, called the State and Local Fiscal Assistance Acts of 1972, provided for $30.2 billion in financial aid to state and local governments over a 5-year period, the largest single domestic appropriation in American history.
>
> * * * * *
>
> The localities themselves have been charged with neglecting social services in their use of revenues sharing money.
>
> In a precedent-setting recent case, the Federal courts ordered ORS to withhold millions of dollars in revenue sharing money to the city of Chicago which discriminated against blacks in the police department.
>
> ORS critics believe that the agency has the administrative authority to cut off aid when discrimination has been found with waiting for court action.
>
> The report, entitled "To Provide Assistance," found ORS' compliance program to be "fundamentally inadequate." "One problem in the enforcement of the civil rights requirement is that revenue sharing funds may be used to free funds which in turn may be used for discriminatory purposes," the report said.

MADISON HEIGHTS, MICH., IS HONORED AS FIRST BICENTENNIAL CITY IN OAKLAND COUNTY

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BLANCHARD. Mr. Speaker, I would like to bring to the attention of the House that Madison Heights, a city I am proud to represent, has been proclaimed the first official Bicentennial city in Oakland County, Mich. This city was so designated in January 1974 and received its certification and official Bicentennial flag in February of 1974.

Mr. Speaker, in Madison Heights, Mich. the official Bicentennial flag flies proudly 24 hours a day. The citizens of this great city have been interested in America's 200th birthday for quite some time now and they have already made plans to take an active part in America's celebration.

On June 14, 1976, the city will sponsor an authentic reenactment of the battle of Bunker Hill with participants traveling from all over the Midwest to take part. Antique weapons and elaborate uniforms of material made in the revolutionary period will be used. Even the food, which will be sold at different booths, will be reminiscent of our revolutionary days. The participants and their families will remain encamped in Madison Heights throughout the entire weekend.

This Monday, March 24, 1975 the Oakland County Board of Commissioners will present a plaque to commemorate and honor Madison Heights for its achievement in being designated as the first bicentennial city in Oakland County. I would like to join the commissioners because this is an achievement worthy of commendation. The citizens of Madison Heights have certainly shown their great spirit and desire to be an integral part of America's Bicentennial celebration. So I join with the Oakland County Board of Commissioners in the following resolution:

RESOLUTION OF COMMENDATION FOR CITY OF MADISON HEIGHTS

Whereas, The United States of America will be observing its 200th Anniversary in 1976; and

Whereas, In January of 1974 the City of Madison Heights was the first City in Oakland County to be designated an official Bicentennial City and the 14th City so designated in the State of Michigan; and

Whereas, The certification and official Bicentennial Flag were presented to City Officials in February of 1974;

Now therefore be it resolved, That the County of Oakland hereby comments the City of Madison Heights for its achievement in being designated as the first Bicentennial City in the County of Oakland and extends best wishes for a successful participation in the 1976 Bicentennial celebrations.

RHODESIA EXPELS MISSIONARY

HON. JOHN BUCHANAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BUCHANAN. Mr. Speaker, an article in today's Washington Post points poignantly to one of the reasons which I have joined with more than 100 of our colleagues in cosponsoring legislation to repeal the Byrd amendment. The majority of Rhodesia's black population have virtually no say so in the operation of their government.

While many of the main arguments in support of repeal would benefit our Nation and the American worker, there are also compelling reasons to deny moral and fiscal support to a government which treats its citizens in the manner described in the following article which I commend to my colleagues.

RHODESIA EXPELS MISSIONARY

(By Marjorie Hyer)

Dr. J. Morgan Johnson isn't positive, of course, but he assumes that the reason he was expelled from Rhodesia was because more than a year ago he drew a cartoon that the government there didn't like.

But the way things are in Rhodesia these days, a lot of his missionary colleagues, when his expulsion order came through last month, looked at each other grimly and said, "It could just as well have been us."

Dr. Johnson and his missionary-physician wife, Dr. Rosalie Johnson, talked about life in Rhodesia as they waited between planes at Dulles Airport on their way to Mrs. Johnson's home in Birmingham, Ala.

"It's the kind of thing you have hanging over your head all the time," said Mrs. Johnson of the expulsion order.

Since she first accompanied her husband to Rhodesia in 1961, the missionary force of their denomination—United Methodist—has dwindled from "about 100 to around 30," she said. The attrition rate for other churches has been comparable.

While only a dozen or so—the Johnsons couldn't remember exactly—have been expelled—many more were unable to get the necessary residence permits renewed.

In Rhodesia, nearly 95 per cent of the population is black African, but the government is controlled by the tiny minority of descendants of white European settlers.

Most of the Christian churches and mission groups operating there have been bitterly opposed to the increasingly repressive policies directed by the white controlled government against the Africans. For most missionaries, their sympathies are strongly with the efforts of the Africans for independence.

Dr. Johnson is a teacher in the mission-operated high school at Nyadiri.

In February of last year he offered to drive the ambulance from the hospital where Dr. Rosalie worked, also in Nyadiri, to return some patients to a resettlement camp some 50 miles away.

The camps, called "protected villages," are hastily thrown-together areas where African villagers from border areas where guerrillas operate are forcibly interned.

"I had heard about such camps but I had never seen one," Dr. Johnson recalled. The camps are strictly off limits to most citizens and their existence is not generally known among the country's white population.

"Some of the camps are models these are ones inquiring journalists are taken to," Dr. Rosalie said.

In others—like the one her patients came from—"they just put barbed wire around an area and shove the people inside," she continued. "There's no latrine, no water—they had to carry water in buckets from outside the camp—and no health facilities."

When Dr. Johnson returned home from driving the covered patients to the camp, he sat down and drew a rather mild cartoon that showed a sad-faced African father and mother and their two small children peering out between the rows of barbed wire.

The cartoon bore the legend: "Settlers 74" and "Resettlement Camps—Are They Part of the Campaign?"

"Settlers 74" was a government-sponsored effort to attract white Europeans to the country.

The cartoon was sent to the church periodical, Mbowo, but it never appeared in print. An employee at the plant where Mbowo was printed saw it and reported it to authorities.

Dr. Johnson was charged with "making a subversive statement" under the Law and Order Maintenance Act, even though the cartoon did not appear in print.

"Under Rhodesian law, you can be charged if you have the 'intention' of making a subversive statement," Dr. Rosalie said.

"We knew a student who was sentenced to the detention camp because of an essay he had written and put away in a shoe box. He had never shown it to a living soul, but the police found it when they searched his room."

Ironically, the resettlement camps are such a well-kept secret that the officials who charged Dr. Johnson appeared to be unaware of their existence.

"They really thought his cartoon was a subversive statement—some propaganda that he had made up" rather than a fairly tame depiction of the actual fact, Dr. Rosalie said.

When his case came to trial last October, after the first day, the charges were inexplicably withdrawn. "I was never able to present my defense," Dr. Johnson recalled.

Nevertheless, the information obviously went into his record and three months later immigration officials ordered him out of the country.

"My husband's the one to be deported, not me," observed Dr. Rosalie with a grin. "But all of his 'dependents' were ordered out too, and since there's no women's lib in Rhodesia, I had to come too."

Four of the couple's five children were born in Rhodesia; all five were deeply distressed to have to leave what they had always known as home.

Completely bilingual, they learned Shona (the tribal language of the region they lived in) as their first language and easily flip from it to English in talking with their parents.

They have no hope of returning to Rhodesia so long as the present regime is in power.

"We told all our friends we'd never come back to Rhodesia," said Dr. Rosalie, "but that we hoped to come back to Zimbabwe."

Zimbabwe is the name the Africans give their country, which they hope one day they will control.

GOVERNOR THOMSON OPPOSES CSA GRANT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ASHBROOK. Mr. Speaker, the Community Services Administration—formerly known as OEO—is considering a $150,000 planning grant request by the Vermont-New Hampshire Community Development Corp. This could lead to a $3 million Federal grant to the corporation.

New Hampshire Gov. Meldrim Thomson is opposed to these grants. In a letter to the director of the Community Services Administration, Thomson called the project a "grandiose boondoggle" run "by a group of people who in no way would be accountable to our citizens or their elected representatives."

I think the points raised by Governor Thomson should be brought to the attention of my colleagues. Therefore I am including in the RECORD the Governor's press release along with the text of his letter.

OPPOSITION TO FEDERAL GRANT

(By Gov. Meldrim Thomson, Jr.)

CONCORD—Gov. Meldrim Thomson, Jr. announced today he has sent a protest to Federal officials, opposing a "grandiose boondoggle" which would set up a $3 million Government-financed stock-selling venture in New Hampshire.

The Governor outlined his opposition in a letter to Bert Gallegos, Director of the Federal Community Services Administration, in Washington. The Federal Agency is considering a request for a $150,000 planning grant that would lead to a $3 million grant to a group to be known as the Northern Community Investment Corp.

The Governor noted that the funds would be used, according to literature from the proposal to finance business enterprises "built on a base of solid social awareness and understanding."

"Since when were sound businesses enterprises built on anything but the profit motive?" the Governor asked.

The Governor noted that the project would be run by a group which is in no way accountable to the citizens or elected officials at a time when taxpayers are hard pressed. He said he is asking the attorney general to keep a close eye on the project and promptly prosecute anyone who violates the consumer and fraud laws.

Here is the text of the Governor's letter:

March 12, 1975.

Mr. Bert Gallegos,
Director, Community Services Administration, Washington, D.C.

Dear Mr. Gallegos, I write to express my strong opposition to a planning grant request by the Vermont-New Hampshire Community Development Corporation of approximately $150,000 that in turn would lead to a funding of $3 million by the Office of Economic Opportunity to an incorporated nonprofit group to be known as the Northern Community Investment Corporation.

Current literature describing the proposed N.C.I.C. indicates that stock membership would be sold to a low income people in the northern parts of Vermont and New Hampshire at $1 a share.

The $3 million in taxpayers money would be used to finance "economically sound business enterprises, built on a base of solid social awareness and understanding." Since when were sound business enterprises built on anything but the profit motive?

The N.C.I.C. board would create "new ventures, acquisitions, or other major financial commitments."

Apparently, there is no intent to succeed as a business venture with a legitimate balance sheet.

It is stated that "in the event that the N.C.I.C. terminates its operation, certificate holders will receive only their initial investment, or prorated lesser share, with whatever remaining surplus to be distributed to a variety of local social agencies as determined by the directors."

It is important to note that this project would be run by a group of people who in no way would be accountable to our citizens or their elected representatives. Thus, the proposal would provide the means of creating one more cell in the great unseen government spawned by the poverty programs.

In the name of the hard-pressed taxpayers of New Hampshire, I vigorously protest this grandiose boondoggle that would thrice rob our citizens—first, in wasting tax dollars on an amorphous socialistic scheme that would primarily benefit its big salaried manipulators; second, by taking money from low income people through the sale of membership certificates; and third, by competing with legitimate investment organizations in the region.

I hope that you will keep this $3.15 million in Washington and use it for the honest costs of government, or better still, let it be a refreshing example of a token reduction in the national debt.

I am asking our Attorney General to keep a close watch on this con scheme and to prosecute promptly anyone who violates our fraud and consumer laws.

Be assured I did not become Governor of New Hampshire to lead our State down the pink primrose path of socialism.

Cordially yours,
Meldrin Thomson, Jr.

PERSONAL EXPLANATION

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. DOWNEY. Mr. Speaker, I was unavoidably away from the floor yesterday during rollcall vote No. 71 on Mr. Jeffords' amendment to gradually raise the support price of milk. I would have voted against the amendment because its effect would have been to raise dairy product prices to the consumer.

GREEK INDEPENDENCE DAY

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ANNUNZIO. Mr. Speaker, Greek Independence Day has a special meaning for Americans, for 154 years ago, on March 25, 1821, when Greek patriots raised the flag of revolt against their Turkish oppressors, they became the first European people to emulate the American revolt against foreign rule.

The cause of Greek independence immediately caught the imagination of the American people. Our new Nation was not in a position to offer substantial assistance to the struggling Greeks. However, a few Americans volunteered to serve with the sorely outnumbered Greek patriots; others organized efforts to send packages of bandages and other supplies to the Greeks; and expressions of sympathy and solidarity were forthcoming from the highest Government officials and from communities throughout our young Nation.

During the long and bitter war of independence, the world was inspired by the indomitable resistance and heroic dedication of the Greek patriots. Our own John Adams remarked:

> My old imagination is kindling into a kind of missionary enthusiasm for the cause of the Greeks.

It was during the seige of Missolonghi that the famous British poet, Lord Byron, lost his life in defense of Greek liberty.

The Greek struggle for independence proved to be long and bitter. Following the intervention of Russia, England, and France, however, the Greeks saw their valor and tenacity crowned with success. After many centuries of foreign rule, freedom was regained by the Treaty of Adrianople of 1829 and the London Protocol of 1830.

During the next century, the Greeks devoted their efforts to extending their boundaries to include Greeks still under foreign rule, and to establishing a stable government. When they were threatened anew with opening of World War II, they again showed their fierce devotion to freedom and independence. Their stubborn resistance to the German invasion of 1941 delayed the opening of the German campaign against Russia by several crucial weeks.

The end of World War II brought no respite to the Greeks. Their country was devastated, and they faced a new threat within their borders in the form of armed Communist guerrilla bands seeking to overthrow the government. However, once more they showed courageous determination to preserve their liberty at all costs. The struggle against the guerrillas was long. It delayed economic reconstruction by several years. But, finally it too was crowned with success.

Americans can be proud that they played an important role in this new struggle. In 1949, America's faith was rewarded, for hostilities came to an end and the Greek struggle against the communist forces was successfully concluded.

The ideal of democracy, born in ancient Greece over 2,000 years ago, has prevailed, and Greece today has taken her rightful place among the free nations of the world.

It is a pleasure to extend greetings to Americans of Greek descent in the 11th Congressional District, which I take pride in representing, as well as those in Chicago and across our Nation on the occasion of their Independence Day and to recall a century and a half of genuine friendship between the people of America and the people of Greece.

A BRIEF REPORT ON SOUTH VIETNAM

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Ms. ABZUG. Mr. Speaker, each day's news forecasts the inevitable consequence of the struggle in Vietnam. President Thieu, though his forces outnumber the PRG and North Vietnamese forces by three to one, is unable to hold the provinces. His soldiers, as Senator Stevenson points out, lack the will to fight. Opposition to his regime, and the demand for negotiations grow stronger every day among his own people.

By way of explanation, I would like to insert into the Record some reactions to the situation I found when I visited South Vietnam recently as a member of the congressional study delegation:

Testimony of Representative Bella S. Abzug

Mr. Chairman, Members of the Committee, thank you for this opportunity to present to you my personal findings on the recent Congressional Study Visit to South Vietnam and Cambodia. I have returned more firmly convinced than ever that any further military aid—of any sort—to either of these countries would work against the best interests of their citizens and the United States.

In view of our own role in bringing about the Paris Agreements, our major responsibility should and must be to search out the means for a political settlement in Vietnam. We have poured nearly $3 billion in military aid to South Vietnam since the ceasefire. This $3 billion has not moved us towards a political settlement, however. It has only brought more war. There is no reason to believe that passage of this $300 million supplemental in military aid, or any portion of the $4.3 billion the Administration is requesting in military aid to South Vietnamese over the next 3 years, will move us closer to a political solution.

The basic reason for this is an Administration policy which, as in Cambodia, involves supporting a military dictatorship in South Vietnam which does not have the support of its own people. The only responsible course open to Congress is to cut off all military aid and urge this administration to use its influence with President Thieu and its channels of detente to help bring about a political solution.

To understand this, let us look at American policy in South Vietnam as we found it on our trip.

The greatest indictment of our present policy in South Vietnam is not simply that it causes unbelievable suffering, but that no American or Vietnamese official has any prescription for ending the ongoing carnage.

More than 300,000 Vietnamese have been killed and wounded since the ceasefire.

American policy makers in South Vietnam clearly placed almost exclusive priority on getting more military aid for President Thieu. I could find almost no other policy concern on their part. When pressed, they stressed that Thieu's army was fighting well and that more military aid would produce a military stalemate which would lead to negotiations.

In investigating the military situation in South Vietnam, however (as summed up in the recent report by my colleague Mr. McCloskey in the Congressional Record of March 14, 1975) we found that in fact President Thieu's army could not stand up to its adversaries. I was told that Thieu has had sufficient military aid this year to maintain an army outnumbering PRG and North Vietnamese forces by 3 to 1, to expend seven times as much ordnance as the other side, and to inflict twice as many losses on the other side as his side has suffered. Despite this advantage, however, I found general agreement that President Thieu's forces were in a weaker military position than at any time in the past two years.

This point is underscored dramatically, of course, by the recent evacuation of 3 provinces in the Central Highlands.

Our continuing aid simply cannot create a military stalemate with the other side, which is receiving its military aid from the Soviet Union and China. Our aid has far exceeded that of the Soviet Union and China over the past few years, with President Thieu's forces outshooting its adversaries by 7 to 1, and inflicting twice as many casualties, but still in a deteriorating position. Moreover, we can only expect the Soviet Union and China to keep giving aid to the PRG and North Vietnamese as long as we continue our aid. Based on performances to date, there is no evidence that our continuing military aid can change the situation to the GVN's advantage. It will just result in more killing.

Thus, the premise on which this $300 million request is based, that we can achieve a political solution based on a military stalemate, cannot be supported by the facts.

The problem is not that President Thieu has not received enough military aid vis a vis Soviet and Chinese aid to North Vietnam. The problem is that President Thieu has proven unable and unwilling to enter into political competition with his adversaries. He is not equipped to wage a political struggle, because he is not supported by people in Saigon zones, let alone those in contested areas.

During my visit to South Vietnam I met with dozens of Vietnamese political and religious figures, Buddhist and Catholics, Generals and students. I personally sought out long-time anti-communists, as well as moderate and neutralist persons. People whom I met included President Thieu, General Duong Van ("Big") Minh, Father Chan Tin, Deputy Ho Ngoc Nhuan, Catholic leader Father Tran Huu Thanh, Professor Nguyen Ngoc Huy, Chinh Luan editor Dan Van Sung, Buddhist leaders including Senator Vu Van Mau and Madame Ngo Ba Thanh.

With the exception of President Thieu himself, virtually none of these people either supported the Thieu administration or felt that it offered any hope of ending the war. Most people in the opposition feel that every additional dollar of American military aid to President Thieu perpetuates his control and prolongs the war.

What I personally found most shocking as an American is that the Thieu Administration has resorted to widespread political repression to control its opponents.

I was prepared for the fact that the Saigon government holds political prisoners. I was not prepared to learn that American officials like U.S. Ambassador Martin would systematically deny any knowledge of illegality and torture, though it was there before his eyes every day.

Ambassador Martin has stated that in his two years in Saigon he has been unable to locate any political prisoners. During our 3-day visit to Saigon, however, some of our most moving moments were spent with several former and current prisoners. Their convincing description of electric shocks and vicious beatings, imprisonment without due process, and prison mistreatment rivaled the worst reports I am aware of from any country in the world.

There are those who argue that in time of war, laws must be suspended—but nothing can justify inhumane treatment of prisoners and the violation of international standards of justice.

In attempting to make contact with prisoners, we were followed and spied upon. We found that the internationally respected lawyer, Madame Ngo Ba Thanh, whose release I helped secure last year, is under house arrest, harassed and threatened, though she has committed no crime. We found fear of a police state in South Vietnam which should shame any American who believed that we are there to create a democracy.

I was particularly concerned on this visit with the fate of Huynh Tan Mam, former leader of the Saigon Student Association. The American Embassy and the Thieu government claimed that Mam had rallied to the Saigon side over a year ago, and that he was presently undergoing reeducation in a Chieu Hoi Camp.

After considerable pressure, however, Reps. Fenwick, Fraser and I were finally allowed to see Mr. Mam. He told us emphatically that he had never rallied to the Saigon side. He denied he was a Communist, and pointed out that he had already been held over 3 years without a trial or without having access to his lawyer or aged mother. He described to us being beaten and tortured, and suffering severe mistreatment during his 3 years imprisonment.

Mr. Chairman, Mr. Huynh Tan Mam symbolizes to me the injustice and futility of present American policy in South Vietnam. The Paris Agreements required that people like Mr. Mam be released and allowed to participate in the political process. Yet now, 2 years after the Agreements, he languishes in prison. The failure of the Saigon government to honor the Agreement in Mr. Mam's case characterizes its wide-spread refusal to allow the political process outlined by the Agreement to work.

It explains why more and more South Vietnamese are speaking out, despite the dire punishment they face. They feel that they can no longer live under the Thieu government and remain silent. The right to a lawyer, to a fair trial, to humane treatment, are universally recognized—but daily violated in Saigon.

Another shocking repression was the recent closing of five newspapers and the jailing of eighteen newsmen. The President of South Vietnam's Association of Editors and Publishers was not allowed to visit the prisoners. Thus, in the fall election, only one viewpoint will be presented—that of President Thieu.

So long as these denials of basic freedoms exist, I feel that the United States must cease giving military aid. Continued funding can only create another debacle like Cambodia. Refusing more military aid, however, offers the opportunity for a political settlement.

All Vietnamese leaders I talked with stressed that there could be no political struggle as long as American policy in unquestioned support of President Thieu continues. Most political figures are willing to enter into a political struggle with the PRG and North Vietnamese if allowed to do so.

Mr. Chairman, I fail to understand how we can send one dollar more in military aid to a President who is not supported by his own people; I fail to see how any more military aid will lead to the political settlement all ordinary Vietnamese so desperately want; and I fail to see how our own national interest is served by fueling an endless war.

Negotiation is the only alternative that serves the interests of the American people. The Congress must insist that the Peace Agreement be observed. Both sides have broken the Agreement, but this does not justify ignoring it or repudiating it.

Further, we must use our good offices to more toward a negotiated settlement. Secretary Kissinger should devote a measure of his time to securing the peace that he originally outlined. Only thus can we be relieved of the terrible burden of conscience we must carry for each Asian death, for each act of terrorism and repression. Only then can we be sure that our humanitarian aid will reach the needy. Only then can we stop this endless flow of American money into futile intervention, and begin to use the funds where they are needed—at home.

SPIRIT OF '76 ANCIENT FIFE AND DRUM CORPS OF WEST SAYVILLE-OAKDALE, N.Y., WINS AWARDS

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. DOWNEY. Mr. Speaker, there is an organization in my district that is very special. It is called the "Spirit of '76" Ancient Fife and Drum Corps. The Corps has earned numerous honors since it was established only a year ago. As we approach our Bicentennial, it is important that we take note of these efforts to preserve our American heritage.

The Suffolk County News in my district recently had a story about the "Spirit of '76" which I would like to introduce into the Record.

FIRST YEAR CELEBRATED BY SPIRIT OF '76 CORPS

The "Spirit of '76" Ancient Fife and Drum Corps of West Sayville-Oakdale celebrated their first anniversary with a Review and Awards Night held February 22 at the West Sayville Fire Department. Some 130 corps members took part, with over 170 parents in attendance. Both corps, senior and junior, put on a performance of parade and competition tunes, with individual members, Tracy Moore, 1974 New York State and Suffolk-Nassau champion fifer, and Larry Seldin, snare drummer, performing.

Since its inception, the corps has already extended itself on a state-wide level and has commitments to expand itself on the national level this year and in the years to follow. The highlight of the evening was a series of essays entitled, "What I Like Best About the 'Spirit of '76,'" written by Margaret Davis, Carla Berkowitz, Martha Van Popering and Ann Gorddard (judged most outstanding).

The following is a listing of award winners: Fife Sergeant, Tracy Moore; Fife Corporal, Marilyn O'Hara; Drum Sergeant, Larry Seldin; and Color Guard Captain, Robert Murtaugh.

Achievement Certificates were presented to all active junior and senior corps members. They are as follows: One Year Achievement Medals, Veronica Arata, Carla Berkowitz, Diane Kovarik, Carol La Fountain, Rebecca Ockers, Marilyn O'Hara, Kathy Plant, Jena Rappolt, Joe Barile, Michael D'Archangelis, Scott Huml, Maureen Clifton, Stephen Klein, Larry Seldin, Fred Vowinkle, Nancy Wolfe, and Vickie Volkle:

Playing Awards: Fife, First Place, Tracy Moore; Second Place, Caroline Howe; and Third Place, Marilyn O'Hara; Drum, First Place, Larry Seldin; Second Place, Maureen Clifton; and Third Place, Richard Gross; Color Guard, First Place, Robert Murtaugh.

Highest Amount of Merits Earned: First Place, Craig Ryerson; Second Place, Diane Kovarik; Third Place, Caroline Howe.

"Spirit of '76" Medallion Awarded to the person best exemplifying the aims of the corps: First Place, Marilyn O'Hara; First Runner Up, Tracy Moore; Second Runner Up, Robert Murtaugh.

Junior Corps Atttendance Certificates: Stephen Borut, Jeanette Cusimano, Ann Donovan, John Fagan, Fred Jaeger, Erin Kavanaugh, Mary Kelly, Ted Kelly, Louis Livingstone, Laurie Lynagh, Gerald O'Hara, Deborah Patchen, Sue Peterson, Darleen Riemels, Judy Rosenkranz, Karen Shannon, Marjorie Peter, Barbara Toner, Fred Zanewski, Diedre Capuano, Elaine Donovan, Michelle Clausen, Mary Donovan, Dawn Eames, Dawn Fitzsimmons, Stephanie Grabowski, Suzanne Harrison, Debbie Hilton, Karen Livingstone, Janet Maier, Barbara Nolan, Mary Patchen, Margie Reid, Jim Paterson, and Carolyn Rooney.

Special tribute was also given to director Thomas Safranek by both the corps and parents with a plaque being presented to him with the engraving "In Appreciation for All His Hard Work and Devotion Rendered."

THE SOMONAUK REVEILLE CELEBRATES ITS CENTENNIAL

HON. TIM L. HALL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. HILL. Mr. Speaker, in 1875 the Somonauk Reveille newspaper began to serve the citizens of Somonauk, Ill., located in the 15th Congressional district which I now have the honor of representing.

The Somonauk Reveille is now celebrating its centennial year and their 100 years of publishing represents the very best in American journalism. All too often, we think only in terms of the major dailies. However, millions and millions of newspapers readers rely on weekly editions for news and information of a local nature.

Mr. Speaker, newspapers are the fabric which often holds a community together. I want to commend the copublishers of the Somonauk Reveille, David Davidson and Kenneth A. Winston and its general manager, Don Bickel, for their outstanding public service.

As the citizens of Somonauk commemorate their paper's centennial, it is appropriate to reflect on the words of Thomas Jefferson:

> The basis of our government being the opinion of the people, the very first object should be to keep that right; and were it left for me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate to prefer the latter.

The Somonauk Reveille and its 100 years of community service would reassure Jefferson's faith in the fourth estate.

I want to add my congratulations to the Somonauk Reveille and wish them many more years of outstanding public service to the community.

THE "CORN BELT" PRESS

HON. DICK CLARK

OF IOWA

IN THE SENATE OF THE UNITED STATES

Friday, March 21, 1975

Mr. CLARK. Mr. President, while the journalistic center of attention in Washington, D.C., is customarily occupied by a relative handful of major news media with national audiences, it should not be forgotten that the Nation's local news media are no less important to the vitality and strength of our free press, and no less important to the individual communities they serve.

Prominent among these local media are the thousands of weekly and small-circulation daily newspapers. Theirs is an especially proud tradition, and the many men and women who publish and edit these papers today are as independent in mind and spirit as those who have preceeded them in their profession.

Many of these publishers and editors were in Washington recently for the National Newspaper Association's 14th annual government affairs conference.

The Washington Star's coverage of this event, written by Brian Kelly, is a fine testiment to the vitality of this segment of the fourth estate. I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

A Good Life at the Corn Belt Press

(By Brian Kelly)

Who are the newspaper editor-publishers of Smalltown America these days?

If the crowd attending the 14th annual government affairs conference of the National Newspaper Association here this week is any indication, they are Jim and Lois of the Corn Belt Press, Harv and Barbara of the Times Record, or Ev and Fay of the Feather River Bulletin. They are the Waterloo Republican, the Daily Union Democrat, the Star-Exponent, the Tribs, Journals, Blades, Advertizers and Gazettes. And the Public Spirit of Ayer, Mass.

As always, they are a backbone and an institution, like Norman Rockwell, the John Deere tractor or Main Street, where they normally hang out.

By their own admission, they are 90 percent Republican and largely conservative. They are busy as ever, working 60 to 70 hours a week. Their industry has gone through a technological revolution, giving them more time and ability to put out a better product, however. Business is good, they say; their life is good.

Here's Al Pinder, who once was a Chicago accountant. He married a smalltown girl whose father ran the local paper. They wanted Al at home with them—at the paper. He had reservations, but he went, and now, more than 20 years later, he's happy he did. Why? Listen:

"Because we get to do everything. We meet everyone. We have a front row seat. What I liked was to do (when he was writing *fulltime* some years ago) was different things and tell my people about them.

"Why, I've been to the North Pole; I was 'weightless' at Wright-Patterson Air Force Base in Ohio; I've been to Germany, Spain . . . I did all of it. It was fun."

By Pinder's account, too: "You've got to be a writer, a businessman and a politician all at once, and now you've got to know how to fix the computer, too."

What Pinder and others visiting town this week were saying was that the shift to offset printing and the perforated taping and computerization of the copy flow in recent years has improved and changed the smalltown newspaper business technologically. The papers look better, and there's more time to devote to editorial content and makeup.

One thing that hasn't changed is the local editor-publisher's love of the job. Here's Ken Robinson, publisher of weeklies whose "flagship" paper is the Bayard (Iowa) News:

"I just wanted to be one, and that's it. It always has been my ambition, and I've been there 35 years."

He writes all the editorials and, grinning as he notes that he also has been mayor of Bayard for 17 years, says he likes a good tough story. "I like this investigative type of journalism. When I get a story, I like to run it down (to the very end)."

How do the smalltown editors deal with city hall? James Cravens of the Central Kentucky News-Journal says on the one hand, "We stay in a fight with City Hall half the time." But on the other: "The mayor will come by the office and say, 'I need a bond issue for a two-story parking garage. Now, are you going to fight it or not?' "

Craven also says big business methods are taking over the smalltown papers. "You don't get so many family-type operations as in the past."

But many of those winding up the newspaper conference here today were husband-wife teams. Many have children who also work for the family enterprise. "A lot moved in to replace a father or grandfather," says Joseph Biddle of the Huntington, Pa., Daily News, who did just that himself.

The Meade County (Ky.) Messenger's J. M. Willis, who followed his father into the business 41 years ago, knows his editor and managing editor well. They are his daughter and wife.

He explains they divvy up the coverage of the city council, school board and local courts in their hometown of Brandenburg, Ky.

Last year they had their biggest story ever—a tornado.

"It struck suddenly. We didn't have any warning about it at all," recalls publisher Willis. "It was at 4:09 (p.m.). When I say 4:09, that was the time our clock on the wall stopped."

In a town of 1,700, the tornado killed 31, injured scores of others and flattened two-thirds of the local buildings. When the Willis family came out with their Messenger the next week (only 15 minutes late delivering to the printer), they sold out a press run of 8,500, almost double their normal run of 4,600.

They later put out a booklet on Brandenburg's disaster, and here's an excerpt:

"The tornado first struck at the radio station . . . which was giving warning, and the last words were, 'It's here, I'm leaving!' The facilities and building were destroyed . . .

"Coming on in town, the next place which was completely destroyed was Dowden's Dairy, and William's home and George's home. They plan to rebuild. Bill and Dot were in a trailer for sometime, but are now in his mother's repaired home. George and Mary Virginia are living at their farm home in the Milan community."

The smalltown editors here this week claim they wield an impact at home that may outweigh the influence of big city papers. "You can sort of see the impact of what you do", says editor-publisher Walter

Potter of the Culpeper (Va.) Star-Exponent. "In a big city, you can't always see it."

Robinson and Willis, meanwhile, said they are economicaly strong enough now to shrug it off when a big advertiser gets mad and threatens to pull his ads. It was different back in the Depression days when both began their work on Main Street.

"Back when we were starting", says the Iowa publisher, "you were a peon."

Even here at the seat of government, they are recognized for the institution they are back home. Receiving the smalltown journalists at the White House yesterday, President Gerald Ford told them, "I need your help". Ford said he and the American people—their readers—are waiting for Congress "to catch up with us" in shaping economic and energy policy.

Asking them to send their comment and editorials to Press Secretary Ron Nessen, Ford said national policy problems require discussion in smalltown publications as well as in the national media.

Last year it was former President Nixon who welcomed the visiting editors and publishers with apparent respect for their clout on the Main Streets of America.

"When they told me who was coming, I told them to bring out the good stuff," Nixon told them, Robinson recalls.

INFLATION MANDATED BY GOVERNMENT REGULATIONS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. CRANE. Mr. Speaker, one part of our current inflation which has received less discussion than it deserves is the negative impact of Government regulatory agencies upon the American economy.

This negative impact has made itself evident in a number of ways. One of these is the rules imposed upon the trucking industry by the Interstate Commerce Commission. Economists have said that ICC rules and regulations cost consumers from $5 to $10 billion a year in higher prices for everything they use. This adds up to a cost of approximately $200 a year for the average U.S. family.

Another example of inflation mandated by Government regulatory agencies may be seen in the case of the Civil Aeronautics Board. Studies indicate that fares mandated by Government decree are between 40 to 70 percent higher than they would be without CAB regulations. This means, for example, that without CAB regulation, the New York to Boston or New York to Washington fare would be $15 to $17 rather than the $25.93 and $27.78 that is charged.

It is high time that Members of Congress take a careful look at these regulatory agencies and determine whether their regulations serve the public, as they are meant to do, or harm the public, which seems increasingly to be the case.

A recent study by the American Enterprise Institute indicates that American business is spending more than 130 million man-hours each year merely filling out Federal Government forms.

Discussing the strangulation of the American economy which is being perpetrated by Government regulatory bodies, the Columbus Dispatch noted editorially that—

> The federal bureaucracy is constantly embarking on new and expanded programs, all of which are laced with regulations. Because these entail costs for compliance, they are passed on to the consumer—and inflation is fueled anew. The practice should be curtailed forthwith.

Hopefully, observing the data, the majority of Americans will come to the conclusion that free enterprise and the competitive system of the market is preferable to Government regulation. All of the evidence indicates that this is the case.

I wish to share with my colleagues the editorial "Mandated Inflation," which appeared in the Columbus Dispatch of February 26, 1975, and insert it into the RECORD at this time:

MANDATED INFLATION

Amid all the efforts to stem inflationary pressures which have eroded this nation's economy, there is a neglected aspect—the federal government is regularly mandating increases in consumer costs.

These mandated cost increases are more insidious than the already-recognized penchant of the federal government to indulge in deficit spending, a primary contributor to inflation, for they have not resulted from congressional legislation.

They are the costs which the consumer inherits from the businesses and professions with which he deals and which are dictated by federal regulatory agencies.

Although the costs of government agency regulation are not taxes per se, they inevitably show up in the price tags handed on to the consumer. They are indeed "hidden taxes."

This reality, whose significance has not been appreciated by either government leaders or the general public, is the topic of a recent study done for the American Enterprise Institute, a private organization in Washington, D.C.

The study reveals there have been about 30 new, major regulations imposing nonproductive costs on the U.S. business community in the last few years.

It is conceded there are benefits to be derived by regulatory agency directives. But the institute's study says that what is at issue is not the worth of the objectives but that imposition is not something the public receives for free.

The study does not advocate the end of all agency regulations. Instead, it raises the legitimate question of whether federal bureaus have stepped beyond actual needs.

For instance, the study found that under the guise of employee safety, there are regulations covering the precise color of exit lights in a work area and the height of partitions between toilet stalls. There is even a strict regulation covering the daily cleaning of cuspidors.

The institute says private business is spending each year more than 130 million man-hours merely filling out federal government forms.

Of the total, the institute says, 5,146 forms are required in the area of nonproductivity. These are exclusive of tax and banking reports.

The federal bureaucracy is constantly embarking on new and expanded programs, all of which are laced with regulations. Because these entail costs for compliance, they are passed on to the consumer—and inflation is fueled anew. The practice should be curtailed forthwith.

NURSES AND THE POLITICAL PROCESS

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. WIRTH. Mr. Speaker, nurses now comprise the largest group of health professionals in the United States. They work in every State and county in the country. Yet, despite their numbers, nurses have, until recently, shunned political action. But times are changing. Nurses are now coming to realize that they have a need—and even an obligation—to involve themselves more directly in the political process.

In a recent article in Nursing Forum, Rosemary Bowman outlines the political framework within which nurses are now beginning to operate with increasing effectiveness. Bowman says that "political action by nursing organizations is essential if nurses are to have a say in the future determination of health policies of this Nation."

I would like to take this opportunity to insert Rosemary Bowman's article in the CONGRESSIONAL RECORD:

THE NURSING ORGANIZATION AS A POLITICAL PRESSURE GROUP

(By Rosemary A. Bowman)

Nurses are involved, whether they know it or not, in the political process. However, it took a personal experience with a state legislature to make me aware of the extent of that involvement, even though I am a student of political science. From my experience has come an awareness of how professional nurse organizations may apply political group theory.

A political system includes all activities that shape public policy. The political system in the United States functions as a representative democracy relying heavily on inputs from the citizenry before policy decisions are made and their enforcement determined. Inputs into the political process are frequently a result of group activity, such as those made by nursing organizations.

Nursing groups seek to influence government actions for various reasons:

Nursing's desire for government assistance in the funding of nursing education through scholarships, research grants, construction grants, and so forth. (Nursing is an integral part of the health-care system in this country and is as deserving of federal and state support as other health professions.)

Nursing's desire for government regulation at the state level. (State regulations provide guidelines for nursing services and nursing education programs within the state, while, at the same time, providing protection for the practitioners of nursing.)

Nursing's need to be a part of the planning and coordination of health-care services at the community, state, and national levels. (Nurses and nursing organizations are concerned about the quality of care provided consumers in all facets of the health-care system, and desire to be at the center of public policy-making regarding that system.)

David B. Truman defines a political interest group as a collection of individuals who, "on the basis of one or more shared attitudes, makes certain claims upon other groups in the society for the establishment, maintenance, or enhancement of forms of behavior that are implied in the shared attitudes." (Zeigler, 1966, p. 30) An interest group becomes a political pressure group when it attempts to influence governmental decisions, either directly or indirectly, without placing its members in formal governmental capacities. Within this definition, the activities of nurses in the political arena qualify the nursing organization as a political interest and pressure group, although political action may be only a secondary function of the group.

Political theorists note that the increasing complexity of modern life has lessened private power and individual influence to such an extent that the result has been increasing specialization and interdependence among individuals and groups. As a consequence, government is now the target of increasing demands from groups of people who cannot as single individuals find solutions to their problems. Pressure on government may be applied by any individual or group in society, but it is characteristic of individuals or groups threatened by change or whose interests have been challenged. Their goals may be the protection or regulation of group members, or the restriction of the group's opponents, or the establishment of a more favorable environment for their cause. As one group's efforts to influence the decisions of government are successful, other groups are stimulated to do the same. (Holtzman, 1966, p. 8)

Several group characteristics tend to determine the degree to which a group will be successful in influencing the political process. Formal organization is a characteristic of particular importance as it concentrates resources that can be profitably used in the decision-making process. Also, alliances may be formed between organized groups to multiply the effects of those resources. The relative strength of formal organizations and alliances depends on several factors: wealth, size of membership, degree of cohesiveness, and importance to the social system, (Adrian and Press, 1965, p. 211).

Wealth can be converted into other resources, such as public relations personnel or professional lobbyists. The size of a membership translated into potential voting power may command a healthy respect among legislators. A high degree of intra-group cohesiveness makes possible the presentation of a *unified* front, adding to the group's strength in lobbying. The effectiveness of a pressure group may also vary with society's expressed needs, and with the popularity of the particular issue being considered. This is especially true of health-care issues which are more important to our society currently than they were 10 or 20 years ago. Other indicators of potential political strength are the social status of a group, the skill of its leadership, its specialized knowledge, lobbying skills, inside connections, intensity of interest, and willingness to expend scarce resources. (Adrian and Press, 1965, p. 212)

All of the above, to some extent, determine the degree of access to public decision-makers a group may expect. Access to key points in the political process is necessary if pressure groups are to make claims on government. Thus, developing and improving access is a primary goal of all political pressure groups. Sometimes this means eliminating competing interests from access points, or establishing new points of decisionmaking where access can be monopolized by a particular group. An example of the latter is the group-dominated regulating agency, such as state boards of nursing, pharmacy, and so forth.

The governmental system of the United States is characterized by a multiplicity of points of access, and the techniques used to influence public policy at these decision-making points are as varied as the pressure groups that employ them. One technique is the shaping of public opinion through propaganda. Pressure groups have employed every known medium of communication to sway the public, including press releases, radio broadcasts, periodicals, television programs, telephone marathons, leaflets, brochures, speeches, advertisements, and bumper stickers. Organized propaganda campaigns will usually be either in the form of defensive efforts to ward off some immediate threat or long-range programs to create a favorable image of the group without reference to any immediate objectives. The trend in recent years is for pressure groups to expend more and more of their resources for the creation of a favorable climate of public opinion within the society at large, that is to cultivate a broad base of influence which decision-makers will be obliged to respect. (Ziegler, 1966, p. 236)

The declaration of a nurse appreciation week with its special programs and emphasis on publicity is one example of propaganda techniques used by nurses. The assumption here is that the more the public knows about and becomes concerned about nursing issues, the more legislators and administrators will be cognizant of these issues. Placing the profession before the public in a positive light should help to create public support, which is valuable to the acquisition of group demands.

A second technique designed to influence is electioneering, through which pressure groups seek to influence not only the policies of political parties, but whom the parties nominate for office. Group choices may be urged on party platform committees and important members of political parties. Also threats of voter retaliation against incumbent officials whose records have been inimical to a group's interest are often resorted to. Some pressure groups use financial contributions and voter mobilization to seek the election of favored candidates. Other groups may choose to inform members and others about the records and pledges of candidates with or without explicit endorsement. (Truman, 1971, p. 340)

Although electioneering has been one of the least frequent activities of nurses in the political arena, it is becoming a strategy for some nursing organizations. California nurses in March of 1972 established the Association for Better Health for the purpose of carrying out a non-partisan program of political action and education including involvement in the election or re-election of public officials concerned with health issues.

The most widely practiced activity of political pressure groups is the lobby. Lobbying, defined as the intervention by pressure groups into the policy-making process of government officials, can be observed in all branches and at all levels of government. However, the legislative branch is the principal target of a lobby, where the most important function of the group's lobbyist is to provide both technical and political information to legislators. This may be done by direct contact with legislators or their aids, or in testimony before committees or public hearings. Lobbyists who present the most accurate or more reliable information are the ones who obtain the greatest access to legislators. Of course, other factors are involved in successful lobbying, but the information service is considered the most vital for it informs the legislator as to the attitudes of significant groups in the public, provides a source of research data and speech material, and is a source of political support for given programs. The lobbyist also communicates information from legislators to his group. An important part of the lobbyist's function is to keep his group informed of what is happening in the political arena. (Holtzman, 1966, p. 75)

Legislative lobbying is probably the most frequent political activity of nursing organizations. It is through the legislative lobby at the state level, for example, that nursing practice laws have been passed to give legal definition to the practice of nursing. Also, it is at the state level that boards of nursing are empowered to implement nurse practice laws and regulate the profession. State lobbying activities usually involve the preparation of legislation, solicitation of a legislator to introduce the proposed legislation, and mobilization of support within the legislature for its passage. At the federal level, the nurse lobby is involved in similar preparation and support of legislation, as well as lobbying activities for or against a broad realm of health-care legislation introduced by others, such as regulation of nursing homes, appropriations for health manpower needs, provisions for a national health insurance, and many others.

Political interest groups also lobby with the executive departments of governments, seeking to help shape administrative decision-making. Since complex government dictates that legislation be rather general in character, many details are left to administrative discretion and interpretation. Here, as with the legislators, political interest groups provide services, information, support, and cooperation to the administrators. Actually, a reciprocal relationship exists as the administrator has a particular need for consultation and cooperation of the interest groups representing the recipients of his services. Therefore, those groups he must regulate are those likely to have the best access to him. In short, the administrator may call on the lobbyist for information, advice, or assistance, possibly as often as the lobbyist calls on the administrator. The agency official, in fact, would be considered lacking in discretion if he did not consult with certain political pressure groups before making decisions affecting the group's interests. (Holtzman, 1966, p. 131)

At the state level, the nursing organizations generally have the most direct access to their own regulating agency, the state board of nursing. However, it is also desirable that they have access to other state and local agencies. State and local administrators make important decisions, particularly regarding applications for federal funds. The state nursing organizations should, therefore, be alert to maintain access to state and local health planning agencies, public health and welfare agencies, and local public hospital administrations.

At the federal level, it is essential that nursing organizations develop and maintain access to those govermental agencies that administer funds for nursing scholarships and loans, provide support to schools of nursing, determine national health care policy, and deal with other nursing concerns. Despite the fact that the legislative branch appropriates funds, the administrative agencies cannot be required by the legislature to spend those monies if agency officials are not convinced such expenditures are necessary. The nursing organization must, therefore, keep paths of access open so that administrators are made aware of nursing concerns regarding certain expenditures. However, this is only one of the reasons effective access should be maintained to the administrative level. The decisions made by government administrators in the implementation of programs may significantly modify original legislation and require vigilant monitoring by nursing lobbyists.

Although nursing organizations are currently active in the political process, especially with the legislative branch, it is imperative that individual nurses be prepared to become more active politically, particularly in activities that can influence public opinion and provide new inputs into administrative agencies. With the advent of large-scale revenue sharing, the nursing lobby at the state and local levels is taking on increasing significance. If the nursing programs that previously had federal funding are to survive the dispersal of those funds to state and local governments, nurses must develop and maintain new points of access to these levels of government. Revenue sharing presents a new threat to professional nurses' viability and a challenge to the political sophistication of nursing organizations.

With the exertion of more political pressure at all levels of government, it is a must that nurses become more of a vital force in the public policy-making process. Political action by nursing organizations is essential if nurses are to have a say in the future determination of health policies in this nation. As the visibility of nurses in the political arena increases, the strength of nursing also increases. One strong organizational voice that can speak for the whole profession will provide the most desirable representation within the political process.

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HOW TO STOP VIET FIGHTING

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. SYMMS. Mr. Speaker, the noted academician and columnist, S. I. Hayakawa, recently commented on the situation in South Vietnam. Dr. Hayakawa made the point that the Communists will never halt their assault on South Vietnam until it is made clear to them that they cannot win. He points out that the fighting in Southeast Asia will gradually diminish as neither side finds anything to gain by fighting. But this will not be the case unless South Vietnam is equal in military strength to Communist North Vietnam.

Mr. Speaker, this issue is of particular concern to me. I recently returned from a tour of South Vietnam and Cambodia, and I have come to the conclusion that piecemeal assistance by the Americans will not end this mess. Somehow South Vietnam must have the capability to really punish North Vietnam to the point that they stop fighting. Now why is it that Israel is given our first line military equipment—which I understand may include F–15 fighters in the near future—while South Vietnam gets inferior weaponry? Why is it that the U.S. Export-Import Bank is happy to make soft long-term loans to Soviet Russia but not to South Vietnam?

Dr. Hayakawa makes a number of points that I would commend to my colleagues in the Congress. His column is as *follows*:

[From the Caldwell News Tribune, Mar. 15, 1975]

HOW TO STOP VIET FIGHTING

(By S. I. Hayakawa)

How can the bloodshed in Vietnam be stopped? All too many have a simple answer. Stop sending arms and equipment to the South Vietnamese—and the fighting will stop. Continue sending arms and equipment and the fighting will go on forever.

It looks like such a simple, clear answer that many Americans, including congressmen and senators who ought to know better, have been persuaded by it. The truth appears to me just the opposite. Stop sending arms and equipment to Vietnam and the fighting will go on indefinitely. Send Vietnam some military supplies and financial assistance and there is a reasonable chance that the fighting can be brought to a close.

The North Vietnamese are getting generous supplies of arms and equipment from Russia and China. If the U.S. stops sending arms, it would appear that the South Vietnamese would be doomed to defeat.

But the important point is that, even if doomed, they will go on fighting. They will not simply acknowledge defeat and lay down their arms.

The reason is not far to seek. The South Vietnamese, on the basis of past experience with the communists, know that if they lose, they can expect mass assassinations at the hands of the North Vietnamese and the Viet Cong. It has always been communist policy, in taking over a village or district, to round up the leaders—the teachers, priests, government officials, merchants, village and hamlet chiefs—and execute them.

This matter of killing local leaders is not a once-in-a-while atrocity, but a studied policy. It was carried out so systematically by the communists that the South Vietnamese formed the National Training Center for Revolutionary Training Cadres at Vung Tau, the purpose of which is to supply a continuous stream of village and hamlet leaders to replace those whom the communists execute.

The South Vietnamese remember, too, such events as the mass executions during the Tet offensive of 1968. I myself have visited the mass graves of hundreds of executed leaders and wives and children around Hue in the Central Highlands. One group of several hundred men and young boys were summoned by the communists and marched away, never to be seen again. Long afterwards the mass grave in which they had all been buried was discovered.

So the South Vietnamese (and the Cambodians are in the same desperate situation) are fighting for their lives. If they are defeated there are going to be no dignified ceremonies in which the vanquished are granted an honorable surrender and a peace treaty. Instead, they are going to be hunted down and butchered. The communists have done it before. They will gladly do it again.

(This is not to say that the South Vietnamese would not do the same thing to the North Vietnamese if they had the chance. Maybe they would and maybe they wouldn't. But that's not the problem. The problem is to stop the fighting.)

So long as the North Vietnamese believe that there is a chance of military victory they simply will not stop fighting, will not stop infiltrating the South with troops and sophisticated Russian and Chinese weaponry. They have put in shape an oil pipeline to the South; they have paved most of the Ho Chi Minh trail. Their chances of military victory improve daily.

How, then, can hostilities be brought to an end? Hostilities will cease only when the communists find that South Vietnamese resistance is strong enough to make aggression costly and painful.

At present there is every reason for each side to fight. The communists feel that there is much to be gained by treaty violations and infiltration and aggression. The South Vietnamese are fighting for their lives.

When the North Vietnamese and the Viet Cong feel that there is nothing to be gained by continued fighting, they will stop. And that will permit the South Vietnamese to stop.

There is evidence today that North Vietnam places a high priority on the reconstruction of its war-torn country. There is a limit, therefore, to the amount of energy it would be willing to devote to further fighting.

When the strength of the two nations becomes more evenly matched, there will be a stalemate. It will be an uneasy stalemate, marked by sporadic fighting. But the fighting will gradually diminish, as neither side finds anything to gain by fighting.

So let me repeat: Stop sending arms and assistance to Vietnam and the fighting will go on indefinitely. Send military supplies and financial assistance to Vietnam and there is a reasonable chance that the fighting can be brought to a close.

RATIFICATION OF THE GENEVA PROTOCOL

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mrs. KEYS. Mr. Speaker, earlier this week, I introduced legislation to prohibit the expenditure of funds for the development and procurement of any lethal chemical weapons. This bill, H.R. 5018, is identical to legislation introduced in the Senate by Senator GARY HART.

On December 16, 1974, the Senate of the United States consented to ratification of the Geneva protocol of 1925, by a vote of 90 to 0. The protocol was actually signed by the President on January 22 of this year. I believe that U.S. acceptance of the Geneva protocol represents tremendous progress toward world peace and disarmament. In the area of biological warfare agents, the United States, by destroying its stockpile of biological weapons, took one step beyond the requirements of the Geneva protocol. However, in the area of chemical warfare agents, we took a step backward from the requirements of the protocol. By our "ratification with reservation," we still reserve the right to use chemical weapons if we are attacked first.

The basis for this reservation in our ratification seems to be the conviction of the Department of Defense that chemical weapons provide a deterrence to the initiation of the use of such weapons by other nations. In testimony before the House Armed Services Committee in October of 1973, Robert C. Hill, Assistant Secretary of Defense for International Security Affairs, stated that—

> The main objective of our national chemical warfare policy and programs is to deter the use of chemical weapons. In order to do so, we maintained a responsive, employable retaliatory capability.

I totally reject the concept that our defensive posture can be maintained or improved by stockpiling large quantities of offensive chemical weapons.

It seems logical that chemical weapons will be least effective against the nation best prepared defensively. The legislation which I have introduced does not prohibit the researching, developing, testing, and evaluation of defenses against lethal chemical agents. In fact, H.R. 5018 carefully provides for research and development that may be needed to provide protection against lethal chemical warfare agents, with safeguards through mandatory oversight by Congress of Department of Defense activities in this regard.

The principal effect of this bill will be to bring to a halt the Pentagon's new program to develop binary nerve gas weapons. The binary system is a new concept of designing the chemical weapon in such a way that the toxic agent is not produced until the munition has actually been fired. Instead of loading the artillery shells or bombs with the deadly agent, the binary weapons would contain two less dangerous substances that would combine, after firing, to create the lethal gas. According to the Army, this weapon system will eliminate the environmental and public health hazards associated with the storage and shipment of chemical weapons. In my view, this increased "safety" will only have the effect of increasing the danger of chemical warfare. If nerve gas is easier to use and more widely distributed around the world, it is more likely to be used. Another concern is the increased danger that these weapons might be stolen by terrorist groups.

While this bill does not require the destruction of stockpiled lethal chemical weapons, it does prohibit the Pentagon from replacing nerve gas weapons that have deteriorated. In my view, this is a very desirable effect. I believe that for an international ban on chemical weapons to be effective, it must eventually include all chemical weapons. I hope that my colleagues will agree and that we can continue to move toward the total elimination of these morally repulsive weapons.

SENATOR PASTORE'S ENERGY PROPOSALS

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ST GERMAIN. Mr. Speaker, It has been a continuing pleasure for me throughout my years in Congress to be able to praise the work of Rhode Island's senior Senator, John O. Pastore. As in the past, Senator Pastore has acted to protect the interests of our citizens by providing leadership to the Senate Ad Hoc Committee on Energy.

The proposed energy program issued by this committee reflects the efforts and expertise of Senator Pastore and members of the committee to develop a clearly defined energy package which would give the highest consideration to easing the problems of our constituents caught in the midst of the economic and energy dilemma.

In expressing my support for Senator Pastore's energy recommendations, I would also like to draw the attention of my colleagues to the following resolution passed in the General Assembly of the State of Rhode Island on the 5th day of March 1975, "Memorializing Congress To Adopt and Support the Proposals of Senator John O. Pastore and the U.S. Senate Ac Hoc Committee on Energy."

Memorializing Congress To Adopt and Support the Proposals of Senator John O. Pastore and the U.S. Senate Ad Hoc Committee on Energy.

Whereas, The cure for the deepening national recession will require certain sacrifice by Americans and especially by New Englanders, who are willing to do their share; and

Whereas, A major proportion of fuel oil for New England is imported so that any import quota would disproportionately affect the cost of fuel in this region; and

Whereas, The Senate Ad Hoc Committee on Energy, headed by Senator John O. Pastore, favors a smaller and gradual approach to any increase in gasoline taxes tied to an improvement in the economy; and

Whereas, The money collected by the additional taxes under the Senate Ad Hoc Committee on Energy's plan would be put into an energy trust fund for use in exploration and development of new energy sources; and

Whereas, The Ad Hoc Committee's plan would more equally proportion the added cost of fuel oil; now, therefore, be it

Resolved, That the Senate of the State of Rhode Island and Providence Plantations memorializes the Congress of the United States to adopt the proposals of the Senate Ad Hoc Committee on Energy; and be it further

Resolved, That the Senate of the State of Rhode Island and Providence Plantations commends Senator Pastore on his leadership in this area and urges his continuing efforts to bring support for a fairer and more equitable solution to the energy crises facing the United States and the States of New England; now, therefore, be it

Resolved, That the Secretary of State be and he hereby is authorized and directed to transmit duly certified copies of this resolution to the senators and representatives from Rhode Island in the hope that they will use every endeavor to influence favorable action by the congress in this matter.

THE FINANCIAL POSITION OF PRIVATE UTILITIES

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. HARRINGTON. Mr. Speaker, as the energy crisis continues, the debate over regulation of private utilities and the need for public utilities rages on.

It seems to me that not only at the State level, but also at the Federal level, this is an issue which cries out for innovative policies. An article appeared in the March issue of Fortune by Carol J. Loomis, "For the Utilities It's A Fight For Survival," which at least in the sense of its description of the desperate financial situation of private utilities deserves the attention of all of us committed to responsibly addressing the issue of the structure of the utility industry in our country.

Therefore, I would like to insert the first half of the article in the Record at this time in the hope that it will help further a productive debate.

The text follows:

For the Utilities, It's A Fight for Survival

(By Carol J. Loomis)

Few U.S. industries have managed to escape the cold winds blowing through the economy, and some of the more basic, such as autos and housing, have felt them to a bone-chilling degree. Still, the worst troubles of all, and the longest lasting, may be those that have fallen on that most basic industry of all, the electric utilities. They have been hammered by inflation and recession, by the Arabs, by the wrath of consumers protesting ever rising bills, and by having to invest too much to make too little.

Looking ahead, it is hard to avoid a sense of despair about the utilities' future. While some industries can look forward to relief when the recession ends, a return of rapid economic growth—without a damping of inflation—could actually make matters *worse* for the utilities.

THE YEAR THE RULER DIDN'T WORK

At the moment perhaps three-fourths or more of the country's privately owned electric utilities are laid up with financial strains, in many cases severe. There is even talk around the bedside of bankruptcies, with the discussion stretching far beyond that famous invalid, Consolidated Edison. Electricity rates have been inadequate, profits have been under great pressure, and the ability of the companies to secure the financing they need has been tremendously impaired.

Not very long ago, the consumption of electricity grew so predictably that an ordinary ruler was about the only tool needed to project demand. Not anymore. After fifteen years in which demand grew at an average annual rate of 7.4 percent, growth screeched to a halt last year. This startling event shook the industry in two ways. It penalized earnings last year by forcing many companies to produce below normal levels. Beyond that, it threw utility executives into deep confusion about the long-term demand for their product.

Reacting both to its financial problems and the doubts about growth, the industry has severely cut back and slowed down construction of new power plants (including those facilities shown on the facing page). These actions clearly create a risk of power shortages, perhaps three to five years from now, with all the attendant implications that would have for the nation's economy. And because the utilities have primarily cut back construction of nuclear and coal-fired plants, their decisions also dim the nation's hopes to free itself from reliance on imported oil.

To get the money to build new capacity, the utilities obviously need to charge higher rates. Doing that is a special problem for the 80 percent of the industry that is "private" (i.e., investor-owned), as opposed to "public" (a term mainly covering rural electric-power cooperatives and government-owned systems). If the private companies ask today for too much in rate increases—which, of course, they are constantly being accused of doing—they run the risk of government takeover. If they forgo, or are denied, these increases and then fail down the road to deliver the required power, they may face government takeover anyway.

Oddly enough, the prospect of takeovers might not be all bad news for the companies' stockholders. In today's conditions, a takeover of a utility's properties might be the best thing that could happen to its owners. Which suggests how deep the industry's problems go.

THE LOST LOVE FOR GROWTH

Today's conditions owe a lot of their fearsomeness to the complications of growth. The way things used to be, not only was growth taken for granted, but so were its pleasures. As the utilities invested increasing sums to build new plant and equipment, the size of their "rate base" expanded, the regulators allowed them to earn higher profits commensurate with that enlarged base, and growth in sales almost automatically provided growth in earnings, without the need for higher rates.

Now everything is different. Even if demand should surge forward once again, growth alone is no longer enough to provide adequate earnings. Inflation has made it necessary for the utilities to petition state regulators time and again for rate increases, after years in which electricity rates had actually declined. And the regulators, besieged by irate consumers, are of course reluctant to raise the rates.

In this kind of atmosphere, a return to growth could be the worst possible news for the industry. Today, no utility can operate with the absolute assurance that it will be allowed revenues sufficient to cover the costs of the new plants it builds to meet new demand. And so, growth in assets may actually lead to a decline in earnings.

In fact, some of yesterday's biggest glamour boys, rapidly growing companies like Virginia Electric & Power, Florida Power, Arizona Public Service, and Georgia Power (a unit of the Southern Co.), are today among the utilities feeling the severest financial strains. Georgia Power actually described itself recently as "on the brink of insolvency." Its financial vice president, Allen B. Wilson, has no love for growth right now. "The greatest blessing now," he says wistfully, "would be to be in a state where demand is static."

BLACKOUTS ON THEIR MIND

A good many utility executives would consider that statement too strong. Despite the potential liabilities of growth, much of the industry seems unready to accept a world in which it is missing. Utility executives, furthermore, come close to having a fixation about reliability of service, a state of mind reinforced by the great northeast blackout of 1965. They want, almost at any cost, *not* to be caught short of capacity. A situation in which their capacity is not growing, therefore, is almost beyond their imagination. But it's the situation that might be best for the industry's health.

A freeze on construction, however, is not necessarily what would be good for the nation's health, nor necessarily what demand for electricity is going to make feasible. Right now, to be sure, there is great uncertainty about future demand. Economists do not know how much of last year's falloff in consumption should be regarded as a one-time, nonduplicable response to appeals for energy conservation, and how much should be attributed to price elasticity (about which, for electricity, relatively little is known). Obviously the more that rising prices played a part, the more future growth is apt to be reduced. Without a fix on this question, forecasters are operating somewhat in the dark.

A $650 BILLION CONSTRUCTION BILL

Nevertheless, many serious studies of future demand regard greatly reduced rates of growth as quite unlikely. One report, released last month after more than two years of research, was prepared for the Federal Power Commission by its Technical Advisory Committee on Finance, chaired by Gordon R. Corey, vice chairman of Commonwealth Edison. Corey was concerned from the start that his report not be branded an "industry document." In addition to representatives of private and public power, the committee included members from business, education, government, and environmental interests.

At pains to explore all manner of scenarios for the future, the committee examined eight possible "cases" for growth in electricity demand from 1975 through 1989; these ranged from 1 percent to an "all-electric" case (involving large swings away from oil and gas) of roughly 9 percent. Both of the extremes were judged to be almost beyond possibility. Focusing on the other six cases, a majority of the committee identified the "most likely" case as "moderate" growth of about 6 percent.

That implies a doubling of plant facilities in twelve years, which for any industry would be expensive. And the utilities are not just any industry. They have always been highly capital-intensive and therefore catch the full effects of inflation and the blown-up interest rates that go with it. They have been a particular victim of the rampant inflation in construction wages.

Beyond that, the industry's capital costs have lately been pushed up in several special ways. The utilities are locked into heavy spending to protect the environment. And they have made a big move toward nuclear facilities, which involve very high capital costs (though very low operating costs). For all these reasons, the industry is today by far the most capital-intensive around, having behind every $1 of revenues no less than $4 of investment in plant. In contrast, the steel industry, itself considered highly capital-intensive, gets that $1 of revenues with only about $1 of investment.

Brooding over all this, Corey's committee concludes that 6 percent growth over the next fifteen years will require the industry, public and private systems combined, somehow to muster $650 billion for construction! That's more than four times its existing investment and compares with about $145 billion spent in the last fifteen years, when, of course, growth was over 7 percent.

Furthermore, those estimates for the period ahead were made under the assumption that inflation in construction costs would amount to only 6.5 percent through 1980 and thereafter to only 5 percent. Even the committee admits those assumptions (which were largely prescribed for it by the FPC) may be "unrealistically low."

THE DEATH OF A CANARY

In any case, the industry, according to this forecast at least, is going to need $650 billion, give or take a hundred billion or so. And it is in poor shape to raise that much, as can be seen in the talk of bankruptcies, and perhaps even more clearly in the price of utility stocks. It is a fact of singular importance that most utilities were recently selling below book value—on the average, it would appear, at about 20 percent below book. One institutional investor, more imaginative than most, says he knows exactly what to think about such prices. "They're an early warning," he claims, "showing, like the death of a canary in a coal mine, that if action is not taken promptly, death or disaster is not far behind."

Could that be a bit melodramatic? Certainly the stock of many other companies is today below book, and while that fact may be encouraging dark thoughts on the part of investors, it is hardly prompting visions of dying canaries. But utilities are just not like other companies. When a nonutility is confronted by depressed stock prices, it can normally refrain from selling stock; it can get by on retained earnings, or perhaps borrow, or just choose not to expand. If the latter course means giving up share of market—well, so it does.

But the utilities, in the commonly accepted view of things, have no such options. Being a monopoly, a utility is obliged to supply the *whole* market, whatever its size. A failure to serve is a legal violation of a utility's franchise. So most utilities simply take it for granted they must expand—which, as noted earlier, is what their managements feel most comfortable doing anyway.

A LIMIT TO BORROWING

Having once made the decision to grow, and to grow appreciably, a utility is literally forced into the market to sell securities. There is no way that the funds required for capital expenditures can be entirely generated internally: the amounts required are too large. In the last five years, internally generated funds have provided only about 36 percent of the industry's construction needs. Corey's committee, anticipating improved rates and therefore improved earnings, thinks that percentage could climb a bit. Even so, assuming a need for $650 billion in funds, almost $400 billion of it would have to come from external financing. About $80 billion of that would have to be raised by the publicly owned utilities, mainly through the sale of tax-exempt bonds. The stockholder-owned utilities would have to raise the remaining $320 billion.

The typical utility, of course, is highly leveraged, displaying a capitalization of perhaps 55 percent debt, 12 percent preferred stock, and 33 percent common. And so a large proportion of that $320 billion can be expected to come from new issues of bonds and preferred. At the moment, however, some utilities are deterred from raising money that way because of their low operating earnings and high interest costs. "Coverage" clauses in their existing bond indentures and/or corporate charters prohibit them from selling additional amounts of these senior securities because their earnings don't reach a specified multiple of fixed charges. So these utilities are being forced to rely to an unusual extent on common-stock financing.

Furthermore, almost all utilities are forced by the requirements of the market to sell significant amounts of common stock. Both the investment services that rate senior securities and the investors who rely on the ratings cling to a basic belief that these securities must be insulated from risk by sizable amounts of common. Even the Securities and Exchange Commission, which normally does not consider capitalization ratios to be its business, has opinions about the utilities. In its role as administrator of the Holding Company Act of 1935, the SEC pretty much requires the companies it regulates to keep their common stock up to at least 30 percent of their total capitalization.

So, for one reason or another, the private utilities must sell sizable amounts of common stock to finance their construction programs. The total, according to the Corey committee, might run to $80 billion over the next fifteen years. It is not stretching a point to say that on the ability of these utilities to raise that $80 billion rests their ability to supply their customers with adequate power.

OLD STOCKHOLDERS FEEL THE PAIN

Which brings us back to those capital killing stock prices. For more than a year now, most sales of new utility stock issues have been at prices well below book value. The problem with such sales, given normal circumstances, is that they dilute the equity of the existing shareholders and reduce earnings per share. The further the stock price is below book, the greater the pain of dilution. At 50 percent of book, a level around which several companies—Southern Co., Northeast Utilities, Virginia Electric & Power—have recently sold stock, the pain is downright excruciating.

Companies that must constantly sell new stock cannot easily do it with a record of falling earnings and a reduced potential for dividend payments. But the implications of *continuing* stock offerings below book go far beyond that. The first such offering hurts only the company's old stockholders. But the investor who buys stock in the first sale becomes the victim of the second, and the third, and so on. Eventually, it is to be expected that investors will catch on to what is happening. If they are acting rationally, they will simply refuse to buy the company's stock at all. It is of that the canary warns.

GERMANY STILL WANTS OUR TROOPS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. GAYDOS. Mr. Speaker, West Germany's Ambassador here, Berndt Von Staden, is reported to have advised us the other day that his government wants U.S. troops committed to Europe to remain at the 300,000 level and added that this deployment no longer is a question of economics.

His advice was duly reported by Milton Jacques, Washington correspondent of the Pittsburgh Post-Gazette. The Ambassador may have said more than he intended, a lapse which apparently occurs at times even with the most able of diplomats.

If our troops in Europe no longer constitute a question of economics, then we can assume that they indeed, on the word of Ambassador Von Staden, once did. And this, in fact, is what many of us in Congress have charged right along—that the keeping of U.S. forces in Europe was, and still is, a costly adventure whose purpose, in large part, was economic. The billions we have spent in maintaining them there have had much to do with the building up and making prosperous the European economies, including, of course, that of West Germany.

Are these American troops now needed solely as a military matter inasmuch as Ambassador Von Staden explained that they no longer have significance as an economic question? He says they are, but to accept his view demands that we begin looking again upon the Soviet Union as a military threat as great as at any other time since the end of World War II. How can we manage to do this while our leaders continue to speak hopefully of détente?

I find it hard to accept the Ambassador's claim that the economics in the U.S. troop deployment is a thing of the past not only in Europe, but in bases elsewhere around the globe. He says the economics question was removed as far as Germany is concerned when his government began making payments to us against the cost of U.S. troop maintenance in his country. But I am certain he would agree that these payments in no way cover their entire cost and that millions of U.S. dollars continue to be syphoned daily from the U.S. economy and into that of Germany to the detriment of the former and the benefit of the latter. And this paradoxical arrangement takes place while the value of the German mark remains strong and our economy continues to weaken.

How much longer must this troop deployment phase of the great American giveaway persist? I ask this question for the most obvious of reasons. With so many serious economic problems at home—with many pressing needs of our Nation unfulfilled due to lack of money—with rising numbers of our citizens moving into financial jeapardy—we no longer can afford the role of being both military protector and the rich uncle for the Europeans who have seldom seemed grateful for the service.

PORTUGAL AND DÉTENTE

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BOLLING. Mr. Speaker, the editorial which follows, "Portugal and Détente," appeared in the New York Times of Wednesday, March 19, 1975. It is a timely and perceptive comment on a rapidly moving series of events which merits the careful attention of every person concerned with world stability:

PORTUGAL AND DÉTENTE

The rapidity with which the Soviet Union has moved in to seek refueling facilities on the Atlantic island of Madeira for its merchant ships indicates that Western concern over Portugal's lurch to the left is well-founded.

The mystery is why the Portuguese Communists and their military allies, who have just tightened their grip on the reins of power in Lisbon, have chosen publicly to expose their unpopular Soviet connection in the very week when campaigning opens for elections to a constituent assembly.

Confirmation of the informal Soviet request by the Information Ministry in Lisbon indicates that the Communists are no longer worried, as they were only recently, about making a poor showing in the elections. It suggests that they now feel confident of their ability to manipulate the election machinery or to intimidate opposing political parties now that they have exploited a purported rightist coup in order to seize the real levers of power in the country.

The Communist-backed military radicals of the "Revolutionary Council" seem to hold virtually dictatorial powers, as shown by their nationalization of banks and insurance companies almost overnight without appearing to consult any other authority, military or civilian. The banning of two extreme left groups and the center-right Christian Democratic party from the forthcoming election has been accompanied by warnings from the Communists to their restive coalition partners, the Socialists, and the centrist Popular Democrats. The latter already have encountered left-wing street violence and now are getting Communist hints that they may be implicated in the alleged rightist coup.

In these circumstances, Moscow evidently sees no further reason to delay its military exploitation of the situation. Port facilities in Madeira on the western approaches to the Strait of Gibraltar and the Mediterranean could facilitatae the operations of intelligence-gathering vessels as well as fishing and cargo ships. If submarine tenders can be moved in and, ultimately, a submarine base built, the efficiency of Soviet strategic nuclear-missile submarines could be substantially increased.

This new projection of Soviet naval power, giving it for the first time in history a "window on the Atlantic," comes at a time of American and NATO contraction. Greece has followed France in withdrawing from NATO's military structure; Turkey is threatening to do the same and Portugal may follow; the American base in the Azores in any event is unlikely to survive the leftward swing in Portugal. In Asia, American expulsion from Thailand looms as a likely consequence of the fall of Cambodia; and a phase-down of American aid to South Vietnam is probable.

But the detente atmosphere, which has contributed to the retraction of American and NATO military power, appears to be having the opposite effect on the Soviet Union. In the Indian Ocean, in the Mediterranean, in the Red Sea and the South Atlantic, there are growing signs of an outward thrust of Soviet military power.

If elections in Portugal now are circumvented and the threatened Communist takeover materializes, thus swinging a NATO ally directly into the Soviet orbit, the future of detente undoubtedly will be headed for an agonizing reappraisal.

KAISER STEEL MAJOR FACTOR IN LOCAL ECONOMY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. BROWN of California. Mr. Speaker, a recent study has indicated that Kaiser Steel Corp., which operates a large facility in my 36th District of California, has a larger impact on the economy of southern California than previously suspected. Some of our colleagues, particularly those who represent nearby affected districts, may be interested in the magnitude of this one company's economic significance in our area. For their information, I am submitting for inclusion in today's RECORD a brief summary of what this study revealed, prepared by Kaiser Steel on February 26, when the study was first released.

Should any Members wish further information or more detailed figures than those given in this brief report I urge them to contact my office.

The Kaiser Steel report follows:

KAISER STEEL MAJOR FACTOR IN LOCAL ECONOMY

The 8,750 employees at Kaiser Steel's Fontana plants had an annual payroll of over $115 million in 1973, the Company spent $227 million for materials and supplies, and, in total, added nearly $300 million in direct expenditures to the Southern California economy.

These facts are a few of the highlights of a comprehensive study of Kaiser Steel's economic impact on Southern California, introduced today by Dr. Gerhard N. Rostvold of Urbanomics Research Associates, Claremont, California. At a San Bernardino meeting of government officials and business leaders, Dr. Rostvold unveiled the 77-page major research project entitled, "The Economic Impact of Kaiser Steel Corporation-Fontana on the Southern California Economy."

Dr. Rostvold's current impact report is the second commissioned to the Claremont firm, the first issued in March 1973.

"Frankly," said Dr. Rostvold, "we were surprised at the magnitude of this one company's economic significance to the Southern California economy in our first report, and we were equally surprised in finding how much Kaiser Steel's impact increased in just two years.

"The studies," he said, "are the most thorough and comprehensive analyses of a company's economic impact on its local community that my organization has ever produced, and probably the most detailed in our experience."

The report analyses a large volume of data, mostly from the Company's 1973 operations. It deals with the employees, their residence pattern, their importance to the economy of their communities and the many ways in which the operations of the steel plant and nearby fabricating plants contribute directly to the local economy.

After a detailed analysis of the impacts and expenditures that come directly from the Fontana-based operations, the report discusses the indirect or "induced" economic impacts. Dr. Rostvold defines these as the jobs, payrolls, spending and investment which are created in the area as a result of the Company's economic contribution. He stated that "The Fontana plants support more than 17,800 non-basic jobs, such as service, retail, finance and government jobs, in local communities and support approximately $156 million of non-basic payrolls each year."

Totaling the primary and induced impacts, the report concludes that Kaiser Steel, Fontana, facilities have a total impact of at least 26,000 jobs, and annual payrolls totaling $272 million.

In summary, Dr. Rostvold said, "The Kaiser Steel production facilities in Fontana can be described as the basic foundation of a $600 million a year industry."

THE 57TH ANNIVERSARY OF BIELARUSIAN INDEPENDENCE

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. ANNUNZIO. Mr. Speaker, March 25 is the 57th anniversary of the Declaration of Independence of Bielarus. With the collapse of Czarist Russia in March of 1917, the nation of Bielarus, long a victim of Russian imperialism, had the opportunity to restore its national sovereignty. Late in 1917, the first All-Bielarusian Congress, which consisted of 1,872 democratically elected delegates representing all ethnographic Bielarusian lands, chose independence for the Bielarusian state, but was dispersed by Soviet Russian troops. On March 25, 1918, a Council of Congress proclaimed the independence of the Bielarusian Democratic Republic.

The heroic declaration of independence by representatives of the people of Bielarus was soon followed by brutal fighting and eventual occupation by the Red Army, and since that time, the Bielarusian people have had to bear the cruel yoke of Communist tyranny.

In 1929, the forced collectivization of agriculture was accompanied by the arrest and deportation of 1.5 million Bielarusian peasants. The terror tactics, mass arrests, shootings, and deportations continued into the 1930's. In 1930–31 many intellectuals were arrested, in 1933–34 all the Bielarusian members of the Polish Parliament were arrested, and in 1936–37 over 90 poets, writers, composers, dramatists, artists, and professors were arrested and many were shot. Even becoming a member of the Communist Party was not enough to spare Bielarusians from Stalin's barbarism. In 1938, many high Bielarusian Communist Party officials were arrested and many thousands of Bielarusian Government officials were liquidated. They were replaced by non-Bielarusians.

During the 57 years of unspeakably brutal occupation, the Moscow leaders have annihilated over 6 million of the population.

All policies of the Russian Government today are directed toward exploitation of the natural resources and the population of Bielarus and toward the destruction of the Bielarusian people by transforming Bielarusian cities and towns into permanent Russian settlements while "encouraging" the native Bielarusian population to take up "voluntary" residence in other ethnic territories of the Soviet Union.

The percentage of newspapers and other publications in the Russian language is estimated at 80 percent for the 983,000 Russians living in Bielarus, but the native Bielarusian population, which numbers 7,290,000 according to the Soviet census of 1970, is allowed only 15 percent of all the publications in their language.

The Bielarusian people have been subjected to intensive Russianization by their Russian masters, who are the ruling segment of the population in Bielarus, and who represent the Bielarusian people before foreigners, giving the impression that Bielarusians are the same as Russians.

As a result of the presence of the Russians in Bielarus, the Bielarusian people are deprived of the use of their language in the government, in scientific, and cultural institutions, and in the schools with the exception of some rural areas where the Bielarusian language is still allowed.

The Bielarusian Coordinating Committee of Chicago, Ill., is dedicated to the restoration of human liberty in Bielarus and the outstanding members of this committee will celebrate Bielarusian Independence Day with an observance dinner on March 23 at the Aqua Bella Banquet Room at 3630 North Harlem Avenue in Chicago.

I am privileged to join those Americans of Bielarusian descent in the 11th Congressional District, which I proudly represent, in the city of Chicago, and all over the Nation as they speak out in common concern for the plight of the people of Bielarus and rededicate themselves to hasten the day when human dignity and justice may again thrive in Bielarus.

SUPPORT FOR CIA

HON. DELBERT L. LATTA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mr. LATTA. Mr. Speaker, the news media has had a field day over the CIA's unsuccessful efforts to raise the sunken Russian submarine and if a person did not really know anything about the proper functions of this important and most essential agency of our Government, he would probably have been forced to draw the conclusion by now that it was acting improperly. Nothing could be further from the truth! As a matter of fact, had it done nothing it would have been guilty of gross nonfeasance in the performance of its duties. I am not alone in support of this position and an editorial appearing in the Washington Star of March 21, 1975, so indicates. I recommend that Members read it and in order to make it easy for them, I submit it below:

[From The Washington Star, Mar. 21, 1975]

THE CIA WAS DOING ITS JOB

There are two major points to make in the case of the sunken Russian submarine that the Central Intelligence Agency tried to recover: First, the CIA was doing its job; second, the chances of keeping anything secret in the interests of national security are getting more remote every day.

It has become fashionable to kick the CIA around; and investigations into it and other intelligence-gathering agencies have sprouted thicker than spring crocuses. We have no quarrel with attempts to determine whether the CIA has over-stepped its bounds on domestic spying, nor with reining it in if it has—so long as the matter is handled in such a way as not to destroy the agency and its vitally needed functions in the process.

This is not a marshmallow world. Anyone who thinks the United States can lower its guard and dismantle its intelligence-gathering apparatus is living in dreamland. Soviet leaders and the KGB no doubt are rubbing their hands in glee over the public fix the CIA has gotten into.

The sunken sub case has given the CIA's critics some more ammunition. Boys playing as cops and robbers, it was a waste of money; whatever information that might have been gleaned from the Russian submarine would have been of minimal value, they say. All of a sudden everyone has become an intelligence expert.

We regard "Project Jennifer," as the submarine operation was known in official circles, as a tremendous feat. It was an extraordinary accomplishment for U.S. intelligence forces to pinpoint the location of the sub that even its owners couldn't find, and then to devise and have built a vessel with the capability of raising the sunken hulk out of 17,000 feet of water—and pull it off apparently without the Russians knowing what was going on. That the submarine broke up and the important section sank back to the bottom certainly was a disappointment but it doesn't detract from the value of the project.

The significant thing that ought to be remembered is that the CIA was doing exactly what it was supposed to be doing: gathering foreign intelligence. It wasn't shadowing U.S. dissidents around Washington or New York; it was out on the high seas performing a function that was legitimate and potentially of high intelligence value.

Fear has been expressed in some quarters that it will harm the move toward detente with the Soviet Union and queer efforts to reach agreement on strategic arms limitations. That is absurd. Who believes for a minute that the Soviet Union would not do the same thing if it had the opportunity? If detente is so shaky as to be thrown off course by this, it was never going anywhere in the first place.

This brings us to our second point. If there are diplomatic repercussions, they can be put down to the publicity about the operation, not to the operation itself. The Soviets understand espionage and the need to keep it from public view. If they complain in this case, it will be because they feel that public exposure of the sub-raising operation somehow has made them appear inept or has challenged their national manhood.

If secrecy on this kind of operation is not in the national interest, what is? CIA officials are reported to have made strenuous efforts to keep the operation from being printed or broadcast by the U.S. news media, but to no avail.

What has been gained by spreading this over the airwaves and across the front pages of the nation's newspapers? Sure, it was interesting reading. Sure, someone gets to claim he was first to blab it to the public. Well, first is not always best— and especially it is not best when the national interest is involved.

1975 FOREIGN ASSISTANCE APPROPRIATIONS BILL

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mr. MAZZOLI. Mr. Speaker, on March 13 the House approved—by vote of 212 to 201—the foreign assistance and related programs appropriations bill for 1975, H.R. 4592.

I voted against the bill with a great measure of reluctance. As with every vote, I attempted to balance the disadvantages and advantages of enacting the bill into law, and in this case my balance sheet showed a serious deficit.

As I indicated in remarks I delivered on March 11 of this year, there is a lack of rationality in our military assistance programs. Too often military aid—in cash, loans, or sales—is counterproductive to the purposes of such aid.

About $2 billion in military-related appropriations are provided by H.R. 4592, largely in the same indiscriminate fashion by which we have assigned such funds in the past.

The dissent of my colleague, Mr. OBEY, to the report on the bill by the Committee on Appropriations, properly states the case against the measure.

Substantial amounts of assistance appropriated in H.R. 4592 are earmarked for Israel. Yet I do not believe that a vote against H.R. 4592 is an "anti-Israel" vote. Nor is it a vote against food assistance to hungry nations, even when $234 million of these appropriations are marked for food aid.

My reservations about this bill were grave enough to overcome my desire to support some of its particular provisions.

First, there is no system of priorities for food assistance which insures that the greatest amount of aid goes to the most needy nations. The United States is committed to helping meet the humanitarian challenge created by hunger in the world, and I heartily endorse this commitment.

But this laudable goal rings hollow if we distribute assistance on the basis of political considerations—or on the basis of any consideration other than need.

Second, there is often no clear relationship between our military assistance and our national political and economic interests. Moreover, it is questionable whether military aid contributes to peace in the world. In most instances, I am inclined to believe such aid detracts from the prospects for world peace.

Does the infusion of large amounts of arms into a region really enhance the region's stability? Does massive military aid encourage the use of arms as an alternative to peaceful resolution of the differences among neighbor nations? And, does military support unbalance the internal political structure of the recipient nations by making the military an unduly influential force in domestic politics, or by propping up an undemocratic government?

I do not believe that we can continue to provide military assistance unless we can be certain that the reality of aid matches our intentions.

Frankly, however, our own intentions are often suspect. How often is the sole reason for assistance that the United States wishes to exchange cash for the cooperation of the recipient nation in a policy of American design? If this is the justification for military or economic assistance, or the reality of international diplomacy, we must comprehensively reexamine our motives and methods in foreign policy.

If the Congress wishes to inject its will into foreign policy decisionmaking—and I believe the Congress should play a vital role in these decisions—the Congress should demand that the administration assume the burden of proving that each sale, grant, or loan of economic and military assistance advances with our national interests, and serves the cause of humanity.

We must insist that no assistance be given unless each request for aid is integrated into a rational foreign policy reflecting the best interests of our people.

This can be accomplished only by a case-by-case review of military sales and foreign assistance and by careful oversight of these programs and of foreign policy as a whole.

Rather than enacting another hodgepodge of questionable grants and loans for 1976, perhaps we should suspend all foreign assistance until we can systematize the foreign aid program and justify each grant or loan.

The Congress will soon enough have another chance to put order and rationality into foreign aid. This appropriations bill provides only for the current fiscal year, which will end in a few months. Heretofore, foreign aid for fiscal year 1975 operated under continuing appropriations. We are already preparing to consider 1976 appropriations.

Unless we provide the needed reform, the clamor for termination of the program will grow louder until, finally, it is irrestible. Then Congress will end all assistance, that which is in the national interest along with that which is not.

We can avoid this undesirable result by selective reductions in foreign assistance. I commend this difficult but essential job to my colleagues in the Congress.

MULTINATIONAL CORPORATIONS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. HARRINGTON. Mr. Speaker, the issue of multinational corporations has been a topic of great concern in Washington on and off for the past 10 years. Some see it as a destructive force, destabilizing world politics and depriving American workers of jobs here at home. Others see it as a benevolent influence, further integrating the work community and stabilizing the already interdependent international economy.

The debate continues unabated and final answers are no closer at hand. An article appeared in the March 20 issue of the New York Review of Books, "None of Your Business," by Robert L. Heilbroner, which should represent another significant page in the debate surrounding multinational corporations. Having a healthy appreciation for the works of Mr. Heilbroner in the past, I would like to insert the article in the RECORD at this time for the attention of my colleagues with the hope that it will help further a useful and productive debate on the issue.

The text follows:

NONE OF YOUR BUSINESS

(By Robert L. Heilbroner)

Global Reach: The Power of the Multinational Corporations by Richard J. Barnet and Ronald E. Müller. Simon and Schuster, 508 pp., $11.95.

The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970, by Myra Wilkins. Harvard University Press, 590 pp., $22.00.

America After Nixon: The Age of the Multinationals, by Robert Scheer. McGraw-Hill, 326 pp., $7.95; $3.95 (paper).

Capital, Inflation, and the Multinationals, by Charles Levinson. Macmillan, 306 pp., $7.95.

The term "multinational corporation" has become familiar only recently. Writing in these pages just five years ago, I felt obliged to explain that the multinationals were not merely giant corporations that did a worldwide export business, but giants whose manufacturing or servicing facilities were located around the globe, so that Pepsi-Cola, to take an example, could be bought in Mexico or the Phillippines (or another 100-odd countries) not because the drink was turned out in America and then shipped abroad, but because it was produced and bottled in the country where it was consumed.

In recent years, largely as a consequence of the oil crisis, the word "multinational" has become standard newspaper usage, so that we now understand that Exxon or ITT are not just "American" companies, but maintain a network of refineries, factories, warehouses, service establishments, laboratories, training centers, and retail establishments spread across the continents. What we do not perhaps yet understand sufficiently is that the multinationalization of business is not just an American but an international phenomenon, so that when we fill up the tank at a Shell station or buy Valium at a pharmacy we are purchasing commodities produced in the United States by companies of non-American nationality.

Nevertheless, it is one thing to talk knowingly about the multinationals, and another to grasp the significance of their operations. Are they, as Richard Barnet and Ronald Müller write in *Global Reach*, "the most powerful human organization[s] yet devised for colonizing the future"? Do they challenge the nation-state as a main force for shaping the destinies of billions of men and women? Will their penetration into the underdeveloped world condemn these areas to perpetual backwardness—or can they serve as the conduits of technology and capital without which the underdeveloped nations will be condemned to eternal poverty?

It is not easy to answer these questions, for the impact of the multinationals remains in many ways obscure and perplexing. Or perhaps I should say that I find their impact difficult to appraise. Many other observers do not. Someone who wants a "clearer" picture of the multinationals would do well to consult the Guide for the Perplexed, appended to this essay, where I have briefly summarized a few recent books on the question. There the reader is sure to find at least one book that will tell him what he wishes to know.

Why are the multinationals so difficult to discuss? The first reason is that we know so appallingly little about them. How large are they? How big are their sales? How vast their profits? We really do not know.

Take, for example, the basic question of the value of the direct foreign investment—the plant and equipment, not the portfolios—owned by American enterprises. Our knowledge of the extent of this direct investment largely rests on a Commerce Department survey conducted in 1966. This survey collected data on 3,400 parent companies and 23,000 foreign affiliates. But efforts to enlarge and update that survey, now sadly out of date, have been systematically impeded. A government questionnaire sent to 500 companies in 1970 elicited only 298 responses. A more recent effort to discover some of the missing facts was severely truncated by the opposition of a committee of government representatives to questions that would invade the "privacy" of corporate life.

Hence some of the most important information required to assess the place of the multinationals in the world economy remains fragmentary or incomplete. We do not accurately know their capital outlays, their research and development expenditures, their foreign-based employment, the trade relationships between parent corporations and affiliates, or their full stockholdings in local companies. Let me add that if American data are inadequate, the statistical information obtained by other nations on their multinational enterprises is far worse. Many of the multinationals maintain two sets of books, one for the tax collector, another for themselves, and most European countries do not even have the staffs to compile the inaccurate statistics available from the "official" (i.e., tax-collector) books.

So we begin in a shadowy land of dubious facts. According to these facts (based largely on projections from the 1966 survey) the book value of American foreign direct investment was $78 billion in 1970 and is likely well over $100 billion today. In round numbers this compares with total assets (*including* foreign assets) of a little over $500 billion for the top 1,000 industrial corporations in America in 1973: we have no idea what the corresponding figures would be for, let us say, Sweden or the Netherlands or Switzerland.[1]

We have still less reliable data when we try to estimate the sales of US manufacturing affiliates abroad. The estimates we use are based mainly on guesses about how much output each dollar of investment is likely to generate. Working on this basis, the Commerce Department places the value of overseas production—*not*, remember, exports from the United States, but "American" goods produced abroad—at $90 billion in 1970. Assuming that sales abroad have been growing in accordance with past trends, this would put the value of American foreign production today at perhaps $125 billion. Again by way of comparison, total sales (domestic plus foreign) of the top 1,000 manufacturing companies are something over $600 billion, as of 1973.

This seems clear enough. At a first glance we can locate a second "American" economy, scattered around the globe (although mainly concentrated in the European industrial market and the Near East oil market), which is about a quarter as big as the "home" economy.

First glances are, however, notoriously unreliable. For example, the value of American assets abroad includes $22 billion of assets in the petroleum industry, as of 1970. The marketable value of that portion of those assets represented by oil reserves is now much larger than in 1970—or is it much *smaller*, because the oil now "belongs" to the nations under whose sands it lies in a much more decisive fashion than in 1970? Another example: what about the banks that play so critical a role in supporting the growth of overseas enterprise? Any appraisal of the extent of multinationalism should take into account the fact that foreign deposits in the nine biggest US banks have risen from less than 30 percent of their total deposits in the late 1960s to over 66 percent today, and that the total number of foreign locations for the twenty largest US banks rose from 211 to 627 over the same period. But this information also escapes the standard measurement of the extent of multinational wealth.

So we begin with uncertainty about the true size of the multinational sphere. But we do know, with a fair degree of certainty, that the sphere is expanding very rapidly. Industrial sales abroad, to judge by the fragmentary data we possess, have been growing twice as fast as sales at home. So has the flow of capital into new investments abroad—in 1957 American companies invested about ten cents abroad for every dollar of investment at home; today (at least until the recent depression) they are investing twenty-five cents. Total profits earned on operations abroad have risen from 25 percent of total profits at home in 1966 to 40 percent in 1970.

Furthermore, European and Japanese multinational firms are also accelerating their rate of growth. On the basis of past trends, these non-American multinationals are probably expanding even faster than US firms. According to the estimates of Karl P. Savant of the University of Pennsylvania, about a quarter of world marketable output was attributable to the multinationals in 1968 and this share will rise to a third by the end of the 1970s and to over 50 percent by the last decade of this century.

Are we then in a new era of capitalism? These scattered figures—most of them, I emphasize again, based on partial or even erroneous data—seem to indicate that some great sea change is underway. But here is where the picture becomes even more obscure and confusing. Consider, to begin with, the following thumbnail description of the multinational economic whose salient features we have been examining:

1. The concentration of production and capital has developed to such a high degree that it has created monopolies that play a decisive role in international economic life.
2. Bank capital has merged with industrial capital to create a financial "oligarchy."
3. The export of capital, as distinguished from the export of commodities, has become of crucial importance.
4. International cartels, or oligopolistic combines, have effectively divided up the world.

This description, which might well have been taken from some of the books listed above, surely covers many of the salient features of the multinational phenomenon. The trouble is that it was written (with a few emendations by myself) by Lenin in 1917. This surely suggests that the phenomenon is not as new as we tend to think—or rather, that whatever is "new" about it cannot be discovered in the mere presence of great sums of capital invested by the enterprises of one country in the territory of another country.

Add to that the following disconcerting fact. According to the calculations of Myra Wilkins, in *The Maturing of Multinational Enterprise*, the value of total US foreign investment in 1970 amounted to about 8 percent of United States GNP. In 1929, long before the great multinational "acceleration" took place, it was 7 percent. In 1914 it was also 7 percent. Although the geographic location of investment has changed—out of the agricultural markets of the world—and although the type of investment has altered accordingly—away from plantations into factories-the global magnitudes remain surprisingly constant.

Of course one is tempted to say that the shift into "high technology" industry has hugely increased the economic leverage of this foreign investment. Has it? One could also argue that in an era of impending constraints of growth and technology, and increasing importance of food and raw materials, this very shift has also reduced their potential for economic power.

Can one, in the midst of so much confusion, make some sense of the multinational presence? With much trepidation, I shall try.

We must begin by recognizing that the fundamental process behind the growth, the urge for expansion that is the daemon of capitalism itself. Why is growth so central, so insatiable? In part the answer must be sought in the "animal spirits," as Keynes called them of capitalist entrepreneurs whose self-esteem and self-valuation are deeply intertwined with the sheer size of the wealth they own or control.

But growth is also a defensive reaction. Companies seek to grow in order to preserve their place in the sun, to prevent competitors from crowding them out. Hence the struggle for market shares has always been a central aspect of the capitalist system, lending color to the robber baron age, taking on a more restrained but no less intense form in the age of the modern "socially responsible" firm.

A number of economists, primary among them Alfred Chandler,[2] have described the dynamics of the typical stages of business expansion, from the small owner-operated factory to the managerially directed multiproduct, multiplant "big business." Only recently, however, have we begun to describe the sequence of events that drives a firm to make the decisive leap across national boundaries, with all the headaches and problems that such a venture entails—foreign governments to deal with, foreign languages to speak, foreign currencies to worry about. As Myra Wilkins points out, any number of stimuli may finally tempt an expanding company to make the leap. It may have begun to penetrate a foreign market with exports, and then may decide to locate a production facility abroad in order to avoid a tariff that impedes its exports. It may locate a manufacturing branch abroad to forestall—or to match—a similar step by one of its rivals. It may seek the advantages of manufacturing abroad because wages are cheaper—Hong Kong is the great example of this—although Dr. Wilkins believes that lower wages have *not* been a major stimulus for most overseas expansion.[3]

This phenomenon of expansion, with its aggressive and defensive roots, emphasizes an extremely important aspect of what we call "multinationalization," which is that all the multinational companies are in fact *national* companies that have extended their operations abroad. They are not, as their spokesmen sometimes claim, companies that have lost their nationality. Two giant companies—Shell and Unilever—have in fact mixed nationalities on their boards of directors, and IBM never wearies of boasting that Jacques Maisonrouge, president of the IBM World Trade Corporation, is French. But I can see little evidence that IBM is not an "American" company, notwithstanding; and no evidence that any other of the giant multinationals cannot be unambiguously identified as having a distinct nationality.

Footnotes at end of article.

This puts into considerable doubt a thesis that runs through much of the literature on the multinationals. When Richard Barnet and Ronald Müller write in *Global Reach* about the multinationals as the great colonizers of the future, they swallow whole the declarations of a few companies that they have risen above the parochial views of mere nationalism. Yet even Barnet and Müller speak of the advent of true multinationals, responsible to no one but themselves, as a possibility rather than an actuality. So, too, although Myra Wilkins sketches out a sequence of multinational organizations evolving from a "monocentric" to a "polycentric" form, in which the planets disengage themselves from the parent sun and wander about the economic universe on their own, she is hard-pressed to cite a case of the latter. (She suggests that ITT could properly have been called such a "true" multinational as early as the 1920s or 1930s, but recent events in Chile make one wonder how much ITT today is "above" the considerations of national identity.)

Thus I think we must view the world of very large, expansive national enterprises, extending their operations abroad, as a change in degree, not kind, from the world of very large expansive enterprises still contained within national borders. I realize that this suggestion challenges the central thesis of the books I have read, above all the one by Barnet and Müller. Nevertheless, I think skepticism is in order when we ask whether the multinationals signal a radically new development in world capitalism.

Here it is useful to review the basic characteristics of monopoly capitalism. An economy dominated by the kinds of expansive organizations I have described sooner or later encounters extreme difficulties of economic coordination. We do not know if a world of atomistic enterprises would run as smoothly as the theory of pure competition suggests, and we never shall know. We do know that an economy dominated by giant firms encounters serious problems in dovetailing its private operations so as to provide substantially full employment, maintain a stable level of prices, and produce the full array of goods and services needed by the population. In every capitalist nation this has led to what is euphemistically called a "mixed" economy—an economy in which the world of business is restrained, guided, subsidized, protected, buttressed by a growing array of public instruments and agencies. Governments, for all their ideological skirmishes with business, have always been the silent partners of business; indeed, as Adam Smith was explicit in declaring, private property would not exist a minute without government.

In what way does the multinational change this basic picture? I must confess that I do not think it changes it at all. I am aware, of course, of the much discussed erosion of "sovereignty" caused by the ability of the multinationals to locate their plants in this country or that one, or to transfer their profits from one nation to another by means of arbitrary pricing. But is this significantly different from the failure of nation-states to exercise control over companies *within* their national boundaries? What effectiveness does the United States have, for example, in directing the location of the investment of General Motors inside the United States, or for that matter in affecting the design of its products, its employment policies, etc? What difference does it make to our national sovereignty if Valium or chocolate bars are made by a Swiss rather than a US firm?

Of course, there are some differences, mainly having to do with the flows of funds across our national borders. But in the absence of the flows generated by the multinationals—the export of capital out of the US, the import of profits back—there would be the flows of funds generated by normal exports and imports, equally capable of working international monetary mischief, equally difficult to control.

The situation is somewhat different with regard to the underdeveloped countries. Foreign corporations play a powerful and sometimes pernicious role in determining the pace and pattern of the economic advance of these nations. They often support technologies and social structures that are inimical to the rounded development of the backward areas—for example in shoring up corrupt and privileged classes and in encouraging some countries to concentrate agricultural production on exports rather than on badly needed food for local consumption. The technology they introduce is as often as not deforming rather than transforming for these countries, as Barnet and Müller show in vivid detail; the profits they earn are often extremely high.

But is this a *new* condition of affairs? Myra Wilkins reviews for us the company towns and plantation enclaves of an earlier era, in every way as deforming (and as profitable) as the operations of the multinationals today. It was, after all, under the drive of foreign capital that such countries as Brazil and Honduras and Rhodesia first became adjuncts of the modern industrial system, each producing a single commodity for the world market. If there is any remarkable change to be noted, it seems to be the long overdue assertion of political independence on the part of these one-time economic colonies, and their attempts to impose much stricter form of supervision over the foreign bodies embedded so firmly and dangerously in their midst. Indeed, where is the process of the subordination of private international economic power to local political control more evident than in the places where the multinationals are most visible—the oil-producing regions of the world?

In suggesting that the role of the multinationals may be exaggerated, I do not wave away the charge that these companies exercise vast influence, both overtly and covertly. I only maintain that this is an old rather than a new state of affairs.

What remains, then, of the multinational phenomenon? Certainly some new and very important problems have been introduced. The problem of the trade unions, facing companies that can offset the growth of labor strength in one nation by transferring production to another nation, is one.[4] The ability to juggle profits by arbitrary pricing is another. The prospect of a dangerous coalition of world-wide national corporate power with world-wide national political power is a third: witness the case of Chile,[5] and the covert operations we hear about in other Latin American countries.

Yet with regard to the proposition that the multinationals represent a wholly new phase of capitalism I have become increasingly doubtful. Throughout the capitalist world the trend toward bigness and unwieldiness is evident, and the difficulties of managing national economies are front page news. This is driving all industrialized nations, whatever their ideologies, toward a system of centralized planning; socialism, a cynic might say, has become the next stage of capitalism. But I cannot view the international scope of economic power as constituting a special feature of this "socialism."

Suppose that every multinational corporation, whatever its national base, suddenly had its foreign affiliates lopped off and awarded as prizes to the management of domestic enterprise—that, for example, GM lost its plants in Germany to Volkswagen, or that Olivetti-owned factories in the US were transferred to Pitney-Bowes. In some of the underdeveloped countries such a shift would be regarded as a windfall—and it would indeed be one for those nations where the benefits of ownership could be widely distributed and not simply taken over by small groups which are already too rich and powerful. (Where are such countries?) But would the problems of capitalism as a social order radically change? Would the management of unemployment, inflation, pollution, energy, workers' alienation, corruption, or any other of the evils of our time be greatly lessened or worsened? That capitalism will have to make far-reaching adjustments to keep the lid on things I do not for a moment doubt; but that capitalism has entered a new stage, in which corporations will fundamentally change the intrinsic problems of the system by extending the international reach of their operations, is an assertion that I do not believe has yet been convincingly demonstrated.

FOOTNOTES

[1] There is some scattered data in Levinson's book, p. 94f., including the extraordinary fact that Holland, with a population of only 13 million, has three companies (Shell, Unilever, Philips) that are among the largest in the world.

[2] *Strategy and Structure* (MIT, 1962).

[3] In my own view, one important explanation of the recent surge of multinationalization is the development of technologies of travel and information that make it possible for executives to visit distant plants, or to communicate with overseas subordinates, with as little trouble as with underlings one US coast or another.

[4] A problem much debated is whether the multinationals export jobs. This is a difficult question to answer, since foreign multinationals coming into the United States create jobs. In any event, is the problem altogether different from the loss of jobs that results from automation, or from the movement of a textile firm from New England to the South?

[5] One aspect of the multinationals that has received too little attention is the growth of networks of corporate intelligence that may be put to political use. See Richard Eels, "Do the Multinational Corporations Stand Guilty as Charged?," *Business and Society Review*, Autumn, 1974, p. 86, and Charles Levinson, *A Concrete Trade Union Response to the Multinational Company*, ICF Secretriat: 58, rue Moillebeau, Geneva, 1974, p. 70.

ROBERT G. HEYER, 1975 NATIONAL TEACHER OF THE YEAR

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mr. FRASER. Mr. Speaker, I am extremely pleased that the 1975 National Teacher of the Year is Mr. Robert G. Heyer, a resident of Minneapolis. The award, culminating a process in which a teacher of the year was selected in every State, is sponsored by the National Council of Chief State School Officers, the Encyclopedia Britannica, and the Ladies' Home Journal.

Mr. Heyer is currently a ninth grade physical science teacher at Johanna Junior High School in Mounds View. He has taught in the Mounds View school system for the last 20 years, at Johanna for the last 14. His other school responsibilities include: adviser to the student council, assistant coach of the football and wrestling teams, and head coach of the track team.

When one examines Mr. Heyer's teaching career, it becomes readily apparent that a dedication to the development of the individual student lies at the heart of his teaching philosophy. Mr. Heyer emphasized this commitment in his statement to the selection committee:

> A teacher's highest priority is that of his responsibility toward his students. Teaching must be more than a presentation of subject matter. I want my classroom to be filled with warmth, humor, and enthusiasm about science, but I also want it filled with concern for individual worth, individual rights, and individual responsibility. I think it extremely important that my students leave my class with a positive attitude toward science, toward life, and toward themselves.

Viewed from this perspective, the selection of Mr. Heyer can be seen as an acknowledgement of the dedication of thousands of elementary and secondary school teachers to the essential philosophical underpinnings of our educational system. The announcement of Mr. Heyer's selection which appeared in the March 19 issue of the Minneapolis Tribune follows:

[From the Minneapolis (Minn.) Tribune, Mar. 19, 1975]

SUBURB TEACHER NAMED TOPS IN UNITED STATES

(By Linda Picone)

Bob Heyer, ninth-grade science teacher at Johanna Junior High School in Mounds View, was named the "1975 Teacher of the Year" by President Gerald Ford Monday because he is dedicated, responsible, creative, honest, sensitive . . . a host of other good things.

Those good things are important to his fellow teachers and students too, but what they like most about Heyer is his crummy sense of humor.

"How do you tell a girl chromosome from a boy chromosome?" he asks his science students. "Pull down its genes,"' he says. They groan and they love it.

"Heyer Education" is the sign that marks Room 205, the room where Heyer tells a new joke every day, squirts water at students who sit on top of their desks and, above all, helps his students learn about science and about themselves.

"He cares about you more as a person than as a student," said Lisa Feyereisen, 14. He makes you care more about yourself. I guess you'd say he makes you feel self-confident."

"The No. 1 thing is that he likes kids," said Leroy Nyhus, a counselor at Johanna who has worked in the same schools as Heyer for the last 19 years. "The good kids, the bad kids, he likes them all."

Most teachers commiserate over the problem students, but Heyer never complains about his kids, said Ruth Kinney, a social-studies teacher. "You never hear him run down a kid or go negative on anything," she said.

Heyer is the teacher who helps kids with their homework when they have problems. He is the student council advisor who transformed "school beige" walls into bright blue, pink, yellow, orange, and purple. He is the coach who made sure that even the worst player on the team got a chance to play.

"He just has some type of magic about him that solves any problem," said Robert Janizich, assistant principal.

Heyer, 44, has been teaching in the Mounds View School District for nearly 20 years and has been at Johanna since it opened in 1961. Although he has had opportunities to move into administrative positions, he has chosen to stay in the classroom.

He is head track coach, assistant wrestling coach and assistant football coach. He volunteered to add another coaching job to his workload and the school now has a girls' track team as well.

He also is the Johanna representative to the Minnesota Education Association and is active in his church.

"Teaching offers a life of tremendous excitement," said Heyer. "I think it is extremely important that my students leave my class with a positive attitude toward science, toward life and toward themselves."

Heyer was presented with a personal gift of a crystal apple from Mr. Ford at ceremonies yesterday in Washington. In return he gave Mr. Ford a wire sculpture of apple trees, made by one of his students, Jane Woolfrey.

Heyer, who lives in northeast Minneapolis with his wife and two sons, is the second Minnesota teacher to be named national Teacher of the Year since the award was begun 25 years ago. Roger H. Tenney, a music teacher at Owatonna High School, was selected in 1967.

TAX EXPENDITURES OF COOPERATIVE CORPORATIONS

HON. ROBERT N. GIAIMO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mr. GIAIMO. Mr. Speaker, the National Tax Equality Association recently sent me copies of its letter to the Office of Management and Budget concerning certain provisions of the Congressional Budget and Impoundment Control Act of 1974. For the benefit of my colleagues, I would like to include this information in the Record at this time:

NATIONAL TAX EQUALITY ASSOCIATION,
February 24, 1975.

Mr. JAMES LYNN,
Director, Office of Management and Budget, Executive Office of the President, Washington, D.C.

DEAR MR. LYNN: Public Law 93–344, Sec. 3, of the Congressional Budget Act of 1974, states that "the term 'tax expenditures' means those revenue losses attributable to provisions of the federal tax law which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability; and the term 'tax expenditures budget' means an enumeration of such tax expenditures" and requires this information to be furnished the Budget Committee annually.

In our study of Special Analysis F "tax expenditures budget" contained in the Special Analyses of the Budget for 1976, we find no reference to revenue losses attributable to cooperative corporations amounting to hundreds of millions of dollars yearly. This omission is contradictory to the letter and the spirit of the law quoted above and grows out of the exemption extended to cooperatives over the years by administrative rulings.

Originally the tax exemption was limited to cooperatives acting as agents. The law was continually extended to give effect to the liberal interpretations of the Treasury. In 1926, the statutory exemption was further broadened to incorporate certain provisions adopted by the Treasury as fundamental in allowing exemptions to cooperatives. Justification for the changes was set out in the Senate Finance Committee's report in the following words. ". . . the Treasury Department in its regulations has construed the existing law with great liberality, enlarging the term 'member' . . . exempting such an association not acting as agent . . . allowing such associations to have outstanding stock . . . permitting such associations to build up reserves . . . allowing such associations to manufacture their products . . . and in some cases to operate subsidiaries. . . ."

In 1961 President Kennedy, in his message to Congress on taxation, recommended "that the law be clarified so that *all earnings* (emphasis supplied), are taxable either to the cooperative or their patron. . . ." As a result of his recommendation, Subchapter T of the Internal Revenue Code was adopted in 1962. Please note that the President referred to the earnings of cooperatives and also note that Section 1388(a) of Subchapter T of the Internal Revenue Code defines patronage dividends in part as an amount paid to a patron "which is determined by reference to the *net earnings* (emphasis supplied) of the organization from business done with or for its patrons."

The 1962 Act permitted cooperative corporations to escape the payment of federal income tax if their patron owners consented to take into their taxable income the amount of *corporation earnings* distributed or allocated as patronage dividends, provided that 20% of such amounts are paid in cash. If the cooperative corporation fails to obtain such consent or fails to pay 20% of the patronage dividend in cash it is fully taxable. We fail to understand how the payment of a part of the patronage dividend in cash can alter its character from a profit distribution to a price adjustment. The Treasury rationale on this, of necessity, is illogical and untenable.

Despite this anomaly, the Treasury more recently defended its treatment of cooperative income and its recommendations to Congress for the exemption of such income from taxation by resorting to the price adjustment theory.

Enclosed is a copy of a letter from Assistant Secretary of the Treasury Joel Segall, dated September 27, 1971, which states "patronage dividends have never been considered by the Treasury Department as representing the distribution of profits but as a price readjustment." This Treasury position is inexplicable in that it has used various rationales over the years to defend its usurpation of legislative functions such as the agency theory, i.e., the doing business at cost theory, the refund of profits theory, the discount and rebate theories, the constructive payment of cash and subsequent investment in cooperative capital theory and many others. Only recently has the price adjustment theory been relied on to justify calling coop noncash allocations or distributions actual payments to cooperative patrons.

It is difficult to accept Mr. Segal's simple explanation that cooperative distributions constitute price adjustment in view of the findings of the Staffs of the Treasury and the Joint Committee on Internal Revenue Taxation in 1951 (see the enclosed "The Power of Congress to Tax Cooperative Net Margins) that the deduction of patronage dividends from net income is preferential treatment since such distributions are made from earnings.

The Treasury cannot be unaware of the fact that cooperative corporations now have become big business and are doing a volume in excess of $35 billion a year. Enclosed is a report from Forbes Magazine (October 15, 1974), which lists some leading farm cooperatives which alone transacted 16 billion, 497 million dollars in fiscal 1974. Parenthetically, six cooperative corporations are included among Fortune's 500 largest industrial corporations.

We submit that the Congressional Budget Act of 1974 has been breached by the omission of cooperative "tax expenditures", and we respectfully request this violation be quickly corrected; and we further respectfully request that you make inquiry of the Treasury and advise us why this subsidy is not included.

Respectfully submitted.

H. VERNON SCOTT.

MARINE CORPS LEAGUE'S VETERANS' LEGISLATIVE PROGRAM FOR 1975

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. SYMINGTON. Mr. Speaker, as a former U.S. marine, I am pleased to insert into the RECORD the Marine Corps League's veterans' legislative program for 1975. The following statement by the League's National Commandant Richard J. O'Brien was submitted earlier to the House Committee on Veterans' Affairs:

STATEMENT OF RICHARD J. O'BRIEN, NATIONAL COMMANDANT, MARINE CORPS LEAGUE

Mr. Chairman and other distinguished members of the Committee on Veterans' Affairs:

The Marine Corps League, representing 20,000 present and former U.S. Marines and their Auxiliary, expresses gratitude to the Committee for its kind indulgence. This statement marks a new milestone in the League's efforts to reinstate its legislative program on behalf of its membership. Although the League has been remiss in presenting itself as an entity before this Committee, it has nevertheless offered its voice to many congressional proposals benefiting the well-being of our Nation's veterans.

The League has "regrouped, reequipped, and retargeted" its goals. It intends to add a new meaning to a most important item in its Congressional Charter—"to aid voluntarily and to render assistance to all Marines and former Marines as well as their widows and orphans." (Public Law No. 243, 75th Congress.)

In this new light, the League believes that it should not only provide moral and financial assistance, Veterans' Service Officers, Veterans Administration Voluntary Services, et al., but to actively pursue congressional legislation that will aid our Marine veterans, their wives and dependents, and the widows and orphans of our deceased Marine veterans.

As the Marine Corps League nears its 52nd year of service to our active duty, reserve, and veteran Marines, I feel honored and privileged to be the first National Commandant to present the League's legislative program before a congressional panel. The goals were recommended by our National Legislative Officer, Retired Marine Sergeant Major C. A. "Mack" McKinney, to the National Legislative Committee chaired by Past National Commandant Edward J. Bange of New York. The Committee in turn presented the goals to the League's Mid-Year Staff Meeting and they were adopted by the National Staff on February 21, 1975.

The National Staff is composed of the following members in addition to myself:

Patrick J. Cody (PA), Sr. Vice Commandant.

*Gilbert E. Gray (NY), Jr. Past National Commandant.

Ralph R. Hutton (CA), National Trustee.

Raymond Wilkowski (IL), National Trustee.

*Edward J. Bange (NY), National Trustee.

Santa Byrne (MO), National Trustee.

Russell Gross (PA), Vice Commandant, NE Div.

Charles D. Horn (MD), Vice Commandant, ME Div.

James L. Alwyne (FL), Vice Commandant, SE Div.

Howard Skinner (IN), Vice Commandant, CEN Div.

James H. Frost (IA), Vice Commandant, MW Div.

Sig Kudlicki, Jr. (TX), Vice Commandant, SO Div.

Mary Ellen Hanley (WA), Vice Commandant, NW Div.

Joseph J. Ryan (AZ), Vice Commandant, SW Div.

MARINE CORPS LEAGUE'S 1975

The Marine Corps League is a congressionally chartered veterans organization dedicated to serving the best interests of the Nation, the United States Marine Corps, and all United States Marines who are on active duty or in the reserve component or who have served honorably in the United States Marine Corps.

Under its corporate charter, the Marine Corps League is charged "to aid voluntarily and to render assistance to all Marines and former Marines as well as their widows and orphans." Its path is therefore clear. It shall continue to provide Veterans' Service Officers, Veterans Administration Voluntary Service workers, other volunteer and financial assistance programs, and in addition, actively work with the Federal Administration and Legislative agencies to maintain and further the well-being of Marines and Marine veterans, living or deceased, and their dependents or survivors.

The following list of priority goals were adopted by the Marine Corps League's National Staff at its National Mid-Year Staff Meeting, February 21, 1975, at the Howard Johnson Motel, Crystal City, Virginia.

Change "Veterans' Day" Back to November 11: A significant majority of States have failed to recognize or ratify the federal government's decree that the fourth Mon. of October shall be designated "Veterans' Day." All major veterans organizations and the Marine Corps League are opposed to the federal proviso; therefore, it is time for Congress to realize that the majority of the Nation's citizens wish to retain the sacred memory of November 11 by naming that date as one to honor all veterans, living and dead.

Increase compensation rates: Recession and inflation continue to erode the present rate structure of compensation payments to service-connected disabled veterans and their dependents, and to widows and survivors of deceased service-connected disabled veterans and deceased servicemen. Therefore, the Marine Corps League advocates congressional adoption of cost-of-living increases for compensation rates based on the monthly rise in the Consumer Price Index.

Medical care: The highest quality of medical care and treatment should be available to the Nation's veterans. This care and treatment should remain independent of any governmental agency other than the Veterans Administration. Therefore, the Marine Corps League supports adequate federal appropriations to modernize existing medical facilities, construct new ones where needed, to improve the staff-patient ratio, and to provide adequate medical professionals (physicians, specialists, nurses, etc.) to man the VA hospitals on a 24-hour-a-day basis. In addition, sufficient appropriations are needed to assist State-operated veterans' medical facilities, and to provide adequate care and treatment for veterans confined to private nursing homes that are endorsed by the Veterans Administration.

Employment for Vietnam-era veterans: The high unemployment level forced upon the Nation's Vietnam-era veterans is a national disgrace. Called upon to render assistance to the Nation at a most inopportune time, many of the veterans, unskilled and failing to possess adequate educational advantages, are unable to find suitable employment. Even the federal government has deserted these veterans by turning off the spotlight that once concentrated on their plight. Unemployed veterans have been "lumped" together with all unemployed citizens of the Nation. Therefore, the Marine Corps League advocates the necessity for an independent and special "Veterans' Employment Agency" that will be supported by independent appropriations and charged with obtaining jobs for all veterans.

Cemeteries: The Nation's deceased veterans are entitled to interment in a place of dignity and in a peaceful environment. Many of our national cemeteries are crowded and many, if not closed to future interments, will soon close because of lack of space. The Marine Corps League supports an enlarged system that will eventually create a cemetery in every State of the Union, and an expansion program that will provide sufficient burial spaces in the future for our Nation's veterans.

Veterans benefits: In the past few years increases in social security annuities have caused many recipients of veterans' pensions to lose all or part of their pensions. Congress has generously increased the limits of outside income by $400 thereby enlarging the eligibility for receipt of veterans' pensions. Additionally, some rumors have been prevalent that veterans' compensation and pensions may be considered as income for tax purposes. The Marine Corps League supports legislation that will preclude the amount of future social security, railroad retirement, and other annuity increases, as a basis for computing eligibility for veterans' pensions, and opposes any legislation that will include veterans' compensation and pensions as a part of income in federal income tax regulations.

World War I veterans: World War I veterans have in many cases failed to realize the full appreciation from the Nation that they fought for many years ago. Most entitlements offered to World War II, Korean, and Vietnam-era veterans were not available to them. Because of their continued dedication and loyalty to the Nation throughout these many years; because of their ages and limited incomes in most cases; and because of their unselfish service to our Country, the Marine Corps League supports congressional proposals that will provide our World War I veterans with a pension.

Service-connected deaths: It is conceivable that the retired members of our Armed Services who die within 10 years of their retirement date or transfer to the fleet reserve have died of service-connected or service-related causes. Therefore, the Marine Corps League supports legislation that would require the VA to recognize any natural death within 10 years of retirement to be service-connected for the purpose of establishing eligibility for veterans' death benefits and/or dependents compensation.

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*Past National Commandants

UNCONSCIONABLE FOR THE UNITED STATES TO CUT OFF AMMUNITION FOR SOUTH VIETNAM

HON. ROBERT C. McEWEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mr. McEWEN. Mr. Speaker, the New York Times, in an editorial published yesterday, March 21, 1975, called attention to North Vietnam's resumption of large-scale warfare, its increased combat forces, tanks, and artillery, and "the sharply reduced level of American aid funds." The editorial suggests that—

> In these new circumstances, it would be unconscionable for the United States . . . to cut off the ammunition supply for the weapons with which Washington has armed the South Vietnamese.

Mr. Speaker, I am in total and complete agreement with these views. The only act more unconscionable than such a "cutoff" by the United States, would be to have such a "cutoff" occur without all of the peoples elected Representatives in the Congress having the opportunity to full debate and decide the question. We cannot permit a "cutoff" to occur by the decision of a few—in committee or caucus—to prevent the whole Congress from discharging its responsibility.

The editorial follows:

Vietnam's Crisis

North Vietnam's wide-ranging military advances—the first resumption of large-scale warfare since 1972—and Saigon's dramatic withdrawals have created a new situation in Indochina. It cannot fail to affect the politics of South Vietnam and the American debate over aid to Saigon.

The war clearly is on in earnest, not just the small-scale local attacks in disputed areas that both sides began within the first days after the January, 1973, ceasefire. Hanoi sees within its grasp the opportunity to reunify Vietnam by force; Saigon has retrenched the better to defend the most populous areas under its control.

The new war finds the military balance significantly altered. The Paris accords permit one-for-one replacement, but no increase of military equipment in South Vietnam. They prohibit not only increases but even replacement there of North Vietnamese troops, which are supposed to be slated for ultimate withdrawal. Instead, North Vietnam's combat forces in the South during 1973 alone were increased by more than one-third by infiltration to an all-time high of 190,000, plus 50,000 Vietcong.

Tanks (Soviet built) have been quadrupled in number as have heavy artillery pieces. Supplies have been enormously increased to levels sufficient for 18 to 20 months of combat at the intensity of the 1972 Easter offensive. Added supplies can be moved from North Vietnam, to the Saigon area in three weeks, instead of three months, with the aid of an oil pipeline and two dual-lane, hard-surfaced highways built through Laos and Cambodia to replace the Ho Chi Minh trail.

Meanwhile, the sharply reduced level of American aid funds has prevented replacement of Saigon's equipment losses. Substantial numbers of planes, helicopters, tanks and other combat vehicles are out of service for lack of spare parts and civilian maintenance crews.

In the past three years, American military aid funds have been steadily reduced by Congress. Rationing of fuel has cut the operating hours of aircraft and ground combat vehicles to one-half their capability; ammunition use has been cut back 30 per cent. Lack of mobility and reduced air and artillery support have led to loss of outposts, an increasingly defensive posture and higher casualties.

The supply drawdown and the uncertainties of future aid evidently were key factors in President Thieu's decision to abandon vast sparsely inhabited areas in the Central Highlands and the northernmost provinces of South Vietnam. The withdrawal of Saigon forces to shorter lines and the defense primarily of agricultural, coastal and urban areas containing 80 to 90 percent of the country's population and arable land may be a sound strategic move but its psychological impact cannot yet be assessed.

In these new circumstances, it would be unconscionable for the United States, in effect, to cut off the ammunition supply for the weapons with which Washington has armed the South Vietnamese. President Ford's proposal for a terminal three-year aid program, if adequately funded by Congress, would remove the Vietnam issue from next year's Presidential campaign and give the South Vietnamese a chance to reach a stalemate that might encourage Hanoi to turn to negotiation and domestic reconstruction. That prospect would be greatly enhanced if President Thieu were to seize the present opportunity—with his non-Communist opposition impressed with the gravity of the military situation—to broaden his regime and to set up a government of national union.

THE VIETNAM DEBATE

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mr. MURTHA. Mr. Speaker, as the debate continues over further aid to South Vietnam, I would like to insert the following two editorials in the RECORD for the Members' information. I believe they make some very important points as Congress considers this question. The editorials follow:

[From the New York Times, Mar. 21, 1975]

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North Vietnam's wide-ranging military advances—the first resumption of large-scale warfare since 1972—and Saigon's dramatic withdrawals have created a new situation in Indochina. It cannot fail to affect the politics of South Vietnam and the American debate over aid to Saigon.

The war clearly is on its earnest, not just the small-scale local attacks in disputed areas that both sides began within the first days after the January, 1973, ceasefire. Hanoi sees within its grasp the opportunity to reunify Vietnam by force; Saigon has retrenched the better to defend the most populous areas under its control.

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The supply drawdown and the uncertainties of future aid evidently were key factors in President Thieu's decision to abandon vast sparsely inhabited areas in the Central Highlands and the northernmost provinces of South Vietnam. The withdrawal of Saigon forces to shorter lines and the defense primarily of agricultural, coastal and urban areas containing 80 to 90 per cent of the country's population and arable land may be a sound strategic move but its psychological impact cannot yet be assessed.

In these new circumstances, it would be unconscionable for the United States, in effect, to cut off the ammunition *supply for* the weapons with which Washington has armed the South Vietnamese. President Ford's proposal for a terminal three-year aid program, if adequately funded by Congress, would remove the Vietnam issue from next year's Presidential campaign and give the South Vietnamese a chance to reach a stalemate that might encourage Hanoi to turn to negotiation and domestic reconstruction. That prospect would be greatly enhanced if President Thieu were to seize the present opportunity—with his non-Communist opposition impressed with the gravity of the military situation—to broaden his regime and to set up a government of national union.

[From the Washington Post, Mar. 21, 1975]

Congress and Vietnam

The news from South Vietnam, where government troops are abandoning whole regions, and hundreds of thousands of refugees are in flight, makes it necessary to ask if the question of military aid to Saigon will not shortly be mooted by President Thieu's collapse. He has lost more than territory. Colleagues and countrymen may well be raising fingers to test the wind. The latest North Vietnamese offensive, including an all-out invasion by a division across the DMZ, could spell the end. In this sense, it may have been gratuitous yesterday for Senators Mathias and Stevenson to add to President Thieu's immediate distress by asking Congress to put an outside limit of six months on further military aid.

But we suspect Americans will not be spared the need to make at least one more choice on Vietnam aid. At the least, it's premature to count on it. Mr. Thieu is not without resources. He had been contemplating a fallback for months, to compensate for an aid cut or an enemy offensive or both. General Gavin long ago noted the military advantages to Saigon of such an "enclave" strategy. The casualties the South Vietnamese are taking, and inflicting, suggest a certain remaining will. That the refugees are streaming *toward* government areas can be read as one sign of how they feel about a Communist victory.

So we think the aid question remains live. Here it is useful to realize how broad *already* is the consensus that military aid should end. The argument is over when and how. The administration leans toward a final three-year burst; in principle, though not in critical details, we concur. Others cannot wait that long. Some in the Congress would halt aid at once if they could. In what, incredibly enough, is probably something of a down-the-middle compromise of the issue in terms of prevailing sentiment, Senators Stevenson and Mathias would go for three months, at maximum six. Since no one can guarantee that things won't come out the same in the end anyway, why not go their route?

The reason is simple. Three years gives President Thieu time to be a partner in his own government's and supporters' fate. Three months or six months means that the United States alone may be widely and reasonably held responsible for flushing him down the drain. Yes, his government has had plenty of time and has used it inadequately, and has severe flaws. But the irreducible minimum the United States *owes any friend* or client is a reasonable opportunity to make serious plans for going it alone in the face of a flat and final timetable for terminating all aid. This is what has been missing all along because the administration has failed to enter the sort of agreement with Congress that President Thieu would have to accept as inarguable and irrevocable. Giving adequate notice is no mere diplomatic courtesy. It goes to the heart of fairness in relationships among nations as well as men. This makes the terms of the final American notice to Saigon crucial to American diplomacy and to the American domestic scene, too.

Here we address a critical difference between the Mathias and Stevenson approaches to their joint cutoff proposal. Mr. Mathias is honest about it. He concedes that things could go badly: the "other side" might take military advantage of an early end to American aid. In that event, he says, "I am prepared to accept the consequences." By contrast, Mr. Stevenson airily promises roses. The cutoff, he says, constitutes "the last chance for the United States to salvage freedom and independence for the people of South Vietnam." This is completely fatuous. It dodges responsibility and ensures recrimination. If the Congress is to take what we believe to be the extra and unwise risk of guillotining Nguyen Van Thieu, it ought to accept the responsibility for doing so.

CHILDREN ARE LARGEST SINGLE GROUP OF AMERICAN POOR

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mrs. SCHROEDER. Mr. Speaker, it alarms me that children are the largest single group of American poor, representing 47 percent of the 24.5 million poor people, yet receive such low budgetary priority in our allocation of funds. Children and youth are shortchanged in the Federal budget. Although expenditures have increased, Federal benefits and services average $180 per child and $1,800 for each elderly person, the aged being one-fourth as large a group as children and youth.

A constituent who retired after 33 years of Government service as a budget analyst is presently a professor of Public Affairs at the University of Colorado. I submit to the RECORD the following comments by Dr. Michael S. March, who retired recently after long service with the Office of Management and Budget:

COMMENTS BY DR. MICHAEL S. MARCH, PROFESSOR OF PUBLIC AFFAIRS, UNIVERSITY OF COLORADO

As one who has devoted his life to the public service—and spent more than a quarter of a century in the Bureau of the Budget and the Office of Management and Budget at the heart of the Federal Government—I have a strong feeling that public agencies have a large responsibility for meeting the presently unfulfilled needs of our Nation's children and youth.

If my feeling is correct, this means that State governments and the Federal Government will have to take more action, because as we know the resources of local governments are heavily strained and are very uneven from jurisdiction to jurisdiction, as court decisions on education in California and Texas have brought out. In saying this I do not mean that individual families, and that private organizations as well as local communities, do not have a very important role. However, their financial means may be inadequate to their family and community responsibilities.

To say that the Federal Government must do more for children and youth, especially given the President's policies on cutting expenditures, immediately raises the issue of priorities. The $304 billion Federal budget already takes more than 20% of the GNP. The Government is, however, beleaguered on all sides by demand for scores of billions in additional spending. But there is also a reluctance to raise taxes. The competition for available budget resources is brutal, and if the young are to receive more, other purposes will have to receive less. Or, taxes will have to be raised to finance meritorious new programs.

Thus, if children and youth are to get their fair share, they need to be represented better in the Congress and at the Executive Office of the President. The decision-makers will have to be willing to provide more money for family planning, education, health, food and nutrition, day care, welfare, juvenile delinquency prevention, and the many other services for the normal and the exceptional children of the country.

During a sabbatical in 1969–70 to study at the Brookings Institution, I had occasion to review comprehensively the performance of the Federal Government with regard to its budgetary priorities. It seems fair to say that in the Federal budget the children suffer. The Federal Government must make hard choices, and other groups lobby more persuasively. In the absence of an effective advocacy system and because children do not vote, it is often said they do not get their fair share, even though they are the largest single group among the poor and represent 38 percent of the entire population.

I do not believe that either the policy makers or the people of the country understand the extent to which children and youth are shortchanged in the Federal budgetary and legislative processes.

Let me cite some facts: From 1960 to 1969, during the New Frontier-Great Society years, the Federal outlays for the approximately 80 million children and youth under age 21 increased by about $10.5 billion to around $14.1 billion. The total averaged out to something less than $180 per head for all education, health, cash benefits, and other special assistance per child and youth.

During the same span of time, 1960–1969, Federal benefits and services for persons over age 65 increased by about $20.9 billion to $34.2 billion. Federal expenditures for the aged averaged about $1,800 per aged person in 1969. Thus the 19 million aged, who were only one-fourth as large a group as children and youth, received increases in Federal benefits and services more than twice as large in absolute terms as the children and youth. And per person Federal aid for the aged was about *9.5 times* as large on the average in 1969 than for the young. These figures cover only benefit and service programs such as cash benefits, health services, education, training, food, housing aid, and the like. They do not include allocations of general programs such as defense, law enforcement, aid to business, etc., which may less directly serve or benefit both the aged and the young.

The more recent estimates of the change from fiscal 1969 to the budget for 1975 as recommended by President Nixon show a continuation of the trend—and even a worsening of the comparison. Data for 1975 released in a budget "special analysis" (and somewhat adjusted by me to include minor omitted programs and to exclude outlays for "elderly" people not yet 65) show a striking increase for the aged.

The estimated increase in Federal outlays for the aged in the 6 Nixon years from 1969 to 1975 is $40.2 billion. Hence, in fiscal 1975 *total* planned Federal outlays for the aged will be $74.4 billion, or an average of more than $3,500 for every one of the 21 million aged persons in Federal funds alone. Needless to say the budget analyses carefully bring together these figures, for the politicians see profit in catering to the aged.

There is no available official tabulation of the corresponding increase for children and youth, nor of the aggregate amount spent for their benefit. My rough estimate of their increase is $13.9 billion for the period of fiscal 1969 to 1975. This brings their total in 1975 to about $28 billion, or roughly $350 per young person—or only one-tenth of the per person outlay for aged persons.[1]

The absolute dollar increase in the 6-year period for the aged is $40.2 billion versus only $13.9 billion for the young, so the aged got three times as much in total. The young, however, are roughly 4 times as numerous—80-plus million vs. 21 million aged. Hence, the increase for the aged was 12 times as much per capita as for the young in the last 6 years.

Over 12 million of the children and youth are in poverty (in 1972) compared to an estimated 3.7 million aged in poverty (in 1972), according to Census estimates. (The 20 percent increase in social security benefits in 1973 plus the enactment in 1972 of Federal supplemental security income payments for the aged should pull the figure for the aged poor down sharply by 1974).

Overall, the aged who are only about 10 percent of the whole population in fiscal 1975 will receive 24 percent of all Federal budget outlays in special assistance; the children and youth who are 38% of the population will receive about 9% of the budget in their special programs. Moreover, the aged receive the great bulk of their portion in *cash;* the children and youth are being credited largely with educational, manpower, health, and other *services* for which teachers and other adults in other families really get the money. No one knows to what extent the children and youth really benefit from some of these expenditures. A little table at the end of this paper summarizes the comparative figures by broad category.

The foregoing illustration is not intended to suggest that present benefits for the aged should be cut so the funds can be given to the young. It is intended to show what can be done by a determined and united group of advocates. It is conceivable that if the Government focused on its people priorities meaningfully, it might want to favor both the young and the aged and to deemphasize other programs. Expenditures for the young are probably the best investment the United States can make for its future strength as a society and Nation.

The facts on our failures with our children and the figures from the budgets suggest that the people of our country do not care enough about their children to advocate their cause when it comes to money. If they do care, they do not know how to get their legislators and their Presidents to set human resources priorities in the Federal budget equitably and constructively.

The Nixon Administration made much propaganda about having "changed Priorities" by having *reduced* "defense" from 45 percent of the budget in 1968 to 39 percent in 1975, and having *increased* "human resources" programs from 32 percent in 1968 to 50 percent in 1975. They include in "human resources" all the veterans' programs for war-injured ex-servicemen and nearly all the $74 billion in cash, medical, and other assistance for the aged. The latter benefits really are a form of "welfare", as recent press reports indicate President Ford and his staff are calling them, rather than an "investment" in productive people, as the term "human resources" connotes. Education, health, and related services for children and youth who will become producers in the future are probably the most genuine "human resource" investments the country can make—but these have been neglected. This sort of corruption of budget presentations for political purposes is one cause of the Government's big credibility gap. Such comparisons are damaging to the public well-being because they mislead the people about budget priorities.

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[1] The Consumers' Price Index rose 24% from calendar 1960 to 1969 and about 35% from 1969 to 1974—thus cutting into the budget increases.

My former boss at the office of Management and Budget, Director Roy Ash, in Washington has recently floated a "trial balloon" about a possible effort to cut back some of the programs for which the Nixon Administration used to take credit. He has suggested possible reductions, of all things, in aid to Families with Depedent Children, social security, and revenue sharing.

Senator Proxmire, almost simultaneously, called attention to a little-known tax loophole by which big business could change accounting practices for inventories and realize $6 to $9 billion of tax breaks this year. This would be on top of $60 billion of tax loopholes which previously have been identified by the Joint Economic Committee. The Ford Administration is promoting more tax loopholes for business rather than closing them—at the same time that it proposes to cut "people" programs. If the Treasury and Chairman Wilbur Mills could close half the Federal tax loopholes now in existence, the Government could finance new programs for children and youth which would change our society for the better in a remarkable way.

Thus it becomes clear that at the center of the problem of the neglect of priorities for children and youth is the issue of reordering the budgetary priorities of the country. One important recommendation of the 1970 White House Conference on Children in this regard was that "At the national level . . . the proportion of our gross national product devoted to public expenditures for children and youth be increased by at least 50% during the next decade, and that the proportion of the Federal budget devoted to children be at least doubled during that period." In the 6 years since 1969, the share of children and youth in the Federal budget has gone only from 8% to 9%. The goal suggested by the White House Conference would be to reach 16 percent of the Federal budget by 1980.

When the Federal programs and the State and local programs are taken into account with what the families themselves can finance, the inadequacy of the provisions for the young is strikingly highlighted by the fact that there are probably 4 or 5 times as many children as aged persons living in poverty in 1974.

This situation is further aggravated by the huge disparities which prevail among the States (up to two and one-half fold) in total public per child outlays for education, which is very important. There are sharp differences in fiscal capacity within States, for example, between suburbs and central cities or rural areas. Children in disadvantaged areas need "compensatory" services of high order to overcome their other deficits. The problem of disadvantaged children in low income areas with high concentration of disadvantaged children (and of disadvantaged parents, too) are not likely to be solved unless substantial additional resources are provided from State and Federal budgets for a broad range of cash benefits and services. Some States do not have the fiscal capacity or the willingness to equalize spending, let alone to provide extra funds for compensatory services in the heavily disadvantaged communities.

This is not just a problem in budgetary arithmetic. We know that low support for benefits and services for children is often associated with high failures in education and frequently with high rates of delinquency—and poverty in later, adult life. Underinvestment in children thus generates a vicious cycle of poverty and welfarism.

In a large measure, we have the sort of society that we are willing to pay for in our taxes. How we care for our children today determines the condition of our society a generation hence. Private action and local public action is on the whole insufficient to overcome the externalities which individual self-seeking generates. Realistically, the national Government is the only entity with the money capacity and the power to give all our children a fair start in life.

The nature of the task ahead is made clear by some of the plans and priorities that were voiced by the Conference on Children held in Washington in December 1970. My own analysis of the priority poll taken at the Children's Conference suggests the following action needs, more or less in the order listed: Comprehensive services, especially for young children; action to eliminate racism; action to improve education; creation of organized efforts to follow through on the recommendations; reordering of our national priorities to accord greater weight to children and youth; organization for child advocacy at the local, State and national levels; comprehensive health services for mothers and children; justice for children; etc.

The passage of time has only confirmed the insight and the wisdom of the Conference—even though the Nixon Administration did not identify with the recommendations of the Conference President Nixon had convened.

THE FINANCIAL POSITION OF PRIVATE UTILITIES

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 21, 1975

Mr. HARRINGTON. Mr. Speaker, as the energy crisis continues, the debate over regulation of private utilities and the need for public utilities rages on.

It seems to me that not only at the State level, but also at the Federal level, this is an issue which cries out for innovative policies. An article appeared in the March issue of Fortune by Carol J. Loomis, "For The Utilities It's A Fight For Survival," which at least in the sense of its description of the desperate financial situation of private utilities deserves the attention of all of us committed to responsibility addressing the issue of the structure of the utility industry in our country.

Therefore, I would like to insert the second half of the article in the RECORD at this time in the hope that it will help further a productive debate.

The text follows:

THE FINANCIAL POSITION OF PRIVATE UTILITIES

THE CASE FOR A 15-PERCENT RETURN

What would it take to get the stocks back up to at least book—to restore to this industry what is known as "financial integrity"? Most analysts and utility executives seem to have a uniform answer to that question. They claim that in today's market, with long-term government securities yielding close to 8 percent and A-utility bonds around 9½ percent, investors are going to want a 15 percent return or better on utility stocks before they will accept the risks of owning them.

In other words, so this theory has it, the stocks would sell at book if the companies were earning 15 percent or more on equity and could be expected to hold on to that return. That 15 percent is at least two or three percentage points better than most utilities have been earning lately, and for that matter more than they have *ever* earned.

It is also probably more than most regulators are ready to let them earn. Some regulators, to be sure, do not really question that 15 percent may be needed; they simply ask how they are ever to put through the rate increases that would make it possible. Others, disdaining the message coming from the market, question whether a return that high is either necessary or just: "I think the market is 90 percent psychological anyway—a lot like ladies' fashions," says Louis J. Carter, a Pennsylvania commissioner given to such oversimplifications. "If we gave the utilities 15 percent, they would be doing better than the industrials. Why should a monopoly get to do that well? Besides, can you demonstrate to me that 15 percent will get the utilities all the capital they need?"

The proposition is not demonstrable. Nor can it be denied that 15 percent, by historical standards, is a lot for a monopoly industry, which after all is not subject to the normal disciplines of competition and whose efficiency is not easily measured. There is no real way of telling, in fact, how much of the utilities' problems are the fault of management.

One opinion on that subject comes from John F. Childs, a vice president of Kidder, Peabody and a former banker who has spent years advising both industrial and utility corporations on their capitalizations, and is considered a ranking expert on utilities. Childs says he has concluded that the industry is neither better nor worse managed than other industries, neither more efficient nor less. Nevertheless, even if that is true as a generality, it is not necessarily a consolation to a regulator trying to decide rates for a specific utility. Some regulators see themselves as being asked for 15 percent on a kind of "cost-plus" basis, and find it very frustrating indeed.

THE DIVIDEND THAT WAS NOT

Even so, no regulator, whatever his opinion of that 15 percent, can simply close his eyes today to those below-book prices or to the general state of the market for utility securities. This market, first recognizing the utilities' difficulties with inflation, then their problems in adjusting to skyrocketing fuel costs, has been in mounting trouble for years. Then last April came an event that, in the words of Donald C. Cook, chairman of American Electric Power, crystallized the market's fears in much the same way one particle too many would crystallize a supersaturated solution. Consolidated Edison announced that it would omit its dividend.

No private utility escaped the force of that blow, for it destroyed the notion that utility dividends are inviolate. It also pretty much destroyed what was left of the market for utility securities. By September, 1974, the average utility stock was trading at about 40 percent of its level ten years earlier. In that decade, the utilities listed on the New York Stock Exchange lost an estimated $100 billion in market value.

A NEW "PRODUCT OF INIQUITY"

Since the Con Ed announcement, some utilities have at times been forced out of the market altogether. Others have reduced the size of new issues, have settled for short maturities on bonds when they needed long, and have paid underwriters unheard-of fees to merchandise their securities. They have wooed investors with all manner of sweeteners, Bonds have been made nonrefundable for ten years. Preferred stocks have been fitted with sinking funds, through which partial amounts of the stocks are redeemed periodically. Until 1974, preferreds were generally assumed to be perpetual: nobody could have even conceived that a sinking fund would become essential.

And interest rates, of course, have been onerous. "The companies have had to put virtually everything they owned on the table," says Thomas A. Saunders, a partner of Morgan Stanley & Co. For example, Ohio Power, a subsidiary of American Electric Power, sold preferred stock in December with an interest rate of 14 percent. Donald Cook practically rose from his chair recently as he talked about his reaction to that. "It made me miserable. I've never felt so terrible before or since. The idea of 14 percent money! When we were reorganizing the electric-utility industry in the late '30's and early '40's [Cook was then on the staff of the SEC], a 7 percent preferred was regarded as a product of iniquity. And here we are, this great company, selling a 14 percent preferred."

While the utilities were twisting themselves into knots to sell senior securities, the market for new issues of common stock disappeared almost entirely for a while. During last summer, only a relatively few utilities sold common, typically in amounts smaller than they had wished. Then, in September, Wall Street pulled off what seemed to many of its denizens a miracle: it sold $166 million of Southern Co. common.

Unfortunately, the splendor of this miracle may not have been too apparent to the company's stockholders, who may be pardoned if they noticed instead that the stock was sold at half of book value and at a very high underwriting cost of 8 percent. Still, after the Southern deal, the frequency of utility-stock offerings picked up. (Utility stocks in the secondary market also gained some strength, becoming particularly strong in early January, in part it appears because investors anticipated measures by the Administration to help the industry.)

FOR MATURE STOCKHOLDERS ONLY

The prospectuses accompanying these offerings cannot be accused of painting a bright picture. The SEC today typically requires that a utility prospectus begin with a very pointed description of the strains affecting both the company in question and the industry These summaries sometimes have the flavor of those warnings that appear in movie bills: "For mature audiences only." Institutions have apparently got the message. In the last year they have for the most part stayed clear of utility new issues, except in the cases of the strongest companies (many of which are based in Texas, where the regulatory climate has been particularly favorable).

It has been left to individual investors to fill the gap. They have been encouraged by the lure of high yields (the Southern Co. issue offered a yield of nearly 15 percent) and, in some cases no doubt, by the blandishments of securities salesmen telling them what a great deal is within their grasp. The salesmen may sometimes have been motivated by more than normal amounts of self-interest; typically their payoff for selling a utility new issue has been close to double that applying to a comparable sale of a listed stock. The dominant seller of utility stocks in these difficult times has been Merrill Lynch, whose sales force, as one envious competitor put it recently, "could distribute army footlockers if that's what needed to be distributed."

It is pretty clear that a lot of individual investors who have been buying utility new issues do not fully understand the depth of the industry's troubles, nor even vaguely understand the implications of sales below book value. Many investors who gobbled up that bellwether Southern Co. issue, for example, cannot have been prepared for the bad news that has come since. Southern's fourth-quarter per-share earnings fell to a third of their 1973 level (partly because of dilution), its classy dividend was not earned for that quarter, and its largest unit, Georgia Power, began making those noises about insolvency.

It is worth noting both that the Southern Co. is a holding company coming under the SEC's jurisdiction, and that the commission did its bit, as it has recently done in other cases, to facilitate that sale of stock. Specifically, the commission waived its rules requiring underwriters to bid competitively on the offering, allowing them to form a gigantic group. This arrangement permitted an equally gigantic selling effort, participated in by almost all of Wall Street.

It is also worth noting that the Holding Company Act requires the SEC to act in the interests of both utility customers and investors, a task obviously growing more formidable every day. The commission's role in facilitating the Southern sale almost certainly benefited the company's customers. Whether it benefited the company's investors, new or old, seems quite another question.

RECYCLING ELECTRODOLLARS

Utility investors may at least feel comforted that their dividends are a matter today not just of personal concern, but of rather general concern as well. In the kingdom of utilities, dividends are all-important. They are, more than that, part of a ritual, in which a utility regularly pays out money that it cannot at all spare in order to induce investors to give it a bit more money back.

Utility customers frequently do not understand the importance of this ritual, and tend, at moments of crisis, to blast the utilities for kowtowing to their stockholders. What the customers do not realize is that if the utilities do not pay dividends, they will never manage to raise money in the market for construction. Con Ed knows about that; it probably could not right now raise one dime from investors, at least not without almost giving away the company.

Wall Street knows all about that, too, and it shivers at the prospect of "another Con Ed." Said Frederick B. Whittemore, a partner of Morgan Stanley, at an SEC hearing in January: "We are all severely concerned right now that sometime in the next three or four months some other major utility is going to have to [omit a dividend]. In companies where we have some influence we are . . . trying to equip them with a full understanding of what that kind of change in dividend would mean. The utility industry does not need another Con Edison. We're deathly afraid it will get one. I'm not sure that financing can continue if it does."

BRIDGES THAT KEEP GETTING LONGER

Onto such thoughts—near prayers, actually—the commercial bankers hang a heartfelt amen. Their stake in the industry is at the moment huge, for as the utilities have been rebuffed in their bids to get long-term capital, they have borrowed ever growing sums from the banks. At the end of 1974, the large banks that report weekly to the Federal Reserve had $8.6 billion out in loans to utilities, up almost $3 billion from a year earlier.

Normally, bank loans to utilities are considered "bridge" financing; i.e., the utilities borrow this money while building a plant; on its completion, they go to the long-term market for permanent money. But today, it is the bank loans that are looking rather permanent.

One bank claiming to be unconcerned about all this is First National City, which appears to have more than $1 billion out to the utilities and is a major lender, for example, to Georgia Power (whose short-term loans, from all banks, recently got almost to $300 million). Says Reuben F. Richards, Citibank's executive vice president in charge of U.S. banking: "We see this mainly as a timing problem."

Thomas H. O'Brien, the bank's specialist in utility lending, adds: "Basically, we feel our utility portfolio is 'money-good.' Sure, on some loans we're probably not going to get paid in six months. It may take a year. But I really don't think we have to stay awake worrying about it too much." O'Brien says he still thinks of his utility loans as bridge financing. Then wryly: "The bridge is just getting longer, that's all."

Other bankers are not as sanguine about their loans, but cannot quite see what they can do to get them paid off. One banker is not even certain a bank could come out whole in bankruptcy proceedings against a utility. He says, "We have all learned from the Penn Central bankruptcy that when you're dealing with a very basic public need, rights of users—shippers and commuters in the Penn Central's case—may be judged by the courts to come ahead of the rights of creditors. I guess we might conceivably face that danger with the utilities, too."

Every banker knows precisely what *not* to do with a major utility today, and that is to interfere with payments of its dividend. Another dividend omission by a big utility might indeed wreck the long-term financing market, and in that case the utilities might never get out of the banks. The banks' interest in protecting themselves is perhaps the best guarantee investors have that their dividends will keep on coming.

THE CONSUMER MAY PAY DEARLY

Obviously, the utilities themselves can take steps to escape bankruptcy—"If they don't," says one utility director, "it's just bad management"—and the steps most have chosen are to cut back on new construction. National Economic Research Associates, a firm that has done extensive amounts of utility research, recently compiled data for about 100 major utilities and found that, as of December, they had cut their construction budgets through 1978 by $21 billion (close to one-fourth of their original budgets). The generating capacity canceled or postponed amounted to 170,000 megawatts, of which 110,000 was nuclear. (Currently the private utilities in total have about 375,000 megawatts of capacity, 30,000 of it nuclear.)

There is no question that such cutbacks pose a serious threat of power shortages. However, the industry's reserve capacity is at the moment large and its regional power grids well organized. There will not necessarily be shortages if the growth of demand for electricity slows. Furthermore, the utilities themselves, given a little forewarning and the wherewithal, can at some point ahead move quickly to get capacity by putting in combustion turbines. The disadvantage of these, however, is that they burn oil—an expensive grade at that—and burn it inefficiently; they would never be chosen as the optimum kind of base capacity. It is fair to say that if cutbacks today must later be compensated for by capacity rushed into place, the consumer will pay dearly.

THE CHANCES OF POWER SHORTAGES

The consumer plainly seems no longer willing to pay for the reserve margins that the industry is accustomed to maintaining. So in that respect, the cutbacks may be in tune with public opinion. The industry has been operating with reserves above 20 percent; many utility men now see these falling to 10 to 15 percent. An industry study of conditions in one region, New England, indicates that a 21 percent reserve carries with it the probability that power will be lost once every ten years. At a 15 percent reserve, the probability changes to once every eighteen months.

Maybe that is a deterioration of service that consumers had they the chance to vote, would happily accept in exchange for lower electricity bills. Maybe they will even tolerate rotating brownouts or blackouts. Then, again, maybe the prospect of these is tolerable, but the reality is not. In any case, says Herman G. Roseman, an economist with National Economic Research Associates, such musings bring to his mind the declining days of the Roman Empire—"the roads overgrown, the aqueducts not working, the public baths not fully operative."

When you get right down to it, the remarkable thing about the construction cutbacks is not that they have gone so far, but that they have not gone further. Georgia Power, though in terrible trouble, is planning to spend $500 million on construction this year. Virginia Electric & Power, which sold stock in October at a calamitous 50 percent of book value, has a 1975 construction budget of almost as much. All over the country similar scripts are being followed. All over the country, therefore, utility stockholders are, in effect, subsidizing electricity users. Why are the companies letting this happen to their stockholders? Why do they not simply draw the line, refuse to sell stock at these prices, and stop building altogether?

Utility men register horror at the very thought, citing their legal obligation to serve. But the regulating commissions also have a legal obligation, as a key Supreme Court decision puts it, to permit "rates which enable the company to operate successfully, to maintain its financial integrity, to attract capital, and to compensate its investors for the risks assumed." All this, furthermore, to be determined by the acid test of the competitive marketplace. Obviously, the regulators are not living up to their end of the bargain. Aren't the utilities therefore relieved of their obligation also?

But, say the utility men, if we fail to serve, we will be taken over by the city, or the state, or somebody. So what? the answer goes. The courts have held that governments taking over properties must pay "just compensation" for them. In the case of the utilities, would that not be at least book value, or even replacement value, which would be still higher? Would not the stockholders then be better off than they are, now?

THE CUSTOMER COMES FIRST

The utility executives really have no answers to these questions. It is pretty clear that they do not spend a whole lot of time worrying about such matters. Says Charles A. Benore, a utility analyst with Mitchell, Hutchins Inc.: "I see the utilities as having a triangular responsibility—to their customers, their employees, and their stockholders. I'd guess they kind of answer to the customer first." That will no doubt strike many customers as hilarious. Nevertheless, all that has been going on suggests it's true.

Many utility executives, it should be said in their behalf, are encouraged to be patient today out of the belief that regulators are moving in their direction. There is something to that. Rate decisions have lately become more generous, and more timely. But inflation and that problem called "regulatory lag" are together still a tremendous burden, often making it impossible for a utility to earn what a commission actually allows it.

Some utility executives have also been encouraged by the downward movement of interest rates. The trend will reduce costs and may, in addition, cut the rate of return that investors require on utility common stocks. No doubt some of the January strength in these stocks reflected what was happening to interest rates. But long-term bond rates are still at very high levels, especially for those utilities judged to be the shakiest. The market has been drawing large distinctions about "quality" for some time now, and it does not seem ready to stop.

AN OPPORTUNITY LOST

It is hard, indeed, to find anything today that is very encouraging about the utilities' situation, and perhaps nowhere is that fact causing greater worry than in Washington. The Administration is appalled by the damage that the construction cutbacks are doing to the nation's energy program. That 110,000 megawatts of nuclear capacity canceled or postponed had the potential of reducing U.S. demand for oil by 3.3 million barrels a day; that's equivalent to 53 percent of current oil imports and 300 percent of imports from the Middle East. In addition, Washington cannot help but be dismayed by the unemployment and capital-spending consequences of a $21-billion cutback in construction. In most recessions, the utilities' capital spending has been of great support to the economy; this year the support will be reduced.

In January, in the President's State of the Union message, the Administration put forward a detailed plan to help the utilities. The most significant part of this plan proposes federal laws that would require regulators to speed up their processing of rate cases and to liberalize their rate-making policies. Congress may resist the legislation as inflationary, and state regulators may resist interference from Washington. On the other hand, some regulators might like to see the feds take over the role of the bad guys.

Some regulators, in fact, would like to see the federal government do more than it has proposed. There are all sorts of proposals around today to ease the utilities' financial problem—perhaps through direct government lending, or an RFC-type operation, or credit-allocation programs.

One proposal that has received particular attention comes from William G. Rosenberg, chairman of the Michigan commission and a Republican. He advocates federally guaranteed bonds and federal purchases of preferred stock, both of which he considers absolutely essential if the utilities, especially the industry's real cripples, are to find it possible to raise money for construction.

Most utilities seem to be skittish about federal aid of any kind, and it is indeed not particularly appealing to think of the government taking on one more responsibility. Nevertheless, there is some logic to government help. If freezing the country from dependence on imported oil is a national goal, then the government just may have to help the utilities do their part in bringing it about. It is probably not realistic to believe that fifty separate states, all looking upon utility rates as a hot potato, are going to keep their thoughts fixed firmly on that national goal.

LIKE A LOSS OF VIRGINITY

There is also the possibility that some utilities may have, insofar as their own credit is concerned, indefinitely lost access to the capital markets, and so government help may be their only way out. "Utility investment reputations," says that investor who talks about the canaries, "are like virginity; they can be preserved but not restored." If he is right, then how are the Con Eds and Georgia Powers of the world ever to get back investor confidence? Con Ed has already received government help, in its case from the New York State Power Authority, which is purchasing two of the company's plants. It is relevant to recall the experience of utilities in Europe, which are today mostly nationalized. Their move into government hands, occurring mainly after World War I, came about because they could not themselves raise capital.

Peter A. Bradford, chairman of the Maine commission and formerly a lawyer in Ralph Nader's organization, argues that once you get as far as federally guaranteed bonds or anything similar, you might just as well go all the way to public ownership. The prospect does not sit well with conservatives, of course, nor even with some liberals. "I'm an old New Dealer," says economist Robert R. Nathan, "but I just don't find the thought of government ownership or operation very gratifying."

A COST NOT IN THE BILL

There is, in fact, no evidence indicating that public power would benefit consumers as a whole. In truth, the main effect of public power is to obscure costs—i.e., because public utilities finance with bonds that are tax-exempt and escape certain taxes that the private utilities pay, they charge consumers less than the full cost of the product. The environmentalists appreciate this fact. Eager to see demand reduced (because the need for new nuclear and coal-fired plants would then also be reduced), they argue that electricity should be priced at its true cost. They have no affection for public power's rates.

Nevertheless, many people fear that the next few years will bring heavy agitation for government takeovers. Said a Midwest commissioner recently: "I think at some point the public may just say, 'No, I will no longer allow anyone to make a profit on this.' "

No doubt the biggest impediment to government takeover would be money. Considering all the dollars that are sunk in utility plants today, a state or municipality could not easily afford a takeover, nor go on with ease to raise the construction money the private companies are now lacking. Imagine New York City taking over Con Ed? Too ridiculous to discuss. But how about Michigan and its two crippled companies, Consumers Power and Detroit Edison? With $5 billion of debt and equity capital in those two companies, that sounds rather farfetched, too.

If government takeover does not sound like the answer, neither does government help seem like the full solution, though it may be needed, nor rate increases, which certainly are needed. What the utilities need most is a respite from inflation. We have long known an end to inflation is essential to the country's well-being, and now that lesson is being relearned in a very specific way.

AGGIE WAR HYMN

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Saturday, March 22, 1975

Mr. TEAGUE. Mr. Speaker, a recent article in the San Antonio Express News tells us about an individual that I have admired for a long time. This man, J. V. "Pinky" Wilson, is the author of my alma mater's fight song, the "Aggie War Hymn."

All of us are affected during our younger years by our immediate environment. Many of us during those years develop a tremendous devotion of our alma mater. Those people that call themselves "Aggies" have all been influenced by Pinky Wilson whether they have ever met him or not. I believe the following article will give everyone who reads it an insight to one school's spirit. The article follows:

[From the San Antonio Express-News, Mar. 1, 1975]

"AGGIE WAR HYMN" IS GREATEST OF ALL

(By George Carmack)

The words at the right start what friend or foe will agree is the greatest "fight" song ever written.

Of course it is "The Aggie War Hymn."

And no one ever sat in a football stadium—when the Texas Aggies had their back to the wall—and the matchless Aggie Band started pouring out its notes in the ultimate in rhythm—and the Cadets began that arms-around-the-shoulder weaving in row after row in the stands—

Once caught up in it—who could ever forget it?

Win—lose—or draw—when The Aggie War Hymn is played, you know the Texas Aggies are forever.

And whether you went to Texas A&M or not—I didn't and Bonnie went to Texas—it brings a tear to your eye—your spine stiffens—and your hackles start to rise.

It is not much of an exaggeration to say that in a tense moment—the A&M Band playing the War Hymn would make Casper Milquetoast rise up and dare Jack Dempsey to knock a chip off his shoulder.

SPIRIT

It ennobles the spirit of any man who hears it.

Bonnie and I have just come back from Burnet, where we interviewed the man who wrote The Aggie War Hymn.

He wrote both the words and the music.

James V. "Pinky" Wilson saw Bonnie and me reluctantly.

The reluctance was genuine. I had to convince him that he owed it to Texas A&M—and no Aggie loves the school more—to tell the full story.

If any song was ever created under conditions that would make it a "war" hymn, The Aggie War Hymn was.

VIOLENCE

The violence going on around the composer when it was created was dramatized by the peaceful scene when we heard the story.

We heard it in the big living room of the Wilson home—just the four of us, Wilson, Mrs. Wilson, Bonnie and I. Through a big picture window the grass was already turning to the green of spring.

All was quiet—we were not disturbed even by a passing automobile.

Most of The Aggie War Hymn was written in World War I in a trench in the Argonne Forest. Rain, cold, unbelievable mud and the noise of battle were everywhere.

Bitter fighting was going on night and day.

Wilson was in the front line trenches with his 6th Marine Regiment. By choice, he became a buck private in the Marine Corps—turning down two commissions. By insistence he remained a buck private in the Marine Corps throughout his military career.

Wilson joined his Marine outfit as a replacement just before the hard fighting in the Champagne area of France.

Then on Nov. 1, 1918, his outfit went into a key spot in the trenches of the Argonne.

For 11 days, the Germans poured everything they had at the Marines there—infantry, artillery, machine gun fire and even an occasional strafing airplane.

The Germans knew the end was near and they were making a last desperate drive to try to turn the tide of war.

It was the sort of fighting that after almost 60 years tears emotionally at any man who went through it.

But there were also little vignettes.

"We had a bugler who was a salty character," Wilson said. "Once when a German plane came at us flying low, he jumped out, pointed his .45 into the air, shouting and firing.

"Just then an anti-aircraft shell hit the plane full on. The plane exploded.

'"I got it! I got it!' the bugler shouted—and you couldn't convince him to this day that he didn't bring the plane down.

OWN SYSTEM

From smallest boyhood Wilson and a brother had been able to play "any musical instrument that had a scale." And Wilson could write down the notes of anything he heard or composed—"by my own system of musical shorthand."

Wherever Wilson went—from boyhood on—he had been organizing quartets. He himself could sing any one of the four parts.

"During the Champagne battle, it had been running through my mind that I wanted to write a song for a quartet that would be a fight song for A&M," Wilson said.

"Then we went into the Argonne trenches and over a period of several days, I wrote it.

"I started with the words. There has been a lot of talk about the meaning of the words at the start—'Hullabaloo, Caneck! Caneck!

"Those were the words of an A&M yell written in 1907.

"A quartet needs a sort of tune-up to get off the ground as they start a song—I thought 'those old words would be perfect."

Then Wilson—in a beautiful voice—started illustrating how he wrote the song—singing a few notes for one part—changing them a little—then fitting in another part—and another. And writing down the notes when he was satisfied.

Wilson used a pencil to write the War Hymn.

It was not written on the back of an envelope as has sometimes been said—there was too much of it for that.

It was written on the back of the pages of a letter from home.

ARMISTICE

The Germans kept up their pounding right up to the end of the war—the Armistice at 11 a.m. on Nov. 11, 1918.

"Actually we did not know the war was over," Wilson said. "Our officers warned us to be doubly on the alert—this might be some sort of German trick."

In time the German troops started pulling out and heading back across Belgium and Luxembourg for Germany. Wilson's unit followed them. The U.S. units could march faster and the officers feared there might be trouble if the U.S. troops—who had seen so many of their buddies killed—caught up with the Germans.

So they had the Marines march two days and then rest a day.

"On this march into Germany, everything really came together and I put the little finishing touches on The Aggie War Hymn," Wilson said.

ORGANIZING

As he had been doing all his life. Wilson organized a quartet even while the Marines were marching into Germany.

The first time The Aggie War Hymn was ever performed was by that quartet—the second day they were inside Germany.

Wilson was the only Aggie—and the only Texan—in that quartet.

"There was a boy from Memphis, Tennessee—another from Terre Haute, Indiana—and another from Cedar Rapids, Iowa."

Soon Wilson's outfit was posted on the River Rhine. Wilson and the other members of the quartet were among the Marines living in a house that once had been a summer palace for Kaiser Wilhelm. The Rhine was right outside their window.

PEACEFUL

There The Aggie War Hymn was sung under peacefully idyllic circumstances.

"My friends and I would get a boat and go drifting down the Rhine—often singing," Wilson said. "And our favorite was The Aggie War Hymn."

There was a tragic circumstance connected with this.

"It simply never occurred to me that this song would ever be what it became," Wilson said. "And since I knew every note perfectly, I made no effort to keep the letter on which I had written it."

What a tragedy this was for the A&M archives!

How did The Aggie War Hymm catch on at A&M—and start on its road to immortality?

After having his A&M career interrupted by the war and more than eight months in the Army of Occupation, Wilson returned to A&M in 1920.

QUARTET AGAIN

As always, Wilson immediately organized a quartet—more than one, in fact, so one would always be available.

"Then, as now, many groups from over the state met at A&M," Wilson said. "The sponsors always wanted entertainment.

"Soon our quartets became very popular. And one number always brought down the house—The Aggie War Hymm. Its popularity as a quartet number led the band to decide to play it.

"Before the war, A&M had one of the greatest yell leaders of all time, Runt Hanson (Wrathall King Hanson, San Antonio, Class of 1916).

"It was Runt who came up with the idea of having the Cadets come marching in and form that famed Texas Aggie "T".

"When the Cadet Corps marched in and formed that 'T' in 1921 before the first football game, then came The Aggie War Hymm."

Since that fall of 1921—this fall will be 55—no football game has ever started without the band marching in and going into formation as they play the War Hymm. And they play it again as the Cadet Corps comes marching in around the field.

Wilson—now 75 and a successful retired Rancher—is a Texan "out of the old rock." His father rode a horse from Graham to Los Angeles. He was a cowboy helping handle the 500 cattle that the wagon train took with them—partly through hostile Indian country.

The family moved to Austin when "Pinky" Wilson was 11 and there Wilson's musical career actually began.

RECORD

Wilson is proud of his military record at A&M—including a "best drilled cadet" medal. He was a member of the Ross Volunteers.

When the U.S. declared war in 1917, the entire Senior Class at A&M came to Leon Springs, near San Antonio, and were commissioned. The Junior Class went to Ft. Sheridan for their commissions.

But Wilson and two classmates wanted to fight for their country as quickly as they could. They decided to enlist in the Marines.

Wilson was a "peewee," weighing only 138 pounds and he really had to scrap to get in. But finally they sent him to Parris Island, S.C.

He could have had an Army commission and when the Marines learned of his military training at A&M, he was offered a Marine commission. It caused quite a stir when he turned it down.

FRANCE

Seven weeks after enlisting, he was headed for France.

A&M men have made a proud record in every war. Four have won the Medal of Honor. They have risen to general in the Army, the Marines and the Air Force.

But no Aggie has added more to the A&M tradition than this buck private in the Marines who wrote The Aggie War Hymn.

It has been played around the world. It once woke up Astronauts Cernan and Schmitt when they slept on the moon.

But it also is heard pretty often at the Wilson home in Burnet.

A fine deep-toned version comes from the hi-fi. Pick up a beer mug and hear it. A cigarette lighter gives a delicate rendition.

But Bonnie and I were most moved when Mrs. Wilson, offering us a cup of coffee, plugged in the percolator. Here it came in such appealing notes—

"Hullabaloo, Caneck! Caneck!
Hullabaloo, Caneck! Caneck! . . ."

SENATE—*Monday, March 24, 1975*

(Legislative day of Wednesday, March 12, 1975)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, amid the busy pace of these turbulent times, make us mindful of this Holy Week of reverent recollection. Show us anew the way of the cross—that there is no redemption except by the giving of life, and the higher the life the costlier the redemption. Though unworthy by our sin, help us by repentance and faith to become recipients of Thy grace and love granted in history's supreme sacrifice. Fill us anew with the sacrificial spirit of One who stopped not at a cross but spent Himself in full measure for others.

In His name we pray. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, March 21, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 49, 50, and 53.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SUPPLEMENTAL APPROPRIATIONS FOR THE NUCLEAR REGULATORY COMMISSION

The bill (S. 994) to authorize supplemental appropriations to the Nuclear Regulatory Commission for fiscal year 1975, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 994

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated to the Nuclear Regulatory Commission to carry out the provisions of section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, $50,200,000 for fiscal year 1975.

USE OF GOVERNMENT-OWNED PEANUTS TO COMBAT MALNUTRITION AND HUNGER

The resolution (S. Res. 101) relating to the use of Government-owned peanuts to combat malnutrition and hunger, was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 101

Whereas the United States is suffering from a severe economic recession, with a high rate of unemployment; and

Whereas the poor and the unemployed in the United States need substantial additional quantities of high quality protein; and

Whereas the recent World Food Conference estimated that almost a half a billion people suffer from malnutrition in the world today; and

Whereas a basic cause of malnutrition is protein deficiency; and

Whereas it is the commitment of the United States, as expressed in various statutes, including the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), to share our agricultural abundance with needy persons domestically and in other parts of the world; and

Whereas the Department of Agriculture has accumulated almost four hundred thousand tons of peanuts through its price support program; and

Whereas American peanuts represent an important source of high quality protein; and

Whereas peanuts are a perishable commodity; and

Whereas this valuable source of protein will be lost through spoilage unless soon utilized: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Secretary of Agriculture immediately take steps to distribute excess peanut stocks in useful edible forms to needy persons at home and abroad under the domestic food assistance programs and the Public Law 480 program.

FORESTRY RESEARCH AT PRIVATE UNIVERSITY FORESTRY SCHOOLS

The bill (S. 1307) to amend the McIntire-Stennis Act of 1962 to promote forestry research at private university forestry schools, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1307

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(b) of the McIntire-Stennis Act of 1962 (76 Stat. 806; 16 U.S.C. 582a to 582a–7) is amended by adding after "State-supported" "or private".

THE SITUATION IN THE MIDDLE EAST

Mr. MANSFIELD. Mr. President, the joint leadership of Congress and the chairmen and ranking members of various committees met at the White House this morning with the President and Secretary of State Henry A. Kissinger.

The purpose of the meeting was to discuss the breakdown in the attempts by the distinguished Secretary of State to bring about a first step settlement covering the Middle East. That first step was to cover certain passes and oil fields on the Sinai Peninsula; the two parties—Egypt and Israel—came so close together but are now so far apart.

The Members of Congress in attendance were unanimous in their support and appreciation of the efforts of the Secretary of State. They were given a breakdown of the course of the negotiations, and they approved what Secretary Kissinger was attempting to do. But the result of the breakdown of negotiations—not because of Secretary Kissinger, I must emphasize—was to create a mood of depression and discouragement.

However, that does not mean that if something is attempted again in the immediate future—and I speak of a matter of days, not weeks—there is not the possibility that the Kissinger proposals might be agreed to. If they are not, then I think the Middle East, the United States, Europe, and Japan face a most dangerous situation in the convening of the Geneva Conference, without at least this first step covering the Sinai being successful.

We all know that there are other, more dangerous areas in the Middle East which have to be faced up to. I am thinking of the problem of the Golan Heights, which of course creates serious problems between Israel and Syria; of the Arab portion of the old city of Jerusalem, which creates a problem between Israel and Saudi Arabia, especially; and of the Sharm el Sheikh area entering into the Gulf of Aqaba, which creates a continuing problem between Egypt and Israel.

If this first step is not accomplished, the result will be that the difficulties will be added to the already most difficult conference which is to be held at Geneva. All these issues will be placed on the table, and in an entirely different light than would be the case if a first step settlement could be arrived at at the present time.

At the suggestion of the distinguished Senator from Arkansas (Mr. MCCLELLAN), who was at the meeting this morning, the leadership intends to submit a resolution shortly which indicates our appreciation of and commendation for Secretary Kissinger. The resolution will make clear that so far as the Senate and the House of Representatives are concerned, we are fully supportive of the efforts made by the Secretary of State and that the breakdown in negotiations is in no way, shape, or form due to any lack of effort on his part or lack of cognizance of the difficulties. I will submit it later.

Mr. HUGH SCOTT. Mr. President, as always, the distinguished majority leader has well and cogently expressed an opinion in which we of the minority, as well as the leadership of the majority, have taken a very firm position of complete bipartisanship with respect to the situation in the Middle East. Our divisions stop at the water's edge. We are united, and we are concerned.

This is a very grim and somber time. As regards Egypt and Israel, we were so near and yet so far. The differences seem less disturbing to the rest of the world than perhaps they seem to Egypt and to Israel, and we are required to have some understanding of these divergent views.

This means, in all likelihood, that we will have to go to Geneva; and I suspect that 3 months from now, unless there is an early decision to invite Dr. Kissinger back—a decision by at least these two parties—the situation will be worse, and the contenders will be farther apart 3 months from now than they are at this time.

The joint leadership were immensely appreciative, sympathetic, and approving of the patient and zealous efforts of Dr. Kissinger as Secretary of State. We expressed that today, and we indicated to the President that we agree with his views that this is no time for the assessment of blame among the countries involved.

We also are prepared to join in a bipartisan Senate resolution and in a joint or a concurrent resolution with the other body, expressing our support of this foreign policy and our support of the efforts of Dr. Kissinger. As leaders, we are exerting one of the highest responsibilities of leadership; that is, not only to take the steps that are necessary to keep our country's foreign policy on an even keel, to serve notice to the rest of the world that we are a country united, that we do not encourage division on this matter, and that we would, in fact, look with at least disappointment on efforts to create a division of opinion in this country contrary to the facts, contrary to the situation, a division of opinion which could only be extremely harmful to the policy of the United States.

I hope it will not be necessary to comment at some later time if we are, in this regard, disappointed. I believe that the patriotism of Americans is such and of the Members of Congress is such that we can continue here the absolute essential of a bipartisan foreign policy.

Napoleon has said that an army can do anything with bayonets except sit on them. It was our hope that the armies would be so separated that they would not be confronted with that dread possibility. I shall support gladly the joint resolution and the Senate resolution.

Mr. TOWER. Will the distinguished minority leader yield?

Mr. HUGH SCOTT. I yield.

Mr. TOWER. I wish to make just one comment. I think that despite the grave and serious character of the failure of the negotiation itself in the Middle East, something fine has indeed grown out of this if Congress and the leadership of Congress are prepared to unite behind the President and the Secretary of State in this effort to try to bring about, ultimately, a settlement there. I say to my distinguished leader that that, I think, is progress.

Mr. HUGH SCOTT. I think that is a very valuable contribution. I thank the distinguished Senator from Texas.

Mr. McCLELLAN. Mr. President, I ask unanimous consent to proceed for 5 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McCLELLAN. Mr. President, I wish to express my appreciation to the leadership of the Senate for having announced that it will present the resolution as identified by our distinguished leader (Mr. MANSFIELD).

Mr. President, I attended this meeting this morning and I share the disappointment that all of us felt as a consequence of the report made to us by the Secretary of State, who has labored long and faithfully and diligently; in fact, who has made aggressive, extraordinary, and dedicated effort to persuade the countries of the Middle East who are involved in dispute to try to resolve their differences by political and diplomatic means.

The fact that the efforts of the distinguished Secretary of State were unsuccessful, that he was not able to bring the parties together, is not, in my judgment, a failure on the part of the Secretary or of our Government in its efforts to be of assistance. Rather, it is a failure on the part of the governments involved in the dispute. It is a failure on their part to move in the direction of peace and toward a political settlement of their problems and to move away from military action. Their unwillingness or their inability to take advantage of this opportunity to make concessions and to find accommodations that would provide a substantial step toward peace could prove tragic, not only to the government involved and to their peoples, but to humanity itself.

I think that Secretary Kissinger and the administration deserve a commendation that will be expressed in the resolution. I think this is a time for unanimous support, irrespective of political philosophy. It is a time for our Government to stand united in these efforts. It is my hope, as expressed by our leader, that further negotiations can be instigated and that, ultimately, there will be success and not failure in the efforts of our Government and others to bring about a solution that will avoid further military conflict.

I am happy to support this resolution. I think it is not only appropriate at this time, Mr. President, but I think it is highly desirable and I hope it will have unanimous support.

Mr. SPARKMAN. Mr. President, I wish to join with all of my colleagues who have spoken on this resolution. I am glad to join in the sponsorship of the resolution.

We have read in the press statements of the failure of Secretary Kissinger to accomplish all that he hoped to accomplish. But I think all of those who heard him this morning and heard the President this morning feel that Secretary Kissinger did a tremendous job and that the failure is based upon not being able to get just a few of the details worked out that I believe can be worked out and should be worked out.

I wish to say that I am optimistic about what may take place in Geneva. I simply believe that the peace-loving, peacefully living nations of the world will come together in a solution of this presently perplexing problem and do everything that can be done to insure peace in the troubled area of the Mideast.

Mr. ALLEN. Mr. President, I am delighted that this resolution expressing confidence in Dr. Kissinger is to be introduced. I have every confidence that it will receive the unanimous support of the Members of the U.S. Senate.

Certainly at a time like this we need to have a bipartisar, in fact a nonpartisan, foreign policy, and much of the hope that the world entertains for world peace rests in the efforts of Dr. Henry Kissinger. I think it is entirely appropriate that we in the Senate express our confidence in him and show our support of and hopes for the foreign policy of this country.

Mr. President, on June 12 of last year, at a time when Dr. Kissinger was under attack by some of his detractors, it appeared to me that a resolution expressing confidence in Dr. Kissinger and expressing gratitude for his efforts toward world peace should be introduced in the Senate; and, sitting at my desk, I wrote out on a notepad a little resolution. It was handed in in that form. The first Senator that I cleared that with was my distinguished senior colleague (Mr. SPARKMAN), who at that time was the ranking member of the Committee on Foreign Relations. He stated that he approved of every word of the resolution. Later came the cosponsorship of the distinguished majority leader, Mr. MANSFIELD, the distinguished Senator from Arkansas (Mr. McCLELLAN), the distinguished Senator from Michigan (Mr. GRIFFIN), and the distinguished Senator from Pennsylvania, the Republican leader (Mr. HUGH SCOTT).

The resolution went to the Committee on Foreign Relations, and it reposed there, inasmuch as no further effort was made to have hearings on the resolution, because Dr. Kissinger's appearances before the committee on other matters removed any basis of a case for the detractors of the efforts of Dr. Kissinger.

Mr. President, I would like to read into the RECORD the resolution which was introduced at that time, and cosponsored by 50 other Senators:

Whereas Secretary of State Henry Kissinger has done a masterful job in the cause of peace throughout the world—in the Mideast, with Russia, and the People's Republic of China, and elsewhere in the world; and

Whereas a principal factor in the successes he has achieved has been the confidence that the opposing sides in the various areas of negotiation have had in Doctor Kissinger's integrity, sincerity, and veracity; and

Whereas the entire world is indebted to Doctor Kissinger for his efforts in the cause of world peace; and

Whereas the people of the United States are grateful to Doctor Kissinger for his brilliant work: Now, therefore, be it

Resolved, That—

(1) Doctor Kissinger be commended on his outstanding contributions to the cause of world peace.

(2) Deep gratitude to Doctor Kissinger for his services is hereby expressed by the Senate.

(3) That the United States Senate holds in high regard Doctor Kissinger, and regards him as an outstanding member of this administration, as a patriotic American in whom it has complete confidence, and whose integrity and veracity are above reproach.

(4) That the United States Senate wishes for him success in his continuing efforts to achieve a permanent peace in the world.

Mr. President, that resolution submitted at that time would, of course, be appropriate at this time, but it will be embellished and brought up to date to apply to the particular area of negotiations looking to peace in Asia. Again I am delighted that a bipartisan resolution will be introduced by the leadership, expressing hopes for world peace and expressing confidence in Dr. Kissinger and his efforts.

Mr. President, I yield the floor.

Mr. GOLDWATER. Mr. President, I commend the distinguished majority leader and minority leader for the steps they have taken to show our country and the world that this body is united behind the efforts of Dr. Kissinger and the administration to achieve peace in that portion of the Middle East we are talking about today.

I think it is rather sad that the information we have received from Dr. Kissinger comes on the advent of Holy Week, at a time of the year and a time in history when we could have been joyful in news that success had been obtained in this historically troubled spot of the world. I think it would have been much wiser and much safer for the world to have achieved an agreement through Dr. Kissinger's efforts in his close work with some of the Arab nations. But I do not believe that Geneva is going to be any more productive than Geneva has ever been. The problem with Geneva is that we are faced with the Soviet Union sitting at the same table. The Soviets, who try, more and more and more successfully, I might say, to influence the tables of this world where peace is discussed—that group, in my opinion, has no interest in peace; probably not in war, either, but certainly an interest in achieving what they want, which is the dominance of the world.

Mr. President, I would have much preferred to have had Dr. Kissinger come home and report at least some success, so that we could have looked forward to a continuation of his efforts, with hopefulness that eventually success could come.

Mr. President, I repeat, I am pleased and proud that the leadership of this body, by the introduction of this resolution—and I have asked to be made a cosponsor of it—will indicate to the world that Congress will back Dr. Kissinger and back the administration, in fact will continue to do what Congress has done in recent years: everything in our power to help achieve peace by the settlement of the 2,000-year-old argument existing in the Middle East between the Jews and the Arabs. I pray that this country will be successful through the efforts of its leaders to convince those Arab nations which are hostile that it is much, much to their advantage to settle this thing with a sensible peace than to be forced to settle it under the terms of the Soviet Union.

I yield the floor.

Mr. GRIFFIN. Mr. President, this is a fine hour in the history of the Senate. This is the kind of a day which makes one very proud to be a Member of this body—to see Senators from both parties and from all ranges of the political spectrum coming together and standing behind the Secretary of State and our President. This is the way it should be.

I might just say, as an aside, that I have spent 5 or 6 days putting together a rather comprehensive speech that I had planned to deliver today, noting the failure by Congress to vote on the President's request for assistance in the case of Cambodia and Vietnam.

I shall not deliver that speech today, as a tangible contribution to the spirit of bipartisanship which has taken over. I welcome and hope that it will prevail, not only in these difficult hours but beyond—and not only with respect to the Middle East but beyond the Middle East. Because the people of this Nation yearn for statesmanship—not partisanship—during these difficult and troubled days, particularly in the area of foreign policy.

So, I join others in saluting the Secretary of State, whose report this morning to the leadership left no doubt whatever that he had done everything within his power to bring about a step toward peace, and that whatever the failure there was no failure on his part or on the part of the Government of this country. I also salute the leaders of both parties in the Senate. This is a proud day in the history of the Senate.

Mr. MANSFIELD. Mr. President, the distinguished acting Republican leader is correct when he states that Secretary Kissinger is in no way to blame for the breakdown in negotiations. No one could have done more. He brought great credit upon our Government and all of us because of his dedication to his onerous task.

He is to be commended for endeavoring in every way possible to bring about a solution on a first-step basis to a problem which, I am afraid, will come back to haunt all parties, this country, and a large portion of the world, for many years to come.

The President indicated this morning that he was undertaking a reexamination and a reassessment of our policy in the Middle East, and all the Members who were assembled in the Cabinet room in the White House gave him their full support in this endeavor, this possible shift away from policy which has become recognized for some decades now.

Mr. STENNIS. Mr. President, I seek recognition.

Mr. President, I have just gotten to the Chamber and have understood quite briefly from the floor leader, the Senator from Montana, that there is a resolution which has been put in with reference to the situation in the Middle East, Mr. Kissinger's visit there, his efforts. I want to read the resolution, of course, but I want to ask unanimous consent, if I see fit after reading it, that I might join as an author.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I was so impressed with the situation as outlined at the White House this morning that I felt that I should say something about it.

Even though the substance of Mr. Kissinger's report was disappointing, there was strong and united support from the Members of Congress present for the President's taking of the step by step approach on the Middle East matter, as well as the way it was handled by Mr. Kissinger.

The situation in the Middle East is grave indeed and there is cause for concern.

I do not think I have ever seen any time at the White House where a report was received in a more serious, somber way, and not one of hopelessness for any means, but of the deepest and utmost concern.

I think, therefore, Mr. President, it is highly important that we show a united front behind the President as he continues to seek some just settlement short of the outbreak of fighting. He will have to reassess and revalue the situation and our position in view of this new development. We have every reason to be united behind the President's effort, because the outbreak of a war in the Middle East would not only be highly destructive of the nations and people directly involved, but would also adversely affect us, more especially our economic and energy problems.

Negotiations and dealing with this problem certainly require time, consideration, and understanding. I still have hope that something can and will be done about it. But if we make it unknown to the adversary or make it less than clear to the adversary, we will divide among ourselves, and trustfulness in all hope and construction from us will be lost.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. Who desires recognition?

Mr. MANSFIELD. Mr. President, may I say that Secretary Kissinger was not dealing with adversaries. He was acting as a mediator between two countries which are friendly to this Nation in the hope that the differences which were holding them apart might be resolved, to the end that a first successful step could be achieved.

If this step is not achieved—and there is a short while to do so—then I fear for the future of the Middle East and its effect on the rest of the world.

ENDORSEMENT OF EFFORTS FOR CONTINUED WORK TOWARD ACHIEVING THE PEACEFUL RESOLUTION OF MIDDLE EAST DISPUTES

Mr. MANSFIELD. Mr. President, I call up the Senate resolution (S. Res. 119) and ask that the sponsors be named and that the Senate consider it immediately.

The ACTING PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

Mr. MANSFIELD (for himself, Mr. Hugh Scott, Mr. McClellan, Mr. Sparkman, Mr.

Griffin, Mr. Case, Mr. Morgan, Mr. Metcalf, Mr. Goldwater, Mr. Allen, Mr. Tower, and Mr. Stennis) proposes the following resolution:

Whereas, the Secretary of State has just returned from the Middle East, having acted as intermediary for talks and negotiations between the Heads of States of the several countries and

Whereas, the Senate of the United States has learned with deep regret that very little progress was made during these talks toward achieving a peaceful resolution of the chronic disputes between these sovereignties; now be it

Resolved, That the Senate of the United States endorses fully the efforts of and highly commends the Secretary of State and the President in trying to achieve a peaceful resolution of the Middle East disputes and urges continued efforts by the Secretary of State to use his good auspices to help the parties in dispute abandon intransigence and see the wisdom of these objectives.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 119) was agreed to.

The preamble was agreed to.

APPOINTMENTS BY THE VICE PRESIDENT

The ACTING PRESIDENT pro tempore. The Chair, on behalf of the Vice President, pursuant to Senate Resolution 118, appoints the following Senators to the Senate delegation to conduct a study of the North Atlantic Alliance: The Senator from Minnesota (Mr. Humphrey), cochairman, the Senator from South Carolina (Mr. Hollings), the Senator from Iowa (Mr. Culver), the Senator from North Carolina (Mr. Morgan), the Senator from Vermont (Mr. Leahy), the Senator from Pennsylvania (Mr. Hugh Scott), cochairman, the Senator from New York (Mr. Javits), the Senator from Kansas (Mr. Pearson), and the Senator from Virginia (Mr. William L. Scott).

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 1 hour with statements therein limited to 5 minutes.

ORDER FOR THE RECOGNITION OF MR. McCLURE ON WEDNESDAY, MARCH 26, 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the joint leadership is recognized on Wednesday next that the distinguished Senator from Idaho (Mr. McClure) be recognized for not to exceed 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

A message from the President of the United States was communicated to the Senate by Mr. Heiting, one of his secretaries, and he announced that the President, on March 21, 1975, had approved and signed the enrolled joint resolution (S.J. Res. 48) to amend the Defense Production Act of 1950, as amended, and for other purposes.

MESSAGES FROM THE HOUSE

At 12:02 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Ullman, Mr. Burke of Massachusetts, Mr. Rostenkowski, Mr. Landrum, Mr. Vanik, Mr. Schneebeli, and Mr. Conable were appointed managers of the conference on the part of the House.

The message also announced that the House has passed the bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land energy resources in which it requests the concurrence of the Senate.

At 3:02 p.m., a message from the House of Representatives by Mr. Berry announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the resolution (H. Con. Res. 133) entitled "Concurrent Resolution To Lower Interest Rates."

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes; recedes from its disagreement to the amendments of the Senate numbered 18, 20, 35, and 38 to the bill and concurs therein; recedes from its disagreement to the amendments of the Senate numbered 3, 6, 9, 32, and 36, and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ALLEN, from the Committee on Agriculture and Forestry, without amendment:

S. 1310. An original bill to continue the special food service program for children through September 30, 1975 (Rept. No. 94–57).

By Mr. TALMADGE, from the Committee on Agriculture and Forestry, with amendments:

S. 555. A bill to amend the Consolidated Farm and Rural Development Act (Rept. No. 94–59).

SUMMARY OF LEGISLATIVE ACTIVITIES DURING THE 93D CONGRESS—SPECIAL REPORT OF A COMMITTEE (REPT. NO. 94–58)

Mr. MANSFIELD. Mr. President, on behalf of the Committee on Interior and Insular Affairs, and pursuant to the requirements of section 136(b) of the Legislative Reorganization Act of 1946, as amended, this report of the activities of the Committee on Interior and Insular Affairs during the 93d Congress is submitted to the U.S. Senate by the chairman of the committee, Mr. Jackson, on this 24th day of March, 1975. I ask unanimous consent that the Senate order it to be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. CANNON, from the Committee on Rules and Administration:

Thomas B. Curtis, of Missouri; Neil Staebler, of Michigan; Robert O. Tiernan, of Rhode Island; Vernon W. Thomson, of Wisconsin; Thomas E. Harris, of Arkansas; and Joan D. Aikens, of Pennsylvania, to be members of the Federal Election Commission (together with dissenting views) (Ex. Rept. 94–2).

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. Metcalf):

A joint resolution of the General Assembly of the Commonwealth of Virginia; to the Committee on the District of Columbia:

"Commonwealth of Virginia, General Assembly—House Joint Resolution No. 264

"Petitioning the Congress of the United States to make funds available to the Washington Metropolitan Area Transit Authority

"Whereas, the General Assembly of the Commonwealth of Virginia recognizes the demonstrated need and importance of a modern, rapid rail system to Northern Virginia and the Washington Metropolitan Area; and

Whereas, the current federal funding of two-thirds of the rapid rail construction cost does not reflect the 1973 amendment to the National Mass Transit Assistance Act providing for 80–20 funding of the capital projects for mass transit; and

"Whereas, the impact of inflation upon the construction costs of the system has reached the point where construction within the present funding level would not provide the 98.5 mile system as planned; and

"Whereas, the resulting deficits for the operation of the bus system are becoming and will become a prohibitive burden on the Northern Virginia localities; and

"Whereas, a large portion of the operating deficit must be borne by a fare increase; and

"Whereas, the residents of these jurisdictions have demonstrated their commitment to a 98.5 mile system by a willingness to tax themselves through bond referenda and appropriations of the local governing bodies; now, therefore, be it

"*Resolved* by the House of Delegates, the Senate concurring, That the General Assembly of the Commonwealth of Virginia does hereby petition the Executive Branch of the Federal Government and the United States Congress to endorse and approve 80–20 funding retroactive to July one, nineteen hundred seventy-three, for the Metrorail construction project of the Washington Metropolitan Area Transit Authority; and, be it

"*Resolved further,* That the General Assembly of the Commonwealth of Virginia does hereby petition the Washington Metropolitan Area Transit Authority to adopt a realistic fare schedule which will minimize the operating bus deficit which must be paid by the Northern Virginia local governments.

"*Resolved further,* That the General Assembly of Virginia expresses its support for and in behalf of the Northern Virginia jurisdictions in their joint and several efforts to meet their commitments to the Washington Metropolitan Area Transit Authority.

"February 5, 1975."

Recommendations, Resolutions, and Orders of the 20th Annual Session of the North Atlantic Assembly in London, England; to the Committee on Foreign Relations.

HOUSE BILL REFERRED

The bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources, was read twice by its title and referred to the Committee on Banking, Housing and Urban Affairs.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HUGH SCOTT:

S. 1308. A bill for the general reform and modernization of the patent laws, title 35 of the United States Code, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. CASE:

S. 1309. A bill to amend the National School Lunch Act, as amended, to assure that the school food service program is maintained as a nutrition service to children in public and private schools, and for other purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. ALLEN, for the Committee on Agriculture and Forestry:

S. 1310. An original bill to continue the special food service program for children through September 30, 1975. Placed on the calendar.

By Mr. PELL:

S. 1311. A bill to prohibit discriminatory employment practices with respect to physically handicapped persons. Referred to the Committee on Labor and Public Welfare.

By Mr. NELSON:

S. 1312. A bill to amend the Public Health Service Act in order to protect the public against excessively high prices for certain drugs;

S. 1313. A bill to amend the Federal Food, Drug, and Cosmetic Act to require an appropriate warning on the label of any potentially dangerous drug, and for other purposes;

S. 1314. A bill to amend the Federal Food, Drug, and Cosmetic Act in order to impose certain restrictions on oral representations made to physicians and pharmacists regarding drugs, and to impose certain restrictions on the written advertising of drugs;

S. 1315. A bill to amend the Federal Food, Drug, and Cosmetic Act in order to require that the label of certain drugs include expiration dates regarding the effectiveness or potency of such drugs;

S. 1316. A bill to amend the Federal Food, Drug, and Cosmetic Act to prohibit the export of any drug from the United States unless an application for approval of such drug has been obtained under section 505 of such act;

S. 1317. A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to require the submission of certain additional information by applicants for new drugs; to require the inclusion of certain additional information in drug labeling; and for other purposes;

S. 1318. A bill to amend and supplement the Federal Food, Drug, and Cosmetic Act with respect to the manufacture and distribution of drugs, and for other purposes;

S. 1319. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the certification of certain drugs other than insulin and antibiotics, and to provide for the submission of certain additional information on drugs by the producers of such drugs;

S. 1320. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the regulation of sample drugs;

S. 1321. A bill to amend the Federal Food, Drug, and Cosmetic Act to make the Secretary of Health, Education, and Welfare responsible for the testing and evaluation of all drugs to determine whether such drugs meet the requirements for approval for commercial distribution, and to provide for the establishment of a national drug testing and evaluation center, and for other purposes;

S. 1322. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for quality control for drugs purchased by the United States or paid for with Federal funds, and to provide for a Formulary of the United States;

S. 1323. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for a Federal Drug Compendium which will list all prescription drugs by their generic names and provide reliable, complete, and readily accessible prescribing information;

S. 1324. A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to prohibit the use of any name in connection with any prescription drug other than the official name designated or such drug by the Secretary of Health, Education, and Welfare;

S. 1325. A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to provide for a Federal Drug Compendium which provides reliable, complete, and readily accessible prescribing information; to assure safety and efficacy of drugs through certification of certain drugs other than insulin and antibiotics; to require certain information in drug labeling; and to improve the administration and enforcement of the Act as it relates to drugs. Referred to the Committee on Labor and Public Welfare.

By Mr. JAVITS (for himself, Mr. Williams, Mr. Magnuson, Mr. Hartke, Mr. Beall, Mr. Brooke, Mr. Cranston, Mr. Kennedy, Mr. McIntyre, Mr. Moss, Mr. Ribicoff, Mr. Schweiker, Mr. Hugh Scott, Mr. Stafford, and Mr. Weicker):

S. 1326. A bill to provide assistance to unemployed persons and for other purposes. Referred to the Committee on Labor and Public Welfare; and, if and when reported by that committee, to the Committee on Commerce, by unanimous consent.

By Mr. INOUYE:

S.J. Res. 65. A joint resolution to authorize and request the President to call a White House Conference on Women in 1976. Referred to the Committee on Government Operations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUGH SCOTT:

S. 1308. A bill for the general reform and modernization of the patent laws, title 35 of the United States Code, and for other purposes. Referred to the Committee on the Judiciary.

Mr. HUGH SCOTT. Mr. President, more than 125 years have passed since we have had a substantive overhaul of our patent system. Time and past events dictate the need for changes.

I am introducing a bill today which is the end product of more than 2½ years of effort. In an attempt to spur patent reform, Senator John McClellan and I sent a letter to President Nixon in Sepber of 1972 asking for a clarification of the administration position on what changes were needed. A year later after extensive study within the executive branch a reform package was sent to me for study. I introduced this bill in the 93d Congress as S. 2504. The Subcommittee on Patents, Trademarks, and Copyrights under the leadership of Senator McClellan worked with this proposal and made substantive amendments. These changes were incorporated in a new bill, S. 2504 committee print—CP. Additional comments by the administration on S. 2504 CP were transmitted to the subcommittee members by the Commissioner of Patents, C. Marshall Dann, in July 1974.

The bill I am introducing today incorporates many of the elements of S. 2504, S. 2504 CP, and the administration letter of July 1974. Essentially, I believe it is a good bill. By introducing this bill, I am not making a firm commitment to each of its provisions. Rather, I believe it must be reviewed by the subcommittee to discern if any further amendments are warranted. In the 94th Congress there have already been introduced three other general patent bills S. 23 by Senator McClellan, S. 214 by Senator Hart, and S. 473 by Senator Fong. I am sure the subcommittee will want to examine elements of each of the bills before making any final recommendations.

I am hopeful the Senate can act quickly on a bill to reform the patent system. Reform is long overdue and I think the job can be accomplished during the 94th Congress.

By Mr. CASE:

S. 1309. A bill to amend the National School Lunch Act, as amended, to assure that the school food service program is maintained as a nutrition service to children in public and private schools, and for other purposes. Referred to the Committee on Agriculture and Forestry.

Mr. CASE. Mr. President, today I am reintroducing legislation to restore the authority of the Department of Agriculture to regulate the sale of competitive food products, such as cakes and soda pop, in school lunch cafeterias.

In an amendment that passed the Senate several years ago, I sought to restore this authority to the Department of Agriculture after it was deleted from the school lunch amendments approved by the Senate Agriculture Committee.

Unfortunately, my amendment was deleted in conference; the final measure did not even include a weaker House amendment that provided for "nutritious" competitive foods.

I believe that the Federal Government must insure the integrity of our school feeding programs if they are to accomplish the goals set by Congress. Our efforts must be directed towards making school feeding programs a model of good nutritional practice. In addition we should encourage the fullest possible student participation.

Accordingly, the measure I am introducing today eliminates the language in the 1972 Act which allows the sale of competitive foods in school cafeterias. It also provides cash grants to departments of education or comparable agencies in the States for programs to teach school children the nutritional value of foods and the importance of nutrition to good health.

My bill would also authorize the Department of Agriculture to carry out research and development projects to develop materials and techniques for effective presentation of this information.

It is my hope that the Senate Agriculture Committee will be able to hold hearings on this proposal in connection with other proposed amendments to the school feeding programs.

Enactment of legislation to regulate the sale of competitive foods in our school cafeterias will go a long way to assure that the Federal dollars spent in the school feeding programs are producing the best possible nutrition for the children of our country.

I ask unanimous consent, Mr. President, that the text of my bill, S. 1309, be printed following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1309

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. After the first sentence of section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) delete the following sentence: "Such regulations shall not prohibit the sale of competitive food in food service facilities or areas during the time of service of food under this Act or the National School Lunch Act if the proceeds from the sales of such foods will inure to the benefit of the schools or of organizations of students approved by the schools."

SEC. 2. The Child Nutrition Act is further amended by adding at the end thereof a new section as follows:

"SEC. 18. (a) The Secretary shall make cash grants to the education department or comparable agency of each State for the purpose of providing funds to local school districts and private nonprofit school systems to enable school children within each State to participate in programs which increase their knowledge of the nutritional value of foods and the relationship of nutrition to human health.

"(b) In order to carry out the program provided for under subsection (a) there are authorized to be appropriated such sums as the Congress deems appropriate. These funds shall be apportioned among the States according to the number of people in that State in proportion to the number of people in all the States; however, no State shall receive less than 1 per centum of any funds appropriated by the Congress.

"(c) In the event that a State education or comparable agency is unable to distribute funds provided under this section to private nonprofit schools, the Secretary shall disburse these funds directly to such school systems in proportion of the total enrollment in these schools to the total enrollment in all schools in the State, and the Secretary shall withhold these funds from the total apportionment allotted to the State agency.

"(d) The Secretary shall withhold not less than 1 per centum of any funds appropriated under this section and shall expend these funds to carry out research and development projects relevant to the purpose of this section, particularly to develop materials and techniques for the innovative presentation of nutritional information."

By Mr. PELL:

S. 1311. A bill to prohibit discriminatory employment practices with respect to physically handicapped persons. Referred to the Committee on Labor and Public Welfare.

Mr. PELL. Mr. President, during the past decade a great deal of progress has been made toward the goal of eliminating discriminatory treatment of persons. The Federal Government, State and local governments, and many parts of the private sector have acted to eliminate discrimination in employment, in education, in housing, and in other areas. It has indeed become clear national policy that discrimination based on race, religion, and sex shall not be permitted.

There is, however, an additional area of discrimination that I believe deserves far more attention than it has been given: discrimination against the physically handicapped. As is the case with most discriminatory practices, discrimination against the handicapped is most often not a conscious policy, but an accumulation of unthinking acts. The result, nonetheless, is the same in that the physically handicapped are confronted daily with obstacles to personal fulfillment that have nothing to do with their physical handicaps.

One of the most serious discriminatory barriers confronting the physically handicapped is job discrimination. In the past, it was a common practice to shut the handicapped away in special workshops. In more recent years, many employers have come to realize that a physical handicap does not preclude a person from efficient and gainful employment, working side by side with other workers. Many enlightened employers have made special efforts to hire the physically handicapped.

In spite of these efforts, however, discrimination against the physically handicapped continues. The result is that the Nation is deprived of the full talents and abilities of physically handicapped individuals, and the physically handicapped themselves suffer an unnecessary additional burden.

It was for this reason that I am today introducing a bill which would amend title VII of the Civil Rights Act of 1964 to prohibit discriminatory practices against physically handicapped persons.

This legislation is identical to S. 1780 which I introduced in the 93d Congress. I believe that it deserves serious study, and trust that an affirmative effort to consider this bill will be made in this Congress.

By Mr. NELSON:

S. 1312. A bill to amend the Public Health Service Act in order to protect the public against excessively high prices for certain drugs;

S. 1313. A bill to amend the Federal Food, Drug, and Cosmetic Act to require an appropriate warning on the label of any potentially dangerous drug, and for other purposes;

S. 1314. A bill to amend the Federal Food, Drug, and Cosmetic Act in order to impose certain restrictions on oral representations made to physicians and pharmacists regarding drugs, and to impose certain restrictions on the written advertising of drugs;

S. 1315. A bill to amend the Federal Food, Drug, and Cosmetic Act in order tc require that the label of certain drugs include expiration dates regarding the effectiveness or potency of such drugs;

S. 1316. A bill to amend the Federal Food, Drug, and Cosmetic Act to prohibit the export of any drug from the United States unless an application for approval of such drug has been obtained under section 505 of such Act;

S. 1317. A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to require the submission of certain additional information by applicants for new drugs; to require the inclusion of certain additional information in drug labeling; and for other purposes;

S. 1318. A bill to amend and supplement the Federal Food, Drug, and Cosmetic Act with respect to the manufacture and distribution of drugs, and for other purposes;

S. 1319. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the certification of certain drugs other than insulin and antibiotics, and to provide for the submission of certain additional information on drugs by the producers of such drugs;

S. 1320. A bill to amend the Federal

Food, Drug, and Cosmetic Act to provide for the regulation of sample drugs;

S. 1321. A bill to amend the Federal Food, Drug, and Cosmetic Act to make the Secretary of Health, Education, and Welfare responsible for the testing and evaluation of all drugs to determine whether such drugs meet the requirements for approval for commercial distribution, and to provide for the establishment of a national drug testing and evaluation center, and for other purposes;

S. 1322. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for quality control for drugs purchased by the United States or paid for with Federal funds, and to provide for a Formulary of the United States;

S. 1323. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for a Federal Drug Compendium which will list all prescription drugs by their generic names and provide reliable, complete, and readily accessible prescribing information;

S. 1324. A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to prohibit the use of any name in connection with any prescription drug other than the official name designated or such drug by the Secretary of Health, Education, and Welfare;

S. 1325. A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to provide for a Federal Drug Compendium which provides reliable, complete, and readily accessible prescribing information; to assure safety and efficacy of drugs through certification of certain drugs other than insulin and antibiotics; to require certain information in drug labeling; and to improve the administration and enforcement of the act as it relates to drugs. Referred to the Committee on Labor and Public Welfare.

Mr. NELSON. Mr. President, I send to the desk 14 bills to amend the Federal Food, Drug, and Cosmetic Act, as amended, to provide remedies for many of the deficiencies in the present law and in order to protect the American people against poorly tested, unsafe, ineffective, improperly used, and monopolistically priced drugs.

I ask unanimous consent that the bills be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as as follows:

S. 1312

A bill to amend the Public Health Service Act in order to protect the public against excessively high prices for certain drugs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Health Price Protection Act of 1975".

SEC. 2. Title III of the Public Health Service Act (58 Stat. 691; 42 U.S.C. 241–380b–12) is amended by adding the following part K thereto:

"PART K—PUBLIC HEALTH PRICE PROTECTION

"SEC. 399c. Whenever it appears to the Secretary of Health, Education, and Welfare, whether on the basis of his own information or belief or on the basis of information furnished him by other persons, that, in the case of any drug—

"(1) (A) its continued availability by reason of its general use by the medical profession may be in the public interest, or

"(B) it may be the drug of choice for particular clinical uses,

"(2) the usage and price levels of such drug are such that the volume of commerce therein may not be insubstantial, and

"(3) (A) there may be fewer than four producers of such drug in the United States, or

"(B) the average price of such drug to the consumer or to the user (whether the ultimate user or otherwise) of such drug in the United States may be higher than (i) five times the direct cost thereof to the producer, or (ii) the average price of such drug to the consumer or to the user (whether the ultimate user or otherwise) of such drug in any foreign country,

he shall immediately so certify to the Federal Trade Commission (hereinafter in this part referred to as the 'Commission'). The Commission shall thereupon investigate the pertinent facts.

"INSTITUTION OF PROCEEDING

"SEC. 399d. Whenever the Commission has reason to believe—

"(1) that the average price of any drug to the consumer or to the user (whether the ultimate user or otherwise) of such drug in the United States is higher than—

"(A) five times the direct cost of such drug to the producer, including materials and labor but excluding overhead and promotional expenses; or

"(B) the average price of such drug to the consumer or user of such drug in any foreign country;

"(2) that the annual sales of such drug in the United States have exceeded $1,000,000 for three or more years; and

"(3) that the existence of a patent relating to the manufacture, use, or sale of such drug has constituted a substantial contributing factor to the high price of such drug, it shall institute a public rulemaking proceeding pursuant to section 553 of title 5, United States Code, to determine whether such patent should be made subject to mandatory licensing on reasonable terms and conditions, in order to secure to consumers lower prices for such drug. Such reason for belief may be, but need not be, based upon a certification pursuant to section 399c of this Act. As used in this section the term 'drug' includes an intermediate or nonfinal form of the drug.

"RULEMAKING

"SEC. 399e. (a) If the Commission determines, on the record after opportunity for agency hearing, as provided in section 553(c) of title 5, United States Code, that—

"(1) the conditions set forth in section 399d of this Act exist with respect to any drug.

"(2) to require the patent on such drug to be made subject to mandatory licensing on reasonable terms and conditions will tend to secure to consumers lower prices for such drug, and

"(3) it would be in the public interest to require such mandatory licensing.

then it shall formulate and publish a rule so declaring.

"(b) The Commission shall concurrently, or after further public hearings, formulate and publish a rule specifying a reasonable royalty rate for the patent on such drug, at an amount that will duly take into account the need of the public for moderate drug prices, the public interest in encouraging research by giving manufacturers of drugs a fair rate of return on invested capital, and the public interest generally. In so doing the Commission may be guided by, but shall not be bound by, the standards used by the Federal courts in assessing patent infringement damages.

"(c) If, after formulating a rule pursuant to subsection (a) of this section, the Commission finds that the public interest requires the immediate availability of mandatory licenses in order to protect consumers from high drug prices, it may formulate and publish a rule specifying an interim royalty rate, with protective conditions to insure payment or repayment in the proper amount upon the formulation of a subsequent rule determining the actual reasonable royalty rate.

"(d) Unless the Commission otherwise provides because it believes that the public interest so requires, the Commission shall specify as additional reasonable terms and conditions for mandatory licensing that licenses are to be available to all applicants therefor for the life of the patent, that the terms are to be nondiscriminatory, and that no limitations or restrictions are to be imposed on the freedom of licensees to practice the patented subject matter.

"(e) The Commission may further provide, if it believes that to do so will tend to secure lower drug prices to consumers, that, as a condition to a person's collecting or being entitled to any royalties under the mandatory licensing arrangement, such person shall make available, to all licensees requesting the same, any technical data which exists in tangible form, which is in the possession or control of such person or to which he has access, and which the licensees need to practice the patent or market the drug economically and expeditiously.

"(f) If the Commission determines that no rule should be formulated, it shall publish its decision so providing.

"(g) Any applicant for a license, or patentee or other person entitled to royalties under the patent, may make application to the Commission for an interpretation, clarification, or modification of the rule of the Commission in the event of a disagreement with respect to the interpretation of the rule or otherwise; and the Commission shall proceed with respect to such application, on the record, after opportunity for a public agency hearing has been granted as provided in section 533 of title 5, United States Code.

"(h) In connection with the Commission's carrying out its responsibilities under this part, and particularly those under subsections (a) through (e) of this section, the Surgeon General shall furnish the Commission with such technical assistance and advice as it may request.

"EFFECT OF RULE; PENALTY FOR DISOBEDIENCE

"SEC. 399f. (a) After any rule for mandatory licensing formulated pursuant to section 399e becomes final and effective, no person shall be subject to suit under section 281 of title 35, United States Code, or related statutes, or to prosecution for contempt of a previous injunction thereunder, for infringement of the patent or patents subject to the Commissions' rule, if such person shall have paid or offered to pay to the patentee or other person entitled thereto the royalties specified in the rule.

"(b) Any person who sues or threatens to sue another person for the infringement of any patent subject to a final and effective rule of the Commission under this part shall forfeit and pay to the United States a civil penalty of not more than $100,000 for each such act. Such penalty shall accrue to the United States and may be recovered thereby in a civil action brought in the United States District Court for the District of Columbia. Service of the summons and complaint may be made wherever the defendant is found or transacts business, or as otherwise authorized by a Federal statute or the Federal Rules of Civil Procedure.

"FINALITY AND REVIEW

"Sec. 399g. (a) (1) Any rule formulated under section 399e of this Act shall become final thirty days after the publication thereof by the Commission, and shall become effective forty days after the publication thereof, unless the Commission shall for cause specify earlier or later dates.

"(2) Until the rule becomes final the Commission shall have power to reopen the rulemaking proceeding. The Commission shall for cause have power at any time to rescind or modify the rule.

"(3) The denial of a rule shall become final and effective upon the publication of the decision so providing, unless the Commission shall for cause specify a later date.

"(b) (1) Any person suffering legal wrong because of any final agency action under this part, or adversely affected or aggrieved by such action, shall be entitled to judicial review thereof.

"(2) There shall be no interlocutory review of any nonfinal agency action under this part.

"(3) The form of proceeding for judicial review shall be exclusively by way of petition for review by the United States Court of Appeals for the District of Columbia, pursuant to the rules of that court and the Federal Rules of Appellate Procedure. Any petition for review must be filed prior to the effective date of the rule.

"(4) Upon review, the Commission's findings shall be conclusive if supported by substantial evidence, and its rule shall be sustained if there is warrant for it in the record.

"(5) If the court of appeals or the Supreme Court sustains the rule, it shall become effective on the date the mandate is entered. If the rule is not sustained, the matter shall be remanded for further proceedings consistent with the judgment of the appellate court.

"(c) Upon the filing of a petition for review, the Commission, unless it finds that the public interest requires otherwise, or that to do so would be inconsistent with a district court order entered pursuant to section 399h of this Act, shall stay the effective date of its rule, pending the completion of judicial review.

"INTERIM JUDICIAL RELIEF

"SEC. 399h. (a) If the Commission believes that the public interest requires the immediate availability of mandatory licenses in the case of the patent on any drug in order to protect consumers from high drug prices, it may, at any stage of its proceeding or thereafter, so certify to the Attorney General, with a request that the Attorney General seek a temporary restraining order, preliminary injunction, or other appropriate relief.

"(b) Upon the application of the Attorney General, the United States District Court for the District of Columbia shall have jurisdiction to enter an order in the case of any patent or patents, with respect to which a rule has been issued by the Commission under this part, to prevent the enforcement of such patent or patents under section 281 of title 35, United States Code, or related statutes, during the pendency of the Commission proceedings and review thereof. Such relief shall be granted to the Attorney General upon a showing of likelihood that a final mandatory licensing rule will issue after a determination on the merits by the Commission. The relief may be conditioned upon the payment of interim royalties by applicants for licenses, and the court may impose other conditions in accordance with the principles of equity.

"(c) The proceeding before the district court shall be in the nature of an in rem action, and summons shall be served by publication in the Federal Register or otherwise as the court directs. Any person having a legal interest in the patent or patents shall have an unqualified right to intervene. The district court shall, upon the application of the Attorney General, pursuant to the procedure obtaining under section 5 of the Act entitled 'An Act to protect trade against unlawful restraints and monopolies', approved July 1, 1890 (15 U.S.C. 5), or otherwise as authorized by Federal statute or the Federal Rules of Civil Procedure, summon before it the patentee or any party whose presence appears to be necessary to make the court's order effective.

"(d) The district court's order shall be reviewable under section 1292(a) of title 28, United States Code.

"INVESTIGATORY AND RELATED POWERS

"SEC. 399i. The Commission may utilize its powers under sections 3, 6, and 9 of the Federal Trade Commission Act (15 U.S.C. 43, 46, and 49) and related statutes, in order to carry out its duties under this part. The Commission is authorized to promulgate rules and regulations governing the enforcement of this part and proceedings thereunder; to define any and all terms used herein; to specify accounting methods and procedures for making the determinations of costs, sales, prices, and other such matters required hereunder; and otherwise to prescribe such further rules and regulations as may be necessary or proper for the purposes of administration and enforcement of this part.

"SEPARABILITY CLAUSE

"SEC. 399j. If any provision of this part or the application thereof to any person or circumstance is held invalid, the remainder of the part and the application of such provision to any other person or circumstance shall not be affected thereby.

"APPLICATION OF EXISTING LAWS

"SEC. 399k. The provisions of this part shall be held to be in addition to, and not in substitution for or limitation of, the provisions of any other Act of Congress."

EFFECTIVE DATE

SEC. 3. This Act shall take effect one hundred and eighty days after the date of enactment. It shall apply to all patents heretofore or hereafter issued.

S. 1313

A bill to amend the Federal Food, Drug, and Cosmetic Act to require an appropriate warning on the label of any potentially dangerous drug, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 503(b) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 353(b)) is amended by adding at the end thereof a new paragraph as follows:

"(6) If a drug which is subject to paragraph (1) of this subsection is determined by the Secretary to be potentially dangerous when taken or administered as directed, the label shall bear a clearly legible warning of the potential dangers of such drug printed immediately under the word 'WARNING'. In the case of any drug subject to paragraph (1), the Secretary may by regulation require that the label or labeling bear information relating to the therapeutic category of the drug, its indications and contraindications, directions for use, warnings, or antidotes, if the Secretary determines that providing such information would be in the public interest.

SEC. 2. (a) The first sentence of paragraph (2) of section 503(b) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 353(b)(2)), is amended by striking out the period at the end of such paragraph and inserting in lieu thereof a comma and the following: "and any information required to appear on the label or in the labeling pursuant to paragraph (6) of this section, and the established name (as defined in section 502(e)(2)) of the drug in the case of a drug containing only one active ingredient, and, in the case of a drug containing more than one active ingredient, a list of the active ingredients of such drug immediately following or immediately under the word "Mixture of".

(b) Section 503(b)(2) of such Act is further amended by adding at the end thereof the following: "Where a practitioner licensed by law to administer drugs prescribes by trade name any drug containing only one active ingredient, the dispenser of such drug shall include on the label, immediately below the established name of the drug, in letters not more than one-half the size of the established name of the drug, the trade name of such drug. The Secretary may by regulation authorize pharmacists to utilize a reasonable alternative to the requirement of the preceding sentence in exceptional circumstances where printed labels complying with such requirement are not available. If the drug prescribed contains more than one active ingredient, the trade name for such drug shall not appear on the label, except that the Secretary may, if he deems it in the public interest to do so, authorize the trade name of any such drug to appear on the label. Notwithstanding the foregoing provisions of this paragraph the established name of any drug, or in the case of a combination drug, the name of the active ingredients of such drug, shall be omitted from the label if the prescriber of the drug specifically directs that the established name not appear on the label, but in any case in which the prescriber directs that no name shall appear, the label shall bear such symbols of the National Drug Code as the Secretary may by regulation require in order to enable identification of the drug. In no case in which the prescriber of a drug has directed that the established name of the drug be omitted from the label may the trade name of such drug appear on the label.

SEC. 3. Section 508(a) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 358(a)), is amended by striking out "The Secretary may designate an official name for any drug" and inserting in lieu thereof "The Secretary shall designate an official name for any new drug upon approval of the application filed for such drug under section 505(b) and may designate an official name for any other drug or combination of drugs".

SEC. 4. The provisions of this Act shall become effective on the first day of the thirteenth calendar month following the month in which this Act is enacted.

S. 1314

A bill to amend the Federal Food, Drug, and Cosmetic Act in order to impose certain restrictions on oral representations made to physicians and pharmacists regarding drugs, and to impose certain restrictions on the written advertising of drugs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter V of the Federal Food, Drug, and Cosmetic Act, as amended, is amended by adding at the end thereof the following:

"ORAL REPRESENTATIONS MADE TO LICENSED PRACTITIONERS AND PHARMACISTS

"SEC. 513. (a) No information with respect to any drug shall be given orally to any licensed practitioner or pharmacist by any employee or other person representing any person engaged in the manufacture, preparation, propagation, compounding, processing, or distribution of such drug, unless immediately prior to the time such oral information is given, such employee or other person furnishes the licensee practitioner or pharmacist with a copy of a document approved by the Secretary relating to such drug and containing such information about such drug as the Secretary may by regulations require.

"WRITTEN ADVERTISING; IDENTIFICATION OF CERTAIN FUNDS

"SEC. 514. (a) No advertisement for any drug or device shall be placed by any person for publication in any newspaper, magazine, or other publication, or on radio or television, or in or on any other advertising media, unless a complete copy of the advertisement proposed to be placed has been submitted to the Secretary in advance of publication and has been approved by the Secretary. The Secretary shall approve any proposed advertisement of a drug or device submitted to him for approval under this subsection if he finds that such proposed advertisement (1) includes a full and correct statement regarding the safety, efficacy, and relative therapeutic value of such drug or device, and (2) is not misleading, either in content or layout, with respect to the safety, efficacy, and relative therapeutic value of such drug or device.

"(b) Any article that discusses or otherwise relates to the use of any drug or device and is published in any newspaper, magazine, or other publication intended for distribution to health professionals shall identify, in such manner as shall be prescribed in regulations issued by the Secretary, the person or persons who provided financial support to the author for writing such article or who provided financial support for the research on which the article is based."

(b) Section 301 of such Act, as amended, is amended by adding at the end thereof the following:

"(q)(1) The making of oral representations in violation of section 513(a).

"(2) To obtain advertising for any drug or device without complying with the provisions of section 514(a).

"(3) Obtaining publication in any newspaper, magazine, or other publication of any article that discusses or otherwise relates to the use of any drug or device without complying with the provisions of section 514(b)."

SEC. 2. The provision of this Act shall become effective on the first day of the third calendar month following the month in which this Act is enacted.

S. 1315

A bill to amend the Federal Food, Drug, and Cosmetic Act in order to require that the label of certain drugs include expiration dates regarding the effectiveness or potency of such drugs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 501 of the Federal Food, Drug, and Cosmetic Act, as amended, is amended by adding at the end thereof a new subsection as follows:

"(e) If it is a drug which is of a type whose safety, effectiveness, or potency becomes diminished after storage unless it bears a label specifying the date beyond which the drug should not be used: *Provided,* That no drug label shall bear a date which is more than five years beyond the date on which the processing of the drug was completed. The Secretary may implement the provisions of this subsection by regulation."

SEC. 2. The provisions of this Act shall become effective on the first day of the third calendar month following the month in which this Act is enacted.

S. 1316

A bill to amend the Federal Food, Drug, and Cosmetic Act to prohibit the export of any drug from the United States unless an application for approval of such drug has been obtained under section 505 of such Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (d) of section 801 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 381(d)), is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this subsection, no drug or device may be exported from any State unless an application for approval of such drug or device under section 505 of this Act has been approved and is not suspended or revoked."

SEC. 2. This Act shall become effective on the first day of the third calendar month following the month in which this Act is enacted.

S. 1317

A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to require the submission of certain additional information by applicants for new drugs; to require the inclusion of certain additional information in drug labeling; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (f) of section 502 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 352(f)), is amended by striking out "and (2)" following clause (1) and inserting in lieu thereof the following: "(2) a statement of biological criteria and performance data required by section 505(k); and (3)".

SEC. 2. Subsection (b) of section 505 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 355(b)), is amended by renumbering clauses (2) through (6) as clauses (3) through (7), respectively, and by adding after clause (1) a new clause (2) as follows: "(2) a statement of biological criteria relating to therapeutic effectiveness and safety which the applicant claims should be specially considered by practitioners licensed by law to administer or dispense such drug and a statement of such performance data relating to those biological criteria as the Secretary require by regulation (issued in accordance with the procedure specified in section 701(e) of this Act), or if no such criteria or performance data exists, a statement to that effect;".

SEC. 3. Section 505 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 355), is amended by adding at the end thereof a new subsection as follows:

"(k) In the case of any drug for which an approval of an application filed pursuant to this section is in effect, the applicant shall include in the labeling for such drug, in addition to any other information required by this Act, a statement regarding biological criteria and performance data required under subsection (b)(2) of this section."

S. 1318

A bill to amend and supplement the Federal Food, Drug, and Cosmetic Act with respect to the manufacture and distribution of drugs and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Drug Amendments Act of 1975".

TERMINATION OF EXEMPTION FOR SOME DRUGS

SEC. 2. (a) Section 201(p)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 201(p)(1)), is amended to read as follows:

"(1) Any drug (except a new animal drug or an animal feed bearing or containing a new animal drug) the composition of which is such that such drug is not generally recognized, among experts qualified by scientific training and experience to evaluate the safety and effectiveness of drugs, as safe and effective for use under the conditions prescribed, recommended, or suggested in the labeling thereof; or".

(b) Section 201(w)(1) of such Act (21 U.S.C. 321(w)(1)) is amended to read as follows:

"(1) the composition of which is such that such drug is not generally recognized, among experts qualified by scientific training and experience to evaluate the safety and effectiveness of animal drugs, as safe and effective for use under the conditions prescribed, recommended, or suggested in the labeling thereof; or".

SEC. 3. For purposes of section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355) the provisions of paragraphs (3) and (4) of section 107(c) of the Drug Amendments of 1962 (76 Stat. 788) are repealed. Any drug, which is a new drug within the meaning of section 201(p)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(p)(1)), as amended by section 2(a) of this Act, is subject to all requirements of the Federal Food, Drug, and Cosmetic Act, as amended, without regard to (1) the dates upon which such drug was ever commercially used or sold in the United States; (2) whether or not a new-drug application was in effect with respect to such drug on or before October 9, 1962; (3) whether or not such drug was a new drug on or before October 9, 1962, as then defined by the Federal Food, Drug, and Cosmetic Act; and (4) whether or not such drug is intended solely for use under the conditions prescribed, recommended, or suggested-in labeling with respect to such drug on or before October 9, 1962.

SEC. 4. For purposes of section 512 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 36b), paragraph (3) of section 108(b) of the Animal Drug Amendments of 1968 (82 Stat. 353) is repealed. Any drug, which is a new animal drug within the meaning of section 201(w)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(w)(1)) as amended by section 2(b) of this Act, is subject to all requirements of the Federal Food, Drug, and Cosmetic Act, as amended, without regard to (1) the dates upon which such drug was ever commercially used or sold in the United States; (2) whether or not a new drug application was in effect with respect to such drug on or before October 9, 1962; (3) whether or not such drug was a new animal drug on or before October 9, 1962, as then defined by the Act; and (4) whether or not such drug is intended solely for use under the conditions prescribed, recommended, or suggested in labeling with respect to such drug on or before October 9, 1962.

ADVERTISING AND PROMOTION

SEC. 5. Section 201(n) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(n)) is amended to read as follows:

"(n) If an article is alleged to be misbranded because the labeling, advertising, or promotional material is misleading, then in determining whether such material is misleading there shall be taken into account (among other things) not only the representations made or suggested by statement, word, design, device, or any combination thereof, but also the extent to which the labeling, advertising, or promotional material fails to reveal facts material in light of such representations or material with respect to consequences which may result from the use of the article to which the labeling, advertising, or promotional material relates under the conditions of use prescribed in the labeling, advertising, or promotional material thereof or under such conditions of such use as are customary or usual. Labeling, advertising, or promotional material for an article is deemed to be misleading if the representations made or suggested by statement, word, design, device, or any combination thereof relate to, concern, or otherwise bear upon—

"(1) the safety or effectiveness of use of a drug or device, unless such representations are based upon adequate and well controlled investigations, including clinical investigations, by experts qualified by scientific training and experience to evaluate the safety and effectiveness of the drug or device involved, on the basis of which it could fairly and responsibly be conducted by such experts that the representations made for the drug or device in its labeling, advertising, or promotional material are fully supported; and

"(2) any attributes, characteristics, or qualities of the article, or any matter relating thereto, unless such representations are based on data, upon which experts qualified in the evaluation of such data could fairly and responsibly conclude that the representations made for the article in its labeling, advertising, or promotional material are fully supported.

As used in this paragraph, the terms 'advertising' and 'promotional material' include all oral, visual, written, or other communication for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of food, drugs, devices, or cosmetics."

Sec. 6. Section 301(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 331(a)) is amended to read as follows:

"(a) The introduction or delivery for introduction into interstate commerce of any food, drug, device, or cosmetic that is adulterated or misbranded; but no publisher, radio broadcast licensee, or agency or medium for the dissemination of advertising or promotional material, except the manufacturer, packer, distributor, or seller of the article to which the false advertisement related, shall be liable under this Act by reason of the dissemination by him of any false advertisement or promotional material unless he has refused, on the request of the Secretary, to furnish the Secretary the name and post office address of the manufacturer, packer, distributor, seller, or advertising agency residing in the United States, who caused him to disseminate such advertisement or promotional material. No advertising agency shall be liable under this Act by reason of having caused the dissemination of any false advertisement or promotional material unless such agency has refused, on the request of the Secretary, to furnish the Secretary the name and post office address of the manufacturer, packer, distributor, or seller, residing in the United States, who caused such agency to disseminate such advertisement or promotional material."

Sec. 7. Section 302(a) of the Federal Food-Drug, and Cosmetic Act (21 U.S.C. 332(a)) is amended by adding at the end thereof the following:

"Whenever it appears to the satisfaction of the court in the case of a newspaper, magazine, periodical, or other publication published at regular intervals—

"(1) that restraining the dissemination of a false advertisement in any particular issue of such publication would delay the delivery of such issue at the regular time therefor, and

"(2) that such delay would be due to the method by which the manufacture and distribution of such publication is customarily conducted by the publisher in accordance with sound business practice, and not to any method or device adopted for the evasion of the prohibition against false or misleading advertising or to prevent or delay the issuance of an injunction or restraining order with respect to such false advertisement or any other advertisement,

the court shall exclude such issue from the operation of the restraining order or injunction.

Sec. 8. Section 403(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343(a)) is amended to read as follows:

"(a) If its labeling, advertising, or promotional material is false or misleading in any particular."

Sec. 9. Section 502(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 352(a)) is amended to read as follows:

"(a) If its labeling, advertising, or promotional material is false or misleading in any particular."

Sec. 10. Section 505(c) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(e)) is amended by inserting ", advertising, or promotional material" after the word "labeling" each time such word appears therein.

Sec. 11. Section 512(e)(2)(C) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360b(e)(2)(C)) is amended to read as follows:

"(C) that on the basis of new information before him, evaluated together with the evidence before him when the application was approved, the labeling, advertising, or promotional material for such drug, based on a fair evaluation of all material facts, is false or misleading in any particular and was not corrected within a reasonable time after receipt of written notice from the Secretary specifying the matter complained of."

Sec. 12. Section 602(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 362(a)) is amended to read as follows:

"(a) If its labeling, advertising, or promotional material is false or misleading in any particular."

INSPECTION AND SUBPENA POWERS

Sec. 13. Section 704(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 374(a)) is amended to read as follows:

"(a) For purposes of enforcement of this Act, officers or employees duly designated by the Secretary, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, are authorized (1) to enter, at reasonable times, any factory, warehouse, consulting laboratory, or any other establishment in which food, drugs, devices, or cosmetics are manufactured, processed, packed, or held, for introduction into interstate commerce or after such introduction, or to enter any vehicle, being used to transport or hold such food, drugs, devices, or cosmetics in interstate commerce; and (2) to inspect, at reasonable times and within reasonable limits and in a reasonable manner, such factory, warehouse, consulting laboratory, other establishment, or vehicle and all pertinent equipment, finished and unfinished materials, containers, processes, controls, facilities, records, papers, and other data, bearing on whether foods, drugs, devices, or cosmetics are adulterated or misbranded within the meaning of this Act or which may not be manufactured, introduced into interstate commerce, or sold, or offered for sale by reason of any provision of this Act, have been or are being manufactured, processed, packed, transported, or held in any such place, or otherwise bearing on violation of this Act. No inspection shall extend to (A) financial data, (B) sales data other than shipment data, (C) pricing data, and (D) personnel data (other than data as to qualifications of technical and professional personnel performing functions subject to this Act), except that such data shall be subject to inspection when it is the basis of, or relates to, representations made in advertising or promotional material. The term 'inspection' as used in this section extends to the taking of photographs in and around all places subject to inspection and to the copying of documentary materials. A separate notice shall be given for each such inspection, but a notice shall not be required for each entry made during the period covered by the inspection. Each such inspection shall be commenced and completed with reasonable promptness. The provisions of the second sentence of this subsection shall not apply to—

"(1) pharmacies which maintain establishment in conformance with any applicable local laws regulating the practice of pharmacy and medicine and which are regularly engaged in dispensing prescription drugs, upon prescriptions of practitioners licensed to administer such drugs to patients under the care of such practitioners in the course of their professional practice, and which do not, either through a subsidiary or otherwise, manufacture, prepare, propagate, compound, or process drugs for sale other than in the regular course of their business of dispensing or selling drugs at retail;

"(2) practitioners licensed by law to prescribe or administer drugs and who manufacture, prepare, propagate, compound, or process drugs solely for use in the course of their professional practice;

"(3) persons who manufacture, prepare, propagate, compound, or process drugs solely for use in research, teaching, or chemical analysis and not for sale;

"(4) such other classes of persons as the Secretary may by regulation exempt from the application of this section upon a finding that inspection as applied to such classes of persons in accordance with this section is not necessary for the protection of the public health."

Sec. 14. Section 704 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 374) is further amended by adding at the end thereof a new subsection as follows:

"(e)(1) The Secretary may require by subpena the attendance and testimony of witnesses and the production of documentary evidence bearing on whether any food, drug, device, or cosmetic is in violation of this Act. The Secretary, or his duly authorized agent or agents, may sign subpenas, administer oaths and affirmations, examine witnesses, and receive evidence.

"(2) Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. In the case of disobedience to a subpena, the Secretary may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence.

"(3) Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in the case of contumacy or refusal to obey a subpena issued to any person, issue an order requiring such person to appear before the Secretary, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(4) The Secretary may order testimony to be taken by deposition in any proceeding before him pending under this Act. Such depositions may be taken before any person designated by the Secretary and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall be subscribed to by the deponent.

"(5) Witnesses summoned before the Secretary shall be paid the same fees and mileage as are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

"(6) No person shall be excused from attending and testifying or from producing documentary evidence before the Secretary on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate or subject him to penalty or forfeiture. However, no natural person may be prosecuted or subjected to any penalty or forfeiture for, or on account of, any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the Secretary in obedience to a subpena issued by the Secretary; but no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying."

EFFECTIVE DATE

SEC. 15. The provisions of this Act shall become effective sixty days after date of enactment.

S. 1319

A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the certification of certain drugs other than insulin and antibiotics, and to provide for the submission of certain additional information on drugs by the producers of such drugs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Federal Food, Drug, and Cosmetic Act, as amended, is further amended by inserting immediately after section 507 (21 U.S.C. 357) the following new sections:

"CERTIFICATION OF OTHER DRUGS

"SEC. 507A. (a) Whenever in the judgment of the Secretary, in the case of any drug or class of drugs (other than a drug subject to certification pursuant to section 506 or section 507) which is intended for use by man, the protection of the public health cannot, for reasons stated by the Secretary in regulations, be adequately assured without requiring batch-by-batch certification of such drug or drugs, he may, pursuant to such regulations, provide for certification of batches of such drug or drugs. A batch of any such drug shall be certified if such drug has such characteristics of identity and such batch has such characteristics of strength, quality, and purity, as the Secretary prescribes in such regulations as necessary to adequately insure safety and efficacy of use, but shall not otherwise be certified. The Secretary shall, in lieu of certification, issue a release for any batch manufactured prior to the effective date of such regulations if, in his judgment, such batch may be released without risk as to the safety and efficacy of its use. Such release may prescribe the date of its expiration and other conditions under which it shall cease to be effective as to such batch and as to portions thereof.

"(b) Regulations providing for such certification shall contain such provisions as are necessary to carry out the purposes of this section, including provisions prescribing (1) standards of identity and of strength, quality, and purity; (2) tests and methods of assay to determine compliance with such standards; (3) effective periods for certificates, and other conditions under which they shall cease to be effective as to certified batches and as to portions thereof; and (4) administration and procedure.

"(c)(1) Whenever in the judgment of the Secretary any of the requirements of this section and of section 502(1) are no longer necessary, with respect to any drug or class of drugs, to insure protection of the public health, the Secretary shall promulgate regulations exempting such drug or class of drugs from such requirements.

"(2) The Secretary shall promulgate regulations exempting from any requirement of this section and of section 502(1), (A) drugs which are to be stored, processed, labeled, or repacked at establishments other than an establishment where manufactured, on condition that such drugs comply with all such requirements upon removal from such establishments where such drugs have been stored, processed, labeled, or repacked; (B) drugs which conform to applicable standards of identity, strength, quality, and purity prescribed by such regulations and are intended for use in manufacturing other drugs; and (C) drugs which are intended solely for investigational use by experts qualified by scientific training and experience to investigate the safety and efficacy of drugs. Such regulations may, in the discretion of the Secretary, among other conditions relating to the protection of the public health, provide for conditioning the exemption under clause (C) upon compliance with requirements such as those established by the Secretary for new drugs pursuant to section 505(i).

"(d) Any interested person may file with the Secretary a petition proposing the issuance of any regulation contemplated by this section, or the amendment or repeal of any regulation which (on the Secretary's initiative or otherwise) has been issued under this section. The petition shall set forth the proposal in general terms and shall state reasonable grounds therefor. The Secretary shall publish notice of the proposal and afford all interested persons an opportunity to present their views thereon; and, as soon as practicable after the publication of such notice, he shall make public his action upon such proposal. At any time prior to the thirtieth day after such action is made public any interested person may file objections to such action, specifiying with particularity the changes desired, stating reasonable grounds therefor, and requesting a public hearing upon such objections. The Secretary may thereupon, after due notice, hold such a public hearing in accordance with section 553 of title 5, United States Code. As soon as practicable after completion of such hearing, the Secretary shall by order make public his action on such objections. The Secretary shall base his order only on substantial evidence of record at the hearing and shall set forth as part of the order detailed findings of fact on which the order is based. The order shall be subject to the provisions of section 701(f) and (g).

"RECORDS AND REPORTS

"SEC. 507B. (a) Every person engaged in manufacturing, compounding, or processing any drug within the purview of this Act shall establish and maintain such records, and make such reports to the Secretary, of data relating to clinical experience and other data or information, received or otherwise obtained by such person with respect to such drug, as the Secretary may by general regulation, prescribe on the basis of a finding that such records and reports are necessary in order to enable the Secretary to assure that such drug complies with the requirements of this Act. In issuing any regulation or order under this section, the Secretary shall have due regard for the interests of patients and shall provide, where the Secretary deems it to be appropriate, for the examination, upon request, by the persons to whom such regulations or orders are applicable, of similar information received or otherwise obtained by the Secretary.

"(b) Every person required under this section to maintain records, and every person having charge or custody thereof, shall, upon request of an officer or employee designated by the Secretary, permit such officer or employee at all reasonable times to have access to and copy and verify such records."

(b) Paragraph (l) of section 502 of such Act is amended by (1) inserting "(1)" after "(l)"; (2) redesignating clauses (1) and (2) thereof as clauses (A) and (B); and (3) striking out "paragraph" and inserting in lieu thereof "subparagraph"; and by adding at the end thereof the following new subparagraph:

"(2) If it is, or purports to be, a drug with respect to which there are in effect regulations pursuant to section 507A providing for the certification of batches of such drug, unless (A) it is from a batch with respect to which a certificate or release has been issued pursuant to that section, and (B) such certificate or release is in effect with respect to such batch. This subparagraph shall not apply to any drug or class of drugs exempted by regulations promulgated under section 507A(c).

(c)(1) Paragraph (e) of section 301 of such Act (21 U.S.C. 331) is amended by inserting "or 507B" immediately after "703".

(2) Paragraph (j) of such section 301 is amended by inserting "507A, 507B," after "507,".

SEC. 2. (a) Paragraph (D) of section 510 (j)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360(j)(1)(D)) is amended by striking "brief statement of the basis" and inserting in lieu thereof "brief statement of the medical and scientific basis".

(b) Section 510(j) of such Act (21 U.S.C. 360(j)) is further amended by adding at the end thereof the following:

"(4) The Secretary may also require the submission of data concerning the amount of production or distribution for a specific period of time with regard to any drug which is required to be listed pursuant to paragraph (1) of this subsection."

EFFECTIVE DATE

SEC. 3. The provisions of this title shall become effective on the first day of the calendar month following the month in which this Act is enacted.

S. 1320

A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the regulation of sample drugs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Sample Drug Regulation Act of 1975".

CONGRESSIONAL FINDINGS

SEC. 2. The Congress finds and declares that the mass of unsolicited samples of prescription drugs freely supplied to licensed practitioners by manufacturers and distributors through the mails and otherwise has led to large-scale discarding or other disposal of unwanted samples which are finding their way in ever-increasing quantities into the hands of persons who scavenge and repack such drugs (often at a time when they have been contaminated or are otherwise substandard) and who sell such sample drugs to pharmacists for dispensing on prescription in the same manner as regular stock of such drugs; that children have obtained carelessly discarded samples; that the dispensing or sale of a prescription drug sample to a patient for a charge or fee without identification of such drug as a sample is a deceptive practice; that the unsolicited distribution of nonprescription sample drugs directly to householders (by mail or otherwise) lacks such minimum safeguards as would be involved in the sale of such drugs in a pharmacy or other place of business; and that these abuses threaten the health, safety, and welfare of consumers of such drugs and require the establishment of additional controls with respect to such drugs.

REGULATIONS OF SAMPLE DRUGS

SEC. 3. (a) Chapter V of the Federal Food, Drug, and Cosmetic Act, as amended, is amended by adding at the end thereof the following new section:

"SAMPLE DRUGS

"SEC. 513. (a)(1) A sample prescription drug shall be deemed to be misbranded if at any time (1) its label fails to bear the statement 'SAMPLE DRUG. Federal law prohibits any charge or fee for this drug.', or (2) such drug fails to conform with regulations requiring that sample drugs bear a special device or otherwise have a distinctive appearance clearly distinguishing such drugs from their commercial counterpart.

"(2) The act of selling or offering for sale, or dispensing or offering to dispense (including dispensing by a licensed practitioner), a sample prescription drug for which the purchaser or patient to whom such drug is sold or dispensed or offered to be sold or dispensed is to be charged a price or fee, either separately or as an integral part of charges for other services, shall be deemed to be an act which results in the drug being misbranded while held for sale.

"(b) No person may—

"(1) use, or attempt to use, the United States mails for the distribution of any sample drug, except in response to the prior written request of a licensed practitioner specifically requesting such sample drug, or

"(2) distribute to the occupants of dwelling units through door-to-door distribution, or offer for such distribution, any sample drug which (or a component of which) has been in interstate commerce, or which is a stimulant or depressant drug, or which has been manufactured, compounded, or processed within a Territory.

"(c) No person shall introduce or offer for introduction into interstate commerce, or possess after such introduction by anyone, a sample prescription drug, except that this subsection shall not apply to the following persons whose activities in connection with such drug are solely as specified in this subsection:

"(1) Manufacturers, compounders, and processors, registered under section 510.

"(2) Wholesale druggists who maintain establishments in conformance with local laws and are regularly engaged in purchasing and supplying prescription drugs, and whose possession of the sample prescription drug is solely for the purpose of using it as a sample.

"(3) Pharmacies, hospitals, clinics, and public health agencies, which maintain establishments in conformance with any applicable local laws regulating the practice of pharmacy and medicine and which are regularly engaged in dispensing prescription drugs in conformity with such laws.

"(4) Persons, while acting in the course of their profession, who are practitioners licensed by law to prescribe or administer drugs of the class to which the sample drug belongs, or who are engaged in using drugs in research, teaching, or chemical analysis, but not engaged in selling such drugs.

"(5) Officers and employees of the United States, a State government, or a political subdivision of a State, while acting in the course of their official duties.

"(6) A common or contract carrier or warehouseman, whose possession of or activity in connection with such sample drug is in the usual course of his business as such.

"(7) An employee or agent of any person described in paragraph (1) through paragraph (6), and a nurse or other medical technician under the supervision of a practitioner licensed by law to administer drugs, while such employee, nurse, or medical technician is acting in the course of his employment or occupation and not on his own account.

"(8) Any person whose possession or other activity with respect to such sample drug is solely for the purpose of using such drug on his own person or for the personal use thereof by a member of his household.

"(d)(1) Every person engaged in manufacturing, compounding, processing, distributing, or dispensing drugs which are intended for, or have been received after, introduction into interstate commerce shall, in accordance with regulations prescribed by the Secretary, (1) prepare a complete and accurate record of all stocks of sample prescription drugs on hand upon the effective date of this section and keep such record for three years, and (2) prepare and keep for not less than three years a complete and accurate record of the kind and quantity of each such sample drug manufactured, processed, received, sold, delivered, or otherwise disposed of, the name and address of the person from whom it was received and to whom it was sold, delivered, or otherwise disposed of, and the date of such transaction.

"(2) Every person required by paragraph (1) of this subsection to prepare and keep records, and every person in charge, or having custody, of such records, shall, upon request of an officer or employee designated by the Secretary, permit such officer or employee at reasonable times to have access to and copy such records. For the purpose of verification of such records and of enforcement of the provisions of this Act relating to sample drugs, officers or employees designated by the Secretary are authorized, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, to enter, at reasonable times, any factory, warehouse, establishment, or vehicle in which drugs are held, manufactured, compounded, processed, sold, delivered, or otherwise disposed of and to inspect within reasonable limits and in a reasonable manner such factory, warehouse, establishment, or vehicle, and all pertinent equipment, finished and unfinished material, containers, and labeling therein, and all things therein (including records, files, papers, processes, controls, and facilities) bearing on violation, or potential violation, of this section or of the provisions of this Act relating to sample drugs; and to inventory any stock of such sample drugs therein and obtain specimens of any such drug. If a specimen is thus obtained the officer or employee making the inspection shall upon completion of the inspection and before leaving the premises give to the owner, operator, or agent in charge a receipt describing the specimen obtained.

"(3) The provisions of paragraphs (1) and (2) of this subsection shall not apply to a practitioner licensed by law to prescribe or administer drugs."

(b) Section 301 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 331), as amended, is amended by adding at the end thereof the following new paragraph:

"(q)(1) The use of or attempt to use the mails, or any other distribution of or offer to distribute, a sample drug in violation of section 513(b); (2) the introduction or offering for introduction into interstate commerce, or the possession after such introduction, of a sample prescription drug in violation of section 513(c); (3) the failure to prepare or to keep a complete and accurate record with respect to any drug required by section 513(d)(1), or the refusal to permit access to or copying of any record as required by section 513(d)(2); or (4) the refusal to permit entry or inspection as authorized by section 513(d)(2)."

(c) Section 201 of such Act (21 U.S.C. 321), as amended, is ammended by adding at the end thereof the following new paragraph:

"(y) (1) The term 'sample drug' as used in sections 301 and 513 means a specimen, or specimen package, of a drug which specimen or specimen package was by its manufacturer, processor, or distributor intended for distribution for sales promotion, for trial (other than investigational use in conformity with regulations promulgated pursuant to section 505(i) or 507(d)(3)), or for demonstrating its quality or effect.

"(2) The term 'sample prescription drug' means a sample drug which is subject to the prescription dispensing requirements of section 503(b)."

(e) The parenthetical clause in paragraph (h) of section 201 of such Act (21 U.S.C. 321(h)), listing the places in the Act in which the term "device" is not used in the defined sense, is amended by striking out "paragraph (n) of this section" and inserting in lieu thereof "paragraphs (g)(2) and (n) of this section", and by striking out "and 602(c)" and inserting in lieu thereof ", 513 (a), and 602(c)".

EFFECTIVE DATE

Sec. 4. The provisions of this Act shall become effective on the first day of the calendar month following the month in which this Act is enacted.

S. 1321

A bill to amend the Federal Food, Drug, and Cosmetic Act to make the Secretary of Health, Education, and Welfare responsible for the testing and evaluation of all drugs to determine whether such drugs meet the requirements for approval for commercial distribution, and to provide for the establishment of a national drug testing and evaluation center, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Drug Testing and Evaluation Act of 1975."

FINDINGS

Sec. 2. The testing of drugs by manufacturers prior to the approval of such drugs for commercial distribution has resulted in lengthy delays because of poor quality studies used in conducting the necessary tests on such drugs. Abbreviated studies, ineptly designed protocols, and deficiencies in clinical investigations are some of the reasons which prevent new drugs from being approved for general use by the Department of Health, Education, and Welfare. Many of these new drugs may be extremely useful and even lifesaving compounds which should be made available to the public as quickly as possible consistent with proper testing and evaluation. Procedures under present law require that any drug manufacturer who wishes to market a new drug must sponsor studies sufficient to establish that such drug is safe and efficacious for its intended uses. Advance approval by the Secretary of Health, Education, and Welfare of the nature and design of these studies is not required, with the result that mistakes and oversights frequently occur necessitating further testing and additional costs. Much of the testing by drug manufacturers under present procedures involves similar or identical compounds and consequently is often duplicative and wasteful. In addition, deliberate falsification of test results on new drugs has occurred in this vital area of health protection. The Congress, therefore, finds and declares (1) that the Federal Government should assume responsibility for the necessary testing of drugs and determine whether such drugs meet the requirements for approval for commercial distribution, and (2) that drug manufacturers, who will be relieved of the burden and expense of such testing, should bear the expense incurred by the Secretary of Health, Education, and Welfare in conducting such tests, including a share of the expense of establishing and maintaining a National Drug Testing and Evaluation Center where a substantial portion of such testing would be conducted by the Secretary of Health, Education, and Welfare.

TESTING OF DRUGS

Sec. 3. Chapter V of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C.) 351–360b), is amended by adding at the end thereof a new section as follows:

"TESTING OF DRUGS; ESTABLISHMENT OF NATIONAL DRUG TESTING AND EVALUATION CENTER

"Sec. 513. (a) The Secretary shall be responsible for conducting all tests or investigations on new drugs submitted to him for approval under sections 505, 507, and 512 of this Act for the purpose of determining whether or not such new drugs should be approved for commercial distribution, and shall be responsible for conducting tests or investigations on drugs which have been approved under such sections in order to determine whether or not approval of such drug should be withdrawn pursuant to section 505(e), 507(a), or 512(e), as the case may be.

"(b) Whenever the Secretary receives an application from any person for approval of a new drug pursuant to section 505, 507, or 512 of this Act, he shall, as soon as practicable provide for the necessary testing or investigation of such drug by the Center established pursuant to subsection (c) or by any qualified individual, organization, or institution which the Secretary may engage to conduct such testing or investigation. Whether the testing or investigation of any drug is conducted in the Center established pursuant to subsection (c) or is conducted by a private person or organization under a contract with the Secretary, it shall be the responsibility of the Secretary to insure that the testing or investigation of such drug is conducted by experts qualified by scientific training and experience to investigate the safety and effectiveness of drugs.

"(c) The Secretary is hereby authorized to establish, staff, equip, and maintain a National Drug Testing and Evaluation Center (hereinafter referred to as the 'Center') for the purpose of testing and investigating drugs for which approval is required pursuant to sections 505, 507, and 512 of this Act. The Center shall be operated and maintained as a part of the Food and Drug Administration, subject to the supervision and control of the Secretary.

"(d) In any case in which the Secretary determines that a period of more than one year is necessary to develop the necessary data to support or deny approval of any drug, for which approval has been requested under section 505, 507, or 512, he shall notify the applicant to that effect and indicate the amount of additional time needed for such purpose. If the applicant objects to the extension of time proposed by the Secretary he may file an objection thereto with the Secretary within thirty days after the date of notification to him by the Secretary, and the question of whether an extension of time should be granted and the period of such extension shall be submitted to a Drug Testing Review Panel provided for under subsection (g) of this section.

"(e) The sponsor of any drug submitted to the Secretary for testing and investigation shall, upon request, be provided with a report every sixty days on the results of the testing or investigation of such drug. Such report shall disclose the pertinent facts relating to the testing or investigation of the drug, including the procedures being used in such testing or investigating. If the sponsor objects to the manner, scope, or procedures used by the Secretary in testing or investigating the drug, he may notify the Secretary of his objections and request that the matter be submitted to a Drug Testing Review Panel provided for under subsection (g) of this section. The Review Panel shall resolve any such matter raised by the sponsor.

"(f) Whenever a drug has been submitted to the Secretary by a sponsor for approval pursuant to section 505, 507, or 512, the sponsor shall make available such amounts of the drug as the Secretary determines is necessary for adequate testing and investigation; but in any case in which the sponsor of the drug believes that the quantity of the drug requested by the Secretary is excessive the sponsor may request that the question be decided by a Drug Testing Review Panel appointed under subsection (g) of this section. Notwithstanding any other provision of this Act, the Secretary is authorized, pursuant to such rules and regulations as he may prescribe, to permit the shipment of any drug for testing or investigation under this section.

"(g)(1) Whenever the sponsor of a drug, which is being tested or investigated by the Secretary under this section, requests that a matter to which the sponsor objects under subsection (d), (e), or (f) of this section be submitted to a Drug Testing Review Panel, the Secretary shall provide for the prompt review of such matter by such a panel.

"(2) A Drug Testing Review Panel shall be composed of three members, one to be selected by the Secretary, one by the sponsor, and the third to be selected by the first two. In the event the member selected by the Secretary and the member selected by the sponsor are unable to agree on a third member within fifteen days after their selection, the Secretary shall select the third member of the Panel. All members of any such Panel shall be recognized experts in the evaluation of drugs. No member shall be a full-time employee of the Federal Government or an employee or former employee of the sponsor. The Secretary shall compensate members of any such Panel for their services and shall pay their travel expenses in accordance with law.

"(3) Any matter submitted to a panel appointed under this subsection shall be decided by the Panel within thirty days after such matter is submitted. The Panel shall base its decision on the evidence presented by both parties. A decision by the Panel shall be made on the record in accordance with procedures of due process prescribed under chapter 5 of title 5, United States Code. A decision of the Panel in any controversy submitted to it pursuant to subsection (d), (e), or (f) of this section shall be final and the Secretary and the sponsor shall be bound by such decision.

"(h) The testing or evaluation of any drug at the expense of the sponsor of such drug shall be terminated as promptly as practicable by the Secretary upon receipt by him of a written request from the sponsor of such drug to discontinue such testing or investigation; and the sponsor shall cease to be liable for the payment of any charges for any testing or investigation of such drug conducted after the effective date of the termination request. The Secretary shall prescribe by regulations the procedure for terminating the testing or investigation of any drug and the effective date for any such termination; but in no event shall the sponsor of a drug being tested or investigated under this section be liable for the costs of any tests or investigation conducted more than ten days after a request to terminate the testing or investigation of such drug has been received by the Secretary.

"(i)(1) The sponsor of any new drug submitted to the Secretary for testing or investigation under this section shall be liable for the expenses incurred in carrying out such testing or investigation, including a proportionate share of the cost of staffing, maintaining, and equipping the Center. The Secretary shall prescribe by regulation the manner in which charges shall be made for the testing or investigation of any drug.

"(2) If any amount of such charges is not paid on or before the due date thereof, as provided in such regulations, interest thereon shall accrue and be paid at the rate of 6 per centum per annum and, if no extension of time for payment has been granted by the Secretary and such delinquency on the part of the person liable is intentional or negligent, a civil penalty (which itself shall bear interest until paid) equal to 10 per centum of the delinquent amount shall become due and payable. Past due charges and interest thereon shall be recoverable by civil action brought in the name of the United States in the appropriate district court of the United States.

"(j)(1) There is hereby created a National Drug Testing Evaluation Center Fund (hereinafter referred to as the 'fund') which shall be available to the Secretary without fiscal year limitation as a separate fund for the purpose of establishing a National Drug Testing Evaluation Center for the testing, studying, and investigation of drugs pursuant to this section and for the payment of the testing and investigation of drugs carried out by qualified individuals, organizations, and institutions engaged by the Secretary for such purpose.

"(2) The fund shall consist of appropriations made pursuant to this subsection and all amounts received by the Secretary under this section as charges and interest.

"(3) All expenses incurred by the Secretary in carrying out this section, including refunds of overpayments for charges prescribed pursuant to this section, shall be paid from the fund, subject to such limitations, if any, as may be provided in appropriation Acts.

"(4) For the purpose of furnishing initial working capital for the fund and from time to time, if necessary, supplying additional working capital pending collection of charges under this section, there are authorized to be appropriated to the fund, without fiscal year limitations, such sums as may be necessary; and such sums shall, at such time or times as the Secretary determines, be repayable to the Treasury from charges collected under this section. There is also authorized to be appropriated such sums as from time to time may be needed to conduct tests and investigations on drugs which have been approved under section 505, 507, or 512 of this Act.

"(k) In administering the provisions of this section, the Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and of any other agency, institution, organization, or person in accordance with appropriate agreements, and to pay therefor either in advance or by way of reimbursement as may be agreed upon.

"(l) A request for termination of the testing or investigation of any drug by the sponsor of such drug prior to one year from the date such drug was submitted to the Secretary for testing shall constitute sufficient basis for the denial of an application for approval under section 505, 507, or 512 of this Act.

"(m) Nothing in this section shall be construed as prohibiting the sponsor of any drug from conducting tests or investigations with such drug in accordance with other provisions of this Act; but the methodology, results, and conclusions of any tests or investigations made on any drug by or for a sponsor shall be made public by the sponsor in accordance with such regulations as the Secretary may prescribe.

"(n) Notwithstanding any other provision of this Act, no test or investigation using any drug may be conducted on humans unless the Secretary has authorized such test or investigation. Where the sponsor of any drug can show that any new drug has promise of significant therapeutic merit, he may request the Secretary to conduct comprehensive tests or investigations of such drug on humans.

"(o) The methodology, results, and conclusions of all tests and investigations conducted under this section with any new drug shall be made public by the Secretary in accordance with such rules and regulations as he may prescribe."

RELATED AMENDMENTS

SEC. 4. (a) Subsection (b) of section 505 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 355(b)), is amended by striking out clause (1), and by redesignating clauses (2) through (6) as clauses (1) through (5), respectively.

(b) Subsection (c) of such section 505 is amended by striking out "Within one hundred and eighty days", and inserting in lieu thereof the following: "Subject to the provisions of section 513 of this Act, within one year".

(c) The first sentence of subsection (d) of such section is amended to read as follows: "If the Secretary finds, after due notice to the applicant in accordance with subsection (c) and giving him an opportunity for a hearing, in accordance with such subsection, that (1) the results of the tests conducted pursuant to section 513 show that such drug is unsafe for use under the conditions prescribed, recommended, or suggested in the proposed labeling, or do not show that such drug is safe for use under such conditions; (2) the methods used in, and the facilities and controls used for, the manufacture, processing, and packing of such drug are inadequate to preserve its identity, strength, quality, and purity; (3) the information submitted to him by the applicant as part of the application was insufficient to permit the Secretary to accomplish all the tests necessary to determine whether such drug is safe for use under such conditions; (4) evaluated on the basis of tests conducted under section 513 and all information submitted to him by the applicant, there is a lack of substantial evidence that the drug will have the effect it purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the proposed labeling thereof; or (5) based on a fair evaluation of all material facts, such labeling is false or misleading in any particular; he shall issue an order refusing to approve the application.".

(d) The second sentence of subsection (d) of such section is amended by striking out "clauses (1) through (6)" and inserting in lieu thereof "clauses (1) through (5)".

(e) Subsection (d) of such section is further amended by adding at the end thereof a new sentence as follows: "Notwithstanding any other provision of this Act, after notice and opportunity for hearing, the Secretary shall issue an order refusing to approve an application made under this section for any new drug to which the provisions of section 503(b)(1) would be applicable unless the tests or investigations conducted with such drug pursuant to section 513 of this Act show that the safety or effectiveness of such drug is significantly greater than the safety or effectiveness of any other drug or drugs, or combination of drugs, which have received application approval under this section and which are used for the same purpose or purposes as the new drug."

RELATED AMENDMENT

SEC. 5. Section 507(a) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 357(a)), is amended by adding at the end thereof a new sentence as follows: "The provisions of section 513 of this Act shall be applicable to all antibiotic drugs and derivatives thereof subject to the provisions of this section."

ADDITIONAL RELATED AMENDMENTS

SEC. 6. (a) Subsection (b) of section 512 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 360b(b)), is amended by striking out clause (1), and by redesignating clauses (2) through (8) as clauses (1) through (7), respectively.

(b) Subsection (c) of such section is amended by striking out "Within one hundred and eighty days" and inserting in lieu thereof the following: "Subject to the provisions of section 513 of this Act, within one year".

(c) Paragraph (1) of subsection (d) of such section is amended to read as follows:

"(1) If the Secretary finds, after due notice to the applicant in accordance with subsection (c) and giving him an opportunity for a hearing, in accordance with such subsection, that—

"(A) the results of the tests conducted pursuant to section 513 show that such drug is unsafe for use under the conditions prescribed, recommended, or suggested in the proposed labeling thereof, or do not show that such drug is safe for use under such conditions;

"(B) the methods used in, and the facilities and controls used for, the manufacture, processing, and packing of such drug are inadequate to preserve its identity, strength, quality, and purity;

"(C) the information submitted to him by the applicant as part of the application was insufficient to permit the Secretary to accomplish all the tests necessary to determine whether such drug is safe for use under such conditions;

"(D) evaluated on the basis of tests conducted under section 513 and all information submitted to him by the applicant, there is a lack of substantial evidence that the drug will have the effect it purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the proposed labeling thereof;

"(E) upon the basis of the tests conducted pursuant to section 513, and upon the basis of information submitted to him as part of the application and any other information before him with respect to the drug, the tolerance limitation proposed, if any, exceeds that reasonably required to accomplish the physical or other technical effect for which the drug is intended;

"(F) based on a fair evaluation of all material facts, such labeling is false or misleading in any particular; or

"(G) such drug induces cancer when ingested by man or animal or, after tests which are appropriate for the evaluation of the safety of such drug, induces cancer in man or animal, except that the foregoing provisions of this subparagraph shall not apply with respect to such drug if the Secretary finds that, under the conditions of use specified in proposed labeling and reasonably certain to be followed in practice (i) such drug will not adversely affect the animals for which it is intended, and (ii) no residue of such drug will be found (by methods of examination prescribed or approved by the Secretary by regulations, which regulations shall not be subject to subsections (c), (d), and (h)), in any edible portion of such animals after slaughter or in any food yielded by or derived from the living animal;

he shall issue an order refusing to approve the application. If, after such notice and opportunity for hearing, the Secretary finds that subparagraphs (A) through (G) do not apply, he shall issue an order approving the application."

(d) Paragraph (3) of subsection (d) of such section is amended by striking out ", including field investigation.".

(c) The first sentence of subsection (e) (1) of such section is amended by striking out "subparagraph (H)" in subparagraph (B), and inserting in lieu thereof "subparagraph (G)".

EFFECTIVE DATE

SEC. 7. This Act shall become effective two years after the date of enactment but, to the extent that facilities and funds are available, the Secretary of Health, Education, and Welfare shall conduct tests and investigations on new drugs submitted to him for approval under sections 505, 507, and 512 of the Federal Food, Drug, and Cosmetic Act, as amended, prior to the effective date of this Act.

S. 1322

A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for quality control for drugs purchased by the United States or paid for with Federal funds, and to provide for a Formulary of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Drug Quality Control and Formulary Act of 1975".

SEC. 2. Chapter V of the Federal Food, Drug, and Cosmetic Act, as amended, is amended by adding after section 503 the following new sections:

"FORMULARY COMMITTEE

"SEC. 504. (a)(1) There is hereby established, within the Department of Health, Education, and Welfare, a Formulary Committee, a majority of whose members shall be physicians and which shall consist of two officials of such Department designated by the Secretary, and of seven individuals (not otherwise in the regular full-time employ of the Federal Government) who are of recognized professional standing and distinction in the fields of medicine, pharmacology, and pharmacy, to be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. The Chairman of the Committee shall be designated by the Secretary from the appointed members of such Committee.

"(2) Each appointed member of the Formulary Committee shall hold office for a term of five years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, one at the end of the first year, one at the end of the second year, and one at the end of the third year, one at the end of the fourth year, and one at the end of the fifth year, after the date of appointment. A member shall not be eligibile to serve continuously for more than two terms.

"(b) Appointed members of the Formulary Committee, while attending meetings or conferences thereof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(c)(1) The Formulary Committee is authorized to engage such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Formulary Committee such secretarial, clerical, and other assistance as the Formulary Committee may require to carry out its functions.

"(2) The Secretary shall furnish to the Formulary Committee such office space, materials, and equipment as may be necessary for the Formulary Committee to carry out its functions.

"FORMULARY OF THE UNITED STATES

"SEC. 504A. (a)(1) The Formulary Committee shall compile, publish, and make available to all interested persons a Formulary of the United States (hereinafter in this title referred to as the 'Formulary').

"(2) The Formulary Committee shall periodically revise the Formulary and the listing of drugs so as to maintain currency in the contents thereof.

"(b)(1) The Formulary shall contain an alphabetically arranged listing, by established name, of those drugs which the Formulary Committee finds are necessary for good medical practice. The Formulary Committee shall exclude from the Formulary any drugs which the Formulary Committee determines are not necessary for proper patient care, taking into account other drugs that are available from the Formulary.

"(2) The Formulary Committee shall also include in the Formulary, either as a separate part (or parts) thereof or as a supplement (or supplements) thereto, any or all of the following:

"(A) A supplemental list or lists, arranged by diagnostic, prophylactic, therapeutic, or other classifications, of the drugs included in the listing referred to in paragraph (1).

"(B) The proprietary names under which a drug listed in the Formulary by established name is sold, and the names of each supplier (manufacturer or distributor) of the final dosage form of such a listed drug who has been certified to the Committee by the Secretary as producing or distributing such drug in conformity with the requirements of this Act and (where applicable) the Public Health Service Act.

"(C) Prescribing information (including conditions of use required in the interest of rational drug therapy) which will promote the safe and effective use, under professional supervision, of the drugs referred to in paragraph (1).

"(D) A supplemental list of drugs included in the listing referred to in paragraph (1) arranged by drug classes, together with a discussion of the relative merits and dangers of each drug within each class as an aid to rational drug therapy.

"(E) Any other information which in the judgment of the Formulary Committee would be useful in carrying out the purposes of sections 504 through 504B.

"(c) In considering whether (under the authority contained in subsection (b)) a particular drug shall be included in the Formulary, the Formulary Committee is authorized to obtain (upon request therefor) any record pertaining to the characteristics of such drug which is available to any other department, agency, or instrumentality of the Federal Government, and, as a condition of such inclusion, to require suppliers of drugs to make available to the Committee information (including information to be obtained through testing) relating to such drug. If any such record or information (or any information contained in such record) is of a confidential nature, the Formulary Committee shall exercise utmost care in preserving the confidentiality of such record or information and shall limit its usage thereof to the proper exercise of such authority.

"(d) (1) The Formulary Committee shall establish such procedures, as may be necessary to determine the propriety of the inclusion, in the Formulary, of any drug, including such data and testing as it may require of a proponent of the listing of a drug in the Formulary.

"(2) The Formulary Committee, prior to making a final determination to remove from listing in the Formulary any drug which would otherwise be included under subsection (b) of this section, shall afford a reasonable opportunity for a hearing on the matter to any person engaged in manufacturing, preparing, propagating, compounding, or processing such product who shows reasonable grounds for such a hearing. Any person adversely affected by the final decision of the Formulary Committee may obtain judicial review in accordance with the procedures specified in section 505(h) of this Act. If the Formulary Committee finds that there is an imminent hazard to the public health, it may remove any drug from the Formulary immediately and give prompt notice to persons engaged in the manufacture, preparation, propagating, compounding, or processing of such drug and shall afford any person the opportunity for an expedited hearing.

"(3) Any person engaged in the manufacture, preparation, propagation, compounding, or processing of any drug not included in the Formulary which such person believes to possess the requisites to entitle such drug to be included in the Formulary pursuant to subsection (b), may petition for inclusion of such drug and, if such petition is denied by the Formulary Committee, shall, upon request therefor, showing reasonable grounds for a hearing, be afforded a hearing on the matter. The final decision of the Formulary Committee shall, if adverse to such person, be subject to judicial review in accordance with the procedures specified in section 505 (h) of this Act.

"(e) A copy of the Formulary and all revisions and supplements thereto shall be sent to every licensed practitioner of medicine in the United States.

"FEDERAL GOVERNMENT SHALL PURCHASE AND REIMBURSE ONLY FOR DRUGS LISTED IN FORMULARY

"SEC. 504B. Notwithstanding any other provision of law, no department or agency of the Government shall purchase any drug not listed in the Formulary and shall not reimburse or otherwise pay, under any program administered by it, for any drug not listed in the Formulary."

EFFECTIVE DATE

SEC. 3. The amendments made by this Act shall become effective on the first day of the ——— calendar month following the month in which this Act is enacted.

S. 1323

A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for a Federal Drug Compendium which will list all prescription drugs by their generic names and provide reliable, complete, and readily accessible prescribing information

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Drug Compendium Act".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. The Congress hereby finds and declares—

(1) that the tremendous variety and great complexity of modern drugs, and especially prescription drugs, together with the variety of brand names often used for generically equivalent drugs and the intensive activity for promoting the prescribing thereof, has created a vital need to compile, publish, and make widely available under national auspices, in useful format, to physicians and other licensed practitioners, to Federal, State, and local health agencies, to hospitals, and to others, a reliable and comprehensive compendium of prescription drugs under their established (generic) names, together with the prescribing and other information designed to assure their safe and effective use, and for inclusion in such compendium (or a supplement thereto) of the brand names under which, the suppliers from which, and the prices at which, they are available; and

(2) that to limit the compendium to those drugs moving in interstate or foreign commerce would create an unfair competitive burden on such commerce, and that, moreover, because of the pervasiveness of such movement (including the use, in drug manufacture, of components received from without the State in which such component is used), any such limitation would be unrealistic and facilitate evasion.

It is therefore the purpose of this Act to provide for such a compendium.

FEDERAL DRUG COMPENDIUM

SEC. 3. (a) The Federal Food, Drug, and Cosmetic Act, as amended, is amended by inserting after section 503 (21 U.S.C. 353) the following new section:

"FEDERAL DRUG COMPENDIUM

"Preparation, Publication, and Distribution

"SEC. 504. (a) (1) The Secretary shall prepare and publish in a form as convenient, readable, and practical as is feasible for its intended use, and under a distinct and suitable name, a drug compendium in accordance with the provisions of this section, and shall distribute such compendium on a current basis to all practitioners licensed by law to prescribe and administer drugs listed therein and make such other distribution of the compendium as in his judgment will promote the purpose of this section.

"(2) The Secretary shall from time to time revise such compendium, or issue supplements thereto, so as to maintain insofar as practicable currency in the contents thereof, and shall publish and distribute such revisions in accordance with paragraph (1).

"Listing of Drugs by Established Name—Prescribing Information

"(b) (1) Such compendium shall list by established name all (so far as practicable) drugs subject to section 503(b) (1) that are lawfully available in the United States, arranged alphabetically and by such other classifications (diagnostic, prophylactic, therapeutic, or otherwise) as the Secretary may deem appropriate and useful, and shall provide for all such drugs listed therein (individually or, where appropriate, by category), as concisely as is consistent with the purpose thereof, adequate and reliable prescribing information required or useful for their safe and effective use, including (A) the dosage form or forms in which the drug is available, indications for and conditions of use, effects, routes, methods, frequency, and duration of administration, all relevant side effects and contraindications (including appropriate warnings, precautions, and adverse reactions), and (B) in the case of a drug composed of two or more ingredients, the established names of ingredients and quantitative formula of the drug to the extent required for labels of such drugs by section 502(c). The Secretary may include such additional relevant information as in his judgment would promote proper use of such drugs. If any such drug or ingredient has no established name, the Secretary shall forthwith proceed to designate one therefor in accordance with section 508.

"(2) The Secretary may in addition include in such compendium, by established name, any other drug and information relating thereto, if he determines that the inclusion thereof would be useful to prescribers of drugs or to others for whose use the compendium is intended.

"Inclusion of Brand Names and of Suppliers of Drugs

"(c) The Secretary shall further include in such compendium, or in a supplement thereto, the proprietary names or designations under which a drug listed in the compendium by established name is available, and the names of suppliers (as manufacturers, wholesalers, jobbers, or distributors) from whom drugs that are listed may be obtained.

"Supplement Giving Price Information

"(d) The Secretary may issue, and from time to time revise, a supplement to such compendium containing price information as to each listed drug on the basis of the price or prices at which such drug is available to community pharmacies from listed suppliers or on such other basis as he determines to be an adequate and reasonable basis for the purpose of price comparison.

"Omission of Drugs on Safety or Efficacy Grounds

"(e) Nothing in this section shall be construed to require the Secretary to include in the compendium any drug, any proprietary name or designation of such drug, any supplier of such drug, or any prescribing information relating to such drug, if he determines that there is substantial doubt as to the safety or compliance with this or other Federal law of such drug, or of such drug when offered under such proprietary name or designation or by such supplier, or of such drug if accompanied by such prescribing information, or if he has determined that there is a lack of substantial evidence (as defined in section 505(d)) of the effectiveness of such drug under such circumstances.

"Procedure for Seeking Changes in Compendium or Preventing Delisting

"(f)(1) Any person who is adversely affected by the Secretary's inclusion or failure to include in the compendium or an applicable supplement thereto any such drug or other information, or any price information, may petition for an appropriate change and, if the petition is denied by the Secretary shall be afforded a reasonable opportunity for a hearing on the matter.

"(2) The Secretary, prior to making a final determination to remove from listing in the compendium a drug listed therein, or a proprietary name or designation thereof, or the name of a supplier thereof, shall afford a reasonable opportunity for an informal hearing on the matter to any person engaged in manufacturing, preparing, propagating, compounding, or processing such drug who has not requested or agreed to such removal and who shows reasonable grounds for such a hearing.

"(3) The final decision of the Secretary under paragraph (1) or (2) shall, if adverse to the petitioner, be subject to judicial review in accordance with the procedure specified in section 505(h). The reviewing court shall not issue any interlocutory order affecting the contents, or the time of publication or distribution, of the compendium or a supplement thereto, but a final judgment may require the prompt publication and distribution of information reflecting the decision of the court.

"Advisory Committee

"(g)(1) For the purpose of advising the Secretary from time to time on matters pertaining to the compendium provided for in this section, the Secretary may establish in the Department an advisory committee consisting of persons, qualified in the pharmaceutical field, who shall be appointed by the Secretary without regard to the civil service and classification laws, and at least three of whom shall be practitioners licensed by law to prescribe and administer drugs.

"(2) Members of the advisory committee who are not in the regular full-time employ of the United States may, while attending meetings or conferences of the committee or otherwise engaged in the business of the committee, be compensated at a rate fixed by the Secretary but not exceeding $100 per day (or, if higher, the rate specified at the time of such service for grade GS-18 in section 5332 of title 5, United States Code), and, while so serving on the business of the committee away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"Records and Reports Needed for Preparing and Revising Compendium

"(h)(1) For the purpose of carrying out his functions under the foregoing provisions of this section, the Secretary is authorized (A) to require, by order, any person engaged in manufacturing, preparing, compounding, processing, propagating, producing, distributing, or importing any drug to furnish to the Secretary any information available to such person and relevant to any matter bearing on which drugs, or information relating thereto, should be included in the compendium, and (B) to require such persons by regulation to establish and maintain such records of clinical experience and other data with respect to such drugs as may become available to such persons and are relevant to the question of such inclusion, and to afford the Secretary access to such records and to make to the Secretary such reports relating thereto as the Secretary may reasonably require. Orders pursuant to this paragraph shall be served in accordance with section 505(g).

"(2)(A) In case of refusal or failure to obey any order of the Secretary pursuant to clause (A) of paragraph (1), any district court of the United States for the judicial district in which the person charged with such refusal or failure is found or resides or transacts business shall, upon application of the Secretary, have jurisdiction to issue an order requiring such person to comply with the Secretary's order, and any failure to obey such order of the court may be punished by it as contempt thereof.

"(B) The district courts of the United States and of the territories shall have jurisdiction, for cause shown, to restrain violations of regulations or orders of the Secretary issued under this subsection. All proceedings under this paragraph shall be by and in the name of the United States.

"(C) Subpenas for witnesses who are required to attend a court of the United States in any district in any judicial proceeding under this subsection may run into any other district.

"Definitions

"(i) As used in this section (or elsewhere in this Act with reference to this section), the term 'compendium', except when otherwise specified, includes any revision of or supplement to the compendium provided for in this section; and the term 'established name' means such name as defined in section 502(e).

"Administration of Compendium Section

"(j) In administering the provisions of this section the Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and of any other agency, institution, organization, or person in accordance with appropriate agreements, and to pay therefor either in advance or by way of reimbursement as may be agreed upon, including printing and binding without regard to other provisions of law or regulations."

WAIVER OF DRUG PACKAGE INSERT REQUIREMENT

SEC. 4. (a) Section 502(f) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 352(f)), is amended by inserting immediately before the period at the end thereof a colon and the following: "*Provided further*, That in the case of a drug subject to paragraph (1) of section 503(b), except one intended for parenteral administration, which is listed and described with accompanying prescribing information in the compendium established pursuant to section 504, the Secretary may, if such drug is intended and promoted (including promotion through advertising) solely for the conditions of use described in the compendium, waive any requirement, established by regulation that the package from which the drug is to be dispensed have on or within it labeling (generally in the form of a package insert and referred to as such) bearing information adequate for the safe use or prescribing of the drug by licensed practitioners."

CONFORMITY OF PRESCRIPTION DRUG LABELING OR ADVERTISING TO INFORMATION IN COMPENDIUM

SEC. 5. Section 502 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 352), is amended by adding at the end of such section a new paragraph as follows:

"(q) If it is a drug listed in the compendium published pursuant to section 504, and (1) such drug (except in case of a drug intended solely for investigational use in accordance with regulations pursuant to section 505 or 507) is intended or promoted (including promotion through advertising) for any condition or use not described in such compendium, or (2) any of its labeling or advertising is inconsistent with the description of, or prescribing information relating to, such drug in such compendium, or (3) any of its labeling or advertising fails to include any of the prescribing information provided with respect to such drug by such compendium. Notwithstanding the foregoing, a drug shall not be deemed misbranded under this paragraph solely by reason of the failure of its label to contain all of such information if such label is in full conformity with regulations prescribed by the Secretary pursuant to the first proviso to section 502(f)."

EFFECTIVE DATE

SEC. 6. The amendments made by section 5 of this Act shall take effect, with respect to any particular drug, on the first day of the second calendar month that begins after the initial publication, in the compendium issued pursuant to section 504 of the Federal Food, Drug, and Cosmetic Act, of the established name of, and prescribing information relating to, such drug.

S. 1324

A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to prohibit the use of any name in connection with any prescription drug other than the official name designated for such drug by the Secretary of Health, Education, and Welfare

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 508(a) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 358(a)), is amended by inserting immediately after the first sentence thereof the following new sentences: "The Secretary shall designate an official name for any new drug subject to prescription sale pursuant to section 503(b) upon approval of an application filed for such drug under section 505. The Secretary shall also designate, within one year after the date of enactment of this sentence, an official name for all drugs subject to section 503(b) on the date of enactment of this sentence, but the Secretary may, for good and sufficient reasons, which shall be published in the Federal Register, extend such period (but not to exceed an additional two years) with respect to any particular drugs or classes thereof. The official names designated pursuant to the preceding two sentences, shall, to the extent possible, be in the interest of usefulness and simplicity and designed to adequately and fully replace the use of trade, brand, or proprietary names. Any official name designated by the Secretary prior to the date of enactment of this sentence for any prescription drug subject to section 503 (b) may continue as the official designation for such drug or the Secretary may designate a new official name for any such drug in the interest of usefulness and simplicity.".

(b) Section 508(a) of such section is further amended by striking out the last sentence thereof.

SEC. 2. (a) Section 502 of such Act (21 U.S.C. 352), as amended by this Act, is further amended by adding at the end thereof a new paragraph as follows:

"(s) If it is a drug subject to section 503 (b) and its labeling or advertising bears any trade, brand, proprietary, or other name or designation for such drug other than the official name established for such drug pursuant to section 508.".

(b) In order to avoid confusion or to permit the orderly transition to revised labeling and advertising incorporating the official name established for any drug under the amendment made by subsection (a)(1) of this section, the Secretary may exempt such drug from the application of section 502(s) of the Federal Food, Drug, and Cosmetic Act, as added by subsection (b) of this section, for a period not to exceed one year after the official name has been established for such drug under section 508(a) of such

Act, as amended by subsection (a) of this section.

(c) Clause (B) of section 502(e)(1) of such Act (21 U.S.C. 352(a)(1)(B) is amended by (1) striking out "in type at least half as large as that used thereon for any proprietary name or designation for such drug or ingredient" and inserting in lieu thereof "conspicuously", and (2) striking out "or clause (B) of this subparagraph".

(d) Clause (1) of section 502(n) of such Act (21 U.S.C. 352(n)) is amended by striking out "and in type at least half as large as that used for any trade name thereof' and inserting in lieu thereof "thereon".

S. 1325

A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to provide for a Federal Drug Compendium which provides reliable, complete, and readily accessible prescribing information; to assure safety and efficacy of drugs through certification of certain drugs other than insulin and antibiotics; to require certain information in drug labeling; and to improve the administration and enforcement of the Act as it relates to drugs

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—FEDERAL DRUG COMPENDIUM

FINDINGS AND DECLARATION OF PURPOSE

Sec. 101. The Congress hereby finds and declares—

(1) that the tremendous variety and great complexity of modern drugs, and especially prescription drugs, together with the variety of brand names often used for generically equivalent drugs and the intensive activity for promoting the prescribing thereof, has created a vital need to compile, publish, and make widely available under national auspices, in useful format, to physicians and other licensed practitioners, to Federal, State, and local health agencies, to hospitals, and to others, a reliable and comprehensive compendium of prescription drugs under their established (generic) names, together with the prescribing and other information designed to assure their safe and effective use, and for inclusion in such compendium (or a supplement thereto) of the brand names under which, the suppliers from which, and the prices at which, they are available; and

(2) that to limit the compendium to those drugs moving in interstate or foreign commerce would create an unfair competitive burden on such commerce, and that, moreover, because of the pervasiveness of such movement (including the use, in drug manufacture, of components received from without the State in which such component is used), any such limitation would be unrealistic and facilitate evasion.

It is therefore the purpose of this Act to provide for such a compendium.

FEDERAL DRUG COMPENDIUM

Sec. 102. The Federal Food, Drug, and Cosmetic Act, as amended, is amended by inserting after section 503 (21 U.S.C 353) the following new section:

"FEDERAL DRUG COMPENDIUM

"Preparation, Publication, and Distribution

"Sec. 504. (a)(1) The Secretary shall prepare and publish in a form as convenient, readable, and practical as is feasible for its intended use, and under a distinct and suitable name, a drug compendium in accordance with the provisions of this section, and shall distribute such compendium on a current basis to all practitioners licensed by law therein and make such other distribution of the compendum as in his judgment will promote the purpose of this section.

"(2) The Secretary shall from time to time revise such compendium, or issue supplements thereto, so as to maintain insofar as practicable currency in the contents thereof, and shall publish and distribute such revisions in accordance with paragraph (1).

"Listing of Drugs by Established Names—Prescribing Information

"(b)(1) Such compendium shall list by established name all (so far as practicable) drugs subject to section 503(b)(1) that are lawfully available in the United States, arranged alphabetically and by such other classifications (diagnostic, prophylactic, therapeutic, or otherwise) as the Secretary may deem appropriate and useful, and shall provide for all such drugs listed therein (individually or, where appropriate, by category), as concisely as is consistent with the purpose thereof, adequate and reliable prescribing information required or useful for their safe and effective use, including (A) the dosage form or forms in which the drug is available, indications for and conditions of use, effects, routes, methods, frequency, and duration of administration, all relevant side effects and contraindications (including appropriate warnings, precautions, and adverse reactions), and (B) in the case of a drug composed of two or more ingredients, the established names of ingredients and quantitative formula of the drug to the extent required for labels of such drugs by section 502(c). The Secretary may include such additional relevant information as in his judgment would promote proper use of such drugs. In any such drug or ingredient has no established name, the Secretary shall forthwith proceed to designate one therefor in accordance with section 508.

"(2) The Secretary may in addition include in such compendium, by established name, any other drug and information relating thereto, if he determines that the inclusion thereof would be useful to prescribers of drugs or to others for whose use the compendium is intended.

"Inclusion of Brand Names and of Supplier of Drugs

"(c) The Secretary shall further include in such compendium, or in a supplement thereto, the proprietary names or designations under which a drug listed in the compendium by established name is available, and the names of suppliers (as manufacturers, wholesalers, jobbers, or distributors) from whom drugs that are listed may be obtained.

"Supplement Giving Price Information

"(d) The Secretary may issue, and from time to time revise, a supplement to such compendium containing price information as to each listed drug on the basis of the price or prices at which such drug is available to community pharmacies from listed suppliers or on such other basis as he determines to be an adequate and reasonable basis for the purpose of price comparison.

"Omission of Drugs on Safety or Efficacy Grounds

"(e) Nothing in this section shall be construed to require the Secretary to include in the compendium any drug, any proprietary name or designation of such drug, any supplier of such drug, or any prescribing information relating to such drug, if he determines that there is substantial doubt as to the safety or compliance with this or other Federal law of such drug, or of such drug when offered under such proprietary name or designation or by such supplier, or of such drug if accompanied by such prescribing information, or if he has determined that there is a lack of substantial evidence (as defined in section 505(d)) of the effectiveness of such drug under such circumstances.

"Procedure for Seeking Changes in Compendium or Preventing Delisting

"(f)(1) Any person who is adversely affected by the Secretary's inclusion or failure to include in the compendium or an applicable supplement thereto any such drug or other information, or any price information, may petition for an appropriate change and, if the petition is denied by the Secretary, shall be afforded a reasonable opportunity for a hearing on the matter.

"(2) The Secretary, prior to making a final determination to remove from listing in the compendium a drug listed therein, or a proprietary name or designation thereof, or the name of a supplier thereof, shall afford a reasonable opportunity for an informal hearing on the matter to any person engaged in manufacturing, preparing, propagating, compounding, or processing such drug who has not requested or agreed to such removal and who shows reasonable grounds for such a hearing.

"(3) The final decision of the Secretary under paragraph (1) or (2) shall, if adverse to the petitioner, be subject to judicial review in accordance with the procedure specified in section 505(h). The reviewing court shall not issue any interlocutory order affecting the contents, or the time of publication or distribution, of the compendium or a supplement thereto, but a final judgment may require the prompt publication and distribution of information reflecting the decision of the court.

"Advisory Committee

"(g)(1) For the purpose of advising the Secretary from time to time on matters pertaining to the compendium provided for in this section, the Secretary may establish an advisory committee consisting of persons, qualified in the pharmaceutical field, who shall be appointed by the Secretary without regard to the civil service and classification laws, and at least three of whom shall be practitioners licensed by law to prescribe and administer drugs.

"(2) Members of the advisory committee who are not in the regular full-time employ of the United States May, while attending meetings or conferences of the committee or otherwise engaged in the business of the committee, be compensated at a rate fixed by the Secretary but not exceeding $100 per day (or, if higher, the rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code), and, while so serving on the business of the committee away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"Records and Reports Needed for reparing and Revising Compendium

"(h)(1) For the purpose of carrying out his functions under the foregoing provisions of this section, the Secretary is authorized (A) to require, by order, any person engaged in manufacturing, preparing, compounding, processing, propagating, producing, distributing, or importing any drug to furnish to the Secretary any information available to such person and relevant to any matter bearing on which drugs, or information relating thereto, should be included in the compendium, and (B) to require such persons by regulation to establish and maintain such records of clinical experience and other data with respect to such drugs as may become available to such persons and are relevant to the question of such inclusion, and to afford the Secretary access to such records and to make to the Secretary such reports relating thereto as the Secretary may reasonably require. Orders pursuant to this paragraph shall be served in accordance with section 505(g).

"(2)(A) In case of refusal or failure to obey any order of the Secretary pursuant to clause (A) of paragraph (1), any district court of the United States for the judicial district in which the person charged with such refusal or failure is found or resides or transacts business shall, upon application of the Secretary, have jurisdiction to issue an order requiring such person to comply with the Secretary's order and any failure to obey such order of the court may be punished by it as contempt thereof.

"(B) The district courts of the United States and of the territories shall have jurisdiction, for cause shown, to restrain violations of regulations or orders of the Secretary issued under this subsection. All proceedings under this paragraph shall be by and in the name of the United States.

"(C) Subpenas for witnesses who are required to attend a court of the United States in any district in any judicial proceeding under this subsection may run into any other district.

DEFINITIONS

"(i) As used in this section (or elsewhere in this Act with reference to this section), the term 'compendium', except when otherwise specified, includes any revision of or supplement to the compendium provided for in this section; and the term 'established name' means such name as defined in section 502(e).

"Administration of Compendium Section

"(j) In administering the provisions of this section the Secretary is authorized to utilize the services and facilities of agency of the Federal Government and of any other agency, institution, organization, or person in accordance with appropriate agreements, and to pay therefor either in advance or by way of reimbursement as may be agreed upon, including printing and binding without regard to other provisions of law or regulations."

WAIVER OF DRUG PACKAGE INSERT REQUIREMENT

Sec. 103. Section 502(f) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 352(f)), is amended by inserting immediately before the period at the end thereof a colon and the following: "*Provided further*, That in the case of a drug subject to paragraph (1) of section 503(b), except one intended for parenteral administration, which is listed and described with accompanying prescribing information in the compendium established pursuant to section 504, the Secretary may, if such drug is intended and promoted (including promotion through advertising) solely for the conditions of use described in the compendium, waive any requirement, established by regulation that the package from which the drug is to be dispensed have on or within it labeling (generally in the form of a package insert and referred to as such) bearing information adequate for the safe use or prescribing of the drug by licensed practitioners."

CONFORMITY OF PRESCRIPTION DRUG LABELING OF ADVERTISING TO INFORMATION IN COMPENDIUM

Sec. 104. Section 502 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 352), is amended by adding at the end of such section a new paragraph as follows:

"(q) If it is a drug listed in the compendium published pursuant to section 504, and (1) such drug (except in case of a drug intended solely for investigational use in accordance with regulations pursuant to section 505 or 507) is intended or promoted (including promotion through advertising (for any condition or use not described in such compendium, or (2) any of its labeling or advertising is inconsistent with the description of, or prescribing information relating to, such drug in such compendium, or (3) any of its labeling or advertising fails to include any of the prescribing information provided with respect to such drug by such compendium. Notwithstanding the foregoing, a drug shall not be deemed misbranded under this paragraph solely by reason of the failure of its label to contain all of such information if such label is in full conformity with regulations prescribed by the Secretary pursuant to the first proviso to section 502 (f)."

EFFECTIVE DATE

Sec. 105. The provisions of section 104 shall take effect, with respect to any particular drug, on the first day of the second calendar month that begins after the initial publication, in the compendium issued pursuant to section 504 of the Federal Food, Drug, and Cosmetic Act, or the established name of, and prescribing information relating to, such drug.

TITLE II—DRUG CERTIFICATION

CERTIFICATION OF OTHER DRUGS

Sec. 201. The Federal Food, Drug, and Cosmetic Act, as amended, is further amended by inserting immediately after section 507 (21 U.S.C. 357) the following new section:

"CERTIFICATION OF OTHER DRUGS

"Sec. 507A. (a) Whenever in the judgment of the Secretary, in the case of any drug or class of drugs (other than a drug subject to certification pursuant to section 506 or section 507) which is intended for use by man, the protection of the public health cannot, for reasons stated by the Secretary in regulations, be adequately assured without requiring batch-by-batch certification of such drug or drugs, he may, pursuant to such regulations, provide for certification of batches of such drug or drugs. A batch of any such drug shall be certified if such drug has such characteristics of identity and such batch has such characteristics of strength, quality, and purity, as the Secretary prescribes in such regulations as necessary to adequately insure safety and efficacy of use, but shall not otherwise be certified. The Secretary shall, in lieu of certification, issue a release for any batch manufactured prior to the effective date of such regulations if, in his judgment, such batch may be released without risk as to the safety and efficacy of its use. Such release may prescribe the date of its expiration and other conditions under which it shall cease to be effective as to such batch and as to portions thereof.

"(b) Regulations providing for such certification shall contain such provisions as are necessary to carry out the purposes of this section, including provisions prescribing (1) standards of identity and of strength, quality, and purity; (2) tests and methods of assay to determine compliance with such standards; (3) effective periods for certificates, and other conditions under which they cease to be effective as to certified batches and as to portions thereof; and (4) administration and procedure.

"(c) (1) Whenever in the judgment of the Secretary any of the requirements of this section and of section 502(1) are no longer necessary, with respect to any drug or class of drugs, to insure protection of the public health, the Secretary shall promulgate regulations exempting such drug or class of drugs from such requirements.

"(2) The Secretary shall promulgate regulations exempting from any requirement of this section and of section 502(1), (A) drugs which are to be stored, processed, labeled, or repacked at establishments other than an establishment where manufactured, on condition that such drugs comply with all such requirements upon removal from such establishments where such drugs have been stored, processed, labeled, or repacked; (B) drugs which conform to applicable standards of identity, strength, quality, and purity described by such regulations and are intended for use in manufacturing other drugs; and (C) drugs which are intended solely for investigational use by experts qualified by scientific training and experience to investigate the safety and efficacy of drugs. Such regulations may, in the discretion of the Secretary, among other conditions relating to the protection of the public health, provide for conditioning the exemption under clause (C) upon compliance with requirements such as those established by the Secretary for new drugs pursuant to section 505(i).

"(d) Any interested person may file with the Secretary a petition proposing the issuance of any regulation contemplated by this section, or the amendment or repeal of any regulation which (on the Secretary's initiative or otherwise) has been issued under this section. The petition shall set forth the proposal in general terms and shall state reasonable grounds thereof. The Secretary shall publish notice of the proposal and afford all interested persons an opportunity to present their views thereon; and, as soon as practicable after the publication of such notice, he shall publish his decision upon such proposal. At any time prior to the thirtieth day after such action is made public any interested person may file objections to such action, specifying with particularity the changes desired, stating reasonable grounds therefor, and requesting a public hearing upon such objections. The Secretary may thereupon, after due notice, hold such a public hearing in accordance with section 553 of title 5, United States Code. As soon as practicable after completion of such hearing, the Secretary shall by order make public his action on such objections. The Secretary shall base his order only on substantial evidence of record at the hearing and shall set forth as part of the order detailed findings of fact on which the order is based. The order shall be subject to the provisions of section 701 (f) and (g).

"RECORDS AND REPORTS

"Sec. 507B. (a) Every person engaged in manufacturing, compounding, or processing any drug within the purview of this Act shall establish and maintain such records, and make such reports to the Secretary, of data relating to clinical experience and other data or information, received or otherwise obtained by such person with respect to such drug, as the Secretary may by general regulation or by order, prescribe on the basis of a finding that such records and reports are necessary in order to enable the Secretary to assure that such drug complies with the requirements of this Act. In issuing any regulation or order under this subsection, the Secretary shall have due regard for the interests of patients and shall provide, where the Secretary deems it to be appropriate, for the examination, upon request, by the persons to whom such regulations or orders are applicable, of similar information received or otherwise obtained by the Secretary.

"(b) Every person required under this section to maintain records, and every person having charge or custody thereof, shall, upon request of an officer or employee designated by the Secretary, permit such officer or employee at all reasonable times to have access to and copy and verify such records.

"BANNED DRUG

"Sec. 507C. (a) Whenever the Secretary finds, after affording all interested persons an opportunity for an informal hearing, that—

"(1) a drug presents an unreasonable risk of illness or injury or deception; and

"(2) no feasible means of regulation would adequately protect the public from the unreasonable risk of illness or injury or deception associated with such drug,

he may propose and, in accordance with section 553 of title 5, United States Code, promulgate a regulation declaring such product a banned drug.

"(b) The Secretary may declare a proposed regulation banning a drug to be effective on an interim basis after publication in the Federal Register, pending completion of the proceedings, if he determines, after affording all interested persons an opportunity for an informal hearing, that such banning will expeditiously reduce or eliminate a hazard to the public health or safety, fraud, or gross deception associated with such drug."

CONFORMING AMENDMENTS

SEC. 202. Section 501 of such Act (21 U.S.C. 351) is amended by adding at the end thereof the following new paragraph:

"(e) If it is a banned drug."

SEC. 203. (a) Paragraph (1) of section 502 of such Act is amended by (1) inserting "(1)" after "(l)"; (2) redesignating clauses (1) and (2) thereof as clauses (A) and (B); and (3) striking out "paragraph" and inserting in lieu thereof "subparagraph"; and by adding at the end thereof the following new subparagraph:

"(2) If it is, or purports to be, a drug with respect to which there are in effect regulations pursuant to section 507A providing for the certification of batches of such drug, unless (A) it is from a batch with respect to which a certificate or release has been issued pursuant to that section, and (B) such certificate or release is in effect with respect to such batch. This subparagraph shall not apply to any drug or class of drugs exempted by regulations promulgated under section 507A(c): *Provided*, That drugs which are misbranded by reason of subparagraph (1) or (2) of this paragraph shall not be eligible for exportation under section 801(d) of this Act unless the Secretary permits such exportation upon a finding that exportation is in the interest of public health and safety and has the approval of the country to which it is intended for export."

(b)(1) Paragraph (e) of section 301 of such Act (21 U.S.C. 331) is amended by inserting after "507 (d) or (g)," the following: "507B,".

(2) Paragraph (1) of such section 301 is amended by inserting "507B," after "507,".

AUTHORITY FOR ADDITIONAL INFORMATION

SEC. 204. (a) Paragraph (D) of section 510 (j)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360(j)(1)(D)) is amended by striking "brief statement of the basis" and inserting in lieu thereof "brief statement of the medical and scientific basis".

(b) Section 510(j) of such Act (21 U.S.C. 360(j)) is further amended by adding at the end thereof the following:

"(4) The Secretary may also require the submission of data concerning the amount of production or distribution for a specific period of time with regard to any drug which is required to be listed pursuant to paragraph (1) of this subsection."

EFFECTIVE DATE

SEC. 205. The provisions of this title shall become effective on the first day of the first calendar month following the month in which this Act is enacted, except that the provisions of section 204 shall become effective on the first day of the second calendar month that begins after regulations are promulgated and forms made available by the Secretary of Health, Education, and Welfare.

TITLE III—DRUG LABELING

STORAGE LIFE OF DRUGS TO APPEAR ON LABEL

SEC. 301. Section 501 of the Federal Food, Drug, and Cosmetic Act, as amended, is further amended by adding at the end thereof a new subsection as follows:

"(f) If it is a drug (A) which is of a type whose safety, effectiveness, or potency becomes diminished after storage unless it bears a label specifying the date beyond which the drug should not be used: *Provided*, That no drug label shall bear a date which is more than five years beyond the date on which the processing of the drug was completed. The Secretary may implement the provisions of this subsection by regulation."

WARNING REQUIREMENT; ESTABLISHED NAME TO APPEAR ON LABEL OR LABELS

SEC. 302. (a) Section 503(b) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 353(b)) is amended by adding at the end thereof a new paragraph as follows:

"(6) If a drug which is subject to paragraph (1) of this subsection is determined by the Secretary to be potentially dangerous when taken or administered as directed, the label shall bear a clearly legible warning of the potential dangers of such drug printed immediately under the word 'WARNING'. In the case of any drug subject to paragraph (1), the Secretary may by regulation require that the label or labeling bear information relating to the therapeutic category of the drugs, its indications and contradictions, directions for use, warnings, or antidotes, if the Secretary determines that providing such information would be in the public interest."

(b) The first sentence of paragraph (2) of section 503(b) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 353(b)(2)), is amended by striking out the period at the end of such paragraph and inserting in lieu thereof a comma and the following: "and any information required to appear on the label or in labeling pursuant to paragraph (6) of this section, and the established name (as defined in section 502 (e)(2)) of the drug in the case of a drug containing only one active ingredient, and, in the case of a drug containing more than one active ingredient, a list of the active ingredients of such drug immediately following or immediately under the words "Mixture of".

(c) Section 503(b)(2) of such Act is further amended by adding at the end thereof the following: "Where a practitioner licensed by law to administer drugs prescribes by trade name any drug containing only one active ingredient, the dispenser of such drug shall include on the label, immediately below the established name of the drug, in letters not more than one-half the size of the established name of the drug, the trade name of such drug. The Secretary may by regulation authorize pharmacists to utilize a reasonable alternative to the requirement of the preceding sentence in exceptional circumstances where printed labels complying with such requirement are not available. If the drug prescribed contains more than one active ingredient, the trade name for such drug shall not appear on the label, except that the Secretary may, if he deems it in the public interest to do so, authorize the trade name of any such drug to appear on the label. Notwithstanding the foregoing provisions of this paragraph the established name of any drug, or in the case of a combination drug, the name of the active ingredients of such drug, shall be omitted from the label if the prescriber of the drug specifically directs that the established name not appear on the label, but in any case in which the prescriber directs that no name shall appear, the label shall bear such symbols of the National Drug Code as the Secretary may by regulation require in order to enable identification of the drug. In no case in which the prescriber of a drug has directed that the established name of the drug be omitted from the label may the trade name of such drug appear on the label.

OFFICIAL NAME FOR DRUGS

SEC. 303. Section 508(a) of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 358(a)), is amended by striking out "The Secretary may designate an official name for any drug" and inserting in lieu thereof "The Secretary shall designate an official name for any new drug upon approval of the application filed for such drug under section 505(b) and may designate an official name for any other drug or combination of drugs".

EFFECTIVE DATE

SEC. 304. The provisions of this title shall become effective on the first day of the thirteenth calendar month following the month in which this Act is enacted.

TITLE IV—ADMINISTRATION AND ENFORCEMENT

TERMINATION OF EXEMPTION FOR SOME DRUGS

SEC. 401. (a) Section 201(p)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(p)(1)) is amended to read as follows:

"(1) Any drug (except a new animal drug or an animal feed bearing or containing a new animal drug) the composition of which is such that such drug is not generally recognized, among experts qualified by scientific training and experience to evaluate the safety and effectiveness of drugs, as safe and effective for use under the conditions prescribed, recommended, or suggested in the labeling thereof; or".

(b) Section 201(w)(1) of such Act (21 U.S.C. 321(w)(1)) is amended to read as follows:

"(1) the composition of which is such that such drug is not generally recognized, among experts qualified by scientific training and experience to evaluate the safety and effectiveness of animal drugs, as safe and effective for use under the conditions prescribed, recommended, or suggested in the labeling thereof; or".

(c) For purposes of section 505 of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 355) the provisions of paragraphs (3) and (4) of section 107(c) of the Drug Amendments of 1962 (76 Stat. 788) are repealed. Any drug, which is a new drug within the meaning of section 201(p)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(p)(1), as amended by section 2(a) of this Act, is subject to all requirements of the Federal Food, Drug, and Cosmetic Act, as amended, without regard to (1) the dates upon which such drug was ever commercially used or sold in the United States; (2) whether or not a new-drug application was in effect with respect to such drug on or before October 9, 1962; (3) whether or not such drug was a new drug on or before October 9, 1962, as then defined by the Federal Food, Drug, and Cosmetic Act; and (4) whether or not such drug is intended solely for use under the conditions prescribed, recommended, or suggested in labeling with respect to such drug on or before October 9, 1962.

(d) For purposes of section 512 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360), paragraph (3) of section 108(b) of the Animal Drug Amendments of 1968 (82 Stat. 353) is repealed. Any drug, which is a new animal drug within the meaning of section 201(w)(1) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(w)(1)) as amended by section 2(b) of this Act, is subject to all requirements of the Federal Food, Drug, and Cosmetic Act, as amended, without regard to (1) the dates upon which such drugs was every commercially used or sold in the United States; (2) whether or not a new drug application was in effect with respect to such drug on or before October 9, 1962; (3) whether or not such drug was a new animal drug on or before October 9, 1962, as then defined by the Act; and (4) whether or not such drug is intended solely for use under the conditions prescribed, recommended, or suggested in labeling with respect to such drug on or before October 9, 1962.

ADVERTISING AND PROMOTION

SEC. 402. (a) Section 201(n) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(n)) is amended to read as follows:

"(n) If an article is alleged to be misbranded because the labeling, advertising, or promotional material is misleading, then in determining whether such labeling, advertising, or material is misleading there shall be taken into account (among other things) not only the representations made or suggested by statement, word, design, device, or any combination thereof, but also the extent to which the labeling, advertising, or promotional material fails to reveal facts material in light of such representations or material with respect to consequences which may result from the use of the article to which the labeling, advertising, or promotional material relates under the conditions of use prescribed in the labeling, advertising, or promotional material thereof or under such conditions of such use as are customary or usual. Labeling, advertising, or promotional material for an article is deemed to be misleading if the representations made or suggested by statement, word, design, device, or any combination thereof relate to, concern, or otherwise bear upon—

"(1) the safety or effectiveness of use of a drug or device, unless such representations are based upon adequate and well controlled investigations, including clinical investigations, by experts qualified by scientific training and experience to evaluate the safety and effectiveness of the drug or device involved, on the basis of which it could fairly and responsibly be concluded by such experts that the representations made for the drug or device in its labeling, advertising, or promotional material are fully supported; and

"(2) any attributes, characteristics, or qualities of the article, or any matter relating thereto, unless such representations are based on data, upon which experts qualified in the evaluation of such data could fairly and responsibly conclude that the representations made for the article in its labeling, advertising, or promotional material are fully supported.

As used in this paragraph, the terms 'advertising' and 'promotional material' include all oral, visual, written, or other communication for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of food, drugs, devices, or cosmetics."

(b) Section 301(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 331 (a)) is amended to read as follows:

"(a) The introduction or delivery for introduction into interstate commerce of any food, drug, device, or cosmetic that is adulterated or misbranded; but no publisher, radio broadcast licensee, or agency or medium for the dissemination of advertising or promotional material, except the manufacturer, packer, distributor, or seller of the article to which the false advertisement related, shall be liable under this Act by reason of the dissemination by him of any false advertisment or promotional material unless he has refused, on the request of the Secretary, to furnish the Secretary the name and post office address of the manufacturer, packer, distributor, seller, or advertising agency residing in the United States, who caused him to disseminate such advertisement or promotional material. No advertising agency shall be liable under this Act by reason of having caused the dissemination of any false advertisement or promotional material unless such agency has refused, on the request of the Secretary, to furnish the Secretary the name and post office address of the manufacturer, packer, distributor, or seller, residing in the United States, who caused such agency to disseminate such advertisement or promotional material."

(c) Section 302 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 332(a)) is amended by adding at the end thereof the following:

"(c) Whenever it appears to the satisfaction of the court in the case of a newspaper, magazine, periodical, or other publication published at regular intervals—

"(1) that restraining the dissemination of a false advertisement in any particular issue of such publication would delay the delivery of such issue at the regular time therefor, and

"(2) that such delay would be due to the method by which the manufacture and distribution of such publication is customarily conducted by the publisher in accordance with sound business practice, and not to any method or device adopted for the evasion of the prohibition against false or misleading advertising or to prevent or delay the issuance of an injunction or restraining order with respect to such false advertisement or any other advertisement,

the court shall exclude such issue from the operation of the restraining order or injunction."

(d) Section 403(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343((a)) is amended to read as follows:

"(a) If its labeling, advertising, or promotional material is false or misleading in any particular."

(e) Section 502(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 352(a)) is amended to read as follows:

"(a) If its labeling, advertising, or promotional material is false or misleading in any particular."

(f) Section 505(e) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(e)) is amended by inserting ", advertising, or promotional material" after the word "labeling" each time such word appears therein.

(g) Section 512(e)(2)(C) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360 (e)(2)(C)) is amended to read as follows:

"(C) that on the basis of new information before him, evaluated together with the evidence before him when the application was approved, the labeling, advertising, or promotional material for such drug, based on a fair evaluation of all material facts, is false or misleading in any particular and was not corrected within a reasonable time after receipt of written notice from the Secretary specifying the matter complained of."

(h) Section 602(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 362(a)) is amended to read as follows:

"(a) If its labeling, advertising, or promotional material is false or misleading in any particular."

ADDITIONAL ADMINISTRATION AND ENFORCEMENT PROVISIONS

SEC. 403. Section 702 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 372) is amended by adding at the end thereof the following new subsection:

"(f) For the efficient administration and enforcement of this Act as it relates to drugs, the provisions (including penalties) of sections 6, 9, and 10 of the Federal Trade Commission Act (15 U.S.C. 46, 49, 50) are made applicable to the jurisdiction, powers, and duties of the Secretary in administering and enforcing the provisions of this Act as it relates to drugs and to any person, firm, or corporation with respect to whom such authority is exercised. The Secretary may prosecute any inquiry necessary to his duties under this Act in any part of the United States, and the powers conferred on the district courts of the United States by such sections 6, 9, and 10 of the Federal Trade Commission Act may be exercised for the purposes of this Act by any such court.".

INSPECTION AND SUBPENA POWERS

SEC. 404. (a) Section 704(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 374(a)) is amended to read as follows:

"(a) For purposes of enforcement of this Act, officers or employees duly designated by the Secretary upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, are authorized (1) to enter, at reasonable times, any factory, warehouse, consulting laboratory, or any other establishment in which food, drugs, devices, or cosmetics are manufactured, processed, packed, or held, for introduction into interstate commerce or after such introduction, or to enter any vehicle, being used to transport or hold such food, drugs, devices, or cosmetics in interstate commerce; and (2) to inspect, at reasonable times and within reasonable limits and in a reasonable manner, such factory, warehouse, consulting laboratory, other establishment, or vehicle and all pertinent equipment, finished and unfinished materials, containers, processes, controls, facilities, records, files, papers, and other data, bearing on whether foods, drugs, devices, or cosmetics are adulterated or misbranded within the meaning of this Act, or which may not be manufactured, introduced into interstate commerce, or sold, or offered for sale by reason of any provision of this Act, have been or are being manufactured, processed, packed, transported, or held in any such place, or otherwise bearing on violation of this Act. No inspection shall extend to (A) financial data, (B) sales data other than shipment data, (C) pricing data, and (D) personnel data (other than data as to qualifications of technical and professional personnel performing functions subject to this Act), except that such data shall be subject to inspection when it is the basis of, or relates to, representations made in advertising or promotional material. The term 'inspection' as used in this section extends to the taking of photographs in and around all places subject to inspection and to the copying of documentary materials. A separate notice shall be given for each such inspection, but a notice shall not be required for each entry made during the period covered by the inspection. Each such inspection shall be commenced and completed with reasonable promptness. The provisions of the second sentence of this subsection shall not apply to—

"(1) pharmacies which maintain establishment in conformance with any applicable local laws regulating the practice of pharmacy and medicine and which are regularly engaged in dispensing prescription drugs, upon prescriptions of practitioners licensed to administer such drugs to patients under the care of such practitioners in the course of their professional practice, and which do not, either through a subsidiary or otherwise, manufacture, prepare, propagate, compound, or process drugs for sale other than in the regular course of their business of dispensing or selling drugs at retail;

"(2) practitioners licensed by law to prescribe or administer drugs and who manufacture, prepare, propagate, compound, or process drugs solely for use in the course of their professional practice;

"(3) persons who manufacture, prepare, propagate, compound, or process drugs solely for use in research, teaching, or chemical analysis and not for sale;

"(4) such other classes of persons as the Secretary may by regulation exempt from the application of this section upon finding that inspection as applied to such classes of persons in accordance with this section is not necessary for the protection of the public health."

(b) Section 704 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 374) is further amended by adding at the end thereof a new subsection as follows:

"(e)(1) The Secretary may require by subpena the attendance and testimony of witnesses and the production of documentary evidence bearing on whether any food, drug, device, or cosmetic is in violation of this Act. The Secretary, or his duly authorized agent or agents, may sign subpenas, administer oaths and affirmations, examine witnesses, and receive evidence.

"(2) Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. In the case of disobedience to a subpena, the Secretary may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence.

"(3) Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in the case of contumacy or refusal to obey a subpena issued to any person, issue an order requiring such person to appear before the Secretary, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(4) The Secretary may order testimony to be taken by deposition in any proceeding before him pending under this Act. Such depositions may be taken before any person designated by the Secretary and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall be subscribed to by the deponent.

"(5) Witnesses summoned before the Secretary shall be paid the same fees and mileage as are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts in the United States.

"(6) No person shall be excused from attending and testifying or from producing documentary evidence before the Secretary on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture. However, no natural person may be prosecuted or subjected to any penalty or forfeiture for, or on account of any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the Secretary in obedience to a subpena issued by the Secretary; but no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying."

EFFECTIVE DATE

SEC. 405. The provisions of this title shall become effective sixty days after the date of enactment, except that the provisions of section 401(d) shall become effective on the first day of the thirteenth calendar month following the month in which this Act is enacted.

By Mr. JAVITS (for himself, Mr. WILLIAMS, Mr. MAGNUSON, Mr. HARTKE, Mr. BEALL, Mr. BROOKE, Mr. CRANSTON, Mr. KENNEDY, Mr. MCINTYRE, Mr. MOSS, Mr. RIBICOFF, Mr. SCHWEIKER, Mr. HUGH SCOTT, Mr. STAFFORD, and Mr. WEICKER):

S. 1326. A bill to provide assistance to unemployed persons and for other purposes. Referred to the Committee on Labor and Public Welfare; and, if and when reported by that committee, to the Committee on Commerce, by unanimous consent.

Mr. JAVITS. Mr. President, I am introducing today a bill called the Emergency Special Service Employment and Railroad Improvement Act of 1975. Joining with me are Senator WILLIAMS, the chairman of the Senate Committee on Labor and Public Welfare; Senator MAGNUSON, the chairman of the Senate Committee on Commerce; Senator HARTKE, the chairman of the Senate Subcommittee on Surface Transportation of the Committee on Commerce, and 11 other Senators.

Mr. President, this measure is the joint effort of members of the Committee on Labor and Public Welfare—which has jurisdiction to deal with the very catastrophic unemployment situation—and of the Committee on Commerce—which have jurisdiction to deal with the critical problems of the Nation's railroads and of other interested Members.

Mr. President, by consent obtained from the interested parties through my office, I ask unanimous consent that the bill be referred to the Committee on Labor and Public Welfare and if and when reported from that committee, that it then be referred to the Committee on Commerce.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, the bill authorizes $300 million for fiscal year 1975 and "such sums as may be necessary" for fiscal year 1976 to make financial assistance available for the provision of approximately 20,000 transitional public service jobs—at an average cost of $10,000 per job per year—to unemployed and underemployed persons, to maintain and rehabilitate railroad lines and facilities of railroad carriers in the Nation.

The bill combines and coordinates the functions of the Departments of Transportation and Labor, utilizing the expertise and resources of each. Initially, the Secretary of Transportation would certify to the Secretary of Labor those common carriers by rail that meet the primary eligibility requirements of the bill, which encompass three categories: First, those carriers that have lines or facilities within the proposed Conrail system in the Northeast-Midwest region, or within the area of any other corporation set up in the restructuring process now being performed by the U.S. Railway Association; second, those carriers that have routes or facilities on the Amtrak system; and third, those lines or facilities that are identified by a State as essential to local or regional fail transportation needs. Projects funded pursuant to the third category would be a shared Federal-State program, with the State providing at least 30 percent of the funding.

In addition to these primary criteria, the Secretary of Transportation would identify those lines on which improvement would significantly contribute to the Nation's rail transportation system, which can be initiated promptly and which can be completed quickly.

The Secretary of Labor would then allocate funding, utilizing the certifications and recommendations of the Department of Transportation, to those programs that are in areas of highest unemployment, and on projects that are most labor intensive.

The Secretary of Labor is directed to establish procedures for the referral of persons, tying in with the system of State and local prime sponsors under the Comprehensive Employment and Training Act of 1973.

Importantly, the bill contains strong provisions to insure that collective-bargaining provisions are respected, that wages are at prevailing levels, and that persons who have previously been laid off from positions the same as or similar to those funded, will have first opportunity to be rehired.

Finally, the bill includes provisions to minimize the extent to which the public funding accrues to private interests. In the case of ConRail type projects, the entire increased value to the rail properties attributable to the program will flow to the new federally chartered corporations rather than to the existing creditors of the bankrupt carriers. In the case of solvent carriers on the Amtrak system that receives funding, the applicant would be required to execute an agreement by Amtrak reducing the user fees paid by Amtrak to the owner carrier to reflect the increased value attributable to the Federal contribution for labor. Thus, to a large extent, this emergency program will reduce later payments that would have to be made in later years to ConRail and Amtrak.

The bill is designed to meet simultaneously two very crucial needs of the Nation.

THE NEED FOR JOBS

First, the extremely serious unemployment situation, current and prospective, with a rate of unemployment nationally of 8.2 percent in February with 7.5 million persons unemployed.

Predictions by the Chairman of the Council of Economic Advisers that the national rate may well hit 9 percent in the near future show that matters will get worse before they get better.

We are in a war against a national depression. In my own State of New York, where the unemployment rate was 9.3 percent in January with 698,000 unemployed—the latest statistics available—the Buffalo area is experiencing a rate of 13.4 percent unemployment with 73,100 persons out of work in January, and the mayor of the city estimates a rate of 20 percent in the city of Buffalo itself.

Currently about 200,000 jobs have been filled with funds available under titles II and VI of the Comprehensive Employment and Training Act of 1973. The 20,000 jobs that could be made available under the bill we introduce today would supplement the general goal of a million public service jobs—still less than one-seventh of the needs of the 7.5 million unemployed—in the important area of railroad construction.

In terms of the current maintenance effort, the 20,000 jobs would supplement approximately 80,000 maintenance of way jobs now in existence on the Nation's railroads.

THE NEED FOR REPAIR OF OUR RAILROADS

Second, the needs of the Nation's railroads for an immediate infusion of assistance to spur maintenance and rehabilitation efforts is beyond dispute.

Witness the findings of the U.S. Railway Association's preliminary system plan for the Northeast-Midwest railroads which estimated that the needs of that region alone may exceed $5 billion. Similar needs exist nationwide as the recent bankruptcy of the Rock Island Line so vividly illustrates.

Many of our most essential railroad lines are in seriously deteriorated condition and, in some instances, nearly unusable. Their efficiency is at an alltime low because of the delays and dangers involved. The result is poorer service and higher consumer prices.

Much of the work that is urgently needed could be begun almost immediately and is substantially labor intensive, thus lending itself to this program. Specific jobs include replacement of individual segments or worn ties, leveling and straightening short stretches of track, restoration of signal systems, repair of grade crossings, and repair of buildings.

For the most part, this work does not lend itself to mechanized methods or use of mechanized equipment. Most of the jobs needed could be filled by unskilled workers following a brief period of on-the-job training; others would be filled by semiskilled operators of portable equipment, building workers and signal helpers.

As to the magnitude of the project, Penn Central alone estimates that it could employ up to 6,000 such workers expeditiously in rail plant rehabilitation work. The Association of American Railroads estimates that 24,000 workers could be hired nationwide. This bill offers the mechanism for the employment of almost the entire number authorized by this bill immediately.

This legislation provides the opportunity to combine in one program avenues toward solution of two of our most serious national problems. The railroads provide the most energy efficient and environmentally safe method of intercity freight and passenger transportation. But unless action is taken soon, their condition will prevent these advantages from effectively being utilized for some time.

Mr. President, although this bill has been introduced as an amendment to CETA, it may be appropriate, after hearings—given its special nature—to report the measure from the committee as a separate act so as to make clear that these special jobs are in no way to diminish the overall effort under CETA, which was enacted to provide more general assistance to unemployed and underemployed individuals.

Mr. JAVITS. Mr. President, I wish to announce also that plans at present call for joint hearings in respect of this matter next month. I shall do my utmost to see that we go through with them. The important thing, Mr. President, is the character of the initiative, the careful tailoring of the bill to what needs to be done, with great concern for the interest of the public which uses these railroad facilities, and for the interest of the railroads and trade unions that are the key to the success of any effort.

Mr. President, I ask unanimous consent that a statement by Senator HARTKE, one of the principal sponsors of this measure, together with a copy of the bill, be printed in the RECORD, at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR HARTKE

I am pleased to join with my colleagues in introducing the "Emergency Special Public Service Employment and Railroad Improvement Act of 1975."

This act is particularly important at this time because it offers us a chance to build for the future by accelerating necessary railroad rehabilitation work while easing the plight of the thousands of workers who have been left jobless by the current recession.

The problems of unemployment are well understood in this chamber and the Congress has taken, and is taking, decisive action on a number of fronts to alleviate them. Great amounts of money have been made available through governmental agencies for public service jobs, special benefits have been spent shaping a package of tax reform measures that will help the whole economy pull out of its current debilitating slump.

The current plight of the nation's railroads has been discussed and rediscussed at length. We all know of the rotting ties that allow one to pull spikes out by hand, the slow orders that make a two-day trip out of a two-hundred mile freight hauling route, the faulty switches, the sagging rails, and the unsafe bridges. Here, too, Congress has been taking decisive action to save what remains of the once-mighty national rail system and to reconstruct it so that it will serve us in the days ahead when increasing fuel costs and ecological concerns force us back to this very energy efficient transportation mode.

Now, as we are shaping remedies to pull the country out of the recession, we are also standing on the brink of a long-term commitment to comprehensive railroad improvement that will form the basis of the next century's rail network. The work of the United States Railway Association in redesigning the Northeast and Midwest Railroads is outlining the shape of the federal commitment, the National Railroad Passenger Corporation is on the edge of its nationwide capital improvement program, and the problems which plague the Rock Island Railroad has hammered home the understanding that federal-private industry cooperation on a national level is needed for the preservation and reconstruction of a rail system adequate to serve the expanding needs of the nation.

The bill we are introducing blends these two priority areas together to alleviate short-term economic distress while taking advantage of the availability of skilled workers to preserve and improve tomorrow's railroads.

The bill operates by amending the Comprehensive Employment and Training Act of 1973 to authorize the appropriation of $300 million for fiscal 1975 to create employment opportunities in rail rehabilitation and improvement programs. Such programs could be initiated on rail facilities which are to be made part of the Conrail system, on rail facilities which are utilized by the National Railroad Passenger Corporation, and on rail facilities identified by a state government or agency as necessary to state transportation needs.

The Department of Labor, which will oversee the program, will be responsible for ensuring that the money is applied in a way that effectively mitigates severe unemployment, while the Department of Transportation will evaluate the feasibility and desirability of particular rail improvement projects.

The need for facility repair on the railroads is a matter of record. For the Midwest and Northeast, the United States Railway Association's Preliminary System Plan graphically outlines the disaster that decades of neglect have left behind. The solvent railroads also indicate that they, too, have been forced to cut back on maintenance expenditures, sowing the seeds of future difficulties and potentially crippling their contribution to the nation's transportation network.

A survey of the rail transportation facilities and the workers that would be affected indicates that there is an immediate need for at least 20,000—and perhaps as many of 50,000—new full-time maintenance employees. The problem areas have been identified, the necessary materials are at hand, the people are ready and eager for work. All that is needed is the money and the leadership of the federal government.

The nation will reap benefits from this program from its very inception until long after it is forgotten.

The program will pump money into the sagging economy and at the same time it will train thousands of workers in the skills of rail repair and rehabilitation—skills that will be in demand for many years to come as the nation repairs countless thousands of miles of neglected trackage.

The resulting rail improvements will help attract business back to the rails because of the better service that will be possible. Such increased railroad utilization fits directly into our long-range plans for cutting energy consumption without disrupting the quality of our life.

The benefits will be spread over the entire country and not just in the Northeast and Midwest. For instance, wherever Amtrak run, there is potential for direct benefit. Additionally, a number of states have come to Washington to see if there are programs to help them directly improve railroad lines they feel are essential to state needs. This program will help them and it may spur an increased consideration of rail as a key component in regional transportation planning.

It is not often that we can get such a variety of benefits from an emergency program such as this one, and I urge my colleagues to give this measure their careful and early consideration.

S. 1326

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Special Public Service Employment and Railroad Improvement Act of 1975".

Sec. 2. The Comprehensive Employment and Training Act of 1973 is amended by redesignating title VII, and all references thereto, as title VIII, by redesignating section 701 through 715, and references thereto, as section 801 through 815, respectively, and by inserting after title VI the following new title:

"TITLE VII—EMERGENCY SPECIAL PUBLIC SERVICE EMPLOYMENT AND RAILROAD IMPROVEMENT PROGRAM

PURPOSE

"Sec. 701. It is the purpose of this title to provide transitional job opportunities, and related training, for unemployed and underemployed persons in jobs and to stimulate and expedite repair and rehabilitation of the Nation's rail transportation network.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 702. There are authorized to be appropriated $300,000,000 for fiscal year 1975, and such sums as may be necessary for fiscal year 1976, for carrying out the provisions of this title. Any amounts so appropriated for such fiscal years which are not obligated prior to the end of such fiscal year shall remain available for obligation until December 31, 1976.

"FINANCIAL ASSISTANCE

"Sec. 703. (a) The Secretary shall enter into arrangements with eligible applicants in accordance with the provisions of this title in order to make financial assistance available for the purpose of providing employment for unemployed and underemployed persons in transitional jobs for improvement of railway lines and facilities, and training and manpower services related to such employment which are otherwise unavailable, and enabling such persons to move into employment not supported under this Act.

"(b) The provisions of subsection (c) of section 205 (except paragraphs (22) and 23)), subsections (a) and (b) of section 207, section 208 (except paragraphs (a)(3) and (7)), and section 209 of this Act shall apply to financial assistance under this title.

"(c) In filling public service jobs with financial assistance under this title, eligible applicants shall give preferred consideration, to the maximum extent feasible, and consistent with other provisions of this Act, to unemployed persons who have exhausted unemployment insurance benefits, to unemployed persons who are not eligible for unemployment insurance benefits (except for persons lacking work experience), and to unemployed persons who have been unemployed for fifteen or more weeks.

"APPROVAL OF APPLICATION

"Sec. 704. (a) Financial assistance under this title may be provided by the Secretary for any fiscal year, only pursuant to an application which is submitted in accordance with the provisions of this title. Applications may be submitted by any common carrier by rail, by trustees of a railroad in reorganization, or by a State or a local or regional transportation authority and shall be submitted concurrently to the Secretary and the Secretary of Transportation. Any such application shall set forth a public service employment program designed to provide employment, in jobs which facilitate needed railroad repair, rehabilitation or improvement, for persons who have been unemployed for at least thirty days and, where appropriate, training and manpower services related to such employment which are otherwise unavailable and which will enable such persons to move into employment or training not supported under this title.

"(b) Prior to approving any application for financial assistance under this title, the Secretary shall determine—

"(1) that the eligible applicant and its proposed program have been certified by the Secretary of Transportation in accordance with the provisions of section 705;

"(2) that not less than 60 percent of the funds to be made available under the application in the case of eligible applicants under clause (a)(1)(A) of section 705, not less than 100 percent of the funds to be made available in the case of eligible applicants under clause (a)(1)(B) of section 705 and not less than 75 percent of the funds to be made available pursuant to a state identification under clause (a)(1)(C) of section 705, shall be expended only for wages and employment benefits to persons employed in public service jobs pursuant to this title: *Provided, however,* That the average Federal financial assistance for each public service job, exclusive of nonlabor related costs, made available under this title shall not exceed $10,000 on a per annum basis. The Secretary may, after consultation with the Secretary of Transportation, waive such requirements where necessary to meet the purposes of this title;

"(3) that adequate arrangements have been made for the referral of unemployed and underemployed persons (consistent with section 703(b), to the applicant, utilizing prime sponsors designated under title I of this Act or other appropriate means as determined by the Secretary, and for the provision of necessary training and supportive services, and for coordination between programs under this title with other programs under this Act.

"(4) that the application includes provisions sufficient to insure compliance with subsection (b) and subsection (c) of section 703.

"(c) The Secretary shall allocate funds among eligible applicants on an equitable basis, taking into account—

"(1) the relative severity of unemployment and the needs of the unemployed in the areas to be served;

"(2) the relative labor-intensiveness of the programs; and

"(3) any recommendations made by the Secretary of Transportation pursuant to section 705(d).

"(d) Applications submitted by a State or a local or regional transportation authority shall include provisions sufficient to insure compliance with regulations promulgated pursuant to section 706(b).

"CERTIFICATION OF ELIGIBILITY AND DEPARTMENT OF TRANSPORTATION RECOMMENDATIONS

"Sec. 705. (a) As required by subsection (c) of this section, the Secretary of Transportation shall certify to the Secretary—

"(1) each common carrier by railroad which has a rail line or facility—

"(A) included in the preliminary system plan or any subsequent system plan developed by the United States Railway Administration to be administered by the Consolidated Rail Corporation ("Conrail") or any other corporation established pursuant to P.L. 93–236, or

"(B) utilized by the National Rail Road Passenger Corporation ("Amtrak") under P.L. 91–518, as amended, for providing rail passenger service.

"(C) identified to the Secretary of Transportation by a state agency meeting the eligibility criteria of section 402(C) of P.L. 93–236 as likely to be retained in the state's rail transportation system pursuant to the rail service continuation subsidy provisions of title IV of P.L. 93–236 or by a State or local or regional transportation authority as essential to local or regional rail transportation needs; and

"(2) particular lines and facilities within the rail networks included in subsection (1) of this subsection, the maintenance, upgrading or improvement of which—

"(A) will contribute significantly to insuring the continuation or improvement of essential rail services in line with present or anticipated rail transportation needs;

"(B) can be initiated or strengthened promptly;

"(C) can be substantially completed within twelve months after financial assistance is made available; and

"(D) would be labor-intensive.

(b) Any rail line or facility that is certifiable under more than one clause of subsection (a)(1) shall be certified pursuant to the first clause under which it is certifiable.

(c) Not later than thirty days from the enactment of this title, the Secretary of Transportation shall make the certifications specified in subsection (a) with respect to programs to be commenced in fiscal year 1975. Certifications with respect to programs to be commenced in fiscal year 1976 shall be made to the Secretary on or before June 1, 1975, provided, however, that the Secretary of Transportation may make additional certifications pursuant to subsection (a)(1)(C) at any time thereafter.

(d) The Secretary of Transportation may, within 15 days after receipt of an application under section 704(a), make appropriate recommendations to the Secretary as to the significance of the proposed program to the national, regional or local transportation system.

"SPECIAL PROVISIONS

"Sec. 706. (a) Prior to allocation to any eligible applicant under subsection 705(a)(1)(A), the Secretary shall, after consultation with and subject to the approval of the United States Railway Association, execute an agreement with the eligible applicant, whether it be a solvent common carrier by rail or a railroad in reorganization, requiring it to perform the maintenance, upgrading or improvement contained in the designated program or project and providing that

"(1) If the properties subject to the agreement are designated under the final system plan for transfer to the Consolidated Rail Corporation as prescribed by P.L. 93–236, such Corporation shall not be required to compensate a railroad in reorganization for any portion of the value of the properties subject to the agreement which is attributable to the maintenance, upgrading or improvement performed pursuant to the agreement.

"(2) If the properties subject to the agreement is sold, leased, or transferred to an entity other than the Consolidated Rail Corporation pursuant to the final system plan described by P.L. 93–236, the railroad or trustees shall agree to assign to the Secretary of Transportation that portion of the proceeds of such sale, lease, or transfer which reflects value attributable to the maintenance, upgrading or improvement performed pursuant to the agreement.

"(b) The federal share of any programs funded in the case of an application certified pursuant to section 705(a)(1)(C) shall be no greater than 70 percent and the state share no less than 30 percent. Any State or local or regional transportation authority receiving financial assistance under this title shall be required, under regulations to be issued by the Secretary of Transportation within 30 days after the date of enactment of the Act, to contribute at least 30 percent of the cost of the program for which federal assistance is provided.

"(c) Prior to allocation to any eligible applicant under 705(a)(1)(B) the National Railroad Passenger Corporation shall, after consultation with and subject to the approval of the Secretary, execute an agreement with the eligible applicant which will:

"(1) describe the maintenance, rehabilitation, or improvement work which is to be done and the timetable for the achievement of the desired results,

"(2) describe what share of the costs of labor will be born by the eligible applicant during the course of the work; and

"(3) provide a mechanism for insuring that the National Railroad Passenger Corporation will receive a reasonable portion of the benefit of the value added to the rail lines or facilities involved in the maintenance, rehabilitation, or improvement program. Such a mechanism may involve:

"(i) reduced user fees for the National Railroad Passenger Corporation, or

"(ii) other amendments to the National Railroad Passenger Corporation agreement with the eligible applicant, or

"(iii) scheduled payments to the National Railroad Passenger Corporation stretched over a period of up to 20 years.

"For the purpose of this subsection, the term "value added" shall mean the lesser of either the increase in the fair market value attributable to the program or that part of the expense of labor funded pursuant to this title. The "value added" is determined after the work is completed. Should the National Railroad Passenger Corporation and the eligible applicant not be able to come to an agreement within 60 days as to the amount to be received by the National Railroad Passenger Corporation, it shall be conclusively determined by the National Arbitration Panel defined by the National Railroad Passenger Corporation agreement with the eligible applicant."

By Mr. INOUYE:

S.J. Res. 65. A joint resolution to authorize and request the President to call a White House Conference on Women in 1976. Referred to the Committee on Government Operations.

Mr. INOUYE. Mr. President, I am introducing a joint resolution authorizing the President to convene a White House Conference on Women as part of the Bicentennial celebration in 1976. My resolution is identical to one introduced in the House of Representatives by my friend and fellow Hawaiian, Representative PATSY T. MINK.

This conference would focus attention on the historic accomplishments of American women and examine their role in contemporary society. The conference report would contain recommendations for further improving the status of women in this country.

I feel this conference would encourage the States and the Federal Government to accelerate efforts to expunge sex discrimination from our legal codes. Despite widespread public support for the concept of equality between the sexes, many laws and procedures still discriminate against both women and men on the basis of sex.

Perhaps, too, this conference would encourage the remaining States to ratify the Equal Rights Amendment. I think passage of this amendment to guarantee women their basic human rights would be a fitting celebration of the Bicentennial.

Participants for the conference would be drawn from all social, economic and political groups. All professions and regions would be represented. This gathering of talent from around the Nation would be an affirmation of our belief in the importance of securing full and equal rights for all Americans in keeping with the basic precepts of our Constitution.

We are now 3 months into 1975, a year proclaimed by the United Nations as the International Women's Year. Sadly, there has been little interest shown in this event by our Government. This resolution would put the Congress of the United States on record in support of the consciousness-raising goals of the U.N. proclamation.

From the earliest days of the Republic, women have played an important role in the history of the United States. Their role was often limited by traditional and legal discriminations which we are now moving to remove. Holding a White House Conference on Women during the Bicentennial will symbolize this Nation's intention to involve and utilize the full talents of all its citizens during the next 200 years.

The conference I envision will require planning and coordination. My resolution includes a provision to initiate and finance these preparations. If we begin work soon, the White House Conference on Women can be an integral part of our Bicentennial celebration. Its potential output far exceeds in value the money and time involved.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

SENATE RESOLUTION 48

At the request of Mr. SPARKMAN, the Senator from Minnesota (Mr. MONDALE) was added as a cosponsor of the resolution (S. Res. 48) urging continuing efforts on behalf of Americans missing in action in Southeast Asia.

AMENDMENTS SUBMITTED FOR PRINTING

AGRICULTURAL PRICE SUPPORTS—H.R. 4296

(Ordered to be printed and to lie on the table.)

AMENDMENTS NOS. 304, 305, AND 306

Mr. MOSS submitted three amendments intended to be proposed by him to the bill (H.R. 4296) to adjust target prices, loan, and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, and to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976.

ANNOUNCEMENT OF PUBLIC HEARINGS BEFORE THE ENVIRONMENT AND LAND RESOURCES SUBCOMMITTEE OF THE SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. HASKELL. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Environment and Land Resources Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for Thursday, May 15, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building. Testimony is invited on S. 507, the National Resource Lands Management Act. The subcommittee will also receive testimony on S. 1292—the administration's version of this important legislation.

Hearings were originally scheduled on S. 507 on March 7. However, due to the extraordinary number of rollcall votes that day, the subcommittee was unable to complete the hearing in a single session. Therefore, we have scheduled this additional day of hearings on May 15. I might add that I am pleased to have the administration's proposal before the subcommittee now so that we can consider it along with S. 507.

For further information regarding the hearings you may wish to contact Mr. Steven Quarles, counsel to the subcommittee on 224-9894. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Environment and Land Resources Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.

NOTICE OF HEARINGS

Mr. MANSFIELD. Mr. President, on behalf of the distinguished Senator from Washington (Mr. JACKSON), I make the following announcements:

On April 7, 1975, the Committee on Interior and Insular Affairs will hold hearings on pending legislation for the creation of a strategic energy reserves system. The hearings will commence at 10 a.m. in room 3110, Dirksen Senate Office Building.

The Committee on Interior and Insular Affairs will hold hearings on April 10 and April 11, at which time it will review the status of the independent sector of the American petroleum refining industry.

The possible need for a loan guarantee program or other Federal action to enable independent refiners of crude oil to construct or acquire new or expanded refining facilities in the United States will be a question of particular interest to the committee.

The hearings will be held in room 3110, Dirksen Senate Office Building, and will commence each day at 10 a.m.

ADDITIONAL STATEMENTS

THE AGONY OF VIETNAM

Mr. GOLDWATER. Mr. President, I am sure all Members of the Senate are well acquainted with my view that the United States does itself a great harm when it fails to honor its commitments to other nations. However, what is happening at the present time in South Vietnam goes far beyond the honor of a commitment. What it amounts to is that the United States is denying a tried and true ally the means to defend itself against ruthless military aggression.

In the case of Vietnam a 3-year cutoff date has been suggested by the Washington Star as an arrangement that might provide sufficient time to negotiate an orderly surrender.

I agree with the Star's editorial along this line and also with its suggestion that it would be well to develop offshore oil facilities that could make South Vietnam independent of American aid altogether.

However, Mr. President, there is a question of whether the present Communist offensive in Indochina can be halted long enough to make these moves feasible.

In all events, to cut off aid now would be a shameful act of betrayal that this country, as a great world power, would never live down.

Mr. President, the Star pointed out, and I concur with the belief, that any betrayal at this time is an act for which the Congress would have to bear the full burden of responsibility.

I might ask, in this connection, where all the voices that reminded us of our responsibilities to other nations following World War II and the Korean conflict? Where are all of those liberal voices that insisted that the world is growing smaller and that the United States must take its share of the responsibilities for keeping it orderly?

Mr. President, our past performance in Vietnam was dismal enough. I hope and pray that we do not make it more so. It fascinates me now to hear the liberals say that this is no time for the fixing of blame or for recriminations in the tragedies which are taking place in Indochina. I disagree. I think we should know who is responsible in this country for arranging a situation which is rapidly developing into a bloodbath within the borders of one of our allies.

Mr. President, because of its enormous importance I ask unanimous consent that the Washington Star's editorial of March 23, entitled "The Agony of Vietman: A Matter of Responsibility" be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Agony of Veitnam: A Matter of Responsibility

The possibility of a sudden, disastrous collapse in South Vietnam can no longer be ruled out. The military situation is increasingly serious; the psychological impact of widespread withdrawals and hundreds of thousands of fleeing refugees could be devastating, and awareness by the South Vietnamese that they have been abandoned to their fate could well destroy the will to resist.

The United States, most assuredly, bears a heavy responsibility for the plight in which the South Vietnamese find themselves. It was we, after all, who encouraged these people to fight against Communist domination after the withdrawal of the French in 1954. It was we who armed and trained them and sent hundreds of thousands of our men to fight at their side.

More recently, it was we who negotiated a "settlement" with the North Vietnamese which no one in his right mind ever thought would work but which allowed the withdrawal of American forces from Vietnam with a minimum loss of face. Under the terms of that agreement, most reluctantly accepted by the government in Saigon, we agreed to supply Saigon with arms and equipment on a one-for-one replacement basis, along with essential economic assistance. And it was we who failed to live up to this agreement, cutting aid appropriations year by year, while the strength of South Vietnam's forces, in combat vehicles, tanks, aircraft, fuel and ammunition stocks, eroded steadily.

Nor have we done anything to stop the massive buildup of Communist forces in South Vietnam since 1973, in flagrant disregard of the Paris agreements negotiated by Secretary of State Kissinger. In the interval, the North Vietnamese have firmly established themselves in the South, with a network of secure bases, all-weather roads and even an oil pipeline. The manpower of the Communist forces has been increased by at least one-third to a total of over 200,000. The number of Soviet-supplied tanks and heavy artillery has quadrupled; stocks of ammunition and supplies positioned in South Vietnam are sufficient to sustain maximum military operations for two years (as opposed to about 30 days for Saigon's forces).

And so now, quite predictably, the Communists have launched their most successful offensive of the entire war, overrunning nearly one-third of the country and putting the defending forces to flight along with a terrified civilian population. Militarily, the withdrawal from sparsely populated areas of the highlands and the north, the concentration of forces in the southern heartland with shortened supply lines, makes good sense. But a military disengagement, attempted in the face of heavy enemy pressure, is all too likely to take on the aspects of a rout, and the time to organize a coherent defense in the vital Saigon area is desperately short.

Given our dismal performance in the past in supporting a hard-pressed ally, the current debate in Congress over what to do about the new Communist offensive is little short of sickening. Senators Stevenson and Mathias, apparently with warm bipartisan support, are now proposing to cut off all American aid to South Vietnam within three to six months. An administration proposal for a flat, three-year limit on further aid appears to have little support on Capitol Hill.

In our own view, it is appalling that a nation like the United States would ever deny an ally the means to defend itself against ruthless military aggression. In the case of Vietnam, a three-year cut-off date at least has the justification of possibly providing sufficient time to negotiate an orderly surrender—conceivably even time enough, if the present Communist offsensive can be stopped, to develop off-shore oil facilities that would make South Vietnam independent of American aid altogether. To cut off aid now, on the other hand, would be an act of shameful betrayal that this country, as a great world power, would never live down—and an act for which Congress would bear the full burden of responsibility.

FARMERS HOME ADMINISTRATION HOUSING PROGRAM

Mr. STENNIS. Mr. President, the high cost of living and the inflation squeeze has brought about many hardships. According to my information, one of the least recognized of these is the fact that, in Mississippi at least, the housing program of the Farmers Home Administration is simply not meeting the needs of the rural people at this time.

The reason for this is that the program is designed to assist those who are unable to secure the credit necessary for the housings and buildings from other sources on terms and conditions which the borrower can reasonably be expected to fulfill. The Farmers Home Administration, therefore, sets a maximum limitation for a family and will not give financial assistance under the rural housing program to those making more than the prescribed limitation. The income limitation in Mississippi at this time is $10,200 after adjustments according to a prescribed formula.

This might have been a reasonable amount a few years ago, but it is far too low under present conditions. For example, in this inflated era, there are many cases where both husband and wife must work to support the family, and their combined income climbs above $10,200. This means that they do not qualify for assistance under the Farmers Home rural housing program. A wage earner who was the sole source of support for his family might make more than the maximum and would thus be ineligible for assistance. I consider this situation very inequitable and one which should be corrected.

The income limitation is not fixed by law. It is set by regulation of the Farmers Home Administration and differs from State to State. Eight years ago there was no limitation and it was felt at that time that some States were not serving low-income people. Therefore, the maximum income formula was adopted since it was the purpose of the law to aid low-income people.

While the purpose in fixing a maximum income may have been laudable, I believe the limitation is unreasonably low in Mississippi at this time and under existing inflated conditions. The limitation differs from State to State, and many other States have complained that their limitation is too low to help the rural people who are supposed to be helped by the program. For example, the limitation is $10,300 in Oklahoma; $11,500 in Nebraska; and $11,500 in North Dakota.

As I have mentioned, the income limitation is not fixed by law, but by agency action. It is reviewed quarterly. The low maximum limitation now existing in my State is causing considerable hardship and is frustrating the purpose of the rural housing program. I am sure the same thing is true in other States.

I strongly urge that the Farmers Home Administration take a realistic view of this situation and raise the income limitation to levels which are more in keeping with today's inflated conditions. Unless this is done, the very real needs of rural people for housing will continue to be unfulfilled. If it requires legislation to get the desired results, I certainly will not hesitate to sponsor it.

Before closing, Mr. President, I would like to make it completely clear that my remarks are not intended as any criticism of the Farmers Home Administration or any of its officials. This program is meeting a real need and, as a whole, the persons responsible for it have done a fine job in Mississippi. Many rural people now own their homes who would not own them without this program. My purpose is to see that the program continues to be a success in my State and elsewhere, and I do not believe this is possible if the unreasonably low ceiling on family income is maintained.

I ask unanimous consent Mr. President that a copy of my letter to Secretary of Agriculture Butz be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Washington, D.C.,
March 24, 1975.

Hon. Earl L. Butz,
Secretary of Agriculture,
Washington, D.C.

Dear Mr. Secretary: I am writing to express my concern over the low family income ceiling in Mississippi for persons to qualify for assistance from the Farmers Home Administration under the rural housing program. The current maximum is $10,200 which I feel is too low under today's inflated conditions.

I am wholeheartedly in favor of the Farmers Home Administration program. It has been very successful in Mississippi, and those administering it in my State have done a fine job as a whole. However, I don't believe it can continue to meet the needs of the rural people generally with the $10,200 family income limitation in effect.

I hope that you will give this matter your prompt attention. I understand that a number of other States are also having problems with a low limitation. This is a matter which, according to my information, can be corrected by revising the regulation.

I am enclosing herewith a copy of a statement which I made on the floor of the Senate today about this problem.

With best personal wishes, I am
Sincerely,

John C. Stennis,
U.S. Senator.

THE OPERATIONS OF THE CENTRAL INTELLIGENCE AGENCY

Mr. YOUNG. Mr. President, the news media have covered in great detail many operations of the Central Intelligence Agency—much of it inaccurate and highly speculative.

An editorial in the Washington Post, dated March 23, entitled "The Glomar

Explorer," and another from the Washington Star, dated March 21, entitled "The CIA Was Doing Its Job," are what I believe to be a much more accurate appraisal of the CIA, its opeations, what it has tried to accomplish, and has accomplished.

I ask unanimous consent to have these two editorials printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 23, 1975]

THE GLOMAR EXPLORER

In retrieving parts of a sunken Soviet submarine from 16,000 feet down in the Pacific the Central Intelligence Agency was performing its prime function brilliantly. Apparently at least two nuclear warheads from torpedoes were raised—an intelligence first—though it isn't yet known if any of the sub's nuclear missiles, guidance systems or code machines were also raised. But the value of inspecting the most sensitive Soviet military gear, even gear from a sub sunk seven years ago, does not exhaust the potential intelligence benefits. With the real thing—or parts of it—in hand, the United States can now test the reliability and effectiveness of the intelligence methods is was previously using. Laymen are hardly in a position to say whether the findings are worth $350 million, which is the rough cost, apparently, of the salvage operation. Since the salvage ship itself has valid commercial uses, part of this cost can conceivably be reclaimed. In any case, intelligence collection is by its nature so speculative a venture that it lends itself poorly to conventional cost accounting, even when one is in a position to know and evaluate the gains—which we are not.

That the Russians will make more than a formal diplomatic protest, if that, seems doubtful: they would only be advertising their embarrassment and envy. Nor is legitimate intelligence collection of this sort inconsistent with detente. Indeed, detente could help the two countries to work out the differences that could well arise over future attempts by one or the other to raise sunken ships, or recover spent missiles, fallen space objects, anti-sub listening devices or what have you. The Russians, who had failed to find their own missing sub, will surely be chagrined at this public demonstration of the vast superiority of American sub-tracking capability. Together with the demonstration of a deep-sea retrieval capability unmatched anywhere, this is a telling comment on one aspect of the Soviet-American technological balance of power. No doubt the Russians will push ahead on their own work in both fields; they already were doing so. Meanwhile, Americans can appreciate better what a technological advantage can mean to, say, strategic arms control. It means, in brief, that it is silly to count just raw numbers of warheads and launchers.

The Soviets seem to have been completely fooled by the cover the CIA devised for the boat which brought up the sub. The CIA used a civilian company, for purposes of deniability as well as concealment; the company was owned by a man, Howard Hughes, whose personal reputation for mystery fitted the cover perfectly; the boat was designed for, and is actually usable for, marine mining. At the current Law of the Sea Conference, one can already hear charges that the Glomar Explorer's mission proves that the great powers conduct espionage under the guise of research. The incident proves no less that great powers, or at least the United States, do conduct research: only they have the technology. The incident will likely sharpen the global argument over how seabed mineral riches should be shared, after the current fuss dies down.

Disclosure of this operation, which took place last summer, will prevent the Glomar Explorer from going back to look for more parts of the broken sub next summer. The intelligence loss is impossible for an outsider—perhaps also an insider—to measure. The disclosure is, however, something of a political boon for the CIA, underlining as it does the besieged agency's legitimate intelligence role *and* its competence. The timing appears to be accidental. A number of news organizations, including this newspaper, had sat on the story for extended periods in considered response to the CIA's discreet appeals that publication would spoil a valuable ongoing national security operation. The voluntary embargo was broken only when the American Civil Liberties Union came upon the information and made known its intention to publicize it. Obviously, this newspaper feels there was valid reason to hold the story while it did. We do not believe that our devotion to the principles and practices of a free press is undercut by the exception made in this case. On the contrary, a willingness to make such exceptions when confronted with compelling arguments from a government in exclusive possession of all the facts of the matter is a mark of a responsible free press.

[From the Washington Star, Mar. 21, 1975]

THE CIA WAS DOING ITS JOB

There are two major points to make in the case of the sunken Russian submarine that the Central Intelligence Agency tried to recover: First, the CIA was doing its job; second, the chances of keeping anything secret, in the interests of national security are getting more remote every day.

It has become fashionable to kick the CIA around; and investigations into it and other intelligence-gathering agencies have sprouted thicker than spring crocuses. We have no quarrel with attempts to determine whether the CIA has over-stepped its bounds on domestic spying nor with reining it in if it has—so long as the matter is handled in such a way as not to destroy the agency and its vitally needed functions in the process.

This is not a marshmallow world. Anyone who thinks the United States can lower its guard and dismantle its intelligence-gathering apparatus is living in dreamland. Soviet leaders and the KGB no doubt are rubbing their hands in glee over the public fix the CIA has gotten into.

The sunken sub case has given the CIA's critics some more ammunition. Boys playing at cops and robbers; it was a waste of money; whatever information that might have been gleaned from the Russian submarine would have been of minimal value, they say. All of a sudden everyone has become an intelligence expert.

We regard "Project Jennifer," as the submarine operation was known in official circles, as a tremendous feat. It was an extraordinary accomplishment for U.S. intelligence forces to pinpoint the location of the sub that even its owners couldnt find, and then to devise and have built a vessel with the capability of raising the sunken hulk out of 17,000 feet of water—and to pull it off apparently without the Russians knowing what was going on. That the submarine broke up and the important section sank back to the bottom certainly was a disappointment but it doesn't detract from the value of the project.

The significant thing that ought to be remembered is that the CIA was doing exactly what it was supposed to be doing: gathering foreign intelligence. It wasn't shadowing U.S. dissidents around Washington or New York; it was out on the high seas performing a function that was legitimate and potentially of high intelligence value.

Fear has been expressed in some quarters that it will harm the move toward detente with the Soviet Union and queer efforts to reach agreement on strategic arms limitations. That is absurd. Who believes for a minute that the Soviet Union would not do the same thing if it had the opportunity? If detente is so sharky as to be thrown off course by this, it was never going anywhere in the first place.

This brings us to our second point. If there are diplomatic repercussions, they can be put down to the publicity about the operation, not to the operation itself. The Soviets understand espionage and the need to keep it from public view. If they complain in this case, it will be because they feel that public exposure of the sub-raising operation somehow has made them appear inept or has challenged their national manhood.

If secrecy on this kind of operation is not in the national interest, what is? CIA officials are reported to have made strenuous efforts to keep the operation from being printed or broadcast by the U.S. news media, but to no avail.

What has been gained by spreading this over the airwaves and across the front pages of the nations' newspaper? Sure, it was interesting reading. Sure, someone gets to claim he was first to blab it to the public. Well, first is not always best—and especially is not best when the national interest is involved.

MOBILE, ALA.—A GROWING FACTOR IN AMERICA'S OVERSEAS TRADE

Mr. SPARKMAN. Mr. President, the port city of Mobile is, year by year, a growing factor in the Nation's vital foreign trade. Tonnage at Alabama's bluewater seaport reached an all-time high of 31.8 million tons in 1974.

The Commerce Department informs me that Mobile now ranks 12th among the Nation's seaports, as compared with 18th in 1970. Its tonnage has almost doubled over the past decade.

Among the items passing through the port last year was a 9,200-ton shipment of cast iron pipe spun in Alabama's mills and bound for Iran.

Another notable shipment was 61,000 tons—or 2.4 million bushels—of corn destined for the Dutch port of Rotterdam. The grain shipment required 350 rail cars and 29 barges to carry it into the port where it was loaded aboard an 846-foot long bulk carrier, the largest vessel ever to visit a public grain elevator at the port.

These milestones are made possible by a constant program of port improvements such as dredging and the construction of 37 new grain elevator silos by the Alabama State Docks under the directorship of Reuben E. Wheelis and the Governor, George C. Wallace.

However, the brightest days of Mobile are still in its future, when the Tennessee-Tombigbee Waterway is completed. This is expected to double traffic through the port again in the next 10 years.

Another distinction of this seaport is the Port of Mobile magazine. Its well written news and feature coverage binds together those interested in Alabama's international trade who are located throughout the country.

A regular feature of the magazine is entitled, "Of Men and Ships * * *" is a well-researched and edited series on the history of ships and the sea.

The February edition recounted the story of U.S. Navy Lt. Stephen Decatur. Lieutenant Decatur's leadership in destroying the captured frigate, *Philadelphia*, under the guns of the Barbary pirates is a story of courage which deserves repetition, especially as our country approaches its Bicentennial year. Twenty towns across the Nation, including one in northern Alabama, proudly bear the lieutenant's name and honor his memory.

I ask unanimous consent that the article, "* * * To the Shores of Tripoli," from the February 1975 edition of the Port of Mobile magazine, be printed in the Record for the interest of all concerned.

There being no objection, the article was ordered to be printed in the Record, as follows:

Of Men and Ships—"* * * To the Shores of Tripoli"

America has an abundance of cities bearing the names of famous figures in this relatively young nation's history. Names like Washington, Jackson, Lafayette and Houston leap out from maps, as well as history books.

About twenty American towns, and several counties, are called Decatur. They are all so named because of a daring raid executed during the Tripolitan War by a dashing young American sailor, Stephen Decatur.

The Tripolitan War lasted from 1801 to 1805. The conflict came as a result of the custom of exacting tribute from passing merchant ships by the countries of the Barbary Coast. Without paying the exorbitant ransom, no ship sailing between Gibraltar and Turkey was safe from attack by fierce Moorish corsairs. Most European countries had calmly accepted the situation since the 16th century.

Prior to the American Revolution, ships from the colonies were protected by the tribute paid annually by Great Britain. With the revolutionary war won, the upstart Americans were on their own.

The Continental Navy had been quickly disbanded after the war. With no protection for merchant shipping, Congress in 1794 made the first shameful appropriation to the Barbary pirates—$80,000.

As would be expected, the blackmail demands grew larger with the years. Finally, the contention that paying the tribute was cheaper than waging a war became open to debate.

In addition, the pirates were amusing themselves with petty insults to the pride of the infant nation across the sea. When Captain Bainbridge delivered the annual tribute in 1800, the dey of Algiers sent him scurrying around the Mediterranean on personal errands. And many American sailors, captured over the years, were prisoners in Moorish dungeons or held in Moorish galleys as oarsmen.

In 1801 President Thomas Jefferson sent a squadron to the Mediterranean under the command of Richard Dale. Dale proved to be ineffective. His successor, Richard Morris, was no improvement. Congress finally appointed a relative unknown to the command—Edward Preble. The third choice was a charm.

Preble's first move was to dispatch a large frigate, the *Philadelphia,* to keep an eye on Tripoli. While the *Philadelphia* was thus employed, Preble put on a display of force in other Mediterranean ports. The display was calculated to discourage other Barbary nations from entering the impending conflict on the side of Tripoli.

But the *Philadelphia* ran aground on an uncharted reef outside of Tripoli. Her helpless crew was quickly taken by the Moors.

At this point in history, Stephen Decatur stepped onstage. He got permission from Commodore Preble to act out a plan that was later dubbed by the English Lord Nelson as "the most bold and daring act of the age."

The plan was as follows: Decatur was to take seventy-five officers and men and sail into Tripoli harbor. He was to board the frigate at night, burn her and retire with his ship (the recently captured Moorish ship, the *Intrepid*), if possible. If conditions for the retreat of the *Intrepid* were unfavorable, he was to attempt to convert her into a fire ship to destroy other vessels in the harbor. In that case, Decatur and his men were to retreat in their small boats or those of the SIREN, which was to be the covering ship for the operation.

In his orders to Charles Stewart (who would command the covering *Siren*), Preble directed that before approaching the shore the *Siren* should be disguised with paint and that her sails and rigging should give the appearance of a merchant vessel.

The ships were to remain off the harbor until night, but not so far that they couldn't reach it by midnight. The *Intrepid,* a Mediterranean style ship, would be less likely to arouse suspicion. She would enter the harbor ahead of the *Siren*.

After gaining the harbor, Stewart was to stand in and anchor at a position where he would be able to lend prompt assistance, if needed. Preble also gave positive instructions to burn the *Philadelphia*—not try to sail or tow her out of the harbor.

Decatur carefully picked 62 men from his crew for the dangerous mission. Eight of the men were marines, headed for history and "the shores of Tripoli."

Decatur selected James Lawrence, Joseph Bainbridge, and Jonathan Thorn for his lieutenants. Preble sent five midshipmen from his vessel. Two additional midshipmen joined the *Intrepid* at sea.

Added to the heroic crew of 73 men was a Sicilian ship captain named Salvador Catalano. Catalano was familiar with Tripoli Harbor and would serve as pilot.

At 5 p.m., February 3, 1804, the *Intrepid* and *Siren* stood out to sea. By later afternoon, February 7, they were off Tripoli. The *Intrepid* went ahead of the *Siren* by about a mile. The weather was perfect for the execution of the bold plan, and as night fell the ships prepared to complete their mission.

But the friendly weather suddenly turned ferocious. A quick winner squall began churning the water outside the harbor. Approaching the entrance to the harbor, Decatur wanted to continue the plan. But Catalano, wiser in knowledge of North African weather, advised him against risking the rocks that guarded the harbor.

Persisting, Decatur sent two men in a small boat to report on the water conditions at the harbor entrance. After viewing the entrance, the men struggled back and reported that it would be a gamble to sail in, and impossible to sail back out against the combined forces of the wind and sea.

Then the weather added emphasis to the findings of Decatur's men. The gale became a raging tempest, so violent that the *Intrepid* was in danger of being dashed against the rocks. The battered ship and crew retreated to the open sea. Luckily, the *Siren* saw the ship's lantern, and understood that the mission had been postponed.

The gale blew for seven days. The men suffered from the weather, and more ominously, a lingering fear that they may have been spotted when they were anchored near the harbor.

By the 15th the weather allowed the boats to approach Tripoli again. On the night of the 16th the little *Intrepid* and her crew headed in.

Decatur stood on the bridge of his vessel, dressed in Maltese clothing. Catalano was with him, as were half a dozen seamen, all clearly visible, all dressed in appropriate manner. Night fell with the weather cooperating.

The *Siren* anchored about three miles off Tripoli and sent a small boat with about 30 men sent aid Decatur's band if needed. Decatur had received ten additional men the day before, and his crew aboard ship numbered 84.

Meanwhile, the *Intrepid* slowly approached, The stage was set.

Each officer aboard the *Intrepid* had a team of men with specific instructions. The *Philadelphia* was to be boarded with no firearms unless absolutely necessary. The Americans would have to control the spar deck first, then proceed to capture the gun deck below. Other detachments would scatter across the *Philadelphia* and place the explosives at predetermined points where they would do the most damage. The last addition to Decatur's crew, the 10 men taken on the day before, would guard against escape by the Moors on the *Philadelphia's* boats and help from the surrounding small harbor boats.

The plan was designed to sever contact with the hostile shore and prevent the city from becoming alarmed until the *Philadelphia* was destroyed.

As the *Intrepid* slowly approached, a sudden voice from the anchored *Philadelphia* demanded to know who they were. Catalano, following the plan, answered in Maltese. He replied that they were a trading vessel and that they had suffered damage during the bad weather. He asked permission to tie up to the frigate and ride out the night.

The Tripolitan officer, his suspicions assaged dragged out the conversation, asking questions about the cargo. All the while the *Intrepid* was drifting slowly towards the big ship. Twenty yards from the *Philedelphia,* the wind stopped and the *Intrepid* lay becalmed. Playing his role to the hilt, Decatur cooly dispatched a boat with a rope to the *Philadelphia*. The Tripolitan officer politely responded and also sent a small boat with a rope to what he thought was a floundering trader.

The crew of the *Intrepid,* laying on the deck, slowly pulled the vesels together with the rope. Not until they were securely alongside did the startled cry, "Americanos!" ring out.

The Americans rushed to the attack. Decatur and the front detail stormed the spar deck and quickly routed the defenders. Cutlasses, knives, and pikes flashed in the North African night, as the fierce Yankees carried the attack with cold steel.

The *Philadelphia* was quickly back in American hands. The teams of sailors coolly went about their assigned tasks in the near darkness In spite of the absence of firearms in the attack, the shore was aware of what was going on, and time was a precious commodity.

Explosives in place, the Yankees began setting fire to the *Philadelphia*. The details reported back to Decatur, in complete order, and the sailors leaped back to the *Intrepid*. The ropes were quickly cut and the *Intrepid* began an ordered retreat. The greatest danger to the brave sailors and little ship was the raging inferno that was once the proud American frigate, the *Philadelphia*.

The *Siren's* small boat which had been used to transport the thirty sailors to the Decatur began towing the *Intrepid*. Soon the *Intrepid* was clear of the deadly towering flames. After escaping that danger, no one on the *Intrepid* was worried about the roar of the harbor guns that were blazing away at them.

The daring act was completed. The *Siren* joined the *Intrepid* and escorted her out of the harbor to safety. Perhaps the most amazing feature of the entire mission was that Decatur and his men had sailed into the enemy harbor, captured their prize beneath the guns of the harbor, routed the enemy crew, destroyed their prize and retreated—without the loss of a single man!

Although most of the honor for the heroic act went to Decatur, the charismatic young officer considered it as merely the execution of his duty to his country.

In his report to Preble he gave much of the credit to his officers and men. He wrote with gratitude about the man, "the brave fellows I have the honor to command, whose coolness and intrepidity was such, as I trust will ever characterize the American Tars."

THE SAD STORY OF CONGRESS AND AID FOR INDOCHINA

Mr. HUGH SCOTT. Mr. President, a recent Washington Star editorial summarizes the mood of Congress in refusing continued defense aid for Cambodia and South Vietnam. This editorial deserves the attention of my colleagues. I ask unanimous consent that it be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Washington Star, Mar. 17, 1975]

The Sad Story of Congress and Aid for Indochina

There is something terribly sad about the apparently adamant refusal of Congress to vote funds for the continued defense of Cambodia and South Vietnam. And what is saddest of all is that so many people are hailing this decision as a kind of moral victory for the forces of righteousness and liberalism in the United States.

A great many things, of course, contribute to the prevailing frame of mind. There is the widespread disillusion and revulsion left over from the American intervention in the war in Indochina, which has always focused its hostility on the regimes that happened to be in power in Saigon or Phnom Penh. There is the loss of faith in the executive leadership of the nation—enormously compounded by the Watergate affair—which makes virtue of any congressional rebellion against presidential authority. There is a perception on the part of many individual senators and congressmen on a growing isolationist mood in the country, particularly when it comes to spending taxpayers' money on what are deemed to be lost foreign causes.

We are not insensitive either to the arguments that apply to the situation in Cambodia, and no doubt in the minds of many to Vietnam as well. To us as to them, it seems improbable that sending a few more hundreds of millions of dollars will drastically change the course of the war. Cambodia, in all probability, is past saving; the best that can be hoped for there is some kind of negotiation that might offer a measure of protection to the civilian population and the remaining members of the government armed forces. South Vietnam, it would seem, is still in a position to defend itself and survive as a free nation. But the effort will require a great deal more in the way of American support than the Congress—and perhaps the American people as well—are willing at this point to supply.

The general feeling is quite simply: What's the use of going on? Some of course have long been committed to the inevitability of a defeat in Indochina and are looking forward to the deluge. For others, the motivation is not wholly ignoble—in their view, cutting off aid to our allies is something like cutting off oxygen to a dying patient, to spare these long-suffering people more agony. We have talked ourselves into the idea that, in supplying Vietnam and Cambodia with the means of defending themselves, it is we who have instigated and perpetuated the war and it is our obligation to end it. "Are you asking for surrender, then, Mr. Fraser?" asked Robert S. Ingersoll, undersecretary of state, at a critical meeting of the House Foreign Affairs Committee. "Yes," replied the congressman from Minnesota, "under controlled circumstances, to minimize the loss of life."

In our view, this oddly ethnocentric concept of the Indochina War is one of the more grotesque historical concepts. One way or another—with or without outside help and regardless of ideological differences—the people of South Vietnam and Cambodia have been struggling for their freedom and national identity, not just for years, but for centuries. For most of the world's history, it has been considered a brave and noble thing for a people to fight to preserve their liberty. And one way or another, the fight will surely go on in a war which we did nothing to start and in which we have no right to impose a decision.

Yet it is sad beyond words to hear an American congressman vote with such evident conviction and self-satisfaction for surrender and defeat. For make no mistake about it, it is the United States—not the people of Cambodia or Vietnam—which will be performing the act of surrender. The world will draw the appropriate conclusions about the reliability of this country as an ally. And if this is bowing to some kind of "wave of the future," the future of this country—and of the world—will be very sad indeed.

SHOCK TRAUMA

Mr. MATHIAS. Mr. President, the Washington Post today had an account of the work being done at the shock trauma unit at University Hospital in Baltimore, which has led the way in attacking what is the third major cause of death among adults. As a member of the Appropriations Committee, I have supported increased funding for such efforts nationwide, and I present the story of this unit as demonstrating the need and the value accruing to a national program. I ask unanimous consent to have it printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, Mar. 24, 1975]

Maryland's Shock Trauma Unit Gets Only the Worst Cases

(By B. D. Colen)

Baltimore.—5:38 p.m. on a Friday: Dr. Ernest Hipolito runs beside the stretcher swiftly rolling down a hospital corridor. He feeds oxygen into the patient's lungs as admitting nurse Peggy Palmer, riding astride the badly mangled youth, repeatedly throws all her weight onto his chest.

5:39: The automatic doors swing open and the ambulance attendant, running in a crouch, rushes the young man into the admitting area of the Maryland Institute for Emergency Medicine—the shock trauma unit—which some doctors call the most sophisticated emergency care facility in the nation.

Unlike the usual hospital emergency room, there are no patients with sprained ankles or cut fingers sitting, waiting for attention here. There are no staff members distracted by walk-in patients complaining of unlocatable aches and pains.

This facility cares only for Maryland's most serious injuries. The admitting area examination table is empty and waiting, covered with a fresh, white sheet. Nineteen bottles of plasma—more, for example than are used in all areas of Washington's George Washington University Medical Center in two normal days—are hanging from stands, with needles and lines hooked up and ready for use. A monitor that will be used to watch the man's heart rate and blood flow is already running, as it is day and night, and needs only to be attached to the patient.

Funded by the state at an annual cost of $5.2 million, the shock trauma unit is serviced by the Maryland State Police Medevac helicopter system, which brings in seriously injured patients from all over the state and the border areas of contiguous states. Patients are brought to this unit only if it is believed they cannot be saved elsewhere.

5:40: Blood spatters on the floor as the patient is placed on the table. A physician's assistant quickly cuts off the young man's clothes as nurses unwrap the packages of sterilized instruments—always in readiness—which will be used in the attempt to save the man.

Doctors immediately attach the man to a respirator, which will breathe for him. The leads from various monitors are fastened to his body.

"We're getting a flat line (indicating no heart action)," says one of the nurses, and Miss Palmer, who is pumping the man's chest, performing an external heart massage, pauses long enough to look at the screen. Her hospital-pink pants and top are covered with patterns of swiftly drying blood.

A surgical resident makes an incision in the young man's groin, and lines are inserted there and in two other parts of his body to pump massive quantities of blood into the patient.

Another surgeon has already begun a procedure by which a saline solution is pumped into the man's abdominal cavity and is then allowed to drain out. If the fluid turns pink the patient is, in all likelihood, bleeding internally. The fluid turns pink.

Seventeen minutes earlier the young man was lying by a roadside 36 miles away in the northeastern corner of Harford County, following an accident in which his car was crushed by a tractor trailer.

When one of the four Maryland State Police Medevac helicopters picked him up, he was in profound shock, in a coma. He was not breathing, and had no pulse.

During the 12-minute flight to Baltimore a highly trained police medic cleared the patient's throat, attempted to revive him and gave him external heart massage.

In almost any other facility in the country, the young man, bleeding from both ears, with an arm, leg, and jaw fractured, internal bleeding chest injuries and in an unconscious, pulseless state, would have been considered—DOA—dead on arrival.

But it is not until after 15 minutes of work by a specially trained team of surgeons, nurses, a physician's assistant and an anesthesiologist, that a nurse walks over to an intercome pushes the "talk" button and says:

"Upstairs? 5:55, know what I mean?"

"O.K.," replies the clerk in the fourth floor critical care unit, who knows she is being told the patient officially died at 5:55 p.m. There is no need to say more. "We'll get you a name in a minute," says the nurse in the admitting area. Up to this point, no one knew whom they were trying to save. Unlike most hospital emergency rooms no questions had been asked about insurance before treatment began. There were no questions about occupation or residence. There were no questions about the patient's mother's maiden name. He was simply assigned a "John Doe" number. Those questions could come later.

Death in the shock trauma unit is a common enough occurrence but success, rather than failure, is the rule.

According to Dr. William Gill, clinical director of the state-funded facility which is located in University Hospital, 83 per cent of all persons picked up by the helicopters survive, "and that statistic includes the DOAs," said Gill. Those who are dead are transported anyway because the trooper may not declare them so.

"You can only guess," Gill said, "but I would think that in an ordinary (hospital emergency room), half of our survivors would not survive.

The reason, he says, is that the usual hospital lacks a "dedicated area. If you have a delay for any reason, even to find an empty operating room, you've had it," said Gill "It's not the gadgetry, it's having enough people and having them around the clock and having senior people."

Every day and night of the week the unit is fully staffed by at least one team consisting of a senior general surgeon, a general surgery resident, a neurosurgery resident, an anesthesiologist, several physician's assistants, x-ray technicians, an admitting nurse, and several operating room nurses. There are also about a half dozen care areas, where the patients are kept following their admission and surgery.

"We can have two more teams in in 10 to 15 minutes," said Gill, "and we have one senior staff man," such as Gill, or another surgeon or anesthesiologist with years of experience "on call each week. We rarely do telephone consultations. If there's any question, we come in."

In addition to its own staff, the unit calls on the services of specialists in University Hospital, who are usually no more than 10 minutes from the unit. These specialists include neurosurgeons, orthopedic surgeons, heart surgeons, thoracic (chest) surgeons and plastic surgeons.

The shock trauma unit also has its own small blood bank, x-ray department, laboratory for processing tests and two operating rooms immediately adjacent to the admitting area.

"When I came here in 1972, we didn't have our own operating rooms," said Gill. "We used the hospital operating rooms. In an eight-month period, 15 patients died as they were wheeled the equivalent of three blocks through the hospital. That got things moving," and the unit got its operating rooms.

The fact that doctors know the results of blood tests 15 minutes after the blood is taken from the patient may not sound important. However, said nurse Rosie Pascale: "Working in an emergency room (in another hospital), I've seen patients die waiting for test results."

The "child" of Dr. R. Adams Cowley, the shock trauma unit was established in 1961 as a two-bed facility, primarily devoted to research.

The unit's goal then, as it is now, was the study of the effects of trauma (any severe physical injury) and shock (that bodily state caused by rapid loss of blood or lack of oxygen to the body's organs) on the human system.

The facility now has two admitting areas, two operating rooms (which contain the tools of virtually all the surgical trades), a 12-bed critical care area, a 14-bed intensive care area (like that in most urban hospitals), a smaller recovery area and research areas, all of which are used to treat 1,000 to 1,200 patients a year.

Such care does not come cheap. According to Gill the average charge for a patient in the critical care area is $600 a day. However, if the patient has neither the insurance nor the private means to pay the bills—which have totaled as much as $20,000 to $30,000—the state picks up the tab.

Just a week ago, when the weather was still cold, the unit's critical care area had three empty beds. Yesterday, after several mild spring days and a severe weekend of accidents, the beds are all filled.

In the warm months, when the roads are filled with motorcyclists, joy-riders and drunks, and the Chesapeake Bay with careless boaters and swimmers many more accident victims are rushed to the unit.

These patients are watched more carefully perhaps in the critical care area than they will be watched at any other time in their lives.

Besides having numerous monitors at each bedside, the nurse sitting on the raised platform—not unlike the bridge of a ship—in mid room, has equipment to monitor the pulse, blood flow, brain waves, blood gases, and other functions of any patient.

"It's like the army," said laboratory technician Louis Solomon, as he sat in the critical area on a recent evening. "Except instead of seeing shell (caused trauma), here you see 70-mile-per-hour trauma. Eventually, they're going to have to have these units all over the country."

The doctors, nurses and back-up personnel of the shock trauma unit appear to be of a special breed. Most nurses are in and out of the unit within a year, unable to bear the tension and pace any longer.

For those who stay, however, the pace, and seriousness of the work, are major attractions.

"This is the only place like it in the world," said Susie Puterbaugh, one of the operating room nurses. "I've worked in (operating rooms) a long time. This is unpredictable. You don't come to work expecting to do an eye operation and two hernias."

"It's challenging," said admitting nurse Peggy Palmer. "You're constantly learning. We had eight patients in two and a half hours one night. I was exhausted for three days, but it makes you feel good."

There was one patient, remembers Miss Palmer, who had been shot, and who had bled out so completely that his heart had collapsed.

"They pumped plasma and blood into him and that boy (eventually) walked out of here. He had a party for all the nurses. It makes it really worthwhile to think he had completely bled to death, and then walked out with his family," said Miss Palmer.

On quiet nights—and there are many, even though the unit handles more than 1,000 admissions a year—the admitting area nurses gather in the "lounge" off the operating room, where the coffee is strong and the conversation often stronger.

Among the prime topics of work-related conversations are drunks and motorcyclists.

The nurses all have horror stories about both groups: like the motorcyclists-transfer patient from a Washington hospital whose leg was torn off and jammed under his arm, or the man whose car rammed another auto head-on, killing several persons, who was practically uninjured and was so drunk he didn't know where or who he was.

There are several ex-motorcycle riders among the nurses, but most give up the hobby after beginning work in the unit.

"I love motorcycles, too," says nurse Virginia Day," but once I started working here . . ." She pauses. "I see one and I say, 'Fool, you're going to see me in shock trauma.' "

Nurse Karen Witz says, "One thing that really bothers me here is the drunks." "I never really knew what a drunk driver was until I came here. Now I know: a drunk driver is a killer—drunk drivers are legal killers."

One of the shock trauma unit's medical innovations has been its use of abdominal lavage, or the so-called "belly tap."

"Because people can't see blood (if a patient is bleeding internally), they tend not to think of a case of hemorrhagic shock (caused by loss of blood)," Gill said.

But in the unit, virtually every admission from the scene of an accident—or shooting or stabbing—is checked for internal bleeding. And the control of internal bleeding, through immeditae surgery has saved the lives of countless patients, Gill said.

Trauma is now the No. 3 killer in America, behind only cancer and heart disease, causing 117,000 deaths in 1973. It is a problem that primarily afflicts the young. Nationally it peaks at age 37. The average age of the unit's patients is 27.

The majority of the patients, Gill said, are the victims of auto accidents. And "half of our patients have alcohol in their blood." About a quarter of those patients are legally drunk at the time they enter the unit, he said.

Gill is a leading proponent of the develment of the medical specialty of traumatology. We feel there should be a class of surgeon who can perform any type of surgery in a lifesaving situation.

Twenty-five years ago it was decided there should be a board specialty (examination) in trauma. But because nobody could decide who would be the parent board—the general surgeons, the orthopedic surgeons, the neurosurgeons—it hasn't been done yet.

6:18 p.m.: Twenty-three minutes have passed since the first patient of the afternoon died. His body still lies on the admitting table covered with a sheet. The floor is still bloody.

A voice from the fourth floor is heard over the speaker. The yellow phone, a direct line to the state police helicopter service has rung: "Admission in 15 minutes."

There is no panic. Just practiced speed.

Miss Palmer, chief admitting nurse for the shift, grabs the large attaché case filled with the tools of her trade—tubes to help the patient breathe, plasma, intravenous lines and needles, scalpels—and runs out of the admitting area on feet shod in comfortable shoes stained with the blood of earlier admissions.

6:25: Miss Palmer has run a quarter of a mile through the hospital and down a city street. She stands on the roof of a nearby eight-story parking garage. Her arms are wrapped about her body for warmth as she scans the steel gray March sky for a sign of the helicopter.

6:28: First a speck on the northwestern horizon, then a whirring roar and a rush of wind, the BellJet Ranger lands like a hummingbird on the large red cross at center roof.

6:28:30: Before the engine has stopped, Miss Palmer and the members of the admitting team have removed the patient, a 20-year-old woman injured in an auto accident near Frederick less than 20 minutes earlier, from the helicopter and have inserted lines for plasma and are massaging her chest. Her condition is as bad as that of the young man.

6:38: One of the two Baltimore fire department ambulances assigned to the unit pulls onto the roof. The ambulances are usually waiting when the chopper arrives. This time there was a delay in relaying the message to the ambulance.

The ambulance, with patient and trauma team aboard, screams down through the garage to the emergency entrance of the hospital, where the patient is rushed along a red line through basement hallways, into a waiting elevator, and up to the first floor admitting area.

6:45: Again work begins. There is much activity, little noise.

"Are you pumping (on the heart)" a doctor asks Miss Palmer as he tried to read the heart monitor.

"Yes," she replies, heaving her weight onto the woman's chest.

"Stop for a second," says the doctor.

"A second's all you get," Miss Palmer replies.

But again, the race is lost. The woman is dead, was dead when she reached the unit, and the doctors give up.

It is shortly after 8 p.m. An operating room technician has just finished signing the two bodies over to two Baltimore morgue attendants.

He walks into the nurses' lounge near the operating room, slowly shaking his head, and tells those in the room: "You know it's a bad night when the morgue says 'thank you.'"

Medical Unit's Pace Picks Up in Spring

During the late fall and winter nights, the Shock Trauma Unit can be the kind of quiet place where hours are spent drinking coffee, reading newspapers and folding and refolding hospital gowns.

But at the first sign of spring, when the days are warm and travelers take to the roads, all that changes, and this year, that change occurred over this past weekend.

The first admission of the weekend occurred at 12:20 a.m. Friday, and by 3:30 a.m. yesterday, 15 other patients had been admitted, seven of them coming in between 9 p.m. Friday and 7:25 a.m. Saturday.

Thirteen of the patients were injured in auto accidents, one in a motorcycle accident, one was shot in the head and one was a transfer patient from Kentucky suffering from gangrene. All were alive last night.

THE UNTAPPED MINERAL WEALTH OF THE SEA BOTTOMS

Mr. SPARKMAN, Mr. President, in the American Legion magazine for March 1975 is an article by Harvey Ardman entitled "The Untapped Mineral Wealth of the Sea Bottoms." I commend the reading of this article to everyone. I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Untapped Mineral Wealth of the Sea Bottoms

(By Harvey Ardman)

This is the very special story of a group of minerals that are vitally important to the United States and every other nation. What is special is that enormous untapped quantities of these minerals exist in a self-renewing source beneath the sea, while attempts to harvest them are bogged down in international bickering and indecision.

They are found in "nodules," millions of them about as big as your first and smaller, at the bottom of the sea. The are commonly called "manganese nodules" because they contain so much manganese. But they also contain important amounts of copper, nickel and cobalt, as well as other valuable minerals.

So far as is known, the nodules just grow by gathering in minerals that find their way into solution in water, in a sort of natural collecting and recycling process.

On June 17, last year, the importance of these nodules as strategic materials for the United States, if not the whole earth, was read into the Congressional Record by Sen. Paul J. Fannin of Arizona. He put in the record an article by retired Navy Commander and oceanography expert Merle Macbain, which had originally appeared in the Navy League's *Sea Power* magazine in Feb. 1974. Macbain was obviously sick at heart over inaction in harvesting the nodules.

Manganese, Macbain pointed out, is the fifth most widely used metal in the world, vital to the manufacture of steel. When you can do without steel, said Macbain, you can do without manganese. The only manganese produced in the United States is of low quality. In 1970, we import $66 million which was 85.7% of all we used and 100% of the high quality manganese we used.

Nickel, Macbain noted, is necessary to the manufacture of stainless steel and many other items, from coins to rechargeable batteries. "In 1970," he noted, "the United States imported 100 per cent of its high-grade nickel consumption mostly from Canada at a cost of $426.5 million."

Copper, he continued, is "second only to iron in the amount and variety of its uses." While the United States now produces vast amounts of it, the exhaustion of our high-grade copper ores is in sight, he said. There is plenty more overseas, and we imported 6% of our copper at a cost of $71 million in 1970. Our dependence on overseas copper is increasing and may be expected to do so indefinitely.

There is no substitute for cobalt, Macbain noted. It is most important "for the manufacture of permanent magnets. Without it there would be no modern communications systems. It is also used in guided missiles, jet aircraft engines, gas turbines and high-speed tool steels." In 1970, he said, we imported 92% of our cobalt at a cost of $26.5 million. Principal sources of cobalt ores are Zaire (the old Belgian Congo), Zambia and Morocco, though there are billions of tons of it in the underseas nodules.

The nodules in the oceans containing these and other minerals in vast quantities were first discovered by the British oceanography ship *HMS Challenger* during its 1873–1876 world cruise. It dragged up nodules from the floors of three major oceans at depths of from 5,000 to 20,000 feet. In Britain, they weren't even analyzed, but stored and forgotten in the British Museum.

Over the next 70 years, nodules were found in almost every large body of water, fresh or salt, from the Scottish lochs and Lake Michigan, throughout every ocean, except in the deep trenches of the Pacific and on the shallow continental shelves. The main supply is the oceans, and most of it is in no-man's-land beyond the presently established limits of any nation's sovereignty. Though sparse in some seas, in other areas nodules practically carpet the bottom. One lush field runs from Mexico, past Hawaii, to the Marshall Islands. Here, nodules occur in densities of two pounds to the square foot. Another rich concentration is centered on the Tuamotu Archipelago in the South Pacific. And in the Atlantic, there's a heavy concentration on the Blake Plateau, off the U.S. East Coast.

Acording to Dr. Frank Mannheim, of the Woods Hole Oceanographic Institute, about a quarter of the deep ocean is littered with nodules. "Some parts of the Pacific floor are literally paved with them," he adds.

Dr. John L. Mero was the first to point out the value of the nodule deposits in studies he published in 1952. In the next 13 years he undertook many voyages on behalf of the University of California at Berkeley to further evaluate their value and figure how to mine them.

His 1965 book, "The Mineral Resources of the Sea," was a scientinc sensation and caused several giant mining firms here and abroad to investiagte deep-sea mining.

Dr. Mero estimated that the Pacific nodules alone contain 358 billion tons of manganese, 207 billion tons of iron, 43 billion tons of aluminum, 8 billion tons of copper, a similar amount of nickel, almost 10 billion tons of titanium, 25 billion tons of magnesium, more than 5 billion tons of cobalt and sizable, though smaller, amounts of several other important metals.

"Assuming that only 10% of the nodule deposits prove economic to mine," Dr. Mero writes, ". . . there are . . . sufficient supplies of many metals . . . to last for thousands of years at our present rates of consumption."

"In many cases," Dr. Mero said, "the elements are accumulating in nodule from faster than we could consume them . . . three times as fast in the case of manganese, four times in the case of cobalt and just as fast in the case of nickel." This presents ". . . the very interesting situation of working deposits that grow faster than they can be mined."

While this great mineral treasure exists in a self-renewing form, the world's supply of such strategic minerals from usual sources is being rapidly diminished. Macbain cited a little-read, 722-page study of them by the U.S. Geological Survey called "Professional Paper 820," which said that the rate of exhaustion of many ore supplies places world civilization "in jeopardy."

Nodules are "the only perpetually self-renewing treasure since Aladdin lost his lamp," says Commander Macbain.

None of their wealth is being harvested commercially today. Several large firms say they are ready to get started, having invested large sums to work out the technical problems of pulling the nodules up from the sea floor and refining the metals from them. The fly in the ointment is endless international haggling about who "owns" nodules (nobody does) and on what terms they should be mined.

Certainly from our point of view, and that of many other nations, the work should proceed without politically imposed delay. This is also true from the point of view of conservation, for the nodules replace themselves (at a rate of about 15 million tons a year in the Pacific alone) while the mines ashore which are being tapped for the same minerals do not. The nodules vary in their chemistry and mineral content with the nature of the bottom and the water. The huge deposits in the mid-Pacific are among the most potentially rewarding.

The consequences would be grave to the United States if our present supply of any one of these vital raw materials were suddenly cut off. If new sources were not found quickly, our factories would soon begin to shut down and the supply of finished products to the marketplace would stutter and stop. Eventually, our military security would be endangered, since all of these metals are important in arms manufacture.

Even if none of our present suppliers takes a mind to play the oil game with minerals, our vast imports of manganese, nickel, cobalt and copper hurt us in another way—in the pocketbook. We spend more than $650 million a year abroad to import these materials, a substantial contribution to our balance-of-payments problem.

According to a recent Interior Department report, just three large ocean-floor nodule collecting operations could go a long way toward solving these problems. They could cut U.S. dependence on manganese imports by 12%, on copper imports by 41%, on nickel imports by 54%—and produce three times the cobalt we now use.

In some ways, notes Dr. Mero, deep-sea mining will be easier than mining land deposits. "[At the sea bottom] we have materials available without removing any overburden, without the use of explosives, without expensive drilling operations," he writes.

"With cameras, the complete deposit can be explored prior to mining—every ton of ore can be directly accounted for. . . . There will be no drifts to drive, shafts to sink or townsites to construct," Dr. Mero says. Furthermore, he claims, about 75% of the material mined and handled will be saleable, in contrast to the 2% or so of the material taken from today's copper and nickel mines. The nodules lack sulfur, whose presence in many dry land ores causes pollution problems during refining.

Engineers have come up with two systems for getting the nodules up, with different opinions about which is best. One sucks the nodules up, vacuum-cleaner style, from the ocean floor. The other scoops them up in buckets on a continuous heavy loop of cable. In either case, one or more "mining" ships loads the nodules onto barges or ships which carry them ashore for refining.

The refining is also a special problem, unlike any used for ores mined from the ground. There is a lot of speculation about just how practical (or impractical) either the mining methods or the refining possibilities may be at present. Since those most in the know aren't talking very much, the best clue to the prospects is that several American companies and a number of foreign firms and governments have invested hundreds of millions of dollars in exploration and technical development, and seem to be straining at the leash to get to work on production. Some of them now have 13 years of experience.

Howard Hughes' Summa Corp. is generally acknowledged to be leading the pack. Summa's 618-foot, 36,000-ton ship, the *Glomar Explorer,* together with its 324-foot submersible ore-carrying barge, is believed ready and able to begin mining operations whenever Hughes gives the go-ahead.

Summa hired Global Marine, Inc., which operates the deep-sea drilling ship *Glomar Challenger* for the National Science Foundation, to design the *Explorer* (a suction-type mining ship). Lockheed Missiles and Space Co. (which has impressive credentials in underwater technology) designed the submersible barge and its suction mechanism.

The *Globar Explorer* houses a hydraulic nodule recovery system and perhaps 16,000 feet of 16-in. diameter steel pipe. The barge would serve as an underwater stage in the operation. The exact details are secret.

The *Glomar Explorer* operation is believed to be designed to recover about three million tons of nodules a year. But, so far as is known, Summa has not yet built a plant to process them. According to one of his competitors, Hughes is even considering a joint arrangement in which Summa will provide the nodules and others will process them.

Second only to Summa in terms of commitment and technological capability is Deepsea Ventures, Inc., a Tenneco subsidiary. Deepsea has spent about $10 million on ocean floor mining since 1968, most of it to outfit an old Great Lakes freighter, the research vessel *Prospector,* now out of Chesapeake Bay.

The *Prospector* is not a mining ship, but an exploratory vessel. On its bridge is the latest electronic navigation gear. In its belly is an enormous winch, encircled by 25,000 feet of thick cable. At the end of the cable: a TV viewing system and a sampling dredge.

The *Prospector* has made dozens of 30-day cruises into unnamed regions of the Pacific, bringing back tons of nodules to the company's pilot processing plant at Gloucester Point, Va.

The firm is also reportedly developing—or has developed—a hydraulic recovery system similar to Summa's but less complicated.

Deepsea Ventures has publicly said it can go commercial at any time. "We have already processed about 100 tons of manganese nodules," says James J. Victory, director of materials. Mining and processing nodules, he says, "is not a technical problem any more."

The third large American company involved in deep-sea mining is the copper giant, Kennecott—manager and 50% interest holder in an international nodule development group. "The big lure in manganese nodules is copper," says Marne A. Dubs, director of the firm's Ocean Resources Department. But the company also intends to go after nickel, to put the operation on a sound financial basis.

Like Summa and Deepsea, Kennecott has developed a vacuum-cleaner type recovery system, but it is gearing up for commercial mining more slowly than the other two firms. On the other hand, it has already collected nodules from more than 3,000 Pacific Ocean sites and has processed more than 250 tons in its San Diego labs. Sharing in the Kennecott project are two British and one Canadian mining and metallurgical firms, as well as Mitsubishi of Tokyo.

A fourth firm, Ocean Resources, Inc., a 25-company constortium headed by Dr. John Mero himself, includes such American firms as Ethyl Corp. and Phelps Dodge, plus such foreign outfits as Societé Le Nickel of France, and Nippon of Japan.

Dr. Mero's outfit is placing its bets on a continuous line-bucket recovery system invented by a Japanese naval commander, instead of a suction system.

Germany, Canada, Australia and the Soviet Union are also known to be spending large sums in the field.

According to Merle Macbain, most authorities "agree that the United States has a technological lead both in the systems developed for nodule retrieval at great depths and in the metallurgical processes for reclaiming the ores. This lead, say spokesmen for the American companies involved, is a fragile one, however, and will be lost to aggressive foreign competition if not promptly pursued."

If the only problems these mining companies faced were technical, they might begin commercial operations within the year. But the actual startup date depends mainly on when—and if—the nations of the world can agree on laws governing ocean floor use.

The recent Law of the Sea Conference in Caracas was supposed to produce an agreement, but the 158 nations represented couldn't even agree on a communiqué describing their differences.

For now, the only law in force that might be applied to deep-sea mining is the confusing and contradictory Law of the Sea formulated by representatives of 88 nations of Geneva in 1958.

Actually, that conference ignored the deep ocean floor. But it did agree to a provision dealing with the continental shelves that, by inference, can be applied to deeper waters.

The conference gave to each nation the exclusive right to explore and exploit the natural resources of its continental shelves. Then, because some coastal nations don't have true continental shelves, the conference wrote a new definition more generous than Mother Nature's.

According to this definition, continental shelves consist of "the sea bed and subsoil ocean floor. But it did agree to a provision of the submarine areas adjacent to the coast but outside the area of the territorial sea, to a depth of 200 meters (656 feet) or, *beyond that, to where the depth of the superadjacent waters admits of the exploitation of the natural resources of said areas."*

In other words, a nation can claim sea bottom rights over whatever unbroken stretch of bottom it can work, starting from its own shores. It can claim this stretch to be the "continental shelf" over which it has exclusive domain, except for fishing and navigation.

When the law was written, 200 meters was the depth limit of any ocean-floor mining operations, and its wording was just a sop to seaside nations that lacked substantial continental shelves.

Then came scientific papers by Dr. Mero and others describing the riches of the ocean depths. Seven years after the Geneva Conference, Dr. Mero's book was published and the area beyond the true continental shelves suddenly became very important.

Since then, scientists and engineers have extended the depth limit of ocean-floor mining operations again and again. Now, it is at least theoretically possible to recover minerals lying 20,000 feet down.

If the 1958 Geneva law is followed literally, this means each coastal nation can now consider that its continental shelf—and its exclusive domain over the botton—extends far beyond its original dimensions to wherever ocean depths reach any depth than can ever be worked.

Under this interpretation, if we could work the sea bottom for ores in an unbroken stretch from Chesapeake Bay eastward to the French coast, it would all be ours. And if France could work it the same way, westward, the same bottom would be all hers.

Because of the obvious potential for trouble here, the UN General Assembly resolved in 1970 to declare a moratorium on seabed mining until a new Law of the Sea could be agreed upon. It also sets into motion plans for last year's Caracas conference and others to follow, if necessary.

Since the ocean bottom's mineral riches are apparently abundant enough for all, it might seem that the nations of the world would have no reason to contend for them. Not so. The Caracas conference heard a cacophony of differing views and interests, each strongly held and vigorously argued.

The mineral-rich nations of the world, most of them non-industrial countries like Zaire, Zambia, Morocco and Chile, cited studies proving deep-sea mining would dramatically reduce the value of their dry land mining operations. They insisted on provisions that would artificially prop up prices, even in the face of cheap, unlimited supplies.

The mineral-using nations, mainly the world's industrial countries, cited other studies showing that, because of increased demand, a large new supply of manganese, copper, cobalt, and nickel from the ocean wouldn't have much of an effect on world prices, at least not for decades. They petitioned for unfettered exploitation of the ocean floor.

The technically-backward nations, particularly China and India, argued that all coastal nations should be allowed to control all exploration within 200 miles of their shores—even if only to hamper research by others.

The technically-advanced nations, mainly the United States, Japan and the Soviet Union, on the other hand, pushed for unrestricted exploration of the oceans, so that the location and extent of their mineral resources could be precisely determined.

The dozens of small, underdeveloped nations of Asia, Africa and South America—lacking the wherewithal to exploit the ocean bottoms on their own—proclaimed that the oceans were "the common heritage of mankind" whose riches must be justly divided, not simply grabbed off by those countries with the financial and technological capacity.

These countries called for the creation of an international corporation—dubbed "The Enterprise"—to control deep-sea mining operations and disburse its revenues to all nations.

The United States and other nations with mining potential have stated their willingness to share some revenues, but they opposed "The Enterprise," holding it might be used to stifle ocean markets in order to maintain the status quo of mines ashore.

But the underdeveloped nations distrust and resent the United States, fearing that firms such as Summa or Deepsea Ventures will begin mining operations before any international agreement is signed—thereby making such an agreement impossible and quashing all chances of sea-mine revenue-sharing on an international scale.

This prospect so angers these nations that they've warned that any unilateral action by American firms (or others) could cause counter-moves, such as the restriction of fishing and navigation.

In March 1975, delegates will meet again, this time in Geneva, with the hope of hammering out the necessary compromises, so that a new set of sea laws can be formally adopted in Caracas next summer. But many delegates think agreement is impossible.

If there is agreement, it would probably be based on one of two major proposals:

1. The U.S. proposal. Here, the nations would agree to create an International Seabed

Area, covering all ocean bottoms beneath 200 meters of water or more. This area would be supervised by an International Seabed Resources Authority, with the power to license mining operations, arbitrate grievances and levy fines for pollution or other violations. It would license all comers.

The Authority would also distribute some of the profits from sea-mining operations among all nations, according to their population and per capita income. For example, of every $500 million disbursed, Somalia (with an annual per capita income of $61) would receive $384,500; Ceylon (with an annual per capita income of $159) would get $1,717,000; Brazil (with a $381 annual per capita income) would be given $12,567,500.

Some of this money would go directly into UN coffers, hopefully enough so that that organization would no longer have to depend on the oft-times shirked contributions of member nations.

2. *The developing nations proposal.* Here, all nations would surrender their rights to establish deep-sea mines to "The Enterprise."

The Enterprise would not license mining operations but would conduct them itself, from recovery of the nodules to marketing the metals obtained from them.

The developing nations have left open the possibility that service contracts might be granted to private concerns, but only under tight supervision. They're afraid if private companies are given a free rein, they'll understate their production activity and withhold revenue from central authority.

According to this proposal, the revenue would be divided among all nations (plus the UN)—but by a formula weighted in favor of the developing nations.

It's easy to imagine a compromise between the two proposals, but it's also easy to imagine nothing but perpetual debate. If no agreement is reached, that doesn't mean everyone will let the riches of the ocean lie in place. The only real question will be who breaks the moratorium first and under what circumstances.

As far as the mining companies are concerned, the only thing holding them back now is worry over their investment. They're reluctant to build equipment and stake out a claim without some sort of guarantee against either infringing claims or an international agreement that would put them out of business. The bankers who would finance these ventures have the same fears.

For the reason, the influential American Mining Congress is pushing legislation in Congress that would authorize the U.S. Interior Secretary to license American citizens and corporations to make ocean floor claims and conduct mining operations.

Under this legislation, the federal government would agree to underwrite any losses the licensee suffered during the next 40 years as a result of any international regulations agreed to by the United States. The mining firms would pay for a government insurance program against a loss by outside interference.

In return, licensees would have to pay a fee of $5,000, invest substantial sums to maintain their claims, and work their mines continuously once they began operations. They'd also have to abide by various regulations concerning pollution and interference with other ocean users.

Such legislation was introduced (without passing) in both houses of Congress in the last session. Rep. Thomas N. Downing of Virginia, chairman of the House Oceanographic Subcommittee, sponsored the House version, while Sen. Lee Metcalf of Montana, chairman of the Senate Subcommittee on Minerals, Materials and Fuels, sponsored the Senate version.

But even the senators and representatives who back such legislation do not believe it has any chance of being enacted if reintroduced. Senator Metcalf, for instance, admits it is really intended to spur the government into some kind of action, rather than to establish a legal framework in which American companies can begin mining the ocean floor.

The United States has been roundly criticized by many for agreeing to the moratorium, in the absence of any present international restrictions against mining the deep seas, especially as the debate during the moratorium seems to get nowhere yet holds up action. Testifying for the miners' bill in Congress, T. S. Ary, of Union Carbide, said:

"It is difficult . . . to follow the thinking of the Administration when we hear of the U.S. Geological Survey making statements that we have a serious mineral shortage looming in front of us. . . . We read of the Secretary of the Interior's report relative to the same problem—we are having to import many of the commodities we don't have. We hear the Secretaries of Commerce and Treasury talk about the great balance-of-payments deficit that we are faced with. . . . But then we hear the State Department Interagency Task Force come before the House and Senate saying that it is not necessary for this (sea mining bill) to be passed and that they would like to wait and negotiate with the UN to establish an international mineral policy which . . . I personally feel may never come about. . . . It is a hurry-up-and-wait program,"

There is a distinct possibility that at least one U.S. company may begin mining the sea at any moment, whether or not international agreement is reached, whether or not the American Mining Congress bill is signed into law.

According to industry rumors, the Hughes organization has said it doesn't need any guarantees or bank loans and that it will put the *Glomar Explorer* to work when it sees fit, probably in the mid-Pacific. If this actually happens, most of the private concerns here and abroad who are interested in ocean mining will be delighted with the precedent.

Should Hughes begin mining, they believe, national international law will have to take shape around his *fait accompli* and such non-commercial arrangements as "The Enterprise" will become just so much hot air.

This would please not only the mining companies, but also those who feel the United States must exploit its technological advantage while it still has one, and that it must, for reasons of national security, find safe, substantial, independent sources of the vital raw materials in question.

On the other hand, a *fait accompli* by Hughes or some other private American concern could have other consequences. Beyond doubt, the many small, underdeveloped nations pressing for international control of the sea floor would be furious, possibly even to the point of denying U.S. vessels fishing or navigation rights.

Just how Japan, Russia and other potential ocean-floor mining nations might respond is a question. "All hell could break loose," suggests Interior Secy' Rogers Morton, visualizing possible aggressive interference with Hughes' operation on the high seas. On the other hand, they might be pleased to have an excuse to start their own operations without interferring with Summa's in any way, only using it as an apology to the underdeveloped nations for going ahead themselves without waiting for an agreement.

Hughes and the other mining companies are apparently holding off for the moment. How long they'll wait, no one knows—though it's a good guess they'll do nothing irreversible until this coming summer, by which time it should be clear if the international community can agree on a Law of the Sea. What will happen after that is anyone's guess.

THE GOLD STANDARD

Mr. GOLDWATER. Mr. President, on March 22 it was my honor to address the Committee for Monetary Research and Education at Arden House on the Harriman Campus of Columbia University. My subject was the gold standard and what our departure from it back in the days of President Roosevelt has meant to this country ever since.

Because I feel that today's economy is in extremely serious trouble, I ask that the Members have an opportunity to read my remarks at Columbia. I ask unanimous consent that the full text of those remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

SPEECH BY SENATOR GOLDWATER

It gives me great pleasure to appear on this, the Harriman Campus of Columbia, a university that has made a profound impression on the nation's monetary history from the time of Alexander Hamilton—and at the same time recognize the serious plight of many privately endowed colleges and universities because of inflation.

Rightfully, they treasure their teaching independence and freedom, but, hard-pressed for financial aid, they are turning to Washington only to discover that there is invariably a price to pay. Currently it consists of intervention in the selection of faculties and students. I shudder to think what can happen to our nation, as it has to some countries abroad, should our government control the direction of higher education.

On the other hand, I cannot shed a tear for some hard-pressed institutions. They are hurting badly from inflation, but continue to be hotbeds for Keynesian economies with its guiding star of "full employment" at any cost. To deal with the social evil of partial employment, which is inevitable in any free economy, the disciples of the English economist, the late Lord Keynes, advocate vast governmental outlays and controls. We have pursued this policy for years. The result has been inflation and the recession we see all around us.

It is time that we back away from Keynesian economics and also re-examine the Full Employment Act of 1946.

But to come to the business at hand . . . I do not profess to be a monetary expert, but as a legislator with responsibilities in helping to restore confidence in our dollar, I have done monetary research on my own. Just as it has been said that war is too important to leave to the generals—and I am one—so the fate of the dollar is too important to leave to the economists and the intellectual dreamers. I hope my investigation will encourage others to do likewise.

Many Americans may believe the subject is too complicated to understand and throw up their hands in despair. But I urge them not to give up. Too much is at stake. Moreover the basics are comparatively simple.

Quality, for example, should count in money as well as in commodities. A dollar that is redeemable in gold should be better than a dollar that is redeemable only in paper. Certainly more people will have confidence in it. And there is the nub of the matter. Now, for my own investigation. We legislators have to seek professional guidance on many of the complex problems that come before us. So it was to be expected that the Joint Economic Committee engaged two economists to prepare a report in 1972, entitled, "The Inflation Process in the United States." Page after page consists of mathematical equations giving the impression of scientific accuracy and finality. The report concluded with a recommendation of "A permanent incomes policy which reconciles wage and profit claims with the country's ability to meet them." How frightening! A gigantic intrusion of the police force to cure inflation. I don't buy it, although some of my colleagues may.

Perhaps I should not be surprised at this and similar recommendations of economists so much in the public eye in Washington during the past forty years. They have nearly all accepted the theories of the late John Maynard Keynes who relied on government to create credit to end depressions and to achieve full employment and perpetual prosperity.

In 1933, President Roosevelt, enjoying immense popularity after his handling of the banking crisis, soon turned to Keynesian type policies. Keynes became the ambitious economists' hero. The New Deal thrust hundreds of these intellectuals into positions of immense influence over government policy. It is also notable that both Roosevelt and they were hostile to business. Then for years they played a tune that has gone completely sour in the last few years. Initially their policies brought on an inflation exhilarating to commerce and industry as long as business enjoyed record-breaking paper profits. As inflation grew, sobering reality set in.

Now the bitter results are becoming evident and I heard there was bewilderment among economists at the recent convention of the American Economic Association over the failure of their so-called "fine tuning" of the economy. What went wrong? The "new economics" had not only created inflation but a troublesome recession to go with it. At first this unexpected development was confusing to the Keynesians. They preferred to ignore the real possibility that the uncertainties of inflation might have been a prime cause of the depression. Rather they were almost relieved at the appearance of the depression for it justified their prescribing familiar sugar-coated remedies—more spending (except for the national defense), lower taxes, larger subsidies and further interference with business, the very medicine that gave our economy inflation fever in the first place. I have known ill people who got sicker and sicker until, in desperation, they discharged their doctor and hired a new one who threw out all the old drugs and pills and prescribed a simple rest cure. Then the patient recovered. Could it be that that is the treatment our ailing economy needs?

Let me pass, for the moment, to another bit of my research prompted by a statement of Mr. Martin while he was Chairman of the Federal Reserve Board a few years ago. He urged a restoration of the integrity of the dollar, again making it a store of value. Paper dollars then, as now, are not a store of value. We are all aware how rapidly these irredeemable notes are losing their buying power. Our constitution provides for coining money, not printing it.

Oddly enough, I can find no reference to the store of value quality of money in the leading college textbook on economics. Being curious about the kind of college economics being taught today, I examined the widely used college economic text of Nobel Prize winner Dr. Paul Samuelson. It appears to be a greenbackers bible! Speaking of money, he says, and I quote, "Today, all American currency and coin is essentially 'fiat' money. It is money because we all accept it." Factually that is right—unfortunately. But money ought to be more than a medium of exchange. He completely fails to mention that it should also be a store of value. Fiat money is the worst kind any nation can use. History offers example after example of nations experiencing disastrous consequences from using it.

Samuelson also says: "From the standpoint of understanding the nature of money, it is perhaps simpler that gold certificates and coin no longer exist. The modern student need not be misled as were earlier generations of students, by some mystical belief that 'gold backing' is what gives money its value. Certainly gold, as such has little to do with the problem."

I wonder if Samuelson would today turn down an opportunity to purchase a few ounces of gold at $35 an ounce? Gold recently sold at over $175, five times that figure. Could the policy he and his friends recommended in 1970 have been based on faulty theory or limited knowledge of history?

Much more Keynesian instruction is contained in Dr. Samuelson's text. Typical is the statement that "modern mixed economies will not go through the agony of deflating themselves, running the risk of mass unemployment and stagnation, merely to obey the rules of the gold standard game." Yet under that standard the buying power of every major currency was more stable than it is today operating under a fiat paper money standard.

So, what have we now after forty years of Keynesianism? One of the most serious crises in American history with the vaunted full employment concept a shambles. The current depression cannot be blamed on the gold standard which the Keynesians unfairly made the scapegoat for the depressed 1930's. Keynesian economics is now being revealed as the Pied Piper of economics, leading the nation off to oblivion unless this younger generation loses its fascination for that dulcet tune, "easy money will cure everything."

Sober reflection on the "full employment" conception of Keynesianism leads to the conclusion that its dependence upon government coercion completely disregards the fact that society cannot be made into a machine, that computer statistics cannot replace morality as a guide to human behavior. It ignores the height of wages which has a lot to do with unemployment, a truth just too sensitive to touch. Even more significant is the fact there is no omnipotent wisdom in government, only coercive power derived from politics.

It is all very well for Keynesianism to be covered in college economic text books, but in fairness to the student, and in balance, he should also be told that, when the gold standard was operative internationally, there were few troublesome balance of payments problems, no currency devaluations of questionable morality, far, far less inflation and few sinking or floating currencies. Above all, he should be told that fiat paper money can depreciate to zero, the value of the paper itself, but that is not the case with gold or silver money.

Not surprisingly Keynesianism has penetrated deeply into business, too. The prestigious Committee for Economic Development, supported by many of our finest industrial corporations and banks, recently issued a report entitled, "Strengthening the World Monetary System." It recommended that the world adopt Special Drawing Rights (SDR's) or paper gold, as the money of the future and eliminate absolutely the use of gold as a monetary reserve. I doubt that this recommendation for international credit cards will set well with the Middle East petroleum producing nations.

Apparently, too, the Secretary of the Treasury is thinking of ending the official monetary role of gold so that it may be treated in all respects like any other commodity. He testified to that end a few weeks ago. If this is to be Republican policy, I wish to record my strong objection. I am unalterably opposed to fiat money because of its destructiveness to society, and I believe I have history on my side.

One government step already taken to reduce the nation's stock of gold was the auction in January of 2,000,000 ounces from our reserves. There was no rush to buy despite considerable newspaper publicity. Even so, it was profitable business for the Treasury. I understand that only 753,600 ounces of gold were sold for an average price of $165.65 per ounce. The proceeds were about $125,000,000. Since the Treasury acquired about a third of this metal at only $20.67 an ounce in 1933 or before, add the other two thirds at $35 an ounce, it realized a profit of over $100,000,000. And it has lots more to sell.

The intrusion of the government in the gold market may cause dismay among speculators for they are up against the extremely powerful market force, the large supply of government gold. How long will the Treasury stay out of the market? How big a sale will it next advertise? How will such a sale affect the dollar? The policy of the Treasury can have significant monetary effects across the world. I deplore a national monetary attitude dependent on uncertain Treasury declarations. They can be seriously misleading. For example, in May, 1971, the Secretary of the Treasury in a speech to the American Bankers Association in Munich, Germany, stated there would be no devaluation of the dollar, no change in the price of gold, and that our nation was winning the battle against inflation. Only three months later, in August 15, 1971, the Treasury shut its gold window and on December 18, 1971, devalued the dollar. Then it devalued the dollar again in February, 1973. Worse yet, the battle against inflation is still far from over.

Is that the kind of a monetary system freedom-loving Americans favor? I doubt it. In order to protect the capital of their clients; trust companies and other institutions with fiduciary responsibilities may have to take investment, indeed speculative risks they would avoid if the dollar were stable. The results may be further disasters, exceeding those of the Franklin National Bank in New York, the Herstatt Bank in Germany and Sidona in Great Britain. Aside from the precarious position of some banks, some states and municipalities are in a serious financial bind. Unlike the federal government, they cannot resort to a printing press to discharge their obligations and therefore are inclined to turn to Washington for relief.

I know that the gold standard is in no sense perfect, but it shines brightly in comparison with what we have today. It gave stability and discipline to governmental and industrial commerce. Surely a monetary standard of value is just as important, if not more so, than standards of length, weight and space. The gold standard is sometimes criticized as being too rigid or inflexible. So then are honesty and integrity.

In conclusion, the Keynesian intellectuals, the dreamers and creators of "funny money" can sneer all they wish at the gold standard terming it anteduluvian, or a lost cause, but they cannot escape history. The gold standard was not planned. It evolved over centuries of fruitful and sometimes bitter human experience with all kinds of money. Incontestable evidence shows that, in full flower, the gold standard gave the entire world unparalleled freedom. I believe it can do so again, turning the globe away from growing and devastating collectivism, repugnant to freedom-loving Americans, and help us get out of the monetary mess we are in, by restoring confidence once again in our dollar.

I cherish the freedoms our brilliant forefathers gave us. I have faith there are fellow citizens who will take the time to penetrate and even expose fashionable and current economic fallacies and, hopefully, help shorten this period of Keynesian depression. They will undoubtedly come to the conclusion of the Vice Chairman of the First National Bank of Chicago when he stated that gold and sex are basic, a conclusion I share. I would be merely following the sage advice of a distinguished son of Columbia, Alexander Hamilton, who cautioned his countrymen not to disregard the wisdom of the ages.

THE IMPORTANCE OF PRIVATE INVESTMENT

Mr. FANNIN. Mr. President, the United States of America became the greatest and most prosperous Nation in history because of a government which guaranteed freedom and promoted the private enterprise system. If we are to continue to be a world leader and to provide a high standard of living and opportunities for all our people, we must strengthen our economic system.

Unfortunately, the private enterprise system is being undermined severely by legislation enacted by Congress over the past decade. Even more devastating to our national future would be a number of bills being considered to increase Government control and discourage private industry.

To meet the demands and challenges of the future will require huge capital investments. If these investments are not made, there will be massive unemployment and the American people will not have the goods and services they need.

Mr. President, during hearings before the Joint Economic Committee and the Senate Finance Committee we have heard abundant authoritative testimony that we are facing a severe crisis in the accumulation of capital to provide for needed expansion.

In a recent speech before the Economic Club of Chicago this point was made dramatically by Mr. Williard C. Butcher, president of the Chase Manhattan Bank. Mr. Butcher estimates that for the coming decade there will be a capital shortage amounting to $400 million per day unless we have some changes in policies and in attitudes.

Mr. President, it appears that the American people have a great many misconceptions about our economic system and how it operates. These misconceptions have been encouraged by politicians who try to blame the business community for problems which have been caused by the Government itself.

It should be abundantly clear by now that the Government cannot meet the needs of the people. It is private enterprise which must do the job. This can be accomplished only if we adopt policies which encourage the formation of capital so that business and industry can expand.

Mr. President, Mr. Butcher's speech is an excellent explanation of the problems and what must be done to allow the system to respond to the needs of the people. I ask unanimous consent to have this speech printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

CAPITAL FORMATION AND INDIVIDUAL FREEDOM: A TIME TO CRY "WOLF"

(An Address by Mr. Willard C. Butcher, President, the Chase Manhattan Bank, Before the Economic Club of Chicago, February 20, 1975)

I'm very disturbed about what I see taking place in this country. I am disturbed about the economy—not so much that we are in a recession as some of the senseless ways we try to get out of it. Not so much by inflation as by the fact we try to counteract and make up for it, rather than cure it.

I am disturbed by the fact that people aren't being told enough about the essential nature of our economy and our economic problems. I am distressed by the media, and by what seems to be either their failure to understand what makes our economy work, or their inability or unwillingness to communicate that knowledge.

I am disturbed by the kind of politics-as-usual in Washington that puts less emphasis on solving our problems than on who will get the credit if they are solved, or the blame if they are not. And I'm disappointed in much of the nation's business community, which is either too indifferent, too resigned, or too frightened to communicate forcefully with the people.

Fundamentally, I am concerned over the way we are giving up, bit by bit, what America really stands for. And before this evening is over, I hope to have transmitted to you some of my sense of unease and alarm.

My subject today is capital formation and economic policy, which takes a lot of territory. So let's look at where we stand, where we want to go, and what we need to get there.

To start with, our total private capital plant today amounts to some 3.2 trillion dollars, of which 1.8 trillion dollars represents our industrial capacity. Almost two-thirds of that amount—or 1.1 trillion—was developed and invested in just the past ten years.

It was a tremendous achievement. But it was not enough. We did not meet some of our country's basic needs.

It was not enough because our industrial plant today is deficient. It is estimated that it is fully two years older than that of Europe and Japan, and there is a fundamental correlation between modern plant and productivity. A tabulation of growth rates by the OECD of twenty advanced economies for the 1960–1970 decade put the United States pretty close to the bottom—in eighteenth place, with average annual growth of only 4%. Japan headed the list with an 11% growth rate.

It's significant that in this period Japan was putting about a third of its GNP into investment spending, while we put less than a sixth of ours to work as capital. To catch up and to stay caught up can cost as much as $225 billion over the next 10 years.

Our capital investment has not been enough because we fell behind our needs in financing the search for more sources of energy. For energy self-sufficiency alone, it is estimated that we in this country will have to provide about $850 billion over the next ten years, which equals about 80% of our total industrial investment in the past ten years.

It was not enough because we have fallen short of meeting our transportation needs—for mass transportation of people and more energy-efficient transport of goods, which means mainly by rail. That could require a ten-year investment of another $225 billion.

Then there is the matter of our employment needs. There is no better—indeed no other—way to create new jobs than by supplying capital to provide the tools, the supplies, and the materials that jobs require. Economists tell us that it takes anywhere from $20,000 to $30,000 in capital investment to back up every worker in American industry.

All in all, to meet these needs over the next ten years will require more than twice as much capital as the last ten. How have we arrived at that figure? Considerable economic analysis indicates that from today until early 1985, investment spending of 2.5 trillion constant dollars is projected, on the assumption that we will see a continuation of our relatively slow growth rate of 4% a year. Add in inflation, at a presumed rate of approximately 5% a year, and that comes to 3.6 trillion current dollars. If inflation were to be 6 or 7%, the figure would be somewhat higher. But, for illustrative purposes tonight, I will use 5%.

However, in terms of what we really need for industry alone—not including housing—for energy, for bringing our industrial plant up to date, for the higher quality of life we are demanding the overall figure could go up to $4.1 trillion. In other words, we have to build considerably more industrial America in the next ten years than we've got standing out there now.

There are obviously many challenges facing our country now: inflation, energy, employment, production. But, to my mind, the single greatest challenge is in finding ways to provide such unprecedented amounts of capital in such a short span of time.

So where is all that money—4.1 trillion dollars—going to come from? The simplest—and most simplistic—way to answer is to look at where investment capital has come from over the past ten years and to project it out over the next ten, as best we can.

In doing that, I will take a banker's liberty and use the words capital and credit interchangeably. To the user, both credit and capital represent resources for productive capacity, and the difference is only one of classification, not of function. To the supplier, the ability to extend credit is, in the final analysis, predicated on a capital base.

The banks, especially major money center banks, are the ones that have come through in the credit pinches. I don't know how much longer we can continue to do that. In the short range, the ability of the banks to further make funds available to the economy will depend, for the first time in my memory, not so much on monetary ease and growth in the money supply, but rather on the adequacy of the banking industry's own capital and its ability to attract sizable portions of the capital generated by others.

In other words, although credit can be efficiently channeled through banks, that is not where capital really comes from. The real sources of capital and credit in this country are individuals and corporations—the savings of people like you and me and the cash flow, made up of retained earnings and depreciation reserves, of corporations and businesses like yours and mine.

Over the last ten years these sources provided $1.6 trillion, of which less than a third was in personal savings, less than a sixth in corporate retained earnings, and more than half in depreciation allowances. On the basis of the same projection of growth and inflation rates that were used for investment spending, the total for the next ten years should go up to 3.8 trillion dollars.

We are estimating that $1.2 trillion will come from personal savings, $600 billion from retained earnings and $2 trillion from depreciation allowances.

Now, 3.8 trillion is a lot of dollars. But from that we must first deduct a trillion dollars that will be needed—and almost certainly provided—for housing. Then we have to take out whatever will be required for ten years of government deficits and negative balances of payments with the rest of the world. Considering the start being made with the projected Federal deficits in the first two years of the decade, we may be lucky if there is as much as $2.6 trillion left for building and rebuilding our industrial capacity. Set against the needs of $4.1 trillion, we have a shortfall of one trillion, five hundred billion dollars. This means we will be under-investing every day—every day—for the next ten years—400 million dollars.

This state of affairs, I submit, is unacceptable. Moreover, there are far too many signs that tell us that even 2.6 trillion will not be available for productive investment. For one thing, the motivation for personal savings in this country seems to grow weaker all the time. For another, in spite of significant changes that have been made, the provisions for depreciation allowances by American business are considerably less than that of other nations with which we compete. And finally, profits as a percentage of total income have been seriously declining since the mid-1960's. Indeed, the share of profits as a percentage of Gross National Product has been moving down since the Second World War, and the present period represents its lowest level ever—with the exception of the 1930's, hardly a period of economic progress to which appropriate levels of investment should be compared.

Let me talk for a minute about profits. To my mind, there are three functions that profits perform. First, they provide a return on capital; second, profits are an indication of how well a business has managed its resources; and third—and of overriding importance—profits are a source of capital for a business or a nation.

I wince whenever I hear the expression, "excess profits." I don't know what it means. Excess over what? What is excessive?

We have been given some insight about profit trends by George Terborgh, the economist of the Machinery and Allied Products Institute. Extrapolating from his figures, we find that after-tax profits of the Nation's nonfinancial corporations, after adjusting for the increases in cost of equipment and inventory to their replacement levels, dropped from $36 billion in 1965 to an estimated $24 billion in 1974—and down to 16 billion in constant dollars. And retained earnings, which should be a major source of capital, were insufficient to finance any additional productive capacity. In fact, the Treasury Department has estimated this shortfall at $10 billion.

I hardly consider that excessive. The point really is that there is no such things as excess profits for a company that needs capital.

As if the grim consequences of capital shortage were not enough, we are now confronted with the specter of new Government policy and action that could cripple our capital markets even further.

Among the more mindless measures now sailing merrily through the House Banking Committee is a bill requiring the Federal Reserve to "conduct monetary policy in the first half of 1975 so as to lower long-term interest rates." I wonder if anyone can tell me how in the name of monetary madness the Federal Reserve, already hard put to hold down the rates on 90-day maturities, could even hope to control the interest rate on bonds maturing in the year 2005.

Another measure, the Reuss bill, proceeds to allocate credit toward those purposes that it deems to be useful—such as low- and middle-income housing, investment for technological innovations and increasing competition, loans to state and local governments, small business and agriculture, working capital for established businesses, and loans for such other purposes as the government—not the people—considers useful and proper.

Now you might logically expect that my chief concern over mandatory credit allocation would be with its effect on the banking industry. Wrong. Certainly if we can survive gyrating monetary policy in this country, massive shifts in the flow of funds around the world, and then great damage done to capital and monetary markets, we in the banking community can survive credit allocation. What really concerns me is whether the national economy can survive it, and whether the people should be forced to submit to what Treasury Secretary William Simon properly characterized as a police state.

After all, it is not such a long step from the constraints written into the act itself to having the government say, "you can finance a condominium in Florida but not a summer home on Lake Michigan." Or, "you can finance the government deficit, but not the needs of a private company."

I submit that the Solomon who's going to allocate credit in this country will possess more power than a bad man should have or a good man would want. I would be hard put to improve on Secretary Simon's testimony on this bill before the House Banking Committee, so I will just quote some of the things he said:

"Control would extend to every loan made by every creditor in the country. Every family that wanted to buy a home or a car, every man or woman who needed a personal loan, every farmer who wanted to buy new equipment on credit, every employee who wanted to borrow from his local credit union, every small businessman who needed a loan, every corporation that wanted to enter the capital markets, every city or state that wanted to float a bond, every school board that needed money to build new schools—each and every one of us, in fact, would find that our financial plans were totally under the control of the federal government.

"In effect, this bill would establish a national credit police state." End quote.

Most European countries that have tried credit controls have found it to be a very efficient method of raising interest rates, not lowering them.

Admittedly, all government spending amounts to resource allocation. It removes funds from the mainstream of the economy and assigns them to many worthy, but mostly non-productive, purposes. It seems to me that, after various levels of government have disposed of an ever-increasing share of our resources—in fact doubled its share of 25 years ago—the American people and their free enterprise system ought to have the right to allocate in their own way whatever is left over.

It has been said, and rightly so, that there wouldn't be any credit at all if somebody didn't allocate it. Some say that it's the banks that allocate credit. In a sense, that's true. But, unlike government, we are no monolith. There are 14,000 banks in the country, and thousands of other lenders who make the credit decisions. More importantly, our role is that of an intermediary in the real market which, after all, is nothing but the desires and demands of 200 million people, the true allocators of credit and resources in a free society.

We are all familiar with the nature and the normal course of development of government regulation. As the American people know from much unhappy experience, we are quickly bogged down in a web of inelastic and unchangeable rules. Isn't it interesting that our most troubled industries today—railroads, airlines, utilities—are among the most regulated?

Consider the experience of the energy industry, crippled by capital starvation. In 1954 the Federal Power Commission ruled that natural gas shipped across state boundaries could not exceed a base price, and this price was held to unrealistically low levels for twenty years, during which the price of almost everything else kept going up. Of course this brought distortions to the market place. Gas was used extravagantly, rather than in the more sparing manner it would have been consumed in a free market. Coal-burning equipment was dismantled. Exploratory drilling rigs were transported overseas, where drillers found it more worthwhile to seek out new deposits.

And it was not until our cheap imported oil disappeared that there was a recognition of the fact that inadequate incentives had resulted in insufficient reserves of gas.

I still see another parallel, in terms of timely warning. It was no great secret that our energy consumption was growing and our sources becoming less reliable, back in the years when we still had time to do something about it. Oil companies kept telling the Nation and the Government about it. So did others, including the Chase.

There were those at the time who accused us of crying, "wolf." We were simply facing hard facts, and stating those facts.

The situation is not much different today. We face an equally hard set of facts regarding the level of capital formation and mounting capital needs—for energy, for jobs, for the economy, for all of us. We are crying "wolf," and we mean it. What we are saying is that a continuation of present policies, let alone an escalation of those policies, will lead us—in ten or fifteen years, or perhaps sooner—to a situation of far greater peril than that we face today.

In essence, our great need is not one of finding ways to shift, assign, or allocate capital and credit, but of moving toward a much more favorable atmosphere for its creation. The highest priority of our economy today should lie in the nurture and stimulation of capital formation, because everything else we want grows out of that.

What we need for the long term is an ever-growing base of personal savings, so that more people will have a larger and larger stake in our total economy, and in the stability of our currency. Capital formation must become everybody's business.

Given the needs for capital in our future. what must then be the implications for sane economic policy? Simply this: We must have a policy that places the highest priority on developing a growing pool of capital, and on the use of that capital for productive purposes, the implementation of this policy in legislation and regulation should stress incentives and the removal of disincentives to that process. In this vein, I would like to suggest some specific areas where positive action could contribute toward this end.

High on the list would be more realistic methods of determining depreciation allowances for plant, equipment, and inventory, to reflect more fully their current costs, rather than historical costs.

Second, I would like to see some method of preferential tax treatment for retained corporate earnings used for investment purposes—whether this were to be brought about by uniformly applied investment tax credits, a lower tax rate for profits specifically earmarked for investment, or some other method. In this connection, I would commend President Ford's excellent suggestion that preferred stock dividends be treated as a business expense.

Third, there is a pressing need to ameliorate the relatively harsh treatment of capital gains, as compared with that of most other countries.

Fourth, we need stability in monetary policy. Changes, when they are deemed necessary, should be subtle and gradual, so that they do not dislocate any section of the economy. I am not arguing against moderate use of monetary policy, but this does not mean that the violence of rate changes should be a continuing source of amazement to all of us.

And finally, we need every possible measure that would make for a freer market economy, including the removal of regulations that have outlasted their time and the dismantling of agencies that have outlived their purpose. This would include rejection of controls, most notably wages and price controls, which inevitably hamper the interplay of natural forces in a free economy.

I hope many of you will join me in actively calling for policies of this kind, regardless of what ranks first and what second on your own schedule of priorities.

I believe the American people are ready to listen and to understand. But, to be effective, we must be ready to speak in their terms. Economic systems, capital requirements, and money flows are terms we, as businessmen, use every day. Jobs, paychecks, and freedom of choice as consumers are things every American understands. It is in those terms that we must speak to the American public.

There are many signs on the horizon that our message is becoming more acceptable. Last month we heard Leonard Woodcock, president of the United Auto Workers, say that auto manufacturers couldn't cut prices because they had to build up their "paper thin" profits, in order to boost employment. Certainly that ought to suggest to all of us in both labor and management that we can be allies in this battle for a free and prosperous America. Recently, it was Senator Proxmire who voiced concern about the expansion of federal activity, and I quote: "The economy may be on the verge of a permanent economic straitjacket if the will of the apparent majority of the electorate and of the leadership of the House and Senate prevails."

I believe that perhaps one can be more hopeful than Senator Proxmire about Congress. Obviously, this Congress is young and eager to make changes. Its members appear to be intelligent and educated, and may not be too easily stampeded. But, like any Congress, it is a sensitive barometer of its various constituencies, of what the American people really feel and think. That's why our fellow countrymen are the audience we must reach with the facts about the everyday economics of their lives.

Business has been told many times that it needs to sell itself to America. I disagree. Business must sell America to America—its strengths, its greatness, its potential for creating the most humane and prosperous society on Earth—in short ladies and gentlemen, we must sell Aemrica on the value of its liberties and individual freedoms.

MARYLAND DAY, 1975

Mr. MATHIAS. Mr. President, March 25, 1975, is Maryland Day, the 341st anniversary of the founding of the Colony and the State. The history of Maryland's founding and its early development assumes added significance and interest as we prepare nationally to observe the Bicentennial of the American Revolution—which took place 142 years later. Truly, it can be said, the men and women who settled Maryland planted the seeds that have flourished beyond all expectation in spiritual as well as material harvests.

What kind of people were they? What kind of legacy did they leave to us? And what have we done with it? As we examine these questions, particularly in the light of events of recent years, we are brought to a reexamination of our institutions, purposes, and goals, not only as a function of the celebration of 341 years of Maryland history and two centuries of our national existence, but also as a necessity for the continued strength of our State and Nation.

The people who settled Maryland were possessed above all with a sense of fundamental principles that have guided men and women throughout history, and continue to guide us today. They gave the first expression on this continent of the concepts of freedom of religion and the equality of women. They lived through a period of stress and challenge, and if the historical circumstances were different from those of current times—and, of course, they were—the spirit of the people was, I believe, the same as it is today.

They left us the legacy of history—a demonstration that challenges can be overcome, that the strength of the human spirit prevails. In recent times, that legacy itself has been subject to challenge. But as we observe the 341st Maryland Day, and enter into the national Bicentennial period, I think we can take a measure of pride in the history of the last 341 years—at the same time that we commit ourselves, as we properly do every year, to nurture the precious tradition that has been handed to us through the years.

The people who inherit this great tradition are full of initiative and idealism. They are not immune from faults or mistakes. But they have the energy and the wisdom to correct their efforts and to make new starts in redeeming the ancient pledge to make Maryland a place where all men and women can find the opportunity to build a better life.

NEEDED: RESPECT FOR OUR FORMER MILITARY MEN

Mr. GOLDWATER. Mr. President, it had to come. Someone from the liberal left eventually had to compile a list of men formerly serving their country in the military whose expertise is now being used by industry. After what obviously has been months and months, may be years of research, the Council on Economic Priorities has come up with the fact that there are slightly over a thousand people now engaged by 30 of the largest employers serving the Department of Defense.

I have a strange suspicion that the total employment of these companies could very well be over a half a million, so the figure of one thousand is not very impressive. It is amazing to me that organizations such as this, in an effort to be fair, have not compiled a list of former Members of Congress who are serving in law firms in Washington, New York, and elsewhere or who are serving as advisors to industry or who have taken lucrative jobs mainly because they were once Members of Congress and very strangely had something to do with a committee or committees affecting certain segments of industry and professions. I dare say the figure would far exceed what they have disclosed as the number of former military people serving in industry.

Now if the reasoning behind a law firm or a consulting service hiring a former Congressman, because of his connections with certain powerful committees is logical, then why is it not proper for a corporation to hire someone who has expertise gained in the military in fields engaged in part pertaining to industry? For example, it was not too long ago that a division of Government appeared before a subcommittee on which I serve and testimony was offered in connection with the capability of a certain radar by a man who learned this radar in the Air Force and yet I have heard no criticism against that. Some day, and I hope to be around when this happens, the former military man is going to carry the respect which he deserves and organizations like the Council on Economic Priorities, and I must say I have not heard too much about them, will cease their nitpicking on them. As the committee has recognized, I have been critical from time to time of certain people being hired by industry who formerly served the Pentagon, but this criticism was not directed at the man in uniform nor for the same reasons that the committee offers. I just question their general competency.

For those interested in what the Council had to say, undoubtedly my colleagues have received a copy of its report, but the Washington Post has carried an acconut of what they had to say. I hope American industry will completely ignore this one more attempt to belittle a man not because he wore the uniform in the service of his country.

SURVEY RULES HUGE UTILITY RATE HIKES

Mr. MUSKIE. Mr. President, we have seen a lot of protests recently by consumers outraged at enormous increases in their utility bills.

A survey of State regulatory commissions released today by my Subcommittee on Intergovernmental Relations and Senator Metcalf's Subcommittee on Reports, Accounting and Management tells us why.

That survey shows that fuel adjustment clause rate increases granted to electric and gas utilities cost American consumers an estimated $6.5 billion during 1974, more than the total rate increases approved in the previous quarter century.

Those fuel adjustment increases requested the bulk of nearly $10 billion in rate increases granted to utilities last year, our survey revealed.

As Senator Metcalf and I said in a joint statement releasing the survey:

> It is unlikely that even the strongest supporter of the fuel adjustment clause ever envisioned such an enormous cost increase—$6.5 billion—in a single year.
>
> Although some states require previous public hearings before fuel cost increases can be added to utility bills, in most cases the cost pass-through is not subject to prior review.

Mr. President, the unforeseen effect on rates of the fuel adjustment clause during 1974 poses a serious problem of huge rate increases for which there is little or no public accountability.

The dramatic findings of our survey underscore the need for a careful review of automatic adjustment clauses.

Our subcommitees will begin their review on April 14, 15, and 17 when we launch hearings on title VII of S. 595, the President's omnibus energy bill.

As we begin those hearings, we are concerned that the impact of the President's proposal would be a further weakening of utility rate regulation and a broadening of the use of automatic cost adjustment clauses.

We intend in those hearings to examine carefully the rationale behind the President's proposal and the impact they will have on the consumer.

We will hear testimony from administrative officials, State utility commissioners, consumer groups, representatives of the utilities industry, and other experts at those hearings. In addition, we encourage interested parties throughout the country to send written testimony to our subcommittees for inclusion in the hearing record.

Mr. President, we have conducted similar surveys in 1969, 1970, and 1971. But never before have the results been as dramatic as this one. I ask unanimous consent that a copy of the survey and the accompanying analysis prepared by Douglas N. Jones and Susan Dovell of the Congressional Research Service, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FUEL ADJUSTMENT CLAUSE ACTIONS IN THE ELECTRIC AND GAS UTILITY INDUSTRIES, 1973–74: A STATE-BY-STATE STATISTICAL ANALYSIS

(By Douglas N. Jones and Susan Dovell)

INTRODUCTION BY SENATORS EDMUND S. MUSKIE AND LEE METCALF

Last November, we asked State regulatory commissions to provide our subcommittees with information on electric and gas utility rate increases granted and pending. This query was similar to surveys we conducted in 1969, 1970, and 1971.

In addition to the data on rate increases, this time we asked the commissions to provide us with information on the increases attributable to fuel adjustment clauses (FAC). This information is of special importance. It is through the operation of fuel adjustment clauses that utilities are allowed to pass through to consumers increased fuel costs without commission review. Although the use of FAC in utility tariffs has become widespread in recent years, no comprehensive data on the impact of fuel adjustment clauses has been compiled previously.

As of March 1, 1975, thirty-seven commissions responded.[1] The data they submitted was analyzed by the Congressional Research Service, Library of Congress. The analyses was done by Dr. Douglas N. Jones and Susan Dovell of the Economics Division.

Data submitted by the commissions covered the first ten months—in some cases eleven months—of 1974. On the basis of the response from about three fourths of the commissions—which were generally representative of the various states regarding size, geographic location and economic activity—CRS estimated the amount of the general rate and FAC increases in the nation as a whole during the entire year.

Most of the energy corporations regulated by State commissions are investor-owned utilities (IOUs). In many states, municipal power systems, public utility districts and privately-owned rural electric cooperatives are not regulated by the commissions. Rate increases by those systems which are not regulated by and do not report to the State commissions are not included in this data. They account for about one-fifth of the retail sales of electricity and six percent of the retail sales of natural gas.

FINDINGS

The survey found that electric and gas utility bills increased nearly $10 billion last year—two-thirds because of fuel adjustment clauses—and that more increases are probably on the way.

The major findings of the survey are:

1. The general rate increase and increase due to the fuel adjustment clause totaled $9.6 billion. This figure was projected from the $6.6 billion reported by the 37 state commissions responding to the survey.[2]

2. More than $3 billion in general rate increase requests were pending before the commissions which responded. Historically, commissions have granted about two-thirds of rate increase requests.

3. Four-fifths of the increased rates were for electricity, the rest for natural gas.

4. Two-thirds of the increases resulted from higher fuel costs passed through to consumers because of fuel adjustment clauses.

5. The rate increase because of fuel adjustment clauses—$6.5 billion in 1974—was more than four times as large as the increase of $1.5 billion in 1973 because of the same clauses.

6. In many states, rate increases because of fuel adjustment clauses were even more dramatic. For example, the 1974 increases over 1973 were 1,400 percent in the District of Columbia, 900 percent in New York, 750 percent in Maine and Tennessee, more than 500 percent in Florida, Maryland and Michigan, and more than *300 percent* in California, Connecticut, Indiana, West Virginia and Wisconsin.

7. General rate and fuel adjustment increases granted during the 10–11 month survey period $100 million in 12 of the 37 reporting jurisdictions. They are (amount of fuel adjustment increase in parentheses):

State	Gas	Electric	Total	Percent facility
California	$290,042,000	$450,531,000	$740,573,000	93.89
	(253,321,000)	(442,037,000)	(695,358,000)	
Connecticut	13,270,000	157,293,000	170,563,000	92.35
	(9,850,000)	(147,670,000)	(157,520,000)	
Florida	(1)	424,350,000	424,350,000	90.72
		(384,985,000)	(384,985,000)	
Georgia	1,825,000	113,137,000	114,962,000	98.91
		(113,705,000)	(113,705,000)	
Illinois	186,673,000	356,329,000	543,002,000	55.74
	(109,965,000)	(192,679,000)	(302,644,000)	
Maryland	30,987,000	196,207,000	227,194,000	89.00
	(22,040,000)	(180,157,000)	(202,197,000)	
Michigan	98,988,000	198,956,000	297,944,000	60.97
	(59,417,000)	(122,249,000)	(181,666,000)	
New Jersey	$160,486,000	$736,206,000	$896,692,000	68.18
	(81,085,000)	(530,292,000)	(611,377,000)	
New York	188,040,000	1,263,219,000	1,451,259,000	62.49
	(109,119,000)	(797,721,000)	(906,840,000)	
North Carolina		149,840,000	149,840,000	59.24
		(88,760,000)	(88,760,000)	
Pennsylvania	147,219,000	467,616,000	614,835,000	68.49
	(106,081,000)	(314,996,000)	(421,078,000)	
Virginia	2,089,000	146,245,000	148,334,000	(2)
Total	1,119,619,000	4,659,929,000	5,779,548,000	70.35
	(750,879,000)	(3,315,251,000)	(4,066,130,000)	

1 The Florida Commission reported a $160,000 gas rate reduction.

2 No answer from Virginia State Corporation Commission re fuel clause.

8. Twenty-nine of the commissions responding had fuel adjustment clauses which were generally automatic. Four—California, Florida, New Jersey and Wyoming—reported their fuel adjustment clauses require hearings before the increases can take effect. Four other responding commissions—in Oregon, Washington, Montana, and Idaho—did not have fuel adjustment clauses.

MAGNITUDE OF THE INCREASE

The survey documents what consumers already know. Utility bills have increased enormously in the past year, although consumption of electric power increased less than one percent and consumption of natural gas actually decreased 4.2 percent.

By any measure, the magnitude of the utility rate increases during 1974 was enormous. In fact, *during last year alone, consumers paid more than one and a half times as much to cover utility rate increases as they did over the entire previous quarter-century.* From 1948 to 1973 the increases granted electric and gas utilities by state and local jurisdictions totaled $6 billion, according to a recent report by the utility rate department of Ebasco Services, Inc. of New York.

In 1970, for example, Ebasco Services, Inc. reports that the national total of electric and natural gas rate increases was $660 million. In the first 10 or 11 months of 1974 seven states—California, Florida, Illinois, Michigan, New Jersey, New York, and Pennsylvania—had rate increases which each exceeded the national total for 1970.

The 1974 increase and pending requests amounted to almost one percent of our gross national product, and as a result was a significant contribution to inflation.

Since some two-thirds of the 1974 increase was due to the fuel adjustment clause, we must consider its total effects.

Adjustment clauses for fuel and other costs, such as taxes, have been available to some utilities for decades. However, 125 gas and electric utilities began using fuel adjustment clauses during the '70's, 63 of them in 1974 alone.

One important—and ultimate—effect is that fuel adjustment clauses remove much of the incentive to operate more efficiently and control costs. They encourage use of fuels covered by the clause and construction of plants burning those fuels, and thus discourage development of alternative energy sources. They move the major component of operating expenses—fuel costs—from rate case proceedings where the utility is subject to cross-examination by commission staffs and protestants. And there is mounting evidence that some utilities are adding improper charges to the fuel adjustment clauses.

For example, coal from Appalachian Power's captive mine has been marked up in price for FAC purposes. The West Virginia Public Service Commission found that the utility, a subsidiary of American Electric Power, obtained more than $2 million by this method during the first nine months of last year. In Connecticut an obsolescent efficiency factor in the fuel clause used by United Illuminating cost consumers an estimated $7 million annually.

Ohio Edison chose to buy high-priced spot market coal rather than enforce its contract with a supplier who had agreed to provide coal at a lesser cost. Transportation expenses were found included in Virginia Electric and Power's fuel adjustment clause. The Peoples Counsel of the Maryland Public Service Commission has charged that Potomac Electric and Power Company included 17 extraneous items, including executive salaries, in its fuel adjustment clause.

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[1] The Commissions in the following States did not provide information by March 1, 1975; Alabama, Arizona, Delaware, Hawaii, Kentucky, Louisiana, Minnesota, Missouri, North Dakota, Ohio, Oklahoma, Rhode Island, Texas and Vermont. Electric and gas rates are not subject to commission regulation in Texas, South Dakota and Nebraska and became subject to regulation only this year in Minnesota.

[2] Unless otherwise indicated, all 1974 rate increase figures are projected for the full year.

Until now only partial data regarding utility rate increases have been available. The data published by the Federal Power Commission and industry sources deal only with the one third attributable to general rate increases, and omit FAC increases, which are twice the size of the previously-publicized general rate increases. This is an unjustifiable omission.

The collection of data on energy companies by government agencies is an imperfect art. Statistics regarding gas utility profitability are especially difficult to obtain. The FPC has not yet published its 1973 statistics on electric utilities. The 1974 annual reports of electric utilities to the FPC have not yet been filed and it is not possible at this time to determine the rate of return for the industry for 1974. However, for the year ending in October 1974, at the net income of investor-owned electric utilities increased 6.4%. Their dividends declared on common stock increased 6.4%. Their dividends on preferred stock increased 20%. Twenty six major IOUs have announced increases in dividends since July 1974.

This lack of information must be viewed in light of the huge cost increases of 1974 and the President's proposal for further weakening of utility rate regulation.

The cost increase in 1974 represents a major new investment—paid for dearly by consumers—in the utilities industry. Yet there is too little accountability for this new investment.

It is unlikely that even the strongest supporter of the fuel adjustment clause ever envisioned such an enormous cost increase—$6.5 billion—in a single year. Although some states require previous public hearings before fuel cost increases can be added to utility bills, in most cases the cost pass-through is not subject to prior review.

The clause was developed to relieve the problem of "regulatory lag" caused by lengthy rate increase consideration. But its unforeseen effect on rates in 1974 poses a serious problem of huge rate increases for which there is little or no public accountability. As the public already knows, it is much harder to roll back prices than to stop their increase before it occurs.

The President in Title VII of S. 594, the Omnibus Energy Bill, has not faced this problem. Instead, he proposes broadening rate escalators. His proposal would:

Require the use of fuel adjustment clauses by all regulatory commissions, not just those which already have them;

Require state regulatory commissions to put rate increases into effect five months after they were requested;

Require federal and state regulators to include construction work in progress and pollution control equipment in the rate base.

Because regulatory commissions typically allow a certain percentage of return on a utilities' rate base, the effect of addition to the rate base, such as the President has proposed, is to decrease the rate of return, or to permit the utility to obtain additional revenue for the rate of return to remain in the same. The electric utilities' rate of return in 1972 and 1973 reached an all-time high. This is despite the fact that in 1970 and 1971 the FPC permitted R & D expenditures and land held for future use to be included in the rate base, thus permitting higher earnings at a constant rate of return. Earlier this year, the Congressional Research Service estimated that including construction work in progress in the rate base would cost utility customers some $5 billion a year.

The five-month deadline for regulatory commission action on rate increase requests would severely affect many States. Typically, small States and many large States have few resources available to thoroughly review rate increase requests. With only five months to act, customers often would have imposed on them cost increases that were not thoroughly reviewed and may be unjustified.

Overall, the President's proposal would add another 20 percent to utility customers costs, according to the National Association of Regulatory Utility Commissioners.

The President's proposal is simply not justified by the evidence we have today. In his haste to help utilities solve their financial problems—many of them unrelated to fuel costs—he proposes new and uncontrollable financial burdens on the American public.

Instead of embarking precipitately on a major abandonment of State regulation, we must know much more about the operation and effect of the fuel adjustment clause. Has it been abused widely? Has it or will it contribute to an adequate or too-generous rate of return? At this point, we do not know.

Clearly, the enormous rate increases of 1974 pose a major problem in public policy. They cannot be solved with precipitous solutions, such as the President proposes.

ACTUAL RATE INCREASES GRANTED DURING SURVEY PERIOD (10 OR 11 MONTHS) BY 37 STATE COMMISSIONS

[In thousands of dollars]

State	Electric	Gas	Total
Alaska	606	723	1,329
FAC increase	(566)	(0)	(566)
Arkansas		7,324	7,324
FAC increase	(NA)	(NA)	(NA)
California	450,531	290,042	740,573
FAC increase	(422,037)	(253,321)	(675,358)
Colorado	48,591	13,577	62,168
FAC increase	(15,574)	(0)	(15,574)
Connecticut	[3] 157,293	[3] 13,270	170,563
FAC increase	(147,670)	(9,850)	(157,520)
District of Columbia	36,975	2,178	39,153
FAC increase	(36,975)	(2,178)	(39,153)
Florida	424,350	−160	424,190
FAC increase	(384,985)	(0)	(384,985)
Georgia	113,137	1,825	114,962
FAC increase	(111,705)	(0)	(111,705)
Idaho	8,767	3,447	12,214
FAC increase	(1a)	(1a)	(footnote)
Illinois	356,329	186,673	543,002
FAC increase	(192,679)	(109,965)	(302,644)
Indiana	60,046	2,309	62,355
FAC increase	(45,203)	(0)	(45,203)
Iowa	9,572	(0)	9,572
FAC increase	(NA)	(NA)	(NA)
Kansas	16,037	913	16,950
FAC increase	(NA)	(0)	(NA-0)
Maine	16,818	512	17,330
FAC increase	(14,728)	(431)	(15,159)
Maryland	196,207	30,987	227,194
FAC increase	(180,157)	(20,040)	(290,197)
Massachusetts	62,830	12,359	75,189
FAC increase	(NA)	(NA)	(NA)
Michigan	198,956	98,988	297,944
FAC increase	(122,249)	(59,417)	(181,666)
Mississippi	56,652	0	56,652
FAC increase	(56,652)	(0)	(56,652)
Montana		0	0
FAC increase	(1a)	(1a)	(footnote)
Nebraska [4]			(footnote)
FAC increase	(1a)	(1a)	(footnote)
Nevada	[5] 12,115	[5] 15,284	27,399
FAC increase	(3a)	(4a)	(footnote)
New Hampshire	1,452	397	1,849
FAC increase	(NA)	(NA)	(NA)
New Jersey	736,206	160,486	896,692
FAC increase	(530,292)	(81,085)	(611,377)
New Mexico	4,069	380	4,449
FAC increase	(NA)	(NA)	(NA)
New York	1,263,219	188,040	1,451,259
FAC increase	(797,721)	(109,119)	(906,840)
North Carolina	149,840	0	149,840
FAC increase	(88,760)	(0)	(88,760)
Oregon	27,396	5,645	33,041
FAC increase	(4a)	(5a)	(footnote)
Pennsylvania	467,616	147,219	614,835
FAC increase	(314,996)	(106,082)	(421,078)
South Carolina	88,766	5,042	93,808
FAC increase	(49,993)	(0)	(49,993)
South Dakota [4]			(footnote)
FAC increase	(2a)	(3a)	(footnote)
Tennessee	4,738	650	5,388
FAC increase	(4,738)	(0)	(4,738)
Utah	19,001	23,233	42,234
FAC increase	(176)	(0)	(176)
Virginia	146,245	2,089	148,334
FAC increase	(NA)	(NA)	(NA)
Washington	30,049	39,687	69,736
FAC increase	(4a)	(5a)	(footnote)
West Virginia	65,174	9,249	74,423
FAC increase	(59,664)	(7,588)	(67,252)
Wisconsin	79,752	3,427	83,179
FAC increase	(30,699)	(1,366)	(32,065)
Wyoming	343	1,667	2,010
FAC increase	(4a)	(5a)	(footnote)
Total	5,309,678	1,267,462	6,577,140
FAC increase	(3,608,219)	(760,442)	(4,368,661)

NOTES

ELECTRIC

[1] Does not include those increases attributable to fuel adjustments, whether automatic or heard by the commissions.

[2] As of March 5, 1975 writing, but data generally run through October or November 1974.

[3] Excludes two companies which show only aggregate gas and electric figures.

[4] Electricity and gas not regulated in these states.

[5] These figures only include those companies supplying figures for both "amount requested" and "amount granted".

[1a] None.

[2a] Electricity and gas not regulated in these states.

[3a] None for residential customers.

[4a] No fuel adjustment clauses.

GAS

[1] to [5] are the same as [1] to [5] under electric.

[1a] None.

[2a] Union Electric Company omitted from total since did not provide breakdown of FAC revenue.

[3a] Electricity and gas are not regulated in these states.

[4a] None for residential customers.

[5a] No fuel adjustment clauses.

NA—Not available.

CALCULATIONS USED TO PROJECT 50-STATE FULL YEAR 1974 TOTALS

[In billions of dollars]

General rate increases	Electric	Gas	Total
Step 1: Actual 10 to 11-mo. period, 37 jurisdictions:			
Requested	$2.4	+ $0.7	= $3.1
Granted	1.7	+ .5	= 2.2
Pending	2.6	+ 1.0	= 3.6
Step 2: Extrapolated to 51 jurisdictions [1]:			
Requested	3.0	+ .9	= 3.9
Granted	2.1	+ .6	= 2.7
Pending	3.4	+ 1.2	= 4.6
Step 3: Extrapolated to 12-mo. period [2]:			
Requested	3.5	+ 1.0	= 4.5
Granted	2.4	+ .7	= 3.1
Pending	4.0	+ 1.4	= 5.4

[1] Assumes remaining 14 same as previous 37.
[2] Assumes 15 percent additions since some data were for 10 mo. and some for 11 mo.

TEXT OF ANALYSIS

(By Douglas N. Jones and Susan Dovell)

Fuel adjustment charges	Electric	Gas	Total
Step 4: Actual 10-to-11-mo. period, 37 jurisdictions	$3.6	+ $0.8	= $4.4
Step 5: Extrapolated to 51 jurisdictions [1]	4.6	+ 1.0	= 5.6
Step 6: Extrapolated to 12-mo. period [2]	5.3	+ 1.2	= 6.5
General rate increases step 3 total + FAC increases step 6 total = grand total electric and gas, 1974, nationally			9.6

[1] Assumes remaining 14 same as previous 37.
[2] Assumes 15 percent additions since more data were for 10 mo, and some for 11 mo.

If it is assumed that the ratio of amounts granted to amounts requested continues to be ⅔, then an additional $3.6 billion of pending general rate increases would be granted (⅔ of $5.4). This added to the $3.1 "already granted" would bring the general rate increase total based on 1974 data to $6.7. Adding this to the extrapolated fuel adjustment charge total increases ($6.5) results in a final figure from 1974 data at $13.2 billion. While not an annual rate (since the granting of some pending rate increases will take place in 1975), it is the likely aggregate outcome of requests originating in 1974. That sum ($13.2 billion) is of the order of magnitude of 1% of 1974 GNP, and can therefore be regarded as contributing an increment of almost one percentage point to the inflation rate. To the extent that the higher energy costs induce a reduction in energy use the inflationary influence would be lessened but the depressive economic impact would be intensified to the same degree. Source: Economics Division, CRS study data, "Fuel Adjustment Clause Actions in the Electric and Gas Utility Industries, 1973–1974: A State-by-State Statistical Analysis," by Douglas N. Jones and Susan Dovell, March 4, 1975.

FUEL ADJUSTMENT CLAUSE ACTIONS IN THE ELECTRIC AND GAS UTILITY INDUSTRIES, 1973–74

I. Introduction

Probably the three biggest public policy issues in the electric power field today are the financing of new capital investment, the efficacy of declining block rate pricing in utility company tariff schedules, and the operations of so-called Automatic Adjustment Clauses—most particularly the Fuel Adjustment Clause (FAC). This report deals with this last issue and is based largely on data gathered from a questionnaire sent to the fifty state regulatory bodies plus the District of Columbia.

Recall that definitionally an AAC is a provision in a utility company's rate schedule which allows a change in a particular cost item to be *automatically* (i.e., without commission hearings) reflected in the rates charged customers. By far the most common and now most burdensome AAC is that on fuel cost changes, though utility companies continue to propose other AAC's for changes in labor, taxes, interest, and other costs of doing business. Cases on the subject date back to World War I, but the introduction of AAC's into the public utility sectors was generally resisted until after World War II. Even after that time (and until quite recent years) FAC's were generally limited to industrial rate schedules and did not apply widely to residential consumers. That has now changed and nearly all states have AAC's and FAC's in one form or another with the blessing of the Federal Power Commission (though not the Federal Communications Commission in their jurisdiction). The main purpose of an AAC is to reduce so-called "regulatory lag" during periods when costs are rising rapidly: the main objection is that such arrangements may be incompatible with vigorous and effective rate regulations in the public interest.[1]

In November 1974, Chairman Muskie and Metcalf of the Subcommittee on Intergovernmental Relations and Subcommittee on Budgeting, Management and Expenditures (Subcommittee name changed to Reports, Accounting and Management at the beginning of the 94th Congress), respectively, of the Senate Government Operations Committee sent a joint letter to the State regulatory commissions (as mentioned) with an accompanying questionnaire. (A sample letter and questionnaire appear as Appendix A.) Covering roughly the period since the oil embargo the data sought were on four aspects of electric and gas utility customer rate increases: rate increases requested and granted; rate increases pending; increases attributable to the existence the fuel adjustment clauses; and commission oversight regarding the operation of FAC's. In addition some data on the rate of return for utilities within their jurisdiction and the relating of FAC revenue increases to kilowatt hour costs were requested. By March 1, 1975, responses were received from 37 commissions. These detailed data by state by utility company appear in Working Tables V–VII as Appendix B.

II. *Summary and interpretation of responses*

Compilation of the data in the seven tables contained in this report is, so far as is known not elsewhere to be found. Neither the Federal Power Commission nor anyone else has collected comprehensive economic data on the results of FAC workings 1973–1974[2] in the electric power industry, though the steep rise in customer monthly electric bills over this period was widely complained of. A 73% response to the questionnaire is, of course, a very respectable statistical return.

Table I presents electric utility general late increases requested, granted, and pending by state for the 37 responding jurisdictions. Here we find that during 1974 $2.352 billion in general rate increases (for those reporting) was requested of which $1.681 billion was granted. Pending at this writing is $2.647 billion more in increases. The corresponding figures for the gas utilities are presented in Table II—$672 million requested, $505 million granted, and $979 million pending.

Since there was no discernible pattern to states not responding (e.g., size, geographic location, economic activity), it seems fair to extrapolate from these figures to get orders of magnitude for general rate increases for the nation as a whole. This would bring the totals for the electric utility industry to $2.987 billion requested, $2.135 billion granted, and $3.362 billion pending. For gas utilities the national totals would be $854 million requested, $641 million granted, and $1.234 billion pending.

Table III displays electric utility rate increases (by states responding) attributable to the fuel adjustment clauses for 1973–1974. Note that total revenues for 1973 were $17.555 billion, and that FAC revenues made up $1.069 billion or 6.1% of that total.[3] For the 10–11 month period of 1974 FAC revenues had more than tripled to $3.628 billion. And this was in a year during which electric power consumption grew by less than one percent. Note too that the FAC revenue figure for 1974 is a billion dollars greater than the amount pending under *general* rate increases for that year ($3.6 billion *vs.* $2.6 billion) and two billion dollars greater than the amount granted for general rate increases ($3.6 billion *vs.* $1.6 billion).

SUMMARY TABLE I.—ELECTRIC UTILITY GENERAL RATE INCREASES[1] GRANTED AND PENDING SINCE DEC. 31, 1973,[2] BY STATES RESPONDING

[Dollars in thousands]

State	Amount requested	Amount granted	Amount pending
Alaska	$40	$40	$286
Arkansas	0	0	40,437
California	12,028	8,494	533,209
Colorado	37,672	33,017	1,749
Connecticut	[3] 11,599	[3] 9,623	74
District of Columbia	0	0	0
Florida	52,455	39,365	274,000
Georgia	4,183	1,432	85,868
Idaho	11,052	8,767	0
Illinois	228,667	163,650	286,727
Indiana	19,642	14,843	32,739
Iowa	7,517	9,572	35,284
Kansas	23,213	16,037	18,426
Maine	2,527	2,090	12,548
Maryland	43,149	16,050	70,602
Massachusetts	81,530	62,830	129,638
Michigan	95,071	76,707	165,207
Mississippi	20,738	0	0
Montana			1,403
Nebraska [4]			
Nevada	[5] 14,538	[5] 12,115	7,487
New Hampshire	1,642	1,452	19,076
New Jersey	433,039	205,914	280,471
New Mexico	9,744	4,069	3,908
New York	584,510	465,498	195,827
North Carolina	61,080	61,080	48,966
Oregon	29,428	27,396	14,330
Pennsylvania	203,783	152,620	246,997
South Carolina	40,461	38,773	84,162
South Dakota [4]			
Tennessee	0	0	0
Utah	25,643	18,825	5,127
Virginia	194,659	146,245	38,468
Washington	32,996	30,049	0
West Virginia	10,759	5,510	14,118
Wisconsin	58,241	49,053	NA
Wyoming	525	343	0
Total	2,352,131	1,681,459	2,647,134

[1] Does not include those increases attributable to fuel adjustments, whether automatic or heard by the commissions.
[2] As of Mar. 1, 1975, writing, but data generally run through October or November 1974.
[3] Excludes 2 companies which show only aggregate gas and electric figures (see working table V).
[4] Electricity and gas not regulated in these States.
[5] These figures only include those companies supplying figures for both amount requested and amount granted (see working table V).

NA—not available.

Source: Appendix B; tables V–VII.

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[1] For a fuller discussion of the history and theory of AAC's, their practice, and their regulatory consequences see Senator Lee Metcalf's entries into the *Congressional Record* of July 16, 1974, pp. S12505–S12511.

[2] For most of the responses the data included the 10-month period ending October 1974, with some including November actions.

[3] The range of FAC revenues as a percent of total revenues (Column 3) is from 0 to 19.3%.

SUMMARY TABLE II.—GAS UTILITY GENERAL RATE INCREASES[1] GRANTED AND PENDING SINCE DEC. 31, 1973,[2] BY STATES RESPONDING

[Dollars in thousands]

State	Amount requested	Amount granted	Amount pending
Alaska	$768	$723	0
Arkansas	13,013	7,324	$639
California	59,577	36,721	399,012
Colorado	14,628	13,577	1,245
Connecticut	[3]6,844	[3]3,420	0
District of Columbia			9,001
Florida	0	−160	4,355
Georgia	2,007	1,825	0
Idaho	4,805	3,447	0
Illinois	90,726	76,708	21,648
Indiana	2,864	2,309	34,640
Iowa	0	0	10,941
Kansas	1,041	913	2,320
Maine	81	81	0
Maryland	$11,990	$8,947	$5
Massachusetts	12,423	12,359	7,925
Michigan	50,400	39,571	0
Mississippi	2,986	0	0
Montana	0	0	0
Nebraska[4]			
Nevada	[5]17,658	[5]15,284	5,518
New Hampshire	652	397	1,118
New Jersey	150,216	79,401	77,517
New Mexico	380	380	0
New York	83,629	78,921	69,463
North Carolina	0	0	3,858
Oregon	5,645	5,645	0
Pennsylvania	48,177	41,137	3,375
South Carolina	5,441	5,042	0
South Dakota[4]			
Tennessee	824	650	0
Utah	27,331	23,233	0
Virginia	8,131	2,089	2,613
Washington	44,288	39,687	286,549
West Virginia	$1,867	$1,661	$37,051
Wisconsin	2,160	2,061	NA
Wyoming	1,736	1,667	176
Total	672,288	505,020	978,975

[1] Does not include those increases attributable to fuel adjustment clauses, whether automatic or heard by the commissions.

[2] As of Mar. 1, 1975, writing, but data generally run through October or November 1974.

[3] Excludes 2 companies which show only aggregate gas and electric figures (see working table V).

[4] Electricity and gas not regulated in these States.

[5] These figures only include those companies supplying figures for both amount requested and amount granted (see working table V).

NA—not available.

Source: Appendix B, tables V–VII.

SUMMARY TABLE III.—ELECTRIC UTILITY RATE INCREASES THROUGH THE OPERATION OF FUEL ADJUSTMENT CLAUSES, BY STATES RESPONDING, 1973–74

[Dollar figures in thousands]

State	Total revenue, 1973 (1)	FAC revenues, 1973 (2)	Col. 2 as percent of col. 1 (3)	FAC revenues, 1974 yr. to date (4)	Col. 4 as percent of col. 2 (5)
Alaska	$14,253	0	0	$566	
Arkansas		NA		NA	
California	2,190,769	$149,020	6.8	442,037	296.6
Colorado	380,630	5,187	1.4	15,574	300.3
Connecticut	507,500	47,598	9.4	147,670	310.2
District of Columbia	137,627	2,555	1.9	36,975	1447.2
Florida	1,202,652	64,809	5.4	384,985	594.0
Georgia	632,820	122,203	19.3	111,705	−8.6
Idaho		(1)		(1)	
Illinois	1,733,932	139,334	8.0	192,679	138.3
Indiana	707,504	15,019	2.1	45,203	301.0
Iowa		(NA)		NA	
Kansas	408,176	22,913		NA	
Maine	138,126	2,000	1.5	14,728	736.4
Maryland	645,203	32,934	5.0	180,157	547.0
Massachusetts		NA		NA	
Michigan	1,262,837	24,421	1.9	122,249	500.6
Mississippi	195,437	31,170		56,652	
Montana		(1)		(1)	
Nebraska[2]					
Nevada		(3)		(3)	
New Hampshire		NA		NA	
New Jersey	$1,197,442	$186,375	15.6	$530,292	284.5
New Mexico		NA		NA	
New York	2,873,723	86,042	3.0	797,721	927.1
North Carolina	738,949	0		88,760	
Oregon		(1)		(4)	
Pennsylvania	1,911,223	140,919	5.8	314,996	284.0
South Carolina	383,982	0		49,993	
South Dakota	(2)				
Tennessee	21,691	618	4.9	4,738	766.7
Utah	748	50	1.3	176	176.0
Virginia		NA		NA	
Washington		(4)		(4)	
West Virginia	269,615	17,809	6.6	59,664	335.0
Wisconsin	NA	8,012		30,699	383.2
Wyoming		(4)		(4)	
Total	17,554,839	1,068,948	6.1	3,628,219	339.4

NA—Not available.

[1] None.

[2] Electricity and gas not regulated in these States.

[3] None for residential customers.

[4] No fuel adjustment clauses.

Source: App. B, tables V–VII.

Within the overall totals the per cent change in FAC revenues for individual states 1974 over 1973 was often still more dramatic, e.g., over 1400% for the District of Columbia, 900% for New York, 750% for Maine and Tennessee, and over 500% for Florida, Maryland, and Michigan (Column 5, Table III).

Finally, if the FAC revenues for 1974 are proportionately larger for the 14 commissions that did not reply, the national total would be $4.608 billion. These are large numbers indeed: recall for comparison that the first-round effect of the new foreign oil prices for that period was a dollar outflow of perhaps $18 billion.

Table IV contains the same information for gas utility rate increases through fuel adjustment clauses. Total revenues reported were $5.813 billion for 1973 with FAC revenues comprising 8.7% of that total or $504 million. In 1974 FAC revenues jumped over 50% from 1973 to $762 million (Column 5). Here again the change for individual states varied a great deal with Connecticut showing a 5700% increase, the District of Columbia a 600% rise, and Michigan a 400% jump. Extrapolated proportionately to a total for the nation the new FAC revenue figure would be $961 million.

While not estimated here, it is worth pointing out that since only a 10-month period was covered in most returns from the questionnaire in the matter of FAC revenues for 1974 these totals for both the electric and gas utilities could be increased by, say, 20% in order to get a year long total (assuming that the remaining two months of 1974 would see the granting and operation of the same proportion of FAC generated revenues).

For ready reference to state-by-state data regarding the above discussion, summary tables of Working Tables V–VII have been provided in the appendix at the end of each table.

Substantial (though less complete) data from the questionnaire were gathered on the rates of return of electric and gas utilities throughout the country and the effect in cents per kilowatt hour and cents per therm of FAC actions. While difficult to summarize (the actual data are found in Appendix B, Tables V–VII), several points can be made.

The allowable rate of return for utilities *requesting* and *granted* rate increases in 1974 ranged from a few in the 5%-and-below level to a few in the 10%-and-above level with most in the 8-to-10% level of earnings. Where reported, the actual rate of return in 1974 was below the allowable rate more often than not (Table V).

SUMMARY TABLE IV.—GAS UTILITY RATE INCREASES THROUGH THE OPERATION OF FUEL ADJUSTMENT CLAUSES, BY STATES RESPONDING, 1973-74

[Dollar figures in thousands]

State	Total revenue, 1973 (1)	FAC revenues, 1973 (2)	Col. 2 as percent of col. 1 (3)	FAC revenues, 1974 yr. to date (4)	Col. 4 as percent of col. 2 (5)
Alaska		0			
Arkansas		NA		NA	
California	$1,368,298	$137,784	10.1	$253,321	183.9
Colorado		0		0	
Connecticut	118,336	172	.2	9,850	5,726.7
District of Columbia	40,431	362	.9	2,178	601.7
Florida		0		0	
Georgia		0		0	
Idaho		(1)		(1)	
Illinois	[2] 973,714	126,477	13.0	109,965	−13.1
Indiana		0		0	
Iowa		NA		NA	
Kansas		0		0	
Maine	4,568	237	5.2	431	181.9
Maryland	207,413	7,211	3.5	22,040	305.6
Massachusetts		NA		NA	
Michigan	776,223	13,932	1.8	59,417	426.5
Mississippi		0		0	
Montana		(1)		(1)	
Nebraska [3]					
Nevada		(4)		(4)	
New Hampshire		NA		NA	
New Jersey	$448,245	$58,729	13.1	$81,085	138.1
New Mexico		NA		NA	
New York	1,049,229	75,509	7.2	109,119	144.5
North Carolina		0		0	
Oregon		(5)		(5)	
Pennsylvania	686,439	65,255	9.5	106,082	162.6
South Carolina		0		0	
South Dakota [3]					
Tennessee		0		0	
Utah		0		0	
Virginia		NA		NA	
Washington		(5)		(5)	
West Virginia	139,931	0	0	7,588	
Wisconsin		18,186		1,366	−92.5
Wyoming		(5)		(5)	
Total	5,812,827	503,854	8.7	762,442	151.3

NA—Not available.

[1] None.

[2] Union Electric Co. omitted from total since did not provide breakdown of FAC revenue.

[3] Electricity and gas are not regulated in these States.

[4] None for residential customers.

[5] No fuel adjustment clauses.

Source: App. B, tables V–VII.

With respect to those companies with rate increases *pending* before state utility commissions the picture is somewhat different (Table VI). The requested rate of return is, of course, almost invariably higher than the allowed rate of return with the difference often as much as two percentage points higher and in at least one case 4½ percentage points higher. Nor should these numbers be thought to be of little significance when it is recalled that a change from an 8% rate of return to a 10% rate of return is a 25% increase of earnings.

Not surprisingly when FAC revenue data are translated into kilowatt hour and therm costs for 1973 and 1974 the results show a similar pattern to that discussed. This is to say that frequent examples abound of an FAC making up a half to a full cent/kilowatt hour on electric operating revenues of, say 3.5 cents/kilowatt hour sold. Further the change between 1973 and October 1974 as to the unit cost of electric and gas utility operations attributable to FAC's is dramatic (Table VII). Data for utility companies in New York, Pennsylvania, Connecticut, Maryland, Michigan, and West Virginia are cases in point. Five and ten-fold increases have been common in this comparison with most at least doubling or tripling.

Whether or not 1975 sees a continuation of these changes remains to be seen.

III. Some qualifications to FAC's

The temptation is to lump all fuel adjustment clauses together when discussing generally their consequences to consumers and the regulatory process. This, however, would be to miss certain distinctions that may alter those consequences state to state.

A few commissions say they allow no FAC's in the tariffs of regulated utilities—Minnesota, Oregon, Washington, Montana, Idaho. Still others don't regulate at all—Nebraska, and South Dakota. A number of states—California, Florida, New Jersey, Wyoming—say they do have fuel adjustment clauses, but they are not automatic and hearings must be held.

Even in those states where FAC's are automatic, differences in their operation are to be found. Many have monthly commission reviews, some reviewing electric utilities only and some electric and gas utilities. Some have no automatic FAC on gas; only on electric. Some allow tracking increases in the case of gas utilities buying from distributors; some give only REA electrics an automatic purchased power cost adjustment. One state (Connecticut) requires that hearings be held when the charges under FAC's reach 20% of total monthly charges billed. As noted earlier, most FAC's are of recent origins, but some date from before 1920, a few from the 1940's, more from the 1950's, and most since 1970.

All this is merely to say that while the existence of FAC's in utility company tariffs has become extremely widespread, they should not be thought of as universal or uniform.

IV. Postscript

The immediate occasion for the renewed debate over automatic adjustment charges is amply illustrated by this study—the frequency of appearance of automatic fuel adjustment clauses in utility rate schedules and the force of their impact on the rate paying public. It is doubtful whether the strongest supporter of FAC's ever contemplated that some $4.5 billion in electric power rates and another billion dollars in gas utility rates would be passed through to consumers in a single year's operation. How much of this total would have been approved had full and formal state regulatory commission hearings been held will always remain an open question. But the difference between that phantom figure and the known numbers that resulted from this study is one measure of the cost to the public of the functioning of automatic adjustment clauses outside normal commission proceedings.

APPENDIX A

NOVEMBER 19, 1974.

Mr. ARCHIE SMITH,
Chairman, Rhode Island Public Utilities Commission,
Providence, R.I.

DEAR MR. SMITH: With last winter's energy crisis and our continuing national concern with the cost and supply of energy, the activities of State Regulatory Commissions have become more critical and increasingly subject to public scrutiny. In every State, the regulatory Commission have had to make the difficult decisions that maintain the careful balance between the needs of the utilities and the interest of consumers.

The Subcommittee on Intergovernmental Relations is vitally interested in the role of State Regulatory Commissions and has, in past years, collected and maintained information useful to the Subcommittee in fulfilling its responsibility to study State governments and consider legislation which affects their activities.

So that we might continue to utilize this important information and further understand the role and activities of the State Commission which you head, we would appreciate it very much if you would complete the enclosed questionnaire as it applies to energy utilities.

It would be most helpful if you could return the completed questionnaire to the subcommittee by the close of business on December 1, 1974. If you have any questions or difficulties regarding the questionnaire, please call David Johnson, Counsel to the Subcommittee on Intergovernmental Relations at 202/224-4718.

Thank you very much for your assistance in this important matter.

With best wishes,

Sincerely,

EDMUND S. MUSKIE,
Chairman, Subcommittee on Intergovernmental Relations.

LEE METCALF,
Chairman, Subcommittee on Budgeting, Management and Expenditures.

QUESTIONNAIRE

TABLE OF ENERGY UTILITY RATE INCREASES, 1974

I. RATE INCREASES GRANTED BY (TYPE IN STATE REGULATORY BODY NAME) SINCE DEC. 31, 1973

Utility	Type (electric or gas)	Amount requested	Amount granted (in dollars and percent)	Allowed rate of return (1974)	Actual rate of return (1974)	Date of disposition

II. RATE INCREASES PENDING BEFORE YOUR COMMISSION

Utility	Type (electric or gas)	Amount requested (in dollars and percent)	Allowed rate of return (1974)	Requested rate of return (if different)	Date filed

III. RATE INCREASES THROUGH OPERATION OF AUTOMATIC FUEL ADJUSTMENT CLAUSES

Utility	Type (electric or gas)	Total revenue (1973)	Revenue from FAC 1974 yr to date	1973 revenues from FAC	Average 1973 FAC in cents/kWh	Effective date of FAC	October 1974 FAC revenues in cents/kWh

IV. PLEASE ENCLOSE FUEL ADJUSTMENT CLAUSES CURRENTLY USED BY EACH UTILITY SUBJECT TO YOUR REGULATION ALONG WITH COMMENTS REGARDING COMMISSION ACTIONS TO MAINTAIN FAC ACCURACY

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

AGRICULTURAL PRICE SUPPORT

Mr. MANSFIELD. Mr. President, just as a procedural matter, since we have no business pending before the Senate, I ask unanimous consent that Calendar No. 51 (H.R. 4296) be laid before the Senate and made the pending business. Nothing will be done on this bill until Wednesday, as originally agreed to.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Agriculture and Forestry with an amendment, to strike out all after the enacting clause and insert the following:

That title I of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof the following new section 108:

"SEC. 108. Notwithstanding any other provision of law—

"(a) (1) The established price for the 1975 crops of upland cotton, corn, and wheat shall be 48 cents per pound, $2.25 per bushel, and $3.10 per bushel, respectively.

"(2) For the 1976 crops of upland cotton, corn, and wheat, the established prices prescribed in paragraph (1) of this subsection shall be applicable as adjusted to reflect any change during the calendar year 1975 in the index of prices paid by farmers for production items, interest, taxes, and wage rates (excluding feed and feeder livestock): *Provided*, That any increase that would otherwise be made in the established prices to reflect a change in the index of prices paid by farmers shall be adjusted to reflect any change in (i) the national average yield per acre for each of the respective crops of wheat, corn, and upland cotton, for the three calendar years preceding the year for which the determination is made, over (ii) the national average yield per acre for each of the respective crops of wheat, corn, and upland cotton for the three calendar years preceding the year previous to the one for which the determination was made.

"(3) For the 1977 crops of upland cotton, corn, and wheat, the established prices computed pursuant to the provisions of paragraph (2) of this subsection shall be applicable as adjusted to reflect any change during the calendar year 1976 in the index of prices paid by farmers for production items, interest, taxes, and wage rates (excluding feed and feeder livestock): *Provided*, That any increase that would otherwise be made in the established prices to reflect a change in the index of prices paid by farmers shall be adjusted to reflect any change in (i) the national average yield per acre for each of the respective crops of wheat, corn, and upland cotton, for the three calendar years preceding the year for which the determination is made, over (ii) the national average yield per acre for each of the respective crops of wheat, corn, and upland cotton for the three calendar years preceding the year previous to the one for which the determination is made.

"(4) The payment rate for grain sorghums and, if designated by the Secretary, barley, for the 1975 through 1977 crops shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(b) (1) The Secretary shall make available to producers loans and purchases on the 1975 crops of upland cotton, corn, and wheat at 40 cents per pound, $1.87 per bushel, and $2.50 per bushel, respectively.

"(2) For the 1976 and 1977 crops of upland cotton, corn, and wheat, the loan levels prescribed in paragraph (1) of this subsection shall be applicable as adjusted so as to maintain the same percentage relationship to the established prices for the 1976 and 1977 crops of upland cotton, corn, and wheat as the 1975 loan rates are to the 1975 established prices.

"(c) The rate of interest on commodity loans made by the Commodity Credit Corporation to all eligible producers for the 1975 through 1977 crops shall be established quarterly on the basis of the lowest current interest rate on ordinary obligations of the United States.

"(d) The nonrecourse loan for the 1975 through 1977 crops of upland cotton as set forth in section 103(e) (1) of this Act shall be made available for an additional term of eight months, at the option of the cooperator. Nonrecourse loans for the 1975 through 1977 crops of wheat, corn, and soybeans shall be made available for a term not less than twenty months from the first day of the month in which the loans are made.

"(e) The Secretary shall make available to producers loans and purchases on the 1975 through 1977 crops of soybeans at such levels as reflect the historical average relationship of soybean support levels to corn support levels during the three years immediately preceding the year for which the support level for soybeans is established.

"(f) With respect to the 1975 through 1977 crops, the Commodity Credit Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, or upland cotton at less than 115 per centum of the established prices for such crops, plus reasonable carrying charges, and the Corporation shall not sell any of its stocks of soybeans at less than a price determined by multiplying the soybean loan rate by a percentage obtained by dividing 115 per centum of the corn established price by the corn loan rate.

"(g) For the 1976 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the level of support shall be 70 per centum of the parity price.".

SEC. 2. Section 201 of the Agricultural Act of 1949, as amended, is further amended by adding the following new subsection:

"(d) Notwithstanding the foregoing provisions of this section, effective for the period beginning with the date of enactment of this subsection and ending on March 31, 1976, the support price of milk shall be established at no less than 85 per centum of the parity price therefor, on the date of enactment, and the support price shall be adjusted thereafter by the Secretary at the beginning of each quarter, beginning with the second quarter of the calendar year 1975, to reflect any estimated change during the immediately preceding quarter in the index of prices paid by farmers for production items, interest, taxes, and wage rates. Such support prices shall be announced by the Secretary not later than thirty days prior to the beginning of each quarter.".

RECESS UNTIL 1:45 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until 1:45 p.m. today.

There being no objection, the Senate, at 12:44 p.m., recessed until 1:45 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. FORD).

The PRESIDING OFFICER. The Chair suggests the absence of a quorum.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I am about to propose a unanimous-consent request to the effect that the Senate stand in recess until the hour of 3 o'clock.

For the information of the Senate, it is anticipated, at least hoped, that at that time the conference report on the aid bill, which is now being considered in the House, will be available for the consideration of the Senate.

So with that prior notice and, hopefully, that the attachés will notify Members on both sides to that effect, I would——

Mr. GRIFFIN. The only thing I would add to that is, of course, the Senate is also awaiting, but without expecting that a report will be available today, on the outcome of the conference on the tax legislation.

I might say that the Senate Rules Committee is working long hours these days counting the ballots from New Hampshire. We were in session Saturday, we will be in session all day today, and probably into the evening, Monday, Tuesday, and Wednesday.

So there is a good deal of activity and business going on even though it does not appear to be taking place in the Chamber.

Mr. MANSFIELD. That is correct, and it is an onerous job, but a job which has to be done, and which I understand requires all members of the Rules Committee to be in attendance during the course of the proceedings.

Mr. GRIFFIN. That is right.

Mr. STENNIS. Mr. President.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. As I understand it, we do not have the appropriation bill before us, but I would like to use about 5 minutes on another matter.

Mr. MANSFIELD. Fine. Go right ahead.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

AGRICULTURAL PRICE SUPPORT

The Senate continued with the consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

Mr. STENNIS. Mr. President, I have a very strong concern about the need for the prompt passage of the farm bill, which is scheduled for debate here on Wednesday next.

The planting season is almost upon us and it is absolutely essential that farmers know exactly where they will stand with respect to target prices and loan levels.

They have to have the facts at hand in order to make their decisions as to how much to plant and, in many cases, what crop to plant. Also, they must have lead time in order to obtain seed, and the fertilizers and chemicals that they will not only need but will have to have.

The House of Representatives completed its action on the farm bill 4 days ago and the Senate Agriculture Committee acted with commendable promptness, reporting its bill the following day. They already had held quite extensive hearings, indeed.

The Senate is to consider the bill on Wednesday, 2 days from now.

There are differences between the two bills, of course, but they appear to be reconcilable in conference without extreme difficulty.

I feel certain that the Congress will respond to the urgent need for passage of this legislation. I am encouraged by the response I have been getting from my colleagues, and the general recognition of the urgency of the situation.

The situation is indeed urgent. Modern farming requires the investment of very large amounts of money at the beginning of the crop year. The only way the farmer can do this is to borrow, using his coming crop as security.

To do this with the mounting uncertainty in prices from year to year, as has been true in the last several years, the loan levels obviously must be known.

Last year was a bad one for farmers, which for many leaves them with reduced credit available for this year. Their need for knowledge as to where they will stand on loan levels and target prices is thus compounded.

Mr. President, I was impressed very much last fall when at home in my State to see the actual bills that were brought in to me at my request by so-called small size farmers, medium size, as well as the larger farmers—bills for fertilizer, for instance, for the year 1974 as compared to 1973.

It is the same thing with reference to chemicals that play such a large part now in the growing of many crops, especially cotton.

Also, the comparable prices for 1 year or 2 years preceding, the cost of many different forms of what has become high-priced but, at the same time, essential machinery.

Even though I live in cotton country, I was shocked to learn that the price of a cotton picker, not one of the larger ones, has climbed so rapidly from year to year that, by last fall, the price for a new one was over $30,000.

These facts, Mr. President, give a glimpse, but only a glimpse, that there has to be some kind of target price and loan levels, and it must be known by the borrower as well as the lender, the banker. They must be known before real plans can be made for that crop.

Mr. President, the American farmer should be able to expect that his problems are understood, and that the legislation governing farm programs is adequate to meet the situation.

This bill does not carry great subsidies, nor anything of that kind. It largely plants a floor under the price so that there can be, and will be, an assurance that the market will not be allowed to have its bottom knocked out, or assurance that the bottom will not fall out.

A farmer must have access to substantial amounts of credit at reasonable interest at the beginning of all crop years. I emphasize this because it is not generally understood, this demand that has become so extensive. But like any other businessman, and a man has to be a rather good businessman now to be a farmer, he should be able to expect and have a chance, at least, to get a fair return on his investment. But more than anything else, he needs to be able to plan ahead. The new farm bill is essential so that he can do just this.

I am encouraged by the progress in Congress toward finalizing this legislation. There has been some comment about the possibility of a veto. After the facts are fully debated and more fully understood, and the position of this bill in the economy of the entire Nation, not just for the farmer himself but our entire economy, especially as to the growing of food—even our own food—I believe it will necessarily be signed by the President.

The world is in a food crisis. We see that in the headlines. But we in America also could find ourselves in a food crisis.

These levels of food production in the United States are the key to assure that we will not have a crisis in our immediate country, there would be that much less of a crisis elsewhere.

Mr. President, I look forward to the debate on this bill next Wednesday. I especially appreciate the membership being willing to waive some matters that they had in mind in order that this bill could be called up. After the urgency was explained to them they understood the need for the bill's passage now to amend. They were willing to waive and did waive the points that they had in mind, and agreed to bring it up.

I especially thank the leader, the Senator from Montana, as well as those who helped him, for putting this bill out on an emergency basis and seeing that it is brought up.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

RECESS UNTIL 3 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 3 o'clock.

There being no objection, the Senate, at 1:57 p.m. recessed until 3 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. MANSFIELD).

QUORUM CALL

Mr. INOUYE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INOUYE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE AND RELATED PROGRAMS, 1975—CONFERENCE REPORT

Mr. INOUYE. Mr. President, I submit a report of the committee of conference on H.R. 4592, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. MANSFIELD). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of March 21, 1975, at p. 7922.)

Mr. INOUYE. Mr. President, I submit the conference report on H.R. 4592, an act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and ask for its immediate consideration. The conference report (H. Rept. 94-108) is before the Senate.

The Senate conferees are pleased to report:

An increase in food and nutrition to $300 million which is $66 million above the House allowance of $234 million but well below the Senate-passed figure of $450 million.

An increase above the House of $10 million to $125 million for population and health.

For international organizations and programs, an increase above the House of $10 million and an increase of $2 million above the House for UNICEF. The House language barring back-year funding is retained.

The amount for American schools and hospitals was increased from $10 million to $17.5 million.

The contingency fund was held to $1.8 million recommended in the Senate bill and no reappropriation of unobligated balances. This, I hope, will be the end of this much-abused account.

The earmarking for the Partners of the Alliance was doubled from the House allowance to $500,000—the budget allowance.

We were able to sustain the Senate figure of $17.5 million for international narcotics control.

The Senate increase of $5 million for famine or disaster relief with an increase of $5 million for Cyprus was maintained as was the increase of $5 million for Portugal.

We also prevailed in earmarking $77.5 million of security supporting assistance for Jordan.

For military assistance, a compromise of $475 million was reached as compared to the House figure of $490 million and the Senate figure of $450 million. Also included was the Senate language reducing general and flag officers attached to MAAG missions around the world from 31 to 20.

The Senate allowance of $10 million for the Inter-American Foundation was maintained.

The very comprehensive Senate language requiring 15-day notification of reprograming was maintained; however, it was felt that the legislative committees should develop their own notification requirements and do so in a legislative bill.

The House insisted, as a matter of personal privilege, to its reduced allowance of $77 million for the Peace Corps.

The Senate figure for migration and refugee assistance was retained as was our provision for Palestinian refugees. The amount for Soviet refugees was increased to $40 million.

The Senate position on the international financial institutions fared very well. We maintained the $24 million for paid-in capital in the Asian Development Bank and the $75 million of our allowance for the Inter-American Development Bank. Included in the latter is the Senate Direction that $50 million of the total $225 million allowance be directed to grass roots through co-ops, credit unions and savings and loans.

Mr. President, I wish we had been able to obtain larger increases—especially for food and nutrition and population. However, the position of the House conferees was adamant, and their strongly held view that such large increases above the continuing resolution should not be made so late in the fiscal year was difficult to overcome.

I feel that we have a well ordered bill with proper safeguards to insure responsiveness to congressional concerns and one that can be justified to the American people, even in the difficult economic climate prevailing here at home.

Mr. HATFIELD. Mr. President, I have refused to sign the conference committee report on the Foreign Assistance Appropriation Act, and I will vote against its passage by the Senate. Well over half of the money appropriated under this act will be used for purely military and political purposes. Economic and humanitarian relief aimed at alleviating the suffering of those hundreds of millions who face starvation throughout the world has been dramatically cut from the amount recommended by the Senate. Funds for the military assistance program have simultaneously been increased above the levels established by the Senate.

Mr. President, the recommendations of the conferees serve only to indicate that the fundamental direction of these programs must be altered, and altered drastically. Our assistance abroad must begin to reflect America's concern for the sick, the wounded, and the starving. The bill we are considering today stresses, to an unacceptable degree, political and military considerations at the expense of humanitarian programs. I will therefore vote against its final passage, with the hope that new, more positive directions can be taken in our foreign aid program in the years ahead.

Mr. MANSFIELD. Mr. President, I also want to be recorded against the conference report.

Mr. INOUYE. Mr. President, I move that the conference report be agreed to.

The PRESIDING OFFICER (Mr. LAXALT). The question is on agreeing to the motion of the Senator from Hawaii.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will state the first amendment in disagreement.

Mr. INOUYE. Mr. President, I ask unanimous consent that the Senate agree to the amendments of the House to the amendments of the Senate numbered 3, 6, 9, 32, and 36, en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments of the House to the Senate amendments agreed to en bloc are as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment as follows: Restore the matter stricken by said amendment, amended to read as follows: ": *Provided further*, That not more than $110,000,000 appropriated or made available under this Act shall be used for the purposes of section 291 during the current fiscal year".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 6 to the aforesaid bill, and concur therein with an amendment, as follows:

Restore the matter stricken by said amendment, amended to read as follows: ", of which not more than $500,000 shall be available for the National Association of the Partners of the Alliance, Inc."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 9 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: "$125,000,000, of which not more than $17,000,000 shall be available for the United Nations Children's Fund: Provided, That none of the funds appropriated or made available pursuant to this Act shall be used to supplement the funds provided to the United Nations Development Program in fiscal year 1974."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 32 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert: ": *Provided*, That of this amount $44,500,000 shall be available only for the direct support of volunteers".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 36 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert: "For payment by the Secretary of the Treasury of the United States to be contributed to the Asian Development Bank $74,126,982, to remain available until expended, of which $50,000,000 will be contributed to the Special Funds Resources of the Bank as authorized by the Act of March 10, 1972, as amended (Public Law 92–245), and of which $24,126,982 will be paid for an increase in the United States subscription to the paid-in capital of the Ordinary Capital of the Bank, as authorized by the Act of December 22, 1974 (Public Law 93–537)."

STOP & SHOP CO'S., INC., ENDORSE AGENCY FOR CONSUMER ADVOCACY

Mr. JAVITS. Mr. President, over the years, there has been considerable opposition from various segments of American industry toward legislation to establish an Agency for Consumer Advocacy. It has been suggested in the past that this is probably the most lobbied-against bill by business interests in recent years.

This year, we have the legislation before us again in the form of S. 200, principally sponsored by Senator Ribicoff, Senator Percy, Senator Magnuson, Senator Moss, Senator Cranston, and myself, and cosponsored by another 38 Senators. It is a bill which will shortly be on the floor of the Senate, having been favorably reported by an 11-to-1 vote of the Committee on Government Operations.

Over the past several years, a number of businesses, formerly opposed to the creation of an Agency for Consumer Advocacy, have now begun the proces of rethinking their prior opposition. S. 200 is a delicately balanced bill which has been refined in such a way as to assure that responsible businesses will not be unduly harassed and that the processes of other agencies of Government will not be unduly delayed or upset. The passage of the measure will assure that, once and for all, American consumers can expect to have their voices heard and considered in Government decisions concerning such vital issues as recession, inflation, health, safety, and all too common economic frauds.

As an indication of what appears to be an increasing level of support from within the business community with respect to S. 200, I am delighted to share with my colleagues a statement of endorsement for the measure and for what it proposes to do from Mr. Avram J. Goldberg, president of the Stop & Shop Companies, Inc. I note that the Stop & Shop Cos., Inc., operate 157 supermarkets, 67 Bradlees Department Stores, 27 Medi-Mart Drug Stores, and 39 Perkins Tobacco Shops throughout New England, New York, and New Jersey. The company employs 23,000 people and in 1974 had retail sales of more than $1.2 billion.

Prior to S. 200 being considered on the Senate floor, I fully anticipate that numerous other responsible businesses and outstanding leaders within the business community will join Marcor, Zenith, Polaroid, Stop & Shop, and other supporters of this proposal, in endorsing an Agency for Consumer Advocacy.

Mr. President, I ask unanimous consent to include the full text of the statement of Stop & Shop President Avram Goldberg in the Record at this point:

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Avram J. Goldberg, President of the Stop and Shop Companies, Inc.

"The Stop and Shop Companies, Inc. endorses Senate 200, a bill to establish an Agency for Consumer Advocacy, and urges its passage in this session of Congress.

This legislation will make possible planned and regular consumer involvement in the governmental decision-making process. For nearly a decade, consumer advocates have sought departmental recognizition of that right. Stop and Shop now adds our voice to those seeking such recognition.

Stop and Shop has always firmly believed in a philosophy of consumer input in our daily business lives. We believe it only right that the Federal government receive that same input. Every day we make decisions which affects the consumer, such as open dating, toy safety, The Universal Product Code. Therefore, we formally involve the consumer in our decision-making through inter-action and dialogue with our customers—all the way from our individual store managers to our senior executives. Right now we have 46 consumer boards in 7 states—with almost 1,000 members who meet regularly with us. They provide that essential consumer input, and frequently have influence changes in major companies' policies and procedures. In addition, our company has a strong and growing department of consumer affairs, professionals headed by Ms. Karen Hayes, who interact on a constant basis with company executives at all levels.

Our experience over the last 8 years, particularly with our consumer board program, has proven to us that the same philosophy, systematically organized and recognized at the Federal level, should have the same beneficial impacts on governmental decisions and decision-makers—as it has had on us. S. 200 provides the means by which consumer advocates will be heard, along wtih the representatives of business, the professions, unions and the other groups which make up our society, as Federal agencies perform the tasks entrusted to them. Finally, we are pleased that the present bill has built into it reasonable safeguards adequate to allay the understandable concerns of the American business community."

(The Stop and Shop Companies, Inc. operates 157 stop and shop supermarkets, 67 Bradlees Department Stores, 27 Medi-Mart Drug Stores and 39 Perkins Tobacco Shops in New England, New York and New Jersey. The company employs 23,000 people and in 1974 had retail sales of more than $1.2 billion.)

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9 A.M. ON WEDNESDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 9 o'clock Wednesday morning next.

There being no objection, at 3:23 p.m., the Senate recessed until Wednesday, March 26, 1975, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate March 24, 1975 (legislative day of March 12):

Marine Corps

The following-named officers of the U.S. Marine Corps Reserve for temporary appointment to the grade of brigadier general:

Jack M. Frisbie
Dorsey J. Bartlett

HOUSE OF REPRESENTATIVES—*Monday, March 24, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

My voice shalt Thou hear in the morning, O Lord; in the morning will I direct my prayer unto Thee and will look up.—Psalms 5: 3.

Almighty God, whose mercy is everlasting and whose truth endureth forever, we come to Thee with hearts warm with the desire to serve Thee, our country, and our fellow man.

In the quiet of this moment, help us to hear Thy still, small voice in response to which our attitudes are changed from fear to faith, from caution to courage, and from low prejudices to high principles. Together may we abide in the confidence of Thy sustaining strength and Thy supporting spirit.

Bless our country with Thy favor and guide the Members of this body that they may lead our people out of the darkness and the discouragement of the present hour to the light and the life of a better day when work is found and our citizens can find fulfillment in a new spirit in this free land.

In the spirit of Him who is the Truth we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2783. An act to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 26. Concurrent resolution authorizing the printing of a committee print of the Committee on Foreign Relations entitled "China: A Quarter Century After the Founding of the People's Republic."

WORSENING SITUATION IN SOUTH VIETNAM

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, there is nothing but bad news coming out of South Vietnam, and it could even get worse. I am afraid because of the hasty withdrawal of the ARVN forces, some valuable military equipment could have fallen into the hands of the enemy which, in turn, could be used against the South Vietnamese.

Mr. Speaker, I have never understood how the North Vietnamese can motivate a 15-year-old soldier. When he marches South, there is a good chance he will never return again.

Mr. Speaker, the South Vietnamese have air superiority, better training, better equipment, a larger military force, and familiar ground.

If the South Vietnamese expect to get more military aid from the United States, they are going to have to make a fight out of it. It is up to South Vietnamese to show that motivation.

PERMISSION FOR SUBCOMMITTEE ON ENERGY AND THE ENVIRONMENT TO SIT TODAY DURING GENERAL DEBATE

Mr. HALEY. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy and the Environment of the Committee on Interior and Insular Affairs be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION FOR COMMITTEE ON ARMED SERVICES AND ITS SUBCOMMITTEES TO SIT TODAY DURING 5-MINUTE RULE

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services and its subcommittees be permitted to proceed this afternoon with their hearings on H.R. 3689, the fiscal year 1976 Department of Defense authorization request, and H.R. 49, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE ELUSIVE QUEST FOR PEACE IN THE MIDDLE EAST

(Mr. SOLARZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOLARZ. Mr. Speaker, the failure of Secretary of State Kissinger's mission to produce progress in the negotiations between Israel and Egypt is an occasion for sadness rather than rejoicing. It will clearly increase the possibilities of another outbreak of war in that troubled area of the world. And it will also produce, I suspect, a reconsideration of our own policy in the Middle East.

I think it is important to say, therefore, that the breakdown in the negotiations seems to be far more the result of Egyptian stubbornness than Israeli intransigence.

Reports emanating from the Middle East make it clear that while Israel was willing to withdraw from both the Mitla and Gidi Passes, as well as the oil fields at Abu Rudeis, the Egyptians were unwilling to offer them any meaningful political concessions in exchange.

In view of the strategic importance of the passes, which literally control the approach to the heartland of the Sinai itself, and the economic significance of the oil fields, which provide the Jewish State with almost half of its petroleum needs, Israel could hardly be expected to withdraw from territories which are essential to its own security, in the absence of any tangible manifestations of the Egyptian desire for peace.

It should be obvious to one and all concerned that any additional territorial withdrawals by Israel will necessarily require further political concessions by Egypt.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 3260, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a conference report on the bill (H.R. 3260) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4075, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a conference report on the bill (H.R. 4075) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

APPOINTMENT AS MEMBERS OF SPECIAL COMMISSION ON MODERNIZATION OF HOUSE GALLERY FACILITIES

The SPEAKER. Pursuant to the provisions of section 499(a), title 4, Public Law 91-510, the Chair appoints as members of the Special Commission on Modernization of House Gallery Facilities the following Members of the House: Mr. WAGGONNER, of Louisiana, chairman; Mr. DANIELSON, of California; Mr. MINISH, of New Jersey; Mr. QUILLEN, of Tennessee; and Mr. DICKINSON, of Alabama.

CALL OF THE HOUSE

Mr. MONTGOMERY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PEPPER. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 85]

Abzug
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Ashbrook
Aspin
Badillo
Beard, R.I.
Bell
Bergland
Boggs
Boland
Brooks
Burke, Calif.
Burton, John
Cederberg
Chappell
Chisholm
Clausen, Don H.
Conyers
Coughlin
de la Garza
Dellums
Dent
Diggs
Downing
Erlenborn
Evins, Tenn.
Flowers
Foley
Frey
Giaimo
Hawkins
Hays, Ohio
Hébert
Heinz
Hightower
Ichord
Jones, Tenn.
Keys
Lehman
Long, La.
McCloskey
Michel
Mills
Mink
Mitchell, Md.
Mosher
Nowak
Peyser
Railsback
Risenhoover
Runnels
Ruppe
Satterfield
Scheuer
Seiberling
Shipley
Shuster
Skubitz
Spence
Stark
Stephens
Stratton
Stuckey
Taylor, N.C.
Teague
Udall
Vander Jagt
Waxman
Wiggins
Young, Ga.

The SPEAKER. On this rollcall 360 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

PROVIDING FOR CONSIDERATION OF CONFERENCE REPORT ON H.R. 4592, FOREIGN ASSISTANCE APPROPRIATIONS FOR FISCAL YEAR 1975

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 355 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 355

Resolved, That immediately upon the adoption of this resolution, notwithstanding the three-day layover requirement of clause 2, rule XXVIII, it shall be in order to consider the conference report on the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from California (Mr. Del Clawson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 355 provides for a rule making in order consideration of the conference report on the bill H.R. 4592, the Foreign Assistance Appropriation bill.

House Resolution 355 waives points of order against the 3-day layover requirement of clause 2, rule XXVIII of the Rules of the House. The reason for the waiver is to help expedite the business of the House in order that we may adjourn for the Easter week.

H.R. 4592 provides for a foreign assistance appropriation for fiscal year 1975 of $3,674,346,982, which is $175,926,982 more than the House bill, $271,750,000 less than the Senate bill, $2,156,362,018 less than the fiscal year 1974 appropriation and $2,272,113,927 less than the budget requests for fiscal year 1975.

H.R. 4592 includes funds for economic assistance in the total of $854,800,000, funds for military assistance in the total of $475,000,000, and funds for foreign military credit sales in the amount of $300,000,000. The budget request of $222,000,000 for Cambodia for military assistance is not included in the conference report.

Mr. Speaker, I urge the adoption of House Resolution 355 in order that we may discuss and debate H.R. 4592—the conference report on the foreign assistance appropriation bill.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I am opposed to this conference report and the rule which makes it in order.

It seems improper to say the least that we should be mortgaging future generations in order to have funds to give away to other nations. Insofar as these programs are an attempt to buy friendship they seem to have a remarkably low rate of success.

Mr. Speaker, our budget deficit is already huge, and spending the $3,674,346,982 which this conference report provides will only aggravate the situation.

Mr. Speaker, in addition to being opposed to the conference report I am opposed to the rule. The resolution provides for a waiver of the 3-day rule. The conference report was not filed until last Friday afternoon, and at least 1 day was required for the report to be printed and made available.

Mr. Speaker, the whole reason for the 3-day rule is to allow Members time to study a report and know what they are voting on. When we continue to waive the 3-day rule on a regular basis, we encourage uninformed voting. Particularly on a conference report as costly as this one, it is important that Members be fully aware of where the taxpayers money is going.

Mr. Speaker, the rule should be defeated today, and then after allowing time for Members to study the conference report, it also should be defeated.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Speaker, I am concerned about this rule for several reasons, and not just because I have normally and continually been opposed to the foreign aid appropriation. I am concerned about the method and technique with which this appropriation is brought to us today. It is my belief the American people would be concerned if they saw this method. We have constantly said in this House, and many of us in our individual districts at home, that we believe Congress should legislate the sunshine and with the full realization of what it is doing.

This rule waives the 3-day provision, which as a normal procedure provides more adequate consideration for each Member to understand what has been changed in a conference. There is a purpose to that rule, and although I am sure many might say to themselves and make the excuse, "Well, it does not matter, because most of us really know what is in this legislation." I am not sure this assumption is true.

This conference report as it comes to us today is $176 million more than the House version. This House only passed the appropriation by an 11-vote plurality. I am not sure that many in the House understand why it is necessary that we even compromised on the $176 million of add-on costs. This $176 million of add-on cost probably means that our Treasury will have to go into further debt to finance this amount and especially since the point was made so clearly when we were debating this appropriation on the floor that there is roughly $26 million in the pipeline unspent.

Now, we have been told that the reason that we have to do this is because "there is an emergency." We are going to be adjourning probably at the close of business on Wednesday. To me Wednesday would have been adequate time to bring this bill before the House with a better and more complete understanding of why it was so necessary to have even this add-on cost of $176 million appropriated under this emergency condition. This is especially true, as the gentleman from California (Mr. Don H. Clausen) has mentioned, because we are asking the Federal taxpayers to spend so much of this money overseas.

Why has it become so important to assume this add-on cost of $176 million over what only a small majority of this House felt was a correct appropriation?

Mr. Speaker, I think we tend to make ourselves look a little foolish at times when we, in the name of emergency, bring something to the floor such as this without more careful attention and giving the individual Members a chance to really understand totally what it is about. I am sure our colleague from Louisiana will explain this contradiction when we have the conference report.

I still believe the practice is bad. I still believe that if our constituents could all be here today to view this action personally, they would feel that it is an irresponsible way to legislate.

Mr. YOUNG of Florida. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Speaker, I thank the gentleman for yielding to me. I wonder if the gentleman would agree that any Member who stands strong and tall for congressional reform should find it somewhat difficult to vote for this rule which waives the 3-day requirement.

Mr. ROUSSELOT. Yes, I do. For all the reasons that were given during the debate on the Bolling and the Hansen resolutions, which we debated extensively last year, it is hard for me to understand really why we consistently ask for the waiving of these rules. Yet here we are today doing just the opposite of the spirit of the reform legislation.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman for yielding to me.

I thank him for the point he is making in discussing the matter of waivers, suspensions, amendments and cancellations of the rules which we have discussed for the past almost 90 days.

Each time we are confronted with one of these aberrations of the regular routine, we are told it is some kind of a necessity.

Mr. Speaker, I submit that this foreign aid bill was supposed to be for a fiscal year that began about 9 months ago. We did not see any emergency in the past 9 months. I do not know why we have an emergency now. All of these waivers are absolutely a degradation of the rules.

Mr. DEL CLAWSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. Wylie).

Mr. WYLIE. Mr. Speaker, I rise in opposition to the adoption of this rule making in order the conference report on foreign assistance appropriations for fiscal year 1975. My reason for opposing this rule waiving the 3-day rule are two. There must be orderly procedure in the consideration of the business of the House. This is the so-called reform Congress, the first after the adoption of Rules of Procedure to assure more adequate consideration of all legislation. Within the week, we have been asked to change the rules twice. Second, and more important, the vast majority of my constituents are opposed to foreign give-away programs involving their hard-earned tax dollars. This sentiment was clearly indicated by the comments penned on a significant number of the responses to my most recent constituent questionnaire. There was no foreign aid question soliciting an opinion on this controversial subject which makes the large number of statements expressing opposition to foreign assistance rather expressive of the mood of the people in my district.

Most people of the 15th District of Ohio are quite properly disturbed that their Government can find dollars to squander abroad when it cannot even finance domestic governmental obligations without borrowing money from the private sector. They correctly realize that $3,674,346,982 we are about to dispense around the globe could be put to far better use for desperately needed purposes at home and it would help to some extent to lower our projected deficit. The United States is not an inexhaustible fountain of funds for international helping hand projects of doubtful benefit. This is especially true in light of our current inflationary and recessionary difficulties. This bill represents a package of expenditures that we can ill afford at this point in time and I will vote accordingly.

Mr. DEL CLAWSON. Mr. Speaker, I have no further requests for time, but I reserve the balance of my time.

Mr. PEPPER. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Speaker, I rise because I am concerned that we are being asked to vote on a conference committee report immediately, without having before us the information which, I would think, is basic for anybody to make a minimal determination about this legislation.

When the bill came before the House originally, I received a report less than 3 hours before we were taking up the measure for consideration. It was a comprehensive, long report. I could not figure out what countries were going to get how much aid and for what purpose under this bill. For that reason I voted against it. Now we are brought a conference committee report which has even less information in it.

Last week I wrote the distinguished chairman of the committee and asked him to please furnish me and the other Members of the House a list of the countries that would receive aid under this bill, the amounts they would receive and for what purposes. I think, in fairness to ourselves and the people we are imposing upon to pay the taxes for this, that we make this determination, Mr. Speaker, and I ask that we not take up this legislation on this conference committee report until this information is made available as to country by country, amount by amount, purpose by purpose, so that we can find out what we are voting on, and that when we go to the taxpayers we have an answer for them.

Mr. PASSMAN. If the gentleman will yield, may I say to the distinguished gentleman that the information the gentleman requested was made available 3 days before we brought the bill before the House. We delayed 3 days from the subcommittee to the full committee, we delayed 3 days from the full committee to the House, and four times previous to that the bill has been before this House in the form of a continuing resolution. Under the basic legislation, 30 days after the enactment of this appropriation act, the agency must submit to the Congress a list where every dime of the money will be spent. The House Appropriation report the gentleman holds in his hand indicates where the money in the budget request will be spent.

Mr. LEVITAS. Mr. Speaker, let me conclude by saying this to the gentleman. I make this simple request, Mr. Speaker. We are being asked to vote for a lot of money. I just want to know the list of the countries that are going to get it, the amount and what they are going to get it for.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman.

Mr. PASSMAN. Mr. Speaker, under the basic legislation, that information will be furnished to the Congress 30 days after the enactment of this legislation. That is the law.

As far as I know, the gentleman will get that information.

Mr. LEVITAS. Cannot we get it before we vote on it?

Mr. PASSMAN. No. I can speak about it after the fact but not before, but our report indicates which countries are planned to receive aid.

Mr. DEL CLAWSON. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, I will call the attention of the Members of the House to the very point the gentleman from Georgia (Mr. LEVITAS) just made. I believe the point is indeed valid, especially in view of the current situation in the Middle East, in view of the breakdown of negotiations between Israel and Egypt that has just occurred, and in view of the fact that the Secretary of State has returned admitting failure.

We have not even had 3 days in which to consider the impact of this conference report on the situation in the Middle East. The truth of the matter is that this bill contains $325 million in aid to Israel, it contains $250 million in aid to Egypt, and it contains almost $78 million in aid to Jordan.

How do we know, in the face of those negotiations and their collapse, what this assistance to Israel and to the Arab countries really means? We could at least use these 3 days to find out the impact of the failure of those negotiations on this legislation.

Mr. Speaker, for all we know we may be financing a war on both sides with American dollars, and yet we are having this bill rammed through today with no chance to consider what it means.

Mr. DEL CLAWSON. Mr. Speaker, I have no further requests for time.

Mr. PEPPER. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. YOUNG of Florida. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 235, nays 141, not voting 56, as follows:

[Roll No. 86]

YEAS—235

Abzug
Adams
Addabbo
Alexander
Ambro
Andrews, N. Dak.
Annunzio
Badillo
Baldus
Barrett
Baucus
Bennett
Biaggi
Biester
Bingham
Blanchard
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brodhead
Broomfield
Buchanan
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison. Mo.
Burton, John
Burton, Phillip
Carney
Casey
Chisholm
Clay
Cleveland
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis
Delaney
Derwinski
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Oreg.
du Pont
Eckhardt
Edgar
Edwards. Calif.
Eilberg
Esch
Eshleman
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Ford, Tenn.
Fraser
Fulton
Fuqua
Gaydos
Gilman
Gradison
Green
Gude
Hall
Hamilton
Hanley
Harrington
Harris
Hastings
Hefner
Helstoski
Hicks
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Hungate
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones. Ala.
Jordan
Karth
Kastenmeier
Koch
LaFalce
Lagomarsino
Leggett
Lent
Litton
Lloyd, Calif.
Long, Md.
McClory
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Minish
Mink
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Poage
Preyer
Price
Pritchard
Quie
Randall
Rangel
Rees
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Ryan
Sarbanes
Scheuer
Schneebeli
Schroeder
Sharp
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William

Stanton, James V.
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Teague
Thompson
Thornton
Traxler
Treen
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Waxman
Whalen
White
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Tex.
Zablocki
Zeferetti

NAYS—141

Abdnor
Andrews, N.C.
Archer
Armstrong
Ashley
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bedell
Bevill
Blouin
Bowen
Brinkley
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Butler
Byron
Carr
Carter
Clancy
Clawson, Del
Cochran
Cohen
Collins, Tex.
Conlan
Crane
Daniel, Robert W., Jr.
Derrick
Devine
Dickinson
Duncan, Tenn.
Early
Edwards, Ala.
Emery
English
Evans, Colo.
Flynt
Ford, Mich.
Forsythe
Fountain
Frenzel
Giaimo
Gibbons
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hannaford
Hansen
Harkin
Harsha
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Henderson
Hillis
Hubbard
Hughes
Hutchinson
Hyde
Jacobs
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Landrum
Latta
Levitas
Lloyd, Tenn.
Lott
Lujan
McCollister
McDonald
Madigan
Martin
Melcher
Miller, Calif.
Miller, Ohio
Mineta
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
O'Hara
Ottinger
Pike
Pressler
Quillen
Regula
Robinson
Rogers
Roush
Rousselot
Russo
St Germain
Santini
Sarasin
Satterfield
Schulze
Sebelius
Shuster
Smith, Nebr.
Snyder
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Vander Jagt
Wampler
Weaver
Whitehurst
Whitten
Wilson, Charles H., Calif.
Winn
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—56

Anderson, Calif.
Anderson, Ill.
Ashbrook
Aspin
Beard, R.I.
Bell
Bergland
Boggs
Boland
Brooks
Burke, Calif.
Cederberg
Chappell
Clausen, Don H.
Conyers
de la Garza
Dellums
Dent
Diggs
Erlenborn
Evins, Tenn.
Flowers
Foley
Frey
Hawkins
Hays, Ohio
Hébert
Heinz
Hightower
Howe
Ichord
Jones, Tenn.
Keys
Krueger
Lehman
Long, La.
McCloskey
Michel
Mills
Mitchell, Md.
Mosher
Murtha
Peyser
Railsback
Runnels
Ruppe
Seiberling
Shipley
Skubitz
Spence
Stark
Stephens
Stuckey
Udall
Ullman
Young, Ga.

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Brooks for, with Mr. Dent against.

Mr. Mitchell of Maryland for, with Mr. Chappell against.

Mrs. Boggs for, with Mr. Evins of Tennessee against.

Mr. Cederberg for, with Mrs. Burke of California against.

Mr. Krueger for, with Mr. Conyers against.

Mr. Erlenborn for, with Mr. Jones of Tennessee against.

Mr. Boland for, with Mr. Ashbrook against.

Mr. Railsback for, with Mr. Don H. Clausen against.

Mr. Udall for, with Mr. Frey against.

Mr. McCloskey for, with Mr. Skubitz against.

Mr. Stark for, with Mr. Spence against.

Mr. Hébert for, with Mr. Shipley against.

Mr. Ullman for, with Mr. de la Garza against.

Mr. Diggs for, with Mr. Runnels against.

Mr. Bergland for, with Mr. Stuckey against.

Mr. Seiberling for, with Mr. Stephens against.

Mr. Mosher for, with Mr. Aspin against.

Mr. Foley for, with Mr. Flowers against.

Mr. Hawkins for, with Mr. Hightower against.

Mr. Hays of Ohio for, with Mr. Ichord against.

Mr. Young of Georgia for, with Mr. Anderson of California against.

Mr. Dellums for, with Mr. Murtha against.

Mr. Beard of Rhode Island for, with Mrs. Keys against.

Until further notice:

Mr. Lehman with Mr. Mills.

Mr. Bell with Mr. Michel.

Mr. Anderson of Illinois with Mr. Howe.

Mr. Heinz with Mr. Long of Louisiana.

Mr. Bell with Mr. Ruppe.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 4592, FOREIGN ASSISTANCE APPROPRIATIONS, 1975

Mr. PASSMAN. Mr. Speaker, pursuant to the resolution just agreed to, I call up the conference report on the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 21, 1975.)

Mr. PASSMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. PASSMAN. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, for the benefit of our new Members this is not a new bill but is a carryover from the last Congress.

The legislation we are considering today should have been on the statute books June 30, 1974. The bill that we are considering today, even though the figures for the entire year are listed, is only a 90-day bill. We are only asked to approve the foreign aid bill for an additional 90 days to finish out the current fiscal year.

Mr. Speaker, the Committee on Appropriations which handles the foreign aid bill is very pleased with their handiwork. There are 13 on this committee when we consider the 2 ex officio members. We have worked diligently and we have worked hard and we have been sincere in trying to put some sense into foreign aid.

I am happy to report to the House that the appropriation bill request before us is for $2,156 million below the appropriation for fiscal year 1974. We are $2,272 million below the budget request. It has been most difficult to whittle this bill down. We have worked untiringly day and night so as to justify the tremendous cuts we made in foreign aid. We wanted to put some sense into foreign aid and to get the program down to where we could understand it. We are 38 percent below the budget request.

There have been some questions asked as to why we asked for a rule waiving the 3 days before bringing the report to the floor of the House. I believe this is the sixth time this bill has been presented to this body, four times under a continuing resolution, one time when this House approved the foreign aid bill, and now we are back with the conference report.

Foreign aid is operating under a continuing resolution which will expire tomorrow night. After tomorrow there will not be any money available even to meet emergency payrolls or to discharge obligations under some of our contracts.

Something has been said about the concession we made to the other body. We meet with the conferees of the other body for the purpose of working out a compromise. It is known as a conference. Even though I would have preferred to go to conference and insist on the House position all the way through but we have to compromise in certain places. We cannot say: "Take it or leave it." We do not have conferences on that basis. But I can assure the Members in this Chamber and the Speaker that we only gave up $67,800,000 on title I. That is all we yielded.

In total, we are $175 million above the House bill. The Inter-American Development Bank was increased by $75 million and the Asian Development Fund was increased by $24 million.

There has been much said about bringing the bill back above what the House recommended, but my friends neglected to bring to the attention of the Members that we are below the amount recommended by the other body. The bill before us is $271,750,000 below what the other body appropriated. It is only, including titles I, II, and III, $175 million above the House.

So this year as in previous years we have been working with the dedicated Members of this subcommittee and these Members are dedicated. I refer particularly to my friend, the gentleman from Kansas (GARNER SHRIVER), and the gentleman from Maryland (CLARENCE LONG), who spent many long hours on this bill and understands it as few other Members in this House do. The other Members have also worked very hard. By working together, we have been able to make reductions. If this House could ever give us a unanimous vote on a bill, I think they could do it today because we have done our best.

Some Members have said that we have cut this program too low. In response we say it is impossible to satisfy the wishes of all the people downtown. These people downtown are spending thousands of dollars and hundreds and hundreds of hours looking for ways to spend funds whereas, as I indicated, our committee Members are looking for places to cut this bill.

We cannot satisfy the spending appetites of these people downtown, do not try; but if we back this committee up, not only in this year but in the future, we promise that we shall do everything within our power to take all the fat out of the bill that we can possibly find.

I hope we will give the committee a vote of confidence, because we have truly worked hard on this bill.

I would like to include a table in the RECORD at this point showing the conference totals with comparisons:

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, FISCAL YEAR 1975

Amdt. No.	Item (1)	New budget (obligational) authority, fiscal year 1974 (includes supplement) (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	New budget (obligational) authority recommended by conference action (6)	Conference action compared with— Fiscal year 1974 enacted (7)	Fiscal year 1975 estimate (8)	House bill (9)	Senate bill (10)
	TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES									
	Funds Appropriated to the President									
	Economic Assistance									
1	Food and nutrition, development assistance	$284,000,000	$546,300,000	$234,000,000	$450,000,000	$300,000,000	+$16,000,000	−$246,300,000	+$66,000,000	−$150,000,000
2	Population planning and health, development assistance	[1] 135,000,000	145,000,000	[34] 115,000,000	[42] 145,000,000	[47] 125,000,000	−10,000,000	−20,000,000	+10,000,000	−20,000,000
	Education and human resources development, development assistance	89,000,000	90,000,000	82,000,000	82,000,000	82,000,000	−7,000,000	−8,000,000		
5	Selected development problems, development assistance	40,500,000	53,000,000	[26] 37,000,000	40,500,000	[48] 37,000,000	−3,500,000	−16,000,000		−3,500,000
7	Selected countries and organizations, development assistance	36,500,000	39,000,000	30,000,000	32,000,000	30,000,000	−6,500,000	−9,000,000		−2,000,000
	Subtotal, development assistance	585,000,000	873,300,000	498,000,000	749,500,000	574,000,000	−11,000,000	−299,300,000	+76,000,000	−175,500,000
	Loans	[2] (285,000,000)	(438,000,000)	(175,000,000)		(175,000,000)	(−110,000,000)	(−263,000,000)		(+175,000,000)
	Grants	(300,000,000)	[15] (435,300,000)	(323,000,000)		(399,000,000)	(+99,000,000)	(−36,300,000)	(+76,000,000)	(+399,000,000)
9	International organizations and programs	[3] 125,000,000	153,900,000	[30] 115,000,000	140,000,000	[49] 125,000,000		−28,900,000	+10,000,000	−15,000,000
	United Nations Environment Fund	7,500,000	10,000,000	5,000,000	5,000,000	5,000,000	−2,500,000	−5,000,000		
10	American schools and hospitals abroad	19,000,000	[22] 19,000,000	17,500,000	10,000,000	17,500,000	−1,500,000	−1,500,000		+7,500,000
	American schools and hospitals abroad (special foreign currency program)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)				
11	National Association of the Partners of the Alliance	750,000		[41] (250,000)	750,000	[41] (500,000)	−750,000	(+500,000)	(+250,000)	−750,000
	Indus Basin Development Fund, grants	9,000,000	14,500,000	9,000,000	9,000,000	9,000,000		−5,500,000		
	Indus Basin Development Fund, loans	2,000,000	200,000	200,000	200,000	200,000	−1,800,000			
	United Nations Relief and Works Agency (Arab refugees)	2,000,000					−2,000,000			
	Albert Schweitzer hospital	1,000,000					−1,000,000			
12	Contingency fund	15,000,000	30,000,000	5,000,000	1,800,000	1,800,000	−13,200,000	−28,200,000	−3,200,000	
13	International narcotics control	42,500,000	42,500,000	27,500,000	17,500,000	17,500,000	−25,000,000	−25,000,000	−10,000,000	
14	Famine or disaster relief assistance	[4] 150,000,000	[31] 40,000,000	[37] 30,000,000	[46] 35,000,000	[50] 35,000,000	−115,000,000	−5,000,000	+5,000,000	
	African Sahel famine relief assistance	[5] 25,000,000					−25,000,000			
16	Assistance to Portugal and Portuguese colonies in Africa gaining independence		[31] 25,000,000	[35] 20,000,000	[38] 25,000,000	[33] 25,000,000	+25,000,000		+5,000,000	
	Payment to the Foreign Service Retirement and Disability Fund (by transfer)		[29] (16,080,000)	(16,080,000)	(16,080,000)	(16,080,000)	(+16,080,000)			
	Administrative expenses:									
	AID	40,000,000	45,000,000	40,000,000	40,000,000	40,000,000		−5,000,000		
	State	[6] 4,800,000	5,900,000	4,800,000	4,800,000	4,800,000		−1,100,000		
	Subtotal, economic assistance	1,028,550,000	1,259,300,000	772,000,000	1,038,550,000	854,800,000	−173,750,000	−404,500,000	+82,800,000	−183,750,000
	Indochina Postwar Reconstruction Assistance									
	Indochina postwar reconstruction assistance	[8] 499,000,000	[20] 939,800,000	440,000,000	440,000,000	440,000,000	−59,000,000	−499,800,000		
	International Commission of Control and Supervision in Vietnam									
	International Commission of Control and Supervision in Vietnam									
	Middle East Special Requirements Fund									
	Middle East special requirements fund		[21] 100,000,000	100,000,000	100,000,000	100,000,000	+100,000,000			
	Security Supporting Assistance									
	Security supporting assistance	[9] 112,500,000	[22] 660,000,000	[39] 660,000,000	[44] 660,000,000	[44] 660,000,000	+547,500,000			
	Subtotal	1,640,050,000	2,959,100,000	1,972,000,000	2,238,550,000	2,054,800,000	+414,750,000	−904,300,000	+82,800,000	−183,750,000
	Military Assistance									
19	Military assistance	[7] 450,000,000	[11] 1,207,000,000	490,000,000	450,000,000	475,000,000	+25,000,000	−732,000,000	−15,000,000	+25,000,000

Footnotes at end of table.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, FISCAL YEAR 1975—Continued

Amdt. No.	Item (1)	New budget (obligational) authority, fiscal year 1974 (includes supplement) (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	New budget (obligational) authority recommended by conference action (6)	Conference action compared with—			
							Fiscal year 1974 enacted (7)	Fiscal year 1975 estimate (8)	House bill (9)	Senate bill (10)
	TITLE I—FOREIGN ASSISTANCE ACT ACTIVITIES—Continued									
	Funds Appropriated to the President—Continued									
	Overseas Private Investment Corporation									
	Overseas Private Investment Corporation, reserves	$25,000,000	$25,000,000				−$25,000,000	−$25,000,000		
	Inter-American Foundation									
21	Inter-American Foundation (limitation on obligations)	(10,000,000)	(10,000,000)	($5,000,000)	($10,000,000)	($10,000,000)			(+$5,000,000)	
	Total, title I, new budget (obligational) authority, Foreign Assistance Act Activities	[10] 2,115,050,000	[23] 4,191,100,000	2,462,000,000	2,688,550,000	2,529,800,000	+414,750,000	−1,661,300,000	+67,800,000	−$158,750,000
	TITLE II—FOREIGN MILITARY CREDIT SALES									
	Foreign military credits sales	[11] 325,000,000	[24] 555,000,000	[40] 300,000,000	[40] 300,000,000	300,000,000	−25,000,000	−255,000,000		
	Total, titles I and II, new budget (obligational) authority	2,440,050,000	4,746,100,000	2,762,000,000	2,988,550,000	2,829,800,000	+389,750,000	−1,916,300,000	+67,800,000	−158,750,000
	TITLE III—FOREIGN ASSISTANCE (OTHER)									
	Independent Agency									
	Action—International Programs									
31	Peace Corps	[12] 77,000,000	82,256,000	77,000,000	[45] 80,000,000	[41] 77,000,000		−5,256,000		−3,000,000
	Department of Health, Education, and Welfare									
	Assistance to refugees in the United States (Cuban program)	129,000,000	[25] 78,000,000	90,000,000	90,000,000	90,000,000	−39,000,000	+12,000,000		
	Department of State									
33	Migration and refugee assistance	[13] 9,779,000	9,470,000	9,420,000	8,420,000	8,420,000	−1,359,000	−1,050,000	−1,000,000	
34	Assistance to refugees from the Soviet Union	36,500,000	[26] 40,000,000	40,000,000	25,000,000	40,000,000	+3,500,000			+15,000,000
35	Assistance to Palestinian refugees				10,000,000	10,000,000	+10,000,000	+10,000,000	+10,000,000	
	Funds Appropriated to the President									
	International Financial Institutions									
	Asia Development Bank:									
36	Paid-in capital		[27] 24,126,982		24,126,982	24,126,982	+24,126,982		+24,126,982	
	Callable capital		[28] 96,507,927					−96,507,927		
	Special funds	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000				
	Subtotal, ADB	50,000,000	170,634,909	50,000,000	74,126,982	74,126,982	+24,126,982	−96,507,927	+24,126,982	
	Inter-American Development Bank:									
	Paid-in capital	25,000,000					−25,000,000			
	Callable capital	168,380,000					−168,380,000			
37	Funds for special operations	225,000,000	500,000,000	150,000,000	[48] 350,000,000	[49] 225,000,000		−275,000,000	+75,000,000	−125,000,000
	Subtotal, IDB	418,380,000	500,000,000	150,000,000	350,000,000	225,000,000	−193,380,000	−275,000,000	+75,000,000	−125,000,000
	International Development Association	320,000,000	320,000,000	320,000,000	320,000,000	320,000,000				
	Total, title III, new budget (obligational) authority, Foreign Assistance (other)	1,040,659,000	1,200,360,909	736,420,000	957,546,982	844,546,982	−196,112,018	−355,813,927	+108,126,982	−113,000,000
	Total, titles I, II, and III, new budget (obligational) authority	3,480,709,000	5,946,460,909	3,498,420,000	3,946,096,982	3,674,346,982	+193,637,982	−2,272,113,927	+175,926,982	−271,750,000

Footnotes at end of table.

Amdt. No.	Item (1)	New budget (obligational) authority, fiscal year 1974 (includes supplement) (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	New budget (obligational) authority recommended in House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	New budget (obligational) authority recommended by conference action (6)	Conference action compared with—			
							Fiscal year 1974 enacted (7)	Fiscal year 1975 estimate (8)	House bill (9)	Senate bill (10)
	TITLE IV—EMERGENCY SECURITY ASSISTANCE AND DISASTER RELIEF ASSISTANCE									
	Emergency security assistance for Israel	[11] $2,200,000,000					-$2,200,000,000			
	Emergency military assistance for Cambodia	[15] 150, 000, 000					-150, 000, 000			
	Disaster relief assistance	([16])								
	Total, title IV, new budget (obligational) authority, Emergency security assistance and disaster relief assistance	2, 350, 000, 000					-2, 350, 000, 000			
	TITLE V—EXPORT-IMPORT BANK OF THE UNITED STATES									
	Limitation on program activity	(7, 650, 000, 000)	($6,403,086,000)	($6,403,086,000)	($6,403,086,000)	($6,403,086,000)	(-1, 246, 914, 000)			
	Limitation on administrative expenses	[17] (9, 180, 000)	(10, 242, 000)	(10, 242, 000)	(10, 242, 000)	(10, 242, 000)	(+1, 062, 000)			
	Total, title V, Export-Import Bank of the United States, limitations on use of corporate funds	(7, 659, 180, 000)	(6, 413, 328, 000)	(6, 413, 328, 000)	(6, 413, 328, 000)	(6, 413, 328, 000)	(-1, 245, 852, 000)			
	Grand total, new budget (obligational) authority, titles I, II, III, and IV	5, 830, 709, 000	5, 946, 460, 909	3, 498, 420, 000	3, 946, 096, 982	3, 674, 346, 982	-2, 156, 362, 018	-$2, 272, 113, 927	+$175, 926, 982	-$271, 750, 000
	Reappropriation of unobligated balances:									
	(a) Economic assistance	(26, 640, 000)	(46, 645, 000)	(46, 645, 000)	(41, 393, 000)	(41, 393, 000)	(+14, 753, 000)	(-5, 252, 000)	(-5, 252, 000)	
	(b) Military assistance	(8, 716, 000)	(4, 596, 000)	(4, 596, 000)	(4, 596, 000)	(4, 596, 000)	(-4, 120, 000)			
	(c) Security supporting assistance	(2, 400, 000)	(743, 000)	(743, 000)	(743, 000)	(743, 000)	(-1, 657, 000)			
	(d) Indochina postwar reconstruction assistance		(134, 000)	(134, 000)	(134, 000)	(134, 000)	(+134, 000)			

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[1] Placed a limitation of $112,500,000 on the funds which could be used for programs relating to population growth.

[2] Not all of these funds were used for loans because certain operating expenses were included in the loan accounts. Actual loans amounted to about $208,000,000.

[3] Earmarked $15,000,000 for the U.N. Children's Fund (UNICEF) and $14,300,000 for the U.N. Relief and Works Agency (UNRWA).

[4] The funds for this item were appropriated under title IV of the Foreign Assistance Appropriation bill, fiscal year 1974.

[5] *In addition*, $85,000,000 was provided for this purpose under the disaster relief assistance item.

[6] Excludes transfer in of $119,000 as provided in the 2d Supplemental, 1974.

[7] Excludes $250,000,000 in defense stocks provided to Cambodia under sec. 506 of the Foreign Assistance Act of 1961, as amended (drawdown), $150,000,000 appropriated under title IV of the Foreign Assistance Appropriation bill, fiscal year 1974 for emergency military assistance to Cambodia which was never obligated due to the lack of authorizing legislation being enacted and $100,000,000 provided to Laos which was funded under the DOD Appropriation Act.

[8] Includes $49,000,000 as provided in the 2d Supplemental, 1974.

[9] Earmarked $50,000,000 for Israel.

[10] Prior year unobligated balances reappropriated.

[11] Earmarked $300,000,000 for Israel out of the aggregate credit ceiling of $730,000,000. Excludes $2,200,000,000 appropriated under title IV of the Foreign Assistance Appropriation bill, fiscal year 1974 for emergency security assistance to Israel of which $1,500,000,000 of the credit sales were forgiven (grant).

[12] Includes $1,000,000 as provided in the 2d Supplemental, 1974.

[13] Includes $275,000 as provided in the 2d Supplemental, 1974. $250,000 of this amount was earmarked for the International Committee of the Red Cross.

[14] $1,500,000,000 of these credit sales were forgiven (grant).

[15] These funds were never obligated due to the lack of authorizing legislation being enacted. $250,000,000 in defense stocks was provided to Cambodia under sec. 506 of the Foreign Assistance Act of 1961, as amended (drawdown).

[16] $150,000,000 was appropriated for this item but this amount now appears under the economic assistance title.

[17] *Includes an increase* in limitation of $525,000 as provided in the 2d Supplemental, 1974.

[18] This total includes $333,300,000 for grants and $102,000,000 for operating expenses.

[19] Includes an increase of $60,000,000 contained in H. Doc. 93-301 and an increase of $222,000,000 for Cambodia contained in H. Doc. 94-38.

[20] Includes an increase of $150,000,000 contained in H. Doc. 93-301.

[21] Submitted as a budget amendment in H. Doc. 93-301.

[22] Includes an increase of $322,500,000 contained in H. Doc. 93-301 and an increase of $274,500,000 contained in H. Doc. 94-60.

[23] Prior year unobligated balances requested to be reappropriated.

[24] Includes an increase of $240,000,000 contained in H. Doc. 93-301.

[25] Includes an increase of $18,000,000 contained in H. Doc. 93-398.

[26] Sec. 292 of the FAA requires that $150,000,000 shall be available in fiscal year 1975 from pt. I funds for population growth programs.

[27] Limits aid to Chile to $25,000,000 in fiscal 1975, none of which can be used to provide security assistance. Limits aid to India to $50,000,000 in fiscal 1975 (Econ., MAP and FMCS).

[28] Submitted as a budget amendment in H. Doc. 94-38.

[29] $15,600,000 to be transferred from the Department of State appropriation and $480,000 to be transferred from the Development Assistance appropriation. Submitted as a budget amendment in H. Doc. 94-22.

[30] Submitted as a budget amendment in H. Doc. 94-60.

[31] Submitted as a budget amendment in H. Doc. 94-60.

[32] Includes an increase of $9,000,000 contained in H. Doc. 94-60.

[33] Submitted as a budget amendment in H. Doc. 94-60.

[34] Placed a limitation of $100,000,000 on the funds which can be used for population programs.

[35] Earmarks $250,000 for the National Association of the Partners of the Alliance.

[36] Earmarks $15,000,000 for UNICEF.

[37] Earmarks $20,000,000 for Cyprus.

[38] Earmarks $5,000,000 for the Cape Verde Islands and $5,000,000 for Mozambique, Guinea-Bissau, and Angola.

[39] Earmarks $324,500,000 for Israel and $250,000,000 for Egypt.

[40] Earmarks $300,000,000 for Israel out of the aggregate credit sale ceiling of $872,500,000.

[41] Funds earmarked in Selected Development Problems, Development Assistance.

[42] Makes $20,000,000 out of loans available for grants for population programs.

[43] Earmarks $25,000,000 for Cyprus.

[44] Earmarks $324,500,000 for Israel, $250,000,000 for Egypt and $77,500,000 for Jordan.

[45] Earmarks $46,846,000 for direct support of volunteers.

[46] Earmarks $25,000,000 for cooperatives, $50,000,000 for credit unions and $55,000,000 for savings and loan associations.

[47] Places a limitation of $110,000,000 on the funds which can be used for population programs.

[48] Earmarks $500,000 for the National Association of the Partners of the Alliance.

[49] Places a limitation of $17,000,000 for UNICEF program.

[50] Earmarks $25,000,000 for Cyprus.

[51] Earmarks $44,500,000 for direct support of volunteers.

Mr. Speaker, I yield to the ranking member of the committee, the gentleman from Kansas (Mr. SHRIVER).

Mr. SHRIVER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, after a very difficult conference, the House conferees are recommending this report providing $3.6 billion approximately to the foreign assistance program for the 1975 fiscal year which ends next June 30. So as the chairman has just stated, we have only about 90 days yet in this fiscal year for this appropriation to be operating.

We know what has happened. We have had a number of continuing resolutions. It was the fault of nobody in this House that it was so late in coming before us. As to this conference, the House of Representatives has fared quite well.

I want to briefly touch upon the changes from the House-passed bill. We will recall that the House passed the bill, which is approximately the same bill that we have before us today in this conference report, on March 13 and then the Senate passed it on March 19, and we went to conference and the report was filed on the 21st; so we have been moving very rapidly since the House passed this bill a short time ago.

The main changes from the House bill are in economic assistance, and we will recall we had quite a lot of discussion about some of these items here on the floor. The Senate had added a considerable amount for food and for nutrition above that we had in our bill. We compromised the matter with a plus of $66 million for food and nutrition in the world food problem.

For population planning, $10 million was added. Much more was added by the Senate, so this is a compromise closer to the standpoint of the House position.

International organizations account for a $10 million add-on.

The contingency fund and narcotics control items were reduced from the House figure, for a total economic assistance change of $82.8 million of increase over the House bill.

Now, in military assistance there was a decrease of $15 million.

In assistance to Palestinian refugees there was an add-on of $10 million.

For the migration and refugee program, there was a $1 million add-on.

But as our able chairman said a moment ago, most of the increase in the House-passed bill was for the Asian Development Bank and the Inter-American Development Bank.

The House position came out much the better in the conference and this report recommends $271.7 million lower than the Senate bill, and $175.9 million higher than the House bill.

Had the totals been split down the middle, this report would have had to go up $48 million.

So, this is much better than an ordinary compromise down the middle. The House conferees came out the better. I want to pay tribute to the chairman of the subcommittee, the gentleman from Louisiana (Mr. PASSMAN), for the fine way he insisted upon a position as close as possible to the House-passed measure.

This is a good conference report. The House fared well, and I urge support of the conference report.

Mr. Speaker, aside from the funds involved, I want to direct your attention to the general provisions sections of the report. In accepting Senate amendments to section 113 of the act, House conferees have agreed to a general tightening up of the foreign aid program.

We have in the past had provisions in the bill requiring the Agency for International Development to notify our subcommittee 5 days prior to any obligation of funds for projects not previously justified to the Congress. In the press of other congressional business, 5 days is at times not enough for the subcommittee to give careful consideration to these new proposals.

Language accepted in this report will extend the required notification period to 15 days. In addition, the requirement is expanded to include additional programs, such as the United Nations Environment Fund, the Indus Basin Development Fund, AID administrative expenses, the Inter-American Foundation, the Peace Corps, assistance to refugees from the Soviet Union and assistance to Palestinian refugees.

This additional notification requirement should not be looked at as a judgment on the merits of any of these programs. It just gives to the Congress adequate time to review any proposed changes in the operations of these programs which may come about due to new situations. This is a responsible step toward closer congressional control over these expenditures.

Briefly, the conference report provides $884.8 million for economic assistance, $440 million for Indochina postwar reconstruction assistance, $100 million for the Middle East special requirements fund, $660 million for security supporting assistance, and $475 million for military assistance. Foreign military credit sales remain at $300 million.

The most significant increases over the House bill are found in the accounts for international financial institutions: $24 million-plus for paid-in capital for the Asian Development Bank, and an additional $75 million for the U.S. contribution to the fund for special operations of the Inter-American Development Bank. Other increases are provided for food and nutrition programs, for population planning programs and for international organizations, namely the United Nations development program and UNICEF.

It is my opinion that we came back with the best conference report it was possible to attain for foreign assistance programs this year. The majority of these funds, I would remind you, has already been obligated, since we are nearly 9 months into the fiscal year for which the money is being appropriated.

Important funds are provided in this report for Israel and other countries in the explosive Middle East. The disappointments of the past few days in response to discouraging reports on the Secretary of State's mission there should not be allowed to weaken our resolve to find peaceful solutions to the long conflict. We know from the past that events in that part of the world can change quickly and drastically. Funds included in this bill will provide our Government with the flexibility needed to cope with any such changes.

If for no other reason, it is important that in adopting this report the U.S. Congress will demonstrate its continuing commitment to a peaceful solution in the Middle East and to peaceful economic progress in all countries. I strongly urge adoption of the report.

Mr. BURGENER. Mr. Speaker, will the gentleman yield?

Mr. SHRIVER. I yield to the gentleman from California.

Mr. BURGENER. Mr. Speaker, would the gentleman be kind enough to inform me—or perhaps we can find out from the distinguished chairman of the subcommittee—how much money is in this final conference report for the fiscal year 1975 for the country of Ecuador?

Mr. SHRIVER. I do not have those figures with me.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. SHRIVER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. The appropriation is made on an illustrative basis. The amount any country receives depends on what they decide to do after the bill is signed into law.

As the gentleman knows, assistance to Ecuador was cut off.

Mr. BURGENER. I would like to know, if I can, the approximate parameter of the amount for Ecuador. Is that possible to ascertain?

Mr. PASSMAN. We could furnish it to the gentleman.

Under the basic legislation on which we proceed, 30 days after the enactment of this act, the aid agency must submit to the Congress a list of where the money is going to be allocated; $16 million is what was in the budget request for Ecuador, but that does not mean they will get any of it or 40 percent of it, because this bill has been cut by 38 percent. Conceivably, some of these nations may be cut out altogether, but I can assure the gentleman that we can find out for him what percentage will go to Ecuador, if any.

Mr. BURGENER. I would appreciate that, since we have a unique situation where that country has attempted to confiscate our boats. Not only that, but they have levied heavy fines against our tuna fleets. This time was different; they confiscated the fish, many millions of dollars worth of fish which were not caught in Ecuadorian waters.

Now, the taxpayers have to reimburse the fishermen for the fish. If there is any money in this for Ecuador, naturally I would vote against the report if I needed an additional reason.

Mr. PASSMAN. Of course, when we cut off aid to Ecuador about 2 months ago we did not give them a dime, but I understand we arrived at some kind of compromise. However, I can assure the gentleman that we will find out what will be in here for Ecuador, if anything.

Mr. BURGENER. Will that be after the vote is taken, or before?

Mr. PASSMAN. I will tell the gentleman what we will try to do. We will try to get it before the vote. We will get busy on the telephone and find out how much it is.

Mr. BURGENER. I would appreciate that.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. SHRIVER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, this issue which my colleague from California has raised is important as a matter of principle, not only to the tuna boats which were confiscated by Ecuador 200 miles out, clear out in the international seas in this one area, but also it could relate to other nations which might now be encouraged, if we continued to appropriate dollars for this kind of confiscation and pay them off by paying the ransom, to maybe make demand on our Government.

It is usually the aid agency from which this money is taken. I think it is this type of item we really should scrutinize very carefully, although I admit again that I am one of those who has opposed foreign aid for many reasons.

There is now an accumulation of things in this appropriation over which I think we should make greater scrutiny and greater oversight.

I thank my colleague from California who has raised an important issue, and I think it is important that we know before the vote how much we are appropriating for this kind of thing. It is fine to cut off this aid to Ecuador and to other nations who engage in this type of policy. Now is the time to do it, not after the vote.

I appreciate my colleague bringing this issue up. If the gentleman could be confronted, as many of us were at various times in California, by people who have had their life savings gone down the tube because of this kind of occurrence, I think he would understand why this issue is important. We said, "Not a chance. It should not be passed over for 30 days, because if the bill passes and there is funding in here for Ecuador, they will go right on doing the same kind of things that they have always done in the past."

So I appreciate my colleague from Kansas yielding me the time. I think it is important to make the record prior to the vote and not after the vote.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. SHRIVER. I will be happy to yield to the gentleman.

Mr. PASSMAN. Mr. Speaker, of course I respect the views of the gentleman who just spoke, and I have the same opinions on the matter.

If these things could have been brought up while we were considering the bill or the authorizing legislation, then we would have had more time to give an answer. This is a conference report, and all these things have been disposed of.

If the gentleman will yield further, let me assure all of the Members of the House that we are daily tightening the noose around the neck of these nations.

May I read from the legislation, so that the Members will know that control is being maintained.

This is in the basic legislation in section 620(o):

> In determining whether or not to furnish assistance under this Act, consideration shall be given to excluding from such assistance any country which hereafter seizes, or imposes any penalty or sanction against, any United States fishing vessel on account of its fishing activities in international waters. The provisions of this subsection shall not be applicable in any case governed by international agreement to which the United States is a party.

I thank the gentleman for yielding.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield further?

Mr. SHRIVER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, then do I interpret from the remarks of the gentleman from Louisiana that we are establishing legislative history here, to make it clear that none of the money from this bill shall be appropriated for that type of action the gentleman has mentioned?

I would like to further mention that this was discussed extensively when the authorization was brought up before this House, this whole issue of whether we could continue to pay fees, and that type of thing, for the pirating of our ships. It was brought up, even in the amendment process on the appropriation. But the question still remains—the gentleman was not able to fully answer it, although I appreciate his going now to the AID agencies to try to give some kind of an answer—as to whether in fact any of this money will be utilized for this type of payment.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. SHRIVER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Of course, I read the legislation verbatim, and we are trying to gain tighter control.

I cannot afford to assure the gentleman by legislative history here because it could be contrary to the law itself, but if the gentleman will read the law——

Mr. ROUSSELOT. I have read the law.

Mr. PASSMAN. I think he would be perfectly satisfied that we are gaining control, and we do not intend to permit these people to continue those abuses. I can assure the gentleman that at the proper time in the proper bill, with an amendment, he could make the law more restrictive.

Mr. ROUSSELOT. If the gentleman will yield further, that has been brought up many times before the Committee on Appropriations and that is exactly the point we are trying to make here today. Not one dime should continue to go to Ecuador or those who have been pirating our ships, even outside the 200-mile limit, and confiscating the ships and everything else. In many cases it is the lifetime savings of these people.

If the gentleman will tell us today that not one dime will be allowed to go to Ecuador if they continue to ask for this kind of thing, I would be glad to have his guarantee.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. SHRIVER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Mr. Speaker, as far as the legislation is concerned, and as far as the influence I may have in my position is concerned, we will try to accomplish just what the gentleman has suggested.

At the expense of being repetitious, may I say again that the control is being tightened. We have made a lot of progress, and, further, I want to say this: I do not think we should stop a leaking faucet by turning off the entire water system. What we want to do is bring these matters under control, and we should continue to support foreign aid until we have some real sense in this program.

Mr. Speaker, we have made a good start this year, as I have said, and I hope the Members will give the committee a vote of confidence and make it a unanimous vote.

Mr. SHRIVER. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. KREBS. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to my friend, the gentleman from California.

Mr. KREBS. Mr. Speaker, I thank the gentleman from Massachusetts for yielding. I will be extremely brief.

I want to express my appreciation to the gentleman from California (Mr. BURGENER) for raising the points he did. Frankly, I think this raises an issue which is much deeper than the issue he raised. It relates to the position that many Members of this House find themselves in today and that we are going to find ourselves in during the next few months when we discuss authorization.

I refer to the issue of giving us the opportunity that we must be given if we are going to vote intelligently on any foreign aid bill, and that is the opportunity of voting individually on every request for foreign aid. There must be a way of separating the "good guys" from the "bad guys" and bringing to an end the situation that has existed in this House of voting on foreign aid in a lump sum without being given the opportunity of choosing who deserves our foreign aid and who does not deserve our foreign aid.

I urge the Members of this House, including the gentleman from Massachusetts (Mr. CONTE), who has had some experience in this field, to please not put us in the position 3 or 4 months from now that we have been in before, that we are going to have to vote for foreign aid.

Mr. Speaker, the fact simply is that we cannot buy the type of foreign aid appropriation bills we have seen come before this House, not only this year but in many years in the past.

Mr. CONTE. Mr. Speaker, I thank the gentleman for his remarks.

I want to state one thing first: As the chairman of the committee, the gentleman from Louisiana (Mr. PASSMAN), has mentioned, this is a conference report; it is not an authorization bill. Hopefully, the Committee on International Relations will bring out an authorization bill this year at an early date so that we can debate the bill on the floor of the House and so that we can write amendments to the bill, and work our will on it. Once it becomes law our jurisdiction becomes somewhat limited.

We must remember what happened to this Committee on Appropriations. We did not have an authorization bill until late fall, and at that point we tried to get an appropriation bill based on the authorization bill. This is the final product of last year's bill. This matter should have been taken care of back in July or August of last year, but here we are in March still working on a bill for fiscal year 1975.

Mr. Speaker, I rise in support of the adoption of this conference report. The conference committee worked long and hard in ironing out the differences between the House and Senate. And while I do not think that the result can totally satisfy everyone, I do think that we have struck a reasonable compromise between the Senate and House positions, and one that the majority of my colleagues can support.

For instance, I was very upset that we could not get another $1,600,000 in this for the Peace Corps. As a result of that, the Peace Corps is going to have to revoke the applications of 400 applicants who were going to come into the Peace Corps. I do think, though, whether I am happy about that or not, that we have struck a reasonable compromise between the Senate and House positions, and one that the majority of my colleagues can support.

Mr. Speaker, my colleagues will recall that when we considered the foreign assistance appropriations bill on March 13, I stood here and said that this bill was necessarily austere, to match the current state and needs of our economy. I opposed the amendments of my colleagues to increase the amounts provided under some categories of assistance.

The report which is now before you contains more new obligational authority than did the bill which passed this House less than 2 weeks ago. In fact, it is almost $176 million above the House-passed version. But it is also almost $272 million below the Senate-passed bill. The House conferees did their best to hold down the cost of the bill, and it is evident that the Senate conceded significantly more than the House.

The report is still nearly $2.2 billion below the fiscal 1974 appropriation, and nearly $2.3 billion below the administration's request for this year. This is still a responsible bill, and one which reflects the Nation's economic priorities as well as its foreign policy interests and obligations.

The greatest category of increase over the House version is economic assistance, which is increased by $76 million. $66 million of that is in food and nutrition, and $10 million is in population planning. The Senate gave up $150 million on food and nutrition, while the House version was increased by $66 million. Many of my colleagues were disturbed by the amount for food assistance which was proposed by the committee.

Even though an amendment to increase that amount was defeated by this House, we were aware that there was some sentiment for an increase. The amount which we bring back from conference is still a responsible amount, and I hope that those of my colleagues who wanted an increase will be pleased with it.

Mr. Speaker, I know that many of my colleagues have been concerned about the military assistance program. The House bill cut that program back significantly, and the conference reduced it still further down to $475 million. This was $15 million below the House bill and $25 million above the Senate bill.

Mr. Speaker, we were able to convince the Senate conferees to agree with the House in appropriating $40 million for assistance to refugees from the Soviet Union, with $35 million of that amount available for relocation in Israel.

The amounts which we originally approved for the Middle East are intact in this report, as the Senate was as interested as we are in furthering the cause of peace in the Middle East.

Mr. Speaker, this report represents many hours of earnest compromise, and I believe that it is a compromise which the majority of my colleagues can live with. I urge the adoption of this report.

Mr. PASSMAN. Mr. Speaker, I yield myself such time as I may consume.

I have a report for those who are worried about Ecuador.

The amount of loans for economic aid for Ecuador is zero.

The $14 million that we mention in the justifications as being requested by the executive has been substantially reduced. They plan to obligate an additional $350,000 in economic aid this fiscal year in addition to the $1.4 million already obligated. It would appear that that is in the educational field. Therefore, we have reduced the program.

Is that satisfactory?

Mr. BURGENER. If the gentleman will yield, I thank the gentleman for providing that information.

Mr. PASSMAN. I may say also, I have never known of a man who worked any longer or harder or made any greater contribution to this bill than my good friend, the gentleman from Massachusetts (Mr. Silvio Conte). Certain parts of this bill I am sympathetic to and certain parts he is sympathetic to and we tried to respect each other's view.

Mr. Speaker, I will yield 3 minutes to the distinguished gentleman from Maryland (Mr. Long).

Mr. LONG of Maryland. Mr. Speaker, I rise in support of this conference report on foreign aid, although I have not always supported foreign aid. For a number of years, I voted against it, and, for a number of years, I fought hard to try to cut the bill. But this year I feel that we do have a satisfactory bill.

We had a very tough conference with the Senate, which lasted about 6 hours. We came out of conference with a figure which is closer to the House figure than to that of the Senate, in spite of the fact that many Senators came in with their hearing aids turned off—interested only in getting the items that they wanted.

We have increased the food and nutrition program and the population program. In a number of other areas I think most of the Members here will approve of our actions.

The final bill is a substantial cut below what the administration asked, over 2 billion dollars. It is also over $2 billion below last year's foreign aid bill. I think this conference report represents a reasonable piece of legislation.

Of course, there are areas in which I think the foreign aid program can be greatly improved.

I believe we ought to channel far more of our aid towards showing the little guy in underdeveloped countries—and by the little guy, I mean very little, a person with an acre or an acre and a half of land—how to increase his production and productivity per acre without a heavy infusion of big capital from other countries. I think that such large infusions of capital, which I think were unrealistic, are drawing to a close.

I would like to see far less money given for military aid, and far fewer arms sales for cash by the United States to underdeveloped countries because I think that these cash purchases divert funds from investment in education, health, agriculture, population control, and other human needs.

But the policy priorities of the aid program may be mainly a problem for the authorizing committees. In the appropriation process, we find a bill which has acquired a great deal of its form from the authorizing committees. It is difficult for the appropriations bill to change the program radically.

In summary, however, I think that this is a good bill. And I do support it. I congratulate the chairman, the gentleman from Louisiana (Mr. Passman) for all of the hard work that he has put into this bill and the very skillful bargaining he has engaged in.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. PASSMAN. Mr. Speaker, I yield 2 additional minutes to the gentleman from Maryland.

Mr. LONG of Maryland. I thank the gentleman for the additional time.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I know that in the past my colleague, the gentleman from Maryland (Mr. Long) has been concerned about the fact that in many cases we have continued foreign aid to countries that still owe a substantial debt to our country.

Is the gentleman from Maryland satisfied that anything is being done to utilize this fact in coming to terms with such foreign countries, as far as additional aid is concerned?

Mr. LONG of Maryland. No, I am not satisfied. I want to respond to the gentleman from California by repeating that I am not satisfied that we have taken all the steps that we can take to get these countries that are behind in their debts to the United States to pay up their debts as a condition for further foreign aid.

I also think that much could be done to get countries that may be up to date in their repayments but still owe us large sums to try to get them to accelerate their debt repayments as a condition of carrying on with further aid.

I tried to put some legislation in this appropriation bill to ask for the OPEC oil-producing countries to accelerate their debt repayments to the United States but, as the gentleman from California knows my amendment was thrown out on a point of order. I believe the gentleman from California will support me in this effort.

Mr. ROUSSELOT. I will.

Mr. LONG of Maryland. And I will support the gentleman from California. We are here to try to get the bill made much tougher from that point of view.

Mr. ROUSSELOT. I appreciate the comments made by the gentleman from Maryland.

Mr. HOLLAND. Mr. Speaker, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from South Carolina.

Mr. HOLLAND. Mr. Speaker, I thank the gentleman for yielding to me.

I would ask the gentleman from Maryland whether there is at the disposal of the committee any information as to whether or not any of these funds are going to what we call the OPEC countries?

Mr. LONG of Maryland. I would yield to the distinguished gentleman from Louisiana (Mr. Passman) on that, because that gentleman would know much more about it.

Mr. PASSMAN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I would assume that there

are some places in this bill where there would be some small amount for training of military personnel. Such as Jordan. There are funds in this bill for Jordan, and there are funds in this bill for Indonesia. I can assure the gentleman that we hope these will be very drastically reduced, and that in fact we have drastically reduced it.

So, as I say, if one were to comb through this voluminous bill one, in all probability, will find little bits here and there going to OPEC countries, but no substantial amounts.

Mr. LONG of Maryland. There may be some funds for the OPEC countries, mainly for Indonesia, and I think that this aid will be used for the purpose of bargaining power to get those countries to bring their oil prices down. After all, we have not given up dealing with them.

The SPEAKER. The time of the gentleman has again expired.

Mr. PASSMAN. I yield 1 additional minute to the gentleman from Maryland.

I might add, if the gentleman will yield further to me, that we are trying to cut them out. For instance, take Saudi Arabia. There are some $220,000 included for training of military personnel, and they had obligated $38,000. We insisted the other be cancelled so that actually the amount for Saudi Arabia is down to zero.

We are also considering these other programs here. For instance, in Iran we have a very substantial program for the Peace Corps, and we are insisting that there be reimbursement for the Peace Corps from Iran. So we are making all the reductions we can in that area.

Mr. HOLLAND. Previously the gentleman from California raised the question about Ecuador. I believe Ecuador is one of the OPEC countries. I have information before me that Ecuador presently owes the United States a repayment for economic assistance of $228.9 million. In addition to that, for military assistance they are indebted to this Nation presently in the sum of $159.6 million.

I would ask the same question that the gentleman from California asked, or plead with this committee that in the future on such bills we be informed in advance as to the arrearage the OPEC countries particularly might have, and whether or not it is possible for us to exclude those countries henceforth from any of our foreign aid.

Mr. LONG of Maryland. As the gentleman knows, this point must really be addressed by the Committee on International Relations in the authorization process.

Mr. PASSMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. Roush).

Mr. ROUSH. Mr. Speaker, while the chairman of the subcommittee (Mr. Passman) did an excellent job in trying to maintain the House position, the conference report which is before us is completely out of line and not consistent with the House position. I urge the report be rejected and the bill be sent back to conference. To do so would tell the other body that more restraint will have to be shown if the House is going to accept a foreign aid appropriations bill.

The conference report is $175,926,982 above the amount set forth in this Chamber. At a time when our own needs are so great, it is ridiculous that we should be so intent on spending, not just millions, but hundreds of millions abroad.

I realize we cannot ignore the humanitarian needs of the world. Yet, I cannot accept the idea of providing foreign countries with programs which we find are too expensive for our own people, and which will greatly add to the deficit of our balance of payments. I cannot accept the intention as expressed in this bill to support military assistance to at least 50 countries in the world. I was a member of the conference, I did not sign the report and Mr. Speaker, I urge today the rejection of the conference report.

Mr. LONG of Maryland. Mr. Speaker, will the gentleman from Indiana yield?

Mr. ROUSH. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Would the gentleman from Indiana acknowledge that the figure is much closer to the House figure than the Senate figure?

Mr. ROUSH. I will acknowledge that, and I also will acknowledge the fact that the conference report is $175,926,982 above the amount set forth in the House bill.

Mr. LONG of Maryland. If the gentleman will yield further, will the gentleman argue that the House should never bend 100 percent, that there is no give and take between the House and Senate committees?

Mr. ROUSH. I stated in my remarks that I thought that the conference under the leadership of the gentleman from Louisiana (Mr. Passman) did very well in trying to maintain the House position. It was not possible to maintain the House position. I certainly cannot vote for a conference report that is $176 million above a bill I already voted against. Therefore, I will vote against the conference report.

Mr. PASSMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. Obey).

Mr. OBEY. Mr. Speaker, I must confess that I did not attend the conference because at the time the conference was being held I was here on the House floor because we had on the floor that day debate and final passage of the farm bill last week. I have no criticism of the House conferees because, in fact, as I look at the bill, given my own personal prejudices, I think that the bill is probably in somewhat better balance now than it was when it left the House in the sense, at least, that economic assistance is up somewhat and military assistance is somewhat down.

But I just simply want to observe that I think it is rather strange that some Members of this House, mostly from the east coast and from the large cities of this country, who last week were so awfully upset about the fact that the dairy section in that farm bill was going to cost the consumer $200 million more in an attempt to keep producers in business and to keep farmers from going bankrupt, seem perfectly willing to accept and recommend to the House this bill which is up to $172 million above the level that the bill was when it left the House in the first place. I find that rather strange and difficult to explain.

Mr. SHRIVER. Mr. Speaker, I just want to clear up a point made by the gentleman from Wisconsin. This is about $175 million higher than the House-passed bill instead of two hundred and some million dollars. It was better than an even split. It was a good compromise. The increases that were made were largely in international financial institutions, in population control and family planning, and in connection with food and nutrition. Those are the principal items increased.

Mr. Speaker, I have no further requests for time.

Mr. PASSMAN. I yield to the gentleman from Massachusetts for a further clarification.

Mr. CONTE. Mr. Speaker, the gentleman from Wisconsin makes a point some of us were upset about the farm bill. We cut this bill by over $2 billion and we worked hard on this, but this bill does contain $300 million for food and nutrition. And where do we get that food from? We get it from the farmers. We have over a billion dollars in food for peace. Where do we get that? We get that from the farmers. The farmers are doing well under this foreign aid program.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. SHRIVER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, the problem is, and I think my friend from Massachusetts made this point, or part of the problem is, that some of this is going to countries which can afford to pay for the farm products because they have substantial oil producing properties that give them a tremendous cash flow. That is the problem some of us have.

I have not supported this bill in the past, but I am very pleased the conferees from the House have stood tough and that is some progress, but I still believe it is wrong to be giving away these huge sums of taxpayers money to those countries that either have not been willing to pay their debts—and were able to pay their debts—or already are buying the products for cash anyway. Why give it away in times of economic stress in our own country?

So I think the point the gentleman from Wisconsin makes is a very real one. Last week we had a substantial agriculture subsidy bill before this House to subsidize products, many of which go overseas. Let us at least make those countries that have the cash, pay for the products rather than give the products away.

I thank my friend, the gentleman from Kansas, for yielding.

Mr. PASSMAN. Mr. Speaker, I must yield myself some additional time to reply. As the Members know, in recent years a good part of the foreign assistance has been under development loan funds. We did research on the repayment of these loans, going back 20 years, and we have found the repayment record to be excellent. So let us not label it all bad. The Public Law 480 program and devleopment loan funds make a good contribution. The emphasis is not on what is in the bill. It is on what we cut out of the bill.

Mr. LEVITAS. Mr. Speaker, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Speaker, since my prior remarks I have been furnished with some helpful and useful information concerning the questions I had.

Also I would like to commend the diligent work of the committee and the members on both sides and the conferees, but also I would like to associate myself with the remarks of the gentleman from California (Mr. Krebs) in asking that henceforth, whether it is on authorization legislation or on a conference report, we would appreciate if we could have, through the efforts of the gentleman's subcommittee, information for the Members of this body so we could be given the opportnuity to separate the programs before we have an opportunity to vote on them. I am asking that this information be furnished in advance, prior to the vote, so we may have the details of the information as to which countries are going to receive what amounts and for what purpose.

Frankly I am aghast at the way we find out where the money is to be spent, 30 days after we vote on it, which seems to me to be locking the barn door after the horse is gone.

I hope we can receive that in the future in advance and that henceforth this information can be made available to all the Members of the House prior to the vote, because I find the information concerning Ecuador was made available, and if that can be made available the information can be made available for every country.

Mr. PASSMAN. Mr. Speaker, if the gentleman will yield, I appreciate the gentleman's views, but the information the gentleman asks for is detailed, down to the last line and the last country, showing how the request is proposed to be spent. Each country is detailed, and it is detailed as to military or economic assistance.

We have cut the bill by 38 percent. That information is what is to come from downtown. It is obvious when we make reductions of $2,272 million, it takes these people downtown 30 days to figure out where they are going to apply the tremendous reductions made by this committee and, I might add, the committee of the Senate.

So the information can be found in our report and I hope we will all read the report in advance next time.

Mr. Speaker, I yield now to the distinguished gentleman from Texas (Mr. Mahon).

Mr. MAHON. Mr. Speaker, we all recognize that the foreign aid appropriation bill poses a serious problem to all Members of Congress. It is the least popular of all appropriation bills. I think we all agree we should provide no foreign aid funds unless we believe those funds are in the best interests of the United States. We have regard for all mankind and the other countries of the world, but we should not provide for the expenditure of the taxpayers' money unless we feel that such action on our part is in the best interests of the United States.

The President of the United States calls upon us for support and for cooperation. He called upon us for vast sums for foreign aid for this fiscal year.

We refused to provide the $5 billion requested, but we do find it necessary to enable the President to continue certain foreign aid programs that are in existence. So after making a cut of some $2 billion, we have this bill before us today. It seems to me that the time has come to call the controversy over the foreign aid bill for the current fiscal year to a halt. We have proceeded 9 months without a regular appropriation bill through the continuing resolution procedure. We did not get the authorization until late last year, late in December. We have had several continuing resolutions, so it seems to me whether we are for foreign aid or against foreign aid, we have to get this issue behind us and act responsibly, because it is the duty of Congress to dispose of this measure. We cannot very well chop off the program totally at this time.

I would assure my colleagues that we have ample time in the regular bill to work our will by abandoning all foreign aid or modifying the program. If we want to, we can eliminate foreign aid or modify it as drastically as we desire to; but approximately 9 months of the present fiscal year has already expired. It seems to me that we ought to get this measure behind us here at this time.

Now, what are the alternatives? If we vote this conference report down, there is not much hope of getting better agreement with the Senate. There is not much room for a better agreement. If we vote this conference report down, then we may have to have another continuing resolution.

I would just hope that we may lay aside our various differences with respect to foreign aid and enable the program to continue for the next 3 months and during that time and perhaps before the lapse of that time, we can determine what to do about the foreign aid issue for the forthcoming fiscal year. I urge that this conference report be approved by the House this afternoon.

Mr. PATTISON of New York. Mr. Speaker, will the gentleman yield?

Mr. PASSMAN. I yield 1 minute to the gentleman from New York.

Mr. PATTISON of New York. Mr. Speaker, I would like to associate myself with the words of wisdom of the gentleman from California (Mr. Krebs).

I voted against the appropriation bill about a week ago because of a lot of reasons. I am going to support this bill this time, because I think not to support it would be a disaster for the Middle East, particularly in the light of what has happened in the last couple of days.

I am going to support this bill; but I have mixed feelings about it, because of a number of things in this bill that I really feel badly about.

I do think it is time we divided these foreign aid appropriations and authorizations bills to separate out the economic, the military, and the humanitarian aspects and vote separately on each part without putting them all together.

Mr. CARNEY. Mr. Speaker, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Ohio.

Mr. CARNEY. Mr. Speaker, do I understand that this bill is $2,156,362,018 less than the 1974 appropriation?

Mr. PASSMAN. That is correct.

Mr. CARNEY. And do I also further understand that this is $2,272,113,927 less than the budget requested by the President?

Mr. PASSMAN. That is correct.

Mr. CARNEY. Mr. Speaker, I commend the gentleman for doing a good job. I have not been a great lover of all this foreign aid, but when we are making progress like this, I commend the gentleman and his subcommittee.

Mr. BIAGGI. Mr. Speaker, I rise in support of the conference report to H.R. 4592, the Foreign Assistance Appropriations Act of 1975. I am especially pleased to see that the conferees decided to restore the full $25 million for Cyprus famine and disaster relief which was contained in my original amendment passed by the Congress in December of 1974.

I wish to pay a special tribute to Chairman Otto Passman for his untiring efforts on behalf of insuring that this provision would be included in the final bill. I know he shared my concern over the serious consequences for Cyprus which were likely to occur if this aid figure were reduced by $5 million as was voted by the House on March 13.

At a time when Turkey remains in firm control of 40 percent of Cyprus as well as 75 percent of the island's industrial and farm production it is more than imperative that these emergency funds make their way immediately into Cyprus. These funds will be used to provide emergency health and housing relief for the 200,000 refugees on the island as well as rebuild the economy of Cyprus which is estimated to have lost up to $1 billion due to the war and occupation.

In recent years there has been a great deal of controversy over whether the entire foreign aid program ought not to be dropped. I maintain that programs such as this which give moneys to nations in desperate straits brings viability to the foreign aid program and helps to make it a concept worth continuing.

The people of Cyprus have been forced to endure more than one-half a year of war and occupation which has both devastated the nation and her people. These $25 million represent the single largest commitment made by any nation on behalf of Cyprus. I implore my colleagues to adopt this conference report today so that these desperately needed funds can make for a brighter tomorrow for Cyprus and her weary people.

Mr. PASSMAN. Mr. Speaker, I move

the previous question on the conference report.

The previous question was ordered.

The **SPEAKER** pro tempore (Mr. McFALL). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. **YOUNG** of Florida. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER** pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 193, nays 185, not voting 54, as follows:

[Roll No. 87]

YEAS—193

Abzug
Addabbo
Ambro
Annunzio
Ashley
AuCoin
Badillo
Biaggi
Biester
Bingham
Blanchard
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brodhead
Broomfield
Brown, Mich.
Buchanan
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Chisholm
Clay
Cohen
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, Dominick V.
Danielson
Diggs
Dingell
Downey
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Esch
Fascell
Fenwick
Findley
Fish
Fisher
Flood
Florio
Ford, Tenn.
Forsythe
Fraser
Frenzel
Gilman
Gonzalez
Gradison
Green
Gude
Guyer
Hall
Hamilton
Hanley
Harrington
Harris
Hayes, Ind.
Hébert
Heckler, Mass.
Helstoski
Holtzman
Horton
Howard
Hyde
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jordan
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Long, Md.
McClory
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Maguire
Mahon
Matsunaga
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Pa.
Morgan
Murphy, Ill.
Murphy, N.Y.
Myers, Pa.
Nedzi
Nix
Nowak
Oberstar
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Preyer
Price
Quie
Rangel
Rees
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Rodino
Roe
Rooney
Rosenthal
Rostenkowski
Roybal
Russo
St Germain
Sarbanes
Scheuer
Schneebeli
Schulze
Shriver
Simon
Sisk
Smith, Iowa
Solarz
Spellman
Stanton, J. William
Stanton, James V.
Steiger, Wis.
Stokes
Stratton
Symington
Thompson
Traxler
Tsongas
Ullman
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Whalen
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Tex.
Zablocki
Zeferetti

NAYS—185

Abdnor
Adams
Alexander
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Bafalis
Barrett
Baucus
Bauman
Beard, Tenn.
Bedell
Bennett
Bevill
Blouin
Bowen
Brinkley
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carr
Carter
Casey
Clancy
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis
Delaney
Derrick
Derwinski
Devine
Dickinson
Dodd
Downing
Duncan, Tenn.
Edwards, Ala.
Emery
English
Eshleman
Evans, Colo.
Evans, Ind.
Fithian
Flynt
Fountain
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Goldwater
Goodling
Grassley
Hagedorn
Haley
Hammerschmidt
Hannaford
Hansen
Harkin
Harsha
Hastings
Hechler, W. Va.
Hefner
Henderson
Hicks
Hillis
Hinshaw
Holland
Holt
Howe
Hubbard
Hughes
Hungate
Hutchinson
Jacobs
Jarman
Jenrette
Johnson, Colo.
Jones, N.C.
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Landrum
Latta
Litton
Lloyd, Tenn.
Lott
Lujan
McCollister
McCormack
McDonald
Madigan
Mann
Martin
Mazzoli
Melcher
Milford
Miller, Calif.
Miller, Ohio
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moss
Mottl
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nolan
Obey
Perkins
Pickle
Pike
Poage
Pressler
Pritchard
Quillen
Randall
Regula
Risenhoover
Roberts
Robinson
Rogers
Roncalio
Rose
Roush
Rousselot
Santini
Sarasin
Satterfield
Schroeder
Sebelius
Sharp
Shuster
Sikes
Slack
Smith, Nebr.
Snyder
Staggers
Steed
Steelman
Steiger, Ariz.
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Treen
Van Deerlin
Waggonner
Wampler
Weaver
White
Whitehurst
Whitten
Wilson, Charles H., Calif.
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—54

Anderson, Calif.
Anderson, Ill.
Ashbrook
Aspin
Baldus
Beard, R.I.
Bell
Bergland
Boggs
Boland
Brooks
Burke, Calif.
Cederberg
Chappell
Clausen, Don H.
Conyers
de la Garza
Dellums
Dent
Erlenborn
Evins, Tenn.
Flowers
Foley
Ford, Mich.
Frey
Hawkins
Hays, Ohio
Heinz
Hightower
Ichord
Jones, Okla.
Jones, Tenn.
Keys
Long, La.
McCloskey
Macdonald
Mathis
Michel
Mills
Mosher
Peyser
Railsback
Runnels
Ruppe
Ryan
Seiberling
Shipley
Skubitz
Spence
Stark
Stephens
Stuckey
Udall
Young, Ga.

So the conference report was agreed to.

The Clerk announced the following pairs.

On this vote:

Mr. Hays of Ohio for, with Mr. Dent against.

Mr. Brooks for, with Mr. Chappell against.

Mrs. Boggs for, with Mrs. Burke of California against.

Mr. Cederberg for, with Mr. Jones of Tennessee against.

Mr. Erlenborn for, with Mrs. Keys against.

Mr. Boland for, with Mr. Conyers against.

Mr. Anderson of Illinois for, with Mr. Shipley against.

Mr. Udall for, with Mr. Runnels against.

Mr. McCloskey for, with Mr. Ichord against.

Mr. Stark for, with Mr. Ashbrook against.

Mr. Bergland for, with Mr. Don H. Clausen against.

Mr. Seiberling for, with Mr. Frey against.

Mr. Mosher for, with Mr. Skubitz against.

Mr. Foley for, with Mr. Spence against.

Mr. Hawkins for, with Mr. Stuckey against.

Mr. Young of Georgia for, with Mr. Stephens against.

Mr. Dellums for, with Mr. Evins of Tennessee against.

Mr. Beard of Rhode Island for, with Mr. Hightower against.

Mr. Macdonald of Massachusetts for, with Mr. de la Garza against.

Mr. Ford of Michigan for, with Mr. Mathis against.

Mr. Ryan for, with Mr. Jones of Oklahoma against.

Mr. Railsback for, with Mr. Flowers against.

Until further notice:

Mr. Long of Louisiana with Mr. Aspin.

Mr. Heinz with Mr. Baldus.

Mr. Bell with Mr. Anderson of California.

Mr. Michel with Mr. Mills.

Mr. Peyser with Mr. Ruppe.

The result of the vote was announced as above recorded.

AMENDMENTS IN DISAGREEMENT

The **SPEAKER**. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 2, line 18, strike out lines 18 through 21.

MOTION OFFERED BY MR. PASSMAN

Mr. **PASSMAN**. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PASSMAN moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows: "*Provided further,* That not more than $110,000,000 appropriated or made available under this Act shall be used for the purposes of section 291 during the current fiscal year"

The motion was agreed to.

The **SPEAKER**. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 3, line 9, strike out: "of which not more than $250,000 shall be available for the National Association of the Partners of the Alliance, Inc.:"

MOTION OFFERED BY MR. PASSMAN

Mr. **PASSMAN**. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PASSMAN. moves that the House recede from its disagreement to the amendment of the Senate numbered 6 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows: ", of which not more than $500,000 shall be available for the National Association of the Partners of the Alliance, Inc."

The motion was agreed to.

The **SPEAKER**. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 9: Page 4, line 4, strike out lines 5 through 10 and insert: "$140,000,000."

MOTION OFFERED BY MR. PASSMAN

Mr. **PASSMAN**. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 9 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert: "$125,000,000, of which not more than $17,000,000 shall be available for the United Nations Children's Fund: *Provided*, That none of the funds appropriated or made available pursuant to this Act shall be used to supplement the funds provided to the United Nations Development Program in fiscal year 1974."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18. On page 8, line 21, insert: "and not less than $77,500,000 shall be allocated to Jordan."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 18 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment is disagreement.

The Clerk read as follows:

Senate amendment No. 20: on page 9, line 6, insert: "*Provided further*, That the total number of flag and general officers of the United States Armed Forces assigned or detailed to military assistance advisory groups, military missions, or similar organizations, or performing duties primarily with respect to the Military Assistance Program and the Foreign Military Sales Program shall not exceed twenty after May 1, 1975."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 20 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 32: On page 15, line 11, insert: "*Provided*, That of this amount $46,846,000 shall be available only for the direct support of volunteers."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 32 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert: "*Provided*, That of this amount $44,500,000 shall be available only for the direct support of volunteers".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 35: On page 16, line 20, insert: "ASSISTANCE TO PALESTINIAN REFUGEES

"For necessary expenses to provide assistance to Palestinian Refugees, $10,000,000."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 35 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 36: On page 17, strike out lines 4 through 8, and insert: "For payment by the Secretary of the Treasury of the United States to be contributed to the Asian Development Bank $74,126,982, of which $50,000,000 will be contributed to the Special Funds Resources of the Bank as authorized by the Act of March 10, 1972, as amended (Public Law 92–245), and of which $24,126,982 will be paid for an increase in the United States subscription to the paid-in capital of the Ordinary Capital of the Bank, as authorized by the Act of December 22, 1974 (Public Law 93–537)."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 36 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert:

"For payment by the Secretary of the Treasury of the United States to be contributed to the Asian Development Bank $74,126,982, to remain available until expended, of which $50,000,000 will be contributed to the Special Funds Resources of the Bank as authorized by the Act of March 10, 1972, as amended (Public Law 92–245), and of which $24,126,982 will be paid for an increase in the United States subscription to the paid-in capital of the Ordinary Capital of the Bank, as authorized by the Act of December 22, 1974 (Public Law 93–537)."

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 38: Page 18, line 3, insert: "*Provided*, that of this amount $25,000,000 shall be made available only to responsible cooperatives whose primary purpose is to increase the productive capacity of rural and urban citizens at the most economically disadvantaged level: *Provided further*, That $10,000,000 of this amount shall be made available only to local credit unions or national or regional federations thereof, whose primary purpose is to increase the productive capacity of rural and urban citizens at the most economically disadvantaged level: *Provided further*, that $15,000,000 of this amount shall be made available only to responsible savings and loan associations or other mortgage credit institutions, or national or regional federations thereof, whose primary purpose is to provide basic housing to rural and urban citizens at the most economically disadvantaged level."

MOTION OFFERED BY MR. PASSMAN

Mr. PASSMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Passman moves that the House recede from its disagreement to the amendment of the Senate numbered 38 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

GENERAL LEAVE

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in the Record on the conference report just agreed to, and that I may be permitted to include with my remarks certain extraneous material and tables, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

APPOINTMENT AS MEMBERS OF SELECT COMMITTEE ON HOUSE BEAUTY SHOP

The SPEAKER. Pursuant to the provisions of Public Law 91–145, the Chair appoints as members of the Select Committee on the House Beauty Shop the following Members of the House: the gentlewoman from California, Mrs. Burke; the gentlewoman from New Jersey, Mrs. Meyner; and the gentlewoman from Nebraska, Mrs. Smith.

CONFERENCE REPORT ON HOUSE CONCURRENT RESOLUTION 133, CONDUCT OF MONETARY POLICY

Mr. REUSS. Mr. Speaker, I call up the conference report on the concurrent resolution (H. Con. Res. 133) to lower interest rates, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 19, 1975.)

Mr. REUSS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER. The gentleman from Wisconsin (Mr. Reuss) is recognized.

Mr. REUSS. Mr. Speaker, the position of the House as contained in House Concurrent Resolution 133 was fully maintained in conference. The precise language and intent of the House resolution is contained in the conference-reported resolution.

The resolution as it passed the House stated that the Federal Reserve should "conduct monetary policy in the first half of 1975 so as to lower long-term interest rates." This provision without change is contained in the conference-reported resolution. The reported resolution combines the House language with paragraph (1) of the Senate resolution. The effect of paragraph (1) of the reported resolution, therefore, is to call on the Federal Reserve to pursue policies in the first half of 1975 to encourage lower long-term interest rates and expand monetary and credit aggregates to facilitate prompt economic recovery.

The House resolution called for the Federal Reserve to lower long-term interest rates in order to "promptly and steadily reduce unemployment." Broader language was contained in the resolution as passed by the Senate; namely, that there should be an expansion in monetary and credit aggregates so as to facilitate prompt economic recovery. The House conferees adopted the precise Senate language, since Senate language calling for the promulgation of necessary policies to "facilitate prompt economic recovery," obviously encompasses the House language to "promptly and steadily reduce unemployment."

The final directive of the House-passed resolution provided for the Federal Reserve Board to submit a report every 3 months after the effective date of passage to the House and Senate Banking Committees. Language in the Senate-passed resolution provided that the Board of Governors on a seminannual basis would appear before the House and Senate Banking Committees to present their plans with respect to "the range of growth or diminution of monetary and credit aggregates in the upcoming 12 months." This means that for the first time, the Congress will now receive specific information related to a definite numerical range—information we have not received in the past.

The conference-reported resolution is in full accord with the language as contained in the House-passed resolution. The conference-reported resolution, as further described in the statement of managers, provides that the Federal Reserve Board will initially appear before the House and Senate Banking Committees soon after April 1, 1975 and July 1, 1975, to inform these committees and the Congress as to the actions the Federal Reserve has taken during the first half of 1975, both as regards changes in the Federal Reserve Open Market Committee portfolio and monetary aggregates in order to meet the directives contained in the resolution.

Subsequent to these initial meeting dates, hearings will be held by the House and Senate Banking Committees with the Federal Reserve Board on a semiannual basis. It is anticipated that the House and Senate Banking Committees will coordinate their activities so that, in fact, the Federal Reserve Board will alternate its appearance before these committees on a quarterly basis.

This is landmark legislation. We are, in this resolution, establishing policies for the Federal Reserve Board to follow. We are requesting that the Federal Reserve lower long-term interest rates. We are not directing the Federal Reserve to use one particular policy or another in achieving this goal. They can, of course, pursue policies of reasonable monetary expansion to achieve this goal, they can also direct the Federal Open Market Committee to purchase long-term securities such as securities of the various Federal credit agencies, including the Federal Home Loan Bank Board, Federal National Mortgage Association, and the Federal Land Banks, et cetera.

During the entire legislative debate and passage of House Concurrent Resolution 133, a great deal of uninformed information was presented concerning the difference between a concurrent resolution and a bill signed into law by the President. While such discussions and debate may delight parliamentary students, let there be no question concerning the import of House Concurrent Resolution 133.

The Federal Reserve System is a creature of the Congress. It is responsive to the Congress and not to the President. While Federal Reserve Board chairmen have indicated that the Board is independent of the Executive, never have they indicated they are independent of the Congress—their creator.

It would thus be superfluous for the Congress to pass a bill which would require a Presidential signature. Since the Federal Reserve is a creature of the Congress and responsive thereto, the enactment of a concurrent resolution in this instance is the proper vehicle for the Congress to issue its policy directive to the Federal Reserve.

Mr. Speaker, I know that the Federal Reserve will cooperate with the Congress, which is expressing itself through House Concurrent Resolution 133. Equally, the Congress want to cooperate with the Fed. The public urgently needs a sympathetic approach by both parties.

Indeed, the Federal Reserve is currently expanding the money supply, in the spirit of House Concurrent Resolution 133, and bringing about a modest decline in long-term interest rates.

The need for stepping up money growth above the 1.2 percent growth rate prevailing between July 1974 and January 1975 was made clear to the Federal Reserve during the February 4 to 6 Domestic Monetary Policy Subcommittee's hearings, and the February 19 full Banking Committee hearing with Federal Reserve Board Chairman Arthur Burns.

During the month February 12 to March 12, 1975, for which figures have just become available, the Federal Reserve expanded the money supply—M_1—by 16.5 percent at an annual rate, up from the 14 percent February 5 to March 5 growth rate reported to the House on March 14, and significantly above the 0.3 percent growth rate existing between November 1974 and February 1975.—M_2—the broader money supply measure, including M_1 plus time deposits at commercial banks—rose 12.9 percent, compared with 5.3 percent between November 1974 and February 1975. This is excellent progress.

Of course, as I said in my first report on March 14, 16.5 percent or even 14 percent is much too expansive a growth rate for the long term. But the Fed must continue to recoup for its earlier excessive tightness.

I am concerned that recent Federal Reserve actions reducing bank reserves may presage another period of excessively tight money. Between the end of January 1975, and the week ending March 19, total bank reserves fell by more than 8 percent, from $37.4 billion to $34.5 billion. Although required reserves also fell—from $37.2 billion to $34.5 billion—largely because the Fed reduced reserve requirements during the week of February 13–20, excess reserves available to expand bank credit fell from $206 million to a mere $30 million. Even more dramatic is the fall in excess reserves just in the past 2 weeks, from $451 million for the week ending March 5 to $30 million for the week ending March 19.

This $30 million in excess reserves is hardly sufficient to support continued money growth. Unless the Fed takes steps to replenish bank reserves, the progress made in expanding the money supply during the past month could come to a halt.

In addition to creating adequate new money, the Federal Reserve can directly reduce long-term interest by purchasing long-term securities. The Fed, however, has not pursued this course with sufficient vigor. Of the Fed's current—March 12, 1975—$81.3 billion portfolio, over 82.7 percent is in securities maturing in less than 5 years, while less than 3.7 percent are in securities maturing in over 10 years. This composition of the Fed's portfolio is badly distorted in the wrong direction.

As I reported on March 14, the Fed modestly improved the composition of its portfolio between February 5 and March 5 by selling $1.258 billion short-terms and buying $243 million long-terms. During the week March 5 to March 12, the Fed made a further improvement by selling another $2.676 billion short-terms, even though it did not increase its long-term holdings.

While the recent expansion in the money supply has had its most significant effect on short-term interest rates, reducing the 90-day Treasury bill rate to 5.4 percent from last August's 8.7 percent, we are also experiencing what could be the welcome beginning of a steady fall in long-term interest rates—the goal of House Concurrent Resolution 133. During February, the first month following introduction of H.R. 212, predecessor of House Concurrent Resolution 133, the yield on FHA-guaranteed new home mortgages fell from January's 9.51 percent to 8.99 percent. The decline has continued to 8.84 percent for March. For conventional mortgages, the average interest rate declined 22 points from January's peak of 9.33 percent to 9.11 percent for February. This was the steepest decline since early 1971, according to the Federal Home Loan Bank Board.

The latest Federal Reserve money supply tables follow:

TABLE 1.—MONEY STOCK MEASURES

[In billions of dollars]

Date	Seasonally adjusted			Not seasonally adjusted		
	M_1—Currency plus demand deposits [1]	M_2—M_1 plus time deposits at commercial banks other than large CD's [2]	M_3—M_2 plus deposits at nonbank thrift institutions [3]	M_1—Currency plus demand deposits [1]	M_2—M_1 plus time deposits at commercial banks other than large CD's [2]	M_3—M_2 plus deposits at nonbank thrift institutions [3]
1974:						
February	273.1	580.9	907.5	270.2	578.5	905.1
March	275.2	585.5	914.6	272.5	584.9	915.4
April	276.6	589.4	920.2	278.2	593.5	926.3
May	277.6	591.6	922.8	272.9	589.7	922.0
June	280.0	597.1	929.6	278.2	596.6	930.6
July	280.5	599.7	933.4	280.1	599.3	934.5
August	280.7	602.2	936.4	277.5	598.7	932.5
September	281.1	603.8	938.8	279.4	600.7	934.5
October	282.2	608.1	944.4	281.7	606.3	941.1
November	283.8	613.0	951.1	285.3	611.1	947.0
December	284.3	614.3	955.0	292.2	619.4	958.3
1975:						
January	282.2	616.0	959.6	289.3	621.9	964.9
February [4]	[5] 284.0	621.1	[5] 968.0	280.9	618.7	965.5
Week ending: 1975:						
Feb. 5	281.8	616.8		282.0	616.5	
Feb. 12	[5] 284.2	621.2		[5] 281.8	619.0	
Feb. 19 [4]	283.6	[5] 621.0		281.1	[5] 619.1	
Feb. 26 [4]	[5] 284.7	[5] 623.4		277.9	[5] 617.8	
Mar. 5 [4]	[5] 285.2	[5] 623.8		283.1	623.5	
Mar. 12 [4]	288.1	627.9				

Note: See footnotes on table 2.

TABLE 2.—MONEY STOCK MEASURES

[Percent change at seasonally adjusted annual rates]

Period	M_1—Currency plus demand deposits [1]	M_2—M_1 plus time deposits at commercial banks other than large CD's [2]	M_3—M_2 plus deposits at nonbank thrift institutions [3]
February			
November 1974 (3 mos. previous)	0.3	5.3	7.1
August 1974 (6 mos. previous)	2.4	6.3	6.7
February 1974 (12 mos. previous)	4.0	6.9	6.7
4 weeks ending: Mar. 12, 1975 from 4 weeks ending:			
Dec. 11, 1974 (13 weeks previous)	0.7	6.3	
Sept. 11, 1974 (26 weeks previous)	3.1	6.9	
Mar. 13, 1974 (52 weeks previous)	4.0	6.9	

[1] Includes (1) demand deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government, less cash items in the process of collection and F.R. float, (2) foreign demand balances at F.R. Banks, and (3) currency outside the Treasury, F.R. Banks and vaults of all commercial banks.

[2] Includes, in addition to currency and demand deposits, savings deposits, time deposits open account, and timer certificates of deposits other than negotiable time certificates of deposit issued in denominations of $100,000 or more by large weekly reporting commercial banks.

[3] Includes M_2 plus the average of the beginning and end of month deposits of mutual savings banks and savings and loan shares.

[4] Preliminary.

[5] Revised.

Note: All rates of change are based on daily average data; rates of change are not compounded

The SPEAKER. The gentleman from Pennsylvania (Mr. JOHNSON) is recognized.

Mr. JOHNSON of Pennsylvania. Mr. Speaker, I am reminded of a principle in the law of equity that equity will not entertain a motion which would accomplish a vain thing.

That is what we are doing here. It is just an exercise in futility.

As for its being landmark legislation, I cannot help but feel that it is an intermeddling by this Congress into the affairs of our independent Federal Reserve System, which I think is a very serious move and also we, the Congress, are stepping in and trying to run the Federal Reserve Board.

I notice in the language adopted on the part of the Senate it says:

> Whereas Congress established the Federal Reserve Board as its agent, and delegated to its agent the day-to-day responsibility for managing the money supply;

Under the law of principal and agent, the principal is responsible for the actions of his agent. The Federal Reserve, are not our agent, they are merely a creature of Congress. If they have mismanaged the money supply and caused this recession, as the proponents of this legislation would have us believe, then we as the principal are responsible for the actions of our agent. I really do not think we should go that far and say that the Federal Reserve in everything they do is an agent of the Congress of the United States.

While we are not going to fight this resolution, we consider it a very useless vain thing which we are doing. It is too bad the Congress of the United States is occupying its time on such, in my opinion, a useless endeavor.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Pennsylvania. I yield to the gentleman from Michigan (Mr. BROWN) such time as he may consume.

Mr. BROWN of Michigan. Mr. Speaker, I thank the gentleman from Pennsylvania for yielding.

Mr. Speaker, the legislative product we are acting upon today in this conference report is significantly different from the initial proposal that was contemplated by the committee. What we have before us today is a sense of the Congress resolution attempting to focus attention on the Federal Reserve Board and its actions with respect to monetary policy. I think this is done primarily to divert the attention of our constituents and the public generally from the definitely inadequate fiscal policy job we have done here in the Congress.

It also is obvious that this conference report, in being only a sense of the Congress resolution, pretends to do something but really does nothing; whereas the original proposal required the Federal Reserve Board to expand the money supply at a certain rate and other specific things and it would have had the force of law. The very fact that we have ended up with a weak and general sense of the Congress resolution proves that the Congress cannot, like a committee and as a body, agree upon and specifically deal with monetary policy.

I intend to vote for the conference report and agree with those who feel we ought to do a better oversight job on the Federal Reserve Bank's activities with respect to monetary policy, but anyone who refers to this legislation as landmark legislation or as tremendously important legislation or even especially good legislation is grossly exaggerating its effect.

Mr. JOHNSON of Pennsylvania. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, this conference report on House Concurrent Resolution 133 does indeed preserve all of the uselessness of the original House position. Happily, the resolution does nothing. It is still frivolous, and still toothless.

It does, however, represent a bad principle. Through it, the Congress is attempting to shift the blame to another institution. The Federal Reserve, for the inevitable interest rate increases which will follow Congress wild "antirecession" spending. Our deficit for this fiscal year and next will be $150 billion. No agency in the world can hold down interest rates while Congress overspends at that rate.

Mr. REUSS. Mr. Speaker, we have no further requests for time.

The SPEAKER. Without objection, the

previous question is ordered on the conference report.

There was no objection.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 335, nays 46, not voting 51, as follows:

[Roll No. 88]

YEAS—335

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
AuCoin
Badillo
Bafalis
Baldus
Barrett
Baucus
Bedell
Bennett
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Casey
Chisholm
Clancy
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis
Delaney
Derrick
Devine
Dickinson
Diggs
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fish
Fisher
Fithian
Flood
Florio
Flowers
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hastings
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Jacobs
Jarman
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Keys
Koch
Krebs
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Lloyd, Calif.
Lloyd, Tenn.
Lott
Lujan
McDade
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patman
Patten
Patterson, Calif
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Sharp
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Stokes
Stratton
Studds
Symington
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—46

Archer
Armstrong
Bauman
Beard, Tenn.
Burleson, Tex.
Butler
Clawson, Del
Collins, Tex.
Conable
Crane
Derwinski
du Pont
Fenwick
Findley
Flynt
Frenzel
Hutchinson
Jeffords
Johnson, Colo.
Ketchum
Kindness
Krueger
Long, Md.
McClory
McCollister
McDonald
McEwen
Martin
Milford
Passman
Poage
Rhodes
Robinson
Satterfield
Schneebeli
Schulze
Sebelius
Shuster
Steelman
Steiger, Ariz.
Steiger, Wis.
Sullivan
Symms
Talcott
Waggonner
Whitehurst

NOT VOTING—51

Anderson, Calif.
Anderson, Ill.
Ashbrook
Aspin
Beard, R.I.
Bell
Bergland
Boggs
Boland
Brooks
Brown, Calif.
Burke, Calif.
Cederberg
Chappell
Clausen, Don H.
Conlan
Conyers
de la Garza
Dellums
Dent
Erlenborn
Evins, Tenn.
Foley
Frey
Hawkins
Hays, Ohio
Heinz
Hightower
Ichord
Jones, Tenn.
Landrum
Levitas
Long, La.
McCloskey
McCormack
Macdonald
Michel
Mills
Mosher
Peyser
Railsback
Runnels
Ruppe
Seiberling
Shipley
Skubitz
Stark
Stephens
Stuckey
Udall
Young, Ga.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hays of Ohio with Mr. Anderson of California.

Mr. Dent with Mr. de la Garza.

Mrs. Boggs with Mr. McCloskey.

Mr. Jones of Tennessee with Mr. Anderson of Illinois.

Mr. Chappell with Mr. Erlenborn.

Mr. Stark with Evins of Tennessee.

Mr. Boland with Mr. Don H. Clausen.

Mr. Runnels with Mr. Conlan.

Mr. Shipley with Mr. Skubitz.

Mr. Hawkins with Mr. Ruppe.

Mr. Macdonald of Massachusetts with Mr. Michel.

Mr. Conyers with Mr. Frey.

Mrs. Burke of California with Mr. Levitas.

Mr. Bergland with Mr. Railsback.

Mr. Seiberling with Mr. Stuckey.

Mr. Udall with Mr. Mosher.

Mr. Stephens with Mr. Peyser.

Mr. Hightower with Mr. Heinz.

Mr. Foley with Mr. Bell.

Mr. Landrum with Mr. Ashbrook.

Mr. Brooks with Mr. Cederberg.

Mr. Dellums with Mr. Aspin.

Mr. McCormack with Mr. Beard of Rhode Island.

Mr. Young of Georgia with Mr. Brown of California.

Mr. Long of Louisiana with Mr. Ichord.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in connection with the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERSONAL EXPLANATION

Mr. LEVITAS. Mr. Speaker, it has come to my attention that on the preceding roll call vote (No. 88) on H. Con. Res. 133, Conference Report to lower interest rates, I was not recorded as voting. The fact of the matter is that I was in the House Chamber and did vote in favor of the Conference Committee Report, although the electronic voting device failed to record my vote. I have examined the voting activity analysis computer printout for today (March 24) and it reveals that I did, in fact, insert my voting card in the electronic voting device, although my vote was not recorded.

Therefore, I ask unanimous consent that this statement be set forth immediately following the roll call vote in question in order that the record may be set straight.

RESIGNATION AS MEMBER OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY

The SPEAKER laid before the House the following resignation as a member of the Committee on Science and Technology:

WASHINGTON, D.C.,
March 21, 1975.

Hon. CARL ALBERT,
Speaker of the House,
Washington, D.C.

DEAR MR. SPEAKER: With my appointment to the House Committee on Ways and Means, I hereby resign my assignment to the Committee on Science and Technology.

It has been a distinct pleasure as well as a privilege to serve under the leadership of the distinguished Chairman, the Honorable Olin E. Teague. Under his leadership, the Committee has been responsible for numerous contributions in the fields of Science and technology, and I am proud to have served alongside him. I have valued his advice and counsel and am indebted to him for his assistance and guidance. We in Congress, and the people of Texas, are indeed fortunate to have a man of his dedication and capability working in our behalf.

I am most appreciative of having had the opportunity to serve on the Science and

Technology Committee and look forward to my new responsibility on the House Committee on Ways and Means.

Sincerely,

WILLIAM M. KETCHUM,
Member of Congress.

The **SPEAKER.** Without objection, the resignation will be accepted.

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 4222, NATIONAL SCHOOL LUNCH ACT AND CHILD NUTRITION ACT OF 1966 AMENDMENTS OF 1975

Mr. **BOLLING.** Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 352 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 352

Resolved, That upon the adoption of this resolution it shall be in order to move, section 401 of Public Law 93–344 to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against sections 13 and 15 of said substitute for failure to comply with the provisions of clause 5, rule XXI are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

POINT OF ORDER

Mr. **BAUMAN.** Mr. Speaker, I have a point of order.

The **SPEAKER.** The gentleman will state his point of order.

Mr. **BAUMAN.** Mr. Speaker, I make a point of order against the consideration of House Resolution 352 on two grounds. The first ground is that the rule itself attempts to permit a waiver of section 401 of Public Law 93–344, the Budget Control Act.

In support of this point of order, I cite the argument by the gentleman from Illinois (Mr. ANDERSON), which appeared in the CONGRESSIONAL RECORD on page 7676 of last Thursday, which I adopt by reference, the argument being in essence that a procedural resolution of the House cannot repeal, amend, or waive a section of statutory law.

Mr. Speaker, anticipating the Chair's ruling on my first point, I cite the ruling of the Chair on last Thursday in which the Chair said in part:

> "* * * section 401" and the provisions thereof "were enacted as an exercise of the rulemaking power of the House, to be considered as part of the rules of the House, with full recognition of the constitutional right of each House to change such rules at any time to the same extent as in the case of any other rule of the House."

This leads me to state my second point of order against the report, House Report 94–107, accompanying House Resolution 352, on the grounds that this report violates rule XI of clause 4(d), of the Rules of the House which in essence requires that at any time a rule of the House is amended or changed, there shall be printed in the text of the report a comparative print showing such changes.

Mr. Speaker, in support of this second point, I have researched the records of the House, to the best extent one Member can. I realize that rule XI 4(d) is a new provision, but it has a comparative predecessor in the Ramseyer Rule. I have found, in looking up the Ramseyer Rule, that there is no comparable case in which the Chair has ever ruled that a waiver by a simple resolution making in order a rule has extended to the right to change the statutes of the United States, without at least attempting to comply with the Ramseyer Rule. The only close case that I found was a case on January 9, 1930, in which the Chair [Speaker Longworth of Ohio] ruled that the Ramseyer Rule did not apply to an appropriations statute being enacted by the Congress which permitted a temporary waiver of another statute, but this did not apply to a simple rule.

Therefore, Mr. Speaker, on both of these points, I suggest that the consideration of this resolution and its report is not in order at this time.

The **SPEAKER.** Does the gentleman from Missouri (Mr. BOLLING) desire to be heard on the point of order?

Mr. **BOLLING.** I do, Mr. Speaker, very briefly.

Mr. Speaker, I would cite the case cited by the gentleman from Maryland (Mr. BAUMAN), the arguments which I happen to have made on that day, and the various rulings of the Chair in support of the position that the rule is in order.

The **SPEAKER.** The Chair is ready to rule if the gentlemen do not desire to be heard further.

For the reasons stated by the Chair last week on the point of order raised by the gentleman from Maryland (Mr. BAUMAN) and on the point raised by the gentleman from Illinois (Mr. ANDERSON), the Chair finds no reason to reverse the ruling he made last week and therefore overrules the point of order.

PARLIAMENTARY INQUIRY

Mr. **BAUMAN.** Mr. Speaker, I have a parliamentary inquiry.

The **SPEAKER.** The gentleman will state his parliamentary inquiry.

Mr. **BAUMAN.** Is it the Chair's position that henceforth, rule XI, clause 4(d) does not apply at all in any instance where a waiver of a permanent rule of the House, or a statute which has the status of a permanent rule of the House is involved; that in any of those instances there is no need for the Committee on Rules to inform the House of its impending action?

The **SPEAKER.** The Chair will state that, firstly, the rule if adopted is a temporary waiver, and the Chair has previously stated his position with respect to temporary waivers in the case of that portion of the gentleman's argument which cites the Ramseyer rule. That is only applicable with respect to amendments or repeals of laws or rules. It is not applicable simply to a waiver of a rule.

The Chair overrules the point of order.

The gentleman from Missouri is recognized.

Mr. **BOLLING.** Mr. Speaker, I moved the resolution before the House in the Committee on Rules, and I support it today. However, I would like to make clear that this is a different circumstances in terms of the *substantive* situation, not the procedural situation, than the one that existed last week.

I am not going to take the trouble to describe this rule. I want to describe the underlying situation. The situation that existed on the housing bill out of the Committee on Banking and Currency was that there was a temporary vulnerability to the provisions of the Budget and Impoundment Control Act by reason of the fact that the perfection of the housing bill itself depended, in that respect, on the adoption of an amendment which the committee had adopted and which was printed in the bill that came to the floor. It was a committee amendment that it had adopted. It was clearly the intent of the Committee on Banking and Currency, not just the chairman, but the Committee on Banking and Currency, to heal that wound. In other words, their intent was to go through the appropriations process rather than continue through a back-door method to get the funds.

The situation that exists today is different. There is no such committee amendment in the bill reported by the committee. There is no apparent intent on the part of the chairman of the committee or the majority of the committee to heal what I have described as a wound in the enforcement of the Budget Act.

I want to be fair with the House. I want it made very clear that there is that difference.

I support the rule only because I do not think that in a rule we should turn down a program of this importance on a technicality.

It is a very real and important technicality, but my viewpoint of this situation is far different than it was in the situation that existed late last week.

I think procedurally the situation is on all fours. I think substantively it is important to point out that there is a difference. Beyond that, my attitude toward the fundamental bill is different, as one Member, I am not as convinced of its wisdom.

So I intend to support this rule in every way that I can, and I believe the Members should vote for the rule, but I make it very clear that the process has been pursued up to this point does not seem to me satisfactory, and that there are some amendments to the committee bill that are required in order to heal what I have described as the wound to the Budget and Impoundment Control Act.

I propose to yield to my friend, the gentleman from Washington (Mr. ADAMS) the chairman of the Budget Committee, 5 minutes at this time.

Mr. ADAMS. Mr. Speaker, I thank the gentleman for yielding me this time. I would like to have at this time the attention of the House so that I might outline the procedure which will be followed by the Budget Committee.

As the gentleman from Missouri has explained, these rules came up without an opportunity for us to debate this motion before the Rules Committee. I blame no one for this, because we are in the process of implementing a new statute, which, as was described in the earlier colloquy, puts together a process to be used for closing back-door spending.

The Speaker has ruled, as the statute (Public Law 93–344) provides in section 401 that it shall not be in order under the rules of the House to engage in new backdoor spending—as provided in the act—unless this provision is waived by rule. This can be recommended by the Committee on Rules, and that is proposed in this case. The Budget Committee intends to implement this procedure in the following fashion:

First, I have written to the chairman of the Committee on Rules, and stated that it will be the position of the Budget Committee that it wishes to be heard on any proposed waiver of the rules of the Budget Committee Act with regard to backdoor spending. Thus the Budget Committee will have the opportunity to appear before the Committee on Rules and argue the matter of whether a rule waiving points of order should be granted. It is not the general intention of this Member, as chairman of the Budget Committee, to expect any waiver of such rule.

Mr. Speaker, I ask unanimous consent that a copy of my letter of March 21, 1975, to the chairman of the Committee on Rules setting forth this position be included in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The letter follows:

MARCH 21, 1975.

Hon. RAY J. MADDEN,
Chairman, Committee on Rules, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: As you know, on March 3, 1975, the Committee on the Budget filed a report with the House (H. Rept. No. 94–25) implementing certain new budget procedures contained in P.L. 93–344, the Congressional Budget and Impoundment Control Act of 1974.

Two of the important new procedures implemented (effective March 3) are as follows: (1) section 401(a), which prohibits floor consideration of any new contract or borrowing authority legislation unless it contains a provision that such new authority is to be effective only to the extent or in such amounts as are provided in appropriations acts; and (2) section 401(b)(1), which prohibits floor consideration of entitlement legislation having an effective date before the start of the next fiscal year.

In order to assure effective implementation of these provisions, I would ask that any request to the Rules Committee for a waiver of points of order relating to sections 401(a) or 401(b)(1) of P.L. 93–344 be called immediately to the attention of the Budget Committee. In such cases, the Committee will make known to you its views on the waiver request as promptly as possible.

With warmest regards,
BROCK ADAMS,
Chairman.

Mr. ADAMS. Mr. Speaker, I have also contacted all of the seated committee chairmen of the House again by a special letter of March 21, 1975, and have indicated to them the procedure which is required to be followed if back-door spending is to be allowed, indicating the alternatives, and indicating that if a committee wishes to have a waiver of the rule, that we are available to discuss this matter with them before the matter is presented to the Rules Committee. This has just been done with the other two bills that were involved before the Rules Committee last week. In those bills the backdoor spending has been removed. We now have made clear the procedure to be followed so that when the Budget Committee members appear before the Committee on Rules, any chairman looking for a waiver of this rule will know the procedure to be followed.

Mr. Speaker, I ask unanimous consent that a copy of my letter of March 21, 1975, which was sent to each chairman of a standing committee, be included in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

(The letter follows:)

IDENTICAL LETTER TO ALL CHAIRMEN OF STANDING COMMITTEES

MARCH 21, 1975.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives Washington, D.C.

DEAR MR. CHAIRMAN: On March 3, 1975, the Committee on the Budget filed a report with the House (H. Rept. No. 94–25) implementing certain new budget procedures contained in P.L. 93–344, the Congressional Budget and Impoundment Control Act of 1974.

Two of the important new procedures implemented (effective March 3) are as follows: (1) section 401(a), which prohibits floor consideration of any new contract or borrowing authority legislation unless it contains a provision that such new authority is to be effective only to the extent or in such amounts as are provided in appropriations acts; and (2) section 401(b)(1), which prohibits floor consideration of entitlement legislation having an effective date before the start of the next fiscal year.

In order to assure effective implementation of these provisions, I have asked the Rules Committee to bring to the attention of the Budget Committee any request for a waiver of points of order relating to sections 401(a) or 401(b)(1) of P.L. 93–344. In such cases, the Budget Committee plans to inform the Rules Committee of its views on the waiver request as promptly as possible.

Similarly, I would like to ask you to bring to the attention of the Budget Committee any request you plan to make for such a waiver. I assure you that our Committee will do everything possible to work out with you any problems relating to these new provisions of the Budget Act.

I have asked George Gross, the Budget Committee's General Counsel, to contact your staff concerning any questions you may have on these new procedures.

With warmest regards,
BROCK ADAMS,
Chairman.

Mr. ADAMS. Mr. Speaker, I might state that the reason we have had these problems is that the implementing report of the committee was only filed on March 3, 1975. We were then required to wait for the filing of the Senate committee report which was filed on March 5, 1975. It was this process which put into effect section 401 of Public Law 93–344. If we had not filed this report the back-door spending closure would not have gone into effect until next year. So we were implementing this provision a year in advance, and it is now in effect.

I want to state that the chairman of the committee that is presenting this bill and I have discussed this, as well as the leadership. There was no intent on his part to avoid the Budget Committee process. There was no intent on the part of the Committee on Rules at this point to be embroiled in this, because it was not fully understood.

I hope by my remarks and by the letters I have sent, and by the colloquy that has been taking place on the floor during this rule, that it will be understood that if any committee wishes to engage in back-door spending, it will require a waiver of the rule, and that the Budget Committee will appear before the Committee on Rules and argue the matter. It will generally be the position of the Budget Committee to oppose any new back-door spending.

Mr. DEL CLAWSON. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from California.

Mr. DEL CLAWSON. I thank the gentleman for yielding.

I appreciate the attempt of the Chairman to explain what is being done. The gentleman mentioned the rules of the House several times. Are we just waiving the rules of the House, or is this the Budget Control and Impoundment Act that we are waiving in this case?

Mr. ADAMS. I will answer that and the gentleman from Missouri, who was one of those who handled the original statute, can correct me if my statement is incorrect that the Congressional Budget and Impoundment Control Act provides for a system of rules in the House and a system of rules in the Senate by providing for bills or resolutions to be "in order" and therefore the Rules Committee is entitled to waive those rules by a special rule which is voted on then in the House itself. This is the general practice with the rules of the House.

As the gentleman knows, if we did not have special rules, which is what we adopt every day when we take up a bill, we would follow the calendaring system of the House.

We, therefore, change the law and the calendaring system by every special rule that is granted which, in my opinion, is the basis of the Speaker's ruling that it can be waived by the Committee on Rules.

Mr. DEL CLAWSON. If the gentleman will yield further, does he interpret, that, a provision of the Budget Impoundment Act, a very special provision, that allows waiving that act itself in a situation of this kind?

Mr. ADAMS. This act provides for a rule of the House, this particular provision. I did not draft that statute. I might have drafted it in a different way, but it provides for a Rule of the House which the House can change or waive. I would ask the gentleman from Missouri, one of those who handled this bill on the floor, if the interpretation of the gentleman from Washington is correct.

Mr. BOLLING. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Missouri.

Mr. BOLLING. In effect, in that particular provision it is made explicitly a function of the rulemaking power of the House to make its own rules, and the reasoning, following the debate on another bill, is that that power to make one's rules is constitutionally in the House alone, and nobody can take it away from the House.

Mr. ADAMS. I thank the gentleman from Missouri.

The SPEAKER. The time of the gentleman has expired.

Mr. BOLLING. Mr. Speaker, I yield 5 additional minutes to the gentleman from Washington.

Mr. DEL CLAWSON. If the gentleman will yield further, I understand perfectly the fact that the House can change the rules or set aside the rules any time it wants to, by action of the Committee on Rules. Is there any legislation that can be considered that is not subject to the Rules of the House? The gentleman says this is specific. Is there any legislation that can be passed without using the House rules?

Mr. ADAMS. I yield to the gentleman from Missouri to respond, who is the one who debated and created this section.

Mr. BOLLING. If the gentleman will yield, the practical situation—and I am sure my distinguished friend, the gentleman from California, is aware of it—is that we are creating a new kind of operation which involves not only two committees, one of the House and one of the Senate, but also a shared facility which is in effect the Budget Office, which serves both the House and Senate.

About the only way that we can get both bodies to agree to a particular provision, which in effect changes their rules and makes their rules, is for both to have the right to retain their constitutional power to make their own rules, so that neither the House has the right to dictate Senate rules, nor the Senate the right to dictate House rules. That is the basis for the situation in which we find ourselves, and it is the basis for the ruling.

The only way that we can get a statute which changes the rules of both bodies is to make very clear that the rules of each body remain their own business.

Mr. DEL CLAWSON. Mr. Speaker, will the gentleman yield further?

Mr. ADAMS. I yield to the gentleman from California.

Mr. DEL CLAWSON. I thank the gentleman for yielding.

I appreciate what the gentleman from Missouri has said. I am sure that he is arguing his case. However, a little earlier, if I am correct, he indicated that the substantive nature of this legislation was one of the reasons that prompted his bringing out this bill under this kind of procedure. Am I correct in that interpretation?

Mr. BOLLING. Mr. Speaker, if the gentleman will yield, what I said—and I am always unsure exactly what has been said—I did not think it would have been subject to that interpretation. What I said earlier today was that this bill on school lunches was in a substantively different condition than the matter on housing, about which we had a parliamentary discussion on the rules, that on this one the committee had made no attempt to cure the wound to the Budget and Impoundment Control Act which existed in the bill by proposing a committee amendment which would correct that situation. That is the only substantive matter that I discussed up to this point.

Mr. DEL CLAWSON. I thank the gentleman. That clears it up for me. The gentleman was not saying the end justifies the means.

Mr. ADAMS. Does that clear it up?

Mr. DEL CLAWSON. Yes.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding. As I understand it the gentleman's position is that he will oppose any backdoor spending resolutions waiving the Budget Control Act. For that I commend him. Does the gentleman from Washington therefore intend to oppose this pending rule?

Mr. ADAMS. I do not intend to oppose this rule but I certainly intend to reserve my position as to whether or not there may be an amendment to that section.

Mr. BAUMAN. If the gentleman's position against backdoor spending is to have any validity it seems to me he would want to stop immediately what has been going on this House in the last 5 days. After the Chair's ruling today, we have seen a double precedent throwing aside the Budget Control Act on which the existence of the gentleman's committee and chairmanship depends. These rulings virtually have rendered the Budget Control Act meaningless.

Mr. ADAMS. I did state this was considered by the Rules Committee when they did not have the opportunity to debate the effect of this Act, but in the future they will have that opportunity. Otherwise, if we would follow the gentleman's procedure we would be rolling back on the Rules Committee without their having had an opportunity to debate it and I do not know what the position of the Committee on Rules would have been.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Speaker, if the amendment is offered to strike this section, what is the position of the Budget Committee and of the chairman of the Budget Committee on that?

Mr. ADAMS. I cannot answer what the position of the Budget Committee will be because we have not considered the substance of this legislation. I intend to wait for the debate and I may well support an amendment to strike that. I know there are experts in the field of child nutrition and on this particular bill who will debate this.

The SPEAKER. The time of the gentleman from Washington has expired.

Mr. BOLLING. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. Speaker, if the gentleman will yield, the question of the gentleman from Wisconsin is an important question, but it is not the only question that would have been asked. The gentleman from Washington who has the floor has properly reserved his judgment on that matter until it is debated. What I have had in mind when I talked about repairing or curing the wound is to make those provisions comply—not necessarily strike them, but comply to the provisions of the Budget and Impoundment Control Act which says there will not be backdoor spending.

I presume that it is always possible to write amendments that achieve that purpose. So there would be the alternative of perhaps correcting the way in which the money is found for this particular set of amendments and that might be one alternative.

Another alternative might be somewhat more drastic, to strike the proposals of the committee. I would suspect all those alternatives might be offered from one side or the other.

I knew the gentleman from Washington understood that and I knew the gentleman from Wisconsin understood that, but I wanted to be sure I was correct in the statement I have just made, that it is a correct understanding of the situation.

Mr. ADAMS. The gentleman is correct. This is my understanding of where it is. I cannot predict for the gentleman what type amendments will be offered with respect to both substance and procedure in this bill. I indicated I intend to reserve my judgment until the debate has taken place and I may support one or more of those amendments because this is a very complicated procedural matter because it involves the power of the authorizing committees to spend funds without the approval of the Appropriations Committee.

This is a very complicated subject so far as the merits of the bill are concerned. This is in the field of the authorizing committee, where they have spent a great deal of time on it.

The Budget Committee, I think it should be understood by all Members here, is in the position of having to take and to follow to a very great degree information that comes from the authorizing committees and from the Appropriations Committees on the substance of the matters in the House and later the other body which create Federal spending programs. I think I have made the procedure that we intend to follow clear and I intend to follow that procedure in the future.

Mr. GIAIMO. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Speaker, let me state to the House that at the proper time I intend to offer two amendments which will in the opinion of myself and others eliminate back door spending. One will be to eliminate the language on page 20, line 19, the language starting on lines 19 through 25. This would eliminate their authority to go into the section 32 money and the CCC money and would leave them with the basic law which provides for congressional appropriations.

The other would be on page 22, the WIC program, this special supplemental food program. The amendment would strike out the language on line 12, page 22, lines 12 through the end of line 19. That would eliminate back door spending in that section and leave them use their remedies to seek appropriations as authorized by law.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker, I was wondering if I could ask the gentleman from Missouri (Mr. BOLLING), who is the author of so much that is good, I am beginning to learn in this House, and without tears, dear colleagues; but very simply, I would like to ask if we could not in this House take some perfectly practical and entirely inexpensive way of correcting all this, which is to notify the staffs of all committees that they must notify the Budget Committee if any of this back-door financing is in this bill. Could we somehow not do something with the enormous staffs that are now getting these extra millions of dollars?

Mr. ADAMS. Mr. Speaker, I will state to the gentlewoman that we have just now created a staff. We have met with the committee chairmen. We have assigned people to work with each of the authorizing committees and with the Appropriation Committees; not only in the areas of back-door spending where they are reporting to us but also on the total program they propose for the next year. We received some of these reports on the 15th of March and some more on the 18th of March. These only generally indicate the programs for this year and during the rest of this year we will have to cross-walk the individual line items back into the authorizing committees and discuss this with them. We have received cooperation from the authorizing committees. We have now served notice on them and in the future we will know about contemplated back-door spending and they will have to go before the Committee on Rules whenever they want to create new back-door spending.

Mr. BOLLING. Mr. Speaker, I yield myself 2 minutes in order to answer the gentlewoman.

I think the best thing to do is make this very clear to the chairmen of all the committees.

Mrs. FENWICK. That is what I meant.

Mr. BOLLING. That their staff should be so instructed that if the staff slipped, it would still be the responsibility of the chairman and the committee members.

The gentleman from Washington mentioned the letters that he as chairman of the Budget Committee sent to all committee chairman and I think the staff of the Committee on Rules is also on notice. That should take care of the situation.

Mrs. FENWICK. As have so many others in this Chamber, listening to the gentleman from Missouri (Mr. BOLLING), I have been reassured.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Kentucky (Mr. PERKINS), the chairman of the Committee on Education and Labor.

Mr. PERKINS. Mr. Speaker, I would like to take a moment to comment on my reasons for requesting this particular rule last week from the Rules Committee.

The Department of Agriculture has proposed to Congress that beginning this July 1, the summer feeding program, the day care program, the breakfast program, and the program for women, infants, and children—WIC—all be eliminated and that instead, the States would receive some form of "block grant" for all feeding programs.

Although the Department representatives were informed by both Republican and Democratic members of the committee that such a proposal has absolutely no chance of enactment, the Department is proceeding on the assumption that its proposal will be adopted by the Congress. In other words, the Department is making no plans at all to continue to administer the programs they have proposed to eliminate.

I need not remind my colleagues of the high unemployment among our youth, and especially the high unemployment among minority youth in the ghettos of our cities. The summer feeding program, which would normally begin to function in 60 days, provides nutritious meals for many of these youths in playgrounds, recreation centers, and other facilities. Yet the Department is not soliciting proposals to operate these programs even though they are to begin in a mere matter of 60 days.

I believe that the Department's attitude is atrocious in that it will lead to throwing fuel on the fires of discontent in our ghettoes. Therefore, we urged the Rules Committee to grant us this rule waiving points of order so that we could proceed immediately to extending the authorizations for all of these expiring programs.

Let me add one further point regarding the WIC program. Most of the funds which are involved in this dispute concerning "backdoor funding" would go under the provisions of H.R. 4222 to operate the WIC program. The reason that we have continued the requirement that section 32 moneys must be used for the WIC program lies in the Department's hostility toward that program. A court order was necessary several years ago in order to force the Department to implement that program when it was first enacted. The Department since then has been dragging its feet every inch of the way in administering the program. There are now applications for over $200,000,000 pending before the Department.

And yet the Department has requested the elimination of that program. We in the committee felt that it was essential for the program's continuance that its funding be guaranteed as it has been in the past through use of section 32 funds. Therefore, we requested the Rules Committee to give us a waiver of points of order against that the provision guaranteeing use of section 32 funds.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the able gentleman from Missouri has explained the provisions of the resolution. Although I am not happy with the provision on the waiver of the back-door spending restriction, two wrongs do not make a right. The identical waiver in the House Banking and Currency Committee bill, which we had on the floor last week, and the waiver in this bill, do not make the procedure a correct one. I would like to state to the Members of the House that the Committee on Rules heard the bill last week on Older Americans. That bill also contains the same waiver, as reported by the Committee on Rules, but it is my understanding that the Chairman of the committee went to the chairman of the Budget Committee and worked out an arrangement where that bill was taken off the regular procedure of the floor of this House, and is going to be considered under the Suspension of Rules.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I will be happy to yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, that is correct. I understand that the back-door spending provision of that has been corrected, and there will not be back-door spending.

Mr. QUILLEN. I thank the gentleman. I thought the real damage in this waiver was that there were not going to be any correcting amendments offered.

If I may have the attention of the gentleman from Connecticut, one of the reassuring things on the debate on the floor here today was the gentleman's commitment that he was going to offer two corrective amendments in regard to back-door spending. Is that correct?

Mr. GIAIMO. Yes, I am.

Mr. QUILLEN. I thank the gentleman for restating his position.

Mr. Speaker, I am opposed to the rule because of the waiver. But I think we should not overlook some of the basic problems contained in the measure, for which this rule provides. As the members of the Committee on Rules will recall, the chairman, the distinguished gentleman from Kentucky (Mr. PERKINS), brought this measure before the Committee on Rules without the 48-hour notice to the members of the rules committee. I made a point of order in the Committee on Rules against hearing the measure. The point of order was sustained, and the gentleman from Kentucky (Mr. PERKINS), came back the next day, asking for the same rule.

It would seem to me that a point should be made here today that haste makes waste, and that the Committee on

Education and Labor should have known the provisions on back-door spending in the new budget act.

The committee should have known that, even with the urgency in bringing this bill to the floor of the House, every due consideration should be given to the rules of the House and such an incident should be prevented.

I am happy to hear the chairman of the Committee on the Budget state that in the future he will oppose such action.

Really this rule provides for the consideration of a measure which will provide lunches for every schoolchild in America at the cost of 25 cents. It does not matter whether a man has an income of $100,000 or an income of $150,000 or even an income of a quarter of a million dollars; if he has children who go to school, those children will be eligible for 25-cent lunches.

Mr. Speaker, I say that we have lost our perspective. We need to help the poor families and the poor children who are going to school, but we need not broaden the base and say to everyone in America, irrespective of income, that we are going to provide lunches at a cost of a maximum of 25 cents, at a cost to the taxpayers of an additional $655 million.

Who is going to pay this additional $655 million? Let me say that it is going to be the poor people of America, because they must pay income taxes on their incomes. I think it is a sad day in the history of this Congress and of this House that we should have a measure before us to penalize those who need it and to give those who do not need it a break that they do not deserve.

Mr. PERKINS. Mr. Speaker, will the distinguished gentleman yield to me?

Mr. QUILLEN. Mr. Speaker, I shall finish my statement first. The gentleman has had 5 minutes to go into the merits of the bill. But when he spoke, he did not touch on some of the main points.

Mr. Speaker, I hope this rule is defeated. I hope it goes back to committee. I hope it comes back with corrective amendments.

In the 12 years I have been in this Congress I have always supported the school lunch program. I support the present program today. But I think it is a shame and a disgrace that the Members of this House are forced to vote on something for the rich at the expense of the poor.

Mr. Speaker, I now yield to the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Speaker, let me say to my distinguished colleague that all the effort that has been made in the past 15 years has been directed toward strengthening the school lunch program for the needy and for the children who need reduced-price lunches. We have spent approximately $700 million in that area.

Here we do nothing to disturb the 84-cent subsidy which the U.S. Government puts up for a free lunch. That remains there.

But now, with regard to the regular program, we have lost over 3 million children out of the school lunchrooms, and when we price those children out of the regular school lunch programs, then we have destroyed the school lunch program.

Mr. QUILLEN. Mr. Speaker, I have not yielded to the gentleman to make a speech, but I would like to ask the gentleman from Kentucky this:

When the gentleman says that this Government of ours pays 84 cents, that means the taxpayers of this country pay that 84 cents, does it not?

Mr. PERKINS. Mr. Speaker, if the gentleman will yield, that is for the poor children.

Mr. QUILLEN. Mr. Speaker, the gentleman said that they had worked long and hard to work out a program for all of the children, but he has yet to admit that the rich as well as the poor get lunches at the cost of 25 cents.

I will ask the gentleman, is that not correct?

Mr. PERKINS. The school lunch program——

Mr. QUILLEN. Is that not correct, yes or no?

Mr. PERKINS. Mr. Speaker, the school lunch program was conceived for all children.

Mr. QUILLEN. Yes, but what do the children pay? I will ask the gentleman from Kentucky that question. What do they pay? They pay only 25 cents; is that not correct?

Mr. PERKINS. The students getting free lunches do not pay anything.

Mr. QUILLEN. But no child, regardless of need, pays more than 25 cents.

Mr. Speaker, I do not choose to go into any further argument with the gentleman, because he is my friend. But right is right, and let us face the facts. Let us not deceive the people.

Mr. PERKINS. All right. Let us fix the program.

Mr. QUILLEN. All right. First answer yes or no: What is the maximum that schoolchildren pay for their lunches?

Mr. PERKINS. Under this bill it is 25 cents.

Mr. QUILLEN. That is what I thought.

Mr. PERKINS. I would like to emphasize that this 25 cents maximum price is essential if we are to maintain the school lunch program.

Mr. QUILLEN. Mr. Speaker, I thank the gentleman for his statement, but, Mr. Speaker, this is the way that the bill was presented to the Committee on Rules, that it would be at a maximum cost to each school child in America of 25 cents, and the Government would subsidize the balance, which means that the school child, regardless of need, would be getting the 25-cent lunch at the expense of the taxpayers of America.

If a person is making enough to pay for the school lunches for his children, then he should pay for those school lunches.

Mr. Speaker, I now yield such time as she may consume to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker, I thank my distinguished colleague for yielding.

I just want to say that I hope the Members of this House and those non-Members who are here, because they, too, who are paying for all this, deserve some recognition, will know that the Republican minority, in standing in opposition to these waivers of the rules, is not always standing against the bill that is proposed to be brought to the House under that waiver.

We are, in fact, standing on something that Thomas Jefferson said many years ago, when he wrote the preface to the rules of this House, which is that the only real protection the minority has from the arrogance of power of overriding majorities is a strict adherence to the rules.

That is the spirit in which we raise a great many of our objections. We have no protection. If any majority of the Committee on Rules can give a waiver, a committee majority of this House can do anything it wants to the laws of this Nation and the rules of this House. Then we indeed have no protection, and I think this is serious.

I see smiles, and I know that I am perhaps being overserious, but what else can we do? What else can we do, one-third of the House, except to appeal to the rules of the House themselves and to cite one of the Founding Fathers of this Nation when what he said is so true? It is the only protection we have; and therefore, we must appeal to the Members. It is not that each one of these is so desperately important perhaps. It seems to happen every day, but the fact that it happens every day is precisely what makes it dangerous. We are not even establishing it now. We do it on Friday, we do it again on Monday, and I do not know where it is going to stop.

Mr. QUILLEN. Mr. Speaker, I yield five minutes to the distinguished gentleman from Minnesota (Mr. QUIE).

Mr. QUIE. Mr. Speaker, the whole question of whether this bill complies with the rules, as I recall, was not even brought up in the Education and Labor Committee. I do not recall talking about it. I do not think the chairman did. I do not recall its being talked of at that time.

The point of order came to my attention when the House had the bill on housing up last week. There were two bills reported out of the Education and Labor Committee which would need a waiver of the rules, this one and Older Americans bill. I understand the intention on the Older Americans bill is to bring it up under suspension of the rules. In talking to the chairman of the subcommittee, the gentleman from Indiana (Mr. BRADEMAS), I understand the plan will be to amend that bill so that it will not be contrary to the Budget Control Act and therefore will be within the rules.

My own feeling is that if we do not comply with the rules, the easiest way is to send it back to committee and make us comply with the rules. That is the way I would like to see us do business here in the House. There is plenty of time to bring this bill back to the committee again.

Also, look at this bill itself. I hope that the Members do not support the bill as it presently stands. The cost of the national school lunch and child nutrition laws is going to be about $2 billion this year. This bill, plus the amendments that were considered in our committee this morning which will be known as committee amendments, will make this $2 billion program increase to about $3.8 billion.

The one amendment saying that no school can charge anything greater than the 25 cents is going to cost over $1 billion, just that one amendment, $1 billion.

With the estimate now of, I understand, $45 billion as the Federal deficit this year and an $80 billion Federal deficit next year—I think most of us realize that that deficit is not going to stay at an estimate of $80 billion; it will probably be higher than that—should we provide more than $1 billion to help pay for the lunches of the children of parents who can afford to pay for the lunches of their children?

Is this the highest priority for $1 billion additional spending? Let us look at some of the other educational program. In Title I of the Elementary and Secondary Act for educational aid to disadvantaged children, we are now appropriating at only 48 percent of the authorization. For vocational education we are appropriating at 57 percent of the authorization For education of handicapped children, only 25 percent of the authorization. For the reading improvement program, we are appropriating at 22 percent of the authorization. For Indian education, we are appropriating 12 percent of the authorization. We are not putting anything in for the gifted and talented children, or for Women's Educational Equity Act, none will be appropriated.

These programs must have a higher priority than a subsidy for children not one of whom is from a family of $1,020 or less.

Would it not be better to put in some additional money to help children read who cannot read than to add this enormous subsidy on top of the 22 cents Federal subsidy that is already given for the children who can afford to pay for their own lunches?

This I think we ought to ask ourselves when we consider this bill.

Mr. QUILLEN. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I intend to vote against this rule just as I voted against the other rules that tended to abrogate the routine of this House.

As the able gentlewoman from New Jersey (Mrs. FENWICK), stated, we have no protection other than through the rules. But, under the way that the management has run this House this year, we no longer have that protection either.

So far this year I am told that the Committee on Rules has brought out 17 rules. Of those, 12 rules have had some kind of suspension, or waiver, or cancellation, or amendment, or recission, of rules, making it impossible for this House to function under the normal routine. That means more than two out of three rules have to change some standing rule of the House to satisfy the whimsy and the caprice of the majority so that it can put out the various bills that it thinks are necessary. That means that so far this year the score is: Majority, 12; and the people, 5.

So that is a pretty overwhelming score. I think the Capitals down at the Ice Center do even better than that most of the time.

Mr. Speaker, I hope that this rule is defeated, just as I hope that all the other rules that contain unnecessary suspensions and waivers and the like are defeated.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Speaker, first of all I would like to congratulate or thank the chairman of the Budget Committee for his very kind statement that we spent a great deal of time on this bill. On the 25-cent provision subsidy we spent half an hour. Then this morning they came up with two or three other requests and we spent another half hour upon the need of the $1 billion increase. So we have not spent too much time on this program.

I will tell the Members exactly what we have done. We have listened to the food service people. They are the only people we listened to. Here we are trying to do something for children, but we did not have one child come before us who happens to fall within the middle- or high-income level.

We did not listen to children, we did not listen to principals of schools, we did not listen to teachers, we did not listen to guidance counselors. The only people we listened to were the food service people who were trying to promote their own product. I certainly do not fault them for that. I would wish we as Congressmen would do the same.

First of all, we did not consider the fact that eating habits have changed, and they have changed tremendously in the last 23 years. I do not come before this body as someone who is not knowledgeable in this particular program. I told the committee this morning I discovered one thing: Never join a committee where one has any knowledge, because it is a frustrating experience. I spent 23 years in education. And 18 of those have been with the administration and supervision of school lunch programs, so I do not come here as someone who is sitting in an ivory tower, or someone who occasionally visits a school lunch program. I ate in a school lunchroom 90 percent of the time.

We do not consider the fact that eating habits have changed. If we asked youngsters, they would tell us that. If one has a divided family, with one that he reared quite a few years ago and one that he reared in later years, he would know this. We do not take into consideration the fact that the school lunch period has been considerably reduced. Many school districts have a 20-minute period. Youngsters would rather not stand in a school lunch program line. They would rather not spend a lot of time in a cafeteria. They would just rather relax.

Furthermore, over a period of years we have been able to break down that crazy concept that a class A lunch was the only thing that could appear in a cafeteria. Now we have a sandwich line and an ala carte line, so now many of those people not participating in a class A lunch will participate in a sandwich program. It is costing much more than 50 or 60 cents. They buy two sandwiches, and they buy brownies or chips and chocolate milk.

I might add it is nutritional.

A third consideration is we are rewarding inefficiency in this program. The difference between this school lunch program in this district and the school lunch program in the district right next door is not necessarily the difference between higher food costs or higher costs of labor. In many instances it is inefficiency. It is poor management, so we are rewarding it.

With the amendment that is in here now we are rewarding that type of thing.

Also, we are forgetting that half of those people who are not participating in school lunches now that may have been participating before will not participate because our school population has declined that much.

Let me, lastly, say that I never realized when I came here as a reform-minded Member of Congress that the first reform that I was going to bring about here was an increase in the congressional salary, and that is just exactly what we are doing. If we have two children, it is $100; if we have four children, it is $200; if we have six children, it is $300. Never did I think I was coming here to try to help that $40,000 and up income bracket, including myself, with a 25-cent lunch program. That does not seem like reform to me.

I think we had better get this back into committee and do a little thinking, so the next time the chairman gets up, he can truthfully say that he compliments us on the amount of time that we spent on this program, because we actually spent very little.

Mr. QUILLEN. Mr. Speaker, I would like, again, to appeal to the Members of this House to defeat the rule so that the bill can go back to committee; do away with the waiver, do away with free lunches for the rich, and make provisions for the poor children of America. I want to say emphatically that I have supported this school lunch program over the years, but I think this is a giveaway to those who do not need it, and it needs some more work done in committee.

Therefore, Mr. Speaker, I urge the Members of this House to defeat the rule.

I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. QUILLEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 255, nays 129, not voting 48, as follows:

[Roll No. 89]

YEAS—255

Abzug
Adams
Addabbo
Alexander
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
AuCoin
Badillo
Baldus
Barrett
Baucus
Bedell
Bennett
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brown, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Chisholm
Clay
Cohen
Collins, Ill.
Conte
Corman
Cornell
Cotter
D'Amours
Daniels, Dominick V.
Danielson
de la Garza
Delaney
Derrick
Diggs
Dingell
Dodd
Downey
Drinan
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Colo.
Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Flynt
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fulton
Fuqua
Gaydos
Gilman
Ginn
Gonzalez
Grassley
Green
Gude
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Heckler, Mass.
Helstoski
Henderson
Hicks
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
McCormack
McDade
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Madigan
Maguire
Mann
Martin
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Preyer
Price
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Rodino
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Satterfield
Scheuer
Schroeder
Sharp
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Spence
Staggers
Stanton, James V.
Steed
Stokes
Stratton
Studds
Sullivan
Symington
Taylor, N.C.
Thompson
Thornton
Traxler
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Waxman
Weaver
White
Whitehurst
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Tex.
Zablocki
Zeferetti
Frenzel
Giaimo
Gibbons
Goldwater
Goodling
Gradison
Hagedorn
Hansen
Harsha
Hastings
Hechler, W. Va.
Hillis
Hinshaw
Holt
Hutchinson
Jacobs
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Kasten
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Latta
Lott
Lujan
McClory
McCollister
McDonald
McEwen
Mahon
Mathis
Mazzoli
Milford
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Murtha
Myers, Ind.
Myers, Pa.
O'Brien
Pickle
Poage
Pressler
Pritchard
Quie
Quillen
Regula
Rhodes
Roberts
Robinson
Rousselot
Sarasin
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Smith, Nebr.
Snyder
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Symms
Talcott
Taylor, Mo.
Teague
Thone
Treen
Vander Jagt
Waggonner
Whalen
Whitten
Wiggins
Wilson, Bob
Winn
Wydler
Wylie
Young, Fla.

NAYS—129

Abdnor
Archer
Armstrong
Ashley
Bafalis
Bauman
Beard, Tenn.
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Butler
Casey
Clancy
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis
Derwinski
Devine
Dickinson
Downing
Duncan, Tenn.
du Pont
Early
Edwards, Ala.
Emery
Esch
Eshleman
Fenwick
Findley
Fish
Flowers
Forsythe

NOT VOTING—48

Anderson, Calif.
Anderson, Ill.
Ashbrook
Aspin
Beard, R.I.
Bell
Bergland
Boggs
Boland
Brooks
Burke, Calif.
Cederberg
Chappell
Clausen, Don H.
Conyers
Dellums
Dent
Erlenborn
Evins, Tenn.
Foley
Frey
Hawkins
Hays, Ohio
Hefner
Heinz
Hightower
Hyde
Ichord
Jones, Tenn.
Landrum
Leggett
Long, La.
McCloskey
Michel
Mills
Railsback
Roe
Runnels
Ruppe
Seiberling
Shipley
Skubitz
Stark
Stephens
Stuckey
Udall
Ullman
Young, Ga.

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hays of Ohio for, with Mr. Michel against.

Mr. Dent for, with Mr. Hyde against.

Mrs. Boggs for, with Mr. Skubitz against.

Mr. Jones of Tennessee for, with Mr. Ashbrook against.

Mr. Brooks for, with Mr. Cederberg against.

Mr. Boland for, with Mr. Don H. Clausen against.

Mr. Chappell for, with Mr. Frey against.

Mr. Stark for, with Mr. McCloskey against.

Mr. Bergland for, with Mr. Erlenborn against.

Mr. Seiberling for, with Mr. Runnels against.

Until further notice:

Mr. Evins of Tennessee with Mr. Stuckey.

Mr. Hefner with Mr. Dellums.

Mr. Stephens with Mr. Aspin.

Mr. Shipley with Mr. Anderson of California.

Mr. Beard of Rhode Island with Mr. Long of Louisiana.

Mrs. Burke of California with Mr. Mills.

Mr. Conyers with Mr. Roe.

Mr. Udall with Mr. Anderson of Illinois.

Mr. Young of Georgia with Mr. Bell.

Mr. Hawkins with Mr. Railsback.

Mr. Landrum with Mr. Ruppe.

Mr. Hightower with Mr. Heinz.

Mr. Foley with Mr. Ullman.

Mr. Leggett with Mr. Ichord.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. RISENHOOVER. Mr. Speaker, I missed the first quorum call today because the elevators in the Longworth Office Building are only in half operation, and I was late getting here for the quorum call.

THE NATIONAL SCHOOL LUNCH ACT AND CHILD NUTRITION ACT OF 1966 AMENDMENTS OF 1975

Mr. PERKINS. Mr. Speaker, I move that the House resolve itself into the Committee on the Whole House on the State of the Union for the consideration of the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs.

The SPEAKER. The question is on the motion offered by the gentleman from Kentucky (Mr. PERKINS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration fo the bill (H.R. 4222) with Mr. PIKE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Kentucky (Mr. PERKINS) will be recognized for 1 hour, and the gentleman from Minnesota (Mr. QUIE) will be recognized for 1 hour.

The Chair recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, the Committee on Education and Labor brings to the floor today the 1975 amendments to the National School Lunch Act and the Child Nutrition Act of 1966. This is, we believe, one of the most important pieces of legislation the Congress will be asked to vote on this year.

Let me say at the outset that I do not propose to go into all of the details of the measure, which are clearly set out in the report and which will be developed during the debate.

I do want to stress, however, some of the major points of the legislation, which is a significant step in the direction we have been proceeding for many years.

We propose to set a maximum price of 25 cents which any child would have to pay for a hot lunch at school. We do this without disturbing in any way the ongoing program of free or reduced price lunches for children of poor and low-income families.

We accomplish this by providing that the Federal Government pick up the tab for the difference between 25 cents and the price schools charged children for lunch on January 1 of this year. In no instance would this new Federal payment be less than 10 cents.

A committee amendment will shortly be offered to set the minimum payment at 15 cents, and I hope the House will approve it.

Let me say that I am aware that some Members in this body will stand in strong opposition to the establishment of a 25-cent maximum lunch price. This opposition, of course, is directly related to the increased cost of the lunch program to the Federal Government.

But let us try to look at this proposal from the standpoint of a larger perspective than a simple dollars and cents approach—

First. From a long-range viewpoint, I do not find it unreasonable for a child to pay approximately 30 percent of the cost of a daily nutritious lunch at school with Federal, State, and local funds paying for the remaining costs.

Second. For many years, we have not expected parents to pay directly for the cost of busing children to schools, textbooks, athletic programs, or the cost of teachers' salaries, or the cost of all school facilities. Rather, these costs have been borne by the population as a whole and by the many varied business interests of the Nation.

Third. Accordingly, the 25 cents maximum price affords a form of tax relief directed to the parents of young children who are struggling to make ends meet in a period of vicious and continuing inflation.

Fourth. I understand that some opponents of this proposal place a question on the priority of feeding children against other pressing needs. I do not quarrel with this viewpoint, but in my opinion there is no more important priority than the nutritional needs of all our children upon whom, as the new generation, we will rely in the future to maintain freedom and democracy in this great Nation.

Fifth. I have deep and serious concern over the sharp loss in school lunch participation that has occurred in recent years. I believe that this situation threatens the continued existence of the entire school lunch and child nutrition programs. If there are other ways to meet this crisis in child nutrition, I will be glad to discuss them.

I want to share with Members of the House this paragraph from a letter I received a day or two ago from a food service director in Ohio:

> Under the President's proposals the cost of the lunch to the middle-income family would increase more than 20 cents daily. In most cases in our school system, the families could not afford this additional cost. Is not the middle-income family being discriminated against since it is burdened with paying full price for children's lunches, and also contributing to the cost of the needy lunches through taxes? The only introduction to good food habits and the only nutritious meals that the child receives daily in many cases may be the school lunch.

That was from Mrs. Margaret Allen, food service director of the Tiffin, Ohio, schools.

With today's inflated prices, children in elementary schools are obliged to pay 35 to 45 cents for a lunch, and in high school somewhere between 55 and 60 cents. These, of course, are average figures.

The savings to a family with one child would thus amount to 20 cents a day, or $1 a week. This would mean a $36 lunch savings during the normal 9 month school year. And that can be multiplied by the number of children the family has in school.

This, obviously, provides as much real, tangible relief for the middle income family as does the so-called tax relief bill the House passed earlier.

This is putting money back into the pockets of people whose outlay for goods and services make the American economy go. The new program is therefore a potent anti-recessionary force that will make itself felt, not just in one or two areas of the country, but throughout the land.

Aside from this factor, there is good reason why this legislation should be passed without delay: That is, it may keep our existing school lunch program from becoming a casualty of rising prices—and this includes the free and reduced price lunch program for the poor.

Since 1970, there has been a steady drop in the number of children participating in the school lunch program. In these 5 years, there has been a decline of 2.7 million children. From January 1974 to January 1975, 1 million children dropped out.

And the reason is that they have been priced out of the lunch line. Increased food and labor costs have been passed along to the children in the form of higher lunch prices.

In some schools, the lunch program has simply been abandoned. And with last week's projection that food costs would escalate another 12 percent this year, you can be sure that more school lunch programs will disappear.

The House should remember that when the regular school lunch program goes, the free and reduced price program for the poor also goes. And we shall have taken a sad and backward step in the educational and social progress of this country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PERKINS. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, I have received considerable mail in support of the school lunch legislation before us, and I would like to summarize the sentiments that have been expressed to me, by quoting from a letter by Ralph D. Turlington, of the Florida Department of Education.

He said:

> It has been shown historically that every increase in school lunch cost is accompanied by a drop in participation, as more and more parents find themselves unable to pay the increased cost. The current average lunch price is between 45 and 50 cents. To absorb this loss of federal funds would mean an increase of some 20 cents per lunch for all participants—in some districts bringing the cost per paying pupil to almost a dollar a day.

Mr. Chairman, the Florida school official sums up the situation accurately, and we just must move in this emergency to prevent the collapse of these nutrition programs.

Mr. Chairman, I believe some tables will be of help to this body, and I should like at this point to place them in the RECORD.

TABLE A.—CHILD NUTRITION PROGRAMS

	1974	1975
CHILD NUTRITION PROGRAMS		
School lunch, sec. 4 (reimbursement 11.75 percent all lunches)	$412,124,000	$444,375,000
Free and reduced-price lunches—52.5 cents, sec. 11	683,248,000	751,072,000
School breakfast, 30 cents full cost	$60,716,000	$73,320,000
Nonfood assistance, equipment	29,123,000	28,000,000
State administrative expenses	3,714,000	6,700,000
Nonschool food program, sec. 13 (Vanik)	(70,405,000)	(116,677,000)
Summer	36,115,000	52,677,000
Year-round	34,290,000	64,000,000
Commodities to schools	347,840,000	361,000,000
Cash in lieu of commodities		
Nutritional training and surveys	874,000	1,000,000
Federal operating expenses	7,548,000	10,051,000
Total	1,615,592,000	[1] 1,792,195,000
SPECIAL MILK PROGRAM		
Program costs	61,392,000	119,068,000
Operating expenses	745,000	932,000
Total	62,137,000	120,000,000
SPECIAL SUPPLEMENTAL FOOD PROGRAMS		
WIC (women, infants, children)	13,882,000	124,154,000
Pilot food certificate	894,000	1,000,000
Federal operating expenses	540,000	1,964,000
Total	15,316,000	127,118,000

[1] Includes carryover and proposed supplementals.

TABLE B.—*Foods available for schools—Fiscal year 1975, as of December 6, 1974*

	Estimated cost
Section 32 (of the Act of 1935, under which Secretary of Agriculture to use 30% of custom revenue to purchase and donate agricultural commodities to school lunch programs and other eligible outlets)	
Beef, frozen, choice [1]	$44,973,987
Beef, frozen, regular	68,400,459
Beef, canned	8,245,696
Pork, canned	9,491,374
Turkey, frozen [1]	12,774,000
Turkey rolls [1]	2,864,000
Turkey, frozen, ground [2]	86,000
Poultry, canned, boned [1]	10,720,830
Peanut butter [2]	4,926,925
Peanut granules [1]	1,422,300
Cranberry sauce [1]	2,800,000
Green beans, canned [1]	2,610,000
Green beans, frozen [1]	2,217,000
Total section 32	171,532,571
Section 6 (of National School Lunch Act—special authority to purchase nutritious foods for donation to school lunch programs. Foods can be purchased without regard to market conditions.)	
Turkey rolls	$2,481,000
Chicken, frozen	11,442,000
Frankfurters	10,296,370
Peaches, canned [2]	3,050,000
Sweet potatoes, syrup [1]	2,615,000
Sweet potatoes, dehydrated [1]	491,000
French fried potatoes, frozen [1]	7,000,000
Total section 6	37,385,370
Section 416 (of the Agricultural Act of 1949 is the donation authority for foods acquired by the Commodity Credit Corporation under price support programs.)	
Cheese, bulk cheddar	$2,270,000
Cheese, process	42,792,300
NFD milk, bulk [1]	24,300,000
Instant NFD milk [2]	2,200,000
Total section 416	71,562,300
Grand total	280,480,241

[1] Purchase program completed.

[2] Purchase and shipping completed.

TABLE C.—PARTICIPATION FIGURES, FISCAL YEAR 1970-76

Participation in programs	1970	1971	1972	1973	[1] 1974	Estimated— 1975	Estimated— [2] 1976
1. School lunch:							
(a) Section 4:							
Children served [3]	21.9	23.7	24.1	24.5	24.0	23.4	27.6
Meals served (millions)	3,565.1	3,848.3	3,972.1	4,008.8	3,985.5	3,981.0	4,570.0
(b) Section 11:							
Children served [3]	4.5	6.2	7.8	8.4	9.0	9.0	9.4
Meals served (millions)	738.5	1,055.7	1,285.3	1,402.4	1,494.0	1,486.0	1,557.0
2. School breakfast:							
Children served [4]	442.0	796.0	1,026.0	1,165.4	1,356.8	1,549.0	2.2
Meals served (millions)	71.8	125.5	169.3	194.1	225.1	257.0	363.6
3. Special food service program (nonschool):							
Children served (thousands)	320.2	616.2	1,161.8	1,370.0	1,834.0	2,528.0	3,392.0
Year-round	93.3	153.6	185.0	195.0	246.0	400.0	520.0
Summer	226.9	462.6	976.8	1,175.0	1,588.0	2,128.0	2,872.0
Meals served (millions)	50.3	109.6	176.2	182.9	225.4	347.0	
Year-round	38.4	80.6	102.8	117.5	161.0	260.0	NA
Summer	11.9	29.0	73.4	65.4	64.4	87.0	NA
4. Special milk:							
Children served (millions)	15.9	14.5	14.1	14.5	8.5	10.9	NA
Half-pints milk (millions)	2.9	2.6	2.5	2.6	1.5	1.9	2.4

[1] Preliminary.

[2] Participation figures are estimated on the basis of the provisions in H.R. 4222.

[3] Millions, daily average.

[4] Thousands daily average.

TABLE D.—*Assistance factors in school lunch program*

FREE LUNCH PROGRAM

[In cents]

Under present law:	
General cash-for-food assistance (sec. 4)	11.75
Special cash assistance (sec. 11)	52.50
Commodities or cash in lieu	10.00
For additional free half-pint milk	10.00
Total	84.25
Add-ons under H.R. 4222, plus escalators after July 1, 1976:	
Per meal in cereals and oils (H.R. 4222)	2.0
Per meal escalator on commodities or cash in lieu	1.0
Per meal escalator on section 4	0.5
Per meal escalator on section 11	2.5
Total	6.0

Difference between free, and reduced price is 10 cents in cash, and a free half-pint of milk.

REDUCED PRICE LUNCH PROGRAM

Under present law:	
General cash-for-food assistance (sec. 4)	11.75
Special cash assistance (sec. 11)	42.50
Commodities or cash in lieu	10.00
Total	64.25
Add-ons under H.R. 4222, plus escalators after July 1, 1976:	
Per meal in cereals and oils (H.R. 4222)	2.0
Per meal escalator on commodities or cash in lieu	1.0
Per meal escalator on section 4	0.5
Per meal escalator on section 11	2.0
Total	5.5

PAYING LUNCH PROGRAM

Under present law:	
General cash-for-food assistance (sec. 4)	11.75
Commodities or cash in lieu	10.0
Total	21.75

Under H.R. 4222, an additional (average) 20-cent payment on a 45-cent lunch would be made.

School breakfast program

For each free breakfact to a needy child under present law:

[In cents]

Basic assistance (for all breakfasts)	9.25
Up to 45 cents for each breakfast, the higher figure being for especially needed schools	23.25
Up to 54.25 cents per breakfast	32.50
Escalators after July 1:	
Per meal escalator on basic assistance	0.5
Per meal escalator on each free breakfast	1.0
Total	1.5

TABLE E.—*Eligibility guidelines for free and reduced price school lunches*

Secretary's poverty guideline for fiscal year 1975: $4510 for a family of four. Any child from such a family is entitled to a free lunch.

State educational agencies have the option to set their guideline 25% above the Secretary's guideline. This figure would be $5640 for a family of four.

Guideline for eligibility for a reduced-price lunch: Under present law, State educational agencies are authorized to establish for fiscal 1975 guidelines for reduced price lunches at not more than 75% above the applicable family-size income levels in the income poverty guidelines as prescribed by the Secretary. 75% above 1975 guidelines of $4510 for a family of four is $7900.

H.R. 4222 would raise the percent above the poverty line to 100%. 100% above the Secretary's guideline is $9020.

I realize that there are those who will say that the idea of a 25-cent guaranteed lunch price for schoolchildren is good, but that we cannot afford it at this time.

I say that without it, we may lose the school lunch program entirely, and that is a possibility we absolutely cannot risk. The people of this country will not look kindly upon a Congress that will provide less money for our own children than it provides for foreign aid.

The committee did not idly pick the 25-cent figure out of the air. We acted upon the basis of a Department of Agriculture study published last September which indicated that a 25-cent price would result in a 20-percent increase in student participation, and a 3.2-cent reduction in the cost of producing a lunch. The increased volume would also create an additional 50,000 jobs in the lunch program—which is not to be taken lightly in a time when we have 8,000,000 unemployed Americans.

Unfortunately, there are still some 18,000 schools not participating in the national school lunch program. Most of these are public schools, but there are included some 8,000 private and parochial schools with an enrollment of 2.3 million children.

If we establish the 25-cent price, thousands of these schools are expected to participate in the program, to the benefit of several million children from a wide variety of homes.

Since the bill was ordered favorably reported a few days ago, an objection has been raised by some longtime friends of the school lunch program, and I believe they have a good point.

To meet this objection, another committee amendment has been drafted, and I hope that it, too, will be adopted. This is what it is about:

In some States, a sustained effort has been made to keep the cost of lunches low. They have accomplished this by substantial contributions of the State's own funds to subsidize the lunch counter price.

In other States, the rising costs have been handled by letting the price rise to an outstanding level.

Some States, therefore, have a lunch price of 25 cents, whereas in others, the price is 70 cents.

The Federal payment, under the original bill before us, would be the minimum 10- or 15-cent figure for the first State; and 45 cents to the second.

The contention thus arises that we are inadvertently penalizing the State that was making the greatest effort to keep the price to students low.

To correct this situation, a committee amendment would create an escalator device designed to reflect increasing costs of producing the lunch.

As an additional supplementary payment, every State would receive a set amount for every child for every lunch. If the cost of putting a lunch on the line goes up 10 percent, for instance, there would be an additional, identical payment to all States—those with the lowest price lunches as well as to those with the highest. We would not, therefore, continue to perpetuate the disparity, but begin to even it out. I believe this is the most equitable way of resolving this difficulty.

Some Members have raised an objection that the States are placed at a disadvantage by having to pick up any increases in the cost of lunch production that occur after January 1, 1975. That is, they are caught outside the margin of the 25-cent cost to the student, and the price in effect on January 1 last. They would have to absorb any increases—and there has been some increase since that date.

Although we have rectified that in the committee amendment I have just described, I would say that increased participation in the school lunch program cannot be accompanied by any lessening in the State and local effort. The local people will have to keep doing what they have been doing if we are to have any meaningful impact on the job that has to be done.

I would like to pay special tribute to my friends from Hawaii, one of the States which has done such a good job with the school lunch program. They have kept the price at 25 cents in the face of escalating costs, and the State has used its own funds to make up the difference.

Under this bill, there will not, I believe, be any great expansion of the program, for in Hawaii they have already done a great job of covering virtually all of their children.

Without this bill, they would either have to invest more State money in school lunches, or abandon the 25-cent price of which they have been so justly proud.

Under this bill, they will receive a 15-cent-a-lunch offset which they would not otherwise have received. And they will surely benefit from the cost-of-lunch production escalator which we propose to establish in a committee amendment. And this is not an inconsiderable benefit, by any means.

Now, Mr. Chairman, I wish to turn very briefly to some of those other major features of H.R. 4222.

In this time of crisis unemployment levels, we provide that children of unemployed parents will automatically be eligible for free meals during any period in which the parent is unemployed.

We extend the school breakfast program beyond its current expiration date of June 30, 1975, and permanently authorize the program to encourage its expansion.

Participation of children in child care institutions and preschool programs is encouraged and expanded.

Eligibility for a reduced price lunch is expanded to cover children of families with incomes 100 percent above the poverty index. The present limit is 75 percent above the index.

The bill also extends the enormously successful and popular WIC program of special supplemental feeding for women, infants, and children, and authorizes a funding level of $250 million annually through 1978.

These are major and important steps, Mr. Chairman, and Members of this House should be proud to have their names enrolled in the support of the legislation.

But I repeat that in this bill there are no radical departures, no new programs. These are simply logical, orderly steps along paths the Congress has been treading at least since 1946.

We propose to take those steps now, and proudly.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PERKINS. Mr. Chairman, I yield myself 2 additional minutes.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I want to ask, I think the gentleman said that the 25-cent school cost limitation would help the free lunch program, and if we fail to get it, it would hurt it. Why is that?

Mr. PERKINS. The 25-cent lunch provision does not adversly affect, the free lunch program in anyway. Poor children will still receive free lunches.

Mrs. FENWICK. That is right. That is what I thought.

Mr. PERKINS. Under the paying program the student will pay no more than 25 cents.

Mrs. FENWICK. If the gentleman will yield further, not the free one?

Mr. PERKINS. No. This is the regular lunch program where everyone can participate regardless of income. Here students will pay a quarter.

Mrs. FENWICK. If the gentleman will yield further, but the gentleman said at one point that if we did not get 25 cents as the top maximum, that in some way it would damage the free lunch program.

Mr. PERKINS. Here is what I meant. We have testimony that in a number of instances where the price has been 60 and 70 cents, the entire program has had to be closed because of a lack of participants. When this happens, free lunches and reduced-price lunches likewise, are discontinued. If more students are priced out of the program, more free and reduced price lunches will be discontinued. The 25-cent provision will reverse that trend.

Mrs. FENWICK. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SARASIN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 90]

Anderson, Calif.
Anderson, Ill.
Annunzio
Archer
Ashbrook
Ashley
Aspin
Badillo
Beard, R.I.
Bell
Bergland
Biaggi
Bingham
Boggs
Boland
Brooks
Broomfield
Brown, Calif.
Burke, Calif.
Burton, John
Burton, Phillip
Butler
Carney
Cederberg
Chappell
Clausen, Don H.
Clay
Conyers
Daniels, Dominick V.
Davis
de la Garza
Delaney
Dent
Derrick
Diggs
Downey
Drinan
Edwards, Ala.
Edwards, Calif.
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fisher
Foley
Fraser
Frey
Fulton
Gibbons
Hammerschmidt
Hanley
Harsha
Hawkins
Hays, Ohio
Hébert
Heinz
Hightower
Holland
Hyde
Ichord
Jacobs
Jarman
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kemp
Landrum
Leggett
Long, La.
McCloskey
McKinney
Madigan
Mathis
Melcher
Michel
Mills
Murphy, N.Y.
Myers, Ind.
Pepper
Pritchard
Railsback
Randall
Rangel
Rees
Rhodes
Runnels
Ruppe
Santini
Sebelius
Seiberling
Shipley
Shuster
Sikes
Skubitz
Slack
Stark
Steelman
Steiger, Ariz.
Stephens
Stuckey
Sullivan
Taylor, N.C.
Teague
Udall
Ullman
Vander Jagt
Vander Veen
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wydler
Yatron
Young, Alaska
Young, Ga.
Zeferetti

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PIKE, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill H.R. 4222, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 316 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO. Mr. Chairman, in the past month, I have received numerous letters from my State of Wyoming, from educators, parents, State officials, and students who have expressed their support for the national lunch program, and since it has been reported, this piece of legislation.

The President's initial proposal to cut back the school lunch program through a consolidated block grant system raised some serious questions as to this Government's commitment to child nutrition. Many people in my State voiced strong opposition to any such proposal. The Elementary, Secondary, and Vocational Education Subcommittee and the full Education and Labor Committee, both chaired by Mr. PERKINS, should be highly commended for their efforts for not only sustaining this body's commitment to this program—a commitment it has had for over 40 years, but in fact for extending that commitment by providing a maximum-cost 25 cents lunch for all children, to be supported 100 percent by Federal funds.

It is apparent that if this Congress is to remain committed to improving the nutrition of all children this legislation is needed. In reading the committee report accompanying H.R. 4222, I was strongly impressed by the downward trend in the number of paying children participating in the program. In the last year alone, 1 million children have dropped from the program.

With the cost of all items to a family increasing as they have over the past year, it is obvious that many parents' family budgets simply could not cover the school lunch for their children. This legislation, by extending the existing program, should reduce this downward trend in participation and does express the continued commitment of this Congress to provide a nutritional lunch program readily available to all children.

In recent years, Mr. Chairman, Wyoming has experienced a continued growth in population due to the rapid development of energy resources that is taking place within the State. One of the effects of this growth in certain areas has been to shift drastically the ratio of children to population. From 1960 to 1970 the ratio of schoolchildren to the total population, in some Wyoming counties changed as much as from 1 in 7 to 1 in 4. This reflects the younger population coming with rapid growth. The effects of this growth on demands for additional schools and an expansion of the school lunch program in my State are obvious. The Wyoming Department of Education has provided me with estimates as to the effect the 25-cent lunch would have on participation throughout Wyoming. They estimate that with the 25-cent lunch available, participation would increase by 50 percent, representing some 60,000 meals per day served throughout the State. This would mean almost 80 percent of the entire statewide enrollment would participate daily in the program.

With such projected participation and with such nutritional benefits available to the children of Wyoming, that this bill would provide, I strongly support its adoption now.

Mr. QUIE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, there are two provisions of the bill to which I am opposed, the rest I plan to support. The extension of the school breakfast program and making it permanent, expanding the child nutrition program and School Lunch Act for child care institutions and day care and preschool programs, expanding eligibility for reduced cost lunches, and to expanding the opportunities under the WIC program, I think are good. In fact, if we did nothing, the $2 billion programs that are operating this year would increase to $2.4 billion. But what I am talking about is the over $1 billion in additional money which I think is unwise. The amendment that takes it over $1 billion is the one that puts a maximum of 25 cents that any school can charge.

The way it will operate after May of this year is that any student who comes from a family of an income of less than $6,262, can get a free lunch. Any student who comes from a family with an income of less than $10,020 can get a reduced cost lunch, meaning that their lunch will not cost any more than 20 cents.

Those figures apply to a family of four. The income goes up substantially when there are more children in the family, but that is the figure we will be using after May with a family of four.

For any child from a family of four which has an income of over $10,020 if this bill is passed, will be paying 25 cents. It does not make any difference how high the income of the parents might be.

I maintain that if we are going to spend better than $1 billion in additional money it should not be to pay a subsidy above the present subsidy of 22 cents plus mandated State 4 to 5 cents for those who can afford to pay for the lunches of their children.

What is the present subsidy? The present subsidy is a cash payment under section 4 of 11.75 cents. Because of the escalator that is available, as increased costs of living go up, these payments increase.

The commodities are also made available under section 6 at least to the value of 10 cents. Federal subsidy now is 22 cents. Then when we add the State payment of 4 to 5 cents mandated under law, we have about a 27-cent subsidy from the Federal Government and State government for every school lunch. Besides that, the school lunch program buys wholesale. They should be able to buy food for less cost than an individual homeowner can.

So here is the opportunity in the schools of the Nation for young people to receive a lunch presently subsidized to the tune of 27 cents. It is interesting that many parents have chosen not to send the money for a subsidized school lunch. There are a number of reasons why the free- and reduced-cost lunches participation has increased and the nonfree- and reduced-cost lunches participation have gone down.

One of the reasons for that is that there are fewer children in school now than last year, and fewer then than the year before. School population is going down. We are not going to be able to keep the participation up as long as the school population goes down, unless we subsidize childbirth.

Another reason is that making lunches free or reduced cost did not bring children into the program as it did to provide free or reduced cost lunches for those who previously paid for them.

This is also interesting. I talked to students to find out how it operates. I think schools should give credits in economics to one procedure that is operating. Students who with free lunches have sold their lunches to one who is not eligible for the free lunches for 25 cents. They take the 25 cents and go and buy whatever they want, and the nonneedy student received a less expensive lunch.

The Members may deplore the fact that the poor child was not getting a sufficiently nutritious lunch, but he showed a little ingenuity. I think we ought to give him credit for that. In fact, I like the ingenuity that students are showing now about the lunch program. We saw the effort that some of the schools made, some from my district, which caused us to amend the law last year. That was to enable them to sell food like apples outside of the school lunch program.

The National School Service did not like that very well because they were not able to receive the proceeds of the sale of the apples into the school food program. The amendment permits student organizations to benefit themselves. I think that ought to be encouraged. Opposition was raised that participation in the lunch program would fall, but just the reverse was true in my district. In fact, we are going to have an amendment that is going to be offered, I believe by the gentleman from Washington (Mr. MEEDS) which is going to encourage student participation in the development of nutritional lunches, as an amendment to one that we had offered in committee to try and prevent wasting.

I think student participation in planning is good. It ought to be encouraged.

Let me mention a little bit about the waste in the schools. The gentleman from Pennsylvania (Mr. GOODLING) is going to talk about the different attitudes in students, and he can do that extremely well because he has been in the school for a number of years, and until he was elected to Congress was a school superintendent. Therefore, he can give the Members the benefit of his observation. I must depend upon listening to people who work as volunteers in school lunch programs and students I talk to about waste.

Let me say this, the waste in the school lunch program is enormous, and reducing the cost to 25 cents is not going to reduce the waste, because the waste is being made by those already paying for their lunch. The fact that it is costing more than 25 cents does not cause the waste. In fact, human nature is that we waste more what we receive free. It does not seem as important then.

But the students today are more and more concerned about hunger in the world. I have had so many come up to me and say, "Why do we have to take all food that is put on our plates?" I think the students want to have that right of turning down the food they do not like to eat. My feeling is that the real responsibility ought to be in the home of teaching children to eat their vegetables. We do that in our home, and once we have gone through that time of the elementary school, I think then the student ought to at least be able to make his choice when he is in high school. They are going to do it anyway.

The amendment that is going to be offered by the gentleman from Washington (Mr. MEEDS), will be that the students in senior high school can refuse anything that is offered to them, and the school will still be able to receive reimbursement for the lunch.

Mr. HOLLAND. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from South Carolina.

Mr. HOLLAND. I thank the gentleman for yielding.

Do I understand the gentleman's remarks to be that he thinks it is a good idea for children whose parents make less than $6,000 to have to come in a schoolhouse and make a case of parental poverty, and then go out on the street corner to sell apples to help out on the school lunch program?

Mr. QUIE. No. The gentleman misunderstood me. The apple program I was talking about is where the student organization in the school had a program of selling apples in order to help pay for their student organizations. Some will use other foods as well.

The gentleman I know is trying to add a little humor because selling apples and pencils on the street corners was something that happened in the thirties, but I know the gentleman knows I support free and reduced school lunches for lower middle-income families and the poor. We have an escalator that I supported the last time the legislation was before us which provides that as the cost of living increases we automatically increase payments for the ones who receive free and reduced cost school lunches, as well as for the nonpoor children when the escalator provides additional assistance for cash payments of partial subsidy.

Mr. HOLLAND. I thank the gentleman for clarifying that point.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from California.

Mr. LAGOMARSINO. I thank the gentleman for yielding and I associate myself with his remarks. As I understand the bill, as the gentleman has explained it to us this afternoon, there is no income limit whatsoever for parents of children to be eligible for the 25-cent lunch program. Is that correct?

Mr. QUIE. That is correct.

Mr. LAGOMARSINO. If the people earn $42,500 a year, are their children eligible?

Mr. QUIE. That is right. Any of us with children get a sort of automatic pay increase with this bill.

Mr. LAGOMARSINO. Could the gentleman characterize this as a benefit for Members of Congress with children? Would he say this is one of the fringe benefits that people are saying we are voting for ourselves all the time?

Mr. QUIE. This will be the smallest of them.

Mr. LAGOMARSINO. I see.

Mr. QUIE. Mr. Chairman, the program, as I indicated when I responded to a question, provides assistance for lower-income people, and this as I indicated to the Members will be after May brought to $10,020. I favor that. And then we automatically provide that we will continue to keep pace with increased costs.

But what I am opposed to is that additional assistance is granted for those who can afford to pay for their children's lunches. What has happened to the Federal share of the school lunch program? From the Department of Agriculture I gain information that it indicates an increase in the total share from 1969 when the total Federal share was 23.19 percent, to an increase by 1972 to 38 percent, and an increase in 1974 to 43 percent Federal share. This is the increase. We keep increasing the Federal share faster than the cost of living. The students' share has dropped from 52 percent in 1959, the amount paid for by the students, to 39.4 percent in 1962, and to 34.9 percent in 1974. So the students' share of the total cost of the lunch has been going up over the years and there is not any necessity for going to this enormous change that is proposed in this bill.

The proposal for the 25-cent lunch is one that came from a few individuals who testified for a short period of time no more than an hour to the committee before testimony on the Vocational Education Act. They came in at 9 o'clock and testified for a short time, and then we went on to the hearings on vocational education.

When the bill came to the full committee the 25-cent ceiling was not on the bill when it came from the subcommittee. That was then offered and adopted by the full committee. The total cost was $871 million until this morning, when we met again in the committee. In the committee the amendments were adopted that are to be offered to this bill which will add another $31,760,000 to move that floor of 10 cents up to 15 cents, and then another $118,360,000 for an escalator on the subsidy necessary to hold prices to students at 25 cents, making the total cost over $1 billion.

Now, let us look at some of the other programs in education. We have an authorization if we fully fund it in the Elementary and Secondary Education Act, a program for disadvantaged children to help them with compensatory education. That authorization in fiscal year 1975 was $3,927 million. We appropriated in 1975, $1,876 million.

Now, we could fully fund title I with this money. In vocational education the authorization is $970.2 million and we appropriated $552.8 million.

Education for the handicapped, in this year we authorized $808.8 million and appropriated $199.9 million.

In bilingual education we authorized $142.2 million and appropriated $85 million.

For the gifted and talented we authorized $12.25 million and appropriated nothing.

For the Women's Education Equity Act we authorized $30 million and appropriated nothing.

For the Reading Improvement Act, we authorized $53 million and appropriated $12 million.

For the Indian Education Act, we authorized $354 million and appropriated $40 million.

We could have another choice. We could fully fund this year's authorization for education for the handicapped and the bilingual program, the gifted and talented program, the women's education equity, the reading improvement program and the Indian Education Act and have some money left over.

Now, these, I think, are higher priorities. The chairman indicated there is not a more important priority than feeding our children. I would say that was true for the Federal Government for a person who could not afford to buy a school lunch, but to subsidize every child no matter what their parents income is not wise. I know what the goal is and that is for the Federal Government to make sure there is a free lunch for everybody—I have no objection to the attempt to provide free lunches as long as the Federal Government does not pay it all; but as I indicated when we were debating the rule, we have a $45 billion deficit this year as expected, as we understand today.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. QUIE. Mr. Chairman, I yield myself 3 additional minutes.

Mr. Chairman, in the next year we expect an $80 billion deficit. I am certain that is going to go higher.

Now, is this any sound judgment on our part to add $1 billion here over and above what is necessary? I grant that out of that $3,800 million that this is going to cost, I can go along with the $800 million which can be justified, that is a pretty significant increase in the cost, but over $1 billion for that 25-cent lunch, I think, is unreasonable.

There is one other amendment I would like to mention; that is one that requires that we buy cereals and oil products at the same level that we did last year. Let me explain that. Because we did not have as much agricultural surplus available 2 years ago, it appeared that the Department of Agriculture was not going to make as many commodities available to school lunches, which would be a serious financial problem to many of the schools, we then required that the Department of Agriculture should make commodities available at the same level they did the year before. Last year, we increased to 10 cents per lunch the value of commodities which must be purchased. What happened in this year, since there is not an excess of wheat available, the Department of Agriculture bought other commodities. They made more meat available than normally is the case. Now, meat as a higher protein potential is good for children and I see nothing wrong with the Department actions; but here in this amendment we require one set of commodities, cereals and oil products, to be purchased without giving the judgment of what is in excess supply or what might most wisely be made available. This is going to cost $79 million additional.

I do not see any sense in saying we must now provide the same level of flour and oil products. I know the reason for it is that the schools when flour was being made available through the commodity program bought ovens and now they have to buy the flour to bake the bread and they would like to continue with the same arrangement they had before. I do not think we should be in a position to mandate everything that went on before.

So I would say, Mr. Chairman, to my colleagues, that those are the two amendments I would like to see us remove. I recognize there are going to be some other correcting amendments, but these two—these two, I think, are wholly unjustified in a school lunch program and child nutrition program.

When we look at the cost to the Federal Government, with the kind of deficit we have now and the real priorities in education, I urge that the two amendments to the law which I have mentioned be voted down.

Mr. PERKINS. Mr. Chairman, I yield such time as he may require to the gentleman from Washington (Mr. Meeds).

Mr. MEEDS. Mr. Chairman, members of the committee, I take this brief time to ask the chairman of the committee a question for the purpose of establishing legislative history.

Mr. Chairman, it is my understanding that the Department of Agriculture's interpretation of the phrase, "High protein food, meat, meat alternates," as used in section 6 of the National School Lunch Act dealing with the commodity purchases does not include the purchase of fish.

Now, I feel very definitely—and I believe nutritionists would agree—fish offers the very best source of protein there is, or at least one of the very best.

Mr. PERKINS. Mr. Chairman, will the gentleman yield to me?

Mr. MEEDS. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, let me say to my distinguished colleague that a nutritious meal might include fish as a "meat." A nutritious meal is comprised of dairy products, vegetables, fruits, bread, meat, and to my way of thinking, there is no intent to it to exclude fish in considering nutritious meals.

Mr. MEEDS. So that when we talk about a high protein food under section 6 of this act, we are certainly including fish, and fish should receive special emphasis in commodity purchases?

Mr. PERKINS. Yes.

Mr. MEEDS. I thank the gentleman.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Chairman, I was going along right until the gentleman came to "special emphasis." What does he mean by special emphasis? Over and above what?

Mr. MEEDS. Well, equal to other commodities, in comparison to the protein they have.

Mr. QUIE. Yes, to be equal, so it would not be special emphasis then, over and above any other high protein?

Mr. MEEDS. In this respect: If we are looking for high protein food, and fish is a higher protein food than some other high protein food, fish would be special in that respect, but only equal in its selection across the board.

Mr. PERKINS. Mr. Chairman, will the gentleman yield further?

Mr. MEEDS. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, let me clarify the situation. I think the distinguished gentleman from Washington meant equal with pork, beef, and other proteins of equal value as fish, but not to say that we would single out one over the other.

Mr. MEEDS. That is correct, Mr. Chairman. It was not my intention to do that.

Mr. PERKINS. Fish is a high protein food and should be considered by the Department as such. Accordingly, fish along with meat is given special emphasis under the section 6 commodity program.

Mr. MEEDS. In considering high protein foods, fish will be consideretd in terms of the nature of the high proteins it has, yes.

Mr. QUIE. Mr. Chairman, will the gentleman yield further?

Mr. MEEDS. I yield to the gentleman from Minnesota.

Mr. QUIE. Now, the gentleman has been discussing the department's regulations then as they determine what is a nutritious meal under class A lunch, is that correct?

Mr. MEEDS. Under section 6, yes.

Mr. QUIE. Rather than any purchase of commodities.

Mr. MEEDS. I think they may be purchasing them in other sections. I think they are on the list of some other sections.

Mr. QUIE. The Department of Agriculture is purchasing and making available fish and wheat?

Mr. MEEDS. No. Section 6 is a purchase section. So that is the one. It is under "Other Programs" within the bill that they are providing fish. But for some reason—and that is why I am glad to make this legislative history—even though we are saying "High protein foods," the Department of Agriculture, evidently with a cereal-meat mentality, has excluded the purchase of fish. I think it is totally incongruous to be talking about high-protein foods and excluding fish.

Mr. QUIE. If the gentleman will yield further, then the Department of Agriculture has to have something else in mind besides the nutritional value and the level of protein. There is also the necessity of supporting the fishermen and their price, as it would be with the beef farmer or the turkey farmer; because one of the reasons why they purchase beef or turkey is not only because they are high-protein foods for the schools, but also because those farmers have a low income or low price, and they are trying to bolster the price. So the purchase of fish would also come into that question.

Mr. MEEDS. Certainly if incomes are compared, the fishermen would have to be said to be in a more rapid state of decline than beef farmers at this juncture, I would think.

Mr. QUIE. Probably the rate of income for fishermen is down.

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIE. I yield 7 minutes to the gentleman from Pennsylvania (Mr. Goodling).

Mr. GOODLING. Like the gentleman from Minnesota (Mr. Quie), I rise to support the bill, with the exception of the two amendments which he just talked about.

I think, if we could do two things in this Congress, we would go a long way in reforming the body. The first thing I hope we could do sometime is have every piece of legislation stand on its own two feet. The second thing is to arrange our schedule in such a manner so that everybody could be here participating in debate.

Sometimes I get the idea that it is a matter of "Don't confuse me with the facts; I have already made up my mind." I think, if we could serve on less committees, we could arrange that.

I would like to briefly talk about some of the comments made by the distinguished chairman. He indicated he has been involved in this program for 25 years as, I would say, a semi-active participant. I would like to say I have been on the firing line of the program for 23 years. Perhaps the fact that I also participated in the school lunch, as a junior and senior high school student, I have a few more years than he does. Perhaps he did not participate at that particular time.

There are a couple of things that were mentioned that I would like to refer to. First of all, we heard the statement that this is not a bill for the rich, but it is for all students. Again, I ask the question that I asked before: Then why in thunder did we not ask the students for their opinions? Why did we not ask middle-income America and the high-income students what their opinions were about the school lunch program? We know why we do not ask them. We would be shocked with what they have to tell us. They have an entirely different opinion than the school food service people.

So, if we are really interested in the students, then we should have asked those students before we say we are not trying to create a program for the rich.

Second, along that line, if we were to ask those students, I guarantee one of the very first things they would tell us is this—and I am sure the Members get letters day after day, as I got it every day in the school lunch room from this type of student we are talking about, the middle-income and high-income American student—"How can we continue to support a program where the waste is so great?"

They just cannot understand it. They are thinking about other people who are starving. They are thinking about some of our senior citizens or about people in other countries or other worlds. That is the first thing they would ask us.

So first of all, Mr. Chairman, if we are going to ask whether we are providing something for the rich, is it not the middle- and high-income student we should ask? Why should we not ask the student?

Second, when did the Department of Agriculture become such an authority that they can look into a crystal ball and say that if we offer a reduced price lunch, we will have a tremendous increase. I never went to them for information about education unless it dealt with an agricultural program. Where did they get that crystal ball? I think it would be well if Congress could purchase one of those. If we could, we could probably save the country a good bit of trouble and an awfully lot of future inflation.

I think we should put to sleep that myth once and for all that we have lost participation in this program because we have priced the middle-income and the high-income student out of the lunchroom. That is just not true.

Again I say, please, let us ask the children, the students who go to school. We should not just ask a select group we think we can control but we should ask students in general, students who fall in this middle-income and high-income bracket.

This is not what has removed them from the lunchroom. Let us also realize the fact that there has been a decrease in the population which makes up for half of that decline in participation in school lunchrooms. We must also remember as I mentioned before, that this whole program has changed, and we now have an a la carte program and we have a sandwich program, and many people are getting in that line and they are not counted as participating in the Government-supported school lunch program.

Mr. Chairman, we can come out with figures and do anything we want with them unless someone stops and takes enough time to really delve into it and see what is the real reason behind it all.

If we have children who are participating or not participating, please, let us ask them. I have two, and I will guarantee that if we ask ninth and tenth grade youngsters particularly, they will give us many other reasons why they do not participate. Sometimes there is a dietary problem that we did not think about years ago. Many youngsters are not participating, youngsters such as mine, not because they do not have the money to participate.

Mr. Chairman, I wish someone would please tell me this: Where is the proof that children are being priced out of the lunchroom? If someone could just give me a survey showing that 20 or 25 percent of the youngsters in the middle- and high-income group—and I am not interested in nutritional reports or reports from school lunch people—tell us they do not participate because they cannot afford it, I will accept that. I want someone to tell me the number of students who have been contacted, students in the middle-income and the high-income group, who have said they do not participate because they cannot afford it. If someone can show me 20 or 25 percent of those youngsters, I would be happy to get behind the program.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, let me state that I am not as much of an authority as the gentleman from Pennsylvania, but I have frequently visited school lunchrooms throughout the Appalachian area for the past 25 years, and I have had a chance to talk to the children involved.

If the gentleman will take a closer look at the study which he said he places very little credence in, perhaps he will find that many of these students have been contacted. This is the comprehensive study of the Child Nutrition Program submitted by the Department of Agriculture to Congress pursuant to Public Law 93-150. It is dated July 1974.

Mr. Chairman, I want to read a quote from page 66 of that study:

> On the average, these studies indicate that paying students respond by reducing participation 3 to 6 percent for every 10 percent increase in prices charged. Most results fall in the range of a 4 to 5 percent response.

Mr. Chairman, I will say to the gentleman that in this study the students have been consulted.

Mr. GOODLING. But, Mr. Chairman, in the statement the gentleman just made he made no statement whatsoever to show that it was the student who said, "I do not participate because I do not have enough money to come to the lunchroom."

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. GOODLING) has expired.

Mr. QUIE. Mr. Chairman, I yield 2 additional minutes to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. PERKINS. Mr. Chairman, if the gentleman from Pennsylvania will yield, I want to explain to the gentleman the reason why this is true. It is the increasing costs to the children——

Mr. GOODLING. Mr. Chairman, I only have 2 minutes to finish my statement, and I will not yield further.

May I say again that if someone can come up with a figure of 20 or 25 percent of the students in middle-income America and in the higher income bracket—and I do not mean just certain youngsters picked out—who tell us that they do not participate because of the increased price, I will accept that. I can arrange any type of questionnaire under the sun I want and make it come out just the way I want it to come out, depending on the way I phrase the question, but I do not mean that. If we could come up with 20 or 25 percent of the middle and higher income students who say they do not participate because of increased prices, I will support the program.

Mr. PERKINS. Will the gentleman yield further?

Mr. GOODLING. No, I will not yield until I finish.

I can phrase it in any way I want to phrase it to make sure the end result comes out according to the way I want it to come out. If one gives that kind of questionnaire, that is the result he will get, but if he gives them a free expression, which we do not like to give to the young people because we know they will tell the truth, if he gives them free expression, it will be a different story.

True, books and pencils and so forth are purchased. It is a local responsibility or a State responsibility. It is also a responsibility in some areas of local school districts. To talk about a form of tax relief—these people are sick and tired of posturing about this whole business of tax relief, dribbling it out a little here and a little there, because we think they are not going to say, "Hey, how about making the rich pay their share?"—because they have their money and we cannot get that money through taxation. They are not looking for dribbling handouts; they are looking for tax reform.

Here we have $1 billion, $1 billion that we could use in so many worthwhile projects. To mention just one, that might be to give better opportunities to senior citizens. However, we want to take this and we want to use it in order to buy lunches for people who do not want to participate.

Mr. Chairman, one final statement: I agree with one statement made by the gentleman from Kentucky (Mr. PERKINS). He said, "Let those go to the lunchroom if they want to go." That is my whole theory: Let those go to the lunchroom who want to go to the lunchroom. We should not mandate it.

Mr. PERKINS. Mr. Chairman, I yield 5 minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK. Mr. Chairman, I thank the chairman for yielding 5 minutes to me. I am sure that he is aware that I too oppose certain sections of the bill, and at the appropriate time, during the 5-minute rule, I intend to offer an amendment which will not only strike section 4, which establishes the 25-cent ceiling with respect to the allowable price of a school lunch, but it will instead add by a factor of 1½ additional commodity contributions which the school districts now get.

Let me say that I think the central issue that this House must face is what is the wisest way to spend the limited amount of dollars that the Government has.

This bill, as it will be amended by the members of the committee, is priced in excess of $1.2 billion. About 80 percent of that amount of money will be attributable to section 4 because of the ceiling of the 25 cents on the school lunch.

If, by establishing this kind of ceiling on the school lunch, we were trying to improve the program, if we were going to give our children better lunches, assuring better participation, I would probably favor that. I do not recall a single time in my 10 years here in Congress when I have ever opposed an amendment offered by my committee that was intended to provide money to help the people. This particular section I do not regard as a program which will do anything for our children. What it does, is to establish a national reduced rate for lunches for everyone in our school systems, both public and private.

If we truly are interested in feeding the poor, the needy, those who are close to the poverty line or 100 percent over the poverty line, as this bill does do, I am for establishing a mandatory, absolutely required stipulation that every school system shall, in fact, have a reduced-rate program or a free lunch program so that no child in America need go hungry.

Yes, I believe that this is a proper obligation of this House, but to turn that around and provide a ceiling of 25 cents for all school lunches and say that the difference between what was being charged on January 1, and 25 cents will now be paid by the Federal Government, is an unwise expenditure of our money, in view of what the Budget Committee is now considering as the upper limits of the deficit which we will have to recommend to this House in less than 2 weeks.

That deficit is within the range of $101 billion as of the last markup when I left the committee this morning—$101 billion, that we are going to have to ask this House to support in terms of budget authority beyond what the revenues will be in the coming fiscal year.

So, in view of that, in view of the overall merits of the national school lunch program, and I heartily support all the other provisions of this bill, in view of the state of our economy, in view of the large numbers of people who are unemployed and the desperate conditions of the poor in our country, I say yes, let us liberalize the reduced rates, let us make free lunches and breakfasts available to more children, but let us not commit ourselves to mandatory subsidies at this time. If this House does, there will be no further opportunity in the future to raise that 25 cents without a huge rancor. Setting lunch prices is not the business of the Congress.

So while we have dealt with a 20-percent increase in participation in estimates used by this committee in my humble opinion this participation will very likely increase by 50 percent.

My State of Hawaii is probably one of the few States that now has the 25-cent limit. We have done so in the belief that every child should be able to participate in the school lunch program. The school district has absorbed that cost to the extent of $9 million. Under the committee bill my school district will be grievously prejudiced when compared to those districts who have raised their school lunch prices to 75 cents. The difference of 50 cents is what this new Federal subsidy will amount to in the latter States.

This is a most inequitable proposal to offer this body at this time. Instead, we should be encouraging our schools to do their best within their limited resources.

The CHAIRMAN. The time of the gentlewoman has expired.

Mr. PERKINS. Mr. Chairman, I yield 2 additional minutes to the gentlewoman from Hawaii.

Mr. ADAMS. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Chairman, I thank the gentlewoman from Hawaii for yielding to me. I think the gentlewoman has made an excellent statement.

Some of us who are not so well versed in the substances of what are involved in this program have been waiting for this debate. As one of those, I support the gentlewoman in the statement she has made, as to what the cost of this legislation will be, and in support of the position she has taken.

Mrs. FENWICK. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK. I am happy to yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, may I say to the Members, and most particularly to my distinguished colleague, the gentlewoman from Hawaii, that I think this House has seldom heard the sound, commonsense that the gentlewoman from Hawaii has given us. There is not one word the gentlewoman has said that I do not associate myself with most heartily.

I might also add that another distinguished Congresswoman has told me also that she shares the views of the gentlewoman from Hawaii, and she is sitting here in the House now.

Mr. Chairman, I am happy and proud that the gentlewoman from Hawaii has spoken so forcefully and so clearly, and so much to the point. We must help those who are needy. We must concentrate, for instance, on the handicapped children who are not being adequately helped in my opinion. These are places where we should be putting the money in. I thank my distinguished colleague, and I am proud to serve with the gentlewoman from Hawaii.

Mr. QUIE. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I want to bring up just one part of the program that deals with the summer food program, because some of the changes being made are essential, and can be extremely meaningful.

As the Members are aware, we have had a summer school program for a number of years. But, what they may not know, is that a good deal of the money that we have appropriated each year to help hungry youngsters over the summer season does not get used.

I think that out of some $50 million a year ago nearly $25 million was not used. So here we have a very ironic situation. We have appropriated money for the summer food program. We have hungry children. Yet we have not been able to put the two together in order to feed all these children. One of the reasons that this has happened is, traditionally, the Department of Agriculture, has delayed setting out its rules. Programs just could not be put together in time. Consequently, people would throw in a large number of children even though they did not have the children. This was done in order to be sure there would be enough money to have some kind of program. By the time the end of the summer rolled around, all the money would be committed. Therefore, other programs which had children could not get money.

One of the requirements of this bill is that the Secretary—I am quoting from the bill now——

> must publish proposed regulations relating to the implementation of the summer food program by January 1 of each fiscal year, and shall publish final regulations, guidelines, applications and handbooks by March 1.

It is already the end of March and we have another summer season coming before us. This summer, due to the economic conditions in our country, it is more urgent than ever that this program move ahead promptly. As many children as possible should be brought into it.

I can tell the Members that in my own area last year, due to the problems in the regulations, including eligibility requirements, we had thousands of children who normally would have received the benefits of this program, but ended up getting absolutely no benefits at all. So I am a supporter of this bill, of the program, and I am most hopeful that this section of the program, probably the only section that really demands the immediate action, gets passed and put into effect promptly. In this way, there will be money and a plan where millions of young children throughout this country can be fed.

Mr. PERKINS. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York (Mrs. CHISHOLM).

Mrs. CHISHOLM. Mr. Chairman, I know that the hour is growing late, and probably much of what has been said has been repetitious. But I do want to say that sometimes one feels almost like a voice crying out in the wilderness when one is trying to support a measure or not support a measure on the basis of certain substantiated facts.

I was very, very relieved, actually, to see my fellow Congresswoman, the gentlewoman from Hawaii (Mrs. MINK), take the floor and debate an issue that some of us are very concerned about, and that is that in these times of economic crunch and economic pinch it is very, very necessary that we use the resources that will rebound to the benefit of those who are in the greatest need. By the fact that it is said and has been said that every child is entitled to at least one nutritious meal per day, and that it is our responsibility to see through the school programs that these children receive these nutritious meals from, we are in essence taking the responsibility from a family which is in a position because of its economic status to really give the nutritious meals that are necessary for the children.

The responsibility becomes one of educating the parents and orienting the parents in the upper middle-income brackets as to the preparation of nutritious meals for their youngsters, not to take the responsibility from the family. We in this body assume that responsibility by giving that as the reason for bringing people who are in the upper economic bracket into a program.

Mr. Chairman, I rise to speak in support of H.R. 4222, the School Lunch and Child Nutrition Amendments of 1975. I am a representative from a district heavily populated with people who have all of the multiple problems associated with poverty. In the past few years I have been struck by the large numbers of children who are born with brain and other organic damage to parents from this low socioeconomic population. I am struck by the knowledge that there are few jobs and a disproportionate unemployment rate in my district. However, I am certain of one thing: if a person has been well nourished from the moment of conception through childhood and into adulthood, he or she will have a headstart on others who have not been well fed—a headstart in the struggle to obtain a decent living and a decent life.

I am convinced that good nutrition is one of the most effective ways of preventing the problems of poor health that plague so many Americans living in poverty and that lead to large expenditures for health and welfare programs for these people.

The bill as reported by the Committee on Education and Labor contains many provisions that are improvements over current law. I will mention a few.

First, the special food service program, that provides meals for day care centers and Head Start programs have been improved. The major change is that these programs would have the benefits that the school lunch program now has. They will have the same reimbursement rate that schools receive, would receive 10 cents of commodities for each lunch served, and would have access to $3 million per year for equipment and other nonfood expenses. Day care and Head Start centers as well as before- and after-school centers would be able to serve breakfast, snacks, and suppers, as well as lunches.

A second improvement over current law is in the summer feeding program. This program is for children who are fed in the school lunch program and who may depend on that lunch for their only nutritious meal each day. It is absolutely vital—and I mean that literally—that these children have access to a summer continuation of the school lunch program. Under this bill, breakfasts are included in the program, summer residential camps for poor children are eligible, and the reimbursement rate is increased.

I would like to mention here that it is already late in the year for the U.S. Department of Agriculture to begin its funding of summer programs for this year. In the Senate, an emergency bill that would extend the summer program's authorization for just enough time to cover the coming summer will go to the floor tomorrow. Several Members and I have introduced a similar bill in the House. Since the cost will be low—no more than it was last summer—I hope you will see fit to pass it quickly so that the Agriculture Department can start finding and funding sponsors, insuring that some of our very hungry children will have lunches available to them during the coming summer months.

Another major improvement in this bill over current law is the inclusion of children's residential institutions as eligible for the school lunch program. Under this provision children in orphanages and mental institutions, where nutrition is commonly of a lower quality than usual, would receive equal treatment to children attending public schools.

It was with relief and satisfaction that I saw the rule adopted for this bill today, even though the controversy over the use of section 32 funds for the WIC programs is one that I understand. I, too, am a supporter of a clean and orderly funding process, and I support the reforms that have taken place in that area. However, I know that the future of this program that provides high-protein supplements to women, infants, and children during the most vulnerable periods of their lives depends on the use of section 32 funds. We cannot turn our backs on pregnant mothers, or newborn babies in order to have an orderly budget process. I will never be able to make whatever rationalization that decision would require.

I also am in full support of the provision in the bill making children of the unemployed eligible for free school meals.

While there are provisions in H.R. 4222 that I opposed in committee and still would not support at this time were they to be offered again, I support the thrust of H.R. 4222 and have worked for its passage. In closing, I wish to commend Chairman PERKINS, of the Education and Labor Committee, for his patience and willingness to hear differing views on this legislation and his willingness to accept them when he thought they had merit.

Mr. GOODLING. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I would like to compliment the gentlewoman from New York for her usual well-thought out remarks. One of the bright spots, and I must admit there are a lot of darker spots that have appeared since I have been here, but one of the bright spots in this legislative session is the manner in which the gentlewoman from New York listens in the committee and then asks intelligent questions.

Mr. PERKINS. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the distinguished gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I want to compliment the distinguished gentlewoman for her outstanding statement and for the thorough work the gentlewoman has performed in the Committee on Education and Labor for many, many years.

Mr. QUIE. Mr. Chairman, I have no further requests for time.

Mr. PERKINS. Mr. Chairman, I yield 8 minutes to the gentleman from Oklahoma (Mr. RISENHOOVER).

Mr. RISENHOOVER. Mr. Chairman, much of what I say will be repetitious.

Mr. Chairman, as a new Member of Congress I am extremely proud that the first major piece of legislation I rise in support of is H.R. 4222, this bill to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and nutrition programs.

Hearings on this bill were held on March 4 and March 10, 1975 before the Elementary, Secondary and Vocational Education Subcommittee of the House Education and Labor Committee. It was approved by the full committee on March 11 by a vote of 35 to 2.

The bill before you involves major changes in the operation of the school lunch and child nutrition programs. They are important changes which are necessary to better the nutritional needs of all of our children. Further, these changes will broaden the participation of children in existing programs and extend the programs to groups of children which previously had not been covered.

I will explain the major provisions of the bill in a few minutes. First, however, I would like to review briefly the history of the national school lunch program. In this way, I believe there will be a better understanding of the need for and the purposes of these legislative proposals.

The National School Lunch Act was passed in June of 1946. At that time, the Congress declared that, as a manner of national policy, the purpose of the program would be "to safeguard the health and wellbeing of the Nation's children."

Accordingly, from its inception, the school lunch program has had the single purpose of improving the nutritional status of all children in school. To help achieve this purpose Congress has provided assistance in the form of cash grants and donated foods. State and local governments have likewise contributed to the program. As a result, all children in participating schools, regardless of family income, are able to purchase a lunch at well below the cost of production.

Provision has also been made for free or reduced price lunches for children from low-income families. In addition, the program has been available to any public or nonprofit private school, regardless of the income of the community.

The key element in the program is the Federal standard for the nutritional quality of the lunches served. Each lunch must contain milk, protein foods, a combination of vegetables or fruits, and a bread item plus butter or margarine. This lunch has been known across the country for nearly 30 years as "type A" and must provide at least one-third of a child's daily nutritional requirements.

From 1946 until 1968 the program operated without basic change. Expansion to thousands of additional schools took place and the annual growth in participation of children averaged 5 to 7 percent. However, the intent of Congress, as expressed in the original Act and in the 1962 amendments to the act, to provide free lunches to needy children was not being carried out.

In 1968 the Congress authorized special funding for free lunches. In 1970 landmark legislation was enacted to mandate free lunches for any child qualifying under poverty income guidelines. Successive acts of Congress since 1970 have increased federal funding for free lunches to the point that such funds now cover nearly all of the cost of providing lunches to needy children. In addition, federal funds are providing for the cost of free breakfasts and free milk for needy children.

The results of these efforts have been striking. Prior to 1968 only about 3 million needy children were receiving free lunches. As of January 1, 1975 this number reached 10 million and will go higher later in the year because of increased unemployment.

In contrast, there has been a marked reverse trend in the number of children paying for their lunches. In the 5 years since 1970, the number of children purchasing lunches daily has declined from 18 million to 15.3 million, a drop of 2.7 million children.

From January of 1974 to January of 1975 alone, the decline was 1 million children. This overall decline of 2.7 million children has occurred despite the fact that nearly 4,000 additional schools have entered the program since 1970. These 4,000 schools have an enrollment of 2.3 million children.

Progressively, in recent years, the cost of producing nutritionally balanced lunches has risen because of sharply higher food and labor costs as well as costs of other items such as utilities, transportation and supplies used in preparing and serving lunches. Since 1967, the cost of producing lunches has increased by nearly 70 percent, as measured by the BLS index of the cost of food away from home. In the past year, the increase has been over 12 percent.

To meet this situation, school lunch programs have been forced to increase lunch prices with the result that more and more parents are simply unable to stretch the family budget so that their children can eat lunches at school.

In this period of reduced incomes because of shorter work weeks, as well as constantly increasing prices and other cost factors, the number of children able to pay for lunches at school will continue to decline.

Section 4 of H.R. 4222 contains provisions designed to reverse this serious downward trend in participation by paying children and provides a sound basis for making the lunch program readily available to all children. In brief, a 25-cent maximum charge for a lunch would be established for all participating schools. Federal funds would be provided to make up the differential between existing prices and the 25-cent maximum.

Such a program would have these important benefits:

First. A 25-cent lunch would equalize the opportunity for all paying children to take part in the program. At the present time, children in elementary schools are typically paying 35 to 45 cents per lunch and in high schools between 50 and 60 cents.

Second. Many low-income families which now, because of pride, refuse to accept free lunches for their children would find it possible to afford the new price of 25 cents per lunch.

Third. Schools now losing participation would experience sharp gains in participation. With increased volume, lunch production costs would be substantially reduced. According to a USDA study published September 10, 1974, the cost of producing a lunch would be reduced by 3.2 cents under a 25-cent lunch program. The same study estimates that participation of paying children would increase by 40 percent with a lunch price of 25 cents.

Fourth. With increased volume, jobs would be created for an additional 50,000 employees in the lunch program. Local merchants would benefit from increased business.

Fifth. The present trend toward conversion of the national school lunch program, designed to improve the nutrition of all children, to a straight-out welfare program would be reversed. As participation of paying children continues to decline the point is reached where it is no longer possible to sustain a food service program even for the needy children. This point has already been reached in the case of a number of private or parochial schools, who have no outside resources, and in some cases, public schools as well.

Sixth. There are still some 18,000 schools with an enrollment of 5 million children not operating a food service program. Of this total, about half are private or parochial schools with an enrollment of 2.3 million children. According to a recent USDA study, there are some 500,000 needy children in schools without a food service. Many of these schools have been reluctant to come in the school lunch program because they lack sufficient resources. With the 25-cent lunch, it is expected that thousands of these schools would be able to participate.

But just as important, perhaps even more so, the 25-cent lunch will give a chance for those middle class working taxpayers, the very backbone of all our social programs, a chance to benefit a little from the heavy tax burden they bear. And inflation and continuing threats of unemployment have strained their budgets to the breaking point.

I would like to comment briefly on several other sections of the bill.

First. The school breakfast program will be extended on a permanent basis.

Second. The summer feeding program for children in recreation centers serving low-income areas is to be extended for 1 year.

This program has experienced some administrative problems and the committee felt that it should be given further study before extension for a longer period of time, although I personally feel it will turn out to be one of our best feeding programs.

Third. The matching provisions of the school lunch act have been revised to take into account program changes toward a sharply higher proportion of free lunches in the program. There will be no change, however, in the amount of matching funds that States are required to provide from State appropriations or State level revenues.

Fourth. The income guidelines governing the eligibility of children to receive reduced price lunches at prices not to exceed 20 cents will be increased to 200 percent of the official poverty income standards. This will make the lunch program readily available to children from families at the lower middle-income levels.

Fifth. The eligibility standards for free lunches will, under the bill, be amended for a period of 1 year in order to simplify certification of children for free lunches where the principal wage earner of the family is unemployed.

Sixth. Another amendment will provide for the extension of the school lunch and breakfast programs to public or nonprofit private child care institutions which are residential in nature. This will include such institutions as orphanages and homes for the mentally retarded.

Seventh. The special authority to purchase food commodities for the school lunch program has been extended for 3 additional years. Also, the Department of Agriculture is directed to restore to the commodity distribution program the various grain and cereal products and oils and shortening products which were eliminated from the program in this fiscal year.

Some criticism has been directed at this latter provision because it singles out certain agricultural commodities. Such legislation, however, is not new. In *1965*, the Food and Agriculture Act included, under Section 709, special authority to the Secretary of Agriculture to purchase sufficient supplies of daily products at market prices for the school lunch program when there were insufficient stocks of daily products in the hands of the Commodity Credit Corporations.

Eighth. The special supplemental food program for women, infants and children is to be extended for a period of 3 years and the authorization level increased from $100 million to $250 million.

Ninth. The existing program to provide food assistance to children in day care centers would be extended on a permanent basis. The funding for this program would be extended on a basis parallel to the school lunch program except that funds would also be provided for supper meals and snacks.

Though I certainly will not ever be classified with the liberal, big spender, huge deficit economists, I can think of nothing more important than investing in the good health and nutrition of our youth.

I urge every Member's support of H.R. 4222 as a sound investment in America.

Mr. PERKINS. Mr. Chairman, I yield 8 minutes to the distinguished gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, I shall not consume my 8 minutes, because there are few Members in the Chamber at the present time. We will have to settle for quality rather than quantity. I hope that Members will read the RECORD tomorrow morning along with their staffs, and take a good, hard look at the extremely important vote that will be cast tomorrow.

I had dinner last week with a friend of mine from Bloomington, Ill., a man by the name of David Phillips. Dave made a statement and asked a question at one point during the course of our dinner, "Do you think the United States has peaked?" and I replied, in response to his question, that as a military power which once held the lone nuclear club, perhaps we have peaked as an economic giant that dominated the world scene. But the quality of life we give to our people and the quality of life we lead for the rest of the world, I believe we have not.

I believe the bill we will be voting on tomorrow is one that is related to the quality of life. It says that we are going to provide meals for young people so that they can learn more accurately and also that they can grow up in better physical condition. I suggest that is related to the quality of life.

The bill, first of all, extends a program that is going to expire as of June 30, if we do not take any action. It has a new section submitted by the gentleman from

Michigan (Mr. Ford) providing meals for the children of the unemployed; and it, among other things, hits at this inflation problem, because the simple reality is that fewer and fewer young people are taking advantage of our hot lunch program, our nutrition program, because of prices.

Here I would beg to differ with my distinguished colleague from Pennsylvania (Mr. Goodling) because I think the facts are very clear. It is not only the Department of Agriculture, but from practical experience in school after school, in the last 5 years, 2.7 million fewer young people are paying for their hot lunches. From January 1974 to January 1975, 1 million fewer are doing that. In the State of Maryland, from 1972 to the present time, costs have gone up per meal an average of 27 cents, and Federal assistance has gone up exactly 5 cents. That is happening to schools all over. The result is fewer and fewer schools are having lunch programs. More and more are dropping them. In this food-rich country, 18,000 schools, with children, many of whom have inadequate diets, do not now have school lunch programs.

I suggest to the Members that is a commentary on the adequacy of the program that we have.

I have read various sets of statistics, and I am not sure which is correct. I have been trying to trace it down. These figures are different from some of the figures given by the gentleman from Minnesota (Mr. Quie), for whom I have a high regard, but the figures that are given on page 3 of the committee report point out that in 1947, 31 percent of the assistance for school lunch programs came from the Federal Government. By 1950 it had moved up to 33 percent. By 1974 it had moved down to 21 percent.

The question has been asked by several speakers, "Cannot low-income families get school lunch programs now?" The answer is, in part, the answer given by our fine, able, generous chairman, the gentleman from Kentucky (Mr. Perkins), who said that schools are just dropping out, and all children, the needy and the nonneedy alike, are getting dropped.

But part of it is something else, I say to the Members, as someone who comes from an area with a lot of rural communities. There is a lot of pride on the part of people, a lot of young people do not want to get up and say, "We are on public aid."

So they pay 35 cents, 40 cents, 50 cents, or whatever it is, and as that price goes up, eventually their parents tell them, "You will have to eat peanut butter sandwiches or something else. We cannot afford hot lunches any more."

Mr. Chairman, the two fundamental questions are these: Can a child who is hungry learn adequately? We know the answer.

The second question is this: Is a child who is malnourished or partially malnourished going to have a healthy future? Again we know the answer.

The gentlewoman from Hawaii (Mrs. Mink), who spoke most eloquently before, said that if this program is enacted, there will be a 50-percent increase in the numbers of young people who will get school lunches, and that we cannot afford it. My response would be that if there is a 50-percent increase in the numbers of young people who get hot lunches, we will be a finer, richer nation for that having taken place.

To those who say that this is a subsidy for the children of millionaires, I say if a hundred children of millionaires get hot lunches at 25 cents each, that is well and good. But that is a small, small fraction of 1 percent of those who will be helped by this program. Let us look at the millions of young people who are going to get adequate assistance from this program. That is what we really ought to be about.

Mr. Chairman, I voted on this floor a few hours ago to give food to people in foreign countries. I am proud of that vote, and I would cast it again. But I say this to the Members: If we are providing food for people who need it abroad, let us also provide assistance for people within the borders of the United States, for our young people who are our future and who need assistance.

Mr. Chairman, let me close with this. The cost has been mentioned. Even taking the most exaggerated claim on cost, the cost of this program, including the amendment to be offered by the gentleman from Michigan (Mr. O'Hara), is the cost of a little more than one B-1. It is the cost of about 50 percent of a Trident submarine.

I suggest to the Members, in looking at the future security of this Nation, that our security rests just as much in having children who are well nourished and well fed, children who can go to school and eat properly and learn, as it does in submarines and bombers.

Mr. Chairman, I am proud to support this bill, and I commend the sponsors for it.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Simon) has expired.

Mr. QUIE. Mr. Chairman, I yield 1 additional minute to the gentleman from Illinois (Mr. Simon).

Mr. Chairman, will the gentleman yield?

Mr. SIMON. Since I am yielding on the gentleman's time, I am delighted to yield.

Mr. QUIE. Mr. Chairman, in order that the gentleman might have the information and since he mentioned the table appearing on page 3 of the report, I want to point out that the table on page 49 is the table I used. The difference between that and the table on page 3 is this: The one on page 3 shows the percentage of the Federal share for paying for children's lunches, and on page 49 it shows the percentage of the Federal share of the total school lunch program.

Mr. SIMON. Mr. Chairman, if the gentleman will examine them carefully, he will find the two still do not come out correctly. I saw the gentleman's figures, and I asked a member of my staff to check them up, and he came out with a different figure. He came out with the figure of 24 percent.

Mr. QUIE. Mr. Chairman, since the Department of Agriculture furnished both tables, at least we have the same Department involved in working on this, and evidently they came from the same source.

Mr. SIMON. Mr. Chairman, I confess that the statistics confuse me, but I would suggest the relevance of my argument does not rest on that particular statistic.

Mr. QUIE. Mr. Chairman, if the gentleman will yield further, what the Federal Government has been doing is to increase the aid for the free and reduced-cost categories, meaning the poor children, and that is what we did in the foreign aid appropriation bill which I also joined in supporting. In that bill it was not proposed that we would feed the people of means in other countries, but that it should be confined to the poor individuals in the rest of the world.

Mr. SIMON. The gentleman is correct, and I simply suggest that is what we are doing here.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Simon) has expired.

Mr. PERKINS. Mr. Chairman, I yield 1 additional minute to the gentleman from Illinois (Mr. Simon).

Mr. Chairman, will the gentleman yield?

Mr. SIMON. I am glad to yield to the chairman of the committee.

Mr. PERKINS. Mr. Chairman, I take this opportunity to compliment the distinguished gentleman from Illinois (Mr. Simon) for what I consider to be an outstanding speech, one that was well thought out. I just wish that all of the membership in this body could have heard and observed this presentation.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from California (Mr. Miller).

Mr. MILLER of California. Mr. Chairman, I also would like to associate myself with the remarks of the gentleman from Illinois (Mr. Simon).

I voted against the foreign aid bill in the hope that perhaps they would again submit a bill to us so that we could have a chance to vote up or down on those programs that I and others considered to be wasteful, so that we could fund programs such as a school lunch program.

I have spent some 5 years in California trying to bring about a universal program there, and I think the points the gentleman from Illinois made on this floor today are absolutely correct in terms of raising the quality and standards of living in this country.

Mr. Chairman, it is my pleasure to support this bill, H.R. 4222, which amends the National School Lunch Act and the Child Nutrition Act. This major piece of legislation will be beneficial not only to our children, of all ages, but also will be of great aid to eligible pregnant and nursing women.

I am also pleased that the committee accepted an amendment I authored, setting the authorization for the women, infants, children—the so-called WIC program—at $250 million. The current funding for these programs, annualized, is just under $200.

The special supplemental feeding program for women, infants, and children—WIC program—was authorized in 1972 to provide nutritious supplemental food for nutritionally deficient and low-income pregnant and lactating women and infants and children up to 4 years of age. Some 4.6 million mothers and children are in need of such assistance. Cash grants are given to State health departments or comparable agencies in order to purchase the necessary food or provide vouchers for this food for eligible participants. The program, mandated to terminate June 30, 1975, has proven highly successful in providing these essential nutrients to those who so desperately need them. H.R. 4222 will extend this program through fiscal year 1978.

The appropriation of $250 million will allow the program to expand. Right now there are 48 applications sitting on the desk at the Department of Agriculture, and no funds to do anything about them. Although these applicants, with an estimated caseload of 100,000 participants, are eligible, this lack of funds is denying these needy people a healthy start on life.

Studies have shown a direct correlation between low birth weights and mental retardation. In the United States nearly half of all infant deaths are related to low birth weight. Nearly 8 percent of our newborn—weigh 5½ pounds or less; 2¾ percent or 85,000 per year with 4 pounds 6 ounces or less. Birth defects are three times as common in these low-weight infants as in larger babies. Birth injuries, often involving brain damage, and respiratory distress syndrome and hyaline membrane disease, occur more frequently in the underweight baby. Nearly half of all infant deaths in the United States are associated with low birth weight, a significantly larger proportion than in several other countries, which may explain in part why 14 other nations have a lower infant mortality rate than the United States.

Low birth weight also is associated with retarded mental development for which the affected families and society at large pay a heavy price. Roberts and Engel, reporting on the examination of a national sample of children aged 6 to 11, found a striking relationship between the children's intelligence scores and their weight at birth. Children who weighed less than 5 pounds at birth had an average IQ of 94.6 as compared to 99.6 for children whose birth weight ranged from 5 to 10 pounds. The highest average—101.1—was recorded for children who weighed 7 pounds 12 ounces to 8 pounds 13 ounces at birth.

Low birth weight may be due to premature labor, the causes of which are as yet largely unknown, or to retarded fetal growth which usually results either from maternal, placental or fetal abnormalities or from maternal undernutrition. Naeye and his associates at Babies Hospital in New York obtained data from autopsies of stillborn children and newborn infants who had died from causes other than those associated with structural defects or maternal complications. The families of these babies were categorized according to weekly income. The dead babies whose families fell below the poverty line, as defined by the Social Security Administration, average 94 percent of normal body weight as compared with 109 percent of normal for those whose family earnings exceeded the poverty level. Body length and all organ weights were smaller in infants of poor families. Their thymuses, spleens, livers, and adrenal glands were more undergrown than their kidneys, hearts or skeletons. This growth pattern has been repeatedly observed in children and young animals with chronic malnutrition. From these observations, they concluded that "maternal malnutrition during gestation provides the simplest explanation for the undernutrition found in the newborn infants of the poor."

Dr. Myron Winick, professor of pediatrics and director of the Institute of Human Nutrition at Columbia University, has stated that "an association exists between the amount of weight gained during pregnancy and birth weight" and that "malnutrition retards infant growth producing smaller . . . brains." He states further that "the difference in birth weight between rich and poor accounts for the difference in mortality between the rich and the poor" and that "feeding a better diet during pregnancy increases maternal weight gain, birth weight and, therefore, should decrease mortality and the incidence of retardation."

There is growing experimental evidence that improving nutrition during pregnancy—even as late as the last trimester—can have a marked effect on birth weight and that maternal weight gain during pregnancy probably is the most important determinant of birth weight.

Recognizing these facts, the National Foundation-March of Dimes has been cooperating with State and local health departments and with local WIC projects in many parts of the country. They have cosponsored statewide training institutes for the health professionals working in WIC programs in Ohio, Georgia, Texas, and North Carolina. Other such institutes are scheduled in Illinois, Maryland, New York City, South Carolina, and New England. The purpose of these institutes include indoctrination in the scientific basis for nutritional intervention during pregnacy, discussion of techniques for counseling the women being served in the programs, consideration of public education techniques and discussion of administrative problems and their possible solution. Local chapters of the National Foundation-March of Dimes have made grants to WIC projects in New York, Michigan, New Hampshire, and Georgia for the salaries of nutritionists and health aides who work with the women being served in the program. More than 100 local chapters report that they are furnishing WIC projects with educational materials on maternal nutrition or rendering volunteer service in the clinics which are the site of these projects.

Mr. Chairman, the Subcommittee on Elementary, Secondary and Vocational Education of the Committee on Education and Labor received testimony *from* Dr. Ellen Alkon, director of maternal and child health and acting commissioner of health at the Minneapolis Health Department that—

> Before the WIC program became available, we were becoming increasingly concerned about the inability of our clients to follow dietary advice because of economic restrictions: iron-fortified formula could rarely be continued even to 6-months of age, infants needing soy formula were not getting it, and women were financially unable to purchase the recommended quantities of milk during pregnancy.
>
> Other indications of nutritional need in the population we serve are reflected in the poverty conditions that do indeed exist in Minneapolis. According to the 1970 census, there were 13,669 related children under 18 living in poverty families. There are, in addition, families who are near-poor and hence have serious economic restrictions to proper diet. Among the clients served in the WIC project, 23.5% of a sample of 272 women had low serum iron, and in 1973, 23.6% of children under age one had a diagnosis of anemia. The WIC medical evaluation data has presented further evidence of nutritional problems. Of 1541 families enrolled in the WIC program, 45.4% were below the OEO poverty income guidelines, and 75% of families with school age children had those children receiving a free lunch.

As a result, Mr. Chairman, the overwhelming evidence places us in a situation that we cannot continue to accept by our inaction.

Ms. Stefan Harvey of the Children's Foundation stated it very clearly: "We are confronted with a causal chain linking poverty to poor nutrition, poor nutrition to low birth weight, and low birth weight to infant death and brain damage and behavioral disorders."

To fail to take proper action in light of this well established causal chain is for this Government and this Congress with full knowledge to cause thousands of children to suffer what may have been preventable defects and to cause thousands of families to suffer both the emotional and economic hardships of a child born with birth defects.

It is no excuse to say that we cannot afford such an expenditure of funds at this time because again this Congress has full knowledge of what future cost will be in providing custodial care and special education programs to these children. I assure you that it will be much greater than $21 a month we now spend per recipient under the WIC program.

Mr. Chairman, I have personally visited with participants of the WIC program in the district which I represent and have been told by mothers that the medical care they received was the first either for themselves or for their children. It was very clear after talking to many of the participants that without the WIC program they would not be able to afford the high quality protein, iron, calcium and vitamin A and C that was now available to them under this program.

No one can deny the real need in this country for such a program. Certainly the approved caseload for fiscal year 1975 of 187,500 women, 178,000 infants, and 282,800 children—a total of 648,300 participants—is a testimony to the impact this program is having.

But we cannot stop here. This program must be continued and expanded so that more women and children can avail themselves of these necessary foods.

Let us spend our money wisely. Let us spend it in a positive constructive manner that helps infants grow into healthy children and adults. Let us take the initiative to prevent sickness and deformity, rather than spending money in later years to cure or simply maintain an illness or retardation that we perhaps could prevent now.

Mr. QUIE. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama (Mr. BUCHANAN).

Mr. BUCHANAN. Mr. Chairman, I am pleased to rise in this instance not as a voice, but as an echo of voices previously heard in this Chamber, which I believe spoke with both wisdom and strength. I refer to the voices of the gentlewoman from Hawaii, the gentlewoman from New York, the gentleman from Minnesota, and others, who, while indicating support for the school lunch program, have indicated their concern about the more than $1 billion of additional spending, primarily for middle- and upper-income family children in the 25-cent lunches that this bill now provides.

Mr. Chairman, our colleague, the gentleman from Illinois (Mr. SIMON), has made an impressive and an appealing case for the inclusion of this amendment. I would say to him and say sincerely that if I were sure that the gentleman's interpretation of this situation were correct or if subsequently testimony could be offered before our committee that would indicate that that is the correct analysis, I would be prepared to support such an amendment in the future. However, the fact is that we are involved, as others have pointed out, in a time of economic crisis, in a fiscal crisis, in which we are looking at deficits larger than we have had before, and we are confronted with spending $1 billion on this program which will primarily benefit middle- and upper-income families at a time when there are competing needs for Federal spending that will clearly and without question go to meet such urgent needs as those provided in the summer food program and other programs to help low-income families and people who are clearly in need.

In such circumstances, I do not believe we have yet established the case for the O'Hara amendment. It would appear to me that in the hearings we had there was no such case established. We met at the subcommittee level. We marked up a bill. This amendment was not a part of it. It was only at the full committee level that this amendment became a part of it. Only today did aspects of the overall O'Hara approach enter the bill that is now before the Committee of the Whole, and it appears to me that this is a premature decision on our part and one in which unwittingly and with the highest of intentions, we may be playing the role of a reverse Robin Hood—a reverse Robin Hood taking from the poor to feed the rich.

Mr. Chairman, I think it is most unwise for us to proceed in this direction until we have made a better case for the 25-cent lunch.

Therefore, I would urge the members of the committee to support the school lunch program. I was a cosponsor of the chairman's bill, and I commend him for it. I urge that it be adopted and enacted into law; but when the time comes, I think I shall speak for or against the Mink amendment, whichever will help it the most.

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Ohio (Mr. MOTTL).

Mr. MOTTL. Mr. Chairman, because the hour is growing late I am just going to make a few very brief and concise remarks.

First of all, I would like to compliment the distinguished gentleman from Illinois (Mr. SIMON) upon his outstanding remarks, and I would like to be associated with them.

I would also suggest that tomorrow during the debate on the Goodling amendment, if the gentleman from Illinois would reoffer these very cogent reasons as to why we should oppose the amendment I think it would be beneficial.

Mr. Chairman, I had the pleasure of voting against the foreign aid bill so that we can spend that money in helping the youngsters in this country rather than upon wasteful military expenditures.

Mr. Chairman, I rise in support of H.R. 4222, reported by the House Committee on Education and Labor.

Enactment of this measure will assure continuation of the national school lunch and breakfast program which has given millions of American children their rightful opportunity to obtain the sound nutrition needed to attain vigor and vitality.

My native city of Cleveland, Ohio, is proud that it was the birthplace of the breakfast program.

Only 9 years ago, then Secretary of Agriculture Orval Freeman inaugurated the program by sitting down to breakfast in a Cleveland school.

Paul Briggs, superintendent of Cleveland schools, was there. And Paul Briggs tells me that no one who has been intimately associated with this program—no one who has seen the miracle of nutritious food improving the learning capacity of hungry children—can doubt the enormous value of this program.

The school lunch and breakfast programs are absolutely essential to the very survival of underprivileged youngsters. The programs are also a tremendous boost for the physical and mental development of the youth of Middle Income America.

I call upon my colleagues to support this bill as a necessary investment in the future fitness of the coming generation of Americans—the boys and girls who are our most precious natural resource.

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Illinois (Mr. HALL).

Mr. HALL. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, like the gentleman from Illinois, the former Lieutenant Governor of the State, Mr. SIMON, I am somewhat overwhelmed since this is my first opportunity to speak, by the size of the audience but, like the gentleman from Illinois, I too will go with the quality.

I also want to associate myself with the remarks the gentleman from Illinois, Mr. SIMON, made. He has a long history of being a friend of education, and of schoolchildren, at least in Illinois, and I am proud that we serve on the same committee, so I rise in support of the bill.

Mr. Chairman, I am privileged to be a cosponsor of this measure. As a new Member of this body, I am greatly impressed with the leadership of the chairman of the Education and Labor Committee, the gentleman from Kentucky.

From its inception, the national school lunch program has worked to improve the nutritional status of all children in school. Since 1946, Federal assistance in the form of cash payments and federally donated foods has been provided by Congress in order to permit the sale of lunches well below production costs to any child wishing to participate, regardless of family income. Provisions were also made for those children who were unable to pay the regular lunch price charged in participating schools. They could receive free or reduced-price lunches. Yet in 1947 the Federal share of lunch costs for paying children was 31 percent; in 1974 it had dropped to 21 percent.

The national school lunch program has proven its effectiveness as have several other programs of food assistance to our children. Authorizations for these vital contributions to our children's nutritional needs are scheduled to expire June 30 of this year, and I urge that we take action to affirm our support of these programs.

H.R. 4222 would extend these authorizations, and our commitment to our children. The purpose of this bill is to make certain that the children of this country do not lose out through the termination of these nutrition delivery systems. Programs which end in June of this year include the special food services program, which involves day care feeding, Head Start feeding, and summer feeding; the WIC program, which provides high protein supplementation to low-income women, infants and children, as well as the school breakfast program, which provides a nutritious morning meal to almost 2 million American schoolchildren each day, and finally, the commodity program, as it pertains to school lunches.

This bill would specifically extend the school breakfast program beyond its current expiration date of June 30, 1975, to permanently authorize the program. But more than that it would encourage an expansion of especially successful or needed aspects of the activities provided under the legislation. It would enhance and expand participation of children in child care institutions and preschool feeding programs by provisions authorized under the School Lunch Act and the Child Nutrition Act of 1966. Moreover, automatic eligibility would be provided for free meals to the children of unemployed parents. The WIC program would be expanded and the acquisition and distribution of certain commodities for child feeding programs would be required at the previous levels. Finally, the prices our students must pay for a hot school lunch would be rolled back to a maximum of 25 cents charge for any child, and the eligibility for a reduced-price lunch would be expanded.

These programs are essential to the welfare of our most precious commodity—our children. The programs are tried and true humanitarian activities which the States and local communities know how to use efficiently and which have come to mean a great deal to our people. The dollars spent on these programs accrue to the benefit of our farmers, our food industries, and most importantly, to our children.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress asssembled, That this Act may be cited as "The National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975".

Mr. PERKINS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

vincingly that this House, by a recorded

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. Pike, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes relating to strengthening the school lunch and child nutrition programs, had come to no resolution thereon.

OIL DEPLETION ALLOWANCE

(Mr. HARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARRIS. Mr. Speaker, the arguments against continuation of the oil depletion allowance have been made over and over. They have been made so convincingly that this House, by a recorded vote, has rejected a provision similar to the Senate depletion amendment to H.R. 2166; we have adopted, also by a recorded vote, a strong provision in our tax bill eliminating percentage depletion on the production of oil and gas.

While depletion is being defended so strongly by the independent producers, it is important to point out that it has been precisely such blatant tax loopholes and the depletion allowance and the "golden gimmick"—the foreign tax credit—which have enabled the huge concentration of our national energy-producing capacity in the hands of a few major, multinational corporations.

I have written, and would like to include in the record, a letter to the House conferees on H.R. 2166—the Emergency Tax Reduction Act—urging that they insist on our depletion provision, and accede to the Senate amendment with respect to the foreign tax credit. The letter is included in the Record for the Members' attention, as follows:

March 22, 1975.

Hon. Al Ullman,
Chairman, House Committee on Ways and Means, Washington, D.C.

Dear Mr. Chairman: I feel very strongly that the House should insist on its provision in H.R. 2166 with respect to the repeal of the oil and gas depletion allowance. This provision—completely eliminating percentage depletion on the production of oil and gas—was adopted by a roll call vote on the House (Roll Call 34, February 27, 1975). An oil depletion amendment to that bill, similar to the Senate amendment, was specifically rejected by the House by a recorded vote (Roll Call 32, February 27, 1975).

The depletion allowance has never functioned as an incentive for the discovery of new petroleum resources. Rather, it has been a blatant tax loophole for the owners of oil lands, costing taxpayers $3 billion per year. Under the Senate version, 97 percent of the independent producers would continue to receive the oil depletion windfall.

I am also strongly convinced that the House should accede to the provision of the Senate bill that relates to tax credits for oil corporations doing business abroad. One reason for our current dependence on "foreign" oil sources is that the foreign tax credit favors expansion of U.S.-multi-national oil firms in foreign countries.

The people are paying the bill for the abuses of the foreign tax credit by the big oil companies; by adopting the Senate version with respect to the foreign tax credit, we can save the American taxpayers $1 billion per year.

Final passage of the tax bill, with the two provisions I have outlined, represents an enormous opportunity for greater tax equity. We have continually heard that the Senate stands in the way of oil tax reform. The Senate bill, with its treatment of foreign tax credits, is proof of the fallacy of that argument. I am urging all of the House Members of the Conference Committee to insist on an end to the depletion allowance and the abuses of the foreign tax credit.

Sincerely,

Herbert E. Harris, II,
Member of Congress.

EVACUATION OF CAMBODIANS

The SPEAKER pro tempore (Mr. McFall). Under a previous order of the House the gentleman from New York (Mr. Solarz) is recognized for 30 minutes.

GENERAL LEAVE

Mr. SOLARZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SOLARZ. Mr. Speaker, I have introduced a bill (H.R. 4878) which would provide for the evacuation by the United States of any Cambodian who feels that his life would be in danger in the event of the triumph of the Khmer Rouge forces in Cambodia. In view of the events of the last several days it seems to me that this legislation has a very special urgency. The clock is clearly winding down not only in terms of our own involvement in Indochina in general but also in terms of the life of the Lon Nol regime in Cambodia in particular.

The handwriting in our own House is on the wall. The vote in the Democratic Caucus 2 weeks ago against any further aid to Cambodia and the rejection in the House Foreign Affairs Committee of any additional appropriations for Cambodia make it quite clear that the Congress of the United States is not likely to extend any additional assistance to the Lon Nol regime.

According to the best military estimates we have, the amount of ammunition available to the Government forces in Cambodia will enable them to sustain the conflict for no more than another month. And so it seems fairly safe to conclude that sometime between now and the next 30 days, sooner if not later, the Lon Nol regime will fall and the Khmer Rouge will come to power in Phnom-Penh. Consequently, I think one can conclude that the days of the Lon Nol regime are numbered.

I think that this poses a very special problem for us. The fact of the matter is that during the years in which the civil war in Cambodia has taken place, almost 10 percent of the people of Cambodia have been killed, and almost half the people of that strife-torn country have been made refugees.

I think that, to a very significant extent, we bear a very real responsibility for having precipitated the conflict in that country as a result of our incursion there in 1970.

The question then becomes: What will happen when the Lon Nol regime falls and the Khmer Rouge comes to power? We have been told by a number of people that there is a very real possibility that on that day a bloodbath will commence in Cambodia which will result in the execution of an untold number of Cambodians themselves. Prince Sihanouk has estimated that the Khmer Rouge will execute only seven. Our colleague, the gentleman from California, Congressman McCloskey, has estimated on the basis of his trip to Cambodia several weeks ago that somewhere in the vicinity of 150,000 Cambodians could be executed once the Khmer Rouge come to power.

Others have suggested that several thousand will be killed. The fact of the matter is that nobody really knows how many will suffer such a fate once the Khmer Rouge come to power. But I think it is reasonable to conclude that an undetermined number will be victimized in the event that the Lon Nol regime falls.

Now, I believe we have on the basis of our involvement in Indochina in general and, in Cambodia in particular, a moral obligation to reach out our hands to these people.

I think, therefore, that the kind of legislation which I have proposed, which would provide for an American evacuation of any Cambodian citizen who felt his life would be in danger when the Khmer Rouge comes to power, is eminently justifiable.

This bill would provide for the evacuation of such Cambodians to any third country that was willing to accept them and, in the event no such third country was willing to accept them, to the United States.

I might say that such an evacuation would be entirely consistent with the past practices and humanitarian traditions of our own Nation. In 1954 we assisted 1 million North Vietnamese who sought resettlement in South Vietnam.

In 1953 we opened our doors to 38,000 Hungarian refugees who were fleeing from Bucharest and its environs.

In 1959 we opened our doors to a quarter of a million Cubans who sought refuge from Castro's Cuba.

Then in 1968 we admitted 10,000 refugees from Czechoslovakia in the wake of the unsuccessful revolution in that country.

So I think that to open our doors at this point to those Cambodians whose lives would be in danger once the Khmer Rouge comes to power is something that is entirely consistent with our own past practices and humanitarian traditions.

To those who would say that this would enable an unlimited number of Cambodians to come into the United States at a time when we are experiencing severe social and economic difficulties at home, I would say that given the deteriorating military situation in Cambodia, and the practical limitations that exist with respect to such an evacuation, it is unlikely that an overwhelming number would either avail themselves of such an opportunity, or if they sought to avail themselves of it, that logistically we could bring them in. So I think we are talking about a limited number of people—those that serve the Lon Nol regime in one way or another.

I think that with the passage of this bill we would go a long way toward protecting our moral credentials. I think we would go a long way toward preserving our past practices and humanitarian traditions if we pass this legislation and say in effect that we are going to give those whose lives are in danger as a result of the collapse of the Lon Nol government the opportunity to go to any third country that would accept them or to the United States if no other country was prepared to take them in.

I think, in conclusion, that if we were to enact such legislation, if it were approved by the other body, and signed by the President as well, that we would have protected our moral credentials and obligations in this regard.

Mr. Speaker, I yield back the balance of my time.

Mrs. MEYNER. Mr. Speaker, I rise to express my support for H.R. 4878, a bill to provide for the evacuation of Cambodian refugees. I believe that the sponsor of this bill, the gentleman from New York (Mr. SOLARZ) expresses a spirit of compassion in this legislation that is missing too often in our debate over Cambodia.

After 6 years of warmaking in that ravaged country, the administration is now shedding crocodile tears about the possibility of a "bloodbath" when the Lon Nol government falls. Although I reject this cynical appeal for more military aid, I do feel that we have a responsibility to the people who have been trapped by this war and now fear for their lives.

Action of the kind this bill proposes would not be without precedent. In 1956, in the wake of the Hungarian revolution, we accepted 38,000 Hungarians into our country. In 1959, we accepted 260,000 Cubans. We helped to evacuate 46,000 Asians from Uganda a few years ago after they were ordered out of that country by General Amin. In 1968, we admitted 10,000 Czechoslovakian refugees.

An evacuation project of the magnitude envisioned by this bill will not be easy. It may be impossible. The bill provides that evacuation will not take place if the President determines that it is not feasible.

But we must be ready to make the effort. It is a small repayment for the death and destruction we have levied on the Cambodian people for these past 6 years.

Ms. ABZUG. Mr. Speaker, I am sure that every American feels deeply sad, as I do, when we see and read about the innocent civilians who are suffering so terribly in the last throes of the war in South Vietnam and Cambodia.

As always, war's victims are chosen indiscriminately—they include the very young and the very old, women and men, hundreds of thousands uprooted from their homes, starved, shot at, wounded and killed.

Just a few weeks ago, I was in Phnom Penh, witnessing scenes of indescribable horror in the streets of that beleagured city where Khmer Rouge shells hit military targets and civilians alike and the Lon Nol government remains totally incapable of defending its people or even feeding them.

In Cambodia and South Vietnam, we are witnessing the final collapse of a wrong U.S. policy of military and political intervention in Southeast Asia, and, as always, it is the Southeast Asian people who are paying with their homes and lives for that mistaken intervention. As Americans, too, we can never forget the 55,000 GI's who lost their lives there, the thousands of young American men who were mutilated in body and soul by a cruel and senseless war, nor can we forget the plight of the war resisters or the prisoners of war or the problems of the families of those missing in action or the impact of that war on the internal life of our country during more than a decade of dissent and violence.

All the polls show that the American people in overwhelming numbers have reached the conclusion that American interests do not require the survival of either the Lon Nol or Thieu governments, yet the Ford administration, Department of State and Pentagon remain wedded to their mistaken policies of the past.

Although administration officials now recognize that the Lon Nol government in Phnom Penh cannot survive, they still push for military aid to this ineffectual and unrepresentative government. As I have said repeatedly since my return from a congressional mission to Cambodia, such a policy will only prolong the agony of a lost war and result in the killing of more people.

In the name of humanity, we must stop sending weapons and step up the shipments of food and medical supplies, preferably under international auspices. Why should we help perpetuate a present and continuing bloodbath in order to save seven members of the Lon Nol regime whom the Khmer Rouge forces have said they will execute? Why can we not fly out these seven and others to safety abroad, as I and others Members of Congress proposed when we returned from Cambodia several weeks ago?

The only sensible role left for our Government in this general rout is to let the Cambodians find their own political solution, without our further interference, and to confine ourselves to seeking assurances from the Khmer Rouge and Prince Sihanouk that no recriminations will be visited upon other Cambodians. We have avenues to the governments of both the Soviet Union and China through which we can exert our influence and pressure on this humanitarian issue.

In South Vietnam, President Thieu's new strategy of abandoning the northern provinces indicates that he, too, recognizes the inevitable—but instead of making significant changes in his government and policy, as even his own followers urge him to do, he is trying to consolidate his forces into strategic enclaves and continue fighting and the Ford administration persists in waging a campaign to squeeze more military aid for Thieu out of a reluctant Congress.

When I was in Saigon recently, I and other Members of Congress met with dozens of South Vietnamese of all political persuasions. We made a special effort to confer with moderate and anti-Communist forces. Almost all agreed that there is no hope for their country so long as President Thieu persists in his policy of ignoring the Paris peace agreements and jailing even his moderate political opponents who could provide the elements for a more broadly based and popular government.

The Paris agreements recognized the provisional revolutionary government as a legitimate claimant to power, and provided for the establishment of a National Council of Reconciliation. Third force Vietnamese—Buddhists, Catholics, students, women, legislators—would also be able to participate in decisionmaking.

President Thieu clearly never had any intention of implementing that agreement, as he started expanded fighting right after the agreement, and the result was a continuation and expansion of fighting by both sides. Both sides have violated the agreement, but our Government has failed to conduct a political and diplomatic offensive which we have the power and obligation to do.

The United States is presently paying some 81.2 percent of the cost of Thieu's huge military establishment and internal police system which keeps his opponents silenced. He does not dare enter into a political struggle for he fears the total loss of power. Yet, it is only on the political level that this long struggle can be resolved. I agree with a point made by New York Times writer, Tom Wicker this morning in a column in which he says that U.S. policy should now be pressuring Thieu "to begin real peace talks with the North—the kind of negotiations that neither seriously attempted in 1973." I would like to add that column at the end of my remarks.

As Mr. Wicker notes, Mr. Thieu is not likely to take that opportunity—which soon may disappear forever—if he gets new assurances from Washington that he can have the resources to fight on for the old objectives. That would be at best a formula for never-ending war, at worst a waste of American money and Vietnamese lives for a few more years of hopeless war."

President Ford and Secretary of State Kissinger are arguing that what is happening in Southeast Asia now is disastrous for the American image and for the credibility of the U.S. Government in its relations with other governments. I disagree.

This is a time for the American people to distinguish between their real interests and the interests of a now bankrupt policy that was pursued in their name but never really represented their needs or their will. Kissinger, Ford and the Presidents who preceded him—Nixon, Johnson and Kennedy—have failed, but we as a people have not failed. We have succeeded in repudiating a wrong policy that was neither in our best interests or in the best interests of the people in Southeast Asia.

We must now exert our efforts to insist on genuine negotiations, either by President Thieu or a successor government, that will lead to a soundly based political settlement in Vietnam.

And, by all means, let us send food and medicine to relieve the desperate plight of the civilans in Cambodia and South Vietnam, but let us do so through international agencies.

Let us lend our planes to these agencies for this purpose, taking care to mark them and to see that they are unarmed, so that there will be no "incidents" involving American lives and sweeping us back into the war. The one thing we must not do is to continue sending money and ammunition to dictators whose own people have rejected them.

The column referred to follows:

More Aid Only Means More War

(By Tom Wicker)

Refugees are streaming down the road from Hue to Danang, and an offensive directly against Saigon may be next. So the situation in South Vietnam may appear superficially as desperate as that of Cambodia, where the Lon Nol Government obviously is in its final days. But the plight of South Vietnam is fundamentally different; collapse is not yet at hand. Nor is American involvement the same in the two countries.

For more than a decade, the United States has made commitments, explicit and implicit, to the survival of a non-Communist South Vietnam. It is not clear precisely what promises Henry Kissinger made in order to obtain South Vietnamese agreement to the Paris "peace" accords of 1973. But it is clear that the United States, so far, has invested more than $112 billion in the effort to maintain an independent South Vietnam; that 55,000 American lives have been sacrificed to that end; that at one time Washington was "committed" enough to maintain in Southeast Asia an army of a half-million Americans as well as South Vietnam's own army of a million men; and that in single-minded pursuit of American objectives, American bombs and napalm have devastated much of four countries, including South Vietnam itself.

While this effort has seemed to many Americans to go far beyond anything conceivably to be gained from it, at least the objective of a non-Communist South Vietnam has had considerable support in that country. Refugees from the regime in North Vietnam, as well as those who have consistently fled advancing North Vietnamese and Vietcong forces in the South, attest to that; and many political elements in South Vietnam that may oppose President Thieu do so not least because they want more effective, less corrupt and dictatorial leadership in building national strength for the struggle against a Communist take-over.

For both reasons, the United States cannot now lightly wash its hands of South Vietnam, even if there were a disposition to do so in the Ford Administration. These reasons, moreover, are far more legitimate than Mr. Ford's renewed attempts to brighten the citizenry with the domino theory, or the Administration's plaints that the world will see the United States as a paper tiger if Cambodia and South Vietnam are lost.

What the world might more sensibly conclude—as much of it already has—is that if despite so much American aid for so many years the South Vietnamese still can't "hack it" (in the old Army jargon of "Vietnamization" days), the idea of an independent, non-Communist South Vietnam must be inherently untenable unless there is also a massive American effort to prop up and protect such a regime.

The world might well conclude, too, that just such an American effort, lasting roughly a decade, actually stifled internal economic and political growth and fatally disrupted Vietnamese society with war and foreign intrusion. Thus, it may actually have prevented development of the kind of national strength and resolution that could have enabled South Vietnam to work out an acceptable reconciliation with North Vietnam. Surely it was American acquiescence, as well as his confidence in American military support, that allowed President Thieu so nearly to ignore the shaky peace machinery Mr. Kissinger contrived in the Paris accords of 1973.

Even so, it is being argued that a new infusion of American military aid must be provided to counter the aid obviously flowing to North Vietnam from China and the Soviet Union. Mr. Ford, for example, wants a guaranteed level of aid for three more years, then no more. But at best, that would only delay the moment of reckoning for three years—past the 1976 election—and it is hard to see why more military aid, after so much, would make a fundamental difference in the long-term outlook.

Mr. Thieu's withdrawals from the highlands and the northern provinces supposedly put his forces into their strongest defensive positions. With substantial elements of his army intact, and the major part of the population—including that of the rich delta area in the south—still within his military lines, the opportunity should be available to him to begin real peace talks with the North—the kind of negotiations that neither seriously attempted in 1973.

Mr. Thieu is not likely to take that opportunity—which soon may disappear forever—if he gets new assurances from Washington that he can have the resources to fight on for the old objectives. That would be at best a formula for never-ending war, at worst a waste of American money and Vietnamese lives for a few more years of hopeless war.

HELLS CANYON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. Symms) is recognized for 10 minutes.

Mr. SYMMS. Mr. Speaker, this afternoon I am reintroducing legislation from the 93d Congress designed to provide orderly, commonsense management planning for the Hells Canyon stretch of the Middle Snake River between Idaho and Oregon.

One bill is a continuance of former Idaho U.S. Senator Len B. Jordan's goal for the Middle Snake—a simple moratorium on construction of any dams until September 30, 1978, allowing us time to assess the multiplier source needs of the Pacific Northwest. This measure was first introduced in the Congress in 1968 under the cosponsorship of Senator Jordan and his Idaho colleague, Frank Church.

The second bill is my own adaptation of the Jordan moratorium, designed to address the question of the lands surrounding Hells Canyon, which were not an issue when Senator Jordan first dealt with the problem. The bill imposes the moratorium for the same period of time and provides for a 3-year study of the surrounding lands for possible classification as a National Recreation Area.

Last year, I fought a strong tide in the House and Senate Interior Committees toward immediate classification of the Middle Snake. This classification was to occur without study by the Forest Service; with virtually no input from the State; over the wishes of major sectors of the Idaho economy.

I made the point then that we did not have enough information about Hells Canyon or about the future energy and resource needs of the Pacific Northwest to be making these kinds of hasty decisions. The State of Idaho is in the midst of a comprehensive *statewide* water resources plan; we will not have the results for another year. Ongoing mineral inventories along the Middle Snake are not complete. No one can determine the course of power production in a nation facing the worst energy crisis in its history. Three to five million acres of arable desert in southern Idaho look to the water and energy potential of the Snake if they are to become fertile farmland, yet we have never completed a comprehensive study of feasibility and resource access for that acreage.

Those who take a hard line on immediate classification of Hells Canyon have ignored the implications of the Middle Snake's role in orderly development of

Idaho resources. Perhaps with the completion of these studies and a firmer grip on our Nation's direction in energy production, their cause will prove to be a correst course. Perhaps over the long run, we will be in a position to retain the Middle Snake as a free-flowing stretch along the Nation's deepest river gorge. But what if they are proven wrong? Is a 90-foot rise in the river's elevation along a 7,900-foot canyon too high a price to pay if the alternatives are blackouts, unemployment, food scarcities, and continued reliance on foreign nations for timber and minerals?

It is something to think about, and that is what I am asking this Congress to do in the introduction of my legislation today. Think about the proper role of Idaho's natural resources in the future needs of this country. Allow professional resource managers to assess those resources for us, fitting them into an overall picture of utilization and protection of resources in the Pacific Northwest. Do not be stampeded into the kind of "national planning" which ignores facts and relies upon emotion to grease the wheels of the legislative process.

In this uncertain economy, let us use some commonsense and keep our options open.

CONGRESS CAN END MIDEAST LOGJAM

The **SPEAKER** pro tempore. Under a previous order of the House the gentleman from Illinois (Mr. **FINDLEY**) is recognized for 5 minutes.

Mr. **FINDLEY**. the failure of Secretary Kissinger's current peace initiative in the Middle East is a tragedy of enormous proportions. History, will yet have to total the costs, but it is already clear that the United States, in a sense, went for broke and came up empty handed. Not only was Secretary Kissinger unable to advance the tenuous peace which was arranged after the October War, but while he was preoccupied with this problem:

Cambodia came under a state of seige by Communist insurgents;

South Vietnam surrendered half its territory to invading North Vietnamese soldiers and indigenous rebels;

Thailand set a deadline for U.S. troops to evacuate as it found itself threatened with a growing insurgency/invasion by Communist forces;

Britain unilaterally decided to pull its naval forces out of the Mediterranean its NATO allies;
and elsewhere without concurrence from

The situation on Cyprus continued to boil—despite the Secretary's brief visit—all the time threatening to decimate NATO's southern flank; and

In Portugal Communists struggled for control of the government, putting in question whether U.S. naval and air forces will be able to continue to use the Azores for purposes related to our defense, or in another crisis to airlift supplies to Israel.

American foreign policy has been riveted upon the Middle East while the delicate structure of world peace has begun to crack and tumble down.

Yet due to intransigence at the bargaining table, peace in the Middle East seems farther away than at any time since the last war.

As the focus of the peace talks now shifts to Geneva, where the Soviets will play a major roll, it is high time for the Congress to lay down some fundamental principles which should govern any peace settlement which might yet be arranged. It is long past time for Congress to make it abundantly clear that it will weigh the cooperation—the willingness to compromise—of all parties in the Middle East when it considers future requests for military and economic assistance.

Congress should put all the parties in the Middle East on notice that the American people support the peace initiatives which this administration has undertaken. Although that expression of support may be late in coming, it will nonetheless be important in whatever forum the peace talks are resumed.

Congress should recognize the fundamental importance of sustained progress on the issues which divide the two sides. For it is progress, more than any other factor, which weaves the fabric of peace. And the lack of progress which occurred this past weekend rends the fabric far worse than a terrorist attack carried out by a group of fanatics.

Congress should now set forth a set of principles to serve as a guideline for peace, and thus provide impetus to renewed negotiations and progress toward peace.

The seven principles which I believe are fundamental to peace in the Middle East are embodied in a resolution I am introducing today. Those principles are:

First. Withdrawal of Israeli armed forces from territories occupied in the 1967 conflict;

Second. Termination of all claims of states of belligerency and respect for and acknowledgment of the sovereignty, territorial integrity, and political independence of every state in the area and their right to live in peace within secure and recognized boundaries free from threats of acts of force;

Third. Recognition of the right of Palestinians living on the West Bank of the Jordan River, in Gaza, and those wishing to return to these locations, to determine their own future, within the framework of the principle of Israel's sovereignty within defined borders and in accordance with U.N. Resolutions 194 and 242;

Fourth. Establishment and control by the United Nations Security Council of a zone of proportionate width on each side of the borders between the State of Israel and its contiguous neighbors, the security and inviolability of which to be maintained by United Nations forces subject only to the authority of the United Nations Security Council and removable only by its affirmative vote; said zone to be free of nationally controlled military forces;

Fifth. Guarantee to all parties of freedom of navigation through the Suez Canal and all international waterways of the area; and

Sixth. Guarantee to persons of all religious faiths of equal access to the city of Jerusalem.

The seventh principle, and the one which brings credibility to the preceding six, is that the United States should pledge that it will enter into an arrangement or agreement with such other powers as wish to join to guarantee a final settlement based upon the principles just stated.

This resolution is a careful mix of existing policy previously agreed to by all parties in the Middle East and some reasonable advances.

The principle that Israel should withdraw from territories occupied in the 1967 war is long-standing and broadly accepted. U.N. Security Council Resolution 242 contains an identical phrase. Without attempting to identify the precise boundaries for the withdrawal, it should be clearly stated that withdrawal should be to the approximate borders which existed prior to the 1967 war. Substantial changes, buffer zones and strategic holdings occupied by Israeli military forces are the antithesis of peace.

The second principle calls upon every state in the Middle East to recognize the territorial integrity of every other state and to cease all acts of belligerency. This, too, is drawn directly from U.N. Resolution 242. All Arab States would have to renounce publicly any desire to vanquish Israel. Violations, such as terrorist raids, could not be tolerated. No longer could Arab states harbor terrorists.

The Palestinian problem has been the genesis of the terrorism, and unless it is settled the nonbelligerency declaration set forth above will be empty. Thus, the third principle represents a reasonable extension of what is already a de facto situation: The fact is that the Palestinians already live on Israel's borders. They have been promised national political recognition and establishment of a homeland. It is time to fulfill that promise. Recognition of their sovereignty on the west bank of the Jordan and in Gaza, if that is their wish, is reasonable. At the same time the Palestinians logically must make the same declarations of nonbelligerency as all other states in the Middle East. The Palestinians must recognize Israel's right to exist within secure borders.

Principle No. 4 also represents an advance over past policy. A buffer zone has seemed important to Israel, and doubtlessly it would prove useful during the initial period of any new peace agreement. Such a zone should be under the impartial auspices of the United Nations Security Council, and responsible only to the Council. Unlike the zone which existed prior to the 1967 war, it should consist proportionately of territory from all the nations having borders with Israel. The stationing and withdrawal of U.N. troops should be subject only to order by the U.N. Security Council. Nationally controlled military forces must be excluded from the zone.

The principle of free navigation by all parties through the Suez Canal and all international waterways is also part of U.N. Resolution 242, and has been agreed to by all parties.

Jerusalem remains the great looming problem in the Middle East. However, the wisdom which guided the U.N. when it agreed to the initial partition of Palestine in 1948 is as relevant today as it was then. Jerusalem contains the most holy places of three of the world's major religions. Whatever happens finally to Jerusalem, people of all religious faiths must be guaranteed access to these holy shrines.

The most important part of my resolution is section 2, the glue which binds the agreement together. This key section states that:

> The United States should pledge that it will enter into an agreement to guarantee the final settlement based on the principles stated above in concert with such other powers as wish to join.

This section states a fundamental commitment on the part of the people of the United States. It is qualified. The commitment will occur only if the settlement contains the principles set forth earlier in the resolution.

That is an important qualification. The implementation of the commitment is subject, of course, to regular constitutional processes. This section would not in itself authorize the President to send U.S. military forces to attempt to enforce a settlement. Such action would require the separate specific approval of the Congress.

It would however place the prestige and good name of the United States behind the settlement. It would assure full U.S. support of the establishment by the U.N. Security Council of a military force to control the zone provided for in the resolution. Also, it would clearly express to the President the full support of the Congress for such guarantee measures which do not involve direct military intervention. The U.S. guarantee would exist even if other powers did not elect to join.

At present the United States has no treaty or other formal obligation to the State of Israel. The Middle East resolution of 1958 has been declared by the administration to be inoperative and of no effect. Nevertheless, U.S. support of Israel has occurred in many ways. It has been substantial. Every U.S. President since Israel was created has explicitly expressed a commitment to support its existence and integrity.

The Congress has repeatedly supported this commitment by extending substantial amounts of financial, economic, and military assistance.

For all practical purposes, a U.S. congressional commitment to defend the integrity of the State of Israel already exists and has been restated and reinforced on many occasions. In fact, just today the House voted more aid to Israel in the foreign assistance appropriation conference report, once again renewing its commitment.

Unfortunately this commitment is vague. It is imprecise. It does not state the principles which lead to the commitment. Because of its imprecision, it has on occasion placed the United States in an awkward position. For example, in the October war all the fighting occurred on Arab territory. In a sense, the United States supported the continued occupation of Arab land by Israel. That, of course, was not the purpose of the aid but it was the effect.

Although some Americans might fear that such an agreement could involve the United States in a war in the Middle East, that possibility already exists. In fact, I believe the passage of this resolution would reduce very substantially the risk of war. The United States has never been willing to permit Israel's neighbors to invade and destroy that nation. The threat of U.S. intervention has always been a fundamental part of U.S. policy, and the Arab States know it. In addition, Secretary Kissinger has recently expanded the U.S. commitment in the Middle East to include the prevention of some undefined "strangulation" of the Western World.

It would be far wiser for the United States to enter into a formal agreement to guarantee a peaceful settlement in the Middle East based on fair and balanced principles, rather than the erratic shifting and unpredictable factors now in prospect.

I put this resolution before the House the week after the talks have broken off because it is clear that today, more than ever before, the United States must speak clearly and with one voice on the Middle East question.

In addition, this is an opportune time for the Congress to recognize its constitutional responsibility to participate in the formulation of fundamental U.S. foreign policy.

With the break off of talks, the initiative rests with Congress.

Moreover, it is an opportunity for Congress to be positive in the formulation of foreign policy, not always negative as in the debate over Cyprus. If we fail to accept that responsibility, fail to state clearly our support for a just and reasonable peace in the Middle East, the consequences of our inaction could be disastrous. The possibility of renewed war, another oil boycott, worldwide inflation and depression, all hinge upon fair resolution of the issues which separate Arabs and Israelis.

No single initiative which this Congress might undertake could be more worthy of its immediate attention. No other issue holds so much promise for the peace and well-being of mankind.

Text of bill follows:

H. Con. Res. 192

Whereas peace in the Middle East is essential to world peace and to the peace and well-being of the people of the United States; Now therefore be it;

Resolved by the Senate and House of Representatives of the United States in Congress assembled, That it is the sense of the Congress that the President should seek agreement by all parties to a peace settlement in the Middle East based upon the following principles:

1. Withdrawal of Israeli armed forces from territories occupied in the 1967 conflict;

2. Termination of all claims of states of belligerency and respect for and acknowledgment of the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force;

3. Recognition of the right of Palestinians living on the West Bank of the Jordan River, in Gaza, and those wishing to return to these locations, to determine their own future, within the framework of the principle of Israel's sovereignty within defined borders and in accordance with U.N. Resolutions 194 and 242.

4. Establishment and control by the United Nations Security Council of a zone of proportionate width on each side of the borders between the State of Israel and its contiguous neighbors, the security and inviolability of which to be maintained by United Nations forces subject only to the authority of the United Nations Security Council and removable only by its affirmative vote, said zone to be free of nationally controlled military forces;

5. Guarantee to all parties of freedom of navigation through the Suez Canal and all international waterways of the area;

6. Guarantee to persons of all religious faiths of equal access to the city of Jerusalem.

Sec. 2. It is the further sense of the Congress that the United States should pledge that it will enter into an agreement to guarantee the final settlement based on the principles stated above in concert with such other powers as wish to join.

HARRY TRUMAN ON THE GENERALS AND THE PEOPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. AuCoin) is recognized for 5 minutes.

Mr. AuCOIN. Mr. Speaker, the "guns or butter" battle is an old one. Each year when the Federal budget is drawn up the same arguments are heard. And, all too frequently, the "generals" have prevailed over those who wait in the unemployment lines, or are in need of nutrition, or have yet to receive an educational opportunity.

Harry Truman had some thoughts on this. And his thoughts are the subject of an excellent editorial by William Bebout of the Salem, Oreg., Capital Journal.

Truman said:

> All through history, it's the nations that have given the most to the generals and the least to the people that have been the first to fall.

To which Mr. Bebout pointedly concludes—

> Truman's advice is pertinent today as America faces a grave economic crisis at home, and equally grave problems abroad.

Mr. Speaker, at this point in the Record I would like to enter the full text of Mr. Bebout's editorial. I hope that the Members of Congress will both read and take to heart the haunting words of Harry Truman as we begin once again to decide our priorities.

[From the Salem (Oreg.) Capital Journal, Mar. 10, 1975]

Don't Trust the Generals With Key to the Treasury

"It's an amazing thing. Every ten cents that was spent for those work relief projects, the WPA and the PWA . . . every dime was looked into, and somebody was always against spending a nickel that would help poor people and give jobs . . . But the minute we started spending all that defense money, the sky was the limit and no questions asked. The 'economy boys' never opened their mouths about that, and I don't understand it. I don't now, and I didn't then."—Harry S. Truman.

Harry Truman wouldn't be surprised to learn that the "economy boys" haven't changed a bit. The Pentagon budget still is a sacred cow and welfare—in any form—is a dirty word.

Despite extensive documentation of massive waste in military spending, particularly for new weapons development, it is doubtful the 94th Congress will do any better than its predecessors in curbing the Pentagon's appetite for cash.

As chairman of the "Truman Committee" to investigate waste in military spending, Truman uncovered millions of dollars in Pentagon blunders.

In later years he described some of the most flagrant abuses, including this one about the B-26 bomber:

". . . Glenn Martin was making B-26 bombers, and they were crashing and killing kids right and left. So I said to Martin, 'What's wrong with these planes?' He said, 'The wingspread isn't wide enough.' So I said, 'Then why aren't you making it wider?' And he said, 'I don't have to. The plans are too far along, and besides, I've got a contract.'

"So I said, 'All right. If that's the way you feel, I'll see to it that your contract is canceled and you won't get another.' 'Oh,' he says, 'if that's the way it's going to be, we'll fix it,' and he did."

Truman estimated that his committee's investigations saved the taxpayers about $15 billion "and the lives of some kids."

It was Truman's contention that Congress must keep continual watch over the military:

". . . no military man knows anything at all about money. All they know how to do is to spend it, and they don't give a damn whether they're getting their money's worth or not. . . . I've known a good many who feel that the more money they spend, the more important they are . . . Somebody has to keep tabs on the military and all the time, too."

Truman, it should be noted, knew the importance of a strong national defense. He described his decision to enter the Korean war as the most difficult of his administration. But he made the decision because he believed it was the only way to contain Communism.

But Truman did not lose his perspective. He recognized that a strong military need not be a spendthrift military. And he warned against those who would ignore the needs of the people while opening the Treasury to the Pentagon.

"All through history," he said, "it's the nations that have given the most to the generals and the least to the people that have been the first to fall."

Truman's advice is pertinent today as America faces a grave economic crisis at home, and equally grave problems abroad, most notably in the Middle East and Southeast Asia.

It is not easy to have both guns and butter. But there would be more for both if the resources we have were used wisely. Congress and the President would do well to adopt both Truman's concern for the nation's needy and his skepticism about giving generals a key to the Treasury's back door.

LEGISLATION REINTRODUCED TO KEEP HAWAII'S LIFELINE OPEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 15 minutes.

Mr. MATSUNAGA. Mr. Speaker, Hawaii is uniquely vulnerable to disruptions in ocean shipping to and from the west coast. When that shipping is halted for any reason, Hawaii's lifeline is severed. Therefore, I have reintroduced with my colleague from Hawaii (Mrs. MINK), an amended version of legislation which would minimize the adverse effects of such disruptions on the people of Hawaii. It has been designated as H.R. 4526.

An identical bill has been introduced in the Senate by Hawaii's two Senators.

A west coast shipping strike harms many people in many States. Ironically, however, those most severely harmed are those most distant from the controversy, and thus least able to exert community pressure to bring about a settlement: the people of Hawaii. During such a strike people in Oregon, or California, or Washington State still receive goods via truck and rail. In Hawaii virtually 100 percent of all imported goods is brought in by ships, and more than 95 percent of ocean cargo comes from the west coast. Supplies of most fruits and vegetables, almost all processed foods, construction materials, furniture, are shut off during a west coast strike.

Unhappily, these are not idle conjectures; rather, they are historical recitations. Since World War II the shipping lifeline of Hawaii has been cut by labor-management disputes for a total of more than 4 years. During the most recent major tieup, a 1971–72 dock strike that lasted 134 days, Hawaii was truly hard hit. The economic loss amounted to more than $150 million, and would have been much higher except for the wage-price freeze then in effect. The loss of jobs directly attributable to the strike totaled 12,000, a substantial number where only about 300,000 are employed.

That is, in brief outline, the background behind the need for the bill I have introduced. But H.R. 4526 has been painstakingly drafted so as to deal with this drastic problem in a manner that does not interfere in the collective bargaining process.

The mechanism the bill provides is a very simple one. If a west coast longshore or shipping strike halts the movement of cargo between the west coast and Hawaii, the Governor would be permitted to ask a Federal court to order the resumption of west coast-Hawaii shipping. This resumption could be granted only if the court found that the health or well-being of the people of Hawaii is threatened by the disruption, and even then only for a period not to exceed 120 days.

I wish to call special attention to the fact that the injunction to be sought would not enjoin the strike itself. It is not a "cooling-off" device. The strike would continue, collective bargaining would continue, with only that part of the cargo destined for or shipped from Hawaii being affected. The impact on the strike of such a small fraction of west coast shipping trade would be virtually unnoticeable. Only about 3 to 3½ percent of the longshoreman-hours would be affected under my bill.

Ironically, during the 1971–72 dispute, the parties voluntarily operated at about 7 percent of normal capacity, so that military goods could be shipped to Vietnam, Hawaii and other Pacific areas. In other words, the proposed legislation would cause only about half the interruption of the strike as both shippers and longshoremen agreed to themselves during that long shipping tie-up. The important and noteworthy fact is that during that strike, the military exemption did not stall the collective bargaining process—93 percent of the workforce continued on strike and a final settlement was negotiated. Under H.R. 4526, 97 percent of the strike would continue unaffected. Can we not, therefore, reasonably expect at least as favorable a result?

During the 93d Congress the Senate passed a similar bill by a wide margin. A House subcommittee approved it by voice vote, but the press of other business prevented the full committee from acting. My attempt to attach the bill to another bill as a floor amendment failed on procedural grounds.

H.R. 4526 is, in several ways, even less intrusive on the collective bargaining process than that earlier version. The maximum length of the injunction has been reduced from 180 to 120 days. Only the Governor of Hawaii, and not the parties to the dispute, would be authorized to seek the injunction. The interplay with the Taft-Hartley "cooling-off" period, provided in the previous bill, has been eliminated. The standard for court action has been strengthened, and the role of the judge in determining whether that standard has been met has been enlarged.

Because they share Hawaii's unique dependence on ocean shipping from the west coast, Guam, American Samoa, and the Trust Territory of the Pacific Islands are also included in the terms of my bill. I am pleased to have my good friend, the gentleman from Guam (Mr. WON PAT), join me in cosponsoring this legislation.

In sum, Mr. Speaker, H.R. 4526 is a moderate, well-reasoned, even-handed approach to solving what may be Hawaii's most pressing problem. It is neither antilabor nor antimanagement; it is merely pro-Hawaii.

Mr. Speaker, reports during the past week indicate that negotiations over a proposed new contract between west coast longshoremen and their employers have hit a snag. Naturally the people of Hawaii are gravely concerned over whether or not ocean shipping will continue beyond July 1 of this year. I, therefore, call upon the chairman of the Education and Labor Committee and the chairman of its Subcommittee on Labor to schedule an early consideration of this timely measure.

I include at this point the text of my bill:

H.R. 4526

A bill to provide for the normal flow of maritime interstate commerce between Hawaii, Guam, American Samoa, or the Trust Territory of the Pacific Islands and the West Coast, and to prevent certain interruptions thereof

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Hawaii and United States Pacific Islands Surface Commerce Act of 1975."

SEC. 2. The Congress hereby makes the following findings:

(a) that the unique geographical situation of the State of Hawaii and of the Territories of Guam and American Samoa, and the Trust Territory of the Pacific Islands, which are physically isolated and separated by thousands of miles of water from both Alaska and the forty-eight contiguous States, generates a unique dependence on ocean shipping as a means for maintaining normal commerce between any of the United States Pacific Islands and the rest of the United States;

(b) that disruption of the normal flow of maritime interstate commerce which results from a strike or lockout affecting the longshore or maritime industries on the West Coast imperils the health and well-being of the people of the United States Pacific Islands;

(c) that the people of the United States Pacific Islands have frequently been innocent third parties in, and suffered enduring harm from, disruptions in maritime interstate commerce described in subsection (b);

(d) that a disruption described in subsection (b) means suffering for the people of the United States Pacific Islands comparable to that which the people of any other State would suffer if all domestic surface transportation serving such State were halted, thereby constructing a barrier around such State and preventing both the entry and exit of all goods transported thereto and therefrom by rail, truck, ship, barge, and any other means of interstate surface commerce, permitting only extremely expensive long-distance air transport into and out of such State;

(e) that the use of present Federal emergency dispute procedures for resolving disputes affecting the West Coast longshore or maritime industries has not prevented serious disruptions in the normal flow of maritime commerce which has imperiled the health and well-being of the people of the United States Pacific Islands; and

(f) that provision for the continuation of normal maritime interstate commerce between West Coast ports and the United States Pacific Islands is necessary in order to protect the health and well-being of the people of the United States Pacific Islands.

SEC. 3 (a) No strike or lockout in the longshore or maritime industries in the State of Washington, Oregon, or California (hereinafter in this Act such States are referred to as the "West Coast") which imperils the health or well-being of the people in any United States Pacific Island shall be permitted to interrupt normal shipping from any port on the West Coast to any United States Pacific Island, or from any United States Pacific Island to any port on the West Coast for a period of one hundred and twenty days.

(b) The Governor of Hawaii, Guam, or American Samoa, or the High Commissioner of the Trust Territory of the Pacific Islands, or the designated representative of any such Governor or of such Commissioner (if such a strike or lockout interrupts normal shipping of any United States Pacific Island where such Governor or High Commissioner is the executive) may petition any United States district court having jurisdiction of the parties to any disruption described in section 2(b) of this Act to enjoin any strike or lockout or continuation thereof, and if the court finds that such strike or lockout meets the conditions described in section 3(a) the court shall have jurisdiction to enjoin any such strike or lockout or continuation thereof, and to make such other orders as may be appropriate, in accordance with the provisions of this section. Any such injunction and temporary restraining order shall in the aggregate remain in effect one hundred and twenty days unless discharged prior to expiration of such period with discontinuance of the disruption of maritime interstate commerce.

SEC. 4. (a) Any employee (the terms or conditions of whose position of employment are governed by the agreement entered into between the employer and the labor organization prior to such strike or lockout described in section 3(a) of this Act) who performs work or services for his employer during the term of the injunction or temporary restraining order referred to in subsection 3(b) shall perform such work or services pursuant to wages, hours, and other terms and conditions of employment of the last agreement betweten such employer and labor organization prior to such strike or lockout.

(b) Each employee shall receive additional wages for performing work or services described in subsection (a) to fully compensate him for the difference between the hourly wage he actually was paid for performing such work or services and the hourly wage he would have been paid under the agreement which resolves the labor dispute had it been in effect.

SEC. 5. The provisions of the Act entitled "An Act to amend the Judicial Code and to define and limit the jurisdiction of courts sitting in equity, and for other purposes", approved March 23, 1932 (29 U.S.C. 101–115), shall not apply to any injunction issued under section 3(b) of this Act.

SEC. 6. For the purposes of this Act—

(a) the term "interrupt normal shipping" means—

(1) a refusal to permit the receipt or processing of cargo or its loading aboard a ship at a port on the West Coast if such cargo is destined for use in Hawaii or any United States Pacific Island; or

(2) a refusal to permit the unloading of cargo from a ship or its processing and delivery at a port on the West Coast if such cargo was shipped from Hawaii or any United States Pacific Island; or

(3) a refusal to operate (or to permit the operation of) a ship from a port on the West Coast with cargo destined for use in any United States Pacific Island or a ship from Hawaii or any United States Pacific Island with cargo destined for a port on the West Coast;

(b) the term "strike" has the same meaning as it has in section 501(2) of the Labor Management Relations Act, 1947; and

(c) the terms "employer," "employee," and "labor organization" have the same meanings as such terms have in section 2(2), (3), and (5), respectively, of the National Labor Relations Act.

(d) the term "United States Pacific Island" means the State of Hawaii, Guam, American Samoa, or the Trust Territory of the Pacific Islands.

(e) the term "West Coast" means any port or ports located in the states of California, Oregon and Washington.

(f) the term "maritime interstate commerce" means that cargo destined for use in or shipped from any United States Pacific Island from or to the West Coast by surface transportation.

SEC. 7. The provisions of section 3 of this Act shall take effect on the date of its enactment unless a strike or lockout in the longshore or maritime industry on the West Coast is occurring on such date of enactment, in which case such provisions shall take effect on the fifth day after such date of enactment.

CONGRESSMAN DRINAN CALLS FOR STRONG ACTION TO PREVENT ANTI-SEMITIC AND ANTI-ISRAEL ACTIVITIES AS A RESULT OF THE EXPENDITURE BY ARAB NATIONS OF PETRODOLLARS IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 15 minutes.

Mr. DRINAN. Mr. Speaker, the possibility of new forms of Anti-Semitism from the expenditure of some $11 billion of Arab money in the United States in 1974 becomes more alarming each day. The blacklist maintained by the Arab nations against American corporations that either do business with Israel or have Jewish personnel has now become a threat as never before.

Boycotts and blacklisting as carried out by the newly rich oil countries have always been opposed to fundamental American policy. The Export Administration Act of 1969 decrees the following:

> It is the policy of the United States (a) to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States, and (b) to encourage and request domestic concerns engaged in the export of articles, materials, *supplies, or* information, to refuse to take any action, including the furnishing of information or the signing of agreements, which have the effect of furthering or supporting the restrictive trade practices or boycotts fostered or imposed by any foreign country against another country friendly to the United States.

The Bureau of East-West Trade of the Office of Export Control of the U.S. Department of Commerce notes this language on its form given to every U.S. exporter. This form, signed by Frederick B. Dent, then-Secretary of Commerce, states categorically, however that all U.S. exporters are "encouraged and requested to take"—"but are not legally prohibited from taking" any action that has the effect of supporting such restrictive trade practices or boycotts.

This form must be completed by a U.S. exporter whenever he is requested to take any action designed to support a restrictive trade practice or boycott. Each exporter must file this form within 15 business days from the date of receipt of a request to boycott Israel or to discriminate in employment against persons of the Jewish faith.

The form prepared by former Secretary of Commerce Dent also asks the U.S. exporters to report what action they took with respect to the request to boycott or discriminate. The form of the Commerce Department notes, however, that "completion of the information in this item will be helpful to the U.S. Government but is not mandatory."

This particular information is deemed confidential by the Commerce Department—along with all of the information obtained from U.S. exporters. The Commerce Department does, however, report on a quarterly basis about attempted boycotts by the Arab States of Israel. The number of transactions involving restrictive trade practices by Arab States against Israel—as reported by the Commerce Department for the years 1966 to 1974—is as follows:

1966	5,536
1967	7,916
1968	6,780
1969	7,174
1970	5,028
1971	4,435
1972	23,617
1973	1,152
1974	785

These figures indicate that the boycott pressure is most substantial. *It* seems self-evident, in addition, that these figures do not by any means reveal the full dimensions of threatened Arab boycotts now that the oil-rich nations have experienced the explosion of petrodollars. Exporters who do not reveal attempted boycotts are, moreover, subjected to virtually no sanctions; it is likely, therefore, that the requirement of reporting has been widely ignored—particularly by those who have yielded to the boycotts.

The Commerce Department reveals very little helpful information as to the number and size of those corporations who comply with Arab requests. I am in the process of trying to acquire additional information from the Commerce Department with respect to this matter. Such information is available to the Federal Government. The Treasury Department requires all banks and stockholders to report monthly on all security transactions by foreigners. The Commerce Department receives by law data on all foreign investments where the foreign ownership position of a corporation is 10 percent or more and where the value of the foreign investment exceeds $2 million. As a result these two Departments of the Government can furnish the Congress and the country with accurate information as to the extent of the compliance by American corporations with Arab boycotts. It must be recognized that an entirely new situation has developed during the past 18 months as a result of the enormous investments now available to the oil-producing nations.

I think it imperative consequently for both Treasury and Commerce to come forward with the most accurate information available as to the extent and depth of the number of corporations that are complying with Arab requests to dismiss or not hire Jewish employees. If the administration feels that additional legislation is necessary to permit the disclosure of this information, the administration should promptly request such legislation.

It is gratifying, Mr. Speaker, to note that President Ford on February 26, 1975, spoke out strongly in denouncing the 27-year-old attempted boycott by the Arab nations. At the same time, all Americans have a right to expect the administration to develop a coherent and consistent pattern of resisting the insidious consequences that can come about by massive Arab investments in the United States. It is time for the administration and for all of us to recognize that the continuation of present American policy with respect to Arab investments can distort our political institutions, tolerate unacceptable business practices, and even alter the foreign policy of our country.

THE ADMINISTRATION IS COMPROMISING BASIC JUSTICE IN SEARCHING FOR PETRODOLLARS

On February 27, 1975, Mr. William E. Simon, Secretary of the Treasury, concluded on behalf of the United States an agreement to guarantee private investments to Saudi Arabia. That agreement, among other things, gave promises of technology to the Saudis, arranged for a group of Saudi businessmen to come to the United States within the next 2 months, outlined a number of projects to be undertaken in Saudi Arabia by experts from the United States in agriculture, education, water utilization, and other similar areas.

Nowhere in this extensive agreement was there reference to the fact that Saudi Arabia refuses to allow persons of the Jewish faith to enter that nation. Nowhere in the agreement arranged for by Secretary Simon was there mention of the fact that the U.S. Corps of Engineers has been consistently submitting to the demand of Saudi Arabia that no Jewish personnel enter that nation.

The intent of Secretary Simon is to increase U.S. exports to Saudi Arabia. Those exports have quadrupled in the last 3 years and in 1974 totaled $835 million.

On March 17, 1975, Senator EDWARD M. KENNEDY called on the General Accounting Office, GAO, to review the legality of the U.S. Government's guarantees of private investment in Saudi Arabia. Senator KENNEDY questioned the legality of a Federal agency—the Overseas Private Investment Corporation, OPIC—giving guarantees of private investment to Saudi Arabia while the Arab blacklist continues to be applied. Senator KENNEDY requested a ruling from Comptroller General Elmer Staats as to whether the conclusion of the OPIC agreement with Saudi Arabia put the Government of the United States in the position of "implicitly acquiescing, approving, and participating in this policy of discriminatory financial and business relationship."

Senator KENNEDY pointed out that the Foreign Assistance Act of 1961 states in section 102 that—

> It is a policy of the United States to support the principles of increased economic cooperation and trade among countries . . . freedom of religion, and the right of private persons to travel and to pursue lawful activities without discrimination as to race or religion.

The formation of the Joint Commission between the United States and Saudi Arabia poses the most fundamental questions.

This commission will be coordinated by Gerald L. Parsky, Assistant Secretary of the Treasury. At recent hearings both in the House and Senate, Mr. Parsky has not given any satisfactory explanation to this question: Has the United States given up the battle to break up the OPEC oil cartel? If we have not given up this battle, then why is the United States raising the expectations of nations in the Middle East that they will be able to continue to invest their fantastic wealth in America and elsewhere ?

The Joint Commission recently established by Secretary Simon would appear to be the ideal forum in which the United States could seek to negotiate fair and equal treatment with respect to energy prices for U.S. firms and individuals. Unfortunately the Joint Commission has apparently given up on dissolving the OPEC cartel and has been totally silent about the morality of American corporations doing business with Arab nations that continue to enforce their boycott of American Jews and their blacklisting of American corporations that do not join in this policy.

The Joint Commission, furthermore, appears to be acting as a supersalesman for arms and military equipment. The administration has announced authorization for the sale of $5 billion in arms purchases to Iran—one-third of the total Iranian purchases from the United States for the next 3½ years.

In the recent past the Commerce Department arranged that representatives of the 50 largest American corporations meet at a Washington hotel in order to conduct negotiations with businessmen from Saudi Arabia. It is distressing to note that American corporations that were on the blacklist of the Arab nations were not invited to this conference. Indeed, in all the literature associated with the conference there is no mention of America's firm policy of disapproving the boycott. Indeed, the minutes of the meeting of leading American corporate executives with their opposite numbers from Saudi Arabia revealed a greater role for the U.S. Corps of Engineers in Saudi Arabia—with no mention of the absolute violation of Federal law in which the Corps of Engineers is engaged by its exclusion of members of the Jewish faith from work in Saudi Arabia.

LEGAL REMEDIES AVAILABLE

On March 17, 1975, the General Counsel of the Equal Employment Opportunity Commission, EEOC, Mr. William A. Carey, ruled categorically that title VII of the Civil Rights Act of 1964 was applicable to American countries operating overseas with respect to American employees. Mr. Carey reasoned that the language of title VII indicates a congressional intent to make the title applicable to American citizens employed by American companies operating overseas. Mr. Speaker, this ruling is so important that I am reproducing it in its entirety at the end of this statement.

In order to cope with the increasing pressure that will be on American citizens and corporations to submit to the Arab boycott, new legislation is necessary. I and others are in the process of preparing a bill which will penalize any American citizen or corporation that enters into any discriminatory foreign contract. The penalty for such conduct will be a heavy fine and even criminal sanctions. The law which is now being discussed by persons knowledgeable in the area of civil rights would also give to any person aggrieved by a discriminatory foreign contract injunctive relief along with actual and punitive damages. The proposed bill will allow the Attorney General to enter any suit of this kind.

It may be, Mr. Speaker, that a law must be enacted which would compel a corporation that does more than $1 million or $2 million of business a year with Arab nations to disclose on a regular basis evidence that they have not submitted to the Arab boycott. Such corporations could quite properly be required to report whether or not they had hired or fired Jews, whether they had refused business in Israel, and whether they had avoided business relationships with corporations or banks which have Jewish personnel. Under such a law the burden of proving that they are not discriminating would be placed upon those corporations that choose to do business with those Arab nations which for 27 years have been engaged in anti-Semitic and anti-Israel tactics.

In all probability, Mr. Speaker, petrodollars coming to America in 1975 will probably increase to at least $15 billion. This influx of capital, accompanied by the traditional Arab boycott, may invisibly and insidiously promote anti-Semitic practices, alter corporate customs, and lead to a situation where some corporations do business with the Arab nations while others do not. It is not far fetched to imagine that in the not too distant future employees and stockholders of those corporations that refuse to submit to the Arab demands will call upon these corporations to discriminate against Jews in order to get contracts from the Arab nations. Now is the time to act so that that horrendous possibility may never become a reality.

The full text of the opinion of the General Counsel of the EEOC follows:

Equal Employment
Opportunity Commission,
Washington, D.C., March 17, 1975.

Senator Frank Church,
Subcommittee on Multi-National Corporations, Senate Foreign Relations Committee, U.S. Senate, Washington, D.C.

Dear Senator Church: The following is in response to a telephone request from Mr. Jeffery Shields, March 14, 1975, concerning whether Title VII of the Civil Rights Act of 1964, as amended, was applicable to American companies operating overseas with respect to American employees of such overseas operations.

The Supreme Court has clearly stated that Congress has the power to enact legislation which has extraterritorial effect, see *Blackner* v. *U.S.*, 284 U.S. 421, 52 S. Ct. 252 (1932). Whether a particular statute does operate extraterritorially depends on the intent of Congress in enacting the legislation. The language of Title VII indicates a Congressional intent to make the Title applicable to American citizens employed by American companies operating overseas.

Section 703 provides that it is unlawful to discriminate against "any individual" with respect to his employment. The section, in defining what kinds of discrimination are prohibited, constantly uses the term "any individual." The only exception to "any individual" appears to be that contained in Section 702, i.e., aliens working outside the U.S. and to employees of certain religious and educational institutions.

Giving Section 702 its normal meaning would indicate a Congressional intent to exclude from the coverage of the statute aliens employed by covered employers working in the employers' operations outside of the United States.

The reason for such exclusions is obvious; employment conditions in foreign countries are beyond the control of Congress. The section does not similarly exempt from the provisions of the Act, U.S. citizens employed abroad by U.S. employers. If Section 702 is to have any meaning at all, therefore, it is necessary to construe it as expressing a Congressional intent to extend the coverage of Title VII to include employment conditions of citizens in overseas operations of domestic corporations at the same time it excludes aliens of the domestic corporation from the operation of the statute.

This interpretation of Section 702 is consistent with the purpose of the Act, which is remedial, to remove the barriers that have operated in the past to favor certain classes of employees over others, *Griggs* v. *Duke Power Co.*, 401 U.S. 424, 91 S. Ct. 849 (1971).

Overseas employment practices of covered employers can have a very substantial impact on the employment opportunities in domestic corporations. Overseas assignment, for example, for a period of time may be very necessary for advancement in domestic operations. Thus, unless the Act is construed to cover employment conditions of American citizens working abroad for U.S. corporations, employees in the corporation's domestic operations will not be afforded the protection that Title VII was intended to confer. Courts have traditionally construed laws to have extraterritorial effect when the failure to do so would have an adverse domestic impact.

If we can be of any further assistance please do not hesitate to contact us.

Sincerely,

William A. Carey,
General Counsel.

LOANS SHOULD BE MADE AVAILABLE TO BUSINESSES AFFECTED BY THE NEW YORK CITY TELEPHONE FIRE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Koch) is recognized for 5 minutes.

Mr. KOCH. Mr. Speaker, as you well know, on February 28 fire ravaged the main telephone switching station for Manhattan's Lower East Side, leaving the station and the community utterly incapacitated. The affected area, which is in the lower portion of my district, is a conglomeration of cultures, peoples, and life styles and contains a bustling business community of more than 10,000 small businesses. While the residential community has suffered inconveniences because of the lack of telephone service, and I might add that my own phone just started working again Saturday, it is the small businesses, the "mom and pop" stores which are the greatest victims. For these businesses, the discontinuance of telephone service is a disaster as bad as any mother nature could have perpetrated. Their business depends on a constant cash flow; without the telephone the flow is dammed.

To help these beleaguered businesses, I requested along with Congressman Fred Richmond—who deserves special commendation for his support in this matter affecting primarily my district—and Affred Eisenpreis, administrator, Economic Development Administration of New York City, that President Ford immediately declare the area eligible for Federal emergency assistance through the Small Business Administration. On March 6, I received a letter from SBA Administrator Thomas Kleppe stating that because of certain specific criteria established by the SBA and the Federal Disaster Assistance Administration, the area was not eligible for economic injury disaster assistance. In other words, while the intent of the law was admirable, unfortunately nobody ever considered the possibility of this type of technological disaster, consequently the law would exclude assistance in this case.

On March 13, Congressman Joseph Addabbo introduced H.R. 4888, cosponsored by myself and 21 of our colleagues. The bill would amend the Small Business Act to make loans available for small businesses suffering economic injuries as the result of the disruption of operations and services of public utilities. The most important feature of this legislation is the fact that it is retroactive to February 1, 1975, and will be able to help the 10,000 crippled businesses in the affected area. The unique situation that many of these businesses find themselves in, warrants our quick approval and consequent passage of this legislation. The need for this legislation is made abundantly clear by the poignant stories of some of the area's neighborhood businesses who, already soaked by the current economic storm, will almost certainly drown without this life-saving assistance.

Sam Beckenstein, for example, is a wholesale fabric distributor. He has 22 phone lines and 50 employees. His business depends on calls received from all over the country for fabric orders. After the fire he was forced to lay off many of his employees and has only now reopened after service was restored.

Fernando Carriera owns a take-out delicatessen on Avenue C. His business is off considerably because of a heavy reliance on phone orders.

Shapiro Wines and Steits Matzoh Baker's biggest volume of business is at Passover. They are experiencing the worst business in their 50-year histories, because of dependence on phone orders for bakery goods and wines.

These are but a few examples of the type of economic disaster being experienced in the area. I am inserting into the Record an editorial by the Gramercy Herald, a local newspaper on the East Side, which elaborates on the situation. The East Side Chamber of Commerce estimates that some 35 percent of the businesses in the area rely on the telephone as their principal means of conducting business. The above mentioned situations are obviously not unique.

The terrible disaster which has paralyzed New York's East Side is neither unique to New York or the telephone. The same results could be expected in any area of the United States if any public utility was suddenly disrupted. In an age when so much of America's economic life depends on the use of public utilities, and in a time when America is experiencing economic recession, it is sensible that we provide permanent legislation to protect small business across the country in similar catastrophes should they occur and provide that assistance to those in New York already suffering.

I am appending with this statement, messages from New York City Councilwoman Miriam Friedlander and Herbert J. Beverman, president of the East Side Chamber of Commerce, urging quick passage and implementation of H.R. 4888.

The material follows:

Where Were They?

That's a fair question to put to the dozen elected officials who represent all or part of the 600 square block area that has been without telephone service for the past three weeks. Some, like Congressman Ed Koch, will be able to reply that they came immediately to the aid of their phoneless constituents. Koch and Congressman John Murphy urged the federal Small Business Administration shortly after the February 27th fire which knocked out the phones to extend disaster relief aid to the 10,000 small businesses which were stricken.

Some, like Councilwoman Carol Greitzer, will be able to say that they realized the gravity of the situation *right at the start.* Ms. Greizer was the only lawmaker to personally attend a briefing which New York Telephone set up for elected officials shortly after that fire; a few others sent representatives. (In fairness, we should point out here that both Congress and the state legislature were in session at the time of that briefing).

Governor Hugh Carey, of course, will be able to say that he responded to those in need. At the request of *The Herald*. Governor

Carey telegraphed S.B.A. on behalf of the cut off merchants, requesting disaster relief and outlining the severity of the communications crisis. Councilwoman Miriam Friedlander also joined in the appeal for low-interest S.B.A. loans for eligible small businesses.

Some elected officials, however, may not have a ready answer to the question, "Where were you when the phones went out?" Perhaps they aren't closely in touch with their constituents and don't realize how serious the situation really is . . . and that's a rather damning thing to say about an elected official.

MARCH 24, 1975.

Re H.R. 4888.
To: The House Commitee On Small Business.
From: New York City Councilwoman Miriam Friedlander.

The fire at the New York Telephone Company's switching station on East 13th Street, New York City, on February 27th, immobilized 170,000 telephones from East 23rd Street, south to Grand Street.

For three weeks, approximately 10,000 small business establishments and large numbers of professionals—Doctors, Dentists, Lawyers—have suffered indescribable hardship as a result of the fire. Disruption of telephone service has deprived small business—and most of business on the East Side is very small—of telephoned orders, has prevented telephoning for needed supplies and inventory. At least $100 million of business has been lost in this Passover and Easter Holiday season when so many food merchants depend on heavy trade to sustain them thru the year.

This amendment—H.R. 4888—providing needed emergency loans retroactively will do a great deal to heal the wounds. It is essential to the survival of a struggling business community already hard hit by general economic conditions. Only swift passage and implementation can save a badly deteriorating scene.

EAST SIDE CHAMBER OF COMMERCE,
New York, N.Y., March 22, 1975.

Re H.R. 4888.
Hon. EDWARD KOCH,
Member of Congress,
26 Federal Plaza,
New York, N.Y.

DEAR CONGRESSMAN KOCH: Your bill to amend the Small Business Administration Act to aid those who have suffered severe economic injury because of the recent telephone disaster which afflicted our Lower Manhattan Community is strongly endorsed by our membership.

Your efforts in promoting this bill are commendable. We extend to you and your staff any assistance which we may give to help in the passage of this legislation.

If an accompanying bill has been introduced in the Senate, we would appreciate your office advising us of the sponsor and bill number.

For your information, many of the small merchants in our area have suffered horrendously from the telephone fire. Many of them are in seasonal businesses and are economically hurt by the loss of business which can no longer be recovered.

Cordially,

HERBERT J. BEVERMAN,
President.

THE INTRODUCTION OF THE EMERGENCY UNEMPLOYMENT COMPENSATION EXTENSION ACT OF 1975

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 15 minutes.

Mr. VANIK. Mr. Speaker, in investigating the unemployment compensation system in this country, I have discovered that tens of thousands of deserving people have missed out on additional coverage due to a technicality in the language of the Emergency Unemployment Compensation Act of 1974. These people have been unemployed for well over a year but have only received a maximum of 26 weeks of benefit payments. The Emergency Act was designed to cover people who have to suffer long periods of unemployment during this economic slump. Due to a technicality in the language of the act, however, the act arbitrarily excludes the people who have been unemployed the longest.

The unemployment compensation program currently operates on a three-tier system. Normally, an individual is entitled to up to 26 weeks of State unemployment compensation if he fulfills certain State requirements. In a time of high unemployment, such as now, the Federal-State Extended Unemployment Compensation Act of 1970 extends payments for up to 13 more weeks. The benefits under the Extended Compensation Act are triggered either by state or national unemployment levels. The Emergency Unemployment Compensation Act of 1974 has temporarily added on a third tier, by federally funding an additional 13 weeks. In some States, then, an individual may be eligible for and collect up to a full year of benefits in this period of high unemployment. Due to the restrictive use of the benefit year for the second and third tiers, however, many of the neediest are limited to only the first 26 weeks of benefits.

When an individual first files his claim for benefits with his local unemployment compensation office, he establishes his benefit year. The year ends 52 weeks after that date, whether or not the individual has exhausted all available benefits. In order to qualify for extended or emergency benefits, the individual's benefit year must end or begin in an emergency period, as defined by the 1970 extended act and modified by the 1974 emergency act. If he cannot collect these benefits, he must work to establish a new benefit year to qualify for State funding again. In at least seven States this means that he must have worked for at least 20 weeks in the previous year and have fulfilled other requirements, such as wage amounts and distribution guidelines.

It is getting harder and harder to find even temporary work to meet the 20-week requirement. Since last fall alone, the economy has lost more than 2.5 million jobs. Thus, since these people had their benefit years run out last fall, they have not been able to find work. In most cases, they could not collect additional extended or emergency benefits by the end of 1974. Because of the soaring unemployment, however, all 50 States were giving both extended and emergency benefits by February 23, 1975.

In other words, Mr. Speaker, if a person had his benefit year end on January 21, 1975, and his State began extended benefits on January 22, that person would not qualify for as many as 26 additional weeks of benefits. His benefit year ended just a day too soon. This person is just as deserving and just as desperate as someone whose benefit year ended on January 23, yet he is denied the needed compensation due to the technicality in the law which states that his benefit year had to end during an emergency period.

The Emergency Unemployment Compensation Act of 1974 does not require that an unemployed individual's benefit year be current in order to qualify for the funding it provides. The act only requires that the benefit year have ended or begun during an emergency unemployment period. There is thus no clear intent to exclude those whose benefit years ended before a specific cut-off date from the benefits that the emergency act provides.

The legislation I am introducing today would amend the Emergency Unemployment Compensation Act of 1974 to extend coverage to those people whose benefit years expired after June 30, 1974, and before their States went on the extended benefits program. These people would thus be eligible for up to 13 additional weeks of federally funded benefits that they were previously arbitrarily excluded from.

June 30, 1974, is the most effective cut-off date for benefit years as it will cover all those who lost their jobs after June 30, 1973. Prior to this time the economy was relatively healthy. Today's recession was precipitated by the Arab oil embargo in late 1973, however, and the workers of many industries such as automobile manufacturing had already established their benefit years in August during the seasonal changeovers. By beginning with June 30, then, the Emergency Unemployment Compensation Act of 1974 extends coverage to people who were caught in the very first layoffs of the current economic plight.

I cannot exaggerate the urgency of this legislation. Tens of thousands of people have been cut off from desperately needed benefits. They are selling their homes to feed their families. They are giving up hope, just as 540,000 people simply gave up looking for work this past month.

National figures are not yet available, but Georgia estimates that between 3,000 and 5,000 people would qualify for the funding that this legislation would provide. Five thousand people in Indiana need these additional benefits; Wisconsin estimates that 2,500 would qualify, and my own State of Ohio believes that as many as 25,000 people may need but do not otherwise qualify for additional compensation. If the low figure of 2,500 is multiplied by the 40 States that did not begin their emergency benefit periods until after December 31, 1974, more than 100,000 needy people would qualify for benefits under my legislation.

Mr. Speaker, I hope that the Congress will move with all possible speed to pass this legislation. Far too many people have already reached the end of their financial tether, and we must act now to give them the help that they so desperately need.

The bill follows:

H.R. —

A bill to amend the Emergency Unemployment Compensation Act of 1974 to provide

emergency unemployment compensation to certain individuals who are ineligible for such compensation because they exhausted their rights to State unemployment compensation before there was an extended benefit period in the State

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Unemployment Compensation Extension Act of 1975".

SEC. 2. (a) Paragraph (2) of section 105 of the Emergency Unemployment Compensation Act of 1974 is amended to read as follows:

"(2) the term 'period of eligibility' means—

"(A) in the case of an individual other than an individual described in subparagraph (B), the weeks in his benefit year which begin in an extended benefit period or an emergency benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such extended benefit period or in such emergency benefit period, or

"(B) in the case of individual whose benefit year—

"(i) ended after June 30, 1974, and before the date of the enactment of the Emergency Unemployment Compensation Extension Act of 1975; and

"(ii) did not end in an extended benefit period,

the weeks which begin in any emergency benefit period in which such Act is enacted; and".

(b) Subsection (b) of section 102 of such Act is amended by inserting after "eligibility period for extended compensation," in paragraph (1)(A)(ii) the following: "or in the case of individuals described in paragraph (2)(B) of section 105, were not entitled thereto,".

SEC. 3. (a) The amendments made by section 2 shall only apply in the case of a State—

(1) which has entered into an agreement under the Emergency Unemployment Compensation Act of 1974; and

(2) which agrees to the application of such amendments to such agreement.

(b) No compensation shall be payable to any individual under an agreement entered into by a State under the Emergency Unemployment Compensation Act of 1974 by reason of the amendments made by section 2 of this Act for any week beginning before whichever of the following is the latest:

(1) the week following the week in which such State agrees under subsection (a)(2) to have such amendments apply; or

(2) the first week which begins after the date of the enactment of this Act.

PERSONAL EXPLANATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. BALDUS) is recognized for 5 minutes.

Mr. **BALDUS**. Mr. Speaker, I regret that I was unable to be present for today's vote on H.R. 4592, the Foreign Assistance Appropriations bill. I would like to record that, had I been present, I would have voted "no."

HON. MIKE McCORMACK'S ADDRESS ON ENERGY CRISIS

(Mr. **PEPPER** asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. **PEPPER**. Mr. Speaker, on the evening of March 3 at the 34th Annual Westinghouse Science Talent Search Dinner one of our distinguished colleagues, the Honorable MIKE McCORMACK, chairman of the Subcommittee on Energy Research, Development, and Demonstration of the House Committee on Science and Technology and also chairman of the Subcommittee on Environment and Safety of the Joint Committee on Atomic Energy, after being introduced, delivered a very thoughtful and comprehensive address on the subject of the energy crisis so critically facing this country now. Many outstanding scientists, including the former Chairman of the Atomic Energy Commission, the chairman of the Board of Westinghouse, and many others manifested their great appreciation of Mr. McCORMACK's address. I believe it would be helpful to all of his colleagues and to our fellow countrymen who read this RECORD to have the benefit of our able colleague's thoughts about the energy crisis, movingly expressed on this occasion. Hence, Mr. Speaker, I include the address of Representative McCORMACK in the RECORD immediately following my remarks:

COMMENTS BY CONGRESSMAN MIKE McCORMACK, AT THE 34TH ANNUAL SCIENCE TALENT SEARCH, MARCH 3, 1975

(NOTE.—Mr. McCORMACK is a Representative from the Fourth Congressional District, Washington State, Chairman, Subcommittee on Energy Research, Development and Demonstration of the House Committee on Science and Technology, and Chairman, Subcommittee on Environment and Safety of the Joint Committee on Atomic Energy.)

Dr. Seaborg, Dr. Kirby, Ted Sherburne, distinguished guests, fellow students, ladies and gentlemen—

You do me a great honor by inviting me here to address you this evening and I want to congratulate you all—students, sponsors, the Westinghouse Corporation, Westinghouse Talent Search, judges, all who participated.

The theme of any science awards banquet must, it seems to me, relate to the search for truth and the methodology involved. Unfortunately, there is a tendency to think of this search for truth—this respect for measurable fact—as limited to the physical and mathematical world, or at most far afield to sociological theory.

I consider this to be a most unfortunate attitude, because if there is any place in the world where more scientific fact is urgently needed today, it is in our federal government here in Washington, both in the Administration and in Congress. This is particularly true when dealing with the energy crisis, and that's what I propose to discuss with you for a few moments this evening.

During recent weeks, much attention has been drawn to this nation's increasing dependence upon imported oil, and to the hazards associated with that dependence—particularly with respect to our economy and our national security. A great public debate is underway, focusing on what means this nation should employ to reduce the level of our petroleum imports.

Our attention to this immediate problem has unfortunately distorted our perspective, however, and is keeping us from giving the proper attention to the more important, long-range problems. There should be a lesson to be learned here, for if we had established a long-range national energy policy ten years ago, we would not find ourselves in today's precarious situation.

The shortage of petroleum products experienced by Americans last winter accomplished what many years of warnings by scientists could not do. It has made most Americans aware of the fact that the energy resources of this nation are not unlimited, and that this nation can no longer control the policies of weaker nations to the end that they will deliver their resources to us to our advantage and to their disadvantage. It has made Americans aware of how much we depend on a prodigious consumption of energy for our standard of living. It has made us aware of the impact on our economy of the cost of petroleum. When it was cheap, we didn't generally appreciate the all-pervading aspect of petroleum in providing not only for transportation, central heating and electricity, but also for our food, shoes, clothing, medicine, and much of which we use or touch in our daily lives. Now, as our economy runs amuck and we see the wealth of the Western industrialized nations being rapidly transferred to the oil-exporting nations, we begin to understand. It is essential that our society and our government face up the implications of these new realities, and do so rationally.

Out of the confused debate that has resulted from the alarms that have been sounded, one fact is almost universally accepted. We must conserve our energy resources—we must reduce our consumption of energy; reduce our national annual energy growth rate. What is not yet apparent, however, even to many concerned policy-makers, is that the total energy consumption of our nation will continue to increase during the immediate and long-range future, even if we establish a successful conservation program. We are faced with a frightening spectrum of implications associated with such an increase in total energy consumption on the one hand, and the conservation programs that we must initiate, on the other.

The recent report of the Ford Foundation Energy Policy Project, A Time to Choose, assumes, as a reasonable scenario for the future, limiting the growth of overall energy consumption to about 2% per year. This would be a dramatic reduction in contemporary growth rates. There seems to be a growing concensus that this is an attainable goal which might not seriously harm the economy. It is important to understand, however, that a 2% growth rate still means that we will double our energy consumption in about 35 years. Within this overall growth, there will inevitably be a dramatic shift from the use of petroleum and natural gas to the production and consumption of electricity from other energy sources. There is a general concensus among experts in the field that this will result in a 4% to 5% annual growth rate of electric energy production. This means doubling electric energy generation by about 1990.

A concerned citizen may justifiably ask, "What plans and programs do we have to meet these needs? What is our Energy Policy?"

The unfortunate fact is that this nation has almost no energy policy at all. The people of this country and our government have acted as if all sources of energy were cheap, inexhaustible, and, until recently, non-polluting. Now, at last, we can begin to see the outlines of an energy policy as described by President Ford in his State of the Union Address and by the Democratic Congressional Energy Task Force.

The challenge we face today is to promptly overcome the apathy, confusion, and indifference of the past, and to develop now a systems approach to an integrated national energy policy to provide the energy that we will need in the future. If we do create such an energy policy, and if we implement the programs which will carry it into effect, the people of this country can have adequate energy, environmental protection, and economic stability. If we fail, the inevitable result, *I am convinced,* will be catastrophe.

Our national energy policy must be a set of dynamic guidelines and criteria which can change and evolve as new knowledge becomes available, and new situations arise. There are, however, some principles which I believe provide valuable perspective for us at this time.

Parenthetically, I hope that these comments will have significance in two ways—first, in helping define what our national energy policy must be, and second, in emphasizing the need for scientific truths in helping to form *any* policy for our government. If there is any special message I can bring to the students here tonight, it is how much we need you to bring your scientific integrity into the policy making arenas of our government at all levels.

My first principle for our national energy policy makes this point: Any energy policy must be based upon the best scientific and engineering facts available. We simply cannot afford the luxury of basing policies on fantasies (such as assuming that solar energy or geothermal energy or some suppressed carburetor design or some perpetual motion machine will bail us out of our problems), or prejudices (such as an anti-nuclear energy fanaticism), or hopes (such as the hope that we will keep finding enough natural gas or petroleum to keep us going, or the hope that the people of this country will voluntarily and spontaneously reduce energy consumption and alter their lifestyles enough to close the gap between energy supply and demand).

A national energy policy must require the optimum conservation practices through every step of everything we do, but especially in the conversion, transmission, and consumption of energy. For instance, just as it is obvious today that we should not be burning natural gas to produce electricity, so in the very long run we should not be burning fossil fuels at all.

I know you all join me in considering fossil hydrocarbons as a resource to be husbanded, remembering our obligation to future generations and their requirements for petrochemicals. And certainly we all recognize that we must insulate our existing houses, and to set and meet high standards of thermal efficiency for all new buildings in this country. In addition, we must, of course, reduce our consumption of gasoline, not only with car-pooling and by eliminating unnecessary driving, but also by switching to more efficient cars.

A national energy policy must allow a large segment of our people to continue to aspire to—and strive for—a higher standard of living, and greater freedom and dignity for all. This has always been our hallmark of American society and we cannot expect low and modest income Americans—or average American housewives—or those who want women to be liberated, to sacrifice such aspirations just because we suddenly don't produce enough energy to provide employment for our citizens, or because we have planned so poorly that all but the most affluent must cut back on their standard of living.

Certainly each of us recognizes that a sort of three-cornered dynamic equilibrium should exist between energy conversion, transmission, and consumption in one corner, a reasonable and rational program for protecting our environment and conserving our resources in the second, and the maintenance of a stable and responsible economic system in the third corner.

Thus, while we cannot afford the excesses which marked some industrial development of the past, raping our land and polluting the atmosphere, we cannot expect to have energy production without some impact on the environment, no matter how benign the source may seem to be from a distance; and we certainly cannot expect to have jobs for the American people unless we produce more energy. Thus, we have several "environments" to protect all at the same time. There are, for instance, those that we classically think of in terms of air and water, but there is also the environment of the job market, and an industrial capacity that will maintain this nation's national security and standard of living. Finally, there is the environment of our own homes, where we must have enough energy for a decent standard of living. Our national energy policy must strike this dynamic balance in a rational manner.

A national energy policy should, I believe, provide energy self-sufficiency for this nation—not by 1980 or 1985—(this is totally unrealistic), but as soon as is reasonably possible, and certainly by the year 2000. Still further, and of great importance, we should plan now to export the technology that we *will* develop to every nation of this earth so that no nation will be dependent on any other nation for its energy, or subject to blackmail for its survival. This is one of the most important contributions this country can make to the world in terms of reducing international tensions and bringing true and lasting peace. Incidentally, I don't propose to export any technology dealing with the fabrication of nuclear weapons. This isn't necessary. A nation can have the benefits of a nuclear power plant, but its fuel can be leased from the United States or other nuclear nations or some multi-national agency. Thus, there would be no opportunity for clandestine weapons fabrication.

Finally, our national energy policy should provide for an ultimate reliance upon inexhaustible supplies of essentially non-polluting sources of energy.

Now all this may be difficult to digest, living as we have all our lives with the assumption that American affluence was endless, but, one of the most important facts that the American people must all understand is that this nation has, since 1970, truly passed from one historical era into another. We have passed from an era of cheap, abundant fuels, energy and materials into an era of shortages and high costs which will, at best, be with us for many decades. The implications of this transaction are far more profound than is generally appreciated.

I think it may have a salutary effect on our perspective to recognize that future historians will probably record that during the 20th Century western man discovered and burned as fuel virtually all of the earth's resources of petroleum and natural gas.

That reality is the most difficult of all for us—who have lived all our lives in a culture built on cheap mobility—that we have, almost certainly, already discovered and burned up more than half of all the petroleum and natural gas we have ever discovered, or ever will discover, on this continent or off its shores, and then it will all be gone, insofar as a significant supply of fuel is concerned, by the end of this century—within about 25 years. As our supplies of petroleum and natural gas dwindle, this nation will become dependent for virtually all of its energy on coal and nuclear fission. But even these sources of energy are really only transitional. Though we must increase our reliance upon them now, we must also make plans for phasing them out in the more distant future, and replacing them with other, still-to-be-developed sources.

Thus, we have one generation within which to develop these new sources of energy, and while we are making this conversion we must make the necessary cultural, societal, and economic adjustments that will inevitably result.

No greater challenge has ever faced a new generation of young adults.

One general misconception plaguing policy makers is the idea that research and development, generously funded, can solve this nation's energy problems in the very near future. Nothing could be further from the truth, as those with experience in science and engineering well know. Even with a crash program, the time required between the successful laboratory demonstration of a concept for the conversion of an energy source to a usable form, and the actual significant implementation of this technology, varies from ten to thirty years, and it's usually closer to thirty. There is no way, for instance, that a tidal wave of federal funds could make solar energy a significant resource for this nation before the year 1990, or nuclear fusion before the year 2000. So while we must support an aggressive, imaginative, well-funded program for energy research, development, and demonstration in every area of energy conversion, distribution, storage, consumption, and conservation, we must at the same time recognize that the benefits of a research and development program are long-range benefits, and that this nation must proceed for the immediate and short-range future with energy sources which are available to us today.

Therefore, we must at once initiate aggressive programs of exploration and drilling for oil and gas, onshore and off. We must explore the potential of an oil shale program, and press for early application of improved technologies for secondary and tertiary oil recovery.

We must build new refineries, new ports, new pipelines, and new storage facilities for gas, petroleum, and petroleum products. In spite of the fact that we are running out of petroleum and natural gas, this program, along with the most stringent conservation measures, is our best short-range strategy for trying to keep out energy supplies for our existing industrial and societal infrastructure as close as possible to future demands.

Of course coal is our greatest resource of fossil fuel, and we must rely heavily upon it. However, even a superficial glance should warn us against taking it for granted. We will need to dramatically expand our coal extraction system with new mines that meet modern health and safety standards and have a minimum impact on the environment. It will be necessary for us to allow coal to be surface mined under realistic regulations, but require responsible reclamation of the land. It will be necessary to restore our railway system with new roadbeds and new rolling stock. This alone is a task of bewildering complexity and dimension.

We will, of course, come to depend upon synthetic gaseous and liquid fuels from coal, but here the absolute necessity for a systems approach to an integrated national energy policy becomes overwhelmingly obvious.

For instance, using what we on our committee believe to be the most advanced coal gasification technology presently available, our figures show that the capital cost alone, if we were to attempt to close the presently projected gap between supply and demand for natural gas in 1985 using coal gasification, would be $200 billion. Such an operation would require, for gasification alone, 140% of all the coal mined today, and the equivalent of most of the flow of the Potomac River for process (not cooling) water.

Even if these figures are off by as much as a factor of two, one can quickly grasp the implications of undertaking even one project of this magnitude to the entire nation in terms of coal, water, dollars, steel and other critical materials, in manpower, logistics, and environmental impact, and how each relates to the other and to those of every other energy-related activity such as coal liquefaction, shifting to new transportation modes, installing hundreds of new nuclear power plants, or providing new housing and communities for millions of American citizens. Our systems approach to an integrated national energy policy must plan now for these problems for this year and next, for 1980, 1985, and on to 2000.

As responsible citizens sort out the facts in the energy picture it becomes more and more obvious that one of the greatest strokes of good fortune this nation has experienced is to have our nuclear industry as well advanced as we find it today, ready now to provide much of the energy this nation will need during the next fifty years.

Nuclear energy is the cleanest, cheapest source of energy available with the least environmental impact of any significant option If we did not have nuclear energy available to us for the coming decades, the future of this country would indeed be black—in more ways than one.

Today, there are 55 nuclear power plants licensed to operate in the United States. They have a capacity of about 40 thousand megawatts, or about 9% of this nation's electricity. Seventeen more plants should be on the line within the next two years. You will recall that President Ford called for 200 new nuclear power plants on the line by 1985. In addition to the 72 plants that will be on the line by the end of 1976, there are 149 more nuclear plants which are under construction or being planned. If these plants are on the line by 1985, and they can be if we simply eliminate unnecessary delays and provide for construction capital, then this nation will have a nuclear capacity of about 220 thousand megawatts—about 30% of our electric generating capacity—in 1985. One can appreciate the importance of such progress in view of the fact that each nuclear plant saves the equivalent of from ten to twelve million barrels of oil a year. Thus, it would require six to seven million barrels of oil a day to produce the same electricity as these 221 plants will generate. This is equivalent to all the petroleum and petroleum products that the United States imports today.

Much "to-do" has been made by some members of the press, and a number of false or flagrantly distorted stories have been written and TV programs broadcast about nuclear safety and the hazards to the public associated with nuclear energy. Certainly a rational analysis of this subject is in order. I only wish that the same high standards for safety and health that have always been imposed by the Atomic Energy Commission were observed by non-nuclear industries. I wish that our sensation-seeking newsmen would pursue real hazards in the non-nuclear world with the same enthusiasm as they do imaginary dangers in the nuclear world.

The nuclear industry, just as any other, has some hazardous aspects, and we must assume that at some time in the future there will be some accident causing property damage, injuries, and even deaths. It is crucial, however, to ask how likely these accidents are, and how this risk compares to that associated with our other everyday activities.

While it is essential that every conceivable accident be guarded against, and every reasonable precaution taken, there is a point of absurdity beyond which the rational public should not be expected to go in imagining nuclear hazards or hypothesizing extreme nuclear accidents.

Recent studies by Dr. Norman Rasmussen of M.I.T. indicates that with 100 plants on the line (as will be the case by 1980) a major nuclear accident would be 10,000 times less likely to happen than a comparable accident with 100 fatalities in a non-nuclear facility. Thus, the hazard to any individual or group will be about the same in 1980—with 100 plants on the line—as the hazard of being struck by a meteor.

Now, predictably, this study was attacked by anti-nuclear activists who said that the Rasmussen report is too conservative by a factor of 10 to 16. Even if we accept this analysis, the hazard of nuclear eneregy is only 10 to 16 times greater than being killed by a meteor. Maybe this helps us get the subject into perspective.

Numerous scare stories have been circulated about the radiation impact of a nuclear industry on the general public. Here are some figures that cast some light on this subject.

If we assume 1,000 nuclear power plants on the line in the year 2000, the average person in the United States will receive 102 millirem of radiation per year from natural background, 73 millirem per year from medical X-rays and therapeutic radiation, but only 0.4 millirem per year from the operation of all 1,000 nuclear plants and all their supporting activities. That's less than ½ of a millirem, as compared to almost 200 from natural and medical sources.

Today, with our automobile speed limit reduced to 55 mph, we kill about forty-five thousand Americans a year, and suffer about 2 million serious injuries from automobile accidents. More than 8,000 persons burn to death. Overdoses of aspirin and aspirin compounds cause more than 200 deaths per year. 1,000 persons die from electrical shock. About 160 are killed by lightning. About 3,000 choke to death on food. More than 200 are bitten by rabid animals. No radiation injury or death has resulted from the operation of any licensed nuclear power plants in the United States, nor has any member of the public been exposed to any radiation in excess of internationally approved standards as the result of the operation of all the 55 nuclear power plants and their supporting activities, and the more than 100 U.S. military nuclear reactors now in service.

The complaint has been made that no specific permanent nuclear waste management program has yet been announced by the Atomic Energy Commission or by the ERDA. Certainly the storage and management of radioactive wastes is the price that we pay for having entered the age of nuclear fission. However, this can be approached in the same sound manner which we have used in handling radioactive materials for the last 30 years. Millions of gallons of liquids and thousands of tons of solids containing billions of curies of activity have been handled in an exemplary way, with virtually no harm to anyone and virtually no radiation in the biosphere.

Using the techniques that have been developed during recent years, the safe, permanent storage of radioactive materials is actually a simple matter of good engineering and good management. In the very near future, the ERDA will announce plans for long-range storage of radioactive wastes.

One technique which seems attractive to me involves solidifying the wastes from reprocessed fuels immediately after separation, and encapsulating them in cannisters. Ten to twelve cannisters, 1 foot in diameter and 10 feet long, holding about 6 cubic feet each, will contain the solidified wastes produced each year by a 1000-megawatt power plant. These cannisters can be enclosed in individual concrete shields, and simply placed on the surface of the ground inside some restricted area such as the Hanford reservation. It would require less than 2 square miles (of the 600 square miles available at Hanford) to store all of the high-level wastes that will be generated by the nuclear energy program between now and the year 2000.

Three future sources of energy which have attracted a great deal of public attention are solar energy, geothermal energy, and nuclear fusion. I am pleased to say that the Congress has taken the initiative in establishing well-organized programs for research, development, and demonstration in these areas. The Solar Heating and Cooling Demonstration Act of 1974 provides a five-year program to demonstrate the commercial feasibility of using solar energy to heat and air condition residences and other buildings. We envision having 2,000 demonstration solar heating units on the line within three years, and, in addition, 2,000 combined heating and cooling demonstration units in five years. Studies done for our Committee by GAO indicate that solar heating and cooling is competitive over an amortization period of ten years with almost any form of energy anywhere in the U.S.

In addition, the Solar Energy Research, Development, and Demonstration Act of 1974 sets up a long-range comprehensive program for all aspects of solar energy including wind conversion, thermal electric conversion, photovoltaics, ocean thermal gradients, bioconversion, and the incineration of wastes for energy, or their conversion to useful fuels.

Solar energy will clearly play an important role in our future, and I am proud of the overall programs we have established. However, we must keep the potential for solar energy in perspective. With a well-managed, well-funded, aggressive program, we may, if we are lucky, be able to provide 1% of our energy by solar heating and cooling, another 1% from all the other forms of solar energy conversion by the year 1990; not before. For instance, if we were to convert 10% of our 70 million homes in this country to solar energy for heating and cooling by 1990—and that would be a truly prodigious accomplishment—the energy saved would be only slightly more than 1% of our national energy demand.

The same general perspective applies to geothermal energy. In the Geothermal Research, Development, and Demonstration Act of 1974, our goal is to have from six to ten geothermal demonstration plants on the line by 1980. These are small plants, generating from one to ten megawatts of electricity each, using presently undeveloped types of geothermal energy such as hot dry rock formation, hot water deposits, and geopressured water. Here again, prudence must govern our optimism. Even with a crash program, it is unlikely that we can produce 1% of our total energy from all geothermal sources before 1990.

Finally, nuclear fusion. The past three years have certainly been the most productive in the history of controlled thermonuclear research, and certainly we are now operating on a new plateau—one which we have dreamed of and sought for twenty years. Now, for the first time, we understand the physics and the dynamics of the plasma in which the thermonuclear reaction must take place. Now, for the first time, we are in a position to move forward with a much more aggressive research and development program; and now we can, with considerable confidence, predict success.

I believe that we can have a commercially feasible fusion electric demonstration plant on the line by the mid or late 1990's, but not before, and this will require massive support, starting now, for materials, research, and development and for engineering studies. Accordingly, again this year I have proposed significant increases in the Administration's proposed fusion budget. If this program is successful, we may—in the 21st Century—be able to look forward to providing unlimited quantities of clean, cheap energy forever, not only for this country, but for all mankind. We may also look forward to phasing out the burning of fossil fuels and the use of nuclear fission to produce electricity—in the 21st Century.

It should be obvious to anyone that we can't reach these goals of the 21st Century without following rational programs and using our heads during the balance of the 20th Century. This is the challenge that faces us today: how wisely we will conduct ourselves in developing policies which will provide the proper dynamic balance between our need to produce adequate supplies of energy, to develop and maintain a balanced and stable economy, to conserve our resources, and protect our environment. Above all else, this is no time for pretending there are simple solutions to these complex problems, or for policies based on fears, fantasies, or prejudices.

So I challenge you—not just the students, but all of you—to accept a special obligation to help your fellow citizens, including the Members of Congress, the Administration, and your state legislatures, to understand that responsible policies must be developed and followed during these difficult times. We must produce more energy, and it must, for many years, come primarily from coal and nuclear fission. There is no other option.

This country, ladies and gentlemen, is truly in mortal danger. I am convinced that if we do not develop a systems approach to a comprehensive national energy policy now, we will be facing an energy crisis 10 times worse in 1985 than we are today. The result would be equivalent to losing a major war. The challenge is equivalent to organizing for and fighting one.

I believe we can do it. We have faced tough problems before. Many of us here lived through the Depression and helped fight the Second World War. We never doubted for a single moment what our purpose was or that we would ultimately overcome the difficulties that beset us during those times. I am convinced that if the American people exercise the same resilience, confidence, and good sense that we have demonstrated in the past, and if we have responsible leadership and policies based on scientific facts, we can overcome the problems that face us today, and help build a better world.

Again, my congratulations to you all.

Thank you.

SPEECH OF HON. RICHARD L. OTTINGER OF NEW YORK, HONORING ENRICO FERMI

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, today, Mr. PEYSER and I are introducing legislation with Mr. BIAGGI for the issuance of a commemorative stamp honoring Enrico Fermi, one of our most renowned American scientists.

Dr. Fermi was born in Rome on September 29, 1901. We feel it would be a fitting tribute from his adopted country to commemorate the 74th anniversary of his birth with a stamp in his honor.

Enrico Fermi received the Nobel prize for physics in 1938, having been nominated by President Franklin D. Roosevelt. His investigations in nuclear physics culminated in the construction of the first nuclear reactor and the achievement of the first sustained chain reaction.

As a scientist, Dr. Fermi consistently demonstrated a deep commitment to the humanitarian applications of technology. In 1949, he coauthored an atomic energy report opposing the development of the hydrogen bomb on ethical grounds.

Enrico Fermi's achievements have helped shape our world, and he should be so honored.

Twenty colleagues have joined Mr. BIAGGI, Mr. PEYSER, and me in cosponsoring this legislation, and I have inserted their names along with a copy of the bill into the RECORD for the benefit of the Members of the House:

H.R. 5400

A bill to provide for the issuance of a special postage stamp in commemoration of the life and work of Director Enrico Fermi

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Postmaster General is authorized and directed to issue, during the calendar year 1975, a special postage stamp in commemoration of the life and work of Doctor Enrico Fermi. Such stamp shall be of the denomination and of such design as the Postmaster General shall determine.

COSPONSOR LIST

Mr. Ottinger, Mr. Biaggi, Mr. Peyser, Mr. Scheuer, Mr. Hicks, Mr. Melcher, Mr. Zeferetti, Mr. Yatron, Mr. Thompson, Mr. Badillo, Mr. Eilberg, Mr. Rodino, Mr. Addabbo, Mr. LaFalce, Mr. Metcalfe, Mr. Koch, Mrs. Meyner, Mrs. Fenwick, Mr. Murphy of Illinois, Ms. Abzug, Mr. Helstoski, Mr. Solarz, Mr. McCormack, Mr. O'Brien, Mrs. Spellman.

BREAKDOWN OF SECRETARY KISSINGER'S EFFORTS TO NEGOTIATE PEACE AGREEMENT BETWEEN ISRAEL AND EGYPT

(Mr. ROSENTHAL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROSENTHAL. Mr. Speaker, I am disappointed that Secretary Kissinger's mission ended in failure, but I am not dismayed that the step-by-step approach must now be replaced by a peace conference of all parties at Geneva. It has been inevitable that all the parties would go there eventually, and, in my opinion, that is the desirable course.

To delay such a conference while pursuing a piecemeal series of agreements would have the effect of forcing Israel to relinquish her bargaining chips in advance without receiving any firm commitment of positive action by Egypt or the other Arab States.

Israel had made a clear commitment to withdraw from Arab territories and to return the valuable oil fields and strategic passes of the Sinai. Yet Egypt was unwilling to trade this very tangible concession for an intangible pledge to end its policy of belligerency.

In other words, Israel was being asked to give up territorial security while Egypt was merely being asked to make a political pledge.

The equation is so imbalanced that it demonstrates an alarming U.S. insensitivity to Israel's security needs.

We, of all people, should have learned by recent events that political guarantees unsupported by realistic security guarantees have become mementos of history.

I am greatly disturbed by efforts that seem to be coming from the highest levels of our own Government to blame Israel for the breakdown of negotiations.

If our experience in Vietnam has taught us nothing else, it should be that hostilities are not ended with fast and flashy settlements but only with strong commitments to peace by all parties. Egypt clearly was unwilling to make any such commitment, while Israel offered to surrender significant portions of territorial security.

There is no shortage of nations, including our own, unwilling to sell armaments to Egypt and the Arabs. But only one country, the United States, is willing to help the Jewish state protect itself. But now the administration is apparently issuing not-so-veiled threats that such aid may not be so forthcoming in the future. Because it is Israel's sole source of military assistance the United States holds Israel's future hostage.

The President should be reminded that foreign policy is not the sole province of the executive branch. The Congress is a partner in the process, and the Congress must not, cannot, and will not permit the President and the Secretary of State to lessen our support for Israel.

HOME HEALTH CARE—PART IV

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker together with 60 House cosponsors I have introduced H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators FRANK MOSS and FRANK CHURCH, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, HUGH SCOTT, Senate minority leader, and Senators WILLIAMS, DOMENICI, and TUNNEY.

To discuss the need for home health care and the public support this proposal is receiving, it is my intention to place statements in the RECORD several times a week by experts and lay persons commenting on the legislation.

This is the fourth in the series:

MARGARET O. MURRAY,
Shawnee Mission, Kans., March 18, 1975.

DEAR MR. KOCH: I would like to express my enthusiastic support for your Bill H.R. 2389, The Home Health Care Act of 1975.

My experience as a parent of a severely multiply disabled daughter reinforces my awareness of the great need for homemaker and home health care. There is such a lack of services available in this area all over the country that it verges on the ridiculous. Parents everywhere are unnecessarily confining their children with developmental disabilities to state institutions because of the lack of relief services available in their community. The lack of homemaker and home health care services is one of the biggest deterrents to deinstitutionalization and future planning for individuals with developmental disabilities.

As a volunteer for United Cerebral Palsy Association I have travelled this country from coast to coast and am continually bombarded by the appeals for homemaker and home health services from persons with developmental disabilities and their families. Even families who do not meet eligibility requirements for social services are unable to find adequate relief.

Your Home Health Care Act designed to broaden the coverage of home health services would be extremely beneficial to untold numbers of individuals.

At this moment I am aware of two emergency instances locally of adults with cerebral palsy who will require institutional care care merely because there are no home health services adequate to relieve their immediate need. One only needs nutritional guidance to enable her to live alone as she has been prior to this time; the other, a post-operative case, has been unable to obtain adequate homemaker services to enable her to return to her own apartment. Such instances happen continuously to vulnerable individuals.

I can unequivocably endorse the inclusion of homemaker services under the individual's home health service plan and heartily agree that Medicaid and Social Services Plans should be coordinated to provide comprehensive services to the consumer. Your Bill H.R. 2389 has indeed been an encouragement to all of us experienced in the care of individuals with disabilities and I trust will receive favorable action when presented to the House of Representatives.

Sincerely,

Margaret O. Murray,
Executive Vice President,
United Cerebral Palsy Associations, Inc.

BINARY CHEMICAL WEAPONS—BILL REINTRODUCED

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, on March 14, 1975—pages 6730–6731—I introduced H.R. 4955, which prohibits the use of any appropriations for the procurement of any munition delivery system or production facility for any binary chemical warfare agent. Today, I am resubmitting the bill and am pleased to have a number of Members as cosponsors. The text of the bill follows:

List of Cosponsors

Mr. Ottinger, Mr. Fraser, Mr. Seiberling, Mr. Ullman, Mr. Reuss, Mr. Corman, Mr. Pressler, Mr. Hicks, Mrs. Schroeder, Mr. Edwards of California, Mr. Aspin, Mr. Hechler of West Virginia, Mr. Meeds, Mr. Badillo, Mr. Downey, Mr. Brown of California, Mr. Lehman, Mr. Harrington, Mr. Roe, Mr. Bedell, Mr. Stokes, Mrs. Burke, Mr. Mitchell of Maryland, Mr. Conyers, Mr. Dellums, and Mr. Carr.

H.R. 5413

A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to disseminate any binary-type chemical warfare agent

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no funds authorized or appropriated by any Act making authorizations or appropriations for fiscal year 1976 or for any fiscal year thereafter to the Department of Defense for military functions administered by that Department may be used by any department, agency, or instrumentality of the United States to—

(1) procure any delivery system, or any part or component of any delivery system, which is designed to disseminate any binary-type chemical warfare agent, or

(2) establish (by construction or otherwise) or operate any facility for the production of any such system, part, or component.

Other Members have also expressed an interest in joining as cosponsors, so I intend to reintroduce the legislation again. I invite any additional Members to join in supporting this effort at that time.

I believe that the Members may also be interested in the way in which the proposed binary procurement is being perceived by others. For this reason, I am also incorporating in the Record at this time a copy of an article from the British scientific journal, Nature, January 10, 1975. The article follows:

USA Ratifies Chemical Warfare Protocol

(By Colin Norman)

After nearly fifty years of wrangling, the United States government last month belatedly ratified the most important chemical warfare treaty ever negotiated—the 1925 Geneva Protocol, which outlaws the first use in war of chemical weapons. And, for good measure, final approval was also given to a 1972 treaty which forbids the development, production and stockpiling of biological weapons.

But, encouraging as those actions are, they unfortunately do not signify that the Pentagon has lost interest in chemical weapons, nor do they indicate that the Administration is yet prepared to negotiate seriously for international chemical disarmament. Any lingering doubts on that score were dispelled late in December when it became known that even as the Senate was about to approve the Geneva Protocol, the Army was blithely pushing ahead with its plans to produce a new generation of nerve gas weapons called binaries.

For years, the Army Chemical Corps has been conducting research and development on binaries with a view to replacing its aging stockpiles of nerve agents—estimated to amount to about 40 million pounds—with the new weapons. The idea is that since binaries consists of two relatively non-toxic components which form a lethal agent only when they are mixed together, they can be manufactured and stored much more safely than conventional nerve gases.

But last year Congress refused to grant any money for the production of binary weapons, chiefly because of arguments that if the United States were to embark on a massive new chemical weapons programme, any chances of negotiating an international chemical disarmament (as opposed to no-first-use) treaty would almost certainly have been wrecked. Such negotiations have been taking place in Geneva for the past five years under the auspices of the Conference of the Committee on Disarmament (CCD): it would clearly be difficult for the United States representatives at the talks to retain any credibility if they were placed in the position of arguing for chemical restraint while the Army is busily building up its stockpiles.

Nevertheless, in spite of production ban, the Army published a solicitation in the Commerce Business Daily on December 11, enquiring whether any company would be interested in manufacturing "ton quantities" of two chemical components of binary weapons and also "artillery projectiles filled with a non-toxic chemical solution". That move clearly indicates that the Army has not dropped its plans for binary weapons, and that it will almost certainly be coming back to Congress this year with another request for production funds.

Another aspect of the solicitation is also very interesting. Last year, the Army was planning to produce binary weapons with two chemicals which would form the nerve gas GB when mixed together. But the announcement on December 11 indicates that the Army is now also planning to produce a binary weapon which would form the much more persistent nerve agent VX. The gas GB quickly breaks down in the environment, but VX can remain lethal for several weeks under some conditions.

So the Army is clearly hoping to push ahead with its chemical weapons programme, but it will have a tough domestic fight on its hands. For one thing, the arguments which persuaded Congress to shut off production funds last year will be just as strong this year, added to which the new Congress is expected to be politically more liberal than the last. And for another, the Administration has been carrying out its own internal review of the binary programme. The matter is now said to be awaiting the attention of Secretary of State Henry Kissinger, and it is no secret that the Arms Control and Disarmament Agency (ACDA) has been vigorously opposing production of the weapons. It would clearly be in the Administration's political interest to report the programme itself rather than face another hopeless battle with Congress.

Moreover, even in military terms, the Pentagon may come to realise that the programme just is not worth the handle. It has been estimated that it will cost at least $1,000 million to replace existing nerve gas stockpiles with binaries and since the Pentagon is always complaining about the inadequacy of the defence budget, it should be asking itself whether the money could better be applied elsewhere.

But, the ratification last month of the Geneva Protocol may at least help the CCD talks when they resume in Geneva this spring. The fact that the United States had not even ratified the 10-year-old treaty barring first use of chemical weapons was viewed by several delegations in Geneva—particularly the Soviet delegation—as evidence that the United States was not really interested in chemical disarmament, but at least that stumbling block has now been removed.

The problems with the protocol came in two parts when it was originally submitted to the Senate for ratification. (All such treaties require a two-thirds majority vote in the Senate before they become official US policy.) First, it fell afoul of the chemical industry and was never brought to a vote; after languishing in the Senate Foreign Relations Committee for years, it was eventually withdrawn from the Senate. Then, in 1971, President Nixon resubmitted the treaty to the Senate for ratification.

But another impasse developed because Nixon insisted that herbicides and riot control agents are not covered by the protocol an interpretation which could have meant that, even if the United States ratified the treaty, it could continue using herbicides and war gases in Vietnam. Senator J. W. Fulbright, Chairman of the Senate Foreign Relations Committee, did not however, accept that interpretation. He refused to bring the measure to a vote and asked the Administration to review its position.

There the matter rested for three and a half years until Fulbright called a meeting of the Foreign Relations committee on December 10 last year to review the situation. Faced with another embarrassing blaze of publicity the Administration finally overruled the Pentagon, and Dr. Fred Ikle, Director of ACDA, announced that President Ford now accepts that the protocol bars first use in war of all chemical weapons, including herbicides and tear gases. The measure then sailed through the Senate without opposition.

The actual effect of all this on progress in the CCD talks is uncertain at present, largely because of the looming threat of the binary programme. But, assuming that talk of producing binaries dies away this year, the chief stumbling block in Geneva will become the difficulty of making sure that a chemical disarmament treaty can not be violated. One possibility, however, is that a treaty banning a further production of lethal chemical weapons will first be negotiated. That would prevent chemical proliferation—and also reduce the capability of both the United States and the Soviet Union, since existing nerve gas stocks will slowly deteriorate. A ban on stockpiling would then be negotiated later. A Japanese proposal along those lines is now receiving close attention in the United States.

The key to the whole business, however, is what happens to the binary programme.

CONFERENCE REPORT ON H.R. 3260, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON submitted the following conference report on the bill (H.R. 3260) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974:

CONFERENCE REPORT (H. REPT. No. 94–112)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3260) "to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398), and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39), and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21, 22, 23, 29, and 30.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 19, 20, 24, 25, 26, 27, and 28, and agree to the same.

GEORGE MAHON,
JAMIE L. WHITTEN,
ROBERT L. SIKES,
JOE L. EVINS,
EDWARD P. BOLAND,
TOM STEED,
JOHN M. SLACK,
ELFORD A. CEDERBERG,
JACK EDWARDS,
CLARENCE E. MILLER,
Managers on the Part of the House.
JOHN L. MCCLELLAN,
WARREN G. MAGNUSON,
JOHN O. PASTORE,
GALE W. MCGEE,
WILLIAM PROXMIRE,
JOSEPH M. MONTOYA,
DANIEL K. INOUYE,
MILTON R. YOUNG,
ROMAN L. HRUSKA,
HIRAM L. FONG,
CHARLES MCC. MATHIAS, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974, and as those rescissions are modified by the message of the President of January 30, 1975, and in the communication of the Comptroller General of November 6, 1974, transmitted pursuant to the Impoundment Control Act of 1974, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying report:

Amendment No. 1: Restores language stricken by the Senate making reference to the Impoundment Control Act of 1974. The conferees agree that this action neither alters the ability of the Congress to make rescissions apart from the Impoundment Control Act nor the responsibility of the Administration to make funds available at the end of the 45 day period specified in such Act.

CHAPTER I—DEPARTMENT OF AGRICULTURE

Agricultural Stabilization and Conservation Service

Water Bank Program

Amendment No. 2: Rescinds $7,856,470 for the Water Bank Program as proposed by the Senate.

CHAPTER II—DEPARTMENT OF DEFENSE—MILITARY

Amendment No. 3: Changes chapter number as proposed by the Senate.

Operation and Maintenance

Amendment No. 4: Operation and Maintenance, Army—Rescinds $20,500,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $41,000,000 as proposed by the Senate.

Amendment No. 5: Operation and Maintenance, Navy—Rescinds $13,750,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $27,500,000 as proposed by the Senate.

Amendment No. 6: Operation and Maintenance, Marine Corps—Rescinds $2,500,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $5,000,000 as proposed by the Senate.

Amendment No. 7: Operation and Maintenance, Air Force—Rescinds $20,000,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $40,000,000 as proposed by the Senate.

Amendment No. 8—Operation and Maintenance, Defense Agencies—Rescinds $50,000 for the maintenance of real property facilities for the Defense Mapping Agency as proposed by the House instead of a rescission of $100,000 as proposed by the Senate.

Amendment No. 9—Operation and Maintenance, Defense Agencies—Rescinds $500,000 for the maintenance of real property facilities for the Defense Supply Agency as proposed by the House instead of a rescission of $1,000,000 as proposed by the Senate.

Amendment No. 10—Operation and Maintenance, Defense Agencies—Rescinds $400,000 for the maintenance of real property facilities for Intelligence and Communications activities as proposed by the House instead of $800,000 as proposed by the Senate.

Amendment No. 11—Operation and Maintenance, Defense Agencies—Rescinds a total amount for Operation and Maintenance, Defense Agencies, of $950,000 as proposed by the House instead of $1,900,000 as proposed by the Senate.

Amendment No. 12—Operation and Maintenance, Army Reserve—Rescinds $900,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $1,800,000 as proposed by the Senate.

Amendment No. 13—Operation and Maintenance, Navy Reserve—Rescinds $550,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $1,100,000 as proposed by the Senate.

Amendment No. 14—Operation and Maintenance, Air Force Reserve—Rescinds $200,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $400,000 as proposed by the Senate.

Amendment No. 15—Operation and Maintenance, Army National Guard—Rescinds $700,000 for the maintenance of real property facilities as proposed by the House instead of a rescission of $1,400,000 as proposed by the Senate.

Amendment No. 16—Operation and Maintenance, Air National Guard—Rescinds $250,000 for the maintenance of real property facilities as proposed by the House instead of $500,000 as proposed by the Senate.

PROCUREMENT

Amendments Nos. 17 and 18—Aircraft Procurement, Air Force—Includes House language which would rescind $122,900,000 for the procurement of 12 F-111F aircraft instead of similar language as proposed by the Senate.

CHAPTER III

Amendment No. 19: Changes chapter number.

DEPARTMENT OF JUSTICE

Federal Bureau of Investigation

Salaries and Expenses

Amendment No. 20: Deletes rescission of $5,300,000 proposed by the House.

Drug Enforcement Administration

Salaries and Expenses

Amendment No. 21: Rescinds $2,400,000 as proposed by the House.

DEPARTMENT OF COMMERCE

Amendment No. 22: Deletes proposal of the Senate to change heading from "Financial Assistance" to "Financial and Technical Assistance." The heading carried in the 1972 appropriation act is "Financial Assistance."

U.S. Travel Service

Salaries and Expenses

Amendment No. 23: Rescinds $250,000 as proposed by the House.

National Oceanic and Atmospheric Administration

Operations, Research, and Facilities

Amendment No. 24: Rescinds $927,000 as proposed by the Senate instead of $3,277,000 as proposed by the House.

Amendment No. 25: Deletes the following proviso proposed by the House: "*Provided*, That no part of the remaining sums shall be subject to the second proviso of said appropriation."

Deletion of the proviso will make $500,000 available for certain interstate fisheries commissions.

CHAPTER IV—DEPARTMENT OF THE TREASURY

Amendment No. 26—Changes chapter number as proposed by the Senate.

Internal Revenue Service

Amendment No. 27—Inserts center heading.

Amendment No. 28—Rescinds $530,000 of the funds appropriated for salaries and expenses as proposed by the Senate.

Amendment No. 29—Deletes rescission of $9,230,000 for Accounts, Collection and Taxpayer Service proposed by the Senate.

Amendment No. 30—Deletes rescission of $10,240,000 for Compliance proposed by the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total amount recommended for rescission by the Committee of Conference, with comparisons to the recommendations of the President and the House and Senate bills follows:

	Amounts
Recommendations of the President	$949,443,172
House-passed bill	242,572,900
Senate-passed bill	320,479,370
Conference agreement	243,359,370
Conference agreement compared with:	
Recommended Presidential Rescissions	−706,083,802
House bill	+786,470
Senate bill	−77,120,000

GEORGE MAHON,
JAMIE L. WHITTEN,
ROBERT L. SIKES,
JOE L. EVINS,
EDWARD P. BOLAND,
TOM STEED,
JOHN M. SLACK,
ELFORD A. CEDERBERG,
JACK EDWARDS,
CLARENCE E. MILLER,
Managers on the Part of the House.
JOHN L. MCCLELLAN,
WARREN G. MAGNUSON,
JOHN O. PASTORE,
GALE W. MCGEE,
WILLIAM PROXMIRE,
JOSEPH M. MONTOYA,
DANIEL K. INOUYE,
MILTON R. YOUNG,
ROMAN L. HRUSKA,
HIRAM L. FONG,
CHARLES MCC. MATHIAS, Jr.,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 4075, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON submitted the following conference report and statement on the bill (H.R. 4075) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974:

Conference Report (H. Rept. No. 94–113)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4075) to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–46) and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2.

George Mahon,
Jamie L. Whitten,
Robert L. Sikes,
Joe L. Evins,
Edward P. Boland,
Tom Steed,
John M. Slack,
Elford A. Cederberg,
Jack Edwards,
Clarence E. Miller,
Managers on the Part of the House.
John L. McClellan,
Warren G. Magnuson,
John O. Pastore,
Gale W. McGee,
William Proxmire,
Joseph M. Montoya,
Daniel K. Inouye,
Milton R. Young,
Roman L. Hruska,
Hiram L. Fong,
Charles McC. Mathias, Jr.,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4075) to rescind certain budget authority recommended in the message of the President of January 30, 1975 and in the communications of the Comptroller General of February 7, 1975 and of February 14, 1975, transmitted pursuant to the Impoundment Control Act of 1974, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

CHAPTER III

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES

Consumer Product Safety Commission

Salaries and Expenses

Amendment No. 1—Rescinds $500,000 as proposed by the House instead of deleting the rescission as proposed by the Senate.

CHAPTER IV

DEPARTMENT OF COMMERCE

United States Travel Service

Inter-American Cultural and Trade Center

Amendment No. 2—Rescinds $4,999,704 as proposed by the House. This rescission is made without prejudice. These funds were appropriated in 1967 for a Federal exhibit at a facility to be constructed in Dade County, Florida. When financing for such a facility has been obtained and it is certain that the facility will be constructed, the Appropriations Committees of the House and the Senate will sympathetically consider funding for Federal participation.

CONFERENCE TOTAL—WITH COMPARISONS

The total amount recommended for rescission by the Committee of Conference, with comparisons to the recommendations of the President and the House and Senate bills follows:

	Amounts
Recommendations of the President	$1,260,393,954
House-passed bill	16,454,704
Senate-passed bill	10,955,000
Conference agreement	16,454,704
Conference agreement compared with:	
Recommended Presidential rescissions	−1,243,939,250
House bill	0
Senate bill	+5,499,704

George Mahon,
Jamie L. Whitten,
Robert L. Sikes,
Joe L. Evins,
Edward P. Boland,
Tom Steed,
John M. Slack,
Elford A. Cederberg,
Jack Edwards,
Clarence E. Miller,
Managers on the Part of the House.
John L. McClellan,
Warren G. Magnuson,
John O. Pastore,
Gale W. McGee,
William Proxmire,
Joseph M. Montoya,
Daniel K. Inouye,
Milton R. Young,
Roman L. Hruska,
Hiram L. Fong,
Charles McC. Mathias, Jr.,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Jeffords) to revise and extend their remarks and include extraneous matter:)

Mr. Symms, for 10 minutes, today.

Mr. Findley, for 15 minutes, today.

(The following Members (at the request of Mr. Risenhoover) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 15 minutes, today.

Mr. AuCoin, for 5 minutes, today.

Mrs. Meyner, for 5 minutes, today.

Mr. Matsunaga, for 15 minutes, today.

Mr. Drinan, for 15 minutes, today.

Ms. Holtzman, for 15 minutes, today.

Mr. Koch, for 5 minutes, today.

Mr. Vanik, for 15 minutes, today.

Mr. Baldus, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Madden and to include newspaper editorials.

(The following Members (at the request of Mr. Jeffords) and to include extraneous matter:)

Mr. Talcott in two instances.

Mr. Forsythe in two instances.

Mr. Crane in two instances.

Mr. Hansen in three instances.

Mr. Conte.

Mr. Frenzel in five instances.

Mr. Bob Wilson.

Mr. Rousselot in two instances.

Mr. Lagomarsino.

(The following Members (at the request of Mr. Risenhoover) and to include extraneous material:)

Mrs. Lloyd of Tennessee in six instances.

Mr. Annunzio in six instances.

Mr. Anderson of California in three instances.

Mr. Gonzalez in three instances.

Mr. Solarz.

Mr. Moorhead of Pennsylvania in two instances.

Mr. Edwards of California.

Mr. St Germain in 10 instances.

Mr. Traxler.

Mr. Nowak in 10 instances.

Mr. Waxman in two instances.

Mr. McDonald of Georgia in 10 instances.

Mr. Rosenthal in five instances.

Mr. Rangel in 10 instances.

Mr. Harris.

Mr. de Lugo.

Mr. Teague.

Mr. Brown of California in three instances.

Mr. Mikva.

Mr. Sharp in five instances.

Mr. Murphy of New York.

Mr. Mottl in two instances.

Mr. Hanley.

Mr. Harrington in three instances.

Mr. Jones of Oklahoma.

Mr. Koch in five instances.

Mr. Downey in 10 instances.

Mr. Madden.

Mr. Roe in three instances.

Mrs. Schroeder.

Mrs. Meyner.

Mr. Holland.

SENATE CONCURRENT RESOLUTION REFERRED

A concurrent resolution of the Senate of the following title was taken from the Speaker's table and, under the rule referred as follows:

S. Con. Res. 26. Concurrent resolution authorizing the printing of a committee print of the Committee on Foreign Relations entitled "China: A Quarter Century After the Founding of the People's Republic,"; to the Committee on House Administration.

ADJOURNMENT

Mr. SOLARZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 34 minutes p.m.), the House adjourned until tomorrow, Tuesday, March 25, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

643. A letter from the President of the United States, transmitting his determination that certain countries are taking steps

to discharge their obligations under international law to resolve investment disputes, pursuant to section 502(b)(4) of the Trade Act of 1974, together with an Executive order designating beneficiary developing countries for purposes of the Generalized System of Preferences authorized by title V of the act, and identifying other countries as under consideration for such designation, pursuant to section 502(a)(I) of the act (H. Doc. No. 94–85); to the Committee on Ways and Means and ordered to be printed.

644. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report that the appropriation for the Department of Agriculture for "Forest Protection and Utilization," for fiscal year 1975, has been apportioned on a basis which indicates a need for a further supplemental estimate of appropriation, pursuant to section 3679 of the Revised Statutes [31 U.S.C. 665]; to the Committee on Appropriations.

645. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting notice of the location, nature, and estimated cost of various construction projects proposed to be undertaken for the Army Reserve, pursuant to 10 U.S.C. 2233a(I); to the Committee on Armed Services.

646. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to establish a National Center for Productivity to succeed the National Commission on Productivity and Work Quality; to encourage joint labor, industry, and Government efforts to improve national productivity, work life and output quality; to establish a Federal policy with respect to continued productivity growth and improved utilization of human, capital, technological and natural resources in the United States; to provide for a review of the activities of Federal agencies including implementation of Federal laws, regulations, and policies which impede the productive performance and efficiency of the American economy; and for other purposes; to the Committee on Banking, Currency and Housing.

647. A letter from the Secretary of Commerce, transmitting a report on the recommendations contained in the second annual report of the National Advisory Committee on Oceans and Atmosphere, together with his comments thereon, pursuant to section 6(b) of the Federal Advisory Committee Act (H. Doc. No. 94–86); to the Committee on Government Operations and ordered to be printed.

648. A letter from the Secretary of the Treasury, transmitting a report on the activities of the Department of the Treasury under the Freedom of Information Act during calendar year 1974, pursuant to 5 U.S.C. 552 (d); to the Committee on Government Operations.

649. A letter from the Executive Officers, U.S. Environmental Protection Agency, transmitting a report on the activities of the Agency under the Freedom of Information Act during calendar year 1974, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

650. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army (Corps of Engineers) to offer to sell certain public works facilities and services to the Government of Saudi Arabia, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

651. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles and services to a foreign government, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

RECEIVED FROM THE COMPTROLLER GENERAL

652. A letter from the Comptroller General of the United States, transmitting a report on the examination of the financial statements of the Pennsylvania Avenue Development Corporation for fiscal year 1974 (H. Doc. No. 94–87); to the Committee on Government Operations and ordered to be printed.

653. A letter from the Comptroller General of the United States, transmitting a report on the examination of the financial statements of the United States Railway Association for the 5-month period ended June 30, 1974 (H. Doc. 94–88); to the Committee on Government Operations and ordered to be printed.

654. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during December, 1974, pursuant to section 234 of Public Law 91–510; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAHON: Committee of conference. Conference report on H.R. 3260 (Rept. No. 94–112). Ordered to be printed.

Mr. MAHON: Committee of conference. Conference report on H.R. 4075 (Rept. No. 94–113). Ordered to be printed.

Mr. MATSUNAGA: Committee on Rules. House Resolution 358. Waiving points of order against the consideration of any conference report on H.R. 2166. A bill to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit, and for other purposes (Rept. No. 94–114). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARCHER:

H.R. 5368. A bill to amend the Internal Revenue Code of 1954 to provide a limited exclusion of capital gains realized by taxpayers other than corporations on securities; to the Committee on Ways and Means.

By Mr. BEDELL (for himself, Mr. D'Amours, Mr. Drinan, Mr. Hannaford, Mr. Harkin, Ms. Heckler of Massachusetts, Mr. Mikva, Mr. Mitchell of New York, Mr. Murphy of New York, Ms. Spellman, and Mr. Ryan):

H.R. 5369. A bill to assure that an individual or family whose income is increased by reason of a general increase in monthly social security benefits will not because of such general increase, suffer a loss of or reduction in the benefits the individual or family has been receiving under certain Federal or federally assisted programs; to the Committee on Ways and Means.

By Mr. BROOMFIELD:

H.R. 5370. A bill to direct the Comptroller General of the United States to conduct a study of the provisions of State unemployment compensation laws relating to availability for work or refusal to accept work; to the Committee on Education and Labor.

H.R. 5371. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax from $60,000 to $200,000; to the Committee on Ways and Means.

By Mr. BURLISON of Missouri:

H.R. 5372. A bill to direct the Commodity Futures Trading Commission to regulate brokers who engage in forward contracting in connection with producers of agriculture crops; to the Committee on Agriculture.

By Mr. CLAY (for himself, Mr. Brown of California, and Mr. Rosenthal):

H.R. 5373. A bill to restore to Federal civilian employees their rights to participate, as private citizens, in the political life of the Nation, to protect Federal civilian employees from improper political solicitations, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CORMAN (for himself, Ms. Abzug, Mr. Brown of California, Mr. Burgener, Mr. John L. Burton, Mrs. Burke of California, Mrs. Collins of Illinois, Mr. Conyers, Mr. Cornell, Mr. Drinan, Mr. Duncan of Oregon, Mr. Edwards of California, Mr. Fuqua, Mr. Gaydos, Mr. Hannaford, Mr. Harrington, Mr. Helstoski, Mr. Hicks, Ms. Holtzman, Mr. Ketchum, Mr. Koch, Mr. Leggett, Mr. Lehman, Mr. Matsunaga, and Mr. Melcher):

H.R. 5374. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. Mitchell of New York, Mr. Ottinger, Mr. Rees, Mr. Richmond, Mr. Rodino, Mr. Roncalio, Mr. Rosenthal, Mr. St Germain, Mr. Sarbanes, Mrs. Schroeder, Mr. Sisk, Mr. Solarz, Mr. Stark, Mr. Stokes, Mr. Tsongas, Mr. Waxman, Mr. Wirth, and Mr. Won Pat):

H.R. 5375. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Ms. Abzug, Mr. Badillo, Mr. Brodhead, Mr. Brown of California, Mr. Burgener, Mrs. Burke of California, Mr. John L. Burton, Mr. Carr, Mr. Conyers, Mr. Downey, Mr. Drinan, Mr. Duncan of Oregon, Mr. Edwards of California, Mr. Fuqua, Mr. Gaydos, Mr. Hannaford, Mr. Harrington, Mr. Hays of Ohio, Mr. Helstoski, Mr. Hicks, Mr. Howard, Mr. Koch, Mr. Leggett, and Mr. Lehman):

H.R. 5376. A bill to amend title XVIII of the Social Security Act to provide for the coverage of certain psychologists' services under the supplementary medical insurance benefits program established by part B of such title; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. Matsunaga, Mr. Melcher, Mr. Mitchell of Maryland, Mr. Ottinger, Mr. Rees, Mr. Richmond, Mr. Rodino, Mr. Rosenthal, Mr. Roybal, Mr. St Germain, Mr. Sarbanes, Mrs. Schroeder, Mr. Seiberling, Mr. Sisk, Mr. Solarz, Mr. Stark, Mr. Stokes, Mr. Tsongas, Mr. Van Deerlin, Mr. Waxman, Mr. Won Pat, Mr. Wirth, Mr. Mitchell of New York, and Mr. Yatron):

H.R. 5377. A bill to amend title XVIII of the Social Security Act to provide for the coverage of certain phychologists' services under the supplementary medical insurance benefits program established by part B of such title; to the Committee on Ways and Means.

By Mr. CRANE (for himself and Mr. Symms):

H.R. 5378. A bill to remove statutory limitations upon the application of the Sherman Act to labor organizations and their activities, and for other purposes; to the Committee on the Judiciary.

By Mr. DANIELSON:

H.R. 5379. A bill to amend chapter 44 of title 18 of the United States Code to penalize the use of a cutting or stabbing weapon in the commission of a felony, and to increase the penalties for the use of firearms in the commission of a felony; to the Committee on the Judiciary.

By Mr. DINGELL:

H.R. 5380. A bill to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or whose incomes have been significantly reduced as the result of adverse economic conditions; to the Committee on Banking, Currency and Housing.

H.R. 5381. A bill to establish an emergency health benefits program for the unemployed; to the Committee on Interstate and Foreign Commerce.

By Mr. FORD of Michigan (for himself and Mr. Dingell):

H.R. 5382. A bill to provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes who are unable to amortize their debt elsewhere, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. GRASSLEY:

H.R 5383. A bill to limit the use of limousines owned, rented, or leased by the Federal Government; to the Committee on Government Operations.

By Mr. HAMMERSCHMIDT:

H.R. 5384. A bill to prohibit the Consumer Product Safety Commission from restricting the sale or manufacture of firearms or ammunition; to the Committee on Interstate and Foreign Commerce.

By Mr. HUBBARD:

H.R. 5385. A bill to limit the use of limousines; to the Committee on Government Operations.

By Mr PEYSER (for himself, Mr. Perkins, Mrs. Chisholm, Mr. Ford of Michigan, and Mr. Brademas):

H.R. 5386. A bill to continue the special food service program for children through September 30, 1975; to the Committee on Education and Labor.

By Mr. RISENHOOVER:

H.R. 5387. A bill to amend the Occupational Safety and Health Act of 1970 to make the Director of the National Institute for Occupational Safety and Health directly responsible to the Assistant Secretary for Health of the Department of Health, Education, and Welfare; to the Committee on Education and Labor.

H.R. 5388. A bill to require that a percentage of U.S. oil imports be carried on U.S.-flag vessels; to the Committee on Merchant Marine and Fisheries.

By Mr. RYAN:

H.R. 5389. A bill to amend the Immigration and Nationality Act to provide penalties for certain persons who employ, or who refer for employment, aliens who are in the United States illegally, to require disclosure of illegal aliens who are receiving assistance under the Social Security Act, to establish local boards to preclude alien employment except during labor shortages, and for other purposes; to the Committee on the Judiciary.

By Mr. SEBELIUS (for himself, Mr. Shriver, Mr. Skubitz, and Mr. Winn):

H.R. 5390. A bill to provide that certain rural hospitals shall be exempt for a period of 18 months from the requirements and provisions of title XI of the Social Security Act relating to professional standards review organizations, and from the 1972 amendments to titles XVIII, XIX, and V of such act (and the recently approved regulations relating thereto) on utilization review and utilization control under the medicare, medicaid, and maternal and child health programs; and to provide for a 6-month study of alternative methods of utilization review and utilization control for such hospitals; jointly to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. SLACK:

H.R. 5391. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation reduced because of certain increases in monthly social security or railroad retirement benefits; to the Committee on Veterans' Affairs.

By Mrs. SMITH of Nebraska:

H.R. 5392. A bill to authorize the Secretary of the Interior to cancel certain obligations, and to construct, operate, and maintain certain works in connection with the Mirage Flats irrigation project and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SYMINGTON (for himself and Mr. Forsythe):

H.R. 5393. A bill to designate the birthday of Susan B. Anthony as a legal public holiday; to the Committee on Post Office and Civil Service.

By Mr. SYMMS:

H.R. 5394. A bill to authorize and direct the Secretary of the Interior to study the feasibility of establishing a Hells Canyon National Recreation Area in the States of Idaho and Oregon; to the Committee on Interior and Insular Affairs.

H.R. 5395. A bill to prohibit the licensing of hydroelectric projects on the Middle Snake River below Hells Canyon Dam at any time before September 30, 1978; to the Committee on Interstate and Foreign Commerce.

By Mr. VANDER VEEN (for himself Mr. Traxler, Mr. Dingell, Mr. Ford of Michigan, Mr. O'Hara, Mr. Nedzi, Mr. Brodhead, Mr. Carr, Mr. Blanchard, Mr. Diggs, Mr. Conyers, and Mr. Riegle):

H.R. 5396. A bill to amend the Internal Revenue Code of 1954 to repeal the excise tax on trucks, buses, and tractors and parts and accessories for such vehicles; to the Committee on Ways and Means.

By Mr. WHITE:

H.R. 5397. A bill to amend chapter 83 of title 5, United States Code, to authorize the retirement of employees after 30 years of service; to the Committee on Post Office and Civil Service.

By Mr. ASHLEY (for himself, Mr. Barrett, Mrs. Sullivan, Mr. Moorhead of Pennsylvania, Mr. Stephens, Mr. St Germain, Mr. Mitchell of Maryland, Mr. Hanley, Mr. Fauntroy, Mrs. Boggs, Mr. Ford of Tennessee, Mr. AuCoin, Mr. Rees, Mrs. Spellman, Mr. Hannaford, and Mr. Reuss):

H.R. 5398. A bill to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or underemployed as the result of adverse economic conditions; to the Committee on Banking, Currency and Housing.

By Mr. BEDELL:

H.R. 5399. A bill to authorize the Secretary of Transportation to make a loan of $100 million to the Chicago, Rock Island and Pacific Railroad Co.; to the Committee on Interstate and Foreign Commerce.

By Mr. BIAGGI (for himself, Mr. Ottinger, Mr. Peyser, Mr. Scheuer, Mr. Hicks, Mr. Melcher, Mr. Zeferetti, Mr. Yatron, Mr. Thompson, Mr. Badillo, Mr. Eilberg, Mr. Rodino, Mr. Addabbo, Mr. LaFalce, Mr. Metcalfe, Mr. Koch, Mrs. Meyner, Mrs. Fenwick, Mr. Murphy of Illinois, Ms. Abuzg, Mr. Helstoski, Mr. Solarz, Mr. McCormack, Mr. O'Brien, and Mrs. Spellman):

H.R. 5400. A bill to provide for the issuance of a special postage stamp in commemoration of the life and work of Dr. Enrico Fermi; to the Committee on Post Office and Civil Service.

By Mr. JOHN L. BURTON (for himself, Mr. Phillip Burton, and Mr. Beard of Rhode Island):

H.R. 5401. A bill to amend the Internal Revenue Code of 1954 to provide that work clothing required by a labor union to be worn by its members while employed shall be treated as being required by the employer for purposes of deducting the cost and maintenance of such clothing; to the Committee on Ways and Means.

By Ms. COLLINS of Illinois:

H.R. 5402. A bill to require the Secretaries of the military departments to reestablish the excess leave programs for legal study for certain commissioned officers; to the Committee on Armed Services.

By Mr. CORNELL (for himself, Mr. Baucus, Mr. Cotter, Mr. Fraser, Mr. Ichord, Mr. Jeffords, Mr. St Germain, and Mr. Vigorito):

H.R. 5403. A bill to amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes; to the Committee on Veterans' Affairs.

By Mr. CRANE (for himself, Mr. Kemp, Mr. Collins of Texas, Mr. Eshleman, Mr. McDonald of Georgia, Mr. Treen, Mr. Steiger of Arizona, Mr. Derwinski, Mr. Del Clawson, Mr. Milford, Mr. Rousselot, Mr. Burleson of Texas, Mr. Moore, Mr. Davis, Mr. Whitehurst, Mr. Montgomery, Mr. Martin, Mr. Lott, Mr. Myers, Mr. Collins of Texas, Mr. Eshle- of Indiana, Mr. Goldwater, Mr. Duncan of Tennessee, and Mr. Sebelius):

H.R. 5404. A bill to amend title XI of the Social Security Act to repeal the provision for the establishment of professional standards review organizations to review services covered under the medicare and medicaid programs; jointly, to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. DOWNING:

H.R. 5405. A bill to amend the Merchant Marine Act, 1920, in order to permit cargo vessels to carry more than 16 passengers when emergency situations arise; to the Committee on Merchant Marine and Fisheries.

By Mr. DRINAN:

H.R. 5406. A bill to provide for a comprehensive 5-year study of the nuclear fuel cycle, with particular reference to its safety and environmental hazards, to be conducted by the Office of Technological Assessment; to the Joint Committee on Atomic Energy.

By Mr. HARSHA:

H.R. 5407. A bill to extend to all unmarried individuals the full tax benefits of income splitting now enjoyed by married individuals filing joint returns; and to remove rate inequities for married persons where both are employed; to the Committee on Ways and Means.

H.R. 5408. A bill to amend the Internal Revenue Code of 1954 to allow income tax deductions for social security taxes paid by employees and by the self-employed and for retirement contributions required to be made by Federal officers and employees; to the Committee on Ways and Means.

By Mr. HOWARD:

H.R. 5409. A bill to redesignate November 11 of each year as Veterans Day and to make such day a legal public holiday; to the Committee on Post Office and Civil Service.

By Mr. LITTON (for himself, Mr. Melcher, Mr. Meeds, Mrs. Lloyd of Tennessee, Mr. Runnels, Mr. Zeferetti, Mr. Mitchell of Maryland, Mr. Wright, Mr. Fithian, Mr. Obey, Mr. Jones of North Carolina, Mr. Brown of Michigan, Mr. John L. Burton, Mr. Cochran, Mr. Alexander, Mr. Fauntroy, Mrs. Holt, Mr. Emery, Mr. Hansen, Mr. Bonker, Ms. Burke of California, Mrs. Sullivan, Mr. Traxler, and Mr. Harkin):

H.R. 5410. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. MITCHELL of New York:

H.R. 5411. A bill to amend chapter 5 of title 37, United States Code,to revise the special pay structure relating to health professionals of the uniformed services; to the Committee on Armed Services.

By Mr. NATCHER:

H.R. 5412. A bill to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses; to the Committee on Interstate and Foreign Commerce.

By Mr. OTTINGER (for himself, Mr. Fraser, Mr. Seiberling, Mr. Ullman, Mr. Reuss, Mr. Corman, Mr. Pressler, Mr. Hicks, Mrs. Schroeder, Mr. Edwards of California, Mr. Aspin, Mr. Hechler of West Virginia, Mr. Meeds, Mr. Badillo, Mr. Downey, Mr. Brown of California, Mr. Lehman, Mr. Harrington, Mr. Roe, Mr. Bedell, Mr. Stokes, Mrs. Burke of California, Mr. Mitchell of Maryland, Mr. Conyers, Mr. Dellums, and Mr. Carr):

H.R. 5413. A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to disseminate any binary-type chemical warfare agent; to the Committee on Armed Services.

By Ms. SCHROEDER:

H.R. 5414. A bill to prohibit the use of discharge certificates which indicate the reason why, or conditions under which, any individual is discharged or released from active duty; to deem all living individuals discharged or released from the Armed Forces to be eligible for all benefits provided by law by reason of military service; and for other purposes; to the Committee on Armed Services.

H.R. 5415. A bill to amend title 38 of the United States Code in order to provide that no individual who served in any armed force shall be denied veterans benefits unless that individual was discharged or released from active service with a dishonorable discharge; to the Committee on Veterans' Affairs.

By Mr. SIMON (for himself, Mr. Carter, Mr. Duncan of Tennessee, Mr. Emery, Mr. Hechler of West Virginia, Mr. Holland, Mr. Lagomarsino, Mrs. Lloyd of Tennessee, Mr. Lott, Mr. Melcher, Mr. Mikva, Mr. Perkins, Ms. Schroeder, Mr. Staggers, and Mr. Santini):

H.R. 5416. A bill to provide additional payments by the Federal Government to counties in which there is located a national forest or national grassland; to the Committee on Government Operations.

By Mr. BOB WILSON (for himself and Mr. Burgener):

H.R. 5417. A bill to amend the Federal Trade Commission Act (15 U.S.C. 41) to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mrs. SMITH of Nebraska (for herself, Mr. Johnson of California, Mr. Roncalio, Mr. Lujan, Mr. Ketchum, and Mr. Symms):

H.R. 5418. A bill to authorize construction by the Secretary of the Interior of the Cedar Rapids Division, Nebraska, of the Pick-Sloan Missouri basin program; to the Committee on Interior and Insular Affairs.

By Mr. JEFFORDS:

H.J. Res. 356. Joint resolution to amend the Emergency Petroleum Allocation Act of 1973 to prohibit the President from setting minimum prices for crude oil, residual fuel oil, or any refined petroleum product without congressional review, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TREEN (for himself, Mr. Andrews of North Dakota, Mr. Burgener, Mr. Collins of Texas, Mr. Devine, Mrs. Holt, Mr. McDonald of Georgia, Mr. Martin, Mr. Milford, Mr. Moore, Mr. Rousselot, Mr. Simon, and Mr. Walsh):

H.J. Res. 357. Joint resolution proposing an amendment to the Constitution of the United States to provide that appropriations made by the United States shall not exceed its revenues, except in time of war or national emergency; to the Committee on the Judiciary.

By Mr. JOHN L. BURTON (for himself, Mr. Maguire, Mr. Kastenmeier, Mr. Carr, Mr. Beard of Rhode Island, Mr. Edwards of California, Mr. Brown of California, Mr. Charles H. Wilson of California, Ms. Abzug, Ms. Holtzman, Mr. Rosenthal, Mr. Green, Mr. Oberstar, Mr. Dominick V. Daniels, Mr. Roybal, Mr. Solarz, Mr. Mitchell of Maryland, Mr. Brademas, Mr. Richmond, Mr. Leggett, Mr. Hannaford, Mr. Dellums, Mr. Metcalfe, Mr. Harrington, and Mr. Badillo):

H. Con. Res. 191. Concurrent resolution relating to supplemental military appropriations for South Vietnam and Cambodia; to the Committee on International Relations.

By Mr. FINDLEY:

H. Con. Res. 192. Concurrent resolution on Middle East policy; to the Committee on International Relations.

By Mr. RINALDO:

H. Con. Res. 193. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. MONTGOMERY (for himself, Mr. Bauman, Mr. Mollohan, Mr. Bowen, Mr. Grassley, Mr. Melcher, Ms. Boggs, Mr. Sebelius, Mr. Rees, Mr. Schneebeli, Mr. Helstoski, Mr. Metcalfe, Mr. Long of Maryland, Mr. Krebs, Mr. Russo, Mr. Whitehurst, Mr. Boland, Mr. Charles H. Wilson of California, Mr. Gonzalez, Mr. Winn, Mr. Edwards of Alabama, Mr. Armstrong, Mr. Eilberg, Mr. Latta, and Mr. Teague):

H. Res. 356. Resolution establishing a select committee to study the problem of U.S. servicemen missing in action in Southeast Asia; to the Committee on Rules.

By Mr. MONTGOMERY (for himself, Mr. Johnson of California, Mr. Satterfield, Mr. Henderson, Mr. Ottinger, Mr. Hillis, Mr. Hays of Ohio, Mr. Holland, Mr. Treen, Mr. Bevill, Mr. de Lugo, Mr. Cederberg, Mr. Carter, Mr. Guyer, Mr. Poage, Mr. Young of Florida, Mr. Walsh, Mr. Burleson of Texas, Mr. Nix, Mr. Broyhill, Mr. Fuqua, Mr. Carney, Mr. Lott, Mr. Koch, and Mr. Whitten):

H. Res. 357. Resolution establishing a select committee to study the problem of U.S. servicemen missing in action in Southeast Asia; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

72. By the SPEAKER: Memorial of the Legislature of the Territory of Guam, relative to relocation of the Cabras Island ammunition wharf; to the Committee on Armed Services.

73. Also, memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to designation of Boston Harbor as a national historic site; to the Committee on Interior and Insular Affairs.

74. Also, memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to Cyprus; to the Committee on International Relations.

75. Also, memorial of the Legislature of the Commonwealth of Massachusetts, relative to veterans' pension benefits; to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROOMFIELD:

H.R. 5419. A bill to require the vessel *Leah* to be documented as a vessel of the United States for use in the coastwise trade; to the Committee on Merchant Marine and Fisheries.

By Mr. JOHN L. BURTON:

H.R. 5420. A bill for the relief of David Levi, to the Committee on the Judiciary.

By Mr. SISK:

H.R. 5421. A bill for the relief of Maria Avila Ruiz; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4222

By Mr SARASIN:

Page 9, strike out line 15 and all that follows through page 11, line 19.

And redesignate the following sections accordingly.

Page 13, strike out line 5 through line 8, and insert in lieu thereof the following new subsection:

"(b) Section 9(b) of the National School Lunch Act is amended by striking out 'at not more than 75 per centum' and all that follows through 'Secretary' and inserting in lieu thereof '(1) at not more than 100 per centum above the applicable family size income levels in the income poverty guidelines as prescribed by the Secretary, for a reduced price lunch not to exceed 20 cents; and (2) at not more than 200 per centum above the applicable family size income levels in such income poverty guidelines, for a reduced price lunch not to exceed 30 cents'."

EXTENSIONS OF REMARKS

USW AND STEEL MANAGEMENT JOIN ON SAVINGS BOND DRIVE

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I would like to include in the RECORD at this time an exchange of letters between Mr. I. W. Abel, president of the United Steel Workers of America, and Mr. George Stinson, chairman of the National Steel Corp., headquartered in Pittsburgh. Mr. Stinson was recently appointed Steel Industry Chairman for the drive by Treasury Secretary William Simon. The letters concern the 1975 Government savings bond drive.

The Abel letter, pledging continued union support for the savings bond plan, and the Stinson response, acknowledging the leadership the USW has shown in making past bond drives a success, represent a fine example of union/management cooperation in a program valuable to the Nation.

I want to commend both gentlemen.

The two letters follow:

NATIONAL STEEL CORP.,
December 16, 1974.

Mr. I. W. ABEL,
President, United Steelworkers of America, Pittsburgh, Pa.

DEAR MR. ABEL: Thank you so much for your letter and for your reaffirmation of the support for the Payroll Savings Plan for U.S. Savings Bonds. I am aware of and grateful for the continuing contribution to this cause which has been made by your organization and its leaders.

The steel industry has an important part to play in the functioning of the United States economy and equally important leadership to provide in helping this country grow and prosper. Neither responsibility can be fulfilled without the active support both of its employe leadership and its management leadership.

Thus I am particularly pleased by your assistance in making the industry's 1975 Payroll Savings Plan campaign a success. An outstanding industry performance in this regard never was more important that it will be next year. I feel sure, with your help, it will be done well.

Sincerely,

GEORGE A. STINSON.

UNITED STEELWORKERS OF AMERICA,
Pittsburgh, Pa., December 9, 1974.

Mr. GEORGE A. STINSON,
Chairman, National Steel Corp., Pittsburgh, Pa.

DEAR MR. STINSON: The United Steelworkers of America has been a consistent and faithful supporter of the Payroll Savings Plan for U.S. Savings Bonds. We have done so primarily because U.S. Savings Bonds constitute an investment in America and we consider support of this program as part of our duty to our country.

But our Union also supports the Payroll Savings Plan for U.S. Savings Bonds because it is a convenient and unique way for workers to save money through regular payroll deductions. Also in emergencies, U.S. Savings Bonds are easily and quickly converted into cash.

U.S. Savings Bonds represent a guaranteed investment that is indestructible and have proven to be one of the most attractive and dependable of savings programs. For many Steelworkers, U.S. Savings Bonds are their major liquid savings.

I assure you that the United Steelworkers of America and its members will continue to support the Payroll Plan for U.S. Savings Bonds with the same enthusiasm that has marked our support in the past.

Sincerely yours,

I. W. ABEL,
President.

A MAN WHO LOVED HUMANITY

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. HARRIS. Mr. Speaker, I have been saddened by the passing of one of my fine constituents, Dewitt O'Kelly Myatt, and would like to share with my colleagues a tribute written by his friend, George A. Bowles. As a husband, father, professional man, and friend, Dee Myatt exemplified all that is good about America. Thus, I am inserting in the RECORD this eloquent tribute to my friend:

A TRIBUTE TO DEWITT O'KELLY MYATT, JR., January 23, 1975

A man is perhaps best remembered—and his life best judged—by the things that he loved.

As we say good-bye to Dee, it would be both helpful and comforting to reflect on some of those things in his life, and by so doing perhaps raise our spirits, if only a little, at this sad time.

By such reflection, we might also raise our own appreciation of life and its perspectives, challenges, and goals as we continue on our way without him.

Dee's first love was, of course, his wonderful family: his devoted Emily, his four beautiful daughters and sturdy son—all cast in the stalwart mold of their father—and his delightful grandchildren! His eyes literally flashed with pride when he spoke of them.

His next love, I believe, was the natural world around him. The mountains, the sea, the wilderness—these were his special dominions. Dee glorified in the cry of the hounds on the trails during a hunt on a brisk winter's morning. He listened to the crash of the breakers on the rocks at "Domain" as one would to a symphony. For him, a walk through the woods was an unending source of wonder and excitement; of questions yet to be answered; of nature's mysteries yet to be solved.

And from this fascination with the natural world sprang his third great love, Science.

His inquiring mind knew no limits as he probed every corner of scientific knowledge. No facet of it escaped his intense interest and life-long scholarship.

In both his spoken and written discourse, the depth and breadth of this quest for knowledge manifests itself. He was always probing, always questioning, always seeking the basic truths about the world and the universe in which he lived.

And the English language! Dee loved the art of language and played it as one would a Stradivarius. To the amiable distress of his friendly adversaries in a thousand technical or philosophical debates, he always had the exact word with the precise nuance to drive home a point or communicate a thought.

Finally—and pervading all the rest—he loved humanity.

His gifts of language were never so eloquently displayed as when he raised his voice in outrage against injustices perceived or human misery unrelieved.

Closely akin to this human concern was his love of freedom and challenge. Whether it was in the world of business, politics, or philosophy, he held as sacred the right of individual judgment and decision. And he held in utter contempt any force, philosophy, or person inhibiting the freedom of the human intellect and spirit.

Such a man was Dee, and from such a rich spiritual and intellectual heritage all of us who were his friends are beneficiaries. We say good-bye, then, with profound sorrow, of course. The void in our circle and in our hearts cannot be filled.

But we say it with a profound sense of being better human beings because we were privileged to know him, to learn from him, and to have his memory to treasure all the years of our lives.

Dee was a loving husband and father, an avid student of the world in which he lived, a wise counselor, and a firm and trusted friend.

Every person whose life was touched by his life is a better man or woman because of it.

Indeed, the whole world is a better place because Dee Myatt passed this way and paused here for awhile.

MYTH AND REALITY IN VIETNAM

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. FORSYTHE. Mr. Speaker, several weeks ago the President requested that Congress appropriate an additional $522 billion in aid for Vietnam and Cambodia. This request touched off a national debate that still rages. Supporters of the President's action have accused those of us who oppose it of abandoning an ally in time of need. We are told that the North Vietnamese, with the support of Russia and China, have mounted a major offensive; we are also told that without more U.S. assistance the South Vietnamese cannot withstand the armed might of China and Russia. It is often implied, if not stated, that without this additional assistance South Vietnam will lose the military struggle and 100 percent of the blame will fall on those of us in Congress who oppose more aid.

I do not accept this logic. Over the years the United States has provided the Government of South Vietnam with sufficient military and economic assistance to survive. In fact, the United States has provided South Vietnam with more aid than North Vietnam has received from China and Russia combined. This morning's New York Times carried a column by Mr. Anthony Lewis which discusses the question of just how much assistance South Vietnam has received from the United States. I would like, for the benefit of my colleagues, to read this article into the RECORD at this point:

MYTH AND REALITY

(By Anthony Lewis)

BOSTON, March 23.—One of the poisons that ate away at Weimar Germany was the myth that a "stab in the back" by politicians at home had beaten the German army in World War I. An effort is now underway to plant a similar myth about Vietnam. Saigon is losing, Secretary of Defense Schlesinger put it, because the U.S. Congress has been "niggardly" in giving aid.

Niggardly! Imagine using such a word after all the United States has done and suffered for Saigon: $150-billion over a dozen years, 55,000 American lives. The accusation would be funny if it were not so nasty.

A compelling factual answer to the charge is a report just made by Congressman Paul McCloskey, Republican of California. On the basis of official figures and briefings during his recent visit to Vietnam, Mr. McCloskey compared the opposing military forces. These were some of his main points:

1. As of Jan. 1, according to the Pentagon, Saigon had "an approximate 3-to-1 advantage" over the other side in numbers of soldiers. (More North Vietnamese have entered the fighting since then, but Saigon's forces remain much larger, as always.)

2. In the fiscal years 1973–75, roughly the period since the Paris cease-fire agreement, Saigon has had $3.98 billion in military aid from the United States, North Vietnam $1.48 billion from China and the Soviet Union.

3. In the fighting since the cease-fire Saigon has had a "firepower superiority ratio" of 7-to-1. That is, munitions have been fired in that proportion. And that does not count Saigon's air force.

If one looks back before the 1973 agreement, the disproportion between the two sides is even more extreme. Americans fought in Vietnam for eight years, as many as 500,000 at a time, no Chinese or Russian soldier ever did. American planes dropped immense tonnages of bombs and napalm and defoliants; the other side dropped none.

When Saigon cannot hold its own despite such overwhelming advantages over so many years, something fundamental must be wrong. Mr. McCloskey said the other side, "outgunned" and "outnumbered," was evidently superior in "aggressiveness, will and sense of purpose." Others would put it that the United States has been trying to do an impossible thing in South Vietnam: create a country in our image from people of another culture.

If all the past help has not won for Saigon, how is it possible to believe that three more years of military aid, as the Administration wants, will make the difference? The military solution has been tried endlessly and failed. The choice is either to go on down that road—until children are starving in Danang as they are now in Phom Penh—or else at last to work for a political settlement.

The Administration says the time is not ripe for political talks because Saigon must negotiate "from strength." When Saigon was stronger, it opposed political compromise. In any event, how can it gain strength from more years of a policy that has failed? As military aid proves useless except to prolong the killing, the old logic would call for American bombs and troops again. But Gerald Ford is President now, not Richard Nixon.

The tactic of blaming Congress for Vietnamese realities is running up against the fortitude of such men as Republican Senators Mathias and Hatfield, Democrats Stevenson and Mansfield. But Congress can make only a broad choice: between ending aid, a painful course, and going on with it, which will be more painful. The Executive has the more delicate opportunity: to go to the South Vietnamese, and the Cambodians, and tell them that the time has come to make the best deal possible and end the shooting.

Secretary of State Kissinger deserves sympathy for the breakdown of his mission in the Middle East. But talking about Indochina while there, he sounded like Pontius Pilate. There was nothing more he could do, he said; he would never have negotiated the 1973 agreement if he had known that Congress would not supply military aid as requested.

Mr. Kissinger made the 1973 agreement because he had to. It was politically imperative to get the American troops out of Vietnam, and those were the only terms available. He knew full well that the terms settled nothing except American withdrawal. Nor was there any guarantee of particular U.S. aid for Saigon—unless it was a secret promise to President Thieu.

American policy in Indochina has done damage that can never be undone; death, destruction, loss of American reputation and influence. But Henry Kissinger could still try to save something from the wreckage—some last humanity and honor. Will he? Or will he prefer to let all go down in a bloody finale, and blame Congress for a stab in the back?

UNITED STATES CANNOT TURN AWAY

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

INTERDEPENDENCE AIDS ALL: UNITED STATES CANNOT "TURN AWAY"

President Ford chose an audience deep in America's heartland to make an important address on foreign policy this week. His appeal for support in resisting a new isolationism in U.S. policy was voiced in the Midwest, an area which was once the stronghold of isolationist sentiment in American politics.

Mr. Ford dipped into personal as well as political history to recall how America shifted away from isolationism at the end of World War II with the advent of a bi-partisan, internationalist foreign policy. The shift was getting under way when he became a congressman 26 years ago, and one of its prime movers was a midwesterner from Mr. Ford's own state of Michigan, the late Sen. Arthur Vandenberg.

This week, the President went to South Bend, leaving behind a Congress that is moving dangerously back toward the isolationist course. Ironically, while it took the change of heart of a Republican Vandenberg a generation ago to help Democrat administrations put isolationism to rest, it is now Democrat majorities in Congress who are resisting a Republican President's effort to preserve the alliances and economic programs which were built on that bi-partisan foundation.

The Democrats are allowing a sense of futility over the progress of the war in Southeast Asia to dictate a cut-off in military aid which could have a shattering effect on the confidence of our other allies around the world. The House recently cut 40 per cent off the Administration's requests for both the economic and military segments of our foreign aid program—the sharpest cuts in its 27-year history. Our economic recession has bolstered the point of view that America should pull into its shell—that we cannot afford either to support our allies with weapons or continue our role as a provider of assistance to developing countries.

"There is no safety for any nation in a hungry, ill-educated and desperate world," said Mr. Ford at South Bend, echoing what might have served as the theme for our foreign policy since the late 1940s. This leads to another irony. The new isolationists in Congress often plead their case on humanitarian grounds, arguing that our international role is draining resources away from our own problems and not helping people abroad.

History refutes them. Most of the nations benefiting by our military aid have enjoyed a prolonged period of peace. Most of the Third World nations receiving our economic aid and participating in trade and investment programs with the United States are making far more progress in advancing their living standards than they could ever have hoped to make without it, and they now are buying 30 per cent of the Products which we export.

It is a dangerous notion, said Mr. Ford, that "our fate is unrelated to the fate of others." The isolationism is not so much internationalism, but interdependence. Moreover, interdependence is not so much a policy as a truth, and the Congress needs to be awakened to it.

FOR OR AGAINST PSRO'S?

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. CRANE. Mr. Speaker, as many of my colleagues are aware, the Health Subcommittee of the House Ways and Means Committee has been holding hearings on the skyrocketing cost of malpractice insurance which has been, in part, brought on by a dramatic increase in frivolous or unwarranted malpractice suits. Serious though this problem is, it brings to mind another related problem; the growth of the Federal control over the practice of medicine.

In 1972, the Congress passed, as an afterthought, language providing for the establishment of Professional Standards Review Organizations. The Senate tacked this item on after the social security bill—H.R. 1—had already passed the House, it was retained in conference, and in the waning days of the session the conference report was adopted with little thought of what PSRO's might mean. When you get right down to it, the House never voted on them individually; it simply accepted them as an insignificant part of a much larger package. In fact, I would venture to say that most House Members did not even know what these PSRO's would do and I suspect many of them did not know they were included in the bill. Moreover, of those who did have knowledge of PSRO's, some were no doubt convinced by the argument that PSRO's would save money and would help bring a runaway Federal spending program under control. However, creating another layer of bureaucracy is no sure indication of cost savings, as the experience of the certified hospital admission program—CHAP—in Sacramento, Calif., a forerunner of a PSRO, clearly indicates. Last year, it cost CHAP $13 to $14 to review each admission covered by the program, twice what it cost in 1970, and when the PSRO becomes fully operational that cost is expected to double. Moreover, a recent survey indicated that 61.5 percent of doctors interviewed across the country believe that PSRO's will increase costs rather than decrease them.

However, of greater danger than the cost factor is the likelihood, certainly as I see it, that PSRO's will mean more control of medical practice and procedures by the Federal Government. While the PSRO's are supposed to provide for peer review and peer review only, the fact of the matter is that HEW in Washington has ultimate control over the program.

Not only is HEW likely to have a say in developing the rules and regulations governing PSRO's, but it will also determine which groups qualify as PSRO's and whether or not they will continue to qualify. Also, HEW will determine what group will become a PSRO in areas where doctors do not themselves organize one by January 1, 1976. Thus, what we will really have is peer review subject to bureaucratic review, which will mean, in the end, rulebook medicine, or what the AMA described last year as "cookbook" medicine.

By establishing "norms" based on the average type of treatment accorded a patient, and the average length of stay in the hospital, Congress is not encouraging physicians to provide the best possible care for our senior citizens. Rather, Congress is saying that physicians should be more concerned with averages, with the result that average care is likely to become the norm.

The big flaw in this type of thinking and there are a number of flaws, is that a human being can be quantified in such a manner. Fortunately, as I see it, no two people are exactly alike nor do they react to various types of medical treatment in the same manner. What may work for one person may not work for another and to set target dates or treatment limits is to do a terrible injustice to both the doctor and the patient.

I am sure if I were to get up here and say that we should have a Welfare Standards Review Organization that would cut payments to those who exceeded the average time on welfare there would be cries of protest, loud and long, from many quarters. Likewise, if I were to call for an Unemployment Compensation Standards Review Organization, which would terminate unemployment benefits to those who exceeded the average time of unemployment for all workers—which I understand is approximately 10 weeks—I would quickly be accused of being callous and insensitive to the needs of the people.

Yet here, when we are talking about senior citizens who often can ill-afford the cost of medical care, we have the spectre of a law cutting people off from help because some statistical norm suggests they do not really need it. If we are going to limit benefits, let us start with those who are able bodied but too lazy to work before we pick on those over 65, sick, and unable to work.

We should also be concerned that the right to privacy of these Americans be protected. Under terms of this legislation, the medical records—including psychiatric records—of all patients receiving medicare and medicaid shall be used in the development of these "norms" for care and shall be reviewed to see that the care received is consistent with these "norms." Now, it is one thing for private health insurers to review—with permission—one's medical records with regards to a claim; it is quite something else again to give those records to the Federal bureaucracy so that one may collect from a Federal program to which there is little alternative. Those records will become the property of the Federal Government, and, if confidentiality is not maintained, switching doctors will not help nor can one switch insurers. In recent years, Congress has become increasingly concerned about the right to privacy, yet here we have legislation that would not only fail to protect that right but would compromise it further.

Another point that needs to be made here is that the PSRO mechanism will discourage innovation on the part of doctors. Some will not even want to deal with medicare/medicaid patients, which will reduce the amount of care available, while others, under pressure from both their patients and the PSRO's, will be reluctant to try anything new or to recommend any treatment or hospital stay in excess of the permissable limits. Conformity rather than ingenuity will become the order of the day. No doctor would have dared to be the first to introduce penicillin had this legislation been on the books a generation ago.

Furthermore, patients themselves will feel the pressure of the PSRO's. Knowing that there is an "average" recovery period for a given illness, they are likely to worry if it appears they will be slower than average in getting out of the hospital which, in turn, may slow their recovery even further. I know that if I were old, poor, in the hospital and recovering more slowly than "normal" the thought of my medicare or medicaid coverage being cut off would make me very nervous indeed. In fact, my blood pressure might go up a few points.

Which brings me full circle to a final point. If a patient does take longer than the "average" time to recover and, particularly, if he is cut off from medicare/medicaid benefits, he is liable to think that somebody goofed even if such is not the case. More than likely, he will point an accusing finger at the doctor or the hospital and, if of a mind, he will file a malpractice suit. Ironically, the very norms that proponents claim will lead to better care at less cost, will be used as the rationale for filing these suits—even if there is no justification for a suit being filed. If nothing else, the threat of additional malpractice suits should cause us to think twice about establishing governmental norms for the quantity and quality of health care.

There may be those who believe such an argument to be farfetched, but believe me the doctors take it seriously. In a recent survey published by Medical World News, 32.3 percent of the doctors responding believed that PSRO's will increase malpractice suits. For that reason and others, almost 20 percent of the general practitioners said they would give up their medicare/medicaid patients with another 26.8 percent undecided. Furthermore, survey responses indicated that a good many doctors felt PSRO's would encourage the practice of defensive medicine. Overall, 53.1 percent of all the doctors who expressed an opinion came out in opposition to PSRO's—which is an impressive figure.

In order that my colleagues and others may study the results of this survey, I would like to insert an article from the October 25, 1974, issue of Medical World News into the Record at this time. I think it will prove enlightening and I hope that it will help foster a realization that the best course for Congress to take at this point would be to repeal the PSRO law once and for all.

The article follows:

Are You in Favor of PSRO?

One fifth of the nation's practicing GPs say they will refuse to treat Medicare and Medicaid patients rather than have a PSRO monitor their performance.

One fourth of all practitioners fear PSROs will cut their incomes.

One third of all practitioners fear PSROs will trigger more malpractice suits.

Slightly more than half of all doctors are opposed to PSROs.

Most doctors who are either hospital-based, under 45 years of age, or live in the Northeast favor PSROs.

These are some of the more intriguing findings in MWN's nationwide PSRO opinion survey of a scientifically selected cross-section of MDs and DOs providing patient care. Of 2,337 questionnaires mailed in early September, 951 were returned—an unusually high 40.7% response rate that provides a sound base for projections. The survey was conducted by a professional research organization.

In the over-all tabulation, 53.1% of all doctors are against the PSRO program. A higher degree of opposition might have been expected, given organized medicine's attacks on PSRO and the fact that—as the survey reveals—only 8% of the nation's practitioners have yet had any experience with the program.

The survey shows that age, type of practice, and geography strongly affect attitudes (see graph at left and map at right). Nearly twice as many doctors in the South, for instance, oppose PSROs as do doctors in the Northeast. Specialty, too, is an influence. GPs weigh in heavily anti-PSRO, which pediatricians and psychiatrists are mostly favorable.

The survey also reveals a sizable reservoir of die-hard opposition—as manifested by the number of doctors prepared to forfeit their Medicare/Medicaid practices when PSROs come (see chart, page 77). Just as PSRO resistance is concentrated in the South and among GPs and older doctors, so is most of the die-hard feeling. General surgeons, too, were strongly anti-PSRO (by 59%), yet only 3% of them—a smaller proportion than in any other specialty—would turn away Medicare/Medicaid patients.

The survey indicates that most doctors are skeptical about PSROs' accomplishing their goals. Whereas Congress is counting on PSROs to trim Medicare/Medicaid outlays, nearly two out of every three physicians believe they will have the opposite effect (see chart, page 77). Most also feel that the organizations either will lengthen hospital stays or have no effect on them. On the other hand, 58% of hospital-based practitioners foresee shortened stays, as do slightly more than half of all doctors in the Northeast.

Some of the responses point strongly to a belief that PSROs will foster the practice of defensive medicine. More than half of all doctors, for example, predict PSROs will lead to more diagnostic tests, but only 41% of hospital-based doctors think so. And two thirds of all physicians say that *unnecessary* diagnostic tests either will increase in volume or remain the same. No majority in any specialty or geographic group feels that PSROs will trim the number of unneeded tests.

The majority belief that PSROs will stimulate defensive practice is reinforced by the response to the malpractice query (see chart, page 77). No more than 25% of doctors in any category believe PSROs will lower the number of malpractice suits and nearly four out of every ten general surgeons, GPs, and doctors in the South actually feel that litigation will increase.

The survey shows that most doctors reject HEW's contention that PSROs will improve medical care. Most GPs, internists, obstretricians, and osteopaths do not see PSROs affecting quality of care at all, and one out of every four GPs, general surgeons, and osteopaths predict PSROs will impair treatment. On the other hand, 47% of the hospital-based doctors and 46% of the pediatricians believe medical care will benefit from the review program. Slightly more than a third of the psychiatrists, young doctors, and doctors in the Northeast hold this opinion, too.

Underscoring their dim view of PSRO impact on quality of care, nearly 40% of all doctors say PSROs will discourage the use of new medical or surgical procedures. An equal percentage do not think PSROs will affect the pace of medical innovation. Furthermore, nearly two thirds agree with the statement that PSROs will not be competent to judge sophisticated procedures such as coronary artery bypasses. With the exception of pediatricians and hospital-based doctors, a majority of respondents in every category accepted the statement.

The survey turned up what is probably the first solid evidence that doctors are anxious about PSROs hurting their incomes. Nearly one third of all GPs and DOs say PSROs will cut doctors' revenues. And regardless of specialty, age, location, or base, there is no single category of practitioners in which a significant proportion do not indicate concern about PSROs reducing their incomes.

Part of this anxiety probably stems from a belief uncovered by another question. When asked if they see PSRO review being extended beyond Medicare/Medicaid within five years, 82% of all doctors said yes. Specialty, age, base, and location alter the opinion very little. In fact, only one other query in the survey drew a more unanimous response: "Will PSROs increase the volume of medical records?" Nearly 90% said yes to that one.

Another widely shared feeling is that PSROs will jeopardize the confidentiality of medical records. A majority of doctors in every category predict they will; the slimest majority—53.5%—is among hospital-based physicians. This group also marked "No opinion" more than any other: 28% compared with 18% over all.

OVER ALL, WHAT IS YOUR ATTITUDE TOWARD PSRO?

[In percent]

	GP's	General surgeons	Internists	Obstetrician-gynecologists	Pediatricians	Psychiatrists	Osteopaths	All others
Favorable	25.2	36.3	50.5	39.0	61.0	52.0	36.4	40.5
Unfavorable	69.9	58.6	47.0	56.1	33.9	42.3	59.8	51.9
No opinion/No answer	4.9	4.9	2.6	4.9	5.1	5.7	3.9	7.6

WHICH OF THE FOLLOWING EFFECTS DO YOU BELIEVE PSRO'S WILL HAVE?

[In percent]

	Yes	No	No opinion
Cause large medical centers to lower their standards?	16.3	58.6	23.8
Compromise the confidentiality of medical records?	70.1	10.4	18.1
Be too little influenced by organized medical groups?	34.3	33.1	30.6
Be too little influenced by academic medicine?	25.8	39.5	32.6
Eventually expand their review beyond medicare/medicaid?	84.4	3.1	12.8

After 1976, a nonphysician group may set up a PSRO in a designated area if a doctor group hasn't. Which nonphysician group would you prefer to do this?

Hospitals	58.6%
Medical schools	46.6
Consumer groups	13.0
The Blues	11.5
Insurance companies	7.7
Data processing firms	4.1
Undecided/no answer	12.9

Total exceeds 100 because of multiple answers.

When asked if they are willing to serve on a PSRO review panel, half of all doctors say yes—an interesting finding to compare with the 41.5% of all doctors who favor PSRO. Obviously, even if they don't like the program, quite a few doctors intend to participate anyway. The most enthusiastic reviewers will be those under 45 years of age; nearly six out of every ten of these doctors say they're willing to serve. Pediatricians and hospital-based doctors also lean more heavily toward participation than the average respondent; not surprisingly, GPs and DOs lag considerably behind.

Under the PSRO law, doctors are encouraged to set up the PSROs themselves. If they don't, nonphysician groups can—starting in 1976. One question—after reminding the respondents of this—asked which nonphysician group they would prefer to see set up a PSRO where doctors held back. The results are in the chart on page 72. Medical schools won a strong backing, while the Blues got a surprisingly small vote. Even consumer groups come in ahead of them.

The categorical breakdown of responses to this query reveals more differences. Nearly twice as many doctors in the South and North Central States (9.3%) favor insurance companies as do doctors in the Northeast (5.1%). More than one-fourth of the psychiatrists favor consumer groups. Osteopaths expressed strong preference for hospitals over medical schools—roughly two to one—and the younger doctors showed a greater willingness than older doctors to accept consumer-organized PSROs.

Other findings from the survey:

Doctors believe that the average PSRO physician-reviewed should serve on a review committee for three years.

Only 36% of all doctors believe PSROs will be of benefit in developing continuing medical education programs. GPs, DOs, and doctors in the South are the most doubtful; internists, hospital-based doctors, and those under 45 are the least.

Most doctors do not believe that PSROs will cause large medical centers to lower their standards. Nor do they worry about academic medicine not having enough input into the program.

One-third of all doctors fear organized medical groups will have too little say in PSRO. DOs are the firmest in this conviction and GPs are a close second.

The participation of office-based physicians in ongoing PSRO activities is three times higher than that of hospital-based doctors. The most involved specialty group is general surgeons; the least, psychiatrists.

Nearly four of five of all doctors want local practitioners and not national medical organizations—such as the AMA and specialty groups—to set the standards and criteria with which the PSROs will judge physician performance.

WHEN YOUR PSRO IS IN OPERATION, WILL YOU GIVE UP MEDICARE/MEDICAID PATIENTS RATHER THAN BE SUBJECT TO REVIEW?

[In percent]

	Yes	No	Undecided
By specialty:			
General practitioners	19.5	52.8	26.8
General surgeons	3.3	72.7	23.1
Internists	9.4	70.9	16.2
Obstetrician-gynecologists	11.4	62.6	22.0
Pediatricians	8.8	69.9	18.4
Psychiatrists	13.0	61.0	23.6
Osteopaths	18.2	51.9	27.3
By age:			
45 and over	13.4	62.3	21.7
Less than 45	7.8	66.7	23.6
By location:			
Northeast	8.7	67.5	20.9
South	14.8	58.9	23.7
North Central	11.1	63.1	24.9
West	8.9	68.2	20.1
All doctors	11.6	63.3	22.9
Will you be willing to serve as a reviewer?	49.6	45.9	4.5

WHEN PSROS ARE FUNCTIONING, WHAT WILL HAPPEN TO VARIOUS ASPECTS OF MEDICAL PRACTICE?

[In percent]

	Will increase	Not change	Will decrease
Uneeded diagnostic tests	41.5	26.4	[1]30.3
Length of hospital stays	12.3	45.5	40.6
Medical costs	61.5	25.3	11.7
Quality of medical records	58.6	29.4	11.0
New therapies and surgical procedures	17.2	40.5	39.6
Quality of medical care	27.9	49.9	20.8
Malpractice suits	32.3	50.8	14.1
Practitioners' incomes	5.2	65.9	25.6

[1] Horizontal totals are less than 100 because of nonresponse to the question.

COMMENTS RANGE FROM APPROVING TO APOPLECTIC

MWN's questionnaire included two blank spaces, headed "What is the most important effect PSRO will have on you?" and "Comments." Here's sampling of responses:

PRO-PSRO

"The awareness of a possible 'inspection' almost always puts you on your best behavior. In fact, PSRO could be a fantastic tool for improving medical care. But that depends on doctors' willingness to examine themselves, their actions, and their motives and to be willing to let others do the same."—General practitioner, Chicago

"It will force me to know medicine better and to justify my use of tests."—Surgeon, Iowa City

"We need something like this to cut down the number of unnecessary admissions and procedures."—Dermatologist, Lafayette, La.

"It will make me feel more inhibited in practicing, but in view of rising malpractice rates and the irregularities which patients are sometimes subjected to, I feel that it is well worth it."—Psychiatrist, Albany, N.Y.

"Physicians have not as a group had any desire to judge and pass sentence on their peers. As a result, our image as a group is not at all good. Perhaps when consumer groups or others take over PSRO, a better understanding of physicians' responsibilities will evolve. I for one have given up defending physicians who make no effort to keep up, who overcharge, who make themselves unavailable, and who seem to lack compassion."—Pediatrician, Northampton, Pa.

"PSRO should take responsibility not only to isolate physicians who are practicing substandard medicine but also re-educate them and require that they stay current."—Surgeon, Durham, N.C.

"It will improve the quality of medical practice in my community. It will clarify many ambiguous matters regarding how patients should use doctors and vice versa."—Family physician, Anniston, Ala.

"I approve PSRO because there are just too many abuses of our profession, of patients, and of fees. But I do have one reservation. The Blues and other insurance companies, along with data-processing concerns, might use PSRO for their own financial gain, thereby increasing the cost of medical care."—Psychiatrist, San Francisco

AMBIVALENT

"It may eventually improve medical care by isolating the poor practitioner. But many good doctors are going to be alienated."—Gynecologist, Abilene, Tex.

"Has potential for improving care but because of tremendous administrative load will not lower but may actually raise the cost of care."—General surgeon, Pittsburgh

"PSRO will have very little effect because of doctors' fellowship."—Pediatrician, New York City

"PSRO could be devasting. With local doctors in complete control it could be disastrous for a doctor who did not 'play the game' as the local men desire. With the government totally in control, it could do the same thing. It also could foster a whole new breed of medical mendicants who will use the 'right words' on their records without regard to the truth or pertinency of the patient's actual condition. (Scoundrels can find a way around most any law.) At the same time, though, PSRO could upgrade the practice of a sizable group of sloppy and unscrupulous or careless physicians."—Pediatrican, Corpus Christi, Tex.

"A doctor should be able to reveal what he does to his peers in his specialty or otherwise he shouldn't be doing it. Indirectly, PSROs will see to it that the chiselers in our profession will have a harder time, that the taxpayers will feel they are being less 'taken' (although it may not turn out that way). But, on the negative side, PSROs will lead to standardization, which is unfortunate because it will reduce the level of care to homogeneous mediocrity. This will also mean that the most incompetent and undedicated will be paid what the best are paid."—Psychiatrist, New York City

ANTI-PSRO

"PSROs will decrease the patient's privacy and will cause him to have less confidence in his doctor. The good medical care that this country enjoys will be jeopardized just like it has been in countries that adopted socialized medicine. PSRO is merely a step toward socialized medicine in which the MD will be a robot."—Pediatrician, Houston

"PSRO will probably wind up curbing the practice of the art of medicine by forcing each case to have to be treated only along more and more exact scientific lines. This will cut effectiveness and slow down the process of alleviation of the patient's discomfort."—Pediatrician, Atlanta

"The program represents unnecessary bureaucratic idealism invented by Senator (Wallace) Bennett (R-Utah) who is probably unfamiliar with private medicine and a private physician's personal responsibility to his patients. It's going to increase my load of paper work and committee responsibility, leaving me less time for my practice."—Urologist, Miami

"It's a little ridiculous to harass busy doctors with all the paper work to attempt to legislate 'honesty' into them—while at the same time federal legislation allows Medicare payments to chiropractors."—Urologist, Erie, Pa.

"A lot of things in medicine aren't clear-cut. Each doctor has his own intuition with his patients, and I don't think patients should be treated at all times with only one standard. Things are easy to see by hindsight but not so easy by foresight."—Pediatrician, Honolulu

"A worthless mess."—General surgeon, Montgomery, Ala.

"Fraught with frustration and confusion from every perspective."—Osteopath, Port Richey, Fla.

"If physicians are to be bound over to PSROs as a way of protecting the consumer then other public service groups—lawyers, dentists, teachers, judges—should be, too."—General practitioner, Hudson, Wis.

"Will probably increase paper work and leave less time for patients."—Psychiatrist, Butner, N.C.

"Creating a government-subsidized organization to discipline us is a blow to medicine's autonomy and strikes at the heart of independent professionalism."—Pediatrician, Baltimore

"If you ask me it's time to look for another profession."—Psychiatrist, Boston

"They will have to force me to cooperate. If it gets too unpleasant I'll simply stop practicing."—General practitioner, Waco, Tex.

"I will move heaven and earth and work my fingers to the bone if needs be to get the rotten thing repealed. It is more than it appears. It is a conspiracy to torture and murder those of us who oppose dictatorship."—Gynecologist, Stephenville, Tex.

A CONSTITUENT'S VOICE SHOULD BE HEARD

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. HANSEN. Mr. Speaker, the people represented by the Members of this House are making themselves heard these days—and rightly so. My daily mail count indicates a growing sense of frustration and anxiety that this Congress is simply failing to meet its responsibilities on the great issues of the day. These include, but are not limited to, such matters as reckless deficit spending and abuses of the food stamp program. A letter from Marriner D. Morrell of Rexburg, Idaho, sums up this growing national mood and I would like to share this concerned constituent's comments with my colleagues:

> I am greatly disturbed with the program Congress is promoting of increasing the national debt and running heavy deficits. This program of accelerated spending and then cutting taxes just makes no sense. If the program is economically sound why don't we pursue it to the extreme and discontinue all taxes and operate entirely on borrowed money? Piecemeal—that is just what we are doing. The national debt is already out of control and still this Congress will increase it by billions. Everytime the President suggests some spending cutbacks, Congress responds by more and more appropriating.
>
> One of a number of examples of what is happening is the food stamp fiasco. The President initiates a cutback in handouts and Congress responds with greater handouts. I am conscious of the fact that I have to help pay for these handouts. A few days ago on a local TV program we were shown a big husky male student from Idaho State University buying produce with food stamps. When I was going to college and ran out of money I had to discontinue school and go to work. It took me two extra years to finish my program but I made it through. Feeding the needy is one thing; feeding every person with his hand out is something else.
>
> All my adult life I have been saving for old age. Now, what I have saved, Congress magnanimously takes it from me in taxes and then squanders it in all directions. But what is most disturbing is not the paying of taxes but a knowledge of the fact that the program of deficit spending will inevitably result in economic and political chaos. The depression of the 30s cannot compare with what we will face in a few years.
>
> Isn't there some way we can break this cycle of spend and borrow, spend and borrow? Is Congress really trying to solve our national problems? Must every problem be solved by massive money appropriations? Has Congress come up with any really new ideas in the past 30 years?

THE TURNABOUT

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. TEAGUE. Mr. Speaker, a constituent of the Sixth District of Texas brought to my attention recently an editorial from the Dallas Morning News of January 18, 1975. In that editorial the writer made some interesting points about this Nation's place as a world power. The writer reminds us of the 1962 Cuban missile crisis. I think it would be advantageous for every Member of Congress to take note of this editorial. The editorial follows:

THE TURNABOUT

> For more than a decade, the U.S. leadership has shortchanged the nation's nuclear strategic forces. Money and effort have been focused on the Vietnam War and on social programs. The public, too, has virtually ignored the loss of the nuclear edge we once owned.
>
> It was that edge that made possible the U.S. success during the missile confrontation with the Soviet Union in the fall of 1962. Because the Kennedy administration had been left a clear strategic superiority over the Russians, a superiority recognized by both sides, President Kennedy was able to pressure Nikita Krushchev into backing down and removing Soviet missiles from Cuba.
>
> Khrushchev had little choice but to accept the public loss of both personal and national prestige. As a sane man, he knew that the alternatives were either a backdown or a war that his country could not hope to survive, let alone win.
>
> Khrushchev eventually fell as a direct result of his called bluff in Cuba.
>
> The second direct result of the Soviet setback was the launching by the Kremlin of the most massive peacetime arms buildup in history. Soviet political and military leaders were determined that they would never

again be caught in a position of helpless inferority in a global confrontation.

Since then they have caught up with and surpassed this country in most of the important weapons systems that would be used in a nuclear war. They have built bigger and newer missiles and they have built more of them. They have built the world's most modern deepwater navy. And they have deployed these enormously powerful forces.

The last is most important. These are not proposed weapons, blueprints on a drawing board, items in a Pentagon fund request. These, the most destructive weapons the world has ever known, have been not only produced and perfected but they have been issued to troop units trained to use them. They are ready now—with the emphasis on the "now."

A story out of Washington the other day reported that Defense Secretary James Schlesinger told a Senate panel not long ago that the Soviet Union now has nuclear weaponry of such power and sophistication that the Kremlin leaders have the ability to wipe out our nuclear strategic forces without disrupting our economy.

If that is true, then the Soviets now have the means to disarm this nation without destroying its trillion-dollar-a-year productive system. In defense jargon, that's called a "counterforce" capability.

The brief story drew little attention. Americans are too worried about our economic troubles now to think much about this Pentagon problem. But this may deserve at least a passing thought: If the Soviets now have this capability, then in the next 1962-style "eyeball-to-eyeball" confrontation we, not they, will almost certainly be the "first to blink."

KTUL-TV SPONSORS "CARNIVALS AGAINST DYSTROPHY"

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. JONES of Oklahoma. Mr. Speaker, for the past 8 years, television station KTUL in Tulsa, Okla., has been a leading sponsor of "Carnivals Against Dystrophy," the children's carnival project to raise money to help in the fight against muscular dystrophy.

Muscular dystrophy is a chronic, crippling disease which afflicts both children and adults—and for which we have no cure. Funds raised in Carnivals Against Dystrophy support research into the causes and cures of muscular dystrophy, and assist the disease's victims by providing orthopedic appliances, medical clinics, summer camps, and recreational programs throughout the United States.

The 1975 Carnival project will get under way in June. For the ninth consecutive year, KTUL-TV will take the lead in promoting this worthy, humanitarian cause.

Station KTUL provides an outstanding public service in its sponsorship of Carnivals Against Dystrophy. Each year, a request is made through the children's programs on KTUL for young people to participate by holding backyard carnivals to raise money for the fight against muscular dystrophy. Under the sponsorship of KTUL-TV, there have been 1,669 Carnivals Against Dystrophy held in the Tulsa area which have raised $22,409.04 to combat muscular dystrophy and related neuromuscular diseases. KTUL-TV personalities "Mr. Zing"—John Chick—and "Uncle Zeb"—Carl Bartholomew—deserve special recognition for their efforts to promote this cause.

Not only do young people have the satisfaction of knowing that they are helping young people in need by holding Carnivals Against Dystrophy, they enjoy a valuable learning experience as well. Entirely through their own efforts, the youngsters plan and carry out their carnival projects. They apply their creativity, energy, and enterprise to the service of men, women, and children who are less fortunate than themselves.

I would like to take this opportunity to commend the fine service of KTUL-TV in promoting this exceptional charitable cause.

ASKS DEPARTMENT OF JUSTICE TO USE ANTITRUST LAWS TO BREAK UP "BIG EIGHT" OIL COMPANIES

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. MOTTL. Mr. Speaker, I would like to call the attention of this House to a letter I have written to the Honorable Edward H. Levi, recently appointed Attorney General of the United States.

Mr. Levi came to his new post with an outstanding record as former president of the University of Chicago and an expert on antitrust prosecutions.

I hope that he will use the latter expertise in the public interest to smash the massive monopoly which now controls many aspects of the giant oil industry in this country.

My letter to Mr. Levi follows:

MARCH 21, 1974.

Hon. EDWARD H. LEVI,
The Attorney General,
Washington, D.C.

DEAR MR. LEVI: I noted your appointment as Attorney General of the United States with special pleasure because of your background as a fighter for impartial enforcement of the anti-trust laws.

Therefore, I am very hopeful that you will have the courage and determination to strike a powerful blow to protect the American public from perhaps the most powerful, vicious and harmful monopolistic combination in our two centuries of national existence.

It is herewith requested that the U.S. Department of Justice institute immediate anti-trust legal action to break up the petroleum monopoly which has cost the American consumer untold billions of dollars and has helped create the present worldwide energy crisis which poses the greatest threat in history to this nation's economic stability.

Some of the basic facts of the situation were spelled out in an anti-trust complaint filed by the Federal Trade Commission almost two years ago.

The FPC charged that eight companies—Exxon, Texaco, Gulf, Mobil, Standard Oil of California, Standard Oil of Indiana, Shell and Atlantic Richfield—had conspired for a quarter century to monopolize the petroleum industry. An FTC study showed that, through massive measures which boggle the mind of an average citizen, these companies successfully strangled competition and damaged the entire economy. They prevented the construction of badly needed new refinery capacity, created artificial shortages of gasoline, and skyrocketed the purchase price of their products.

As one of this country's foremost authorities on anti-trust legislation and prosecutions, I know you are well aware that the FPC action is bogged down in slow moving procedural maneuvers, and will probably not come to trial for anothesr decade—if then.

You are also aware that the Department of Justice has ample authority to bypass these slow processes and take the eight petroleum giants into court on its own, without waiting for the FPC machinery to grind its leisurely way.

It seems to me that there is ample evidence that the giant oil companies are not only monopolizing their own industry, but are also crippling our entire economy.

I urge you, as Attorney General of the United States, to institute immediate action to break up these eight companies and return the United States to a free capitalistic economy.

Our entire economy will be stimulated and enhanced if these giants are compelled to divest themselves of their refineries, retail outlets and distribution systems. The FPC has recommended that 40 to 60% of the pipelines and refineries be divested from these "Big Eight," and that at least a dozen new companies be created therefrom.

You have the power to strike a great blow for economic democracy. Please do so.

Sincerely,

RONALD M. MOTTL,
Member of Congress.

SUBVERSION IN THE MILITARY: VVAW/WSO TARGETS NATIONAL GUARD

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. McDONALD of Georgia. Mr. Speaker, recently an organization known as the Vietnam Veterans Against the War/Winter Soldier Organization—VVAW/WSO—an adjunct to the Maoist Communist Revolutionary Union—RU—distributed instructions to its members which called for the attempted subversion of our military Reservists and National Guard.

In particular, this Communist organization urged its organizers to concentrate on those National Guard units which may be called upon to support police in situations of urban disorder or in strikes disrupting essential services.

I quote from the document:

Educational work analzying the role of the reserves and guard and the history of their use against the people in this country should be a central part of organizing work with reservists and guardsmen. The pamphlet, *Soldiers and Strikers*, has been used successfully, but more litertaure should be developed.

Active campaigns against riot control and strikebreaking can take the form of reservists refusing to participate in riot control training. Many units have riot control training and planning as their primary task, and, although such a campaign has never been tried, people should explore it as a possible area of organizing work. It the guard is called out in an area, organizers should be prepared to work with reservists and guardsmen in opposing this move. Organizers in Chicago during the truck strike found that it was very important to try and build solidarity between the truckers and the guardsmen who were opposed to strikebreaking. The guardsmen, themselves, weren't the enemy—it was the government who called them out.

* * * * *

* * * People should seek out the units that are most likely to be called up for civil disturbance and that have a program of riot control training. These units tend to be the infantry and artillery units and usually have the largest concentration of working class people and national minorities. These units usually receive the most harassment from the brass and will be most receptive to actively carrying on campaigns against this harassment. Large National Guard armories will usually have one or more units stationed there that are the first to be called up. The Marine Reserves also have units that receive riot control training. So far, to our knowledge, reserve units have never been used in riot control.

The VVAW/WSO document suggests that its organizers find out where most Reservists from their area are sent for summer training camp and set up a storefront there as a base for their efforts in subversion.

The Maoists suggest that issues to exploit include taking advantage of alleged incidents of racial discrimination; developing complaints about working conditions such as on "overnights" trucks breaking down or rain and mud; "fighting command harassment" over issues such as job assignments and payment for extra duty; and providing "offensive legal information" kits for use particularly during active duty periods and summer camp. In that latter context, VVAW/WSO may be expected to work in close harmony with the various military law projects of the National Lawyers Guild.

I have made this document available to my colleague, chairman of the House Armed Services Committee, of which I am a member, and to the appropriate military authorities. I hope to report back that action is being taken to thwart VVAW/WSO from accomplishing its goal.

MASS TRANSIT ENERGY CONSERVATION

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. FRENZEL. Mr. Speaker, last week the FEA sent to each Member a study on "mass transit and energy conservation." The paper, if accurate, presents facts that shatter a number of myths long held by transit fanciers like myself. The following are representative:

First. Transit presently accounts for only 2 percent of urban passenger travel.

Second. Fare elasticities are low—10 percent drop in fares only increases ridership 1 to 3 percent.

Third. Worse, the increased ridership comes not from former auto drivers, but rather from walkers, carpoolers or new trips.

Fourth. Buses are more energy efficient than rail.

Fifth. Even a doubling of transit ridership would save only 40,000 barrels per day. It hardly makes a dent in the President's 1 million barrels per day goal.

Sixth. Other less costly options save a lot more fuel.

The report need not diminish our appetite for improved transit, but it does give us some strong warnings. It shows how poorly mass transit is now accepted. It also shows that many of our programs, operating subsidies for one, and fixed rail systems for another, are leading nowhere. I hope that Members will review the study carefully.

REPRESSION IN YUGOSLAVIA

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. HARRINGTON. Mr. Speaker, my attention has been drawn to the plight of Mihajlo Mahajlov, a widely respected Yugoslav writer who has been sentenced to 7 years at hard labor for no greater crime than criticizing the policies of his government. I hope my colleagues will join me in appealing to the leaders of Yugoslavia on behalf of this man who dared to take seriously the claim that Yugoslav citizens enjoy the fundamental rights of free speech and free press.

Mr. Mihajlov's predicament was eloquently described by Colman McCarthy in the March 22 edition of the Washington Post. I insert this article in the RECORD at this point as background on this very disturbing case:

A SILENCED CRITIC

(By Colman McCarthy)

Mihajlo Mihajlov is a Yugoslav writer who was sentenced recently in Novi Sad to seven years at hard labor. His crime was criticizing his government. Americans may be jarred by such a conviction, but in large numbers of nations oountless political prisoners are held only because they refused to follow the official thinking.

The harshness by which Mihajlov was treated is all the more noticed because the constitution of Yugoslavia allows freedom of speech. If there is a hitch, it was expressed in 1968 by the chief judge following a trial in which Mihajlov was sentenced to four-and-a-half years in prison, again for criticizing the government. As reported in American newspapers, the judge said: "Thoughts are freely expressed in our country, but those that express hatred and an unconstitutional stand cannot be permitted freedom. We preserve the freedom of the press, but we safeguard against a misuse of the press so as to prevent the undermining of our system." The logic of this is that citizens are free to agree with the government; those who disagree may get in trouble.

In taking a stand against the abuses of Yugoslav power, Mihajlov joints company with a large number of other 20th century writers who have been denied outlets in their homeland: Unamuno in Spain, Pasternak and Solzhenitsyn in Russia, Jara in Chile, Frankl in Germany. The fierceness of the government's attack on Mihajlov focuses attention on the many other writers and journalists around the world who are now in prison but who, because they are not published abroad, disappear without trace.

Mihajlov continues to attract interest and raise feelings in the West because he has become a voice, not merely a writer, one that will continue to be heard no matter how treacherously his body and soul are treated. The irony of Tito's latest effort to silence Mihajlov is that it will likely have the opposite effect: the jailed writer will be better heard than ever, arousing the concern not only of those familiar with his work but also of those who come to it wondering what the Yugoslav government is so angered by.

The question won't be easily answered by a reading of "Russian Themes," Mihajlov's collection of essays published in America in 1968. Rather than being a polemic against political tyrants that might be taken personally by Tito, the book reveals a man of ideas who sees himself caught up in a "revolution of the spirit." Men "everywhere are now perhaps closer to God than they have ever been. Socialism, as an ultimate totalitarianism, has served an important purpose, albeit in a negative sense. The world is returning to religion, but not to the moralistic and cloistered religion of the past, not to the institutionalized religion of yesterday, not to Sunday schools and Salvation Armies, but to a religion of laughter, life, vitality, a religion embattled and perhaps even bloody, as was Christianity when it began."

"Russian Themes" contains an essay that led to Mihajlov's imprisonment for four-and-a-half years for "spreading false information for the incitement of the people." The article, "Why We Are Silent," attempts to answer the question of why "most intellectuals in the socialist world (are) silent about true conditions in their countries . . . I would guess that the average Western reader explains the silence in one of three ways: by assuming that people in the socialist countries are satisfied with things as they are, or that fear prevents them from speaking out, or that they are unable to get into print."

Mihajlov dismisses these explanations. Instead, the cause of silence is more subtle. In writing and being published abroad, one begins to feel like a traitor, he confesses. "This sense of treachery is a much more decisive factor in inhibiting free expression than fear of the reprisals to which socialist intellectuals submit themselves. For socialist criticism is employed not only as a weapon against the socialist states but also against socialism, and against all those oppressed by poverty or racial prejudice in the Western world. So we intellectuals of socialist societies feel like traitors when we speak the truth—traitors both to our countries and to all who fight for freedom in capitalist society."

A way to ease this situation, from the government's point of view, would be to allow free expression among Yugoslavians, and let the public decide for itself which writers are making sense and which are throwing tantrums. "At the heart of the matter," Mihajlov writes, "lies a cruel paradox. Those who prevent us from speaking the truth here in the socialist world abet the repression of freedom in the capitalist world; whether they like it or not, they concretely strengthen reactionary forces of all kinds in the opposite camp. Similarly, those in the West who outlaw Communist parties, and engage in censorship and McCarthyism, strengthen Communist totalitarianism . . . Pressure against freedom in one part of the world automatically causes pressure against freedom in all parts of the world."

Mihajlov is a young man—*only 40*—but the path he is taking has been traveled earlier by another Yugoslav dissident, Milovan Djilas. Rallying to support of his younger countryman, Djilas wrote last November in a New York Times article: "Mihajlov created himself with his own courage and intelligence in an unintelligent, anticreative reality. And who in such a reality can create anything if he does not believe in his mission—in sacrificing even himself for that higher truth that is more real than reality? Only the malicious and the foolish can demand that people behave 'normally' in a warped, insane world."

Last week, the Committee for Human Rights—a group whose chairmen include Saul Bellow and Bayard Rustin—spoke out on the Mihajlov case. "Free Mihajlov," the committee said, "or let him leave Yugoslavia, to live in a country where he can be free." By such an expression, the committee confirms that a feeling of solidarity exists among those who see one man's struggle against persecution as everyone's struggle.

THE NEED FOR CRIMINAL JUSTICE AND THE APPROACH OF THE ILLINOIS LAW ENFORCEMENT COMMISSION

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. MIKVA. Mr. Speaker, in recent weeks, Illinois Governor Dan Walker and the Illinois Law Enforcement Commission have offered some innovative and sweeping reform of the Illinois criminal justice system as a program for future legislative action. The recommendations recognize that more malfunctions than successes and that the use of prisons as rehabilitation centers have been one of the most serious malfunctions. The report also recognizes that whatever the brave hopes that have been held out for the parole system, it, too, proves to be unsuccessful.

A key proposal is to eliminate the indeterminate sentence and the parole system. Under the indeterminate sentence, the court sets the minimum and maximum period of incarceration, after which the offender comes under the jurisdiction of the parole board which fixes his sentence and periodically reviews his prison record to determine whether there exists sufficient proof of reformation to justify release on parole.

The combination of indeterminate sentences and arbitrary and discriminatory decisions by parole boards have turned prisons into violent jungles. Not knowing when release will come, the inmate is at the mercy of fellow inmates and prison personnel. The inmate knows he must either play the game according to their rules, or spend the maximum term in prison fearing for his life.

Rather than foster reform and rehabilitation, the sentencing and parole procedures reinforce the inmate's belief that he is just a victim of a cruel and unjust society. He blames the vindictive judge who sent him to prison while an accomplice, who was sentenced in another courtroom, was released on probation. He cannot understand the society which puts him alongside another felon who commits the same crime, but who gets a shorter sentence or earlier parole. He blames the prison guard who threatens his parole by turning in false misconduct reports. And he blames the prison administrator who refuses to recommend parole because the inmate created a public incident by refusing to submit to the sexual advances of a fellow inmate. That an offender leaves prison vengeful and scornful should be of little surprise.

The commission would replace the indeterminate sentence and parole board with a determinate or "flat time" sentence. An offender's specific period of incarceration would be set by statute. The sentence would be reduced by 1 day for each day of "good time" served. Judges undoubtedly will be troubled by the elimination of their discretion. However sensitive and well intentioned that sentencing judge's exercise of that discretion, the floating sentence has proved a reform that does not work. Moreover, not all judges have been sensitive and well intentioned in the use of the indeterminate sentence. Between the abuses of some judges, some prison officials and some parole boards, the criminal justice system has not been enhanced by indeterminate sentences.

The same is true for the parole board. Each time a felony is committed by someone out on parole the whole criminal justice system pays the price in its credibility with society. Each time the parole board "guesses wrong" on a felon, either by releasing him or refusing to release him, the whole system pays the price. A long experience with the parole system forces us to recognize that for all the advances in the behavioral sciences, parole boards cannot really predict the future behavior of parolees returned to the community after a stint in prison.

Another commission proposal would insure a speedy trial. I have sponsored similar legislation in the past, and last year Congress acted to provide speedy trials at the Federal level. Nothing could restore the criminal justice system to an operational basis faster than speedy trials. The current delay between arrest and trial, along with its attendant injustices, its propensities for recidivism, its loss of the deterrent effect in the punishment scheme, all tend to make a delayed justice system no system at all.

Our people have no faith in the criminal justice system. As much as anything else, it has caused the breakdown in confidence in our entire system of government. Fear stalks urban areas not only because of the rising crime rate but, as well, because of the declining belief that government is capable of doing anything about crime. However long reform has been in order, it has never been more urgently needed than now. Gov. Dan Walker and the Illinois Law Enforcement Commission and its executive director, David Fogel, are to be commended for producing this report.

The report will no doubt produce debate and controversy, as do all reform ideas. Some parts of the package give me great pause. I would hope, however, that any debate did not get sidetracked on tired, old rhetoric. If we have learned nothing else during the past 6 years, we should have learned that talking tough and threatening to do draconian things to alleged criminals does not solve our crime problem nor improve the criminal justice system. Increasing the penalties for certain crimes probably made matters worse rather than better; at least so say some of our most respected prison officials.

I hope the focus of the debate about the commission's proposals will be on the question of public safety and fairness, both for law-abiding citizens and those accused of crimes. A reasoned debate is essential for returning real justice and effectiveness to our criminal justice system. If we persist in trying to make the old ideas work with capricious or vengeful changes, we are doomed to the same failures that have plagued our recent efforts. I commend the Illinois General Assembly and other interested lawmakers to the suggestions of the Illinois Law Enforcement Commission.

LITHUANIAN ANNIVERSARY

HON. JAMES M. HANLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. HANLEY. Mr. Speaker, 57 years ago the people of Lithuania achieved their reward for centuries of faith and work when, on February 16, the establishment of the independent Lithuanian Republic was proclaimed. Each year Lithuanian people throughout the world join together in spirit to celebrate the anniversary of this event. But this celebration is circumscribed by the sad events of history. In 1940 Lithuania was forcibly annexed to the Soviet Union. Since that date theirs has been a saga of courageous struggle. Struggle against oppression. Struggle against the repression of those basic human rights that are indivisible with true liberty. The people of Lithuania still hold the same love of freedom and independence they did when their Republic was born.

Recent events testify to the determination of those brave people; petitions and demonstrations against the religious repression of their Soviet rulers; protest involving the self-immolation of religious leaders; the story of Simas Kudirka, the Lithuanian sailor who sought sanctuary on a U.S. Coast Guard cutter; and the memory of 50,000 Lithuanians who died during 10 years of guerrilla warfare against Soviet domination.

We must continue our awareness and support for the plight of these people. America has never recognized the annexation of Lithuania and the other Baltic States by the U.S.S.R. And as a nation based on the principles of human rights and personal liberty we can only offer every avenue of support possible for these people.

The 200th anniversary of our independence is a celebration of a landmark in the history of the world, and a milestone in the continuing revolution for the freedom of man. Let the story of Lithuania's declaration of independence be a reminder to us that liberty is not found easily and once achieved is maintained only by continued effort. Their fight is both a lesson and a call to the American people.

PAL YOUTH PROGRAM IN ST. CROIX

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. DE LUGO. Mr. Speaker, I would like to commend the Police Athletic League—PAL—for its exceptional youth programs on St. Croix, its dedicated coordinator, Mrs. Vivian Bennerson, and its respected youth leader, Renholdt "Rookie" Jackson. These programs not only provide needed athletic opportunities for the island's youths, but they also provide important educational opportunities which would otherwise be unavailable.

For example, many of these programs are geared to youths who have dropped out of school and who have had problems in making social adjustments. The success of these programs can be seen in the large number of youths who have returned to school.

The success of the Police Athletic League is even more impressive when it is realized that these programs operate without adequate facilities and financing. But what these programs lack in the way of money, they more than make up for in spirit and cooperation.

I am particularly impressed with the leadership of these programs, much of which is provided by the youths themselves. I found the following Virgin Islands Daily News article on the PAL program enlightening, and I would like to share it with you:

PAL—ONGOING YOUTH PROGRAM

(By Benita Cannon)

"Kids have to express themselves THEIR way," says Vivian Bennerson, St. Croix coordinator for the Police Athletic League (PAL) program. "I just can't emphasize that too much." She was speaking of the widely varied activities offered to young people by PAL, and her point was that they come to the program because it provides them with a chance to improve their skills in the area which interests them most.

St. Croix's PAL headquarters are at Estate Whim, on government-owned land just behind the historic Whim Great House. There is a playing field with basketball rings and there is a double trailer in the process of emerging from a state of dilapidation to become a spacious and sturdy center for indoor activities and classrooms.

The mammoth restoration job on the trailer is largely due to the dedicated hard work of Renholdt Jackson, who is better known as "Rookie." ("How come they call you Rookie?" "Well, my father was pretty good at baseball and I was sort of the same.") Ever since he was a youngster, Rookie had been interested in carpentry and construction, and the skills he has acquired over the years have stood him—and PAL—in good stead in getting the trailer into usable shape. This was one of the several trailers bought by the Department of Housing but never set up; its condition speaks volumes for the deterioration that neglect produces.

Rookie had some help from PAL members and from three Youth Development boys who were paid by the CAP Board and worked for PAL on a part-time basis. The trailer has quite literally been rebuilt and the interior work is almost completed, It contains a large room which will be used for meetings and other indoor activities, a photography darkroom, an arts and crafts classroom, a library and an office. The ceilings had to be completely replaced, the floor reinforced (they will be linoleum-covered and some of the linoleum has already been laid), and the walls and joints shored up. Even most of the windows had to be replaced.

"You're always hearing that kids don't want to work," says Vivian Bennerson. "This is a good example of kids who are willing and glad to work for themselves," and she pointed with pride to the trailer.

PAL youngsters are involved in a number of sports and athletic programs, and "All our kids know how to swim now," says Rookie. Martin-Marietta allows them the use of its recreation area for track training and practice. There are classes in woodworking, art, photography, and numerous other skills and crafts, and PAL has its own scratch band, as well as a steel band. The inexhaustible Rookie teaches woodwinds, drawing and paintings.

Of particular interest, there is a remedial reading class at—PAL every Saturday morning, and Mrs. Bennerson told us that through the help and encouragement they have received through PAL, quite a few school dropouts have gone back to school. Rookie showed us some picture-books, obviously geared to young children, and with just a few simple words. "But we have a number of kids in fifth grade who have a very hard time reading these words."

"It isn't fair to ignore these young people," says Mrs. Bennerson. "Many of them are put out of school because of their behavior patterns—but their behavior patterns are the way they are because they cannot relate to their teachers and to work as it is being presented. Some of them aren't comfortable in school. I don't just blame the schools," she adds. "We're all to blame."

There are about 100 PAL members and many non-members who make use of the organizations facilities. They come from all the schools, the housing projects, and from many different parts of the island. More would be involved if transportation could be provided, but PAL owns just two van-type buses and can haul only a limited number of youngsters. Mrs. Bennerson's and Rookie's salaries are paid by the government, which also grants PAL use of the Estate Whim property. The once broken-down trailer formerly owned by Housing was donated, and there was a negligible grant from V.I. Council on the Arts for the PAL steel band. Aside from those minimal contributions from government agencies, PAL has been totally dependent upon the generosity of businesses and individuals on St. Croix. But lack of more substantial funding prevents PAL from serving hundreds of youngsters who would benefit from its programs.

Funds are needed for equipment in every phase of the PAL program, and to train young leaders and offer them at least token salaries. There are volunteers standing by to give instruction in many subjects not currently available to the youngsters, and these would include courses in cooking, sewing, and other aspects of domestic science. But at least one more trailer is essential before an expanded program can be undertaken, and additional transportation is needed.

Rookie showed us some of the papers turned in by kids in the remedial reading program. They were written on scraps of paper, mostly sheets previously used and torn in halves or thirds. The library is in urgent need of books for the youngest readers right through to material for young adults, with the emphasis on how-to books, dictionaries and handbooks on arts and crafts. There is a special need for remedial reading materials, and even for paper, pencils, note-books, and art supplies: in short, for almost anything that would be useful in a school.

Contributions from the community would be most gratefully received, and PAL is very conscious that it is largely private gifts that have brought the organization as far along as it is. But if it is to go as far as it can, government assistance is the only answer. Anybody for a youth program that already exists and that's working?

As we were leaving, Rookie told us: "At first, some of the kids were suspicious about the word 'Police' in Police Athletic League. They said they didn't want to have anything to do with "the pigs."

"But then they came, and they stayed, and they've changed their minds."

PAL is changing the minds of a lot of kids—about the police, about school and about what to do with their lives. Thanks to devoted young leaders like Rookie, it is a positive force for good in the community.

OUR NATION SALUTES THE HONORABLE NORMA (MRS. LOUIS) BRIGLIADORO, FIRST LADY PRESIDENT OF THE VETERANS COUNCIL OF PATERSON, N.J.

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. ROE. Mr. Speaker, it is, indeed, my honor and privilege to call to the attention of you and our colleagues a most historic event that occurred in my congressional district last month: The election of the Honorable Norma (Mrs. Louis) Brigliadoro as president of the Veterans Council of Paterson, N.J., the first woman ever selected to head up this esteemed veterans organization of our community, State, and Nation. I know you will want to join with me in extending our heartiest congratulations to Norma and to the new officers who will be serving with her in carrying on the sterling traditions and purposes of this council on behalf of the war veterans of the city of Paterson. The council roster is as follows:

COUNCIL ROSTER

The Honorable:
Robert E. Bresemann, Vice President.
Dr. Raymond H. Ploch, Secretary-Treasurer.
Robert T. Dunn, Co-Counsellor.
Ralph Gambatese, Co-Counsellor.
Arthur L. Johnson, Chaplain.
Louis Brigliadoro, Public Relations.
George Coley, Sgt.-at-Arms.
Ben Merker and Stephen Kriskewic, Music Chairmen.

May I also commend to you the past presidents of the Veterans Council of Paterson, N.J., who have served with honor and distinction since its organization in 1939:

PAST PRESIDENTS

The Honorable:
*Harry B. Haines, Honorary Past President.
*Chris L. Edell.
Albert Bills.

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*The dearly departed who continue to be honored and respected for the richness of their wisdom and leadership efforts.

*Louis Glazer.
*Thomas Flynn.
*Eric M. Graupe.
*Ralph Pabian.
*Wm. E. Peppinghaus.
*Alexander J. Gow.
Dr. Joseph Schwartz.
*Patrick McCarthy.
Stanley M. Levine.
William B. Prione.
Dominick F. Cielo.
Jack MacDonald.
*Daniel Koning.
Robert T. Dunn.
Ralph P. Gambatese.
Adam Reiser.
Michael F. Batelli.
Ben Turco.
Frank Bohus.
John L. De Block.
James Heeney.
Louis F. De Biaso.
Dr. Raymond H. Ploch.
*Edward Kocses.
*Cornelius Keyser.
Ben Merker.
Allen Lieberman.
Elliott Brown.
Sam Rosenberg.
Louis F. De Biaso.
Harry Edwards.
Ben Sullivan.

The original charter of the Veterans Council of Paterson, N.J. was established over three decades ago by representatives of the following veterans organizations:

Veterans Organizations

Alexander Hamilton Post 139, Veterans of Foreign Wars.

Reuben Kaufman Post 36, Jewish War Veterans of the U.S.

Anthony Pasquariello Memorial Post 187, American Legion.

Col. John J. Brereton Camp No. 1, United Spanish War.

Argonne Chapter 18, Disabled American Veterans.

Passaic County Detachment of the Marine Corps League.

Raymond Pellington Post 77, A.L.

Paterson City Post 1801, VFW.

W.W. 1 & 2 Nurses (the late Hon. Maude F. Mann in charge).

Subsequent to World War II, the following veterans posts became affiliated with the Veterans Council of Paterson:

Affiliated Posts

War Veterans League of the Paterson Post Office.

Bernard F. Armitage Post 360, A.L.

Falls City Post 268, A.L.

John K. C. Wardlow Memorial Post 7859, VFW.

Lt. A. W. Bohny Post 431, Catholic War Veterans.

Riverside Veterans, Inc.

Rohloff-Zabrowski Memorial Post 379, A.L.

United War Veterans of World Wars I and II.

John Raad Memorial Post 438, A.L.

Military Order of the Purple Heart Chapter 366.

AMVETS Post No. 1, Veterans Assn, Wm. Paterson College.

Mr. Speaker, I appreciate the opportunity to seek this national recognition of the leadership achievement of Norma Brigliadoro in the veterans organizations of America and extend our warmest greetings and felicitations to her, the officers and members of the Veterans Council of Paterson, N.J. for their dedication and devotion to the needs of our Nation's war veterans. We do, indeed, salute them for their outstanding service.

A BATTLE PLAN TO MEET THE ENERGY CRISIS

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. MURPHY of New York. Mr. Speaker, the plan by Charles F. Luce, board chairman of the Consolidated Edison Co. of New York, in the March issue of Reader's Digest, is an excellent portrayal of the ability of the private energy sector leadership to formulate and articulate an energy plan to meet the U.S. energy needs currently and in the long term. While I disagree with some recommendations offered by Mr. Luce, I do feel that his overall comprehensive treatment of the energy crisis can well be studied by the Federal public officials whose plans offered so far fail to meet the energy problem on an overall basis. The article entitled "A Battle Plan to Beat the Energy Crisis" follows:

A Battle Plan To Beat the Energy Crisis

Today's growing energy shortage constitutes the worst peacetime crisis in our nation's history. Indeed, unless immediate action is taken to end our dependence on foreign petroleum, a dependence that is draining our wealth away at an alarming rate, we face disaster in the years ahead.

The five-month embargo imposed on the United States by the Arab nations (which produce 70 percent of the world's exported oil) in 1973, when we were dependent on imported oil for 16 percent of our energy, cost the nation 500,000 jobs and up to $20 billion in production. A prolonged embargo several years hence, when we are 50-percent dependent on foreign petroleum—as we will inevitably be if trends continue in their current direction—could destroy our economy or provoke us to military actions involving the gravest risks to mankind.

When the United States found itself similarly imperiled on the eve of World War II, President Franklin D. Roosevelt did not ask the nation's industries, engineers and scientists: "What can you do?" He told them: "This is what you must do"—spelling out in detail how many ships, planes, tanks and other munitions they were expected to provide. And, with the strong support of Congress and the American people, they responded magnificantly, carrying out the program to the letter and winning the war.

Precisely the same approach must be taken now to meet the energy crisis. President Ford's January speech setting specific timetables for new energy production and calling for the reduction of oil imports was long overdue. It can take from two to ten years to develop new oil fields and coal mines, to lay pipelines and build power plants, and even longer to develop the technologies needed to transform coal into liquid and gaseous fuel, and to harness solar, fusion and geothermal energy sources. We do not lack for energy resources, but we still lack a comprehensive program, and an organization with the determination and authority to carry it out.

ENERGY BOARD

We must act *now* to establish a single, powerful federal body that would supersede and absorb the functions of the score of independent and overlapping government bureaus and agencies that now administer and, too often, thwart energy production. The new Energy Board would tell our energy industries what is expected of each of them. It would help them raise the capital needed to expand production, cut through the red tape required to obtain licenses for new facilities, allocate scarce materials and administer intensive research and engineering programs to develop new forms of energy. It should be granted much the same authority in the energy and energy-supporting fields as was given to the War Production Board to produce war matériel during World War II.

The Energy Board should be assigned two mandates, the first of which would be to reduce the nation's extravagant consumption of energy. Its first, immediate conservation steps must include slashing oil imports, rationing gasoline and raising gasoline taxes. It will also be necessary in the near future to redesign automobiles to increase their gasoline mileage; to expand public transportation systems; to enforce heat-saving insulation standards for homes and other buildings; to improve the engineering efficiency of electric generating plants (which waste three fifths of the heat in the fuels they burn) as well as of light bulbs and appliances (some of which utilize only 10 to 30 percent of the energy they consume).

Such a conservative program could cut energy use by 15 percent or more, but this will not suffice to meet the energy needs of the future. Estimates indicate that there may be 25 million more Americans by 1985.

Moreover, millions of our citizens are now living below the poverty level, and their standard of living must be raised. To provide all these people with jobs, homes, food and clothing, our Gross National Product must increase at a rate of around 3 percent yearly. Thus, even assuming a 2.7-percent annual growth rate in energy consumption—rather than the customary 4.5-percent annual increase—the Federal Energy Administration (FEA) estimates that the United States will need about 38 percent more energy in 1985 than we consumed in 1973.

The second mandate of the Energy Board, therefore, would be to devise an accelerated production program that will render the nation so self-sufficient in energy by 1985 that it will not be necessary to import a single barrel of foreign oil. To achieve this goal requires a specific set of production targets, similar to the quotas that President Roosevelt assigned to industry for the production of armaments in 1939.

Fortunately, such a production blueprint already exists in the Project Independence Report released by the FEA last November. Formulated after seven months of intensive work by 500 professionals, it is the most authoritative study yet issued. It shows that in 1973 the United States consumed 75.6 quads (quadrillion btu's) of energy. (See chart above.) By intensive effort to increase production in all the energy industries, FEA experts tell us, we can eliminate all oil imports and still produce the 104.2 quads of energy we'll need in 1985.

SUPPLY OUTLOOK

Assuming the FEA projections to be generally accurate, we can realistically expect to attain energy self-sufficiency by 1985—*provided* we are willing to make the necessary all-out effort, and to pay the price. Source by source, here's how the prospects look:

Judging from U.S. Geological Survey estimates, at 1973 rates of consumption we have a 12-to-15-year supply of measured and indicated *oil* reserves, plus an additional 30-to-60-year potential supply in the still-untapped reservoirs of the mainland states, the underwater continental shelves extending from our shores and Alaska. New techniques have also been developed that will enable us to recover from existing wells considerably more of the 70 percent of the oil that is ordinarily left in the ground. But to raise production from the present 11 million barrels a day to the 19 that will be needed in 1985, we must take the "off limits" signs down at once and open for exploration the thousands of square miles of oil lands in

Alaska and off our Gulf of Mexico, Pacific and Atlantic coasts.

As for *natural gas*, Geological Survey estimates indicate that a 16-to-22-year supply in measured and indicated reserves, plus a 40-to-80-year supply of potential reserves, could be recovered from the same sources from which we obtain our oil. There are also great quantities of natural gas bottled up in fields that are economically inoperative because of the artificially low price restraints the government has placed on its interstate sale. If we are to accelerate annual production from the present 22 trillion cubic feet to the almost 26 million required in 1985, the price of "new" natural gas must be immediately decontrolled.

We have sufficient *coal* reserves to last for at least 800 years. Twenty years ago, we generated about 70 percent of the nation's electricity by burning coal, and we could do so again were it not for the overly rigorous restrictions of the Clean Air Act. We have the technology to remove more than 99 percent of the fly ash from smokestacks, and are developing efficient, economic scrubbers to eliminate sulfur emissions as well. But unless the Environmental Protection Agency restrictions are modified, the utilities may be burning even less coal in the years ahead than they do now.

We also know how to reduce *coal* to *liquid* and *gaseous* form. Two companies are spending more than a billion dollars of their own money to build huge gasification plants in the Southwest, anticipating the day when most of our gas will be synthetically produced. Though liquefaction of coal is less advanced, technologists are certain that the process will be operational before 1985. Another 80 billion barrels of recoverable oil are locked in the vast *shale* deposits of Colorado, Utah and Wyoming, and we know how to get it out. Although shale poses special environmental and cost problems, the FEA postulates that 250.000 to one million barrels of oil a day could be produced from it by 1985, plus half a million barrels from coal.

The problem with this synthetic oil is that no one knows how much it will cost to produce until full-scale conversion plants are in operation, and companies cannot afford to invest their money in so risky a venture. The solution may lie in long-term contracts, whereby the government would buy the oil at compensatory prices, storing it as a reserve against emergencies.

Generating capacity from *hydroelectric sources* could be raised as much as 50 percent by 1985. The increase would come not from building big new dams but from enlarging present dams, and through a method called pumped storage. In this latter technique, water is pumped up to high reservoirs when demand for power is low, using otherwise-idle nuclear and coal-fired generators. The water is allowed to flow back through turbines to create additional electricity during peak demand hours.

We have the technical capacity to build any number of *nuclear power plants*. To meet our 1985 objective, we will need some 200 more than the 54 now in operation. Yet the construction of nuclear plants has been crippled by scare headlines and the hostility of opponents, who have paralyzed such plant development under an avalanche of legislation and court injunctions.

INTELLIGENT BALANCE

The Energy Board must be given the authority to thwart such obstruction. Wanton degradation of the environment is, to be sure, no longer acceptable in our society, and we cannot lower standards to the point where the health and safety of workers and the public are threatened. We must restore the coal lands ravaged by strip mining, devise precautions to prevent oil spills, and build power facilities in such a way as to avoid damage to the ecology. But unless we can strike an intelligent balance in which human needs are given as much weight as esthetic needs and the needs of animals, there will be no way out of the energy crisis.

As part of this balance in meeting our fuel goals, we must build a second pipeline across Alaska, and a third, perhaps through Canada, to transport natural gas. We must reconcile ourselves to the erection of oil-drilling platforms off our coasts, and build new petroleum refineries in area such as now exists.

The cost of achieving energy self-sufficiency is going to be enormous—upward of half a trillion dollars over the next ten years. But at least the money will circulate at home to benefit Americans, and to create jobs in *this* country. The herculean drive will impose hardships on all of us. It will strain industry's resources, raise taxes, affect the environment, cause inconvenience and added expense to consumers.

But these are small prices to pay to keep America strong, free and independent. The one thing we cannot afford is delay. We are running out of time.

CUT IN FEDERAL AID HITS BLACK COLLEGES

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. RANGEL. Mr. Speaker, the cost of higher education has spiraled upward, both as a result of inflation and as an inevitable side effect of the need to provide space for a growing number of students. In addition, colleges and universities are striving to maintain and improve the quality and diversity of their academic offerings.

It is far from unusual for students to pay $4,000 or $5,000 to spend a single year at college. Tragically, higher education is becoming too expensive for many low- and middle-income families.

At the same time, under the Nixon and Ford administrations, the amount of Federal aid to higher education has failed to keep up with increased costs. More and more students are being forced out of school or prevented from attending at all for financial reasons. A number of colleges live a precarious existence, unsure whether they can remain in operation from one semester to the next.

Black colleges have been especially hard hit by the financial crisis. While Government aid has dropped, costs have risen. A study prepared for the United Negro College Fund revealed a serious reduction in the amount of assistance received by its member colleges. There are now approximately 200,000 students enrolled in the 107 black colleges across the United States in undergraduate, graduate and professional programs. This cut in Federal aid sharply affects these students, many of whom would be denied the opportunity to attend college if these black schools were forced to close their doors.

We in the Congress are deeply concerned about the inadequate amount of Federal aid to higher education at a time when President Ford has recommended a substantial boost in military spending. High on our legislative agenda for 1975 is increased aid and attention to education. We realize that equal educational opportunity cannot become a reality if the Federal Government shirks its duty to guarantee that higher education is available to all who want it.

I am including in the RECORD an article from the Indianapolis, Indiana, Recorder of March 1, 1975, on the financial plight of black colleges:

BLACK COLLEGES SEEK AID INCREASE

WASHINGTON.—The presidents of seven predominantly black colleges and universities told Caspar W. Weinberger, Secretary of Health, Education and Welfare, that black institutions required significantly increased federal aid to compensate for long-standing needs and spiraling costs.

The 107 black colleges enroll 200,000 students, the presidents reported, and their 30,000 graduates yearly exceed the number of black men and women from all other institutions combined.

"Failure to help these schools means thousands of unproductive youth instead of productive graduates who are contributors to our economy," Dr. Charles A. Lyons, chancellor of Fayetteville State University, said in an interview.

A 100-page study of federal aid to black colleges, prepared by an economist at Southern Methodist University in Dallas for the United Negro College Fund, indicates that the level of support for black colleges may be declining.

Dr. John W. Wiersma found that the effect of recent federal policies in the area of support for education was to reduce federal aid to the 107 black colleges and universities by 3 percent between fiscal years 1972 and 1973, the last years for which comparative figures were available.

Dr. Wiersma limited his study to the 41 black private or independent colleges that are supported by the college fund. These colleges suffered a 44 percent cut in federal aid in the same period, he reported in his study, which was financed with a Ford Foundation grant.

In 1972 federal support to all black colleges and universities was $257 million. In 1973 this support had declined to $250 million, according to the survey; and the 41 members of the United Negro College Fund received only $81 million in 1973, compared with $143.7 million in 1972.

Dr. Wiersma said in a telephone interview from Dallas that he suspected that federal support to non-black colleges had also declined in that period, mostly because of amendments to education legislation in 1972, but he argued that the cut had hurt black institutions disproportionately.

A number of changes in federal policy in recent years have affected black colleges adversely, according to the report.

Regional and local politics, especially in the South, where most black colleges are located, have served to move federal money away from black colleges and toward large, state-supported colleges, according to Dr. Wiersma.

Without saying that the government actively seeks the death of black institutions, Dr. Wiersma says that a kind of "benign neglect" could be fatal to any of them. And the theory appears to be that the schools will be accompanied by a shift of black students to other colleges and universities.

"I see evidence that many schools that serve minorities, including schools that serve Indians and Mexican-Americans, may be getting the same treatment," he said.

In his report, Dr. Wiersma wrote: "An office of Education 'fact-finding team' has recently been studying black students' needs.

"One of the policy alternatives under consideration is the use of additional federal funds to stimulate and encourage the desegregation of public Southern white institutions as an alternative to additional support for black colleges' expansion. There is growing belief that 'federal funding to black colleges is reaching a saturation point.'"

On several fronts the Justice Department has recently been attempting to achieve desegregation of state higher education, most actively in Mississippi.

Dr. Charles Lyons, who is president of the National Association for Equal Opportunity in Higher Education, and who led the delegation to Mr. Weinberger, said that his party had found government officials "attentive, concerned and understanding."

But he said that promises had been neither expected or given. "We wanted them to listen and promise to keep in touch," he said. "We did not expect to walk away with a bag of money."

CERTIFICATE OF SERVICE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mrs. SCHROEDER. Mr. Speaker, today I introduced two bills designed to assist veterans with less than honorable discharges.

These are the forgotten veterans of the Vietnam war—indeed, of all our wars.

According to Defense Department figures, 5.81 percent of all discharges issued during the Vietnam conflict were less than honorable, as compared to only 1.4 percent during World War II.

In human terms this 5.81-percent figure represents over one-half million young people now in civilian life with a permanent and crippling stigma.

These forgotten veterans have been generally overlooked, even during our national debate on amnesty.

The first of my two bills will require the Armed Forces to use a single document, a "certificate of service," for all past and future discharges, regardless of the reason for the discharge. The military will be prohibited from characterizing the discharge on the certificate of service. The idea for the certificate came from similar proposals made in the 1972 Defense Department "Report of the Task Force on the Administration of Military Justice."

The second bill I introduced today will permit most veterans with less than honorable discharges to receive veterans benefits based on the period of their honorable service.

These two bills are needed for the following reasons:

First. The high rate at which less than honorable discharges were issued during the Vietnam war;

Second. The crippling and, as a practical matter, permanent effect a less than honorable discharge can have on the veteran's civilian life;

Third. The financial and social costs to society from having hundreds of thousands of young men and women hampered by a less than honorable discharge in their efforts to get a job or secure an education;

Fourth. The lack of due process guarantees in the military discharge system, and the ease with which such discharges can be issued;

Fifth. The arbitrary, capricious, and discriminatory operation of the discharge system;

Sixth. The noncriminal reasons for most less than honorable discharges;

Seventh. The recommendations made by members of the 1972 Defense Department task force studying the administration of military justice that in many cases discharge characterizations should be eliminated; and

Eighth. The unbridled discretion the Veterans' Administration exercises in determining which veterans with less than honorable discharges can receive veterans' benefits.

Set out below is a report on less than honorable discharges followed by the text of my two bills.

The report was prepared in my Denver district office by two honorably discharged Vietnam veterans—Roy Bath, a student intern and former Marine Corps corporal, and Gary Mundt, my Denver staff aide for veterans' affairs and former Air Force captain:

REPORT BY ROY BATH AND GARY MUNDT

I. INTRODUCTION

"A man who is good enough to shed his blood for his country is good enough to be given a square deal afterward. More than that no man is entitled to, and less than that no man shall have."—Theodore Roosevelt in a speech in Springfield, Illinois, June 4, 1904.

Theodore Roosevelt notwithstanding, many veterans in the United States today are receiving much less than a square deal. Vietnam veterans whose character of service has been found to be less than honorable by the military—who have had injustices inflicted upon them by the Selective Service System, the military, and what a 1972 Defense Department study referred to as a "racist society"—these veterans with "other than honorable" discharges are being denied a chance in life, a square deal, by the country that sent them to fight.

The Vietnam era has produced four times the percentage of other than honorable discharges produced by World War II. Since 1963 half a million service members have been summarily booted out of the military after some kind of administrative processing or court-martial. While only 1.4 percent of all World War II discharges were less than honorable, the half million veterans in this category since 1963 represent 5.81% of all the discharges granted.

More than 65 percent of the less than honorable discharges handed out to Vietnam era servicepeople were given administratively without even the few procedural safeguards of a court-martial. Of the 35 percent who did receive a court-martial, 90 percent were convicted for an offense which was not criminal in civilian life. And those who didn't receive a court-martial were ushered out of the service on the grounds that they were unsuitable or unfit for military duty (tantamount to being a Beetle Bailey type), that they performed an act of misconduct, or that their discharge was necessary for "the good of the service."

In 1972, a Department of Defense Task Force on the administration of military justice visited 28 military installations in the United States and Europe. From their examination of 6,016 cases, they found that—

(a) More than 40 percent of the discharges were given for being absent without official leave (AWOL);

(b) Four percent were given for drug related offenses;

(c) Only 11 percent were given for major military/civilian offenses and

(d) Twenty-six percent were given for "other" offenses.

In short, whatever the technical offense the overwhelming majority of these discharges were given to young men and women, often under 20 years old, whose chief character defect was immaturity.

Moreover, the military displays no uniformity in the reasons for which these discharges are given. For example, the 1972 Defense Department study found that a discharge given for the "good of the service" in the Army and Marine Corps "seldom" results in anything but an undesirable discharge. The majority of discharges *for the same reason* from the Navy and Air Force are either honorable or general.

Timothy Jones (not his real name) was discharged from the Army for the "good of the service." Things might have been different, he thought as he looked over his undesirable discharge papers, if he had been in the Air Force or the Navy.

Tim, who had enlisted, spent a year in Vietnam, and pinned on his uniform were the National Defense Service Medal, the Vietnam Service Medal with two bronze stars, the Vietnam Campaign Medal, and the Army Commendation Medal.

After returning from Vietnam, Tim was put in an experimental holding company where he did little but pick up trash and cigarette butts. He asked for meaningful duty but was refused. He became bitter, and he went AWOL.

"He is unable to get a job, has become a recluse, will not date or return to his family," his mother wrote. "He said he would do all these things when he straightens out his life, meaning his discharge. The Vietnam War has many casualties, some wounds not visible. My son is a casualty, plus he has a skin condition contracted in Vietnam, which the VA refuses to treat, because of his discharge. How long does he have to pay? Is this going to last the rest of his life? Wasn't Vietnam enough?"

Unless something is done to change the situation, Tim, like the 500,000 other Vietnam era veterans with less than honorable discharges, will in fact have to pay for the rest of his life. Although the 1972 Defense Department study recommended that any inquiry by civilian employers about the nature of a veteran's discharge be declared discriminatory by the Equal Employment Opportunity Commission, nothing ever came of the recommendation, and veterans with other than honorable discharges are denied jobs on this basis daily from employers all over the nation. Even the National Alliance of Businessmen denies "contract jobs" to veterans with less than honorable discharges.

In addition, more than 171,000 veterans are being denied their benefits by the Veterans Administration in what appears to be in direct violation of the intent of Congress in passing the law determining eligibility for veterans benefits. Thousands of other than honorably discharged veterans are unable to qualify for a job or for VA benefits, are consistently unemployed or underemployed, have little or no hope for the future, and may turn to a life of crime, welfare, or drugs because of being branded "other than honorable" by the military.

II. THE DISCHARGE

Vietnam

There were more differences than just the types of weapons used between World War II and the Vietnam War. World War II began as the United States was attacked at Pearl Harbor by the enemy. Congress declared war, and the nation was united in its fight against the Axis powers.

When American men were sent in droves to

Indochina in 1965, the Pentagon had been advising against American involvement for 10 years. Congress never declared war, but it did provide the Truman, Eisenhower, Kennedy, Johnson, and Nixon Administrations with the funds to wage it. These administrations viewed Congress, the press, and the American public as factors to be influenced by the controlled release of propaganda and appeals to "patriotic" stereotypes. Unlike World War II, the country was never united during the Vietnam War, the nation was never attacked. During World War II the people were called upon to make sacrifices on behalf of their soldiers, and they did so gladly because of their unity in the fight. But during Vietnam, the country was operating under an inflation-producing "guns and butter" philosophy—guns for the soldiers and butter for the civilians. The veterans of World War II, whose average age was 26, were welcomed home by parades and praise, plentiful jobs, and a generous GI bill. Vietnam veterans on the average three years younger at 23, were welcomed by protest marches, inflation, high unemployment rates and an inadequate GI bill.

Considering the nature of the war, the inaction of the Congress, and the actions of the administrations of five presidents, it is grossly unfair to deny these veterans a chance in life. Their offenses are trite when compared to the offense of the war itself and the injustices they were forced to suffer because of it.

The Selective Service System that inducted the service members who were to receive the other than honorable discharges was the most unjust in the history of the nation. The Selective Service System had more men to choose from during Vietnam than it did during World War II; it had more men than it needed during the 1960's; and it chose only 11 percent of those eligible to complete their legal obligation. At the beginning of the war it did not choose men at random; instead, it provided deferments that favored middle and upper middle class young men. It exempted 51 percent of those eligible because they were women, and at the beginning of the war it provided deferments to men who were married and men who were ministers, farmers, or teachers. As a practical matter it provided exemptions for men who were over 26. Middle and upper middle class young men easily could pyramid student, occupational, and dependency deferments until they were over 26. The poor, on the other hand, were gobbled up into waiting Army arms.

Project 100,000

Perhaps the most striking example of the injustices inflicted upon the veterans by the military manpower system was "Project 100,000." Under this program, capability requirements were lowered in order to render more men (read: poor men) eligible for the draft—men who were supposed, under the program, to receive the education and training necessary to become better, more productive citizens in later life. The requirements were lowered to include men who scored between 10 and 30 on the Armed Forces capability test.

In 1964 Secretary of Labor, Willard Wirtz, said that "Project 100,000" would "constitute the most important human salvage program in the history of our nation." In effect, all the project did was take people from one slag heap and put them on another.

Minorities, of course, were drafted in disproportionate numbers through this program. Of blacks alone, 42.5 percent became eligible for the draft compared to 29.6 percent before "Project 100,000" was instituted.

"I applaud his (Secretary of Defense Robert McNamara's) objective," said Rep. F. Edward Hébert, Chairman of the House Armed Service Committee. "Maybe now they'll get Cassius Clay."

They didn't get Clay, and regardless of their objectives the results were clear: More than 37 percent of these newly eligible men saw combat in Vietnam. And a large number were to receive other than honorable discharges. According to a Pentagon study called "Project 100,000—Characteristics and Performance," these men had a rate of court-martial convictions twice that of a control group (3.0 percent as opposed to 1.4 percent). They also had a higher frequency of nonjudicial punishments than the control group (13.4 percent compared to 8.2 percent).

The battlefield was to demonstrate the burden inflicted upon minorities by the Selective Service System. Wrote Wayne Moquin in 1971 in *A Documentary History of Mexican Americans*:

"The war in Vietnam has taken a high toll among soldiers from low income backgrounds. The cause has usually been traced to exemptions built into the Selective Service System. . . . The brunt of the fighting would continue to be borne by the poor whites, Mexican-Americans, and other minorities."

These minorities, the 1972 Defense Department study noted—

"Having been deprived educationally, disadvantaged systematically and now dissatisfied with the unrewarding aspects of their duties are more likely to be charged with offenses that attract nonjudicial punishment and courts-martial, thus becoming candidates for other than honorable discharges."

In short, greater numbers of minorities were drafted than normal because of "Project 100,000." And these minorities were the least able to cope with the service, so they received other than honorable discharges in much higher proportion than their numbers.

In 1972, blacks alone received 33 percent of all the dishonorable discharges given, 20 percent of all the general discharges, 17 percent of all the undesirable discharges, and 21 percent of all the bad conduct discharges. Yet blacks accounted for only 11.9 percent of all service people that year.

(It should be noted that the military does not hold all the blame for this problem. As the 1972 Defense Department study pointed out, "It is not a Negro problem, a Mexican-American problem or a White problem. It is the problem of a racist society. To view it other than what it is will be a mistake of serious proportions. . .")

Military "Justice"

Another cause for the alarmingly high number of other than honorable discharges is the military system of justice. A person is eligible for an administrative or punitive discharge after committing such offenses as being absent without leave, smoking marijuana, disobeying orders, being late for work, failing to get a haircut, or not making his bed. The vast majority of these discharges are given not at a court-martial, but through simple administrative proceedings.

In most cases, the commanding officer decides the serviceperson should be handled administratively rather than through a court-martial. While the serviceperson can object and demand a court-martial, most do not because of threats from the commander. (The serviceperson may have an attorney present, but once again most do not; counsel is not automatically provided.) Simply stated, the serviceperson just signs on the dotted line and he or she is out—but often with a less than honorable discharge.

Sometimes the case will go before an administrative board. Again, this is at the commander's discretion. But this course offers little, if any, more protection. As one observer put it, at these hearings servicepeople:

"Do not have the right to confront all witnesses against them, a right guaranteed by the Constitution in all criminal proceedings including trial by court-martial. The case against them may be presented solely on the basis of documents. Moreover, the board does not have the power to subpoena witnesses, which makes it all the more likely that the witnesses will not appear in person. The rules of evidence applicable at a court-martial are applied only as strictly as a senior board member desires. Since he is not a lawyer, he is not required to rule on objections made to the admissibility of evidence; his only duty is to note any objections for the record."

The serviceperson is convicted at these hearings with only a preponderance of evidence; guilt does not have to be proven beyond a reasonable doubt.

What's more, according to the 1972 Defense Department study:

"The services evidence no uniformity in the characterization of discharge certificates issued. Discharges issued for the good of the service by the Army and Marines seldom result in anything but an undesirable discharge. But the majority of discharges for the same reason from the Navy and Air Force are either honorable or general. Similar disparities in the characterization of discharge certificates issued exist for motivational problems and discreditable incidents. *Such lack of uniformity vitiates the ultimate characterization of discharges as honorable general, or undesirable.*"

The Consequences

Servicepeople who do not receive administrative discharges, and they represent few of the less than honorable discharges by comparison, may receive punitive discharges which brand them as felons for life. The overwhelming majority of these veterans with punitive discharges have bad conduct discharges; only a small number received a dishonorable discharge. As in administrative discharges a large number of the court-martial punitive discharges were given to veterans who had been absent without official leave.

Albert Arellano was awarded the bronze star for action above and beyond the call of duty in Vietnam. He believed we were right to be in Vietnam, and he enlisted in order to go there. He just couldn't sit and watch the world go by and do nothing about it. When he returned from overseas, with only three months left to serve, Al went AWOL because of serious family problems.

When he was once again within the Army's jurisdiction, Al could have been discharged administratively under honorable conditions. Instead the Army gave him the maximum penalty—seven months of hard labor at Fort Leavenworth and a bad conduct discharge. Al, of course, was unable to continue working for the employer who voluntarily had traveled to Fort Carson to testify on his behalf. With no income, his pregnant wife, who has a story of miscarriages, he was forced to go on welfare.

Al served a total of six months, including pre-trial confinement and brig time in Fort Leavenworth. It was only after initiating an appeal and enlisting the aid of a Congressperson that Al was able to get his discharge upgraded to general under honorable conditions. But Al still doesn't have an honorable discharge and suffers as a result.

All veterans with other than honorable discharges suffer serious consequences. Congressional hearings are replete with testimony concerning the effects of an other than honorable discharge; general undesirable, and bad conduct discharges constitute life stigmas unless they are changed. An undesirable discharge, though not technically punitive in nature, constitutes a life sentence. It has effects equal to or more deleterious than a bad conduct discharge. These discharges mean the loss of numerous benefits at both the state and federal level. They seriously limit the employment opportunities of the veterans and disqualify well over 200,000 veterans from receiving their educational, hospital, and burial benefits.

RABBI ABRAHAM MAYER HELLER

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. SOLARZ. Mr. Speaker, late last month, the Jewish community in New York lost a beloved and highly respected leader—Rabbi Abraham Mayer Heller, of Brooklyn. Spiritual leader of the Flatbush Jewish Center since 1924, Rabbi Heller was the descendant of a distinguished rabbinical family which traced its antecedents to the Chief Rabbi, of Prague, some four centuries ago.

I frequently sought Rabbi Heller's advice, counsel, and guidance and believe that I greatly benefited from it. I will miss him deeply as will the members of his congregation and the community in general.

Mr. Speaker, the Flatbush Jewish Center prepared a special newsletter focusing on the highlights of Rabbi Heller's background and career. I would like to share this information with our colleagues and insert it herewith for inclusion in the RECORD:

RABBI A. M. HELLER

Rabbi Abraham Mayer Heller, spiritual leader of the Flatbush Jewish Center for over half a century died today. He was 77 years old and is survived by his wife Frances Heller (nee Lesser) and his son, Rabbi Zachary Israel Heller of Bayonne, New Jersey.

Scion of a prominent rabbinical family tracing its ancestry to the Chief Rabbi of Prague in the 16th Century, Rabbi Mom-Tob Lippman Heller the famous Talmudic commentator. Rabbi Heller assumed the pulpit of the Flatbush Jewish Center in 1924 and served continuously in that post until his recent illness. Under his leadership the Flatbush Jewish Center grew from a modest house of worship with a membership of 30 families to a prominent institution housing the Bialik School, a Conservative Day School which has become a prototype for similar educational institutions in this country; the first Conservative Day High School, the Solomon Schechter High School of Brooklyn, of which he was founder and guiding spirit; the Hillel School, an afternoon religious school; many Jewish, philanthropic and community organizations, and a wide range of activities for youth and senior citizens of Brooklyn.

It was his vision which inspired us to first erect the Community Center on Ocean Parkway primarily to house the Bialik School. With the rapid growth of the school, the proliferation of national and philanthropic Jewish organizations seeking meeting space, and the expansion of our youth program and senior citizens activities, additional space was needed. The impetus for further construction finally came with Rabbi Heller's successful efforts to blaze a new trail in the creation of a Conservative Day High School, the first anywhere. And so we built again—this time, the Educational Institute on Church Avenue and Ocean Parkway. In grateful acknowledgment of his leadership and as an expression of the community's deep affection for him, this edifice was in May 1970 officially dedicated as the Rabbi A. M. Heller Educational Institute.

From his early youth he was an active Zionist. Organizer and leader of youth groups, his interest and active involvement in the Zionist cause continued throughout his lifetime. He was a personal friend and confidant of many leaders of the State of Israel, and one of his last acts in visiting Israel was to provide a final resting place in Jerusalem for himself and his beloved life's companion, Mrs. Frances Heller.

Rabbi Heller was ordained at the Jewish Theological Seminary of America, which institution also awarded him a degree of Doctor of Divinity, and held degrees from the University of Minnesota, Columbia University, and St. John's University. He lectured widely, taught at the Seminary, contributed articles to numerous periodicals, and was the author of several books including the "Vocabulary of Jewish Life", "Jewish Survival", "Israel's Odyssey" and "The Jew and the World."

Despite his deep involvement the life of the Center and his action on behalf of the State of Israel, Rabbi Heller found time for numerous communal affairs. Founder and President of the Brooklyn Board of Rabbis, he also served as President of the New York Board of Rabbis and was largely responsible for securing for that body the support necessary to make of it today the world's largest Rabbinic organization.

Funeral services were held in the Main Synagogue of the Center Sunday morning, March 2nd. At an appropriate time in the near future, a Special Memorial Service will be held at the Center.

In response to the family's wishes, the Rabbi A. M. Heller Memorial Scholarship Fund has been created, It is expected that this fund will constitute perpetual endowment, the returns of which will be used annually to provide needed scholarships.

PEACE IN THE MIDDLE EAST

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. BINGHAM. Mr. Speaker, the failure of Secretary Kissinger's latest mission to the Middle East has produced a widespread mood of disappointment, even gloom. Given the hopes pinned on the mission, and given the intensity with which the mission was pursued, such a reaction was perhaps inevitable.

But this unhappy event is no cause for the kind of reappraisal of our policies in the Middle East that President Ford has called for.

For years our policies in the Middle East have been based on a determination to provide to Israel the support, both concrete and moral, needed to encourage and enable Israel to negotiate from strength and to survive as a vibrant and viable nation. Surely this basic policy is not subject to review.

I am very much afraid that the American public will read into Mr. Ford's statement a suggestion that Israel was intransigent in the recent negotiations. In fact, Israel took great risks and offered Egypt substantial concessions. Egypt apparently offered no concessions in return, merely asserting a right to the land.

In considering the justice of Egypt's demand for the return of the land, we should never forget how Israel's occupation of the Sinai came about. The 1967 war was brought on directly by Nasser's demand for the departure of the U.N. peace-keeping forces and his attempt to choke off Israel's life line by closing the straits at Sharm el-Sheik. No doubt Egypt would now like to forget that basic fact, but the Israelis do not forget it—and rightly so.

In reacting to the collapse of the Kissinger mission, Congress should keep clear Egypt's role in the late negotiations, which was to demand much and offer nothing.

Recently, we have perhaps been too dazzled by the first, faintest glimmer of the prospect of peace in the Middle East: when President Sadat expressed the thought that a state of peace between Israel and Egypt was imaginable, that in itself was considered a major concession. But in the recent negotiations, Egypt went no further and simply continued to hold forth the possibility of peace sometime in the future. And while such a position is, of course, preferable to the belligerent declarations of the Nasser era, it certainly does not constitute the kind of concession that alone would justify Israel in taking a mortal risk.

Indeed for Israel to give up the passes and the oil fields and get nothing in return except vague promises of a better attitude in the future would have been sheer appeasement. And appeasement, as we know to our sorrow, brings nothing but more demands.

The failure of the Kissinger mission does not mark the end of hope for peace in the Middle East; if Arab attitudes have indeed changed sufficiently to make peace a realistic hope, then we are still at the beginning, not the end of the diplomatic trail. Certainly, as recent events make painfully clear, the path to peace will be long and difficult, and expensive as well; but it will be made no shorter, or cheaper, by impatiently sacrificing either vital Israeli interests, or our own ability to perceive the facts.

FERDINAND SORENSEN SHARES HIS DANISH HERITAGE

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. LAGOMARSINO. Mr. Speaker, the ability to create is God's most generous gift to man. The responsibility of man is to develop this ability through hard work.

My constituent Ferdinand Sorensen took on this challenge in many areas; architecture, sculpture, design. He has undertaken this work for the people of Solvang, Calif., so that he could leave them his art, to work and live with.

Many times he has been called the "architectural father" of Solvang, and indeed from the day he built the first windmill in the Danish style of architecture, he has given Solvang a wonderful atmosphere that has attracted visitors to it for many years.

I wish to thank him for the joys of his Danish heritage that he shares so generously with Solvang and for the dedication he has had since he first arrived there.

In commemorating his 75th birthday I

ask the House to extend its felicitations to this man in a hope that he will have many more years of productive life.

PEOPLE DO NOT WANT SST'S

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. WOLFF. Mr. Speaker, I am pleased to once again pass on to our colleagues in the House the feelings and experiences of citizens from New York who are faced with the threat of landings by the Concorde SST, one of the noisiest aircraft ever built.

While our Government, and its paid-for scientists, continue to claim that the SST will be no noisier than today's subsonic aircraft, the people who live near John F. Kennedy Airport know better.

Indeed, as one of the letters published recently in our outstanding afternoon newspaper, the Long Island Press, clearly states, the Concorde SST will produce noise levels hazardous to the health of man and animals alike.

This and other crucial environmental issues will be fully aired during the hearings on the SST in Washington, on April 14, and in my district, in New York, on April 18–19. I urge my colleagues to listen to the voice of the people at these hearings.

Mr. Speaker, I now submit for the RECORD three letters recently published in the Long Island Press which speak for themselves, and speak well for our communities and their leaders:

ANOTHER OPINION—SST: NOWHERE LEFT TO GO

Last year, I spent my vacation, on a remote Scottish island where the air was so clean my hosts felt the need to don gas masks whenever they visited the nearest village for supplies. One day my traveling companion and I heard a terrific noise overhead which caused the highland cattle around us to panic.

My hosts explained that it was the Concorde jets being tested at an RAF base about two hours' drive down the mainland peninsula. The sonic booms, becoming more frequent, caused them to fear for the safety of their herds.

We learned that the British government considered that in a country of more sheep than people they wouldn't be hurting anybody or anything by testing these jets there. Ironically, my hosts were ex-city dwellers who'd come to the western isles to escape the rat race, but it would appear that there's just nowhere left to go.

Now what about this big jet that's supposed to take us across the Atlantic in three hours? I'm not even going to dwell on the evils and annoyance to be caused by the noise and pollution it gives off. The automobiles, planes and aerosol sprays already in circulation do a murderous job on our environment without any help. But instead let's look at the Concorde from the point of view of business and of efficient people—moving it just doesn't make sense. Not when the planes we have take off half empty. Not when this new plane is practical only for long hauls, which make up a minority of all flights.

It doesn't make any sense even for those eager businessmen who would welcome the miracle of turning the Atlantic Ocean into the Atlantic River. Why? Because it doesn't take any less time now to get from, say, New York to London than it did before the days of seven hour jets. All advantages gained by cutting flying time have been lost by longer ground time before and after flights. We may find ourselves paying more for nothing more when it comes to groceries, but for a plane flight it has to be sheer madness. One must be shortsighted indeed to submit to pressure groups who would convince us that the returns on this supersonic monster would be worth sacrificing the quality of life or even life itself.

JANET RUDMAN.

ROCKVILLE CENTRE.

POINT OF VIEW—WANT SST'S BANNED

The Press is to be congratulated on its excellent editorial (March 6) "FAA jumps light on the Concorde." as well as its comprehensive news coverage of the Federal Aviation Administration's controversial proposal to permit supersonic jets to land at Kennedy Airport.

The Chamber of Commerce of the Rockaways, along with other concerned groups, has consistently opposed the air pollution and noise resulting from subsonic jets using Kennedy. The FAA's proposal, which would further aggravate the problem, appears to us as a callous disregard for the health, welfare and safety of the many thousands whose homes and businesses would be affected by the SST flights.

The FAA's proposal is particularly irresponsible in light of the agency's own environmental impact report citing the noise, pollution and fuel consumption of supersonic jets.

Residents and business people in communities near Kennedy have fought against the introduction of supersonic jets there; studies have indicated the potential health hazards, and still the FAA is seeking to impose its will. The Rockaway Chamber will do all within its power to stop such high-handed action by a federal agency.

IRVING S. SCHNEIDER,
Executive Director.

FAR ROCKAWAY.

The approval granted by the FAA to British Airways and Air France to initiate Concorde SST flights to and from Kennedy Airport is a violation of public trust. Congress stopped financing manufacture of an American supersonic transport because the vast majority of American public opinion are against the operation of supersonic planes. Congress should follow the same line of reasoning and ban foreign SSTs.

JOHN J. FETSCHER,
President, Hammel Holland Seaside Civil Association.

ROCKAWAY BEACH.

SURFACE MINING CONTROL AND RECLAMATION ACT

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. WAXMAN. Mr. Speaker, on Tuesday, March 18, 1975, I was ill and unable to be present for the final vote on H.R. 25, the Surface Mining Control and Reclamation Act. I was very pleased that this crucial piece of landmark legislation passed the House by such an overwhelming majority. I was also pleased with the strengthening amendments which were attached during the floor debate. Had I been present, I would have voted for H.R. 25 and the strengthening amendments.

I was greatly disturbed last December when similar legislation was vetoed by the President. Because we have allowed the coal industry to mine the coal so irresponsibly in the past we are now forced to mandate the extraordinary provisions of H.R. 25.

We desperately need this legislation.

AN AVERAGE CITIZEN OBSERVES HIS PRESIDENT

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. CONTE. Mr. Speaker, the March 6 edition of the Catholic Standard of Washington, D.C., included a letter from a citizen who had recently observed our President attending religious services at St. Matthew's Cathedral. The citizen was Mr. John M. Szostak of Alexandria, Va. He was deeply moved by his experience and saw fit to share his impressions with the readers of the Catholic Standard.

I, in turn, was deeply moved by the sincerity of the remarks of this average citizen and I would like to share them with Members of this body.

We, who had the great privilege of serving and working with President Ford while he was a Member of the House of Representatives, know that our President is a man of deep religious and moral convictions. We know that he is doing the best he can, with God's help, to be a good President, just as he aspired, for 25 years, to be a good Congressman.

I commend Mr. Szostak for encouraging his fellow citizens to remember our President in his prayers. From his brief observation of the President he recognized a man who not only needs, but welcomes that kind of help.

At this point in the RECORD, I include Mr. Szostak's letter:

[From the Catholic Standard, Mar. 6, 1975]

READER IMPRESSED BY PRESIDENT FORD

(By John Szostak)

The Votive Mass of the Holy Spirit—historically known as the Red Mass—is held annually at St. Matthew's Cathedral. This year it was privileged to have as one of its participants President and Mrs. Ford. The purpose of the Mass is to invoke God's blessings on all judges, lawyers and public officials.

As an average citizen I was privileged to sit two rows behind the President and Mrs. Ford. For over an hour I observed and gathered my impressions of what kind of man is Jerry Ford. My first impression is that he is honest, down to earth, a man of deep religious conviction and a great family man. I have seen Mr. Ford several times as a Congressman, Vice President and now as President. The office of President has not greatly changed him.

Mr. Ford is reputed to be a man of deep personal faith. At such close range one could see the evidence of this faith. Although not a Catholic, he still participated fully and reverently. One could also see the great love Mrs. Ford has for him as well as her faith and trust in him. There was an aura of love of God and his family surrounding him.

I overheard one clergyman say that President Ford is a holy man. One can see why because he depends heavily on God's help to guide him in his Presidency, especially in these turbulent times.

As a final note I only wish that every one in America could have such an experience because we are blessed to have a man like Mr. Ford as President. He needs our prayers and our confidence. My last observation is that he is genuinely concerned and is doing the best he can with God's help to be a good President. This rare experience has given me great confidence in Mr. Ford and renewed hope in a bright future for our country.

NATIONAL SCHOOL LUNCH ACT AND CHILD NUTRITION ACT AMENDMENTS

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. MOFFETT. Mr. Speaker, as a strong advocate of continued funding for the National School Lunch Act and Child Nutrition Act Amendments, I am pleased to submit four resolutions passed by the Hartford Court of Common Council. These resolutions serve as a clear expression of opposition to the adminitration's proposed cutbacks of these valuable programs. Congress must maintain adequate funding for the school breakfast program, the special food services program for children, the special milk program, and the WIC program.

The resolutions follow:

Hartford, Conn.,
March 10, 1975.

This is to certify that at a meeting of the Court of Common Council, March 10, 1975, the following resolution was passed:

Whereas, The School Breakfast Program provides the day's most important meal to youngsters who would otherwise lack this vital nourishment; and

Whereas, President Ford's proposed 1975-76 budget provides for elimination of the School Breakfast Program; now, therefore, be it

Resolved, That the Hartford Court of Common Council does hereby go on record as rejecting the Ford Administration's elimination of the School Breakfast Program and urges that the program be continued at least at current funding levels after June 30, 1975, by continuing Congressional resolution(s), pending the enactment of new legislation, with adequate appropriations; and be it further

Resolved, That the Town Clerk is hereby directed to forward copies of this resolution to President Ford, the Connecticut Congressional delegation in Washington, D.C., Senators George McGovern and Hubert Humphrey, Congressmen Charles A. Vanik and Carl Perkins, Dr. Richard Felter, Assistant Secretary, U.S. Department of Agriculture, and Mr. William G. Boling, Director, Child Nutrition Division, Food Nutrition Service, U.S. Department of Agriculture.

Attest:

Robert J. Gallivan,
City Clerk.

Hartford, Conn.,
March 10, 1975.

This is to certify that at a meeting of the Court of Common Council, March 10, 1975, the following RESOLUTION was passed:

Whereas, The Special Food Services Program for Children provides essential year-round day care and summer feeding services to children who might otherwise be denied vital care and nourishment; and

Whereas, President Ford's proposed 1975-76 budget provides for elimination of the Special Food Services Program for Children; now, therefore, be it

Resolved, that the Hartford Court of Common Council does hereby go on record as rejecting the Ford Administration's elimination of the Special Food Service Program for Children (year-round and summer feeding) and urges that programs be continued at least at current funding levels after June 30, 1975, by continuing Congressional resolution(s), pending the enactment of new legislation, with adequate appropriations; and be it further

Resolved, That the Town Clerk is hereby directed to forward copies of this resolution to President Ford, the Connecticut Congressional delegation in Washington, D.C., Senators George McGovern and Hubert Humphrey, Congressmen Charles A. Vanik and Carl Perkins, Dr. Richard Felter, Assistant Secretary, U.S. Department of Agriculture, and Mr. William G. Boling, Director, Child Nuttritution Division, Food Nutrition Service, U.S. Department of Agriculture.

Attest:

Robert J. Gallivan,
City Clerk.

Hartford, Conn.,
March 10, 1975.

This is to certify that at a meeting of the Court of Common Council, March 10, 1975, the following RESOLUTION was passed:

Whereas, The Special Milk Program provides school children with an essential part of their daily diet; and

Whereas, President Ford's proposed 1975-76 budget provides for elimination of the Special Milk Program; now, therefore, be it

Resolved, That the Hartford Court of Common Council does hereby go on record as rejecting the Ford Administration's elimination of the Special Milk Program and urges that the program be continued at least at current funding levels after June 30, 1975, by continuing Congressional resolution(s), pending the enactment of new legislation, with adequate appropriations; and be it further

Resolved, That the Town Clerk is hereby directed to forward copies of this resolution to President Ford, the Connecticut Congressional delegation in Washington, D.C., Senators George McGovern and Hubert Humphrey, Congressmen Charles A. Vanik and Carl Perkins, Dr. Richard Felter, Assistant Secretary, U.S. Department of Agriculture, and Mr. William G. Boling, Director, Child Nutrition Division, Food Nutrition Service, U.S. Department of Agriculture.

Attest:

Robert J. Gallivan,
City Clerk.

Hartford, Conn.,
March 10, 1975.

This is to certify that at a meeting of the Court of Common Council, March 10, 1975, the following RESOLUTION was passed:

Whereas, The Women, Infants and Children Special Supplemental Food Program (W.I.C.) provides much-needed assistance, in the form of special supplemental food, to pregnant women and their infants and young children; and

Whereas, President Ford's proposed 1975-76 budget provides for elimination of the W.I.C. program; now, therefore, be it

Resolved, That the Hartford Court of Common Council does hereby go on record as rejecting the Ford Administration's elimination of the Women, Infants and Children Special Supplemental Food Program and urges that the program be continued at least at current funding levels after June 30, 1975, by continuing Congressional resolution(s), pending the enactment of new legislation, with adequate appropriations; and be it further

Resolved, That the Town Clerk is hereby directed to forward copies of this resolution to President Ford, the Connecticut Congressional delegation in Washington, D.C., Senators George McGovern and Hubert Humphrey, Congressmen Charles A. Vanik and Carl Perkins, Dr. Richard G. Boling, Director, Child Nutrition Division, Food Nutrition Service, U.S. Department of Agriculture.

Attest:

Robert J. Gallivan,
City Clerk.

SECRECY AND INTERNATIONAL COOPERATION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. BROWN of California. Mr. Speaker, the current deluge of revelations about secret U.S. activities have allowed the American public to see why the international community does not trust us. Foreign governments, who have been the victims of our deceptions, are quite aware of the U.S. Government's use of tactics which most Americans probably expect to be used only in time of war. We have frequently heard complaints that other governments believe that the U.S.-based international corporations are fronts for covert CIA or other U.S. Government operations. The recent revelation about the *Glomar Explorer* and its construction for the CIA is a Howard Hughes deep-sea mining front merely informs the American public about activities which other governments, rightly or wrongly, have already assumed we are conducting.

Secrecy is supposed to protect our Government's national security activities from discovery by hostile forces. The secret activities by our Government were and are, as we learn daily in the newspapers, directed against the American people as much as anyone else. The *Glomar Explorer* episode is cited as a legitimate secret operation. The current focus on this expensive project is apparently designed to demonstrate that not all Government spying is against the American people. This is comforting to know, but it does not make this operation, and the means by which it was carried out, a completely innocent operation.

The most significant fall-out from the *Glomar Explorer* episode may be the scuttling of any meaningful Law of the Sea treaty, particularly in regards to the international seabed. One of our colleagues in the other body has studied this subject at length, and at the conclusion of these remarks I would like to insert an article by Senator Claiborne Pell in the Record. In that article Senator Pell points out that the Howard

Hughes-CIA operation may have several adverse impacts on current international negotiations. In Senator PELL's own words:

> One result, in my view, is that the credibility of the United States in international ocean affairs, scientific research, commercial operations, law-of-the-sea negotiations, and arms control, may have been damaged.

There are some other issues, besides those raised by Senator PELL. One obvious question is, who was this operation secret from? There are reliable reports that say that Russian trawlers were following the *Glomar Explorer* on this "secret" cruise, and even Russian helicopters were photographing the expedition. During the early construction phase of this vessel, which is the largest deep-sea mining and drilling rig in the world, there was speculation that it could be, and would be used for military purposes. Do we believe the Russian spy apparatus, which knows of our use of corporations as CIA covers, did not deduce the military and intelligence significance of this operation?

Mr. Speaker, I will end my discourse here, having raised what I hope are significant issues to be explored by the proper committees. I would hope that in the future, secret operations are legitimately secret for national security reasons, and not to go around the appropriations process of the Congress, or the treaties of the United States, or for deceiving and manipulating the American people.

The article by Senator CLAIBORNE PELL follows:

[From the Washington Star-News,
Mar. 23, 1975]

WHO WILL TRUST US NOW?—OUR CREDIBILITY ON OCEANS, ARMS CONTROL AT STAKE

(By CLAIBORNE PELL)

Project Jennifer, the CIA operation to salvage a sunken Soviet missile submarine, furnishes, in all its undercover, underwater aspects, the stuff of which tales of science fiction and high espionage drama are spun.

Jennifer also provides food for serious thought. Whether Operation Jennifer should have been undertaken and whether the potential or actual benefits were worth either the dollar costs or the diplomatic risks are, of course, important questions. I, for one, prefer to reserve my hindsight judgments on those questions until I know a great deal more about the actual costs and intelligence benefits.

I do think, however, that we can and should begin to examine some of the implications and possible costs of the grand deception—the consequences of the cover used to conceal the real work of Operation Jennifer.

The cover for the elaborate engineering project involved in raising the submarine was a commercial deep-seabed mining enterprise. According to press reports, the recovery vessel, the Glomar Explorer, was built for the CIA by Summa Corp., the Hughes holding company, at a cost reaching into the hundreds of millions of dollars, expressly to recover the Soviet submarine, its weapons and code machines, from a depth of nearly three miles.

Commercial exploitation of deep-seabed minerals is a frontier industry, an industry still in an experimental and developmental stage. As such it is expensive, financially risky, and closely related to commercial scientific exploration and study of the oceans and seabeds.

Because deep seabed mining takes place in the new geographic frontier of the oceans, it is the subject of intensive debate and sensitive negotiations internationally and within the United States. At stake are such impartant questions as the ownership of seabed minerals, the authority to regulate their exploitation and use, and the right to benefit from their potential wealth in a resource-short world.

In addition, we must remember that the oceans, as an international area, are one of the principal arenas for cooperation among nations in scientific research.

It is in this context that it was suddenly revealed that what had been noisily presented as a legitimate United States commercial ocean venture was, in reality, an intelligence operation by the U.S. government.

One result, in my view, is that the credibility of the United States in international ocean affairs—scientific research, commercial operations, law-of-the-sea negotiations, and arms control—may have been damaged.

Testimony to such damaged credibility already has been received from Geneva, where the Third United Nations Law of the Sea Conference began its second session last week—a session that it is hoped will produce broad international agreements on law-of-the-sea questions of vital importance to the United States and to more than 150 other participating nations.

One of the goals of the United States at that conference is an agreement to permit the broadest possible freedom for scientific research in the oceans. The developing nations at the conference have long harbored suspicions that ocean research by the advanced nations was in effect an intelligence operation, providing information on resources from which the poorer nations would never benefit.

After disclosure of Project Jennifer, a leading foreign participant in the Geneva Conference said the disclosure would make it much harder to obtain an agreement on freedom of scientific inquiry in the oceans. Jennifer served to confirm their suspicions that U.S. activities in the oceans are not always what they seem to be.

And, indeed, one could not blame other nations, particularly the Soviet Union, if they are somewhat wary about working with the United States on international ocean exploration projects. Consider how the following circumstances must appear to the Soviet Union:

The Glomar Explorer has a sister ship, the Glomar Challenger. Both are operated by Global Marine International (GMI). The Explorer, according to news reports, did its submarine-raising work under a subcontract from Hughes' Summa Corp., and funded by the CIA.

The Challenger, also operated by GMI, works under a subcontract from Scripps Institution of Oceanography in California, largely funded by the National Science Foundation. The Glomar Challenger, by taking deep core samples of the seabeds in the Atlantic and Pacific, has produced revolutionary scientific evidence on the geologic history of the earth's surface. Indeed, the Soviet Union was so impressed with the scientific value of the work of Challenger that the Soviet government agreed to contribute $1 million a year to the deep-seabed coring work done by Glomar Challenger beginning last year.

So, while GMI's Glomar Challenger was conducting basic scientific research, her sister ship, GMI's Glomar Explorer, was secretly hauling up portions of a lost Soviet missile submarine while pretending to harvest deep-seabed minerals. The Soviets would be less than human if they did not have some suspicions about the whole venture. Again, without prejudice to the idea of recovering the submarine, I think we can see that the cover developed by the CIA has some unfortunate drawbacks in terms of international scientific cooperation.

It would be tragic, indeed, if this promising beginning in United States-Soviet cooperation in basic science should be set back because the CIA chose for its cover the same company that the National Science Foundation and Scripps chose for research.

Speculatively we can also ask whether the seabed mining cover for Jennifer has not, to some extent, distorted the consideration of seabed mining legislatively in the Congress, and internationally at the Law of the Sea Conference.

In order to deceive the Soviets as to what Glomar Explorer was up to, the CIA *had also* to deceive the American people, American business, and the press. The deception may have been harmless, but we can't be sure.

During the construction and operations of Glomar Explorer, the ocean trade press carried repeated speculative stories on what Hughes was up to in ocean mining. In the Congress, hearings were being held by the Interior Committee on proposed seabed minerals legislation, and the Hughes enterprise was one factor often cited in reference to that legislation.

As chairman of the subcommittee on Oceans and International Environment of the Senate Foreign Relations Committee and as the original Senate proponent of an international regime for ocean space, I conducted hearings in June of 1973 on United States policy preparations for the Law of the Sea Conference. The Hughes plans for ocean mining figured in a minor way in the hearings.

Information available to the committee at that time indicated that of three companies, including Hughes Tool, preparing to mine seabed minerals, two companies would not proceed with their plans unless special protective legislation were first passed. The one company which had indicated it would proceed, without special legislation, was Hughes Tool. In retrospect that position, of course, was necessary. The CIA could not wait for passage of seabed mining legislation before putting the Glomar Explorer to sea on her real mission—which had nothing to do with seabed minerals.

Meanwhile, among nations preparing for the Law of the Sea Conference, the publicly announced deepsea mining purpose of Glomar Explorer created concern. Did the United States indeed, as it stated, view the deep-seabed minerals as the heritage of all mankind, or was it going to permit its business community to rush into exploitation of seabed minerals on the old first-come, first-served basis, without regard for an orderly, equitable hearing of the "common heritage"? Again, the cover had an impact, all of its own.

The question also can be asked whether the Hughes seabed mining venture, apparently financed by the CIA, may not have given at least some subtle competitive impetus to the plans of other U.S. entries into seabed mining.

More broadly, the cover chosen by the CIA for Project Jennifer, and the subsequent blowing of that cover, has an insidious impact on current arms-control efforts.

As most of us learn at a young age, the agony of telling a lie and being found out is in the realization that trust, once destroyed, is rebuilt at a painfully slow pace.

This spring, in addition to the Law of the Sea Conference, the United States also will be participating in a review of the Non-Proliferation Treaty on Nuclear Weapons, which is linked to the United States-Soviet Strategic Arms Limitation Talks (SALT), and the Conference of the Committee on Disarmament (CCD), which will be negotiating on international agreement to prohibit the use of environmental warfare techniques.

Some time ago, in the light of prospects for development of powerful and dangerous environmental warfare techniques and being aware of the secret U.S. use of rain-making techniques as an offensive weapon during the war in Southeast Asia, I introduced in the

Senate a resolution urging the negotiation of a treaty prohibiting environmental warfare.

The adoption of the resolution by the Senate in July 1973 was followed by a joint U.S.-Soviet agreement for bilateral talks on the subject at the last Nixon-Brezhnev summit in Moscow, and later by the Soviet submission of a General Assembly resolution asking the CCD to produce an environmental-warfare prohibition agreement.

Scientific research on the environment, and particularly the atmosphere, is much like ocean research in that it requires international cooperation to be fully effective. U.S. meteoroligists expressed deep concern that the secret weather manipulations in Indochina might undermine vital international cooperation in weather and climate research.

The use of the Glomar Explorer cover in Project Jennifer may well serve to increase the wariness of other nations in negotiating with the United States in such matters as weather modification as well as ocean research and ocean resources.

It is too early to tell whether the seeds of distrust sown by Jennifer will sprout at the arms control and environmental modification talks. I hope the progress of those talks is not impeded. They are much too important to our national security and to the future security of mankind.

It may be that all of the repercussions of Project Jennifer, and of the particular cover for the operation, were carefully considered before the project was undertaken. It may be that the potential or actual intelligence gains outweighed those risks. What is unmistakably clear is that clandestine operations like Jennifer have a unique capacity for clouding the waters of international trust and understanding.

Jennifer presents a classic dilemma in national security policy. Intelligence needs—an important element of national security—can and often do conflict with the pursuit of international understanding and international agreements, on which our long-range national security is also heavily dependent.

History will tell whether, weighing these conflicting demands in Project Jennifer, the correct judgment was made.

DEWEY ANDERSON'S EMPLOYMENT PLAN

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. EDWARDS of California. Mr. Speaker, I would like to introduce into the RECORD a proposal to help meet our presently severe unemployment problem. Although directed to the State of California, I believe that the plan's basic concepts can be applied successfully throughout the country. In brief, the idea is for the Government to insure 'approved wealth-creating works projects. These projects, either privately or publicly owned, would have a large job content and would have end results geared to socal betterments.

The author, Dewey Anderson, has had extensive experience in dealing with unemployment. During the depression he chaired the Unemployment Committee of the California State Assembly and later served as the State relief administrator. He has also written a good deal on both welfare and economic problems.

I certainly hope my colleagues here will examine and consider this following proposal, as I feel it is a very worthy one, and has great potential:

A PROPOSED PLAN TO MEET THE UNEMPLOYMENT CRISIS IN CALIFORNIA

(By Dewey Anderson)

Unemployment, the need for jobs, is the most pressing human, political and economic problem confronting California. The presence of hundreds of thousands of jobless men and women seeking work in their communities which are greatly in need of what their labor may produce, does not have to be the way we Californians have to go during the difficult months ahead. We can meet this situation constructively. The following brief outline offers a starting point for discussion and action.

BASIC FACTS

Official figures of unemployment of the normally employed in the United States are currently close to 8 per cent. California exceeds the national average. Some estimates reach 10–12 per cent, by midyear. If that happens, the "pockets" of unemployment will go considerably higher, notably in Los Angeles County where Watts will see real trouble, and in Santa Clara and Alameda Counties. Putting people back into the statistics, more hundreds of thousands of Californians are without jobs now than ever before, even including those jobless in the Great Depression.

There has already been a march of the jobless on the State Capitol—there will be more! Nothing in the Ford package of anti-depression measures will stop the unemployment trend in the short run—say the next half year or year. Nothing so far enacted or proposed and likely to become effective soon enough is in the Congressional hopper, either. Older workers and young people seeking jobs will suffer most.

SOME PERTINENT HISTORY

Unemployment was met during the Great Depression of the 1930s by a combination of Federal-State-Local efforts. At the Federal level, the Public Works Administration (PWA) provided jobs on works projects approved and funded mostly by the Federal Government, and managed by a combination of local-state-federal administrations. The Works Progress Administration (WPA) sought to meet the needs of less qualified unemployed in made-work projects requiring less investment of equipment and capital and providing the maximum of job opportunities. The State of California established a State Relief Administration to supplement these federal approaches, for there was a substantial residue of persons who could not get PWA or WPA employment.

WHAT WE LEARNED

Lessons learned from this experience should be heeded in any new effort made.

1. PWA is costly and does not yield a high proportion of jobs for the money expended. Four major costs are engineering, planning, materials and administration. Only if the projects are wealth-creating, or provide structures that are required by the community but have been deferred, can a major effort that will greatly increase jobs be justified. The Administration and the Congress may have to come to this decision eventually.

2. WPA gets people working faster, but the projects are largely "made work" and subject to much public criticism. The Congress shows little inclination to adopt a WPA program.

3. The proposed tax relief must not be confused with jobs, although it may be needed to provide more purchasing power, and hence underpin recovery that should eventuate in more jobs later on.

4. SRA did a tremendous job in providing subsistence budgets to the needy. It fed money into the economic stream directly, but it was a burden on the general taxpayer. It became involved in state and local politics, and unseated a Governor. It is at best an enlargement of the welfare-relief effort. It may become necessary, but the lessons learned from the former SRA program offer convincing proof that no elected officers should make any attempt to "play politics with relief."

5. Direct employment stimulated by Federal Funds allocated to the states has already begun. However important, it is a "dribble" by comparison with the need. The approach cannot be expected to provide jobs for all the unemployed.

It is extremely doubtful whether the Congress and the Administration will resort to this form of employment relief in any comprehensive manner, for the number of job opportunities would have to be raised to over two million to be reasonably effective, and even so California's share would not employ the people now seeking work.

WHAT NEEDS DOING NOW?

The presence and pressure of a large body of unemployed on the public, the state government and the private business institutions in California can be turned into a great boon rather than regarded as a perlexing and harmful situation. California is the most nearly self-contained economic entity of all our states. It is only partially developed. Its potentialities, both publicly and privately owned, are tremendous. A labor force of great muscle and much skill awaits the "call to action". Modern means of financing developmental and conservation works of wealth creating value do not require drains on the public treasury, increases in debt or more taxes. The works projects can be designed to "pay their way".

A SPECIFIC APPROACH

The Governor makes known through the many channels of publicity open to him that he has taken responsibility for the State's unemployment problems and seeks to solve them in several constructive ways, among them:

1. The Governor asks the Legislature to create a *Joint Committee on Employment* to which will be channeled any legislative proposals coming from his office, the public, the political subdivisions of the state, the Federal Administration and/or the Congress. This special committee would organize itself and coordinate its jurisdicton and program relationships with the standing committees of the Legislature. It will act as the forum for presentation and discussion of the needs of California and the role the unemployed labor force may play in meeting them. It may offer legislation.

2. The Governor establishes at his level an *Expert Group of Advisors* consisting of seven qualified citizens. They are to cause the detailed facts to be assembled and appraised concerning unemployment in communities, the resources available there to meet joblessness, and the development-conservation works needed in these communities. They are to determine the most appropriate means of defraying the costs of such works. They are to present a workable program to the Governor within ninety days. He is to present his program derived from that source and his other resources to the Legislature through the Joint Committee on Employment within thirty days thereafter.

3. Simultaneously with his announcement of his expert group of advisors, the Governor addresses the County Supervisors and the political subdivisions of the State to aid it in the assembly of the needed facts.

4. He does likewise with respect to his several administrative departments, commissions and boards.

5. The Governor selects a member of his staff to represent him in dealings with the Federal Administration and the Congress concerning matters directly affecting em-

ployment. This officer shall reside in Washington, D.C. and be available on a daily basis for consultation, information etc. He shall be in liaison relationship with the Governor's Expert Advisors seeking to dovetail federal and state programs. He shall keep, and the Governor shall publish periodically, reports of accomplishment in this field at the federal level.

6. The Governor should meet as soon as possible with the California Congressional delegation to discuss the unemployment situation in California and ways of meeting it. Once he has formulated his plan of action, he should again meet with the Delegation to enlist their cooperation.

7. Financing a statewide program of development and conservation of both privately owned and publicly owned property presents very much the same problems and the ways of doing so are largely the same. To fit into the State's program of providing jobs for the unemployed during this phase of the economic cycle, all projects selected shall have wealth-creating prospects and pay-out possibilities. Projects of this character are sometimes entirely privately owned, sometimes partially so, sometimes publicly owned. The priority of importance both to the community and to their value as job employers are dual aspects which should be given stress in their selection.

There is a wealth of experience as to how best finance such developmental and conservation projects. The particular method to be adopted needs to be tailored to the particular class and character of projects to be financed. Models of such financing and their success are numerous now. In housing there are the underwritings of the Federal Government through such programs as "Fanny May" and the newer "Freddy Mac". In utilities construction and operation there is the success of the TVA and the REAs. In California there is the outstanding success of the Central Valley Water Project. There are many federal-state-local shared financing of public works. The U.S. Forest Service is sharing with small forest owners in developing their holdings.

Once the range and character of the development-conservation program have been submitted to the Governor by his expert advisors, and his approval of the program has been given, he should go before the Legislature and reach the people with a specific plan for guarantees of investment in employment bonds. The sum to be sought as a guarantee monies will be large in total. Both the guarantee and the bond will be tailored to the type of project approved. Provisions should be made for "seed money" to be available from special state funds.

The Governor should confer with other State Governors before launching his effort with the Administration and the Congress to urge enactment of an "Employment Projects Program" (EPP) providing seed money and federal backstopping guarantees including financial participation in state-approved projects. This approach is preferable to the PWA methods of the last employment crisis. The sum sought nationally should be commensurate to the costs of the projects which are to provide jobs rather than hand-outs to the currently unemployed.

PERSONAL EXPLANATION

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, because of a long standing commitment, I was unable to be in the Chamber during the week of March 10. Had I been present, I would have voted:

"No" on roll No. 41; "yea" on roll No. 42; "yea" on roll No. 43; "no" on roll No. 46; "yea" on roll No. 47; "yea" on roll No. 49; "yea" on roll No. 51; and "yea" on roll No. 52.

KEMPER'S PORTUGUESE CANCELLATION

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. HANSEN. Mr. Speaker, the President of a major American company has dramatically moved to guarantee that the present Portuguese Government does not benefit from the operations of his companies.

In a speech delivered March 19 in Washington, D.C., James S. Kemper, Jr., president of the Kemper Insurance Co's., said his company is canceling its long planned June sales conferences in Estoril, Portugal, and rescheduling them in San Francisco.

Company officials estimate the direct financial loss to the Portuguese economy will be more than $500,000.

Mr. Speaker, the speech is a masterpiece in its analysis of America as she celebrates her 200th birthday and looks to the future—a future bleak in its prospects, but bright in its possibilities.

Mr. Speaker, I submit Mr. Kemper's speech and comments to members of Congress and all who will read it:

THE AMERICAN DESTINY

Recently someone sent me a clipping from a newspaper in Steubenville, Ohio, quoting a statement made more than 200 years ago by a British historian, Professor Alexander Tyler:

"A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largess from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by a dictatorship. The average age of the world's greatest civilizations has been 200 years."

As we approach the celebration of our 200th anniversary as a free nation, I think it is appropriate that we consider whether our experience will bear out Professor Tyler's prediction, or whether in this nation we have the will and the ingenuity to bring about a renewal of our institutions which can make the United States the single exception among democracies which have risen to power and affluence and then lost their democratic heritage.

The current signs are not good. Twenty years ago the United States stood alone and unchallenged as the richest and most powerful nation on earth. The average citizen of this country was the envy of the world, with more personal freedom and more material possessions than had ever been dreamed possible. Today the average citizen is frustrated, disillusioned and angry at all of the institutions which he perceives as controlling the destiny of the nation, and we are relinquishing our position as #1 in power and influence.

Our economic structure and our military posture are deteriorating by all of the significant measurements. Chairman Mao's most celebrated saying was: "Power grows out of the barrel of a gun." More accurately, power equals money plus guns—using the word "money" as descriptive of economic strength, resources and technology. And, until the arrival of the Utopian condition for which all good men pray, in which the world and its people are ruled by love, the world and its people will continue to be ruled by power. So let's talk about the real world.

What has happened in these past two decades to bring about the decline in our national state of well-being? First money—the state of our economy.

The key measurement of economic health is the productivity of the system. For decades the United States was the most productive nation in the world. But in the period between 1960 and 1973, among the seven largest industrial nations of the Western world we had the lowest average annual rate of growth in productivity. At the same time, and as a direct cause, we had the lowest rate of capital formation among all of those countries except Great Britain. We have apparently lost the economic discipline to invest enough of our gross national product in the capital goods and technology which would enable us to increase our productivity at a rate sufficient to maintain the economic standards of our society. Where has the money gone?

Many people point to the more than $100 billion we wasted in Viet Nam as the principal villain in this scenario, but this was an ill-advised one-time diversion of funds which has been largely phased out. However, a diversion of money which continues to grow, and seems impossible to control, is the percentage of our wealth that we are spending on subsidizing welfare, health, education, housing and the like with taxes levied upon the people. Excluding social security payments, this category of spending has increased in the past ten years from $13 billion to $111 billion per year. This is not to say that the objectives of these programs are wrong, but that the size of the expenditures indicates a willingness to throw money at problems without counting the cost.

As a part of the cost of these programs, our bureaucracy has mushroomed until today there are 3 million federal employees. One out of six employed persons works for a federal, state or local government. As the subsidies multiply, the cost of distributing them grows exponentially.

At the same time we have burdened the workers, investors and corporations who produce wealth with a crushing weight of taxation which takes an even larger share of their income and still doesn't pay for the burgeoning costs of government. We have loaded our corporations with regulations and restrictions—many of them imposed for laudable purposes but often administered so as to penalize the most efficient units in our economic system. The number of federal agencies alone which regulate business has reached the point where nobody can even count them. There seems to be no end to the creativity of politicians and bureaucrats in inventing restrictions and regulations without preference to the cost/benefit results.

Our tax policies have stunted the healthy corporate growth which other nations recognize is essential to the economic well-being of the whole population. As one of many examples, there is now before Congress a piece of legislation known as the Burke-Hartke bill which, if passed, would produce for American multi-national corporations a net return on profits of less than half the net return of foreign multi-national corporations with which they must compete overseas. In the years ahead the export of corporations will exceed the *export of* goods manufactured within the borders of the major industrial nations, and we are proposing to handicap ourselves before the race is well started.

The environmentalists, with what we will assume are basically worthy motives, have saddled American industry with enormous costs by persuading Congress and the bureaucracy that we can easily absorb these costs, and that they are necessary to preserve the physical environment and the lifestyle of our people. It has been estimated that the cost to corporations over the next ten years of environmental legislation will be more than $110 billion. Perhaps, now that we are in a recession, there will be some rethinking of priorities and an appraisal of what really needs to be done to protect the environment. There is even some reason to hope that the environmentalists will be called upon in the future to justify their demands with scientific facts and cost/benefit analyses.

One of the most disturbing aspects of our economic picture is that much of the press, and those politicians who look for highly visible and politically vulnerable targets, find it profitable to attack corporate management and to make "business" the scapegoat for economic problems. Of course business needs to be regulated; its activities require surveillance in the public interest, as do those of labor unions and even consumer organizations; but it is a disservice to the national welfare and the welfare of the average citizen to deliberately create distrust of the corporate system and its managers, instead of directing our attention to the imperative need to exercise the economic discipline necessary to a healthy economy.

A few words on our military position. We cannot resign from the struggle for power in which mankind has been engaged since the beginning of recorded history. We cannot become another Sweden or Switzerland: we are too rich, too involved, and our national destiny never has been and never can be to stand on the sidelines while others determine the future of the world.

The less powerful nations have looked to us for leadership, not because they love us, not because we saved them from Hitler, and not because we gave them billions of dollars after World War II, but because we were #1 in military power. That's the way the world is. And if the Soviet Union becomes #1 in military power, our friends and allies, and those who have had no prior commitments, will start hedging their bets.

There are many signs that this is happening right now. The Third World countries, wearned on Soviet arms and ideology, are treating us contemptuously in the United Nations and elsewhere as a paper tiger. Nation after nation is cuddling up to the Soviet Union. Who can blame them? I must repeat—the world is run on the basis of power, and the world sees the Soviet Union increasing its military strength and extending its diplomatic advantages on every continent, while we seem to lack the national will to compete.

Everywhere we look, with the single possible exception of the Middle East, we see Soviet influence growing while ours recedes—in Asia, Africa, Latin America, and in the nations on the Mediterranean littoral such as Greece, Turkey, Italy, Libya and Algeria.

The most recent example is the sad case of Portugal, which has become a communist-controlled military dictatorship. There is usually nothing a private citizen can do about a Western European nation falling under the influence of the Soviet Union and becoming a communist military dictatorship. However, in this particular case, there is one small thing that I personally can do, and have done.

My company had scheduled two sales conferences for a total of 800 agents and their wives to be held in Portugal this June. Our conference budget for travel by Portugese airline and hotel and other expenses in Portugal was $452,000. We estimate that additional expenditures by those participating in the conference would have brought the total to well over a half million dollars.

I am using this occasion to announce that we have canceled our sales conference in Portugal, and we are going to hold it instead in San Francisco. We will not contribute more than a half million dollars to the economy of a nation which has nationalized its insurance companies, exiled or imprisoned its moderate leaders, told the American Ambassador that it cannot be responsible for his safety, and is now moving to replace the socialists in its government structure with communists because the socialists are not radical enough.

It is a source of personal satisfaction to me, and I hope to our company personnel, our agents, and the more than four million policyholders and employees of policyholders who are covered by insurance written in the Kemper Companies, that this conference will instead be held in a beautiful American city in an atmosphere of freedom, democracy and good will.

While the Soviet Union proceeds toward its objectives, the United States is changing its priorities. We seem almost to be choosing to become No. 2. Ten years ago we spent 41% of our national budget on defense; today it is 26%. The Soviet Union is currently outspending us by 20% in military research, by 25% in military procurement, by 25% in general purpose forces, and by 60% in strategic nuclear weapons. The polls say that the public wants the United States to be equal or superior to the Soviet Union in military strength, but the same polls say the public would like to see less money spent on defense and more money spent on health, housing and education. We cannot have it both ways.

We also seem determined to emasculate our intelligence services. The media and some politicians are succeeding in making "CIA" a swear-word and "FBI" a joke. Excesses in those agencies have been emphasized out of all reasonable proportion to their importance. The officials of the KGB must be rolling on the floor with laughter.

On the diplomatic front, the new Congress puts internal political considerations ahead of the national interest—the halt in military assistance to Turkey being a prime example. I wish Congress would leave Dr. Kissinger alone. Diplomacy is a chess game, played for ultimate stakes, and the whole world is the chessboard. Dr. Kissinger is our Bobby Fischer. For the media and the politicians to be second-guessing the Secretary of State in the field of diplomatic strategy is like a bunch of gin rummy players telling Bobby Fischer how to make the next move.

I am not unaware of the advantages to this country inherent in the so-called detente with the Soviet Union. I fully support, as do most Americans, the development of procedures by which the people of the United States and the Soviet Union can come to know and understand each other, and to trade with each other. But I do not believe the world will be a safer or more peaceful place, or even that it is in the interests of detente, if we accept the position of No. 2 in military strength. I am not concerned about Khrushchev's prophecy: "We will bury you". I am concerned lest we bury ourselves.

As I survey the current scene, it seems to me that we have been acting like a housewife with a very large family and a limited budget who, in order to keep peace in the family, tries to serve at every meal every dish that each member of the family says he would like to have. It can't be done. Especially when the demands of the noisiest, most threatening and least productive members of the family are preferred over those who contribute to the family budget.

I am trying to say that what is sometimes referred to as the middle class, namely, about 80% of our population, is being stuck for the family bills without getting its fair share of the benefits. To make it worse, the media and the demagogues are misrepresenting the priorities, over-dramatizing the problems and ignoring the long-range welfare of the citizenry as a whole. No wonder the productive 80% are confused, frustrated and angry!

Some of our most perceptive political observers, those who are interested in the lessons of history, are looking apprehensively down the road for the appearance of the ultimate demagogue—the man who plays upon the frustrations of the majority, promises everything to everybody, gets himself elected President of the United States, and proceeds to establish a *de facto* dictatorship.

This is not a scenario that needs to be acted out to an inevitable conclusion. This country has everything it needs to continue as No. 1 in the world—No. 1 in national wealth and resources, widespread material affluence, impregnable military strength, individual freedom, compassion for the disadvantaged, concern for the environment in which we live and work, and dedication to peace.

But somehow we must find a way to impose upon ourselves the kind of voluntary discipline and respect for priorities which we seem to have abandoned. Approaching our 200th anniversary, we have a clear choice—to confirm the predictions of those who say a democracy cannot survive for longer than 200 years, or to renew and reaffirm the national will to carry out our destiny as the leader of a free and better world.

AMERICA, THE CONGRESSIONAL HOSTAGE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. CRANE. Mr. Speaker, not long ago an outstanding young man who is a constituent of mine wrote a letter to the editor which appeared in the Chicago Tribune on Friday, March 7, 1975.

This letter, written by Mr. Stephen Brunner, succinctly points out not only the economic threat now facing the country but the responsibilities which we Members of Congress must assume for the fate of our Nation.

Therefore, at this time I would like to share this letter with my colleagues:

AMERICA, THE CONGRESSIONAL HOSTAGE

The 94th Congress is determined to hijack the future of America, returning it only for a premium to be extracted from the public in the form of their own institutional aggrandizement. I suggest that the citizenry can neither permit nor afford any continuation of this outrageous sham, fraudulently perpetrated upon them in the sacred name of democracy. The President has declared what must be done and has begun to act. It is about time. Everyone will not be pleased, all interests will not be served, and surely only someone bereft of his senses should expect it to be otherwise.

The facts plainly declare the urgency of the situation. Granted, interest rates may be down and Dow Jones up, but these unwarrented aberrations clearly can only temporarily defy the economic reality. Unemployment, at a minimum, is going to hit 9%. Industrial production is at only 74% of capacity as of December and is continuing to shrivel. Comparing output on February 8, of this year, with the same week of 1974, automobiles are off 36%, trucks by 66.8%, lumber by 30%, rail freight traffic is down 12.4%, and raw steel off 4.5%, just to name a few. Furthermore, in many industries these figures indicate only the beginnings of disaster. Orders for future production in some cases can be accurately described as "collapsed." In the machine tool business such orders are off by as much as 60%. Last, but, certainly not least, the financing of the huge federal deficit by the Federal Reserve threatens to dry up what little money there is keeping hundreds of small and mid-size companies afloat. It is, consequently, imperative that the deficit not be expanded for any reason as the result will be to squelch the current deflating move toward some price stability—the only solid plus on the horizon.

The Congress must cooperate at once with the Administration. The time for decisive action is long past, and with it the luxury of political chauvinism. The people are exasperated from the latter, and, of the former, sense a desperate and urgent need.

TALCOTT RENEWS CALL FOR SWIFT ACTION ON 200-MILE FISHERIES LIMIT BILL

HON. BURT L. TALCOTT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. TALCOTT. Mr. Speaker, the time for action to protect our fish resources within a 200-mile economic zone is now.

I have just returned from California where I witnessed firsthand the manner in which foreign fishing operations are depleting our fish resources. I visited the Coast Guard Cutter *Resolute,* which was monitoring the foreign fishing ships off the coast of California and our 16th District. My observations on this trip reinforced my view that the Congress must swiftly approve legislation to extend U.S. jurisdiction over its fish resources.

I overflew, at very close range, the 15 Russian, 2 Polish and 1 West German fishing vessels. All of the ships are larger, faster, and better equipped with newer fishing and navigation equipment than any U.S. vessel.

They are excellent sailors and fishermen.

It was my impression that they were scrupulously complying with the law of the sea and all present international agreements—which compliance is a welcome difference from prior years.

They were taking hake or hek. They were not taking salmon or bottom fish. The season is early, so I could not ascertain whether they might exceed tonnage limits.

The Russians, and particularly the fleet commander, were friendly, cooperative, and open. They invited me aboard to inspect anything I wanted, including the records of their catch. They have extended similar invitations to our Coast Guard and marine fisheries personnel. Onboard inspections have been made by both our Coast Guard and representatives of our marine fisheries.

I observed no illegal activity—in fact, the Russians were careful to keep a 3-mile "cushion" from our 21-mile territorial fishing limit. The Polish and West German ships seemed to be observing a smaller "cushion," but nevertheless, legal distance from our shore.

However, they have the most advanced sailing, fishing, and processing equipment and are capable of taking large tonnages of fish and ocean resources. When the fishing season improves, the foreign fleet is likely to multiply several times.

If the new friendly, cooperative spirit dissipates for any reason, the foreign fishermen in large, coordinated fleets of huge, well-equipped fishing ships, could easily again revert to the decimation, and potential devastation, of our fish resources.

I commend our Coast Guard for their exceptional performance in "convoying" or "monitoring" the foreign fleet while it fishes near our shores. The officers and crew have truly protected our interests in a professional manner.

Unfortunately, they must comply with the present law, treaties and agreements—which in my judgment are inadequate to protect our present and future fish resources.

What of the future? Should we not insist on laws to protect future crops of fish and other fish resources and marine life? Are we harvesting and husbanding our fish resources properly to insure adequate food and environmental equilibrium for the long range future? When our young fishermen see these foreign fleets, the equipment, and their operation in our waters, taking our fish, will they want to pursue a fishing career? How long can we tolerate this situation?

The Coast Guard is handicapped severely in their direct relations with the foreign fleets by their lack of Russian-speaking personnel on board. This deficiency is especially embarrasing to me because I have long been promoting the improvement of language learning by our defense forces and the Defense Language Institute is located in Monterey.

With foreign fleets so close to our shores, and in such close proximity to their operation, our Coast Guard should have personnel on board who are fluent in Russian and other foreign languages.

To protect our fish resources, we need immediate enactment of a 200-mile economic zone. Later, more precise fishing limits, designed to protect and conserve particular fish species, should be enacted.

It is incongruous and unacceptable for our fishermen to rot in Ecuadorean jails for fishing for highly migratory tuna in the ocean 160 miles from Ecuador when many foreign fleets fish heavily within 16 miles from our shores for coastal fish and fish which spawn in our fresh water streams. My visit convinced me of satisfactory compliance with our laws. but also that our laws are wholly inadequate.

"MR. PORT WASHINGTON"

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. WOLFF. Mr. Speaker, it is with great pleasure that I bring to the attention of my colleagues a fine citizen of my congressional district who now is in his 70th year as an active newspaperman.

I believe it is appropriate, Mr. Speaker, to include in the RECORD the warm and respectful tribute paid Mr. Ernest P. Simon of the Port Washington, N.Y., News by his colleagues on the occasion of his 85th birthday. Mr. Simon's invaluable role for nearly three-quarters of a century in keeping the community informed and in chronicling its growth and development over these many years is most praiseworthy.

The column, "The View From Here," by Miss Amy Pett, editor of the Port Washington News, expresses with clarity and perception the appreciation of an entire community which Mr. Simon so richly deserves:

THE VIEW FROM HERE

(By Miss Amy Pett)

After Ernie Simon finished work on Monday, he joined some friends and celebrated his 85th birthday.

He began his career with the Port Washington News in 1906 (that's right, 69 years ago), working for William Hyde after school. He was in charge of assembling and delivering the papers after they came to Port by train from the printer in New York City. Part of his job was to cut the pages apart, which he did with a big butcher knife on the pool table in Bradley's Restaurant down by the water.

Except for 20 years off, from 1906 to 1926, while Ernie was a banker, he has been a journalist with the Port Washington News for all of his working life. And even while he was working at the bank, Ernie told us Monday night, he still wrote for his friend Bill Hyde.

The only reason Ernie left off newspapering at all was because the bank made him an offer he couldn't refuse—double his $3 weekly salary at the paper.

In 1928, after Hyde had died, Ernie bought the Port Washington News and ran it during and after the depression. Ernie has said, with well-placed pride, that every week during the depression years he met a payroll of around $400, no easy feat in those hard times.

Ernie sold the Port Washington News around 1940 to Bronson Griscom, who created Griscom Publications, a chain eventually including the Port Washington News, the Levittown Tribune, the Farmingdale Post, the Manhasset Press, the Roslyn News, the Great Neck Record, and the Glen Cove Record Pilot.

For a while Ernie continued as editor of the Port Washington News and then became advertising manager while others edited the growing paper. This was the beginning of what might be called Ernie's "retirement."

In the early 1950s, Peter Beilziger and Grey Mason bought the Griscom chain, renamed it Community Newspapers, and sold the Levittown and Farmingdale papers. Ernie's putative "retirement" expanded so that he was no longer advertising manager. But somehow, with his official duties much curtailed, he was as busy as ever, and his desk at the office as occupied as always.

When I arrived on the scene in 1970, Ernie was still very much part of the establishment.

Shortly after Ernie and I began working together, he had a terrible heart attack. He was 80 years old and his heart stopped beating three times. In less than a month and a half he was back at work, taking care of legal notices, writing his weekly column, and handling a few advertisers.

And he's still at that stand now, only we've traded jobs. Now Ernie writes the obituaries and I take care of the legal notices. He offered to do the obits a few months ago because he decided I had too much work to do.

Ernie is a terrific man. He gives everyone who knows him respect for the past, hope for the future, and joy in the present. And he must be a contender for the title of the oldest working journalist in the United States.

Happy birthday, Ernie.

THE SAINT OF MOUNT HOLLY

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. FORSYTHE. Mr. Speaker, communities all over America are digging into their past in preparation for the celebration of our Nation's 200th birthday, discovering truly fascinating insights into their own heritage.

The following article, which appeared in the New Jersey Historical Commission Newsletter this month, discusses John Woolman, a man who in the mid-1700s fought against slavery and moved the Society of Friends to become an active force for abolition.

This is the story of John Woolman, part of our heritage:

THE SAINT OF MOUNT HOLLY

The name of John Woolman of Mount Holly, New Jersey, is known and respected by students of the history of religion in America. But if John Woolman had lived in Pennsylvania the people of that Commonwealth would assuredly have seen to it that his name, his writings and his achievements would be familiar not only to clerics and scholars but to generations of young people and their teachers all over America.

There would be books, pictures, films, television programs, school assemblies, exhibitions, plays, stories and songs devoted to his life and work. There would be annual pilgrimages to his shrine, and public readings from his journal. He would long since have taken his place in the popular pantheon alongside his fellow Quakers, William Penn and Benjamin Franklin, as one of the founding fathers of the American character.

Who was John Woolman? Born in 1720 on his parents' farm near Rancocas, he was the fourth of thirteen brothers and sisters. At the age of 21 he settled in Mount Holly, prospered as a tailor, tradesman and farmer, and became an active member of the Society of Friends in that town.

Being a literate man, he was often called upon to write a will or a bill of sale for a fellow Quaker. And in 1742 he found himself thus involved in transacting the sale of a black slave woman. There occurred in him at that moment what Quakers call the illumination of the Inner Light—a revelation of Good and Evil so clear and compelling that the soul is forever after guided by it.

From that day until the day of his death thirty years later Woolman travelled throughout the thirteen colonies visiting families, writing epistles to his brethren, and attending Quaker Meetings where he would rise and express his concern in a simple speech. In his life and his person he became a witness. His message was clear—human slavery, the ownership of people as property, was an unmitigated evil, inconsistent with the fundamental Quaker principle of the brotherhood of man. If they truly wished to practice their faith, Quakers would refuse to own a single slave.

In numerous practical ways he carried out what he preached. He would not eat sugar or wear cotton or use any other product of slave labor. And more than once he found himself in the home of a fellow Quaker urging his host to change his will so as to provide for the manumission of his slaves.

In 1756 he began to keep a journal of his travels—one of the most moving works of American literature. It is chiefly through the journal that we know him—and through his essays, which include "Considerations on Keeping Negroes" and "A Plea for the Poor," in which he expressed his deep concern over extremes of wealth and poverty.

Like Saint Francis, John Woolman believed there was a spiritual bond between human beings and animals, and he wrote about the sanctity of all living things. He cared about the natural environment and its fate at the hands of man, and he wrote: "To impoverish the Earth now to support outward Greatness appears to be an injury to the succeeding Age."

He taught school from time to time and wrote a primer that went into three editions. His ideas about education included smaller classes and more individual attention to students.

But above all, he deserves the title of apostle of the antislavery cause—the greatest movement for social reform in American history—which ultimately abolished the most evil institution ever to take root in this country. He was not the first to preach a sermon against slavery; that was done before he was born. But he was the first to make it the chief business of his life.

It was he who moved the Society of Friends to become an active force for abolition. It was the Quakers in the 18th century who led the churches of America in the founding of anti-slavery societies, the freeing of individual slaves, and the teaching of black children. And it was the clergymen—not all, but the best of them in every church—who provided the leadership and the moral force to the great crusade in the 19th century which finally overcame the institution of slavery with the Emanicipation Proclamation and the Civil Rights Amendments to the Constitution.

John Woolman, the simple Quaker tailer, started it all, and he did it in Mount Holly, New Jersey. He does not lie buried there but in York, England, where he was striken by smallpox while on a visit in 1772. But the house he built in Mount Holly the year before his death still stands. And while he lived there only by proxy through his daughter and son-in-law, it is his house and his spirit surely resides within it.

The spirit of John Woolman ought to become part of the conscious tradition of all Americans. Perhaps some day the people of New Jersey will awaken more fully to the fact that there lived among us an American saint—one of the noblest of our native sons—who deserves for greater homage than we have ever given him. Perhaps when we recognize this, then the rest of the nation will also. What better time to begin than the American Revolution Bicentennial when we celebrate the ideal of the Rights of Man.

Based on remarks made January 29 at a ceremony in recognition of Mount Holly as a Bicentennial Community.

ABOUT JOHN WOOLMAN: SELECTED REFERENCES

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WEATHER UNDERGROUND ORGANIZATION STILL AT LARGE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. McDONALD of Georgia. Mr. Speaker, last week, many copies of a publication, Osawatomie, were clandestinely distributed throughout our country by the terrorist gang known as the Weather Underground Organization—WUO.

The publication and distribution en masse of this 32-page magazine were achieved despite the fact that the WUO is a criminal group which has publicly taken responsibility for more than two dozen bombings, and the fact that many of its members are presently fugitives from justice, and have held that status now for 5 years.

In this new affront to the law-abiding citizens of the United States, the Weather Underground states that its past bombings merely "represent the early stages of sustained armed struggle led by a political organization."

Mr. Speaker, the WUO members are self-proclaimed Communists who are putting the alien revolutionary theories of Marxism-Leninism into practice by seeking to organize "the masses of people against imperialism and for revolution."

For the past 5 years, the core group of the Weather Underground Organization has been able to exist, to plan, to travel, and to commit bombings in this country with impunity. And during the same 5 years, we have seen the process commence and approach fruition whereby our internal security services have been dismantled—dismantled to the extent that more restrictions have been placed on law enforcement operations than are applied to those seeking the destruction of our constitutional form of government.

The publication of Osawatomie underscores the need for immediate action to reverse the extreme liberalizing trend that today shackles the Government's investigators and the police.

Recognizing the threat posed by the Weather Underground Organization and its supporters, as set forth in the WUO central committee statements below, I urge both my colleagues and the American people to call on the Department of

Justice and the FBI to redouble their efforts to apprehend this terrorist gang.

In part, the Osawatomie statement, "Who We Are," reads:

> The Weather Underground Organization is responsible for over 25 armed actions against the enemy. Eight of these were bombings directed against imperialist war and in support of the people of Indochina. This includes the attack on the Pentagon in 1972 and on the State Department in 1975. Ten actions were directed against the repressive apparatus: courts, prisons, police, and in support of Black liberation. This includes attacks on N.Y. City Police Headquarters and the California Department of Corrections following the assassination of George Jackson at San Quentin Prison in 1971. One was a bombing of the Department of Health, Education and Welfare, an action which was part of the freedom struggle of women. These actions were carried out in harmony with the demonstrations, marches and political activity of millions of people. Together they have resulted in approximately $10 million damage to the imperialists and a significant blow to their arrogance. This is a bee sting against such a powerful enemy, but a bee sting whose strength is multiplied many times by the fact that these actions represent the early stages of sustained armed struggle led by a political organization.
>
> The program of the Weather Underground Organization is:
>
> US imperialism out of the Third World.
>
> Peace. Oppose imperialist war and US intervention.
>
> Fight racism. Build an anti-racist base among white people. Support self-determination for oppressed peoples.
>
> Struggle against sexism and for the freedom of women.
>
> Wage the class struggle. Fight for socialism. Power to the people.

And an editorial in Osawatomie signed by the Central Committee of the WUO, "Where We Stand: Don't Mourn, Organize," reads in part:

> Make no mistake about it: storm clouds are building up on the horizon. U.S. imperialism, substantially weakened by Vietnam and under attack around the world, has entered the stage of decline. This is reflected in the tremendous economic and social crisis in our society: * * *
>
> The immediate task for the left is this: organize the masses of people against imperialism and for revolution. Pull together friends and comrades, whether three or thirty. Explain the roots of the current economic and social crisis. Fight for jobs and for funds for urgent relief programs. Wealth should be taken from the Pentagon budget and used to rebuild our cities, schools and hospitals.
>
> Revolutionaries must be organizers. * * * We need to out-organize the sophisticated and well-financed forces of George Meany, Louise Day Hicks, Ronald Regan, George Wallace and Albert Shanker. Organizers need to crush this reactionary leadership with a revolutionary torrent of people. This is urgent. Without a clear revolutionary alternative, the people can be misled by these prophets of racism and reaction.
>
> * * * * *
>
> Theory and ideology are important tools, and we should make study of Marxism-Leninism an important part of our work. Marxism-Leninism is a necessary guide for both understanding the contradictions of class society and developing correct revolutionary strategy. * * * Waiting to begin until the theory is fully worked out is to create the certainty of failure.
>
> * * * * *
>
> We need to build a successful struggle, strong organization and a winning revolutionary party. * * * We know where to begin.
>
> It is with this in mind that we have created Osawatomie, the revolutionary voice of the Weather Underground Organization. * * * Osawatomie is written to demystify the workings of the system, to expose and clarify the political meaning of things. Our purpose is to contribute to the unity of progressive forces around a revolutionary line.

Taking this material into consideration, the committee of the House which now has jurisdiction over matters of internal security—the Judiciary Committee—should ask FBI Director Kelley the extent of the measures now being taken to apprehend the Weather Underground; the numbers of FBI agents assigned to this case; the measures taken to publicize the need for public cooperation and whether there are rewards being offered for the capture of these revolutionaries.

Mr. Speaker, this is a matter of extreme urgency to the domestic tranquility of our country and we cannot allow it to be mismanaged by Justice Department attorneys who prefer to use the slow process of a Federal grand jury investigation which so far has proved ineffective. We must have a return to the sustained and brilliant type of investigation by which the FBI originally made its reputation.

PEOPLE PROTEST HIGHER GASOLINE PRICES—ASK EQUITABLE ALLOCATION, NOT RATIONING

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. MOTTL. Mr. Speaker, I recently received a petition signed by 11,318 residents of my 23d Congressional District of Ohio.

This petition, addressed to "The President and Congress of the United States of America," stated:

> I am against higher gasoline prices caused by government imposed tax.
>
> I am for reducing availability of gasoline by mandatory allocation and equitable distribution to retail outlets in order to curb unessential use.
>
> I am against coupon rationing of gasoline except as a last resort.

These petitions were circulated by the Northern Ohio Petroleum Retailers Association, an organization of independent dealers who are most directly concerned with this pressing problem.

James V. Cresente, the highly respected executive director of this association, explained his members' position in a very sensible letter to me. To share his views with my colleagues and the public, I herewith place Mr. Cresente's letter in the RECORD:

> DEAR CONGRESSMAN MOTTL: The petitions we delivered to your office on February 25th last, bearing the signatures of consumers of gasoline in your district and surrounding areas, is an open indication of the people's feelings regarding the unconscionable price increases on gasoline,—a product which has become a vital necessity in their life styles.
>
> The continued declarations of "shortage" and "national security" is straining the credibility of the people when they read of proposed taxes on gasoline by the present Administration and some members of Congress—in view of the excessive surplus of all petroleum products across the nation.
>
> We are now in an economic depression which has already reduced consumption of gasoline between 4 and 6%. In some geographic areas, consumption is off as much as 25% in many service stations.
>
> Adding on taxes of 30¢ to 40¢ a gallon by our government in order to reduce consumption to conserve our domestic oil reserves, is facetious in view of the oil companies' illegal pressures on their dealers to open 24 hours, 7 days a week to push sales of unwanted gasoline.
>
> Furthermore, in many or all cases, illegal pressure to lower the price at the pump is also being forced on station operators by local district managers and their salesmen to encourage more sales. If the operator balks at these illegal maneuvers, he is threatened with non-renewal of his lease, which is simply economic extortion.
>
> Conservation of our petroleum reserves can be effectively accomplished under the present mandatory allocation method already in force. It can be imposed in stages and applied equally to all supplying companies. A gradual reduction in allocation will dampen the impact on the motorist.
>
> Economic rationing is the wrong approach to the problem and places the burden on all the wrong people. For that reason, we are opposed to a massive tax on gasoline. A 30¢ per gallon tax on gasoline annually would amount to over 30 billion dollars for just motor fuel alone. It would amount to confiscation of the peoples' purse.
>
> We are also opposed to coupon rationing for all the reasons which have been so well defined by the Administration and Congress.
>
> We believe that the petitions we brought to your office are an accurate reflection of the consumers' views and should be considered by the Congress in the formulation of energy legislation. Over 5½ million people nationwide expressed their opinion on this subject. It serves as an indication of what the motorist wants, and that mandate should be respected.
>
> The Federal Energy Administration has published audited figures of the major oil companies showing overcharges of close to 6 billion dollars since the "energy crisis" began. So far, only a few million dollars of this amount has been rolled back to the consumers, and this mostly by retailers. We suggest that the Administration and the Congress move immediately to return these overcharges back to the people before entertaining any idea of gasoline taxes.
>
> The dealers we represent, and the 120,000 people who signed the petitions in the Greater Cleveland area, request your serious consideration to prevent any unnecessary taxes on gasoline for the purpose of reducing consumption—when mandatory allocation which is already in effect, can produce the same results at no extra cost.
>
> We would like our opinion introduced in the Federal Register if possible.
>
> Yours truly,
>
> JAMES V. CRESENTE,
> *Executive Director.*

HARVEST OR SLAUGHTER?

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, March 24, 1975

Mr. ST GERMAIN. Mr. Speaker, it has been my objective in the past, and shall continue to be in the future, to support measures protecting natural land and marine wildlife, and to oppose cruel and unnecessary treatment of these animals.

The participation of Canadian and Norwegian nationals in harvesting baby harp seals has, I believe, gone on long enough. While, as a result of the recommendations of the International Commission for the Northeast Atlantic Fisheries, both Canada and Norway have reduced the slaughter of this mammal, they continue to maintain a quota of 150,000 for 1975.

In expressing my support for continued protection of land and marine wildlife, I would also like to direct the attention of my colleagues to the following resolution passed in the General Assembly of the State of Rhode Island on the 12th day of March 1975, "Memorializing Congress To Support the Suppression of the Cruel Slaughter of the Baby Harp Seal":

MEMORIALIZING CONGRESS TO SUPPORT THE SUPPRESSION OF THE CRUEL SLAUGHTER OF THE BABY HARP SEAL

Resolved, That the members of the congress of the United States be and they are hereby respectfully requested to support the suppression of the slaughter of the baby harp seal; and be it further

Resolved, That the secretary of state be and he is hereby authorized and directed to transmit duly certified copies of this resolution to the senators and representatives from Rhode Island in the Congress.

HOUSE OF REPRESENTATIVES—*Tuesday, March 25, 1975*

The House met at 12 o'clock noon.

The Very Reverend Vasil Kendysh, rector, Byelorussian Autocephalic Orthodox Church, Brooklyn, N.Y., offered the following prayer:

In the name of the Father, and the Son, and the Holy Spirit.

Almighty Father, Thou art our Creator, Teacher, and Judge. We beseech Thee, free us of all human weakness and guide us in every step of our life on a rightful path.

Eternal God, bless this august House of Representatives of the United States of America. Strengthen the minds of its Members with wisdom, fortify their hearts with love, and their deeds with courage and justice.

Merciful God, we pray Thee on this 57th anniversary of the proclamation of independence of Byelorussia, have mercy upon her people. Strengthen their faith in Thy infinite goodness, support them in their sufferings, restore their freedom.

O God, accept this humble prayer of ours, bless the United States of America. Bless Byelorussia and her oppressed people. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 4592) entitled "An act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes."

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 994. An act to authorize supplemental appropriations to the Nuclear Regulatory Commission for fiscal year 1975; and

S. 1307. An act to amend the McIntire-Stennis Act of 1962 to promote forestry research at private university forestry schools.

THE VERY REVEREND VASIL KENDYSH

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, the opening prayer in the House today was offered so eloquently by the Very Reverend Father Vasil Kendysh, pastor of the St. Cyril of Turou Parish located in Brooklyn, N.Y.

Father Kendysh, in addition to tending to the needs of one of the largest Byelorussian-American parishes in the United States, serves as a secretary of the Consistory of the Byelorussian Autocephalic Orthodox Church. He has been in the priesthood for 8 years and previously served as pastor of St. Mary Zyrodicy Church in New Jersey before assuming the leadership of the Turou Parish where he has served for the past 4 years.

Father Kendysh is truly one of the finest representatives of the Byelorussian-American community. In addition to his work in the churches, he publishes a monthly magazine entitled the Voice of the Church, which is printed in Byelorussian and is distributed to over 1,000 Byelorussian Americans across the Nation. Even prior to his coming to the United States he gained the recognition and respect of the Byelorussian people through his efforts at organizing the Byelorussian Orthodox Church in Germany.

Father Kendysh is no stranger to this podium either, for on two previous occasions in the past 5 years he has offered the opening prayer in this distinguished body.

On the 57th anniversary of Byelorussian Independence Day it has been my privilege and honor to present Father Kendysh to my colleagues. He is a spiritual leader of exemplary stature and I welcome his as well as the president of the Byelorussian-American Association, Dr. Roger Horoshko, to the House today. I thank and salute these two fine men and extend to Father Kendysh the sincere thanks and best wishes of all of my colleagues.

THE VERY REVEREND VASIL KENDYSH

(Mr. RICHMOND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHMOND. Mr. Speaker, I want to thank my colleague, the gentleman from New York (Mr. BIAGGI) for bringing to our midst Father Kendysh, pastor of St. Cyril of Turau-Cathedral, one of my constituents, at 416 Atlantic Avenue, in Brooklyn, N.Y. Father Kendysh is truly a man of missionary spirit. He is a leader of the Byelorussian community in our country. He publishes a major publication read by all Byelorussians in this country, called the Voice of the Church.

It is a great honor to have Father Kendysh here, particularly to commemorate the 57th anniversary of Byelorussian independence.

CONGRESSMAN McFALL REINTRODUCES CONCENTRATED INDUSTRIES ANTI-INFLATION ACT WITH 60 COSPONSORS

(Mr. McFALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McFALL. Mr. Speaker, today I am reintroducing the Concentrated Industries Anti-Inflation Act with additional cosponsors.

Since I first introduced this bill as H.R. 4214 on March 4, almost 60 of my colleagues have joined with me in sponsoring this important economic legislation.

I understand that hearings will be scheduled by the Banking, Currency and Housing Committee in about a month, and I want to say that I appreciate the expeditious consideration that the committee is giving this legislation.

The eminent economist Gardner C. Means is the chief architect of the bill that I am introducing today.

This bill would be a major action aimed at the control of administered prices. These are prices set at an unfairly high level by industries which control a substantial share of a given market and which are outside the discipline of a truly competitive marketplace.

Hobart Rowan, the economic columnist of the Washington Post, has written a perceptive article on high prices in the March 23 edition, and I commend it to Members' attention. I propose to insert the article as a special order in today's CONGRESSIONAL RECORD.

The Concentrated Industries Anti-Inflation Act would deal with this problem by establishing an independent Price Resistance Board which would set broad guidelines for price behavior and which could require notification of proposed price increases. Notification would give the board time to use persuasion in instances when the proposed increase is greater than justified by costs or demand.

In the case of corporations with a half billion dollars or more in assets, the board would also have the power to disapprove or roll back specific price increases.

Two years ago, I introduced similar legislation. If we had enacted that bill, I believe that we would have had much less inflation today. We would have been able to make better use of fiscal and monetary policy to avoid recession.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The **SPEAKER.** Is there objection to the request of the gentleman from Missouri?

There was no objection.

TO CONTINUE NATIONAL INSURANCE DEVELOPMENT PROGRAM

Mr. BARRETT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 2783) an act to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 4, strike out lines 4 to 14, inclusive, and insert:

SEC. 2. Section 1201(b)(1) of the National Housing Act is amended by striking out "April 30, 1975" and inserting in lieu thereof "April 30, 1977".

Amend the title so as to read: "An Act to continue the national insurance development program."

The **SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman from Pennsylvania tell us the difference between the House and Senate versions as they relate to the 2-year extension?

Mr. BARRETT. Yes, Mr. Speaker, if the gentleman will yield, I will be glad to do that.

Mr. Speaker, H.R. 2783 passed the House under suspension on March 18, 1975. As passed by the House, this bill would extend the urban riot reinsurance program and the Federal crime insurance program for an additional 4 years. The Senate passed H.R. 2783 on March 21, 1975, with an amendment to reduce the period of extension from 4 years to 2 years for the riot reinsurance and the crime insurance programs. It is my understanding that the administration supports this extension and meets with the approval of the minority.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Speaker, the legislation before the House today, H.R. 2783, represents a compromise between the legislation as passed by the House which called for a 4-year extension of the national insurance development program and the Senate version of the bill which seeks a 2-year extension.

As the sponsor of this legislation, I have agreed to the compromise with the understanding that detailed hearings will be held on both of the insurance packages which make up the national insurance program.

Unless the House acts today and sends this legislation to the President for signature, more than 800,000 homeowners and small businessmen across the country will find themselves without insurance on April 30, the present cutoff date for the two insurance programs. However, the situation is more critical because in 12 States in which the programs operate State law requires a 30-day notice of cancellation. This means that on April 1, cancellation notices will be mailed to all policyholders in these States. You can well imagine the chaos that will occur when more than three-quarters of a million people are informed that they will no longer have insurance coverage.

Under the so-called FAIR plan system, the Federal Government agrees to reinsure insurance companies for riot inflicted losses provided the insurance companies write fire insurance and extend coverage to homeowners and businesses who are unable to obtain coverage through normal commercial channels. This program operates in 28 States including the District of Columbia and Puerto Rico. They are: California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Virginia, Washington, and Wisconsin.

Crime insurance is now available in 13 States and the District of Columbia. These States are: Connecticut, Delaware, Illinois, Kentucky, Florida, Massachusetts, New Jersey, New York, Ohio, Missouri, Pennsylvania, Rhode Island, and Tennessee. Under the crime insurance program the Governor of a State must certify that such insurance is not available at reasonable rates from private carriers before the Federal policies can be issued.

To date some 20,000 policies have been sold for a total insurance coverage of roughly $130 million. The crime insurance program, which is several years younger than the FAIR plan, has been inadequately advertised and the number of policies that have been sold is limited. A recent program to make homeowners and businessmen aware of the crime insurance program has brought about a dramatic increase in policy sales. It has been suggested that the Federal Government, instead of writing crime insurance, take action to control crime. While I certainly agree that we must be more vigorous in our fight against crime, at the same time we should not penalize homeowners and businessmen because crime exists. Homeowners and businessmen did not create crime and they are not the ones who are failing to take action to alleviate the situation. Yet homeowners and businessmen in high crime areas are the ones who have suffered in the past; namely, with the denial of insurance.

One important aspect of the crime insurance program is that before a Government policy can be written, the insurance applicant, whether he be a homeowner or a businessman, must install certain protective devices to deter criminals. These devices range from deadbolt locks for homeowners to electronic burglar alarms for certain types of businesses. Areas where Federal crime insurance is sold have been hailed for using these protective devices as an effective means of deterring crime.

Mr. Speaker, I have saved the best for last. Both the FAIR plan insurance and the crime insurance program operate at no cost to the taxpayer. No appropriated funds are used to run these programs. Instead, all premium income is placed in the National Insurance Development Fund and excess amounts in that fund are invested so as to bring an additional return to the fund.

It is rare that the Government can put together a program that not only helps homeowners and businessmen but at the same time does not burden the taxpayers with additional expenses.

This is the type of program that has proved its merits and should be extended for an additional 2 years.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

REQUEST FOR IMMEDIATE CONSIDERATION OF SENATE CONCURRENT RESOLUTION 23, AUTHORIZING PRINTING OF ADDITIONAL COPIES OF THE CONGRESSIONAL PROGRAM OF ECONOMIC RECOVERY AND ENERGY SUFFICIENCY

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate concurrent resolution (S. Con. Res. 23).

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, when this resolution first came over from the other body last week, I took the trouble to obtain a copy and read it. The publication is entitled "The Congressional Program of Economic Recovery and Energy Sufficiency," dated February 1975.

Although it bears no markings whatever to indicate that it may be a public document, I found on page 3 the number, "47-351 O-75-2." Upon checking with the Office of the Public Printer at the Government Printing Office, I was informed there has already been expended $3,452.30 of taxpayers' dollars for the printing of 3,000 copies of this document at the request of the Senate and the House Democratic Policy Committee, and the House Democratic Steering Committee, by what authority I do not know.

I am also informed that the cost of this publication is double what the normal printing costs of a report would be because it contains full-color prints of graphs and charts, and that to print 20,000 copies, as this resolution proposes, would cost nearly $10,000.

What disturbs me the most, Mr. Speaker, is that this particular publication is a partisan document, attacking the President of the United States and his programs. In support of that I quote the following from page 32 of the document; and this is only one of many examples:

> In sum, the President's program would trade the jobs and economic well-being of Americans to achieve a short-term result of dubious merit. The Congress will not tolerate such further economic sacrifice * * *.

Mr. Speaker, if the Democratic Party wants to print campaign literature, they should not ask the taxpayers to foot the bill for it.

Therefore, Mr. Speaker, I object.

The SPEAKER. Objection is heard.

RESIGNATION AS MEMBER OF BOARD OF VISITORS OF THE U.S. AIR FORCE ACADEMY AND APPOINTMENT AS MEMBER OF BOARD OF VISITORS OF THE U.S. AIR FORCE ACADEMY

The SPEAKER laid before the House the following resignation as a member of the Board of Visitors of the U.S. Air Force Academy.

WASHINGTON, D.C.,
March 21, 1975.

Hon. CARL ALBERT,
Speaker, House of Representatives.

DEAR MR. SPEAKER: I hereby resign as a member of the Board of Visitors of the United States Air Force Academy.

Sincerely,

BARRY M. GOLDWATER, Jr.,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

The SPEAKER. The Chair appoints as a member of the Board of Visitors of the U.S. Air Force Academy the gentleman from Virginia (Mr. ROBINSON) to fill the existing vacancy thereon.

ANNOUNCEMENT BY THE SPEAKER—SUMMONS AND COMMUNICATIONS IN KATHRYN M. DEATS AGAINST CARL ALBERT, SPEAKER OF THE HOUSE OF REPRESENTATIVES

The SPEAKER. The Chair desires to make a statement. The Chair, in his official capacity as Speaker of this House, has been served with a summons issued by the U.S. District Court for the District of New Mexico to answer the complaint in the case of Kathryn M. Deats against Carl Albert. The Clerk will read the summons.

The Clerk read as follows:

ALBUQUERQUE, N. MEX.,
March 11, 1975.

Hon. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.
Re: DEATS V. U.S.A., Civil 75-126

HONORABLE SIR: Pursuant to Rule Four of the Federal Rules of Civil Procedure, forwarded herewith is summons together with complaint in the above-styled and numbered cause for service upon you.

Sincerely,

D. R. BACA,
U. S. Marshal.

SUMMONS

[In the U.S. District Court for the District of New Mexico CIV 75-126]

Kathryn M. Deats, Albuquerque, New Mexico, Plaintiff v. Carl Albert, Speaker of the House of Representatives, Washington, D.C., Defendant.

To the above named Defendant:

You are hereby summoned and required to serve upon Kathryn M. Deats 509½ Wyoming SE., Albuquerque, New Mexico 87123 plaintiff's attorney, whose address is stated above, an answer to the complaint which is herewith served upon you, within 60 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

L. G. KANALY,
Clerk of Court.
V. SCHWANX,
Deputy Clerk.

Date: March 7, 1975.

NOTE.—This summons is issued pursuant to Rule 4 of the Federal Rules of Civil Procedure.

The SPEAKER. Letters that the Chair has sent to the Attorney General of the United States and to the U.S. District Attorney for the District of New Mexico in connection with the case heretofore mentioned will be inserted at this point in the RECORD.

U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 24, 1975.

Hon. EDWARD H. LEVI,
Attorney General of the United States Department of Justice, Washington, D.C.

DEAR MR. LEVI: I am sending you a copy of a summons and complaint in Civil Action No. 75-126 filed against me in the United States District Court for the District of New Mexico, and served upon me on March 11, 1975, by a United States Marshal.

In accordance with 2 U.S.C. § 118 I have sent a copy of the summons and complaint in this action to the United States Attorney for the District of New Mexico requesting that he take appropriate action under the supervision and direction of the Attorney General. I am also sending you a copy of the letter I forwarded this date to the United States Attorney.

With kind regards, I am

Sincerely yours,

CARL ALBERT.

U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., March 24, 1975.

Hon. VICTOR R. ORTEGA,
United States Attorney for the District of New Mexico, Albuquerque, N.M.

DEAR MR. ORTEGA: I am sending you a copy of a summons and complaint in Civil Action No. 75-126 filed against me in the United States District Court for the District of New Mexico, and served upon me by a United States Marshal on March 11, 1975.

In accordance with 2 U.S.C. § 118, I respectfully request that you take appropriate action, as deemed necessary, under the "supervision and direction of the Attorney General" of the United States in defense of this suit against me in my official capacity.

I am also sending you a copy of the letter that I forwarded this date to the Attorney General of the United States.

With kind regards, I am

Sincerely,

CARL ALBERT.

SPEAKER CLARK'S DESK, A MEMENTO OF YESTERYEAR

(Mr. HUNGATE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUNGATE. Mr. Speaker, I should like to bring to the attention of the Members that the desk formerly used by Speaker Champ Clark at the time when all 435 Members had desks here on the floor is in the Speaker's lobby.

I thought it might be of interest to the Members to see what those desks were like. They were last used in 1914, and Speaker Clark's daughter advises that he acquired this one for use in the House in 1893.

CALL OF THE HOUSE

Mr. SISK. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 91]

Andrews, N.C.
Ashbrook
Aspin
AuCoin
Biester
Bingham
Brooks
Burke, Calif.
Casey
Chappell
Chisholm
Conyers
Dellums
Dent
Diggs
Eckhardt
English
Erlenborn
Esch
Evins, Tenn.
Harsha
Hawkins
Hays, Ohio
Hébert
Hightower
Ichord
Metcalfe
Mills
Moorhead, Pa.
Morgan
Murphy, N.Y.
O'Neill
Passman
Riegle
Runnels
Scheuer
Seiberling
Shipley
Shuster
Skubitz
Solarz
Udall
Ullman
Van Deerlin
Waxman

The SPEAKER. On this rollcall 387 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON ARMED SERVICES AND SUBCOMMITTEES TO PROCEED WITH HEARINGS DURING 5-MINUTE RULE

Mr. CHARLES H. WILSON of California. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services and its subcommittees be permitted to proceed this afternoon with hearings on H.R. 3689, the fiscal year 1976 Department of Defense appropriation request, and H.R. 49, during the 5-minute rule.

The **SPEAKER**. Is there objection to the request of the gentleman from California?

There was no objection.

PROPOSED EASTER RECESS

(**Mr. ROGERS** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS. Mr. Speaker, there has been discussion during the past week about the upcoming Easter recess.

I strongly feel that the work facing the Congress makes such a protracted recess unthinkable. We simply have too many important issues to consider to be taking such a recess.

Certainly the Holy Days of the Easter season should be acknowledged. And a recess for this purpose from close of business Thursday to Monday would be appropriate.

But while the economy continues to stagger I do not think we should be leaving our business.

CONFERENCE REPORT ON H.R. 3260, RESCINDING CERTAIN BUDGET AUTHORITY

Mr. MAHON. Mr. Speaker, pursuant to the order of the House of Thursday last, I call up the conference report on the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Texas?

POINT OF ORDER

Mr. WRIGHT. Mr. Speaker, I make a point of order against the conference report.

The **SPEAKER**. The gentleman will state his point of order.

Mr. WRIGHT. Mr. Speaker, I make a point of order against the conference report. Approval of this conference report at this time would constitute a violation of the Congressional Budget and Impoundment Control Act of 1974 in that more than 45 days prescribed in that act have expired.

The rescissions that are the subject of this conference report were proposed by the President in House Document 93–398, November 26, 1974, and as amended by House Document 94–39, January 30, 1975.

Mr. Speaker, it is essential that we follow proper procedures as we implement the provisions of title X of the Congressional Budget and Impoundment Control Act of 1974.

These rescissions were originally proposed on November 26 by the President. The 93d Congress adjourned before the expiration of the 45-day period as prescribed in title X, part B, section 1011, paragraph (5), and these rescissions were automatically retransmitted at the beginning of the 94th Congress, and thus the 45-day period which Congress is allowed in which to complete its action began running again, this time expiring on February 28, 1975. And even though the President later revised these rescissions, the time period upon which the 45-day period is based is determined by the date of the original rescission message.

In House Document 93–410, December 13, 1974, as submitted by the Comptroller General of the United States, the Comptroller General held that the time frames for congressional and General Accounting Office action on rescissions are not altered by the supplemental messages of the President. I quote this sentence:

> They start from the date of the President's original message.

And Mr. Speaker, the opinion of the Comptroller General is even more important than usual because of the special responsibilities conferred upon him under sections 1015 and 1016 of title X.

Thus, Mr. Speaker, it is clearly established that the 45-day period has elapsed in regard to rescissions 75–28 and 75–28A.

And it is essential that such an opinion be sustained, because if it were not, then the President could send a revision of a rescission to the Congress whenever he desired in order to keep the 45-day period from ever expiring. Such a procedure would clearly violate the very heart and purpose of title X.

Mr. Speaker, once the 45-day period elapses, a rescission cannot be part of a rescission bill under the definitions of title X of the Congressional Budget and Impoundment Control Act of 1974.

This is clearly spelled out in title X, part B, section 1011, paragraph (3) which defines what a "rescission bill" is, and I quote:

> (3) "rescission bill" means a bill or joint resolution which only rescinds, in whole or in part, budget authority proposed to be rescinded in a special message transmitted by the President under section 1012, and upon which the Congress completes action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress.

This is further reinforced by section 1012(b) of title X which reads as follows:

> (b) Requirement To Make Available for Obligation.—Any amount of budget authority proposed to be rescinded or that is to be rescinded as set forth in such special message shall be made available for obligation unless, within the prescribed 45 day period, the Congress has completed action on a rescission bill rescinding all or part of the amount proposed to be rescinded or that is to be reserved.

Mr. Speaker, clearly 45 days of continuous session have elapsed and a rescission bill containing rescission 75–28 as amended by rescission 75–28A would not be in order. The executive branch, recognizing that the 45-day period has expired, has proceeded to make the funds in question available for obligation.

The Comptroller of the Department of Defense in a letter to the chairman of the House Appropriations Committee recognizes that the period provided by law for approving this rescission has legally expired. He states that he and the Director of the Office of Management and Budget have proceeded to implement the obligation of the defense funds after the expiration of the 45-day period of February 28.

Mr. Speaker, I insist on my point of order.

The **SPEAKER**. Does the gentleman from Texas wish to be heard on the point of order?

Mr. MAHON. Mr. Speaker, I ask to be heard on the point of order.

Mr. Speaker, we are breaking new ground in the House of Representatives today. For the first time in the life of the House of Representatives, we have a conference report on a rescission bill under the new law. I wish to be heard against the point of order.

I would say that the thrust of the point of order of the gentleman from Texas (Mr. Wright) is that the Impoundment Control Act defines a rescission bill as a bill or joint resolution which rescinds budget authority, and upon which Congress completes action before the end of the first period of 45 days of continuous session after the time on which the President's message is received by the Congress.

The gentleman from Texas argues that this period has now elapsed and that further consideration is not in order.

The gentleman is correct when he points out that there are numerous complex and confusing problems associated with the 45-day period and the unclear effect this has on the legality of a rescission bill. However, these questions are apart from the issue of this conference report being in order at this time.

Mr. Speaker, when the House considered the the bill before us 1 month ago today, on February 25, we were within the 45-day period specified by the act for the consideration of a rescission. If the House were considering the item contained in this rescission bill for the first time today, the point of order made by the gentleman would, of course, lie. But this is a conference report. The House passed this bill a month ago under the rules and under the requirements of the Budget Control and Impoundment Act, and the other body passed the bill. There is nothing in the law prohibiting the consideration of conference reports after the 45-day period on a bill that has been considered and passed, as this one has within the 45-day period. There are no grounds not to consider the conference report today, as I see it.

Further, Mr. Speaker, section 1017(c) (5) of the act entitled "Floor Consideration in the House," says that except to the extent specifically provided in this subsection—and there is no such reference in the subsection—consideration of any conference report on rescission bills shall be governed by the Rules of the House of Representatives applicable to other conference reports in similar circumstances.

There is nothing in this conference report that would have been subject to a point of order when the bill was originally considered in the House and the bill itself was considered within the 45-day period referred to in the act.

Mr. Speaker, as I indicated, if we are considering these particular rescissions today for the first time in a bill just reported to the House, the gentleman's point of order might lie. But at this stage in the legislative process, when we have before us this conference report, that is, a consideration of a proper conference report, the point of order does not lie, in my judgment, and should be overruled.

Mr. Speaker, I ask that the point of order be overruled.

The SPEAKER. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. DRINAN. Mr. Speaker, I want to urge a point of order offered by the distinguished gentleman from Texas (Mr. WRIGHT).

The simple fact is that the President notified the Congress on November 26, 1974, of these rescissions. The Congress adjourned. But the time once again started, upon our reconvening. The 45 days expired on February 28. It is totally contrary to the letter and the spirit of the Impoundment Act for us, on March 25, to set aside these rescissions. As a matter of fact, the law should read—and I have a bill in to make the law read—that from the very moment the President sends us a rescission bill, in this instance, on November 26, he has no right under the law to impound the funds.

The fact of the matter is OMB has impounded the funds as of November 26, and legally, they were required to deimpound those funds and obligate those funds on February 28. If they did not do it, they are acting illegally. I hope they have done it and, consequently, I think there is no point, on March 25, of our telling the administration of setting aside these rescissions, and I urge, in the strongest terms, that the point of order of the gentleman from Texas (Mr. WRIGHT) be sustained.

The SPEAKER. Does the gentleman from Massachusetts (Mr. CONTE) desire to be heard on the point of order?

Mr. CONTE. Mr. Speaker, I rise in opposition to the point of order under Public Law 93-344, the Impoundment Act. In section 404 of that act which amends the House rules, clause 2, rule XI, of the Rules of the House of Representatives is amended by redesignating paragraph (b) and paragraph (c) and by inserting after paragraph (a) the following:

> Rescissions and appropriations contained in the Appropriation Act shall be within the jurisdiction of the Appropriations Committee.

Mr. Speaker, even aside from the Budget and Impoundment Act, that jurisdiction was given under rule X of the Rules of the House of Representatives, and the Committee on Appropriations was well within its jurisdiction to make its rescission.

The SPEAKER. The Chair is ready to rule.

The gentleman from Texas (Mr. WRIGHT) has made a point of order against the consideration of the conference report on the basis that it would violate provisions of the Congressional Budget and Impoundment Control Act of 1974. Specifically, it is alleged that since the 45-day period provided for in section 1011 of the act has expired, the report may not be considered.

The section referred to by the gentleman defines a rescission bill for the purposes of title X of the act. Technically speaking, after the expiration of the 45-day period a bill does not meet the definition of a "rescission bill" under the terms of the act. The effect of this, however, is simply to deny to the bill the privilege for initial consideration in the House afforded under section 1017. This is not tantamount to the proposition that the Congress cannot pass a bill the effect of which is to rescind certain budget authority irrespective of any particular time frame. The act itself recognizes the power of Congress to pass such a bill by providing in section 1001 that nothing contained in the act shall be construed as conceding the constitutional powers of the Congress.

The House passed this bill within the time period specified in the act. The other body then acted on the bill, and the differences were resolved in conference. The conference report is now before the House. All rules of the House relative to consideration of conference reports having been complied with, the Chair finds no reason to prohibit the consideration of this report. The point of order is therefore overruled.

Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 24, 1975.)

Mr. MAHON (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Speaker, as stated earlier, this is the first conference report to be presented to the House under the new Congressional Budget and Impoundment Control Act.

The President a few months ago sent to Congress a request for the rescission of $949,443,172. This request dealt largely with items in the defense, housing and health, education, and welfare areas. The conferees have agreed on the rescission of $243 million, not the nearly $1 billion recommended by the President.

Most of the rescissions are in the defense area—$183,200,000 out of the bill total of $243,359,370. The largest rescission is for 12 F-111F fighter aircraft.

Mr. Speaker, I am troubled about this measure. I am troubled about it because Congress is doing today, in my opinion, a very foolish thing. The F-111 rescission was originally agreed to on a floor amendment. I believe that if more of the Members had been present during the debate on the amendment that the amendment would not have been agreed to. The rescission will throw many thousands of employees out of work—about 5,000 in the Fort Worth area alone. Most of these unemployed workers in Texas and elsewhere will begin to draw unemployment benefits, requiring millions of dollars of Federal expenditures. As I pointed out when the original amendment was before us, $205 million was appropriated last year for the procurement of 12 F-111F tactical fighter-bomber aircraft. Of that amount, some $72 million has already been obligated. To stop the procurement now will result in the wasting of large sums of Federal dollars. If the entire $205 million is spent, we get for the Air Force 12 modern combat aircraft. By agreeing to the rescission, we will receive no aircraft, only some parts and considerable scrap.

In our hearings recently, I asked the Secretary of Defense why the executive had proposed the rescission of $122 million since it appeared to make little sense. He replied that the administration decided to propose the rescission of all funds appropriated to the Defense Department for fiscal year 1975 which were not requested in the original fiscal year 1975 budget. Apparently everything proposed by the President was considered to be needed and everything proposed by the Congress was considered unimportant.

I believe that the Congress seriously erred in agreeing to the proposed rescission, but in view of the overwhelming adverse votes in both the House and Senate, the conferees had no choice other than to provide for the rescission which had been agreed to. Under the circumstances, with much regret I must vote for the conference report.

Other major rescissions in the conference report include $7,856,470 for the water bank program in the Agriculture Department; $2,100,000 for the State Department; $14,250,000 for the Commerce Department; $9,400,000 for the Justice Department; and $1,530,000 for the Treasury Department.

Mr. Speaker, this is the first conference report on a rescission bill ever considered by the House. There are many confusing and unclear areas associated with title X of the Congressional Budget and Impoundment Control Act which we adopted last year and which governs the procedures for a rescission bill. I am hopeful as we proceed on these bills that gradually the problems will be worked out.

I urge adoption of the conference report.

Under leave to insert tabular material, I am inserting a table which summarizes the actions in this bill:

H.R. 3260, 2D RESCISSION BILL, 1975

[Comparison of conference action to request, House action and Senate action by subcommittee]

Subcommittee	Request	House action	Senate action	Conference action	Conference action compared with— Request	Conference action compared with— House action	Conference action compared with— Senate action
Agriculture	$21,212,940		$7,856,470	$7,856,470	−13,356,470	+7,856,470	
Defense	278,800,000	$183,200,000	243,500,000	183,200,000	−95,600,000		−60,300,000
HUD-Independent Agencies	264,117,000				−264,117,000		
Interior	14,921,000				−14,921,000		
Labor-HEW	284,719,332				−284,719,332		
State, Justice, Commerce, and the Judiciary	36,650,000	33,350,000	23,100,000	25,750,000	−10,900,000	−7,600,000	+2,650,000
Treasury, Postal Service, and General Government	49,022,900	26,022,900	46,022,900	26,552,900	−22,470,000	+530,000	−19,470,000
Total	949,443,172	242,572,900	320,479,370	243,359,370	−706,083,802	+786,470	−77,120,000

Mr. CEDERBERG. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. CONTE).

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, I rise in support of the adoption of this report.

As my colleagues will recall, I offered an amendment to this bill to rescind funding for the F-111F fighter/bomber aircraft. This amendment was adopted by a vote of 240 to 164.

In the Senate, a similar amendment to this bill was passed.

Mr. Speaker, I am pleased to note that the rescission of funds for the F-111F is contained in this conference report, and I have every expectation that it will be passed.

The conferees are recommending total rescissions of $243.4 million in this bill, which is slightly above the amount which we passed in the House. Even so, we are still 74 percent below the administration's request, and I believe that we can and must do better.

I do not know whether the administration plans to send us any more rescission proposals this year, but I think we have got to draw the line on spending. If not this year, then certainly in the 1976 budget.

The time is past when we could print more money for these programs and have it absorbed into the economy without serious repercussions.

The state of the Union is not good, and we must commit ourselves to following a responsible policy on expenditures.

Mr. Speaker, I would like to take this opportunity to thank those of my colleagues who supported my F-111F amendment as a blow for fiscal responsibility, and urge all of my colleagues to adopt this conference report.

Mr. MAHON. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I oppose the conference committee report.

Perhaps my speaking now in opposition to this report is a futile gesture. The House voted earlier this year to cut out all money for the F-111.

I am aware that it is an emotional issue on the part of many Members and that many new Members came here committed to vote to trim military expenditures. This was the first bill up which gave them an opportunity to go on record against military expenditures.

Mr. Speaker, the supreme irony of it is that by voting in this false economy move to trim this relatively trifling amount, they have committed the Congress to one of two choices: Either to have no supersonic bomber fleet, none, or to buy the B-1 at $100 million a copy.

If the Members want to be confronted with that dilemma, then they should vote for this conference committee report. If the Members have reservations about making that choice, either to be denuded of any capacity to have a supersonic bomber fleet or to purchase the B-1 at $100 million a copy, then they should vote against this conference committee report.

The F-111 is the most modern bomber in the free world. It has the best safety record, judged by thousands of hours flown, of any aircraft in the arsenal, any of them. It is the only aircraft we have which is capable of a low-level, supersonic bombing attack, coming in under the enemy's radar and being gone before the enemy knows it is there.

In combat over heavily defended targets in North Vietnam the F-111 more than amply proved itself.

It was said on this House floor earlier that we have the B-52 and, therefore, we do not need another bomber. The B-52's, when we go into the 1980 time frame, will be more than 30 years old. They are subsonic. They are incapable of supersonic flight. They are incapable of low-level bombing attack.

The B-52's were sitting ducks in North Vietnam. They fell like flies over the heavily defended targets there. While they were being shot down because they were such big targets and so slow, and required to fly high where the radar cone can pick them up before they get to their target, the F-111's were attacking those same targets and getting away. Pilots and crews were surviving. The F-111 survival rate over those targets was five times better than that of the B-52's.

So, let us face it now. If you just want a superficial opportunity to say you voted to cut military expenditures, you can save a few paltry dollars, and wind up with $75 million worth of parts we cannot use. In the process we shall disrupt 16,610 workers, and they are not all in Texas, by any manner of means; 3,520 are in New York State, 2,710 are in California, 1,790 in Missouri, 1,440 in Connecticut, 2,000 in Ohio, Indiana, Massachusetts, New Jersey, and Illinois, and 1,250 in 25 other States. All these people will be affected by unemployment. Most significantly, we will have cut out the only option we have to doing away with bombers, having no supersonic bombers, or buying the B-1's.

Now, if you want to face that choice, then just go ahead and vote for this conference report. But if you think we can get by without any bombers and still have a deterrent capacity, just bear this thought in mind: Once you commit that missile it is committed. It does not have anybody sitting in it who can turn it around and bring it back if the crisis passes; it has no flexibility. I think we need a flexible and believable deterrent, and for that reason I believe we need some supersonic bombers. And I do not believe Congress is going to be anxious to pay $100 million apiece for B-1's. Therefore, I say we should vote against this conference committee report.

The SPEAKER. The time of the gentleman has expired.

Mr. MAHON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. WRIGHT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 346, nays 59, not voting 27, as follows:

[Roll No. 92]

YEAS—346

Abdnor
Abzug
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
AuCoin
Badillo
Bafalis
Baldus
Barrett
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Conable
Conlan
Conte
Conyers
Corman
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Delaney
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downing
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Flowers
Flynt

Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gibbons
Gilman
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Hamilton
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hinshaw
Holland
Holt
Holtzman
Horton
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott

Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
Macdonald
Madigan
Maguire
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oberstar
O'Brien
Ottinger
Patten
Patterson, Calif.
Pattison, N.Y.
Perkins
Peyser
Pickle
Pressler
Preyer
Pritchard
Quie
Quillen
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Robinson
Rodino
Roe
Rogers
Roncalio
Rose

Rosenthal
Rostenkowski
Roush
Rousselot
Ruppe
Russo
Ryan
St Germain
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shriver
Shuster
Sikes
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Studds
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wirth
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

NAYS—59

Ambro
Archer
Ashley
Bolling
Breckinridge
Burleson, Tex.
Casey
Chappell
Chisholm
Collins, Tex.
Cotter
Daniels, Dominick V.
Danielson
Davis
de la Garza
Dodd
Downey
Florio
Giaimo
Ginn

Gonzalez
Haley
Hall
Hammerschmidt
Hastings
Hicks
Hillis
Howard
Jones, Ala.
Kazen
McKinney
Mathis
Milford
Montgomery
Moss
Nix
Obey
O'Hara
Patman
Pike

Poage
Price
Randall
Risenhoover
Roberts
Rooney
Roybal
Santini
Sarasin
Simon
Stephens
Stratton
Stuckey
Sullivan
Symms
Wilson, Bob
Wolff
Wright
Young, Tex.

NOT VOTING—27

Adams
Ashbrook
Aspin
Brooks
Collins, Ill.
Dellums
Dent
Erlenborn
Evins, Tenn.

Goldwater
Hawkins
Hays, Ohio
Hightower
Ichord
Leggett
Madden
Mills
Mollohan

O'Neill
Passman
Pepper
Runnels
Seiberling
Shipley
Skubitz
Teague
Waxman

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. O'Neill with Mr. Mollohan.
Mr. Hays of Ohio with Mr. Leggett.
Mr. Brooks with Mr. Madden.
Mr. Adams with Mr. Aspin.
Mr. Seiberling with Mr. Dellums.
Mr. Shipley with Mr. Skubitz.
Mr. Pepper with Mr. Goldwater.
Mr. Hawkins with Mrs. Collins of Illinois.
Mr. Dent with Mr. Ashbrook.
Mr. Evins of Tennessee with Mr. Teague.
Mr. Ichord with Mr. Erlenborn.
Mr. Hightower with Mr. Passman.
Mr. Runnels with Mr. Waxman.

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to, and that I may be permitted to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT ON H.R. 4075 RESCINDING CERTAIN BUDGET AUTHORITY

Mr. MAHON. Mr. Speaker, pursuant to the prior order of the House, I call up the conference report on the bill (H.R. 4075) to rescind certain budget authority recommended in the message of the President of January 30, 1975, and in the communications of the Comptroller General of February 7, 1975, and of February 14, 1975, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 24, 1975.)

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Speaker, this conference report on H.R. 4075 contains rescissions that total $16,454,704. The conference report is identical to the bill that passed the House. The Senate made two amendments to the bill but receded in conference.

The rescissions the conference report contains include $10,000,000 for forestry incentive programs; $995,000 for the Department of Defense; $500,000 for the Consumer Product Safety Commission; and $4,999,704 for the Inter-American Cultural and Trade Center.

Mr. Speaker, this conference report is $1,243,939,250 below the amount recommended for rescission by the President. The principal reason for this large difference is that the President had recommended $939,030,250 in rescissions for various health and education items and $125,000,000 in rescissions for the job opportunities program of the Economic Development Administration, all of which the Congress did not agree to rescind.

Mr. Speaker, I urge the adoption of the conference report. Under leave to insert tabular material, I am placing in the RECORD at this point a table which summarizes the conference report. This table contains a figure that is different from that shown in the "conference totals" at the end of the statement of the managers. The Senate inadvertently included an improper figure that caused the budget requests to be $11,717,000 higher than actually submitted. The table follows:

H.R. 4075, 3D RESCISSION BILL, 1975, COMPARISON OF CONFERENCE ACTION TO REQUEST, HOUSE ACTION, AND SENATE ACTION BY SUBCOMMITTEE

Subcommittee	Budget request	House action	Senate action	Conference action	Conference action compared with— Budget request	House action	Senate action
Agriculture	$191, 700, 000	$10, 000, 000	$10, 000, 000	$10, 000, 000	$−181, 700, 000	0	0
Defense	955, 000	955, 000	955, 000	955, 000	0	0	0
HUD-Independent Agencies	1, 709, 000	500, 000	0	500, 000	−1, 209, 000	0	+$500, 000
Labor-HEW	924, 311, 250	0	0	0	−924, 311, 250	0	0
State, Justice, Commerce, and Judiciary	129, 999, 704	4, 999, 704	0	4, 999, 704	−125, 000, 000	0	+4, 999, 704
Total	−1, 248, 674, 954	16, 454, 704	10, 955, 000	16, 454, 704	1, 232, 220, 250	0	5, 499, 704

Mr. CEDERBERG. Mr. Speaker, I have no further requests for time.

Mr. MAHON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to and that I may include tables and charts on the remarks I made today.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISAPPROVING THE DEFERRAL OF CERTAIN BUDGET AUTHORITY RELATING TO THE DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Mr. SLACK. Mr. Speaker, I call up House Resolution 309, disapproving the deferral of certain budget authority, and ask unanimous consent that it be considered in the House.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 309

Resolved, That the House of Representatives hereby expresses its disapproval of proposed deferral D 75-94, as set forth in the President's special message of November 26, 1974, transmitted to the Congress under section 1013 of the Impoundment Control Act of 1974, and subsequently revised in the supplementary message of January 30, 1975, transmitted to the Congress under section 1014(c) of such Act.

The SPEAKER. The gentleman from West Virginia (Mr. SLACK) is recognized for 1 hour.

Mr. SLACK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we submit for consideration to the House, House Resolution 309, recomending disapproval of proposed deferral D75-94, as set forth in the President's special message of November 26, 1974, transmitted to the Congress under section 1013 of the Impoundment Control Act of 1974, and subsequently revised in the supplementary message of January 30, 1975, transmitted to the Congress under section 1014(c) of such act, making funds available to the National Oceanic and Atmospheric Administration in the amount of $4,073,000 for the following items:

The sum of $600,000 for the State-Federal fisheries conservation and management grants program. The proposed deferral would have reduced by some 10 percent the commercial fisheries grants and anadromous fisheries grants to the States.

The sum of $1,034,000 for the sea grant program's marine technology grants. These are the grants to universities, institutes, and laboratories for the development of applied marine technology. The proposed deferral would have resulted in a 20-percent reduction in funds for this program.

The final item consists of $2,439,000 for programs of the National Weather Service, which include the following:

The sum of $800,000 for the procurement of specialized data equipment for weather radars. The deferral of this item would have delayed the program for 1 year.

The sum of $1,266,000 for initial procurement of prototype systems for automation of field operations. Likewise, a deferral of this item would have delayed this program for 1 year.

The sum of $100,000 for grants to develop satellite remote sensing technology.

And, finally, $273,000 to establish a special unit to develop severe storm and tornado forecasting.

Mr. Speaker, we recommend the adoption of House Resolution 309.

Mr. PRITCHARD. Mr. Speaker, will the gentleman yield?

Mr. SLACK. I yield to the gentleman from Washington.

Mr. PRITCHARD. Mr. Speaker, I want to indicate my support for this bill and especially for the portion disapproving the deferral of $600,000 which Congress had appropriated for the State-Federal fisheries management grants.

Just last session the House unanimously passed Senate Concurrent Resolution 11 and expressed that it was its policy to strengthen the U.S. fishing industry, that it intended to support the responsibilities of the States for management and conservation of fish, and that it particularly commended the Federal-State fisheries management programs. Since the House spoke so directly and unanimously to these very programs, I suggest that we must either disapprove this deferral or stop passing resolutions of any kind.

Again, just last year Congress amended the Anadromous Fish Conservation Act to authorize an increase in the Federal share of these programs. This deferral also does away with that intention of Congress.

Apart from the direct support Congress has expressed for these programs, there are excellent reasons why they should not be deferred. First, the programs are already under severe strain, because the Federal share has been level funded without any provision for inflation for 3 years. Second, this deferral of funds in the middle of the fiscal year would interfere greatly with State planning and hinder the development of State-Federal cooperation in this area. We are moving ahead with important new fisheries programs such as extended jurisdiction, the national fisheries plan, and expanded management plans. At this critical time, the cooperation of the States is especially necessary.

Third, many States have already provided funds and developed programs with the knowledge that Federal matching funds had been appropriated and with the understanding that they would be available. Deferral at this time would, in some cases, require the termination of existing projects and waste money already spent. We must remember that the programs deal with a living resource. In some cases on the west coast for example, immature hatchery fish will have to be released if this deferral is not disapproved.

In my view there are many good reasons why this deferral should be disapproved, and I ask you to join in voting for the deferral resolution.

Mr. DUNCAN of Oregon. Mr. Speaker, I want to congratulate the gentleman from West Virginia, the subcommittee chairman, for bringing this resolution before the Congress. The activities of the National Oceanic and Atmospheric Administration are important to every State in the Nation. The weather forecasting techniques and the specialized equipment for gathering weather data will pay for themselves many times over in providing forecasts that are important to the preservation of life and property.

The funds for commercial fisheries, for the anadromous fisheries and for the sea grant colleges are especially important to Oregon where one of those great institutions is located and where a substantial commercial fishing industry is perpetually hard pressed. It is important to Oregon—indeed it is important to the world—that we do all we can to increase the protein supply so much in demand by a hungry world. There is no better source of protein than the noble salmon as everyone who has caught or eaten one well knows.

No money is saved by the attempt of the administration to defer these amounts for expenditure at a later time. Indeed the costs will go up the longer we wait due to the inexorable impact of inflation. The resolution is a good one and should pass.

Mr. AuCOIN. Mr. Speaker, I want to take this opportunity to thank the chairman and the committee and to compliment the chairman for his leadership in bringing to the floor this disapproval of deferral resolution, encompassing as it does principles embodied in the original legislation I introduced on behalf of my constituents in late February. The importance of making these funds available as soon as possible cannot be overemphasized.

Not only would deferral of these funds do great harm to continuing marine resources development at the Federal level, but it would seriously impair the ability of the States, including Oregon, to continue their own programs of marine research and development. The deferral request includes grant-in-aid funds. Oregon has given its full support and commitment to these grant-in-aid programs, and deferral of these funds would be disastrous to my State.

Disapproval of the deferral will allow the continuation of salmon taking and recovery programs and programs to improve hatchery techniques. Also, these funds will be used for studies concerning the development of new and better products from Oregon's food-fish resource and to fund research-management programs on andromous fish stocks. I believe the cooperation of the States and the Federal Government has proved extremely beneficial in this area, and I believe it should be continued so that we can develop our ocean resources for maximum benefit while using sound conservation principles.

Disapproval of this deferral will enable the sea grant program to continue its marine research efforts. In Oregon, these funds will be used for continued support of marine and commercial fisheries technology training projects, for studies to determine feeding habits of salmonid fishes, for the evaluation of the potential for a krill fishery off Oregon, and for support of a coastal zone management specialist. In addition, disapproval of this deferral will help both of these programs to keep pace with the high cost-of-living increases which are already forcing cutbacks in program activities.

The impact of this deferral is not only any means limited to Oregon. It would have serious consequences for the entire American marine development effort, and it is for this reason that I support this resolution to disapprove the deferral of funds. Simply stated, Mr. Speaker, the potential of the sea is far too great for us to fail to support vital programs of marine research and development.

Mr. EMERY. Mr. Speaker, I respectfully urge my colleagues to lend their support to House Resolution 309, a combination of House Resolution 240 and 266 which I cosponsored to disapprove certain Presidential budget authorities—D75–94—relating to the Department of Commerce, National Oceanic and Atmospheric Administration.

The President's recommendation to defer expenditures of $600,000 in Federal grant-in-aid funding for fisheries conservation, research, and management will have disastrous consequences on our State-Federal cooperative programs.

For the State of Maine, these drastic cuts, amounting to $16,433, will cripple and possibly terminate ongoing fisheries programs and cast many people out of work, while at the same time, other legislation is proposed to create more Federal jobs for the unemployed.

In this period of mounting concern for rational management of our ocean resources, the United States can ill-afford this sudden evisceration of key ongoing research and management programs.

Mr. SLACK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

GENERAL LEAVE

Mr. SLACK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just agreed to.

The **SPEAKER.** Is there objection to the request of the gentleman from West Virginia?

There was no objection.

THE NATIONAL SCHOOL LUNCH ACT AND *CHILD* NUTRITION ACT OF 1966 AMENDMENTS OF 1975

Mr. PERKINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs.

The **SPEAKER.** The question is on the motion offered by the gentleman from Kentucky.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 4222, with Mr. PIKE in the chair.

The Clerk read the title of the bill.

The **CHAIRMAN.** When the Committee rose on yesterday, the Clerk had read through the first section of the committee amendment in the nature of a substitute ending on page 8, at line 22.

Mr. PERKINS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the lengthy discussion which we had yesterday on the provisions of H.R. 4222, has made it apparent that many Members are in disagreement with certain features of the bill. However, I am confident that all of us agree with the basic purpose of the bill, which is to strengthen the school lunch and child nutrition programs. As was brought out in the debate yesterday, it is clear that the school lunch program needs help in order to survive in this recent period of constantly increasing costs of operation. We must reverse the decline in school lunch participation by making the program more readily available to the middle-class children who are being priced out of the program.

Despite all the discussion on the floor yesterday, it is simply not true that we will be spending large sums of money to finance lunches for the children of millionaires. Fewer than 1 percent of the families in the Nation fall in the income category of $50,000 and over. Only 6 percent of families are between incomes of $25,000 and $50,000.

The substitute amendment will raise the 25-cent maximum payment upward to 35 cents per lunch. The supplemental payment will then be the difference between the January 1, 1975, price and the new maximum of 35 cents. A minimum payment of 10 cents will be retained for any school. Further an escalator will take effect July 1, 1975, to compensate for cost increases since January 1, 1975.

The total effect of these revisions will be to reduce the cost by more than one-half from this provision of the original bill.

Further, concern has been expressed by the members of the House Budget Committee that certain provisions of the bill could be considered as bypassing the appropriations procedure. In view of this concern, the substitute amendment is designed to meet the objections of the members of the Budget Committee. First, we have eliminated the 3-year special authority provided to the Department of Agriculture to purchase section 32 and section 416 commodities regardless of market prices.

Second, the requirement to purchase cereal products and oils and shortening for the school lunch program is deleted.

Third, the requirement pertaining to the use of section 32 funds to finance on a temporary basis the WIC program has been deleted. Funding for the program would then depend on regular annual appropriations.

Mr. Chairman, let me say to the House and to the Committee that it was argued yesterday that we were going to finance school lunches for millionaires—for wealthy people and, therefore, the 25-cent lunch was a subsidy for the rich.

I personally feel that we should strengthen the program in order to protect the free and reduced-price lunch program. When the program for paying children fails, the record shows that the free and reduced-price lunch program likewise fails.

In any event, we decided that the 25-cent ceiling price on lunch, in view of the feeling of the committee, should be increased to 35 cents, and that is in a substitute that will be offered in a few moments by the gentleman from Michigan (Mr. O'HARA). Let me state that this substitute cuts in half the funds which would have been required for the 25-cent lunch with the escalator. It cuts the cost down to $439 million.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the distinguished gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I would like to say to the gentleman that I am a little puzzled. As I understand it, this committee has been studying this lunch program for some time, and the gentleman decided as recently as last night to go ahead with a 25-cent maximum lunch for all children, regardless of income. What happened to justify this sudden change to 35 cents overnight? What is the difference so magically arrived at between 35 and 25 cents, irrespective of the fact, as the gentleman just said, that it will cut the cost by several hundred million dollars?

The **CHAIRMAN.** The time of the gentleman from Kentucky (Mr. PERKINS) has expired.

(On request of Mr. GIAIMO and by unanimous consent, Mr. PERKINS was allowed to proceed for 3 additional minutes.)

Mr. PERKINS. Mr. Chairman, to answer the gentleman's question, we want to be as realistic as this House wants us to be in order to better serve the schoolchildren of this Nation.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. Yes, I yield to the distinguished gentleman from Minnesota (Mr. QUIE).

Mr. QUIE. Mr. Chairman, the gentleman said this amendment, now 35 cents, is less than half of what the original bill would have cost. The figure we had on the original bill was $871 million. The gentleman then is including in this amendment the escalator, which adds, according to the figures the gentleman gave me, another $86 million, which raises this to $957 million.

I asked the Department what the cost of this program would be, as brought up to date, and they have a figure of $521 million as the cost.

Mr. PERKINS. Let me state to my distinguished colleague, the gentleman from Minnesota, that I think he can figure as well as the Department can. On the basis of 15.3 million paying children, in order to provide lunch the following level of funds at 35 cents—representing 10 cents as a subsidy on a 45-cent average price lunch—15.3 million children at $15 per year per child, which comes to $228 million.

There are 2 million new children who will come into this program, and under the 35-cent maximum, at $15 per year per child, will be another $30 million. Then the escalator on the new 35-cent provision will be $80 million. Then the regular section 4 and commodities assistance for additional children for $66 million. And the escalator which is already in the law on section 4 and commodities assistance for additional children is $35 million.

Put together, it is a total of $439 million.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. Quie, and by unanimous consent, Mr. Perkins was allowed to proceed for 1 additional minute.)

Mr. QUIE. Mr. Chairman, if the gentleman will yield, going on with the figures the gentleman has related, the one part the gentleman left out was section 4 and section 6 money for the additional lunches. You have the escalator in, but you did not put in the expenditure that presently is there, and this brings it up to the $521 million.

Mr. PERKINS. Let me say to my distinguished friend, the gentleman from Minnesota, that we did not leave out the escalator on section 4.

Mr. QUIE. I did not say the escalator, I said you left out the basic expenditure that is presently in section 4 and section 6.

Mr. PERKINS. In my judgment the substitute that will be offered by the gentleman from Michigan should be adopted.

The amendment with which Mrs. Mink graciously provided me this morning, contained a feature to provide an additional 15 cents in commodities. If I interpret the Mink amendment correctly, if there ever was backdoor spending under section 32, I think that amendment goes in that direction.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. Ashley, and by unanimous consent, Mr. Perkins was allowed to proceed for 2 additional minutes.)

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, some moments ago the gentleman in the well was explaining why it was that the children of families in essentially my economic situation should receive a subsidy, the largesse of the taxpayers, for their school lunches. I would be interested if the gentleman from Kentucky would pursue that further. I am wondering why it is that the taxpayers in Toledo who are earning $7,000 or $8,000 should be obliged to pay for the lunches of my children.

Mr. PERKINS. Let me say to my distinguished colleague that under the bill—and I do not know of anyone who is offering an amendment to strike it—we increased the reduced price poverty level from $4,510, 100 percent, which takes it up to $9,020. Anyone within that income range can obtain a reduced price lunch.

Mr. ASHLEY. Why should a $7,000 taxpayer in my district be obliged to pay a portion of the cost of the lunches of my children? Why?

Mr. PERKINS. Let me say it is because the school lunch program is a program of nutrition for the welfare of all children.

Mr. ASHLEY. I can take care of the nutrition of my own children without the help from our taxpayers.

Mr. PERKINS. While the gentleman from Ohio may be able to do that, others may not be in that same position.

We have established a school lunch program in this country, and to my way of thinking, we should strengthen the school lunch program for the free and reduced price lunches, which we do in this instance. In the last 6 years the free and reduced price lunches have grown from 1 million to 10 million, and the paying lunch program has declined from 18 million down to 15.3 million.

The CHAIRMAN. The time of the gentleman has expired.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Mr. O'HARA. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. O'Hara: In lieu of the matter proposed to be inserted by the Committee to the text of the bill, H.R. 4222, insert the following:

That this Act may be cited as "The National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975".

SCHOOL BREAKFAST PROGRAM

Sec. 2. Section 4(a) of the Child Nutrition Act of 1966 is amended by inserting immediately after "and June 30, 1975," the following: "and subsequent fiscal years".

Mr. O'HARA (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. QUIE. Reserving the right to object, Mr. Chairman, I would say to the gentleman I have no objection to considering the portion as read where the gentleman makes no change. What I would like to have read is the portion where the gentleman does make a change. He makes a change in section 4, and he makes changes also in back-door spending.

Mr. O'HARA. Mr. Chairman, I am prepared to explain and point out all of the changes I do make if the gentleman will yield to me under his reservation of objection.

Mr. QUIE. I would yield for that purpose, if the gentleman would explain to us what changes he makes.

Mr. O'HARA. Mr. Chairman, we begin by amending the provision that provides for a 25-cent cap.

Mr. QUIE. That is section 4 of the bill, correct?

Mr. O'HARA. That is section 4 of the bill. That provides for a 25-cent cap for the price of a lunch, and my amendment makes that a 35-cent cap on the price of a lunch.

Mr. QUIE. Would the gentleman say that the only change in section 4 is that the number 25 is changed to 35?

Mr. O'HARA. There is one other change. The gentleman from Minnesota will recall that in the committee yesterday we agreed to a committee amendment which provided for an escalator in the amount of payment under section 4 every 6 months based on the consumer price index cost of food consumed outside the home, and that provision would be inserted as subsection (c) of section 4.

Then the next change is over in section 7 of the act, under which we substitute the Meeds language for that which was offered by the gentleman from Minnesota in the Committee on Education and Labor. That is directed at the same problem, that is, plate waste in the school lunch program, and we substitute the Meeds amendment for the amendment offered by the gentleman from Minnesota as discussed in general debate yesterday, because we think it refines the application of the amendment originally offered by the gentleman from Minnesota and improves it.

Mr. QUIE. The gentleman has a new section 7(a)?

Mr. O'HARA. That is correct.

Mr. QUIE. And the remainder of section 7 is the same?

Mr. O'HARA. That is correct.

Mr. QUIE. All right.

Mr. O'HARA. On page 14 of the substitute, is one of the back-door spending provisions that we strike out. We strike out section 13(a) completely. That goes down through page 15, line 7 of the amendment in the nature of a substitute.

Mr. QUIE. In the bill we are talking about page 20 beginning on line 19?

Mr. O'HARA. That is correct. That is the provision that requires the purchase of cereal and shortening and oil products in the amounts provided in the fiscal year 1974. That is one of the back-door spending provisions to which objection was made during consideration of the rule and which is stricken by the amendment in the nature of a substitute.

Mr. QUIE. So the total of section 13 is stricken.

Mr. O'HARA. Only 13(a). Section 13 (b) beginning on line 8, page 21 of the bill, which is page 15 of the amendment in the nature of a substitute, remains in.

Mr. QUIE. All right.

Mr. O'HARA. Then on page 16 of the amendment in the nature of a substitute, page 22 of the bill, beginning on line 12, the language that provided for a mandatory use of section 32 funds for the WIC program in the event that an appropriation was not forthcoming is stricken.

Mr. QUIE. Then the gentleman puts a period in place of a comma on page 22, line 12, after the word "year."

Mr. O'HARA. That is correct.

Mr. QUIE. And strike down through line 13.

Mr. O'HARA. That is correct. Then on through on line 2 on page 23.

Mr. QUIE. The gentleman is talking about page 23 of the bill?

Mr. O'HARA. Yes. Start with line 12, page 22 of the bill, after the words "fiscal year" and strike all that follows on that page through the period on line 2 of page 23.

Mr. QUIE. All right.

Mr. O'HARA. And then on page 25 of the substitute, which is page 34 of the bill, an amendment which corrects a technical oversight and inserts the words "American Samoa" after the words "Virgin Islands" on line 13.

Mr. QUIE. Page 31 of the bill?

Mr. O'HARA. That is correct. Page 31 of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. QUIE. Mr. Chairman, further reserving the right to object, was there not a back-door spending provision in the WIC program?

Mr. O'HARA. That is the one I read to the gentleman, which begins on page 16 of my amendment in the nature of a substitute, which is page 22 of the bill, beginning after the words "fiscal year" on line 12 and continues on down through and including line 2 on page 23.

Mr. QUIE. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. BAUMAN. Mr. Chairman, reserving the right to object. For all intents and purposes it now appears that the original committee substitute, made in order by the rule, is to be junked and instead we are being asked to consider this new substitute which the gentleman from Michigan has just now offered. The original rule on this bill provided that the committee substitute be read for purposes of amendment, as is usual. If the gentleman now obtains unanimous consent to consider his substitute as read and open to amendment, all sorts of confusion can result. No one will have any control over what amendments will be presented and in what order and debate may be cut off.

I do not wish to prolong the agony which has kept the chairman of the Education Committee up until 5:30 in the morning calling secret meetings, but I must object and I do so.

Mr. O'HARA. Mr. Chairman, if the gentleman will withhold a moment before he does so, I have made no such request. The only request I have made is that the reading of part of that amendment in the nature of a substitute be dispensed with and that the amendment in the nature of a substitute be printed in the RECORD at this point.

It does not affect in any way the ability to offer amendments to the rest of the bill. It does not affect the ability to offer amendments to the amendment in the nature of a substitute. Whether or not my request is agreed to, the entire amendment in the nature of a substitute will be open to amendment at once, all at the same time.

All my request does, the only change it makes, it avoids taking the 15 minutes to read the amendment.

Mr. BAUMAN. I am aware that that is what the gentleman is asking and I am aware if a substitute is adopted it will probably be the one the gentleman offers. I would not object to reading it section by section so that amendments can be offered in an orderly manner.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman.

Mr. O'HARA. Mr. Chairman, while it is being read in the RECORD it will not be open to amendment section by section. It would be open to amendment when the entire amendment is read.

Mr. BAUMAN. That is precisely what we object to.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Chairman, this is significant to what the gentleman is talking about. If the substitute is read, it is my understanding of the rules of the House that we cannot stop at the end of each section for amendments, but the entire substitute has to be read before it would be open for amendments.

May I inquire of the Chairman, is that right?

The CHAIRMAN. The gentleman is correct.

Mr. QUIE. The opportunity, it seems to me, if we want to correct both the bill and the substitute at the same time, we would be foreclosed from doing that, because the bill has not been read.

I do not know how the gentleman from Maryland feels about it, but I think for purposes of the House, so that both could be perfected, we have unanimous consent also requested that the entire bill be read and open for amendment at any place and that would give us the opportunity to repair each one, if the gentleman wanted to do that.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Michigan.

Mr. O'HARA. The gentleman from Michigan could offer an amendment to the substitute. I do not intend to make such a request to amend the bill all at the same time. If the gentleman from Minnesota makes the request that after it is read it be considered section by section, I will object.

Mr. BAUMAN. Mr. Chairman, reserving the right to object, I wonder if the gentleman from Michigan would make a unanimous-consent request that his amendment be read section by section. This would accomplish the purpose we are after.

The CHAIRMAN. The Chair will state that the Chair would not entertain a request of that nature. The amendment must be read in its entirety under the rules of the House, if the gentleman from Maryland insists upon his objection. The Chair would encourage that amendments be made to each section once it has been read, but it cannot be open for amendment prior to the reading.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BAUMAN. By unanimous consent is it not possible to read the gentleman's substitute section by section?

The CHAIRMAN. The amendment does have to be read in its entirety, unless unanimous consent is obtained not to read it all. That is the request of the gentleman from Michigan.

Is there objection to the request of the gentleman from Michigan?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. JOHN L. BURTON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. JOHN L. BURTON. Would it not be in order for a unanimous-consent request to consider the substitute read and then to ask unanimous consent that the substitute be read section by section for amendment, considered section by section?

The CHAIRMAN. The first request would be in order, but the second request could best be accomplished if Members cooperated in offering amendments in an orderly fashion.

PARLIAMENTARY INQUIRY

Mr. GIAIMO. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GIAIMO. As the Clerk reads each section, at that time would it be in order to ask unanimous consent that that section be considered as read and open to amendment?

The CHAIRMAN. The entire amendment must be read before any amendment would be in order.

The Clerk read as follows:

SEC. 3. Section 4 of the Child Nutrition Act of 1966 is amended by adding at the end thereof the following new subsection:

"(g) As a national nutrition and health policy, it is the purpose and intent of the Congress that the school breakfast program be made available in all schools where it is needed to provide adequate nutrition for children in attendance. The Secretary is hereby directed, in cooperation with State educational agencies, to carry out a program of information in furtherance of this policy. Within ninety days after the enactment of this legislation, the Secretary shall report to the committees of jurisdiction in the Congress his plans and those of the cooperating State agencies to bring about the needed expansion in the school breakfast program."

SUPPLEMENTAL FOOD ASSISTANCE PAYMENTS

SEC. 4. (a) Section 4 of the National School Lunch Act is amended by inserting "(a)" immediately before the first sentence and by adding at the end thereof the following new subsection:

"(b)(1) In addition to the food assistance payments under subsection (a) to a State educational agency for any fiscal year, the Secretary shall make supplemental food assistance payments for that year to any State educational agency in a total amount equal to the sum of the results obtained by multiplying (A) the number of lunches, other than free lunches and reduced-price lunches (consisting of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary under section 9 (a)), served during such fiscal year to children in each school in such State which participates in the school lunch program under this Act under agreements with such State educational agency in accordance with section 8, by (B) a payment per lunch for that school determined by the Secretary, in accordance with the first and second sentences of paragraph (3), whichever is appropriate.

Mr. GIAIMO (during the reading). Mr. Chairman, I make the point of order that a quorum is not present.

The **CHAIRMAN.** The Chair will count. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The **CHAIRMAN.** One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Clerk will read.

The Clerk continued to read as follows:

"(2) Supplemental payments to any State educational agency under this subsection shall not be subject to the matching requirements contained in the third sentence of section 7 and in the second sentence of section 10.

"(3) In the case of any school which was participating in the school lunch program under this Act as of January 1, 1975, the payment per lunch for a school determined by the Secretary for purposes of making supplemental payments to a State educational agency for any fiscal year in accordance with paragraph (1) shall be an amount equal to (A) the difference between (i) the price, in effect on January 1, 1975, for a lunch (other than a free lunch or a reduced-price lunch) served to a child in that school and (ii) 35 cents, or (B) 10 cents, whichever is the greater. In the case of any school which was not participating in the school lunch program under this Act as of January 1, 1975, the payment per lunch for a school determined by the Secretary for purposes of making supplemental payments to a State educational agency for any fiscal year in accordance with paragraph (1) shall be equal to (A) the difference between (i) the average price, in effect on January 1, 1975, for a lunch (other than a free lunch or a reduced-price lunch) served to a child in all schools in that State which participate in the school lunch program under this Act under an agreement with such agency in accordance with section 8 and (ii) 35 cents, or (B) 10 cents, whichever is the greater."

(b) Section 8 of the National School Lunch Act is amended by inserting immediately before the period at the end of the first sentence the following: ", except that a school in the State shall be eligible to participate in the school lunch program during that fiscal year only if no child in that school is required to pay a price in excess of 35 cents for a lunch served in that school during that fiscal year".

(c) Section 11(a) of the National School Lunch Act is amended by adding at the end thereof the following new sentences: "The Secretary shall prescribe on July 1 of each fiscal year, and on January 1 of each fiscal year, a semiannual adjustment in the payment per lunch served for each school determined by the Secretary under section 4(b) of the National School Lunch Act. The amount of the adjustment under the preceding sentence shall be equal, for each school for which a payment per lunch is determined under such section 4(b), to the cash amount of the adjustment in the special-assistance factor for free lunches prescribed by the Secretary for such date under the third sentence of this subsection, and the first such adjustment shall be prescribed on July 1, 1975."

(d) The amendments made by this section shall take effect on July 1, 1975.

DIRECT FEDERAL EXPENDITURES

SEC. 5. Section 6(b) of the National School Lunch Act is amended—

(a) by striking out "the nonprofit private" the first time such term occurs in the proviso of the third sentence and inserting in lieu thereof "any of the",

(b) by striking out "nonprofit private" the second time such term occurs in such proviso and inserting in lieu thereof "such", and

(c) by striking out "nonprofit private" where such term occurs in the fourth sentence.

MATCHING

SEC. 6. Section 7 of the National School Lunch Act is amended by adding the following sentence at the end of such section: "*Provided, however,* That the total State matching of $3 for $1, as required in the third sentence of this section with adjustments for the per capita income of the State, shall not apply with respect to the payments made to participating schools under section 4 of this Act for free and reduced price meals: *Provided further,* That the foregoing proviso does not apply in the case of State level matching as required under the sixth sentence of this section.".

INCOME GUIDELINES FOR REDUCED PRICE LUNCHES AND MODIFICATION OF PROGRAM REQUIREMENTS

SEC. 7. (a) Subsection (a) of section 9 of the National School Lunch Act is amended by adding at the end thereof the following new sentences: "The Secretary shall establish, in cooperation with State educational agencies, administrative procedures, which shall include local educational agency and student participation, designed to diminish waste of foods which are served by schools participating in the school lunch program under this Act without endangering the nutritional integrity of the lunches served by such schools. Students in senior high schools which participate in the school lunch program under this Act shall not be required to accept offered foods which they do not intend to consume, and any such failure to accept offered foods shall not affect the amount of payments under this Act to any such school."

(b) Section 9(b) of the National School Lunch Act is amended by striking out "75 per centum" in the last sentence of such subsection and inserting in lieu thereof "100 per centum".

(c) The last sentence of section 9(c) of the National School Lunch Act is amended by striking out "nonprofit private schools" and inserting in lieu thereof "schools (as defined in section 12(d)(6)) which are private and nonprofit (as defined in the last sentence of section 12(d)(6))".

(d)(1) Section 9(b) of the National School Lunch Act is further amended by inserting "(1)" immediately before the first sentence thereof, and by adding at the end thereof the following new paragraph:

(2) Any child who has a parent or guardian who (A) is responsible for the principal support of such child and (B) is unemployed shall be served a free lunch during any period in which such child's parent or guardian continues to be unemployed. Local school authorities shall publicly announce that such children are eligible for a free lunch, and shall make determinations with respect to the status of any parent or guardian of any child under clauses (A) and (B) of the preceding sentence solely on the basis of a statement executed in such form as the Secretary may prescribe by such parent or guardian. No physical segregation of, or other discrimination against, any child eligible for a free lunch under this paragraph shall be made by the school nor shall there be any overt identification of any such child by special tokens or tickets, announced or published lists of names, or by any other means."

(2) The amendment made by this subsection shall take effect during the period which begins on the date of the enactment of this Act and ends one year thereafter.

NONPROFIT PRIVATE SCHOOLS

SEC. 8. Section 10 of the National School Lunch Act is amended to read as follows:

"DISBURSEMENTS TO SCHOOLS BY THE SECRETARY

"SEC. 10. If, in any State, the State educational agency is not permitted by law to disburse the funds paid to it under this Act to any of the schools in the State, or is not permitted by law to match Federal funds made available for use by such schools, the Secretary shall disburse the funds directly to such schools within said State for the same purposes and subject to the same conditions as are authorized or required with respect to the disbursements to schools within the State by the State educational agency, including the requirement that any such payment or payments shall be matched, in the proportion specified in section 7 for such State, by funds from sources within the State expended by such schools within the State participating in the school lunch program under this Act. Such funds shall not be considered a part of the funds constituting the matching funds under the terms of section 7."

MISCELLANEOUS PROVISIONS AND DEFINITIONS

SEC. 9. (a) Section 12(d) of the National School Lunch Act is amended by striking out paragraph (3) and by redesignating paragraphs (4) through (7) as paragraphs (3) through (6), respectively.

(b) Section 12(d)(1) of the National School Lunch Act is amended by striking out "or American Samoa" and inserting in lieu thereof "American Samoa, or the Trust Territory of the Pacific Islands".

(c) Section 12(d)(6) of the National School Lunch Act (as redesignated by subsection (a)) is amended to read as follows:

"(6) 'School' means (A) any public or nonprofit private school of high school grade or under, (B) any public or licensed nonprofit private residential child care institution (including, but not limited to, orphanages, homes for the mentally retarded, homes for the emotionally disturbed, homes for unmarried mothers and their infants, temporary shelters for runaway children, temporary shelters for abused children, hospitals for children who are chronically ill, and juvenile detention centers), and, (C) with respect to the Commonwealth of Puerto Rico, nonprofit child care centers certified as such by the Governor of Puerto Rico. For purposes of clauses (A) and (B) of this paragraph, the term 'nonprofit', when applied to any such private school or institution, means any such school or institution which is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1954."

SPECIAL FOOD SERVICE PROGRAM FOR CHILDREN

Sec. 10. (a) Section 13(a) of the National School Lunch Act is amended to read as follows:

"(a)(1) There is hereby authorized to be appropriated such sums as are necessary for the fiscal year ending June 30, 1976, to enable the Secretary to formulate and carry out a program to assist States through grants-in-aid and other means to initiate, maintain, or expand nonprofit food service programs for children in service institutions. For purposes of this section, the term 'service institutions' means nonresidential public or private, nonprofit institutions and residential public or private nonprofit summer camps that develop special summer programs providing food service similar to that available to children under the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 during the school year. To the maximum extent feasible, consistent with the purposes of this section, special summer programs shall utilize the existing food service facilities of public and nonprofit private schools. Any eligible service institution shall receive the summer food program upon its request.

"(2) Service institutions eligible to participate under the program authorized under this section shall be limited to those which conduct a regularly scheduled program for children from areas in which poor economic conditions exist and from areas in which there are high concentrations of working mothers, for any period during the months of May through September at site locations where organized recreation activities or food services are provided for children in attendance."

(b) Section 13(c)(1) of the National School Lunch Act is amended by striking out the last sentence thereof.

(c) Section 13(c)(2) of the National School Lunch Act is amended to read as follows:

"(2) The Secretary shall provide financial assistance to a service institution in an amount equal to whichever is the lesser of the following per centums of the operating costs (which shall be determined by including the fair evaluation of in-kind contributions, and the cost of obtaining, preparing, and serving food) of such institution's food service:

"(A) 80 per centum of the operating costs of such institution's food service, or

"(B) 100 per centum of such institution's cash expenditure for the operating costs of its food service,

except that such financial assistance to any such institution shall not exceed 80 cents for each lunch or supper served, 45 cents for each breakfast served, and 20 cents for each supplement served, and except that such maximum rates shall be adjusted each March 1 to the nearest ¼ cent in accordance with changes for the twelve-month period ending on the preceding January 31 in the series for food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. The initial such adjustment shall be made on March 1, 1976, and shall reflect the change in the series for food away from home during the period January 31, 1975, to January 31, 1976.".

(d) Section 13(i) of the National School Lunch Act is amended to read as follows:

"(i) The Secretary shall publish proposed regulations relating to the implementation of the summer food program by January 1 of each fiscal year, and shall publish final regulations, guidelines, applications, and handbooks by March 1 of each fiscal year."

TECHNICAL AMENDMENT

Sec. 11. Section 15 of the National School Lunch Act is amended by striking out the following:

"Sec. 15. (a) In addition to funds appropriated or otherwise available, the Secretary is authorized to use, during the fiscal year ending June 30, 1971, not to exceed $35,000,000 in funds from section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to carry out the provisions of this Act, and during the fiscal year ending June 30, 1972, not to exceed $100,000,000 in funds from such section 32 to carry out the provisions of this Act relating to the service of free and reduced-price meals to needy children in schools and service institutions.

"(b) Any funds unexpended under this section at the end of the fiscal year ending June 30, 1971, or at the end of the fiscal year ending June 30, 1972, shall remain available to the Secretary in accordance with the last sentence of section 3 of this Act, as amended."

CONFORMING AMENDMENTS

Sec. 12. (a) Section 4(f) of the Child Nutrition Act of 1966 is amended by striking out "nonprofit private schools" in the second sentence and inserting in lieu thereof "schools (as defined in section 15(c)) which are private and nonprofit (as defined in the last sentence of section 15(c))".

(b) Section 15 of the Child Nutrition Act of 1966 is amended by striking out paragraph (c), by redesignating paragraphs (d) and (e) as (c) and (d), respectively, and by amending paragraph (c) (as redesignated by this subsection) to read as follows:

"(c) 'School' means (A) any public or nonprofit private school of high school grade or under, including kindergarten and preschool programs operated by such school, (B) any public or licensed nonprofit private residential child care institutions (including, but not limited to, orphanages, homes for the mentally retarded, homes for the emotionally disturbed, homes for unmarried mothers and their infants, temporary shelters for runaway children, temporary shelters for abused children, hospitals for children who are chronically ill, and juvenile detention centers), and (C) with respect to the Commonwealth of Puerto Rico, nonprofit child care centers certified as such by the Governor of Puerto Rico. For purposes of clauses (A) and (B) of this paragraph, the term 'nonprofit', when applied to any such private school or institution, means any such school or institution which is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1954."

COMMODITY DISTRIBUTION PROGRAM

Sec. 13. Section 6(a) of the National School Lunch Act is amended by inserting immediately after the first sentence thereof the following: "In making purchases of such agricultural commodities and other foods, the Secretary shall not issue specifications which restrict participation of local producers unless such specifications will result in significant advantages to the national school lunch program.".

DIRECT FEDERAL EXPENDITURES

Sec. 14. Section 6(e) of the National School Lunch Act is amended by adding at the end thereof the following: "*Provided,* That not less than 75 per centum of the assistance provided under this section shall be in the form of foods purchased by the Department of Agriculture for the school lunch program.".

SPECIAL SUPPLEMENTAL FOOD PROGRAM

Sec. 15 (a)(1) The first sentence of subsection (a) of section 17 of the Child Nutrition Act of 1966 is amended by striking out "and June 30, 1975," and inserting in lieu thereof "June 30, 1975, June 30, 1976, September 30, 1977, and September 30, 1978,".

(2) The last sentence of subsection (a) of section 17 of the Child Nutrition Act of 1966 is amended by striking out "shall be operated for a three-year period and".

(b) Subsection (b) of section 17 of the Child Nutrition Act of 1966 is amended to read as follows:

"(b) In order to carry out the program provided for under subsection (a) of this section during each of the fiscal years ending June 30, 1976, September 30, 1977, and September 30, 1978, there is authorized to be appropriated the sum of $250,000,000 for each such fiscal year."

(c) The amendment made by subsection (b) shall be effective after June 30, 1975.

(d) Section 17(c) of the Child Nutrition Act of 1966 is amended by striking out "10" and inserting in lieu thereof "15".

CHILD CARE FOOD PROGRAM

Sec. 16. The National School Lunch Act is amended by adding at the end thereof the following new section:

"CHILD CARE FOOD PROGRAM

"Sec. 16. (a)(1) There is hereby authorized to be appropriated such sums as are necessary in any fiscal year to enable the Secretary to formulate and carry out a program to assist States through grants-in-aid and other means to initiated, maintain, or expand nonprofit food service programs for children in institutions providing child care. Any funds appropriated to carry out the provisions of this section shall remain available until expended.

"(2) For purposes of this section, the term 'institution' means any public or private nonprofit organization where children are not maintained in permanent residence including, but not limited to, day care centers, settlement houses, recreation centers, family day care programs, Head Start centers, Homestart programs, and institutions providing day care services for handicapped children. No such institution shall be eligible to participate in this program unless it has either local, State, or Federal licensing or approval as a child care institution, or can satisfy the Secretary that it is in compliance with the applicable Federal Interagency Day Care Requirements of 1968. An institution may be approved for finding under this section: *Provided,* That, under conditions established by the responsible State or local government unit, such institution is moving toward compliance with the requirements for tax exempt status under section 501(e)(3) of the Internal Revenue Code of 1954, or is current operating a federally funded program requiring nonprofit status. For purposes of this section, the term 'State' means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands. Any institution shall receive the child care food program upon its request.

"(b)(1) For each fiscal year beginning with the fiscal year ending June 30, 1976, the Secretary shall make child care food payments no less frequently than on a monthly basis to each State educational agency in an amount no less than the sum of the products obtained by multiplying (A) the number of breakfasts served in child care food programs within that State by the national average payment rate for breakfasts under section 4 of the Child Nutrition Act of 1966, (B) the number of breakfasts served in child care food programs within that State to children from families whose incomes meet the eligibility criteria for free school meals by the national average payment rate for free breakfasts under section 4 of the Child Nutrition Act of 1966, (C) the number of breakfasts served in child care food programs within that State to children from families whose incomes meet the eligibility criteria for reduced price school meals by the national average payment rate for reduced price school breakfasts under section 4 of the Child Nutrition Act of 1966, (D) the number of lunches and suppers served in child care food programs within that State by the national average payment rate for lunches under section 4 of the National School Lunch Act, (E) the number of lunches and suppers served in child care food programs within that State to children from families whose incomes meet the eligibility criteria for free school meals by the national average payment rate for free school lunches under section 11 of the National School Lunch Act, (F) the number of lunches and suppers served in child care food programs in that State to children whose families meet the eligibility criteria for reduced price school meals by the national average payment factor for reduced price lunches under section 11 of the National School Lunch Act, (G) the number of snacks served in child care food programs in that State by 5 cents, (H) the number of snacks served in child care food programs in that State to children from families whose incomes meet the eligibility criteria for free school meals by 15 cents, and (I) the number of snacks served in child care food programs in that State to children from families whose incomes meet the eligibility criteria for reduced price school meals by 10 cents. The rates established pursuant to clauses (G), (H), and (I) shall be adjusted semi-annually to the nearest $0.0025 by the Secretary to reflect the changes in the series of food away from home of the Consumer Price Index published by the Department of Labor Statistics of the Department of Labor. The initial such adjustment shall be effective January 1, 1976, and shall reflect changes in the series food away from home during the period June through November 1975. Reimbursement for meals provided under this section shall not be dependent upon collection of moneys from participating children.

"(2) For each fiscal year beginning with the fiscal year ending June 30, 1976, the Secretary shall make further child care food payments no less frequently than a monthly basis to each State educational agency in amounts equal to the sum of the product obtained by multiplying the number of breakfasts, lunches, suppers, and snacks served in special food service programs within that State by institutions that are determined to be especially needy by the difference between the cost of providing such meals (which shall include the full cost of obtaining, handling, serving, and preparing food as well as supervisory and administrative costs and indirect expenses, but not including the cost of equipment provided for under subsection (j)) and the respective rates for such meals specified in paragraph (1) of this subsection.

"(3) No later than the first day of each month, the Secretary shall forward to each State an advance payment for meals served in that month pursuant to paragraphs (1) and (2) of this subsection, which payment shall be no less than the total payment made to such State for meals served pursuant to paragraphs (1) and (2) of this subsection, for the most recent month in which final reimbursement claims have been settled. The Secretary shall forward any remaining payment due pursuant to paragraphs (1) and (2) of this subsection no later than thirty days following receipt of valid claims, except that any funds advanced to a State for which valid claims have not been established within ninety days shall be deducted from the next appropriate monthly advance payments, unless the claimant requests a hearing with the Secretary prior to the ninetieth day.

"(c) Meals served by institutions participating in the program under this section shall consist of a combination of foods and shall meet minimum nutritional requirements prescribed by the Secretary on the basis of tested nutritional research. Such meals shall be served free to needy children. No physical segregation or other discrimination against any child shall be made because of his inability to pay, nor shall there be any overt identification of any such child by special tokens or tickets, announced or published lists of names, or other means. No institution shall be prohibited from serving a breakfast, lunch, dinner, and snack to each eligible child each day.

"(d) Funds paid to any State under this section shall be disbursed by the State agency to institutions approved for participation on a nondiscriminatory basis to reimburse such institutions for all costs, including labor and administrative expenses, of food service operations. All valid claims from such institutions shall be paid within thirty days.

"(e) Irrespective of the amount of funds appropriated under section 13 of this Act, foods available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) or purchased under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), or section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446 a–1), shall be donated by the Secretary of Agriculture to institutions participating in the child care food program in accordance with the needs as determined by authorities of the institutions for utilization in their feeding programs. The amount of such commodities donated to each State for each fiscal year shall be, at a minimum, the amount obtained by multiplying the number of lunches served in participating institutions during that fiscal year by the rate for commodities and cash in lieu thereof established for that fiscal year in accordance with the provisions of 6(e) of this Act.

"(f) If in any State the State educational agency is not permitted by law or is otherwise unable to disburse the funds paid to it under this section to any service institution in the State, the Secretary shall withhold all funds provided under this section and shall disburse the funds so withheld directly to service institutions in the State for the same purpose and subject to the same conditions as are required of a State educational agency disbursing funds made available under this section.

"(g) The value of assistance to children under this section shall not be considered to be income or resources for any purpose under any Federal or State laws, including laws relating to taxation and welfare and public assistance programs. Expenditures of funds from State and local sources for the maintenance of food programs for children shall not be diminished as a result of funds received under this section.

"(h) There is hereby authorized to be appropriated for any fiscal year such sums as may be necessary to the Secretary for his administrative expenses under this section.

"(i) States, State educational agencies, and service institutions participating in programs under this section shall keep such accounts and records as may be necessary to enable the Secretary to determine whether there has been compliance with this section and the regulations hereunder. Such accounts and records shall at all times be available for inspection and audit by representatives of the Secretary and shall be preserved for such period of time, not in excess of five years, as the Secretary determines is necessary.

"(j) (1) Of the sums appropriated for any fiscal year pursuant to the authorization contained in this section and section 13 of this Act, $3,000,000 shall be available to the Secretary for the purpose of providing, during each such fiscal year, nonfood assistance for the child care food program, and the summer food program. The Secretary shall apportion among the States during each fiscal year the aforesaid sum of $3,000,000: *Provided*, That such an apportionment shall be made according to the ratio among the States of the number of children below age 6 who are members of households which have an annual income not above 125 per centum of the applicable family size income level set forth in the income poverty guideline prescribed by the Secretary under section 9(b) of this Act.

"(2) If any State cannot utilize all of the funds apportioned to it under the provisions of this section, the Secretary shall make further apportionments to the remaining States. Payments to any State of funds apportioned under the provisions of this subsection for any fiscal year shall be made upon condition that at least one-fourth of the cost of equipment financed under this section shall be borne by funds from sources within the State, except that such condition shall not apply with respect to funds used under this section to assist institutions determined by the State to be especially needy.".

AMENDMENTS PERTAINING TO THE COMMONWEALTH OF PUERTO RICO, THE VIRGIN ISLANDS, AMERICAN SAMOA, AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS

Sec. 17. (a) The second sentence of section 3 of the Child Nutrition Act of 1966 is amended by inserting "the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands," immediately after "Guam,".

(b) Section 4(b) (1) of the Child Nutrition Act of 1966 is amended by striking out "and American Samoa," in both places where such term occurs and inserting in lieu thereof "American Samoa, and the Trust Territory of the Pacific Islands,".

(c) Section 15(a) of the Child Nutrition Act of 1966 is amended by striking out "or American Samoa" and inserting in lieu thereof "American Samoa, or the Trust Territory of the Pacific Islands".

Mr. BAUMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read, and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. O'HARA. Mr. Chairman, this amendment is an amendment in the nature of a substitute that was discussed this morning by the majority members of the Subcommittee on Education and Labor that handled this bill. Members of the House were notified of our intention to offer the amendment by a letter, which was distributed to their offices today over the signature of the chairman of the Committee on Education and Labor, the gentleman from Kentucky, Mr. Perkins; the gentleman from Washington, Mr. Meeds; the gentleman from Illinois, Mr. Simon; the gentleman from Ohio, Mr. Mottl; the gentleman from Oklahoma, Mr. Risenhoover; the gentleman from California, Mr. George Miller; the gentleman from Illinois, Mr. Hall; and myself.

Mr. Chairman, the purpose of this amendment is to try to meet the objections that were made by a number of the Members of the House to the provisions of the bill. We who have been working with the School Lunch Act over the years feel very strongly that this program ought to be continued as a noncontroversial program and should receive broad bipartisan support.

We do not expect 100-percent support, Mr. Chairman, but we do hope and expect to receive broad support for this on both sides of the aisle.

That is the reason for our substitute amendment.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from California.

Mr. MILLER of California. Mr. Chairman, is it my understanding that the gentleman read my name as one of the signatories on the letter that was sent?

Mr. O'HARA. I did.

Mr. MILLER of California. Mr. Chairman, that was done by mistake. I communicated with members of the committee that I did not want my name to appear on that letter. However, due to a clerical mixup it did appear in fact on the letter.

Mr. O'HARA. Mr. Chairman, I apologize to the gentleman. I was not aware of that.

Mr. Chairman, we make two major changes by this amendment in the nature of a substitute.

As the Members will recall, the committee bill provided for a 25-cent cap on the cost to a child of a school lunch.

The cost to a child has escalated greatly over the last few years. As a result, many children of working-class families have encountered increasing difficulty in raising the money to buy their lunches. More and more kids are dropping out of the program, participation is falling, and a serious problem has arisen.

So the committee proposed that in no school in the country could a child be charged more than 25 cents a lunch. We proposed to pick up the difference between the cost to a child of a lunch on January 1 of this year and 25 cents by an additional Federal subsidy to the school lunch program.

We already subsidize every lunch served. The question is to what extent should we subsidize it? We proposed an increase in the subsidy so that the cost to a child could be limited to 25 cents.

We have now changed this, Mr. Chairman, in this amendment in the nature of a substitute, so that the cost to each child would be not to exceed 35 cents per lunch, rather than 25 cents per lunch.

By doing that, Mr. Chairman, the cost of the bill is reduced by $498 million.

Second, we eliminate all new backdoor spending authorized by this bill. We did so following the objections made by many Members to the procedure we followed in getting a special rule to permit the point of order under section 401 of the Budget Act to be waived.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. O'HARA) has expired.

(By unanimous consent, Mr. O'HARA was allowed to proceed for 5 additional minutes.)

Mr. O'HARA. Mr. Chairman, we believe that we ought to abide by the spirit as well as the letter of the new budget Control Act. As a member of the Budget Committee of the House, I have severe reservations about the efficacy of the entire procedure, including section 401, but nevertheless since we voted that program by an overwhelming margin, we have an obligation to try to abide by its provisions, at least until they have been demonstrated to be imperfect and are changed.

So, Mr. Chairman, those are the essential changes contained in the amendment I have offered.

In addition, we incorporate the committee amendment that had been first offered by the gentleman from Washington (Mr. MEEDS) which deals with plate waste in the school lunch program. I think we get at the problem of waste a little bit better in my substitute.

Mr. Chairman, some have asked, "Why are we subsidizing the cost of a lunch to people who can afford to pay?"

One has to understand a little of the history of the program to answer that question. The program authorized in 1946 provided for a Federal contribution to the cost of a lunch for every single child. There was no distinction made between children. The cost of every lunch was subsidized to the same extent.

Then in 1962 for the first time we introduced into the school lunch program a system of legislative procedures whereby children from low-income families would be permitted to purchase lunches at a reduced price or to receive a free lunch.

That 1962 amendment inserting section 11 of the School Lunch Act was a provision of a bill of which I was the original sponsor. My bill accomplished that result but it did so imperfectly because it took us some years to finally get the program off the ground. Nevertheless, it was my bill that inserted that principle into the act. I believe strongly in that principle, but at that time we did not abandon the idea of making a reasonably priced lunch available to every child. That was, always has been, and continues to be the principal purpose of the School Lunch Act.

We recognized that because of the escalation in cost of the lunches, there would be a dropoff of participation arising from the increasing difficulty of working-class children in buying the lunches, so that we have to make further provision to keep the cost of the lunch within reach of the average child.

That, of course, is the purpose of this amendment. We are not worried that a tiny minority of youngsters from high-income families will get a lunch for 35 cents instead of 45 cents or 55 cents. We think that this amendment will help the typical, average kid, and we think that that is an appropriate use of our legislative authority and power.

Mr. Chairman, I would hope very much that the amendment will be agreed to, and if it is we can pass this bill by the customary overwhelming majority.

Mr. QUIE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there are parts of the substitute that I think are good, such as knocking out the backdoor spending, and I agree with inclusion of the Meeds amendment. I find that acceptable. When we come to the 35 cents, which is now at 25 cents, and the substitute will make it 25 cents plus an escalator, the principle is still wrong, the Federal Government mandating the price of a school lunch. What we are doing is rewarding inefficiency. Anybody who ran their cost up and was charging greater, we reward that.

We also had a maintenance of effort in other laws, but there is no maintenance of effort here. There is going to be a 10-cent payment no matter what the school is charging now.

As has been mentioned, in the State of Hawaii there is one school district where the charge to the students is now 25 cents. Hawaii has been paying the costs over the students 25 cents and the Federal subsidy themselves. We give them the 10 cents.

The whole principle, no matter how one cuts it, is wrong. The average price paid by students today is 45 cents. We could have put a stopper in by making it up to 45 cents, and perhaps it would not cost very much for the Federal Government, but it is still wrong.

As to the cost of the program, as I indicated, I got those figures from the Department of Agriculture, the only ones who are able to make those kinds of estimates, and the figure is $521 million.

Mr. Chairman, $521 million extra would have practically paid for the total authorization for aid for the handicapped this year. I ask the Members, what are our priorities in education, helping the handicapped, which I think is much more worthwhile, or paying an additional subsidy for those who can afford to pay for their own lunches?

Mind you, it is an additional subsidy because the figures that I have gotten from the Department of Agriculture indicate that when one adds together, section 4 and section 6 and the mandated State money, it amounts to a 27-cent subsidy per meal.

There is an escalator in there so that as the cost of living goes up the Federal Government payments in subsidy keep going up each year, and therefore is taking care of the middle-income and the upper-income individuals.

There seems to be some concern to the fact that participation figures of those who have paid for their own lunches has gone down, which is in contrast to figures for participation in the free and reduced priced lunches, as shown on page 10 of the report. The report also shows that each year there is an increase in total participation. There must be an assumption by the majority that in providing free and reduced-cost lunches we are providing lunches for people who did not receive them before. What we have done is liberalize the qualification standards for free and reduced-cost lunches, which brings people who were paying for their lunches in the full amount into the free or reduced-cost lunches. I think that is good, myself, but what it does is reduce the number of those who pay for their lunches. There is no other way you can come out, and that is the way it operates.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I am sure that the gentleman from Minnesota wishes to be correct in his statements, and the gentleman stated that in connection with the lunch program there is only a 10-cent subsidy.

Mr. QUIE. And 11.75.

Mr. PERKINS. And likewise 11.75

cents. So that that is 21.75 for those participating today.

Mr. QUIE. Then there is the State mandated participation.

Mr. PERKINS. But the participation from the Federal level is only about 20 percent now and it was 31 percent when the program started.

Mr. QUIE. You no doubt are talking about percentages in the table on page 3 of the report, showing where the Federal share for paying children was 31 percent in 1947, but as of 1974, it was 21 percent.

Mr. PERKINS. The Federal payment today is much lower for the regular lunch program than it was 20 years ago.

Mr. QUIE. As the percentage, not as low in payments but in percentage. That payments have increased from 12.9 cents in 1969 to 21.75 cents in 1975.

Mr. PERKINS. That is correct.

Mr. QUIE. So that really does not make a great deal of difference. In the system today there is about a 27-cent subsidy per meal when one adds the State mandated payment. Why in the world should we have to have any more?

The Federal share of the total amount of school lunch funds is going up. When you look at 1969, the Federal share of the total lunches cost was 23.9 percent, and now in 1974 the Federal share went to 43 percent. So that the Federal share of the total lunch program has come up enormously. And the reason for that is that we continue to increase the money and to increase the number of children who can qualify for free and reduced-cost lunches.

Mr. PERKINS. Let me just say this——

Mr. QUIE. I have control of the time, and I wish to continue.

The reason we are providing for an increase for the free and reduced-cost lunches is because there is a need for it, and because that is the right thing to do.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. QUIE was allowed to proceed for 1 additional minute.)

Mr. QUIE. The goal of the school lunch people is to have free lunches for everyone. That is what the whole effort is about, to get free lunches for everybody .

Mr. PERKINS. Will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. The gentleman from Minnesota mentioned the fact that the reason we were increasing the amount for the free and reduced-cost lunches was because they had gotten off the regular priced luncheon program. Naturally, we are making a greater effort for the free and the reduced-cost lunches, and have concentrated in the last 7 years on the free and reduced-cost lunches, because that lunch program has grown from 2 million to 10 million in the last 7 years, for the free and reduced-cost, but at the same time the regular lunch program has lost more than 3 million pupils from the lunchroom. That is because of the Federal participation for the regular lunch program has gone down while we have increased the program for the free and reduced-cost lunches.

And I am delighted that we have, because we have concentrated on the free and reduced-cost lunches, but now we want to strengthen the overall lunch program, and the free and reduced-cost lunches, and to do that we must strengthen the regular lunch program to keep the free and reduced-cost prices in adjustment.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. QUIE was allowed to proceed for 1 additional minute.)

Mr. QUIE. I would say to the gentleman, using his figures, that free and reduced lunches have increased in the last 7 years from 2 million up to 10 million. That is an increase of 8 million individuals. The paid lunches have dropped by 3 million. What else can we expect when we have permitted individuals who once were paying for lunches to qualify for free and reduced cost. We are bound to have an increase in free and reduced cost and a reduction in paid lunches. I will say to the gentleman, no matter what we do now that we have liberalized the qualifications for reduced-cost lunches in this bill from 75 percent of low income to 100 percent of low income, there will be a further increase in the reduced cost for lunches and a further reduction in the paid lunches, because those individuals who pay for their lunches will now receive a reduced-cost lunch.

The CHAIRMAN. The time of the gentleman has expired.

AMENDMENT OFFERED BY MRS. MINK TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Mrs. MINK. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mrs. MINK to the amendment in the nature of a substitute offered by Mr. O'HARA: Amend section 4 of the O'Hara amendment by deleting all from the paragraph numbered "(3)" on line 15, page 4 through line 17, page 5.

"SUPPLEMENTAL FOOD ASSISTANCE PAYMENTS

"(3) The payment per lunch for purposes of making supplemental payments under this subsection shall be 10 cents per lunch which amount shall be adjusted on an annual basis each fiscal year after June 30, 1975, to reflect changes in the series for food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor in accordance with section 6(e); *Provided,* That the school makes a direct contribution to the cost of food and labor in an amount equal to the supplemental payment for each lunch served and while receiving this supplemental payment does not increase the price per lunch. In the case of any school which is not making a direct contribution to the cost of food and labor in an amount equal to the supplemental payment for each lunch served it may be eligible to receive this supplemental payment if it lowers the price charged by at least 10 cents and while receiving this supplemental assistance does not raise the price per lunch."

Mr. O'HARA. Mr. Chairman, I reserve a point of order against the amendment.

Mrs. MINK. Mr. Chairman, I appreciate the fact that the Committee on Education and Labor met late last night and early this morning to make a few changes to their proposal. They now come before this Committee today with a new bill which in essence makes only a change in figures. It changes the 25-cent national school lunch price which raises it to 35 cents in an attempt to meet the objections I raised against that particular section of their proposal yesterday.

May I say to my colleagues of this House it is not the fact that the 25 cents or the 35 cents to which I object. So I regret to say that they met in vain. The principle to which I object is simply not corrected by changing the figures.

I do not believe that it is the business of the Congress of the United States to set school lunch prices. That is the business of the local school boards. They are supposed to handle their internal budget matters and decide whom to hire, whom to fire, what kind of cafeteria program to have, whether to have an electric stove, a gas stove, or what have you, and determine what the fair price is for their lunches in their school system. If we adopt the committee proposal today and dictate the uniform price of 35 cents per school lunch for the entire country, we are, Mr. Chairman, putting ourselves in the business of establishing the price of lunch, because whatever it is, whatever that level may be, we are going to have to foot the bill of everything above that 35 cents.

So if the Members' local school boards then decide to charge 80 cents for the price of lunch in their next school year, we are going to have to come up with 45 cents for every school lunch that is served. Or if they should go to $1, we are going to have to come up with a 65-cent subsidy.

I ask the Members to put themselves in my shoes, in the ludicrous position of being from a State that has religiously over the years since the inception of this program taken faith with the Government of the United States and sincerely believed all their propaganda that one of the most important functions of a school system was to provide a nutritious lunch program to every child in our school district.

We have kept our school lunch price to 25 cents. What do I tell my school district now when I go home and say: "The Congress declares your price must go up now to 35 cents"? All these years we have struggled to keep it down to 25 cents and we have done so by assuming the cost of the program to the tune of nearly $9 million each year—and gladly. Under this committee proposal school districts that were charging 65 cents will get 30 cents from the Federal Government and 35 cents from the child. Hawaii will get only 10 cents from the Federal Government.

So I am saying the committee proposal is all wrong. It creats inequities among school systems. It rewards inefficiency with more money. If we truly believe the inflation now rampant in our country is causing detriment to this program, let us give it an additional 10 cents in subsidy. That is exactly all that my amendment does. It says that for every school system that is absorbing the cost of the school lunch program by at least 10 cents, pay them back that 10 cents so they will be prevented from the temptation of doing what everybody else has done, which is to raise prices. Give them the incentive to hold the prices down. For those districts that have not cared about the price of their school lunches and raised their prices, say to 75 cents, let us give them an incentive to lower it by 10 cents, by giving them this 10-cent additional subsidy as a special emergency subsistence program.

I urge this House to do this, because as I stand here today the Members will be standing in the well in the next 2 years from now or 4 years from now and decrying the day the Congress ever got into the business of setting national school lunch prices in their home districts and using it as the basis of determining this subsidy. Let us not have Congress set the price of school lunches.

The CHAIRMAN. Does the gentleman from Michigan insist on his point of order?

Mr. O'HARA. Mr. Chairman, I withdraw my reservation.

Mr. MEEDS. Mr. Chairman, I rise in opposition to the Mink amendment and in favor of the substitute offered by the gentleman from Michigan.

Despite what has been said by the gentlewoman from Hawaii her primary concern is expressed by her and by a number of other Members here to the substitute has been the prevailing question of why should the middle- and upper-income children receive subsidized lunches? I think this is the crucial question before the House today. I would like to address myself to that problem.

I will begin by saying that the maximum 35 cents for all, paying lunches will help this program by keeping people in it. I think the statistics clearly show that for a number of reasons which I would like to discuss, the type A lunch—the section 4 lunch—in the schools of this country is in trouble today. The primary reason for the declining number of class or type A lunches is the rising cost.

We had testimony before our committee from a number of people. We had testimony from Ms. Josephine Martin, director of the school lunch program for the Maryland Department of Education, indicating that this was the contributing factor, the large contributing factor to the decline in participation of their children in class A lunches.

From Richard O. Reed, director of the school lunch program for the State of New York, we have testimony which indicates in the last 2 years alone the paying school lunches has dropped by 136,000 net in New York State primarily because of increasing costs.

We had testimony from Mrs. Lilly E. Herndon, president of the National PTA, who testified strongly in favor of reducing the cost.

As the gentleman from Michigan said, we are already contributing to school lunches, the class A or type A lunches in this country. The question is how much should we contribute? I think that is where we get to the concept of the economies of scale.

Allow me to utilize the analogy of rapid transit systems in this country and school lunches, if I may. As we are all aware, as the price of utilizing the rapid transit systems has gone up, the usership or ridership has gone down, thus necessitating a further rise in price and thus resulting in a further decline in usership.

That is precisely what is happening in the school lunch program today. As the costs of school lunches go up, the use goes down. If we are going to have—and I sympathize with these people who have talked about free and reduced priced lunches here for people in necessitating circumstances, I am as concerned as they are—but make no mistake, if we do not have the strong backbone of the type A paying lunch in this program, we are not going to have the free and reduced priced lunch, either, because it takes economies of scale that will be brought about only if we have that vast middle ground of America, which today is declining. That is why we need to bring this 35-cent ceiling in.

What this really constitutes is a further contribution of somewhere in the area of possibly 12 cents to 14 cents for section 4 lunches. We are already paying, as has been brought out here, 21.75 cents. Some States are paying 5 cents. That makes about 27 cents. So we are talking about on the average increasing this by 10 cents and that is all. That strong middle portion is necessary to preserve this program. There is another reason, Mr. Chairman,——

The CHAIRMAN. The time of the gentleman from Washington has expired.

(By unanimous consent Mr. Meeds was allowed to proceed for an additional 4 minutes.)

Mr. MEEDS. Mr. Chairman, one of the other reasons for the decline in usership was stated by the gentleman from Pennsylvania (Mr. Goodling) yesterday, when he said lifestyles in America are changing. There is no question about it. The changes in lifestyle are bringing about some of the declines in the type A lunch program.

The gentleman from Minnesota (Mr. Quie) proposed an amendment to the original bill, which I thought went too far, to begin to cope with this change in lifestyles. Working with the gentleman from Minnesota and other members of the committee, we finally devised an amendment which I think will undertake to combat that change in lifestyle. There is no question but the administrators of this program, even the local people, have not been innovative, have not been imaginative in portions, in allowing more selection and in a number of other areas which should tend to reduce plate loss. The amendment, which is part of the substitute worked out by myself and the gentleman from Minnesota, would go a long way toward reducing plate loss and will give students in senior high schools the ability to make selections and to refuse food which they do not expect to eat.

Finally, Mr. Chairman, I favor the elimination of the back-door spending provisions in this bill. I am one of the strongest and original supporters of the WIC program. I think it is an excellent program. I would like to see more money for it. I think it has done more for raising IQ levels and providing nutritional levels which are accessible for young people and lactating women than any other program that we have. But I am also for reform. I fought for the reform of the rules of this House and last year we passed what I considered to be the most important single reform that we have had in the last 50 years; that is the Budget Control and Impoundment Act. If we are going to have rules by which we operate, and I think we should, then we have to take those rules seriously. There is no question but this bill and that provision, the WIC provision in this bill, was in open violation of the provisions of the Budget Control and Impoundment Act.

Therefore, while I favor that legislation and while I say that it still will be treated on a par with all the rest of this bill, I think we should take it out of the favored treatment—and I say favored treatment, it has received under section 32. If we do not follow our rules, we cannot expect the next committee and the next committee to follow and then the Budget Control and Impoundment Act becomes observed in its breach and it really becomes of no value.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Chairman, I realize the gentleman's great interest and work on the development of this legislation over the years. I also am aware of the fact that we have had an enormous difficulty in getting funding of this WIC program. We have had trouble with the Secretary of Agriculture with getting appropriations and with our own authorizations, having to go to the courts in order to expand sufficient funding authorizations.

What we are dealing with here is a question of whether or not our Budget and Impoundment Control Act is an act which really cares about priorities. What are we going to say to those millions of mothers and clinics who are desperately dependent upon nutrition in order to create a wholesome progeny? Are we going to tell them that they have to stop their lactating—as the gentleman puts it—and forget their nutritional needs because there is a new budget process which we are going to apply to the department for the first time against those people who are the most helpless? So are we going to have to beg and plead with other committees in this House for appropriations we have been consistently denied under this program?

The CHAIRMAN. The time of the gentleman from Washington has again expired.

(By unanimous consent Mr. Meeds was allowed to proceed for 2 additional minutes.)

Mr. MEEDS. Mr. Chairman, if I may reply to the gentlewoman in two respects: First of all, this is not the first application. This is the second application. We had a bill on the floor the other day which was amended after the rule was granted waiving a point of order to make it conform to the Budget and Impoundment Control Act.

Ms. ABZUG. I stand corrected.

Mr. MEEDS. Second, the gentlewoman said we had trouble with the administration and the Appropriations Committee. I would amend that to say that we have had trouble with the administration. The gentlewoman will recall as well as I do, because we fought together, that the administration refused first of all to spend what we first appropriated.

Ms. ABZUG. That is correct.

Mr. MEEDS. The Appropriations Committee actually appropriated that money. The administration refused to spend it.

Second, we had to force them to spend it by court order.

My recollection is that we have raised the appropriated amount of the WIC program from $20 million to $100 million, and we are, this year, spending $127 million because we are spending some of the money the administration did not spend the second time. The authorization for appropriation in this bill is doubling, more than doubling what is presently available.

I hope we can get the full amount appropriated.

Ms. ABZUG. I appreciate that, but is it not so that there is continuing authority, so that this is really not backdoor spending?

Mr. MEEDS. In respect to that, I would say the Secretary has certain discretionary power under section 32. He can spend money to help starving people. That is authority which he has had under that section, but any new act which tends to deal with section 32 funds will have to be subject to the Budget and Impoundment Control Act. There is no way it can be done as long as we try to legislate. If it is authority he already has, that is different.

Mr. QUIE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I say, the Mink amendment would cost $440 million plus the escalator. That ought to be the concern of everybody here, also I know some people figure, as myself, that we could have a wiser use of that money than putting it into the lunches of the children of parents who could afford it.

But it is the mandated 10-cent matching item I refer to. In the school districts in Hawaii, for instance, which are already providing that, it would not make any difference, in my understanding. But in the school districts that would have to raise that local money, that direct payment to make up that reduction in the price of 10 cents to the students, this would then have to come from their local property taxes.

So that means that many poor people in the local areas who pay property taxes would have to help pay for that. In fact, the most regressive tax we have is the property tax. Poor would have to help to pay for the lunches for children of parents who can afford to pay for their own lunches; by that I mean the middle income and higher income children.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, I think the gentleman misunderstands my amendment. It does not require that the school districts which do not now absorb the cost do so. They simply, in order to get the 10 cents, must retain the very system they have, but in receiving the additional 10 cents from the Federal Government they are required to lower the price of the school lunch. They may not pocket the money or use it for other purposes.

Mr. QUIE. Then the gentlewoman does not provide for a matching amount in her amendment?

Mrs. MINK. No, I do not.

Mr. QUIE. As I read the gentlewoman's amendment, it provides for matching funds.

Mrs. MINK. No. Mr. Chairman, if the gentleman will yield further, it does not have a matching concept at all.

It simply says that for all school districts that now absorb at least 10 cents automatically of the cost, they do not have to do anything with their school lunch price. For those that do not absorb the cost of serving the school lunch by at least 10 cents, they can still get the 10 cents, but in order to get this money from the Federal Government, they must give the break to the children, pass it on to the consumer, so to speak.

The House is constantly being admonished that prices should come down and that Congress should make sure the consumer benefits, but when the final decision is made and the contribution which the Congress directs is made, the consumer does not get that direct benefit. So my amendment makes sure that we give that benefit to the consumer.

Mr. QUIE. Mr. Chairman, it provides for the 10 cents per lunch and the escalator: "provided that the school makes a direct contribution to the cost of food and labor in an amount equal to the supplemental payment for each lunch served and while receiving this supplemental payment does not increase the price per lunch."

That means something different, the way I see it. It says:

> * * * a direct contribution * * * in an amount equal to the supplemental payment * * *.

That then requires an amount of 10 cents by the school district on top of the 10 cents from the Federal Government.

Mrs. MINK. Mr. Chairman, if the gentleman will yield further, the gentleman is reading the first portion of the amendment, not the second sentence.

Mr. QUIE. I am reading the first sentence.

Mrs. MINK. Yes.

Mr. QUIE. It says that the supplemental payment shall be 10 cents per lunch and provided the school makes a direct contribution to the cost of food and labor in an amount equal to the supplemental payment.

Mrs. MINK. Yes. Mr. Chairman, I used the language, "absorb the cost of providing that lunch to at least 10 cents." But the U.S. Department of Agriculture said they do not like the word, "absorb." They say we should state they make contributions to the preparation and the serving of the food.

So I agreed to that change. But all it means is that the school district must show that at least 10 cents of whatever it is they serve the children is now paid for by the school district. If they can demonstrate that, then they automatically get the 10 cents. I am sure most school districts will be able to do this.

However, if they cannot show this, then they can still get the 10 cents by simply giving the benefits they got from the Congress directly to the child and lowering the price of the lunch by 10 cents.

Mr. QUIE. Yes. Mr. Chairman, if we then read the amendment the way the gentlewoman plans to have it interpreted, it would then not mandate any local payments; they would pass on the decrease of 10 cents if the local school was not already putting in that amount.

My objection would then be to the $440 million added on for this purpose to those who can afford to pay for the lunches themselves.

Mr. PERKINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I certainly wish to compliment the gentlewoman from Hawaii (Mrs. MINK) for a great school lunch program, the program that her State happens to be operating. But if I understand the Mink amendment correctly, 10 cents must first be put in by the local school district, and if they do not put in the 10 cents, they do not get the extra money.

If the local school district does not put in the 10 cents, naturally there is no 10 cents that goes to that particular district.

The problem, as I see it, with the Mink amendment is that it does not mean anything to the child. All it does is to allow the school district to replace its own money with Federal money if it is putting in more than 10 cents a lunch.

I want to say to the gentlewoman from Hawaii (Mrs. MINK) that even though the gentlewoman has a great program in Hawaii, we cannot provide a school lunch program based on all the good factors that exist in the gentlewoman's own State.

With respect to the Federal money—and I state Federal money if a school district it putting in more than 10 cents a lunch from its own money—in that situation the price charged the child would remain unchanged. It means a lot to the gentlewoman's State, but as I see it, I just do not see how it benefits the child. There is no guarantee that the school lunch price will be reduced one penny under the Mink amendment where the State in Hawaii's case or the local school district in the 49 other States is putting in their dime.

If cost continues to increase in the lunch program, the Mink amendment will only mean that the Federal Government will pay more without any direct benefit to children or their families in the long run.

I think we ought to stress these two points about the Mink amendment: It does not mean that any school district has to do anything more for the feeding program than it is doing now if it is putting in 10 cents. That is number one. It does not mean that the school district has to do anything more for the feeding program than it is presently doing if it is putting in the 10 cents.

No. 2, it means nothing to the child. No school district has to reduce any school lunch price where they are putting in that 10 cents.

This amendment will hurt, my good friends, the private schools. If they are not putting in 10 cents of their own funds now, which most of them do not do now because they just do not have adequate resources, they will have to reduce the price to students by 10 cents and will be forbidden from raising the prices charged their children.

The Mink amendment will be disastrous for private schools because they cannot rely on local tax sources and because they will not be able to raise their lunch prices under the Mink amendment.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. Yes, I yield to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK. Mr. Chairman, I appreciate the gentleman's yielding.

My amendment does not require any school system to levy an additional burden on their students and parents to raise any funds whatsoever to meet the requirements of my amendment. All it does is to say that if they do not now absorb the cost of the school lunch program, they may still qualify for the 10 cents; but when they do receive the 10 cents, they must pass on the benefit to the student by reducing the cost of the lunch by 10 cents. They may not pocket it.

It is as simple as that. It is a mandated passback of the benefit of the 10 cents to the student.

Mr. PERKINS. It is mandated only in exchange. The local school district is not putting in that 10 cents.

Mr. GIAIMO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to clarify some matters which I believe may cause some confusion. We have had a great debate here, yesterday and several days ago, on two separate occasions about complying with the spirit and the letter of the Budget Control Act which prohibits back-door spending.

I gather from the new substitute which was prepared as recently as this morning that the back-door spending provision which the committee insisted upon so vigorously as recently as yesterday is no longer in the bill. Is that correct? Could someone answer that briefly?

Mr. O'HARA. Mr. Chairman, if the gentleman will yield, let me say that that is correct; there is no new back-door spending in the bill now.

Mr. GIAIMO. So that we are not concerned with the question of back-door spending, and all of the funds in this bill will be subject to annual appropriation?

Mr. O'HARA. That is correct.

Mr. GIAIMO. That is one change that I gather has been made in the committee bill.

Mr. O'HARA. All the funds specifically authorized in this bill will have to be provided by the appropriation process.

Mr. GIAIMO. That is one change that was made in the substitute.

Let me go to another change, and that is the sudden change from the 25-cent charge per lunch to 35 cents per lunch, which now is being further amended by the amendment of the gentlewoman from Hawaii. Quite frankly, in my opinion, the gentlewoman's amendment while better than the committee amendment, does not go far enough. To my way of thinking, there should be no expansion of the present law, and we should comply with the present law.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. Not at this time.

Mr. PERKINS. Mr. Chairman, if the gentleman will yield, let me say to the gentleman——

Mr. GIAIMO. I do not yield to the gentleman at this time.

Mr. Chairman, there has been a great deal of concern in this debate about nutrition for children—a great deal of emotional appeal that we have to do everythink we can to help children, and with this I agree. This Congress has. But, let us really look at what we are doing.

What the committee amendment proposes is that we now no longer limit Federal subsidies to feeding needy children, or those who need reduced-cost lunches, but that we feed all children—my children, your children, the children of all middle America, suburban children, all of the children who can presently afford to pay for their lunches. We are going to ask not the Congress but the taxpayers to feed all children. I say let us continue to feed the needy children, let us continue to feed those who have some needs, but for heaven's sake, in view of today's priorities, and budget deficits, let us curtail spending where possible.

Let us also realize that we are doing great harm to another priority about which there has not been a word mentioned all day, and that is the priority of concern for that heavily saddled middle-class American who is paying the taxes. He is suffering not only through paying the taxes but also through the indirect tax of inflation in the increasing costs he says for everything he buys.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. No, I do not yield.

Mr. PERKINS. Mr. Chairman, if the gentleman will yield, I would like to say——

Mr. GIAIMO. Regular order, Mr. Chairman. I refuse to yield to the gentleman.

Mr. PERKINS. Mr. Chairman, will the gentleman yield at this point?

Mr. GIAIMO. Regular order, Mr. Chairman.

The CHAIRMAN. The Chair will state that the gentleman from Connecticut (Mr. GIAIMO), has refused to yield to the gentleman from Kentucky (Mr. PERKINS).

Mr. GIAIMO. Our citizens are suffering because of the fact that this Government of ours is operating at a fantastic Federal deficit. For instance, this morning, in our Budget Committee, the 1976 deficit will be in the neighborhood of $78 billion, and it is still climbing.

We are going to saddle the taxpayer and the middle-class citizen with the heaviest indirect tax of inflation, of inflated prices, to pay for that deficit.

So, Mr. Chairman, this amendment which would have added about $700 million to the school lunch program—and then, as recently as of this morning, was changed to half that amount should be defeated. This is what we call in Government "get your nose in under the tent," then next year they will be up here again getting the other half of the reduced amount they gave up today. It is a sham and a shame. Do not saddle the harassed taxpayer with the O'Hara giveaway. I say, let us meet the necessary needs; let us provide sufficient funds to take care of the WIC program, to take care of needy children, to take care of hungry old people, to do all of these things that are needed; but let us not broaden this concept to feed the children of middle-class America who can afford to pay for their own lunches and who can afford to provide their own children with nutrition.

What we will be doing is to add to the Federal deficit which is going to make for the greatest inflation period in the history of this Nation; mark my words.

Mr. MILLER of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in oppositon to the O'Hara amendment and the Mink amendment because I think what we are doing is misspending money. By the elimination of the so-called back-door provisions, we are taking away WIC, a program that is designed for women who are pregnant, infants and children who have been certified by health officials to be nutritionally high risks, a population that suffers birth defects at a rate three times greater than the rest of the population, a population where the medical evidence is overwhelming that the link that ties them into a greater rate of birth defects is low income and poverty. The reason they are in the section 32 provision of this bill is because they need public protection because they are a constituency which has very little representation here.

The $250 million that was provided in this legislation when it came to the floor for this program was passed out of the Committee on Education and Labor unanimously with the section 32 provisions. The rule was fought yesterday and carried, and now today we are doing away with it.

I have not been in Congress long enough to appreciate all of the ills of back-door financing, but I want to tell the Members this, that I do not think the 611,000 women out there who are carrying infants in their wombs will understand when the WIC program ceases. I do not think the mothers out there who are getting formula which they cannot otherwise afford will understand that when the appropriation is cut, because this program has had many, many enemies in this Government.

The gentlewoman from New York (Ms. ABZUG) cited what happened with the Department of Agriculture and the fact that a contempt charge had to be brought against the Secretary of Agriculture to get this money released. That is the kind of trouble we have had with this program. Yet, it probably is a program which administratively cost less than any other so-called welfare program. It is given to people who have been medically certified as being nutritional risks, and obviously prevents many, many dollars from being spent in the future in terms of custodial care, in terms of restorative care for these children who might very likely suffer from birth abnormalities.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentleman for yielding.

I tend to share his view. I am impressed by this newfound morality on the part of the Committee on Education and Labor in the last 24 hours about budget responsibility. I suppose we should applaud them on this new change of attitude, but where and how will WIC survive, I ask my friend, the gentleman from California? Can anybody, including my friend on Appropriations, give us some assurance as between the swollen defense budget and the WIC program, who is going to make it in appropriations? If my colleagues will let me go on the past experiences that I have had here, I know what program is going to make it and which one is not, so I am not prepared to support this newfound fiscal morality that the Committee on Education presents to us in 24 hours, and I am going to support my friend, the gentleman from California.

Mr. MILLER of California. I thank the gentleman from Michigan.

I think the point that he brought into focus is exactly the right one. This program will not survive when it goes up for appropriations; the school lunch program will, because it has the constituency; it has the educational community; it has the people who are working in that program.

That is the constituency that is prepared to defend it, but that is exactly why this program was put into section 32. The distinguished chairman of the Committee on Education and Labor made this fight many years ago when the school lunch program was unpopular, to protect it and to nurture it and to see it grow, because it was delivering a definite social benefit.

That is what we see with the WIC program. I ask the Members to visit these programs in their district because it is something to behold and it is something to experience when we talk with many of the women with children in their arms who tell you that until the WIC program they did not see a doctor except at the time of delivery, and to talk to pregnant women and who say that but for the help delivered under the WIC program, they had not been to a doctor during their pregnancies. That is what the Members have to understand.

The $250 million in this proposal simply allows the WIC program to stay alive and to meet the current needs. There are 10,000 unmet needs in the State of Mississippi, 15,000 in the State of Georgia, and 166,000 in South Carolina. Those are the kinds of needs that are out there.

If this proposal is removed from section 32, those needs will go unmet because the President has already said he wants to do away with the program.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. PERKINS, and by unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. Certainly I yield to the chairman.

Mr. PERKINS. Mr. Chairman, first let me compliment the distinguished gentleman from California (Mr. MILLER) for his excellent statement and the distinguished gentleman from Michigan (Mr. CONYERS) for his excellent statement. We had problems with starting this program a few years ago and it was because of section 32 funding in my judgment, in view of the attitude of the administration, that we were able to get the program off the ground.

In the first year the program only received about $15 million or $16 million. This past year it is about $124 million. I know there are applications on hand that would demand far more.

I have a feeling from the discussion we heard yesterday—and I have never heard so many economy speeches made in all the days of my life from so many of my friends as were made yesterday—we had no alternative. I want to pledge my assistance to these gentlemen in seeing that this program is fully funded.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, on Monday we get a great many economy speeches around here. I would not get overly wrought about what happens in Congress on Monday. Today is Tuesday and I think perhaps more thinking has occurred which is more along the lines that the Education and Labor Committee came out with for the last several weeks up until yesterday. I would not let this continuing concern for WIC be interrupted now because of some remarks that suddenly afflicted the chairman or affected him so profoundly in yesterday's session.

Mr. PERKINS. I want to say to the distinguished gentleman that he will have my wholehearted cooperation to see that this program is fully funded.

Mr. MILLER of California. I appreciate that.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. MILLER of California was allowed to proceed for 2 additional minutes.)

Mr. MILLER of California. Mr. Chairman, I simply want to stress the medical evidence because we are playing with the futures of many people here. Yet so many speeches were made in the vein of why do we not put money into WIC instead of charging everybody 25 cents, why not put it into worthwhile programs where we get a return on our money? I want to cite a study done by Roberts and Engel who report as follows:

> Children who weighed less than 5 pounds at birth had an average I.Q. of 94.6 as compared with 99.6 for children whose birth weight ranged from 5 to 10 pounds. The highest average—101.1—was recorded for children who weighed 7 pounds 12 ounces to 8 pounds 13 ounces at birth.

That is what we are talking about with this program—the absolute ability to help prevent low birth weights.

I think that that is what we have to consider when we vote.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. If I have the time.

Mr. GIAIMO. If I understand correctly, and the gentleman from Michigan can correct me if I am wrong, but the substitute that provides for the WIC program is on page 16. If I read it correctly, it says:

> * * * there is authorized to be appropriated the sum of $250 million for each such fiscal year * * *

I gather that $250 million authorization was deemed by the committee to be sufficient, or they would not have put it into the amendment.

Mr. MILLER of California. I agree with that.

Mr. GIAIMO. Therefore, there was provision for the WIC program. The only question is, how do we fund the program?

Mr. MILLER of California. That is the serious question before this Congress.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield further?

Mr. MILLER of California. Yes.

Mr. GIAIMO. The only question is, do we fund programs directly, or through the back door, or do we do it through congressional appropriation? This Congress took a very firm decision and said that we want to terminate as best we can those uncontrolled methods in this program.

Mr. MILLER of California. I appreciate those remarks. I stated before, as I said, the people out there on this program waiting to get on it will not understand back-door or front-door spending. They want the program to continue and the way to continue that is to put it into section 32.

Mr. GIAIMO. If the gentleman from California and the rest of the House and I do the job properly, we will see that it is provided with necessary appropriations to do the job.

Mr. MOTTL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentlewoman from Hawaii (Mrs. MINK) and in support of the amendment of the gentleman from Michigan (Mr. O'HARA).

I think when the gentlewoman from Hawaii addressed the committee, she gave us the greatest reason why we should support the program of 35 cents. She cited us the example that Hawaii now has a program that no student pays over 25 cents for a school lunch in her great State, because the sovereign State of Hawaii subsidizes this program to the tune of $9 million. So I believe we are just going to extend the wonderful program of Hawaii and make it a national program, which I think is extremely important.

The distinguished gentleman from Connecticut and my distinguished colleague, the gentleman from Ohio, pointed out the need for fiscal responsibility and the problem of the great deficit. I think we have to set priorities here in this Committee. I think the priorities are with schoolchildren and their parents.

I voted against the foreign aid appropriation. I believe we have wasted $172 billion in this program over the years. We have military cost overruns. I think the priority should be, to expand the school lunch programs, rather than waste money on military cost overruns and foreign aid programs.

I believe it is extremely important that we support the amendment of the gentleman from Michigan (Mr. O'HARA). It would be a great victory and of great benefit to middle-income America.

I represent suburbs around the greater Cleveland area. These people have paid a great amount of taxes in support of the programs we have heard about on this floor for many months. What about helping to benefit their children? Let us have a 35-cent maximum lunch program that would be beneficial to all Americans, not just the underprivileged and disadvantaged. We should continue those disadvantaged programs, but let us expand the program. Let us have nutritious meals for all our schoolchildren.

I have talked to many schoolchildren and teachers in the district and they tell me as the price of meals goes up for the breakfast or lunch program, we have more and more children buying just a piece of pie or just one or two commodities, such as ice cream or potato chips, rather than a nutritious meal. I believe this is wrong. Let us expand the program to permit all our schoolchildren to have a nutritious meal.

Lastly, I believe a vote for the amendment of the gentleman from Michigan (Mr. O'HARA) would be a great tribute to the distinguished chairman of the Committee on Education and Labor, the gentleman from Kentucky (Mr. PERKINS). He has done more for the children of America than any living American. I think this would be a living monument to this great chairman, the distinguished gentleman from Kentucky (Mr. PERKINS).

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

PARLIAMENTARY INQUIRY

Ms. ABZUG. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state it.

Ms. ABZUG. Mr. Chairman, what are we voting on at this time?

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

Ms. ABZUG. I thank the Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Hawaii (Mrs. MINK) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mrs. MINK. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

The amendment to the amendment in the nature of a substitute was rejected.

AMENDMENT OFFERED BY MR. GOODLING TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Mr. GOODLING. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. GOODLING to the amendment in the nature of a substitute offered by Mr. O'HARA: The substitute for H.R. 4222 offered by Mr. O'HARA is amended by striking out section 4 thereof,, and renumbering the remaining sections accordingly.

Mr. GOODLING. Mr. Chairman, first of all, I think that I want to make sure everyone understands that we have a very, very good lunch program. It is very important to all children. We also have added some very fine amendments this year.

I do not think we should be confused by the fact that some people may say, "Well, you are down here trying to cut lunches for our children, our poor school children."

That is certainly not the intent. First of all, I think we have to understand that all I am trying to do at this particular time is to remove the 35-cent maximum charge that we are telling a school district it must charge. We are telling them what price to set. That is not our business.

Mr. Chairman, we have heard an awful lot about the lack of participation, of the declining participation in school lunch programs. I think there have been an awful lot of erroneous statements. I think the Members will find that we are taking care of those who need free lunches; we are taking care of those who need reduced price lunches. We have improved numerous areas, as I mentioned, with new amendments this year.

But, the erroneous statement comes when we try to say that young people are not participating in school lunch programs as much as they were before simply because the price of lunches has gone up. In my 23 years of being in the school business, it has gone from 25 cents to 50 cents.

The declining participation comes about in many areas because, first of all, there has been a decrease in the population of students attending school. Second, there is an increased free and reduced lunch participation. Simple mathematics tells us that if we have a declining student population and increased participation in free and reduced price lunches, we just have to have fewer people participating in the regular class A lunch program. That is just simple mathematics.

The advent of a la carte programs in the school districts has made a big change. People now can receive many other things and not participate in class A lunches; the sandwich line, many other things that are very nutritional. That has changed.

Decreased time for lunch is an important factor. Young people now have 20 minutes in many schools for lunch. All they want to do is relax. These are changing attitudes more rapidly than the attitudes have changed in the cafeteria and dietary concerns. All of these are reasons why we would have a decline.

As I mentioned before, if the program we are proposing here in this 35-cent lunch program is for children, I again ask: Then why did we not have children participate in this decision?

We could have gone out into the District, we could have gone out into Virginia, we could have gone out into Maryland, and we could have checked with middle- and higher-income youngsters and asked them why they do not participate in the program. We did not ask them. We did not ask the teachers, we did not ask the guidance counselors, we did not ask the principals.

Some would have us believe that it is a terrible thing for a youngster to try to get a reduced or a free lunch in a school.

This is totally incorrect. The youngster does not participate in that decision. You send the forms home to parents as the school year begins, explaining the whole system.

All they do is complete the forms, and in most instances no one even checks. They look at what the parents say and then they give the free or reduced lunch.

A year ago we would rather give a reduced lunch than charge them because we could make more money because of the subsidy situation. That has been changed, fortunately—or unfortunately, depending upon whether you are on the school board or in the Congress.

And then some would say that it is a form of tax relief. To me, this is a terrible statement to make to middle-income America. They are so sick and tired of having bread crumbs thrown to them that they do not want to hear any more about the kind of "You go away, I'll give you a little crumb, that will be all right," and then we would not have to get around to the business of total tax reform. That is a terrible idea in this particular case.

Someone said, "How much should we as a government participate in this whole lunch program?"

Can anyone tell me what the Government's participation in a lunch program has to do with the Government setting a price that the local district must charge? I do not understand that at all.

Then one of the things that really bothers people back in the local school district is the whole credibility bit they have with the Federal Government. They are always saying, "Oh, today they are giving me something, but tomorrow I will be stuck with higher taxes to pay for them," and all of a sudden there is an increase. So, philosophically, it is totally wrong, because we are again trying to support people who can support themselves, when we have so many other people who need our help and need our support.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. GOODLING was allowed to proceed for 2 additional minutes.)

Mr. GOODLING. Mr. Chairman, let me say we are talking about a half billion dollars at a time when there is tremendous need in many other areas to use this half billion dollars to help other people in need.

Next year is an election year. What do we do next year to top this? I will tell the Members what we do. We give free lunches to everybody. Then we have a serious problem. As 1977 comes, and we are not able to get everybody to participate in the lunch program by reducing the price, so now we say, "We better pay those youngsters to eat; then we will get them all to participate."

I would hope that we would not totally embarrass Members of Congress when we go home on this recess by having to face people and say, "We Congressmen and Congresswomen could not afford to give our children a reasonable lunch, and so we are calling upon you people back home, who are making much less than we are, we are calling upon you to come in and help to feed our children." And I have two, so I could benefit from it. I would certainly hope that we would not insist that we must have everyone participating in the cafeteria, because the only way we can do that is get them to receive an outright grant from the school district. Then they will participate.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman for yielding. I would like to associate myself with his remarks. There is perhaps some inconsistency, since we have subsidized everybody in the United States in the last 4 or 5 days in this Congress, and I suppose we should subsidize kids, too.

I do associate myself with the remarks of the gentleman.

Mr. Chairman, I must reluctantly oppose H.R. 4222, the National School Lunch Act and Child Nutrition Act amendments. I do so because this bill, while posing as a humanitarian measure to help needy children, is actually another raid on the Treasury. It is providing a subsidy for people who do not need subsidies, and it will contribute to the inflation that is ruining our economy.

In the years since 1946, the school lunch program has ballooned to the point where 47.4 percent of all school children participate. The bill we have before us will cost the American taxpayers $6.2 billion. On top of that we have to add the considerable amount of money that State and local governments add to the program. No one in this chamber can assert that we are not providing a considerable assistance to needy families, I would point out that in 1974, the Federal cash payment for these subsidized lunches was 57.5 cents a meal, plus donated commodities of 10 cents a meal.

Now, we are asked by the Committee on Education and Labor to extend the benefits of this program to every child in America and to place a maximum payment of $.25 on the costs of a school lunch. No one seems concerned that this will cost $1 billion. No one seems concerned that there has been little support for such a move shown in the hearings. And, I suppose there are virtues in consistency, since this Congress has moved in recent weeks to subsidize virtually everyone else in America—why not our children.

At the risk of sounding frivolous, I would remind my colleagues that there is no such a thing as a free lunch. By allowing the children of the wealthy to receive $.60 subsidies per lunch, we will go deeper into debt and add more of the "hidden tax" of inflation onto our citizens.

Mr. Chairman, nearly everyone in Congress has paid lip service to the need for budgetary restraint. If we intend to stay within our means, priorities must be set. I cannot understand how we can place a high priority of $1 billion in aid to children whose parents can well afford to pay for their lunches. I therefore intend to vote against the bill, if this provision remains.

Ms. CHISHOLM. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The CHAIRMAN. The Chair will advise the gentlewoman that her amendment would not be in order at the present time. We now have an amendment pending to the O'Hara amendment in the nature of a substitute, and that the pending amendment will have to be disposed of first.

PARLIAMENTARY INQUIRY

Mr. QUIE. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. QUIE. Mr. Chairman, if the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) is adopted, am I correct that the amendment to be offered by the gentlewoman from New York (Ms. CHISHOLM) would then be in order?

The CHAIRMAN. Not knowing what the content of the amendment is and not having heard the amendment read, the Chair is unable to answer the gentleman's parliamentary inquiry.

The Chair will respond to the gentleman further by saying that the gentlewoman from New York could phrase an amendment on this general subject matter which might be in order, but the Chair has not seen the language of the amendment.

Mr. QUIE. I thank the Chair.

Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. QUIE).

Mr. QUIE. Mr. Chairman, may I ask the gentlewoman from New York if she will explain to us what her amendment does?

Ms. CHISHOLM. Mr. Chairman, if the gentleman will yield, my amendment would delete all of section 4 of H.R. 4222, and that would result in effecting a compromise between the Mink amendment and the O'Hara amendment in terms of setting a ceiling on those persons in the middle-income categories of this country who could then participate in the lunch program right now.

Mr. QUIE. To that extent, it would be identical to the Goodling amendment?

Ms. CHISHOLM. Mr. Chairman, it is not identical to it, but it embraces some parts of it.

Mr. QUIE. Mr. Chairman, will the gentlewoman give me an explanation of the rest of the amendment and what it does? As I understand it, it strikes out section 4.

Ms. CHISHOLM. Mr. Chairman, if the gentleman will yield, it strikes all of section 4, and it brings in the mandate that persons above the poverty line, that is, 175 percent above the poverty line, would be included, and they would be mandated to provide free lunches for the children in the school lunch program, as contrasted to the optional concept now in the bill.

What I am attempting to do here is to make sure that the families in the $6,000 to $10,000 income range be included in the lunch program. This includes children who presently do not qualify for the free lunches. They have to pay the full price of the lunch, which now averages about 45 cents a lunch.

Under the 35-cent ceiling provision in the O'Hara amendment in the nature of a substitute, these families in this income category would only get a break of 10 cents a lunch. Under my amendment these children from these families in this category would be eligible for reduced-price meals in all schools, which means they would only have to pay 20 cents per lunch in many schools, or perhaps 10 or 15 cents. It reduces the entire cost of all the lunches.

Mr. QUIE. Mr. Chairman, can the gentlewoman tell me where the second part of her amendment comes in the bill?

Ms. CHISHOLM. Mr. Chairman, there has been so much confusion here with respect to this bill, all I know is that I want to delete all of section 4 of the bill and bring this in as an amendment. It would strike section 4 and add the language of section 9 of the new O'Hara substitute. I think those are the sections under discussion in this respect.

Mr. QUIE. Mr. Chairman, I will say to the gentlewoman that from her brief explanation of the amendment, I am for it. I can see that there is no problem with it in connection with the Goodling amendment being adopted, and the second part of the gentlewoman's amendment may be offered at a later time.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The gentleman from Minnesota (Mr. QUIE) still has some time remaining.

Mr. QUIE. Mr. Chairman, I think we ought to get on to the Goodling amendment, and then we may take up the gentlewoman's amendment.

Mr. PERKINS. Mr. Chairman, will the gentleman yield to me?

Mr. QUIE. Yes, I yield to the chairman of the committee.

Mr. PERKINS. Mr. Chairman, I just

want to ask exactly what the gentlewoman contemplates doing here.

We are presently subsidizing free lunches at a cost of 84.5 cents. Does the gentlewoman's proposal increase that subsidy?

Ms. CHISHOLM. No. Mr. Chairman, if the gentleman from Minnesota will yield, I will say that it does not.

Mr. PERKINS. Does it increase the subsidy of the reduced-price lunch?

Ms. CHISHOLM. No, it does not increase the subsidy of the reduced-price lunch.

Mr. QUIE. Mr. Chairman, my understanding was that the gentlewoman's last proposal was to continue to provide the free lunch for those who qualify. However, the gentlewoman will mandate a reduced-cost lunch for those who qualify for the reduced-cost lunch?

Mr. SIMON. Mr. Chairman and members of the committee, I rise in opposition to the amendment offered by the gentleman from Pennsylvania (Mr. Goodling).

I think there are some misconceptions on the floor. No. 1 is that there is no subsidy at the present time for those who are paying for their lunch. Actually, there has been for some time.

The subsidy started out at 31 percent, went up to 33 percent, and is now down to 21 percent.

The point that the gentleman from Connecticut (Mr. Giaimo) has made about the need for balancing budgets I agree with. I happen to be cosponsoring a constitutional amendment that moves in that direction.

Mr. Chairman, I think it is extremely important that this body face up to that problem. However, I think we also have to face up to priorities, and one of the priorities, along with the priority we established yesterday in passing the foreign aid bill—and I voted for it—is to see that young people who are in our schools get a chance for a nutritious meal.

The question is asked: "Why do we need this? Are not the needy provided a meal now?"

The reality is that more and more schools—and this has not been pointed out, in the debate up to this point—are dropping out of the school lunch program at the present time because as costs of school lunches go up, the demand goes down among those who are paying students, and they simply end up dropping the program.

What this proposal will do, the 35-cent cap on this, is to open this program to as many students as possible and to provide nutritious meals for many young people who need those nutritious meals.

Mr. Chairman, I will point out one other statistic that should be of interest to the Members of this body. There are now more than 18,000 schools in this Nation that do not provide school lunches for their young people. I think we ought to change that. I support the WIC program and other programs that have been mentioned.

I do not believe that the amendment of the gentleman from Pennsylvania will be of assistance to the education of young people nor to the nutritional welfare of these young people and their future.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Minnesota (Mr. Quie).

Mr. QUIE. The gentleman made a statement that I have heard a number of times, that participation is dropping, total participation.

The table on page 10 of the report shows that total participation is increasing each year. It was 22.5 million in 1970, 24.5 million in 1971, 24.3 million in 1972, 24.6 million in 1973, 24.7 million in 1974, and 25.2 million in 1975.

Where is this reduction that the gentleman is talking about?

Mr. SIMON. To answer the gentleman, my understanding—and I am ready to be corrected—is that while there is increased participation in schools that are continuing to offer school lunches, more and more schools are dropping the program when they have to move those prices up.

The U.S. Department of Agriculture, which I do not always rely upon, says that as you move those prices up, the number participating is reduced.

Mr. QUIE. If the gentleman will yield further, the figures do not show that the prices going up have reduced participation but that the participation has been going up. USDA's study indicates that if one were to reduce the prices, they would get a greater participation, but I do not see that now, as far as the school lunch program is concerned, that students are dropping out.

I do not know that anybody who has read the figures has concluded that they are dropping out. I found a high school that dropped out in Philadelphia not because of the cost of the lunch, but they dropped out because of the danger to the students in the lunch program, so they run school to 1 o'clock and have dropped the lunch program entirely.

So there are other factors other than the cost of the lunches for those who can afford to pay for them.

Mr. SIMON. There are a variety of reasons, there is no question about that.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. Quie, and by unanimous consent, Mr. Simon was allowed to proceed for 2 additional minutes.)

Mr. QUIE. Mr. Chairman, I might say to the gentleman from Illinois that I asked for the additional time for the gentleman because I had used some of the gentleman's time.

Mr. SIMON. I appreciate the gentleman doing this, and he is very gracious.

Mr. Chairman, I would simply say that there are a variety of reasons, as the gentleman from Minnesota stated, and there are a variety of reasons for young people dropping out. But I repeat that the U.S. Department of Agriculture has said that if we reduce the prices there will be a substantial increase in the number of young people having nutritious lunches.

The gentlewoman from Hawaii, I believe, in her remarks yesterday said there might be—and I stand to be corrected—there might be as much as a 50-percent increase in the use of school lunches at the 25-cent level. I do not believe there is any question that there would be more and more young people taking part in this program if we put a cap on it. I happen to believe that this would be a wise investment.

Mr. McKINNEY. Mr. Chairman, would the gentleman yield?

Mr. SIMON. I yield to the gentleman from Connecticut.

Mr. McKINNEY. Mr. Chairman, it seems to me there is a tremendous dichotomy in what the gentleman from Illinois says. For example, I understand in my city of Bridgeport where we can barely scrape together a thousand dollars per child to educate them, that we have a free lunch program, and I might add it is a very successful program because of student need.

But how can this Congress justify a limited cost of free lunches in one of my towns in my district, which has the wealthiest per-capita income and that pays some $1,675 per child to educate them; how do we justify that the taxpayers of the United States should subsidize a 35-cent or a 25-cent limit on school lunches? When are we going to make some of these people who can pay, pay the bill, and stop them from coming down here? It just seems unfair.

You know, if I thought I would see some attempt on the part of some school boards to reduce expenses when in others they cannot feed their children, maybe you could take this. But it is hard to just sit here and consider the children of Fairfield, with a median income of $12,000, and say that they cannot pay more than 35 cents; I think that is a disgrace, and a fraud upon the taxpayers of this country.

Mr. SIMON. I gather that was a question?

I would say to the gentleman from Connecticut that if the gentleman used that same logic we would not build a single mile of highway, because millionaires would use that highway. We would not have a single Government program if we had to look upon it as to whether it benefits a few, but rather does it benefit the public at large?

So, in reality, while we will have a few people in that one community who will benefit more than others, by and large, the State of Connecticut and these United States will be a finer, richer place because we have moved ahead in this direction.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MEEDS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Goodling amendment, which would strike, if the Members will pardon my expression, the guts out of the school lunch program, and bring the entire program to a shambles. And to answer this persistent question about why high-income people, high- and middle-income people, should have any benefits in this country, let me say that the high- and middle-income people of this country are paying a good share of the taxes, and if we used the logic which was being shouted at us from the other side we never would have passed the income tax credit bill, and we never would have passed many of the other bills that we have passed. Particularly revenue sharing.

Or, as the gentleman from Illinois, (Mr. Simon) just said, we would not build any highways, and we would not give any sewer grants to Darien, Conn., because they could afford to build those things with all of their tax base, and we certainly would not give any other kind of credit to them because they are able to support themselves.

This country has been able to sustain the kind of a program which benefits high- and middle-income people as well as poor people. The fact is the middle-income people of this country who will finally receive some benefits from this act are footing the majority of the bills in this country, and they ought to be entitled to something which gives them and their children some benefit. I see no objection, nor have we had until apparently recently great objection, to giving and providing programs which help middle- and high-income people.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Connecticut.

Mr. McKINNEY. I thank the gentleman for yielding.

I believe the gentleman's remarks are addressed to me. I simply want to say that they have a big choice here. The city of Bridgeport, for instance, which is an industrial city, would love to spend more than it does on education for each child, but it just simply cannot make it. What I am saying is that suburban communities make a free choice of their taxpayers to spend these outrageous sums in educating each child. I do not see any reason why we should burden the entire country with this type of limit when these towns have a free choice in the very beginning. It is not the taxpayers' choice nor the Congress choice that wealthy towns spend $1,675 per individual child, but certainly if they can afford to make that choice, they can afford to give their children a school lunch program.

Mr. MEEDS. By the same token, the people in Darien, Conn., should not receive any money under revenue sharing because they can afford to take care of those programs. Yet with almost solid support on that side of the aisle, we are sending money to Darien, Conn., where the taxpayers have the money to make these outrageous expenditures for education. I submit to the gentleman that many of our programs, including and specifically revenue sharing, are predicated on things other than aiding low-income people in America.

As the gentleman from Michigan pointed out, the school lunch program did not start as a low-income program; it started as an aid to school lunches for all children. I am for the low-income aspects also, but I do not think we ought to strip those aspects by killing the whole program and knocking out section 4.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I would like to join in occupying this House beyond the center aisle. It is not so divided. I would like to join with the chorus of intelligent voices on the other side of the aisle that say quite simply, When we have a limited amount of money to spend, it is our duty to spend it where it is most needed.

Mr. MEEDS. Then I assume the gentlewoman will join me in opposing revenue-sharing.

Mrs. FENWICK. I would like to say, Here we have several hundred million dollars. I would rather have the income limits for subsidized lunches. Then we can help those people, working people, who need help in the subsidized lunch program. The only thing we have got to fear is this kind of division on arbitrary lines. We must use a limited amount of money for people who need help, and that ought to be our concentrated effort on the school lunch program.

Mr. MEEDS. I appreciate what the gentlewoman said. Will she, then, join me in resisting the entreaties to pass revenue sharing?

Mrs. FENWICK. When revenue sharing comes to the floor, I will be glad to listen to the gentleman and to his arguments.

Mr. MEEDS. I thank the gentlewoman.

Mr. Chairman, I yield back the remainder of my time.

Mr. ANDERSON of Illinois. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have listened with growing interest this afternoon as this debate has proceeded because it seems to me that as the debate has gone on, more and more this has become not an act to improve the school lunch program, in which we are all interested and for which I have consistently voted over all the years that I have been a Member of this Congress, but this has suddenly become an act to aid middle America, to somehow assuage the feelings of those anguished and angry taxpayers who feel that they are paying too much, too great a share of the Federal tax burden.

When I listened particularly to my friend, the gentleman from Illinois, the former Lieutenant Governor of our State, Paul Simon, for whom I have great respect, suggest that there are literally thousands of children in many, many schools that are dropping out of the school lunch program, then it occurred to me that maybe this program could be improved, and if so I certainly want to support those improvements.

The other day when the distinguished chairman of the Committee on Education and Labor came before the Committee on Rules, on which I serve, I was a little concerned when he said, I think, that only one morning of hearings had been devoted to this very important subject. And then when I came here this afternoon and learned that he had convened not a meeting of the subcommittee but only of the Democratic members of the subcommittee and suddenly elected to make a very substantial change in this legislation, it occurred to me that we are certainly legislating in a very cavalier and casual manner on a program that affects the destiny of millions of schoolchildren in America, and we ought to be more careful than that.

I happened to be going through a hotel in Chicago the other day, where I was making a speech, and I by mistake wandered into a corridor that was reserved for hotel personnel. Before I beat a retreat I saw a sign, and I wish I had taken that sign back and posted it out here in the corridor because the sign read something like this:

> Attention all waiters in all bars: Use the jigger at all times.

And then in capital letters it said:

> ABSOLUTELY—ABSOLUTELY NO FREE POURING.

What we are doing today in the sloppy way we are legislating is doing a little more free pouring. We are not using the jigger. We are doing a little free pouring out of the Treasury of the United States.

And when they could not get away with the backdoor spending, then they came in with an amendment to try to correct that. But I am surprised and I am chagrined that this great committee, the committee that I have great respect for, has come in and is asking to legislate now changes in this very important program in a way that is so utterly imprecise.

I agree with the gentleman from Pennsylvania (Mr. Goodling) and the others who said:

> If you think you are going to go home and enjoy your Easter recess and earn the thanks and the plaudits of the middle Americans for doing something like this, I think you are greatly mistaken.

It was a great former ambassador from America to India, Daniel Patrick Moynihan, who wrote:

> The Federal Government has proved that it is very, very able when it comes to collecting money, when it comes to siphoning off the tax funds not just from middle America but from every segment of our society but we have proved that we are less than good at designing Federal programs.

We have lost the respect of this country for Congress in large part because of our failure to design delivery systems for Federal programs that will target in on those areas of real need and we are going to compound that error this afternoon in the kind of legislation that is proposed here.

I do not know what kind of stuff we are drinking. I guess we would call it "Old Deficit" and we do not know whether it is 75 billion proof or 100 billion proof at this point, but it is pretty heavy stuff. What we are going to do is to lock us into a program that is going to hit us not just in fiscal year 1976 but also in fiscal year 1977 and fiscal year 1978 when we are on the path to recovery and then I suggest we watch middle America and see what they have got to say about this program and what has been done to reestablish and reignite double digit inflation.

Mr. O'HARA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have been here quite a while. I thought I was hard to surprise. But I am a little surprised to find some of my friends who just a few weeks ago fought so determinedly for the biggest tax rebates to the fattest taxpayers; who have fought doggedly to maintain special privileges; who sought to oppose the minimum tax on high-income taxpayers; who fought to maintain the oil depletion allowance; are now telling us that they are against a subsidy in the school lunch program because some of those same high-income taxpayers they've been fighting for might have children who benefit from it.

They strain at the equalized gnat and swallow the subsidized camel. What then is the real reason they are opposed?

Mr. Chairman, the children of the rich, the country club set, are not standing in a cafeteria line in a public school buying a class A lunch. If they are there at all, they are at least buying the ala carte, not the subsidized class A lunch. I doubt that the exclusive prep schools are running school lunch programs. The plain fact of the matter is that they are opposed to the further subsidy of this lunch program for the children of ordinary working class citizens. That is what it amounts to.

They are perfectly willing to subsidize the lunch if the family income does not exceed $8,300, but if a family is making $9,000 or $10,000, or $11,000, they are supposed to be flush. They supposedly do not need the help of our great Government.

I do not see anything wrong with the Congress appropriating money for highways, even if a few Cadillacs drive down them. I do not see anything wrong with the Congress appropriating money for schools, even if a few wealthy children attend them.

What this Congress should be about is providing for the common welfare, trying to build a better country, to extend benefits to all those that need them, to help those who want and need help. Over 90 percent of the childrer involved come from families with incomes of less than $25,000 a year. I do not share the view that we should economize by literally taking food out of these children's mouths.

This program was conceived to subsidize the lunch of every child, without regard to income. The committee simply proposes that we increase the amount of the subsidy. The Federal share has been slipping. It has gone from 31 percent of the cost of a lunch to 21 percent. We are now paying a smaller share of the cost of school lunches for the average child than we were in 1946. All we are proposing to do is build up that Federal contribution to make it somewhat more comparable to what it was. I ask that the amendment of the gentleman from Pennsylvania be defeated.

Mr. BUCHANAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I feel like Alice in Wonderland. It just gets curiouser and curiouser. I am a cosponsor of the bill which was introduced, which was the original bill of our hearings, sponsored by the chairman of our great committee, and sponsored by my friend, the gentleman from Washington.

I am now informed that that bill standing alone would gut the school lunch program, that without the addition made at the 11th hour after the subcommittee had marked up the bill, which did not include the provision of the gentleman from Michigan (Mr. O'HARA), that to enact the program that is now helping schoolchildren all over the United States, as strengthened by the original provisions of this bill, would gut the program. Mr. Chairman, the school lunch program is at present designed to help those children who are in need, with free lunches for those from families of lowest income and reduced price lunches for children of families of low income. Under the provisions of the original Perkins bill there would be included in this latter category children from four-children families with incomes as high as $10,200.

Mr. Chairman, who are the people who will be benefited by the bill as it will be amended by the gentlewoman from New York, whose amendment I will support, or as it stands without the O'Hara provision? Those children in greatest need will receive increased help, and we will strengthen the school lunch program. Who will be benefitted by the now $500 million provision of the revised O'Hara amendment? Those families who are middle and upper income families.

Mr. Chairman, I would point out that we have done a lot of things with figures here today. About 90 percent of the taxes in this country are paid by people with incomes of $10,000 and above. About 51 percent of the taxes are paid by those with incomes of $20,000 and above. If these are the people who pay the bulk of the taxes, why should we not dole out largess to their children, to help them by subsidizing the school lunch program for these people? I will tell the Members why.

Most of the people I represent whose incomes are $10,000 and above understand this simple fact: Government can only give to the people that which it has first taken from the people, or borrowed to be paid back in future taxes.

Let me tell my friends something: We cannot give the families of my congressional district anything that the taxpayers are not ultimately going to pay for. Who then shall we seek to help through tax dollars raised from the people in this $10,000 and above income, in this category which pays 90 percent of the taxes?

I say, let us give the money where it is needed most, and let us not try to deceive the people with the tax and tax, spend and spend philosophy of government. Let us not enter upon the folly of trying to persuade our sophisticated taxpayers, who see our economic crisis, that somehow we are going to give them free lunches that they will not have to pay for with tax funds, with overcharges added for Federal bureaucracy, waste, redtape and confusion.

Let us understand what the people need from us is responsibility, fiscal responsibility in government by applying the Federal money where it will do the most good and withholding from spending further in unnecessary ways at a time when we have contributed to a situation when already 63 percent of the available supply of capital in this country is consumed by the Federal government trying to carry its burden of debt.

This is a problem of our economy because of our inflationary spending and deficit spending. It has added greatly to the economic distress of all Americans. In fact, by such profligate spending, we have helped to create an inflation that is the cruelest tax of all upon all American families.

I say to the Members of the committee that if they want to do the taxpayers with incomes of $10,000 and above a favor, then they should vote for the Goodling amendment. If they want to do that which is compassionate and will help children, they will also vote for the Chisholm amendment when it is offered, and let us put the Federal money where it will do the most good in meeting the needs of children who have need, and let us do the taxpayers with incomes of $10,000 and above the great favor of not giving them any more of our help.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Alabama, and compliment him for his statement.

Mr. Chairman, yesterday I asked my colleague, the gentleman from Minnesota, whether the amendments to the school lunch program provided in H.R. 4222 would make anyone earning $42,500 a year, eligible for 25-cent school lunches for their children. He replied it would, and agreed that in that respect it could be considered another fringe benefit for Congressmen. Now the remark was partly facetious, but it does indicate the nature of the issue before us. No one, myself included, is opposed to the school lunch program. H.R. 4222 authorizes a permanent school breakfast program, free lunches to children of unemployed parents, expansion of the daycare and preschool meals program, and expansion of the special supplemental feeding program for women, infants, and children. I support each of these proposals.

However, I think we have to draw the line at the provision giving 35-cent lunches to anyone, regardless of family income. Congressmen do not need to have their children's lunches subsidized. Neither do corporation presidents, South American diplomats, and others who would be eligible under this bill. As a matter of fact, the committee admits that a typical upper income family would get more benefit out of the 25-cent lunch proposal than from the proposed tax rebate bill. Given other pressing educational and nutritional needs in our country, I question whether the one-half billion dollar a year this provision will cost is the wisest or highest priority use of these funds.

The bill already provides free or reduced price lunches to children of families making 2½ times above the poverty level. And rich kids already get their lunches subsidized by an average of 44 cents each meal under the existing program. So how can this billion dollar giveaway be justified?

Yesterday I had an interesting experience. I ask a class of schoolchildren from my district who were visiting in Washington how I should vote on this provision. They overwhelmingly agreed it would be a waste of a billion dollars. Perhaps we should have the kids in here voting, to restore some commonsense.

Mr. Chairman, I urge a yes vote on Mr. Goodling's amendment to strike this provision.

Mr. FORD of Michigan. Mr. Chairman, I rise in support of the National School Lunch Act and the Child Nutrition Act Amendments of 1975, which I have joined with Chairman Perkins and other Members in cosponsoring.

In addition to extending the school lunch program; the day care feeding program; and the women, infant, and children, WIC, feeding program, this legislation will make the breakfast program a permanent one and will roll back prices students must pay for hot lunches to a maximum of 35 cents.

It also contains two amendments which I authored—one which will make children whose parents are unemployed eligible for free lunches, and the other which will extend and strengthen the summer food program. The legislation will also enhance and expand participation of children in child care and preschool institutions and expand the eligibility for reduced-price lunches.

Since its inception in 1946, the national school lunch program has had the single purpose of improving the nutritional status of all children in school. Through all of the years since 1946, Federal assistance in the form of cash payments and federally donated foods has been provided by Congress in order to permit the sale of lunches well below production costs to any child wishing to participate.

Over the past 29 years, the school lunch program has been expanded to include such programs as the school breakfast program; the women, infant, and children feeding program; and the special milk and nonschool food service program.

Millions of children—needy and nonneedy—have participated in the program.

However, because the cost of producing lunches has increased by some 70 percent just since 1967, most schools have been forced to realistically increase lunch prices for those who pay. As a result, more and more parents are unable to stretch their budgets so their children can eat lunch at school, and because Federal payments have not increased in proportion to the increased costs which are passed along to the children, many students are dropping out of the program.

Mr. Chairman, at my request, the Wayne County, Mich., Intermediate School District has provided me with statistics which indicate that many of the schools in my own congressional district are not presently participating in the Federal school lunch program. This means that students in these schools either do not have free lunches available or they are being served lunches which do not meet the minimum standards required by the program.

According to this report, none of the schools in the Woodhaven, Livonia, and Flat Rock School Districts are participating in the program, nor are any of the elementary schools in the Inkster, Wayne-Westland, Crestwood, Dearborn Heights No. 7, and Garden City Districts.

In addition, I have learned that some of our biggest high schools, such as Robichaud in the Westwood District, Wayne Memorial in the Wayne-Westland District, and Huron High School in the Huron District are not participating. With the adoption of this legislation, hopefully more of these schools will be able to participate.

Mr. Chairman, two amendments contained in this legislation will be especially helpful to my congressional district which is presently experiencing one of the most severe unemployment problems in our history. The first of these, my own amendment, provides that a child shall be eligible for a free or reduced-price meal during a period when his or her parent is unemployed. This amendment alone should make lunches available to thousands of children in my district who are presently ineligible.

Another important amendment, which was sponsored by my good friend and distinguished colleague (Mr. O'Hara), and included in modified form in the final version of the bill we are about to vote on, provides that no child will have to pay more than 35 cents for a lunch. This amendment will be especially helpful to the middle and lower income family with several children attending school. It could save them as much as 25 cents per day per child—a savings which is extremely important during this time of inflation and unemployment.

Mr. Chairman, it seems that each time I rise in support of legislation lately I find myself reciting to this body the frightening unemployment reports from the Detroit metropolitan area, and each time I do so the figures become more alarming. But I simply cannot emphasize enough the urgent need for Federal legislation which provides relief for the thousands of families, in our State, suffering from unemployment. The latest figures tell us that nearly one out of every five workers in the Detroit area is without a job.

The financial relief that this legislation will provide for many of these families will probably be as significant as the much discussed and heralded tax rebate we are working on—and they need this relief immediately.

This bill is supported by a broad spectrum of organizations, including the UAW, the AFL–CIO, the American Federation of Teachers, the National Education Association, the National School Boards Association, and the American Parents Committee. It is my hope that my colleagues from both sides of the aisle will now join me in voting for its final passage so it can become law as soon as possible.

Mr. BLANCHARD. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The committee will resume its business.

The Chair recognizes the gentleman from Kentucky (Mr. Perkins).

Mr. PERKINS. Mr. Chairman, I ask unanimous consent that all debate on the Goodling amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. QUIE. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. PERKINS. Mr. Chairman, I ask unanimous consent that all debate on the Goodling amendment close in 30 minutes, with the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous consent request was agreed to will be recognized for approximately 1½ minutes each.

The Chair recognizes the gentleman from New York (Mr. Peyser).

Mr. PEYSER. Mr. Chairman, I only take the floor at this time because when my friend, the gentleman from Michigan (Mr. O'Hara), was speaking before, he outlined a number of things, and he pointed toward this side of the aisle, intimating we were supporting and trying to preserve the income of high-income taxpayers and preserve oil depletion, and other things of this nature.

I wish to point out that these generalities often do not hold up, and they certainly do not hold up in my own instance, because not only do I not fight for any of the things he was speaking of, but I voted against most of them.

Also, as to my own children, five of my kids, all of whom have gone to public school, primarily brown-bagged it as far as lunch is concerned and always have, by their option.

Mr. Chairman, I am a strong supporter of every one of these educational and school programs and school lunch programs. I am a cosponsor of this legislation. However, I do think that if we want to measure our priorities today, the $500 million that we are talking about to go into subsidizing the middle- and upper-middle and high-income groups is really being poorly spent. Frankly, I would much rather see $500 million go into summer programs for senior citizens if you will, summer jobs for young people, and many other things.

Therefore, Mr. Chairman, I urge that the membership support this amendment of the gentleman from Pennsylvania (Mr. Goodling).

The CHAIRMAN. The Chair recognizes the gentleman from Vermont (Mr. Jeffords).

Mr. JEFFORDS. Mr. Chairman, I rise to support the Goodling amendment and in opposition to the O'Hara amendment.

I agree with those that state that if we are to spend more, there are many more important areas to increase spending.

For instance, I am told that over 60 percent of the handicapped children in America do not receive the special educational services they need. With this money we seek to spend here, we could provide that need.

If we want to talk about nutrition, why not fully fund the WIC program? It is more important to intervene in nutrition when a child is very young and an adequate nutritional base must be set to avoid brain damage. We could more than double that program with this money.

Let us look at the Older Americans Act. We only spend in all those programs about one-half of what we will be spending under the O'Hara amendment.

There is no way we can justify this increased spending by the O'Hara amendment.

I cosponsored the original bill to aid and expand the school lunch program. I support the program. I support extension of help to low and lower middle-income people, and the other extensions in this bill.

But my objections go beyond this distorted approach to priorities.

I also object to the way this additional spending is distributed. I believe you will be disturbed when you understand what this bill does.

We are adopting here a system of subsidies which is attached to the price of the lunch and not to the cost of the lunch. This is going to lead to extreme difficulties, and ones very difficult to explain.

First, we have a problem of a built-in incentive to give a lousy lunch, and this is a bill which is supposed to aid nutrition. The incentive for a lousy lunch exists, because if the school district cuts the cost of the lunch, they will still get the subsidy and be able to use it anywhere they want. Therefore, the incentive will be for school districts to cut the cost in order to get additional money for some other program. When I discuss below the problem created wherein school districts that presently subsidize school lunches are penalized, the ridiculousness of this approach will be emphasized.

Second, if one is from an urban area, they cannot support this approach.

If one looks around the country, he will find that we are going to be giving 100 to 150 percent more in subsidies to the suburban areas where the wealthier people live than to the urban areas. We can verify that simply by looking at the District of Columbia and surrounding areas.

For example, at one elementary school in the District, the price of a regular school lunch is 35 cents and the price at one high school is 40 cents. In Montgomery County, one elementary school charges its pupils 55 cents for a regular lunch and one junior high has a price of 60 cents on its lunch. In Arlington, one elementary school's regular lunch price is 50 cents and the price at a junior high school is 55 cents. Prices in Prince Georges County and in Alexandria are similar.

These figures highlight very clearly the inequities that will arise if the O'Hara substitute is approved. The respective schools in the District of Columbia would receive the minimum subsidy of 10 cents while some of the schools in the wealthy, bordering suburban districts would receive subsidies of 20 cents and 25 cents. I ask the question: Is this really helping those who need help the most?

I would like to bring to the attention of the Members still another substitute and inequity which the O'Hara substitute would create. Because this subsidy is pegged to the price of a school lunch rather than its cost, towns which have kept the prices of their school lunches low by paying a local subsidy would be penalized for their initiative. They would receive lower subsidies based on the lower price of their lunches while school districts not providing a local subsidy and having higher priced lunches would receive more money.

In one city in the State of Vermont, Montpelier to be exact, the community has decided to hold down the price of its lunch. I understand that it costs 76 cents to produce the lunch that elementary students buy for 40 cents. After you calculate the State and Federal subsidies already provided, you realize that Montpelier is underwriting the cost of one regular lunch to the tune of 22 cents. Under the O'Hara substitute, Montpelier would receive only the minimum supplemental payment of 10 cents based on its 40-cent price.

There is another school district that I know of in my State which has no local subsidy for its regular lunch program and charges 40 cents for its lunch. It also would receive 10 cents as well, but this 10 cents would go further than Montpelier's, because this school district is not burdened by a local subsidy. The O'Hara substitute's payment to Montpelier would not even equal the local subsidy. In effect, because Montpelier kept its price low by providing a local subsidy, instead of allowing the price to rise, it loses the opportunity to gain an additional 17 cents in Federal subsidies. In other words, it is penalized for its initiative rather than rewarded. We have already heard from the gentlewoman from Hawaii (Mr. Mink), that the entire State of Hawaii would fall into this predicament under the O'Hara substitute.

It seems to me that if any of the Members' communities, and most of them in my district do, have local subsidies, they will be treated very, very unfairly relative to any community that does not have subsidies, because the local subsidies will not be reimbursed under this program. Therefore, we are going to have a lot of explaining to do back in our districts if we do not vote for the Goodling amendment and if we vote in favor of the O'Hara amendment.

(By unanimous consent, Mr. Sarasin yielded his time to Mr. Quie).

Mr. GIAIMO. Mr. Chairman, I rise in support of the amendment.

(By unanimous consent, Mr. Giaimo yielded his time to Mr. Quie.)

(By unanimous consent, Mr. Mottl yielded his time to Mr. Perkins.)

(By unanimous consent, Messrs. Rousselot and Symms yielded their time to Mr. Goodling.)

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. Grassley).

Mr. GRASSLEY. Mr. Chairman, I rise in support of the amendment.

(By unanimous consent, Mr. Grassley yielded his time to Mr. Goodling.)

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. Harkin).

Mr. HARKIN. Mr. Chairman, I rise in support of the O'Hara amendment, and oppose the Goodling amendment.

(By unanimous consent, Mr. Harkin yielded his time to Mr. Perkins).

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina (Mr. Davis).

Mr. DAVIS. Mr. Chairman, I rise in opposition to the amendment.

(By unanimous consent, Mr. Davis yielded his time to Mr. Perkins).

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. Quie) for 6 minutes.

Mr. QUIE. Mr. Chairman, if we adopt the Goodling amendment I believe the substitute makes this a good bill.

The gentleman from California (Mr. Miller) was talking about the WIC program, which has been an experimental program, and it has shown that it is a very beneficial program. It is the only part of this bill that is authorized where an appropriation can be refused. The rest of the bill will have to go through the appropriations process, but if there is not enough money to take care of it then undoubtedly we will have a supplemental.

But at least all the $250 million will be dependent on appropriation.

This is such a good program that in Minnesota the State Legislature is working on a similar proposal to be paid out of State funds.

I think if we are going to make an increase in expenditures it ought to be to help the individuals through the WIC program that it is proposed to help, but not to go to subsidies for middle-income and high-income people.

The gentleman from Michigan talked about this being a program to help the working people. We have been increasing the subsidies for the working people through the years. In 1965 the subsidy for school lunches from the Federal Government was 12.9 cents. We raised the subsidy from the Federal Government to 21.75 cents in 1975. That is the kind of increase that has been brought about. But the reduced-cost lunch, which will be mandatory under the amendment offered by the gentlewoman from New York, is available to anyone who is above the 125 percent of low income up to the 200 percent of low income.

What that means is a family of four below $10,020 income can get the lunches for their two children for 20 cents.

For three children, or a family of five, earning $11,460, they can get reduced price lunches. With a family with four children, they can have an income of $12,980. A family with five children can have an income of $14,320. A family with six children can have an income of

$15,660, and a family of seven children can have an income of $16,880. That is the income below which they can get a free or reduced-cost lunch. The reduced price is 20 cents.

The gentleman from Washington said that the Goodling amendment would gut the program. We have a program that increases in participation every year, according to the table on page 10 that is in the committee report of this bill.

The 25- or 35-cent limit on a lunch was not a part of the bill that was introduced.

It was not a part of the bill that came out of the subcommittee. There was a quick hearing one morning in which some individuals came in and made a recommendations for a 25-cent limit on the lunch, and that was quickly adopted in the full committee. There was no deep consideration, no opportunity for witnesses who were in opposition to the 25-cent amendment to appear before the committee. That is all the consideration that the committee gave.

This program will function well without that 35-cent maximum on the lunch that is in the O'Hara substitute for the 25-cent maximum on the lunch in the bill that came out of the committee. The remainder of the bill, which substantially increases the cost of the School Lunch and the Child Nutrition Acts, which most of us support, to about $800 million, I think, is warranted, and that is what we ought to be putting across here today rather than this subsidy that is made available for those who can afford to pay for the lunches of their children. The children are their responsibility. They are already receiving, as I indicated, 27 cents subsidy, the Federal, plus the State-mandated amount, and that is as far as we ought to go.

This program will function well. The Goodling amendment is important to it, and I urge my colleagues to support the Goodling amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, just in case there are some people in the audience now who were not here before, I want to make very, very sure that we do not have anyone here who thinks we are taking away motherhood, ice cream, the flag, America, or anything of that nature. I think it is very, very important that we understand that the only thing my amendment does is to eliminate something that was decided upon either last night or this morning, and I am not sure because I was not invited to the party.

We have an excellent bill, an excellent school lunch program. It has proven itself over the years. We have improved upon it this year. All of those good things will remain, all of the additional things that we just heard mentioned on either side of the aisle that have been added will remain. The only provision that my amendment attacks is the provision that we tell local school districts that they may not charge more than 35 cents for a school lunch, and then we in turn subsidize the difference.

I also attack what I feel is an understanding that is incorrect, and that is the idea that there is a declining participation in school lunch programs. There has been a change today in some of this thinking where they are pointing out that it is not necessarily that there has been a decline in the school lunch program participation but that some schools are no longer participating.

I know one or two of those, and they come from very affluent districts where they have decided that the youngsters can pay the difference, where they have put a machine on the wall which serves their sandwiches and their salads—beautiful lunches. So it is not the people who need the free and reduced-price lunches that would suffer in any way, shape, or form.

I mentioned many times that there are many other reasons why youngsters are not participating.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Connecticut.

Mr. GIAIMO. I thank the gentleman for yielding.

There seems to be some confusion here because, after all, this substitute has been seen by many of us as of only several hours ago. But is it not true that the gentleman's amendment will only eliminate section 4 of the bill, which is the O'Hara Amendment so-called? It will not harm in any way existing programs which are presently in section 4 of the act?

Mr. GOODLING. That is totally correct. It only eliminates the addition that was made, as I said, either during the night or this morning; it does not touch the existing program or the many, many excellent improvements to the program, some of which came from both sides of the aisle.

But there is some concern that the gentleman's amendment may go beyond the new portions which are suggested and affect existing programs under the act.

Mr. GOODLING. My amendment, the gentleman is correct, affects only the new section, section 4. And so I again merely say I think we have a tremendous responsibility to those people in need, but we certainly should not make sacrifices at this particular time, which as I mentioned before, in the public eye will look as if we are earning $42,000 a year or whatever it is, and that is pretty tough to live on when we have to maintain a home back home and a home down here, but the people back home do not understand that, and so they will look on this as if we will be having another chance to get a little more out of the till.

Mr. QUIE. Mr. Chairman, if the gentleman will yield I compliment the gentleman for his outstanding statement he is making now and for the one he made earlier today and for what he did yesterday, and also for the outstanding work he has done on the Committee on Education and Labor. This is a rare opportunity for us to have a person who has been in the school system and who has been a superintendent of schools and who knows what he is talking about and have him address us on the school lunch program. You are an outstanding Member of Congress and member of the committee. I commend the gentleman for the work he has done and I hope my colleagues will listen to him.

Mr. GOODLING. I thank the gentleman very much. I assure the gentleman when I am in the Small Business Committee meeting I am extremely quiet, but I do think because of my 23 years of experience in the school business I have something to offer here and this is why I am making my point so strongly here today.

The CHAIRMAN. To close the debate the Chair recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, I yield 1½ minutes to the gentleman from Illinois (Mr. HALL).

Mr. HALL. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan (Mr. O'HARA) and in opposition to the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

I too, like the gentleman from Pennsylvania, have been in public school education. I cannot say that I was ever a superintendent, but I was a principal for 2 years and I was also a teacher for 14 years and I was a school lunchroom sponsor for 2 years. That does not make me an expert, I know, by any means.

I would like to throw out the old quip that after all is said and done, there is usually more said than done. And after all when we get right down to the nitty gritty, what do we have here? We have men and women in a legislative body who are imperfect and who are trying to make perfect legislation. And it will never come out that way in spite of what we say and do. But if we have any reason here we can surely make perfections along the way or make improvements along the way.

I have been very silent both in the committee and on the floor for the last week or so when we have been talking about the school lunch program. I have heard it said that a great many children throw their food away. That is true. I have stood in a lot of lines and I have watched children throw good food away, but I have also stood in line and watched the children go back for seconds and thirds, and I was convinced by any rhyme or reason I could possess that it was the best meal those kids would have all that schoolday.

I suppose Members have heard that old horse chestnut argument that Lincoln referred to which goes like this: The horse chestnut argument is a fantastic arrangement of words by which you make a horse chestnut come out the same as a chestnut horse.

As I have understood the school lunch program from the beginning, it is to give a well balanced lunch to schoolchildren of this countrry, and let us not discriminate against the schoolchildren of America because their dads may make more than $10,000 a year.

Mr. PERKINS. Mr. Chairman, first let me state that the vast bulk of Federal spending—almost three-fourths of the funds of the Federal repeating programs—go to needy children and their families.

I certainly want to pay my respects to

the distinguished gentleman from Minnesota (Mr. QUIE) for his untiring efforts throughout the years in making free lunches available, reduced price lunches, and supportng various other feeding programs for the needy.

I want to further state that it will be my intention some time later on this year to visit the district of the gentleman from Pennsylvania (Mr. GOODLING), where we can have an opportunity to talk to some of these children and observe the type of school lunch programs being conducted in the home district of the gentleman from Pennsylvania (Mr. GOODLING). I would expect that we would not witness any of the waste that has been described here, but, nevertheless, the amendment of the gentleman from Pennsylvania (Mr. GOODLING) will not benefit—rather it will destroy the effectiveness of everything that we have built up here in the past 30 years in the way of an effective school lunch program. I do not say that with any disrespect to anyone.

The school lunch program was conceived for all children. We are talking about a lunch program for children of the parents who work in the shoe factories, and parents who work in the steel mills. There would be 35-cent lunches for children of parents who work in the automobile factories, 35-cent lunches for children of parents who work in the garment plants. That is where 95 percent of these meals in these categories go, to working people's children. To try to say that we are subsidizing children not in need is not so. What we are doing is giving nutritious meals for children to attract them to the school lunch program where they can be healthy and stop some of these remedial medical payments that we are spending here in this Congress by the hundreds of millions of dollars, by giving a nutritious meal to these children. What is wrong with that?

We send hundreds and hundreds of millions of dollars—even billions of dollars—abroad for feeding and here we say at home we cannot have a healthy school lunch program. The reason I use the word healthy is that this program has commenced to become unhealthy, because the regular program kids—the children's parents who work in the shoe mill factories—cannot afford to pay for these lunches, and they are being priced out of the school lunchroom. As a result, the school lunch program, the regular school lunch program, goes under. Then what happens to the needy and to the reduced price lunches? These programs likewise go under when the regular program fails. So we are trying to balance out a program for the health and the welfare of the children in America and get away from class distinctions.

Yes, these needy—the ones who are the most needy—the most disadvantaged, deserve first consideration; and we must give them first consideration. We have guaranteed them almost an 85-cent subsidy, where we have only guaranteed a 21- or 22-cent subsidy for the lunches served in the regular school lunch program.

That is what we are trying to do here today, to strengthen the whole school lunch program by the O'Hara amendment. Throughout the years, we have spent section 32 funds for the strengthening of the needy in the school lunch programs. We brought those earlier bills on this floor under suspension of the rules. Numerous members on this committee today were cosponsors of that legislation.

But, it was never conceived that we should not subsidize, and at a reasonable price, the children of the millworker in the regular lunch program.

Mr. Chairman, the Goodling amendment should be defeated overwhelmingly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

The question was taken; and the Chairman being in doubt, the committee divided and there were—ayes 52, noes 24.

RECORDED VOTE

Mr. O'HARA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 269, noes 144, not voting 19, as follows:

[Roll No. 93]

AYES—269

Abdnor
Adams
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashley
Aspin
Bafalis
Baldus
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biester
Blouin
Boland
Bolling
Bowen
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Conyers
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Danielson
de la Garza
Delaney
Derrick
Derwinski
Devine
Dickinson
Diggs
Dodd
Downing
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Emery
English
Esch
Eshleman
Fenwick
Findley
Fish
Fithian
Flowers
Flynt
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gibbons
Gilman
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hansen
Harkin
Harris
Harsha
Hastings
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Hillis
Hinshaw
Holland
Holt
Horton
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
McKinney
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Ohio
Mink
Mitchell, Md.
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Moss
Myers, Ind.
Myers, Pa.
Nichols
Nowak
Obey
O'Brien
Patman
Pattison, N.Y.
Peyser
Pickle
Pike
Poage
Pressler
Pritchard
Quie
Quillen
Railsback
Rangel
Rees
Regula
Rhodes
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rogers
Rostenkowski
Roush
Rousselot
Roybal
Ruppe
Russo
Ryan
St Germain
Sarasin
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shriver
Shuster
Sikes
Sisk
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Treen
Tsongas
Van Deerlin
Vander Jagt
Vander Veen
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wright
Wydler
Wylie
Yates
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOES—144

Abzug
Addabbo
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
AuCoin
Badillo
Barrett
Baucus
Beard, R.I.
Biaggi
Bingham
Blanchard
Boggs
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Brown, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Corman
Cornell
D'Amours
Daniels, Dominick V.
Davis
Dellums
Dingell
Downey
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Evans, Ind.
Fascell
Fisher
Flood
Florio
Foley
Ford, Mich.
Fraser
Fulton
Gaydos
Ginn
Gonzalez
Green
Hall
Hanley
Hannaford
Harrington
Hayes, Ind.
Hays, Ohio
Hefner
Helstoski
Henderson
Hicks
Holtzman
Howard
Jenrette
Jones, N.C.
Karth
Kastenmeier
Kazen
Koch
Leggett
Lehman
Litton
Long, La.
Long, Md.
McHugh
Macdonald
Madden
Matsunaga
Meeds
Melcher
Metcalfe
Miller, Calif.
Mineta
Minish
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mottl
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nix
Nolan
Oberstar
O'Hara
Ottinger
Patten
Patterson, Calif.
Pepper
Perkins
Preyer
Price
Randall
Reuss
Risenhoover
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Santini
Sarbanes
Scheuer
Simon
Slack
Solarz
Stanton, James V.
Stark
Steed
Stuckey
Symington
Thompson
Thornton
Traxler
Udall
Ullman
Vanik
Vigorito
Waxman
Weaver
Whalen
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Yatron
Young, Alaska
Young, Ga.

NOT VOTING—19

Ashbrook
Collins, Ill.
Dent
Erlenborn
Evans, Colo.
Evins, Tenn.
Hawkins
Hightower
Ichord
Mills
Mosher
Murphy, Ill.
O'Neill
Passman
Runnels
Seiberling
Shipley
Skubitz
Steiger, Ariz.

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. CHISHOLM TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Ms. CHISHOLM. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mrs. CHISHOLM to the amendment in the nature of a substitute offered by Mr. O'HARA: On page 7, beginning on line 5, strike out everything down through line 8, and insert in lieu thereof the following:

(b) Section 9(b) of the National School Lunch Act is amended by—

(1) striking out ", if a school elects to serve reduced-price lunches" in the fifth sentence,

(2) inserting immediately after such fifth sentence the following new sentence: "Any child in any school in a State who is eligible for a reduced price lunch under income guidelines prescribed for schools in that State under the preceding sentence shall be served a reduced price lunch.", and

(3) striking out "75 per centum" in the last sentence and inserting in lieu thereof "100 per centum".

Ms. CHISHOLM. Mr. Chairman, I know that there has been a great deal of confusion in the past few days with regard to the National School Lunch Act in terms of many of the amendments that have been offered, and in terms of the advice that people have been asking of each other, that you are damned if you do, and you are damned if you do not. So I want the Members to listen very carefully to my explanation with respect to this particular amendment.

We want to be very sure that those youngsters who are in the most need in terms of the benefits from the national school lunch program will be taken care of. The schools that have had the school lunch program must offer free lunches to children who qualify by having an income below the level set by each State. States must set an income level for free lunches no lower than the poverty line and are allowed to set that limit no higher 120 percent of that poverty line.

Schools may also offer lunches at a reduced price to children of families with incomes up to 175 percent of the poverty line. However, these schools are not required to do so.

H.R. 4222 deals with the reduced-price program in another excellent provision. This provision allows States to set the income limit for reduced-price-lunch-program eligibility at up to 200 percent of the poverty line.

The poverty line is currently $4,500 for a family of four, but it is expected to be raised to $5,000 by the next school year. Therefore, the bill would currently allow as eligible for reduced-price lunches children from families of four with incomes up to $10,000 per year.

My amendment would eliminate the O'Hara amendment and require schools to offer reduced-price lunches to eligible children just as schools are required to offer free lunches to children who are beneath the poverty line.

This provision costs one-half as much as the O'Hara 35-cent ceiling and offers twice the benefits.

This provision is crucially important for working families in the area of $6,000 to $10,000 per year income range. At present these families do not qualify for free lunches, but in addition the schools that these children attend often do not offer a reduced-lunch option. Therefore, these children have to pay the full price of the lunch, which now averages about 45 cents a lunch, and under the 35-cent ceiling provision of the O'Hara amendment, these families would only get a break of 10 cents a lunch.

Under my amendment these children from these families would be eligible for reduced-price meals in all schools, which means they would have to pay only 20 cents for lunch, or in many schools only 10 or 15 cents a lunch. My amendment would be two or three times more beneficial to these families who are living on fixed income, small farmers, and others who have been among the hardest-hit segment of our population.

Presently 500,000 children a day receive reduced-price lunches. Under my amendment we estimate that 2.5 to 3.5 million additional children from low-income working families would enter the reduced-price program, and this would cost from $200 to $250 million, a saving of approximately $300 million from the 35-cent ceiling under the O'Hara amendment.

Basically what the amendment attempts to do is to make sure that the schools in all of the school districts of this country now engage under this amendment in a mandated responsibility of actually offering reduced-price lunches to the parents of the children in this particular income category.

Right now they only have the option, and we have found that in many school districts of this Nation the children in this particular income category may or may not be a part of a reduced-price lunch program, so there is nothing that is changed except mandating instead of offering an option. That is exactly what this amendment does.

The CHAIRMAN. The time of the gentlewoman has expired.

Mr. PERKINS. Mr. Chairman, I move that the Committee do now rise.

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. CHISHOLM) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

The amendment to the amendment in the nature of a substitute was agreed to.

Mr. DEVINE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, legislation by intimidation is becoming a way of life in this Congress. Put an emotionally attractive title on a bill, and most Members will vote for it for fear they will be accused of being heartless and lacking compassion, notwithstanding the devastating cost.

The Nation's school lunch program has been a very well-organized program striving to meet the needs of students. The Federal Government assistance provides free and reduced price lunches for needy students and enables schools to serve all other lunches at a reasonable cost.

Here are two flaws in the existing program: Since Federal assistance is provided, the Government requires that all students must be served all items. However, some students will not eat every item served, thus causing considerable waste.

Even though a student does not want bread or butter, or whatever the item may be, the school's cook must put it on the plate where it will later be dumped into the trash can. Because of this provision, and a school is subject to a loss of Federal reimbursement if it does not comply, thousands of pounds of food throughout the United States are wasted each day. An amendment now directs all items must be available but if a student does not want an item it is not to be placed on his lunch tray.

Another problem with the existing program is the shipping of surplus food commodities from one end of the country to the other when they could be obtained locally. It is ridiculous to purchase products in California to be served in schools of Ohio when equal or better quality food products are available in our State. An amendment now directs these items to be purchased locally whenever possible and allows local businesses to compete in bidding for school lunch program purchases even though they may be much smaller than the giant food companies which are currently getting the lion's share of the school lunch business.

Despite the correcting of these two deficiencies in the existing program, the Education and Labor Committee went off the deep end in its efforts to decide exactly how much money the Federal Government should provide for the school program.

Some proposed free lunches for everybody without any consideration as to the family's income, and directed that school districts charge no more than 25 cents for a school lunch.

We already have free lunches and reduced-price lunches for those in need. Now the Federal Government wants to say that no matter what the income of the parents, the most the school can charge for a lunch is 35 cents. Where does the rest of the money come from? It is another Government subsidy. The "Government" will pay the difference between 35 cents and your school's lunch price as of January 1, 1975.

This will benefit those who did not try to be economical when serving lunches, since 50-cent lunches would receive another subsidy of 35 cents but 70-cent lunches would receive an additional subsidy of 35 cents. This adds a billion dollars to the Federal budget each year, in addition to the $2 billion already being spent and the $800 million for further expansion of existing programs.

The food service people lobbied this legislation through the committee; not the educators or school administrators. Obviously, this is another raid on the Federal treasury under the false premise that it is the responsibility of the Federal Government to feed the populace regardless of need.

The Clerk read as follows:

AMENDMENT OFFERED BY MR. KOCH TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. O'HARA

Mr. KOCH. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

Amendment offered by Mr. KOCH to the amendment in the nature of a substitute offered by Mr. O'HARA: Page 25, after line 25, insert the following:

WAIVER OF LOCAL CONTRIBUTION FOR COST OF EQUIPMENT

SEC. 18. The last sentence of section 5(b) of the Child Nutrition Act of 1966 is amended by inserting before the period at the end thereof the following: ", except that such conditions shall not apply with respect to funds used under this section to assist schools if such schools are especially needy, as determined by the State".

Mr. KOCH. Mr. Chairman, my amendment to the bill H.R. 4222 will correct an anomaly in the Child Nutrition Act of 1966. As the law now stands, schools seeking the equipment with which to prepare hot meals must make a 25-percent contribution toward the cost of the equipment, while the Federal Government contributes the other 75 percent. However, there are some schools, financially poor public, private and parochial institutions, that cannot raise the 25 percent needed to purchase the equipment. Schools which are classified as "especially needy"—those where 50 percent of the students are from families with incomes which fall below the poverty line—are exempted from this provision, and in their cases the Federal Government provides 100 percent of the cost of the equipment. The anomaly in the law is that if an "especially needy" school has no lunch program, hot or cold, it is eligible for a waiver of the matching funds. But, if it has a cold lunch program, it is ineligible for a waiver so as to permit it to install a hot lunch program. My amendment would include "especially needy" schools which already have cold lunch programs into the "especially needy" waiver policy.

By doing this, we will be making the equipment available to those very institutions which need it the most—those whose students need a hot lunch most. By providing children with nutritionally adequate meals during their early years, we are saving society a substantial amount of money in the long run, by rearing healthier children.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Chairman, we think this is a good amendment and we support it.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the distinguished gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, we agree and will accept the amendment of the gentleman from New York.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. KOCH) to the amendment in the nature of a substitute offered by the gentleman from Michigan (Mr. O'HARA).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments?

Mr. VANIK. Mr. Chairman, I would like to commend the committee for reporting out this bill so promptly. The early passage of this legislation will permit our Nation's schools and child feeding centers to plan adequately for this fall's programs.

I would also like to thank the committee for their fine work on the special food service program—the old section 13 of the School Lunch Act. This is the program which provides, first, summer feedings opportunities for low-income children, and second, year-round lunches for children in preschool day care and Head Start Centers.

As we originally passed section 13 in 1968, the two programs were combined. Over the years, however, it became obvious that there are distinct, special administrative problems in the summer feeding program and in the year-round preschool program. The bill we are considering today provides for the separation of the two programs, an action which I am certain will improve the administration of both.

The bill creates a new section 16 entitled, "Child Care Food Program." The section makes a number of important improvements over the present year-round program.

First, the definition of eligible participants clearly spells out that the Congress intends the full range of preschool and special organizations to be eligible to participate. In the past, the Department of Agriculture has excluded certain groups—such as Head Start Centers—even though Congress had clearly intended that these institutions should participate.

In the new section, the definition of "institution" reads:

> Any public or private nonprofit organization where children are not maintained in permanent residence including but not limited to, day care centers, settlement houses, recreation centers, family day care programs, Head Start centers, Homestart programs, and institutions providing day care services for handicapped children.

Second, the archaic distribution formula provided in the 1968 act has been eliminated. Instead of dividing the program's funds among the States—leaving some States with too much money and many others with too little—the new legislation provides that—

> Any institution shall receive the child care food programs upon its request.

Third, the legislation attempts to put into law the standards for eligible or "acceptable" institutions. In the past, the Department of Agriculture has provided so many regulations—and changed them so frequently—that many centers were prohibited from participating. Under this bill, an institution shall be eligible if it has—

> Either local, State, or Federal licensing or approval as a child care institution, or can satisfy the Secretary that it is in compliance with the applicable Federal Interagency Day Care Requirements of 1968.

This provision attempts to obtain the widest possible participation while insuring that the Federal child feeding programs do not subsidize unsafe and unsupervised child care centers. The reference to Federal interagency day care requirements provides a standard in those cases where the States have no existing or enforceable standards of their own. It is also important to note that the new language provides that an institution must be "moving toward" obtaining certification of tax exempt status from the Internal Revenue Service. In the past, certification had to be obtained before an institution was eligible to participate. Because the IRS forms can be confusing to fill out properly and because there were often long delays in IRS approval, many groups were forced to drop out of or seriously delay joining the program.

Paragraph (b) of section 16 provides for a semiannual adjustment of reimbursement rates. In the past, the reimbursement rates for the special food service program went unchanged for years on end. The new provision will insure that the reimbursement rate is adjusted to keep pace with the volatile changes in the cost of food away from home. In addition, paragraph (b) provides that State educational agencies will be reimbursed on a monthly basis. In the past, the Department often delayed reimbursements for months, and on occasion, for more than a year. The result was terrible hardship for the program sponsors. In many cases, sponsors were forced into bankruptcy; many were discouraged from participating in the program because of reimbursement delays.

Today's bill also provides for a specific authorization for nonfood assistance for the child care food and the summer food program. In the past, many of these centers, especially those serving the very poor, were severely limited in the number of children they could help, because of inadequate kitchen and food storage facilities. I am hopeful that this provision will enable many of these especially low income centers to expand their child feeding programs.

From this brief description, it is obvious that the committee has made some substantial improvements in the operation of the year-round program. This program has always been a success. The committee's amendments will help make it substantially better—both in its service to children and in the ease of its administration.

Under the committee's bill, the summer program is continued under section 13 of the National School Lunch Act for 1 year. The reason for the short extension is that the administration has proposed some fundamental bloc-grant-type changes to the child feeding programs. Yet the administration's proposals were not available at the time the committee considered this bill. Second, because of its nature, the program has always been a difficult one to administer. It involves setting up a group of sponsors to feed a large influx of children during the summer months. In many cases, suitable facilities are not available. There is uncertainty as to the number of children who will show up on any particular day, and so forth. As a result of these administrative problems, 2 years ago, I requested a GAO report on how the program could be improved. That report was received February 14, 1975. While the report found that in the cities studied the—

> Program generally accomplished its objective of providing nutritious meals to many eligible children.

There were ways in which it could be improved and expanded. The GAO recommendations were received too late to be fully incorporated into this year's bill. In particular if the many constructive changes proposed by the GAO were adopted, it would be months before the Department of Agriculture would be able to issue new regulations and implement the program. As a result, this summer's feeding program would be destroyed. Therefore, it was considered best to pass a fairly straightforward 1-year extension. This extension will enable this summer's program to proceed on schedule—but will insure that the Congress is required to review the program before next summer.

A few changes were made in the summer program, however, in an effort to improve this summer's operations without causing any significant administrative changes at this late date. For example, the out-of-date State disbursement formula is deleted. Any eligible institution that wants to apply "shall receive the summer food program upon its request." Again, this means that those States which did not receive enough under the formula—such as Ohio—will no longer have to turn down eligible applicants. In another area, residential summer camps for low-income children will be eligible to participate. When this legislation was first introduced in 1967, it was our hope that residential camps which were able to place children outside of the inner-city for a few weeks of "fresh air experience" would be eligible to participate. Under the new bill, these programs will be eligible to participate. In addition, the 1-year extension provides for an increase in the reimbursement rates and the timely publication of next summer's regulations implementing the new summer feeding program. Finally, the extension provides that—

> Institutions eligible to participate . . . shall be limited to those which conduct a regularly scheduled program for children from areas in which poor economic conditions exist . . . at site locations where organized recreation activities or food services are provided for children in attendance.

I hope, Mr. Chairman, that this regulation will be flexibly interpreted. By its nature, it is often hard to run a tightly organized summer program. For example, in many areas, schools are not open because of custodial costs, security, et cetera. As a result, there may be no place for the children to meet except for an open playground. The lunches may be delivered in the midmorning and passed out to the children at noon. The children then eat their lunches sitting around the playground. I know that this is not the ideal situation. But at least low-income children are being fed. However, under these kinds of conditions, some children may wander home once they get their lunch. A thunderstorm may develop and end the day's activities. It is important that the Department of Agriculture remember that our prime goal is getting nutritious meals to children—not the quality of the "organized recreation activities."

Again, I would like to commend the gentleman from Kentucky (Mr. PERKINS) for his fine work on this legislation. His committee has insured a substantial improvement in the summer and year-round preschool feeding programs.

Mr. FRENZEL. Mr. Chairman, the Education and Labor Committee has given us a chance today to vote for taxing the poor to feed the rich. Instead of concentrating our Federal effort on needy children, the committee wants us, in a time of catastrophic deficits, to pay for school lunches of all children, rich and poor.

The working and taxpaying poor will see at least some of their tax dollars supporting school lunches for sons and daughters of $42,500 per year Congressmen, and for children of other similarly affluent people. In addition to income taxes, the less affluent are taxed more severely by inflation which is the inevitable result of these something-for-everyone spending programs.

Every Member wants to support a program of reasonable nutrition for people who need it. However, squandering our national resources on people who can afford their own nutrition is simply a case of disorderly priorities.

A further fault of this bill is that it provides a windfall for the less efficient schools, or to those who have made little or no local effort in these programs. The old adage is proved again in this bill: "Them's whats spends, gets."

I want to vote for a school lunch and child nutrition bill, but I cannot vote for this one unless it is amended. I can see little reason to vote for $650 million worth of misplaced priorities plus $80 million worth of spending for mandated purchase of specified commodities.

Mr. BADILLO. Mr. Chairman, It gives me great pleasure to rise in support of H.R. 4222, the National School Lunch and Child Nutrition Act Amendments of 1975. The bill before us contains some extremely significant provisions. It permanently authorizes and expands the school breakfast program; reduces to 25 cents the price any child must contribute toward the cost of a lunch; establishes automatic eligibility for children of unemployed parents; enables orphanages and children's residential institutions to participate in the nutrition programs; and permits children of parents with an income 100 percent above the poverty level to receive reduced-price lunches. In addition, it authorizes the Secretary to continue for 3 additional years the purchase of commodities at nonsurplus or market prices for this program; mandates that cereal, shortening, and oil contributions to participating institutions be maintained at the 1974 levels; and last, but not least, extends and expands the very succesful and much-needed supplemental feeding program for women, infants, and children.

Mr. Chairman, enactment of these provisions is extremely important for the Nation, and desperately important for New York. Rising unemployment, increased food prices, and the general economic malaise gripping our country are taking a frightful toll of our communities. Last year, in New York City, a total of 590,070 youngsters participated daily in the school lunch program. Of these 68,735 paid an average price of 45 to 50 cents in grade and 55 to 60 cents in junior high and high school for the lunches; 8,805 received reduced-priced meals, while 512,530 were eligible for free school lunches. These figures represent a 90,070 increase in daily participation—they also show an increase of 42,530 in the number of those eligible for free meals. Yet, a family of four could earn no more than $5,640 to retain eligibility for free participation.

A total of 70,445 youngsters benefited from the breakfast program. While 5,767 paid for their meals, 4,879 received reduced-price breakfasts. A total of 59,799 were eligible for free participation.

I am very pleased to say that at present three special supplemental food programs for women, infants, and children are serving the needs of some of my constituents. Over 6,000 individuals participate in them in the Bronx, but project officers tell me that they are swamped with applications and cannot begin to take care of the need. The Department of Agriculture estimates that at least 66,000 individuals are eligible in New York. Presently less than 60 percent of these people are being reached.

Mr. Chairman, our nutrition programs are of enormous significance. They make tremendous contributions to the national welfare. We now have proof that without adequate and proper nutrition youngsters are unable to reach their mental and physical potential. Yet, despite this evidence, in the richest country of the world thousands go to bed hungry every day and thousands more suffer from malnutrition.

The legislation before us makes an attempt to meet some of these urgent needs. I hope that it will receive overwhelming support.

Mr. SYMINGTON. Mr. Chairman, on the occasion of the passage of the school food program, I wish to bring to the attention of the Speaker our need to conserve in this area, as in others. In this connection, I received a letter from the principal of a prominent elementary school in my district concerning the enormous amount of school lunch food—and milk—that is being wasted daily. It is estimated that up to 30 percent of the food served was not consumed. Certainly, this shocking figure is not representative of the St. Louis area alone. I, therefore, directed an inquiry to the Missouri State Department of Education to learn what efforts are being taken in Missouri, and elsewhere, to eliminate this high rate of food waste. I would like to share the department's letter with you for your consideration:

Hon. JAMES W. SYMINGTON,
Congress of the United States,
Clayton, Mo.

DEAR MR. SYMINGTON: This will acknowledge receipt of your letter of January 17, along with a complaint registered by Mr. John Hillwick, Principal of the Reed Elementary School in the Ladue School District, concerning food waste in the school lunch program.

Certainly, we are all deeply concerned about the many reports of food shortages throughout the world and the amount of waste occurring in our homes, commercial restaurants, and in our school food service programs. We are aware of the fact that the President and members of Congress have received hundreds of letters commenting on food waste in National School Lunch Program schools. Usually, the reports attribute this waste to bureaucratic regulations or federal menus.

Under the National School Lunch Program, only the pattern for nutritionally adequate lunches is prescribed. This pattern, called Type A, was developed by the Food and Nutrition Board, National Academy of Sciences-National Research Council, and has been designed to furnish at least one-third of the recommended daily dietary allowances for 10 to 12 year old boys and girls. . . . Participating schools are authorized to reduce the size of these servings for the lower grade level children who may not require as much food, with the understanding that the overall meal pattern requirements will be met by adding these amounts to the plates of the older children who require more food. This is one method recommended for avoiding plate waste.

The Type A pattern is merely a guideline through which local food service directors and managers may develop hundreds of menus to include many different items within the various food groups that will be acceptable to the children in different localities. We have always urged local food service personnel to watch the return line for those foods that are not being accepted by children and to substitute other items within the food group or to change the method of preparation in order to avoid waste. The schools are supplied with numerous publications to assist them in becoming acquainted with the many foods in the various food groupings that can be worked into their local menu planning. . . .

I would think that in an educational food service program we would normally expect some food waste where we are trying to acquaint students with their nutritional requirements and the need for trying and accepting the different types of foods available in our country. With the tons upon tons of foods used in the schools each day that are participating in the National School Lunch program, we would seriously question whether or not the waste is as great in our schools as it is in the homes throughout America and in our commercial food service establishments.

You may be assured that we are deeply concerned about the food waste being reported in our schools and that we are doing everything within our power through our contacts with the schools to encourage them to do a better job of local menu planning so as to reduce food waste to a minimum. Certainly, this will require the full cooperation of local administrators, teachers, and the parents involved. We do feel, however, that the Type A pattern established for use in the National School Lunch Program is sufficiently flexible to permit adjustments in the menu planning that will be acceptable to the students. Through our many communications to the schools, we have urged more student involvement in the menu planning process and the offering of a choice of Type A lunches in order to avoid food waste and to encourage greater participation.

If we can be of further assistance in any way, please do not hesitate to call upon us.

Sincerely,

EARL M. LANGKOP,
Director, School Food Services.

Mr. Chairman, I am reminded of an old familiar adage to "waste not, want not," and it seems to me there never was such a time in history as now to follow this sound advice. In light of the world food shortage, special emphasis must be placed on the need to conserve. We need the cooperation of the Congress, boards of education, teachers, and most important, the students themselves.

Mr. ASHLEY. Mr. Chairman, I opposed the rule under which this bill has been brought to the floor. In 1974, we passed a Budget and Impoundment Control Act which was designed to enable the Congress to get a better handle on the Federal budget. One of the key provisions to strengthen our control of fiscal policy was a ban on circumventing the regular appropriations process by backdoor funding mechanisms.

Mr. Chairman, I believe that the Budget Act embodies the most profound and far-reaching attempt to reform our procedures and our effectiveness since the founding of our Republic. We are now in the earliest stage of implementing congressional budget review, and I believe that it would be a serious mistake to begin waiving the rules, as provided for in the rule accompanying H.R. 4222, to bypass the budgetary process we so painstakingly established in 1974. By allowing the funds authorized by this legislation to be spent directly from the Secretary of Agriculture's revolving fund without being subject to the appropriations process, we will violate both the spirit and the letter of the Budget Act and thereby undermine our hopes for strengthening the role of Congress in establishing the fiscal policies of the country.

Therefore, Mr. Chairman, I must vote against the rule. If it is voted, then I urge adoption in committee of the whole of an amendment that will be offered to subject the programs in this legislation to the appropriations process. The question is really over the depth of our commitment to the new budgetary process we approved with so much fanfare last year. I ask my colleagues whether they want to remain true to the intent of budgetary reform or whether they intend here today to begin the step-by-step scrapping of the potential advances we envisioned when we passed the budget bill a year ago.

I have also one major objection to the provisions of H.R. 4222. I believe that my record clearly demonstrates my support for school lunch and nutrition programs in the past. But the legislation before us today goes far beyond our original intent by its expansion of federally subsidized lunches to all schoolchildren in America regardless of financial need.

Mr. Chairman, I yield to none in advocacy of programs to help the disadvantaged. But the sponsors of this bill intend to turn this program into general aid, and thereby add $655 million to the deficit next year, by expanding school lunch support to the children of the rich as well as the children of the poor.

I simply feel that it is not right to legislate such an unwarranted expansion of a program that has proved its value for children from needy families. If the final version of the bill retains such a universal eligibility, I will have to vote against it, but I want to make it clear that I will do so only in the hope of having the opportunity later to cast an "aye" vote for continuation and expansion of child nutrition programs within the reasonable bounds of making them available to only those youngsters with a definite financial need. I urge the enactment of a sensible school lunch bill this year that will address itself to the well-being of individuals who will not eat adequate meals without it.

Mr. Chairman, I believe that we will blunt the thrust of a special purpose program such as this one by establishing eligibility for its benefits for children who can afford adequate nutrition without. I urge rejection of the committee approach on that basis and call for support of amendments to confine the benefits of school lunch and nutrition programs to the many truly needy children for whom they were conceived and enacted in the first place.

Mr. SIKES. Mr. Chairman, H.R. 4222, the bill before the House should be adopted. It expands and extends the national school lunch program. This measure would establish a maximum price of 35 cents which any schoolchild would have to pay for a hot lunch. In these difficult economic times, when many needy families may not be able to meet the minimum nutritional needs of their children, it is vitally important that this basic program be extended.

Escalating costs are driving the price to students up and up to the point where the entire school lunch program is threatened. More than 2.7 million children have dropped out of the program since 1970. One million children disappeared from the school lunch line last year. It is a certainty that continued increases in food and production costs will destroy the effectiveness of the program in thousands more schools. And when the regular school lunch program goes, the program of free and reduced price lunches to poor children goes with it.

Some think the price of guaranteeing a 35-cent lunch to schoolchildren is too expensive. I do not agree. Moreover, the increased participation in the school lunch program that this bill makes possible will create an estimated 50,000 new jobs. In addition, unless H.R. 4222 is enacted by the Congress in the immediate future, mass confusion will result regarding the federally subsidized summer feeding program. Summer program sponsors such as public school lunchrooms, recreation centers, and summer camps must have assurances at this time that the program will be continued. Most of the children who receive meals in this programs are needy and many of them will be in summer programs within 60 days.

The breakfast program which also expires on June 30 will be renewed by H.R. 4222 so that those who are in summer school programs will have that needed meal available also. It is the breakfast program that allows children to start the day with adequate nutrition and food, a condition that helps them come to the classroom more attentive and aware. Teachers attest to the fact that there is a positive change in the children's learning habits and attitudes as a result of this breakfast program. Certainly we want to provide proper nourishment for our schoolchildren in order that they may develop both physically and mentally into healthy adults. Providing a balanced diet through these programs will help insure their growth and well-being.

Mr. Chairman, I am very hopeful that this bill will be adopted and I urge my colleagues to join in support of this legislation.

Mr. GRADISON. Mr. Chairman, since its inception in 1946, the national school lunch program has provided school lunches to many poor and needy children who would otherwise have gone hungry through a whole schoolday. This program has been a significant factor in furthering the education of those children who participated in the program.

I strongly support the school lunch program. I am, therefore, casting my vote in favor of H.R. 4222.

At the same time, I feel compelled to voice my opposition to two provisions of this bill which involve wasteful spending on a massive scale.

H.R. 4222 would mandate a 25-cent maximum price for school lunches served under the program. The average price per lunch served today is 45 cents. The 25-cent maximum provision would cost $655 million for next year. This provision would affect only those families with incomes over the $9,000 level. Families with incomes below the $9,000 level are covered by programs providing free or reduced price lunches and would not be affected by the 25-cent maximum provision.

I know that many families with incomes over $9,000 have been hard hit by the recession and deserve help also. The Federal Government already subsidizes every lunch served under the school lunch program at nearly 22 cents and State and local governments contribute another 20 cents. We simply cannot afford another $655 million at this time to further subsidize school lunches for families with incomes over $9,000.

Another provision in H.R. 4222 to which I object is that mandating the Department of Agriculture to purchase $79 million worth of oils, shortening, and cereals for use in the school lunch program. This unprecedented provision is not designed to help the school lunch program but to assist the producers of the specified commodities. Programs to assist agriculture should be considered on their own merits and not included in legislation on the school lunch program.

The level of funding provided by H.R. 4222 is clearly excessive. The bill provides $3.68 billion in fiscal yer 1976, an increase of more than 80 percent over the $2.04 billion provided in fiscal year 1974. As I said before, I consider the school lunch program to be very worthwhile. However, there are many worthwhile programs which the Congress is called upon to fund and we cannot continue to provide increases of the order of 80 percent to all these programs.

If Congress continues to spend in this excessive manner, the hard-pressed American taxpayer will be called on to make further sacrifices. This will be hurting the very people whom programs like the school lunch program are designed to help.

Mr. QUIE. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from New York.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, so far as we are concerned we see no objection to the Chisholm amendment and feel that it should be adopted.

Mr. QUIE. I am glad the chairman of the committee agrees with this amendment and I do not know how I happen to be a beneficiary of it because I happen to make more money than 200 percent more than the low-income level.

Let me tell the Members what this means. I think it is important that we adopt this amendment after we have fought so hard not to increase the allowance for those who are making more than 200 percent above the low income.

Under the amendments of this bill, a reduced-cost lunch is available to anyone who receives an income of 200 percent of the low income figure. It was 175 percent in the present law. It will be 200 percent. For a family of four, this amounts to $10,020, and children of those families will be able to buy lunch for 20 cents. A free lunch is allowed for those who receive, with a family of four, $6,262 or less. There is an increase in the escalation. For a family of five with three children, they can receive a free lunch if they have an income of $7,162 and a reduced-cost lunch if they receive between that and $11,460.

The next step is for a family of six, meaning four children, and a free lunch will be available for anyone up to an income of $8,112, while the reduced-cost lunch will be available for anyone up to $12,980.

It is mandated, as I said, presently that any one school which participates in the school lunch program must provide a free lunch. However, under the amendment offered by the gentlewoman from New York, any family whose children qualify for the reduced-cost lunch will not be able to be charged more than 20 cents, so I support that amendment.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, the only difference as I read the Chisholm amendment from the present language is the fact that the reduced lunch is mandated in the schools where they do not now have a reduced-lunch program. Am I correct?

Mr. QUIE. That is correct.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I rise in strong support of the amendment and I associate myself with the remarks of the gentleman from Minnesota.

Mr. QUIE. The last thing I will say before we vote is I hope we will stay here and finish this bill.

Mr. PERKINS. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. The question is on the motion offered by the gentleman from Kentucky.

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 91, noes 58.

RECORDED VOTE

Mr. QUIE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 231, noes 179, answered "present" 1, not voting 21, as follows:

[Roll No. 94]

AYES—231

Abzug
Adams
Addabbo
Alexander
Andrews, N.C.
Annunzio
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blanchard
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Brown, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Carney
Carr
Chappell
Clay
Conyers
Corman
Cornell
Cotter
Daniels, Dominick V.
Danielson
Davis
Delaney
Dellums
Derrick
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Fulton
Fuqua
Gaydos
Gibbons
Ginn
Gonzalez
Green
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hays, Ohio
Hébert
Hechler, W. Va.
Hefner
Helstoski
Henderson
Hicks
Holland
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Keys
Koch
Krebs
Krueger
Landrum
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McCormack
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mahon
Mathis
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Preyer
Price
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rose
Rosenthal
Rostenkowski
Roush
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Sharp
Sikes
Simon
Sisk
Slack
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Symington
Teague
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Whalen
Whitten
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wirth
Wright
Yates
Yatron
Young, Tex.
Zablocki
Zeferetti

NOES—179

Abdnor
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashley
Bafalis
Bauman
Beard, Tenn.
Bell
Biester
Blouin
Boland
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Butler
Byron
Carter
Casey
Cederberg
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
de la Garza
Derwinski
Devine
Dickinson
Diggs
Duncan, Tenn.
du Pont
Early
Edwards, Ala.
Emery
Esch
Eshleman
Fenwick
Findley
Fish
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Giaimo
Gilman
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Hammerschmidt
Hansen
Harsha
Hastings
Heckler, Mass.
Heinz
Hillis
Hinshaw
Holt
Holtzman
Horton
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Karth
Kasten
Kazen
Kelly

Kemp
Ketchum
Kindness
LaFalce
Lagomarsino
Latta
Lent
Litton
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McKinney
Madigan
Mann
Martin
Mazzoli
Michel
Milford
Miller, Ohio
Minish
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Myers, Pa.
Nix
O'Brien
Patman
Peyser
Pressler
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Rinaldo
Robinson
Rooney
Rousselot
Roybal
Ruppe
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Smith, Nebr.
Snyder
Solarz
Spence
Stanton, J. William
Steelman
Steiger, Wis.
Stuckey
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Wiggins
Wilson, Bob
Winn
Wolff
Wydler
Wylie
Young, Alaska
Young, Fla.

ANSWERED "PRESENT"—1

Burton, John

NOT VOTING—21

Ashbrook
Burke, Calif.
Burke, Fla.
Collins, Ill.
Dent
Erlenborn
Evans, Colo.
Evins, Tenn.
Hawkins
Hightower
Ichord
Mills
O'Neill
Passman
Runnels
Seiberling
Shipley
Skubitz
Steiger, Ariz.
Weaver
Young, Ga.

So the motion was agreed to.

The result of the vote was announced as above recorded.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Pike, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs, pursuant to House Resolution 352, had come to no resolution thereon.

GENERAL LEAVE

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that all Members may revise and extend their remarks on this bill under consideration today.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. YOUNG of Florida. Mr. Speaker, reserving the right to object, I would ask the gentleman from Kentucky (Mr. Perkins) if this means that the consideration of this bill will be suspended for some time or are we going to get it back tomorrow?

Mr. PERKINS. Mr. Speaker, I would say to the gentleman that it would be my hope that the bill could be brought up soon after the Easter recess, just as soon as the entire membership is back here.

Mr. YOUNG of Florida. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

PERMISSION FOR MANAGERS TO FILE CONFERENCE REPORT ON H.R. 2166, THE TAX REDUCTION ACT

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on H.R. 2166, the Tax Reduction Act.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

APPOINTMENT AS MEMBERS OF THE JAMES MADISON MEMORIAL COMMISSION

The SPEAKER. Pursuant to the provisions of Section 1, Public Law 86–417, the Chair appoints as members of the James Madison Memorial Commission the following Members on the part of the House:

The gentleman from West Virginia (Mr. Slack), the gentleman from Pennsylvania (Mr. Yatron), the gentleman from Virginia (Mr. Wampler), and the gentleman from Virginia (Robert W. Daniel, Jr).

ADJOURNMENT UNTIL 10 A.M. ON TOMORROW, WEDNESDAY, MARCH 26, 1975

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. tomorrow, Wednesday, March 26, 1975.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE RECESSES AT ANY TIME TOMORROW, SUBJECT TO THE CALL OF THE CHAIR

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Speaker may be authorized to call recesses tomorrow at any time, subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, could the gentleman from California tell us the purpose of this request?

I was just informed by one of the conferees on the tax bill that it is unlikely that the conference report on the bill would be before us until Thursday.

What would be the purpose of calling recesses? Will there be any legislation before the House tomorrow?

Mr. McFALL. Mr. Speaker, to answer the gentleman, the only legislation that we would have tomorrow would be the tax conference report.

The information that we have from the committee is substantially this, and perhaps it coincides with what the gentleman has heard: that they can finish by 8 or 9 o'clock tonight, but that they are unable to tell how long a time will be required to make the report.

If the minority leader has checked with the ranking Republican on that committee, the gentleman from Pennsylvania (Mr. Schneebeli), the gentleman from New York (Mr. Wydler) informed me a few moments ago that that was the problem, the problem of constructing the report. Hopefully, we might have something at 10 o'clock. The recess provision, though, would permit us to wait until such time as they get the report ready.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. Certainly, I yield to the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. Mr. Speaker, it is my understanding that what the acting majority leader says is precisely correct. If there is a delay, it will be because of the clerical work involved in constructing the conference report, the physical work to be done.

It would be my hope that the Committee on Ways and Means would use whatever facilities are necessary to get this report written as rapidly as possible.

With that in mind, I do not object to the House coming in at 10 o'clock.

It is my understanding that the distinguished gentleman from California, in response to the inquiry of the gentleman from Maryland, has stated that there will be no legislative program tomorrow other than the conference report on the tax bill.

Mr. McFALL. If the gentleman will yield still further, that is correct. That is the only business before the House on tomorrow.

Mr. RHODES. Mr. Speaker, with that assurance, it would be my hope that the gentleman from Maryland would withdraw his reservation.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

LET US END THE USE OF LIE DETECTORS IN EMPLOYMENT

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, each year, roughly 200,000 persons are subjected to polygraph testing in preemployment and employment situations. Increasingly, businesses are utilizing lie detectors in an attempt to find a quick, inexpensive way to counter employee theft. While their use seems not to have decreased such theft, the subjection of employees to lie detectors has caused a whole host of problems. I fear that widespread use of lie detectors by employers could lead to wholesale infringement of the employee's right to privacy. As a part of my legislative efforts in the area of privacy, I am today introducing, along with 30 cosponsors in the House, my bill to prohibit the use of polygraphs for employment purposes.

There is no convincing evidence as to the reliability of the polygraph machine. Are we really sure of what the polygraph measures? In testimony before a House Subcommittee on Foreign Operations and Government Information, experts stated that a physiological impulse recorded in response to a question could mean one of three things: Either the subject was lying; or he was telling the truth, but some other emotional factor, such as anger or embarrassment, caused the reaction; or that the response was generated by a neurotic precondition of the subject. Shall a person be sentenced to loss of job and security because a "guilty" verdict registered on this machine? Often a subject will blurt out embarrassing personal information irrelevant to the specific question, feeling that, if she or he does not offer this information, a "guilty" verdict will register.

There are more variables than just the machine itself. First, there are no professional requirements or regulations with regard to the polygraph examiner. Furthermore, there are no limits to the type of questions that can be asked, which often include sensitive areas, such as the employee's family background, sex life, political views, and personal relationships.

I have recently amended this legislation to place an absolute prohibition on the use of lie detectors for employment purposes, rather than allowing voluntary submission. A report by the Committee on Federal Legislation of the New York State Bar Association—which I included in the Congressional Record of March 5, 1975, page 5410—convinced me that the subtle pressures of employer coercion should be removed through a complete ban. Especially with the recession, people would fear that if they did not submit to the test, they would find themselves out of work or passed over for the job they seek.

I believe that such a ban would force business to develop fairer and more efficient methods of prevention and detection of employee theft. I readily acknowledge that employee theft is a serious problem. Together with shoplifting, it accounts for an annual loss to business of $20.8 billion. The Commerce Department, through its Division of Consumer Goods and Services, is willing and able to help business in this area. It will shortly conduct a series of seminars throughout the country to help business combat employee theft. More thorough-checking of reference can help a great deal to weed out potential thieves. More importantly, rigorous inventor control can take the temptation to steal away from the employee. I think it fair to say that that is part of management's responsibility. In any event, the use of lie-detectors is not the best answer to employee theft. It may be the quickest and cheapest but it lacks accuracy. Let us not cast aside the right to privacy for the expediency of employers.

I would like to close by saying that as Senator Sam Ervin was the author of the original legislation of this type, I believe it would be another fitting tribute to him to have this bill passed. A more extensive discussion of the issues of this bill can be found in a report of the Subcommittee on Constitutional Rights of the Senate Judiciary Committee, "Privacy, Polygraphs, and Employment." A list of the House cosponsors follows: Ms. Abzug, Mr. Badillo, Mr. Brown of California, Mr. Baucus, Mr. John L. Burton, Mr. Phillip Burton, Mr. Carney, Mr. Clay, Mr. Conyers, Mr. Hannaford, Mr. Harrington, Ms. Holtzman, Mrs. Meyner, Mr. Mikva, Mr. Mitchell of Maryland, Mr. Mottl, Mr. Pattison of New York, Mr. Rangel, Mr. Richmond, Mr. Rosenthal, Mr. Roybal, Mr. Ryan, Mr. Scheuer, Mrs. Schroeder, Mr. Solarz, Mrs. Spellman, Mr. Stark, Mr. Stokes, Mr. Waxman, and Mr. Charles H. Wilson of California.

REINTRODUCING LEGISLATION TO MINIMIZE DESTRUCTION FROM SEVERE STORMS

(Mr. WINN asked and was given permission to address the House for 1 minute to revise and extend his remarks.)

Mr. WINN. Mr. Speaker, yesterday, 26 tornadoes were reported in this country. Three people lost their lives.

Tornadoes cause an average of 85 deaths annually, but who can forget the terrible series of storms that swept through Ohio, Kentucky, and many other Midwestern and Southern States last April leaving 213 dead in its wake.

To most people, spring means beautiful, sun-filled days. But this season, more than any other also brings destruction—the destruction of severe storms. Each spring we again see just how little power man has over his environment.

Once we could count on severe storms to strike only certain sections of the country, and the time of year was usually just as predictable. That is not the case now. In the past few years, these violent storms have struck in virtually every section of this country, so that no area today can claim to be 100 percent "tornado safe."

In my opinion, the death and destruction from severe storms can be minimized, and today, I am reintroducing legislation which I feel is a step toward doing just that. Basically, this bill seeks to combine the tremendous expertise of two of our Federal agencies—the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration—in programs of meteorological research and development. Specifically, the bill directs $10 million to NASA to use its vast scientific talents in coordination with NOAA to study short-term severe storms, including tornadoes, hurricanes, thunderstorms, and floods.

Mr. Speaker, since I came to Congress in 1967, I have served as a member of the Committee on Science and Astronautics, now the Committee on Science and Technology. During that period, I have been fortunate to witness, firsthand, many of the important scientific developments to come out of our space program.

My purpose in directing $10 million to NASA for use in a weather program is simple. I want to encourage the application of advanced techniques and technology to a problem, which for too many years has defied the more conventional approaches.

NASA has demonstrated expertise in the development of sensors and in taking measurements with aircraft. In fact, it has been 15 years since NASA placed the first weather satellite in orbit. Since that time, weather satellites have become a major source of information for meteorologists.

By introducing this bill, I do not intend to question the key role that NOAA plays in weather forecasting, nor do I intend to take anything away from NOAA. In fact, my bill assures NOAA's preeminence. Nevertheless, NOAA is severely limited by the small number of aircraft available, and I thing NASA can help.

As many of my colleagues will remember, I introduced this same legislation in the 83d Congress, and I might add that I was pleased by the response I received. In hearings here in Washington and in Kansas City, Kans., in November 1973, the Subcommittee on Space Science and Applications took testimony from numerous experts in the field of meteorology.

We found that although a great deal of progress has been made in forecasting, monitoring and warning against severe storms, there are still a lot of bugs to be worked out.

I was pleased when the House, in response to those hearings, authorized $2 million for the NASA Space Applications program specifically for violent weather research. This year's NASA authorization bill contains a request for an additional $1 million for this research. It is my earnest hope that these funds will serve as a catalyst in prompting a more effective and more solidly funded national weather research effort.

Mr. Speaker, severe short-term weather phenomena present a very real and violent threat to our citizens. My sympathies go out to the numerous victims and their families. It hurts me to see that despite the demonstrated skills of our severe storm forecasters, the damage from these storms continues to increase each year.

I believe we can and must make progress in this field, but improvement of our record will be in direct proportion to our willingness to commit the resources necessary to develop the tools and techniques suitable to the task before us.

I urge prompt consideration of this measure.

MARYLAND DAY

(Mr. BAUMAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, on this day in 1634 a small band of settlers from England discovered a small island at the broad mouth of the Potomac and there they disembarked. They were uncertain about what they would find on the island or what lay beyond. But they pressed on, determined not to turn back or shrink from challenges after having come so far. They were the first citizens of the great State of Maryland, the Free State, and their spirit is part of the heritage of Maryland to this day.

That band of settlers, led by Leonard Calvert and Father White, S.J., after their landing on St. Clements Island, established nearby St. Mary's City, the first colony in the State and the first capital of Maryland. Today citizens in St. Mary's, the "Mother County," and throughout Maryland are celebrating "Maryland Day," and I would like to express my personal pride in representing the area which includes communities which are so rich in historical significance.

Maryland has played a proud and important role in the history of America. Whereas some of the early colonies imposed severe restrictions on religious freedom, Maryland was an early bastion of religious liberty, providing an example of leadership which played an important role in establishing the freedoms which we all take for granted today.

With a history of diversity and achievement, Maryland has grown into a modern and progressive State where the achievements of the present live side by side with the heritage of the past in a unique blend of charm and energy. Here you will find the history of America and its future as well. Here live hard-working citizens who contribute greatly to the entire Nation. Maryland's farmers produce large quantities of feed grain, corn, soybeans, and other crops, Maryland's industry produces billions of dollars of goods each year and its vacation areas, such as Ocean City, are famous. Maryland leads the Nation in the production of those famous delicacies of the Chesapeake Bay, its oysters, crabs, clams, and rock fish. Broiler producers on the Eastern Shore raise 350 million birds a year, more than 10 percent of the Nation's output.

Mr. Speaker, I join today with more than 4 million citizens of Maryland in celebrating Maryland Day. I would also like to invite each of you to come visit us sometime soon. We will make you feel welcome, and a visit to nearby Maryland is a trip you will enjoy and remember.

TO PROVIDE CRIMINAL PENALTY FOR EMPLOYER KNOWINGLY HIRING ILLEGAL ALIEN

(Mr. WYLIE asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, I have today introduced legislation which would make it a criminal penalty for an employer to knowingly employ or hire an illegal alien.

All of us are aware of the tremendously high unemployment rate in the United States today. Millions of Americans are desperately seeking employment but are unable to find it. In my own State of Ohio, the unemployment rate for January was 8 percent. At the same time, hundreds of thousands of illegal aliens who have already entered our labor market continue to deprive Americans and legal residents of needed job opportunities. The impact of these illegal aliens upon our Nation and the economy is severe, particularly in this recessionary period.

A Department of Labor witness in 1974 testified that illegal aliens, indeed, take jobs that would normally be filled by American workers. They depress wages and impair working conditions and compete with unskilled and less educated Americans—the disadvantaged to whom our manpower programs are directed. Illegal aliens also adversely affect the economy by failing to pay taxes, claiming nonexistent dependents for tax purposes, and by sending vast sums of money to their families abroad.

Since the illegal aliens are usually unskilled or low skilled workers, they compete most directly with members of minority groups who have been traditionally denied opportunities to improve their skills and always make up the largest portion of unemployed persons. In many instances, these are aliens lawfully admitted to the United States.

Immigration is basically good for the United States. Immigrants have built this Nation and will continue to benefit our country by offering their skills and talents. But immigration must be orderly. Aliens coming to the United States, whether as immigrants or nonimmigrants, must come within the provisions of the law.

Our Government cannot condone fraud in connection with its immigration laws. Nor can we look the other way when aliens admitted as nonimmigrants violate their status by taking unauthorized employment, which means one more job opportunity is lost for a citizen or legal alien. More particularly, firm action must be taken against those unscrupulous employers who cruelly and selfishly exploit this source of cheap labor for their economic advantage.

The adverse impact of millions of illegal aliens on the labor market, public service programs, and our balance of payments deficit is overwhelming and a comprehensive legislative solution is urgently needed.

THE FEDERAL BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. ARMSTRONG), is recognized for 60 minutes.

Mr. ARMSTRONG. Mr. Speaker, I am pleased to have this opportunity to join a number of distinguished Members of the House in discussing Federal spending priorities and to express my growing concern about the overall size of the Federal budget and its impact on the Nation's economy. The need for such discussion is underscored by the apparent determination of Congress to inflict astronomical deficits on the Nation.

When President Ford estimated a deficit of $35 billion in the current fiscal year—ending June 30, 1975—and proposed spending which would result in a deficit of approximately $52 billion next year, Congress and the Nation were shocked by the magnitude of the projected gap between income and spending. Only a few months earlier, we recalled, the President advocated a surtax, spending restraint and a balanced budget in the near future. For him to completely reverse his earlier stand signaled an historic change. President Ford acknowledged the risks of his new policy and warned of dire consequences if his budget were to be exceeded.

Now, a few weeks later, it is plain there is no hope of holding the deficit to any level close to those recommended by the President. In the current year, spending will outrun income by at least $41 billion or more, not $35 billion the President estimated. Next year's budget deficit will certainly exceed $80 billion and, in the opinion of many experts, is likely to reach $100 billion.

The awful consequences have been made abundantly clear by many Members of this House as well as by such authorities as Treasury Secretary Simon, Reserve Board Chairman Burns and others. And I think most Members of Congress are genuinely concerned by the prospect of inflation, and deepening recession, which will be fostered by these gigantic deficits. But somehow most of us seem to act as if there is no hope to curb Federal spending, that year after year increasing deficits are inevitable and cannot be stopped.

This need not be true. It is up to us, to the Members of Congress, whether we will permit Federal spending to continue running out of control or whether we will begin to more wisely exercise our power to control Federal spending.

HERITAGE FOUNDATION BUDGET

With this concern in mind I was pleased to learn recently of work being done by the Heritage Foundation of Washington, D.C. This foundation—which has previously published useful studies on medical insurance, light rail transport, wage and price controls, social security, and other topics—has now produced a report on Federal spending called "An Other Budget: Toward a Reordering of National Priorities." This study was compiled by Charles A. Moser of George Washington University, who is on leave this year to work with the Heritage Foundation.

The main part of the Heritage budget study is an essay on the traditional conception of government and governmental priorities as applied to today's problems. The study points out the percentage of national income taken by government at all levels has been steadily rising, and that we should make some conscious decision as to what percentage ought to constitute the upper limit for taxation. By now the take of government at all levels has risen to more than 40 percent of GNP. Should we look forward to a 50-percent take, 60 percent, or even higher? Or should we seek to reduce the existing percentage? The Heritage study strongly recommends the latter.

The study goes on to define the proper functions of government as the Founders of our Nation might see them now. The chief duty of government, the study argues, is to see to "the defense of the country, the conduct of foreign affairs, the promulgation and enforcement of laws for the protection of the public health and safety." Once that is taken care of, the government may turn to the support of large-scale research of a scientfic and scholarly nature—for example, space exploration—which is too costly for private enterprise or for government at a lower level. Then, finally, there is the area of economic intervention and regulation, and income redistribution in all forms. In the traditional view, economic intervention and income redistribution are highly suspect functions of government, to be indulged in, in very gingerly fashion if at all.

And yet when we look at the summaries of the 1976 budget, we discover that the allocations for "income maintenance" of all sorts form by far the largest single item, with defense in a very inferior slot. Thus, the Other Budget argues, we have our priorities almost exactly reversed. We seem to think that the Government's chief task is to become paymaster and income redistributor to all, while its functions as guardian of the national sovereignty and maintainer of internal order are more and more ignored. It is this order of priorities, the study holds, which we must begin to reverse. Certainly the Other Budget helps us in adopting an overall view of the budget and its purposes.

In its "afterword" the Heritage budget study points out that if the budget is not to be truly "uncontrollable"—and if it is "uncontrollable," then the Congress might as well pack up and go home—it must be cut either across the board or program by program. An across-the-board cut is probably not feasible "because, for example, interest payments on the national debt—the third largest single item in the budget—cannot arbitrarily be reduced by 5 percent, and once an exception has been made for one budget item, others will follow in rapid succession." This will mean that we are back to program cuts or deletions—and that is the only way truly to operate. The Heritage budget, in an appendix, offers some sample cuts of programs in line with its general principles enunciated in the body of the study, and which would effect a reduction of more than $19 billion over the President's 1976 budget. This would, of course, still be insufficient to eliminate the deficit altogether, but it would be a very good start.

The Heritage Other Budget also includes as an appendix a critique by Dr. Arthur Carol, economic adviser to Senator WILLIAM BROCK, of Tennessee, of the Budget Committee's Macroeconomic Overview. The Overview attempts to argue that the Federal deficit cannot be met by increasing taxation or by borrowing in the money market, and so must be covered by the creation of new money. Dr. Carol shows that this proposal is potentially disastrous, and would almost certainly lead to renewed inflation at a level which would cause the great inflation of 1974 to pale by comparison.

Mr. Speaker, I do not necessarily share all of the views expressed in the Heritage Foundation's Other Budget study nor do I agree with all of its conclusions. But I enthusiastically endorse the concept of somehow finding ways to limit the growth of Federal spending and I commend this worthwhile study to the attention of every Member of the House.

Now, Mr. Speaker, I am pleased to yield to a number of my colleagues who also wish to discuss this important issue.

Mr. GOLDWATER. Mr. Speaker, I am pleased to take part in today's economic discussions under the special order.

So many times in debates of this nature we only look at the short-term solutions to long-range problems. According to Morris J. Markovitz, a well-known New York commodity research analyst, a 35-year-old man now earning $20,000 a year may need $200,000 a year or more by the time he retires. This is almost beyond comprehension.

Mr. Speaker, I would like to share with my colleagues Mr. Markovitz's article from the April issue of the Freeman. The article reduces today's economic problems to their basics. I urge that the Members give careful consideration to the article.

The article follows:

I$ INFLATION HERE TO $TAY?

(By Morris J. Markovitz)

Someday, you will have to retire. How much money will you need to support a decent standard of living when that time comes? $7,000 for a single year? $10,000? $25,000? $100,000? There is no way to know, because there is no way to know exactly how much inflation there will be. But even without exact figures, we *can* know that it will take many more dollars to support oneself in the future if inflation continues.

A 35-year-old man now earning $20,000 a year may need $200,000 a year or more by the time he retires. How can he possibly save that much? Whatever he does save will be continually eroded by inflation, with the value of his dollars being stolen away gradually over the years. And the word "stolen" is used here in a very literal sense.

Inflation has a tendency to accelerate—to get worse and worse, and at an ever-rising rate. During the past year or so, inflation has finally reached proportions significantly enough for everyone to notice its effects, though few understand its cause.

Inflation usually is "explained" in one of the following ways:

(1) Greedy businessmen, unsatisfied with "reasonable" profits, raise prices to line their own pockets at the expense of consumers. Then laborers have to ask for higher pay in order to maintain their standard of living. Businessmen, in turn, use this increased labor cost as a pretext for raising prices once more, and a vicious cycle ensues that results in spiraling inflation.

(2) Greedy labor unions, unsatisfied with "reasonable" pay scales, raise their demands in order to line their own pockets at the employer's expense. He then raises prices, passing the expense along to the consumer. The consumer, noting that his cost of living is increasing, asks for more of a wage increase. Again, the vicious cycle ensues.

These two explanations are similar from an economic point of view, but different from a political point of view. "Liberal" politicians tend to use the first explanation, laying the blame conveniently at the door of business, whereas "conservatives," just as conveniently, would lay the blame at the door of labor unions. Both explanations rely upon the same economic argument, and each is as false as the other.

MONETARY MANIPULATION

Inflation is caused by neither business nor labor. The real cause is the government's manipulation of the monetary system. If getting a raise were simply a matter of demanding it and going out on strike, then why doesn't labor ask for 1000 per cent instead of a mere 10 per cent? And if raising prices were simply a matter of the businessman's whim, then why doesn't he raise prices by 1000 per cent instead of a mere 10 per cent? Obviously, these are extremes. But economic principles apply at the extremes as well as in the middle. It should be obvious that, in these extreme cases, it is definitely *not* the threat of government action that prevents the increases. Even if the government tried to encourage such huge increases, they still could not be adopted. No one would buy the exorbitantly priced goods, so business would fail. No one would hire the exorbitantly priced labor, so workers would be unemployed. Yet, even though this principle of supply and demand is obvious in the extreme case, most people tend to lose sight of it when only small amounts are involved.

In order not to lose sight of it, let us ask: *Why* wouldn't people buy goods priced 1000 per cent higher? *Why* wouldn't businessmen hire labor costing 1000 per cent more? The answer is simply that *they can't afford it. They haven't got the money.*

Now, let's carry this one step further. The same principle that applied to the extreme case of 1000 per cent above, also applies to the case of 10 per cent, or even the case of 1 per cent: *Consumers can't pay even 1 per cent more for all their purchases unless they have 1 per cent more money. Businessmen can't pay even 1 per cent more wages unless they have 1 per cent more money.*

Where does this money come from? The government prints it on pieces of green paper, calls it "legal tender," and hands it out by various means until it gradually permeates the economy. Thus, it can now be deduced that even the "ridiculous" 1000 per cent increases are not so impossible after all. If the government were to inject 1000 per cent more money into the economy, all prices would rise about 1000 per cent. Wage earners would be getting $50 per hour, and a loaf of bread would cost $5. *The only thing that prevents this is the government's decision not to print that much money.* Instead, the government prints only 5, 8, or 10 per cent more money each year, so prices rise only about 5, 8, or 10 per cent. (Note, however, that a "mere" 8 per cent annual increase amounts to over 1000 per cent in 30 years, when compounded.)

What does all this mean for the "typical" consumer? In general, it means bad things. Inflation hurts wage earners, those with savings, and those on fixed incomes such as the elderly and the handicapped. Inflation helps the sophisticated borrowers and the politicians. Inflation literally takes money out of the pockets of some and puts it into the pockets of others.

Here's how the whole scheme works: By a roundabout and complicated procedure, the Federal Reserve Bank is allowed, in essence, to print money which it "lends" to the government at interest. (This, by the way, is where most of the national debt is owed: to the banks.) This money consists of those green "Federal Reserve Notes" that everyone carries in his wallet. These pieces of paper used to be redeemable in silver. Now, all they are is a "promise"— a promise to pay the bearer one dollar. *Not* one dollar in silver or gold. Just one dollar. And what is "one dollar" today? Why, it's another one of those same pieces of paper! In other words, the money people carry in their pockets is really nothing more than a promise to give a promise to give a promise . . . without ever *really* promising anything at all.

LEGAL TENDER LAWS—A UNIQUE PRIVILEGE

However, the government has passed a law which gives a unique privilege to the Federal Reserve Bank (a nominally private bank). The "legal tender" laws says that this bank's notes must be accepted at face value for the payment of any debts. Creditors are thus forced by law to accept payment in such paper dollars irrespective of any loss in value on the market. This is very important because it is the key element that makes inflation profitable for the banks and the government, at almost everyone else's expense.

A large part of the newly printed "legal tender" goes to the government, which then spends it to buy some of the goods in the economy, leaving fewer goods for the rest of us. Since the general public still has essentially the same amount of money it started with, this money is left to chase fewer goods, the result being higher prices.

It all boils down to the law of supply and demand, which applies to money as well as anything else: if there is more money around, its value per unit decreases. Inflation is this increase in the quantity of money, which "depreciates" the value of each dollar. In this way, inflation amounts, literally, to the theft of the earned values of people who save. It is a disguised tax—it enables the government to take real goods out of the market apparently without anyone having to pay. Everyone does pay, but in the form of higher prices instead of an outright tax. This is particularly convenient because it enables the government to carry out its policies without being subject to the scrutiny of the citizens. For example, during the Viet Nam war, the government had the Federal Reserve print huge sums of money to pay for men and material to fight the war. The current inflation owes much to the printing spree of those years. If, instead, the government had taxed us directly, we would have known *then* how much it was costing us and might have reacted much sooner. Financing the war by inflation deprived us of this choice.

PATTERSON'S SCHEME

As a matter of interest, central bank inflation was invented under circumstances of war by William Patterson, a canny Scot who founded the first Bank of England in the 1690's. Both the bank and the King benefitted. The bank made fortunes in interest collected on money created out of thin air, by permission of the King. The King was allowed to continue fighting the war. The war had been very popular, but people began to lose their enthusiasm as their pocketbooks were pinched more and more by taxes. Patterson's scheme allowed reduced taxes, so citizens didn't realize that their money resources were being depleted through inflation instead. The King was relieved of the distasteful prospect of having to terminate the war, Patterson reaped immense profits from his clever scheme, the public was hoodwinked into paying for the whole thing both in money and blood, and the institution of central banking was invented that would continue to hoodwink people for hundreds of years.

Inflation has always been a problem for countries whose governments were allowed to print money without limit. For various reasons, inflation has a strong tendency to accelerate unless it is stopped altogether. Unfortunately, the usual remedy offered by governments is price controls, which cannot work in theory, have never worked in practice, and are not working today, because they do not attack the real cause of inflation: the wanton printing of paper money. Price controls simply create shortages, as is attested to by our current economic problems.

One index some economists use to predict forthcoming inflation is the Federal Reserve's holdings of government bonds. When these increase, it means that the decision was made to print more money to "pay" for them, and that inflation is on the way. The very government officials who pose as "inflation fighters" are in fact the people in society who are most responsible for the inflation in the first place.

The *only* way to end inflation is to end the unlimited power to print paper money. Unless the legal tender laws are abolished, there is slight prospect of a return to the kind of a hard currency traders would choose as a medium of exchange.

Mr. SPENCE. Mr. Speaker, it is a great privilege for me to participate today in this discussion of budget matters. I have read the Heritage Foundation publication to which our colleague, the gentleman from Colorado, refers, and I am particularly pleased that it makes reference to a legislative proposal which I have introduced.

In my view, the Spence-Curtis balanced Federal budget constitutional amendment, which would mandate a balanced budget and establish a mechanism to achieve it, is an absolutely imperative tool in the battle against the budget bulge.

In the Heritage publication, "An Other Budget: Toward a Reordering of National Priorities," its author, Dr. Charles Moser, says on page 6:

> The first objective of an "other budget," then, must be the reordering of national priorities along more reasonable lines. The second is the balancing of income and outgo and the restoration of fiscal responsibility to the budgetary process.

I wholeheartedly agree that these are our top priorities and I agree with the direction in which Dr. Moser suggests those priorities should be reordered. I think, however, that I would reverse the emphasis. That is to say, I would put balancing the budget first and reordering our priorities second. I suspect that until Congress is forced to keep appropriations within the bounds of revenue, there will be no reordering of priorities.

I have said before and I repeat today that recent history provides no basis for assuming that Congress ever can or will bring Federal spending under control until it is forced by some mechanism to keep expenditures in line with revenues.

And so today, I want to take just a few moments to outline once again the major features of my bill, House Joint Resolution 318.

The resolution proposes an amendment to the Constitution requiring that the Federal budget always be balanced, except in times of a national emergency declared as such by the Congress by a three-fourths vote. The proposed amendment contains a self-implementing mechanism which automatically insures a balanced budget by the end of the fiscal year. If Congress appropriates more money than can be covered by expected revenues, then my amendment requires that we either cut back on some unnecessary spending or produce more revenue. If that is not done, the revenue is supplied by an automatically triggered surtax sufficient to cover any deficit.

Some have contended that this amendment will not resolve the overspending problem but will merely increase taxes. I am absolutely convinced that my amendment will work in the opposite direction and will ultimately achieve both a balanced budget and tax reductions.

Some people contend that if Congress wanted to cut spending it could do so now, and since it does not, it never will. That is perverse reasoning. Presently, Congress has no incentive to cut spending. While many people favor reduced Federal spending as a general principle, few are willing to take cuts where their own immediate interests are affected. As long as the pinch of paying for the bill can be put off by a deficit budget, there will continue to be severe pressure upon Congress to appropriate beyond our means.

But when and if that loophole is closed—when and if the only choice is to cut back or immediately raise taxes—I believe Congress will find cutting back to be the line of least resistance. Congress has the desire to cut spending now, but it does not have the will. Until the escape hatch of budget deficits is closed, it is not going to develop the will. But the prospect of paying for all the tantalizing programs it now so easily enacts will put steel in its spine very quickly.

If my amendment were enacted by Congress and ratified by three-fourths of the States, it would be a clear message to Congress that the people want spending cuts, and Congress usually responds to the express will of the people when it is made explicit. And once such an amendment were in place, any Member of Congress who, by his vote, made it necessary to impose the mandatory surtax would surely be exposing himself as a target for a wrathful electorate.

If, however, I am wrong and Congress were to go on spending beyond our reasonable means and imposing surtax upon surtax to pay for its spending schemes, the effect of my amendment would be merely to change the look of the problem—it would not worsen it. The only real change would be to impose overt taxes, in the form of a surtax, rather than the hidden tax of inflation which is currently eating away at everyone's real income. Even under these circumstances there would be some benefit from my amendment because it would eliminate double taxation. In the current situation the public pays for deficit spending today in the form of inflation and someday our children or grandchildren will pay that debt again. Under my amendment those who incur the debt would be paying for it and sparing future generations the burden of paying it a second time. Anyone who rejects this solution because it might result in higher taxes is showing much greater concern for himself than for his posterity. I personally do not find that to be a very noble stance.

So then, if my amendment works, as I am convinced it will, the American taxpayer will reap substantial benefits in the form of reduced Federal spending and an end to inflationary spirals. If it does not, it will do no harm and will certainly be a more honorable way of coming to grips with our refusal to exercise budgetary discipline.

Mr. Speaker, let me close by mentioning that this specific legislation was endorsed last year by the Oklahoma State Legislature, and the concept has been endorsed by other State legislatures including Virginia and my own State of South Carolina. Endorsement resolutions are presently pending or will be introduced in a number of other State legislatures.

The people want fiscal responsibility. It is time we gave it to them. If we do not we should not be surprised if they want to throw us all out.

Mr. Speaker, I would like to express my appreciation to the more than 30 of my colleagues who have already joined me as cosponsors. Others have expressed a desire to do so, and I plan to reintroduce the amendment in the near future. I want also to express my appreciation to my colleague from Colorado for arranging this time and to Dr. Moser and the Heritage Foundation for the work which has given impetus to this effort in behalf of new budget priorities and budget responsibility.

Mr. YOUNG of Florida. Mr. Speaker, I want to commend my friend and colleague for setting this special order, so that we can discuss a subject foremost in the minds of Americans and, of course, of our Nation's leaders.

Since most of us agree that budget cuts are necessary and that Federal spending must decrease, I think a pertinent aspect of this special order is, "Where do we cut?" I have watched with concern an apparent eagerness to rush straightaway to the Department of Defense for the first whack. It is easy to point to the defense budget and find it "bloated." Seeking cuts in defense spending costs our liberal friends very little in political terms.

As a result, the antidefense trend has accelerated in recent years. In 1975, the smallest part of the Federal budget since 1940, pre-Pearl Harbor, will go for national defense. In fiscal 1975, the Defense Department's money—like everyone else's—has been cheapened by inflation; it will buy the lowest amount it has been able to purchase since 1951. Further, national defense spending represented 9.7 percent of the GNP in 1956; 6 percent of our GNP was consumed by military spending in fiscal 1974; in fiscal year 1976, it will be an estimated 5.9 percent. The facts speak for themselves. To put it another way, the portion of Federal budget outlays consumed by the Defense Establishment has dropped by almost 30 percent since 1956.

It should be noted here that the DOD has been subject to the same inflationary squeeze as other facets of our Government operation. Personnel costs alone have risen, although the strength of our Armed Forces has been reduced by 40 percent since 1968. Military procurement is more costly, too. Some will recall the B–29 bomber of World War II; it cost $680,000. Today, to buy a B–1 bomber takes $48 million, over 70 times as much. The basic jeep cost over $4,000 in 1964, but by American's bicentennial year, it will go for $7,000. In a little more than 10 years, the cost of a certain nuclear submarine has jumped over $100 million. This is little wonder since the Bureau of Labor Statistics has reported that the price of shipbuilding materials rose over 22 percent in 1974. These are just examples of what has happened to the cost of other types of military hardware as well.

All of this is not to argue, however, that the Department of Defense just like every Federal spending agent, including the Congress, does not have some areas where the fat can be trimmed. I am all for the elimination of superfluous activities and equipment; and I heartily call for tightening up and coordinating operations in all the forces, so that costly overlap will be avoided.

But I am determined that we must have a quality force, sufficiently capable of "providing for the common defense." For the Congress to allow this defense to become vulnerable would be to desecrate our constitutional mandate. I, for one, would not want that blame placed upon my shoulders for succeeding generations to acknowledge.

The argument is prevalent today that the United States is No. 1 and always will be No. 1, and that warnings to the contrary are merely the words of fanatical militarists. An organization entitled the Center for Defense Information is doing its part to further that hypothesis.

The center has concerned itself especially with United States military might as opposed to Soviet military posture. It blatantly misleads the public and paints an incorrect picture of the relative strengths of these two nation's forces. But other experts tell it differently. For example, Jane's Fighting Ships—1974–75 edition—acclaimed worldwide authority on the subject, put it this way:

> The Soviet navy leads the world in seaborne missile armament, both strategic and tactical, both ship and submarine-launched. Their short-based air force is second to none, and they have mine-warfare forces and a considerable amphibious capability.

In a Heritage Foundation publication, author Dr. Charles Moser cited another individual knowledgeable on American defenses, Edward Luttwak:

> Luttwak points out that over the last decade the defense expenditures of our chief political and military antagonist, the Soviet Union, by the most conservative estimates, have risen by some 40%, and its military manpower has increased; while at the same time U.S. defense outlays have declined almost 20% from 1964 in real terms, and military manpower has declined by roughly the same percentage. The United States has managed to maintain a qualitative edge despite thes sharp reductions in military expenditure, Luttwak argues, but such a situation cannot safely continue indefinitely.

There is another angle to this which warrants attention and which possibly has not occurred to some people. While human resource programs are often funded from three treasuries—Federal, State, and local—it must be remembered that funding for national defense occurs almost solely at the Federal level. Most grant seekers know that if a project is discontinued on one level they can appeal to someone else and stand a good chance of getting what they want. However, if money for a defense program is cut off at the Federal level, that program is dead.

To illustrate this point, I quote again from Dr. Moser's "Another Budget: Toward a Re-ordering of National Priorities," published by the Heritage Foundation:

> According to the Tax Foundation of New York, total federal outlays for social welfare programs in fiscal 1973 amounted to some $122 billion, with state and local expenditures coming to nearly $93 billion, for a total of some $215 billion. This contrasts with defense expenditures for fiscal 1974 of $81 billion.

Since 1968, total Federal budget outlays have risen by 70 percent. In that same timeframe, defense costs increased by 9 percent; human resources, by 173 percent. Additionally, State and local government spending climbed by 131 percent from 1968 to 1975.

Here are more pertinent facts; Over the past decade, social security and other retirement and disability programs have increased by 283 percent. Health services, which take in medicare and medicaid, over the same period have risen by 4,418 percent; and public assistance leapt by 365 percent. In the face of these facts, it is folly to argue that defense has claimed a disproportionate share of our Nation's resources.

Finally, it must be added that the military forces do employ many people and stimulate the economy with requests of industry. In light of our current economic situation, this is no mean contribution to America's well-being.

Mr. Speaker, the first order of Government is the defense of the Nation. In today's volatile world so precariously balanced between freedom and communism, the need for military preparedness should require no explaining or defending.

Mr. BURGENER. Mr. Speaker, I am pleased to be participating in this special order dedicated to the pressing problems of our economy. The Federal budget—and most particularly its deficit—obviously plays a major role in our economy. Those who wish the Government to intervene in the economy must first have a clear understanding of how that economy works. If we intervene without knowing what we are doing, we may resemble a man who decides to repair his own watch without understanding its works: it is almost certain that after he finishes with it, it will not run at all. Sometimes I am tempted to conclude that our economy currently is running down precisely because we in the Congress persist in meddling with the economy with too little knowledge. Too many of us, I fear, think we can repeal the laws of economics by passing laws in the legislature. That never has worked, and never will work. Take the wage and price controls which the Congress so blithely authorized the President to impose a few years ago. Robert Schuettinger has published for the Heritage Foundation of Washington, D.C., a brief study of wage and price controls from 2800 B.C. to the present. That study shows that such controls have never worked in nearly 5,000 years of human history. The conclusion from that ought to be that they never will work. Schuettinger concludes his study with a wonderful quotation from Pelatiah Webster, America's first economist, who said:

> It is not more absurd to attempt to impel faith into the heart of an unbeliever by fire and fagot, or to whip love into your mistress with a cowskin, than to force value or credit into your money by penal laws.

However, Mr. Speaker, I do not want to dwell on wage and price controls as an example of the damage which can be done to our economy by ill-conceived political intervention. Instead I should like briefly to discuss the emphasis upon consumption in the legislation which this Congress is currently considering.

Let us stop to think for a moment how an industrial society is established. The first priority is capital accumulation or its equivalent. This is more or less some form of saving: Consumption is held to a minimum so that the resources to invest in plants and factories may be accumulated. Once the funds are gathered together, they are invested in bringing buildings and machines into being. The industrial plant then produces consumer goods, and finally the individual citizen purchases and uses those goods.

Mr. Speaker, this is an oversimplified scheme, of course, and economists are constantly discussing variations and ramifications of it. My point, however, is that there cannot be consumption without production, and there can be no production without capital accumulation and investment. A healthy economy requires a balance of all these elements. We do not want money saved in holes in the ground, or production of things nobody needs, or citizens with money in their pockets but nothing to spend it on. Yet, I submit, the distinct bias of national legislation is toward consumption, with insufficient attention given the other elements of the economy.

Let us take the tax rebate as an example. The stated reason usually given for the rebate is that this will put money into the hands of the consumer, who then is supposed to consume ferociously: If he does not, we are sometimes told, he will be betraying his duty in effect. Present tax law also encourages the consumer, for interest payments of all sorts are deductible from income, whereas interest income from saving—which is necessary for capital accumulation—receives no such preferential treatment at all. Thus, I believe, if we made a study of Federal legislation we would find a consistent bias in favor of the consumer—especially the consumer who borrows in order to spend—and against the saver. Yet there cannot really be consumers without savers in the long run. This proconsumer bias of our society is reflected both in the national debt and the vast quantity of private debt upon which our economy is built. The idea of the Congress seems to be that we can spend ourselves into prosperity, that we can bring ourselves out of our economic muddle by consuming at an everincreasing pace. Profits and capital accumulation by the corporations are frowned upon and taxed away—but how then are they to produce anything for the consumer to consume?

This entire situation reminds me a little of the historical parallel with the so-called Townsend Movement of the 1930's, which contributed a great deal to the passage of the original Social Security Act of 1935. The movement's founder, Dr. Francis Townsend, also believed we could spend ourselves out of the Depression. He said that since older people were the most "experienced consumers," they should be granted flat-rate pensions of substantial size on two conditions: that they retire from the work force immediately, and that they promise to spend the entire monthly pension within the month of its receipt, without saving any of it. This frenzied consumption would create demand for the factories, Dr. Townsend argued, and that in turn would make it possible for younger workers to return to work.

Mr. Speaker, I would not care to argue that our present frame of mind is entirely similar to Dr. Townsend's, but I do think that the emphasis upon consumption is common to both. Perhaps Dr. Townsend was a little more sensible in that he did not encourage personal indebtedness quite as much as present policy does. Some may object to that statement, but actually even our current effort to revive the housing market by making mortgage money cheaper or allocating it in some way, even that is precisely urging individuals to take on an even greater load of individual debt in order to support consumption.

It is time for us to pay more attention to the other elements of the economic equation than consumption. One of the best ways to do this is to pare down Government spending, which seems to be for the most part consumption-oriented, and also to take positive action to encourage saving and the orderly liquidation of our tremendous public and private debt. We have made some steps along these lines already—for example allowing a tax deduction for up to $1,500 per year deposited in a private retirement account—but many more need to be taken. We must allow a balanced economic policy to emerge. The best way to accomplish this in the long run, in my estimation, is through the systematic reduction of Government interference in the economy, so that the market may function more efficiently and more freely.

Mr. ROUSSELOT. Mr. Speaker, the Federal Government's budget and its effect on the lives of all Americans is a most important issue which deserves the full attention of this House. I commend my colleague, BILL ARMSTRONG, for taking this special order today which gives us an opportunity to further discuss the Federal budgetary process.

In President Lincoln's Address at Gettysburg in 1863, he recognized that a free nation must have a government "of the people, by the people, for the people." I am gravely concerned that the growth of Government, the growth of Federal spending, and the growth of Federal powers are eroding the control of the people over their Government, and if we in Congress allow this trend to continue, we will end up with a nation regulated in all aspects by Government.

Recently the Heritage Foundation of Washington, D.C. released a budget study entitled "An Other Budget" which gives an overview of the appropriate constitutional responsibilities of Congress, and emphasizes the importance of reducing or eliminating Federal spending in those areas which are not properly the Federal responsibility. The study effectively makes the point that only Congress can grasp control of the budgetary process, "(B)ut from the congressional perspective, in theory at least, no budget item is 'uncontrollable': what the Congress has done, it may also undo."

Reducing Federal spending is not only important because it would reduce the regulatory control of Government over its citizens, but also because the Federal Government is spending far more than it receives in revenues, which is additionally burdening our Nation with inflation and the resultant recession.

In this regard, I would like to bring the attention of my colleagues a message which appeared in the March 1975 edition of Reader's Digest entitled, "The 'Secret Tax' America Can't Afford." This message was prepared by the editors of Reader's Digest and presented by The Business Roundtable. It explains in concise terms how Federal deficit spending causes inflation which "is a major force driving up the price of everything from hamburger to houses." It also emphasizes that Americans must do their part to limit the growth of government by demanding less in Federal assistance. The full text of the article follows:

THE "SECRET TAX" AMERICA CAN'T AFFORD

Ever wonder why you feel poorer even though you're probably making more money than your father ever dreamed of? You finally bought that house. You drive a nice car. Maybe you're making payments on that boat you always wanted. But why did that new tile in the kitchen cost so much more than you expected? Why did the bill for that washing-machine service call take your breath away? Why do expenses now seem to exceed income?

There is an easy one-word answer to all these questions—*inflation*. But do we really understand what inflation is, and why this "secret tax" keeps chipping away at our paychecks?

Many factors have exacerbated this dollar-dissolving inflation—the energy crisis, crop prices, excessive and ill-advised government regulation, wages outrunning productivity. But the basic cause of inflation is one that most Americans seem largely unaware of: *spending money that hasn't been earned yet.*

In short, inflation is the creature of debt, and the most inflationary kind of debt is the one we—under our democratic system—are the most responsible for: the public debt. The officials we elect run up this debt to provide the loans, goods, services and programs that we have come to believe should be "paid for by government."

We forget, of course, that "paid for by government" means paid for by us. Government may *print* money, but this is only the symbol of wealth. Real wealth is the value of the goods and services produced by working men and women. It is their pay for making cars, houses, clothes, books, furniture and all the other myriad things we are accustomed to. Government depends upon this wealth that we create, and takes from each of us a portion of it through taxes and other revenues.

Last year we paid out $255.4 billion in federal taxes. Unfortunately, the government not only spent all this money; it kept right on spending, doling out $3.5 billion more than we gave it. And it has generally done the same for years—spending $66.8 billion more than income in the five years 1970 through 1974 alone.

That is where the trouble starts—when we, as electors, allow government, often for individually persuasive reasons, to spend dollars it doesn't have. It goes into debt.

But government and the average citizen go into debt under different rules. Government is the dominant borrower in the market, both from individuals (mainly through selling savings bonds) and by depositing IOUs with banks, then writing checks against them. Result: We taxpayers have to pay various banks and other lenders some $29 billion in yearly interest on the public debt.

And that's why we are in trouble. We pay all the government's bills, and we bear the burden of those bills government incurs after our tax money has run out. We pay by shelling out that secret tax that adds ten cents to a pound of bacon, $5 to a pair of shoes, $20 to an electric stove.

Now this is the part of inflation that most of us don't fully understand: How the government's indebtedness pushes up the prices of the things we buy.

It works this way: We can't print money to cover our own debts. The federal government, however, can; through a complex procedure called "monetary policy," the Federal Reserve creates dollars and transfers them to banks. The banks make loans from these new "assets." Thus, money is "pumped into the economy"—money that was originally nothing more than the figures on a Federal Reserve check; soon more currency has to be printed to cover the new dollars. Many of these dollars originate through bank loans of various kinds. They find their way into the economy through various commercial transactions. But who has established the need for these new dollars in the first place? We have—through the many things we ask government to "do" for us; through loans and grants to businesses, schools, research groups; through "aid" programs of all kinds. Remember, most of these deficit dollars have not been earned by producing anything. They merely compete with our paycheck dollars for whatever goods and services we and others have produced. Result: The oldest of economic laws takes effect. With more money around than available goods, prices rise—and inflation is upon us.

Okay. Everybody talks about it. Almost everybody feels it. But what can we do about it?

Certainly, increased productivity—each of us producing more for the dollars we earn—is one of the most effective counters to inflation. Many businesses and dedicated workers have performed amazing feats of productivity, enabling them to increase their wages and profits while cutting the price of their products to remain competitive.*

But productivity increases cannot indefinitely make up for the steady cheapening of the dollar brought on by the government indulging legislative whims with more "thin air" money. It's time for some tough decisions in Washington. Decisions that will not be made unless citizens—businessmen, farmers, workers, housewives, pensioners—demand them and are willing to accept the sacrifices that must be made.

Particularly in times such as these, no one would deny the use of federal resources to take care of the truly needy. And to alleviate the rigors of recession, job programs and other relief may well be essential. But with additional costs, it is even more imperative that the rest of the budget be kept under control so we do not wind up compounding the inflation which brought about the recession in the first place.

If we expect government to cut spending, however, *we must all cut our expectations of government*. Businessmen seeking special treatment to pull them out of a hole dug by their own inefficiency must make do with their own resourcefulness. Special-interest groups must stop and consider the overall effects of their requests upon government, and thus upon inflation. Citizens must realize that government installations may close in *their* area. Because the money is not available, certain nonessential programs may have to be delayed or even discarded.

We, all of us, are trying to hold the line on spending at home, and we should expect government to do the same. We only fool ourselves if we think real progress can be made without getting the government's fiscal engine back in tune.

And remember, *we* are the government. That's why we can do something about inflation—if we have the sense to discipline ourselves and the ingenuity to get more out of the considerable human and material resources we already have.

Mr. Speaker, it is my firm conviction that the greatest service we could possibly render our constituents would be to free them from overregulation by government, an excessive tax burden, and the inflation caused by Federal spending policies. This can be accomplished—and must be accomplished—by reducing the size and scope of the Federal Government, and operating on a sound fiscal policy that would balance expenditures with anticipated revenues. I have sponsored and supported such legislation to require that Congress bring the budget into balance, and I will continue to be an advocate for the return of a government that truly serves the best interests of the people.

Mr. GOODLING. Mr. Speaker, I am pleased to participate today in a discussion of one of the more vital questions—indeed, perhaps the most vital question of our day and this Congress—and that is the problem of the looming budget deficit which confronts us.

It is important that we try to do a little projection of the possible long-range results of fiscal profligacy with the 1976 budget, and perhaps envision a scenario—to use a fashionable word—of future developments within the next few years.

Let us assume first of all that the budget deficit does, indeed, approach or even exceed $100 billion for fiscal 1976. It was only some 13 short years ago, in 1962, when the entire Federal budget passed $100 billion for the first time. We were probably more upset about that then than we are now about a deficit of that amount. It is difficult to determine what size deficit would spell doom, but it appears that a $100 billion deficit is moving in that direction.

Mr. Speaker, the deficit is plainly not going to be financed by a tax increase, and there is considerable question whether it should be. Nor will it be financed through borrowing in the capital markets, since the total of the deficit is in the neighborhood of the size of all capital which is available for public and private borrowing. That leaves monetization of the debt—printing of paper-money to cover the debt—as the only means of financing the debt, and it is just this path which is recommended by the staff of the Senate Budget Committee in its report entitled "Macroeconomic Overview," distributed last January.

The authors of that report, however, maintain that monetizing the debt will not result in any significant inflation, but Arthur Carol, economic adviser to Senator WILLIAM BROCK of Tennessee, shows very convincingly in a critique published in the recent Heritage Foundation study of the Federal budget entitled "An Other Budget: Toward a Reordering of National Priorities," the fallaciousness of that entire argument. That argument cannot be summarized in the little time I have at my disposal. Suffice it to say that in my judgment a deficit of these mammoth proportions will indeed rekindle a vicious inflation, which would very probably reach an annual rate of 25 or 30 percent. If we think that could not happen here, we have only to look at Great Britain over this last year.

What will happen if we do encounter such an inflation rate? Let us recall that inflation was running at only some 6 percent when political and public pressure forced President Nixon to impose wage and price controls on the country in August of 1971. The cries for the reimposition of such controls were heard loudly and often from the Democratic leadership not so very long ago, but the experience of the inevitable failure of those controls was too fresh in the mind of the administration to allow it to follow this advice. But if inflation explodes as a consequence of this budget in the manner I anticipate, the pressure for wage and price controls will again become almost irresistible.

No wage and price controls can possibly work to hold wages and prices stable under such inflationary pressures. Those pressures will lead to drastic shortages, of the sort we have already experienced in considerable measure, and the development of a black market in which will operate people willing to pay and receive higher prices than those "legally" allowed. This in turn will require the hiring of even more bureaucrats whose job it will be to enforce the legal prices, as well as still others to see to the task of planning industrial production. These Government officials will have to be paid for through additional taxation, and as they will decrease production through their regulation and interference, the Federal budget will increase even further.

The upshot of all this will be the demise of the free enterprise system. Free market is not just the best mechanism man has stumbled on for the production and distribution of goods and services: it is also the indispensable prerequisite of the personal freedoms which we in this Nation so cherish. A people willing to accept regulation, restriction, and rationing in the economy are hardly likely to balk at regulation, restriction, and rationing in the sphere of freedom of the press, political freedom, and so forth. Why should people object? You cannot eat freedom of the press, after all.

Mr. Speaker, I realize that the picture I paint is a gloomy one, but I truly believe that our situation is an exceedingly dangerous one. I hope that the scenario I have sketched may be proven wrong if our views do not prevail in the 94th Congress. It is vital, however, that they be stated in coherent form, as we are attempting to do in this special order. For the central issue involved in all these sometimes esoteric debates on capital markets, allocation of credit, and so on, is really one about what sort of society we want ours to be: a regimented society or a free society. Regimentation has many advocates in times of economic hardship and social upheaval, but we must stand for the supremacy of the free market in economics and the free citizen in politics and society. That, I suggest, is what the American experiment was all about when it began some 200 years ago.

Mr. SYMMS. Mr. Speaker, I am pleased

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*See "Whatever Happened to the Nickel Candy Bar?" The Reader's Digest, February 1975, page 42.

to have the opportunity to participate in this exchange of opinion on the Federal budget, an exchange of opinion which I think is very much needed in view of our current fiscal situation.

In the President's budget for fiscal year 1976, submitted to this Congress recently, there is a summary table in the back listing the Federal deficits for each year since the founding of our Nation. Perhaps a few thoughts on that one-page table might be in order.

Balancing the budget of such a mammoth organization as the Federal Government is, of course, no easy task but it does turn out that in some years we came respectably close to doing so in recent memory. In 1960, for instance, we had a small surplus of $269 million, and even in 1965, when the great society programs first began to be enacted, we were in deficit by a mere $1.596 billion. That is a lot of money, of course, but there is no doubt that we would be deliriously happy if we could even approach that figure in fiscal 1976.

In 1969, for example, for the last time—and for the only time in the last 15 years—we ran a budget surplus of $3.2 billion. The effort must have exhausted us, however, for we immediately began moving into the red. In 1971, for example, with our involvement in the Vietnam war winding down, we ran what was at that time the second largest deficit we had displayed since the end of the Second World War: slightly more than $23 billion, a figure that was almost exactly duplicated in the following year, 1972.

I think most of us remember very vividly the feeling of alarm which the Nation experienced thanks to unenlightened national newscasters in the summer of 1971, when inflation was running at an alarming annual rate of 5 or 6 percent and public clamor impelled President Nixon to impose an ill-fated system of wage and price controls. Somehow or other the deficit then began to decline, and in 1973 the deficit amounted to $14.3 billion, in 1974 sinking to a mere $3.4 billion. From 1969 to 1974 our total deficits had come to a total of better than $65 billion, and I submit that this accumulated debt had a great deal to do with the roaring inflation which has struck our Nation during the calendar year of 1974.

Still in 1973 and 1974, the deficit was dropping rather rapidly, and I suspect that in terms of inflation at least we are reaping the benefits of that greater fiscal responsibility right now. The year 1975 just may be a fairly good year for the Government's task of maintaining the integrity of our money, and if the economy is left alone sufficiently to deal with the dislocations imposed upon it by past deficit spending and wage and price controls, it might adjust itself to the new conditions.

At least this adjustment would probably take place if it were not for the unbelievable deficit which the proposed fiscal 1976 budget presents for our edification: an outrageous $52 billion in the President's own budget. Moreover, with the additions which even the President is asking for, many others which the Congress is giving him without his wishing them, and the dispute currently raging over whether the income tax cut this year should be $21 billion or $31 billion, the budget deficit is entirely likely to reach almost unimaginable proportions. In fact, by the time one adds together the decrease in revenue wtih the increase in expenditure, it is not at all impossible that the deficit may rise to a sum over $100 billion.

A deficit of that magnitude would be something we have really had no experience in handling. In any case, that deficit combined with the projected deficit for fiscal year 1975, which is estimated by the President at $35 billion and which could easily reach $50 billion—all this may very well mean that after a period of relative price stability during calendar year 1975, by calendar year 1976 we may be heading into another inflationary era when the inflation rate could top 25 percent. This is hardly an impossible figure: Great Britain even this year has experienced something close to that. But those who will suffer the most from such an inflation will again be the poor and the old, and we will again be called upon to raise social security benefits drastically and provide increased assistance for the poor, until the spiral of expenditure and lowered income brings us to a depression which will make the current economic situation look rather like prosperity.

The time to halt the cycle is now. The Heritage Foundation study of the Federal budget helps to point the way by providing a general theoretical justification for budget restraint and reordering as well as concrete suggestions for reducing the budget. Those of us who hold elected office are very wary of offending any constituents whose benefits may be reduced by our actions. But we must start somewhere, and I surmise that if we act responsibly it will turn out not to be so difficult to say "no" as we may think. If we do not act now, we may overstep that quantitative boundary beyond which it is impossible to return to fiscal sanity without major social upheaval.

Mr. CRANE. Mr. Speaker, it is my pleasure to join with my distinguished colleague from Colorado, Congressman ARMSTRONG, in this special order on the Federal budget. There is no more important issue facing the American people today and my colleague is to be congratulated for taking the lead on a matter that is desperately in need of some commonsense solutions.

Not since the days of the Great Depression has America faced an economic situation as serious as the one we face today. Regrettably, there are no easy answers; no solutions that do not involve some degree of discomfiture for some people.

For the first time in our history, America is faced with inflation and recession occuring simultaneously. For years, economists have told us that because of increased Federal controls over the economy it would be difficult, if not impossible, to have another collapse like the one that began in 1929. What they did not tell the American people was that these increased controls could so interfere with the workings of the marketplace that prices could rise and productivity could fall simultaneously. That is exactly what has happened.

Any time the supply of money increases faster than the rate of productivity, prices will escalate. The reason for that is simple. There is more money available to buy fewer goods—relatively speaking—which means that increased demand for these goods pushes up the price of them. Or as the classic definition runs, inflation is simply a case of "too much money chasing too few goods."

A number of things can produce rising prices but all deal, one way or another, with this ratio of money to productivity. For instance, when the Federal Government spends more money than it takes in, the deficit can be made up by increasing taxes, selling bonds in the private market, selling bonds to the Federal Reserve, or printing new money. The first two have minimal impact on prices since they do not increase the quantity of money in circulation. The latter two have a considerable impact however since they do increase the amount of money available to spend while failing to provide for a corresponding increase in productivity.

Likewise, if Government controls cut down on the incentive to produce, or make it more difficult to produce, the same think will happen. There will be more money chasing fewer goods. This is why wage and price controls have been notoriously ineffective in holding down prices.

In the present situation, we have both excessive Federal spending and monetization of the debt as well as too much Government regulation. This has pushed prices up, interest rates up, has prevented necessary capital formation to create new jobs and increased production, has made it almost impossible for banks and businesses to plan for the future, and has resulted in massive redistribution of wealth by cheating creditors out of their just due. As a result we have a combination of inflation and recession.

Perhaps this problem could have been avoided if we had dwelled a little less on economic theory and a little more on some of the older lessons of history. America has become the most prosperous and powerful Nation on Earth, not by government doing things for people but by people doing things for themselves. Americans built this country, its business and its industry, by the sweat of their brow. The marketplace, uncluttered by excessive governmental regulation, determined success or failure through consumer democracy. The law of supply and demand ruled and ruled well; efficient producers were rewarded and inefficient ones fell by the wayside. Without undue restrictions the lure of new markets, at home and abroad, gave the efficient producer the incentive to expand and become still more efficient. Then, with the emergence of interchangeable parts, the assembly line, and new technology, we became the world's foremost agricultural and industrial power. Of course, we were lucky to have an abundance of resources, but the key ingredient was freedom—economic and political.

The Great Depression and the experience of World War II changed things. America survived both to become the preeminent world power economically and militarily. But, at the same time, many Americans who lived through those traumatic years were determined that their children would not have to face the same experiences. The result was that economic security became a goal coequal to economic prosperity.

Since the free market, by definition, involves a certain amount of risk, postwar Americans in their search for economic security sought to minimize those risks by turning to the Federal Government for protection. Gradually, regulations and subsidies that were begun in the 1930s as a response to the depression were expanded to provide financial security under very different circumstances than existed during the depression. Sooner or later, the internal inconsistency of seeking economic security, which necessitates a growth of Federal controls, and economic prosperity, which involves just the opposite, was bound to catch up with us. Unfortunately, in the drive for security, many Americans forgot that America was built by people taking risks and doing things for themselves, not by Government trying to protect them and do an ever increasing number of things for them.

The first signs of difficulty came about as a result of the rapid increase in Federal spending. From a level of $9 billion in fiscal year 1940, Federal spending increased to $106 billion in fiscal year 1962, to $211 billion in fiscal year 1971 and then to $313 billion in fiscal year 1975. Now, for fiscal year 1976, the administration is projecting a budget of at least $350 billion, and I would not be at all surprised if the final figure reaches $375 or $380 billion.

Unfortunately, Federal revenues have not been able to keep pace with such spending. Since the end of World War II, there have been only seven budget surpluses, totaling $23.4 billion, compared to 22 budget deficits that add up to an astronomical $200 billion. As a consequence, the national debt has soared from $268.7 billion in 1946 to a level of $501.6 billion today. Also, as a consequence, the 124-percent rise in the national debt has been more than matched by a 186-percent rise in the cost of living over the same period.

Alarming as those figures are, the picture for 1976 and beyond is even more grim. The anticipated deficit for fiscal year 1976 started in January at $45 billion, jumped by February to $51.9 billion, by March to $56.5 billion, and is still rising. Such a figure is surpassed—at least for the moment—only by the World War II produced deficit of $57.4 billion in 1943, and is greater than any peacetime budget prior to 1952. Worse yet, it is anticipated that, for the next few years, at least, we will see budgets with similar deficits.

Not only do these huge deficits produce large jumps in both the national debt and the cost of living, but they also have a negative impact on the availability of capital for investment. There is only so much capital to go around and according to Secretary of the Treasury, William Simon, governments—Federal, State, and local—will require 80 percent of what is available in fiscal year 1976 just to cover the deficits projected at the time of the President's state of the Union message. That leaves only 20 percent for business and industry which will mean higher interest rates, disintermediation, and insufficient funds to finance the expansion and modernization programs so essential to increased productivity, higher employment, and economic recovery. And if the Federal deficit reaches $75 to $80 billion, which many experts are now predicting, there will be virtually no capital for the private sector.

Of course, as I mentioned earlier, the lack of capital is not the only barrier to increased productivity. The proliferation of Federal rules and regulations is another major obstacle which, like Federal spending, has grown alarmingly in recent years. In more prosperous times, the free enterprise system itself was considered the consumers best protection against shoddy goods; nowadays, Government has taken upon itself to protect people not only from others but from themselves. One can not even start a car these days without some buzzer reminding him, in some cases forcing him, to buckle his seatbelt.

Of course, all these things cost money—which means higher prices. In addition, all the redtape and paperwork businesses must put up with in order to get a permit or a license costs millions of dollars that could have otherwise been spent for plant expansion or equipment acquisition. For instance, a recent study revealed that Federal paper pushing requirements today—exclusive of bank and IRS forms—account for 130 million man-hours annually. Moreover, many of the rules and regulations promulgated by various Federal regulatory agencies put a damper on competition rather than stimulate it as was originally intended.

Perhaps the best examples of this are the Interstate Commerce Commission, ICC, the Federal Communications Commission, FCC, and the Civil Aeronautics Board, CAB. In their respective areas, each has preempted the free market system by helping determine who gets what piece of the business and how they shall run it. Moreover, both the ICC and the CAB engage in rate regulation that amounts to price-fixing just as surely as if a single company had developed a monopoly over the truck, railroad, or airline industry.

For example, if one buys an airline ticket in California to fly from Los Angeles to San Francisco, it costs $16.50. Yet if the same ticket is purchased in New York, where it becomes subject to CAB control, the cost is $23. Moreover, it is estimated that, without the CAB, airline fares from New York to Los Angeles and from Washington to Chicago could be reduced $73 and $19, respectively. I know that if I could save $38 on a roundtrip ticket every time I went back to my district, I would certainly be encouraged to buy more consumer goods and thus do my bit to stimulate productivity.

Instead of a truly competitive system, what has emerged is a system that increasingly shuts new entrepreneurs out and jeopardizes the survival of established businessmen by denying them the right to do things as efficiently as they might and by adding arbitrarily to their costs and thus the costs of the consumer. To cite an example, one of the representatives from the auto industry recently testified in Washington that the cost of mandated safety features plus emission controls will add $1,200 to the cost of "economy" model cars by 1978. All of this, of course, simply fuels the fires of inflation and leads successively to reduced purchasing power lower demand for goods, cutbacks in production, unemployment and finally recession.

Trying to beat inflation by increasing the benefits paid to people under various income support programs, or by providing makework jobs is ineffective because it aggravates the basic problem. Expenditures of this sort contribute to greater deficits, increased deficits mean more inflation, more inflation means more business failures and unemployment, all of which creates a vicious circle that can only end in depression. To put the prime emphasis on fighting recession instead of inflation is to fight symptoms instead of causes or be like the dog chasing its tail. The effort is doomed to failure and all Americans, including the recipients of increased benefits are likely to come out losers in the long run. A more appropriate remedy would be to increase productivity while reducing the spending deficits that cause inflation.

As long as increased Federal spending is combined with expanded governmental regulation of the economy, the ingredients are present for not just a recession but for a major economic disaster. Yet, instead of an allout effort to cut the budget, Congress, which has been controlled by the Democratic Party 40 of the last 44 years, has been leading the charge in favor of rolling up bigger budget deficits. When the previous administration tried to hold down spending, Congress did everything it could to thwart those efforts. Now, when the present administration requests rescissions and deferral Congress rejects all but a small percentage of them. Other examples of recent congressional unwillingness to exercise fiscal responsibility include the tax reduction bills passed by the House and Senate, the support expressed for an even larger public service employment program, the calls for an expanded public works program and the refusal to go along with a reasonable cut in the runaway food stamp program.

As far as cutting back on Federal regulation is concerned, the picture is scarcely brighter. Today we have 12 departments and 75 agencies strangling business. We have created 20 new agencies just since 1967 and if that were not enough, Congress is again contemplating the passage of a Consumer Protection Act which, if it takes the form of the bill that was killed last year, would create a consumer superagency with the power to drag other Federal regulatory agencies into court. For the businessman who is already at a loss when dealing with Federal regulatory agencies, the prospect of one agency's rulings being challenged by yet another agency is almost too much to contemplate. There is no way they can plan for the future if they are left in constant doubt as to what they can or cannot do and when they can or cannot do it. Of course, the ultimate loser will be the very consumer whom the Consumer Protection Agency is supposed to protect.

I intend, in the not-too-distant future, to present specific proposals to cut the budget and to reduce, or eliminate altogether, those Federal regulatory agencies that help contribute to both inflation and recession. These are top priority items and I hope Congress will act affirmatively on them as soon as possible.

In addition to these measures, I would agree with those who argue that the economy needs a boost in the form of a tax cut. On the surface, it would seem that a tax cut at this time would run counter to a policy of reducing the Federal deficit, but the proper type of tax cut will more than pay for itself in increased tax revenues generated by the economic recovery thus stimulated. This is what happened when taxes were cut in 1964 and, if properly done, I think the same thing could happen today. Certainly, it is better to give private enterprise a boost and let it create productive new jobs than it is to spend the same amount of money on unproductive make-work jobs, unemployment benefits, or welfare.

Another reason a tax cut is such a good idea is that taxes are too high already. The average American pays out approximately one-third of his income in the form of direct taxes to all levels of government and the percentage is rising all the time. This past year, while food costs were rising by 12 percent, housing costs 13 percent, and fuel costs 14 percent, taxes rose a whopping 25 percent. If people are to have the money to spend on goods and if companies are to have the capital to produce those goods, then we need to turn the tax trend around so that more money is available to the private sector. As it is now, there is little incentive to produce when so large a portion of one's earnings are going to the government in the form of taxes.

The question is, therefore—what constitutes a beneficial tax cut?

After examining the tax cut bills that have passed the House and Senate it seems to me we are missing the mark. The bill passed by the House, for instance, is not really a tax bill that will help stimulate the economy; rather it is more of an income redistribution bill that will give the primary benefits to those who are the least likely to make the purchases that will get the country's economy moving again.

Objectively, it is the person in the $10,000 to $20,000 a year earnings bracket who carries the heaviest tax burden. Yet, according to AFL–CIO estimates, H.R. 2166 will be of no benefit to those in that income bracket despite the fact they constitute over 46 percent of all taxpayers. No one is denying that low-income families have been hurt by inflation. But, from an economic recovery standpoint, giving them the bulk of the tax rebates is not going to help any more than giving rebates to the very wealthy.

For this, and a number of other reasons, I voted against H.R. 2166 when it came before the House of Representatives. The bill not only dealt inequitably with middle-income Americans on whom economic recovery depends, but it failed to include revenue-producing features that would offset the tax losses resulting from the rebates. Furthermore, the bill included language to end the oil depletion allowance, language that should have been considered as a separate measure rather than as part of this tax bill.

A far more effective method of tax reform, and one that would be fair to people in all income brackets, would be what is known as tax indexing. Tying such things as tax rates, standard deductions, personal exemptions, depreciation allowances, and interest rates paid by the U.S. Government to the cost of living would give the American taxpayer protection against higher taxes due solely to inflation. As it stands now, wage increases in response to inflation simply push people into higher tax brackets without adding to their purchasing power. As a consequence, an ever-increasing share of their income is paid out in taxes.

According to Dr. William J. Fellner, a former member of the President's Council of Economic Advisers, personal income tax payments in 1974 increased $8 billion and corporate tax payments went up to almost $20 billion, simply on the basis of inflation. However, if Congress were to pass the tax indexing bill sponsored to date by 35 Members, myself included, the savings to the American taxpayer would come to some $17.6 billion. Such a cut would be in the same ball park as the tax cut recommended by the President.

Tax indexing has one other advantage. It takes away from the Government any incentive it might have to promote inflation. With almost $28 billion coming in last year as a result of inflation, it is easy to see how such an incentive could develop within the Federal bureaucracy. Whether it has or not is another question, but by enacting a tax indexing bill we would make the answer academic.

Obviously, there are other measures that could, or should, be considered within the context of unraveling the mess into which we have enmeshed ourselves. Certainly energy is one of these. But, rather than get bogged down in an effort to solve all our problems at once, I think we need to attack the most immediate problem first. And that problem is the cruel one of inflation and its handmaiden, recession.

The cure will not be easy but if we work on the premises that Federal spending must be cut, Federal regulation must be reduced, and tax cuts must be used to stimulate economic recovery, rather than to redistribute income, we will make the greatest progress in the shortest time in dealing with our immediate dilemma. More importantly, we will reestablish the economic vigor and strength that made the United States the envy of the world.

Mr. BAFALIS. Mr. Speaker, I am pleased to have the opportunity today of participating in this special order on the budget problems of the Nation. Since coming to the Congress over 2 years ago, this subject has been my major concern. Unfortunately, it does not seem that too many other Members of Congress, or at least not a majority, share my concern in this matter. And, in my mind, that is indeed tragic because those elected to positions in the House and Senate are those charged with the responsibility of charting the economic path this Nation will take. At the present time, we are traveling a very rocky road—and a very dangerous one. It is my sincere hope that, through special orders such as this, and through constituent mail, and the actual course of economic events, we will be able to convert those who now advocate Government spending—huge deficit spending—as the cure-all for our Nation.

Mr. Speaker, I would argue that the ever-increasing national debts from the past 20 to 30 years are, indeed, a sad commentary on our political structure and our political leadership. And while some might argue that budgets are made by the executive branch, and not the legislative branch, I would say to them that the Congress and the Congress alone has the power to appropriate moneys. Therefore, the end responsibility lies here in this Chamber and the one which this adjoins, the Senate.

It has recently come to light that several Presidential campaign committees from the 1972 campaigns left their creditors with very substantial losses—the telephone companies being the chief fall guys in this matter. While these former candidates go about their daily business here in the Congress, consumers everywhere are having to pick up the tab for their hundreds of thousands of dollars of bad debts. This coupled with the sad track record of the Congress in matters of fiscal responsibility, could lead the Nation to conclude that politicians simply are not responsible at all. What a tragedy. For the people in the Halls of Congress should be the most responsible men and women in the country since they are charged with the sole responsibility of the fiscal stability of this Nation.

The problem of fiscal irresponsibility is compounded at the national level, of course, by the fact that the Federal Government can "create" money to monetize Federal deficits, and that the Congress is beseiged by professional economists skillful at confusing economic matters to such an extent as to make many legislators believe that deficits are really a good thing—or at least they are if you control the printing presses that print the money. As a member of the House Ways and Means Committee, I have seen this first hand, and it is indeed frightening.

In this connection, Mr. Speaker, it is interesting to compare the records of certain of the Nation's Governors in recent months. Several of them who were elected on liberal platforms have suddenly discovered that their States are facing considerable deficits. What are they to do with them? A major difference between a State government and the Federal Government is, of course, that the State government cannot create money as the Federal Government can. This forces Governors to confront the choice of either raising taxes outright—and in this economic situation this is hardly a tenable choice—of or cutting back governmental spending. And, in this case, almost all of them are concentrating on cutting back the expenditures of State government because they realize this is the only way they can be fiscally responsible.

Perhaps in this difference of approach between political leaders at the State and national level, we can read out one or two valuable lessons. One is that State political leaders will respond to fiscal discipline if they must—but since national political leaders are not subjected to the same fiscal discipline they often make bad decisions leading to horrendous budget deficits which are at the heart of the vicious inflation which has plagued our economy for the past 3 years. Another lesson is that, given the stark choice between increasing taxes and diminishing governmental services, the latter is still the politically more palatable choice—if, that is, those are the only two choices available. It is the availability of the third was—that of starting up the printing presses to finance deficit spending—which makes national leaders so weak in dealing with fiscal matters.

It is my sincere hope that the national political leaders, here in this House will finally realize the necessity of making these tough decisions. For many, it has been a long time since they voted against a single appropriations bill. While this is one way to make everybody happy, it is a total abandonment of the responsibility we were charged with when sworn in as Members of this body. This Nation is in desperate need of political leaders who are willing to say no when it is not in the best interest of the Nation. And deficit spending is not in the best interest of this Nation.

Mr. HAGEDORN. Mr. Speaker, I would like to thank my able colleague for calling this special order today, so that we can discuss a subject foremost in the minds of Americans and, of course, of our Nation's leaders. Evidence of this country's economic distress meets us daily in our personal lives. "Uncle Sam" meets these problems each day, too. But while the average citizen has adjusted and handled his fiscal problems fairly well, "Uncle Sam" has bungled his.

In calls for reversal of today's economic trends, we have heard it said repeatedly that "something must be done," or "the time to act is now," and so on. Those phrases sound fine, but all too often they have been nothing more than empty rhetoric. Hopefully, today's colloquy on budgetary matters will inspire corrective action by the Congress, for we must bear much of the blame for the current crisis, and only we have the power to initiate effective remedies.

Now what has happened to cause this fianancial chaos? Primarily, excessive Government spending. The first $100 billion budget was reached after 186 years as a nation. It took only 9 more years for the country to require a $200 billion budget for its operation. A $300 billion budget was needed almost overnight—after 3 more years.

The United States is in the throes of what I call the credit card crunch. A generation of Americans has been weaned on the use of the credit card; and it appears as if Uncle Sam has fallen into the habit of carrying a pocketful of these. This may be a convenient plan for private citizens if handled properly. But the bills must be paid, and paid promptly. "Uncle Sam" has charged on his accounts, and he has often failed to pay his bills. And the interest he owes as a result is staggering. In fiscal year 1976, $34.4 billion will be needed just to pay the interest on the public debt. This amount is up by more than $3 billion from the past year, fiscal year 1975.

Furthermore, a balance sheet today would show considerably more red ink than is healthy. In recent years, a deficit has been written into the Federal budget as an accepted fact. Yet, by no means should its existence be deemed acceptable. A budget deficit of $30 billion plus is simply not responsible, and one hardly knows what to call a deficit which approaches $80 billion, as does the one for fiscal year 1976. With that kind of yearly increase, the mind staggers over what the deficit may be by the year 2000.

We have no right to saddle our children with this burden of debt. It is our duty to preserve that system for which we have asked them time and time again to give their lives. We call on them to fight our wars, and they have fought valiantly throughout our Nation's history. We owe it to them to hand over this country in the best shape possible; we should not ask them to pay our bills.

Mr. HUTCHINSON. Mr. Speaker, I want to thank our colleague Mr. ARMSTRONG for taking this time to discuss a very important issue—the Federal budget—and a landmark study on the subject, the Heritage Foundation's "An Other Budget—Toward a Reordering of National Priorities" by Charles Moser and Arthur Carol.

Mr. Speaker there is one aspect of our current economic situation which I believe deserves particular attention. Considerable discussion has been given to the fact that inflation is a result of Government action because inflation results from an increase in the money supply and only the Government can create money. Aside from issuing fiat money—that is money which has nothing of value backing it—there is one very simple way in which a government such as ours which is not on a gold standard can increase the money supply. That is by deficit spending.

It is a matter of elementary economics, but let me outline the process as a background against which to frame the point I want to make. First, the Federal Government spends more money than it takes in. This deficit is then financed with borrowed money, obtained primarily from the sale of Government bonds. These bonds, in turn, are purchased by private investors, primarily private banks which then resell them to the Federal Reserve. The Federal Reserve can issue new paper money or credit to pay for the bonds and to the extent this option is exercised there is an increase in the money supply. The additional new money in circulation makes each dollar worth less, causing pressure for higher prices and leading in turn to a demand for higher wages. All the economic theorizing to the contrary notwithstanding, there simply are no other significant factors which cause inflation.

And most of us are aware by now that the Government causes inflation. But the point I want to emphasize today is that, as a result of mistaken Government efforts to curb inflation we now have not only inflation but recession. Why? Again, it is quite simple. Responding to nearly a decade of worsening inflation, in 1971–72 the Government imposed wage and price controls, but went merrily on piling up new deficits. Thus, the money supply continued to increase but prices and wages could not increase to compensate for the decreasing value of the dollar. The result—predictable to any precocious 10-year-old—was economic stagnation, growing unemployment and recession, accompanied by continued though somewhat less severe inflation.

My point, then, is that Government efforts to resolve a problem of its own creation resulted in exacerbation of the problem.

When is Congress going to learn that we cannot manipulate our way out of this situation by some sort of legislative magic or economic miracle working? Through a failure of discipline and responsibility we—and the people—will have to face up to the hard choices. Those choices are two in number: Fiscal belt tightening now or economic collapse at some point in the not-so-distant future. Balanced Federal budgets are a remedy that will indeed be painful before the disease is cured. But they are the remedy. It is, as Milton Friedman has so colorfully put it, like going on the wagon. Let me quote him:

> Technically, inflation isn't terribly difficult to stop. (But) . . . when you start to take some action against inflation . . . the bad effects are felt right away. People are out of work. Interest rates go up. Money gets tight. It's unpleasant. Only later do the good effects of an end to rising prices show up. The problem is getting through the painful cure without wanting another drink. The greatest difficulty in curtailing inflation is that after a while, people begin to think they'd rather have the sickness than the cure. What they don't realize is that once the cure has taken effect, it's possible to have both economic growth and price stability.

The irony is that as a result of a year and a half of wage and price controls, we are experiencing the withdrawal effects Friedman describes but we are no farther along the road to a cure. In fact, we are worse off than we were prior to 1971–72.

Wage and price controls do not constitute viable action against inflation. They treat symptoms, not causes. They have about the same effect as a band-aid on a cancer.

The Heritage Foundation, which published the "Other Budget" we are discussing today, has also published a monograph by Robert Schuettinger entitled

"A Brief Survey of Wage and Price Controls from 2800 B.C. to A.D. 1952," which demonstrates that throughout history, wage and price controls have never worked and, in fact, invariably cause worse problems than they resolve. Yet we keep using them.

Mr. Speaker, this Congress has a historic chance to prove that democratic government can deal with economic crises in a fashion that leads out of the morass rather than deeper into it. We have been provided with a searching analysis of what is wrong with our present priorities and how we can make the budget cuts necessary to begin bringing expenditures in line with reasonable revenues. It is up to us to heed the warning signs and act in a responsible fashion. If we do not, we will bear a heavy responsibility for the hardships that will ultimately befall this Nation.

I for one have had enough of the permissiveness of economic advisors who tell us we can solve the problems created by deficits by increasing the size of those deficits. I have had enough of the Polly Anna's who keep telling us economic recovery is right around the corner. The longer we delay in taking responsible action, the more prolonged will be the withdrawal.

Let us get on with it.

Mrs. HOLT. Mr. Speaker, the question of economic regulation has become a sore point in recent months, especially during the inflationary period of the last 2 years. Persuasive evidence exists that the sort of economic regulation indulged in by the Civil Aeronautics Board and the Interstate Commerce Commission imposes vast costs upon the economy in addition to the direct costs of actually administering the regulating agencies.

Periodically over the past 25 years, Presidents have requested studies of the regulatory agencies with an eye to reform, but none of these studies has led to very much. President Ford is the latest in that line of Chief Executives to request such a reevaluation, and let us hope that this time more reform will ensue.

The regulators seem to have been stung a little by the outcry this time, and some of the commissioners of the ICC have been giving speeches full of dire predictions of chaos and dark night if regulation is even eased, much less eliminated. Removing regulation, they say, would be like abolishing traffic lights—carnage and economic destruction would ensue. That is the standard argument of the regulators.

However, no amount of bureaucratic rhetoric can conceal the fact that the ICC is in the business of restricting competition, preventing the free market from providing consumers the most for their hard-earned dollars. By fixing transportation rates at artificial levels, the ICC is fixing the price of the goods being transported.

The ICC came into being in 1887 to regulate the railroads in the "public interest," as there was no air or motor transportation at that time. Historical research has pretty well established now that the railroads wished to be regulated, because they had been unable until then to maintain a private cartel.

In 1975, however, it turns out that the railroads have seen the light. But it may be too late for the railroads, because in their mismanaged state of regulation, they have begun to collapse at an alarming rate.

The merger of the Pennsylvania and the New York Central in 1968 was hailed then as the solution to their problems, but now the combined line is in such sorry financial condition that it has had to obtain emergency fiscal aid from the Congress just recently, and several other lines are also seeking extensive Government subsidies.

The establishment of Amtrak for passenger service and ConRail, a Government corporation for freight, I am afraid, point the way toward the ulitmate resolution of the whole problem: Nationalization.

Note that I said nationalization was the "resolution" of the problem, not the "solution." Nationalization will be even worse than regulation from the economic point of view, except that the losses will now be covered by the public purse and the inflation in costs will be even worse.

Some may object that the trains were pretty much on the way out, anyway, and so were not economically viable. I do not believe this, but if it is so, then the Congress is foolish indeed to subsidize failing railroads and try to make a go of Amtrak.

We may also consider the situation of the airlines under CAB regulation. Certainly as far as passenger service goes the airlines are quite competitive. Yet, as is often pointed out, since the CAB was founded in 1938 not a single new airline has been permitted to enter interstate commerce, and now we find such giant corporations as Pan American in much the same straits as the railroads. They need vast subsidies from the Government, they say, if they are to survive, despite the Federal subsidies which have already been put into such things as the construction of airports.

I fear, Mr. Speaker, that economic regulation is simply an intermediate step between genuinely free enterprise and nationalization of the sort exemplified by the Postal Service, which surely ranks very low on anyone's list of efficient enterprises. The Heritage Foundation's "Other Budget" says in this connection:

> At this stage of the history of the regulatory agencies, we are probably approaching a crossroads: we may continue or intensify the regulation of private industries and move toward the nationalization of a large segment of the economy; or we may work for the deregulation of those industries and restore and strengthen the workings of the free market economy.

I urge that we begin to look at the budgets of the regulatory agencies very carefully indeed, with the intention of before long either eliminating them altogether or drastically reducing their reach.

Mr. KEMP. Mr. Speaker, this colloquy gives us a valuable opportunity to talk about the problems of the budget.

Too often when the time comes to vote on individual appropriations bills, we become so involved with specific spending questions that we have inadequate discussion on the larger questions of spending policy.

The most relevant question to be raised about the budget is the relationship between military expenditures and domestic spending. We are told often that our priorities may be all wrong, that we should be spending more and more to meet human needs within our country. And yet I submit to you that if a government is worthy of the name, it has to guarantee both internal order—which means the individual safety of its citizens—and its sovereignty in the international arena.

Things being as they are in this world, national sovereignty cannot be guaranteed by speeches or smiles, but only by military preparedness and the willingness to allocate more to maintain our military strength if necessary.

Now, it is true that a healthy economy is required to maintain an adequate military posture. If we compare, however, Japan—which has a health economy but virtually no military establishment—with the Soviet Union—whose economy is limping but has a mammoth military establishment—we see which country is a factor in the military arena—the Soviet Union. When it comes to standing up for its international interests, Japan simply is not in the running at the moment, whereas the Soviet Union has the capability of imposing its will at a considerable distance from its frontiers. Military confrontations are resolved, unhappily, by tanks, not by television sets.

In view of all this, Mr. Speaker, it is curious indeed to observe the persistent emphasis upon the downgrading of our military capacity, the inevitable consequence of much of what is being proposed.

Our military expenditures, after all, in a rational world should bear some relations to the expenditures of our chief antagonist of the moment, which is the Soviet Union. Even the architects of détente proclaim that it cannot work in the long run unless we maintain our military strength roughly at parity with that of the Soviet Union. Yet what has happened?

Over the last decade the Soviet Union's defense expenditures have increased by some 40 percent and its number of men under arms has risen, while the U.S. defense outlays have declined almost 20 percent in real terms since 1964 and the number of men under arms has dwindled. What is important here, of course, is not so much the defense establishments of each country in absolute terms as the direction in which they are moving. The Soviets are clearly building, while we are declining.

The dynamics of this process are clearly visible in geographical terms. Soviet power is now expanding into the Indian Ocean, it is well established in the eastern Mediterranean, and now, most recent reports have it, the Soviet navy may establish itself partly on the southwestern flank of Europe, in Portugal. Concurrently, the American military presence has dwindled. Our watchword seems to have become "withdrawal." But nature abhors a vacuum, and Soviet power enters where we have left.

Mr. Speaker, the international balance of power continues to shift markedly against us and in favor of the Soviet Union. I submit that this is in very large measure the result of the order of priorities which the Congress of the United States has followed in recent years in placing domestic welfare programs above the national security. The recently published Heritage Foundation study of the fiscal 1976 budget, called "An Other Budget: Toward a Reordering of National Priorities," puts the situation very well when it says:

> A relatively small investment in absolute terms in research will enable us to maintain the qualitative edge which gives us military equality with the Soviet Union despite out drastically reduced defense budgets. If we truly believe that the first function of government is to provide for the common defense, then we must be willing to make the necessary sacrifices.

Our high priority, then, must be the support of defenses for the Nation which will ensure its sovereign survival in a still risky and dangerous world.

The maintenance of internal and external order is the first responsibility of government. When that responsibility is met, we may concern ourselves with the other objectives of government.

Mr. LOTT. Mr. Speaker, many Members of this body complain of the difficulty of getting new legislation and innovative programs through the maze of procedural obstacles which we as a legislature have established. But when we stop to examine the question a bit more closely, we suddenly discover that it is often even more difficult to repeal or reduce an existing program than it is to put a new one through. An existing program has a definite clientele, after all: it has the Federal employees who are paid to administer it, and the members of the general public who have benefited or expect to benefit from it. All such people have an emphatic vested interest in the program's continuation, and frequently are skilled at painting horrendous pictures of the consequences of its termination or reduction.

All this means that, once a program has been funded and established, it acquires something resembling a life of its own. The general expectation in Congress is that, unless it has done some marked disservice to the public or was indisputably designed to be a temporary program, the program will continue to be funded at a rising rate—in the case of new programs just being started up—or at least at a rate very like that prevailing in preceding years.

Actually, if budgets were held to prevailing levels, at least some of the fiscal explosion we have recently observed in the Federal budget would not have occurred. It develops, though, when we inspect the budget more closely, that some long-established governmental institutions have suddenly become great consumers of funds. One of the more remarkable examples of this recently is the Smithsonian Institution. When President Ford requested almost $103 million for salaries and expenses for the Smithsonian in fiscal 1976, he was requesting a figure nearly double what it had taken to run the Smithsonian only 3 years before, in fiscal 1973. Then it took only about $53 million. Now it may be that there were valid reasons from the Smithsonians point of view for such a steep increase, but if Congress regards the increase from an overall perspective, it may be excused if it is a little less than eager to increase the funding for the Smithsonian.

Mr. Speaker, I have no intention of picking a quarrel with the Smithsonian as such. The point I am trying to make is that even such a long established institution is apparently beginning to run almost under its own power, and Congress evidently lacks the will to keep it within bounds. Most other Federal programs have exactly the same attributes as the Smithsonian. Almost any Federal employee who works for an agency must be convinced that it does something worthwhile, that it produces benefits in return for the expenditures lavished upon it. Federal employees are located often in Washington, and in any case have good communications with Washington; the agency appears before Congressional hearings, and often is represented by people who are hired for the express purpose of maintaining good relations with the Congress. Its chief officers speak for it, of course maintaining that the problem it was designed to deal with is indeed being eliminated, but unquestionably it is still sufficiently severe as to warrant still greater investment in its elimination.

So Congress, naturally enough wishing to remain on the safe side and cover itself against accusations that it is doing too little to cope with a serious problem which a previous Congress has enshrined, provides more money for the agency. Thus bureaucracies continue to exist and to expand indefinitely.

Mr. Speaker, I contend that we need to adopt a quite new approach to the existing bureaucracy of the executive branch especially. The recent Heritage Foundation budget study which has been the object of comment here today formulates a general principle for an approach to the bureaucracy which more of us should follow: "One could make it a rule of thumb," the study says:

> That any bueaucracy is overstaffed, and that it should always be the bureaucracy's task to show positive need for additional salary and expense appropriations. Instead, the assumption of those who compile administration budget requests seems to be that allocations for salaries and administrative expenses should usually rise sharply.

When one merely glances through the appendix to the President's budget, one can only wonder at the immense multiplicity of Federal programs already in existence. Has not the time come to take a really hard look at even the long-established programs with an eye to cutting them back? I suspect that if some Federal agencies really believed they were in danger of being eliminated, they would suddenly become much more responsive to the wishes of the public—and this in addition to the fact that we could reap considerable budget savings as well, but lopping off unneeded Government positions. The weight of Federal, State, and local government is becoming more and more intolerable to the taxpayer.

Let us then in our respective committees examine the budget requests of even long established agencies with a sharp eye. When we do, we may discover that this budget is not so "uncontrollable" as it might seem on the surface of things.

Mr. ARCHER. Mr. Speaker, I would like to call the attention of the Members to an article in Vital Speeches of the Day by the Honorable William E. Simon, Secretary of the Treasury.

I believe Secretary Simon's remarks are especially significant following today's special order discussions.

The speech follows:

THE FOREIGN AND DOMESTIC ECONOMIC OUTLOOK: INTERNATIONAL PAYMENTS AND COOPERATION

(By William E. Simon, Secretary of the Treasury of the United States)

Mr. Chairman and Members of the Joint Economic Committee: It is a pleasure to appear again before your distinguished Committee. These sessions provide a valuable opportunity to review the economic and financial developments of the recent past and to discuss appropriate policies for the future.

We have no shortage of problems to deal with this year. The economy is in recession while intolerably high rates of inflation still persist. At the same time, we must take drastic steps to reduce our dependence upon foreign oil. These same three problems of recession, inflation, and high-priced oil also dominate the international scene and we must continue to work with our friends abroad in search of acceptance solutions.

Our discussions today take place within the context of three recent events: the formulation and submission by President Ford of a comprehensive program to cope with the interrelated problems of the economy and energy; the submission by the President of the budget for the coming fiscal year; and the release yesterday of President Ford's first economic report. The main elements of the Administration's program are familiar to you and I will not take your time this morning to review this program at any length. It does seem to me that your Committee is uniquely equipped to take a broad view of our economic situation and possible remedies, and it is to these that I wish to turn initially.

We have an economy with a short-run problem of recession and a continuing problem of inflation. There is no doubt about the recession; it may very well turn out to be the longest and deepest decline since World War II. There is also no doubt about the inflation. It dwarfs anything that we have experienced in our peacetime history. Both of these conditions must be brought under control.

Much of the current discussion concentrates almost exclusively upon the recession. This is understandable. Falling output and rising unemployment create economic hardship, which would be intolerable if continued for too long a period. Real output declined at a 9 percent annual rate in the fourth quarter and is again falling sharply during the current quarter. Unemployment rose above 7 percent by the close of last year and will probably exceed 8 percent this year before beginning a gradual decline. For 1975 as a whole the unemployment rate is likely to average close to 8 percent, far above last year's 5.6 percent.

The trend through the year, however, should be distinctly better than last year. In 1974, output was falling rapidly by the end of the year. By the end of this year, output will be rising. In 1974, the rate of inflation was in double digits by the end of the year. By the end of this year, it will be well below 10 percent. The Economic Report provides our best estimates on output, prices, and employment. As in other recent years, our own estimates are close to the consensus of private economic forecasts.

The forecasts may not be altogether convincing. Last year's forecasts—our own and most others—called for output to rise and inflation to fall in the second half of the year. That was not the way it turned out. Now, with the good news once again scheduled for the second half of the year and the bad news here in the present, some skepticism is inevitable.

Our case for a recovery in the second half of this year rests primarily upon cyclical forces. Inflation caused the supply of mortgage credit to dry up and sent the housing industry into a tailspin. With inflation gradually receding now, and the economy soft, short-term interest rates have declined sharply. This has renewed the inflow of funds to the thrift institutions and provided the essential precondition for a housing upturn.

Inflation also cut deeply into the real income of consumers as prices transferred income from most consumers to growers of grain and sugar and to owners of oil both here and abroad. Inflation also cut indirectly into real disposable income through higher effective rates of taxation. As a consequence, real consumer purchases fell 3 percent in the past year. However, now that the pattern of wage settlements has accelerated and the rate of inflation is subsiding, the real income of workers should be on the upgrade again in 1975. This, in turn, should lead to an increase in consumer spending, providing another element of support for the general economic recovery.

A third cyclical element that should turn around during the year is inventory investment. Businessmen are liquidating excessive stocks now, not only in the automobile industry but also in a wide range of other industries. Since final demands in the economy will not fall away precipitously—for many reasons, including the automatic stabilizers built into our budget—the decline in inventory investment will end and will turn around and become a positive economic factor once again.

Thus housing, consumer spending and inventory investment will all be contributing to a recovery from the recession during 1975.

There have been 5 cyclical contractions in the postwar period, 27 in the past 120 years. We have survived them all. From every indication, the present contraction will fall within the accustomed postwar pattern. I think there is no prospect whatsoever of a long and deep economic downturn on the scale of the 1930s.

Nonetheless, we are not prepared simply to let nature take its course. The Federal Reserve has already eased monetry conditions substantially. Similarly, the President has recommended a $16 billion temporary tax rebate this calendar year to provide economic stimulus at a time when the economy is weak. This tax rebate is in addition to the estimated $17 to $18 billion that will be spent on unemployment compensation and public service employment programs in FY 1976. We advocate the $16 billion temporary tax cut not because the economy would not recover without it, but because it will make the recovery in the second half of the year more solid and certain.

Even so, there are no instant cures. Our current economic troubles grew out of multiple causes reaching back a decade or more. While special factors, of which food and fuel are the most prominent, were important, the most fundamental sources of our difficulties have been overstimulative monetary and fiscal policies. It is unrealistic to expect that the economic weakness can be cured overnight. A careful and balanced policy approach is required, and it will take time to yield its full results.

The worst policy of all, in my opinion, would be to both crank up Federal spending and cut back taxes in a massive and permanent way. Those are the very policies that got us where we are now. That sort of advice ignores or minimizes the fact that inflation remains a problem of the first magnitude. It also ignores or minimizes the fact that the enormous budget deficits have to be financed in capital markets that are already strained by a decade of inflation. The financial implications of a massive swing to fiscal ease are so disturbing that I want to discuss them with you subsequently at some length.

Even with a cyclical recovery beginning in the middle months of the year the economic situation will remain difficult. Productivity has fallen. Gains in output later in the year should mean that productivity growth will resume. But prices, costs, and productivity will not again come into anything like the balanced noninflationary relationship that existed before the mid-1960s. Inflation has become deeply imbedded in the economic system and it will not be removed in a matter of a few quarters.

We must face up to the fact that under the best of circumstances we will finish this year with the rate of unemployment and the rate of inflation far above acceptable long-term levels. From there, at least two paths branch out into the economic future. One choice would be to attempt to push the economy back to full capacity operations at breakneck speed without regard to the inflationary consequences. That is the wrong path to travel, because it would not work. In a very short time, inflation would again be rampant. We would then retrace the same sequence of events we have just been through, tumbling into another recession and shaking public confidence even more severely than at present.

The other path requires patience on the part of the American people. There must be vigorous growth in the economy so that we can steadily reduce unemployment. But some margin of economic slack must remain for a period of years to insure that inflation can be squeezed out gradually. There must be no early return to conditions of excess demand. If this seems an overly cautious approach, it might be recalled that in early 1965, after four years of recovery from the 1960–61 recession, the unemployment rate was still only slightly below 5 percent but the economy was relatively free from inflation.

In the remote historical past, periods of rapid inflation were followed by financial panics and an ensuing deflation. Since the economic and financial trauma of the 1930s we have been unwilling to accept the result and, quite properly, we have built safeguards into the economic and financial system to prevent any deep cumulative downturn from occurring. But we have not yet learned any way of avoiding the inflationary consequences when the economy is pressed too far, too fast. Price controls are no solution at all. They would destroy our market economy if used permanently in peacetime. Therefore, we must hold the economy within the zone of acceptable price performance and apply such other policies as may be required to deal with any structural unemployment that remains.

As we look to the longer run, much greater emphasis also needs to be placed upon the central role of capital formation in economic growth. Our own ratio of private investment to gross national product is much lower than that of other major industrial nations. In turn, this is reflected in our much lower rate of growth in productivity.

In the future, we are going to have to do better. The capital requirements of the American economy over the next decade will be enormous. We will need up to a trillion dollars for energy alone. Beyond that, we will need extremely large sums for control of pollution, urban transportation, and rebuilding some of our basic industries where new investment languished over the past decade. In addition, there are the more conventional, but still mammoth, requirements for capital to replace and add to the present stock of housing, factories and machinery.

Yet in the face of these massive requirements, we are not providing adequate incentives for new investment. Over the past decade the inflation has led to high effective rates of business taxation and low rates of profitability, which in turn, have greatly eroded the incentives for capital formation. It is not unfair to say that we are in a profits depression in this country. Nonfinancial corporations reported profits after taxes in 1974 of $65.5 billion as compared to $38.2 billion in 1965, an apparent 71 percent increase.

But when depreciation is calculated on a basis that provides a more realistic accounting for the current value of the capital used in production and when the effect of inflation on inventory values is eliminated, after-tax profits actually declined by 50 percent from $37.0 billion in 1965 to $20.6 billion in 1974. A major factor contributing to this decline is that income taxes were payable on these fictitious elements of profits. That resulted in a rise in the effective tax rate on true profits from about 43 percent in 1965 to 69 percent in 1974. Thus, a realistic calculation shows that the sharp rise in reported profits was an optical illusion caused by inflation.

Since, in our economy, corporate profits are the major source of funds for new investment, and thus in the creation of new jobs, all of this has grave implications for capital formation and growth. That is perhaps seen best in the figures for retained earnings of nonfinancial corporations, restated on the same basis to account realistically for inventories and depreciation. It is the retained earnings that corporations have available to finance additional new capacity (as distinguished from the replacement of existing capacity). In 1965, there were $20 billion of retained earnings. By 1973, after eight years in which real GNP had increased 36 percent, the retained earnings of nonfinancial corporations had dropped 70 percent to $6 billion. And for 1974, our preliminary estimate for retained earnings is a minus of nearly $10 billion. That means that there was not nearly enough even to replace existing capacity, and nothing to finance investment in additional new capacity.

It is a simple but compelling economic fact of life that increases in productive performance are required over time to support a rising standard of living. Yet, as a Nation, we are rapidly expanding public payments to individuals but neglecting to provide adequate incentives for new investment. Since 1965, in real terms, economic output has increased by one-third while government transfer payments to person more than doubled. On the other hand, private investment expenditures—upon which the economic future of all of us inevitably depends—have failed to keep pace, rising by only a bit more than one-fourth.

It is imperative that we make better provision for the future. This means that we must place much greater emphasis upon saving and investment and much less upon consumption and government expenditure. Today, recession, inflation, and energy policy dominate the discussion of economic events and policy. We must take determined action to deal with these interrelated problems. At the same time, however, we must begin to shift the long-run balance of domestic priorities away from consumption and government spending and toward investment and increased productivity. I believe history will judge us, not on how we handle our short-run problems such as recession, but on our ability to deal with the more fundamental problems of the allocation of resources and capital formation. If, as a Nation, we fail to address these problems, we will fail to attain the prosperity and the rising standard of living that the American people can achieve. Our goal should be to enlarge the economic pie, not just to redistribute it.

Federal budget deficits are estimated to total $87 billion in fiscal years 1975 and 1976—$35 billion this fiscal year and $52 billion next year. I have made no secret of the fact that I feel that such deficits are large by any standard and that they pose a substantial problem. Let me make my conclusion on this issue quite clear. Although they present dangers and although they will inevitably impose strains on the financial markets, I believe those deficits will be manageable if—and I want to stress this—if they do not become significantly larger and if they are temporary in duration.

It is true that financial conditions normally ease substantially during a recession and normally they remain easy well into the period of recovery. There are two main reasons for this: First, some private demands for credit are closely related to the pace of business activity and decline sharply during a recession period. Short-term business borrowing to finance inventories is a prime example. Second, the Federal Reserve customarily "leans against the wind" during a period of recession and seeks to expand, or at least maintain, the rate of growth in money and credit. Therefore, interest rates can be expected to decline and the availability of credit to increase as a normal part of the cyclical process.

It must be considerations of this general nature which lead some observers to conclude, too readily in my opinion, that the financing of large Federal deficits in the current recession is a routine matter, largely devoid of any particular economic significance. I respectfully disagree.

The current recession is an outgrowth of a long period of inflation that has left private financing demands much heavier than usual. There has been the market decline in profits I mentioned earlier and a serious erosion of the liquidity base of households and businesses. The decline in the stock market has in many cases virtually ruled out the sale of new equity as a source of funds.

For these and other reasons, there has been an unusually large supply of private debt issues coming into the market. Our latest projections show that net new corporate bond issues, which rose from $12½ billion in 1973 to $25 billion in 1974, will advance even further to some $30 billion or more in 1975. While corporate capital spending programs are being cut back, there will still be a very heavy volume of corporate long-term borrowing. Furthermore, the state and local fiscal position has changed drastically. Their surpluses have melted away, tax receipts are affected by the recession, and state and local borrowing needs will be substantial.

Some slackening in private demands for short-term credit is underway and more can be expected. Yet by any previous recession standards, total private demands for credit—both short- and long-term—are likely to remain fairly large.

Federal requirements will, of course, have to be met. But there are risks in such a situation. First, if private demand does not fall back spontaneously to make room for the larger Federal borrowing, credit demand will outrun supply, interest rates will be driven higher, and some private borrowers will be crowded out. Judging from past experience, the housing industry would be the most likely to suffer. Indeed, its recovery might even be aborted. At the worst, financial factors might be such a binding constraint as to dampen the normal cyclical recovery that would otherwise occur.

The second risk is on the inflation side. Some observers suggest that, in order to avoid any strains on the credit markets, the Federal Reserve should undertake whatever rate of growth in money and credit is required to insure that Federal and all other borrowing requirements are met at stable or declining interest rates. This approach, however, could be a sure formula for still higher inflation rates when the recovery gets into full swing—if not sooner.

The key to successful financing of the large Federal deficits lies in diligent restraint of Federal expenditures. Large as they are, the $85 billion in deflicts projected for fiscal years 1975–76 can probably be accommodated although they will produce some strains in the financial markets. However, if Congress were to push Federal expenditures much beyond the budgeted levels, it would not be possible to retain much optimism as to the result. Either the recovery would be delayed or more inflation would be experienced in the future.

In previous recessions one could be more relaxed about the financing of temporary Federal deficits. This recession began, however, with the financial markets under considerable pressure. If the Congress will work with us in a joint effort to restrain expenditures, we can probably move through the period ahead without undue difficulty, but it would be a mistake to ignore the possible adverse effects of having to finance large Federal deficits. In my opinion, the projected deficits for fiscal 1975–76 are—in the context of our expectations about the course of the economy—about as large as our financial system can tolerate without doing more harm than good for the economy.

In addition to the temporary measures designed to cushion the impact of recession and promote recovery. President Ford is recommending a comprehensive program to achieve self-sufficiency in energy in ten years. The essence of the program is the reduction of energy consumption through the use of the market mechanism. Under the President's program, energy price increases and other measures will enable us to achieve an estimated 1 million barrels per day saving on imported oil by the end of the year and another 1 million barrels per day by the end of 1977. From a macroeconomic point of view, the program is designed to be neutral in its impact on total demand. An additional $30 billion will be collected in the form of taxes and fees but it will then be returned to the economy, mostly in the form of permanent tax reductions and payments to nontaxpayers.

The introduction of such a program, many of whose effects cannot be predicted with absolute precision, is bound to be controversial. There probably would never be an ideal time for such action. The plain fact of the matter is, however, that many non-economic considerations dictate the necessity of prompt, credible action to move toward energy independence.

With our own economy in recession, it is important to insure that the energy program has as neutral an impact as possible on the overall economy. In particular, this requires that the timing of the economic impact be carefully considered. Taken in conjunction, the temporary $16 billion tax cut to stimulate the economy and the various energy taxes are designed to exert their maximum stimulus in the second and third quarters of this year and then to taper off to a position of neutrality by the end of 1976. A table attached to my statement provides an estimate by quarters of the direct budget impact.

One undesired, but unavoidable, impact of the energy program will be a temporary inflation effect. Our best estimate is a one-shot increase in the general price level of roughly 2 percent. It should be stressed that the rate of inflation is increased by this amount once only, not on a permanent basis.

It is a valid question whether any program seeking to reduce energy consumption through a sizable shift in relative prices can confidently be described as neutral in its impact. Its neutrality is, of course, only with respect to the net effect on economic activity. Energy intensive industries and higher income taxpayers—to mention only two examples—will feel a disproportionate impact. Furthermore, there are uncertainties and gaps in our knowledge which preclude a definite and precise estimate of all the effects. To the best of our ability, however, we have put together an energy program which should be neutral in its total impact on economic activity. At the same time, it represents a comprehensive and balanced national energy policy that will effectively reduce our reliance on insecure sources of energy.

The picture I have given you of the U.S. economy also portrays only too well the economic situation in most other major industrial countries. As the industrialized nations have become more interdependent, their economies increasing march in step together. In 1972–73, the industrialized nations experienced virtually simultaneous boom conditions. Now most have moved into a generalized condition of minimal or negative growth and substantial unemployment in the face of continuing price pressures.

The recession which most major countries are experiencing is the worst since World War II. Collectively, our partners in the Organization for Economic Cooperation and Development (OECD) saw their growth rate fall to 1½ percent last year from 6½ percent in 1973. Toward the end of last year the Secretariat of the OECD was predicting 2¼ percent growth for the area in 1975, again excluding the United States. From the reports I have heard from my colleagues abroad recently, however, I judge that this estimate will have to be revised downward.

Japan and Germany, like the U.S., are experiencing a more pervasive slowdown in economic activity than expected only a few months ago. To a lesser degree, the outlook for the French, British and Canadian economies has also weakened. There is considerable evidence of loss of confidence on the part of both consumers and investors, with consequent damage to investment and jobs. Reduced levels of consumer spending, along with high interest rates, have led to continued retrenchment in business plans for plant and equipment expenditure.

Unemployment has also become a problem abroad. Declines in average hours worked, increases in part time work and actual declines in employment, particularly in the manufacturing and construction sectors, are characteristic. Unemployment rates in Europe are in many cases approaching postwar highs, and in the case of France, unemployment has already reached a postwar record. As in the United States, unemployment levels may well increase further before leveling off and starting down again toward the end of the year.

Intolerable inflation rates abroad have recently shown signs of easing. But for much of last year, far from abating, in most countries they climbed to even higher levels under the pressure of the oil price increases and escalating wage and salary demands.

Double digit inflation rates were recorded in 22 of the 24 OECD countries in 1974. Excluding the United States, the OECD inflation rate was over 15 percent for that year, as compared with 8½ percent in 1973 and an average of 4¼ percent in the previous ten years.

All of the OECD countries hope to bring down their inflation rates in 1975, but none expects to achieve a level which it would consider satisfactory. Of the other OECD countries, price increases of less than 10 percent are forecast for only Germany and Switzerland. Japan, Italy and the United Kingdom still face the prospect of rates above 15 percent for 1975.

For the policy maker searching for the means to restore both price stability and growth, the difficulty has been compounded by record wage demands. In many countries, wage increases in 1974 averaged more than 20 percent—well above inflation rates—and in Japan they approached 30 percent. The extent to which these pressures can be moderated will be a key factor in determining the success of efforts to reduce inflation in 1975.

In my talks with other finance ministers, I find an acute awareness that economies caught in a two-way stretch and that it would be dangerous to focus on only one source of the tension. Individually and together, governments are reappraising their policies as time passes and the situation changes. In several countries, government policies have shifted, just as they have in the United States. Most Governments are moving cautiously, however, seeking to absorb slack gradually so as to avoid giving a new boost to inflationary pressures. Germany—which had the best record on inflation in 1974—has relaxed previous restrictive policies significantly, and Britain has also moved progressively to stimulate its economy.

Canada has moved modestly toward less restraint in both budget and monetary policy. France on the other hand, has sought to maintain restraints. Japan, laboring under a cost of living increase of 25 percent in 1974 and facing demands for another 30 percent increase in wages, has also kept restraints taut despite a 6.7 percent decline in output in the fourth quarter.

One implication of the depressed outlook for major economies this year is that foreign demand will not be of much assistance in achieving early revocery. The volume of international trade may well decline in 1975. Another, more heartening, implication is that there could be greater progress against inflation than earlier foreseen. There is a possibility that the worldwide slump may lead to more softness in the prices of basic commodities than has been incorporated into most forecasts. With higher unemployment rates, wage demands may turn out to be somewhat more modest than anticipated. Inflationary pressures could thus subside somewhat more rapidly than expected, if governments can resist pressures for excessively stimulative policies.

Never in peacetime has the pattern of international payments shifted as sharply and as suddenly as it did last year under the impact of the OPEC cartel's quadrupling of oil prices. The OECD countries, which had a combined current account surplus of $2½ billion in 1973, faced a deficit of perhaps $37½ billion in 1974. Countries which had been accustomed to exporting capital and transferring resources to the developing countries found themselves unable to pay for their own imports with their exports. They have been forced to become borrowers—on a scale out of all proportion to previous experience.

The announcement that the United States had a $3 billion merchandise trade deficit in 1974 (census basis) occasioned headlines here in Washington. This was a deterioration of less than $5 billion from the 1973 balance. With the trade surplus of the OPEC countries rising—in rough order of magnitude—$60 billion in 1974, there had to be an equivalent deterioration in the trade balances of the oil importing countries as a group. Since the U.S. was importing not much less than a quarter of the oil and our oil import bill rose $18 billion, our trade position clearly strengthened relative to most of the oil-importing world. Germany was the only important industrial nation to experience an increase in its surplus on trade account.

Record deficits in the oil importing countries had their counterpart in record surpluses of the oil exporters. We estimate that in 1974 the thirteen OPEC countries received about $90 billion from oil exports, or roughly four times the amount they earned in 1973. In addition, their other exports, or roughly about $5 billion, bringing their total receipts to $95 billion. During this same period, the OPEC nations' spent approximately $35 billion—or a little more than a third of their export receipts—on imports. This left a balance of approximately $60 billion available for investment abroad.

OPEC needed to find investment outlets for this balance, and oil importing countries needed to borrow these funds. Our rough and tentative estimates suggest that in 1974, the OPEC countries invested their surpluses as follows:

Some $21 billion, or about 35 percent of the surplus, apparently went into the Eurocurrency market, basically in the form of bank deposits.

Some $11 billion, or 18½ percent, flowed directly into the United States. Available figures suggest that of this amount, roughly $6 billion went into short and longer-term U.S. Government securities, while some $4 billion were placed in bank deposits, negotiable certificates of deposit, bankers' negotiable certificates of deposit, bankers' acceptances, and other money market paper. As best we can tell, less than $1 billion was invested in property and equities in this country.

Some 7½ billion, or about 12½ percent, is believed to have been invested in pound sterling denominated assets in the United Kingdom, some of it in U.K. government securities, some in bank deposits, some in other money market instruments and some in property and equities. This amount, I should note, is quite apart from the large Eurocurrency deposits there.

Some $5½ billion, or about 9 percent, may have been accounted for by direct lending by OPEC countries to official and quasi-official institutions in developed countries other than the U.S. and the U.K.

About $3½ billion, or 6 percent of the total, represented OPEC investments in the obligations of official international financing institutions such as the World Bank and the IMF.

Perhaps $2½ billion, or 4 percent, has flowed from the OPEC countries to other developing countries. This includes funds channeled through various OPEC lending institutions such as the Kuwait Fund and the Arab Bank for Africa.

With regard to the remaining 15 percent, we have only limited information, but this residual would cover funds directed to investment management accounts as well as private sector loans and purchases of corporate securities in Europe and Japan. There are, of course, other transactions we simply know nothing about.

The rather wide distribution of OPEC capital flows among markets in the oil importing nations explains in part why the massive shifts in financial assets did not lead to the financial crises that some envisioned. OPEC funds did not move to one or only a few attractive capital markets, as once was feared.

The United States, with the largest capital markets, received directly only 18½ percent of the total, an amount substantially less than OPEC's increased receipts from oil sales to the U.S. The United States also continued to export large volumes of capital to other areas abroad, and our net capital imports last year, as measured by our current account deficit, were probably in the range of only $3 billion.

It appears that something approaching half of the OPEC investments last year were placed through the commercial banking systems of the major industrialized countries. The banks redistributed these funds exercising their traditional intermediation role in meeting the needs of borrowers throughout the world. Admittedly, the sheer volume of OPEC funds placed some strains on the banking systems. Probably few banks expect to continue to increase international lending at the 1974 rate. Banks as a whole may not be able to accept as large a portion of the OPEC surplus in 1975.

Changes in the methods of channeling OPEC investments were already evident in the course of 1974. Banks were increasingly playing the role of broker and assisting their OPEC clients in arranging direct placements. OPEC countries were relying more heavily on government-to-government credits, investment in longer-term securities of governmental and quasi-governmental agencies and lending to international institutions. There was also evidence of a small amount of OPEC funds being invested in corporate securities and real estate. As time passes, we are likely to see a more varied pattern of investment as well as increasing disbursements under OPEC commitments of assistance to developing nations.

That last year's totally unexpected and unprecedented shift in international payments flows occurred without financial crisis and without disruption of trade says a great deal for the soundness of the international banking system and the international capital markets, the network of intergovernmental financial cooperation, and the system of floating exchange rates.

Nevertheless, I recognize, that at times concern has been expressed about the magnitude of exchange rate fluctuations under the present regime. We recently witnessed a temporary episode of large fluctuations in individual rates, when the Swiss franc appreciated by about 5 percent against the dollar within a span of a few days. These abberations tend to reflect market reactions to specific, immediate developments—in this case probably to a bank failure and the decline in U.S. interest rates—but become subsumed as the market adapts to broader economic trends.

As has generally been the case, this most recent experience has had only a minor impact on a broader measure of the dollar's "exchange rate": the dollar's average value, relative to the currencies of all of the major industrial countries, declined by only about 1 percent before a reversal was set in motion. Taking a more relevant period of comparison, the dollar's average exchange rate is still at the level reached after the major exchange rate realignments of 1971 and 1973, despite nearly two years of generalized floating since the latter realignment. Throughout this period of generalized floating, our intervention policies have been directed to the avoidance of disorderly exchange market conditions and not to the achievement of maintenance of any particular rate.

The experience of the past year has served to reinforce our conviction that the financial aspects of the oil situation are manageable. Nonetheless, we have recognized the possibility that some countries might encounter particular difficulty in meeting their financial requirements and turn to restrictive actions which could disrupt the world economy.

To reduce that risk, the United States developed a comprehensive series of proposals involving expanded use of the resources of the International Monetary Fund, the establishment of a new "solidarity fund" to provide a "safety net" for members of the OECD, and a Trust Fund to provide the concessional assistance needed by the poorest of the developing countries. Other countries also had suggestions for new financing arrangements. These proposals have been the subject of intensive consultation and negotiation over the past months.

Finance Ministers around the world have developed a whole family of committees and informal groupings in which they can meet periodically to consider the world's economic and financial needs. The great value of this network—including the Group of Ten, the Interim Committee of the IMF and the IMF/IBRD Development Committee, as well as smaller, less formal groups—was demonstrated by the agreements reached at a series of meetings here in Washington in mid-January. In the course of these sessions, a consensus was reached on a number of measures which will provide additional financial security for the near future and strengthen the monetary system for the longer term:

Agreement was reached among the major OECD countries that a new Solidarity Fund, a financial support arrangement along the lines of the United States proposal for a $25 billion "safety net," should be established at the earliest possible date. This arrangement is to be available to provide supplementary financing, if the need arises, to participating OECD countries which follow cooperative economic and energy policies. Detailed work on this new arrangement is to be completed promptly.

Agreement was reached among IMF countries that IMF resources would continue to play a role in 1975 to the extent needed. As one expression of this intent, it was agreed that the IMF oil facility should be continued on a limited basis during 1975. Borrowing from oil producers and others for this facility will be limited to about $6 billion (or 5 billion SDR's), less than some countries originally favored.

This agreement was preceded by considerable discussion of different methods of using IMF resources. One approach is to use the Fund's resources in effect as collateral for loans as is done for the special oil facility. A second approach is to mobilize the Fund's resources directly for lending. In the end, it was agreed to do both. There will be some new borrowing and also increased direct use of IMF resources to meet the needs of nations in difficulty. Contributions from oil producers and industrial countries to subsidize interest costs of the IMF Oil Facility for the very poorest countries may also become a feature of the facility in 1975.

Agreement in principle was also reached to increase IMF quotas of member countries by approximately one-third subject to agreement on a related package of amendments to the IMF Articles of Agreement. The major oil exporters, collective share of the total IMF quotas will be doubled in order to call for greater participation and a greater voice for these countries in the activities of the International Monetary Fund. Quota increases will be dependent upon the agreement of countries when such use is economically justified.

Agreement was also reached on the general lines of a number of other amendments to the IMF Articles, with the particulars to be worked out over the months ahead. These amendments are designed to improve the structure of the IMF and bring it more in line with current realities. One amendment supported by the United States will provide that member countries are no longer required to maintain their exchange rates within narrowly fixed margins, but can float their currencies—a practice which is not legally permissible under the IMF Articles as now written.

Considerable progress was also made toward narrowing differences with respect to the broader question of gold and its role in the international monetary system. It was agreed in principle that the official price of gold—and its central function as "numeraire" of the monetary system—should be abolished and that obligations on the part of members to pay the IMF in gold, and on the part of the IMF to receive gold, should be ended. Progress was also made toward replacing the existing prohibition against members of the IMF buying gold in the private market with safeguards assuring that this freedom would not be used to return gold to the center of the monetary system. Our aim is to arrive at workable arrangements which will take gold out of the center of the international monetary system, while also allowing countries greater freedom to utilize their gold holdings. It is my hope that the entire package of quota provisions and amendments, including those relating to gold, will be ready for approval at the Interim Committee meetings scheduled for this June.

Less progress was made at these meetings than had been hoped in organizing assistance for developing countries, some of which face very serious difficulties. As I mentioned earlier, there was some support for measures to subsidize interest rates for loans to these countries from the IMF oil facility. The United States proposal for a new facility—a Trust Fund managed by the IMF which would channel funds to the poorest of the developing nations on concessional terms—remains under study. It continues to be our hope that adequate arrangements can be devised, and that the OPEC nations will provide an appropriate part of the contribution to this effort.

Oil consuming countries have also made considerable progress in concerting their energy policies. Last fall agreement was reached among a number of consuming countries on the International Energy Program which was an outgrowth of Washington Energy Conference in February of 1974. We have developed an unprecedented program to limit individual and collective vulnerability during emergencies created by supply interruptions. Under this arrangement, participating countries have agreed to:

Build a common level of emergency self-sufficiency, which would allow them to live without imports for a certain period.

Develop demand restraint programs to cut oil consumption by a common rate without delay if necessary.

TABLE 1—DIRECT BUDGET IMPACT OF THE PRESIDENT'S ECONOMIC AND ENERGY PROPOSALS

[In billions of dollars]

	Calendar years—							
	1975				1976			
	I	II	III	IV	I	II	III	IV
Energy taxes	+0.2	+4.1	+12.6	+7.6	+7.5	+7.5	+7.5	+7.5
Return of energy tax revenues to economy:								
Tax reduction	0	−3.2	−9.0	−9.0	−5.6	−7.9	−6.3	−6.4
Nontaxpayers			−2.0				−2.0	
State and local governments	0	−.5	−.5	−.5	−.5	−.5	−.5	−.5
Federal Government	0	0	−.8	−.7	−.8	−.7	−.8	−.7
Temporary tax cut	0	−6.1	−7.9	−.6	−.8	−.9	0	0
Net effect	+.2	−5.7	−7.6	−3.2	−.1	−2.5	−2.1	−.1

Allocate available oil to spread shortfalls among participants should there be supply interruption.

Concrete plans are also now being laid to coordinate programs of energy conservation and longer term development of new sources of supply. The new solidarity fund, by providing financial assurance and promoting confidence, will support accelerated efforts in the energy field. And consumer solidarity in both energy and finance will prepare the way for a fruitful dialogue with the oil producing countries.

U.S. participation in the solidarity fund will involve commitments requiring the endorsement of the Congress. I hope the Congress will recognize the importance of this arrangement in furthering our economic goals and, following presentation of the detailed agreement, endorse U.S. participation without delay.

With the passage of the Trade Act of 1974, the new round of multilateral Trade Negotiations can move into substantive bargaining. The February meeting of the Trade Negotiations Committee will open this stage of negotiations that are the most comprehensive ever attempted. They will deal not only with the traditional trade problems of tariffs and nontariff barriers, but also with overall reform of the international trading framework.

Getting the trade negotiations underway is more important now than ever because of current world economic conditions. These negotiations should help forestall unilateral measures which attempt to shift economic burdens to other countries, and which, if widespread, could have a depressing effect on the world economy.

Mr. Chairman, the past year has seen the development of the high degree of consensus necessary for effective actions to deal with the multiple problems of recession, inflation, and a disruption in the world energy balance. While there still remains room for honest differences as to the course to be followed, I believe that the scope for disagreement has become increasingly smaller.

Certainly we cannot afford, either in this country or abroad, excessively stimulative policies which could only lead to further escalation of an already intolerable inflationary spiral.

Nor can any country afford not to take prompt steps to ensure that the current recession does not deepen and is instead succeeded by a resumption of the sustainable growth of production and productivity necessary to maintain the health of economics around the world.

And we cannot afford to delay programs of strong action to create a new energy balance.

The President has placed before the Congress an effective program to address all of these problems. He has expressed his desire and evidenced his willingness to work with the Congress in carrying out that program. We recognize that Members of the Congress have views of their own—views that are held with the same degree of conviction as we hold ours within the Administration. Our hope is that we can find reasonable means of reconciling those differences, so that together we can provide America with the leadership it needs at this critical hour.

Mr. DICKINSON. Mr. Speaker, I am pleased to have this opportunity to participate in today's special order regarding this Nation's economic and budgetary crisis. I commend our colleague from Colorado for his effort on behalf of the American taxpayer.

Fiscal responsibility is a trait that is virtually nonexistent in today's Washington.

Our Federal economic policies threaten to destroy the fiscal stability of America.

Mr. Speaker, I would like to call to the attention of the Members an article in the U.S. Industrial Council's March 15 bulletin. The remarks of President Paul Belknap are particularly significant in light of today's special order.

President Belknap's remarks follow:

Economic Madness

The Joint Economic Committee of Congress has just revealed what many people who have already filed their income tax returns have suspected: namely, that the biggest increased cost of a middle income family's budget for 1974 was not food, not housing, not transportation—but taxes. According to the Committee's report, taxes actually increased at twice the rate of food costs.

Considering the fact that the bulk of federal taxes are no longer spent on defense but on domestic programs, it is high time that the American people demanded a critical examination of domestic spending to determine how and in what areas it may best be cut back. Particular attention should be devoted to the wasteful and extravagant welfare programs which are consuming a steadily larger share of our national revenues. Of these, the federal food stamp program is perhaps the classic example.

Recently, Congress overwhelmingly rejected a proposal by President Ford to limit the use of food stamps by raising their price. While such opposition might be understandable if the food stamp program were confined to aiding the elderly, the disabled, and the other hard-core needy, that is not how the program actually works.

Under present eligibility standards, strikers, college students, and even families with incomes of $10,000 a year and above are all free to obtain food stamps—even though they may not be on welfare. Indeed, standards are so incredibly lax that fraud and corruption are commonplace.

The result of this situation is that at last count 17 million people—8% of the U.S. population—are purchasing groceries with food stamps, and that figure is expected to go even higher in the years to come. Bizarrely enough, some hard-pressed middle income families are turning to food stamps to help make ends meet instead of demanding that the program be reduced so as to allow a corresponding reduction of taxes. Apparently, too many people are failing to realize that it is their money which the government is being so generous with.

The American public must come to understand that the government cannot continue to subsidize an ever-growing portion of our population without grave economic and political consequences. Already we in this country are on the verge of realizing Frederic Bastiat's satiric definition of the state as "a splendid fiction through which everyone seeks to live at the public expense."

Bastiat, a French politician of the last century, is remembered for the heroic effort he made to warn his countrymen against the dangers of much the same economic policies that our own government is presently pursuing. His warnings were disregarded, and France in the middle of the 19th Century swiftly went the familiar route of welfare-statism to inflation, inflation to chaos, and chaos to dictatorship. Is there anyone in these troubled times who can say with confidence that we can avoid the same consequences if we continue to pursue the same course?

Mr. DEL CLAWSON. Mr. Speaker, in this discussion of the Federal budget situation, in which I am pleased to participate. It is possible to make the argument that something like a "quantum jump" has occurred in the coming fiscal year in our notions of what is acceptable as a budget deficit. Indeed, an impartial observer of the deliberations of this body might almost be forgiven for concluding that within very broad limits budget deficits really do not matter very much. There are times when the proponents of new Federal programs simply refuse to consider the question of how much a program may cost—they seem to think it almost indecent to raise such a question in the "richest country in the world."

Rich we may be, but our resources are far from inexhaustible and every political decision which we make on the allocation of resources means that funds must be withheld from some use, whether public or private and allocated to another use.

There are times when some of us, in the House, at least, realize that Government is not able to intervene with solutions to every problem which crops up across the country, whether economic, social, educational or cultural. We may pass laws on various subjects but enforcement, especially of those which stretch our mandate unrealistically, may prove impossible. Moreover, there are now so many laws on the books that all of them could not possibly be enforced with any vigor.

Yet I submit. Mr. Speaker that there is one area for which Government—and more especially the House of Representatives with its constitutional responsibilities for originating revenue bills, bears direct liability. That is for the integrity of our currency. It may seem almost cynical to talk about such a thing after what has happened to the dollar over the past few years. How can people have "faith and confidence" in a Government, which, while retaining complete monopoly over issuance of its coinage and currency, lacks the self-discipline to maintain the integrity of that money. During 1974 inflation ran at a rate of better than 12 percent for the year. Translating that into personal terms, it is obvious that a working man who had agreed to work for a salary of, say $16,000 for the year 1974, would have had about $2,000 taken from his pocket outright in addition to the bite from all the Federal, State, and local taxes he must pay. Since, with the graduated income tax, lower income people may pay very little in income tax, the real taxes which hit them hardest are the social security tax and what we really ought to call the "inflation tax."

I use the words "inflation tax" because the losses of the wage earner to inflation represent the taxes which Congress neither levies directly, nor accounts for to the people. Economics has its ironclad rules, after all, and if we refuse to pay in one way we shall pay in another, because the books ultimately are going to balance, the trade off is as inevitable as death and taxes if I may be permitted a clumsey attempt at a pun. Inflation as a tax is politically less dangerous, however, because elected officials still can blind and deceive the ordinary citizen by blaming inflation on all sorts of things other than the Government, such things as greedy businessmen, powerful corporations, corrupt members of the administration, and so forth. But the fact is that, at the bottom, inflation is caused by Government. A Government which, intentionally or unintentionally, pursues an inflationary policy is literally defrauding and cheating its citizens.

Mr. Speaker, I believe a little reflection will convince most of us that the "inflation tax", reducing the real incomes of lower- and middle-income wage earners below tolerable levels, is the reason we are now resorting to such fiscal contortions and distortions as income tax rebates for lower-income people. If the Congress had been fiscally responsible in the past, it would not be necessary, in all likelihood, for us to be agonizing over these things now. Let us get the casting straight in this continuing economic scenario. Those of us who agonize over the cost of new and continuing programs are not just hardhearted, pennypinching old fogies—rather we feel very deeply the responsibility of Government to all its citizens in what should be in effect a compact between Government and the public to maintain the integrity of our money and establish a basic, economically sound fiscal policy. Inflation, to put it bluntly, is the coward's way out, for it falls most heavily on the low-paid worker and the retired person, precisely those who are least able to protect themselves against this cruel flat-rate tax.

We in Congress must ask ourselves whether we are not responsible for having made their financal straits more precarious because of our fiscal irresponsibility.

Mr. BROYHILL. Mr. Speaker, I am pleased to participate in today's special order dealing with the critical budgetary realities facing our Nation and this Congress.

Every appropriation in the fiscal 1976 budget deserves close scrutiny. We are asked to support increases for virtually every department, agency, commission and board. I urge the Members to examine the proposed budget with an eye to the future. Even today we are beset with a financial plague, but what of the future? If these appropriations sail through this Congress without some huge reductions, I can foresee prolonged economic agony for this Nation's taxpayers.

Mr. Speaker, the fiscal 1976 budget forbodes possible economic disaster. I could single out any number of appropriations that should and must be trimmed, but three appropriations in particular caught my eye. Those three appropriations are the recommended $175,128,000 for the United Nations and affiliated agencies, $8,962,000 for the Office of Telecommunications Policy in the Executive Office of the President, and 70 percent increase asked for the Bureau of Land Management.

Mr. Speaker, the Department of State has asked for an increase of nearly 20 percent in the appropriations to the United Nations. This is unacceptable to this Member. Former United Nations Ambassador Daniel P. Moynihan has recently stated that the United States should not remain passive while the U.N. becomes a tool of the so-called Third World countries. Mr. Moynihan recommends, among other things, to reduce our financial commitment to the U.N. We have been paying more than the lion's share of the United Nations costs. In return for financing the international forum, we are denounced and rebuffed at almost every session. The U.N. has become too expensive for us. In light of today's economic and political realities, we can no longer afford to bankroll this operation. Our past financial contributions have not even gained the respect of other member nations, but rather we are held in contempt for our generosity. I urge a cutback in appropriations to the United Nations.

Another appropriation that deserves the close scrutiny of the Members is the President's request for nearly $9 million for the Office of Telecommunications Policy.

Mr. Speaker, this appropriation marks a quantum increase over the 1974 budget, an increase of nearly 400 percent. This Office in particular does not merit an increase of this amount.

We are told that the Bureau of Land Management needs an increase in appropriations of nearly 70 percent over the 1974 budget. An increase of this magnitude seems exorbitant. Included in this increase is approximately a 25-percent increase for civilian benefits, 33- to 60-percent—by various divisions—increase in transportation appropriations. For example, in construction and maintenance, an increase of nearly 50 percent is requested for "transportation of things." Well, whatever "things" the BLM is moving about, there is no reason for an increase of this size over the 1974 budget.

Has the BLM workload or responsibility increased by a comparable amount since 1974? Have inflationary conditions mandated an increase of this nature? The answer is a flat no.

The BLM is responsible for the conservation, management and development of 450 million acres of natural resource lands.

Is there something inherent in our budgetary process that forces the taxpayer to finance virtually the same programs in 1976 for 70 percent more than they cost in 1974?

Granted the BLM has vast responsibilities in the area of natural resource protection and development, but many of these programs and projects are one-time affairs. How many more roads can we build into our resource lands? How many more surveys can we make? One would think that as the years progress, fewer development projects would be necessary. We cannot continue to spend and build, spend and develop, spend and survey if we are to maintain any sense of conservation regarding our natural resources and lands. Unless BLM services and projects are trimmed to the bare necessities, in a few short years we will have developed and overdeveloped our natural resources, and our Federal lands will have become a maze of roads, trails, and picnic tables.

Mr. Speaker, we cannot continue to spend and spend. Our economy is near the breaking point because we have followed such unwise policies over the past generation.

Shortly after the President submitted his 1976 budget to the Congress, there were many, including myself, who expressed grave concern about the proposed budget deficit of slightly more than $50 billion. Clearly, however, in a period of recession, a budget deficit was to be expected as a means of stimulating a weakened economy.

The President's proposed budget was based on several assumptions. First of these was that Congress would not enact any new spending programs; second, that the Congress would go along with approximately $17 billion in budget recissions and deferrals; third, that the Congress would stay close to the President's recommended $16 billion figure on tax cut legislation.

Recent hearings of the House Budget Committee, on which I serve, indicate that these assumptions simply are no longer valid. The Congressional calendars are filled with other new spending proposals, including additional public service jobs programs over and above the programs approved last fall, accelerated and additional increases in social security benefits, a costly new farm support bill, and health insurance for the unemployed.

It is also now likely that the Congress will refuse to approve the President's requested $17 billion in deferrals and recissions. The tax bill as passed in the House was $5 billion above the President's request and the Senate version has added another $11 billion. Furthermore, it is quite likely that we will fall considerably short of the estimated $297 billion in Federal revenues, because of the economic conditions.

Based on information now available to the House Budget Committee, a 1976 budget deficit of $80 billion is probable and spending bills could push the figure even higher. This will be in addition to the $45 billion deficit for fiscal year 1975. If these figures prove to be accurate, and I think they will be, then the Government will be faced with financing $125 billion worth of deficits in the next 18 months.

The Government can finance its deficits in one of two ways. One way is to go into the private market and compete for available credit with private business and prospective homeowners. The fierce competition by Government for a limited pool of credit will probably "crowd out" private borrowers, forcing interest rates up for industries as well as individual home buyers. Higher interest rates will add to consumer prices and further depress the nation's housing industry. At least one concerned economist, writing in the respected Wall Street Journal, has mentioned interest rates potentially approaching the 20-percent figure.

The only other way to finance the deficit is for the Federal Reserve to authorize the printing of more money. This simply cheapens the buying power of money already in circulation, resulting in a powerful new surge of inflation.

Clearly, it is possible to go overboard in fighting our current recession, thereby rekindling the fires of inflation. If inflation should get hopelessly out of control again, everyone's purchasing power would decline, forcing us into a new and potentially deeper recession.

Any number of well-meaning new spending bills will be coming before Congress for a vote in the weeks and months ahead. Many of us, while we might support the objectives of some of these bills, and they are good bills with good purposes, will nonetheless have to vote "no." To do otherwise would be irresponsible.

With a predicted 1976 budget deficit of $80 billion or more, it is clear that Congress simply cannot afford to spend its way out of our current recession and the Congress will be foolhardy if it tries to do so.

Mr. ANDERSON of Illinois. Mr. Speaker, yesterday's New York Times carried an article headlined "100-Billion Budget Deficit Projected by Ford's Aides." The article indicates that both the Office of Management and Budget and our own House Budget Committee concur that the projected potential deficit for fiscal 1976 is now $100 billion and growing, given the tax and spending bills now on the front burners. House Budget Committee Chairman BROCK ADAMS is cited as promising that his committee will issue a report early next month recommending reductions in various pending bills to limit the deficit to $75 billion.

Mr. Speaker, I think we can be thankful that both House and Senate budget committees are now diligently at work, even though the Budget Act does not require full implementation of the new budget procedures until fiscal year 1977. Fortunately, the act carried an earlier optional effective date of fiscal 1976 if both budget committees issue a report triggering implementation of some or all provisions. Both committees issued such reports earlier this month (see House Report No. 94-25, March 3, 1975). While not all the provisions of the Budget Act will be implemented in fiscal 1976, we will be required to complete action on the first budget resolution by May 15, the second by September 15, and the reconciliation process by September 25. And, as our debate in recent days has made clear, committees are prohibited from providing for new backdoor spending. Exempted from this year's budget process are the prohibition against consideration of spending, revenue and debt legislation prior to adoption of the first resolution; the inclusion in the first resolution of budget authority and outlay totals by functional categories; and the May 15 deadline for authorizations and the Labor Day deadline for completing action on all appropriations.

Nevertheless, Mr. Speaker, I think the budget committees have provided for a realistic and reasonable initial budget control test run, and moreover, one which is workable if we have the will and determination to make it work. The fact that the House has now put its foot down with respect to the section 401 backdoor spending ban instead of permitting committees to keep their feet in the backdoor, is an encouraging first sign, and I wish to commend Chairman Adams and his committee for serving proper warning on the authorizing and Rules Committees in this regard. Either we demonstrate that we are serious about this new procedure from the outset or it will collapse before it is even fully implemented in the next fiscal year.

Mr. Speaker, in the Budget Act of 1974 we have imposed upon ourselves a new form of self-discipline, and it is not always going to be easy to accept, and learn and practice these new procedures and to lay aside some of our past bad habits which have caused fiscal chaos. It is obvious that when we put our foot down in this manner, some toes will be stepped on from time to time. But I think we can learn to tolerate these short-term personal and jurisdictional pains if we recognize that this is in the best interests of our institutional and national economic health. This is especially true given existing economic conditions and congressional temptations to overreact in response. The real prospect of a $100-billion deficit with all its inflationary implications should impress upon us the urgent need for budget control now using the new procedures and discipline contained in the Budget Act. The provisions of that act and the efforts of our budget committees will all be for naught if we fail to give the necessary backup support and take the necessary follow-through actions. The ultimate success or failure of this new process does not rest on the shoulders of our budget committees, but on the entire Congress, and our resolve to make it all work. And never before in our economic history have conditions so warranted our assuming this responsibility.

Mr. Speaker, at this point in the Record I include the article from yesterday's New York Times. The article follows:

100-Billion Budget Deficit Projected by Ford's Aides

(By Philip Shabecoff)

Washington, March 24.—Ford Administration officials said today that the potential budget deficit for the fiscal year 1976 had reached the $100-billion level and was still growing under the tax reduction and spending proposals pending before Congress.

President Ford projected a $51.9-billion deficit in his Budget Message two months ago. In Congressional testimony last week, Secretary of the Treasury William E. Simon raised the Administration's estimate to $80-billion.

The chairmen of the two Congressional budget committees, Senator Edmund S. Muskie, Democrat of Maine, and Representative Brock Adams, Democrat of Washington, both said in telephone interviews that they agreed that uncoordinated spending by Congress could raise the budget deficit beyond acceptable levels. Mr. Adams said that his committee also had put the current potential deficit at around $100-billion.

But Senator Muskie said it was premature at this stage to predict exactly what tax cut and spending legislation Congress would pass. And Mr. Adams said that his House Budget Committee would issue a report, probably on April 7, proposing cutbacks in various pending bills that would limit the 1976 deficit to $75-billion.

The Administration's projections are based on an internal document prepared by the Office of Management and Budget, a copy of which was given to The New York Times today. The document lists all legislative proposals, which were before Congress on March 19, that would reduce the Federal budget deficit and all that would increase the deficit.

When the listed increases and reductions are tallied, they produce a net budget deficit for 1976 of $98.5-billion. But officials of the budget office point out that new spending proposals have been made since the list was prepared, including a $5-billion public works spending program put forward by the Democratic Speaker of the House, Carl Albert of Oklahoma.

POSSIBILITY, NOT CERTAINTY

Because the list describes only legislation that is pending or proposed, it describes what might happen not what will happen. But many of the items on the list are fairly sure to be enacted. For example, Administration sources privately conceded that Congress almost certainly will pass an antirecession tax cut higher than the $16-billion proposed by President Ford.

On the spending side, there is considerable momentum in Congress for a bigger public service employment program as well as a public works program to alleviate unemployment. A $2-billion child nutrition bill is on the verge of passage and other spending bills are virtually certain of approval. Congress has also demonstrated that it will not accede to many of President Ford's requests to cancel or defer programs already authorized.

The calculation by the budget office does not take into account the possibility of Presidential vetoes of spending bills or of Congressional votes to override vetoes.

The deputy director of the budget office Paul H. O'Neill, said in an interview that the list had been compiled "as an attempt to do something we don't see happening on the Hill—to put into perspective all the things that all the committees are doing."

The kind of deficit that would result from the proposals being considered by Congress "is clearly more than we can stand," Mr. O'Neill asserted. He reiterated the Administration argument that the nation's financial markets could not absorb a deficit of that magnitude and that such spending built into the budget would have very dangerous long-term implications.

Mr. O'Neill said that the Administration feared that many of the "emergency" programs proposed to cope with the recession would turn out to be permanent programs.

AN EFFORT AT PERSUASION

The compilation of the Congressional fiscal proposals by the Ford Administration was apparently intended to persuade others of the dangers of excessive stimulative action. That it also had political implications was indicated by the comments of officials of the budget who contended that a huge deficit would anger voters.

But Democrats who are members of the Congressional budget committees appear to share at least some of the Administration's apprehension.

Senator Muskie said when asked about the budget office's list that "we haven't added up any numbers like that" and inveighed against "alarmist statements that are not based on solid foundations."

He said that "nobody seriously argues" that Congress is going to approve anything like a $100-billion budget deficit.

But Senator Muskie also said that economic and political pressures had forced Congress to make decisions on taxes and spending much earlier than usual and that after "adding up our spending proposals we may find we have already used up our options."

Mr. Adams, the chairman of the House Budget Committee, indicated that his calculations were similar to those of the Office of Management and Budget. Given the proposals now before Congress expenditures in 1976 would be around $390-billion and receipts would be around $291-billion. That assumes, he said, a tax cut of about half-way between the House and Senate versions, or around $25-billion.

GENERAL LEAVE

Mr. GOLDWATER. Mr. Speaker, I ask unanimous consent that all Members may be permitted to revise and extend their remarks on the subject of the special order today by Mr. Armstrong.

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from California?

There was no objection.

THE WALL STREET SNOW & FUDGE CO. OR HOW BIG FAILING CORPORATIONS CAN STAY THAT WAY: BEING A BRIEF BUT SHATTERING EXPLANATION OF A CONFECTIONERY ECONOMIC PROPOSAL THAT MIGHT HAVE BEEN COOKED UP BY THE LATE GREAT LEWIS CARROLL, THE MAD HATTER OR PERSONS LIKE THAT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Patman) is recognized for 45 minutes.

Mr. PATMAN. Mr. Speaker, a number of hitherto self-proclaimed champions of the free enterprise system have recently taken to publicly pontificating that the system would run a lot better if large, financially failing corporations could be bailed out by a Federal bank, similar, in their peculiar characterization, to the former Reconstruction Finance Corporation.

This Alice in Wonderland approach to economics was formally launched on December 1, 1974, when the Sunday New York Times published a lengthy article by Felix G. Rohatyn, a partner in the well-known New York investment banking house of Lazard Freres & Co. Dubbed by his more acerbic but friendly colleagues as the fixer of corporate problems, Rohatyn is familiar to Wall Street watchers for his efforts to help protect the expanding conglomerate efforts of ITT and to effect a merger between Textron and the chronically ailing Lockheed Aircraft Corp., which is still tottering around on the crutches of a $250 million Federal loan guarantee.

In the Times article, he wrote:

> At a time when loss of confidence is an almost palpable thing, accelerating the downturn of a shaky economy, a major bankruptcy either in the industrial or financial sector is to be avoided at any reasonable cost.
>
> The RFC should be the safety net, but the cure should be permanent. From its inception [of re-establishment], it should be an instrument empowered to make significant equity investments, in the form of either common or preferred stock, for the long-term resolution of financial problems.

SNUDGCO IS BORN

The next day, December 2, 1974, Gustave Levy, managing partner in another major Wall Street investment banking house, Goldman-Sachs, dashed off a note to Rohatyn saying:

> I just wanted to congratulate you on the fine article which appeared in Sunday's New York Times, and tell you I agree emphatically.

On December 24, 1974, William McChesney Martin, former head of the New York Stock Exchange, former Chairman of the Federal Reserve Board, and most recently former consultant to the Big Board, wrote a letter to the New York times asserting:

> Although Mr. Rohatyn's proposal will attract a great deal of criticism along the lines of socialism, it seems to me that it is essential we move in this direction. It is very much in line with what I testified at a Congressional hearing on Lockheed in 1971.

Incidentally, Mr. Speaker, Mr. Martin omitted saying that Lockheed, despite his testimony or possibly because of it, is still in serious financial trouble and cannot obtain the substantial amounts of new capital it must have from any source other than a reestablished Federal RFC or something like it.

Mr. Martin's sentiments concerning the Rohatyn proposal were echoed in letters that appeared in the Times, also on December 24, 1974, from representatives of the investment banking firms of Bache & Co. of New York, and Burgess and Leith of Boston, along with a letter from Gustave Levy of Goldman-Sachs & Co.

A few weeks later, on January 20, 1975, no less a personage than Alfred Hayes, the president of the Federal Reserve Bank of New York, joined the roster of those publicly, if sometimes tentatively, supporting Rohatyn's proposal. He said in a speech before the 47th annual midwinter meeting of the New York State Bankers Association that the idea deserves careful study. Thus was formed the Wall Street Snow & Fudge Co.—Snudgco.

In an interview appearing in the Forbes magazine on February 15, 1975, Snudgco's chairman reiterated his support for his kind of RFC.

And, finally, on March 6, 1975, the Wall Street Journal reported that:

> Arthur Burns, Fed chairman, is known to believe that the Fed has some responsibility to provide emergency loans to large corporations or financial institutions whose failure might trigger a series of bankruptcies or create panic in financial markets. He is reluctant to advocate establishment of a separate agency, such as the depression years' Reconstruction Finance Corporation to aid failing businesses, but he would support that idea if a major corporate-rescue plan seemed necessary.

Obviously, the next step in this effort to institutionalize major corporate bailouts will be the mounting of a well-orchestrated campaign to create a permanent Government program. This will be done through a sophisticated Washington lobbying effort, which will, no doubt, include speeches inserted in the CONGRESSIONAL RECORD; well-financed conferences; substantial "scholarly" research supporting such a proposal; careful cultivating of the financial press; the introduction of legislation and holding of hearings by congressional committees with outstanding business, banking, and other leaders as witnesses, including, I would not be surprised, some elements of the union movement, strongly supporting the proposal.

Again, the steamroller to have the American taxpayer pay heavily for the errors and mistakes of others will be successfully rolling along, easily crushing the feeble roadblocks put up against it by what will be characterized as some out-of-date fringe "nuts."

A PERMANENT TAXPAYER BAILOUT OF INEFFICIENT BIG BUSINESS

In most instances, the large corporations with which Snudgco's incorporators are normally concerned have more than adequate stores of investment capital at their disposal. This is true regardless of economic circumstances, and it is especially true during recessionary periods. Because of their high tax bracket, large corporations can write off a substantial portion of the interest charged for loans and thus the effective interest rate they must pay is far less than the figure actually stated. Moreover, large corporations, due to carefully nurtured relationships, have first claim on the credit available at large commercial banks which control most of the deposits and banking assets in the Nation. As a matter of fact, all other types of credit extensions by large commercial banks are made on a residual basis. Whatever is left over after the credit demands of big corporations are satisfied is made available for other lending purposes.

So what is really being proposed here?

What is happening is that this combination of Wall Street interests are busy proposing the establishment of a Federal banking vehicle to permanently rescue large corporations that are not making it because of mismanagement or poor judgment or both. It has little to do with short-term liquidity problems. These companies in trouble are the only large corporations that need something like the RFC to lean on. They need it because they are either in such poor financial shape or because they are traveling so swiftly in that direction that their conventional lines of credit have dried up.

An axiom that is essential to the very existence of an effective free enterprise system is the need to permit business enterprises to fail as well as succeed. To make business enterprises fail-safe is to make the system stagnate and atrophy. The potential for success or failure is a necessary ingredient in producing innovation and efficiency, and eliminating waste and inefficiency.

As a recent Business Week column pointed out:

> The willingness of the government to shelter a big corporation from the pain of retrenchment takes the flexibility out of the system. A game in which there are no losers puts no premium on good management or good economic policy.

If corporate entities in major segments of our economy have grown so large and dominant that we cannot afford to allow them to fail without risking economic collapse, then the competitive system itself no longer effectively exists, and we had better stop pretending that it does.

These advocates of a corporate fail-safe system want to establish an RFC to purchase new issues of stock put out by large corporations which could not be marketed to other investors. The effect of this would be to sustain financially ailing corporations and their managements, bail out the poor investment decisions made by bank trust departments and other large investment managers, provide a risk-free and lucrative way for investment bankers to float securities, and provide brokers with a ready market to collect commissions from securities transactions.

The day of reckoning in terms of permanent Government takeover or direct subsidy, or outright bankruptcy would be deferred, but only temporarily, at great cost to the taxpayers who would ultimately have to pick up the tab following the inevitable collapse of some of these companies.

Where are we headed if we go down this road? Obviously, rapidly away from any semblance of a free competitive economic system and toward a combination of private monopoly for big profitable corporations and government guaranteed monopoly for big unprofitable concerns.

As the conservative columnist George Will put it in a recent column:

> Government involvement in the railroad industry typifies our new political economy: our evolving welfare state for industry socializes losses while keeping profits private. Note well: the USRA's plan has been called "nationalization with a Chamber of Commerce label."
>
> In rowdier countries the coming of socialism is announced by the vanguard of the proletariat storming winter palaces. But here the coming socialism is announced by congressmen at Rotary meetings in small towns.

THE REAL NEED FOR AN RFC IGNORED

Curiously, Snudgco has not indicated the slightest concern for small and medium-size businesses and industries that could provide effective competition for big ailing companies, and which are characteristically starved for equity investment capital regardless of economic circumstances. These are the entities that are usually closed out of credit markets during recessionary periods such as the one at present. These credit-worthy corporations, partnerships and individual entrepreneurs are the ones that are truly deserving of financial assistance from a national development bank or some other RFC-like agency. Unless small and medium-size businesses and industries are given adequate nourishment in terms of investment capital and credit, our free, competitive enterprise system will very quickly become a myth, if it has not already, and we will end up with an economy inescapably in the cartel-like grip of oligopolistic, if not monopolistic, corporations; and many of these could ignore otherwise inexcusable inefficiency, incompetence and stagnation because of the availability of Federal financial assistance.

Snudgco should demonstrate its proclaimed faith in the free, competitive enterprise system by working to make it more competitive and enterprising instead of running around with a proposal that in effect calls for a kind of paternalistic socialism for big corporations which are financially in the lurch. Rather than stumbling along this path, Snudgco would be better advised to advocate the use of Federal financial resources to aid soundly conceived and managed small and medium-size businesses and industries to exist and grow and thus increase competition and efficiency in our economic system. As it is, the riders of Wall Street are crusading exclusively in behalf of giant corporate failure.

With a quality of tunnel vision that is remarkably circumscribed, they have completely ignored the generally acknowledged priority areas of small and medium-size business and industry, the urgent public works and facilities investment needs of State and local governments, and housing.

Equally important, they have either forgotten or refuse to recognize still another paramount priority area investment need, that of providing adequate capital on a long-term basis and on reasonable terms to finance technological innovation. Such investments are crucial to the future of our competitive economic system, relying as it must on constantly more efficient methods of utilizing human and material resources. The conservation of energy and mass transportation are but two pressing examples of this need.

Perhaps much of Snudgco's indifference to this subject would be better understood if this shortcoming is viewed against acknowledgement that large corporations, dominating their markets as they do, have little, if any, incentive to invest in technological innovation. The gasoline engine, whose basic efficiency in terms of energy utilization has not been improved in years, is a good example of the problem that the automobile industry has been happily foisting on the consuming public since the turn of the century.

Mr. Speaker, large corporations which are financially failing find themselves in this position through their own fault and not because the financial system is arbitrarily withholding support from them. To provide special assistance to them through an RFC-like agency by purchasing equity shares or providing loans is to make a priority out of monumental mismanagement.

This is the challenge that Snudgco was born to meet. As indicated, it is busy snowing the public and fudging the facts so that big failing corporations can stay that way at public expense.

THE 90TH BIRTHDAY OF HON. FRANCES P. BOLTON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. J. WILLIAM STANTON) is recognized for 10 minutes.

Mr. J. WILLIAM STANTON. Mr. Speaker, I rise to call to my colleagues' attention that this Sunday, March 29, marks the 90th birthday of one of the most distinguished Americans ever to serve in this body, Mrs. Frances P. Bolton of Cleveland. Those of you who were privileged to serve with her during her 29 years here in the House will be pleased to know that this great, dynamic lady has continued to lead an extraordinarily full and active life since leaving the Congress in January of 1969.

As Vice Regent from Ohio of the Mount Vernon Ladies' Association since 1938, she has continued her work in the preservation and restoration of the home of George Washington, and has been the leader in the preservation of the view from Mount Vernon. She is President of the Accokeek Foundation, Inc., which has the responsibility of preventing oil tanks, high-rise buildings, and other unsightly projects from spoiling the Maryland shore across the Potomac from Mount Vernon. She is chairman of the board of regents of the National Colonial Farm, which operates a typical Maryland farm of colonial days, on a portion of this "overview" from Mount Vernon.

Mrs. Bolton has been keenly interested in the former Members of Congress, Inc., organized soon after her retirement from the House. With Dr. Walter Judd and others she has urged the establishment of permanent records, including taped interviews with former Members who have been leaders in the Congress. Such information, she believes, would be highly useful to future scholars.

During 28 of her 29 years in Congress, Mrs. Bolton served on the House Committee on Foreign Affairs where she was ranking member when she retired. She maintains an avid interest in our foreign policy, and after her retirement accepted a place on the board of governors of the Middle East Institute. She continues to be a member of the Advisory Council of the School of Advanced International Studies of the Johns Hopkins University. In 1969 the Johns Hopkins University conferred upon her an honorary doctorate of law. In 1973 the Frances P. Bolton Chair for African Studies was established at the School for Advanced International Studies in Washington in tribute to her long recognized expertise in African problems.

No Member of Congress contributed more to progressive legislation in health and nursing than Frances Bolton. Her devotion to public health was widely known long before she succeeded her late husband, Chester, in the Congress in 1940.

During World War I, as a member of a special committee representing the three national nursing organizations, she secured from the late Newton D. Baker, then Secretary of War, the order that made possible an Army School of Nursing. Although the Army Chiefs of Staff had refused to consider the request, once the school was established, it met the nursing needs of the First World War. During World War II it was the Bolton bill that created the U.S. Cadet Nurse Corps. She was instrumental not only in equalizing the pay of nurses with that of male officers of similar rank, but also in changing the status of nurses from relative to full commissioned rank as officers in the Armed Services. In Cleveland, her long-time interest in nursing is manifested in the Frances Payne Bolton School of Nursing of Case-Western Reserve University.

Frances Bolton's impact on her times has been saluted around the world. Awarded membership in the French Legion of Honor for her work during and after the war, she has also been honored by the Government of Greece. Operation Crossroads Africa bestowed an award on Mrs. Bolton in tribute to her leadership in the awakening of the United States toward the possibilities, the promise, and the future of Africa. She is the recipient of honorary doctorates from 16 American colleges and universities and a host of other honors and awards from civic, political and professional organizations across the Nation in testimony to her consummate interest and contributions to her fellow man.

The dean of women in both House and Senate for eight years, Frances Bolton's life has been characterized by progressive Republicanism in the tradition of her family for generations. Both of her grandfathers served in the Ohio State Legislature; one of them, Henry B. Payne, going on to the U.S. Congress, first as a Representative and then as a Senator. When her late son, my good friend and predecessor, Oliver P. Bolton, was first elected to the House of Representatives in 1952, Mrs. Bolton became the senior member of the only mother-son team ever to serve together in the Congress.

This Sunday her sons, Charles and Kenyon, her daughters-in-law, her eight grandchildren, and her three great grandchildren will gather at her winter home in Palm Beach to celebrate the beginning of her 10th decade of living. The nine preceding decades have been truly remarkable, filled with dedication to family and country and a magnificent generosity, fed by intelligent concern and a true sense of justice, and sustained by boundless energy, a pioneer spirit, and abiding faith.

I welcome this opportunity to extend my warm best wishes to Frances Bolton on reaching yet another milestone. Her life continues to inspire all of us who have been privileged to know her. Those friends and former colleagues who would like to remember her personally may address their messages to her at 1300 South Ocean Boulevard, Palm Beach, Fla. 33480.

Mr. BROWN of Ohio. Mr. Speaker, it is with a great deal of personal pleasure that I rise to join my colleagues in sending special and heart-felt greetings to Mrs. Frances P. Bolton on the happy occasion of her 90th birthday. She has my deep respect and personal affection and sincere wishes for continued health and happiness.

Mrs. Bolton's distinguished record of service in Congress for 29 years is well known to all of us. I have admired her since she was elected to succeed her late husband, Chester C. Bolton, during the 76th Congress, when my late father, Clarence J. Brown, Sr., was serving his first term in the House. She and dad worked together for many years as fellow Members of the Ohio Republican

Delegation. Mrs. Bolton was the ranking minority member of the Foreign Affairs Committee while dad was the ranking minority member of the Rules and Government Operations committees.

I also had the honor of serving with Mrs. Bolton for several years after I came to Congress. It was then that I learned to appreciate her great dignity, her sense of humor, and her positive leadership. One anecdote tells much about this effective Congressman—and she always referred to herself as a Congressman. It seems a number of her male colleagues in shirtsleeves were perspiring over legislative draftsmanship and experiencing some frustration. One of them, in his annoyance, turned the air blue with his language during the discussion of a matter at issue. When he suddenly remembered Mrs. Bolton's presence, he stopped and apologized profusely. Unruffled, Mrs. Bolton responded:

> Oh, never mind me. After all, I'm just one of the boys; but now that we've let off our steam, let's get down to hammering out the legislation.

On another occasion, I experienced Mrs. Bolton's perspective on things first hand. I had been agonizing personally over how to vote on a difficult issue. My male colleagues had cajoled and argued with me one way and another until I was uncomfortable in my own indecision. Then I saw Mrs. Bolton heading toward me. When she came up with her imposing stance and called me "Clarence," I knew I was in trouble.

"Clarence," she said, "I've been meaning to talk to you."

"Not you, too, Mrs. Bolton. I've been lobbied by everybody."

"Not about this," she said. "I always felt free to criticize your father, and I feel I have a right to tell you when I think you are doing something wrong."

I conceded that prerogative to her and asked her what she wanted to say.

She drew herself up and said, "It is not proper for a Member of Congress to chew gum on the floor of the House."

Had she asked me to do so, I would have spit my gum out in her hand then and there. She was an effective teacher in small things as well as great matters. While we did not always agree, we always enjoyed each other's confidence and respect. I hope she will enjoy good health for many years to come so that she can continue the many productive activities in which she has been involved. Her life has been touched by tragedy through deaths and illnesses to loved ones, but it has never discouraged her from her dedication to that family and many other people—and to her country.

In addition to her great contributions to her country through her service in this House, Mrs. Bolton has been active in public health nursing, nursing education, social service, and research in education. It is a testimonial to the respect she has received in all of these areas that she has been awarded honorary doctorate degrees from 15 colleges and universities.

Mr. Speaker, may I say that Mrs. Bolton's spirit of contribution to her fellow human beings is a spirit we all would do well to emulate.

A BAD WEEKEND FOR THE UNITED STATES AND THE FREE WORLD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. TALCOTT) is recognized for 4 minutes.

Mr. TALCOTT. Mr. Speaker, we were told, and I believe, that our purpose in South Vietnam was solely to help them avoid being unified—taken over—by North Vietnam by force and terror. Right or wrong, and notwithstanding all the cliches and deluding abstractions used by proponents and opponents with equal vigor and disregard for the truth, our purpose was legitimate and based on treaties, commitments, and our own national, Pacific, and international interests.

I trust this is the same purpose for being involved with Israel, the Middle East, and NATO.

We could care less who their leader is, or who is in their Parliament or Knesset. That is really their business, not ours. Certainly, we are not "nation building," saving democracy, or trying to sustain anything in "our image" in Southeast Asia, the Middle East, or NATO.

We could care less about their changes of leaders, parliaments, or systems, so long as the changes are made internally rather than imposed by force and terror from outside and do not affect our security or national interests.

The fact that we bungled badly in Southeast Asia, and may be no more successful now in the Middle East and may later fail in Europe, should not demean our legitimate concern for the people of those parts of our planet.

Several things are now clear. We could not make the Vietnamese or anyone else, in our image—nor should we. We should not expect the Vietnamese, or anyone else, to adopt our ways simply because we proffered our aid. No one expected this of the English or European countries which we helped much more extensively in World War I and World War II, or anyone else that we have helped over the years.

We did not help them because they were like us. No other nation is like us except that they and we crave peace with freedom. A peaceful world and a free world are in our best national interests. Marauders and oppressors and those who covet the lands of other nations are inimical to world peace and our own freedom.

Times, attitudes, and tactics change, but the threat to our peace and freedom persists and it comes from many directions and sources.

When people, other human beings, plead for help and assistance, we give them the assistance they need and want. If a friend is hungry and needs food, we do not give them furniture just to be giving gifts or to be acclaimed as a generous friend.

When Israel requests military aid, including jets, tanks, and munitions, we give them exactly what they want—and fast—in more than adequate amounts with few questions asked. We do not send furniture just to be demonstrating our friendship and we do not insist on them changing anything in "our image."

When other nations, down the years, have pleaded for help or assistance, we have not given a litmus test for corruption. Perhaps no developing, or even mature, nation would qualify. Maybe we would not qualify for aid under such a test in the eyes of many peoples of the world. The fastest and surest way to end all of our foreign aid would be to preclude any nation that suffered from internal corruption.

Of course, if our foreign aid is to be extended only to republics and to free enterprise systems similar to ours, we could also terminate our foreign aid programs now. But if our foreign aid program is to help neighbor peoples in need, or to protect helpless nations from being overrun by force and terror, or to provide general stability, peace and freedom in our world, we may necessarily be required to deal with some nations and leaders who could not be confirmed as President by this Congress.

The peoples of most nations crave peace and freedom as much as they crave food and shelter. Sometimes the peoples of Israel and South Vietnam may need military aid more than anything else. Unless they have some personal security, food and shelter are quite meaningless.

Unfortunately, most Americans are spoiled in many ways; and we especially take our freedoms for granted because we have never known any real loss of freedom and most of us have never been overrun by force and terror. Few of us can understand what the South Vietnamese, the Israelis, and the Palestinians are up against. Few have ever suffered the terror and agony of the refugee trail.

But until we can appreciate their positions and needs better than they, we should try to respond to what they perceive their needs to be. If they need military aid, we should give them military aid or let them know that we no longer intend to help.

Pious humanitarian aid to whole peoples after they have been overrun and driven from their homes and separated from their families by force and terror is woefully inadequate and pitifully unresponsive to the basic needs of civilized people.

So it is not the true need of the South Vietnamese or of the Israelis or of the Palestinians that we are considering. Their need is clear to them. If we were truly a friend or an ally we would give them what they need.

But we are no longer a friend or an ally. We will give only what we think they need. This is being a benefactor, not a friend. This is charity, not help.

The American people, for various reasons, no longer have the will, wherewithal, or stomach to continue military aid to South Vietnam or Cambodia and probably Israel.

Humanitarian aid is no aid to people who have no security or freedom. By disdaining military aid to protect their security, we will be getting off the hook for food, medical supplies, and clothing, also.

We can say that more military aid will only prolong the killing. Prolongation of killing is really not the question. The real issue is who will be killing and for what reason. The South Vietnamese will be the victims of the blood bath and it is likely to be fast and indiscriminate after the capitulation. The invaders and oppressors will be killing rather than the defenders.

Those who favor unification of Vietnam by North Vietnam and the communization of Vietnam by force and terror will, of course, be pleased. I am not. But I am used to being in the minority by now.

I trust Americans will have no future qualms about their decisions to withhold assistance from their friends and allies in desperate need.

I believe the decision will ring the death knell for a free South Vietnam and Cambodia. Laos, of course, cannot last long. Thailand and Indonesia should be uneasy—about continued Communist aggression and about the unlikelihood of any U.S. assistance.

These are bad days for our national credibility and our position of leadership for peace with freedom for ourselves and for others.

LET'S HAVE A FARM PROGRAM—BUT NOT AT TOO HIGH A PRICE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, I have mixed emotions about the farm bill. I represent one of the most productive agricultural districts in the country. In my opinion, there are some actions that have been taken which have caused a degree of uncertainty in the minds of my farmers as to whether they should accept the challenge to produce in accord with the call of the President of the United States. The American farmer has shown that he can produce to meet our domestic food needs as well as the needs of the hungry people of the world. However, because of the postponement of the Russian food and grain purchases and because of the monitoring of the farm exports, farmers are apprehensive whether we are adopting a cheap food policy. So, I believe that certain actions should be taken as quickly as possible to alleviate their concern and so as to encourage them and provide them the incentive to produce.

We should:

First. Make it very clear that we favor—including the administration—an expanded export policy;

Second. Completely eliminate the export monitoring policies that have caused uncertainty on the part of our farmers.

Third. Make efforts to help tap heretofore untapped foreign markets that could further help our agriculture trade.

Fourth. Resist the temptation of imposing restrictive import tariffs that will interfere with this country's free trade;

Fifth. Develop the means to transport agricultural produce both to our domestic markets as well as to our foreign markets; and

Sixth. Increase the Federal estate tax exemption to reflect the great appreciation in asset values—particularly land—and the problems that survivors of farmers and small businessmen have had because of the lack of liquidity when the estate tax comes due.

Having said that, I then considered the farm bill, which causes me concern, primarily because the high loan rate and target prices could cause intrusions by the Federal Government in the free market process in purchasing farm commodities which could later be dumped on the market to depress the market price. For that reason, I supported certain amendments designed to make it less likely that the Government would become involved in either purchasing commodities or paying huge subsidies in the case of overproduction.

In addition, I also opposed the increased support price for cotton. Over the past several months, it has become increasingly obvious that there is not as much demand for cotton. If higher target prices are approved for this product, I fear that many growers will continue planting, gaging their production toward the provisions in the bill, rather than toward the needs of the market.

I had a difficult time in deciding whether to even support the farm bill on final passage. After listening to much of the debate, however, I decided that we do need a farm program, and that we cannot vote it out altogether as some consumer-oriented Congressmen would have us do.

Hopefully, the target price provisions and loan rates will not have to go into effect. Hopefully, the market prices will exceed those figures. We must try to relieve the uncertainty that exists today on our Nation's farms. We must encourage the operation of the free market and at the same time help to assure our Nation's farmers that we want them to have unobstructed markets that will serve to promote free trade with other countries of the world and will also help to stabilize domestic agricultural prices.

According to USDA figures, farm production costs have skyrocketed in recent years. In 1974 alone, expenses rose over $10 billion. Much of the increase was due to added fuel costs, increased fertilizer prices, and rising interest, tax, and wage rates. Loans and credits have been difficult for many farmers to obtain. And farm income, which declined in 1974, is expected to drop again this year. I, therefore, feel that we need to give the farmer some protection.

In closing, I would like to add that, in my opinion and certainly in the opinion of the people I represent, even more important is the pursual of a free trade policy. Last year the American farmer exported over $21 billion of agricultural goods which contributed greatly to our balance-of-trade situation. No monitoring or restrictive policies should be adopted that would hamper production. A strong agriculture is vital to our country.

HIGH PRICES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. McFALL) is recognized for 5 minutes.

Mr. McFALL. Mr. Speaker, the March 23 edition of the Washington Post contains a perceptive article by Hobart Rowen, the Post's economic columnist, on high prices. The article is particularly relevant to the Concentrated Industries Anti-Inflation Act which I have introduced. I commend the article to my colleagues.

INDUSTRY WARNED ON PRICE 'HEDGES'

(By Hobart Rowen)

The Democratic majority of the Joint Economic Committee of Congress warned industry this weekend that maintenance of excessively high prices as a hedge against reimposition of wage and price controls would be self-defeating.

Citing recent price increases in chemicals, machinery and equipment, and the transportation industries, running counter to the general slowing down of wholesale price increase, the committee majority said:

"The one thing which might lead to the reimposition of controls would be persistent price increases which cannot be justified by either market conditions or cost pressures."

The Democrats' warning on prices, coupled with a proposal for giving the Council on Wage and Price Stability power to delay price increases up to 90 days, was contained in their annual commentary on the President's Economic Report.

Most of the Democrats' basic policy recommendations to deal with recession were made public March 7 in a presentation by Joint Economic Committee Chairman Hubert H. Humphrey (D-Minn.) to the Senate and House budget committees.

These include total tax cuts up to $35 billion this year, and $20 billion in new spending programs, primarily to deal with emergency job creation or expanded unemployment compensation. The goal of the Democrats' "emergency" program is to cut unemployment to no more than 8.1 per cent at the end of 1975, compared with a possible 9.5 per cent projected under President Ford's program.

The committee majority made clear in the new report that it was opposed to wage and price controls "either now or in the foreseeable future." But it indicated concern over "puzzling price behavior" in certain industries it labeled as "concentrated."

In contrast to a gain of only 8.1 per cent for all wholesale industrial prices from August, 1974, through February, 1975, compared with a 36.9 per cent increase from February, 1974 to August, 1974, the committee cited a 27.3 per cent increase in chemicals for the more recent period (compared with 72.6 per cent); 19.1 per cent for machinery and equipment (compared with 29.3 per cent); and 19 per cent for transportation (compared with 13.6 per cent).

For fuels, paper products, metals, and many other industrial products, there had been a sharper deceleration in the rate of price increase. For textiles, lumber, and a few other products, there had been an actual decline in prices.

The one unanimous part of the report was a chapter on international economic issues, not made public before, which offers several key recommendations to the Ford administration and Congress. Among them:

The recent decline in the foreign exchange value of the dollar "should not be a cause for great concern" on the part of the Ford administration, and should certainly not lead to costly intervention to prop up the dollar. The committee pointed out that a drop in the exchange value actually makes American exports more competitive.

Efforts to achieve price stability at home should not cause policy-makers to ignore regular foreign customers, because that would run the risk of "loss of foreign markets for U.S. agricultural products and raw materials."

Fears of Arab or other cartel country takeovers of American industry are "in a large part exaggerated," but reporting requirements should be reviewed, and stricter legislation passed to regulate foreign banking in the United States as part of a "coherent" national investment policy.

The United States should give up the effort to set "a common floor price" under the world petroleum market because "it would tend to institutionalize the current high prices." This bipartisan recommendation raised questions whether Congress would ultimately approve the "minimum import price agreement" successfully pushed through the 18-member International Energy Agency in Paris last Thursday by State Department officials.

Committee Republicans while joining in a unanimous call for a swift (but temporary) tax cut, more public sector jobs, and pressure on the Federal Reserve Board for an easier monetary policy, voiced serious reservations in a minority report about the size of the impending federal deficit, which would hit a two-year total of $130 billion under the Democrats' proposals.

The Republicans challenged the statement by the Democrats and Sen. Jacob Javits (R-N.Y.) that the deficit could be financed with no strains in the money market, provided the Federal Reserve allows the money supply to grow at a reasonable rate.

"Frankly, we are alarmed at the size of this deficit," the Republican minority said, warning that "our situation now has more parallels with the Weimar Republic days in Germany in the late 1920's than anything else—including a certain lack of confidence in government's ability to do anything well . . . " A devastating inflation closed out the days of that German government.

Javits chided his fellow Republicans for "excessive" fears about budget deficits, warning they would increase "unless we act promptly to provide greater stimulus . . ."

This was precisely the point made by the Democratic majority, which used strong language in urging that the power of the Federal Reserve Board be circumscribed. A new resolution of both houses of Congress will shortly require the Fed to make semiannual appearances before Congress to discuss monetary policy goals.

"At times past," the majority report said, "Congress has permitted the Federal Reserve to make independent judgments with respect, for example, to the degree of inflationary risk posed by the pursuit of certain output and employment targets.

"While the advice of the Federal Reserve governors is of great value to the Congress on questions of this type, the power of decision is entrusted to the Congress. The power and the responsibility of the Federal Reserve is limited to the execution of monetary policies which will contribute to achievement of the basic goals established by Congress.

This suggests that Congress in the coming months will exert continuing great pressure to push Federal Reserve Chairman Arthur F. Burns toward what is called a more "accommodating" policy—that is, one that will enable the Treasury to finance the large budget deficit without pushing interest rates higher.

The joint committee majority specifically called for the Fed to "reduce both short-term and long-term interest rates and keep them low throughout 1975."

Rep. Henry S. Reuss, (D-Wis.), one of those who maneuvered the new resolution on the Fed through Congress, observed that lowering short-term interest rates, already down to about 5.6 per cent from above 9 per cent last August, is now a lesser priority than getting long-term rates down.

Other major recommendations in the long majority report included:

A new Planning Commission to develop long-range policies for economic growth and development.

A new requirement that the government, as it shapes economic policy, pay attention to the impact on cities and states.

Special focus in tax reform on strengthening the minimum tax and on eliminating the Domestic International Sales Corp. (DISC). The value of DISC, originally designed to spur exports, has been widely questioned. But the Ford budget's new list of "tax expenditures" shows that DISC would cost the Treasury $1.3 billion in fiscal 1976.

BYELORUSSIAN INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Rodino) is recognized for 5 minutes.

Mr. RODINO. Mr. Speaker, today is a day of great significance—great pride and great sorrow as well—for the citizens of Byelorussian origin. For today Byelorussians worldwide are celebrating the 57th anniversary of the Proclamation of Independence of the Byelorussian Democratic Republic.

It was in 1918 on this day, that the duly elected council of Congress declared the sovereignty of the Byelorussian Democratic Republic. In direct conflict with this declaration of sovereignty and through military intervention, the Soviet Union forced a courageous people to become a satellite nation. Millions of farmers, peasants, and intellectuals were arrested and deported to Siberia. The right to practice religion and the freedom to voice opinions were crushed by Soviet oppression. Yet despite the terror and devastation wrought upon their land, the people of Byelorussia fought and died for their independence.

That fierce desire to be free remains in the hearts and minds of the people of Byelorussia. And we all look forward to the time when that paramount ambition for self-determination will be finally realized.

Mr. ADDABBO. Mr. Speaker, this week Congress observes the 57th anniversary of the independence of the Byelorussian Democratic Republic. I am pleased to join with my colleagues in commemorating this important event because it brings to the forefront of public attention the precious nature of freedom and the millions of people who live in captive nations.

On March 25, 1918, Byelorussia announced its independence but just 10 months later the people of that nation were deprived of their liberty as the result of Bolshevik expansionism. Each year Americans of Byelorussian descent and people in all corners of the world stop to remember the historic events which led to the brief period of freedom for Byelorussians and the subsequent oppression of those courageous people.

Members of Congress also participate in these ceremonies because of the importance of letting captive people everywhere know that they are not forgotten. Americans must not turn their backs on the desire of other people for freedom and we as the leaders of the free world must support those hopes for liberty with our own sympathies.

The Soviet Union has adopted a most unfortunate policy of spiritual and cultural genocide in other lands and they have tried to stamp out the hope for freedom in captive nations. The Soviets have been unsuccessful however because the desire for freedom is too strong to be extinguished so long as there is moral support from the free world.

This occasion takes on additional significance in the era of détente and that is why our participation in these ceremonies is important. Freedom once obtained must be retained with every bit of energy at our command. That is the lesson for Americans as we express our sympathies and support for the people of Byelorussia.

Mr. WYDLER. Mr. Speaker, on the 57th anniversary of Byelorussian Independence Day I wish personally to reaffirm my support and sympathy for the brave and indominable Byelorussian people. We should never forget their claims for independence and self-government. An ancient history, a culture and literature which has given form and meaning to the undying traditions of a people who have lived under many different occupations and tyrannies and which have been partitioned and repartitioned by its powerful neighbors. After centuries of oppression on March 25, 1918, the Council of the Byelorussian National Republic, which had shaken off the chains of Russian domination in the political chaos which accompanied the collapse of the Russian Tsardom and the defeat of Germany, proclaimed the independence of Byelorussia—the event we are honoring today. During its brief period of independence a cultural flowering occurred which bears testimony to what an independent Byelorussia is capable of accomplishing under a national constitution guaranteeing freedom of speech and assembly, liberty of conscience, inviolability of person and home, and equality of all citizens under the law.

But the independence of Byelorussia was tragically short—even shorter than that of its neighbors which today also suffer under the Soviet yoke—Estonia, Lativa, and Lithuania. Byelorussian independence lasted only a brief 3 years despite a Soviet promise to respect its independence. The country was again brutally divided between the Soviet Union and Poland in 1921.

Under Soviet tyranny thousands of the Byelorussian people, including political leaders, prominent educators, members of the intelligenzia, and innocent citizens were seized and departed or executed. Again after World War II Byelorussians were brutally treated. Masses were murdered or sent to prison camps in Siberia under false accusations that they had supported Nazi imperialism.

But even this brutal treatment has not broken the spirit of this valiant people. Out of admiration for this determination and courage I take this opportunity to commend the many people of Byelorussian origin both in the United States and abroad, and especially in the Soviet Union, who continue to strive for the eventual restoration of freedom to their homeland.

Mr. DERWINSKI. Mr. Speaker, today, March 25, marks the 57th anniversary of that brief period in history when the Byelorussian people enjoyed national independence. In 1918, the Byelorussian National Council issued a proclamation on independence, thus forming the Byelorussian Democratic Republic and ending nearly 3½ centuries of foreign domination. Unfortunately, the Byelorussians were allowed to enjoy their freedom only a few short months before their sovereignty was crushed by the conquest of the Soviet Army.

This anniversary is of great significance for citizens of Byelorussian origin in the United States and in other countries in the free world. However, in Byelorussia, this national observance of independence is replaced by the celebration of the Bolshevik Revolution, which signifies the subordination of Byelorussia to Soviet Russia.

Despite continuous terror activities imposed upon them under the Communist regime, the Byelorussians fought at every opportunity for liberation from Soviet Russian domination. There were armed uprisings in the Slutsk district in 1920, and Vyelizh, Homel, and other areas in 1922. At the end of World War II, the All-Byelorussian Congress again convened to approve a second proclamation, but was soon dispersed by the Soviet Government.

In 1973, the Soviet Russian Government introduced a new economic and administrative redistricting, dividing the entire territory of the U.S.S.R. into seven districts. This partition completely ignores the existing ethnic groups and their individual republics within the U.S.S.R., and, in effect, increases the solidarity of the Russian empire and consolidates non-Russian nationalities into a single Soviet Russian nation.

Throughout their history, the Byelorussian people have transmitted from generation to generation their national identity through their cultural acheivements and rich heritage. The knowledge of what it is to be free and the determination for this renewed freedom continues to drive these people in their dream of restoring justice in their homeland.

Mr. Speaker, I believe it is important to keep in mind that in this era of "détente", activities of oppression still continue to exist against the non-Russian peoples of the U.S.S.R. I strongly support the existence and broadcast of Voice of America, Liberty, and Free Europe, and that coverage should not exclude any nation or language, especially that of Byelorussian, the language of the third largest Soviet nationality within the U.S.S.R., in their broadcasts to Eastern Europe.

I take this occasion to direct the attention of the Members to this anniversary of Byelorussian independence so that not only the people of Byelorussia but all captive nations will continue to merit our support until the day comes when their freedom is restored.

Mr. RINALDO. Mr. Speaker, now more than ever the United States is actively engaged in bringing peace into the world. But we should not forget those countries where the struggle for peace is less noisy than in the Middle East; where there are no daily headlines to tell us of great sacrifices; and where suffering is met with silence, hope for the future, and indomitable national pride.

Fifty-seven years ago, on March 25, 1918, the Byelorussian people proclaimed their independence from Russia and declared the autonomy of the Byelorussian Democratic Republic. The Soviet Government retaliated almost immediately, annulling that spark of freedom by creating the Byelorussian Soviet Socialist Republic and closing it within the ironfisted grasp of the U.S.S.R. Since that day, Byelorussion Independence Day has been replaced by a forcibly imposed observance of the Bolshevik Revolution.

The original constitution of the Byelorussian Democratic Republic guaranteed freedom of speech and assembly; liberty of conscience; inviolability of person and home; and equality of all citizens under law.

These liberties are denied under Soviet rule. In fact, the Russification policies of the Communist government in Moscow have as their goal the assimilation of all peoples under the hammer-and-sickle. Yet, to a nation, they have all resisted: the Byelorussians; the Ukraines; the Estonians; the Latvians; and the Lithuanians.

On the eve of the American Bicentennial, we should be mindful of those people whose struggle for freedom has still not succeeded, but who struggle nonetheless.

Let us hope and pray, Mr. Speaker, that someday we in the House of Representatives will no longer give speeches commemorating a national independence lighted and snuffed out at the beginning of this century. Instead, I hope that we shall one day welcome into the community of sovereign nations the Byelorussian Democratic Republic.

Mrs. FENWICK. Mr. Speaker, March 25, marks the 57th national independence day of the Byelorussian National Republic, which lies between Poland, the Ukraine, and the Baltic states. On March 25, 1918, the Rada—the legislation body of the Byelorussian Republic—solemnly proclaimed the Independence of Byelorussian Republic—solemnly proclaimed the independence of Byelorussia and published a constitutional decree:

> A year ago, the peoples of Beylorussia, together with all the peoples of Russia, threw off the yoke of Russian tsarism which, taking no advice from the people, had plunged our land into the blaze of war that ruined most of our cities and towns. Today we, the Rada of the Byelorussian National Republic, cast off from our country the last chains of the political servitude that had been imposed by Russian tsarism upon our free and independent land. From now on, the Byelorussian National Republic is to be a free and independent power. The peoples of Byelorussia themselves, through their own Constituent Assembly, will decide upon the future relations of Byelorussia with other states.

Even though the Byelorussian people were able to proclaim their independence, their dream of a free and independent Byelorussian state with a distinct Byelorussian cultural identity was left unfulfilled. The Byelorussian people were unable to preserve the independence of their land against the onslaught of overwhelming Russian Communist forces and the Byelorussian Soviet Socialist Republic became nothing more than an administrative arm of the Moscow government, in no way representing the hopes of the Byelorussian people. This is why March 25 is being celebrated by Beyolrussians throughout the free world as well as Americans of Byelorussian descent, as a symbol of their national aspiration.

During the 19th and early 20th centuries, Byelorussian nationalism became a strong movement both politically as well as culturally, and the concept of Byelorussia as a distinctive national entity—considered apart from the Great Russia—began to take shape. A growing interest in ethnology and language, and the publication of books abroad in the Byelorussian language, which were smuggled into the homeland, established the Byelorussian language. The founding of a teachers' society for the propagation of the Byelorussian language, the establishment of separate Byelorussian journals and a Byelorussian theater all contributed to generating Byelorussian interest in their national culture.

Parallel interests in political activity developed among Byelorussians. In 1902, Byelorussian students in St. Petersburg established the Byelorussian Revolutionary Party, which became politically active throughout the country. In 1903, the party held a Congress in what is now Vilna, Lithuania, where it called for the autonomy of Byelorussia with a parliament in Vilna. It also changed its name to the Byelorussian Socialist Hromada. Other parties, socialist and peasant oriented, were subsequently founded, each serving a specific Byelorussian political interest.

Under the German occupation of Byelorussia during World War I, Byelorussian leaders were able to carry on their political work. Although the German authorities imposed certain restrictions upon the Byelorussians, the occupying Germans were permissive in their treatment of the people. In fact, it was said that the Byelorussians had enjoyed greater freedom under the Germans than under the Russians. Byelorussians, for example, were permitted to use their language for instruction in Byelorussian schools.

The outbreak of the Russian Revolution in March 1917 created new opportunities for Byelorussians living under Russian control in the eastern sector of the country. A Congress of the Byelorussian Socialist Hromada was held in Minsk, Byelorussia's major city, shortly after the revolution. The Congress called for the reorganization of the Russian Empire as a federative state with Byelorussia enjoying autonomous status. On March 25–27, 1917, all existing Byelorussian organizations held a conference, agreed on the same demands, and created a Byelorussian National Committee. In July, another conference was held. The Byelorussian National Committee was changed to the Central Rada of Byelorussian Organizations and Parties.

In October 1917, the Central Rada of Byelorussian Organizations and Parties took the name of the Great Byelorussian Rada and declared itself the national representative of the Byelorussian people. To counter this move the Bolsheviks established in Petrograd a Byelorussian District Committee within the Russian Soviet of Deputies of Peasants and Workers.

The first All-Byelorussian Congress met in Minsk on December 5, 1917, to determine the final political form of the new Byelorussian State. After a meeting of 12 days, the Congress adopted a resolution by an overwhelming majority which endorsed the right of nations to self-determination and called for the establishment of a democratic government to be designated the Byelorussian National Republic. However, the Congress did not opt for complete independence from Russia; it merely took the first constitutional step.

Though this Congress was forcibly disbanded by a group of Bolsheviks, the Congress conferred once more and delegated its authority to a Rada of 71 members. On March 25, 1918, this Rada—representing the first All-Byelorussian Congress of the Byelorussian National Republic—issued their declaration of Byelorussian independence.

This period of freedom was short-lived for on December 10, 1918, the Red Army of the Bolsheviks seized Minsk and established a government of military revolutionary committees. Byelorussia's efforts to establish an anti-Bolshevik force failed. The Treaty of Riga in 1921, which ended the war between Poland and Bolshevik Russia also divided Byelorussia. Poland received one-third of the country with a population of 3 million while Latvia and the Soviet Union took the remainder.

Therefore, Mr. Speaker, it is important that on March 25, Byelorussian National Independence Day, we remember these heroic people and their struggle for national identity as a separate people and State. Let us celebrate this day of independence with the many Byelorussians all over the world, and give them the credit and respect which they have earned and for which they fought so long. Let us also hope that some day these brave people will once again arise and achieve their dream of a free and independent Byelorussian state.

Mr. FLORIO. Mr. Speaker, on March 25, 1918, the Byelorussian people proclaimed their independence. On that date, the Byelorussian National Republic was born. In spite of great difficulties, and sacrifices, the young Byelorussian state was unable to preserve its independence against the onslaught of overwhelming Russian Communist forces. The Byelorussian Soviet Socialist Republic, which was created in its place, is nothing but an administrative arm of the Moscow government and does not represent the hopes of the Byelorussian people.

This is why March 25th is being celebrated by Byelorussians throughout the free world as a symbol of their national aspirations. Americans of Byelorussian descent will also celebrate the 25th of March this year.

I would like to take this opportunity to salute the courage of the Byelorussian people in keeping their hopes and dreams alive for freedom and independence.

Mr. BROOMFIELD. Mr. Speaker, today marks the 57th anniversary of Byelorussian independence, and I rise to join the many Byelorussian-Americans in commemorating this occasion.

It was on this day, in 1918, that the Byelorussian people declared their independence and began a free and democratic system. Although that government lasted only a short time before the Soviet Union crushed it and forcibly annexed Byelorussia, the spirit of freedom still lives on in the brave people of that country. For 57 years the Byleorussian people have longed to return to the self-determination that was so cruelly taken from them by the Soviets.

As we in this country prepare to celebrate 200 years of independence, we must not forget the daily struggle of the Byelorussian people to regain their freedom. We must, through our words and actions, continue to show them our support for their noble cause.

Despite the stifling presence of Soviet oppression, the Byelorussian people have maintained their national and ethnic heritage for the day when they return to the status of an independent nation.

I too look forward to the day in the not too distant future, when the brave people of Byelorussia will be able to join their fellow countrymen and all freedom-loving peoples of the world in celebrating the rebirth of independence in their homeland.

BYELORUSSIAN FREEDOM

Mr. HOWARD. Mr. Speaker, today I would like to remind the Members of Congress and the citizens of America of the plight of yet another European nationality which has suffered for many years under the terror and brutality of Soviet rule. Following closely last month's observance of the independence days of both Lithuania and Estonia, today marks the celebration of the 57th anniversary of the establishment of the independent Byelorussian Democratic Republic on March 25, 1918. Yet once again, we are prevented from truly celebrating this occasion by the realization that millions of people in Byelorussia have been forcibly deprived of their human rights and freedoms by Soviet totalitarianism.

That a Byelorussian national culture existed prior to 1918 is beyond doubt. The Byelorussian cultural revival of the 19th and early 20th centuries—as evidenced by a growing interest in ethnology and language, by the printing of books abroad in the Byelorussian language to be smuggled into the homeland, by the founding of a teachers' society for the advancement of the Byelorussian language, and by the establishment of separate Byelorussian journals and a Byelorussian theater—was to a large measure responsible for the increasing political awareness which culminated in the independence proclamation of March 25 by the Council of the Byelorussian Democratic Republic.

However, as in the case of the Baltic nations, the joys of freedom were short-lived for the people of Byelorussia. Soviet territorial greed, and the desire to be in a position to exploit the rich resources of the region, resulted in conquest and occupation of the newly created Republic. Since that time, Byelorussia has existed as a captive state, subject to the harsh oppression of Soviet tyranny.

In the face of threatened torture and persecution, the citizens of Byelorussia have bravely struggled to retain their individuality and their national heritage. The action taken by the Soviet Government in 1973, when it introduced a new administrative and economic partition of the country, was aimed at increasing the solidarity of the Russian empire and consolidating non-Russian nationalities into a single Russian nation. However, even the effects of this redistricting have not dimmed the burning desire of the Byelorussian people to regain the freedom they once knew.

To those Americans of Byelorussian ancestry whose friends and relatives are virtually enslaved under the yoke of Soviet captivity, the liberties guaranteed by our Constitution are especially precious. On this occasion, let us join with our Byelorussian-American friends in their continuing efforts to see that the Republic of Byelorussia will once again be governed by a democratic system which insures such liberties to its people.

Mr. ROE. Mr. Speaker, it is indeed my privilege and honor to participate in today's national observance of the 57th anniversary of the Proclamation of the Byelorussian National Republic.

On this historic occasion. I am pleased to join with Americans of Byelorussian heritagle in saluting the courage, fidelity, and dedication to the principles of representative democracy manifested by the long struggle and pioneering efforts of the Byelorussian people in seeking to restore their national identity as a sovereign state free from the forces of Communistic domination and control.

Under date of March 25, 1918, the Byelorussian people achieved national independence and regained the freedoms which had been lost to the Czarist Russia at the end of the 18th century. This national sovereignty, however, was short-lived and in January 1919 this young Byelorussian State was proclaimed the Byelorussian Soviet Republic. Today Byelorussia is enrolled as a charter member of the United Nations and a constituent republic of the U.S.S.R.

Mr. Speaker, America is indeed fortunate to have had the benefit of the cultural inheritance and historical achievements of the Byelorussian people. As a nation comprised of a society of people who came to the United States seeking comfort and solace from the oppressed and dictatorial government of other lands, we are most cognizant and sympathetic to the plight of those individuals whose way of life is stifled in so-called captive nations of the world.

Through this commemorative annual observance on behalf of the Byelorussian people, I trust that we can help reassure those people whose human rights and cultural heritage are held captive, not only behind the iron curtain of the Soviet Union, but throughout the world that there are many, many fellow human beings here in America who share and support their humanitarian ideals. International understanding and communion among all peoples of the world, permitting the widest possible expression of cultural and national heritage, will help achieve the quality of life that we all seek for ourselves and future generations to enjoy in fulfillment of mankind's purpose and objective in attaining a rich and lasting peace among all men and all nations throughout the world.

Mr. KOCH. Mr. Speaker, I join with the Byelorussian people today in commemoration of the 57th anniversary of Byelorussia. While this independence was short-lived and the newly liberated state later succumbed to the Bolshevik armies, the spirit and the culture of the Byelorussian people is very much alive today.

The Byelorussian state will be remembered for its forward-looking government and for its significant advances in the fields of education, culture, and social welfare. The history of Byelorussia reveals that its people were tolerant of all ideas and cherished an almost unlimited right to freedom of speech. It is a grave matter, then, that the Byelorussian people, whose heritage is so rich in the traditions of democracy, must now live under the oppression of the Soviet Government. Today, as we commemorate their independence in 1918, we must also recognize and support the courage of the Byelorussian people who are still struggling to maintain their ethnic and cultural singularity.

In recognition of today's anniversary of Byelorussian independence, I have sent a letter to the U.S. Information Agency, as requested by the Byelorussian-American association, urging that the Voice of America broadcast in the Byelorussian language to the Eastern European countries. Presently, this language is not used by the Voice of America, although eight other Soviet languages are broadcasted, and the Byelorussian language represents the third largest Soviet nationality in the U.S.S.R. and in Poland. We, as Americans, must do all we can to help the Byelorussians preserve their heritage and national identity.

GENERAL LEAVE

Mr. EVANS of Indiana. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of the special order of the gentleman from New Jersey (Mr. RODINO).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

BLOCKING ARAB ECONOMIC BOYCOTTS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 15 minutes.

Ms. HOLTZMAN. Mr. Speaker, I have introduced legislation (H.R. 5246), together with Chairman PETER W. RODINO, JR., of the House Judiciary Committee, to block Arab-inspired discriminatory boycotts against American businesses.

In recent weeks we have heard many reports of Arab economic blackmail aimed at American firms which trade with Israel or are owned by or employ Jews. Arab nations and businesses have not only directly refused to deal with such firms, but they have sought to force other American firms to discriminate against them as well. That the Arab countries engage in discrimination against Jews is repugnant. That they attempt to coerce others in this country to do so is dangerous and intolerable.

The implications of such economic coercion are enormous, posing a great and increasing threat to our Nation. A small number of Arab companies can, through economic pressure, influence a much larger number of American companies to participate in discriminatory practices. Thus, a multiplier effect is created which could spread discrimination throughout American business. And as their economic power grows, the Arabs are likely to have a much greater influence on American business than ever before, both through foreign trade and through increased investment in domestic corporations.

We cannot allow the Arabs to use naked economic blackmail to coerce Americans into engaging in religious discrimination, and we cannot allow any foreign power to dictate business practices in the United States.

It is essential, then, that Congress act quickly to protect Americans from foreign economic blackmail. My bill will do so. It imposes stiff criminal and civil penalties on companies which use economic means to coerce others to discriminate against Americans, because of religion, race, sex, national origin or lawful support for or trade with another country.

The bill also penalizes any company that cooperates with or participates in an illegal boycott. This provision is particularly important, because it will furnish American firms with a legal basis for resisting discriminatory Arab economic pressure, and deny competitive advantage to any company which would yield to such pressure.

Thus, for example, it would be unlawful, under the bill, for an Arab bank to tell an American company—as a condition of dealing with that company—not to do business with another firm, because it is owned by Jews, or because it trades with the State of Israel. It would be unlawful, as well, for the American company to obey such a discriminatory command.

Although the bill was designed to meet the immediate threat posed by Arab oil blackmail, its scope is broader. It is intended to protect all Americans against secondary boycotts engaged in for purposes of religious, racial, or other discrimination.

In order to have a substantial deterrent effect, the bill imposes severe penalties, equal to those in the antitrust laws. Any company which instigates an illegal boycott would be subject to fines of up to $1 million, and its officials subject to imprisonment for terms of up to 3 years and fines of up to $100,000. A firm that participates in a boycott would be subject to fines of up to half a million dollars, and its officials to fines of up to $50,000.

The Attorney General is also authorized to seek a civil penalty of up to $500,000 against a firm initiating a discriminatory boycott. If the firm is not present in the United States, the Attorney General is empowered, in an appropriate proceeding to seize its assets in this country, including any funds owed to it by an American company, to satisfy the civil penalty.

Any person or company injured by an illegal boycott could bring action in Federal court for treble damages against a company instigating the boycott. In addition, an individual or company would have the right to sue to stop a boycott from going into effect, and to bring an action for damages against a company participating in a boycott.

Every effort has been made to draft a bill that protects all Americans from invidious economic coercion, but does not, in the process, infringe on rights of free expression. Eminent legal authorities have been consulted in the drafting of the bill to assure that it prohibits Arab economic blackmail and similar types of discriminatory economic coercion, but nothing else. Thus, the prohibition against instigating a boycott applies only to companies conducting business for a profit—not to individuals, labor unions, and nonprofit organizations. Second, the bill prohibits only secondary boycotts; that is, the pressuring of "neutrals" to refuse to do business with a third person for reasons of race, religion, sex, or trading with a foreign country.

I urge my colleagues to support this legislation.

THE FLEXIBLE HOURS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 15 minutes.

Ms. ABZUG. Mr. Speaker, today, I am introducing the Flexible Hours Act. This bill would permit Federal civil service employees to participate in an experimental 1-year flexible work scheduling program. The experiment would be the basis for deciding whether or not flexible hours options should become permanent within the civil service.

Flexible scheduling gives workers the option to adjust their hours of work to their personal or family needs within management designated constraints. Although this program is particularly well suited to the needs of working women with families, it helps all working parents who have difficulties adjusting often unpredictable family demands to rigid work schedules. Under this bill, flexible hours programs would be planned by management and employees and would include a core time period during which all employees would be present and a flexible period during which employees could vary their times of arrival and departure.

This bill specifically exempts any positions occupied by employees with respect to whom there is in effect a collective bargaining agreement which establishes hours of employment. The American Federation of Government Employees has expressed a favorable opinion of this approach which involves the voluntary cooperation of workers in all stages of its development.

In both the public and the private sectors, Mr. Speaker, flexible scheduling arrangements have been used successfully and have proved efficient. Firms which have instituted flexible schedules report that tardiness and absenteeism are virtually eliminated, productivity is increased, employee morale is improved, and management options are increased.

Flexible scheduling has been tested in the public sector, too. Data recently released by the Social Security Administration show that under a flexible scheduling experiment the average amount of leave without pay declined from 13 hours to 8.5 hours and that median productivity per clerk rose in one office by more than 11 percent and in another location by nearly 40 percent. Employee morale also improved—67 percent of the employees said that they liked their work better even though the work itself did not change, 82 percent of employees with children said that flexible scheduling made it easier for them to work and 63 percent said that it was easier to get to and from work. After examining flexible scheduling, the Comptroller General reported:

> The Congress should favorably consider legislative proposals that accommodate the information and recommendations in this report.

Let me also bring to your attention, Mr. Speaker, the fact that flexible scheduling offers the possibility of making available to the Federal service the talents and skills of persons unable to work traditional hours. It provides a more humane work setting while at the same time it virtually eliminates tardiness and absenteeism. Flexible schedules have been used successfully in the private sector and it is time to initiate an experimental program to see whether flexible scheduling is appropriate in the Federal civil service.

The text of the bill follows:

H.R. 5451

A bill to allow Federal employees to participate in a flexible work scheduling program which, for an initial period, shall be established on a temporary basis, and thereafter, subject to Congressional disapproval, on a permanent basis

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Flexible Hours Act."

FLEXIBLE SCHEDULING PROGRAM

SEC. 2. (a) Chapter 61 of title 5, United States Code, relating to hours of work, is amended by inserting after section 6101 the following new section:

"§ 6102. Flexible scheduling

"(a) For the purpose of this section—

"(1) 'agency' has the meaning given it by section 5541 of this title;

"(2) 'employee' has the meaning given it by the first sentence of section 6101(b) of this title; and

"(3) 'flexible scheduling program' means a program established by an agency under regulations prescribed by the Civil Service Commission and under which an employee who elects to participate has—

"(A) the option to select, with respect to such employee's basic workday, the time of such employee's arrival and departure, and the time and duration of any workbreaks, so long as the basic nonovertime workday does not exceed 8 hours;

"(B) the option to select a variable number of hours of employment for days during a calendar week, so long as the basic nonovertime workweek does not exceed 40 hours;

"(C) the option to select a variable number of hours of employment for days falling within a period of 4 calendar weeks, so long as the basic nonovertime employment for such period does not exceed 160 hours; or

"(D) a combination of the options set forth in subparagraphs (A), (B), and (C) (without regard to the limitation of hours in subparagraphs (A) and (B));

except that the selection by the employee under any option set forth in subparagraphs (A) through (D) shall be from within a range of possible alternatives which the agency shall prescribe and that no sanctions or penalties shall be applied to employees who do not elect to participate.

"(b)(1) In the interests of attaining greater employee efficiency and providing recognition of each employee's particular needs and nonwork-related time demands, it is the policy of the Government of the United States that employees be allowed flexibility in the scheduling of their work hours to the extent consistent with the fulfillment of the duties and requirements of their positions.

"(2) For the purpose of this section, each agency may establish a flexible scheduling program, to be available for such positions as it deems appropriate. Under any such program, an employee in a position for which such program is available may elect to participate (and may terminate such election) at such time and in such manner as the agency may prescribe.

"(3) No program established under paragraph (2) of this subsection shall apply to any position occupied by an employee with respect to whom there is in effect a collective bargaining agreement which establishes hours of employment.

"(c) Premium pay shall be paid by the agency to an employee under a flexible scheduling program in accordance with regulations which the Civil Service Commission shall prescribe. Such regulations shall provide for payment of premium pay under circumstances similar to circumstances for which such premium pay is provided under subchapter V of chapter 55 of this title, or under section 7 of the Fair Labor Standards Act of 1938 as amended (29 U.S.C. 207), as the case may be.

"(d) The Commission shall prescribe such regulations (in addition to regulations otherwise required to be prescribed under this section) as may be necessary to carry out the purpose of this section."

(b)(1) Section 6101(a)(1) of title 5, United States Code, relating to the definition of employee for purposes of the basic 8-hour workday and the basic 40-hour workweek, is amended by adding at the end thereof the following new sentence: "Such term does not include any employee occupying a position which is under a flexible scheduling program established under section 6102 of this title."

(2) Section 5541(2) of title 5, United States Code, relating to definition of employee for purposes of computation of premium pay, is amended—

(A) by striking out "or" at the end of clause (xii) and by striking out the period at the end of clause (xiii) and inserting in lieu thereof "; or", and

(B) by adding at the end thereof the following new clause:

"(xiv) an employee occupying a position which is under a flexible scheduling program established under section 6102 of this title."

(3) Section 13 of the Fair Labor Standards Act of 1938 as amended (29 U.S.C. 213), relating to exemptions, is amended by adding at the end thereof the following new subsection:

"(i) The provisions of section 7 shall not apply to any employee employed by the Government of the United States during a period in which the position such employee occupies is subject to a flexible scheduling program established under section 6102 of title 5, United States Code."

EXPERIMENTAL PROGRAMS IN FLEXIBLE SCHEDULING

SEC. 3. (a) For purposes of this section and sections 4 and 5, "agency", "employee", and "flexible scheduling program" shall have the meanings given them by section 6102 of title 5, United States Code (as amended by section 2 of this Act).

(b) Within 180 days after the date of the enactment of this Act, each agency shall establish under section 6102 of title 5, United States Code, a flexible scheduling program on an experimental basis. Such program shall cover a sufficient number of positions throughout the agency, and provide a sufficient range of worktime alternatives, as to provide a fair and representative basis on which to evaluate the effectiveness and desirability of permanently maintaining such a program within the agency.

(c) The Civil Service Commission shall provide to each agency educational material, and technical aids and assistance relating to flexible scheduling, for use by the agency before and during the period such agency is conducting its program on an experimental basis under subsection (b).

REPORTS

SEC. 4. (a) The Civil Service Commission shall, as soon as practicable but not later than 60 days after the date of the enactment of this Act, submit to each House of the Congress a draft of any technical and conforming amendments which are necessary to reflect the changes in the substantive provisions of law made by this Act.

(b) Within 13 months following the commencement of an agency's flexible scheduling program pursuant to section 3, such agency shall submit to the Civil Service Commission such information as the Commission deems necessary to evaluate the first 12 months of such program.

(c) Not later than 24 months following the date of the enactment of this Act, the Civil Service Commission shall prepare and transmit, based on its own studies and evaluations and on information obtained under subsection (b) of this section, a report to each House of the Congress regarding the flexible scheduling programs and experimental programs conducted under section 3, together with the Commission's recommendations regarding the desirability of retaining such programs on a permanent basis.

EFFECTIVE DATE; TERMINATION UPON CONGRESSIONAL DISAPPROVAL

SEC. 5. (a) For purposes of this section, "Congressional review period" means the period which begins immediately after the date the report from the Civil Service Commission required by section 4(c) is transmitted to both Houses of the Congress and which ends at the close of the 30th calendar day of continuous session of Congress. The continuity of a session shall be considered broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are to be excluded in the computation of such 30 days.

(b) Except as provided under subsection (c)—

(1) the amendments made by section 2 shall take effect beginning 120 days after the date of the enactment of this Act,

(2) section 3(b) shall be effective only during the period beginning 120 days after the date of the enactment of this Act and ending 30 days after the close of the Congressional review period, and

(3) the provisions of this Act (except as provided under paragraphs (1) and (2)) shall take effect on the date of the enactment of this Act.

(c) If during the Congressional review period, either House of the Congress passes a resolution disapproving flexible scheduling programs as established under section 3, the amendments made by section 2 are hereby repealed effective 30 days after the close of such Congressional review period.

A BILL TO AFFORD MILITARY OFFICERS THE OPPORTUNITY TO STUDY LAW

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. COLLINS) is recognized for 5 minutes.

Mrs. COLLINS of Illinois. Mr. Speaker, yesterday I introduced a bill (H.R. 5402) that will afford military officers an opportunity to study law.

It directs the Secretaries of the military departments to reestablish an excess leave program for the study of law that was in existence until November 16, 1973, when Public Law 93–155 was enacted. Under that program, officers who had accumulated excess leave were allowed to attend law school at their own expense, if they agreed to serve in the Judge Advocate General's Corps after completion of their studies. To be eligible for this program, an applicant had to have served as an officer for at least 2, but less than 6 years.

In 1973, however, Public Law 93–155, section 817, established a new program whereby a maximum of 25 officers from each branch of the service are chosen to attend law school at the expense of the Department of Defense. In return, each officer agrees to be detailed as a judge advocate or law specialist after completing his legal training. To be eligible for this program, an officer must have served on active duty at least 2, but no more than 6 years.

Unfortunately, the slight change in wording of Public Law 93–155 denied certain officers the opportunity to study law while in the service. The excess leave requirement was for service as an officer for more than 2, but less than 6 years; the present program requirement is for active service for that amount of time.

At the time that the excess leave program was terminated in favor of Public Law 93–155, anyone who had been in the service for at least 6 years, but had been an officer for less than 2 years was deprived of the opportunity to study law at his own expense. However, many of these officers were also ineligible to apply for the new program, because they had been in active duty for more than 6 years.

The legislation I have introduced would allow only those officers who were caught in limbo by the change in programs and language to be eligible for the excess leave program. This would not cost the Government anything, because it would allow officers to study law at their own expense. The text of this bill, which I hope my colleagues will support, follows:

H.R. 5402

A bill to require the Secretaries of the military departments to reestablish the excess leave programs for legal study for certain commissioned officers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of each military department shall reestablish the excess leave program for legal study which was in effect, before the effective date of section 2004 of title 10, United States Code, for commissioned officers of the Armed Forces under the jurisdiction of the Secretary.

SEC. 2. Each excess leave program for legal study required to be reestablished shall be open only to eligible commissioned officers and shall expire upon completion of legal study by those eligible commissioned officers who are selected to participate in the program.

SEC. 3. For purposes of this Act, the term "eligible commissioner officer" means any commissioned officer of any armed force who—

(1) on the effective date of section 2004 of title 10, United States Code, had completed less than 2 years of continuous service as a commissioned officer, and would have been eligible within the two years following the effective date of section 2004 of title 10 for selection as a participant in the excess leave program for legal study in effect for that armed force before such date; and

(2) is ineligible for detail under such section 2004 by reason of subsection (b)(1) thereof.

A TRIBUTE TO DOROTHY BLAKE, A SENIOR CITIZEN WHO REFUSES TO ACT HER AGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 15 minutes.

Mr. MATSUNAGA. Mr. Speaker, it was with a keen sense of pride and privilege that I entered, in this session of Congress, upon my duties as a member of the newly created House Select Committee on Aging, and as chairman of its Subcommittee on Federal, State and Community Services. In recent years, the problems of senior citizens have increased in number and grown in complexity. The establishment in the House of Representatives of a select committee to consider these problems demonstrates a recognition on the part of this body of the importance of protecting and advancing the best interests of this growing segment of our society.

However, Mr. Speaker, my purpose in speaking on the floor at this time is not merely to laud the progressive legislative philosophy of the House. I would like, in addition, to call the attention of my colleagues to one of my constituents who fits the description of "senior citizen" in every sense of the term except one:

She refuses to act her age.

Like a college senior at commencement, my constituent and good friend, Mrs. Dorothy Blake, a grandmother, regarded the time of her retirement as the beginning of a new life—a period when she could devote her entire time and energies to community welfare work. Since her retirement as director of the occupational therapy department of a multiservice State hospital in Honolulu, Hawaii, Mrs. Blake, displaying a prodigious amount of love, concern, goodwill, and energy, embarked upon an inspiring program of community service. Time does not permit me to mention other than her major noncompensated activities which have reached the underprivileged, the severely handicapped, and the aged.

On Mondays and Thursdays she volunteers her talents and skills as an occupational therapist at the Kalihi-Palama Day Hospital program;

On Tuesdays and Wednesdays she continues to do volunteer work at Maluhia Hospital, where she had been employed for 37 years before retiring;

On Fridays she can be found at the Hale Ho'ola'i Day Center for Senior Citizens, where she provides, in addition to occupational therapy assistance, companionship and guidance to senior citizens.

Whoever said that the workweek consists of 5 days, Monday through Friday, apparently had not heard of Mrs. Blake's community service program. In addition to her regular daily schedule, Mrs. Blake also finds time for such organizations as Honolulu Theater for Youth, Honolulu Community Theater, St. Andrews Episcopal Church, Red Cross, Altrusa Club, and Maluhia Hospital Women's Auxiliary.

I first met Dorothy about 30 years ago when we performed together in Johnny Kneubel's "The City Is Haunted," under the auspices of the Honolulu Community Theater. She has not slowed down one bit since then. She is truly an amazing human being.

Dorothy Blake will be honored at a banquet to be held on March 28, 1975, by the Pearl Harbor Sertoma Club, which will present her with a "Service to Mankind" award. I am speaking in advance of the occasion, which I plan to attend, because in my newly assigned duties on the House Select Committee on Aging, I find that Mrs. Blake's complete involvement in the service of others—after retirement—is a continuing source of inspiration for me.

Having told Mrs. Blake's story, I sincerely hope that my colleagues and others will derive the same inspiration from her example.

THE AMERICAN PEOPLE SPEAK OUT ON THE SUPREME COURT'S ABORTION DECISION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. OBERSTAR) is recognized for 5 minutes.

Mr. OBERSTAR. Mr. Speaker, a recent survey done by a highly respected, independent polling organization reveals that nearly three out of four Americans believe Congress should take action to correct the situation created by the Supreme Court decision legalizing abortion on January 22, 1973. Only one out of four thinks Congress should do nothing and let the Supreme Court decision stand.

De Vries and Associates of Wrightsville Beach, N.C., designed a randomly drawn national probability sample of 4,067 to produce an approximation of the noninstitutionalized, adult population of the United States. This large sample size allows a valid reading for subsamples of different demographic groups and geographical areas.

To draw the sample, the United States was broken down into seven geographical regions. Each region was proportioned a specific number of interviews based on the general adult population. In order to have a highly accurate analytical reading for all areas, New England and the West North Central States were oversampled. Due to the skewness which would result in the overall data from this oversampling, weights were computed to bring areas back into their proper proportion. The size of the weighted sample is 4,004.

Interviews were then proportioned to each State was the county. According to area's total. Representative States were chosen on the basis of selected variables for those States that had too few interviews proportioned to them by population for a valid analysis.

The primary sampling unit within each State was the country. According to the size of the State, a sufficient number of counties were randomly selected with the probability of selection equal to size.

Urbanized areas were sampled by a systematic process using a sampling traction which, with a random starting point, would determine a sampling block at a specific interval. In rural areas for which population data are not available, small townships were randomly chosen. At each sample point, interviews were grouped in clusters of five interviews. This resulted in 725 sample point sites across the country.

The survey was administered in the respondents' homes from November 18 through December 3, 1974, by trained, professional interviewers across the country. The interviewers were supervised and the interviews were verified by Cambridge Survey Research. Interviews averaged 45 ,minutes in length.

Computer programing and processing of the data were performed by Computer Research Analysts of Chapel Hill.

The results of the survey follow:

VOTE ON CONGRESSIONAL POLICY ALTERNATIVES

The respondents were asked which course of action on abortion policy they might support if they were the U.S. Congressmen from their area.

"The United States Supreme Court recently ruled that all of the states' abortion laws are unconstitutional. For practical purposes, this ruling has made abortion available to a woman on request throughout her pregnancy. The United States Congress is considering four possible courses of action in this matter. If you were the Congressman from this area, which of these alternatives would you vote for?"

Policy alternatives	Total	Region								Religion			Race			Female
		NE.	MA.	ENC.	WNC.	S.	W.	P.	C.	P.	J.	W.	B.	S.	
1—Congress should overrule the Supreme Court and make all abortions illegal	7.1	8.9	7.6	7.5	5.8	8.8	5.2	4.5	10.9	5.9	0.9	6.7	10.1	9.4	8.1
2—Congress should overrule the Supreme Court and provide that abortion is illegal except when necessary to save the life of the mother	25.7	16.5	18.8	29.2	35.7	28.2	30.2	21.1	24.7	28.8	6.1	25.2	29.6	26.4	26.6
3—Congress should do nothing and let the Supreme Court decision stand	25.1	40.1	31.7	19.0	17.8	22.3	19.9	31.6	21.1	21.8	63.1	25.6	21.8	23.1	22.4
4—Congress should overrule the Supreme Court by restoring to each State the right to permit or prohibit abortion	22.9	19.9	22.7	21.8	22.1	23.4	22.3	26.3	20.1	24.7	22.9	23.9	17.8	17.7	23.1
5—Congress should overrule the Supreme Court and provide that abortion is illegal except in specific cases as determined by law	16.6	12.1	16.2	20.4	16.9	14.7	19.9	14.5	20.6	16.5	4.0	16.3	17.8	22.0	17.4
Not sure	2.6	2.5	3.0	2.1	1.7	2.6	2.5	2.0	2.6	2.3	3.0	2.3	2.8	1.4	2.4

Key: Regions: Northeast (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut); Middle Atlantic (New York, Pennsylvania, New Jersey); East north-central (Michigan, Ohio, Indiana, Illinois, Wisconsin); West north-central (North Dakota, Minnesota, South Dakota, Nebraska, Iowa, Kansas, Missouri); South (West Virginia, Delaware, Maryland, Kentucky, Tennessee, North Carolina, Arkansas, South Carolina, Mississippi, Alabama, Georgia, Louisiana, Florida); West (Montana, Idaho, Wyoming, Nevada, Utah, Colorado, Arizona, New Mexico, Texas, Oklahoma); Pacific (Washington, Oregon, California). Religion: Catholic, Protestant, Jewish. Race: White, black, Spanish.

HAYM SALOMON REVOLUTIONARY PATRIOT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 10 minutes.

Mr. DANIELSON. Mr. Speaker, today is the first day of issue by the U.S. Postal Service of a commemorative stamp to honor Haym Salomon, a great patriot of the American Revolution. Enscribed "Haym Salomon—Financial Hero," the stamp is one of four issued as a series to honor "Contributor to the Cause" and to commemorate the initial role they played in our American Revolution.

The stamp further commemorates the Bicentennial program for Haym Salomon, which was conducted by the Los Angeles District Council of the Jewish War Veterans of the United States on Sunday, January 26, 1975. The fine work of that Council, its auxiliary, and its friends has resulted in this recognition of Haym Salomon's magnificent work in furtherance of the American Revolution.

Haym Salomon, merchant, banker, and Revolutionary War financier, was born in Poland of Jewish-Portuguese parents in 1740. An advocate of Polish independence, he fled to England in 1771 and then to America, where he opened a brokerage office in New York.

He was in New York only a few months before he joined the Sons of Liberty, a group of revolutionary patriots, and was twice arrested and imprisoned by the British. Later, in Philadelphia, Salomon became financial agent in America for the French Government and was one of the leading dealers in bills of exchange and other securities. As a large depositor in Robert Morris' Bank of North America, Salomon contributed to maintaining the new government's credit. When Morris was appointed Superintendent of Finance, he turned to Salomon for help in raising the money needed to carry on the war and later to save the emerging nation from financial collapse. Salomon advanced direct loans to the government and also gave generously of his own resources to pay the salaries of government officials and army officers. With frequent entries of "I sent for Haym Salomon," Morris' diary for the years 1781–84 records some 75 transactions between the two men.

After the war, Salomon was almost penniless and died in 1785 before he could rebuild his business. Salomon, Morris and George Washington are the subjects of Lorado Taft's "Great Triumvirate of Patriots" monument in Chicago.

As we approach our Nation's Bicentennial, it is most appropriate that we pause to pay our respect to those who made freedom in America possible. We are greatly indebted to the band of American revolutionaries who broke the bonds of oppression and tyranny and secured the fortune of freedom to our people. It was an act of total dedication when the Signers of the Declaration of Independence, on July 4, 1776, adopted Thomas Jefferson's immortal words:

> And for the support of this Declaration, with a firm Reliance on the Protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor.

This mutual pledge of dedication marked the dawn of free government for people in America and throughout the world. The thousands of patriots who joined the Signers also pledged their lives, their fortunes and their sacred honor. The great patriot whom we honor today, Haym Salomon, is one of these, for as he too accepted this pledge, he also carried the lead to insure the funds essential to the success of our American Revolution. He, too, pledged his life, his fortune, and his sacred honor.

FEDERAL LAND BANK LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, I have today, introduced legislation which would eliminate the competitive disadvantage suffered by commercial banks because of the tax-exempt status of the Federal Land Bank systems. I have been joined in the introducing of this bill by Congressman JAMES BURKE, Congressman JAMES CORMAN, Congressman BILL FRENZEL, Congressman WILLIAM GREEN and Congressman CHARLES VANIK. My bill would repeal the tax-exempt status of the privately owned Federal Land Banks and associations, and Federal Intermediate Credit Banks.

The Federal Land Bank system consists of 12 district banks, approximately 570 associations and over 400,000 farmer-borrowers, who own the associations. All Federal funds have been retired from this system since 1947.

The Federal Intermediate Credit Bank system consists of 12 district banks, approximately 435 productive credit associations and nearly 520,000 member stockholders. All Federal funds have been retired from the system since 1968. Both systems are under the supervision of the Farm Credit Administration. In short, they are federally chartered, privately owned lending institutions with no Federal tax liability.

This is an unjustified tax preference which should be rectified. The purpose of this legislation is to place these institutions on a comparable tax status with similarly situated financial institutions.

Hearings on similar legislation were held during the last Congress when the House Ways and Means Committee considered tax reform legislation.

The Treasury Department supports the repeal of this tax exemption on two grounds:

First. The Federal land banks and associations and the Federal intermediate credit banks are privately owned. These financial institutions are self-sustaining; and

Second. They are in competition with commercial banks and have established themselves as a substantial force in the farm credit market.

Today, the farm credit system has a total of $21 billion in assets and is second only to the Treasury Department in borrowing in the open market. In 1973, these institutions borrowed a total of some $16 billion.

Repeal of this tax-exempt status would bring in additional revenue to the Treasury of between $12 and $18 million annually.

In a letter dated November 21, 1973, addressed to the chairman of the House Ways and Means Committee, Secretary Shultz of the Treasury Department expressed the view that since these institutions are privately owned, are in competition with commercial banks and have established themselves as a substantial force in the farm credit market, their tax-exempt status should be removed.

Last year, in the report of the Committee on Ways and Means concerning the Energy Tax Relief Act of 1974, the committee cited this problem for further study saying:

> The Federal land banks and associations are now entirely in the private economy, but nevertheless, to some extent, retain exemptions from income tax. The committee has instructed the staff to study and report to the committee next year on the desirability of removing this tax-exempt treatment.

H.R. 4222

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 5 minutes.

Mr. MOAKLEY. Mr. Speaker, I wish to commend the distinguished chairman of the Committee on Education and Labor and the House leadership for their statesmanlike decision to postpone further consideration of the bill, H.R. 4222, the National School Lunch and Child Nutrition Act amendments of 1975.

We have seen today how a dedicated effort to meet the needs of American schoolchildren can be seriously damaged by attempting to deal with so important an issue under the enormous pressure of an impending recess.

I would hope that we shall be able to do justice to this program by dealing with it in a more thoughtful and orderly atmosphere.

While I had some reservations, I would have been willing to support the original committee amendment in the nature of a substitute. But in an effort to overcome the objections of others, the committee made changes in the bill which opened a loophole through which the schoolchildren of Boston could be hurt.

For this reason, I am unable to support the amendment of the gentleman from Michigan. By setting a 35-cent ceiling, which is the charge made by Boston schools, we would be establishing—at least in Boston—an accounting function that could simply shuffle money between Federal, State, and local governments. But it might do nothing for the children of my district.

I opposed the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING) because it went even further in turning us back from the direction in which the committee originally moved. This amendment would have removed the 35-cent ceiling. The Boston School Committee estimates that the original proposal to lower the price of lunches from 35 cents to 25 cents would have offered 8,000 more Boston children a nutritious balanced meal. If this amendment had passed, the Boston School Committee could have been forced to raise prices above 35 cents, depriving these 8,000, and perhaps thousands more, of adequate nutrition.

I sincerely hope that when we resume consideration of this measure, we can deal with this subject in a reasonable and orderly way. This is too important a program to be treated with anything but the utmost care and deliberation.

When I voted that the committee rise, I did so as an affirmation of faith in the wisdom and good judgment of the Committee on Education and Labor and the distinguished Chairman (Mr. PERKINS).

I urge them to take this extra time to review the discussion of the past 2 days and, based on their own well demonstrated concern for America's children, to offer the House some alternatives to the amendment before us today.

THE NATIONAL HOME HEALTH CARE ACT OF 1975

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 18 additional cosponsors, I am today reintroducing H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975. Seventy-five House Members to date have sponsored this legislation—list attached below. In addition, the bill has been introduced in the Senate under the bipartisan sponsorship of FRANK MOSS and FRANK CHURCH, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, HUGH SCOTT, Senate minority leader, and Senators WILLIAMS, DOMENICI, and TUNNEY.

I have introduced two versions of the bill. The only difference between them is that section 7 of H.R. 4772, requiring a small contribution by adult children toward their parent's care, is omitted in H.R. 4774. I have offered the two versions to provide Members a choice on this issue, which is the only controversial provision in the bill. Two-thirds of the House sponsors are on both bills; the version chosen by Senators MOSS, CHURCH, and others omits the support provision.

Both H.R. 4772 and H.R. 4774 provide home health care under medicare and medicaid, including unlimited visits by a doctor or nurse based on need rather than current artificial restrictions, supportive services of transportation to doctors' offices and senior centers, assistance in homemaking services, shopping, and outdoor walking, and partial rent or mortgage subsidies. According to GAO, the Senate Special Committee on Aging, and all other studies I have seen, to provide suuch part-time services at home is far cheaper per patient for the Government than is institutionalization. At the same time, this would provide a more producutive, longer, and more pleasurable life for those elderly and disabled who would like to live at home and are capable of doing so, but are prevented from doing so because of the lack of supportive services. An HEW report, confirmed by Library of Congress figures, points out that 14 to 24 percent of the Nation's 1,070,000 current nursing home patients fall into this category.

While this legislation could be included in any comprehensive health insurance bill, it stands on its own if no health package is enacted. There is a need for nursing homes for those incapable of remaining in their own homes even with the supportive services provided by this legislation, but those persons who can remain at home with the necessary supportive services and thereby afforded longer, more productive lives should be given that opportunity.

We must provide our elderly and disabled the privacy, dignity, and peace of mind to which they are entitled—in their own homes, when they do not need the broad range of services that should be available in a properly run nursing home.

I hope the broad congressional support already evident will grow and that early hearings will be held on this legislation so badly needed by our Nation's elderly and disabled citizens.

I am appending with this statement a list of the current co-sponsors of the National Home Health Care Act of 1975:

SPONSORS

House and Senate sponsors of the National Home Health Care Act of 1975 as of March 25, 1975.

HOUSE SPONSORS

Edward Koch, Bella Abzug, Joseph Addabbo, Glenn Anderson, Les Aspin, Herman Badillo, Alvin Baldus, Robin Beard, Bob Bergland, William Brodhead, George Brown, Charles Carney, Bob Carr, Shirley Chisholm.

William Cohen, John Conyers, James Corman, Robert Cornell, Dominick Daniels, Charles Diggs, Tom Downey, Robert Edgar, Don Edwards, Joshua Eilberg, Dante Fascell, Harold Ford, William Ford, Donald Fraser.

Ben Gilman, James Hanley, Mark Hannaford, Tom Harkins, Mike Harrington, Augustus Hawkins, Ken Hechler, Henry Helstoski, Floyd Hicks, Elizabeth Holtzman, William Hughes, James Jeffords, John Jenrette, John LaFalce.

William Lehman, Norman Lent, Marilyn Lloyd, Matthew McHugh, Abner Mikva, George Miller, Parren Mitchell, Donald Mitchell, Ronald Mottl, Morgan Murphy, Robert Nix, Ned Pattison, Richard Ottinger, Otis Pike.

Peter Peyser, Charles Rangel, Fred Richmond, Robert Roe, Ben Rosenthal, Edward Roybal, Jim Santini, Paul Sarbanes, Pat Schroeder, John Seiberling, Stephen Solarz, Gladys Spellman, Pete Stark, Fernand St Germain, Gerry Studds, Bob Traxler, Henry Waxman, Antonio Won Pat, Sidney Yates.

SENATE SPONSORS

Frank Moss, Frank Church, Hugh Scott, Harrison Williams, Pete Domenici, John Tunney.

ON THE REINTRODUCTION OF H.R. 166 AND BARRING DISCRIMINATION ON THE BASIS OF AFFECTIONAL OR SEXUAL PREFERENCE

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, in April 1974 I wrote to the Office for Civil Rights of the Department of Health, Education, and Welfare requesting that office to accept complaints which alleged discrimination because of an individual's sexual preference. I was advised by Peter H. Holmes, Director of the Office for Civil Rights—

> The Office for Civil Rights is aware that individuals are frequently denied educational and employment opportunities on the basis of their status as homosexuals.

It is simply inequitable, indeed immoral, that in this day and age there is no Federal law prohibiting discrimination against individuals on the basis of affectional or sexual preferences. I am proud to be one of the initiating sponsors of H.R. 166 which will end such discrimination in the areas of public facilities, public education, housing, employment, and other federally assisted opportunities. The Prime Minister of Canada, Pierre Trudeau, summed up this matter a long time ago when he said,

> The state has no business in the bedrooms of this nation.

Our own Thomas Jefferson said long before—

> Equal and exact justice to all men [and I would add "and women"] of whatever state and persuasion.

Both of these statements are as relevant and persuasive today as they were when first uttered.

Cosponsors of the bill are:

COSPONSORS

Bella Abzug, Herman Badillo, Jonathan Bingham, George Brown, John Burton, Shirley Chisholm, Ronald Dellums, Walter Fauntroy, Donald Fraser, Michael Harrington, Elizabeth Holtzman, Ed Koch.

Paul McCloskey Jr., Norman Mineta, Parren Mitchell, Robert Nix, Charles Rangel, Fred Richmond, Benjamin Rosenthal, Patricia Schroeder, Stephen Solarz, Fortney Stark, Gerry Studds, and Henry Waxman.

URGING IMPOSITION OF MANDATORY PENALTIES ON CRIMINALS WHO ROB WITH GUNS

(Mr. ROBERTS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ROBERTS. Mr. Speaker, the Honorable John Dingell of Michigan recently testified before the House Subcommittee on Crime, urging the subcommittee to impose mandatory penalties on the criminal who robs with a gun, rather than more gun laws. I heartily agree with Congressman Dingell. We do not need to take away the guns, we need to put away the criminals. So that I might share Congressman Dingell's comments with my colleagues, I am placing his testimony in the Record at this point:

STATEMENT OF HON. JOHN D. DINGELL

Mr. Chairman and distinguished members of the Subcommittee, I am grateful to you for giving me an opportunity to speak here today on the subject of gun legislation. Rather than speaking about any particular bill, I would like to comment, in a general way, on what Chairman Conyers, in his opening statement of February 18, indicated the Subcommittee is trying to do, and talk about a few of the ideas being offered by some of my colleagues as ways to achieve those objectives.

You have before you more than 20 bills, varying widely in approach and philosophy. According to the Chairman, the main purpose of most of these bills is to keep firearms out of the hands of criminals and irresponsible individuals.

What troubles me is that many of these bills seek to address what Chairman Conyers accurately called "the nation's escalating crime rate" by what I regard as totally misdirected means: by inhibiting, suppressing, or even revoking the ownership of firearms by ordinary, law-abiding, wage-earning, taxpaying American citizens who have committed no crime, and who have done nothing themselves to justify such an abridgement of their liberty.

What is even more ironic is that none of these bills has any realistic prospect of reducing crime. It's easy to make things tough for the law-abiding citizen who owns or wants to buy a firearm—but he's not the one causing the problem. Crime today is a national calamity because hold-up men, junkies, rapists and other violent criminals have taken over the streets of our major cities, turning their residents into frightened prisoners terrified to venture out beyond their doors, and insecure in their homes.

The vast preponderance of private firearms—statistically, 99 and some fraction percent—are owned by responsible people who will never use them in a crime. To me, the refusal of the most vocal advocates of anti-gun legislation to maintain a sense of proportion and fairness toward this vast majortiy of firearms-owning citizens does serious damage to our civil liberties tradition. I am deeply dismayed by the mad rush of people, who call themselves civil libertarians, to embrace the most oppressive measures against gun ownership as a badge of their liberal credo—measures these same people would soundly condemn in virtually any other context.

There is, I believe, something very much wrong—repugnant to our fundamental principles of due process and individual merit—in branding a man as a probable future criminal because he owns, or desires to own, a firearm. It is a grotesque idea to suggest that firearms owners are somehow collectively responsible for crime, and should be penalized for it by being forced to relinquish an important part of their liberty.

Why should I have to give up a handgun I own? I have not murdered or robbed anyone, or used a handgun to commit a crime. If there is anything in my record that suggests that I personally should be disqualified from handgun ownership, let that be cited against me. But I want to be judged as an individual. Until some valid reason can be shown why I, personally, should be classified along with the criminal, leave me alone.

You are going to hear that again and again: "Leave me alone." Don't get the idea it's just the one million odd members of the National Rifle Association who feel that way. If that were the case, the proponents of harsh anti-gun measures would have had their way long ago. The fact is that there probably are 40 million firearms owners in the United States, of whom perhaps a third—let's say 13 million—also own handguns.

What has been castigated as a "gun lobby" is not a lobby at all in the traditional sense. Make no mistake about that: it is a sizable portion of the adult population cutting across all the recognized social, political, economic, geographic, racial, religious, and age lines.

I have seen frequent references to public opinion polls purporting to show that 75 percent of those responding favored "some form of gun control." Nothing could be more irrelevant. If I had been polled, I might have responded in the affirmative myself. Being in favor of gun control is like being in favor of taxation. We all agree government can't be run without money, but when it gets down to what is going to be taxed, how much, and who is going to have to pay it, that solid consensus disappears.

What is far more telling about the polls is the rather consistent response over the years—usually about 50 percent—who, even though they say they are in favor of more controls—do not think the additional laws will reduce crime at all.

I am coming increasingly to the belief that gun control is a legislative cop-out. It's away for the Congress to pretend it is doing something to fight crime, without actually having to face the hard truth that we cannot any longer afford to indulge the permissive judicial and correctional attitudes toward criminals that have become so fashionable in recent years.

The courts and correctional authorities have taught a whole new generation of criminals that crime does pay. Or at least, if you are caught, nothing much will be done to you. You are slapped on the wrist and sent off to a counselor for rehabilitation.

The lack of any meaningful deterrent—punishment has become declassé nowadays—has swollen the ranks of the criminal element. The real reason prisons are overcrowded is because easy crime attracts so many young people who are not even fazed by the revolving door sentences they are getting. We are catching more than ever before, and there isn't room for them all. And they are mostly repeaters.

Gentlemen: The public is getting sick and tired of robberies committed by holdup men out on bond, and felony murders committed by killers on probation, and convicted felons who are supposed to be locked up running around on so-called "furloughs." There are people who are wondering about the sanity of judges who sentence under the Youth Corrections Act 18 and 19 year old thugs who engage in shoot-outs with police and whose average stay at such Federal facilities will be about 18 months, when they have to be kicked out to make room for more.

A criminal who uses a gun, and the threat of instant death, to rob some innocent person is nothing less than an incipient killer. He falls into the same category as a rabid dog. He has demonstrated his unfitness to be free in society. If this Subcommittee is really interested in saving lives, it can start by imposing mandatory penalties on the criminal who robs with a gun. Put him away, and don't let him out . . . ever, if need be. You may save the life of the next person he would threaten to kill, and it will serve as an example to all the others who now think of a holdup as a not-too-serious caper. And the only freedom to be diminished will be that belonging to someone who doesn't deserve it in the first place.

Those who seek more gun laws have been very carefully cultivating by incessant repetition a number of myths that ought to be challenged, and I would like to draw attention to several of the most popular.

The first is that the Gun Control Act of 1968 is weak and ineffective. That is not true. Virtually all of the so-called weaknesses in the Gun Control Act stem not from any deficiency in the statute, but from insufficient enforcement.

New York City officials constantly complain that handguns are being brought into the city from a few gunshops in several southern states. The cite that as evidence that new laws are needed. But it's already illegal. Making it illegal again won't do any good. What's needed is vigorous enforcement.

The Treasury Department last year issued a beautifully printed report showing this path of illegal guns into New York City. The southern gun shops have been identified. If they have figured that out, why don't they arrest the people responsible, and put a stop to it?

We also hear reports about out-of-state criminals buying firearms from licensed dealers by displaying phony identification. Again, there already is a very stiff penalty in the Gun Control Act of 1968, both for using false identification, and for buying a handgun outside your state of residence. Why aren't these laws being enforced, and why aren't dealers who do not pay proper attention to the validity of identification having their licenses lifted?

Another myth is that the "availability of guns causes crime." That too, is just not so. If it were, the world's highest crime rate would be in Switzerland, where every able-bodied male citizen keeps a machine gun in his home. Yet Switzerland has a lower homicide rate with guns, than Japan does without guns.

Incidentally, low homicide rates in Japan often are cited as evidence that gun controls "work." In fact, Japan's crime rates in virtually every type of offense, with or without guns, are uniformly low. The Japanese simply do not have as much crime of any kind, period. There is another difference, both in Japan and in Switzerland; when you commit a serious offense, they make you wish—for a long time—that you had not.

Chairman Conyers in his statement referred to 120 police officers who met their deaths "at the hands of a gun." Excuse me, but I have never been introduced to a gun that had hands. Nor to a gun that was, according to the statement, "responsible for deaths." Hands, and responsibility, belong to people, and what I find significant about the deaths of the policeman is not that two-thirds were killed with handguns, as opposed to long guns, but that two thirds were killed by *previously convicted criminals.*

We do not need to take away the guns; we need to put away the criminals.

I do not believe it is possible as a practical matter to keep guns away from criminals. It is sheer fantasy to think you can. Guns are like moonshine—they are not that complicated to make, and there is always somebody willing to supply the demand. Those who really want guns—as the IRA has demonstrated in Northern Ireland—will get all the guns they need, no matter how strict the laws are.

That brings to mind another fact about "handgun" control. Any fool who can push a hacksaw can make a handgun out of a shotgun or rifle in ten minutes, and there is no way to "regulate" that. The only way to eliminate handguns is to eliminate all guns, and it is foolish to make artificial distinctions. The firearms owners recognize this perfectly well, and if you are wondering why shotgun owners oppose the banning of handguns, that is the reason—they know they will be next on the chopping block.

There is still another fallacy. Essentially, it is that the danger of having a gun in the house outweighs the protection that gun provides against intruders.

This idea was concocted from a few very carefully selected statistics comparing the number of robbers and burglars killed by householders with the number of fatal gun accidents in the home. Of course such a comparison is meaningless. It completely ignores countless cases in which crimes were averted, or a householder saved from possible injury without killing the intruder, and in some cases without ever firing a shot. It was enough that the citizen had a weapon and knew how to use it. Nor can such statistics measure the importance of the peace of mind of honest citizens who need not live in constant fear of intruders against whom they would otherwise be helpless. It has nothing to do with whether such an emergency ever actully arises. Just knowing you have the capability of defending yourself is vital. You can't over-estimate the value of that, and it is not reflected in statistics.

There are many who feel safer without a gun. That is their choice, and I would not quarrel with it. But whether I will be safer with or without a gun is a choice I would reserve for myself; it is offensive to me that the government should arbitrarily decide that I and millions of others no longer can be trusted with handguns.

Some of my constituents have asked me why I sponsored a Saturday Night Special Bill. In view of what I have said here, you might be wondering that too.

Let me start out by candidly acknowledging that all "Saturday Night Special" legislation contains a conceptual flaw—it is directed at a certain kind of gun, not at the criminal misuse of *any* kind of gun. I question whether that makes good sense. And, while I have no particular love for cheap, poorly-made handguns, I cannot believe that the only people who buy them are criminals; I am compelled instead to conclude that there is a market for Saturday Night Specials because some poorer people who want—and badly need—protection simply cannot afford anything better.

Nonetheless, it has been obvious to me that Congress feels compelled to do something—anything—about Saturday Night Specials because the press has made it an unavoidable issue. You will recall that in the past, one of the principal problems in drafting this type of legislation has been to define in legal language, exactly what a Saturday Night Special is.

Therefore, I formulated a bill to accurately distinguish cheap Saturday Night Specials from quality handguns, not because I am convinced that the former should be outlawed, but because I believe that if you are determined to have such a bill, this is the most sensible way to write it. And further, it gives the public some yardstick to judge whether other bills are really Saturday Night Special bills, or something else in disguise.

Many of my colleagues would prefer to meet the Saturday Night Special issue squarely, and precisely. Some have joined in cosponsoring my bill. There are others, however, who see Saturday Night Special legislation as a wonderful smokescreen for dragging into the SNS definition every handgun they can, with the idea of abolishing as many handguns as possible.

Accordingly, a number of bills introduced thus far would ban Saturday Night Specials on grounds that are not unique to that type of weapon at all. Concerned firearms owners are justified in strongly opposing such measures, and I would like to describe just a few of these concepts.

The first is the disingenuous notion that a Saturday night special is any handgun which is "easily concealable."

Concealment, of course, is a matter of degree. All handguns are concealable, some are just more concealable than others. What does "easily concealable" mean? In one's pocket? Pockets, like pistols, come in large as well as small sizes. If a gun with a two-inch barrel is concealable, three inches is almost as concealable, and four inches only slightly more difficult to conceal. "Dirty Harry" in the movies concealed a .44 magnum with an 8⅜ inch barrel under his coat. Who knows, somebody may call that a Saturday Night Special.

Small size is not unique to Saturday Night Specials; there are many high quality guns, including some used by police, that are not particularly big. That doesn't make them any less suitable for legitimate use.

For the same reason, a price tag criterion is objectionable. If a gun selling for less than $25 is evil, how about one selling for $26? Is that one "good"—or, as the anti-gun people will say after the hook's been swallowed—is it just a "little less evil?"

Nor do I believe the citizenry will be bamboozled into accepting "sporting purposes" as a limitation on legitimate ownership of firearms. If we took an informal poll in this room, I think we would find some people who own handguns, and they would probably concede that they have them partially, if not primarily, for defensive purposes. That is every bit as lawful, and legitimate, as any "sporting purpose" I can think of. And maybe more important, because it involves the traditional right of self-defense.

There is one last consideration. It would be the most grievous mistake imaginable to try to enact legislation that would force a citizen to surrender a Saturday Night Special (or any other firearm) which he otherwise lawfully possesses. Some of the bills before you would do just that, either directly by forbidding possession, or indirectly, by imposing ridiculous conditions on his continued ownership.

Such a law would set into motion a massive police effort directed not at the traditional criminal element, but at the citizenry in general. It would be aggravated by the fact that very few gun owners are gun experts—many of them honestly wouldn't know if their handgun was a Saturday Night Special or not. It can be predicted with certainty that there will be countless cases of unwitting, unintended, or just ignorant violations and that people who normally would never have a brush with the law will be arrested and prosecuted.

And if the police take the enforcement of such a confiscation law seriously, they can be expected to stage raids on the homes of people all across the nation suspected of possessing Saturday Night Specials. (As often as not, it will turn out to be some other kind of weapon.)

And for what? Don't we have enough criminals already? If a citizen has a Saturday Night Special in his home, and he is not bothering anybody, what difference does it make what kind of gun it is?

I can't think of any governmental activity more liable to turn citizens into spies against their neighbors, provoke bloodshed between citizens and the authorities and generally turn the country into a police state.

I would hope the Congress would have the good sense to say it is not worth it.

If you are going to go after Saturday Night Specials, you have to intercept them at the upper levels of distribution—at their points of manufacture and importation. There is not any other practical way to do it.

Let me conclude on this note. What I am suggesting to the Subcommittee, respectfully and very earnestly, is: don't get carried away with missionary zeal. Maintain a sense of proportion.

We probably would save more lives—and without violating anyone's rights—by reducing the highway speed limit nationally to 25 miles an hour. Of course everyone would think that was preposterous and any such law would be shouted or laughed down. Everybody wants to get where they are going quickly, and they pay the price of 50,000 lives a year. There could be some saving of life, as we found with the 55 mile an hour reduction. But the public is not willing to do it; it would rather accept the risk.

People do the same thing with alcohol, with cigarettes, and with other things. We deplore gun accidents, but in truth we could save far more lives with a cheaper and simpler expedient—by a prohibition on swimming. The fatality rate from drownings is four times greater than from firearms accidents.

But we won't ban swimming—and I don't believe we should. That is because it is a legitimate, popular activity that people value greatly, and they are willing to accept the inherent risk.

Gentlemen, the same is true for firearms ownership. The people whose guns you are talking about are prepared to accept the risk of having firearms in society, because on balance it is something they value greatly. More than that, they see little reason to sacrifice any more of their freedom so long as their lawmakers are unwilling to shift the weight squarely to the criminals who are primarily to blame.

ADDRESS BY ARTHUR J. DECIO ON THE ROLE OF MOBILE HOMES IN HOUSING AMERICA

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, mobile homes are playing an increasingly important role in providing housing for the American people.

I believe that Members of the House will read with considerable interest the following address on this subject given by Mr. Arthur J. Decio, Skyline Corp., Elkhart, Ind., at the 13th annual Portland, Oreg., Mobile Home Show on February 19, 1975.

Mr. Decio is one of the most thoughtful leaders in the mobile home industry. His remarks follow:

SPEECH GIVEN BEFORE THE 13TH ANNUAL PORTLAND MOBILE HOME SHOW, PORTLAND, OREG., FEBRUARY 19, 1975, BY ARTHUR J. DECIO

As businesspeople, and as Americans, I congratulate you.

As businesspeople I congratulate you for taking a new and highly innovative shelter product from an obscure 60,000 coaches in 1947 to a very visible 567,000 mobile homes in 1973. More than that, over this twenty-seven year span you produced a total of 5,235,560 mobile homes. It hasn't been easy, but it has been great. Today your product has wider acceptance than ever before. Tomorrow holds bright promise of an even brighter future. I salute you and congratulate you on this extraordinary business accomplishment.

MOBILE HOUSING FOR 5.2 MILLION AMERICANS

As Americans I congratulate you for making dignified, decent, affordable homes available to 5.2 million families. Without your effort the American dream of home ownership would have been a nightmare. Each year from 1947 to 1974 mobile homes have accounted for an ever greater percentage of low cost single family housing. In 1974 it ran as high as 86% of all single family housing under $20,000. The record clearly shows that you responded well to America's call for affordable housing. I salute you and congratulate you for this extraordinary patriotic accomplishment.

Having congratulated you as businesspeople and as Americans I find it is urgent that I challenge you in these same capacities. As businesspeople I believe you are faced with a new opportunity. As Americans I believe you are faced with a new responsibility. Opportunity and responsibility are but different sides of the same coin, so let us treat them alike as I describe a new challenge for the mobile home industry. To keep our perspective throughout this presentation let us accept now the proposition that what is good for business is good for America, and that what is good for America is good business. There can be no other way.

A NATION OF HOME OWNERS SEEKS HOMES

In a sense the history of civilization is the chronicle of man's unending struggle for home ownership. In a special sense it is the story of America. Our country was peopled by the oppressed of Europe, Asia and Africa who hungered for freedom's birthright. They came to America ready to work and struggle, fight and die if necessary, for a place of their own. Chapter upon chapter of American history records the agony and the ecstasy of establishing settlements from the Atlantic seaboard across the Plains to the Pacific coast and your great Northwest.

It is a wonderfully stirring story of man's determination to be a freeholder. Finally with the 1970 census we see that America is truly a Nation of home owners, 63% of all families owning their own home. With some 39 million families having a vested interest in America it is little wonder that this is the greatest country in the world.

HOMES FOR FAMILIES HARD PRESSED TO AFFORD CONVENTIONAL HOUSES

But now in 1975 the American dream of home ownership is fast becoming the impossible dream. It is a paradox that in the richest Nation in the history of the world 60% of its families cannot afford a new conventionally built home. In March 1974 the median price of a stick built home was $35,800. With mortgage money scarce lenders are asking 25% to 30% down plus 6 or more points. This means that to buy this median price home the buyer must come up with over $11,000 in cash. Obviously, any continuation of this condition can destroy home ownership in America. I suggest to you as Americans we have a responsibility to preserve the American dream. I further suggest, that as businesspeople we have an unusual opportunity to serve.

CHALLENGE TO MOBILE HOME INDUSTRY—EXPAND VARIETY, APPLICATION

Now the challenge becomes clear. As businesspeople we have an opportunity, as Americans we have a responsibility to make home ownership available to that 60% of all families who make $12,000 a year and still cannot afford a conventionally built home. We know that for the $11,000 cash downpayment required for today's stick built house a man can *own* a mobile home outright, complete with furniture and appliances. It has been amply demonstrated that only the mobile home is the *affordable* shelter product. But its effectiveness has been limited to the rural and suburban markets. The challenge is to make the mobile home or variations of it a realistic alternative everywhere.

ALTERNATIVE TO SUBSIDIZED HOUSING

Incidentally, the challenge could be ignored by leaving the opportunity and responsibility to government subsidized housing programs. But that cannot be done in good conscience. Not when a recent HUD study points out that the total government cost of such programs in 1972 was $2.5 billion, and concludes that "the costs of the accomplishments are greater than the benefits, including the observable benefits to society." So we cannot side step the challenge. All the facts put the ball squarely in our court. We must address ourselves to it.

MOVEMENT TO SMALLER, STURDIER, MORE ENERGY EFFICIENT HOMES

But there is more to the challenge. Much more. I want to share with you an opportunity and a responsibility of such size that it boggles the mind. I want to share with you not only the magnitude of the challenge but the immediacy of it as well. If there were available in this concourse now a trumpet fanfare and a roll of drums, I would order it. I would order it to command your attention for I have something important to say. And this is it. *The American life style has changed and it will never be the same again.* Let me repeat it. *The American life style has changed and it will never be the same again.* The change occurred yesterday. The cause of the change is the energy crisis. The direction of the change is toward a simpler life at a substantially greater cost. The pivot points of change will be transportation and shelter. The cost impact of the energy crisis in these areas will substantially effect everything else, most notably food, clothing and leisure time. (And this without regard to what happens to inflation and the recession) More specifically in the shelter area the direction of change will be toward minimum involvement in housing. That means a modestly priced, more basic structure with less square footage, better built and better insulated, easier to maintain and less costly to heat and cool.

Clearly I have described a mobile home or a variation of it. Think about it for a moment. A high flying era, complete with a shameful waste of most everything, has ended never to return again. A new era has dawned with vastly different emphasis and demands. Your kind of world mobile home manufacturers, dealers, park operators and suppliers; as businesspeople, are you equal to the opportunity? As Americans, are you equal to the responsibility? I say yes. I hope you say yes;

It would be wrong to conclude that because I have bird dogged the challenge that I have all the answers. No such thing. I do have some suggestions relative to the subject that I would like to review with you. Having done that I hope then to have your input which I fully expect to be better than mine. Once we have between us agreed on a course of action I shall be very glad to join with you in its execution. In this spirit then, allow me to make some suggestions.

REKINDLE AMERICAN PRODUCTIVE SPIRIT

I believe that the first thing we have to do is *smile*. The dark cloud of housing's depression, surrounded by the twin confusion of recession and inflation, aggravated by an energy crisis, cannot rain on our parade. Not if we *smile*. You see, I firmly believe that people are the heart and soul of America. That this country of ours is strong or weak, in a state of boom or bust, depending upon the attitude of the American people. I believe that attitudes are contagious. And I'm a carrier. I'm smiling. And I want you to smile too. These are exciting times. It's great to be alive, to be an American, to be in the mobile home industry. Besides, I've never seen a man with a frown sell anything to anybody. So come on, *smile*.

I believe that the second thing we have to do is to start now to evidence a new responsibility throughout the industry. If we are going to capitalize on the opportunity, meet the responsibility that is properly ours, we must continue to look for better materials, better design, better construction, better financing and better service after the sale to bring a changed and waiting world a better shelter product for better living.

CALL FOR NEW CYCLE OF MOBILE HOME INNOVATION

Thirdly, I suggest that we must as an industry be innovative, more accurately we must as an industry continue to be innovative. There isn't an industry in American business whose success can be more directly attributed to creativity. After all, selling housing as personal property has to be the biggest and most daring idea in the long history of shelter. But we can't stop with one stroke of genius. The second generation of managers in our industry must be as bold and yet as right as the first generation was in its day. At every level of the industry there must be a willingness to look at what we are doing and how we are doing it, and say "there must be a better way." Then we must calmly set about finding that way.

A SPECIAL OPPORTUNITY IN LOW INCOME HOUSING

As a fourth consideration, I suggest that we keep the big picture of the industry, its now and future role in the total housing market. With our profit proven factory building system and distribution channel, the proper view is to see ourselves as heir apparent to the vast low income housing opportunity. From this vantage point we can move as markets dictate. Let us be sure that we don't minimize our potential by a myopic view of our part in answering tomorrow's housing needs.

Finally, when an awareness of responsibility has put our house in order and our minds are settled as far as innovation and vision are concerned, then I suggest that it would be timely to throw the spotlight of a highly professional public relations program on the mobile home industry. A simple definition of public relations is getting credit for the good you do. Certainly the mobile home industry has done a lot of good and certainly it has never gotten credit for it. We must now act to change that. Manufacturers and suppliers should lead the effort through their national association, MHMA. Because such programs are costly, and since everyone benefits from the improvement of the industry image, *every* manufacturer and supplier should support the effort through MHMA membership. Association dues are on a sliding scale so support is always proportionately equal to industry participation.

SEIZE TODAY'S OPPORTUNITIES FOR TOMORROW'S ADVANCEMENT

As a last suggestion, I would remind you that timing is important to the success of any campaign. I believe that the time is now for the mobile home industry to act to fulfill its destiny. Let the success minded, dedicated men and women of the industry come to the front. Let them come forward in the spirit that President John Kennedy described so well when he said:

"The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood . . . who knows the great enthusiasms, the great devotions: who spends himself in a worthy cause: who at the best knows in the end the triumph of high achievement, and . . . if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat."

I sincerely hope that my thoughts will fall as seeds on fertile ground, and being enriched by it, will bloom and flower. I would like to think that what we have initiated here today will resolve into an action plan that will be good for business and good for America.

BINARY CHEMICAL WEAPONS—BILL REINTRODUCED

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, on March 14, 1975—pages 6730–6731—I introduced H.R. 4955, which prohibits the use of any appropriations for the procurement of any munition delivery system or production facility for any binary chemical warfare agent.

On March 24, 1975—page 8452—I reintroduced the bill along with 25 of my colleagues.

I am pleased to reintroduce the bill again today, along with 25 additional colleagues, who also feel that the United States should not begin production of a new binary nerve gas system. The text of the bill and the cosponsors follow:

LIST OF COSPONSORS

Mr. Ottinger (for himself, Mr. Leggett, Mr. Brinkley, Mr. Bingham, Mr. Koch, Mr. Helstoski, Mr. Udall, Mr. Rosenthal, Mr. Mosher, Mr. Moorhead of Pa., Mr. Rangel, Mr. Studds, Ms. Holtzman, Mrs. Chisholm, Mr. Drinan, Mr. Miller of Calif., Ms. Abzug, Mr. Pattison of New York, Ms. Spellman, Mr. Solarz, Mr. Simon, Mr. Wirth, Mr. Hannaford, Mr. Richmond, Mr. Mikva, and Mr. Ashley.

H.R. 5492

A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to disseminate any binary-type chemical warfare agent

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no funds authorized or appropriated by any Act making authorizations or appropriations for fiscal year 1976 or for any fiscal year thereafter to the Department of Defense for military functions administered by that Department may be used by any department, agency, or instrumentality of the United States to—

(1) procure any delivery system, or any part of component of any delivery system, which is designed to disseminate any binary-type chemical warfare agent, or

(2) establish (by construction or otherwise) or operate any facility for the production of any such system, part, or component.

Other Members have also expressed an interest in joining as cosponsors, so I intend to reintroduce the legislation again. I invite any additional Members to join in supporting this effort at that time.

The Members might also be interested in an article printed in the journal Science, March 14, 1975, on the appropriation request for binaries. The article follows:

$8.8 MILLION SOUGHT FOR BINARY CW PRODUCTION

Last year when the House and Senate defeated proposed military funding for binary weapons production in a rare display of legislative coordination, perhaps the legislators thought they had nipped in the bud any military ambitions for constructing a new chemical weapons arsenal. This year, however, the Department of Defense (DOD) in its proposed 1976 budget requested $3 million more than last year, or $8.8 million for binary weapons production. The DOD is also requesting funds for binary weapons research, which has aroused little congressional opposition in the past.

A binary weapon operates by storing less-than-lethal chemicals in separate compartments of a projectile which do not mix and become lethal until after the munition is fired. Although safer to store and transport than ordinary chemical weapons, binary weapons nonetheless represent an entirely new generation in the larger family of chemical weapons. The United States renounced nearly all first uses of chemical weapons when it ratified the Geneva Protocol of 1925; other possible uses of chemical weapons in war are the subject of disarmament negotiations now going on in Geneva.

Opponents of escalation of U.S. binary weapons research into the production stage argue that manufacture of the weapons will call into question the country's good faith at the Geneva disarmament talks, and that binary weapons are not all that useful militarily, anyhow. Proponents argue that the United States will need a defensive chemical weapons capability in the future and that the existing arsenal of chemical weapons should be replaced by the safer, binary munitions at a cost of approximately $100 million.

A new congressional fight against the binary procurement item is expected this year and some Congressmen's offices are already, so to speak, arming themselves.

A BILL TO ESTABLISH A HUDSON RIVER COMPACT COMMISSION

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, today I am proud to introduce, along with over 20 of my colleagues from the Hudson River Valley, a bill to establish a Hudson River Compact Commission. Its purpose is to authorize negotiation of a compact to develop, preserve, protect, and restore the resources of the Hudson River Basin and its shores.

In 1966, as a new Member of the 89th Congress, I took an active interest in the future of the Hudson River and the Hudson River Basin, introducing and working for the passage of what is now Public Law 89–605, the Hudson River Compact Act. That bill directed the Secretary of the Interior to cooperate with the five States in the Hudson River Basin—New York, New Jersey, Connecticut, Massachusetts, and Vermont—on a program to develop, preserve, and restore the resources of the river and its shores. It was our hope back then that these States, along with the Federal Government, could negotiate a Federal/interstate compact which would give the Hudson the protection it needed if we were to insure that the Hudson would continue to be a viable waterway and a living river.

In 1970 Congress passed a 4-year extension of the Secretary of the Interior's review authority over federally sponsored or federally authorized projects, an authority given to him under the terms of the 1966 law. That authority gave the Secretary the responsibility to review these projects to make certain that they did not adversely affect the natural, scenic, historic, or recreational resources of the Hudson River Basin. Unfortunately, that section of the law lapsed last year leaving the Secretary only to be the representative of the Federal Government in negotiating a compact with the States.

On November 6, 1973, President Nixon transmitted to Congress the report of the Secretary of the Interior, a report mandated annually in the original compact law. Included in the brief report was a proposed bill to repeal the Hudson River Compact Act. Fortunately, Congress did not enact repeal of the Compact Act, as the President had suggested. Instead, my colleague Mr. BINGHAM, who joins with me today in the introduction of this bill, came to the rescue toward the end of the 93d Congress. In legislation to decrease certain reporting requirements of Federal agencies, Mr. BINGHAM succeeded in repealing the requirement of an annual report by the Secretary to Congress, but left the Secretary with the responsibility to be the representative of the United States in negotiations for a compact agreement. Thus, Congress reaffirmed its commitment to a negotiated compact for the Hudson River Basin.

During my absence from the Congress, it was heartening to know that Congress had made such a reaffirmation of faith in the need for a compact to protect the river. But one major element was still lacking—negotiations to formulate and enact a compact had long been stalled and discontinued. The bill I introduce today is intended to put compact negotiations back on the track. It represents a new approach to convening negotiation discussions, by establishing a Commission to negotiate the compact composed of designees of the Secretary of the Interior and the Governors of the States within the Hudson River Basin. The Secretary, in my bill, is given the affirmative duty of convening the Commission, as well as the responsibility for reporting to Congress on or before July 1, 1976, as to the progress of those negotiations.

The need for a compact and permanent Commission to enforce its terms is abundantly clear. Many needs will be fulfilled through such a device: The need to encourage all beneficial uses of the lands and waters of the Hudson Riverway, including commercial, industrial, and other economic development consistent with the preservation of the natural resources of the river; the need to encourage and support local and State autonomy and initiative in planning and action to develop, preserve and restore the land and waters; the need to abate water pollution, protect clean water, and develop the water resources of the Hudson for beneficial use; and, the need to preserve, enhance and develop archaeological and historic sites, shrines, and structures and to preserve the scenic beauty of the river.

I wish to thank the 22 Members of the House who have joined with me today in introducing this bill, which has strong regional and bipartisan support. I am inserting a copy of the bill, along with its cosponsors, for the benefit of the Members of the House and any of their constituents who are concerned and interested in the protection and preservation of our great American waterways.

The text of the bill follows:

H.R. 5483

A bill to establish a Hudson River Compact Commission composed of the Secretary of the Interior and representatives from the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut so that the Commission may negotiate a compact to develop, preserve, and restore the resources of the Hudson River Basin and its shores, and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States concerned and the Congress have the opportunity to act on that compact

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS AND PURPOSES

SECTION 1. (a) The Congress finds that—

(1) the conservation, utilization, development, management, and control of the water resources of the Hudson River Basin under comprehensive multiple purpose planning will bring the greatest benefits and produce the most efficient service in the public interest;

(2) this comprehensive planning administered by a basin-wide agency will provide the potential for—

(A) flood damage reduction;

(B) conservation and development of surface and ground water supply for municipal, industrial, and agricultural uses;

(C) development of recreational facilities in relation to reservoirs, lakes, and streams;

(D) propagation of fish and game;

(E) promotion of forest land management, soil conservation, and watershed projects;

(F) protection and aid to fisheries;

(G) improved navigation;

(H) control of the movement of salt water;

(I) abatement and control of water pollution; and

(J) regulation of stream flows toward the attainment of these goals.

(3) the water resources of the basin are presently subject to the duplicating, overlapping, and uncoordinated administration of a large number of governmental agencies which exercise a multiplicity of powers and the result is a splintering of authority and responsibility;

(4) in the Act entitled "An Act to direct the Secretary of Interior to cooperate with the States of New York and New Jersey on a program to develop, preserve, and restore the resources of the Hudson River and its shores and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States and Congress shall have had an opportunity to act on that program", approved September 26, 1966, the Congress and the executive branch of the Federal Government recognized a national interest in the consummation of an intergovernmental compact with Federal and State participation;

(5) approximately 15,000,000 people live and work in the Hudson River Basin and its environs, and the government, employment, industry, and economic development of the entire region and the health, safety, and general well-being of its population are and will continue to be affected vitally by the conservation, utilization, development, management and control of the water resources of the basin;

(6) demands upon the water resources of the basin are expected to mount because of anticipated increases in population and by reason of industrial and economic growth of the basin and its service area;

(7) water resources planning and development are technical, complex, and expensive, often requiring 15 to 20 years from the conception to the completion of large or extensive projects; and

(8) the public interest requires that facilities must be ready and operative in the Hudson River Basin so that the damages of unexpected floods, droughts, and other disasters may be avoided.

(b) The purposes of this Act are—

(1) to establish a Hudson River Compact Commission composed of the Secretary of the Interior (hereinafter referred to as the "Secretary") and representatives from the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut so that the Commission may negotiate a compact to develop, preserve, and restore the Hudson River Basin and its shores; and

(2) to authorize certain necessary steps to be taken to protect the resources of the Hudson River Basin from adverse Federal actions until the States concerned and the Congress have the opportunity to act on the compact negotiated by the Commission.

DEFINITIONS

SEC 2. For purposes of this Act—

(1) the term "Hudson River" means the Hudson River and its tributaries from their source to the mouth of the Lower Bay;

(2) the term "Hudson River Basin" means the Hudson River and those parts of the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut within and from which water naturally drains into the Hudson River; and

(3) the term "Hudson Riverway" means the Hudson River and related land.

ESTABLISHMENT OF COMMISSION

SEC. 3. There is established a commission to be known as the Hudson River Compact Commission (hereinafter referred to as the "Commission").

PURPOSES OF COMMISSION

SEC. 4. (a) The Commission is authorized to—

(1) negotiate a compact relating to the preservation, restoration, utilization, and development of the natural, scenic, historic, and recreational resources of the Hudson River Basin; and

(2) to present the compact to the Congress and to the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut for ratification.

(b) In negotiating the compact, the members of the Commission shall consider the following:

(1) the need to establish a permanent Hudson River Compact Commission (to be funded and operated by the Federal Government and any of the States which are signatories to the compact) to enforce the terms of the compact agreed to and to provide direction for Federal and State participation in such enforcement;

(2) the need to encourage all beneficial uses of the lands and waters of the Hudson Riverway, including commercial, industrial, and other economic development consistent with the preservation and rehabilitation of the natural, scenic, historical, and recreational resources of the Hudson Riverway;

(3) the need to encourage and support local and State autonomy and initiative in planning and action to develop, preserve, and restore the land and waters of the Hudson Riverway, insofar as such planning and action is consistent with comprehensive development, preservation, and restoration of the natural, scenic, historic, and recreation resources of the Hudson Riverway;

(4) the need to abate water pollution, protect clean water, and develop the water resources of the Hudson Riverway for beneficial use;

(5) the need to preserve, enhance, and develop archaeological and historic sites, shrines, or structures along the Hudson Riverway;

(6) the need to preserve, enhance, and rehabilitate the scenic beauty of the Hudson Riverway; and

(7) the need to protect and enhance the

fish and wildlife and other natural resources of the Hudson Riverway.

MEMBERSHIP OF COMMISSION

Sec. 5. (a) The Commission's membership shall be as follows:

(1) the Secretary, or his delegate;

(2) the Governor of New York, or his delegate;

(3) the Governor of New Jersey, or his delegate;

(4) if the States of Connecticut, Massachusetts, or Vermont so desire, the Governor of those States, or their delegates.

(b) The Secretary shall convene the first and all subsequent meetings of the Commission, until such time as the members shall choose another member to act as chairman or convenor.

(c) Members of the Commission shall serve without compensation from the Commission but may be reimbursed by the Commission for necessary expenses incurred in and incident to the performance of their duties for the Commission.

POWERS OF COMMISSION

Sec. 6. (a) The Commission may hold hearings, sit and act at such times and places, take whatever testimony and receive whatever evidence it may deem advisable.

(b) The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

ORGANIZATION OF COMMISSION

Sec. 7. (a) The Commission shall provide for its own organization and shall adopt the rules governing its meetings and transactions.

(b) Each member is entitled to one vote in matters voted on by the Commission.

(c) The Commission shall provide by its rules for the appointment by each member of an advisor (to serve without compensation from the Commission) who may attend all meetings of the Commission and its committees.

REPORT

Sec. 8. On or before July 1, 1976, the Secretary shall transmit a report to the Congress and the President of the United States relating to the status of the negotiations by the Commission. The report may include the Secretary's recommendations concerning any matter relating to the Commission. The report shall include the Secretary's recommendations concerning the need for carrying out the purposes of this Act and concerning the manner in which any compact which has been agreed to by the Commission should be enforced. The President shall transmit to the Congress such recommendations concerning the Secretary's report as he may deem appropriate.

TRANSMISSION OF COMPACT TO CONGRESS

Sec. 9. The Commission may not submit a compact to the Congress until the legislatures of the States represented on the Commission have ratified it.

FEDERAL ACTIVITY AND LICENSING OF ACTIVITIES IN THE HUDSON RIVERWAY

Sec. 10. In order to avoid, insofar as possible, decisions or actions by any department, agency, or instrumentality of the United States which could unfavorably affect or alter any resource of the Hudson Riverway having substantial natural, scenic, historic, or recreational value until such time as the States represented on the Commission and the United States have had an opportunity to negotiate a compact, all departments, agencies, and instrumentalities of the United States shall consult with the Secretary concerning any plans, programs, projects, and grants under their jurisdiction within or affecting the Hudson Riverway. Any Federal department, agency, or instrumentality before which there is a license application pending for an activity which may affect the resources of the Hudson Riverway shall notify the Secretary and, before taking final action on such application, shall allow the Secretary 90 days from the date he is notified to present his views on the matter. The requirements of this section shall not apply to any applicant for a license which was pending and being actively pursued on the date 90 days before the date of the enactment of this Act and shall cease to apply 5 years after the date of the enactment of this Act, or whenever a compact submitted by the Commission has been approved by the Congress, whichever occurs first.

REPEAL OF ACT OF SEPTEMBER 26, 1966

Sec. 11. The Act entitled "An Act to direct the Secretary of the Interior to cooperate with the States of New York and New Jersey on a program to develop, preserve, and restore the resources of the Hudson River and its shores and to authorize certain necessary steps to be taken to protest those resources from adverse Federal actions until the States and Congress shall have an opportunity to act on that program", approved September 26, 1966, as amended, is repealed.

AUTHORIZATION FOR APPROPRIATIONS

Sec. 12. There is authorized to be appropriated not more than $75,000 for fiscal year 1976 to carry out the purposes of Sections 6, 8, and 10 of this Act. Expenses incurred by the Secretary or his delegate pursuant to Section 5(b) of this Act may be reimbursed with funds authorized to be appropriated under this Section.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Jeffords) to revise and extend their remarks and include extraneous material:)

Mr. J. William Stanton, for 10 minutes, today.

Mr. Talcott, for 5 minutes, today.

Mr. Railsback, for 5 minutes, today.

Mr. Armstrong, for 60 minutes, today.

The following Members (at the request of Mr. Evans of Indiana) to revise and extend their remarks and include extraneous material:)

Mr. McFall, for 5 minutes, today.

Mr. Gonzalez, for 15 minutes, today.

Mr. Rodino, for 5 minutes, today.

Mr. Vanik, for 5 minutes, today.

Ms. Holtzman, for 15 minutes, today.

Ms. Abzug, for 15 minutes, today.

Mrs. Collins of Illinois, for 5 minutes, today.

Mr. Matsunaga, for 15 minutes, today.

Mr. Ford of Michigan, for 5 minutes, today.

Mr. Duncan of Oregon, for 5 minutes, today.

Mr. Oberstar, for 5 minutes, today.

Mr. Danielson, for 10 minutes, today.

Mr. Phillip Burton, for 30 minutes, today.

Mr. Rostenkowski, for 5 minutes, today.

Mr. Moakley, for 5 minutes, today.

Mr. McDonald of Georgia, for 20 minutes, March 26.

Mr. Patten, for 30 minutes, April 9.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Patman, for 45 minutes, today, and tomorrow March 26, and to include extraneous matter.

(The following Members (at the request of Mr. Jeffords) and to include extraneous matter:)

Mr. Forsythe.

Mr. Anderson of Illinois in two instances.

Mrs. Fenwick in two instances.

Mr. Wydler.

Mr. Gilman in two instances.

Mr. Horton.

Mr. Emery.

Mr. Symms in three instances.

Mr. Derwinski in two instances.

Mr. Gradison in two instances.

Mr. Bell.

Mr. Broomfield.

Mr. Talcott in two instances.

Mr. Abdnor.

Mr. Railsback.

Mr. Heinz in two instances.

Mr. Thone.

Mr. Bob Wilson in three instances.

Mr. Taylor of Missouri.

(The following Members (at the request of Mr. Evans of Indiana) and to include extraneous matter:)

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. McDonald of Georgia in two instances.

Mr. Won Pat.

Mr. Gaydos.

Mrs. Chisholm.

Mr. Lloyd of California in two instances.

Mr. Evans of Indiana.

Mr. Long of Louisiana.

Mr. Symington.

Mrs. Schroeder.

Mr. Vanik.

Mrs. Spellman in two instances.

Mr. Rees in two instances.

Mr. Brodhead.

Mr. Solarz in three instances.

Mr. Rangel.

Mr. Sharp in two instances.

Mr. Teague in two instances.

Mr. Downey in three instances.

Mr. Cotter.

Mr. Murtha.

Mr. Howard.

Mr. Roe in three instances.

Mr. Badillo in 10 instances.

Mrs. Sullivan.

Ms. Abzug in two instances.

Mr. Russo.

Mr. Florio in five instances.

Mr. Danielson in five instances.

Mr. Johnson of California.

Mr. Moffett.

Mr. Ottinger.

Mr. Derrick.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1307. An act to amend the McIntire-Stennis Act of 1962 to promote forestry research at private university forestry schools; to the Committee on Agriculture.

ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4592. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

ADJOURNMENT TO 10 O'CLOCK WEDNESDAY

Mr. EVANS of Indiana. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 51 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, March 26, 1975, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

655. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles to the Government of Iran, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

656. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to extend provisions of the Noise Control Act of 1972, for 2 years; to the Committee on Interstate and Foreign Commerce.

657. A letter from the Chairman and members, U.S. Commission on Civil Rights, transmitting a report on the extent of civil rights progress in the United States since *Brown* v. *Board of Education*, pursuant to section 104(b) of Public Law 83-315, as amended; to the Committee on the Judiciary.

RECEIVED FROM THE COMPTROLLER GENERAL

658. A letter from the Administrator of Veterans' Affairs, transmitting the annual report of the Veterans' Administration for fiscal year 1974, pursuant to 38 U.S.C. 214 (H. Doc. No. 94-62); to the Committee on Veterans' Affairs and ordered to be printed with illustrations.

659. A letter from the Comptroller General of the United States, transmitting a report on budget authority released in response to congressional disapproval of deferrals on March 12 and 13, 1975 (H. Doc. No. 94-89); to the Committee on Appropriations and ordered to be printed.

660. A letter from the Comptroller General of the United States, transmitting a report on opportunities for improving the Defense Department's computerized civilian payroll processing operations; jointly, to the Committees on Government Operations, and Armed Services.

661. A letter from the Comptroller General of the United States, transmitting a report on data-reporting requirements imposed upon State and local educational agencies; jointly to the Committees on Government Operations, and Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 366. Resolution providing for the consideration of H.R. 3786. A bill to authorize the increase of the Federal share of certain projects under title 23, United Sates Code (Rept. No. 94-115). Referred to the House Calendar.

Mr. MADDEN: Committee on Rules. House Resolution 368. Resolution providing for the consideration of H.R. 4723. A bill authorizing appropriations to the National Science Foundation for fiscal year 1976 (Rept. No. 94-117). Referred to the House Calendar.

Mr. YOUNG of Texas: Committee on Rules. House Resolution 367. Resolution providing for the consideration of H.R. 4224. A bill to authorize supplemental appropriations to the Nuclear Regulatory Commission for fiscal year 1975 (Rept. No. 94-116). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DANIELSON:

H.R. 5422. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide that a unit or combination of units of general local government having a population of 50,000 or more shall be eligible to be a prime sponsor, and for other purposes; to the Committee on Education and Labor.

By Mr. ANDERSON of California:

H.R. 5423. A bill to regulate commerce and conserve gasoline by improving motor vehicle fuel economy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 5424. A bill to amend the Internal Revenue Code of 1954 to provide for a tax on every new automobile with respect to its consumption rate, to provide for public disclosure of the fuel consumption rate of every new automobile, and for other purposes; to the Committee on Ways and Means.

By Mr. ARCHER (for himself, Mr. Bauman, Mr. Beard of Tennessee, Mr. Burleson of Texas, Mr. Byron, Mr. Collins of Texas, Mr. Crane, Mr. Derrick, Mr. Dickinson, Mr. Eshleman, Mr. Mann, Mr. Martin, Mr. Rousselot, Mr. Snyder, Mr. Steiger of Arizona, Mr. Symms, Mr. Treen, and Mr. Winn):

H.R. 5425. A bill to repeal the Davis-Bacon Act; to the Committee on Education and Labor.

By Mr. BLOUIN:

H.R. 5426. A bill to authorize the Secretary of Transportation to make a loan of $100 million to the Chicago, Rock Island & Pacific Railroad Co.; to the Committee on Interstate and Foreign Commerce.

By Mr. BOWEN:

H.R. 5427. A bill to amend the Internal Revenue Code of 1954 to increase the estate tax exemption from $60,000 to $100,000; to the Committee on Ways and Means.

By Mr. COHEN (for himself, Mr. Hastings, Mr. Brown of California, Mr. Dominick V. Daniels, Mr. Downey, Mr. Emery, Mr. Hicks, Mr. Pattison of New York, Mr. Railsback, Mr. Sarasin, Mrs. Spellman, Mr. Solarz, and Mr. Vigorito):

H.R. 5428. A bill to amend the Public Health Service Act to establish a Health Education Administration within the Department of Health, Education, and Welfare to provide for the development and implementation of a national health education program; to the Commerce on Interstate and Foreign Commerce.

By Mr. ESCH:

H.R. 5429. A bill to discourage the use of painful devices in the trapping of animals and birds; to the Committee on Merchant Marine and Fisheries.

H.R. 5430. A bill to amend the Internal Revenue Code of 1954 and certain other provisions of law to provide for automatic cost-of-living adjustments in the income tax rates; the amount of the standard, personal exemption, and depreciation deductions; and the rate of interest payable on certain obligations of the United States; to the Committee on Ways and Means.

By Mr. FLOOD:

H.R. 5431. A bill to provide authorizations for the Department of State, and for other purposes; to the Committee on International Relations.

By Mr. GRADISON:

H.R. 5432. A bill to amend title 30, United States Code, to prohibit certain franked mailings by Members of the Congress during certain periods before elections; to the Committee on Post Office and Civil Service.

By Mr. HENDERSON:

H.R. 5433. A bill to temporarily suspend required emissions controls on automobiles registered in certain parts of the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 5434. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. HORTON:

H.R. 5435. A bill to amend the Consolidated Farm and Rural Development Act to provide additional benefits to persons receiving emergency loans under subtitle C of such act; to the Committee on Agriculture.

By Mr. KARTH:

H.R. 5436. A bill to provide for the temporary suspension of duty on the importation of silver nitrate; to the Committee on Ways and Means.

By Mr. KOCH (for himself, Mrs. Schroeder, Mr. Solarz, Mrs. Spellman, Mr. Stark, Mr. Stokes, Mr. Waxman, Mr. Charles H. Wilson of California):

H.R. 5437. A bill to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasion of their privacy by prohibiting the use of the polygraph for certain purposes; to the Committee on the Judiciary.

By Mr. KOCH (for himself, Ms. Abzug, Mr. Badillo, Mr. Brown of California, Mr. Baucus, Mr. John L. Burton, Mr. Phillip Burton, Mr. Carney, Mr. Clay, Mr. Conyers, Mr. Hannaford, Ms. Holtzman, Mr. Harrington, Mrs. Meyner, Mr. Mikva, Mr. Mitchell of Maryland, Mr. Mottl, Mr. Pattison of New York, Mr. Rangel, Mr. Richmond, Mr. Rosenthal, Mr. Roybal, Mr. Ryan, and Mr. Scheuer):

H.R. 5438. A bill to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasion of their privacy by prohibiting the use of the polygraph for certain purposes; to the Commismittee on the Judiciary.

By Mr. MATSUNAGA (for himself, Mrs. Mink, and Mr. Won Pat):

H.R. 5439. A bill to provide for the normal flow of maritime interstate commerce between Hawaii, Guam, American Samoa, or the Trust Territory of the Pacific Islands and the west coast, and to prevent certain interruptions thereof; to the Committee on Education and Labor.

By Mr. MOLLOHAN:

H.R. 5440. A bill to amend the Federal Trade Commission Act (15 U.S.C. 41 et. seq.) to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. NEDZI:

H.R. 5441. A bill to authorize the Secretary of Agriculture to make grants to cities to encourage the increased planting of trees and shrubs and to encourage other urban forestry programs; to the Committee on Agriculture.

By Mr. NOLAN:

H.R. 5442. A bill to amend the Internal Revenue Code of 1954 to provide that pensions paid to volunteer firemen or their dependents, or to the widows or other survivors of deceased volunteer firemen, shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. RAILSBACK (for himself, Mr. Blouin, Mr. Edgar, Mr. Foley, Mr. Fraser, Mr. Hall, Mr. Harkin, Mr. Hughes, Mr. McHugh, Mr. Madigan, Mr. Mazzoli, Mr. Mezvinski, Mr. Miller of California, Mr. Moffett, Mr. Moss, Mr. Murphy of Illinois, Mr. Nix, Mr. Ottinger, Mr. Risenhoover, Mr. Rostenkowski, Mr. Sarbanes, Mr. Shipley, Mr. Sikes, Mr. Staggers, and Mr. Traxler):

H.R. 5443. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mr. RICHMOND (for himself, Mrs. Mink, Mr. Hall, and Mr. Miller of California):

H.R. 5444. A bill to continue the special food service program for children through September 30, 1975; to the Committee on Education and Labor.

By Mr. RISENHOOVER:

H.R. 5445. A bill to provide for the construction of a loop road at the Kaw Dam and Reservoir, Osage County, Okla.; to the Committee on Public Works and Transportation.

By Mrs. SULLIVAN (for herself, Mr. Ruppe, Mr. Biaggi, Mr. du Pont, Mr. Murphy of New York, Mr. de la Garza, Mr. Snyder, Mr. Eilberg, Mr. de Lugo, and Mr. Emery):

H.R. 5446. A bill to implement the Convention on the International Regulations for Preventing Collisions at Sea, 1972; to the Committee on Merchant Marine and Fisheries.

By Mrs. SULLIVAN (for herself, Mr. Rupe, Mr. Murphy of New York, and Mr. Mosher):

H.R. 5447. A bill to amend the act of August 16, 1971, as amended, which established the National Advisory Committee on Oceans and Atmosphere, to increase and extend the appropriation authorization thereunder; to the Committee on Merchant Marine and Fisheries.

By Mr. WALSH:

H.R. 5448. A bill to amend title XVI of the Social Security Act to eliminate the present prohibition against payment of supplemental security income benefits to individuals who are residents of certain public institutions; to the Committee on Ways and Means.

By Mr. WINN (for himself, Mr. Burgener, Mr. Derrick, Mr. Esch, Mr. Fascell, Mr. Fuqua, Mr. Harrington, Mrs. Lloyd of Tennessee, Mr. Lott, Mr. Pressler, Mr. Roe, Mr. Thone, and Mr. Whitehurst):

H.R. 5449. A bill to authorize the Administrator of the National Aeronautics and Space Administration to conduct research and development programs to increase knowledge of tornadoes, hurricanes, large thunderstorms, and other types of short-term weather phenomena, and to develop methods for predicting, detecting, and monitoring such atmospheric behavior; to the Committee on Science and Technology.

By Mr. WON PAT:

H.R. 5450. A bill to authorize grants, loans, and loan guarantees for the government of Guam, and for other purposes; to the Committee on Interior and Insular Affairs.

By Ms. ABZUG:

H.R. 5451. A bill to allow Federal employees to participate in a flexible work scheduling program which, for an initial period, shall be established on a temporary basis, and thereafter, subject to congressional disapproval, on a permanent basis; to the Committee on Post Office and Civil Service.

By Ms. ABZUG (for herself, Mr. John L. Burton, Mr. Koch, Mr. Nix, Mr. Dellums, Mr. Fauntroy, Mr. Harrington, Mr. McCloskey, Mr. Stark, Mr. Solarz, Mr. Richmond, Mr. Bingham, Mr. Rosenthal, Mr. Mitchell of Maryland, Mr. Fraser, Mr. Brown of California, Mr. Mineta, Mr. Waxman, Mr. Badillo, Mr. Rangel, Mrs. Chisholm, Ms. Holtzman, Ms. Schroeder, and Mr. Studds):

H.R. 5452. A bill to prohibit discrimination on the basis of affectional or sexual preference, and for other purposes; to the Committee on the Judiciary.

By Mr. ASHLEY:

H.R. 5453. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. COTTER:

H.R. 5454. A bill to amend the State and Local Fiscal Assistance Act of 1972 to provide that taxes received by certain special districts which are not units of local government but which perform municipal services within cities and other units of local government shall be included in the tax effort of such cities and other units; to the Committee on Government Operations.

H.R. 5455. A bill to amend the Regional Rail Reorganization Act of 1973 to provide that the Federal share of a rail service continuation subsidy shall be 90 percent and the State share shall be 10 percent; to the Committee on Interstate and Foreign Commerce.

By Mr. DRINAN:

H.R. 5456. A bill to direct the Administrator of Energy Research and Development to establish a system of research and development of energy-conserving industrial technologies with due regard for the need to operate such a system in a manner which will stimulate depressed sectors of the American economy; to the Committee on Science and Technology.

By Mr. FRASER (for himself, Mr. Buchanan, and Mr. Derwinski):

H.R. 5457. A bill to authorize U.S. payment to the United Nations for expenses of the United Nations peacekeeping forces in the Middle East, and for other purposes; to the Committee on International Relations.

By Mr. FRASER (for himself, Mr. Bingham, Mr. Udall, and Mr. Oberstar):

H.R. 5458. A bill to provide that all petroleum imported into the United States after September 1, 1975, shall not be available for purchase other than by the Government of the United States; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. GILMAN:

H.R. 5459. A bill to reestablish November 11 as Veterans Day; to the Committee on Post Office and Civil Services.

By Mr. GUDE (for himself, Mr. Mitchell of Maryland, Mrs. Fenwick, Mr. Mann, Mr. Jenrette, Mr. Stokes, Mrs. Heckler of Massachusetts, Mr. Blanchard, Mr. Hannaford, Mr. Cleveland, and Mr. Wirth):

H.R. 5460. A bill to establish in the Department of Housing and Urban Development a direct low-interest loan program to assist homeowners and builders in purchasing and installing solar heating (or combined solar heating and cooling) equipment; to the Committee on Banking, Currency and Housing.

By Mr. HARSHA:

H.R. 5461. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works and Transportation.

By Mr. HARSHA (for himself, and Mr. Stuckey):

H.R. 5462. A bill to amend the District of Columbia Code to provide for the appointment of a commission in certain proceedings for the condemnation of real property in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HASTINGS (for himself and Mr. Wampler):

H.R. 5463. A bill to establish an office of rural health within the Department of Health, Education, and Welfare, and to assist in the development and demonstration of rural health care delivery models and components; to the Committee on Interstate and Foreign Commerce.

By Mrs. HECKLER of Massachusetts (for herself and Mr. Ford of Tennessee):

H.R. 5464. A bill to extend for 1 year the authorization for the emergency jobs programs under title VI of the Comprehensive Employment and Training Act of 1973; to the Committee on Education and Labor.

By Mr. HENDERSON:

H.R. 5465. A bill to allow Federal employment preference to certain employees of the Bureau of Indian Affairs, and to certain employees of the Indian Health Service, who are not entitled to the benefits of, or who have been adversely affected by the application of, certain Federal laws allowing employment preference to Indians; to the Committee on Post Office and Civil Service.

By Mrs. HOLT:

H.R. 5466. A bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of veterans cemeteries, and to provide for transportation of bodies to a national cemetery; to the Committee on Veterans' Affairs.

By Mr. KOCH (for himself, Mrs. Chisholm, Mr. Corman, Mr. Cornell, Mr. Harkin, Mr. Jenrette, Mr. Lehman, Mr. Lent, Mr. McHugh, Mr. Nix, Mr. Santini, and Mr. Won Pat):

H.R. 5467. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of postal-hospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to require contributions by adult children toward their parents' nursing and home health care expenses under the medicaid program, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. KOCH (for himself, Mr. Beard of Rhode Island, Mrs. Chisholm, Mr. Corman, Mr. Cornell, Mr. Fascell, Mr. Jenrette, Mr. Lehman, Mr. McHugh, Mr. Mikva, Mr. Mottl, Mr. Nix, Mr. Rangel, Mr. Seiberling, Mr. Traxler, and Mr. Won Pat):

H.R. 5468. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of posthospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

Mr. LITTON (for himself, Mr. Butler, Mr. Madden, Mr. Hannaford, Mr. Oberstar, Mr. Bolling, Mr. Flowers, Mr. Hamilton, Mr. McHugh, Mr. Reuss, Mr. Whitehurst, Ms. Fenwick, and Mr. Mann):

H.R. 5469. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosures of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. McCORMACK (for himself, Mr. Brown of California, Mr. Teague, Mosher, and Mr. Goldwater):

H.R. 5470. A bill to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles; to the Committee on Science and Technology.

By Mr. McFALL (for himself and Mr. Baddillo):

H.R. 5471. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

Mr. McFALL (for himself, and Mr. Bennett).

H.R. 5472. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

By Mr. McFALL (for himself and Mr. Bolling):

H.R. 5473. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

By Mr. McFALL (for himself and Mr. Annunzio):

H.R. 5474. A bill to establish an independent board which shall have the authority to require prenotifications of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

By Mr. MATHIS:

H.R. 5475. A bill to amend the Clean Air Act to assure consideration of the total environmental, social, and economic impact while improving the quality of the Nation's air; to the Committee on Interstate and Foreign Commerce.

H.R. 5476. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to require as a condition of assistance under such act that law enforcement agencies have in effect a binding law enforcement officers' bill of rights; to the Committee on the Judiciary.

By Mr. MILLER of Ohio:

H.R. 5477. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5478. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of professional standards review organizations to review services covered under the medicare and medicaid programs; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. MINISH (for himself, Mr. Annunzio, Mr. Blanchard, and Mr. LaFalce):

H.R. 5479. A bill to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or underemployed as the result of adverse economic conditions; to the Committee on Banking, Currency and Housing.

By Mrs. MINK:

H.R. 5480. A bill to permit citizens of the Trust Territory of the Pacific Islands to collect survivor benefits under the Social Security Act; to the Committee on Ways and Means.

By Mr. NATCHER:

H.R. 5481. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax, to increase the estate tax marital deduction, and to provide an alternate method of valuing certain real property for estate tax purposes; to the Committee on Ways and Means.

By Mr. OTTINGER (for himself, Mr. Leggett, Mr. Brinkley, Mr. Bingham, Mr. Koch, Mr. Helstoski, Mr. Udall, Mr. Rosenthal, Mr. Mosher, Mr. Moorhead of Pennsylvania, Mr. Rangel, Mr. Studds, Ms. Holtzman, Mrs. Chisholm, Mr. Drinan, Mr. Miller of California, Ms. Abzug, Mr. Pattison of New York, Ms. Spellman, Mr. Solarz, Mr. Simon, Mr. Wirth, Mr. Hannaford, Mr. Richmond, Mr. Mikva, and Mr. Ashley):

H.R. 5482. A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to disseminate any binary-type chemical warfare agent; to the Committee on Armed Services.

By Mr. OTTINGER (for himself, Ms. Abzug, Mr. Badillo, Mr. Biaggi, Mr. Bingham, Mr. Conte, Mr. Dominick V. Daniels, Mr. Delaney, Mr. Fish, Mr. Gilman, Mr. Helstoski, Ms. Holtzman, Mr. Howard, Mr. Koch, Mr. Murphy of New York, Mr. Rangel, Mr. Richmond, Mr. Rodino, Mr. Roe, Mr. Rosenthal, Mr. Scheuer, Mr. Solarz, and Mr. Wolff):

H.R. 5483. A bill to establish a Hudson River Compact Commission composed of the Secretary of the Interior and representatives from the States of New York, New Jersey, Vermont, Massachusetts, and Connecticut so that the Commission may negotiate a compact to develop, preserve, and restore the resources of the Hudson River Basin and its shores, and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States concerned and the Congress have the opportunity to act on that compact; to the Committee on the Judiciary.

By Mr. PICKLE (for himself, Mr. Roberts, Mr. Teague, Mr. Charles Wilson of Texas, Mr. Collins of Texas, Mr. Burleson of Texas, Mr. White, Mr. de la Garza, Mr. Poage, Mr. Steelman, Mr. Wright, Mr. Krueger, Mr. Mahon, Mr. Milford, and Mr. Gonzalez):

H.R. 5484. A bill to amend the Federal Trade Commission Act (15 U.S.C. 45) to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. RHODES (for himself and Mr. Steiger of Arizona):

H.R. 5485. A bill to authorize the Secretary of Agriculture and the Secretary of the Interior to cooperate with States, local agencies, and individuals in the planning and carrying out of practices for water yield improvement, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RICHMOND (for himself, Mr. Eilberg, Ms. Burke of California, and Mr. Moakley):

H.R. 5486. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children, the special supplemental food program, and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs; to the Committee on Education and Labor.

By Mr. ROGERS:

H.R. 5487. A bill to amend the Solid Waste Disposal Act to provide for a comprehensive system of waste management and resource recovery, to protect the public health and environment, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSTENKOWSKI for himself, Mr. Burke of Massachusetts, Mr. Corman, Mr. Frenzel, Mr. Green, and Mr. Vanik):

H.R. 5488. A bill to amend the Internal Revenue Code of 1954 to subject Federal land banks, Federal land bank associations, and Federal intermediate credit banks to the taxes imposed by such code; to the Committee on Ways and Means.

By Mrs. SPELLMAN:

H.R. 5489. A bill providing for the review of executive agreements; to the Committee on International Relations.

By Mr. SOLARZ:

H.R. 5490. A bill to direct the National Institute of Education to develop curriculum concerning the destruction of the European Jewish community by Nazi Germany prior to and during World War II, for dissemination to elementary and secondary schools; to the Committee on Education and Labor.

H.R. 5491. A bill to establish a National Foreign Investment Control Commission to prohibit or restrict foreign persons from acquiring securities of certain domestic issuers of securities deemed vital to the economic security and national defense of the United States; to the Committee on Interstate and Foreign Commerce.

H.R. 5492. A bill to amend title II of the Social Security Act to provide that an individual who is entitled both to an old-age or disability insurance benefit and to a survivor's benefit may simultaneously receive the larger of such benefits plus one-half of the smaller; to the Committee on Ways and Means.

By Mr. THONE:

H.R. 5493. A bill to amend the Packers and Stockyards Act of 1921, as amended, to require packers or other persons buying or acquiring livestock or poultry to provide adequate bonding or other security to pay the producers for such commodities and for other purposes; to the Committee on Agriculture.

By Mr. THORNTON (for himself, Mr. Derwinski, Mr. Jones of Oklahoma, Mrs. Lloyd of Tennessee, Mr. Mathis, and Mr. Charles Wilson of Texas):

H.R. 5494. A bill to create a National Power Resources Authority for the development of nuclear power facilities, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. THORNTON (for himself, Mr. Hammerschmidt, and Mr. Alexander):

H.R. 5495. A bill to amend title 23, United States Code, to authorize a demonstration program for the purpose of eliminating highway railroad grade crossings; to the Committee on Public Works and Transportation.

By Mr. TRAXLER:

H.R. 5496. A bill to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer education, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products; to the Committee on Agriculture.

H.R. 5497. A bill to retain November 11 as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. WHITE:

H.R. 5498. A bill to amend title 10 of the United States Code to eliminate the reduction made to retired or retainer pay, for purposes of providing a surviving spouse with an annuity under the Survivor Benefit Plan, during periods when the person entitled to such pay is unmarried; to the Committee on Armed Services.

Mr. WYLIE:

H.R. 5499. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. ESCH:

H.J. Res. 358. Joint resolution to designate April 24, 1975, as National Day of Remembrance of Man's Inhumanity to Man; to the Committee on Post Office and Civil Service.

By Mr. FLOWERS:

H.J. Res. 359. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. SEBELIUS (for himself, Mr. Abdnor, Mr. Blanchard, Mrs. Collins of Illinois, Mr. Cornell, Mr. Duncan of Oregon, Mr. Kemp, Ms. Spellman, and Mr. Symington):

H.J. Res. 360. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. FLOOD:

H. Con. Res. 194. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. HAMMERSCHMIDT:

H. Con. Res. 195. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. FLORIO:

H. Res. 359. Resolution relating to restricting transmission of sports contests by cable television; to the Committee on Interstate and Foreign Commerce.

By Mr. HAYS of Ohio (for himself and Mr. Annunzio):

H. Res. 360. Resolution creating additional positions on the U.S. Capitol Police Force for duty under the House of Representatives; to the Committee on House Administration.

By Mr. DOWNEY (for himself, Mr. Bingham, Mr. Carr, Mr. Conte, Mr. Cornell, Mr. Dominick V. Daniels, Mr. Drinan, Mr. Edgar, Mr. Forsythe, Mr. Gude, Mr. Harrington, Mr. Harris, Mr. Krebs, Mr. Leggett, Mr. Long of Maryland, Mr. Mazzoli, Mr. Meeds, Ms. Meyner, Ms. Schroeder, Mr. Simon, Mr. Solarz, Ms. Spellman, Mr. Stark, Mr. Symington, and Mr. Thompson):

H. Res. 361. Resolution relating to food assistance for Cambodia; to the Committee on International Relations.

By Mr. DOWNEY (for himself and Mr. Mineta):

H. Res. 362. Resolution relating to food assistance for Cambodia; to the Committee on International Relations.

By Mr. KOCH (for himself, Mrs. Heckler of Massachusetts, and Mr. Wirth):

H. Res. 363. Resolution expressing the sense of the House of Representatives that the President should submit an action plan to correct abuses in nursing homes; to the Committee on Interstate and Foreign Commerce.

By Mr. LITTON (for himself, Ms. Abzug, Mr. du Pont, Mr. Solarz, Mr. Hannaford, Ms. Meyner, Mr. Derwinski, Mr. Murtha, Mr. O'Hara, Mr. Long of Maryland, Mr. Downey, and Mr. Jenrette):

H. Res. 364. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agricultural research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

By Mr. WYLIE:

H. Res. 365. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DODD:

H.R. 5500. A bill for the relief of Rafael Strochlitz Wurzel; to the Committee on the Judiciary.

By Mr. HORTON:

H.R. 5501. A bill for the relief of Carl B. Malcolm; to the Committee on the Judiciary.

H.R. 5502. A bill for the relief of Antonio Di Maria; to the Committee on the Judiciary.

By Mrs. MINK:

H.R. 5503. A bill for the relief of Divina Mamuad; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII.

65. The SPEAKER presented a petition of the Chamber of Commerce, Camden, Ark., relative to adjournment of Congress for at least 4 months each year; to the Committee on Rules.

EXTENSIONS OF REMARKS

H.R. 5414 AND 5415

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mrs. SCHROEDER. Mr. Speaker, yesterday I introduced two bills, H.R. 5414 and H.R. 5415, to assist veterans with less than honorable discharges.

The text of the bills follow:

H.R. 5414

A bill to prohibit the use of discharge certificates which indicate the reason why, or conditions under which, any individual is discharged or released from active duty; to deem all living individuals discharged or released from the Armed Forces to be eligible for all benefits provided by law by reason of military service; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1168 of title 10, United States Code, is amended to read as follows:

"§ 1168. Discharge or release from active duty; certificate of service; limitations

"(a) No member of any armed force may be discharged or released from active duty until the certificate of service of the member, and the final pay of the member or a substantial part of that pay, are ready for delivery to the member or to the next of kin or legal representative.

"(b) A certificate of service issued pursuant to subsection (a) may not set forth, with respect to the member concerned, any information other than—

"(1) the name, rank, and service number of the member; and

"(2) the period of active duty served by the member.

"(c) No certificate of service may set forth, or contain any notation of any kind which indicates or may indicate, the reason why, or the conditions under which, a member was discharged or released from active duty.

"(d) This section does not prevent the immediate transfer of any member to a Veterans' Administration facility for necessary hospital care."

(b) The analysis of chapter 59 of such title 10 is amended by striking out

"1168. Discharge or release from active duty: limitations."

and inserting in lieu thereof

"1168. Discharge or release from active duty: certificate of service; limitations."

Sec. 2. The amendments made by the first section of this Act shall apply with respect to members of the armed forces who are discharged or released from active duty on or after the date of the enactment of this Act.

Sec. 3. (a) The Secretary of the appropriate military department shall promptly issue to any living member (upon request therefor by the member) who was discharged or released from active duty before the date of the enactment of this Act a certificate of service provided for in section 1168 of title 10 of the United States Code (as amended by the first section of this Act).

(b) After issuance of any certificate of service to any individual pursuant to subsection (a) of this section, any discharge certificate or certificate of release which was issued to such individual before the date of the enactment of this Act shall not be deemed to have any legal force or effect.

Sec. 4. Any individual who is issued, or is entitled to be issued, a certificate of service under the amendments made by the first section of this Act or the provisions of section 3 of this Act shall be deemed to be—

(1) a veteran within the meaning of section 101(2) of title 38, United States Code; and

(2) a veteran discharged under conditions other than dishonorable for the purposes of any other law of the United States under which benefits of any kind are made available to such individual by reason of the

individual's service on active duty in the Armed Forces of the United States.

H.R. 5415

A bill to amend title 38 of the United States Code in order to provide that no individual who served in any armed force shall be denied veterans benefits unless that individual was discharged or released from active service with a dishonorable discharge

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 101(2) of title 38, United States Code, is amended to read as follows:

"(2) The term 'veteran' means any person who served in the active military, naval, or air service, and who was discharged or released therefrom with other than a dishonorable discharge."

(b) Sections 310, 331, 402(b)(1) and (2), 410(b)(1), 1503(b)(2), 1652(a)(1)(A), and 1766 (a) and (b), of title 38, United States Code, are each amended by striking out "under conditions other than dishonorable" and inserting in lieu thereof "with other than a dishonorable discharge".

(c) Section 1701(a)(1) of title 38, United States Code, is amended by striking out "under dishonorable conditions." and inserting in lieu thereof "with the member or person receiving a dishonorable discharge."

SAYVILLE, N.Y., DAV CHAPTER NAMED FOR LT. THOMAS C. BURKE

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. DOWNEY. Mr. Speaker, as the people of South Vietnam face an intensified struggle to preserve their national liberty, we are painfully reminded of the 57,000 young American men who went to aid in that struggle, never to return alive. There were countless others who did come back, and the way we treat these men today can be testimony to our appreciation for all the Americans who went to help the South Vietnamese.

In my district, a group of Disabled American Veterans has expressed its hope that Vietnam veterans will receive more adequate recognition and benefits by naming its new chapter after a young lieutenant who died in Vietnam.

I learned of the DAV action in the Suffolk County News and would like to share that story with my colleagues.

SAYVILLE DAV CHAPTER IS NAMED FOR LT. THOMAS C. BURKE

The recently formed Sayville Chapter of the Disabled American Veterans held an historic meeting on Feb. 18, 1975 at the Knights of Columbus Hall on Overton Street.

It is customery for the DAV to select the name of a notable deceased veteran for a Chapter memorial name. The men of the local chapter, feeling that the young men of the country who served in the Vietnam War have not been receiving the recognition and benefits they deserve, decided to remember the young men of Sayville who lost their lives in Vietnam by selecting one of their number from the list obtained from the Islip Town Hall records for the Chapter name. Jim Buckman, a member of the new Chapter who was wounded and blinded in Vietnam, pulled the memorial name from a hat.

The name of the new Sayville Chapter of the DAV is Lt. Thomas C. Burke, Chapter 173, Disabled American Veterans.

Tommy Burke was living with his wife, the former Joanne Boss of Manton Street, Sayville and their young daughters at 50 Johnson Ave. during his service in the U.S. Army. He was born in Portland, Me. and moved to Bayport when he was a baby. He attended St. Lawrence Parochial School, Seton Hall, and eventually graduated from Bayport High School. He attended Suffolk Community College before joining the U.S. Army in 1967.

He was active in sports at Seton Hall and Bayport High School, and enjoyed acting in high school plays. His parents, Edward and Marion Burke of Bayport established an annual award in Tommy's memory to the Bayport graduating class student who is outstanding in Drama.

Tommy Burke graduated from OCS in 1968, received Airborne training at Ft. Benning, Ga. and was serving at Ft. Wainwright, Alaska when he volunteered for Viet Nam. He served briefly with the First Division, and was then assigned to Advisory Team 70 of the Military Assistance Command.

He was wounded in action and awarded the Purple Heart Sept. 18, 1969. He was awarded the Bronze Star for bravery during ground combat Oct. 9, 1969, and again the Bronze Star with first oak leaf cluster on Dec. 5, 1969. On Dec. 20, 1969 he was awarded the Air Medal. He also received additional decorations from the Viet Nam Government.

Tommy Burke was killed in action Feb. 12, 1970.

Today, Joanne Burke with daughters Diana, 7, and Katie, 5, live in Bayport close to Tommy's parents.

BEEMAN FISHER, PUBLIC SERVANT

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. TEAGUE. Mr. Speaker, it gives me great pleasure to call to the attention of this body an honor recently bestowed upon one of my close personal friends in Fort Worth, Tex.

The Texas Water Conservation Association singled out Mr. Beeman Fisher, former president and board chairman of the Texas Electric Service Co. for their award as an outstanding leader in water resource conservation and development. However, he has many interests besides this, all in the nature of public service, and a recent editorial in the March 15 edition of the Fort Worth Star Telegram has listed his many community activities and achievements. I am pleased to include the editorial:

[From the Fort Worth (Tex.) Star Telegram]

MANY BENEFIT BECAUSE HIS WORK IS NEVER DONE

Each year the Texas Water Conservation Association singles out for special honors an outstanding leader in water resource conservation and development.

The person honored this year was Mr. Beeman Fisher, a past president of TWCA, past TWCA board chairman and now board chairman emeritus.

It wouldn't be quite accurate, though, to say TWCA "singled out" Mr. Fisher.

Actually, Mr. Fisher singled himself out with his selfless service to the community, state and nation, not only through his work on water resources but through countless other activities.

Mr. Fisher is one of those dedicated persons to whom "retirement" means plunging headlong into other work.

He completed 30 years with Texas Electric Service Co. in 1968, having served as president, board chairman and consultant.

Since then he has taken on jobs as director of the Fort Worth Chamber of Commerce, Fort Worth's Progress, Inc., the Southwestern Exposition and Fat Stock Show and the Fort Worth Art Association and as president of Historic Fort Worth, Inc.

He has also worked with such organizations as United Fund, Radio Free Europe and the Southern Baptist Radio and Television Commission.

One of his most important projects in Texas Christian University, which he has served over the years in numerous capacities.

Then there's Big Brothers, Boy Scouts, Junior Achievement, public television, West Texas Chamber of Commerce, Texas Research League and an almost interminable list of other causes that have benefited from Mr. Fisher's time, energy and concern.

Somehow, amid all his public interests, he found time to play a major role in the work of the Texas Constitutional Revision Commission in 1973 and 1974.

In honoring Mr. Fisher, TWCA referred to a "spirit of dedication and determination" which made him a key figure in the success of many undertakings.

There's no way the community can repay Mr. Fisher for giving that spirit such free rein in his life.

But we can say thanks. And we welcome this opportunity to do so.

THE SUPREME COURT RIGHTS A SOCIAL SECURITY INJUSTICE REGARDING WIDOWERS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. OTTINGER. Mr. Speaker, I applaud the Supreme Court's recent ruling that the Government has engaged in sex discrimination by failing to grant social security benefits to widowers with dependent children on the same basis as it awards benefits to widows in the same situation. Over a period of several years the Congress, at the urging of former Representative Martha Griffiths, has gradually worked to eliminate many of the provisions in social security law that discriminate on the basis of sex. Unfortunately, there remain certain features of the law that continue to prevent equal protection for men and women.

In last week's decision in the case of HEW against Wiesenfeld, the Supreme Court held that the Federal law which grants survivors benefits based on the earnings of a deceased husband and father covered by social security to both his widow and their minor children in her care, but that gives benefits based on the earnings of the wife and mother only to the surviving children and not to the spouse—unless he was dependent on his wife before her death—violates the due process clause of the fifth amendment by failing to provide widowers equal protection under the law. This decision seems simple enough, but the most interesting aspect of this case is the basis the Court gave as the logic behind their actions.

Justice Brennan delivered the opinion of the Court, stating that the deceased wife and mother in this case—Paula Wiesenfeld—

> Not only failed to receive for her family the same protection which a similarly situated male worker would have received, but she also was deprived of a portion of her own earnings in order to contribute to the fund out of which benefits would be paid to others.

The Court determined that the Constitution "forbids the gender-based differentiation that results in the efforts of women workers required to pay social security taxes producing less protection for their families than is produced by the efforts of men." The Court also noted that the sex-based feature of the law "discriminates among surviving children solely on the basis of the sex of the surviving parent" and that a father has the same right as a mother to enjoy the companionship and care of his children when forced to decide whether to work or stay at home and raise them himself.

The Supreme Court has succeeded in correcting what I believe to be one of the most blatantly discriminatory features of social security law, and its ruling marks an important victory for those of us who hope to one day see all sex bias removed from this program. The distinguished Justices of the Court have also demonstrated that the denial of benefits to men constitutes a sort of double discrimination, since it treats women's contribution to the labor force as being of marginal value.

Mr. Speaker, I applaud this decision as a landmark in the struggle for equal rights for both sexes.

LIMIT FOREIGN AID

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. ANDERSON of California. Mr. Speaker, on March 13 of this year I voted against further foreign aid appropriations for the fiscal year 1975.

I am not opposed to foreign aid per se. I recognize that foreign aid is an important tool in American diplomacy. More importantly, we have a duty to do what we can to help nations in a humanitarian way. Especially with the food shortages that threaten many areas of the world with mass starvation.

However, there are three important considerations which must be made before we approve any future foreign aid appropriations.

In the first place, we are finally realizing that America is a finite nation with limited resources. Certainly, we have an abundance of many materials. And we are still the world's greatest producer of food.

This does not mean that we can afford to give away vast amounts of money, supplies, and foodstuffs.

Instead, we must start conserving many of our resources.

The need for conservation is already evident in many areas, especially as far as energy supplies are concerned. Our other resources will continue to be depleted until we realize they must be utilized wisely.

My second point is similar to the first.

As a nation, America cannot afford a steady stream of money flowing overseas without hope of return.

We are wracked by an inflationary economy and a recession at the same time. Millions of Americans are unemployed and unable to find jobs. High food prices only serve to increase the hardships many Americans face.

The Federal Government has a duty to try to solve the many problems that face us in our own country today.

The third point is that our aid to other nations has often been misused in the past.

We must have safeguards to assure that funds sent to help feed the hungry are used for that purpose, and not to buy arms.

We must be sure that the aid we send abroad is not eventually used against us.

Yes, we do have an obligation to aid those nations who are not as fortunate as ourselves.

I am not against foreign aid in principle.

But I do believe that we should see to helping Americans before we start spreading our resources, and our economy, too thin.

VIETNAM'S AGONY AND U.S. RESPONSIBILITY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. CRANE. Mr. Speaker, because the Congress has refused to fulfill the promise made by the United States to the Government of South Vietnam to supply ammunition, fuel, and funds with which to resist continued Communist aggression, the South Vietnamese have been forced to surrender long-held positions in the Central Highlands.

Defense Secretary James Schlesinger declared that if the Congress had been "less niggardly" in providing military aid to Saigon, South Vietnam would not have been forced to withdraw from the vast territory now falling into the hands of North Vietnamese troops. Secretary of State Henry Kissinger stated that he never would have signed the Paris accords if he knew Congress would refuse to fulfill American commitments.

The fact is that while U.S. aid to Saigon has diminished, the aid which the Soviet Union and Communist China is providing to North Vietnam has dramatically increased, surpassing $1.2 billion during the current year. Jean Thoraval, a correspondent for Agence France-Presse in Hanoi, reports that the Communists are now taking the offensive precisely because they believe the U.S. Congress is preparing to abandon Saigon.

Fortunately, there are many honorable voices in this country who reject the current stance of many Members of the Congress. One of these is the Christian Science Monitor. In a recent editorial, the Monitor declared:

> The question is whether it is morally right or wrong to sustain an army with the arms it was led to believe it would receive. The South Vietnamese are defending themselves. Hundreds of thousands of refugees are fleeing Communist-overrun areas and now add to the South's economic as well as military burden. Surely there should be no argument about giving humanitarian assistance. . . . It is . . . ironic . . . that at a time when the South Vietnamese have shaped up, so to speak, U.S. lawmakers are reducing . . . aid.

Another honorable voice is that of the Washington Star. In an editorial, the Star declared that:

> In our own view, it is appalling that a nation like the United States would ever deny an ally the means to defend itself against ruthless military aggression. . . . To cut off aid now . . . would be an act of shameful betrayal that this country, as a great world power, would never live down—and an act for which Congress would bear the full burden of responsibility.

It is my hope that the Congress will heed these words and, in the end, turn its back on the dishonorable abandonment of an ally in the face of aggression.

I wish to share with my colleagues the editorial, "The Agony of Vietnam: A Matter of Responsibility," which appeared in the Washington Star of March 23, 1975, and the editorial, "What Is Owed Vietnam," which appeared in the Christian Science Monitor of March 21, 1975, and insert them into the RECORD at this time:

THE AGONY OF VIETNAM: A MATTER OF RESPONSIBILITY

> The possibility of a sudden, disastrous collapse in South Vietnam can no longer be ruled out. The military situation is increasingly serious; the psychological impact of widespread withdrawals and hundreds of thousands of fleeing refugees could be devastating; an awareness by the South Vietnamese that they have been abandoned to their fate could well destroy the will to resist.
>
> The United States, most assuredly, bears a heavy responsibility for the plight in which the South Vietnamese find themselves. It was we, after all, who encouraged these people to fight against Communist domination after the withdrawal of the French in 1954. It was we who armed and trained them and sent hundreds of thousands of our men to fight at their side.
>
> More recently, it was we who negotiated a "settlement" with the North Vietnamese which no one in his right mind ever thought would work but which allowed the withdrawal of American forces from Vietnam with a minimum loss of face. Under the terms of that agreement, most reluctantly accepted by the government in Saigon, we agreed to supply Saigon with arms and equipment on a one-for-one replacement basis, along with essential economic assistance. And it was we who failed to live up to this agreement, cutting aid appropriations year by year, while the strength of South Vietnam's forces, in combat vehicles, tanks, aircraft, fuel and ammunition stocks, eroded steadily.
>
> Nor have we done anything to stop the massive buildup of Communist forces in South Vietnam since 1973, in flagrant disregard of the Paris agreements negotiated by Secretary of State Kissinger. In the interval, the North Vietnamese have firmly established themselves in the South, with a network of secure bases, all-weather roads and even an oil pipeline. The manpower of the Communist forces has been increased by at least one-third to a total of over 200,000.
>
> The number of Soviet-supplied tanks and heavy artillery has quadrupled; stocks of ammunition and supplies positioned in

South Vietnam are sufficient to sustain maximum military operations for two years (as opposed to about 30 days for Saigon's forces).

And so now, quite predictably, the Communists have launched their most successful offensive of the entire war, overrunning nearly one-third of the country and putting the defending forces to flight along with a terrified civilian population. Militarily, the withdrawal from sparsely populated areas of the highlands and the north, the concentration of forces in the southern heartland with shortened supply lines, makes good sense. But a military disengagement, attempted in the face of heavy enemy pressure, is all too likely to take on the aspects of a rout, and the time to organize a coherent defense in the vital Saigon area is desperately short.

Given our dismal performance in the past in supporting a hard-pressed ally, the current debate in Congress over what to do about the new Communist offensive is little short of sickening. Senators Stevenson and Mathias, apparently with warm bipartisan support, are now proposing to cut off all American aid to South Vietnam within three to six months. An administration proposal for a flat, three-year limit on further aid appears to have little support on Capitol Hill.

In our own view, it is appalling that a nation like the United States would ever deny an ally the means to defend itself against ruthless military aggression. In the case of Vietnam, a three-year cut-off date at least has the justification of possibly providing sufficient time to negotiate an orderly surrender—conceivably even time enough, if the present Communist offensive can be stopped, to develop off-shore oil facilities that would make South Vietnam independent of American aid altogether. To cut off aid now, on the other hand, would be an act of shameful betrayal that this country, as a great world power, would never live down—and an act for which Congress would bear the full burden of responsibility.

What Is Owed Vietnam

There is something deeply troubling about the sight of the North Vietnamese Army forcefully advancing in South Vietnam and a United States Congress gripped by indecision as to whether to supply more aid to the South Vietnamese forces. Is this the way America wants to write the next chapter in the history of Vietnam? A world power that grows exhausted by its responsibilities and hesitates to offer the hand of help to a people fighting for its survival—in a country where it encouraged and indeed taught the people to resist?

The United States was once criticized for not letting the South Vietnamese fight their own battle. Now they are. While they are at the moment abandoning strategically unimportant regions, no one is saying they are not fighting well. Saigon is far from succumbing to a Communist take-over. The withdrawals are a militarily expedient effort to consolidate forces where they are needed most, given the limited availability of ammunition and equipment.

It is therefore ironic that at a time when the South Vietnamese have shaped up, so to speak, U.S. lawmakers are reducing military and economic aid, and even arguing it be cut off altogether.

Few think this does not enter into Hanoi's calculations. The North Vietnamese are taking advantage of what they perceive to be the weakening American resolve, even at great cost to themselves. According to some reports, they are throwing recruits into the fight who have had only one month's training.

The dilemma for Congress is deep. Americans are dismayed at the bloodshed and devastation wreaked on innocent people by American weapons. They are understandably sensitive to the compelling argument that Hanoi will never give up until it wins and that the U.S. can at least stop the bloodshed now by halting military aid.

But the question is whether it is morally right or wrong to sustain an army with the arms it was led to believe it would receive. The South Vietnamese are defending themselves. Hundreds of thousands of refugees are fleeing the Communist-overrun areas and now add to the South's economic as well as military burden. Surely there should be no argument about giving humanitarian assistance.

Clearly there are limits to U.S. power—and Vietnam was a sad lesson in an overextension and misuse of that power. But there are still moral questions that affect America's standing in the world—its reliability, its sense of judgment, and its willingness not to throw in the towel when there is still a chance to forestall a total Communist victory.

LOUIS STOKES—LOCAL INFLUENCE IN FEDERAL GOVERNMENT

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. CLAY. Mr. Speaker, the Cleveland Call and Post recently had an article on my dear friend and colleague, Louis Stokes.

Elected to the House of Representatives in November 1968, Mr. Stokes has served on the Education and Labor Committee and the House Internal Security Committee, in past sessions of Congress, and is currently a member of the House Appropriations and Budget Committees.

In addition, he was twice elected chairman of the Black Caucus and is the first black member of Congress from the State of Ohio. In each of these capacities he has served conscientiously and productively. Mr. Charles Loeb, in his column, gives Mr. Stokes the credit he deserves.

Mr. Speaker, a copy of his article follows:

Louis Stokes—Local Influence in Federal Government

(By Chas H. Loeb)

When Clevelanders made history by electing Louis Stokes to Congress from Ohio's 21st Congressional District, they were not only realizing a long-sought goal of sending the state's first Black Representative to Washington, but were also focusing the eyes on the nation upon the newly won political maturity of Cleveland's Black electorate.

While the election of the older of the two Stokes brothers, did not create the excitement and euphoria occasioned by the election of the younger Carl Stokes as Cleveland's first Black mayor, the continuing benefits of Louis Stokes service in Congress have been equally significant and more consistent.

That is why Clevelanders, and all her Ohio neighbors, would do well to take notice of some of the significant developments in the current Congressional sessions in Washington, D.C. "On The Hill," as veteran poilticians refer to it.

Exhibiting a rare ability to win the admiration and confidence of his House colleagues from the very beginning of his freshman term, U.S. Representative Stokes has now achieved membership on two vital committees that oversee the spending of our federal dollars, and particularly in the allocation of monies coming to desperate cities like Cleveland.

Congressman Stokes now serves on the new House Budget Committee, which is designed to allow Congress more appropriate control of federal spending. His membership on this Committee is especially important since it will set guidelines for spending in the appropriations subcommittees. Coincidentally, the Congressman serves on three subcommittees of the House Appropriations Committee.

The range of his constituents here at home are urban dwellers, young and aged, employed and unemployed, homeowners and tenants, civilians and formerly enlisted men, well and infirm.

Fittingly, the Congressman has gained admittance to committees which most directly effect the welfare of citizens who elected him, and to whom he is responsible.

As a House Appropriations Committeeman and a subcommitteeman on its labor, health, education, welfare and housing, urban development, space, science and veterans, Congressman Stokes can provide input on the allocation of $57 million, which is the total budget for the two committees.

Clearly Cleveland must increasingly seek federal funds to stay above water in this time of inflation and fast-approaching depression. With * * * rest with our local officials, who must aggressively develop programs that help people and that efficiently use federal funds.

The mood of Congress is now an assertive mood, and its younger members, for the most part, are of a more liberal stripe. Congressman Stokes fits well into this liberal category, and can be expected to find allies in his continuing fight to involve the federal power in the quest of his constituents for equality of opportunity and first class citizenship.

IMPORTED WORKSHOES GET THE BOOT

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. GAYDOS. Mr. Speaker, I was pleased to note in a recent article in the Pittsburgh Post-Gazette that the Department of Treasury has determined that a violation of our antidumping laws occurred regarding workshoes imported into the American market from Romania.

According to the article, the Romanian workshoes were valued at approximately $7 million during the 10-month period ending last August. The Department's action in giving the imported workshoes the boot was most heartening, since there are signs our country's domestic markets once again will be the target for a horde of imported products as other nations attempt to stabilize their shaky economies by increasing their overseas sales. America's open-door trade policy will become increasingly tempting to foreign producers looking for a market to sell their wares.

For example, our Nation's steel industry has witnessed a dramatic increase in the flow of imported steel over the past few months. The industry is concerned because of the slackening demand for steel in the world and the demise of the voluntary restraint agreement with Japan and the European coal and steel community.

Coincidentally, perhaps, this new threat from foreign imports comes at a time when the U.S. International Trade Commission is conducting hearings throughout the country on most items made abroad and sold here. In line with the thinking of the administration, the Commission wants to determine what impact relaxed tariffs on imports will have on the economies of local areas. It is seeking to reduce or eliminate tariffs on thousands of products produced abroad.

I might add, Mr. Speaker, I was greatly disturbed by the Commission's failure to include in its hearing schedule any sector of Pennsylvania, particularly western Pennsylvania, which is highly susceptible to any change in the amount of certain imports. I asked the Commission Chairman to revise or expand its itinerary. Unfortunately, my request was refused on the grounds the Commission had neither the time nor the staff to alter its schedule.

Mr. Speaker, many times on this floor, I have said that if our Nation—or any nation—loses the ability to produce, it also loses the capability to survive. Our Nation's growing lines of unemployed workers are grim evidence we are not producing.

JUDGE'S NOVEL BRAND OF JUSTICE

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. RUSSO. Mr. Speaker, one of my chief concerns as a Member of the House of Representatives is the challenge before us to make this Nation's criminal justice system more effective and efficient.

As a former assistant State's attorney in Illinois I saw first hand the failure of our courts in expeditiously processing cases and our correctional institutions in rehabilitating prisoners. The process has to be changed; the system must be improved. Americans are entitled to walk the streets of their neighborhoods in safety. An enlightened society, which we proudly claim to be, can do better than build prison facilities which are nothing more than production lines for hardened offenders. We need new answers!

Feeling as strongly as I do, Mr. Speaker, I count myself fortunate to serve as a member of the Judiciary Subcommittee on Criminal Justice which is charged with revision of the entire U.S. Criminal Code. I look forward to working under the leadership of the distinguished gentlemen from New Jersey and Missouri—Chairman Rodino of the Judiciary Committee and Chairman Hungate of the subcommittee—in this vital undertaking. I am confident that under the guidance of these two experienced and steady hands your committee will lay a sound basis for coming to grips with the great issues in the area of criminal justice which confront us.

In turning from long-range prospects to present activity, I would like to bring to the attention of my colleagues the recent efforts of Judge Marvin Aspen of the Circuit Court of Cook County, Ill. It seems to me that the enlightened and commonsense approach Judge Aspen has taken in sentencing could well serve as a standard for the rest of the country. I am certain, Mr. Speaker, that you and our colleagues will wish to join me in commending the judge's innovative efforts upon reading the following account of his conduct.

At this point I ask leave to insert an article by the excellent Chicago Tribune columnist Jack Mabley, from yesterday's edition, which treats of Judge Aspen's courtroom activities:

JUDGE'S NOVEL BRAND OF JUSTICE

(By Jack Mabley)

Judge Marvin Aspen could have sent Weird Harold Rubin to jail for one to three years on his second conviction for selling pornographic books. Instead he fined him $1,200 and 3,000 nondirty paperback books to be given to the County Jail.

When a physician was convicted of reckless homicide after a hit-and-run accident three years ago, Judge Aspen sent him to jail for a year—to treat prisoner-patients.

The sentence was probation for three years, the first year to be served in the County Jail's Cermack Hospital. Fridays the doctor left the jail for a day to treat patients in his private practice. Many were older people who would not have gone to another doctor.

Judge Aspen is one of the younger and more unorthodox judges, the common sense rather than unorthodoxy might better describe his sentencing practices.

We asked Judge Aspen about his approach to sentencing.

"Well, the question I ask in sentencing is how is society bettered?" With the doctor, society was getting a hell of a lot more by letting him work at Cermak Hospital than if he'd been put in prison and costing the state $10,000 a year.

"With Weird Harold, since he had access to legitimate book sources, and the jail's library is inadequate, I asked if he wanted to do this voluntarily. He agreed. But since this was his second conviction, I fined him so it would be a significantly higher penalty than the first time.

"The background of the defendant is very important. If I send a 17-year-old kid down to the penitentiary, the odds are that if he's a burglar, he'll come out an armed robber. If he's an armed robber, he's going to come out a potential murderer.

"So you want to do what you can to keep that kind of a person away from the penitentiary. But if the man is an old-timer, who's committed a lot of crime, you're deluding youself if you think you can do something to lead him to a better life. You want to protect society, so you warehouse him for X number of years."

Judge Aspen acknowledged he probably is considered lenient on young first offenders, and considered very hard on older repeaters and on crimes of violence.

"In my opinion," he said, "the Department of Corrections is a misnomer. They don't correct anybody. We are naive in deluding ourselves to think if we send anybody to the penitentiary, he's going to be rehabilitated or corrected.

"There's a tremendous American myth fostered by movies that a man is sentenced for a crime, goes to prison, laments in his cell, misses his family, learns a trade, vows to go straight when he gets out.

"He leaves prison grateful for the opportunity to sit and contemplate his mistakes, and grateful for the education and trade he now has. He lives happily ever after.

"That's nonsense!

"Some 85 per cent of prisoners go back to prison. It would be okay if the pententiaries were neutral—if a man came out the same way he went in. But the guy comes out worse.

"Let's take a man who's committed a serious crime, but not a crime of violence. He's a first offender. He has a wife and four or five kids.

"I might handle it this way: sentence him to periodic imprisonment for two years in the County Jail. He'd be locked up nights. He'd be permitted to hold a job outside the jail. We deduct room and board from his salary.

"He'd visit his family the first Sunday of every month. He'd support them. When he got out, he'd have a job and still have a family and still have a chance.

"If I send him to the penitentiary the statistics are overwhelming that he'll get divorced. And lose his job, obviously. And his family will go on relief.

"So it seems to me this is just common sense in this kind of situation. I've used it, and it has been very successful."

SALUTE TO THE BLACK PRESS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. RANGEL. Mr. Speaker, for almost a century and a half, the black press of America has been in the vanguard of the fight for equal rights. Black newspapers have served to unify, educate, inform, electrify and inspire for 148 years.

In my capacity as chairman of the Congressional Black Caucus, I addressed the National Newspaper Publishers Association earlier this year on the role of the black press in the struggle for economic survival. My theme was that the black newspapers across this country should continue their historic tradition of prodding the Nation's conscience, of awakening the leaders and citizens to the impact of inflation, recession, unemployment, high mortgage rates and discrimination on minorities and the poor.

Recently, when President Ford recommended an increase in the cost of food stamps, the black press covered the story prominently. It knew, as the Congressional Black Caucus knew, that implementation of the higher fee scale proposed by the White House and the Department of Agriculture would mean that thousands of eligible families would be unable to raise enough money to buy their food stamps. It knew, as the caucus knew, that malnutrition among infants is a major cause of mental retardation among the poor in this rich land and it knew that malnutrition would inevitably spread if food stamp prices rose. So the black press covered the story. Many of the black newspapers ran the story on the front page. There were editorials and letters to the editor.

As a result of this type of publicity, thousands of concerned readers wrote to the White House and the Agriculture Department in protest. Due to the flood of outrage, Congress voted to block any food stamp price hike in 1975.

This is the type of impact the black press has. Sensitive, responsible, aggressive journalism by the black newspapers can definitely and does definitely affect the course of public policy and citizen awareness. The national media too often ignores the problems facing minority communities, but the black press is intimately involved in community affairs.

It can feel the heartbeat of our communities and let the Nation know what these communities need.

The Congressional Black Caucus is setting up a Black Advisory Group on the Media. It will encourage communication between the black press and elected officials. It will help the caucus keep black Americans informed of our activities. It will provide input into our legislative program on issues affecting the media including newsmens' privilege laws, broadcast regulation, public access to the media, freedom of information and freedom of the press.

We salute the black press for its past accomplishments and for its continued participation in the forefront of the battle for human rights.

At this time I am including in the Congressional Record, an editorial from the Gary, Ind., Info of March 13, 1975, on the black press.

The Black Press Catalyst to Economic Development

(By Howard B. Woods)

With black people shunted aside by the Nixon administration, in some measure taken for granted by the Democrats—who think they have no place to go—the two major political parties, somehow reflect the society around them. It is in this climate that the Black Press of America observes its 148th birthday. It is in this state of national crisis that the Black Press finds itself and faces, perhaps, its most challenging moment.

With employment hitting a high for the majority of Americans, figures show Black Americans at three times the figure. The black youth hits a four-time level, far beyond what economists rate as "depression figures." Despite this, however, black people have managed to survive, becoming in the meantime, highly skilled economic strategists with limited resources in a land of plenty.

As President Ford and economists urge more active spending to help alleviate the recession, statistics show that blacks have long been consistent supporters of a viable and active economy. Having little investments in the whole of America, blacks spend, proportionately more than any other group in America. This priming of the economic pump by Black Americans has been refined over the years by the guidance provided by the Black Press.

As never before, blacks have become sensitive to those corporations and companies that have recognized their social responsibilities in turning back to minorities portions of the financial strengths of this country.

The Black Press, founded to protest the evil of racism and slavery, nourished on a crusade to bring legal equality to its readership, now finds itself fighting to bring black Americans into the economic mainstream.

The Black Press, through its pages and its personnel, has taken the message to the corporate board rooms, seeking economic parity. It is no longer a seat at a lunch counter or a soda dime store fountain. It is now room for a black supplier, a black insurance broker and an offer to merchandise goods and services in its widely read columns.

This is the role of the Black Press today, speaking to its readership as only it can. This is the articulate and credible spokesman for 25 million Americans who still find the American dream something to be hoped for and fought for.

The Black Press will continue in this role, because the complete and ultimate freedom of this country depends upon the freedom of us all. That is the challenge that faces the Black Press, still true in the spirit of our founding fathers, John B. Russwurm and the Rev. Samuel E. Cornish.

ON THE 154TH ANNIVERSARY OF GREEK INDEPENDENCE DAY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. BIAGGI. Mr. Speaker, today, March 25, 1975 millions of Greeks in the United States and in Greece will celebrate the 154th anniversary of Greek Independence Day. It is a fitting opportunity for all Greeks to reflect back on their rich history as well as anticipate a bright future.

The achievements of ancient Greece in art, architecture, science, mathematics, philosophy and drama became legacies for succeeding ages. The city state of Athens became one of the first and most successful experimenters with democracy and much of what we in the United States refer to as democracy eminates from the ancient Greeks.

Greece became independent in 1821 after winning its war of independence with Turkey. There were many leaders in this era of Greek history but none more famous or dear to the hearts of the Greeks than the inspirational patriots Alexander Ypsilanti and Archibishop Germanos who together unfurled the standards that sparked the revolt which ultimately led to Greek independence. In 1830 she officially became a kingdom under guarantee of Britain, France, and Russia. The nation flourished in the next century and in 1935 a republic was established.

The post World War II period was a turbulent one in Greek history. Communist insurgents waged guerrilla war from 1947 to 1949 but were thwarted thanks to the efforts of America operating under the terms of the Truman Doctrine which proclaimed the right of self-determination for all nations. This provided the Greeks with the opportunity to successfully prevent a Communist takeover.

As Greece approaches the last quarter of the 20th century the flame of freedom again burns brightly. This past year Greece was able to finally overthrow their oppressive military leadership which had been in command of the nation for much of the last 9 years. The recent parliamentary elections represented a blow against the tyranny of the past and offered a real hope for freedom in the future.

This day is a special one in my congressional district for I represent one of the largest Greek constituencies outside the land of Greece. I am honored to have so many Greek friends and know them to be hard-working and dedicated people proud to be Americans yet also proud of their Greek heritage. We owe a great deal to the Greek-American community in this Nation. Their contributions to all facets of our society are well known. From politics to the arts to science their influence is felt. I wish to salute my colleagues in the House of Greek extraction Mr. Brademas, Mr. Sarbanes, Mr. Tsongas. Let us hope that in 1975 we can regain the warm and loyal allegiance of the Greek people which suffered somewhat during the Cyprus crisis. They are our allies in the truest sense of the word and our efforts must be directed at fostering the best of relations with the nation and people of Greece.

At this point in the Record I wish to insert the editorial marking Greek Independence Day by the renowned voice of the Greek-American community the Hellenic Times. The editorial was written by Father P. N. Papageorge and I hope my colleagues will take the time to read the editorial and see for themselves the importance of Greek Independence Day.

Greek Independence Day

(By Fr. P. N. Papageorge)

The anniversary of Greek Independence, March 25, 1821, will be commemorated undoubtedly with deep reverence and formality with fine patriotic expressions of indebtedness to the heroic struggles and great sacrifices of our glorious Greek Forebears of 1821. No one imagined at the time that little Greece would ever be able to overcome and chase out of the territory her ruthless enemy and turn him into disorganized flight. Only the Greeks believed in themselves that they would eventually accomplish this because their slogan was, "It is better to enjoy just one hour of freedom, than to be in slavery and confinement for forty years."

The Greeks fought unrelentlessly and matched in every respect the furosity of their noble Forefathers. After four hundred years of unbearable oppression Greece finally rid herself of the yoke of enslavement and gained her freedom and liberty.

Greece showed to all the world that even the most powerful nation can be defeated and fall in battle by a nation determined to regain that which is indeed precious and was enjoyed by all for centuries.

This historic epic of 1821 is numbered among the very great and notable events in this history of mankind. The Greeks of old subdued once before the massive Persian hordes at Marathon, Thermopylai and ultimately the powerful fleet at Salamis. This degrading reversal and costly defeat of the Persian nation influenced also our Byzantine Fathers to stop the Ottoman onslaught on the European continent. Greece checked the grandiose imperialistic dreams of the Ottoman Turk for which the world is indebted and grateful. It will never be forgotten. Greece was not adequately armed and militarily trained to face the fierce and bloodthirsty enemy. Greece was not, however, thwarted on land or sea. She was determined to rid herself of the intolerable yoke of slavery and dispel forever the threat of her eternal oppressor.

Greece fought courageously hard on all fronts. The enemy was gradually cast out of Greece and since then this important historical incident became part and parcel of our way of life.

We, here in America of Greek heritage and background, will proudly observe these wonderful and magnificent accomplishments of our brave forefathers and ask Almighty God in solemn prayer that He continues to protect and guide the Greek people at every corner of the globe to measure up to the obligation of our sacred traditions and trust.

BLM REPORT ON RACE IN CALIFORNIA DESERT

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. BELL. Mr. Speaker, as we all know, the top legislative priority of our late colleague, Jerry Pettis, was a bill, H.R. 820, to establish a National Conservation Area of the California desert. I am pleased that the Public Lands Subcommittee is now working on the Organic Act, title IV of which embodies H.R. 820.

Those of us who joined as sponsors of H.R. 820 recall that Jerry Pettis was very concerned about the effects which a Barstow to Las Vegas motorcycle race last November 30 might have on the ecosystem of the California desert. A draft evaluation report on the race has been issued by the Bureau of Land Management. I would like to bring to the Members' attention an article in the Desert Dispatch, Barstow, Calif., which summarizes the draft report. It should be clear to all that we must enact legislation soon to protect the California desert.

[From the Barstow (Calif.) Desert Dispatch, Mar. 15, 1975]

BLM RELEASES REPORT ON BARSTOW-LAS VEGAS RACE

BARSTOW.—The U.S. Bureau of Land Management has issued an evaluation report on the Barstow to Las Vegas motorcycle race held last year on the Mojave Desert.

Some 3,000 riders took part in the event, advertised as the world's largest motorcycle race, on November 30.

The BLM reported that compliance of the racers with mitigating measures to protect the environment ranged from partial to 100 per cent and environmental impacts ranged from slight to severe.

James B. Ruch, acting BLM state director, said the study was made from baseline data collected before the 155-mile race, monitoring done during the event, and studies after the race.

Ruch said BLM's report is a summary of the data and findings, and additional assumptions and conclusions to those in the report cannot be made without additional data.

"We believe this whole effort, beginning with preparation of a comprehensive environmental impact statement and continuing through this followup report, has greatly increased our knowledge of the impacts and management of large off-road vehicle events on the desert," Ruch said.

"We received outstanding cooperation from the race sponsors, the San Gabriel Valley Motorcycle Club, and the American Motorcycle Club, and the American Motorcycle Association in attempting to implement and enforce the mitigating measures," he said.

Findings on mitigation measures in the report included:

Campers stayed within the areas designated for camping due to pre-race information handouts and course marshalling!

Portable sanitation facilities were inadequate;

Total compliance with mitigation measures along the courses was not achieved;

Specific marking techniques were used effectively to control racers on portions of the course; and

Consistency was not achieved in stopping all racers at crossings of paved roads.

Environmental findings included:

Surface pavements of the desert were destroyed, compaction of soils increased and root development was restricted in use areas;

There was a heavy impact on vegetation in parking areas;

Small animal populations were damaged;

Measures designed to protect cultural features proved less effective than expected. Of 19 sites investigated after the race, three sustained 15 per cent or greater disturbance, four sustained 6 to 15 per cent disturbance, and the remainder 5 per cent or less disturbance;

There were 9,902 spectators, pit crew members and riders, 3,908 fewer than the prerace estimate;

Actual measures 24-hour dust concentrations were below predictions, but state standards for suspended particulate ambient air quality were exceeded; and

The total increase in the area of influence from the 1974 race over past races was 1,921 acres or 25 per cent. The area of influence of the race course increased from 5,265 to 6,897 acres; and the area of influence of the start, pits and finish areas from 2,240 acres to 2,529 acres. The environmental impact statement had predicted no increase. The tracked area within the area of influence increased by at least 673 acres.

BLM is responsible for the multiple-use management of 12 million acres of national resource lands or about half the California Desert. Its California Desert Program includes concurrent phases of critical interim management to protect resources and users, and development of a comprehensive, long-range plan for management, use and protection of the desert. Recreation use of the desert has increased from approximately 5 million visitor days of use in 1968, when BLM made its initial desert study, to 14.5 million in 1974. About 70 per cent of the use involves recreational vehicles.

"We recognize that off-road vehicle use is a legitimate use of the national resource lands but it must be a managed use in order to prevent its being destructive," Ruch said. "The same is true of such other multiple uses as timber harvest, grazing and non-vehicular recreation."

In 1974 there were 162 organized ORV events, involving 120,000 participants and 450,000 spectators, covered by BLM special land use permits in California, and all but two were on the desert.

AFTERMATH OF GO-GO DECADE

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. LLOYD of California. Mr. Speaker, the issue on the minds of most Americans today is the economy. It is a very difficult and complex problem and one subject to varying opinions. I would like to share with Congress an article worthy of attention, written by Prof. Peter F. Drucker of the Claremont Graduate School in my 35th District:

[From the Wall Street Journal, Mar. 25, 1975]

AFTERMATH OF A GO-GO DECADE

(By Peter F. Drucker)

Every 50 or 60 years, these past 250 years, there has been a decade in which businessmen, politicians and economists in the world economy's "developed" countries expected speculative growth to go on forever at an exponential rate: Between 1710 and 1720; around 1770; after 1830; around 1870; and around 1910 (aborted in Europe by World War I but continuing in the U.S. until 1929); and finally the 1960s.

Every "go-go decade" believed that there would be no limit to growth. And every one ended in debacle and left behind a massive hangover.

After every "go-go decade" prophecies of "zero growth" become popular. But except for the years between World War I and World War II, vigorous economic growth always either continued or was resumed very soon after the "go-go decade" had come to an end. However, the aftermath of a "go-go decade" always does bring substantial structural changes in the economy. Economic growth always changes and shifts to new foundations. And the demands on business management always change so greatly that what was "smart management" during the "go-go decade" fast becomes inappropriate, if not incompetence.

Some of the changes that the aftermath of the past "go-go decade" of the '60s is bringing about can be seen clearly.

1. The balance sheet is again becoming as important as the P&L and may become more important. Liquidity and cash flow are replacing price-earnings ratios as managerial lodestars. Return on total assets is likely to become a more popular—as it surely is a more, meaningful—yardstick than earnings per share.

Capital investment rather than consumption will have to become the engine of economic growth in the years ahead. The worldwide boom from the end of World War II until 1970 was largely fueled by consumer demand. From now on, the center of economic growth will be in areas which require large and massive capital investments; energy; the environment; transportation; and increased food production.

Above all, the great need of the next decade will be jobs, which require capital investment on a very large and steadily rising scale. In the United States we will, each year until the early '80s, have to find some 30% to 50% more jobs for young entrants into the labor force than we needed in any year during the '50s and '60s. It will not be until the early '80s when the "baby bust" that began in 1960–61 will have an impact on the number of new job-seekers, that the pressure of labor force growth on capital formation will lessen sharply.

In the developing countries the need for capital to create new jobs will be even greater. The babies of the late '50s and '60s who—unlike the babies of earlier generations—did not die in infancy, but are growing to adulthood, are streaming into the labor force.

CHANGING CAPITAL MARKETS

At the same time, capital market structure is changing. The main channels for capital supply in this country are by now private pension funds. Even without inflation, they will have to expand to satisfy the requirements of the Employe Retirement Income Security Act of 1974. We are thus in the process of switching capital formation from "entrepreneurs," whose job it is to invest in the future, to "trustees" whose duty has always been to invest in "prudent" investments, which usually mean the past.

A growing share of the national income in every developed country goes into governmental "transfer payments" which convert potential savings into consumption. And government deficits have the same effect. Unless there is a severe and prolonged depression, capital will, therefore, predictably, be in short supply—at least through the rest of this decade and probably well into the '80s.

With the passing of the "go-go decade" the relationship between interest rate differentials and liquidity preferences has changed sharply, and with it the rules for borrowing and investment. During the '60s, interest rate differentials were high. Short term bank loans were cheap for most of this period. Even the apparently very high interest charges of the last few years actually represented zero interest rates, if adjusted for inflation. Long-term borrowing was, by contrast, quite expensive. And cost of equity capital was to become astronomical for all but the stock market darlings of the moment. At the same time, liquidity differentials all but disappeared.

During this period of abundant bank money, a short-term, open bank loan was almost as dependable a source of funds for a reasonably solvent borrower as long-term debt, and much cheaper. It was, therefore, rational behavior on the part of management—or at least it seemed so—to finance one's business as much as possible with short-term and cheap open bank loans, while at the same time trying to boost price-earnings ratios in the stock market to attain acclaim as a "growth stock."

During a "go-go decade" managers tend to believe that "maximizing earnings per share" is the same thing as "maximizing profit." They tend to forget completely that "maximizing profit" is not an end in itself, but a means toward minimizing the cost of capital a business needs.

In the period ahead "maximizing earnings per share" may become largely inappropriate. Maximizing total return on all assets should become increasingly the right way, with considerable consequences for financial structure. "Leverage"—as fashionable these last 10 or 15 years as in any earlier "go-go decade"—then becomes dubious, if not outright wrong.

If the stock market signals anything, it is this change. On every one of the world's major stock exchanges most prices today do not reflect earnings per share. They tend to reflect liquidity, cash flow and defensive strength—that is, return on assets.

If there is need for a shift from "profit planning" to "asset management"—that is, the kind of shift reflected in emphasis on the balance sheet at least on a par with emphasis on the P&L—executive compensation will also have to change. For cash flow and return on assets then become more reliable measurements of performance than earnings per share over a short time period. Stock options, which reward executives for high price-earnings ratios, and which indeed tend to lead managements towards manipulating their businesses for short-term gains and high stock prices, become inappropriate and indeed are at odds with the needs of the business and the judgment of the marketplace.

2. In the '60s growth was God and any growth was good. Now growth, any growth, is widely attacked as evil in itself. But in the years ahead, at least until the babies of the "baby boom" of the '50s have been absorbed into the labor force, if not until they retire 40 years hence, a substantial amount of growth will be necessary for minimal economic and social health. And the capital investments needed—in energy, in the environment, in food production and food productivity, in transportation and so on—are so great in the long run as to make substantial growth appear more probable than "zero growth."

But growth is likely to change direction; it has done so after every "go-go decade." Therefore, management will have to be able to manage the growth of its business and to appraise it, rather than be swayed by every stock market whim or media fashion.

The first thing for management to know is that growth is not something that is "desirable," but a necessity. A business needs to know the minimum of growth without which it would be in danger of becoming marginal in its market. If the market grows the business has to grow too—or else it ceases to be viable and is unable to compete in the long run.

One does not have to be Number One. But one has to have enough to a leadership position in one's market not to be squeezed out when a minor setback forces the retailer to cut back the number of appliances he stocks to the two or three or four fast-moving brands. This, in a growing market, requires a growth goal that looks on growth as survival, requiring risk taking investment at the expense of current earnings.

Equally important will be the ability of management to distinguish between desirable and undesirable growth. Strength and muscle are "growth." Growth is strength if it results in overall productivity of the wealth-producing resources of capital, key physical resources and human resources. Growth that does not make resources more productive is fat and as much a burden on the corporate body as it is on the physical human body. And growth that is being purchased at the expense of the productivity of the factors of production, as was much of the growth of the "go-go decade," is malignant tumor and calls for radical surgery.

3. There has been increasing concern of late with the "multinationals." But the real impact of the emergence of a genuine world economy, of which "multinationals" are primarily results if not merely symptoms, is still ahead. Increasingly even managements of small businesses confined to a national or even regional market will have to learn to factor the world economy into their thinking, planning and decisions.

A WORLD ECONOMY

Since the end of World War II, the economic dynamics have not been in any one national economy. They have been in the world economy. And it was the world economy and its forward momentum that again and again during the last 25 years bailed out national economies and provided the thrust for the longest sustained period of economic advance in human history.

A "world economy" is, however, on a straight collision course with the doctrine of "sovereignty," which for almost 400 years has ruled politics to the point where most of us believe it to be self-evident axiom. Actually, the assertion of "sovereignty," which claims that the economic unit and the political territory should be congruent, was first made in the late 16th Century. It was then a startling heresy.

In the last 30 years—for the first time in 400 years—the unit of economic action and the unit of political control are again drifting apart. The unit of the economy has become larger and larger, until it can be called a "world economy." But political territories in this century have become smaller and more splintered, while at the same time more vigorously asserting their sovereignty.

Since 1905, when Norway separated from Sweden, every change of the map has been that of fission of a former political unit, to the point where the fewer than 40 independent nations of 1914 (more than half of them in the Americas, by the way) have now become almost 200 "sovereign" national states.

There is no substitute in sight for the nation state in the political field—but also no substitute for the world economy in the economic field. The next decade, one can predict, will be one of turbulence, of ambivalence on the part of government's that want the fruits of the world economy without giving up a little of their "sovereignty," and of economics increasingly finding itself at loggerheads with politics. The "multinational" may well become a victim. It is squarely caught in the middle.

But the world economy will survive, even though it may be a poorer, a dilapidated, a greatly hampered world economy. People are not going to lose their vision of the "global shopping center"—that is, their vision of goods, services and values for which they strive. Indeed, economically there are no more distinct cultures, excepting perhaps only Communist China. There are only richer people and poorer people, people who can afford more or less of the same demands, And this means that the world economy will continue to provide the economic dynamics for every country.

What does the businessman, therefore, have to know about the world economy? Fifty years ago, businessmen were running regional businesses. Even substantial firms in California or New England did not see that they had to know much about the U.S. economy, and they paid little attention to it until forced to see and to think nationally in the aftermath of the "go-go decade" of the '20s. Now, it is reasonable to predict, they will have to learn to inform themselves similarly about the world economy.

A NEW THEORY NEEDED

4. One final thought about the aftermath of a "go-go decade": It has always, in the past, given birth to new major economic theory. We know we need new economic theory that focuses on the world economy rather than on the national economy alone. That is, we need a theory that goes beyond the Keynesian apotheosis of national government as all-powerful and all-wise, and which presents national economics as part of the bigger world economy. We need theory focusing on capital formation rather than exclusively on income distribution. We need theory that integrates capital, key physical resources and human resources with money, credit and taxes.

Somewhere today an economist should be halfway through working out the new theories we need. At least this is the way it has been in the earlier periods following a "go-go-decade." But so far, neither the new theories nor the equally badly needed new economic policies to be derived from them can be discerned on the horizon.

BYELORUSSIAN INDEPENDENCE

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. DOWNEY. Mr. Speaker, today marks an anniversary of special significance for American citizens of Byelorussian origin; 57 years ago on this day, the independent Byelorussian Democratic Republic was founded.

Shortly after that celebration of independence, the new state was occupied by the Soviet Union.

As Americans who cherish human freedom, we can join today in recognition of the spirit of independence that lives on among the Byelorussian people. They have undergone great hardships, but their faith remains strong.

This day of commemoration should remind us that the yoke of repression still binds many people of the world. As we continue our own work of being free, we extend our compassion and understanding to the Byelorussian people who still must struggle for their freedom.

IN MEMORIAM TO MARY LOU MANACHI, OF WEST PATERSON, N.J., BRAVE AND COURAGEOUS SOLDIER IN OUR NATION'S BATTLE AGAINST THE DREAD DISEASE OF COOLEY'S ANEMIA

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. ROE. Mr. Speaker, on January 21, 1975, a young college student, Mary Lou Manachi, of West Paterson, N.J., lost her lifetime battle against Cooley's anemia and went to her eternal rest.

One year before her passing Mary Lou had volunteered for a medical experiment against Cooley's anemia that had proven successful in tests with animals. The treatment was designed to remove the iron that accumulates in the bodies of Cooley's anemia victims and clings to their vital organs, eventually causing death. If the experiment were successful, Mary Lou would have still required regular blood transfusions but would have been able to live an otherwise normal life.

We are all aware of the tragic consequences of this destructive hereditary blood disease which strikes the young children of our Nation. During the 92d Congress we were successful in passing legislation to help combat this fatal illness through a national commitment for research and control measures. Although some progress has been made in treatment of the disease, few victims reach adulthood and 20 years ago, a child with Cooley's anemia was not expected to live beyond the 10th year.

Mr. Speaker, the valiant struggle of Mary Lou and her family serves as an inspiration to all of us, dwarfing the gripes and complaints with personal discomforts and irritations that one encounters from day to day. Mary Lou's lifetime experience was a day-to-day confrontation with life itself.

In tribute to her leadership endeavors to seek to help others by her example, with your permission, I would like to record at this point in our historic journal of Congress the following news article memorializing Mary Lou and her family for their sacrifice in attempting to improve the quality and longevity of life for so many, many of our Nation's Cooley's anemia victims. The statement which appeared in the January 21, 1975, issue of the Paterson News, one of New Jersey's most prestigious newspapers, reads as follows:

[From the Paterson (N.Y.) News, Jan. 21, 1975]

Mary Lou Manachi, Gave Life to Anemia Experiment

West Paterson.—Mary Lou Manachi, the courageous 19-year-old William Paterson College art major who volunteered as a human guinea pig in a new treatment for Cooley's Anemia to save the lives of others, died of that disease Monday in St. Joseph's Hospital and Medical Center, Paterson. She lived with her parents Louis and Mary Zelhof Manachi at 35 Rockland Ave.

Miss Manachi was five when she was first diagnosed as having the incurable disease.

Cooley's Anemia is a blood disease that strikes children of Mediterranean families. At one time, victims of this disease survived only until their early teens. Now, with improved methods of treatment they are living longer. Some have passed the 30-year mark and are leading near normal lives. Miss Manachi lived until her 19th year. There is still no cure for this dread disease.

Mary Lou's oldest sister, Rose Mary, also a victim of the disease, died of cardiac complications five years ago. A brother, George, 14, also suffers from the disease. Miss Manachi lived on transfusions each week to maintain her health.

HUMAN GUINEA PIG

In February 1974, she volunteered as a guinea pig in a new treatment of Cooley's Anemia in experimental therapy at the Rockefeller Institute, New York City, where she was hospitalized for three weeks.

Mary Lou's intentions were for the medics to find a cure for the disease or perhaps to prolong the lives of those stricken.

Before she was about to enter the Rockefeller Institute, she had no qualms about the experiment or her bout with surgery. She calmly said, "If something goes wrong and I don't make it, I won't know anything about it, and if it is successful, think of all the children . . . all the people who will be helped."

Mary Lou, a graduate of St. George's Parochial School, Paterson, was an honor student and a graduate of Passiac Valley Regional High School, Little Falls. She was the organist at the Holy Family Church and her hobby was her aquarium. She was in her sophomore year at William Paterson College, and was a member of Zeta Omicron Psi. She was a member of St. Ann's Melkite Church.

FUNERAL THURSDAY

The funeral will be at 9:15 a.m. Thursday from the Gorny & Gorny Paterson-Clifton Mortuary, 519 Marshall St., corner of Hazel Street, Paterson, followed by a 10 a.m. service in St. Ann's Church. Interment will follow in the family plot of Holy Sepulchre Cemetery, Totowa.

Besides her parents and her brother, who lives at home, Miss Manachi leaves a sister, Ann, also at home, and her maternal grandfather, Michael Zelhof of Clifton.

Mr. Speaker, it is, indeed, my privilege and honor to call the heroic and inspirational lifetime of Mary Lou Manachi to the attention of you and our colleagues here in the Congress and seek this national recognition of her brave and courageous service to the people of our Nation. We share the sorrow in the heart of her family in the great loss of a beautiful extraordinary young lady who fought so valiantly on America's battlefield of combat against the dread disease of Cooley's anemia to find a solution and provide quality health care for our people. I trust that her parents and family soon find abiding comfort in the faith that God has given them and in the knowledge that Mary Lou is now under His eternal care. May she rest in peace.

INTRODUCTION OF DEVELOPMENT FUND BILL

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. WON PAT. Mr. Speaker, today I am introducing legislation authorizing $56 million for the construction of much needed educational, sewer, and water facilities on the island of Guam. The bill contains a cost of living provision which insures that the purchasing power of the funds authorized remains constant.

The money requested is needed to complete construction projects already planned but not implemented due to a lack of funds. These projects will provide pure water and adequate sewer treatment to segments of the island community that do not presently enjoy these basic services, as well as reducing the severe overcrowdedness of the Guamanian schools. Guam would like to provide the money needed for these projects itself, but is unable to do so because its low per capita income—approximately 20 percent less than that of the poorest State in the Union—and its staggering inflation rate—greater than the mainland's—force the government to utilize its revenue for noncapital expenses only.

Guam has attempted to finance these worthy projects from sources other than the U.S. Government. We have attempted, for instance, to join the Asian Development Bank. Our efforts were rejected, however, when the U.S. State Department refused to sponsor our bid for ADB membership. Other avenues of foreign financing assistance have proved equally fruitless. To complicate matters, our great distance from the U.S. mainland has made our involvement with domestic financing circles a frustrating experience and one which has most often proven less than rewarding in our quest for more capital.

In short, Guam finds itself unable to obtain additional development funds except from the Federal Government. Guam needs to continue its development now or face economic stagnation and eventual bankruptcy. For these reasons, I respectfully urge my colleagues in the Congress to give this legislation their full consideration. Thank you.

AARP SUPPORTS PROPERTY TAX RELIEF ACTION BY CONGRESS

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. HEINZ. Mr. Speaker, in the interest of providing our aged homeowners and renters with the property tax relief they need, I am planning to offer an amendment to H.R. 3922, the Older Americans Act Amendments of 1975. My amendment if enacted will establish a program to encourage the States to provide property tax relief to the aged. I am reintroducing this amendment as a bill on Wednesday, April 9, and want to call my colleagues attention to the letter of support I have received from John Martin, of the American Association of Retired Persons, which I am inserting in the Record:

March 24, 1975.

Hon. H. John Heinz, III,
Cannon House Office Building,
Washington, D.C.

Dear Congressman Heinz: I have reviewed your bill to encourage states to provide real property tax relief to low and moderate income individuals who have attained age 65 and am in general agreement with its substance. I would agree that, in the interest of some uniformity and adequacy of tax relief to the elderly, it is desirable to have federal legislation of the nature contained in the bill. This is also needed because action in the direction of tax relief, is likely to be minimal in many states if the burden rests entirely upon local resources or upon local resources supported only by state resources. I think that in the interest of uniformity and equity, federal legislation can be helpful. It also seems to me wise to limit such relief to eligible households with low or moderate incomes and on a scale which reduces the amount of relief as household income increases. The maximum entitlement would also seem necessary.

Since this would result in expenditure for the Federal Government, it may be questionable whether the Administration would find the bill acceptable at this time unless the commencement of such a program were set sufficiently in the future to correspond to the Administration's projections for improvement in the economy. It is not, however, too early to pursue a colloquy as to the best method of providing such relief and even to provide the means for such relief if the effective date of such a proposal takes into account the present state of the economy as well as the level of need of many of the elderly.

Sincerely,

JOHN B. MARTIN,
Consultant.

REESTABLISHING NOVEMBER 11 AS VETERANS DAY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. GILMAN. Mr. Speaker, today I am reintroducing legislation to reestablish November 11 as Veterans Day.

Veterans Day, which commemorates the cease-fire in Europe at the end of World War I, was initially called Armistice Day. The significance of that cease-fire occurring as it did on the 11th hour of the 11th day of the 11th month culminated in the establishment of a revered national holiday.

With further global conflict and the deployment of American soldiers overseas, Armistice Day was, in 1954, renamed Veterans Day in honor of all of our veterans of all wars. We continued to observe Veterans Day on November 11 until 1971, when legislation establishing 3-day holidays was enacted.

Mr. Speaker, because of the importnce of Veterans Day and the significance it holds for us, it should not be casually noted as just another 3-day holiday. We must not forget the sacrifices that were made; the loyality and the proven courage that our veterans have shown. It is, therefore, only fitting and proper that we honor these dedicated brave men and women with a special date.

By reestablishing November 11 as Veterans Day, Congress will be adding significance to the heroic deeds of our service men and women who have given so much for our Nation.

Mr. Speaker, I invite my colleagues to join me in sponsoring and supporting this measure, changing Veterans Day back to November 11 and I include the full text of this measure in the RECORD at this point:

H.R. 5459

A bill to reestablish November 11 as Veterans Day

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That, effective upon the date of enactment, subsection (a) of section 6103 of title 5, United States Code, as amended by the Act of June 28, 1968 (Public Law 90–363), is amended by striking out "Veterans Day, the fourth Monday in October" and inserting in lieu thereof "Veterans Day, November 11".

POW DECRIES APATHY

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. SYMMS. Mr. Speaker, on my recent trip to Southeast Asia I had the pleasure of visiting our air force base at U-Tapoa in Thailand. From the comments I heard from our men there they are rarely visited by a Member of Congress. The men were very depressed over the state of affairs in Southeast Asia and felt that they were not allowed to do anything useful. Rather than fly any missions themselves they are responsible for maintaining mercenaries to conduct the air sorties.

Mr. Speaker, the point is that apathy and disinterest on the part of the American people has contributed to the serious situation in South Vietnam. Adm. J. A. Denton who was a POW commented on this in a news interview. I would like for my colleagues in Congress to hear what he has to say:

POW DECRIES APATHY

(By Dave Riley)

NORFOLK, VA.—Rear Adm. Jeremiah A. Denton Jr., who led the return of American prisoners of war from North Vietnam two years ago, said yesterday that renewed warfare in Southeast Asia and the American people's apathy toward it "sickens me."

Denton, who set the tone for the return of POWs with his "God Bless America" speech as he stepped off the first plane from Hanoi on Feb. 12, 1973, also predicted serious morale problems in the military and a loss of American credibility overseas.

"I trust and respect the right of Congress to reflect the opinions of the American people," Denton said. "With respect to Southeast Asia, I think that opinion is wrong."

Denton spent 7½ years in a North Vietnamese prisoner of war camp and was awarded the Navy Cross for resisting torture at the hands of his captors.

He now serves as commandant of the Armed Forces Staff College here.

"The present requests and policies of the President and secretaries of defense and state require urgent action," Denton said, adding that current North Vietnamese advances into South Vietnam and resulting apathy on the part of the American people "sickens me and it's causing me a great deal of loss of sleep."

American reluctance to save South Vietnam could cause "a problem of military morale," he said.

"The problem is, I've had (men) come into my office weeping like babies and saying, 'My God, admiral, I did three tours over there, I lost 27 friends, three of them my best buddies. I was wounded four times. We would have kept Khe Sahn. I would have gladly given my life to hold it at any cost, and now those guys have it up there.' And he started to cry like a baby. I was already fairly shaken up by it."

Aside from the morale problem, Denton said, the key question in Indochina is the effect on U.S. commitments around the world.

THE 154TH ANNIVERSARY OF GREEK INDEPENDENCE: FREEDOM'S FIRE CAN NEVER BE EXTINGUISHED

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. KOCH. Mr. Speaker, I am taking this opportunity to commemorate today, March 25, the 154th anniversary of Greek Independence Day. It is an honor to do so, not only to pay tribute to past triumphs, but to recognize that the fight for freedom, as seen in the Greek experience, requires constant vigilance and forebearance.

One hundred fifty-four years ago, Greek patriots, led by Prince Alexandros Ypsilantis, struck a blow for freedom in raising their flag of liberty against all those who had sought foreign domination of them. From 1821 to 1826, the Greeks endured bitter warfare to reestablish their independence and to throw off the yoke of Ottoman tyranny, and in fact had to fight off Egyptian armies in the process. This heroism was matched by Greek efforts in World War II and its aftermath. The Greeks beat back the Italian invasion of 1940 and stubbornly resisted the Nazi attack in 1941. Despite the Nazi occupation, the Greeks maintained their freedom-loving spirit and gave strong resistance to the Facist aggressors. Despite the severe economic dislocation wrought by World War II, Greeks successfully resisted Communist subversion. United States assistance to Greece at that point serves as a great testament to the friendship between our country and Greece.

Americans have long felt a kinship to Greece. We owe a great debt to the traditions of democracy inherited from ancient Greece. The Greek democratic spirit has inspired many Americans throughout our history. In 1821, as Greeks struggled for their independence, many world leaders were skeptical of the chances for her success. Thomas Jefferson expressed this fear in a letter to John Adams:

> And what of the poor Greeks?

Adams' reply is representative of how much we identify with their democratic spirit:

> My old imagination is kindling into a kind of missionary enthusiasm for the cause of the Greeks.

Recent events reemphasize that freedom is precarious and must be constantly guarded. This year's anniversary reflects that continuing struggle. In one way, this is a very special, very joyous anniversary. Greece has overcome an oppressive dictatorship, and once again, freedom's fire rages. It remains a scourge to all those who would subvert it.

Tragically, the Greek junta has left a scar on Greece and Greeks wherever they live. It helped precipitate the Cyprus crisis, which has made upwards to 200,000 Cypriots refugees on their own island. The island is in part occupied by Turkish military forces, who refer to their perimeter as the "Attila Line." How ghoulish. Yet, in a way, the Turkish Government, with that infamous name, properly labeled its occupation as barbaric.

Last August 16, I visited in New York City with His Eminence Archbishop Iakovos, of the Greek Orthodox Archdiocese of North and South America. For me it was a very moving experience. The depths of his agony were expressed to me when he said to me:

> What have our people, yours and mine, done that we should have suffered so through the Ages.

And he lamented the fact that the administration and Secretary of State Kissinger had apparently turned their backs on Greek Cypriots. But it is with pride that I can say that Congress has not. We have voted to shut off military aid to Turkey so long as Turkey continues its barbaric policy.

The troubles of Greece and Cyprus are far from ended. But I have confidence in the Greek people and their freedom-loving spirit. The first of freedom burns strongly in Greece once again. And it burns just as fiercely in the hearts of Greek Cypriots. As I am sure my colleagues already know, a conference committee of the Foreign Operations Subcommittee, of which I am a member, voted last Thursday to increase aid to Greek Cypriot refugees to $25 million. While that is important, we cannot rest until the Ottoman yoke is lifted off the shoulders of free Greek citizens, whether in Greece or in Cyprus.

NEW ORLEANS: SITE OF SUCCESSFUL TRADE HEARINGS HELD BY U.S. INTERNATIONAL TRADE COMMISSION

HON. GILLIS W. LONG

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. LONG of Louisiana. Mr. Speaker, New Orleans has served as the location of a unique set of foreign trade hearings for the States of Louisiana, Texas, Mississippi, Arkansas, and Tennessee.

The members of the International Trade Commission must make recommendations to the President within a period of 6 months concerning the economic impact that the Trade Act of 1974 will have on the American people.

Will E. Leonard—one of the Commissioners presiding over the hearing and a Louisianian who also is chairman-designate of the Commission—took bold and courageous leadership by updating the procedures witnesses must follow in an effort to make sure all who desired to testify were given the opportunity to do so, regardless of the hour and location. It is this type of "people oriented" tenor that Commissioner Leonard helped set for the hearing which made it such a success. He was joined by Commissioners Joseph O. Parker and Daniel Minchew in these fact-finding investigations.

It is my hope that my colleagues, the media, and other interested readers of the RECORD will attend and report on the future hearings in substantial numbers.

Commissioner Leonard has indicated that representatives of consumers, business, labor, importers, exporters, educators, and members of the general public will be recognized and encouraged to testify in the same manner as citizens of Louisiana and other Southern States.

CRITICAL REVIEW: THREE PROPAGANDA FILMS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Sunday, March 23, 1975, edition of the New York Times carried a front page analysis of three current pro-Communist propaganda films. The review was by the assistant editor of the arts and leisure section, Walter Goodman.

Although I have a difference of opinion with Mr. Goodman on whether Jane Fonda and Shirley MacLaine are motivated more by admiration of Marxism or by sincere disagreement with U.S. foreign and domestic policy, I feel that his analysis is worthy of my colleagues consideration:

THE FALSE ART OF THE PROPAGANDA FILM

(By Walter Goodman)

In most lands around the globe, propaganda is a monopoly of the state. In this country, however, the most notable examples of the craft, such as the three current films discussed below, come from the state's adversaries. When Shirley MacLaine takes a camera crew to China or Jane Fonda takes one to North Vietnam or when Peter Davis, who made the TV documentary, "The Selling of the Pentagon," sets out to do a film about the war in Southeast Asia, nobody expects a testimonial to U.S. foreign policy. Yet works of propaganda—works whose primary design and overriding effect is the promotion of a case or cause, usually without the intention being made explicit—often send forth messages that their creators did not intend and in the process draw attention to the creators' set of mind and guiding impulses.

"The Other Half of the Sky: A China Memoir"—currently at the Whitney and to be shown April 15 on Channel 13—is the account of a three-week visit to China in the spring of 1973 by a group of American women selected by Shirley MacLaine. In addition to the actress herself, they included a 13-year-old from California and an elderly Bostonian, a talkative black activist from Mississippi and a talkative white admirer of George Wallace from Texas, a psychologist from San Francisco, a sociologist from Puerto Rico, a Navaho. Co-directed by Miss MacLaine and Claudia Weill, and made with the cooperation of the Chinese, it is a good-humored, sappy sort of travelogue, agush with handholdings, huggings and kissings.

The most arresting sequence, for those who can bring themselves to watch it, is the delivery of a baby by Caesarian section to a woman who remains conscious from start to finish; it's done with needles. The most instructive scenes are those in which the women from America, inquiring into the state of Chinese women now that they have attained "liberation," learn that the word signifies marrying a man with the correct political attitudes and then taking a job to the specifications of the state. Except for a show of dismay when a resident commissar explains that if a Michelangelo were to appear in the New China, he would have to be reeducated to the service of The People, Miss MacLaine, who wrote as well as produced this film, seems entirely gratified with the way things have been going since China's liberation, a word she employs without irony. Today, she reports, the peasants "are the masters of the country." (Miss MacLaine plays fair; she speaks her own most fatuous lines. Madame Chou En-lai, making a guest appearance, probably had her lines written for her at headquarters.)

In one quite touching scene, a woman tells of how her feet were bound under the old regime. For some reason, the concern of these filmmakers over bondage stops at the ankles. Miss MacLaine seems enthralled by a society in which all small boys are taught that their mission in life is to join the People's Liberation Army and fight the American imperialists. Despite her best efforts in behalf of her hosts, this "Memoir" lends chilling support to George Orwell's observation made in 1939, that "It may be just as possible to produce a breed of men who do not wish for liberty as to produce a breed of hornless cow."

Now, one knows from Miss MacLaine's public record that if she discovered that American children were being "programed"—to use the word that the Boston woman applies to what she is seeing of Chinese education before she is subdued by a layer of cant from the psychologist; that they were subjected to paramilitary training from a very tender age; that their most initimate relationships were being manipulated by the state for the state's interests; that they were being taught to worship a man-god and to repeat, by rote and in unison, tag ends of an ideology which they can scarcely comprehend—she would be among the first to protest. Yet what she would condemn in her own country is counted an achievement when it is done to the Chinese. Can this be anthropological relativism, or the latest thing in radical racism? Is Miss MacLaine mischievious or only simple? We may leave the question open. It is clear enough that her film advances a cause in the guise of a "memoir"—which fits our shorthand definition of propaganda.

Although Jane Fonda never states right out that she is acting as a publicist for North Vietnam, her film allows no doubt on that score. "Introduction to the Enemy" is a refreshing movie in the sense that it makes no pretense to critical judgment. It delivers its political line straight, right from the mouths of party functionaries. Sponsored by the Indochina Peace Campaign, an organization evidently committed to the Vietnamese revolutionary cause, it features Jane Fonda and Tom Hayden smiling their way around the country, along with Haskell Wexler's pictures of beautiful children, bombed-out towns, beautiful children, workers making bicycles out of the remains of an F-104 fighter and beautiful children. (It is a revelation to observe how subdued our native firebrands become once they find themselves in a congenial dictatorship.) To fully appreciate a movie such as this or Miss MacLaine's "China Memoir," one must come to it persuaded that the presence of beautiful children in a country is evidence of a regime's benevolence. The high spot of this show is a Frisbee match between Fonda-Hayden and a host of beautiful children.

America has never been bereft of publicists for the totalitarian mode. There have always been people around ready to exhibit to us the scrubbed faces of youths in Mussolini's Italy, in Hitler's Germany, in Stalin's Russia. Generally, they were motivated by a combination of allegiance to a doctrine and affection for the Fatherland or Motherland. Not so the Misses Fonda and MacLaine. Their celebrations of Oriental police states are prompted less by worship of Mao and Ho, I believe, than by their opposition to American activities in Southeast Asia. They show us the benign face of the enemy in hopes that it may compel us to look into ourselves.

Peter Davis's remarkable film "Hearts and Minds," which opens in New York today, is more directly about America. In Davis's description, his film, which combines interviews, battlefield shots and scenes from civilian life here, "is an attempt to understand what we have done and what we have become. It is more psychological than political, and it is not a chronology of the war so much as a study of people's feelings."

"Hearts and Minds" is rich in powerful images, not easily shaken off: The former pilot making an unbearable connection between the napalm he dropped and his own young daughter. The old Vietnamese woman, trying in her bewilderment to explain the destruction of her life by the bombs; the unbudging camera, whirring in the background, stays focused on her for perhaps 30 long seconds as she tries to grasp her own condition—"I'm so unhappy." Clark Clifford, former Secretary of Defense, recounting his efforts, as a rational man, to come to terms with the insatiable demands of an irrational military machine. Walt Rostow, a planner of our Vietnam adventure, bursting forth in exasperation at being asked why we got involved in Vietnam—"Are you really asking me this goddam silly question . . . pedestrian . . . sophomoric . . .!"

The Rostow sequence, which has drawn attention as a result of his efforts to have it deleted, displays the mentality, sometimes called tough-minded, which managed to escalate Vietnam into a catastrophe. Yet as the film went on, I found myself somewhat uneasy about this scene. We do not see Rostow's interrogator; we can't be certain whether some provocation, a gesture, a facial expression, a turn of phrase, may have prompted his outburst. Perhaps none of this would have occurred to me had it not been for other jarring elements, messages which force the producers' opinions on the viewer in a most clumsy way: A fragment of a remark by President Eisenhower suggesting that the United States was in Vietnam for the tin and tungsten; the camera searching out names of U.S. firms in Saigon—Coca Cola, Esso, Chase Manhattan; the breaks for commercials by a dissident South Vietnamese priest who speaks exclusively in Vietcong slogans; a staged appearance by the late Ho Chi Minh having his beard plucked by small children, reminiscent of pictures of an avuncular Joe Stalin receiving bouquets from tots in Popular Front times.

Whereas the MacLaine and Fonda films are run-of-the-mill sales pitches, "Hearts and Minds" is the product of talented filmmakers caught between clashing impulses—to produce a work of art or to advance a political argument. The most grating instance of the director undermining his own material comes after a long, heartbreaking scene of a South Vietnamese boy hugging his father's picture at the father's graveside, sobbing, sobbing. (Here, again, we become conscious of the unrelenting camera; we want it to turn away out of pain or embarrassment but we also need to watch; the camera holds on, creating a high and affecting tension.) Cut to General William Westmoreland, former leader of our forces in Vietnam, saying "The Oriental doesn't put the same high price on life as does the Westerner." All right, the point is made—but at what cost? Westmoreland, a man who has clearly learned during his years in the military bureaucracy to utter inanities in a weighty manner, is an easy mark. In using the boy's tragedy to score off the general, the filmmakers show no faith in either their material or their audience; it's like putting an exquisite painting into a showy frame, the better to peddle it to the philistines.

Now, General Westmoreland, we must understand, is speaking not for himself, but as representative of one side of America, also exemplified by slaughter-the-Japs clips from World War II Hollywood movies and personified by the returned POW who gives talks to Middle American audiences on how to whip the gooks and by the former pilots who describe their bomb-dropping as "a technological expertise thing," or as a happy memory—"I dinged them . . . I felt good." The film makes a causal connection between this manly state of mind and scenes from a college football game: an up-and-at-'em minister telling his parishioners how much God cares about the game; a half-crazed coach attacking his boys with exhortations to win; the empty-faced cheerleaders, the beefy players colliding like tanks, the howling fans. Well, there is something to all of this—the violence of the football field transmitted to the battlefield. But it's much too simple, much too easy, laid on much too heavily; life is cut to the propagandist's measure. The insistence of the makers of "Hearts and Minds" on dividing America into two camps—Daniel Ellsberg, I. F. Stone, the peace marchers, the draft evaders, the young amputees coming to the bitter realization that they have had their futures shattered for no purpose; versus Westmoreland, Rostow, the jingoist POW and his open-mouthed audiences—works against their more subtle revelations.

In a deeply moving sequence, the father of a man who was killed in a helicopter crash explains quietly, as much to himself as to the interviewer, why he still feels his son's death was in a worthwhile cause, why he still trusts President Nixon, as his wife, hardly listening, touches gently a model plane, presumably her son's. How many times he must have told himself his loss cannot have been for nothing; how many times she must have fondled that plane. The humanity of this moment exposes the crudeness of the football field analogy.

The final shot—a confrontation between Loyalty Day marchers and pickets for peace—caps the film's selfbetrayal. Its makers ignore their own best evidence and resort to a trite image, simplified to the point of distortion. The difficult truth is that the great majority of Americans belong to neither of these parties. When these filmmakers focus on human beings, they give us moments of depth and beauty; when they force a tendentious thesis upon us, they diminish their film. Even if they had resisted the temptation to score elementary points, "Hearts and Minds" would still have been propaganda—but it would have been something much more as well. Peter Davis and his colleagues may have had their hearts in the right place, but they did not trust the minds of their audience.

RETIREMENT OF COL. ROLAND B. SWEITZER

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mrs. SPELLMAN. Mr. Speaker, one of the finest men ever to grace Prince Georges County, Md., will soon be leaving his post as chief of the Prince Georges County Police Department to begin a well-earned, more leisurely lifestyle of retirement. Col. Roland B. Sweitzer's departure will be a tremendous loss to all of us who have benefited from his expert leadership as head of one of the Nation's finest law enforcement agencies.

During Roland Sweitzer's 34-year career, the Prince Georges Police Department grew from an 18-man force serving a rural community in 1941 to a force of 840 men and women which now protects over 720,000 citizens. After joining the 10-year-old department in 1941, he rapidly rose from sergeant in 1951, to lieutenant in 1952, to captain in 1954, was picked to be assistant chief in 1968, and named chief in July of 1971.

As the newly-named chief, he began to initiate and develop new programs and policies intended to modernize the force to serve more efficiently the rapidly increasing population of our county. He established an open press policy, created a public information office, open trial boards to the public and initiated the personal care program under which officers take their cruisers home for use while off-duty, thus increasing the visibility of policemen in the communities.

This latter program brought over 85,000 off-duty responses leading to 1,173 felony arrests and 4,348 misdemeanor arrests, since it began 4½ years ago. Always in pursuit of equality, Colonel Sweitzer revised the promotional procedures during the Spring of 1972, and brought women into the department with the same status as male sworn officers. The distaff portion of the force has risen from one to nine because of his insistence that women should have an equal and active role in public safety. In the same vein, the Chief emphasized the need to provide opportunities for minorities, and through active recruitment, increased the number of black officers.

Colonel Sweitzer saw to it that the law enforcement agency he so ably headed was responsive to the community. He worked closely with the Human Relations Commission of Prince George's County in order to develop a stronger police/community relationship, and improved the department's internal investigative and disciplinary procedures.

In order to improve the function of his force to meet the demands of the rising crime rate being experienced nationwide, he introduced several innovative programs. In cooperation with the Prince Georges Chamber of Commerce and by resolution from the Prince Georges County Council, a very successful TIP—turn in a pusher—program began which led to many arrests and seizures of more than $1 million in drugs. He initiated a federally funded TARS—tactical alarm response section—program which provides almost immediate response to robberies in target areas.

Communications also were vastly improved. Under Chief Sweitzer's direction, the police department tied into the county's 911 emergency number, making it easier for residents to report crimes and seek help. In 1974, nine additional radio channels were approved and are now being integrated into the communication system. When fully operational, the system will provide much needed increases in air time for police on patrol.

Mr. Speaker, Roland B. Sweitzer, is a product of Prince Georges County, having been born and educated within our boundaries, and we are proud that such a talented individual stayed on to become a leader whose credo is progress with excellence and integrity. His far-sighted vision balanced with his even-handed approach insured that his leadership would be skillful, successful and admired by his peers, his staff and our citizens. Mr. Speaker, for all citizens of Prince George's County whose safety has been judiciously protected by him for 34 years, I offer my deep gratitude to Colonel Sweitzer for his good and devoted service, and wish him well in his deserved retirement.

PASSOVER

HON. WILLIAM M. BRODHEAD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. BRODHEAD. Mr. Speaker, Passover marks a time of celebration when Jews throughout the world recount the story of the affliction at the hands of Pharaoh and celebrate their national liberation as a people from bondage in ancient Egypt.

This year, the Jewish Community Council and the Rabbinical Commission of Metropolitan Detroit have asked that the following statement be read during the traditional Passover seder to call attention to those in other countries who are still enslaved in hunger and want:

> One of the most stirring parts of the Passover service is the declaration that begins the Seder meal, "Ho Lachmo Anyo" ("This is the bread of affliction which our ancestors ate in the land of Egypt"); when we invite all who are hungry to eat with us at the Seder meal. Before we can begin telling the story of our being freed from slavery, our tradition requires us first to remember those who are today in slavery from hunger and want. To prevent this declaration from becoming an empty ritual, we are required to act affirmatively by taking personal responsibility for our fellow human beings. It was customary in ancient Palestine for the head of the house to step out into the street to recite Ho Lachmo Anyo which itself was written, not in Hebrew, but in Aramic, the everyday language understood by all, whether Jew or Gentile. In the Old Country our parents would seek out a travelling stranger to invite into their homes and seat in the place of honor, in fulfillment of the commandment to feed the hungry, "even the stranger among you."
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> This week each of the principal faith groups is celebrating a major religious holiday in their different calendars. But all have joined in including a statement in their different liturgies reaffirming the common religious and moral imperative for aiding fellow human beings in need. The last few months have again shown that no person nor country is ever self-sufficient. Economic desperation and real hunger is now a reality for millions abroad and in our country. The Bible teaches us that we are not only "our brother's keeper" but also that we are responsible for "the stranger that sojourneth in the land." This precept is as applicable today as it was in ancient times for there are still many who are in need and treated as if they were strangers in our own land. Our religious tradition commands us that this responsibility to aid the helpless has the highest priority for our entire society through our government and our voluntary organizations. But that in no way relieves each of us of our individual responsibility. We must work to ensure that our communities and nation are fully responsive and also that we as individuals fulfill our own personal obligations. The burdens of our own lives do not reduce our ultimate responsibility for each other.
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> As in the words of the ancient sages: "The day is short and the work is heavy. It is not for you to complete the work, but neither are you free to desist from it . . . for if I am not for myself, who will be for me? And if I am for myself alone, what am I? And if not now, when?

To demonstrate that personal responsibility for the welfare of our fellow human beings is a universal religious precept, the Interfaith Action Council is also urging all faith groups to incorporate a similar statement on hunger into their Holy Week liturgy. The Archdiocese of Detroit has also mailed a similar statement to its membership and asked that it be included in their liturgy.

The concept of such a statement is the result of an interfaith effort to call public attention during the joint observances of Passover and Easter to those in our city, country, and around the world who are enslaved by hunger and want. The Jewish Community Council and the Rabbinical Council of Metropolitan Detroit are to be commended for their reaffirmation of concern for the wanting, hungry, and needy, and for their desire to call to the attention of all persons our individual responsibility to feed "even the stranger among us."

COMPENSATION FOR DEFENDENTS IN UNSUCCESSFUL CIVIL SUITS BROUGHT BY UNITED STATES

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. CRANE. Mr. Speaker, as one who has long been opposed to excessive governmental regulation of our free enterprise system, I have been heartened by a growing recognition that some governmental regulatory agencies are doing the economy and the consumer more harm than good. Specifically, I am pleased to see that some Members of Congress are taking another look at organizations like the Interstate Commerce Commission, Federal Communications Commission, and the Civil Aeronautics Board, and asking themselves, and others, to what extent these organizations are stifling, rather than promoting, honest competitive practices.

I am also heartened to read in the President's budget for fiscal year 1976 that he will propose legislation "to reform railroad and truck regulation." However, I feel that, as long as these regulatory agencies are in business making life difficult for businessmen and consumers alike, we need to do more to keep them in check.

As it stands now, businessmen spend a good deal of time and a great deal of money, both of which could be used in more productive endeavor, trying to comply with the myriad of rules and regulations Federal agencies hand down. Often, the paperwork is complicated, frequently it results in delays on a badly needed license, permit, or contract, and sometimes it is so confusing the businessman or individual does not know what is expected.

None of this is particularly surprising when one realizes that Federal paperwork for just 1973, if put in a single file drawer, would stretch from New York City to Omaha, Nebr. However, realizing the dimensions of the problem is only the first step to solving it.

An excellent second step, to my way of thinking, would be to cut the excessive zeal of the regulatory agencies by making them more responsible for their actions. More specifically, I have introduced a bill that would require the Government to compensate businesses and individuals for reasonable legal expenses in cases where the U.S. Government files a civil suit and loses.

Passage of such legislation should give Government the incentive to make sure they have a good case, or a worthwhile case, before wasting the taxpayers money on a court battle. It should also encourage the agencies to simplify their rules and regulations, cutting out many that are confusing or unnecessary. Even more importantly, such legislation would knock out the element of intimidation that causes many companies to give in, even when they are right, rather than fight an expensive legal battle. To me, this is very important; the Government has unlimited resources behind it in a court case, but a company or individual does not. To fight a case and win may well be a phyrric victory for a small businessman; he can win the legal fight but, in the process, lose the economic war and go bankrupt.

An excellent case in point may be found in some of these Federal antidiscrimination suits that have evolved out of the "affirmative action" program undertaken by recent administrations. According to an August 2, 1974, Wall Street Journal article, one company, Celanese Corp., admitted to spending $100,000 in legal fees on just two cases. Sources close to the cases estimated that they cost the company close to $300,000. Many other companies, in an effort to avoid a similar expense, have hired high priced consultants—getting from $10,000 to $100,000—to advise them on how to avoid such suits. And still others, a great many others I suspect, have simply resorted to reverse discriminations in order to avoid problems. However, two wrongs do not make a right and I do not feel that it helps to have Government intimidating people into committing that second wrong.

I think it would be far better for the individual or businessman to be on an equal footing with Government on cases like these so that the merits of the case would decide. If the Government wins, the defendant pays damages; but if the defendant wins, the Government should reimburse him for his legal costs.

Such a system would have an additional advantage in that it would give the public a better idea of how effective a job the regulatory agencies were doing. I think I can say, with a degree of certainty, that if the Government lost too many cases, and had to pay for them, the American taxpayers would get very angry indeed.

As it stands now, many of these regulatory agencies have a tremendous amount of power and, because they are independent, very little control is exerted over them. A measure such as I am recommending would provide an element of control, not in the sense of more regulation, but in the sense of being made responsible for their actions.

I think this would be a healthy step forward, one that would help get Government off the backs of businesses so that business could get the country moving again economically. I welcome the support of any colleagues and hope that this bill could be considered, in the near future.

SUPERB PHOTOS OF MERCURY AFTER 500 DAYS IN SPACE

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. TEAGUE. Mr. Speaker, the practical direct benefits of our space program are now a part of our daily lives and often overlooked. They include communication and weather satellites, Earth survey as well as other space based practical tools for improvement of our lives. The technology developed from the space program multiplies this contribution in products and services to our society. Often overlooked is the basis from which these programs derive—good research. This quest for new knowledge, research, is only a part of the space programs total effort. Mr. David F. Salisbury, staff writer of the Christian Science Monitor, in their March 17 edition describes the long journey of Mariner 10 and its scientific contributions. I commend the reading of this article to my colleagues asking that they keep in mind that new scientific knowledge forms the basis for practical applications beneficial to all:

Just Sailing Along on the "Breeze"—Superb Photos of Mercury After 500 Days in Space

(By David F. Salisbury)

Boston.—Sailing the solar "breeze" past sun-scorched Mercury, the U.S. Mariner 10 has sent back what may be the clearest photos ever taken of an alien world—and has also gathered data which may help clear up the mysteries of the magnetic shield which protects earth.

Monday, March 17, is Mariner's 500th day in space. Despite many difficulties, Jet Propulsion Laboratory controllers in Pasadena succeeded in getting the weary spaceprobe to run through its paces.

A dead spot in its antenna and loss of compressed gas which controls Mariner's position were two of the problems that were surmounted.

To keep the spacecraft properly oriented, guidance controllers on earth took advantage of the solar wind. This is the name given to a continuous stream of particles flung out into the solar system by the sun. By adjusting the position of the paddle-like solar panels they were able to "sail" this "wind."

CRATERS STUDIED

The new pictures being radioed back to earth will add to the 3,000 already taken of Mercury. These have revealed a heavily cratered surface which bears distinct resemblance to the moon and Mars. Planetary scientists feel that these often titanic craters bear mute testimony of an era when the solar system was filled with thousands of meteorites from which the planets formed.

Prominent planetary scientist Bruce Murray of CalTech is sure that earth was hit by the same meteoritic rain as fell on Mercury, the moon, and Mars. But here the action of air, water, and life have erased traces of the 'rain.'

Besides the meteor bombardment, there is another link between Mercury and the earth. They both have magnetic fields.

On earth, this invisible magnetic shield protects life from bursts of high-powered radiation flung into the solar system by the tremendous explosions that explode from the sun. Repelling these outbursts causes magnetic storms that disrupt communications and may even alter the earth's rotation.

MAGNETIC FIELD UNEXPECTED

When Mariner 10 reached Mercury for the first time a year ago the biggest surprise the small, sun-scorched planet held for scientists was its faint, but unmistakable magnetic field. Scientists had expected Mercury to be like the moon, without any magnetic field to speak of.

Before Mariner reached Mercury, the most popular notion of earth's magnetism was the "dynamo" theory. This pictured the planet's core as a solid ball surrounded by a region of molten, iron-rich rock (magma). As earth turns, its spin causes currents to flow in the magma. Because of the magnetic properties of iron, this creates the magnetic umbrella which extends out into space.

Magnetism and rotation, everyone thought, must be linked. Mercury, in the grip of the powerful force of the sun's gravity, turns very slowly: once every 59 earth-days. Nobody expected it to be magnetized.

ASSUMPTIONS RESTUDIED

Mercury's weak magnetic field is causing experts to rethink their assumptions about planetary magnetism. The second Mariner flyby confirmed that the inner planet has a magnetic field one one hundredth the strength of earth's.

The rotational theory has been modified and is still a candidate explanation. Or Mercury could be a huge permanent magnet . . . its magnetism frozen in its core. A third possibility is that radioactive heating at the planet's center causes currents which generate the magnetic field.

According to Dr. Frank F. Ness, in charge of Mariner 10's magnetic experiments, on this final pass they hope to be able to tell whether Mercury's magnetism is permanent, or dynamic like earth's.

HANOI AND OUR MIA'S

HON. BURT L. TALCOTT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. TALCOTT. Mr. Speaker, the United States of America is retreating in Southeast Asia, perhaps for the first time in our glorious history. We are also reneging on a commitment, I trust for the last time. Our commitments were various and perhaps held different meanings to different persons, interests, and governments. We were party to treaties (SEATO), use of other nations for our purposes (Cambodia), promises express and implied (South Vietnam, Thailand), international peace agreements (North Vietnam, Vietcong), international protestations for peace and national sovereignty (United Nations), all of which we have in some manner clearly violated by neglect and outright betrayal.

But regrettably we are reneging on commitments to our own citizens as seriously as to our international friends and allies. We have failed to keep a commitment to our own MIA's and our KIA's and their families and their comrades. No nation, especially ours, should ask young men to risk their liberty and lives without an absolute commitment to rescue them or recover their bodies. We owe this to those who serve, to their families, to their comrades and to those whom we may again ask to serve and risk their lives in some future similar emergency. The agony of war is suffered as much by loved ones who do not know the whereabouts or condition of their servicemen as those who engage in battle. Unfortunately, so few of us care about these patriots because we have never suffered their plight, anxiety or agony.

We should keep our commitments. We should not renege. But to renege on a commitment to our own citizens who have suffered the most and longest is inexplicable.

Of course, a partial justification or explanation is our enemy—the governors of North Vietnam. Certainly they must be the most uncivilized of any combatants in history. Certainly they have conducted their war of aggression more inhumanely than any other nation in history. Certainly they have treated their victims more cruelly. The Nazis, who are considered diabolical for baking human beings in ovens and making lampshades of human skin, were no so evil or heinous as the North Vietnamese. No nation so willfully or quickly violated written agreements as the North Vietnamese and the Vietcong. No nation has ever resorted to such vicious blackmail as using dead bodies as hostage material to try to force a third nation to aid and abet the accomplishment of their purpose of overrunning a neighbor by force and terror. Even the radical and militant factions of the Palestine Liberation Army deal in live hostages.

The world should know more about the conduct and objectives of the North Vietnamese and Vietcong leaders. Very little is printed on this subject because Communists, of all degrees of barbarity and evil, are favored or tolerated today. Personal freedom and liberty and national security are no longer as precious as they were to Patrick Henry.

But the Washington Star, bless them, published an editorial on the subject that is instructive and helpful. I urge my colleagues to read the editorial—and perhaps ponder the motives, as well as the conduct, of the North Vietnamese and Vietcong in continuing to deny information concerning our MIA's.

I insert at this point the editorial with the facetious title of "Hanoi's 'Humanitarians' ":

Hanoi's "Humanitarians"

North Vietnamese officials, who like to call themselves humanitarians, are being cruel almost beyond belief in their handling of information about Americans missing in action.

It is within their power to end forthwith the uncertainty and anguish that has bedeviled the families of 1,300 MIAs for too many years. Yet they are milking the issue for every concession they can get from the United States that would make their goal of taking over South Vietnam easier.

It is obvious that the North Vietnamese have information on many, if not most, of the MIAs. Administration officials say that North Vietnamese and Vietcong representatives acknowledged this "some time ago" to U.S. representatives. The latest indication was in an exchange of letters between North Vietnam's foreign minister, Nguyen Duy Trinh, and Senator Edward Kennedy.

After piously referring to the "humane spirit" that is guiding the North Vietnamese in their efforts "to help ease the anguish of the families of those still considered missing," Trinh made it clear that no information would be released until the United States forced South Vietnam President Nguyen Van Thieu out of office and halted military aid to the South. So much for the "humane spirit."

Two weeks ago, North Vietnamese representatives in Saigon told a visiting U.S. congressional fact-finding delegation that an accounting of MIAS would have to wait until the 1973 Paris accords had been fully carried out. This comes from a duplicitous Communist regime that has violated the accords from the beginning.

Chances are that most, if not all, of the MIAS are dead. But the families of American Missing cannot be sure until they get the truth from the only ones who know—the North Vietnamese. If the North Vietnamese had an ounce of the humanitarianism they pretend to have, they would end the suspense and agony by releasing the facts immediately.

DISASTER ASSISTANCE FOR FARMERS

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. HORTON. Mr. Speaker, in June 1972, the Northeast experienced the devastating effects of Tropical Storm Agnes. Following the storm, the Small Business Administration and the Department of Housing and Urban Development began immediately to set up opertions and field offices to offer emergency assistance to the victims of this storm.

During the period following the storm many farmers in my district attempted to obtain disaster loans from the Farmers Home Administration—this was the beginning of what turned out to be an unbelievable series of events. Upon discovering the restrictive guidelines of the FmHA disaster loan program as compared with the Small Business Administration program, these farmers then turned to the SBA for assistance.

After completing SBA disaster loan applications, some of which were approved, it was discovered that SBA did not have the authority to loan money for agricultural purposes. These farmers then went back to the Farmers Home Administration for assistance, however, it was discovered that FmHA disaster loans in some categories had to be repaid within 1 year and in order to qualify for such a loan it was necessary to prove that credit could not be obtained from any other source. Furthermore, there was a strict limit on the amount any one farmer could receive, even if the amount of disaster damage exceeded the limit. Because of these stipulations many farmers were unable to obtain any financial assistance or, if they did qualify, their FmHA loan would have to be repaid within 1 year. This meant that having lost their 1972 crop, the money which they received from the FmHA would go toward the 1973 crop and the profit from the 1973 crop would go to repay Farmers Home Administration thus leaving nothing with which to finance the 1974 crop.

In carrying out my responsibilities to my constituents in helping them obtain disaster loans from both Farmers Home Administration and Small Business Administration it quickly became apparent that the small businessman was able to obtain a much more beneficial loan than the farmer. The small businessman was able to obtain a long-term, low-interest emergency loan with no limitation on amount, while the farmer was limited to $300,000 and an unreasonable repayment schedule.

Even though many farmers were now able to obtain financing through FmHA, the problem of repayment for some loan categories within 1 year still remained. After many hours of discussion with officials within the Department of Agriculture and the Farmers Home Administration, I and the farmers were given a verbal agreement that the Famers Home Administration would renew these 1-year loans up to 5 years. While this was a step in the right direction, the program still fell far short of what the small businessman was receiving.

Several months ago, the Farmers Home Administration informed those farmers who still had outstanding FmHA 5-year loans that the Farmers Home Administration would no longer be able to renew these loans because of the enactment of Public Law 93-237, which was intended to make the disaster loan programs for the Farmers Home Administration and Small Business Administration similar in purpose and scope. At this point in time, because of the Department of Agriculture's interpretation of this law, the two programs are still not the same. The farmer cannot obtain a long-term, low-interest disaster loan to cover all of his losses—he is still limited to $300,000 and in some categories of loans he cannot obtain long-term financing. The small businessman has no limit on the amount he can receive up to the amount of loss and has up to 30 years to repay.

Because of the inequities which still exist between the SBA and FmHA loan programs, I am today introducing legislation which I feel will make the two programs comparable. My bill would amend the Consolidated Farm and Rural Development Act to provide additional benefits to persons receiving emergency loans to farmers to cover crop losses and all other losses relating to agriculture endeavors as the result of a natural disaster including the refinancing of any debts outstanding against any destroyed or damaged property if such property is to be repaired, rehabilitated, or replaced. These loans would be repayable at an interest rate not in excess of 5 percent per annum and in not less than 20 years unless the borrower chooses to repay at an earlier date. In addition, my bill provides that the Secretary may consent to a suspension, for a period of not more than 5 years, in the payment of principal and interest charges on, and to an extension in the maturity of, any loan made, guaranteed, or insured if the Secretary determines that this action is necessary to avoid severe financial hardships by the recipient of the loan and there is reasonable cause to believe that the loan will be repaid.

Mr. Speaker, I believe that passage of this legislation is absolutely necessary in order to assure that the farmers of our Nation are afforded the same benefits which other citizens receive in times of federally declared disasters.

VIETNAM

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. DOWNEY. Mr. Speaker, I would like to introduce into the RECORD a copy of my testimony before the Defense Subcommittee on the House Committee on Appropriations in connection with the President's request for $300 million in additional military aid for the Government of South Vietnam:

Testimony of Hon. Thomas J. Downey

Mr. Chairman, I thank this committee for the opportunity to testify here today in connection with the President's request for $300 million in additional military aid for the Government of South Vietnam.

Mr. Chairman, two years before I was born, President Truman made that fateful decision to support France in its effort to reassert French control in Indochina after the Second World War. Thus began our involvement in Southeast Asia. During the fall of that year, Vietnamese nationals—then known as the Vietminh—began to launch coordinated attacks against the French and what was to be an endless war had begun.

In 1949, the year in which I was born, Communist rule was established in China. As a result, Vietnam became linked to the cold war and our involvement there was henceforth to be viewed as the free world's stand against Communist expansionism, rather than as a local conflict.

By 1950, when I was one year old, we were spending about $150 million a year to back up the French military campaign. By the time that I entered the first grade, we were underwriting 80 per cent of the cost of the war—about $1 billion per year. In 1954 that was about one-third of our entire foreign aid program.

When I was six years old, the French fortress at Dienbienphu fell and the world knew that France's military power had met defeat in Vietnam. Although the Geneva agreements which followed created a temporary boundary between the contesting parties and established a procedure for reunification of the country, it was clear by 1956, when I entered the second grade, that the 17th parallel had been transformed into a permanent political boundary.

During the time that I was in elementary school, the United States program of economic aid sent almost $2 billion to South Vietnam. In addition to this economic aid, we provided military equipment averaged $85 million a year in cost.

I was in the seventh grade when the "strategic hamlet" program was started, when then Vice President Johnson, General Maxwell Taylor and White House aid Walt Whitman Rostow recommended sending a 10,000 man force to support Diem. In that same year, American "advisors" began to man helicopters, and the attempts to win the war by using America's superior military firepower commenced.

During the year that I began junior high school, the national liberation front was formed and insurrection activity against the Saigon Government began. In the beginning, Government officials constantly assured the public that it had nothing to worry about. I was in the ninth grade when Defense Secretary McNamara said (quote) "Every quantitative measurement we have shows we're winning the war." A year later—when I began high school, Secretary of State Rusk described the struggle against the Vietcong as (quote) "Turning an important corner." Not only did the insurrection continue, but domestic troubles began, as the self-immolation of Vietnamese Buddhists became a powerful symbol of political opposition to the Saigon Government.

During my first summer vacation from high school North Vietnamese PT boats attacked the destroyer Maddox in the Gulf of Tonkin. No physical damage or injury was sustained on the Maddox, but at home a congressional resolution was passed which the Congress and the country were to live with a long time.

It was during February of my junior year of high school that the Vietcong attacked American barracks at Pleiku, killing eight Americans. Twelve hours after that attack, American jets retaliated in North Vietnam. By March, the first U.S. Marines had landed on the beaches of Vietnam.

At that time there were 23,000 troops in Vietnam. By the time that I graduated from high school there were 375,000 men there and B–52 strategic bombers began to sweep over both North and South Vietnam. When I entered college the following fall, the United States was dropping each week a tonnage of bombs larger than the amount dropped in Germany at the peak of World War II. During 1965, American spending in Vietnam leaped from $105 million to $2 billion per month—A sum whose equivalent would have paid every man, woman and child in Vietnam more than $100 a year. By my sophomore year of college, Vietnam and Laos became the most heavily bombed countries in the history of warfare. During my junior year of college, Nixon took office with a promise to end the war. But he did not. It expanded and grew bloodier. In the first three years of the Nixon administration, 15,000 Americans were killed. And by 1970, two years after the start of peace talks in Paris, the Vietnam war became the Indochina war—the three governments had more than two million men under arms. In the fall of 1969, I came to this city, not as a tourist or public official, but as a college student marching in protest of our military involvement. What followed is all too familiar to us all: Vietnamization, My-Lai, the Cambodian "incursion", the carpet-bombing, tiger-cages, the Phoenix program. I was a county legislator when the Paris Peace Agreements were signed. I hoped that the Thieu government would take advantage of this cease fire to achieve a negotiated settlement. Instead the government seized the ceasefire as an opportunity to expand its hold on the countryside.

And now, today, Mr. Chairman, I come before this committee to talk about this war—this war which began before I was born, which grew with my childhood, which dominated all our lives during my adolescence. Now, I come before this committee today, Mr. Chairman, not as a student or a county legislator, but as a Member of Congress and I ask, Mr. Chairman: My God, why are we still there? Why are we still financing the almost inconceivable suffering that the people of Vietnam have endured. There has been a whole generation of Americans, who, like myself, have grown up with this war. I submit Mr. Chairman, that one generation is enough.

Almost a third of the Vietnamese population are refugees. In the years of fighting 860,000 "enemy," 165,000 ARVN and 300,000 civilians killed—proportionately it is as though 20 million Americans died in the war instead of 55,000.

Vietnamization has produced a standing army of incredible size. In Souh Vietnam today, one half of the population is essentially engaged in a military occupation of the other half. Moreover, the number of planes now in the hand of the South Vietnam Government currently makes its air force the third largest air force in the world. And in spite of this, in recent days the North Vietnamese troops have achieved the military victory which they have been planning since the commencement of the war—they have begun to "cut the country in half." May I remind this committee that as far back as 1966 it was General Westmoreland who developed an American strategy designed to defend against such an attack. It was such a threat that lead to huge American bases in the central highlands like the one at Pleiko. And now the North Vietnamese have done it—they have begun to cut the country in half—without carpet-bombing, without napalm, without white phosphorous—in fact, without any air force at all.

In addition to the military situation, we see now the final degradation of the society in Vietnam. The people of South Vietnam today suffer as much from the cruelty, stupidity and greed of their own government as they do from the war. President Thieu is a dying man surviving on the oxygen of American dollars.

Mr. Chairman, we must end the mythology of this war. The ARVN is an army without a country. All is disorder today in Vietnam. The land is destroyed. The people are starving. We are not making this country safe for Democracy. Our military aid is not saving these people, it is murdering them. The American people must be told that, at long last, the end has come.

Mr. Chairman, we cannot bring back the thousands of young, strong, good American men who went to Vietnam and never lived to see the age of 19. But, in an act of courage we can stop it from happening again and set an example which we must pray this country will follow in the years ahead.

RAIL SERVICE IN EASTERN INDIANA

HON. PHILIP R. SHARP

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. SHARP. Mr. Speaker, yesterday the Rail Services Planning Office of the Interstate Commerce Commission began regional hearings in Fort Wayne on the U.S. Railway Association's preliminary plan for the new Consolidated Rail System. In my testimony I cited two rail lines, not recommended by USRA for inclusion in the ConRail system, which I believe are vital to the communities served and which would, with adequate service, contribute to the profitability of ConRail.

Since we in Congress will be called upon to approve the final system plan, I would like to insert my testimony in the Record at this point for the information of my colleagues:

Testimony of Congressman Phil Sharp

Thank you for the opportunity to present this statement here this morning.

I am sure that all of us in Congress, all rail users, and all taxpayers can agree on the need to maintain adequate rail service in our region without continuing massive subsidies. The difficulty is in agreeing on how to achieve that goal.

One of the first stops must obviously be a good definition of the problem, as the USRA has provided in its Preliminary System Plan. This is self-evident, and I state the obvious only because much of the testimony I will present is in disagreement with the U.S. Railway Association report. Before I start, I would therefore like to commend the USRA for the work that has gone into this study and particularly for their efforts to keep the Congress informed and thus to allow us to help inform the people in our areas.

In such a rushed job, however, errors and omissions will occur, and I would like to stress that the USRA recommendations are based on estimates of costs and revenues for a given line. Testimony from various users last week in Indianapolis and this week in Ft. Wayne should in some instances provide more complete information and projections of future rail use.

As just one example of the type of information missing in the USRA analysis, I would refer you to the statement of Mr. Ernest Lamott, manager of the Farmer's Grain Company in Pershing, Indiana, a company serving 1289 primarily agricultural stockholders.

Farmer's Grain Co. shipped no carloads during 1973, the year on which the USRA estimates are based, but a 1974 investment of $175,000 in handling facilities has equipped the company to handle an estimated 125 carloads by next year and 180 carloads by 1980. This future use of rail service should obviously be considered in the USRA recommendations, and the final plan of USRA should not ignore the loss of a major investment by these stockholders and other companies and cooperatives if rail service to their facilities is discontinued.

Another example of the type of information which is not apparent in the USRA analysis is the potential rail use which will result from the development of industrial sites such as the ones on the outskirts of Portland and Richmond.

There is another consideration which appears to be lacking in the USRA Preliminary System Plan. In our attempt to avoid burdening the taxpayers with subsidies for rail service, we should not substitute the burden of higher food prices and lower farm incomes. Yet that will clearly be the effect of eliminating rail service to facilities serving farmers. To mention just the few that have been called to my attention in the last few weeks, the USRA recommendations would eliminate rail service to the Adams County Farm Bureau Co-op, the Wayne County Farm Bureau Co-op, the Farmer's Grain Company in Pershing, and the Hancock County Farm Bureau Co-op. These groups will submit their own figures, and I suggest that the Final System Plan weigh the increase in fertilizer and grain costs for farmers and consumers against any needed subsidies.

The loss of rail service to industrial users and utilities will have a similar effect on consumer prices. As the cost of transportation increases, the cost of goods to the consumer must also rise. In this regard I would refer you to the example of the Richmond Power and Light Company, a municipally owned utility which receives its coal by rail and would have to pay $118,000 per year more in higher freight rates and possibly $400,000 in higher-cost coal as the result of closing the Richmond to Indianapolis line. This would obviously be reflected in higher electric rates for the people of Richmond.

The human element is also not to be ignored. But nowhere in the USRA preliminary plan is there any indication that about 2000 homes in the Berne area are supplied with coal to heat their homes by a company relying on one of the lines the USRA does not recommend for inclusion in ConRail.

Of all the lines considered by the USRA in the 10th Congressional District, only three were recommended for inclusion in the ConRail system. The large number excluded makes the 10th District the most seriously affected region in Indiana. Certainly not all of the USRA recommendations were unjustified; some of these lines are so little used as to be effectively abandoned already. But others which are not recommended for inclusion in ConRail are vital to the communities and users involved, and the rigid reliance on 1973 cost and revenue estimates has apparently prejudiced the case against some lines which are critical to the area and which could probably be profitable under the right conditions.

As examples I would like to mention two lines specifically, although the arguments undoubtedly apply to others as well. These liens are USRA line number 429, from Decatur through Monroe, Berne, Geneva, Bryant, Portland and Collett to Ridgeville, and USRA line number 633, from Richmond through Centerville, Pershing, Cambridge City, Straughn, Dunreith, Knightstown, Charlottesville, Greenfield, and Gem to Indianapolis.

Some additional factors I believe should be applied in the consideration of these lines, as well as all others, are the following: first, the effect of poor quality or infrequent service on the revenue figures; second, the availability of adequate alternative rail service; third, the impact on affected communities of a total or major loss of rail service; and fourth, whether the illogical segmenting of some lines of purposes of the USRA study has led to an adverse recommendation.

THE EFFECT OF QUALITY OF SERVICE ON REVENUE

In case after case, shippers cite instances of using trucks because rail service was unavailable or inadequate. Farmers' use of railroads in particular has declined in recent years due largely to the inavailability of boxcars. Shipment of grain and fertilizer by truck is of course more expensive and results in reduced income for farmers and increased food costs for consumers. Industrial shippers face similar problems. If rail shipment is cheaper but not available when needed, shippers use trucks. The revenue calculations on which the potential profitability of a line is based should somehow take into account the usage that *would* occur if better service were available. The USRA study estimates that inclusion of Line 429 would cost the ConRail System $357,009, but this figure ignores, for example, the five-fold increase in tonnage which would be shipped by and to the Adams County Farm Bureau if better service were available—an estimate cited in the USRA report. The Hancock County Farm Bureau and others could similarly increase the revenue generated by Line 633 if better service were available.

THE AVAILABILITY OF ADEQUATE ALTERNATIVE SERVICE

In some cases, notably Line 633, the USRA report cites the availability of other rail service in a city or town as a factor presumably strengthening the case for *not* including the line in ConRail. The city of Richmond is a good example. To eliminate the main line serving the city, the line on which many of the major shippers are located, merely because there is another line in another direction serving the city, seems to me to be unwise. The promise of uncertain switching service within the city limits, and the prospect of very indirect routing for shippers to whom speed is important, give a hollow ring to the report's statement that "shippers will continue to receive service."

On the other hand, at no point in the USRA report is there specific mention of the towns in which shippers will *not* continue to receive service, no matter how uncertain. For the record, I would like to point out that the abandonment of just the two lines I have mentioned would leave without any rail service the following towns, as well as other smaller communities: Greenfield, Cambridge City, Pershing, Straughn, Dunreith, Centerville, Monroe, Berne, Geneva, Bryant.

THE IMPACT ON AFFECTED COMMUNITIES

This is obviously an intangible consideration, but it is nonetheless important. It may be in the best economic interests of the nation to eliminate some branch rail lines and to build an unsubsidized rail system. But if this action deals a major economic blow to some cities and towns which are largely reliant on rail service, we are in a situation where the interests of a seriously affected minority must take priority. The unemployment alone which might result from termination of service on Lines 429 and 633 should be a major factor in the final decision, particularly at this time of serious economic problems in the nation and in our area. For example, the city of Richmond estimates a loss of 1600 jobs if the USRA recommendations were carried out. This would come on top of an 11.3% current unemployment rate. Reducing the ConRail profit slightly in order to prevent a larger government outlay for unemployment benefits, welfare, and related social services would clearly be in the best interest of all taxpayers, not only the people of the affected areas.

ILLOGICAL SEGMENTING OF LINES FOR THE USRA ANALYSIS

In the Governor's Task Force Report, both the Richmond-Indianapolis and the Adams-Ridgeville lines were shown to run at a substantial profit. Even the USRA report shows a profit, possibly understated, for line 633. But the USRA analysis divides the Adams-Ridgeville line into two segments and declares the Decatur-Ridgeville portion, Line 429, to be unprofitable and therefore not to be included in ConRail. Likewise the Richmond-Indianapolis line, Line 633, is admitted to be profitable except for the users in Richmond and Indianapolis. I suggest that almost any line could be demonstrated to have some parts that are more profitable than others, and if the logic of the USRA recommendations on Lines 429 and 633 were followed, a rail system might result consisting of short segments connected into a nationwide system only by the most circuitous routes. As a hypothetical example, consider the case of a Decatur shipper who wants to ship to Portland. His shipment, under the USRA proposal, would have to travel via Bluffton, Hartford City, and Redkey, with switching at each of these towns. In like manner, a shipment from Richmond to Indianapolis would have to go by way of Muncie and Anderson, with all the delays entailed both in the longer route and the additional switching. This is hardly the type of system which will help us achieve the greater use needed to keep good rail service.

In conclusion I would like to say again that I believe the staff of USRA has done a commendable job of attempting to carry out in a very short time the difficult mandate of the Rail Reorganization Act. I would like to recommend that the Rail Services Planning Office of the ICC as well as the USRA take into account in developing the Final System Plan the additional information that has been and will be presented by communities and rail users in this area, and to consider this new material in light of the additional factors I have suggested today. When the Final System Plan comes before the House Commerce Committee, on which I serve, I will be anxious to see how the new material presented in these hearings affects the present recommendations.

VIETNAM: THE CONTINUING DEBATE

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. MURTHA. Mr. Speaker, for the information of the Members, I would like to insert in the RECORD an article from the March 23, 1975 Pittsburgh Press which speaks of several important points to remember in the continuing debate over further assistance to South Vietnam:

REFUGEES PROVE PEOPLE REJECT REDS, VIET UNION CHIEF SAYS

(By Dale McFeatters)

WASHINGTON.—When the Communists captured Phuoc Long Province, Vietnamese labor officials say, they killed the president of the local trade union council by nailing him through the forehead to a tree.

Tran Quoc Buu thinks that's just a sample of what would happen to him if all South Vietnam should fall. Buu is the 51-year-old president of the Vietnamese Confederation of Labor (CVT), his country's answer to AFL–CIO President George Meany.

Buu leaves for home tomorrow after a week here under AFL–CIO sponsorship to lobby for aid and military supplies for South Vietnam. He returns with little to show for his efforts although the AFL–CIO used its Capitol Hill clout to line up an impressive series of meetings.

Buu met with Democratic Sens. Edward M. Kennedy, Mass.; Hubert H. Humphrey, Minn.; John J. Sparkman, Ala.; Henry M. Jackson, Wash.; and a number of House members including Bella S. Abzug, D-N.Y.

In meetings with them, Buu recounted through a translator, "The first point we stressed is that they not identify Mr. Thieu as South Vietnam."

THIEU OPPONENT

Buu is an opponent of South Vietnamese President Nguyen Van Thieu and hopes to depose him in the next election. AFL–CIO staffers privately credit George Meany's influence with keeping Buu alive and out of jail going back to the days of the Diem regime, which Buu also opposed.

"Then," he went on, "the second point we stressed is that many years ago at the time of the Geneva accords in 1954 one million refugees fled from the North to South Vietnam. And now whenever we pull out of a province the people leave and come South. It is a clear fact that they want freedom.

"And we say we are not fighting just the North Vietnamese. Behind them is a giant international Communist bloc—Russia and Red China.

"If we receive sufficient support, morally and physically, we can stand as we have stood for 25 years. Please help us in order to survive—but not in a way that we die gradually."

The past weeks has been an anxious one for Buu, who does not read enough English to follow news reports himself. He has three sons in the army; a fourth son was killed in action three months ago.

TEN PROVINCES LOST

"Since we left the country last week, we learned that we have lost 10 provinces," he said.

Buu is a veteran Vietnamese nationalist. He was arrested by the French in 1940 and sentenced to 20 years in prison for his role in the independence movement. The Viet Minh liberated him from jail in 1945.

He then spent three years fighting the French until he was forced out of the resistance movement during a purge by Communist cadres.

Buu shares the American labor movement's conviction that Communism and free trade unions are inherently incompatible. Buu says CVT officials and labor leaders who stayed in the North in 1945 were either jailed or shot.

Meany and the AFL-CIO have endorsed military assistance to South Vietnam.

Said Buu, "Even without the U.S. aid we will fight—even if this fight looks like suicide—Because we have no choice."

THE AMERICAN LEGION

HON. DAVID W. EVANS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. EVANS of Indiana. Mr. Speaker, recently I had the privilege to speak before Wayne Post No. 64 of the American Legion in Indianapolis. These dedicated men have strong patriotic feelings for our country and an undying desire to keep America strong. I would like to share with my colleagues in the Congress the speech I gave before these members of the American Legion!

AMERICAN LEGION

(By Hon. DAVE W. EVANS)

There are legions of Legionnaires. They are everywhere. When I was a kid my first perception of this organized society we live in began with my parents, then church, then friends, then the government, then the Legion, then my pride in being an American, then a good kid, the school teachers, and crossing guard. It expanded from there as time went on.

But the American Legion was there in the beginning, one of the first things I perceived in the community, at parades and other festive occasions. It is still one of my first memories.

I liked it then, and I like it now. There is a bond between us. A common bond—I'd like to think an uncommon bond—throughout a lifetime, we still believe in the same things and we are still friends.

That's the first reason it is my pleasure to be here today—the congeniality of a lifetime of being part of each other's life. But it is not the only reason. There is work to do and we must work together to get the job done—not a new concept to Legionnaires.

Just about two weeks ago your National Commander, James M. Wagonseller, testified before the House Committee on Veterans' Affairs. He made a lucid, detailed presentation on the position of the Legion on legislative affairs and the needs of veterans now being ignored. He ticked off point by point the problems of a special breed of man—the veteran—from the Spanish-American War veterans to the statutory treatment of veterans who have undergone heart and kidney transplants. It covered the ground.

I have read, and studied, all twenty pages of Mr. Wagonseller's testimony. It was impressive, and as thorough a presentation of the problems of the veteran in American life as I have seen. It was logical, and so it was realistic. I found it to my liking, and as it moves through the House of Representatives, it will have my support.

If I can take just a few minutes of your time, I'd like to speak briefly about the problem of a particular group of veterans, that while people have taken a look at it, nothing has been done about it.

It reminds me of a World War II story about what might be called a service-connected disability.

You'll recall the long lines at induction centers—almost comical on reflection—of the best young men America had to offer standing stark naked with their clothes slung over one arm. It was usually cold, and a hundred or so were ordered to a warehouse-like room for another part of those endless physicals.

When the door slammed shut at one end, another door swung open at the other end, and at the same time a nurse shouted: "Close your eyes, fellas, I'm coming through."

I said service-connected disability. You'll recall, she was a Second Lieutenant and you were nothing but a man.

Well, she walked through, and no doubt viewed the problem, but nothing happened. Something like that has happened as concerns the World War I veterans. The volunteers—some 4 million strong—fought a war so bloody it has changed the character of all wars since. They did it with cool efficiency.

He returned, was discharged, given $60 severance pay—a lot of money for a guy who was drawing $30 a month—and sent home to a round of parades, testimonials, pats on the back and his old job, if it was still there.

Some years later they gave him a few hundred dollars more so that the average World War I vet wound up with the gratitude of a nation and, on the average, about $600 cash. For talking purposes, that was about it.

This one and only Army of genuine, country-loving volunteers—the ones who came back—received the gratitude of a nation and virtually nothing else. Like that nurse shouting, "Close your eyes, fellas, I'm coming through." They did. She did. And nothing happened.

It's about time that something happened. I think it's time we all pulled together to help our buddies. There's only about a million of them left—including widows. More than 75% of the guys who returned from that war 57 years ago are now dead. Their average age is 80. Many are classified as "disabled" because of their age, among other things.

These doughboys, depending on several factors, are drawing pensions from $32 to $160 a month, if they have no dependents, or $44 to $172 a month if they have one dependent. And they are also on welfare. Their average pension is, I believe, about $78.

That's one helluva way to say thanks and one helluva way for a country to treat its patriots. Too old to work much, too proud to beg—and set apart from the war veterans of all other American wars were treated by their government—they just sit and wait for a little return on the investment they made so long ago.

The last time the government did something for them—Senate bill 4040 designed to give them 12% more on their pension checks—they actually wound up with less money, and thousands of them lost their pensions entirely. That was not the intent of Congress. It must be corrected. It will be corrected.

When I asked earlier for just a few more minutes of your time to talk about a special problem, that's the problem I had in mind. Let's all pull together for this group of heroes and their families who have so little time left, who have sought and received so little, and who after fighting and working for a lifetime are living on little more than their pride.

In 1918 there was no GI bill, there was no job training, there were no VA hospitals. They got damned little for a job well done. I believe it is time we ease the discomfort of their declining years. If events follow their normal course, and the longevity tables are correct, 15 years from now there will be only 12,000 left.

We can't wait that long. They can't wait that long. As the cost of living shoots up, it shoots down their pride, their dignity and the meager life style they possess at the moment.

To that end, I have sponsored legislation, H.R. 3232. It was introduced on February 19. Its sole purpose is to enable these survivors of the trenches, to survive the economic battle of these days of their lives.

My legislation would grant a married veteran or widow with dependents a pension of $150 a month and a single veteran or widow without dependents would receive $135 a month, regardless of other incomes.

The bill also provides that if a veteran is in need of regular aid and attendance, the rate shall be increased by $125.00. If the veteran does not qualify for regular aid and attendance, but is housebound, the rate shall be increased by $50.00.

Each veteran would be entitled to hospital, domiciliary and medical care for any non-service connected disability. And any veteran or widow receiving a pension under the "old law" or the "new law" may elect to receive benefits under this new section.

This measure has received broad support in Congress. This may be the year. It is supported by the 1918 veterans and their families. It is the kind of legislation any humanitarian can support.

I ask you, can't we all work together for a handful of forgotten warriors. Like the lost patrol, they are wandering about in a hostile world with their supplies running short. Can we help our comrades in arms?

I'll try to help. Will you?

Thank you again for the chance to rub elbows with some of America's finest.

TRIBUTE TO KENNETH L. PETERS

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. REES. Mr. Speaker, since our country was first founded almost 200 years ago, many people have expresed in many different ways the value of education to our society. Perhaps President John F. Kennedy said it best:

> Education is both the foundation and the unifying force of our democratic way of life. It is the mainspring of our economic and social progress. It is the highest expression of achievement in our society, ennobling and enriching human life. In short, it is at the same time, the most profitable investment society can make and the richest reward it can confer.

Ultimately the success of any educational program lies in the quality of the classroom teacher. But the quality of any school system, the type of educational program, the atmosphere for learning is but a reflection of a school system's chief executive and his or her qualities of leadership. For a school system to stand above the others, it takes a dedicated superintendent with the wisdom and courage to go before and show the way. It takes a leader who dares and risks in the loneliness at the top.

Such a person is Kenneth L. Peters, superintendent of schools at Beverely Hills Unified School District, which is in my congressional district. Mr. Peters is the Honoree of the Year of the Beverly Hills Maple Center, a community-based counseling and crisis intervention center. He is being honored for 25 years of excellence in education in Beverly Hills. As the Congressman from California's 23d Congressional District, I would like to heartily commend Mr. Peters.

Mr. Peters played a vital role in the formation of the Maple Center. Under his leadership in 1969, the board of education and the city council jointly funded a study to determine "how Beverly Hills might best deal with the growing drug problem within its bounds." The eventual result of this study was the Maple Center.

Since first coming to the community as principal of Beverly Hills High School in 1950, Mr. Peters' contributions and accomplishments in education have been many not only in Beverly Hills but also at State and national levels, and his leadership has been extended into community affairs.

In his 9 years as high school principal, he was responsible for the first experimental installation of a foreign language laboratory in a public secondary school in the country. Proven as a valuable tool in foreign language study at Beverly Hills High School, such laboratories are now common throughout the United States. He also established the first behind-the-wheel driver training program in a California high school. Out of this experimental program grew a massive statewide endeavor now supported by the State government and highly acclaimed by insurance companies. As principal, he also directed a complete revamping of the high school curriculum to up-date it and tailor it to the students' needs.

In 1959, Mr. Peters was named superintendent of schools. His durability as a leader is evident. The average job expectancy for school superintendents in California is 4 years. He is now in his 16th year as superintendent, and he has just been issued a new 4-year contract.

Under his superintendency, Beverly Hills Unified School District has achieved national recognition as a leader in education. It has pioneered a variety of programs at both elementary and high school levels that have influenced the direction of education not only locally, but also throughout California and the Nation. Among these many efforts have been ungraded primary instruction, elementary school economics, instructional materials centers, modular scheduling and independent study, and computer mathematics.

On a State level, Mr. Peters has been the driving force of a statewide group of basic aid districts, schools for sound finance, which has been working to "level up" school districts with adequate funding rather than "leveling down" to mediocrity.

He has been prominent in various activities of the college entrance examination board and was chairman of a State board of education Committee To Promote the Advanced Placement Program in California. He was one of the prime movers in bringing California participation from a handful of schools to the largest number of students involved in AP in the country. A grateful State board of education awarded him a certificate of commendation "because of the unselfish, noncompensated vigor with which you went about fulfilling our expectations in the realm of advanced placement education."

In other statewide endeavors, Mr. Peters played vital leadership roles in the State Administrative Policies Commission, the State Liaison Committee To Develop a Statement of Objectives for Foreign Language in California, and the State Committee on Testing in the Schools.

On a national level, he is a member of the prestigious Cleveland Conference, which brings together 70 knowledgeable men from all forums of the educational world, combining the greatest distinction with the greatest diversity, to discuss their research, current problems, and prevailing concerns. He also has been selected to the Century Club, which consists of life membership for two outstanding superintendents from each of the 50 States. He is a participant in Columbia University's National Institutional Tracking Service, a consultant to the Pictorial Encyclopedia of American History, a member of the UCLA Community Advisory Board, and a member of the Board of Academic Advisers of the American Institute for Foreign Study.

In Beverly Hills community affairs, Mr. Peters is on the board of directors of the Beverly Hills Chamber of Commerce and Civic Association, the board of directors of the American Cancer Society, and holds membership in the Beverly Hills Men's Club and Rotary Club, of which he is a past president.

In 1971, Mr. Peters was named "Citizen of the Year" by the Beverly Hills Board of Realtors for his "outstanding contributions to the community" and his "leadership in Beverly Hills schools, which have gained recognition as an educational leader and as pioneer of many excellent programs."

I know my colleagues will join with me in thanking and congratulating Mr. Peters on his many contributions to education and community affairs in Beverly Hills and elsewhere in California and the United States.

KING CAUCUS, REFORM, AND THE LEGISLATIVE PROCESS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. ANDERSON of Illinois. Mr. Speaker, several articles have recently appeared in the press calling attention to the other side of the Democratic Caucus coin—the antireform aspects and the perils posed to the legislative process. Some of these articles also call attention to numerous reforms which have been proposed by our Republican task force on reform and rules changes headed by the gentleman from Minnesota (Mr. FRENZEL). At this point in the RECORD I include these articles, and commend them to the reading of my colleagues. The articles follow:

[From the Washington Star, Mar. 21, 1975]

FRESHMAN CAUTIONS CAUCUS

(By William Taaffe)

Rep. Joseph L. Fisher, the freshman Democrat who has emerged as a key figure on the House Ways and Means Committee, today cautioned against the use of the Democratic Caucus to determine substantial legislative issues in Congress.

Fisher expressed concern that the caucus of all House Democrats may overstep its bounds in offering guidance to committees which have formed programs on major issues after weeks of study.

At a breakfast meeting with reporters, Fisher, who has coordinated task force studies within Ways and Means on energy legislation noted that some freshman Democrats have threatened to plead their case with the caucus if they are unable to reverse the committee's plan to gradually increase gasoline taxes.

He said, however, that he knows of no "concerted moves" among freshmen to fight the Ways and Means plan in the caucus.

The Northern Virginia Democrat said that it is "appropriate" for the caucus to set policy for Democrats on "procedural matters" or issues of "vast symbolic importance" such as Cambodian aid.

But "I think the caucus should be slow to go into substantive field after substantive field" unless there are overriding symbolic questions or a committee has proposed a plan most Democrats clearly don't want.

Fisher, among the first liberal freshmen Democrats to urge caution on use of the caucus, said that it would be "inappropriate to run to the caucus on a complicated subject" such as energy. The committee "perhaps can understand" energy questions after a month's study, "but 280 people, on one day's notice, can't."

The caucus this year has taken action to remove three powerful committee chairmen. In addition, it instructed Democrats this month to amend Ways and Means tax legislation to outlaw the oil depletion allowance.

Apparently referring to freshman threats to fight the gasoline tax in the caucus, Fisher said:

"I am only advocating that individual members think it over a little more carefully before they rush around and get 50 members" as a potential power base in the caucus.

[From the Chicago Sun-Times, Mar. 21, 1975]

HOUSE DEMOCRATIC CAUCUS IS CUTTING TEETH—AND BITING

(By Tom Littlewood)

WASHINGTON.—The citizens of suburban Des Plaines probably don't realize it, but the rapidly evolving role of the majority party caucus is affecting the nature of their representation in Congress.

Those who live on the east side of Mt. Prospect Rd. are in the 10th Congressional District, which is represented in the House by a Democrat. Across the street is the 12th District, represented by a Republican.

To begin with, of course, the two congressmen are about as far apart ideologically as it is possible to be—Abner J. Mikva is a liberal Democrat; Philip M. Crane is a conservative Republican. Both are new members of what is now the most important committee on Capitol Hill, the Ways and Means Committee.

Beyond personal differences, however, opportunities for an individual member to advance what he regards as the interests of his constituents are shaped by the operation of various leadership mechanisms, including of late the Democratic caucus.

A caucus is nothing more than a meeting restricted to party members. Its power is whatever the members want to give it.

Under its new reform chairman, Rep. Phillip Burton (D-Calif.), the majority caucus is assuming more leadership and policy-formation responsibilities every week.

By exercising what Burton calls a "peer approval function," the caucus functions to resolve party differences and bring recalcitrant Democrats in line—all of this behind closed doors. Although the decisions of the caucus so far have been binding only on certain procedural issues (which can be crucial), Burton acknowledges that the peer pressure can be persuasive.

The Southern Democrats haven't forgotten that the caucus stripped some of their conservative brethren of their committee chairmanships in January.

When the caucus usurps a function that would otherwise belong to the committees, by making judgments on the oil depletion allowance and aid to Cambodia, it is relevant to mention that:

(1) The debate goes on in secret. The press is excluded. No official roll-call votes are released.

(2) The Republicans don't participate. Residents of Des Plaines who happen to live in Elk Grove Twp., for example, are not represented.

Traditionally, the role of the caucus is to plan party strategy.

Burton is not coy about conceding that the Democratic caucus performs a much more significant function than that.

"What was once a myth that the caucus is all-powerful is shaping into reality," he said. "I had thought it would take longer."

The growing power of the Democratic caucus can be experienced by two phenomena: the presence of an impotent speaker, Carl Albert (Okla.) and the prevailing sentiment among Northern liberals that the committee chairmen had become autonomous dukes and needed to be reined in.

Burton says the "more collegial atmosphere" of the caucus is conducive to efficient party policy-making. And full and frank communication among members who don't see one another enough in a body of 435 members is easier in secret, the chairman contends.

Bill managers are able to judge in advance whether their legislation is likely to pass, without the Republicans intruding. The caucus acts as a miniature legislature.

The Republican minority, naturally, isn't very happy with the new arrangements. "This is counter-reform contrived to suppress the minority," says Rep. Bill Frenzel (Minn.). "The caucus is the new Oval Office . . . public decisions made in a closed forum," says Rep. Edward G. Biester (Pa.).

But the Republicans don't have the numerical strength to do anything about it. They are at the mercy of a majority that is eager to demonstrate its latent problem-solving ability.

Mikva contends that if the House is to become the responsive institution that the times require, a broadly based system of party responsibility, to which all the Democrats contribute, is preferable to an autocratic speaker.

In the Des Plaines illustration, there are some more subtle political reasons for the difference in the effectiveness of Mikva and Crane.

Mikva was aligned with the faction that put Burton in power and overthrew some of the veteran committee chairmen. For that and other reasons, his opportunities are magnified, compared, for example, with those of a Democratic representative who supported the status quo. Crane, on the other hand, is a quiet spokesman for the far right wing of his party in Congress. In a sense, therefore, he belongs to a minority within a minority.

Burton and Mikva are currently devoted to using the power of the caucus, and any other tools they can find laying around, to discontinue the oil depletion allowance.

For instance, the selection of House conferees to meet in conference with the Senate on the final contents of the tax bill will determine whether a sincere attempt is made to retain the repealer provision. Burton indicated that if the conferees are loaded on the pro-oil side, he would seek to convene the caucus. Presumably, the caucus would "instruct" the Democratic conferees, a function ordinarily carried out by the entire House.

But even Burton can foresee the time—"two, three or four years from now"—when the House will have to restore some of the power taken away from the committee chairmen.

[From the Washington Post, Mar. 19, 1975]

The Rule of "King Caucus"

(By David S. Broder)

It is perhaps unsurprising that some of those least enthusiastic about certain of the new Democratic reforms in the House of Representatives are the Republicans who must live under them.

Were the complaints coming only from those in the GOP who are chronically opposed to any change—the spiritual brethren of those Adlai Stevenson said had to "be dragged kicking and screaming into the 20th Century"—they would be easy to dismiss.

But Republicans like Rep. Bill Frenzel (Minn.), the chairman of the House GOP task force on reform, and such colleagues as Edward "Pete" Biester (Pa.), James Cleveland (N.H.) and William Steiger (Wis.) do not have to take a back seat to anyone in their proven devotion to an open, effective House.

When they assert that some of the Democratic reforms have led or could lead to new abuses of power, their arguments at least deserve careful examination.

This reporter has publicly applauded the main thrust of the rules reforms in the House, which have shifted power from committee chairmen protected by the seniority system to the majority party caucus and its elected leadership. Frankly, many of the more rhetorical Republican complaints about the tyranny of "King Caucus" strike me as exaggerated and partisan, if not wholly without factual foundation.

But one can support the principle of caucus responsibility and still question the wisdom of certain caucus actions. Caucus chairman Phillip Burton (D-Calif.) argues that, far from binding Democratic members, as the GOP charges, caucus votes on legislative issues are designed to "open up the process and assure that legislation isn't bottled up in committee." If that were true, there could be no complaint.

But was the caucus vote opposing any further aid to Cambodia designed to "open up the process," or to foreclose the options of the legislative committees that were, even then, considering the issue?

An important answer comes from Rep. Richard Bolling (D-Mo.), who was probably the earliest and most outspoken advocate among the Democratic veterans of a strengthened caucus role. Bolling remarked after the Cambodia vote that he hated to see "the caucus function pitted against the committee function. I hope the present management of the caucus does not make the mistake of destroying the caucus before it's a year old."

If the caucus is going to operate as a legislative body on major issues, as it did on Cambodian aid and, earlier, on the oil depletion allowance, then Republican demands for open-door caucuses will certainly have growing support.

It is an anomaly in a supposedly "open" Congress to have the most critical decisions made behind closed doors in the majority party caucus. Burton and others point out that rollcall votes in the caucus are distributed to all Democratic members, so they become available to the press.

But accountability should not depend on leaks. If the Democrats are going to continue to legislate in caucus, then caucus roll-calls should be published in the Congressional Record so every constituent can know how his or her representative has voted.

Then, there is the matter of proxies and quorum requirements on which the Democrats do seem to be in headlong flight from reform, just as the Republicans charge. Last year, in a victory for reform, proxy voting in committees was abolished. This January, the Democrats reinstituted it, on a virtual party-line vote.

The need for proxies arises because the Democrats last year rejected a Bolling reform that would have limited each member to a single substantive committee assignment. The political attractiveness of "double-tracking"—sitting on two powerful committees with two sets of constituents—was too great for the Democrats to resist.

But no one—not even the miraculous freshmen—can be in two places at once. So conscientious legislators, like Rep. Morris K. Udall (D-Ariz.), who backed the Bolling single-track proposal, now find themselves in the anomalous position of defending proxies as the only effective way to counter the possibility of minority rule of committees by Republicans.

But it seems proxies are not enough. Now the Democratic caucus is seeking to reduce the quorum requirements in committee to permit one-third of the members to take any action preliminary to the actual reporting of a bill. If this change is enacted, it will justify Republican Biester's jibe that the Democrats have moved from "empty heads to empty chairs to empty rooms."

It is becoming evident that, in strengthening the caucus but rejecting the Bolling proposal, the Democrats voted for party discipline and against self-discipline. They cannot have it both ways.

[From the Wall Street Journal, Mar. 24, 1975]

Congressional Reform: A Mirage?

(By John Pierson)

WASHINGTON.—Everybody has heard by now of the glorious revolution of 1975, when Rep. Phil Burton and his band of freshmen humbled the House Ways and Means Committee and replaced the ancient chairmen of the Agriculture, Armed Services and Banking committees with three men more to their liking. A lot of people are calling that "reform."

But here come the Republicans to say that the Democrats haven't pulled a revolution at all and have only been nibbling around the edges of reform. The House of Representatives remains a mess, the Republicans contend. It doesn't represent, it lacks respect, it doesn't work.

Seamless webs like energy are still ripped into a dozen pieces and parcelled out to about as many committees, discouraging rational solutions. Congressmen still serve on too many committees, trying, because of their egos, to be experts on more subjects than they are able. The House leadership seems incapable of setting a firm legislative schedule and sticking to it. Lobbyists come and go, helping to shape laws, without the public knowing of their activities. House-Senate conference committees, where some of the biggest decisions are made, remain closed to press and public. The minority Republicans are denied the staff they need to make a contribution.

In short, says the House Republican Task Force on Reform, far from being the kind of fundamental change that goes beyond personality and party to have a lasting impact, the glorious revolution of 1975 was little more than a barroom brawl among Democrats.

WHAT'S NEEDED

The "real" revolution the Republicans say is needed should be built on three principles. All proceedings of the House and its committees should be open; only then can the public understand what's happening, help shape the process and support the result. The minority should have an honest chance to restrain the excesses of the majority. The House should organize itself better to function effectively.

To achieve a more open House, the GOP recommends that with few exceptions all meetings—including conferences—be held in public. Republicans add that committees should keep records of all votes and of the arguments that preceded them; Congress should tighten up the disclosure law for organized lobbyists; radio and television should be allowed to cover floor proceedings; remarks never spoken on the floor but inserted in The Congressional Record later should be printed in a distinctive typeface; Congressmen should be required to say who contributes to their newsletter funds.

It's hard to quarrel with any of this. To someone who points out that Republicans are usually among those voting to close meetings, Rep. Bill Frenzel of Minnesota, chairman of the GOP Task Force, says disarmingly: "We're not claiming to be the sole possessors of virtue. I'm not sure we could do better than the Democrats. But they have the power and the responsibility for reform. We're trying to firm up their spines."

To give the minority a better chance to make its contribution, the task force says that almost all bills should go to the floor without restrictions on amendments; the House should more tightly limit occasions when bills are brought to the floor under "suspension of the rules"—a procedure requiring a two-thirds majority for passage but restricting debate and preventing amendments; the GOP should be guaranteed the right to hire one-third of all committee staff; the two-thirds (plus one member) advantage Democrats enjoy on full committees shouldn't be extended to smaller conference committees where slavish adherence can give the Democrats a three-to-one edge.

These proposals, too, are valid. For one thing, adequate staff for the minority is in the majority's interest. Many of the great social programs Democrats pushed through Congress in the mid-1960s "might have been successful," the GOP notes, "if their enthusiastic initiation had been accompanied by a more well-articulated input by the minority." When those programs failed, Democrats got most of the blame.

Finally, to make the House work better, Republicans argue that each Congressman should be restricted to a single committee; that committee jurisdictions should be redrawn to encourage a more logical approach to problems; that one committee should have as much to do as another; that the House leadership should set a firm timetable and stick to it; that committees should spend less time setting up new programs and more time overseeing the operation of ones they've already set up; that proxy voting should be banned from committees; and that there shouldn't be a reduction (as proposed by the Democrats) in the number of members needed to make a committee quorum.

One committee per Congressman makes sense if members are ever going to focus their attention effectively. But a majority of the Democrats, aided by 53 Republicans, rejected this idea last fall when they voted for the relatively toothless Hansen reorganization plan, a vote that killed a much more ambitious reform plan drafted by a bi-partisan committee headed by Rep. Richard Bolling (D., Mo.).

If Congressmen sit on more than one committee and if committee and subcommittee ratios reflect the Democrats two-to-one advantage in the House, then proxies and smaller quorums are needed or committees can't function at all. One Congressman can't be in two places at once. "We've got some people who *behave* like amoebas around here," says Rep. Bolling, "but I don't know how you can get them to *divide* like amoebas."

A ban on proxies and small quorums makes sense only if the House also bans multiple committee assignments, a step it has so far refused to take.

Considering the willingness of 53 Republicans to help scrap the Bolling plan (98 GOP members voted to keep it alive), all this GOP reform talk could be dismissed as hypocritical whimperings from a dwindling minority.

Example: The Republicans denounce "closed rules" limiting floor amendments, but in years past GOP members have teamed with conservative Democrats and used closed rules to keep the House from considering repeal of the oil depletion allowance.

THE "KING CAUCUS" MENACE

Additionally, the Republican Task Force raises the specter of "King Caucus," a monster that "binds" Democratic members to sacrifice conscience and the needs of their districts to a party-line vote. Thus, the Republicans maintain, a simple majority of Democrats present in a secret caucus can impose its will on a House majority—all the other Democrats plus the Republicans.

In theory, yes. In practice, all the caucus has done so far is to instruct the Democrat majority on the Rules Committee to make repeal of the depletion allowance in order when the tax bill reached the floor. To date, King Caucus isn't quite the run-amok-beast the GOP portrays.

There is a further irony in the complaints about the caucus. For years the Republican minority has griped about the Democrats' inability to get organized to accomplish anything. Now, partly through the caucus, the Democrats finally are showing some signs of becoming organized.

It should be noted, too, that there's some public relations behind the Republican contention that "the struggle for comprehensive reform is just beginning." House Democrats have been getting a lot of credit for shaking up the system and trying to make it function better. In the post-Watergate world, "reform" sells—and the GOP wants some of that business.

Despite these qualifications, though, the Republicans are saying some things worth heeding. Having such a small stake in today's House power structure, they likely are able to criticize that structure with a fair amount of objectivity.

[From the Washington Post, Mar. 19, 1975]

NO COMPROMISE WITH CONGRESS

(By Rowland Evans and Robert Novak)

A calamitous byproduct of the new rule by caucus on Capitol Hill is the high possibility of a $100 billion budget deficit, starting a new wave of Republican complaints about President Ford.

Mr. Ford never has fully appreciated that the triumph of liberal reformers in the House makes old-fashioned compromise with Democratic leaders next to impossible. With the caucus supreme, Congress seems intent on cutting taxes and raising spending enough to warrant the bleakest forecasts by the Ford Cabinet's Cassandra: William Simon, the beleaguered Secretary of the Treasury.

Accordingly, senior Republicans in Congress this week quietly pressed Mr. Ford to forgo laudable efforts at compromise and conciliation and take a much harder line in public. But White House strategy still is against confrontation just yet—strengthening even more the strong congressional base of Bill Simon, the one cabinet member openly critical of administration policy.

Growing apprehension of conservative Republicans in Congress turned to anxiety the last two weeks because of two developments: First, the Senate Finance Committee adopted a $30 billion tax cut, doubling what is acceptable to Mr. Ford; second, the failure of Chairman George Mahon, the esteemed conservative Texas Democrat, to control—or even try to control—his House Appropriations Committee.

Hopes of conciliation between Republican President and Democratic Congress have been based on George Mahon's collaborating with his Republican counterparts to restrain liberal Democrats. But Mahon and other committee chairmen have neither collaborated nor restrained. Republicans were stunned when Mahon recently adjourned the full committee to convene a caucus of committee Democrats, who promptly recommended an unbudgeted $6-billion jobs program.

Why is Mahon no longer the pillar of fiscal conservatism? The answer: The new dominance of the House Democratic caucus. Mahon must either conform to what the liberal caucus majority wants or prepare to be purged by the caucus. One senior Republican on the committee, in private, recently belabored Mahon, his friend of years' standing, for sacrificing principle to keep his chairmanship.

But even by not conforming, and thereby losing his chairmanship, Mahon could scarcely prevent the inevitable: A series of congressional actions doubling and tripling Ford proposals. Although the next fiscal year does not start until July 1, Congress has already pushed the monstrous $51.9 billion deficit estimated by Mr. Ford to $55.5 billion. If the Senate tax cut stands, the deficit may exceed $100 billion; even if it does not, the figure will be over $90 billion.

This means unprecedented federal borrowing—$200 billion during the 18 months between Jan. 1, 1975, and June 30, 1976, according to economist Eliot Janeway. That strain puts intolerable pressure on Dr. Arthur Burns, chairman of the Federal Reserve Board, to monetize the debt by expanding the money supply.

What's more, this overpowering inflationary pressure comes when even the most skeptical economic forecasters finally see an economic upturn in the last quarter of 1975. Thus, history's greatest deficit may take effect only when no longer needed to rev up the economy but when it predictably will feed destructive inflation.

This is precisely the Cassandra prophecy by Simon at the Treasury three months ago when he unsuccessfully fought for a tighter budget to give Mr. Ford a firmer base for confronting—not conciliating—the new Congress. Even those government economists who then derided Simon as antediluvian now concede his accuracy (while still deploring his style).

That accuracy has not warmed the White House mood toward Simon but has deepened his strength among congressional Republicans—an inherently unstable and unhealthy situation. "'I think Bill Simon is in better shape up here than he's ever been," said one influential House Republican, a Ford loyalist rather than a public critic. "We feel *somebody* has got to stand up for something."

Such Ford lobbyists are now urging the President to appreciate the new order on Capitol Hill, forget compromise and go all out to blame Congress for the newest economic crisis. Essentially what was urged weeks ago by Simon and rejected, this advice was repeated this week by one of the President's old cronies from Michigan: conservative Rep. Elford Cederberg, senior Republican on the Appropriations Committee.

But unless the President abruptly changes course, he will make one last try for compromise despite caucus rule in the House. So, the looming $100 billion deficit becomes a double nightmare for President Ford, threatening both the shaky economy and his diminishing base of Republican support.

GOLD IS HONEST MONEY

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. SYMMS. Mr. Speaker, one of the greatest contributors to the economic troubles that the United States has found itself in is the lack of understanding of money on the part of the American people. Few people really know what constitutes real money or how the use of money as a medium of exchange began. What is more, there is even less understanding of the necessity of honest, sound money with real value behind it if a society is to remain free and maintain a healthy economy.

In the February 1975 issue of the Freeman, published by the Foundation for Economic Education, there is an article by the distinguished economist Hans Sennholz entitled "Gold Is Honest Money." This article clearly explains the necessity for the return to a sound money policy if we are to survive as a free nation. I would like to take this opportunity to read Dr. Sennholz's article into the RECORD so that my colleagues and others may have the benefit of his economic wisdom:

GOLD IS HONEST MONEY

(By Hans F. Sennholz) *

With the applause of most Americans, President Ford declared inflation to be Public Enemy Number One. At the present rate of inflation our real incomes will be significantly reduced in this decade, retirement incomes will erode substantially, savings will vanish, fortunes melt away, and the economy stammer and falter in a violent fever of hyper-inflation. In fact, the present rates of inflation carry with them the most ominous implications for democratic institutions and peaceful social cooperation.

But this public condemnation of inflation sounds like a public confession of sins in church on Sunday morning. The preacher intones the confession, the congregation accompanies him in loud voices, and then returns home to sin again. The President denounces inflation on Monday and signs another multi-billion-dollar appropriation bill on Tuesday. Politicians who are the noisiest inflation fighters on Wednesday submit more costly bills for economic welfare and distribution on Thursday. The news commentators publicly enlist in the war on inflation on Friday and bravely endorse another costly program for political improvement on Saturday. The following week the ritual is chanted all over again.

The federal government is now declaring war on the inflation it initiated and promoted and which it continues to press forward with ever greater force. The same politicians who now sound like militant inflation fighters pushed hard in the past for every dollar of deficit spending. In just ten years, from fiscal year 1965 to 1975, the federal government boosted its spending from $118.4 billion to an estimated $304 billion. Expenditures on "human resources," i.e., income redistribution, alone rose from $35.4 billion to an estimated $151.5 billion. (Education and manpower from $2.3 billion to $11.5 billion; health care from $1.7 billion to $26.5 billion; income security, i.e., retirement and disability, unemployment insurance, public assistance, social services, from $25.7 billion to $100.1 billion; veterans benefits and services from $5.7 billion to $13.6 billion.)[1]

Such a rapid growth of government, however achieved, would have strained the American economy as economic resources were withdrawn from business and individual taxpayers. But this process of redistribution was carried out through the most insidious of all possible methods: deficit spending and money creation. In those ten years the total federal government deficit amounted to an estimated $113.5 billion—since 1970 alone to $77.5 billion.[2] Simultaneously, the quantity of Federal Reserve credit was inflated from $39.9 billion on January 1, 1965 to $90.8 billion at the present. The total money stock, consisting of demand deposits in commercial banks and currency in circulation, rose from $160 billion to $282 billion.

THE COSTS OF INFLATION

This has been the worst monetization of Federal debt since World War II. In fact, the 1960's and 1970's have been the longest period of deficit spending and currency inflation since the Continental Dollar debacle during the American Revolution. And the end is nowhere in sight. If the Federal deficit spending merely were to exact economic resources in the amount of the deficit, let us say $20 billion, the economic loss to money holders would be very small indeed, only $20 billion. But the given deficit and its monetization causes goods prices to rise and the purchasing power of the monetary unit to fall, which alters the creditor-debtor relationship of nearly $3 trillion of long-term debt. If the dollar should fall at the modest rate of 10 per cent, the creditors will lose $300 billion and debtors will gain this very amount. At a more realistic depreciation rate of 15 per cent, American creditors are losing $450 million annually, which is reaped by the debtors. As the U.S. government is the largest single debtor with an estimated 1975 debt of $508 billion, it is gaining $76.2 billion annually through debt depreciation. But many millions of American creditors are losing a total of $450 billion. This is why inflation is not only a Federal tax on money holders but also a terrible instrument for the redistribution of wealth and income. In fact, the magnitude of this redistribution through Federal inflation, in addition to that through social policy, probably exceeds one-half of American disposable income, and as such is the most massive juggling of economic well-being in the history of man.

A free society that willfully embarks upon such a road is suffering a terminal case of redistribution cancer. It is bound to suffer even more symptoms of social conflict, poverty and tyranny. A democratic society that has thus been led astray by its political leaders may not expect to get off the inflation road until it elects to return to integrity and honesty. Future national elections will reveal whether the American people chose self-destruction willfully or were just misguided temporarily.

To stabilize the U.S. dollar, the U.S. government must be made to relinquish its monopolistic power over money and banking. As inflation is a Federal policy, the following restrictions on government are needed if inflation is to be halted:

1. The Federal budget must be balanced each year.
2. The engine of inflation, the Federal Reserve System, must be inactivated, or better yet, abolished.
3. The Federal Reserve money now in circulation must be made fully redeemable in gold.

BALANCE THE BUDGET

Balancing the Federal budget does not necessarily spell the end of economic and social policy by the federal government. But it would mean open redistribution from taxpayers to beneficiaries. Every new expenditure would have to be met with new tax revenue. Both the U.S. Congress and the Administration would have to regain the lost virtues of fiscal discipline and honesty. They would have to cut programs and allocations now in order to avoid large deficits next year.

A balanced budget would greatly reduce the pressures for debt monetization and currency inflation. But it would not guarantee dollar stabilization. The Federal Reserve System as it is now constituted has independent powers of currency inflation and credit expansion. These powers must be revoked either through inactivating the System or abolishing it altogether. Only when the engine of inflation is thus stilled can monetary stability be assured.

INACTIVE FEDERAL RESERVE

Under the influence of the "new economics," which the Full Employment Act of 1946 elevated to a government mandate, the Federal Reserve System is conducting monetary policies of full employment and economic growth. In periods of recession it is expected to stimulate the economy with injections of easy money and credit until satisfactory levels of employment are restored. In periods of inflation the System is expected to stabilize the situation through credit stringency or even contraction. In short, its very *raison d'etre* is the manipulation of the American economy according to the recipes of the new economics.

Experience alone would dictate an immediate inactivization of this central command post over the economic lives of the American people. In the sixty years of its existence the Federal Reserve System has presided over unprecedented economic instability—over two depressions of which one was the longest and most severe in American history, over seven booms and recessions, and an inflation that reduced the American dollar to less than one-fifth of its pre-Federal-Reserve value. This is indeed a long record of money mismanagement.

Even if the System had been managed by the greatest financial minds of the century its very premise of central management of money and credit is alien to economic freedom and contrary to stability. The very existence of a money monopoly that endows its fiat issues with legal tender force is antithetic to individual choice and freedom. And by its very nature as a central bank, it must seek to place its currency in the loan markets, or withdraw it, in order to manage and manipulate those markets. Since neither the expansion nor the contraction of fiat money imparts any social utility, we must conclude that Federal Reserve policies necessarily are disruptive to monetary stability. In particular, its frequent bursts of currency expansion, so popular with government officials, politicians and their beneficiaries, have given our age the characteristics of unprecedented monetary instability.

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*Dr. Sennholz heads the Department of Economics at Grove City College and is a noted writer and lecturer on monetary and economic affairs.

[1] Cf. *The Budget of the United States Government*, Fiscal Year 1975, p. 52.

[2] *Ibid.*, p. 331.

NOTES REMAIN IN CIRCULATION

To inactivate the engine of inflation does not mean withdrawal of all its money and credit. For lack of other money, Federal Reserve notes now in the people's cashholdings and member bank reserves now held by the System, should remain in circulation. After all, deflation, i.e., reduction of the money stock, would necessitate corresponding price and wage reductions, for which neither business nor labor are prepared.

When man is free he chooses natural money that is free from all strictures of government and politics. Gold is world money that unites all countries in one monetary system and facilities peaceful exchange and division of labor. For more than two thousand years its natural qualities made it man's universal medium of exchange. In contrast to political money, it is honest money that survived the ages and will live on long after the political fiats of today have gone the way of all paper.

Redemption of the U.S. dollar in gold would be a simple undertaking that needs no central bank, no Federal plan or policy, merely payments in gold. At a given market exchange ratio between the paper and gold, the federal government merely resumes payment of the gold it forcibly seized from the American people in 1933 for the paper it issued since then. People thus would be free again to choose between the paper notes, the quantity of which is rigidly limited, and the gold now hoarded in Fort Knox. Every ounce of gold that is withdrawn would reduce the quantity of paper, which would become a mere substitute for gold, the money proper. Thus, once again, the people of the United States would have hard and honest money, the golden cornerstone of a truly great society.

POLITICAL VS. NATURAL MONEY

The gold standard functions with the force and inevitability of natural law, for it is the money of freedom and honesty. Society may temporarily depart from it in the vain hope of replacing it with political money that is managed and manipulated for political ends—used and abused as an instrument of public plunder. So the people must choose between political money, of which they may try another issue or series, and natural money. In the end, a society that prefers social peace over conflict, individual freedom over government coercion, wealth over poverty, has no alternative but to use honest money, which is gold.

Returning to the gold standard, it is true, would precipitate a serious economic readjustment, commonly called a recession. But this is not the fault of gold. The political paper leaves behind a vast array of maladjustments and malinvestments that need to be corrected. In fact, they would be corrected in any case, sooner or later, when the creation of paper comes to an end.

The economic recession need not be long and severe, provided the federal government does not stand in the way of the necessary readjustment. After so many years of false stimulation through easy money and credit, many mistakes need to be corrected; some projects should be abandoned and others initiated. The whole economy needs to readjust to the wishes and commands of the millions of sovereign consumers of a free economy.

REDUCE THE OBSTRUCTION

It is important that the federal government does not intentionally or inadvertently obstruct the return to hard money. When the readjustment recession sets in, the federal government must not be allowed to resume deficit spending. Like anyone else, it must reduce its spending when its revenue declines. In particular, it must not be allowed to impose new tax burdens at this critical moment of recession and readjustment. It must not repeat the supreme folly of the Hoover Administration which, in 1932, doubled income taxation. Also, the federal government must not be permitted to operate with deficits that are financed with the people's savings. The U.S. Treasury entering the loan market at that critical moment of painful readjustment would deprive business of urgently needed funds and greatly raise business costs through soaring interest rates, which again would aggravate the recession and generate more unmeployment. And what would be blamed for the dilemma? The fiat inflation that cause the maladjustments, the deficit spending that is aggravating it, or the gold standard? The deficit spenders would doubtless try to lay the blame on the doorsteps of gold.

An administration that welcomes monetary stability would balance its budget even though its revenue declines. It would avoid placing new burdens on business during the readjustment period. It might even strive to lighten the tax load in order to hasten the recovery. But such a reduction of tax costs must not be negated by new deficits that burden the capital markets and raise interest costs. To reduce the costs of government and facilitate speedy recovery means to reduce government consumption of economic resources, not merely a change of finance techniques from taxation to borrowing.

RELAXATION OF CONTROLS

A significant reduction of Federal spending not only would save funds and resources but would also enhance productive employment. For currency stability, it does not matter which particular expenditures are reduced as long as the budget is balanced. Of course, it would be beneficial to productivity and quick adjustment if Federal controls were substantially reduced and bureaucratic regulation relaxed or abolished. Many industries can be revived through all kinds of de-regulation. With distressing monotony, Federal regulation has produced sick and anemic industries. The ICC's strangulation of the American transportation industry, for instance, has done incalculable harm that exceeds by far the budget expenditures of the controllers. The boost to productivity from a liberation of business energy could not come at a better time.

An administration that welcomes monetary stability would want to facilitate a speedy readjustment through significant cuts of business taxes. A roll-back of corporate taxes, for instance, would make corporations more profitable, which would boost capital investments, create new jobs, raise output and wage rates, and otherwise smooth the readjustment process.

The time clearly has come for a public commitment to the preservation of the U.S. dollar. The ultimate destination of the present road of political fiat is hyperinflation with all its ominous economic, social and political consequences. On this road no Federal plan or program, incomes policy, control or nationalization, no threat, fine, or prison can prevent the continuous erosion and ultimate destruction of the U.S. dollar. The only alternative is to abandon this road of political fiat and return on the proven path of our forebears to honest money, which is gold.

AN APPEAL TO THE AMERICAN CONSCIENCE

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. BOB WILSON. Mr. Speaker, last Friday, March 21, there appeared in the Washington Post, a paid advertisement sponsored by the Emergency Committee for a Free Vietnam.

The points made in this thoughtful appeal should be brought to the attention of our colleagues and other opinion-makers across the land.

I include the appeal as a portion of my remarks in the appendix of the RECORD and notwithstanding the additional cost that may be determined by the printer because of length of copy:

[From the Washington Post, Mar. 21, 1975]

VIETNAM, AMERICAN CREDIBILITY, AND WORLD PEACE

Within the coming weeks and months, Congress and the American people will quite possibly decide the fate of South Vietnam. Current readings indicate that the prognosis for South Vietnam is not very good partly because even some of those who in the past staunchly supported our commitment to the freedom of South Vietnam have now come to regard it as a hopeless cause. In effect, they feel that we should cut our losses and let the Communists take over.

We, the undersigned citizens—Republicans and Democrats, conservatives and liberals—hope that all members of Congress and, indeed, all Americans, will weigh with a careful hand and an open mind the implications of the decisions they will soon be called upon to make.

It is only human to be weary of the Southeast Asia war and its recurring annual expenditures, and to wish that it would all go away. It is only human, too, that the question of cost should weigh more heavily on the minds of all of us when we must deal on the domestic front with a serious economic recession, mass unemployment and an energy crisis. Finally, it is only natural that everyone should be tired of the bitterness and division that attended our involvement in the Vietnam war.

There would be no point in reviving or rearguing the bitter controversies and divisions of the past. Our starting point must be the situation as it exists today. Given this situation, we must face up to the fact that a cut-off of aid, or a refusal to provide adequate aid—in the measure promised—is virtually certain to have these results:

It would turn over the 25,000,000 people of Indochina to Communist rule, and place Hanoi's militant imperialism in a position to field the third largest army in the world.

It would corrode our alliances and undermine American security by demonstrating to our allies and dependents that we do not live up to our pledges.

Because it is bound to be perceived as a product of weakness and lack of resolve, it is certain to play into the hands of the more hawkish elements in both Moscow and Peking—with dire consequences for the security of the free world.

It would seriously undercut our ability to conduct a viable foreign policy that will prevent the outbreak of war—in the Middle East and elsewhere.

Given these premises, our abandonment of Vietnam would create a world situation so perilous that we would have to increase massively our already heavy defense expenditures. Sir Robert Thompson has suggested that we might find ourselves shouldering a military budget of $200 billion five years from now.

While everyone now agrees that there must be some limitations, the overwhelming majority of the American people tend to sympathize instinctively with all peoples who are seeking to defend their freedom against communist aggression. But with this there is a widespread belief that it really won't affect America too much if Vietnam or Cambodia or some other country should fall under communist rule.

We do well to ponder the meaning of the fact that this strange dichotomy does not exist in Israel. The Israeli leaders, no matter what their political differences, have staunchly sympathized with our commitment to the freedom of South Vietnam because, as they see it, the extension of Communist power in any significant area of the world is bound to have an adverse impact on their ability to defend their own freedom.

There is more involved than maintaining some kind of international balance between the forces of communism and the forces of the Free World.

For those who opposed as well as for those who supported our Vietnam policy there is also involved the issue of our moral commitment to an ally whose forces in recent years fought alongside our forces in many hard and bloody battles—an ally, which, on a proportionate basis, has sacrificed a hundred lives for every life that we have sacrificed in defense of their own freedom and of Free World interests in Southeast Asia.

THE MATTER OF HONORING ASSURANCES

Also involved is the question of American honor. That question, simply posed, is: does America live up to solemn assurances given to friends and allies—or does it renege on these assurances a few years later because it considers the cost excessive?

At the time of the Vietnam Peace Agreement, we gave our firm assurance to the government of South Vietnam that, if the Communists continued to attack, we would replace the materiel and ammunition consumed in resisting these attacks, on a one-for-one basis. It was not a written agreement—but the fact of assurance has been confirmed by both American and South Vietnamese spokesmen and the right to replace materiel on a one-for-one basis was written into the clause of the Peace Agreement which froze the military strength of both sides.

To do precisely this much and no more the Administration last year asked the Congress for $1,400,000,000. Congress authorized only $1,000,000,000—and then proceeded to appropriate only $700,000,000. This cutback, aggravated by inflation, has already had drastic consequences.

Congressmen who supported the reduction in assistance argued that it would help to reduce the level of combat and would therefore lead to more meaningful negotiations between the two sides. In fact, precisely the opposite has happened.

The cuts encouraged Hanoi and its allies to break off all negotiations—both the political negotiations in Paris and the Four-Party Joint Military Talks in Saigon—and to go for an allout military victory. As a corollary of this, it encouraged the Soviet Union and China to step up the scale of their military assistance to Hanoi.

The stepped up Communist military activity since Congress halved last year's military aid request has resulted in the highest level of death and destruction since the Vietnamese Peace Accords were signed. Reduced to a position where they can receive no replacements for tanks or planes or other heavy hardware lost in battle, and where they have to ration hand grenades and rifle ammunition, the Saigon forces have had to pull in their defense lines in an effort to conserve resources. In the Delta alone they have had to abandon more than 1,000 of 3,700 defensive outposts. With this have gone serious reverses on the battlefield, including the loss of Phuoc Long Province in January.

There has been a tendency in some quarters to blame Saigon's reverses on the lack of a will to fight. This adds insult to injury. the South Vietnamese military would do well heroically in situation after situation. There have been few easy surrenders and no significant desertions to the other side. Those who make this gratuitous accusation against the South Vietnamese military would do well to consider the following facts—resulting directly from last year's aid reduction.

Saigon has had to impose a 50 percent cut in flying time on its air force, including a 40–50 per cent cut in close air support, interdiction and transport.

It has had to drydock several score naval vessels.

Its ammunition stocks have been reduced by 40 per cent since the cease fire.

While Saigon has been fighting under these increasing restrictions, Hanoi—in flagrant violation of the cease-fire agreement—has been engaged in a remorseless buildup of its forces in South Vietnam. Since the cease-fire it has augmented its forces by 70,000 men, to give it a total current force of 300,000; it has brought in 400 additional tanks, for a total complement of 600; it has added 1,000 artillery pieces, plus anti-aircraft systems (including SAM missiles), and it has built 12 airfields.

Given these facts, it is clear that those who favor continuing the present restrictions on aid to Saigon, or who favor cutting aid even more drastically, are pursuing a policy which—if it is not quickly reversed—is virtually certain to result in a communist takeover.

OUR INVOLVEMENT IS NOT UNENDING

To those who argue that we should get out because Vietnam is an unending commitment, we would point out that the past several years have witnessed massive reductions in the scale of American involvement. For years we were spending up to $30 billion a year in Vietnam and losing men in battle at the rate of 1,000 a month or more. Now there is no American combat involvement; our prisoners have been released; and all that is being asked is that we provide South Vietnam with less than $2 billion a year in economic and military aid so that it can survive as a non-communist nation.

There is a will to fight in South Vietnam: South Asian expert Sir Robert Thompson has stated that, in terms of morale and fighting ability, the 5 best divisions in the South Vietnamese Army would be a match for the 5 best divisions in the American Army—or any other army.

Given adequate support, the South Vietnamese can win. There is also every reason to believe that, if they are given the necessary support, the South Vietnamese can be largely self-sufficient within a few years. Among other things this belief is founded on the incredible success of the offshore oil drilling operations in Vietnam—virtually every drilling operation to date has produced oil. And it should not be lost sight of that these vast oil reserves, instead of being a free world asset, will fall to the communists if Vietnam goes under.

VIETNAM AID, AMERICAN CREDIBILITY, AND MIDDLE EAST PEACE

If South Vietnam now goes under because of our failure to honor our assurance that we would replace military material on a one for one basis, it would inevitably have a devastating effect on American credibility—with friend and foe alike. It would undermine our ability to use our diplomacy as a protective shield for our national security and as a guarantor of the peace in other parts of the world. It would have a corrosive effect on existing alliances, and make it virtually impossible to persuade any other nation to credit an assurance of protection from the United States.

If such a situation should ever come about, the first casualties would be the State of Israel and the prospect of a stable peace in the Middle East. For these negotiations to be successful, the Israelis will have to agree to make major withdrawals in the Sinai, including the surrender of the vital Sinai passes and the oil fields from which Israel now gets most of its oil. To agree to a concession of this magnitude, Israel would have to have a firm American assurance against the possibility of renewed Arab attack. And no Israeli leader in his right mind would be willing to stake Israel's survival on such an assurance, if Congress now demonstrated, in the case of Vietnam, that it can, at its own whimsy, completely nullify a solemn assurance of assistance to an ally, given only two years ago.

A FEW NON-ISSUES

Charges have been made by his political opponents that the Thieu regime is corrupt and oppressive.

It is impossible to know from this side just how much there is to the charges of corruption—but it is a reasonable assumption that there is more than there ought to be and certainly the undersigned would favor even stronger measures by the Thieu Government to bring it under control. But we cannot believe that Congress would deliberately condemn 19,000,000 Vietnamese to communist subjugation simply because the degree of corruption in that country exceeds that to which we are accustomed in our own country.

As for the charge that the Thieu Government is repressive, we do not take the stand that the United States must support President Thieu, come hell or high water or that there are no alternatives to him. But those who bandy about the charge would do well to remember that South Vietnam is fighting a desperate battle for survival, with enemy forces no more than 50 miles from Saigon; that the Lincoln government at the time of the American Civil War also felt constrained to restrict civil liberties; that the survival of a substantial measure of freedom in South Vietnam is apparent from the almost daily accounts of opposition demonstrations and statements; and finally, whatever its shortcomings, there is a thousand times as much freedom in South Vietnam as there is under the totalitarian dictatorship of the Vietnamese Communists—in both the South and the North.

THE DANGERS OF A COMMUNIST BLOODBATH

The establishment of communist power in the Soviet Union, China, North Vietnam and other countries has been attended by a massive bloodletting of opposition elements, extending over a period of many years. Experts who have followed Vietnamese affairs closely predict that a communist victory in the South would lead to one of the greatest bloodbaths of all.

This prediction is reinforced by the memory of the terrible massacres perpetrated by the Communist forces when they occupied the city of Hue for 26 days at the time of the Tet offensive. When it was over, 5,700 civilians had disappeared; roughly 3,000 were later found in mass graves; and the Communist radio boasted that they had eliminated "the hooligan lackeys who owed blood debts."

Professor P. J. Honey of London, who is widely regarded as one of the Free World's foremost authorities on N. Vietnam, has predicted that "on the basis of past Communist deeds, and given the size of South Vietnam's population, the minimum number of those to be butchered will exceed one million and could rise to several times that figure." Two high ranking North Vietnamese defectors, Colonel Tran Van Dac, and Colonel Le Xuan Chuyen, have declared that the communists, if they win, will slaughter several million of those who resisted them. Douglas Pike, author of the definitive work "The Viet Cong," who conducted an in-depth study of the communist massacre in Hue, concluded with these words:

"The meaning of the Hue massacre seems clear. If the Communists win decisively in South Vietnam . . . What is the prospect? First, all foreigners would be cleared out of the South, especially the hundreds of foreign newsmen who are in and out of Saigon. A curtain of ignorance would descend. Then would begin a night of long knives. The war was long and so are memories of old scores to be settled . . . Beyond this would come communist justice, meted out to the "tyrants and lackeys." Personal revenge would be a small wheel turning within the larger wheel of party retribution.

"But little of this would be known abroad. The communists in Vietnam would create a silence.

"The world would call it peace."

We appeal to all members of Congress to keep these facts and these considerations in mind. So long as we deny assistance, it is a foregone certainty that the Communists will persist in their refusal to negotiate and to pursue the goal of outright military conquest. Only if we are prepared to give our Southeast Asian allies the means to resist, can there be some hope of persuading China and the Soviet Union to scale down the assistance to Hanoi in the interest of detente, and of persuading Hanoi to return to negotiations within the framework of the Paris Agreement.

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Admiral William C. Mott, USN (Ret), Exec. V.P., U.S. Independent Telephone Association.

Paul Nitze, former Secretary of the Navy.

Dr. G. Warren Nutter, Professor of Economics, University of Virginia.

Daniel Oliver, Executive Editor, National Review.

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Maj. Nick Rowe, U.S.A. (Ret.), Ex-POW.

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Dr. Paul Seabury, Professor of Government, University of California at Berkeley.

Dick Smith, Chairman, Young Republican National Federation.

Larry Stark, Ex-POW.

Gerald Steibel, International Relations Research Director, Institute of America.

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Dr. Edward Teller, Nuclear Physicist.

R. Emmeti Tyrrell, Jr., Editor-in-Chief, The Alternative.

Professor Eugene Wigner, Princeton University, Nobel Laureate.

Thomas S. Winter, Editor, Human Events.

Stephen B. Young, Attorney and Author.

Admiral E. R. Zumwalt, USN, (Ret.), former Chief of Naval Operations.

SEEKS EQUAL PROTECTION

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Ms. ABZUG. Mr. Speaker, I am today introducing, with 23 cosponsors, a bill to amend the Civil Rights Act of 1964 and related acts to prohibit discrimination on the basis of sexual or affectional preference. This bill would insure that gay individuals would be entitled to jobs, to housing, to education, to utilization of public accommodations, to participation in federally assisted programs, on the same basis as other Americans—and would be provided with a legal remedy if such rights and opportunities were denied to them. What is at issue here is equal rights for all Americans.

Equal protection of the laws and respect for the rights of individuals are fundamental principles of our Constitution. I have long been a proponent of measures which would insure that these principles are guaranteed for all individuals—women as well as men, married individuals as well as those who are unmarried, people of every nationality, ethnic groups, race, or religion. Likewise, sexual orientation should be no barrier to equal treatment under the law.

Homosexuals are a minority group whose concerns have too long been ignored. If the prejudice and discrimination that they suffer are to be eliminated it is essential that Congress enact measures such as the one I am introducing today.

It has been estimated that there are 20 million homosexuals in the United States. But even if homosexuals were only a small minority, the considerations would be the same. These considerations are the right to privacy, and the right of a person to choose his or her own affectional or sexual preference without being denied other basic rights—principles which I firmly support.

A long list of national organizations has gone on record as opposing discrimination against individuals on the basis of sexual preference. These organizations include the American Bar Association, the American Psychiatric Association, the American Federation of Teachers, the National Education Association, the American Civil Liberties Union, and the Young Women's Christian Association. Most recently, the National Council of Churches governing board adopted a resolution recommending that member churches work to pass laws to assure the civil rights of homosexuals. I hope that Congress will follow the lead of these prominent organizations by giving favorable consideration to the bill which my colleagues and I are introducing today.

A list of the cosponsors of this bill, and the text of the bill itself follows:

Mr. John L. Burton.
Mr. Koch.
Mr. Nix.
Mr. Dellums.
Mr. Fauntroy.
Mr. Harrington.
Mr. McCloskey.
Mr. Stark.
Mr. Solarz.
Mr. Richmond.
Mr. Bingham.
Mr. Rosenthal.
Mr. Mitchell (Maryland).
Mr. Fraser.
Mr. Brown (California).
Mr. Mineta.
Mr. Waxman.
Mr. Badillo.
Mr. Rangel.
Mrs. Chisholm.
Ms. Holtzman.
Ms. Schroeder.
Mr. Studds.

H.R. 5452

A bill to prohibit discrimination on the basis of affectional or sexual preference, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Civil Rights Amendments of 1975".

PUBLIC ACCOMMODATIONS

SEC. 2. (a) Section 201(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000a(a)) is amended by inserting after "religion," the words "affectional or sexual preference,".

(b) Section 202 of such Act (42 U.S.C. 2000a–1) is amended by inserting after "religion," the words "affectional or sexual preference,".

PUBLIC FACILITIES

SEC. 3. Section 301(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000b(a)) is amended by inserting after "religion," the words "affectional or sexual preference,".

PUBLIC EDUCATION

SEC. 4. Sections 401(b), 407(a)(2), and 410 of the Civil Rights Act of 1964 (42 U.S.C. 2000c–6(a)(2), 2000c–9) are each amended by inserting after "sex," the words "affectional or sexual preference,".

FEDERALLY ASSISTED OPPORTUNITIES

SEC. 5. Section 601 of the Civil Rights Act of 1964 (42 U.S.C. 2000d) is amended by inserting after "color," the words "affectional or sexual preference,".

EQUAL EMPLOYMENT OPPORTUNITIES

SEC. 6. (a) Sections 703(a), 703(b), 703(c), 703(d), 703(e), 703(j), 704(b), 706(g), 717(a), and 717(c) of the Civil Rights Act of 1964 (42 U.S.C. 2000e–2, –3, –5, –16) are amended by adding after the word "sex," each time it appears the words "affectional or sexual preference."

(b) Section 703(h) of such Act (42 U.S.C. 2000e–2) is amended by adding after the word "sex" the first two times it appears the words "affectional or sexual preference.".

INTERVENTION AND PROCEDURE

SEC. 7. Section 902 of the Civil Rights Act of 1964 (42 U.S.C. 2000h–2) is amended by inserting after the word "sex," the words "affectional or sexual preference.".

HOUSING SALE, RENTAL, FINANCING, AND BROKERAGE SERVICES

SEC. 8. (a) Section 804 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (42 U.S.C. 3604), is amended by inserting after the word "religion," each time it appears the words "affectional or sexual preference,".

(b) Section 805 of such Act (42 U.S.C. 3605) is amended by inserting after the word "religion," the words "affectional or sexual preference,".

(c) Section 806 of such Act (42 U.S.C. 3606) is amended by inserting after the word "religion," the words "affectional or sexual preference,".

PREVENTION OF INTIMIDATION

SEC. 9. Section 901 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes," (42 U.S.C. 3631), is amended by inserting after the word "religion," each time it appears the words "affectional or sexual preference,".

EDUCATION PROGRAMS RECEIVING FEDERAL FINANCIAL ASSISTANCE

SEC. 10. Section 901(a) of title IX of the Education Amendments of 1972 (Public Law 92-318) is amended by adding after the word "sex," the first time it appears the words "or affectional or sexual preference,".

DEFINITION

SEC. 11. As used in this Act, the term "affectional or sexual preference" means having or manifesting an emotional or physical attachment to another consenting person or persons of either gender, or having or manifesting a preference for such attachment.

CHICKEN OF THE SEA TUNA SIGNS UP FOR VOLUNTARY FEDERAL FISH INSPECTION PROGRAM

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mrs. SULLIVAN. Mr. Speaker, as the author of the law which brought poultry under compulsory Federal inspection for wholesomeness in 1957, and of subsequent legislation to extend compulsory Federal meat and poultry inspection to all such products produced and sold in intrastate as well as interstate commerce, I have been working for some years to achieve also compulsory Federal inspection of fish for wholesomeness. At present, the only Federal fish inspection program is a voluntary one operated by the National Marine Fisheries Service of the Department of Commerce. Unlike the Federal meat and poultry inspection programs, which are financed by appropriations, the Commerce Department fish inspection program must be paid for by the participating firms.

This was the situation in poultry inspection also, prior to the passage of the 1957 act. And, as in the case of poultry up to 1957, only a small percentage of the fish sold in this country is produced and packed under Federal inspection, because of the industry costs involved and the high sanitation requirements imposed for participation in the program.

When I first introduced legislation for compulsory Federal inspection of fish, it was as part of H.R. 1235, my omnibus bill to rewrite the Food, Drug, and Cosmetic Act, and the responsibility for such inspection would have been assigned by that bill to the Food and Drug Administration of the Department of Health, Education, and Welfare.

NEED FOR FEDERAL LEGISLATION

The FDA, however, has not supported the idea of continuous Federal inspection of fish, apparently feeling that expansion of its present system of periodic spot-checks of fish processing establishments for sanitation would be sufficient to protect consumers. I disagree.

Therefore, when I became chairman of the House Committee on Merchant Marine and Fisheries in the 93d Congress, I introduced a separate bill, cosponsored by Representative JOHN DINGELL of Michigan, then chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment, to require continuous inspection for wholesomeness by the Department of Commerce of all fish processed for sale in the United States, similar to the Department of Agriculture programs for inspection of meat and poultry. Hearings were conducted on that legislation by the Dingell subcommittee in February and March of 1974, but no further action was taken on the legislation last year.

I have reintroduced that bill in this Congress as H.R. 1082, with cosponsorship again by Congressman DINGELL, and also by Representative EDWIN B. FORSYTHE of New Jersey, a minority member of the Committee on Merchant Marine and Fisheries. It is my hope that we can enact a compulsory fish inspection bill in this Congress, both for the protection of the consumers of fish in this country and also for the good of the fishing and fish processing industry in increasing public confidence in the wholesomeness of the product, and thus expanding sales of fish.

RALSTON PURINA SUBSIDIARY TAKES IMPORTANT FORWARD STEP

In the meantime, I am truly delighted that today a subsidiary of one of the largest food processing companies in the country, the Ralston Purina Co., which is headquartered in my city of St. Louis—the Van Camp Sea Food Co. of San Diego, Calif.—has entered into an agreement with the Department of Commerce to have its Chicken of the Sea tuna processed under the voluntary fish inspection program. It is the first large producer of canned tuna to come under this program.

The cost of the inspection program will be assessed on Van Camp, whose canned tuna will henceforth be permitted to place the "Packed Under Federal Inspection" mark of the Department of Commerce on the label to attest to the safety, wholesomeness, and quality of the product.

In the absence of a compulsory Federal inspection program for fish, the Department of Commerce voluntary program is the best device we now have to assure consumers of the wholesomeness of fish products. I applaud the Van Camp Co., and its corporate parent, the Ralston Purina Co., for this breakthrough in consumer protection in the canned tuna industry.

At the time the contract for Federal inspection was entered into today at the Commerce Department, Mr. S. A. Brennan, president of Van Camp, said:

> This is another indication of the pride that we have in Van Camp products. Even though there is no mandatory inspection, we feel we owe our customers the assurance that our tuna meets the highest standards of quality and cleanliness.

LOOK FOR "PUFI" INSPECTION MARK

Department of Commerce inspectors will be required to make sure of the sanitary conditions in Van Camp plants as well as of the wholesomeness of the product produced by the firm. It is an important step forward.

I look forward to the time when all fish processed for sale in the United States is required to meet Federal standards of wholesomeness before sale to the public. As we learned from meat and poultry inspection, depending upon voluntary participation by the producers in a program in which the costs are assessed on the industry itself means that only a small percentage of the producers will shoulder the cost burdens such a program entails, so that the consumer is not fully protected. In the meantime, however, the "PUFI" mark, meaning Packed Under Federal Inspection by the Department of Commerce, is a good sign to look for on the label in buying processed fish.

Van Camp has demonstrated an excellent example of how free enterprise and Government can work together on a voluntary basis to better serve the American consumer in the absence of a compulsory Federal inspection program applying to all fish.

NEBRASKA LEADER IN MEANINGFUL BICENTENNIAL OBSERVANCE

HON. CHARLES THONE

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. THONE. Mr. Speaker, we should be thankful that America's 200th birthday is not going to be celebrated just with one festival in one location. Hopefully, the American Revolution Bicentennial will be observed in every community in the United States. Already there is much evidence that Bicentennial projects will provide lasting benefits to all our citizens.

My home State of Nebraska is leading the way in providing one of the most innovative projects that will be enjoyed by millions of people each year for many years.

This particular project of the Nebraska American Revolution Bicentennial Commission was well described in the following article from the New York Times of March 19, 1975:

NEBRASKANS SET '76 ART PROJECT—WILL PICK 12 SCULPTORS TO CREATE WORKS FOR PARKS

(By C. Gerald Fraser)

The nation's most considerable bicentennial sculpture project has been undertaken by a state that was, at the time of the American Revolution, "an unbroken sea of grass" populated by Pawnee, Otoe, Sioux and Cheyenne.

Two Nebraskans, Thomas A. Yates, assistant vice president of Bankers Life Nebraska, and Norman A. Geske, director of the Sheldon Memorial Art Gallery at the University of Nebraska in Lincoln, have helped conceive a $700,000 sculpture project to celebrate the nation's birth. No other program of this scope has received official recognition, said John Scholzen of the National Bicentennial Administration.

The $700,000, which will cover artists' commissions and construction, their travel to Nebraska and expenses of the Nebraska Interstate-80 Bicentennial Sculpture Corporation, will be met by public and private grants.

The project calls for 12 sculptors to create 12 monumental pieces to be placed at rest parks—which Nebraskans consider the best in the country—strung 455 miles across the state along Interstate Highway 80.

The second aspect—an unusual one—of the project calls for each of the 12 sculptors to live in the community where his or her sculpture will be placed. The rest parks are near Omaha, Seward/Milford, York, Grand Island, Kearney, Cozad, North Platte, Chappel, Sidney, Kimball and two parks at Ogallala. About 6 million people travel Interstate 80 each year.

The sculptors, who will live from one to three months as artists in residence, will display models of their works to local residents and discuss what they do as sculptors and how they work.

The 12 winning sculptors will be announced at ceremonies in Lincoln in June. Three judges trimmed the field of 121 applicants who had submitted proposals to 46. It included only one Nebraskan. Three other judges had responsibility for choosing the 12 winners and 4 alternates.

Each community will provide its resident sculptor with housing, board and work space.

So far, the Nebraska American Revolution Bicentennial Commission has given $100,000. Fund requests are pending at the National American Revolution Bicentennial Administration and the National Endowment for the Arts.

INTERNATIONAL GOOD WILL

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. DERRICK. Mr. Speaker, I wish to bring to the attention of the Congress an example of community dedication to the furthering of good international relations on a one-to-one basis. I think that the annual international friendship night under the sponsorship of the Aiken, S.C. Jaycees and Jaycettes is noteworthy and deserves recognition.

I commend to you the following account of the fifth annual international friendship night:

AIKEN JAYCEE INTERNATIONAL FRIENDSHIP

(By Frank T. Galardi)

Amid a world of turmoil, with some nations at war and others at a point of diplomatic severance, the uncertainty of these dark days was illuminated through an International Friendship Night. This is a special program sponsored annually by the Aiken Jaycees and Jaycettes of Aiken, South Carolina, an affiliate of the United States Jaycees.

Aiken, S.C. has long been recognized as a friendly and charming county known for its famous polo, nationally rated racing stables, major textile and fiberglass industries, the huge and sprawling Savannah River Plant, and other large industries. However, in the past 15 years, foreign students from the Military Police and Signal Corps Schools training at nearby Fort Gordon, Georgia, an outstanding military installation, have made a pilgrimage to Aiken to be entertained frequently in homes, churches, sports, and other special events.

Aiken's citizens have to date hosted military students from 75 countries of the world. Hundreds upon hundreds of these foreign visitors have witnessed first hand the American way of life as Aikenites gave zealously of their time and efforts to further the ideals of democracy and brotherhood.

The Aiken Jaycees' fifth annual (1975) International Friendship Night took on a new dimension not because this event was better than many previous programs but because of the current world situation—a day when nations are no longer willing to sit at the peace table to talk, a time of world terrorism, diplomatic failures, new hates, and world immorality.

The local press, the Aiken Standard, began their news coverage of the event, "One nation . . . with liberty and justice for all." These words, while familiar to all Americans, took on a new meaning at the International Friendship Night sponsored by the Aiken Jaycees. The Augusta Chronicle, in their news release, covered the hospitality shown by the Jaycees, the traditional menus of Southern fried chicken, black eyed peas, rice, giblet gravy, and corn bread. Also, the reporters descriptively portrayed to their readers the Jaycee Hut bedecked with welcome banners and others which depicted the guest countries. As the press revealed the news of the International Friendship Night many thousands of readers were awakened to a group of young Americans who are eagerly telling the world that America is still on the right course and that God and Country is paramount in their lives.

As one sat with these young Jaycees, Jaycettes, and the guests from Indonesia, Iran, Jordan, Khmer Republic, Laos, Lebanon, Nigeria, Saudi Arabia, South Vietnam, Thailand, Zaire, and Great Britian one could feel a deep fellowship and love prevailing throughout the Jaycee Hut.

The Jaycees' printed program included the names of the countries represented and a quote from the immortal Benjamin Franklin: "God grant that not only the love of liberty but a thorough knowledge of the rights of man may pervade all the nations of the earth, so that anybody may set his foot anywhere on its surface and say 'This is my country!'" Alongside Benjamin Franklin's quote were the religious symbols of Islam, Christianity, Confucianism, Judaism, Buddhism, and Hinduism.

The Jaycees had prepared a wonderful program, one with a beautiful theme. They were proud of their heritage and indicated this as they showered their foreign guests with "southern" hospitality, food, and fellowship. The press "failed" to note that one meal was prepared "salt free" to accommodate one of the 40 guests who required a special diet. This guest rose to address the Jaycees and stated, "I have learned much of America but this gesture of kindness will be with me for the rest of my life, and I will tell everyone of your compassion which made me feel like a head of state."

Each of the visitors addressed the Jaycees to express their gratitude, and many dry eyes were soon moist. It seems that language barriers no longer stood in the way as love found a way to communicate.

The guest speaker summed up the event in this way: "As we share this evening in fellowship, I must salute the Aiken Jaycettes for assisting your husbands in this effort." It is this support which makes the Aiken Jaycees an outstanding organization.

"Tonight's program is one which all diplomats should observe. Your one-to-one fellowship with your foreign guests will help bring about better world understanding. Certainly, you must have felt a spirit moving among you. It leads me to say that the Master, Judge over all nations, left with us a word "love". If we are to see peace in this world each of us must observe His word, "love", and tonight we have experienced a milestone in that direction. To the Jaycees and Jaycettes, I say, 'you are wonderful' and to our guests, 'take the love these young people have shared with you and foster it in your country. Be mindful of the Master's word of "love" and in any language it will spell peace.'"

As the adjournment of the International Friendship Night took place, the Jaycee Creed was recited in unison. The foreign guests spoke their words with such deep reverence that one could see a bright star in the darkness of today's turmoil, particularly in the following part of the Jaycee Creed:

We believe:

That faith in God gives meaning and purpose to human life;

That the brotherhood of man transcends the sovereignty of nations;

This wonderful undertaking by the Aiken Jaycees and their devoted Jaycettes demonstrates the compassion of Americans and that America will always retain its greatness if we keep in mind God and Country.

NO MORE AMERICAN MONEY TO OPEC COUNTRIES

HON. KENNETH L. HOLLAND

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. HOLLAND. Mr. Speaker, yesterday the Congress passed legislation providing $3.7 billion in foreign assistance. While some provisions of the bill fund programs which are necessary and worthwhile, I have serious reservations on others of its provisions.

I fought against foreign aid appropriations included in this bill for member nations of the Organization of Petroleum Exporting Countries on the floor of the House. I feel that the efforts to cut off assistance to these countries are the direct result of an increasing concern over the present direction of this Nation's foreign policy, especially our seemingly contradictory propensity to grant assistance to nations who in many cases do not even extend us common courtesy in return.

In recent months we have read a great deal about all the new found wealth of the OPEC countries. They are purchasing large blocks of stock in major American corporations, building our nuclear plants, and have even bought an island off the coast of my home State of South Carolina. With all that extra money around—money acquired by blackmailing the American people into paying outrageous prices—it seems that the OPEC countries should not only assume the responsibility for feeding their own people, but also repay moneys owed the United States.

It is incredible to me that the American people should be asked to contribute twice to the support of these foreign governments. On the one hand we ask our people to pay extortionate prices for their oil products—oil often produced by American-based corporations—and on the other hand we ask them to send their tax dollars for military and economic aid.

In my judgment, it is time to stop these ridiculous foreign giveaway programs. If OPEC member nations can buy our companies and our land here, they can buy our food and arms on the world market at world market prices.

Mr. Speaker, I think this Congress must move quickly toward reviewing foreign aid on a country-by-country basis. I urge my colleagues in Congress to unite with me to exclude OPEC countries from foreign assistance programs. The United States has never bought a friend with its foreign aid. It is time we stopped financing our enemies.

I would not suggest that the United States eliminate all foreign assistance programs. Such humanitarian programs as food for peace are much needed in our troubled world. I would only suggest that it is time that the United States became more businesslike in its grants of assistance. We have limited resources in this Nation and we must learn to use them more wisely.

Mr. Speaker, I have had the following study done on the amounts that members of the Organization of Petroleum Exporting Countries owe the United States. I hope that all Members will take careful note of the large amounts by which these countries are in arrears and how long it has been since they have made payments, even with huge surpluses on hand. I hope you will agree with me that it is time to seriously review our foreign assistance programs, keeping the interests of our people foremost in our minds.

The tables follow:

OPEC MILITARY AND ECONOMIC AID

Country	Total FAA 1962–73	Loans and grants 1946–73	Unpaid to date less interest due
ECONOMIC ASSISTANCE			
Algeria	176.6	180.4	173.6
Ecuador	244.2	279.2	228.9
Gabon	8.1	7.6	7.6
Indonesia	1,359.0	1,722.0	1,537.2
Iran	183.3	755.8	520.6
Iraq	25.9	45.5	36.3
Kuwait	0	0	0
Libya	45.7	212.5	20-.1
Nigeria	428.3	402.1	396.9
Saudi Arabia	0	31.8	27.5
Venezuela	179.9	196.4	137.9
MILITARY ASSISTANCE			
Algeria	0	0	0
Ecuador	36.4	63.2	63.1
Gabon	0	0	0
Indonesia	130.2	159.6	159.6
Iran	904.8	1,373.1	1,038.1
Iraq	.6	47.8	47.8
Kuwait	0	0	0
Libya	13.4	16.1	16.1
Nigeria	1.7	1.8	1.5
Saudi Arabia	232.3	294.7	87.6
Venezuela	101.5	132.9	56.5
OTHER U.S. LOANS AND GRANTS			
Algeria	224.4	222.6	216.8
Ecuador	27.6	47.9	1.8
Gabon	1.9	1.9	1.9
Indonesia	96.8	257.7	115.3
Iran	853.9	923.3	653.2
Iraq	11.8	11.8	2.4
Kuwait	50.0	50.0	8.7
Libya	0	0	0
Nigeria	32.6	33.9	27.6
Saudi Arabia	25.4	38.6	9.3
Venezuela	212.2	269.7	85.1

H.R. 5414 AND H.R. 5415

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mrs. SCHROEDER. Mr. Speaker, yesterday I introduced two bills, H.R. 5414 and H.R. 5415, to assist veterans with less than honorable discharges. The material set forth below supplements my remarks which appeared yesterday at pages E1404–E1406 in reference to these bills:

H.R. 5414 AND H.R. 5415

III. VETERANS

Who is a veteran?

The Veterans' Administration (VA) "displays a degree of institutional privacy one only normally finds in expensive men's clubs . . ." The VA refuses benefits to veterans in what appears to be a direct violation of the intent of Congress when passing the law determining eligibility for VA benefits. The law states:

"The term 'veteran' means a person who served in the active military, naval, or air forces, *and was discharged therefrom under conditions other than dishonorable.*

According to the military, discharges given under "less than honorable" conditions are not necessarily given under *dishonorable* conditions. But exhibiting its institutional privacy, the VA makes an independent determination as to what constitutes dishonorable conditions—and the VA acts without any clear set of definitions or guidelines. The criteria the Administration uses are so vague and unclear that even VA officials are unable to define them. Veterans are denied benefits on the grounds of "moral turpitude" and "willful and persistent misconduct." But none of the VA's regional directors was able to provide a Ralph Nader study group with definitions of these terms. And these are the very criteria used to deny benefits to veterans with less than honorable discharges! It's absurd to believe that all these discharges are equivalent to a dishonorable discharge. In fact, the history of the five various types of discharges—three nonpunitive (honorable, general and undesirable) and two punitive (bad conduct and dishonorable)—shows that the categories were established to provide benefits for *more* veterans, not fewer:

"Administrative discharges were originally characterized as honorable and without honor, whereas the only punitive discharge was labeled dishonorable. The "unclassified" discharge was added in 1913, becoming the third administrative discharge, but it and the without honor discharge were supplanted in 1916 by the "blue" discharge. In 1947, the blue discharge was split into the general and undesirable discharges as a result of the Veterans' Administration pressure for an increase in the definitive classifications of discharges to insure more categories of eligibility for benefits among discharged servicemen."

But the VA has used all these less than honorable discharges not as a means of providing more benefits, but as a means to exclude veterans from the benefits to which they are entitled. The VA has refused benefits to 93 percent of those veterans with other than honorable discharges who bothered to apply, and these veterans have no appeal outside of the VA since the law prohibits them from appealing the VA's final decision to the federal courts.

Already unable to receive VA benefits, the problems of veterans with other than honorable discharges increase when they attempt to find employment. Few employers will hire a veteran with an other than honorable discharge before hiring a veteran with an honorable discharge. Because their characters have been branded by their discharges, these veterans remain consistently unemployed or underemployed.

Tom Smith (not his real name) was an exemplary Marine selected to serve on the honor guard at President Kennedy's inauguration.

Later his superiors suspected that he was a homosexual. Marine special agents used Gestapo-like tactics to coerce his "confession": They produced an allegedly incriminating photograph, but didn't let him see it; they used friendship and hostility role playing tactics and made references to an implicating confession by a third party. Tom wasn't allowed to have a lawyer present during his interrogation.

Tom was given a choice between a quiet administrative discharge or a court-martial with a great deal of publicity. He wasn't informed of his rights and was given an undesirable discharge without a hearing.

His discharge has plagued him for more than 10 years. Despite his eight years of schooling in data processing and three years of schooling in computer banking, Tom, who has letters of recommendation containing the highest praise, has been refused employment by Kodak, Chevron Oil, Martin Marietta, MacDonald Douglass, and the First National Bank of Denver solely on the basis of his discharge.

No one cares

The disregard for veterans with other than honorable discharges is evidenced by the Department of Labor and the Department of Defense. They haven't even done any studies on the effects of such discharges on the veterans who receive them.

The cost for society of 500,000 other than honorable discharges is extremely high. These veterans, who are unable to qualify for VA benefits or find meaningful employment, have little or no hope for the future unless their discharge is changed. Many veterans with these discharges already are in prison, having turned to a life of crime rather than a life of despair and poverty. Considering the high costs the government incurs when prosecuting and confining a criminal, and considering the high costs of welfare, it is apparent that many benefits—not just for the veteran, but also for society—could be gained by upgrading the other than honorable discharges.

The upgrade road

At the present time, a process exists for upgrading other than honorable discharges. It was established by law after World War II. The Air Force, Army, and Navy each has its own board to review other than honorable discharges. Each review board is composed of five professional career military officers who usually are ranked major or above. These older military officers decide the future of young veterans who almost always are former enlisted men under the age of 30. From the very beginning, the odds are heavily weighted against upgrading the veteran's discharge.

Corky Archuleta, now only 21, may suffer the consequences of a less than honorable discharge for the rest of his life because he went AWOL when he was only 18.

Corky enlisted in the Army when he was 17 and after only 18 months of service he already was up for promotion to Sergeant E–5. In spite of his excellent record, Corky's commander refused to grant him emergency leave to see his father, who was hospitalized in critical condition with a gunshot wound in his head. Disgusted, Corky went AWOL.

After he turned himself in, the same commander threatened Corky with a dishonorable discharge and a jail sentence for deserting. His own military lawyer recommended he waive his constitutional rights and accept the undesirable discharge offered him. Corky was discharged without a hearing.

After facing substantial problems finding employment, Corky, determined to make something out of himself, attempted on his own to upgrade his discharge. Since he could not afford a lawyer or the expense of traveling to Washington to testify before the board, the odds were against him before he started.

Without any legal counsel, Corky prepared his own case and sent it to Washington with the proper form. The board decided that a hearing was justified and requested Corky to appear. Unable to get to Washington, Corky "appeared" in so many words in so many paragraphs.

Eight months after he applied Corky was notified that his application was not approved.

Today Corky, who is not eligible for VA benefits, is unemployed.

After being separated from the service, many veterans with other than honorable discharges were falsely informed by other military personnel that their discharges would automatically be upgraded to honorable after six months. Many were not told of their right to appeal their discharge. Other veterans never bothered to apply for a discharge upgrade because of the known difficulties in obtaining one. In 1973, 80 percent of the cases before the discharge review boards were rejected.

The problems with the current system are:

(a) Veterans have only a simple government form (DD 293) to represent them.

(b) On the other hand, the board has the veteran's complete personnel and administrative records, complete medical and hospital records, all performance marks and fitness reports, a record of all legal actions taken and copies of the veteran's enlistment contract.

(c) The veteran must justify to the board why his case should be heard. The board is under no obligation to grant every veteran with an other than honorable discharge a hearing.

(d) To testify before the board, the veteran and/or character witnesses on his behalf must incur the costs of traveling to Washington, D.C. which is the only location of the review boards.

(e) Available data indicates that the veteran's chances of having his or her discharge upgraded are significantly decreased should he or she not be able to appear before the board.

(f) The veteran who is unable to afford an attorney is represented by inadequate defense.

(g) The main issue used by the board in deciding the case is the veteran's character and nature of service. Rehabilitation is not the basis for changing a discharge.

(h) Based on DOD statistics for all services (1973), the veteran only has a 20 percent chance of having his or her discharge upgraded.

(i) Due to the huge backlog of cases, the veteran must wait 6 to 18 months to have his or her case heard.

IV. SOLUTIONS

One type of discharge

Although regional discharge review boards would be a step in the right direction—and legislation has been introduced to this effect—the best solution to the whole problem of other than honorable discharges would be for the Department of Defense to upgrade all of them to a single category (perhaps a "certificate of service" giving the dates of service and the good time served) and to issue only this "certificate" to all future servicepeople when they are discharged.

This discharge would not brand the character of the veteran. Any information concerning the veteran would be kept confidential by the Armed Services. The VA would be instructed to provide benefits to each veteran based on the length of good time the veteran served, not on the character of discharge.

This solution would enable thousands of veterans of the Vietnam era to obtain an education, find meaningful employment, and begin paying their equitable share of taxes instead of being unemployed, on welfare, or turning to drugs and crime. This solution would remove the stigma given by the military to the many young veterans with other than honorable discharges. There is no logical reason why half a million young veterans should be branded for life by a few mistakes during their service to their country.

These veterans served in an unpopular war. There were inequities in the Selective Service System. Military injustices compounded the problem by discharging servicepeople for offenses which were not considered crimes in the civilian community. An inadequate discharge review process, established after World War II, a VA which denies benefits, and employers who refuse jobs to these veterans further exacerbate the problem.

Upgrading their discharges is the only solution which will, as Theodore Roosevelt put it, give them a "square deal."

No VA discretion

At the same time, to insure that "less than that (a square deal) no man shall have," the Veterans Administration's discretion over who was discharged "under conditions other than dishonorable" and who was not must be eliminated.

The simplest manner in which to do that would be to change the legal definition of "veteran" (Title 38 U.S.C., Chapter 1, Sec. 101(2)) to:

"The term 'veteran' means a person who served in the active military, naval, or air forces, and was discharged therefrom with other than dishonorable discharges."

Thus, all veterans with administrative discharges would receive benefits. Only veterans who had been given a dishonorable discharge by a court-martial could be denied benefits by the VA.

Section 3103 of Chapter 53 of Title 38 U.S.C. also should be repealed to make the act consistent. In addition, should the proposal for a single type of discharge become law, all veterans would receive benefits based on the good time they served, since other portions of VA laws which define the length of time a veteran must serve to be eligible for benefits would remain intact.

It is absurd to deny benefits to and cripple the life of a veteran who serves two exemplary years of service and makes a single mistake. The inherent injustices in the current system must be eliminated; the lives of half a million Americans are at stake.

QUESTIONS AND ANSWERS

1. Wouldn't the proposed single type of discharge seriously affect the ability of the Armed Forces to maintain discipline?

No. A person found guilty of a military offense can be fined, restricted, reduced in rank, and/or given a prison sentence. All these punishments provide ample incentive for good behavior. By themselves—without any additional threat of a "life sentence" they are sufficient to maintain discipline.

Many members of the military establishment admit to this. In 1972 half of the Task Force on the Administration of Military Justice in the Armed Forces recommended to the Defense Department that the characterization of administrative discharges be eliminated. It is questionable that they would have recommended anything that would have even the remotest chance of adversely affecting military discipline.

To punish men for life with a bad discharge after, and in addition to, requiring them to "pay" for their crime not only is unwarranted, it is unjust. The fact that more than 500,000 of these discharges were given during the Vietnam era in itself casts serious doubt on the ability of discharges to maintain discipline—at all.

2. Why should veterans with other than honorable discharges receive the same benefits as their peers with honorable discharges?

For lots of reasons. In the first place, the various types of discharges don't mean anything. Two are "punitive," three are "administrative," but less than honorable administrative discharges can be, and usually are, as punitive as punitive discharges. Perhaps even more important, the Armed Forces display no uniformity in the manner in which discharges are handed out. A person discharged for one reason in one service may be given an honorable discharge, while a person discharged for the same reason from another service may be given a less than honorable discharge.

Second, although a less than honorable discharge constitutes a life sentence to the person receiving it, few of these veterans did anything wrong by civilian standards. Nearly 90 percent of all less than honorable discharges are handed out for offenses which in civilian life would not be considered "crimes." This absurd overkill is inherently unfair.

Third, there is evidence that the handing out of less than honorable discharges has racial overtones. Forty percent of the 500,000 service members receiving less than honorable discharges during the Vietnam era were Black, Chicano, or members of other minority groups. This alarming figure raises serious questions about the manner and the reasons behind these discharges. In 1972 the Defense Department set up a task force to study racism in the military. Its four volume study shows that the Armed Forces are racist institutions; it isn't surprising, therefore, that this racism is exhibited in one of the services' biggest clubs—the less than honorable discharge.

Perhaps most important of all, the current system doesn't take into account the good time a veteran served before what in many cases was the commission of a single mistake. These discharges were given to men and women almost always under the age of 25 who already had served for two, three or four years without a serious charge against them.

Moreover, 65 percent of these less than honorable discharges were given without even the few procedural safeguards of a court-martial—without any semblance of due process of law. Many of these veterans unknowingly waived their Constitutional rights, and a large number were given false information about the possibilities of upgrading their discharges.

Most of these veterans have earned their benefits by the good time they have served. Denying them their benefits is unjust, unfair, and unwise.

3. What are the effects of a less than honorable discharge?

The effects of other than honorable discharges on World War II, Korean War, and Vietnam War veterans are serious. A bad conduct discharge, for example, brands the veteran as a felon for life. The other serious consequences include no re-employment rights in some states and denial of equal job opportunities in all states. In addition to denying these men and women rights guaranteed by the Constitution, a less than honorable discharge precludes these veterans from receiving numerous state, federal and local benefits.

To make matters even worse, attorneys are prohibited by statute from receiving more than $10 from any veteran seeking assistance in obtaining his VA benefits. These burdens may account for the fact that thousands of veterans with "bad" discharges are in federal, state and local prisons.

4. Won't upgrading all these discharges cost a lot of badly needed federal money?

Not necessarily. Some evidence suggests that granting these veterans their benefits actually could save the taxpayers' money. For example, a veteran in Colorado on unemployment compensation receives an average of $366 per month; the money given him is not an investment and yields no return. His VA educational benefits, on the other hand, cost the government only $270 per month, and education is an investment in a human resource.

Eliminating less than honorable discharges and upgrading all those that currently exist could remove many veterans from the unemployment rolls and funnel additional money into colleges, universities and trade schools where it is badly needed. In addition, it probably would deter many veterans from turning to crime or returning to prison.

H.R. 4222: USING HARD EARNED WEALTH OF LOWER INCOME TAXPAYERS TO FEED HIGH-INCOME CHILDREN

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. ABDNOR. Mr. Speaker, it has been argued in this Chamber that middle-income families are burdened by having to pay the full price of their children's lunches in these economically troubled times.

No one doubts this argument. It is true.

But it is also true, as has been said many times, there is no such thing as a free lunch. Someone must pay.

The whole country—low-, middle-, and upper-income families—has been paying the cost of Federal deficit spending by suffering the effects of inflation. And now lower- and middle-income taxpayers are being asked to bear the expense of subsidizing the cost of lunches for children of upper-income families too in H.R. 4222, the National School Lunch Act and Child Nutrition Act amendments.

The committee maintains that money spent on providing a school lunch will be more efficiently spent than a similar amount expended by individual families for meals brought to school. There is no doubt that economies of scale can result in savings in expense in mass feeding operations, but I think we must realize that in making this argument the committee is really saying the Government can spend people's money for them better than they can spend it themselves.

We are seeing the effects of this kind of thinking in the inflation which plagues our Nation today, but what is happening now is nothing compared to what will happen if we continue to try to get a free lunch at the Government's expense.

The Government's expense is simply the people's expense—either directly, through taxes, or indirectly, through inflation.

There are those who sincerely believe that it is the proper function of Government to redistribute the wealth to those who cannot obtain it themselves through the economic system. It has not been argued until now, however, that it is also the Government's responsibility to redistribute the hard earned wealth of lower-income taxpayers to the children of middle- and upper-income families.

All Americans, indeed all people, have a responsibility to assist the less fortunate. Few would dispute that children from lower-income American families should have free or reduced priced lunches. And let us get one thing straight—no one, including the administration, wants to dismantle the school lunch program.

There are simply too many good, just, and urgent demands on our Nation's natural and human resources, however, for Congress to try to provide free solutions for each of them every time a special interest group musters the power to persuade the Members that their political survival depends on it.

There are no truly free lunches. The nutrition of our young deserves the highest priority, but congressional wand-waving to freeze the price of school lunches to all students only treats the symptom, while aggravating the disease.

I want to assure my colleagues that I am sensitive to the problems of our Nation's individual school lunch programs. I realize that my opposition to the committee's proposal for dealing with these problems will be misinterpreted and used against me by my political opponents.

I cannot in clear conscience, however, support a measure which so obviously misdirects financial resources to assist middle- and upper-income families while increasing the Federal debt, while other urgent priorities go unmet, and when even the short-term benefits in savings brought by this "free lunch" will be repaid in full through inflation by all Americans, rich and poor alike.

EXECUTIVE AGREEMENTS REVIEW ACT

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mrs. SPELLMAN. Mr. Speaker, I am introducing legislation today to provide for congressional review of executive agreements made in the area of foreign relations. Executive agreements have gradually replaced the making of treaties as the normal means of international commitments. Such use of executive agreements bypasses congressional participation in the making of international commitments, because executive agreements have the effect of treaties in international law, and because under present procedures executive agreements do not require the advice and consent of the Senate as do treaties.

Notable examples would be purported agreements for aid to Vietnam and Cambodia, agreements on arms limitations, military base agreements in the Azores, and an agreement with Ethiopia for the establishment and operation of defense facilities in that country. Other agreements of great international importance have been made without the opportunity for congressional participation including the Armistice agreement at the end of the Korean war, and the declaration of neutrality as to Laos in 1962.

This bill, which has also been introduced by Senator JOHN GLENN in the Senate, will restore the Congress to its constitutional role in the making and reviewing of international agreements. Specifically, the bill would: First, require that the President shall transmit each executive agreement in the area of foreign relations to the Senate. If the President feels that the disclosure of any agreement is prejudicial to the Nation's security, he can transmit it to the Senate under an understanding of secrecy, and second, the executive agreement shall become effective 60 days after transmittal to the Senate or later if the agreement provides, unless with 60 days the Senate passes a resolution disapproving the agreement.

Mr. Speaker, this legislation, it is my belief, will assist the Congress in insuring it meets its responsibilities in the field of foreign relations. I feel that the Chief Executive should welcome the sharing with Congress of the awesome responsibility of foreign affairs. Certainly, the present administration seems to recognize the shared powers of the two branches under the Constitution, and I am glad to note that the Secretary of State has stated his belief that there must be cooperation between Congress and the executive branch in the conduct of foreign affairs. This bill would insure that Congress will participate thoroughly in such a partnership. It is the duty of Congress to preserve the constitutional checks and balances.

RUCAG

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. MOFFETT. Mr. Speaker, regulatory reform in the utilities industry is a prime example of an area in which the beleaguered consumer deserves more than mere rhetorical support. We sorely need a vehicle to insure that the consumer has a strong say in the utilities service and rate structure determinations. Thus far, State regulatory bodies often consider only the views of the industry they are supposedly regulating—the utilities companies themselves.

For those who wish to make a solid contribution to rectifying this inequity, I call attention to a Ralph Nader organization known as RUCAG: the Residential Utility Consumer Action Group. RUCAG is working toward the establishment and funding of a staff of consumer advocacy lawyers, economists and accountants in each State. I strongly recommend that my colleagues study their "checkoff" funding proposal and their recommendations for genuine relief of the overburdened and overtaxed American consumer. RUCAG can be contacted at P.O. Box 19312, Washington, D.C. 20036.

The material follows:

RESIDENTIAL UTILITY CONSUMER ACTION GROUP

(RUCAG—A consumer's checkoff to fight utility ripoffs.)

INTRODUCTION

During 1974, electric rates increased 2.2 billion dollars ($2,200,000,000), twice the increases of 1973. Already pending before the various public utility regulatory bodies is another 4 billion dollars ($4,000,000,000).

At the same time, AT&T has asked for the largest rate increase ever for long distance calls and for a return to investors that is the highest in the nation for any utility. Their local units are not far behind, asking for increases in the charge for a pay phone from 10–20 cents and a charge for an information call.

The President has suggested a program that would increase fuel oil prices to utilities causing an increase in rates for the Con Ed customers of over 25%.

The Federal Energy Administration (FEA) has charged that utilities in the South were bilked by fuel wholesalers and brokers, resulting in higher prices for consumers.

Nuclear power plants, supposedly the solution to the high cost of fuel have proved to be neither safe nor cheap, and very unreliable. In 1963, a nuclear plant cost $100 per kilowatt. Many now cost over $800 per kilowatt and the costs keep rising.

And even with these horror tales, the Ford Administration is advocating a change in the accounting methods of the utilities. It would allow them to include in their base all new plants under construction, not just those plants producing power from which the consumer gets some benefit. The Congressional Research Service estimates this will cost consumers $37 billion over 5 years. They want the consumer to pay today for tomorrow's power, whether they need that power or not. To compound matters, the accounting change is only allowed for nuclear and coal plants, providing an incentive to build more and more of the huge nuclear monsters.

The Administration also wants to deregulate the price of natural gas, as well as place an excise tax on its use. It is estimated that this will cost the consumer another $12–15 billion dollars. The Administration argues that it is proper to let the free market determine the prices of natural gas—but there is no free market, for the oil cartel effectively sets the price.

THE PROBLEM

These are just a few examples of the many expenses and abuses the consumer now bears. If the consumer is concerned about the ever increasing costs of the telephone, electricity, natural gas, and drinking water, what can he or she do? How does one combat the utilities and the government regulators that become their partners in the raid on the pocketbooks of consumers?

In the case of the utilities, the consumer is protected by the state public utilities commissions. The commissions were created to protect the public interest and insure that the utility monopolies were only allowed the profits necessary to maintain their service. That's the theory.

The practice is something else. As has been the story with much regulation, utility commissions have never been funded adequately, staffed properly or permitted to vigorously investigate and monitor. They have tended to develop attitudes more conducive to the interests they regulate than the consumers they were supposed to protect. They have proven incapable of answering consumer complaints, and even have shown little regard for the consumer, avoiding contact with those citizens whose taxes pay their salaries.

If the utility commissions are not protecting consumer interests, who is? Suppose a citizen or group of citizens decided that either the telephone, electric or gas company was charging too high a rate. What would be the next course of action for that citizen? What can they do? They can begin by educating themselves. For example, the Environmental Action Foundation has prepared a 112 page booklet on electric power and most of what a citizen needs to know to become involved.

Even if we assume that a consumer is concerned and knowledgeable about the intricacies of the electric utility industry, then what? How are you going to challenge the utilities in a rate proceeding? How are you going to pay for the expenses of lawyers, expert witnesses, appeals and the organizing of citizen opposition? Numerous citizens have intervened in utility proceedings. They have even won small victories. However, the following year the utility returns with another application and you and your friends have even less money. They can afford to return year after year, they have your money (as a rate payer) to pay their staff, their lawyers and their expert witnesses.

Some have offered as a solution a "Peoples' or Consumers' Counsel." A Peoples' Counsel is a lawyer appointed by the Governor or Public Utilities Commission to represent in hearings consumer interests. That may be part of the solution but it does not provide enough political balance. It has at least two major drawbacks. To whom does the person holding the position owe their appointment, and, therefore, to whom is the Consumer Counsel accountable? Where will the person get the funds necessary to fight the utility requests? But, equally important, is the consumer counsel able to organize busloads of citizens to testify at legislative proceedings, to picket the headquarters of the utility commission or lead proxy fights? Can the "Consumer Counsel" involve people in the process? It is highly questionable at best.

THE SOLUTION

Consumers need an organization that has independence, accountability to the rate payers rather than the utility commission of the utility executives, and money.

There is one proposal that meets all tests, a Residential Utility Consumer Action Group (RUCAG). What residential utility customers need most is an organization and a full time staff of lawyers, economists and accountants. How do you get the money for such a sophisticated staff? Such an organization could be established by state law or utility commission regulation and would be funded through a check-off. The check-off would work this way. Included within every monthly bill of each and every utility in the state sent to residential consumers would be room on the bill for listing a voluntary contribution. If the consumer desired, he or she could check off the amount to be contributed to *their* action group and add it to their utility bill.

The utility would then be obligated, under strict audit, to pass such monthly contributions over to the Residential Utility Consumer Action Group.

A RUCAG would use traditional elective procedures. Its membership—all those residential consumers contributing a small minimum amount to the fund—would each have one vote in the yearly election of a Board of Directors. The Board would be responsible for hiring the staff, intervening in rate proceedings, handling consumer complaints and insuring that consumers and the rest of the public are kept constantly informed of their activities. This would include the publication of minutes of all meetings and their distribution to public libraries, as well as the requirement that meetings of the Board remain open.

Membership would be limited to residential customers, those least able to fund an organized opposition to rate increases on an ongoing basis. There should be one exception. Residential customers either employed by or holding shares in a local utility should not become members of the Board of Directors. These people would have an inherent conflict of interest and may act against the interests of the vast number of residential consumers.

The telephone, electric, gas or water utility will act solely as a collection agent. In any given month a consumer would check off however much money he or she wanted to add to their bill. The contribution is entirely voluntary. The names of those making the contribution would be turned over to the group by the utility, and the utility would be forbidden from maintaining a copy of the names—a requirement to avoid any possible retaliatory action.

WHAT WOULD THE RUCAG DO?

The next major question is—what should the RUCAG do? What issues should it address? It will be involved in monitoring all legislative activity relevant to utility operation. It will intervene in all appropriate court cases. And, most important, it will be a constant participant in rate proceedings.

In the rate proceedings, it will challenge unnecessary expenses claimed by the utility, such as advertising. It will challenge the requests for unfair inclusions in the rate base—that amount of equipment upon which a rate of return is to be paid. Consumers need accountants to analyze the application and the various figures presented. A RUCAG can hire those accountants.

Consumers also need economists to determine what, under law, would be a fair rate of return. The law says that it must be fair to the investor and the consumer. The company says what is fair to the investor, but there is no one saying what is fair to the consumer.

Engineers are also needed to check the calculation of the rate base. What plant and equipment is "used and useful" to the consumer? A RUCAG can find out.

And what of the rate structure, the method of pricing? Someone needs to monitor how the rate structure is designed. It is not proper to reward those who use more with lower rates per kilowatt hour. People should pay the full cost of the electricity they use. Consumers need engineers and economists who can analyze the presentations of the utilities and help design rate structures that are properly related to cost and are therefore non-discriminatory.

What of the predictions for growth? How many more plants do we actually need? Utilities often want to grow mindlessly, even sometimes by promoting wasteful use of energy. Is such growth in the best interest of consumers and the environment? The RUCAG can raise these issues and present testimony to the PUC and legislature about the needs for new plants.

What of the decision to build a nuclear plant? Who will intervene in Atomic Energy Commission proceedings (now called the Nuclear Regulatory Commission). Who will point out that nuclear plants are only functioning at 50% of their capacity only 60% of the time? Who will point out that after 7 years of operation, they only function at 38% of capacity?

What of concerns expressed by citizens throughout the country about fuel adjustment clauses and the ever increasing pass through of oil costs? The FEA has determined that there has been price gouging in certain regions. The RUCAG can monitor the cost of fuel to determine whether the utility is properly charged, or whether the utility, due to the fuel adjustment clause, does not care that it is being charged.

The RUCAG will intervene in requests by telephone companies for rate increases. It will challenge a phone company that reduces business rates and charges consumers more. It will challenge a phone company that wants to double the price of a pay phone call. It will challenge charges for an information call to determine whether it is justified by costs. And, it can provide the input of local citizens into proceedings before the Federal Communications Commission (FCC) on requests by AT&T for more of the consumers' hard earned dollars.

And, equally important, the RUCAG will act as a repository for consumer complaints—the same complaints that gather dust on the desk of an engineer in the Public Utilities Commission. Employees of the RUCAG can take these complaints to the Public Utilities Commission as a group and demand action.

Other staff time can and should be devoted to larger issues—the structure of utilities, their political activity, the need for legislative reform, and the investigation of new technology and alternative forms of energy production.

HOW TO FORM A RUCAG

The first step in every successful political battle is to develop your organization. You should contact all groups concerned with the rising costs of utility services, especially those with a constituency.

You also need to inform the public and explain what you hope to accomplish in your legislative efforts. For this you need a good media program. If you do not communicate what you are doing to the public, do not expect their support.

In most states the battles will be waged in the committee rooms and on the floors of the state legislatures. Therefore, be certain to have within your coalition respected people who have access to elected and appointed officials. When the legislation is introduced, you should solicit as many cosponsors as possible. Those sponsors should include the chairpersons and members of the legislative committee that will hold hearings and draft the legislation.

Also, develop a network that can let voters know the positions of their elected representatives. It will be difficult for politicians to openly oppose utility reform. It will not be so difficult for them to quietly oppose. Public exposure of their opposition to the RUCAG legislation can help persuade them not to dismiss your cause too lightly. Watch them carefully and they will be more responsive.

This is obviously a very rudimentary version of the battle. You will need to develop the strategy best suited to your state. The creation of a citizen lobby will help. If the legislators know that their actions on this issue will be remembered, you will more readily obtain their support.

CONCLUSION

Tomorrow contact your neighbors, consumer and environmental groups, and all civic associations concerned with utility reform and see if they are interested in establishing a RUCAG. Explain to them that this is the only realistic way to provide ongoing and independent citizen access and input into utility decision making. Have them contact their friends, other groups, church leaders. Arrange an organizational meeting and plan your action strategy. You just have to believe that the average citizen can win when he or she combines their efforts with other citizens.

It may initially seem an impossible task to take on as powerful and large an institution as a public utility. But a journey of a thousand miles, as President John Kennedy was fond of saying, begins with a single step.

QUO VADIS EDUCATUS?

HON. GENE TAYLOR

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. TAYLOR of Missouri. Mr. Speaker, Dr. William E. Everheart, president of Drury College which is located in Springfield, Mo., in the congressional district which I am pleased to represent recently addressed the Springfield Rotary Club.

Dr. Everheart's remarks about the free enterprise system, what it has done for this Nation, and the part that higher education must play in keeping free enterprise alive and well is certainly worthy food for thought.

I am delighted to share the statement by Dr. Everheart with my colleagues at this point in the RECORD:

QUO VADIS EDUCATUS?

One of the characteristics of our common life that disturbs me most is the rampant pessimism that plagues us, the general hopelessness that inevitably leads to helplessness. For example:

Speaking to Columbia University graduates, President William J. McGill observed, solemnly, "Our country is in the midst of a crisis of moral values . . . many writers now seem to assume that American society is rotten to the core."

At the same time, across the street, Margaret Mead, the articulate anthropologist, told Barnard seniors that we "need to redefine our moral values." Since we are "totally without leadership" where leaders are most expected, it is "more than ever true" that today we must look to the young for moral renewal, even though they have good reason to be unmoved by such appeals.

High school students, according to an annual poll conducted by Rep. Edwin B. Forsythe, of the Sixth (N.J.) Congressional District, express moods of "worry, uncertainty, disillusionment, and, at times, sarcasm." Almost without exception, students described the recent fuel shortage as "fake, fraud." As one high schooler put it, "There are too many politicians who are out just to make money off the people, instead of trying to help the public."

A survey sponsored by Potomac Associates, Inc., a non-profit, foundation-supported organization, reports that "there has been a pronounced tendency to turn inward," internationally and domestically, and that more Americans than ever think they and the country as a whole are "worse off today and with less hope for the future."

It follows in natural sequence that one of the most significant questions arising out of this kind of societal sickness is "quo vadis educatus?" In what direction or directions will higher education move in order to constructively contend with this and the other crises that confront and confound us?

Answers to this question are as numerous as college presidents. Today, at the request of the program committee, I share with you some of my thinking. What I have in my heart and on my mind is more philosophic than academic. I hope it will stimulate all of us to think and to act.

First, this is a day in which higher education must face up to the production issue. Is the service we are giving worth what it costs the taxpayers, the donors, the parents, and the students?

Recently, I am told, a Bridgeport, Connecticut, newspaper published this editorial:

"Mrs. Ilene Ianniello of Shelton is suing the University of Bridgeport for $350 claiming she learned nothing when she attended a class in the College of Education last spring entitled 'Methods and Materials in Secondary Education.' You can't consider this a case of sour grapes because Mrs. Ianniello got an 'A.' The case is now in the Second Circuit Court.

"This may give a lot of us some ideas. How about suing for the cost of an entire four years where you learn little more than how to chug-a-lug beer. Or how about seeking to recover that portion of your tax dollar that supported the junior high or high school class in which your child learned zilch.

"Mrs. Ianniello's suit represents a different kind of thinking which puts the onus on the institution and the teacher. And isn't that where it really belongs?"

Second, this is a day in which higher education must hang tough for our free enterprise system—a system which puts the blue chips on individual initiative, personal responsibility, the importance of private property, and the legitimacy of fair wages and a reasonable profit. True, it's not a system devoid of injustices and inequities, but it has provided a fuller life for more people at home and abroad than any other ever known to man.

On July 24, 1974, Senator Proxmire, senior Senator from Wisconsin, delivered an address entitled, "What Is Good About the Federal Government?" among other things, as reported in Nation's Business, September 1974, he said:

"There hasn't been a time since the Great Depression when there has been so much denunciation of the American economy. And there is plenty to denounce: Inflation is raging at a 12 per cent rate. Unemployment is too high. Interest rates are outrageous.

"'So what's good? The answer is plenty.'

"Over the past 17 years, the Senator went on to say, the average American family has gained by 40 per cent, despite inflation and taxes, in its purchasing power. The typical black family has done even better. In this period, the number of statistically poor families has dropped by a third. The economy has created 20 million new jobs, and 'recent surveys show a surprisingly high level of job satisfaction among American workers.' The median income of all U.S. families has passed $12,000, and some 20 per cent of our families have incomes of more than $25,000."

But it isn't enough just to defend. These are times which demand the offensive. In 1971, the National Chamber of Commerce asked the Honorable Lewis F. Powell, a distinguished attorney of Richmond, Virginia, and for many years chairman of the Virginia State Board of Education, to write a memorandum to provide the public a more balanced view of the country's economic system. He prepared the memorandum, and it was entitled: Attack On American Free Enterprise System. Among other things, he had this to say:

"A column recently carried by the *Wall Street Journal* was entitled: 'Memo to GM: Why Not Fight Back?' Although addressed to GM by name, the article was a warning to all American business. Columnist St. John said:

'General Motors, like American business in general, is "plainly in trouble" because intellectual bromides have been substituted for a sound intellectual exposition of its point of view.'

"Mr. St. John then commented on the tendency of business leaders to compromise with and appease critics. He drew a parallel to the mistaken tactics of many college administrators:

"College administrators learned too late that such appeasement serves to destroy free speech, academic freedom and genuine scholarship. One campus radical demand was conceded by university heads only to be followed by a fresh crop which soon escalated to what amounted to a demand for outright surrender.'

"One need not agree entirely with Mr. St. John's analysis but most observers of the American scene will agree that the essence of his message is sound. American business is 'plainly in trouble;' the response to the wide range of critics has been ineffective, and has included appeasement; the time has come—indeed, it is long overdue—for the wisdom, ingenuity and resources of American business to be marshalled against those who would destroy it."

Somewhere I read that Will and Ariel Durant, after spending forty years of preparing then re-editing their Story of Civilization, have published a 100-page synopsis called The Lessons of History. On the one hand they say:

"The experience of the past leaves little doubt that every economic system must sooner or later rely upon some form of the profit motive to stir individuals and groups to productivity. Substitutes like slavery, police supervision, or ideological enthusiasm prove too unproductive, too expensive or too transient."

On the other hand they warn:

"If our economy fails to distribute wealth as ably as it has created it, the road to dictatorship will be open to any man who can persuasively promise security to all; and a martial government, under whatever charming phrases, will engulf the democratic world."

Third, this is a day in which higher education must assume the leadership role in helping America out of her moral malaise which glories in debunked values and savors the scent of decay and death.

We joke a lot about values. One of my favorite stories is about a cattleman down in west Texas. He had made a sack of money in oil and cattle. He lived in a big house and enjoyed all the comforts of life. But of all his possession, he prized a solid gold Cadillac the most. It was a beauty—red upholstery, television, running water and all the rest. In fact, he let it be known that when he died he wanted to be buried in that Cadillac.

The poor fellow met an untimely death, and the arrangements were made. A big earth-moving machine was brought out from town, and the hole was dug. The hour for the service arrived, and the mortician drove the Cadillac to the place of burial. The corpse was seated beside him dressed in his best. The car was shiny to perfection. All the gadgets were operating. As the crane lowered the car into the grave, a man who had been hired to help dig the grave turned to a friend and said, "boy, that's really living, isn't it?"

But it isn't funny. In fact, it's dead serious. George Santayana, the renowned American philosopher once observed that "those who refuse to learn from history are doomed to repeat it."

Plato, philosophizing on the transition of the Greek state from glory to decline, observed: "They have filled the cities with harbors and dockyards and walls and tributes, instead of truth and righteousness and temperance.

Lewis Mumford puts it like this in his work the City in History: "From the standpoint of both politics and urbanism, Rome remains a significant lesson of what to avoid; its history presents a series of classic danger signals to warn one when life is moving in the wrong direction. Wherever crowds gather in suffocating numbers, wherever rents rise steeply and housing conditions deteriorate . . . ; where the precedents of Roman building almost automatically revive, as they have come back today—the arena, the tall tenement, the mass contests and exhibitions, the football matches, the international beauty contests, the striptease made ubiquitous by advertisement, the constant titillation of the senses by sex, liquor and violence—all is in true Roman style. So, too, the multiplication of bathrooms and the over-expenditure on broadly paved motor roads, and above all, the massive collective concentration on glib ephemeralities of all kinds, performed with supreme technical audacity. These are symptoms of the end: magnifications of demoralized power, minifications of life. When these signs multiply . . . the barbarian has already captured the city from within."

Alexander Solzhenitsyn in his Nobel lecture comes right to the point when he says:

"The spirit of Munich has by no means retreated into the past; it was not a brief episode. I even venture to say that the spirit of Munich is dominant in the twentieth century. The intimidated civilized world has found nothing to oppose the onslaught of a suddenly resurgent fang-baring barbarism, except concessions and smiles. The spirit of Munich is a disease of the will of prosperous people; it is the daily state of those who have given themselves over to a craving for prosperity in every way, to material well-being as the chief goal of life on Earth. Such people—and there are many of them in the world today—choose passivity and retreat. Anything if only the life to which they are accustomed might go on, anything so as not to have to cross over to rough terrain today, because tomorrow, see, everything will be all right. (But it never will! The reckoning for cowardice will only be more cruel. Courage and the power to overcome will be ours only when we dare to make sacrifices.)

Surely the bell tolls. It tolls for all of us who are responsible by influence and investment for the education of young and old alike, and we dare not fail to hear and heed.

Albert Einstein speaking of values—love, honor, integrity, dignity, unselfish service, decency, purity, honesty and all the other noble virtues of our Judeo-Christian heritage—declared:

"It is essential that the student acquire an understanding of and a lively feeling for values. He must acquire a vivid sense of the beautiful and the morally good. Otherwise he—with his specialized knowledge—more closely resembles a well-trained dog than a harmoniously developed person."

He is not one lone voice crying in the wilderness. Victor Frankl, Europe's leading psychiatrist and psychotherapist and a man who endured the horrors of Nazi concentration camps, has this to say:

"I am absolutely convinced that the gas chambers of Auschwitz, Treblinka, and Miadanek were ultimately prepared not in some ministry or other in Berlin, but rather at the desks and in the lecture halls of nihilistic scientists and philosophers."

"Quo vadis educatus?" In my opinion the only way education dare go is the way of quality education which results in quality life—life in which men and women are not only certified for employment but, more important, credentialized for responsible citizenship, the kind of citizenship which bears the approving stamp of God.

When Cyrus, King of Persia, captured Babylon in 585 B.C. he spoke at length of the importance of continuing alertness. He reminded his people that "to have been once brave men is not sufficient; it is harder to hold what you have gained than to gain it."

How desperately we need to hear and heed those words in 1975. Freedom is not free; the price is still eternal vigilance, and 'tis to such vigilance we are summoned today.

OBSERVANCE OF GREEK INDEPENDENCE DAY

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. FLORIO. Mr. Speaker, on this date 154 years ago, a band of Greek patriots, led by Prince Alexandros Ypsilantis, sparked by a fervent, unquenchable desire for freedom, and inspired by their love of Greek culture and history, initiated a series of uprisings in the Peloponnesos in defiance of 400 years of oppression at the mighty hand of the Ottoman Empire. That day, March 25, 1821, was a date unprecedented in the history of modern Greece. Against overwhelming odds, but with unrelentless pursuit, that initial group of patriots, the Philiki Etaireia "friendly band," had swelled its ranks to become a Greek Army. In the face of political factionalism and the inclusion of Egyptian mercenaries pressed into service by the Turks, this dedicated Greek force attempted to withstand the merciless onslaught which was thrust against them. With the assistance of their European friends, the Greek Army stood resolute in their passion for independence, and on September 14, 1829, the treaty of peace was signed at Adrianople. Three years later on May 11, 1832, Turkey recognized Greece as an independent nation.

Considering the 2,000 years of Greek history and the immeasurable contributions of the Greek people to the concept of democracy, the development of science, philosophy, literature, and the arts, March 25, 1821, Greek Independence Day, may appear to be but one of many immensely important dates in the history of Greece. However, this 154th anniversary of Greek independence, which we celebrate today, must be recognized as a culmination and rebirth of the Greek heritage which is the basis of so very much of Western civilization and indeed the entire free world.

Mr. Speaker, it is with great pride and honor that I join with our Greek-American friends and their Hellenic compatriots, whose ancestors on this day in 1821, sacrificed and struggled to perpetuate the principle of democracy, conceived in ancient Greece, and cherished by all freedom loving peoples. Allow me this opportunity to pay tribute to them for their unending devotion to Greece, and to the Greek people on their anniversary of independence.

SECOND NUCLEAR CARRIER COMPLETES FIRST SEA TRIALS

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. BOB WILSON. Mr. Speaker, it has been 14 years since our first nuclear powered aircraft carrier, the U.S.S. *Enterprise,* entered our Naval fleet. Now our second nuclear carrier, the U.S.S. *Nimitz,* has completed its first sea trials and, in the words of Adm. H. G. Rickover, marks "the renaissance of a modern nuclear powered surface Navy."

As you know, Congress last year mandated in the military procurement bill that all future major combatant ships are to be nuclear powered. Nevertheless, there are some critics who say that nuclear ships are too costly. Yet studies have consistently shown that, when all costs are considered, nuclear warships cost little more than conventional warships having the same weapon systems—and nuclear vessels are much superior militarily. This fact is brought home very clearly in a letter I have received from Admiral Rickover while he was aboard the *Nimitz* during her sea trials. I believe it is a letter that should be read by every Member of the House and include it to be printed in the appendix of the Record, and notwithstanding the additional cost that may be determined by the printer because of length of copy:

At Sea,
North Atlantic,
March 3, 1975.

Dear Congressman Wilson: We are returning from the first sea trials of the USS *Nimitz* (CVAN68), our second nuclear powered aircraft carrier and our seventh nuclear powered surface warship. The purpose of the trials was to demonstrate the performance of her new design two-reactor propulsion plant which produces about as much power as the eight reactor plants in the USS *Enterprise*. The *Nimitz* was built by the Newport News Shipbuilding and Dry Dock Company, Newport News, Virginia. Two more ships of this class, the *Dwight D. Eisenhower* (CVAN-69) and the *Carl Vinson* (CVN70) are also under construction at Newport News.

The *Nimitz* has a length of 1,092 feet, a flight deck width of over 250 feet, and a combat load displacement of nearly 95,000 tons, and can operate and provide sustained support for a naval air wing of about 100 aircraft. Her initial nuclear cores will provide her with enough fuel to carry out operations for the next 13 years, thus making her truly independent of propulsion fuel logistic support. These cores contain energy equivalent to over two million tons of coal or 11 million barrels of oil, enough oil to fill a train of tank cars stretching from Washington to Boston.

Our first nuclear powered aircraft carrier, the USS *Enterprise* (CVAN65), was delivered to the fleet in 1961. She operated three years before her first refueling, including a 30,000 mile cruise around the world without logistic support in 1964. On this cruise she was accompanied by the nuclear cruiser USS *Long Beach* (CGN9) and the nuclear frigate USS *Bainbridge* (DLGN25). Following her first refueling the *Enterprise* operated four years on her second set of reactor cores, including four deployments to Viet Nam before her second refueling and overhaul in 1970. To date the *Enterprise* has steamed more than 750,000 miles. Her present reactor cores are expected to provide fuel for 10 to 13 years.

We now have five nuclear-powered guided-missile ships in operation, the cruiser USS *Long Beach* (CGN9), and the frigates USS *Bainbridge* (DLGN25), USS *Truxtun* (DLGN35), USS *California* (DLGN36), and USS *South Carolina* (DLGN37). Three more nuclear-powered guided-missile frigates are under construction, the *Virginia* (DLGN38), the *Texas* (DLGN39), and the *Mississippi* (DLGN40). Congress has also appropriated funds to construct one more nuclear frigate of the *Virginia* Class. Advance procurement funds have also been appropriated for another ship of this class.

The *Nimitiz* marks the renaissance of a modern nuclear powered surface Navy: a Navy Fleet Admiral Chester W. Nimitz would have been proud to command. Admiral Nimitz took command of the Pacific Fleet on December 31, 1941, just 24 days after the attack on Pearl Harbor. Through his brilliant leadership and outstanding skill as a strategist, the forces under his command were able to defeat the Japanese off Midway, thereby reversing the course of the war in the Pacific. It was, as General Marshall said, "the closest squeak and the greatest victory." The long march back across the Pacific ended September 1, 1945, on the deck of the battleship *Missouri* in Tokyo Bay, when the Japanese surrender terms were signed. Fleet Admiral Nimitz signed for the United States.

Following World War II Admiral Nimitz relieved Admbiral Ernest J. King as Chief of Naval Operations, serving in that capacity until December 15, 1947. Ten days before he was relieved, Admiral Nimitz signed a letter I had prepared for his signature. This letter recommended to the Secretary of the Navy that "the Bureau of Ships and the Atomic Energy Commission work out a mutually agreeable method for prosecuting the design, development, and construction of a nuclear propulsion plant for a submarine." This was the first top level Navy support I had received, and it started the nuclear propulsion program in the Navy.

Nuclear power in surface warships gives them the ability to operate continuously at high speed; this affords them protection not available to non-nuclear ships. This could mean the difference between victory and defeat in battle. As the number of our advance bases decreases and the size of the Fleet continues to shrink, the need for ships independent of the logistic umbilical cord for oil will continue to increase.

Next to providing the major deterrent to all-out nuclear war, I believe that the most important mission of our Navy is to insure that our first line naval striking forces can carry out their mission against threats potential enemies are presently developing. A significant portion of our major surface warships must be nuclear powered or we may end up without a credible deterrent to aggressions which do not warrant escalation to a nuclear war.

For the foreseeable future the aircraft carrier will be the principal offensive striking arm of the Navy in a non-nuclear war. No other weapon system under development can replace the long-range, sustained, concentrated fire power of the carrier air wing. Nuclear submarines and nuclear surface ships with anti-air and anti-submarine capabilities are all needed to supplement and augment the capabilities of the nuclear carrier.

The U.S. Navy currently has 14 active aircraft carriers: the *Enterprise*, eight oil-fired *Forrestal* Class large deck carriers built in the 1950's and 1960's; three post World War II *Midway* Class carriers; and two World War II *Essex* Class carriers, the *Oriskany* and the *Hancock*. This is about half the 24 carriers the U.S. Navy had at the beginning of the Viet Nam war.

When the *Nimitz* becomes fully operational in the fleet she will replace one of the *Essex* Class carriers. When the *Eisenhower* and *Vinson* join the fleet the Navy will have only 12 carriers under 30 years of age. By 1981 when the *Carl Vinson* becomes fully operational in the fleet, the oldest large deck carrier, the USS *Forrestal*, will be 26 years old. All of the Navy's older carriers will then be well over 30 years old.

It will be necessary to start building replacements for the 8 *Forrestal* Class carriers soon just to sustain a 12 carrier force. With the declining number of overseas U.S. bases and the decreasing number of carriers, it is important that the new carriers we build be as capable as possible. The *Nimitz* and her sister ships are such carriers.

Our carriers are vulnerable to attack by Soviet sea-based cruise missiles—as are all surface ships. However, the first line of defense our surface ships have against such missiles and their launching platforms is carrier based aircraft. Without carriers and replenishment ships, and amphibious forces, would all be much more vulnerable. The nuclear carrier task force with its capability of unlimited operation at high speed is the most powerful, least vulnerable surface ship force in the history of naval warfare.

Some have objected to nuclear warships on the basis of higher *initial investment cost*. In this regard it should be borne in mind that the initial cost of conventional ships does not include the cost of oil. Recently, oil costs have risen dramatically. It costs more than $25 a barrel to buy, store, and deliver oil to Navy ships. At that rate, it would cost about $270 million to provide the amount of oil for a conventionally powered carrier equivalent to the nuclear fuel in the NIMITZ. That is almost three times the comparable cost of nuclear fuel for this type ship.

Nuclear ships are often compared in cost with cheaper conventional ships of much less military capability, the argument being that we should build more of the cheaper conventional ships rather than fewer of the nuclear ships. Yet study after study has shown that when *all costs* are considered nuclear warships cost little more than conventional warships having the same weapons systems—and the nuclear warships are far superior militarily.

Further, the cost of war itself *far exceeds* any cost needed to be prepared to *prevent* a war. The best warships we can build are those which are never used in combat because they have served to prevent war.

With the heavy military and non-military demands on its budget the United States must only spend where it is necessary and where the value received is clear. But the *real* value of having a Navy capable of countering the Soviet threat cannot be measured in dollars alone; our survival may also depend on it.

The Soviets recognize the importance of becoming the world's strongest sea power. We have now chosen not to challenge them with numbers of ships. For this reason it is essential that the ships we do build are the most powerful and effective weapons we know how to build. This means nuclear propulsion for major warships. The penalty for any other approach is the steady erosion of our conventional military forces, with the consequent reduction in our influence and in our "options" in world affairs. The alternative is to rely for our security on nuclear weapons; their use could mark the supreme failure of mankind.

Sincerely,

H. G. Rickover.

LEGISLATION TO CONTROL AND MONITOR FOREIGN INVESTMENT IN THE UNITED STATES

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. SOLARZ. Mr. Speaker, I am today introducing legislation entitled the "Foreign Investment Act of 1975" designed to control and regulate foreign investment in the American economy. The purpose of the act is not to discourage foreign investment in the United States. It is intended instead to rationalize and coordinate our foreign investment policy, and to limit foreign control and influence in sectors of our economy, which if owned by foreigners, would create a serious threat to our national security and economic well being.

My concern over foreign investment in this country is closely related to the changes that have taken place in the distribution of the world's wealth as a result of the increases in oil prices.

In 1974, this increase produced, for the OPEC nations, $110 billion in income—of which $60 billion is available for foreign investment. Current moderate estimates are that, by 1980, the OPEC nations will have a surplus of $400 to $450 billion which they can invest in the United States and in other advanced economies. This sum is enough to buy up all of the stocks of every company listed on the New York Stock Exchange. I do not cite this figure because I believe that an aquisition of this magnitude by the Arabs is even a remote possibility. I cite it because it dramatizes the fact that in the next few years there will be a period of unprecedented foreign investment in the United States.

According to the best estimates available, direct foreign investment in the United States, in 1973, amounted to only $17.7 billion, most of which came from Canada or England. That same year foreign holdings in U.S. securities amounted to only a little over $50 billion.

In comparison, there are estimates that the OPEC nations may invest close to $100 billion in this country within the next few years. This would mean a 200-percent increase in foreign holdings in the United States. Such a quantitative change obviously implies a qualitative change. Foreign investment would no longer be an insignificant part of our total economic picture. Instead, it would dominate sectors of our economy and play a large role in determining our economic future.

I believe that the impending increase in the size of foreign investments is sufficient reason to rethink our attitudes. But it is only a partial cause of my concern. I am also troubled by the fact that these potential investments will be coming from countries different than those that have invested here in the past. As late as 1972, over 90 percent of the direct foreign investments in the United States were controlled by citizens of Western Europe and Canada. These countries by and large share our values and foreign policies. Many of them look to the United States for their defense and thus have a large stake in the vitality of our economy.

In contrast, the new investments will be coming from countries which have interests that are often antithetical to our own. They have authoritarian regimes which have close control over foreign investments made by their citizens, and they also have clear differences with us on matters of foreign policy. Some of these nations have already conducted an oil embargo designed to punish us for our refusal to acquiesce to their political demands. It is entirely possible that they will try to achieve, through foreign investment, what they have failed to accomplish through economic sanctions.

If we do nothing, the OPEC nations will be able to buy up large shares of American industry before we have developed the institutions or the mechanisms to control and monitor these investments. Currently, the laws affecting foreign investment in the United States are a hodge podge of ineffective regulations poorly enforced by a variety of different agencies, whose primary concerns are with problems other than foreign investment. These pyrrhic efforts to restrict foreign investment are limited to the fields of Government-regulated communications, aviation, coastal and fresh water shipping, public land, mining of Federal lands, hydroelectric power, banking, and atomic energy. In addition, there are Defense Department security clearance regulations which impose certain practical restrictions on foreign investment in military manufacturers.

The regulations which apply to communications, aviation, and coastal and fresh water shipping, bar foreigners or foreign corporations from receiving certain necessary licenses. However, foreigners may own 20 to 25 percent of domestic corporations holding such licenses, even if such a percentage constitutes a controlling interest. The same general restrictions apply in the field of hydroelectric power. However, in this case there is no limitation upon the degree of foreign ownership or control of the domestic corporation holding the license.

The restrictions on the sale or leasing of Federal lands or mines are a lingering remnant of our homesteading days. These restrictions limit the sale or leasing of these properties to American citizens or to those who have declared their intention to become citizens.

In the banking field, foreigners are restricted by regulations that only permit banks incorporated within the United States to become members of the Federal Reserve System or the Federal Deposit Insurance Corporation. While any person or corporation establishing a subsidiary or acquiring 25 percent or more of a domestic bank must be approved by the Federal Reserve Board of Governors, there are no strict limitations on the percentage of a bank which may be foreign owned.

As for atomic energy, the Atomic Energy Commission is prohibited from issuing licenses for the operation of atomic energy utilization or production facilities to aliens or to foreign owned or controlled corporations. Once again, however, there are no general rules which define foreign ownership or control. And, recently, the AEC approved the transfer of a license for a utilization facility from Gulf Corp. to 50–50 percent Gulf-Royal Dutch Shell partnership.

In addition to these regulations, there is a requirement by the SEC that when 5 percent or more of a publicly traded security is being sold, the beneficial ownership of the acquirer must be disclosed. Outside of this regulation, which applies to foreigners as well as American citizens, we have no disclosure requirement of foreign ownership in almost all of American business.

Without getting into the merits of these different regulations and restrictions, I think it is clear that they do not reflect a well thought out policy on foreign investment. It is equally clear that they are not sufficiently comprehensive to deal with the problems posed by tens, if not hundreds, of billions of dollars of foreign investments from nations which are in some ways hostile to us. New legislation is needed to meet this challenge and that is why I am introducing the Foreign Investment Control Act of 1975.

The act would create a National Foreign Investment Control Commission composed of seven senior cabinet officers. The responsibility for coordinating and implementing programs regulating foreign investment would be centralized by the operations of the Commission. This in itself would be a vast improvement over the current situation in which different agencies have control over different parts of the problem.

One of the functions of the Commission would be to monitor all foreign investment by requiring foreigners to report their holdings in the United States and by requiring issuers of all voting securities to inform the Commission of the nationality of those who own such securities. In addition to requiring disclosure, the bill would also authorize the Commission to prohibit the purchase by any foreigner or foreign controlled entity of:

First. Any voting security in companies substantially involved in areas essential to our national and/or economic security;

Second. A controlling interest in any company which is substantially involved in areas important to our national and/or economic security; and

Third. A controlling interest in any company, if the Commission, after analyzing the effect of the purchase, believes that it would be inimical to our national and/or economic security.

The act would leave it, in large part, to the Commission to determine which industries belong in the three categories set up by the act. However, the act does mandate the categorization of a limited number of industries as "essential" or as "important."

In the "essential" category, from which all foreign investment is prohibited, it would place those industries which are critical to our national defense and which have access to secrets which we want to keep from foreigners. Nuclear energy companies and major defense contractors would clearly come under this proposed provision.

The reason for such a rigid restriction is the necessity for keeping decision-making in these companies immune from direct foreign pressure. Ownership of any voting securities opens up the posibility of such direct pressure. Competing factions within the corporate structure may attempt to get the support of the foreign stockholder by compromising our national interests. Even though such an occurrance may seem remote, I think we should guard against it. When it comes to industries in this area the bill would make sure that we have taken every precaution possible.

In the "important" category, the act would place those critical industries which have tremendous influence and power over our governmental and economic institutions. In this category, I would place banks, insurance companies, mutual funds, daily newspapers, weekly magazines, radio and television stations, and companies substantially involved in the exploration, development, refining and distribution of oil, natural gas, and other energy resources. Companies in this category could not be controlled by foreigners. However, foreigners could own voting securities up to a certain percentage of the total stock which would be determined by the Commission.

Banks, insurance companies, and mutual funds are included in this category because almost all businesses rely on these institutions for a large part of their capital. These institutions thus have the power to determine which businesses or sectors of the economy will be able to expand and prosper. We must guarantee that their priorities reflect our interests and not the interests or prejudicies of foreign investors.

Similar reasons make it necessary to put daily newspapers, weekly magazines and radio and television stations in this category as well. Since control of the mass media would give foreigners an unhealthy capacity to exercise inordinate influence on public opinion, I believe that it is essential to prohibit them from acquiring controlling interests of any institutions in this important sector of the economy.

I would also place in this "important" category energy corporations for reasons which should be obvious to all of us. The nations which will be doing most of the investing owe their wealth to the scarcity of energy supplies. These nations have a real stake in the continuation of our dependence on their energy supplies. We should make sure that they do not retard or divert our effort to be independent of them. To protect ourselves against this possibility we should bar them from controlling any of our domestic energy corporations.

Besides restrictions on investments in the "essential" or "important" categories, the act would give the Commission the power to bar the acquisition of a controllling interest in any company, if such an acquisition is inimical to our national or economic security. This provision gives the Commission hindsight powers by permitting it to bar potentially dangerous acquisitions in areas it has overlooked. This provision would also make it possible for the Commission to disallow acquisitions which are made for clearly nefarious purposes.

In proposing these measures, I am aware of the legislation introduced on the other side of the Hill by Senator Williams. While I believe the adoption of the Senators proposal would be a great step forward, I also believe the approach it takes has some fundamental weaknesses.

The major flaw in his proposal is that limitations on foreign investment, under the terms of his bill, would be a matter of Presidential discretion. Political pressures from the domestic businessmen, or the foreign nations involved, can prejudice Presidential judgements. The bill that I will be introducing would tend to make the decisionmaking process less susceptible to such pressures.

In conclusion, I would like to say that I am not opposed to foreign investment. I am fully aware of our need for the capital that such investment will bring. The bill I am proposing takes a balanced approach to the entire problem. It seeks to maximize the amount of foreign investment while trying to minimize the cost of such investment to our political independence and economic well-being. If the bill I am proposing were to become law, foreign investors who wish to share in our profits and economic bounty would have plenty of industries open to them.

Mr. Speaker, I insert the full text of the legislation to be printed in the Record:

H.R. 5491

A bill to establish a National Foreign Investment Control Commission to prohibit or restrict foreign persons from acquiring securities of certain domestic issuers of securities deemed vital to the economic security and national defense of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Investment Control Act of 1975".

Sec. 2. (a) The Congress finds that recent increases in the price of petroleum has stimulated investment by foreign persons in industries in the United States. If such investment is directed at our critical industries it may endanger the economic or national security of the United States. Therefore, it is the purpose of the Act to prevent the foreign takeover of companies in these industries by placing limitations and restrictions on certain investment by foreign persons.

(b) The Congress declares that the provisions of this Act shall not be construed to discourage efforts by the Department of Commerce to promote foreign investment in areas of the American economy which are not regulated by this Act.

Sec. 3. There is established a commission to be known as the National Foreign Investment Control Commission (hereinafter in this Act referred to as the "Commission").

Sec. 4. In accordance with sections 8 and 9, the Commission shall—

(1) prohibit any person (A) who is not a citizen of the United States, or (B) who is owned or controlled by a person who is not a citizen of the United States, from acquiring, directly or indirectly, right, title, or interest in any voting security of any issuer involved in interstate commerce if the Commission determines that such issuer is substantially involved in any area essential to the United States national security or economic security, such as, but not limited to, nuclear energy or major defense industries which have access to classified secret or top secret information; and

(2) prohibit any person included in clause (A) or (B) of paragraph (1) from acquiring, directly or indirectly, any right, title, or interest in any voting security of any issuer involved in interstate commerce if the Commission determines that such issuer is substantially involved in any area important to our national security or economic welfare. Included in this area shall be banks; insurance companies; mutual funds; daily newspapers; weekly magazines; television or radio; energy exploration; development; refinement or distribution or any other field determined by the Commission. The Commission may only prohibit an acquisition under this paragraph if it determines that after the acquisition by such person, all persons described in clauses (A) and (B) of paragraph (1) own more than 49 percent of all voting securities of such issuer (or more than a lower percentage of such securities of an issuer if the Commission determines that such lower percentage gives all persons described in such clauses effective management control of the issuer.)

(3) prohibit any person included in clause (A) or (B) of paragraph (1) from acquiring, directly or indirectly, any right, title, or interest in any voting security of any issuer involved in interstate commerce if the Commission determines that such acquisition is inimical to our national or economic welfare. The Commission may only prohibit an acquisition by such person described in clauses (A) and (B) of paragraph (1) if it determines that after the acquisition by such person, all persons own more than 49 percent of all voting securities of an issuer (or more than a lower percentage of such securities of an issuer if the Commission determines that such lower percentage gives all persons described in such clauses effective management control of the issuer).

For the purposes of this section, acquiring a voting security indirectly includes acquiring such security through a street name, nominee, or other third party. In carrying out its authority under this section, the Commission shall (to the extent possible) include public and private corporations which issue securities but which are not registered under section 12 of the Securities Exchange Act of 1934, partnerships and other persons.

Sec. 5. (a) The Commission shall be composed of seven members—

(1) the Secretary of State (or his delegate),

(2) the Secretary of Defense (or his delegate),

(3) the Secretary of Labor (or his delegate),

(4) the Secretary of Commerce (or his delegate),

(5) the Secretary of the Treasury (or his delegate),

(6) the Chairman of the Atomic Energy Commission (or his delegate), and

(7) the Chairman of the Council of Economic Advisers (or his delegate).

A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(b) Members of the Commission shall be full-time officers or employees of the United States and shall receive no additional pay on account of their services on the Commission.

(c) Four members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(d) The Chairman of the Commission shall be a member of the Commission and shall be elected by the members of the Commission. The term of office of the Chairman shall be two years, and he may be elected more than once.

(e) The Commission shall meet once every three months, or more frequently at the call of the Chairman or a majority of its members.

Sec. 6. (a) The Commission shall have a Director who shall be nominated by the Chairman of the Commission and approved by a majority of the Commission's members. The Director shall be paid at the rate of basic pay in effect for grade GS-1; of the General Schedule.

(b) Subject to such rules as may be adopted by the Commission, the Director may, subject to the approval of the Commission, appoint and fix the pay of such personnel as he deems necessary.

(c) The Director and staff of the Commission may be appointed without regard to the provisions of title 5 of the United States Code, governing appointments in the competitive service, and such staff may be paid without regard to the provisions of chapter 51 of subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) Subject to such rules as may be adopted by the Commission, the Director may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5 of the United States Code.

(e) Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist it in carrying out its duties under this Act.

Sec. 7. (a) For purposes of carrying out the provisions of this Act, the Commission may, by regulation, order, or otherwise, obtain such information from, require such reports and the keeping of such records by, make such inspections of the books, records and other writings, premises, or property of, and take the sworn testimony of, and administer oaths and affirmations to, such persons as may be necessary or appropriate, including foreign investors and agents of foreign investors.

(b) For purposes of carrying out this Act, the Commission may request from any department or agency of the United States, and that department or agency shall provide it, any information relating to foreign investment in the United States.

(c) For purposes of this Act the Commission shall request from the Securities and Exchange Commission that it be informed of any transfer of 5% or more of the beneficial ownership of any voting security registered pursuant to section 12 of the Securities Exchange Act of 1934.

(d) The Commission, or its duly authorized agent, shall have authority, for any purpose related to this Act, to hold hearings to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this section, the Commission may request the Attorney General to seek the aid of the United States district court for any district in which such person is found to compel that person, after notice, to appear and give testimony, or to appear and produce document before the agency.

(e) When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section.

Sec. 8. (a) Within one hundred and eighty days after the date of enactment of this Act, and at the end of each six-month period thereafter, the Commission shall determine and notify each issuer which is substantially involved in any area essential to the United States national security and economic welfare, as described in section 4(1), and each issuer which is substantially involved in any area important to the United States national security or economic security, as described in section 4(2). The Commission shall publish in the Federal Register the names of all issuers so determined under the preceding sentence. Each such issuer shall submit to the Commission (within sixty days after receiving notification from the Commission) the names and nationalities of all individuals not citizens of the United States, and the names of all persons other than individuals, who own voting securities of such issuer. The Commission shall determine which of such persons who are not individuals are owned or controlled by a person who is not a citizen of the United States.

(b) Within a period of sixty days after an issuer receives notification from the Commission under subsection (a), any person which has any right, title, or interest in any voting securities of any such issuer for an individual who is not a United States citizen shall submit to the Commission the name and nationality of each such individual, as the owner of such voting security. Within such sixty-day period, any person who has any right, title, or interest in any voting security of any such issuer for a person who is not an individual shall submit to the Commission the name of such person and the name of the issuer in which such person has such voting security. The Commission shall determine which of such persons are owned or controlled by a person who is not a citizen of the United States.

(c) The Commission shall order (1) each individual whose name was submitted under subsection (a) or (b), and (2) each person which the Commission under subsection (a) or (b) determines is owned or controlled by a person not a citizen of the United States, who owns any right, title, or interest in any voting security of any issuer substantially involved in any area essential to our national security or economic security, to sell (within a period of sixty days after such order) all such right, title, or interest in such securities to any citizen of the United States, or (with the Commission's prior approval) to any person not included in section 4(1)(B).

(d) The Commission shall order each individual and person included in clauses (1) and (2) of subsection (c), who owns any right, title, or interest in any voting security of any issuer substantially involved in any area important to our national security or economic security, to sell (within a period of sixty days after such order) to any citizen of the United States, or (with the Commission's prior approval) to any person not included in section 4(1)(B), the right, title, or interest in the following securities of such issuer: a number of securities whose right, title, or interest is owned by such individual or person which is such individual's or person's pro rata share of the amount of securities the Commission determines must be sold under this subsection so that persons included in section 4(1) (A) and (B) own not more than 49 percent of all right, title, or interest in any voting securities of such issuer (or not more than a lower percentage of such right, title, or interest in such securities if the Commission determines that any amount greater than such lower percentage for such issuer gives all persons described in section 4(1) (A) and (B) effective management control of such issuer).

(c) The Commission shall issue orders under subsections (c) and (d) within a period, with respect to any issuer, of ninety days after such issuer (and each person under subsection (b)) submits to the Commission the names and nationalities of individuals under subsection (a) and (b) and after the Commission makes each determination required by the last sentence of subsection (a) and (b). The seller of any security under subsection (c) or (d) shall transmit documents of the sale, and the name of the purchaser in each sale, to the Commission.

Sec. 9. (a) On the day that the Commission notifies each issuer under section 8(a), and thereafter at the end of each six-month period under section 8(a), the Commission shall transmit to the Securities Exchange Commission a list of issuers it includes in its determination under the first sentence of section 8(a), and shall publish each such list in the Federal Register. The Commission shall also transmit such list to the following three bodies: the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation. Each such body shall transmit such list to all the banks over which such body has jurisdiction pursuant to section 12(i) of the Securities Exchange Act of 1934. The Securities Exchange Commission shall transmit each such list to all brokers and dealers registered under section 15 or 15A of the Securities Exchange Act of 1934. Each such broker, dealer, and bank—

(1) shall not sell to any individual who is not a citizen of the United States any right, title, or interest in any security of an issuer on the list which is substantially involved in any area essential to our national security or economic welfare.

(2) shall contact the Commission for approval before it sells to any person who is not an individual (or to any individual acting as an agent for such a person) any right, title, or interest in any security of an issuer on the list which is substantially involved in any area essential to our national security or economic welfare; and

(3) shall inform the Commission immediately after it sells to any person any right, title, or interest in any security of an issuer on the list which is substantially involved in any area important to our national security or economic security.

The Commission shall only approve a sale under paragraph (2) if it determines that the purchaser is not owned or controlled by a person who is not a citizen of the United States.

(b) After each list of issuers under subsection (a) is published in the Federal Register—

(1) no person shall purchase, on behalf of any individual who is not a citizen of the United States, any right, title, or interest in any security of an issuer on the list which is substantially involved in any area essential to our national security or economic security;

(2) each person shall contact the Commission for approval before it purchases on behalf of any person who is not an individual (or on behalf of any individual acting as an agent for such a person) any right, title, or interest in any security of an issuer on the list which is substantially involved in any area essential to our national security or economic security; and

(3) each person shall inform the Commission immediately after it purchases on behalf of any person any right, title, or interest in any security of an issuer on the list which is substantially involved in any area important to our national security or economic security.

The Commission shall only approve a purchase under paragraph (2) of this subsection if it determines that the person on behalf of whom the purchase is made is not owned or controlled by a person who is not a citizen of the United States.

(c) The Commission shall monitor on a regular basis each issuer on the list which is substantially involved in any area important to our national security or economic security. When the Commission's percentage determination under section 4(2) is exceeded for any issuer, the Commission shall order all persons included in section 4(1) (A) and (B) to sell, pursuant to the following sentence, any right, title, or interest in any securities in such issuer that such persons purchased after such percentage determination is exceeded. Each such person shall sell any right, title, or interest in any securities under the preceding sentence (i) to a person not included in section 4(1), (A) or (B), and (ii) in an amount which the Commission determines is his pro rata share of all securities of such issuer which must be sold so that its percentage determination under section 4(2) is not exceeded for such issuer.

(d) After each list of issuers under subsection (a) is published in the Federal Register, until the requirements of this subsection are complied with the Securities Exchange Commission shall delay the effectiveness of the registration statement for any merger or proxy solicitation involving any issuer on such list, any sale of assets of any issuer on such list, or any other acquisition of any such issuer for which a registration statement must be filed with the Securities Exchange Commission. The Securities Exchange

Commission shall notify the Commission established under this Act of the person attempting to acquire such issuer. If the Commission determines (1) that the person attempting to acquire the issuer is owned or controlled by a person who is not a United States citizen, and (2) that the issuer sought to be acquired is substantially involved in an area essential to the United States national security or economic welfare, the Securities Exchange Commission shall not make effective the registration statement for such acquisition of the issuer. If the Commission determines (1) that the person attempting to acquire the issuer is owned or controlled by a person who is not a United States citizen, and (2) that the issuer sought to be acquired is substantially involved in an area important to the United States national security or economic welfare, the Securities Exchange Commission may only make effective the registration statement for any acquisition of the issuer if the Commission determines that the acquisition does not exceed the Commission's percentage determination under section 4(2) for that issuer.

(e) After each list of issuers under subsection (a) is published in the Federal Register, any person acquiring any issuer on such list—

(1) by tender offer to the shareholders of any such issuer, or

(2) by any other means of acquisition, including any means for which a registration statement does not have to be filed with the Securities Exchange Commission;

shall file a statement with the Securities Exchange Commission not later than ten days before it may so acquire such issuer. However, such person may only acquire such issuer if the Commission approves the acquisition pursuant to this subsection. The statement filed with the Securities Exchange Commission shall not be a public document. The Securities Exchange Commission shall transmit to the Commission established under this Act each statement filed with it pursuant to this subsection. If the Commission determines (1) that the person attempting to acquire the issuer is owned or controlled by a person who is not a United States citizen, and (2) that the issuer sought to be acquired is substantially involved in an area essential to the United States national security or economic welfare, the Commission shall not approve such acquisition of the issuer. If the Commission determines (1) that the person attempting to acquire the issuer is owned or controlled by a person who is not a United States citizen, and (2) that the issuer sought to be acquired is substantially involved in an area important to the United States national security or economic security, the Commission shall only approve such acquisition of the issuer if it determines that the acquisition does not exceed the Commission's percentage determination under section 4(2) for that issuer.

(f) In determining the list of issuers under the first sentence of section 8(a), the Commission shall coordinate its activities with any other Federal agency whose activities accomplish any of the purposes of this Act.

SEC. 10. (a) Whoever fails to comply with any requirement contained in section 8, 9, or 11 of this Act shall be fined not more than $5,000 for each such failure.

(b) Whenever an individual who is not a citizen of the United States or a person who is owned or controlled by a person who is not a citizen of the United States purchases (1) any voting security of an issuer on the list established by the Commission under the first sentence of section 8(a) in violation of this Act, shall (in addition to the fine imposed by subsection (a)) sell such security to a United States citizen or to a person owned or controlled by a United States citizen within ninety days after the imposition of such fine.

(c) Whoever willfully fails to comply with any requirements contained in section 8, 9, 10, or 11 of this Act shall be fined not more than $5,000 for each violation, or imprisoned not more than 5 years for each violation, or both, and shall forfeit any securities purchased by the willful violation.

SEC. 11. In addition to the information retained by the Commission concerning voting securities owned in issuers included under section 4(2) by individuals who are not United States citizens and by persons who are owned or controlled by persons who are not United States citizens, the Commission shall require (within ninety days after the date of enactment of this Act) that all such individuals and persons report to it concerning voting securities they hold in any corporation incorporated in any State, concerning any real estate they own in the United States, and concerning any other interest in any other United States person that they own or control. Each such person and individual, pursuant to procedures that the Commission adopts, shall report to the Commission immediately after it acquires any voting securities in any such corporation or acquires any other such interest. All such information acquired under this section shall be retained in a National Registry of Foreign Investment. Such information shall be confidential, and shall only be used for policymaking and statistical purposes by the Commission, except that the Commission may make the information available to any Federal or State agency for informational purposes only of such agency.

SEC. 12. For the purposes of this Act—

(1) the term "issuer" has the same meaning as such term is defined in section 3(a) (8) of the Securities Exchange Act of 1934; and

(2) the term "United States" means the various States, the District of Columbia, Guam, American Samoa, and the Virgin Islands.

(3) the term persons refers to individuals, partnerships, unincorporated associations, corporations, voting trusts, foreign governments or other business entities.

NIT CHAMPIONS

HON. MILLICENT FENWICK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mrs. FENWICK. Mr. Speaker, I would like to bring attention to the tremendous victory of the Princeton University basketball team in the National Invitation Basketball tournament on Saturday. Despite the lack of big men, and with a disciplined controlled game, the Tigers swept past such fine squads as Holy Cross, South Carolina, Oregon, and Providence.

With the volume of press other teams throughout the country have been receiving, it comes as a welcome change to see Princeton, as a representative of New Jersey, receive its fair share of the national spotlight. I congratulate Coach Pete Carril and his entire team on their championship.

MEN OF EXCEPTIONAL MERIT

HON. HAROLD T. JOHNSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. JOHNSON of California. Mr. Speaker, I would like to take a moment to express my appreciation and respect for two fine men from the community of Chico, Calif., in my district. These two, Sgt. Leonard Lambert of the Chico Police Department, and Dr. William Chiapella, an internist, have recently received well-deserved recognition for their contributions to others from community organizations in Chico. Sergeant Lambert was named Peace Officer of the Year by the Chico Exchange Club, and Dr. Chiapella was named Most World-Minded Citizen of the Year at a luncheon cosponsored by the Status of Women and the International Affairs section of the Chico Women's Club. I want to add my own commendations to those of these fine community organizations, for I believe that in these difficult times it is important to stop and take note of those who have worked to make life better for others. It is people of the caliber of these two who have made our country great, and we must not forget to show our appreciation to them.

Mr. Speaker, rather than continue on and describe the special contributions of these two men, I want to enter here an editorial which appeared in the Chico-Enterprise Record. Written by Bill Lee, the paper's executive editor, and entitled "Men of Exceptional Merit," the editorial provides an excellent summarization of the praiseworthy activities of Sergeant Lambert and Dr. Chiapella, and I am most pleased to present it for others to read:

MEN OF EXCEPTIONAL MERIT

The "good news" category in the Chico community this week was topped by honors accorded two public-spirited figures in recognition of outstanding contributions on behalf of the well-being of the people.

At a Tuesday luncheon session, Sgt. Leonard Lambert of the Chico Police Department was named Peace Officer of the Year, a feature of the Chico Exchange Club's annual law enforcement appreciation program.

At a Wednesday luncheon, the General Douglas MacArthur Scholarship Committee announced Dr. William Chiapella as winner of its Most World-Minded Citizen award for this year.

During his 30 years with the local police department, Sgt. Lambert has established a reputation as one of Northern California's most versatile law enforcement officers. Not much for fanfare or executive activity, Lambert always has shown a preference for patrol work and association with the citizenry in the tried and true "cop on the beat" tradition.

Yet Sgt. Lambert has kept abreast of modern techniques in police work and trends in judicial procedures through study courses and professional school opportunities.

For example, Sgt. Lambert holds a teaching credential in police science and earned an advanced certificate under the Peace Officers' Standards and Training (POST) program maintained by the state. He attended the Bahn-Fair Institute crime scene investigation school and for a time served as the Chico department's identification officer.

An additional measure of Sgt. Lambert's character can be found in the fact that the loss of a hand in a dynamite accident as a child has not deterred him, but rather has tended to prompt him to exert special effort to compensate and excel. Thus, he is more adroit than most men. And by becoming a judo expert, Sgt. Lambert is more than competent should the need for physical endeavor arise in the conduct of his duties.

Dr. Chiapella's credentials as a World-Minded Citizen are equally impressive. As a sort of forerunner of the "new breed" in the medical profession, Dr. Chiapella has for years manifested interest and concern in mankind beyond mere physical well-being.

For example, during his presidency of the Chico Rotary Club back in the 1960s Dr. Chiapella was exceedingly active in the promotion of better international relations. He also worked to enhance the circumstances of foreign students at Chico State University. He and Mrs. Chiapella hosted two foreign students in their home for several months.

This attitude prompted Dr. Chiapella to volunteer for service aboard the hospital ship SS Hope, several years ago. As a specialist in internal medicine, his service was welcomed aboard that relief vessel, then stationed in the harbor at Maceio, Brazil, south of the Equator.

During his tour aboard the HOPE, for which he received no compensation, Dr. Chiapella also worked ashore at the Brazilian city's two hospitals. Much of his extra effort was devoted to working with Brazilian medical school faculty and students, helping bring them up to date on modern developments in the field.

Under such circumstances, The Enterprise-Record wholeheartedly joins the Chico Exchange Club and the MacArthur Scholarship Committee, respectively, in paying tribute to Sgt. Leonard Lambert as Peace Officer of the Year and Dr. William Chiapella as the Most World-Minded Citizen.

A BILL TO END FRANKING ABUSES

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. GRADISON. Mr. Speaker, I am introducing a bill today which recognizes the obvious disadvantages a challenger faces in campaigning against an incumbent, and takes an initial step in reducing those inequalities.

This bill will lengthen the period of time during elections the use of the franking privilege for mass mailings is prohibited. The current law prohibits franked mass mailings from 28 days before a primary or general election until that particular election. This provision creates a loophole by which incumbents are allowed to conduct mass mailings from the primary right up to the cutoff date 28 days before the general election.

This loophole gives an unfair advantage to the incumbents by eliminating any costs for the mailing of material essentialy indistinguishable from campaign material. Americans for Democratic Action have estimated that taking everything into account, including salary, staff allowances, office space, the franking privilege, and travel expenses, the monetary advantage of incumbents over challengers is $376,346.

Common Cause, which has filed suit to stop the use of the frank for what it considers to be political purposes, noted that since the Post Office Department withdrew from policing the use of the frank in 1969, the volume of franked mail has increased dramatically from 200 million pieces in 1969 to 308.9 million in 1972, 326.3 million in 1973, and 353.9 million in 1974. The use of the frank in 1974 cost the taxpayers $35.7 million.

Common Cause has also cited figures which show that the use of the frank varies directly according to the proximity of an upcoming election. The volume of franked mail increases sharply during election years and trails off abruptly shortly after.

I believe that such political use of the free mailing privilege by elected representatives is a corruption of the original intention to expedite the official business of the Government. It is not my intention to limit the use of the frank for official purposes, indeed employing it to communicate with constituents is essential.

However, the effect of the law as it now exists is to severely impair the ability of a challenger to wage an effective campaign. Congressional Quarterly statistics indicate that incumbents have better than a 90-percent chance of being elected in midterm elections. With the new Federal limitations on campaign spending, challengers will face an even more difficult task.

My bill will provide the first step in righting the balance between challengers and incumbents by halting a serious misuse of Government funds for political purposes. The Campaign Reform Act passed by the 93d Congress made a significant beginning in correcting serious flaws in our election process. However, it was only a beginning and much substantial reform remains for Congress to put its own house in order. The Congress should adopt some substantive reforms in areas not addressed by the 1974 act which recognize the realities of incumbents' advantages.

I would urge my colleagues to follow through on their expressed commitment to campaign reform and the serious imbalance between incumbents and challengers. Whether or not this bill is adopted, however, I plan to adhere to its provisions and refrain from franked mass mailings during the specified period.

I insert a copy of this bill in the Record for your consideration:

H.R. 5432

A bill to amend title 39, United States Code, to prohibit certain franked mailings by Members of the Congress during certain periods before elections

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3210(a)(5)(D) of title 39, United States Code, is amended by striking out "less than 28 days" and all that follows through "public office" and inserting in lieu thereof the following: "(i) during the period beginning 28 days before any primary held with respect to any general or special election in which such Member or Member-elect is a candidate for public office, and ending on the date of such general or special election; and (ii) in the case of a runoff election in which such Member or Member-elect is such a candidate, or in the case of a general or special election in which such Member or Member-elect is such a candidate and with respect to which there is no primary election, during the 28-day period immediately before such runoff, general, or special election".

(b) Section 3210(a)(5)(D) of title 39, United States Code, is amended by redesignating clause (i) through clause (iii) as subclause (I) through subclause (III).

THE NATION'S DEFENSE AND THE NATION'S FUTURE

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. BOB WILSON. Mr. Speaker, one of our most distinguished patriots among business leaders, Mr. Frank Gard Jameson, wrote an article recently in the Armed Forces Journal entitled "The Nation's Defense . . . and The Nation's Future."

Mr. Jameson, a former president of the U.S. Navy League, currently chairman of the board of Freedoms Foundation, and an official of numerous large corporations, has a unique background that can help us in Congress see through some of the problems that we are facing in the decisions we make involving national security.

I include as a portion of my remarks in the appendix of the Record notwithstanding the additional cost that may be determined by the printer because of length of copy:

THE NATION'S DEFENSE . . . AND THE NATION'S FUTURE

(By Frank Gard Jameson)

Protestors gathered outside the gates of Palmdale the other week when the B-1 bomber was rolled out for the first time. "We want peace," they chanted: "Hospitals, not bombers". I felt great empathy for them. Most of them haven't had someone explain to them that the people who order, build and use these weapons want peace even more than the protestors do—because these soldiers, airmen and industrial people understand war and its horrors. But they know that without strength on our side, we most certainly will have war.

National defense is like insurance. The military-industrial team that builds and uses the weapons hope they never will be used in anger. We insure our homes; but hope when we get home that it hasn't burned down. We build weapons and hope we don't need to use them. An F-14 costs 7 cents apiece for every American, a B-1 costs 27 cents each, and a tank costs 5 or 6 cents: Pretty cheap insurance to live in a free country.

Dewey Short of Missouri was Chairman of the Committee on Armed Services when he said: "There is no pancake so thin that it doesn't have two sides." Chairman Mendel Rivers was once asked why he walked down both sides of the street on a certain issue, and he said: "That's all there are". There are many sincere sides to each problem area and thus, very different views on how to spend the hard earned tax dollars which we give our government.

Well meaning people today say, "Build our cities up and take it from defense!" They forget the lessons of history—22 nations before us were the undisputed leaders of the world, from the Egyptians to the Assyrians, the Greeks, Romans, Spanish, English and others. But where are they now? As Mel Laird said: "Détente without defense is delusion!" The big question is "How much defense is enough?"

All grammar and high schools have a bully or two. If a nice kid learns karate to defend himself and the others from unfairness, the bully usually stops picking on the other kids, but that doesn't mean the new protector turns into a bully. Unfortunately, big weapon systems must be built *before* you need them, because they take years to develop. It's like having a rain coat or umbrella on a clear day: it is better to have one than need one.

If, however, we let ourselves become like the other 22 nations who lost the leadership they held, either through internal or external weakness, then we are fools. It is not a question of whether we as a nation *want* freedom; it is a question of whether we as a nation *deserve* freedom! Many people we know would be willing, if asked, to die for their country—but how many people are willing to *live* for it?

What would the people of our nation do, what would *you* do, right now—if the civil defense sirens started to wail? There has been no training or plan for our citizens. Mass confusion and terror would occur during the 20 minutes before the nuclear bombs started to fall. In Russia, they have trained their citizens and put out millions of pamphlets and held drills on how to evacuate their cities, where to go and what to do.

I would hate to be in the position of our President if he received a call from Moscow on the hot line saying, "Our Russian citizens are all moving out of our cities in an orderly fashion and our weapons are about to be launched unless you surrender. If you don't surrender, 60 to 80 million of your people will die in thirty minutes. If you retaliate, you will only ruin our cities and kill a few million of our people."

At universities I am often questioned about military waste or the need for defense. But when I show Russian-made films of the tremendous strength of the Russian army, navy and air force—films that are often shown on European or Japanese television—most students are appalled and say, "Why didn't *we* know this?"

Gold is costing more and more every day. For Russians gold is free! They just take people from Eastern Europe as slaves, put them in mining camps and work them from dawn till dusk on the poorest of rations and if they die, they bury them in common graves and get more. The Russians can trade this *free* gold for our wheat, computer technology or whatever else they want.

Russia's military payroll and troop cost is 25% of its defense budget; for the Israelis, it's 18%; for the Turks and Greeks, 25%; ours is about 62%. If we have equal military budgets then, they get 3 to 4 more times as much hardware as we do.

One reason we're so hard pressed to buy modern weapons is the high cost of overhead. Military and Congressional leaders often point with horror at cost over-runs and accuse business of having too high an overhead. They're right. But in my opinion, much of that overhead is caused by over-supervision from and the tremendous overhead in our government. Contractors have to match government customers or investigators man for man or more. A plan visit by a colonel or GS-15 or higher usually entails four contractor man days for every day the visitor is there. Preparations have to be made for his arrival, time taken out from other duties during the visit, reports made to him after he leaves, and corporate officials briefed on what went on.

We all have seen instances where, when business fell off, the quality control department was not reduced in proportion to manufacturing and quality control inspectors started finding all kinds of new work. I am doing some remodeling on my house, in a year when building starts are off—and I have never seen so many state and county and local inspectors swarm over a home whenever they see a contractor's truck outside the house.

Unfortunately, it happens in the defense business too. It seems that the more business is cut back, the more things someone finds to inspect or audit at a contractor's plant, and the more often contractors have to visit their vendors. And about all that most of these visits accomplish is to pyramid the cost of the hardware we find less and less money to buy.

Some years ago, when Dupont was ordered to get rid of its General Motors stock and it seemed to me that they might have a lot of surplus cash, I proposed that they go into the missile business—without any government contracts. If they made missiles and offered to test them against government-procured missiles and just put a reasonable price tag on them, I was sure the cost would be less and the performance would be better. No government auditors, no inspectors, just off-the-shelf stock numbers. Scientists and engineers throughout the country would love to work in such an atmosphere. It didn't sell, but I think the concept is good.

The same people in Washington who scream about inflation-caused cost overruns don't talk about a Washington metropolitan subway system that is 400 percent overrun and 2 years late, for the same funds could provide a bus system for every city in the country! The Rayburn House Office Building for Congress went over its budget by 350%. I respected Admiral Ike Kidd's remarks when he was asked in a Senate hearing, "Why did you give that shipyard 250 million dollars more when they are in default on their contract?" And he answered, "Because, Senator, we need the ships!" There were no more questions on the subject.

I can remember the days of General K.B. Wolfe when he would talk to an airplane company and say, "O.K. build it; a contract will be sent to you. If it isn't a great airplane and on budget, you don't get any more business". Air Force Under-Secretaries McMillan, Al Flax and John McLucas with their "Big Safari" concepts really cut overhead, red tape, *and costs*. Kelly Johnson's "skunk works" at Lockheeed turned out the SR-71 fast and for minimum cost. Maybe it is wishful thinking to expect those things to happen again, but we should give more thought to what made the old systems work.

General Wolfe's system was good and so was Big Safari. These few men were their own system project offices. Today, however, we have some SPO's almost as big as the engineering departments of the contractor whose vehicle the SPO is supervising.

Sure we have problems. Overhead is just one of them. But it's one we can do something about—if we face up to it.

We can lick our other problems too, ones that affect the future of our way of life as much as high overhead affects the future strength of our defense forces.

I, for one, am encouraged by the fresh outlook for the future of our country—if all of us are willing to practice some self-discipline, hard work, and individually get behind President Ford and each do our share. Red Skelton said, "If you walk down the street and buy everything that doesn't particularly displease you, you will certainly go bankrupt". If people take an oversupply of money and bid for an undersupply of goods, we surely will continue inflation. But if each of us only buys what we need, we *can* control the inflation without recession. Consider the affluence of America compared to the rest of the world. It wouldn't do us any harm to "make do" with the possessions we have. When most of us are a few pounds overweight while much of the world is underweight, we could each eat a few less calories a day.

A slight 1 to 2% change in food supply can cause prices of food to go up or down by 20 to 50%. The women of America have shown by meat and milk boycotts what they can do. I don't agree with boycotts, but I do agree with restraints.

The most serious problem of today in America is the imbalance of foreign trade due to the prices of the 6% of our national oil needs we import. If we continue to use oil and gasoline without care, we will put an increasing number of billions of dollars in the foreign oil producers' hands: 10 billion this year, 20 billion next year and perhaps 60 billion per year in 1980. Americans are using twice as much oil this year as we did ten years ago and we will use twice as much ten years from now as we are today. This means we will use four times as much ten years from now as we did ten years ago.

If we continue on this course, we will devour ourselves by our selfishness. We will give them our money and because we have priced our goods out of the world market, they will buy our land, our buildings and our corporations. The pattern is very clear—because that is exactly what we Americans did in Europe and the rest of the world when our productivity and hard work in the twenties and thirties gave us a favorable balance of trade. President Ford has announced that we should be independent of foreign oil by 1976. If we work hard and do this by spending our money here in America to get energy from the sun, the winds, the tides, nuclear sources, coal, thermal energy, shale, and new petroleum discoveries, we can succeed. Petroleum for fuel should be used only for motive power, such as automobiles and aircraft which need tanks. All the rest of the fuel for power and electricity can come from other sources.

Perhaps an even more basic problem in America is the lack of a national will to win and succeed through hard work. Instead of "pass the meat and potatoes", if we thought of the pioneer days when people sat down for their meal and said "Thank you, God, for providing this food for our use", we might better learn to appreciate our blessings!

There is an old story that says you can't kill a frog by dropping him into boiling water. He reacts so quickly to the sudden heat that he jumps out before he is hurt. But if you put him into cold water and warm it up, gradually, he'll never decide to jump until it's too late. By then he is cooked! Men are just as foolish. Take away their freedom overnight and you have got a violent revolution, but steal it from them gradually, and you can paralyze an entire generation.

People today are frustrated. I sometimes feel that the culprits are not Breshnev, Lenin, Stalin and Khrushchev, but Marconi, Edison, Alexander Graham Bell and those who gave us instant communication and television. When General Custer and his troops were massacred at the Little Big Horn, it took a month for the news to get to Washington.

Who can get all worked up about month old news?

Internationally, we have the same problems with instant communication. Our citizens see an injustice on TV that may occur in the Middle East. Without access to the facts that our President has on the problem, people demand instant action: they may riot, pull down flags, burn buildings and turn over cabs.

Rioting used to be a very serious offense and people who burned down a federal building wouldn't be free very long to burn another one. But now rioters who cause severe damage are released so quickly that there isn't much deterrence from doing it again. A baby that can have its way breaking things and spilling food without punishment grows up to be a spoiled child—when finally someone tries to administer authority, he turns into a frustrated adult.

Our society is so interdependent today that this combination of frustration and instant communications could be a problem. A sewer or water strike or one by electrical workers, truckers, policemen, firemen, market employees, farmers or teachers—any *one* of them could shut down our day-to-day way of life as we know it.

People who have had the good life and seen it evaporate are the most subject to violent frustration. If high interest rates cause a lack of building construction, those carpenters out of work who had just achieved the "good life" will be a lot madder than others who have had nothing. It is easy for the enemy to train people to prey on the sincere emotions of these frustrated people to achieve the overthrow of our government or destruction of it without war. The Lenin school of psychological warfare is just for that purpose.

Whereas I am not one to see a Communist under every rock, I do know that Communists are smart, well trained, and they believe that any means justifies the end they desire—world domination!

If just one or two can work from within our Defense or State Department, Congress or elsewhere, they can staff papers to accomplish their end. If a military program looks like it will be dangerous to them, because it is so good for us, they know how to make it look bad in reports or studies that play on a sincere Congress which is desperately trying to balance the budget and convince someone that "It is just too expensive!"

Is the outlook for the country bleak? I say "No"! We have never had such opportunities. It was not too cheery when General George Washington knelt in the snow at Valley Forge surrounded by the enemy, when one-third of his men were sick with the flu and another third had deserted him. He said, "Put only Americans on duty tonight"!

When they rang the Liberty Bell, it was not a signal to take to the hills—it was a signal for Americans to stand together.

The several great depressions we have had were awful. WWI and WWII weren't any picnics. Viet Nam tore our country apart. So these times today are great compared to those days!

President Ford has said, "A government strong enough to give us everything we want, is strong enough to take everything we have"! President Kennedy said "Ask not what your country can do for you, but what you can do for your country"! We seem to follow England by about four years in its race toward socialism. Let's hope we quit following their cradle to the grave philosophy.

Unfortunately all men are not born equal—some are deformed, some good looking, some ugly. But thank God, we are approaching a time—as no nation has in history—when all Americans can enjoy equal opportunity!

We have twenty or thirty times as many automobiles, telephones, roads, markets, television sets, clothes and other luxurious necessities as anyone else in the world! It is up to you who have worn the uniform, who have served your nation, and who understand the problem—to speak up throughout the country and remind Americans that the way of life we have built and defended for 200 years is even more worth making a sacrifice for today than ever before. As the Bicentennial approaches, we need to look at our country—its problems *and* its opportunities—and ask what each of us can do to help the old girl we all owe so much to.

RIGHTS OF PROPERTY OWNERS

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. SYMMS. Mr. Speaker, I commend for my colleagues a most intelligent piece of testimony which was given this morning at the Interior Subcommittee on Energy and Environment:

HOUSE INTERIOR AND INSULAR AFFAIRS COMMITTEE—STATEMENT OF BERNARD H. SIEGAN

I am Bernard H. Siegan, Professor of Law at the University of San Diego Law School. I teach courses in Land Use and Law and Economics. I also write a weekly newspaper column, presently appearing in 23 papers across the country. By profession I am a lawyer, licensed to practice in Illinois, which I did for 23 years prior to my move to California in June, 1973. I now live in La Jolla, California, at 6005 Camino de la Costa.

I oppose House Bill #3510. In my statement, I shall discuss four aspects of the subject matter of this bill: property rights, areas of critical state concern, effect on housing, and planning.

I

Section 509(a) provides that nothing in the Act shall be construed to "enhance or diminish the rights of owners of property as provided by the Constitution of the U.S. and the constitution and laws of the states in which the property is located."

For Howard Hughes, that may be comforting. But for the small landowner, it is close to meaningless. No matter how wicked and confiscatory a regulation is, a bolt from heaven will not strike it dead. It can only be declared unconstitutional by a court of law, and this means that an owner must be in a position to use costly and lengthy court processes to sue for such a ruling.

The situation faced by affluent owners will be entirely different from that of the less affluent. Consider, for example, the case of wealthy and not wealthy land owners, each confronted with a proposed harsh and probably unconstitutional regulation of their land.

From the moment the regulation is even contemplated (just a glimmer in a planner's eye), those financially able will begin employing lawyers and experts to protect their interests. They will be in a far better position to defeat or modify the proposal than those who cannot afford representation and have to represent themselves (if at all); especially where the regulators are located in the state capitol many miles away.

If the regulation is adopted, the cleavage between rich and average owners will become even greater. Before owners could obtain court rulings declaring a law unconstitutional, the following must exist or occur:

1. They must have sufficient funds to hire a lawyer to file a lawsuit against the state.

2. They must be prepared to litigate the case in the state's highest court for if the state loses in the lower court it would probably appeal. The proceedings may drag on for two to three years, and they will have to spend many thousands of dollars. During this time, the owner will have to continue paying taxes and possibly interest on a mortgage on the land, the amount of which these days, may be in excess of 20%.

3. They must be willing to risk changing market conditions which may make their hoped for use unfeasible. Recent events provide an example. Construction that was profitable in 1971 to 1973 was frequently no longer so in 1974 and 1975. There is also risk in possibly incurring the wrath of authorities who may not look kindly in the future on those who sue them.

4. The higher court judges will have to find the law unconstitutional and unless all commercial use of the property has been prevented, there can be little certainty as to how they will decide. It is also possible that the court may find some technical error that will cause it to dismiss the case or send it back for retrial.

Under these circumstances, even the biggest owners, builders or developers might not consider the filing of such a lawsuit a reasonable business risk. The problem is infinitely greater for those of less means. They may have to settle for a give-away sales price, await future appreciation or just pray that some day the meek will inherit the earth.

But, it might be said, aren't there organizations prepared to help the ordinary citizen, perhaps the civil liberties groups? Hardly. For property rights would be involved and these groups seem to have read the provision safeguarding them out of the Bill of Rights. Nor, of course, would the public defender be authorized to intercede even though an owner can lose as much in money because of government land use restrictions as he or she could from being fined for committing a major crime.

The big owners and developers have the capability and will frequently defeat regulations. While the state authorities may find it difficult to overcome them, they will easily succeed against those who cannot fight back. In other words, the law in practice will do exactly the reverse of what is written and intended: It will enhance property rights for some (rich owners) and diminish those of others (average owners).

II

One hears quite frequently that there must be a new attitude toward land use, that we can no longer live with the policies of the past. These words usually preface an argument favoring strong national or state land use regulation. Controls at these higher levels, it is claimed, will prevent waste and misuse of land and end urban sprawl. "It will preserve the land for generations yet unborn."

I submit that there is little substance to merit the flowery prose. The proposed controls will accomplish more of what proponents say they want to prevent. Instead of conserving a precious resource, more of it will be misused and wasted.

This point can perhaps best be explained by considering the general objectives of the legislation. The bill seeks to carefully screen or prevent development in areas considered "environmentally sensitive" or, as it is phrased by the legislative draftsmen of H.R. 3510 "areas of critical state concern."

Areas of critical state concern are defined and described in Sections 103(a) and 302.

A reading of the general language used suggests that an enormous amount of real estate is involved, possibly substantial portions of western states. Consider just the term of Section 302(a)(1)(A):

SEC. 302(a) The State program shall include—

(1) A process to inventory the land and water resources within the State, including—

(A) natural or historic lands with significant scientific, educational, recreational, or esthetic values, such as significant shorelands of rivers, lakes and streams, rare or valuable ecosystems and geological formations, significant wildlife habitats and fragile areas. . . .

However, regardless of this language or intent of its sponsors, it is not likely that all development will or can be prohibited within these areas. What will happen in all probability is much more of what is already occurring under local zoning. There would be less development and the prices for real estate would increase. However, relatively few of the critical areas would be preserved in their natural setting.

There are two reasons for this. The more important one concerns the "taking" provisions of federal and state constitutions that private property shall not be taken for public use without just compensation. The second reason is that the regulatory process tends to solve controversies through some compromise formula, and this approach would be reinforced in this situation by the provisions of taking clauses. The regulators probably would seek to resolve most problems by requiring a less intensive land use. For example, instead of preventing construction of an apartment building containing 100 units on a site adjoining the ocean, the development would be allowed, but the number of apartments reduced to say, 65 to 85, with possibly an easement to the water and additional landscaping required. A slim five story building might be transformed to a squat three story one. A proposed house might have to be set back further from the ocean, and reduced in size.

The foregoing examples describe the course generally being followed in California under its Coastal Zone Conservation Act which is intended to control development for environmental purposes within 1000 yards of the coastline. The experience under that law suggests how others of similar intent will fare. Although many changes have been required and there is increased cost, considerable delay and red tape, only a fraction of requests for development have been denied.

During 1973, 6,236 permit applications were received by the six regional commissions in the state administering the act. Of this total 5,191 were granted and 146 denied; the remainder were being processed as of the beginning of 1974.

Professor M. Bruce Johnson reports in *Reason* magazine for July, 1974, that in its first fourteen months of operation, the commission he served on approved 95% of the applications received for single family dwellings, but granted only 60% of the single family units requested on these applications. While 77% of the multi-family units received approval, only 51% of the units applied for were allowed.

Results should be similar in most areas of critical environmental concern. Development would take place, but with less intensity of use and while there would be more open space, it would be privately owned and not normally accessible to the public. Even if direct access to a body of water is required, it is doubtful that many nonresidents would avail themselves of the opportunity. It is even questionable that better views would be provided, since the buildings might also have to be aesthetically compromised. Some developers might try to beat the game by asking for more than they really wanted—and that would mean that the entire process has accomplished nothing more than waste the public's time and money.

These restrictions would lead to increased use of land in other places to provide for the demand for housing or industry that remain unsatisfied. There would have to be other confrontations with environmental objectives since nature, wildlife, scenic or unusual terrain, trees, lagoons might also exist in these other areas. Supply in and around the critical environmental areas would suffer, reducing competition and pushing prices upward. Similar situations might prevail throughout the general area because supply might never catch up. The consequences would be uneconomical and wasteful utilization of land.

The results will be particularly harmful to the less well-to-do, since they are least able to cope with higher prices. Kenneth Godwin and Bruce Shepard are political scientists who have studied the policies of those states that have adopted land use regulation: Hawaii, Vermont, Florida and Oregon. In a recent monogram published by Oregon State University titled *State Land Use Policies: Winners and Losers,* they also foresee dire prospects for the less fortunate members of society:

"The regulatory stalemate which produced the laundry list of goals rather than an integrated set of priorities not only indicates that the accomplishments of state land use planning will be relatively modest, but may also produce a situation in which the position of the lower and lower middle classes will be further weakened as regulatory politics increasingly take on the characteristics of distributive policies. In particular, the availability of adequate housing for these persons may be severely reduced. Unless measures are taken to reduce this trend, the "progressive" state land use policies will further reduce the level of social justice in the society."

III

The construction industry is one of the most sick and ailing in the country today. This is, therefore, about the worst time imaginable to impose a new set of regulations on it, and that it what H.R. 3510 will accomplish. Already the industry may be among the most regulated. Hardly a nail goes in without numerous governmental approvals.

The bill will cause a large number of rules to be superimposed on a large number of existing rules, and the very least that will result will be confusion and uncertainty for owners and land developers. Every government level will then have a piece of the zoning pie. Land use will be regulated from Washington, the state capitol and the locality. It may be necessary to hire counsel and experts in all three places to determine what the new rules are. This will cause many small builders who cannot cope with such expenses to drop out.

The legislation would operate to impede construction as follows:

1. The bill attempts to restrict development in "areas of critical state concern." Only broad definitions of this phrase are contained and much land may be frozen and unavailable for construction until the term is finally defined, either by the state or the courts. It is possible that a locality may seek to prevent local land from being removed from its jurisdiction by seeking redress in the courts. The legal proceedings would be lengthy and the property unavailable for use during their pendency.

2. The bill does seek to overcome local exclusionary zoning practices by giving the state authority over a "development of regional impact." I doubt if this will do much for housing since the bill has an environmental orientation giving priority to limiting rather than increasing development. At the federal level, authority is vested in the Interior Department whose concerns are more pro-conservationist than pro-development. Moreover, most state legislatures are suburban-rural dominated. Legislators from these areas frequently represent the same point of view as of the local politicians who adopt zoning ordinances. It's hard to believe that they will force much development against the wishes of their constituents. Thus, the New York state legislature, as a result of pressure from town and village governments in 1973 stripped the Urban Development Corporation of its powers to override local land use regulations.

Moreover, if the state does give its approval to a large scale development, the developer may still face much delay. The locality may sue to stop it and this would prevent construction during the pendency of the legal proceedings.

IV

Implicit in the push for national land use legislation is the notion that new or better urban planning can solve major existing problems of land use. I submit that this premise is wrong. Public planning of land use is erratic, chaotic and largely irrational. It will produce many more problems than it solves. This is clearly the lesson of the fifty years of zoning experience in this country. Zoning like any other regulation of land is supposed to be a tool of planning, and it, therefore, has much to tell us about the operation of the planning process.

There is obviously much appeal in the notion that we must have more and better planning. After all, goes the refrain, if we had only planned our cities better, there would be less congestion, no slums, more beautiful buildings, etc., etc. It seems that at almost every dinner party I attend, some guest will describe in exhausting details some local horror that could have been avoided by: (1) better, (2) stricter, (3) sounder, (4) some, or even (5) any planning. On investigation, it frequently develops that the local planning department had approved that particular horror. The argument continues: do not individuals and corporations carefully plan their activities and outlays? Why then should government not be allowed or required to engage in this selfsame activity?

The simple, yet highly profound answer, is that public land use planning is doomed to failure in a representative society.

Public land use planning means or implies an orderly, rational arrangement of or for the use of land for the present or the future, directed or controlled by detached experts in planning.

Although this definition raises many questions, it represents I believe, what most people think they are saying when they speak or write of planning. The assumption seems to be that there is something precise, measurable or quantitative about planning, or its standards; in other words that it is, or is comparable to, a science.

This assumption is exceedingly difficult to substantiate and few of even its most ardent proponents make the effort. Is there some precise measurement available to determine the "best" use of some or all of the land, of growth and anti-growth proposals, of whether the land is better suited for trees, lagoons or the housing of people? Should the land be developed with two, eight or twelve housing units to the acre, or perhaps it is better suited for a mobile home park or shopping center or should be retained as open space? By now, after fifty years of zoning experience in this country, it should be clear that there are respectable, distinguished and knowledgeable planners who would disagree in many if not most instances to any or all of these alternatives. Planning is unquestionably highly subjective, lacking those standards and measurements that are requisites of a scientific discipline.

To settle any doubts on this score, simply read the record in most zoning cases. Typically, one finds testimony from two planners, one supporting the plaintiff (landowner), and the other favoring the defendant (city). At the trial level, many zoning cases have become verbal duels between planners, each promoting a substantially different position.

Accordingly, what goes under the name of planning is an opinion by someone who has studied and is learned in the creation, growth and development of cities. The country's zoning experience raises serious doubts that such training and knowledge provides any special insights, either in evaluating the present or predicting the future.

Planners confront serious problems in fulfilling their responsibilities. Theory and education alone cannot substitute for the actual experience of making practical decisions and suffering their consequences. Few planners have ever been part of the construction or development industry, nor responsible for actual decisions in the development of residential, commercial or industrial projects. Even if they once had been, their information about prices, materials, innovations and trends, consumer desires and preferences must necessarily now come from secondary or more remote sources, not directly from the "firing line." How then can planners possibly be as familiar with the development, construction and operation of shopping centers, housing developments, nursing homes or mobile parks as those who develop, own and operate them? Owners and their mortgage lenders risk substantial funds on their success. Yet planners are expected to regulate all of them, which is akin to asking the blind to lead those who can see. Unfortunately, for the community, in lieu of hard information, they will tend to rely on their own experience and background, and this inevitably creates hardships and problems for those of different perspectives, tastes and attitudes.

But, regardless of their knowledge, training and abilities, the fact is that planners are not destined to make a significant impact on the regulation of land use. The decisions and controls will be adopted by politicians or those appointed by politicians. They can be expected to and will respond to a variety of pressures and concerns, a principal one being the interests of those who place them and keep them in office. Politics, rather than planning, will be largely involved. In short, zoning and other land use regulations is and has to be, a tool more of politics than of planning.

Consider these limitations on the power of the planner. First, he is a paid employee and cannot be expected to espouse with any degree of consistency policies contrary to those of his employers. The basic rules are established by those elected to govern or appointed to administer. Confrontations are probably rare because a planner is not likely to be hired or seek employment if his basic orientation appears to differ substantially from that of his prospective employers. Planners committed to growth could find life quite uncomfortable in the "no growth" communities. And, of course, the reverse is equally true. Disagreements will occur and be tolerated—within limitations.

Secondly, even if a proposed plan appears in accord with the general desires of the lawmakers or administrators, and its preparation may actually have been commissioned by them, there will still have to be public hearings and debates before it can be adopted. Amendments required for passage can easily change the meaning and impact of the proposed legislation. In practice, the "perfect" plan stands little chance of remaining intact against the opposition of a group of voters or politicians, the pressures exerted by political supporters or contributors, the payment of graft or perhaps even the voice of the local newspaper. Accordingly, the "perfect" plan is likely to be quite imperfect by the time it emerges from the legislative process, whether it be on a local or higher governmental level, and it might be ravaged still more as administered. And it is possible the courts ultimately may lay some or much of it to rest.

Nor is the plan or law that is finally passed likely to remain intact very long. From the moment of its adoption, special interest groups such as environmentalists, developers and civic clubs, will seek to change it to their own benefit. It will never have enough open space for the many environmentalists hostile to development. Nor will those who can, by changing the regulations reap huge profits, sit idly by.

They will make every conceivable effort to change the classification on their properties or those they would like to buy. They will attempt to increase the number of units per acre or change the category from residential to commercial or apartments to industrial, or vice-versa. Civic groups, likewise, will sooner or later find the plan wanting in some or many respects.

Many of these pressures are bound to succeed and that super plan will shortly have little more value than as a reference document for the historian. The changes will be made on a piecemeal basis and promiscuously, guided principally by political rather than planning considerations. And that, incidentally, is precisely the description given Los Angeles zoning by a distinguished committee appointed by the mayor of that city.

There is no reason to believe that the same scenario will not recur at the regional or state level, except for a change in the cast of characters, pressures and locales.

Consequently, I submit that control of land use and development through public planning and regulation is akin to performing surgery by a team consisting of faith healers, exorcists and surgeons. While the patient may not die instantly, he may well wish he had.

There may also be a result not fully anticipated by the proponents of state zoning control, and it has to do with graft and personal influence. Graft and corruption have always been factors in local zoning, but the problem is far from universal and there are many municipalities where corruption is nonexistent, such as in the bulk of affluent post World War II suburbs. What will happen if one or two state agencies acquire great power over land use? Incidents have occurred in the past few years in at least one-half dozen states involving state officials that do not inspire confidence in the state as a repository of important powers.

Corruption in itself is bad, but it also causes severe distortions in the decision-making process. Once it infects a state agency, many decisions of that agency will be made to compensate for those issued as a result of corruption. Similar results would follow if the board is subject to special influences. Those who do not corrupt and are without influence would suffer detriment regardless of the merits of their case. Enormous distortions could occur on a statewide basis.

A small step, little impact; a modest proposal.

These are some of the descriptions given the various national land use bills pending last year in Congress. H.R. 3510 seems even milder than last year's version. Some Congressmen who are usually vigorous opponents of increased federal powers have been persuaded that the proposed legislation will not appreciably augment the federal role in land use. They could not be more wrong. The adoption of any legislation in a field where none exists is always an act of major consequence.

Entering a room through a locked door is much more difficult than through one that is slightly ajar. Once regulatory authority has been established, it is far less of a problem to increase that power by subsequent amendments that individually may be minor but in the aggregate over the years produce major changes.

Moreover, it is becoming increasingly evident that there can be little certainty about the importance of any legislation until after it has become law. Remember that modest resolution of Congress under which millions of Americans saw service in Viet Nam? That was the Tonkin Gulf resolution. It was not a declaration of war and contained only six paragraphs; few legislators who voted for it imagined that it would be used by two Presidents as authority to carry on a major war in Southeast Asia.

Unfortunately, there is no way to forecast the effectiveness, cost and consequences of proposed government regulations. We learn most of these matters after, not before, controls are adopted. By then it is too late; many vested interests have been created, and it is very difficult to do away with the laws that were passed.

When one considers all of the land use problems that proponents of the legislation have been able to conjure up, each of the proposed measures is indeed a modest one. Why then so mild a bill? Because, it is frankly acknowledged, only a modest proposal could get through Congress. Hence, even before its enactment, we have already been informed of its inadequacy, and that is how it will always appear to some or many who will continually attempt to enlarge it.

Their's is the never-ending quest for that Camelot where the sun shines all day and it rains only at night. Unfortunately, in legislating toward that end, history shows they will only create blizzards and storms for the rest of us.

SENATE—*Wednesday, March 26, 1975*

(Legislative day of Wednesday, March 12, 1975)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by Hon. JOHN GLENN, a Senator from the State of Ohio.

Mr. GLENN. I should like to vary the procedure slightly this morning. This being Holy Week, which means so much to all of us, I ask that we all engage in a moment of silent prayer for our country and for guidance in the deliberations that occur within this Chamber, and that after that moment of silent prayer, the Chaplain close with his prayer.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O Lord God of history who rules above all men and nations, we thank Thee that when once a cross arose on a lonely hill and darkness covered the Earth, there came also the light of Easter dawn and the glory of the Resurrection—life conquering death, hope dispelling despair, wisdom replacing ignorance, faith overcoming fear.

May there come over the world this

Holy Week, a new resurrection of hope for peace and justice at home and among nations.

Indwell us, O Lord, as we strive to know and do Thy will in this room, and be with us and our fellow countrymen in the holy days opening before us.

Now unto the King eternal, immortal, invisible, the only wise God, be honor and glory forever and ever.—I Timothy 1: 17.

Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 26, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JOHN GLENN, a Senator from the State of Ohio, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. GLENN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Monday, March 24, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AUTHORITY FOR COMMITTEES TO FILE REPORTS ON FRIDAY, APRIL 4, 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that authority for all committees to file reports on Friday, April 4, 1975, between 10 a.m. and 5 p.m., be authorized.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT AMENDMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 55, S. 555.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 555) to amend the Consolidated Farm and Rural Development Act.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with amendments on page 2, in line 12, after the word "crop" insert the words "or livestock'".

On page 2, in line 14, strike out the word "natural".

On page 3, at the end of line 6, after the word "loan" insert a colon and the following new language: ": *Provided further*, That for any disaster occurring between January 1, 1975, and July 1, 1976, the Secretary, if the loan is for a purpose described in subtitle B of this title, may make the loan repayable at the end of a period of more than seven years, but not more than twenty years, if the Secretary determines that the need of the loan applicant justifies such a longer repayment period.".

On page 3, in line 21, strike out the words "an emergency" and insert in lieu thereof "that a natural disaster".

On page 4, in line 4, strike out the word "natural".

On page 4, in line 13, strike out the word "it" and insert in lieu thereof "the farmer, rancher, or oyster producer".

On page 4, in line 19, strike out the following language: "any funds available, including the Agricultural Credit Insurance Fund, to pay for such administrative expenses notwithstanding any limitations imposed for budgetary reasons" and insert in lieu thereof: "funds from the Agricultural Credit Insurance Fund to pay for administrative expenses of such program.".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Consolidated Farm and Rural Development Act (the Act) is amended as follows:

SEC. 2. Subsection (a) of section 321 of the Act is amended to read: "The Secretary may designate any area in the United States, Puerto Rico, and the Virgin Islands as an emergency area if he finds that a natural disaster has occurred in said area which substantially affected farming, ranching, or oyster producing operations.".

SEC. 3. Subsection (b) of section 321 of the Act is amended as follows: In the first sentence after the words "major disaster" insert "or emergency" and delete everything after the first sentence, strike the period, and insert: "and are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.".

SEC. 4. Section 322 of the Act is amended to read: "Loans may be made under this subtitle for any of the purposes authorized for loans under subtitle A or B of this title, as well as for crop or livestock changes deemed desirable as a result of changes in market demand since the occurrence of the disaster: *Provided*, That such loans may include, but are not limited to, the amount of the actual loss sustained as a result of said disaster.".

SEC. 5. Section 324 of the Act is amended to read: "Loans made or insured under this Act shall be (1) at a rate of interest not in excess of 5 per centum per annum on loans up to the amount of the actual loss caused by the disaster, and (2) for any loans or portions of loans in excess of that amount, the interest rate will be that prevailing in the private market for similar loans, as determined by the Secretary. All such loans shall be repayable at such times as the Secretary may determine, taking into account the purposes of the loan and the nature and effect of the disaster, but not later than provided for loans for similar purposes under subtitles A and B of this title, and upon the full personal liability of the borrower and upon the best security available, as the Secretary may prescribe: *Provided*, That the security is adequate to assure repayment of the loan: *Provided further*, That for any disaster occurring between January 1, 1975, and July 1, 1976, the Secretary, if the loan is for a purpose described in subtitle B of this title, may make the loan repayable at the end of a period of more than seven years, but not more than twenty years, if the Secretary determines that the need of the loan applicant justifies such a longer repayment period.".

SEC. 6. Section 325 of the Act is amended to read as follows: "The Secretary may delegate authority to any State director of the Farmers Home Administration to make emergency loans in any area within a State of the United States, Puerto Rico, or the Virgin Islands on the same terms and conditions set out in section 321(a) without any formal area designation being made: *Provided*, That the State director finds that a natural disaster has substantially affected twenty-five or less farming, ranching, or oyster producing operations in the area.".

SEC. 7. At the end of subtitle C of the Act, add a new section 329 stating: "An applicant seeking financial assistance based on production losses must show that the farming, ranching, or oyster producing operation has sustained at least a 20 per centum loss of normal per acre or per animal production as a result of the disaster.".

SEC. 8. At the end of subtitle C of the Act, add a new section 330A stating: "Subsequent emergency loans, to continue the farming, ranching, or oyster producing operation may be made on an annual basis, for not to exceed five additional years, to farmers, ranchers, or oyster producers, at the prevailing rate of interest in the private market for similar loans as determined by the Secretary, when the financial situation of the said farming, ranching, or oyster producing operation has not improved sufficiently to permit the farmer, rancher, or oyster producer to obtain such financing from other sources.".

SEC. 9. At the end of subtitle C of the Act, add a new section 330B stating: "In the administration of the emergency loan program pursuant to subtitle C of the Act, the Secretary may utilize funds from the Agricultural Credit Insurance Fund to pay for administrative expenses of such program.".

Mr. CULVER. Mr. President, the bill before the Senate, S. 555, includes a provision which would lengthen the maximum time for repayment of Farmers Home Administration emergency loans for disasters occurring between January 1, 1975, and July 1, 1976, from 7 years to 20 years. If enacted into law, this could provide some measure of relief to victims of disasters such as the blizzard which struck western Iowa in January.

Coming up suddenly from Kansas and Nebraska on Friday morning, January 10, the blizzard swept across western Iowa. Streets and highways became littered with deserted cars and trucks as their drivers, unaware of the storm's force until too late, became stalled and took refuge in whatever shelter was nearby. Heavy snows continued all night Friday and into Saturday morning, accompanied and then followed by winds up to nearly 100 miles per hour, strong enough to bring a massive television transmission tower crashing to its concrete base, in Sioux Falls, S. Dak.

I traveled to western Iowa with other Senators and Congressmen on the weekend following the blizzard. We learned that the havoc was widespread in western Iowa and adjacent States. In stops at the Bernie Kohrs and Leland Sargisson farms, we talked with farmers who had already suffered extreme losses and knew that added losses were on the way. Many of the cattle which survived the blizzard itself were suffering from split and broken hide, frozen eyes and nostrils, and severe weight loss—making them more vulnerable to pneumonia and other diseases, not to mention the drop in value which accompanies any drop in weight. Several farmers described to me their efforts to keep the pitiful animals alive by knocking ice off their noses and mouths with sticks or snow shovels. Looking down from our helicopter at the thousands of livestock still strewn over miles of white farmland, we could comprehend the apprehension of these livestock producers as they faced the coming months.

The farmers' fears about future losses have been largely confirmed. Cattle and hogs have continued to die from the blizzard-related causes, and cows continue to abort abnormally high numbers of calves.

More than 15 inches of snow fell over much of western Iowa during the blizzard. When blown into drifts over feedlot fences and low outbuildings, this snow provided a bridge out of the partially protected feedlots and into the open fields. Driven by the whipping winds, cattle and sheep stumbled aimlessly around the fields, eventually becoming pinned along roadside fences, their heads bent eastward to avoid the wind and snow. Here they died by the thousands trapped in the ever-deepening snow and suffocating as their nostrils froze shut.

With temperatures near zero and visibility totally obscured throughout the day Saturday, farmers were unable to rescue many animals.

Sunday morning in western Iowa, especially a bright sunny one like January 12, normally finds families on their way to Sunday school and church. But this Sunday hardly a church opened its doors. Nobody could travel. Streets and roads were impassable. Cities and towns were cut off from one another, and farm families were isolated from close neighbors.

Farmers immediately began digging out of their homes, trying to get feed and water to their animals. In many cases the feedlots were empty, sometimes just half-empty.

Writing in the Des Moines Register, farm editor Don Muhm recounted his travels through Dickinson County: "Dead cattle were seen Wednesday scattered along Iowa Highway 9 from Lake Park to Lake Okoboji—a distance of about 9 miles—on both sides of the roadway, in ditches, tangled and caught up in barbed wire fences and, in some cases, scattered across fields and hillsides."

Figures compiled in late January by the Des Moines office of the ASCS—Agricultural Stabilization and Conservation Service—record losses of 19,637 head of cattle, 19,055 hogs, 3,310 sheep, and 96,659 poultry. Projections pushed the cattle and hog deaths up to 23,000 head of each. Emergency drops of hay for stranded, but surviving, cattle by Iowa National Guard helicopters certainly kept the losses from being much more.

Western Iowa farmers are asking for a more reasonable program of loans—loans which they will repay.

My own observations and the continuing reports of increasing losses persuade me even more fully of the need for legislation to extend the repayment period on Farmers Home Administration disaster loans to 20 years.

I urge favorable action on this bill.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MAUNDY THURSDAY

Mr. HUGH SCOTT. Mr. President, tomorrow is Maundy Thursday, which symbolizes our awareness and remembrance that the poor are always with us. It is a day on which customarily there have been, through the last two millennia, the presentation of gifts and of coins to the poor.

The custom became more formalized in the United Kingdom in the presentation by the ruler of the Maundy Thursday coins on this anniversary date. It is symbolic of something more than that, too, and that is of the obligation of government to remember that there are some who cannot take care of themselves.

I hope that as the conferees work on the tax bill, they will have compassionately in mind the plight of the poor and of the unfortunate and of the disadvantaged; that they will bear in mind those things which the Government justly and properly would need to do for those who cannot do for themselves or cannot as well do for themselves; and that as they consider the pleas and the pressures of the mighty and the power and the force of the organized, they will consider those who are unmighty and those who are unorganized and those who cannot as well do for themselves.

So I hope that Maundy Thursday will have a special meaning for us as legislators and that as we move into Good Friday and the celebration of the Resurrection on Easter Sunday and the observance of Easter Monday, we in this body and in the other body will prove, in our concern for the unfortunate, that we have deserved well of the Republic.

ORDER OF BUSINESS

Mr. GRIFFIN. Mr. President, with the authority of the Senator from Idaho, I ask unanimous consent that Mr. McClure's time under the special order be transferred to the junior Senator from Michigan.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Michigan is recognized for not to exceed 15 minutes, which was the order with respect to the Senator from Idaho.

DROPPING THE TORCH?

Mr. GRIFFIN. Mr. President, in 1961, when John F. Kennedy took the oath as President, he stirred the hearts of freedom-loving people around the world with these words:

> Let the word go forth from this time and place, to friend and foe alike, that *the torch has been passed* to a new generation of Americans—born in this century, tempered by war, disciplined by a hard and bitter peace, proud of our ancient heritage—and unwilling to witness or permit the slow undoing of those human rights to which this Nation has always been committed, and to which we are committed today at home and around the world.
>
> Let every Nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, *support any friend*, oppose any foe, in order to assure the survival and the success of liberty. (Emphasis supplied.)

Our country has been a major factor in holding the world together in modern times because other Nations, friend and foe alike, have believed that the United States means what it says.

Every American President in the last 35 years—and there have been seven of them—has been called upon to recognize the dangers of unchecked international aggression.

Each of those Presidents—from Franklin Roosevelt to Gerald Ford—has taken the position that America's interests are served by helping other free nations to defend themselves against aggression.

Indeed, that resolve on the part of the United States was so meaningful that beginning on March 19, 1965—10 years ago this month—the United States even sent its own troops to fight beside the South Vietnamese.

By 1968, there were 500,000 Americans in Southeast Asia, and United States expenditures to support the effort there exceeded $80 million a day.

By comparison, the $300 million requested now by President Ford for Vietnam is roughly equivalent to 4 days of expenditure support at 1968 levels.

It appears obvious now that Congress will take off for an Easter recess without according the White House even the courtesy of a vote on its urgent request for emergency assistance to Cambodia and South Vietnam.

By default—and through caucus decisions of the majority party—it has become painfully obvious to all who watch—in the United States and around the world—that Congress is turning its back on allies in Indochina who are struggling to defend themselves.

Such an abandonment by Congress—not only of allies but of a huge investment that includes 50,000 American lives—should at least be a conscious and deliberate decision made by the Senate as a whole—for it is a decision that carries with it into history consequences and responsibility of enormous proportions.

Perhaps it is possible that Congress—by doing nothing or by taking a vote—

will turn hollow the ring of John Kennedy's inspiring words and will forsake basic principles upon which Presidents of both parties have stood so firmly through the years. But I, for one, cannot allow this to happen without at least speaking out.

I know that the people of America are tired of Vietnam. No Member of this Senate needs to be reminded of that. Americans are tired of reading about Vietnam, of hearing about Vietnam, of watching Vietnam on television; and most of all, they are tired of paying for Vietnam.

I realize also that the dictates of political expediency—and perhaps of political survival—press hard for outright termination of all U.S. assistance, once and for all.

I am familiar with the opinion polls. Yet, I cannot help but recall the admonition of Winston Churchill during the last World War:

> Nothing is more dangerous in wartime than to live in the temperamental atmosphere of a Gallup poll, always feeling one's pulse and taking one's temperature.

Were the task of a Senator nothing more than studying public opinion and casting each vote with the majority, I might more efficiently return home and leave my responsibilities in the care of a computer.

But surely our responsibilities here in the Senate reach beyond the mechanical task of echoing public opinion. That point was made by Edmund Burke in 1774 when he told his constituents.

> Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion.

In our understandable frustration with Vietnam, it is tempting to assume that if we just cut off all aid to South Vietnam, the people of that area will settle their own problems and the rest of the world can live in peace again.

As the Washington Star recently observed, some people take the view that:

> . . . cutting off aid to our allies is something like cutting off oxygen to a dying patient, to spare these long-suffering people more agony. We have talked ourselves into the idea that, in supplying Vietnam and Cambodia with the means of defending themselves, it is we who have instigated and perpetuated the war and it is our obligation to end it.

Unfortunately, it is not that simple.

There are in South Vietnam today several million people who, in one way or another, have openly opposed the Communists. Many of them took their position after we convinced them that the United States would stand by them. Statements by Vietnamese Communist leaders, as well as the lessons of history, give no assurance that these individuals will not be killed or imprisoned following a North Vietnamese victory.

In 1946, the secretary general of the Indochinese Communist Party ominously asserted:

> For a newborn revolutionary power to be lenient with counter-revolutionaries is tantamount to committing suicide.

When Ho Chi Minh took over North Vietnam in 1954, a massive purge resulted in an estimated 50,000 executions and, indirectly, in the deaths of several hundred thousand more—and this was after nearly a million potential victims had fled to the south.

In the 1968 Tet offensive, hundreds of bodies were found in mass graves outside Hue—and great numbers of others still are not accounted for.

And public statements by North Vietnamese leaders give a foretaste of events to come. Three years ago, North Vietnam's Minister of Public Security laid down this official policy for dealing with dissidents:

> In our dealings with counter-revolutionary elements in the recent past, we have still . . . not properly used violence.

In and out of Congress, many have salved their consciences with the assumption that South Vietnamese people really prefer communism anyway. For those Americans, it should be interesting—and disturbing—to see on television that the hundreds of thousands of refugees, who flee for their lives from the recently abandoned provinces, are moving south on the clogged highways—not north.

On the face of the record, it is just unrealistic to suggest that an end to U.S. aid will end the killing in Vietnam.

The consequences of such a decision would be felt in our own country, too. Earlier this month I met with an Ann Arbor constituent, James H. Warner, who for over 5 years was a prisoner of war in North Vietnam. Like other young men who were held captive, Warner received considerable abuse because he did not "cooperate" with his Communist hosts.

In the course of our conversation, Warner expressed great concern about the fate in Congress of President Ford's request for continued aid to Vietnam and Cambodia. There was deep emotion in his voice as he wondered aloud about the possibility that Congress might deny the request. Why, he wondered, had he endured so much to keep faith with his country—if America's leaders were going to respond now by abandoning the cause for which he fought?

If Congress takes the "easy" course, Warner's case is only illustrative of the bitterness that will be felt by thousands of veterans who fought in Vietnam.

Many who advocate ending all U.S. aid to Vietnam assume that Communist North Vietnam would become a peaceful member of the international community once it gained control of Saigon. Unfortunately, that is not likely to be the case.

As we know, Prince Norodom Sihanouk, the deposed Cambodian head of state, is in exile in Peking. In one of the last public statements he made before being ousted in 1970 by a unanimous vote of his National Assembly, he wrote in a Japanese foreign affairs quarterly, Pacific Community, about the importance of the United States maintaining a presence and providing assistance to the victims of Communist aggression in Southeast Asia. He did not expect the Americans—for whom he had, and has, little affection—to remain in Asia for altruistic reasons—but he believed the United States should remain in its own self-interest. He concluded:

> [T]he Communization of Cambodia would be the prelude to a Communization of all Southeast Asia and, finally, (although in a longer run) of Asia. Thus it is permitted to hope that, to defend its world interests (and indeed not for our sake), the United States will not disentangle itself too quickly from our area—in any case not before having established a more coherent policy which will enable our populations to face the Communist drive with some chance of success.

Already Sihanouk's concerns of 1970 are being borne out in the wake of our apparent abandonment of South Vietnam and Cambodia.

Thailand, for example—a close ally for decades—has shown signs of a moving away from its relationship with the United States and toward the Communist powers.

Earlier this month, a respect journalist, Keyes Beech, wrote:

> One by one, the small Nations of Southeast Asia are moving closer to Peking—not in terms of ideology but on practical grounds.
>
> Within the past few days, both the Philippines and Singapore have taken conciliatory steps toward their giant Asian neighbor.

A compelling case can be made that these political changes in Southeast Asia are the direct consequence of a decline in American credibility in the area. Small Nations which in years past have relied on the word of the United States are now concluding that, in the long run, America's word is no longer credible. Under such circumstances, it would hardly be healthy for them to resist the expansion of Chinese or North Vietnamese influence in the region.

American abandonment of Indochina would almost certainly have consequences in other parts of the world as well.

In the Middle East, our ability to assist in the search for peace depends largely on our credibility with participants in the dispute. Recent reports from Jerusalem have noted a growing concern about the reliability of the United States—a concern related by some to the apparent U.S. abandonment of its allies in Indochina. As John Goshko of the Washington Post Foreign Service reported March 12:

> Many Israelis, drawing a comparison between their own situation and events in Southeast Asia, say openly that they fear that the same thing may happen here.

And Marilyn Berger, also of the Washington Post, reported from the Middle East on March 20:

> The imminent fall of Cambodia and even South Vietnam . . . are said to be raising new obstacles in the current negotiations.
>
> Israelis are questioning the value of assurances . . . Arabs are said to be questioning the need to make concessions when American aid to Israel might soon be diminished, just as it has been in Cambodia and South Vietnam.

These are deeply disturbing developments. They pose tough, hard questions which deserve answers before we pull the rug from under our allies in Indochina.

Mr. President, if and when the Senate moves toward a vote on supplemental aid to Cambodia and South Vietnam, each member of this body will have to wrestle with his own conscience in deciding whether a vote against it will best serve American interests and the cause of world peace.

For one, I do not believe that such a move would serve those high purposes. Furthermore, it would signal a new turn toward isolationism—and the world of 1975 is too small, too interdependent for that.

A great statesman of the past from my State, Senator Arthur H. Vandenberg, appreciated the role we must play in the world, when on July 6, 1949, he said:

> Much as we might crave the easier way of lesser responsibility, we are denied this privilege. We cannot sail by the old and easier charts. That has been determined for us by the march of events. We have no choice as to whether we shall play a great part in the world. We have to play it in sheer defense of our own self-interest. All that we can decide is whether we shall play it well or ill.

America will play a decisive role in world affairs—whatever we do—whether we stick to our word and maintain our credibility—or whether we turn our back on friends and betray their hope for freedom. What we do will have consequences, for good or ill—consequences which we dare not ignore.

Although the hour is late—very late—the question of U.S. aid to Cambodia and South Vietnam is still open.

Our action—or inaction—will surely send a message, loud and clear, to the rest of the world—a message to friend and foe alike that will ring through history as resounding as did President Kennedy's stirring words of January 20, 1961.

Shall the word go forth, from this time and place—that we are dropping the torch?

Or, shall the message from this Congress be that America—sadder, perhaps—but wiser, we hope—and tempered with a clearer sense of the limits of our power—still stands proud and true to herself, to her friends, and to the cause of liberty.

Mr. MANSFIELD. Mr. President, the distinguished acting Republican leader put it very succinctly when he said, "Every Member will have to wrestle with his own conscience" in regard to the matter to which he referred.

RESOLUTION RELATIVE TO THE DEATH OF HIS MAJESTY KING FAISAL OF SAUDI ARABIA

Mr. MANSFIELD. Mr. President, on behalf of the distinguished Republican leader (Mr. Hugh Scott) and myself, I send to the desk a resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 120

Resolved, That the Senate of the United States has learned with profound sorrow and deep regret of the tragic death of His Majesty, King Faisal ibn Abdel Aziz Al-Saud of Saudi Arabia.

Resolved, That the Senate express its deepest sympathy to the family and the people of Saudi Arabia in their great loss.

Resolved, That the President of the United States be requested to communicate this expression of sentiment to the members of his family assuring them of the condolence of the people of our Nation in their irreparable bereavement; and be it further

Resolved, That when the Senate adjourns today, it does so as a further mark of respect for His Majesty.

IN TRIBUTE TO KING FAISAL

Mr. HATFIELD. Mr. President, the news of the assassination of King Faisal came as a shock to all Americans. At a time when peace appears farther away than ever, this news should be troubling to all Americans who hope for a secure peace in the Middle East.

King Faisal provided great service to his country after taking power in 1964. He had served for many years as Foreign Minister, and, I understand he even attended the Versailles Peace Conference as a boy. He helped bring Saudi Arabia a long way toward a more modern society. Within his own country, apart from the geopolitics of oil and OPEC, he brought fiscal discipline and balanced budgets at a time when they were needed to point Saudi Arabia toward progress.

King Faisal was a force for moderation in the Middle East. He considered himself a good friend of the United States. While he was a force within OPEC, he was farsighted enough to see that prices could not be pushed up even further without disastrous effects on the West. While some might blame him for today's high prices, I, for one, think the prices would be even higher were it not for his influence. He believed that a weakened United States and Europe would strengthen the hand of the Communists, and everyone knows the King was a fierce anti-Communist.

History will show that King Faisal played a role in achieving the earlier moderate steps toward peace in the Middle East. While events of the past week will dim what was accomplished earlier, King Faisal played a role in both those Egyptian and Syrian moves.

Unfortunately, some people in this country recently have popularized stereotypes of what they see to be a typical Arab ruler. This usually brings to mind free-spending profligates, and is as wide of the mark as are most broad and sweeping overgeneralizations. King Faisal eschewed stereotypes. For a man with his wealth, he was modest in lifestyle and attitude. While he was a strong conservative, he was intelligent enough to recognize that failure to modernize in certain areas only strengthened the hands of some opponents of the King. He saw the need for change within his country, and his commitment to women's education is one example of where he broke with the traditions of conservatives.

I offer my condolence when I say we mourn his death. At a critical time in Middle East history, when the threat of war is closer and the vision of peace farther away, his moderating influence among Arab leaders will be missed greatly.

I ask unanimous consent that material about King Faisal appearing in the Washington Star and the New York Times be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Washington Star, Mar. 25, 1975]

Faisal: Dour and Shrewd

(By John McKelway)

King Faisal, second surviving son of King Ibn Saud, took power after a bloodless coup deposed his older brother Saud in 1964. Into his hands fell the bleak, sparsely populated country, as big as the United States east of the Mississippi, by far the world's greatest seller and reservoir of oil.

The king was a dour, ascetic and shrewd operator. At his death, he held more power than any other leader in the Middle East to either raise or lower the price of oil. Besides that, Faisal was the spiritual leader of 600 million Moslems because his kingdom encompasses Islam's two holiest cities. Mecca and Medina. He had made it known that he wanted to pray in another holy city—Jerusalem—and to pass there without setting foot on Israeli-held territory.

In the Arab tradition, Faisal was the absolute monarch but, nevertheless, a servant of the "servants of the Almighty." It was not unusual for the king to stop his Chrysler New Yorker and chat with a simple Bedouin. He shunned modern dress. His meals were bland because he had undergone a series of ulcer operations.

Faisal, a world traveler who once tipped a Boston taxi driver with a $3,000 wrist watch, had been both prime minister and foreign minister. He was succeeded to the throne by his younger brother, Crown Prince Khalid, 62, who had served as first deputy prime minister.

His name meant "sword" in Arabic. He had eight sons and six daughters by four wives, two of whom he divorced years ago, while another died. He had been married to his present wife, Iffat, for almost 40 years.

Under Faisal, the life of the Saudis improved. There is full employment and even unskilled laborers are making as much as $5 a day. Food is subsidized by the government and is relatively cheap. Most of it is imported. Faisal permitted Saudi women to be educated. They can even appear on television. It is said that Faisal, when questioned about sudden changes in the country's ancient culture, responded by saying: "Revolutions can come from thrones as well as from conspirators' cellars."

He had abolished slavery, built roads and had opened the doors to Western investment. Some looked on him as a benevolent despot. A source of his power was the familial intelligence service. The royal family has a core of 450 princes. He had informants everywhere in his domain.

Over the years, the king was astute and daring in defying political enemies, uniting tribes of the central oases and the desert behind his rule. Moslem holy men, however, regarded him as irreligious. Left wing university students and army officers pushed for more radical changes. Tall, and hawk-nosed, King Faisal at one time was a fine horseman who enjoyed an antelope hunt in the desert.

He was considered by many to be America's staunchest friend in the Arab world, yet he was the man who could still cut off oil supplies as he did during the October 1973 Mideast War. His country had been friendly with the United States since 1933 when the first oil deals were signed. Faisal had agreed with the United States on just about everything but its pro-Israeli policy.

Faisal last met with Secretary of State Henry Kissinger just a week ago. Kissinger assured the monarch that the United States harbored no military intentions against Saudi oilfields.

At the time of his death, Faisal held more power over the lifestyle of the Western world than any other contemporary in the Arab world. His name had become a household word in New York, London and Tokyo.

When he took over the country it was considered a poor, illiterate and backward nation with its wealth squandered on Cadillacs, palaces and the egos of Faisal's 3,000 fellow princes. Unbelievably, he had to borrow money to keep his bankrupt throne going.

But the balance that Faisal brought to the throne—he was described as both a reckless conservative and a cautious liberal—proved to be the key that helped dispel the lethargic feudalism of the past and brought Saudis into the 20th century. For better or worse, the country can now sit back and watch "I Love Lucy" and "Bonanza." It was Faisal who brought the country some 300,000 TV sets. Yet he stoutly refused to establish a parliament, which he called the "crutch of a weak ruler." And he strictly enforced bans against drinking and smoking in public. And laws which called for death by stoning for adultery were still on the books as of today.

"Faisal believed that royal birth guaranteed one special status, yet he also knew that kings had to earn their keep," one observer said. He had the reputation of being the world's hardest working king in some quarters and his toughest setback came when he had to trim his 18-hour working day to 14 hours because of the ulcers that plagued him constantly and forced the somber, unsmiling expression that became his trademark in recent years.

[From the Washington Star, Mar. 25, 1975]

U.S. SAW FAISAL AS PIVOTAL TO MIDDLE EAST SETTLEMENT

(By Jeremiah O'Leary)

King Faisal, absolute monarch of the Saudi Arabians, held a unique position at the center of the confrontation between the militant Arab world and the U.S.-backed Israelis in the Middle East powder keg.

He was in the eyes of many a contradictory figure since he was on the one hand an ultra-conservative, pro-Western leader and at the same time remained an opponent of the hard line against Israel on the key question of the future of Jerusalem.

Faisal despised and feared the radical Arabs of the Baath movement in Syria and Iraq, as well as the eccentric Libyan dictator, Muammar Kadafii, and he wanted no intrusion of Soviet influence into his essentially medieval kingdom.

But at the same time, he bankrolled from his nearly inexhaustible financial resources the bankrupt Egyptian government of President Anwar Sadat for the purchase of arms. And he never wavered from insisting there could be no peace while Jerusalem and the holy places of Islam remained in Israeli hands.

Faisal perceived no difference between militant Zionism and the legitimate aspirations of modern Israel for the right to survive. It was the custom of the 69-year-old king to present visitors with literature supporting his theories that Israel was merely the culmination of decades of Zionist plotting for a nonsecular Jewish state in Palestine.

Neither Faisal nor Western leaders such as Secretary of State Henry A. Kissinger, so far as is known, ever debated the inconsistency of the king's antipathy for radical Arab leaders at the same time that he supported them with his money and his influence. Kissinger always regarded Faisal as basically a power for moderation in the Middle East and never failed to visit the king in his remote capital, Riyadh, during the secretary's many peace missions to the Middle East after the 1973 war.

On the oil front, Faisal moved cautiously. His oil minister, Sheik Ahmed Zaki Yamani, frequently stressed that the United States was a natural ally of Saudi Arabia because of its opposition to communism.

While Saudi Arabia was a leader in the embargo movement, Saudi oil, though sometimes only in small amounts, slipped through the United States all throughout the 1974 embargo period.

Now there is a glut of oil on the world market, brought about by a variety of factors since the early panic months of the embargo. Not for more than a year has demand for crude petroleum surpassed the supply.

This is causing strains within the OPEC, and differences of opinion about whether prices should be eased or production cut back even more. Saudi Arabia's position is this controversy could be a decisive factor.

Faisal was aware that his petroleum-based economic strength was accompanied by military and technological weakness in the strategic relationships of the region. Within the last year, his government had concluded an agreement with the United States to supply technological assistance to his country.

Western observers noted that Faisal as a matter of practice kept the small regular Saudia Arabian army at frontier posts far away from the centers of power at Riyadh and Jidda. At the same time he reposed his personal security in the hands of elite units of the Saudia Arabian national guard.

Faisal was always careful to see that the national guard units he kept near him were well-supplied with modern weapons and well trained to act as a balance for the less dependable Saudi army.

These crack troops, plus his personal guard and his household entourage were always near the king, whose court had the appearance of something out of the Arabian nights.

These men who saw the king in his public audiences noted that the royal executioner was always close at hand, but they were never sure whether this was for ceremonial or practical reasons.

The king ran a traditional court according to the precepts of the Koran and it was not unknown for thieves to have their hands cut off to pay for their crimes.

In his Arab garb, Faisal was an almost biblical figure, the patriarch of his people, but he turned many of the details of his international economic and diplomatic maneuverings over to the bright young Saudi graduates of the London School of Economics, Harvard and other centers of Western learning.

He rarely negotiated his shrewd business and political deals with Westerners and political deals with policy was carried out, if not entirely conceived, by oil minister Zaki Yamani.

[From the New York Times, Mar. 26, 1975]

FAISAL, RICH AND POWERFUL, LED SAUDIS INTO 20TH CENTURY AND TO ARAB FOREFRONT

(By Paul Montgomery)

From his beginnings as the third son of an obscure raider-chieftain in the desert of central Arabia, Faisal ibn Abdel Aziz Al-Saud rose to be one of the most powerful and richest men in the world.

Though his wealth was based on the accident of oil, King Faisal accumulated power through a masterly use of tenacity and statecraft. While watching the world stage shrewdly, he consolidated the fragile kingdom founded by his father, brought his desert people to the reality of the 20th century and edged Saudi Arabia from the back rank to the forefront of the Arab states.

The King, who was about 70 years old, was a prime supporter, both political and economic, of Egypt, Syria, Jordan and the Palestine Liberation Organization in the struggle against Israel. Under the leadership of Faisal, the oil embargo following the Arab-Israeli war of October, 1973, was the crucial element in the emerging influence of the undeveloped states against the traditional big powers.

Faisal encouraged the precipitous price rises that poured billions into the oil countries after the embargo, skewing the world economy. In a matter of months Saudi Arabia's profit went from about $1 to more than $10 a barrel, multiplied by daily production of 8.5 million barrels.

LITTLE PERSONAL MAGNIFICENCE

As the absolute monarch of a country with a big share of the world's proven oil reserves beneath its sand and rock, Faisal became rich beyond the wildest tales of the Arabian Nights.

Little of Faisal's wealth went for personal magnificence. There were vast development and social-welfare projects for Saudi Arabia, investments overseas, billion-dollar purchases of jet planes and tanks, subsidies for Arab neighbors, charitable works. There was so much money that Faisal could not spend it at home within the framework of an underdeveloped economic structure.

Faisal was an anomaly among the 3,000 princes and 2,000 women of the Saudi royal family. While others spent their millions on cars, air-conditioning, gambling sprees and strings of wives and concubines, he embraced a Bedouin simplicity.

A devout Moslem, ascetic and unpretentious, he dined on boiled vegetables and stewed fruits, prayed the obligatory five times daily toward Mecca, shunned smoking, drinking and gambling, and worked most days from 8 A.M. to midnight. For most of his life he had one wife, though he was permitted four under Islamic law and though his father had more than 30.

King Ibn Saud, recognizing Faisal early as the most brilliant of his 39 sons, gave him delicate missions in war and diplomacy. "I only wish I had three Faisals," the father once said when discussing who would succeed him.

TRAVELED AND STUDIED

The King probably was the most westernized of the brothers. He traveled widely, studied Western technology and politics assiduously and acquired fluency in English and French. Seven of his eight sons began their formal education at the Hun School in Princeton, N.J., and went on to colleges in the United States or Britain.

His policy was pro-Western. In personal dealings he was considered shrewd but not devious. "The King is a sort of moral conscience for many Arab leaders," Secretary of State Kissinger said of him last year.

Faisal once said his aim was to put his country "on a stable basis regarding world politics, not leaning right or left, East or West, so that we will remain an independent Arab entity."

One constant of his policy was to prevent at all costs the radicalization of the Arab world, preserving his prerogatives and those of his fellow monarchs. His twin phobias were Communism and Zionism. Having opposed the establishment of Israel from the beginning, he habitually referred to her as "usurped Palestine."

In 1970, in all seriousness, he gave this analysis of Soviet aims in the Middle East: "Communism is a Zionist creation designed to fulfill the aims of Zionism. They are only predesigned to fulfill the aims of Zionism. They are only pretending to work against each other in the Mideast."

With his subjects Faisal was informal, as much father figure and religious prophet as ruler. In speeches he always addressed the people as "brothers" and once stopped to chat with a citizen who had called "Ya, Faisal" (the equivalent of "Hey, you") after him.

One of the king's favorite proverbs was "God gave man two ears and one tongue so we could listen twice as much as we talk." Another was "Be honey to those who seek your friendship, but deadly poison to those who dare attack you."

Faisal was noted in his family as a poet as well as administrator and diplomat. His specialty was the qassaied—rhymed couplets exchanged as diversion during long rides. This is part of a poem he wrote in the Nineteen-Thirties, translated by his biographer, Gerald de Gaury:

See you, there be Arab, their deeds shine
forth as lantern light
That guides the people in their way at night
And deep within this humble soul burns an
inward flame unseen.

The King maintained that he did not know the date of his birth, official sources have put it at varying times between 1902 and 1907, the most likely year, affirmed by Mr. de Caury, being 1905.

The child was the first of Ibn Saud's sons born in Riyadh, the capital of the harsh land of rocks, sand and scattered oases in central Arabia known as the Nejd. The population of the mud-walled town was a few thousand, sporadically swelled by the arrival of a Bedouin caravan.

UNIMAGINABLY ISOLATED

The Arabian Peninsula then was a welter of sheikdoms, emirates and kingdoms vaguely under the sway of the Ottoman Turks. Though the central authority had some power among the oasis dwellers, the fierce, wandering Bedouin were innocent of government.

Except for the coastal cities, what is now Saudi Arabia was unimaginably isolated. Ibn Saud was not to see his first European until 1910, and even in 1916 there were no cars, planes or telegraph in his territory.

The Saud family, which held power in the Nejd from the 18th century, had resisted the Turks for much of the 19th century in military-political alliance with the stringent Wahabi Moslem reform movement. In 1887, however, the family was driven into exile in Kuwait and did not return until 1902, when Ibn Saud, acting for his father captured Riyadh from Ibn Rashid and his Ottoman allies.

Faisal's mother was Tarfa, a descendant of the founder of the Wahabi sect. The boy was raised in the home of his maternal grandfather, a sheik and religious leader, and by the age of 10 had learned to recite from the Koran.

Ibn Saud was often away on expeditions against surrounded rulers, but he saw that the boy learned the fierce pride and self-possession of a desert raider. He was trained to ride bareback, walk barefoot, eat sparingly and rise two hours before dawn. "We train ourselves in endurance," the father said.

By the time of World War I Ibn Saud had obtained a small subsidy from the British, won over the Bedouin to fight for him and was planning a final defeat for the Rashidi and the powerful Sherif Hussain of Mecca, who ruled the Hejaz, to the south.

In the great influenza epidemic of 1918, Ibn Saud's eldest son and favorite, Turki, died, as did two sons younger than Faisal. That left the succession to the second son, Saud, a kindly, sensuous man who had none of Faisal's fire or brillance.

In 1919, Ibn Saud, to boost his stock and wean British support away from Sherif Hussain, sent his 14-year-old son, Faisal, and some trusted advisers to London as his "Central Arabian Mission." About this time too the father began styling himself Malik (King) of the Nejd.

The boy was received with diffidence by the Foreign Office in London, but he was granted an audience by King George V, visited Wales and Ireland, saw a motion picture of himself and was the guest of honor at a performance of Gilbert and Sullivan's "Mikado."

On his return Ibn Saud gave him command of a force to operate against the Idrisi of Asir, the country between the Hejaz and Yemen, at the southern tip of the peninsula, 30 days' ride through the desert from Riyadh. Faisal, called by some the Lion, was victorious. In 1924 he was to return to Asir at the head of a force of 5,000 to put down a revolt fomented by Sherif Hussain.

The British ended their support of Hussain in 1924, though they were later to install his son Abdullah as king in Transjordan and another son, also called Faisal, as King of Iraq.

In 1925 Ibn Saud mounted a year-long seige of Jidda, the Sherif's principal city, and put Faisal in command of one of the armies. After Jidda fell he maneuvered the remaining Hashemites out of Mecca and Medina, the Islamic holy cities, and in 1926 he and Faisal entered Mecca in pilgrim dress.

AMALGAMATION IN 1932

Having declared himself King of the Hejaz as well as the Nejd, Ibn Saud amalgamated the conquered territories as Saudi Arabia in 1932. The country's 830,000 square miles are almost the area of Alaska and Texas.

One of Ibn Saud's first acts after entering Mecca was to name Faisal Viceroy of the Hejaz and Secretary of State for Foreign Affairs. For much of the next 30 years Faisal lived and ruled in Mecca, isolated from the rest of the family and its intrigues in Riyadh.

In 1926 he visited Western Europe as his father's diplomatic representative, and in 1932 again toured Europe and held talks with Stalin in Moscow. In 1939 he was his country's envoy to the Arab-Jewish conference on Palestine in London, which ended with the Arabs refusing to sit in the same room with the Zionists.

Little noticed at the time, Ibn Saud gave Standard Oil of California permission in 1933 to prospect, though he had no great confidence in the effort; he acted only after the company had agreed to look for water as well as oil so the exploration would not be wasted.

It proved the vast Saudi oil reserves. The first well was brought in in 1938, and by 1945 the consortium of American companies called Aramco (Arabian-American Oil Company) had taken over production. By the nineteen-fifties the Saudi royal family was getting $200-million a year in royalties; in the sixties the figure rose above $300-million.

During World War II, though clearly on the side of the Allies, Ibn Saud maintained a cautious neutrality. Diplomatic relations with the United States were established in 1940, and in 1943 Faisal was sent for a state visit.

DINNER WITH ROOSEVELT

The Prince dined with President Roosevelt, toured the New York Stock Exchange, the Grumman aircraft plant in Long Island and the Hollywood studios, and impressed his hosts with his equanimity and perfect manners.

The figure of Faisal, hawk-nosed and more than six feet tall, with his flowing robes and gold headband over his burnoose, caught the American imagination. The press wrote wonderingly of the Prince and his party, though many of the reports had more in common with Rudolph Valentino movies than Saudi actuality. Faisal, never complaining, once even threw a snowball for photographers outside the White House.

Asked once why he was not more assertive in explaining the reality of his country, Faisal replied, "Would you want me to insult my guests' intelligence?" He explained that he assumed people prepared for meeting him by studying his country as carefully as he studied theirs.

In 1945 Faisal attended the San Francisco conference that created the United Nations, the only Prince of royal blood in attendance. His address on the adoption of the Charter presaged his consistently pro-American stance. After objecting to the great powers' veto right he said:

"This Charter does not represent perfection as visualized by the small states. Nevertheless, it is doubtless the best ever produced by people representing 50 states, many of which have suffered much in their struggle for liberty, the defense of humanity and its liberation from slavery.

"Indeed, the whole world is indebted for its survival to the Allied nations, which engaged themselves in war, sacrificing the best of their youth and the wealth of their resources for their security and the security of mankind."

ZIONISTS WERE BERATED

In the United Nations debates on the partition of Palestine in 1947 and 1948 Faisal, the unofficial leader of the Arab bloc, declared that his country could never accept a Jewish state, that the Zionists were guilty of "Nazi practices" and that the Russians were supporting Israel in the hope of obtaining a base for subversion in the Mediterranean.

Though Faisal, like many Arabs, felt betrayed by the United States' eventual support of the establishment of Israel, it did not diminish his pro-American ardor.

By then in his early fifties, Faisal was designated Crown Prince and Premier when his father, who died in November, 1953, named Saud as his successor. The old King made the half-brothers swear that they would not compete for power.

Saud, though well-meaning, was dissolute, more concerned with kingly pleasures than his country's future. He squandered oil royalties on 24 palaces, 100 wives and concubines, fleets of Cadillacs. At one time half the electrical output of Riyadh was going to air-condition his quarters.

Given King Saud's propensities, much of the actual governing was left to Faisal. In addition to managing foreign affairs and making frequent visits to the United Nations and the United States, he undertook the modernization of his country.

In many ways Saudi Arabia was a medieval nation. There were still thousands of slaves imported from Africa. Under the stringent Wahabi code a thief could expect to have his hands cut off; public executions for adultery or other offenses were commonplace.

Tribesmen and religious leaders still held fiercely to the old ways. As late as 1966 the vice president of the Islamic University in Medina declared authoritatively that the sun revolves around the earth, as taught in the Koran.

Less than a fifth of 1 per cent of the land was under cultivation and industry was virtually unknown. Education, particularly for women, was fragmentary and backward..

Step by step Faisal introduced change, balancing the conservatism of the religious authority against the demands of the new technology. By 1975, with a population of eight million, there were 517,000 boys and 210,000 girls in school. A vast list of development plans was under way.

The importation of slaves was prohibited in 1959 and all were set free and their owners compensated by the Government three years later.

Faisal, encouraged by his second wife, Iffat, who had been educated in more liberal surroundings in Turkey, gradually moved to improve the status of women, founding girls' schools and permitting women to appear on television. To the end, however, he remained a conservative on the issue.

"Women have their own domain by nature, where they are more useful than in offices," he said in 1966. "They are at their best bringing up the new generation of teaching or nursing. We don't believe it is in their interest to work in offices or on airplanes."

Crown Prince Faisal spent much of 1957 in the United States for medical treatment. He had three stomach operations—"The surgeons were retrieving their instruments," he remarked—at the Mayo Clinic and New York Hospital. When he returned home in February, 1958, he found Saudi Arabia near bankruptcy from Saud's extravagances. There was increasing anger in Egypt, then headed by

Gamal Abdel Nasser, because of Saud's bungling antileftist efforts.

In a decree on March 22, 1958, Saud handed over power to Faisal, though remaining as King. Faisal set to work to curb royal spending, reducing allowances, marrying princes in groups of four to save on expenses, giving some members of the royal family cash settlements in lieu of future claims.

Relations with President Nasser were changed dramatically by the Nasser-style coup in Iraq in July, 1958, in which the royal family and the rich were killed in wholesale lots. With the Arab monarchs perceiving the Egyptian's brand of socialism as a clear danger: Faisal and Mr. Nasser drifted further apart, though there was talk of solidarity after the American intervention in Lebanon in August, 1958.

By 1960 King Saud had reasserted his power. Under closer ministerial supervision he returned to governing and had Faisal resign his posts. The next year the brothers reached an accommodation and in 1962 Faisal became Foreign Minister, but there appeared to be no solution for the conflict between Saud's personality and the country's needs.

There were rumors of a coup by Faisal in 1963 and Saud put the palace guard on alert. It did little good since the armed forces remained loyal to the Crown Prince. Faisal, asked after the show of force if he had noticed it, replied with a wan smile, "I did notice that there were more men than before to salute me."

PROCLAIMED ABSOLUTE RULER

The penultimate step came on March 28, 1964, when Faisal took full power, naming himself viceroy, premier and commander in chief. Saud was kept as a figurehead king until Nov. 2, when Faisal was proclaimed absolute ruler by tribal and religious leaders. Saud, in ill health, left the country and died in Greece in 1969.

"We preferred to sacrifice Saud rather than the country," a Prince said after Faisal's coup.

The new King encouraged the admission of those with technical education into the Government. He made a tiny step away from absolute monarchy by appointing a council of ministers to advise him.

His principal concern through the 60's was relations with President Nasser. In September, 1962, when the old Iman of Yemen died and Mr. Nasser sponsored an antiroyalist coup, Saudi Arabia sprang to the defense of the monarch on her southern border.

Mr. Nasser was apparently encouraged in the attempt in Yemen by the defection to the side of socialism of Faisal's half-brother Tallal. The Prince spent several years in Cairo advocating the overthrow of his family until he defected again and returned to Riyadh to be pardoned.

By November, 1962, Egyptian jets were bombing Saudi towns and the country was on a war footing. Though there were frequent abortive attempts at peace talks, the fighting dragged on, not reaching a standoff until Mr. Nasser's death in 1970.

On a visit to President Johnson in 1966 King Faisal made remarks at a news conference that were interpreted as anti-Jewish as well as anti-Israel. "Unfortunately," he said, "Jews support Israel and we consider those who provide assistance to our enemies as our own enemies."

He said later that he was referring to political Zionism, not religion. Nonetheless, when he came to New York, Governor Rockefeller and Mayor Lindsay snubbed him, refusing to hold the traditional reception.

In his disputes with President Nasser King Faisal had found allies in King Hussein of Jordan, the grandson of his old enemy the Sheriff of Mecca, and the Shah of Iran. Together they made up an anti-Soviet, antiradical Islamic alliance to oppose Nasser socialism. Faisal's 50 years of experience in world diplomacy won him a wide audience at the many Arab conferences and meetings of nonaligned nations he attended.

The king was a founder and leader in the Organization of Petroleum Exporting Countries, begun in 1960. After the Arab-Israeli war in October, 1973, the organization seized effective control of the cartel of American and British companies that had dominated the world oil market for decades.

Though Faisal's wealth and power increased manyfold in the early seventies, he maintained his simple ways.

TASKS FOR A RULER

Asked to define the duties of a modern monarch, he said: "The best thing any ruler can do is to make a better life for his people and a better future for his country. He should be a useful member of the human race, a faithful servant of his nation and a wise guide in time of trouble."

Faisal was always reticent about his family life. His first wife was Sultana bint Ahmed el-Sudairi, of a family that provided several of the wives of Ibn Saud. They had one son, Abdulla, who succeeded his father as Viceroy of the Hejaz.

In 1932 Faisal married Iffat bint Ahmad al-Thunaiyan, who was to remain with him for most of the rest of his life. She was the daughter of Ahmad al-Thualyan, his father's chief political adviser and the man who accompanied him on his first visit to London in 1919. They had six sons: Mohammed, Saad, Abdur-Rahman, Saud, Bandar and Turki.

For a brief time around 1940 Faisal reportedly became impatient with Iffat's feminist ways and sent her to Turkey. During this period he married Haya bint Turki ibn Jiluwi and they had a son, Khalid.

King Faisal was also believed to have at least five daughters, some of whom like their brothers, were educated in Europe or the United States.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 120) was considered and agreed to.

SPECIAL FOOD SERVICE PROGRAM FOR CHILDREN

Mr. ALLEN. Mr. President, on the calendar is S. 1310, a bill continuing the special food service program for children through September 30, 1975. It is merely a 90-day extension of the present special school service program. It is an original bill from the Committee on Agriculture and Forestry. I ask unanimous consent that, with the time not being charged to the pending measure, 10 minutes be accorded for the purpose of bringing this bill up. I ask unanimous consent that we proceed to the consideration of S. 1310 at this time under the 10-minute time limitation.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1310) to continue the special food service program for children through September 30, 1975.

Mr. ALLEN. Mr. President, first I ask unanimous consent that the name of the distinguished senior Senator from New York (Mr. Javits) be added as a cosponsor of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. I ask unanimous consent that a statement by Senator McGovern be printed in the Record, inasmuch as he is absent from the Senate today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator McGovern

The Senator from Alabama (Mr. Allen) has once again shown his concern in the area of child nutrition programs. I applaud this move to extend the summer food program.

The summer food program has, traditionally, provided an extremely valuable service for the children of this country.

I am sure no Senator would want to see this program, which serves over 1 million children per day in the peak summer months, expire. This is especially true since this program exists in areas with concentrations of low-income children: children from families who have been hit hard by inflation and unemployment.

In the next several weeks, I know the Senate Agriculture Committee will consider legislation to permanently improve and expand the summer food program. I have sponsored this bill, and look forward to voting on it soon.

However, there is a very good chance this legislation will not be signed into law until May or June. This, of course, would be too late to implement the summer food program. The sponsors of the summer program in every State in the Union need to know very soon whether or not Congress intends to continue the summer food program *for this summer*.

They need to pick feeding sites, hire employees, contract for food services, etc., and all these things take time. They cannot begin to do these things in May and have a successful program.

The bill offered by Mr. Allen will allow the program to continue, and allow sponsors to plan in an adequate professional manner. It will also provide funds to pay for the program.

Once again, I commend Mr. Allen on this timely effort to extend the valuable summer food program.

Mr. ALLEN. Mr. President, the bill now before us would provide for a simple 90-day extension of both the enabling authority and funding for the nonschool summer feeding programs for children. Existing enabling authority for these programs expires on June 30, 1975. Also, unless authorization for use of section 32 funds is provided, no money would be available beyond June 30, 1975, to finance these programs during the summer months of July, August, and September.

This program reaches preschool and school-age children during the summer months in settlement houses, neighborhood houses, and recreation centers.

The summer program has expanded since its inception to reach 1.7 million children during last summer. These children were served or were reached through over 12,000 food service sites. Nationwide, the program operated last summer in 628 communities involving 1,075 sponsoring organizations.

In Alabama last summer, almost $1 million was provided through this program to help finance daily lunches for 31,000 children.

The committee is presently considering legislation which would extend and otherwise modify this program, as well as deal with other significant aspects of the child nutrition program legislation. Full consideration of these critical programs will take some time. Therefore, because the existing legislative and funding authority for the special food service program for children expires on

June 30, 1975, and summer programs are generally conducted between May 15 and September 15, the anomalous result would be that the existing legislation expires midway in the summer program. Therefore, the committee, in recognition of the critical need for this program has voted out a simple 90-day extension to allow the summer program to operate as it has in the past.

It is not intended that this action in any way prejudice the current considerations of changes to the program, such as may be reflected in various legsilative proposals currently pending before the Congress, including the administration's proposed child assistance block grant prorgam. This action is largely precipitated because of the need for definitive plannnig for the upcoming summer operations.

Experience has shown that sponsors, who plan early encounter fewer operating problems. It is, therefore, imperative that sponsors begin planning for the program as soon as possible. Target areas be identified, the number of children to be served estimated, and applications submitted to administering agencies. This is necessary in order that sponsors and sites are visited prior to the operation of the program, training sessions conducted, and guidance materials issued. In addition, school systems must be contacted in regard to the food service and, if necessary, food service bids let.

In regard to funding, it is estimated that $53 million, in addition to the $6 million already available for the remainder of fiscal year 1974, is needed to fund the summer 1975 program.

The committee is providing $52.7 million from section 32 funds to carry out this program during the months of July through September because of the uncertainty that appropriations legislation will be approved before the beginning of the fiscal year.

This action will reduce the availability of section 32 funds below the level which we feel is adequate to meet surplus removal requirements should such conditions arise. Therefore, the committee has added language which provides for the reimbursement of section 32 from appropriated funds. We expect the administration to submit a budget amendment or a supplemental for fiscal year 1976 to reimburse section 32 so that the availability of these funds will not be impaired.

Mr. President, I wish to announce that our Subcommittee on Research and General Legislation of the Committee on Agriculture and Forestry, will proceed with hearings on S. 850, S. 882, H.R. 4222, and other related school lunch and child nutrition bills on April 21, 22, and 24, 1975. Consideration of the President's proposed Child Assistance Act of 1975 also will be covered by these hearings assuming that it is transmitted to Congress and our committee by that time. To date, we have not received or seen this proposal in legislative form.

That announcement is being made so that those who would like to appear before the committee and give testimony will be given that opportunity.

Mr. JAVITS. Will the Senator yield to me 2 minutes?

Mr. ALLEN. I am happy to yield.

Mr. JAVITS. I wish to express my appreciation and that, I think, of hundreds of thousands of children, to the Committee on Agriculture and Forestry and its chairman (Mr. TALMADGE) and to the Senator from Alabama (Mr. ALLEN) for bringing the bill to the floor, and to our own ranking minority member (Mr. DOLE) in respect of reporting it.

The significance of the bill is that it has a direct relation to sum and very poor children, because, Mr. President, in a very unique way, it helps summer programs, especially impacting the summer camp programs and settlement-house programs which are so much a feature and a very helpful feature of big city life. I myself as a child had the benefit, from the university settlement of New York, of having exactly this experience, so very few people can feel it as keenly as I do.

It is extremely helpful, one of the finest expressions through which the United States can help these young children get a little feel for green grass and trees and realize that milk comes from cows, and so forth, the most elementary things in the world, but very meaningful to small children from the slums. I heartily approve of it.

I started to have connections with it, I think, more than a decade ago. I think it is very farsighted of the committee. This makes it possible for children to enjoy the program this summer. I hope that it will be continued. I think this is an excellent solution for the immediate situation. I thank my colleague very much for joining me.

Mr. ALLEN. I thank the Senator from New York. I thank the distinguished chairman of the Committee on Agriculture and Forestry (Mr. TALMADGE) for yielding at this time.

SUMMER FEEDING PROGRAMS FOR CHILDREN

Mr. HUMPHREY. Mr. President, I urge the passage of the bill before us which provides for a simple 90-day extension of both the enabling authority and funding for the nonschool summer feeding programs for children.

This authority is presently scheduled to expire on June 30, 1975. Unless authorization for use of section 32 funds is provided, no money would be available beyond June 30, 1975, to finance these programs during the summer months of July, August, and September.

This program provides commodities for preschool and school-age children during the summer months in settlement houses, neighborhood houses, and recreation centers.

The summer program has expanded, and last summer it reached 1.7 million children. These children were served or were reached through over 12,000 food service sites. Nationwide, the program operated last summer in 628 communities involving 1,075 sponsoring organizations.

Minnesota children benefited through 246,000 lunches worth $176,000.

Our Senate Committee on Agriculture and Forestry is presently considering legislation regarding this and other child nutrition program legislation. A thorough review of these critical programs will take some time. Therefore, since the existing legislative and funding authority for the special food service program for children expires on June 30, 1975, and summer programs are generally conducted between May 15 and September 15, the result would be that the existing legislation would expire as the summer program begins. The Agriculture and Forestry Committee, in recognition of the importance of this program, has voted out a simple 90-day extension to allow the summer program to operate as it has in the past.

It is not intended that this action in any way change the current program or reflect on the various legislative proposals currently pending before the Congress. What we are doing here is to provide the necessary leadtime to allow planning to proceed for the upcoming summer operations.

Summer sponsors are rightfully concerned over whether there will be a program this summer. It is imperative that sponsors be able to start planning for the summer program as soon as possible.

Numbers of children to be served must be estimated and applications prepared for administering agencies. And training sessions must be conducted and training materials issued. In addition, school systems must be contacted in regard to the food service and, if necessary, food service bids let.

It is estimated that $53 million is needed, in addition to the $6 million already available for the remainder of fiscal year 1975, in order to fund the summer 1975 program.

The amount of $52.7 million is included from section 32 funds to carry out this program during the months of July through September because of the uncertainty that appropriations legislation will be approved before the beginning of the fiscal year.

This action will reduce the availability of section 32 funds below the level which we feel is adequate to meet surplus removal requirements. Therefore, the committee has added language which provides for the reimbursement of section 32 from appropriated funds. We would expect the administration to submit a budget amendment or a supplemental for fiscal year 1976 to reimburse section 32 so that the availability of these funds will not be impaired.

I urge the adoption of this bill so that orderly planning for these vital summer programs can proceed.

Mr. PHILIP A. HART. Mr. President, I support the Agriculture Committee's report on S. 1310. Whatever long-range action is taken with regard to the national feeding program for children, I agree with the committee's judgment that action must be taken now to guarantee the continuation of this program through September 30, 1975.

In my own State of Michigan, the nutritional welfare of almost 25,000 children is affected by this program. We know that in many instances, school-age children get the only adequate meal per day at these special food service programs. In some cases, children come to school only for the purpose of getting this meal in the middle of the day. Certainly, I do not need to go into the extensive data regarding the correlation between achievement levels and nutrition among the children benefited by this program.

The need for action on S. 1310 is apparent. The lengthy planning process must begin and in order for this to take place, it must be certain that these programs will be allowed to continue. This particular bill should pass now so that the committee will be less constrained by the short time it would otherwise have in its debate on these programs. Naturally a fair and equitable procedure for deliberation and action on the other legislation, including S. 850 which I am cosponsoring, will take more time.

Therefore, I support passage of S. 1310. The Agriculture Committee is to be commended for taking this action on an interim basis to continue these programs while its more careful consideration of these programs continues.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1310

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13 of the National School Lunch Act (82 Stat. 117, as amended; 42 U.S.C. 1761) is amended—

(a) by inserting in the first sentence of paragraph (1) of subsection (a) before the words "to enable" the following: "and for the period July 1, 1975, through September 30, 1975,"; and

(b) by adding at the end thereof the following new subsection:

"(j) Notwithstanding any other provision of law, the Secretary is authorized and directed to use not more than $52,700,000 of the funds appropriated by section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to carry out the purposes of this section during the period July 1, 1975, through September 30, 1975. Any funds expended from such section 32 to carry out the provisions of this section during the period July 1, 1975, through September 30, 1975, shall be reimbursed out of any appropriation or supplemental appropriation hereafter enacted for the purpose of carrying out the provisions of this section, and such reimbursements shall be deposited into the fund established pursuant to such section 32 to be available for the purposes of such section. Funds made available under this subsection shall be in addition to direct appropriations or other funds available for the conduct of summer food service programs for children.".

AGRICULTURAL PRICE SUPPORT

Mr. MANSFIELD. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 4296, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

The ACTING PRESIDENT pro tempore. The time for debate on this measure is limited to 3 hours, to be equally divided between and controlled by the Senator from Georgia (Mr. TALMADGE) and the Senator from Kansas (Mr. DOLE), with a time limitation of 30 minutes on any amendment except an amendment to be offered by the Senator from Utah (Mr. MOSS), on which there will be 2 hours of debate and on which no tabling motion is in order, with debate on any debatable motion or appeal limited to 20 minutes, and with the final vote on the bill to occur at 5 p.m. this afternoon.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the following members of my staff be accorded the privilege of the floor during the debate on the pending measure: W. E. Seale, Carolyn Fuller, and E. C. Graves.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FORD. Mr. President, I ask unanimous consent that Tom Preston of my staff be accorded the privilege of the floor during the consideration of the pending matter.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Who yields time? If no time is yielded, the time runs equally against both sides.

Mr. TALMADGE. Mr. President, what is the pending measure before the Senate?

The ACTING PRESIDENT pro tempore. The pending business is H.R. 4296.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the following staff members of the Committee on Agriculture and Forestry be permitted to be present on the floor during consideration of H.R. 4296, including all rollcall votes thereon:

Michael R. McLeod, Henry J. Casso, Carl P. Rose, Forest W. Reece, James E. Thornton, William A. Taggart, Dale L. Stansbury, and James C. Webster.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. YOUNG. Mr. President, I ask unanimous consent that Gordon West, of my staff, be accorded the privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the committee amendment be agreed to, and that the bill as thus amended be considered as original text for the purpose of further amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(For text of committee amendment see RECORD of Monday, March 24, 1975, page 8397.)

Mr. TALMADGE. Mr. President, in the 1920's, American agriculture was caught in a brutal squeeze between high production costs and low selling prices.

Today, nearly half a century later, farmers and ranchers are in a similar bind.

There are disturbing parallels between the 1920's and today. And there are some reassuring differences.

In the 1920's, farmers organized "penny auctions," held mass meetings throughout the countryside, and stood, baseball bats and shotguns in hand, to block the movement of commodities from farm to market.

We have not seen similar violence or coercion today. But there have been mass meetings again, throughout the farm belt, to seek voluntary planting cutbacks. The Nation has watched widely televised calf slaughters.

Farmers are angry, frustrated, today—just as they were 50 years ago.

But here is where the parallel ends.

Nothing was done in the 1920's to remedy a severe economic crisis. And agriculture and the overall economy suffered for more than a decade—a period we recall as the great depression.

But today, we—this Congress—can remedy an economic crisis in American agriculture.

There is every possibility that agriculture could soon be in an economic situation as hopeless as the great depression. And because of structural changes in agriculture and the general economy, it could have even more ominous overtones for the welfare of this Nation.

When Congress was drafting farm legislation 2 years ago, forces were already in motion that would render the 1973 act, specifically its established prices and loan levels, totally inadequate.

Some of these events were evident at that time. But no one foresaw their ultimate effect.

These events are quite diverse, and at first glance they did appear unassociated. However, today we can see the relationship between détente and increased trade with the U.S.S.R. and China, the floating of the dollar, the increasing economic force of the OPEC countries, crop shortfalls around the world, and the floods, droughts, and frosts that plagued our crops last year.

The result of all these has been sharply higher production costs and increasing uncertainty for farmers. In the past 2 years, the index of prices paid by farmers for production items has jumped 35 percent. This increase is as much or more than farmers usually have to contend with in a decade.

Look at some of the individual increases:

Prices of motor supplies have increased 46 percent, fertilizer prices have more than doubled. Seed prices have jumped 76 percent. Interest rates have jumped about 47 percent.

Farmland prices have increased by about 40 percent since 1972. Higher land costs also mean higher interest charges and higher taxes.

Increases of this magnitude have pushed production costs far above any price and income protection afforded by present law.

Existing law offers "target" prices and loan rates at the following levels:

For wheat, $2.05 and $1.37, respectively; for corn, $1.38 and $1.10; for cotton, 38 cents and 34.3 cents.

Even the Secretary of Agriculture concedes that costs of production are above these levels.

In his testimony before the Committee on Agriculture and Forestry, the Secretary used these production costs:

For Kansas wheat, $2.50 per bushel for total costs, $1.54 for variable or cash costs;

For Indiana corn, $1.79 per bushel, total cost, and $1.12 per bushel, variable cost;

For Delta cotton, 48 cents per pound, total cost, and 41 cents per pound, variable costs.

More than 200 witnesses testified before our committee in 2 weeks of hearings in Washingon, and in several field hearings. Almost unanimously, they cited instance after instance of sharply higher production costs.

We substantiated these production costs even further, by requesting data from the State experiment stations.

Their estimates of cash costs for wheat ranged from $1.63 in Kentucky to $2.80 in Nebraska.

Their estimates of total costs for wheat varied from $2.65 per bushel all the way up to $4.10 per bushel.

On corn, direct costs ranged from $1.32 in South Dakota to $1.87 in Arkansas. Total costs ranged from $1.76 to $2.42 per bushel.

Cotton variable costs ranged from 35 cents per pound to 48 cents. Total costs averaged 52 cents.

The purpose of established prices and loan levels is to lend stability to the markets for farm products.

Without the stabilizing influence of realistic target prices and loan levels, we can almost count on wide swings in production and prices. Already, cotton planting intentions are off by 29 percent from last year. This is clearly the result of a drastic drop in cotton prices to below cost of production levels.

Our wheat and feed grain producers have been able to cope with rising costs the past 2 years, but only because market prices have been held by up by strong demand and the unusually low production due to poor weather.

The livestock industry is the market for a large share of our crops. And livestock feeding is off sharply—causing a sharp reduction in demand for grain and meal.

Likewise, export demand for American farm products is showing signs of weakening. Exports are an increasingly critical component of total agricultural demand.

In the face of weakening demand, there is a clear possibility of surpluses this year.

Average weather and more normal yields would bring total production well above last year.

Virtually overnight, huge crop surpluses would collapse the price of crops. This would throw the crop sector into an economic crisis parallel to the present situation in livestock.

The following year's farmers—at least those still in business—would reduce plantings sharply. In 1976, there could very well be shortages and price surges.

Whipsaw changes in prices—and persistent upward costs—endanger not only agriculture, but the entire economy.

Agricultural instability causes particular hardships for rural America where agriculture is the dominant economic activity.

Even though relatively few people are directly employed in agricultural production, millions of other people are engaged in providing goods and services to farmers.

When agriculture and rural America suffer economic setbacks, the problem is quickly transmitted to all other sectors of the economy.

Demand by rural people for all goods and services will decline. This means fewer jobs, in Detroit, Cleveland, Atlanta, and every other industrial center in the country.

Agriculture is the base of our economy and food is a basic need. We cannot afford losses in production or economic instability in this sector.

The focus of our agricultural programs is on the basic crops. These crops are the base of all food, whether it is derived from crops or livestock.

Stability for these crops means general stability for agriculture. It also means adequate food and fiber at reasonable prices for all Americans.

But stability can only be achieved if revenues from crops cover costs.

To restore some measure of stability to these markets, the committee is recommending the following increases:

Target prices for 1975 crop cotton at 48 cents per pound and loan levels at 40 cents;

For 1975 crop wheat, target prices at $3.10 per bushel and loan levels at $2.50;

For 1975 corn, target prices of $2.25 per bushel and loan levels of $1.87;

And 1975 loan levels for soybeans at $3.94 per bushel, to be adjusted in subsequent years in relation to corn;

Further, dairy price supports would be increased to 85 percent of parity for the upcoming marketing year;

Tobacco price supports would be set at 70 percent of parity for 1975 rather than under the existing formula. This would result in a higher support price, but still below the market price; and

For the 1976 and 1977 crops, target prices and loan levels would be adjusted to reflect increased production costs.

These actions, along with other provisions of the bill, will adequately protect farmers and assure consumers of an abundance of food and fiber in the future.

Our goal—a strong, viable American agriculture—is essential to the well-being of this Nation and to many millions of hungry throughout the world.

Passage of this bill would do much to achieve this goal.

Mr. President, I ask unanimous consent that a summary of the provisions of the committee bill be printed at this point in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF H.R. 4296, AS AMENDED BY THE COMMITTEE ON AGRICULTURE AND FORESTRY

H.R. 4296, as amended by the Committee on Agriculture and Forestry, consists of the following provisions:

I

Target prices and loan levels would be adjusted as follows:

A. For 1975, target prices would be increased to—

$3.10 per bushel for wheat from $2.05;

$2.25 per bushel for corn from $1.38; and

$.48 per pound for upland cotton from $.38.

B. For 1975, loan levels would be increased to—

$2.50 per bushel for wheat from $1.37;

$1.87 per bushel for corn from $1.10; and

$.40 per pound for upland cotton from $.34.

C. For 1976, the target prices applicable in 1975 would be adjusted for changes in costs and yields. And for 1977, the applicable target price used as a base for adjustment would be that established for 1976.

D. Loan levels for cotton, corn, and wheat for the 1976 and 1977 crops would bear the same relationship to target prices as existed for the 1975 crops.

E. Target prices, loan levels, and payment rates for grain sorghum and barley would be in relation to corn, as at present.

F. For the period 1975 through 1977, nonrecourse loans would be available for 18 months for cotton and not less than 20 months for wheat, corn (and other feed grains), and soybeans.

As under existing law, no payment will be made if the average market price received by producers during the first five months of the marketing year—or in the case of upland cotton, during the calendar year in which the crop is planted—remains at or above the target level. If the average market price for the stated period drops below the target level, a payment on the allotment (for cotton, the acreage planted within the allotment) will be made to eligible producers equal to the difference between the target price and the higher of the loan level or the average market price.

II

A loan and purchase program would be made available to producers of soybeans for the 1975 through 1977 crops at a level reflecting the average relationship of soybean support levels to corn support levels during the immediately preceding three years. Under this formula, the 1975 loan level for No. 1 grade soybeans would be $3.94 per bushel.

III

Effective with the period beginning on the date of enactment and ending March 31, 1976, the support price of manufacturing milk would be established at not less than 85 percent of the parity price therefor. Beginning with the second quarter of 1975, the established support price for milk would be adjusted at the beginning of each quarter to reflect prices paid by farmers for production items, interest, taxes, and wage rates. Such estimated support prices would be announced not later than 30 days prior to the beginning of each quarter.

IV

The rate of interest on commodity loans for the 1975 through 1977 crops made by the Commodity Credit Corporation would be established quarterly on the basis of the lowest interest rate paid by the U.S. Treasury.

V

Resales by the Commodity Credit Corporation with respect to the 1975 through 1977 crops of wheat, corn, grain sorghum, barley, or upland cotton would not be made at less than 115 percent of the established price and for soybeans at 115 percent of a comparable price level.

VI

The 1975 support price for tobacco would be established at 70 percent of the parity price therefor.

Mr. TALMADGE. Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

Mr. YOUNG. Mr. President, when Congress passed the Agriculture and Consumer Protection Act of 1973 it was a great improvement over the previous law and met with the approval of the vast majority of farmers and consumers alike.

Inflation and other changing conditions have made it absolutely necessary that this farm program now be updated. The costs of farm production have risen sharply. Most of the major things that farmers need for production such as farm machinery, fertilizer, fuel, agricultural chemicals, and dozens of other important items have risen in cost from 50 to 300 percent.

Mr. President, I ask unanimous consent to have printed in the Record a table indicating the cost rises for some of the major items formers have to buy. This covers a period from the Spring of 1973 to the Fall of 1974.

There being no objection, the table was ordered to be printed in the Record, as follows:

INCREASE IN COST OF PRODUCTION FOR MAJOR ITEMS A FARMER HAD TO PURCHASE BASED ON LATEST FIGURES FOR 1973 AND 1974

Item	Price per ton		
	March 1973	September 1974	Percent increase
Fertilizer:			
Anhydrous ammonia	$87.60	$229.00	261
Triple phosphate	87.50	188.00	215
Potash	61.50	91.00	148
	Tank truck price per gallon		
	April 1973	December 1974	Percent increase
Petroleum:			
Gasoline (in cents)	31.5	46.0	146
Diesel fuel (in cents)	19.9	40.5	204
Machinery:			
Tractor (70/79 horsepower)	$8,540	$11,500	135
Truck (2-ton)	4,870	6,650	137
Combine (large)	22,200	29,900	135
Grain drill (12 ft)	1,780	2,630	148
	Price per gallon		
	April 1973	April 1974	Percent increase
Chemicals:			
Toxaphene	$3.87	$4.57	118
2-4-D	4.32	5.88	136
2-4-5-T	10.70	12.60	118
Parathion	6.24	7.54	121
	Per hour		
	April 1973	January 1974	Percent increase
Wages: Agriculture	$1.57	$2.16	183

Mr. YOUNG. Thus, the cost of fertilizer such as anhydrous ammonia has increased 261 percent, triple phospate 215 percent, potash 148 percent, gasoline 146 percent, diesel fuel 204 percent, and down the line there has been an increase from 50 percent to 200 percent, or more.

Thus the target price of $2.05 per bushel for wheat, for example, in the present farm act is far from adequate. The same thing is true of corn and other feed grains and other basic farm commodities.

If farmers are to continue producing at top capacity, they have to have more assurance than they have now that by increasing production they will not be the victims of drastically deflated prices brought about by overproduction and surpluses.

While the costs of everything a farmer has to buy in his operations have increased, the prices he receives for most of his commodities have declined sharply. Cattle prices are only one-half of what they were a year ago. Wheat prices are about one-third lower. The same thing is true of practically all other farm commodities.

These much lower prices that farmers are receiving now, and the exorbitant increases in the cost of everything they have to buy, have them deeply concerned. There is no way we can recover from the serious recession this Nation is in, with agriculture—the biggest and most important segment of our economy—in financial trouble. Every depression in our history has been led by a farm depression.

Mr. President, I realize some are predicting that the bill approved by the House and Senate Agriculture Committees would mean huge costs to the Federal Government. The facts are that unless prices of basic farm commodities decline considerably more than they already have, there would be practically no additional cost to the Federal Government.

Dr. Don Paarlberg, Director of Agricultural Economics, of the U.S. Department of Agriculture, I understand, has been estimating the cost of the Senate farm bill to be as high as $7 billion in 1977. As I said previously, there will be practically no cost to the Federal Government unless the price of most major commodities drops below the target price and price support loan levels.

This would mean that they would have to drop considerably more than they have already. What Dr. Paarlberg is actually predicting with the costs that high is that farm prices 2 years from now will only be one-half of what they are at the present time.

With the cost of farm operations having practically doubled in the last 2 years and still on the rise we would have a bankrupt agriculture if Dr. Paarlberg's predictions are correct. Apparently he has no faith whatever in the free market providing a good price for farm commodities by 1977.

Actually, the new target price for wheat of $3.10 a bushel and the loan price of $2.50, as well as the new target price for corn of $2.25 a bushel and $1.87 a bushel loan price, are not adequate but are probably the best we can get enacted.

One of the major provisions contained in the Agriculture and Consumer Protection Act of 1973 was the target price concept. This ended wheat certificate payments and production payments for other basic commodities which could not be justified when farm prices are high.

All farmers ask is a fair price for their commodities. When the Federal Government urges farmers to increase their production and, as a result, prices become unreasonably low, they must have some protection, such as higher target prices and price support loan levels.

The cost of every Government program that I know of has increased sharply in the past 3 years. The farm price support program is the only major program I know of where the cost to the Federal Government has dropped—and sharply.

Mr. President, I ask unanimous consent to have printed in the Record a table indicating the sharp decrease in the cost of these farm programs over the past 6 years.

There being no objection, the table was ordered to be printed in the Record, as follows:

CROP PAYMENTS BY ASCS FOR WHEAT, FEED GRAIN, AND COTTON—ITEMIZED DIRECT PAYMENTS TO PRODUCERS BY CROP YEAR

[In millions of dollars]

	1969	1970 actual	1971 actual	1972 actual	1973 actual	1974 estimate
Feed grains	1,644.4	1,503.6	1,053.3	1,846.3	1,141.9	351.0
Wheat	839.1	873.6	884.5	863.1	490.8	102.0
Cotton, upland and ELS	819.6	917.5	824.0	813.5	718.3	142.5

Mr. YOUNG. In a letter from Secretary Butz this morning, he states that at the same time, taxpayers have benefited by a reduction in the payments from the peak of $4 billion to only $525 million in calendar year 1974 and by the fact that 60 million acres have been released for planting as farmers move into full production of crops that are in greatest demand.

So he is predicting that the cost will only be about $525 million as against $4 billion 2 years before we enacted the present farm program.

If, because of the necessity of this new and better farm program there would be some additional cost to the Federal Government, it certainly would be justified.

A major new provision was added by the Senate Agriculture Committee, which applies the escalator clause, to the last 2 years of the present farm program. The effect of applying the escalator clause—which is based on parity or the increasing costs of production—will be to raise the target price level in both 1976 and 1977. This new provision, which I sponsored, also provides that the escalator clause be based on the new $3.10 target price for wheat rather than the current $2.05 target price level.

If farm operating costs continue to increase as they have been, there will be approximately a 35-cent-a-bushel increase in target prices, for each of the crop years of 1976 and 1977. Thus, the wheat target price for crop year 1977 would be at least $3.80 a bushel, with corresponding increases for corn and other feed grains, and cotton.

Another major change in the Senate version of the bill is increasing the price support level for dairy commodities from 80 to 85 percent of parity. The dairy industry is in critical financial condition. Thousands of dairy farmers have gone out of business in the last year.

This is the minimum increase in price supports that they must have.

Mr. President, there are many other important provisions in this farm bill which have been discussed by the distinguished chairman of the committee, Mr. TALMADGE.

I urge my colleagues to approve this bill. This is the absolute minimum that must be done to assure future financial stability of our agricultural industry, which is the most important and largest segment of our economy. There is nothing more important than the production and adequate supply of food and fiber.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. DOLE addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Kansas.

Mr. DOLE. Mr. President, I yield myself as much time as I might consume.

Mr. President, I apologize for being a few minutes late. We are also involved with a conference report on the tax bill and there are some very important matters being considered in that conference, as the distinguished Senator from Georgia knows.

Rather than repeat many things that have been said by the distinguished Senator from Georgia and the distinguished Senator from North Dakota, who have served and have been leaders in the field of agriculture for many years, I thought I might summarize my statement and include some other material in the RECORD.

Let me say first of all that farm legislation is always difficult, difficult from the standpoint of first getting the bill through the Congress, generally more difficult in the House than the Senate, and then convincing any administration it is a sound bill.

I am aware of the rumors, the reports, suggestions, and even recommendations, I think going as high as the Secretary of Agriculture, that, if the House bill should pass, the President should veto it. I would hope that the President would look very carefully at the legislation and make an independent judgment and not rely on the advice of anyone notwithstanding their expertise or status in the USDA or outside the USDA.

The Senator from Kansas is convinced that this is an emergency, and that we should pass emergency legislation. I would hope that the Senate by a very wide margin, if not unanimously, would approve the legislation before us today.

I can state that this Senator hopes to visit personally with the President concerning this legislation after it has been passed by the Senate. It will not go to conference until after the recess, in the event there should be a recess. It will give us some time, hopefully, to sit down and discuss this with the President, whom I am certain is concerned about agriculture and the farm economy.

The farmers of this Nation are already in recession.

We hear almost daily that in reference to the prices farmers have received the past 3 years, the price of corn has doubled, the price of wheat has doubled or tripled, and the price of something else has doubled. What we do not hear, what we have not heard recently, is how these farm prices have been going down, not just for 30 or 60 days, but for a period of several months. What has not been emphasized is the fact that the livestock industry, for example, has been in great difficulty now for some 18 months.

I would say to those who may not appreciate agriculture is that it is still the backbone of the economy of this country. It is still vital to the consumer in this country. It seems to this Senator that in the interest of the consumer—yes, and in the interest of the farmer—we need sound legislation.

I am not suggesting, I have not in the past and I will not today, that we raid the Treasury; that we design some farm program where the farmer is paid for not farming; that we design some farm program or say it is an emergency program where there is no incentive to produce other than a subsidy. In fact, I have always held the view that most American farmers wanted to make their profit in the marketplace not from a Government subsidy.

Let us just take a quick look at what has happened in the past 3 years. Ir the past 3 years the general cost of production has increased about 35 percent. At the same time, in fact, for the past 6 months, I would guess, the prices farmers received for their crops have declined 30 to 45 percent on wheat, on corn, and on soybeans.

So we have the same old story: The cost to the farmer is going up and up, while the return to the farmer is going down and down, and many farmers are going down and out. I will just give one example from the great wheat producing State of Kansas. In Sumner County, Kans., which is the Nation's largest wheat producing county, the cost of producing a bushel of wheat according to farm management-records, excluding labor, is $3.27. At the same time, the current cash price, or the price a few days ago, in Sumner County, was $3.45 a bushel. I am advised this morning it has risen to $3.55 a bushel.

So the situation is, in short, an emergency for which we urgently need this legislation.

I certainly commend the distinguished chairman of our committee for the leadership in expediting consideration of this bill. As the chairman has indicated, we heard 160-some witnesses for 2 solid weeks, morning and afternoon, all concerned about agriculture. They were not special interest groups in the sense that they were here to get something, but special in the sense that they were here trying to survive, trying to make a reasonable profit, and trying to stabilize prices to the American consumer.

We now have a real need.

Planting time for corn and grain sorghum, cotton, tobacco, and spring wheat is less than 30 days away. In some areas of the South it has already begun. It is the same old story. If we delay, if we do not tell the farmer in advance, he does not know how to plant. He does not know what levels of protection he may have.

I would say that while we delay, if we should delay, and if there should be a veto, then this increases the risk the farmer must take.

There is urgent need now that we act on this legislation. It is well to point out, as has been pointed out earlier, that in the full committee the vote was unanimous. There was not a single dissenting vote for the legislation before the Senate today.

The House of Representatives passed H.R. 4296 last week, a bill that differs in some respects but not too many from the Senate legislation. As the ranking Republican on the Committee on Agriculture and Forestry, I view the House bill as a response to true emergency, as one that deserves attention.

The Senator from Kansas has been in the Congress, the Senate and House, long enough to know that agriculture never really excites many people. It does not bring many to their feet in the Senate Chamber. But I would suggest that if we had to do without it or the food it produces there would be many brought to their feet in the Senate Chamber and throughout the country. We have taken it for granted.

The Senate has made improvements in the House bill. The best thing we can do is to support the committee's action and get on with the business at hand.

I have just heard the distinguished Senator from North Dakota, who has been a leader in agriculture long before I came to the Congress, indicate the seriousness of the situation.

One of the most important provisions in this legislation is the escalation of target prices in proportion to the increase in cost of production.

We are not suggesting by that that there be any subsidy. We are suggesting if the Government and the bureaucracy—and I say that with all due respect—encourages or directs or otherwise causes the farmer to plant fence to fence and overproduce, then the Government should take at least part of the burden in protecting that farmer, not for profits, but for the increased production costs.

The escalator clause was passed by the Agriculture Committee in 1973, but it was delayed until 1976 because we could not get together in conference. As a result, the increases in cost of production the farmer has experienced, since December 1973 when we established the target prices, have not been reflected in increased target prices. The target prices were established by the Senate to utilize the escalator provision. This is why we have adjusted the target for levels contained in this bill—$3.10 for the wheat, $2.25 for corn, and 48 cents per pound for cotton—to reflect the increases in production costs since the 1973 bill was passed.

This would give farmers the same type of options that other segments of the economy have in passing on increases in their costs. When a businessman or manufacturer experiences cost increases he is able to pass them on to his customers by increasing the price he charges for the goods or services he delivers. The farmer, however, is at the mercy of the price in a market which may fluctuate greatly, because of supply or demand changes that do not relate meaningfully to his economic position. In the recent past he enjoyed greatly increased demand which drew down on supplies and created favorable market prices. At the same time, several factors not directly related to commodity supply and demand have caused the margins to disappear and, in many cases, the farmer is operating at a loss.

General worldwide inflation has increased the cost of everything the farmer uses to produce a crop. Machinery and equipment costs have increased generally from 30 to 50 percent and fertilizer, fuel, and agricultural chemical costs have jumped 100 percent to 300 and 400 percent in some instances.

As the farmer's need for operating capital has expanded due to these cost increases, the cost of money itself has increased far beyond earlier projections.

Taxes of all kinds have greatly increased.

In the relatively labor-intensive areas of agriculture—cotton, tobacco, and dairy operations—the increased costs of hired help are readily acknowledged.

All of these factors have served to greatly increase our farmer's cost of production. But coupled with these increases has been the general decrease in prices he receives.

EXPORT POLICY

Last October 4 the administration imposed a voluntary export control program under the guise of a prior approval system. The purpose was laudable—to make certain our regular customers for commodities were accommodated and to prevent other nations from "cornering" the available supply. The results have been somewhat counterproductive and disastrous to farm prices, especially wheat. We have seen wheat prices decline from $5.04 in October of last year to $3.50 in February of this year. In some areas of western Kansas the price fell to below $3 at the local elevator.

We must keep our export channels as open as possible. The market decline we have seen is proof of what will happen when they are restricted. The market has not recovered since the prior approval system was removed, for the damage done by this restriction has forced some customers to other sources for their wheat and other farm commodities. And since restriction on sales was imposed, other nations have cancelled or diverted existing contracts.

MILK SUPPLIES IN JEOPARDY

Our dairy industry is in a particularly critical condition at this time. High feed costs and low market prices are pushing many of our dairy farmers toward liquidation, especially younger farmers just starting and established dairy farmers who have recently expanded or modernized their operations.

These hard working farmers have capital investments comparable to other farmers and face the same increased interest costs which face everyone. In addition, however, I want to emphasize that these dairy farmers have an additional investment of time and energy and a daily commitment that sometimes exceeds that of other types of farming.

This bill would establish a milk price support level of manufactured milk of 85 percent of parity with quarterly adjustments, as provided in S. 102, a bill which I introduced earlier this year. I feel it is essential to assure our dairy producers this level of price for their milk if we want them to continue producing an adequate supply of milk and dairy products. Our consumers deserve this assurance also.

ASSURANCE TO CONSUMERS

It is because farmers deserve fair treatment, and because the consumer needs the assurance of continued adequate, reasonably priced food supplies, that it is absolutely essential for this bill to be promptly considered and passed.

I have read the fear statements circulated by the U.S. Department of Agriculture. I have read of all the billions of dollars that this legislation might cost if it were passed.

I suggest, as I have suggested before, that if the program is properly administered it would not cost the taxpayer a cent. I say to the credit of the present Secretary of Agriculture it has, to this point, been properly administered. It has been a good program. It has been a program this administration has embraced. I might suggest to the Senator from North Dakota that was not the posture in the first instance, but now it has been a good program. The farmers have responded; the farmers have produced. Perhaps we ought to keep a good program on the books. We only need to make certain that the farmer is not going to be punished for doing what he has been encouraged to do by the Federal Government.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. YOUNG. Mr. President, a very good case has been made for this farm program by the distinguished Senator from Kansas, the ranking Republican member of the Committee on Agriculture and Forestry.

I recall that when we passed the present act, there were predictions of the tremendous cost of the program. Actually, according to Secretary Butz's letter, a copy of which he has sent to each Senator, the cost has declined from a high of $4 billion to $525 million for fiscal year 1974.

That cost will not go up with the pending bill if farm prices stay up, as Secretary Butz thinks they will under the free market system. The great advantage of the present program is that it does not interfere with the free market system. If he sees an overproduction, he can reduce acreage allotments and reduce the cost of the program.

Mr. DOLE. The Senator has pointed out the very reason for the continuation of this program and updating it, because we have reduced the cost of farm programs by $3.5 billion. That is a lot of money.

Mr. YOUNG. That is the only segment of the whole Government that has been reduced in cost.

Mr. DOLE. I cannot think of costs in any other segment of the Government that have gone down. I can think of many that have gone up. There is very little in the Department of Agriculture budget that is directly related to farm programs. Most of it is food stamps and school lunches and other things that are all charged to the American farmer, and he agrees that some of those programs have merit. But when the American people may be misled—not intentionally—into believing that the farm budget may be $11 billion, then they have to stop, study the budget and reflect how much of that goes to agriculture, how much is for conservation, how much is for forestry, and how much is for other programs.

As the Senator from North Dakota has indicated, it has cost less than $600 million, and that is down from $4.1 billion.

We have had general inflation. It has been worldwide. We have had machinery and equipment costs go up 30 to 50 percent. We have had fuel and agricultural and chemical costs jump 300 percent and 400 percent in some cases. We have had all this expansion of the farmers' cost, and that increases the need for capital.

I suggest that in the relatively labor-intensive crops such as cotton, tobacco, and dairy operations, the increased costs of hired help are readily acknowledged.

All these costs have mounted, and mounted, and the victim, we might say, has been the American farmer.

I do not suggest that it all has been bad. Farmers have made a profit. Farmers, for the first time in many, many years, have made good profits. But they have not made profits because of Government subsidies, they have made profits because of a good program, properly administered, which kept the Government off the farmers' backs.

That is all we suggest in the Committee on Agriculture and Forestry. Let us continue a good program, let us update the target prices, and then if the production is in line with the target prices and there is no overproduction, there is no cost to the Government. That, to this Senator, seems to be a fair statement.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. YOUNG. The Senator from Kansas comes from a major agricultural State—in fact, the No. 1 wheat-producing State. I am wondering if he finds the same thing I do, that farmers are deeply concerned about the increasing costs of all farm operations. They see no possibility of the cost of fertilizer, fuel, machinery, rubber, and all the other things they have to buy going down. That is why they are concerned about being frozen at a target price and loan level that was adequate 2 years ago. All their costs have about doubled. Does not the Senator find the same situation among his farmers?

Mr. DOLE. That is exactly the frustration the farmer has. He can understand in some cases why the fertilizer costs have increased—perhaps not 400 percent, as they have in some cases, and I do not understand that, myself—but he cannot understand why his prices should decline.

As an example, in Kansas, the price of wheat last October was $5.04 a bushel. In Kansas City, the price of wheat is $3.50 a bushel today. If all the other costs have gone down in the same proportion, there would be no problem, but the costs have gone up.

As we look at the consumer price index and the forecasts for the economy, the only prices coming down are food prices, and we want them stabilized and normalized in some balance. But let us not have the farmer bear all the brunt of stopping inflation, all the brunt of righting the economy, without at least some protection.

The Senator from Kansas was present when some of the witnesses said, "We don't only want a target price. We want a price that will assure us a profit." I do not subscribe to that philosophy. We ought to assure the farmer his production costs only in the event that through some misdirection or mistake or bad weather, or perhaps if the weather is too good, he overproduces.

I do not mean to stand here and criticize anyone in the process. We have seen the dairy industry in jeopardy. In the Senate bill—and we know it is very controversial—we have raised the support to 85 percent of parity, with quarterly adjustments. Perhaps it will not wind up at 85 percent in conference, because it is 80 percent in the House bill. That could mean an increased cost to the consumer. We have to balance the consumers' interests with the fact that if the dairy farmer cannot take a profit, he is not going to be there.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. TALMADGE. Is it not a fact that the farmer's share of the food dollar is only 39 cents and that the other cost is 61 cents?

Mr. DOLE. That is the way I understand it.

It is also true that the American consumer has the best food bargain in the world. About 16 to 17 percent of his disposable income in this country goes for food, and that is the best food bargain in the world.

Mr. President, to be totally objective, I believe that the Senator from Kansas can state that this really is not just a farm bill. In essence, it also is a consumer bill. We have had all the scare stories about the price of bread going to a dollar a loaf, and it never happened. It never happened, because the American farmer produced. But if we get back into a position of rigidity, in which the farmer has no protection, why should he stay in agriculture?

So I really believe that we have a very important task before us today; and I should like to insert in the RECORD a letter to me from Secretary Butz, dated March 25, 1975. I really do not find any great deal of quarrel about it, except that I do not reach the same conclusion. I recognize that Secretary Butz has a greater responsibility; but I believe that Secretary Butz also recognizes that we have a responsibility, not in considering farmers as some special interest group that should be pampered, that should be paid out of the Federal Treasury. I do not subscribe to that view.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 25, 1975.

Hon. ROBERT DOLE,
U.S. Senate.

DEAR SENATOR DOLE: The marked-up version of H.R. 4296 bears out one of our strongest arguments against this proposed legislation. It has now become a costly *three-year* Bill, including escalators on loans as well as target prices.

It is true that costs of farm production have been pushed upward by the same inflationary pressures that have affected other industries. But there is no overall "emergency" in the farm sector of the type that this Bill attempts to redress by making excessive increases in the price support levels for wheat, feed grain, cotton, soybeans, milk and tobacco. Such increases will have predictable consequences in undermining export trade, or of necessitating export subsidies.

The Agriculture and Consumer Protection Act of 1973, in effect for only 19 months, has led to record levels in farm exports, farm operators' net income, and total farm cash receipts. At the same time, taxpayers have benefited by a reduction in payments from a peak of nearly $4 billion to only $525 million in calendar 1974, and by the fact that 60 million acres have been released for planting as farmers move into full production of crops that are in greatest demand.

The Bill would deny farmers the incentive to produce commodities needed in the marketplace, causing them, instead, to produce for Government guarantees. It would force cropland out of production and drain the Federal Treasury of billions of dollars in program payments. It would lead to further increases in farm production costs and eventually to higher food prices. And it would force U.S. farm goods out of world markets, weakening our position in world trade, and destroying the benefits to our economy of record-high farm exports.

I sympathize with the concerns of farmers over declining demand for their products and increasing cost of production as much as anyone in America. But the answer is to deal aggressively and quickly with the basic causes of these problems—recession and inflation. The answer is not the marked-up version of H.R. 4296, which is an inappropriate response to both farmer and consumer concerns.

You may wish to refer to the enclosed summary for further details.

Sincerely,

EARL L. BUTZ,
Secretary.

SUMMARY OF USDA ANALYSIS—SENATE VERSION OF THE 1975 AGRICULTURE EMERGENCY ACT

This proposed legislation would:

Increase wheat, corn and cotton loan rates and target prices.

Establish mandatory price support for soybeans.

Increase the 1975/76 dairy price support, and adjust it quarterly.

Cover a three-year period with escalators on loans (including soybeans) and target prices, while changing the escalator component to exclude feed and feeder stock.

Establish 20-month loans for wheat, feed grains and soybeans.

Establish 18-month loans for cotton.

Require tobacco to be supported at 70 percent of parity for 1975—a one-year provision.

Mandate CCC to resell only at 115 percent of target price.

Among the shortcomings of this legislation are that it would:

Increase milk prices by about 8 cents per gallon, cheese by 10 cents per pound, and butter by 20 cents per pound, with total added cost to consumers of about $1 billion.

Cost the taxpayer nearly $2.5 billion in 1975, and escalate to nearly $10 billion by 1977.

Lead once again to paying farmers not to farm. Production will be curbed, leading to higher food prices, and to heavy involvement by government in the lives of farmers.

Reduce the production of food crops, and increase the production of nonfood crops in 1975 as compared to what would otherwise occur. This is just the opposite of what the bill is purportedly designed to do. It will induce farmers to grow more cotton (which is already in surplus) and less feed grains and soybeans (which are in short supply) than are now planned.

Provide price protection to farmers far in excess of their out of pocket costs. "Protecting" inflated land values will simply lead to another round of inflation, and a further effort in the future to have the new land values "protected."

Respond to a non-existent emergency. Though grain prices have declined in recent months, they are still at levels far above those of 3 or 4 years ago. Most wheat and feed grain producers are coming off the highest income years of their lives. Cotton growers are unquestionably suffering, but this is not a proper solution to their situation.

Erode our competitive position in world markets, ultimately resulting in a reduction of U.S. agricultural exports. This will further weaken the value of the dollar and make all imports, including petroleum, more expensive. The proposed legislation will price U.S. cotton out of the world market immediately.

Provide a price umbrella for competing farmers around the world leading to further deterioration of our competitive position in future years.

Mr. DOLE. Mr. President, I also ask unanimous consent to have printed in the RECORD some comparison tables furnished by the USDA on carryover projects under the current legislation and under the proposed Senate bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PROJECTED BUDGET OUTLAYS—CURRENT LEGISLATION VERSUS SENATE AGRICULTURE COMMITTEE PROPOSED BILL

[Dollars in millions]

Commodity	1975		1976		1977	
	Current legislation	Senate bill	Current legislation	Senate bill	Current legislation	Senate bill
Feed grains	$104	$169	$119	$4,675	$121	$5,116
Wheat	75	113	85	1,474	87	1,786
Cotton	164	941	153	1,091	[1]137	1,367
Soybeans		709		673		874
Dairy	345	493	311	671	320	785
Tobacco	[1]4	2	35	59	37	21
Total	684	2,427	702	8,643	428	9,949
Change due to Senate bill		+1,743		+7,941		+9,521

[1] Denotes net receipt from loan and inventory activity.

WHEAT—COST ANALYSIS OF CURRENT LEGISLATION (1973 ACT)

	1975	1976	1977
Planted acres (million)	73.2	72.0	70.0
	Million bushels		
Production	2,126	2,168	2,147
Total supply	2,377	2,615	2,722
Use	1,931	2,041	2,080
Ending stocks	446	574	642
Prices:	Dollars per bushel		
Target prices	2.05	2.31	2.38
Loan rate	1.37	1.37	1.37

	1975	1976	1977
Prices:	Dollars per bushel		
Season average	3.15	2.75	2.50
CCC release	2.36	2.66	2.74
	Million dollars		
Government expenditures:			
Loan and inventory			
Deficiency payments			
Disaster payments	75	84	87
CAP payments			
Total	75	84	87

WHEAT—COST ANALYSIS SENATE PROPOSAL

	1975	1976	1977
Planted acres (million)	73.2	72.0	71.0
	Million bushels		
Production	2,126	2,168	2,177
Total supply	2,377	2,615	2,752
Use	1,931	2,041	2,080
Ending stocks	446	574	672
Payment base	1,667	1,937	1,975
	Dollars per bushel		
Prices:			
Target prices	3.10	3.51	3.76
Loan rate	2.50	2.83	3.03

	1975	1976	1977
Season average	3.15	2.90	3.10
CCC release	3.56	4.04	4.32
Deficiency rate		.61	.66
	Million dollars		
Government expenditures:			
Loan and inventory		164	346
Deficiency payments		1,182	1,303
Disaster payments	113	128	137
DAP payments			
Total	113	1,474	1,786

CORN: COST ANALYSIS OF CURRENT LEGISLATION (1973 ACT)

	1975	1976	1977	Total
Planted acres (million acres)	75.3	77.0	77.0	
	Million bushels			
Production	6,073	6,533	6,667	
Total supply	6,434	7,293	7,801	
Use	5,675	6,100	6,495	
Ending stocks	759	1,133	1,306	
	Dollars per bushel			
Prices:				
Target prices	1.38	1.58	1.61	
Loan rate	1.10	1.10	1.10	

	1975	1967	1977	Total
Season average	2.25	2.00	1.90	
CCC release	1.59	1.82	1.85	
	Million dollars			
Government expenditures:				
Loan and inventory				
Deficiency payments				
Disaster payments	83	95	97	275
Total	83	95	97	275

Note: Increase corn by 25 percent to calculate total feed grain expenditures.

CORN: COST ANALYSIS OF SENATE PROPOSAL

	1975	1976	1977	Total
Planted acres (million acres)	75.3	78.0	78.5	
	Million bushels			
Production	6,073	6,630	6,816	
Total supply	6,434	7,390	8,207	
Use	5,675	6,000	6,240	
Trading stocks	759	1,390	1,967	
Payment base		5,700	5,928	
	Dollars per bushel			
Prices:				
Target prices	2.25	2.58	2.74	
Loan rate	1.87	2.15	2.29	

	1975	1976	1977	Total
Season average	2.25	2.20	2.34	
CCC release	2.59	2.97	3.15	
Deficiency rate		.38	.40	
	Million dollars			
Government expenditures:				
Loan and inventory		1,419	1,557	2,976
Deficiency payments		2,166	2,371	4,537
Disaster payments	135	155	165	455
Total	135	3,740	4,093	7,908

Note: Increase corn by 25 percent to calculate total feed grain expenditure.

UPLAND COTTON—COST ANALYSIS CURRENT LEGISLATION (1973 ACT)

	1975	1976	1977	Total
Planted acres (million acres)	9.9	10.0	10.0	
	Million bales			
Beginning stocks	6.2	5.8	5.2	
Production	9.8	9.9	9.9	
Supply	16.0	15.7	15.1	
Use	10.2	10.5	11.5	
Ending stocks	5.8	5.2	3.6	
	Million acres			
National allotment	11.0	11.0	11.0	
	Cents per pound			

	1975	1976	1977	Total
Prices:				
Target price	38.00	42.13	46.06	
Loan Rate	34.27	37.00	40.00	
Season average	39.00	41.00	55.00	
Deficiency rate	1.00	3.13	0	
	Million dollars			
Expenditures:				
Loan and inventory	42	−79	−228	−265
Deficiency payment	47	147	0	194
Disaster payment	75	85	91	251
Total	164	153	−137	180

UPLAND COTTON—COST ANALYSIS OF SENATE PROPOSAL

	1975	1976	1977	Total
Planted acres (million acres)	11.5	12.0	13.0	
	Million bales			
Beginning stocks	6.2	7.3	9.1	
Production	11.1	11.5	12.5	
Supply	17.3	18.8	21.6	
Use	10.0	9.7	10.0	
Ending stocks	7.3	9.1	11.6	
	Million acres			
National allotment	11.0	11.0	11.0	

	1975	1976	1977	Total
Prices:	Cents per pound			
Target price	48.00	54.67	60.68	
Loan rate	40.00	45.56	50.57	
Season average	41.00	46.00	51.00	
Deficiency rate	8.00	9.11	10.11	
Expenditures:	Million dollars			
Loan and inventory	427	506	717	1,650
Deficiency payment	420	478	531	1,429
Disaster payment	94	107	119	320
Total	941	1,091	1,367	3,399

Note.—Assumptions: (1) 1975 target of 48 cents and loan of 40 cents. Both target and loan escalated for 1976 and 1977 same as under 1973 act except feed and feeder cattle excluded from that index. (2) 18 mo loan period with no prepayment of storage costs by producers.

SOYBEANS: PROJECTED SUPPLY-DISPOSITION, 1975 THROUGH 1977, CURRENT LEGISLATION (1973 ACT)

	1975–76	1976–77	1977–78
Soybeans:			
Acreage (million acres):			
Planted	56.6	56.0	55.0
Harvested	55.5	55.0	54.0
Yield per harvest acres (bushels)	27.0	27.25	27.5
Supply (million bushels):			
Beginning stocks, Sept. 1	135	280	280
Production	1,500	1,500	1,485
Total supply	1,635	1,780	1,765

	1975–76	1976–77	1977–78
Disposition (million bushels):			
Domestic	855	940	970
Exports	500	560	590
Total disposition	1,355	1,500	1,560
Total carryover Aug. 31	280	280	205
Season average price (dollars per bushel)	4.00	3.75	3.90
Farm value of product (million dollars)	6,000	5,625	5,790

SOYBEANS: PROJECTED SUPPLY-DISPOSITION, 1975 THROUGH 1977, SENATE PROPOSAL

	1975–76	1976–77	1977–78
Soybeans:			
Acreage (million acres):			
Planted	56.6	57.0	60
Harvested	55.5	56.0	59
Yield per harvested acre (bushels)	27.0	27.25	27.0
Supply (million bushels):			
Beginning stocks, Sept. 1	135	280	405
Production	1,500	1,525	1,593
Total supply	1,635	1,805	1,998
Disposition (million bushels):			
Domestic	855	900	930
Exports	500	500	500
Total disposition	1,355	1,400	1,430

	1975–76	1976–77	1977–78
Carryover, Aug. 31:			
Commercial	100	100	100
CCC owned and under loan	180	305	468
Total	280	405	568
Loan rate (dollars per bushel)	3.94	4.53	4.82
Season average price (dollars per bushel)	4.25	4.45	4.90
Farm value of product (million dollars)	6,375	6,786	7,567
Loan outlays:			
1975 crop	709	−709	
1976 crop		1,382	−1,38
1977 crop			2,252
Total net annual	709	673	87

Mr. DOLE. Mr. President, according to the figures, under the current legislation we will have an increase in wheat production from 2,126 million bushels this year to 2,168 million bushels next year—1976, and 2,147 million bushels the following year—1977. They predicted carryover stocks, reserves, if you will, will be 446 million bushels this year, 547 million bushels in 1976, and 642 million bushels in 1977.

Under the provisions of the Senate bill we consider today, wheat production is expected to increase from 2,126 million this year to 2,168 million next year and 2,177 million in 1977—with a resultant carryover of 672 million bushels in 1977.

Mr. President, I ask unanimous consent to have printed in the Record a statement by the Senator from Nebraska (Mr. Curtis) in support of this bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR CURTIS

At this time we are not in the process of writing a new farm bill. The decision has been made to update the existing farm law. Consequently, we are not debating at this time the question of what is the best plan for a farm program.

The issue that is met at this time is, "Should the target prices and the loan rates be raised?"

In answering this question, we must take into account the question of the farmer's cost.

In the last two years all of the farmer's costs have not only increased, they have soared. Land taxes have gone up; the cost of fertilizer has skyrocketed; tractor fuel has increased tremendously; farm machinery, both new and used, has risen very drastically, as have repair costs. We could go on enumerating all the other costs that have risen.

Consequently, I believe that the target price and the loan rates should be raised. I believe that the Congress should pass legislation to do that. I hope that when the legislation is completed the level for the target prices and loan rates will be such as can become law, and which is in the best interests of Agriculture for both the long run and the short run.

The livestock situation is in very bad condition. We must do everything we can to improve it. Our imports must be reduced and we must promote greater sales at home and abroad.

The best prices that we have received for grain in decades have been the result of our expanded trade. The export of farm commodities must continue to be the primary objective of the government, not only for the benefit of Agriculture, but for the benefit of our entire economy.

Mr. DOLE. Mr. President, I reserve the remainder of my time.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that two members of my staff, David Voight and Helen Burke, be allowed the privilege of the floor during the consideration of and voting on this bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, will the Senator from Georgia yield me 1 minute?

Mr. TALMADGE. I yield.

Mr. ALLEN. Mr. President, I ask unanimous consent that Dr. Leo Mahon, of the Congressional Research Service, be granted the privilege of the floor today during the consideration of the pending bill and during rollcall votes on amendments and on the bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I rise in support of H.R. 4296, the emergency farm price support bill, and appreciate the efforts of the Senate Agriculture Committee and its distinguished chairman, Mr. Talmadge, in expeditiously reporting this legislation previously passed by the House.

The need for this bill is clear and urgent. This Nation's farmers remain the backbone of our economy and one of the keys to the U.S. position as the world's richest and strongest nation. If we are to regain national prosperity and continue as a world power, then we must take all necessary steps to maintain the strength and productive capacity of our agricultural sector. This emergency price support bill will instill greater confidence among our farmers as they proceed with plans for their 1975 crops. It will not guarantee them a profit, but it will provide reasonable marketing stability for some of the major agricultural commodities and make it possible for our more efficient farmers to survive.

I am particularly interested in several aspects of this legislation which should prove especially helpful to South Carolina farmers. One of the most important items in the bill is the cotton target price amendment, offered by Mr. TALMADGE and adopted by the Senate Agriculture Committee. Although I strongly believe that this proposal falls short of the figure necessary to get the job done, the 48 cents per pound target price level and the 40 cents per pound loan level should enable our more efficient cotton farmers to survive until market prices improve. Of course, I would have preferred that the committee adopted the substance of my bill, S. 434, which would have elevated cotton target prices to 55 cents per pound—a level closer to the average cost of production in the Southeast.

USDA officials are contending that an increase in the target price and/or loan level will stimulate excess production of cotton. However, I do not believe the economic facts support such a contention. For one thing, the proposed modest increase in the target price is still well below the average cost of production for the vast majority of cotton farmers. Cotton producers are not likely to alter their 1975 planting intentions, which revealed a significant drop in cotton acreage from last year, even if this proposal is enacted.

The relative prospects for profits in alternate crops, principally small grains, soybeans and corn, coupled wih the unfavorable cost-price situation in cotton which will not be greatly changed by this bill, preclude a significant increase in cotton production. Thus, this legislation constitutes merely a lifeline to insure survival of our more efficient cotton farmers until market prices for that crop improve.

Another part of the Senate Agriculture Committee version of this emergency farm bill which will especially help our farmers is the soybean loan program. Although I have reservations about greater involvement by the Federal Government in this commodity area, I realize that recent declines in soybean prices and a shortage of agricultural credit provide strong reasons for a Commodity Credit Corporation loan program for soybean producers. The estimated soybean loan level of $3.94 per bushel will be especially beneficial to South Carolina farmers in the production of this key crop, which has become one of the leading sources of agricultural income in my State.

I also welcome the Senate Agriculture Committee which increases 1975 tobacco support prices to 70 percent of parity. This is a very modest increase that should keep support levels well below anticipated 1975 market prices, but the higher support level is needed to insure stability in tobacco marketing. Tobacco farmers have been faced with extraordinary increases in production costs and have been requested to step up production to meet expanded export demand. The proposed increase in support levels will give them the assurance they need to compete in this uncertain environment.

Other facets of this emergency farm bill will also be appreciated by the farm communities in my region. The modest increases in target prices and loan levels for wheat and corn are needed in response to rapid increases in production costs since 1973 and recent declines in prices of these commodities.

Dairy farmers have been especially hard hit by escalating production costs and need an adjustment in support levels to maintain adequate milk production. In my opinion one of the key issues here is the necessity of regular, periodic adjustments in price support levels by USDA. If there must be a compromise with the House and the administration on this issue, I hope the feature of quarterly adjustments in dairy support prices will be maintained.

Our farmers need final legislative action immediately, so that they can confidently proceed with their planting decisions. If we protect our efficient farmers in this time of economic duress, I am confident that the free market will take care of the bulk of our farm problems in the long run.

Mr. RIBICOFF. Mr. President, I am opposed to the farm bill now before the Senate. And I shall vote against it. I urge my colleagues to join me.

This bill is labeled an emergency bill. I see no emergency in legislation which would raise prices for every grocery shopper in America.

If this bill passes, American consumers—at the very least—will pay 8 cents more for a gallon of milk, 20 cents more for a pound of butter, and 10 cents more for a pound of cheese. This means an additional $1 billion in grocery costs to the consumer. We must not allow this to happen.

I see no emergency in either the House bill or the Senate bill—both of which would cost the taxpayers millions and even billions of dollars for the purposes of raising food prices.

Under the House proposal, taxpayers will pay at least $470 million in new taxes for price supports. This includes $350 million in Government price subsidies to cotton growers, $50 million to the dairy industry, and $70 million to grain producers.

The provisions of the Senate bill are even worse.

According to the Agriculture Department, the Senate bill will increase Government subsidies by $1.7 billion in 1975, $7.9 billion in 1976, and $9.5 billion in 1977. This is nothing less than a consumer and a taxpayer rip-off.

We should be moving closer to a free market economy in agriculture, not further away.

The essence of this "emergency" bill is to increase the target prices for a variety of crops. I opposed the target price concept when it was enacted in 1973.

A target price simply guarantees that the taxpayers will begin paying farmers subsidies if market prices slide below the target price. In 1973 when the target price system began as a replacement for the old automatic subsidies and acreage control programs, the targets were set at $1.38 a bushel of corn, $2.05 for a bushel of wheat, and 38 cents for a pound of cotton.

Now the Senate bill proposes target levels of $2.25 for corn—an increase of 87 cents over present law, $3.10 for wheat—an increase of $1.05, and 48 cents for cotton—an increase of 10 cents.

The reason for this Government-subsidized inflation is simple. When target prices were set in 1973, farmers expected subsidies. But prices have shot up so high in the last 2 years that now the farmers want the target prices set higher so that they can receive subsidy payments.

If this is allowed to happen, we can expect to have a bill come through the Senate almost every year raising the price of crops.

Ever since I came to Congress I have called for an end to Government interference in our agricultural economy. In the last few years the Government has begun in a small way to phase itself out of involvement in our agricultural sector. As a result, Government subsidy costs have dropped from $3.9 billion to around $600 million in the last 3 years.

This has had a most salutary effect on our agricultural economy in two ways.

First, U.S. farm exports will reach $22 billion in 1975, an increase from $8 billion in 1972. This is because U.S. farmers are now freer to use their unsurpassed productive efficiencies to best advantage in competing abroad.

And secondly, American farming today has the incentive to adapt itself to changing patterns by growing crops that are in demand rather than growing crops merely to fill Federal storage bins.

By returning American agriculture to the dole, the U.S. Government will be reversing the trend toward making farmers stand on their own corporate feet.

If we pass the Senate bill, we will be going on record as favoring total farm subsidies at $2.4 billion in 1975, $8.6 billion in 1976, and $9.90 billion in 1977. This is an even bigger Federal commitment than existed before the 1973 legislation was enacted.

The farm sector does not need Government giveaways. There is a huge and growing world demand for wheat, soybeans and feed grains. American agriculture can respond to this world demand and can do it profitably without Government support.

I urge my colleagues to oppose this price support bill.

Mr. GOLDWATER. Mr. President, after close consultation with numerous farm leaders in my State, I have decided to oppose the pending farm price support bill. Not one farm specialist in Arizona has advised me of his support of this bill.

Sure, the farmers say, they are as ready as anyone else to accept money from the Government if it is being given away, but they do not want to do it because they believe it is wrong.

They believe it is wrong to make farmers sell to the Government instead of to the marketplace. It is wrong to increase costs to the taxpayers by several billions of dollars for a Government farm program that had finally dropped below the billion dollar level. It is wrong for the Government to encourage farmers to grow more of one crop—cotton, which is already in surplus, and less of needed food production, such as soybeans and sorghum grain.

It is also wrong to artificially increase the price of commodities so far above the world price that our farm products will be priced out of their normal export markets. Moreover, and this is of fundamental importance, the proposed farm bill is the wrong way to deal with the farmers' biggest problem, which is inflation and the destruction of the currency.

Mr. President, I am opposed to the farm subsidy bill on general principle. It is a giant step backward to the days when we had a multibillion-dollar farm support program, massive surpluses, huge storage costs, and export subsidies.

The bill before us will establish a 3-year price support—and loan—increase program for wheat, corn, and upland cotton. A mandatory price support and loan program will be established for soybeans. The price support of manufacturing milk will be increased and tobacco price supports are established for the 1975 crop.

The total cost of this program to the taxpayer could be $2.5 billion in 1975 and might rise even higher by 1977, according to a table provided me by the Department of Agriculture. Turning to a commodity which is of great interest in Arizona, Government payments for upland cotton may be $1.4 billion greater under the Senate farm bill version, than under present law, by 1977.

Mr. President, there is no sound logic for turning away from the present agricultural system. After 30 or 40 years of gradually working to get our farm programs more tied to the marketplace, we are suddenly asked to turn things around and return to the mistakes of the past.

Under the present farm program, farmers have achieved geographical shifts in production that have resulted in increased overall efficiency and more complete utilization of farm resources. We are now using all our farming assets and gaining substantial returns in the world marketplace.

Mr. President, we can be proud that our farm exports grew four times over in the period of 1972, 1973, and 1974 as compared with the preceding 3 years of 1969 to 1971. In 1974, U.S. agricultural exports exceeded $22 billion and provided approximately 1 million jobs for American workers employed in the production, processing, or distribution of agricultural commodities for export.

It is important for us to note that the existing high level of domestic agricultural production, stimulated by exports has almost ended Government farm payments. The period of large agricultural exports has been accompanied by a great drop in governmental farm program costs. In the 1974 fiscal year alone, direct payments to farmers declined over $2 billion, to about $500 million from $2.6 billion in 1973.

Why tamper with these results? Why substitute a system of encouraging farmers to produce for Government warehouses instead of for the marketplace? Why take a risk on pricing American farm products out of the world export market and losing a great asset which is needed to help offset the enormous cost of fuel imports?

Above and beyond these general concerns I have about the farm legislation, I am particularly disturbed at its impact upon the cotton industry. At a time when there is already a large surplus of cotton in carryover stocks, the Senate bill would propose to increase the target price at which farmers would be eligible for payments of the difference between the target price and any lower market price. For 1975, the target price would rise to $0.48 per pound for upland cotton from the present $0.38. Also, for 1975, the loan level, which determines the amount of money the farmer can borrow from the Government by pledging his crops as security, would be raised to $0.40 per pound for upland cotton.

The obvious result of these provisions would be to stimulate the planting of lower quality, lower yield cotton that would not ordinarily be grown. On March 17, the Department of Agriculture announced planting intentions for 1975 of nearly 10 million acres of upland cotton. This is a drop of about 4 million acres from the actual planted acreage in 1974. However, with a 48-cent price and a 40-cent loan rate, planted acres of upland cotton are projected to be artificially increased by an additional 2 million acres up to 12 million acres.

The additional bales of cotton produced from these extra 2 million acres will be in excess of the true market need and will further weaken domestic cotton market prices. This will make Government payments necessary and put cotton farmers in reliance upon the Government dole, instead of on the supply and demand of the marketplace.

At the same time, if 2 million more acres are planted in cotton than are now planned, this means that the production of other commodities will have to go down. The most likely place that production will be switched to cotton is from feed grains and soybeans, which would appear to raise consumer prices for products that depend directly or indirectly on soybeans.

On the other hand, the world market price would eventually drop below the U.S. loan level at which our stocks will be built, and competing exporters will be able to offer their cotton at a price below our loan level and sell all the market will bear. The alternative is to have the American taxpayer pick up the tab for export subsidies.

Mr. President, the cotton carryover is more than adequate now. With all due respect, I must disagree with the contention of the Senate committee that we need to produce more than is already planned. In the 1974–75 crop year, we started off with stocks of 3.9 million bales. Production is estimated at an additional 11.7 million bales. Domestic consumption will be down to 5.8 million bales, continuing a decline from about 9.5 million bales since the mid-1960's, and exports will be 3.5 million bales, a drop from 5.8 million bales in 1973–74.

This will result in a carryover stock held by merchants, farmers, and mills of 6.3 million bales on August 1 of this year. This happens to be equal to the early, unofficial estimate of the full year's domestic use in 1975–76. It will amply meet the policy goal for national cotton production suggested in the Agricultural Act of 1970. To correct misrepresentations that have been made about the 1970 law during the debate on the pending bill, I will observe that the act merely requires that a goal be calculated, but does not require that the goal be met in the operation of the program.

The world stocks will also be well above previous years at a total level of around 30 million bales. Added to the U.S. surplus of 6.3 million bales, foreign stocks will be around 23 million bales. This certainly throws into question any scheme for further stimulating production.

Another erroneous claim which has been raised during consideration of the price support legislation is that foreign prices are currently running even with the 38-cent cotton loan level of the bill. A price quotation in northern Europe has been used as supposed evidence of this claim. Actually, the price quotation used is for American cotton and not for the price of our foreign competitors' cotton, which has been as much as 10 cents per pound below quotations for U.S. cotton for the past several months.

Finally, I would suggest that the cotton production costs used in justification of a 48-cent target price is inflated above the true situation. It should be remembered that extremely poor 1974 yields in some regions made the 1974 costs abnormally high. According to the testimony of the National Cotton Council on farm program legislation in February:

> If average yields had been attained all across the Cotton Belt, the cost per pound would have averaged about 43 cents.

This suggests a more realistic target price than the 48-cent price established in the Senate bill. The target price and loan level should not be set at a price which guarantees a profit or which would artificially cause the overplanting of cotton which is already in great surplus.

Another question that can be raised about the production cost estimates is the appropriateness of including land and management charges. Some economists question whether land value should be included at all because they say land values are the result of farm profits or losses, rather than the cause. When farm profits are good, farmland values go up, and when farmers are not doing well, farmland values do not go up. Thus, we should ask whether the U.S. taxpayer is obligated to protect these inflated land values.

Mr. President, this gets back to my

basic question of whether any Federal farm policy should guarantee an artificial farm prosperity during a world recession. Everyone, the farmer included, would be far better off if we attack the overriding problem of inflation that we are going through in this country.

My hope is that the United States will turn abruptly to the free enterprise system and away from the Keynesian theories of governmental intervention, and if we do, I believe we will insure the continuation and improvement of the most efficient, productive agricultural economy in the world, American agriculture.

Mr. President, I urge defeat of the Senate bill.

Mr. HANSEN. Mr. President, when Congress approved a new farm program in 1973 which moved away from the philosophy of Government management of agriculture, and toward the philosophy that the free market system offers the best hope for producers and consumers, that was a big step forward.

Now, we are preparing to abandon that approach in order to return to the practices and policies of the past—practices and policies we know were unfair to farmers, costly to taxpayers, and inefficient. That is a big step backward, in my opinion. I am opposed to H.R. 4296. It is not in the best interests of American agriculture, or of the economy.

Mr. President, I represent a State in which agriculture is important, and is the economic backbone of many a small community. Until I sought public office, I made my living as a cattle producer, and though I am certainly not an expert on the agricultural industry, I do know and deeply respect the singularly rewarding way of life which agricultural production embodies.

I am very keenly aware of the serious economic problems plaguing agriculture, and particularly the livestock industry, at this time. I want to help insure an economic climate in this country which will encourage preservation of the family farm, encourage young people to choose agriculture as their profession, and permit them to receive a reasonable return in the marketplace in exchange for wise management and hard work. I am of the opinion that agriculture can best be aided by less—rather than more—Government involvement.

The agricultural industry is suffering today from the effects of the same misguided Government actions and economic policies which have brought hard times for other industries, such as housing and construction and indeed for the whole country. The era of Government price controls, years of deficit spending, and a refusal to deal with our energy problems before they reach crisis proportions, have helped bring us to the sorry situation where we are battling inflation and recession at the same time. I think it is a serious mistake to believe that a series of "emergency" Government programs will solve all our problems, when overspending and excess manipulation of the economy by Government are major causes of our problems.

I would think most farmers would have serious reservations about legislation giving Government more authority and influence over their affairs, and paving the way for accumulation again of Government stockpiles to be dumped on the market whenever it suited the political whims of politicians courting city voters. And I would think that farmers, as taxpayers, would be concerned about the possibility of returning to the situation where Government spent $1 million a day to store surplus commodities, and spent $3.9 billion annually in payment to farmers. It is said H.R. 4296 will cost the taxpayers between $800 million and $1 billion over a 5-year period and it still would not guarantee protection of farmers.

The present farm program, with some minor adjustments, could serve us well, keyed as it is to the free market system, and to the disciplines of supply and demand. As is too often the case, Congress has overresponded to the problem. I do not know which is worse—no action at all, or gross overreaction.

American farmers are expected to produce enough food to feed our population here at home, and millions of people abroad. They are expected to produce enough for exports to offset the exorbitant cost of importing energy and other goods. They are expected to respond to the crisis of hunger in other countries. Agricultural producers in this country cannot meet these formidable responsibilities if their chief incentive is a Government check, and if they must depend on Washington bureaucrats for planting and marketing instructions.

Mr. BENTSEN. Mr. President, the economic situation among farmers today is one of uncertainty and discouragement. The policies of the current administration, the skyrocketing costs of production, and the widely fluctuating markets have combined to eliminate the confidence our farmers once had in maximum production efforts.

Chairman TALMADGE, and his committee are to be congratulated for recognizing the immediate seriousness of the situation, and moving rapidly to bring us this bill today. I hope the Senate will join with me in strongly supporting the measure.

Mr. President, we have heard several of my distinguished colleagues today describe the seriousness of the farm situation. Most serious, I believe, is the lack of confidence that farmers have that they should be maximizing their production effort at this time.

The National Grain Sorghum Producers Association is currently well illustrating this lack of confidence. The association, representing 5,200 actual grain producers all across Texas and the Midwest, is now conducting a poll to determine if its members would support a voluntary reduction in planted acres. Although the results are still coming in, to date 95 percent of those answering the poll support the voluntary reduction in production, and that percentage has held constant since the very first returns were received.

Mr. President, this is an alarming reflection that our current farm program is not giving our farmers the confidence to generate the maximum production that our consumers need. This situation must be turned around. Farm markets must be stabilized so as to give farmers the confidence to generate the food production the American housewife, and indeed, the world, must have. Our farmers want to produce, but they can only if they have the confidence that once their crop is harvested, they can pay the costs of production.

The Washington Post recognized this fact early this year when it editorialized:

> Producers and consumers together have the strongest interest in a compromise. It would mean a level of Federal price supports high enough to insure farmers profitable operation at the very high volumes that the Nation needs.

I hope that the Senate will also recognize this fact, and give this measure its strongest support.

Mr. President, I testified before the Agricultural Committee early this year and elaborated on the situation as it is now facing Texas farmers. I ask unanimous consent that a copy of my testimony be printed in the RECORD at this point.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY BEFORE THE SENATE AGRICULTURE COMMITTEE—SENATOR LLOYD BENTSEN

Mr. Chairman, I want to thank you for this opportunity to appear before this distinguished Committee. This Committee is to be commended for holding these hearings so early in the 94th Congress. The current farm situation dictates immediate action by the Congress, and this Committee is demonstrating its understanding of the seriousness of the situation.

Mr. Chairman, the economic situation among Texas Farmers is one of disbelief, uncertainty, and discouragement. Cotton prices have declined 60%, and feedlots are empty of both cattle and capital. Wheat prices have acted erratically making planning impossible, and corn growers can't be certain that they will even receive planting seed. In addition, farmers have become disillusioned because the very low target prices of the present farm bill have proven useless. And despite the glowing promises of Government, the disaster relief provisions have been administered so as to generate frustration rather than relief.

Mr. Chairman, this situation is being translated into the foreclosure of American Agriculture. Farmers, because of their loss of equity, and because of today's very high interest rates, are having greater difficulty than ever before in obtaining the necessary capital with which to farm. Just as America lives on her agriculture, agriculture survives through its ability to borrow. Farm debt climbed to its highest point last year to an estimated $94.9 billion—an incredible 80% increase since 1969.

However, because of today's general economic situation, and because of the present farm program's lack of protection, banks in Texas are finding it increasingly difficult to loan agriculture capital. Whereas traditionally, farmers could borrow against their support payments, many banks today are requiring farmers to have fully ⅓ of their capital in hand before they will talk about crop financing. This requirement is very difficult to meet in the face of today's poor market prices and extremely high costs of production.

The banks are not to be blamed for this inability to properly finance our food production effort. The farm program is inadequate in its protection. Interest rates are far too high. Bank capital has been raided by past crop losses and the depression of the livestock industry. Not only has the Government failed to provide the protection that translates into farm credit at the bank, but the Farmers Home Administration has also failed to make up the difference. A study prepared for this Committee's able Chairman demonstrated that FHA is now deficient by $107 million. And I share the Chairman's feeling that this figure is a very low estimate of FHA's actual need.

Mr. Chairman, the economic situation facing our farmers brings to mind the wisdom of the late Bernard Baruch. He stated in his memoirs, "There is no question that the Great Depression had its origin, in part, in the agricultural malaise of the 1930's. A Nation's economy cannot be healthy when a basic element in it is sick."

This is a timely warning, and is illustrative of the urgency of the current situation.

In recognizing this, I would like to point out that the present Farm bill's inadequacy is not the fault of this Committee. The strong farm bill drafted by this Committee in 1973 was drastically weakened because of the threat of a Presidential veto. This threat, however, was only a prelude to the improper administration of the 1973 Act; and indeed, this country's entire agricultural policy.

Just before the formulation of the '73 Act, the U.S.D.A. engineered the Russian Wheat Sale fiasco and allowed the depletion of our grain stocks. They sold our farmers short. They clogged our delivery system, and wasted $300 million in export subsidies.

This was followed by the illegal impoundment of rural conservation and development funds, the ill-conceived soybean embargo, a continuing lack of emphasis on Agricultural research, the flooding of this country with highly subsidized imported milk products, the abortive beef price ceiling, and White House encouraged fertilizer exports. These are all examples of tragic mis-administration of farm policy.

The mis-management goes further with the U.S.D.A.'s refusal to properly administer the disaster provisions of the '73 farm bill. The Department has flagrantly and admittedly refused to properly implement the Congressional intent of the disaster provisions, despite the intent of Congress. Nothing destroys confidence in Government faster than this type of action.

I protested this situation repeatedly in letters to the U.S.D.A., but never received a proper explanation of their action. In fact, the U.S.D.A. refused my request that they meet in Texas with farmers to better understand the situation.

Following this refusal, in January I worked carefully with Texas farmers in documenting for the President several actual cases where the U.S.D.A. had clearly violated the intent of the disaster provisions. To date I have not received an explanation from either the White House or the U.S.D.A. Mr. Chairman, I ask that a copy of my most recent letter to the President on this matter be inserted in the Record at this point.

An equally exasperating situation has been the action of the Administration in the case of meat imports. Despite the fact that our livestock market is in a hopeless depression, and is the only major world market still open to meat imports, the U.S.D.A. has firmly refused to acknowledge the repeated intent of Congress by failing to utilize the established meat import limitation procedures.

The only action of the Department has been to artificially lower beef import projections with hazy promises of "voluntary restraints" by the beef exporting countries. A check of State and Commerce Department officials as well as several foreign embassies has proven how naive the Department is in asking for "voluntary restraints." The world is in a beef surplus position. It is the declared policy of Argentina, Australia, and Mexico to step-up their imports into this country. This can work only to the detriment of our own livestock industry, and is proof of the futility of the Department's "voluntary restraint" proposal.

Equally disturbing, Mr. Chairman, has been the action of the U.S.D.A. to continually reverse its position on the peanut program, despite the impressive efforts of the producers to find a compromise position with the Department. If changes are necessary, the Department of Agriculture must realize they cannot make the changes unilaterally.

Mr. Chairman, I've built this case on the Administration's past actions for one reason, to illustrate the imperative need for the Congress to formulate a strong, positive farm program.

The Administration's reaction to the present farm situation has been to advise "just wait and give the present program time to work".

We cannot adopt the Administration's "just wait" attitude. As elected representatives, we in Congress have been with the people, and can see that the present program, as it is administered, is inadequate. We don't have to "just wait" until our farmers are in a breadline waiting for imported $2.00 a loaf bread and our consumers are wishing for the "good old days when food prices only went up 15%." We should be able to act to protect the food and fiber productive capability of this country.

We have a good chance to formulate the proper legislation: The farmers and consumers are beginning to work together. The Washington Post has editorialized: "Producers and consumers together have the strongest interest in a compromise. It would mean a level of federal price supports high enough to insure farmers profitable operation at the very high volumes that the Nation needs."

And this Committee has initiated the proper action with these hearings. The only missing link is the Administration, and the Congress must realize this and re-double its effort to pass legislation strong enough to compensate for this fact.

Mr. Chairman, the legislation must include substantially higher target prices and higher loan values. In no case should the target price be below the cost of production. The loan must be of sufficient duration to enable the farmer to properly store his commodities and effectively smooth out the boom-bust cycles.

The loan must be high enough to serve as adequate collateral for the next year's financing. This Committee has received many suggestions from producers as to the exact target prices and loan values. I want to study these recommendations carefully as I'm sure the Committee does, before actual dollar values are set. In any event, I strongly suggest that the escalator clause be in effect for the 1975 crop year. Today's rising costs are much too volatile to rely on constant numbers for proper income protection.

I would urge this Committee to closely review the beef import figures of the U.S.D.A., as well as to study carefully the various beef import restrictions and labeling requirements that have been proposed.

I urge the Committee to oppose the efforts of the U.S.D.A. to terminate the honey and soybean loan programs. These programs must remain in effect as insurance against the challenges of tomorrow.

I would also urge the Committee to guard against actions of the Department, such as holding excess stock from the market, to destroy the peanut program. In addition, we must not allow the U.S.D.A. to set National allotments so low as to prevent effective utilization of the disaster relief provisions of the present farm program must also be guarded against.

I strongly urge the Committee to carefully review the Administration's implementation of the disaster provisions, and suggest that they be strengthened to avoid the permissive malfeasance of the U.S.D.A. To this end, I would suggest that a quick shift to the Federal Crop Insurance Program at this time would not be wise, and such a proposal must be carefully considered in detail before being phased in.

I would hope that the Committee would favorably consider Senator Humphrey's proposal to raise milk support prices to 90 percent of parity, a measure I am pleased to co-sponsor.

Mr. Chairman, our food and fiber productive system is in serious economic straits. A strong farm program is necessary if our consumers are to expect relief from rapidly escalating supermarket prices. It is obvious from past actions and current remarks of the Administration, that the Congress must formulate a farm policy strong enough to overcome administrative dis-interest. I urge you to be firm in your legislative proceedings and pledge my support for substantial changes in the '73 Act. It is an absolute necessity that the Congress act to protect our basic industry from economic collapse.

Mr. HARTKE. Mr. President, a national coalition of 13 farm organizations and the majority of farmers in 49 States recently summarized the problems and frustrations of the American farmer in this way:

> Farmers have long experienced tough economic times. But seldom, if ever, have they been so severely squeezed between inflation and rising production costs on the one hand and unprecedented drops in prices received on the other. Never before in modern times have most farm prices fallen so precipitously as in the last one hundred or so days.

Last week, economists attending Purdue University's annual agricultural clinic predicted that net farm income is expected to drop again in 1975. In 1974, farm income fell 16 percent from the 1973 level. The average per capita farm income is barely even with the national per capita average—$4,573. Yet on the other hand, production costs for corn, soybean, and wheat are expected to increase about 25 percent this year. In addition, farmland prices have leaped by over 40 percent in less than 3 years.

Since the first of the year all major crops have been under increasing downward pressures. Crop prices are averaging 14 percent below a year ago and livestock prices are down 21 percent. Soybean demand has fallen as a result of cutbacks in livestock feeding while a sharp drop in foreign demand for soybeans, coupled with weakening domestic demand for edible soybean products, has pushed prices downward. Wheat prices have dropped substantially, reflecting increased production and supplies in many parts of the world.

The cancellation of export contracts by major foreign buyers and a general weakening of world prices both point to a contracting export market with resulting declines in demand for American farm products.

My vote for passage of the emergency farm bill does not carry with it my wholehearted endorsement. I am concerned about any resulting rise in the already high cost of food products to the consumer.

However, this bill does attempt to provide a stability in the marketplace and some degree of balance between the costs of production and prices. If Congress considers it essential for the Nation that workers be provided with benefits while unemployed and that major corporations be granted subsidies and tax incentives to offset major losses and encourage expansion, then it is also critical that this body protect farmers from economic forces over which they have no control.

The target prices enacted only 2 years ago are inadequate for farmers to even come close to meeting the bare costs of production. In Indiana, the total cost level for corn was placed by the Secretary of Agriculture at $1.79 per bushel with variable costs at $1.12 per bushel, while the present target price is merely $1.10 per bushel. The target price proposed by this bill of $1.87 per bushel would be barely over the total cost level. The increases in this bill for other grains also come only near what the farmer expends to produce his crop.

It must be emphasized that farming is a vital industry for the well-being of the United States and for maintaining its position as the leader of the democratic and free world. Each citizen must be aware of his dependence on the farmer for our country's international status by the billions of dollars in food exports that substantially offset our balance-of-payments deficit as well as for supplying him with his everyday needs.

This bill is far from perfect. But the intent is to stimulate our agricultural production, which will not take place unless protections to the farmer are built into the program.

Mr. BURDICK. Mr. President, for several weeks I have spent a good deal of time meeting with individual farmers and farm organizations concerning our agricultural economy. In my judgment, this bill falls short of the price protection needed to insure an adequate food supply.

The 1973 Farm Act sought to achieve a realistic income protection for our agricultural producers. But before the act even went into operation, pyramiding inflation has rendered its economic provisions virtually meaningless. If we want farmers to plant and to increase food production, then we must provide reasonable assurance they will not go broke if market prices happen to plunge. And let us not forget that consumers will pay dearly if the traditional farmer goes under.

The present legislation on the books is inadequate. When we consider that farmers' operating costs rose an average of 16 percent in 1974, there is little wonder that farmers are greatly concerned. For example, as testified at the recent Senate agriculture hearings, a tractor selling at $13,200 in January of 1974, now costs $22,000. Farm prices have been falling for long enough. A combination of bad luck and bad policy has wrecked the system used to bring stability to our farm economy. Agricultural markets are inherently unstable, and without some measures of Government intervention, they fluctuate up and down disrupting our whole economy. Currently, American agriculture is again threatened by this roller coaster effect.

A level of Federal price supports high enough to insure a profitable operation is needed. For those who think higher price supports would be expensive—it would not be nearly as expensive as the present waves of inflation at the grocery stores and the prices on the farm. Our farmers need a pledge from the Government that they will not be driven out of production by overproduction, glut, and low prices. Farmers ask only for what they deserve—an equitable price, a fair price, a parity price.

Let us look at the cost factor of the House approved measure. Reports have been circulated stating that inflationary effects would be brought about with any change in the farm bill. Much criticism centered on the dairy and grain rates. However, let me point out to my colleagues that our dairy industry is in bitter straits. The dairy farmers' production costs went up by about 30 percent in 1974 while prices to farmers for the sale of milk went down from $7.94 in December of 1973 to $6.57 in December of 1974. Then take the classic example—wheat. Wheat cost $1.50 per bushel until Russia started buying it in 1972. By this time a year ago, the same bushel paid nearly $6.00, but as you well know the price sank.

The winter wheat harvest started late last spring and looked like a good harvest. By last May, the price had fallen again, and with last summer's bad weather and heavy exports it got up again by October to $5. But the price of wheat began to sink last November again, now it is down to $3.78 per bushel. Let us assure our farmers a fair and justifiable return on their investment. The administration's opposition to any improvement in the farm program is not tenable as we witness falling prices.

Mr. President, I have decided to support this bill, not because it is sufficient, but I realistically believe this is the best measure we could ever have a chance of passing in this Congress. While I personally favor Government price supports for wheat, feed grains, and milk at 90 percent of parity, I know that it is going to be tough enough trying to get this emergency bill passed. This proposal, which will give the farmers some measure of protection against wild fluctuation, is not just for American producers. It also assures the American consumer reasonable price protection as well.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the Senator from Wyoming (Mr. McGEE) on this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. McGEE

The agricultural producers of the nation face serious difficulties, and in many instances, stand on the verge of economic collapse.

Corn and soybean prices are in a downward spiral. The cattle industry, already reeling under disastrously low market prices, is plagued by near bankruptcy. Wheat prices, despite demand for this food product, continue to slip. Even though inflation has seriously eroded the purchasing power of the agricultural producer and his production costs continue to skyrocket, the Administration stands idly by, apparently content to see one of the most vital sectors of our economy slip into extinction. Last month, crop prices averaged 14 percent below a year ago. Livestock prices were down 21 percent as cattlemen are faced with the most serious financial difficulties in 25 years.

Therefore, I urge the Senate to approve the Emergency Farm Program now pending before us. Never before in the history of the agricultural producer, who has nearly always experienced tough economic times, has he been so squeezed between inflation and rising production costs on the one hand, and historical price decreases on the other.

We have a Department of Agriculture whose last concern is the farmer and rancher of this nation. It is apparent that the Butz Administration stands on the verge of realizing its dream of harnessing the agricultural production of this nation in the hands of a few conglomerates, whose last concern is the effective and efficient delivery of food and fiber to the American people at reasonable price. The backbone of our agricultural production has always been the family farmer and rancher. Now the very Department which was established to represent his interest is bent on hastening his destruction.

The farmer and rancher face the uncertainties of price; uncertainties of cost; uncertainties of production supplies; the uncertainties of weather; but most of all, the uncertainties of government action or inaction. It is imperative that we restore certainty as best we can to the agricultural producers of this nation. It is time they are given a fair return on their labors, just as every other sector of our economy demands and receives.

In conclusion, I once again urge the Senate to pass the Emergency Farm program. Our agricultural producers need to approach the 1975 planting and harvesting season with confidence in order for us to realize abundant harvests in this country and for the consumers to realize adequate supplies of food at reasonable and stable prices. As National Farmers Union President Tony Dechant has stated:

"In a year when the government is calling for all-out production, farmers must be assured that if the supplies they produce should outrun current market demands, they will not get economic ruination for their reward.

"Farmers have a right to expect emergency action by Congress that will enable them to produce to meet the nation's needs without courting economic disaster for themselves, their families, and their rural communities."

These are the concerns to which we must be addressing ourselves and this legislation is the most effective vehicle in which these needs can be met.

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. Mr. President, if any Senator desires time, I am prepared to yield time. If not, we can consider amendments at this stage of the bill.

Does the Senator from Kentucky desire time at this time?

Mr. HUDDLESTON. Will the Senator yield to me 4 minutes?

Mr. TALMADGE. I yield 4 minutes to the distinguished Senator from Kentucky, who is a very valued member of our committee.

Mr. HUDDLESTON. I thank the distinguished chairman of the Committee on Agriculture and Forestry of the U.S. Senate and want to express my appreciation to him for the very diligent manner in which he has pursued his responsibilities in bringing to the Senate floor this important piece of legislation today. I am happy to join with him and the other Senators who have spoken in support of this measure, H.R. 4296, as amended by the Senate committee.

This legislation is of far reaching importance to the farmers of the United States and is of particular significance to my State, Kentucky.

This bill contains a provision to increase the price support for the 1975 crop of any type of tobacco, for which marketing quotas are in effect, to 70 percent of the parity price.

The current price support formula for tobacco is dependent on the average index of prices paid by farmers for goods and services including wages and interest over the 3 calendar years preceding the current marketing season. As a result of this averaging formula the support price of tobacco has increasingly lagged behind the rising cost of production.

During the past 2 years alone the production costs for tobacco have far outstripped the increases in support price. For example, as has already been pointed out here, the price of fertilizer has increased over 100 percent, the cost of farm machinery has increased over 40 percent, and the cost of farm labor has increased 25 percent. The support price for tobacco during the same 2-year period increased only 14 percent.

Mr. President, there are 135,000 burley tobacco quotas in Kentucky, alone. In December 1974 testimony before the Senate Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, which I chair, one of the leading tobacco policy economists in the Nation, Dr. D. M. Shuffett of the University of Kentucky, testified regarding the cost of producing burley tobacco. Dr. Shuffett tabulated the inputs, priced at mid-1974 prices, used in producing an acre of burley tobacco. He concluded that the average cost of producing a pound of burley tobacco was 93.6 cents. At that time burley tobacco was being supported at an average of 85.8 cents per pound. In projecting the future, he indicated that the cost of producing the 1975 burley crop for the average Kentucky farmer would be $1.08 per pound. Yet under the current formula used to determine tobacco price supports burley tobacco would be supported at only 96.6 cents per pound for the marketing season beginning October 1, 1975.

The sale of burley tobacco provides $460 million income to Kentucky farmers while the production of dark fired and dark air-cured tobaccos yields $18 million. This means employment and income for thousands of Kentuckians.

Furthermore, I might point out that tobacco contributed over a billion dollars to export sales in 1974, and helped provide a significant plus in our balance of payments.

The PRESIDING OFFICER. The Senator's 4 minutes have expired.

Mr. TALMADGE. Does the Senator desire additional time?

Mr. HUDDLESTON. Two minutes, please.

Mr. TALMADGE. I yield 2 additional minutes.

Mr. HUDDLESTON. At the same time, Federal, State, and local governments received nearly $6 billion in taxes on tobacco and tobacco products. Mr. President, this is nearly four times as much as the growers received for raising that product.

Furthermore, the cost of this program to the Government, like the cost of other commodity support programs, has been negligible over the past few years.

There is no doubt that the proposal to increase the tobacco price supports to 70 percent of parity is sound and will provide protection to the over 580,000 tobacco producing families in the United States.

The overall costs of production of all crops have been steadily pushed upward by inflationary pressures. This bill, H.R. 4296, adjusts upward the target prices and loan levels of upland cotton, corn, wheat, and soybeans. At the same time it provides for an increased milk support price with quarterly adjustments. The established target prices for the 1975 crop are well below the current cash prices as well as below the futures prices.

This measure, if enacted, would give the American farmer the ability to produce the commodities needed in the marketplace with a degree of financial security necessary to maintain a viable and dynamic American agriculture.

I would just like to add one more thing: There are no bonanzas for the farmer in this bill, and there are no ripoffs for the consumer. As I have pointed out, the target prices that are set come into play only if the market level dips below the set price which is below the cost of production, and below present market prices. It can be anticipated to be below future market prices.

The consumer benefits because it gives the farmer the incentive to produce and some assurance that he will not go bankrupt, thus continuing to supply the housewives of this Nation with the highest quality and best supply of food and fiber products of any country in the world.

It is essential that we do nothing that will permit or encourage the great productive capacity of this country in the agricultural field to deteriorate. It is our greatest asset. So I am pleased to join in support of this legislation.

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. Mr. President, I yield 10 minutes to the distinguished Senator from Alabama.

Mr. ALLEN. I thank the distinguished Senator from Georgia (Mr. TALMADGE). First, Mr. President, I commend the distinguished senior Senator from Georgia, the able chairman of the Committee on Agriculture and Forestry, for his great ability and expertise in the field of agriculture and for the leadership that he has exerted through the years in the cause of American agriculture, and on his work with the Committee on Agriculture and Forestry. I do not believe I have ever seen a committee that has been more dedicated, that has operated more in a nonpartisan fashion, than has the Senate Committee on Agriculture and Forestry under the leadership of its able chairman (Mr. TALMADGE). Since I have been a member of the committee, which spans my term of service in the Senate, I do not believe I have seen a single political decision made by that committee—not a single partisan political decision.

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. ALLEN. I yield.

Mr. TALMADGE. First, I wish to express to the Senator my deep appreciation for his personal reference. I concur fully with what the able Senator from Alabama has said. I have served on that committee now for slightly more than 18 years, and I do not recall seeing a single vote, during that entire period of time, purely along partisan lines. We always consider the interests of the consumers and the farmers in this country, without reference to partisan politics; and as a result, as the Senator knows, the bill was reported unanimously.

Mr. YOUNG. Mr. President, will the Senator from Alabama yield?

Mr. ALLEN. I yield.

Mr. YOUNG. I, too, want to join in the well-deserved credit accorded to our great chairman, the distinguished Senator from Georgia (Mr. TALMADGE). One of the most important things that the committee has done in a bipartisan way, in the Agricultural Act of 1973, was to abolish wheat certificate payments and production payments for cotton and corn and other commodities when farm prices were high. As a result of that, the costs of the program came down from about $4 billion to about $400 million.

I do not know of any other program in the entire Government that has been voluntarily reduced by the committee handling the bill as we did. We did not believe we could justify a payment to farmers when prices were high; but we do believe that when prices are low they deserve consideration.

Mr. ALLEN. Mr. President, I certainly agree with the distinguished Senator from North Dakota, and commend him for his distinguished service on the Committee on Agriculture and Forestry, the leadership he has asserted, and the expertise he has given the committee. Certainly the distinguished service of the distinguished Senator from Kansas (Mr. DOLE) has also been of inestimable value to the committee. All in all, the committee, I feel, has done an outstanding job in reporting this bill to the Senate as expeditiously as it has.

Certainly our farmers have their backs to the wall financially; we find that all of the production costs of the farmers have mounted steadily, whereas the sales of their products on the farms have gone down just as steadily.

This bill was developed in committee

in a bipartisan fashion. I am hopeful and have every confidence that this spirit of bipartisanship will carry over into widespread support here on the Senate floor so that the measure may be passed promptly.

In visits back to Alabama since the first of the year, I have conducted a series of meetings with Alabama farmers at Moulton, Athens, Montgomery, Greensboro, and Andalusia in an effort to specifically determine the problems and needs of Alabama farm producers. The views expressed at these grassroots meetings have been of great value to me at committee hearings and at markup on H.R. 4296.

Dramatic changes have occurred in U.S. and world food and agricultural conditions—and in U.S. and world economic conditions—since enactment of the Agriculture and Consumer Protection Act of 1973.

The cumulative effect of these changes has been declining demand and prices, and rapidly escalating production costs for American agriculture.

Farm production costs in the past 2 years have risen by nearly 35 percent, with some individual items, such as fertilizer, rising by as much as 104 percent; motor supplies up 46 percent; seed prices up 76 percent; and average interest rates up 47 percent.

When expressed as a percentage of total cash receipts received by farmers, farm production costs also continue to show an upward trend. In 1973, farm production costs totaled about 73 percent of farm receipts. In 1974, that percentage jumped to 78 percent. And now as prices received by farmers for cotton and cattle are already well below the cost of production, and with prices being received for feed grains, soybeans, and wheat moving in that same direction, the overall cost-price squeeze gap for farmers is closing fast.

Prior to 1972, our Nation's agriculture was marked by a high degree of stability, certainly not the desirable type of stability because we had low farm prices; surpluses; and large Government expenditure outlays for land retirement and farm income payments.

However, between 1972 and 1974, due to the depletion of our Nation's grain reserves, sharp increases in world demand and adverse weather conditions, we saw an abrupt reversal of these conditions. Farm prices for grain, soybeans, and cotton during this period shot up to record highs and Government expenditures for farm programs dropped accordingly. Unfortunately that condition did not long remain in this country.

However, as these generally welcomed conditions occurred, no provision was allowed for during this adjustment period to guard against some of the accompanying developments that became part of such adjustments; namely, their impact on our Nation's livestock, poultry, and dairy industries, as well as their eventual impact upon the grocery budgets of American families and on increased Federal budget outlays for federally financed feeding programs such as food stamps, school lunch, and other child and family nutrition programs.

Now all indications point to an imminent "bust" of this 1972–74 "boom" enjoyed by many grain, soybean, cotton, and livestock producers. In fact, the bust side of this cycle is already well underway for our Nation's cotton and livestock producers. And in the case of our Nation's poultry and hog producers, the bust or cost-price squeeze is now hopefully bottoming out. And whether dairy farmers can look for any improvement in the future will obviously be determined by 1975 grain harvests and the increased Government supports called for in the bill now before us.

All of these rapidly changing conditions, Mr. President, can be characterized in a single word; namely, "instability." Now, while I believe American farm producers are prepared to live with a certain amount of uncertainty, risk and periodic adjustment in their operations, there is a limit as to how much instability they should be expected to accept.

Continued high degrees of instability, uncertainty and adjustment within our Nation's agricultural system, will eventually destroy American agriculture as we now know it, in my judgment. And, if this were allowed to happen, the miracle of American food and fiber abundance would disappear with it.

American agriculture is simply too capital-intensive—too subject to nonpredictable variables, such as weather—and increasingly too subject to abrupt changes in world demand—to solely depend upon so-called free market forces regarding its economic well-being.

Mr. President, in Alabama, our major agricultural enterprises consist of broilers, cattle and calves, eggs, soybeans, hogs, corn, cotton, peanuts, and dairy products.

Our broiler, egg, and hog producers this past year and a half have made major downward adjustments in their bird and animal numbers due to high feed and other related costs.

Our cow-calf operators are faced with extremely low prices and increased numbers of animals—21 percent increase in cattle and calve numbers in January 1975 over January 1974.

Our soybean and corn producers are now experiencing plummeting prices, and as I have already indicated, our cotton farmers are now being offered prices for their cotton well below the cost of production.

And in 1974, Alabama led the Nation in milk production decline, which was 10 percent lower than what it was in 1973.

Mr. President, in marking-up this bill in committee, I either led or strongly supported the successful efforts to raise the target and loan rates for cotton; to strike the House provision requiring cotton farmers to pay cotton loan storage and interest charges; to raise the dairy support rate to 85 percent of parity; and, to make this a 3-, instead of a 1-year bill.

The importance of the actions we took in committee, relating to cotton, is to assure that adequate supplies of this essential fiber will continue to be available in the foreseeable future. As I have indicated earlier, prices now being paid to farmers for their cotton are well below the cost of production. Furthermore, U.S. 1975 cotton planting intentions are now indicated to be only about 10 million acres, or down about 30 percent from 1974. World cotton plantings, I understand, are also down from a year ago.

As our committee report on this bill indicates, these downturns in cotton production plans and prices are directly due to depressed economic conditions here and around the world. And, let me quote directly what else our committee report has to say about this current and future cotton situation:

> When these conditions are turned around—which hopefully will begin sometime during 1975—demand for cotton fiber will respond accordingly. Much of the current demand-slump for cotton goods is a "deferred" type of demand, meaning that there is a demand build-up occurring now, which, when economic conditions improve, will be expressed in the market, along with normal demand for these goods. An example of this will likely be seen in the housing industry where enormous amounts of cotton goods are utilized in the form of carpets, draperies, bedding materials, etc.
>
> Unless care is taken now to (1) hold onto the 6 million bales of cotton that are now projected as being above current needs and, (2) avoid further cuts in 1975 planting intentions, supplies of cotton will not be sufficient to meet such improved economic conditions. And should that happen, raw cotton prices would very likely swing sharply upward, with the prices of the consumer goods made from this fiber being pushed up accordingly.
>
> Therefore, the provisions in the bill relating to cotton, in the judgment of the Committee, are as important to the American consumer as they are to the American cotton producer.

In short, Mr. President, our report suggests that we should not let a short-term problem blind us to a longer time need—a need that may well develop sooner than expected.

Next, I would like to say a word about dairy.

One does not normally think of Alabama as a dairy State, yet, dairying is important in our State's agriculture. It ranks fifth in importance in our agricultural production, with marketing of milk bringing $60 million to our farmers.

It is, therefore, with great concern that I view the 1974 milk production figures as released by the U.S. Department of Agriculture on February 12. It makes us a leader in a statistic in which we do not want to lead.

Alabama's milk production in 1974, as I indicated earlier, declined 10 percent from 1973. No other State came close to this figure. Our nearest rival for this dubious distinction showed a 7-percent drop.

Not only did we show a considerable drop in milk cow numbers in 1974, but milk production per cow also declined.

To me, this indicates a very serious inequity for dairy farmers in what they receive and in what they have to pay, particularly for feed. It is clear that a large number of dairy farmers sold out. But, it is also evident that those who continued to dairy, cut back on their feed rations simply because it was not profitable for them to buy the necessary feed to obtain the maximum production. Rather than do so, many of them coasted, by using such farm-raised feeds as they had and limiting the amount of purchased feed needed to supplement these farm-raised items.

I need no further evidence to convince me that adjustments are needed in the price support level of dairy products. If we are to encourage farmers to stay in this type of farming, as we surely do, then they must have a return sufficient to cover their costs. Raising the support levels to do this is a far better alternative than their selling out. As the latter occurs, they do not return to dairying and, if this continues long enough, will lead to the point where we are not self-sufficient in this country in milk production.

For soybean producers, this bill provides for the continuation of the nonrecourse loan program for soybeans—which Secretary Butz has announced he wants terminated beginning with the 1975 crop; and an increase in this rate from its current $2.25 per bushel level up to $3.94 per bushel.

Mr. President, since many Alabama farmers combine cattle farming with cotton farming or cotton farming with bean or corn farming, a depression in two or more of these commodities at the same time can, and is, seriously jeopardizing the ability of these farmers to remain in the farming business. The emergency legislation we now have before us, if passed and signed into law by the President at the earliest possible date, will go a long way in helping avoid such a development.

I not only urge the Senate to pass this measure, but also urge President Ford to surprise his critics and sign this measure into law as soon as it hits his desk. If he should listen to some of his advisers and veto this bill, he and his administration will have to answer to both the farmers and to the consumers of this Nation for the economic disruptions that will surely result from such an action.

As is stated in our committee report on this bill:

> The target prices, loan levels, higher CCC resale prices, and extended nonrecourse loan periods provided in this bill are all designed to provide not only sufficient income and price protection for farmers, but also to insure—on behalf of American consumers—that farmers will have sufficient incentive to produce at maximum levels during the 1975 crop year. Current reserve levels of wheat, feed grains, and soybeans are dangerously low, especially from the standpoint of being able to absorb any additional adverse weather conditions or abrupt changes in world market demands that might occur beyond the 1975 crop year. Therefore, any excess stocks of wheat, feed grains, and soybeans that will be forthcoming from 1975 harvests can be held as a cushion against crop failures or changes in world demand in the future. The importance of this is to restore supply and price stability of these commodities as related to our nation's animal and poultry industries. Animal and poultry producers this past year and one half have been forced to reduce their animal and bird numbers due to excessively high feed and other related costs. Such liquidations, in turn, contribute to shortages of meat, milk, eggs, and pork supplies for consumers, thus causing sharp upswings in wholesale and retail food prices. And as recent events have demonstrated, once these consumer retail prices have been pushed to higher levels, they seldom drop back down when prices paid to farmers for their grains or livestock fall.

Mr. President, the provisions in this bill address these needs—yet, in my judgment and in the judgment of the committee—this bill minimizes Government costs; minimizes the risks of returning to excessive surpluses; and, also minimizes the excessive lowering of export values of these commodities in world markets.

Mr. President, I wish to urge prompt passage and enactment of this bill into law.

Mr. MANSFIELD. Mr. President, will the Senator yield 1 minute?

Mr. TALMADGE. I yield 1 minute.

Mr. MANSFIELD. I yield to the Senator from South Dakota.

Mr. ABOUREZK. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER (Mr. STONE). The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICR. Without objection, it is so ordered.

The amendment is as follows:

> At the end of the bill add a new section as follows:
>
> SEC. 3. For a period of 90 days following the date of enactment of this Act, no meat may be imported into the United States from any foreign country. As used in this section the term "meat" means fresh, chilled, or frozen cattle meat and fresh, chilled, or frozen meat of goats and sheep (except lambs).

Mr. CRANSTON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. ABOUREZK. Yes.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Roy F. Greenaway and Ann E. Wray be permitted the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, I ask unanimous consent that Mr. Ed Merlis be given the privileges of the floor during the consideration of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. Mr. President, this amendment is a very simple amendment. It suspends for a 90-day period beef imports into the United States. I see no reason why foreign countries should be allowed to dump beef into the U.S. market when the domestic livestock industry is so depressed.

Mr. President, I am offering an amendment to H.R. 4296 that would establish a 90-day moratorium on beef imports to the United States.

The need for this amendment was pointed out very strongly recently when the State Department announced that it is currently negotiating with some 12 foreign nations to establish beef import levels.

According to State Department officials, those negotiations are likely to end up increasing beef imports in 1975 by 100 million pounds.

Negotiations like these are absolutely outrageous at a time when this Nation's livestock industry is in a depression. I certainly understand the importance of foreign trade and have always favored improving our trade relations with other countries. But I can see no reason for negotiating to increase the importation of a commodity that is already in surplus in the United States.

I am sure the State Department negotiators and policymakers do not understand how serious the crisis in the livestock industry is at the present time. We have already seen a large number of producers go out of business because of extremely low market prices, and we know that thousands of hard-working and dedicated livestock producers are in danger of going bankrupt in the next few months.

It is hard to believe that a part of our Government would be working for a program that will worsen the situation in one of our basic industries.

Virtually every other nation in the world watches out carefully for its food producers because of the obvious value of food to a country's well-being. Yet, the U.S. State Department is now in negotiations that are clearly not in the interests of American agricultural producers.

I am also sure that the State Department does not realize how demoralizing it is for a producer to be struggling to stay in business and to hear that his own Government is working against him.

Passage of this amendment to declare a 90-day moratorium on beef imports would be a signal to the livestock industry that the Senate is concerned about their plight and that this body is willing to help them out. It would also be a signal to other nations that we will not allow our country to be the dumping ground for their beef surplus.

I hope that my colleagues here in the Senate will vote for this amendment as a major step forward in getting the American livestock industry back in shape and to offer a much-needed boost to the morale of our producers.

I reserve the remainder of my time.

Mr. TALMADGE. Mr. President, I have examined the amendment, as has the distinguished ranking minority member. This business of imports from foreign countries of beef at a time when our own livestock farmers are deeply depressed is a problem that needs looking at. The quotas that we passed were suspended by President Nixon, and that suspension, as I understand it, is still in effect.

I am willing to take this amendment to conference.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. ABOUREZK. I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I share the view expressed by the distinguished chairman, and I certainly hope we can keep it in conference. I am pleased the Senator from South Dakota has offered an amendment.

Mr. YOUNG. What does the amendment do, reduce imports?

Mr. ABOUREZK. It merely imposes a 90-day total moratorium on imports.

Mr. YOUNG. It stops all imports for 90 days. I think it is absolutely essential. This is the least we should do.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. ABOUREZK. I yield.

Mr. ALLEN. I think this is a fine amendment, and I know it is needed by the beef industry. Our cattle farmers in

Alabama are faced with bankruptcy, and for us to be importing meat at high levels is certainly not conducive to their recovery from this condition. I feel that a 90-day moratorium might give us an opportunity to work on permanent legislation. I do commend the Senator.

Mr. ABOUREZK. I thank the Senator.

The PRESIDING OFFICER. Is all time yielded back?

Mr. ABOUREZK. I yield back my time.

Mr. TALMADGE. I yield back the remainder of my time.

Mr. ABOUREZK. Before there is a vote on this, there are several people who have asked to be put on as cosponsors.

I ask unanimous consent that the following Members be added as cosponsors: Senator McGovern, Senator Allen, Senator Morgan, Senator Moss, Senator Mansfield, Senator Dole, Senator Young, Senator Stone, Senator Stennis, Senator McClure, Senator Humphrey, and Senator Clark.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ABOUREZK. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ABOUREZK. Mr. President, I have another amendment which I would like to offer at this time.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

H.R. 4296

At the end of the bill, insert the following new section:

Sec. 3. (a) The Secretary of Agriculture is authorized and directed to make emergency loans to bona fide farmers and ranchers who are primarily and directly engaged in the breeding, raising, or fattening of livestock. For the purposes of this Act, the term "livestock" shall mean beef cattle, dairy cattle, swine, and sheep.

Loans under this section may be made to farmers and ranchers described in subsection (a) of this section who cannot obtain such loans from commercial sources on reasonable terms and conditions. Such loans shall be made for the purpose of assisting such farmers and stockmen to maintain their livestock operations.

Loans under this section may be made for such purposes as may be prescribed by the Secretary, but not less than twenty years, and shall bear interest at a rate not more than 5 per centum per annum. The amount of the loan shall be determined by (1) multiplying the number of cattle owned by the applicant by $150, and (2) multiplying the number of swine and sheep owned by the applicant by an amount which the Secretary determines bears an appropriate relationship to $150, taking into consideration the relative value of swine and sheep as compared with cattle and the cost of maintaining swine and sheep as compared with cattle, (3) but in no case shall the amount of the loan exceed $250,000.

(d) Such loans shall be made where there is reasonable probability of accomplishing the objectives of the Act and a reasonable probability of the repayment of the loans.

(e) The Secretary shall take such action as may be necessary to expedite loan assistance under this Act to farmers and ranchers in need of such assistance and who qualify therefor.

(f) The Secretary is directed to use funds of the Commodity Credit Corporation or other available funds in carrying out the provisions of this section.

(g) No loan may be made under this section at any time beyond one year after the date of enactment of this Act.

(h) The Secretary is directed to issue such rules and regulations as he determines necessary to carry out this section effectively and expeditiously. The proposed regulation shall be issued as soon as possible, but in no event later than thirty days after the date of enactment of this Act.

Mr. ABOUREZK. Mr. President, I am offering an amendment to H.R. 4296 with the intention of helping the livestock producers in our country who are now in the midst of a very serious economic depression.

This amendment would provide long-term, low-interest credit relief for livestock producers who cannot get the operating capital they need to stay in business. The fact is that the livestock industry is in a state of crisis right now that not only resembles, but it is, a depression.

Many producers with smaller ranches have already gone out of business because of disastrously low market prices. Thousands more are teetering on the brink of bankruptcy.

It is important that the Congress and the administration recognize that the crisis in the livestock industry is genuine and that emergency action is badly needed.

In 1974, the United States had 127.7 million head of cattle. By January 1, 1975, that number had risen by over 4 million, to 131.8 million. But at the same time that the total number of cattle was rising, the value of the livestock was dropping. In fact, those 127.7 million head were worth about $41 billion. Today, even with the increase in cattle numbers, the value has dropped by 50 percent, to $20.9 billion.

That 50-percent drop in value means a drastic cut in the net worth of livestock producers. It means their collateral for loans suddenly disappeared. And it means their ability to get operating loans or long-term loans has vanished. Let us not forget, too, that it means their income is way below even the cost of production, way below.

There is no industry in this country that could withstand this kind of economic devastation. And there is no reason for the Federal Government to stand idly by while thousands of livestock producers—the people who produce the meat for our tables—go broke.

If we want an ample supply of meat products for the consumers of our Nation, then we must take action to help our producers. The amendment I offer would assure consumers that the smaller, dedicated producer can survive the current depression to continue producing high-quality meat products.

The emergency loans provided by this amendment are only temporary, however. They are meant simply to help producers get through the current crisis and are not a replacement for other efforts to get the livestock industry on its feet.

This loan program would not be a burden to taxpayers because revenues would come from the Commodity Credit Corporation's reserves. The personnel and expertise are already available through the Farmers Home Administration.

We can prevent the bankruptcies of hundreds of producers this year through this amendment.

I hope that every member of this body will recognize the need for emergency help for America's livestock industry and will support this amendment.

Mr. President, just briefly, let me say what this amendment does.

It provides for a 5-percent interest rate over a 20-year period of unsecured loans for the livestock industry. There is a $250,000 maximum loan so that large giant producers are not allowed a windfall in this. They will help the small cattleman.

The way the loan would be determined by the Secretary is that if we multiply the number of cattle owned by $150, then the livestock producer is entitled to borrow that amount of money, but not over $250,000.

Mr. President, I reserve the remainder of my time.

Mr. TALMADGE. Mr. President, I regret that the committee cannot accept this amendment. The committee had acted already in the very serious matter the distinguished Senator from South Dakota raises.

Just last Friday evening this distinguished colleague, who is chairman of the Subcommittee on Agricultural Credit, of the Agriculture and Forestry Committee, reported a bill from our committee with a unanimous vote.

That was seriously considered, trying to rectify some of the problems of this very important industry.

I think we went far enough in that bill, that bill is now pending before the Committee on Agriculture of the House.

The bill that is offered by the distinguished Senator from South Dakota as modified provides for 5-percent loans, but originally provided for only 3-percent loans, less than half the cost that the Government would have to pay for money, mandates these loans, altogether unsecured, for a period of not less than 20 years.

I think the action the Senate took last Friday evening in this situation is the proper way to go. The Committee on Agriculture and Forestry thought it was the proper way to go. The amendment of the distinguished Senator was pending before our committee at that time, it was considered, but we decided that that was not the correct solution.

I make the point of order that the Senator's amendment is not germane to the bill.

Mr. McCLURE. Will the Senator yield?

Mr. TALMADGE. I will yield before I make my point of order.

Mr. McCLURE. I thank the Senator for yielding.

I do not know whether this amendment will be ruled as germane or not, but I would hope that the Senate and the people of this country recognize what has happened to the cow-calf operator as a result of Government intervention in the marketplace at an earlier time.

Mr. TALMADGE. I say to the Senator that we are very familiar with that. I am fully aware the inventory value of livestock in the United States went down last year $20 billion.

I am also fully aware of the fact that the cattle feeders of our country last year lost an estimated $5 billion. That was the reason we called our committee in emergency session and passed the emergency livestock loan bill of $2 billion. It did not do the job that the committee thought ought to be done. That is the reason we sent to the Senate on March 12 of this year an emergency livestock credit bill that was considered and passed by this body last Friday evening.

Mr. McCLURE. I thank the Senator for yielding and for that explanation, because I think a great many people have missed the fact that as the meat prices moved up in the supermarkets across this country and the Government did intervene in the marketplace, that the price paid by the consumer has not reflected the complete downturn in the price paid to the producer.

The initial producer being the cow-calf operator, being the most vulnerable in the market, has taken all of the drop that has occurred in the market.

As the Senator from Georgia has indicated, the livestock feedlot operator has taken a very bad loss in the last 15 months, but they ran through those high-cost feeder cattle, the cow-calf operator does not have any place to go. He is the fellow that now absorbs all of the loss, and they are in very tough shape.

So I am certain the Senator from Georgia and the committee are very conscious of that and have responded to it. I am certain that the Senator, in making the point of order against the amendment of the Senator from South Dakota, is not doing so out of any lack of understanding of the problems that the cow-calf operator is confronting in this country today.

Mr. TALMADGE. The Senator is entirely correct. I commend both the Senator from South Dakota and the Senator from Idaho for raising this issue, and I point out the fact that our committee has already acted twice. The bill is now pending in the Senate Committee on Agriculture and Forestry.

I renew the point of order.

Mr. DOLE. Will the Senator yield?

Mr. TALMADGE. I yield to the distinguished Senator.

Mr. DOLE. I just want to respond to the Senator from Idaho.

The bill passed last Friday made eight substantial changes in the original act and we think they were needed. They were worked out, as always, in our committee on a bipartisan, nonpartisan basis, with the Department of Agriculture.

Those eight changes are:

First. Directs the extension of financial assistance to a bona fide farmer or rancher if a substantial part of his operation involves the breeding, raising, fattening, or marketing of livestock.

Second. Permits secondary financing of the guaranteed portion of livestock loans through the Federal Financing Bank.

Third. Provides that contracts of guarantee shall not require the Secretary of Agriculture to guarantee more than 90 percent of the principal and interest on the loan. Under existing law, the Secretary's participation is limited to 80 percent of any loss sustained. The amendment would make it easier for lenders to sell the guaranteed portion of loans to other financial sources.

Fourth. Provides that guaranteed loans shall be for the period reasonably required by the needs of the borrower—taking into consideration the available security—but not exceeding an original term of 7 years. Loans could be renewed for not more than 3 additional years. Under existing law, guaranteed loans must be payable in not more than 3 years, but may be renewed for not more than 2 additional years.

Fifth. Authorizes the guarantee of a line of credit up to $500,000. Under existing law, the total loans guaranteed for any loan applicant may not exceed $250,000.

Sixth. Authorizes the payment of administrative expenses from any funds available including the Agricultural Credit Insurance Fund.

Seventh. Extends the act until December 31, 1976. Under existing law, the authority to make new guarantees will terminate July 25, 1975.

Eighth. Requires that, insofar as practicable, action by the Department of Agriculture on each loan application is to be completed within 30 days.

I believe, whether or not the point of order is sustained, that this amendment was considered in committee, was rejected, and should be rejected now.

Mr. McCLURE. Will the Senator yield further before making his point of order?

Mr. TALMADGE. I yield.

Mr. McCLURE. I just take this time, and I do not mean to burden the discussion, but I think it is important to underscore that the small family operator—small is a relative term these days—that is in a livestock operation that depends upon the value of the calves produced each year is not only losing a great deal of money today, he has been losing over 15 months and he will continue to lose at least during this spring season.

There may be some light at the end of the tunnel for him some 6, 8, or 12 months from now, but a good many of them have used up all of their lines of credit, a good many of them have been operating at a loss for so long that they simply cannot operate at a loss for much longer if they are to survive.

The inevitable result seems to be in each of these periods when some of the small operators are wrung out of the market, their places are taken over by larger operations, many of them nonresident landlords, many times corporate operations, which I think is not good for the consumer of this country, certainly not good for the stability of our economic and political substance in this country.

So I am glad to note that last week we did take some action, addressing ourselves to it, and perhaps as the Senators have indicated, this amendment is not necessary to further that action, because the Senate has already recognized that problem.

Also, Mr. President, I ask unanimous consent that I be made a cosponsor of the previous amendment dealing with the beef import question.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. Will the Senator from Georgia yield?

Mr. TALMADGE. I yield.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that Senator STENNIS be added as a cosponsor as well.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 94-43), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

SHORT EXPLANATION

The bill being reported by the Committee combines provisions in S. 351 and S. 579 to amend and extend the Emergency Livestock Credit Act of 1974. The bill—

(1) Directs the extension of financial assistance to a bona fide farmer or rancher if a substantial part of his operation involves the breeding, raising, fattening, or marketing of livestock.

(2) Permits secondary financing of the guaranteed portion of livestock loans through the Federal Financing Bank.

(3) Provides that contracts of guarantee shall not require the Secretary of Agriculture to guarantee more than 90 percent of the principal and interest on the loan. Under existing law, the Secretary's participation is limited to 80 percent of any loss sustained. The amendment would make it easier for lenders to sell the guaranteed portion of loans to other financial sources.

(4) Provides that guaranteed loans shall be for the period reasonably required by the needs of the borrower (taking into consideration the available security), but not exceeding an original term of seven years. Loans could be renewed for not more than three additional years. Under existing law, guaranteed loans must be payable in not more than three years, but may be renewed for not more than two additional years.

(5) Authorizes the guarantee of a line of credit up to $500,000. Under existing law, the total loans guaranteed for any loan applicant may not exceed $250,000.

(6) Authorizes the payment of administrative expenses from any funds available including the Agricultural Credit Insurance Fund.

(7) Extends the Act until December 31, 1976. Under existing law, the authority to make new guarantees will terminate July 25, 1975.

(8) Requires that, insofar as practicable, action by the Department of Agriculture on each loan application is to be completed within thirty days.

The bill would also amend the Consolidated Farm and Rural Development Act to provide that contracts of guarantee under that Act shall not require the Secretary to guarantee more than 90 percent of the principal and interest on such loans. Under existing law, the Secretary may guarantee no more than 90 percent of the loss sustained on any loan. The amendment would make it easier for lenders to sell the guaranteed portions of loans to other financial sources.

Mr. TALMADGE. Mr. President, I renew my point of order that the amendment is not germane to the bill.

The PRESIDING OFFICER. Does the Senator from South Dakota yield back the remainder of his time?

Mr. ABOUREZK. No. I want to be heard on the point of order, Mr. President.

The PRESIDING OFFICER. The point of order is not well taken until the Senator from South Dakota has used his time or yielded back the remainder of his 5 minutes.

Mr. ABOUREZK. I would like to be heard now. It would apply when the Senator raises his point of order.

The PRESIDING OFFICER. The point of order would be well taken after the expiration of the time of the Senator from South Dakota.

Mr. ABOUREZK. I yield back the remainder of my time.

Mr. TALMADGE. I yield back the remainder of my time, and make the point of order that the amendment is not germane to the bill.

The PRESIDING OFFICER. The point of order is well taken.

Mr. ABOUREZK. Mr. President, I want to resist the motion for a point of order by the Senator from Georgia on the ground that the livestock credit amendment is germane to this bill. This is a bill out of the Committee on Agriculture and Forestry which deals with prices, which deals with the general situation of agriculture, which the amendment I have offered applies to.

I also want to say further, Mr. President, that there is a desperate need at this point for some kind of credit to be available to these producers. They do not have it.

If we do not make some kind of credit available, the livestock industry is on its way out right now, and it is going to continue to slide and decline, without some kind of affirmative action by the Congress and the administration.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Will the Senator yield me 2 minutes?

Mr. TALMADGE. I yield 2 minutes to the distinguished majority leader.

SENATE CONCURRENT RESOLUTION 27—PROVIDING FOR A CONDITIONAL ADJOURNMENT OF THIS CONGRESS FROM MARCH 26, 1975, UNTIL APRIL 7, 1975

Mr. MANSFIELD. Mr. President, being hopeful, and not being optimistic, I send to the desk a recess resolution, and ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Reserving the right to object, I do not understand.

Mr. MANSFIELD. It is a recess resolution. I am not being optimistic but hopeful.

The PRESIDING OFFICER. The clerk will state the concurrent resolution.

The legislative clerk read as follows:

S. Con. Res. 27

Resolved by the Senate (the House of Representatives concurring), That when the two Houses adjourn on Wednesday, March 26, 1975, they stand adjourned until 12 o'clock noon on Monday, April 7, 1975, or until 12 o'clock noon on the second day after their respective Members are notified to reassemble in accordance with section 2 of this resolution, whichever event first occurs.

Sec. 2. The Speaker of the House of Representatives and the President pro tempore of the Senate shall notify the Members of the House and the Senate, respectively, to reassemble whenever in their opinion the public interest shall warrant it or whenever the majority leader of the House and the majority leader of the Senate, acting jointly, or the minority leader of the House and the minority leader of the Senate, acting jointly, file a written request with the Clerk of the House and the Secretary of the Senate that the Congress reassemble for the consideration of legislation.

Sec. 3. During the adjournment of both Houses of Congress as provided in section 1, the Secretary of the Senate and the Clerk of the House, respectively, be, and they hereby are, authorized to receive messages, including veto messages, from the President of the United States.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the concurrent resolution be held at the desk pending further notification.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURAL PRICE SUPPORTS

The Senate continued with the consideration of the bill (H.R. 4296) to adjust target prices, loan, and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Was the point of order sustained?

The PRESIDING OFFICER. Yes, the point of order was sustained.

Mr. TALMADGE. Mr. President, I think the Senator from Utah has one more amendment, and he is prepared to proceed at this time.

The PRESIDING OFFICER. The Senator from Utah.

AMENDMENT NO. 306

Mr. MOSS. Mr. President, I would like to call up my amendment No. 306 which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 7, line 19, insert the following:

Sec. 3. Notwithstanding the amendments made by this Act to the Agricultural Act of 1949, as amended, or any other provision of law, marketing quotas, marketing penalties, acreage-poundage quotas, acreage allotments, price supports, and export subsidies shall be ineffective with respect to the 1976 and subsequent crops of tobacco.

The PRESIDING OFFICER. The Chair inquires of the Senator from Utah if this is the amendment to which the Senator from Utah wishes to assign the 2-hour limitation?

Mr. MOSS. Mr. President, I would like to assign the 2-hour limitation to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Will the Senator from Utah yield?

Mr. MOSS. I yield.

Mr. DOLE. As a matter of information, does the Senator feel it may require the full 2 hours?

Mr. MOSS. I am unable to determine what amount of colloquy there will be. Certainly I do not think I will speak for an hour. I do not know how long there will be in reply. I think there might be some colloquy on it. I do not have any reason to extend it to that length of time. I am ready to vote whenever we can get to it.

Mr. DOLE. I thank the Senator.

Mr. MOSS. Mr. President, I think that before we discuss this amendment we should consider why we are gathered here on Wednesday, 3 days after our recess was scheduled to begin. To some extent, it may be suggested that I am responsible. I would like to deny that responsibility. Of course, we have the conference report on the tax bill, but I believe all of us thought that could be passed on a voice vote.

On Thursday, March 20, 1975, a unanimous-consent time agreement was reached for consideration of H.R. 4296, the farm bill. At that time, which was just after the bill had been referred by the Presiding Officer to the Committee on Agriculture and Forestry, there were no provisions in the bill with reference to tobacco.

On Friday morning, in the Agriculture and Forestry Committee, an amendment was added to the House-passed farm bill raising the level of tobacco support to 70 percent of parity. Now, Mr. President, I am against the entire tobacco subsidy program. And I am against raising the level of parity. But even more disturbing to me was the amending of the bill in committee after the unanimous consent time agreement had been reached.

Next thing I heard was that the managers of the bill would try to take it up Friday evening during a lull in debate on the tax bill. Can you imagine how much longer Friday evening's session would have been had we had a lull in which to consider the farm bill. As my colleagues may have noted, I offered 26 amendments to the bill on Friday afternoon in hopes that we could delay consideration of the bill long enough to read it.

I can well appreciate the desire of the managers of the bill to move expeditiously. They had momentum. They had Members chomping at the bit waiting to take off for a recess. One thing was missing, however: The text of the bill and a printed report.

When I asked my staff to obtain copies of the bill and the report so that I could prepare an appropriate amendment, the Agriculture and Forestry Committee staff could not tell them when the bill would be ready, nor in what section of the bill the tobacco material was to be inserted. The rush was on and we were to vote in the dark.

However, the chairman of the committee stated to me, as he did in the markup session, that the committee had no intention of going to conference with the House until after the recess.

I made a number of attempts to comply with the wishes of the leadership. I suggested that we consider the bill at 9 a.m. Saturday. I suggested that we consider the bill at 10 a.m. Monday. I suggested that I would be willing to bring up only one amendment on April 7, after the recess. After all, the bill could be disposed of easily enough after the recess, and there really was no rush since the conference would not take place until after the recess. But my efforts were to no avail. Thus, Mr. President, I have acquiesced to the wishes of the leadership on consideration today and will have this amendment up under a 2-hour limitation.

The notion that the bill must be passed before the recess so that the "farmers will know what to plant" is just plain wrong.

Why will the farmers know any better what to plant before the recess if the bill has not been signed into law. There are publicized threats of veto, and this tobacco matter adds to those threats. Under this threat, it will take even longer for the "farmers to know what to plant."

Let us review why this tobacco amendment offered by the committee should be voided.

Perhaps it would be best to start with an elementary lesson in history. Beginning in 1964, the Department of Health, Education, and Welfare issued reports on the hazards of smoking. These have been prepared by reviewing all of the evidence in the medical literature. Both reports which indicate that tobacco is a hazard and those which may not have so indicated, are included in the reports. Even the most diehard supporter of tobacco will not claim that any studies indicate that tobacco is good for you and does not cause problems. Rather the variations of the reports is simply a matter of degree.

Our Nation today is faced with soaring hospital costs; our medical care facilities are coming to the point where they will not be able to care for the growing number of chronically ill people; there are not enough funds to provide intensive care units for emphysema and heart disease patients; millions are being paid from social security funds to aid relatively young and still productive people who are unable to use those skills, because they are disabled by chronic respiratory disease and heart conditions.

As we consider this amendment, I ask Senators to think of how much of this medical expense could be avoided, how many lives could be saved, how many careers extended by the very simplest act—giving up smoking.

It is easy for me, a nonsmoker, to stand here and say this. But I know many people cannot give up smoking easily. They have had the habit too long; and they are reinforced in this habit by a continuous barrage of slick advertising which depicts the cigarette as an innocuous partner in a charming social setting.

I say that we cannot stand by and do nothing for these people. We, as public representatives have an obligation to the 50 million people who now smoke cigarettes, the untold millions of potential smokers, and their families, who will bear the grief and medical cost of death and disability resulting from smoking.

How can we mandate a warning in every advertisement, a warning on every pack, tar and nicotine information in every advertisement, and a public education program, and continue these subsidies to grow tobacco? We cannot do this any longer.

The tobacco industry tries to tell us that the case against cigarette smoking has not been proved. Yet, eight technical reports from the Public Health Service, based on reviews of tens of thousands of research studies, tell us the opposite. I am sure we can all remember vividly that day in January 1964 when Dr. Terry revealed the findings of the first smoking and health report. The Nation was momentarily shocked at the news. To wit, cigarette smokers, taken together, have a 70-percent higher death rate than nonsmokers; they have a 70-percent higher death rate from coronary heart disease; a 500-percent higher death rate from bronchitis and emphysema; and a 1,000-percent higher death rate from lung cancer. The seven medical reports which have followed have produced evidence which strengthens the enormity of the indictment against cigarette smoking.

I have on my desk copies of all these reports, beginning with the one in 1964, followed by seven more, each of which confirms and extends the medical findings on the incidence of disease that comes from smoking cigarettes.

These are raw statistics. Let us take a moment to look at this picture from the human angle—what it means to the men and women of the country.

DEATH RATES—MALES 45–64

Men in their middle years—their most productive years—are most seriously affected by cigarette smoking. Not only are the death rates from the major causes—heart disease and cancer—higher, but the overall rate for smokers is almost twice as high as that of nonsmokers. One-third of all deaths in the age group 35 to 59, are excess deaths which would not have occurred if it had not been for smoking.

Looking at this in still another way, these men, especially those who are heavy smokers, are cutting their lives short by as much as 8 years. Now this may not seem significant to the younger generation, but to those approaching their allotted three score years and ten, 8 years can be a considerable amount of time. Even the light smoker, one who perhaps smokes less than a pack a day, could lose about 5 years of his life expectancy.

I.—Death rates of cigarette smokers versus nonsmokers by selected diseases related to smoking, males, age 45–64—Rates per 100,000 person-years

Deaths from all causes:	
Never smoked regularly	708
Smoker	1,329
All cancer:	
Never smoked regularly	125
Smoker	267
Lung cancer:	
Never smoked regularly	11
Smoker	87
All heart and circulatory:	
Never smoked regularly	422
Smoker	802
Coronary heart disease:	
Never smoked regularly	304
Smoker	615
Violence, accidents, suicide:	
Never smoked regularly	60
Smoker	72

DEATH RATES—FEMALES 45–64

The various smoking reports indicate that the situation is substantially the same for women. There was a time when it was believed that women were somehow immune to the effects of smoking. This was probably due to the fact that fewer women smoked and those who indulged did not smoke as much as men.

This picture has changed, as smoking has become socially acceptable for both sexes. Women who smoke do have higher death rates generally, and higher rates from lung cancer and heart disease than women who do not smoke. One out of 14 deaths among women in the highly important age span, 35 to 59 years, is associated with cigarette smoking.

II.—Death rates of cigarette smokers versus nonsmokers by selected diseases related to smoking, females, age 45–64—Rates per 100,000 person-years

Deaths from all causes:	
Never smoked regularly	453
Smoker	584
All cancer:	
Never smoked regularly	197
Smoker	201
Lung cancer:	
Never smoked regularly	7
Smoker	15
All heart and circulatory:	
Never smoked regularly	161
Smoker	256
Coronary heart disease:	
Never smoked regularly	83
Smoker	148
Violence, accidents, suicide:	
Never smoked regularly	23
Smoker	32

The link between cigarettes and lung cancer has been established for some time. In fact, it was well known even before the 1964 Surgeon General's report. And no evidence has been produced which refutes this fact.

The case of heart disease and the respiratory diseases, bronchitis and emphysema—is somewhat different. In 1964, it was merely established that male cigarette smokers have a higher death rate from coronary heart disease than nonsmokers. Today we know that smoking is actually a significant risk factor in the development of this disease. Smokers who have high blood pressure and high serum cholesterol have twice the risk of fatal heart attack as nonsmokers. Among male smokers between the ages of 45 and 54, this risk is more than three times that of nonsmokers.

Chronic bronchitis and emphysema are fast making their way to the top of the list of the leading causes of death and disability in this country. In 1964, smoking was described as the most important of all the causes of chronic bronchitis and a strong contributor to the risk of dying of emphysema.

Today we use much stronger language; cigarette smoking is the most important cause of bronchitis and may also play a role in the development of emphysema.

We emphasize these three diseases—

lung cancer, heart disease, and the chronic respiratory diseases—because they pose the greatest threat. Yet cigarette smoking has also been associated with cancer of the larynx, and other areas of the mouth and throat, and with cancer of the bladder, kidneys, and pancreas.

One of my greatest concerns is the youth of this country, the source of our leadership of the future. I was most disturbed when the Public Health Service reported that as many young people are taking up smoking as did in the past. Far too many have succumbed to the "allure" of cigarettes. These kids are not going to quit because we tell them they might get sick when they are 50 or 60 years old. That kind of argument just turns them off.

What we must emphasize for young people, and older smokers as well, is that smoking can affect their health now.

WORK-LOSS DAYS, MALE

According to the National Health Survey, the cigarette habit is costing the smoker more days lost from work, more days of sickness in bed, and more days of restricted activity compared to the experience of the nonsmoker. Moreover, the more a person smokes, the more time he loses from work and personal activities.

III.—Age-adjusted work-loss days, restricted activity days, and bed-disability days, present smokers versus nonsmokers, by number of cigarettes per day, males—Number of cigarettes smoked per day—Present amount

Days of work lost, days per person:	
Never smoked	4.6
Smoker:	
Under 11	5.5
11–20	6.1
21–40	6.5
41 up	7.6
Days of bed disability, days per person:	
Never smoked	5.1
Smoker:	
Under 11	6.8
11–20	5.6
21–40	5.0
41 up	8.8
Days of restricted activity, days per person:	
Never smoked	13.8
Smoker:	
Under 11	18.5
11–20	17.1
21–40	17.4
41 up	23.3

Data from "Cigarette Smoking and Health Characteristics," United States, July 1964–June 1965.

WORK-LOSS DAYS, FEMALE

The picture is even more striking for women. Here we see that the heavy smoker is sick and away from her job almost twice as often as her nonsmoking peer.

Smokers take more sick leave and must spend more time sick in bed because they suffer more acute and chronic illness than nonsmokers.

IV.—Age-adjusted work-loss days, restricted-activity days, and bed-disability days, present smokers versus nonsmokers, by number of cigarettes per day, females—Number of cigarettes smoked per day—Present amount

Days of work lost, days per person:	
Never smoked	4.7
Smoker:	
Under 11	5.8
11–20	7.7
21–40	8.2
Days of bed disability, days per person:	
Never smoked	7.5
Smoker:	
Under 11	8.5
11–20	8.3
21–40	11.0
41 up	17.4
Days of restricted activity, days per person:	
Never smoked	20.0
Smoker:	
Under 11	22.5
11–20	24.3
21–40	27.2
41 up	38.4

Data from "Cigarette Smoking and Health Characteristics," United States, July 1964–June 1965.

MORBIDITY RATES, SELECTED DISEASES, MALE

Men seem to suffer more from several specific illnesses, chronic bronchitis and/or emphysema, chronic sinusitis, peptic ulcer, and influenza. The health survey found that there are over 1 million more cases of chronic bronchitis and/or emphysema in the Nation than there would be if all people had the same rate as those who never smoked. Similarly, there are 1.8 million more cases of sinusitis and 1 million more cases of peptic ulcer than there would be if no one smoked. Bronchitis and emphysema have twice as many victims among male smokers as they do among nonsmokers.

V.—Age-adjusted morbidity rates from selected diseases, male present smokers versus male nonsmokers—Rate per 100 persons

Chronic bronchitis and/or emphysema:	
Nonsmoker	1.0
Smoker	2.4
Chronic sinusitis:	
Nonsmoker	8.3
Smoker	10.8
Peptic ulcer:	
Nonsmoker	2.4
Smoker	4.7
Influenza:	
Nonsmoker	23.2
Smoker	28.4

Data from "Cigarette Smoking and Health Characteristics," United States, July 1964–June 1965.

MORBIDITY RATES, FEMALES

Again, women who smoke have about the same sickness experience as men. Clearly, the effects of smoking are not discriminatory.

VI.—Age-adjusted morbidity rates from selected diseases, female present smokers versus female nonsmokers—Rate, per 100 persons

Chronic bronchitis and/or emphysema:	
Nonsmoker	1.2
Smoker	3.8
Chronic sinusitis:	
Nonsmoker	11.1
Smoker	13.8
Peptic ulcer:	
Nonsmoker	1.6
Smoker	2.5
Influenza:	
Nonsmoker	31.8
Smoker	34.6

Data from "Cigarette Smoking and Health Characteristics," United States, July 1964–June 1965.

Added to these already grim facts is the additional evidence presented in the most recent smoking report that smokers have more noncancerous disease of the mouth than nonsmokers. Those who both smoke and have poor oral hygiene are more likely to have periodontal disease and gingivitis. This habit may even lead to loss of teeth.

There is another tragic aspect and that is the effect smoking can have on the health of others. Women who smoke during pregnancy frequently have babies weighing less than normal at birth. Some studies indicate that an expectant mother's smoking habit may be related to spontaneous abortion, stillbirth, and neonatal death.

There was an article in the Sunday press pointing out the disease that is carried through the blood of the mother to the fetus if she smokes during pregnancy.

The reports are not all gloomy, for throughout the data on death and disability there is a hopeful note. Smokers can have a second chance, for many of the effects of cigarette smoking are reversible.

DEATH RATES, MALES, YEAR LAST SMOKED

The longer a person stays away from cigarettes, the better are his chances of good health. Indeed, if a smoker turns back early enough, his chances of dying from such disease as lung cancer, heart disease, emphysema, can be nearly on a par with those of the man who has never smoked at all.

VII.—Overall death rates for former smokers versus nonsmokers by number years since last smoked and numbers previously smoked per day, males, aged 55–64—Rates per 100,000 person years

[Smoked 20 or more]	
Former smoker:	
Under 1	2,962
1–4	2,613
5–9	1,180
10 up	1,563
Never smoked regularly	1,187
[Smoked 19 or less]	
Former smoker:	
Under 1	2,017
1–4	1,854
5–9	1,669
10 up	1,020
Never smoked regularly	1,187

DEATH RATES, MALE, BY NUMBER SMOKED

Look at the picture in relation to the number of cigarettes smoked per day. It is clearly evident that the death rates go up as this number increases. Yet even the moderate smokers have substantially higher death rates than nonsmokers. Among the younger men depicted here, those smoking half a pack to a pack a day have death rates twice as high as those who do not smoke.

VIII.—Overall death rates of male cigarette smokers versus male nonsmokers by number of cigarettes per day—rates per 100,000 person-years—Current number of cigarettes per day

[Age 45–54]	
Never smoked regularly	402
Smokers:	
1–9	741
10–19	910
20–39	970
40 up	1,109
[Age 55–64]	
Never smoked regularly	1,187
Smokers:	
1–9	1,815
10–19	2,280
20–39	2,437
40 up	2,680

[Age 65–74]

Never smoked regularly	3,118
Smokers:	
1–9	4,683
10–19	5,145
20–39	5,325
40 up	5,635

DEATH RATES, MALE, INHALATION

Again we see a similar picture with regard to the depth of inhalation. The younger men who inhale slightly or moderately have death rates twice as high as nonsmokers. The ratios are somewhat less in the older age groups, but the picture is still the same—even moderate amounts of smoking are deleterious.

IX.—Overall death rates of male cigarette smokers versus male nonsmokers by degree of inhalation—Rates per 100,000 person-years

[Age 45–54]

Never smoked regularly	402
Smoker:	
None	824
Slight	859
Moderate	974
Deep	1,021

[Age 55–64]

Never smoked	1,187
Smoker:	
None	1,868
Slight	1,868
Moderate	2,331
Deep	2,689

[Age 65–74]

Never smoked regularly	3,118
Smoker:	
None	3,994
Slight	5,029
Moderate	5,300
Deep	6,411

DEATH RATES, MALES, BY AGE BEGAN SMOKING

A very important point which should be made, especially with youngsters, is that the more years one spends tied to this habit, the greater the effect.

Those who have been smoking the longest have the highest death rates. But do not overlook the figures at the other end of the scale. Even the man who takes up smoking as a young adult has a higher death rate than the man who does not smoke at all.

X.—Overall death rates of male cigarette smokers versus male nonsmokers by age smoking began—rates per 100,000 person-years

[Age 45–54]

Never smoked regularly	402
Smokers:	
30 up	562
25–29	726
20–24	857
15–19	999
Under 15	1,210

[Age 55–64]

Never smoked regularly	1,187
Smokers:	
30 up	1,576
25–29	2,082
20–24	2,058
15–19	2,509
Under 15	2,682

[Age 65–74]

Never smoked regularly	3,118
Smokers:	
30 up	3,846
25–29	3,902
20–24	4,728
15–19	5,728
Under 15	6,221

These health related phenomenon are not only found in the United States. The Surgeon General's report documents numerous studies conducted in other countries which support and confirm the finding which we have with regard to the American population.

In 1970 the World Health Organization commissioned a study of the health effects of smoking. That study, which was later submitted to the full body and ratified by the World Health Organization further supports the conclusions which our Surgeon General has drawn from the health evidence. Additionally, the report makes numerous recommendations concerning steps which should be taken to prevent the onslaught of cigarette related disease.

Mr. President, I think we should look closely at the value of the tobacco subsidies: Through the Commodity Credit Corporation; through export subsidies; and through free inspection and grading of tobacco. I have found that the Department of Agriculture spent more than $51.3 million in support of tobacco during fiscal year 1974. This is broken down into $13.7 million in export subsidies and $37.6 million in price support programs. Additionally, there are other funds such as the cost of tobacco in the food for peace program. These have been difficult to obtain, and the last value I could find on that program was $28 million in 1971. So here we are spending more than $50 million to support tobacco, perhaps as much as $75 to $80 million. On the other hand, what do we spend to teach the public about the health hazards of smoking?

The National Clearinghouse for Smoking and Health, located in the Bureau of Health Education in the Center for Disease Control has a budget of approximately $900,000. That is it. Less than one-fiftieth the amount that we put into educating the public about tobacco. Now, if we want to pare Federal expenditures, we should start with the USDA tobacco support programs.

Why do not we do something constructive with the money. We put millions into drug and alcohol prevention programs and we do not support marijuana crops.

In recent years, many countries have adopted these recommendations. Brands with lower tar and nicotine are becoming more prevalent and filtered cigarettes are used by 80 percent of the smokers in some 16 major nations.

Advertising in the broadcast media has now been eliminated from the airwaves in Germany, Austria, Canada, United Kingdom, Finland, Japan, United States, Italy, Ireland, Netherlands and Switzerland. Total bans on all advertising for cigarettes are in effect in a number of countries including Iceland, Poland, and Romania. Educational programs to inform the young and to educate adults on how to cease smoking are in effect in Belgium, Israel, Germany, United Kingdom, and Canada. And the Council of Europe, consisting of 18 nations, has adopted a resolution urging stronger action on the part of member countries to combat the hazards of cigarette smoking.

I can understand the need to support agricultural products which will insure sufficient quantities in the marketplace to feed and clothe the public. But the tobacco support program is nothing but a welfare program by another name. The hard-working tobacco farmer is being given a carrot by his Government to continue to produce a crop which will lead to death and disability to untold thousands of American people.

Mr. President, this is a relatively simple amendment which has a far-reaching impact. We are caught in a catastrophic inflationary spiral caused in part by Government spending. Many of our citizens are suffering from the burdens of inflation, particularly from escalating food costs. To the extent that we can cut spending, we should. To the extent that we can increase food production, we should.

Yet, in the bill before us today, funds are authorized for carrying out price support programs for tobacco. My amendment would eliminate these authorizations as well as those for paying export subsidies for tobacco, for advertising the sale of tobacco overseas, and for inspecting or grading tobacco. How can we, when dealing with an austerity budget, and dealing with shortages in our food supply, so wantonly continue to fund programs which will not only add to the inflationary impact of the budget, but also undermine the health of people?

Just think of it—Americans are going hungry. Americans are finding their earnings eaten up by skyrocketing prices for food, for shelter, and for clothing. Yet we continue to spend millions and millions of dollars to support the growth, export, advertising, promotion, and grading of a deadly plant which will result in the death of more than 50,000 of our countrymen during the next year from lung cancer, not to mention the additional thousands of deaths which will occur from heart disease, from other cancers, and from chronic lung diseases such as the dreaded crippler emphysema.

How can we face our young people and tell them of the virtues of our form of government when we are pouring out money for the sole purpose of developing a crop which will cripple us?

I, for one, am not willing to go to the American people and tell them that I supported a farm bill which provides millions of dollars to be spent in support of tobacco.

I do not in any way wish to hurt the farmers who are already suffering greatly. But I believe that by adjustment to marketing orders and through the excellent work of the Agricultural Extension Service, funds can be better used for the development of crops which will benefit the public—crops which will help to cut the cost of food and develop those lands for the growth of crops which will benefit all.

I know already the arguments that will be offered here by the skeptics. There are those who will say that "there is no scientific evidence of the health hazards of using tobacco." Of course, this is completely fallacious.

Congress has long since accepted the fact that cigarettes are a health hazard and acted upon this fact. Congress must now take a second step and cut off funding of this hazard by the Federal Government. The time has come to say "Enough," and I trust that my colleagues who have the interests of all the people at heart will join me in support of this amendment.

The amendment would preclude the

use of any funds for: First, carrying out a price support program; second, paying an export subsidy; third, advertising or promoting the sale of tobacco; fourth, financing the foreign sale of tobacco under the Agricultural Trade Development and Assistance Act of 1954; and fifth, inspecting or grading tobacco.

Mr. President, the split in Government activities between supporting the deadly crop and encouraging people not to use it is a clear-cut case of schizophrenia. When we are talking about a health bill, we spend money to educate people not to use tobacco. We spend money on research on how to deal with the diseases caused by tobacco. We spend money to develop systems to help people who have become addicted to tobacco to break the habit. Now, we have a bill before us to spend money to grow the deadly weed. It does not make sense.

The time has come for us to withdraw our money for support of tobacco and move that money into an area that will encourage those who make their livelihoods from tobacco to shift to some other kind of farming or some other kind of business. The time has come for us to put this land which is being wasted by growing tobacco to beneficial use through developing or growing food products.

Mr. President, on previous occasions I have introduced an essentially similar amendment but it has not been adopted. I have made many efforts to get legislative committees to consider this matter and to make it a part of authorizing legislation, but I have been unsuccessful. If we are going to deal with the problems of inflation, if we are going to deal with the problems of food shortages, the time to deal with them is here and now.

If we are to protect the health and welfare of our people, and particularly our younger generation, we must begin now, be honest with them, and at least not encourage the growing of tobacco.

Nothing in the amendment makes it illegal to grow tobacco. It is a legal crop, and can be grown, and no effort is made, at least at this time, to deal with that at all.

But what we are trying to deal with are the authorization and appropriation of the funds to encourage the growing of tobacco, and this bill that is before us now proposes to increase the amount of subsidy that will be paid to those who grow tobacco and, therefore, it offers an added inducement to those who plant and grow tobacco to plant more and produce more, for which we will pay money to advertise and try to sell; and, as more is used and more is smoked, our death rate and our rates of illness and absence from work will continue to grow.

Mr. President, I have tried to state my case here this morning. I will reserve the remainder of my time. I hope that some of my colleagues may wish to join me in this endeavor.

Mr. TALMADGE. Mr. President, in behalf of the senior Senator from Tennessee, I ask unanimous consent that Mr. Bailey Guard and Mr. Steve Swain be permitted the privileges of the floor during the consideration of the Moss amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. John Steer be extended the privileges of the floor during the consideration of this matter and during the vote.

Mr. HELMS. Mr. President, I ask unanimous consent that a member of my staff, Mr. Charles Black, be accorded the privileges of the floor during the discussion.

Mr. BELLMON. Mr. President, I ask unanimous consent that Doug Jackson, a member of my staff, be extended the privileges of the floor during the consideration of the bill.

Mr. TALMADGE. Mr. President, I yield myself such time as I may take, and then I promised several other Senators to yield time to them.

Once again the tobacco price support program is under attack. And, in all honesty I cannot understand why.

Here is a program that has operated from its inception at minimum costs to the Government.

Here is a program that provides a major part of the income of over 600,000 farm families.

Here is a program that can still utilize family labor and provide a reasonable income on a small farm.

Here is a program that contributes substantially to the economic activity in rural areas.

Here is a program that earned our hard pressed Government $1.1 billion in foreign exchange last year.

Here is a program that brought in $5.8 billion in taxes to Federal, State, and local governments last year.

And yet there are those who wish to destroy it. And even if the tobacco program were eliminated, what would have been accomplished?

Would that stop the sale of tobacco?

Would that stop the imports of tobacco?

Would that stop the advertising of tobacco?

Would that make it unlawful to smoke?

Would that contribute to better health in this Nation?

In every case the answer is "No."

On the contrary—sales of tobacco would continue. People would continue to smoke.

Imports of tobacco would skyrocket.

The drain on our balance of payments would be substantial.

The health of the people in this Nation would not be affected, and—

It would still be lawful to smoke.

But, even more importantly, the destruction of the tobacco program would literally confiscate the property of those who grow tobacco.

It would not only destroy a program but also the honest God-fearing people who participate in that program.

It would literally make beggars out of a self-supporting, self-reliant people.

It would force these people onto welfare rolls.

It would force some to emigate to our cities thus creating additional urban pressures.

It would destroy the economics of many rural areas.

And, a viable program would have been destroyed.

Mr. President, under no circumstances are there any advantages in eliminating the price support program for tobacco.

Neither the farmers, the people, nor our Nation will benefit.

I am honestly convinced that no good will come of it.

I hope that the amendment will be overwhelmingly rejected, as it has been in previous years.

Now, Mr. President, I yield, first, to the distinguished junior Senator from Kentucky—how much time?

Mr. FORD. 10 minutes.

Mr. TALMADGE. I yield 10 minutes.

Mr. FORD. Mr. President, distinguished colleagues, I appreciate the opportunity given to me by the distinguished floor manager of the bill, the Senator from Georgia.

I would like to ask a question or two. What is so strange about amending a House bill when it is considered by the Senate? That was raised by the distinguished Senator from Utah.

What is so strange about wanting to help people, over 500,000 farm families in this country? The Senator from Utah attempts to place a cloud over tobacco. I am sure I could do the same thing with sugar beets or apply the same figures to automobile drivers.

The Senator from Utah called it a welfare program, an outlay of some $80 million, if I remember the figures he quoted. This $80 million outlay brings into the Federal Government over $6 billion. I wish we had a few more welfare programs like that.

The Senator's amendment does not accomplish his stated purpose. If one had listened to his remarks, read his amendment, it does not accomplish the Senator's stated purpose.

There is an overriding factor here that we cannot in good conscience fail to consider as legislation is proposed and opposed. The factor today is economics. I need not remind this body of the Nation's current economic posture. But I do call attention to the economic chaos which would be created if the tobacco program is shelved, eliminated, terminated, destroyed, or whatever term should be used.

I call to the Senate's attention the economic stress which can be compounded if price supports are not increased on tobacco production; even less if they are removed in total. Anything less than what is proposed in this bill will guarantee—and I underscore, yes, "guarantee"—foreign imports at the expense of hundreds of thousands of our farmers. As a matter of fact, the latest figures available tell us that 594,400 farm families are associated with the production of tobacco.

Anything less will guarantee synthetic substances. Anything less will result in the demise of the farm family, depending on income from raising tobacco—again, over half a million families.

What about these people, Mr. President? They represent the backbone of our agricultural community, the farm family, a vital segment of society producing food and fiber for this Nation and, yes, the world.

Let us get down to the basic point. Pure logic indicates that one way or another the use of tobacco will continue. The only question is whether or not tobacco will be produced by Americans in America or growers in other countries.

How can this be disputed with any validity? So the case which comes before us, really revolves around jobs, around personal income, around survival of family farms and, most certainly, around the maintenance of economic strength in Agriculture.

Farmers are not going to continue losing money. They are going to say "no" to an exercise in futility, which means going overseas for imports, for synthetics, and this creates another danger.

When the health question is brought up, consider the effects of synthetics, especially when heat is applied. Consider the effects of foreign blends where there is much less sophistication in research and production.

Let me make a point about health research, if I may. At the University of Kentucky, the Tobacco and Health Research Institute conducts 25 percent of all tobacco health-related research in the world, and there is not a dime requested from the Federal Government. The people of Kentucky are trying to do it themselves and, I believe, we ought to give them a pat on the back instead of a knock on the head.

I had the opportunity to participate in the creation of this program, a positive and beneficial approach to scientific studies of tobacco. This research is paid for by the user to find out whether or not there are health factors and, if so, how to correct them. If there is any component in the cigarettes undesirable, if it can be identified, we are convinced it can be removed. We know that because burley is a pliable product; components can be grown out in two seasons, under proper conditions in 1 year.

Millions of dollars have gone and are going into this research, in a responsible manner.

Over $12 million paid for by Kentuckians have now gone into this research and another $2.1 million is allocated for this year.

Finally, we should look at the realized cost of the price-support program. From 1933 to date, 0.13 percent of the cost for all, for all, Mr. President, farm commodity price-support operations carried out during that time, relates to tobacco. That is a very tiny figure.

And that figure takes on a much different dimension when you consider another fact. In fiscal year 1972, taxes collected on cigarettes amounted to over $6 billion. Frankly, I think 70 percent of parity is the barest of minimums, and would prefer more in view of costs as well as the threat of foreign imports.

With the increase of demand for cigarettes by the general public, there is a corresponding increase in tax income.

Therefore, the single issue is this: What product will the people of this country use? That which is produced here, or abroad?

And if the answer is abroad, it is rather easy to figure the consequences to our own society.

Today in Kentucky alone 13,522 people are employed in the tobacco manufacturing arena. If this amendment is allowed to become law, it will have a tremendous financial impact not only on my State but the other States where people are employed. People are looking for answers and working to find answers. The small farmer needs to be protected today.

Mr. President, I urge that this body go on record rejecting this amendment emphatically.

Mr. TALMADGE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. TALMADGE. Now, Mr. President, how much time does the distinguished Senator from South Carolina want?

Mr. THURMOND. Five minutes.

Mr. TALMADGE. I yield 5 minutes to the distinguished Senator from South Carolina.

Mr. THURMOND. Mr. President, I wish to express my strong opposition to the amendment proposed by Mr. Moss to the emergency price support for 1975 crops bill. The amendment by the senior Senator from Utah would, in effect, cut off all Government price supports for tobacco programs.

While I understand and appreciate that this amendment is motivated out of a concern for the health of all Americans, I do not think it is the province of government to dictate to its citizens what they can and cannot consume, so long as the products involved have not been proven to be criminally dangerous to society. This amendment comes perilously close to an attempt to legislate morality.

My own view is that a substantial number of Americans are going to continue to smoke no matter what the Surgeon General warns, and I do not think it is the Government's job to forcefully shape personal habits. Certainly this Nation's half million tobacco farmers should not be penalized for producing a legal product that is much in demand throughout the world.

As a matter of fact, U.S. tobacco farmers make a great contribution to our national economy, and tobacco leaf and product exports greatly improve our balance of payments. The farm value of tobacco produced in this country amounted to some $2.1 billion last year, of which some $832 million was exported. Total exports of tobacco leaf and tobacco products in calendar year 1974 reached an all-time high of $1.2 billion. Allowing for imports of some $215 million, this particular commodity made a positive contribution of nearly $1 billion to the U.S. balance of payments.

Yet, the Senator from Utah persists in trying to discourage the growing of this tremendously valuable agricultural crop. If we deter our farmers from producing tobacco, then surely other countries will expand their production, and we will end up importing large amounts of this commodity. Thus, this amendment could turn an economic plus into a minus for the United States.

I am particularly concerned about what termination of USDA tobacco programs would mean to South Carolina. Tobacco was the leading money crop in South Carolina in 1974, and other Southern States. Furthermore, many of the tobacco growers in South Carolina are very small, family-type farmers, and they would be especially hurt by a termination of production and marketing assistance. Additionally, the State of South Carolina receives a substantial amount of tax revenues each year from taxes levied on the sale of tobacco products.

It should also be pointed out that present tobacco price support programs are not costly to American taxpayers. Last year the average price received by South Carolina tobacco farmers was about $1.05 per pound—considerably above the price support level. In 1973, tobacco prices were also well above support levels for most of the marketing season. Furthermore, stocks of tobacco under Commodity Credit Corporation loans have been steadily declining, with repaid loans and tobacco leaf sold out of CCC stocks actually creating a substantial net gain for the Federal treasury.

In short, I believe the amendment offered by the distinguished Senator from Utah is inappropriate, misleading, and counterproductive. Rather than promoting the physical health of our citizenry, this amendment, if adopted, would be detrimental to our Nation's economic health and financially disastrous to our many fine tobacco farmers. I urge that it

Mr. President, the March 20, 1975, is sue of the Washington Star contained an excellent article on this subject by the famous columnist James Jackson Kilpatrick. I ask unanimous consent that it be printed in the Record following these remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Cigarettes and Zealotry Make Bad Medicine

(By James J. Kilpatrick)

In its latest blast at cigarette smoking, the Federal Trade Commission has raised the pitch of debate from a tolerable C-natural to a shrill F-sharp. It is the difference between advocacy and zealotry, and does the FTC no credit.

The government's unrelenting campaign against cigarettes provides one more example—if one more example were needed—of the excesses of Big Brotherism. Back in 1966, with great fanfares of publicity, the U.S. surgeon general proclaimed to an indifferent world what an indifferent world already knew: Cigarettes are dangerous to one's health.

Such a conclusion had been self-evident for 300 years. From the time John Rolfe rolled the first stogie, smokers have been coughing, puffing and panting. Tobacco has been scorned as the "dirty weed," and cigarettes have been known as coffin nails. The surgeon general's report served chiefly to add pages of statistical documentation to a vast body of instinctive wisdom. In any government with a decent respect for self-determination and individual freedom, the matter would have stopped right there.

But our government was not content to leave its citizens alone. On the hoity-toity theory that Papa Knows Best, the government then embarked upon a crusade against the vile, unhealthy habit. Through measures of doubtful constitutionality, the manufacturers of a perfectly legal product were forbidden to advertise their wares by radio and TV. The makers of cigarettes were compelled to adorn every package and every printed ad with a dire warning that the

Surgeon General had determined that smoking is dangerous to one's health.

This has now been going on for 11 years. In 1963, some 523.9 billion cigarettes were consumed. Last year, according to the FTC's report to Congress, consumption reached an all-time high of 594.5 billion cigarettes. This is an increase of about 13 percent. An unregenerate people, fully aware of Papa's warnings, evidently chose not to follow Papa's advice.

The FTC's response is to intensify the anti-smoking campaign. The idea is to compel the makers to print upon each package of cigarettes a still more formidable notice: "Warning: Cigarette Smoking is Dangerous to Health, and May Cause Death from Cancer, Coronary Heart Disease, Chronic Bronchitis, Pulmonary Emphysema and Other Diseases." The next step, one assumes, is to require that every package contain an anti-smoking tract.

The FTC is offended by current cigarette advertising. To the agency's disgust, manufacturers depict "young, attractive, active and healthy people" in their ads. The makers have the gall to speak of the "taste of iced lightning," of "real taste," of "more of a Salem for more of a woman." The FTC petulantly complains of a "prodigious use of the words 'alive,' 'fresh,' 'refreshing,' and 'natural.' "

To counter this terrible propaganda, the FTC "strongly urges" an appropriation of unstated millions of dollars to finance advertising in print and on the air to discourage cigarette smoking.

The whole thing is ridiculous. Almost half of all adult Americans either smoke or have smoked. As dissenting Commissioner Mayo J. Thompson remarked, smokers already know the dangers. The government has given the people abundant information; and it is not the government's job, said Thompson, to provide the people with the will to act on that information. That is sound advice. His overzealous colleagues would be well advised to put it in a pipe and smoke it.

Mr. TALMADGE. Mr. President, does the distinguished Senator from Kentucky desire time?

Mr. HUDDLESTON. Not at this time.

Mr. TALMADGE. Does the Senator from Oklahoma seek recognition?

Mr. BELLMON. Mr. President——

Mr. TALMADGE. Mr. President, I would agree to yield 5 minutes to the Senator from Oklahoma on my time.

I yield 5 minutes to the Senator.

Mr. BELLMON. I thank my distinguished colleague.

Mr. President, I rise to support the Moss amendment for a reason perhaps a little different than that which has been expressed by other speakers this morning.

The tobacco program has, up to now, been an independent program. It is not a part of the Agricultural Act of 1969 or 1973.

This is the first time that the agricultural bill has included a provision on tobacco. In my opinion, it is totally inappropriate that tobacco price supports should be tied in with feedgrains, wheat, and cotton. The increased target prices in H.R. 4296 are intended to reflect more accurately the cost of production.

It is a great disservice to farmers to burden this bill with a tobacco support price increase making it more difficult to pass the agricultural legislation that producers plainly need.

Tobacco is not a life-giving food product, nor a warmth-giving fiber product, but rather is a habit-forming, health-destroying substance.

What is happening here is that those who support tobacco production, and who believe that Government supports of the tobacco program are in order, are trying to give this program respectability by tying it in with other commodities that are necessary, and for which tax moneys can properly be spent in encouraging production.

The passage of the Moss amendment does not prevent production of tobacco. Rather, it abolishes the tobacco supports which are about 56 percent of parity. The language in this bill would simply raise that parity to 70 percent and make it more of an incentive for tobacco production to be increased.

Reading from the language of the report on page 17, it points out that price supports in this bill are established at 70 percent of parity for burley and flue-cured tobacco. Based on 1975 parity prices this would result in a loan level of $1.06 a pound for burley and $1.02 for flue cured for the 1975 crop only.

The report goes on to say that the market price for 1974 crop averaged $1.14 for burley and $1.05 for flue-cured. This was substantially above the 1974 loan level, and market prices for the 1975 crop also should be substantially above loan level.

So, Mr. President, this amendment does very little, if anything, for the tobacco producer.

The amendment we put in the farm bill ties tobacco with wheat, cotton, and feed grains, and, in that way, gives it a respectability which tobacco on its own simply does not deserve.

Also, I support the Moss amendment and oppose including tobacco in this bill for the reason that if Congress raises the support price, it will make it more difficult for tobacco growers, who should be shifting into other commodities, to get the signal that Congress is turning away from tax subsidies for tobacco production, and increase the likelihood that some day soon Congress and the country generally are going to get weary of spending money to encourage tobacco production. On the other hand the Federal Government is spending millions of dollars to fight the diseases that tobacco causes.

I believe it would be much wiser, and much better for the tobacco growers, if Congress would begin to withdraw from the support for tobacco and give these small farmers the signal to shift to alternate crops. There are many commodities that which are presently imported that tobacco farmers could produce.

I had the opportunity a few years back to be in the State of North Carolina and see a great deal of research that has been done by the Extension Service and by the land-grant college experiment station determining what other crops could be substituted for tobacco. There are other crops that can be grown so that those tobacco growers will not be prevented from making a living if tobacco production were to cease.

Mr. President, I have before me the figures showing what this Government is already spending to combat cancer, heart, and lung diseases that are increased by tobacco use.

In the President's budget for fiscal year 1976, on page 432, I find that the money being spent by the National Cancer Institute to try to find a cure for cancer, many of which are caused by tobacco, amounts to $526,884,000. Also, the National Heart and Lung Institute is asking for $826,334,000 in appropriations to combat the diseases that tobacco causes.

To me it is absolutely inconsistent and almost inconceivable that the Government on the one hand is spending over $1 billion to deal with the diseases caused by smoking and, on the other hand, proposing to raise the support price to 70 percent of parity and thereby encourage the increased production of this troublesome product.

I also have before me the 1974 report of the U.S. Department of Health, Education, and Welfare's Center for Disease Control, in which the conclusion is reached from the research done during 1974 that confirms the evidence in previous reports that cigarette smoking is a serious health hazard. This report broadens our understanding of the mechanisms by which smoking contributes to the development of various forms of cancer, cardiovascular diseases, and respiratory diseases.

There can no longer be any doubt that tobacco is a harmful substance. There can be no doubt in my mind that this Government should cease to encourage its production. Clearly, this agriculture bill which is desperately needed to reflect increased production cost of food and fiber should not be encumbered by the addition of this program which has not been part of this bill before.

Mr. JOHNSTON. Do the facts show or not show the effect of cigar smoking and cancer?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOSS. I yield an additional 2 minutes.

Mr. BELLMON. Perhaps I should yield to my friend from Utah to answer the question about cigar smoking. As far as I know, tobacco is tobacco.

Mr. MOSS. There is an effect from cigar smoking though not nearly as great as from cigarettes. It is thought to be generally that cigarette smoke is inhaled and cigar smoke is not.

Mr. JOHNSTON. I have a good friend who was dean of a medical school and who was wont to put a big stogie in his mouth frequently. I questioned him about it, and he said the figures show that there is apparently no measurable effect between cigar smoking and cancer. I was wondering what the latest state of the art is.

Is there a connection between cigar smoking and cancer, and, if so, where could I get the figures?

Mr. MOSS. There is a measurable effect. You can find it in the annual reports on smoking and health that are put out each year. But it is much smaller as compared with cigarettes. It is not that much.

Mr. JOHNSTON. Would it be cancer of the lung or only cancer of the lip?

Mr. MOSS. Mostly in the mouth area and not nearly so much in the lungs because, as I say, cigar smoke ordinarily is not inhaled. Inhalation apparently causes the effect that it has on the lungs when cigarettes are smoked.

Mr. JOHNSTON. Have they identified yet what the factors are that cause this difference? At one time or other there was speculation that it was the cigarette paper and not the tobacco.

Mr. MOSS. There has been a lot of speculation about that. One thing is certain, that the higher the nicotine and tar content of tobacco, the greater the damage. Consequently, cigarette manufacturers have been lowering the tar and nicotine content of cigarettes. As we know, they publish it on the package. As that has come about, it is already beginning to show in the statistics, that this is less deleterious than the heavier tar and nicotine content.

Mr. JOHNSTON. Is the cancer of the lung rating down?

Mr. MOSS. It is being alleviated somewhat with the incidence of using that. But it will be a long time before there will be any dramatic change. This is a long-term type of disease. It does not usually strike within the first few years. It is after a number of years of smoking that it then turns up. We will be reaping the whirlwind for quite a while yet before it can be sharply turned down with the less lethal tar and nicotine contents of tobacco.

Mr. JOHNSTON. I thank the Senator.

Mr. FORD. Will the Senator yield for a further question?

Mr. MOSS. I will be glad to yield.

Mr. FORD. In your answer to the distinguished Senator from Louisiana as to what is the impurity in tobacco, what ingredients are in tobacco that are so harmful, I think your answer to him was that you did not know.

Mr. MOSS. If you want to be able to reduce it to an absolute chemical, I would say it has not been isolated.

Mr. FORD. If it has not been isolated, how can we say——

Mr. MOSS. It is in the tar and nicotine. We know that. When those contents are lessened, the effect is less.

Mr. FORD. Is not the industry now in competition with itself to have the cigarette with the lowest tar and nicotine in it? Do we not have the best of two worlds where we can help tobacco, help the family farmer, and keep the family farms operating? The industry itself is doing its own job, without the Federal Government being involved.

Mr. MOSS. I am delighted that the industry is reducing the tar and nicotine content of tobacco. It is less lethal than the heavier tar and nicotine tobacco, but it still is lethal. It still causes disease.

Mr. FORD. Will the Senator agree that if that ingredient is found, the facts are such now that it can be grown out, so to speak, from this crop? If that is so, you can grow it out within a 12-month period.

Mr. MOSS. That would delight me, if it could be done.

Mr. FORD. The Surgeon General has made a lot of statements and the Senator from Utah has made a lot of quotes without any substantial backing, saying that the ingredient is there and what causes it.

Mr. MOSS. I refer the Senator to the reports of the Surgeon General, confirmed by all the other countries of the world that have done research in this matter.

Mr. FORD. We are doing 25 percent of all the research in the world on tobacco and health, in one State, and the answer is not there yet.

The distinguished Senator from Oklahoma said he thought tobacco was tobacco, and he yielded to the Senator to answer a question, and he is arguing about it and does not know a thing about tobacco.

Private enterprise is doing a job. Why not let private enterprise do it, instead of knocking the little farmer in the head again?

Mr. MOSS. The Senator from Kentucky may think we know nothing about it, but we do have these reports, medical reports. We have the statistics of death and disease caused by it, and tobacco is the cause.

The answer is to cease to encourage the growing of tobacco. The Senator from South Carolina talked about our trying to ban it. This is not doing that. We are just saying that the Federal Government should not be a party to stimulating the growth of tobacco by supporting it with the amount of money it does—somewhere between $50 million and $80 million.

Mr. FORD. The Senator is stimulating the growth of foreign tobacco. The Senator from Utah just said that other countries have given him some research report that he has read. What is the chemical and health factor related to foreign tobacco?

Mr. MOSS. Let me read a letter dated March 25, from the Administrator of the ASCS Service, Department of Agriculture. It reads:

> DEAR SENATOR MOSS: The Department is opposed to the provision of the draft Senate bill that would increase the level of support for the 1975 crops of tobacco to 70 percent of parity. Such a level of support would be uncomfortably close to expected market prices and would result in some increase in government costs due to higher loan activity.
>
> More importantly, 70 percent of parity would provide an attractive price umbrella to our foreign competitors. Over time, they would expand production and displace sales of U.S. tobacco. In fiscal year 1974, U.S. exports of tobacco were valued at $1,098 million and imports were valued at $200 million. The thrust of this bill would be to increase imports and decrease exports thereby further weakening the U.S. dollar.
>
> The tobacco provisions of this bill are bad in principle as well as in practice. In the 1950's we learned that the parity formula was bad for tobacco because it tended to price U.S. tobacco out of its foreign markets. The parity formula was tried, found lacking and was abandoned. It would be a serious mistake to return to it now.

So, with respect to the argument of the Senator that, somehow or other, this is going to turn this over to the foreigners—apparently, this bill tends in that direction already.

Mr. FORD. When the Senator attempts to harm the small farmer and uses this method, by amending the bill to hurt the small farmer, and the farmer declines in the growth of tobacco——

The PRESIDING OFFICER (Mr. CULVER). Will the Senator suspend?

The Chair is in doubt as to whose time has been used.

Mr. FORD. I have been trying to use up the Senator from Utah's time.

Mr. MOSS. I yield 2 more minutes to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, the Moss amendment would not hurt the small farmer. This is an effort to go back to the parity formula and to increase the supports for tobacco. The Moss amendment simply eliminates the tobacco program.

Mr. President, I have in my hand a letter from Dr. George P. Rosemond, president of the American Cancer Society. Dr. Rosemond says:

> With regard to H.R. 4296, the Emergency Farm Bill on the floor today, I should like to express the view that the American Cancer Society stands opposed to government support of tobacco and agricultural products scientificially proven to be a major cause of death from cancer and other diseases.
>
> The hazards of tobacco have been confirmed and declared as public policy by several Surgeons General of the U.S. Public Health Service starting with Dr. Luther Terry in 1964.
>
> The American Cancer Society is opposed to any legislation which provides for tobacco crop subsidy.

Mr. President, the American Cancer Society is a highly respected organization that has spent a great deal of time understanding the relationship between tobacco and disease. It seems to me that the opinion of Dr. Rosemond is one to which the Senate should carefully consider.

Mr. TALMADGE. Mr. President, I want to correct something that the Senator from Oklahoma has stated. He said that the Moss amendment would only delete this provision from the bill. As a matter of fact, it kills the tobacco program after this year, lock, stock, and barrel.

How much time does the distinguished Senator from North Carolina wish?

Mr. HELMS. Five minutes.

Mr. TALMADGE. I yield 5 minutes to the distinguished Senator from North Carolina.

Mr. HELMS. I thank the distinguished chairman of the committee, the manager of this bill.

Mr. President, amendments designed to abolish or cripple the tobacco program are nothing new to this Senate. The distinguished senior Senator from Utah has presented these amendments time after time.

I must reiterate, Mr. President, the same thing which I have said to the Senator from Utah in the past: I see no reason why the tobacco crop should be repeatedly singled out for unilateral assault in the Nation's farm support program.

If the tobacco program is to be singled out, it should be singled out for distinction as the least expensive of all farm programs. Mr. President, in fiscal year 1974, the Commodity Credit Corporation's commodity inventory program on tobacco sustained no loss at all. That is, this program did not cost the taxpayer 1 cent. Moreover, since 1933 the cost to the Government of operating the tobacco price support program has been about 0.15 percent of the cost for all farm commodity price support programs.

Tobacco is important to the Nation's economy. About 600,000 farms in the United States produce over 2 billion pounds of tobacco on more than 1 million acres each year. Although tobacco uses only 0.3 percent of the Nation's cropland, it is usually the fourth or fifth most valuable crop and accounts for 8 to 10 percent of the cash receipts from all U.S. crops.

Mr. President, in 1974, tobacco brought U.S. farmers $2.1 billion in income and made a $1.1 billion positive contribution to the U.S. balance of payments through exports.

Mr. President, I want to remind my colleagues that tobacco is not one of the crops run by gigantic "agribusiness" corporations with absentee owners. The average tobacco allotment is about 3 acres. It is an intensive labor crop, tended for the most part on the family farm. It brings cash dividends to these families who otherwise would have a hard time making ends meet.

This fact is of special importance to the economy and culture of North Carolina. We have 80,000 Tar Heel farmers producing tobacco. It provides employment to nearly 200,000 of the State's farm families and seasonal workers. Last year, it brought the State's farmers over $800 million in income. That is over 60 percent of cash receipts from all crops grown.

Nationwide, hundreds of thousands of families earn their living from the production of tobacco. They are dedicated, hardworking citizens who, in my judgment, deserve to be encouraged, not hindered, in their constructive labors to support their families.

Mr. President, the Department of Agriculture itself has confirmed that the abolition, or phaseout, of the tobacco program would decrease the average tobacco grower's income by one-third in the next year. It would take 7 or 8 years for the grower's income to come back up to the level we have at present.

Mr. President, our former colleague, Senator Sam Ervin, used to say that this amendment to abolish the tobacco program should be entitled an amendment to impoverish hundreds of thousands of farm families in the United States. He was right and this is one Senator who will not stand idly by while such a proposal is made by my friend from Utah, or anyone else.

Many of these farmers already are barely at the subsistence level. If the tobacco price level is destroyed, welfare rolls will increase, rural people would flock to the big cities, particularly the industrial centers of the North, and add to the unemployment situation and all its attendant social evils.

Mr. President, in my judgment it would be an act of bad faith for the U.S. Congress to abandon these hard-working people by striking down the tobacco program. For there is no doubt that the tobacco market would be faced with ruination without the price support program. The success of the program is due primarily to its role in regulating the production of tobacco, not the subsidy paid to support prices.

The Federal, State, and local governments collect a total of $5.8 billion annually in excise taxes collected from cigars, cigarettes, chewing tobacco, pipe tobacco, and snuff.

This figure—$5.8 billion, and I repeat, billion—is nearly four times the amount received by the tobacco growers themselves.

I submit that if it is proper for government at every level to enjoy the benefits of taxation from tobacco, then it is proper for the U.S. Government to encourage its production. We simply cannot have it both ways. If it is not proper to encourage production, then it is not proper to enjoy the benefits of taxing it.

Mr. President, I urge the Senate to defeat the proposal of the Senator from Utah and to pass this bill which means so much to American agriculture and millions of American farmers.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. Mr. President, how much time does the distinguished Senator from Kentucky desire?

Mr. HUDDLESTON. Five minutes.

Mr. TALMADGE. I yield 5 minutes to the senior Senator from Kentucky.

Mr. HUDDLESTON. I thank the distinguished chairman.

Mr. President, we have been deluged again today in the usual way with statistics relating to whether or not it is appropriate for the Government to continue its efforts to help the farmers of this country through the tobacco program. My colleague from North Carolina already has quoted a distinguished former Member of this body, the wise Senator from North Carolina who retired last year, Mr. Ervin, on this program, that one could take the statistics that have been presented and prove anything, including that smoking was good for the health, because we consume more cigarettes in this country than any other nation, and our people are healthier and live longer.

That is not really the issue here today. The issue is whether or not we will continue a program that has been successful and is costing the Federal Government a negligible amount, that has contributed greatly to the economic standing of our farm community, and has contributed to improving our balance of payments, which is so desperately needed.

I think some of the misconceptions ought to be addressed at this time, and the program viewed in perspective.

First of all, the loss from the tobacco program, the commodity inventory operations for 1974, was essentially zero. The export subsidy that the Senator from Utah referred to was discontinued, as we know, 2 years ago. Any continuing expense from that program is due to long-term contracts that are still in effect.

On the question of Public Law 480, the same $30 million that was listed as being an expense is for the purpose of providing economic aid to underdeveloped countries and, I might add, is at the request of those countries as are any of the products provided with that aid.

The Senator from Oklahoma complained that this amendment should not be part of the regular farm bill which deals with other commodities. I think he is not correct. A farm program is for the benefit of farmers, not for a commodity involved. I do not know how we can help a bushel of wheat or a bushel of corn or a stalk of tobacco by a subsidy program or by a target price or a loan level. But we can help individuals—farmers, who are holding together this great agricultural machinery that we have in this country, that makes us the envy of all the world.

Let me also say, I do not know of many farmers who produce tobacco exclusively. Certainly, not in my State of Kentucky. Most farmers do not devote a very big portion of their total production to tobacco. The average in Kentucky is about 1 acre per farmer. All the rest of a farmer's land is used to cultivate other products that are needed, like wheat, corn, and soybeans, to raise livestock, operate dairies—to provide the other products that the Senator from Oklahoma thought were so much more important.

If we take away from the farmer this cash crop of tobacco, then we cut from under him the economic basis on which he operates, and production of all these other products will suffer likewise, because he will not be able to stay in business.

The Senator from Oklahoma correctly pointed out that the suggested support price of tobacco is somewhat under the market price. He says, in effect, that this does nothing for the farmer. Well, the same thing is true of all the other commodities—wheat, corn, and soybeans. The support price, target price, and loan levels are under the market price. It is for this reason that these provisions of the bill are likely not to be expensive, not to cost the American people additional funds. But the bill—and the tobacco provision—does do one little thing: It gives him a base. It gives that farmer the opportunity to go back to the bank and say, "Look, I know I am going to get this much for my crop in spite of what my costs might be; I am going to get this much." He is entitled, then, to that much security for a loan that is necessary for him to produce. The same is true for all of the other commodities.

The Senator from Utah says that we should not be encouraging the production of tobacco. I think it has been adequately pointed out that his amendment would certainly not discourage the production of tobacco. What he overlooks is that the program in itself contains production controls that limit the production of tobacco on a poundage basis. To throw it all out, not only would cause a $6 billion revenue loss for the governments of the country; not only would threaten the $1 billion in export trade that it produces; not only would endanger the hundreds of thousands of small farmers throughout the land who may be forced off their farms from lack of the cash they receive from their tobacco product—but also would eliminate the control that we currently have over the production of tobacco.

For all of these reasons and for no just cause can we say that eliminating the tobacco program is going to increase the possibility of improving the health of this Nation through discouraging the use of tobacco.

My distinguished colleague from Kentucky has correctly pointed out that we in our State take seriously the matter of research into the effects of tobacco and we have worked hard and imposed taxes on the product to bring in the necessary revenue for continued research.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. TALMADGE. I yield an additional minute to the distinguished Senator.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 additional minute.

Mr. HUDDLESTON. I will conclude by saying once again that I believe that the Senate will reject the argument that it is in the best interest of this country to do away with a program that means so much to the small farmer and, in turn, means so much to the agricultural capabilities of this country.

Mr. MOSS. Mr. President, I yield 2 minutes to my colleague, the junior Senator from Utah.

Mr. GARN. Mr. President, in my 3 months in the Senate, I have not ceased to be amazed at the ability of the Federal Government or Congress to be on both sides of an issue. A few years ago, we banned cyclamates, a total ban, on the basis that it may be harmful to the health. If a mouse drinks 10,000 gallons or so a day every day for a year or so, it may get cancer and that may be the same thing for human beings and others.

We have a Clean Air Act of 1970 that attempts to protect our health from automobile fumes. We have a catalytic converter now that may put out sulfuric acid and may cause problems.

As the former president of the American Cancer Society said, the evidence on tobacco is overwhelming, from emphysema to heart disease to kidney disease, to cancer—you name it, it causes it. It is the No. 1 cause of preventable diseases in the country. The evidence of the agony and the misery and the cost to the people of this country from the harmful effects of tobacco is overwhelming. I find it difficult to believe that we are arguing that here, on the floor of the Senate, when experts have proved the use of tobacco as a cause of cancer. I am not a doctor; Senator Moss is not a doctor; but the overwhelming scientific evidence is there.

I have heard two other comments here today. One is that we are trying to legislate morality—that certainly is not true. I see in none of these amendments any attempt to prohibit people from smoking; if they desire to do so, that should be their free choice in this country, and I have no desire to take that right away from them or try to legislate morality.

The issue rests solely on the issue of health. I cannot, in good conscience, vote to spend taxpayers' dollars to support any product that causes such health havoc in this country.

Mr. MOSS. Mr. President, I think I have just a very few minutes left. I simply want to say that we are confronted with the economic argument of how many people grow tobacco and how much income they get.

All of these things I recognize, and I have every reason to want to be helpful in any way I can to those who are in the tobacco industry, if we can persuade them to go to some other industry.

There is nothing in this amendment or anything that we have proposed that would prohibit a person from growing tobacco. All it proposes is that the Federal Government not put Federal money into supporting the growing of tobacco, grading it, advertising it, and the other things for which we spend Federal money.

We ought to do this because of our concern for the health of our people, and the vast amounts of money we spend in trying to protect that health. As the Senator from Oklahoma pointed out, in cancer research alone we spend a billion dollars or more annually, trying to find the cause of cancer and ways to treat it. We spend money trying to teach people how to give up smoking, and pointing out the hazards of smoking.

For that reason, I do not think we can carry water on both shoulders. We should not put money out to teach people not to use tobacco and at the same time spend money to encourage the growing of tobacco.

Therefore, I hope the amendment will be adopted. I am glad to yield back any time I may have remaining.

Mr. BAKER. Mr. President, I would like to make a few observations in strong opposition to the amendment offered by the senior Senator from Utah (Mr. Moss). The Senator has offered this amendment or some variation thereof in each session since I have served in the Senate, and I have opposed his efforts to destroy the tobacco program year in and year out. I do so today. I strongly urge my colleagues to defeat the amendments proposed by Senator Moss.

First, I emphasize the amendment has little to do with health. The tobacco program is a price support and production control program. If the amendment is adopted to eliminate controls, unlimited production and importation of cheap, low-quality tobacco could follow—with cheap tobacco and products for everyone to buy. If this amendment has anything to do with smoking, or reducing smoking, it is an unfounded idea. The amendment would not eliminate the growth, manufacture, sale, or importation of tobacco or tobacco products. On the other hand, its adoption could lead to unlimited production and disastrous prices to growers.

The economic livelihood of some 600,000 farm families who share the proceeds from tobacco sales—including nearly 100,000 in Tennessee—are at stake today. We are not speaking about large farmers or "agribusiness." The vast majority of tobacco farms are small. The average allotment is produced on less than 2 acres, and 60 percent of burley farmers obtain this portion of their livelihood from only one-half acre.

Tobacco is one of the few crops that can still utilize family labor and provide reasonable income on a small farm. To produce and market an acre of tobacco requires about 300 man-hours.

This amendment could drive thousands of hard-working rural families into economic hardship—at the very time when the Congress and the administration are taking actions designed to provide jobs.

Mr. President, over the years tobacco farmers have consistently supported the program, and have accepted production controls to make it work. Every 3 years farmers have expressed their approval by voting in referendum by overwhelming majorities to continue the program. In most referendums, more than 90 percent of growers voting have favored marketing quotas. Furthermore, the program has operated without large losses to the Government—which has not been characteristic of many other farm commodity programs. The realized cost of the tobacco price support program from its inception in 1933 to date has been about 0.13 percent of the cost for all farm commodity price support operations. Program losses of tobacco loan operations totaled only $50,000 in 1974. I am told by the Department of Agriculture that the tobacco program has been the Government's least expensive farm commodity program.

The program has accumulated this impressive record because it has been kept sound time and time again by farmers, through the joint leadership of their farm organizations, grower groups, cooperatives, and their representatives in Congress. Few, if any other groups of farmers have been more willing or have better demonstrated the ability to limit their own production. Instead of an increase in the acreage of tobacco in this country, there has been a steady reduction.

This amendment also would end export assistance for tobacco grown by U.S. farmers. During fiscal year 1974, total exports of tobacco and tobacco products were valued at $1.098 billion—a significant contribution to our balance of payments. This limited payments program is designed to expand foreign markets for U.S. tobacco by making our tobacco more competitive with foreign prices. Last year, 20 percent of American burley and 40 percent of Flue-cured tobacco were exported. In my judgment, adoption of the Moss amendment could result in a diminution of our export markets—at a time when our balance-of-payments deficit has reached an all-time high and the dollar is weakening abroad.

The Senator from Utah has argued that it is contradictory for the Government to support tobacco when medical authorities contend smoking is injurious to health. Yet, to my knowledge, the distinguished Senator has never suggested the Government stop the collection of taxes on tobacco products. During fiscal year 1974, Federal, State, and local governments' excise tax revenues totaled $5.8 billion. Taxes represent about 40 percent of consumer expenditures for tobacco products, and I emphasize that tax revenues were four times greater than the amount U.S. farmers received from their tobacco sales.

As long as tobacco is lawful in this country, I believe it would be a grave error to strike at the livelihood of small tobacco farmers; to jeopardize the economy of 21 tobacco-producing States; and to imperil the already hard-pressed balance-of-payments position of the United States. I respectfully submit that if the Senator from Utah is serious about stopping tobacco consumption, it would be more logical for him to seek to make tobacco contraband or unlawful by statute or constitutional amendment.

Mr. President, 1974 was a difficult year for many agricultural groups, including tobacco growers. Farmers are confronted with greater problems by inflation, which has so increased farmers' costs. While the present price support formula does have a built-in escalator tied to farm costs, I recognize that the spiraling cost of production was especially severe last year and inflation continues. It may well appear that higher support prices could provide a greater return to growers—provided of course that their markets at home and abroad would remain good at the higher price.

On the other hand, concerns have been raised that American tobacco could be priced out of the world market—or even that higher prices could actually stimulate competitive imports. I know that about 20 percent of our burley production is now being sold abroad, and some 40 percent of Flue-cured is exported. I would be very concerned if that export market were to be endangered—and even more alarmed if our domestic market for burley should come to be seriously challenged by cheap foreign burley.

I am concerned about the future of the tobacco program, and believe the soundest course now in the best interest of our farmers is continuation of the price support and production control program that has worked so well. A new price support formula could be an uncertain feature. Therefore, I hope those of us in the Congress who support tobacco growers—along with producers themselves through their farm organizations, grower groups, and cooperatives—will closely monitor any new proposals and exercise realistic judgment for the long term and continuing benefit of hundreds of thousands of tobacco growers—who rely upon tobacco as a mainstay of their economic livelihood.

Mr. President, I believe the underlying strength of the tobacco program, and its small cost to the Government, will again enable us to defeat such destructive amendments as those offered today, and trust the Senate will sustain this judgment.

Mr. President, I ask unanimous consent to include in the RECORD Department of Agriculture statistics showing the cash receipts from tobacco, percentages of all crops and all farm commodities, and the number of farms and families producing tobacco in the 16 leading tobacco producing States.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF AGRICULTURE TOBACCO FARM STATISTICS

States	Cash receipts from tobacco 1973 (millions)	Tobacco cash receipts as percent proportion of those from— All crops	Tobacco cash receipts as percent proportion of those from— Crops, livestock and livestock products	Number of farms producing tobacco	Number of families associated with tabacco farms
North Carolina	$720	51.1	30.3	80,000	182,000
Kentucky	306	50.7	22.6	135,000	147,000
South Carolina	115	25.2	15.2	13,000	33,000
Virginia	122	29.2	13.2	28,000	48,000
Tennessee	89	18.0	7.7	74,000	94,000
Georgia	89	11.1	4.5	10,000	30,000
Florida	29	2.2	1.5	2,300	10,000
Maryland	20	10.2	3.5	3,000	6,000
Connecticut	21	28.6	10.3	100	4,600
Pennsylvania	$8	2.5	.6	3,000	3,700
Ohio	16	1.3	.7	9,500	11,000
Indiana	11	.7	.4	8,300	9,400
Massachusetts	8	9.0	4.0	100	1,500
Wisconsin	9	2.2	.4	2,900	5,200
Missouri	4	.3	.1	1,200	1,600
West Virginia	3	7.2	1.8	3,300	4,400
United States	1,570	3.7	1.8	373,700	591,400

Source: U.S. Department of Agriculture, Tobacco and Peanut Division—ASCS October 1974.

Mr. BROOKE. Mr. President, in the more than 11 years that have passed since the Surgeon General of the United States issued the now-famous report detailing the health hazards of cigarette smoking, this public health menace has continued to grow. In 1974, the consumption of cigarettes rose nearly 6 packs per capita over that of the previous year, and there is no sign this trend is abating.

The Congress took several steps in the early 1970's to control the advertising, distribution, and consumption of cigarettes. Warnings are now printed on cigarette packaging and on advertisements. Tar and nicotine contents are announced in advertising. Smoking is forbidden in common carriers and in many public places. And in the past year many State legislatures have taken forceful action to forbid smoking in numerous locations.

In spite of these efforts to solve the problems through public education, the menace of cigarette smoking grows. Not only are habitual smokers unable to kick the habit, but many young people are becoming addicted every year. Worst of all, medical research presents us daily with stronger and stronger evidence that the health of nonsmokers is seriously threatened by the effusion of smoke from the cigarettes of others. Now that it is clear that nonsmokers are also endangered, the Congress must take even more seriously its obligations to curb smoking as a public health menace.

And as if these grim facts were not sufficient argument for congressional action, the medical community continues to provide us with proof that the 1964 Surgeon General's report if anything understated the health hazards of smoking. A survey of recent scientific evidence indicates:

Cigarette smoking is strongly related to increased mortality from coronary heart disease.

Cigarette smoking acts independently of, and synergistically with, high cholesterol and hypertension to increase the chance of death from coronary heart disease.

Cigarette smoking increases the risk of lung cancer 7 to 14 times.

Cigarette smoking is strongly related to oral cancer, cancer of the esophagus, and cancer of the pancreas.

Cigarette smoking is the primary cause of bronchitis and emphysema.

These findings make it exceedingly clear that the Government must go beyond the ineffective strategy of combatting smoking by using public information techniques. I believe the Congress ought to review carefully the mechanisms for the financial and institutional support which it furnishes for tobacco production. The economic interests of the tobacco industry cannot be the overriding consideration on an issue of such devastating human consequence.

I introduced, in both the 91st and 92d Congresses, bills which would have had the effect of phasing out price supports for tobacco production over a 4-year period and of prohibiting the use of public money to advertise or promote this product. Senator Moss introduced comparable legislation in the 91st, 92d, and 93d Congresses. I deeply regret that these past efforts have been unsuccessful, but now the time has come to face the tobacco support problem again.

To my distress, H.R. 4296, as amended by the Senate, proposes to raise, rather than eliminate, the tobacco price support. This action comes at a time when we have before us proposed budgets for cancer research of slightly over $605 million, $166 million to combat coronary disease and $39 million to combat lung and respiratory ailments. It is absurd and irresponsible to subsidize carcinogens with the one hand and to pay for prevention and the search for a cure with the other. This pattern of counterproductive illogical treatment of tobacco must end. The time for gradual solutions is long since past.

I am pleased, therefore, to join my colleague the distinguished Senator from Utah in sponsoring amendment No. 306 to H.R. 4296. This amendment would end the program of price supports to tobacco in the 1976 crop year. I hope that my colleagues in the Senate will recognize that we can no longer ignore the menace of cigarette smoking in the hopes it will go away. We must, at least, support a single, national public policy on tobacco.

Mr. President, I ask unanimous consent that a collection of summary figures on the health consequences of smoking compiled by the U.S. Department of

Health, Education, and Welfare Public Health Service in January 1974, be inserted in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE HEALTH CONSEQUENCES OF SMOKING

CHAPTER 1: CARDIOVASCULAR DISEASES, CORONARY HEART DISEASE (CHD)

Introduction

One million deaths per year are attributable to diseases of the cardiovascular system in the United States. Arteriosclerotic cardiovascular disease (ASCVD) is the leading cause of death in this country, accounting for greater than 50 percent of annual deaths; coronary heart disease, (CHD) alone is responsible for 600,000 deaths per year. Cigarette smoking, hypercholesterolemia, and hypertension have been identified as major risk factors for the development of CHD.

Epidemiologic, autopsy, and experimental evidence presented in past editions of this report (1964, 1967, 1968, 1969, 1971, 1972, 1973) support a causal relationship between cigarette smoking and cardiovascular morbidity and mortality, as summarized below:

1. Both retrospective and prospective epidemiologic studies have demonstrated a strong relationship between cigarette smoking and increased CHD morbidity and mortality, with approximately a twofold higher risk of dying from CHD for all male cigarette smokers compared to non smokers.

2. A dose-response relationship has been demonstrated between cigarette smoking and CHD morbidity and mortality in men.

3. Cigarette smoking acts both independently of and synergistically with the other two major risk factors to produce these effects on CHD morbidity and mortality.

4. The above relationships between cigarette smoking and CHD morbidity and mortality have been demonstrated in Black and Asian, as well as Caucasian, populations.

5. The relative importance of cigarette smoking in the development of CHD in young men (less than 50 years old) is greater than that for any other risk factor.

6. Most prospective and retrospective studies suggest that pipe and cigar smokers exhibit a slightly higher risk of development of CHD than nonsmokers (but a significantly lower risk than cigarette smokers), while some studies demonstrate no such relationship.

7. Prospective epidemiologic studies document that cessation of cigarette smoking results in reduced mortality from CHD.

8. Autopsy studies reveal greater frequency and severity of coronary and aortic atherosclerosis among cigarette smokers than nonsmokers; cigarette smokers have been reported to have greater myocardial arteriolar wall thickening at autopsy than nonsmokers.

9. Experimental evidence in humans suggests that cigarette smokers with preexistent angina have a greater impairment in cardiac work capacity than nonsmokers. The role of cigarette smoking in the etiology of angina is unclear.

10. Experimental studies on humans and animals have shown that the pathophysiologic changes commonly observed in patients with CHD may be aggravated by cigarette smoking; contributions from both nicotine and carbon monoxide have been demonstrated. In addition, some of the biochemical and anatomical abnormalities seen in OHD have monoxide and nicotine.

Most of the studies reviewed in the last year confirmed the knowledge of the relationship between cigarette smoking and CHD. A listing of these studies appears in a separate section of the Supplemental Bibliography. A number of studies extended the knowledge of the association between cigarette smoking and CHD, but several studies presented data which were either partially or wholly inconsistent with the known relationships; these two types of studies are reviewed below.

CHAPTER 2. CANCER

LUNG CANCER

Introduction

An estimated 72,000 people died of lung cancer in the United States in 1973 (CA 28). For males in the age groups 35 to 54 and 55 to 74, cancer is the second leading cause of death, and the lung is the most common site of cancer in these age groups. For men over 75, cancer is the third leading cause of death, and lung cancer trails only cancer of the prostate as the most common cancer in this age group. For women of all ages, lung cancer is now the fourth leading cause of death from cancer, and for both sexes combined, cancer is the second leading cause of death overall.

Cigarette smoking has been identified as the major cause of lung cancer. Epidemiologic, autopsy, and experimental data reviewed in the original Surgeon General's Report and in previous editions of The Health Consequences of Smoking (1967, 1968, 1969, 1971, 1972, 1973) strongly support this causal relationship and are summarized below:

1. A strong relationship between cigarette smoking and lung cancer mortality in men has been demonstrated in numerous prospective and retrospective studies with risks for all smokers as a group ranging from 7.61 to 14.20 times those of nonsmokers.

2. A dose-response relationship between cigarette consumption and the risk of development of lung cancer for both men and women has been demonstrated in numerous studies, with risks in men for heavy smokers ranging from 4.9 to 23.9 times those of nonsmokers.

3. Many investigators in the past have utilized Kreyberg's system of classification of the histopathologic types of lung cancer (Group I—Epidermoid and oat cell carcinoma; Group II—Adenocarcinoma, bronchio-alveolar cell carcinoma, carcinoid tumor, and mucous gland tumor). The results from many studies in the past have shown a strong association between Group I tumors and cigarette smoking and data from some of these and other studies have revealed an association between adenocarcinoma (Group II tumors) and smoking. However, the association between adenocarcinoma and smoking is not as strong as that demonstrated for Group I tumors, and not all data consistently demonstrate such an association.

4. Although the incidence of lung cancer in women is lower than that for men and data on lung cancer in women are sparse, results from prospective and retrospective studies have demonstrated an association between cigarette smoking and lung cancer mortality in females.[1]

5. The relationships described above have been shown for Caucasian, Negro, Japanese, and Arabic populations.

6. Mortality from lung cancer directly attributable to cigarette smoking is increased in the presence of the "urban factor" and occupational hazards, including uranium mining and exposure to asbestos.

7. The combination of cigarette smoking and occupational exposures to radon daughters in uranium mining or to asbestos have been shown to produce additive and/or synergistic increases in the risk of development of lung cancer.

8. Data from prospective and retrospective studies reveal an increased risk of development of lung cancer in pipe and cigar smokers compared to nonsmokers, but the risk is less than that of cigarette smokers. The differences in mortality from lung cancer between cigarette smokers and pipe and cigar smokers are consistent for differences in inhalation patterns of these two groups of smokers.

9. Dose-response relationships for amount smoked have been demonstrated for pipe and cigar smokers.

10. Evidence has been presented which indicates that cessation of smoking results in a lowered risk of mortality from lung cancer in comparison with the risk of continuing smoking.

11. Results from autopsy studies have shown that changes in the bronchial mucosa which are thought to precede development of frank bronchogenic carcinoma are found more commonly in smokers than in nonsmokers. Many of the studies demonstrated dose-response relationships for these changes.

12. Experimental studies have demonstrated that dogs which chronically inhale cigarette smoke may develop lung tumors. Intratracheal instillation of several fractions of cigarette smoke have resulted in the production of lung tumors in hamsters. Numerous subfractions of tobacco and tobacco smoke have been shown to have skin-tumor promoting activity in mice.

13. Cell and tissue culture studies have demonstrated that constituents found in tobacco and cigarette smoke condensate (CSC) may produce malignant transformation of tissues, as well as nonspecific changes in cells.

14. Numerous complete carcinogens and cocarcinogens (tumor promoters) have been isolated from and identified in cigarette smoke condensate.

Most of the studies reviewed in the last year confirmed the knowledge of the relationship between cigarette smoking and cancer. A listing of these studies appears in a separate section of the Supplemental Bibliography. A number of studies extended the knowledge of the association between cigarette smoking and cancer, but several studies presented data which were either partially or wholly inconsistent with the known relationships; these two types of studies are reviewed below.

ORAL CANCER

Introduction

In the United States, oral cancers comprise approximately 2.5 percent of all cancers reported. These include cancer of the oropharynx, lip, tongue, hard and soft palate, floor of the mouth, gingiva, alveolar mucosa, and buccal mucosa. The relationships of cigarette and pipe/cigar smoking to the development of oral cancer are summarized below:

1. Prospective and retrospective studies have shown an association between mortality for oral cancer and tobacco usage in men and women.

2. This association has been demonstrated for all different modes of tobacco usage—cigarette and pipe/cigar smoking, tobacco and snuff chewing, reverse smoking, and "pan" chewing.

3. Several studies have shown that the development of recurrent oral cancers has a highly significant correlation with continued smoking.

4. Tobacco usage may act in concert with alcohol consumption to increase the risk of development of oral cancer.

5. The association between tobacco use and oral cancer in both men and women has been demonstrated for Caucasian, Indian, and Asian populations.

6. Epidemiologic data suggest that premalignant lesions in the oral cavity (e.g.,

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[1] Differences in the incidence in lung cancer of men and women may be explained, at least in part, by differences in numbers of cigarette smokers, amount of daily consumption of tobacco, inhalation patterns, use of filter vs. nonfilter cigarettes, occupational exposure, as well as biologic differences in susceptibility to lung cancer.

leukoplakia) are associated with tobacco usage.

7. Results from experimental studies indicate that cigarette smoke may contain tumor promoters active in oral carcinogenesis and is a promoting agent in the hamster cheek pouch.

CANCER OF THE ESOPHAGUS

1. Prospective and retrospective studies have shown a relationship between cigarette smoking and mortality from esophageal carcinoma in men and women.

2. Dose-response relationships have been demonstrated for this association.

3. These relationships have been observed in Caucasian, Asian, and American Indian populations.

4. The effect of cigarette smoking on esophageal cancer mortality rates has been shown to be independent of and synergistic with the effect of alcohol consumption.

5. Experimental data show that benzo(a)-pyrene can induce esophageal cancer in mice.

PANCREATIC AND GASTRIC CANCER

1. Data from prospective and retrospective studies of men and women have demonstrated an association between smoking and mortality from pancreatic cancer.

2. Dose-response relationships have been shown for this association.

3. No firm relationship between stomach cancer and cigarette smoking has been established.

CANCER OF THE GENITOURINARY SYSTEM

Introduction

1. The association between cancer of the urinary bladder and kidney and cigarette smoking has been reviewed in previous editions of this report. No new epidemiologic data has been published within the last 12 months which amplifies our knowledge of this association.

2. Data from experimental studies dealing with tryptophan metabolism have demonstrated that metabolites of tryptophan can be carcinogenic in the bladders of mice. These metabolites are found in increased amounts in the urine of patients with nonoccupational bladder carcinomas. Some data show an effect of cigarette smoking on tryptophan metabolism, while other data have not shown such an effect.

CHAPTER 3: NON-NEOPLASTIC BRONCHOPULMONARY DISEASES

Introduction

Chronic obstructive pulmonary disease (COPD) (defined here as chronic bronchitis and emphysema) accounted for approximately 25,000 deaths in the United States in 1969. In 1970, in the U.S., the combined prevalence of chronic bronchitis for members of both sexes over age 17 was 29.5 per 1,000 population, and for emphysema was 9.8 per 1,000 population. In 1970, persons with chronic bronchitis lost, on the average, 1.4 workdays per year, and those with emphysema lost greater than 5 workdays per year due to disability from these diseases.

Epdiemiologic, autopsy, and experimental data presented in previous editions of this report (1964, 1967, 1968, 1969, 1971, 1973) indicate that cigarette smoking is the primary cause of chronic bronchitis and emphysema. A summary of that evidence is presented below:

1. Results from numerous prospective studies show a markedly increased mortality from COPD for male smokers compared to nonsmokers. There is a limited amount of data dealing with the relationship between smoking and COPD mortality in women.

2. Dose-response relationships between cigarette smoking and mortality from chronic bronchitis and emphysema were demonstrated in all studies in which dose-specific mortality rates were evaluated. Heavy cigarette smokers ran relative risks of mortality from chronic bronchitis ranging from 3.6 to 21.2 times those of nonsmokers, and relative risks of mortality from emphysema ranging from 6.9 to 25.3 times those of nonsmokers.

3. Data from many studies demonstrate that male and female smokers suffer from symptoms of COPD (including cough, sputum production, and dyspnea) more frequently than do nonsmokers.

4. Of the studies in which dose-specific prevalence rates were examined, strong dose-response relationships between cigarette smoking and symptoms of COPD were generally demonstrated.

5. The relationship between cigarette smoking and COPD mortality has been demonstrated in the United States, Canada, Great Britain, and Ireland; strong associations between cigarette smoking and COPD morbidity have been shown in the United States, Canada, England, Australia, Finland, Sweden, France, Belgium, Hungary, and Japan.

6. Epidemiologic evidence from many countries indicates that, for both sexes, symptomatic and asymptomatic cigarette smokers have greater impairment of pulmonary function than do nonsmokers.[1]

7. Previous evidence indicates that cessation of smoking results in lower death rates from COPD, improved pulmonary function, and a decrease in the prevalence of pulmonary symptoms.

8. Prospective and cross-sectional analyses of data reveal that pipe and cigar smokers have higher mortality rates from chronic bronchitis and emphysema than do nonsmokers, but lower rates than those of cigarette smokers. Pipe and cigar smokers have a higher prevalence of respiratory symptoms than do nonsmokers. The limited data on pulmonary function studies in pipe and cigar smokers are, thus far, inconclusive.

9. Available data suggest that although air pollution may contribute to the prevalence of symptoms of respiratory disease, cigarette smoking is far more important in producing respiratory disease. Cigarette smoking and air pollution may interact to produce higher rates of pulmonary disease than are seen with either factor alone.

10. Certain occupational exposures result in an increased incidence of COPD, but the relationship is not as strong as for cigarette smoking. The combination of certain occupational hazards and cigarette smoking has been observed, in many studies, to result in additive effects on morbidity from COPD. Exposures to cotton fiber, asbestos, and coal dust, in particular, appear to act in concert with cigarette smoking in the development of pulmonary disease. The role cigarette smoking plays in the development of coal workers' pneumoconiosis is unclear at present.

11. A genetically determined protease-deficiency (alpha$_1$-antitrypsin deficiency), inherited as an autosomal recessive trait, is found as a homozygous deficiency in approximately 1 in 3,600 people and as a heterozygous deficiency in approximately 5 to 8 percent of the population. Those with the homozygous deficiency have an increased prevalence of pulmonary emphysema. It is not clear whether cigarette smoking is an important contributor to the premature development of emphysema in people with the homozygous or heterozygous deficiency states. It is also unknown whether nonsmoking heterozygotes are at a greater risk of developing emphysema than nonsmokers or smokers with normal alpha$_1$-antitrypsin activity.

12. Data from most studies implicate cigarette smoking as an important factor in increasing the risk of developing post-operative pulmonary complications.

13. Some data suggest that cigarette smoking may increase the risk of development of spontaneous pneumothorax.

14. Data from pathologic and autopsy studies have demonstrated a dose-response effect of cigarette smoking on the severity of emphysema; pipe and cigar smokers have degrees of emphysema intermediate between those of nonsmokers and cigarette smokers.

15. Goblet cell density and distention, alveolar septal rupture, thickened bronchial epithelium, and mucous gland hypertrophy have been shown at autopsy to be more common in cigarette smokers than in nonsmokers.

16. Experimental data on humans have demonstrated that inhalation of cigarette smoke results in acute impairment of certain parameters of pulmonary function. Overall pulmonary clearance, ciliary function, and alveolar macrophage function have been found to be impaired in smokers as compared to nonsmokers. Some recent data suggest that acute heavy cigarette smoking with deep inhalation may result in increased pulmonary clearance.

17. In animal studies, in vivo and in vitro exposures to whole cigarette smoke (CWS) and several of its components have resulted in impairment in overall pulmonary clearance, ciliary function, and alveolar macrophage function.

18. Experimental data on humans and animals presented in the past suggest that cigarette smoke may impair the function of the pulmonary surfactant system.

Mr. TALMADGE. Mr. President, just a brief conclusion, and then I shall be prepared to vote.

We are not arguing whether or not tobacco is harmful to people's health. There are arguments on both sides there.

The tobacco program has been in effect for almost 40-odd years. We have 600,000 families in America that derive their living from tobacco. It is the least expensive farm program we have. Last year not one dollar was lost on tobacco price supports. Not one cent.

We are not talking about whether people should stop smoking. The Senator's amendment does not go to that. It goes to whether or not these farmers who derive their living from producing tobacco shall have their prices *supported*.

If we stop the growing of tobacco in America, does anyone doubt that we would import it? What about the exports, more than $1 billion last year, and their help to our balance of payments?

If we stop the growing of tobacco, what happens to those 600,000 farm families, which probably average about five persons to their family? We are talking about 3 million people. Those people would be driven off the farms, and most of them would go into the cities which are already overburdened with urban problems. They would become objects of welfare there, and the tobacco program, which cost us nothing last year, would become a massive welfare program to support people we have driven off the land.

I hope the Senator's amendment will be overwhelmingly rejected, and I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. Culver). The question is on agreeing to the amendment of the Senator from

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[1] In these studies, the degree of the relationship between smoking and impaired pulmonary function was found to be dependent on the sensitivity of the particular pulmonary function test utilized to detect pulmonary obstruction and/or small airways disease, the age, sex, occupation, place of residence, general state of health, and intensity of the smoking habit of the population examined.

Utah (Mr. Moss). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Idaho (Mr. CHURCH), the Senator from Wyoming (Mr. MCGEE), the Senator from Minnesota (Mr. MONDALE), the Senator from Illinois (Mr. STEVENSON), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from Alaska (Mr. GRAVEL), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Massachusetts (Mr. KENNEDY) are absent on official business.

On this vote, the Senator from Illinois (Mr. STEVENSON) is paired with the Senator from South Dakota (Mr. MCGOVERN).

If present and voting, the Senator from Illinois would vote "yea" and the Senator from South Dakota would vote "nay."

I further announce that, if present and voting, the Senator from Virginia (Mr. HARRY F. BYRD, JR), would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. BEALL), the Senator from Tennessee (Mr. BROCK), the Senator from Nebraska (Mr. CURTIS), the Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. PACKWOOD), the Senator from Illinois (Mr. PERCY), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

On this vote, the Senator from Illinois (Mr. PERCY) is paired with the Senator from Ohio (Mr. TAFT).

If present and voting, the Senator from Illinois would vote "yea" and the Senator from Ohio would vote "nay."

The result was announced—yeas 26, nays 55, as follows:

[Rollcall Vote No. 113 Leg.]

YEAS—26

Bartlett
Bellmon
Biden
Brooke
Buckley
Cannon
Case
Clark
Culver
Garn
Glenn
Goldwater
Griffin
Hatfield
Javits
Magnuson
McClure
Metcalf
Moss
Pastore
Pell
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford

NAYS—55

Abourezk
Allen
Baker
Bayh
Bentsen
Burdick
Byrd, Robert C.
Chiles
Cranston
Dole
Domenici
Eagleton
Eastland
Fannin
Ford
Hansen
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Laxalt
Leahy
Long
Mansfield
Mathias
McClellan
McIntyre
Montoya
Morgan
Muskie
Nelson
Nunn
Pearson
Proxmire
Randolph
Scott, William L.
Sparkman
Stennis
Stone
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NOT VOTING—18

Beall
Brock
Bumpers
Byrd, Harry F., Jr.
Church
Curtis
Fong
Gravel
Kennedy
McGee
McGovern
Mondale
Packwood
Percy
Stevens
Stevenson
Symington
Taft

So Mr. Moss' amendment was rejected.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 305

Mr. MOSS. Mr. President, I call up my amendment No. 305.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Utah (Mr. Moss) proposes an amendment No. 305.

The amendment is as follows:

On page 7, line 19, insert the following:

SEC. 3. Notwithstanding the amendments made by this Act to the Agricultural Act of 1949, as amended, or any other provision of law:

(a) The 1976 crop of any kind of tobacco may not be supported at any level greater than 75 per centum of the level at which the 1970 crop of such tobacco was supported.

(b) The 1977 crop of any kind of tobacco may not be supported at any level greater than 50 per centum of the level at which the 1970 crop of such tobacco was supported.

(c) The 1978 crop of any kind of tobacco may not be supported at any level greater than 25 per centum of the level at which the 1970 crop of such tobacco was supported.

(d) Price support shall not be made available for the 1979 and subsequent crops of tobacco.

(e) Marketing quotas, marketing penalties, acreage-poundage quotas, acreage allotments, export subsidies, or funds for the purpose of advertising or otherwise promoting the sale of tobacco in any foreign countries shall not be available with respect to the 1979 and subsequent crops of tobacco.

Mr. MOSS. Mr. President, I will state the terms of the amendment, but I yield for a unanimous-consent request of the Senator from South Dakota.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that the Senator from North Dakota (Mr. BURDICK) be added as a cosponsor for this important amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, I yield to the Senator from Vermont without losing my right to the floor.

Mr. LEAHY. Mr. President, I ask unanimous consent that Robert Daniels of my staff be allowed privilege of the floor throughout any votes pertaining to the farm bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, the amendment that I have now before the Senate, No. 305, is very similar to the previous amendment on which we voted except that it provides for a phaseout.

The amendment would provide that the 1976 crop support for tobacco would be no greater than 75 percent of that level which was allowed for the crop in 1970 and then on succeeding years that would decline to 50 percent, 25 percent, and in 1979 there would no longer be price supports for tobacco.

Marketing quotas and acreage——

Mr. TALMADGE. Will the Senator yield briefly?

Does the Senator desire a record vote on this?

Mr. MOSS. Yes; I would like a record vote.

Mr. TALMADGE. Then while we have enough Senators, I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. TALMADGE. I thank the Senator for yielding.

Mr. MOSS. Mr. President, I do not need to detain the Senate for any length of time on this. I have made a rather extensive presentation of the medical evidence on the amendment on which we have just voted and we have discussed in colloquy and exchange the effects that it would have.

Those who opposed the amendment did so primarily on the basis of economics. I say that I think there would have to doubt. That is the reason for the phaseout sequence, so that adjustments could be made for those in the business of growing tobacco and manufacturing tobacco products to do so without Federal supports.

Now, I want to emphasize again that this in no way prohibits the growing of tobacco nor the manufacturing of tobacco products. It simply says that the Federal Government will not put money into it to encourage the growing of this product which has such a deleterious effect on the health of our Nation and takes such a great toll on our people as far as death and disability are concerned, and all those figures are in there.

So I am prepared with that to go to the vote, and I will be glad to reserve the remainder of my time, and perhaps yield it back if the manager of the bill wishes unless he brings up something more I need to reply to.

Mr. TALMADGE. Mr. President, I shall be very brief. This is a simple little measure.

The first amendment of the Senator would kill the tobacco program lock, stock, and barrel. A quick, easy, quiet death. This one would strangle it rather slowly over a 3-year period. It reduces the support price of tobacco to a point which would make it absolutely and utterly impossible to produce tobacco.

Mr. President, this amendment would provide that the 1976 price support level for tobacco would be reduced to 75 percent of the 1970 price support level, and the 1977 price support level would be reduced to 50 percent of the 1970 price support level, the 1978 level would be reduced to 25 percent and price supports would be prohibited for the 1979 and subsequent crops of tobacco, as would all related activities.

The thrust of this amendment would be to reduce the 1976, 1977, and 1978 price support levels to disaster levels and utterly kill the program in 1979.

For example, the 1975 price support level for Flue-cured tobacco is now estimated at 93.2 cents per pound under existing law and $1.02 under the bill—based on the February 1975 parity prices.

On the other hand the 1970 price support level for flue-cured tobacco was only 66.6 cents per pound. Under the amendment the price support level would be 50 cents per pound in 1976, 33.3 cents per pound in 1977, and 16.6 cents per pound in 1978.

In other words instead of price supports being increased as costs of production increase, the proposed amendment would have price support moving in the opposite direction.

This would largely sound the deathknell of tobacco production in the United States but it guarantees a slow and suffering death. Mr. President, there are about 600,000 farm families in this country that depend largely on tobacco as a major source of income. These are honest, hard-working, and God-fearing people. They make a substantial contribution to the well-being of this Nation through their sweat and blood.

These are the people this amendment is designed to kill. It is punitive in the highest degree. But, this amendment will not, and I repeat, will not curtail smoking by those in the United States who use tobacco.

The amendment will only destroy the tobacco program and the farmers who produce it.

I realize the Senator is honest and sincere in his opposition to the tobacco program.

But I too am honest and sincere in my full support of that program. And I think that all of the facts and all of the logic are on my side.

First, the destruction of our tobacco program will not curtail smoking.

If no tobacco were grown in this country, it would be imported. And that would have a severe impact on our balance of payments. Conversely, the $1 billion earned in foreign exchange through exports last year would also be lost.

Second, the destruction of the tobacco program would literally destroy the farmers who produce it and the local rural areas which depend upon it as a base for their economic survival.

Third, the average size of a tobacco farm allotment is less than 2 acres and yet those 2 acres provide a major source of income for the 600,000 farmers who produce it, and

Fourth, the tobacco program is the least costly of all programs. As a matter of fact, last year there were zero losses in CCC commodity investory operations.

There are many other arguments that can and will be made.

Suffice it to say, that the destruction of this program offers absolutely no advantages.

Mr. President, I hope the amendment will be defeated soundly.

If the Senate is ready to vote, I am ready to yield back my time.

Mr. MOSS. I yield back the remainder of my time.

Mr. TALMADGE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Utah (Mr. Moss).

The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers), the Senator from Idaho (Mr. Church), the Senator from Wyoming (Mr. McGee), the Senator from Minnesota (Mr. Mondale), the Senator from Illinois (Mr. Stevenson), and the Senator from Missouri (Mr. Symington) are necessarily absent.

I further announce that the Senator from Alaska (Mr. Gravel), the Senator from South Dakota (Mr. McGovern), and the Senator from Massachusetts (Mr. Kennedy) are absent on official business.

On this vote, the Senator from South Dakota (Mr. McGovern) is paired with the Senator from Illinois (Mr. Stevenson).

If present and voting, the Senator from South Dakota would vote "nay" and the Senator from Illinois would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. Beall), the Senator from Tennessee (Mr. Brock), the Senator from Nebraska (Mr. Curtis), the Senator from Hawaii (Mr. Fong), the Senator from Oregon (Mr. Packwood), and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 32, nays 51, as follows:

[Rollcall Vote No. 114 Leg.]

YEAS—32

Bartlett
Bellmon
Biden
Brooke
Buckley
Cannon
Case
Clark
Cranston
Culver
Garn
Glenn
Goldwater
Griffin
Hart, Philip A.
Haskell
Hatfield
Javits
Magnuson
McClure
McIntyre
Metcalf
Moss
Pastore
Pell
Percy
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Weicker

NAYS—51

Abourezk
Allen
Baker
Bayh
Bentsen
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Dole
Domenici
Eagleton
Eastland
Fannin
Ford
Hansen
Hart, Gary W.
Hartke
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Laxalt
Leahy
Long
Mansfield
Mathias
McClellan
Montoya
Morgan
Muskie
Nelson
Nunn
Pearson
Proxmire
Randolph
Scott, William L.
Sparkman
Stennis
Stone
Talmadge
Thurmond
Tower
Tunney
Williams
Young

NOT VOTING—16

Beall
Brock
Bumpers
Church
Curtis
Fong
Gravel
Kennedy
McGee
McGovern
Mondale
Packwood
Stevens
Stevenson
Symington
Taft

So Mr. Moss' amendment (No. 305) was rejected.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 304

Mr. MOSS. Mr. President, I call up my amendment No. 304 and ask that it be stated.

The PRESIDING OFFICER (Mr. Gary W. Hart). The amendment will be stated.

The assistant legislative clerk read as follows:

On page 6, line 24, strike out all through page 7, line 2.

Mr. MOSS. Mr. President, I yield first to the Senator from Minnesota and then to the Senator from Wisconsin, for unanimous-consent requests.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a member of my staff, Mr. Nelson Danlinger, have the privilege of the floor during the consideration of H.R. 4296.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, I ask unanimous consent that a member of my staff, Mr. Warren Sawall, be permitted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. MOSS. I yield.

Mr. GLENN. Mr. President, I ask unanimous consent that a member of my staff, Lionel Morris, be permitted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I ask unanimous consent that a member of my staff, Marguerite Powers, be permitted the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, this is a very simple amendment, and it will take a very few minutes for me to discuss it.

It is the follow-on to the two amendments that have been rejected by a majority in the Senate, but a sizable number of Senators supported at least the phase-out part of the subsidy for tobacco products.

This amendment simply would eliminate the increase that has been placed on the support price for tobacco by the report of the Committee on Agriculture and Forestry. The parity level was 60 percent, and the report of the committee proposes to put it at 70 percent. I certainly see no reason for increasing the support of parity. It can have no effect other than to encourage the additional growth of tobacco by giving assurance to those who plant tobacco that their crop will be worth a certain amount. Therefore, they are encouraged to grow tobacco.

It is a waste of Federal money to do so, because we are spending money on the other side, trying to expose the health hazards of the use of tobacco and are doing research on that, as well as providing hospital care and other things. So the Federal Government should not be in the position of encouraging the growth of tobacco any more than absolutely necessary, let us say—and I say that none is necessary. But at least I do not think this year we should be found increasing the level of support of parity for the tobacco crops.

I referred earlier, in connection with another amendment, to a letter I have received from the Administrator of the Agricultural Stabilization and Conservation Service of the U.S. Department of Agriculture, which presents a very strong argument, it seems to me, which is an economic reason as well for not increasing the support level. The Administrator points out:

> The Department is opposed to the provision of the draft Senate bill that would increase the level of support for the 1975 crops of tobacco to 70 percent of parity. Such a level of support would be uncomfortably close to expected market prices and would result in some increase in Government costs due to higher loan activity.
>
> More importantly, 70 percent of parity would provide an attractive price umbrella to our foreign competitors. Over time, they would expand production and displace sales of U.S. tobacco.

He points out that if this is so, our balance of trade would be adversely affected, and for that reason he recommends against it.

I am glad to have a good, sound economic argument against it to put together with my argument that this is not a proper function of this Government, having made an official finding and declaration that smoking is deleterious to the health of our people, that it causes death and injury through lung cancer, emphysema, and cardiovascular disease. We continue to report that each year, as the research goes on, and it has been made more clear.

So my argument is against the encouragement of the use of tobacco in any way at all. I wanted to point out that there is also an economic argument, given by the Department of Agriculture, by its Agricultural Stabilization and Conservation Service.

I would think that it should be clear that we should not be increasing the parity rate of support for tobacco subsidies this year—or perhaps any year; that if we should go in any direction, it should be downward and not upward.

Therefore, I certainly hope that a majority of Senators will agree and that we do not permit this increase to go into effect.

Mr. President, I reserve the remainder of my time.

Mr. TALMADGE. I yield myself such time as I may require.

Mr. President, the distinguished Senator from Utah referred to the Department of Agriculture. For the information of the Senate, they are opposed to the entire bill. If Senators are going to follow the leadership of the Department of Agriculture, they will vote against the entire bill. But if that is done, it will play havoc with the economy of this country and the future cost of food to the consumers of this Nation.

Mr. President, this amendment would delete that portion of the bill dealing with tobacco. This provision sets tobacco price supports at 70 percent of parity for the 1975 crop only.

At the present time tobacco price supports are determined by applying a 3-year average increase in costs of production to a base price. This formula understates the true cost of producing tobacco by a substantial amount. In the last 2 years costs have increased by nearly 35 percent, but, because a 3-year average is used this true increase is reduced.

Application of this formula results in a 1975 support price for burley for example of 96.1 cents per pound.

The bill, based on February 1975 parity prices, would increase this to $1.06 per pound.

By applying the 70 percent rate for 1 year only, tobacco growers would not be penalized as they would under the formula in 1975.

Then in 1976 the return to the formula would provide them with a support level more in line with actual cost increases.

Furthermore, the use of 70 percent for 1 year would smooth out the increases in support levels for the future so that no drastic changes would occur.

This would benefit the entire industry particularly our very important export market that means so much to this country's balance of payments.

In fiscal 1974 the favorable agricultural balance of payments amounted to about $900 million.

This is indeed significant and must be maintained.

Therefore, Mr. President, I hope this amendment will be defeated.

I anticipate that it will cost the Government absolutely nothing, because last year, both burley and flue-cured tobacco sold at a higher level than the support level which the Senate committee reported.

I yield to the Senator from Kentucky such time as he may desire.

Mr. HUDDLESTON. I thank the distinguished Senator from Georgia.

Mr. President, I commend the Senator from Georgia for his statement which so accurately describes the situation. I wish to respond to a couple of points that the Senator from Utah is concerned with.

First, he says that this modest increase in the support level might encourage the production of tobacco. Again he overlooks the fact that the current law itself contains production restrictions, production control. The farmer is limited to marketing so many pounds of the allotment. No matter how encouraged a farmer may be, sale of tobacco under this program cannot exceed that amount already set by the Department of Agriculture, which is something in the order of 670 million pounds for burley in 1975.

Second, with regard to the question of exports, prices in the foreign markets are going up, too, in some instances faster than they are here.

As has already been pointed out, the suggested increases still leave the support price considerably under the market price of this year. Certainly it will be under the market price of next year.

The tobacco program has been good, has continued to work, will continue to work. Since it is a proven program and should continue, then it ought to be a reasonable program and the support price ought to reflect reasonably the cost of production and those increases in the cost of production that the farmer has sustained during the past few years.

I ask along with the Senator from Georgia, that this amendment be rejected.

Mr. MOSS. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, this bill is of vital importance to our Nation's farmers who produce the major commodities affected by the bill. The increases in target prices and loan levels proposed here do not even approach the corresponding increases in the costs of producing these commodities during the past 2 years.

One provision of the bill is particularly important to my State and to all States which produce tobacco, the section of the bill increasing price supports of tobacco to 70 percent of parity for this year's crop. This is the section which the Senator from Utah would strike.

I have had the privilege of working closely with the distinguished senior Senator from Kentucky in cosponsoring this section of the bill.

In dollars and cents, setting price supports at 70 percent of parity would increase the support level of Flue-cured tobacco from 93.2 cents per pound to a dollar and 4½ cents.

As for burley, in dollars and cents, we propose that the support be raised from the existing 96 cents to a dollar, and 12 cents.

This is not going to cost the taxpayers anything, really—but it will give our tobacco farmers a sense of security. When you consider what our tobacco exports do in terms of our balance of payments—and when you consider the incredible increase in the cost of producing tobacco, it seems to me essential that something be done to give tobacco growers some sense of security.

After all, the Federal Government is asking tobacco growers to increase production by 15 percent this year—so that there will be more tobacco to export. The Congress ought to approve my proposal, because our tobacco farmers need and deserve this protection—if we want them to assume the additional risk in order to help the Nation's economy.

Mr. President, I urge my colleagues to reject this amendment offered by the Senator from Utah.

Mr. THURMOND. Mr. President, I am pleased to cosponsor the Senate Agriculture Committee proposal, originally offered by Senators Huddleston and Helms, which would adjust the support price on tobacco to 70 percent of parity for the 1975 marketing year. Thus, I am opposed to the effort of Mr. Moss to delete this feature from the emergency farm bill. This proposal is urgently needed by our tobacco farmers to insure a reasonable return for their efforts, and it represents an equitable change in the current support level formula.

Mr. President, this part of the emergency price support bill gives our tobacco farmers an assurance that they will receive a fair price for their commodity this coming year. When you look at the astonishingly high increases in the cost of producing tobacco that have occurred in the past year, this very modest increase appears both reasonable and necessary.

At 70 percent of parity, the average support price would be aproximately $1.12 per pound for burley tobacco and $1.045 per pound for Flue-cured tobacco. I quickly point out that average market prices during this past year have been above these levels. However, in November, USDA announced a 15-percent increase in the poundage quotas for Flue-cured tobacco for the 1975 crop year. While it is believed that market demand will correspondingly increase to handle the larger crop that is expected, our tobacco farmers need some assurance that the price of their product will not fall below their average cost of production.

Present support prices are below production costs and offer our tobacco farmers no real protection. Many of the tobacco farmers in South Carolina and other States have relatively small, family-type operations. If support prices are not increased to a reasonable level, they may find themselves squeezed out of business. As long as our agricultural producers are efficient, I do not think they should be penalized just because they are small.

I am proud to say that South Carolina's tobacco growers contributed some $180 million to the agricultural income of our State in 1974. However, they very much need the additional confidence that this price support increase would give them as they make plans for the 1975 tobacco crop. The Department of Agriculture has asked them to plant, on the average, 15 percent more tobacco this year. With this price support increase, they can proceed with their plans with confidence, and our entire economy will benefit.

Approximately 40 percent of our tobacco leaf is exported to other countries. Tobacco and tobacco products in calendar year 1974 made a positive contribution of $1 billion to the U.S. balance of payments—a definite asset to our entire economy. Thus, it is vital to maintain our competitive position in the tobacco world markets. U.S.-produced tobacco has long been desired abroad because of its superior quality, but it only makes good sense for the industry to try to continue to offer our tobacco to foreign buyers at an attractive price.

The proposal of the Senate Agriculture Committee is a most reasonable one. At 70 percent of parity, it would not price our tobacco out of the world market, and because domestic prices of tobacco are expected to be more favorable this year, this amendment would not be costly to American taxpayers. If the tobacco program were one which constituted a net drain on tax revenues, I could certainly understand negative reactions to any price support increase. However, it is quite evident that, even with this modest increase, the tobacco industry will contribute far more revenues to Federal, State, and local governments than will be paid out for tobacco farm programs.

For example, in 1974, excise taxes collected on the sale of tobacco products amounted to some $5.8 billion. At the same time, annual loan losses on tobacco placed with the Commodity Credit Corporation and receiving price supports have averaged less than $100,000 for the last several years. Since the inception of the tobacco support program, loan write-offs have totaled less than $60 million, a substantial portion of which occurred in 1955 and 1956. The cost of the tobacco support program over the years has amounted to only about 0.13 percent of the cost of price supports on all agricultural commodities. Even with the additional administrative, agricultural research, and extension program costs for tobacco programs, there is no doubt that the tobacco program pays its way many times over.

Mr. President, it is my best judgment that this price support increase is urgently needed by our tobacco farmers, and I sincerely hope it will not be deleted from this emergency price support bill.

Mr. MOSS. Mr. President, just let me say this word: I think that we ought to register a tilt against tobacco rather than a tilt for tobacco. Therefore, I hope the amendment will pass.

Mr. TALMADGE. Mr. President, I yield back the remainder of my time.

Mr. MOSS. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers), the Senator from Idaho (Mr. Church), the Senator from Wyoming (Mr. McGee), the Senator from Minnesota (Mr. Mondale), the Senator from Illinois (Mr. Stevenson), and the Senator from Missouri (Mr. Symington) are necessarily absent.

I further announce that the Senator from Alaska (Mr. Gravel), the Senator from Massachusetts (Mr. Kennedy), and the Senator from South Dakota (Mr. McGovern) are absent on official business.

On this vote, the Senator from Illinois (Mr. Stevenson) is paired with the Senator from South Dakota (Mr. McGovern). If present and voting, the Senator from Illinois would vote "yea" and the Senator from South Dakota would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. Beall), the Senator from Tennessee (Mr. Brock), the Senator from Nebraska (Mr. Curtis), the Senator from Hawaii (Mr. Fong), the Senator from Oregon (Mr. Packwood), and the Senator from Alaska (Mr. Stevens) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 35, nays 48, as follows:

[Rollcall Vote No. 115 Leg.]

YEAS—35

Bartlett
Bellmon
Biden
Brooke
Buckley
Byrd, Robert C.
Cannon
Case
Clark
Cranston
Culver
Garn
Glenn
Goldwater
Griffin
Hart, Gary W.
Hart, Philip A.
Haskell
Hatfield
Javits
Magnuson
McIntyre
Metcalf
Moss
Pastore
Pell
Percy
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Weicker
Williams

NAYS—48

Abourezk
Allen
Baker
Bayh
Bentsen
Burdick
Byrd, Harry F., Jr.
Chiles
Dole
Domenici
Eagleton
Eastland
Fannin
Ford
Hansen
Hartke
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Laxalt
Leahy
Long
Mansfield
Mathias
McClellan
McClure
Montoya
Morgan
Muskie
Nelson
Nunn
Pearson
Proxmire
Scott, William L.
Sparkman
Stennis
Stone
Talmadge
Thurmond
Tower
Tunney
Young

NOT VOTING—16

Beall
Brock
Bumpers
Church
Curtis
Fong
Gravel
Kennedy
McGee
McGovern
Mondale
Packwood
Stevens
Stevenson
Symington
Taft

So Mr. Moss' amendment was rejected.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TALMADGE and Mr. METCALF addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. TALMADGE. May I be heard briefly, Mr. President? Will the Senator yield?

Mr. METCALF. I yield.

Mr. TALMADGE. I know of no other amendment except one to be proposed, and the committee has considered that amendment. We think it has merit and we are prepared to accept it, and I hope that we can prevail upon the House to do likewise. It is the purpose of the floor manager as soon as we can get rid of amendments to get a third reading of the bill. Three or four Senators have asked for time to speak on extraneous points.

Upon the Republican side the leadership must go to the White House, and they will be at the White House, I understand, for a period of about 1 hour approximately, a quarter of 4 to a quarter of 5.

UNANIMOUS-CONSENT REQUEST

I ask unanimous consent, Mr. President, that we have no record votes from 3:45 p.m. today until 4:45 p.m. today.

The PRESIDING OFFICER. Is there objection?

Mr. TALMADGE. To 5 p.m.; that is the previous order, 3:45 to 5 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. I appreciate the ruling of the Chair.

After we get a third reading of the bill, it is the intention of the floor manager to yield time to some of the Senators who want to speak on nonrelated subjects, and that at the conclusion of those speakers at that point, I will ask the Senate to stand in recess until 4:45 p.m. this afternoon, at which time the Senate will reconvene, and we will have a record vote on final passage of the farm bill at 5 p.m.

Mr. METCALF and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. METCALF. I would be delighted to yield to my friend, the Senator from Minnesota.

Mr. HUMPHREY. I shall wait for the Senator from Montana to complete, and I would like to have a chance, after third reading, to speak on the bill.

Mr. TALMADGE. By all means.

Mr. METCALF. Mr. President, I ask unanimous consent that Senator MANSFIELD's unprinted amendment which is at the desk, which I have cosponsored along with Senator ABOUREZK and Senator BURDICK, be called up at this time.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 3, line 21, strike out "$3.10" and insert in lieu thereof "$3.41".

On page 5, line 13, strike out "$2.50" and insert in lieu thereof "$2.89".

Mr. METCALF. Mr. President, no explanation is needed for an act of equity. Senator MANSFIELD and I are asking for equity for wheat.

We are today offering an amendment to the pending agriculture bill, H.R. 4296, to increase the target and loan prices of wheat.

We ask only that the provisions of the farm bill we are now considering be the same in their effect on wheat as in the effect on corn and other feed grains. At present, they are not. The target price of wheat is set at 70 percent of parity. The target price of feed grains is set at 77 percent of parity. Our amendment would increase the target price from $3.10 to $3.41 and the loan from $2.50 to $2.89.

The target prices, as well as the loans, are national averages. When they are established for individual counties so that national average will work out, the loan becomes the national average loan price less freight to terminal. Montana, Colorado, and other States which are at maximum distances from Portland, or the gulf, or Kansas City or Minneapolis, have loans and market prices substantially below the national average. Because their loans and market prices are low, any target price payments added to the lower local prices still leave them 35 or 40 or 45 cents a bushel under the national average.

Montana State University advises us that the cost of producing wheat in one of our more productive counties will be $3.15 a bushel in 1975 and that costs in other counties will range up to $3.45 and $3.50. The target price and the even lower loan rate do not, therefore, assure the producers of Montana's excellent milling wheats their cost of production, let alone a profit.

The cost of production of wheat has skyrocketed as a result of a doubling in fuel, fertilizer, chemical, and machinery costs, and although wheat producers have had two relatively good years, these have only allowed them to catch up a little on the debts accumulated back when wheat was selling at $1.30 and even less in many Montana counties, so that most of them are financially unable to withstand a renewal of the low prices which will inevitably come with the large wheat crops now anticipated in 1975.

Although spring wheat producers on March 1 indicated their intention to reduce acreage 9 percent from 1974, the winter wheat crop has already been planted, which will offset this reduction in spring, and result in a 3-percent increase in total wheat acreage. With good weather and a normal crop and exports at relatively high levels, we are going to add 300 or 400 million bushels of wheat to our carryover stocks with the 1975 crop.

There are some indications that good crops elsewhere in the world will considerably reduce export demand next year.

Farmers have been asked to produce all of the cereals they can this year. The Department of Agriculture has removed all acreage restrictions to encourage all-out production, so certainly we have some obligation to assure farmers their cost of production, if not a little profit to live on as a reward for their response to the Government's call.

Equally certainly, wheat producers are entitled to equitable consideration in relation to other commodities. So far as human nutrition is concerned, the wheat crop which has been assigned a 70 percent of parity support is at least as important as the feed grain crops which are assigned a 77 percent of parity support.

Mr. President, I hope the Senate will approve our amendment to raise the target price of wheat in the pending farm bill, H.R. 4296.

Mr. BAYH. Mr. President, for more than a generation the farmers of this country — especially family farmers — have been the innocent victims of significant instability in the markets for their products. Wide price fluctuations create havoc for farmers who must make planting decisions in the spring, long before there is adequate information on the overall supply of individual commodities or solid data on domestic and foreign demand. This burden of uncertainty falls hardest on family farmers who are most susceptible to price fluctuations and who, ironically, are least able to cope with situations when prices drop below production costs.

Those who fail to understand the plight of farmers hasten to point out that while farmers sometimes have very bad years, that they also have very good years with large crops and good prices. But as anyone who understands the situation of American farmers can tell you, family farmers would sooner get off the price roller coaster, passing up the peak years to avoid the worst years, than endangering their survival when prices plummet.

It was to finally bring an end to such market instability that the Congress passed the Agriculture and Consumer Protection Act of 1973 setting target prices and loan levels for key commodities. The point of this law was clean—to guarantee farmers that they could recapture reasonable production costs without perpetuating expensive farm subsidies that tend to benefit larger, corporate farmers.

This law is appropriately named the Agriculture and Consumer Protection Act because, while protecting the valid interests of America's farmers, it was also designed to protect the equally valid interests of American consumers. Consumers have a right to expect an adequate supply of farm products at reasonable prices.

In order for farmers to meet that objective they need a fair return for their labor and investment, as well as steps to eliminate the valleys and peaks in the price roller-coaster. In addition, only by maintaining the viability of the tens of thousands of family farmers in this country can we be assured of adequate supply and competition in American agriculture. This works to the betterment of consumers who would otherwise find themselves at the mercy of a smaller number of giant corporate farmers who, in the absence of competition, would be in a position to drive consumer prices upward.

So, Mr. President, we enacted the Agriculture and Consumer Protection Act of 1973 to achieve the needed breakthrough in our farm policy that recognizes the mutual interests of family farmers and consumers. With target prices reflecting total production costs and with loan prices reflecting variable production costs—minus land costs—farmers were assured of greater market stability and consumers were assured of adequate supplies at reasonable prices.

However, since the enactment of that law this country has undergone its worst inflation in more than a quarter century. The overall cost of production items, excluding land, has risen 35 percent since the 1973 law was passed. Certain key production items have risen at a much faster rate: the cost of fertilizer has more than doubled, seed prices are up 76 percent, interest rates—keeping in mind that the cost of money is a basic cost to farmers—have climbed 47 percent, and fuel costs have soared for farmers as they have for all Americans.

In the face of this unprecedented inflation, in which farm production costs have actually risen faster than even the excessive overall rise in the cost-of-living, the target prices established for key commodities in the 1973 act are simply inadequate.

Recognizing that farmers are, at the moment, facing crucial planting decisions that will affect the supply of farm products many months from now, our Agriculture Committee—and its counterpart in the House—moved quickly on the pending legislation to adjust target prices in accordance with increased production costs. I want to congratulate the able chairman of the committee, Senator TALMADGE, and the rest of our colleagues who have acted responsibly and expeditiously on this important matter. I am prepared to vote for passage of this necessary legislation which will concurrently serve the legitimate interests of farmers and consumers alike.

The increase in the target price and loan rate, respectively, for corn from $1.38 to $2.25 a bushel and from $1.10 to $1.87 means that production costs will be accurately reflected at these support levels.

Similarly the loan rate for soybeans of $3.94 a bushel accurately reflects variable production costs and maintains the historical relationship between corn and soybean prices.

In the case of wheat, the increases in the target price from $2.05 to $3.10 a bushel and in the loan rate from $1.37 to $2.50 a bushel are also well substantiated in the committee's hearings and analysis of production costs.

There have been some questions raised regarding the support levels for milk and cotton; the House having reduced the figures recommended by its Agriculture Committee and our committee having amended the bill to restore support levels for milk and cotton to those originally recommended by the House committee.

The important thing to consider as we weigh these issues, Mr. President, is the proper relationship of the support levels to production costs. We do not want legislation that will unnecessarily burden the taxpayers with unjustified Federal price supports or consumers with higher prices than those that provide a fair rate of return to farmers. But in our effort to avoid such burdens we must not lose sight of our basic objective of assuring farmers that they can recapture true production costs. If we are to respond to criticism from the administration and others to the support levels for milk and cotton, we must be wary of being so shortsighted as failing to achieve the basic goal of this emergency legislation.

Mr. President, in one very important area the bill as reported from the Agriculture Committee makes a major improvement in the House bill. I refer to that provision of the bill that prohibits the Commodity Credit Corporation from selling any stocks it has or may acquire of the basic commodities at less than 115 percent of the established price for those commodities plus a reasonable carrying charge.

This is a welcome improvement in the House bill since it precludes dumping of CCC stocks as a price depressant, something that has been done in the past to the short-term detriment of farmers and the long-term detriment of consumers. Such dumping hurts farmers in the short term by forcing down prices without regard to production costs, and it hurts consumers in the long term by promoting the very market instability that forces farm abandonments and unwelcome concentration in American agriculture.

I commend the committee for adding this important protection for farmers and consumers alike.

The bill before us is a 3-year bill, providing appropriate regular adjustments in support levels to take into account increases in production costs. The House bill extends the program for only 1 year, and would thus require new legislation within the 94th Congress. It seems fair to farmers to provide as much certainty of support levels as possible, something achieved in the Senate bill. If, however, the decision is ultimately reached to enact legislation with a shorter lifespan, it is incumbent upon us to make certain we do not deviate from our commitment to provide target and loan prices consistent with production costs not only in this crop year but in the future as well.

Mr. President, as I said earlier I commend our colleagues for the speed with which this urgent legislation has been brought forward. Prompt enactment is essential to the well-being of American farmers and to the consumer need to have adequate supplies of basic commodities at reasonable prices.

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. METCALF. I would be delighted.

Mr. TALMADGE. I have studied the amendment and discussed it with members of the committee, including the minority members. It equalizes the target price and loan level of wheat at about the same level as corn expressed as a percentage of parity, and I am prepared——

Mr. METCALF. And other feed grains.

Mr. TALMADGE. Other feedgrains.

Mr. METCALF. Not only corn but other feed grains.

Mr. TALMADGE. I am prepared, on behalf of the committee, to urge the Senate to approve it, and to take it to conference and to urge our colleagues in the House to agree to it.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. METCALF. I would be delighted to yield to the Senator from Kansas.

Mr. DOLE. As the Senator has indicated, I have discussed with the Senator from Montana, and I am prepared to accept it under the conditions outlined by the chairman.

Mr. METCALF. I thank the managers of the bill, and I yield back the remainder of my time.

Mr. TALMADGE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

The motion to table was agreed to.

Mr. NELSON. Mr. President, any declaration that the dairy farmer had benefited from a rise in the price of milk and milk products is totally wrong. Rather, the dairy farmer has suffered more from our uncertain economy than virtually any other member of society.

In the past 10 years the dairy farmer has received only 6 percent of the price increases in dairy products. The other 94 percent went to all the other people in the marketing chain—the processor, the wholesaler, the retailer—not the farmer.

In 1974 the farmer got a little more of the increase, but it was only 15 percent. The marketers retained a hefty 85 percent.

In 1967 farmers were getting 46 cents of every dollar that consumers were spending on food. Last year farmers were getting only 42 cents, resulting in a drop in farm net income of 17 percent.

It should not be necessary to point out that in the wake of these relative decreases in income, farmers have suffered exceptionally from the inflated costs of feed, equipment, and fuel.

Things have come to the point that the average Wisconsin dairy farmer—despite his considerable managerial expertise in a major business, and despite the fact that his entire family works exceedingly hard to help him—earns less money in a year than is earned under the minimum wage by a waitress.

Let there be no mistake. The American dairy farmer is faced with an economic crisis that is bankrupting him. Unless that crisis is resolved, our grandchildren, as one expert has put it, may have to take their children to zoos to see dairy cows.

That is not an exaggeration. Since 1951, 60.3 percent of the Nation's dairy farmers have quit. From 1969 to 1973, 56 percent quit. In Wisconsin alone the number of dairy herds decreased from 132,000 in 1951 to just over 53,000 at the end of 1974.

The total number of dairy cows in the United States has decreased by almost 10 percent since 1969. Most distressing, our national milk production has leveled off and actually declined recently at a rate that indicates, according to a University of Illinois study, that we will no longer be self-sufficient in the production of dairy products as early as 1980.

Let me tell you about the situation faced by a dairy farm operator in Wisconsin who would be considered above average in his farm management.

What does this above-average farmer in Wisconsin receive?

In 1974, assuming he received the statewide blend price of $7.70 a hundredweight paid for milk, and that he had a herd of 40 cows, his income would have been $36,960.

His expenses, simply for the feed, fertilizer, gasoline, and so forth, in producing that milk, would have been $5.82 a hundredweight, or a total of $27,936 for the herd.

Obviously, this farmer does not keep the difference left over for himself and his family. Out of that difference of $9,024, he must pay the interest—$4,210, on his loans—and make payments against the principal also. In addition, he will also have property taxes to pay.

So finally, this above-average dairy farmer is faced with a situation in which he and his family have worked hard all year, earned nothing for the use of their $105,000 principal, and ended up with a total amount of money that is below the national poverty level of $5,400.

It should be stressed that this is an above average farmer whose cows produce at least 12,000 pounds of milk each year, and who receives a price of $7.70 per hundredweight for that milk.

In fact, the great bulk of Wisconsin dairy farmers in February 1975, received $6.95 a hundredweight for their milk, and the average cow in Wisconsin produces 10,000 not 12,000 pounds of milk per year.

These farmers each can expect, at this rate, to have total incomes of $27,800 against expenses of $23,280. Out of the remaining $4,520 must come their interest and principal payments on loans, their property taxes, and something for the family to live on.

Obviously, these more typical Wisconsin dairy farmers will not be able to make their commitments and will not have any money left over for their families. They are going bankrupt.

If a Wisconsin dairy farmer could get his $105,000 equity out of his farm—and right now that is almost impossible—he could earn more than $8,000 a year on it without lifting a finger simply by placing it in bank certificates of deposit. He could take a 40-hour a week job at the minimum wage and earn an additional $4,600, for a total of $12,600 a year. And when his 2-week vacation period rolled around, he would not have to worry about any milking problems.

This problem of placing a floor under the income of our dairy farmers, of providing them with a minimum wage, is critical because it involves 25 percent of our national food supply and one of the best protein sources we have.

Other countries have recognized this problem and have acted to assure themselves of viable dairy industries with their farmers assured of a livable income. Canada, for example, from October of last year, set price supports at $9.41 a hundredweight and has just now increased that to $10.12. The Common Market, which adjusts the rate from nation to nation, has had an average support level of $8.10 per hundredweight, increased that to $8.59 on February 1, and announced a further increase to $8.99 for September 16, 1975.

American dairy farmers' wage earnings are a scandal. If the farmers went on strike and properly told their story, their cause would have the enthusiastic support of organized labor, the Nation's clergy, and even substantial portions of the Nation's press.

Certainly at the present support level, the average dairy farmer will be forced to quit production. Not all of his cows will go out of production, but the rate at which farmers are quitting and cows are leaving production, it is apparent that consumers are in for trouble. We can lose self-sufficiency, we can destroy the productive capacity for 25 percent of the Nation's food.

Over and above the critical loss of 25 percent of our food, the general public would suffer otherwise if our dairy industry is destroyed. Our dairy farms earn $1.3 billion each year, which in turn generates an additional $47 billion in the gross national product. Everyone of the 490,000 dairy farms in the Nation generates an additional 5 jobs in related industries, a total of 2.5 million jobs throughout the country that could be jeopardized.

Editorial opponents of the increase to 85 percent price supports for dairy farmers ought to get their costs straight. Almost continually they have quoted figures supplied by the Department of Agriculture, which suggest a cost increase of 8 to 10 cents a gallon on milk and 10 cents a pound on cheese, figures readily refuted by Representative Berkley Bedell of Iowa in a letter to the Washington Post March 19, 1975.

Interestingly, the Post has continually used the Department of Agriculture's inaccurate cost estimates even after running the results of an indepth study by Chase Econometric Associates, Inc., which projected the increased cost of milk at 3 cents a gallon.

There are encouraging signs that American consumers and their representatives in Congress are beginning to understand their own personal stake in these matters. The huge majority in the Congress that supported the 85 percent parity bill late last year points to this. Renewed interest of urban representatives to serve on the congressional committees on agriculture give additional testimony.

That is promising, but time is of the essence. If we do not stabilize our dairy industry by providing an income floor, our dairy farmers will be forced to quit. That would be an outright disaster for them personally. It would be an absolute catastrophe for the American consumer.

Mr. President, I ask unanimous consent that a letter by the distinguished president of the Wisconsin Federation of Labor, Mr. John W. Schmitt, who has written a letter endorsing 85 percent of parity for the Wisconsin dairy farmers, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Wisconsin State AFL–CIO,
Milwaukee, Wis., March 12, 1975.

Hon. Gaylord Nelson,
Senate Office Building,
Washington, D.C.

Dear Senator Nelson: It has been brought to my attention that a farm bill is coming out of the Agricultural Committee which would raise price supports on dairy products to 85% of parity. At the present time it is 80%. This would result in the farmer in Wisconsin getting $7.94 per hundred pounds of milk in lieu of the present $7.24. I have been given to understand that this would increase the price of milk to the consumers by 6¢ per gallon, and increase the price of butter anywhere from 5¢ to 7¢ per pound.

In conversations I have had with some of the farm leaders here in the State they tell me that this bill is a must for the Wisconsin farmers. Even though price increases are continually going up over a period of years, it is very apparent that the farmer has not been the beneficiary of the market price increases and, as a matter of fact, his cost, due to materials, fertilizer and energy, have soared to an all-time high.

The Wisconsin State AFL–CIO would appreciate your giving your most serious consideration to supporting this piece of legislation when it comes to the floor of the Congress. With the high unemployment that we now have in Wisconsin there is little to be gained from forcing a farmer to shut down his operation and then move to the city where he will add to the city's woes.

Again, many thanks for whatever consideration you can give towards passage of this bill.

Sincerely yours,
John W. Schmitt,
President.

Mr. NELSON. Mr. President, I ask unanimous consent that a very thoughtful letter written by Mrs. Lou Ann Brantmeier, a member of Wisconsin Women for Agriculture, be printed in the Record.

She describes in detail, and very compellingly, the serious plight of the dairy farmer in our State and the necessity that we assure them at least a fair return on their investment and in their efforts in producing dairy products for the rest of the Nation.

There being no objection, the letter was ordered to be printed in the Record, as follows:

A FACT SHEET FROM DOWN ON THE FARM

Maribel, Wis., *January 20, 1975.*

Dear Mr. Nelson: My husband and I and our two children own and operate a family dairy farm.

In March of 1974 milk prices dropped 25 per cent. Everything we bought has gone up, from fuel to baling twine, dairy feed, milk replacer, insurance, interest, clothes, food, trucking, breeding fees, the list goes on. Toilet paper rose 11¢ in one week. Our taxes 40 per cent.

We are human beings, we have wants and needs just like our city cousins. In the past year we have been forced to sacrifice in so many things. We are down to one pair of boots, shoes, used clothes, baking soda instead of tooth paste, no extras and less than bare essentials.

I am more outspoken than most of our farmers, and I'm telling you like it is. My kids are getting free school lunches, I'm applying for food stamps! What next? Welfare?

We work hard, I manage a dollar till it squeals. How can we go on? My phone is due to be disconnected (a phone call and pleading not to because we need it for our business). If a cow calves and has troubles, no phone means a dead cow. Our electricity is two months behind. I'm on the gas man's list of accounts due (meaning no money for him, no gas for us); no fields plowed, or worked or planted.

Cows we paid $650.00 for a year ago, we cannot cull out and come out with $200.00. To sell a calf doesn't cover trucking let alone a $10.00 breeding fee. Calves—$8.00.

I shudder at the horrors going through my mind of all the farmers who are worse off than us. The Federal Land Bank in Fond du Lac County, Wisconsin, can foreclose on 10 farms. Instead they are paying these farmers to run the farms. These farms will be out of business in less than a year. It takes pride to be a farmer and incentive. We don't have that any more. Make no mistake about it, agriculture is the Number One industry in America. Every product (raw material) is made from wood, minerals, or plant form, from the rural area (farm). We in turn keep the economy going, by buying these products back after processing—such as furniture, buildings, food, housing, machinery, nuts, bolts, packaging, appliances. The list goes on. This helps to keep restaurants, feed mills, stores, factories, salesmen, insurance, even your job going.

In the past year the farmer has had no

money to buy anything. See where the economy is. The farmer employs the majority of people. Not Detroit!

This is a list of our spring needs, to enable us to help feed the people for election year 1976:

	Per unit	Quantity	Total
Alfalfa seed (pound)	$1.70	1,080	$1,836
Oats (bushel)	4.50	180	810
Sertilizer (ton)	195	20	4,900
Seed corn	(1)	(1)	700

[1] No exact figures.

This does not include gas or diesel, machinery, weather conditions, repairs, mortgage over $1,000 a month, breeder, vet, phone, electricity, etc.

Our income for 1974 was about $43,000.00. Our farm expense was $40,000. Tell me how we can go on? We just got a loan for $9,500.00 from FHA. The interest is 8¾ percent. This money covered 3 debts that we could not pay. Is this a disaster loan? 8¾ percent interest? Some help!

This milk increase is a big joke! They (the government) pay price supports at 3.75 fat test. The milk plants pay on a 3.5 fat test. This helps no one. Except everyone now thinks we got a pay increase. In reality, we have nothing.

Please tell me what plans are being taken for the farmer. We need immediate relief. Now, before spring planting. The people cannot live without food. If the farmer got a fair price, the economy would turn around on its own.

I'm not going bankrupt at the expense of our government. I'd rather quit. Mr. Van Vegal out of De Pere, Wisconsin is filled up with auctions. Is this what the government wants?

Do you think the National Guard will take over farms? Do you think people will honestly try and save a calf or litter of pigs or lambs by force? No way! Only pride and incentive.

I'm pleading for you to wake up before its too late. Spring planting is coming up fast and this time it will take more than words or promises. We need help! How do we get it?

Thank you.

LOU ANN BRANTMEIER,
Member of Wisconsin Women for Agriculture Farm Bureau, Lake to Lake.

Mr. TALMADGE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the Senator from South Dakota.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR MCGOVERN

I wish to commend the distinguished Senator from Georgia (Mr. TALMADGE) who, as chairman of our Committee on Agriculture and Forestry, acted with leadership and skill to bring this emergency farm and food legislation in a timely fashion.

Although there are many elements of what I believe to be essential in a rational food policy for America, and this legislation does not deal with all of them at once, it does address the basic elements of a food production policy in a correct manner.

I support this legislation strongly, and urge that it be passed by a substantial margin.

Food production is at the base of a system which produces abundant food at reasonable prices. And to be adequate, production must have sufficient incentive. That is the heart of this bill.

The price and income protection afforded by H.R. 4296, as amended by the Committee, provides farmers with some modest assurance that they will not be bankrupted if they answer the call for all-out production which is necessary in this Nation and in this world.

There are many other facets of a cohesive food and agricultural policy which the Congress must face at a later time. But this is a good start, because it provides some assurances of maximum production for 1975 crops.

After this, we must deal with equally pressing questions—that of a grain reserve, which would go even further in our effort to even out the wild fluctuations in price which have characterized farm commodity markets in the last two years; that of remedial action for our livestock producers, many of whom will be bankrupted unless some assistance is forthcoming; that of our Food Stamp and child nutrition programs, which make it possible for millions of Americans to share at least in a minimum way, in our food abundance.

But none of these questions can be dealt with unless we first have the food production. And passage of H.R. 4296 is essential to that first step.

Mr. GARY W. HART. Mr. President, I urge my distinguished colleagues gathered here today to give a strong vote of approval for H.R. 4296 as reported from the Senate Committee on Agriculture and Forestry. It is also my hope that President Ford will pay close attention to the statement of the House and Senate in reporting this legislation and will forgo the anticipated veto of this crucial measure.

I strongly support this legislation. Action is long overdue on providing adequate assurances to the agricultural community that Government policies are being designed to help and not hurt this vital part of our economy. For too long we have taken the abundant wealth provided by the greatest agricultural producing system in the world for granted. The 20-some-odd years of price stability for the consumer have lulled us into complacency in regard to the growing needs of our food producers.

Currently, it is estimated that a mere 5 percent of our work force produces the bountiful crops which have fed our country and nations throughout the world so well in the past. However, there is danger of this productive capacity and the number of farmers decreasing if we fail to develop a strong food policy. The average age of the American farmer ranges in the late 50's. There are very few young people going into the farm business. If they have come from a farm family, they can see the lack of certainty in an agricultural future. This heralds a tragedy for our country because the future of these young people relates directly to the future of our Nation and its economic security.

I come from a farm family and I cannot remember when farmers have been faced with such insecurity. Production costs have risen astronomically to the point where many farmers cannot make an adequate profit to stay in business; Government export policies have seesawed, fouling even the best laid production plans; and shortages in fuel, fertilizer and other basic necessities have contributed to the specter of uncertainty. As a result, many sectors of our agricultural economy now face bankruptcy and liquidation; other sectors plan to cut production to save themselves. The producers of our amber waves of grain are now faced with rough seas and an uncertain voyage into the future. A step in the direction of securing some level of stability would be to support this bill.

Farmers are now planning their planting schedule which will determine the quantity of production in the 1975 harvest. They need assurances, however, that if they go all out and maximize production they will receive a minimum return to support the cost of that production. This bill provides the minimum to protect the food producer in his effort to meet our domestic and export requirements.

Some agricultural experts estimate that if climate projections are accurate 1975 will be a record production year. The levels in this bill before us today provide a security for the farmer that when it comes time to harvest his crop he will not be faced with an oversupplied market with depressed business. There is a lot of guesswork and advance planning required which makes it difficult for the food producer to estimate what his return will be when his product comes to market. This natural problem has been exacerbated by the ravages of inflation and shortages—problems which have affected the rest of the economy.

But because of the unstable nature of his business, the farmer has been more damaged by our economic condition. Therefore, for the sake of our farmer and consumers who demand stable food prices, we must develop a food policy which is designed to meet our domestic needs and international commitments. Hopefully this long-range policy will be developed in the bill that is being prepared by the Senate Agriculture Committee. But now we must take action on a measure designed to give security to the farmer at a time when he is planning for the year immediately ahead.

In light of the disasters of last year, food producers need assurances now that our production levels will not be forced to drop. The wheat growers have been hurt by restrictive trade policies of the Ford administration and need the assurance that, if they maximize production, they will be able to retrieve their costs. The dairy industry in this country is in serious trouble because of high feedgrain costs, skyrocketing costs of production and depressed cattle prices. The small dairy producer has almost been wiped out and bankruptcy is occurring at all levels in this industry. If the dairy producer does not receive relief soon, we may be forced to turn to foreign markets to meet our needs for this high protein staple of the American diet. The strategic and economic implications of this situation are obvious.

At a time when we are paying a foreign oil bill of more than $25 billion per year, it is difficult to understand why we would not support our domestic agricultural economy to help meet our balance of payments deficit and to insure self-sufficiency in food and fiber, when we cannot attain self-sufficiency in an equally important sector of the economy—that of energy.

However, agriculture has not received

the attention it deserves. Our economic condition and world food demands will assure that American agricultural production will play an increasingly important role in our future and the future of the world. What the Arabs have in oil power, we have in food power. Mismanagement of this valuable resource at a time when many sectors of the agricultural community are still salvagable will have drastic repercussions in the not too distant future.

Even though the focus of this bill is primarily on grain production, we must also look to those food producers in the beef industry. I would, therefore, urge that my colleagues pay close attention to the amendment being offered by Senator ABOUREZK of South Dakota which calls for a 90-day freeze on the imports of beef products to this country. In a briefing given by Mr. Julius Katz, Deputy Assistant Secretary of the State, and Mr. Richard Bell, Deputy Assistant Secretary of Agriculture, yesterday, we were informed that the administration is currently negotiating with other countries an import ceiling which could actually result in an increase of beef imports of 100 million pounds more than the level reached in 1974. This position is indefensible and grossly insensitive to the state of our depressed domestic cattle-producing industry.

Furthermore, the USDA reports that imports for the first quarter of 1975 have reached record levels. Obviously, foreign trade with other nations is vital to the peservation of the world economy, but import policies at the expense of our domestic industries is intolerable. Negotiations of this sort can show only one thing—that the State Department's concern for the 12 nations exporting meat to the United States is greater than that for domestic producers. These increased import levels could be the straw that breaks the back of our severely-crippled domestic cattle industry. The amendment offered by Senator AROUREZK will provide us with vital time needed to correct a worsening situation. We cannot afford to promote the dumping on our domestic market of a product such as livestock, which is in severe competition with a vital American product.

It is imperative that we pass this emergency measure and follow it with a more comprehensive bill which will outline strong food policies which, in turn, will benefit farmers and consumers in the years to come. Without an even-keeled approach to food production, there can only be pessimistic projections for the future of the strong agricultural base we pride ourselves on. This Nation can only lose from inaction and misdirected farm policies. The position of compromise we have faced in the energy crisis will look small in comparison when we have to compete for those basic agricultural commodities in the world marketplace with a rapidly expanding world population. The children's parable of the ants and the grasshopper should be remembered by all at this time.

As a nation, we cannot afford to be the grasshopper who did not prepare adequately for its future. We must instead follow the example of the industrious ants who took every precaution to secure their future.

Support of this emergency measure is a step in the right direction to provide security and stability for our agricultural economy. When this measure is passed, Congress and the administration must then work together, to guarantee a strong agricultural base. If we expect all-out production from our food producers, then this is the least we can grant them. To ignore them or take them for granted, as we have done in the past, is at the peril of our future.

Mr. EAGLETON. Mr. President, just a few hours before today's scheduled vote on final passage of the emergency farm bill, I received a letter from Secretary of Agriculture Earl Butz which unintentionally but quite convincingly argues for its enactment.

Secretary Butz first asserts that:

> There is no overall "emergency" in the farm sector of the type this bill attempts to reduce.

He then goes on to sympathize with farmers "over declining demand for their products and increasing costs of production." According to Mr. Butz, the answer to the farm problem is to deal aggressively with the forces of recession and inflation. Apparently, he is unmindful of the fact that the administration's economists have projected double-digit inflation and continued high unemployment at least through the remainder of this year. He believes the American farmer should accept this temporary adversity, go on producing at maximum levels, and trust that better times are on their way.

Mr. President, at this very hour, farmers throughout the Midwest are organizing and meeting to bring about substantial cutbacks in farm production this season. Some are doing so in a conscious effort to reduce food supplies and force up farm prices. Others have no choice about reducing their production because they cannot afford the costs of fertilizer, seed, and fuel. With the prospect of continued increases in farm costs, and uncertain farm prices, banks are unwilling to make them loans.

In his letter, Mr. Butz argues that passage of the emergency farm bill "would force cropland out of production." I submit that without this bill, we will have one of the greatest reductions in planting seen in many years and only action of the kind proposed in the measure before us can prevent it.

Mr. President, I believe the letter from Secretary Butz speaks eloquently for itself of this administration's disdain for the American farmer. I think it can be best answered by a resounding vote in favor of the Emergency Farm Act.

I ask unanimous consent that Mr. Butz' letter be reprinted at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> DEPARTMENT OF AGRICULTURE,
> *Washington, D.C., March 25, 1975.*
>
> Hon. THOMAS F. EAGLETON,
> *U.S. Senate.*
>
> DEAR SENATOR EAGLETON: The marked-up version of H.R. 4296 bears out one of our strongest arguments against this proposed legislation. It has now become a costly three-year Bill, including escalators on loans as well as target prices.
>
> It is true that costs of farm production have been pushed upward by the same inflationary pressures that have affected other industries. But there is no overall "emergency" in the farm sector of the type that this Bill attempts to redress by making excessive increases in the price support levels for wheat, feed grain, cotton, soybeans, milk and tobacco. Such increases will have predictable consequences in undermining export trade, or of necessitating export subsidies.
>
> The Agriculture and Consumer Protection Act of 1973, in effect for only 19 months, has led to record levels in farm exports, farm operators' net income, and total farm cash receipts. At the same time, taxpayers have benefited by a reduction in payments from a peak of nearly $4 billion to only $525 million in calendar 1974, and by the fact that 60 million acres have been released for planting as farmers move into full production of crops that are in greatest demand.
>
> The Bill would deny farmers the incentive to produce commodities needed in the marketplace, causing them, instead, to produce for Government guarantees. It would force cropland out of production and drain the Federal Treasury of billion of dollars in program payments. It would lead to further increases in farm production costs and eventually to higher food prices. And it would force U.S. farm goods out of world markets, weakening our position in world trade, and destroying the benefits to our economy of record-high farm exports.
>
> I sympathize with the concerns of farmers over declining demand for their products and increasing cost of production as much as anyone in America. But the answer is to deal aggressively and quickly with the basic causes of these problems—recession and inflation. The answer is not the marked-up version of H.R. 4296, which is an inappropriate response to both farmer and consumer concerns.
>
> You may wish to refer to the enclosed summary for further details.
>
> Sincerely,
>
> EARL L. BUTZ,
> *Secretary.*

Mr. PELL. Mr. President. The legislation before us, called the emergency price support bill, is both unwise and unnecessary.

The legislation is termed "emergency," and yet, though there are many situations in our troubled Nation today which could be called emergencies, I do not know of one which afflicts the growers of cotton, corn, wheat, soybeans, and tobacco or the producers of milk and other dairy products.

Can their economic difficulties compare, Mr. President, with those which afflict my State? As of today one of every five Rhode Island workers is without a job. Almost daily, industries which have prospered for years in Rhode Island and whose products have been used and respected across our region and our country are closing their doors, leaving hundreds of additional workers to seek unemployment compensation from a fund that is virtually bankrupt.

That, Mr. President, is an emergency, not the situation in the farm areas of this Nation where, according to news reports, cities and counties proudly raise billboards and banners asking "What recession?"

The short title of this bill is also instructive in using the phrase "price support." I was under the impression that in 1973 when we passed the omnibus farm bill we took a giant stride toward ending the expensive and unsuccessful farm policy of the previous 30 years—a farm policy in which we paid farmers to grow crops that no one wanted to buy and paid other farmers not to grow other crops.

Yet, Mr. President, less than 2 years after that 1973 legislation, we are announcing in the short title of this bill a return to the days of price supports. How many months will it be before we are presented with legislation establishing a new system of set-asides and other curbs on production?

I do not challenge for a moment the right of the farmer to receive just compensation for the fruit of his labors. I am sympathetic to the impact which rising production costs have had on his financial picture. I realize that for some crops there has been a drop in demand. But it is not an answer to any of these problems—complex and trying though they be—to construct once again an artificial system using the taxpayers' money in an attempt to shore up the market prices of these commodities. It has failed in the past and there is no doubt in my mind that, if we head down that road again, it will fail once again.

We have food producers in my own State of Rhode Island—fishermen. They produce food for our people without Government-subsidized target prices, without Government-guaranteed loans on their fish catch, with little protection against low-priced imports and, indeed, with almost no Government protection against destruction of their fishing stocks by foreign fishing fleets. They find it somewhat difficult to understand why the corporate farmers of the Midwest cannot operate in the same free enterprise competitive way that the small business fishermen of New England do—without Government props.

I want to mention a particularly onerous section of the bill before us, the increase in the support price for milk from 80 percent to 85 percent of parity. Translated from the jargon of the USDA into the language of the consumer, this means that a half gallon of milk should increase 4 cents; a pound of cheese should increase 10 cents; and a pound of butter should increase 20 cents. In the current economic situation in my State and, indeed, in this country, I do not believe that such price increases, resulting from Government action, can be justified.

Mr. President, this legislation is unnecessary and unwise. I intend to oppose it and urge the same course on my colleagues.

Mr. TOWER. Mr. President, we find ourselves in a rather unique situation as we attempt to revise the present farm programs. Farm legislation is considered generally when existing programs are on the eve of expiration. As the Members of this body know, the Agriculture and Consumer Protection Act of 1973 is effective through 1977. The present economic state of producers, however, requires corrective action before expiration.

The Senator from Georgia is to be highly commended on his foresight and awareness of agricultural problems and on the speed with which he acted to provide the Senate with a program for consideration, He, as do all other members of the committee, realizes the need to legislate changes. It is through my understanding of the need for change and my desire to serve the farmer and consumer that I must state my reservations about the programs we are now considering.

Mr. President, I will support final passage of this bill in the Senate. However, I am not giving my total approval to this specific approach but rather to the concept that a change is necessary. We must not forget that it is the present economic state of our agricultural producers that causes us to consider alterations. And it is because of the present economic unrest in agriculture that we must strive to present the administration with a program that it can support.

We have done no service to agriculture if it is impossible to implement into reality the final bill which we send to the President. I do not feel the Senate can say realistically that the bill we have before us today is one that will be signed by the President. We will accomplish much more by sending to the administration a bill that is acceptable.

We will make a serious mistake if we jeopardize our free market concept with long-term programs that place farmers in a "Government marketplace." A 1-year emergency program with realistic loan and target prices will be far more beneficial to producers. H.R. 4296 as reported by the House more nearly accomplishes the goals we work toward today.

Mr. President, I believe farmers do not want to produce for the Government. They want to produce for the marketplace, domestic or foreign. Neither the farmer nor the taxpayer wants the Government to be the principal purchaser of their crops. We must take care not to legislate a program that would create such a governmental role. I appeal to the conferees to strive toward a final bill that can become law and will be beneficial to our farmers.

A PARADOX IN FARM PROGRAMS

Mr. MATHIAS. Mr. President, the Senator from Utah (Mr. MOSS) has drawn attention to a paradox in Government programs. On the one hand we spend millions to limit cigarette smoking. On the other hand we spend millions to encourage tobacco production. Both programs cannot be sensible.

At the same time there is a question of equity to tobacco farmers to be considered. Theirs is a way of life three centuries old. It cannot be terminated abruptly without great hardship.

If the Senator from Utah would couple his amendments with a program to assist small tobacco farmers to convert their operations to some other crop appropriate for their soil and climate, I would be forced to give serious consideration not only to supporting his amendment, but to actively arguing for it. Lacking such a necessary feature of a comprehensive program, I find it difficult to support since it creates many new human problems as it attempts to solve some old ones.

Mr. BUCKLEY. Mr. President, according to a Washington Post news report as it appeared in yesterday's paper—

> Rep. David Bowen, a former political science professor and a second-term Democrat from Mississippi, contends that the House vote on the farm bill last week was "solid evidence the old coalition of Northern and Southern Democrats has been effectively restored to help solve our nation's economic problems."

The report goes on to imply that the revival of this coalition will result in southern Democrats supporting legislation "to pump up jobs, public works, housing, health care and help for the elderly" in return for the support of urban Democrats for H.R. 4296, a bill to increase target and loan prices for farm commodities. This self-defeating coalition in the House would smother responsible efforts to sort out the kinds of programs that would effectively attack the basic causes of our current economic problems—recession and inflation—and I urge my colleagues to avoid any such coalition in the Senate while considering the drastic increases recommended by the Senate Committee on Agriculture and Forestry.

A projection of the ultimate results of H.R. 4296 as amended by the Senate committee must conclude that both the farmer and the consumer will be hurt by this bill. Before the passage of the Agriculture and Consumer Protection Act of 1973, Federal payments to farmers amounted to almost $4 billion. Since that time taxpayers have benefited by a reduction in payments to only $525 million in 1974. No matter what happens to prices under the target-price provision of the bill as it now stands, the average family will be hurt.

If prices drop, the family paycheck will be reduced by the taxes required to give payments to subsidized farmers. More than that, to the extent that high subsidy payments add to inflationary deficits, the subsidies will contribute to an increase in the cost of every other item of household expense. Any escalation of inflation will not only defeat the intent to ease the higher costs for farmers thereby guaranteeing additional demands for higher target prices, but this escalation would most cruelly squander the limited resources of the unemployed, the disadvantaged, and the elderly—the very individuals this coalition was designed to assist.

While it is true that costs of farm production have been pushed upward by inflationary pressures, those pressures are no greater than those that have affected other industries. Imagine the outcry if the Federal Government guaranteed target prices on each domestic barrel of oil in an attempt to insure domestic production of oil. Certainly the housing industry is hurting. Shall we guarantee a price for each house or building constructed?

There is no doubt, Mr. President, that the proposed increases in target prices will deny the American consumer the full benefits that have accrued from the return to a free market agriculture over the past 19 months. This bill would remove all incentive for farmers to produce the crops that market forces are demanding. For instance, cotton is already in surplus, but this bill encourages greater production of cotton rather than feed grains and soybeans which are in short supply. Even though grain prices have recently declined, they are still at record levels that have given farmers the highest income they have ever enjoyed. The governmental tinkering advocated by this proposal would eventually lead to higher production costs, higher food prices, and worldwide consumer resistance, a very poor approach for any industry looking to increase profits.

The agriculture successes of the past 2 years demonstrate the response our farmers have been able to make to a loosening up of controls. Record level farm exports have made a major contribution toward solving our balance-of-payments problems in which all Americans have a critical stake, and made a major contribution toward broadening markets for agriculture commodities. This attempt to maintain prices at artificially high prices will erode our competitive position on world markets, further weaken the value of the dollar and reduce the farmer's ability to sell his products.

I am not ignorant of the fact that this bill offers something for everyone. This proposal would mandate changes in Government policies in the dairying industry that I have advocated for more than 2 years. I am confident however, that the farmers in New York State would oppose just about every other aspect of H.R. 4296. Therefore, I must choose the administrative route where there is ample authorization for the required policy changes for dairy farmers and strongly oppose this bill which offers false hope to the farmers and promises to destroy our efforts to put our economy on an even keel.

Mr. HRUSKA. Mr. President, I rise in support of this bill, H.R. 4296, "Emergency Price Support for 1975 Crops." It is only after a great deal of study and earnest weighing of all aspects of the bill that I concluded to do so.

Indeed, Mr. President, only a few days ago, I had declared, on the basis of the information then available to me, that I expected to oppose this bill.

That, however, was before I had the oppportunity fully to weigh all of the aspects of this bill, its faults and its virtues; especially against the background of legislative history and in the light of current economic conditions.

It was a difficult decision indeed. But on balance, I believe the equities, fairness, and best interests of those I represent—farmer and consumer—will be served by a vote in favor. It should be noted that I was positioned in favor of the 1973 Agriculture and Consumer Protection Act.

A BIT ABOUT TARGET PRICES

The bill provides for adjustment of target prices, loan and purchase levels on corn, wheat, soybeans, and cotton. It also applies to price support for milk and some other items.

The following table shows the changes in the Senate bill compared with the target prices and loan levels in the present laws which was enacted in 1973:

TARGET PRICES—LOAN LEVELS

	In 1973 act	In Senate bill
Cotton:		
Target	$0.38	$0.48
Loan	.34	.40
Corn:		
Target	1.38	2.25
Loan	1.10	1.87
Wheat:		
Target	2.05	3.10
Loan	1.37	2.50

There are differences between the House and Senate bills. If they still exist after passage of the Senate bill, a conference committee will try to settle them.

It should be noted that target prices for 1974 crops are in the present bill. None are provided in that law for the 1975 crop year, but they are provided for 1976.

The Senate bill seeks to provide for 1975 target prices and loan levels.

Under the target price system a price floor is set to protect the farmer. If the market price during a prescribed period of time is above target, that is fine. However, if the market price is below target, the farmer is paid the deficiency.

The 1973 law provided for adjusting the target price to make allowance for increases in costs of production. In 1973, it was believed that there would be no need for such adjustment until 1976. Hence, the law was written to skip 1975, and not apply the escalator clause until the 1976 crop year.

But Mr. President, that expectation proved to be grossly wrong. The cost of production increased in spectacular and disastrous fashion. Added to this has come a reduction in prices for farm products.

Because of these two facts, we now see the mistake made 2 years ago by not applying the escalation clause to 1975 crops.

The purpose of this bill is to correct that mistake.

COST OF PRODUCTION INCREASES

The plain fact is that because of the tremendous increase in costs of production, the 1973 farm bill no longer affords the farmers that protection which is needed to insure maximum production. Those increases together with other factors may lead to a reduced production, which the country can ill afford. Two other important factors are uncertain domestic conditions and an unpredictable world economic situation.

As to tremendous, burdensome cost of production increases, consider the following:

According to Department of Agriculture figures, farm production expenses, at $74.8 billion for 1974 were up $10 billion from 1973. Prices paid for production items, interest, taxes, and wage rates jumped 15 percent last year. A huge cost increase occured for fertilizer as prices averaged some 70 percent above 1973. Fuel prices also zoomed upward, resulting in much higher outlays by farmers. Seed prices, reflecting tight supplies, were up one-third. This increase in production expenses offset a gain in gross income and resulted in a drop of $5 billion in realized net farm income from 1973.

Certain increases in production expenses are worth noting. In 1973 farmers expended $13.1 billion for the purchase of feed. In 1974 this outlay increased to $15.3 billlion. Fertilizer and lime showed an increase of $2.7 billion for a total expense of $5.7 billlion in 1974. Repairs and operation expenses amounted to $6.9 billion in 1974, or an increase of $1.5 billion from costs in 1973. In similar a manner, the cost of hired labor rose from $5.2 billion in 1973 to $5.8 billion in 1974. Seed increased to $2.6 billion in 1974, or a rise of $1 billion over the outlay for that purpose in 1973. The farming community paid an estimated $3.3 billion in 1974 for interest on nonreal estate possessions as compared with a $2.7 billion expenditure in 1973. Finally, outlays for interest on mortgage debts amounted to $2.7 billion in 1974 as compared to an expenditure of $2.4 billion in 1973.

Agriculture, which is our Nation's largest industry, is heavily dependent on credit operations and financing for its very existence. At the end of 1974, the agriculture community had an estimated total outstanding debt of $94.9 billion. Of this, $47.4 billion was secured by farm real estate, $46.7 billion represented a debt incurred for expenses connected with production, and $0.8 billion represented nonrecourse Commodity Credit Corporation loans. In order to avoid jeopardy to agricultural credit, it is essential to the economy that Congress act to assist producers in obtaining credit to continue production, thus insuring a continued flow of money in our economy. Farm producers are having difficulty in obtaining production loans; the committee feels that this legislation increasing the loan rate on wheat, feed grains, and cotton and mandating a loan on soybeans is necessary to insure maximum production as well as to protect the agricultural economy from acceleration of the recessionary spiral it has entered.

AS TO REDUCED FARM PRICES

Market prices for corn, wheat, and soybeans are heavily down from a year ago. As of February 15:

	1974	*1975*
Corn	$3.27	$2.86
Wheat	4.65	3.95
Soybeans	7.03	5.72

There are fears that there are further sharp drops ahead, on account of high production costs and declining foreign sales. This is especially true for grain farmers who are being asked to produce maximum quantities.

The pending bill has for its purpose the pegging of floor prices—target prices—and returns to grain farmers and other producers. It has for its purpose prevention of farmers undertaking to produce large quantities, only to meet, after harvesttime, with a greatly reduced market price due to diminished exports. Thus on top of big bills for fuel, fertilizer, seed, et cetera, will cause failure after failure for farmers.

These lower—but farmer-ruinous—

product prices might seem like good news to consumers.

But are they?

A little thought dispels such ideas.

It means that succeeding crops will be cut back. The resulting lower supplies will be short of satisfying normal demand. Farm prices will escalate again and a new sound of high food prices will be upon us.

Already the idea that the farmer is the cause of high food prices has been thoroughly exploded. The farmers' and ranchers' share of the retail food dollar has dropped from 50 cents and above to less than 40 cents in January this year. The middlemen have increased their take from 50 percent to more than 60 percent. The price spreads report for January shows that although the farm value of a pound of beef is down 21 percent the retail price has dropped only 7 percent and the "take" between farmer and consumer has increased 21 percent—more than one-fifth.

Because it is important in relation to this bill, I call attention to the fact that in the last year the farm value of wheat in a loaf of white bread has dropped 24.6 percent—virtually one-fourth—but the retail price has gone up 16.9 percent, or about one-sixth. These are January figures from the Department of Agriculture.

Mr. President, it is plain that food costs are still high. Too high. It is plain that the processors, handlers, and retailers have increased their "take" of the consumer's dollar, and are continuing to do so.

It is even more clear that farm product prices have sharply and substantially fallen in this past year. And on top of it all, the farmers' costs of production have risen heavily and are continuing upward.

This is completely wrong.

This bill is an effort to correct miscalculation.

OBJECTIONS TO BILL

Mr. President, to be sure, the remarks I have made to this point are those points favoring the bill.

To be sure, there are objections and potential dangers in its provisions. I shall describe some of them shortly.

However, taking the advantages against the disadvantages, and, on balance, I have come to the conclusion that the merits outweigh the demerits. Hence, I favor the bill.

The demerits include the following:

First. If prices received fall below the target price, the Government makes up the difference. This means an additional load on the taxpayers.

Indeed it would mean an added Government burden. But upon whom should that loss be placed? On the farmer? If so, many will be ruined, and the crop plantings and production next year will go down heavily. The results of that I have already discussed.

Second. A Government-owned surplus is very undesirable, because it will have the effect of holding down the market price; such a surplus is available for political release by the consumer pressure for lower prices. With a dampened market, Government expenditures will go up and up.

Again it must be asked, what is the alternative? With present trends, plantings and production will go down drastically. Impact on food prices will be upward. The short supply will tend to meet domestic consumption without any average for export. Our need for exports to help our balance of payments is well enough known that further comment can be dispensed with here.

Third. Philosophically, the bill lacks merit because the farmer will produce for the Government instead of for the market. In the long run it is said the farmer will adapt his activities to satisfy demands for the open market, rather than to produce for Federal storage bins.

In answer to the philosophy and the long run, Mr. President, let it be asked and answered: Philosophy and long run for whom? If commodity prices go below present target prices and production costs continue to rise, vast numbers of present operators will have had it.

Such events would inflict upon them a short run—a short run to the bankruptcy court. Of course, they would still have their philosophy.

Again I ask: Why should the burden, and risk, and loss be placed solely on the farmer—with other sectors of the economy going their merry way, with cost-of-living increases for wage earners, and higher retail prices on retailers' shelves? Most businesses operate on a cost-plus basis. But the farmer is not given that comfort or privilege.

ARE LOWER PRICES AND HIGHER PRODUCTION COSTS INEVITABLE?

Mr. President, is it irretrievable that prices of farm commodities will go below target prices, and result in burgeoning government storage bins, and in an astronomical Federal Treasury drain for the farmer?

It is earnestly hoped not. It is not foreordained that this will occur. If it will not happen, if market prices will equal or exceed target prices, no harm will befall the Treasury.

But the opponents of this bill cannot have it both ways: They cannot contend that those prices might go below target levels, resulting in heavy Government outlays, and therefore the bill should be defeated.

They cannot be allowed to do so because defeat of the bill would still leave the imposition on someone and the necessity to pay for the damage resulting from below-target prices.

Opponents of the bill, in that event, would place such burden on the farmer, and on the consumer. There can be no escape from the logic of this proposition. Financial disaster, or even bankruptcy of vast numbers of farmers would result in lower production in later crop years. So would heavily reduced plantings, if they are induced by fears of even lower commodity prices and the certainty of increased production costs.

Mr. President, I do not choose to travel that road. The risk should be more equitably shared. It is to be hoped that the price structure will hold or improve.

But if it does not, let us be fair enough not to require the farmer to shoulder all of that burden.

Mr. **FANNIN**. Mr. President, we are considering a bill today that if enacted will destroy a farm policy that is finally making sense. That policy, which is market and export oriented, was promoted in the 1973 omnibus farm bill. The Federal Government was finally taken out of the commodity business and the target price concept was substituted in its place.

The results of this policy change speak for themselves. The cost to the Government of running the program has fallen to about $500 million from $3.9 billion in the last 3 years. In addition, U.S. exports of farm products are expected to reach $22 billion this year from approximately $8 billion in 1972. And finally, farmers now have an incentive to adapt to world market patterns by substituting crops that are more in demand for crops they used to grow for the Government to put in Federal storage bins.

The Government had been involved in farm commodity programs since 1929 when the Federal Farm Board was created. For 40 years the farmer played the Government game of central planning in order to share in the Government's generosity. But these programs interfered with the philosophy of free market enterprise, a philosophy our country is based on. Today we are attempting to make the same mistakes we have made for the past 40 years. All of the concepts being proposed have been used in the past with little or no success. Why then do we insist on trying again? It is time we learned from our past mistakes.

The emergency farm bill raises the target prices to a level much too high. This action will stimulate a jump in production and farmers will then be producing for Government guaranteed price rather than for the free market. Surpluses will again pile up, farm prices will weaken and the Government will be faced with larger deficiency payments to the farmer. Is not this what we were trying to get away from in 1973?

Farmers are afraid of rising production costs, though most crop producers have just had the best 2 years in history. They are afraid of what might happen in the future. They want to be protected against a possible loss situation. Yet supply management programs in the past did not bring the expected help to farmers. All they succeeded in was costing the taxpayers billions of extra dollars for farm programs and commodity storage and in pricing U.S. farm products out of the world market.

It is clear to me that if we pass this legislation we will be retracing old footsteps which should have been erased.

In closing I would like to read part of a letter to me from Secretary Butz:

> It is true that costs of farm production have been pushed upward by the same inflationary pressures that have affected other industries. But there is no overall "emergency" in the farm sector of the type that this Bill attempts to redress by making excessive increases in the price support levels for wheat, feed grain, cotton, soybeans, milk and tobacco. Such increases will have predictable consequences in undermining export trade, or of necessitating export subsidies.

> The Agriculture and Consumer Protection Act of 1973, in effect for only 19 months, has lead to record levels in farm exports, farm operators' net income, and total farm cash receipts. At the same time, taxpayers have benefited by a reduction in payments from a peak of nearly $4 billion to only $525 million in calendar 1974, and by the fact that 60 million acres have been released for planting as farmers move into full production of crops that are in greatest demand.
>
> The Bill would deny farmers the incentive to produce commodities needed in the marketplace, causing them, instead, to produce for government guarantees. It would force cropland out of production and drain the Federal Treasury of billions of dollars in program payments. It would lead to further increases in farm production costs and eventually to higher food prices. And it would force U.S. farm goods out of word markets, weakening our position in world trade, and destroying the benefits to our economy of record-high farm exports.

I hope my colleagues will join with me in voting against this bill.

Mr. TALMADGE. Does any other Senator have an amendment? If there are none, I ask for third reading at this time.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read a third time.

Mr. TALMADGE. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. The yeas and nays are called for. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TALMADGE. Mr. President, I yield to the distinguished Senator from Minnesota, who is an able member of our committee, and ask also that he act as floor manager on the bill until I return from lunch, if he will.

Mr. HUMPHREY. Mr. President, I yield for a moment here to the distinguished Senator from South Dakota. (Mr. ABOUREZK).

ORDER OF BUSINESS TODAY

Mr. ABOUREZK. Mr. President, I simply asked for the floor for a brief moment to ask of the majority leader what the intentions of the leadership are following the vote on the farm bill at 5 o'clock today insofar as remaining in session, and what the Senate will do after that.

Mr. MANSFIELD. Well, I think the Senate should remain in session all day if there is a possibility that the conference report can be agreed to. If we do not do it today then we are going to have to do it tomorrow, and I would imagine the overwhelming majority of the Members would prefer to have it done with once and for all one way or the other today.

Mr. ABOUREZK. I thank the majority leader.

AGRICULTURAL PRICE SUPPORTS

The Senate continued with the consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 percent of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

Mr. HUMPHREY. Mr. President, both the Senate and the House have been struggling in recent weeks, as the distinguished chairman of the committee has indicated, on how to respond to the need for agricultural legislation this year. The question which we have tried to resolve is what steps can we take to apply to this year's crops in order to give our farmers some reasonable degree of protection against overproduction which results, of course, in sharply reduced prices.

Mr. President, the administration has refused to face up to this problem of protection against forward production and the possibility of sharply reduced prices for our agricultural commodities, pointing out with considerable glee to consumers that farm prices have continued to decline.

I would remind my colleagues that the distinguished chairman of the Council of Economic Advisers, in his appearance before the Joint Economic Committee of Congress said to us after reciting a litany of doom and gloom as to unemployment and the drop in production and a drop in the gross national product finally found something that he could be happy about. He said:

> I have some good news for the Congress. Farm prices are declining.

Mr. President, it is that kind of thinking which has this country in trouble. Farm prices are declining. That is not good news. Farm operating costs are increasing and have increased. With declining farm prices you have declining farm income, and you compound that problem by increased production costs, which means more trouble out in rural America.

While I had hoped that the Senate would be able to raise the target prices and low levels above that in the House bill, we have continually faced the threat of a veto by the President.

The Secretary of Agriculture has made it clear that he opposes increases in what we call target prices or income production, and he opposes increases in loan levels which would reflect the bearable costs of production for our farmers today.

I want to add, Mr. President, that the loan levels in this bill are below the actual costs of production considerably and, indeed, the target prices are below the costs of production.

On the other hand, we need to ask ourselves what needs to be done, and what is the price of no action at all. In other words, what is the price of continuing on with the legislation which was passed in 1973 and is known as the Agriculture and Consumer Protection Act? The administration has put out misleading cost figures in terms of the impact of this legislation that we now are considering.

While trying to frighten our consumers as to how much this legislation could mean in terms of increased costs, the administration, at the same time, indicates its belief that market prices will stay well above the levels included in this bill.

Now, I think it is important that we center our attention for the moment at this ironical, paradoxical situation that the administration poses for us. Mr. Butz, the Secretary of Agriculture, says:

> If you pass the bill that the Senate Committee on Agriculture has reported, and if you pass the bill that has been approved by the House of Representatives, the cost of food will skyrocket.

That is what the administration is telling the consumers. They say that this legislation will add to the costs of the consumer's bill.

In the next breath, Secretary Butz says:

> We do not need this bill because market prices are going to be higher than those provided in the bill.

So, on the one hand, they frighten the consumers by saying if you pass legislation which will provide $2.25 for corn, for example, or 85 percent of parity for milk, that this will increase the cost of food to the consumer.

But when the Secretary appears before a free market group, he stands up there and says we do not need the Government in agriculture, we do not need any price support programs because the market prices are going to be better than the levels included in this legislation.

Now, I just simply want to remind the Secretary that I have been listening to his speeches both places, both in the Congress and out in the countryside.

In the Congress and in his press reports he tells the consumer to watch out and that Congress is going to make an economic ripoff here on him. Then he goes down to Florida, as he did this past weekend, talks to the American Meat Institute—a fine organization—and says that they do not need to worry. Market prices are going to be up, and this Government program is not needed.

Well, Mr. President, if market prices are going to be higher than the target prices, then the consumer is going to pay more in the marketplace than is called for in the target prices provided in this bill.

So all I am simply saying is that the Secretary of Agriculture ought to start making the same kind of speech in different places instead of having one speech for the consumers and another speech for the American Meat Institute, or whatever group he is speaking to. He ought to have one solid set of statistics, and if the market prices are going to be above the target prices, then target prices are not causing the increase in food costs. It is just that simple.

We do not have to go beyond the eighth grade to figure it out, and using any further time would be a waste.

I am convinced that we need to increase our farmers' protection during this coming year. Our farmers are extremely concerned over what a bumper crop would do to their prices.

In fact, many farmers are talking today of sharply reducing their acreage, and by sharply reducing their acreage, that is the one way they have of putting prices up where they can at least hope to break even.

But also, may I say that I have to make the best decision as a Senator, as to whether to encourage the farmers to cut out their acreage, to cut out their fertilizer, to reduce their production, or whether to encourage farmers to plant so that we have an adequate supply of food for ourselves and for our exports and an adequate supply of food for humanitarian assistance. And in order to have that adequate supply, we have got to have optimum farm production.

The PRESIDING OFFICER. The Senate will be in order, please.

Mr. HUMPHREY. Our farmers over the years, Mr. President, have subsidized this country for about 45 out of the last 50 years. The point is, farmers have not been subsidized. The farmers of America have subsidized the American consumer and the American economy.

That is why millions of farmers have been driven off the land. They have been running their private welfare program to help the rest of the country with cheap food while the rest of the country was doing quite well.

We have faced increasing numbers of bankruptcies during the past year on the part of our livestock producers and our dairy farmers.

Might I add that the livestock production and dairy production represent two of the highest levels of agricultural efficiency. Both of them costly, but representing the finest in agriculture.

Grain producers are rightly concerned that the coming year may be their year of ruination.

They have watched exports be canceled. They have seen the Chinese and the Russians cancel exports, and they have seen these farm prices coming down. Wheat prices have dropped as much as $1.50 a bushel, and yet the costs of production have gone up and up.

The administration has never answered the question which I posed at our hearings with Secretary Butz as to what would happen to the prices of wheat and corn if we had bumper crops this year? What would the prices be for wheat if we had a 2.2-billion-bushel crop? Or what would be the price of corn if we had a 6.5-billion-bushel crop?

I can say the prices will be disastrously low and it will make mass liquidation of some of the finest people in America, people who have big investments in land and machinery and equipment, people who have put a lifetime in building up what we call the family farm agriculture of America.

The administration has also consistently refused to indicate how low they would permit farm prices to fall before taking action to support them. Such silence can only be construed to mean the administration wants every American farmer to assume all the risk involved in producing for an uncertain market.

Mr. President, the administration continues to insist on playing Russian roulette with our farmers. I consider the levels provided in this bill before us to be the bare minimum.

I thought the corn price ought to be higher and I am pleased to see an amendment here today that does a better job for the wheat farmers. Our farmers need this level of protection and they need it now. We need to act so that these revised target prices and loan levels can be applicable to our 1975 crops.

The reason we are moving on this legislation at this early time is because farmers need to know what to expect, they need to know what to expect when they go to their bankers to ask for credit for the seed, fuel, and fertilizer. Farmers have to finance every crop every year and they have to know what rules the Government is establishing.

To the everlasting credit and honor of our distinguished chairman, we have brought this bill to the Senate floor in time so that the farmers can know what the Congress of the United States intends to have as a program.

Now, I took the lead in our committee deliberations in recommending that the support level for milk be raised from 80 to 85 percent of parity.

Quite frankly, I think it ought to be higher and I have said so. I introduced legislation for a minimum of 90 percent of parity.

I have done this every year of my life in the Senate, and this is my 21st year, because I believe that dairy agriculture is vital to this country.

I do not want the time to come when we are fully dependent on foreign sources for our dairy supplies. We are dependent enough today for our petroleum.

We have a policy in this Government right now that is designed to liquidate the dairy farmer and to look to foreign imports as the means of supplying the dairy needs of our country.

I want to warn the American people that if that happens, we will be subject to the same kind of market manipulations in our dairy products by foreign governments as we are in oil.

I think we ought to have a little foresight. If it is important for us have Project Independence in fuel, it is just as important that we have Project Independence in food.

But we have people in high places in this Government who do not understand.

They argue that it would just be better if we let their folks supply us with a certain number of products.

So I took the lead in our committee asking that the price support level for milk be raised from 80 to 85 percent of parity. This, too, is a minimal level of increase, which still will not enable our dairy farmers to reach the break-even point. And yet, the administration can only point to how much of an increase this might mean to our consumers in terms of milk, cheese, and butter costs.

Now, did the administration come in on the study made by the University of Wisconsin, production of 100 pounds of milk? Oh, no; they ignored it.

Did they come in and speak of tnat Cornell University study on the cost of 100 pounds of milk? No; they ignored it.

What they do is go out and tell the consumer that somebody is going to be taken for a ride.

Yet this same administration negotiates a contract with General Motors to build tanks and says that they are entitled to a fair profit.

Not only that, if they decide to cancel the contract or reduce it, they have another clause saying that the Government of the United States will see to it that General Motors gets its money.

Yes, on defense contracts we take care of the contractor. When the Government says to any munitions manufacturer that we want them to produce x number of weapons or so many tons of bombs, we have in that contract that they are entitled to a fair return on the contract.

The Government has a way of paying the contractor, but the same Government comes along to the farmers and says, "Look, produce for the world production, produce for the consumer at home, produce for the markets abroad, produce for the hungry people in Africa and Asia."

"Of course, if the price goes down in the course of doing it, too bad. Goodby, Buddy. Too bad."

I just ask that we treat our farmers the same way we treat some other people. I have watched the leading exponents of Government policy come down here and tell us, "You cannot expect to get cheap money," and that money is a precious commodity. You will have to pay a high interest. I will tell you what else is precious—food. But because we have had so much of it, we fail to understand its value or importance.

Again, the administration has provided misleading information as to the real cost increase of raising the support level, for example, of milk from 80 to 85 percent of parity. It is indicated that the cost increases would be 8 cents per gallon for milk, 10 cents a pound for cheese, and 20 cents a pound for butter.

That is sheer nonsense.

Well, baloney has gone up; I should not give them credit for baloney.

But what the administration fails to mention is that these figures are the estimated increases in dairy product prices anticipated by the end of the marketing year, March 31, 1976. This assumes a continued high level of increase in the cost of production for dairy farmers. A more realistic estimate of the cost increases for now might run about 5 cents per gallon for milk, 6 cents per pound for cheese, and 5 cents per pound for butter. But, Mr. President, let me make it clear that it is not because of the increase in the price of milk. These increases are due to other things.

Let me show you, Mr. President. In December 1973, the Minnesota dairy farmers were receiving about $7.94 per hundredweight of milk under the Minnesota-Wisconsin series for their so-called manufacturing milk.

By December 1974 this level had dropped to $6.41—from $7.94 down to $6.41!

Now, Mr. President, did the price of milk drop in the supermarket? No. It went up. The farmer got $1.50 less per hundredweight and the price of milk, butter, and cheese went up in the supermarket.

The cow did not get rewarded; the farmer did not get rewarded. I do not know who took the economic reward. But I say to the Department of Agriculture, "If you are going to talk about the price of milk, talk about the price of milk. Do not talk about the price of advertising, the cost of labor in a department store or a supermarket, or the cost of transportation."

I am simply talking about the parity price for milk. I repeat that in December 1973 my farmers in Minnesota were getting $7.94 per hundredweight. In December 1974 they were getting $6.41, down $1.50. And yet you could walk into any supermarket in the State of Minnesota and milk was selling for more in December 1974 than in 1973. That is true in every part of the country.

I will tell the Senators why: because there were increased labor costs, there were increased transportation costs, there were increased prices in gasoline and fuel, there were increased taxes, and an increase in a lot of other things.

But Mr. Butz comes around and says:

> If you increase the parity price on milk, the consumer is going to be taken for a ride.

I tell Mr. Butz he ought to get his mind on getting these other costs down. The farmers have already had their prices pushed down.

What would 85 percent of parity give the farmer?

We passed a bill in December 1974 to increase the parity price of milk to 85 percent. We passed it and the President upon the advice of Mr. Butz vetoed it. But he said he would put it at 80 percent, as if that was a great concession. He was a lawbreaker. The law already required that it be 80 percent. The law made it crystal clear that the milk support was supposed to be 80 percent. But when he announced that he was going to put it at 80, it had gone down to 71. He had been cheating the American farmer 9 percent all year long. And I am supposed to feel good when he decides to obey the law?

I have told the Secretary, and I have told his aides, that when the law says it is 80 percent of parity that is what it is supposed to be.

I do not take any particular joy out of the fact that after he has been pushed to the wall by an act of Congress, which the President vetoed, that they all at once announce that they are going to really give us a big break; they are going to make it 80 percent of parity, which had been the law for over a year anyway. They were violating that law.

Eighty percent of parity would have given us $7.24 per hundredweight as compared to what it was in 1973, $7.94. But I point out that the prices received by farmers have never actually reached this level. Establishing the support level at 85 percent of parity today would merely raise the price to our farmers for 100 pounds of milk to $7.84, and this is still below the December 1973 level, December 1973 being $7.94. So if we put it at 85 percent of parity, we are still 10 cents a hundredweight below what the actual market price was in December 1973.

I ask anyone in this body, who is recommending that people get less in 1975 than they got in 1973? I do not know anybody who is recommending that. I have not seen any Senators vote for such a measure.

We actually provided some increased assistance to ourselves and our staffs here in the Congress, and so on, because we needed to. But here are the dairy farmers of America, who are going to get 10 cents a hundredweight less under the proposal that is in this bill—which the President threatens to veto—getting 10 percent less per hundredweight than they got in December 1973—and the Secretary of Agriculture and his peculiar intellectual gymnastics says that this is going to hurt the consumer.

Well, Mr. Butz, I want you to tell me how $7.84 is a greater burden on the American consumer than $7.94.

In December 1973 $7.94 was the price; $7.84 per hundredweight will be the price under 85 percent of parity. And yet the Secretary of Agriculture goes roaming around the country denouncing Congress, calling us names, and saying that we are about to pass legislation here which will really take the American consumer for a major economic ride.

I submit that he is guilty of misinforming the American people.

If he wants to go around and say, "Well, you know the cost of transportation has gone up," and if he wants to go around and say, "You know, the cost of fuel has gone up," I would agree with him. But yet this same administration did not hesitate a bit to propose a $1 a barrel tax on imported crude oil. They did not worry about the consumer. One dollar a barrel for 3 months running—$3 a barrel. They did not worry about proposing decontrol of old oil that would have raised the average price, which would have raised old crude oil in this country up to the world price level. No, that was fine.

The administration says, "Mr. Consumer, that is good for you. That is the way you are supposed to conserve."

Well, Mr. President, as I said in the Committee on Agriculture and Forestry, I did not come down here to preside over the liquidation of American agriculture particularly being from the State of Minnesota. My State is basically an agricultural State. We have iron mines. We produce 80 percent of the iron ore of this Nation. We have huge forests. We have electronic and computer factories and installations. We have some of the largest food processing firms. But basically we are an agricultural State. Whenever there is an administration that decides to take on my people, I take them on.

I am here to tell that administration over in the Department of Agriculture and at the White House that, "If you veto this farm bill, you will have on your conscience and on your back the responsibility for having liquidated thousands and thousands of the finest producers in the world—the American family farmer."

It is kind of good to talk agriculture around here. I remember years past when we would do this and nobody would pay any attention, when nobody seemed to care. You seldom saw a good editorial in any of the Eastern newspapers about it. All they ever did was complain about what the farmers were getting.

I want to tell you, if our farmers were organized like some other people are, they could make you pay $1.50 a quart for milk.

Is it not interesting that the price of martinis has gone up and I have not heard a Senator make a speech against that. If you go out and buy a bottle of wine, you will find that it too has gone up.

We have to pay more for gasoline. We make speeches about that and say we should do something about that. The administration said that we should increase the price even further. It is a fact that both Democrats and Republicans here agree that we are going to increase the price of gasoline by a tax. But the minute somebody says, "You ought to do something for somebody working his head off on a farm," they say somebody here is going to get rich.

Mr. President, I live in Wright County, Minn., one of the largest dairy producing counties in America. I will take any reporter, any Senator, any staff member out there; and if they can find me a 40-hour-a-week cow that gets time and a half for overtime, I will eat the cow, starting at the tail. [Laughter.] You have to milk those cows 7 days a week. There are no 40-hour-a-week farmers.

Besides, we have imposed all kinds of sanitary standards on agriculture, and on dairying in particular. Is it any wonder that thousands of dairy cattle are being liquidated? In my State of Minnesota, more than 3,000 dairy farmers have been forced out of production in the past year. There are more than 70,000 fewer dairy cattle. There would have been many more, except it did not pay to take them to market.

I have letters in my office from dairy farmers in Minnesota who have been dairying, as a family, for 40 years, in which they say they have never seen the price for dairy cattle as low, except in the depression.

If you get somebody to take your dairy cows into St. Paul, the price is so little that you owe money to the trucker who hauled it to market.

I know that this is not a popular subject. I know that what I am saying may suggest that I am "against the consumer," as they say. But, I will tell you what hurts the consumer: when they have a short supply or when the whole situation becomes monopolized.

The greatest thing that has happened to America is the millions of family farmers we have. The day American agriculture becomes corporate agriculture, that is the day when consumers will pay through the nose.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. RANDOLPH. I suggest to the knowledgeable Senator on agriculture policy that it is often not the price of the raw agricultural product from the farm which increases and effects the ultimate consumer. Rather it is the "middlemen"—the processing, the marketing, and retailing of the product between the farmer and the consumer. It is estimated that the middlemen absorb about two-thirds of every dollar consumers spend on food. Is it not the output industries which reflect the cost at the market?

Mr. HUMPHREY. The Senator is correct. That is what I have been trying to point out here.

Even if we put the price of milk up to 85 percent of parity, that farmer may get less for his milk in the coming summer than he got in December of 1973. Yet, the price of milk in the supermarket may be up considerably. It is not that the cow got rewarded, and it is not that the farmer got rewarded. It is that everything else between the farmer and the consumer increases in cost.

Mr. RANDOLPH. Mr. President, will the distinguished Senator yield for a further observation?

Mr. HUMPHREY. I yield.

Mr. RANDOLPH. I do not try to match the eloquent and factual way in which the Senator is discussing the subject of dairy cattle, but I do think that a priority must be given, and a reappraisal has to be made, of the problems of the farmers of this country. It is my belief that we need a commitment to the farm and rural and smaller areas of this country so that these citizens will have prosperity, a further opportunity for development, and stability of population, rather than a lessening of population.

In other words, we must achieve a balance which we do not have today between the so-called countryside and the metropolitan areas of our country. A closer understanding of this need and a realization of the factors involved in the production of the products of the earth are essential in all of our legislative and policy decisions.

The Senator from Minnesota (Mr. Humphrey) has achieved a remarkable record in the development of programs to secure balanced economic growth for all areas of our Nation. This is a challenge which is closely related to opportunity for farm areas.

In this regard, Robert F. Hurleigh of the Mutual Broadcasting Network recently commended Senator Humphrey for his endeavors on balanced growth. Mr. Hurleigh for a number of years was president of the Mutual Broadcasting Co. and then was publisher of American Labor magazine. He is currently back on the Mutual radio network as a regular commentator heard over some 350 stations with about a million and a half listeners five nights a week.

Mr. President, I ask unanimous consent that Mr. Hurleigh's excellent commentary be printed in the Record.

There being no objection, the commentary was ordered to be printed in the Record, as follows:

Commentary by Robert F. Hurleigh

This reporter has followed the career of Senator Hubert Humphrey from his term as Mayor of Minneapolis through his ofttimes lonely fight for civil rights in the Senate of the United States and his support of major legislation designed to improve the American way of life. He has pioneered and worked arduously for so many "bills of improvement" in which he can take great pride and satisfaction that we are astonished to learn that he now proposes new legislation which he describes as the "single, most important legislative proposal of his 25 years in Congress".

Coming from a Senator who has authored so many good measures one might assume that such a characterization of another bill introduced in Congress was simply designed to gain attention. But Senator Hubert Humphrey does his homework and your commentator has learned that when he makes a statement that he has introduced the single, most important legislative proposal in his life, then we all should give our attention to the Balanced National Growth and Development Act of 1974.

This measure is designed to create, officially, the planning for the future expansion of the population and focusing public attention on the problems of our largest cities and to seek support from the public and private sector in establishing the guidelines which will continue selective and planned urban renewal in the largest cities while considering the necessity of new satellite cities which could alleviate the housing, transportation, business and social life of the people.

Surprisingly there is substantial Republican as well as Democratic support on Capitol Hill for focusing national attention on the need for a "National Growth Policy". When it comes to later specific proposals there will doubtless be substantial differences on implementation as between public and private sector emphasis. But the encouraging thing is that recent hearings on the subject in both the House and Senate show an unusual consensus on the need to establish a structure for sorting out priorities and focusing national attention on the problem.

Such planning would take into account that ecological and environmental considerations, as well as energy problems, must be faced as our population increases by at least 50 million in the next 25 years. By such future planning the aspirations of the individual can be recognized and included in the established goals and principles to be set in a cooperative effort by government and private institutions.

The need for planning is obvious and we intend to keep you informed of the progress of this legislation which may give us a joint effort by public and private planners who have the expertise and the vision to establish the principles and goals to give every American a better tomorrow. So goes the world today.

Mr. HUMPHREY. I thank the Senator very much. He is correct. I am very grateful to him.

The cost of estimates of producing 100 pounds of milk vary widely from region to region, but it is certainly clear that establishing support levels at 85 percent of parity will not, and I repeat, not enable our dairy farmers to break even. Estimates vary sharply in terms of the cost of producing 100 pounds of milk, but it is clear that most dairy farmers are losing money. And some are losing as much as $1.50 per each hundred pounds of milk produced.

The administration refuses to face the prospect that driving more of our farmers out of production could eventually result in our being dependent on foreign sources for our dairy products. And then we would pay far more than we do today.

I find it unbelievable that in the past year alone over 3,000 of our Minnesota dairy farmers have been forced out of production. Our dairy farmers with years of experience and very heavy investments are now turning to food stamps and welfare assistance because of farm income losses.

Does the administration prefer to increase the unemployment rolls even further?

Our dairy farmers certainly do not need to be told that the Nation is in a state of recession. They have been experiencing a depression during the last year, and our farmers are generally the first to suffer the impact of a recession or depression.

Most Americans are not aware that agriculture today requires much heavier investments than in previous years. High energy costs, along with increased prices for land, fertilizer, credit, machinery and all other inputs have made it absolutely critical that farmers can rely on getting reasonable prices to cover most of their costs of production.

Since we have become very dependent on the export market, our commodity prices are subject to severe fluctuations. prices to prevent ruin and bankruptcy.

The administration has called on farmers to step up production, and yet it refuses to share in the risks which are a part of farming today.

The administration, under the authority that it now possesses, could declare its intention to make purchases to support farm commodities at a reasonable level near the cost of production. This having to make payments to farmers if crop prices dropped below the target price but did not reach the loan level. This would be one useful approach that the administration could take. It would provide a psychological boost for our farm commoditities which is certainly needed. But the administration has not been willing to do anything to interfere with the so-called free market.

I would hope that our farmers and our consumers would see the need for this legislation and the importance of stabilizing our agricultural economy. If we are to accept the administration's prescription for our farmers and our agricultural economy, we can expect to continue to ride the roller coaster of ruin and bankruptcy on the farms.

Our consumers should recognize that this is not in their short- or long-term interests.

By the way, Mr. President, let me quickly and unequivocally state for the record that the really large consumer of this country is the farmer, himself. The American farmer consumes more steel and rubber products for example, than all the automobile manufacturers put together. He consumes vast quantities of petroleum. He consumes large amounts of electrical energy. Farmers are consumers of processed foods, and they are consumers of feedgrains. So when you talk about the consumer, you are talking about farmers as well.

OTHER HUMPHREY AMENDMENTS

This legislation, which we are considering today, also includes two other amendments which I introduced in committee to increase the protection of our farmers against the possibility of lower prices resulting from surplus production. The first amendment would raise the resale prices of wheat, feedgrains and cotton from 115 percent of the loan level to 115 percent of the target prices.

I am referring to Governments or the Commodity Credit Corporation's resale price that is established for whatever commodities it owns or acquires. Under present law, if the Government takes over crops under the loan program, the Government owns those feedgrains or cotton, or whatever it may be. The danger with Government ownership of any of these commodities is that the Government seeks to dispose of them as quickly as it can, and sometimes it disposes of these products at a time when the market is soft and thereby pushes the prices down further.

I believe that we need some degree of food reserves. I also believe that we need to have price stability—not outrageously high prices and not depressingly low prices, but somewhere in between at measurable and stable prices. Therefore, I submitted an amendment in committee which would see to it that the Commodity Credit Corporation, in disposing of any commodities it owns, could do so only at 115 percent of the target prices.

This resale provision also would apply to soybeans. The present law establishes the resale law at 115 percent of the loan level, and, if we had bumper crops, this level could be ruinous and invite foreign nations to come in and buy up our commodities at rock-bottom depression prices.

I should like the Senate to consider this possibility: As these prices go down, it is entirely possible that one of the OPEC countries which has money to decide that it is a good time to buy huge amounts of American farm commodities at very low prices, then hold them, and push the prices up and sell them back to us and others at much higher prices. We have no protection today to prevent that, except the protections I am offering in this amendment.

Another amendment which I offered would extend the loan period for wheat and feedgrains from 12 to 20 months. The purpose of this amendment would give farmers better holding ability to help stabilize market prices and avoid a premature disposal of their crops. With the present volatility in our markets, it would be extremely helpful for our farmers to be able to market their crops in an orderly manner. Without this feature many of them may be forced to sell their crops when market conditions are at their worst.

We need to look at this measure and any subsequent agricultural legislation in terms of the needs of our farmers and consumers.

I believe that the measure we have prepared here, which provides for some degree of reserves, will help stabilize market prices. Consumers suffer an economic ripoff when those prices go up too high. Farmers suffer when their prices drop too low. The difficulty is that while farm income drops when prices go down, in the supermarket the prices, once they are up, seldom come down. That is why we need market stability.

I hope we have learned some lessons over the past 2 years concerning the need for a balanced policy, which avoids rhetoric and deals with our agricultural economy and fits into today's world. It is my judgment that this bill makes a good start in that direction and I urge my colleagues to join in supporting it.

DEVELOPING A REALISTIC AGRICULTURAL POLICY

Mr. President, I would like to point out a very commendable speech by Mr. Melvin H. Middents entitled, "Food—Energy for the World," which was included in the February Cargill Crop Bulletin, and an editorial, "Wheat, Corn and Milk," which was in the March 16 issue of the Washington Post.

The central issue which these two articles focus upon is the need to develop a realistic food and agricultural policy. It has become apparent that the administration does not have a policy and prefers to distract the public's attention when the issue is raised.

The Congress is currently struggling with the problem; exploring various avenues in an attempt to discover a meaningful approach to the issue. It is imperative that both Houses of Congress address themselves to the difficult questions involved in a food and agricultural policy and take a long, hard look at all practical alternatives. Congress must provide the leadership in this area since the executive branch seems to offer little more than slogans or reasons for not acting.

The cost of doing nothing is likely to be further economic dislocation and uncertainty in the agricultural community. This instability is of critical importance for our economic recovery, but this connection has often been overlooked by some economists.

In the past our agricultural and food policy has frequently been formulated in a haphazard fashion. The Washington Post editorial points out the need for retrospective analysis of our agricultural system and discusses the causes of the recent farm price fluctuations which have led to soaring consumer prices and decreasing revenues for farmers.

The editorial states:

> There is no great mystery about the basic reasons for the wild swings in farm prices since 1972. This country has largely sold off its grain reserves, and it is producing increasingly for foreign buyers. The Administration zealously pursues its ideal of a free market in a business where the biggest operators are state trading corporations—of which the most important and most unpredictable is that of the Soviets. With low reserves and uncertain foreign demand, even a small shortfall sends prices soaring and even a small surplus turns them skidding downward. These fluctuations in grain prices set off massively inflationary disruptions in American meat and poultry production which, particularly in the case of beef, can take years to work themselves out. You don't need a Ph.D. in economics to see that merely raising the grain support prices will do very little to stop this seesawing.

It is quite clear that our agricultural system faces long-term uncertainty which requires long-range solutions. Because of sharply fluctuating export demand and possible changes in weather patterns, we must be prepared to face scarcity as well as years when there may be surplus production. This is precisely why our farmers are now so concerned about the prospect of further price decreases resulting from bumper crops.

The Middents speech also discusses the World Food Conference and the importance of the steps to be taken to slow the population expansion and encourage food production in the developing countries.

In conclusion, Mr. Middents considers alternative approaches to develop a more realistic food and agricultural policy. He mentions the possibility of increasing income protection for our farmers, but his main conclusion is support for a reserve system.

He suggests that a successful reserves policy must: First, avoid price-depressing surpluses; second, allow market forces to function in normal circumstances; and third, avoid offering a protective umbrella to other developed nations that relieves them of their stockholding responsibilities.

Mr. Middents soundly observes:

> A reserves program is not a panacea for the problems facing American agriculture. We have become convinced, however, that the costs of not having such a policy dictate the kind of program I have outlined. Although we strongly defend the importance of free markets and the role of market pricing in guiding supply and demand responses, we also recognize that major supply adjustments can only be made in the following crop year. Volatility in world production and consequent volatility in world trade suggest that the demand for U.S. production will vary substantially from year to year. A reserves policy designed to reinforce the market orientation of American agriculture would provide a more effective tool for dealing with this variation than export controls. Moreover, by providing increased supply assurance for consumers a reserves program would contribute to stronger markets for grains and oilseeds over time.

These two statements provide some perceptive comments which should be of assistance in dealing with the major agricultural concerns facing the Congress.

Mr. President, I ask unanimous consent that these two statements be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Food—Energy for the World

(By Melvin H. Middents)

Thank you for again inviting me to speak at your Farm Forum. I am sorry I was unable to attend last year, but I understand Dick Goldberg delivered my speech superbly. Dick claims that he was even better in the question and answer period when he was not constrained by the text I have prepared.

It is difficult to know which factors affecting agricultural prospects deserve the most attention in a period of uncertainty such as we now have. We are in the midst of a worldwide recession. The major developed countries of the world are suffering from stagnant consumer demand and rising unemployment of people and resources. This situation is aggravated by rapid advances in consumer and wholesale prices, and the combined problems of recession and inflation are heightened by a difficult energy situation. Solutions to the world's energy problems remain far from clear.

Agriculture is faring reasonably well in this difficult period—and much better than many other industries in our country. Even within agriculture, however, we face serious potential problems and important policy alternatives. In my comments today I would like to identify the emerging factors to which farm and food policy should be responding and to suggest some of the most important policy choices which we will be asked to make.

AGRICULTURE IN THE SEVENTIES

In 1972 world production of grains and oilseeds decreased for the first time in over two decades. U.S. production was relatively high, but adverse weather conditions in major producing areas outside of the U.S. reduced foreign production and contributed to strong foreign demand for U.S. farm commodities. We witnessed a major increase in U.S. exports and drawdown of carryover stocks. *World* grain exports in 1972 increased 24 million tons over the preceding year. *U.S.* grain exports increased 30 million tons in order to make up for the shortfalls of other traditional exporters.

Production in 1973 increased nearly 10 percent worldwide, but demand remained strong as the major developed countries experienced a simultaneous economic boom. Consequently, there was little rebuilding of food stocks that had been depleted in 1972 and little cushion provided for the shortfalls in production that followed in 1974.

Total world grains production in 1974 was again disappointing. Perhaps you recall that at this time last year we were optimistic about U.S. production for 1974. Acreage and yield projections implied record production. A more sobering picture of U.S. and world agricultural production emerged, however, as the year progressed. Adverse weather conditions in parts of Canada, Russia, India and the U.S. contributed to the second downturn in world production in three years.

It now appears that total world grains production in 1974 was about 910 million metric tons or about 6 percent less than total production in 1973. Carryover of all grains by the end of this crop year is expected to fall to 80 million tons—down from 100 million tons last year. This will be the lowest carryover in decades and only one-half the level just five years ago.

The situation in the U.S. reflects the tight supply situation worldwide. With an expected total wheat disappearance of 1.780 billion bushels during 1974–75, we should have a carryover next June 30 of about 260 million bushels—or 10 million bushels more than our carryin this year. The supply of feed grains in the U.S. is even tighter. Although total corn utilization—domestic and export—will be down more than 1 billion bushels this year, carryout is expected to be only about 325 million bushels next October due to the small size of this year's crop.

Although projections are very tentative at this point, I can tell you that assuming average weather conditions prevail production will be up next year. We are projecting a 6.1 to 6.3 billion bushel corn crop and a 2 to 2.2 billion bushel wheat crop. Spring wheat production may account for 425 to 525 million bushels of total wheat production. This compares with 370 million bushels in 1974. Of this amount, 105 million bushels may be durum compared with 80 million bushels last year.

If these production projections are reached or exceeded, we may see some rebuilding of stocks in the U.S. and in other parts of the world. Developments outside of the U.S. of course, will be equally important in dictating prices and carryovers for next year.

This discussion of expected production has necessarily been general and conditional. The high degree of supply variability which we have experienced during the past three years has demonstrated the uncertainties of projecting crop production.

Discussions of the longer-term outlook for supply and demand should be approached with even more caution. Food experts differ in their assessments of the prospects for future world food production. While there is no definitive evidence at this point in time, I am not convinced that we have moved into a period of chronic food shortage. This is not to argue, however, that we will return shortly to a period of surplus production. Supplies may remain tight for a number of years depending on the weather conditions in forthcoming growing seasons. In looking at prospects for the balance of the seventies, however, I believe that the evidence points most strongly to a situation characterized by world food supplies varying above and below a trend of rising world demand.

Evaluation of prospective food availability, of course, must also include an evaluation of likely demand developments. As with supply, experiences during the past three years suggest some important developments on the demand side. Steadily increasing demand for farm commodities has traditionally been attributed to two major factors: growth in population and increasing per capita income.

A direct correlation exists between rising consumer affluence and upgraded diets. Growth in per capita incomes means increased demand for meat, milk and eggs and consequently increased consumption of grains and oilseeds.

The general economic improvement throughout the world since World War II has led to growth in per capita consumption—both in developed and developing countries. Whether this pattern of growth continues will depend on future economic developments, including possibly a worsening world recession. Just as growth in consumption during the past three years has been tied to economic boom, reduced per capita consumption may follow from the slow down in economic activity that we are now experiencing.

Population trends are much more predictable, and the impact of growing population on world food consumption is clear. World population currently is approaching 4 billion people. It is increasing approximately 75 to 80 million people each year or about 210,000 people each day. This means that the world must feed a group of "new" people each day which is equal in size to 2½ times the combined populations of Fargo and Moorhead. Many demographers now estimate that by the year 2000 world population may reach or exceed 7 billion people.

Commercial demand for food is influenced significantly by population growth. Equally important, however, is the impact of population growth on food aid requirements and the needs of developing countries. Two-thirds of the world's population now live—or more realistically only exist—in the under-developed or developing nations. Not only is the base population of the Third World large, but the rate of increase is also high. The world population growth rate is about 2 percent, but in some developing countries it exceeds 3 percent.

This disproportionate growth in population, if it continues, will have serious consequences on the future distribution of world food. The Food and Agriculture Organization (FAO) of the United Nations estimates that based on current population and production trends, the gap between production and need in developing countries will rise within the next ten to fifteen years from the current level of 25 million tons to as much as 85 million tons annually. Even if a transfer of this large a quantity of grain annually were logistically possible, there is little reason to expect that developing countries will have financial reserves sufficiently large to translate their food needs into commercial food demand. There is also little reason to believe that the world commitment to food aid will be adequate to cover the difference.

International food problems such as these are important to the United States and are likely to influence development of future farm and food policy. Decisions made at the recently completed World Food Conference give an indication of the directions in which we are likely to move.

Although the ultimate impact of that Conference is still uncertain, we know that the delegates arrived at a consensus on some important issues. Among other decisions, they agreed that cooperative methods for stockpiling grains should be negotiated among importing and exporting nations as a safeguard against sudden emergencies and the vagaries of weather. There was also agreement that increased production in developing countries should be a priority objective and that inputs and incentives designed to achieve this objective should be encouraged.

The success of these programs and others outlined at the Conference will depend on the specifics that are negotiated by working groups that will meet shortly. It is already clear, however, that world food security is an important international issue of growing concern among both developed and developing nations.

I have discussed thus far the recent trends in world food production, the major factors influencing world demand for agricultural commodities and the importance of the agricultural development and food aid needs of developing countries. These three developments provide a starting point from which to assess the conditions to which food and farm policy should respond in the balance of this decade. Developments in two other areas seem equally important in this regard. The first is in the area of agricultural trade; the second relates to recent changes in input costs.

It is difficult to discuss American agriculture without at the same time talking about world food needs and the impact of agricultural trade on the U.S. During the past marketing year the U.S. exported the produce from nearly 1 out of every 3 acres harvested. Wheat exports have been relatively even more significant, accounting for nearly ¾ of annual production in recent years. In this period of rising import costs the contribution of these exports to the U.S. trade balance and to the strength of the dollar is essential. Equally important are the jobs and income created in agriculture and its supporting industries.

Because farm exports are central to agricultural and economic prosperity in the U.S., it is important to recognize recent developments and potential uncertainties in agricultural trade. Since 1972 when the Soviet Union first came into U.S. markets to buy substantial quantities of wheat and feed grains, the impact of state-controlled buying on world trade patterns has been a matter of increasing concern. Purchases by the PRC and the USSR during each of the last three crop years have been significant. We know that purchases by the Soviet Union reflect a commitment made by that government to increase substantially domestic meat consumption. This year, in a period of high feed grain prices in which most of the developed countries are reducing their production of grain-fed beef, the Soviet Union appears not to be rationing consumption in response to higher prices. Whether world economic conditions will become sufficiently tight to require that the Soviet Union adjust or moderate its commitment to meat consumption is not at all clear.

The buying intentions of the PRC are also a subject of some uncertainty. Just last week contracts for 600,000 tons of wheat to be delivered from next month through September were reportedly canceled by the Chinese. The canceled contracts represent ⅔ of the total wheat that had been registered for delivery to China between now and mid-1976. Last year, in contrast, the Chinese were our biggest customer for wheat, importing three million tons.

Other more traditional forms of trade protection also distort market allocation and the impact of price changes on trade flows. For example, the continuing isolation of the European Community from the impact of world market prices shifts the burden of adjustment onto freer market economies. The upcoming multinational trade negotiations—the Tokyo Round—offer an opportunity for reducing these barriers to freer agricultural trade. To do so could lead to more efficient allocation of the world's agricultural resources over time and a continuing opportunity for U.S. farmers to produce for the export market.

The final development that I believe is important to consider is one with which most of you are already aware—that is, the recent substantial appreciation of the costs of inputs used in agricultural production. The causes of higher input costs have been many. Higher costs have resulted, in part, from the general level of price appreciation in the U.S. Farm implements, for example, have risen in price along with other durable goods produced in the U.S.

The quadrupling of oil prices by OPEC has also had a major impact on agricultural production costs. A recent USDA estimate of fuel utilization indicated that a conservative assessment of the fuel used in producing food would place it at 13 percent of total U.S. consumption. It is, therefore, not surprising that higher oil prices have had a major impact on farm production costs.

The cost of farm inputs has increased for another important reason—one linked closely to the farm economy itself. Very simply, the price of many inputs has increased because the demand for these inputs has grown substantially. High commodity prices provide a strong incentive for farmers to increase production. Efforts to increase production, in turn, lead to increased demand for seed, fertilizer, farm chemicals and other production inputs. In those instances in which the supply of the input cannot be increased in the short run, price rises to ration supply and to provide incentives for increased production over the long term. The recent jump in fertilizer prices provides a good example of this phenomenon. High fertilizer prices are providing the incentive for needed investment in production capacity. When new production comes on line, we may see a decline in the real cost of fertilizer. This development may also occur in the case of other farm inputs. To the extent that high input costs are related to recent, abrupt changes in demand they may move back to more normal levels as the economy adjusts over time.

FARM POLICY: ISSUES AND ALTERNATIVES

The developments which I have outlined suggest the nature of the problems and opportunities to which agriculture will be asked to respond in the balance of this decade. The current environment, however, is an uncertain one. Events may unfold in any one of a number of ways. The prospective balance between world food supply and demand is uncertain. The food needs of developing countries pose important challenges to world food security, and international solutions to deal with these problems may alter the environment for commercial agriculture. Trade in agricultural commodities is important to world food security and is growing, but agricultural trade patterns are also uncertain. Finally, recent changes in the cost structure of farm inputs raise additional problems for domestic farm policy.

Despite this uncertainty, short-term concerns are causing attention to focus on policy alternatives to existing farm programs and legislation. The Senate Agriculture Committee, chaired by Senator Talmadge, begins hearings today on this subject. The hearings will continue this week and will begin again the week of February 17. The starting point for discussion before the Committee is a bill recently introduced by Senator Humphrey. The Senator's bill, if adopted, would: (1) raise loan and target prices; (2) establish a reserves program with government-held stocks; and (3) initiate programs to license and control exports.

While some short-term problems may dictate changes in the administration of farm programs or perhaps even legislative responses such as these, there is also a risk that major permanent changes made now in farm legislation could prove counterproductive over time. If instead policies are pursued which preserve options for later adjustments, more effective programs for protecting long-term fundamental interests may evolve.

The risks posed by policy alternatives involving major adjustments of price supports offer one example. As I suggested earlier, input costs for farm production have increased substantially during the past two or three years. Because many of these higher input costs reflect higher levels of demand pushing up against limited production capacity, it is reasonable to expect that the real costs of some farm inputs would moderate if the U.S. moved into a period of more ample food supplies. Very simply, the high prices being paid now for agricultural commodities may be supporting farm input prices at levels above those which will prevail over time. If this is the case, to respond to current high input costs by moving support prices permanently to substantially higher levels would be unwise.

Price props above long-term equilibrium levels would lead to overinvestment in farming and the problems of surplus production so prevalent in the 1950s and 1960s. Furthermore, to the extent that high price supports were capitalized into land values and other farm resources, production costs would be artificially inflated, eroding income gains to farmers. Finally, farmers in the U.S. would not benefit if farm prices were again supported at noncompetitive levels encouraging overexpansion in production in other parts of the world.

This is not to suggest, however, that there is no need for increased income protection for farmers during the next crop year. If production reaches the levels now projected and demand softens due to worsening economic conditions, commodity prices could fall dramatically, squeezing farm incomes.

Implementation of a reserves program offers one potential solution. Government purchases of reserve stocks at specified prices would provide temporary support without the risks of a permanent adjustment of price supports to substantially higher levels.

Since frequent discussion of reserves proposals has led to some unnecessary and unfortunate confusion, I would like to be very clear about Cargill's ideas on this subject.

We believe that a successful reserves policy must: 1) avoid price-depressing surpluses; 2) allow market forces to function in normal circumstances; and 3) avoid offering a protective umbrella to other developed nations that relieves them of *their* stockholding responsibilities.

By limiting the quantities which the government could purchase and providing for a wide band between the acquisition and the release price levels, these objectives could be met. If reserve stocks were not released back into commercial channels unless prices increased to levels at least two or more times acquisition prices, market forces would be permitted to encourage needed supply and demand responses.

A reserves program is not a panacea for the problems facing American agriculture. We have become convinced, however, that the costs of not having such a policy dictate the kind of program I have outlined. Although we strongly defend the importance of free markets and the role of market pricing in guiding supply and demand responses, we also recognize that major supply adjustments can only be made in the following crop year. Volatility in world production and consequently volatility in world trade suggests that the demand for U.S. production will vary substantially from year to year. A reserves policy designed to reinforce the market reorientation of American agriculture would provide a more effective tool for dealing with this variation than export controls. Moreover, by providing increased supply assurance for consumers a reserves program would contribute to stronger markets for grains and oilseeds over time.

CONCLUSION

Although the environment in which we must now operate is an uncertain one, I am confident that American agriculture will continue to prosper by being responsive to changing needs and conditions. The issues of farm and food policy which I have reviewed briefly are important ones which should be given serious consideration. I hope that the comments I have made today will provide a sound basis from which to continue the necessary dialogue that will lead to their resolution.

Thank you.

[From the Washington Post, Mar. 16, 1975]

WHEAT, CORN, AND MILK

Grain prices, sinking rapidly for the past five months, offer the latest example of the dangerous instability that has overtaken American agriculture. The House Agriculture Committee has responded in a manner that is as conventional as it is narrow and inadequate. The committee has reported out an emergency bill that merely raises and broadens price supports for one year. The result is an equally conventional political quarrel. Some of the farmers angrily charge that even the committee's higher supports would not cover their production costs. Consumers' organizations denounce the bill because it would raise some prices and prevent others from sinking. The Ford administration is threatening a veto because the higher subsidy levels would cost the federal government nearly a billion dollars. Nobody seems to be thinking much about what has gone wrong in our agricultural system over the past several years or how a durable remedy might be constructed.

There is no great mystery about the basic reasons for the wild swings in farm prices since 1972. This country has largely sold off its grain reserves, and it is producing increasingly for foreign buyers. The administration zealously pursues its ideal of a free market in a business where the biggest operators are state trading corporations—of which the most important and most unpredictable is that of the Soviets. With low reserves and uncertain foreign demand, even a small shortfall sends prices soaring and even a small surplus turns them skidding downward. These fluctuations in grain prices set off massively inflationary disruptions in American meat and poultry production which, particularly in the case of beef can take years to work themselves out. You don't need a PhD in economics to see that merely raising the grain support prices will do very little to stop this seasawing.

The House Agriculture Committee's bill is particularly unfortunate in its tendency to set farmers and consumers against each other. The two sides have a strong common interest in stabilizing prices. Wheat and corn growers liked the idea of a swinging market as long as it kept swinging upward. But now that it has turned and the farmers perceive their peril, it becomes possible—in political terms—for Congress to work toward a comprehensive national farm policy.

If farmers want government insurance against sudden drops in prices, they are going to have to concede that consumers have an equal right to insurance against sudden leaps in prices. Consumers, for their part, are going to have to get used to the idea that food prices cannot safely be pushed down much. This country has now made a sound decision to work toward unprecedentedly high grain production. Prices are going to have to be held high enough to cover extremely intensive cultivation. While there is a compelling case to be made for higher price support for grain, there is an equally strong case for federal intervention to keep erratic and unexpected foreign purchases from deranging the market. That means either export controls or higher reserves, and perhaps a combination of the two.

The case of the dairy industry is quite different, and here the Agriculture Committee's bill is on altogether the wrong track. While the country needs more grain to meet worldwide demand, we already have a substantial surplus of milk. The effect of the committee's generosity in raising dairy supports is to increase that oversupply at great expense to the consumer. The Agriculture Department estimates that the effect of the committee's formula, by the end of this year, would be to raise the price of milk 8 cents a gallon, the price of cheese 10 cents a pound and the price of butter 20 cents a pound. The dairymen's distress last year was mainly owed to the steady rise in the cost of feed for their cows. But since last fall the decline in grain prices has transferred the distress to the grain producers and brought a significant measure of relief to the dairy industry.

The United States cannot expect to return to the kind of stability in food prices that it enjoyed before 1972, when we deliberately held our domestic prices far above world levels. The rest of the world is richer now, and well able to bid on our markets. But neither does this country have to endure indefinitely the kind of midnight raids, speculative pounces, and unexpected shortages that our markets have suffered over the last several years. The House committee has wasted its opportunity to adapt American agricultural policy to these new circumstances. It is up to the Senate to take a broader view.

Mr. HUMPHREY. Mr. President, I yield the floor.

Mr. JAVITS. Mr. President, what is the parliamentary situation? Is there a time limit?

The PRESIDING OFFICER. There is a time limit on the bill. Third reading has been had on the bill.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may proceed for 5 minutes and that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

IN COMMEMORATION OF THE 30TH ANNIVERSARY OF THE LIBERATION OF THE SURVIVORS OF THE HOLOCAUST

Mr. JAVITS. Mr. President, I intend to send a resolution to the desk, have it read by the clerk, and ask unanimous consent for its immediate consideration. First, however, I wish to explain the situation and what the resolution is about.

Mr. President, the resolution requests the President of the United States to proclaim April 6, 1975, as a day of observance of the 30th anniversary of the liberation of the survivors of the holocaust, the Hitler holocaust. It is the day upon which the soldiers of the United States and our allies liberated the survivors of Buchenwald, exposing to the world the shameful genocide committed by the Third Reich.

The resolution passed this body as a concurrent resolution a few days ago. It went over to the other body, where it bogged down because of no problem affecting the substance or the substantive question in this resolution, but because they are having problems about suspension day and whether they should or should not have these resolutions dealt with by the Committee on Rules, and so forth. It is through no fault whatever with the substance of the matter; it is simply the procedures in the other body. Because the date is so close and will occur while we are still in recess for the holiday, I felt that the best thing to do is convert it to a Senate resolution.

Mr. President, based upon that description, I ask unanimous consent that the resolution be called up at this time for immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A Senate resolution to request the President to proclaim April 6, 1975, as a day of observance of the thirtieth anniversary of the liberation of survivors of the holocaust.

Mr. JAVITS. Mr. President, I have discussed this matter with Senator MANSFIELD and Senator BYRD on the majority side, and with Senator HRUSKA, who is the ranking member of the Judiciary Committee, on the minority side; all have expressed their satisfaction with having it immediately considered.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 123) was agreed to.

The resolution is as follows:

SENATE RESOLUTION 123

Resolved, That the sixth day of April 1975 is hereby marked in commemoration of the thirtieth anniversary of the liberation of the survivors of the Holocaust. It was on that day in 1945 that the Allied soldiers liberated the survivors of Buchenwald concentration camp exposing to the world the shameful genocide committed by the Third Reich.

In order that such inhumanity never be forgotten the President is requested to issue a proclamation inviting the people of the United States to observe such day with appropriate ceremonies and activities.

AGRICULTURAL PRICE SUPPORTS

The Senate continued with the consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

Mr. TUNNEY. Will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from California.

Mr. TUNNEY. Mr. President, as you may realize and as the distinguished chairman and other members of the Committee on Agriculture certainly know, California's No. 1 industry is agriculture. Approximately 280,000 people work on farms in California, more than any other State in the country. Thus, it goes against my natural inclination to contemplate voting against any bill which is designed to improve the lot of farmers. But, I see no course other than to vote against the bill that has been reported out by the Committee on Agriculture.

Many farm experts argue that there should not be a farm bill at all this year. It is their contention that we should allow the free market to work its will. That is certainly the position of Secretary Butz in his pleas to stand behind the 1973 farm bill until it has had a reasonable trial period.

While, I see some merit in that argument, I am convinced that an emergency situation does exist in American agriculture today. The challenge for many farmers is the minimization of loss rather than the maximization of profit.

At the same time, we are asking American farmers to produce record crops to help alleviate the food shortages at home and abroad. We recognize that there are substantial pressures on the small family farmer today.

And thus if we are asking a wheat farmer in Nebraska to produce the maximum crop his land will yield so that children in Los Angeles, as well as children in South America or Africa, will have enough to eat, it is not only fair but necessary to assure the farmer that the increased supply will not drive prices so low that he cannot realize a decent profit. That is why I was happy to learn that a bill was passed in the other body which attempted to reconcile the needs of the farmer with the needs of the consumer. When that bill came over, I was relieved to see that there was substantial support in the other body for a 1-year compromise bill, and I was hopeful that there would be similar support in the Senate so we could pass the same legislation, send it straight on to the President, and have it signed into law.

It seems to me that the House bill which was sent over to us represents a good compromise, one that could be supported by many Members of the House and Senate, and I think it could be supported by the administration. But instead of the House bill, we are now considering a bill which flies in the face of the compromise effort spawned in the House. It is a measure which does not promise a return commensurate with the additional tax dollars it will require. Moreover, the differences between the House-passed bill and the proposed Senate committee amendment will require a difficult conference, which will only further delay this much needed emergency legislation.

By a three-to-one margin, the House set the cotton target price to loan ratio at 45 cents to 37 cents; yet the measure now before us raises the ratio back to a target price of 48 cents and a loan rate of 40 cents. This seemingly small adjustment would cost the taxpayers of this country over $300 million just this year and would send even more cotton to warehouses that are already overflowing.

It is my understanding that at the present time there are 5 million bales of surplus cotton in our warehouses that cannot be sold. Why we want to establish a program that is going to encourage the production of more millions of bales that also cannot be sold is beyond me.

In addition, land will be diverted from a needed commodity, such as soybeans, back into the useless production of surplus cotton.

As for dairy supports, the House voted to make 80 percent of parity the support level. The Senate bill would raise the support to 85 percent of parity, a level at which the consumers will see an 8-cent increase in the price of a gallon of milk and 20 cents for a pound of butter.

Mr. NELSON. Mr. President, will the Senator yield there?

Mr. TUNNEY. I will yield for a question.

Mr. NELSON. I call the attention of the Senator, and ask what his response would be, to studies of the agricultural economists at the University of Wisconsin which show that the average dairy farmer in Wisconsin, for his effort on the farm, is receiving below the poverty level in wages, and that they are going broke daily—we lost about 1,100 dairy producers last year—because the price is so low.

I ask the distinguished Senator from California, if he had a group of workers in the State of California working 10 hours a day and 7 days a week, and earning below the poverty level, and they went on a strike, would not the distinguished Senator from California be the first to join with all the ministers, all the priests, all the labor unions, and all the editorial writers in saying it is shocking that people would work 10 hours a day and receive for their effort less than a poverty income? That is what the dairy farmers in Wisconsin are receiving. How would the Senator justify that level of income, and does he is fact support that level of income for any worker in this country, let alone the owner and manager—or attempted owner, with a big mortgage—of a complicated business unit such as a dairy farm?

Mr. TUNNEY. I certainly would not support a wage below the poverty level for any person in this country, but I do not think that the committee bill in any way goes about remedying the situation in the way it should be remedied. The remedy to the situation is not a massive artificial price support structure which is going to cost the taxpayers hundreds of millions, if not billions of dollars. As a matter of fact, the Department of Agriculture estimates this particular bill will cost $9 billion over the course of 3 years.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield.

Mr. HUMPHREY. The Department of Agriculture flunked arithmetic. They know how to divide, but they do not know how to add. May I say I have been on the Committee on Agriculture and Forestry for some time. And the record of the Department of Agriculture is so bad that had they been in an ordinary elementary school, they would put them into remedial reading with special instruction or taken out of school. They are a problem child. They cannot add.

Mr. TUNNEY. The thing that worries me about the dairy supports is that with one hand we increase substantially the support payments that will be made; but, with the other hand, we take the money right back out of the dairy farmer's pocket by increasing the price of feed grains through the 3-year escalator clause in the bill. The dairy farmers in California say that this bill is going to increase their costs by a substantial margin more than they are going to receive from higher supports.

It is one thing to have special interest legislation; it is another thing to have special interest legislation that is poorly drafted and does not accomplish the purpose for which it is designed. I would much rather have a cash payment to the farmer who cannot make it, just a simple cash transfer. Decide how much you want: $2,000 a farmer, $5,000 a farmer, $10,000 a farmer and give him that cash payment rather than building up this edifice which will cost the taxpayers billions of dollars and will not bring about the solutions that are needed.

Mr. HUMPHREY. Mr. President, will the Senator yield there?

Mr. NELSON. I just want to ask one question. Does the Senator call it an unjust charge to the taxpayer, the consumer, to at least pay the cost of production of the product plus the minimum wage, which the Senator from California has already supported when the issue was before the Senate? Is it a subsidy by the consumer to pay the cost of production plus a reasonable return? I am sure the Senator would not expect the retail grocer to be working at less than the minimum wage, and not be able to increase his price. I do not understand the Senator's logic. He is willing to let the farmers go bankrupt, because he says it is going to cost the consumer billions of dollars.

Let me point out to the Senator that a study at the University of Illinois as of last year concludes that at the current rate, this country will not be self-sufficient in dairy products by 1981, because we are driving the farmer out of business because he cannot make a living. In 1981, if that comes to pass, tragically, then we will pay the Common Market, as we are paying the Middle East for oil, the charge that they demand. Is that a favor to the consumer in this country?

Mr. TUNNEY. It is certainly not a favor to the consumer if you agree that the facts as the Senator has stated them are accurate, but I do not agree that they are accurate.

Mr. NELSON. Does the Senator have any other——

Mr. TUNNEY. The Western Dairymen's Association, for example, supports 80 percent of parity. Maybe our dairymen are able to produce more efficiently than dairymen in other parts of the country.

What I am saying is that I think that if we are going to have a program to support the dairy farmer, who certainly is not receiving the kind of wages or income he is entitled to, considering the hard work that he puts in and the risk to his investment of capital, we ought to do it on a rational, sound basis, and perhaps one of the ways to do it is through a straight cash transfer.

We have millions of Americans who are getting tax transfers. We have social security recipients, veterans, welfare beneficiaries, benefits to the blind and disabled—there is no reason why we cannot have a straight cash transfer payment made to the farmer. We do it for industry. The loopholes in our tax laws cost the Treasury tens of billions of dollars. It is my understanding that if we take all the exemptions, depletions, and deductions together, it costs the Treasury $90 billion a year.

Now we know some of these are beneficial, and we know that we need them. It is the same kind of payment to the recipient of that benefit as if a check were written on the Treasury of the United States.

It seems to me it is a much cleaner way to do it, to give a check to the farmer for the value of his services, a simple cash transfer, rather than building up an artificial structure that makes the industry totally noncompetitive in the way that it has developed over the past years.

I think this bill suffers further by taking money and giving it to dairymen with one hand, and then taking it out of his pocket with the other hand by allowing the price of feedgrains to rise to such a level that he is going to lose more than he gains over the 3-year period.

Mr. NELSON. Well, is the Senator suggesting that we support the dairy farmers in the same way we support Boeing and some of these other industries?

We are not talking about the so-called little dairy farmer. We are talking about the optimum-sized dairy farm, which is the most efficient producer in this country. The 900-cow herd is not efficient enough to stand up, but the family farm, with 50 cows or 80 cows or 100 cows, is the most efficient producer.

There are no more efficient producers of dairy products than the farmers in Wisconsin and Minnesota. We produce one-seventh of all of the milk in America in my State.

This is not a question of subsidizing the dairy farmer. It is because he cannot set his price. The farmer would settle very quickly for the right to say:

> All I want is an 8 percent return on my investment, and all I want is a reasonable wage. You allow me to set that and I will be happy.

He is not asking the Government to do anything for him. He is not asking the consumer to do anything for him. He is asking for justice, and because there are so many thousands of them, they cannot set their own price.

So we have established, at least, some process of setting a floor, a floor which is totally inadequate.

The farmer is not asking to be given anything. He is just asking to get what the ordinary person is able to get for himself if he runs his own retail marketplace, if he manufactures something, if he belongs to a labor union and goes to work in a plant every day. The farmer is not getting what skilled labor is getting, but he has the responsibility of managing a $200,000 plant. He has the responsibility 7 days a week, and the Senator sits here suggesting 80 percent of parity is enough.

Mr. NELSON subsequently said: Mr. President, I would just like to point out for the RECORD that I regret the junior Senator from California is not here because I would have had the opportunity to have brought these figures up in his presence. But, in any event, the California dairy farmers are receiving $8.90 a hundred for their milk, which is almost a 100 percent of parity; 100 percent of parity is $9.14.

The Wisconsin dairy farmers are receiving $6.90 a hundred, which is less than 80 percent of parity. So all the Wisconsin farmers are seeking or all the Wisconsin farmers rather would receive in this farm bill is less than they are entitled to, but they thought at least at 85 percent of parity they would be getting $7.94 a hundred, which is still almost $1 a hundred under what is being received by the dairy farmers in California.

Mr. President, my friend and colleague, Representative ALVIN BALDUS of Wisconsin, has prepared a statement pertinent to the farm bill we considered today. I ask unanimous consent that the text of this statement be printed in the RECORD at the close of my previous remarks on the farm bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

REMARKS BY CONGRESSMAN ALVIN BALDUS

Considerable comment has been raised about the dairy section of the Emergency Farm legislation, particularly the portion raising target price supports to 85 percent of parity. Some have wondered about its effect on consumers.

First, let us never forget that farmers are consumers. The costs of the farming business have risen faster than in any other sector of the economy. Consider:

Baler twine is up 5 times in the past 2 years;

Steel fence poles are up 4 times in the past 2 years;

Fertilizer is up 3 times in the past 2 years;

Gasoline has doubled in the past 2 years.

This is emergency legislation. It is designed to provide temporary relief from the recession for our farmers, including our dairy farmers. I ask those who have gotten lost in a maze of figures on the short-run effects of this bill to the consumer to consider the long-run effect of forcing our dairy farmers off the farm.

Do we really want to pursue a national policy of forcing our dairy farmers out of business? Do we really want to create a shortage situation where we are dependent upon foreign imports for our dairy products, much as we are now dependent on the Arab countries for oil? Such a policy is ironic, at a time when we are trying to establish our independence from foreign resources.

We are the strongest, most productive dairy nation in the world. I am not an economist, but is it reasonable to ship our grain abroad, run it through foreign dairy cows, process it and then ship it back to this country, inspect it before it comes in and store it in warehouses, when we could produce it ourselves? I don't think so.

In the long run, gentlemen, it will be the consumer who pays for such economics. In the long run, as we have seen with oil, price increases come not by the cent, but by the quarter and half dollar.

The House, on March 31, passed Emergency Farm Bill H.R. 4296. The bill was amended on the floor to provide an 80 percent dairy price support level instead of 85 percent.

I strongly urge you to restore the 85 percent parity price support level. Dairy farmers in states like Wisconsin gained nothing from the 80 percent compromise that will prevent the present exodus out of dairying. Nearly 4,000 farmers have quit dairying in Wisconsin in the past 20 months. Milk prices in February were at $6.85 per hundredweight for manufactured milk; the cost of production per hundredweight on the Wisconsin dairy farm has been estimated for 1975 to be $8.61 (University of Wisconsin estimate). In such a situation, the average farmer sees little sense in encouraging his sons and daughters to remain in dairying.

The perservance of the small dairy farmer stands in marked contrast to the lack of it displayed by those House members who failed to stand and fight for 85 percent parity.

Keeping the small dairy farmer on the farm will require the same courage with which we will battle the rest of the recession; 85 percent of parity is the minimum—it is 85 percent of the fair price he deserves.

For that reason, I urge you to provide temporary emergency support to our dairy farmers at 85 percent of parity.

Mr. TUNNEY. I am suggesting that the way to handle it is a simple cash transfer.

Mr. HUMPHREY. Mr. President, will the Senator yield? I know why the Senator from California feels as he does. We love him and he is a great Senator. In California the price per hundredweight for milk is $8.90. The reason it is so high is because it is fluid milk, and they have marketing orders that keep that price up.

What we are talking about here is manufactured milk, which is what we use in products like cheese, powdered milk, and cottage cheese and all of the many host of products that require an input of the dairy product, what we call manufactured milk. In Minnesota and Wisconsin it is now around $7.06 per hundred pounds.

We will make a deal with the Senator. Let the Senator give us $8 instead of $8.90 California price, and the Senator will not hear Senator NELSON or Senator HUMPHREY say a word. We are here talking about raising the level to $7.84.

This bill will not raise the price of milk in California. The Secretary of Agriculture is deluding the public. This bill proposes $7.84, and in California it is now $8.90.

The Senator from California says that the feed grain prices are high. Feed grain prices are now above the new target prices in this bill. These target prices will not raise the price of feed grains. I will tell the Senator what they will do. They will stabilize the prices.

So my argument is very simple; $8.90 for grade A milk; we ask for $7.84. If that is not being fair, I do not know what being fair is.

Mr. TUNNEY. It is going to stabilize the prices of feed grains at the high end of the scale.

Mr. HUMPHREY. No, no, Senator.

Mr. TUNNEY. That is one of the reasons why the dairymen in my State are very deeply concerned.

Mr. HUMPHREY. They are not as concerned at $8.90 as we are at $7.84.

Mr. TUNNEY. The dairymen are concerned about it because they think that grain prices are going to stabilize at the high end of the scale because of the 3-year escalator clause, and thus they will have to pay even more for feed grains than they have in the past, and they think the price of feed grains over the last 2 years has been too high, and I would agree with them.

I think the price of feed grain has been too high for obvious reasons, not least among which is the great grain robbery that took place 2 years ago.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired. The other side has 1 hour.

Mr. HUMPHREY. We will take some time from the other side. I ask unanimous consent that we take 10 minutes. They do not care. They are very generous on the other side. They are not here right now, and I do not think they will mind at all. [Laughter.]

The manager of the bill, on the other hand, is with us, so I think he will yield us the time. Will someone in the back room clear 10 minutes with the other side there?

Mr. President, I ask unanimous consent that we take 10 minutes from the other side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Go ahead. [Laughter.]

Mr. TUNNEY. I was just making the point that dairy farmers in California are very deeply concerned about the fact that they have had to pay higher prices for feed grains in the last couple of years, higher than they feel are justified, and they believe that this legislation is going to increase the price of feed grains even more, and that is unacceptable to them. I just have to say that I agree with them.

Mr. HUMPHREY. The reason I want to discuss this with the Senator from California in detail is because of my great respect for him and because we would like to have his support.

I want the Senator to know why I support this legislation. I know that there have been wild fluctuations in prices, and when those prices go up, Senator, the processed products generally stick at the high price. The farmer, however, finds himself the victim of the gyrations of that price structure.

So that while it is a fact that for a while wheat was up briefly around the $6 mark and corn prices have been well over the $3 mark, this bill provides a target price of $2.25 for corn, which is the basic feed. $2.25 for corn is below the cost of production, Senator, and there is not a land-grant college in the country that does not admit this. All we are trying to do is have a minimum floor because if the farmers decide the only answer they have is to cut back and cut back and cut back, they will force up the price through created scarcity.

We do not want scarcity in America. We want to provide enough food for our consumers at reasonable prices. We want price stability and, as I said a moment ago, the Senator from Minnesota and the Senator from Wisconsin represent States that use large amounts of feed grains. We not only grow some, but we use tremendous amounts because we are in the cattle, poultry, and dairy business in our respective States.

Therefore, we are interested in a fair

price for feed grains and not an exhorbitant price. What we are trying to do in this legislation is to get a balance. I hope that we can.

I understand the Senator's concern about cotton. I helped some years ago to try to work out a program for what we call one-price cotton. We thought we had a good program.

It is my judgment that this bill, when it goes to conference, will come out with a cotton program that the Senator from California can support. His cotton, the cotton produced in his State and in Arizona is the long-staple cotton, the good, highly marketable cotton.

It is our judgment in the committee, having examined the world market, that while there is temporarily a low price in cotton, and temporarily we have a surplus of cotton, that there is a growing demand in the offing. Because other countries have been cutting back as a result of economic conditions that prevail in those countries, it would be my judgment—and I will have to live by these words—that within a year you will see a marked improvement in cotton. And you will be glad that we have got the cotton.

The one thing we want to prevent is the rest of the world being able to buy cheaply at our expense.

I hope we learned something from the Arabs. We are the main food reserve nation of the world, and we are permitting manipulation of the market to force down prices to the farmers so other people buy cheap.

I think it is important for our Government to try to maintain some reasonable balance between supply and price so that when we sell abroad we get a fair return on what we sell rather than selling abroad as if it were a giveaway or a welfare program.

The purpose of this legislation is to give us a fair return for the farmer that produces it and a fair return on the product we sell abroad.

It is only in this way, may I say, that we are going to be able to really pay our bill.

Mr. TUNNEY. Mr. President, as I was saying before I yielded: As for dairy supports, the House voted to make 80 percent of parity the new support level. The Senate bill would raise the support to 85 percent of parity, a level at which the consumer will see an 8 percent increase in the price of a gallon of milk and 20 cents for a pound of butter. Further, the Senate bill gives to the dairy farmer with one hand while taking away with the other. By making the bill a 3-year measure with an escalation clause, the committee is all but guaranteeing an increase in the price of feed grain for the dairyman even above the astronomical cost he now faces.

To those who would argue that a 3-year bill is necessary to give longer term certainty to the American farmer, I answer that we have plenty of time to renew this legislation several months hence when we have a better idea of what is needed for the long term. Certainly the speed with which the committee reported this bill bodes well for any future legislation which will require our attention.

But perhaps the most important argument is that this bill does not respond to the emergency in American agriculture, for this bill is sure to delay the enactment of a farm bill into law. Rather than sending a good bill to the President today, which is within our power, the Senate is likely to pass a bill which will require a difficult conference with the House which in all likelihood cannot be convened until after the Easter recess. And should the Senate version prevail, the President will certainly veto it. How can that help the American farmer? Where is our sense of emergency?

I hope to support the farm bill. I believe it will be good for the farmer and the consumer, necessary for California and the rest of the Nation. But I cannot support the farm bill reported by the committee either now or when the President returns it to us as he surely will do.

I yield the floor to my distinguished senior colleague.

The **PRESIDING OFFICER.** The Chair recognizes the Senator from California.

Mr. CRANSTON. Mr. President, I share Senator TUNNEY's concern about the bill as it has been written by the Senate Agriculture Committee. I think it presents problems not only for California, but from a national point of view. I prefer the bill as passed by the House over the Senate measure.

I was pleased to hear the Senator from Minnesota state that he feels we are apt to be somewhat closer to the House cotton provision when we are through the conference. The cotton provision of the Senate bill concerns me more than the grain and dairy aspects of the bill.

On that point, first, I would like to ask the Senator from Minnesota, what is the reasoning behind the Senate version of the bill that—because of a higher target price and loan levels—may cause farmers to switch from planting of soybeans to planting more at a time when we already have an excess of cotton and at a time when we need in this country and in this world of ours more food products, like soybeans, and less cotton.

I should think from a national and a world point of view it would be desirable to have price support levels in this bill that would encourage farmers to turn toward soybeans and other vital food crops to help reduce food prices in the Nation and to grow enough to assist a world where so many will starve.

The March planting survey of the USDA released last week confirmed my fear that with the anticipation of increased Government support levels, farmers are switching back to planting cotton, at a time when we have more cotton on hand than we can now sell. The USDA estimated that the 1974 cotton crop will be in the neighborhood of 11.6 million bales. With cotton consumption in this crop year expected to total 9.2 bales, added to last year's carryover of 3.8 million bales, we will be left with a surplus of cotton in August 1975 of 6.2 million bales. It makes little sense to encourage additional cotton plantings now when we have this substantial carryover.

I would like to ask the Senator's comments on that point.

Mr. HUMPHREY. Well, it is my understanding that there is a drop of planting intentions in cotton of some 30 percent, which would be down to about 10 million acres, and the thought in the Senate committee was that by lowering the price, we would even reduce that acreage even further and that would place us in a vulnerable position in terms of our cotton supply as part of our export program.

If we read the report, on page 12 of the report, the agricultural economists with whom we worked tell us, and let me read it, it says:

> The importance of the action being proposed by the Committee in this bill, as it relates to cotton, is to assure that adequate supplies of this essential fiber will continue to be available in the future. Prices now being paid to farmers for their cotton are well below the cost of production. 1975 cotton planting intentions are now indicated to be only about 10 million acres, down about 30 percent from last year. World cotton plantings are also indicated downward. These downturns in cotton production plans and prices are directly due to depressed economic conditions here and around the world. When these conditions are turned around—which hopefully will begin sometime during 1975—demand for cotton fiber will respond accordingly. Much of the current demand-slump for cotton goods is a "deferred" type of demand, meaning that there is a demand build-up occurring now, which, when economic conditions improve, will be expressed in the market, along with normal demand for these goods. An example of this will likely be seen in the housing industry where enormous amounts of cotton goods are utilized in the form of carpets, draperies, bedding materials, etc.
>
> Unless care is taken now to (1) hold onto the 6 million bales of cotton that are now projected as being above current needs and (2) avoid further cuts in 1975 planting intentions, supplies of cotton will not be sufficient to meet such improved economic conditions. And should that happen, raw cotton prices would very likely swing sharply upward, with the prices of the consumer goods made from this fiber being pushed up accordingly.

So the argument that was made for the increase of the target price from 45 to 48 cents was based upon that idea.

Now, it is true, as cotton acres are taken out in some parts of the country—not all parts, Senator—that there can be plantings of soybeans. But the amount of soybean plantings, under the planting intentions we have so far, indicates only a small amount of increase in soybeans.

The real truth is that farmers are cutting back on acreage despite the pleas of Government. The reason for this is because they are afraid of the likely prices, and they are making some of their own adjustments.

I saw the reports the other day, and I think there is a potential increase in soybeans of around 200 million bushels. But may I say, we had such a small carryover last year that this leaves us with a minimum supply of soybeans.

Mr. CRANSTON. I think the figures the Senator quoted from the committee report take into account those who have already planned not to grow cotton?

Mr. HUMPHREY. That is correct.

Mr. CRANSTON. The concern that I have is that the targets in this bill would persuade some of those who have already decided to plant soybeans and other food crops to go back to planting cotton.

Does the Senator agree we would need more production of soybeans and less cotton?

Mr. HUMPHREY. Yes, I do, Senator.

Mr. CRANSTON. In human needs, there is a greater need for food crops than there is for more cotton.

Mr. HUMPHREY. I do. As a matter of fact, in committee we provided a loan level for soybeans that we thought was reasonable.

It is related to corn because corn is the base feed we use for all measurements of price support levels, and we do not have a target price specified in the bill for soybeans.

I believe we did specify in the report that the loan level for soybeans would be $3.94 per bushel, and the relationship is based on the feed value of corn.

Mr. CRANSTON. Regarding the overall cost to taxpayers and consumers of the Senate bill, the Senator from Minnesota challenged the figures that have come out of the Department of Agriculture. I do not blame the Senator. I know they have not been able to add very well, and they have given a lot of very poor advice to the President, Congress, and the country, and I seldom find myself in agreement with Secretary Butz.

I have been concerned about the figures that he has put forward and that the Senator challenges.

I wonder what figures the Senator does feel are accurate in terms of the cost of this bill.

Mr. HUMPHREY. First of all, under the bill relating to target prices, the only time the Government makes any payment to the farmer is when the market price falls below the target levels.

Mr. CRANSTON. So that one just has to guess what will happen?

Mr. HUMPHREY. What Mr. Butz does is frightens old ladies and little children and strong and muscular men by going around saying that consumer prices are going to get out of line because of these target prices.

Then he says to others, "Look, what we are doing, isn't it a wonderful thing, the free market is working and we can rest assured these market prices will stay above these target levels. He says we are going to have a good, profitable year."

He says that we do not need any supports, we do not need any target prices because, after all, the market prices are going to be good.

Well, now, if market prices are going to be above target prices, there is no payment. There just would not be any! That is the whole purpose of the target price concept.

The target price concept compels the Department of Agriculture to take some responsibility in management of supply.

The whole idea behind the target price was to compel the Department of Agriculture to look ahead as to what our needs were going to be and not rely on good luck and just good fortune.

So what we are saying here in substance is that the taxpayer will not be in any way adversely affected by these target prices, unless the market becomes so bad that the Government has to step in and make payments to farmers for any difference between market price and the target levels.

The Department of Agriculture says that is not going to happen. Does anyone think the Secretary of Agriculture dares go around this country saying, "Next year I can tell you that wheat is going to be $2 a bushel"? Do you think he dares go around the country and tell the farmers, "Plant all you can because next year corn will be $1.75"?

Does the Senator know what he tells the farmers? "Plant. We need it for domestic consumption and for world needs, but I can tell you if you plant, Mr. Farmer, you will get $2.50 for your wheat, or $3; you will get $2.50 or $3 for your corn."

If he gets $2.26 for corn, the Government does not pay him a penny. If he gets $2.20 for corn, the Government makes up the difference with a nickel per bushel. That is all.

What else can the Government do if it wants to keep up prices? It can use its present CCC authority and step into the market and make purchases. I do not think there is any better collateral today than wheat, corn, or soybeans.

Mr. CRANSTON. May I ask one question about the figures? I grant that statistics emanating from the Department cannot be considered with any great credence. And I do not know that prices to consumers for butter, milk, and cheese are going to go up to these catastrophic figures that Secretary Butz talks about. But at the same time I am concerned about the potential consumer impact of this bill.

The PRESIDING OFFICER (Mr. GOLDWATER). The Senator's time has expired.

Mr. HUMPHREY. We ask for another 10 minutes from the other side. I ask unanimous consent, Mr. President.

The PRESIDING OFFICER. There is no one on the other side.

Mr. HUMPHREY. I do not think there is any problem, Mr. President.

The PRESIDING OFFICER. Does the Senator ask unanimous consent?

Mr. HUMPHREY. Yes, for 10 minutes from the other side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Thank you.

Mr. CRANSTON. The Department of Agriculture has advised me that the Senate committee version of the cotton program would cost the taxpayer $315 million more than the House bill in 1975, and that by 1977 the additional cost will be $1.34 billion.

Does the Senator have any other figures that he considers more reliable?

Mr. HUMPHREY. I put in some figures in the RECORD earlier today. For example, the Department of Agriculture says the price of milk would go up 8 cents a gallon, and I said that under the worst conditions it might go up 5 cents. And there was a sharp difference over the impact on the price of cheese.

Mr. CRANSTON. What about cotton?

Mr. HUMPHREY. I am not the expert. I am not trying to beg the question, but it is possible that if the 48-cent loan level should remain or the 48-cent support level should remain, that the Government could temporarily make some purchases and that the price would go up.

The whole purpose behind the program is to maintain an adequate supply and to see to it that our cotton farmers are not driven to the wall with mass liquidations, such as are taking place right now. I think we have to face up to what is an obvious fact. There is what we call the short fiber cotton and the long fiber cotton. Cotton produced in California and Arizona, for example, is the long fiber, the long staple cotton. It has a high sales value. It is the best cotton in the world.

And then there is the other cotton produced in Texas and in some of the Atlantic seaboard States, South Carolina, North Carolina and Mississippi, that provides a great deal of cotton for our own domestic consumption as well as for foreign exports.

It is that cotton which is suffering today. That is the cotton that is getting 28 cents a pound, and even lower. I think that we need to maintain those producers.

But let us face it: The House has 45 cents, and we have 48 cents. I have been on conference committees before with the House of Representatives. We are not fooling ourselves into believing that we are going to come out with that higher figure, but we do think there should be some equity and balance here. I would hope we could do so and get the support of men like the able Senators from California who represent great agricultural-producing States.

Mr. STENNIS. Will the Senator yield briefly?

Mr. CRANSTON. I have the floor.

I would like to close my part in this colloquy by saying that I represent, along with my colleague, Mr. TUNNEY, more consumers than any other Senator because we happen to have the largest constituency—21 million people. I think we also represent farmers that produce more than farmers in any other State. At the same time, we represent people with all the other interests that relate to agriculture. I try to take into account the needs not only of farmers in California but elsewhere across the Nation, as I know the Senator from Minnesota does, and as does the Senator from Georgia, who is now in the Chamber.

I think we might learn something from the House of Representatives in legislation that affects all of us. They seem to have worked out some effective arrangements where those interested in the farmer and those interested in the consumer, those interested in city dwellers, with Senator TUNNEY and I representing more of those also than any others, talked these things over and seemed to work out accords that are to the mutual benefit of consumers and farmers. I hope we can move in that direction in the Senate. I think we will be able to do more than in the past. I look forward to working with the Senator from Minnesota, the Senator from Georgia and others interested in working in that direction.

Mr. HUMPHREY. I do not believe the Senator was here when the Senator from Wisconsin spoke. I think he made a brilliant argument. I will never forget the time when we had the question of whether we ought to include the hotel workers under the Fair Labor Standards Act.

Mr. STENNIS. Mr. President——

Mr. HUMPHREY. I remember hotel workers were getting about 80 cents an hour. I remember people coming down here saying, "If you put them under the minimum wage law and raise them up to $2 an hour, you will raise the price of a hotel room. That is what you will do."

But you had a choice: Do you want to have somebody working for 80 cents an hour or pay another dollar on your hotel room? That is the choice.

I think the choice here is do you want to have a farmer who has to produce below the cost of production and go broke? It is not some little guy running a small operation, but someone with an investment of a quarter million dollars, or more. Do you want him to go down the tube? Or do you want to give him a chance to survive? I guess that is what we are trying to do.

I yield.

Mr. STENNIS. Who has the floor? The Senator from California thinks he has the floor.

Mr. CRANSTON. I am through now. I do not have it any more.

Mr. STENNIS. Mr. President, I ask for the floor in my own right.

The PRESIDING OFFICER. Does the Senator from California relinquish the floor?

Mr. CRANSTON. Yes.

Mr. STENNIS. Mr. President, at this point I would appreciate the attention of the Senator from California. I know his motives are fine and he represents a lot of fine people. But we are talking about cotton. Cotton on the east side of the Mississippi River means we are talking about people in great numbers. We are talking about the part of the cotton industry that for many, many years has furnished our domestic needs and a great part of the export products of this Nation that have meant so much for well over 100 years in our balance of payments and matters that are related thereto.

Mr. President, there is no question, too, about the cost now, under these presently inflated prices, of growing cotton, even by modern methods.

I used the time and went to the trouble of going to various parts of Mississippi last November and December, and then back again in January. I saw people, actual cotton farmers and dirt farmers, at their homes and my office and got them to show me the bills for their fertilizer and for their insecticides. I brought a great many of those bills along and presented them to the Senate committee when this bill was under consideration.

These farmers showed me where fertilizer of a certain kind cost $56 a ton in 1972, and that same type fertilizer, according to the bills, went to $90 a ton in 1973, and to $140 a ton in 1974. Another illustration, from 1972 a certain kind of fertilizer climbed from $40 a ton and almost doubled by 1973 and by 1974 it had tripled in cost.

The same relative increase is true with respect to insecticides. I saw one bill which indicated that modern cotton machinery was costing more than three times as much as it cost 3 years before, and maintenance cost has grown even more rapidly. These figures were not propaganda. They were shown to me by people whom I believe to be honest.

In that part of the country, the Southeastern States, we produce a very high quality cotton. It is not what is called long staple. It is the quality of cotton that is used mainly in America.

We happen not to have a shortage now, but neither do we have a surplus. According to the surveys taken in my State, 37 percent of our production will go out this year, unless something can be done to give stability—a floor, so to speak, as to the price. This bill is not going to cost a great deal of money.

Beyond all doubt for the year 1975 in most of the cotton producing area of the Nation it will cost from 46 to 50 or 51 cents a pound to produce cotton. This will vary some from place to place but the proof is clear and convincing. Further, the prices are still climbing as to same items.

A great number of farmers cannot now get their crops financed. The bankers are not willing to take too long a chance, because the price of cotton is actually below the cost of production now.

This is not a "begging" bill or anything like that. This commodity, cotton, is a very substantial, constructive, and necessary part of our economy. We are simply asking for legislation that we have had, in one form or another, for 30-odd years. It is one of the best investments the Government ever made. We are asking for the continuation of a program that is not fitted to only one area of the country but to the entire cotton industry. We are asking for a price floor that will permit it to survive.

I urged these farmers I talked with not to go out of cotton and into soybeans. I told them we would try to get some farm legislation, and I think we will get it, whether the administration is for it or not. I believe that a great majority of the Congress is for the bill. I urged those farmers to allow a little time before they sell all their machinery with respect to cotton and go into soybeans. I advised that they would run down soybean prices. Then they will not be able to get into cotton when the Nation needs the cotton and they will need it, too.

Mr. President, I hope we will not go off on a tangent here. The same proposition applies to grain and the dairy industry. We should not go off on a tangent here merely because this bill does not exactly fit every area. The committee on conference can, and I am sure they will, iron out any inequities that may appear.

Our esteemed friend and former President pro tempore of the Senate, the late Allen Ellender, said many times on this floor that as agriculture goes, so goes the economy—that when bad times are coming in the economy, you see them coming first in the agricultural community, and that this has been true since the great depression and before.

I would point out that last fall the national concern was inflation, not recession. What happened to the farmers last year? They had a very bad year. For them it was a recession year. Where is the country now? In a deep recession, as we know to well.

What would happen in the national economy if the farmers have another very bad year? I for one do not want to find out, and the way to keep agriculture from having another recession year is pass this legislation, which is designed simply to make an emergency adjustment in crop supports so that they are realistic in terms of production costs as they actually exist today.

Mr. President, under the farm supports established in the 1973 Act, the farmers are in deep trouble.

The situation is evident from the most recent Department of Agriculture analysis.

Prices received by farmers fell 4 percent from January 15 to February 15, as shown in the most recent Department of Agriculture analysis.

Contributing most to this price drop were crops that are major in Mississippi: cotton, soybeans, corn, cattle, wheat, and eggs. The drop in these crops was actually a little more severe than indicated because the 4 percent figure represents an average of all crops, and some vegetable crops had rises in price.

This is a continuation of a decline in farm prices that began in October, and now amounts to 10 percent over the 4-month period.

The index of prices paid by farmers, covering commodities and services, interest, taxes, and farm wage rates, did not rise last month. However, that again is somewhat misleading, for it is caused by lower costs of feeder livestock and feed grains, so one farmer's gain is another's loss.

The fact is that the index of prices paid by farmers is 12 percent higher than it was a year ago, and the prices received by farmers are 17 percent lower.

In that same year the charges by middlemen for processing, packaging, transporting, and selling farm products have continued to increase. The farm-to-retail price spread increased 22 percent while the farmers lost 17 percent in price levels.

During the 4 months from October to January farm prices were falling while the retail prices went up almost 3 percent, and the price spread went up 7.4 percent.

This contradiction—rising food prices while farm prices fall—is the major difficulty faced by farm legislation in Congress. It is a cause, for example, of some of the bitter criticism that has been aimed at the milk supports in this bill.

The dairy industry is in a desperate economic condition. In 1974 the cost of milk production increased 17 percent and the price went down 20.8 percent. Some 20,000 dairy farmers—about 1 in every 25—went out of the dairy business during the year.

There is a very real danger that economic conditions will cause excessive dependence on dairy product imports, as has been the case with oil.

I want to make some comments directed primarily toward the production of cotton, but much of what I say can also be applied to wheat, corn, grain sorghum and other feed grains, and to soybeans.

While the Senate was adjourned I spent several weeks in Mississippi, during which I visited many areas of the State and had extensive discussions with cotton farmers and other agricultural producers and scientists. I also had the pleasure of addressing the annual meeting of the American Farm Bureau Federation at New Orleans on January 7. While there, I met with a number of the delegates to that meeting, all of whom are very current in their knowledge of the problems of the agricultural community.

More recently, on January 31 and February 1, I returned to Mississippi and made an extensive automobile tour through the Mississippi Delta, the tremendously fertile farming area in the western part of the State.

I can attest that all of the cotton producers in Mississippi are facing a very grim situation. I am reliably informed that the situation is the same in other cotton-producing areas. If a remedy is not provided soon, we may see the end of cotton production as a major crop in the United States.

The fact is that rising production costs, caused by inflation, have simply outstripped the market price, and a farmer who plants cotton under the target price established by current law is facing a prohibitive loss in the coming crop year. I have been told by many cotton farmers that the estimated costs to produce a pound of cotton this year will be 49 or 50 cents. Estimates vary but they are close to that figure.

At the same time, cotton prices have dropped substantially from a year ago and are presently very low. With the situation as it is today, a cotton farmer who plants his land this coming crop year is facing a potential loss of 11 or 12 cents a pound. He also faces a serious problem in getting the production credit he needs if he does intend to plant a crop.

The result is that since soybeans represent the only alternative to cotton that most farmers have in Mississippi, there may be a very large switch from cotton acreage to beans. The estimate is that if farm legislation is not changed there may be a change in crops of up to 35 percent of the land suitable for cotton, or up to 600,000 acres, could change to soybeans.

What will this mean to the Mississippi agricultural economy? A little arithmetic shows that almost $100 million that would normally be spent in the business communities of our farming areas would not be spent.

It costs at least $160 an acre less to grow soybeans than it does cotton, and this figure multiplied by 600,000 acres means almost $100 million that would not be spent for farm supplies and equipment in the business communities. The pinch would spread from the farms to the cities and towns, showing very well why, as agriculture goes, so goes the economy.

Furthermore cotton markets, especially overseas, would be lost if cotton production is drastically reduced, and many would not be regained when production later increased.

Higher loan rates will help to take the boom-or-bust, roller-coaster effect out of cotton production and cotton prices.

If action is not taken on target and loan prices for cotton, it may not be many years until cotton is no longer a major U.S. crop.

Should that situation be reached, the Nation would have lost a major asset in the balance of foreign trade, and we would have added one more commodity to the list of raw materials for which we must depend upon supply from foreign nations. Let us hope that we learned a lesson from oil.

Mr. President, the farmers problems are unfamiliar to most of the rest of the population. I believe that he is entitled to expect that his problems will be understood, for he grows the food and fiber that the rest of the population must have.

Farmers are uniquely dependent upon large amounts of credit once a year, when crops are planted, and the crops are pledged as security. A bad year, like the last one, leaves them in debt and cuts down their credit. The higher loan levels in this bill are realistic, and they are essential.

The higher target prices realistically reflect the conditions in the marketplace and the costs of production.

Mr. President, this is a sound bill. It is an essential bill if there is to be any possibility of meeting the requirements for food in the world today and in the coming years. I strongly urge its passage.

Mr. President, I yield the floor, and I welcome the vote.

VLADIVOSTOK AND STRATEGIC ARMS REDUCTION

Mr. JACKSON. Mr. President, for many Americans who hoped that the second phase of the Strategic Arms Limitation Talks would result in substantial mutual reductions in strategic forces, the outcome of the Vladivostok summit was a disappointing one. Particularly disturbing was the language in the joint communique signed at Vladivostok on November 24, 1974 that could only be understood as deferring any serious mutual force reduction negotiations until 1980–81 any the force reductions themselves, if they could be negotiated, until the period after 1985.

The reaction to this provision was so negative and so broadly based that the administration sought, and ultimately obtained, a constructive revision in the aide memoire signed on December 10, 1974. The negotiations now in progress in Geneva are being conducted according to this document. By deleting the words "in the period after 1985" from the aide memoire—the words in the communique that had quite properly become a focus of congressional concern—there is now some glimmer of hope that the groundwork can be laid in a SALT II treaty for the mutual reductions we all desire. Unfortunately the revised aide memoire could still be invoked to justify a delay until 1981 of any serious negotiations aimed at achieving mutual force reductions. What we need now is a constructive linkage between the ceiling of a SALT II treaty and the much to be desired reductions of a SALT III follow-on agreement.

ONE MAN'S CEILING IS ANOTHER MAN'S FLOOR

There is a popular song called "One Man's Ceiling Is Another Man's Floor." That the astonishingly high strategic force ceilings arising out of the Vladivostok aide memoire—2,400 strategic delivery systems and 1,320 MIRVed missiles on each side—might become a floor in the context of follow-on negotiations should be a matter of concern to everyone who would like to see some relief from the requirement to deploy costly strategic weapons programs.

On a number of occasions, officials in this country and in the Soviet Union have expressed an interest in the mutual reduction of strategic forces. What has been missing has been an approach to strategic force reductions that would permit unimpeded progress toward the conclusion of a SALT II treaty without, at the same time, setting in motion programs of development, procurement, and deployment that would diminish or even foreclose the possibility that Vladivostok can provide the basis for equally unimpeded progress toward the mutual reduction of strategic forces.

A NEW PROPOSAL TO ACHIEVE REDUCTIONS

It is toward this end—toward the objective of moving now to structure future force reductions in a manner consistent with the Vladivostok aide memoire—that I propose that each side designate 700 of the older of its permitted total of 2,400 strategic delivery systems to remain unmodernized over the lifetime of the Vladivostok agreement. As time passes between now and 1985, these weapons will become increasingly obsolete—natural candidates for a program of reductions that would reduce the level of forces on each side by about 30 percent. Acceptance of this proposal would be the first clear hope in both our countries that we can look forward to strategic force reductions and a concomitant lessening of the financial burden of maintaining very large strategic forces. Negotiations aimed at scheduling the phaseout of the 700 systems designated on each side could begin immediately after a SALT II treaty is ratified. And since the weapons designated in a codicil to a SALT II treaty could not be upgraded or modernized in any way, the incentive to move expeditiously toward scheduling their dismantling would exist from the outset. Because each side would make its own designation of the forces to remain unmodernized, it should not be difficult to negotiate the language of a provision in a SALT II treaty to accomplish this purpose.

To be sure, there are other crucial aspects of SALT which deserve the most serious examination including implementation of the SALT I agreements and the set of problems that will need to be resolved if the Vladivostok aide memoire is to be transformed into a SALT II treaty. These matters are under investigation by the Subcommittee on Arms Control that I chair.

Today, however, I wish to focus on this concrete proposal that I believe my colleagues in the Congress as well as the administrations here and in the Soviet Union will agree is in our common interest and in the interest of a more stable strategic balance and a more peaceful world.

THE VLADIVOSTOK CEILING

The ceiling on numbers of strategic delivery systems agreed to at Vladivostok—2,400 on each side—and the level of MIRVed missiles—1,320 on each side—is, in my judgment, far higher than necessary for the security of either side so long as the forces of the two countries are limited on the basis of essential equivalence. Based on past experience and the current high level of Soviet strategic spending, it is necessary to assume that, in the absence of some new development, the Soviets will work at full speed toward the deployment of 2,400 firstline strategic delivery systems and 1,320 new MIRVed missiles over the life of the Vladivostok agreement. Moreover, this force will represent a substantial Soviet advantage in throw weight—an advantage which, depending on the programs they choose to pursue, could eventually show up in the form of a superior number of strategic warheads of a size suitable for high confidence counterforce strategies. Such a destabilizing development along the road to 1985, when an agreement based on the Vladivostok aide memoire would presumably expire, could set in motion understandable anxieties in this country and a movement for compensating steps on our part.

In defense of the fact that the Vladivostok aide memoire does not contain a provision for serious force reductions, the administration has claimed that it was necessary first to establish a ceiling before it could begin negotiations for mutual force reductions; for this reason, it was said, force reductions would have to be deferred until after a SALT II treaty had been negotiated. Despite the surface plausibility of this argument, I believe that it is fundamentally misleading. It is all very well to say that an upper limit must precede reductions; but there is a great danger that the plans flowing from an agreement on an upper limit will seriously complicate the prospects for achieving reductions. If each side moves to plan for a force of 2,400 modernized strategic delivery systems now, it may well prove impossible to negotiate lower levels later. It is far easier to obtain agreement to the phasing out of older, perhaps even obsolete, weapons than it is to obtain agreement to the destruction of weapons that have just been deployed at great expense.

In any event, building a structure for the purpose of tearing it down again is wasteful at best; and, if the new tenants simply refuse to be moved out, such an approach could frustrate the tearing-down process. Would it not be much better if the building never went up in the first place? That is precisely what I am proposing here: that we call a halt to the modernization process for those 700 weapons on each side that are superfluous to our real strategic needs, to give us both the time and opportunity to work toward an agreement in which they will be phased out entirely. At the same time, such a move would enable this country to concentrate on the modernization of its core strategic force.

ADVANTAGES OF THE NEW PROPOSAL

Our experience with the ABM treaty is instructive on this point. The 1972 ABM treaty provided that each country could deploy a second ABM site in addition to the one that each then possessed. However, the limit on the number of missiles permitted at each site was such as to render obsolete the deployment of the permitted second ABM installation. Thus, having first assured the obsolescence of the second ABM site, it became relatively easy to obtain an agreement banning the second site completely. That same logic lies at the heart of my present proposal.

From the point of view of the United States the incorporation of my proposal in a codicil to the SALT II treaty would greatly increase its appeal to the Congress and the American people. By making it plain that we will not have to modernize some 700 older strategic delivery vehicles in order to meet the Vladivostok ceiling with viable, firstline forces, we could anticipate a saving of many tens of billions of dollars. The Soviets could anticipate comparable savings. We have learned from experience that the cost of modernizing a strategic delivery vehicle can, and often does, equal the cost of a new weapon. In my judgment the 10-year system cost of a new or modernized strategic delivery system is likely to approach $100 million—so that an eventual reduction of 700 such weapons ought to yield savings on the order of $70 billion over the next decade.

Also, by identifying now those 700 strategic launchers on either side that could not be modernized, we could go about our strategic force planning with a much more certain sense of what the Soviet strategic forces will look like in the 1980's; and they, for their part, could also plan on a more confident basis. A major destabilizing element—simple uncertainty as to the nature of the other side's future deployments—would be reduced. Serious arms control could proceed much more confidently. Most importantly, apprehension that the Vladivostok ceiling will become a floor will be greatly diminished.

Mr. President, there have been recent expressions of interest on the part of the executive branch in a closer working relationship with the Congress in the area of foreign policy. I welcome these expressions and I very much hope that the administration will consider seriously the proposal I have made here today. I intend to introduce shortly in the Senate an amendment or resolution calling upon the administration to put this proposal to the Soviet Union and to report back on the results of its efforts to gain Soviet acceptance of it.

Much can happen between the declaration of pious hopes now envisioned for a Vladivostok treaty—words that both sides will enter negotiations on further—limitations and possible reductions—and the actual working-out of a program for phased reductions. After all, the level of missiles on the Soviet side, which was to be temporary as negotiations toward a SALT II treaty proceeded, has become, predictably, a permanent fixture of the Vladivostock aide memoire. Lest we find ourselves like King Canute, ordering the tide to cease when we enter the post-Vladivostok negotiations, we had better take steps now to assure that strategic force reductions have been merely deferred—and not interred.

A final and crucial advantage of the proposal I am putting forth here is that it will enable Members of Congress to gauge how realistic the prospects of future arms reductions are before they are called upon to ratify a treaty embodying the Vladivistok ceilings. To many Members of Congress a ceiling to be followed by reductions may prove acceptable while a ceiling followed by increases, or even a freeze at too high a level, might prove unacceptable. In the difficult task of measuring the treaty that is expected to emerge from the current negotiations, a sense of the future of strategic arms reductions is an essential ingredient.

We can help to turn pieties into probabilities if we undertake, in both our countries, to incorporate a non-modernization provision for 700 strategic delivery systems in a Vladivostok treaty. We can act now to assure against disappointments later.

Mr. President, I yield the floor.

NO $100 BILLION DEFICIT

Mr. **MUSKIE**. Mr. President, the morning newspapers report White House estimates that our country faces a $100 billion deficit for next year. I believe the Budget Committee will reject any such deficit.

But to avoid such a deficit will require that Congress and the President agree upon a clear, overall view of where we are today with regard to fiscal 1976 and where we want to go. It will require restraint as we examine our spending priorities.

Congress has its budget for fiscal year 1976 about half done now. Our revenue decisions will have been made when we complete action on the tax conference report.

The votes on spending—which is the other half of budgetmaking—are mostly still ahead of us.

Having in mind the momentum for tax cuts we saw on the Senate floor last week and the pressure for emergency, anti-recession spending programs we feel building, I think it would be wise to take stock.

How much is there left to spend? How much of this spending is already locked in as a result of past decisions? How should the remainder be distributed among our national needs?

Ten years ago our country faced a totally different economic picture. The tax cut and calculated deficits proposed by the Kennedy administration and enacted by the Congress had produced the beginning of an unprecedented prosperity in our country.

The budget was nearly balanced. The country had embarked on an ambitious program to address long unmet needs in our national life, including such reforms as Federal assistance to education and medicare.

The war in Vietnam, which was to drain so much from our country and contribute so mightily to the staggering deficits we have experienced, seemed far away indeed. But even then a very wise man, our distinguished majority leader, **MIKE MANSFIELD**, cautioned us that we should "stop, look, and listen:" To examine very carefully the spending programs which had been put in place, to make sure they did not exceed our resources to pay for them.

Ten years later, this advice from Senator **MANSFIELD** is equally applicable to a far different economic picture. We are experiencing the worst economic times since the Great Depression. And we have no assurance things will not get worse. We are told by the President and economic experts that massive deficit spending by the Federal Government is required to pull us out of our Nation's economic tailspin. In the tax cut about to be enacted, we have taken a major step toward that solution. Other very large spending programs proposed to reverse the recession are pending in Congress.

Many of them seem to have gained an express-train-like momentum. What I mean to do today is to echo the sage advice **MIKE MANSFIELD** gave us a decade ago. It is time to stop, look, and listen.

The fact is that the elbow room is extremely limited if we want to remain within the bounds of what economists tell us is prudent economic policy. The prospective deficit at this point is very close to the $70 billion range the Joint Economic Committee has said is desirable for purposes of economic stimulus.

The revenue picture in fiscal year 1976 will depend on actions taken by the House-Senate Conference on the tax bill (H.R. 2166) and on the course of the economy this year and next. Our current working estimate of revenues for fiscal 1976 is almost $290 billion, depending, of course, on how the economy fares.

On the spending side, we can now see spending amounting to about $358 billion after cutting the President's proposals to the bare bones and without the addition of programs which appear to be well on their way to passage.

I would like to take the Members through an informal table to show them what this $358 billion figure includes. I think they will be surprised to see what it does not include:

Begin with projected outlays for FY 1975 which are unlikely to be cut back for FY 1976, $316.6.

Add increases which are automatic under present law, including prior year commitments, increases in unemployment insurance and other costs due to the recession, and so forth, $29.2.

I ask unanimous consent to include at the end of my statement a table which analyzes that figure.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **MUSKIE**. These amounts, Mr. President, which we seem virtually certain to spend, total $345.8 billion:

[In billions]

Now add additional items on which we can still vote but which seem certain of enactment	$12.6
NATIONAL SECURITY	
Remove 5-percent "cap" on military retired pay	+.6
Allowance for inflation in DOD nonpersonnel items	+3.0
PHYSICAL RESOURCES	
Additional energy initiatives (this amount recommended by the President; Senate committees proposed $2.8 billion more; assumes at least $800 million is needed)	+.8
Increased target prices for certain agricultural commodities (enactment highly likely; present target prices do not cover costs and farm prices are declining)	+.5
HUMAN RESOURCES	
Increase for public service jobs and summer youth (President proposes increase of $1.7 billion; highly likely Congress will add further)	+3.0
Remove 5-percent "cap" in social security	+2.6
Remove 5-percent "cap" in Federal employee retirement and disability	+.8
Public assistance legislative changes proposed by President	+1.3

These items total $12.6 billion, Mr. President. So the outlays which are all but certain to appear in the fiscal year 1976 budget come to $358.4 billion, as against our working estimate on revenues of $290 billion, which means we are faced with a deficit of $68.4 billion.

Members should keep in mind the attractive proposals not on the list of almost certain spending. Let me tick off a few of them:

[Fiscal year 1975 outlays in billions]

Rejection of the President's 5-percent cap on Federal pay	+$1.6
Rejection of the President's proposals to increase medicare/medicaid beneficiary cost sharing with States and eliminate adult dental care	+2.0
Rejection of the President's proposals to reduce Federal matching in grants to States for social services	+.5
Overturning of rescissions in health research and training	+.3
The House-passed public works bill	+3.0
The House-passed housing assistance bill	+1.3-2.5
National health insurance, 1st-year cost	+.1-.3
Emergency aid to railroads	+1.6
Countercyclical revenue sharing	+5.0
Continue title I of ESEA and other education programs at levels by making up for inflation	+1.1
More public service employment	+2.5

Those items certainly do not exhaust the possibilities. They total $19 billion to $20 billion.

This list of possible add-ons is merely a sample of the kind of proposals which Congress is going to see before it in the next few months—and among which we are going to have to choose. And there are plenty of other possibilities. The Budget Committee has before it reports from the authorizing committees which, taken together with the President's budget request, would bring total spending in fiscal year 1976 to about $390 billion.

And we are aware of additional proposals which would bring the total to about $410 billion.

So the White House estimate of a $100 billion deficit is not impossible, were we to exercise no restraint whatsoever, but neither is it inevitable.

What these figures mean is that Congress is going to have to exercise great restraint to avoid overshooting the mark, as we try to get our economy moving again.

It is time, I repeat, to stop, look and listen.

I have made this statement today as we are about to depart on our recess and go back to our constituents back home, so that all Members may have this perspective for guidance over that period, and as we approach the date of April 15 when Congress must adopt the first concurrent resolution establishing a budgetary and economic policy.

EXHIBIT 1

SELECTED AUTOMATIC INCREASES UNDER PRESENT LAW—FISCAL YEAR 1976

National Security	
Increase DOD civilian and military pay (5%)	+1.2
Increase military retired pay	+.6
Military assistance and other requirements, net	+.9
Physical resources	
Expansion of Federal Highway Program (this is the increase recommended by the President; it is largely due to actions already taken in FY 1975; $1 billion of the total is due to the recent impoundment release)	+1.3
Mortgage credit and thrift insurance (this amount proposed by the President; it represents financing changes and it is not a major change in program levels; assume it is required)	+1.3
Increase in HUD Community Development program resulting from higher levels of commitments in FY 1975 most of which have probably been made already ($.9 billion), plus overturn of impoundment ($.1 billion)	+1.0
Human resources	
Increase medicare/medicaid due to more beneficiaries and higher costs (this amount recommended by President; Senate committees would add $2 billion more by rejecting President's legislative proposals)	+1.7
Increase social security as proposed by the President	+6.8
Increase Federal employee retirement and disability programs as proposed by the President	+.7
Increase unemployment insurance (assumes higher unemployment level than President—about 8.5%)	+4.4
Increase low rent housing, partly due to recent impoundment overturn	+.8
Increase in public assistance and other income supplements (assumes increase proposed by President, plus recent overturn by Congress of food stamp cost increases, plus higher food stamp estimates due to more beneficiaries)	+3.1

Underestimate of existing veterans program costs (reported by Veterans Affairs Committee)	+.8
General government	
Increased interest on the public debt, including assumption of higher deficit than in President's budget	+4.0
Allowances	
Increase civilian agency pay (5%)	+.6
Total	29.2

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield to the distinguished Senator from Oklahoma.

Mr. BELLMON. Mr. President, I am pleased to join the distinguished chairman of the Budget Committee, Mr. MUSKIE, in expressing the belief that the Budget Committee will reject the forecast $100 billion deficit for fiscal year 1976. In my opinion, a deficit of this size for fiscal year 1976 would prove to be devastating to our Nation's economy both for the short and long terms.

Mr. President, restored consumer confidence is the key to ending the recession and returning to normal levels of economic activity. Even with Government spending at its present high levels, the impact of spending by the private sector is roughly five times as great as spending by the Federal Government. Therefore, ending the recession depends more upon consumer spending than upon Government spending. A deficit in the $100 billion range would, in my opinion, create consumer concern, cause further retrenchment and produce a negative effect upon unemployment and Treasury revenues.

An excessive deficit could very well demoralize America's private investors thus causing them to postpone plans for plant modernization or for new plant construction. In addition, such a deficit would lay the groundwork for further inflation and bring about an increase in interest rates which would quickly destroy the housing and construction industries. Chairman MUSKIE is wise to counsel Members of the Senate to "stop, look, and listen" before we plunge into 1976 deficit spending of the $100 billion magnitude.

Mr. President, the work of the Budget Committee cannot, at this time, be looked upon as an exact science. There is a strong element of artistry involved as we attempt to anticipate public acceptance of and reaction to the decisions we make. Already there are signs that the economy is stabilizing and that it may soon be making a turn for the better. If this happens, Government revenues should rise, the cost of recession related programs such as unemployment insurance should be reduced and the deficit picture could improve markedly.

Easter recess, which hopefully will begin at the close of business today, will provide Members the opportunity to return to their States and gain current insights into public attitudes. We may find our citizens saying that Congress should follow a path of moderation in levels of Government spending. We may find the beginning of renewed consumer confidence. If that is the case, hopefully, the deficit can be held to even lower figures as the revenue picture improves due to the more normal levels of consumer and private sector spending. If such is the case, Congress would be wise to avoid overstimulation and the danger of reinflating the economy to the dangerous levels of last summer.

I commend Chairman MUSKIE for bringing this matter to the attention of the Senate as we begin our recess. I would like to reemphasize his message that we "stop, look, and listen" during these next 10 days, our collective impressions will serve us well as we begin the serious discussion of the effect of the future of this country.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. MUSKIE. Let me, before yielding, express my appreciation to the distinguished Senator from Oklahoma, who is the ranking Republican member of the committee, for his statement and for his excellent work on the Budget Committee.

Let me add this note for my colleagues:

On April 15, the Budget Committee is required, under the terms of the budget reform legislation, to report a concurrent resolution to the Senate. It will include five figures:

First. A ceiling on overall spending.

Second. A ceiling on budgeted items.

Third. A recommended deficit or surplus—in this case it will be a deficit at least in the amount of the President's proposed deficit and probably more, on the basis of the analysis I have given today.

Fourth. The resulting impact on the Federal debt.

Fifth. In addition, in the report, which will cover the whole range of the concurrent resolution, there will be indicated, as a result of this year's work program, target ceilings for the 16 functions of the Federal Government.

These will be the Budget Committee's recommendations. The Budget Reform Act provides for 50 hours of debate on these recommendations. It will then be incumbent upon any Member of the Senate to make his impact on the decisions which would finally be made by the Senate with respect to the budget resolution.

So if there are those who challenge the target ceiling or those who challenge the priorities for Government spending, that is the time to do it.

It is for this reason that I give the Senate this inkling of the nature of the challenges that will confront us so that the Senate may consider them over this next recess period.

I am happy to yield to my distinguished colleague from New Mexico (Mr. DOMENICI), who is also a member of the Budget Committee, for a brief comment.

Mr. DOMENICI. I thank the Senator.

Mr. President, I join with the Senator from Oklahoma in commending the distinguished chairman of the Budget Committee for his presentation here today.

I thought during the 3 weeks that we have been hearing from all the experts on what we ought to do, part of that time I wondered if it was right, whether it was the right time, to have a Budget Committee start in business, somewhat frustrated, wondering just how in the world we ought to decide what we ought to be doing.

But as all that work begins to come into fruition, and we find, probably for the first time in the history of the U.S. Senate, this kind of summary of where we are, it appears to me that it is indeed propitious that America, in its sort of unorthodox way last year, adopted a new Budget Reform Act and, as difficult as it is going to be, with a recession just having come out of rampant inflation, with an energy crisis and a chaotic budget system all on top of it, it appears to me that the great good will come out of this.

We are beginning here today, for those who really read what the Senator put down by way of figures, who will have to shudder, because the Senator has been indeed generous when he talks about suggested expenditures that are going to solve America's recession, as proposed by others. We could add $20 billion to the Senator's list of 20 without much difficulty, and there are many who would say, "Why did you not put them in, for they are certainly going to help solve the recession."

But I am delighted that the Senator put some basic ones in, and in the almost rock bottom budget of the President, and then the Senator is telling all those who have the solutions in their committees and by their programs to "Stop, look, and listen."

Mr. President, I say that the road to ruin is paved with good intentions, and we are at a point in time when the temptation to solve the recession by putting new programs in place or adding new billions to those that are there is a serious temptation, because everyone is worried and everyone is quite sure that his program will solve it.

I would like to talk just a moment with our chairman about what some of the economists told us. All of them, when we have a recession, are quick to want to come before us, are they not? They all tell us how to solve the recession, and I think the chairman remembers, after hearing five or six of them, I asked them, "Where is your model for solving inflation," for many had even produced an economic model that they punched out on a machine to solve the recession, and none could produce one to solve inflation.

I asked a number of them, experts, "Is it harder to solve inflation or recession?" And they said:

> From our standpoint, it is a lot easier to give advice on how to stop the recession than it is to stop inflation.

I think the chairman will remember that exchange.

Mr. MUSKIE. That is right. We all of us always perceive it is easier to look back and tell us what happened and why——

Mr. DOMENICI. Precisely.

Mr. MUSKIE. Than it is to follow and project the decision of what is coming.

Mr. DOMENICI. Then I think we can recall our distinguished ranking member, the Senator from Oklahoma, is always asking that very simple question:

> Well, can you tell us what we did wrong so we will not do it again?

It seems it is one of the professional attributes that they really cannot quite do that, because things always change that they were not aware of, and they say that it might happen again.

So I conclude, Mr. Chairman, not only by complimenting the Senator, but also by saying I believe there are some good signs out there that we are coming out of the recession—not by leaps and bounds, but it is a pretty good indicator. I need not go into it, and they will be in our report, I am sure.

Everyone says, from Arthur Burns to Bill Simon as to the President's budget, that, indeed, we have to have a deficit in 1976—no way to avoid it. They say it is built in right now. It is costing us this and that and the other, one of them being $20 billion a year for unemployment, a program which we all want to see continued as one of those stabilizers that we did not have during the last Great Depression; and the other costs that are built in.

But it seems to me that the American people are also very worried about chronic inflation, and I think they are a little more perceptive than we are. They are writing for some clear signs of stability.

Then the confidence that we want in our consumers, Mr. and Mrs. Average American, and in our private sector, if that confidence comes back, is that we are not going to need the program that people are talking about to further stimulate the economy over and above a tax cut voted in, and the basic bare-boned budget that we are talking about.

So I hope we will not put all those other programs in place out of fear that we are not going to get enough in. I think caution and history indicate that we should do the reverse, that we should put in the minimum and do as Arthur Burns suggested, sit back and take a little look, and if we need some more, put it in, but do not build it in and have a $100 billion deficit, and expect the American people to have confidence in their dollar, in their Government, and their future. If they do not have that they are not going to act as American consumers, and the ripple effect from unemployment will be three times greater in terms of effect than its actual numbers.

So I close by commending the chairman. I am more optimistic than ever that the Budget Committee, under a very difficult law, will have an impact. It starts today, and if we keep on doing our job and getting some to listen we might add a degree of orderliness to what has heretofore been a chaotic process of treating the resources of our Nation by the Congress of the United States for some 20, 25 years.

I thank the chairman for yielding.

Mr. MUSKIE. I thank my good friend from New Mexico for contributing so much to the Budget Committee. I am afraid what my statement today does is simply highlight the difficulty of the choices that lie ahead, and I am not so sure that it resolves the challenge that the Budget Committee faces, but I do appreciate the Senator's comments and his contribution to the work of the committee, and I hope we can make the process work.

Mr. GOLDWATER. Mr. President, I occupied the Chair during the time that the distinguished Senator from Maine (Mr. Muskie), chairman of the new Budget Committee, made his report. I have to compliment him on that report. It took a lot of courage to stand up and tell the Senate the truth, and the American people the truth, as to what we might expect. There are several things, Mr. President, which intrigued and frightened me about the financial situation that this country finds itself in from the governmental standpoint.

Today we heard a discussion that indicated that the deficit might not reach $100 billion. That is a good round figure—$100 billion. It has no appeal to me, because if we have a deficit of $5 billion, or $1 billion, we are in trouble. I think we can see very clearly a deficit of $50 billion. I think in the following year, with the built-in increases that we have, we can see a deficit that could exceed $80 billion.

The question that keeps coming to my mind—and I have not heard it answered—is where is this money coming from?

Mr. President, there is not that much money left. The total debt of this country, including Federal debt, State debt, local debt, and our own personal debts is more money than we have. So it gets to be rather simple and arithmetic. The country, if it continues the spending that we are now doing, is going to have to print more money.

This is precisely the reason we are in the trouble we are in now.

This country embarked on increased credit through deficit spending about 20 years ago. In the interim we have increased credit about 400 percent, but we have only increased our productive ability about 28 percent. So we have that great surplus of credit vying for the little increase in goods that we have achieved.

This has not only affected the United States; it is now affecting the entire world. In fact, it is affecting the world to the point that many countries are beginning to take a look at some other currency than the American dollar as a currency on which they are going to peg their own money.

Mr. President, this gets serious. I stated here in the Chamber the other day that I do not believe this country can last 5 years with this continued deficit spending. I have not had one single economist offer any argument against that.

I spoke last Saturday night at a distinguished gathering of economists in New York and I repeated the statement. I was not challenged on it. I do not know any way in the world, Mr. President, that an individual can continue to spend money he does not have, or a government can continue to spend money it does not have, without eventually going bankrupt.

I recall—and I imagine many Members of this body can recall this picture—seeing a picture after World War I of a German woman going to the market to buy a loaf of bread. She was carrying a clothesbasket full of marks.

I talked to a taxi driver in New York the other night who worked in Germany at that time. He was paid a million marks a day—worth about a dollar and a half.

The question then comes to me: Do we want this? Do we Americans want to have this country in bankruptcy?

I recall that last December I voted to support the President's plea to withhold automatic increases of 5.5 percent for Federal employees, and I thought I would catch holy Ned when I got home. I had a few people complain about it; but, far and away, the great majority said they stood with me on it.

This is the argument: Would you rather be working 5 years from now at your present salary or not working at all, or working at an inflated salary and have no welfare to fall back on, no unemployment insurance or security, no food stamps, no social security? I think these are the alternatives that the American people and particularly Congress have to face up to.

Mr. BUMPERS. Mr. President, will the Senator yield for an observation?

Mr. GOLDWATER. I yield.

Mr. BUMPERS. I heard the distinguished Senator from Arizona mention the situation in Germany in the 1920's. I happen to be sitting here going through some correspondence from constituents, and I would like to read a paragraph from a good friend of mine. He says:

> In looking through some of my old memoirs, I found a 10,000 Deutsche mark. I recall that in the early 1920's I bought it from a man on a street corner in St. Louis for 10¢. The purpose of telling you this is our friends in Congress seem to think that there is no limit on the national debt and all that we have to do is turn on printing presses and print more money. We who lived during the fall of the German Empire, know that money had no value and that a bushel basket of marks wouldn't buy a loaf of bread. I would be glad to send you this old worn out 10,000 mark bill if you think it might make any impression on some of your friends there who are constantly voting for an increase in the national debt limit. I would think our greatest fear is what happens to the value of our dollar, 5, 10, or 25 years from now. Many people my age who have layed back a few dollars for old age and hope to cash them in as needed in the years to come may find that the dollar has been so devalued that they cannot live on what they have set aside. It is a grave situation and we cannot continue to spend in excess of the monies we take in.

I thought that might lend some force to the argument of the Senator from Arizona. It was pure coincidence that he was talking about something I was reading about.

Mr. GOLDWATER. I thank the Senator from Arkansas.

Those are the examples, I have to say, that must be brought home—first to Members of Congress, many of whom do not seem to understand the American economic system, who do not understand the profit system, who have no idea how it works.

I have heard on the floor of the Senate, in arguing on behalf of the tax cut, that it will put people to work. I have heard it reported that President Roosevelt saved this country from terrible depression in the 1930's by the expenditure of Federal funds. Let me give a little background on that.

In 1934, an Englishman named John Keynes, who later was knighted, came to this country and brought with him his economic theory. This theory said that you have to have full employment legislation. Having served for 12 years on the Committee on Labor and Public Welfare and having served under the eminent Robert Taft, Sr., I never have understood what full employment is, and neither did Robert Taft, and neither does anyone else. Is it 4 percent, 1 percent, or zero?

So we do not know what we are talking about when we talk about unemployment and what it has to reach in order to have an impact on the American economy. But that is a little beside the point.

We are still stuck with this idea. The Keynesian theory became very highly accepted in institutions such as Harvard, Yale, and Princeton—schools with highly regarded economic divisions—and it became the doctrine of the young liberal economists that the Federal Government can prevent depressions, can prevent inflation, can prevent recessions.

Mr. President, we are seeing the Keynesian theory flat on its back. It never has worked. It will work a little in time of war.

I remind the President that the depression of the 1930's—and I was trying to run a business during that time—was ended because we went into World War II. We would still be in that depression if we had depended upon the false idea that the Federal Government can save the economy of this country.

Today, for example, we are arguing about a farm bill. I think it is $2.8 billion. For whom is this bill designed? My cotton farmers in Arizona and the cotton farmers in California do not want this bill. If they would leave the market alone, we could sell all the cotton we could grow and make money on it, because we grow good cotton, long-staple cotton. The only other place in the world that it is grown is Egypt. This bill is designed to save the Southern cotton farmer who cannot grow, by virtue of climate, soil, and so forth, the high quality, long-staple cotton that we grow in the Southwest.

I have suggested that if we had the free market operating in agriculture, in States such as Arizona, probably New Mexico, and probably Utah—where everyone thinks the cowboy reigns and the cowboy makes all the stories—we would get out of the cattle business, because we only grow one-tenth of 1 percent of all the cows and bulls—I will not include bulls—in this country. If we could allow the South to grow cattle and the South could allow us to grow cotton, we could forget all this crazy agricultural nonsense we are going through today. It involves $2.8 billion, and the farmers complain because they have to pay more for machinery and they have to pay more for fertilizer. They are lucky they are not paying more, because this kind of cockeyed economics that this country has been engaged in for the last 40 years has slowly brought this country to its economic knees.

It is not pleasant for me to stand here and talk like this. I have a business background. I have worked. I know what the profit system is; I know what the free economy is.

I sometimes agree with Tom Jefferson, when he said that we have too many lawyers in the legislature. I wish we had some farmers in the legislature, some business people, some miners, some people who have worked with their hands, who know something besides theory, besides the idiotic theory that the Federal Government can save this country from any economic trouble.

Mr. President, I never would have taken the floor, but I knew that the majority leader wanted to make a little speech, and we have a vote coming up at 5 o'clock. I appreciate the audience of the majority leader. It is always reassuring to have a fellow Westerner in the crowd. He is a fellow Westerner, too, and he helped me greatly in this argument.

Mr. President, I yield the floor.

Mr. MANSFIELD. Mr. President, if my memory serves me correctly, Arkansas is on the west side of the Mississippi River and therefore comes within the geographical orbit of the West.

LEAVE OF ABSENCE

Mr. MANSFIELD. Mr. President, the 15th Annual Mexico-U.S. Interparliamentary Conference starts tomorrow in Campeche, Mexico.

As the chairman of the Senate group and one who has worked quite closely with our Mexican colleagues, I should like to ask that the Senate allow me to be excused on official business some time later this evening.

The PRESIDING OFFICER (Mr. GARN). Without objection, it is so ordered.

Mr. MANSFIELD. I make that request, Mr. President, as the pending business, then will be the conference report on the tax bill. I did not vote for the tax reduction bill which passed this Chamber and went to the conference A conference report has been agreed to. The conference report will be taken up in the House within the next hour or so. If it is successful in that body, it will then be referred to the Senate for final consideration. It appears to me that the conference report may well be agreed to. I wish to go on record, however, as being against the conference report on the tax bill, because I think its results will be counterproductive.

I do not like to lend my vote to such a substantial increase in the deficit in view of the inflation which this country is undergoing at this time. Therefore, I make this statement so that if I am not here at the time a vote is taken, if there is a rollcall vote on the conference report, my position will be known.

I wish to thank the Senate for giving its assent to an official leave of absence in the conduct of the country's business.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. As an addendum to my previous remarks, if there is a possibility of the callback of Congress, I shall be within 4 hours of this city at any time such a possibility arises.

RECESS UNTIL 4:55 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until 4:55 p.m. today.

There being no objection, the Senate, at 4:12 p.m., recessed until 4:55 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GARN).

AGRICULTURAL PRICE SUPPORTS

The Senate continued with the consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. Mr. President, late last year, as chairman of the Committee on Agriculture and Forestry, I announced that the first order of business of the Committee on Agriculture and Forestry this year would be a reevaluation of the farm bill. That was made, of course, because of the enormous inflationary spiral that we have witnessed in the country in the past 18 months, and the enormous increased cost in the production of agricultural commodities, which has increased some 35 percent in the past 2 years.

At the beginning of this year, the Committee on Agriculture and Forestry held hearings, more than 164 witnesses in Washington with 2 weeks of hearings, and, in addition to that, some field hearings.

I want to pay tribute, as we prepare to vote in some 2 minutes on this issue, to all of the members of the Committee on Agriculture and Forestry, the ranking minority members and all other minority members, and all of the Democratic side of the aisle.

As has already been stated on this floor today, our committee proceeds on a nonpartisan basis. In the more than 18 years that I have served in the U.S. Senate, I have never seen an issue divide completely on partisan lines in the Senate Committee on Agriculture and Forestry. Every member applied himself diligently; every member contributed immeasurably to the deliberations of our committee.

Also, Mr. President, I would be remiss in my duties as chairman of that committee if I did not pay tribute to our staff. Mike McLeod, chief counsel and also chief of staff, and all of those who are associated with him on the committee staff, especially Mr. Rose and Mr. Cosso. They did an outstanding job. The Senate is indebted to every one of them.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. STENNIS. Mr. President, I thank the Senator and the other members of the committee, as well as the staff, and commend them for the excellent job they have done, in a timely way, to get this bill put together and reported.

Mr. TALMADGE. I thank the Senator for the contribution he made to our deliberations.

The PRESIDING OFFICER (Mr. GARY W. HART). The hour of 5 o'clock has arrived. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. HANSEN (after having voted in the negative). Mr. President, I have a live pair with the distinguished Senator from Nebraska (Mr. CURTIS). Were he here, he would vote "yea." I have already voted "nay." Therefore, I withdraw my vote.

Mr. PELL (when his name was called). Mr. President, on this vote I have a live pair with the senior Senator from Idaho (Mr. CHURCH). If he were present he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

Mr. CANNON (after having voted in the negative). Mr. President, I have a pair with the distinguished Senator from Minnesota (Mr. MONDALE). If he were here and permitted to vote, he would vote "yea." I have already voted "nay." Therefore, I withdraw my vote.

Mr. BIDEN (when his name was called). Mr. President, I have a live pair on this vote with the Senator from South Dakota (Mr. MCGOVERN). If he were here and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Wyoming (Mr. MCGEE), the Senator from Minnesota (Mr. MONDALE), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from South Dakota (Mr. MCGOVERN) are absent on official business.

I further announce that, if present and voting, the Senator from Wyoming (Mr. MCGEE), and the Senator from Missouri (Mr. SYMINGTON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. BROOKE), the Senator from Nebraska (Mr. CURTIS), the Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "nay."

The result was announced—yeas 57, nays 25, as follows:

[Rollcall Vote No. 116 Leg.]

YEAS—57

Abourezk
Allen
Baker
Bartlett
Bayh
Bellmon
Bentsen
Bumpers
Burdick
Clark
Culver
Dole
Domenici
Eagleton
Eastland
Ford
Glenn
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Leahy
Long
Magnuson
Mansfield
McClellan
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pearson
Proxmire
Randolph
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevenson
Stone
Talmadge
Thurmond
Tower
Young

NAYS—25

Beall
Brock
Buckley
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Cranston
Fannin
Garn
Goldwater
Griffin
Javits
Laxalt
Mathias
McClure
McIntyre
Pastore
Percy
Ribicoff
Roth
Scott,
  William L.
Tunney
Weicker
Williams

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—4

Hansen, against
Pell, against
Cannon, against
Biden, against

NOT VOTING—13

Brooke
Church
Curtis
Fong
Gravel
Kennedy
McGee
McGovern
Mondale
Packwood
Stevens
Symington
Taft

So the bill (H.R. 4296) was passed.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read:

> An Act to adjust target prices, loan and purchase levels on upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

Mr. TALMADGE. Mr. President, I ask unanimous consent that H.R. 4296——

The PRESIDING OFFICER. The Senator cannot be heard. The Senate will be in order. Senators will take their seats.

The Senator may proceed.

Mr. TALMADGE. Mr. President, I ask unanimous consent that H.R. 4296 be printed as passed by the Senate, and that the Secretary of the Senate be authorized to make necessary technical and clerical corrections.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESCISSION OF CERTAIN BUDGET AUTHORITY—CONFERENCE REPORT

Mr. McCLELLAN. Mr. President, I submit a report of the committee of conference on H.R. 4075, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. NUNN). The report will be stated by title.

The Assistant Legislative Clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4075) to rescind certain budget authority recommended in the message of the President of January 30, 1975 (H. Doc. 94-39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94-46) and of February 14, 1975 (H. Doc. 94-50), transmitted pursuant to the Impoundment Control Act of 1974, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of March 24, 1975, at p. 8454.)

Mr. McCLELLAN. Mr. President, this conference report on H.R. 4075 would rescind a total amount of $16,454,704 which is $1,232,220,250 less than the President's rescission request for the items considered in this bill. The conference report is identical to the bill as originally passed the House, inasmuch as the conferees deleted the two Senate amendments which would have denied the rescission of $500,000 for the Consumer Product Safety Commission and $4,999,704 for the Inter-American Cultural and Trade Center.

I ask unanimous consent to have printed in the RECORD at this point, a tabulation showing the complete action on this bill.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

H.R. 4075, 3D RESCISSION BILL, 1975 COMPARISON OF CONFERENCE ACTION TO REQUEST, HOUSE ACTION, AND SENATE ACTION BY ITEM

[Reflects corrected amounts included in messages from the Comptroller General]

Rescission No.	Department or activity	Budget request amounts proposed for rescission	House action	Senate action	Conference action	Conference action compared with—		
						Budget request	House action	Senate action
	Department of Agriculture:							
R-75-47	Nutrition and family education programs	$3,200,000				−$3,200,000		
R-75-50	Rural development grants	3,750,000				−3,750,000		
R-75-51	Rural community fire protection grants	3,500,000				−3,500,000		
R-75-48	Agricultural conservation program	156,250,000				−156,250,000		
R-75-49	Forestry incentives programs	25,000,000	$10,000,000	$10,000,000	$10,000,000	−15,000,000		
	Total, Department of Agriculture	191,700,000	10,000,000	10,000,000	10,000,000	−181,700,000		
	Department of Defense—Military:							
R-75-53	Special foreign currency program—1973	915,000	915,000	915,000	915,000			
R-75-54	Special foreign currency program—1974	40,000	40,000	40,000	40,000			
	Total, Department of Defense	955,000	955,000	955,000	955,000			
R-75-81	Consumer Product Safety Commission	1,709,000	500,000		500,000	−1,209,000		+$500,000
R-75-80	Department of Labor: Community service employment for older Americans.	12,000,000				−12,000,000		
	Department of Health, Education, and Welfare:							
R-75-55	Health services	39,677,000				−39,677,000		
R-75-56	Preventive health services	9,805,000				−9,805,000		
R-75-57	National Cancer Institute	123,006,000				−123,006,000		
R-75-58	National Heart and Lung Institute	37,730,000				−37,730,000		
R-75-59	National Institute of Dental Research	7,489,000				−7,489,000		
R-75-60	National Institute of Arthritis, Metabolism, and Digestive Diseases	28,473,000				−28,473,000		
R-75-61	National Institute of Neurological Diseases and Stroke	30,283,000				−30,283,000		
R-75-62	National Institute of Allergy and Infectious Diseases	13,975,000				−13,975,000		
R-75-63	National Institute of General Medical Sciences	30,794,000				−30,794,000		
R-75-64	National Institute of Child Health and Human Development	23,978,000				−23,978,000		
R-75-65	National Eye Institute	6,512,000				−6,512,000		
R-75-66	National Institute of Environmental Health Sciences	6,922,000				−6,922,000		
R-75-67	Research resources	46,865,000				−46,865,000		
R-75-68	John E. Fogarty International Center for Advanced Study in the Health Sciences	1,020,000				−1,020,000		
R-75-69	National Library of Medicine	385,000				−385,000		
R-75-70	Alcohol, drug abuse, and mental health	106,220,000				−106,220,000		
R-75-71	Health resources	26,254,000				26,254,000		
R-75-72	Elementary and secondary education	35,856,250				35,856,250		
R-75-73	Education for the handicapped	102,500,000				102,500,000		
R-75-74	Occupational, vocational, and adult education	39,712,000				39,712,000		
R-75-75	Higher education	58,300,000				58,300,000		
R-75-76	Library resources	52,225,000				52,225,000		
R-75-77	Public assistance	12,900,000				12,900,000		
R-75-78	Rehabilitation services	29,848,000				29,848,000		
R-75-79	Human development	41,582,000				41,582,000		
	Total, Department of Health, Education, and Welfare	912,311,250				912,311,250		
	Total, Labor and Health, Education, and Welfare	924,311,250				924,311,250		
	Department of Commerce:							
D-75-141	Job opportunities program	125,000,000				−125,000,000		
R-75-52	Inter-American Cultural and Trade Center	4,999,704	4,999,704		4,999,704			+4,999,704
	Total, Department of Commerce	129,999,704	4,999,704		4,999,704	−125,000,000		+4,999,704
	Grand total	−1,248,674,954	16,454,704	10,955,000	16,454,704	1,232,220,250		5,499,704

Mr. McCLELLAN. I yield to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, I support the remarks of the distinguished chairman of the Committee on Appropriations.

There are two rescission bills in which the President of the United States proposed rescissions of $949,443,177 in H.R. 3260, and $1,260,393,954 in H.R. 4075. Both bills passed the House and Senate with significantly less moneys to be rescinded than requested. In fact, the net effect of the rescissions requested in the two bills amounting to over $2 billion is approximately $260 million.

I am confident that some of the programs recommended for rescission by the administration are appropriate and would assist in the control, if not in the reduction, of the deficit for fiscal years 1975 and 1976. On the other hand, I am also confident that some of the programs which both Houses of Congress did not approve for rescission are in the best interest of the country as a whole. This is particularly true in those areas where spending and employment will continue during our present economic stress.

In the future the Congress will undoubtedly be required to act on additional proposed rescissions by the administration. I hope that such proposed rescissions will be acted on promptly by the House and permit the Senate Appropriations Committee to hold hearings and make recommendations in an orderly and rational manner. Under the circumstances of the conference reports that are before us today, I recommend the adoption by my colleagues.

Mr. McCLELLAN. Mr. President, unless there are questions, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. NUNN). The Senate will be in order. Senators will take their seats.

RESCISSION OF CERTAIN BUDGET AUTHORITY

Mr. McCLELLAN. Mr. President, I submit a report of the committee of conference on H.R. 3260, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. NUNN). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The **PRESIDING OFFICER.** Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of March 24, 1975 at page 8452.)

Mr. ROBERT C. BYRD. Mr. President, will the Senator permit me to suggest the absence of a quorum until I can contact a certain Senator with reference to another matter?

Mr. McCLELLAN. Surely.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The **PRESIDING OFFICER.** The Senators will take their seats and clear the aisles.

THE TAX REDUCTION ACT OF 1975—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, for the information of the Senate, the matter before the Senate at the moment is the conference report on H.R. 2166. I am making an effort at the moment to contact a Senator who, I am told, might be considering raising a point of order against the conference report. This may or may not be the case, but, as soon as I am able to contact him, we will know, and upon the disposition of this conference report one way or the other, it is my understanding, in talking to the distinguished chairman of the Committee on Finance (Mr. Long), that it may be well for the Senate to proceed with the discussion of the conference report on the tax cut legislation.

According to the best information I have been able to secure, the other body is not expected to complete action on that conference report before 7:30 or 8 o'clock today. But the distinguished Senator from Louisiana, the chairman of the Finance Committee, has indicated that he is of the opinion—and I do not believe I have misunderstood him—that it might be well for the Senate in the meantime, rather than to recess, to proceed with the discussion of that conference report, so that when it is received from the House late in the day, hopefully, the Senate would be more ready at that time and better prepared to complete action thereon earlier.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. LONG. May I say to the distinguished acting majority leader, I called over to the House to see what is going on over there, and I received information that they are having a rather heated debate on whether they ought to waive the 3-day rule and permit the matter to come before the House at this time, if at all, because some Members were not happy about the fact that the House did not prevail entirely in the conference.

Of course, if the House wanted to insist on the 3-day rule, as I believe they——

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. LONG. I am no expert on the House rules, but if that were in the Senate, a single Member could object to waiving the rule. However, I suppose they have a different procedure there, but it may be that the House may decline to waive the 3-day rule. If that is the case, I would think we would be well advised to go on about our business and come back when the House decides what they want to do.

Mr. ROBERT C. BYRD. Would the Senator then not suggest that the Senate proceed at this time to discuss the conference report in the expectation, hopeful expectation, that the House will indeed act on it this evening?

Mr. LONG. I just do not think we ought to be presumptive, and that being the case, I would think that we should not presume to discuss the conference report until the House decides whether they are going to take it up. Now, if the House is not going to take the conference up in 3 days, there is no point in the Senate waiting and discussing something for which there is no need for haste. We can make available to all Senators everything that they would like to read over in the last few days, and then when they get back they would be well-informed and would not ask any questions as to what the conference report was.

Mr. ROBERT C. BYRD. Mr. President, we will take action one way or the other on the pending conference report shortly. The Senator is on the line, and I will talk to him and then, upon the disposition of that matter, the Senate will stand in recess until the hour of 7:30 p.m. today.

Mr. McCLELLAN. That is to take up the tax conference report?

Mr. ROBERT C. BYRD. Yes. The Senate would come back in at 7:30 to assess the situation with respect to the conference report on the tax bill.

Mr. McCLELLAN. There is no reason to delay.

Mr. STENNIS. Mr. President, if the Senate is still in session, may we have quiet?

The **PRESIDING OFFICER.** Will the Senators take their seats?

Mr. McCLELLAN. I will further ask the distinguished Senator, is there any objection to the conference report now pending?

Mr. ROBERT C. BYRD. I know of no objection. However, the Senator whom I have called is now on the telephone, and if I could just ask for a quorum I will be right back with the answer.

Mr. McCLELLAN. I would hope we could expedite it.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

RESCISSION OF BUDGET AUTHORITY—CONFERENCE REPORT (H.R. 3260 AND H.R. 4075)

Mr. HATHAWAY. Mr. President, I would like to make a parliamentary inquiry with regard to these two rescission bills, H.R. 3260 and H.R. 4075. Both bills purport to be enacted "pursuant to the Impoundment Control Act of 1974." Yet we are acting today nearly a month after the expiration of the 45-day period prescribed in that act for completion of congressional action on such bills. I would like to inquire whether such action, which appears to be inconsistent with the terms of the Impoundment Control Act, is in order at the present time.

The **PRESIDING OFFICER.** In response to the inquiry, the Chair would state that it is conceded that the time frame provided for in the Congressional Budget and Impoundment Control Act of 1974 has elapsed, and in fact had elapsed before this body considered the bill. Notwithstanding this, it is the Chair's view that Congress nevertheless has the power to act on a rescission bill irrespective of the act, as the act itself states in section 1001:

> Nothing contained in this Act, or in any amendments made by this Act, shall be construed as—
>
> (1) asserting or conceding the constitutional powers or limitations of either the Congress or the President; . . .

Therefore, it is the Chair's view that this is simply a regular bill and conference report thereon and it is proper for the Senate to act on them, but that the provisions of the act relative to rescission bills and conference reports thereon do not obtain.

Mr. HATHAWAY. I fully appreciate the fact that Congress has inherent power to rescind appropriations at any time it wishes, either on its own initiative or at the request of the President. What concerns me, however, is that we not establish a precedent in the handling of these two bills which might serve as an encouragement to an administration to drag its feet in making funds available when the 45-day period does expire. I note that the conference report on H.R. 3260 alludes to this problem by stating that the "pursuant to * * *" language in the bill does not alter "the responsibility of the administration to make funds available at the end of the 45-day period specified in such Act."

Mr. McCLELLAN. I would agree with the point made by the Senator from Maine. Of course, the law requires that the funds must be made available at the end of 45 days if the Congress has not completed action on a rescission bill by that time. What I believe the Senator is concerned with is that the administration may comply with the letter of the law but not its spirit by sending informal signals to the agencies to the effect that "legally you may spend this money, but do not move too fast, for Congress still may act on the rescission." As the Chair has pointed out, our action here today should be interpreted as action under our inherent powers in this area and not as an implied waiver of the 45-day provision of the Impoundment Control Act. I can assure the Senator that this committee would look with disfavor on the type of action he suggests could occur in this situation.

I should like to point out that the Comptroller General has assured the Appropriations Committee that it will automatically check the Office of Management and Budget at the end of each 45-day period to ascertain whether the funds are being made available for obligation as required in the terms of the Impoundment Control Act of 1974.

RESCISSION OF CERTAIN BUDGET AUTHORITY—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93-398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94-39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93-391), transmitted pursuant to the Impoundment Control Act of 1974.

Mr. McCLELLAN. Mr. President, under the provisions of the Congressional Budget and Impoundment Control Act, the President requested rescissions in the amount of $949,443,172 for the items considered in H.R. 3260. Most of the requested rescissions are in the defense, housing, and health, education, and welfare areas. The House included a total of $242,572,900 in its bill and the Senate action would have rescinded $320,479,370. The conference agreement rescinds $243,359,370, an amount which is $77,120,000 less than the Senate action and $706,083,802 less than the President requested. Most of the rescissions are in the defense area, including $122,900,000 for the 12 F-111F fighter aircraft. Neither the House nor Senate bill included any rescission of funds in the Labor-HEW area.

I do not intend to elaborate on all of the items that were before the conference inasmuch as the conference report has been printed and has appeared in the CONGRESSIONAL RECORD.

I ask unanimous consent to insert at this point in the RECORD, a tabulation which shows the action on this bill including a comparison of conference action to the rescissions request, House action, and Senate action by item.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

H.R. 3260, 2D RESCISSION BILL, 1975, COMPARISON OF CONFERENCE ACTION TO REQUEST, HOUSE ACTION, AND SENATE ACTION BY ITEM

Rescission No.	Department or activity	Budget request amount proposed for rescission	House action	Senate action	Conference action	Conference action compared with— Budget request	Conference action compared with— House action	Conference action compared with— Senate action
R75-8	Department of Agriculture: Water bank program	$21,212,940		$7,856,470	$7,856,470	−$13,356,470	+$7,856,470	
	Department of Defense—Military:							
R75-17	Operation and maintenance, Army	41,000,000	$20,500,000	41,000,000	20,500,000	−20,500,000		−$20,500,000
R75-18	Operation and maintenance, Navy	27,500,000	13,750,000	27,500,000	13,750,000	−13,750,000		−13,750,000
R75-19	Operation and maintenance, Marine Corps	5,000,000	2,500,000	5,000,000	2,500,000	−2,500,000		−2,500,000
R75-20	Operation and maintenance, Air Force	40,000,000	20,000,000	40,000,000	20,000,000	−20,000,000		−20,000,000
R75-21	Operation and maintenance, Defense agencies	1,900,000	950,000	1,900,000	950,000	−950,000		−950,000
R75-22	Operation and maintenance, Army Reserve	1,800,000	900,000	1,800,000	900,000	−900,000		−900,000
R75-23	Operation and maintenance, Navy Reserve	1,100,000	550,000	1,100,000	550,000	−550,000		−550,000
R75-24	Operation and maintenance, Air Force Reserve	400,000	200,000	400,000	200,000	−200,000		−200,000
R75-25	Operation and maintenance, Army National Guard	1,400,000	700,000	1,400,000	700,000	−700,000		−700,000
R75-26	Operation and maintenance, Air National Guard	500,000	250,000	500,000	250,000	−250,000		−250,000
R75-27A	Aircraft procurement, Army	5,700,000				−5,700,000		
R75-28A	Aircraft procurement, Air Force	152,500,000	122,900,000	122,900,000	122,900,000	−29,600,000		
	Total, Department of Defense	278,800,000	183,200,000	243,500,000	183,200,000	−95,600,000		−60,300,000
R75-48	Department of Housing and Urban Development: Homeownership assistance (annual contract authority)	264,117,000				−264,117,000		
	Department of Agriculture—Forest Service:							
R75-10	Forest land management	10,000,000				−10,000,000		
R75-9	State and private forestry cooperation	4,921,000				−4,921,000		
	Total, Subcommittee on Interior	14,921,000				−14,921,000		
R75-29A	Department of Health, Education, and Welfare: Health resources	284,719,332				−284,719,332		
	Department of State:							
R75-35	Contributions to international organizations	2,000,000	2,000,000	2,000,000	2,000,000			
R75-36	International trade negotiations	100,000	100,000	100,000	100,000			
	Subtotal, Department of State	2,100,000	2,100,000	2,100,000	2,100,000			
	Department of Justice:							
R75-30	Federal Bureau of Investigation	5,300,000	5,300,000			−5,300,000	−5,300,000	
R75-31	Immigration and Naturalization Service	1,300,000				−1,300,000		
	Federal Prison System:							
R75-32	Salaries and expenses, Bureau of Prisons	5,250,000	5,250,000	5,250,000	5,250,000			
R75-33	Buildings and facilities	1,750,000	1,750,000	1,750,000	1,750,000			
R75-34	Drug Enforcement Administration	2,400,000	2,400,000		2,400,000			+2,400,000
	Subtotal, Department of Justice	16,000,000	14,700,000	7,000,000	9,400,000	−6,600,000	−5,300,000	+2,400,000
	Department of Commerce:							
R75-11	Social and Economic Statistics Administration	373,000	373,000	373,000	373,000			
R75-12	Economic Development Administration	2,000,000				−2,000,000		
R75-13	Trade Adjustment Assistance	12,000,000	12,000,000	12,000,000	12,000,000			
R75-14	U.S. Travel Service	250,000	250,000		250,000			+250,000
R75-15A	National Oceanic and Atmospheric Administration	3,227,000	3,227,000	927,000	927,000	−2,300,000	−2,300,000	
R75-16	Patent Office	700,000	700,000	700,000	700,000			
	Subtotal, Department of Commerce	18,550,000	16,550,000	14,000,000	14,250,000	−4,300,000	−2,300,000	+250,000
	Total, Subcommittee on State, Justice, Commerce, and the Judiciary	36,650,000	33,350,000	23,100,000	25,750,000	−10,900,000	−7,600,000	+2,650,000

H.R. 3260, 2D RESCISSION BILL, 1975, COMPARISON OF CONFERENCE ACTION TO REQUEST, HOUSE ACTION, AND SENATE ACTION BY ITEM—Continued

Rescission No.	Department or activity	Budget request amount proposed for rescission	House action	Senate action	Conference action	Conference action compared with—		
						Budget request	House action	Senate action
	Department of the Treasury:							
R75-37	Office of the Secretary	$310,000	$310,000	$310,000	$310,000			
R75-38	Federal Law Enforcement Training Center	60,000	60,000	60,000	60,000			
R75-39	Bureau of Accounts	630,000	630,000	630,000	630,000			
R75-40	U.S. Customs Service	3,000,000				−$3,000,000		
	Internal Revenue Service:							
R75-41	Salaries and expenses	530,000		530,000	530,000		+$530,000	
R75-42	Accounts, collection and taxpayer service	9,230,000		9,230,000		−9,230,000		−$9,230,000
R75-43	Compliance	10,240,000		10,240,000		−10,240,000		−10,240,000
	Subtotal, Treasury Department	24,000,000	1,000,000	21,000,000	1,530,000	−22,470,000	+530,000	−19,470,000
	Executive Office of the President:							
	Special action office for drug abuse prevention:							
R75-45	Pharmacological research	2,760,000	2,760,000	2,760,000	2,760,000			
R75-46	Special fund	2,240,000	2,240,000	2,240,000	2,240,000			
	Subtotal, Executive Office of the President	5,000,000	5,000,000	5,000,000	5,000,000			
	Independent Agencies:							
R75-44	General Services Administration: Federal Building Fund (limitation)	(20,022,900)	(20,022,900)	(20,022,900)	(20,022,900)			
	Total, Treasury, Postal Service, and General Government:							
	Budget authority	29,000,000	6,000,000	26,000,000	6,530,000	−22,470,000	+530,000	−19,470,000
	Limitation	(20,022,900)	(20,022,900)	(20,022,900)	(20,022,900)			
	Total budget authority	929,420,272	222,550,000	300,456,470	223,336,470	−706,083,802	+786,470	−77,120,000
	Limitation	20,022,900	20,022,900	20,022,900	20,022,900			
	Grand total	949,443,172	242,572,900	320,479,370	243,357,370	−706,083,802	+786,470	−77,120,000

Mr. McCLELLAN. Mr. President, if there is no further objection to it, I move that the conference report be adopted.

The PRESIDING OFFICER. The question is on agreeing to the conference report (putting the question).

The conference report was agreed to.

ORDER OF BUSINESS

THE TAX REDUCTION ACT OF 1975—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, shortly the Senate will stand in recess for 2 hours and, hopefully, we will have some word from the other body at that time as to what we can expect for the rest of the day in the Senate in regard to the tax cut conference report.

There may very well be rollcall votes on the adoption of that conference report. I am not saying there will or will not be such, but Senators may want to be on record and, in that event, I would suggest that the Senators stay in the area so as to be available in the event the conference report comes over from the House and there is a rollcall vote ordered thereon.

RECESS FOR 2 HOURS

Mr. ROBERT C. BYRD. I move that the Senate stand in recess for 2 hours.

The motion was agreed to, and at 5:39 p.m. the Senate took a recess until 7:39 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer (Mr. STONE).

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. GLENN), laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 9:25 a.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. No. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975, (H. Doc. No. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. No. 93–391), transmitted pursuant to the Impoundment Control Act of 1974.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4075) to rescind certain budget authority recommended in the message of the President of January 30, 1975 (H. Doc. No. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. No. 94–46) and of February 14, 1975 (H. Doc. No. 94–50), transmitted pursuant to the Impoundment Control Act of 1974.

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 2783) to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982.

The message also announced that, pursuant to the provisions of 10 U.S.C. 9355 (a), the Speaker has appointed as a member of the Board of Visitors to the U.S. Air Force Academy, Mr. ROBINSON of Virginia, vice Mr. GOLDWATER, resigned.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the enrolled bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. GLENN).

At 5:01 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House has agreed to the resolution (H. Res. 309) expressing disapproval of proposed deferral D75–94, as set forth in the President's special message of November 26, 1974, transmitted to Congress under section 1013 of the Impoundment Control Act of 1974.

The message also announced that the Speaker has appointed Mr. SLACK, Mr. YATRON, Mr. WAMPLER, and Mr. ROBERT W. DANIEL, Jr., members of the James Madison Memorial Commission on the part of the House.

ENROLLED BILL SIGNED

At 5:15 p.m., a message from the House of Representatives by Mr. Hackney announced that the Speaker had signed the enrolled bill (H.R. 2783) to continue the national insurance development program.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. GLENN).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. GLENN) laid before the Senate the following letters, which were referred as indicated:

PROPOSED LEGISLATION BY THE SECRETARY OF THE TREASURY

A letter from the Secretary of the Treasury transmitting a draft of proposed legislation to create a National Center for Productivity as an independent agency of the executive branch to succeed the National Commission on Productivity and Work Quality (with accompanying papers); to the Committee on Government Operations and the Committee on Banking, Housing and Urban Affairs, jointly, by unanimous consent.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a communication from the Secretary of the Treasury, transmitting a draft bill to create a National Center for Productivity to succeed the National Commission on Productivity and Work Quality, be jointly referred to the Committees on Government Operations and Banking, Housing and Urban Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

RELEASE OF CERTAIN BUDGET AUTHORITY

A letter from the Comptroller General of the United States confirming the release of certain budget authority (with accompanying papers); pursuant to the order of January 30, 1975, referred jointly to the Committees on Appropriations, Budget, Armed Services, Interior and Insular Affairs, Banking, Housing and Urban Affairs, Agriculture and Forestry, Commerce, Labor and Public Welfare, and Public Works, and ordered to be printed.

REPORT OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a report on proposed use of certain research and development funds for modifications to existing Government-owned facilities (with an accompanying report); to the Committee on Aeronautical and Space Sciences.

APPROVAL OF LOANS BY THE RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Administrator of the Rural Electrification Administration reporting, pursuant to law, on the approval of certain loans by the Rural Electrification Administration (with accompanying papers); to the Committee on Appropriations.

REPORT OF THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting, pursuant to law, a report of the Urban Mass Transportation Administration of Capital Assistance, Technical Studies, and Relocation Grants (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION TO AUTHORIZE APPROPRIATIONS TO CARRY OUT THE PROVISIONS OF THE INTERNATIONAL ECONOMIC POLICY ACT OF 1972, AS AMENDED

A letter from the Acting Executive Director, Council on International Economic Policy, transmitting a draft of proposed legislation to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes (with accompanying papers); to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION TO INCREASE AND EXTEND THE APPROPRIATION FOR THE NATIONAL ADVISORY COMMITTEE ON OCEANS AND ATMOSPHERE

A letter from the Secretary of Commerce, submitting a draft of proposed legislation to amend the act of August 16, 1971, as amended, which established the National Advisory Committee on Oceans and Atmosphere, to increase and extend the appropriation authorization thereunder (with accompanying papers); to the Committee on Commerce.

PROPOSED AMTRAK IMPROVEMENT ACT OF 1975

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Rail Passenger Service Act to provide financial assistance to the National Rail Passenger Corporation, and for other purposes (with accompanying papers); to the Committee on Commerce.

PROPOSED LEGISLATION TO ENABLE EXPORTERS TO OBTAIN A REFUND OF MANUFACTURERS' EXCISE TAXES IN CERTAIN CASES

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the Internal Revenue Code of 1954 to enable exporters to obtain a refund of manufacturers' excise taxes in certain cases where the articles are exported by persons other than the manufacturers, producers, or importers of the articles (with accompanying papers); to the Committee on Finance.

REPORT ON FEDERAL ACTIVITIES RELATED TO WELFARE PROGRAMS

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report of Federal activities related to welfare programs (with an accompanying report); to the Committee on Finance.

PROPOSED UNITED NATIONS FORCE IN CYPRUS AUTHORIZATION ACT

A letter from the Assistant Secretary for Congressional Relations, Department of State, transmitting a draft of proposed legislaton to authorize a U.S. payment for fiscal year 1975 to the United Nations for expenses of the United Nations Force in Cyprus (with accompanying papers); to the Committee on Foreign Relations.

REPORT ON THE PRESIDENTIAL RECORDINGS AND MATERIALS PRESERVATION ACT

A letter from the Administrator, General Services Administration, transmitting, pursuant to law, a report in the Presidential Recordings and Materials Preservation Act (with an accompanying report); to the Committee on Government Operations.

REPORT OF PRESIDENTIAL ADVISORY COMMITTEE RECOMMENDATIONS

A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report of Presidential Advisory Committee Recommendations (with an accompanying report); to the Committee on Government Operations.

REPORT ON PRIVATE GRIEVANCES AND REDRESS, THE FEDERAL ENERGY ADMINISTRATION

A letter from the Administrator, Federal Energy Administration, transmitting, pursuant to law, a report on private grievances and redress (with an accompanying report); to the Committee on Government Operations.

REPORTS OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on fire safety in federally funded skilled nursing facilities participating in medicare and medicaid, Department of Health, Education, and Welfare (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on weaknesses in administration of the program to correct defects in housing insured under the section 235 program, Department of Housing and Urban Development (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the outlook for Federal goals to accelerate leasing of oil and gas resources on the Outer Continental Shelf, Department of the Interior, Federal Energy Administration (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on savings expected from better use of truck warranties by Government agencies, Department of Defense, General Services Administration (with an accompanying report); to the Committee on Government Operations.

PROPOSED LEGISLATION TO PROVIDE AN AUTHORIZATION FOR AN EX GRATIA PAYMENT TO THE PEOPLE OF BIKINI ATOLL

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to provide an authorization for an ex gratia payment to the people of Bikini Atoll, in the Marshall Islands of the Trust Territory of the Pacific Islands (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT ON ENERGY CONSERVATION STUDY

A letter from the Administrator, Federal Energy Administration, transmitting, pursuant to law, a report to Congress entitled "Energy Conservation Study," December 1974 (with an accompanying report); to the Committee on Interior and Insular Affairs.

REPORT ON URANIUM ENRICHMENT ACTIVITY

A letter from the Administrator, Energy Research and Development Administration, transmitting, pursuant to law, a report of the Atomic Energy Commission's fiscal year 1974 financial statements for its uranium enrichment activity (with an accompanying report); to the Joint Committee on Atomic Energy.

REPORTS OF THIRD PREFERENCE AND SIXTH PREFERENCE CLASSIFICATION

A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting, pursuant to law, reports of third preference and sixth preference classification (with accompanying papers); to the Committee on the Judiciary.

REPORT OF THE DEPARTMENT OF THE TREASURY UNDER THE FREEDOM OF INFORMATION ACT

A letter from the Secretary of the Treasury, transmitting, pursuant to law, a report of the department under the Freedom of Information Act (with an accompanying report); to the Committee on the Judiciary.

PROPOSED LEGISLATION ON BEHALF OF THE JUDICIAL CONFERENCE

Three letters from the Director, Administrative Office of the U.S. Courts, transmitting proposed legislation to improve the administration of criminal justice by facilitating the trial of petty offense cases before U.S. magistrates; to amend the Bankruptcy Act to abolish the referees' salary and expense fund, to provide that fees and charges collected by the clerk of the court of bankruptcy in bankruptcy proceedings be paid into the general fund of the Treasury of the United States, to provide salaries and expenses of referees be paid from the general fund of the Treasury, and to eliminate the statutory criteria presently required to be considered by the Judicial Conference in fixing salaries of full-time referees; and to improve judicial machinery by amending title 28, United States Code, to broaden and clarify the jurisdiction of U.S. magistrates (with accompanying papers); to the Committee on the Judiciary.

Regulations Regarding Various Aid to Education Programs

Four letters from the Executive Secretary to the Department of Health, Education and Welfare, transmitting, pursuant to law, proposed regulation to 45 CFR Part 177; notice of proposed rulemaking, public service education institutional grants and fellowships; proposed priorities for fiscal 1975 for applications for awards under section 106, title I of the Higher Education Act, as amended (20 U.S.C. 1005a.); and amendment to published regulations governing financial assistance under the Environmental Education Act, as amended (P.L. 93-278) (with accompanying papers); to the Committee on Labor and Public Welfare.

Report of Compliance, Enforcement and Reporting Labor-Management Reporting and Disclosure Act

A letter from the Deputy Under Secretary for Legislative Affairs, U.S. Department of Labor, transmitting, pursuant to law, a report of compliance, in 1973 under the Labor-Management Reporting and Disclosure Act (with an accompanying report); to the Committee on Labor and Public Welfare.

Proposed Legislation to Increase the Retirement Benefits of Referees in Bankruptcy

A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the civil service retirement law to increase the retirement benefits of referees in bankruptcy (with accompanying papers); to the Committee on Post Office and Civil Service.

Proposed Legislation To Extend Provisions of the Noise Control Act of 1972

A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to extend provisions of the Noise Control Act of 1972 (with accompanying papers); to the Committee on Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. Glenn):

A concurrent resolution adopted by the Legislature of the State of Arkansas; to the Committee on Commerce:

Senate Concurrent Resolution Urging the U.S. Congress to Take Appropriate Action to Assure the Continued Service of the Rock Island Railroad to the Individuals and Businesses in This State and Nation

Whereas, the railroads in this section of the country are essential to the continued industrial and agricultural growth of the area; and

Whereas, railroads are a vital link between the food production areas and the food processors and manufacturers; and

Whereas, the railroad is one of the most economical means of transporting products and supplies and the fuel consumed by moving heavy loads by train is much lower than in the case of some other means of transportation; and

Whereas, at a time when fuel supplies are short and the cost of food is at an all time high, it is vitally important to the economy of this State, the nation and the welfare of the citizens of Arkansas and the United States that rail service not be discontinued or severely curtailed,

Now therefore, be it resolved by the Senate of the seventieth General Assembly of the State of Arkansas, the House of Representatives concurring therein:

Section 1. The General Assembly hereby urges the U.S. Congress to take any reasonable action necessary to assure that the Rock Island Railroad will continue to serve the individuals and businesses in this State and the United States, and further urges the members of the Arkansas Congressional Delegation to actively promote and support such action.

Section 2. Upon adoption of this Resolution, a copy hereof shall be transmitted to the presiding officer of the U.S. Senate and House of Representatives, and to each member of the Arkansas Congressional Delegation.

A joint resolution of the Legislature of the State of Utah; to the Committee on Interior and Insular Affairs:

Energy Resource Resolution, General Session, 1975

A joint resolution of the 41st Legislature of the State of Utah memorializing the Secretary of the Interior to approve a site for the construction of the Kaiparowits power plant and to give Utah's other energy resources early study and consideration for development; directing that the resolution be given to the Secretary of the Interior, the President of the United States, congressional leaders, and Congressmen from the Rocky Mountain States

Be it resolved by the Legislature of the State of Utah:

Whereas, there is an urgent need for the production of more energy within our country to sustain continued industrial development and thereby reduce the balance of trade deficit; and

Whereas, it is essential to protect the physical environment of our country and state and to conserve for future generations reasonable amounts of non-renewable energy resources; and

Whereas, Utah is endowed with critical natural resources, especially coal and oil shale, and has for years attempted to increase the demand and development of its natural resources, including coal, oil shale, alunite, bituminous sands and chemicals; and

Whereas, the energy crisis has precipitated an unprecedented demand for the development of domestic natural resources; and

Whereas, the cooperation of the federal government which owns some 70 percent of the land within the state is necessary for the development of Utah's energy resources; and

Whereas, many of these potential energy resources are situated in economically depressed areas where employment opportunities are inadequate; and

Whereas, cooperation of public and private interests is necessary to develop Utah's resources, including the building of access roads; the construction or expansion of towns to accommodate and serve workers who will be required to construct, operate, and maintain natural energy facilities; and

Whereas, Utah will be expected by the federal government to produce more than its proportionate share of the national energy needs.

Now, therefore, be it resolved, that the Secretary of the Department of Interior, Rogers C. B. Morton, approve at any early date a plant site for construction of the Kaiparowits Power Project based upon a suitable balance between the protection of the environment and economic feasibility;

Be it further resolved, that the Secretary and other appropriate federal departments and agencies give early study and consideration to the other energy resource opportunities which exist in Utah;

Be it further resolved, that the Secretary of State transmit a copy of this resolution to the President of the United States, the Secretary of the Interior, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member in Congress from Utah, Arizona, Colorado, Idaho, Montana, New Mexico, North Dakota, South Dakota, and Wyoming.

NEW HAMPSHIRE SENATE RESOLUTION NO. 7

Mr. McINTYRE. Mr. President, I present for appropriate reference Senate Resolution No. 7 adopted by the New Hampshire State Senate.

The Senate Rules Committee is now counting ballots. The committee is meeting throughout the day and continues the counting into the evenings. It worked a long day on last Saturday.

I said when Resolution No. 7 was introduced in New Hampshire that no one would be more relieved to see this matter decided. At the same time the laws of New Hampshire and the U.S. Constitution protect the rights of the people to have their vote counted.

It would be a gross injustice to deprive a citizen of due process in the interest of political expediency. The U.S. Senate has voted to follow the established legal process in accordance with the U.S. Constitution and New Hampshire law and the Senate is diligently and carefully and properly proceeding at this time.

I ask unanimous consent that the resolution be printed in the Record and appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution, which was referred to the Committee on Rules and Administration, is as follows:

Senate Resolution No. 7

Memorializing Senator Thomas J. McIntyre to expedite the seating of the junior United States Senator in the United States so that the State of New Hampshire may enjoy her full representation as guaranteed by the Constitution of the United States

Whereas, the State of New Hampshire has suffered a lack of representation in the United States Senate since January 14; and

Whereas, no other state in the Union suffers under the same disability; and

Whereas, the United States Senate has asked the voter's choice of the people of New Hampshire to stand aside and not be seated; and

Whereas, the General Court of New Hampshire has provided a special election process; and

Whereas, within the foreseeable future, there appears to be no immediate prospect for resolution of the lack of representation in the United States Senate for the State of New Hampshire; now, therefore, be it

Resolved, by the Senate of the General Court of New Hampshire, that Senator Thomas J. McIntyre is requested:

That if the Senate of the United States cannot resolve the lack of representation by the State of New Hampshire in the United

States Senate by March 21, 1975, that Senator McIntyre petition the United States Senate to declare a vacancy so that a special election under New Hampshire Laws, 175, Chapter One in the seat of the junior Senator from the State of New Hampshire in the United States Senate take place.

A joint resolution of the Legislature of the State of Montana; to the Committee on Finance:

A Joint Resolution of the Senate and the House of Representatives of the State of Montana Requesting the Congress and the President of the United States of America To Revise the Federal Laws Relating to Aid to Dependent Children in Order To Eliminate Sexual Discrimination in Certain Provisions

Whereas, the constitution of the state of Montana prohibits discrimination based on sex; and

Whereas, the Montana legislature is in the process of implementing this constitutional provision; and

Whereas, two (2) provisions of the Revised Codes of Montana, 1947, sections 71–501 and 71–508 provide for aid to dependent children who are deprived of parental support or care by reason of the unemployment of the father and provide funding for county programs of aid to dependent children who are deprived of support and care by the unemployment of the father; and

Whereas, the provisions of these two sections result in different eligibility standards for fathers and mothers; and

Whereas, federal regulations are such as to prohibit the elimination of the sexual discrimination in these statutes.

Now, therefore, be it resolved by the Senate and the House of Representatives of the State of Montana:

That the Congress and the President of the United States are requested to effect such changes in federal statutes and regulations which will not distinguish between persons because of sex and which will permit states to eliminate such sexual discrimination as exists in statutes such as sections 71–501 and 71–508, R.C.M. 1947.

Be it further resolved, that the Secretary of State is instructed to send copies of this resolution to the President of the United States, the Secretary of the United States Senate, the Clerk of the United States House of Representatives, the Secretary of Health, Education and Welfare and to each Montana Congressman.

A resolution adopted by the City Council of the City of Youngstown, Ohio, endorsing legislation to repeal certain exemptions in the Federal antitrust laws; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HARTKE, from the Committee on Commerce, with amendments:

S. 917. A bill to amend the Interstate Commerce Act to authorize the Interstate Commerce Commission to grant temporary operating authority to a carrier by railroad pending final determination by the Commission (Rept. No. 94–62).

LEGISLATIVE REVIEW ACTIVITY—SPECIAL REPORT OF A COMMITTEE—(REPT. NO. 94–60)

Mr. LONG, from the Committee on Finance, pursuant to section 136 of the Legislative Reorganization Act of 1946, as amended by the Legislative Reorganization Act of 1970 and by Public Laws 92–136 and 93–344, submitted a report entitled "Legislative Review Activity," which was ordered to be printed.

THE JOINT ECONOMIC COMMITTEE'S ANNUAL REPORT ON THE PRESIDENT'S ECONOMIC REPORT AND BUDGET—(REPT. NO. 94–61)

Mr. HUMPHREY. Mr. President, as chairman of the Joint Economic Committee, I am presenting to the Congress our report on the President's Budget and the Economic Report. As you know, our committee is required to report to the Congress on the President's economic and related reports.

Never before has concern about the situation of the economy been more serious and never before has it been more necessary that Congress provide leadership in the economic area.

This year we have prepared not only the regular, detailed study of the administration's economic program, but also a brief summary of our report, which I am sure will be helpful to the Congress and the American people generally.

The report is highly critical of administration economic policy, and warns that President Ford's proposals, if followed, would lead to an unemployment rate of almost 10 percent late this year and in 1976. The report points out that the President's plan would mean a loss in real national output totaling some $1.5 trillion between now and 1980, and a level of production in 1976 which is well below that in 1973.

Stressing that "the emergency problem is recession," and fearful that the President's program would increase both inflation and unemployment, the Joint Economic Committee called for strong fiscal measures to bring about "a quick and sustainable economic recovery."

Comparing the effect of the Joint Economic Committee plan to the President's, the report notes:

> We estimate that adoption of the Committee's proposals will bring unemployment down to the level of 7.8 to 8.1 percent by the end of this year (compared to 9.2 to 9.5 under the President's program), and 6.5 to 6.8 percent by the fourth quarter of 1976 (compared to 9.2 to 9.5 percent).
>
> In terms of jobs, an estimated 2 to 2.5 million more people would be working at the end of next year under the Committee's program than under the President's.

Among the major committee recommendations are:

Support for the tax reductions already approved by the House of Representatives;

Sum of $12 to $15 billion in additional personal tax cuts, bringing the combined total of personal and business tax reductions to between $32 and $35 billion;

Cost-of-living adjustments in Federal income support programs;

Antirecession grants to State and local governments, at a rate determined by the level of unemployment;

Expansion of present emergency State and local public service employment programs to create jobs at the rate of 500,000 at 6 percent unemployment, and ranging up to a million jobs at 8 percent;

A federally administered public service employment program triggered to start at 8 percent unemployment and providing 500,000 jobs at the 8-percent level and an additional 500,000 jobs for each percentage point above that level;

A Federal Reserve policy to reduce both short- and long-term interest rates and to keep them low throughout 1975, combined with a temporary mortgage subsidy program for low- and moderate-income families, with an interest ceiling of 6 percent; and

A strengthened Council on Wage and Price Stability and the creation of an Economic Planning Agency to assess coming economic trends.

The recession, the committee report said:

> Requires immediate, vigorous action. Beyond that is the longer-run need for a balanced and workable solution to our energy needs; development of a national food policy; enhanced capability to manage our national economy; reform of the tax system, and improvement of programs for improving health, reducing poverty and meeting essential national needs.

Mr. President, I am confident that the committee's proposals will stop the downturn in the economy and provide the impetus for increased growth and employment. The report said:

> These goals in turn will restore vitally needed confidence in our economy, which in itself is a necessary element in the reattainment of full employment.

The report contains separate minority views and supplemental views of individual members.

Mr. President, I ask unanimous consent that a summary of the JEC's Annual Report be printed at this point in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

U.S. Congress, 1975 Annual Report, Joint Economic Committee

A SUMMARY

The Employment Act of 1946 requires that each year the Joint Economic Committee report its findings and recommendations on the policies proposed by the President in his Economic Report. The Committee's annual report is also a guide to Congressional committees dealing with legislation that affects the performance of the U.S. economy.

1975 ANNUAL REPORT LABELED "EMERGENCY REPORT"

It is a measure of our present economic problems that the United States is faced with the most serious recession in the history of the Employment Act. As a consequence, the Committee has pursued its analysis of the President's economic program with special vigilance. We have sought the widest range of expert opinion and advice to supplement the independent analyses conducted by the Committee's professional staff. We attach special urgency to the findings and recommendations that have resulted from this inquiry. It is without exaggeration that we characterize this as an emergency report designed to combat the most grave economic emergency in the postwar era.

PRESENT ECONOMIC CONDITIONS

The emergency is defined by the economy's present condition:

Production

After declining gradually during the first three quarters of 1974, real output plummeted at an annual rate of 9.1 percent in the fourth quarter. The level of production was actually lower than it had been two years earlier in the fourth quarter of 1972. There is every indication that a decline of similar magnitude—or even larger—is occurring in the present quarter. Compared to the output that would be produced at a 4 percent level of unemployment, actual output in the present quarter is estimated to be running 14 percent below its potential. This represents an annual loss in output of about $215 billion (measured in 1974 prices).

Employment

This decline in output has produced sharp reductions in employment. The present official unemployment rate is 8.2 percent, the highest in 34 years. In February alone total employment fell by 540,000 persons and 580,000 persons stopped looking for work. At the present time 7½ million Americans are out of work.

Incomes

Real incomes have fallen with the decline in output. Disposable personal income in the fourth quarter of 1974 was 4.5 percent below the level of a year earlier. A further decline of 1.2 percent occurred in January, bringing the total decline since July 1973 to nearly 8 percent.

Investment

Real consumer spending dropped 12 percent at an annual rate in the fourth quarter of 1974. Business fixed investment that had held up during the early months of 1974 dropped at a 15 percent rate in the third and fourth quarters. By December 1974 housing starts were below an annual rate of 900,000 (compared to an average of over 2 million per year in 1971, '72, and '73) and auto sales were 2.3 million below the level of the previous year.

Productivity

The decline in output has also produced a sharp drop in productivity. Output per manhour (in the private non-farm sector) in the fourth quarter of 1974 was 4.2 percent below the first quarter of 1973. Unit labor costs in the fourth quarter of 1974 were 14 percent above the level of a year earlier.

These various measurements leave no room for doubting the gravity of our present economic situation or the nature of the problem—severe recession—that must now be attacked. In our view, moreover, the present emergency is seriously compounded by the inadequate and often ill-conceived policies proposed by the President in his Economic Report. The Administration's recovery strategy permits only the most gloomy economic outlook for the balance of this decade. Recent statements by economic spokesmen for the Administration that the recession should soon bottom out in no way persuade us that the President's program adequately responds to the present crisis.

ECONOMIC OUTLOOK

Economic prediction always carries risks, and the risks are especially great when the economy is in a situation of such rapid change as it is now. However, it is necessary that economic policy be formulated in terms of judgments relating to the outlook.

A large decline in real output is clearly taking place in the current quarter. In the absence of policies that go beyond what the President has recommended, a further decline is likely in the second quarter. Adoption of the President's program would bring a modest, although temporary, lift in the third quarter due to the tax rebate. But output would grow very little in subsequent quarters because the President's program provides no permanent stimulus. With the labor force continuing to grow, unemployment would continue to rise, reaching a level of 9 to 10 percent in the second half of 1975 and continuing at that level into 1976. Most striking, real output at the end of 1976 under the President's program would still not have regained its 1973 level.

Moreover, if the Federal Reserve does not provide for a moderately easy monetary policy, if there is not some recovery in housing starts and some pick-up in auto sales, and if the President's energy proposals go into effect, the economic outlook will be even more grim. Unemployment could rise above 10 percent and 1976 could become the third successive year of declining output.

The rate of inflation should decline in 1975. However, adoption of the President's program would mean only limited progress in achieving price stability. This is true for several reasons. With the economy operating far below capacity, labor and overhead costs must be spread over too few units of output for cost-efficient operation. The President's energy proposals would add at least 2, and perhaps as much as 4, percentage points to the rate of price increases. This means that consumer prices would probably still be rising at an annual rate of 7 to 9 percent in the latter half of 1976. On the other hand, a strong recovery this year and next will have a favorable impact on prices because productivity gains will help hold down cost increases. If the President's energy proposals are rejected, it should be possible to bring the rate of price increase below 6 percent by the end of 1975 and to achieve a further lessening of inflation in 1976.

The 1975 and 1976 growth pattern inherent in the President's program together with the 1977–1980 growth assumptions used for planning purposes in the President's Budget imply a cumulative loss of output of about $1,450 billion (measured in 1974 prices) from 1975 through the end of the decade. This tragic and enormous loss—equal to about an entire year's Gross National Product—is the most persuasive argument in favor of adopting policies that bring about more rapid recovery from the present recession and that build toward a condition of full employment with reasonable price stability.

To be explicit: the Committee rejects the notion that the economic outlook implied by the President's program is inevitable. Policies are available that will greatly improve the prospects for more rapid recovery. Even though the problem of idle resources and high unemployment will be a major concern for the balance of the decade, the Committee has an obligation to advocate policies most likely to advance the Employment Act's ultimate goal: "maximum employment, production, and purchasing power."

RECOVERY GOALS

What are realistic, albeit ambitious, recovery goals?

Measured in terms of constant 1958 dollars, real gross national product (GNP) this quarter is likely to fall to the range of $780–$785 billion (down from $804 billion in the fourth quarter of 1974). With prompt action on a tax cut of the size recommended by the Committee, accompanied by sensible expenditure policies and a rejection of the President's energy proposals, it should be possible to restore real output to the level of $820–$830 billion by the end of 1975. A policy designed to achieve 8 to 9 percent growth in the real output in 1976 should bring real GNP to the level of $890–$900 billion by the end of next year. (By comparison, the Committee staff estimates that the President's program would result in a GNP of $780–$790 by the end of 1975 and of $810–$820 by the end of 1976.)

The difference in the unemployment levels associated with these alternative recovery programs is significant. We estimate that adoption of the Committee's proposals will bring unemployment down to the level of 7.8 to 8.1 percent by the end of this year (compared to 9.2 to 9.5 percent under the President's program) and to 6.5 to 6.8 percent by the fourth quarter of 1976 (compared to 9.2 to 9.5 percent). In terms of jobs, an estimated 2 to 2.5 million more people would be working at the end of next year under the Committee's program than under the President's. Moreover, output will be growing at a rate that will produce steady progress toward full employment in subsequent years.

Although Administration spokesmen argue that more expansionary policies threaten to rekindle inflation, exactly the opposite is the case. A strong recovery this year and next should have a favorable impact on prices because gains in productivity will help hold down cost increases. So long as the economy is running far below its optimum level with productive resources lying idle, an expansionary strategy will not add to inflationary pressures. As fuller employment is approached, however, such pressures can emerge in specific sectors of the economy, even though the economy as a whole is not fully employed. This means that growth rates in future years should be gradually reduced so that full employment can be reached and sustained in an atmosphere of reasonable price stability.

The growth pattern arising from the President's program and the planning assumptions used in the Budget reverses this approach to full employment—it provides slow growth rates at first when idle resources are abundant, and more rapid growth in 1979 and 1980 when the economy is closer to full employment. It is this strategy that threatens the prospect of reasonable price stability at full employment.

AN ANTIRECESSION STRATEGY THAT WORKS

The economic emergency today is recession. The overriding need is to restore healthy economic growth and begin the climb back toward full employment. We agree with the statement of the President's Council of Economic Advisers:

> The most pressing concern of policy is to halt the decline in production and employment so that growth of output can resume and unemployment can be reduced.

Congress, the Executive Branch, and the Federal Reserve must cooperate in devising the right combination of tax and expenditure actions coupled with supportive monetary and incomes policy.

Congress, for its part, should enact a tax and expenditure program that follows three basic guidelines:

1. The overall size of the stimulus should be sufficient to support a strong and sustained recovery from the present severe recession.
2. Tax reductions should be of sufficient size to stimulate consumer spending effectively. Some permanent tax reduction is required. At the same time, this tax reduction should not be so large as to leave the Federal Government with an inadequate revenue base in future years.
3. Antirecession spending programs should be of a type that can begin quickly and that can be pushed down as the economy recovers.

EMERGENCY ECONOMIC RECOVERY PLAN

In our judgment, the fiscal actions needed to bring about a quick and sustainable economic recovery include the tax reductions already approved by the House of Representatives; $12 to $15 billion in additional personal tax cuts; full cost-of-living adjustments in Federal income support programs; special antirecession grants to States and localities; improvements in the unemployment compensation system; and expanded programs of public service employment. These should be accompanied by a monetary policy which holds down interest rates and a temporary mortgage subsidy program for low and moderate-income families. Our specific fiscal recommendations are:

Tax reductions

Quick enactment of personal and business tax reductions totaling $32 to $35 billion. These should include the $8 billion rebate on 1974 individual income tax payments, the $8 billion reduction in 1975 individual income taxes, and the $4 billion reduction in business taxes that have now passed the House of Representatives, plus further reductions of $12 to $15 billion in income or social security tax payments.

Cost-of-living

Continued full operation of cost-of-living adjustments in Federal income support programs, such as social security and food stamps, as currently provided by law.

Unemployment benefits

An increase in the maximum weekly unemployment benefit to two-thirds of the average wage in each State, with individuals to receive at least 50 percent of their previous weekly wage, up to the maximum.

Additional emergency Federally-funded unemployment benefits for persons with demonstrated current labor force attachment but not covered by present programs, including the self-employed. Eligibility for these benefits would be limited to persons for whom neither regular public or private employment or special public service employment can be provided. These benefits should remain available as long as the national unemployment rate remains at extraordinarily high levels.

Emergency aid to State and local governments

Antirecession grants to State and local governments, the total size of the program to vary in accordance with the national unemployment rate. These grants should be on the order of $1 billion for each percentage point by which the unemployment rate exceeds 4 percent. Distribution would be determined by the relative severity of unemployment in each State and locality.

Public service jobs

An expansion of the present emergency public service employment program operated through State and local governments, the size of the program to vary with the rate of unemployment—from 500,000 jobs when unemployment averages 6 percent to a maximum of 1 million jobs at unemployment rates of 8 percent or above.

A direct Federally-administered public service employment program to be triggered at an 8 percent unemployment rate. This program should be designed to provide about 500,000 jobs at an 8 percent unemployment rate and an additional 500,000 jobs for each percentage point by which the unemployment rate exceeds 8 percent. Provision should be made within this program for youth employment opportunities, including summer jobs for students.

Housing

Accompanying the above recommendations, enactment of a mortgage subsidy program for low, moderate and middle income families to reduce interest payments to a level not to exceed 6 percent.

Testing of alternative recovery programs convinced the committee that fiscal actions of this magnitude were needed to reach the recovery goals spelled out on the previous pages. These recommendations take account of the rapid decline in output over the past several months without jeopardizing the Federal Government's future revenue base or incurring needless inflationary risks once the economy builds momentum. It is this policy mix, reflecting the three guidelines, that can avert a repetition of the recession-inflation cycle of the past eight years.

TAX POLICY

The Committee recommends a tax reduction of $12 to $15 billion in addition to the amounts approved by the House of Representatives. There are various ways to achieve this added stimulus. The following are especially worth considering:

An individual income tax credit for each worker equal to 1.5 percent of earned income up to $14,100. This is, in effect, an income tax credit against social security tax payments that now are 5.85 percent of the first $14,100 earned. The maximum benefit per individual would be $212 for a worker earning $14,1000 or more; cash refunds would be made to lower income persons unable to claim the credit. Tax collections would be reduced by $10 billion. This proposal reduces the tax burden for middle-income workers whose taxes have risen sharply over the past two years due to increases in the social security wage base.

As an alternative, a smaller individual income tax credit against social security taxes could be coupled with an equivalent credit to employers based on the number of covered workers. This approach has the advantage of reducing business costs and stimulating hiring. A credit of $150 per worker ($75 to the employee and $75 to the employer) would produce a $12 billion revenue cut.

Or, at the option of the taxpayer, a credit of $250 could be substituted for each personal exemption to which the taxpayer is otherwise entitled. This change could be permanent; it would produce an annual tax reduction of $12 billion.

EXPENDITURE POLICY

Tax reductions of the magnitude and type outlined above are essential in reaching acceptable recovery goals. But another problem must be recognized: the economic decline has become so severe that consumer and business confidence is now seriously eroded. Instead of spending their extra income realized through lower tax liabilities, individuals and businesses may elect to use these funds for savings or debt retirement. This means that emergency expenditure action by the Federal Government is also required. It is the surest and most direct method of stimulating the economy. However, as indicated in the Committee's guidelines, emergency programs should be designed to begin quickly and phase out as the economy recovers.

Permanent new expenditure programs should be initiated only if these programs are justifiable on their intrinsic merits. But, by the same token, the President's ban on new programs except in the area of energy has no basis in reason or fact. The Constitution mandates the Federal Government "to promote the general Welfare." To lay down an edict against new programs destroys the principle that government must respond to the needs of the people in a manner and to a degree consistent with the nature and capabilities of our democratic system. If there are national needs to be met, the Federal Government should try to meet them within the limits of available resources.

In the body of its annual report, the Committee proposes new initiatives in the fields of housing and poverty, along with an initial outlay for a national health insurance program. We strongly question the priorities established by the President's budget for fiscal 1976. Large increases are requested for defense programs and an international energy fund while reductions are advocated for income security, health, education, and social services.

These budget priorities are most unfortunate; they should be changed. If the proper priorities are set, a period when resources would otherwise be idle can be an excellent time to initiate worthwhile programs. It can also be a good time to speed up completion of previously authorized public works projects, provided the economic impact of the speed-up can be achieved quickly and phased down as full employment is restored. New public works with long lead times are not suitable as counter-cyclical programs, however. There also is little justification for excessive spending on military and defense programs beyond the requirements of national security. To foster economic recovery through military expenditures in excess of real needs only lays the foundation for the next recession when these programs are later cut back.

Given these considerations, our emergency recovery programs are largely of a temporary nature, designed to take effect quickly and to be phased out when they are no longer needed.

Cost-of-living adjustments

The President's proposal to hold increases in social security, food stamps, and other Federal income support programs to 5 percent between January 1975 and June 1976 is terribly misguided. Due to price increases that have already taken place, the entire 5 percent increase in some programs will go into effect by this June, meaning no cost-of-living adjustments whatever in fiscal year 1976. This can only bring great hardship and injustice to most of the individuals affected. Moreover, such a policy will restrict the impact of the tax reductions intended to stimulate recovery. What is the sense in using the tax system to raise real disposable income of some families while using arbitrary expenditure ceilings to reduce the real income of others? The Committee is confident that Congress will reject these proposed ceilings on income support payments.

Public service employment

The unemployment rate is now expected to exceed 9 percent before the end of 1975. This means that an expanded program of emergency public service jobs is urgently needed. This conclusion is reinforced by the even higher unemployment rates among certain categories of Americans: unemployment among white teenagers rose from 13.7 percent in January 1974 to 18.4 percent in January 1975; for non-white teenagers unemployment rose over the past year from 28.7 percent to an unbelievable 41.1 percent; the estimated rate of unemployment among Indian Americans living on reservations also exceeds 40 percent; the jobless rate among young workers aged 20 to 24 rose from 8.3 percent a year ago to over 13 percent in February.

Emergency jobs legislation passed last December authorized funds for approximately 300,000 jobs, all administered through State and local government. This authorization should be fully funded and a further authorization provided with the size of the funding designed to vary automatically with the quarterly average of the unemployment rate. Although the President recently recommended an extension of public service employment into 1976, his proposals are still inadequate to deal with the existing emergency situation.

The Committee recommends that 500,000 public service jobs be provided when unemployment reaches 6 percent. Funds to provide additional jobs as unemployment rises further should be approved up to a maximum of 1 million jobs at 8 percent. As unemployment drops, the program should be reduced at a similar rate.

When unemployment reaches 8 percent—as it now has—a Federally administered public service program should be activated. This program should provide 500,000 jobs for each percentage point by which unemployment exceeds 8 percent.

Federal administration of the program is desirable for several reasons:

A number of suitable work projects are primarily or exclusively Federal in nature, such as work on a national transportation system, work in the national parks, forests, and recreation areas, and work on Federal demonstration projects.

The Federal Government, more readily than State and local government, can provide work on temporary projects of one or two years' duration. This avoids the displacement of regular employees by special public service workers.

The Federal Government is better able to target these emergency jobs to reduce unemployment among categories of workers especially hard hit by the recession.

EMERGENCY ANTIRECESSION GRANTS TO STATE AND LOCAL GOVERNMENT

Most State and local governments face serious financial problems in 1975. Inflation has greatly increased the cost of public services, while recession has seriously eroded the expected growth in revenues and significantly increased expenditures for such recession-related services as public assistance. As a consequence, the aggregate State and local government deficit for 1974 was more than $7.5 billion, compared to a $4.0 billion surplus in 1972, and a balanced position in 1973. Federal aid to State and local governments will decline for the third successive year as a percentage of total Federal outlays, as a percentage of total domestic Federal outlays, and as a percentage of State and local expenditures.

In these circumstances, many States and localities have been forced to cut payrolls through attrition or layoffs, to delay construction of essential capital facilities, and to cut vital services. Many States and localities will be forced to enact significant tax increases to meet their constitutional requirements that their budgets remain in balance.

The aggregate effect of these actions can only undermine the Federal Government's efforts to initiate and sustain economy recovery. Higher state and local taxes will soak up a portion of the Federal tax reduction designed to increase consumer purchasing power. Layoffs of permanent State and local government employees reduce the net impact of emergency public service jobs funded by the Federal Government.

A sensible answer to this dilemma is to provide emergency Federal assistance to those States and localities in financial trouble. The total size of the program should vary with the national unemployment rate, increasing by $1 billion with each 1 percent increment in the national unemployment rate above 4 percent (at 8 percent unemployment, $4 billion of emergency aid would be distributed). States and localities with the most serious unemployment situation should receive proportionately greater assistance.

Unemployment compensation

In December, Congress expanded coverage of the unemployment compensation system and extended benefits at times of high unemployment. Given the continued worsening of the unemployment picture, additional action is needed on two fronts:

First, Congress should provide greater uniformity among State programs by increasing the maximum benefit to two-thirds of each State's average wage and by providing that persons receive at least 50 percent of their previous weekly wage, up to the maximum.

Second, as long as national unemployment remains high, a Federally funded emergency program is needed to provide benefits to any adult, including the self-employed:

Who can demonstrate current labor force attachment;

Who is not otherwise entitled to coverage because benefits are used up, or who lacks sufficient covered employment, and who is not receiving income support from any other program; and

Who cannot be placed in another job, including public service employment.

This program can be of special help to younger adults who often have limited, if any, entitlement to unemployment compensation benefits but who face serious job problems in today's economy.

THE BUDGET DEFICIT

It is essential that the role of Federal budget deficits in bringing the nation's economy out of recession be understood and accepted. A temporarily larger deficit now is vital in creating an expanding economy moving toward full employment. There is but one alternative: to permit the economy to continue indefinitely in a state of recession and rising unemployment. This is not an alternative we can accept. It involves not only additional human suffering and deprivation but also enormous budget deficits for many years to come. Whether one's perspective is motivated by humanitarian or economic concerns, or a combination of the two, a larger Federal deficit, properly designed, is the only course that makes sense today.

In making estimates of the budget effect of the Committee's recommendations it is assumed that Congress will approve other changes from the specific spending totals proposed by the President for individual programs, but these changes will be roughly offsetting. Defense spending should be reduced and outlays for housing programs should be increased, and initial outlays for a national health insurance program and for antipoverty efforts should be provided.

We emphasize that this emergency recovery package is structured to produce a budget surplus once the economy regains high employment levels. The permanent tax cut would offset only part of the increase in the full employment surplus of the past two years. The expenditures we recommend automatically decline as employment rises.

We do not expect that the financial system will be overburdened in 1975 as Administration spokesmen have said. If heavy government borrowing does drive up interest rates, it will be caused by the Federal Reserve's failure to make available sufficient credit, not by the financial system's inability to handle the flow.

The table below shows the cost of the Committee's recommendations, the partially offsetting savings due to the higher level of economic activity these programs would generate, and the net impact on the budget deficit.

IMPACT OF JOINT ECONOMIC COMMITTEE PROGRAM ON ERCEIPTS, OUTLAYS, AND BUDGET SURPLUS

[Billions of dollars]

	Fiscal year— 1975	Fiscal year— 1976
RECEIPTS		
Tax rebate	−8.0	
Business tax relief	−1.0	−4.0
Personal tax cuts	−6.7 to −7.7	−23.4 to −27.0
Tax cuts proposed by administration	5.0	6.4
Increased receipts due to higher level of economic activity	0	12.0 to 13.0
Net receipt effect	−10.7 to 11.7	−9.0 to −12.6
OUTLAYS [1]		
Antirecession grant	1.0	4.0
Public employment programs	1.5	9.0
Unemployment compensation		3.0
Cost-of-living escalators		4.0
Administration energy offset payments	−.5	−7.0
Saving on unemployment compensation due to lower unemployment rate		−6.0 to −7.0
Net outlay effect	2.0	6.0 to 7.0
Change in budget surplus	−12.7 to −13.7	−15.0 to −19.6

[1] Assumes 8 percent unemployment in fiscal 1976.

MONETARY POLICY

Economic recovery cannot proceed unless adequate money and credit are made available by the Federal Reserve. This has not occurred in the past several months, even though many Members of Congress and a broad spectrum of economists have repeatedly emphasized that a less restrictive monetary policy is essential.

In order to insure that monetary policy is conducted in a manner consistent with its broad policy objectives, Congress should actively exercise its oversight responsibilities of the Federal Reserve system.

As provided in a resolution now before the Senate, Federal Reserve officials should consult with Congress at semi-annual hearings before the Committees on Banking. The hearings should focus on the Federal Reserve's objectives with respect to the growth of monetary and credit aggregates in the upcoming 12 months.

In relation to the present economic emergency, the Federal Reserve should conduct monetary policy to achieve the following goals:

Reduce both short and long-term interest rates and keep them low for the balance of 1975.

Accommodate Federal borrowing requirements.

Provide direct support to the residential mortgage market.

WAGE-PRICE POLICY

In order that the goals of monetary and fiscal policy not be frustrated by continued rapid increases in the overall price level, an active but largely voluntary price and incomes policy should be followed. This policy should include:

An enlarged staff and the power of subpoena for the Council on Wage-Price Stability so that its duties can be carried out more satisfactorily.

Authority for the Council on Wage-Price Stability to delay for a limited period those wages or price actions that threaten to undermine price stability.

IMPROVED ECONOMIC PLANNING AND MANAGEMENT

Events of the past several years have forced us to recognize the serious inadequacies of many existing mechanisms for analyzing, planning, and managing the nation's economy. Too often economic problems, such as the oil crisis or food shortages, seem to strike policy makers as a complete surprise. Time and again we find ourselves scrambling to respond to economic situations that more informed planning could have simply avoided. In other instances we seem to lack tools to implement policies with the precision that would gain more effective results. For example, a more selective and precise application of such programs as the investment tax credit, public service jobs, and public works could greatly magnify their economic and social impact.

Other issues cloud the economic horizon: regulatory practices often seem to work against the basic objectives of the Employment Act; shortages of resources and environmental controls threaten to redefine the whole concept of economic growth; the Federal Government apparently lacks adequate machinery to manage its involvement in the economy; policy makers lack informational systems to anticipate or understand economic trends at home and abroad.

Likewise, in the private sector, such factors as industrial concentration, collusive practices, and administered prices contribute significantly to inflation and make restoration of full employment that much more difficult.

It is time for Congress to establish within the executive and legislative branches an economic planning agency to improve our capability to assess emerging trends in the economy, to develop long-range policies for economic growth and development, to assess current programs in the light of long-term objectives, and to recommend goals for the efficient and equitable allocation of resources and the distribution of income.

REGIONAL AND LOCAL ECONOMIES

It has also become apparent over the past several years that any rational economic program must take into account the impact of policy on regional and local economies. And there must be a commitment to cushion the impact of national policies that have a particularly adverse effect on specific regions and locales. It is no longer sufficient to focus solely on the aggregate national impact of monetary, fiscal, and incomes policies.

Congress and the Executive have begun to assess the effect of aggregate policies on different industries, labor markets, labor force groups, income groups, and other specific sectors of the economy. Similar attention must now be devoted to regional economies and the location of living and working opportunities within regions. Up to now, we have permitted policies with substantial regional impact—such as, highway programs, housing, citing of Federal facilities, to go forward without explicity evaluating them from a regional or local perspective.

It is now essential that deliberations over national economic policies include an analysis of their impact on regional and local economies, as well as their effect on aggregate measures of economic activity. Major Executive and Legislative proposals should be accompanied by an analysis of their impact on employment, output and prices in regions and areas within regions, as well as a commitment to provide adjustment assistance to areas that suffer particularly adverse consequences.

CONCLUSION

These are difficult times. National leaders can take little pride in the hardship and suffering that ill-conceived and ill-directed economic policies have brought to millions of our citizens.

The restoration of confidence in the economy is essential. The Committee has warned repeatedly that the economy was in a troubled state and that rising unemployment posed a serious threat to national growth and stability. In its concern with inflation, the Administration has consistently ignored this threat. Now belatedly, it is proposing inadequate remedies. The Joint Economic Committee considers it urgent that the Congress consider the Committee's emergency recovery program outlined in this Annual Report, together with a number of long-term policy recommendations that are directed towards restoring essential public confidence in our economic future.

CONGRESS OF THE UNITED STATES JOINT ECONOMIC COMMITTEE—NINETY-FOURTH CONGRESS

Senate

Hubert H. Humphrey, Minnesota, Chairman.
John Sparkman, Alabama.
William Proxmire, Wisconsin.
Abraham Ribicoff, Connecticut.
Lloyd M. Bentsen, Jr., Texas.
Edward M. Kennedy, Massachusetts.
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House of Representatives

Wright Patman, Texas, Vice Chairman.
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Gillis W. Long, Louisiana.
Clarence J. Brown, Ohio.
Garry Brown, Michigan.
Margaret M. Heckler, Massachusetts.
John H. Rousselot, California.

This year for the first time the Committee has prepared a summary of the Annual Report. Copies of the full report, filed with the Congress are available from the Committee on March 24, 1975.

Supplemental views of the Majority members and a Minority report with supplemental views are included in the Annual Report.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Bernard A. Meany, of Connecticut, to be an Assistant Commissioner of Patents and Trademarks.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to appear and testify before any duly constituted committee of the Senate.)

CHANGE OF REFERENCE—S. 1277

Mr. PROXMIRE. Mr. President, I ask unanimous consent that S. 1277, a bill to authorize the Secretary of Labor to make grants for the conduct of older Americans home repair projects, and for other purposes, be referred to the Committee on Labor and Public Welfare. I ask unanimous consent that upon being reported by that committee, it be referred to the Committee on Banking, Housing and Urban Affairs.

This request has been cleared with the Republican members of the two committees concerned, as well as with the chairmen.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. ABOUREZK (for himself, Mr. Philip A. Hart, Mr. Burdick, Mr. McGovern, Mr. Mondale, Mr. Bartlett, Mr. Humphrey, and Mr. Domenici):

S. 1327. A bill to declare that certain submarginal land of the United States shall be held in trust for certain Indian tribes and be made a part of the reservations of said Indians, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. ABOUREZK:

S. 1328. A bill providing for the reacquisition of jurisdiction by Indian tribes and by the United States over criminal offenses and civil matters in Indian country, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. PROXMIRE:

S. 1329. A bill to prohibit Federal employees from seeking or accepting certain employment. Referred to the Committee on the Judiciary.

By Mr. CASE:

S. 1330. A bill for the relief of Yaroslav L. Tiajoloff. Referred to the Committee on the Judiciary.

By Mr. DOLE (for himself, Mr. Humphrey, and Mr. Curtis):

S. 1331. A bill to amend the Commodity Credit Corporation Charter Act. Referred to the Committee on Agriculture and Forestry.

By Mr. PHILIP A. HART:

S. 1332. A bill to provide adequate mental health care and psychiatric care to all Americans. Referred, by unanimous consent, jointly to the Committee on Labor and Public Welfare and the Committee on Finance.

By Mr. LAXALT (for Mr. Taft):

S. 1333. A bill for the relief of Mengistu Abegaz. Referred to the Committee on the Judiciary.

By Mr. JACKSON (for himself and Mr. Magnuson):

S. 1334. A bill to provide for the distribution of funds appropriated to pay judgments in favor of the Cowlitz Tribe of Indians by the Indian Claims Commission in docket numbered 218, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. PHILIP A. HART:

S. 1335. A bill for the relief of William Weiffenbach, a major in the United States Army. Referred to the Committee on the Judiciary.

By Mr. CASE:

S. 1336. A bill to amend the Clean Air Act so as to assure that aerosol spray containers discharging chlorofluoromethane compounds in the ambient air will not impair the environmental ozone layer, to prevent any increased skin cancer risk, and otherwise to protect the public health and environment. Referred, by unanimous consent, jointly to the Committee on Public Works, the Committee on Labor and Public Welfare, and the Committee on Aeronautical and Space Sciences.

By Mr. MORGAN (for himself and Mr. Garn):

S. 1337. A bill to amend the Small Business Act. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. PERCY (for himself, Mr. Abourezk, Mr. Brock, Mr. Case, Mr. Clark, Mr. McGovern, and Mr. Hugh Scott):

S. 1338. A bill to provide for equal educational opportunity for women, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. HASKELL (for himself and Mr. Gary W. Hart):

S. 1339. A bill to amend the act of August 20, 1963, as amended, relating to the construction of mint buildings. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. BAYH:

S. 1340. A bill to require periodical financial disclosure by officers and certain employees of the Federal Government. Referred to the Committee on Rules and Administration.

By Mr. MUSKIE:

S. 1341. A bill to establish a 200-mile Marine Pollution Control Zone. Referred to the Committee on Commerce, the Committee on Foreign Relations, and the Committee on Public Works, by unanimous consent.

By Mr. CRANSTON (for himself and Mr. Brooke):

S. 1342. A bill to amend the Emergency Home Purchase Assistance Act of 1974, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. CRANSTON (for himself, Mr. Brock, Mr. Church, Mr. Gravel, Mr. Philip A. Hart, Mr. Haskell, Mr. Huddleston, Mr. Humphrey, Mr. Laxalt, Mr. McGovern, Mr. Mathias, Mr. Muskie, Mr. Percy, Mr. Taft, Mr. Thurmond, Mr. Tunney, and Mr. Weicker):

S. 1343. A bill to govern the disclosure of certain financial information by financial institutions to governmental agencies, to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasions of privacy by prescribing procedures and standards governing disclosure of such information, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. BEALL (for himself, Mr. Bayh, Mr. Dole, Mr. Domenici, Mr. McGee, and Mr. Young):

S. 1344. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the amount of certain cancellations of indebtedness under student loan programs. Referred to the Committee on Finance.

By Mr. GOLDWATER:

S. 1345. A bill to amend section 106 of title 38, United States Code, to deem certain service performed by members of the Women's Air Forces Service Pilots to have been active duty for purposes of laws administered by the Veterans' Administration. Referred to the Committee on Veterans' Affairs.

By Mr. HELMS:

S. 1346. A bill for the relief of Cesar Hugo Cabello—Martinez. Referred to the Committee on the Judiciary.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 1347. A bill to authorize appropriations to carry out the Standard Reference Data Act. Referred to the Committee on Commerce.

S. 1348. A bill to implement the Convention on the International Regulations for Preventing Collisions at Sea, 1972. Referred to the Committee on Commerce.

By Mr. THURMOND:

S. 1349. A bill to amend the Internal Revenue Code of 1954 to provide that an unmarried individual without any dependents who owns or is purchasing his principal residence shall be treated as a head of household for purposes of such Code. Referred to the Committee on Finance.

By Mr. SPARKMAN (for Mr. Kennedy):

S. 1350. A bill to provide additional humanitarian assistance authorizations for South Vietnam and Cambodia for the fiscal year 1975. Referred to the Committee on Foreign Relations.

By Mr. NELSON:

S. 1351. A bill for the relief of Kurz & Root Company, Inc. Referred to the Committee on the Judiciary.

By Mr. WILLIAMS:

S. 1352. A bill to amend Chapter 83 of Title 5, United States Code, to eliminate, subsequent to the death of an individual named as having an insurable interest, the annuity reduction made in order to provide a survivor annuity for such an individual. Referred to the Committee on Post Office and Civil Service.

By Mr. WILLIAMS:

S. 1353. A bill to amend Section 306(a)(7) of the Consolidated Farm and Rural Development Act to modify the definition of the terms "rural" and "rural area" for certain purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. DOLE:

S. 1354. A bill to assure foreign countries that reserve stocks of agricultural commodities stored in the United States under certain conditions shall not be subject to export controls. Referred, by unanimous consent, to the Committee on Agriculture and Forestry; and, if and when reported by that committee, to the Committee on Banking, Housing and Urban Affairs.

By Mr. MONTOYA:

S. 1355. A bill to establish a national program for young people between the ages of 18 and 23 for the purpose of encouraging full participation in the political system of the United States and to provide a continuing education in the history and heritage of democracy in the United States. Referred to the Committee on Government Operations.

By Mr. MOSS:

S. 1356. A bill to designate the High Uintas Wilderness in Ashley and Wasatch National Forest, in the State of Utah. Referred to the Committee on Interior and Insular Affairs.

By Mr. BEALL (for himself, Mr. Taft, Mr. Domenici, Mr. Hollings, Mr. Packwood, and Mr. Young):

S. 1357. A bill to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps program and the National Health Service Corps scholarship training program, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. PERCY:

S.J. Res. 66. A joint resolution designating the week beginning April 7, 1975, as "National Drafting Week." Referred to the Committee on the Judiciary.

S.J. Rs. 67. A joint resolution designating the second week in May as "Municipal Clerks' Week." Referred to the Committee on the Judiciary.

By Mr. BROCK:

S.J. Res. 68. A joint resolution to provide for the designation of the month of May 1975 as "Older Americans Month". Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ABOUREZK (for himself, Mr. Philip A. Hart, Mr. Burdick, Mr. McGovern, Mr. Mondale, Mr. Bartlett, Mr. Humphrey, and Mr. Domenici):

S. 1327. A bill to declare that certain submarginal land of the United States shall be held in trust for certain Indian tribes and be made a part of the reservations of said Indians, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. ABOUREZK. Mr. President, I am introducing for appropriate reference legislation to complete the transfer of 17 projects, known as "submarginal lands," to the various Indian tribes designated in the bill.

I use the term "to complete" because these transfers have been pending for approximately 40 years. Ironically, we seem to have undergone a full cycle in this effort. It was a similarly bleak and dismal economic situation as that being faced by the Nation today that prompted Congress in 1933 to authorize and fund a national land program.

That program, also known as the "Submarginal Land Retirement Program," was designed during the depression to achieve, among others, the following objectives:

To assist Indian tribes by stabilizing their land bases.

To assist States in relieving hardships caused by unemployment.

To assist farmers living on unproductive lands by purchasing lands and relocating the farmers onto more productive lands.

This proposed measure additionally offers new economic and job opportunities for the affected Indian tribes. And it should be underscored that these new opportunities can be accomplished without an increase of funds from the Federal budget.

The new opportunities for the Indian tribes that I refer to can be realized through this bill by a more vigorous and realistic development of the submarginal lands for livestock, timber and other types of business enterprises. Such development is not feasible at the present time because of the clouded title in which these lands are held. Since the tribes cited in the bill do not hold trust title to the submarginal lands, they are obviously reluctant to invest their own funds in the development of these lands. Non-Indians, for the same reasons, are unwilling to commit venture capital to establish business enterprises on lands held under such ambiguous legal title. Moreover, federally funded housing projects, which are sorely needed on most Indian reservations, cannot be constructed on these submarginal lands because of the legal impediments. Clearly, under these circumstances, such lands cannot be integrated in the various tribes' overall social and economic development efforts.

The Submarginal Land Retirement Program included the purchase by the Federal Government of millions of acres of land, much of which was placed in the national forests and other public ownership. The 17 projects which my bill addresses contain approximately 40,000 acres of land and were purchased for the exclusive use of specific Indian tribes. These 17 projects were originally included among a group of 21 projects; however, the enactment of several statutes, conveying the submarginal lands in trust to tribal groups in Florida, New Mexico, Wisconsin, and Oregon, reduced the number of projects to the 17 currently under consideration. The following table which I ask unanimous consent to have printed in the Record sets forth pertinent information with respect to these lands.

There being no objection, the table was ordered to be printed in the Record, as follows:

SUBMARGINAL LANDS

Tribe	Approximate acreage	Purchase price
1. Bad River Band of Lake Superior Chippewa Indians, Wisconsin	12,988	$32,093
2. Blackfeet Tribe, Blackfeet Indian Reservation, Mont	9,037	31,075
3. Lower Brule Sioux Tribe, South Dakota	14,290	140,956
4. Crow Creek Sioux Tribe, South Dakota	19,627	
5. L'Anse Indian Community, Mich	4,022	16,120
6. Navajo Tribe of Indians, McKinley County, N. Mex	70,000	318,311
7. Rosebud Sioux Tribe, South Dakota	28,731	155,004
8. Cherokee Tribe of Oklahoma	18,738	60,230
9. Cheyenne River Sioux Tribe, South Dakota	5,111	18,220
10. Devils Lake Sioux Tribe, Fort Totten Reservation, Benson County, N. Dak	1,424	11,869
11. Fort Belknap Indian Community, Mont	25,536	89,935
12. Oglala Sioux Tribe, South Dakota	46,522	207,792
13. Standing Rock Sioux Tribe, North Dakota and South Dakota	6,879	24,391
14. Shoshone-Bannock Tribes of the Fort Hall Reservation, Idaho	8,710	133,213
15. Assiniboine and Sioux Tribes of the Fort Peck Reservation, Mont	85,338	412,302
16. Minnesota Chippewa Tribe, White Earth Indian Reservation	28,550	175,665
17. Lac Courte Oreilles Community, Sawyer County, Wis	13,185	25,597
Total	398,688	1,852,773

Mr. ABOUREZK. Mr. President, the legislative history behind these land acquisitions leave no question as to the intent of Congress at the time of passage of the various statutes. The authority to create certain agencies and a broad mandate to carry out this land program were provided to President Franklin D. Roosevelt by the Congress under title II of the National Industrial Recovery Act of June 16, 1933 (48 Stat. 200). The necessary funds were appropriated by the Congress under the Emergency Relief Appropriation Act of 1935 (49 Stat. 750, 781), which provided, in part:

> There is hereby made available, out of any money appropriated by the Emergency Relief Appropriation Act of 1935, such amount as the President may allot for the development of a national program of land conservation and land utilization. The sums so allotted may be used, in the discretion and under the direction of the President, for the acquisition of submarginal lands and their use for such public purposes as the President shall prescribe.

Under the original 21 Indian submarginal land projects, 5 types of demonstration projects were to be included in the program:

First, eliminate "checkerboard" areas;

Second, improve watershed or water control areas;

Third, provide additional land to supplement inadequate reservations;

Fourth, establish land bases for homeless Indian bands or communities faced with acute relief problems; and

Fifth, provide additional land needed by various tribes for proper control of grazing areas.

I am satisfied from a review of the legislative history of this unresolved issue that the U.S. Government authorized a program whereby the lands in question would be acquired for use by certain Indian tribes, such lands would be treated the same as other tribal land holdings, and that trust title would be delivered to the respective Indian tribes by enactment of appropriate legislation in the future. Congress, in the past, has enacted five separate statutes conveying submarginal lands in trust, under varying conditions, to the pueblos of New Mexico—two statutes—the Seminole Tribe of Florida, the Stockbridge Munsee Tribe of Wisconsin, and the Burns Paiute Tribe of Oregon.

Specifically, this bill proposes—subject to all valid existing rights—that the submarginal lands administered for the benefit of the tribes named in the bill are held in trust by the United States for each said tribe; that such lands shall be administered in accordance with laws applicable to Indian tribal property; and any and all receipts received prior to the date of enactment of this act shall be granted to the tribe receiving such lands and may be expended for constructive programs approved by the tribal governing body.

Clearly, we in the Congress have established sufficient precedents through these prior acts to complete the transfer of trust title to the remaining 17 tribal groups concerned with these lands. The legislative intent is beyond question. The tribes accepted the lands with the understanding that trust title would ultimately be conveyed, establishing the land as part of their permanent land base.

Admittedly, my proposed measure raises several policy issues with respect to the lands in question. For example, should the affected tribes be granted the surface and subsurface interests to the submarginal lands, particularly in those locations where minerals are known to exist? Should the affected tribes be granted accrued income from the submarginal lands, particularly in those locations where substantial income has been derived from mineral exploration and production? Should the Indian Claims Commission be directed to charge an offset for the value of the lands in question against any awards made to the 17 tribes concerned with these lands? As chairman of the Subcommittee on Indian Affairs, I intend to hold extensive hearings on the proposed legislation to answer such questions to give full consideration to other policy issues which are bound to arise.

I am encouraged by the fact that several of my colleagues from both sides of the aisle have joined as cosponsors to this important Indian legislation. It is my hope that the Administration will also view this needed legislation in a positive context and provide the Congress with a favorable report and testimony when hearings are scheduled on my bill.

There is no valid reason why Congress should not complete the conveyance of the remaining submarginal lands in trust to these 17 tribes. Until we clear the title on the lands in question, they will remain in limbo. These tribes cannot function on land that is not clearly designated as either Federal or tribal. The time is long past when we should resolve the issue in favor of the respective Indian tribes.

By doing so we will complement major Indian legislation approved during the 93d Congress. Specifically, I refer to the Indian Financing Act, Public Law 93–262, which provides Indian organizations and individuals with capital in the form of grants and loans for the purpose of assisting in the establishment and operation of Indian enterprises; and the Indian Self-Determination and Education Assistance Act, Public Law 93–638, which implements the policy of Indian self-determination by authorizing the Bureau of Indian Affairs and the Indian Health Service to enter into contracts with Indian tribes to provide for a greater measure of tribal control over these agencies' programs. In addition, that act strengthens several educational programs to improve the quantity and quality of education for Indian children enrolled in public school districts.

Mr. President, that concludes my remarks. I ask that the bill be printed in the RECORD in its entirety at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1327

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, subject to all valid existing rights, all of the right, title, and interest of the United States in the land enumerated below and the improvements thereon, that were acquired under Title II of the National Industrial Recovery Act of June 16, 1933 (48 Stat. 200), the Emergency Relief Appropriations Act of April 8, 1935 (49 Stat. 115), and section 55 of the Act of August 24, 1935 (49 Stat. 750, 781), and that are now administered by the Secretary of the Interior for the benefit of the below named tribes, are hereby declared to be held by the United States in trust for each said tribe and shall be a part of the reservations heretofore established for each said tribe:

Tribe, reservation, submarginal land project donated to said tribe or group, and approximate acreage:

1. Bad River Band of the Lake Superior Tribe of Chippewa, Bad River, Bad River LI-WI-8, 13,189.
2. Blackfeet, Blackfeet, Blackfeet LI-MT-9, 9,037.
3. Cherokee Nation, Cherokee, Delaware IL-OK-4, 13,778.
4. Cheyenne River Sioux, Cheyenne River, Cheyenne Indian LI-SD-13, 5,111.
5. Crow Creek Sioux, Crow Creek, Crow Creek LI-SD-10, 19,627.
6. Lower Brule Sioux, Lower Brule, Lower Brule, 14,290.
7. Devils Lake Sioux, Fort Totten, Fort Totten LI-ND-11, 1,424.
8. Fort Belknap Indian Community, Fort Belknap, Fort Belknap LI-MT-8, 25,536.
9. Fort Peck, Fort Peck, Fort Peck LI-MT-6, 85,338.
10. Lac Court Oreilles Band of Lake Superior, Lac Courte Oreilles, Lac Courte LI-WI-9, 13,185.
11. Keweenaw Bay Indian Community, L'Anse Community, L'Anse LI–MI–8, 4,022.
12. Minnesota Chippewa, White Earth, Twin Lakes LI-MN-6, 24, 114; Flat Lake LI-MN-15, 4, 436.
13. Navajo, Navajo, Gallup-Two Wells LI-NM-18, 70,000.
14. Oglala Sioux, Pine Ridge, Pine Ridge LI–SD–7, 46, 522.
15. Rosebud Sioux, Rosebud, Cutmeat LI-SD-8, 10,089; Antelope LI-SD-9, 18,642.
16. Shoshone-Bannock, Fort Hall, Fort Hall LI-ID-2, 8,710.
17. Standing Rock Sioux, Standing Rock, Standing Rock LI-ND-10, 6,879.

SEC. 2. The property subject to this Act shall be administered in accordance with the laws and regulations applicable to Indian tribal property.

SEC. 3. Any and all receipts received prior to the date of enactment of this Act by the United States from whatever source and for whatever purpose which directly relate to any land conveyed by this Act, whether such receipts are in a special fund of the Treasury as required by Section 6 of the Act of August 7, 1947 (61 Stat. 913, 915), or not, shall on the date of enactment of this Act be deposited to the credit of the Indian tribe receiving such land and may be expended by the tribe for such beneficial programs as the tribal governing body may determine.

By Mr. PROXMIRE:

S. 1329. A bill to prohibit Federal employees from seeking or accepting certain employment. Referred to the Committee on the Judiciary.

TO ELIMINATE CONFLICT OF INTEREST IN GOVERNMENT PROCUREMENT

Mr. PROXMIRE. Mr. President, in the interest of efficient government, I am once more introducing a bill to significantly strengthen existing statutory sanctions on conflicts of interest. This bill is designed to limit the freedom of Federal employees to accept jobs offered by contractors or other direct beneficiaries of the contracts the employee has participated in awarding.

A report just released by the Council on Economic Priorities demonstrates how very serious this problem is. The 85-page study entitled, "Military Maneuvers," asserts that 27 percent of Department of Defense employees who left the Government for jobs with military contractors are working in conflict-of-interest situations. The report reveals for example, that between November 1968 and August 1971:

> Boeing, prime contractor for Minuteman, hired four former senior officials of the Minuteman Systems Program Office, procurement agency for the Minuteman missile system. They were: Chief of the Minuteman S.P.O. Engineering Division, Deputy Chief of the Configuration Management Division and Chief of the Ground Electronics Branch, Assistant Deputy for Engineering, and Assistant Deputy for Minuteman.

All four are transplanted Defense Department employees. And all four are now employed by a company with which they previously conducted direct dealings for the Federal Government. While this in itself is not proof of wrongdoing, it is indicative of the large numbers of possible conflicts of interest which are currently beyond the reach of statutory regulation.

The objective of this bill is to set limits on post-Government employment possibilities for our public servants. By placing one possible reward for disservice to the Government beyond the reach of self-serving individuals, temptation will be diminished. The continuing susceptibility of Federal employers to conflict-of-interest situations, especially at a time of economic recession, demands that this be done.

This bill attacks the problem in two ways. Part (A) of the proposed bill is aimed at prohibiting the most blatant variety of job-hopping. That is, an employee will be denied the opportunity of creating his own future job. He will be prohibited, for example, from granting a contract to build a certain type of military hardware, and then quickly leaving Government employ to take the job of supervising the project. In general, he is forbidden to take any job which depended on the successful acquisition of the contract.

Part (B) of the bill is a flat prohibition on employment with the beneficiary of any contract award, to have effect for 2 years following the termination of any direct, personal participation a Federal employee might have in the granting of that contract. It should be emphasized that this prohibition comes into play only when the participation is personal and substantial, and as such is not overly severe on individuals only tangentially involved in a given project. This limitation is designed to institute a cooling period between the time when an individual participates in a contract award and when he leaves Government service for a job in the private sector. The cooling period will temper the effects of any favor bargaining which might have taken place.

Great care has been taken to draft language sufficiently narrow in this area, so as not to place unnecessary stress on the flow of personnel in and out of Government service. It is recognized that this interplay is an essential feature of our system. Therefore, the qualifications attached to the proposed bill require personal and substantial participation on the part of the employee before any restriction comes into play. Further, the limitation imposed in part (A) is specific to jobs funded by the contract itself, and the general bar in part (B) only has effect for a limited period of time. It is intended that these qualifications will mitigate the burden on the transition of individuals between the public and private sectors, while simultaneously acting to cut down on expensive cost overruns and sloppy accounting occasioned in part by the possibility of self-dealing inherent in a system lacking adequate controls on post-Government employment.

When the negotiations between a Federal employee and potential future employer are implicit, any governmental business which might be transacted between the two is clearly regulated by statute. The Federal employee is required by 18 U.S.C. 208 to disqualify himself from personal, substantial participation in any matter which concerns the financial interests of any person or organization with whom the employee is negotiating or has any arrangement for future employment.

But the more insidious problem, the problem attacked by this bill, occurs where the relationship between employee and future employer is implicit.

It may be either that the Federal employee attempts to favorably impress his client in hopes of capitalizing upon that relationship at a later date, or that the client suggests through innuendo or otherwise that favored treatment could be profitable. Under both of these conditions the result is the same: Federal interests are relegated to a position of secondary importance and efficient government is subverted.

The evidence revealed by the report of the Council on Economic Priorities demonstrates for the first time the frequency with which ex-employees of the Department of Defense are employed by the companies they had dealt with under Government auspices. I do not intend to suggest either that all of the individuals involved in possible conflict situations are guilty of foul play, or that the Boeing case is an instance of illicit dealings. I do submit however that an environment allowing the number of possible conflicts reported by the Council on Economic Priorities is an unhealthy one for good government.

No control over this problem exists at the present time. But this bill, as law, will enable the Government to check abuses outlined in the Council of Economic Priorities report. It will act to discourage Federal employees from extending favored treatment to their contractor clients. It will serve as a guide to Federal employees in performance of their daily assignments and in negotiations with future employers. And, not to be forgotten, this bill will demonstrate the concern of citizens and lawmakers that tax dollars are being put to effective and efficient use, and are not being spent by public servants attempting to purchase future jobs.

Mr. President, I ask unanimous consent that this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1329

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 207 of title 18, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) Whoever, having been an officer or employee of the executive branch of the United States Government, of any independent agency of the United States, or of the District of Columbia, including a special government employee, after his employment has ceased, knowingly receives or agrees to receive compensation, directly or indirectly, for any services rendered or to be rendered either by himself or another, in connection with any activity or employment caused, created, or substantially supported or subsidized by any contract, grant, or procurement authorization the granting, awarding or administering of which he participated in personally and substantially as an officer or employee through decision, approval, disapproval, recommendation, the rendering of advice, investigation or otherwise, while so employed, or

"(e) Whoever, having been so employed, and having so participated in any contract, grant or procurement authorization, the total value of which exceeds $10,000, knowingly receives or agrees to receive compensation directly or indirectly, at any time prior to two years after the termination of such participation, for any service rendered or to be rendered within two years after the termination of such participation either by himself or another, from any person other than the United States or the District of Columbia who has a substantial interest in the contract, grant, or procurement authorization—

"Shall be fined not more than $10,000 or imprisoned not more than two years, or both.".

SEC. 2. The amendments made by the first section of this Act shall become effective 90 days after the date of enactment.

By Mr. DOLE (for himself, Mr. HUMPHREY, and Mr. CURTIS):

S. 1331. A bill to amend the Commodity Credit Corporation Charter Act. Referred to the Committee on Agriculture and Forestry.

FINANCING ON-THE-FARM WET STORAGE STRUCTURES

Mr. DOLE. Mr. President, today I am introducing for myself and Senator HUMPHREY a bill that will provide authority for the Department of Agriculture to make loans available to our farmers for the construction of on-the-farm storage structures for silage and high moisture grain.

Such loans have been available intermittently at the discretion of USDA, but this legislation is intended to broaden the law to include such structures whenever on-the-farm loans for storage is made available.

It will provide an additional tool to our farmers to improve their efficiency and a side benefit in the conservation of some fuels used in grain drying.

LIVESTOCK FARMERS ARE QUITTING

Too many farmers in the United States are ready to discontinue dairy and livestock farming and turn to cash crop farming. In addition, many farmers are being forced out of farming altogether. For example, 3,188 dairymen in Senator HUMPHREY'S State of Minnesota were forced out of the business in 1974. This trend is steadily crippling American agriculture.

Despite U.S. Government subsidies on milk, American dairymen have seen their profits decrease by 17 percent in the last year. The number of cattle on feed in the United States is down 37 percent; exports are down 18 percent; and the use of feed grain is down 20 percent.

The American livestock or dairy farmer is neither asking for a handout nor a subsidy, he merely wants to stay in business. With the ever-increasing worldwide demand for food for human consumption, we need to assure a vigorous livestock and dairy industry for the future.

Livestock and dairy farming will continue in its present form and size if it is based on the most efficient and effective utilization of all our resources and if it can provide a profit. There is no doubt that the preservation of livestock and dairy feeds in the form of silage can and will play a major role in achieving this goal, both in the maximum conservation of nutrients or the efficient use of energy.

The farmer is able to harvest about 50 percent more total digestible nutrients—TDN—from feed grains in silage form than he would from a grain crop. Therefore, silages are one of the most economical feeds he can produce from his land.

Storage of these silages will play a key role in providing a system of crop preservation and handling to maximize output while at the same time maximizing farm profits.

UTILIZATION OF TOWER SILOS

The proper utilization of silo storage enables a farmer to get higher production with his animals and better use of his land. With farm storage of this type, the farmer is able to store a variety of crops such as alfalfa, oats, corn silage, sorghum, and grains of high moisture content. This gives the farmer the ability to balance his animal ration easily in addition to being able to utilize his land more efficiently.

The greatest cost in livestock or dairy farming is the feed that is fed to the animal. In dairy, 75 percent of the milk production of the animal is determined by feed, while 50 percent of the total cost of production is feed cost. In beef, 75 percent of the production is determined by feed, while 75 percent of the total cost of production is feed cost.

ADVANTAGES OF HIGH MOISTURE CORN OVER MECHANICALLY DRIED CORN

High moisture corn is a tremendous feed for dairy cattle, beef cattle, and hogs. High moisture corn can:

Reduce shrinkage, reduce field loss, beat the weather, minimize storage losses, save time and money, and produce more meat and milk.

Approximately 70 percent of the corn grown in the United States is artificially dried, while 77 percent of the grain we grow in this country is fed to livestock.

ENERGY SAVINGS

More fuel was used to dry 70 percent of the 1972 corn crop than was used to grow all of it. It takes 1 gallon of propane to dry 5.9 bushels of grain, while 8.85 gallons of propane are required to farm 1 acre of land. Taking the amount of propane gas required to mechanically dry 52.3 bushels of corn, we can farm 1 acre which will produce approximately 100 bushels of corn.

In 1974, 4,651,167,000 bushels of corn grain were produced in the United States. Using an average figure of 8 cents per bushel direct cost for gas to dry this grain, we have a total cost of $372,093,360.

This legislation would allow farmers to convert corn grain acres into corn silage, thereby reducing the demand for fuel for drying.

The advantage of the flexibility this program could provide to our farmers is obvious.

Mr. President, this is the type of assistance our farmers want. They want the flexibility this type of storage offers. They will use these loans to store the high moisture grain and silage that they will feed their livestock during the year following harvest. The farmer wants the type of flexibility this loan program would provide. The farmer does not want a handout or a subsidy. These businessmen are more than willing to borrow money and pay it back at any reasonable interest rate.

Silos have, from time to time, been included in the Agricultural Stabilization and Conservation Service—ASCS—farm facility loan program. However, since 1972, funds have been available only for the purchase, construction, erection, or installation of grain storage bins and drying equipment.

Lending a hand to the farmer in terms of financing for storage structures could encourage economic production of milk and meat and help keep the farmer in business. The availability of financing for on-the-farm storage for silage and high moisture grain will assist him greatly.

Mr. President, there is a need for this legislation to provide this additional financing to our farmers. Since the delivery system for on-the-farm grain storage loans already exists through the ASCS, little or no administrative cost would be needed. Farmers would have a choice between dry or high moisture storage, increasing his flexibility to utilize that farming operation that will be most profitable to him.

It is good legislation that will assist farmers in nearly all States since nearly all States have some livestock or dairy operations. Senator HUMPHREY and I urge our colleagues to favorably support the legislation.

I request unanimous consent that the bill be entered in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1331

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4(h) of the Commodity Credit Corporation Charter Act (62 Stat. 1070, as amended; 15 U.S.C. 714b(h)) is amended by inserting in the fourth proviso of the second sentence after the words "suitable storage" the following: "for dry or high moisture forage, silage, or grain".

By Mr. PHILIP A. HART:

S. 1332. A bill to provide adequate mental health care and psychiatric care to all Americans. Referred, by unanimous consent, jointly to the Committee on Labor and Public Welfare and the Committee on Finance.

MENTAL HEALTH ACT

Mr. PHILIP A. HART. Mr. President, in the last Congress, I introduced, with Congressman HARRINGTON, a bill to provide mental health care comparable to the nonpsychiatric health care provided in the more comprehensive national health insurance proposals before us. Today I am reintroducing that bill, because I remain convinced of the appropriateness of focusing attention on the need for equal concern for mental as for physical illnesses.

There is, however, one major change in my version of this year's Mental Health Act. Reflecting the growing recognition by the States and the Congress of psychologists as independent providers of services, provisions for psychologists have been equalized with those of psychiatrists under the bill. Psychologists are licensed in 47 States and the District of Columbia and 19 States, including my State of Michigan, require "freedom of choice" in insurance policies covering mental health services. In the last Congress, we were persuaded by arguments of competence and reduction of costs in passing legislation—Public Law 93-363—granting direct access to psychologists under Federal employees health benefit plans.

Estimates project 1 in 10 of us may suffer from mental illness yet all too often mental health care is not discussed as openly and as urgently as it demands. All too often funds for mental health care are among the first to feel the budget-cutter's ax. All too often proposals for mental health care are dismissed as too expensive to be seriously considered.

My purpose in proposing this legislation is to challenge the assumption that mental health care cannot be provided to all Americans in need of it. I do not pretend to have the answers in advance, but I hope the committees considering national health insurance will help to find them. For example, there are reports from some studies which indicate mental health may be insured without unreasonably increasing premium rates. That result may be partially explained by the results of a study at Group Health here in Washington which raised the possibility of substantial savings in nonpsychiatric health services to persons with access to mental health care.

Admittedly the bill is something of a working draft with such major questions as cost and financing left to be answered in the context of the overall national health insurance framework. But, more, it is an appeal to the members of the committees and the entire Congress, as well as to people throughout the country, to seriously consider mental health care as part of the total health care which should be the right of all.

Mr. President, I ask unanimous consent that the bill be jointly referred to the Finance and Labor and Public Welfare Committees.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PHILIP A. HART. Also, Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1332

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mental Health Act of 1975".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) 10 percent of all Americans will eventually suffer from severe mental illness;

(2) Americans suffering from various forms of mental illness have the right to adequate health care regardless of cost, but in fact have long been discriminated against in the provision of health services; and

(3) in 1970 total releases from mental institutions exceeded total admissions for the first time.

(b) It is the purpose of this Act—

(1) to provide adequate mental health care for all Americans; and

(2) to end the discrimination between mental health care and other forms of health care.

ELIGIBLE INDIVIDUALS

SEC. 3. Every individual who is a resident of the United States, or who is a nonresident citizen of the United States, shall be eligible to receive the benefits provided by this Act.

SCOPE OF BENEFITS

SEC. 4. (a) The benefits provided to an individual under this Act shall consist of entitlement to have payment made on his behalf, without limit as to amount or duration, except as specifically otherwise indicated in the relevant provisions of this section or section 5, and without the requirement of any payment or contribution by him for—

(1) psychiatric hospital care;

(2) psychotherapeutic care;

(3) prescription drugs;

(4) psychotherapeutic home care;

(5) day mental hospital care;

(6) night mental hospital care;

(7) halfway house care; and

(8) community mental health center services.

(b) Payment of such benefits shall be made by the Secretary in such manner and form, and upon such application and submission of such proofs of entitlement, as may be specified (consistent with the provisions of this Act in the regulations prescribed under section 13) and shall be calculated on the basis of the reasonable cost of the care and services involved or the reasonable charge therefor or on such other basis as the Secretary may determine in accordance with the regulations prescribed under section 13 to be appropriate except that the recipient of halfway house care shall contribute 100 percent of cost, not to exceed 25 percent of his income, for such care.

DEFINITIONS

SEC. 5. For purposes of this Act—

(a) The term "psychiatric hospital care" means all care and services provided to an individual in a psychiatric hospital which meets the conditions specified in section 6 (a). Such care shall be limited to a period of 90 days during any benefit period, except that at the request of such individual's physician or psychologist an additional 30-day period of care may be allowed if a utilization review board (established and functioning as required by section 6(a) (9)) determines that such additional period of care is necessary. Further extensions may be granted by the utilization review board but not less often than every 30 days.

(b) The term "psychotherapeutic care" means all visits made by an individual to a psychotherapist for mental health care or treatment which is of an active preventive, diagnostic, therapeutic, or rehabilitative nature, except that the number of such visits for which payment may be made during any benefit period shall not exceed 20 unless the physician or psychologist to whom the visits are made is participating in a group health program approved by the Secretary.

(c) The term "prescription drugs" means drugs and biologicals for which a physician's prescription is necessary, which are prescribed by a physician as an integral part of an individual's psychotherapeutic care or treatment, and which are sold or otherwise provided by a registered pharmacist at a price not exceeding by more than 10 percent the cost to the pharmacist of providing such drugs or biologicals.

(d) The term "psychotherapeutic home care" means all home visits made to an individual by a licensed psychotherapist or by qualified staff members of a mental health clinic or comprehensive mental health center approved for purpose of this Act by the Secretary.

(e) The term "day mental hospital care" means all care and services provided to an individual in an institution, approved for purposes of this Act by the Secretary, which is primarily engaged in furnishing psychotherapeutic treatment and psychiatric hospital care and services during daytime hours to patients but does not provide them with 24-hour accommodations, subject to the same 90-day limit (with additional coverage upon a finding of medical necessity) as is provided under subsection (a) of this section with respect to psychiatric hospital care.

(f) The term "night mental hospital care" means all care and services provided to an individual in an institution, approved for purposes of this Act by the Secretary, which is engaged in providing psychotherapeutic treatment, sleeping accommodations, and related care and services during nighttime hours to individuals who are not patients in the institution on a 24-hour basis but who engage in employment or other activities on a regular basis during daytime hours, subject to the same 90-day limit (with additional coverage upon a finding of medical necessity) as is provided under subsection (a) of this section with respect to psychiatric hospital care.

(g) The term "half-way house care" means the care furnished by—

(1) those institutions providing a transitional residence for patients who have been released from hospitalization and who have been accepted for half-way house treatment at the recommendation of their physician or psychologist and which recommendation has been approved by the utilization review board and who can leave the half-way house for autonomous living within the community and who can be trained to maintain themselves productively in a community;

(2) those institutions that provide long-term living arrangements for patients who have been released from hospitalization and who have been accepted for half-way house treatment at the recommendation of their physician or psychologist and which recommendation has been approved by the utilization review board and who require permanent substitution for hospitalization and who can be maintained in the community with continuing supporting help; and

(3) any institution to any individual (whether or not such individual has been hospitalized) if the care is furnished at the recommendation of the individual's physician or psychologist and such recommendation has been approved by the utilization review board.

(H) The term "community mental health center services" means all care and services provided to an individual in the central facility of an agency or organization, meeting the requirements of the Community Mental Health Centers Act and approved for purposes of this Act by the Secretary, which is engaged in making available through such facility to at least a substantial proportion of the residents of the community where such facility is located a comprehensive program of mental health care and treatment.

(1) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(j) The term "provider of care and services" means a hospital or other institution or entity (including a psychiatrist or other licensed psychotherapist) which provides care or services of any of the types enumerated in section 4(a) and meets the applicable conditions prescribed in section 6.

The term "psychotherapist" includes a psychiatrist, psychologist, social worker, nurse, or paraprofessional who meets such training and experience qualifications as the Secretary shall by regulation prescribe.

QUALIFICATIONS OF PROVIDERS

SEC. 6. (a) A psychiatric hospital may participate in the program under this Act only if (as determined by the Secretary)—

(1) it provides active diagnostic, therapeutic, and rehabilitative services with respect to mental illness, furnishing these services by or under the supervision of a physician or licensed psychologist;

(2) the Secretary (with the agreement of the Committee on Mental Health) finds it is qualified to furnish active treatment on the basis of staffing and other pertinent factors;

(3) it maintains adequate clinical records on all patients (including reports on the degree and intensity of any treatment furnished);

(4) it is accredited by the Joint Commission on the Accreditation of Hospitals;

(5) it has bylaws in effect with respect to its staff of psychologists, psychiatrists and other physicians, and has filed with the Secretary an agreement that in granting staff privileges it will not discriminate on any ground unrelated to professional qualifications;

(6) it has a requirement that every patient will be under the care of a licensed physician or psychologist, and will receive weekly a full psychotherapy session as prescribed by the Secretary upon the recommendation of the Committee on Mental Health, with the ratio of patients to physicians or psychologists never exceeding 40 to 1;

(7) it provides 24-hour nursing service rendered or supervised by a licensed registered nurse, and has a registered nurse on duty at all times, with the ratio of patients to nurses never exceeding 25 to 1 during the nighttime hours or 10 to 1 during the daytime hours, and with the ratio of licensed practical nurses to licensed registered nurses never exceeding 5 to 1;

(8) it has a pharmacy and drug therapeutics committee which establishes policies for the selection, acquisition, and utilization of drugs and biologicals;

(9) it has a utilization review board established under the regulations prescribed by the Secretary under section 11 which (A) consists of not more than 8 persons, who shall include 3 members of the general public, one physician, one psychotherapist, one paraprofessional, and 2 additional members appointed from among other persons in these categories (and not more than 2 of whom shall be on the staff of the hospital), and (B) meets at least once every 30 days to review the care provided to each patient of the hospital to determine if further care for him is needed;

(10) it has one or more individuals specifically assigned the duty of assuring that the legal rights of the patients are protected; and

(11) it meets all of the conditions specified in subsection (b) of this section.

(b) No provider of care and services may participate in the program under this Act unless—

(1) it keeps such adequate records of all care and services provided to individuals eligible for benefits under this Act as the Secretary may require;

(2) it has written policies and procedures which provide for a systematic evaluation of its total program at appropriate intervals in order to assure the quality of its care and services and the appropriate utilization thereof as well as the effective administration of the program under this Act;

(3) it meets all applicable conditions and requirements of the law of the State and political subdivision in which it is located and all applicable conditions and requirements of Federal law, and (in the case of an institutional provider) meets the applicable regulations prescribed by the Secretary; and

(4) it meets such other conditions, requirements, and standards as the Secretary (with the agreement of the Committee on Mental Health) may impose in order to safeguard the recipients of its care and services, to assure the quality of the care and services furnished them, and to facilitate the administration of the program under this Act.

PAYMENT OF PROVIDERS OF CARE AND SERVICES

SEC. 7. The Secretary shall periodically determine the amount which should be paid under this Act to each provider of care and services with respect to the care and services furnished by it, and the provider shall be paid, at such time or times as the Secretary believes appropriate (but not less often than monthly) and prior to audit and settlement by the General Accounting Office, the amounts so determined, with necessary adjustments on account of previously made overpayments or underpayments; except that no such payment shall be made to any provider of care and services unless it has furnished such information as the Secretary may request in order to determine the amounts due such provider under this Act for the period with respect to which the amounts are being paid or any prior period.

NONDUPLICATION OF BENEFITS

SEC. 8. Notwithstanding any other provision of law, no payments may be made under title XVIII of the Social Security Act, under any State plan approved under title XIX of such Act, or under any other Federal law or program, with respect to any care or services for which payment is made (or could upon application be made) under this Act.

ADMINISTRATION; COMMITTEE ON MENTAL HEALTH

SEC. 9. The program under this Act shall be administered by the Secretary with the advice and assistance of a Committee on Mental Health which shall be appointed by the Secretary and shall consist of 21 members including 5 psychiatrists, or psychologists, 5 hospital administrators, 5 former mental patients, 5 members of the general public, and the Secretary, who shall be Chairman. The Committee shall be specifically responsible under the direction of the Secretary for the approval of all providers of care and services for participation in the program under this Act and for the establishment of the guidelines and qualifications to be applied to any of such providers not affiliated with any specific psychiatric hospital. The terms and conditions of the service of the members of the Committee other than the Secretary, and the manner in which the Committee performs its functions, shall be determined by the Secretary.

AUTHORIZATION OF APPROPRIATIONS

SEC. 10. There are authorized to be appropriated such sums as may be necessary to carry out this Act, including any sums necessary to establish and maintain a reasonable reserve for the payment of benefits under this Act.

REPORT

SEC. 11. The Secretary shall submit annually to the President and to the Congress a full report on the program under this Act, including his recommendations for any improvements or modifications therein.

STUDY OF MENTAL HEALTH INSURANCE COSTS

SEC. 12. The Secretary shall conduct a full and complete study, over a 5-year period beginning on the date of the enactment of this Act, of the costs of providing mental health insurance under various conditions and with varying specifications, in order to determine the feasibility of establishing a national program providing such insurance, or expanding the program under this title, and shall submit to the President and the Congress a report on the results of such study together with his recommendations.

REGULATIONS

SEC. 13. The Secretary shall prescribe such regulations (taking into account the comparable provisions of title XVIII of the Social Security Act and the regulations thereunder) as may be necessary or appropriate to carry out the purpose of this Act and provide for its effective administration.

EFFECTIVE DATE

SEC. 14. This Act shall apply with respect to care and services furnished on or after the first day of the first calendar month which begins more than 6 months after the date of the enactment of this Act.

By Mr. JACKSON (for himself and Mr. MAGNUSON):

S. 1334. A bill to provide for the distribution of funds appropriated to pay judgments in favor of the Cowlitz Tribe of Indians by the Indian Claims Commission in docket No. 218, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, I am introducing for appropriate reference, legislation to provide for the distribution of funds appropriated to satisfy a judgment in favor of the Cowlitz Tribe of Indians by the Indian Claims Commission in docket No. 218.

Under normal circumstances, this judgment would have been processed under the Indian Judgment Funds Distribution Act—Public Law 93-134. That act mandates the Secretary of the Interior to submit a plan to Congress to provide for the distribution of funds appropriated to satisfy judgments for tribes in either the Indian Claims Commission or the Court of Claims. Such plans automatically become effective at the end of a 60-day period—excluding days on which either the House of Representatives or the Senate is not in session because of an adjournment of more than 3 calendar days to a day certain—unless disapproved by either House of Congress during that period of time.

The Secretary submitted a plan pertaining to the Cowlitz award to Congress on November 19, 1974. The Cowlitz tribal leaders objected to the Secretary's proposal, but for various reasons the leaders failed to communicate their opposition to the plan to me until the convening of the current Congress. In response to their request, I introduced S. 56 expressing disapproval of the Secretarial plan; however, the necessity for organization of the new Congress precluded formal legislative consideration of my resolution before the expiration of the 60-day review period. In light of these unusual circumstances, the Secretary withdrew his plan from Congress prior to the expiration of the review period in order to permit the intent of the Judgment Funds Distribution Act to be fulfilled.

Since that act requires the Secretary to submit legislation to Congress following disapproval of a plan by either House of Congress, I am introducing legislation which incorporates the Cowlitz Tribe of Indians' proposed method for distribution of the funds in question.

By subjecting this issue to the full legislative process, it will be possible to develop a thorough hearing record to permit the Members of the Senate to arrive at an informal judgment and decision.

I request that the text of my bill be printed in the RECORD following these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1334

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the funds appropriated by the Act of July 1, 1973 (86 Stat. 99), to pay a judgment to the Cowlitz Tribe of Indians in Indian Claims Commission docket numbered 218, together with the interest thereon, after payment of attorney fees and litigation expenses, and such expenses as may be necessary in effecting the provisions of this Act, shall be distributed as provided herein.

SEC. 2. (a) The Secretary of the Interior shall prepare a roll of all persons—

(1) who were born on or prior to and living on the date of this Act;

(2) who are lineal descendants, of one-sixteenth (1/16) degree or more of Cowlitz blood, of members of the Cowlitz Tribe of Indians as it existed in 1863; and

(3) whose name or the name of a lineal ancestor appears as a Cowlitz Indian on any available census roll or other record or evidence acceptable to the Secretary.

(b) Applications for enrollment must be filed in the manner and within the time limits prescribed by the Secretary for that purpose. The determination of the Secretary regarding the utilization of available rolls or records and eligibility for enrollment of an application shall be final.

(c) No person shall be enrolled pursuant to this section as a descendant of the Cowlitz Tribe if such person has shared in or is eligible to share in a per capita distribution of a judgment against the United States recovered by any other tribe, except through inheritance, nor shall any person be so enrolled if such person is currently enrolled as a member of any other Indian tribe.

SEC. 3. The funds authorized to be distributed herein shall be distributed as follows:

(1) Ten thousand dollars shall be set aside by the Secretary for the purchase of lands for the benefit of the Cowlitz Tribe of Indians;

(2) The balance shall be distributed by the Secretary per capita to those eligible for enrollment. Sums payable to adult living enrollees or adult heirs of deceased enrollees shall be paid directly to such persons. Sums payable to living enrollees who are minors or under legal disability shall be paid in accordance with such procedures, including the establishment of trusts, as the Secre-

tary of the Interior determines appropriate to protect the best interests of such persons.

SEC. 4. The provisions of section 7 of the Act of October 19, 1973 (87 Stat. 466) shall apply to funds distributed pursuant to this Act.

SEC. 5. The Secretary of the Interior is authorized to promulgate rules and regulations necessary to carry out the provisions of this Act.

By Mr. CASE:

S. 1336. A bill to amend the Clean Air Act so as to assure that aerosol spray containers discharging chlorofluoromethane compounds in the ambient air will not impair the environmental ozone layer, to prevent any increased skin cancer risk, and otherwise to protect the public health and environment. Referred, by unanimous consent, jointly to the Committee on Public Works, the Committee on Labor and Public Welfare, and the Committee on Aeronautical and Space Sciences.

Mr. JAVITS. Mr. President, I ask unanimous consent that a bill introduced by the Senator from New Jersey (Mr. CASE) earlier today be jointly referred to the Committee on Public Works, the Committee on Labor and Public Welfare, and the Committee on Aeronautical and Space Sciences. The bill is entitled "the Ozone Protection Act of 1975."

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. MORGAN (for himself and Mr. GARN):

S. 1337. A bill to amend the Small Business Act. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. MORGAN. Mr. President, I introduce for myself and the junior Senator from Utah (Mr. GARN) a bill to increase the subceilings governing the total amount of loan guarantees which may be outstanding at any one time from the Small Business Fund for small business investment company and economic opportunity loans. Our bill would increase the subceiling for SBIC loans by $100 million, from $725 million to $825 million and would increase the subceiling for economic opportunity loans under title IV of the Economic Opportunity Act of 1964 by $75 million, from $450 million to $525 million.

It is our understanding that the subceiling increases proposed in this bill are necessary and sufficient to carry these two small business programs through fiscal year 1976.

As chairman of the Small Business Subcommittee of the Committee on Banking, Housing and Urban Affairs, I and the ranking minority member of the subcommittee (Mr. GARN) intend to hold hearings on this bill and other small business matters in the near future.

By Mr. PERCY (for himself, Mr. ABOUREZK, Mr. BROCK, Mr. CASE, Mr. CLARK, Mr. MCGOVERN, and Mr. HUGH SCOTT):

S. 1338. A bill to provide for equal educational opportunity for women, and for other purposes. Referred to the Committee on Labor and Public Welfare.

WOMEN'S EQUAL EDUCATIONAL OPPORTUNITY ACT

Mr. PERCY. Mr. President, today on behalf of myself, Mr. ABOUREZK, Mr. BROCK, Mr. CASE, Mr. CLARK, Mr. MCGOVERN, and Mr. HUGH SCOTT, I am reintroducing the Women's Equal Educational Opportunity Act. I originally introduced this legislation last year and proposed it as an amendment to the Education Amendments of 1974. Anticipation of conference complications and difficulties persuaded me not to press my amendment at that time. Instead, in a colloquy with Senators MONDALE and JAVITS, respected members of the Senate Labor and Public Welfare Committee, it was agreed that the Women's Equal Educational Opportunity Act would be an appropriate addition to either the Vocational Education Act or the Higher Education Act, whichever bill came before this Congress first. Now that the Senate and House Education Subcommittees are holding hearings on vocational and higher education, I believe it both timely and important to move ahead on the legislation I am introducing today.

Sex discrimination has become a major issue in America. The Chairman of the Equal Employment Opportunity Commission recently estimated that 40 percent of the 75,000 complaints expected this year will concern sex discrimination. At first glance this estimate may seem discouraging. But it is positive evidence that the educational efforts of those who recognize the injustice of sex discrimination have been effective, and that sex discrimination is no longer accepted as standard operating procedure.

I believe we need a stronger Federal effort to combat sex discrimination and sex stereotyping in our educational system. After decades of coeducation, the standard of achievement in our schools is still male-oriented. Many aspects of curriculum, administration, classroom organization, and extracurricular activities tend to encourage educational and career achievement by men and discourage achievement by women.

At each level of advancement within the American educational system, the percentage of women graduates declines. Women comprise 50.4 percent of the Nation's high school graduates, 43.1 percent of those who hold bachelor's degrees, 40 percent of those with master's degrees, and only 13 percent of those who hold doctorate degrees. A recent educational testing service study of 21,000 college students throughout the country disclosed that 44.6 percent of the men but only 29.4 percent of the women planned to go to graduate and professional schools even though the women usually had better grades. Almost as many men with C-plus or lower grade averages planned to pursue doctorates as women with B-plus or A averages. Because the women had less self-confidence than the men and received less encouragement from their friends and relatives to pursue advanced study, few sought higher degrees.

The underachievement of American women is a national loss. No nation can afford to waste or make less than full use of half its human resources. And, most unfortunately, the loss in human potential caused by sex discrimination and sex stereotyping in our educational system is self-perpetuating. Although 83.5 percent of elementary school teachers are women, 80.6 percent of the elementary school principals are men. This role-stereotyping becomes the model for the next generation of students and educators. Hopefully, once sex stereotyping is no longer "taught" in our schools, it will not have to be "untaught" in the adult world.

The legislation I am introducing today addresses existing federally sponsored and funded education programs. A problem cannot be solved by creating new programs if existing programs allow or encourage its continuation. My proposal modifies existing programs under the Elementary and Secondary Education Act, the Higher Education Act and the Vocational Education Act to help assure that Federal funds provided to State and local education agencies under these acts are spent to promote equal educational opportunities for both men and women.

Following are three examples of actions that the Women's Equal Educational Opportunity Act would encourage:

It would require States to spend at least 5 percent of the Federal funds received for the libraries and learning resources and the educational innovation and support programs under the Elementary and Secondary Education Act on materials, programs or projects designed to eliminate sex biases in education. It would also require that Federal funds for library and learning resources be used on a priority basis to acquire available non-sex-biased books and materials, and that State plans encourage purchase of such books and materials.

These provisions are designed to remedy situations such as the one revealed in a study by the Women on Word and Images Organization. Its survey of 134 books purchased by the New Jersey school system and published by 18 major textbook companies found that reading books center on boys and men more than twice as much as they focus on girls and women; biographies concentrate on men six times as much as they do on women; and men appear in 147 career possibilities while women are seen in only 25. Under this act, local school districts would be required to make conscious efforts to purchase non-sex-biased materials. These provisions do not authorize or sanction Federal or State censorship of educational materials purchased by local school districts.

It would attempt to alter the male dominance of administrative positions at every level of the educational system. Statistics gathered in 1971 showed that 81 percent of the elementary school principals, 99 percent of the high school principals, 97 percent of the 4-year college presidents, and 99.94 percent of the public school superintendents are men. This act would expand the use of Federal funds provided under the Education Professions Development Act to include programs that would promote the advancement of women to administrative positions in education.

It would amend the Vocational Education Act to encourage the development and implementation of State and local education agency programs designed to expand vocational education and career choices for both men and women. Only 3 percent of the students in mechanical and technical courses are women and only 14 percent of the students in vocational home economics courses are men. Rather than perpetuating role-stereotyping, schools should encourage students to choose careers that best suit their individual abilities, interests, and potentials.

A more specific summary of these and the other provisions of this legislation is included in the section-by-section analysis below.

I ask unanimous consent that this section-by-section analysis as well as the text of the Women's Equal Education Opportunity Act be printed at this point in the Record.

There being no objection, the bill and analysis were ordered to be printed in the Record, as follows:

S. 1338

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Women's Equal Educational Opportunity Act".

Sec. 2. (a) Section 203(a)(4) of the Elementary and Secondary Education Act of 1965 is amended by striking out the word "the" before "criteria" and inserting in lieu thereof "nonsexist".

(b) Section 203(a) of such Act is amended—

(1) by striking out the word "and" at the end of clause (6);

(2) by redesignating clause (7), and all references thereto, as clause (8); and

(3) by inserting immediately after clause (6) the following new clause:

"(7) provides assurances that Federal funds made available under this title for any fiscal year shall be used, on a priority basis and where possible, in the acquisition of nonsexist library resources, textbooks, and other instructional materials; and".

(c) Section 303 (a) (3) of such Act is amended—

(1) by striking out in subclause (I) the word "and";

(2) by redesignating subclause "(J)", and all references thereto, as subclause "(K)"; and

(3) by inserting after subclause (I) the following new subclause:

"(J) demonstration projects designed to promote new approaches to expand educational opportunities for women, including the provision of comprehensive physical education programs and sports activities for women; and".

(d) Section 306 of such Act is amended by inserting "(1)" immediately after the subsection designation "(b)" and by inserting after subsection (b) of such section the following new paragraph:

"(2) Not less than 15 per centum of the funds granted pursuant to this section in any fiscal year shall be used for programs or projects designed to meet the special educational needs of women.".

(e) Section 403(a) of such Act is amended—

(1) by striking out "and" at the end of subparagraph (8)(B), by striking out the semicolon at the end of subparagraph (8)(C) and inserting in lieu thereof a comma, and the word "and", and by inserting after subparagraph (8)(C) the following:

"(D) that not less than 5 per centum of the amount such State receives pursuant to section 410(a) and not less than 5 per centum of the amount such State receives pursuant to section 401(b), in any fiscal year, shall be used for programs or projects designed to eliminate sex biases in education;".

(2) by redesignating paragraphs (9), (10), and (11) of such section (and all references thereto) as paragraphs (10), (11), and (12) respectively, and by inserting after paragraph (8) the following new paragraph:

"(8) Sets forth policies and procedures designed to assure that (A) Federal funds made available under section 401(a) for any fiscal year shall be used, on a priority basis and where possible, in the acquisition of non-sex-biased library resources, textbooks, and other instructional materials and that sufficient criteria designed to preclude sex bias in such acquisitions are set forth; and (B) Federal funds made available under section 401(b) for any fiscal year be used in a non-sex-biased manner designed to promote equal education opportunities for women;"

(f) Section 421(a)(3)(B) of such Act is amended—

(1) by inserting after the word "fields" in clause (ii) thereof a comma and the following: "payment particular attention to the elimination of sex-role stereotyping in career and vocational choices,"; and

(2) by inserting after "needs" in clause (iii) thereof a comma and the following: "with special consideration to the elimination, where possible, of sex-role sterotyping in such counseling and guidance services".

(g) Section 431(a) of such Act is amended—

(1) by redesignating paragraphs (3) and (4) of such section (and all references thereto) as paragraphs (4) and (5) and by inserting after paragraph (2) the following new paragraph:

"(3) for the support of demcnstration projects designed to promote new approaches to eliminate sex bias in education programs, including but not limited to (A) public information activities to increase the awareness of educational personnel and the public concerning problems incident to sex discrimination and the elimination, reduction, or prevention of sex discrimination in education; and (B) physical education and sports activities;"; and

(2) by inserting after the word "agencies" the first time it appears in paragraph (4) of such section (as redesignated by this subsection) a comma and the following: "including increasing the proportion of women serving in leadership capacities".

(h) Section 503 of such Act is amended—

(1) by striking out the word "and" at the end of clause (11);

(2) by striking out the period at the end of clause (12) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clause:

"(13) programs and other activities to promote educational opportunities for women, including public information activities to increase the consciousness of educational personnel and the public concerning problems incident to sex discrimination and the elimination, reduction, or prevention of sex discrimination in education.".

(i) Section 505 of such Act is amended by adding at the end thereof the following new sentence: "In using the 5 per centum of the funds appropriated pursuant to section 501 for any fiscal year, for grants to State educational agencies to pay part of the cost of experimental projects for developing State leadership, the Commissioner shall give priority consideration to projects designed to increase the proportion of women serving in leadership positions.".

(j) Section 521 (a) of such Act is amended by inserting after the word "districts" the following: "(giving priority consideration to such agencies interested in increasing the proportion of women serving in leadership positions)".

Sec. 3. (a) Section 404(a)(1) of the General Education Provisions Act is amended by inserting before the semicolon a comma and the following: "particularly activities designed to improve the status of women in post-secondary education".

(b) Section 404(a) of such Act is amended—

(1) by striking out the word "and" and the end of clause (7);

(2) by striking out the period at the end of clause (8) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clause:

"(9) the creation of innovative educational practices that respond to the life-styles and special needs of men and women who have or have had responsibilities of caring for dependents and the reform of conventional institutional practices relating thereto."

(c) Section 405(b)(2) of such Act is amended by inserting after the phrase "including career education" a comma and the following: "and programs designed to meet the needs of women,".

Sec. 4. (a) Section 105(a)(3)(A) of the Higher Education Act of 1965 is amended by inserting after the word "programs" a comma and the following: "including programs designed to improve the status of women".

(b) Section 531(b) of such Act is amended—

(1) by inserting in clause (9) immediately before the semicolon a comma and the following: "including programs or projects designed to increase the proportion of women serving as school administrators";

(2) by striking out the word "and" at the end of clause (11);

(3) by redesignating clause (12), and all references thereto, as clause (13); and

(4) by inserting after clause (11) the following new clause:

"(12) programs or projects to train teachers and other personnel to avoid sex biases;".

(c) Section 541(c) of such Act is amended by inserting after the word "Nation" a comma and the following: "including equal educational opportunities for women,".

(d) Section 552(c) of such Act is amended—

(1) by striking out the word "and" at the end of clause (3);

(2) by striking out the period at the end of clause (4) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clauses:

"(5) such program is designed to encourage the participation of women in vocational educational administration; and

"(6) such program is designed to encourage both men and women to participate in vocational education fields traditionally dominated by the other sex.".

(e) Section 553(b) of such Act is amended—

(1) by striking out the word "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clause:

"(4) programs and projects which emphasize the preparation of men and women for areas of vocational education teaching and administration traditionally dominated by the other sex.".

Sec. 5. (a) Section 122(a) of the Vocational Education Act of 1963 is amended—

(1) by striking out the word "and" at the end of clause (7);

(2) by striking out the period at the end of clause (8) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clause:

"(9) training for students of both sexes for occupations dominated by the other sex.".

(b) Section 123(a)(6) of such Act is amended—

(1) by inserting immediately after subclause (D) the following new subclause:

"(E) due consideration will be given to the need to encourage the training of students of both sexes for occupations traditionally dominated by the other sex,";

(2) by redesignating subclauses (E), (F), and (G), as subclauses (F), (G), and (H), respectively; and

(3) by striking out "and (D)" in subclause (F) (as redesignated by paragraph (2)) and inserting in lieu thereof "(D), and (E)".

(c) Section 132 of such Act is amended—

(1) by striking out the word "and" at the end of clause (5);

(2) by redesignating clause (6) as clause (7); and

(3) by inserting after clause (5) the following new clause:

"(6) experimental, developmental, and pilot programs designed to encourage the participation of students of both sexes in fields traditionally dominated by the other sex and to encourage the elimination of sex bias in vocational education; and".

(d) Section 143(a)(2) of such Act is amended by inserting after the word "broadened" a comma and the following: "particularly by eliminating barriers based on sex,".

(e) Section 161(b)(1) is amended—

(1) by striking out subclause (E); and

(2) by inserting in lieu thereof a new subclause:

"(E) are designed for all persons, male and female, who may have use for skills relating to the establishment and the maintenance of the home, and".

(f)(1) Section 191(c)(1)(A) of such Act is amended by inserting after the word "fields" the following: "and for increasing awareness of the changing role of women in the world of work".

(2) Section 191(c)(2) of such Act is amended by inserting immediately before the word "designed" the following: "free of sex biases and".

WOMEN'S EQUAL EDUCATIONAL OPPORTUNITY ACT—SECTION-BY-SECTION ANALYSIS

Sec. 2. Amends Sec. 403 of the Elementary and Secondary Education Act (Title IV, Consolidation of Certain Education Programs) to require that states spend at least 5 percent of the funds received for Libraries and Learning Resources, Educational Innovation and Support on materials, programs or projects designed to eliminate sex biases in education.

Requires that federal funds made available for library and learning resources be used on a priority basis and where possible in the acquisition of non-sex-biased materials and that state plans include sufficient criteria to preclude sex bias in such acquisitions.

Requires that federal funds made available for education innovation and support be used in a non-sex-biased manner designed to promote equal educational opportunity for women.

Amends Sec. 421 of ESEA (Libraries and Learning Resources) to require that counseling and guidance programs for students give special consideration to the elimination of sex-role stereotyping.

Amends Sec. 431 of ESEA (Educational Innovation and Support) to make eligible for funding:

(1) demonstration projects designed to promote new approaches to eliminate sex bias in education, specifically including public information activities and physical education and sports activities, and

(2) state and local education agency leadership programs designed to increase the proportion of women serving in leadership capacities.

NOTE.—Title IV of the Education Amendments of 1974 will be implemented only if certain requirements are met in the appropriation process. Therefore, Sec. 2 includes the following amendments to the categorical programs consolidated under Title IV:

Amends Sec. 203 of the Elementary and Secondary Education Act (ESEA) requiring that state plans for Title II school library and textbook grants setting forth criteria to be used in the selection of library resources, textbooks and other instructional materials provided under Title II include those designed to preclude sex bias. Redesignates existing subsections under Sec. 203(a) and adds a new subsection (7) requiring assurances that Title II funds be used on a priority basis and where possible in the acquisition of non-sex-biased library resources, textbooks and other instructional materials.

Amends Sec. 303 of ESEA to allow funds under Title III (Supplementary Educational Centers and Service) to be used for demonstration projects promoting new approaches to expand educational opportunities for women, including comprehensive physical education programs and sports activities for women. Amends Sec. 306 by adding a new subsection requiring that at least 15% of funds granted in any fiscal year under Sec. 306 for special programs and projects be used to meet the special educational needs of women.

Amends Sec. 503 of ESEA (grants to state Departments of Education under Title V—Strengthening State and Local Educational Agencies) by adding a new Sec. 13 allowing funds apportioned to the states to be used for programs promoting equal educational opportunities for women, the elimination, reduction, or prevention of sex discrimination in education and public information activities to increase the awareness of educational personnel and the public concerning problems relating to sex discrimination. Amends Sec. 505 of ESEA (Special Project Grants to States under Title V) requiring that in using funds reserved for special projects to develop state leadership in education priority consideration be given to projects designed to increase the proportion of women in leadership positions and to promote equal educational opportunities for women. Amends Sec. 521 (Grants to Local Educational Agencies) to give priority in the awarding of grants to local education agencies interested in increasing the proportion of women serving in leadership positions, and promoting equal educational opportunities for women.

Sec. 3. Amends Sec. 404 of the General Education Provisions Act to include in the use of funds for the improvement of post-secondary education, activities designed to improve the status of women in post-secondary education. Amends Sec. 404(a)(6) to allow funds for the introduction of institutional reforms to be used for the creation of innovative administrative and educational practices which respond to the special needs of persons who have or have had responsibilities of caring for dependents. Amends Sec. 405(b)(2) to specify programs to meet the needs of women as one of the methods by which the National Institute of Education shall seek to improve education.

Sec. 4. Amends Sec. 105 of the Higher Education Act relating to state plans for community service and continuing education programs by requiring that consideration be given to the capability and willingness of institutions of higher education to provide effective community service programs designed to improve the status of women. Amends Sec. 531 (Education Professions Development) to expend the uses of Part D funds to include programs designed to increase the proportion of women serving as school administrators, and programs to train teachers and other personnel to avoid sex biases. Amends Sec. 541 by expanding criteria for grants for Training Programs for Higher Education Personnel to include those improving equal educational opportunities for women.

Amends Sec. 552 expanding the criteria for making leadership development awards to include encouraging the participation of women in vocational education leadership. Amends Sec. 553 to expand the uses of exchange programs grants, institutes an inservice education for vocational education personnel to include programs emphasizing the preparation and participation of men and women in areas of vocational education teaching and administration traditionally dominated by the other sex.

Sec. 5. Amends Sec. 121 of the Vocational Education Act of 1963 by expanding the eligible purposes of grants for state vocational education programs to include the training of students of both sexes for occupations dominated by the other sex. Redesignates existing subsections under Sec. 123 and adds a new subsection (E) requiring that state plans consider the need to ensure the training of students for occupations traditionally dominated by one sex. Amends Sec. 132 by expanding the uses of Part C (Research and Training in Vocational Education) funds to include programs to encourage students of both sexes to participate in fields traditionally dominated by the other sex and to ensure the elimination of sex bias in vocational education.

Amends Sec. 143 to expand the uses of Part D (Exemplary Programs and Projects Funds) to include programs to broaden occupational aspirations and opportunities by eliminating barriers based on sex. Amends Sec. 161, relating to Consumer and Homemaking Education, by requiring that state plans include provisions for all persons who have use for skills relating to the establishment and maintenance of the home, rather than just those who are entering the work of the home. Amends Sec. 191 by expanding the uses of Part I (Curriculum Development in Vocational and Technical Education) funds to include the development and dissemination of vocational education materials which increase awareness of the changing role of women in the world of work and also requires that curriculum materials developed or disseminated under Part I be free of sex biases.

By Mr. HASKELL (for himself and Mr. GARY W. HART):

S. 1339. A bill to amend the act of August 20, 1963, as amended, relating to the construction of mint buildings. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. HASKELL. Mr. President, the bill I am introducing today would authorize construction of a new mint in Denver, Colo. Similar legislation was passed by the Senate June 27, 1973, but, unfortunately, was not acted upon by the House of Representatives.

The new mint facility is necessary to keep pace with the rapidly increasing need for coins in our economy. At the present time there are only two mints in the entire country, one at Philadelphia, Pa., and one at Denver, Colo. These two mints are now coining about 9 billion coins per year. Estimates indicate we will need double that amount of coins—about 18 billion pieces—by 1980.

The old mint facility in Denver, which began minting coins in 1906, is a historic building and is the most popular tourist attraction in Denver, handling some 4 million tourists a year. I wish it were possible to expand or repair the existing mint in a way that would meet our expanding need for coins. But it is not. The building itself will be preserved for historic purposes.

The new mint will have a capacity of 25 billion pieces per year which is a 500-percent increase over the existing facility. The Congress has already authorized and appropriated funds to plan for the new mint and to acquire the property where the new facility will be located. The new mint will be located in the Park Hill section of Denver.

It should also be noted that the current mint has an excellent record with respect to minority hiring practices, and I feel confident that that record will continue.

Mr. President, I was disappointed the authorizing legislation did not clear both the Senate and the House of Representatives during the 93d Congress. I hope that my colleagues on the Senate Committee on Banking, Housing and Urban Affairs will see fit to act promptly on this legislation. Companion legislation is being introduced in the House of Representatives where it will be referred to the Committee on Public Works. Last Congress the committee acted favorably on the Senate bill. It passed the Senate unanimously. A majority of our colleagues in the House of Representatives voted favorably on it. But due to the parliamentary situation, which required two-thirds of the House to suspend the rules to pass the bill, the 241- to 143-vote in favor of it was 15 votes short of approval.

Mr. President, I ask unanimous consent that the text of the legislation be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1339

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Act of August 20, 1963, as amended (31 U.S.C. 294), is further amended to read as follows:

"SEC. 4. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for each fiscal year which begins after June 30, 1963, and ends before July 1, 1983, such sums as may be necessary to carry out this Act, except that the aggregate of sums appropriated under this section shall not exceed $105,000,000 (March 1975 price levels). Sums appropriated to the Department of the Treasury for the purpose of this Act may be available for transfer to the Administrator of General Services to remain available until expended."

By Mr. BAYH:

S. 1340. A bill to require periodical financial disclosure by officers and certain employees of the Federal Government. Referred to the Committee on Rules and Administration.

OMNIBUS DISCLOSURE ACT OF 1975

Mr. BAYH. Mr. President, I have long been concerned with growing public cynicism and loss of confidence in Government. More than 4 years ago in order to redress this situation, I introduced a bill aimed at establishing a new standard of conduct for public officials, the Omnibus Disclosure Act. This legislation was an outgrowth of the lessons we learned during the debate over the qualifications of Supreme Court nominees in 1969 and 1970. The need for this bill has not diminished, Mr. President, indeed, the revelations of Watergate have given even more impetus for its enactment. In light of this need, Mr. President, today I am introducing the Omnibus Disclosure Act of 1975.

In the not so distant past, we saw banner headlines day after day, week after week, which furnished disclosures undermining the already shaky faith of our citizens in their government in general, and which eroded public confidence in the integrity of public officials and the electoral process in particular. The impact of the Watergate affair and related scandals on public confidence in our political process respresents nothing less than a national tragedy.

Unfortunately, as a result, too many Americans believe the tactics and morality of Watergate represent the norm in the political and governmental process. I for one, emphatically believe they do not represent the norm. Most men who seek and serve in high public office are good men, honest men who desire nothing more than to make this a better world for our children and our children's children. But it is clear that when the public has more faith in its garbage collectors than it has in the U.S. Senate, the House of Representatives, or the President, those who seek or who serve in high public office have an obligation to take every step possible to help restore and assure faith in the basic honesty and integrity of our Government, our political process, and our public officials.

I. PAST EFFORTS AT DISCLOSURE REFORM

My concern about the growing loss of confidence in our political system, our Government, and our public officials is not new. I have long believed that the source of all governmental power is in the consent of the governed and, therefore, if the people are supplied with sufficient information about their elected officials and appointees, the people will fashion workable standards of conduct in the voting booth. I am convinced that the most effective means of insuring that public officials are responsive to the highest ethical standards is to make the personal affairs of public officials and those who seek high public office an open book.

That is why, long before anyone ever heard of Watergate—in 1967—I voted for legislation to require Congressmen and candidates for Congress to disclose their assets, liabilities, gifts, and outside income. It was my concern for insuring integrity, basic honesty and sensitivity to conflicts of interest which might tend to undermine public confidence in our system of justice that led me to oppose the nomination of Judge Haynsworth to the Supreme Court in 1969. It was this concern which led me to introduce, in 1970 and again in 1971, a Judicial Disqualification Act and an Omnibus Disclosure Act.

I supported the Senate's efforts in 1973 to amend the Federal Campaign Reform Act to include provisions strengthening existing financial disclosure requirements, and was keenly disappointed that these provisions were dropped during conference committee considerations.

While I think many of these initial efforts mark a good beginning, I feel that we must take the opportunity before us to enact more meaningful legislation such as the bill I am introducing today.

II. OMNIBUS DISCLOSURE ACT OF 1975

My bill, Mr. President, provides for uniform personal financial disclosure reports by all employees of the Federal Government, whether in the executive, legislative, or judicial branches, who have an income in excess of $18,000 per year. If conflicts of interest exist, the public has a right to know, and these disclosure reports—open for public inspection—will provide that knowledge.

Under the provisions of this bill, all Federal employees and officers earning over $18,000 must file with the Comptroller General of the United States by May 1 of each year, the following information: First, the identity and value of interests in real or personal property worth more than $500; second, creditors to whom more than $1,000 is owed and the amount of each such debt; third, dealings in securities and commodities; fourth, transactions in real property; fifth, gifts of more than $100; sixth, the amount and source of each contribution to defray campaign or office expenses; and seventh, except in the case of a nonincumbent candidate, the identity of each client who pays more than $1,000 to a law firm with which the individual covered by the act is associated.

III. IMPROVEMENTS OVER EXISTING PRACTICES

At this time it is impossible for the public to gain access to this information. A patchwork of congressional rules, a judicial conference resolution, and an Executive order compose the present financial disclosure laws. None of the disclosure provisions are sufficiently comprehensive in the type of financial information required to be disclosed or in the individuals required to file reports. Furthermore, none of the provisions allow for significant public disclosure of financial interests.

The Federal judiciary is presently subject to a resolution passed by the Judicial Conference of the United States on March 18, 1970. This resolution retreats considerably from the comprehensive public disclosure adopted at the behest of former Chief Justice Warren in June of 1969.

The most recent resolution requires all Federal judges, except Supreme Court Justices, to file a confidential financial disclosure report with a special committee of the Judicial Conference, the conference of their circuit, and the clerk of their court. Each judge must disclose his total income for extra judicial services such as lecturing, teaching, and serving as executor of an estate. He must itemize sources of income and gifts of over $100. Each judge must also report whether he has knowingly participated in any decisions in which he or any member of his household had a financial interest, or if he has engaged in any transaction involving securities or property of a party to a case pending before him. Finally, he must report any positions held in any organization whether or not compensation is received therefor.

Members of Congress are subject to provisions of the House and Senate rules. Rule 44 of the rules of the House requires Members and officers of the House, their principle assistants, and professional staff members of House committees to file confidential disclosure reports with the Committee on Standards of Official Conduct. The reports require an individual to disclose sources of over $5,000; capital gains of over $5,000 from a single source—other than sale of a residence; non-Government reimbursement of over $1,000; interest and position in businesses from which he received $1,000 or more and which deal with the Government and are subject to its regulation; and the names of professional organizations with which he associated and which account for over $1,000 of his income. The House does provide for limited public disclosure, except that the amount of professional and service income, and the market value of business interests, reported under the act remain confidential. Furthermore, an individual is informed of each request to examine his public report.

Senate disclosures are made to the Comptroller General. Only gifts in the aggregate amount of $50 or more and the amount and source of each honorarium of $300 or more are publicly disclosed. All other financial information—Federal tax return; amount and source of each fee of $1,000 or more; name and address of each business or professional corporation, firm, or enterprise in which he was an officer, director, partner, proprietor, or employee and from which he received compensation and its amount; the identity of real or personal property worth $10,000 or more; the identity of each trust or other fiduciary relation in which he held a beneficial interest having a value of $10,000 or more; the identity of each liability of $5,000 or more owed—individually and jointly with spouse—and the source and value of all gifts in the aggregate amount or value of $50 or more from a single source—is confidentially disclosed.

Members of the executive branch are required to file disclosure reports pursuant to Executive Order No. 11222, of May 1965. The order applies to all Federal executives over GS–13. Federal executives are required to report basically the information as Members and employees of the Senate, except that Federal executives are exempt from reports of outside legal activity and from detailed reports of outside income. The Executive order and the civil service rules promulgated pursuant thereto also are more relaxed for members of the President's staff and for consultants, who serve throughout the Government. There is no provision for public disclosure.

The Omnibus Disclosure Act would correct at least six substantial failings in the existing pattern of regulations.

First. The existing provisions are completely lacking in uniformity. My proposal would bring order to this area. The Omnibus Disclosure Act requires members of all three branches of Government to file the same disclosure report with the Comptroller General by May 1 of each year.

Second. The existing provisions do not require disclosure from all who should be covered. For example, the House rules do not cover candidates. The Judicial Conference rules do not cover Federal judicial employees other than judges, nor do they apply to Supreme Court Justices. The Executive order does not cover the President and Vice President. The legislation I propose covers all of these individuals, including employees of any branch of Government paid more than $18,000 per year and candidates for Congress, the Presidency, and the Vice Presidency.

The third problem with existing provisions is that they do not require sufficient information to be presented. For example, the Senate rules require disclosure only of debts of over $5,000 and interests in real estate of over $10,000. The Omnibus Disclosure Act requires disclosure of debts of over $1,000 and creates no exception for residential mortgages; it requires disclosure of real estate valued at more than $5,000 and goes beyond most of the existing provisions to require disclosure of income over $100. The act also requires disclosure of any dealing in securities and commodities or transactions in real property, and it requires disclosure of gifts worth more than $100 and any contribution to defray campaign and office expenses.

Fourth. The Omnibus Disclosure Act would eliminate many of the loopholes in existing law by the use of detailed attribution rules. Under most existing provisions, an individual can receive benefits through some unknown third party and not be required to disclose. My proposal attributes to any individual the assets, liabilities, receipts, transactions, and gifts of persons acting on his behalf, members of his family, corporations of which he owns half the stock, and shares of partnerships and trusts, depending upon his interest therein.

Fifth. The Omnibus Disclosure Act, if enacted, would finally deal with the problem of outside law practice by public servants. The act requires all individuals except nonincumbent candidates to list all law firm clients who paid more than $1,000 in fees. It further requires an explanation of whether the client requested the service of his law firm before or after he entered Government service. Moreover, the individual must identify any administrative or judicial action in which the United States was a party and the client was represented by that firm. This portion of the act is modeled directly after a recommendation of the special committee on ethics of the association of the bar of the city of New York.

Sixth, and most important of all. The act would require complete public disclosure of all of the above information. No existing provision requires full disclosure to the public, and in this respect the current law is fatally deficient. I propose that the information required by the act be filed by the Comptroller General and made readily available to the general public.

I recognize that there will be some who will consider this disclosure legislation to be an unwarranted invasion of personal privacy. To those outcries I can only answer that the loss of privacy in this instance is a small price to pay for the increased public confidence in Government which will result.

In order to indicate my good faith in pressing for this legislation and my concern for the voters to have access to detailed information on elected and appointed officials, I have made a public financial disclosure of my assets, liabilities, and income each year beginning in 1969. I will do so again this year, although such a disclosure is still not required by law.

In addition, I have required each member of my staff earning $18,000 a year or more to file a similar detailed financial report. I initiated this practice in 1970, and will continue to require it in the future.

The process of restoring the public's faith in politics and Government will not be an easy one. But if enough of us who hold office are willing to press forward with legislation such as I am introducing today, we can do much toward restoring the political process to the position of respect it must have in this great country.

Mr. President, at this time, I ask unanimous consent that both a copy of my bill and a section-by-section analysis be inserted in the Record.

There being no objection, the bill and analysis were ordered to be printed in the Record, as follows:

S. 1340

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Omnibus Disclosure Act of 1975".

DEFINITIONS

Sec. 102. As used in this Act—

(1) the term "Federal officer or employee" means any Member of Congress, congressional employee, Federal executive officer, Federal executive employee, candidate, Federal judicial officer, or Federal judicial employee.

(2) The term "Member of Congress" means any Member or Member-elect of the Senate or House of Representatives, and each Resident Commissioner or Resident Commissioner-elect of the House of Representatives.

(3) The term "congressional employee" means any individual (other than a Member of Congress) who is an elected officer of the Senate or House of Representatives or an employee of the Vice President, the Congress, either House of the Congress, or any Member of any committee of the Congress, and who receives compensation disbursed by the Secretary of the Senate or the Clerk of the House of Representatives at the rate of $18,000 or more per annum.

(4) The term "Federal executive officer" means the President of the United States, the Vice President of the United States, any civilian officer of the United States (other than a Federal judicial officer) appointed by the President by and with the advice and consent of the Senate or serving under a recess appointment made by the President, and any commissioned officer of any of the Armed Forces serving on active duty for a period of more than thirty days (as such terms are defined by section 101, title 10, United States Code) who receives basic pay at the rate of $18,000 or more per annum.

(5) The term "Federal executive employee" means any civilian officer or employee of any

executive or military department, agency, or office of the United States, or any independent agency, corporation, or other instrumentality of the United States, who receives compensation disbursed by the United States, or by such department, agency, office, corporation, or other instrumentality, at the rate of $18,000 or more per annum and who is not included within any of the classes of individuals described in paragraphs (2), (3), (4), (7), and (8) of this section.

(6) The term "candidate" means any individual who has voluntarily qualified as a candidate in any primary election to be conducted within any State for nomination as a candidate for election as the President of the United States, the Vice President of the United States, or a Member of Congress, or who has qualified as a candidate in any general or special election to be conducted within any State for election to any such position.

(7) The term "Federal judicial officer" means any justice or judge of a court of the United States (as defined by section 451, title 28, United States Code), the Tax Court of the United States, the United States Court of Military Appeals, the United States District Court for the District of the Canal Zone, the District Court of the Virgin Islands, or the District Court of Guam, and any full-time United States magistrate.

(8) The term "Federal judicial employee" means any officer or employee of any court named in paragraph (7) other than a justice or judge of that court, and any officer or employee of the Administrative Office of the United States Courts, who receives from appropriated funds of the United States compensation at the rate of $18,000 or more per annum.

(9) The term "income" means each item of income from whatever source, whether or not taken into account for purposes of computing the tax imposed by chapter 1 of the Internal Revenue Code of 1954.

(10) The term "security" means any security as defined in section 2 of the Securities Act of 1933, as amended (15 U.S.C. 77b).

(11) The term "commodity" means any commodity as defined in section 2 of the Commodity Exchange Act, as amended (7 U.S.C. 2).

(12) The term "dealing in securities or commodities" means any acquisition, holding, withholding, use, transfer, disposition, or other transaction involving any security or commodity.

(13) The term "political campaign expense" means a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any candidate.

(14) The term "congressional office expense", when used with respect to a Member of Congress, includes, but is not limited to, expense incurred by such Member for any of the following objects: travel to, from, and within the State or congressional district of the Member; printing and other expenses in connection with the mailing of speeches, newsletters, and reports to constituents of the Member; expenses of radio, television, and news media methods of reporting to constituents of the Member; telephone, telegraph, postage, and stationary expenses in excess of allowances provided by law; subscriptions to newspapers and other periodicals published within the State or congressional district of the Member; and staff compensation and travel in excess of allowances provided by law.

FINANCIAL DISCLOSURE REQUIREMENT

SEC. 103. (a) On or before May 1 of each calendar year, each individual who has served at any time during the preceding calendar year as a Federal officer or employee other than a candidate shall file with the Comptroller General a financial disclosure report, conforming to the requirements of this Act, for such preceding year.

(b) Within thirty days after the date on which any individual, not otherwise a Federal officer or employee, becomes a candidate, such individual shall file with the Comptroller General a financial disclosure report, conforming to the requirements of this Act, for the calendar year preceding the date on which he became a candidate.

(c) Service rendered by an individual as a congressional employee, Federal executive employee, or Federal judicial employee for a period not exceeding thirty days in the aggregate during any calendar year shall not be considered to be such service during that year for the purposes of this section.

(d) No individual shall be required by this section to file more than one financial disclosure report for any calendar year.

CONTENTS OF REPORTS

SEC. 104. (a) Each financial disclosure report required to be filed by any individual under this Act for any calendar year shall contain a full and complete statement of—

(1) the identity and value of each interest in real or personal property having a value in excess of $500 of which such individual was the owner at any time during that year;

(2) the identity of each creditor to whom such individual at any time during that year owed one or more legally enforceable financial obligations, aggregating $1,000 or more and the nature and amount of each such obligation;

(3) the value and source of each item of income, including honoraria, and each item of reimbursement for expenditure other than the exact cost of transportation, exceeding $100 in value received by such individual during that year;

(4) each dealing in securities or commodities by such individual during that year;

(5) each purchase and sale of real property or any interest therein by such individual during that year;

(6) the nature, source, and value of each gift of money or property received by such individual during that year from each source, other than his parents, spouse, and children, from whom such individual during that year received one or more such gifts having an aggregate value of $100 or more;

(7) the amount and source of each contribution received during that year by him, or to his knowledge by any other individual, political committee, or other organization on his behalf or for his account to defray any political campaign expense or any congressional office expense of such individual; and

(8) the identity of each client who, during that year and while such individual was a Federal officer or employee other than a candidate, paid to any law firm of which such individual is or then was a partner, or with which such individual is or then was otherwise associated professionally, one or more fees in an aggregate amount exceeding $1,000; *Provided,* That this provision shall not apply to any individual who is a Federal officer or employee solely by virtue of being a candidate.

(b) Whenever during any calendar year any individual while serving as a congressional employee receives any contribution to defray any political campaign expense or any congressional office expense on behalf of or for the account of a Member of Congress, without knowledge by such Member as to the source or amount of such contribution, such congressional employee shall file with the Comptroller General on or before May 1 of the next succeeding calendar year on behalf of such Member a financial disclosure report containing the information which such Member would have been required by subsection (a) to report if such information had been disclosed to him.

LAW FIRM CLIENTS

SEC. 105. Whenever any Federal officer or employee other than a candidate reports pursuant to paragraph (8) of section 4(a) with respect to any year the identity of any client of a law firm of which such individual is or then was a partner, or with which he is or then was otherwise associated professionally, such report shall—

(1) state whether the client so identified was a client of that firm before the date on which the individual submitting that report became a Federal officer or employee; and

(2) identify any legal or administrative action or proceeding in which the United States or any department or agency thereof was an interested party and with regard tc which that client was represented by that firm during that year.

ATTRIBUTION RULES

SEC. 106. (a) For the purposes of this Act, there shall be attributed to any individual required to file a financial disclosure report the assets, liabilities, receipts, and transactions of, and gifts to—

(1) any person acting on behalf of or for the account of such individual;

(2) the spouse and minor children of such individual;

(3) any corporation of which such individual owns 50 per centum or more of the outstanding capital stock;

(4) a share of any partnership of which such individual is a partner, or with which he is associated, determined in accordance with the extent of his partnership or other interest therein;

(5) any revocable trust of which such individual was a settlor; and

(6) a share of any trust or estate of which such individual is a beneficiary, determined in accordance with the present actual or actuarial value of his beneficial interest therein.

(b) Paragraph (5) and paragraph (6) of subsection (a) shall not require the disclosure by any individual of any information which he does not possess and which he is precluded by the terms of a trust from acquiring.

FORMS AND REGULATIONS

SEC. 107. The Comptroller General shall prepare and supply to individuals obligated by this Act to file financial disclosure reports, appropriate forms for such reports, and shall prescribe regulations governing the preparation of such reports. Such regulations shall (1) specify the detail in which each category of information shall be stated in financial disclosure reports filed under this Act, (2) specify the method by which the value of property and interests therein shall be ascertained for the purposes of this Act, and (3) contain such other requirements as the Comptroller General may determine to be necessary to carry out the purposes of this Act.

PUBLIC INSPECTION OF REPORTS

SEC. 108. (a) Each financial disclosure report filed under this Act shall be placed in a file which shall be established by the General Accounting Office. The Comptroller General shall prepare an appropriate index to that file to facilitate the identification of and access to all reports filed by or on behalf of each individual which are contained at any time in that file.

(b) Except as otherwise provided by this subsection, each such report so filed by or on behalf of any individual who is serving as a Federal officer or employee at the time of the filing of that report shall be maintained in such file as long as such individual serves continuously as a Federal officer or employee, and for five years after the end of such service. Each such report filed by any individual who is a candidate, or who is not a Federal officer or employee at the time of the filing of that report, shall be maintained in such file for a period of five years after the date on which that report is filed.

(c) Under such reasonable regulations as the Comptroller General shall prescribe, reports contained in that file and the index thereto shall be made available for inspection by members of the public during business hours of the General Accounting Office.

(d) The Comptroller General shall furnish to the Attorney General upon request a true and correct copy of any financial disclosure report contained in that file.

PENALTY

SEC. 109. Whoever, being an individual required by this Act to file any financial disclosure report—

(1) willfully fails to file such report within the period of time prescribed by this Act;

(2) files any such report containing any information which is false or misleading, with knowledge or with reason to believe that such information is false or misleading; or

(3) files any such report from which there has been omitted any information required by this Act or by regulations promulgated thereunder to be contained therein, with intent to conceal such information,

shall be fined not more than $20,000, or imprisoned not more than five years, or both.

CONGRESSIONAL RULES

SEC. 110. (a) This section is enacted by the Congress:

(1) As an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and this section shall supersede other rules of each such House only to the extent that it is inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change the provisions of this section (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(b) Rule XLIV of the Standing Rules of the Senate and rule XLIV of the Rules of the House of Representatives are hereby repealed.

EFFECTIVE DATE

SEC. 111. This Act shall take effect on the first day of the second calendar year beginning after the date of enactment of this Act.

SECTION-BY-SECTION SUMMARY OF "THE OMNIBUS DISCLOSURE ACT"

Section 1—The act may be referred to as the "Omnibus Disclosure Act of 1975."

DEFINITIONS

Section 2—This section defines fourteen terms which are used in the act.

FINANCIAL DISCLOSURE REQUIREMENT

Section 3—This section requires members of all three branches of government to file a financial disclosure report fith the Comptroller General on or before May 1 of each year. The disclosure requirement applies to all Federal judges and justices, the President and Vice President and all Members of Congress. The provision also applies to Federal officials and to those employees of Members of Congress. Congress itself, the judiciary, and the executive branch who receive more than $18,000 a year and have served for more than 30 days. Candidates for Congress, the presidency and vice-presidency are also required to file disclosure reports within 30 days of becoming a candidate.

CONTENTS OF REPORTS

Section 4—The disclosure reports required must contain the following information: (1) the identity and value of interests in real or personal property worth more than $500, (2) creditors to whom more than $1,000 is owed and the amount of each such debt, (3) sources and amount of income greater than $100, (4) dealings in securities or commodities, (5) transactions in real property, (6) nature, source and value of each non-family gift of more than $100, (7) the amount and source of each contribution to defray campaign or office expenses, and (8) except in the case of nonincumbent candidates, the identity of each client who pays more than $1,000 to a law firm with which an individual obligated under the act is associated.

LAW FIRM CLIENTS

Section 5—Those who list law firm clients under section 4 must state whether the client sought the services of the individual's law firm before or after he entered government. The individual must also list any administrative or judicial action in which the United States was a party and in which the client was represented by that firm.

ATTRIBUTION RULES

Section 6—This section attributes to any individual required to file under section 3 the assets, liabilities, receipts, transaction and gifts of (1) any person acting on the individual's behalf, (2) his immediate family, (3) any corporation of which he owns more than one half of the stock, (4) a proportional share of any partnership of which he is a partner, and (5) certain trusts and estates depending on his knowledge and interest.

FORMS AND REGULATIONS

Section 7—The Comptroller General shall supply forms for reports required under the act and shall prescribe regulations governing the preparation of such reports.

PUBLIC INSPECTION OF REPORTS

Section 8—The General Accounting Office shall keep a file of financial disclosures reports, open to public inspection, for a period of five years after each individual leaves government service.

PENALTY

Section 9—Any individuals who fails to file within the time period, files false or misleading information or omits information is subject to a $20,000 fine, or 5 years imprisonment or both.

CONGRESSIONAL RULES

Section 10—Congress exercises its rule making powers to repeal inconsistent rules of each house and to explicitly repeal Rule XLIV of the Standing Rules of the Senate and Rule XLIV of the Rules of the House of Representatives.

EFFECTIVE DATE

Section 11—The act takes effect on the first day of the second calendar year after enactment.

By Mr. MUSKIE:

S. 1341. A bill to establish a 200-mile Marine Pollution Control Zone. Referred to the Committee on Commerce, the Committee on Foreign Relations, and the Committee on Public Works, by unanimous consent.

200-MILE MARINE POLLUTION CONTROL ZONE

Mr. MUSKIE. Mr. President, I am today introducing a bill which would amend the Federal Water Pollution Control Act Amendments of 1972 and the Ports and Waterways Safety Act of 1972 to extend U.S. vessel pollution control jurisdiction 200 miles from our coast.

The Federal Water Pollution Control Act Amendments of 1972 and the Ports and Waterways Safety Act of 1972 affirm our country's jurisdiction over pollution from vessels in our territorial seas which presently extend 3 miles from our coastline.

The Ports and Waterways Safety Act mandates the Secretary of Transportation to promulgate design and construction standards with which all vessels of certain cargoes must comply for the purposes of reducing the pollution of our territorial seas and our coastline.

The Federal Water Pollution Control Act gives the Administrator of the Environmental Protection Agency authority to establish liability and penalty limits for discharges of oil and hazardous substances into the navigable waters of the United States. It also gives the Environmental Protection Agency authority to establish standards of performance for vessels to control the discharge of sewage into the navigable waters of the United States.

The amendment which I am introducing today would extend these same jurisdictions to a limit of 200 miles. It would continue to require the Secretary of Transportation to promulgate regulations to achieve the objectives of the Ports and Waterways Safety Act, and it would require the Administrator of the Environmental Protection Agency to set limits of liability for discharges of oil and hazardous substances and standards of performance controlling the discharge of sewage from vessels in the 200-mile zone, just as he presently has that responsibility out to the 3-mile limit under the Federal Water Pollution Control Act.

I believe Congress should consider such an extension of pollution control jurisdiction for several reasons.

First, pollution of our coastal waters, our coastline, and the oceans continues at an accelerated rate. There is no need to detail the increasing threat that oil pollution from vessels poses to the marine and coastal environments of this Nation. The significance of this threat is underscored by a study of the National Oceanic and Atmospheric Administration which recently found that "oil globules—in massive proportions infect nearly 700,000 square miles of blue water from Cape Cod to the Caribbean Sea." Suffice it to say that the waters surrounding the United States and the U.S. coastline continue to be polluted by discharges of oil, hazardous substances, and sewage from vessels, creating substantial hazards to the resources of the marine and coastal environments including fish, shellfish, wildlife, marine and coastal ecosystems, and recreation and scenic values.

Second, while pollution continues to be a serious and potentially devastating problem, the international community has been unable to take effective remedial measures. Last year, under the auspices of the Intergovernmental Maritime Consultative Organization, a United Nations specialized agency, an international convention for the prevention of pollution from ships was negotiated in London. But the prescriptions in that convention are inadequate to reduce pollution to an acceptable level. Many of us had hoped that the Law of the Sea Conference would successfully address this problem.

I had the privilege of attending the conference at Caracas as a member of the U.S. delegation. I was disappointed to find that pollution control was and continues to be relegated to a low priority, and many countries, perhaps a majority, have made it clear that they do not desire strict standards for pollution control.

Many believe that the Law of the Sea

Conference will adopt a lowest common denominator consensus in the pollution area, and thus fail to resolve the problem of continuing vessel-source pollution. Furthermore, if conventions like the IMCO Convention and a Law of the Sea treaty are ultimately accepted by the international community, they will establish the basis for internationally agreed standards.

It is entirely consistent with the concept of those conventions for the United States to pass domestic legislation which implements those standards; which allows the establishment of stricter standards; and which permits the adoption of additional measures necessary for the protection of our marine environment. Delegations at Caracas did agree that the treaty would sanction a 200-mile zone in which coastal states would have jurisdictional rights, and one of those rights must be vessel-source pollution control.

Finally, other measures involving extension of U.S. jurisdiction are now being considered by Congress. A bill which would extend jurisdiction over fishing to 200 miles was approved in committee last year and has been introduced again this Congress. I have supported that bill. In 1974, both Senate and House committees considered bills which would establish a system of U.S. regulation over deepsea mining, and those bills have again been introduced. Control over pollution of our coastal area and the ocean is no less important than the protection of our fishing interests and our mining interests.

Some governmental agencies and officials believe, as a general proposition, that national extensions of jurisdiction are unwise. They argue that such extensions have questionable foundation in international law and may prejudice our efforts at the Law of the Sea Conference to negotiate a comprehensive treaty which will be generally accepted by the international community. I do not now agree with these arguments.

The Law of the Sea negotiations thus far have pointed to the fact that a Law of the Sea Treaty will not adequately resolve the pollution problem. Thus, while it may have been sensible not to consider national legislation when there was a substantial probability that a Law of the Sea Treaty would address this issue adequately, that situation no longer exists. Furthermore, even if a Law of the Sea Treaty were to establish an international regime, the United States, as I have indicated, would still want to have the authority and the jurisdiction to adopt stricter standards and additional measures for the ocean area surrounding its coastline.

Negotiations under the Law of the Sea Conference begin again this month. I hope our negotiators will recognize the determination of the United States to protect its coastline and surrounding waters from vessel-source pollution. I believe this bill will help in their consideration of this issue.

Mr. President, I ask unanimous consent that the text of this bill be included in the RECORD following these remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1341

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

TITLE I

SEC. 101. Section 311(a) of the Federal Water Pollution Control Act Amendments of 1972 (86 Stat. 862) is amended to add a new paragraph as follows—

"(15) 'navigable waters' for the purposes of this section includes those waters defined in section 502(7) and the belt of the seas which has as its inner boundary the outer limit of the territorial seas, and as its seaward boundary a line drawn so that each point on the line is 197 nautical miles from the inner boundary or is coterminous with a water depth of 200 meters, which ever is further seaward; except that in any area between the United States and a foreign country, where the line of equidistance between the United States and such foreign county is less than 200 nautical miles, there shall be substituted for the line measured seaward 197 nautical miles from the outer limit of the territorial seas, such line of equidistance."

SEC. 102. Section 312(a) of the Federal Water Pollution Control Act Amendments of 1972 (86 Stat. 871) is amended to add a new paragraph as follows—

"(10) 'navigable waters' for the purposes of this section includes those waters defined in section 502(7) and the belt of the seas which has as its inner boundary the outer limit of the territorial seas, and as its seaward boundary a line drawn so that each point on the line is 197 nautical miles from the inner boundary or is coterminous with a water depth of 200 meters, whichever is further seaward; except that in any area between the United States and a foreign country where the line of equidistance between the United States and such foreign country is less than 200 nautical miles, there shall be substituted for the line measured seaward 197 nautical miles from the outer limit of the territorial seas, such line of equidistance."

TITLE II

SEC. 201. Section 102 of the Ports and Waterways Safety Act of 1972 (86 Stat. 424) is hereby amended to redesignate subsections (b)–(e) as (h)–(k) respectively and to insert new subsections (b)–(g) as follows—

"(b) For the purposes of this Act, the term 'navigable waters' means the waters of the United States, the territorial seas, and the Marine Pollution Control Zone.

"(c) For the purposes of this Act, the term 'territorial seas' means the belt of the seas measured from the line of ordinary low water along that portion of the coast which is in direct contact with the open sea and the line marking the seaward limit of the inland waters, and extending seaward a distance of three nautical miles.

"(d) For the purposes of this Act, the term 'Marine Pollution Control Zone' means the belt of the seas which has as its inner boundary the outer limit of the territorial seas, and as its seaward boundary a line drawn so that each point on the line is 197 nautical miles from the inner boundary or is coterminous with a water depth of 200 meters, whichever is further seaward; except that in any area between the United States and a foreign country, where the line of equidistance between the United States and such foreign country is less than 200 nautical miles, there shall be substituted for the line measured seaward 197 nautical miles from the outer limit of the territorial seas, such line of equidistance.

"(e) For the purposes of this Act, the term 'Secretary' means Secretary of the Department in which the Coast Guard is operating.

"(f) For the purposes of this Act, the term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(g) For the purposes of this Act, the term 'standard of performance' means a standard for the control of the discharge of pollutants which reflects the greatest degree of effluent reduction which the Administrator determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives including, which practicable, a standard permitting no discharge of pollutants."

SEC. 202. (a) The first sentence of subsection (3) of section 4417a of the Revised Statutes of the United States (46 U.S.C. 391a), as amended by the Ports and Waterways Safety Act of 1972 (86 Stat. 424), is hereby amended to insert the phrase "and subject to the provisions of subsection (4), below", between the words "applies," and "such".

(b) Subsection (4) of such section 4417a of the Revised Statutes is hereby redesignated as subsection (5) and is amended to insert in the first sentence the phrase "or the Administrator" between the words "Secretary" and "under"; to insert the phrase "or Administrator" between the words "Secretary" and "shall"; to strike the words "the Administrator of the Environmental Protection Agency" and insert in lieu thereof the phrase "one another". The second sentence of redesignated subsection (5) is hereby amended to insert the phrase "and Administrator" between the words "Secretary" and "shall".

(c) Such section 4417a of the Revised Statutes is hereby amended to insert a new subsection (4) as follows—

"(4) (A) The Administrator shall promulgate regulations establishing standards of performance for all vessels to which this section applies, within the navigable waters. Any rules and regulations promulgated by the Secretary under subsection (3), above shall be designed to achieve such standards of performance.

"(B) If the Administrator has reason to believe that regulations for the protection of the marine environment proposed by the Secretary under subsection (3), above, would not achieve the standards of performance set forth in regulations promulgated by the Administrator, or do not adequately protect the marine environment, the Administrator shall consult with the Secretary and may request the Secretary to review, and report to the Administrator on, the advisability of prescribing modified, amended or additional regulations. Any such request shall be published in the Federal Register and shall include a detailed statement of the information on which it is based. The Secretary shall complete the review requested and shall report to the Administrator within such time as the Administrator specifies in the request, which time may not be less than 90 days from the time the request was made. The Secretary's report shall be accompanied by a detailed statement of his findings and the reasons for his conclusions, and shall be published in the Federal Register, except in a case in which the Administrator's request proposed specific action to be taken by the Secretary, and the Secretary's report indicates such action will be taken."

(d) Subsections (5)–(13) of such section 4417a of the Revised Statutes are hereby redesignated as subsections (6)–(14) respectively.

(e) Redesignated subsection (8) is hereby amended to strike the word "(7)" wherever it appears and insert in lieu thereof the word "(8)".

(f) Paragraph (C) of redesignated subsection (8) is amended to add the following sentences—

"Not later than January 1, 1976, the Secretary shall conduct a thorough review of all rules and regulations already promulgated with respect to United States-flag vessels engaged in the coastwide trade to determine whether any stricter standards or additional measures are necessary or desirable to further the goals of this Act. The Secretary shall consult with the Administrator in making such assessments and determinations."

(g) Paragraph (D) of redesignated subsection (8) is amended to add the following sentence—

"The Secretary and the Administrator are authorized to establish stricter standards or additional measures for the protection of the marine environment for United States-flag vessels engaged in the coastwise trade than for any vessels operating in the foreign trade, and are authorized to establish standards stricter than and measures additional to those internationally established for any vessels to which this section applies operating in the navigable waters."

Mr. **MUSKIE** subsequently said: Mr. President, I ask unanimous consent that the bill I introduced earlier to establish a 200-mile marine pollution control zone be jointly referred to the Committees on Commerce, Foreign Relations, and Public Works.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

By Mr. CRANSTON (for himself and Mr. BROOKE):

S. 1342. A bill to amend the Emergency Home Purchase Assistance Act of 1974, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

EMERGENCY HOME PURCHASE ASSISTANCE AMENDMENTS OF 1975

Mr. **CRANSTON**. Mr. President, the complex role of the Federal Government in housing had its origin in a single event, the collapse of the housing economy during the Great Depression of the 1930's. Since that time the Government has sought to provide aid for veterans, the elderly, the handicapped, and other less fortunate in our society through a wide variety of housing programs. This year housing starts dropped to an annual rate of 987,000 units which was their lowest rate in 8 years and building permits, key indicators of future building activity, fell to their lowest point since 1946, 673,000 units, off 49 percent from February of 1974. Unemployment in the construction industry shot up to 22.6 percent as reported by the Department of Labor, but in housing construction it was up 40 percent.

In addition, the need to provide decent shelter for our people is not being met. Only a fraction of Federal funds available to housing assistance programs in 1974 have actually been used. Not only low-income families, but middle-income families cannot afford the housing that is on today's market. For many families the single family home traditionally preferred by most Americans, has already been priced out of reach. Inflation has caused housing prices to rise faster than family income. It is estimated that over 400,000 recently built homes remain unsold because they are priced out of reach of the vast majority of families searching for homes.

Housing experts agree that the cyclical slumps in the housing industry besides preventing huge masses of people from buying shelter, always add to the price spiral by creating a housing shortage when cheaper financing unleashes pent up demand. For too long housing has been considered by the administration to be an important element of our counter-cyclical economic strategy. In times of economic recession, special measures designed to stimulate the production of housing have been used to stimulate production in general, thus reducing unemployment and generating a major demand for construction materials, household furniture, fixtures, and so on. This inefficient rollercoaster approach to housing must come to an end. Government decisions to appropriate new resources to housing do not become effective immediately.

In 1968–69 for example, the Congress sought to stimulate employment and the gross national product by emphasizing housing production through monetary expansion and subsidies to private entrepreneurs. The desired housing boom did not come until 1971–72. Last year I coauthored along with Senator BROOKE the Emergency Home Purchase Assistance Act to provide conventional tandem funds on a 1-year basis to give additional emergency relief to the sagging housing market. Even though this program was implemented swiftly, there is generally a substantial time lag involved in any shift of resources from other areas to housing. For this reason Senator BROOKE and I studied the need for a permanent conventional tandem program to be triggered in times of tight money and high interest rate, which we are introducing today.

It is anticipated by a majority of economists that interest rates will move upward in the near future. Our original bill, now Public Law 93–449, established a housing fund of $7.75 billion and directs the Secretary of HUD to make commitments to purchase mortgages when a substantial number of families are unable to obtain mortgage credit due to high interest rates and the inability to obtain such credit threatens a substantial reduction in the volume of home construction and is delaying the orderly achievement of the National Housing goals. This program terminates October 1975. This amendment makes changes in the law to make this a permanent program, increase its effectiveness and broaden the range of individuals served.

Section 313 of the Emergency Home Purchase Assistance Act of 1974 is amended to provide for the purchase of additional mortgages covering individual units of conventional single family condominiums, cooperatives, and multifamily units. In addition, a 25-percent minimum is mandated for the purchase of existing housing. No point may be charged and the only fees permitted are: 1 percent commitment fee, up to 2 percent origination fee chargeable by the lender, and three-fourths of 1 percent for administrative cost and reserve against losses. The program authorization is increased from $7.5 billion to $10 billion.

The previous exclusion of conventionally financed condominiums, apartments, and cooperatives from this program diminished its effectiveness considerably. The National Association of Home Builders predicts that condominiums will account for nearly one out of four single family housing units sold. According to a Housing and Urban Development survey, almost 50 percent of new units for sale in 1973 in 25 major metropolitan areas were condominiums. In addition, the new construction activity of the condominium boom is intensified by the steady conversion of rental units to condominiums. I hope that HUD specifically encourages the use of these mortgages where there has been a conversion of rental projects to condominium projects and substantial rehabilitation has occurred and the individual unit cost is suitable for low and moderate income individuals.

Under this bill, such projects would qualify for new and existing mortgage assistance where substantial rehabilitation has occurred. For the purposes of this program substantial rehabilitation shall be considerd as having occurred in any unit where at least 25 percent of the total cost of the unit can be attributed to the cost of rehabilitation. This will assure that shady rehabilitation jobs are not done on conversions under this program.

With housing starts in decline, the rental market at a standstill, and condominiums accounting for nearly a quarter of all housing units sold, the exclusion of conventionally financed rental projects has also been particularly damaging because activity in the multifamily sector has declined much more drastically than building of single family housing.

While single-family starts have fallen around 35 percent, according to GNMA figures multifamily starts have fallen almost 80 percent. The inclusion of condominium and multifamily rental apartments will allow the program to provide a greater overall number of housing units and allow a broader range of persons to participate in this program. Recent studies have shown that multifamily structures are most economical in times when we are faced with land scarcity, energy shortages, and inflation in addition to providing a relatively cheap form of homeownership for the poor and elderly. I believe that these amendments are desirable considering the extremely depressed state of multifamily starts and the importance of condominium units in meeting lower income needs.

There have been a number of critical complaints about the manner in which HUD dispersed the funds under the Home Purchase Assistance Act. Many of the problems have been resolved, however, the recommitment of funds after the reduction of the interest rate without increasing the amount of the total funds available by the amounts recommitted is a deceptive practice which leads the Congress and the public to believe more commitments have been made available than in fact. I have spoken to HUD requesting that all recommitments increase the present amount of funds available or allow the conversion of "old" tandem coverage to the new tandem by the automatic payment of additional commitment fees. Hopefully on the next issue this will be resolved.

The provision in the bill which rigidly

tied the interest rates on commitments to monthly variations on 6- to 12-year Treasury issues has caused a serious slowdown in use of the program. As Treasury rates have tended downward, these changes have created situations where builders cannot rely upon any rate remaining current during the period required to find a purchaser and complete a transaction. One result has been a tendency on the part of builders to hold the commitments in expectation of lower interest rates.

In my view this problem is remedied by our amendment which permits HUD to adjust the interest no more than once every 6 months except in unusual market circumstances.

In summary I believe that the approach is a valuable tool during periods of high interest rates and tight money, and that it should stand available on the books with these suggested revisions to make it even better as a possible alternative mechanism to lessen the cyclical impact of inflationary high interest rates on the housing market.

Mr. BROOKE. Mr. President, today, Senator Cranston and I are introducing the Emergency Home Purchase Assistance Amendments of 1975. This bill would amend the 1974 Emergency Home Purchase Assistance Act, which Senator Cranston and I cosponsored.

In introducing this legislation, we are mindful of the fact that savings inflows are increasing at our thrift institutions and that mortgage credit may be available at reasonable rates in the coming months, thus precluding the need for Federal intervention in the mortgage market. In fact, I am concerned that effective consumer demand for housing could diminish to the point borrowers will not be forthcoming.

However, Federal Government borrowing to finance the deficit could create a new mortgage credit crisis, depending upon what monetary policy the Federal Reserve Board adopts and is able to carry out. With this possibility in mind and in order to provide against future mortgage credit crises, we are making the emergency mortgage credit program a permanent program to be used in emergency situations. We have also modified and improved the program by extending it to cover conventionally financed condominiums, cooperatives, and multifamily rental properties, by including substantially rehabilitated properties, by eliminating unnecessary fees and charges, and by requiring that 25 percent of the funds be made available to finance purchase of existing properties.

The Banking Committee will hold markup sessions on emergency housing legislation next week, and this bill will be among those considered by the committee at that time.

Mr. CRANSTON. Mr. President, I ask unanimous consent to have the bill printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1342

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. This Act may be cited as the "Emergency Home Purchase Assistance Amendments of 1975".

Sec. 2. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is repealed.

Sec. 3. Section 313(b)(1) of the National Housing Act is amended by inserting after "title 38 of the United States Code" the following: "or which are insured by qualified private insurers as determined by the Association or the outstanding principal balances of which do not exceed 60 per centum of the value of the property securing the mortgages".

Sec. 4. Section 313(b)(2) of the National Housing Act is amended by inserting after "four-family residences" the following: "(including residential units in cooperative or condominium projects)".

Sec. 5. Clause (A) of the last sentence of section 313(b) of the National Housing Act is amended by striking out "and is subject to a mortgage insured under the National Housing Act".

Sec. 6. Clause (B) of the last sentence of section 313(b) of the National Housing Act is amended to read as follows:

"(B) such mortgage involves an original principal obligation—

"(i) in the case of a single-family dwelling, not to exceed $42,000, except that in the case of such a dwelling which is located in Alaska, Hawaii, or Guam, the original principal obligation may not exceed $55,000,

"(ii) in the case of a mortgage covering a unit in a condominium or cooperative project, not to exceed $36,500, or

"(iii) in the case of a mortgage covering a condominium or cooperative project or other multifamily structure, not to exceed $36,500 per dwelling unit; and".

Sec. 7. Clause (C) of the last sentence of section 313(b) of the National Housing Act is amended by striking out "one-half of 1 per centum" and inserting in lieu thereof "three-quarters of 1 per centum to cover administrative expenses and to provide a reserve against losses".

Sec. 8. Section 313(b) of the National Housing Act is amended by adding at the end thereof the following flush sentences: "After the date of enactment of the Emergency Home Purchase Assistance Amendments of 1975, the interest rate in effect under the preceding sentence may be adjusted not more often than once every six months, except that the Secretary may provide for more frequent adjustments downward if he determines such action to be appropriate. The Association may not impose any discount point or other charge, other than a commitment fee of not to exceed 1 per centum of the amount of the mortgage, in connection with the purchase of any mortgage under this section, except that this sentence shall not apply in the case of a mortgage secured by property located in a State which has a mortgage interest rate ceiling or a usury ceiling which applies to mortgage interest rates. A mortgagee may not impose any discount point or other charge in excess of 2 per centum of the amount of the mortgage in connection with any mortgage which is offered to the Association for purchase under this section."

Sec. 9. Section 313(e) of the National Housing Act is amended to read as follows:

"(e) The Secretary shall make available not more than 75 per centum of the authority conferred by this section in each fiscal year to purchase mortgages covering housing upon which construction or substantial rehabilitation was completed during the 12 month period immediately preceding the execution of the mortgages. For the purpose of the preceding sentence, the term 'substantial rehabilitation' means the rehabilitation, repair, and improvement of a residential property, at a cost of at least 25 per centum of the purchase price of the property."

Sec. 10. Section 313(g) of the National Housing Act is amended by striking out "$7,750,000,000" and inserting in lieu thereof "$10,000,000,000".

Sec. 11. Section 313 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h) The Secretary shall transmit to the Congress not later than March 15 of each year a report on his activities under this section during the preceding year and on any activities he anticipates during the year in which the report is made."

By Mr. CRANSTON (for himself, Mr. Brock, Mr. Church, Mr. Gravel, Mr. Philip A. Hart, Mr. Haskell, Mr. Huddleston, Mr. Humphrey, Mr. Laxalt, Mr. McGovern, Mr. Mathias, Mr. Muskie, Mr. Percy, Mr. Taft, Mr. Thurmond, Mr. Tunney, and Mr. Weicker):

S. 1343. A bill to govern the disclosure of certain financial information by financial institutions to governmental agencies, to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasions of privacy by prescribing procedures and standards governing disclosure of such information, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

RIGHT TO FINANCIAL PRIVACY ACT OF 1973

Mr. CRANSTON. Mr. President, last year I, along with seven of my colleagues, introduced S. 2200, the Right to Financial Privacy Act of 1973.

The bill forbids a financial institution from turning over personal financial information or information they are required to keep under the Bank Secrecy Act to the Government or anyone else unless the depositor has first given his written consent or the information is being sought under subpena. This bill will assure that disclosure of a customer's bank account to Government officials and agencies will be governed by procedural safeguards.

I am reintroducing this bill today along with 16 of my colleagues.

Since the introduction of my original bill, the following Court decisions have even more highlighted the need for legislative action in this area.

On April 2, 1975, the Supreme Court upheld the constitutionality of the Bank Secrecy Act and that the recordkeeping and reporting requirements of the act did not subject banks to any unconstitutional injuries. The Court refused to reach the serious constitutional issue raised by the act—the right of an individual to have procedural and constitutional safeguards with respect to demand for access to their financial record by Government agencies. The Court held that the depositors lacked standing to challenge the law because none had been prosecuted under the act nor were they in possession of the documents.

The California Supreme Court, known for its far-reaching decisions and for being in the forefront of judicial change in America, on December 27, 1974, in Burrows against Superior Court unanimously held that a bank customer has a legitimate expectation of privacy in his bank records and that the California constitution protects those records from access by law enforcement agents unless pursuant to legal process. The court did not say whether the identically worded fourth amendment to the U.S. Constitution also protects bank customers' records.

In a recent Supreme Court case, United States against Bisceglia, announced February 19, 1975, the Supreme Court upheld an administrative summons ordering a bank to produce records of all customers who had made large deposits during the month on the chance that one such person may have avoided paying taxes. The summons did not contain the name of the taxpayer, the type of tax and the taxable period. This decision literally gives the IRS broad powers to compel banks to make available records of large numbers of depositors where one tax evader is suspected among the group.

A February Washington Post editorial reflects the consternation caused by this decision, and I ask unanimous consent to have the editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SEARCHING JOHN DOE'S BANK RECORDS

Bank records, so rich in detail about people's private lives, are often assumed to be as confidential as the financial files in the bottom drawer of one's own desk. In fact, law enforcement officers can gain access to bank records fairly easily without the customer's knowledge or consent. Because such files are regarded as the property of the bank, a customer has no recourse in most states if a bank voluntarily opens its books to agents of the FBI, the IRS or the local police Many financial institutions require agents to present a summons or subpoena but the customer does not have to be notified of the search. Furthermore, under a 1970 federal law, financial institutions are now required to report large foreign and domestic transactions automatically to the Treasury Department.

The scope of this power to get sensitive personal information through the banks was underscored this week when the Supreme Court held that in some circumstances the IRS may demand certain bank records without being able to name the taxpayer involved. In this instance, a small Kentucky bank, within a 10-day period, made two deposits with the Federal Reserve which included a total of $40,000 in badly disintegrated $100 bills. IRS agents, who were routinely notified, concluded from these facts alone that somebody might owe some tax. An agent therefore issued a "John Doe" summons ordering the bank to produce records showing the source of the $40,000. A district court subsequently narrowed the summons to cover only records of large transactions during that particular month.

In a 7–2 decision, the Supreme Court held that the summons as modified by the district court was a proper exercise of IRS's authority to inquire into possible tax law violations. Chief Justice Warren E. Burger, writing for the Court, acknowledged that IRS's broad investigative powers may sometimes be abused, but concluded that in this situation an investigation was legitimate. Justices Blackmun and Powell, in a concurring opinion, emphasized that the decision was a narrow one and did not authorize general fishing trips where IRS did not have strong indications that a tax liability might exist.

In terms of individual privacy, what is striking about this otherwise fairly minor case is that the argument was wholly between the bank and IRS. There is no indication that "John Doe," the original possessor of the $40,000, even knows, except perhaps through press accounts, that IRS is interested in his financial dealings. By the same token, anyone else who might have deposited a large sum with the Commercial Bank of Middlesboro during that period will have no chance to contest the disclosure of those records to the IRS.

This illustrates again how limited and uncertain the rights of bank customers have become and how much protection against improper searches one surrenders by the ordinary act of putting money in a bank. Sen. Alan Cranston (D-Cal.), Rep. Fortney H. Stark (D-Cal.) and a number of their colleagues are advocating legislation to assure the customers of financial institutions more control over access to the records of their accounts. This week's decision, on top of a long list of earlier cases, shows how useful some new rules to promote confidentiality would be.

Mr. CRANSTON. Mr. President, these Supreme Court decisions leaving open the question of the bank depositors rights puts the burden on Congress to safeguard the privacy of bank customers.

Last year in July I held hearings on this bill in Los Angeles and San Francisco to get a local viewpoint from law enforcement officials and State government agencies. Some very helpful and substantive comments were made on ways to make this bill more flexible in terms of local law enforcement needs. Hopefully, hearings will be held in the Financial Institutions Subcommittee this year, using this bill as a focal point for the protection of individual privacy in bank information.

I ask unanimous consent that the text of my previous statement be printed in the RECORD along with the bill and a sectional analysis.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 1343

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This title may be cited as the "Right to Financial Privacy Act of 1973".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds and declares that—

(1) procedures and policies governing the relationship between financial institutions and Government agencies have in some cases developed without due regard to citizens' constitutional rights;

(2) the confidential relationships between financial institutions and their customers and built on trust and must be preserved and protected; and

(3) certain reporting and recordkeeping requirements imposed on financial institutions by Government agencies constitute a burden on interstate commerce.

(b) The purposes of this Act are to protect and preserve the confidential relationship between financial institutions and their customers and the constitutional rights of those customers and to promote commerce by prescribing policies and procedures to insure that customers have the same right to protect against unwarranted disclosure of customer records as if the records were in their possession.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(a) The term "financial institution" means—

(1) a bank or trust company organized under the laws of any State or of the United States;

(2) a savings and loan association or building and loan association organized under the laws of any State or of the United States;

(3) a credit union organized under the laws of any State or of the United States;

(4) any other organization chartered under the banking laws of any State and subject to the supervision of the bank supervisory authorities of a State.

(b) The term "financial records" means any original or any copy of—

(1) any debit or credit to a customer's deposit or share account with a financial institution;

(2) any record held by a financial institution containing information pertaining to a customer's relationship with the financial institution.

(c) the term "person" means an individual, partnership, corporation, association, trust, or any other legal entity organized under the laws of a State or the United States.

(d) the term "customer" means any person patronizing a financial institution and utilizing service offered by that financial institution.

(e) the term "supervisory agency" means—

(1) the Federal Deposit Insurance Corporation;

(2) the Federal Savings and Loan Insurance Corporation;

(3) the Federal Home Loan Bank Board;

(4) the National Credit Union Administration;

(5) the Federal Reserve Board;

(6) the Comptroller of the Currency;

(7) any State department or agency which is required by law to perform periodic examination or audit of the financial records of non-Federal financial institutions; or

(8) any authority of any State or local government which the Secretary of the Treasury determines by regulation exercises supervisory functions substantially similar to those exercised by the agencies referred to in clauses (1) through (7) of this paragraph.

CONFIDENTIALITY OF RECORDS—GOVERNMENT

SEC. 4. (a) Except as provided in section 10, no officer, employee, or agent of the United States, or any agency or department thereof, or of State or local governments may obtain copies of, or the information contained in, the financial records of any customer from a financial institution unless the financial records are described with particularity and—

(1) such customer has authorized such disclosure in accordance with section 6; or

(2) such financial records are disclosed in response to an administrative subpena or summons which meet the requirements of section 7; or

(3) such financial records are disclosed in response to a court order which meets the requirements of section 8; or

(4) such financial records are disclosed in response to a judicial subpena which meets the requirements of section 9.

(b) In any proceeding relating to such subpenas, summons, and court orders, the customer shall have the same rights as if the records were in his possession.

CONFIDENTIALITY OF RECORDS—FINANCIAL INSTITUTIONS

SEC. 5. (a) No financial institution, or any officer, employee, or agent of a financial institution, may provide to any officer, employee, or agent of the United States, or any agency or department thereof, or of State or local governments copies of, or the information contained in, the financial records of any customer except in accordance with the requirements of section 6, 7, 8, and 9.

(b) This section shall not preclude a financial institution from notifying appropriate officials of Federal, State, or local governments of violations of the criminal law suspected of being committed against the financial institution itself: *Provided, however*, That any access to customer records shall be governed by section 4 and 5(a) of this law.

CUSTOMER AUTHORIZATION

SEC. 6. (a) A customer may authorize disclosure under section 4(a)(1) if he or those seeking disclosure furnish to the financial institution a signed and dated statement by which the customer—

(1) authorizes such disclosure for a period not in excess of one year; and

(2) identifies the financial records which are authorized to be disclosed; and

(3) specifies the purposes for which, and the agencies to which, such records may be disclosed.

(b) No such authorization shall be required as a condition of doing business with such financial institution.

(c) The financial institution shall keep a record of all examinations of the customer's financial records, including the identity and purpose of the person examining the financial records, the governmental agency or department which he represents, and a copy of the authorization. The financial institution shall notify the customer that he has the right at any time to revoke any authorization of disclosure and to obtain a copy of the aforementioned record of examinations.

ADMINISTRATIVE SUBPENAS AND SUMMONS

SEC. 7. (a) An officer, employee, or agent of the United States or any department or agency thereof or of State or local governments may obtain financial records under section 4(a)(2) pursuant to an administrative subpena or summons otherwise authorized by law only if:

(1) those serving such administrative summons or subpena have first served a copy of the subpena or summons on the customer in person or by certified mail, return receipt requested; and

(2) the subpena or summons includes the name of the intended recipient and, if applicable, the statutory purpose for which the information is to be obtained; and

(3) the customer directs the financial institution to comply, or

(b) the financial institution is served with a court order directing it to comply, issued after notice to and opportunity for the customer to challenge such subpena or summons.

(c) Nothing in this Act shall preclude a financial institution from notifying a customer of the receipt of an administrative summons or subpena.

SEARCH WARRANTS

SEC. 8. An officer, employee, or agent of the United States or any agency or department thereof, or of State or local governments, may obtain financial records under section 4(a)(3) only if he obtains a search warrant pursuant to the Federal Rules of Criminal Procedure or to applicable State law. The search warrants shall be served upon both the customer and the financial institution. Examination of financial records may occur as soon as the warrant is served on the financial institution and the customer.

JUDICIAL SUBPENA

SEC. 9. An officer, employee, or agent of the United States or any department or agency thereof or of State or local governments may obtain financial records under section 4(a)(4) pursuant to a judicial subpena only if:

(a) The subpena specifies—

(1) that the subpena is issued for good cause and is material to the inquiry pursuant to which the subpena has been issued; and

(2) that a copy has been served on the customer, in person or by certified mail, return receipt requested; and

(b) Ten days pass without notice to the financial institution that the customer has moved to quash the subpena. Where so notified, the financial institution may comply with the subpena only when it is served with a court order directing it to comply, issued after determination of the customer's motion.

SEC. 10. Copies of, or the information contained in, financial records obtained pursuant to section 4 shall not be used or retained in any form for any purpose other than the specific statutory purpose for which the information was originally obtained, nor shall such information or records be provided to any other governmental department or agency or other person except where the transfer of such information is specifically authorized by statute.

EXCEPTIONS

SEC. 11. (a) Nothing in this title prohibits the dissemination of any financial information which is not identified with or identifiable as being derived from the financial records of a particular customer.

(b) Subject to the limitations in section 10, nothing in this title prohibits examination by or disclosure to any supervisory agency of financial records solely in the exercise of its supervisory function or the making of reports or returns required under the Internal Revenue Code of 1954.

RECORDKEEPING AND REPORTING

SEC. 12. Notwithstanding any other provision of law, the Secretary of the Treasury may not require an institution to maintain any financial records or to transmit any reports relating to customers unless—

(a) such records are required for use by a supervisory agency in the supervision of that institution; or,

(b) such records are required to be maintained by the Internal Revenue Code of 1954.

JURISDICTION

SEC. 13. An action to enforce any provision of this Act may be brought in any appropriate United States district court without regard to the amount in controversy or in any other court of competent jurisdiction within three years from the date on which the violation occurs or the date of discovery of such violation whichever is later.

CIVIL PENALTIES

SEC. 14. (a) Any person, financial institution, or any officer, employee, or agent of a financial institution, of the United States or any agency or department thereof, or of State or local governments, who obtains or discloses one or more financial records in violation of this Act is liable to the customer to whom such records relate in an amount equal to the sum of—

(1) $100 for each violation,

(2) any actual damages sustained by the customer as a result of the disclosure,

(3) such punitive damages as the court may allow, where the violation is found to have been knowing or willful, and

(4) in the case of any successful action to enforce liability under this section, the cost of the action together with reasonable attorney's fees as determined by the court.

CRIMINAL PENALTIES

SEC. 15. (a) Any person, officer, employee, or agent of a financial institution, of the United States, or any agency or department thereof, or of State or local governments who willfully and knowingly participates in a violation of this title shall, upon conviction, be imprisoned for not more than one year, or fined not more than $5,000, or both.

(b) Any person, officer, employee, or agent of a financial institution, the United States or any agency or department thereof, or of State or local governments, who induces or attempts to induce a violation of this title shall, upon conviction, be imprisoned for not more than one year, or fined not more than $5,000 or both.

INJUNCTIVE RELIEF

SEC. 16. In addition to any other remedy contained in this chapter or otherwise available, injunctive relief shall be available to any person aggrieved by a violation or threatened violation of this title. In the event of any successful action, costs together with reasonable attorney's fees as determined by the court may be recovered.

WAIVER OF RIGHTS

SEC. 17. No waiver by of any right hereunder shall be valid, whether oral or written, and whether with or without consideration.

INCONSISTENT PROVISIONS OF LAW

SEC. 18. Should any other law of the United States or any other jurisdiction grant or appear to grant power or authority to any person to violate the provisions of this chapter, the provisions hereof shall supersede and protanto override and annul such law, except those statutes hereinafter enacted which specifically refer to this title.

SEPARABILITY

SEC. 19. If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Act, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

EFFECTIVE DATE

SEC. 20. The provisions of this title shall become effective upon the expiration of one hundred and eighty days following the date of enactment.

RIGHT TO FINANCIAL PRIVACY ACT OF 1973—SECTION-BY-SECTION ANALYSIS

SHORT TITLE

Section 1—This section states the title of the Act.

FINDINGS AND PURPOSE

Section 2—This section sets forth Congressional findings which demonstrate the need for the legislation. It recognizes that government officials have obtained information from individuals' bank records without their knowledge and in ways that preclude them from asserting their constitutional and procedural rights, that the customer has a right to expect that his relationship with his financial institution will be confidential, and that certain recordkeeping and reporting requirements of federal law are a burden on interstate commerce. It then sets forth the Congressional purpose of insuring that an individual who establishes this kind of confidential relationship with a financial institution will not lose those rights to control disclosure of financial information about him which he would have had if he had possession of the records.

DEFINITIONS

Section 3—This section defines five terms used in the Act: "financial institution," financial records," "person," "customer," and "supervisory agency."

CONFIDENTIALITY OF RECORDS—GOVERNMENT

Section 4(a)—This section set out the basic requirements which must be met before federal, state and local government officials can have access to the records of customers of financial institutions. Access to the records is limited to four methods, each of which is governed by a subsequent section of the Act: customer consent, administrative subpoenas and summons, search warrants and judicial subpoenas.

Section 4(b)—In any proceeding relating to the above means of access, the customer is to have the same standing he would have if the records were in his possession. This recognizes that the real dispute is between the customer and the government, and that their respective rights should be determined before the bank discloses any information in response to government requests.

CONFIDENTIALITY OF RECORDS—FINANCIAL INSTITUTIONS

Section 5—This section places a corresponding obligation on financial institutions not to disclose information from customer records unless the Section 4(a) requirements have been met. The financial institution may, of course, continue to report crimes it suspects of being committed against itself. However, once the financial institution reports a suspected crime, any subsequent access to customer records will be governed by the requirements in Section 4 and 5(a).

CUSTOMER AUTHORIZATION

Section 6—This section provides that the customer may authorize disclosure. This procedure requires that he give the financial institution or the government official or agency wishing to inspect the records a signed and dated statement. The statement can only authorize disclosure for up to one year, must identify the records which may be disclosed and must specify the purposes for which and the agencies to which disclosure will be allowed. The section makes it clear that any such authorizations are voluntary and cannot be made a condition of doing business with the institution. It further obligates the financial institution to inform the customer, generally at the outset of the relationship between the financial institution and the customer, that he has a right at any time to revoke any such authorizations and to inspect the records which the financial institution must keep of each occasion on which the customers' records are examined.

ADMINISTRATIVE SUBPOENAS AND SUMMONS

Section 7—This section provides that the normal rules governing administrative subpoenas and summons shall be followed when a federal, state or local government official seeks to obtain financial records by means of an administrative subpoena or summons. Before serving a summons or subpoena on the institution, the government official must first serve a copy on the customer, either in person or by certified mail. Thereafter, the bank may comply with the subpoena only where the customer tells it to do so or where the bank thereafter receives a court order directing it to comply. This section makes it clear that the customer must get notice of both the subpoena and any subsequent governmental effort to enforce the subpoena by obtaining a court order so that the customer will have an opportunity to challenge the request before the financial institution has to make the information available.

SEARCH WARRANTS

Section 8—This section provides that federal, state or local government officials may obtain financial records by means of a search warrant where the traditional constitutional standard of probable cause has been met. Examination of the records may take place as soon as the warrant has been served on both the customer and the financial institution.

JUDICIAL SUBPOENAS

Section 9—This section provides that the judicial subpoenas presently used by federal, state and local officials may be used to obtain financial records in the normal course of criminal proceedings, including grand jury, pretrial and trial use. The subpoena must specify that there is good cause for its issuance, that the information requested is relevant, and that a copy has previously been served in the customer, either in person or by certified mail. The section then gives the customer time to challenge the subpoena. If ten days pass without the customer telling the financial institution that he has moved to quash the subpoena, the financial institution may go ahead and allow disclosure of the records. Where the customer tells the bank that he has moved to quash the subpoena, the financial institution may disclose the records only when ordered to do so by a court which has heard and detremined the customer's motion.

ACCESS

Section 10—This section insures that information obtained by government officials will only be used for the specific purpose for which it was otbained in the first place, except where there is another statute which specifically authorizes the transfer of such information.

EXCEPTIONS

Section 11—This section makes it clear that the prohibitions are not intended to prevent the disseminaton of financial information in statistical forms which does not identify individual customers. It further makes it clear that reports required to government agencies which supervise financial institutions or reports required under the Internal Revenue Code may continue, subject to the limitation in Section 10.

RECORDKEEPING AND REPORTING

Section 12—This section limits the Secretary of the Treasury's ability to require financial institutions to keep financial records or transmit reports on customers to two situations, where such reports are required by a supervisory agency or by the Internal Revenue Code. This section is intended to repeal contrary provisions of Titles I and II of P.L. 91-508 (the "Bank Secrecy" Act).

JURISDICTION

Section 13—This section provides that actions to enforce the act may be brought in any federal district court without regard to the amount in controversy or in any other court of competent jurisdiction within three years from the time the violation occurs or from the time it is discovered, whichever is later.

CIVIL PENALTIES

Section 14(a)—This section imposes civil penalties on anyone, including financial institutions, their officers or employees, or officials of state, federal and local government who violates the Act. The penalties include $100 for each violation, actual damages, punative damages, and costs and attorney's fees.

CRIMINAL PENALTIES

Section 15—This section makes it a crime to violate this act or to induce or attempt to induce a violation of this act and establishes penalties of imprisonment for not more than one year or a fine of not more than $5000 or both.

INJUNCTIVE RELIEF

Section 16—This section provides that persons aggrieved by a violation of the act or a potential violation may seek and obtain injunctive relief.

WAIVER OF RIGHTS

Section 17—This section makes it clear that all waivers of rights under the act by customers are invalid.

INCONSISTENT PROVISIONS OF LAW

Section 18—This section makes it clear that if any law seems to contradict this statute, this statute shall prevail unless specifically referred to in any subsequent statutes.

SEPARABILITY

Section 19—This section contains the standard language which preserves portions of the act in the event other portions are held to be invalid.

EFFECTIVE DATE

Section 20—This section states that the law shall become effective one hundred and eighty days after it is enacted.

PRIOR STATEMENT OF SENATOR ALAN CRANSTON ON THE PRIVACY BILL

S. 2200. A bill to govern the disclosure of certain financial information by financial institutions to governmental agencies, to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasions of privacy by prescribing procedures and standards governing disclosure of such information, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

FINANCIAL PRIVACY ACT OF 1973

Mr. CRANSTON. Mr. President, I introduce for appropriate reference a bill to insure that the disclosure by financial institutions of the details of their customers' bank accounts to Government officials and agencies will be governed by procedural safeguards. Senators BROCK, ERVIN, GRAVEL, HUMPHREY, MATHIAS, TUNNEY, and PACKWOOD join me in cosponsoring this bill, the Right to Financial Privacy Act of 1973.

Similar legislation was the subject of hearings before the Subcommittee on Financial Institutions of the Senate Banking, Housing and Urban Affairs Committee in the last Congress. The bill we are introducing today is a refinement of that legislation, taking into account the testimony and suggestions received at those hearings.

Its purpose is to grant to customers of banks procedural and constitutional rights with respect to demands for access to their financial records by Government agencies. These rights are the normal ones which every citizen now has with respect to documents in his personal possession. The only effect of this legislation is to make these rights applicable when the banks are merely custodians of records which contain information relating to the customers' activities. It becomes necessary to enact this legislation in part because banks often make duplicates of personal financial transactions of their customers, thus giving Government agents the ability to secure those copies without making direct demand on the customer. In these cases, the customer finds it difficult if not impossible to make his legal case to protect the privacy of his records. Sometimes, in fact, he never knows that the Government has invaded the privacy of his financial transactions. Bankers with whom we have talked are as dissatisfied with this situation as are their customers.

This new bill, in my judgment, strikes a reasonable balance between the needs of law enforcement and the interests of the individual in preserving his right to privacy.

It is important to note that the provisions of this bill do not deny law enforcement officials access to bank records. The purpose is to provide statutory guarantees for confidentiality of bank records while at the same time satisfying the needs of government for access. Financial records will still be available for legitimate investigatory purposes under judicial supervision. This requirement renders the bank's records no more inaccessible than if the information was in the customer's sole possession.

Financial records maintained by banks have always been a natural focal point for investigators. The information revealed by checks, withdrawals, deposits, or loans, mirror the activities of the account holder. From this information, the details of an individual's life can be reconstructed—the sources of his income, the purchases he makes, the debts he owes, his personal associations, the political and social causes he supports, the publications to which he subscribes. Admittedly, this is an important tool in certain investigations.

However, this same information, by its very nature, makes it imperative that procedural and constitutional rights be protected to avoid unwarranted governmental invasions of privacy. Although the controversy surrounding record access predates the Bank Secrecy Act, with the new recordkeeping and reporting functions mandated in the 1970 law, the problem has been exacerbated.

That law delegated to the Secretary of the Treasury broad authority to require financial institutions to keep complete records of their customers' financial life, make periodic reports of certain transactions directly to the Treasury Department, and upon request, turn these records over to Treasury.

Despite the fact that the Bank Secrecy Act has created a vast reservoir of confidential information, rich in details of an individual's personal and political life, the act does not deal with the subject of governmental access to these records.

It is evident from the legislative history that Congress assumed that the privacy and confidentiality of bank records would not be violated. The legislative intent was not to alter existing access requirements as demonstrated in the language of the House and Senate reports. Clearly Congress believed that Government access would continue to be limited to subpena or other legal process.

The Senate report is explicit that:

"Access by law enforcement officials to bank records required to be kept under this title would, of course, be only pursuant to a subpena or other lawful process as is presently the case. The legislation in no way authorizes unlimited fishing expeditions into a bank's records on the part of law enforcement officials." Senate Report No. 91–1139, 91st Cong. 2nd Sess. (1970).

Similarly, the House report asserted:

"It should be borne in mind that record to be maintained pursuant to regulations of the Secretary of the Treasury will not be automatically available for law enforcement purposes. They can only be obtained through existing legal processes." House Report No. 91–631. 91st Cong. 2nd Sess. (1970).

Furthermore, at the time the Bank Secrecy Act was being considered, the Treasury Department successfully fought to remove a broad access provision in the original House bill Representatives from Treasury unequivocally announced that:

"We have kept firmly in view our traditional freedoms such as the constitutional prohibition against unreasonable searches and seizures and the right of our citizens to privacy. In strengthening enforcement we must not jeopardize these principles."

This commitment was reaffirmed when, on June 19, 1972, the Secretary of the Treasury published the implementing regulations for the bank secrecy law. At that time he stated:

"Governmental access to records of financial institutions is not changed by the statute of regulations but will continue to be subject to the requirements of existing subpena and other legal process."

However, in this, as in other areas of the law, there is a marked difference between how the system is supposed to work and how it actually does work. As a practical matter, informal arrangements have permitted law enforcement and other government agencies access to bank records without the cumbersome requirement of first going to court or obtaining administrative approval in order to proceed.

As indicated in the following exchange between Senator PROXMIRE and Eugene T. Rossides, Assistant Secretary of the Department of the Treasury, at last year's hearings to amend into the Bank Secrecy Act procedural safeguards, the Department's earlier commitment to basic constitutional requirements has apparently waned. Moreover, Treasury has taken the position that inasmuch as the law did not address access, it is without authority to prohibit banks from releasing information without a subpena. And Treasury does not want that power.

"Senator PROXMIRE. But I understood you to say, you do not have authority prohibiting the banks releasing it without subpena?

"Mr. ROSSIDES. Right, we do not want it.

"Senator PROXMIRE. Why not? Why not give that protection?

"Mr. ROSSIDES. Because many agencies do not have subpena power, enforcement agencies.

"Senator PROXMIRE. Then, they can go to the Justice Department?

"ROSSIDES. In effect, this would make it a very cumbersome procedure.

"Senator PROXMIRE. You are saying they are getting these records without court process, without showing a due cause?

"Mr. ROSSIDES. I cannot speak for all the agencies, Senator."

When pressed to identify under what circumstances an agency can secure financial records without a subpena, Mr. Rossides replied:

"It is up to the bank whether they force them to do it [obtain a subpena]."

What is immediately apparent is that the privacy of customer records is dependent upon the discretion of the financial institution. Absent a subpena or other legal process, nothing requires a bank to comply with a request for information, and nothing prohibits a bank from complying. The customer's rights are never even considered when a bank releases personal information. The customer has no way of knowing his records are being examined, no opportunity to challenge disclosure or dissemination of the information, and no procedural safeguards to follow to assure confidentiality. Banks are not happy with the situation and would like to be relieved of the burden.

Obviously, the best way to preserve the privacy of financial records is to limit the discretion of the Government and the financial institutions. This can be accomplished by requiring adherence to existing procedural safeguards and permitting some level of participation by the individual bank customer whose records are being sought.

Banks are ill-equipped to assess a governmental request for information either in terms of usefulness to an investigation or consequence to the customer. As a consequence, abuse of financial information is encouraged.

The bill which we introduce today will establish a process to insure that Government agencies will continue to obtain the information they need for proper purposes, while insuring that individual rights and liberties will be protected.

That there is a right to privacy, protected by constitutional safeguards has long been established and recognized by the Supreme Court. However, as we have seen all too frequently in recent years, constitutional protections against unwarranted intrusions into individual privacy have been circumvented in the name of expediency.

Revelations of domestic surveillance, illegal wiretaps, and unauthorized searches and seizures clearly demonstrate that governmental power can be abused.

In the case last year of United States against U.S. District Court, the Supreme Court considered a claim of unrestrained governmental power, similar to that claimed in the bank records, controversy. A unanimous Court rejected the President's claim of an inherent right to wiretap without a court order in national security cases.

Writing for the Court, Mr. Justice Powell rules as follows:

"These Fourth Amendment freedoms cannot properly be guaranteed if domestic security surveillances may be conducted solely within the discretion of the executive branch. The Fourth Amendment does not contemplate the executive officers of Government as neutral and disinterested magistrates. Their duty and responsibility is to enforce the laws, to investigate and to prosecute. *Katz* v. *United States, supra,* at 539–60 . . . But those charged with this investigative and prosecutorial duty should not be the sole judges of when to utilize constitutionally sensitive means in pursuing their tasks. The historical judgment, which the Fourth Amendment accepts, is that unreviewed executive discretion may yield too readily to pressures to obtain incriminating evidence and overlook potential invasions of privacy and protected speech." ***U.S.*** v. ***U.S.D.C., E.D.*** *Mich*. 407 U.S. 297 (1972).

In Katz against United States, the Court held invalid governmental eavesdropping of a person's conversation from a public phone booth:

"The Fourth Amendment protects people, not places. What a person knowingly exposes to the public, even in his own home or office is not a subject of Fourth Amendment protection . . . But what he seeks to preserve as private, even in an area accessible to the public may be constitutionally protected . . . No less than an individual in a business office, in a friend's apartment, or in a taxicab, a person in a telephone booth may rely on the protection of the Fourth Amendment. One who occupies it, shuts the door behind him, and pays the toll that permits him to place a call, is surely entitled to assume that the words he utters into the mouthpiece will not be broadcast to the world. To read the Constitution more narrowly is to ignore the vital role that the public telephone has come to play in private communications." *Katz* v. ***U.S.*** 389 U.S. 347 (1967).

At a minimum, the holding in the above cases indicates that the Supreme Court would not permit the Government to maintain surveillance of an individual's bank records without summons, subpena, warrant, or other legal process.

Dealing directly with the question of bank records, the United States District Court for the Northern District of California said:

"It would seem that . . . a bank customer does expect a degree of privacy in these matters and that such an expectation is one that the society has been prepared to recognize as 'reasonable.'

"As stated by the Supreme Court of California in *City of Carmel* v. *Young* . . . 'In any event we are satisfied that the protection of one's personal financial affairs and those of his (or her) spouse and children against compulsory disclosure is an aspect of the zones of privacy which is protected by the Fourth Amendment and which also falls within that penumbra of constitutional rights into which government may not intrude absent a showing of compelling need and that the intrusion is not overly broad.' " *Stark* v. *Connally, et al.*

Concern about the virtually unlimited secret access that Government now has to personal financial records has grown since the passage of the Bank Secrecy Act and the Treasury regulations. Especially in California, there has been great public protest both against the recordkeeping regulations and against secret access.

The Stark case, filed in the District Court for the Northern District of California, challenged the Bank Secrecy Act and the Treasury regulations issued to implement the law. The court there ruled that the portion of the statute which required the virtually unlimited reporting of domestic financial transactions unconstitutional. The case is now on appeal to the Supreme Court.

At the same time, the California legislature has been considering legislation parallel to that which we are proposing. While there is a pressing need for States to reform their laws to insure that bank customers have adequate rights, there is also a need for uniform legislation at the Federal level. Such legislation should apply to all Federal agencies which request access to bank records, and to all banks subject to Federal regulation. But because this bill deals in large part with records which are kept by reason of the authority granted to the Secretary of Treasury in the Bank Secrecy Act, its scope must be broader. In fact, because we are dealing with rights of privacy protected by provisions of the Federal Court and Supreme Court decisions, and applicable to the States through the 14th amendment, the sponsors have written the bill to apply generally and uniformly.

It should be clear from the Senators who have sponsored the bill, and from the sponsors of the identical House measure, that the legislation is bipartisan in nature. Democrats and Republicans, conservatives and liberals, can join together in any effort to apply procedural rights to protect the privacy of all Americans. I certainly hope that other Members will join as cosponsors, and that the legislation will be speedily enacted.

By Mr. BEALL (for himself, Mr. Bayh, Mr. Dole, Mr. Domenici, Mr. McGee, and Mr. Young):

S. 1344. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the amount of certain cancellations of indebtedness under student loan programs. Referred to the Committee on Finance.

Mr. BEALL. Mr. President, I introduce today legislation to reverse a 1973 Internal Revenue ruling that the portion of student loans, which were cancelled as a result of service in certain professions, such as teaching, or the service in certain areas, such as medically underserved areas, is taxable income.

Cosponsoring this legislation with me are Senators Bayh, Dole, Domenici, McGee, and Young.

When that ruling was made in 1973, I introduced S. 3686, to reverse that ruling. My proposal was endorsed by the Association of American Universities and the American Hospital Association. When I introduced S. 3686, I noted that students were receiving tax bills running from $200 to $1,000 as a result of the Internal Revenue ruling. I said then, and I repeat now, such a ruling is contrary to the intent of Congress and that it would frustrate congressional policy with respect to the encouraging of individuals to serve in certain professions or geographical areas.

I was pleased S. 3686 helped the IRS to at least modify its earlier ruling so as to eliminate its retroactive application. In Revenue Ruling 74-540, the Internal Revenue modified its 1973 ruling so as to make the policy change apply only to loans made after June 11, 1973, the date on which Revenue Ruling 73-256 was proposed.

While this means that the IRS has decided not to apply the ruling, in a manner that would adversely impact individuals who had every reason and right to believe that they would be governed under the old rules, the IRS change of heart, welcomed as it is, still represents a disincentive for students to carry out certain policies deemed by Congress to be in the national interest.

It is interesting to note the anomalous situation that will result if the Internal Revenue ruling is allowed to stand. For example, if a student accepts a loan to attend medical school and subsequently agrees to practice in a shortage area, and thus receives the benefits of the loan cancellation provision, that portion of the loan which is canceled would be taxable to that student.

On the other hand, under the physician shortage scholarship program, which I authored, a student would not be taxed on this income since in general scholarships and fellowships under the Internal Revenue Code are not taxable. This does not make sense and I think further underscores the ridiculousness of the Internal Revenue ruling.

My proposal would make it clear that when a loan is canceled for service in a profession or area which Congress deems essential, the forgiveness of such loan is not taxable income. It would apply both retroactively and prospectively.

While the Internal Revenue Ruling 74-540 prevents the retroactive problem that existed last year, the IRS could subsequently change that ruling, although I have no indication that such will occur. The point is they could. Congress should enact this measure so as to make our policy crystal clear.

Mr. President, I ask unanimous consent that the full text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1344

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 117 of the Internal Revenue Code of 1954 (relating to scholarship and fellowship grants) is amended by adding at the end thereof the following new subsection:

"(c) Cancellations of Student Loans.—

"(1) In general.—In the case of an individual, no amount shall be included in gross income by reason of the discharge of all or part of the indebtedness of the individual under a student loan if such discharge was pursuant to a provision of such loan under which all or part of the indebtedness of the individual would be discharged if the individual worked for a certain period of time in certain professions or certain geographical areas or for certain classes of employers.

"(2) Student loan.—For purposes of this subsection, the term 'student loan' means any loan made to an individual to assist the individual in attending an educational institution (as defined in section 151(e)(4))—

"(A) by the United States, or an instrumentality or agency thereof, or a State, a territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia, or

"(B) by any educational institution (as defined in section 151(e)(4)) pursuant to an agreement with the United States, or an instrumentality or agency thereof, or a State, a territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia under which the funds from which the loan was made were provided to such educational institution.".

Sec. 2. The amendment made by the first section shall apply to loans made with respect to all taxable years without regard to whether they begin before, on, or after the date of the enactment of this Act.

By Mr. GOLDWATER:

S. 1345. A bill to amend section 106 of title 38, United States Code, to deem certain service performed by members of the Women's Air Forces Service Pilots to have been active duty for purposes of laws administered by the Veterans' Administration. Referred to the Committee on Veterans' Affairs.

Mr. GOLDWATER. Mr. President, I introduce a bill which would recognize the service of the Women's Air Forces Service Pilots during World War II and have that duty considered active for purposes of all laws administered by the Veterans' Administration.

These women served with distinction in the ferrying of combat aircraft during the war. I was privileged to have served in the Second Ferrying Group stationed at Newcastle, Del., and I made many flights with them and it convinced me that their ability as pilots was equaled to men. This was long before the days of women's lib, but every man who wore wings and flew for the Army had and still has a soft spot in his heart for these girls, 30 of whom were killed in service, and I feel I represent the entire flying service in seeking to have this bill passed to have proper recognition paid to their service to our country.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 1347. A bill to authorize appropriations to carry out the Standard Reference Data Act. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill to authorize appropriations to carry out the Standard Reference Data Act, and ask unanimous consent that the letter of transmittal and Statement of Purpose and Need be printed in the Record with the text of the bill.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 1347

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated to the Department of Commerce not to exceed $2,682,000 for fiscal year 1976, not to exceed $2,700,000 for fiscal year 1977, and not to exceed $2,700,000 for fiscal year 1978, to carry out the purposes of the Standard Reference Data Act (15 U.S.C. 290-290f; 82 Stat. 339).

The Secretary of Commerce,
Washington, D.C., February 21, 1975.

Hon. Nelson A. Rockefeller,
President of the Senate,
U.S. Senate,
Washington, D.C.

Dear Mr. President: Enclosed are six copies of a draft bill "To authorize appropriations to carry out the Standard Reference Data Act," together with a statement of purpose and need in support thereof.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our draft bill and further, that enactment of this legislation would be consistent with the Administration's objectives.

Sincerely,

Frederick B. Dent.

Statement of Purpose and Need

The Standard Reference Data Act (P.L. 90-396, approved July 11, 1968; 15 U.S.C. 290-290f; 82 Stat. 339) declared the policy of the Congress to make critically evaluated reference data readily available to scientists, engineers, and the general public. Under the terms of the Act the Secretary of Commerce is assigned the primary responsibility in the government for providing for the collection, compilation, critical evaluation, publication and dissemination of standard reference data. Section 7 of this statute precludes the enactment of any appropriations for the purposes of the Act after fiscal year 1969 unless previously authorized by legislation. Public Law 91-131 and Public Law 92-317 authorized the appropriation of funds to carry out the purposes of this Act for each of the fiscal years subsequent to 1969 through fiscal year 1975 which ends on June 30, 1975. The purpose of this bill is to authorize appropriations for fiscal years 1976, 1977 and 1978, so that the Secretary of Commerce may continue during those years to carry out the responsibilities charged to him under the Act.

The primary aim of the activities conducted under the Standard Reference Data Act is to increase the effectiveness of research, development, and engineering design by providing critically evaluated data on properties of materials needed by scientists and engineers in the United States. The program is designed to retrieve the useful data from the half-million or more scientific papers and reports published annually throughout the world; to evaluate these data and select reliable values; and to make the results available in a convenient reference form. In this way costly design mistakes are prevented, the need for over-design is reduced, and the expensive repetition of measurements is avoided. Thus the program serves as an interface between laboratory measurements of material properties and the application of the resulting data to the solution of a wide variety of problems.

Considerable progress has been made in the six years since passage of the Standard Reference Data Act. Twenty-one continuing data centers are currently in operation, and about 25 short-term data projects are active. All of these are integrated into a system under which data are retrieved, evaluated, and prepared for publication on a regular schedule. The total output to date consists of about 160 data compilations covering 36,000 pages. Over 80 distinct physical properties are represented, and at least 30,000 different substances are included. More than 50 bibliographies, indexes, and directories of data sources have also been published.

The Standard Reference Data program is a decentralized one, with the evaluation of data conducted by specialized groups and individual experts throughout the country. The various data centers and other projects are located in universities, industrial laboratories, and research institutes, as well as in the technical divisions of NBS. The program management is provided by the Office of Standard Reference Data at NBS. In addition, this Office coordinates with other government agencies and private groups engaged in data activities and with other countries that have active data programs.

Major changes have occurred in the method of distributing the output of the program during the last three years. Using authorities granted by the Standard Reference Data Act, NBS has contracted with several private publishers for publication and distribution of data compilations. The major outlet is now the Journal of Physical and Chemical Reference Data, published for NBS by the American Institute of Physics and the American Chemical Society. This journal is now firmly established and has proved to be a much more effective way of disseminating the program output. Moreover, significant funds are being returned to the program through royalties.

The users of standard reference data cover a very broad spectrum. Present U.S. subscribers to the full output of the program include 339 universities, 264 private industrial companies, and 63 government laboratories. Sales of individual compilations reach many thousands more. The users include physicists, chemists, and engineers of all types, and the applications of a single compilation often range from basic research and teaching to development and industrial design.

Large amounts of new experimental data are generated each year and new needs are constantly emerging. The new measurements must be evaluated and incorporated into the system in order to provide up-to-date reference tables. New needs require repackaging of data in differenct formats and frequently lead to more strenuous requirements on accuracy and reliability. A continuing program of this nature offers major advantages in satisfying the reference data needs of American science and technology.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 1348. A bill to implement the Convention on the International Regulations for Preventing Collisions at Sea, 1972. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill to implement the Convention on the International Regulations for Preventing Collisions at Sea, 1972, and ask unanimous consent that the letter of transmittal be printed in the Record with the text of the bill.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 1348

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nautical Rules of the Road Act of 1975."

Sec. 2. For the purpose of this Act—

(1) "Convention" means the Convention on the International Regulations for Preventing Collisions at Sea, 1972, including the Rules and Annexes attached thereto, signed at London under date of October 20, 1972, and any subsequent amendments thereto;

(2) "Secretary" means the Secretary of the department in which the Coast Guard is operating; and

(3) "vessel" means every description of water craft, including non-displacement craft and seaplanes, used or capable of being used as a means of transportation on water.

Sec. 3. (a) This Act applies—

(1) to any vessel upon waters subject to the jurisdiction of the United States; and

(2) to any vessel subject to the jurisdiction of the Unitd States, while upon the high seas.

(b) A person operating a vessel to which this Act applies shall comply with the Convention and the regulations promulgated under this Act.

(c) Nothing in this Act amends or repeals the Acts establishing the Inland Waters and Harbor Navigation Rules, as amended (30 Stat. 96, 33 U.S.C. 154-232); the Great Lakes Navigation Rules, as amended (28 Stat. 645, 33 U.S.C. 241-295); or the navigation rules for the Red River of the North and the rivers emptying into the Gulf of Mexico and their tributaries, as amended (section 4233 of the Revised Statutes of the United States, 33 U.S.C. 301-352).

Sec. 4. (a) The Secretary shall administer and enforce the Convention, this Act, and the regulations promulgated hereunder.

(b) The Secretary may promulgate the regulations authorized by the Convention.

(c) The Secretary of the Navy, or his designee, may promulgate the regulations authorized by Rule 1 of the Convention with respect to vessels proceeding under convoy and naval vessels (including vessels under bareboat charter to the Navy) of special construction or purpose which cannot comply fully with the provisions of the Convention.

(d) Prior to recommending action to the Secretary of State on a proposed amendment to the Convention, the Secretary, in consultation with the Secretary of State, shall provide an adequate opportunity for public review of and comment on the proposed amendment.

Sec. 5. (a) The Secretary shall, prior to the time that the Convention enters into force for the United States, and from time to time thereafter, publish and make available to the general public at a reasonable price the Convention, this Act, and the regulations promulgated hereunder.

(b) When he issues the publication required by this section, the Secretary may make editorial changes, clearly identified as such, in the Convention to conform to standard language usage in the United States.

(c) The Secretary shall publish in the Federal Register and in a notice to mariners the date that the Convention enters into force for the United States.

Sec. 6. On the effective date of this section, the Act of September 24, 1963 (77 Stat. 194, 33 U.S.C. 1051-1094) is repealed. The reference in any other law to the Act of September 24, 1963 (77 Stat. 194, 33 U.S.C. 1051-1094), shall be considered a reference to this Act.

Sec. 7. (a) Whoever violates a provision of the Convention or a regulation promulgated under this Act is liable to a civil penalty of not more than $10,000 for each violation.

(b) The Secretary may assess and collect any civil penalty incurred under this Act and, in his discretion remit, mitigate, or compromise any penalty. No penalty may be assessed until the alleged violator shall have been given notice and an opportunity for a hearing on the alleged violation. Upon failure to collect a penalty assessed under this section, the Secretary may request the Attorney General to commence an action for the penalty prescribed by this section in any district court of the United States.

(c) A vessel which is navigated or operated in violation of the Convention or a regulation promulgated under this Act is liable in rem for the penalty assessed under this section and may be proceeded against in the United States district court of any district in which the vessel may be found.

Sec. 8. The effective date of sections 3, 4 (a), 6, and 7 of this Act is January 1, 1976, or the date the Convention enters into force for the United States, whichever is later.

The Secretary of Transportation,
Washington, D.C., March 3, 1975.

Hon. Nelson A. Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is transmitted herewith a proposed bill, "To implement the Convention on the International Regulations for Preventing Collisions at Sea, 1972".

This bill will implement the Convention on the International Regulations for Preventing Collisions at Sea, 1972 (hereinafter referred to as the Convention), signed at London under date of October 20, 1972. The Convention revises and updates the International Regulations for Preventing Collisions at Sea, 1960, as annexed to the International Conference on Safety of Life at Sea, 1960.

Fifty-two Governments, including the United States, participated in the Conference which produced the Convention. The Conference made several important changes to the rules and developed annexes containing technical details.

Changes of particular significance to the mariner are those concerning sound signals, the conduct of vessels in or near an area of restricted visibility, and the operation of vessels in a narrow channel. New provisions have been added to the rules concerning vessels constrained by their draft and the conduct of vessels operating in or near a traffic separation scheme adopted by the Inter-Governmental Maritime Consultative Organization (IMCO). Additionally, the Convention has provided special lights for air-cushion vessels operating in the non-displacement mode, an additional light for vessels engaged in towing, and special lights and day signals for vessels engaged in dredging or underwater operations. Several new categories of vessels have been included within the term "vessel restricted in her ability to maneuver." Finally, a number of other less significant changes have been made to address problems which have developed since the adoption of the 1960 rules.

The maritime nations of the world through IMCO, have recognized the need for a procedure to allow the rapid amendment of international agreements in order to keep abreast of changes in the ever advancing field of marine transportation technology. Very large cargo carriers, hovercraft, and sophisticated tug-barges are examples of recent technological advances unforeseen in the development of the 1960 rules. Since 1948, rule changes have been occurring at 12 year intervals. The practice of calling a new IMCO conference to consider needed rule changes has proven insufficient to keep pace with technological advances. Article VI of the Convention addresses this problem by adopting a rapid amendment procedure for future changes. This procedure will allow nations to introduce proposed amendments to the International Regulations for Preventing Collisions at Sea, 1972, through the Maritime Safety Committee of IMCO. If adopted by that committee, the proposed amendments would then be presented to the Assembly of IMCO, and if adopted by a two-thirds majority of the Assembly, the proposed amendments would be communicated to the Contracting Parties for their acceptance. Unless objected to by more than one-third of the Contracting Parties, the amendments enter into force on the date specified by the Assembly. This can all be done without the necessity of calling an international conference.

Past enactments of the international rules of the road have contained the rules in the implementing statute (with minor editorial changes), e.g., 33 U.S.C. 1061–1094. We now feel that, with the adoption of the rapid amendment procedure by the international maritime community, a more flexible plan of implementation is necessary. This is accomplished through the provisions of sections 3 and 5 of the bill. Section 3 describes the vessels to which the bill applies and requires persons operating those vessels to comply with the Convention and any subsequent amendments. Section 5 then ensures that adequate notice is given to those affected by the Convention by requiring the Secretary to publish the Convention, including amendments, and to make the publication available to the public in a timely manner.

The proposed procedure, whereby mariners are required to comply with nautical rules of the road contained in a convention only referenced in a statute, is similar to the method utilized by the FAA in regard to the International Civil Aviation Rules of the Air. The Federal Aviation Act of 1958 (P.L. 85–726, 49 U.S.C. 1301 *et seq.*) authorized the Administrator "to prescribe air traffic rules and regulations governing the flight of aircraft, for the navigation, protection, and identification of aircraft, . . . including . . . rules for the prevention of collision between aircraft, between aircraft and land or water vehicles. . . ." (49 U.S.C. 1348(c)). The Administrator has exercised his authority under that provision by promulgating the following regulation:

"(b) Each person operating a civil aircraft of U.S. registry outside the United States shall—

(1) When over the high seas, comply with Annex 2 (Rules of the Air) to the Convention on International Civil Aviation . . . ." (14 CFR 91.1).

Thus, a United States pilot is required to be familiar with the latest Rules of the Air as found in the Convention on International Civil Aviation, although Annex 2 is cited only by reference. This process eliminates the duplication of effort by reprinting rules in the Federal Register or in the Code of Federal Regulations that are available elsewhere.

Another distinctive feature of this bill concerns its breadth of application. Section 3(a) makes the bill applicable to all United States vessels on the high seas whether privately or publicly owned and to all vessels both foreign and domestic that are on waters subject to the jurisdiction of the United States. Section 3(c) then limits the applicability of the draft bill by preserving the present statutory navigation rules applying to Inland Waters, the Great Lakes, and the Western Rivers which exist as special rules under the 1960 Rules. However, there is a mandate in Rule 1(b) of the Convention that any special rule conform as closely as possible to those attached to the Convention. The purpose of this conformance requirement is to ease the burden of seagoing vessels which must now comply with more than one set of rules. This bill preserves the present statutory navigation rules for Inland Waters, the Great Lakes, and the Western Rivers until a legislative proposal can be presented to unify those rules and bring them into conformance with the Convention to the extent practicable.

Section 4 of this bill directs the Secretary of the department in which the Coast Guard is operating to administer and enforce the Convention and the bill by issuing implementing regulations. The Convention, particularly in Rule 1 and in Annexes I and III, authorizes the issuance of special rules. The Secretary of the Navy is authorized by section 4(c) to issue regulations for naval vessels of special construction and for vessels proceeding under convoy.

The publication required by section 5 of this bill will be available to the public at a reasonable price in order to defray the cost of printing. Section 5(b) will allow the Secretary to make editorial changes, such as spelling changes, to conform the rules to standard usage in the United States, and to insert United States customary units of measure after metric units as necessary when printing the Convention.

Section 7 of the bill contains a standard civil penalty provision with a maximum penalty of $10,000. Any vessel navigated or operated in violation of the Convention or a regulation promulgated under this bill would also be liable in rem. Historically, there has never been a penalty imposed by the United States for violation of the international rules of the road. Under section 4450 of the Revised Statutes of the United States, however, the licenses of licensed personnel have always been subject to revocation or suspension for violation of those rules. This section has been added to provide uniform sanctions against anyone who violates the rules, whether licensed or not.

This bill provides two effective dates. Upon the date of enactment, the Secretary will be authorized to promulgate the regulations required to implement the Convention, and to issue the publication required by section 5 of the bill. On January 1, 1976, or on the date the Convention enters into force for the United States, whichever is later, the present international rules of the road will be repealed, and the vessels to which this bill applies will be required to comply with the Convention, this bill, and any regulations issued thereunder. At that time, the enforcement section will become effective.

The inflationary impact of this proposal on the Nation has been carefully considered. The expected benefit of a reduction in collisions at sea from improved rules of the nautical road far outweigh the minor inflationary impact of this proposal.

A rule-by-rule analysis comparing the rules of the Convention with those of the 1960 Convention is enclosed.

It would be appreciated if you would lay this proposed bill before the Senate. A similar proposal has been submitted to the Speaker of the House of Representatives.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of this proposed legislation to the Congress.

Sincerely,

JOHN W. BARNUM,
Acting Secretary.

By Mr. THURMOND:

S. 1349. A bill to amend the Internal Revenue Code of 1954 to provide that an unmarried individual without any dependents who owns or is purchasing his principal residence shall be treated as a head of household for purposes of such Code. Referred to the Committee on Finance.

Mr. THURMOND. Mr. President, today I am introducing a bill that would not only help to balance the tax burdens of single people but also encourage investment in home-ownership throughout the country.

As each of us becomes painfully aware at this time every year, there are four tax rate schedules applicable to individuals: First, one for married people filing joint returns and for surviving spouses; second, one for single people qualifying as heads of households; third, one for single people; and fourth, one for married people filing separately.

Prior to the Revenue Act of 1948 there was only one tax rate schedule and the individual was the sole taxable unit. Court interpretations of pre-1948 income tax laws permitted a married couple to significantly reduce their combined tax liability in community property States by filing separate returns when one spouse received most or all of the couple's income. The 1948 act equalized the tax treatment of married couples in community property States and noncommunity property States by permitting all married couples to divide their income for Federal tax purposes. This marked the change in the concept of the taxable unit for married people from the individual to the married couple.

Another justification for this shift is frequently cited; that married couples generally have greater living expenses because single people do not generally maintain a household or support dependents. In recognition of the fact that this assumption is not always valid, Congress created a new filing status, head of household, in 1953. Approximately one-half the benefits of marital "income-splitting" accrue to those qualifying as "heads of households." A "head of household" is now defined as an unmarried taxpayer who maintains a home for himself and a dependent, a child, or a descendant of a child or supports at least one parent in a separate home. This statutory scheme is an incomplete attempt to deal fairly with single people because it applies only in situations where dependency costs are incurred, ignoring the additional support requirements occasioned through homeownership per se.

I propose a simple amendment to the Internal Revenue Code which would expand the definition of head of household to include single taxpayers who own, or are purchasing, their principal residences.

This approach is workable; the concepts of "ownership" and "principal residence" are well defined. This approach is fair; each of us is familiar with the added costs associated with home-ownership. This approach will have very significant incidental benefits; it will stimulate the depressed housing industry and provide tax relief for those who find the costs of home maintenance skyrocketing, particularly elderly widows and widowers.

There are those who advocate returning to a single tax rate for single and married alike. There may be some merit to this proposal, but we cannot afford to ignore the annual $1.6 billion cost of such a change. In contrast, the Treasury Department estimates that my approach would result in annual revenue loss of $300 million.

The bill I am introducing gives us the opportunity to lighten the unequal tax burden on single people of all ages. At the same time it may well be the deciding factor in a young person's decision to purchase a first home, or it may make it easier for the elderly to stay in a family home, among the family memories, long after the family itself has gone its separate ways, through death and the restlessness of youth.

I ask unanimous consent that this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1349

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That section 2(b) of the Internal Revenue Code of 1954 (relating to definition of head of household) is amended by adding at the end thereof the following new paragraph:

"(4) Single taxpayers purchasing principal residences.—Notwithstanding any other provision of this subsection, a taxpayer who is not married at the close of his taxable year, who is not a surviving spouse, and who fails to qualify as a head of household under the preceding paragraphs of this section, shall be considered to be a head of a household for any taxable year if, at the close of that taxable year, he—

"(A) owns the property he uses as his principal residence for the taxable year, or

"(B) pays or incurs amounts for the purchase of property acquired by the taxpayer during the taxable year or a preceding taxable year and used by him as his principal residence for the taxable year.

For purposes of this paragraph, a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in section 216) is treated as a taxpayer described in subparagraph (B) of this paragraph if he acquires or is acquiring stock which entitles him to occupy the house or apartment which is his principal residence.".

SEC. 2. The amendment made by the first section of this Act applies to taxable years beginning after December 31, 1974.

By Mr. SPARKMAN (for Mr. KENNEDY):

S. 1350. A bill to provide additional humanitarian assistance authorizations for South Vietnam and Cambodia for the fiscal year 1975. Referred to the Committee on Foreign Relations.

EMERGENCY HUMANITARIAN AID FOR SOUTH VIETNAM AND CAMBODIA

Mr. SPARKMAN. Mr. President, I am introducing today, for the Senator from Massachusetts (Mr. KENNEDY), a bill on emergency humanitarian aid for South Vietnam and Cambodia.

I ask unanimous consent that a statement by Senator KENNEDY and the bill be printed in the RECORD.

There being no objection, the statement and bill were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KENNEDY

I am introducing today a bill to provide $100 million in emergency humanitarian assistance for South Vietnam and Cambodia, to supplement that already authorized and appropriated by Congress for this fiscal year.

The final, tragic drama unfolding today in Indochina is affecting the lives of millions, creating massive humanitarian needs on all sides. It is a time when, once again, thousands of refugees are on the move, fleeing conflict and chaos, seeking shelter wherever they can find it.

Once again, tragedy is piled upon tragedy. Each day of war brings another day of human suffering, and no end in sight. The pictures of violence and conflict, and confusion and human flight, that sweep across our televisions and newspapers are not new pictures, although they are today reaching new levels of human tragedy.

This should call forth from our government new efforts to provide additional humanitarian assistance. Regrettably, in some quarters, this tragedy is being used more as an excuse to blame others for past failures, to portion out blame, rather than to respond positively to the urgent needs of today.

But the time has come to end this needless recrimination, and to end old controversies that nearly tore our society apart. It is time for us to be realistic about what our country can and should do to help in South Vietnam—to be realistic about what our options are today in Indochina.

Our "moral commitment" in Indochina is not to any army, nor to this or that government, or to this official or that political faction. Our true remaining obligations are with the people of the region, to the millions of refugees and other war victims who cry out for peace and relief.

The crisis of people spreading over Cambodia and Vietnam today demands more of our government. It demands a response in terms of emergency humanitarian assistance, as well as new initiatives to secure the free movement of relief personnel and supplies to all areas of need. There is now an opportunity, as well as a critical need for the Administration to finally carry out the legislative mandate of Congress for internationalizing humanitarian assistance to Indochina.

The new situation in Vietnam demands that we end the narrow and restrictive pattern of our old bi-lateral aid approach, and to promote greater international participation—to encourage a transition in America's relationship with Saigon at the same time we provide additional humanitarian assistance.

It is for this reason that I appealed to President Ford last week to seek the good offices of the United Nations for the protection and care of refugees and war victims on all sides.

The bill I am introducing today gives further legislative support to the goal of internationalizing humanitarian assistance. The bill mandates that this emergency humanitarian aid must be provided "under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies."

This will insure that the support needed for the United Nations Secretary-General to exercise his good offices for humanitarian purposes in Cambodia and Vietnam will be available. It will mean that the U.N. High Commissioner for Refugees or UNICEF, whose offices are already actively present in all parts of Indochina, can rapidly increase their humanitarian efforts—today, not tomorrow. And these funds can be used as well to support the humanitarian work of such agencies as the World Health Organization, the Food and Agriculture Organization and the International Committee of the Red Cross—all of whom are today present in one or more countries of the region.

I firmly believe that the active presence and good offices of the United Nations will not only help in meeting the emergency humanitarian needs now so painfully evident throughout Vietnam and Cambodia, and to further insure that relief personnel and supplies reach all areas of need, but it will also serve to strengthen the efforts to achieve peace.

I urge the speedy consideration of this bill, and I hope the Committee on Foreign Relations will favorably consider the internationalizing all future humanitarian assistance to Indochina.

S. 1350

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding any other provision of law in addition to amounts otherwise available there are authorized to be appropriated to the President for the fiscal year 1975, to remain available until expended, $100,000,000 to provide humanitarian assistance to all people in need in South Vietnam and Cambodia.

(b) Such assistance shall be provided under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies.

(c) Not later than six months after the date of enactment of this Act, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations—

(1) the names of all agencies and organizations involved in the distribution of such assistance;

(2) the means with which such distribution is carried out; and

(3) the recipients of such assistance.

By Mr. WILLIAMS:

S. 1352. A bill to amend chapter 83 of title 5, United States Code, to eliminate, subsequent to the death of an individual named as having an insurable interest, the annuity reduction made in order to provide a survivor annuity for such an individual. Referred to the Committee on Post Office and Civil Service.

AMENDMENT OF THE CIVIL SERVICE PENSION LAW

Mr. WILLIAMS. Mr. President, I am today introducing legislation that will correct a serious inequity that exists in civil service pension law.

Last year, Congress passed legislation that allows a married civil service retiree to name his spouse as his beneficiary to receive a portion of his annuity monthly upon his death. In place of a spouse, an unmarried retiree may name a relative as an insurable interest designee. Both unmarried and married retirees must agree to take a reduced annuity in return for the privilege of providing for the futures of their spouses or relatives with their annuities. Should the beneficiary predecease the married retiree, he begins to receive his full annuity the following month. However, should the insurable interest designee predecease the unmarried retiree, the retiree must continue to receive his annuity at a reduced rate. In effect, the unmarried annuitant must continue to pay for the privilege of providing for the future of a dependent relative after the relative has died. No such requirement is imposed upon married annuitants.

The application of this section of civil service pension law clearly discriminates against unmarried annuitants. The unmarried retiree is penalized twice for wishing to designate his relative as the recipient of his annuity—once when his annuity is reduced and again when the reduction is continued. In addition, the law discourages unmarried retirees from taking steps to provide for the futures of dependent relatives.

The legislation that I have introduced would bring relief to our unmarried retirees who find themselves receiving reduced annuities after their insurable interest designees have died. The bill provides that an annuity that is reduced in order to name a beneficiary or insurable interest designee would be recomputed and paid as if it had not been reduced. Payment would begin on the first day of the month following the death of the designee. It further stipulates that no one would receive recomputed annuities under this legislation for any period prior to November 1, 1974, which is the date that provisions went into effect concerning full restoration of annuities to married retirees upon the death of beneficiaries. The cost of this legislation is small. To provide for all civil service personnel now employed or retired, who are now or who will one day be affected by this legislation, will cost a total of about $6.8 million in unfunded liability.

Our unmarried civil service employees have given this Nation many years of dedicated and faithful service. This legislation will help insure that they receive the equitable treatment that they deserve.

By Mr. WILLIAMS:

S. 1353. A bill to amend section 306 (a)(7) of the Consolidated Farm and Rural Development Act to modify the definition of the terms "rural" and "rural area" for certain purposes. Referred to the Committee on Agriculture and Forestry.

AMENDMENT OF THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

Mr. WILLIAMS. Mr. President, I am today introducing legislation that would permit community medical facilities in rural areas not exceeding 50,000 persons to qualify for loans and grants under the Comprehensive Farm and Rural Development Act.

When Congress passed the Comprehensive Farm and Rural Development Act in 1972, one of the main goals was to provide our rural communities with an effective program to improve significantly the quality of life in those areas. The legislation provided loans and grants for a wide range of community facilities, services, and interests. The version of this legislation that passed the Senate included provisions that allowed loans and grants for rural development to be made to facilities not located within the bounds of cities of 50,000 or more and not within adjacent urban or urbanizing areas with population densities of 100 persons per square mile. It provided that the chief beneficiaries of any of these grants or loans would be development projects in communities with less than 25,000 persons. In conference with the House, however, the population limitation was reduced to 10,000 for all development projects with the exception of private business enterprises, which could be located in rural communities with populations up to 50,000 and still qualify under the act. Community medical facilities were conspicuously absent from this exception. The intent of the conference substitute was to limit participation in the loan and grant program to those projects, including medical facilities, in smaller communities where the need is likely to be greater. Yet, the effect was to exclude from the program many of the hospitals and clinics in rural areas with populations above 10,000 whose need for improvement is just as great, if not more so, than health care centers in smaller towns.

The 5-percent interest rate offered by the Farmers Home Administration is ideal for many rural medical facilities whose buildings and services must be improved, but who cannot afford the high interest loans that may be available to them from other sources. Without low interest loans from the Farmers Home Administration, it becomes impossible for some community hospitals or clinics to continue to offer quality health care.

The low population limitation also creates a special problem where Federal installations or institutions of higher learning impact rural areas whose hospitals or clinics would normally qualify for loans or grants under the act. The nonresident populations of these installations or schools often cause the populations of the overlapping counties or towns to exceed the 10,000 limitation. These Federal facilities and schools usually have medical units of their own. Thus an ironic situation occurs, in which the hospitals and clinics of small rural communities are rendered ineligible for loans or grants from the very program designed to assist them, while the local residents are generally excluded from the medical units on the installations and campuses whose nonresident populations caused the local facilities to be ineligible for funds for required improvement.

In my home State of New Jersey, the Princeton Medical Center serves portions of several surrounding rural counties. The center has applied to the Farmers Home Administration for a loan because it must renovate its delivery suite, construct a new operating suite, improve its extended care facility, and refinance itself. State and Farmers Administration officials acknowledge the need. However, the only reason that the center's application has been rejected is that the population of Princeton is too large to meet qualification requirements.

The 4,000 students, most of whom are not even residents of the local area, cause the population of the town to exceed the limitation by 2,000. The university has its own medical facility for the sole use of the students and faculty. Yet the town's medical center is prevented from securing its much-needed loan. Without the necessary improvements, the ability of the center to provide surgical treatment, maternity care, and other vital health services for the local people will be seriously impaired. A loan from the Farmers Home Administration is the only way that this medical center can meet its objectives.

Good health care is a universal need. The necessity for sophisticated equipment and immediate medical attention is the same for small rural towns as it is for large urban centers. No one should be deprived of quality health care services simply because a very low population limit on rural development loans prevents his town from securing the funds it must have.

Private business interests in a rural area of up to 50,000 persons are eligible to qualify for loans under the act. Certainly community medical facilities are equally as important to the well-being of a rural community.

The legislation that I have introduced today will add no cost to the loan and grant program because it expands only eligibility. Its scope is limited in that only eligibility requirements for medical facilities are altered. This legislation will help to insure that a significant need of our small towns is not neglected.

By Mr. MONTOYA:

S. 1355. A bill to establish a national program for young people between the ages of 18 and 23 for the purpose of encouraging full participation in the political system of the United States and to provide a continuing education in the history and heritage of democracy in the United States. Referred to the Committee on Government Operations.

THE NATIONAL YOUTH POLITICAL PARTICIPATION ACT

Mr. MONTOYA. Mr. President, I am today reintroducing the National Youth Political Participation Act, a bill to provide a national program for helping young people to become full participants in the political system of the United States.

Since bringing this bill to the floor last year, I have received enthusiastic support from a wide variety of organizations and individuals. I am hopeful that the legislation I am proposing will receive the attention and support of a majority of my colleagues in the Senate and the House this year.

When I spoke to the Senate about this legislation last year, Mr. President, I said that I believed it was essential for citizens in the United States to fully understand the foundations of their Government and their law, and to be willing to take part in the decisionmaking which supports and implements that law. I said that I wanted to reverse the disturbing trend we have all seen toward apathy about politics and distrust of Government. I noted that this trend was especially noticeable among young people who would be the taxpayers and the voters for the next 50 years.

No political leader today is unaware of the difficulty I am talking about. No matter how many times we make speeches reaffirming our faith in the system of Government which officially makes the people the final authority for Government through the two-party system and the voting booth, we all have to recognize that every year fewer and fewer of the people who are eligible to vote think that it is worth their while to be a part of that system, either by voting, by working in a campaign, or by running for office.

The most disturbing part of the statistics now available concerning the problem of the participation of people in Government is the part which concerns our youngest citizens—those who are 8 to 23. Educators and parents, employers and union leaders have all written to me this past year to express support for a program which would encourage the greater involvement of this age group. They have expressed to me their deep worry over the cynicism and bitterness of a growing number of the young people with whom they work.

Last year I reported to the Senate on several studies which had been done to measure trust in Government or the knowledge and involvement of students and young voters. I ask unanimous consent that those studies, which are still valid, be printed in the RECORD following my remarks.

I also noted, last year, the disturbing fact that the percentage of the eligible population casting a vote in national elections was on a rapidly declining scale. I noted that if the trend continued, 1976 would be the year when less than half of those who were eligible to vote bothered to do so.

I was too optimistic.

We passed that halfway mark of voter participation in 1974. The following brief chart explains more starkly than words the depth of our problem:

Percentage of voter participation 1966 to 1974

	Percent
1966	55.4
1968 (Presidential year)	67.8
1970	54.6
1972 (Presidential year)	63.0
1974	44.7

If there is any Member of this body who can look at those figures cheerfully, I would be very surprised. However, even more tragic and even more pertinent to the goals of this bill, is the report by the Bureau of the Census that the lowest registration and voting turnout in 1974 was among the youngest voters—those who should be most enthusiastic and most proud of their opportunity to participate.

Only 21 percent of the 18- to 21-year-olds voted—and that figure, too, is a record low—down from 33 percent in 1972.

Last year, in discussing the need for this program, I spoke about the report to the Education Commission of the States, in their assessment of political knowledge and attitudes of young people. That report is available from my office for those who did not read my earlier statement.

This year I would like to call your attention to a new survey, done by Who's Who Among American High School Students. This is the fifth year in which this prestigious group has analyzed the students who are leaders in our secondary schools. The students polled were outstanding young men and women who will be in this year's freshman college classes. They are, to a large extent, the very special group who will be the opinion-makers of the future—the students who will be most active in their college years and who will be most likely to hold positions of leadership in their communities in the years to come. Twenty-three thousand of these student leaders were questioned concerning their opinions on a variety of subjects. Today I want to tell you about only one part of that survey—the part which concerns politicians, political parties, and government.

Eighty-one percent felt that elected representatives lack honor and integrity.

Eighty-three percent think that our system does not provide equal justice for all citizens.

Seventy-three percent believe most major political campaigns are crooked.

Nine percent feel that elected officials represent their constituents adequately.

Eighty-three percent of those eligible to vote said they would vote as independents.

Eight percent plan to vote Democratic.

Four percent plan to vote Republican.

Seventy-six percent plan to vote a split ticket.

Are these young people completely turned off? Are they ready to drop out? No, I do not think so. By an overwhelming 86 percent they rejected the complete change of our system to a parliamentary form, and their answers to other questions about our domestic or foreign problems all point to an awareness of our situation and a desire to find good solutions. They are not apathetic. They are not uncaring. They are not uninvolved.

They are simply not convinced that the American political system is the way to get things done.

They do not see the political parties, the electoral system, or the Government of the United States as viable vehicles for change.

I believe this survey bears out the facts I reported to the Senate last year concerning the need for a program to encourage and help young citizens of this Nation in learning how to use the tools of democratic government to accomplish their goals. We are failing to pass on to the next generation of Americans an understanding of our history. We are failing to pass on to our children the knowledge of why this system exists, how it works, and the dangers inherent in letting that system disappear.

The proposal I am making today has received the endorsement of some of my colleagues here in the Senate. I hope they will once again join me in sponsoring this bill.

The proposal has received the support and enthusiastic endorsement of several national organizations, including the American Library Association, the American Bar Association, The National Education Association, The National Council for the Social Studies, and the General Federation of Women's Clubs. Several political youth groups have supported the program. Several Governors have written to me to express their approval of the proposal. Several labor unions have endorsed the proposal and have indicated a desire to cooperate when the legislation is passed. Many educators have written to me to inquire how they can help. Many businessmen have indicated an interest in this kind of legislation and have asked how they can be a part of such an effort.

I feel confident that the public acceptance of this idea is closely related to the public understanding of the problem this legislation attempts to deal with. The plan would require the cooperation of State and local officials, educators, political groups, businessmen and labor leaders. It would mean busy people taking time to help young people. It would mean many hours of volunteer work on the part of all of us. However, after these many months of hearing from people in every State, I know that this program would have that kind of support. I feel confident that the program would work.

Mr. President, it would not be practical for me to put into the RECORD every communication I have had concerning this bill. However, I have selected a few which I consider to be representative, and I ask that they be printed in the RECORD at the close of my remarks.

The **PRESIDING OFFICER**. Without objection it is so ordered.

(See exhibit 1.)

Mr. **MONTOYA**. Mr. President, what would this program provide? I believe it would provide a vehicle through which people at the local level could work together to bring young people in their own communities into the system of government. It would provide local and State control of State programs to allow young people to participate in politics and government through both active work and through research and study. It would start them out where they should begin—in their own communities.

It would allow many young people to be recognized for their work and for their study. It would also provide a way for States to recognize those young people who did an outstanding job at the local and State level. Finally, it would provide guidance and some financial help from the Federal Government for State programs, and it would allow some young people from each State to come to Washington to participate in the Federal political system.

Young citizens, age 19 to 23, would be given the opportunity to test themselves during their first 5 years as voters. They would have the help of those leaders in their own communities and in their own States who were most experienced and best able to help them develop political skills. The program is not aimed at those in college, or those students who would normally be a part of other intern programs in Washington. Instead, this program is designed to offer opportunity to working young people, to students in vocational schools and junior colleges, to those in community colleges, as well as to those in our great universities.

The national youth political participation program is not intended to be a school project—but it is certainly intended to be an educational project. It is promulgated on the theory that the most worthwhile learning is by doing. It is a way to provide an apprenticeship in citizenship to every new voter. It combines political experience with an appreciation of our political and governmental heritage.

We cannot ignore the mounting evidence of alienation from our most important political institutions. We cannot ignore the loss of confidence in our political parties or in our form of self-government. The rejection of our political system, the cynical dismissal of efforts to draw young voters into the system, the clear evidence of disillusionment in our children—all of these things must concern every Member of this body.

In our approach to specific issues, to legislative solutions, and even to our political thinking as we express it in public statements, we Americans have always been safe because we worked within the framework of a written Constitution and a partisan democratic system. That safety depends utterly upon the participation of a majority of our eligible voters—and upon the understanding and knowledge they bring with them to their own self-government. We must find a way to provide that understanding and knowledge to the next generation of Americans. I hope that my colleagues on both sides of the aisle will join me in what I believe to be a truly nonpartisan effort.

A clear explanation of how this program is designed to work is illustrated by the organization table which I am submitting for the RECORD at this point. I believe the bill itself is self-explanatory, and I ask that it be printed in the RECORD following my remarks.

I urge my distinguished colleagues to join me in providing this opportunity to the young citizens everywhere in this Nation.

EXHIBIT 1

THE NEWSPAPER GUILD,
Washington, D.C., July 22, 1974.

Sen. JOSEPH M. MONTOYA,
U.S. Senate, Washington, D.C.

DEAR SENATOR MONTOYA: Thank you for your letter of July 1, 1974 and the enclosure of the bill which you introduced in the Senate on June 4, calling for the encouragement of political participation by young voters.

The Newspaper Guild has long advocated voter participation to whatever extent possible, and has committed what small resources it has available to "get out the vote" and voter education campaigns. We certainly support the principle of your legislation and I am sure that when it becomes law, our local unions will be asked to offer whatever help they can in applying this legislation at the local level.

You might be interested to know that our so-called model contract includes the following language which we encourage all of our locals to seek in collective bargaining:

"A leave of absence shall be granted to an employé who requests such leave for the purpose of: (a) becoming a candidate for a public office or for an office in a political party; (b) serving in a public office or in an office of a political party; or (c) serving as a paid or volunteer worker for a public office holder or political candidate or party. Such employes shall be reinstated in the same or a comparable position upon expiration of such leave."

We have a number of cases in which this or somewhat similar language has been adopted as part of collective bargaining agreements.

Sincerely yours,
ROBERT M. CROCKER,
Secretary-Treasurer.

AMERICAN PETROLEUM INSTITUTE,
Washington, D.C., July 9, 1974.

Hon. JOSEPH M. MONTOYA,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C

DEAR JOE: Thank you for your letter of June 17 calling my attention to your proposed legislation to create a National Youth Political Participation Office. I certainly share your views on the importance of encouraging young voters to continue their education in American history and the political system and to participate more fully in the future of that system.

I will be pleased to assist in any way to accomplish this goal and to join with you in working toward enactment of your bill.

Sincerely,
FRANK N. IKARD.

AMERICAN BAR ASSOCIATION,
Chicago, Ill., June 19, 1974.

Hon. JOSEPH M. MONTOYA,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR MONTOYA: I read with great interest your statement on the introduction of Senate Bill 3570, a bill to establish a national program for young people between the ages of 18 and 23 for the purpose of encouraging full participation in the political system of the United States and to provide a continuing education in the history and heritage of democracy in the United States.

The objectives of this bill are very similar to the objectives of the work of this project which now is deemed to have a very high priority within the American Bar Association. I am enclosing some materials that describe the work of our project. Please be assured that we would be most anxious to work with you in reaching the objectives which we share.

I am often in Washington and would be most happy to meet with you and members of your staff to discuss your bill and the work of this project.

Very truly yours,
JOEL F. HENNING.

METROMEDIA, INC.,
Washington, D.C., June 26, 1974.

Hon. JOSEPH M. MONTOYA,
U.S. Senate, Senate Office Building,
Washington, D.C.

MY DEAR SENATOR MONTOYA: Your proposal for a youth political participation act is not good, it is great! I can think of nothing more worthwhile than to effectuate this solid thinking into legislation in preparation for our 200th birthday.

I hope the opportunity presents itself for me to have an amplification of your thoughts. In the meantime, I will be happy to do my bit in suggesting it. I'm wondering if it should not be explained to John Warner, Chairman of the Bicentennial Commission.

Most sincerely,
MARK EVANS.

COLUMBIA UNIVERSITY
IN THE CITY OF NEW YORK,
New York, N.Y., November 22, 1974.

Senator MONTOYA,
Old Senate Building,
Washington, D.C.

DEAR SENATOR MONTOYA: The Columbia University Student Employment Office would like to formally express interest in and endorsement of your proposed bill *entitled* "Congressional Youth Political Participation Act" as outlined in the September-October issue of Public Service Internship News.

Our office presently oversees the operation of the Federal Work-Study Program, provides a referral service for part-time employment to students and alumni, and nominates candidates for the established Federal Summer Intern Program.

In light of these services, we would appreciate any further information you may have on the progress of the bill. Moreover, if there is any positive action Columbia University may take to promote the passage of the bill, we would be anxious to pursue it.

Sincerely,
FRANCES M. PATNESKY,
Work-Study Assistant.

NATIONAL COUNCIL FOR THE
SOCIAL STUDIES,
Washington, D.C., July 8, 1974.

Senator JOSEPH M. MONTOYA,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR MONTOYA: It was with considerable interest that I read in the *Congressional Record* (Vol. 120, No. 79, June 4, 1974) of your proposal to establish a program aimed at increasing the political knowledge of young people, and their willingness and ability to participate in the political activity of the country. You may be interested to know that it is our intention to call this bill to the attention of the social studies teachers in this country through The *Social Studies Professional*. This newsletter is sent to some twenty-two thousand social studies teachers, professors, and libraries.

You may be further interested to know that there may already be in existence in New York State a model for the competition you envision. For more than a quarter century, the Annual Citizenship Education Conference has been sponsored by and held at the Maxwell School of Citizenship and Public Affairs, Syracuse University. Each spring, schools from across the State select students for participation. In addition to participating in the conference, the students are also involved in a competition. The Maxwell School awards a number of scholarships to winners. Further information might be obtained from Dr. Alan K. Campbell, Dean, or from Dr. Marshall Segal, Director, Social Science Program, at that institution. (Incidently, I believe that Dr. Warren Miller, whose study is cited so prominently in your statement introducing the bill, received his doctor training and Ph. D. from that institution.)

If I may be of any assistance, please let me know.

Sincerely yours,
BRIAN J. LARKIN,
Executive Secretary.

ALBINA CONTRACTORS
ASSOCIATION, INC.,
Portland, Oreg., July 8, 1974.

Senator JOSEPH M. MONTOYA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONTOYA: My wife is a member of the Executive Committee of Oregon's Governor's Commission on Youth. She informed me of your Senate Bill No. 3570 to establish a National Youth Political Participation Office.

Without any reservations, I totally support the concept of such a bill. For it is just such legislation which may be the basis, and possibly the only one, upon which the principles of our democratic political system of government shall be preserved.

For we are all aware that, as in any other nation, our youth is our greatest national asset and resource.

As is evident through results of surveys taken throughout this state and nation, prior to, and more particularly, following the "Watergate Scandal," young people across this country are becoming increasingly disillusioned, discouraged and disgusted with politics, politicians and our political system in general.

Such a bill as yours, if properly funded and implemented, might just be the salvation of our American system of government.

Best of luck to you in your efforts.

Sincerely,

EUGENE JACKSON.

DOVER, DEL.,
June 20, 1974.

Hon JOSEPH M. MONTOYA,
U. S. Senate,
Washington, D.C.

DEAR SENATOR MONTOYA: I most heartily endorse S.B. 3570, the legislation which you have introduced to provide for a National Commission to act as an advisory group to young voters in an effort to encourage their participation in the political system at all levels.

Having just this morning addressed a session of Boys State which is convening here in Legislative Hall this week, I have a renewed impression of the freshness and vitality which characterize our youth. To be able to guide and assist them in an appreciation of our American system is an admirable goal and one which I am sure all thinking adults would support enthusiastically. To arouse their awareness and hopefully their interest in an eventual commitment through participation is a challenge which could produce unending benefits to not only the individual participants but to the whole of democracy.

Therefore, I am pleased to add my own voice in whole-hearted support of your proposal and would hope that it will receive affirmative action from Delaware's Congressional Delegation.

Sincerely,

SHERMAN W. TRIBBITT,
Governor.

SPRINGFIELD, ILL.,
July 19, 1974.

Hon. JOSEPH M. MONTOYA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONTOYA: Thank you for your letter informing me about the Senate Bill 3570, which you recently introduced. The programs you suggest deserve serious attention.

I am particularly interested in the bill as it pertains to the political parties of this nation. As a strong believer in the two party system, I think that it is imperative to involve our young people not only in government, but in the political parties also. For too long our political organizations have lacked the attention and contributions that the youth of this country could give to them. Many voters in this nation register as either Republican or Democrat, but too few of them are actively engaged in the ongoing affairs of the state and national parties. I feel that a program to involve our youth in the parties themselves can contribute greatly to our political process.

Voter registration is also another important issue that your program addresses. As you may know, I supported the recent attempts in Congress to pass a bill permitting "post card" voter registration. Although this piece of legislation was defeated, I am sure that this issue is far from dead. Recent statistics have made it clear that access to voter registration plays a significant role in the amount of people going to the polls on election day. Having our younger voters involved in voter registration can probably have significant impact on this problem.

Your proposal regarding those youth honored to become government interns raises some questions in my mind. No attention is given to state government in this program. I think that this is a serious deficiency. Government at the state level is becoming increasingly important because of its closeness to the citizens and the services it provides. Here in Illinois, I have set up a Governor's Intern Program that runs through the summer months. A federally funded program that brings youth not only into the executive branch as interns but also into the chambers of the state legislature could go a long way toward increasing citizen participation in state and local government. In many cases youth can work in programs directly affecting their neighbors and communities while learning a great deal about the function of state government.

In total, though, I feel that you have raised some important concerns that I am sure will receive serious debate within the Senate. I am confident that your leadership will be instrumental also.

Sincerely,

DAN WALKER.

LANSING, MICH.,
July 1, 1974.

Hon. JOSEPH M. MONTOYA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONTOYA: I appreciate receiving your letter concerning a National Commission on Youth Political Participation.

The proposed legislation, as you point out, would involve young people in our political process and stress political action and research. In the light of the low confidence ratings given government and public officials and the recent extension of voting privileges to 18 year olds, your proposal has much merit.

I will begin following the movement of S. 3570, and I look forward to the establishment of a State Commission in Michigan.

Warm personal regards.

Sincerely,

WILLIAM G. MILLIKEN,
Governor.

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS,
Washington, D.C., July 19, 1974.

Sen. JOSEPH M. MONTOYA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONTOYA: After careful study and consideration of S. 3570, Congressional Youth Political Participation Act, the International Brotherhood of Electrical Workers is pleased to lend support toward final passage.

To paraphrase what has been said many times, with all its faults, our Democratic form of Government is still the best there is. This means, however, that improvements can be and must be made. Integrity and respect for government must be recaptured and one progressive step toward this goal would be the passage of S. 3570. Our country's future will be in the hands of those to whom S. 3570 is appealing and, sooner than we may realize.

Best wishes.

Sincerely yours,

CHARLES H. PILLARD,
International President.

MONTPELIER, VT.,
June 24, 1974.

Hon. JOSEPH M. MONTOYA,
U.S. Senator,
Washington, D.C.

DEAR SENATOR MONTOYA: Let me congratulate you on your concern for the political education of younger voters as evidenced by your proposal for a National Youth Political Participation Program. I certainly agree in your assessment of the vital nature of this task, as well as the disturbing import of the trend toward non-participation in the political process, and indeed, ignorance of that process.

We have for some time in Vermont supported both local and statewide political experiences for young people, particularly in the form of model governments, and offered direct means of participation in state government. I would welcome any program that would broaden this endeavor both in scope and in terms of reaching a wider segment of the younger population.

I wish you well in this venture.

Yours very truly,

THOMAS P. SALMON.

By Mr. DOLE:

S. 1354. A bill to assure foreign countries that reserve stocks of agricultural commodities stored in the United States under certain conditions shall not be subject to export controls. Referred, by unanimous consent, to the Committee on Agriculture and Forestry; and, if and when reported by that committee, to the Committee on Banking, Housing and Urban Affairs.

FOOD SECURITY BILL

Mr. DOLE. Mr. President, recently I introduced a bill to encourage foreign countries to buy and store reserve food stocks in this country:

A great deal of interest has been expressed in this legislation in the agricultural community. It would be appropriate to hold hearings on this bill in the Senate Agricultural Committee inasmuch as it relates to farm commodities and reserve stocks. It would also be appropriate to conduct hearings on the bill in the Senate Committee on Banking, Housing and Urban Affairs since it also concerns export controls.

This has been discussed with ranking members of the Banking Committee, the Senators from Wisconsin (Mr. PROXMIRE) and Texas (Mr. TOWER), as well as the ranking members of the Subcommittee on International Finance, the Senators from Illinois (Mr. STEVENSON) and Oregon (Mr. PACKWOOD). I understand that that they have no objections to a joint referral.

Therefore, I reintroduce this bill and request unanimous consent that it be referred to the Senate Committee on Agriculture with the understanding that it will be referred to the Senate Committee on Banking, Housing and Urban Affairs if and when reported by the Agriculture Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I also request unanimous consent that the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1354

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That notwithstanding any other provision of law, foreign countries and agencies thereof and foreign companies may purchase and store United States agricultural commodities or the products thereof in the United States, and such agricultural commodities or products, if so purchased and stored as a reserve for a period of twelve months or longer upon approval by the Secretary of Commerce acting in cooperation with the Secretary of Agriculture, may be exported without regard to any export restraints or controls.

SEC. 2. The Secretary of Commerce, in cooperation with the Secretary of Agriculture, is authorized to issue such regulations as he deems necessary to carry out the provisions of this Act.

By Mr. MOSS:

S. 1356. A bill to designate the High Uintas Wilderness in Ashley and Wasatch National Forest, in the State of Utah. Referred to the Committee on Interior and Insular Affairs.

Mr. MOSS. Mr. President, I am today introducing a bill, identical to S. 466 in the 93d Congress, to designate a region in northeastern Utah of supreme beauty and great natural worth as the High Uintas Wilderness. The area so designated would encompass portions of both the Wasatch National Forest and the Ashley National Forest long noted for outstanding wilderness qualities.

As one of the cosponsors of the 1964 Wilderness Act, and a participant in the continuing review of areas proposed for addition to the national wilderness preservation system under the provisions of this act, I am delighted to seek congressional approval for placing the High Uintas within the system.

The proposal is based on a review of the High Uintas primitive area conducted in accordance with the procedures set forth in the Wilderness Act. The Secretary of Agriculture submitted his report recommending establishment of the High Uintas Wilderness on December 30, 1968, and President Johnson sent his recommendations on this to Congress on January 17, 1969.

The President proposed, however that the Secretary of the Interior be allowed to complete investigations as to the relationship of the Uinta River drainage to planning for the ultimate phase of the Central Utah Project, before any wilderness is established. It was essential that this provision be honored, since Utah is dependent upon the full development of all of its available water resources if we are to continue to grow and prosper. We cannot afford to lock up any area which has a potential of helping supply water to meet our expanding needs.

These important water investigations have been completed and we know what areas in the High Uintas are required for implementation of the ultimate phase of the Central Utah Project. The time has come when we can move with assurance to establish a wilderness area.

The bill I am introducing sets boundaries for the establishment of a High Uintas Wilderness Area of 319,538 acres. This is 3,460 acres less than the 322,998 acres recommended originally by the Forest Service. The small excluded area, known as unit D, is located in the southeastern corner of the proposed wilderness area.

Its exclusion will permit construction of a feeder canal to divert flows of the Uinta River as part of the potential Ute Indian unit of the ultimate phase, Central Utah Project. Furthermore, the bill authorizes the Secretary of the Interior to continue to operate and maintain existing facilities of the Central Utah Project within the designated area and conduct hydrologic and climatological programs necessary to the project while minimizing the impact of such activities on the wilderness character of the areas affected.

The Governor of Utah has advocated the establishment of the High Uintas Wilderness Hearings in Utah revealed broad popular support for designation of these lands as wilderness. The area proposed for wilderness now is somewhat larger than the present primitive area.

Mr. President, the High Uintas meets the criteria set forth in the Wilderness Act as "an area where the earth and its community of life are untrammeled by man, where man himself is a visitor who does not remain." Its preservation is distinctly in keeping with the spirit that led to realization of a national wilderness system. I hope that the 94th Congress will give this resource that unique form of protection.

By Mr. BEALL (for himself, Mr. TAFT, Mr. DOMENICI, Mr. HOLLINGS, Mr. PACKWOOD, and Mr. YOUNG):

S. 1357. A bill to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps program and the National Health Service Corps scholarship training program, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. BEALL. Mr. President, along with Senators TAFT, DOMENICI, HOLLINGS, PACKWOOD, and YOUNG, I reintroduce the "Health Manpower and Shortage Area Assistance Act of 1975."

This is essentially the same measure that was overwhelmingly adopted by the Senate on September 24, 1974, by a vote of 81 to 7, with the exception of technical and minor changes. However, we increased the scholarship assistance for the disadvantaged from $5 million to $20 million. This increase was the result of additional information provided during the conference deliberations.

Mr. President, one of the major disappointments of the last Congress was its failure to pass health manpower legislation. While both the House and Senate passed separate legislation, we were unable to reconcile the differences prior to adjournment. As a result of the Congress failure to enact health manpower legislation, our initial impact will likely be delayed an entire year. Thus, the proposed changes in health manpower may not have a real impact until the entering class of 1976.

The result of this delay is that we will have lost some 3,500 students who would have been committed under the Senate-passed bill to practice primary care in medically underserved areas. In addition, our failure to act last year may mean that some 400 scholarships under the physician shortage scholarship program for which $2 million had already been appropriated and for which Secretary Weinberger made a written commitment for the funding of scholarships for the incoming freshmen in the 1975–76 school year may not be available. This program incidentally, according to a report prepared for HEW, was described as embodying "more of the characteristics specified in our conceptualization of a model program." I am naturally hopeful that these scholarship funds will be made available to the new class as promised.

Mr. President, the need for enactment of health manpower legislation is critical. There is broad agreement that such legislation is needed, and needed now. When national health insurance is enacted, the effect will be to increase the demand for medical manpower and services. If we do not respond to these manpower problems, the predictable result, as occurred under medicare, is that prices will increase substantially. So any delay on our part, such as already has occurred, will only mean we are likely to repeat the experiences of medicare.

Mr. President, the House Health Subcommittee has already completed its work on health manpower and I certainly hope that the Senate will give health manpower the priority attention which it merits by taking early and favorable action on this measure.

I ask unanimous consent that a brief summary of the main provisions of the bill and a copy of my floor remarks of last year, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BRIEF SUMMARY OF THE MAIN PROVISIONS OF THE "HEALTH MANPOWER AND SHORTAGE AREA ASSISTANCE ACT OF 1975"

I. Main Provisions:

A. Requires health professional schools as a condition of federal capitation (institutional grants to schools) to reserve 25% of their enrollment positions, or the national need, for individuals who volunteer and agree to serve in a medically underserved area. Schools are also directed to give special consideration to qualified applicants from shortage areas. If HEW Secretary determines 25% is adequate to solve the maldistribution problem, he can increase capitation grants by 10% to any school which volunteers to reserve 50%.

B. (1) Students volunteering to enter the reserved positions would be entitled to one of two federal scholarships depending on whether the student wanted to serve in the National Health Service Corps or as a civilian practitioner of medicine or dentistry under the Health Services Shortage Area Scholarship Program.

(2) An individual electing to serve in the federal Corps would receive a scholarship of approximately $9,200. An individual opting to serve as a civilian doctor would receive a Health Services Shortage Area Scholarship of $6,000. Recipients of both programs would be required to serve in a medically underserved area one year for each year of scholarship, except that the minimum period served

would be two years. If the individual fails to carry out his commitment, he or she would be required to pay twice the federal assistance plus interest.

C. Management grants, not to exceed $25,000, would be authorized for participants of both scholarship programs to assist them in setting-up their practice in medically underserved areas. However, individuals electing to practice as a private practitioner would have to extend his period of obligated service one year for a $12,500 grant and two years for a $25,000 grant. The management grant, in the case of the Corps members, is made to a public entity and no additional service obligation is required.

D. Capitation grant levels to the various health profession schools in general are kept at current authorization levels. Capitation grants for schools of medicine would gradually decline over a three year period ($2,500—$2,350—$2,200). However, the reduction could be averted if 50% of the graduates of the medical schools enter primary care postgraduate training. Capitation levels over a three year period for the various health profession schools are as follows:

(1) medicine—$2,500 ($800 for physician-extenders);

(2) dentistry—$2,200 ($800 for dental auxiliaries);

(3) veterinary—$1,650;

(4) pharmacy—$800;

(5) podiatry—$800;

(6) optometry—$800;

(7) public health—$1,100; and

(8) schools with graduate programs in health care administration—$1,100.

E. Medical schools, in addition to a one-time enrollment increase, would also be required:

(1) to make primary care comparable to other major clinical specialities;

(2) to have either family medicine postgraduate positions equal to 10%, 15%, and 20% over the three years of the bill, *or* comparable primary care equal to 35%, 40%, and 45% over the same period; and

(3) to limit the number of foreign medical graduates (FMGs) in affiliated postgraduate training positions to 40%, 35%, and 25% respectively over the three year period.

F. Health professional schools, other than medicine, would be required to meet specific conditions to receive capitation grants including a one-time enrollment increase.

G. Combines Special Project Grants and Health Manpower Education Initiative awards of present law into one section entitled: "Special Project Grants and Contracts". $75 million is authorized annually for carrying out twenty-two specific special projects, including projects for:

(1) curriculum improvement;

(2) interdisciplinary programs;

(3) training programs for health professionals; and

(4) training programs to educate specialized physician assistants to assume some of the roles fulfilled by residents in hospitals.

H. Authorizes $20 million annually for a Disadvantaged Assistance Program.

I. Authorizes $140 million over three years for grants for training, traineeships, and fellowships in family medicine and comparable primary care.

J. Provides for a new $125 million, three year program, "Community-based Health Manpower Education Program", to develop community-based primary care training centers throughout the country in order to promote:

(1) the training of graduate and undergraduate medical schools, nursing, and physician-extenders;

(2) regional systems of continuing education to upgrade the skills of inner-city primary care providers; and

(3) greater integration of regional health personnel and education institutions.

K. Foreign Medical Graduates—Bill conditions the admission of alien physicians to the United States upon the findings that the alien:

(1) has passed the same examination as required for graduates of United States Medical schools; and

(2) has demonstrated competence in oral and written English. In addition, there has to be a finding that the admission of the alien will not lead to a surplus of practitioners in a specialty area or geographical area in which there is no present or projected need.

II. Provides for a three-year extension of Allied Health Professions Program.

III. Costs: Approximately $2.1 billion over a three-year period.

[From the Congressional Record, Sept. 23, 1974]

HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE ACT OF 1974

Mr. BEALL. Mr. President, unlike previous health manpower legislation which has come to the Senate floor with a bipartisan and unanimous recommendation of the Committee on Labor and Public Welfare, S. 3585 has been reported by a severely divided committee.

Voting against reporting the legislation were Senators EAGLETON, HUGHES, DOMINICK, TAFT, and myself. I believe that the strong and bipartisan opposition in committee will be converted to a bipartisan majority on the Senate floor to reject the extreme legislation and the excessive spending levels recommended by the committee.

S. 3585, among other things, would in effect, establish a domestic draft. It would condition Federal capitation grants to health profession schools on such schools requiring as a condition of admission, each student, regardless of whether he received any direct Federal assistance, to enter a contract requiring such student to serve in a medically underserved area.

Second, S. 3585 provides for Federal licensing and relicensing of all doctors and dentists. While these licensing provisions are limited to doctors and dentists, the committee report makes it clear that this is only the foot in the door insofar as Federal licensing is concerned and the committee has the same in mind with respect to the other health professions. The committee's intent in this regard could not be clearer and I quote from the committee's report:

"The Committee also . . . believes that problems respecting the licensing of health professionals is not limited to physicians and dentists. At an appropriate time the Committee intends to further this matter."

Third, S. 3585 provides for Federal control over the types and location of residencies.

Finally, as the administration has indicated, the authorized spending levels are excessive. In this period of unprecedented inflation, we should be exercising fiscal restraint. The over $5 billion provided by S. 3585 is not the example the Senate should be setting if we are serious about our battle against inflation.

Since the early 1960's, an evolving and growing Federal interest and support for the development of health manpower has been primarily aimed at increasing the aggregate supply of manpower, especially physicians. By any yardstick, we have been successful in that effort. For example, the first year medical school places grew from 8,759 in 1965 to an expected 15,500 this coming fall.

We have found, however, that increasing the aggregate supply alone will not solve our health manpower problems and our goal of providing health care services to all of our citizens.

Now Mr. President, it is easy for the committee, with its 20-20 hindsight today to say that not enough or not the right action has been taken. Yet, it is interesting to note that the HEW memorandum which was included in the report and which the committee describes as the best critique of the administration proposal, in identifying the principal thrusts of the health manpower legislation since 1963 did not list, other than enrollment increases, any other major thrust at the maldistribution problem.

I quote from that memorandum:

"Since 1963, the principal thrusts of the programs have been (1) to expand enrollment and output; (2) to alleviate the school's financial distress; (3) to facilitate enrollment of socioeconomically disadvantaged students; (4) to facilitate changes in curriculum; (5) to support training of mid-level manpower; (6) to support new types of training arrangements; and (7) to launch a number of research and analytic studies to better understand the health manpower system. The amount of resources expended on activities (4) through (6) were very modest compared to those allocated on (1), (2), and (3)."

Now that Congress, and almost everyone in the health field—their hindsight is as good as ours—realizes that increasing the aggregate supply alone will not solve our health manpower problems. The drastic recommendations of the committee would lead one to believe, however, that no one else realizes what the committee has discovered and there is no hope for the various segments of the health community to move toward the solution of these problems without the heavy Federal hand and Federal controls.

The minority feels it will be necessary to increase enrollment since we envision reductions in the number of FMG's—foreign medical graduates—because of our recommendations in that area. We do not believe, however, that the primary manpower problems facing the country are numbers, but the kind of physicians—primary care versus specialist—and their geographical distributions—the need to attract more physicians to inner city and rural shortage areas.

OVERALL SUPPLY

HEW recently published a report on health manpower entitled, "The Supply of Health Manpower." This report indicated that in 1970 there were 159 physicians for each 100,000 population—1 physician for every 628 persons—and the physician-population ratio was expected to reach 197 physicians for each 100,000 population by 1980—1 physician for every 507 persons—and 237 physicians per 100,000 population in 1990—1 physician for every 422 persons. These projections would place the United States near the top of industrial nations in terms of overall supply.

As a result of such projections, Secretary Edwards, taking into account insurance coverage and provider productivity, testified that the manpower supply would be adequate to meet our requirements.

Similarly, Dr. Duval, former Secretary of Health, at a recent Institute of Medicine's health manpower conference, observed that last year our physician-population ratio reached 173 per 100,000—1 physician for every 578 persons—which he said is—

"Approaching the highest of all the nations in the world. But, while nobody knows exactly where the limiting point is, it appears from world experience that there comes a physician-population ratio beyond which the health of the people is not measurably improved by more physicians. In this circumstance, balancing the supply-demand equation depends more on the manner in which medicine is taught and practiced rather than a sheer numerical weight of practitioners."

Secretary Edwards also warns that—

"A surplus of medical manpower may at first seem attractive but upon more careful examination several undesirable consequences emerge. Because physicians tend to have considerable control over the volume and mix of services they deliver, and the pricing of these services, a surplus of physicians is likely to yield:

"An increase rather than decrease in the total and per unit cost of health services;

"A reduction in productivity, which may affect the quality of care rendered;

"A displacement of other types of health manpower from their roles in the health delivery system—e.g., the physician extender."

Although gross numbers are important, we must keep in mind the important productivity issues also. Increased productivity is needed in all sectors of our society, but the potential in the health manpower area is particularly promising and the need is obvious in view of rising costs in this field.

PRODUCTIVITY

In the health field, there is growing interest in the development of new roles. Studies indicate, for example, that the physician assistance could increase the physician productivity by between 30 and 70 percent, and with no differences in the outcome for the patients. Since the compensation of a physician extender is less than the physician, the potential for considerable savings is obvious.

Dean Morgan of Johns Hopkins University School of Medicine expressed the following concern, which we share, regarding the effects of S. 3585 on these developments:

"The Kennedy proposal which extends the "carrot" of student loans and capitation grants to medical schools that totally convert to training physicians for the National Health Service Corps will greatly shift the momentum away from developing mid-level Allied Health Professionals . . . It will create an army of physicians demanding physician's compensation who will be doing tasks quite easily delegated to Health Professionals whose services will not be so costly."

The importance of these developments on the number of physicians needed can be appreciated by Secretary Edwards' estimate that if "annual physicians productivity, as measured by physician visits, were to increase by 1 percent annually for 10 years, over 30,000 fewer physicians would be needed to provide the same total number of visits."

In addition, last year Congress enacted legislation to encourage the development of health maintenance organizations.

Thus, changes and redesign of our health system are underway. If we load our health system with too many physicians before the impact of these developments becomes more clear, we may delay such developments for decades and at the expense of both greater provider productivity and the taxpaying public.

GEOGRAPHICAL DISTRIBUTION PROBLEM

The major issue and concern in the country is not the overall number but the kind of and distribution of physicians.

There is no question that this Nation has a serious geographical maldistribution problem. This is evident by the AMA 1970 estimate that 132 counties in this country lack a single physician. Obviously there are many more communities without a single or adequate number of physicians. The committee report points out some of the significant differences both among States and within States with respect to physician distribution. Although my State enjoys a good overall physician–population ratio, there are great variations within Maryland ranging from one physician for every 299 persons in Baltimore City, to one physician for every 325 persons in Montgomery County, to one physician for every 2,215 persons in Calvert County, and to one physician for every 3,312 persons in Caroline County.

While no one knows the exact dimensions of the geographical shortage problem, a number of estimates have been used.

The American Academy of General Practitioners suggested a ratio of family physicians of 1 to 2,500 as their intermediate goal. With this ratio the shortage would be under 2,000. Similarly, the National Health Service Corps has found that physicians are used very inefficiently below a certain ratio and will not assign corpsmen to a community below a ratio of 1 to 1,500. Using that criteria, the shortfall would be under 10,000 physicians.

Further, on the international scene, it is our understanding that in England a person joins a panel and physicians are paid according to the number on their panel; 3,500 is the maximum number of individuals allowed on a panel and the average is 2,500. This would result in a ratio of 1 to 2,500. Using the English general practitioners average panel, we would be short less than 4,000.

These numbers and ratios and their implications needed to be examined because some understanding of the "numbers game" is important. We in the minority do not know the exact demand, and neither does the committee, in our judgment. However, we must assume that they are leaning toward the higher numbers or otherwise we are at a loss to understand their drastic domestic draft recommendation.

PRIMARY CARE

The continuing decline of the primary care physician is a matter of major concern. There is general agreement that we have inadequate numbers of primary care providers.

In 1950, the general practitioner comprised approximately 50 percent of all physicians. In 1972, they accounted for only 15 percent. Medical specialties in other fields, particularly internists and pediatricians, have partially compensated for the reduction in the general practitioners. Even when we combine the general practitioners, internists, and pediatricians, their total accounts for only one-third of all physicians and not all would be practicing primary care. Furthermore, based on current distributions of residencies, the proportion of physicians in primary care will fall to about 30 percent.

Senator Kennedy in introducing S. 3585 estimated there was a shortage of 50,000. Now the Senator said during his statement that we have a shortage of 130,000. An HEW study indicated the number of physicians required to meet specific practitioner ratio criteria on a county basis. Based on this study, a physician shortage of 30,000 has been used. This number results from using the ratio of one physician per 1,000 population on the following HEW chart:

1:2,500	966	1,841
1:2,000	1,396	3,774
1:1,500	1,982	9,470
1:1,200	2,349	17,679
1:1,000	2,591	29,413

With respect to these numbers included in the chart, it is important to keep the following points in mind. Presently we have approximately one physician for every 578 persons. Kaiser Permante, an HMO which many believe makes optimum use of health manpower, requires an overall ratio of only 1 to 1,000. The Kaiser ratio might lead one to conclude that if they make optimum use of health professionals, and they require only one physician per 1,000 population, this would be a valid ratio and our physician requirements would be approximately 30,000.

While one could jump to that conclusion, we must step back and examine these numbers for the 1 to 1,000 ratio includes all physicians, both primary care and specialists. However, since it is the primary care physician we are really talking about in connection with the maldistribution problem, it is important to examine the physician-population ratios for primary care.

It is our understanding that Kaiser employs a ratio of primary care practitioners of 1 to 1,520 and this, according to the earlier chart, reduces the physician requirements to less than 10,000.

Yet, a general consensus seems to be that about 50 percent of our physicians should be trained in primary care.

The shortage of primary care providers is evident by:

"The number of patients going to hospital emergency rooms for care that can be performed in a doctor's office;

"The number of rural areas without doctors; and

"Difficulty and long lines, even suburban areas, in finding a family doctor."

What this shortage of primary care providers means is:

"Primary care is often done by specialists and this usually means higher fees, many more tests and expensive equipment;

"Increased hospitalization; and

"The neglect of preventive care which often results in more serious illness and expensive equipment."

There is little question that a serious imbalance exists between specialists and primary care providers and this must be reversed.

FOREIGN MEDICAL DOCTORS

Another serious national health manpower problem is the Nation's growing reliance on FMG's: This too has been an area of concern to me. In a 1973 speech at the dedications of a health facility I stated:

"Another aspect of the manpower picture which I find intolerable is this Nation's reliance on foreign medical schools to train over 15% of its total supply of doctors, while at the same time, 15,000 American young men and women are denied a place in medical school. Of the 11,032 additions to the medical profession in 1970, 27.3% was attributable to foreign trained medical doctors. In Maryland for the same year, foreign medical graduates made up 37.7% of the additions to the medical profession. This Nation simply should not tolerate the drain of talent from less affluent countries while at home, half of the qualified applicants are rejected by our medical schools. Both our parochial pride and interest in these American students, as well as the medical needs of other nations, argue that we move to reduce or eliminate this heavy reliance on foreign trained doctors. While this cannot occur overnight, it is the direction in which we should be moving."

The number of FMG's entering the United States comes as a shock when one first encounters these statistics. It has been estimated that the number of FMG's entering the United States in the past 2 years ranged from 80 percent to 115 percent of the number of total U.S. graduates. HEW says the higher estimate results from double counting and places the number around the 80 percent figure. In any event, the number is too large. Further, in 1973 almost one-half of the new licensees in medicine were FMG's. FMG's raise the following serious issues:

"Quality;

"Fairness to American students;

"Fairness to foreign nations; and

"Whether FMGs have discouraged or delayed this Nation from fulfilling its own health manpower needs and the development of new manpower roles which might have resulted but for the large influx of a ready source of doctors."

It was generally felt that many, but not all, FMG's skills are inferior to graduates of medical schools in this country. A recent task force of the American Association of Medical Colleges—AAMC—stated:

"FMGs underline the process of quality medical education in this country and ultimately pose a threat to the quality of care delivered to the people. . . . It is generally acknowledged, although not proven that the medical care rendered by some FMGs is a poorer quality."

In addition, the FMG's score lower and have higher failure rates on objective type examinations.

Also, concern has been expressed regarding the difficulties many foreign medical graduates have with the English language. This is most bothersome for as the minority report states:

"Medicine requires adequate communication between the patient and the physician and among the health team participating in life and death struggles when time does not allow for translations or misunderstanding."

FMG's are also a concern in view of the large number of qualified Americans who desperately desire to become physicians but are unable to do so. The profession of medicine is personally self-satisfying and financially rewarding. This opportunity should not be denied so many Americans while we permit so many foreign medical graduates to enter our country.

In addition, there is a serious concern regarding the so-called physician drain on the exporting nations. The magnitude of the problem can be seen from the following statistics:

"There are more Thai-trained physicians in New York than are providing care to Thailand's twenty-eight million rural population;

"South Korea, which has only one physician per 13,000 citizens, recently has been losing 10 percent of its physicians annually to the United States; and

"Approximately one-sixth of the medical graduates of Iran come to the U.S. annually."

Finally, FMG's seem to act little differently than our own graduates. Like their American counterparts, a great majority of FMG's specialize and practice in suburban areas. Only 10 percent of FMG's are in general practice. To the extent FMG's are given priority to come into this Nation and to enter a specialty which is already overcrowded, they obviously only aggravate the specialty problem.

Now, I will discuss the recommendations of the committee majority and the substitute which will provide an alternative to the Senate—an alternative that will work, an alternative that will rely on a voluntarism rather than coercion, and an alternative the taxpayers can afford.

DOCTOR DRAFT

The reported bill would in effect create a domestic draft for graduates of health professions schools. As previously stated, this is accomplished by conditioning the Federal capitation grant to the various health professions schools on such school requiring all students, even if the student did not receive a cent of direct financial assistance, to enter an agreement to serve in medically underserved areas.

I know the committee is sensitive regarding the characterizing of S. 3585 as proposing a health professions or doctor-draft.

Well, Senator EAGLETON in his views called the proposal a "doctor draft." The AAMC, which represents the Nation's medical schools, said S. 3585 "was tantamount to a draft." Senator HUGHES, in his additional views succinctly and eloquently described the mandatory service provisions as follows:

"I cannot agree, however, that we should attempt to solve these problems through legislation which would bar a person from entering the profession of his choice unless he submits to an agreement giving the Government the power to designate the position and location in which he must serve for two years. In my view, this system would constitute a draft of the members of a particular profession for a purpose not shown to be essential to the military defense of the Nation.

"I doubt if the floor manager would like any better the description given the proposal by the Pittsburgh Press in its September 16 editorial commenting on S. 3585:

" 'To some this may sound like social planning. A more accurate label would be involuntary servitude.' "

Mr. BEALL. We who oppose the reported bill do not believe that a Congress which has helped end the military draft and a Nation and its youth who are making an all volunteer armed services work will support a civilian draft and lottery—and a new bureaucracy to administer it—for the health professions. In addition, the Association of American Medical Colleges—AAMC— has indicated the committee's approach is unconstitutional. I ask unanimous consent that this legal memorandum be printed in the RECORD following my remarks.

Beyond our strong personal and philosophical aversion to this compulsive approach, we believe it does not make sense, nor is it required, to resort to a draft. The volunteer approach will work; we say this for a number of reasons.

First, applications for medical schools are running about three times the number of acceptances. Since it is expected that some 15,000 students will be entering medical school this fall, this means some 30,000 applicants, many very qualified, were turned down. The great desire of American students to enter medical school is further evidenced by the fact that over 3,300 Americans have left this Nation to study in a foreign medical school. Can anyone seriously doubt that many students would not volunteer to serve in shortage areas if they were able to be admitted to medical schools? Not only do we believe they will, but the evidence on similar programs can lead us to believe they will. We cite:

First. The growing interest and response to the National Health Service Corps. Four hundred professionals are now assigned to over 200 communities and an additional 250 physicians will be assigned to shortage areas by next July. The Corps received over 1,000 applications but were able to award only 345 medical scholarships.

Second. The Armed Forces Scholarship program, which was designed to provide the military with adequate number of doctors, now that the draft has ended. This too has worked and is oversubscribed. There were 5,000 applicants who applied for the 2,911 medical scholarships which were awarded.

Third. The Physcian Shortage Scholarship program, which was enacted in 1971 but only recently implemented and which gives priority to individuals from shortage areas offers similar evidence. Although the regulations were just issued in May, over 1,000 applications were received, but only 395 scholarships could be awarded.

Thus, for the aforementioned scholarship-for-service programs, there were over 7,000 applications. We were, however, able to award only 3,651 scholarships, leaving some 3,000 applicants who wanted to serve but could not because scholarships were not available.

The substitute we propose will assure more primary care physicians will serve in the rural and urban shortage areas of this Nation. And we will accomplish this goal without a health professions draft.

Under our substitute, medical schools will reserve 25 percent of their first-year class or the national need, whichever is lesser, for individuals who want and agree to serve in these shortage areas—in medicine, such service must be in primary care. These students would be entitled to a Federal scholarship in return for service in shortage areas. If an individual refused to carry out his commitment, he would be required to pay back twice the cost of his assistance plus interest.

With 25 percent of their class committed to serve in primary care, medical schools will be required to give increased emphasis to primary care.

The evidence suggests that today's student will respond to our volunteer approach. Dr. Price, president of the American Academy of Family Physicians, has this to say about todays' medical students:

"Today's medical students are extremely interested in becoming a family physician since our discipline provides an outlet for their deep social interest and a means for them to deal with patients on a one-to-one basis."

Medical schools are seeing this interest reflected in their students. As Dean Dennis of the University of Maryland tells us, his school has witnessed "a renewed interest in primary care with between one-third and one-half of the students interested in primary care in contrast to a very few 10 years ago."

I believe that students will not only make such a commitment but they will honor it. Mr. Phil Aaron legislative affairs chairman of the Student American Medical Association—SAMA—told our Health Subcommittee that such programs "tied to a service commitment can be effective." He cited studies indicating the success some States have had in getting students to serve in shortage areas. In Kentucky, for example, 98 percent of these physicians fulfilled their service obligation and some 90 percent of these 200 students remain in rural Kentucky today.

In addition, the University of Illinois has an important and successful program designed to increase the number of doctors in rural areas.

This program seeks to identify individuals who are motivated to practice in rural areas. Over 75 percent of the students carried out their commitment.

An evaluation of this program by the medical school concluded:

"The results of this evaluation of the MSLFB program in Illinois should encourage methods of admissions committees of professional schools. Faced with an abundant number of qualified candidates for admission, committees would like to make choices which will reflect the needs of society rather than small differences in academic credentials."

Mr. Aaron of SAMA was right on target when he criticized existing program structures and screening of students saying:

"There was little selectivity in the screening of loan applicants. A large percentage of our nation's medical students are from urban areas. We feel it is illogical to expect a large percentage of physicians-in-training to select areas of critical need in which to establish their practices if, in fact, these environments are different to the environment in which the student has been exposed. One just cannot grasp the positive features of a rural or inner city practice from a Greyhound bus."

Our substitute is designed to secure greater selectivity. Individuals will have come under our program because they wanted to and elected to serve in medically underserved areas not because they were conscripted to serve. I ask the Senate which individual, the draftee or the volunteer, is more likely not only to serve but hopefully also remain in the medically underserved area.

A disgruntled draftee is not apt to exhibit the dedication and comment that is needed. A disgruntled draftee will likely do his time and get out. As a matter of fact, he will probably be departing at the very time his experience makes him most effective for the citizens. Certainly this is not conducive to good care and its continuity for our inner city and rural citizens.

Based on this year's freshman class enrollment, our substitute will begin producing 3,750 physicians annually for service in shortage areas. Over the life of the reported legislation, over 18,750 primary care physicians would be committed for shortage area service. This number would be adequate for a physician population ratio in the earlier chart, excepting only the very lowest ratio. Over the 3-year bill, as provided in the substitute, over 11,250 students would be committed to serve in shortage areas.

SPECIALTY MALDISTRIBUTION

The reported bill would also establish a 22-member HEW Secretary appointed National Council on Postgraduate Physician Training and create 10 regional councils to regulate the types and locations of residences. The councils are designed to deal with the specialty maldistribution problem and also the FMG problem.

That, incidentally, Mr. President, is 440 people. So we are not adding considerably to the Federal payroll.

We believe these provisions are unnecessary for a number of reasons.

First, they are duplicative of existing law. The 1973 social security legislation directed the National Institute of Medicine of the National Academy of Sciences to study house staffing and support. If we are going to mandate studies, we should at least take a look at the results before we legislate a course of action.

Second, it is premature, both because of the study and also because of the progress being made in the private sector. The Coordinating Council on Medical Education has called for increased training in primary care and also the various specialties are today addressing this oversupply problem.

The approach of our substitute and the developments in the private sector will respond to the problem without the heavy involvement of the Federal Government. For the most part, the issue seems to be not enough primary care physicians.

Senator KENNEDY, in introducing his bill, did discuss the growing number in the surgical specialities and cited studies indicating that the "number of surgeons in the United States has a direct effect on the number of surgical operations performed" and that "there are more than twice as many surgeons in the United States as in England and Wales and proportionately more operations are performed" in our hospitals.

In recognizing this argument, we would note it is the same caveat we found with respect to dangers of an oversupply of physicians.

We agree the imbalance between primary care and specialists must be corrected.

Under our proposal 25 percent of the students in medical schools will be committed to practice primary care. There is general agreement that this problem must be faced, but we see this problem as requiring more individuals in primary care which will result in less individuals in the specialities.

Health Secretary Edwards would also place the emphasis on the production of more primary care physicians. I quote from the Secretary's testimony before our committee:

"As I noted earlier, the problem is between primary care and non-primary care specialists. I see little value and much more harm by going far beyond the real problem and introducing unnecessary regulation. The ability of positive incentives to have an impact on primary care training is clearly illustrated in the remarkable growth over the last few years in the demand for and support of Family Medicine residency positions. As you may know, for this coming year, the number of individuals desiring first-year residency places in Family Medicine exceeded the number of available places by approximately 1,000. This occurred at the same time as the number of first-year places increased by almost 50 percent. This encouraging event leads me to conclude that we can achieve a better balance in the distribution of residencies without the total regulatory control required by S. 3585."

We should also keep in mind that the medical school where education is received and the hospital where postgraduate training is generally provided, both tend to emphasize specialization. For the most part hospitals are interested in acute patient care. Added to this is the reimbursement mechanism which generally only covers impatient and hospital care and this is a further encouragement for specialty training since this enables the funding of postgraduate training programs.

As a result, primary care in general is not a priority for either the medical schools or the hospitals. The reported bill's solution is to regulate everyone. Our solution will be to provide and require that more individuals will enter primary care and thus less will be specializing.

Also, our substitute will result in a greater emphasis by medical schools on primary care and encourage training in primary care settings. Provisions in the substitute designed to do this include.

First. The requirement that medical schools establish an appropriate department or unit for greater emphasis on family medicine or primary care.

Second. The requirement that medical schools increase their family medicine postgraduate training, positions to not less than 10, 15, and 20 percent over the years or primary care residencies to not less than 35, 40, and 45 percent over 3 years.

Third. The establishment of a more community-based educational training program to enable the rotating of undergraduate medical students, and other health professions. It is anticipated that this will result in a major grant in each State.

Fourth. The expansion of the existing grants for training, traineeships, and fellowships in family medicine to also include other comparable primary care, and increasing the funds for this program in the second and third years of the bill by an additional $10 million to $50 million.

Dr. Price of the American Academy of Family Practice emphasized the importance of such incentives when he stated:

"At the time of the national intern-resident matching program last April, over 1,900 graduating seniors applied for residencies in family practice. This represents almost 20 percent of all graduates, and it has only been a few years ago that 5 percent or less of the graduates were so inclined. Unfortunately, this year there were only about 1,200 first-year openings in family practice residencies available and thus the lifetime services of about 750 potential family physicians were lost to this country."

These 750 family practitioners who were lost to the country probably became specialists. Thus, we believe that the combination of requiring more primary care physicians on one hand and the encouragement of more postgraduate residencies in primary care, on the other, will adequately deal with the problem of not enough primary care physicians and too many specialists.

My State's experience, confirms the national interest in family medicine. The University of Maryland has one of the best programs in the country. At the present time, they have 20 family medicine residencies. There were 60 fully qualified applicants for these 20 residencies in July of this year. The State has approved an increase of the number of residencies to 60 and has appropriated some $800,000 for the program.

We would also note that although we are concerned with the oversupply of specialists, there is little question that when we have a serious problem, all of us would like to have care by the specialists, rather than generalists.

Specialists will always be needed. Dr. Price of the American Academy of Family Practitioners warned the Health Subcommittee against the overreaction of the reported bill as follows:

"Requiring that all students in any school which receives capitation grants to agree to serve in a medically underserved area might well result in the future production of a health dilemma which is the opposite of what we have today. That is, we might well produce an insufficient number of traditional specialists and super-specialists."

In addition, under our approach for the medical graduates, we would not allow any FMG to receive a priority in admission to the United States if he was going to practice in a specialty which was overcrowded.

In passing we note that the committee, which prohibits HEW from regionalizing for administrative purposes, will allow a HEW-appointed national council and 10 regional councils to certify residency needs and support. We simply do not believe that the respective States, the various health entities, or the health professions will grant HEW-appointed councils this absolute regulatory power to control residencies without first making certain there is no alternative.

NATIONAL LICENSURE

The reported bill provides Federal standards for licensing and renewal of licensing for doctors and dentists. If the States fail to enact the Federal standards, the Federal standards become Federal licensing and presumably another new bureaucracy will be created to administer them. States would also be prohibited from licensing a physician who did his postgraduate work in a position that was not certified by the national and regional councils, which control residencies.

We believe that national uniformity is a desirable objective in the licensing area. Indeed, this is being achieved as all but two States have adopted the so-called Federation's Licensing Exam—FLEX.

With respect to the issue of relicensure and recertification, we certainly support the need for health professionals to keep abreast of current developments. We, however, have seen little or no evidence to indicate that reexamination is particularly effective. The AAMC has indictated that they had a committee on graduate and medical education studying these issues and they testified that "there is no known measurable effect on a physician's practice as a result of reexamination." While one's intuitive feeling is that such an examination would improve the health professional, there is very little on the record to support such a contention.

Also professional standards review organization—PSRO's—are just getting underway. Presumably, they will be impacting on this problem. The continuous review of a physician's patient-case decision, measured against accepted norms, will result in the identification of substantial deviation from such norms. These deviations then will be brought to the physician's attention and corrected. Also, the professions and the states are also addressing the problem. We received testimony that 22 out of 23 specialty boards are seriously considering recertification. In addition, two states have enacted laws requiring relicensure. Further, the American Board of Internal Medicine will offer a voluntary recertification exam this fall; the American Board of Family Practice will require a recertification for all its members in 1976, the Board of Opthalmology is considering a voluntary, self-assessment exam in 1975, as is the Board of Thoracic Surgery; in addition, the American Board of Surgery plans mandatory recertification for all those certified after September 1, 1975, on a 10-year cycle. One reason advanced for the Federal licensing provision indeed it is a congressional finding of the reported bill, is that licensure practices adversely impact physician mobility. Yet, Carolynn Steinwald, in a literature review of the factors influencing distribution and location of physicians, said:

"It has been hypothesized that licensure practices of individual states poses a barrier to interstate mobility and thereby affect nationwide distribution. This variable has been investigated and analyzed by Sloan, Benham et al., Rimlinger and Steele, and Scheffler with negligible results. Conclusions of all of these studies indicate that the effect of licensure practices on distribution is not significant."

We intend to delete the licensure provision.

TESTIMONY AGAINST LICENSING

The Senate should be aware that there was little support given to the Federal licensing provisions. One could not gather this from the selective presentation of the testimony and other information in the Senate report. For as one reads the report one would feel that Dr. Derbyshire, Secretary-Treasurer of the New Mexico Board of Medical Examiners, was an advocate of Federal licensing. One could make this impression from the excerpts of his testimony found on page 111 and from the partial inclusion of his testimony on page 130. However, the committee omitted a rather significant part of his testimony which indicates that Dr. Derbyshire does not favor Federal licensing:

"In regard to specific provisions of this bill, which I was asked to testify on, I am aware of the fact that I will put myself on the defensive no doubt in opposing national licensure, and there is certainly plenty of room for argument and you might think that I have spent most of my time arguing in favor of national licensure, and I am in favor of national standards, of uniform standards, and the mechanism is there with the States already having it. The main thing they have to do is put it into effect, as far as I can see, and they are gradually doing this.

"I think that it is going to take a little more persuasion to have them reform the law, but I think that they are going to get around to doing it. Of course, I would like to point to the Tenth Amendment to the Constitution of the United States, a copy of which I happen to have with me, and you are all familiar with it, so I will not bore you with that, but this is a matter of State's rights, and my legal counsel and several judges by credence have definitely stated that this is the police power of the States and it has not been delegated to the Federal Government."

Similarly, Dr. Plemme of the George Washington Medical Center stated:

"Now, I am a bit startled by the language of the bill, in that it empowers the Secretary to establish a system of examination when in fact Dr. Derbyshire has pointed out the establishment and wide acceptance of FLEX."

In addition to the testimony presented to the committee, the AAMC in a memorandum to the committee stated:

"The objective of national uniformity is already being met through standard use in nearly all States of the FLEX exam for licensure . . . AAMC lawyers have challenged the constitutionality of precluding licensure for failure to comply with these conditions."

Secretary Edwards testified to the committee as follows:

"We agree with you in terms of the need of uniformity among States, and in terms of licensing requirements. But basically we believe that the licensing per se is a State responsibility."

In short although this is not the picture that emerges from the report, there is little, if any, support for the licensing provision of the reported bill. This is an area of State responsibility. National uniformity is being achieved and the mechanism for achieving uniformity among all the States exists with the FLEX exam. Our substitute will delete the licensing provisions.

FMG PROVISIONS

What about the foreign medical graduate?

The reported bill uses the mechanism of national licensing to assure the quality of the foreign medical graduate and the regulation of postgraduate training through the control and certification of residencies to reduce the number of FMG's coming to our country. It would do the latter by relating the total number of certified positions to the expected number of graduates of U.S. medical schools. Beginning in fiscal 1976 the total number of positions could not exceed the number of U.S. graduates by more than 40 percent, and gradually this would be reduced to 25 percent by July 1, 1978.

On the other hand, our approach utilizes the mechanism that is appropriate for the Federal Government to deal with the FMG problem; namely, the immigration laws. Our substitute's provisions with respect to the FMG's are direct and effective and will deal with the issues raised as well as recognize a need for flexibility during a transitional period. The majority of FMG's are, of course, aliens and of necessity enter this country under procedures determined by the Immigration and Nationality Act of 1952, as amended. It is our contention that the direct and appropriate way to assure that alien FMG's meet certain quality standards is to specify these standards in the Immigration and Nationality Act as conditions for their admission to the United States.

Not the least of the advantages of this approach is the certainty that we are legislating in an area of undisputed Federal jurisdiction. Quoting from an 1892 U.S. Supreme Court decision:

"It is an accepted maxim of international law, that every sovereign nation has the power, as inherent in sovereignty, and essential to self-preservation, to forbid the entrance of foreigners within its dominions, or to admit them only in such cases and upon such conditions as it may see fit to prescribe (*Ekiu* v. *U.S.*, 142 U.S. 651, 12 S. Ct. 336, 35 L. Ed 1146 (1892))."

The courts have consistently ruled that the power of Congress to prescribe the grounds for exclusion of aliens is virtually unlimited.

Mr. President, section 704 of the Beall-Taft-Dominick substitute requires that alien physicians who are not entering as relatives or refugees must staisfy certain basic requirements in order to be eligible for entry. They would be required to pass the same examination that American students must take, and to demonstrate competency in oral and written English. In addition, their entry would be contingent upon a finding that—and I quote directly—

"The admission of the alien will not lead to a surplus of practitioners in a specialty area or geographical area in which there is no present or projected need."

Provision is made for a temporary waiver of these requirements on an individual basis where the Secretary of Health, Education, and Welfare finds that there is a critical need for the alien's services, and no other reasonable alternative exists. An alien physician receiving a temporary waiver would be required to be enrolled in an appropriate training program to remedy existing deficiencies to enable him to pass the required examination.

The new requirements, which would go into effect on July 1, 1975, would apply primarily to alien physicians who are basing their application for entry on their occupational qualifications, rather than on other possible grounds for eligibility such as close family ties or refugee status. It is also limited in applicability to aliens applying for immigrant status—that of alien lawfully admitted for permanent residence; as opposed to aliens applying for temporary admission as nonimmigrants. This latter category includes tourists and other temporary visitors, as well as "J" exchange visitors, the nonimmigrant visa classification most frequently used by FMG's. However, at the point at which a nonimmigrant attempted to adjust his status to that of immigrant, he would be subject to our provision unless he qualified under the relative categories.

I would like now to assess briefly the probable affects of this amendment in terms of the number of alien physicians it would cover. According to statistics provided by the Immigration and Naturalization Service—INS—the majority of the 7,119 alien physicians who entered the country as immigrants in fiscal year 1973 entered on the basis of their occupational status, though not, as might be expected, under the occupational preferences.

A total of 2,006 entered under the Eastern Hemisphere third and sixth occupational preferences, while 3,646 enter under the Eastern Hemisphere nonpreference category. Our amendment includes aliens falling within each of these categories.

Of the approximately 1,500 other entries, 393 entered under the numerical limitations of the Western Hemisphere and would be covered unless they were—and quote—

"The parents, spouses, or children of United States citizens or of aliens lawfully admitted to the United States for permanent residence."

The remaining 1,100 entries fell primarily into the following categories not covered by our provision: Eastern Hemisphere relative preference—517, refugees—32, and immediate relatives—510. In short, we are satisfied that this provision provides the necessary coverage without conflicting with the intent of our immigration law to promote family reunification.

Our amendment is, in effect, a labor certification provision for alien physicians, and would apply to the same classes of immigrants now covered by the labor certification provision. Under the labor certification provision—section 212 (a) (14) of the Immigration and Nationality Act—certain specified classes of intending immigrants must obtain certification from the Secretary of Labor to the effect that there are not sufficient workers in heir occupations at their intended places of residence, and that their employment will not adversely affect the wages and working conditions of workers in the United States who are similarly employed. The provision's applicability is limited to intending immigrants from the Eastern Hemisphere who are not immediate relatives or entering under the relative or refugee preference categories, and to intending immigrants from the Western Hemisphere who are not close relatives of U.S. citizens or permanent residents aliens.

The new section 212(a)(15) which our amendment would add to the Immigration and Nationality Act, immediately following the labor certification requirement, differs from that provision in two important respects. First, it would be administered by the Secretary of Health, Education, and Welfare rather than by the Secretary of Labor, since HEW is better able to make the determinations required. We also exclude alien physicians from coverage under the labor certification provision, in order to avoid duplicative and/or conflicting action by the Departments of Labor and HEW.

Second, and most importantly, the amendment would legislatively prescribe the specific conditions under which the alien physicians may enter the country. At present, this determination is made administratively by the Department of Labor through the Code of Federal Regulations.

In 1967 the President's National Advisory Commission on Health Manpower made the following recommendation:

"The National Board of Medical Examiners provides an objective testing service which should be utilized just as it is for graduates of U.S. schools. Issuance of an immigrant visa on the basis of Third Preference should be contingent upon satisfactory performance in the examination." Quoted in S. Rept. 93-1133, p. 124).

More recently, Dr. John Cooper of the Association of American Medical Colleges said in testimony before the Senate Labor and Public Welfare Committee:

"I think what one really has to determine: Are those who come in the country qualified? If not, they should not be permitted. . . .

"The problem is one has to assure oneself that the professionals we do admit are qualified and equivalent to those we have in this country."

At this point the subcommittee staff director asked Dr. Cooper if he was satisfied that our present system was working satisfactorily in that respect, and Dr. Cooper's reply was: "No." (S. Rept. 93-1133, p. 139).

The approach suggested by these two statements—both of which were taken from the majority report on S. 3585—is in our opinion the appropriate one for solving the considerable problem posed by FMG's. In essence it is an immigration problem, best solved by an amendment to the immigration law.

COSTS

Finally, we come to the matter of costs. In our opinion, S. 3585 is too expensive. The President has already indicated that the various health measures, including S. 3585, carry too high a price tag, as well as some objective program features. The committee did raise the existing capitation level for schools of medicine to $3,250 from the existing $2,500 level, an increase of approximately 30 percent.

Given the present inflation pressures, as well as the requirements of the health professions schools, I do not believe those increases can be regarded as anything other than excessive and unjustified.

At the present capitation level medical schools are responding to national objectives. As the committee report recognizes their responses to the requirement for enrollment increases was "magnificent." Further under existing capitation level, only 6 out of 114 medical schools are receiving financial distress grants which would indicate that more schools are doing satisfactorily at the present level.

We agree with the President that S. 3585 has excessive spending levels and we urge the Senate to join us in rejecting the inflationary price tag of the reported bill.

Mr. President, in closing, I would like to say that we think the alternative that has just been submitted offers a viable alternative to deal effectively with the problems of maldistribution by geography and by specialty and with the problem of foreign medical graduates. We think it is a more appropriate answer than is that of requiring a national draft of all those who are entering medical school that it would be Federal foot in the door and lead to Federal licensing of all in the health profession. Indeed, the report's language is most explicit on the committee's intent.

By Mr. BROCK:

S.J. Res. 68. A joint resolution to provide for the designation of the month of May 1975 as "Older Americans Month." Referred to the Committee on the Judiciary.

Mr. BROCK. Mr. President, I am introducing today a joint resolution proclaiming May 1975 as "Older Americans Month." In a time of growing awareness of both the problems and contributions of the elderly, it is only fitting that we should again, this year, honor our senior citizens and draw attention to needs yet to be met.

The contributions of the elderly to the American phenomenon have been substantial. Benjamin Franklin helped draft the Declaration of Independence when he was 69, and was a delegate to the Constitutional Convention at age 81. Mary McLeod Bethune was president of Bethune-Cookman College at 71. Col. Harland Sanders was 65 and on social security when he began his fried chicken business. One of America's most prominent artists, Grandma Moses, did not begin painting until she was 70. The list is endless of senior citizens who have, in one way or another, contributed to the greatness of the United States. This May let us honor the past and present contributions of older Americans and encourage their continued productivity. The best way to do this is not with words, but action—action on the hurdles that often remove the elderly from the mainstream of life.

Many are the problems that face the senior citizen today: income, housing, transportation, health care, nutrition, and so forth. But rather than hacking at the branches, I would urge the public and private sectors to attack the root of these problems; inadequate income.

In the United States today, 25 percent of our elderly have incomes below the poverty level. In Tennessee, that problem is even more acute, as the figure is 36 percent. Our goal must be to raise the income standards of these needy people so that we can improve their life styles and so that the demand for programs dealing with the symptoms of lack of income is lessened. There are a variety of options open to us in treating inadequate income.

The most obvious area for work is the social security system, as social security provides the largest single element of income support for the elderly. For too long we have ignored the problems of social security, and only now, when the system's finances are strained to the limit, is this area getting the attention it deserves. Let us pledge, as we proclaim Older American Month, that we shall not only talk about reform, but act to achieve it.

A major change which must be affected in a reform package must be the repeal of the retirement earnings test. It is foolish and cruel to penalize those older people who need extra income and want to work to gain that money. Surely it is wiser to help the elderly help themselves, than to force them out of the labor force and on to the rolls of various Federal supplemental aid programs. Repeal of the retirement earnings test is widely supported by older Americans and demanded by commonsense.

Going hand-in-hand with present restrictive social security policies in our acceptance of age discrimination in employment. We should strike down this barrier to enable and encourage the elderly to continue being productive members of society, and to work, if they desire, to increase their income and living standards. Senator Fong has introduced legislation to extend the Age Discrimination in Employment Act to workers beyond age 65. Let us act on it.

Yet another area where the elderly are penalized economically is in obtaining credit. I have introduced legislation to ban discrimination toward the aged who want to obtain, and deserve to have, the benefits of the use of credit. I hope it is swiftly approved.

Earlier this year, Senator Randolph introduced a resolution calling for a "National Employ the Older Worker Week." It was an excellent idea, and a vehicle for calling attention to the need for encouraging private industry to employ, on at least a part time basis, older Americans. We can and should provide incentives to businesses to accomplish this end.

There are many, many more areas that can be acted on to increase the incomes and economic strength of older people. Let us rededicate ourselves this May to meet this problem head on and devise some workable solutions.

Many fine organizations have been active in both Tennessee and across the Nation to insure that the senior citizen is not neglected and remains a part of our society. Among these are the National Council of Senior Citizens, the American Association of Retired People, the National Association of Retired Federal Employees, and the National Alliance of Senior Citizens, to name just a few. We appreciate their contribution in improving the standing of senior citizens. Let us honor and salute their efforts by proclaiming May, "Older Americans Month."

Mr. President, we must recognize now the contributions and problems of our elderly. By the year 2000, there will be 29 million older Americans, an increase of 46 percent over today. The older American is involved with and concerned about our country. They care about the course the Nation takes. It is important that we do not neglect them, but make certain that they are full-time members of our American society.

With that thought in mind, I urge swift passage of this resolution and urge the President to act upon it. I ask for unanimous consent that the text of this resolution be printed in the Record at this point.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 68

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the month of May 1975 as "Older Americans Month", and calling upon all citizens to recognize the valuable contributions of older Americans in our society, and upon all agencies and organizations concerned with older Americans to observe such month with appropriate ceremonies and activities.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 448

At the request of Mr. Cranston, the Senator from Michigan (Mr. Philip A. Hart) was added as a cosponsor of S. 448, a bill to amend the Immigration and Nationality Act with respect to a waiver by the Attorney General, of certain grounds for exclusion and deportation, for an offense in connection with possession only of marihuana.

S. 615

At the request of Mr. Proxmire, the Senator from West Virginia (Mr. Randolph) was added as a cosponsor of S. 615, a bill to limit the use of limousines.

S. 662

At the request of Mr. Williams, the Senator from New Hampshire (Mr. McIntyre) was added as a cosponsor of S. 662, a bill to amend the Urban Mass Transportation Act of 1964.

S. 792

At the request of Mr. Tunney, the Senator from Maryland (Mr. Beall) was added as a cosponsor of S. 792, a bill to provide part-time working opportunities in the Federal Civil Service.

S. 815

At the request of Mr. Stafford, the Senator from Minneapolis (Mr. Humphrey), the Senator from Wisconsin (Mr. Proxmire), the Senator from Colorado (Mr. Haskell), the Senator from South Dakota (Mr. Abourezk), and the Senator from Utah (Mr. Moss) were added as cosponsors of S. 815, a bill to provide for the public disclosure of lobbying activities with respect to Congress and the executive branch, and for other purposes.

S. 858

At the request of Mr. Hansen, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of S. 858, a bill to amend title 38, United States Code, to authorize a program of assistance to the States for the establishment, expansion, improvement, and maintenance of cemeteries for veterans.

S. 858

At the request of Mr. Hansen, the Senator from Pennsylvania (Mr. Schweiker) and the Senator from Minnesota (Mr. Humphrey) were added as cosponsors of S. 858, a bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of cemeteries for veterans.

S. 854

At the request of Mr. Nelson, the Senator from South Dakota (Mr. McGovern), the Senator from Oregon (Mr. Hatfield), the Senator from Vermont (Mr. Leahy), the Senator from Illinois (Mr. Stevenson), the Senator from Massachusetts (Mr. Kennedy), the Senator from Maine (Mr. Hathaway), the Senator from New Jersey (Mr. Williams), the Senator from North Dakota (Mr. Burdick), the Senator from Minnesota (Mr. Mondale), the Senator from Colorado (Mr. Haskell), the Senator from Colorado (Mr. Hart), and the Senator from California (Mr. Cranston) were added as cosponsors of S. 854, a bill to amend the Foreign Military Sales Act to require congressional approval for any sale, credit sale, or guarantee involving a major weapons system or major defense service, and to require congressional approval of the total amount of sales, credit sales, and guaranties made to any country or international organization.

S. 877

At the request of Mr. Montoya, the Senator from Montana (Mr. Metcalf) was added as a cosponsor of S. 877, a bill to direct the Secretary of the Interior to purchase and hold certain lands in trust for the Zuni Indian Tribe of New Mexico; to confer jurisdiction on the Court of Claims with respect to land claims of such tribe; and to authorize such tribe to purchase and exchange lands in the States of New Mexico and Arizona.

S. 981

At the request of Mr. Philip A. Hart, the Senator from New York (Mr. Javits) was added as a cosponsor of S. 981, the Food Stamp Act Amendments of 1975.

S. 985

At the request of Mr. Pell, the Senator from Colorado (Mr. Haskell) was added as a cosponsor of S. 985, the Social Security Recipients Fairness Act.

S. 1009

At the request of Mr. Stone, the Senator from California (Mr. Tunney) was added as a cosponsor of the bill (S. 1009) to amend title 13 of the United States Code to require the compilation of current data on total population between censuses and to require the use of such current data in the administration of Federal laws in which population is a factor.

S. 1009

At the request of Mr. Stone, the Senator from South Carolina (Mr. Hollings) was added as a cosponsor of S. 1009, to amend title 13 of the United States Code to require the compilation of current data on total population between censuses and to require the use of such current data in the administration of Federal laws in which population is a factor.

S. 1111

At the request of Mr. Hugh Scott, the Senator from Hawaii (Mr. Inouye) was added as a cosponsor of S. 1111, the performance royalty bill.

S. 1136

At the request of Mr. Philip A. Hart, the Senator from Kansas (Mr. Dole) was added as a cosponsor of S. 1136, a bill to authorize appropriations for increased investigation and prosecution by the Federal Trade Commission and the Department of Justice of unfair methods of competition, restraints of trade, and other violations of the antitrust laws, and for other purposes.

S. 1216

At the request of Mr. Talmadge, the Senator from South Carolina (Mr. Hollings) was added as a cosponsor of S. 1216, a bill to amend the Federal Water Pollution Control Act.

S. 1220

At the request of Mr. Inouye, the Senator from Indiana (Mr. Hartke) was added as a cosponsor of S. 1220, a bill to amend title II of the Social Security Act.

S. 1220

At the request of Mr. Inouye, the Senator from California (Mr. Tunney) was added as a cosponsor of S. 1220, a bill to amend title II of the Social Security Act.

S. 1306

At the request of Mr. Bartlett, the Senator from Nebraska (Mr. Curtis) and the Senator from Missouri (Mr. Eagleton) were added as cosponsors of S. 1306, a bill to authorize the Secretary of Transportation to make a loan of $100 million to the Chicago, Rock Island, and Pacific Railroad Co.

SENATE JOINT RESOLUTION 39

At the request of Mr. Dole, the Senator from Massachusetts (Mr. Brooke) was added as a cosponsor of Senate Joint Resolution 39, to designate the week of March 17 to 23, 1975, as "National Lead Poisoning Prevention Week."

SENATE JUDICIARY RESOLUTION 51

At the request of Mr. Stevenson, the Senator from Colorado (Mr. Hart) was added as a cosponsor of Senate Joint Resolution 51, a joint resolution to delay Export-Import Bank financing of a nuclear reactor sale to South Korea.

SENATE CONCURRENT RESOLUTION 5

At the request of Mr. Dole, the Senator from Oregon (Mr. Packwood) was added as a cosponsor of Senate Concurrent Resolution 5, to urge the President to establish a Council on the Missing in Action.

SENATE CONCURRENT RESOLUTION 11

At the request of Mr. Randolph, the Senator from Maryland (Mr. Beall) was added as a cosponsor of the concurrent resolution (S. Con. Res. 11) to express as a national policy that all citizens have the right to live and work in a barrier-free environment.

SENATE RESOLUTION 121—SUBMISSION OF A RESOLUTION TO REFER A BILL TO THE COURT OF CLAIMS

(Referred to the Committee on the Judiciary.) Mr. CASE submitted the following resolution:

S. Res. 121

Resolved, That the bill (S. 1330) entitled "A Bill for the relief of Yaroslav L. Tiajoloff", now pending in the Senate, together with all the accompanying papers, is hereby referred to the Chief Commissioner of the United States Court of Claims. The Chief Commissioner shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28, United States Code, and report thereon to the Senate at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States or a gratuity and the amount, if any, legally or equitably due from the United States to the claimant.

SENATE RESOLUTION 122—SUBMISSION OF A RESOLUTION CONCERNING THE PLIGHT OF POTATO GROWERS

(Referred to the Committee on Agriculture and Forestry.)

Mr. HATHAWAY. Mr. President, I am submitting a resolution expressing to the Secretary of Agriculture the sense of concern felt by the Senate for the present plight of potato growers across the country. It urges the Secretary to take full advantage of the presently depressed potato market by distributing potato products at home and abroad through existing food distribution programs.

As of March 1, the national potato

stocks on hand stood at over 102 million hundredweight for the 25 fall-harvest States which annually produce over 90 percent of America's potatoes. This level of stocks on hand is 14 percent above the 5-year average for this date.

Since last October, potato prices have steadily declined in all potato growing regions of the Nation. This is a national problem.

Potatoes are an important source of protein. An acre of potatoes can supply seven people with their complete protein requirements and this ranks potatoes close to soybeans, and equal to or better than corn, beans, peas, and wheat.

At a time when the need for economical and nutritious food has never been greater, it makes sense to regard our abundant stocks of potatoes as assets to a hungry world.

Distribution of potatoes by the Secretary of Agriculture under existing programs will help to relieve a very useful and depressed industry.

If we fail now to take advantage of the vast potato stocks we presently have on hand, we may later find that that failure resulted in spoiled stocks and expensive and less beneficial diversion programs after the damage has been done.

Mr. President, I ask unanimous consent that the text of the resolution be inserted in the Record at this point.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

S. Res. 122

Resolved, Whereas the United States is suffering from a severe economic recession, with a high rate of unemployment; and

Whereas the poor and the unemployed in the United States need substantial additional quantities of high quality protein; and

Whereas the recent World Food Conference estimated that almost a half a billion people suffer from malnutrition in the world today; and

Whereas a basic cause of malnutrition is protein deficiency; and

Whereas it is the commitment of the United States, as expressed in various statutes, including the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), to share our agricultural abundance with needy persons domestically and in other parts of the world; and

Whereas national stocks of potatoes are presently unusually abundant and purchases of potatoes could be effected now by the Department of Agriculture on extremely favorable terms, which would be beneficial both to the farmer and to the government; and

Whereas American potatoes represent an important source of high quality protein; and

Whereas potatoes are a perishable commodity; and

Whereas this valuable source of protein should be distributed expeditiously to a hungry world: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Secretary of Agriculture immediately take steps to distribute potato stocks in useful edible forms to needy persons at home and abroad under the domestic food assistance programs and the Public Law 480 program.

Mr. McCLURE. Mr. President, I am cosponsoring today a resolution expressing to the administration our belief that potatoes should be included in our food aid programs.

There seems to be little disagreement over the size of our potato supply this year—it is one of the largest in our history. And the effect this abundance has had on prices is also clear. In many cases today, farmers are receiving less for their potatoes than it cost to grow them, and many of them are facing financial disaster, simply because they cannot get their potatoes moved soon enough. To some farmers, who have large stocks on hand and no buyers at the moment, there is a genuine surplus problem. But on a nationwide or worldwide basis, the problem is more one of imbalance than surplus. The world does not have too much food right now, and there are not too many potatoes.

Given adequate time, the market will get these potatoes moving more rapidly, and farmers will start getting a more reasonable return; at least those farmers who can afford to wait. But in waiting for the market to make these corrections, we may be losing a valuable opportunity. Right now, we have a unique opportunity to provide large amounts of a desperately needed staple food for the hungry people abroad—without creating shortages at home.

It just makes good sense—to farmers, to consumers, and to the taxpayers—to use in our food assistance programs those high-food-value commodities that are available in abundance. Today, potatoes fill that bill perfectly. Not only can we make our aid dollars go farther in terms of the nutritive value they can purchase, but we can also help break the logjams created by market imbalances in this country. We should take full advantage of our productive capacity, instead of making our farmers pay when they do their job too well.

We should take advantage of our great good fortune in having such an abundant crop. Potatoes are high in food value, the price is unusually low, and they are available in plentiful supply. If we want an aid program that does the job with a minimum of disruption at home, we would be hard pressed to find a better buy than potatoes are today.

AMENDMENTS SUBMITTED FOR PRINTING

MILITARY PROCUREMENT AUTHORIZATION—S. 920

AMENDMENT NO. 257

(Ordered to be printed and referred to the Committee on Armed Services.)

VIETNAM MILITARY AID CUTOFF

Mr. MATHIAS. Mr. President, on March 20 the Senator from Illinois (Mr. Stevenson) and I submitted an amendment to S. 920, the military procurement authorization bill for fiscal year 1976, which would cut off all military aid to the Government of South Vietnam on July 1 of this year, with a one-time 120-day extension allowed if the President certifies to the Congress that such an extension would promote a peaceful solution to the Vietnam conflict. I ask unanimous consent that our amendment be printed at this point in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 257

On page 14, between lines 10 and 11, insert a new section as follows:

Sec. 802. (a) Notwithstanding any other provision of law, no military assistance and no defense article may be made available (whether by cash, credit, guaranty, lease, gift, or otherwise) to the Government of South Vietnam on or after July 1, 1975; and all licenses heretofore issued for the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to or for the Government of South Vietnam shall be invalid (to the extent unused) on and after July 1, 1975, and no new licenses may be issued for such purpose after such date.

(b) The President is authorized to suspend the provisions of subsection (a) of this section if he certifies to the Congress that such suspension will further a peaceful solution of the Vietnam conflict in accordance with the Paris agreement on ending the war and restoring peace in Vietnam, but the authority of the President to suspend such provisions shall be effective only for a period of 120 days after June 30, 1975. In no event may any amount be obligated for military assistance (in any form) for South Vietnam during any period of suspension invoked by the President under this subsection in any amount in excess of an amount equal to one third of the amount appropriated for such purpose for the fiscal year ending June 30, 1975.

Renumber sections 802 through 804 as sections 803 through 805, respectively.

NURSE TRAINING AND HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1975—S. 66

AMENDMENT NO. 307

(Ordered to be printed and to lie on the table.)

Mr. BARTLETT submitted an amendment intended to be proposed by him to the bill (S. 66) to amend title VIII of the Public Health Service Act to revise and extend the programs of assistance under that title for nurse training and to revise and extend programs of health revenue sharing and health services.

MILITARY ASSISTANCE FOR CAMBODIA—S. 663

AMENDMENTS NOS. 308 AND 309

(Ordered to be printed and to lie on the table.)

Mr. ABOUREZK. Mr. President, today I am submitting two amendments to S. 663 which will deny additional military and economic assistance to the Government of South Vietnam.

In light of recent developments in South Vietnam, I believe that it is all the more essential that the United States forgo all types of additional assistance to the South Vietnamese Government except that which is expressly humanitarian.

Reports coming out of South Vietnam indicate that President Thieu's government continues to lose ground in the South and rumors of his overthrow are becoming more and more common. From every available indication, it appears that the stability of the South Vietnamese Government is in worse condition than at any time in the last 10 years. In other words, in spite of 57,000 American lives lost and over 140 billion U.S. tax dollars spent, South Vietnam is now in a worse position than when this country committed itself and its first American lives and tax dollars.

Then, as now, the Congress heard the same arguments, albeit from different administrations, to justify our involvement in that country. It is essential, it was said, that we insure the people of South Vietnam the right to choose their own government. We had to avoid an "imminent Communist bloodbath." There was the inevitable "domino" theory to contend with—something dating back to President Eisenhower. And of course, it was in our "national interest" to add to South Vietnam's population a million men of our own and to usurp the use of U.S. tax dollars to bankroll their government.

Mr. President, in a book entitled, "What Washington Said," author F. M. Kail, has capsulized the rationale and statements of past administrations prior to and during our involvement in Vietnam in the 1960's, including a compilation of quotations from U.S. policymakers. I ask unanimous consent that a part of one of the chapters of the book discussing this rhetoric, as well as some other quotes which he has recorded, be inserted in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

1954

You have a row of dominoes set up, and you knock over the first one, and what will happen to the last one is the certainty that it will go over very quickly, so you could have the beginning of a disintegration that would have the most profound influences. Dwight Eisenhower, April 7.

1964

"I'm encouraged by the progress of the last two weeks." Robert McNamara, January 28.

"I have no doubt myself about the longer-range outcome of [the] . . . situation." Dean Rusk, February 7.

"So I think we're beginning to move ahead on a front that involves the military." Henry Cabot Lodge, June 29.

There are indications that allied forces have driven the "Vietcong into covert as opposed to overt operations. This is a tremendous accomplishment . . . today, compared to a month or two ago, we can look ahead with greater confidence." Robert McNamara, November 10.

[To withdraw from Vietnam] would mean . . . grievous losses to the free world in Southeast and Southern Asia. Dean Rusk, May 22.

1965

The U.S. military effort in Vietnam is "impressive." McGeorge Bundy, February 8.

American raids against the North have produced a "very clear lift in morale" in South Vietnam; in general, "things are turning for the better." Maxwell Taylor, March 28.

There has been "real progress" in the last ten months. "It is simply inconceivable that we should be defeated." Henry Cabot Lodge, April 29.

It is "very clear in my own mind" that the rapid deployment of U.S. troops has "blunted an expected Communist offensive to cut the country in two." I am "cautiously optimistic" about the over-all situation. Robert McNamara, September 16.

American plans are "progressing well." Dean Rusk, November 5.

"We have stopped losing the war." Robert McNamara, November 29.

1966

"The enemy is no longer closer to victory. Time is no longer on his side." Lyndon Johnson, January 12.

Most of our people have learned the lesson of this century, that nations must not turn their backs on those whose freedom is imperiled by aggression. When they have done so, and the melancholy history of our time tells us that they have, it was not long before their own freedom faced the same mortal danger. Lyndon Johnson, October 23.

"Well, we've had military—very considerable military success beginning last—last summer, and we showed that we knew how to overcome the main-force units of the Vietcong. We showed that we know how to overcome the battalions of the Army of North Vietnam." Henry Cabot Lodge, April 22.

There is "great basis for real encouragement" in all military phases of the war. George Ball, June 30.

We will insist for ourselves on what we require from Hanoi; respect for the principle of government by the consent of the governed. We stand for self-determination, for free elections, and we will honor their result. Lyndon Johnson, February 23.

"South Vietnamese forces, vigorously supported by American and other allied units, are steadily gaining ground." Chester Bowles, August 17.

Military plans have "progressed very satisfactorily" in the last year, "the rate of progress exceeded our expectations." Enemy casualties, "destruction" of his combat units, declining Communist morale were all "greater than we anticipated." Robert McNamara, October 13.

Indications are mounting that the other side is suffering "serious manpower, supply and moral problems." Harold Brown, December 11.

"In Vietnam, the tide of battle has turned . . . aggression has been blunted." Lyndon Johnson, December 15.

1967

This year, efforts against main force enemy units "will achieve very sensational results." Henry Cabot Lodge, January 8.

"There are many signs that we are at a favorable turning point." The allies "now hold the initiative and are striking heavy blows against the [Communist] strongholds and refuges." Lyndon Johnson, March 20.

I have seen "a tremendous change" for the better in American ground and air operations since October; the large scale campaigns have been "going very well." Robert McNamara, July 10.

The enemy is "hurting very badly"; the Vietcong and North Vietnamese have "suffered very substantial loses" to the extent that they were unable to stage "a major offensive in June and July as all indications indicated they planned to." Dean Rusk, July 19.

"There is progress in the war. . . . The campaigns of the last year drove the enemy from many of their interior bases. The military victory almost within Hanoi's grasp has now been denied them. The grip of the Vietcong on the people is being broken." Lyndon Johnson, Sptember 29.

1968

"The enemy has been defeated in battle after battle." Lyndon Johnson, January 17.

The South Vietnamese Army "has turned in an excellent performance," during the recent barrage of attacks. Ellsworth Bunker February 18.

Mr. ABOUREZK. Unfortunately, Mr. President, we all listened. We listened and we agreed. And the Congress bent over backward in the ensuing years to make sure that the "dominoes" did not fall, to make sure that our "national interest" was protected, to make sure that a "bloodbath," as the administration described it, did not occur. In fact, if the Congress could have somehow formally asked if there was anything else which the administration needed to accomplish these goals, I am sure it would have.

Yes, we listened all right. Many would still prefer to listen. And supposedly we have the advantage of hindsight—which is usually 20–20—to look at where we went wrong and what this listening and the tragic mistakes have actually cost us.

Lest we forget the incredible toll in South Vietnam thus far, at my request the Indochina Resource Center recently gave me the following statistics: In South Vietnam alone, 430,000 civilians were killed and over 1 million have been wounded in the years between 1965 and the signing of the Paris Peace Agreement in 1973. In that same time period, over 193,500 military personnel were killed and almost 500,000 were wounded. Since the Paris Peace Agreement and the cease-fire, an additional 30,000 South Vietnamese have been killed and over 103,000 have been wounded.

No one has to be reminded of the toll on American lives—the 57,000 lives lost, the 300,000 wounded and the hundreds of thousands of young Americans who sacrificed in additional ways. We have heard again and again how the irreparable and tragic loss of this American blood will go down as one of the darkest chapters in U.S. history.

It is important to note, too, the massive loss in U.S. tax dollars which this country has incurred as a result of these mistakes. At least $140 billion has been expended over there—$7 billion since the cease-fire—the economic effects of which this country will feel for many, many years.

Now, Mr. President, the administration would again have us commit additional funds to South Vietnam for the remainder of this fiscal year. Again, they are asking the Congress to consider the "bloodbath," our "international prestige," and our "national interest" in agreeing to the request for supplemental aid to South Vietnam.

Those are the misconceptions and scare tactics which so convincingly led the country and its Congress down the tragic path 10 years ago. But those tactics should no longer be accepted by the Congress. We have already witnessed and participated in a bloodbath. We have lost international prestige and we have lost sight of our true national interest. I sincerely hope that our hindsight will prevent a reenactment of those mistakes.

The amendments which I am proposing today would deny any request by the administration for military and economic assistance, except humanitarian assistance. With the situation in a constant state of flux, with an already huge appropriation to the Thieu government in fiscal year 1975, and with the serious economic crisis in which this country finds itself, the Congress simply cannot afford to provide $300 million more in military assistance this year or whatever else might be requested in military or economic assistance later on.

I ask unanimous consent that the text of my amendments be printed in the Record.

There being no objection, the amendments were ordered to be printed in the Record, as follows:

Amendment No. 308

At the end of the bill, add a new section as follows:

"Sec. —. Nothwithstanding any other provision of law, no funds appropriated after the date of enactment of this Act may be used for the purpose of furnishing, directly or indirectly, any kind of military assistance (whether by cash, credit, guaranty, lease, loan, gift, or otherwise) to the Government of South Vietnam unless after the date of enactment of this Act the Congress enacts legislation which is in express limitation of the applicability of the prohibition contained in this section and which specifically authorizes additional military assistance to be made available to such Government and specifies the type of military assistance to be furnished."

Amendment No. 309

At the end of the bill, add a new section as follows:

"Sec. —. Nothwithstanding any other provision of law, no funds appropriated after the date of enactment of this Act may be used for the purpose of furnishing, directly or indirectly, any kind of economic assistance, except direct humanitarian assistance as provided in section 38, Public Law 93–559 (whether by cash, credit, guaranty, lease, loan, gifts, or otherwise) to the Government of South Vietnam unless after the date of enactment of this Act the Congress enacts legislation which is in express limitation of the applicability of the prohibition contained in this section and which specifically authorizes additional economic assistance to be made available to such Government and specifies the type of economic assistance to be furnished."

Amendment No. 310

(Ordered to be printed and to lie on the table.)

Mr. Biden submitted an amendment intended to be proposed by him to the bill (S. 663) to provide additional military assistance authorizations for Cambodia for the fiscal year 1975, and for other purposes.

ADDITIONAL COSPONSORS OF AMENDMENTS

Mr. CHILES. Mr. President, earlier today during Senate discussion of the farm bill, H.R. 4296, Senator Abourezk introduced an amendment to establish a 90-day moratorium on meat imports.

I ask unanimous consent that I be shown as a cosponsor of that amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Senator from California (Mr. Tunney) be added as a cosponsor of my unemployment insurance amendment to H.R. 2166, the Tax Reduction Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 307

At the request of Mr. Bartlett, the Senator from New York (Mr. Buckley), the Senator from North Carolina (Mr. Helms), and the Senator from Utah (Mr. Garn) were added as cosponsors of amendment No. 307, intended to be proposed to the bill (S. 66), the nurse training bill.

NOTICE OF HEARINGS ON SENATE JOINT RESOLUTION 6, SENATE JOINT RESOLUTION 10 AND SENATE JOINT RESOLUTION 11

Mr. BAYH. Mr. President, the Subcommittee on Constitutional Amendments will continue hearings begun in the 93d Congress on Senate Joint Resolution 6, proposing an amendment to the Constitution of the United States guaranteeing life to the unborn, Senate Joint Resolution 10 and Senate Joint Resolution 11, proposing an amendment to the Constitution of the United States for the protection of unborn children and other persons.

The hearings will take place on Friday, April 11, 1975, in 2228 Dirksen Senate Office Building, in the Judiciary Committee hearing room beginning at 10 a.m.

The witnesses scheduled are: Mr. Dennis Horan, attorney, Americans United for Life and Illinois Right to Life, Chicago, Ill.; Ms. Judy Mears, American Civil Liberties Union, New York, N.Y.; The Honorable Sara Weddington, Texas State Legislature, Austin, Tex.; Prof. John P. Witherspoon, professor of law, University of Texas School of Law, Austin, Tex.

NOTICE OF HEARINGS ON OUR NATION'S SCHOOLS: SCHOOL VIOLENCE AND VANDALISM

Mr. BAYH. Mr. President, I wish to announce that the Subcommittee to Investigate Juvenile Delinquency, Committee on the Judiciary will commence hearings on the nature and extent of school violence and vandalism. The subcommittee has been conducting an inquiry into these problems for the past 18 months. The preliminary findings of our national survey indicate the incidence of violence and vandalism in our Nation's public school system has reached critical proportions. The purpose of our initial hearing is to obtain information that will provide the subcommittee with a broader understanding of the nature and extent of these phenomena and their impact on the educational process.

The hearing is scheduled to be held on Wednesday, April 16, 1975, at 10 a.m., in room 2228 Dirksen Office Building. Witnesses invited to testify include superintendents of some of our Nation's largest school systems; representatives of the American Federation of Teachers, National Education Association and National Association of Secondary School Principals; and, representatives of the National Association of School Security Directors.

Anyone interested in the subcommittee investigation or desiring to submit a statement for the record should contact John M. Rector, staff director and chief counsel of the subcommittee, U.S. Senate, A504, Washington, D.C. 20510 (202-224-2951).

ANNOUNCEMENT OF HEARINGS ON S. 6, S. 1256, AND S. 1264, AMENDMENT OF PART B OF THE EDUCATION OF THE HANDICAPPED ACT

Mr. RANDOLPH. Mr. President, as chairman of the Senate Subcommittee on the Handicapped, I announce that our subcommittee will conduct hearings on S. 6, S. 1256, and S. 1264, all of which amend part B of the Education of the Handicapped Act. The hearings will be held on Tuesday, April 8, 1975, at 10 a.m. in room 4232, Dirksen Senate Office Building and on Wednesday, April 9, 1975, at 10 a.m. in room 4200, Dirksen Senate Office Building. Persons wishing to testify should contact Mrs. Patria Forsythe or Miss Anne Hocutt, Subcommittee on the Handicapped, room 10–B, Russell Senate Office Building, at 202-224-9076.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

George J. Long, of Kentucky, to be U.S. attorney for the western district of Kentucky for the term of 4 years (reappointment).

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Wednesday, April 2, 1975, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARINGS ON THE CLEAN AIR ACT

Mr. MUSKIE. Mr. President, on March 20 and 21, the Subcommittee on Environmental Pollution of the Committee on Public Works began its hearings on the implications of the Clean Air Act.

The Subcommittee on Environmental Pollution is committed to a thorough review of the implications of this important environmental statute this year. Clean Air Act funding authority must be extended this year. The President has proposed a series of amendments to the Clean Air Act and several Members of the Senate have introduced legislation to amend that law.

Detailed hearings have been scheduled to begin on April 21, to consider issues relating to air quality standards, stationary source cleanup schedules, nondegradation, transportation controls, enforcement options, and air quality-related land use questions. Hearings will continue in May on issues related to auto pollution.

In order to facilitate consideration of the range of issues which have been identified in relation to the Clean Air Act, the subcommittee will depart from its usual hearing format. Unlike past years when the full range of interests have been heard in oral testimony, this year's hearings will be related to specific issues with witnesses invited to testify on a given day on the implications of each specific issue.

This format will not in any way inhibit development of a complete record on these issues but rather should provide an opportunity to focus on the complexity of specific Clean Air Act questions. All interested parties are invited and, in fact, encouraged to submit statements for the record which address these issues and any other matters which should be brought to the attention of the subcommittee.

The only exception to consideration of Clean Air Act questions on an issue-by-issue basis will be the opening day of testimony, April 21, when elected officials at the State, local, and congressional level will be provided an opportunity to appear.

I would hope that any of my colleagues who are interested in testifying before the subcommittee on that day will make early arrangements for their appearance. Any State or local elected officials who wish to testify should contact the staff regarding their appearance.

Mr. President, I ask unanimous consent to include in the RECORD at this point a schedule of hearings including the subject matter to be discussed on each day. A complete witness list will be released by the subcommittee immediately following the recess.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

SCHEDULE—CLEAN AIR ACT HEARINGS

TITLE I—STATIONARY SOURCE AND STATE IMPLEMENTATION PLANS

April 21—General Testimony.

April 22—Air Quality Standards as a Test of Clean Air.

April 23—Nondegredation and Air Quality Maintenance.

April 24—Transportation and Land Use Controls.

April 29—Control Options.

April 30—Enforcement Options.

May 1—National Standards and Federal Pre-emption.

Mr. MUSKIE. Mr. President, persons interested in making their views known to the subcommittee may submit written statements until May 30, at which point the hearing record will close. Anyone interested in having their comments on a specific issue available to the members on the day scheduled to discuss that issue should submit 15 copies of a prepared statement 48 hours in advance of the hearing in order that the statement can be distributed to and read by the members.

In addition to the days of hearings I am announcing today, the subcommittee has scheduled hearings on auto-emission questions for the week of May 12. Specifics of those hearings will also be announced shortly after the recess. Any questions regarding these hearings should be directed to Leon G. Billings, Subcommittee on Environmental Pollution, Senate Committee on Public Works, Washington, D.C.

NOTICE OF HEARING

Mr. CRANSTON. Mr. President, the Committee on Labor and Public Welfare is conducting a series of hearings on the current unemployment crisis and how we, in the Congress, can best respond to the needs of unemployed persons.

On Wednesday, April 2, 1975, the committee will hold a hearing in Los Angeles, Calif. Committee Chairman Harrison A. Williams, Jr., has asked me to chair this full-day hearing which will begin at 9 a.m. at the Los Angeles County Patriotic Hall, 1816 South Figueroa, Los Angeles.

The hearing will deal with aspects of the current unemployment situation in California, and, in part, will follow up last February's hearing on "Unemployment and the Energy Crisis." Representatives of State and local government, union members, businessmen, economists, and community leaders, appearing in discussion panels will be asked their views on how Congress can most effectively help the unemployed.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Lawrence J. Semenza, of Nevada, to be U.S. attorney for the district of Nevada for the term of 4 years, vice V. DeVoe Heaton, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Wednesday, April 2, 1975, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARINGS

Mr. ALLEN. Mr. President, I wish to announce that our Subcommittee on Research and General Legislation of the Committee on Agriculture and Forestry, will proceed with hearings on S. 850, S. 882, H.R. 4222 and other related school lunch and child nutrition bills on April 21, 22, and 24, 1975. Consideration of the President's proposed Child Assistance Act of 1975 also will be covered by these hearings assuming that it is transmitted to Congress and our committee by that time. To date, we have not received or seen this proposal in legislative form.

NOTICE OF HEARINGS ON THE ABUSE AND MISUSE OF CONTROLLED DRUGS IN JUVENILE INSTITUTIONS

Mr. BAYH. Mr. President, I wish to announce that the Subcommittee To Investigate Juvenile Delinquency, Committee on the Judiciary, will soon begin a series of hearings on drug abuse in juvenile institutions and the related topic of drugs used improperly to control and manage institutionalized juveniles.

Throughout the subcommittee's 4 years of investigation of the juvenile justice system, which lead to the passage of the Juvenile Justice and Delinquency Prevention Act of 1974—Public Law 93-415—we frequently uncovered problems involving the use of dangerous drugs to control or discipline youths in a broad spectrum of settings.

In the landmark cases of Morales against Turman in Texas, for example, and Nelson against Heyne in Indiana, involving the important issue of the right to treatment in the juvenile justice system it was found that phenothiazines—major tranquilizers—were used indiscriminately to control the behavior of children who were neither mentally ill nor mentally retarded. Additionally, such psychotropic drugs are being used to control the conduct of institutionalized mentally retarded children, both within the juvenile justice system and in other settings. It is a national scandal that so many mentally retarded youngsters are classified delinquent for the sole purpose of sending them to a detention center for custodial care, simply because the appropriate alternative care programs do not exist.

A recent study found that while only about 3 percent of the American population is retarded, as many as 46 percent of the children confined in juvenile detention centers, nearly half of whom are there for the commission and noncriminal acts, called status offenses, such as running away or truancy, are borderline retarded or more severely retarded. Naturally, one might expect, as the University of Miami's Mailmen Center for Child Development has recently confirmed, this leads to further personal deterioration, criminalization and often long-term custodial care in correctional, psychiatric, or mental institutions.

Last year the subcommittee initiated a special investigation of these distressing problems and in the coming months will continue with a comprehensive assessment of the practices which lead to the chemical straitjacketing of thousands of youngsters.

We are not concerned about those situations where these drugs are used appropriately after proper diagnosis, but solely with the use of such drugs without regard to psychiatric or medical diagnosis or the presence of approved indications which would justify such usage. We are concerned by our preliminary findings that unqualified medical staff and even nonmedical personnel may be dispensing and administering drugs in violation of the Controlled Substances Act. We are concerned about the quality of care available to institutionalized youngsters and shocked to learn that institutions throughout the country may be permitting the indiscriminate use of dangerous drugs for the sole purpose of controlling the conduct of institutionalized juveniles and easing the management problems of understaffed institutions.

It is important to understand that indiscriminate use of phenothiazines presents severe hazards. There is growing evidence, for example, that these drugs impair learning ability, a result which few, if any, children, particularly those who are mentally retarded, can afford. Among the other side effects are Parkinsonism and tardive dyskinesia. While such side effects might be tolerable in the treatment of the severely psychotic child, they are not acceptable where used solely for control.

As you know, Mr. President, as chairman of the subcommittee I am obligated to assess whether the Controlled Substances Act, which regulates the use and abuse of controlled pharmaceutical products, as well as street drugs, is properly enforced and that violators are dealt with appropriately. In the course of our investigation we have learned of violations involving the phenothiazines in institutions for juveniles.

A typical report, for example, was that of the case involving a 13-year-old girl committed to the California Youth Authority who literally had 250 milligrams of one of these drugs forcibly shoved down her throat. In the Morales case I mentioned earlier, a youngster was administered an injectable variety of these drugs without a doctor's prescription ostensibly because the child was deemed out of control. In other cases orderlies and aides reportedly administer the drug and even decide whether the drug should be administered. I am disturbed by these practices and hope that they are not as widespread as our preliminary investigation indicates. In any case, whether it be a violation of the Federal Drug Control Act or a violation of humane treatment standards, I intend to fully investigate this matter and report our findings to the Congress and the American people.

The other phase of our investigation, but clearly a related concern, involves an assessment of the extent to which drugs, legal and illegal—heroin, cocaine, amphetamines, tranquilizers, barbiturates, LSD—are readily available to addicts and abusers in detention centers, lockups, jails, and other correctional facilities on the Federal, State, and local levels. As ironic as it is many experts and others who have had experience with such institutions have found that in some institutions youngsters have never had a better source of supply for illegal drugs and, in fact, are better able to sustain their habits and abuse patterns in the institutions. We are extremely interested in learning more about this phenomenon, but especially more about the extent to which diversion of legitimate drugs on hand and available in juvenile institutions are diverted for illegal purposes and abuse.

This project, which we started last year, couples our earlier, and ongoing, work regarding the illegal and improper uses of controlled drugs with that of our concern about the quality of care available to children in trouble, particularly those who are institutionalized.

The subcommittee intends to hold a number of days of hearings on these topics. Anyone interested in the investigation, or desiring to submit information regarding these problems, or a statement for the record, should contact John M. Rector, staff director and chief counsel of the subcommittee, U.S. Senate, A504, Washington, D.C. 20510, phone No. (202) 224–2951.

Mr. President, I ask unanimous consent to have printed, in their entirety, various newspaper articles which are attached to my statement. The first is an article from the National Observer, January 11, 1975, entitled "Pawns in a Pill Game," by Lawrence Mosher and the last is an important series of articles, of which three have been published to date, by Seth Kantor of the Detroit News dated March 16, 23, and 26, 1975. These timely articles focus on one especially tragic facet of the national scandal involving the administration and dispensing of controlled drugs solely to manage youngsters: that of the plight of the mentally retarded child.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the National Observer, Jan. 11, 1975]

Pawns in a Pill Game

(By Lawrence Mosher)

Building F, Belchertown State School, typifies how most of this country's institutionalized mentally retarded live. Two dorms sleep 20 each, barracks-style. The "day room" is a sterile, high-ceilinged hall equipped with benches, a few tables, and a raised television set mounted behind a steel-mesh screen. An attendant turns the TV and lights on in the morning, off at night.

The noise level is incredible. "Clients" move about aimlessly. When a visitor enters, they cling to him in garbled, sad, desperate pleas for human contact. Others sit on the benches, staring at the TV, or drowse face-down on the tables. The front door is always locked.

Of Building F's 40 residents, 14 are drugged once to three times a day with potent tranquilizers.

Building E, next door, looks just like Building F, but inside things are different. Mahogany-veneer partitions create a "living room" and a number of "bedrooms" for two to four persons. The living room is furnished with a carpet, comfortable couches and chairs, paintings, an unprotected TV and stereo, and table lamps that the residents can turn on and off themselves.

Although the residents of both buildings have similar problems—indeed, as moderately to severely retarded adults they once were all housed together—the people in Building E don't behave at all like those in Building F. The front door is not locked, and there is considerable coming and going. Some residents are in class; others are at a workshop; a few are out taking a walk. None clings to the visitor to beg for attention.

Only 3 of Building E's 41 residents are drugged once to three times a day with potent tranquilizers.

"A lot of the aggressive behavior seems to drop right out when we move a resident to E from F," Paul Durland, a staff unit director, explains. "And the way the staff perceives and treats the residents changes too. In Building F they go out for their coffee break to get away, but in Building E they have their coffee with the residents."

Belchertown's two contrasting buildings symbolize a rebellion of attitudes that is beginning to challenge state mental-health establishments throughout the country. The emerging attitude holds that retarded people are not, by definition, hopeless. It holds that humanizing their *maddeningly* mind-dulling environment can change their behavior. And it adamantly insists that the current overwhelming reliance on such behavior-controlling drugs as Thorazine and Mellaril need not be the *sine qua non* of American institutional care.

Yet that reliance on tranquilizers now haunts the nation's nearly 200 institutions and their 200,000 adult and juvenile inmates. A 1967 survey conducted by Ronald S. Lipman, a psychologist at the National Institute for Mental Health, found that 51 per cent of the residents of 109 responding state and private institutions were regularly being administered psychotropic (mind-controlling) drugs. Thirty-nine per cent of these residents were on "major" tranquilizers, mainly Thorazine and Mellaril, two members of the potent phenothiazine family of antipsychotic prescription drugs.

Even more disturbing to Lipman was his finding that the *typical* duration of medication for a quarter of those on Thorazine and Mellaril was four years to "indefinite," a term the responding institutions chose to use. "One cannot help but wonder how rational a basis there is for the 'indefinite' usage of this drug," he wrote. "My synthesis of the literature," Lipman concluded, "is that the sedative phenothiazines are effective in improving the behavior of the 'acting-out' child, but—probably—at the price of reduced alertness and cognitive efficiency."

Many drugs have harmful side effects whose risks prescribing doctors must weigh against the drug's expected benefit. The trade off is often difficult to assess, and sometimes the patient is better served by forgoing the drug. Such is the nature of the problem concerning the prescription of the phenothiazine tranquilizers to the mentally retarded.

Possible short-term adverse reactions among the principal phenothiazines include Parkinsonism, chemical hepatitis, itching-foot syndrome (the inability to sit still), blurred vision, nausea, and drowsiness. More worrisome are the impairment of learning ability and the development of a long-term reaction called tardive dyskinesia.

Tardive dyskinesia can appear after lengthy, high-dosage drug therapy. Its victim may suffer uncontrollable movements of the tongue, face, hands, or feet. He may pucker his mouth, stick out his tongue, or chew on nothing. There is no known cure. Worse still, the symptoms persist after the drug is withdrawn. Sometimes they're irreversible.

SUPPRESSION OF LEARNING

The primary concern about using these drugs on the mentally retarded, however, is whether phenothiazine impairs learning ability and intellectual performance. Seven years ago Lipman asked for evidence to justify the use of "sedative" phenothiazines" as the drugs of choice for the mentally retarded, noting that over 75 per cent of the published research in this area was initially financed by drug companies. The evidence is still lacking.

"What is clear," writes Robert L. Sprague, director of the University of Illinois' Children's Research Center and a specialist in psychopharmacology, "is that psychotropic drugs are used heavily. It is equally apparent that the main problem of the mentally retarded is slow learning, and that their behavioral problems are all too often handled by administering large amounts of tranquilizing drugs that have as one of their characteristics suppression of learning.

"Thus the mentally retarded are often placed in institutions for treatment where social stimulation is reduced, where treatment with tranquilizing drugs that suppress learning is administered in large amounts, and where it is expected that these combinations should produce new skills that will enable them to become rehabilitated members of the community." Sprague adds that current phenothiazine usage "outstrips what the data indicate as useful" by more than 50 per cent.

DRUG USAGE CRITICIZED

Gunnar Dybwad, a world authority in the social-service field and a former executive director of the National Association for Retarded Citizens (NARC), puts it more bluntly: "What we've done is supplant mechanical restraint [strait jackets and solitary confinement] with chemical restraint. And this is even more vicious because you can't see it. The point I make is not that these drugs are used, but the way they are used." Dybwad, 65, teaches at Brandeis University's Florence Heller Graduate School for Advanced Studies in Social Welfare.

Growing concern about the motivations behind current drug usage was the stimulus for a state-wide survey of Massachusetts' five institutions for the retarded two years ago. The state's top mental-retardation official, Lewis B. Klebanoff, concluded that "control of undesirable behavior is by far the preferred purpose of use." Klebanoff noted that "undesirable" could mean anything from "psychotic behavior and severely disturbed states to simply undisciplined, fractious behavior that can result from lack of any training, boredom, and frustration—all common enough conditions in institutional settings."

"Management, rather than stimulation and development of the residents, becomes a desirable goal," Klebanoff found, when institutions are overcrowded, understaffed and underequipped. "We must get our psychopharmacological programs under some kind of control," he concluded.

IF MEDICINE CAN'T, LAW WILL

Dr. James D. Clements, president of the American Association for Mental Deficiency (AAMD), is another critic of what he calls the "general drug abuse in our institutions." The AAMD is a national professional group, as NARC is a national lay group. Clements, a 43-year-old pediatrician, is director of the Georgia Retardation Center, a state institution with facilities in Atlanta and Athens.

"When you start sedating people and lessening the height of their consciousness," says Clements "then you get into a dangerous situation, particularly with children. In the development of our intellectual capacities we get what we are going to get by the time we reach 21. If you're sleepy most of the time, you're obviously not going to develop very well. You are really losing intellectual capacity, and this is as true for retarded persons as it is for you and me."

The question of "drug abuse" turns on difficult medical and ethical judgments. But, as recent Federal-court cases are demonstrating, if the medical and allied professions can't handle it, the courts will. The Constitution's Eighth and Fourteenth Amendments (respectively prohibiting cruel and unusual punishment and guaranteeing due process and equal protection of the law) are fast becoming vehicles for change in this area as they already have in others.

Federal Judge Frank Johnson, who made civil-rights history in Alabama in the 1960s, did it again in 1971 in a landmark case (*Wyatt* v. *Stickney*) involving an Alabama institution for the retarded. Persons involuntarily committed for mental deficiencies "unquestionably have a Constitutional right to receive such individual treatment as will give each of them a realistic opportunity to be cured or to improve his or her mental condition," declared Johnson.

In 1974 a Federal judge in Minnesota, Earl R. Larson, took the Wyatt case a step further. "Excessive use of tranquilizing medication as a means of controlling behavior, not merely as a part of therapy, may likewise infringe plaintiffs' rights," the judge wrote. The case involved Minnesota's Cambridge State Hospital, which allegedly gave 70 percent of its residents tranquilizers "as a substitute for programs or as a means of simply restraining the residents to compensate for staff shortages."

Some experts, such as Alberto DiMascio, director of psychopharmacology at Massachusetts' mental-health agency, argue that controlling behavior can be appropriate therapy. "Management of behavior is not of and by itself bad," he says. "Mentally retarded persons do not have just one incapacitation or lowered intellectual level. They have a wide variety of symptomatology, including delusions, hallucinations, and other psychotic manifestations. Some are highly anxious, and some are depressed. You've got to be able to deal with these."

DiMascio tends to dismiss institutional environment as a significant cause of inappropriate behavior. Drugs treat the symptom, not the cause, he says. "We have the feeling that these drugs are being overprescribed, but no one has ever documented inappropriate usage." DiMascio also notes that there has been no definitive research showing long-term impairment of learning.

Part of the confusion concerning the proper role of phenothiazines in institutions for the mentally retarded arises from the drug's paradoxical qualities. As Dr. Solomon H. Snyder describes them in his book, *Madness and the Brain,* these drugs "are not merely sedatives to ease the patient of restless, hyperanxious activity, or, more to the point, to ease his custodian by essentially bludgeoning the patient into semi-consciousness."

Synthesized by a German chemist in 1880, phenothiazine was first used for worm infections. In the 1940 a French surgeon used an antihistamine form as a preoperative adjunct to anesthesia. The drug appeared to reduce apprehension without causing dislocation, which made it possible to use less anesthesia, thus lessening the danger of death by anesthesia-induced shock. In 1952 another form, chlorpromazine, was found to be effective with schizophrenics. Within two years it became the drug of choice all over the world for treating schizophrenia and other psychotic disorders. In this country the drug was marketed by Smith Kline & French Laboratories under the brand name Thorazine.

VISITS BY "DETAIL MEN"

Now dozens of brands are actively promoted by drug-company "detail men" who call on institutions for the mentally retarded as well as mental hospitals and doctors' offices. At the Hamburg State School and Hospital in Pennsylvania, for example, the visitors' register shows 35 individuals visits by detail men during a five-month period in 1974. The most active phenothiazine promoters were Sandoz Pharmaceuticals (makers of Mellaril and Serentil), Merck Sharp & Dohme (Triavil), and Smith Kline & French Laboratories (Thorazine, Stelazine).

The Food and Drug Administration (FDA) has approved these drugs as safe and effective in treating psychotic disorders and certain other, nonpsychiatric conditions. But the question remains, what about an institutionalized mentally retarded person who is not psychotic? His or her *manifestations* may look like schizophrenia or **mania** but may only be the frustrated outpourings of a dim mind trapped in a handicapped body.

Dr. Steven R. Kanner, the new medical-services director for Massachusetts' five institutions for the mentally retarded, says the problem lies with the prescribing doctors, not the drugs. "We have a high proportion of doctors who aren't very competent, and this is the fundamental problem." Consequently, the inmates' medical records are meaningless, says Kanner, who also holds a master's degree in business administration from the Massachusetts Institute of Technology.

TWO LIGHT YEARS AWAY

"I know these drugs are used as sedatives, but what I don't know is whether these drugs are used totally without indication. What it would take to find out is an adequate medical staff, good support service, and a functioning data system. But we're two light years away from that."

At the prodding of Sen. John W. Olver, chairman of the state Special Legislative Commission on Mental Retardation, Kanner in 1974 conducted a survey of phenothiazine usage in his five "schools." He found the drug was administered to 33 per cent of all inmates, with a high of 59 per cent and a low of 20 per cent among the schools. But without competent matching diagnoses and other data dealing with dosage, response, and duration of drugging, it is still difficult to prove inappropriate or abusive drug use.

The clear implication, however, is that there is widespread drug abuse. At the Hamburg State School and Hospital, considered the worst in the state by the Pennsylvania Association for Retarded Citizens, doctors estimate that less than 10 per cent of their 800 residents are psychotic as well as retarded. Yet four doctors queried about their use of the phenothiazines reported an average 65 per cent utilization rate.

One of the doctors is an osteopath fresh from St. Louis with no background in psychiatry or treating mental deficiency. Another is a graduate of the University of St. Thomas in the Philippines who has never been licensed by the state. Another is a retired thoracic surgeon who says, "When I turned 65 nobody wanted me, but I was fortunate enough to run into the superintendent here."

A neurosurgeon at the nearby Hershey Medical Center says the Hamberg situation "bothers the hell out of me The state runs a kind of blank check book for these drugs. If the institution can't get more staff, it *can* get more drugs, and so they shower their patients with them."

What really stirs critics is the active drug-company promotion at these institutions. Hamburg's Dr. Antonio Garcia describes the detail men's role this way: "They come into our medical library and explain the advantages their products have over the others. They talk about price, how the drug is administered, whether you just have to give one dose or four a day. Sandoz is very active and pushes Mellaril a lot. They know a lot of our kids are on Mellaril, and they come around to remind us about it."

DETAIL MEN'S INFLUENCE

Massachusetts' Dr. Kanner says he has "no doubt" that the detail men's sales pitch leads to "questionable" usage. "There is an ethical problem here," he says. "Doctors should not be getting their drug information from detail men." Kanner says he plans to ban detail men from his institutions later this year.

Kanner will get no criticism from at least one of his superintendents, William F. Jones at Belchertown. Jones, a 40-year-old former teacher with advanced degrees in social, educational, and clinical psychology, criticizes the entire relationship between doctors and drug companies as it affects retarded people. He thinks the drug companies "are taking advantage of a vulnerable population" and that the medical profession has "abdicated its responsibilities" to the institutionalized retarded.

"The medical profession has conceded to limited-licensing legislation for these institutions," Jones says. "There is no monitoring process, virtually no in-service medical training, and until recently no consulting or back-up service. And this only came about when I used critical press reports of Belchertown to make it happen. The medical profession itself was very willing to turn its back on this client population."

A QUESTION OF ETHICS

Both Sandoz and Smith Kline & French deny that promoting their products at institutions for the retarded raises a question of ethics. "We think that ethically promoting these products contributes to their proper use and helps to prevent abuse," says Alan Wachter, a Smith Kline & French spokesman. "We are ethically promoting these products based on labeling approved by the FDA."

Dr. Craig Burrell of Sandoz, responding in a five-page letter, writes that "no thinking person (or organization) would feel that it is ethically right to give someone any type of chemical merely for the convenience of those looking after a charge of the state." But Burrell also sees no ethical issue concerning current promotion practices.

"We do not promote Mellaril outside areas where it is indicated. We see no conflict with ethics when we promote, where appropriate, a preparation to help sick people better adapt to the environment in which they must per-force live. By helping eliminate self-abuse, hostility, and excessive aggression, we are at least helping these deprived patients to live and function better in the society in which they exist and to which they are virtually condemned to be able to contribute nothing."

But is the situation hopeless, or reversible? One answer is developing here at Belchertown. Three years ago Benjamin and Virginia Ricci, whose retarded son, Robert, is a Belchertown inmate, filed a class-action Federal lawsuit against the state. They won a consent decree that is now turning Belchertown State School upside down.

The Ricci v. Greenblatt case (Dr. Milton Greenblatt, a psychiatrist, is the former state assistant commissioner for mental retardation) has already forced the state to spend $2.6 million on "humanizing" renovations, such as the refurbishing of Building E. Belchertown's annual budget of $7 million got an additional $5 million for the hiring of 144 new staff members. Another $2 million is going into improved community services to enable more residents to live noninstitutional lives. Significantly, Belchertown's 1974 phenothiazine drug-utilization rate of 20 per cent was the lowest of the five state institutions.

Ricci, who teaches at the University of Massachusetts, now talks about how he was once part of the problem. For years the Riccis, like many other parents of retarded children, never questioned the system. Then, during a nine-month sabbatical in Scandinavia in 1971, they "saw how the Scandinavians treated their retarded, like human beings!"

ATTACK ON PHENOTHIAZINE

"Here I was defending this damn administration," Ricci now explains. "I thought the conditions just couldn't be that bad. Then I began to investigate. I saw cockroaches scurry across the faces of bedridden residents, and I began to wonder why we didn't practice euthanasia—or do something right for a change."

Another, broader avenue of attack is coming from the Mental Health Law Project in Washington, D.C. With the donated help of a large Washington law firm, Hogan & Hartson, the group petitioned the FDA last July to stop what it calls the "dangerous, unapproved, and yet unwarranted use" of phenothiazine heavy tranquilizers in institutions for the mentally retarded.

The FDA says it plans to react to the Hogan & Hartson petition next month. The petition, prepared by David S. Tatel, specifically asks the FDA to require the drug companies to change the wording in their package inserts to advise doctors not to use these drugs on mentally retarded persons not diagnosed as psychotic. Another request would strike the term "disturbed children" from the list of indicated uses for Thorazine and Mellaril.

PACKAGE INSERTS CHALLENGED

The petition also asks the FDA to investigate drug-company promotion of phenothiazines at institutions for the retarded. Drug companies spend some $1.2 billion a year for advertising and promotion, according to Scientific American magazine. This comes to $4,000 a doctor a year and is nearly four times what the drug companies spend each year for research and development.

Dr. Thomas Hayes of the FDA's Bureau of Drugs says his agency has already asked Sandoz Pharmaceuticals to modify the language in its package inserts for Serentil, which asserts that the drug is suitable for the treatment of "behavioral problems in mental deficiency." Hayes says he welcomes the Hogan & Hartson petition as "an opportunity to get this issue out into an open forum."

Whether action by the FDA can help solve the problem of drug abuse is unclear. It is one possible administrative remedy. But the real solution lies with the doctors, staff, and administrators of these institutions, and with how all Americans want to treat their mentally retarded.

"When there is an absence of good programing," says Belchertown's Jones, "the medical people are put in the position of having to control behavior. If the resident becomes violent, he can hurt himself or others. So this can bring on chemical restraint.

"But the underlying issue is the inadequacy of environment, which mitigates against people being normal or human. When there is no outlet for expression and physical activity, people regress. Then we use the drugs, which all too often are just Band-Aids to buy us more time."

"REINTEGRATION" FOR RETARDED CHILDREN

The National Children's Center in Washington, D.C., initiated a "reintegration" project financed by the Department of Health, Education, and Welfare for 33 institutionalized mentally retarded children and young adults in September 1973. The group came from area institutions every day to get specialized training at the center. Their daily "medication" was either reduced or withdrawn altogether.

The first "class" graduated last November. The 10 school-aged children now attend public schools. They live either with their parents again or in foster homes or shortly will be. All but 2 of the 23 young adults have full-time jobs. The remaining two work in sheltered workshops.

"The main goal of this project was to take the institution out of these people by retraining them to be social human beings again," says Irwin Friedman, the center's executive director. "We discovered many of these kids were getting heavy dosages of phenothiazine tranquilizers. We asked the institutions to cut down on the drugs. During the first 10 days there was fluctuating inappropriate behavior. After a month they settled down. Now they can go out into the community and do things nobody thought they could do."

[From the Detroit (Mich.), Sunday News, Mar. 16, 1975]

RETARDED GIVEN "STRAITJACKET" DRUG—TRANQUILIZER ATTACKED AS A DANGER TO THOUSANDS OF CHILDREN

(By Seth Kantor)

WASHINGTON.—A tranquilizer so potent that experts call it a "chemical straitjacket" is being used to control thousands of mentally retarded children in state institutions across the nation, according to government and private investigators.

In many cases, the investigator says, the drug known as phenothiazine is being dispensed in such heavy doses that it worsens both the mental and physical conditions of the retarded.

A chief consultant to the Food and Drug Administration (FDA) says the powerful tranquilizer frequently is given to retarded children by unqualified staff people in state-run facilities as "a management tool" to make the children easier to control.

Meanwhile, the Justice Department is preparing to go to the federal courts to fight for the mentally retarded who are forced to take the drug—on the constitutional grounds that their civil rights are being violated.

No figure exists on how many children are forced to take the drug. The only authoritative survey ever made showed that in 1970 there were 176,103 mentally retarded residents in the nation's public wards, with about 90,000 of them taking phenothiazine-like drugs.

Phenothiazine is not a trade name but a classification of a powerful drug carefully prescribed by pyschiatrists for mental illnesses, which can be controlled or cured.

Yet these pills "not only are being employed on an indiscriminate basis as "chemical straitjackets," but their use presents serious risk to the safety and well-being of institutionalized mentally retarded people," a team of private lawyers has told the FDA.

The lawyers, from Hogan & Hartson, a prestigious Washington firm, are representing a nonprofit organization known as the Mental Health Law Project, in a campaign to force the FDA to overhaul regulations on the use of the drug.

The lawyers argue there is no evidence phenothiazine can help mental retardation—which is not a psychotic disease like mental illness—and strong evidence of damage caused by prolonged, heavy dosage of the drug.

Some of that evidence comes from an FDA consultant, Dr. Robert L. Sprague of the University of Illinois. Dr. Sprague is chairman of a special panel of national advisers to the FDA on child-related drug problems.

Dr. Sprague warns phenothiazines clearly impair the ability to learn, and can cause long-term physical side-effects.

But Dr. Sprague expresses special concern because, "The staffs of many of the (state) institutions contain a large percentage of poorly trained individuals recruited from another era."

These staff people, said Dr. Sprague, "are extremely skeptical about the potential of the mentally retarded to live a useful, habilitated life and who, thus, believe that custodial care with maximum restraint is philosophically the most appropriate treatment for retarded individuals."

A large percentage of the retarded don't have the ability to speak—to complain about treatment or the effects of treatment. That is one reason the office of special litigation in the Civil Rights Division of the Justice Department is becoming involved.

Recently, for instance, U.S. District Judge Raymond J. Broderick in Philadelphia granted the Justice Department permission to enter a class-action suit in Pennsylvania, brought on behalf of the residents of the Pennhurst State School and Hospital, near Valley Forge, by their families.

Judge Broderick said the federal civil rights lawyers can become co-plaintiffs after the Justice Department had petitioned that the residents' constitutional rights under the 14th and Eighth amendments (the right to a tolerable living condition and the protection from harm) are at stake.

The chief litigant is Mrs. Winifred Halderman, of Morrisville, Pa. Her daughter, Terri Lee, 21, has been in Pennhurst since 1966.

In a pretrial statement, made under oath, Pennhurst Supt. C. Duane Youngberg said Terri Lee has been cared for by an unlicensed doctor at Pennhurst, who recommended prescribed medicine for the residents.

According to the suit, records at Pennhurst show that on May 16, 1970, Terri Lee required hospitalization and treatment for an overdose of a phenothiazine drug.

Mrs. Halderman said her daughter used to be able to express herself but "has stopped talking." Terri Lee became so listless, Mrs. Halderman recalls that one time, "I found her lying on the floor of her ward, where they let her lay, like a stuffed animal."

Pennhurst was built between 1880 and 1915. The collection of dreary red-brick buildings are known as "the warehouse for the retarded," even by Pennhurst's frustrated officials.

A report four years ago by the Pennsylvania State Department of Welfare's construction and maintenance bureau said Pennhurst residents were "living in utter squalor, housed in unsafe, unsanitary buildings."

"Sedative mind-altering drugs are administered to residents, not for the purpose of treatment, but solely for their management and control, and for the convenience of staff," according to the suit. "These drugs are often administered over the objections of the residents and/or their parents."

[From the Detroit (Mich.) Sunday News, Mar. 23, 1975]

HOSPITAL USES LARGE DOSES OF TRANQUILIZERS — DRUGS CONTROL RETARDED IN MISSISSIPPI CENTER

(By Seth Kantor)

WHITFIELD, MISS. — The scene resembles conditions encountered by Charles Dickens in 19th century England—children begging in the streets or sitting vacantly in an overcrowded asylum, heavily drugged.

But the story is happening now in Rankin County, Miss., where 832 residents of the state-run Central Mississippi Retardation Center spend their days behind a barbed-wire fence, with little or no hope of ever living anywhere else.

Powerful tranquilizers are handed out in large dosages to the mentally retarded confined at Central. In an issue now before the U.S. Food and Drug Administration, experts say these tranquilizers, known as psychotropic drugs, could be mentally and physically harmful to the retarded if misused.

A suit filed in Federal Court last month charges that unskilled attendants and even mentally retarded patients hand out the capsules containing these strong drugs to residents at Central.

Miss Irma David, chief nurse at Central, told The Detroit News she can not rule out the possibility that inmates themselves are doling out drugs "at night, when I'm not around."

Dr. Judy Parker, Central's medical director, said some of the children "are on very high dosages" of the potentially harmful drug.

Central has a very small staff, according to its own records, and Dr. Parker indicated that the drugs are useful control devices since "many of those here have explosive behavior problems."

But Dr. Paul Cotten believes conditions at Central aggravate those problems.

And he is in a position to know. He is director of retardation for the Mississippi Department of Mental Health.

Dr. Cotten says Central is "no more than a warehouse. Anyone who visits Central and says it's a decent place to live is either blind or stupid."

Central was built in 1962 during the administration of Gov. Ross Barnett, as a holding facility for mentally retarded blacks. Its construction meant at that time that blacks would not be integrated into the state school at Ellisville.

Ellisvile, in southern Mississippi, is 42 years older than Central, but has a gentle campus setting and provides highly advanced living and training services for the mentally retarded.

By now the white resident population is up to 41 percent, according to Central's director, C. B. Noblin, who has a retarded son—90 miles away in the Ellisville facility.

Noblin became administrator of Central last summer. He is a former salesman of retread tire equipment and got his college degree in agriculture.

Neither Noblin nor anyone else in the Mississippi Department of Mental Health is able to say what Central's current operating budget is.

Central has been under control of the nearby Mississippi State Hospital and authorities insist "it would be impossible" to provide a breakdown of costs for Central's operation.

As a result, a construction report on new facilities, issued Jan. 16, 1975, by Dr. Cotten, shows 41 projects finished or in the works at Ellisville, compared to one completed at Central—new administrative quarters for Noblin.

Residents at Central live in 10 barracks-style, one-story brick buildings in a treeless compound surrounded by a high cyclone fence, topped with barbed wire.

A visitor at Central is approached by children roaming a street within the compound, begging for money and cigarets.

Inside the barracks are rows of metal cots, close together. Walls and floors are bare. Windows are unadorned.

There is a striking similarity between these "dormitories" and flop houses found on big-city skid rows.

A basic difference is, as pointed out by Miss David, director of nursing services and residential care, "there is very little turnover here. I'd say half the population has been here at least since 1964."

The person in charge of each of these barracks is paid the U.S. minimum wage, which comes to $80 a week.

Put another way, a "house parent" is paid about $1 a week for each resident in the dormitory

A visitor sees many residents sitting as if heavily drugged on their beds in mid-afternoon. An old movie drones on across the screen of a TV set in a corner.

The residents stare vacantly, not necessarily at the movie.

Miss David expresses concern about the way drugs may or may not be administered. She said untaken drugs "are found on the floors and swept up."

On the other hand, one resident was taken to a hospital, the victim of "excessive and unwarranted drugs," according to a suit filed last month in U.S. District Court in Jackson.

The suit is a class action filed on behalf of all Central residents, charging that their constitutional civil rights are being violated.

It is not a racial issue, but concentrates on the rights of the retarded to "lead more useful and meaningful lives."

Chief sponsor of the suit is the Children's Defense Fund, a nonprofit legal action group in Cambridge, Mass.

Noblin doesn't see where a lawsuit "will do anybody any good." He said Mississippi would be better off if money paid to lawyers were to "go instead into a lobbying effort to get the state legislature to improve conditions" at Central.

[From the Detroit (Mich.) News, Mar. 26, 1975]

RECKLESS USE OF SEDATIVES ON MENTALLY RETARDED IN STATE INSTITUTIONS

(By Seth Kantor)

CHAMBLEE, GA.—The U.S. Food and Drug Administration (FDA) is under pressure—including a threat of court action—to crack down on allegedly reckless uses of powerful and potentially dangerous sedatives to control many of the nation's mentally retarded in state institutions.

So far the federal agency is resisting the pressure. A top FDA official, Dr. Thomas A. Hayes, says the drugs can be used despite "possible hazards."

Involved are the retarded—thousands of children among them—held in public wards across the United States, according to Dr. James D. Clements, a pediatrician.

Dr. Clements is on the board of trustees of the Mental Health Law Project, a nonprofit public-interest group in Washington, which has been pleading with the FDA since last July to restrict the use of behavior-modifying drugs, such as phenothiazines, on the retarded.

Dr. Clements knows first-hand about the drug problem in his dual roles as president of the prestigious American Association on Mental Deficiency and as director of a state institution, the Georgia Retardation Center, in this Atlanta suburb.

At the Georgia center an experiment is under way among the severely retarded, aimed at showing that a reduction in drug usage could help the afflicted adapt better to the outside world.

Dr. Clements frequently is asked to furnish expert testimony in court cases involving the operation of public retardation treatment centers in other states, and he reports often finding potent tranquilizing drugs "overly prescribed and poorly supervised."

The end result is detrimental to the retarded, whose chances of ever getting out of the institutions decrease the more they are loaded up with strong pills, according to Dr. Clements and other experts.

Some of these behavior-modifying pills are causing blood and liver diseases, as well as accident-producing drowsiness, Dr. Clements has found.

He also cites cases of the mentally retarded "being overdosed without showing signs of it," leading to potential long-term problems for them.

And Dr. Clements says he has found the highest use of the behavior-modifying drugs in public institutions where staffs are limited in numbers and in training.

But the FDA's Dr. Hayes does not agree that phenothiazines and other major tranquilizers are filled with the evils that Dr. Clements has found. Dr. Hayes heads the FDA unit that oversees these potent drugs.

In a document circulated privately last month within the FDA, Dr. Hayes said he would reject a plea by the Mental Health Law Project that only fully licensed physicians be allowed to prescribe the powerful drugs in state institutions.

Dr. Hayes also refused to go along with the Project's request that the use of phenothiazine treatment outweighs the possible muzzle for the retarded.

Instead, Dr. Hayes said he would endorse continued use of the drugs "if the physician determines that the necessity for phenothiazine treatment outweighs the possible hazards."

Unless the FDA decides to impose tougher restrictions, Dr. Clements is predicting now that the issue will go to federal court.

Dr. Clements finds that most of the public institutions he evaluates are using the strong drugs on from 40 to 50 percent of the residents.

The worst case of drug abuse he found was in a state retardation center at Cambridge, Minn., two years ago. Nearly 90 percent of the residents in the Minnesota facility were being controlled by stupefying tranquilizers, according to Dr. Clements.

As a result, a federal judge ruled that medication being doled out at Cambridge constituted "cruel and unusual punishment" for the residents.

In the Georgia center directed by Dr. Clements, 28 percent of the residents are on major tranquilizers, his records show. The object at the center is to return as many properly trained individuals as possible from the institution to community life each year.

Dr. Clements estimates his center is running a 50 percent turnover rate in 1975.

This compares to a "virtually zero" turnover rate at the Mississippi Retardation Center, also a state institution. Central's medical director, Dr. Judy Parker, says there are "very high dosages" of the major tranquilizers being administered.

But she refuses to say what percentage of Central's residents are on the strong drugs—on advice, she says, of the state attorney general's office in Mississippi.

The Georgia center has three staff people for every resident, while at Central the ratio is exactly the opposite.

Critics of the "phenothiazine approach" to dealing with the mentally retarded say that the drug problem can be modified with money spent on staff.

Staff members on Cottage 17, at the Georgia center directed by Dr. Clements, are in their seventh week of an experiment to cut down on drug use.

Cottage 17 is a grim place. There are 60 severely retarded and hyperactive residents living behind locked doors in the building—80 percent of them less than 18 years old.

Despite the center's well-appointed campus setting and its relatively low rate of drug use, 30 of the Cottage 17's 60 troubled students—their primary missions are to learn to sit in a chair or to follow a basic set of instructions—are on heavy drugs.

The drugs are being cut down selectively in a highly controlled experiment. A preliminary finding, in one case, is that one boy is showing the ability to learn more in recent weeks, since his phenothiazine ration has been cut.

For him there may yet be a chance to reach one of the goals expressed in a bill of rights for the retarded on Dr. Clements' office wall.

And that is "the right to treatment in the least restrictive environment"—a chance to move beyond Cottage 17.

ADDITIONAL STATEMENTS

REPORT TO THE COMMITTEE ON THE BUDGET ON THE VIEWS OF THE COMMITTEE ON APPROPRIATIONS

Mr. McCLELLAN. Mr. President, on March 15, 1975, pursuant to section 301 of the Budget Control Act, the Senate Committee on Appropriations transmitted its target ceilings on expenditures for fiscal 1976 to the Senate Committee on the Budget.

The 13 subcommittees of the Appropriations Committee recommended a proposed ceiling which will add $4.7 billion in new obligational authority—increasing the $385.8 billion sought by the administration to $390.5 billion.

In terms of actual outlays, Federal spending in fiscal 1976 would be increased $6.7 billion—from about $349.4 billion to $356.1 billion.

It is only with the greatest reluctance that the Committee on Appropriations has tentatively recommended an overall increase in budget authority of this magnitude. The primary reason for the Committee, upon recommendation of its respective subcommittees, taking such a step, is an attempt to deal with the impact of the economic crisis confronting the Nation.

The largest increases were recommended by the Subcommittee on Labor, Health, Education, and Welfare—an increase of $5.3 billion in budget authority—and the Subcommittee on Agriculture and Related Agencies—an increase of $3 billion in budget authority.

Programs financed by these appropriations are designed to deal with the effects of the economic dislocations currently being experienced. Increased unemployment benefits, and a boost in financing for the food stamp program are among the major antirecession initiatives contained in these two appropriations.

I wish to emphasize that the Defense Subcommittee, of which I am chairman, is the only subcommittee undertaking a significant budget reduction. It has recommended a target ceiling of $92.8 billion in budget authority—a reduction of $5 billion below the administration request.

Although there has been much talk of further cuts in defense spending, it is the judgment of the subcommittee that this is the absolute maximum reduction that can be made in defense spending consistent with present national security requirements and the prevailing atmosphere of international tensions. It will be difficult, Mr. President, to achieve even this cut considering the pressure upon the defense budget, and we may well have to appropriate the budget figure in light of the rapidly developing international crisis.

Over the past 3 years, the Congress has cut the administration's total budget by $15.3 billion in regular appropriations bills. Of this total reduction, $13.7 billion, or 89.7 percent, was slashed from the defense budget while only $1.6 billion, or 10.3 percent, of the total was cut from regular appropriations bills for all other Government agencies and departments.

Mr. President, this trend toward disproportionate cuts in defense spending cannot be continued without seriously impairing our military readiness. The temptation to force only one segment of the national budget to bear the whole burden of reducing expenditures or reordering priorities must be halted. The burden of reordered priorities and reduced spending should be borne equitably by all sectors of the budget and Government agencies and not by defense alone.

I ask unanimous consent that a letter to the chairman of the Senate Committee on the Budget and a report giving full details on the proposed ceilings set by the Committee on Appropriations be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., March 14, 1975.

Hon. EDMUND S. MUSKIE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MUSKIE: Since I became Chairman of the Senate Committee on Appropriations three years ago, it has been the Committee's practice to establish target ceilings on the appropriations bills which come before each of our subcommittees. These ceilings have proven to be helpful to the Senate in its efforts to bring spending proposals more in line with the fiscal realities facing our Government.

This year, pursuant to Section 301 of the Budget Control Act, our ceilings are being reported formally to the Committee on the Budget as part of the new budget control process.

For FY 1976, the budget request for provision of current budget authority in appropriations bills is $236.8 billion. Our Committee recommends at this preliminary stage an increase of $4.7 billion above the budget. The largest increases are attributable to the Subcommittee on Labor, HEW (increase of +$5.3 billion and the Subcommittee on Agriculture and Related Agencies (increase of $3.0 billion). Seven Subcommittees recommended budget authority targets above the budget, four Subcommittees are under the budget, and the remaining two are tentatively at the request level.

You should know that it is with great reluctance that the Committee on Appropriations tentatively recommends overall an increase of $4.7 billion in budget authority over the President's Budget. As we go through the review of line-item appropriations, I hope that we can reduce some of these increases, but we will not know until the comprehensive process of evaluating each appropriation is completed.

As Chairman of the Defense Subcommittee, I am especially concerned that the Committee's recommendation on National Defense spending may be misinterpreted by those not familiar with our Committee's recent actions. As explained more fully in the defense section of this report, almost 90% of the reductions made by the Congress in budget requests over the past three years have been taken out of the Defense Department. I do not believe that this trend of disproportionate budget cuts can be continued without impairing our defense readiness. Frankly, I am not at all sure that we can prudently cut $5 billion from this year's request for National defense, but we will, as demonstrated by our actions over the past three years, make every effort to hold defense spending down to the lowest acceptable level.

With kindest personal regards, I am,

Sincerely yours,
JOHN L. MCCLELLAN,
Chairman.

Report to the Committee on the Budget on the Views of the Committee on Appropriations, U.S. Senate, Submitted Pursuant to Section 301 of the Congressional Budget Act of 1974, on the Budget Proposed for Fiscal Year 1976

INTRODUCTION

The Committee on Appropriations submits the following report to the Committee on the Budget in accordance with Section 301(c) of the Congressional Budget Act of 1974. The report presents:

1. The separate recommendations of the thirteen subcommittees for target ceilings on budget authority and outlays under their respective jurisdictions, accompanied by a narrative explaining divergences between Committee recommendations and the President's request;
2. Remarks on funding for the transition quarter of July 1, 1976, through September 30, 1976;
3. Recommendations for total budget authority and outlays by budget functional classification; and
4. A recommendation for the aggregate federal spending level for 1976.

The contents of this report are consistent with a Committee practice recently inaugurated by the Chairman to have its subcommittees set budget authority and outlay targets prior to detailed analysis of the appropriations bills.

This procedure, which seems to have worked well for the past two years, enabled the Committee to establish Committee-wide spending objectives early in the year and then evaluate such subcommittee's efforts at meeting these objectives as their appropriations bills were brought before the full Committee for action.

The Committee is pleased to report this information to the Committee on the Budget and trust that it will be useful in the process of formulating a Government-wide concurrent spending resolution.

1976 BUDGET TARGETS BY SUBCOMMITTEE STRUCTURE

This section of the report contains a table displaying the recommended budget authority and outlay targets for each subcommittee. These targets provide the subcommittees' best present estimate of the totals derived from aggregating their recommendations for funding every line item in their pending appropriations bills. The subcommittees' narrative reports, which accompany the charts, explain any increases or decreases in their targets from the President's budget to provide a rationale for such differences.

TABLE 1.—COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE BUDGET TARGETS FOR 1976

[In millions of dollars]

Subcommittee and chairman	Budget authority			Outlays		
	1976 request	1976 target	Difference	1976 request	1976 target	Difference
Agriculture and Related Agencies (McGee)	11,076.9	14,027.2	+2,950.3	9,733.8	12,085.8	+2,352.0
Defense (McClellan)	[1] 97,797.8	92,797.8	−5,000.0	86,669.5	84,639.7	−1,969.8
District of Columbia (Chiles)	507.8	507.8	0	507.0	507.0	0
Foreign Operations (Inouye)	4,942.6	[2] 4,942.6	0	5,557.7	5,557.7	0
HUD-Independent Agencies (Proxmire)	51,179.0	51,416.0	+237.0	30,198.8	30,408.9	+210.1
Interior and Related Agencies (Byrd)	4,025.3	4,045.3	+20.0	4,168.6	4,173.0	+4.4
Labor-HEW (Magnuson)	[3] 39,226.3	44,519.3	+5,293.0	43,064.2	46,593.2	+3,529.0
Legislative (Hollings)	836.0	817.3	−18.7	884.7	870.6	−14.1
Military Construction (Mansfield)	4,109.0	3,884.0	−225.0	2,961.2	2,813.2	−148.0
Public Works (Stennis)	7,057.5	7,723.5	+666.0	6,800.0	[4] 7,332.0	+532.0
State, Justice (Pastore)	5,645.7	6,395.7	+750.0	6,182.0	[4] 7,406.0	+1,224.0
Transportation (Bayh)	[5] 4,125.9	4,225.9	+100.0	10,270.5	11,270.5	+1,000.0
Treasury (Montoya)	6,253.7	6,199.2	−54.5	6,058.9	6,007.1	−51.8
Total	236,783.5	241,501.6	+4,718.1	212,996.9	[6] 219,664.7	[6] +6,667.8

[1] Includes certain appropriations to liquidate contract authority for "Operations and maintenance."

[2] The committee may make major adjustments in this figure after enactment of the 1975 Foreign Assistance Appropriations Act.

[3] Excludes advance appropriations.

[4] Includes impact of Emergency Employment Appropriations Act.

[5] Excludes advance appropriations for METRO construction.

[6] Underestimated since only partial impact of the Emergency Employment Appropriations Act is included.

Agriculture and related agencies

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised upward from those proposed in the President's request. The target for new budget authority is tentatively set at $14,027 million, which is $2,950 million more than the President's request. Of this $2,950 million increase, approximately $2,500 million represents an increase in the Food Stamp Program over the President's request, which the subcommittee believes was based on unrealistically low levels of food stamp usage, particularly in the light of worsening economic conditions. The balance of the projected increases forecasts the following increases over the President's request: $140 million for Special Milk Program, $190 million for the Agriculture Conservation Program, $22 million in Commodity Distribution, $15 million in Forestry Incentives, and the remaining $36 million in eight other programs.

The Subcommittee recommends that the target for outlays be set at $12,086 million, which is $2,352 million more than the President's request. This amount represents an outlay increase of $2.1 billion in the Food Stamp Program, $140 million in the Special Milk Program, $35 million in the Agriculture Conservation Program, $22 million in Commodity Distribution, $3 million in Forestry Incentives, and the remaining $30 million in eight other programs.

In regard to the Food Stamp Program, the Subcommittee believes that the President's budget is outdated and unrealistic. The estimate was based on a projection that 15.8 million people would be the peak participation in the program for fiscal 1976. As of December 31, 1974, participation exceeded 17 million and was increasing at a rate of approximately one million per month. The budget was also submitted on the basis of certain projected savings that have been overruled by Congressional action.

The Subcommittee's recommendation is based on a 1976 average participation of 20 million people with a slight increase in the bonus coupon cost expected to be adjusted July 1, 1975. Both of these assumptions are conservative and might have to be adjusted.

The Subcommittee's recommendation provides new budget authority of $140 million for the Special Milk Program. This program has been scheduled for elimination in the budget estimates. In the opinion of the Subcommittee, it is unrealistic to assume that Congress would approve the elimination of the program, and the recommendation therefore includes a continuation of the program at basically the 1975 level adjusted for increased costs of operation.

Also included in the target is an increase of $190 million in new budget authority for the Agriculture Conservation Program. This is another program proposed for elimination by the Administration, but Congress has consistently reinstated this program in the face of strong Administration opposition. The Administration proposed to rescind the funds appropriated in 1975 but this was rejected by Congress. The 1975 funds have been retained and it is anticipated that Congress will insist upon the program being maintained at some meaningful level for FY 1976.

Defense

For the Committee on the Budget's information and to keep the record straight, it should be remembered that in FY 1975, the Defense Subcommittee set a target reduction of $3 billion in new obligational authority—we were able to exceed that amount. The Senate, upon the Appropriations Committee's recommendations, made a reduction of $4 billion. Again in FY 1975 the target reduction, set by the Defense Subcommittee, was $3.5 billion—we also exceeded that target, and upon the appropriations Committee's recommendation the Senate reduction was $5.5 billion.

The FY 1976 budget request which the Defense Subcommittee will consider for FY 1976 is $97.8 billion in new obligational authority. This request is $15.7 billion over actual appropriations for FY 1975. Of this increase, about $6.9 billion is caused by inflation, with a real program growth of approximately $8.8 billion. The increases principally relate to the investment accounts (procurement and research and development).

After careful consideration of all the factors involved, the Subcommittee has recommended a target ceiling of $92.8 billion in budget authority—a reduction of $5 billion below the budget request.

It is the judgment of the Subcommittee that this reduction is the absolute maximum that can be made in defense spending consistent with present national security requirements and the prevailing atmosphere of international tensions. Some Subcommittee members are convinced that this reduction is too great, and they may prove to be right. Anyway, no member thought it could be further increased.

It should be noted that in recent years the defense appropriations request has been the subject of criticism and attack. But, quiet contrary to charges made, the Defense budget is not consuming an ever-increasing proportion of government spending to the detriment or neglect of human resources programs. The truth is defense spending has borne a disproportionate share of reductions made by Congress in total appropriations over the past three fiscal years.

The truth is, budget outlays for national defense functions have shrunk from 41.5 percent of the total Federal budget outlays in FY 1966 to only 26.9 percent requested in the budget for FY 1976. Since FY 1966, the cost of the Federal Government has gone up $214.7 billion—from $134.7 billion to $349.4 billion estimated for FY 1976. Of that total increase, only $38.2 billion—or 17.8 percent of that $214.7 billion increase is attributable to national defense spending. The remaining 82.2 percent, or $176.5 billion, is attributable to non-military functions and services, such as human resources and general government.

During the last three years, the Congress has cut the Administration's budget by a total of $15.3 billion in regular appropriations bills. Of this, $13.7 billion, or 89.7 percent, was slashed from the Defense budget while only $1.6 billion or 10.3 percent of the total was cut from regular appropriations bills for all other government agencies and departments.

In light of these facts, it must be emphasized that the $5 billion reduction in new obligational authority for FY 1976 is only a target figure. It is not cast in concrete. It will be most difficult to achieve.

After the Congress has considered the authorizing legislation and the House has acted on the appropriations, the Committee on Appropriations will again examine this figure. Altered circumstances, or thorough and enlightened considerations, may make it advisable for us to conclude that it is necessary and prudent to report a bill higher than the $92.8 billion target figure for 1976.

In conclusion, we believe it is most imprudent to force only one segment of the national budget to bear the whole burden of reordering of priorities. Such a policy is hazardous and fraught with danger to our national security. The burden of reordered priorities and reduced spending should be borne equitably by all sectors of the budget and not by National Defense alone.

District of Columbia

The Subcommittee recommends that 1976 targets conform with the President's request of $508 million in budget authority and $507 million in outlays. These amounts primarily include the Federal payment to the D.C. Government and borrowing authority for capital outlays.

This is the first year of the new budgetary arrangements under the Home Rule Act in which the newly elected City Council will play a major role in the development of the District's budget. On March 10, the Mayor presented his budget request to the Council. It totaled $1.2 billion in budget authority with associated outlays of $1.0 billion. The outlays are composed of a $254 million Federal payment, a $25 million Federal revenue sharing grant and numerous local taxes, user changes and fees.

Under the new Home Rule law, the Council must act on the Mayor's estimates within the fifty days allowed by law, or by May 1, 1975. Shortly thereafter the final budget requests will be submitted to the Congress for final action. At this time, the District of Columbia Subcommittee will provide its target figures for both budget authority and outlays to the full Committee.

Foreign assistance

The fiscal years 1975 Foreign Assistance and Related Programs Appropriation Act is presently before the Committee. For this reason we are unable to develop comprehensive target estimates for new budget authority or outlays in fiscal year 1976.

The uncertain nature of the situation in Southeastern Asia makes projects in this area extremely hazardous. However, we anticipate ultimately reporting a fiscal year 1976 bill well below the proposals contained in the President's fiscal year 1976 budget. When this situation is clarified, the Subcommittee will furnish these target projections to the Full Committee.

HUD—Independent agencies

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised upward from the President's requests.

The Subcommittee recommends that the target for new budget authority be set at $51,416 million, which is $237 million more than the President's request. Almost all of this amount would be spent in the depressed housing area. This amount includes $100 million for Section 701 comprehensive planning grants (this assumes Senate disapproval of the President's proposed $50 million deferral), $100 million for community development grants, $35 million for public housing operating subsidies, and $2 million to continue the activities of the Consumer Products Commission at pre-rescission levels.

The Subcommittee recommends that the target for outlays be set at $30,409 million, which is $210 million more than the President's request. Major components of this amount include $99 million for housing assistance payments, $50 million for construction of clean water facilities and $60 million in housing planning assistance.

Interior and related agencies

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised upward from those proposed in the President's budget request.

The Subcommitte recommends that the target for new budget authority be set at $4,045 million, which is $20 million more than the President's request. This $20 million increase results from an increase of $59 million in resource management and construction programs, offset by a $39 million decrease in administrative activities and cultural activities with low priority.

The Subcommittee recommends that the target outlays be set at $4,173 million, which is some $4.4 million more than the President's request. This higher outlay figure is the result of the increased new budget authority discussed above.

No effort has been made to adjust energy research and management programs because of major uncertainties involved in adoption of a national energy program. Congressional decisions on various energy legislative proposals could affect budget amounts by $2 billion or more in both revenues and appropriations.

Labor, Health, Education, and Welfare

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised upward from those proposed in the President's budget request. In general, it found the budget estimates to be unrealistic, obsolete, and lacking in any foresight. In some cases, budget estimates are submitted which would take programs below the level of three years ago. The Subcommittee also notes that estimates of beneficiaries reflect total disregard for the existing economic situation.

The overriding factor behind the Subcommittee's recommendation is the economic impact—direct and indirect—of Labor-HEW programs. This bill is the "people" bill—and the people are in economic trouble. Obviously, employment and training programs are the most visible of the economy-oriented programs. No less important, however, are health and education programs, which are aimed at reducing the drain on the economy caused by illness, illiteracy, and high income maintenance (welfare) costs.

The Subcommittee recommends that the target for new budget authority be set at $44,519 million, which is $5,293 million more than the President's request. This amount includes the following items: 1.) $2,525 million in increased unemployment benefits based on more realistic 9% unemployment rate rather than the 8% rate used in the President's budget; 2.) $1,316 million in preventative health programs such as Biomedical Research, Alcohol, Drug Abuse, and Mental Health; 3.) $1,126 million in education programs needed to "hold harmless" several local school district programs and to restore student aid programs in higher education; 4.) $44 million for the Social and Rehabilitation Service needed to increase the Work Incentives Program; 5.) $150 million for the related agencies needed to restore antipoverty programs for the aged and others, and for emergency energy conservation services under the Commodity Services Administration.

The Subcommittee recommends that the target for outlays be set at $46,593 million, which is $3,529 million more than the President's requests. This amount represents the outlay impact of the programs discussed above, and may be broken down as follows: 1.) $2,525 million for unemployment benefits; 2.) $645 million for health; 3.) $121 million for education; 4.) $34 million for the Social and Rehabilitation Service; and 5.) $84 million for the related agencies.

Legislative branch

The Subcommittee recommended that the 1976 targets for new budget authority and outlays be revised downward from those proposed in the President's request.

The target for new budget authority is tentatively set at $817 million, which is $19 million lower than the budget request of $836 million. This reduction can be affected through adjustments in construction proposals, and selective reductions in new programs.

The Subcommittee recommends that the target for outlays be set at $871 million, which is $14 million lower than the President's request. This reduction in outlays will result from the reductions in new budget authority outlined above.

These targets do not reflect possible adjustments for pending proposals to restructure the Congressional staff system.

Military construction

Based on historical analysis of prior actions, the Military Construction Subcommittee will attempt to reduce budget authority by $225 million below the President's request and outlays by $148 million below the request for 1976.

Public works

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised upward from those proposed in the President's budget.

The Subcommittee recommends that the target for new budget authority be set at $7,723 million, which is $666 million more than the President's request. Of this amount, $200 million would be in the energy research and development area, and $466 million would be in the area of water resources and power projects.

The Subcommittee recommends that the target for outlays be set at $7,332 million, which is $532 million more than the President's request. Of this amount, $160 million would be in the energy research and development area, and $372 million in the area of water resources and power.

An expansion of the Energy Research and Development Program is one of the highest national priorities established by the Congress. Concurrently, the development of energy resources require vast quantities of water. Therefore, the related water resource development programs must be significantly expanded above the budget estimates in order to meet these requirements.

An additional factor in the establishment of the budget targets by the Subcommittee is an accelerated public works program to make a significant contribution to providing jobs for many Americans. Since the Budget was transmitted to Congress, unemployment has continued to rise with the construction industry among the most seriously affected. The target recommendations of the Subcommittee would not only provide for meaningful employment through the construction of enduring and lasting projects which will provide capital assets for the Nation, but also will improve conditions and water sources with respect to the energy crisis and future energy development.

The President's budget request does not include any new construction starts or initiatives for water and power projects. The additional amounts recommended by the subcommittee would be for acceleration of construction of hydroelectric power projects and other energy related projects of the Corps of Engineers and Bureau of Reclamation.

The Subcommittee recommends that the solar, geothermal and other advanced energy research and development programs of ERDA be emphasized and intensified within the overall targets explained above.

State, Justice, Commerce, the judiciary

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised upward from the President's request.

The Subcommittee recommends that the target for new budget authority be set at $6,396 million, which is $750 million more than the President's request. This $750 million includes the following:

1. $150 million to restore proposed cuts and provide a more nearly adequate level of funding for various law enforcement and Justice programs.

2. $600 million in proposed new budget authority for the Jobs Opportunity Program and other economic development and assistance programs.

The Subcommittee recommends that the target for outlays be set at $7,406 million, which is $1,224 million more than the President's request. The effect of the actions described above will be to increase outlays by $442 million. An additional $782 million will be added to FY 1976 outlays as a result of changes in the President's FY 1975 budget. This will be due primarily to the $885 million in budget authority anticipated to be added to the 1975 President's Budget for the newly authorized Job Opportunities Program and an expanded business and economic disaster loan program as well as disapproval of a number of minor rescission and deferral proposals.

In the event of worsening economic conditions, it may be necessary for the Subcommittee to propose further modifications to this ceiling.

Transportation

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised upward from the President's requests.

The Subcommittee recommends that the target for new budget authority be set at $4,226 million, which is $100 million more than the President's request. It is estimated that this amount will be required for interim operating assistance for the railroads in reorganization under the Regional Rail Reorganization Act. This is in addition to the $125 million appropriated in the Second Supplemental for fiscal 1975.

The Subcommittee recommends that the target for outlays be set at $11,271 million, which is $1 billion more than the President's request. This is due to an outlay increase in the Federal Highway Administration as a result of the President's release of $2 billion in previously deferred contract authority.

Given the impact of transportation programs on unemployment and a worsening economic situation, the Committee may later propose modifications to this ceiling.

Treasury, Postal Service, General Government

The Subcommittee recommends that the 1976 targets for new budget authority and outlays be revised downward from the President's request.

The Subcommittee recommends that the target for new budget authority be set at $6,199 million, which is $55 million less than the President's request. This reduction is the aggregate of numerous small program reductions in various programs and activities. The single major program being considered for reduction is the request for $14 million for construction of a Consolidated Law Enforcement Training Center; these funds are not needed due to the probability that a surplus military installation will be used for the Center.

The Subcommittee recommends that the target for outlays be set at $6,007 which is $52 million less than the President's request.

THE TRANSITION QUARTER

To allow Congress a more adequate period of time to review the President's budget requests, Title 5 of the Congressional Budget and Impoundment Control Act mandates that:

1. Beginning in calendar year 1976, and for all years thereafter, the fiscal year of the U.S. Government shall commence on October 1st and end on September 30 of the following year;

2. That all accounts of receipts and expenditures required to be published annually shall be prepared and published so as to conform to that new chronology; and

3. That the President shall prepare budget estimates for the period commencing July 1, 1976, and ending on September 30, 1976.

These requirements leave a three-month transition period between the end of fiscal year 1976 on June 30, 1976, and the start of fiscal year 1977 on October 1, 1976.

Although the President's budget requests for fiscal year 1976 did not contain detailed justifications of the Government's needs during this transition quarter, subsequent justifications will allow the 1976 Appropriations Acts to fund this period. This is possible since PL 93-554 will extend the availability of fiscal year 1976 funds until September 30, 1976. This legislation coupled with the Committee's intention to fund this transition quarter in the regular appropriations bills for fiscal year 1976 will of course increase the amount of funds provided in 1976 appropriations acts by about 25% above the amounts needed between July 1, 1975, and June 20, 1976.

The basic intent of the Senate Appropriations Committee will be to undertake no new policy or program initiatives during the transition quarter. As such, the estimates for this transition period can generally be expected to be about 25% above the President's fiscal year 1976 requests. Indeed, the estimates of needed budget authority and expected obligations for the transition quarter are for many accounts merely a proportional 25% above their fiscal year 1976 estimates; however, there are certain necessary exceptions to that proportional relationship.

These exceptions are caused not only by the vagaries of individual programs but also by the clear responsibility of the Congress to take adequate action it reverse the country's economic downturn. Of necessity, if the public employment programs funded by the appropriations process prove to have insufficient results, over the next few months some additional Congressional action and funding clearly will be required and in the public interest. At the same time, many major governmental programs have funding needs which fluctuate substantially throughout the year and which necessarily require funding during the transition period and which deviate somewhat from the 25 percent requirement. For example, the intrinsically seasonal activities of the Commodity Credit Corporation or the firefighting activities of the Bureau of Land Management on Federal land would tend to increase their needs during this period. Conversely, other programs may be phasing out of existence during the transition quarter, thus reducing their needs below the 25 percent figure.

1976 BUDGET TARGETS BY FUNCTION

This next section of the report will translate the Committee's recommendations by subcommittee structure (explained previously) into an array based on functional budget categories. The Committee believes that this functional array should be particularly helpful to the Committee on the Budget in developing its concurrent resolution by functional categories.

In this section of the report, significant increases and decreases in the budget request for each subcommittee are tabulated by function. Small changes to the budget request (under $50 million) are not shown separately on this table, but are aggregated at the bottom of it.

See Table 2 for a functional display of budget authority and outlays respectively. This table 2 indicates that if the tentative recommendations of all subcommittees are accepted, aggregate national spending (in outlays) for fiscal year 1976 will total approximately $356.1 billion.

The Committee believes at this time that this figure represents a suitable spending target for total spending during 1976.

TABLE 2.—COMMITTEE ON APPROPRIATIONS, RECOMMENDATIONS FOR 1976 BUDGET BY FUNCTION

[In billions]

Functional budget category	Budget authority				Subcommittee contributing to difference
	1975 request	1976 request	1976 committee recommendation	Difference	
050 National Defense	$91.3	$107.7	$102.5	−$5.2	Defense (−5.0), Military Const. (−0.2).
150 International Affairs	4.9	12.6	12.6	---------	
250 General Science Space and Technology.	4.3	4.7	4.7	---------	
300 Natural Resources, Environment & Energy.	11.5	12.2	13.1	+.9	Public Works (+0.7), Agriculture (+0.2).
350 Agriculture	5.9	4.3	4.3	---------	
400 Commerce and Transportation.	28.9	6.6	6.7	+.1	Transportation.
450 Community and Regional Development.	5.1	5.1	5.9	+.8	HUD (+0.2), State, Justice (+0.6).
500 Education, Manpower, and Social Services.	14.6	13.7	17.4	+3.7	Labor, HEW.
550 Health	28.4	31.0	32.3	+1.3	Labor, HEW.
600 Income Security	$156.1	$135.3	$138.0	+$2.7	Agriculture.
700 Veterans Benefits and Services.	15.6	16.2	16.2	---------	
750 Law Enforcement and Justice.	3.1	3.2	3.4	+.2	State, Justice.
800 General Government	2.7	3.3	3.3	---------	
850 Revenue Sharing and General Purpose Fiscal Assistance.	7.1	7.3	7.3	---------	
900 Interest	31.3	34.4	34.4	---------	
Allowances	.8	8.3	8.3	---------	
Undistributed offsetting receipts.	−16.8	−20.2	−20.2	---------	
Miscellaneous adjustments.	---------	---------	+.2	+.2	
Total	395.1	385.8	390.5	+4.7	

Functional budget category	Outlays				Subcommittee contributing to difference
	1975 request	1976 request	1976 committee recommendation	Difference	
050 National Defense	$85.3	$94.0	$91.9	−$2.1	Defense (−2.0), Military Const. (−0.1).
150 International Affairs	4.9	6.2	6.2		
250 General Science Space and Technology.	4.2	4.6	4.6		
300 Natural Resources, Environment and Energy.	9.4	10.0	10.6	+.6	HUD (+0.1), Public Works (+0.5).
350 Agriculture	1.8	1.8	1.8		
400 Commerce and Transportation.	11.8	13.7	15.0	+1.3	State, Justice (+0.3), Transportation (+1.0).
450 Community and Regional Development.	4.9	5.9	6.8	+.9	HUD (+0.1), State, Justice (+0.8).
500 Education, Manpower, and Social Services.	14.7	14.6	17.4	+2.8	Labor, HEW.
550 Health	26.5	28.0	28.6	+.6	Labor, HEW.
600 Income Security	$106.7	$118.7	$121.0	+$2.3	Agriculture (+2.2), HUD (+0.1).
700 Veterans Benefits and Services.	15.5	15.6	15.6		
750 Law Enforcement and Justice.	3.0	3.3	3.5	+.2	State, Justice.
800 General Government	2.6	3.2	3.2		
850 Revenue Sharing and General Purpose Fiscal Assistance.	7.0	7.2	7.2		
900 Interest	31.3	34.4	34.4		
Allowances	.7	8.0	8.0		
Undistributed offsetting receipts.	−16.8	−20.2	−20.2		
Miscellaneous adjustments.			+.1	+.1	
Total	313.5	349.4	356.1	+6.7	

DAVID S. BRODER'S EDITORIAL ON AMERICA'S INTERNATIONAL RESPONSIBILITIES

Mr. McCLELLAN. Mr. President, in his recent speech at the University of Notre Dame, President Ford warned the American people against heeding those who urge the Nation to "withdraw from one world and go it alone."

Although we have heard much of late of the "new isolationism" in which Americans are said to be ready to shirk the responsibilities of world leadership, David S. Broder, writing in the Washington Post, reports that "in fundamental respects, there is no retreat from the concept of America's international responsibilities."

Mr. Broder points out that a recent Harris poll sponsored by the Chicago Council of Foreign Relations indicates that American reaction to proposals to "go it alone" are far more complex than generally assumed.

Among other items, the poll shows that 69 percent of those questioned in this sample "think it very important for the United States to be the world leader in military strength."

And significantly, in view of repeated efforts made in this body to slash defense spending below reasonable levels, the poll shows that "twice as many voters favor maintaining or increasing the level of defense spending as favor cutting it."

In order that my colleagues may have the opportunity to familiarize themselves with Mr. Broder's report. I ask unanimous consent that his article from the Washington Post of March 23, 1975, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"GOING IT ALONE"

(By David S. Broder)

In his speech at Notre Dame last week, President Ford worried that Americans might be listening to those who urge us "to withdraw from one world and go it alone." Are the President's fears justified?

Well, one just-released national opinion poll reports that only 39 per cent of Americans would favor U.S. miltiary involvement, including the use of troops, if Western Europe were invaded.

That rather startling finding seems to undercut the entire logic of the North Atlantic Treaty Organization and the presence of U.S. troops in Europe. It is part of a scientific study of a national cross-section of adults, conducted last December by Louis Harris and Associates, and released this month by the sponsoring organization, the Chicago Council of Foreign Relations.

That is not the only shocker in the report. Only 34 per cent of the sample favored U.S. military intervention if the Russians took over West Berlin; only 32 percent would sanction military action if Castro's Cuba invaded the Dominican Republic; and only 27 per cent if Israel were being defeated by the Arabs. In fact, of 12 theoretical threats, the only one to which most Americans would respond with armed intervention is an invasion of Canada.

When American public opinion draws the defense perimeter of the United States through Ottawa and Montreal, the Ford warnings against a "new isolationism" sound well justified.

But a closer look at this valuable survey shows the picture is more complex. It indicates that, in fundamental respects, there is no retreat from the concept of America's international responsibilities.

True, Vietnam has left a rancid after-taste that clings to almost every mention of direct military intervention. Some 72 per cent of those polled regard Vietnam as a "dark moment" in American history; only 8 per cent see it as a "proud moment" for the United States. There is a sharp difference between those two groups in their attitude toward future military interventions.

But the Vietnam "hawks" and "doves" agree, by margins of 2-to-1 or more, that it will be better for the future of the country if the United States takes an active part in world affairs than if we stay out or go it alone. That support for an active world role is virtually unchanged from what it was 20 years ago—at the height of the Cold War—even though containment of communism has dropped far down as an objective of foreign policy, ranking well behind such altruistic goals as arms control, hunger relief and solving worldwide economic problems.

What this suggests is that broad support is available for Mr. Ford and other internationalists in combating "isolationist" tendencies, if they do not allow their opponents in debate to reduce the meaning of internationalism to the exercise of military force.

Mr. Ford is on weak grounds when he resurrects the "domino theory," as he did last week. Only 36 per cent of the public, in this sample, believe it very important for the United States to make and keep commitments to other countries.

By contrast, 69 per cent think it very important for the United States to be the world leader in military strength. Twice as many voters favor maintaining or increasing the level of defense spending as favor cutting it.

The survey shows powerful evidence that the people of the United States understand the folly of a return to economic isolationism. They accept what Mr. Ford called "the total interdependence of all people who live on this planet." More than two-thirds see a major foreign policy impact on the price of gasoline, the value of the dollar and the health of the U.S. economy. And they say they are willing to cut their use of gasoline, their consumption of meat and other food, in order to alleviate worldwide shortages.

It is quite true that there are ambivalences and contradictions in their attitude toward the United Nations, foreign aid and the relationship of the United States to nondemocratic regimes abroad.

On many of these areas, the President and the other internationalists have a job of education to do—in combating, for example, the majority view that foreign economic aid hurts, rather than helps the American economy.

They also have a job to do in persuading the people that the perceived failure of the Vietnam intervention does not logically mean that the United States should never again use its armed forces in "distant lands."

But there is room for persuasion and for education. What the Chicago Council of Foreign Relations Committee study seems to say is the Americans have learned the world is not ours to manage but still believe the world is one.

And that is not a bad premise from which to begin.

THE COMING BLOODBATH

Mr. BUCKLEY. Mr. President, it is impossible these days to turn on the television or read a newspaper without being reminded of the consequences of our unwillingness to honor our commitments to the Government and the people of the Republic of South Vietnam.

The South Vietnamese who have depended on our aid for so long in fighting back the Communist armies of the North are on their last leg. They have little ammunition, their air force has been grounded for lack of spare parts and fuel and they have nowhere to turn.

If we are to learn anything from the events taking place at this very moment, it is that the arguments of those who said over the years that the South Vietnamese lacked the will to fight and that the people of that country longed for the communism that descended on the North after World War II were dead wrong. The people today are voting, as they did after the signing of the Geneva Accords in 1954, with their feet. Hundreds of thousands of refugees are fleeing; not back to the safety of the North which, after all, is being neither bombed nor attacked, but south into the cities and enclaves still held by the Government of South Vietnam. They realize, as we do not, that when and if the Communists finally take over, there will indeed be a bloodbath of almost unprecedented proportions.

I ask unanimous consent that two items appearing in this morning's Wall Street Journal be printed in the Record. The first is an editorial on the question of the refugees and the evidence provided by the fact that hundreds of thousands are seeking what little protection they can get from their government in the face of the Communist offensive. The second is an article by Samuel Adams on projections that, once they take over, the North Vietnamese might easily execute at least a hundred thousand South Vietnamese "enemies of the people." Mr. Adams asks us to face up both to our responsibility and to the reality of the world we live in.

He offers several alternatives some honorable and some less than honorable. We owe it to ourselves and to the people who rely on us to come to grips with the problem he outlines in this article.

There being no objection, the editorial and the article were ordered to be printed in the Record, as follows:

WHICH WAY DO THE REFUGEES FLEE?

As the battlefield reports from Vietnam grow increasingly gloomy, one looks for something, anything, the U.S. might salvage from its own agony in Indochina. Perhaps, though even this scrap is by no means assured, the U.S. could learn a few things about itself.

The most poignant testimony to what needs to be learned is the flood of refugees pouring out of the areas falling to the Communists. At times the Communists let the refugees pass unhampered; at times they open fire on the columns. The newsmagazines capture the refugees' plight in cover photos of bloodied babies.

The same pictures, only a few years ago, would have been assumed to portray the latest atrocity wrought not by the Communists but by the Americans. In envisioning the current streams of refugees, one must also remember all the arguments, so hotly urged by some Americans and in fact still portrayed by today's filmmakers, that the Vietcong was a popular movement, that Ho Chi Minh would win any election, that the corrupt and dictatorial regime in Saigon could not win the hearts and minds of the people.

Well, the people are voting with their feet. The refugees are not merely fleeing the fighting; indeed, their movement is not away from the battle but toward areas still likely to be fought over. The only explanation for their desperate flight is that they prefer any chance, however slim, of living under Saigon to the certainty of living under Hanoi.

There is, after all, a world of difference between the two regimes. Hanoi is one of the most repressive regimes in the world, and in all likelihood the most demanding regime in the world in the sacrifices it is willing to impose on its citizens. One can debate the size of the bloodbath likely in South Vietnam after Hanoi's victory, but it is a simple fact of history that nowhere has a Communist revolution been consolidated without substantial numbers of executions.

Saigon is of course capable of its own repressions and cruelties, but there are differences that are meaningful to the Vietnamese if not to Capitol Hill democratic theoreticians. Saigon may not have freedom of the press, for example, but at least freedom of the press is an issue. More significantly, though you seldom hear about it in American conversations, since 1968 South Vietnam has carried out a land reform program that has allowed five of every six rural families to farm their own land. And even as the war raged, material prosperity grew.

The lesson of the refugee's choice, we note, is beginning to take hold in some quarters of American opinion. Our colleagues at both The Washington Post and The New York Times have editorialized against any abrupt termination of American aid to Saigon. They propose to phase out aid over a given time-period, papering over more postponement with the polite fiction that in the meantime a political settlement might be reached with Hanoi. But at least they recognize that the United States owes something to the South Vietnamese.

Congress may not go even that far; it seems on the verge of an immediate cut-off. Even a temporary extension would be preferable, if only because a new Congress could take another look. This may be academic, of course, if it turns out that Congress has already closed the question by the aid reductions that helped provoke Saigon's withdrawals. For all that, there is a certain virtue in an abrupt aid cutoff—at least it openly declares responsibility. We, the United States of America, will foreclose that last hope for which all those refugees flee.

There is something to be said for getting the proposition out in the open, so that we can decide whether that is the kind of nation we want to be. Perhaps we do. But perhaps out of facing that question squarely would come a recognition of the real lesson of refugees from Communist areas, whether ballet dancers from Leningrad or peasants from the Central Highlands.

To wit, in the world today America stands for things—a measure of personal freedom, a degree of material prosperity—that ordinary people of the world value very highly indeed. And however much American foreign policy needs to separate possible purposes whatever for it to be crippled by doubt about its ultimate purposes.

SIGNING 100,000 DEATH WARRANTS

(By Samuel A. Adams)

It was a routine execution. A notice had arrived from Viet Cong provincial headquarters the day before, sentencing the prisoner to death. That morning he was taken from his cell (really a bamboo cage), led about 200 yards down a narrow, winding dirt path to a clump of bushes and then told to kneel. He did so and a VC guard shot him through the right temple. They buried the corpse in a shallow grave behind the bushes and later in the day crossed his name from the jailer's list and added it to a list of the dead.

This account was told to me in a matter-of-fact way by a Communist prison official who had defected from the Viet Cong in the Mekong Delta of South Vietnam in March 1967. The defecter, who had witnessed the shooting, identified himself as the "deputy chief interrogator" of the Legal Affairs Subsection of the local VC Security Service—that is, their secret police. He had seen few such executions, he said, because it wasn't his job, but he knew the practice was common. He had no idea why province headquarters had issued a death warrant in this case. The prisoner was a South Vietnamese government official, however, and was presumably—to use the defector's precise words —"an enemy of the revolution."

There was little reason to doubt what he said. Some weeks earlier, the Allies had captured a statistical report from the same prison where the defector had worked. It was a death list of about 100 names.

Although the incident happened in 1967, it is apt today because the Communists seem not only about to capture the capital of Cambodia, Phnom Penh, but they are setting themselves up to move eventually on Saigon. And when these cities are taken, the number of "enemies of the revolution" who will fall into Communist hands will number in the hundreds of thousands.

The question becomes: How many will they kill?

A GLOOMY PROGNOSIS

On the basis of past performance, my outlook is on the gloomy side—probably many thousands. My conclusion comes from seven years of studying Viet Cong documents, particularly on their secret police and from extensive research concerning the Cambodian rebels. I read the documents while I was an analyst for the Central Intelligence Agency and note, parenthetically, that the principal message of the many papers I wrote about the war in Indochina was that the Allies would probably lose.

The key to the shootings is the manner in which they occur. Although Viet Cong propaganda tries to portray them as spontaneous acts of angry peasants, in reality nine-tenths of the executions take place in the cool and deliberate way described by the VC interrogator from the Delta. The thousands of captured documents concerning the Communist secret police provide a remarkably clear picture of how they go about their work.

The organization responsible for the police and the executions is the Vietnamese Communist Ministry of Public Security, or Bo Cong An. Closely modeled on the Soviet KGB, the Bo Cong An has its seat in Hanoi, in the same building, ironically, as the old headquarters of the French colonial Surete. The ministry runs police operations on both sides of the 17th Parallel, and is in direct radio contact with each of the 38 VC provinces in South Vietnam. By this means, it keeps close tabs on Viet Cong's complex police bureaucracy, which employs not only prison officials but a variety of functionaries such as typists, file clerks, researchers, investigators, radiomen, crytographers, agent-handlers, administrators, armed policemen and large numbers of operatives who compile blacklists. The component charged with putting together blacklists has the cover description of "Element A-2, Subsection B-3." It operates mostly in Saigon territory, collecting names of those sympathetic to the government.

The process by which the VC secret police chooses targets from the blacklists is anything but haphazard. Captured documents show that the persons most likely to be picked for execution are those who have either opposed or betrayed the Communists apparatus. These include Viet Cong defectors (such as the interrogator), Saigon's intelligence and counter-intelligence agents, government policemen and soldiers, "reactionary" politicians and South Vietnamese administrative officials. Of the last, the Viet Cong are not necessarily after the cruelest or the most corrupt—simply the most effective. Acts of random terror are relatively rare.

The number of Communist executions in the war so far is probably very large. The biggest killing of all took place in Hue in early 1968, when the Viet Cong controlled the city for almost three weeks. South Vietnamese and Communist estimates of the dead coincide almost exactly. Saigon says it dug up some 2,800 bodies; a Viet Cong police report put the number at about 3,000. Dozens of other police reports taken elsewhere in South Vietnam show that the Hue executions were unusual only because so many occurred in so short a time.

To cite a more typical example, a Viet Cong district reported that it had executed 30 persons in the course of a single year. Since the Viet Cong have some 240 districts and since the district is only one of six kinds of VC jurisdiction, and since the war in the South has gone on for over 15 years, extrapolations from this kind of number rapidly reaches into the many tens of thousands.

To return to the basic question: How many will the Communists kill? The most rational estimate to appear so far showed up in a balanced and scholarly book written five years ago by a RAND researcher named Stepheri T. Hosmer ("Viet Cong Repression and Its Implications for the Future," Heath Lexington Books, 1970). Basing his estimate almost entirely on Viet Cong documents concerning the most likely types of victims, Dr. Hosmer stated that he found it "difficult to believe that the number would be much less than 100,000. Indeed, it might be considerably higher." Having read most of the several hundred police documents on which Dr. Hosmer based his research, I think his estimate is sound.

No similar guess has been made for Cambodia. One reason for this is that we know much less about the Khmer Communist secret police than we do about the Viet Cong's. But there is a good deal of evidence that the Cambodian rebels *have* a secret police, that they have executed fairly large numbers of people, and that several leading Khmer Rouge security cadres learned their trade at the central police academy of the Vietnamese Bo Cong An. The school is located in the town of Hadong, a few miles southwest of the ministry's headquarters in Hanoi.

THINKING IN THE FUTURE

Faced with the large amount of evidence of the Communists' past doings, we ought to be thinking of what, if anything, we should do about the future. Rep. Paul McCloskey of California, who seems to be able to face unpleasant facts before most of his colleagues, already has suggested that a way to forestall a bloodbath in Phnom Penh is to let the likely victims escape to Saigon. However, we still haven't confronted the even thornier question of what to do when Saigon goes.

It seems to me there are at least five possible courses of action: The first is to wade back in, Marines and all, and prop up our wavering Allies. All but a few find this unthinkable. A second is to try to negotiate the victims' survival, but I find it hard to believe that the Communists would honor their commitments. A third possibility is to grit our teeth, acknowledge our responsibility and our impotence and watch the bloodletting happen. This is brutal, but at least it has the virtue of honesty. A fourth course of action would be to take in refugees from Indochina, just as we did from Hungary and Cuba. This would create enormous problems, such as how to assimilate several hundred thousand people from a different culture who don't speak English. The course's only advantage is that it would be a decent and honorable thing to do.

There is a fifth possibility. That is to ignore the evidence, to pretend, for example, that Dr. Hosmer's book doesn't exist, to accept Communist avowals that they will opt for mercy, to believe, in other words that their secret police—who are just as ruthless as Saigon's, only more efficient—will somehow kick their habit of killing.

RESCHEDULING SOME OF CHILE'S EXTERNAL PUBLIC DEBT

Mr. SPARKMAN. Mr. President, the Department of State has notified the Committee on Foreign Relations that the United States will participate this month in multilateral discussions on rescheduling some of Chile's external public debt due in 1975. The amount due the United States is $95 million.

Section 4 of the 1974 Foreign Disaster Assistance Act requires the Secretary of State to "keep the appropriate committees of Congress fully and currently informed of the ongoing status of any negotiations with any foreign government regarding the cancellation, renegotiation, rescheduling, or settlement of any debt owed to the United States by any such foreign government under the Foreign Assistance Act of 1961."

I ask unanimous consent that the State Department letter of March 13, pursuant to the above mentioned provision, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of State,
Washington, D.C., March 13, 1975.

Hon. John J. Sparkman,
Chairman, Committee on Foreign Relations,
Washington, D.C.

Dear Mr. Chairman: Pursuant to the provisions of Section 4 of the Foreign Disaster Assistance Act of 1974 (the "Act"), the Department of State is to notify you prior to the United States entering into discussions which could have the impact of liberalizing the repayment terms of any debt owed to the United States by a foreign government for loans extended under the authority of the Foreign Assistance Act of 1961, as amended.

The purpose of this letter is to advise you that the United States Government will be participating in a meeting requested by Chile on March 24 and 25 as a member of a group of creditor nations (the "Paris Club") to consider rescheduling certain amounts of Chile's public external debt due in 1975.

Chile previously sought and received rescheduling through the Paris Club of its public external debt in 1930, 1965, 1972 and 1974. Relevant documentation and background information concerning the two latter cases were submitted to the Congress under the terms of the Case Act. In both the 1972 and 1974 reschedulings, the creditors insisted that Chile enter into an economic stabilization program, preferably under the auspices of the International Monetary Fund (IMF). This "stand-by arrangement" with the IMF was made in conjunction with the 1974 rescheduling and is being repeated in 1975.

The current Chilean economic situation is such that the IMF is again recommending a rescheduling of Chile's debts. Given the status of their economy, the choices to the creditors are either to reschedule or accept default. In spite of the stabilization measures adopted in 1974, Chile's 1975 economic prospects are poor largely because of external forces: the four-fold increase in the price of oil (Chile imports most of its consumption) and the precipitous drop in the price of copper, which accounts for almost 80 percent of Chile's foreign exchange earnings, to a level less than one-half the price reached in mid–1974. These factors have undermined much of the economic progress made in 1974 and the IMF now predicts that in spite of Chile's best efforts, there will be an extremely large unfinanced balance of payments gap in 1975.

The forum for this meeting, the creditor club, is the traditional multilateral mechanism for debt rescheduling. Its function is to examine a nation's ability to meet its debt service payments and, if it determines that the debtor is temporarily unable to meet its obligations, it may agree to reschedule the debtor country's service payments for the purpose of facilitating future repayments. Judgments for rescheduling are based on financial and other economic criteria and debt rescheduling is not used by the creditor governments for providing development assistance. Debt renegotiations have usually occurred within a multilateral framework, with creditors insisting upon the most favored nation principle to ensure that all creditors share the burden of rescheduling identically. The terms of rescheduling have in the past varied, depending on the composition and structure of the debt to be rescheduled and on the economic circumstances and prospects of the debtor country. Since Chile's 1975 debt service is heavily weighted by non-concessional borrowings, rescheduling terms are likely to be established on a near commercial basis.

Should a multilateral agreement setting parameters for rescheduling be concluded, creditor nations negotiate bilaterally with the debtor to establish final terms, including interest rates and, depending upon the specificity of the Paris Club Agreement, perhaps also some details of the repayment schedule. The United States creditor agency involved which extended loans authorized by the Foreign Assistance Act is the Agency for International Development (which is owed approximately $16.1 million in 1975, not all of which will be eligible for rescheduling in the Paris Club). The Department of Agriculture ($24.9 million), the Export-Import Bank ($45.3 million) and the Overseas Private Investment Corporation ($8.7 million) will also be included. This does not include previously rescheduled debt, which will not be further rescheduled. The portion of debt due these United States agencies to be rescheduled, if any, will be determined by the terms of the Paris Club Agreement.

I will be happy to provide any additional information on this matter, and will continue to notify you of all other pertinent developments affecting these and any other debts owed to the United States under the Foreign Assistance Act.

Sincerely,

Robert J. McCloskey,
Assistant Secretary for Congressional Relations.

A HEALTHY COHESION EFFORT

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that a recent editorial published in the Philadelphia Inquirer, describing our "Republican Statement" and attempts to bring the Republican Party together, be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

A Healthy Cohesion Effort

Concerned with recent and increasingly strident talk of a conservative faction breakaway, a group of moderate Republican leaders have opened a campaign to re-cement the bonds of their party.

It is a constructive effort, well beyond the specific interests of professional Republicans themselves.

A great strength of the American political system is that it traditionally has rested firmly on two national parties, each of considerable ideological diversity. The result has been a broad cohesiveness in the middle ground. Factionalism, carried to break-away extremes, can offer only confusion.

The moderates' effort is in the form of "A Republican Statement," drafted by Rep. John Anderson of Illinois, with the help of Illinois Sen. Charles H. Percy and Michigan's governor, William G. Milliken. It has been endorsed by Sen. Hugh Scott and Rep. John J. Rhodes, the minority leaders, and by Missouri's Gov. Christopher S. Bond, chairman of the Republican Governors Association.

"As Republicans," the statement says, "we reaffirm our dedication and loyalty to the party and its principles and pledge our efforts to rebuilding the party in the wake of our recent setbacks and to broadening our political base."

The GOP's "recent setbacks" have been severe. There have been good reasons for them, in the scandals that ravaged the Nixon Administration and brought down Mr. Nixon himself. But those reasons had remarkably little to do with the ideological nature of the Republican Party. They had a great deal to do with the moral lapse of the party's national leader who had methodically cut himself off from the advice or counsel of the diverse voices in his party—creating an isolated faction within the GOP.

What's healthy for the Republican Party, U.S. political history tends to demonstrate, is healthy for the American body politic—a generality that is equally true for the Democratic Party in its time of trouble.

The genius of the American system of checks and balances works as hard and as well in coherent political competition as it does in the more formal institutional arrangements that separate government responsibilities and powers.

The GOP statement of cohesiveness is being circulated among party members in the Congress and outside. It should be given strong support.

PROJECTED DEFENSE BUDGET REDUCTIONS

Mr. STENNIS. Mr. President, I am speaking as a member of both the Appropriations Committee and the Armed Services Committee and as chairman of the Armed Services Committee.

In reporting to the Senate Budget Committee, the Appropriations Committee recomended $102.5 billion as a target for defense budget authority in fiscal year 1976. This is $5.2 billion below the $107.7 billion in budget authority requested in the President's budget. However, the President's budget could substantially understate the funds needed for pay and oil by some $3 or $4 billion.

I should point out that the President's $107.7 billion budget assumes that the Congress will pass the 5-percent limitation on pay increases as recommended by the President. If this 5-percent limitation is not passed by the Congress, approximately $1.8 billion additional could be needed for military, retired, and civilian pay increases within the Department of Defense. Moreover, the fuel cost for the Department of Defense could increase $1 to $2 billion for fiscal 1976 depending on how the President's oil import tax and deregulation or oil price proposals are implemented.

In light of these additional costs the target of $102.5 billion recommended by the Appropriations Committee may be substantially more difficult to attain than the $5.2 billion reduction from the President's budget would indicate.

It is my firm belief that it would be premature and unfortunate if any Senator makes a firm judgment for Defense Department reductions of $5.2 billion at this time. The defense budget was only submitted February 4 and much of the supporting data arrived several weeks later. Certainly there has been insufficient time to analyze and arrive at any firm conclusions on a budget submission of this magnitude.

I intend no criticism of anyone on the Appropriations Committee or any other committee; I also realize that the new budget reform law adds a completely new congressional appropriation and outlay procedural system, one part of which requires that the standing committees make their recommendations on spending within their functional areas to the Budget Committee not later than March 15 each year.

Next year all of the committees will be in a much better position to deal with this matter in view of the large volume of information which should be received in advance.

The Budget Committee has decided even this first year, however, to deal with these so-called 17 functional budgets, of which the Department of Defense is one, in its committee report which is a partial implementation of the entire new system. The point I wish to make is that I urge caution that the Senate not make firm, premature judgments on this enormous and complex problem simply to meet these new statutory deadlines.

I would also hope that no one would construe my remarks as implying that I stand for no cuts in the defense budget. I am hopeful that ways can be found to reduce this defense budget and that the past record of the Armed Services Committee in the authorization area and the actions of the Defense Appropriations Subcommittee will confirm my general position on this matter. Since fiscal year 1970 the Senate Armed Services Committee, in authorizing less than a quarter of the total defense budget, has reduced the defense authorization request by a cumulative total of over $10 billion. In addition, in the last 4 years the committee has recommended personnel cuts which would save $2.6 billion per year. In all frankness, however, what we must have is a reasonable period of time in order to make a sensible judgment on this issue.

For my own point of view, Mr. President, this $5.2 billion target should be construed in the broadest sense; that is, in the perspective of expressing the hope that these are the economies which we hope to achieve. It should not be construed as being some prior determination on which hard judgments have already been made. I want to reemphasize the idea in the Appropriations Committee report that this $5.2 billion cut in defense may not be advisable after more information becomes available and that it represents only a maximum target.

In fact, I think this represents the spirit and intent of the Senate Appropriations Committee. No firm conclusion was reached or expressed by the Appropriations Committee. The concluding part of their report has the following language:

> During the last three years, the Congress has cut the Administration's budget by a total of $15.3 billion in regular appropriations bills. Of this, $13.7 billion, or 89.7 percent, was slashed from the Defense budget while only $1.6 billion or 10.3 percent of the total was cut from regular appropriations bills for all other government agencies and departments.
>
> In light of these facts, it must be emphasized that the $5 billion reduction in new obligational authority for FY 1976 is only a target figure. It is not cast in concrete. It will be most difficult to achieve. After the Congress has considered the authorizing legislation and the House has acted on the appropriations, the Committee on Appropriations will again examine this figure. Altered circumstances, or thorough and enlightened consideration, may make it advisable for us to conclude that it is necessary and prudent to report a bill higher than the $92.8 billion target figure for 1976.
>
> In conclusion, we believe it is most imprudent to force only one segment of the national budget to bear the whole burden of reordering of priorities. Such a policy is hazardous and fraught with danger to our national security. The burden of reordered priorities and reduced spending should be borne equitably by all sectors of the budget and not by National Defense alone.

The Senate Armed Services Committee has held hearings either by the full committee or by subcommittee virtually every day from the time the budget request was received until the due date of the report to the Budget Committee, but has not finished over one-third of the necessary hearings on hardware, research, and manpower. The committee, therefore, unanimously reported to the Budget Committee that at this stage of the hearings, they were not in a position to make definite recommendations as to reductions even though they were searching for places to make all reasonable reductions possible. The committee, therefore, unanimously reported tentatively the budget figure that was requested. Of course, Armed Services will complete its committee hearings in due time and expects to make all reductions reasonably possible.

THE AGENCY FOR CONSUMER ADVOCACY

Mr. TOWER. Mr. President, Opinion Research Corp. of Princeton, N.J., has recently completed a survey to determine consumer attitudes toward business and Government.

I am sure the results will come as a shock to those of my colleagues who have insisted for years that consumers avidly support the establishment of a new Federal super agency to "protect" them. As a matter of fact, just the reverse is true. They do not want such an agency. What they do want is for the existing agencies to do the job they were set up to do.

As our distinguished colleague, the senior Senator from Illinois has said on many occasions, such problems as the consumer may have in the marketplace are attributable to a small minority of businessmen who engage in unethical practices. The American consumer agrees with the Senator from Illinois. By a margin of 86 to 13 percent, consumers feel that they are usually treated fairly by business. That is why more than 80 percent of those questioned told Opinion Research Corp. interviewers that they do not want a Consumer Protection Agency—or an Agency for Consumer Advocacy as it has come to be known lately.

Opinion Research Corp. is a highly credible organization and needs no defense from me. However, I expect there will be those who will resort to the ageold trick of trying to discredit the source. So let us take a look at the questions that were asked and the demography that went into the survey.

The findings in this survey are based on a total of 2,038 interviews conducted personally and individually in respondents' homes between January 10, and February 3, 1975. Interviewed was a representative sample of all adults in the continental United States 18 years of age and over.

The survey was conducted for the business roundtable by Opinion Research Corp. working with Research Strategies Corp. of New York. Those who would decree that businessmen are entitled only to a second-class citizenship will, of course, attack the survey's sponsorship. To that, I can only say to Ralph Nader and his cohorts, "Go forth and listen to what people across the country have to say. You will find what the survey did: People want the agencies we now have in the consumer field to work more efficiently, but they want no part of a new super agency set up to try to do the job."

Let me first summarize the findings of the entire survey, and then state you specific questions asked.

In summary the survey found:

When questioned directly, over four in five people 18 years of age or over, nationwide, say they have "almost always" or "usually" been given fair treatment by business. The 13 percent who term their treatment unfair tend to name large, nationwide companies and industries rather than smaller, localized organizations as the type of business involved.

Given their choice, people think their best chance to get something done about a bad product or service experience is to go to the person who sold it to them, the better business bureau, or the company that made the product or provided the service. They are much less likely to name either Federal or State local consumer protection agencies as places to go to get help.

Only 14 percent of the total public feel they have been treated unfairly by Government; nearly 80 percent term the treatment they have been getting as fair. Big government, like business, comes in for more criticism among the minority who feel they have been handled unjustly.

The Federal Office of Consumer Affairs, about which some two-thirds of the public claim to have heard, is judged to be effective by three times as many as judge it ineffective.

The Consumer Product Safety Commission, known to about half the total population, is judged to be effective by six times as many as term it ineffective.

The Environmental Protection Agency, most widely recognized of the three—75 percent—is thought to be effective on a 3-to-1 basis.

Asked whether Congress should set up a special commission to study existing consumer-related agencies and recommend changes to improve them, more are in favor than against, but by less than a majority vote.

Only a fifth of the total population says it has heard of the proposed Federal Consumer Protection Agency, and of this number, relatively few can describe with any accuracy what the agency would be set up to do.

On the direct question as to whether they are for or against setting up a Federal Consumer Protection Agency over all existing consumer-related agencies, 75 percent of the public vote against doing this and are in favor, instead, of making existing agencies work better and more effectively.

When the 13 percent who vote for establishing the new agency are asked whether they still would be in favor if the costs were to be "at least $60 million for the first 3 years," as provided in S. 200, about half say they would not.

Adding these to the 75 percent who originally voted against setting up the new agency, the total vote comes to 81 percent against a new Consumer Protection Agency.

I believe this general summary of the findings should provoke some serious concern among my colleagues as to the advisability of going through with this Federal boondoggle. I ask unanimous consent that the specific questions used in this survey be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[All answers in percent]

As an American consumer, you buy a variety of things for yourself or your family. In general, how fairly do you, as a consumer, feel you are treated by business? Would you say you are almost always treated *fairly*, usually treated *fairly*, usually treated *unfairly*, or almost always treated *unfairly* by business?

	Total U.S. public
Almost always fairly	27
Usually fairly	59
Usually unfairly	11
Almost always unfairly	2
No opinion	1

What businesses or companies do you feel have treated you unfairly?

The 13 percent of Total U.S. Public who say they have "usually" or "almost always" been treated unfairly

National/regional companies:	
Total	7
Utilities	2
Food	2
Gasoline/oil	2
Automobile	1
Clothing	1
Drugs	*
Sugar	*
Other	2
Local business/small companies	3
Gasoline retailers	1
Repair shops	1
Clothing stores	*
Auto dealers	*
Banks	*
Drug stores	*
Food/grocery	*
Furniture	*
Specialty shops	*
Other	*
Not defined as to Regional/National or Local	5
Food/grocery	4
Department stores	1

Miscellaneous/unclassifiable answers: 3
Don't know; don't remember: *

*Less than one-half of 1%.

(Total adds to more than 13% due to multiple answers; totals within underlined categories may add to more than the subtotals shown due to multiple answers.)

If you have a bad experience with some product or service you buy, which of the places on this card do you think would be the *best* places to go to get something done about it?

	Total U.S. public
The person you bought it from in the first place	55
The Better Business Bureau	44
The company that made the product or furnished the service	37
Your state Consumer Protection Agencies	13
Federal consumer agencies in your area	8
Local government officials	1
No choice; no opinion	3

(NOTE.—Total adds here to more than 100% because some selected more than one item. In actual questioning, items were rotated in order.)

As a consumer, you are affected in many ways by government agencies or government activities. In general, how fairly do you, as a consumer, feel you are treated by government? Would you say you are almost always treated *fairly*, usually treated *fairly*, usually treated *unfairly*, or almost always treated *unfairly* by government?

	Total U.S. public
Almost always fairly	21
Usually fairly	58
Usually unfairly	10
Almost always unfairly	4
No opinion	7

What government agencies or branches do you feel have treated you unfairly?

The 14 percent of total U.S. public who say they have "usually" or "almost always" been treated unfairly

Federal agencies:	
Total	8
IRS: Internal Revenue	4
Post Office/Postal Service	1
Social Security	1
"Executive" Branch	1
"Legislative" Branch	1
Veterans Administration	1
Army/Military	*
NLRB: Labor Relations Board	*
Other Federal	3
State/Local agencies:	
Total	4
Welfare	1
Motor Vehicle Bureau	1
U.C. Unemployment	*
Personal property tax	*
Real estate tax	*
Sales taxes	*
Other Local	2
Other, unclassifiable	3
Don't know/no answer	1

(Total adds to more than 14% due to multiple answers.)

*Less than one-half of 1%.

Now, I would like to ask you about some of the Federal Government agencies and commissions which regulate the selling and marketing of products or services sold to the American consumer.

For example, the Federal Office of Consumer Affairs; have you ever heard of it?

	Total U.S. public
Yes	63
No	31
Do not know	6

What does the Federal Office of Consumer Affairs do? What kinds of activity do you associate with the Federal Office of Consumer Affairs?

The 63 percent of total U.S. public who say they have heard of the Federal Office of Consumer Affairs

Price control/regulation/checking:	
Control prices; compare prices in food markets; try to regulate prices, etc.	15
Investigate complaints/intercede for consumers:	
Investigate complaints against companies; deal with complaints by the consumer against some business, etc.	9
Set product standards/quality control:	
Basically quality control; test products to set standards, do research on grading, etc.	8
Monitor bad business practices:	
They are sort of a watchdog; investigates dishonest practices, etc.	6
Consumer protection: Nonspecific:	
Crusade to protect the consumer; look out for consumer's interests, etc.	6
Regulation/control of products/services:	
Regulate marketing of products; overall regulation of products for consumer use, etc.	5
Clearinghouse for complaints:	
Take in complaints of consumers; you can complain if you're treated unfairly, etc.	4
Insure fairness:	
Make sure the consumer gets a fair break; check to see people are treated fairly, etc.	4
Check advertising claims:	
Investigate false advertising; truth in packaging, etc.	4
Product safety:	
Keep an eye on products produced to make sure they're safe; check products for safety, etc.	3
Communicate/report/transmit information:	
Gives purchasing information; keep the public posted on weight, price, etc.	3
"Better Business Bureau" function:	
Tell you which companies are good to do business with; like the Better Bureau, etc.	2
Associated with consumer advocates/leaders:	
The Ralph Nader type of thing; connected with Betty Furness; woman in charge, etc.	1
Other answers	5
Do not know; do not remember	13

As a consumer, how do you rate the effectiveness of the Federal Office of Consumer Affairs? Would you rate it very effective, somewhat effective, or not very effective?

Very effective	5
Somewhat effective	31
Not very effective	12
No opinion	15

How about the Consumer Product Safety Commission; have you heard of it?

	Total U.S. public
Yes	50
No	43
Do not know	7

What does the Consumer Product Safety Commission do? What kinds of activity do you associate with the Consumer Product Safety Commission?

The 50 percent of total U.S. public who say they have heard of the Consumer Product Safety Commission.

Overall product safety/quality (Nonspecific):	
Check out safety on products; make sure products are safe for consumer use, etc.	18
Check children's toys:	
They check toys for safety; test toys to see if they are dangerous, etc.	14
Food products/goods:	
Looks after the safety of food that the public uses and buys; testing food	5
Automotive/automobile safety:	
Seat belts; agency which recalls defective cars; checks on safety of cars, etc.	5
Flammable materials/children's clothing:	
Test products for flame retardation; nightwear for children, especially under 14 years, etc.	3
Safety of drugs/medicinal containers:	
Aspirin bottle tops; check into safety regulations like childproof caps, etc.	2

As a consumer, how do you rate the effectiveness of the Consumer Product Safety Commission? Would you rate it very effective, somewhat effective, or not very effective?

Very effective	12
Somewhat effective	26
Not very effective	6
No opinion	7

Have you heard of the Environmental Protection Agency—the EPA?

	Total U.S. public
Yes	75
No	21
Do not know	4

What does the EPA do? What kind of activity do you associate with the Environmental Protection Agency?

The 75 percent of total U.S. public who say they have heard of the EPA

Prevent/detect/control air pollution	
Big on air pollution; quality of air; enforce clean air act, etc.	24
Prevent/detect/control water pollution:	
Clean up streams; fighting against contamination of rivers, etc.	18
Control pollution (nonspecific):	
Anti-pollution; cut down pollution; set standards to keep pollution down, etc.	11
Conserve/protect parks, plant life, minerals, natural resources:	
Protects areas from floods; plants trees to prevent erosion; protects our natural resources, etc.	11
Protect environment/preserve nature (nonspecific):	
Keep check on balance of nature; try to improve the environment, etc.	9
Control industrial pollution:	
Putting the clamp on big business to clean up; place restrictions on businesses causing pollution, etc.	9
Emission controls on vehicles:	
They placed pollution control on cars; they regulate emission control, car exhaust injection, etc.	6

As a consumer, how do you rate the effectiveness of the Environmental Protection Agency? Would you rate it very effective, somewhat effective, or not very effective?

Very effective	10
Somewhat effective	37
Not very effective	16
No opinion	11

Some people are saying that Federal agencies and commissions are not doing a good job in looking out for consumers' interests, and they say that Congress should set up a commission to study the problem and recommend changes.

How do you feel? Would you be in favor of setting up such a commission or not?

	Total U.S. public
In favor	47
Not in favor	37
No opinion	16

Have you heard or read anything about a proposed additional Federal agency in the consumer field called the Federal Consumer Protection Agency?

	Total U.S. public
Yes	22
No	69
Do not know	9

As you understand it, what is the proposed Federal Consumer Protection Agency supposed to do?

The 22 percent of total U.S. public who say they have heard of the proposed agency

Consumer protection (nonspecific):	
Look out for the consumer; to protect us—the people—in what we buy and use, etc.	5
Price control/regulation:	
Supposed to keep prices down; protect against high prices, etc.	3
Quality control/protection:	
To protect on quality; see that consumers get quality goods, etc.	2
Oversee/govern existing agencies/commissions:	
Monitor and coordinate the present varied Federal agencies; protect the consumer by checking over the agencies and police their work, etc.	1
Handle consumer complaints:	
Take complaints from consumer and investigate; you call them if you have unfair treatment, etc.	1
Check advertising claims	1
General regulation/companies/products/services	1
Product safety:	
Supposed to check products to make sure they are safe; check labelling of foods; check on safety, etc.	1
Negative reaction to new agency	1
(Insure fairness	(*)
Communicate/transmit information to consumers	(*)
Other	2
Do not know	8

(Total adds to more than 22 percent due to multiple answers.)

*Less than ½ of one percent.

Those in favor of setting up an additional Federal Consumer Protection Agency on top of all the other agencies say it is needed because the agencies we have are not getting the job done by themselves.

Those who oppose setting up the additional agency say that we already have plenty of government agencies to protect consumers, and it's just a matter of making them work better.

How do you feel? Do you favor setting up an additional Consumer Protection Agency over all the others, or do you favor doing what is necessary to make the agencies we now have more effective in protecting consumers' interests?

	Total U.S. public
Favor new agency	10
Make existing agencies more effective	75
Both (volunteered by respondents)	3
No opinion	12

Well, to get the additional Federal Consumer Protection Agency set up and started will cost at least 60 million new tax dollars in the first three years. Would you still be in favor if it means spending that kind of money?

The 13 percent of total U.S. public who say "favor new agency" or volunteer "both"

Yes	5
No	6
No opinion	2

Mr. TOWER. Mr. President, what are consumers trying to tell us?

I believe that they are saying they do not want more Government involvement in the marketplace. They want the marketplace to work better—sure. But they look to us—not to add to their tax burdens by more bureaucracy—but rather to make sure the governmental institutions they now pay for adequately perform the functions for which they were originally designed.

In the interests of space, I have not presented the survey results in their entirety. The complete study is more than 70 pages in length. It includes a complete breakdown of respondents by region, age, educational level, income, race, sex, and other demographic measurements. I would be happy to provide a copy for study by any of my colleagues.

Mr. President, at a time in our history when the Congress is held in such low esteem by the American people, it seems to me the height of irresponsibility to be forcing an additional superbureaucracy down their throats. When 75 percent of the American people say "no" to a piece of legislation and Congress moves right ahead, as if deaf to the voices of our constituents, to create an additional layer of bureaucratic quicksand, is it any wonder that we are not respected more?

CHILD LABOR IN AGRICULTURE

Mr. CRANSTON. Mr. President, agriculture is the No. 1 industry in California. We produce more crops and employ more people in agriculture than any other State. The State of California has taken a strong stand against the employment of children under 12 years of age in agriculture. A law has been on the books for 25 years prohibiting their employment except where they are under the direct supervision of their parents. The Federal Fair Labor Standards Act similarly prohibits employment of children under 12.

When the Honorable Leo T. McCarthy, speaker of the California Assembly heard of the possibility of amendments to the Federal law, he wrote to Senator Harrison Williams, chairman of the Labor and Public Welfare Committee. Speaker McCarthy also sent me a copy of this letter. Mr. President, the letter speaks for itself, and I ask unanimous consent that it be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Assembly, California Legislature,
December 17, 1974.

Hon. Harrison Williams,
Chairman, Senate Committee on Labor and Public Welfare, Washington, D.C.

Dear Senator Williams: It has recently come to my attention that efforts are underway to amend the provisions of the Fair Labor Standards Act, which outlaws the employment of minors in agriculture under the age of 12 years.

For the last 25 years, California law has prohibited the employment of minors under 12 in agriculture except in situations on family farms where children are under the direct supervision of their parents. Although California law would still prevail should these efforts be successful, I am very concerned with the serious implications this amendment would have nationwide.

Testimony received by the Assembly Labor Relations Committee last year during hearings held on child labor revealed that migrant children were being exposed to serious hazards due to heavy machinery and pesticides which, on many occasions, have resulted in physical injury and death. In addition, because of the exemptions in federal law, these children are often the victims of very low wages.

By allowing children to compete in the job market, we are contributing to our depressed economy. At a time when the national unemployment rate has risen to such alarming proportions, it is obvious that every effort should be made to make employment opportunities available.

In addition, the employment of children seriously inhibits the efforts underway to improve the plight of agricultural workers through the collective bargaining process.

Although California produces 20% of the nation's agricultural products, we have not found it necessary to employ minors under 12 in order to harvest our crops. It would appear that other states would have similar capabilities.

As a result of our two interim hearings on child labor, I introduced Assembly Bill 3244 (copy attached), which passed the Legislature but was vetoed by Governor Reagan. This legislation would have increased the penalties for violators of child labor laws by imposing civil penalties up to $5,000 for the more serious violations. It should be noted that agricultural associations throughout California did not oppose this legislation because in their estimation only a small percentage of California farmers are involved in these practices. I am confident that this legislation will be enacted into law this year. An analysis is enclosed for your information.

It is my hope that the Senate Committee on Labor and Public Welfare will carefully consider the serious implications of this proposed amendment with particular regard to the health and safety of children, as well as its effect on the nation's economy.

I shall be pleased to provide the Committee with any further information that will assist in their deliberations.

Cordially,

Leo T. McCarthy.

PROJECT JENNIFER

Mr. CASE. Mr. President, the junior Senator from Rhode Island (Mr. Pell), who serves as chairman of the Subcommittee on Oceans and International Environment of the Committee on Foreign Relations, has written an article published in the Washington Sunday Star, March 23, 1975, dealing with Project Jennifer, the CIA operation which successfully recovered at least portions of a sunken Soviet missile submarine.

Our colleague always makes a useful contribution and his article on Project Jennifer is no exception. One need not agree with all of it, and I do not, to recognize that it is both thoughtful and thought provoking. It is well worth everyone's reading, and I ask unanimous consent that Senator Pell's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Who Will Trust Us Now? Our Credibility on Oceans, Arms Control at Stake

(By Claiborne Pell)

Project Jennifer, the CIA operation to salvage a sunken Soviet missile submarine, furnishes, in all its undercover, underwater aspects, the stuff of which tales of science fiction and high espionage drama are spun.

Jennifer also provides food for serious thought. Whether Operation Jennifer should have been undertaken and whether the potential or actual benefits were worth either the dollar costs or the diplomatic risks are, of course, important questions. I, for one, prefer to reserve my hindsight judgments on those questions until I know a great deal more about the actual costs and intelligence benefits.

I do think, however, that we can and should begin to examine some of the implications and possible costs of the grand deception—the consequences of the cover used to conceal the real work of Operation Jennifer.

The cover for the elaborate engineering project involved in raising the submarine was a commercial deep-seabed mining enterprise. According to press reports, the recovery vessel, the Glomar Explorer, was built for the CIA by Summa Corp., the Hughes holding company, at a cost reaching into the hundreds of millions of dollars, expressly, to recover the Soviet submarine, its weapons and code machines, from a depth of nearly three miles.

Commercial exploitation of deep-seabed minerals is a frontier industry, an industry still in an experimental and developmental stage. As such it is expensive, financially risky, and closely related to commercial scientific exploration and study of the oceans and seabeds.

Because deep seabed mining takes place in the new geographic frontier of the oceans, it is the subject of intensive debate and sensitive negotiations internationally and within the United States. At stake are such important questions as the ownership of seabed minerals, the authority to regulate their exploitation and use, and the right to benefit from their potential wealth in a resource-short world.

In addition, we must remember that the oceans, as an international area, are one of the principal arenas for cooperation among nations in scientific research.

It is in this context that it was suddenly revealed that what had been noisily presented as a legitimate United States commercial ocean venture was, in reality, an intelligence operation by the U.S. government.

One result, in my view, is that the credibility of the United States in international ocean affairs—scientific research, commercial operations, law-of-the-sea negotiations, and arms control—may have been damaged.

Testimony to such damaged credibility already has been received from Geneva, where the Third United Nations Law of the Sea Conference began its second session last week—a session that it is hoped will produce broad international agreements on law-of-the-sea questions of vital importance to the United States and to more than 150 other participating nations.

One of the goals of the United States at that conference is an agreement to permit the broadest possible freedom for scientific research in the oceans. The developing nations at the conference have long harbored suspicions that ocean research by the advanced nations was in effect an intelligence operation, providing information on resource from which the poorer nations would never benefit.

After disclosure of Project Jennifer, a leading foreign participant in the Geneva Conference said the disclosure would make it much harder to obtain an agreement on freedom of scientific inquiry in the oceans. Jennifer served to confirm their suspicions that U.S. activities in the oceans are not always what they seem to be.

And, indeed, one could not blame other nations, particularly the Soviet Union, if they are somewhat wary about working with the United States on international ocean exploration projects. Consider how the following circumstances must appear to the Soviet Union:

The Glomar Explorer has a sister ship, the

Glomar Challenger. Both are operated by Global Marine International (GMI). The Explorer, according to news reports, did its submarine-raising work under a subcontract from Hughes' Summa Corp., and funded by the CIA.

The Challenger, also operated by GMI, works under a subcontract from Scripps Institution of Oceanography in California, largely funded by the National Science Foundation. The Glomar Challenger, by taking deep core samples of the seabeds in the Atlantic and Pacific, has produced revolutionary scientific evidence on the geologic history of the earth's surface. Indeed, the Soviet Union was so impressed with the scientific value of the work of Challenger that the Soviet government agreed to contribute $1 million a year to the deep-seabed coring work done by Glomar Challenger beginning last year.

So, while GMI's Glomar Challenger was conducting basic scientific research, her sister ship, GMI's Glomar Explorer, was secretly hauling up portions of a lost Soviet missile submarine while pretending to harvest deep-seabed minerals. The Soviets would be less than human if they did not have some suspicions about the whole venture. Again, without prejudice to the idea of recovering the submarine, I think we can see that the cover developed by the CIA has some unfortunate drawbacks in terms of international scientific cooperation.

It would be tragic, indeed, if this promising beginning in United States-Soviet cooperation in basic science should be set back because the CIA chose for its cover the same company that the National Science Foundation and Scripps chose for research.

Speculatively we can also ask whether the seabed mining cover for Jennifer has not, to some extent, distorted the consideration of seabed mining legislatively in the Congress, and internationally at the Law of the Sea Conference.

In order to deceive the Soviets as to what Glomar Explorer was up to, the CIA had also to deceive the American people, American business, and the press. The deception may have been harmless, but we can't be sure.

During the construction and operations of Glomar Explorer, the ocean trade press carried repeated speculative stories on what Hughes was up to in ocean mining. In the Congress, hearings were being held by the Interior Committee on proposed seabed minerals legislation, and the Hughes enterprise was one factor often cited in reference to that legislation.

As chairman of the subcommittee on Oceans and International Environment of the Senate Foreign Relations Committee and as the original Senate proponent of an international regime for ocean space, I conducted hearings in June of 1973 on United States policy preparations for the Law of the Sea Conference. The Hughes plans for ocean mining figured in a minor way in the hearings.

Information available to the committee at that time indicated that of three companies, including Hughes Tool, preparing to mine seabed minerals, two companies would not proceed with their plans unless special protective legislation were first passed. The one company which had indicated it would proceed, without special legislation, was Hughes Tool. In retrospect that position, of course, was necessary. The CIA could not wait for passage of seabed mining legislation before putting the Glomar Explorer to sea on her real mission—which had nothing to do with seabed minerals.

Meanwhile, among nations preparing for the Law of the Sea Conference, the publicly announced deepsea mining purpose of Glomar Explorer created concern. Did the United States indeed, as it stated, view the deep-seabed minerals as the heritage of all mankind, or was it going to permit its business community to rush into exploitation of seabed minerals on the old first-come, first-served basis, without regard for an orderly, equitable hearing of the "common heritage"? Again, the cover had an impact, all of its own.

The question also can be asked whether the Hughes seabed mining venture, apparently financed by the CIA, may not have given at least some subtle competitive impetus to the plans of other U.S. entries into seabed mining.

More broadly, the cover chosen by the CIA for Project Jennifer, and the subsequent blowing of that cover, has an insidious impact on current arms-control efforts.

As most of us learn at a young age, the agony of telling a lie and being found out is in the realization that trust, once destroyed, is rebuilt at a painfully slow pace.

This spring, in addition to the Law of the Sea Conference, the United States also will be participating in a review of the Non-Proliferation Treaty on Nuclear Weapons, which is linked to the United States-Soviet Strategic Arms Limitation Talks (SALT), and the Conference of the Committee on Disarmament (CCD), which will be negotiating an international agreement to prohibit the use of environmental warfare techniques.

Some time ago, in the light of prospects for development of powerful and dangerous environmental warfare techniques and being aware of the secret U.S. use of rain-making techniques as an offensive weapon during the war in Southeast Asia, I introduced in the Senate a resolution urging the negotiation of a treaty prohibiting environmental warfare.

The adoption of the resolution by the Senate in July 1973 was followed by a joint U.S.-Soviet agreement for bilateral talks on the subject at the last Nixon-Brezhnev summit in Moscow, and later by the Soviet submission of a General Assembly resolution asking the CCD to produce an environmental-warfare prohibition agreement.

Scientific research on the environment, and particularly the atmosphere, is much like ocean research in that it requires international cooperation to be fully effective. U.S. meteorologists expressed deep concern that the secret weather manipulations in Indochina might undermine vital international cooperation in weather and climate research.

The use of the Glomar Explorer cover in Project Jennifer may well serve to increase the wariness of other nations in negotiating with the United States in such matters as weather modification as well as ocean research and ocean resources.

It is too early to tell whether the seeds of distrust sown by Jennifer will sprout at the arms control and environmental modification talks. I hope the progress of those talks is not impeded. They are much too important to our national security and to the future security of mankind.

It may be that all of the repercussions of Project Jennifer, and of the particular cover for the operation, were carefully considered before the project was undertaken. It may be that the potential or actual intelligence gains outweighed those risks. What is unmistakably clear is that clandestine operations like Jennifer have a unique capacity for clouding the waters of international trust and understanding.

Jennifer presents a classic dilemma in national security policy. Intelligence needs—an important element of national security—can and often do conflict with the pursuit of international understanding and international agreements, on which our long-range national security is also heavily dependent.

History will tell whether, weighing these conflicting demands in Project Jennifer, the correct judgment was made.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, several days ago I made a statement about the Genocide Convention for which there can be no rebuttal: it is clearly the most thoroughly examined treaty that the Senate has ever considered. The convention has been discussed at length by the Committee on Foreign Relations and reported to the full Senate on three separate occasions.

I failed to mention, however, the careful preparation and deliberation given to the convention by consultants and committees of the United Nations before the convention was passed by the General Assembly and sent to the United States and other member nations for ratification.

November 1946, at the request of Cuba, India, and Panama, the Legal Committee of the General Assembly drafted a resolution affirming that "genocide is a crime under international law," and recommending that each member nation enact legislation for the prevention and punishment of genocide.

On December 11, 1946, the General Assembly approved the resolution and requested the Economic and Social Council to consider preparation of a genocide convention.

The Human Rights Division of the Secretariat prepared the draft in consultation with leading scholars of international law. In the spring of 1958, an Ad Hoc Committee on Genocide under the chairmanship of the U.S. representative prepared a new draft of the convention. The Economic and Social Council examined this draft and sent it to the Legal Committee, which discussed it and proposed major modifications.

On December 9, 1949, the General Assembly unanimously adopted the convention by a vote of 55 to 0.

There is no denying that the Genocide Convention has been given the utmost attention, by the various committees of the United Nations in the formulation of the convention and by the U.S. Senate in its lengthy dialog on the advantages and disadvantages of ratification.

Mr. President, there has been enough preparation, examination, consideration, and deliberation. There is no better time than the present to join almost 80 nations in the ratification of this convention to prevent and punish the crime of genocide. I urge my colleagues in the Senate to press for ratification.

THE GLOMAR EXPLORER VENTURE

Mr. HUGH SCOTT. Mr. President, a recent Philadelphia Inquirer editorial strikes an upbeat note with regard to the CIA's *Glomar Explorer* venture:

> That represents a magnificent accomplishment by America's engineering and productive capacities. . . .

Mr. President, I ask unanimous consent that the editorial, entitled "Something's Right With America," be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Something's Right With America

The counter-rumors and counter-leaks began flowing within a couple of days after the astonishing news of the CIA's Glomar Explorer escapade came out. An intrigued public is left reasonably confused about the implications of the recovery of the Soviet nuclear-missile-bearing submarine from the bottom of the Pacific Ocean.

We have no prescience with which to estimate the specific value of the intelligence coup itself. But on reflection, it seems to us that one major theme emerges above all others. It is a heartening one.

That is simply that America could do it. And did. It matters little whether the submarine was wholly or partially retrieved. It matters not at all whether it or its contents were obsolete or not.

The submarine went down, nuclear warheads and code machine with it, in 1968. It would be irrational to assume that the Soviets did not do all possible to recover their own ship and its secrets. But it, or part of it, was recovered, in 1974, not by the Soviet Union, but by the United States.

That represents a magnificent accomplishment by America's engineering and productive capacities, its imagination and flexibility to act.

We remember vividly the despondency that came creeping, then almost exploding, over us and many other Americans after Oct. 4, 1957, when the Soviet Union orbited man's first earth satellite. For the first time, we had reason to doubt deeply America's capacity to lead the world in technological initiative.

Reaching more than three miles down into the ocean is not as romantically spectacular as the first sputnik, and we doubt that it is as historically significant. But almost three-quarters of the world's surface, and presumably a proportional part of its resources, are underseas. Even working in secrecy and amid internal controversy, American initiative and industry conceived, built and put to work a retrieval ship, where the Soviets failed. That is both a marvelous accomplishment and a proud promise.

REVENUE SHARING AND CIVIL RIGHTS

Mr. MUSKIE. Mr. President, as Congress begins to focus on the question of renewing general revenue sharing, a major issue that will face us is the program's impact on civil rights.

An excellent article, "The Impact of Revenue Sharing on Minorities and the Poor," by Morton H. Sklar, Revenue Sharing Project Director of the Center for National Policy Review, appeared in the winter 1975 issue of the Harvard Civil Rights-Civil Liberties Law Review. Because of the timeliness and pertinence of this article, I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Impact of Revenue Sharing on Minorities and the Poor*

(By Morton H. Sklar**)

Revenue sharing is the principal legacy of the Nixon Administration's concept of "new federalism." It represents a major change in the manner in which federal financial assistance is provided to state and local governments. In contrast to federal categorical grant programs, under which money is earmarked for specific projects or purposes and local government recipients must conform to substantial federal requirements,[1] revenue sharing entails lump sum payments with few federal strings. This approach was devised, according to former President Nixon, "s[o] that we can make available nearly five and a half billion dollars to our States and localities to use not for what a federal bureaucrat may want, but for what their own people in those communities want. The decision should be theirs."[2]

In the two years since the first revenue sharing program became law,[3] there have been indications that this new approach to allocating federal aid has had an adverse impact on minorities and the poor. Exploration of the effects of revenue sharing on these and other[4] segments of the population is particularly important in light of President Ford's frequently renewed commitments to support the continuation of revenue sharing[5] and the stated intention of the federal government to apply revenue sharing concepts more broadly to domestic federal aid programs through special revenue sharing and a variety of other "new federalism" policies.[6]

After an introductory section which briefly describes the general structure of revenue sharing, Section II of this Article reviews evidence that indicates that the distribution of revenue sharing funds discriminates against the poor because the basic formula and its limiting provisions do not treat poorer communities in a manner commensurate with their needs. These inequities are compounded by the government's use, for the purpose of determining the size of allocations, of data that include substantial undercounts of minority groups.

Section III analyzes mounting evidence that local governments are not providing an equitable share of revenue sharing funds to meet the urgent needs of the poor, a failing aggravated by the proportional reductions and impoundments of other federal grant programs serving the poor. Section III also examines the implications of the fact that a very substantial portion of the new funds has been given to state and local governments with a long history of discrimination against minorities and women in their employment practices.

Finally, Section IV discusses the victimization of the poor and minorities by the absence of meaningful federal performance requirements and the ineffectiveness of the Office of Revenue Sharing in policing the few standards that have been imposed.

I. A BRIEF DESCRIPTION OF GENERAL AND SPECIAL REVENUE SHARING

A. General revenue sharing

General Revenue Sharing, administered by the Treasury Department's Office of Revenue Sharing (ORS),[7] has been in effect since October, 1972.[8] It was intended to be new federal funding not tied to or replacing any existing program or project, with state and local recipient governments having the power to allocate the funds with minimal federal oversight of their spending choices.[9] Nevertheless, several qualifications have been imposed on the recipient governments' freedom in utilizing the funds.

1. Permissible expense categories. County and municipal allocations for operation expenses must be in one of eight broad priority areas: public safety, environmental protection, transportation, health, recreation, libraries, social services for the poor and the elderly, and financial administration.[10] Capital improvements can be supported in any program area.[11] State government expenses are not restricted to these priority areas.[12]

2. Nondiscrimination. Funds may not be used in a way that provides unequal service to minorities and women.[13]

3. Regular budget procedures. A jurisdiction must follow the same procedures in selecting projects to receive revenue sharing funds as it uses for all other budget decisions.[14]

4. Publication and documentation. Reports of planned and actual use of revenue sharing funds, which must be submitted annually to ORS, must also be published in a newspaper of general circulation, with backup documentation made available to the public at a location designated in the form.[15]

5. State maintenance of effort. State governments are to be penalized in their allocations to the same extent that they reduce their own contributions to county and municipal governments.[16] Exceptions are made for states taking over from their subsidiary governments responsibility for an area of expenditures or conferring on those govenments new taxing authority.[17]

6. Wage rates. Locally prevailing wage rates must be paid to public employees and to employees of private contractors working on funded projects.[18]

One final requirement, of somewhat lesser concern to minorities and the poor, prohibits the use of general revenue sharing funds as a basis of obtaining additional federal funds through matching grant programs.[19]

Enforcement of these limited federal requirements is primarily dependent on the interest and vigilance of the Department of the Treasury.[20] The program was designed to impose as little administrative responsibility on the recipient governments as possible. According to former President Nixon, "States and cities will not have to worry about filing complicated plans, filling out endless forms, meeting lots of administrative regulations, or submitting to all sorts of bureaucratic controls. When we say no strings we mean no strings."[21]

The General Revenue Sharing Program disburses five to six billion dollars annually, totalling $30.2 billion over the five-year period ending December, 1976.[22] This compares to annually distributions of about $50 billion under federal categorical grants-in-aid to states and localities.[23]

The allotments normally amount to about five to eight percent of a county's or local jurisdiction's annual budget and to about two to three percent of a state's budget.[24] Although these percentages are small, they are important because, in theory at least, they represent new money not previously available and not committed by law or past practice to specific types of ongoing expenditures.

Allotments are made directly by the Office of Revenue Sharing to approximately 38,000 recipient governments at the state, county, and local levels on the basis of mathematical formulas that weigh comparative population size, tax effort, personal income tax collections, per capita income, and degree of urbanization.[25] The only administrative action a government need take to receive funds is the filing of three documents: a certification of compliance with the statute's requirements and two very simple annual report forms, one submitted prior to the fiscal year, reporting the general program areas where a government plans to spend the funds, and the other submitted at the close of the fiscal year, reporting how funds were actually spent.[26]

B. Special revenue sharing

Like general revenue sharing, special revenue sharing involves the distribution of federal dollars to state and local governments by statutory formula, with considerable flexibility provided recipients in selecting projects and activities to fund. Under statutes such as the Comprehensive Employment and Training Act of 1973 (CETA)[27] and the Housing and Community Development Act of 1974,[28] funds are earmarked for broad program areas but the states have considerable discretion as to what specific projects are funded. Special revenue sharing, however, is not primarily "new" money but instead represents consolidations of previous federal

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grants-in-aid directed to particular program areas.[29]

From the point of view of minorities and the poor, there are three important differences between general and special revenue sharing. First, special revenue sharing distribution formulas weigh more heavily the comparative levels of need in jurisdictions in determining the size of allocations.[30] Second, they identify generally the kind of services and activities that can be provided.[31] Third, the special revenue sharing statutes specifically require the administering federal agency to approve spending plans and to monitor performance.[32] In sum, while paring down some of the federal responsibilities connected with categorical grants, special revenue sharing programs allow local officials much less discretion in handling funds than they enjoy in general revenue sharing.

1. Manpower

Manpower special revenue sharing seeks to improve job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons.[33] Consolidated under the new program are approximately two billion dollars a year[34] previously authorized under the Manpower Development Training Act of 1962,[35] the Economic Opportunity Act of 1964,[36] and the Emergency Employment Act of 1971.[37] Other sections of CETA preserve in modified form particular employment-related programs such as Public Service Employment,[38] Job Corps,[39] and special programs to aid Indians, migrant or seasonal workers, and other special groups.[40]

2. Housing

Housing and community development special revenue sharing[41] consolidates many Department of Housing and Urban Development programs, including those funding urban renewal and model cities programs and those promoting the development of water and sewer facilities, neighborhood facilities, open space, and rehabilitation loans.[42] More than eight billion dollars is authorized for consolidated lump sum payments over a three-year period to city and major suburban county governments, and about $2.5 billion of this money is earmarked for fiscal 1975.[43]

The new housing statute also extends, in a revised form incorporating some revenue sharing features, certain of the old categorical housing programs not covered by the basic grants. For example, the low-rent public housing program reappears as part of a broadened subsidized housing measure[44] that gives the local governing body authority to review and disapprove all applications submitted to HUD.[45] While HUD can override the local government's opinion, it is clear that along with the added responsibilities given local officials under the community development block grants, this new local review power will move substantial authority over housing assistance from the federal government to locally elected officials.[46]

C. Import of the revenue sharing approach

Although the revenue sharing approach has been approved by Congress for only general revenue sharing and the two special revenue sharing statutes, additional special revenue sharing programs have been proposed for a number of areas including rural development,[47] law enforcement,[48] economic development,[49] education,[50] and transportation.[51] Further, the approved versions of both law enforcement assistance[52] and, to a lesser extent, the education program[53] incorporate a distributive technique very similar to revenue sharing.[54] The Office of Management and Budget is now undertaking a comprehensive review of federal domestic assistance programs in an effort to identify those in which a revenue approach could be most effectively applied.[55] Moreover, in the last two years, several experimental administrative actions have expanded the discretion that local officials can exercise over federal grant programs.[56] Thus, there will be more programs utilizing techniques of revenue sharing and more federal dollars flowing through such programs.

In fact, the dollar impact of the various programs already in operation is great.[57] The amount of federal aid currently distributed by means of revenue sharing-type approaches totals approximately $12.5 billion annually, or about 25 percent of total federal grants-in-aid to state and local governments.[58] These figures belie the popular impression that the new federalism is making only meager headway in transforming federal assistance procedures. They also suggest the need to take a closer look at the human impact of the movement towards greater local discretion, reduced federal responsibility, and increased consolidation of grants.

II. BIASES AGAINST MINORITIES AND THE POOR IN THE GENERAL REVENUE SHARING ALLOCATION FORMULA

A. The way the formula works

The statute adopted by Congress allocates general revenue sharing payments among the states according to one of two formulas. Under the bill as initially passed by the Senate, shares increased with population and tax effort and decreased with per capita income;[59] under the House bill, the same was true, but shares also increased with urbanized population and adjusted income tax collections.[60] In conference a compromise was reached,[61] and now both formulas are used, each state receiving an allocation according to the formula yielding the larger payment to that state.[62] In practice, the allotments of 31 states are based on the Senate formula, while those of 19 states and the District of Columbia are based on the House version.[63]

One-third of each state's allocation is retained by the state government, and two-thirds are distributed to county and municipal governments.[64] Each county and municipal goevrnment receives an allocation determined by formulas, which, like the national formulas, vary shares according to the populations, tax efforts, and per capita incomes of recipient jurisdictions.[65]

B. Distribution inequities

Although the formula attempts to give some preference to areas with lower per capita incomes,[66] there are indications that several aspects of the allocation scheme tend to defeat this purpose, with the result that urban areas and areas with higher concentrations of poor and minorities may not be receiving allotments proportionate to their needs.[67] A number of factors can be identified that may be causing these inequities in allocation.

1. The 145 percent ceiling. Allocations are limited by a provision that no jurisdiction may receive per capita more than 145 percent of the state's average per capita revenue sharing entitlement.[68] This limit operates mainly against urban and poorer areas, whose lower per capita income figures would yield higher allotments if there were no ceiling. It has been estimated that by fiscal year 1975 this funding limit will reduce the amount of shared revenue that will be received in 1.9 percent of all townships and 3.6 percent of all other local jurisdictions.[69]

In the 1972 allocations, the 145 percent limit affected the largest cities in 13 states and 34 cities with populations over 500,000, including Boston, St. Louis, Philadelphia, Baltimore, Detroit, Newark, and Louisville.[70] The inequity of this funding constraint is further accentuated by the fact that some states are affected to a greater extent than others. In eight states,[71] over one-third of the localities receiving funds, other than townships, will be affected by the 145 percent limit; in thirteen states fewer than one percent of the localities reach that limit.[72]

2. The twenty percent floor. The provision that no jurisdiction will receive less, on a per capita basis, than twenty percent of the states' average per capita entitlement[73] results in larger amounts going to smaller jurisdictions, where service needs may be less pressing and government operations less extensive. The limit is most often applied in the case of township areas. Over 41 percent of the nation's 16,915 townships[74] and 18.6 percent of all other local areas[75] will receive additional funds in fiscal year 1975 because of the twenty percent lower limit. Without the twenty percent minimum, these payments would be going to larger, more active governmental units.

3. Functional differences in governments. The present formula treats all governmental units of the same type alike, despite the fact that not all of them exercise the same functions. Depending on the state, major social services may be provided by municipal governments, counties, or the state itself.[76] The revenue sharing formula accounts for such differences through the tax effort factor insofar as jurisdictions that exercise more functions collect more revenues. But the tax effort factor is only partially successful in reflecting functional differences since it is not keyed directly to levels of government service. Thus, funds may be targeted to inactive, inefficient governments because of their relatively high tax rates.[77]

4. Differences in resources available to governments. Closely related to variations in the types of services performed by governments is the fact that jurisdictions differ markedly in resources available to finance their activities. The present formula does not distinguish between governments already having adequate resources to meet their needs and those with serious fiscal deficits. This disparity is becoming apparent in several states that have recently achieved substantial budget surpluses.[78]

5. Statewide statistical base. An additional inequity may arise from the fact that allocations to local governments are derived from allocations to their state's government, which are in turn based on statewide average per capita income.[79] States with higher than average per capital incomes get fewer revenue sharing dollars per capita.[80] Poor jurisdictions located in these richer states may thus have available to them fewer dollars than have jurisdictions with identical needs that are located in poorer states. Although this disadvantage may be offset by the fact that poor local governments in generally richer states may receive a larger share of the state-wide allocation, the operation of this countervailing factor is limited by the 145 percent ceiling.[81] The extent to which this inequity actually exists has yet to be studied.

C. Proposals for formula revisions

Several legislative changes in the allocation formula are being proposed to eliminate some of the anti-poor and anti-urban biases in the program. The most common suggestion is to remove the 145 percent ceiling so that jurisdictions with very high levels of need would not face a funding maximum.[82] Another improvement would be to determine each locality's share directly, by comparison of its formula characteristics with those of comparable jurisdictions throughout the country, rather than by tying shares to the state's funds. The shares of state governments could still be calculated in the present manner, from state-wide figures,[83] if separate funds were established for state and local distributions.[84]

Another possible formula revision would be to eliminate payments to smaller, nonfunctioning governmental units. Excluded under such a scheme could be jurisdictions with populations less than a designated minimum or jurisdictions that perform negligible government functions. Funds

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would thus be freed for distribution to jurisdictions that provide greater services. This result could also be achieved by incorporating in the formula an index of a community's needs and its ability to meet them that is more sophisticated than the present per capita income factor. The formulas used in special revenue sharing programs are examples of distribution methods that more effectively match allocations to the need levels of recipient jurisdictions.[85] Several research projects attempting to identify and correlate such formula elements for general revenue sharing are now underway or planned.[86]

An even more fundamental formula change has been proposed by Congressman Wilbur Mills. Recognizing that states generally do not have fiscal deficits as severe as those of local governments,[87] Mills' bill would eliminate state shares entirely and pass additional funds directy through to the localities.[88]

It remains to be seen whether any of these changes will be politically acceptable. In the short run at least, it is likely that the less sophisticated but more functional revisions, such as the elimination of the 145 percent limit, will have greater chances for success with Congress.

D. Minority undercounts

The problem of inequitable allocations is compounded by the difficulty of assembling the data necessary for use in the formulas. Of the numerous data-related problems,[89] the one most directly affecting the interests of minorities is that of minority undercounting by the Bureau of the Census.[90]

Population is a component of both the three-factor [91] and the five-factor [92] formulas for determining state level allocations. It is also an element of the formulas used for distributing funds at the county and local levels.[93] In cities and counties that have reached the 145 percent ceiling,[94] it is the single most important factor in determining the total allocation since the amount of their allocations is fixed on a per capita basis.[95] They lose a full per capita share for every person not counted in the census figures.[96]

The Census Bureau estimates that undercounts tend to occur more frequently among poorly educated and minority group males than among other segments of the population.[97] For example, the undercount of black males, estimated to be nearly ten percent, is more than four times that of white males.[98] These figures suggest that jurisdictions with high minority concentrations are losing revenue sharing funds to other localities.

A Stanford Research Institute study [99] seemed to confirm this hypothesis by finding that the eight states which are the biggest revenue sharing losers due to census inaccuracies [100] tend to have black populations substantially above the national average.[101] It also found that the three cities it studied whose allocations were at the 145 percent ceiling suffered substantial adverse effects from undercounts.[102] The study concluded, "In terms of the revenue sharing formula, the Census data are biased against those communities where low income and minority people congregate." [103]

One city has taken legal action in an effort to free its revenue sharing grants from the effects of census undercounts. Several public interest groups and the city of Newark, New Jersey, petitioned ORS in November 1973 for corrections in the population data used to compute Newark's revenue sharing allotments.[104] Newark claimed that a minority undercount of 7.7 percent resulted in a $425,000 loss in the city's allocation.[105] Although the Act [106] and regulations [107] quite clearly give the Secretary of the Treasury the authority to use alternative data sources, including estimates, he refused to do so, claiming that accurate determination of undercounts could not be made without resurveys by the Census Bureau.[108] In April, 1974, Newark filed suit against the Treasury Department, seeking an order requiring ORS to adjust its population data to take account of census inaccuracies.[109]

There seems to be little justification for ORS's continued refusal to compensate for undercounts.[110] The additional resources necessary to make these adjustments are minimal,[111] and the results of the Stanford study demonstrate that reasonably accurate corrections of undercounts could be made for many jurisdictions using already available data.[112]

III. PROBLEMS IN THE WAY REVENUE SHARING FUNDS ARE USED

A. Federal program cutbacks

General revenue sharing was billed as "new money" coming to state and local governments in addition to existing federal grant commitments.[113] However, the introduction of the program was accompanied by numerous impoundments and cutbacks in major federal social programs that had aided the poor.[114] A total of $1.6 billion was impounded in the first quarter of calendar 1974 alone,[115] while only $1.5 million in general revenue sharing was disbursed during the same period.[116] The disparity caused many complaints about the inadequacy of revenue sharing.[117]

Although many of the major cutbacks during fiscal 1974 have since been significantly curtailed or otherwise redressed through litigation [118] or congressional action,[119] the spending reductions have had a permanent impact. Many community projects and agencies were eliminated or their activities and staffs were permanently reduced because of budget cuts necessitated by impoundments.[120]

Moreover, it is not at all clear that the restored categorical grants together with the new special revenue sharing payments will match the amounts lost through reduced funding levels and eliminated programs. Special revenue sharing grants are significantly smaller than the amounts jurisdictions received under the categorical grant programs they replaced.[121] Furthermore, special revenue sharing payments are being disbursed to a far larger number of jurisdictions than were the funds of the programs they replaced, and many grants cover larger geographic areas than the core city, high-poverty communities that were the prime targets of the old categorical grants. Thus, smaller amounts of money are being disbursed to a larger number of recipients. All of these factors have contributed to the close association of the general and special revenue sharing programs with local reductions in projects and services that have particular importance to minorities and the poor.[122]

B. Local spending priorities

As previously noted,[123] localities are restricted in the uses to which they can put their revenue sharing funds. This section will examine whether localities are allocating a reasonable amount of these funds to programs of direct benefit to minorities and the poor.

Each jurisdiction expecting to receive revenue sharing funds must annualy report its planned uses of revenue sharing funds [124] and, after receiving the funds, the uses to which the funds were actually put.[125] An analysis of the reports of local and state jurisdictions [126] through June 30, 1973, shows definite trends in fund use. Municipalities reported spending 44 percent of their revenue sharing funds on public safety, 15 percent on public transportation, and 13 percent on environmental protection.[127] The figures drop to five percent for health and one percent for social services for the poor and the aged.[128] For counties, the leading expenditures were 25 percent for public transportation, 23 percent for public safety, and 15 percent for general capital expenses.[129] County spending dropped to 12 percent for public health and two percent for social services for the poor and the aged.[130] Townships spent about one third of their funds on public safety and another third on public transportation; they spent only four percent for health and one percent for social services.[131] Perhaps most surprising, all jurisdictions reported that large amounts of funds remained unexpended at the end of the reporting period.[132]

State governments exhibited markedly different spending characteristics. They reported spending 65 percent of their funds on education, almost entirely for operating expenses.[133] Social services received six percent, public transportation five percent, health three percent, and public safety two percent.[134] Spending pattern variations between states and localities may be accounted for in part by the facts that police and fire protection are traditionally local and not statewide services; that the Act permits expenditures for educational operating expenses by states but not by localities; and that the Act has no priority expense category requirements at the state level.[135]

Several cautions must be observed in interpreting the planned and actual use report figures. First, the percentages reflect only the funds expended as of June 30, 1973. Still unexpended at that time were 57.5 percent of the funds distributed,[136] and a different spending pattern may emerge as the program becomes more established.[137] Second, to those trying to analyze whether funds are being used to help minorities and the poor, the categories can be misleading. Projects listed under the social services heading are not the only ones having relevance to poverty and minority needs. For example, a transportation listing can disguse an expenditure for improvements on roads in a poor area or a transit subsidy program for the elderly.[138] A public safety category can include building code enforcement.[139] Third, and most important, the figures reflect only the *reported* uses of funds by localities. Reported uses represent only the direct application of funds and not their ultimate impact. A local decision to apply revenue sharing funds to police salaries may "free up" local funds that can then be shifted to any other budget expense item. The reported use of the revenue sharing funds would be their officially designated direct application, but their ultimate effect would be to permit new expenditures in another area. This ability to shift funds is referred to as the transferability or fungibility of budget dollars.[140]

In light of these problems in interpreting early spending reports, it is difficult to substantiate the claim that local officials give low priority to programs benefiting minorities and the poor. Such a conclusion, however, is being tested by a number of public interest, poverty, and civil rights groups that have organized efforts to monitor the effects of revenue sharing in several localities over a two-year period that started in October, 1973. Local surveys are being carried out at each site by resident community organizations affiliated with the project's sponsors.[141] Each monitoring group conducts an average of thirty interviews with local elected officials, department heads, and community and media representatives,[142] and each group does a detailed comparison of total budget outlays of the jurisdiction for the current and several preceding fiscal years.

These local analyses have produced several new findings. One conclusion is that the primary effects of the first general revenue sharing payments were to reduce or prevent increases in local property taxes; to reduce the backlog of projected capital investment; to support or balance the general budget; and to pay for salary increases.[143] On the specific issue of the poverty and minority

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share of benefits, the monitors confirmed the suggestion of the officially reported statistics that these expenditures represented small percentages of the total budget. However, in some sites, previously unreported expenditures related to the needs of the poor were uncovered.[144] Conversely, project monitors in several jurisdictions reported that revenue sharing funds earmarked for social services in the planning stage had not actually been spent for poverty-related purposes.[145]

Preliminary findings indicate that, when given discretion in the allocation of federal funds through general revenue sharing, most localities will not choose to continue present federally supported commitments to the poor.[146] In part for this reason, the special revenue sharing statutes have had to establish requirements for "targeting" services to these groups.[147] General revenue sharing may need similar requirements to assure more equitable local expenditures. One possibility is to define the permissible expense categories listed in the statute more narrowly, with one or more targeted specifically to poverty needs. Maximum expenditures in each category could be stipulated to produce a broader mix of projects. Circumvention of these requirements through budget fungibility could be curbed by a maintenance-of-effort provision.[148] These solutions are somewhat at odds with the general revenue sharing concept of maximizing local discretion. Consequently, any effort to add such limitations faces an uphill battle in Congress. However, that battle may have to be waged, for present local spending priorities indicate that it is highly unlikely that local officials will use program funds for the needs of the poor without strong federal guidance.

IV. PROBLEMS OF COMPLIANCE WITH FEDERAL REQUIREMENTS

A. Discrimination against minorities and women

Discrimination in the operation of local programs and projects receiving revenue sharing funds is prohibited by statute and ORS regulations.[149] The equal opportunity standards are generally identical with those established by Title VI of the Civil Rights Act of 1964 for all other programs and activities funded in whole or part with federal assistance.[150] The only major differences between the revenue sharing nondiscrimination standard and that applied under Title VI are that the former precludes discrimination based on sex and provides broad coverage of employment bias while the latter does not.

Eight specific types of discrimination in programs fully or partially funded by revenue sharing are explicitly prohibited by the regulations: outright denial of service or benefit,[151] provision of different service,[152] segregated facilities,[153] exclusionary site selection,[154] restricting the "enjoyment of any advantage or privilege,"[155] separate admission or eligibility standards,[156] admission or eligibility standards which have the "effect" of discrimination,[157] and denial of employment.[158] The two most common forms of discrimination encountered to date have been the denial of public employment in facilities funded by revenue sharing and the unequal distribution of benefits and services in funded projects.

1. Public Employment Discrimination

Discrimination in employment by state and local governments is prohibited by the Equal Employment Opportunity Act of 1972.[159] In addition, the general revenue sharing statute prohibits such discrimination where revenue sharing funds are involved.[160] The entire workforce for each state or local government agency receiving funds is covered even if the funds are used to pay the salaries of only a small portion of the workforce or are spent entirely for nonsalary purposes.[161]

Many instances of public employment discrimination have come to light in state and local agencies receiving revenue sharing allocations. The Department of Justice has filed 27 lawsuits under the Equal Employment Opportunity Act[162] and more than 75 lawsuits have been filed by private parties.[163] In addition, approximately 3000 public employment complaints are filed annually by citizens with the Equal Employment Opportunity Commission (EEOC).[164] Many of these lawsuits and complaints involve police and fire departments, which receive large portions of revenue sharing funds in many localities.[165] Nevertheless, the ORS has made very little effort to enforce the revenue sharing statute's nondiscrimination requirement in this area.[166]

An example of ORS' reluctance to take enforcement action is its handling of a discrimination complaint against the Chicago Police Department. Through June 30, 1973, the Department received almost 75 percent of Chicago's revenue sharing funds.[167] As early as August, 1972, an investigating team of the Law Enforcement Assistance Administration found discriminatory employment within the Department,[168] and in August, 1973, the Department of Justice filed suit against the city to halt such practices.[169] In September, 1973, a black policeman filed a complain with ORS concerning the use of revenue sharing funds by the Police Department. ORS refused even to notify the Governor of Illinois of the complaint and request compliance[170] although it was required to do so by the Act and regulations.[171]

Complainants filed suit and won a court order requiring ORS to take these minimal steps.[172] The court also held that ORS had statutory authority to defer funds pending an administrative hearing,[173] but ORS disagreed.[174] Rather than move for a cutoff of revenue sharing funds,[175] ORS simply referred the complaint to the Department of Justice,[176] which added a revenue sharing account to its pending civil suit.[177] Even after that suit resulted in a finding of discrimination by the City of Chicago,[178] ORS did not act to halt revenue sharing payments until compelled to do so by court order.[179]

ORS's unwillingness to carry out its compliance responsibilities was further demonstrated in its handling of a similar complaint against the police and fire departments of Montclair, New Jersey,[180] based on a finding of discrimination by New Jersey's civil rights agency.[181] Although ORS indicated a willingness to accept the state's findings, it negotiated a settlement[182] with Montclair which, according to the plaintiff's attorneys, fell far short of the affirmative action requirements stipulated by the state agency's order.[183]

ORS has consistently relied on private citizens to bring potential violations to its attention. ORS has yet to conduct a self-generated civil rights compliance check on a recipient government,[184] nor has it initiated administrative termination proceedings against even one noncomplying recipient.[185] Only recently has ORS instituted an effort to provide guidance to state and local officials as to what the equal opportunity requirements mean and what types of voluntary corrective action can be taken to meet particular problems.[186] This information is especially vital since local monitors have reported that their government officials do not even know that equal opportunity requirements apply to the general revenue sharing program.[187]

2. Provision of Benefits

Discrimination in the provision of benefits arises primarily through the maintenance of dual levels of service within a particular progam. For example, one section of a city might receive better public bus transportation than another. By early 1974, ORS had received at least nine complaints alleging discriminatory provision of services.[188]

One such complaint was filed last April by black residents of Ouachita Parish, Louisiana.[189] The parish had allocated $329,000 of its $1,600,000 in revenue sharing funds for blacktopping streets and roadways.[190] It was alleged that these funds were used mostly to repave existing roadways in white neighborhoods rather than to pave the dirt and gravel roads which serve the overwhelming majority of black residents.[191] Other large portions of the parish's revenue sharing money were allocated to the fire department and the library, both of which are located in white areas and were alleged to serve blacks inadequately.[192]

Such discriminatory uses of funds are clearly invalid under the revenue sharing statute and regulations.[193] In addition, they are unconstitutional under the doctrine of *Hawkins v. Town of Shaw*.[194] The regulations may impose a stricter standard, however. They prohibit discrimination based not only on the constitutionally suspect categories of race, color, or national origin but on sex as well.[195] Also, by detailing the impermissible discriminations more explicitly,[196] the regulations simplify the problems of proof presented by the constitutional "rational relation" standard.[197] However, neither the constitutional standard, the Act, nor the regulations appear to prohibit unequal provision of services between poor and wealthy sections of a community.

3. Strengthening Revenue Sharing's Civil Rights Requirements

Presently, the ultimate sanction ORS has available for civil rights enforcement is termination of revenue sharing payments. Invoking that sanction is a lengthy and complicated process.[198] and the effort required could dim the ardor of even a zealous ORS. given ORS's refusal to seek termination in at least two cases of proven discrimination,[199] this sanction is unlikely ever to be applied as long as it remains a discretionary remedy.[200] In addition, non-complying jurisdictions can take advantage of this cumbersome process to negotiate compromises that favor their interests and then to further delay fulfillment of even a limited compliance agreement. Even if the termination process is not thus short-circuited, the ultimate sanction is sufficiently far removed to generate compliance only after discrimination has persisted for a considerable period.

ORS should have the ability to bring pressure to bear on noncomplying jurisdictions before the end of the termination process. To this end, ORS's responsibility to impose temporary deferral of payments where there has been a showing of probable noncompliance should be incorporated in the regulations and statute. Such a showing could be the result of an ORS investigation pursuant to complaint;[201] however, the institution of a civil action by the Justice Department[202] or the institution of formal antidiscrimination proceedings by a state agency[203] should also suffice. Payments would be withheld pending completion of the administrative hearing or judicial process.[204] Furthermore, deferral should not be totally within ORS's discretion, for ORS could refuse either to investigate complaints or to find discrimination. Deferral should be mandatory 60 days after the institution of a Justice Department suit or state agency proceedings.

ORS has recently indicated its intention to publish amended regulations in January, 1975, to provide for deferral of revenue sharing payments pending administrative proceedings, but only after a final order finding discrimination has been entered by a court,[205] a state human rights agency, or an administrative law judge.[206] These proposed changes are inadequate, however. A probable cause showing of discrimination would not suffice to trigger deferral under them. In addition, they effectively allow ORS to abdicate its responsibility for civil rights enforcement to the Justice Depart-

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ment and the courts; any ORS hearing is mere surplusage after a judicial finding of discrimination. To be independently effective in civil rights enforcement, ORS needs a remedy that can be invoked much earlier in the process. Furthermore, ORS's discretion in invoking termination proceedings should be eliminated. Termination is clearly a remedy of last resort, for it would deprive all members of a community of the benefit of revenue sharing funds. Nevertheless, the termination process provides ample opportunity for voluntary settlement, and the threat of termination must be made sufficiently real to ensure compliance.

There are also several administrative changes that would improve ORS enforcement capabilities. The civil rights compliance staff, which through fiscal year 1974 numbered only two persons [207] and now numbers four to monitor more than 38,000 jurisdictions,[208] should be greatly increased. This staff should initiate systematic compliance investigations instead of merely responding to complaints received from the public. A simple step that ORS could take would be to examine the "EE04" forms annually submitted to the EEOC by most state and local governments.[209] These forms indicate the composition of the government's workforce by race, sex, and income in each major area of government operations.[210] Private analyses of these forms have uncovered substantial and pervasive employment discrimination by state and local governments, particularly with respects to women.[211] Such evidence can help locate instances where revenue sharing funds are supporting flagrantly discriminatory practices.[212] ORS could also require by regulation that, in situations where noncompliance has occurred, future revenue sharing payments must be used to remedy and overcome the consequences of past discriminatory activity.[213] ORS has already indicated in its regulations that recipients are authorized to take this type of affirmative action on their own.[214]

All of the above discussed reforms would widen the scope of civil rights enforcement available under revenue sharing. However, their effect would be minimal unless ORS demonstrates a willingness to play a more active, self-initiating, compliance role. If ORS will not face up to the extensiveness of its civil rights responsibilities, it will have to be forced to act through statutory amendment or legal action.[215]

B. Public participation

Increasing the power of "people themselves [to] make their own decisions for their own communities" was one of the primary objectives of revenue sharings.[216] These concerns found expression in the requirements that regular state and local budget procedures be followed in making revenue sharing disbursements and that copies of the planned and actual use reports be published in local newspapers.[217]

Although there are some examples of revenue sharing stimulating increased citizen involvement, recent evidence suggests that, on the whole, this objective is not being fulfilled.[218] Many officials have ignored the requirement that standard local budget procedures be followed and have allocated the funds by executive fiat, without public hearings or the involvement of local legislative bodies.[219]

Lack of familiarity with the federal requirements may account for some of the oversight. However, the nature of revenue sharing itself may be chiefly responsible. Because the funds come to local officials unearmarked for specific purposes and separate from other revenues long a part of regular budget processes, they constitute a great source of power which many officials do not want diluted by citizen input. For example, in St. Louis County, the county board and its supervisor initially refused to hold public hearings because of community opposition to their proposed use of revenue sharing funds for luxury recreation facilities. They eventually acceded, but only after stipulating ground rules that carefully limited the extent of public participation.[220]

The lack of greater public participation is due in part to weaknesses of the statute in this area. The requirement that a jurisdiction follow its normal budgetary process does not allow much citizen input if the *normal* budgetary process is not open to public scrutiny. For this reason, many community groups favor the idea of making mandatory some form of citizen input concerning the allocation of revenue sharing funds.[221] The publication of planned and actual use reports is of uncertain value, too, since the regulations do not require any specificity in these documents [222] and allow publication in sections of local newspapers where the documents do not attract the attention of the average reader.[223]

ORS's failure to enforce the statute's limited citizen involvement incentives must also be cited. ORS has failed to take effective compliance action on violations of the publication and regular budget process requirements and has refrained from providing adequate guidance and support to local officials to encourage them to stimulate greater citizen involvement.[224] The principal means of enforcement thus far has been withholding payments from jurisdictions that are foolish enough to indicate on their annual report forms that they have failed to publish copies of the reports as required.[225]

Greater efforts are needed to move officials who prefer to make budget decisions in private or who would be receptive to citizen input but need some guidance as to the steps that can be taken to obtain it. Local groups have devised several strategies to maximize the input of community-based organizations.

1. Citizen Advisory Bodies

The most commonly attempted and successful approach to obtaining greater citizen involvement has been the formation, either by city officials or by community groups themselves, of citizen advisory bodies.[226] One of the most successful of such efforts occured in Kansas City, Missouri, where the city council held revenue sharing hearings in several neighborhoods and used the views presented by citizens and community groups as the basis for tentative plans for allocating revenue sharing funds. City officials were so pleased with the public support and approval of the process generated that they developed plans for using the same approach on a regular basis for the complete budget.[227]

Generally, however, citizen involvement is not extensive, and what citizen activity there is often does not have significant impact.[228] Many citizen groups are appointed quietly by city officials; they are often not representative of the community, and the community is generally unaware of their existence.[229] There is also some indication that city officials sometimes use citizen advisory groups as a means of relieving themselves of the political costs involved in distributing a limited amount of money among many claimants.[230]

2. Revenue Sharing Hearings

Special hearings dealing exclusively with how general revenue sharing funds should be used took place in a third of the monitoring project's sites.[231] Generally these hearings had little impact on final decisions.[232] Some were organized by city officials, either on their own initiative or as a result of requests from the public. Such hearings were successfully held, for example, in Baltimore, Maryland,[233] and Kansas City, Missouri.[234] In other communities, hearings were organized without official approval. A particularly successful effort of this type took place in Cambridge, Massachusetts, where the local OEO community action agency drew 500 people for a public planning session.[235]

3. Pre-Hearing Input

In practice, most budget decisions are made long before public hearings are held on the proposals submitted by the mayor or city manager to the city council or governing body. In at least two localities, attempts were made to direct public attention to such earlier steps in the budget process as the drawing up of requests by department heads and the development of a consolidated budget proposal by the chief budget officer. The League of Women Voters in Westchester County, New York, sponsored a resolution, which was passed by the county legislature, requiring public hearings by each department head before his formal budget request is submitted.[236] In New Orleans, Louisiana, the mayor encouraged department heads to solicit information and proposals from the public on community needs that could be incorporated into their budget requests.[237]

4. Public Opinion Polls

Polls are perhaps the least productive of the various means that have been used to obtain citizen views on revenue sharing allocation.[238] One obvious limitation of the polling technique is that public views are registered in only the most general subject area terms and therefore provide little concrete guidance on specific project choices. Another limitation is that, from the point of view of minorities and the poor, polls tend to exaggerate the importance of a few basic areas of general public concern, such as tax relief and law enforcement, at the expense of projects responsive to poverty and minority needs that do not have widespread public appeal.

5. Summary

A major caveat should be observed in judging the effect of citizen input on revenue sharing. It is not at all clear that such input should be relied on as a means likely to assure a more equitable distribution of funds to minorities and the poor. Since minority and poverty interests rarely coincide with those of the majority, there would be no guarantee of equity to these groups from general citizen involvement procedures unless such procedures included assurances that minority interests would receive a reasonable share not only of representation but of ultimate benefits as well. For example, the CETA special revenue sharing program tries to formalize the involvement of the poor in project selection by making their memberships on planning councils mandatory.[239] But the special revenue sharing programs have the additional support of specific targeting requirements to help assure that their benefits will reach those most in need. It is doubtful at this point whether general revenue sharing can demonstrate a similar responsiveness even with substantial improvements in its citizen input.

C. Fungibility

Although local governments must allocate their general revenue sharing funds to certain very broad program categories,[240] this requirement has been described as virtually meaningless by the General Accounting Office[241] since it can be easily circumvented through budgetary manipulations.[242] Thus, a locality may ostensibly allocate its revenue sharing funds according to the budget categories contained in the act, only to displace local money which ordinarily would have gone to finance the same activities. The displaced funds may then be used in a variety of ways which would not have been permissible in the expenditure of shared revenue.

While it is very difficult to determine how much substitution is taking place at the local level, it appears that the aggregate

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amount is substantial. Government figures indicate that over 44 percent of the local officials responsible for expending funds under the Act believe that revenue sharing will either permit a tax reduction or prevent a new tax increase and that almost one-third believe that it will result in avoiding or moderating increases in local government debt.[243] Neither of these uses is permissible for localities under the Act.[244] A Brookings Institution study has determined that 42.5 percent of the shared revenue distributed to local areas has been used in various ways to substitute for locally derived funds.[245] Another analysis has found that 71 percent of large urban governments plan to devote their funds mainly to existing government operations.[246]

To what extent such uses of funds were anticipated by Congress is unclear. One commentator has suggested that the priority categories were merely window dressing designed to differentiate Congressman Mills' proposals from the administration's.[247] Another has concluded that the categories were simply "recommended guidelines." [248] Nevertheless, the restrictions were included in the bill as passed, and there are indications from the floor debates that these categoires were meant to be taken seriously.[249]

At least one court has squarely held that revenue sharing monies may not be spent indirectly for impermissible ends by transferring other local funds. In *Mathews v. Massell*,[250] the city of Atlanta was permanently enjoined from utilizing $4.5 million in revenue sharing funds, which was formally assigned to firemen's salaries, to provide rebates to firms and individuals having water accounts with the city. The Mayor and Board of Alderman had openly proclaimed their intention to spend the revenue sharing monies for that purpose.[251] The court refused to permit "sham transactions" to override what it found to be genuine congressional intent to confine expenditures to the designated priority categories.[252]

The implications of the *Massell* case for effective enforcement of the permissible expense requirement are probably limited, however. No doubt other jurisdictions will be more cautious in handling their budget accounts to disguise as direct a substitution as took place in Atlanta, and it is an enormously difficult task to track down all the individual income and expense factors in a budget to prove satisfactorily the actual or overall impact of a revenue sharing payment.[253]

The fungibility issue has special connotations for civil rights compliance purposes, however, that make it important to seek ways in which to better regulate the manner in which revenue sharing funds are spent. Just as a jurisdiction can manipulate its budget entries to circumvent the permissible expense categories restriction, it can avoid the application of revenue sharing civil rights requirements by making certain that only programs with no equal opportunity problems are funded.[254]

Two methods are available for dealing with the fungibility problem. Making the permissible expense categories and reporting requirements more specific and adding a maintenance-of-effort provision, requiring that a jurisdiction not reduce its own level of funding to any project receiving revenue sharing funds, would make it considerably more difficult for jurisdictions to divert local funds from budget items for which revenue sharing dollars are earmarked. Alternatively, the expenditure categories could be dropped entirely, and revenue sharing could be treated as a general budget support program.[255] Such an approach, however, would not be a solution to the fungibility problem; it would be a surrender to it. Elimination of the expense categories, including the social services item, would remove even the small bit of leverage that community groups now have for persuading their local officials that some attention to the needs of the poor is encouraged by the law.[256] Thus, the expense categories should not be eliminated but rather should be strengthened with more specific targeting and reporting requirements so that more effective monitoring of fund uses becomes possible.

CONCLUSION

Too much of the discussion and analysis of revenue sharing has centered on the need to improve the administration of federal grants-in-aid and to obtain fiscal relief for state and local governments. While these are important and legitimate areas of concern, they tend to overshadow a matter of equal if not greater concern—namely, how revenue sharing is affecting people.

Although revenue sharing was designed in theory to produce more effective and publicly responsive uses of federal funds, there is mounting evidence that it has features that can result in substantial negative impacts on minorities, women, and the poor. The unwillingness of ORS to maintain a strong federal civil rights oversight responsibility under the program has made it more likely that discrimination in public employment and in the provision of services will take place. At the same time, cutbacks in other types of federal aid have placed an added burden on revenue sharing to provide a fair degree of support to public service programs that are especially relevant to minorities and the poor. For revenue sharing to be judged a success it is essential that this burden be met.

Another factor to be noted is that revenue sharing is just one of several new domestic assistance policies that the President and the Office of Management and Budget are planning to expand and develop under the broad heading of "new federalism." These policies point to further reductions in the responsibility of federal agencies and to a larger role for state and local elected officials in setting spending priorities. Before these proposed changes are put into effect, one problem must be faced: Can basic national priorities such as nondiscrimination and the provision of basic social services to the poor be effectively carried out when enforcement responsibilities are left primarily to state and local officials and when budget decisions affecting these matters are left to compete with other political and fiscal considerations at the local level in the absence of specific federal standards and oversight responsibility?

One hopeful sign that some federal officials may be more willing to address existing shortcomings in general revenue sharing was the Office of Management and Budget's initiation in September of 1974 of a joint review of the program with Treasury Department officials.[257] Their objective was to devise a package of administrative and legislative reform measures that the President could present to Congress in early 1975. The joint OMB/Treasury review team was initially receptive to the comments and recommendations of numerous public interest and civil rights groups.[258]

It considered several basic revisions in the program, including elimination of the 145 percent payment ceiling; elimination of the antimatching provision; improvement of the reporting system to make the targeting of allocations more specific and more understandable to the public; and a strengthening of the civil rights provisions of the Act by specifically authorizing deferral of funds in many cases of suspected noncompliance and recovery of a 110 percent penalty for discriminatory use.[259] The task force also briefly considered the possibility that general revenue sharing funding might be cut or payments deferred over a longer period of time consistent with other federal program cuts being recommended to deal with the problems of the economy.

But, perhaps with an eye to expected opposition to any major revisions from the President [260] and Congress, the OMB/Treasury task force dropped or considerably watered down all of the proposals of importance to minorities and the poor by the time it submitted its final report to the President in late December.[261] It will be a great disappointment if this first serious effort by the government to improve the revenue sharing program does not produce more significant results. But it is noteworthy in any case that public criticism of general revenue sharing has become substantial enough to generate an internal assessment by the federal government. Further efforts along these lines by both government and private groups are to be encouraged in order that a satisfactory method of reconciling the interests of minorities and the poor with other objectives of revenue sharing and the new federalism can be developed. Until a more adequate solution to this problem is found, no further expansion of the new federalism initiative can be justified.

FOOTNOTES

*All materials cited herein that are not of general circulation are on file with the *Harvard Civil Rights-Civil Liberties Law Review* or with the author, who may be contacted at National Clearinghouse on Revenue Sharing. 1785 Massachusetts Ave. N.W., Washington, D.C. 20036.

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[1] *See* Staff of Subcomm. on Intergovernmental Relations, Senate Comm. on Gov't Operations, 90th Cong., 1st Sess. Periodic congressional reassessment of Federal grants-in-aid to State and local governments (Comm. Print 1967). A complete listing of categorical grants is contained in Office of Management and Budget, Catalogue of Federal Domestic Assistance (1973).

[2] Address by President Nixon, The State of the Union, Jan. 30, 1974, in 10 Weekly compilation of Presidential Documents 122, 144 (1974). However, the general revenue sharing bill was not an administration bill but rather was initiated by Rep. Mills and passed only after complex modifications in both Houses and in conference. The committee reports on the House and Senate versions of the bill did not emphasize the same objectives as did President Nixon; they refer simply to the "severe" fiscal crises of state and local governments and the need for greater "flexibility" in state and local use of federal funds. *See* H.R. Rep. No. 1018, 92d Cong., 2d Sess., pt. 1, at 4, 11 (1972) [hereinafter cited as House Report]; S. Rep. No. 1050, 92d Cong., 2d Sess., pt. 1, at 9, 11 (1972) [hereinafter cited as Senate Report]: Staff of Joint Comm. on Internal Revenue Taxation, 92d Cong., 2d Sess., general explanation of the State and Local Fiscal Assistance Act and the Federal-State Tax Collection Act of 1972, at 1 (Comm. Print 1973) [hereinafter cited as general explanation]. For discussions of the legislative history and the general operation of revenue sharing, see Stolz, *Revenue Sharing—New American Revolution or Trojan Horse?*, 58 Minn. L. Rev. 1 (1973); Comment, *The Revenue Sharing Act of 1972: Untied and Untraceable Dollars from Washington*, 10 Harv. J. Legis. 276 (1973).

[3] State and Local Fiscal Assistance Act of 1972, 86 Stat. 919. General revenue sharing comprises only Title I of the Act (codified at 31 U.S.C. §§ 1221–63 (Supp. II, 1972)). Title II authorizes federal collection of state income taxes (codified in scattered sections of 26 U.S.C. (Supp. II, 1972)). Title III places a one billion dollar limit on grants for social services (except child care and family planning), which had previously been awarded without limitation on the basis of 75 percent federal matching under Title XI of the Social Security Act (codified in scattered sections

of 42 U.S.C. (Supp. II, 1972)). This Article does not discuss Titles II or III. For a further description of these titles, see 4 Natl J. 1553, 1562–66 (1972); 28 Cong. Q. Almanac 645–46 (1972).

[4] The problem of sex bias in the programs and activities receiving revenue sharing funds has received very little attention apart from the well-documented issue of discrimination against women in the employment practices of state and local government agencies. *See* p. 126 *infra*. The National Organization for Women (NOW) is currently organizing efforts to monitor the effects of revenue sharing on women.

[5] *See, e.g.,* Remarks of President Ford, White House Press Conference, in Washington, D.C., Aug. 15, 1974; Address by Vice President Ford, Nat'l Lt. Governors Conf., in Santa Fe, N.M., July 17, 1974, in 2 Revenue Sharing Bull., Aug., 1974, at 2; 32 Cong. Weekly Rep. 1681, 1682 (1974) (interview with Vice President Ford).

[6] *See* p. 102 *infra*.

[7] ORS was established by 31 C.F.R. § 51.1 (1973).

[8] *See* note 2 *supra*.

[9] "[Revenue sharing] will help the state and local governments by providing them immediately with more funds." 118 Cong. Rec. S13,999 (1972) (remarks of Sen. Long). "[B]y providing funds to alleviate some of the problems associated with these high priority items, states and local communities can use their own resources in other areas which demand attention." *Id.* at H5865 (remarks of Rep. Delaney). "This program will mean . . . a new source of revenue for state and local governments." Remarks of President Nixon upon signing the State and Local Fiscal Assistance Act of 1972, in Philadelphia, Pa., Oct. 20, 1972, in 8 Weekly Compilation of Presidential Documents 1535 (1972) [hereinafter cited as Remarks of President Nixon].

[10] 31 U.S.C. § 1222 (Supp. II, 1972); 31 C.F.R. § 51.31 (1973). Education was omitted because of the adequacy of categorical grant programs and the special problem of the single-purpose authorities which generally govern education. *See* 118 Cong. Rec. 21,707 (1972) (remarks of Rep. Mills). *See also* House Report, *supra* note 2, at 12. The limitation of expenditures to "high-priority objectives" was a cardinal difference between Rep. Mills' proposal and the administration version. *See id.* at 2. The administration, having accepted the Mills bill, *see* 30 Cong. Q. 739 (1972), emphasized that the provision would "not operate in an unduly restrictive manner." House Report, *supra* note 2, at 83. The final bill, permitting expenditures in the eight priority areas, represented a compromise between the House position and the no-limitations stand of the Senate, *see* Senate Report, *supra* note 2, at 3.

[11] U.S.C. § 1222(a) (2) (Supp. II, 1972).

[12] *See* General Explanation, *supra* note 2, at 15.

[13] 31 U.S.C. § 1242 (Supp. II, 1972); 31 C.F.R. § 51.32 (1973). *See* House Report, *supra* note 2, at 35–36 (applies to local governments only); Senate Report, *supra* note 2, at 35 (applies to state and local governments); S. Rep. No. 1229, 92d Cong., 2d Sess. 29 (1972) (applies to state and local governments) [hereinafter cited as Conference Report]. Such provisions restricting local autonomy would have been eliminated by an amendment proposed by Sen. Buckley which was defeated by a vote of 70 to 6 after a brief debate. 118 Cong. Rec. 29,865–68 (1972).

[14] 31 U.S.C. § 1243(a) (4) (Supp. II, 1972); 31 C.F.R. § 51–40(c) (1973). For example, if state or local law or budget office regulations call for public hearings or set out a timetable for steps in the planning and approval of the regular budget, these same steps must be followed.

[15] 31 U.S.C. § 1241(c) (Supp. II, 1972); 31 C.F.R. §§ 51.11, 51.13 (1973). This provision was originally introduced by the Senate as a substitute for the House provisions on expenditure priorities. Senate Report, *supra* note 2, at 17. It was retained in conference in order to permit public, congressional, and Treasury Department scrutiny of fund utilization despite the restoration of broadened priorities. Conference Report, *supra* note 13, at 28–29. The Buckley amendment, *see* note 13 *supra,* would have deleted this requirement. The reporting forms specified in the original report did not require the identification of a specific location where supporting documents would be kept. Beginning in June, 1974, this information was required on the planned-use forms as a means of encouraging greater public involvement. Interview with Robert Murphy, Compliance Manager, Office of Revenue Sharing, in Washington, D.C., Aug. 20, 1974.

[16] 31 U.S.C. § 1226(b) (1) (Supp II, 1972); 31 C.F.R. §§ 51.26(a)–(c) (1973). *See also* House Report, *supra* note 2, at 40 (somewhat different method of computing penalty than that finally adopted); Senate Report, *supra* note 2, at 22–23 (substantially equivalent to final provision); Conference Report, *supra* note 13, at 24–25.

[17] 31 U.S.C. §§ 1226(b) (2), (3) (Supp. II, 1972); 31 C.F.R. §§ 51.26 (d), (e) (1973). *See also* House Report, *supra* note 2, at 40–41 (new area of expenditures only); Senate Report, *supra* note 2, at 22–23 (substantially equivalent to final provision); Conference Report, *supra* note 13, at 25.

[18] 31 U.S.C. §§ 1243(a) (6), (7) (Supp. II, 1972); 31 C.F.R. § 51.33 (1973). The requirements regarding matching grants and locally prevailing wages were included in the House bill, House Report, *supra* note 2, at 34, deleted in Senate Committee, Senate Report, *supra* note 2, at 17, and restored by Senator Hartke's floor amendment. 118 Cong Rec. 29,511–26 (1972). The Buckley amendment, *see* note 13 *supra,* would have deleted these requirements.

[19] 31 U.S.C. § 1223 (Supp. II, 1972); 31 C.F.R. § 51.30 (1973).

[20] The Secretary is to provide for "such auditing and evaluation as may be necessary to insure that expenditures of entitlement funds by recipient governments comply with the requirements of the Act . . . ." 31 C.F.R. § 51.41(a) (1973).

[21] Remarks of President Nixon, *supra* note 9.

[22] The amounts adjusted to calendar years are as follows:

1972	$5,304,780,000
1973	6,017,280,000
1974	6,129,780,000
1975	6,279,780,000
1976	6,504,780,000
Total	30,236,400,000

31 U.S.C. § 1224(b) (Supp. II, 1972). Appropriation of a fixed amount for a fixed time distinguishes the Act from the administration bill, which was keyed to a percentage of individual income tax collections and contained no expiration date. *See* House Report, *supra* note 2, at 7–8; Senate Report, *supra* note 2, at 11–12.

[23] Another $100 billion in assistance is disbursed by the federal government directly to individuals through such programs as Social Security. Office of Management and Budget, Special Analyses of the Budget of the United States, Fiscal Year 1974, pts. K, at 164–65, M, at 208–25 (1973) [hereinafter cited as Special Analyses].

[24] *See* C. Goetz, What is Revenue Sharing? (1972); R. Reischauer, General Revenue Sharing: The Program's Incentives, May 17, 1974 (prepared for the Brookings Institution). The percentages may be decreasing. "Revenue sharing represents from 8 to 15 percent of general expenditures in most cities. Although this seems an impressive addition to revenues, it is important to remember that the annual increase in general fund expenditures exceeded 10 percent in 19 of 28 large cities. General revenue sharing will not, in fact, cover the most recent rate of annual increase in expenditures for 12 of these 28 cities." Advisory Comm'n on Intergovernmental Relations, City Financial Emergencies: The Intergovernmental Dimension 36 (1973) (references to tables omitted).

[25] 31 U.S.C. §§ 1225–28 (Supp. II, 1972). For a more detailed discussion of the formulas see TAN 62 *infra*.

[26] 31 U.S.C. §§ 1241(a), (b) (Supp. II, 1972); 31 C.F.R. § 51.11 (1973). The House bill had no such provision. It was added by the Senate in order "to indicate to Congress whether the discretion left with the States and localities as to the purpose for which the revenue sharing funds are to be spent has led to misuse of the funds," Senate Report, *supra* note 2, at 34. *See also* Conference Report, *supra* note 13, at 28–29. Such additional reports as the Secretary of the Treasury "may reasonably require" must also be filed. 31 U.S.C. § 1243(a) (5) (C) (Supp. II, 1972). Starting with the planned use reports for fiscal year 1975, the report forms have been shortened and simplified by ORS, reducing still further the amount of information a recipient must provide. *See* Office of Revenue Sharing, Dep't of the Treasury, Annual Report 22–23, in *Hearings on Revenue Sharing before the Subcomm. on Intergovernmental Relations of the Senate Comm. on Gov't Operations,* 93d Cong., 2d Sess., pt. 1, at 159–60 (1974) [hereinafter cited as *1974 Hearings*].

[27] 87 Stat. 839 (codified at 29 U.S.C.A. §§ 801–992 and scattered sections of 18, 42 U.S.C.A. (1974)), *discussed at* pp. 100–01 *infra*.

[28] 88 Stat. 633, *discussed at* pp. 101–02 *infra*.

[29] *See* H.R. Rep. No. 659, 93d Cong., 1st Sess. 2–3 (1973) (manpower special revenue sharing); S. Rep. No. 693, 93d Cong., 2d Sess. 1–8 (1974) (housing and community development special revenue sharing).

[30] *See* notes 34, 43 *infra*.

[31] *See, e.g.,* CETA, 29 U.S.C.A. §§ 811 (descriptions of services), 815 (requirements of relevancy) (1974); Housing and Community Development Act of 1974, §§ 104(c) (1), (2) (requirements of relevancy), 105(a) (descriptions of services), 88 Stat. 639, 641–42.

[32] The Department of Labor administers CETA. 29 U.S.C.A. §§ 815, 818(a) (1974). The Department of Housing and Urban Development administers the Housing and Community Development Act of 1974, § 104, 88 Stat. 638–41. Under CETA the recipient governments must submit detailed program plus, 29 U.S.C.A. §§ 815, 816, 845 (1974), and the Secretary must determine that they satisfy the statutory criteria before approving the plans. *Id.* at §§ 818, 846. The Secretary is empowered to revoke any plan and terminate funds upon a finding of discrimination, unreasonable administrative expense, failure to continue funding effective programs already in existence, or the recipient government's "otherwise materially failing to carry out the purposes and provisions of this chapter. . . ." *Id.* at § 818(d). Under the Housing Act's community development (block grant) program, applicant governments must submit detailed plans, Housing and Community Development Act of 1974 § 104(a), 88 Stat. 638–39. Grantees must submit reports and the Secretary of HUD must make annual reviews or audits where necessary to determine whether the grantee is conforming to its own program plans and to the requirements of the Act. *Id.* at § 104(d), 88 Stat. 639–40.

[33] For a general description of the programs, see National Urban Coalition, Community Manpower Workbook, an Action Guide (1974).

[34] *See* H.R. Rep. No. 659, 93d Cong., 1st Sess. 4 (1973). The bulk of the funds are allocated as follows: 50 percent on the basis

of prior fiscal year (categorical grant) allotments, 37.5 percent on the basis of the number of unemployed persons, and 12.5 percent on the basis of the number of adults below the poverty level. A "hold harmless" provision prevents any state or jurisdiction with a population greater than 100,000 from receiving less than 90 percent or more than 150 percent of the amount it received in the prior fiscal year, although the upper limit is waived if it is less than 50 percent of the amount determined by the allocation formula. 29 U.S.C.A. § 843 (1974).

[35] 42 U.S.C. §§ 2571–2620 (1970), *repealed*, 29 U.S.C.A. § 801 (1974).

[36] 42 U.S.C. §§ 2711–29 (Job Corps), 2737–49 (Work and Training for Youth and Adults), 2769–69f (Special Work and Career Development Programs), *repealed*, CETA § 614, 87 Stat. 883.

[37] 42 U.S.C. §§ 4871–4883 (Supp. II, 1972), *as amended*, 29 U.S.C.A. §§ 802, 841–49, 981 (1974).

[38] 29 U.S.C.A. §§ 802(d), 841–51 (1974) (extending the old Public Employment Program (PEP) by authorizing $250 million for areas especially hard hit by unemployment).

[39] *Id.* at §§ 911–29.

[40] *Id.* at §§ 871–75.

[41] *See Community Development Special Revenue Sharing Approved*, 2 Revenue Sharing Bull., Sept., 1974, at 4–5.

[42] For a more comprehensive treatment of these programs, see 29 Cong. Q. Almanac 346–54 (1973); 32 Cong. Q. Weekly Rep. 2319–22 (1974).

[43] Housing and Community Development Act of 1974 § 103(a), 88 Stat. 637. Under the Act all cities with more than 50,000 in population and counties with more than 200,000 receive an automatic entitlement through a formula based on population, extent of overcrowded housing, and extent of poverty. *Id.* at § 106, 88 Stat. 642–47. Amounts allocated to recipient governments by HUD in the five years prior to 1972 remain a factor in determining the size of present allocations. *Id.* at §§ 106 (c), (g), 88 Stat. 643, 645–46.

In addition to the basic community development grants, a special sum of $50 million in both fiscal 1975 and 1976 and $100 million in 1977 is set aside for grants to governments with urgent housing needs which would not otherwise be met. *Id.* at § 103(b), 88 Stat. 637. The Secretary of HUD is also provided a discretionary fund amounting to two percent of each year's basic grants to be used for innovative or special projects such as area-wide planning or emergency disaster relief. *Id.* at § 107, 88 Stat. 647.

[44] *Id.* at § 201, 88 Stat. 653–67.

[45] *Id.* at § 201(5)(e), 88 Stat. 658.

[46] Some of the major issues arising under the community development statute are reviewed in Herbert Franklin, Memoranda 74–3, 74–6, 74–8, Aug. 30, 1974 (prepared for the Potomac Institute, Washington, D.C.). *See also* NAT'L J., Sept. 14, 1974, at 1369–79.

[47] S. 1612, 92d Cong., 1st Sess. (1971).

[48] H.R. 5408, S. 1987, 92d Cong., 1st Sess. (1971); H.R. 5613, S. 1234, 93d Cong., 1st Sess. (1973).

[49] H.R. 12942, S. 3041, 93d Cong., 2d Sess. (1973).

[50] H.R. 7796, S. 1669, 92d Cong., 1st Sess. (1971); H.R. 69, H.R. 5823, S. 1319, S. 1539, 93d Cong., 1st Sess. (1973).

[51] S. 1693, 92d Cong., 1st Sess. (1971); S. 3939, 92d Cong., 2d Sess. (1972); H.R. 12859, S. 3035, 93d Cong., 2d Sess. (1974).

[52] Crime Control Act of 1973, 42 U.S.C.A. § 3701 (1974).

[53] Education Amendments of 1974, 88 Stat. 484.

[54] The technique, known as "block" or consolidated grants, provides one lump sum payment to recipient governments in place of several separate programs. Considerable flexibility is given to local officials in distributing funds among a variety of designated projects eligible for grants. But unlike general revenue sharing and the administration's original special revenue sharing proposals, the federal government retains project planning and performance review authority to assure compliance with statutory requirements.

[55] *See* Memorandum from Frederick Malek, Deputy Director of the Office of Management and Budget, to the Associate and Deputy Associate Directors of the Office of Management and Budget, May 16, 1974 [hereinafter cited at Malek Memorandum].

[56] *See* M. Sklar, Watch Out for the New Federalism, June, 1974, at Appendix 3–5 (prepared for the Center for National Policy Review). Essentially, the new distributional technique eliminates the separate application and federal review requirements imposed by individual categorical grants and gives local officials the discretion to put together their own special revenue sharing grants covering a number of program areas. In addition, these local officials are given the power to review and reject applications for categorical grants that were previously submitted directly to the federal government by local agencies or private groups.

[57] Added to the $5 to 6 billion annual allotments for general revenue sharing are the two $800 million block grants of the Law Enforcement Assistance Administration, 88 Stat. 1187, (L.E.A.A. Appropriations for Fiscal Year 1975), and the Federal Aid Highway Act of 1973, 87 Stat. 250, and block grants of $2.25 billion, $2.3 billion, and $745 billion, respectively, for the new manpower, community development, and education statutes.

[58] *See* Special Analyses, *supra* note 23, pts. K, at 164–65, M, at 208–25 (1973).

[59] *See* Senate Report, *supra* note 2, 2–3, 12–13, 21–23.

[60] *See* House Report, *supra* note 2, at 9–10, 21–23.

[61] *See* Conference Report, *supra* note 13, at 23–24.

[62] The allocation figure under the three-factor (Senate) formula is derived as follows: obtain a figure for each state by multiplying its population by a fraction reflecting relative tax effort (the share of state and local taxes in the state's aggregate personal income) and a fraction reflecting relative per capita income (the ratio of national per capita income to state per capita income); add these to obtain a total figure for all the states. A state's share of the $5.3 billion pie is its percentage of the total figure. 31 U.S.C. § 1225(b)(2) (Supp. II, 1972). For taxes taken into account, see *id* § 1228 (c). There was also an adjustment, funded separately at $5,780,000 in 1972, which increased the entitlements of Hawaii and Alaska under the Senate formula. *Id.* § 1225(c).

The allocation figure under the five-factor (House) formula is derived by adding the state's share in five national pies of differing sizes which total $5.3 billion. The state's share in pie *A* represents its percentage of national population. The state's share in pie *B* is its percentage of the nation's urbanized population. The state's share in pie *C* is computed as follows: obtain a figure for each state by multiplying its population by a fraction reflecting relative per capita income (as above); add these to obtain a total figure for all the states; the state's share of pie *C* is its percentage of the total figure. The state's share in pie *D* is computed as follows: obtain a figure for each state by multiplying its state and local taxes by a fraction reflecting relative tax effort (as above); add these to obtain a total figure for all the states. The state's share of pie *E* is its percentage of the total adjusted income tax collections in all the states. For income tax adjustments, setting a ceiling and a floor which assures no-tax states a minimum allocation, see *id.* §§ 1228(b)(2), (b)(3), (g)(4). Pies *A*, *B*, and *C* contain $1.167 billion each; pies *D* and *E* contain $900 million each. The impact of population, urbanized population, and per capita income on a state's share is thus greater than the impact of tax effort and adjusted income tax collections since the former factors affect shares in the three largest pies.

A state's final allocation is determined by computing allocation figures for the state according to both formulas, taking the larger of the two figures, adding these resulting figures for all the states, and then increasing or decreasing every allocation proportionately to adjust that total down to $5.3 billion (the total for calendar year 1972). Id. § 1225 (a); 30 Cong. Q. Weekly Rep. 2630 (1972). This final adjustment to bring the sum of all shares within the ceiling on the national fund may result in a state's receiving less than either formula would initially indicate. This was true of twelve states in the first year. For example, Oregon would have received $60.1 million under the House bill and $61.8 million under the Senate version but received only $52.4 million under the Act. Id. at 2631, 3136.

[63] **Reischauer, *supra* note 24, at 12.**

[64] 31 U.S.C.§ 1226(a) (Supp. II, 1972).

[65] The distribution formula operates as follows: obtain a figure for each county-area by multiplying its population by a fraction reflecting relative tax effort (the share of adjusted county and municipal taxes in the county-area's aggregate personal income) and a fraction reflecting relative per capita income (the ratio of state per capita income to county per capita income); a county-area's share of the two-thirds pie is its percentage of the total figure for all county-areas.

This county-area allocation is then divided between the county government and the municipal governments within the county-area. The county government's share is the share of county taxes in the sum of county taxes and the taxes raised by all the municipalities. *Id.* §§ 1227–28. For the various tax adjustments, *e.g.*, the exclusion of local education levies, see *id.* §§ 1228(d), (e). The municipal allocation is apportioned among the municipalities by a procedure directly analogous to that used in apportioning the two-thirds pie among county-areas: obtain a figure for each municipality by multiplying its population by a fraction reflecting relative tax effort (the share of adjusted municipal taxes in the municipality's aggregate personal income) and a fraction reflecting relative per capita income (the ratio of county-area per capita income to municipal per capita income); a municipality's share of the final pie is the share of its figure in the total of these figures for all municipalities in the county-area. *Id.* §§ 1227–28.

Within specified limits, a state may provide for a different allocation formula. *Id.* § 1227(c)(1). However, allocations within states may not fall outside certain limits. If a municipality is entitled to less than $200, it loses its entitlement and the money is given to the county government. *Id.* § 1227 (b)(6)(D). A municipality may not receive less than 20 percent of statewide per capita municipal grants, *id.* § 1227(b)(6)(B); 31 C.F.R. §§ 51.29(b)(1), (b)(3) (1973), nor may it receive more than 50 percent of the sum of its own revenues and its receipts from intergovernmental transfers other than revenue sharing, 31 U.S.C. § 1227(b)(6)(C) (Supp. II, 1972); 31 C.F.R. § 51.29(b)(3) (1973), or 145 percent of statewide per capita municipal grants, 31 U.S.C. 1227(b)(6)(B) (Supp. II, 1972); 31 C.F.R. §§ 51.29(b)(1), (2) (1973). Similarly, the total grant to county and municipal governments within a county is subject to the 20 and 145 percent limits, and county governments are subject to the 50 percent limit, 31 U.S.C. §§ 1227(b)(6)(B), (c) (Supp. II, 1972); 31 C.F.R. § 51.29(a)(1) (1973). Although monies above the 145 percent limit are to be reallocated across parallel jurisdictions and monies above the 50 percent limit are to revert to higher jurisdictions, 31 U.S.C. §§ 1227(b)(7)(B), (C) (Supp. II, 1972); 31 C.F.R. §§ 51.29(a)(2), (3) (1973), it appears that the order in which the limits are computed operates to bias the process against reversions to state governments. 31 U.S.C. § 1227(b)(7)(A) (Supp. II, 1972); 31 C.F.R. § 51.29(a)(3) (1973); Stolz, *supra* note 2, at 45–51. Other effects of these limits are discussed at pp. 106–07 *infra*.

[66] Initial commentary viewed the compromise bill as a House victory on the importance of population and a Senate victory on the importance of poverty in determining grants. "By stressing relative income and the extent of government taxing efforts as well as population—and dropping the House bill's emphasis on urbanization—the conference compromise favored poor central city and rural areas at the expense of more affluent suburbs." 30 Cong. Q. Weekly Rep. 2701 (1972).

[67] Data from the states indicates a fairly low inverse correlation between per capita income and revenue sharing allocation. The poorest ten states (in terms of 1971 per capita income) received only slightly more "share revenue" per capita than the richest ten states, with the "middle" states far behind. Musgrave & Musgrave, Public Finance in Theory and Practice 644–45 (1973). More direct comparison between cities can be misleading because of the factor of "layering." An apparent disproportion between two cities may disappear when one takes into account revenue sharing grants to their respective counties. *See 1974 Hearings, supra* note 26, at 422–23 (statement of Richard P. Nathan).

[68] U.S.C. 1227(b)(6)(B) (Supp. II, 1972).

[69] 4 Technology Management, Inc. & Stanford Research Institute, General Revenue Sharing Data Study § VII, at 5–8, 1974 [hereinafter cited as Data Study].

[70] *See* Reischauer, *supra* note 24, at 21. In St. Louis and Philadelphia, the limit reduced the allocation by 75 percent and 54 percent, respectively. *Id.*

[71] Alaska, Connecticut, Delaware, South Carolina, West Virginia, Michigan, Missouri, and New Hampshire.

[72] *See* 4 Data Study, *supra* note 69, § VII, at 5–8 (figures for fifth entitlement period, July, 1974, to June 30, 1975.

[73] *See* note 65 *supra*. A limitation on the operation of this provision is that no county, township, or municipality may receive more than 50 percent of the total funds collected by the local jurisdiction in taxes and intergovernmental revenues. 31 U.S.C. § 1227(b)(6)(C) (Supp. II, 1972). Because the 50 percent limitation will apply to fewer than six percent of all local areas by fiscal year 1975 and typically will involve only a miniscule percentage of distributed funds, however, this funding constraint is not significant in the operation of the Act. *See* 4 Data Study, *supra* note 69, § VII, at 5–8.

[74] 4 Data Study, *supra* note 69, § VII, at 5–8.

[75] Advisory Comm'n on Intergovernmental Relations, General Revenue Sharing. Oct., 1974, at 10–11.

[76] *See* Reischauer, *supra* note 24, at 25–27.

[77] For a critique of the tax effort factor, see Maxwell, *Tax Effort as a Determinant of Revenue Sharing Allotments,* 11 Harv. J. Legis. 63 (1973).

[78] *See* N.Y. Times, Dec. 1, 1974, at 63, col. 2; Council of State Governments, State Government News, March, 1974, at 6.

[79] *See* note 62 *supra*.

[80] For example, in fiscal year 1974, Connecticut, with a 1973 per capita income of $5,889, received a per capita revenue sharing allocation of $24.39, while Mississippi, with a per capita income of $3,448, received $44.12 per capita. Advisory Comm'n on Intergovernmental Relations, General Revenue Sharing, Oct., 1974, at 5.

[81] *See* pp. 106–07 *supra*.

[82] Both the Brookings Institution, *see* Reischauer, *supra* note 24, at 21–29, and the General Accounting Office, *see* Memorandum, General Revenue Sharing Renewal Issues and Options, Interim Report to the General Revenue Sharing Steering Group. Office of Management and Budget, Oct. 29, 1974, appear to be favorably considering this suggestion. The Federal Programs Task Force of the Leadership Conference on Civil Rights has made a formal proposal along these lines to OMB. Letter from Harold Fleming, Task Force Chairman, to James Purcell, Chairman, General Revenue Sharing Working Group, Office of Management and Budget, Oct. 1, 1974. The Urban League has proposed that the 145 percent limit be raised "to at least 200 percent," 1974 Hearings, *supra* note 26, at 624.

[83] *See* note 62 *supra*.

[84] Rather than dividing each state's share into a one-third state and two-thirds local allocation, the national fund would be divided into thirds, with one-third distributed to states on the basis of their formula entitlements and the remaining two-thirds to localities based on localities' figures.

[85] For the factors considered in the allocation formulas of Manpower and Housing Special Revenue Sharing, see notes 34 and 43 *supra*.

[86] *See, e.g.,* National Science Foundation, program solicitation for alternative formulae for general revenue sharing (1974); S. Rohde, Research Design for the Study of the General Revenue Sharing Allocation Formula, 1974 (prepared for the Center for National Policy Review).

[87] *See Hearings on the Federal Budget for 1973 Before the House Comm. on Appropriations,* 93d Cong., 2d Sess. 183 (statement of Rep. Sikes, with supporting data), 184 (statement of Treasury Sec'y Schultz) (1974).

[88] H.R. 16330, 93d Cong., 2d Sess. (1974). A proposal by Rep. McFall would return the states' shares to the federal treasury. H.R. 5150, 93d Cong., 1st Sess. (1973).

[89] *See generally* 1 Data Study, *supra* note 69.

[90] *See* Comm'n on Civil Rights, Counting the Forgotten (1974). *See also Hearings on H.R. 30 Before the Subcomm. on Census and Statistics of the House Comm. on Post Office and Civil Service.* 91st Cong., 2d Sess. 83 (1970) (statement of Whitney Young); Advisory Comm. on Problems of Census Enumeration, National Academy of Sciences, America's Uncounted People (1972).

[91] *See* note 62 *supra*. Population count affects not only the "population" component but also, indirectly, the "relative income" component. *See* 31 U.S.C. § 1228(f) (Supp. II, 1972).

[92] *See* note 62 supra. Population count affects three factors here: "population," "urbanized population," and "per capita income." *See* 31 U.S.C. § 1225(b)(3) (Supp. II, 1972).

[93] *See* note 65 *supra;* 31 U.S.C. § 1227 (Supp. II, 1972).

[94] *See* pp. 106–07 *supra*.

[95] Strauss & Harkins, The 1970 Census Undercount and Revenue Sharing, 1974 (prepared for the Joint Center for Political Studies, Washington, D.C.); *see* Strauss & Harkins, *The Impact of Population Undercounts on General Revenue Sharing Allocations in New Jersey and Virginia,* 27 Nat'l Tax J. 617 (1974).

[96] Some of the largest cities in the nation are affected in this fashion. *See* p. 107 *supra*.

[97] *See* Bureau of the Census, Dep't of Commerce, Report on the 1970 Census Coverage, Press Release, April 25, 1973; Bureau of the Census, Dep't of Commerce, Census of Population and Housing, 1970, at 29 (1973) [hereinafter cited as 1973 Census Study].

[98] *See* 1973 Census Study, *supra* note 97, at 20; Siegel, Estimates of Coverage of the Total Population by Sex, Race and Age in the 1970 Census, in *1974 Hearings, supra* note 26, at 638.

[99] Data Study, *supra* note 69.

[100] *See* 3 Data Study, *supra* Note 69, Appendix D, at 19. The eight jurisdictions are the District of Columbia (which is treated as a state for revenue sharing purposes), Mississippi, Louisiana, New Mexico, South Carolina, Texas, Alabama, Georgia, and North Carolina.

[101] Nationally, blacks comprise 11.1 percent of the population. In six of the jurisdictions, blacks comprised from 22.2 to 71.1 percent of the population. Dep't of Commerce, Statistical Abstract of the United States 29 (94th ann. ed. 1973). The two exceptions, Texas and New Mexico, with blacks comprising 12.5 percent and 1.9 percent of the population, respectively, *id.,* may perhaps be explained by the presence in each state of a large number of Chicanos, who are not treated by the census as a separate group.

[102] The study estimated that annual revenue sharing losses for Philadelphia are $666,863, for Baltimore, $729,864, and for St. Louis, $282,086. 3 Data Study, *supra* note 69, Appendix D, at 26.

[103] *Id.,* Appendix C at 5.

[104] Letter from James Robertson and Robert Morris, Attorneys for the City of Newark, New Jersey, to George P. Schultz, Secretary of the Treasury. Nov. 26, 1973.

[105] *Id.*

[106] 31 U.S.C. § 1228(a)(7)(B) (Supp. II, 1972).

[107] 31 C.F.R. §§ 51.20(a), (b)(3) (1973).

[108] Letter from Graham Watt, Director of ORS, to James Robertson and Robert Morris, Attorneys for the City of Newark, New Jersey, Dec. 12, 1973.

[109] Newark v. Simon, Civil No. 74–548 (D.D.C., filed April 4, 1974). The City of Baltimore, also substantially affected by the minority undercount problem, *see* note 102 *supra*, petitioned to join as co-plaintiff on July 19, 1974. The court granted the petition on Aug. 7, 1974.

[110] ORS's refusal to reevaluate minority population data seems particularly unjustified in light of the fact that the agency has made a significant number of data revisions on matters not related to minorities. ORS had made about 4,000 data changes as of May, 1974, many resulting from the more than 8,000 complaints it received from recipient governments. *See* Office of Revenue Sharing, Dep't of the Treasury, Final Data Elements, Entitlement Period 4, at iii (1974). Although a majority of these revisions related to tax levels that were updated as a result of the 1972 Census of Governments, several dealt with errors in population statistics as well, *Id.*

[111] *See* 2 Data Study, *supra* note 69, at 67.

[112] 1 Data Study, *supra* note 69, at 38.

[113] *See* note 9 *supra*.

[114] *Hearings on H. Res. 803 Authorizing Investigation of Impeachment Before the House Comm. on the Judiciary,* 93d Cong., 2d Sess., Statement of Information, Book XII, at 3–39 (1974) [hereinafter cited as Judicial Comm. Statement].

[115] *Id.* at p.

[116] Office of Revenue Sharing, Dep't of the Treasury, Third Payment, Entitlement Period 3, at 209 (1973).

[117] For example, Governor Jimmy Carter of Georgia pointed out that Georgia received $36.6 million in revenue sharing funds in 1972 but at the same time lost five times that amount from cuts in present federal assistance programs funding state projects. Address by Gov. Carter, Woodrow Wilson International Center for Scholars, Washington, D.C., May 7, 1973, in Woodrow Wilson Center, The New Federalism 43–46 (1973).

[118] City of New York v. Train, 494 F. 2d 1033 (D.C. Cir.). *cert. granted,* 94 S. Ct. 1991 (1974); State Highway Comm'n v. Volpe, 479 F. 2d 1099 (8th Cir. 1973). *See also* Judiciary Comm. Statement, *supra* note 114, Zook XII, at 3–26 (summary of impoundment-related lawsuits).

[119] On July 12, 1974, the Congressional Budget and Control Act, 88 Stat. 297, was enacted, greatly curtailing the President's impoundment power. *See also* Judiciary Comm. Statement, *supra* note 114, Book XII, at 33–39 (summary of congressional actions in the impoundment controversy).

[120] *See, e.g.,* Maryland Dep't of Employment and Social Services, Impact of Reduced Federal Support for Manpower and Social Service Programs (1973) (a report to the Maryland General Assembly); Point Center for Political Studies, *How Budget Cuts Affect Programs*, FOCUS, Feb., 1973, at 3; Joint Center for Political Studies, *The Housing Freeze*, FOCUS, March, 1973, at 4.

[121] Under CETA, in fiscal 1975 almost every major city will lose at least ten percent of the amounts received for similar purposes under the old grants in the previous fiscal year. *See* P. Blair & H. McDonough, Tentative Allocations of Special Revenue Sharing in Project Sites, No. 7, 1974. Similarly, under the Community Development block grants for fiscal 1975, losses are estimated at 7.6 percent for Detroit, 5.6 percent for Baltimore, 10.4 percent for San Antonio, 9.3 percent for Seattle, and 5.3 percent for Los Angeles. *Id*. These estimates are based on an assumption that the full amounts authorized by the statutes will actually be appropriated by Congress, an assumption that may prove to be unfounded in the face of general budget trimming.

[122] For a general discussion of how federal budget cuts and local spending patterns affect the poor, see Brown & Medoff, *Revenue Sharing. The Share of the Poor,* 22 PUB. POLICY 169 (1974).

[123] *See* p. 96 *supra*.

[124] 31 U.S.C. § 1241(b) (Supp. II, 1972); 31 C.F.R. § 51.11(a) ("planned use reports").

[125] 31 U.S.C. § 1241(a) (Supp. II, 1972); 31 C.F.R. § 51.11(b) ("actual use reports").

[126] For counties and municipalties, use of revenue sharing funds to pay operating expenses for social development, housing, and community development is not permitted. *See* p. 96 *supra*. The figures for local expenditures in these areas represent capital expenditures only. *See* Caputo & Cole, General Revenue Sharing—The First Actual Use Reports, March, 1974, at 10–11 (prepared for ORS), in *1974 Hearings, supra* note 26, at 180–81.

[127] Caputo & Cole, *supra* note 126, at 10–11.

[128] *Id.*

[129] *Id.*

[130] *Id.*

[131] *Id.* at 12–13.

[132] *Id.* at 8–13, 19–22.

[133] *Id.* at 8.

[134] *Id.*

[135] *See* p. 96 *supra*.

[136] Caputo & Cole, *supra* note 126, at 4–5.

[137] There may also be a "bunching effect." The Act was approved on October 20, 1972, with payments retroactive to January 1, 1972. *See* 31 U.S.C. § 1224(b) (Supp. II, 1972). Fifteen months' entitlements were paid in four months, *see 1974 Hearings, supra* note 26, at 428 (statement of Richard P. Nathan), possibly resulting in a distortion of spending patterns.

[138] Although the Secretary of the Treasury has the authority to require more detailed reports, 31 U.S.C. §§ 1241(a), (b) (Supp. II, 1972), ORS has not exercised that authority to require recipient governments to disclose which segments of the community are receiving the benefits of their outlays. This seems inconsistent with the expressed congressional desire to keep an accurate record of how revenue sharing funds are spent. *See* note 15 *supra*.

[139] Office of Revenue Sharing, Dep't of the Treasury, One Year of Letter Rulings on General Revenue Sharing: A digest (1974), in *1974 Hearings, supra* note 26, at 250 [hereinafter cited as Letter Rulings].

[140] For a complete discussion of the problem, see pp. 131–34 *infra*.

[141] The four sponsoring organizations are the Center for Community Change, the Center for National Policy Review, the League of Women Voters Education Fund, and the National Urban Coalition. The monitoring is taking place in six states, 26 cities (ten with populations over 500,000), and seven counties. *See* P. Blair, General Revenue Sharing in American Cities: First Impressions, Dec., 1974 (prepared for the National Clearinghouse on Revenue Sharing).

[142] The studies use standard interview forms and data analysis outlines developed with the assistance of the Harvard-MIT Joint Center for Urban Studies.

[143] *See* Blair, *supra* note 141, at 17–18. *See* also p. 132 *infra*.

[144] In two cities transportation projects included bus programs for the elderly. Another city's public safety expenses included a program previously paid for by Model Cities grants. Six other cities provided building, equipment, or street improvement projects for poorer communities. Blair, *supra* note 141, at 20.

[145] *Id.* at 19.

[146] For an analysis which predicts the allocations to programs serving the poor based on *past* levels of local expenditures, see Brown & Medoff, *supra* note 122.

[147] *See* p. 100 *supra*.

[148] *See pp.* 133–34 *infra*.

[149] 31 U.S.C. § 1242 (Supp. II, 1972); 31 C.F.R. § 51.32 (1973).

[150] 42 U.S.C. §§ 2000d—2000d–5 (1970).

[151] 31 C.F.R. § 51.32(b) (1) (i) (1973).

[152] *Id.* at § 51.32(b) (1) (ii).

[153] *Id.* at § 51.32(b) (1) (iii).

[154] *Id.* at § 51.32(b) (3).

[155] *Id.* at § 51.32(b) (1) (iv).

[156] *Id.* at § 51.32(b) (1) (v).

[157] *Id.* at § 51.32(b) (2).

[158] *Id.* at § 51.32(b) (1) (vi).

[159] 86 Stat. 103, *amending* 42 U.S.C. §§ 2000e—2000e–11 (1970).

[160] 31 U.S.C. § 1242(a) (Supp. II, 1972); 31 C.F.R. § 51.32(a) (1973).

[161] *See Hearings on Civil Rights Aspects of Revenue Sharing Before the Subcomm. on Civil Rights and Constitutional Rights of the House Judiciary Comm.*, 93d Cong., 1st Sess. 37, 55 (testimony of Graham Watt); Office of Revenue Sharing, Dep't of the Treasury, Revenue Sharing and Civil Rights, Sept., 1974, at 12 (draft). *But cf.* 31 C.F.R. § 51.32 (a) (1973) (seems to limit coverage to the "function" of the unit which is wholly or partially funded by revenue sharing).

[162] *See* Employment Section, Pub. Sector, Civil Rights Div., Dep't of Justice. Status of Cases, June 19, 1974.

[163] *See* Federal Programs Task Force, Leadership Conf. on Civil Rights, Listing of Lawsuits Affecting Revenue Sharing Recipients, 1973.

[164] Interview with David L. Rose, Chief, Employment Section, Civil Rights Div., Dep't of Justice in Washington, D.C., Aug. 22, 1974.

[165] *See* p. 115 *supra*.

[166] As of early 1974, 41 discrimination complaints, of which at least 20 involved employment discrimination, had been filed with ORS. *1974 Hearings, supra* note 26, at 52–58 (supplementary material provided by Graham Watt). Watt claimed that 18 of these (nine involving employment discrimination) had been "resolved to the satisfaction of all parties." *Id.* at 23. An examination of the supporting material provided by Watt reveals that 12 of the 18 were "resolved" by an ORS finding of no discrimination or no ORS jurisdiction. *See id.* at 52–56.

[167] Complaint, Robinson v. City of Chicago (ORS administrative proceeding), in *1974 Hearings, supra* note 26, at 95. *Cf.* City of Chicago, Actual Use Report for Jan. 1, 1972–June 30, 1973, in *1974 Hearings, supra* note 26, at 113.

[168] See Whisenand, Hoffman & Sealy, The Chicago Police Department: An Evaluation of Personnel Practices, 1972, in *1974 Hearings, supra* note 26, at 279–420. The team reported no evidence of intentional discrimination, however. *Id.* at 299.

[169] United States v. City of Chicago, Civil No. 73–C2080 (E.D. Ill., filed Aug. 14, 1973).

[170] *See* Robinson v. Schultz, Civil No. 74–248 (D.D.C., Order of April 4, 1974), in *1974 Hearings, supra* note 26, at 62, 63.

[171] 31 U.S.C. § 1242(b) (Supp. II, 1972); 31 C.F.R. § 51.32(d) (1973).

[172] Robinson v. Schultz, Civil No. 74–248 (D.D.C., Order of April 4, 1974), in *1974 Hearings, supra* note 26, at 62.

[173] *Id.* The court based this conclusion on "the recognized inherent authority of agencies to defer payments of federal financial assistance pending the outcome of administrative proceedings pursuant to Title VI of the Civil Rights Act of 1964. . . ." *Id.* (citations omitted). For discussions of Title VI enforcement proceedings, see Dunn, *Title VI, The Guidelines and School Desegregation in the South,* 53 VA. L. REV. 42, 43–44 (1967); Note, *School Desegregation and the Office of Education Guidelines,* 55 GEO. L. J. 325, 348–49 (1969).

[174] *See* Deposition of Graham Watt, Robinson v. Shultz, Civil No. 74–248 (D.D.C., filed Feb. 7, 1974), in *1974 Hearings, supra* note 26, at 122–25.

[175] This action is authorized by 31 C.F.R. § 51.32(f) (1) (ii) (1973). *See* pp. 123–25 *infra*.

[176] *See* 31 C.F.R. 51.32(f) (1) (i) (1973).

[177] *See 1974 Hearings, supra* note 26, at 31–32 (colloquy between Sen. Muskie and Graham Watt). A partial chronology of the Chicago proceedings is found in *id.* at 34-36. Motions and briefs filed by plaintiffs are in *id.* at 91–118.

[178] United States v. City of Chicago, Civil No. 73–C2080 (E.D. Ill., Order of Nov. 7, 1974).

[179] Robinson v. Schultz, Civil No. 74–248 (D.D.C., Order of Dec. 18, 1974). The court indicated that payments would not be resumed until Chicago was in compliance with the Act's nondiscrimination requirements and that ORS would be required to monitor actual compliance by Chicago after payments were resumed.

[180] Letter from Buster Soares & Octavia Catlett to William Simon, July 15, 1974.

[181] *See* Lige v. Town of Montclair, Nos. EG13RM–6282, EG13RM–6883 (Div. of Civil Rights, N.J. Dep't of Law and Pub. Safety, June 17, 1974) (adoption of hearing examiner's report). The order enjoined the use of the present written entrance and promotion examinations, required the devising of nondiscriminatory standards for hiring and promotion, specified interim hiring ratios, and required future reporting.

[182] The settlement was negotiated and described in a series of letters between Mayor Bonastia of Montclair and Graham Watt of ORS dated Aug. 6, Aug. 20, Sept. 20, Oct. 4, Oct. 7, Oct. 8, Oct. 11, Oct. 21, and Nov. 12, 1974.

[183] Letter from the Lawyer's Committee for Civil Rights Under Law to Graham Watt, Dec. 5, 1974.

[184] Interview with Robert Murphy, Compliance Manager, ORS, in Washington, D.C., Aug. 20. 1974 [hereinafter cited as Murphy interview].

[185] *Id.*

[186] *See* Office of Revenue Sharing, Dep't of the Treasury, General Revenue Sharing and Civil Rights (1974).

[187] *See* Blair, *supra* note 141, at 14–15. One poll of local officials indicates that 78 percent have received no communication from state or federal officials on civil rights enforcement in the revenue sharing program. *See* Institute for Social Research, Univ. of Mich., Univariate Marginal Runs for the Revenue Sharing Survey, Nov. 6, 1974.

[188] *See 1974 Hearings, supra* note 26, at 52–58 (supplementary material provided by Graham Watt).

[189] Cain v. Ouachita Parish Police Jury

(Office of Revenue Sharing, filed April 30, 1974), in *1974 Hearings, supra* note 26, at 67.

[190] *1974 Hearings, supra* note 26, at 76.

[191] *Id.* at 70–71.

[192] *Id.* at 76–77.

[193] 31 U.S.C. § 1242(a) (Supp. II, 1972); 31 C.F.R. § 51.32(b) (1973). If the allegations in *Ouachita Parish* are true, the expenditures violate at least two regulations, 31 C.F.R. §§ 51.32(b)(1)(i) (denial of service), and 51.32(b)(3) (site selection having the effect of exclusion from or denial of benefits) (1973).

[194] 437 F. 2d 1286 (5th Cir. 1971), *aff'd*, 461 F. 2d 1171 (5th Cir. 1972) (en banc). In *Hawkins*, plaintiffs established by statistical evidence that the city government had severely discriminated between racial groups in the provision of municipal services. The court ruled that, once a statistical pattern of racial inequality had been established, a showing of specific intent to discriminate was not necessary to establish a constitutional violation. 437 F. 2d at 1291–92; *cf.* Norwalk CORE v. Norwalk Redevelopment Agency, 395 F. 2d 920 (2d Cir. 1968). The town was ordered to apply all available funds, including revenue sharing funds, to redress the racial inequities in its municipal facilities. Hawkins v. Town of Shaw, Civil No. DC–6737 (N.D. Miss. July 2, 1973), at 8–9, *on remand from* 437 F. 2d 1286. *See also* Georgetown Taxpayers Ass'n v. City of Sanford, Civil No. 70–172–ORL–CIV (M.D. Fla. Jan. 11, 1974); Harris v. Town of Itta Bena, Civil No. GC67–56–S (N.D. Miss. Oct. 3, 1973). *Cf.* 31 C.F.R. § 51.32(b)(4) (1973) (allows use of revenue sharing funds to redress imbalance of services or effects of past discrimination).

The *Hawkins* holding may be limited, however, by San Antonio Indep. School Dist. v. Rodriguez, 411 U.S. 1 (1973). There, plaintiffs attacked the financing of public schools, claiming that the great variations in overall per pupil educational expenditures among Texas school districts violated the equal protection clause. The Court held, *inter alia*, that the plaintiffs failed to establish discrimination against an identifiable suspect class of poor people because there was no showing that the poorest families resided in the "poorest" districts. *Id.* at 22–23. The Court also distinguished prior wealth-related cases by characterizing them as involving an "absolute deprivation of a meaningful opportunity to enjoy [a] benefit," *id.* at 20–22, and emphasized that, "at least where wealth is involved the Equal Protection clause does not require absolute equality or precisely equal advantages." *Id.* at 24. Thus, where the inequality in services provided by revenue sharing funds is not clearly along racial lines (or, more broadly, does not affect fundamental rights or suspect classifications, *see generally Developments in the Law—Equal Protection*, 82 Harv. L. Rev. 1065 (1969)) and is rationally related to legitimate state interests, it is likely to pass constitutional muster.

[195] 31 C.F.R. § 51.32(a) (1973).

[196] *See* 31 C.F.R. § 51.32(b) (1973).

[197] *See, e.g.*, San Antonio Indep. School Dist. v. Rodriguez, 411 U.S. 1, 55 (1973).

[198] On the receipt of a complaint of discrimination, the Secretary of the Treasury or his delegate may initiate an investigation into the complaint's validity. 31 C.F.R. § 51.32 (d). If the Secretary determines that the recipient government has failed to comply with the regulations, he must so notify the chief executive officer of the recipient jurisdiction and the governor of the state in which the jurisdiction is located, and he must request the governor to secure compliance. *Id.* at § 51.32(f)(1). If, within 60 days, the governor refuses or fails to secure compliance the Secretary "is authorized" either to refer the matter to the Attorney General with a recommendation for the institution of a civil action or to institute termination proceedings. *Id.* at § 51.32(f)(1). The Secretary must then make additional efforts within a ten-day period to secure voluntary compliance. *Id.* at § 51.32(f)(2). If he determines that voluntary compliance cannot be achieved, a hearing is held to formally determine noncompliance. *Id.* at § 51.32(f)(3)(ii). In general, 10 to 20 weeks will pass between initiation of the hearing process and final termination. *See 1974 Hearings, supra* note 26, at 36–37. Finally, the Secretary must file a written report with appropriate congressional committees and wait 30 days before terminating payments. 31 C.F.R. § 51.32(f)(3)(iv) (1973).

[199] *See* pp. 120–21 *supra.*

[200] 31 C.F.R. § 51.32(f)(1) (1973).

[201] 31 C.F.R. § 51.32(d) (1973).

[202] For example, under Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 200d–2000d–5 (1970).

[203] *See* p. 121 *supra.*

[204] *Cf.* Robinson v. Schultz, Civil No. 74–248 (O.D.C., Order of April 4, 1974), in *1974 Hearings, supra* note 26, at 62. *But cf.* 28 C.F.R. § 50.3 (1973).

[205] *See* Opposition of Defendants to Plaintiff's Motion for Temporary Escrow of Revenue Sharing Payments to Chicago and Renewed Motion for Enery of Order Requiring Defendants to Promulgate Regulations Providing for Deferral, at 6, Robinson v. Schultz, Civil No. 74–248 (D.D.C., filed Feb. 7, 1974).

[206] Interview with James Purcell, Director of Office of Management and Budget Revenue Sharing Task Force, in Washington, D.C., Dec. 13, 1974; Council of State Governments, Early Warning Radar Rep., Dec. 26, 1974, at 2 (describing White House recommendations for extension of General Revenue Sharing).

[207] *See 1974 Hearings, supra* note 26, at 7 (colloquy between Sen. Muskie and Treasury Sec'y Simon).

[208] *See id.* at 12 (statement of Graham Watt).

[209] *See* 29 C.F.R. §§ 1602.30–.32 1973). Governments with less than 100 employees must fill out the forms and keep them on file locally but need not submit them to the EEOC. *Id.* at § 1602.32(a).

[210] *See* Bureau of National Affairs, Fair Employment Practices Manual 441: 417–426b (1974).

[211] *See* National Revenue Sharing Monitoring Project, Analyses of EEO4 Forms for 10 Local Government Monitoring Sites and the State of Texas, Oct. 1974.

[212] EEOC and ORS have agreed to a regular exchange of information on pending cases. Memorandum of Agreement Between the Office of Revenue Sharing and the Equal Employment Opportunity Commission, Oct. 11, 1974,

[213] *Cf.* note 194 *supra.*

[214] 31 C.F.R. § 51.32(b)(4) (1973).

[215] *Cf.* Adams v. Richardson, 356 F. Supp 92 (D.D.C.), *affd*, 480 F.2d 1159 (D.C. Cir. 1973) (en banc.). In *Adams*, the Department of Health, Education and Welfare was found to have failed to carry out its statutory duty of taking remedial action leading to fund termination against a number of public school systems that had been demonstrated to be in noncompliance with the antidiscrimination requirements of Title VI of the Civil Rights Act of 1964. The Court of Appeals held that the enforcement of the Act was statutorily mandated and not a matter of agency discretion, 480 F.2d at 1162–63, and affirmed the district court's order that HEW begin termination proceedings and report regularly on the progress of its actions. *Id.* at 1166.

[216] Address by President Nixon, *supra* note 2, at 144.

[217] *See* p. 96 *supra.*

[218] *See* Blair, *supra* note 141, at 4–18.

[219] *See* General Accounting Office, Report to the Congress on Revenue Sharing 24–25 (1974); *1974 Hearings, supra* note 26, at 605 (statement of comptroller General Staats); Staff of the Subcomm. on Intergovernmental Relations, Senate Comm. on Gov't Operations, 93d Cong., 2d Sess., How 45 Selected Jurisdictions View Revenue Sharing 1(1974) [hereinafter cited as Senate Staff Survey]. Almost ten percent of the self-audits submitted to ORS last year by local governments revealed violations of local procedures, suggesting that an even higher percentage of violations goes undetected. Murphy interview, *supra* note 184. In the case of Torrington, Connecticut, after the mayor decided on his own, without the hearings and city council action required by local law, where he wanted the money to go, ORS required the city to go back through the regular appropriations process. *Id.*

[220] Pat Schark, Monitoring Reports (prepared for the National Revenue Sharing Monitoring Project). Similar events have been recorded in Bennington, Vt., Charleston, S.C., Houston, Texas, and Ypsilanti, Mich., National Clearinghouse on Revenue Sharing, Clearinghouse, July/Aug., 1974, and in Cleveland, Ohio, S. Williams, The Best Kept Secret in Cleveland, 1974 (Summary of Cleveland General Revenue Sharing Monitoring Project). One of the few jurisdictions where positive results were reported was Kansas City, Mo., where local officials themselves took the initiative to promote citizen input and participation. *See 1974 Hearings, supra* note 26, at 556–61. Perhaps as a result, Kansas City's revenue sharing allocations were sharply at odds with the national norm for localities. *See* p. 115 *supra*. Nine percent of the city's funds were spent on public safety, 33 percent on "neighborhood conservation, recreation, health, and environment"; 13 percent for social services for the poor and elderly; 30 percent for streets and transportation; 6 percent on economic development. *See 1974 Hearings, supra* note 26, at 557.

[221] *See* Blair, *supra* note 141, at 11.

[222] *See* note 138 *supra.*

[223] *See* Letter Rulings, *supra* note 139, at 266–67 (allows publication in legal notices section of local paper).

[224] ORS has recently published a citizen's informatioin pamphlet, Office of Revenue Sharing, Dep't of the Treasury, Getting Involved: Your Guide to General Revenue Sharing (1974).

[225] Murphy interview, *supra* note 184. Similar action has not been taken where the indication of failure to publish comes from local audits or from complaints submitted by the public, ostensibly because such cases would require follow-up checking for which ORS lacks adequate resources. *Id.*

[226] About one-third of the approximately 30 local sites covered in depth by the National Revenue Sharing Monitoring Project reported the formation of citizens' advisory boards to develop revenue sharing allocation plans. *See* Blair, *supra* note 141, at 4.

[227] *See 1974 Hearings, supra* note 26, at 557; *see also* note 220 *supra*. Successful citizen involvement was also reported in Los Angeles, where the city and the county set up an area-wide council with authority to decide the distribution of a quarter of the combined revenue sharing allotments. C. Beltran, Monitoring Reports (prepared for the National Revenue Sharing Monitoring Project).

[228] Blair, *supra* note 141, at 5–6.

[229] *Id*

[230] *Id.* at 5.

[231] *Id.* at 4.

[232] *Id.* at 5.

[233] Telephone interview with George Minor, Legislative Assistant to Rep. Parren Mitchell, Aug. 19, 1974.

[234] *See* p. 129 *supra.*

[235] Interview with Robert Coard, Executive Director, Action for Boston Community Development, in New Haven, Conn., April 6, 1974.

[236] M. Whitehead & Z. Loewe, Monitoring Reports (prepared for the National Revenue Sharing Monitoring Project). *See also* Blair, *supra* note 141, at 4.

[237] Reported at Wingspread Conf. of Nat'l

Revenue Sharing Monitoring Project Monitors, in Racine, Wis., July 26–27, 1974. *See generally* Johnson Foundation, Citizen Participation and General Revenue Sharing, Nov. 1974 (first draft, Racine, Wis.).

[238] Blair, *supra* note 141, at 5, 6.

[239] 29 U.S.C.A § 814 (1974).

[240] *See* p. 96 *supra*.

[241] Office of the Comptroller General, Revenue Sharing: Its Use by and Impact on Local Governments 30 (1974).

[242] *Id.* at 29. *See also 1974 Hearings, supra* note 26, at 605–07 (statement of Comptroller General Staats); *id.* at 495 (statement of Joe Tom Easely). Fund shifting is most easily accomplished in large jurisdictions whose revenue sharing entitlement is small in comparison to the total budget; they can "tuck their revenue sharing grant into an existing expenditure program that meets various restrictions and use the freed resources pretty much as they see fit . . ." Reischauer, *supra* note 24, at 66.

[243] Caputo & Cole, *supra* note 126, at 16–7. *See also* Senate Staff Survey, *supra* note 219, at 1.

[244] *See* p. 96 *supra*. However, several members of Congress believed tax relief to be a desirable result of revenue sharing even though it was not listed as an allowable direct use. *See, e.g.*, Subcomm. on Intergovernmental Relations, House Comm. on Gov't Operations, 93d Cong., 2d Sess., Replies by Members of Congress to a Questionnaire on General Revenue Sharing 13 (1974).

[245] *1974 Hearings, supra* note 26, at 425 (statement of Richard P. Nathan).

[246] D. Caputo & R. Cole, The Initial Impact of Revenue Sharing on the Spending Patterns of American Cities, 1973, at 33. *See* p. 117 *supra*.

[247] *See* Stolz, *supra* note 2, at 59–71. *See also* note 244 *supra*.

[248] *See* Comment, *The Revenue Sharing Act of 1972: Untied and Untraceable Dollars from Washington,* 10 HARV. J. LEGIS. 276 (1973).

[249] *See, e.g.*, 118 CONG. REC. 22,058–59 (1972) (colloquy between Reps. Mills and Denholm); *id.* at 22,059 (colloquy between Reps. Mills and Randall); *id.* at 29,766–69 (Sen. Humphrey's withdrawal of maintenance-of-tax-effort provision after receiving assurances from Sen. Long that excessive use of funds for tax reductions would subject the program to further congressional scrutiny). The latter passage may indicate that while Congress was content to see some fund shifting (or did not know how to prevent it short of writing very restrictive provisions), it intended the priority categories to have some subsantive effect on the way funds were spent.

[250] 356 F. Supp. 291 (N.D. Ga. 1973).

[251] *Id.* at 292–93.

[252] *Id.* at 299–301. The court observed that its finding was strengthened by the improbability that Congress intended all of the other conditions placed upon revenue sharing expenditures "likewise [to] become meaningless" and rejected defendant's claim that the priority expenditure provision "has no effect because it is so difficult to enforce." *Id.* at 301.

[253] Even the court in *Massell* recognized that "problems of proof will undoubtedly arise" when "funds will be commingled in fact with other local funds, even if the books of account are kept separately." *Id.* at 302.

[254] *See, e.g.*, Mayor Thomas Bradley, City of Los Angeles, Budget Message, 1974.

[255] This approach has been formally proposed to the President by the OMB for inclusion in the general revenue sharing renewal package to be submitted to the Congress in early 1975. Office of Management and Budget, Memorandum, General Revenue Sharing Renewal: Issues and Options, Interim Report to the General Revenue Sharing Steering Group, Oct. 29, 1974.

[256] It could be argued, on the other hand, that giving general revenue sharing budget-wide application might have the advantage of extending the program's civil rights requirements to all programs and activities of a recipient government. The statute, 31 U.S.C. § 1242 (Supp. II, 1972), and regulations, 31 C.F.R. § 51.32 (1973), prohibit discrimination in any "program or activity" receiving revenue sharing funds, and a jurisdiction's whole budget could be seen as a funded "activity." It is doubtful, however, that ORS, given its restrictive compliance stance, would accept this approach. It would probably argue that, although all budget items are eligible to receive the funds, civil rights coverage extends only to those programs actually selected as recipients. *Cf.* note 161 *supra*.

[257] *See* Malek Memorandum, *supra* note 55.

[258] *See, e.g.*, letters from Harold Fleming, Chairman, Fed. Programs Task Force of the Leadership Conf. on Civil Rights; Ann Scott, Vice Pres. for Legis., National Organization for Women; Alice Kinkead, Human Resources Staff Coordinator, League of Women Voters of the U.S.; and Kenneth Colburn, Deputy Dir. of Research Joint Center for Pol. Studies, to James Purcell, Chairman, General Revenue Sharing Working Group, Office of Management and Budget, Oct. 1, 1974.

[259] Interview with Joseph Matyi, Management Analyst, Dep't of the Treasury, and Stephen Bashein and Jerry Jones of the OMB/Treasury Revenue Sharing Review Group, in Washington, D.C., Sept. 19, 1974.

[260] One indication that improved civil rights requirements may not be well received by President Ford is the absence of any affirmative response from the White House to formal proposals on revenue sharing civil rights requirements submitted by the congressional Black Caucus to the President at their meeting of Aug. 21, 1974. *See* Congressional Black Caucus, Summation of Position Statements Presented to President Ford, Aug. 21, 1974.

[261] In addition to its limited proposal on deferral of payments, *see* p. 125 *supra,* the task force recommended that all local recipient governments provide for some public input into local fund-use decisions but left the extent and form of this input at the discretion of local officials. It also proposed eliminating the priority expense categories, making it more difficult for community groups to seek targeting of funds to social services. The 145 percent ceiling was not eliminated, but it was raised to 175 percent, although very gradually, at increments of only five percent per year. The task force did make one recommendation of great importance to the poor, however. It called for the elimination of the antimatching provision, which had been misinterpreted as totally precluding expenditure of revenue sharing funds on federally assisted social services programs. *See* Council of State Governments, Early Warning Radar Report, Dec. 26, 1974; N.Y. Times, Jan. 1, 1975, at 20, col. 1.

OVERSIGHT OF FEDERAL RESERVE'S CONDUCT OF MONETARY POLICY

Mr. PROXMIRE. Mr. President, on March 24, the House of Representatives agreed by a vote of 335 to 46 to House Concurrent Resolution 133 referring to the conduct of monetary policy. The Senate agreed to this resolution last week. This resolution will allow Congress through the House and Senate Committees on Banking to oversee the Federal Reserve's conduct of monetary policy systemmatically and in a meaningful way.

In specific, beginning after April 1, pursuant to near- and long-term guidelines set forth in the resolution, the Federal Reserve will consult with the committees at semiannual hearings on "objectives and plans with respect to the ranges of growth or diminution of monetary and credit aggregates in the upcoming 12 months." From now on, the Federal Reserve will have to formulate objectives and plans for the 12 months upcoming with respect to the growth or diminution of the money supply and other monetary and credit aggregates, and discuss and disclose these objectives and plans in the context of meaningful and operational numerical ranges. Such information will prove of enormous benefit to economic decisionmaking by business, labor, and households and should also help the administration and Congress in formulating fiscal and other economic policies.

Lee M. Cohn, Washington Star staff writer, presents an excellent summary of the purposes and significance of the resolution in the Washington Star, March 24. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Mar. 24, 1975]

CONGRESSIONAL CHALLENGE SEEKS TO RESHAPE MONETARY PLANNING

(By Lee M. Cohn)

The tone of the challenge is so mild and the meaning of the policy directive is so murky that Fed-watchers are tempted to reach a snap judgment—wily old Arthur Burns has foxed his foes again.

But the obscure congressional resolution actually could drag Burns, the Olympian chairman of the Federal Reserve Board, down from the mountain top. It could force him to share his powers with Congress, compel him to push harder to boost the economy.

While heavy bronze doors and a force of guards still protect the Federal Reserve from mob pressure, in the tradition of central banks, its insulation from the pressures of politics could erode.

The resolution, adopted Thursday by the Senate and scheduled to clear the House today, seems feeble. It declares "the sense of Congress" that the Federal Reserve should "pursue policies in the first half of 1975 so as to encourage lower long-term interest rates and expansion in the montary and credit aggregates appropriate to facilitating prompt economic recovery."

Burns, who has stated the same vague objectives many times, might have written this clause himself. "We've been trying to do that, so there's no problem there," a Federal Reserve source says.

The resolution goes on to tell the Federal Reserve to "consult with Congress at semiannual hearings (about its) objectives and plans with respect to the ranges of growth or diminution of monetary and credit aggregates in the upcoming 12 months."

Burns enjoys congressional hearings, at which he preaches like an Old Testament prophet. One of Washington's most skilled lobbyists, he seldom misses a chance to consult with Congress, publicly and privately.

Indeed, though Burns opposed the resolution, an associate says he now sees it as providing opportunities for "educating those people and shooting down some of these theories." Burns' congressional critics are "aggressive now, but they may be more constructive later on," according to the associate.

Aside from the watery language, the directive is in a concurrent resolution of the House and Senate, which has no legal force, rather than a binding public law. On the surface, it is hard to see how Burns can be hurt.

Rep. Wright Patman, the populist Democrat from Texas, dismisses the resolution as "but a tiny step . . . because it leaves it to the Federal Reserve to decide whether to follow what amounts to a suggestion by Congress."

"Nothing in it requires the Federal Reserve to depart from whatever course of action it has determined it will follow, whether Congress likes it or not," says Rep. Leonor K. Sullivan, D-Mo., another tenacious critic of Burns.

Some defenders of the Federal Reserve also hoot at the resolution.

Rep. Bill Frenzel, R-Minn., calls it "frivolous, but thankfully toothless."

"It is just a stump speech by the Congress . . . to divert public attention from our fiscal extravagance," says Rep. Albert W. Johnson, R-Pa.

Still, Burns is worried and his challengers are claiming a great victory. They predict that the makers of monetary policy, which is so crucial to the economy's performance, from now on will be accountable to the public through Congress, instead of operating in an ivory tower.

Sen. Hubert H. Humphrey, D-Minn., chairman of the Joint Economic Committee, says he is "weary of hearing that the Federal Reserve is so sanitized over there that they can't be touched by human hand or human mind."

Humphrey, a co-sponsor of the resolution, declares that "they've got to get down here with the rest of us sinners, they've got to get with the folks."

The leading sponsors of the resolution are two scrappy Democrats from Wisconsin, Rep. Henry S. Reuss and Sen. William Proxmire, who this year took over the chairmanships of the House and Senate Banking Committees. They promptly used their new power to blow away the mystique that has made Burns and the Federal Reserve almost invulnerable.

Reuss started with a bill, ostensibly legally binding, that would have ordered the Federal Reserve to expand the money supply at an annual rate of at least 6 percent and allocate credit to "national priority uses." He backed down to the "sense of Congress" resolution with its expression of vague objectives and dropped the credit allocation legislation, leading many of the central bank's friends and foes to conclude that Burns had repulsed the assault.

"Absolute nonsense," Reuss retorts. Noting that Burns fought hard against the resolution as well as the bill, Reuss says this shows the measure has real clout.

If Burns now wants to shift his ground and claim that the resolution is insignificant, that's his privilege, Reuss says, quoting novelist Henry Fielding: "He . . . would have ravished her if she had not, by a timely compliance, prevented him."

Burns is willing to listen to advice from Congress but intends to pursue whatever policies he believes are right. Without intending to seem belligerent, he takes the position that the resolution has not and will not influence the policies of the present Federal Reserve Board, according to associates.

Then why did he oppose the resolution? Burns is concerned by the "remote possibility that down the road we could see a timid Federal Reserve Board, wanting to be loved, to avoid controversy and to live quietly, and they could be influenced," an associate says.

Although Burns is said to consider the resolution not legally binding, Reuss contends that it has all the force of a statute in the special case of the Federal Reserve, which is legally independent of the executive branch but subject to the will of Congress.

The Constitution gave Congress the power to "coin money and determine the value thereof" and Congress has delegated this authority to the Federal Reserve, Reuss observes. "We are talking directly to the Federal Reserve Board and establishing policy for them to follow," he says. As the "creature of Congress," the Federal Reserve is bound to obey this "clear policy directive" and no statute beyond the resolution is required, he contends.

Explaining why he abandoned the idea of legislating a specific growth rate for the money supply, Reuss says his 6 percent target was misunderstood as a ceiling rather than a minimum. Furthermore, Congress should stick to broad policy and leave the technical details of execution to its agent, the Federal Reserve, he says.

"I am confident that the Federal Reserve will not want to frustrate congressional intent," he says. "Should anyone attempt a frivolous or capricious attitude concerning what the Congress means," he warns, Congress would consider "an iron-clad, steel-plated law."

Negotiations with Burns are progressing on a system for channeling credit to priority borrowers, such as housing, so mandatory credit allocation legislation may not be needed, Reuss reports.

Proxmire advocated a resolution rather than a statute from the start, and thought it would be a mistake to specify a money supply target. Legislation requiring credit allocation could not be passed, he says.

"We got precisely what we started out to get," Proxmire claims, emphasizing the requirement for the Federal Reserve to consult with Congress on its plans for expansion of money and credit.

This is the provision that appears to worry Burns most and that knowledgeable observers of the Federal Reserve believe has the greatest potential for breaking through the central bank's insulation and exposing it to political pressures. Depending on how far Burns goes in complying and how hard his challengers push, the consultation requirement could revolutionize monetary policy.

The Federal Reserve now conducts most of its business in secrecy. Key decisions are made by its federal open market committee, composed of the seven Federal Reserve Board members and the presidents of five of the 12 regional Federal Reserve Banks. The committee meets at four-week intervals—with telephone conferences between meetings—and discloses its decisions in broad outline only after a 90-day lag.

Until now, Burns and his predecessors have publicly discussed only past policies and operations in any detail. Big gaps in the disclosures have clouded understanding of what happened and why. Plans for the future have been kept secret.

Burns is willing to shorten the 90-day lag in disclosure of open market committee decisions to 45 or 60 days. He might not object vehemently to even prompter reports, despite his contention that a lag is needed to prevent "financial sophisticates" from taking advantage of innocents.

But he does object to disclosing full details of recent policies and announcing the Federal Reserve's specific plans and objectives for the future. That is exactly the information Reuss and Proxmire will demand. They intend to use it to influence monetary policy.

Burns has a habit of describing policy with the same adjective, "moderate," whether the Federal Reserve is tightening or easing credit. "We will not accept that" as a response to requests under the resolution for information on policy plans, Proxmire says. "We are going to insist on specifics, and Burns has said he will not be an evasive witness."

If Proxmire and Reuss stick to their intention of demanding to know the Federal Reserve's objectives in specific numerical terms, they will be going beyond the provisions of the resolution, in Burns' view. Associates say he still is pondering how to answer.

The first showdown is expected in early April, when either the House or the Senate Banking Committee will hold the first hearings under the resolution. Each committee will conduct semiannual hearings, and the tentative plan is to stagger them so that Burns will be called to account on one side of the Capitol or the other every three months.

Targets of the open market committee, as disclosed after the decisions, have been missed badly. At its Dec. 16–17 meeting, for example, the committee decided to seek growth at an annual rate of 5 to 7 percent in December and January for M–1, the narrowly defined money supply. M–1, which consists of currency in circulation plus money in checking accounts, actually grew at a rate of 2.1 percent in December and contracted at a rate of 8.9 percent in January.

Although the committee does not reveal its long-run target, there are indications that it has aimed for monetary growth of about 5 to 7 percent since about mid-1974. But the money supply was virtually stagnant through the second half of 1974 and into early 1975. From June 1974 to the end of January it grew at an annual rate of only 1.3 percent

"We couldn't argue very much with the targets they set in recent months, but we didn't realize until it was too late how far they missed," Proxmire says. With prompt disclosure of the targets, "we will be able to focus the debate and will have something specific to measure the results against," he says.

"If they fail to achieve their own targets, we'll be in a stronger position to tell them to adopt more effective policies." For example, Proxmire says, the Federal Reserve may be missing its targets because it pays too much attention to regulating interest rates, and "perhaps we can persuade them to change that approach."

Proxmire was alluding to an arcane but significant debate among monetary specialists. The monetarists, who contend that the money supply is by far the most important determinant of economic activity, urge that the Federal Reserve ignore interest rates and do whatever is necessary to achieve desired monetary growth.

Burns acknowledges the importance of the money supply but insists that it would be dangerous to disregard interest rates.

The Federal Reserve attempts to regulate growth of the money supply by adding to or subtracting from reserves in the banking system. When reserves increase, banks have more money to lend and the loans are credited to checking accounts, which are the biggest component of the money supply.

Reserves are provided to the banks mainly through Federal Reserve purchases of Treasury securities on the open market. The Federal Reserve pays dealers for the securities and the dealers deposit the proceeds in their checking accounts. When the Federal Reserve sells Treasury securities, the purchasing dealers pay for them by drawing on their checking accounts, draining reserves from the banking system.

Some banks have more reserves than they are required to set aside as backing for deposits and lend them to banks that are short of reserves. When reserves grow rapidly, the interest rate on these interbank loans, known as the federal funds rate, will tend to decline. The Federal Reserve uses the rate as a guide to the ease or tightness of bank reserves, and thus as an indicator of money supply growth.

At the same time as a target is set for growth of the money supply, the open market committee establishes a target range for the federal funds rate. That's a basic mistake, the monetarists say. They contend that the Federal Reserve misses its money supply targets because it worries about fluctuations in the funds rate.

Let the funds rate drop to zero or rise to

20 percent if that's what it takes to provide whatever reserves are needed to support the desired growth of the money supply they urge.

"If the Fed had achieved its own targets, this whole storm would not have arisen," says Milton Friedman, the University of Chicago professor who is the guru of the monetarists. "They failed because they use obsolete operating procedures—aiming at interest rate targets."

The significance of the resolution, Friedman says, is that it will expose the Federal Reserve's errors. If Burns discloses his money supply target and then has to report that he has missed it widely, Proxmire will press him to change his techniques and ignore interest rates, Friedman predicts.

"A specific number has a great advantage because you can check up on them," Friedman observes.

The prospect of political pressures on the Federal Reserve does not worry Friedman. "I am opposed to an independent Federal Reserve," he says, arguing that in a democracy the central bank should be accountable, and supervision by Congress is the best available method.

Burns scoffs at the notion that Reuss and Proxmire really want to ignore interest rates in the single-minded pursuit of money supply targets, associates report. They are monetarists now, when their objectives for money would pull interest rates down, but they will shift their focus when rates rise, Federal Reserve sources predict.

A 6 percent rate of growth in the money supply can push interest rates down when demand for credit is weak, but the same rate of monetary growth can raise interest rates when credit demand is strong, which normally happens when the economy recovers from a recession.

"To Friedman it's a theology, but it's not a theology to these fellows," a Burns associate says. "We do care about interest rates, and they care about interest rates."

A leading liberal economist, who feels that Friedman goes too far in focusing on the money supply, believes nevertheless that Burns worries too much about interest rates, and thinks he knows why.

"Burns' private nightmare is that interest rates will drop so sharply now that they would rise before the economy gets out of the recession," he speculates. "He thinks he can take the heat now but would be lynched if that happened."

This determination by Burns to let interest rates decline only gradually, so that they will not bounce back prematurely, this source says, is "the marriage manual theory of monetary policy—go slow, make it last and you'll enjoy it more."

Although Congress recently has worried about inadequate growth of the money supply, Friedman expects Burns to be challenged soon for allowing excessive monetary growth. "It's too soon to be sure, but the monetary figures at the moment give all signs of an explosion," he says.

The congressional resolution will impose discipline on the Federal Reserve in that direction, too, he predicts.

After contracting at an annual rate of 8.9 percent in January, M–1 spurted at a 7.7 percent rate in February. Growth has been even faster so far in March. If M–1 ends the month at the level reached in the week ended March 12 (the latest reported), March will show an annual growth rate of 17.3 percent.

Reuss notes the recent pickup in monetary growth and claims it is evidence that the Federal Reserve started obeying the resolution even before its final adoption. "Good news: Federal Reserve now easing monetary policy," he told the House in a bulletin.

As Reuss observes, the expansion of money in very recent weeks would be excessive and inflationary if continued at the same pace for long. He says the money managers are "obviously trying to recoup for earlier excessive tightness."

Even with the recent surge, M–1 in the latest reported four weeks registered growth at an annual rate of only 0.3 percent over the preceding three months and 2.4 percent over six months—still far below the Federal Reserve's target of 6 percent or more.

Faster monetary growth had been predicted as a lagged response to the Federal Reserve's efforts, and the spurt in the last several weeks has nothing to do with the congressional resolution, sources at the central bank maintain.

Burns is in the roughest fight of his life because Congress and many economists blame the lack of growth in the money supply for pushing the country into the worst recession since the 1930s and for impeding recovery.

Congress is cutting taxes and increasing federal spending to fight the recession, but fears that the Federal Reserve will cancel out the stimulative effects.

The federal budget is heading for deficits of about $45 billion this fiscal year and $80 billion next year. Unless the Federal Reserve expands money rapidly, government borrowing to finance these deficits will squeeze out private borrowers and raise interest rates, probably aborting the economic upturn anticipated for late this year.

Burns counsels Congress to hold down the deficit. He pledges to do his best to support recovery, whether Congress takes his advice or not, but insists that he will not permit an "explosive" expansion of the money supply because that would lay the foundation for a new burst of inflation followed by a deeper recession.

Defending the Federal Reserve, Burns says is has pressed for expansion of the money supply but has been thwarted by the conservative attitudes of lenders and borrowers. All the Federal Reserve can do is provide the banks with reserves, he says, arguing that it cannot make the money supply grow if people do not have enough confidence in the economic outlook to borrow and lend.

Besides, he says, M–1 increasingly is an "obsolete" measure of money. He favors broader measures, particularly M–5, which includes all deposits in all financial institutions, not just currency and checking accounts in commercial banks. The broader measures of money have grown faster than M–1.

Arguments of this kind deflected Burns' congressional critics for a while, but finally they became exasperated as well as confused. While admiring Burns' agility and acknowledging that "we've learned a lot from him," Proxmire says the "snow job" no longer will work.

Reuss disputes the notion that Burns will be able to claim compliance with the resolution's vague objectives just by showing that the Federal Reserve is trying to lower interest rates and expand the money supply. Burns contends that the Federal Reserve's power to control interest rates and monetary growth is far more limited than the critics believe.

"We'll judge compliance by the results," Reuss says. "Burns will not be able to use the fight against inflation and the international standing of the dollar as excuses" for high interest rates and lack of growth in the money supply.

"We are not antagonistic and we are confident of cooperation," Reuss says, "but there is going to be a much greater involvement of the banking committees with the Fed. Congress no longer will stand aside and duck its responsibility."

Proxmire, apparently less aggressive than Reuss, emphasizes that "the Fed will set the targets" for growth of the money supply.

"That's their job. We'll listen and discuss, and if we think their target is too low or too high, maybe we can persuade them."

Perhaps some time in the future Congress may try to legislate specific targets, "but that would have to be an extreme case and it would be a mistake now," Proxmire says.

"We shouldn't dictate policy but we ought to know what it is," he says.

Proxmire shies away from telling the Federal Reserve what to do about the money supply and interest rates, beyond very broadly stated objectives. He is more interested in pinning Burns down on the central bank's targets, to assist coordination with budget policies and to check up on the effectiveness of the money managers in accomplishing what they set out to do.

Inevitably, however, members of Congress will put pressure on the Federal Reserve to shift policy this way or that. Despite its legal insulation, the central bank never has ignored political realities, and the resolution will make it more sensitive to the pressures.

Robert C. Holland, a member of the Federal Reserve Board, says the central bank "is insulated from short-run pressures (so that it can) pursue even a course with highly unpopular side effects for some period of time."

"Over the longer run, however, I think it is crucial for the public to come to accept the basic objectives," Holland says. "I doubt that the Federal Reserve could or would pursue a very unpopular set of fundamental objectives year after year."

The money managers will operate with Congress looking over their shoulders. If they refuse to bend to the will of Congress, they will face the threat of tougher legislation.

"If it's true that the Supreme Court reads the election returns, maybe the Fed reads this message on the sentiment in Congress," says Arthur M. Okun, an influential economist at the Brookings Institution.

Okun, who was chairman of the Council of Economic Advisers in the Johnson administration, says the resolution on its face is only an exhortation, but feels it could be significant in "forcing more direct discussion and debate on what monetary policy ought to be."

It no longer will suffice for Burns to talk about "moderation" and "promise to do the virtuous thing," Okun says.

Burns "certainly defused" Reuss' original bill, Okun says. "The resolution leaves him a lot of elbow room. The test will be whether they pin him down to specifics instead of letting him get away with semantics."

The resolution also "may make the Fed feel that Congress is willing to take some of policies, and so make them less timid," he says.

The effectiveness of the resolution probably hinges mostly on the personalities confronting each other.

Proxmire and Reuss are determined to expand the role of Congress in monetary policy, and they know their way around the maze.

Burns is equally resolute about preserving the Federal Reserve's independence, and he knows how to charm, confuse or intimidate his critics, whichever the circumstances require.

Perhaps Sen. Humphrey offers the most realistic assessment:

"It's kind of a needling operation . . . It serves notice on the Federal Reserve that they are no longer out of our vision . . . We're saying to them, 'look fellows, you also are accountable—if your policies don't work, explain why they didn't.'

"Even the Federal Reserve is not beyond facing the political and social realities . . . We're going to keep harassing them—I don't like to use that word—we're going to keep on their backs."

SIX-YEAR SALARY FREEZE IS UNFAIR

Mr. HUGH SCOTT. Mr. President, the failure of Federal, judicial, and congressional salaries to keep pace with the rising costs of living has created a grave situation with members of the judicial and executive branches. And the issue must be resolved before more dedicated public servants are forced to leave Government for purely financial reasons. An editorial in the Philadelphia Inquirer points to this problem and suggests one possible solution: if Congress is unwilling to raise its own salaries, at least judicial and Federal executives' salaries should be brought up to 1975 levels. This is a solution I would endorse.

Mr. President, I ask unanimous consent that the Philadelphia Inquirer editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[Editorial from the Philadelphia Inquirer]

SIX-YEAR SALARY FREEZE IS UNFAIR

The General Accounting Office has urged Congress to scrap the system which was supposed to give congressmen, judges and federal executives pay raises every four years and replace it with guaranteed annual boosts.

Its reasoning is that the present pay machinery has failed, which is a conclusion that can hardly be disputed. The top officials have received no raises since 1969, despite the double-digit inflation which has cut into their buying power just as it has everyone else's.

On paper, the system looks as if it should work well. Established during the Johnson presidency, it calls for a blue-ribbon panel of businessmen to review the salaries every four years and recommend appropriate increases. The President then accepts or revises these recommendations and sends them to Congress. They take effect unless vetoed in a short time by either House.

The idea behind this was to take some of the political heat off Congress, but it hasn't worked out that way. The system did provide raises which took effect in 1969. But a delay by President Nixon in naming the next panel brought the second round of proposed increases before Congress in 1974 and, that being an election year, the congressmen turned them down.

In so doing, they penalized not only themselves but more than 15,000 appointed officials whose salaries had also been frozen for five years. The congressmen have eased their own situation somewhat by voting themselves higher allowances for travel and other expenses, but the members of the executive and judicial branches have not had even that kind of relief.

The problem has become particularly acute in the judiciary, as Chief Justice Burger has repeatedly warned, but everyone affected is being dealt with unfairly. If we expect top-notch people in top government jobs, we cannot ask them to serve for six years without an increase in pay during a period of rampant inflation.

The GAO proposes that salaries be linked to the cost-of-living or to the average percentage raise given each year to white collar government civilians and military personnel. Simple fairness demands something along those lines. If the members of Congress are still reluctant to increase their pay, they should at least clear the way for higher salaries for the thousands of other persons who are being asked to live in 1975 at 1969 pay levels.

U.S. POW'S AND MIA'S IN SOUTHEAST ASIA

Mr. MUSKIE. Mr. President, one of the great tragedies of the war in Indochina is the continuing question of 1,300 Americans who are still prisoners of war or missing in action. The families of these men are working day and night to explore every possible means of solving this issue—locating survivors and seeking accurate information on the fate of all those concerned.

Last November 8 the Governor of Maine at that time, Hon. Kenneth M. Curtis, issued a proclamation supporting these efforts of the families and friends of the individuals concerned. I ask unanimous consent that this proclamation be printed in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

STATE OF MAINE—PROCLAMATION

Whereas, in January, 1973, the Vietnam Cease-Fire Agreement was signed in Paris; and

Whereas, the provisions of that agreement called for the return of American Prisoners of War and an accounting of the Men Missing in Action; and

Whereas, today, almost two years later, the fate of 1,300 of our men prisoners or missing in Vietnam, Laos, Cambodia, or China is unknown; and

Whereas, there is no evidence that the Communists intend to comply with the provisions of a return of all Prisoners, an accounting of the men Missing in Action, and return of the remains of those who died on foreign soil; and

Whereas, VIVA (Voices In Vital America) and the National League of Families has undertaken the task of bringing to focus attention on the plight of our Prisoners of War and Missing Men; and

Whereas, the focus is in the form of a rededication for freedom.

Now, therefore, I, Kenneth M. Curtis, Governor of the State of Maine, do hereby proclaim support for the efforts of the families and friends of the American Prisoners of War and Missing in Action in Southeast Asia, and call upon all citizens to support this cause and help bring to the attention of America and the world, the plight of our Prisoners of War and Missing in Action.

Given at the office of the Governor at Augusta, and sealed with the Great Seal of the State of Maine, this Eighth day of November, in the Year of Our Lord, One Thousand Nine Hundred and Seventy-four, and of the Independence of the United States of America, the One Hundred and Ninety-ninth.

KENNETH M. CURTIS.

PUBLIC FINANCIAL DISCLOSURE

Mr. CASE. Mr. President, as those in this Chamber know, I am an advocate of public financial disclosure by Members of Congress, as well as by others elected or appointed to Government service.

For 10 Congresses I have introduced disclosure legislation and I have been pleased to see gradual acceptance of the principle. When President Kennedy issued an Executive order requiring financial reports by civil servants to their supervisors, I criticized it on the ground that the order did not require the reports to be available to press and public. In my view, making the reports public is equally as important as requiring they be made.

A recent article in the New York Times points up once more just how important public disclosure of statements is to the proper functioning of our Government. As required by the Executive order, Geological Survey employees filed financial reports with the agency. But apparently no one in the agency looked at them. Subsequently an examination by the General Accounting Office showed a number of instances involving "serious questions of conflict of interest." Obviously the agency accumulated the reports, but either did not examine them or failed to note the possible conflicts of interest.

I ask unanimous consent that the New York Times article, entitled "GAO Study Queries Holdings by Officials of Geological Survey," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

G.A.O. STUDY QUERIES HOLDINGS BY OFFICIALS OF GEOLOGICAL SURVEY

WASHINGTON, March 4.—Congressional investigators charged today that some officials of the United States Geological Survey owned stock in companies holding mineral leases on Federal lands administered by the agency.

Representative John E. Moss, Democrat of California, in releasing the report by the General Accounting Office, the Congressional watchdog agency, said the findings raised "serious questions of conflict of interest" and could result in a criminal investigation by the Justice Department.

The G.A.O. said that the qustionable stock holdings were reported in financial disclosure statements filed in 1974 but that the agency had taken no action to force divestiture of the holdings.

DISCLOSURE STATEMENTS CITED

According to the report, 223 financial disclosure statements were filed by Geological Survey employes for the 1974 fiscal year. Of these, the G.A.O. said, 49—or 22 per cent—showed financial interests that either violated the law or "raised conflict of interest possibilities."

The Geological Survey is responsible for classifying Federal lands as to the lease value of minerals, including oil and gas. It also supervises operations of private oil companies that are working on mineral leases on Government and Indian lands as well as on the outer Continental Shelf.

The G.A.O. report did not identify the employes, but cited several examples of alleged conflict of interest. These included the following:

A supervisory mining engineer who owned stock since 1968 in seven mining companies.

A petroleum engineer who is receiving retirement income from the Atlantic Richfield Company and owns 496 shares of the corporation's stock.

An administrative geologist who owned stock in 12 companies with oil or mining interests.

A supervisory petroleum engineer, who has the authority to suspend oil company operations on leased lands, has owned stock in the Mobil Oil Corporation, the Standard Oil Company of California and the Standard Oil Company (New Jersey)—now known as the Exxon Corporation—since 1971.

Representative Moss said that the investigation and the failure of the Geological Survey to take corrective action raised the possibility of criminal investigation of criminal investigation by the Justice Department.

TAX REDUCTION ACT OF 1975

Mr. MORGAN. Mr. President, on Saturday, March 22, 1975, I voted against the Tax Reduction Act of 1975, a bill passed by the Senate which carried a tax reduction and rebate of more than $30 billion at a time when the Federal Government is already operating at a deficit.

During the debate I expressed my fears that larger deficits would result in further inflation and higher interest rates as the Government goes into the money market.

An article in the New York Times by Peter B. Roche indicates the correctness of my apprehensions. I ask unanimous consent that the articles entitled "GM's Record Debt Issue Gets a Slow Start as Investors Turn to New Treasury Bonds" and "New Treasury Issue Sells at Yield Averaging 8.31 percent" be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

GM's Record Debt Issue Gets a Slow Start As Investors Turn to New Treasury Bonds

By Peter B. Roche

New York.—General Motors Corp.'s record $600 million offering yesterday sold rather slowly because many investors were more inclined to buy $1.25 billion of new Treasury bonds, dealers said.

It was, perhaps, an omen of the financing difficulties awaiting other corporate treasurers who intend to compete against the government for public funds this year. An immense outpouring of U.S. obligations necessary to finance the estimated $80 billion budget deficit could crowd out some corporate borrowers entirely.

GM offered $300 million of 10-year notes at a price of 100 with 8.05% interest coupons, and $300 million of 8⅝% debentures at 99.5 to yield 8.672% in 30 years, all rated triple-A. It was the largest public sale of debt securities by a U.S. manufacturer, surpassing the previous record of $500 million by Du Pont Co. in a sale last November.

Morgan Stanley & Co., chief underwriter in the auto maker's two-part offering, said about 95% of the notes and between 80% and 85% of the debentures had been retailed. Several market sources, however, contended first-day orders had accounted for only 75% of the notes and 50% of the debentures, resulting in an unsold total of about $225 million.

Both of the GM securities were widely considered to be priced quite attractively, compared with similar corporate issues. However, the debentures appeared to suffer by comparison with the 15-year Treasury bonds also offered yesterday. Although the department didn't set final terms of its new bonds until late afternoon, many investors had expected the yield spread between the two issues would be unusually small.

"We anticipated a rate margin of only about 0.35 percentage point, whereas a minimum of 0.5 percentage point higher yield would have been required for us to prefer the GM debentures," an official of one West Coast pension fund remarked. "Any Treasury issue yielding within 0.5 percentage point of prime-grade corporates looks good to us, so we bought both the bonds and GM notes in fairly substantial size while passing up the debentures," he added.

Older corporate bonds were marked down sharply in reaction to the disappointing GM sales results, dealers said. Some dropped as much as ¾ point, equal to $7.50 for every $1,000 face amount, putting their net decline so far this week at a whopping two points.

A drastic price plunge of about seven points—$70 for each $1,000—was taken by Public Service Co. of New Mexico's fresh 9⅛% bonds, which had received scant retail demand after reaching the market March 12 at a price of 100. They were released yesterday into the resale market, where they nosedived to about 92½ bid, 93 asked, thereby raising the yield on the 30-year bonds to about 9.85%.

Nor did investors respond favorably to another major offering, $80 million of New England Power Co.'s 10⅞% first-mortgage bonds, priced at 101.563 to return 10.7% in 30 years. Less than 50% was retailed from the New England Electric System unit's new issue, rated double-A by Moody's and single-A by Standard & Poor's.

Potential customers presumably believed the bonds were stiffly priced because much more lenient terms had been planned by underwriters who competed unsuccessfully at New England Power's competitive sale. Those officials would have given an 11⅛% interest coupon, rather than the 10⅞%, and a yield of 11%.

Existing Treasury issues were mixed in light trading. Intermediate-term securities rose an average of 6132 point, but lengthy obligations fell about 4-32 points in order to raise yields into proper alignment with the rate anticipated on the new 15-year bonds.

Among selected government issues, the 7⅜% notes of 1981 jumped 11-32 point to close at 99 2-32 bid, 99 6-32 asked, where an investor's return was about 7.56%. The 7⅞% bonds of 1995-2000 ended 12-32 point lower at 96 12-32 bid, 96 20-32 asked, to yield about 8.19%.

State and city bonds were steady in sparse trading. Several tax-exempt revenue issues of toll roads, bridges and other public agencies sustained moderate declines, such as a ½ point drop by New York State Power Authority's 5⅜% bonds at 2010, which finished at about 77 bid, 82 asked.

New Treasury Issue Sells at Yield Averaging 8.31 Percent

Washington.—The Treasury said it sold $1.25 billion of 15-year bonds at an average yield to investors of 8.31%.

The department said it received $2.9 billion of tenders for the bonds, which mature May 15, 1990, and which were the second part of a financing plan to raise $3.45 billion in new cash. The Treasury sold $2.2 billion of two-year notes Tuesday.

Accepted bids on yesterday's issue ranged from 8.15% to 8.37%. Accepted tenders included 68% of the amount of notes bid for at the highest yield. Noncompetitive tenders of $100 million were accepted at the average yield.

MARICOPA COUNTY, ARIZ.

Mr. GOLDWATER. Mr. President, I am sure that most of our Members are acquainted with the beauty of Arizona and the bright sunshine which characterizes its climate.

However it might not be so well known that Maricopa County—which in some respects is the hub of the State—has less than 8 inches of rainfall a year. In addition it has low humidity, occupies a central location, and is extremely prominent in the fields of technology, transportation, and industry.

For these reasons, Mr. President, it is the hope of the town of Youngtown, Ariz., that it be selected as the location for a Federal solar research facility, especially in view of the country's current energy crisis.

On March 20, 1975, the mayor and common council of the town of Youngtown adopted a resolution urging that the new Federal facility be located in that area.

Mr. President, having done some research on this question, I, too, believe that Youngtown in Maricopa County would be a fine location for the energy project under discussion.

I ask unanimous consent that this resolution from the mayor and common council of Youngtown, Ariz., be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution No. 1029

A resolution of the mayor and common council of the town of Youngtown, Arizona, with relation to a United States solar center being located in Maricopa County.

Whereas, it has been reported to the Common Council of the Town of Youngtown, Arizona, that Arizona is among the States being considered for the site of a United States Solar Research Center, and

Whereas, our County's climate, geography and other characteristics, such as less than 8 inches per year rainfall, and low humidity, central location, prominence in the fields of industry, technology and accessibility to transportation, now

Be it therefore *resolved*, by the Mayor and Common Council of the Town of Youngtown, Maricopa County, Arizona to urge the location of the federal solar research facility to be in Maricopa County, Arizona, and to urge you to use all influence possible to expedite this project, especially in view of the country's current energy crisis.

SENATOR HARTKE RECEIVES AMERICAN LEGION'S LEGISLATIVE AWARD

Mr. TALMADGE. Mr. President, last week the American Legion's coveted "Legislative Award" was presented to our distinguished colleague and chairman of the Committee on Veterans' Affairs, Senator Vance Hartke. In making the presentation, Legion National Commander James M. Wagonseller pointed out that Senator Hartke enjoys the distinction of being only the second person to ever receive this citation, which reads as follows:

> In recognition of his outstanding achievements in securing beneficial legislation for our Nation's veterans and their dependents and in appreciation for his effective support of the American Legion's legislative program.

Mr. President, I believe Commander Wagonseller's remarks at the time of the presentation and Senator Hartke's remarks concerning veterans' programs are timely and of interest to all of our colleagues and I therefore ask unanimous consent that they be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

American Legion National Commander James M. Wagonseller, Presentation of American Legion Legislative Award to Senator Vance Hartke

It is a great pleasure for me to make a most deserving presentation. Under authority granted to me by The American Legion to present a suitable award to a member of our organization for outstanding activity in the field of legislation, it is the unanimous recommendation of our National Legislative Commission that this award be presented to the Honorable Vance Hartke, United States Senator from Indiana, and the first and only Chairman of the Senate Committee on Veterans Affairs.

This award is the second of its kind to be presented by The American Legion. It is presented to Senator Hartke in recognition of outstanding service to the war veterans of America, and in appreciation for his splendid cooperation with our Legislative Commission.

A native of Pike County, Indiana and a graduate of the University of Evansville, he was captain of the basketball team and President of the Student Government Association, among other activities.

He graduated from the Indiana University Law School with J.D. degree with honors. He served with distinction in the Navy and Coast Guard in World War II. Following this he was Deputy Prosecuting Attorney, Vanderburgh County, Indiana, 1950–51, and Mayor of Evansville, 1956–58. He authored three books, "Inside the New Frontier" in 1963; "The American Crisis in Vietnam" in 1968 and "You and Your Senator" in 1970. He is married and the father of seven children. He was elected to the United States Senate in 1958; reelected in 1964 and 1970. He is a 26-year member of The American Legion.

The United States Senate in the second session of the 92nd Congress authorized a Committee on Veterans Affairs commencing with the first session of the 93rd Congress. As mentioned earlier Senator Hartke was elected its first Chairman and continues today in that capacity.

As Chairman of this prestigious Committee, Senator Hartke has made invaluable contributions to the success of all veterans legislation enacted by the Congress since the Committee's inception. Because of his perserverance, last year the Congress enacted a long sought priority objective of the American Legion when it voted overwhelmingly to override the President's veto of an improved GI bill.

Improvements in the VA home loan program, the service connected compensation and dependency and indemnity compensation programs, and benefits for pensioners and parents in receipt of DIC along with a hike in the annual income limitations, are among the many improvements in veterans programs brought about by the Hartke Committee.

As National Commander it is my privilege to present to Senator Hartke the American Legion's National Legislative Award represented by this plaque which bears the following inscription:

"In recognition of his outstanding achievements in securing beneficial legislation for our Nation's veterans and their dependents and in appreciation for his effective support of the American Legion's legislative program."

Senator Hartke, I thank you for your splendid cooperation with our organization and congratulate you on being the second recipient of this prestigious award from your fellow Legionnaires.

Remarks of Senator Vance Hartke

Good morning, it is a pleasure once again to be with you. Yesterday at the Senate hearing on the presentation of the Legion's 1975 legislative program, I spoke to you briefly about some of the legislation we are considering, particularly in the area of education and employment. This included first, a need to monitor provisions included in the GI bill amendments this past fall, and second, our consideration of new legislation, including amendments to the nine month provision and the loan program. Today I'd like to briefly review some of the other areas that the committee will be involved in in the coming year. In large part our attention will be drawn to seeing that legislation passed in the last Congress is properly implemented. As you know, the preceding two years of the 93rd Congress were significant years for our Nation's veterans and our dependents. Fourteen major pieces of legislation were enacted into law which greatly improved major veterans' programs in the areas of health, compensation, pension, education, employment, housing, insurance, and other benefits.

First, in the area of health care, the committee will be reviewing the implementation and operation of the Veterans' Health Care Expansion Act of 1973, with a particular look at the delivery of outpatient care to veterans. I am pleased that a large measure of the increased funding recommended by the "Chase Report" on the quality of VA health care has been included in this year's budget—almost 70 percent of the recommendations. But additional funding and legislation is needed if we are to insure first class medical care for our veterans and further insure that the VA medical system is a strong one that can withstand challenges. One problem that is increasingly coming to our attention is the difficulty the Veterans' Administration is now having recruiting and retaining first rate physicians and other health care personnel. The rapid rate of inflation and the current ceilings on Federal pay levels is making it increasingly difficult to get quality personnel to staff VA hospitals.

In the area of compensation, although there were significant increases in disability rates last year, ranging from 15 to 18 percent, continued inflation and official administration projections for this year obviously will require that we closely examine the rate of schedules in the first session rather than in the second session as has been the traditional practice. Also, I am somewhat disappointed and puzzled that needed upward revisions in the ratings of certain service-connected disabilities were not included in this years budget. These VA recommended increases which would cost about $140 million have been on the President's desk since last August, with no action forthcoming. Economy should not be practiced on disabled veterans whose disabilities are undercompensated. They deserve to know in the near future when these offered revisions will be implemented.

As to cemeteries and burial policy, the committee will be reviewing implementation of the National Cemeteries Act of 1973. As you know, that act created a new burial plot allowance of $150 for those not buried in a national cemetery and directed the Veterans' Administration to prepare a study on the future of national cemeteries and burial benefits. About two years after passage of that act, I believe that it is worthwhile to see where we stand today and what additional plans or amendments may be needed in the future.

It is in the area of nonservice-connected pension, however, that the committee will devote most of its time and attention in the coming year. It is clear that the entire pension system must be reviewed and overhauled. The committee staff, at my direction, has for over a year been gathering information and attempting to develop a new workable program. We have been hampered in part by the lack of available information from the Veterans' Administration upon which to make judgments and compare various alternatives. It is my opinion, however, that any pension system that is developed should meet the following standards: First, every veteran and his dependent should be able to live out their lives in dignity. This means simply that no veteran or his widow should be forced to resort to welfare relief and all should be assured a level of income that clearly places them above the poverty level. Second, veterans with similar needs should receive similar benefits and those with greater needs should be entitled to greater pension. Third, veterans should receive regular increases in their pension that fully accounts for any increases in the costs of living.

The present pension program, while it attempts to meet these objectives, contains a number of inconsistencies and problems that make it an imperfect system. The committee's developing approach in this area, is I believe, quite consistent with the position of the Legion that instead of fixed rates of pension, we should establish realistic income floors that will insure maximum annual income to those eligible. The Government would pay in veterans pension, the difference between income available to the veteran and a realistic income floor established by Congress. If a veteran had no income, the VA would totally support a veteran at the congressionally established level. This approach, incidentally, is one that I have been working on for some time and was the subject of a law review article I wrote for my alma mater, Indiana University in 1972.

Finally, there will be other areas that the committee will continue to examine as problems arise and I am counting on the Legion in the future as it has in the past to bring problems to the attention of the committee. It is your communication of the needs of the veterans of America that will enable us to do the sort of job you expect of us. Thank you.

FORESTRY RESEARCH

Mr. HELMS. Mr. President, I am pleased that the Senate on Monday passed S. 1307, a bill to amend the McIntire-Stennis Act of 1962 to promote forestry research at private universities and colleges.

S. 1307 is an original bill which I introduced and reported on behalf of the Committee on Agriculture and Forestry.

Under the McIntire-Stennis Act the Federal Government promotes research in forestry through the allocation of grants to land-grant colleges or agricultural experiment stations in the 50 States, Puerto Rico, Guam, and the Virgin Islands, and other State-supported colleges and universities offering graduate training in the sciences basic to forestry and having a forestry school. The act requires that the Federal funds paid to each institution be matched by funds from non-Federal sources for forestry research.

S. 1307 simply extends the benefits of the McIntire-Stennis Act to private colleges and universities offering graduate training in the sciences basic to forestry and having a forestry school.

Forestry research in the United States is greatly indebted to private schools of forestry. The funds that will be afforded such schools under S. 1307 should assist them in maintaining their operations and training foresters vital to the welfare of the Nation.

Federal assistance to private schools of forestry would be made through the existing Federal-State cooperative program. Pursuant to section 2 of the act, the private forestry schools in a State would be certified as eligible institutions to receive grants under the act.

In reporting S. 1307 to the Senate, the Committee on Agriculture and Forestry expects that the Secretary of Agriculture will revise the apportionment of Federal funds made under section 5 of the act among participating States to include eligible private colleges and universities.

VOTING RIGHTS ACT EXTENSION

Mr. HUMPHREY. Mr. President, since ratification of the 15th amendment to the Constitution in 1870, prohibiting any denial of the right to vote on account of race or color, the Congress of the United States has utilized the powers embodied in section 2 of that amendment to enforce this article by appropriate legislation.

The Voting Rights Act of 1965 was in many ways a culmination of the effort to infuse statutory law with the democratic philosophy of the Constitution. Coming on the heels of the historic Civil Rights Act of 1964, its purpose was to facilitate removal of the last remaining obstacle to full participation by black Americans in the electoral process by providing for the enforcement of voting rights guaranteed under the 15th amendment through administrative rather than judicial procedures.

On August 6, 1975, pertinent provisions of the act will expire, unless Congress acts to extend these provisions. Some may argue, on the basis of available statistics, that an extension is not necessary, that the act has served its purpose.

The successful implementation of the act thus far should be noted, Mr. President. According to a report compiled by the Library of Congress, impressive increases have taken place in the areas of black registration, voting, and elective officeholding in the South over the duration of the act. By 1972, 64 percent of age-eligible blacks in the South were registered to vote. The report notes that 3,324,000 black Americans voted in the 1972 elections. Since the 1974 elections, there are some 94 black State legislators in the South.

These statistics are most impressive, and they provide just cause for encouragement. Yet it is for precisely this reason that I believe the act must be extended. The Voting Rights Act has been proved. Success indicates a need for perseverance, not retreat.

Extension of the act will insure the maintenance of legal protections which guard the voting rights of citizens in all parts of the country, because this is a national law.

Mr. President, I am joining with my distinguished colleagues, Senators PHILIP HART and HUGH SCOTT, in sponsoring legislation to extend the Voting Rights Act for 10 years. This legislation represents an acknowledgement of the success of this vital law and affords an opportunity to reaffirm our commitment to the principles it seeks to enforce.

I note also that the Subcommittee on Constitutional Rights, chaired by the Senator from California (Mr. TUNNEY), has scheduled hearings on the various proposals which have been offered. I commend the subcommittee, and I encourage their expeditious consideration so that we may obtain final enactment of the necessary extension well ahead of the August expiration date.

Let me add here my hope that the Congress will give careful consideration to the issue of discriminatory practices adversely affecting Mexican Americans in the Southwest. It is my expectation that this aspect of voting rights will be investigated thoroughly in the course of hearings, and I pledge my support to the development of appropriate provisions.

At the time this major legislation was debated in 1965, I observed:

> Until this point in history, the civil rights movement has concentrated upon removing the legal barriers to full citizenship—segregated schools, hotels, restaurants, and voting discrimination. With the passage of the Voting Rights Act of 1965—with its full implementation—we can say that this historic initial phase of the civil rights struggle is well on its way toward completion.

Mr. President, until we can demonstrate to every American, without fear of contradiction or proof to the contrary, that we welcome his or her vote, we must not retreat from our determination to guarantee the free exercise of the franchise to persons of all races, creeds, and national origins. Freedom requires that public officials work as relentlessly to insure full participation in our political system as we do to exercise the responsibilities that are bestowed upon us by that system.

OIL QUOTAS VERSUS TAXES

Mr. GRIFFIN. Mr. President, there has been much discussion lately concerning various alternatives to the President's proposal on oil imports. One of those most frequently mentioned is a system of quotas on the amount of oil that may be imported.

Recently, Mr. Frederic Hickman, the Assistant Secretary of the Treasury for Tax Policy, wrote an article in the Washington Post which addresses this issue. Because it is imperative that we work with the President in a constructive manner to develop a comprehensive, equitable energy program, I believe my colleagues would be interested in what Secretary Hickman had to say. Therefore, Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 18, 1975]

REDUCING OIL IMPORTS: QUOTAS VS. TAXES

The argument over reducing oil imports has recently focused on comparing the President's proposals with a system of quotas on the amount of oil that may be imported. Many advocates of a quota system—including The Post in a recent editorial—seem unaware of the effect of a quota system on the price of oil.

Both the President's proposals and a quota system would reduce the consumption of oil. A quota system would reduce the quantity of oil physically available.

The President's proposals would raise the price of oil relative to other commodities by imposing an import fee and by removing the controls that exist on 40 per cent of the oil we consume. The amount by which oil prices increase would be collected from importers and producers by additional taxes and returned to consumers in the form of income tax reductions. Consumption would fall because consumers would not spend all of their additional take-home pay on higher priced oil.

The loudest objections to the President's proposals center on the fact that oil prices would rise. Those objections persist notwithstanding that consumers would be made whole by tax reductions.

Somehow, the notion has crept into the public debate that price increases could be avoided with a quota. That is not so. A quota that restricts imports will reduce the quantity of oil available. When the supply of an item is reduced, the price rises.

If a quota were to cut imports by 1 million barrels a day, the supply of oil would drop to about 15.5 million barrels a day, and Treasury economists estimate that the average price of oil in the United States would then rise about $4 a barrel, or 10c a gallon, to a new average price of about $13. That estimate is based on what economists call price "elasticities," which measure the way people respond to changes in the price of oil.

The President's energy proposals would reach the same result, but would get there from the opposite direction—by increasing the price of oil, rather than by reducing the quantity supplied. However, the same 10c a gallon would produce the same reduction of 1 million barrels a day. That is because, at any given price, there exists some given quantity of oil that people will buy. If it ultimately turns out that people will buy 15.5 million barrels of oil at a price 10c a gallon above the present price, it makes no difference whether one gets to that result by changing the price or by changing the quantity.

The catch is that we don't know—in advance—just what quantities people will ultimately buy at a particular price because the elasticity data are only estimates. Thus, both approaches involve elements of uncertainty. With a quota approach, the reduction in quantities would be known in advance, but there would be some uncertainty about the amount of price increases.

The President's proposals, unlike a quota, have the advantage that one knows in advance what the price changes will be and thereby avoid price uncertainty, which causes general dislocations and hardships. Changes in import levels are mere abstractions to most individuals until they are translated into price data that enter into family budgets and business decisions. For a company assessing the risks of going into the oil-shale business, for example, the critical data are oil prices.

The fact that quotas, unlike the President's proposals, would permit us to predict import reductions precisely is not important. We do not need to know the exact amount by which imports will be reduced in the first year. It is enough to know that we are moving in the right direction and with estimates that will be roughly correct over a period of several years. If it turns out that oil consumption does not decline rapidly enough, adjustments can be made.

A major disadvantage of a quota is that it would cause the price of uncontrolled oil to increase unconscionably if combined with our present two-tier oil price system. All of the price increase caused by a quota would be on the two-thirds of total consumption that is uncontrolled. A 1 million barrel a day reduction by quotas would cause the price of uncontrolled oil to rise from the present $11 to about $18—a totally unjustifiable price increase for the owners of such oil.

Also, a fundamental defect of a quota, is that the price increases it causes remain in the hands of producers and importers, while the President's proposals, on the other hand, would rechannel price increases to the government and thence back to consumers. In order to minimize this defect in the case of imports, some propose that a government buying agency take over the import functions now performed by an elaborate network of thousands of brokers, dealers and users, who risk their own money trying to buy at the cheapest price possible. No one has yet pointed to the government agency whose record justifies the belief that a bureaucracy would perform this function better. In any event, the quota-induced price increases on domestic production would still be in private hands.

Another suggestion to rechannel higher prices on imports from private importers to the government is a system under which the government would periodically auction quotas to the highest bidders. That would avoid creating vesting interests, but it would not recapture the quota-induced price increases going to domestic producers, and it would greatly complicate the operations of businesses that rely on oil and oil products. With periodic auctions, companies requiring long-term supply commitments would be unsure of their costs and a whole new system of futures markets in imports quotas would have to be developed to deal with these risks. Even a quota that was largely window dressing would create the latter problem.

It is sometimes argued that a quota is preferable to price mechanisms because it could be varied or phased in. However, that is equally true of the price mechanisms in the President's proposals.

In sum, a quota system does not avoid price increases; it leaves all or most of those increases in the hands of importers and producers; and it requires additional bureaucracy and business inefficiencies. In contrast, the President's proposals channel the increases to the government for redistribution to consumers and leave the existing competitive markets unimpaired.

MOROZ AND BUKOVSKY

Mr. JACKSON. Mr. President, on March 18 the Committee for the Defense of Soviet Political Prisoners sponsored a rally in New York to protest the worsening plight of Valentyn Moroz, the Ukrainian historian, and Vladimir Bukovsky, the Moscow poet. Both were incarcerated for their advocacy of civil liberties and human rights in the Soviet Union, and both are in failing health under the extreme conditions of their imprisonment.

I ask unanimous consent to have printed in the RECORD my statement on behalf of Moroz and Bukovsky on the occasion of this rally.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR HENRY M. JACKSON BEFORE NEW YORK RALLY ON MARCH 18, 1975

Your gathering today in support of Valentyn Moroz and Vladimir Bukovsky is in the great tradition of American dedication to human rights.

We must not be cajoled into dismissing as domestic privileges the flagrant Soviet violations of fundamental human rights which the Soviet Union itself is pledged to uphold under international law. Nor should we be misled by the ill-advised and often ill-intentioned argument that we can best help the brave souls in the Soviet Union appealing for our help by ignoring their appeals. The courageous protests of Moroz and Bukovsky are a stern rebuff to those who want to sweep the facts of Soviet oppression under the rug.

Nowhere in the world has the struggle for human freedom been furthered by silence. We cannot be sure that our efforts on behalf of Moroz and Bukovsky will bring results. But we will bear some responsibility for the more certain consequences they will suffer if we fail even to try.

It is most important and appropriate that the American people and the U.S. Government make clear to the Soviet Union that a genuine detente includes greater respect for international standards of human decency.

AID TO INDOCHINA

Mr. THURMOND. Mr. President, as power is being shifted from the Chief Executive to the Congress we are witnessing more and more the inclination of the Congress to avoid critical issues by simply taking no action.

A case in point is the shameful refusal of the 94th Congress to even allow a floor debate and decision on President Ford's request for additional aid to South Vietnam and Cambodia.

Further, the leverage of this country to bring about a peaceful solution to the problem in these two countries was seriously damaged last year when the 93d Congress cut by one-half the military aid requested for South Vietnam.

This action served notice on Hanoi that we lacked the will to stand by South Vietnam on a one-for-one replacement basis as allowed by the Paris peace accords. The Communist powers, Red China and the Soviet Union, increased their aid thus demonstrating a greater commitment to their purpose and the support of their allies.

However, this 50-percent cut in the request last year deprived the administration of any real bargaining power to bring about a settlement. Oddly enough, the critics of additional aid are the most vocal spokesmen for such a settlement.

With such a low level of funding the Secretary of State was powerless to go to the Soviets or Chinese and offer to limit our assistance to Saigon if they would place a corresponding limit on their aid to Hanoi. Had he possessed some bargaining power, the massive offensive now underway by Hanoi would not have been possible and the killing in Indochina may have been ended.

As the situation deteriorated, President Ford early this year asked the Congress to approve a supplemental bill of $300 million for South Vietnam. This amount had been authorized by the 93d Congress, but had failed in the final appropriation process. Additional aid for Cambodia also has been requested.

Unfortunately, we are witnessing today the active management of foreign policy by the Congress. Past history has shown that such periods have always weakened our policies abroad and it was after just such a situation that we found ourselves so ill-prepared for World War II.

Today the 94th Congress begins an Easter recess without the leadership allowing a floor debate and decision on this additional aid for both Cambodia and South Vietnam. If the Congress is determined to manage foreign policy, at the very least they should come to grips with the issues and take a vote, up or down, in full view of the American people.

Thus, the message of the 94th Congress is becoming clear—we are on the threshhold of abandoning Indochina to Communist military aggression. For the first time in over 20 years, independent nations are about to fall behind the Bamboo Curtain because they lack the ammunition and equipment to defend themselves against enemy attacks supported by expansionistic world Communism.

During visits to the Asia/Pacific area earlier this year this message coming from Congress was already being heard. Philippine President Marcos has indicated he will visit Peking later this year and is reviewing his nation's relationship with the United States. Japan has already opened relations with Red China. Thailand is sending a trade delegation to Peking, and wants all U.S. forces removed within a year. Even strongly anti-Communist Singapore is sending its Foreign Minister to Red China for discussions. Malaysia and Indonesia already recognize Red China.

These nations are merely responding to obvious isolationist trends in the United States and, faced with U.S. withdrawals, will be forced to tilt towards Red China in hopes of maintaining their independence. The domino theory holds that Communist successes in one country will result in pressures shifting to neighboring countries until a string of nations falls behind the Bamboo Curtain. Events of the past month have given new credence to this theory.

At the very least the Congress should condemn the clear violation of the Paris peace accords by the North Vietnamese. Since December of 1974 Hanoi has seized new territory and introduced into South Vietnam large numbers of soldiers and equipment in clear violation of those accords.

Once again we have learned the hard way that an agreement with the Communists is not worth the paper on which it is written. This lesson should serve as an adequate reminder to the American people we are dealing with a ruthless enemy whose goal remains the eventual subjugation of the free world, either by internal means or the use of force.

Détente is meaningless when those who give it lipservice on one hand stoke the flames of war on the other. It is merely another testament to the falsity of the idea that a democracy can settle with communism for anything less than victory. We are finally reaping the woes of our no-win policies which began with the Korean war.

It grieves me to be a Member of this great body at a time when the majority appear determined to abandon freedom seeking people to a fate which many feel will amount to a bloodbath.

Some say our own national security interests are not involved. I would disagree. Anytime an ally is willing to fight against a Communist military attack, supported and promoted by the chief sponsors of world communism, it is in our interests to assist. Further, we are obligated by our own earlier commitment of American personnel and more recently our participation in the Paris accords.

Indochina is the "rice bowl" of Asia and its loss to the free world will eventually cost us more than continued military aid for a few years. Further, oil resources off the coast of South Vietnam offer the hope that eventually aid could be shifted to a credit policy through which they could assume their own defense burden.

Additionally, if we abandon these allies, the trade and other problems which will follow could easily be more costly than providing ammunition which would cost less than 1 percent of our current defense budget.

Many feel that a 3-year program will enable us to end our involvement in Indochina. Hopefully the facts will bear out the wisdom of such a plan. However, until such a determination can be made, the United States should meet its commitment as a world power which stands for self-determination through peaceful means.

Mr. President, our poor management of the U.S. military role in Indochina brings little credit upon us. The future, however, will be even more shameful if we allow these people to be crushed for lack of the means to defend themselves.

THE WORLD HUNGER CRISIS

Mr. HUMPHREY. Mr. President, on March 13 I was privileged to be able to speak to the Lutheran Council annual meeting on the world hunger crisis. This is a very important and influential religious body in Minnesota and the Nation.

In my remarks, I pointed out three major issues which needed to be addressed: First, food aid for the needy nations; second, expanding food production and slowing population growth in the developing countries; and third, establishing a realistic U.S. food and agricultural policy.

I have long supported food assistance to needy countries, but I also feel that this assistance cannot be continued indefinitely. It should not be allowed to stifle agricultural development; rather, it should be used, with other resources, to expand food production.

And our people and this Government must be made aware of the vast power we hold over other nations in terms of how we set our own agricultural policies.

We can hardly expect our farmers to expand production as many are being threatened with bankruptcy through rising costs and falling prices. There also is a great deal that we can do to stabilize the world markets and encourage production in the developing world since the United States account for around half of all food exports.

I concluded my remarks with some recommendations which I have offered to increase food production, including developing a world agricultural information system, expanding the role of the land-grant institutions in increasing world food production, increasing research in the areas of better seeds, weather and tropical agriculture, focusing our foreign aid more sharply and particularly on agricultural development, and establishing domestic and international food reserves.

Mr. President, I ask unanimous consent that the full text of my remarks be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR HUBERT H. HUMPHREY

It is a pleasure to address such a distinguished assembly of American religious leaders.

A group such as yours has an influential role in shaping the thinking and the policies of this nation.

One of the key issues facing the world today is hunger. And this body can play a central role in helping our nation to face up to the importance of dealing with this issue.

We do not know precisely how many people are hungry or suffer from malnutrition. Poor people often are not counted, and governments find it embarrassing to admit they have starving people.

However, it is generally reported that today some 500 million people suffer from starvation or malnutrition throughout the world. And it also is estimated that about 10 percent of the American people now face malnutrition or starvation.

There was a record world production of 1.1 billion metric tons of cereal grain in 1971. Dr. Norman Borlaug has said that this would amount to a highway of cereal grains 55 feet wide and 6 feet deep built around the world at the Equator. And this production was required to feed current world populations.

However, just to keep pace with population growth—some 76 million more people each year—without doing anything to improve peoples' diets, we must add another 24 million metric tons of cereal grain annually to this record production of 1971. Meanwhile, there can be no decline in present food production, as there was last year, resulting in a world food crisis.

In other words, just to keep even, we must build another Trans-Global highway of cereal grains at the rate of 580 miles every year, according to Dr. Borlaug.

But meanwhile, each year we have to rebuild completely the first highway.

Harsh statistics like these should shame our conscience and inspire us to act without delay out of a simple, deep sense of compassion.

As the world's chief food surplus nation—supplying half of the food moving in international channels—the United States cannot hang back and wait for others to act.

We need to face at least three main food related issues. They are:

(1) Food aid for the needy nations;

(2) Expanding food production and slowing population growth in the developing countries; and

(3) Establishing a realistic U.S. food and agricultural policy.

Church groups generally have been very responsive to famine and hunger needs around the world. And Lutheran World Relief can rightly be proud of its work as one of the outstanding voluntary agencies.

The United States has provided more than $25 billion in food assistance over the last 20 years. However, much of this food was supplied because we had more than we could use.

The test comes now when our reserves are low. Will we be prepared to share when our supplies are tight? Can organizations such as yours provide the spark of conscience to help our Government respond to the hunger of needy nations?

At the World Food Conference, which I attended in Rome last November, it was clear that the Administration wanted to avoid any major increased food aid commitments.

While we had provided nine million tons of food as recently as 1972, our volume of assistance last year dropped to 3.3 million tons.

I, and other members of the Congressional delegation, felt that our food aid should be increased by a million tons to encourage other nations to respond.

This request was rejected on the grounds that such an increase would be inflationary. In spite of this announcement, our Government leaders conceded at Rome that we already were programming this year's food aid at around the 4.3 million ton level.

After a further delay of around two and a half months, our food aid level finally was announced at 5.5 million tons.

One of the factors in this decision was the strong support of religious leaders and non-governmental organizations in highlighting the need for increased food aid.

Because of these delays in determining our food aid levels, I introduced a resolution calling for the establishment of a Food Coordinator to be located in the White House.

The Coordinator would give priority attention, not only to food aid, but also to efforts to increase food production in the developing world.

There is little doubt that food production can be increased significantly in the developing countries. This was one of the main conclusions of the World Food Conference. But to increase production, a greater priority must be given to land reform. Increased fertilizer production, research to help the small farmer and increased credit.

Above all, a greater emphasis must be placed on increasing agricultural production. The priority in many developing countries has been on building up industry, while neglecting investments in food production.

Last year I and others revised our foreign aid legislation to place primary emphasis on agricultural production; health and family planning; and education and training.

We need to push ahead in implementing this program. The developing countries are in many cases facing population growth rates of over 3 percent per year. This will mean a doubling of their populations in one generation, or by the end of this century.

The countries with high population growth rates are the ones most vulnerable in terms of their food supplies.

A renewed interest has surfaced in recent years concerning Thomas Malthus, who, in 1793, predicted that man would breed himself into a corner of misery by increasing his numbers beyond his ability to feed himself.

While his ideas have been subjected to occasional debate, the advances of science and the general belief that the world's natural resources were unlimited, resulted in their being given little serious attention.

But now we will need to consider such predictions more carefully, although I do not share the gloom and doom conclusions of some experts.

We need a solid, long-range development effort which recognizes that there are no easy short-term solutions to the food and population problems.

Our food aid can help in crisis situations and buy time until longer range programs get going.

At the same time, we must begin to develop a U.S. National Food and Agricultural Policy which is relevant to today's needs.

What we do about developing a food policy is, of course, critical to the rest of the world.

The prices our farmers receive dropped by about twelve percent last year, while their production costs went up by nearly twenty percent.

Since the government has asked the farmer to produce to the limit, it should share some of the risk. Why should farmers face ruin and bankruptcy because of good weather and bumper crops?

It seems unbelievable to me that we allow over three thousand Minnesota dairy farmers to be driven out of production, and all in one year.

Our livestock producers have been losing as much as $200 per head now for the last two years. And the situation keeps getting worse.

An now our grain farmers are facing a very uncertain future.

It seems rather ironic to me that at a time when the world food reserves are at their lowest point in twenty-five years, we treat our farmers as if they were of little account.

Farmers are asked to produce bumper crops. But when they do, prices go through the floor. A crop of 2.2 billion bushels of wheat or 6.5 billion bushels of corn would ruin many farmers because today's target prices and loan levels are so low as to be a mockery.

If we continue to ride the roller coaster with our farm prices, we not only will ruin our markets, but also those in the developing countries.

If our grain prices drop sharply this year because of a good harvest, we will face the likely prospect of having outside nations raiding our markets. This would assure that our valuable food supplies would go to other countries at rock bottom prices.

What we need is a policy which first takes into account the needs of both our farmers and our consumers.

And at the same time, that policy needs to recognize the influence which we have on other nations' food supplies.

In the past, we have been beset by surplus production. Today the outlook is uncertain, but the chances are that we will have continuing scarcity.

Our policy must be prepared for occasional years of surplus as well as the likely food shortages. And that is why a reserve program is so important.

We need a program which will enable the government to make purchases and support the market when there is excess production. At the same time, firm rules are required so that any reserves held by the government are not used to depress prices.

A reserve can give some stability to our markets and meet export and disaster requirements. Reserves held exclusively by trading companies cannot be relied upon to meet national needs.

I have recommended that the government hold a very modest level of reserves. We owe this to our consumers and our farmers who are the main users of grains. It also is needed for our own national defense.

We have reserves of guns and weapons. Our banks have monetary reserves as required by law. But we have no strategic food reserves.

Why should we be so foolish as to be willing to sell off all we have to anyone who comes along with money in hand?

A reserve program can be devised to give our consumers some assurance or adequate supplies of food. And a reserve can be utilized to keep farm prices at reasonable levels when there is excess production.

In an era where food is likely to be in short supply, we need to treat it as the scarce and valuable commodity that it is.

We also need to look for new programs and new approaches to deal with the hunger problem.

My colleague, Senator McGovern, has suggested that all nations cut their military budgets by 10 percent, which would yield $20 billion. In addition, the oil producing countries would earmark 10 percent of their new oil revenues, or $7 billion. These two sources, under this proposal, would provide $27 billion in resources to address the world hunger needs.

I have suggested a number of ideas to increase the world's food supply including:

(1) Developing an improved world agricultural information system;

(2) Expanding the role of our Land Grant Institutions to increase food production in the developing countries;

(3) Expanding our research effort in the areas of better seeds, weather trends, and tropical agriculture;

(4) Focusing our foreign assistance more directly on food production, nutrition, health, family planning, and education;

(5) Establishing domestic and international food reserve programs; and

(6) Budgeting each year a reasonable quantity of food aid to meet humanitarian needs.

How we respond to the challenge of world hunger may well mean life or death for millions of people around the world.

We need your words of guidance and counsel so that this power is used wisely. And you need to make certain that you are heard.

These critical decisions should not be made with only our national interests in mind.

In the words of Albert Schweitzer, "You don't live in a world all alone. Your brothers are here, too."

We all need to keep these thoughtful words in mind as we struggle to find solutions to the problem of world hunger.

I urge you to lend your strength to this important effort.

CONSUMER BEHAVIOR IN THE CURRENT RECESSION

Mr. HUMPHREY. Mr. President, on March 12, 1975, the Joint Economic Committee had the pleasure of receiving testimony on current economic conditions and consumer behavior from Dr. Glenn E. Burress, a noted economist from the University of Texas.

Dr. Burress, who has studied consumer spending and saving for many years, provided the committee with outstanding and creative testimony. He observed that—

> So long as the doctors you consult continue to use theories and models which were developed to explain consumer spending and savings in the 1930's, but which fail systematically to explain consumer behavior in recession and recovery over the last 20 years.

Congress will not restore growth with reduced inflation.

Dr. Burress observed that, contrary to orthordox economic theory, consumers do not react to an increase in income by raising their savings, as they did in the thirties. In fact, he points out—

> In not one case in the last twenty years has the consumer reacted to increased income in recovery by increasing the proportion of income saved.

Actually, Dr. Burress' data indicate that in the most recent recoveries, spending increased more than income and the absolute level of savings fell. The clear implication from this testimony is that most economists are seriously underestimating the stimulative impact of a tax cut on consumer spending.

Dr. Burress went on to describe to the committee a badly neglected and virtually unnoticed "$15.2 billion stimulant that will flow into the hands of consumers during the year beginning July 1." This $15.2 billion of stimulant will result from the behavior of consumers' installment debts, which is the focal point of Dr. Burress' research.

Dr. Burress' analysis indicates that there will be a major reduction in the amount that consumers must repay on past borrowing beginning July 1 of this year. This will be income free to spend—like a tax cut—that in past years was tied up in servicing prior year borrowing. The net effect of this change in consumer behavior, "will put $15.2 billion into the hands of consumers next year that was used the previous year for debt repayments," according to Dr. Burress.

To deal with this additional stimulus to the economy without substantially increasing inflation will require that fiscal stimulus be designed in a way that will increase the productivity of workers and expand our Nation's capacity to produce goods and services. In this way, according to Dr. Burress, we can avoid another inflationary spiral that could soon produce another recession.

Dr. Burress has provided the Joint Economic Committee with wise counsel and fresh insights into the workings of our economy that I wish to share with all of my colleagues. Mr. President, I ask unanimous consent that the full text of Dr. Buress' testimony of March 12, 1975, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Spending Impact of $16.2 Billion Tax Cut Underestimated and Another $15.2 Billion Stimulant Overlooked

(Testimony of Glenn E. Burress)

Mr. Chairman I have long enjoyed and found useful your analogy between the practice of medicine and the practice of economic policy. You have properly emphasized that the patient, the U.S. economy, is critically ill. You have also properly emphasized that recovery of the patient depends on proper diagnosis. But proper diagnosis is not enough.

Even with proper diagnosis, this Congress will never write a prescription for recovery with reduced inflation so long as the good doctors you consult continue to use theories and models which were developed to explain consumer spending and saving in the 1930's, but which fail systematically to explain consumer behavior in recessions and recoveries over the last 20 years.

For example, consider the two leading private models—those of Chase Econometrics, Inc. and Data Resources, Inc. These are the two models used by the CEA recently to compare the effects of the Administration's program with the alternative offered by this Committee. Both of these models tell us that as a result of the tax cut, personal saving will rise sharply. They see the personal saving rate climbing to 11.3 or 11.8%—nearly a third higher than the all-time high, 9.5%. Both tell us that the tax cut will affect spending significantly only after long delay.

In the 1930's that is indeed how consumers did react to increased income in recoveries. But in not one case in the last 20 years has the consumer reacted to increased income in recovery by increasing the proportion of income saved. Indeed in 1955, 1959, 1968, and 1972 recoveries when income rose, spending increased even more than income. As a result even the absolute level of saving fell.

In every recovery period for 20 years the consumer has proved the economists' forecast wrong. Only time will tell how the consumers will react to the tax cut during the recovery that will get under way later this year. But if consumers follow the path of the last 20 years, they will again prove the economists wrong. In short, if consumers follow the path of the last 20 years, it will mean that most economists are underestimating the impact of the tax cut on consumer spending.

In my own work one finds an approach to consumers spending and saving that carries a highly successful forecasting record. These forecasts were sometimes published in advance by Business Week and the Wall Street Journal and have often appeared in my column in the Journal of Commerce. Many of my forecasts have been most successful in recent years precisely when forecasts based on the depression model of the consumer most seriously led this government astray in the formulation of economic policy.

But today I want to do more than emphasize the high probability that others are underestimating the impact of the tax cut on consumer spending. I want to emphasize here today that other economists, and therefore this Committee and others in government, are neglecting an otherwise unnoticed $15.2-billion stimulant that will flow into the hands of consumers during the year beginning July 1. This neglected stimulant, which I will describe shortly, will flow to consumers in high spending middle-upper income groups. What I am reporting to you, then, is that other economists are not only probably underestimating the impact of the $16.2-billion tax cut on spending, they are also generally unaware that the total stimulant for the consumer sector during the year beginning July 1 is more like twice the fiscal stimulant that is now making its way through Congress.

Before elaborating and spelling out the implications for the economic outlook and sound policy, let me interject a couple points. Widespread dissatisfaction with recent work of economists, especially their forecasts, is no secret. That doesn't mean this Committee should quit consulting economists, any more than you quit consulting physicians after they fail to cure a serious illness. But I would like to see this Committee play a major role opening the windows to new thinking. The economics profession is now more in need of major innovation in thinking than in any time since the 1930's.

In my own experience, I find it easy to find outlets in scholarly journals for minor innovations that do not rock the boat too much. But that same experience suggests it is next to impossible to win a hearing for a major innovation. This is why I attach very special significance to this opportunity to appear here today. You could play a crucial role.

In my own judgment economists will continue making serious errors, leading this Congress far astray in the formulation of economic policy, until they at least adjust their models of the consumer to account for changes in how consumers spend and save since the 1930's.

One very important change since then in how consumers spend and save is represented in the growth of consumer installment debt. This is the focal point of my research. And it is in the behavior of installment debt that I find the $15.2-billion stimulant I am reporting to you.

Before explaining this in more detail, let me also report that although this work is not well known, several able economists, including persons who have testified here, have examined how I make this computation and totally agree with my logic. The research was also well received at a staff seminar of The National Bureau of Economic Research in late 1973.

To relate this $15.2-billion stimulant to something with which you are familiar, we all know consumers cannot spend all they earn. There are two major legal claims against the income consumers can earn. One is talked about a lot. It is taxes. The other receives little attention. It is the legal requirement that consumers repay what they have borrowed in the past. Consumers are free to spend only that income left after paying their taxes and meeting required repayments on past borrowing. My research has focussed for 16 years on the effects of past borrowing on current spending and saving.

One way I approach this problem is to note that for any period, such as the year beginning July 1, part of the repayments on debt within that year is totally predetermined by borrowing before the year starts. Because of this particular pattern of borrowing between mid-1971 and mid-1975—assuming my forecast for borrowing for the four remaining months of these four years—my model shows there will be deceleration of repayments on past borrowing the year beginning July 1. This will put $15.2-billion into the hands of consumers next year that was used the previous year for debt repayments. This will be income freed to spend—like a tax cut—that had been committed in the past.

In the statement I submit for the record, I document several successful forecasts I have made in the past that would have been of special interest to you. But I want to direct your attention to one. It is the attempt of the profession to forecast the effect of an expected $22-billion tax refund in early 1973 enlarged due to the overwithholding of federal income taxes in 1972.

Relying on theories of consumer spending and saving developed in the 1930's, the November, 1972 print-out of the econometric model of the University of Michigan said saving would rise sharply at first. The depression model is also evident in the 1973 Economic Report of the President. In early April, 1973 Business Week interviewed several economists, including myself, on the pattern of the saving rate throughout 1973. Other economists, according to Business Week, said the saving rate would indeed be high in the first half.

I told Business Week—and they reported in part—that the saving rate would fall in the first quarter and that the absolute level of saving might even fall. Before first quarter 1973 data were adjusted, primarily to reflect that business profits of the unincorporated farmer, the data showed that personal saving fell $4.1-billion.

Business Week reported that other economists, like those at the CEA and the University of Michigan, believed that as income slowed in late 1973, consumers would dip into their saving and "cushion the tendency towards recession." Under the heading "Which way for saving," Business Week reported my view that this forecast was based on theory "born of depression" and dead wrong. I forecast that the probability of a 1974 recession was higher than others thought. And rather than cushion any tendency towards recession, I forecast consumers would play a major role in producing that recession.

In the final half of 1973 income slowed as was widely forecast. But saving did not fall as others forecast. The saving rate shot up (as I had forecast) to 9.5%, a postwar high by a wide margin. There are few who would argue that the consumer did not play a major role in producing the current recession.

What does all of this mean for the economic outlook? Consumer confidence is much lower now than in earlier recessions. The immediate response of consumers spending may not be as great as in the past. But the saving rate will not go to 11.8%, or will it be even close to 9.5%—its all-time previous high—throughout 1976 as suggested by both Chase Econometrics and Data Resources, Inc. This means the recovery will be stronger than most expect, especially in early 1976. I expect the sharp increase in output to bring an equally sharp increase in productivity and reduction in unit labor cost. This will push the rate of inflation down to 5% by mid-1976, maybe lower.

Perhaps the most important remaining question is whether this strong recovery in 1976 will set the stage for a return to double digit rates of inflation and double digit interest rates in 1977.

One ray of hope is found in current estimates of potential GNP. If these are right, this economy at mid-year will be producing nearly $180 billion below what it would be producing if unemployment were 5%. In 1974 dollars, the figure should increase $15 billion per quarter.

But as Mr. Evans said before this Committee, there is evidence that with so much capital spending going to pollution abatement plus the influence of controls and the like, we may not have increased our stock of plant and equipment since 1973. The inflationary bottlenecks hit recently when unemployment was above 5% supports this thesis. This raises a very important question, namely whether equations for potential GNP may be overstating our potential output as much as $50 billion. This, in turn, raises the possibility that a strong 1976 recovery may soon again slam against inflationary bottlenecks in 1977—unless more is done now to expand the capacity of this economy to produce.

But there is another ray of hope that is even brighter. The installment debt forces I have cited as providing stimulant the year beginning July 1 will reverse themselves and provide modest restraint—acting like a tax increase—beginning in mid-1976. The restraint will become even stronger the year beginning in mid-1977. This pattern is suggested by the equations in my model and the pattern has been followed after every postwar recession.

Also half the $16.2 billion stimulant passed the House in a rebate on 1974 taxes will not be a source of further stimulant in 1976. This will leave only the $8.1 billion permanent reduction in taxes in 1976 and part of this will be offset by restraint from installment debt variables. I am sure that in this setting this Congress will be looking to ways to stimulate the economy even more. I can only hope you will take the position of the statesman and design fiscal stimulus that will increase the productivity of workers and expand our capacity to produce.

What I am suggesting is that resumption of strong growth with substantially less inflation is a possibility. But these rays of hope, I am afraid, are dimmed, if not totally darkened, by two other considerations.

First, the faster than expected recovery in 1976 will push short-term interest rates up much faster than even the Federal Reserve expects on the basis of their textbook depression models. I expect short-term rates to start rising rapidly even while the unemployment rate is still rising. If this were fully anticipated with a more realistic model, we might be able to cope with this development. But because it will be, in part, unexpected, there will be pressure both from within the Fed and outside the Fed to moderate the increase in short-term rates, such as the prime rate. The only way the Fed can moderate the increase in short-term rates is through an excessive expansion in the money supply. This, in turn, would almost assure close to double digit inflation in 1977. And I would expect long term interest rates, which did not fully adjust to recent inflation, to increase even more.

[The second and most fundamental reason all rays of hope are almost entirely dimmed is that it will be years before the economics profession reformulates its thinking and methods.] The problem is not just a matter of use of a theory which explains the 1930's, but fails to explain the last 20 years. But econometric models—we have seen here by citing Chase and DRI—still tell the [economists that, just as in the 1930's, saving still falls in recessions and rises in recoveries. You yourselves can check the official data and see that the pattern is just the opposite. I suggest this Committee start asking some tough questions of the economists using] these theories and econometric models.

I am convinced that we do have an opportunity to resume a strong increase in output with lower rates of inflation. [The total $31.4-billion stimulus from the tax cut and the deceleration of debt repayments is not, by itself, too much because it is cut back by three-fourths starting in 1976. But there is little reason for optimism.]

[We will need statesmen at the Federal Reserve to get the money supply moving much faster now, then provide necessary restraint in 1976 and later. We will need statesmen in the economics profession who will reexamine their theories and methods. And we will need statesmen in Congress who will no longer stimulate consumer spending on goods which pushes us beyond our capacity to produce and create more inflation. We will need a Congress that will do all in its power to increase the productivity of workers and the capacity of industry so that all may enjoy a higher standard of living with less inflation.]

DISCRIMINATION AGAINST SOUTHERN SCHOOLS

Mr. THURMOND. Mr. President, the South has undergone vast social changes in the last 20 years, primarily in the public school systems where desegregation has been accomplished with a minimum of turmoil. Today, the schools of that geographic area are peaceably desegregated to a degree of near totality. Buses crisscross those districts in compliance with orders of the court and the Department of Health, Education, and Welfare, regardless of preferences to the contrary by a majority of both blacks and whites. They have accepted the law and have proceeded with compliance.

On the other hand, the school districts of Boston, New York, Chicago, Detroit, Cleveland, and other nonsouthern cities burgeon with a preponderance of students of one race. Indeed, resistance, sometimes violence, is characteristic of their stance toward desegregation and busing to accomplish it.

Yet, a single Federal district judge in the District of Columbia, John H. Pratt, has ordered HEW to scour through the southern school districts again for any possible violation of civil rights laws. The sweeping order will involve 125 school districts, the preponderance of which are in the South. Eighteen school districts in my own State of South Carolina are to be targets of this probe for possible violations.

Mr. President, this represents discrimination of the first order. Why should one area of the country which has been desegregated and bused, although not always in conformity with the sentiments of those affected, be singled out so flagrantly for bureaucratic harassment? Where are the complaints and court orders which send the legions of investigators to school districts outside the South? It is not only discrimination, which civil rights laws were meant to abrogate, but it is a perversion of due process. Proof of alleged violations was not the basis of the order. Merely a complaint by the NAACP legal defense fund brought the judge's writ.

Mr. President, this is the kind of one-sided justice which infuriates the unfortunate citizenry faced with such discrimination. It is not justified by facts and it is not fair to subject such broad areas of the South to an invasion of investigators.

Discrimination is a term that has often been hurled at the South—sometimes justifiably but generally not. At any rate, desegregation is an accomplished fact in the South. It is not in other parts of the Nation. Here is a case where the charge and the official response by a Federal judge represent a reflexive reaction directed at the South.

Mr. President, that is discrimination in its worst form and it should not be tolerated in America.

Several excellent editorials on the subject have appeared recently. I ask unanimous consent that two such representative accounts be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Columbia (S.C.) Record, Mar. 19, 1975]

DISRUPTING SCHOOLS

Schools which exist in a state of constant turmoil cannot expect to be places in which children may learn. And at least 20 of South Carolina's school districts must now confront new periods of disruption, ordered by Federal District Judge John H. Pratt in an ill-conceived, ill-founded and inconsiderate decision.

Judge Pratt's sweeping order encompasses 125 school districts in 16 Southern states and no mere mortal, whether he be the Commission of Education or a federal judge, could hope to understand the myriad complexities of such a large number of disparate districts. Nonetheless, Judge Pratt ordered HEW to immediately investigate and correct possible violations of civil rights laws.

Judge Pratt erred, fundamentally, in a number of instances. To begin with, he accepted exact mathematical ratios (racial balancing) extensively as the beginning point for his equitable remedy. The premise flies quite directly in the face of Justice Berger's Swann (Charlotte) decision.

Judge Pratt required as a matter of substantive constitutional right a particular degree of racial balancing in many of the affected schools. He rewrote Swann and the Supreme Court thereby.

By attempting to treat so many districts of which he could have little intrinsic knowledge, he defied Burger's assertion that "conditions in different localities will vary so widely that no rigid rules can be laid down to govern all situations."

In his order, Pratt contended that "HEW has often delayed too long in ascertaining whether a complaint or other information of racial discrimination constitutes a violation of Title VI." The fact is that a small number of racially-disproportionate schools are acceptable to the Supreme Court and HEW, even though the district must justify such schools. In the case of Richland Districts One and Two, HEW had thoroughly and diacritally examined racial proportions of EVERY school before approving the plans. The same is true of Greenwood District 50. There, the district's schools in Hodges are in variance with the district enrollment, but the black-and-white student ratio at these schools was approved by HEW in a desegregation plan.

In many of South Carolina's districts unsettled by Judge Pratt, some disproportionate schools exist because of geography, distance to be covered by remedial pairing and busing, and inadequate "supplies" of white or black pupils. The Supreme Court recognized this in the Swann decision when it said that "no fixed or even substantially fixed guidelines can be established as to how far a court can go, but it must be recognized that there are limits."

Judge Pratt recognized no limits.

Pratt also ignored a legal, educational fact: many of the schools already have been declared unitary by either federal courts or HEW. And Chief Justice Burger has said: "At some point, these school authorities and others like them should have achieved full compliance with this court's decision in Brown I. The systems will then be 'unitary' in the sense required by our decisions in Green and Alexander. It does not follow that the communities served by such systems will remain demographically stable, for in a growing, mobile society, few will do so.

"Neither school authorities nor district courts are constitutionally required to make year-by-year adjustments of the racial composition of student bodies once the affirmative duty to desegregate has been accomplished and racial discrimination through official action is eliminated from the system."

Chief Justice Burger suggested that, in such cases, "further intervention by a district court should not be necessary." District Judge Pratt deliberately or *unwittingly* ignored the counsel of his superiors.

Beyond a reasonable doubt, Judge Pratt has substantially and materially disrupted the educational process. Substantial and material disruption in the Tinker case is grounds for removal of a student from school; unfortunately, the Tinker case doesn't touch foolish judges.

[From the Columbia (S.C.) State, Mar. 20, 1975]

SOUTH IS PERSECUTED DESPITE ITS PROGRESS

Prejudice is reputed to be a dirty word in federal circles these days, except when it is applied against the South.

That conclusion is inescapable when one considers recent developments which obviously aim at crucifying the South all over again on the false cross of "civil rights—" especially as they relate to school desegregation.

South Carolina and the South generally have made astounding progress in achieving a genuine if often grudging compliance with the federal government's judicial, legislative, and administrative requirements for race mixing in the public schools. Indeed, the progress toward true desegregation in the South not only has surpassed but has shamed the rest of the nation. One need look only at such strongholds of liberalism and tolerance as New York City and Boston to appreciate the difference between Southern performance and Northern resistance.

Yet despite the South's demonstrably better record, federal harassment of the region continues unabated; indeed it is becoming accentuated. A federal district judge in the District of Columbia ruled just last week that a number of school districts in the South (including South Carolina) have not achieved an acceptable racial balance in the distribution of students.

And, in something of a novel departure from the traditional American concept that a person is innocent until proved guilty, Judge John H. Pratt is requiring the school districts to justify the existence of racial ratios which Uncle Sam (that is, Judge Pratt) finds unacceptable. What the judge overlooks is the fact that most of the school districts already have been found in compliance with desegregation standards set by the Department of Health, Education, and Welfare.

But HEW apparently does not itself know what it is doing—unless its aim is the deliberate harassment of school officials in South Carolina and the South. In recent weeks, a number of South Carolina districts have been burdened (the term is inadequate) with the necessity of compiling voluminous data reflecting the racial composition of student bodies, classrooms, faculties, groups involved in extracurricular activities, special groupings by ability, and recipients of disciplinary action.

It becomes apparent that the South once more is under the gun, this time perhaps as a device to divert attention from real school problems in Northern and noncomplying states. School officials report that non-Southern states are not being subjected to the same pressures as those being brought to bear against Dixie.

There is a mounting body of educational and lay opinion throughout the nation which questions whether compulsory race mixing in the schools actually serves the true needs of education. The point is debatable, but it cannot be denied that the cause of effective schooling is seriously impaired when federal bureaucrats continue to harass teachers and administrators with paperwork and pressure.

And since the avowed aim of desegregation is to remove discrimination, let it be noted that the South is undergoing considerable discrimination at the hands of HEW and the federal courts.

One is led to believe that if there were no such thing as the South, one would have to be invented to serve as a handy scapegoat for the federal autocrats and bureaucrats who thrive on petty tyranny.

OUTSTANDING SAN FRANCISCAN LEADERS

Mr. CRANSTON. Mr. President, in 1959 one of the leading California newspapers, the San Francisco Examiner, initiated an award program to pay tribute annually to the civic endeavors of 10 bay area women. This program was later expanded to include men as well as women among the 10 receiving recognition for their contribution to community betterment.

The San Francisco Examiner has recently named the winners of this year's Most Distinguished Award. Leaders in a variety of innovative endeavors—to benefit the elderly, the poor and otherwise disadvantaged, and the general urban environment—these five men and five women share in a common spirit of commitment. As their Senator and a fellow Californian, I take pride in their accomplishments. Mr. President, I ask unanimous consent that the names of these outstanding San Francisco leaders be printed in the RECORD.

There being no objection, the names were ordered to be printed in the RECORD, as follows:

OUTSTANDING SAN FRANCISCAN LEADERS

Mr. Ernest Ayala, founder of Centro Latino for disadvantaged youth.

Ms. Helen Chesterman, public health efforts concentrating on lonely elderly.

Ms. Patricia Costello, developing programs for the mentally ill.

Ms. Lovie McIntosh, innovative community leader.

Mr. Fred Methner, unofficial ombudsman for San Francisco.

Ms. Julia Middleton, cultural activist for the ghetto.

Mr. Thomatra N. Scott, youth leader, educator in black community.

Dr. Albert Shumate, guardian of local history.

Dr. David E. Smith, pacesetter for neighborhood health care.

Ms. Tish Sommers, champion of the disadvantaged older woman.

BYELORUSSIAN INDEPENDENCE DAY

Mr. PERCY. Mr. President, 57 years ago, on March 25, 1918, the Byelorussian people proclaimed their national independence. At that time it seemed that Byelorussian aspirations for an independent national life might at last be fulfilled. A provisional constitution guaranteeing free elections and basic human rights was soon adopted.

History records that this national life was snuffed out within a year when Byelorussia was occupied by Soviet troops. That was a long time ago, but we do not forget the legitimate aspirations of the Byelorussian people. Nor will we. On the occasion of the 57th anniversary of the Byelorussian proclamation of independence, we send greetings to the Byelorussian people and to Byelorussian Americans.

THE HIGH COST OF THE CURRENT OIL IMPORT TARIFF

Mr. RIBICOFF. Mr. President, a special study done at my request by the Library of Congress concludes that the $1 tariff on imported crude oil, and other portions of the President's original energy plan that are now in effect, will eventually cost the public between $6.7 billion and $13 billion a year.

This study shows that even a duty of $1 a barrel imposes very significant burdens on the public. These burdens cannot be justified. The $1 tariff and the changes in the entitlement program that accompanied it should be revoked immediately by President Ford.

On March 4 the President delayed the imposition of any additional tariff on oil, but he left in effect the $1 fee on imported crude oil. He also left in effect his previous order excluding imported oil products from the benefits of the entitlements program, even though the purpose of the entitlements program is to distribute the higher cost of unregulated oil among all domestic users of oil.

The Library of Congress study concludes that the $1 tariff and the changes in the entitlement program will cause the price of imported oil, domestically produced oil not now under price controls, unregulated intrastate gas, and coal to rise. The total direct cost to the public will be $6.7 billion a year.

The Library of Congress points out that "because of imperfections in the mechanics of energy price determination," all the costs will not be realized in 1975. It concludes, however, that these figures "given reasonably accurate order of magnitude estimates of near-term annual costs" of the President's actions.

If the indirect, ripple effects on the economy are included, the total cost to the country, according to the study, could be as high as $10 to $13 billion a year.

Continuation of the $1 fee, and elimination of the entitlement program for products, could cause especially heavy burdens on New England, because this area relies so heavily on oil.

President Ford is to be commended for agreeing to delay imposition of additional tariffs and price decontrol until at least May 1. This period should give Congress and the President the chance to work together in a constructive manner to shape a comprehensive energy plan that is both effective and fair to all parts of the country.

But a tariff on imported oil must not be part of any such plan. The President's tariff plans could be both ineffective in reducing consumption, unfair to certain sectors of the country, and burdensome to the economy.

To continue a part of the fee in effect now while Congress and the President develop a more equitable energy plan is pointless. It only imposes an unnecessary yearly burden of $6.7 billion to $13 billion on the economy.

Mr. President, I ask unanimous consent that the Library of Congress study be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MACRO-ECONOMIC COST OF THE $1.00 PER BBL IMPORT DUTY ON PETROLEUM

The President has levied a $1.00 per bbl duty on imported crude oil and by ending the entitlement program for refined imported products, caused an effective $.60 burden to fall on refined oil products. This $.60 figure is derived in the Finance Committee report on H.R. 1767 (94–11) and has been employed for this paper. These imports are currently flowing at rates of about 4.2 million bbls per day (mb/d) for crude and 2.2 mb/d in refined products, a large amount of which is residual fuel. In response to your request, the full economic effects of these measures are added up below. The methodology used here is the same as in other Economics Division energy program cost estimates with which you are familiar. These are based on the presumption that all fuels prices are interdependent and if one is changed, or some class of one fuels' price is changed, all fuels prices will readjust proportionately. In this manner the import fee will at least in theory escalate unregulated domestic oil prices, unregulated natural gas prices and most coal prices. And if old oil is decontrolled, it will rise by an additional $1.00 over what it would go to without the import duty effect.

Calculations for each fuel are:

1. a. Imported Crude Oil—At a rate of 4.2 mb/d, the calculation here is 4.2 mb/d x 365 x $1=$1.5 billion.

b. Imported Refined Products—Costs here will be 2.2 mbd x 365 x $.60=$0.5 billion.

c. Uncontrolled Domestic Oil—Assuming that uncontrolled oil will average 40 percent of total production of 8.8 mb/d for the forseeable future, we can make this calculation: 8.8 mb/d×.4×$1.00×365=$1.3 billion. This increase will be due to upward pressure of newly higher import prices, whose leadership will raise uncontrolled domestic crude prices.

d. If old oil is decontrolled, the $1 price leaders increase will raise this crude by the same per bbl amount. Hence, we will see this cost element develop if old oil is indeed decontrolled: 8.8mbd×(1.0−.4)×365×$1.00=$1.9 billion.

2. Natural Gas—Nearly half of natural gas is sold in intra-state commerce. Its price is completely unregulated, although an estimated 20 percent is involved in contracts where prices are more or less fixed. So this cost computation can be, assuming an estimated 11 trillion cubic feet are sold intrastate commerce, and that on a Btu parity basis $1.00 translates into $0.17 per Mcf: 11 bil Mcf×$0.17×.8=$1.5 billion.

3. Coal—Much coal is sold under long term contract. Many analysts seem to believe that, because of this, coal prices will remain stable in the face of broad price hikes for other fuels. They, however, tend to overlook the recent experience where supposedly fixed contract prices escalated sharply in response to other fuels increases. In light of this, it is probably safe to say that 80 percent of coal could move up by the Btu parity equivalent of $1.00 crude barrel or about $4.00. Let us also assume domestic coal sales of 600 million tons×$4×per ton×.8=$1.9 billion.

Summarizing and concluding, we can potentially expect the following costs to accrue to the $1–$.60 oil import duty program combined with the end of entitlement for product imports.

[In billions]

Foreign oil	$2.0
Uncontrolled U.S. oil	1.3
Natural gas	1.5
Coal	1.9
	6.7

If old oil is decontrolled, an additional $1.9 billion will be added to the above costs via the duty raising this oil's price from the $11.00 per bbl it would rise to in a dutyless environment to $12.00. This would be in addition to the $11 billion cost increase caused by decontrol itself in an import duty free energy market.

If ripple effects were to be included, total costs could escalate to between $10 billion and $13 billion from the $6.7 billion directly accounted for above.

All the above cost figures are at annual rates for a near term non-calendar year. This is to say that not all costs will be realized during 1975. Because of imperfections in the mechanics of energy price determination—leads and lags in the system—not all of these elements will accrue immediately. These figures do, however, give reasonably accurate order of magnitude estimates of near term annual costs of having the $1.00–$.60 duty/effective tax from entitlement loss in force. Annual rates for a near term 12 month period wherein all cost elements come into play are implied.

LAWRENCE KUMINS,
Analyst in Energy Economics, Library of Congress Congressional Research Service.

THE CIA AND PROJECT JENNIFER

Mr. THURMOND. Mr. President, the controversy over Project Jennifer continues, and I for one am at a loss to understand it. Some say that activities like this on the part of the CIA will endanger détente. I doubt that very seriously. However, even if our secret intelligence operations did endanger détente, I want no part of any arrangement with the Soviet Union that allows them to spy on us but forbids us to spy on them. For make no mistake, détente has not diminished the activities of the KGB.

The Soviet Union obviously sees détente not as an end in itself, but as a useful adjunct to its basic policy of military preparedness. We are making a grave mistake if we adopt an attitude of complete trust and confidence toward a nation that does not return them. Détente in this sense is completely unrealistic. It has absolutely nothing to do with the pragmatic policy of the last two administrations. Yet that, apparently, is the kind of dreamy foreign policy to which the constant critics of the CIA would commit us.

Mr. President, an excellent editorial on the subject of Project Jennifer has appeared recently in the Washington Star, as well as an equally fine editorial in the State newspaper of Columbia, S.C. I ask unanimous consent that they be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

THE CIA WAS DOING ITS JOB

There are two major points to make in the case of the sunken Russian submarine that the Central Intelligence Agency tried to recover: First, the CIA was doing its job; second, the chances of keeping anything secret in the interests of national security are getting more remote every day.

It has become fashionable to kick the CIA around; and investigations into it and other intelligence-gathering agencies have sprouted thicker than spring crocuses. We have no quarrel with attempts to determine whether the CIA has over-stepped its bounds on domestic spying, nor with reining it in if it has—so long as the matter is handled in such a way as not to destroy the agency and its vitally needed functions in the process.

This is not a marshmallow world. Anyone who thinks the United States can lower its guard and dismantle its intelligence-gathering apparatus is living in dreamland. Soviet leaders and the KGB no doubt are rubbing their hand in glee over the public fix the CIA has gotten into.

The sunken sub case has given the CIA's critics some more ammunition. Boys playing at cops and robbers, it was a waste of money; whatever information that might have been gleaned from the Russian submarine would have been of minimal value, they say. All of a sudden everyone has become an intelligence expert.

We regard "Project Jennifer," as the submarine operation was known in official circles, as a tremendous feat. It was an extraordinary accomplishment for U.S. intelligence forces to pinpoint the location of the sub that even its owners couldn't find, and then to devise and have built a vessel with the capability of raising the sunken hulk out of 17,000 feet of water—and to pull it off apparently without the Russians knowing what was going on. That the submarine broke up and the important section sank back to the bottom certainly was a disappointment but it doesn't detract from the value of the project.

The significant thing that ought to be remembered is that the CIA was doing exactly what it was supposed to be doing: gathering foreign intelligence. It wasn't shadowing U.S. dissidents around Washington or New York; it was out on the high seas performing a function that was legitimate and potentially of high intelligence value.

Fear has been expressed in some quarters that it will harm the move toward detente with the Soviet Union and queer efforts to reach agreement on strategic arms limitations. That is absurd. Who believes for a minute that the Soviet Union would not do the same thing if it had the opportunity? If detente is so shaky as to be thrown off course by this, it was never going anywhere in the first place.

This brings us to our second point. If there are diplomatic repercussions, they can be put down to the publicity about the operation, not to the operation itself. The Soviets understand espionage and the need to keep it from public view. If they complain in this case, it will be because they feel that public exposure of the sub-raising operation somehow has made them appear inept or has challenged their national manhood.

If secrecy on this kind of operation is not in the national interest, what is? CIA officials are reported to have made strenuous efforts to keep the operation from being printed or broadcast by the U.S. news media, but to no avail.

What has been gained by spreading this over the airwaves and across the front pages of the nation's newspapers? Sure, it was interesting reading. Sure, someone gets to claim he was first to blab it to the public. Well, first is not always best—and especially it is not best when the national interest is involved.

CIA'S "PROJECT JENNIFER" WAS WORTH COST, RISK

The revelation that the Central Intelligence Agency has recovered part of a sunken Soviet submarine should rate the same excitement as did the coming of the Comet Kohoutek.

That heavenly spectacular was much ballyhooed, too. It turned out to be a fizzle for everyone except the experts. And that is pretty much the story of the CIA's efforts to salvage the old Russian sub.

With all of the attention given to the CIA on Capitol Hill in these post-Watergate days, any of its activities, present or past, are deemed to be news. Granted, the cloak-and-dagger exploits of the CIA's operatives make interesting reading. And in this episode, the involvement of recluse billionaire Howard Hughes heightens the readership.

The CIA, however, is just what its name says—an intelligence gathering agency which assesses and analyses available data to estimate the capabilities and intentions of other nations. It is a fact of life; every nation in the world has an intelligence apparatus.

So, when a Soviet submarine explodes and sinks in the Pacific 750 miles from Hawaii, it is reasonable that the United States would want to recover any of the Soviet's secrets which remained aboard. It is our judgment that the CIA would have been derelict had it not tried to do so.

There was nothing illegal about the CIA's salvage operations in international waters. The Soviet Union had never told its people about the disaster which took the lives of 70 Russian naval officers and seamen.

Given those circumstances, the cost of the effort to recover important intelligence information from the ocean floor was worth it.

The risk of offending the Soviets and provoking a propaganda campaign was minimal since the USSR hadn't admitted the accident in the first place.

Nor do we doubt for a moment that the Soviets were keeping watch over the salvage operations. They have the same capability that the United States has for surveillance of the Earth with satellities. The salvage operation, called Project Jennifer, was a greater surprise to the American people than it was the Kremlin.

It is unfortunate that Jack Anderson chose to break the story in a Tuesday night radio broadcast. CIA Director William Colby had asked and received the cooperation of several newspapers and networks to withhold the story until the CIA could gain commitments to salvage the rest of the Soviet submarine which broke away during the recovery last summer.

With the glare of publicity now on the intelligence operations of the CIA, it is unlikely that the project will be resumed. Like Kohoutek, the expectations are unfulfilled and the experts will have to be satisfied with just what they have. It could have been spectacular.

THE NEED FOR LONG-RANGE ECONOMIC PLANNING

Mr. HUMPHREY. Mr. President, the need for long-range economic planning at the Federal level is slowly gaining wider acceptance in the United States. The magnitude and intractability of our present economic crisis has contributed to this development, as people experience the disastrous effects of short-sighted and fragmented Government policy. Recent articles in Challenge magazine and the New *York Times*, which I entered into the RECORD on March 18, discussed the need for long-range planning.

A column by Hobart Rowen appeared in the Washington Post on March 20, which I would like to bring to the attention of my colleagues. In his column Mr. Rowen discusses a recent proposal by

Leonard Woodcock and Prof. Wassily Leontief that calls for the unification and coordination of the economic policymaking functions of the Council of Economic Advisers, the Budget Office, and other economic organizations into a new Office of National Economic Planning. This proposal is the outgrowth of months of work by a prominent group of economists, businessmen, and labor leaders, who have formed the Initiative Committee for National Economic Planning. The committee was formed on October 14, 1974, for the purpose of promoting the widest possible discussion of the need for economic and social planning in the United States, and the drafting of legislation to put such planning into effect. In addition, to Woodcock and Leontief, the committee's members are: Anne Carter, Abram Chayes, John Kenneth Galbraith, Robert Heilbroner, Robert Lekachman, Robert A. Nathan, Robert V. Roosa, Myron Sharpe, and Nat Weinberg.

Senator Javits and myself have worked closely with the Initiative Committee and we intend to introduce legislation they are developing to set up a national economic planning system. I urge my colleagues who see the need for such planning to join us.

The planning legislation that is being developed by the Initiative Committee is a direct outgrowth of ideas embodied in the Balanced National Growth and Development Act, which I have been working on for nearly 5 years and which I introduced in the last session of Congress. I have felt for many years that a national growth and planning system is a top national priority and that this is the most important legislation I have offered in the 94th Congress to see that economic planning legislation is enacted.

To me, it has been clear for a long time that we need to get organized about the formulation and execution of our national economic policies. No one is looking ahead beyond the next 3 months. There is little coordination among the many agencies responsible for economic policy and, in fact, in many cases there is harmful conflict between these different groups. As a result, the Government affects the economy and the Nation in an uncoordinated and short-sighted way.

In addition to proposing new legislation on national economic planning, the Joint Economic Committee will conduct an in-depth examination of this issue in the coming months. The committee staff is now in the process of developing a study series on economic planning, utilizing the best experts in the country. I intend to begin full committee hearings on planning in May with witnesses from the Initiative Committee, the administration, and experts from other countries. The time for a full-scale national debate on national economic planning is here.

Exactly what kind of planning, what institutions must be created to do the planning, how this relates to our existing economic and social institutions, are major questions still to be resolved. In resolving these questions, I believe we want to avoid planning schemes that substitute direct Government control for the private market. We do not need more government, as much as we need a better organized Government. In this area of planning, in my opinion, there are dangers on the side of doing nothing, and dangers of doing too much. But we must move ahead with a greater planning effort. As the New York Times concluded in their February 23, 1974, editorial:

> Planning may have its flaws and dangers, but the traditional planless approach has already proved its capacity for producing disasters.

Mr. President, I ask unanimous consent that the Hobart Rowen article of March 20 in the Washington Post, be printed in the Record. I would conclude, Mr. President, by congratulating the Washington Post, the New York Times, and Challenge magazine for focusing attention on this important national issue.

There being no objection, the article was ordered to be printed in the Record, as follows:

Planning the Economy

(By Hobart Rowen)

Back in 1962, when President Kennedy instructed his chief economic adviser, Walter Heller, to study economic planning in Europe, "planning" was a dirty word. And it still is. To some, "planning" means government regimentation, socialism, and the end of the free enterprise system.

Of course, it doesn't have to mean any of those things. More and more enlightened businessmen, such as Henry Ford II, have come to realize that a certain amount of intelligent planning may make the difference between the prosperity of the private sector and economic chaos.

A nation that could successfully plan to put a man on the moon ought to be able to come up with a blueprint for social and economic needs, and achieve it without the worst extremes of boom and bust.

Utopia? Maybe, but maybe not. Anyway, the whole question of planning has been surfaced again by a group of thoughtful businessmen and labor leaders under the co-chairmanship of UAW President Leonard Woodcock and Wassily Leontief, the Nobel Laureate in economics from Harvard University.

It has strong backing in Congress from Sen. Hubert Humphrey (D-Minn.), Sen. Jacob Javits (D-N.Y.) and others. And there is cautious support for the general idea among influential Ford administration officials, including Vice President Rockefeller and the new Secretary of Labor John T. Dunlop.

The Woodcock-Leontief proposal is to coordinate economic policymaking functions now distributed among the Council of Economic Advisers, the Budget Office, and other government agencies, in a new Office of National Economic Planning.

Its main responsibility would be to collect and analyze information from all sources, and then submit alternative intermediate (5 to 6 years) and longer-term (15 to 25 years) plans to the President and Congress. The final choices among alternatives proposed would be in the hands of Congress.

Myron E. Sharpe, coordinator of the Woodcock-Leontief group, notes that the planning office "would not set specific goals for General Motors, General Electric, General Foods or any other individual firm.

"But it would indicate the number of cars, the number of generators and the quantity of frozen foods we are likely to require in, say, five years. And it would try to induce the relevant industries to act accordingly."

The intent, the sponsors say, is not to replace the "market" system, but to give it better information to work on. This is a bit disingenuous. Obviously, a planning system that is worth the trouble is going to mean more government intervention in the economy.

But it need not be a planning system, French style, which relies on the European cartel tradition. As Williams College Professor John Sheehan observes in the current Challenge Magazine, "If ITT were a French corporation, the Planning Commission would be its natural ally."

What we require, instead, is an agency in Washington that will begin to think in terms of rational economic growth, and how to get there.

Without planning, what happens? We wake up these mornings to find that Congress is trying to bail out Lockheed, Pan Am and Chrysler with tax handouts, and that the Rock Island railroad is going broke—with its trackage to be distributed to other roads.

In transportation, as in other areas, Woodcock observes, the nation must decide how much it should depend on cars, how much on rapid transit, how much on other forms. After debating alternatives, he says, "we should decide on a plan of action instead of leaving it to chance. . . . Let's match the resources with our goals, and our goals with the resources. That's what we mean by planning."

Is the climate right for such a major exercise in economic planning? There is a growing skepticism, based on bad performance over the past few years, of the ability of economists to project into the future. But defining goals would be more than an economic or computerized forecast. The process would have to draw on the advice and wisdom of state and local officials, union leaders, businessmen, consumers and others.

Almost everyone understands, by this time, the growing degree of international economic interdependence. If the energy crisis did nothing else, it drove home the lesson that natural resources are not inexhaustible.

The choice, as New York banker Robert V. Roosa says, "is not between plan and no plan, but between coherent planning and chaotic planning."

SCHEDULED SST FLIGHTS INTO KENNEDY AND DULLES

Mr. TUNNEY. Mr. President, I have spoken out against demonstration flights of supersonic transports into our Nation's airports on several occasions. The demonstrations have occurred amid the outraged cries of citizens living near those airports. Now the Federal Aviation Administration has planned regular flights into Kennedy Airport in New York and Dulles Airport in the Washington, D.C., area. The Environmental Protection Agency has drafted a proposed rulemaking which would open up all U.S. airports to the current SST fleet. Routine flights into west coast airports cannot be far behind.

A recent editorial in the San Francisco Chronicle aptly places the SST issue in perspective, painting the picture of events to come should SST's be permitted to land at our airports.

I ask unanimous consent that the full text of this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

A "Do Not Enter" Warning to SST:

The Federal Aviation Agency (FAA) and a surprisingly acquiescent Environmental Protection Agency (EPA) have sent a shock-wave across the nation by approving the daily entry of supersonic transport planes (SSTs) into the United States.

Strong opposition was promptly apparent, especially in New York City and in Washington, D.C., the two ports of entry specifically assigned for daily, scheduled landings and takeoffs for the British-French Concorde SST.

In Washington, Senator Proxmire promptly reacted by preparing legislation that would require SSTs flying over the United States to meet the minimum noise standards now imposed on other planes.

Both the FAA and EPA have conceded that the Concorde cannot meet those requirements, following a study which shows that it produces more noise vibration and other types of pollution than subsonic planes. They argue, however, that the small number of flights scheduled by Concorde would present "no great environment dangers."

This conclusion has been challenged by Robert Low, environmental protection administrator for New York City, who protests that noise levels at the city's busy Kennedy International Airport are already unbearable for many residents.

Final approval of the Concorde's flights—three daily to and from New York, and three daily to and from Washington—awaits the outcome of public environmental hearings to be held next month, in which opponents will cite scientific findings which induced Congress to abandon financing of an American-built SST four years ago.

A recently released study by the Department of Transportation seemed to softpedal the environment hazards involved by reporting that a "few" SST flights would be virtually harmless. It conceded however, that a fleet of 125 SSTs would diminish the ozone layer, which filters out the sun's ultraviolet rays, to a point that would increase skin cancer cases in the U.S. by 5000 a year, or, as noted by Professor Harold S. Johnston of the University of California, an expert in the field, and a persistent opponent of SST flights, by 100,000 during the 20-year life of the SSTs.

There is clear danger in giving the Concorde the approved foot in the door. It invites the Soviet Union to seek a similiar concession for its SST, in the spirit of detente. It encourages U.S. builders to re-enter the competition, and hasten the day of the ozone-destroying supersonic flights. Once the SST is ensconced in New York and Washington, can Chicago, Dallas-Fort Worth, San Francisco and Los Angeles be far behind?

DEATH OF THE COUNTRY DOCTOR

Mr. ABOUREZK. Mr. President, there are few people who see rural America through so clear a prism as Richard J. Margolis. Dick Margolis has the knack of taking national problems and expressing them in human terms. While we in the Congress sometimes enthuse over comprehensive solutions and national priorities, Margolis will show us how the best-intentioned grandiose scheme is destined to bomb in Pikeville, Ky. or Onida, S. Dak.

Recently, I cosponsored the Health Manpower bill. This legislation addresses directly and cogently the severe doctor distribution problem in rural States. My own State of South Dakota, which has recently approved a 4-year medical school, is still one of the most underserved in the Nation.

In 65 of the 67 counties in South Dakota, including the six most populous counties, the ratio of doctors to patients is below the national average. Thirty-six of the 67 counties lost physicians between 1960 and 1970. Only 31 counties held their own or gained.

I call the attention of the Senate to Dick Margolis' superb article in the March 31 News Leader about doctors, people and small towns. It is the best argument I know of for S. 989, the Health Manpower Act. It also serves as a reminder that the self-help ethic of which this country is proud is alive in small towns in South Dakota. I would say alive and well, but, frankly, that depends on whether they can find a doctor or not.

Mr. President, I ask unanimous consent that the article entitled "Death of the Country Doctor" by Richard J. Margolis be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Death of the Country Doctor

(By Richard J. Margolis)

"The principal characteristic of change in the U.S. population since World War I has been urbanization," notes a 1972 American Medical Association report, by way of explaining why rural Americans get shoddier health care than most other citizens. In consequence, the AMA continues, the nation's medicine must be urbanized, too—or at least regionalized. Like most observers of the rural health scene, the AMA foresees the construction of a network of large medical centers, each one serving dozens of surrounding small towns.

One finds the diagrams and schemas in the health planners' texts: The architects' renderings of modern hospitals look like sunbursts, with multicolored lines ("vectors") radiating outward toward the villages ("satellites"). And one should hardly be surprised that officials at the Department of Health, Education and Welfare (HEW), have already been spreading word of their intent to "phase out" the many 16- and 20-bed hospitals that still function in small-town America, thereby hastening the process of regionalization.

"Sooner or later," an HEW functionary cheerfully assured me, "we will arrange matters so that only the bigger hospitals will be able to meet our Medicare and Medicaid standards of eligibility. When that happens, the small hospitals will disappear." Unfortunately, HEW has neglected to consider whether the move, or any of the grand building projects it embraces, will do very much to satisfy the needs of the people who are supposed to be the true beneficiaries.

To most rural Americans—i.e., to the 66 million citizens who live outside Standard Metropolitan Areas—ideas of this kind have an all-too-familiar air. They seem to be merely the continuation of programs that for more than half a century have imposed essentially urban solutions on rural problems: not only the regionalization of hospitals, but also the consolidation of schools, the abandonment of railroads, the mapping of highways so as to bypass small towns, and the denial of subsidiaries to communities unable to establish their credentials as "growth centers."

Such policies, which nearly everyone has taken for granted for too many years, have turned much of rural America into a valley of despair that begets untold miseries and triggers mass migrations from country to city. These in turn generate new pressures for more regionalization, consolidation and all those other "ations" that for rural Americans spell perpetual frustr*ation*. We are in the presence of self-fulfilling failure.

For example, the Appalachian Regional Commission (ARC), an invention of New Frontier days, has spent 10 years and millions of dollars trying in vain to stimulate economic development in poverty-stricken areas like eastern Kentucky. ARC's efforts were bound to fail, however, because Congress, in writing the law, insisted that the commission invest its dollars solely in those locations with a "significant potential for economic growth, and where expected return for the dollar will be the greatest."

This notorious "growth center" approach, that, for practical purposes writes off most of rural America, has deprived almost all Appalachian communities of Federal aid. Its net impact, according to the ARC Accountability Project (a Nader-like watchdog group), "was to neglect the rural areas while encouraging migration to a few metropolitan centers near the edge of the Appalachian region. People were . . . forced to leave their homes in the hollows and rural areas. . . ."

Virtually every known expert today proclaims mobility and transiency as hallmarks of the American way of life. Yet many individuals who do not read sociology books remain loyal to their hometowns and would stay put forever if given half a chance. I have met exiles from Kentucky, now living in Michigan, who each weekend drive their jalopies the thousand miles it takes to get "home" and back, and there are families living in Detroit for 20 years or more who will tell you their home is Pikeville, or Drift, or South Mud Creek.

These people want essential services like health care to be available where they live, not in some remote metropolitan center that happens to look good on the planner's map. In the small towns I have visited, talk of regionalization is both rare and irritating.

Consider the response of South Dakotans to their health-care predicament. It happens to be quite a predicament. More than 5,000 towns in America are without a doctor, and 266 of them are in South Dakota. That makes the state the most consistently neglected by the medical profession. Moreover, a majority of South Dakota's doctors are clustered in cities like Sioux Falls and Aberdeen; in fact, just nine towns account for 351, or 61 per cent, of the state's 508 physicians. The remaining 157 doctors are thinly scattered over 900 towns and across 77,000 square miles of prairie, Bad Lands, and Black Hills. All this passes for a "Statewide Medical System."

The South Dakota health officials I recently interviewed spoke hopefully of attracting more doctors by erecting newer and bigger regional hospitals, but the people in the doctorless villages will have none of it. They want physicians of their own. During the 1950s and '60s some of the towns even went into hock in order to build small hospitals, often with the encouragement of Federal and state officials.

Later, as local doctors retired or died and new ones failed to materialize, many hospitals were forced to close. Thus places like Murdo, Wall and Edgemont are stuck with empty, unused medical facilities and are searching frantically for doctors. Along Highway 18, one can read this forlorn sign:

DOCTORS NEEDED
IN
EDGEMONT, SOUTH DAKOTA
IDEAL OUTDOOR RECREATION
PLEASE CALL 605–662–7500

I called the number and learned it was the local Conoco station, owned by Jack Nelson, who was both mayor of Edgemont and chairman of the doctor recruitment committee. Edgemont's 16-bed hospital, I was told, was shut down in 1969, when the town's one doctor died of old age. The recruitment committee has been busy ever since, but without luck. Each year its members visit medical schools in other states (South Dakota still lacks a four-year medical college) in hopes of luring graduating seniors and interns to Edgemont. A brochure innocently points out that the local school system "maintains a library," and wistfully locates Edgemont "in the Heart of the Hard Grass Country!"

Recruiting can be expensive. For one thing, any young doctor who shows the slightest interest in working in a small community is instantly invited down for a few days' "looksee," all expenses paid. As often as not the candidate brings his wife. "We wine and dine them," says Jim Stender, president of the hospital board of trustees in Custer, "and we introduce them around to everybody. They thank us and go away, and usually that's that. We never hear from them again."

One in a while a town strikes it rich. Onida (pop: 900) was lucky enough a few years ago to find John M. Knutson, a South Dakotan then attending the Rush Memorial Medical College in Chicago. In exchange for his promise to set up practice in Onida, on a trial basis, the town's citizens offered him a $16,000 scholarship and the use of a rent-free clinic. Knutson, a kind man, considers the $16,000 to be a loan; he is paying it back out of his earnings in Onida where he hung out his shingle last January. The clinic, gleaming with $30,000-worth of new equipment, was waiting for him. It had once been Onida's hospital, but was closed in 1966 because the overworked doctor, a citizen explained to me, "left town out of self-preservation."

When word came last autumn of Knutson's firm intentions to practice in Onida, people got busy remodeling the old structure. It was a community effort, just as construction of the original hospital had been back in 1950. (In those days the entire Onida high school football team would help every afternoon following practice.) I asked John Zebroski, owner of the local hardware store, why the town had gone to so much trouble and expense to bring in a doctor when there were several available 50 miles away in Pierre.

"Well, of course we need a doctor here for emergencies," he said. "But that's not all. Frankly, I don't enjoy going to Pierre—too many strange faces. A person who needs a doctor shouldn't have to wander all over the state. He should have one right there on the spot."

From the planner's standpoint Zebroski's notions are irrational, irrelevant and obsolete. Yet I sometimes suspect they are all that stave off the concreting of rural America.

MINNESOTA AMERICAN LEGION—1975 LEGISLATIVE AIMS AND RECOMMENDATIONS

Mr. **HUMPHREY**. Mr. President, the Minnesota American Legion has developed a comprehensive set of proposals for Congress to consider in the coming year. These proposals address matters of critical importance to American veterans: educational benefits, pensions, employment, health care, and discharge review procedures.

Those who have served our country so well in the past are particularly hard hit by our "stagflating" economy. I hope my colleagues will devote serious attention this session to the problems of American veterans. The recommendations of the American Legion, Department of Minnesota, constitute an effective program for legislative action.

Mr. President, I ask unanimous consent that the 1975 Legislative Aims and Recommendations of the Minnesota American Legion be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MINNESOTA AMERICAN LEGION—1975 LEGISLATIVE AIMS AND RECOMMENDATIONS

ESTABLISHMENT OF REGIONAL DISCHARGE, REVIEW AND CORRECTION BOARDS

It is recommended that the Secretary of Defense and the military branches establish traveling boards for the purpose of allowing personal appearances for military disability retirement and discharge review procedures. The inequities and lack of uniformity between services and individual cases merit congressional investigation.

It is recognized through experience that the applicant for Review or Correction of his military discharge has better than a 50% chance for favorable consideration (as opposed to 5%–12%) if he makes a personal appearance in Washington, D.C. at the time his case is heard. The cost of such appearance must be borne by the applicant; and because of distance and incidental expense involved, such cost is most often prohibitive to veterans residing outside of the immediate vicinity of Washington, D.C.

APPROPRIATION FOR FUNDING CHEMICALLY DEPENDENT RESTORATIVE CENTERS

We recommend and urge that there be increased funding and participation by the Veterans Administration in Restorative Centers as part of drug and alcohol treatment programs. All reports indicate that these Centers have proven to be successful. The chemically dependent has shown through determination and a rigorous regime of rehabilitation established by his peers that the habit can be overcome.

We are fortunate that Minnesota is a leader in treatment for the chemically dependent and that our Governor is recognizing this advantage in asking for additional State monies for expansion of our programs. The expertise and funds available through Federal sources are vitally needed to carry out a complete program.

ELIMINATION OF TIME LIMITATION ON USE OF GI EDUCATIONAL BENEFITS

We strongly urge that the time limitation on use of educational benefits as provided for in the G.I. Bill be removed in order to allow educational opportunities for those who were unable or chose not to use their educational eligibility immediately following their discharge from service. We refer to examples which include veterans who were not able to complete an educational pursuit because of economic or personal reasons; to those who were forced out of employment because of modern day technology and cutback in the economy; to veterans who in later life suffer physical impairment which requires re-training and relocation of job opportunities; to women veterans who were of marriageable and child-bearing age at the time of discharge from military service, who did not take advantage of their educational opportunities, who now, because of separation, divorce and death, have become or will become sole supporters of families. We request that all time limitations for use of educational opportunities, under Title 38, U.S. Code, Chapter 35, be removed.

COST OF LIVING INCREASE IN COMPENSATION PAYMENTS TO VETERANS AND DEPENDENTS

We urge a cost of living increase in compensation payments for service-connected disabilities. There is too much disparity between 100% and 90% rated disability. It is also most important that Congress have final authority on any changes in the Veterans Administration Schedule for Rating Disabilities and that a period of 90 days be allowed prior to effective date of revision for such approval or rejection.

REVISION OF STANDARDS IN THE VETERANS ADMINISTRATION PENSION PROGRAM

We strongly urge a revision of standards in the Veterans Administration Pension Program for the totally disabled nonservice-connected veteran. In addition, some legislation or regulations must be adopted to make certain that cost of living increases in Social Security should not affect beneficiaries of the pension program from suffering reduction of benefits. In order to make adjustments in pension programs repetitive administration is required from the Veterans Administration and tremendous amounts of money and time are wasted annually in administration of the benefits. This is due to the fact that Congress acts in the final days of each calendar year to establish eligibility for the ensuing year. We expect that suggestions for a workable and standard operating procedure will stem from this Washington Conference, and we hope that our recommendations will receive your favorable consideration and support.

INCREASE IN SCHOLARSHIP ALLOWANCE FOR ROTC STUDENTS

We recommend that the scholarship allowance for ROTC Students be increased from $100 per month to $125 per month. Professors of Military Science advise us that they are losing students from the ROTC because of economic reasons. The American Legion advocates a strong peacetime military establishment including a full Reserve Officers Training Corps and active National Guard in each community. Increases in ROTC Scholarship allowances should be made more compatible with grade pay allowances now authorized in regular military service.

MISSING IN ACTION AND AMNESTY POLICY

We urge Congress to do everything within its power to enforce the provisions of the Paris Peace Agreement pertaining to information and release of the Missing in Action in Southeast Asia. When all Prisoners of War and Missing in Action have been repatriated or accounted for, then and only then, should attention be turned to amnesty. The American Legion opposes any attempt to grant amnesty and freedom from prosecution to those men, who, either by illegally avoiding the draft, or desertion from the armed forces, failed to fulfill their military obligation to the United States. Each individual case should be reviewed under existing procedures available through the courts or military judicial procedures.

BURIAL BENEFITS IN NATIONAL CEMETERIES

We urge that these regulations be modified so that recipients of discharges which, by virtue of their records, provide that the veteran is not eligible for Veterans Administration benefits and also excludes those recipients from burial in National Cemeteries. We further recommend that those who are affiliated with organizations which advocate overthrow of our government also be denied the right of burial in a National Cemetery. We object to the interment policy at Arlington National Cemetery, restricting interment only to special classes of people, and advocate expansion of the Arlington National Cemetery to include use of contingent areas of Fort Myer. We advocate the expansion of the National Cemetery system so that the needs of every community might be more easily made.

ESTABLISHMENT OF NON-DISCRIMINATORY POSTAL RATES

The scheduled postal rate increases on non-profit second class mailers is almost prohibitive. They discriminate against a class of publications which are least able to absorb the increases and whose history has been one of disseminating news and useful information in the public interest and available through no other media. The American Legion Magazine and The Minnesota Legionnaire, as examples, have an editorial content of more than 75% composed of articles on patriotism, national security, economics, youth programs, history and culture of our country and may well have to cease publication upon application of these new rates. The Congress should reassert its historic policy which recognized the enormous contribution these organizations make to the solidarity of the United States and reestablish fair and equitable postal rates for these authorized non-profit second class mailers.

REGIONAL VETERANS EMPLOYMENT REPRESENTATIVES

A regulation from the Department of Labor has established Regional Veterans Employment Representative offices. The rationale for such Regional offices is that the offices will provide a better link of communication between the states and the Department of Labor and will provide a better flow of information to the Department. We see a threat to the office of State Veterans Employment Representatives. Past experience provides us a painful example that in times of economy, state representatives in cases of this kind have been eliminated and local Veterans Employment Representatives have been required to deal directly with the Regional office. Elimination of State Employment Representatives would be almost disastrous to the Veterans Employment program. We ask that the Congress be alert to this danger.

VETERANS ADMINISTRATION MEDICAL PROGRAM SEPARATE FROM ANY NATIONAL HEALTH INSURANCE PROGRAM

The Veterans Administration medical program must remain a separate entity apart from any National Health Insurance Program. The Veterans Administration Medical Program is the greatest of its kind in the world and we must guarantee its continuance through long range planning and budget. Veterans Administration research and cooperative status must continue to serve all humanity as an independent agency.

RETAIN VETERANS PREFERENCE IN FEDERAL, STATE, AND LOCAL EMPLOYMENT

There are continuous attempts by certain groups to weaken or eliminate veterans preference in Federal, State, and local employment. Veterans preference and priority in seeking employment assistance are an integral part of our merit system as established by Congress. We oppose any action which would weaken or eliminate these rights. Veterans Preference is an earned benefit by reason of service to one's country in the time of armed conflict.

RETENTION OF NOVEMBER 11 FOR THE PURPOSE OF OBSERVING VETERANS DAY

We urge the Congress to take quick action in the reestablishment of the date of November 11 for the purpose of observing Veterans Day.

CABINET RANK FOR ADMINISTRATOR OF VETERANS AFFAIRS

We continue to urge that the office of Administrator of Veterans Affairs be given status of Cabinet rank. There is a need for consistency and common purpose of communications about the many benefits and rights established by the Congress for veterans of service in the armed forces, and for dependents and beneficiaries of deceased former members. This group of citizens now represents nearly 50% of the population. The responsibilities of this office are now equal to or greater than some present Cabinet offices. There should be a clear-cut channel by which the Administrator of Veterans Affairs can regularly supply facts and counsel to the President; and, in turn, receive the President's guidance and support.

RETENTION OF LAND AT/OR NEAR VETERANS ADMINISTRATION INSTALLATIONS

At the present time it appears that there is no danger that Federal lands in Minnesota being held at or near Veterans Administration Installations, are in danger of being declared excess; however, we must be constantly on the alert because frequently disposal of such land becomes corporate gain and replacement may be costly as future government needs arise.

UTILITY BILLS

Mr. STENNIS. Mr. President, utility bills of consumers increased last year nearly $10 billion. Most of this increase was caused by higher fuel costs. Much of this increased cost for fuel was passed on directly to the consumer in the form of a fuel adjustment charge. As I pointed out last year on the Senate floor, very often the people of my State are paying more for their electricity than they are for their monthly mortgage payment on their homes.

It is little comfort to the consumer to know that the utility companies are not getting to keep the money, but are simply paying it over to their supplier.

Not only is the consumer paying more for his electricity, but when he tries to conserve, either for economic reasons or for patriotic reasons, he very often finds that the utility company has been given a rate increase due to declining revenues caused by the consumers conserving. Not only does the consumer become irate, but it is frustrating to him. He knows enough about economics to know that when demand falls, prices are supposed to fall. But in this case, they do not. Nor can he go across the street, so to speak, to a competitor.

I noticed in the paper yesterday that Secretary Morton was interested in subsidizing, to a degree, the utility companies for a limited amount of time. While I am not unsympathetic to the plight of the utility companies, I have the utmost concern for the consumers who urgently need and are entitled to some relief. While actions taken by Government with respect to helping utility companies will eventually benefit the consumer, the people need some help today.

According to the report made public last weekend by the Senator from Maine (Mr. MUSKIE) and the Senator from Montana (Mr. METCALF), in 1974 "Consumers paid more than 1½ times as much to cover utility rate increases as they did over the entire previous 25 years." There is no way we can ask the people to sustain that kind of increase in such a short period of time. It is no secret that the days of cheap energy are gone. We as a nation will have to make certain adjustments in our style of living to compensate for this fact. But, the American people need time to make these adjustments—and they have made many already.

I am happy to see that hearings will be held soon by subcommittees of the Senate Government Operations Committee regarding utility rate regulations. I am not interested in jumping on or criticizing anyone, but I do think we need to take a good look toward where we are going in this area and the cheapest way we can get there. I do not oppose limited help for the utilities who face some difficult problems, but I am for some strong, prompt, and effective relief for the consumer. Our consumers have been carrying a heavy burden and must have some help.

Mr. Zarb seems to have a good idea. As I understand, he wants to spend $1 million at the State and local level to conduct experiments in electricity conservation. The idea of allowing consumers a lower rate for using a lower number of kilowatt hours and then increasing the rate for usage above that amount is worth exploring.

I would also favor increasing the amount of insulation which a new home must have where the home is built or backed by Federal funds.

Many steps can be taken by the Government, the utilities, and consumers to help solve the problem as energy plans are made for the future. But, the present problem of increased utility bills came on our citizens at once, giving them little or no time to plan and make necessary adjustments. I favor helping them through this unusual and sudden experience. Any planning by the administration in this field should certainly include a provision for the relief of the consumer, who is far, far overburdened in this field and has been for many months.

When we return here following the recess, I will work for the passage of legislation to give some sort of relief to our citiens who have been hit so hard by these high utility bills. This legislation will be for the purpose of helping people through this rough period while we are making transition and getting adjusted, at least in part, to the idea of expensive energy.

I am not unmindful of the fact that the recent tax bill we passed will cause our budget deficit to increase considerably. The legislation I have in mind will not cost too much for that reason. It will only give some aid to the people—not total.

So, in conclusion, Mr. President, if we are going to give aid to the utility companies, I hope we can also give it to their customers who likewise need it desperately.

KURDISH REFUGEES

Mr. PHILIP A. HART. Mr. President, the plight of Kurdish refugees in Iraq and Iran is among the problems of current concern to the Subcommittee on Refugees. Yesterday, the subcommittee chairman, Senator KENNEDY, issued a statement on the Kurdish problem. As a member and former chairman of the subcommittee, I share Senator KENNEDY's humanitarian concern, and ask unanimous consent that the text of his statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SENATOR KENNEDY'S STATEMENT ON KURDISH REFUGEES

The recent Algiers Accord between Iraq and Iran, and related diplomatic efforts involving the Kurdish issue, have apparently ended the Kurdish struggle for self-determination. Observers of this struggle may hold differing views on the Algiers Accord and the harsh efforts to stifle the Kurdish spirit. But this should blind no one, in our country and the international community, to a needed concern over the ultimate fate of the Kurdish people—or the staggering humanitarian problems which have resulted from the bloody conflict and the sad events following the Algiers Accord.

Field reports—including those in official quarters—suggest much suffering and death. Military activities continue, and the human toll of the civil war continues to climb. Food and medicines and other relief materials are in short supply. Tens of thousands of Kurds in Badinan province in Northern Iraq suffer severe malnutrition and face famine and death. And the heavy movement of Kurdish refugees within Iraq and over the border into Iran are cause for grave concern.

Over the months of conflict the United Nations High Commissioner for Refugees (UNHCR) and the International Committee of the Red Cross (ICRC), among others, have been involved in various humanitarian initiatives and general relief efforts, and the Iranian Red Crescent Society has made important contributions to the care of Kurdish refugees in Iran. But these initiatives and efforts were never enough, especially in assisting the population remaining within the Kurdish areas of Iraq.

In accordance with Article 3 of the Geneva Conventions, since the spring of 1974 the ICRC has made several efforts to intervene in behalf of aiding all victims of the civil war in Iraq. I think the record should show, however, that their offers of assistance have received minimal international support. Moreover, Iraq has rejected these offers again and again—and Turkey has sealed its borders to prevent an influx of war refugees and the movement of relief supplies destined for Kurdish civilians in Iraq. Small amounts of relief supplies, however, have been moving through Iran.

Despite the Algiers Accord, and subsequent events, for tens of thousands of Kurds the future remains as bleak as the past. To the great credit of international humanitarian organizations, however, efforts to help the Kurds and protect them are currently underway.

I call upon our government to drop its policy of silence over the fate of the Iraqi Kurds and give some public evidence of at least humanitarian concern. I urge our government to give immediate support to the international humanitarian initiatives currently underway to help bring peace and relief to the Kurdish people—and hopefully we will also respond generously to needed relief assistance.

The Subcommittee on Refugees has closely followed the Iraqi civil war since its outbreak just a year ago. Frequent consultations have been held in this country and overseas. And from time to time we have made humanitarian representations to our own government and appropriate international organizations in behalf of peaceful settlement and the care and protection of the civilian population. These efforts will continue, until peace and relief are brought to the Kurdish people.

HELLER TELLS JOINT ECONOMIC COMMITTEE TAX CUT MUST BE QUICK, LARGE, AND HUMANE

Mr. HUMPHREY. Mr. President, on March 12, 1975, the Joint Economic Committee was privileged to receive testimony from the former Chairman of the Council of Economic Advisers, and now regents' professor of economics at the University of Minnesota, Dr. Walter W. Heller. As one of the Nation's most renowned economic leaders, the committee was anxious to discuss the current economic state of affairs with him. As expected, Dr. Heller's testimony was enlightened, forceful, and innovative.

Dr. Heller opened his testimony by pointing out several of the roadblocks that are being constructed today, in the name of prudence and responsibility, that could prevent the kind of decisive action that is needed to reverse the current slump and produce a sustained recovery. He included in his list of roadblocks the following:

The claim that the recession is bottoming out and that a natural recovery would occur without massive stimulus;

The idea that any bold attempt to speed recovery will sow the seeds of a new round of inflation;

The idea that a deficit of $70 billion or more would be unmanageable for our economy;

The notion that budget spending is headed for alarming heights in fiscal year 1976.

Dr. Heller pointed out that it is on these grounds that the battle for an adequate program of tax, budget, and monetary stimulus has to be fought.

Dr. Heller told the committee:

> I see no sign of the bottoming out that President Ford thought he detected during his recent trip to Florida.

In fact, he observed that real GNP is still sliding at about a 10-percent annual rate, this quarter, and will continue to slide, he believes, at a declining rate into the spring and summer of this year. Because the slump is continuing, Heller urged the Senate to defer its Easter recess until a hefty tax cut, along the lines of the House pattern, though somewhat larger in total amount, has been passed.

In further support of the need for a major stimulus now, Dr. Heller pointed out that:

> U.S. output is falling 13% below potential, even if we define potential conservatively in terms of 5% unemployment. By a substantial margin, this is the economy's worst performance since World War II. The shortfall, or GNP gap, will reach an unbelievable $200 billion at annual ratees during 1975. The counterpart in unemployment will be a peak rate of 9½ to 10%.

With regard to the fear of sparking another serious round of inflation, Heller pointed out three encouraging signs.

First, excess demand has long since disappeared and will be years in reappearing.

Second, external shock or commodity price pressures are easing rapidly.

Third, cost push pressures are weakening into the hammer blows of massive unemployment, declining interest rates, and business belt tightening.

Dr. Heller told the committee that with inflation rates subsiding rapidly, with economic decline continuing, and with nearly twice as much slack in the economy as in 1964:

> It would be both fallacious and foolish to deny ourselves the tax cuts, budget relief and monetary stimulus that can lift us out of the deepening morass in which we are mired.

Dr. Heller then discussed with the committee his views regarding the current fears of many that huge budget deficits would be disruptive and distortive in our economy and, therefore, a go slow policy of economic recovery is the safest course of action. Dr. Heller has responded in detail to these arguments in a recent article published in the Wall Street Journal on March 7, 1975 entitled, "Deficit: Where is Thy Sting?"

Dr. Heller's conclusion is of the greatest importance to all of us. He said:

> In short, the Congress can prudently proceed with a strong program to reverse the recession and revive the economy. No fears of unmanageable deficits or imminent inflation need stay its hand. This is not to say that financing the deficit will be simple nor that it will be accomplished without a pinch here and a bind there. But, sources ranging from impeccable to unimpeachable seem to agree that, with a responsive Federal Reserve, the huge deficit can be managed at low interest rates, with little displacement of private investment, and without rekindling inflation.

In concluding his testimony before the Joint Economic Commitee, Dr. Heller underscored three important points that he believed must be well understood, as Congress enacts its antirecession program.

First, the sooner the tax cuts and budget relief are available, the sooner recovery will take over and the fewer jobs will be lost.

Second, in an economy with a $1.6 trillion dollar potential and inflation waning, neither Congress nor the White House should be thinking small. To pull ourselves out of the economic depth will take a major stimulative program.

Third, it is "high time to stop the scare-mongering about the inflationary tinder we might create and start focusing on the human tinder we have already thrown into the streets."

The committee is indebted to Dr. Heller for his excellent testimony and wise counsel.

Mr. President, I ask unanimous consent that Dr. Heller's testimony of March 12, before the Joint Economic Committee, be printed in the Record, as well as his article in the Wall Street Journal.

There being no objection, the material was ordered to be printed in the Record, as follows:

Opening Statement of Walter W. Heller Before the Joint Economic Committee

Mr. Chairman and Members of the Committee:

As your Committee exercises its customary leadership—with renewed vigor, I might add—on behalf of decisive action to reverse the slump and sustain recovery, it faces several roadblocks thrown up in the name of prudence and responsibility. These take the form of the following assertions:

First, that the economy will soon bottom out and that self-corrective forces will generate a satisfactory recovery without massive stimulus.

Second, that bold attempts to speed the turnaround and accelerate recovery will sow the seeds of a new round of inflation.

Third, that the deficit of $70 billion or so for fiscal 1976 under the kind of program the Committee proposed last Friday will be unmanageable.

Fourth, that budget spending is headed for alarming heights in fiscal 1976.

It is on these grounds that the battle for an adequate—and that means aggressive—program of tax, budget, and monetary stimulus has to be fought. So I shall concentrate my remarks on these issues rather than boring the Committee by spelling out yet one more program. Fortunately, I can handle the latter issue by reference to the Committee's own statement to the Senate and House Budget Committees last Friday, a statement whose basic tenets and broad program outlines I can heartily endorse.

Just for the record, I might note that for over a year I have favored a tax and budget relief program for the low-income victims of inflation and recession; that I repeatedly expressed alarm in 1974 over the developing recession and urged early preventive action, notably, before this Committee last August; and that since December, I have been urging swift enactment of a $20 to $25 billion continuing income tax cut.

HOW DEEP THE SLUMP?

Now let me turn to the first and most basic of the issues listed above, namely, the further course of our sickening slump, the slack it will leave in its wake, and the prospects for recovery. No one any longer denies that we are in a severe slump calling for remedial action. But the same forces of "prudence and responsibility" that glibly dismissed the slide into recession as a "shortages blip," or "side-ways waffling" now profess to see an early bottoming out and upturn just around the bend. Therefore, they add, let's not overdo stimulus.

Even if the upturn occurs in the next six to nine months, it will be the economic non-event of 1975 (much as the end of the oil embargo was the non-event of 1974 when compared to the impact of quintupled oil prices). Rather, the critical issue is how strong and how sustained the recovery will be and how much economic slack it will have to take up.

At the moment, the forces that will turn us around are not clearly in sight. Unwanted inventories have still been piling up in many segments of the economy rather than being worked off swiftly as a prelude to recovery. The housing industry, which so often leads a recovery, is bedevilled by a large backlog of unsold homes, high construction costs, and a shriveling of the real incomes of consumers. Consumption? The intangible, "consumer confidence," follows the lead of the tangible, "consumer real income."

Unless and until that income is bulwarked by tax cuts and carefully targeted budget programs—backed by aggressive rather than grudging monetary ease—consumer income won't lead, and consumer confidence won't follow.

So far, then, there is little to arrest and reverse the economy's sickening slide. I see no sign of the "bottoming out" that President Ford thought he detected during his recent trip to Florida. The figures I look at suggest that real GNP is still sliding at about a 10% annual rate this quarter and will continue to slide at a declining rate into the spring and summer. Whether and how strongly the economy then turns up depends on (a) how soon and how clearly the Federal Reserve gets the message that war recession can now be waged without losing the war on inflation and (b) how quickly the Congress enacts tax cuts and budget relief.

It is quite true that the Congress and especially your Committee, long before the White House bestirred itelf, were alert to the problems of our sixteen-months-old recession and the plight of the lower income groups. And it is fair to say that, by traditional standards, Congress has been moving with commendable speed. But traditional standards won't do in the face of the current economic emergency. The Joint Economic Committee is to be applauded for its continuous monitoring of the current economic crisis and for pressing its colleague in Congress for swift action. The appearances of Chairman Humphrey before the Senate Budget Committee on Friday and the Senate Finance Committee on Monday are significant steps in helping maintain this sense of urgency.

Specifically, the Senate ought not go home for Easter until, as a bare minimum, a hefty tax rebate for individuals—preferably on the House pattern, though somewhat larger in total amount—has been passed. If a continuing tax cut can be passed at the same time, so much the better.

But if not, splitting off the one-shot tax cut and then coming back to the continuing tax cut—and percentage depletion—after Easter would make both economic and political sense.

The depths to which the economy is now plunging underscore this judgment. While I do not view this plunge as a depression—indeed, scare-talk about depression, like scare-talk about deficits, makes for good copy but not necesarily for good policy—neither is it an ordinary recession. From peak to trough—that is, from the end of 1973, when unemployment averaged 4.8%, to sometime in the second half of 1975, when it will roughly be twice as high—real GNP will have dropped by some 7% (at annual rates), nearly double the drop in any previous post-war recession (though hardly in the same league with the one-third drop in the Great Depression).

With the economy's potential growing about 6 to 7% during these six or seven quarters, a huge GNP gap is opening up. U.S. output is falling 13% below potential, even if we define "potential" conservatively in terms of 5% unemployment. By a substantial margin, this is the economy's worst performance since World War II. The shortfall, or GNP gap, will reach an unbelievable $200 billion at annual rates during 1975.

The counterpart in unemployment will be a peak rate of 9½ to 10%. It is true that the February rate held steady at the January rate of 8.2%—but only at the grievous cost of 580,000 discouraged workers dropping out of the labor force. This is clearly an instance where the steadiness of the unemployment rate is cause, not for complacency or optimism, but rather for dismay and alarm.

One hopes that the grim numbers will jar into action even those implacable inflation foes who have regarded the unemployed more or less as statistical cannon fodder in the war on inflation.

We are hearing all too much about "unemployment will hit only 10% of the labor force, but inflation hits everyone." Not only is that statement wrong: When unemployment reaches 10%, it hits about 30% of the labor force sometime during the year. It is also misleading: We are already far beyond the point where a cutback in unemployment comes at the expense of a boost in inflation. At this stage of the game, economic recovery will bring (a) short-term relief in the battle against inflation by triggering a new surge in productivity and (b) help in the long-term battle against a resurgence of inflation by boosting the flow of savings and restoring the will to invest in plant and equipment that is vital to breaking the bottlenecks in our primary processing industries that plagued us in the 1973 inflationary outbreak. Another way of putting this point: We have already pushed recession and unemployment far beyond the point of diminishing returns—probably even beyond the point of no return—in the war against inflation.

In the light of the huge human losses, production losses, and capital losses that this worst of recessions is now inflicting on us, what's holding us back? Why isn't a huge anti-recession program roaring through Congress? That question brings us to the inflation, deficit, and budget fears that are, if not intimidating, at least inhibiting Congress in its fiscal actions to reverse the recession and restore prosperity.

INFLATION FEARS

Two questions confront us on the inflation front: First, how rapidly is the current wave of inflation subsiding? Second, how likely is it that a major offensive against recession will touch off a new upsurge of inflation?

By and large, the portents are highly encouraging. All three forces that fastened this monstrous inflation on us in 1973–74 are abating in 1975:

Excess demand has long since disappeared and will be years in reappearing.

External-shock or commodity price pressures are easing rapidly.

Cost-push pressures are weakening under the hammer blows of massive unemployment, declining interest rates, and business belt-tightening.

First, before the Congress allows fears of renewed demand-pull inflation to stay its hand on large tax cuts, it should recall that the 1964 tax cut of $12 billion, which translates into a $26 billion tax cut in terms of 1975 GNP, was enacted at a time when the economy was running only 7% below its potential calculated at 4% unemployment. In 1975, the projected shortfall is 13%, calculating potential at 5% unemployment. Yet, in 1964–65, as recovery accelerated and unemployment dropped steadily, inflation crept up to less than a 2% annual rate by August of 1965, when war in Vietnam was escalated. Today, with inflation ebbing rapidly, with the economy still sinking, and with nearly twice as much slack in the economy as in 1964, it would be both fallacious and foolish to deny ourselves the tax cuts, budget relief, and monetary stimulus that can lift us out of the deepening morass in which we are mired.

It seems hard to believe that anyone could look at the distressing numbers that pinpoint the vast underutilization of the economy's human and material resources and still fear demand-pull inflation:

Let's start with the optimistic assumption that the gap is only 12% of GNP at the beginning of 1976.

Next, factor in a 4% annual growth in GNP potential (a conservative number in light of the new Morgan Guaranty Survey analysis that pegs the rate at 4.4%, consisting of a 2.0% annual growth in the effective labor force and a 2.4% annual increase in ouput per worker).

Next, assume that stimulative policy measures boost the actual growth of the economy to an 8% rate starting in 1976. It would be the end of 1978 before the GNP gap was closed and the economy returned to 5% unemployment. If we manage only a 7% average rate of expansion, it would take four years—that is, until 1980—to return to 5% unemployment.

Thinking small about fiscal-monetary policy in the face of such enormous economic slack would unnessarily condemn millions of workers to prolonged unemployment and boost the GNP loss incurred in the fight against inflation during the seventies to well over $1 trillion.

Turning, second, to the external-shock inflation arising in 1973–74 out of skyrocketing commodity prices and devaluation, one finds the skies rapidly clearing:

Most of the food and fuel price explosions have worked their way through the economy (subject only to new petroleum taxes), will have worked their way through the economy by mid-year.

Further erosion of the dollar on international exchanges may give inflation a small push, but it will certainly be minor compared to the $10 to $12 billion boost in prices of imports attributable to devaluation in the past two years or so.

Sensitive commodity prices have come down between 25% and 30% in the past three months.

Food prices are destined to drop in the second half of 1975 if crops are normal.

The Consumer Price Index has already eased from a record rise (at annual rates) of 14% last summer to about 7% in January.

All of this is not to suggest that commodity prices are about to fall below their pre-1973 levels. The world-wide commitment to full employment and a better life, the pressures of rising population and aspirations, and the dwindling of our low-cost resource inheritance will all put upward pressure on the prices of primary materials over the longer run. Thus, however strongly the ebbtide of prices is now running, we may find the ocean level gradually rising. But this calls for longer-term structural measures and a greater emphasis on advance planning rather than a curb on short-run expansionary monetary and fiscal measures.

But, third, won't the feared wage explosion upset the apple cart? Let me offer three quick and hopeful observations on this front:

In spite of such spectacular settlements as those in coal and oil, the rate of increase in average hourly compensation in the economy as a whole has not risen into the double-digit range.

With woefully weak labor markets inhibiting wage rate increases—especially for that part of the labor force that falls outside of the 25% or so that is strongly organized—a dropoff in the rate of increase to 7% or 8% by the third or fourth quarter of 1975 is a reasonable expectation.

These favorable developments led me and my associate, George Perry of Brookings, early in January to project a 5% or better inflation rate during the second half of 1975. Since then, we have had to yield our position at the end of the limb to economists of the First National City Bank, who assert that "it is not unrealistic to expect inflation to fall back into the 3%–4% range by the second half of this year."

DEFICIT FEARS

With the evidence mounting almost daily that the hot blasts of inflation are rapidly cooling off, the advocates of a go-slow and think-small posture on economic stimulus are turning to fears of the disruptive and distortive effects of huge budget deficits as the basis for their counsel of caution. The likely $70 to $75 billion deficit for fiscal 1976, it is said, will shoulder aside private borrowing, boost interest rates, and generate new fuel for inflation.

Since I have explicitly considered these points in a recent article ("Deficit: Where Is Thy Sting?", *The Wall Street Journal*, March 7, 1975), I respectfully submit that article for inclusion as an appendix to this statement.

Let me quote here just two excerpts that are particularly revelant to my testimony today:

For clear thinking, the Congress and the country should divide budget deficits into two parts:

Type A, the passive deficits generated by negative effects of recession and slack on the budget.

Type B, the active deficits generated by positive fiscal actions—tax cuts and budget boosts—to combat recession and take up economic slack.

The President's budget is referring to Type A deficits when it says, "If the economy were to be as fully employed in 1976 as it was in 1974, we would have $40 billion in additional tax receipts, assuming no change in tax rates, and $12.7 billion less in aid to the unemployed." This $53 billion is the mirror image of the deficit in output and jobs.

The quickest way to shrink and eventually end such Type A deficits is to incur Type B deficits via swift and bold tax cuts and budget hikes that will get the economy expanding again. Indeed, while such fiscal stimulus will temporarily enlarge the deficit—to perhaps $70 billion in fiscal 1976—it will also pay such large dividends in rapidly rising revenues that it will produce a smaller aggregate deficit for the '70s than would a more timid program. . . .

In short, the Congress can prudently proceed with a strong program to reverse the recession and revive the economy. No fears of unmanageable deficits or imminent inflation need stay its hand. This is not to say that financing the deficit will be simple nor that it will be accomplished without a pinch here and a bind there. But sources ranging from impeccable to unimpeachable seems to agree that, with a responsive Federal Reserve, the huge deficit can be managed at low interest rates, with little displacement of private investment, and without rekindling inflation.

BUDGET FEARS

Another misconception abroad in the land is that the President's fiscal 1976 Budget represents a quantum jump over 1975 and that any substantial add-ons would "bust the Budget." Without dwelling at any length on this charge, I want to underscore what the Committee already knows:

Far from being a quantum jump, Mr. Ford's budget would increase spending just 8½% if one adjusts it by taking out (a) the $7 billion of energy tax pay-backs that, given the demise of the misguided White House energy program, won't be needed and (b) the increase in unemployment insurance payments (which will rise another $4 billion in fiscal 1976 after having jumped $8 billion in fiscal 1975).

This 8½% increase just barely keeps up with the year-over-year increase in prices applicable to fiscal years 1975 and 1976.

Comparing the Ford proposals for fiscal 1976 with the estimated 1975 outlays (after taking out the energy pay-backs and the rise in unemployment payments), the increases come to 11.3% for defense, 9.3% for income security, 6% for health, 3% for revenue sharing, and zero for education, manpower, and social services.

As a proportion of GNP, federal outlays in 1975–76 are programmed at about the same percentage as they were in 1968 and 1953.

If the economy can be restored to reasonably full employment, the President's budget shows that federal receipts under current law would increase from $284 billion in 1975 to $517 billion in 1980 and that even with steep expenditure increases and some downward adjustment in taxes, there would be a potential surplus, or budget margin, of $25 billion in 1980.

Against this budget background, the sizeable increases demanded by the combination of humanitarian and anti-recession needs can safely be undertaken. Such actions as rejection of the 5% cap on the social security benefit payments, expansion of the emergency public service jobs program, and major anti-recession grants distributed to State and local governments in direct ratio to the incidence of unemployment can readily and responsively be undertaken by the Congress. Indeed, it would be economically and socially imprudent not to undertake them.

CONCLUSION

I have not undertaken to deal with the energy program in this already lengthy statement. Suffice it to say that the kind of compromise that seems to be shaping up—combining a gradualist approach that will not accelerate both recession and inflation (as the President's program would have), yet will be tough enough to cut back the use of oil, especially in the form of gasoline, has much to commend it. Assuming that a stair-step increase in the gasoline tax to, say, 30¢ a gallon is put into effect in the next few years, Congress should be sure (a) to buffer the impact on low income groups and (b) to match the income and outgo in such a way as not to retard recovery.

For the anti-recessionary program as such, three points arising out of the foregoing statement should be underscored in closing:

Speed pays: The sooner the tax cuts and budget reliefs are put on the books, the faster recovery will take hold and pay off not only in more jobs and higher GNP, but in rising revenues and falling deficits. If any convincing on this score is needed, one should recall that under the stimulus of the big 1964 tax cut, tax revenues exceeded their former levels by 1965 and resulted in a significant budget surplus just before Vietnam escalation struck.

Size pays: To reverse the recession, reduce unconscionably high unemployment, and narrow and eventually close the staggering gap between actual and potential GNP, the Congress and the White House not only have to act fast but think big. In an economy with a $1.6 trillion potential, and with inflation waning, this is no time for members of Congress, or the Federal Reserve system, or the White House to be "men of little faith" in the U.S. economy.

Humaneness pays: In the debate on tax cuts and easier money, it is high time to stop the scare-mongering about the inflationary tinder we might create and start focussing on the human tinder we have already thrown into the streets. With inflation ebbing rapidly, the danger of a renewed price upsurge lies years away. But with unemployment mounting by leaps and bounds, the danger of renewed human despair and social unrest lies dead ahead.

Deficit: Where Is Thy Sting?

(By Walter W. Heller)

As the Senate tackles tax cuts to fight recession and the Congress considers budget relief to succor the victims of inflation and unemployment, the legislators are being bombarded with dire warnings that the resulting deficits will crowd out private borrowing, push up interest rates and rekindle inflation. Lest they be unduly inhibited or even intimidated by this barrage of scare-talk about unmanageable and inflationary deficits, let them bear in mind four central facts.

First, the very forces of rampant recession that make tax and budgetary stimulus so imperative are the forces that open up a yawning financial gap for the deficit to fill. The deeper the plunge of the economy, the greater the shrinkage of private outlets for savings in the form of corporate borrowing, mortgages and consumer installment debts. In an economy running $175 billion below its potential, the deficit will help fill the void, not elbow out private borrowing.

Second, for clear thinking, the Congress and the country should divide budget deficits into two parts:

Type A, the passive deficits generated by the negative effects of recession and slack on the budget.

Type B, the active deficits generated by positive fiscal actions—tax cuts and budget boosts—to combat recession and take up economic slack.

The President's budget is referring to Type A deficits when it says, "If the economy were to be as fully employed in 1976 as it was in 1974, we would have $40 billion in additional tax receipts, assuming no change in tax rates, and $12.7 billion less in aid to the unemployed." This $53 billion is the mirror image of the deficit in output and jobs.

The quickest way to shrink and eventually end such Type A deficits is to incur Type B deficits via swift and bold tax cuts and budget hikes that will get the economy expanding again. Indeed, while such fiscal stimulus will temporarily enlarge the deficit—to perhaps $70 billion in fiscal 1976—it will also pay such large dividends in rapidly rising revenues that it will produce a smaller aggregate deficit for the '70s than would a more timid program.

Third, Congress can and should look to the Federal Reserve to accommodate the large deficit just as it has in past economic slumps. The White House clearly does so, as this passage from the President's Economic Report makes clear:

"One way of preventing significant displacement of private investment in a substantially underemployed economy would be to increase the rate of money supply growth to reduce federal financing pressures. Under such conditions, an increase in monetary growth need not be inflationary in the short run, especially if there is a large unsatisfied demand for liquidity."

In other words, in an economy that has fallen so far from the grace of full employment, the Fed can safely generate the bank reserves and expanding money supply required to ward off rising interest rates and crowding out of private borrowers. And having provided liquidity for today's dehydrated economy, it will have plenty of time to sop up any excess funds before the economy again nears the inflationary danger zone of full employment.

A REMOTE THREAT

Fourth, just as the swift slide into deep recession makes the return to high-pressure prosperity a distant prospect, so the rapidly dwindling price pressures make a resurgence of inflation a remote threat. In the face of a $175 billion shortfall of aggregate demand, falling commodity prices and the massive unemployment that is defusing a feared wage explosion, the hot blasts of inflation are turning into a warm breeze. Early in the year, under the prodding of my colleague George Perry of Brookings, I ventured the far-out forecast that inflation would ebb to a 5% rate before the end of 1975. But now our position at the end of the limb has been preempted by the economists of the First National City Bank who assert that "it is not unrealistic to expect inflation to fall back into the 3% to 4% range by the second half of this year."

Since the burden of proof that the fiscal problem is manageable has strongly been shifted by the creators of the problem to their critics, let me elaborate on each of the foregoing points.

On the first, namely that the recession is drying up credit demands in the private sector and thus freeing funds to finance the Treasury deficit, one quickly finds supporting evidence in both the global and sectoral flow-of-funds figures. For example, the most recent Salomon Brothers' analysis shows total net demand for credit shrinking from $185 billion in 1973 to $163 billion in 1975, even with a jump of $31 billion in federal (including agency) borrowing. Total business and household credit demands are estimated to shrink from $150 billion in 1973 to $95 billion in 1975. Bearing in mind that a fully functioning economy in 1975 could have produced a $200 billion supply of credit, one may conclude that a federal deficit considerably larger than $50 billion could be accommodated without unbearable strains in 1975.

The Morgan Guaranty Survey for February, after carefully matching shrunken private credit demand and expanded Treasury needs (even if these run to $60 billion in calendar 1975) concludes that "the interplay of steep declines in economic activity and easing monetary policy affords latitude for an orderly matching of the supply and demand for credit during 1975. As this process unfolds, the near-hysterical whoops in some quarters of an impending financial crunch should subside." Amen!

Turning, second, to the salubrious effect of economic expansion on the federal deficit, one should bear in mind the following numbers:

Under present tax rates and transfer programs, the federal revenues at full employment would run about $20 billion to $25 billion ahead of expenditures in 1975.

For every $10 billion narrowing of the $175 billion GNP gap, federal revenues rise by about $3 billion and transfer payments shrink by about $1 billion—a handsome return on the investment in expansionary fiscal policy.

The $12 billion tax cut in 1964 (which translates into a $25 billion tax cut today) more than paid for itself by 1965, and, indeed, had produced enough economic expansion to generate a surplus in the federal budget by mid-1965 prior to the Vietnam escalation.

On the third point relating not just to the Federal Reserve's unquestioned ability but to its willingness to accommodate a vigorous attack on recession, one can truly say that the Fed has hardly begun to fight. True, the plummeting demand for credit has pulled short-term rates down dramatically. But its efforts to inject funds into the economy and help stem the tide of recession have been too feeble to register on the M-1 seismograph in recent months. The most optimistic reading of this failure is to assume that the Fed will practice "percentage averaging" and allow itself at least a spell of the 8% to 10% growth rate in money supply that ought to be standard procedure in an economy cursed by the deepest and longest recession since the Great Depression and blessed by waning inflation.

Just a word to those who feel that all our policy instruments are tilted in an inflationary direction: Rest assured that the Federal Reserve, with its chronic allergy to inflation reinforced by searing memories of its untimely expansiveness in 1968, and 1972, will be a trigger-happy guardian at the gates of inflationary hell as economic recovery takes hold.

One is reminded of Justice Holmes' dictum that "the power to tax is the power to destroy" and Justice Brandeis' rejoinder, "Yes, but not while this court sits." As the Federal Reserve gingerly shifts from the brake to the accelerator, apprehensive of the inflationary legacy it might leave, it would do well to bear in mind that "the power to expand the money supply may be the power to destroy price stability—but not (necessarily) while the Federal Reserve Board sits."

AN HISTORICAL NOTE

On the fourth point, the evidence that the inflationary tide is going out is mounting month by month. As an historical note, one should mention that the Ford energy program would have reversed that tide by tacking three percentage points onto the inflation rate. But the Congress will not let that happen.

In a rather curious switch, White House spokesmen are more pessimistic on inflation forecasts than most private forecasters. Yet with sensitive commodity prices off nearly 30% in the past three months, with food prices destined to drop if crops are normal, with woefully weak labor markets holding average earnings increases below double-digit levels, and with the Consumer Price Index already easing from a record rise (at annual rates) of 14% last summer to about 7% in January, it is hard to see what will keep inflation from dropping to 5% or below in the second half of 1975.

As an added starter, let me bring in a fifth point in the form of a question: Wherein lies monetary prudence and fiscal responsibility? Was it prudent and responsible (a) to press monetary tightness and fiscal toughness to the point of plunging the economy into a near-depression, and (b) brush aside those of us who sounded recessionary alarms with soothing reassurances that the economic slide was a mere "energy spasm" or "phantom recession," or "sideways waffling"?

The same disciples of "prudence" and "responsibility" who overstayed tightness and overdid toughness are now counselling caution and urging the Congress to think small on tax and budget policy lest it plunge us into financial perdition and inflationary ruin. But the country would pay a heavy price in prolonged stagnation and stubborn deficits if Congress made the mistake of identifying prudence with timidity and fiscal discipline with niggardly tax cuts and budget parsimony.

In short, the Congress can prudently proceed with a strong program to reverse the recession and revive the economy. No fears of unmanageable deficits or imminent inflation need stay its hand. This is not to say that financing the deficit will be simple nor that it will be accomplished without a pinch here and a bind there. But sources ranging from impeccable to unimpeachable seem to agree that, with a responsive Federal Reserve, the huge deficit can be managed at low interest rates, with little displacement of private investment and without rekindling inflation.

CONTINUED CHALLENGES FOR RURAL ELECTRICS

Mr. HARTKE. Mr. President, rural electric systems provide an inestimable service to this Nation. Over 25 million Americans in 2,600 counties throughout the United States depend on the 1,000 rural electric cooperatives for their energy needs.

The 33d annual meeting of the National Rural Electric Cooperative Association, NRECA, in New Orleans in January gave special attention to the Nation's economic situation, the related energy crisis and resulting squeeze on consumers. The NRECA resolved at this meeting that a national policy on energy and fuels be established. As Robert D. Partridge, NRECA executive vice president and general manager stated:

> I'm afraid that the ailment requires major surgery when all that has been prescribed is an aspirin.

The address of Charles E. Wyckoff, president of NRECA, contained a number of thoughtful statements on the challenges facing rural electric cooperatives in the future.

Mr. President, I ask unanimous consent that excerpts from Mr. Wyckoff's address be printed in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

Continued Challenges for Rural Electrics

In February of 1973 in Dallas, Tex., when the Board of Directors, acting for you, elected me your president, I honestly wondered what the future would be in rural America. You will recall that those were dismal days when our program as we knew it had been terminated by a United States President. Our future most assuredly was uncertain. I said then that I would not preside over a dying organization and recognized those tumultuous times as a challenge for us all. Then we all went to work together.

That great victory you accomplished through your participation in your rural electric cooperative at home, in your states and in Washington is now history. Because of your interest and the leadership transmitted through the staff of your National Rural Electric Cooperative Association to the Congress, a new and better Rural Electrification Act came into being on May 11, 1973.

Since then we were caught up in the energy crisis, which was forecast years previously by our national association. Various environment laws and regulations threatened not only our very existence but the life of all electric utilities in our nation.

Everywhere we have turned in the past two years there have been threats and problems to our 1,000 rural electric cooperatives in America, and you and your neighbors at home have accepted the challenges and solved many of the problems.

At the same time you have been creative and built great improvement on top of an already successful program for rural America, which is exemplified in your great national association, the National Rural Electric Cooperative Association. Our program is an absolutely unselfish one. What you do for yourselves in every respect benefits the public interest, because our business is owned by the people it serves.

I express my admiration and appreciation to you all for the opportunity to see you survive and grow stronger because of the tests you have had to pass over these two crucial years, perhaps the most crucial in our history.

Because our rural electric systems serve more than 25-million persons over most of the geographical area of the United States, it is obvious that American agriculture, and rural electric cooperatives particularly, have a big stake in the nation's energy supply. After all, we serve in 2,600 counties of the 3,072 in the United States. With that much responsibility and that vast reservoir of high spirit among the people who own the systems, there is a special obligation and accountability to America from our legislators who pass laws regarding this vital part of our nation's economy.

If there were no other element by which to judge your national association, I believe it has proven itself strong and absolutely vital to you over this unusual and threatening two-year segment in your history.

I believe that this track record in your national association speaks for itself. Please join me in a round of applause in gratitude to the NRECA staff through its courageous general manager, Robert D. Partridge.

Besides overwhelming many of our antagonists who, it would appear, attempted to damage or even kill the people's program in electricity, rural electric leaders put into operation the nation's foremost financial institution supplementing funds from the Rural Electrification Administration. Of course, I refer to the CFC. For the most part, the members of CFC are members of NRECA and the leaders of the two organizations are like-minded persons. Consequently, in the words of our written statement of joint policy and procedures: "The interests and activities of both organizations complement and support each other. Each must operate within its respective areas of responsibility in such a way as to assure that its membership recognizes and understands the role of each organization in providing service. . ."

Being a farmer and being part of the cooperative movement most of my life, I hold a special admiration for these two important cooperative organizations, the NRECA and CFC. I believe they illustrate a practice observed by most successful dues-operated organizations that give birth to business or financial institutions designed to serve the members of the parent cooperatives. In our own families, our offspring may develop different life styles but we retain common interests, loyalties, and often a sense of direction and purpose especially in times of adversity when the family or a member of the family feels threatened from outside. This is the way it is with NRECA and CFC.

I highlight CFC because I serve on the board of that organization as well as the board of NRECA, and observe both at close range. CFC after all is probably the largest and fastest growing giant that the NRECA membership has developed in its history.

Other national organizations in the family that are important and offer an input into the mighty program of power by your national association include the Rural Electric Statewide Managers' Association, the Generation and Transmission Managers' Association, and the National Member Services Association. I like to include many regional organizations such as the Northeast Public Power Association, Electric Power in Carolina, the regional computer centers, the Tennessee Valley Public Power Association, Federated Rural Electric Insurance Corporation, Midwest Electric Consumers Association, Ruralite Services, Northwest Public Power Association and others I hope you'll forgive me if I forget. Each of these important groups must make an input into your national association.

I look at it this way. Picture your great national association NRECA as a giant feedmill producing a valuable end product. Picture each of the important organizations I mentioned as satellite granaries, each channeling its contents into the feedmill where your NRECA blends the various components into a single mix. Believe me, when this blend is augered to our consumers, our government and all the other segments of our society which affect us, we offer a high-powered mix that will insure continued growth with a rate of gain unbelievable to us this day. This is your challenge for the future. You must keep this mixture of high quality by keeping your various organizations strong so that when NRECA produces the final product it will be proper, effective and economical.

When you selected me to be your president, you subjected yourselves to my challenges from time to time. I am proud to say for the most part you accepted those challenges and improved your organization thereby. For example, you acted on the challenge to improve your management training program in NRECA. This has been done to a great extent in that through dues income you have set up programs to train new managers and directors. You also have set up a management search and selection procedure and have gone a long way toward improving the salaries not only of your management teams but other employees as well. We challenged you regarding improving the retirement programs of employees. We have improved both the long-term and the short-term accident and sickness programs and made the savings plan more flexible for payments, as well as giving every cooperative ample opportunity to upgrade its retirement and security package. Today, I am happy to tell you, there is no reason why our fine dedicated employees should not retire with adequate incomes because the means are available for each cooperative to select better financial programs for retirement.

Finally, among the challenges, we asked all of you to take a special look at the financial needs of the program and consider new methods of financing. We recommended that we tend to drop any priority on equity for borrowing and turn to cash flow as the primary criterion. Obviously there has been great progress in this area.

I look upon your answer to these challenges we offered as a good harvest and I'm proud of you for your efforts in these areas. Improve them even more.

Threaded all the way through our fabric must be the thread of consumer information and responsibility. Since we are consumer-type organizations, we have a built-in compassion for the consumer, but I urge you to improve your programs of responsibility to the consumer. Many cooperatives, regarding this effort, are inviting groups of their consumers in to keep them informed about built-in costs and other factors relating to the increasing price of power and other problems affecting them as a result of our economy's adverse effects. I admire them for doing this and urge you to do likewise so that you can build more credibility for your boards, members and practices.

Our safety program has improved tremendously and we urge each of you to take full advantage of this important program on behalf of your members.

Legislatively you must remain totally strong, for new challenges I see on the horizon will damage us all if we are not constantly at the ready. I urge you to continue every effort to keep your congressmen informed and to work diligently with all of your elected officers, no matter what the level.

All of us need to give the Board and staff the benefit of our thinking about NRECA as an instrument to meet our objectives—how to keep it adapted and geared to changing conditions.

Last summer, the Board decided to hire a management consulting firm to take a close look and make recommendations for improving NRECA. At our Board meeting last week, we considered and acted on the advice we received. The changes involve both Board and staff, but they are not earthshaking.

In brief, we are going to give the general manager's office more direct control over the budget, fiscal controls and other internal management factors. There will be a deputy general manager.

We also are streamlining the functional units, primarily by having each of three groupings dividing one large and rather complex department into three simplified departments. The Legislation and Communications Department will be replaced by the Government Relations, Power Supply, and Public and Association Affairs Departments, each reporting to the general manager.

Our Board committees that exercise oversight functions over the various parts of the staff are being recast in conformance with the staff changes.

Our only purpose in making these changes is to adapt and strengthen NRECA.

Finally, as I leave this high assignment of honor you have given me, I want you to know that there is still much to be done. For example,

1. I see no end to the rising price of power.

2. I see in our future continued shortages and challenges in the acquisition of fuels for generating electricity.

3. I see accelerated uses of power because of natural growth plus the waning availability of other sources of energy.

4. I see a continuing feeling of revolt among customers (note I use the word customers and not consumers) because of rising prices and other problems. You have the edge as cooperatives because you are consumer-owned and your consumers can participate if you will let them.

5. I see damaging legislation on the horizon relating to our finance programs and I note many states will be experiencing local legislation affecting cut-off policies and many other practices which consumers feel hurt them.

6. I see more use of minorities in co-op power systems.

I can see many other challenges facing you in the future, and therefore your job has only begun. It will never end. It will only become more complicated and more responsible, and you'll be accountable to more people, but it'll all be worth it because you are in service for your neighbor and your friends along the line. In order for you to continue to prosper you must become sharper, more skillful and more efficient, and you can only do that together, through your own cooperative and its cooperation with others, through your statewide associations and their cooperation with your national association, and the continued cooperation of other great national organizations getting in on the high quality blend produced by your National Rural Electric Cooperative Association.

I commend you for your success and challenge you for a continued successful future. I thank you for myself and my family, and will always love and cherish you all for granting me the privilege of working as your president in the service of you all. I will continue on the Board of Directors as enthusiastic about our program as I have been as your president.

Thank you, good luck, and goodbye.

THE FUTURE OF THE NATION'S RAILROADS

Mr. BAYH. Mr. President, the recent publication of the U.S. Railroad Association's preliminary system plan makes it imperative that we reach a national consensus regarding the future of America's railroads.

Last Friday, the Senate's consideration of the tax cut measure prevented me from appearing at the Rail Services Planning Office field hearings in Indianapolis. Byron Klute, of my Indiana staff, delivered the statement I prepared for that occasion. This testimony pertains not only to the light density lines in Indiana affected by the USRA preliminary plan, but to the future of our Nation's entire transportation network. I believe my colleagues will find these remarks to be of interest and ask unanimous consent to have printed in the Record a copy of this testimony.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

For more than four days now, concerned Hoosiers have been describing the impact which specific recommendations in the U.S. Railway Association preliminary system plan will have on specific shippers and communities in Indiana.

As these hearings draw to a close, I would like to put on my hat as the chairman of the U.S. Senate Transportation Appropriations Subcommittee, step back for a moment and place these concerns in perspective.

This hearing is being held because the rail industry no longer plays its proper role in the American transportation system. There are many reasons why this is so. Some have been sufficiently analyzed in the U.S.R.A. preliminary plan and elsewhere, but this plan is frightfully short in analysis beyond the immediate future. We are all pretty much acquainted with the past problems of some of the Nation's railroads. I believe the time has come to look ahead. The time has come to make a fundamental commitment to restoring our railroad system to its rightful role in the American transportation complex. The band-aid approach will not work much longer. We are going to have to decide what kind of railroad system we want from now on. And once this question has been fully answered, it will be much easier to answer the individual questions raised in the U.S.R.A. preliminary plan.

The preliminary plan raises many more questions than it answers. We must bear in mind that it was put together in something like eight months, but the job before us will take much longer. The plan represents the first effort to rationalize the amazingly complex fundamental decision facing us at this time.

I am certain the plan requires correction, but that does not detract from its value. It is not "the answer" to our bankrupt railroads' problems. It is a vital point of reference, an opening chapter, in what must become a comprehensive public determination of what our Nation's entire transportation network should look like ten years from now.

The specific line segment recommendations contained in the plan must be carefully analyzed. For example, how current is the data used? How accurate are the researchers' assumptions with regard to the number of round trips per year and estimated time per round trip? How logical are the necessarily arbitrary definitions of line segments in the report? For example, U.S.R.A. has divided the track from Adams to Ridgeville into line No. 428, from Adams to Decatur, and line No. 429, from Decatur to Ridgeville. The P.S.P. reports that line 428 operates at a profit, and it is recommended for inclusion in the ConRail system. Line 429 is listed as operating at a loss, and is not recommended for inclusion in ConRail. Yet the State analysis, considering the Adams to Ridgeville run as one segment, recommends its entire inclusion in ConRail because, and I quote, "This line operated at a substantial profit in 1973". Obviously there is a discrepancy that must be carefully investigated and resolved. Another discrepancy relates to line 633, from Richmond to Indianapolis. This is a profitable segment and an important one. I do not know why it was not recommended for inclusion and have already asked U.S.R.A. for an explanation.

These questions deal with matters that are easy to measure. Let us take things one step further and look at some of the assumptions underlying U.S.R.A.'s analysis of each line.

The rehabilitation cost associated with each line is based on bringing it up to class I status with an operating speed of ten miles per hour. Let us change that assumption. If a higher standard of maintenance is maintained, what happens to costs, on the one hand, and to utilization and revenue on the other? In fact, if a higher standard of maintenance and service had been maintained in recent years on any given line segment, how would that have affected the utilization figures upon which U.S.R.A. has based its recommendations?

Here is another underlying assumption worth scrutinizing: The Regional Rail Reorganization Act of 1973 provides that lines not recommended for inclusion in conrail can be kept in operation if the State government pays, or someone else pays, 30 perment of operating costs.

On the positive side it can be said, for one thing, that this plan requires State and local government and individual shippers to make hard choices. But given today's economic situation, I think we must take a second look at the wisdom of the 30/70 subsidy.

For example, line No. 630 from Kenneth to Effner provides the only east-west service through Monticello. This community's economic base was badly damaged in the April 3, 1973 tornado, and, in fact, line 630 was knocked out of operation for several days by the tornado. It is important to know the extent to which the tornado-related economic damage will be compounded by abandonment of line 630. Should Monticello have to make a "hard choice" decision about this rail line at this time?

At least one shipper on line 630 advises me that past utilization figures would be much greater if the service had been reliable. And this relates back to a fundamental point: Once it has been determined that the line-by-line statistics in the U.S.R.A. preliminary plan are accurate, we must stop and ask what it is we are measuring.

It has become clear that we are measuring the utilization of a service that in many cases failed to realize the potential advantages of rail transportation. That is why I think we must carefully examine the 30/70 subsidy. In round numbers, I am told $40 million is what it will take for all the lines not recommended for inclusion in ConRail to be operated at the ten mile per hour standard. The Civil Aeronautics Board is subsidizing regional air service to the tune of some $65 million. I think a modification of the currently authorized 30/70 subsidy to a full subsidy, or perhaps a 10/90 subsidy for the next two years is probably in order. This will give us time to answer the broad range of questions remaining before us, and it will give us time to see how utilization patterns change as ConRail takes over operation of the system.

Looking at the broader picture, I want to briefly mention a concept that appears to be gaining considerable support in Washington. Its nickname is "CONFAC". "CONFAC" refers to a program under which the Government would purchase roadbeds and other rail facilities. The facilities purchased could be those of the bankrupts only, or of all railroads, or any combination in between. The Government would maintain the rail facilities and make them available to ConRail and other rail operators for a user fee.

The appeal of this approach is simple: Truckers use taxpayer-financed highways. Airlines use taxpayer-financed airports. Barge lines use taxpayer-financed waterways. But the railroads have always had to foot the bill for their own right-of-way. It may well be time to give the railroads a fair shake in this regard. But if we do, I think there is another side of the coin. Government owned highways can be used by just about anyone. The same is true with airports, within the limits of safety, and waterways. If CONFAC does come to pass, I would want to see the Government-owned rail facilities made available to a wide variety of users. It seems to me that relative ease of entry into the rail industry might well lead to the kind of innovation so desperately needed.

Finally, with respect to innovation in the industry, Mr. James Rumell of Elkhart, has called my attention to intermodal truck-rail freight transportation systems. I believe the intermodal concept and specific intermodal plans such as Mr. Rumell's deserve careful consideration as a time, fuel, and cost saving innovation.

As I said earlier, the U.S.R.A. preliminary system plan raises more questions that it answers. So does his testimony. I would not want to complete my appearance here this morning without issuing this important reassurance: Indiana has two U.S. Senators. Vance Hartke is chairman of the Senate Surface Transportation Subcommittee, which writes the laws affecting railroads. I am chairman of the Senate Transportation Appropriations Subcommittee which writes the check to cover the costs of those laws. Neither Senator Hartke nor I will permit the people of Indiana to suffer in the face of the rail reorganization. Neither of us will permit the people of America to suffer as a consequence of this sorely needed reorganization.

The way Senator Hartke and I, in conjunction with our colleagues in the Congress and the U.S.R.A. and the Rail Services Planning Office and every other concerned party, can eliminate the possibility of such dire consequences, is to look at the long run. I want to repeat: As a Nation, we must make a fundamental commitment that our railroads will be restored to their rightful role in our transportation network. Once that goal has been established and defined, mapping the route to its realization will be simple. But if we keep on oiling the squeaking hinges, we'll spend just as much money and wind up where we started.

In 1956, this Nation decided that we would build an interstate highway system that would revolutionize transportation and living patterns in America. The mechanism designed to accomplish this objective was the highway trust fund. I submit we are doing an excellent job of achieving this goal. I know we can do the same with our railroads if we put our collective minds and energies to this vital task.

PAKISTAN CELEBRATES NATIONAL DAY

Mr. HARTKE. Mr. President, on March 23, Pakistan celebrated their National Day.

Pakistan has begun to recover from a series of natural disasters that virtually left its economy in shambles. In 1973, there was a flood that claimed thousands of lives, endless livestock losses, and untold damage to the land. In 1974, an earthquake practically destroyed most of the country's infrastructure.

But drought, floods, earthquakes, and war have not deterred Pakistan's determination to become a stable factor in the Asian Subcontinent. Land reform, the distribution of resumed land to the landless tenants has begun in earnest. Accordingly, incentives in the form of price supports, input subsidies, credit and marketing facilities are being provided to the small farmers through the establishment of rural cooperatives.

However, because of the natural disasters, the next few years will be lean years with expected shortages in many areas.

In February of this year the Prime Minister of Pakistan, Zulfikar Ali Bhutto, visited the United States where he has a host of friends and well-wishers. The Prime Minister is a product of American education, having been a student at the Berkeley campus of the University of California. He has been an architect in preparing the country to the return of civilian rule, the election of a constitution, and guiding hand in the recovery of the economy.

When I was in the Islamic Republic of Pakistan in January of 1974, I was impressed with the industriousness of the people in every segment of daily life. Everywhere I went I saw a nation building for tomorrow.

Mr. President, I wish to extend to Prime Minister Bhutto, the government, and the people of Pakistan, my best wishes and hopes for their continued success.

CHILD AND FAMILY SERVICES HEARINGS RESUME

Mr. STAFFORD. Mr. President, on March 13 and 14, 1975, the Senate Subcommittee on Children and Youth, the House Select Subcommittee on Education, and the Senate Subcommittee on Employment, Poverty, and Migratory Labor held two more joint hearings on the Child and Family Services Acts of 1975, S. 626 and H.R. 2966. We were fortunate to have a highly impressive and respected group of witnesses at these hearings.

On March 13, 1975, we heard from Hon. Lawrence Coughlin, Representative from Pennsylvania; a panel of religious organizations consisting of Rev. Msgr. Tom Reese, director of Catholic Social Services in Wilmington, Del., speaking on behalf of the National Conference of Catholic Charities; Dr. John W. Baker, associate director for the Baptist Joint Committee on Public Affairs; Ruth Gilbert, secretary for Community Action, Secretariat of Christian Social Relations, Women's Division of the Board of Global Ministeries of the United Methodist Church; and William C. Tremitiere, manager of childrens' programs for Tressler-Lutheran Service Associates. We also heard from two other panels made up of Ms. Dana Friedman, information specialist of the Day Care and Child Development Council of America, Inc., speaking on behalf of Theodore Taylor, executive director of that organization; Ms. Marilyn Marcosson, executive director of the American Parents Committee, Inc.; Mrs. Mary Allen Jolley, director of public affairs for the American Home Economics Associations; Mrs. Lillie E. Herndon, president of the National Parent-Teachers Association; and Dr. Janet Heddesheimer with the Government Relations Committee for the American Personnel and Guidance Association.

On March 14, 1975, we heard the following witnesses testify: The Honorable Patricia Schroeder, Congresswoman of Colorado; Wayne J. Smith, executive director of the National Association for Child Development and Education accompanied by representatives of member organizations; a national panel on family day care consisting of Dr. Maria Piers, dean of Loyola University in the Erikson Institute; Ms. June Solnit Sale, Codirector of the Day Care Consultation and Media project of Pacific Oaks College; Ms. Patricia Maltz, president of the Minnesota Licensed Family Child Care Association with a final panel from New York on family day care made up of Mrs. Jean Emerson, member of the New York State Day Care Advisory Committee; Mrs. Patricia Cox, president of the Licensed Family Day Care Association of New York State and Ms. June Rogers of the Family Day Care Association of New York.

Their testimony provided an eloquent and compelling case for the need of this kind of legislation.

Because of the large number of requests our subcommittees have already received four copies of the witnesses' statements, I ask unanimous consent that each statement be printed in the Record.

I urge my colleagues and members of the public to review carefully the testimony we received.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Statement of U.S. Representative Lawrence Coughlin on Day Care Programs

I appreciate this opportunity to testify before this panel on the vitally important subject of day care. There is a tremendous need for quality day care services in the United States which is not being satisfied by existing programs. The Federal Government, looked to as the major source of funding, will most likely not be able to provide enough money to meet the demand for day care, and it is therefore realistic to ask if there are ways to reduce the cost of federally-funded day care programs—without sacrificing quality—in order to allow federal funds to serve a growing number of children.

In order to answer this question, I undertook last year a five-month study of the structure and budgets of federally-funded and nonfederally-funded day care programs in my district which is in Montgomery County, Pennsylvania. This study is rather extensive and I shall submit it in its entirety for consideration and ask that it will be included as part of this hearing record as an addendum to my remarks. At this time, I would like to take a few minutes to review the major findings and recommendations contained in the study which I believe are extremely relevant to your consideration of the Federal Government's responsibility in the day care field.

The most striking finding of my study was that a privately-funded day care program can provide services at half the cost of a program which is federally-financed. For 1974 the yearly cost-per-child at the privately-funded Grace Mennonite Church Child Day Care Center in Lansdale, Pennsylvania, is $1,435. The yearly cost-per-child for 1974 at the federally-funded Crestmont Day Care Center in Willow Grove, Pennsylvania, is $2,860.

How are privately-funded programs able to effect such substantial cost savings? My study concluded that the disparity can be attributed to three primary factors. First, accounting for 43 percent of the cost savings is the fact that the private program studied is church-related and church members are willing to assume important personnel responsibilities such as making up the payroll, budget planning, and staff hiring. The church also provides a rent-free facility and absorbs certain necessary program expenses such as insurance.

Secondly, 25 percent of the cost savings is due to the fact that private programs are not subject to Federal and certain State regulation. In particular, child-audit staffing ratio requirements do not apply to private programs and they can therefore operate with smaller staffs.

Third, 19 percent of the cost savings can be traced to the fact that the private program serves a basically middle income clientele requiring fewer services than the federally-funded day care center which serves families of lower income. The remaining cost savings are the result of factors too miscellaneous to categorize.

On the basis of this two-center comparison, I would make the following recommendations with respect to future Federal support for day care. First, federally-funded day care programs should be encouraged to obtain greater support and assistance through cooperation with outside, nonprofit organizations. Secondly, costly transportation services are in some cases unnecessary and could be curtailed or discontinued at some centers with no decline in attendance or program quality. Third, training consultant costs could be lowered at all centers by replacing individual center training sessions with group conferences operated on an area-wide basis and by utilizing existing free workshops to a much greater extent. Fourth, since I found that the yearly cost per-child declines approximately $126 when a center serving 25 children is expanded to 50 children, total program costs could be reduced if centers were to be consolidated to serve a large enrollment.

These proposals would require no costly or time-consuming revision of current practices or organization. They are simple economies which could be achieved with little delay and I strongly urge the Congress to adopt them as specific policy objectives to be followed by local day care administrators who receive Federal funds.

In addition to these measures which could be implemented administratively, I believe Congress should set a Federal day care center rent ceiling to prevent landlords from charging excessive rents for their facilities. One federally-funded center I looked at paid a whopping $1,000 a month in rent. A substantial savings could be achieved if this practice were to be controlled by law with provision for special exemptions where a higher fee is determined to be reasonable and no alternative exist.

Lastly, I recommend strongly that Federal as well as State regulations governing day care services be re-evaluated by the appropriate agencies and legislative bodies to determine if standards are presently too strict and if they should be relaxed in some respects. This review seems all the more imperative in light of the fact that fully 80 percent of the cost of the federally-funded Crestmont day care program I examined is mandated by either Federal or State regulations.

Taken together the estimated total savings resulting from these recommendations amounts to $22,960. This figure represents two percent of the $1 million day care budget for Montgomery County in fiscal year 1974 and would be enough to provide day care to seven more children in the county for a year. Projected nationwide, implementation of these cost-saving measures could save more than $10 million annually—a substantial sum of money—which could be used to finance an additional 3,500 day care slots each year.

The need for adequate day care programs is clear—for the child, for his family, and for the community in which they live. Congress must work to ensure the best possible day care services for the maximum number of children who need them within the resources available to us. I believe the recommendations I have outlined today can contribute significantly to meeting this objective and I hope your subcommittees will give them serious consideration during your deliberations on new day care and child development legislation.

Thank you. I would be glad to answer any questions you might have.

Statement of Msgr. Thomas J. Reese, ACSW, on Child and Family Services Act of 1975

Mr. Chairman and Members of the Subcommittees: I am Monsignor Thomas J. Reese, Secretary of the Department of Social Concerns and Executive Director of Catholic Social Services of the Diocese of Wilmington. I have had twenty years of experience in administering social service programs to families and children.

Today, I am representing the National Conference of Catholic Charities, which serves some 1,500 member agencies and institutions throughout the United States. The Catholic Charities network with a combined local community budget of nearly three quarters of a billion dollars a year serves millions of families in the United States. It represents the largest non-governmental program in the field of social services. Since its founding in 1910, it has been committed to providing services and supporting public social policy which would strengthen the fabric of family life in our country. We are convinced that the general welfare of the nation depends on the welfare and strength of its families.

We are pleased that these distinguished Congressional Subcommittees have called these hearings to explore the impact of governmental policy and program on families and children and welcome this opportunity to testify in support of S626 and HR2968. Although substantially the same, there are some differences in the Bills. In general, we favor the Senate version.

Specifically, while we recognize the importance of training of personnel for child care, we think this can be done on an ongoing basis and that a year, such as suggested in the House Bill, is not necessary to be devoted to training before moving strongly into program. Furthermore, there are already trained people who could be utilized immediately to begin programs.

We think the legislation should be clearer as to the inclusion of profit-making services. In our opinion, they should not be included because there is ample evidence that they frequently cut corners and provide poor quality service.

The kinds of prime sponsors for the services is important and should be sufficiently flexible so as not to exclude some of the more logical providers such as school systems, both public and parochial.

Good day care standards are important, otherwise the programs could end up simply warehousing children and not providing them with the services needed for the proper development. We think it is important that the standards be consistent with those adopted in 1968. We are concerned that legislation incorporated into Title XX of the Social Security Amendments permits relaxed standards that could be detrimental to children.

As to fee schedule, the Senate Bill seems more generous and realistic since it provides some ongoing support as family income rises above the poverty line and attempts to avoid the notching effect that would prove a deterrent to some families from increasing their income. We urge the inclusion in the Bill of a definition such as that incorporated in Title XX providing eligibility for day care services to families below 80% of the median income in their state with graduated fee scales as the income increases.

Recognition of the necessity for parental involvement is admirable. The major emphasis on parental involvement is serving on policy and planning committees with some opportunity for parent education and consultation. This seems hardly adequate. Unless the parent progresses as the child does, much of the improvement in the child will be eroded by parental inadequacy. We suggest that consideration be given to strengthening the social service component so the parents could receive more service and support. At very least, an information and referral service should be available to them to assure that any community resources that they need are at their disposal. Consideration might be given to the development of contracts for professional service where family and marriage counseling is indicated. Direct involvement of parents in various aspects of program operation will probably be more valuable than formal parent education programs since it will afford them an opportunity to learn by doing and there is more likelihood that they will carry over their new learning into the context of their family living.

Despite the title of the bill, the focus is rather narrow viz, day care for children. Family emphasis is slight and consideration should be given to enhancing it.

Furthermore, major emphasis in the Bill is on care of preschool children. This is sorely needed; however, there is a serious problem for children of working mothers in the early school grades, children from 6 to 11. Often they are left without supervision or any kind of meaningful program. It would be helpful if the Bill gave more consideration to after-school programs that could provide necessary supervision for these children and help them to develop educationally and socially.

The need for quality day care programs, especially for working mothers, has been well documented. These Bills will make a substantial contribution towards meeting the need.

Admittedly, the services provided for in these Bills is expensive and we are in a period of recession when minimizing government expense is desirable. Nevertheless, we as a people must not lose sight of our priorities. Certainly the welfare of our children and the nation's families are top priority which can not be ignored in determining the use of the nation's tax dollar. Failure to enact this legislation can result in incredible social, personal and financial costs in the future. Its enactment will make a significant contribution to the quality of life in the United States.

Statement of John W. Baker, Associate Director, Baptist Joint Committee on Public Affairs

Chairman Brademas, Chairman Mondale and Members of the Subcommittees: The Baptist Joint Committee on Public Affairs is composed of representatives appointed by eight cooperating Baptist conventions and conferences in the United States with a combined membership of more than 23 million. They are: American Baptist Churches in the U.S.A.; Baptist General Conference; National Baptist Convention of America; National Baptist Convention, U.S.A., Inc.; North American Baptist General Conference; Progressive National Baptist Convention, Inc.; Seventh Day Baptist General Conference; and Southern Baptist Convention.

Historically Baptists have had profound concerns for religious liberty and for proper church-state relations. The responsibility of the Joint Committee has been to interpret these concerns to both government and the constituencies of our supporting member bodies. Because of the democratic organization of individual Baptist churches and their conventions or conferences, the Baptist Joint Committee on Public Affairs does not purport to speak for any one Baptist or for all of them. However, the Baptist Joint Committee is authorized to represent to government its own and official denominational positions.

Baptist conventions and conferences and the Baptist Joint Committee on Public Affairs generally have looked with favor on public policy which is constructively child and family oriented. They have tended to be supportive of those public programs which aid minority and needy children and families when the ends sought to be achieved by those programs are ethically, normally, and constitutionally sound.

We are also supportive of the concept that government has an affirmative role to play in finding solutions to pressing social problems. For example, no doubt some of the members of the House Subcommittee will recall the role which the Baptist Joint Committee played in the compromises which permitted programs of aid to children to be included in the Elementary and Secondary Education Act of 1965.

Many of the modern social services which are administered or funded in whole or in part by public agencies were once almost the exclusive responsibility of churches or other private associations. A few Baptists have only become accommodated to this shift but most of them accept an active governmental role as both necessary and desirable.

For these and other reasons we find that H.R. 2966, in its effort to secure adequate, constructive, convenient, and affordable child and family services, has many merits and, with some modifications, we could urge its passage. The serious reservations which we have center around traditional Baptist concerns for religious liberty and separation of church and state.

As the bill now stands, in our opinion adequate protection is not provided for individual or corporate religious liberty.

For example, according to Sec. 104(a) a state, locality, or combination of localities—all public entities—". . . may be designated by the Secretary as a prime sponsor for the purpose of entering into arrangements to carry out programs. . . ." but in 104(e)(2) the Secretary is authorized to fund directly certain private nonprofit agencies which could include churches and/or their educational subsidiaries. Sec. 104(f) seeks to protect against discrimination against minority group children and economically disadvantaged children but no part of Sec. 104 assures that religious discrimination will not be tolerated.

This is not to say that there are no safeguards in the bill. Sec. 503(a) has a broad statement forbidding the Secretary to fund a program if those with responsibility for its operation discriminate with respect to a program participant or applicant for participation in such program ". . . because of race, creed, color, national origin, sex, political affiliation or beliefs." Sec. 503(b) prohibits discrimination on the basis of sex for either participation in a program or employment in connection with a program. But Sec. 503 does not clearly forbid religious discrimination in the hiring of any employees in a program.

Sec. 503(e) prohibits the use of public funds ". . . in the construction, operation, or maintenance of so much of any facility as is for use for sectarian instruction or as a place for religious worship." The wording of this prohibition creates problems. May the Secretary fund that portion of an integrated construction project in which no sectarian instruction or religious worship takes place and permit private funding of the remaining integrated areas to be so used without supporting indirectly, and thus unconstitutionally, the entire religious undertaking? See, *PEARL* v. *Nyquist,* 413 U.S. 756 (1973).

Sec. 203 provides for program monitoring and enforcement, and Sec. 106(b)(17) and (18) provide for evaluation, licensing, inspection, fiscal control, and funding accounting procedures. We are in agreement that where public funds are expended public monitoring and enforcement must go. For the overwhelming majority of programs contemplated by H.R. 2966 this would cause no serious problem. However, if some of the programs are to be operated by churches or their institutions, additional problems arise. The United States Supreme Court in *Walz* v. *Tax Commissioner,* 397 U.S. 664(1969), held excessive entanglement of church and state to be unconstitutional. The requirements of Sec. 203 and Sec. 106 for regular and periodic monitoring of all programs, including those of religious organizations, may well fall within those strictures.

Even if the above objections are dealt with satisfactorily, the bill would present a possibility and even a probability that individual churches and other nonprofit organizations would be tempted to use available public funds to expand their programs of sectarian enlistment, evangelization, and proselytization. Baptist churches often write to the Joint Committee for counsel on the church-state problems of instituting Headstart or day care programs in their church buildings. We suggest to them that they examine their motives. Only if they are seeking to serve the community and its children without attempting any religious education, indoctrination, or evangelism are they probably within the scope of proper church-state relations. Understandably, many of the churches have decided not to undertake the programs. Unless adequate restrictions on religious teaching and indoctrination in child and family services programs are specifically written into this bill, the funds available to churches for these programs will serve as attractive snares for the churches, and those groups which litigate church-state issues will keep the courts' dockets crowded.

H.R. 2966 has much to commend it. There have clearly been alterations to the bill before this stage in its legislative history. It is hoped that the changes necessary to guarantee a proper church-state relationship can be added as a result of this hearing.

Testimony in Support of the Child and Family Service Bill (S. 626 and H.R. 2966)

My name is Ruth Gilbert, I have practiced social work 23 years and have been certified in the state of New York for the past 10 years. I represent the Women's Division of the Board of Global Ministries of the United Methodist Church with a membership of 1,000,000 women in 23,000 local churches throughout the United States, Virgin Islands and Puerto Rico. For over 100 years women in my organization have been concerned about the conditions of children and their families, both at home and abroad, and to this end have founded, financed and managed institutions for children and families. Children's homes, Schools, Community Centers and Hospitals are monuments to their concern throughout the world. In this country at the present time under the management of the National Division of the Board of Global Ministries, United Methodist Church, there are 75 Community Centers with 54 providing Day Care, 5 providing Family Day Care Services and 3 providing Foster Family Care and Group Home Services. It is indeed a privilege to testify on the behalf of the Child and Family Services Bill (S. 626 and H.R. 2966).

We live in an age when data collection and retrieval systems can inform us about the populace and enlighten us about the trends and can give us the needed information for social planning to enhance the well being of the population. If statistics mean anything in a modern society they certainly should point toward those places where stress will occur in our society or where it is occurring. According to the U.S. Department of Labor there were over 30,000,000 women in the labor force in 1968, single women only made up 6,000,000 of these. Women headed 5,300,000 of the 49,800,000 families in 1968; 51% of these women family heads were working and more than 3/5th of these women were the sole support of their families. At the same time over 18,000 pre-school children receive no care while their mothers are at work, thousands of others are involved in inadequate custodial care.

STATISTICS REGARDING WORKING MOTHERS[*]

During the past 2 decades employment has become increasingly prevalent among mothers of pre-school age children. By 1969, more than ½ the mothers of children aged 6–17 were in the labor force and 30% had children under 6. While individual care is arranged for children of most working mothers—observations made in my own practice, as well as neighborhood surveys conducted by Community Action Programs with which I have worked reveal that this care is make shift, at best, and in an alarming number of cases harmful to the child. I have personally witnessed instances where from 5 to 8 children were cared for in sub-standard apartments with no heat in Westchester County, New York by older women too crippled to go out of the home for employment. The source of heat in one instance being the oven and pots of water boiling on the stove.

Another instance in the state of Alabama gained attention of anti-poverty workers—A woman provided care for a dozen children all at the age of 3 and 4 years in a tool shed where they sat around a table all day with hands folded on the table or ELSE. Accidents, improper disciplinary measures and no intellectual stimulation at this sensitive age is the result of make-shift arrangements. In spite of the fact that in 1969 there were at least 4,000,000 working mothers with children under 6 years of age there were only 25,000 licensed or approved Day Care Centers and Family Day Care Homes with capacity to serve 675,000 children.

Ideally the family provides much needed warm acceptance and longlasting personal support to both the parents and the children. This is vastly important at this time when the family's major function lies in the emotional and psychological supports for the children, but family life in our country also shows signs of strain. Thirteen per cent of our children are being reared in one parent families. A large number of them are being reared in families where stepparents are present, largely because of earlier divorces and remarriages. One-fourth of our families live in or in near poverty with incomes less than $5,000 a year and about one-fifth of the nation's families move each year. 10,000,000 children—6,000,000 white and 4,000,000 minorities lived in families with incomes below the poverty level in 1969. Out of the total number of 23,000,000 children under six years of age 3,000,000 lived in families with incomes below the poverty level in 1969.

There are few services to aid our highly mobilized, isolated and fragmented families in times of crisis. Another factor which has been introduced into our society in 1975 in this International Women's Year which has not yet been reduced to a statistical measure is the rising expectations and hopes and aspirations of women in our society to, not only get an equal chance to develop themselves to their fullest potentials but also make a contribution to our society, to curing the ills of our society, to participating in government, to finding cure for disease, to make a contribution insofar as their talents will permit. For these women—middle class or poor the socialization and the acculturation of the children is still a prime responsibility.

In my opinion the Children and Family Services Act as outlined in S. 626 and in H.R. 2966 will provide the means for communities to institutionalize a great deal of the important support for children, for families and for women. For Child Development Centers can act as an extended family in a time where the nuclear family, (mother, father and children) and in many cases mother and children have become isolated from grandmothers, aunts, uncles, grandfathers, cousins and various and assorted relatives who act as moral reinforcement, child psychologists, baby sitters, child rearing specialists and offer emotional, physical and financial support systems.

Too much emphasis cannot be placed on the need for a family support system. Mothers who are at home need such a system as well as working mothers. One day or partial day centers—family life education—counselling and therapeutic settings are needed too. The logistics related to getting several children to Dentists, Pediatricians, fitting shoes, school conferences, fitting glasses, various lessons etc. (clinics for the poor) is many times a nightmare. Add to this some malfunction or maladjustment and you have a syndrome which I have termed the "overwhelmed mother".

It is these stay at home mothers of working class and middle class families who become alcoholics, suffer depression and become ineffective in the role they wish most to fulfill. Why is our organization concerned? Our Judeo-Christian heritage bids us affirm God's creative love as the basis on which all human relations should be based.

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[*] 65 United Methodist Agencies serving children are related to the Division of Health and Welfare.

We believe we have a responsibility to innovate, to sponsor and to evaluate new forms of service that will encourage development of the fullest potential in individuals.

As a church agency our policy making bodies have gone on record in support of improvements in children's services. The General Conference meeting in April, 1972, taking note of the changing function of the family, recorded as a part of the record of resolutions passed—

"The most vulnerable group in the world today are children. What they are today determines what tomorrow will be. The church is called to minister in behalf of all children, we must nurture and protect their rights as persons created by God and in His image. The hungry child, the abused child, the emotionally disturbed child, these and many others are the future. Wherever there is need, the church has a ministry. The children of the world need the ministry of the church and at the time of need IT pointed out certain needs which are present in the United States today."

The United States has dropped to 13th place in infant mortality. Physical brutality, that is, child abuse is increasingly widespread. Children have little chance where the child is the property of its parents the practice of juvenile law has a position of low prestige in the profession. The results of such victimizing is a generation of youth and adults who struggle for identity, trust and the basic values of responsible citizenship. The church can and must speak out in behalf of children. It can order an environment in which children's rights are protected.

We urge the recognition of Child Care as a developmental service with tremendous potentials for influencing the lives of children and families, therefore we recommend that our local churches initiate and participate in comprehensive family oriented child development programs including health services and child care and early childhood education. We strongly urge our local churches to become advocates for children in the community so that safeguarding the rights of children may be recognized as a primary responsibility for the church. We further urge that the United Methodist Church take the lead in implementing the mandate from the White House Conference on Children that all institutions and programs that affect children must involve children and parents as active participants in this decision making process.

The extended family of the past is no longer available to many children, children often are deprived of someone outside their immediate families who care and enjoys being with them. Few have experiences with kindly adults. The church also has lonely older people who need the warmth and joy of children, the church can bring the two together. Further the children have a right to grow up in a society which practices love for all God's creations.

Racism does its most serious damage to children who have already much against them—poverty, broken homes, hunger, crowded living conditions, etc. We call upon the appropriate United Methodist Boards and Agencies to study the recommendations from the four White House Conferences on Food and Nutrition, Children and Youth, and Aging, as guides for further planning and action and the development of programs to eliminate the racism which cripples all children.

In October of 1972, the Women's Division in its annual meeting adopted the following resolution:

1. Affiliate with those national organizations (both public and private) which have as their purpose calling the public's attention to the mental health and life adjustment needs of children and which aim to influence public policy on their behalf. Such affiliation would provide the information needed for distribution to concerned women in the local churches, districts and conferences.

2. Give support to and cooperate in implementing the recommendations of the Joint Commission on Mental Health of Children and of the follow-up efforts including the establishment of an Institution on Integration of Children's and Family Services in Department of Health, Education and Welfare.

3. Develop, establish and test models of Child Advocacy, demonstrating the functioning of the church women's organizations as advocates for children and using the church structure and operations as resources.

4. Encourage local United Methodist Women units to develop models of Child Advocacy in keeping with their community needs.

5. Cooperate with other units of the church in establishing a nationwide panel of United Methodist women professionals in the fields of Mental Health, Child Welfare and Education who would be willing to serve as consultants to women in local communities who wish to identify local needs, establish direct services and/or act as advocates for children in their particular locality. The data concerning the network of professional women shall be computerized and retrievable.

6. Encourage local units of United Methodist Women to investigate the need for infant care, day care, afterschool care, and mental health programs for children in their communities and urge the use of the church buildings to meet this need in cooperation with women in other denominations and organizations crossing economic classes, racial and ethnic lines. (The appropriate section of the National Division will be called upon for guidance, consultation and cooperation.)

7. Convey to local church women the importance of Child Advocacy and the great needs of children through available publications, communication networks and media to be used in local church groups so that they would be able to act intelligently as a force on legislative issues which concern children and their families. 8. Provide information on the current status of the Agriculture Food Subsidy Program and how it relates to children and families. 9. Participate in developing a system to monitor community services to eliminate dehumanization.

With these mandates from our official policy setting bodies we cannot help but urge you to pass this Child Services and Family Act, we cannot help but extend to you the cooperation of our organization as well as the resources of our organization. It is for the good of our families and our children and our future that we must join hands in this venture. We have two important resources to offer—buildings and people. Church buildings are often under utilized during many days of the week and preschool rooms already equipped stand idle. Within the churches there are qualified persons who desire to be helpful and who are available when needed. This has already been proven by the literally hundreds of church buildings that were quickly utilized in order to make the Headstart program work when it was first conceived and also the people are already in action, literally thousands of our women are already involved as story tellers, helping to clean up after meals, assisting teachers with children who need a one to one relationship and in many, many ways sharing their talents, their love, if no more than to be someone to hug when a crisis occurs or a lap to sit on. It is the essense of good stewardship that the church offers these resources to the community and in cooperation with other religious and community agencies seek to establish the Child Care Centers that will serve the needs of our children and our families.

Children are our hope for the future. We want the future to be better—more just, more free, more joyful than the past. We hope that today's children will grow in grace toward that better future. Thank you.

TESTIMONY OF TRESSLER-LUTHERAN SERVICE ASSOCIATES BEFORE THE U.S. SENATE SUBCOMMITTEE ON CHILDREN AND YOUTH AND THE U.S. HOUSE OF REPRESENTATIVES SELECT SUBCOMMITTEE ON EDUCATION, MARCH 13, 1975

A. INTRODUCTION

Chairman Mondale, Chairman Brademas, and distinguished members of the Subcommittees—I am William C. Tremitiere, Manager of Childrens' Programs for Tressler-Lutheran Service Associates (T-LSA), a *voluntary*, non-profit social service agency, which provides direct services to children and families in the states of Pennsylvania, Maryland, Delaware, and the District of Columbia. T-LSA family and childrens' service programs consist of: day care and nursery programs for preschoolers with an emphasis on child development; a treatment program for emotionally-disturbed youngsters; a specialized adoption program which focuses on the development of permanent adoptive homes for children with special needs and supportive services *to adoptive* families; a variety of parent education, communication and individual and family enrichment services; community and congregationally based counseling centers; day care consultation; pre-natal education services; as well as other child-advocacy efforts in community education and social action. Through these various programs, T-LSA provided service to an estimated 8,600 children in 1974. Another 625 children were served by an affiliated program managed by T-LSA known as Ken-Crest. This agency provides service in the Philadelphia Metropolitan area and neighboring Montgomery County in Pennsylvania. The focus of Ken Crest service is on early identification and treatment of conditions which handicap children such as: mental retardation; neuro-muscular disorders; learning disabilities; and emotional problems. Professional mental health services are also available. These programs are delivered in a variety of facilities designed to meet the needs of their respective local communities such as: daycare centers; a residential care unit; and specialized group homes to enable retarded young adults to achieve semi-independent living.

Since its founding as an orphanage in 1865, T-LSA has attempted to modify its programs and structure to meet current needs and to develop or modify services which will be responsive to anticipated needs generated by mounting pressures in our society. In recent years, the agency has placed increasing emphasis on preventive and supportive services to families in addition to its delivery of direct services. Because of the agency's long-term commitment to children and their families, we appreciate the invitation to give testimony on the "Child and Family Service Act of 1975".

We commend the members of the Committees and other Members of Congress, who have recognized the tremendous pressures affecting children and threatening the traditional values of family life in this Country, and who have, subsequently, co-sponsored this comprehensive legislation. We are concerned, however, in the attempt to provide important flexibility in program design at the local level, there may be insufficient guidelines for the development of preventive and supportive services and, therefore, inadequate stimulation for the implementation of such programs. The measurement of effectiveness and quality control may also be nearly impossible because of the broad definitions or lack of definition for certain potential services. Because the "Child and Family Service Act of 1975" offers the hope of urgently needed supports to children and family life, we are hopeful that certain modifications may be made in the Bill and that viable, enabling legislation will result. With this objective, we respectfully offer the following observations and recommendations for your consideration.

B. ROLE OF THE FAMILY

Our society has traditionally considered the family to have primary influence on the growth and development of children and their values, and has valiantly defended this image against the known and imagined faults of the "welfare state". Unfortunately for a sizable segment of our population, spanning all socio-economic groups, this image of the family in reality is largely a myth. Through conscious plan or default, many parents have relinquished the responsibilities of parenthood to establish institutions or to the streets. Consequently, children often develop value systems and survival techniques in sharp contrast to those held by their parents or the larger society. Nevertheless, we continue to nurture this myth and correspondingly resist the provision of supportive services to families or to the family substitutes.

Skyrocketing divorce rates reflect another aspect of the drastic changes affecting family life. Children are often torn between parents as marriages fall apart and irreparable damage results in family relationships. Single parents must learn on their own how to survive in a society which is predominantly geared to the two-parent family.

Child abuse and neglect are also on the increase as individual and family frustrations mount. There has been little or no preparation to help people deal constructively with such pressures. The availability of appropriate services such as day care and counseling can be crucial at such times.

Inflation, unemployment and the conflicting demands of a materialistically oriented national life-style are rapidly resulting in additional family pressures and, subsequent, family breakdown. These are times to add supports to the basic sustaining unit—the family. With all of its weaknesses, I believe the family still offers the most accessible setting in which an individual can find strength, support, and understanding. However, the family unit is in trouble and in critical need of help in order to effectively maintain or re-establish this role.

On the other hand, countless numbers of children are continuing to be "produced" (and I use that term in its most crass sense) by men and women, boys and girls, who have limited or no interest in or ability to fulfill their parenting responsibilities. Mounting rates of crime and delinquency, mental illness among children, increasing illegitimacy, and decreased educational achievement are, I believe, some of the evidence of this irresponsibility on the part of individuals and our society.

Although parenthood is one circumstance which a majority of adults eventually achieve, it is a situation for which we are ill prepared. Our educational institutions are geared to teach reading, mathematics, geography, and, sometimes, nuclear science—but, they have been grossly inadequate in teaching us how to fulfill parental or family responsibilities. With the diminished meaningful contact between parents and their children, it seems to us imperative that the appropriate institutions of our society gear-up immediately to fill this gap. A major redirection of resources and philosophy will be needed to accomplish this objective. The "Child and Family Service Act" may provide the facilitating legislation.

There are skills and techniques available today which can enable individuals and couples to do a more effective job of parenting and communicating. These skills can be taught at an early age or, in a remedial way, to those already in the parent role. It appears that this Bill clearly presents the opportunity for the development and delivery of such preventive and supportive services. We would urge that high priority be given to this concern and that major emphasis be placed on the development of large-scale, universal, parent education programs through this legislation.

Specialized supportive services are needed to assist families in coping with divorce and single parenthood. For instance, situational groups could and should be developed to assist recently separated or divorced individuals in making the adjustment to their new life-style and its miriad demands. The periods immediately following separation and divorce are generally extremely difficult times—economically, socially, and emotionally. The parents maintaining direct responsibility for the children often have difficulty coping with their own needs at this time, which may decrease their effectiveness in dealing with the needs of their children. We are hearing pleas from hurting people for service to help meet these needs.

A primary emphasis in the Act is on the provision of voluntary services to pre-school children. While this is an important age to receive positive, preventive services, we must not overlook the need for corresponding services to the parents and other family members. It is essential that parents or parent figures be involved in planning and prioritizing services as stressed in this proposed legislation. However, it is at least equally important for them to have access to supportive services themselves. For instance, children may receive the best possible service in a quality day care center but have its benefits regularly erased by returning home to a family situation fraught with tension, frustration, and open conflict.

Again, our plea is for more specific emphasis in the Bill on the provision of preventive educational and supportive services to the total family unit. As a parent of thirteen children (three "home-made" and ten adopted), I am convinced of the importance and viability of the nuclear family. As an agency, T–LSA is committed to strengthening and supporting healthy family life. Congress has the opportunity to help re-establish the family as the most important social unit in American Society.

C. ROLE OF FAMILY SUBSTITUTES

There was a time when the family was directly responsible for providing all basic needs of children—food, clothing, shelter, health care, developing values, teaching a trade, modeling survival techniques with the world beyond the family, and demonstrating family roles. When the parents were unable to provide for these needs, members of the extended family or others in the clan or tribe stepped into assume responsibility.

For most Americans, this is no longer the case. Our culture, along with many others, has developed institutions to fulfill many of these roles. Without arguing the merits or demerits of what has happened, we recognize that this is reality. We must then consider the appropriateness and effectiveness of these institutionalized services and how they may be modified or supported to do a better job at the functions our society has prescribed for them. The legislation under consideration by your Committees has the potential of touching upon and possibly improving most, if not all, of these child and family related institutions. We are somewhat concerned that the Act may be too broadly defined or insufficiently funded to have measurable effect on all of these areas of need. We feel that the Congress should be particularly careful not to establish another bureaucratic system which could drain off limited resources rather than to translate them into actual service. The Act does emphasize the need for coordinated planning and the expansion of existing quality programs. While many providers of service know what has to be done to cope with unmet needs, they are faced with decreasing financial resources and confronted with mounting demands for more service. Enabling current programs to expand in necessary areas and stimulating the creation of new approaches to efficiently and effectively meet family needs, may be the most appropriate target of new legislation.

Voluntary agencies throughout the Country have been faced with a decreasing support base as contributions have not kept up with the increasing pressure for more services. Recent changes in the American economic and employment scenes have been personally devastating to countless numbers of Americans. These circumstances have increased pressures on the family and have had a profound effect upon the support of voluntary programs. At times of economic hardship, the voluntary or charitable contribution is often the first item to be cut from the family budget. Many agencies are barely able to survive this reduction in support. Certain of these threatened services are so important in maintaining some stability for families, that the Federal government may be the only source of funds to keep them in operation. Congress should be sensitive to this issue as it considers the legislation in question.

As President of the School Board in the City of York, I am keenly aware of the pressures upon inner city services provided through local taxes. Our community is not unlike other large or medium sized cities around the Country in that we are faced with a decreasing tax base as industry and more economically-secure families move to the suburbs and the center city population becomes disproportionate in its need for services. Again, we are faced with increasing demands and decreasing fiscal resources. For instance, in our District last year, it was necessary to eliminate the school dental program, elementary guidance counselors, the school social worker, and to cut back in certain educational programs simply to keep the basic education system in operation without raising taxes to the point that they would drive more business, industry, and residents from the community. Other communities are faced with the possibility of reducing the school day, which would result in children entering school later in the morning and being released earlier in the afternoon. This would create additional child care problems for families where both parents must work. Perhaps this legislation can enable public schools to maintain, if not to increase, the services which are now being threatened.

The "Child and Family Service Act" appropriately emphasizes the need for quality day care. For many Americans this has become an essential service by enabling both parents the freedom to work and to meet, at least in part, their economic needs. The day care "system", however, has not had the capacity to serve all of the children potentially in need of such care. In addition, many of the day care services have not achieved quality standards. We are encouraged that this legislation recognizes the need for monitoring day care and other services to be certain that established standards are met. It has been our experience, however, that many of the existing standards for day care are beautifully written to assure administrative effectiveness but are essentially ineffective in guaranteeing the quality of human dynamics, which is so important. Programs such as those developed by T–LSA are striving to provide this quality of service for children but it is a challenge to maintain service in light of decreasing support and corresponding financial pressures on the families.

Our day care programs serve children from all walks of life. In order to do so, we must maintain a fee schedule which is equitable for all families. Consequently, the agency must underwrite the cost for all families on a deficit basis. Certain limited funds are available to provide service for low-income families. High income families can also afford service if it is accessible to them. However, an increasing number of middle income families are not finding day care services as an option because they cannot afford the cost or the services simply are not there. We believe this need will grow dramatically in the future.

Proprietary or profit-making day care facilities have also provided a service in this area. We are concerned about the inherent danger of such services because the focus may tend to be on cost-saving rather than on service-effectiveness. This is not meant to be a blanket criticism of this type of service but to indicate an area of concern. Unfortunately, many private day care services, either in private homes or in centers, have been isolated from similar voluntary and tax supported programs which generally expend greater effort and resources in staff training and program development. In addition to quality control, per se, this legislation could achieve significant results by fostering the development of training programs which would require the involvement of proprietary day care providers.

Other needs are being recognized in the day care field as long-established major residential programs operating in the areas of mental health, mental retardation, and justice are striving to move their residents back to their communities. This change, while very beneficial for many reasons, is creating new challenges at the local level. Additional funds are needed to develop these community-based facilities and to enable families to cope with the increased responsibility for their relatives in these settings.

Within the institutionalized services provided for children and families in the United States at the present time there are vast differences in the quality and quantity of care provided. I cite foster care as a specific example. Through our adoptive placement experience, we have discovered time and again that children often do not receive adequate medical and dental services while, supposedly, under the protection of the responsible child welfare systems. In addition, some youngsters have even been "lost" in the system. These are concerns which we feel should be addressed on a national level.

The majority of institutionalized services have traditionally tended to be remedial in nature—providing a service after a problem has been identified. There are, and have been, efforts to provide services of a preventive nature but these have been limited because of the priorities resulting from limited resources. It is our profound hope that the "Child and Family Service Act of 1975" will be significant in meeting this need.

D. RECOMMENDATIONS

1. Major emphasis is needed, through guidelines and designated funding, for programs which are clearly preventive in nature and supportive of healthy family life. Services such as parent education and parent-child communication should be readily available to all families and to those who fulfill the parenting role on a temporary or part-time basis such as: foster parents, teachers, and day care personnel.

2. Arbitrary income levels which control the development or delivery of services to children and families tend to perpetuate the separation and segregation which exists within our society. We are hopeful that this legislation will eliminate those artificial barriers and, therefore, make preventive and supportive services available to all families.

3. Further identification and clarification of additional programs envisioned by this Act would be helpful in the determination of services likely to be implemented or enabled by this legislation.

4. A major step toward child advocacy would be achieved if this legislation were to give clear recognition to the Constitutional rights of children as being clearly distinct from those of their biological parents.

5. Provisions of the "Child and Family Service Act" should be equally available to voluntary human service programs as well as to those currently supported partially or in total through local, state, or federal taxes.

6. This legislation should be rigorous in guaranteeing the development of quality standards of service delivery as measured by program effectiveness and service accountability.

7. A concerted effort should be made to develop the means which insure quality care for all children whether they are in their own homes, foster homes, or institutional settings.

8. Specialized services should be created to help meet the needs of families faced by problems of separation and divorce, as well as supportive services to families to reduce the potential for child abuse and neglect.

9. Adequate funding is needed to enable the development of adequate services for the mentally retarded, emotionally disturbed, and adjudicated persons who are being moved out of residential or institutional care and relocated in community based programs.

10. Recognition should be given to the concept that certain people will assume a greater responsibility for raising children somewhat in the capacity of "professional parents". These may be people who assume the lifetime commitment of adopting waiting children, foster parents, or those who provide day care. Such individuals or families should not be disadvantaged by legislation which could inhibit this important responsibility.

E. CONCLUSION

There is an urgent need for appropriate and sensitive legislative intervention that will guarantee the basic rights of children and the supports necessary to develop and maintain healthy family life for all children in our Nation. We believe that the "Child and Family Service Act of 1975" has the potential of meeting this need.

Testimony of Theodore Taylor, Executive Director, and Dana Friedman, Information Specialist, Day Care and Child Development Council of America, Inc., on the Child and Family Services Act (H.R. 2966, S. 626), to the Joint Hearing of the House Select Subcommittee on Education, the Senate Subcommittee on Children and Youth, and the Senate Subcommittee on Employment, Poverty, and Migratory Labor, March 13, 1975

Chairman Brademas, Chairman Mondale, and Members of the Committee, I thank you for the opportunity to represent the views of an organization deeply committed to the care of our nation's children. The Day Care and Child Development Council of America is a grassroots organization providing information and technical assistance to a large child care constituency. We represent people at the local level—day care center directors struggling to keep their programs alive; teachers and aides in need of training and educational tools; parents who both need and want child care services; family day care mothers; consultants; professionals; department of welfare staff; etc. For the past year we have been holding workshops on the Child and Family Services Act and familiarizing people with the specific provisions of the legislation. We have solicited their ideas, comments, and criticisms. This testimony, then, is the testimony of our constituents—those who work with and for children on a day to day basis.

COMPREHENSIVENESS

"Comprehensive" should include all components of a child care program, all children within a given area, and all resources required to meet the needs. Given the funding level of the bill, it is clear that we are not really talking about "comprehensive" child care. We can, however, talk about *effective* child care legislation that must include all aspects of child development, e.g. health, nutrition, education, emotional and intellectual stimulation, adult-child interaction, to name only a few, within the context of a variety of child care program settings. An adequate bill must address the need for diversity of program forms—not just day care *centers*. It is constantly repeated that only one million spaces are available for 6 million preschool children whose mothers work. However, family day care homes provide an estimated 1-2 million additional spaces and have yet to receive the attention they deserve. Only 10% of all family day care homes are licensed which is why the figures are not included in the one million space availability figure.

According to the Westat survey, a minimum of 837,000 children are cared for in family day care homes, and another 150,000 cared for during summer months. Ninety-eight percent of the family day care homes caring for these 987,000 are not licensed. Very often, family day care homes are established on an informal basis by neighbors in the area. The women feel that state and federal regulations are an invasion of privacy. Others view the standards as impractical and outdated; some do not know about the law; the formality of the red tape and certificates appear intrusive into what they see as their natural right to do what they wish in their own homes; parents will use the service whether or not it is licensed, there seems no compelling reason to be licensed; and they have observed little or no enforcement of the licensing statutes that do exist. All children, in every type of care, deserve to be treated equally. If the state is licensing only a small number of its family day care homes, it is failing to protect all its children equally. We encourage the building of family day care systems which can guarantee adequate training and support for family day care providers. We recommend that a study of the licensing and regulating alternatives for family day care homes be mandated within the bill and recommendations made when examining the methods for monitoring and enforcing child care standards. We would be more than willing to provide the Committee with research that has already been done in this area.

FUNDING

The Council feels that the $1.85 billion authorization is not sufficient to develop the kinds of programs needed and recommended by the bill. It is conceivable that there will be at least two prime sponsors per state, a minimum of 100 prime sponsors. To what extent can $350 million be used for developing training programs, and planning projects among 100 groups who must then share the wealth with their project applicants?

It is also felt that it is unrealistic to provide money only for training and planning during the first year, when the very programs they are planning to expand or maintain, are dying, due to lack of funds. This is not to undermine the importance of training. The quality of the staff is one of the most significant factors assuring a quality program. For this purpose, we highly recommend inclusion of the broader training component in the House version of the bill, and the additional $175 million over and above the $1.85 billion authorization.

We support the need for a sliding fee scale for families with incomes above the Bureau of Labor Statistics Standards. The cut-off point may have to be changed to coincide with Title XX legislation. We feel, however, that the fee scale should be determined at the state or local level, to allow for diversity in the cost of living. By lowering the limit of those who can receive free child care, the amount needed to fund the program will also be reduced, and community members will have to absorb much of the cost. The possible compromise for the House and Senate versions of the bill would be for a fee schedule to be required but be developed at the community level and approved by the Office of Child and Family Services.

In addressing the present state of the economy, and the President's pledge to put a one year moratorium on new federal spending programs, we feel that child care is a worthwhile investment in jobs. Unavailability of child care was the only factor preventing 2500 adult AFDC receipients from participating in the WIN program as of December 31, 1973, according to the National Center for Social Statistics, HEW. The State of Texas, for instance, had 541 mothers who could not participate, involving 1400 children. These women are probably unemployment statistics today. In addition, the creation of child care services, homes, centers, or training programs, also creates jobs. Therefore, in spite of the economy and the President's pledge, and based on the scope of the unmet needs and the extent to which child care can help the unemployment situation, we recommend a larger funding level than what is presently authorized.

DELIVERY SYSTEM

Delivery systems for human service programs have been a most controversial and unprogressive area. The lack of a confined body of knowledge or technology relating services to needs is a major reason for this. As a result, program concerns lose way to political considerations, and the power of the body politic becomes the controlling force. A perfect example of this is how revenue sharing monies are distributed.

There is no one solution to the problem of delivery systems. For this reason, the delivery mechanism must provide for alternatives and build upon existing systems. There must be language in the bill that defines specific capabilities and competencies required for a prime sponsor. Above all, a prime sponsor should be a representative for the community it will be serving.

As far as the state is concerned, people at the local level need a commitment from the state if the state is to assume responsibility for delivering child care services. Less than 3% of revenue sharing monies were spent on educational programs, and less than 1% of that for preschool education. Much will be told when we see how states begin interpreting the Title XX legislation. The potential of that law and the extent to which more people will be eligible for more services and have access to the full $2.5 billion allocated for social services, is to a large degree up to the states.

We must also look to the states to see that there is not a repeat of results from the recent HEW audits. A two-year federal audit of day care programs in 9 states showed violations of state licensing regulations, poor accounting techniques, and mismanagement of funds. Some of the states reviewed were found to have paid for more services than were actually delivered. It is not true that we cannot afford child care. It is, however, clear that we cannot afford poor quality child care. In addition, less emphasis should be placed on the incompetency of the provider, and more on the incompetency of the system, of which the provider is a part.

Another area of concern has been the for-profit operations in the field of child care. I have seen proprietary centers with quality staff, good food services, and a sound educational component. I have also seen many for-profit programs that are not providing adequate services. On the other hand, I have seen both good and bad nonprofit programs. Once again, we turn to the need for enforcement of good standards. Above all, quality is the issue. We recommend that a parent should have the option of placing his/her child in a for-profit center and be entitled to federal subsidy for that child, if that center is providing quality care.

Thirdly, we come to the public school issue. In light of the need for this bill to be a truly comprehensive effort, we feel that it is unacceptable for the public schools to consider themselves as an exclusive prime sponsor of child care services across the country. We are aware that as a result of the decrease in school enrollment, there are many empty classrooms and unemployed teachers. Both the facilities and the teachers could be used to help provide child care services. But, it is not necessary, nor does it follow, that they should assume the responsibility of all programs. Child care people have worked hard for the last 20–30 years developing knowledge and experience in how to provide a *family-support* service, knowledge and experience which the public schools obviously do not have. In fact, in a statement of the American Federation of Teachers, the first recommendation for improving the bill was to delete the word "family," and I quote, "nor attempt to provide such services." We recommend that any school district that meets the criteria established by the prime sponsor, consistent with the legislation, may take on an early childhood education program as a project applicant. In some areas, where appropriate, they may be prime sponsors. We cannot, however, accept that the schools be given the exclusive responsibility for a system in which they have played such a very little role, though they have had the opportunity to do so in after-school and before-school programs all these years.

Because the need is so great, we naturally welcome organizations that can help provide these vitally needed services to children and their families. Yet we must first look to see how involved these agencies are; how strong their commitment is. This may only be tested by deed; not by rhetoric.

At a Leadership Action Conference, December 1974, convened by the Council and attended by leaders and directors of child care programs from across the country, a report was made on the basic elements of a good delivery system. I would like to outline the major points for you:

A delivery system must:

1. Be universally available.
2. Build upon the network of already existing services.
3. Be designed to meet the needs of families and children rather than focus on the system.
4. Include a standard-setting process which includes input from providers and consumers.
5. Be delivered nationally in a way flexible enough to allow for alternatives for implementation at the local level which must include:
   (a) Planning capacity with the ability to assess needs and available resources.
   (b) Decision-making as close to the provider of care as possible.
   (c) Involvement in decision-making process by local constituents (community and parents).
   (d) Access to alternatives for program forms and administrative auspices.
   (e) Support for parents and providers which will insure quality of care for children, such as:
      (1) Ongoing training and technical assistance to meet standards.
      (2) Information and referral system.
      (3) Linkages to major existing networks of services in the community.
      (4) Ongoing monitoring and evaluation at all levels which provide for an appeal process at all levels.

PARENT INVOLVEMENT

The Council strongly believes that informed parents, who participate in the decision-making process of a child care program, significantly contribute to the quality of that program. We feel that the percentage of parents on the Child and Family Services Councils should be flexible enough to allow for the input of parents who have already had their children go through a similar program and to allow for the input of all those who might be contributing to the functioning of the programs, i.e., teachers, directors, fire marshals, health inspectors, department of welfare representatives, etc. It is important that those who are indirectly working together have an opportunity to be directly involved with one another.

If this bill addresses the needs of foster children and runaway youths, the parent participation requirement will be difficult to meet. If the programs exist because there are no parents, then the 50% Child and Family Services Council and Local Policy Council requirements should be reevaluated.

HANDICAPPED

We concur with the provision that 10% of the funds should go for handicapped programs, however, we recommend that that 10% be designated only for special operating costs for handicapped children, e.g., equipment, therapists, etc. All basic operating costs should be located on the same basis as other child care programs.

In addition, we recommend a further investigation of the EPSDT program and why and how it has been so underutilized and not incorporated into child care programs in the past.

OFFICE OF CHILD AND FAMILY SERVICES

We recommend that the Office of Child and Family Services, which will replace the Office of Child Development, should have the responsibility for coordinating all federal programs, except those specific to public education, in addition to administering the Child and Family Services Act. The Child and Family Services Coordinating Council should be specifically responsible to such programs as the Community Development grants in HUD, the Indian Education program in the Department of Interior, the AFDC and WIN studies conducted by the Department of Labor, the U.S. Consumer Product Safety Commission, the nutrition programs available through the Department of Agriculture, the handicapped programs in the Office of Education, and the health programs in HEW, to name a few, in addition to those mentioned under Section 101(b) of the bills.

DEFINITION OF CHILDREN

We would like to recommend that you extend the definition of "children" to include those children up to age 18, as opposed to age 15, to allow for continuity of funding for handicapped children who may then apply for social security benefits at age 18.

FEDERAL INTERAGENCY DAY CARE REQUIREMENTS

We strongly support the provision for the revision of the Federal Interagency Day Care Requirements. We feel that these standards are outdated and should be looked at in light of current research in the field of child development and the more progressive programs in existence today. We feel that such standards should not be legislated, so that they may be easily reassessed and redefined if need be.

MORTGAGE FUND

We support the provision in the House bill for the mortgage and insurance fund for child care facilities. Building costs and mortgages are astronomical expenses for those with little, if any, start-up funds available to them.

CONCLUSION

Judging by the questions asked by the committee members in previous testimony and those in the audience wearing "No to Family Service" buttons, there is still one question left to be answered by people supporting child care: Is child care a good or bad thing for families and children? If we look at the economic picture, many families do not have a choice as to whether day care is good or not. They must work, make money for their family's survival, and have someone look after their children while they do so. The Child and Family Services Act is geared toward people who do not have a choice, while the issue of whether child care is good or bad comes from families who do have a choice.

Any leadership role on the part of the federal government that provides resources and ideological stimulus from which new systems will grow to support the American family is a good thing. This bill will not solve all problems facing the family today, but it is a step in the right direction. Opposition to this legislation is clearly opposition to a stable, self-reliant way of life for millions of American families.

We hail the Child and Family Services Act as a step forward for our nation's children. The members, Board, and staff of the Council are prepared to work with you and other concerned groups on a continuing basis to maximize the potential of this vitally needed child care legislation.

Testimony of Marilyn Marcosson, Executive Director of the American Parents Committee

Mr. Chairman, distinguished members of the subcommittee, my name is Marilyn Marcosson and I am Executive Director of the American Parents Committee, Inc. The American Parents Committee is a non-profit, non-partisan, public service organization working on behalf of federal legislation for children. Founded in 1947 by George Hecht, publisher of Parents Magazine, the APC was the first children's lobby and I am pleased to note over that period of 27 years the establishment and growth of many children's lobbies as evidenced by the individuals and groups that have appeared before these two committees.

I doubt that many would deny the need for increased day care. But for the few who would question that need, and to remind those of us who believe in the program, I would like to present some statistics about the children and the amount of money their families earn. These figures, although the most recent, are two years old, and for a forecast of current and future need, should be revised upward.

Out of all the children in America under 18—some 64.3 million—26.2 million had mothers in the work force. This included some 6 million children under the age of 6. To put this in more mundane terms, 6 million pre-school children are in some type of child care arrangement. Mostly that means an aunt or a grandmother or a neighbor lady looking after the pre-schooler. And what does that mean? It probably means the little girl or boy is plopped in front of the TV for eight or ten hours in winter and maybe in the summer that he or she is outside playing—either supervised or unsupervised. It means no eye examinations or health tests, no nutritional guidance, no developmental play to ready the child for school, no identification of developmental disabilities whose progress might be arrested or even reversed, in any systematic way. That pattern is the reality for 5 million of the pre-schoolers who are not in some type of licensed child care.

What about the 20 million children over 6 whose parents work, what happens to them? They are latch-key kids. The Norman Rockwell picture of Mom waiting by the backdoor at 3 P.M. with a fresh baked pie and milk doesn't exist. Many of these children come home, let themselves in and then are on their own for the next three hours. What they do with that time is one of the unanswered questions of many mothers. Of course, for many children and their parents it isn't only three hours to worry about but more when the children are on split session or in the lower grades that let out early.

The situation is even worse in those homes with only one parent. We have all heard of the increasing divorce rate in America but what hasn't been understood is that the divorce rate has increased faster for families with children than for those couples who were either childless or have children over 18. Between 1960 and 1969 the number of children under 18 whose parents got divorced, rose from 403,000 to 840,000 or more than 100 percent. It should also be noted that labor force participation for divorced women was higher than in any other marital category. Nearly 50 percent of all divorced or separated women with children under 6 were working.

In fact, among all mothers with children under age 3, one out of five was working full time, full year in 1972. This was an increase of 5 percentage points over 1969 and it is, I believe, a valid assumption that in the three years since then, at least another 5 percent have joined the labor force. Thus, the figures for this year will probably show that one out of every four mothers with children under the age of three is working.

And what are these mothers doing with their kids? They are hunting. They are hunting for a child care center or a group home. And if they can't find one that doesn't have a two-year waiting list or one where their income doesn't disqualify them or that isn't too expensive, they look for some neighborhood lady or a reliable teenager to look after their children. And if they can't find that what do they do? Unfortunately, many thousands of children are in what has been called "unknown arrangements." And that means either self-care with the mother phoning home every now and again during the work day or mommy is taking the child to work with her and we can imagine what that would mean.

But mostly the current state of child care in America means parents, and especially mothers, worry about their kids.

Hopefully some of those statistics, and the reality that surrounds them, can convince some of the doubting Thomases and even the doubting Jerrys about the necessity of child care legislation.

Now I would like to address myself to the particular piece of legislation before these committees.

I would like to commend these committees for their efforts in the past and these current hearings. I would like to especially congratulate you for holding these joint hearings. I believe that it will save time, money and energy because we all know that on issues like this the same witnesses troop from the House to the Senate saying the same things. Maybe this can speed up the process.

First, it is my firm belief that the single most unfortunate aspect of S. 626 and H.R. 2966 is the amount of money authorized is too low. I believe this for a number of reasons. First, it will not meet even the lowest estimate of those who need child care. Second, as Sen. Mondale said, in the first go-round of these hearings, human services on average only receive 30–40 percent of the amount authorized. I have no reason to believe, based on past history and experience, that if you come in with a low authorization, child care will fare any better than that 30 to 40 percent figure. Thirdly, I believe that the 94th Congress will see the need for expanded child care and approve a higher amount. In 1971 both Houses of Congress approved $2.5 billion in a two-year program. No one can reasonably argue that the need has lessened. Nor can anyone argue that the purchasing power of those 1971 dollars has increased. I must also admit in all candor that I find it difficult to believe that the 94th Congress would buy the arguments of a 1971 veto message of ex-President Nixon. It cannot be argued that the money is not readily spendable. Every field investigator, every day care center operator in the country, every professional organization has stated that with additional money more children could be taken into centers immediately. It is for precisely those reasons that I also question the provisions of S. 626 and H.R. 2966 which provide no program money in the first year of the authorization. The trained people are there, in fact many of them are unemployed now and could immediately be put to work.

Second, the American Parents Committee is unalterably opposed to the provisions of funds to for-profit operators. If you believe in parent participation in the decision-making process, and that is a firm belief of the APC, then you can not logically allow for-profit centers. The idea of profit makers is, by definition, to maximize profits. It is all too easy to imagine the situation developing where the parent council would like to hire additional staff or purchase additional equipment and the for-profit operator trying to stop that process because it would cut into his profits.

I believe that it is only logical to assume that you cannot have high quality, high parent participation day care in a for-profit center.

Third, on the question of prime sponsorship it is the position of the American Parents Committee that there should be no presumed prime sponsor. In some instances, the local government may be operating or funding programs that adequately meet the needs of the children and their parents. In other cases the local public school may be the best institution to deliver services. I remember, as some of the more senior members of these committees can, the battle in 1971 over prime sponsors. In that case it was a question of numbers, how large or small a grouping would be considered eligible for prime sponsorship. It was the policy of the APC then, and it remains so now, that if local governments are the presumed prime sponsors that the smallest size governments be eligible to run their own local programs.

It is also my hope that the committees and the interest groups will not make their differences so intractable as to impede the passage of this legislation.

Fourth, the APC believes that low quality child care may in some instances be worse than no child care at all. Therefore we believe that minimally the same standards in force in the Head Start Program should be enforced in these programs. It is commendable that the two bills have a 5 percent set-aside for enforcement and monitoring.

Fifth, it is our belief that the income eligibility ought not to be set at the BLS lower living standard figure but rather the figure used as the outside limit in Title XX, social services legislation. That is 115% of the median income for a family of four, adjusted for family size, in each state. The social services program was designed to meet the needs of families to ensure that they did not go on the welfare rolls and to help those currently on the rolls go off; this child care program can do no less.

While there are other aspects of the legislation that I could comment on, I will limit my remarks to those I have raised already.

In conclusion, the APC believes that this is overall good legislation but needs specific improvements.

Statement of Mary Allen Jolley, Director of Public Affairs, American Home Economics Association

CHILD AND FAMILY SERVICES BILLS, S. 626 AND H.R. 2956

Mr. Chairman, and Members of the Subcommittees: I am Mary Allen Jolley, Director of Public Affairs for the American Home Economics Association, a national organization of more than 52,000 men and women who work as home economists in a variety of settings—as teachers in elementary and secondary schools, colleges and universities, and in adult education programs; in cooperative extension at State and county levels; in institutional administration as managers and dietitians; in community service in health, welfare, rehabilitation, child care, and consumer agencies; in business, as specialists in marketing, communications, and product testing; and as college students preparing to become home economists.

The American Home Economics Association supports Federal legislation for child care programs, and I am here to speak in support of H.R. 2966 and S. 626, bills to authorize Federal funds to provide services to children and their families. Attached to my statement is a resolution adopted by the AHEA House of Delegates (1973) pointing to the need for the types of programs and services envisioned in the bills before these Subcommittees of the Senate and House of Representatives.

Our members believe that child care legislation should be high on the list of priorities in the 94th Congress. Already you have received much evidence about the urgent needs of children and their families. I would simply point to the necessity for this legislation by reminding you of the following significant facts:

1. First, there are many social indicators which point to the enormous problems facing children and their families. A Task Force of Extension Home Economists has identified the following indicators of the magnitude of concern:[1]

Four million new births in the 1970's.

One of every ten 17-year-old girls is a mother.

Nearly one-third of all teenage marriages end in divorce.

One of five marriages is broken.

One child in six will lose a parent by divorce by the time he is 18 years old.

Approximately 10 percent of all school-age children have moderate to severe emotional problems.

Nearly 26,000,000 children are represented by 12.7 million working mothers; 5.5 million of these children are under six years of age.

Twelve percent of all families are headed by women; 53 percent of these women are in the labor force; their median income is $5,114.

Only about eight percent of group day-care centers provide truly developmental child care; only about 21 percent provide limited developmental care; few family day-care homes offer developmental opportunities; two-thirds are custodial care only.

2. Second, the importance of the first five years in the life of a child cannot be overestimated. We know that during these very critical years attitudes, habits, values, intelligence, health. . . . literally every aspect of a child's character and his mental and physical well-being are vitally affected at this early stage of development. Thus, we believe that services to children and their families hold potential for reducing the human and financial costs which result from a deprived childhood. A study by Sheldon and Eleanor Glueck has reinforced this concept. Their study dealt with 500 delinquent teenagers, and 500 non-delinquent teenagers. They looked at many measures of both groups, including medical histories, psychiatric and psychological examinations. A final interpretation of all the data and measurements led the researchers to conclude that All Factors, Save Parental Influence, fade in importance in establishing the difference between these two groups of adolescents.[2]

One brief comment about the general approach to child and family services which seems to us to be inherent in the bills which we support, S. 626 and H.R. 2966. We believe that the comprehensive services provided for in these bills, including the involvement of parents and the possibilities that exist for use of various delivery systems of child care and family services, provide a sound approach for the optimum development of all family members. No one group owns the field of child care and development, and no single approach to child care and family services can possibly meet the variety of needs that may exist with various forms of family. The term "family" has come to encompass more than the traditional form of father, mother and children. The family today connotes many patterns ranging from adults living together to a single adult with responsibility for children or other adults. It should be safe to predict that as family interactions with social and other environments continue to bring transition for families, that the nurturing and socialization of children will likewise change. At the same time, the family will continue to be the most humane, efficient, and economical system for making human beings human. But with all its strengths, the family cannot function without support from the community and neighborhood, from the world of work, and from social and political institutions at local, state, and national levels. Thus the importance of a comprehensive approach to child care and family services if we do, indeed, intend to help and strengthen all families. We see this philosophy as undergirding the provisions of the legislation now under consideration.

Apart from the acute needs of society which we believe this legislation addresses, home economists have professional concerns about many aspects of the child care and family services bills. For example, we see ourselves involved in the training and preparation of professional and para-professional personnel who will provide services for children and their families; we can provide expertise in developing standards to assure quality in facilities and programs; we have a significant role to play in providing food and nutritional services; and finally, we believe that home economists constitute a major resource for the delivery of high quality child care and family services in various agencies and settings. We are interested in all these aspects of the legislation, but I would like to briefly focus on two settings in which home economists constitute a major resource for implementation of programs envisioned in this legislation. In terms of delivering child care services to rural areas, we believe our capabilities are especially significant. This capability has a long history and tradition of Federal support, and was created by the Congress when it passed the Smith-Lever Act of 1914, and the Smith-Hughes Act of 1917.

In 1914, the Smith-Lever Act created the Cooperative Extension Service to help people improve their homes, farms, and communities. The Federal government, the State and local governments, and land grant colleges and universities in the 50 States, the District of Columbia, Puerto Rico and the Virgin Islands, all participate in supporting this national out-of-school educational program for adults and youth in cities, small towns, and rural areas. Approximately 3,400 extension home economists, located in more than 3,000 extension offices in every State and county throughout the Nation, are now assisting families in finding better ways to manage home and family living problems. These extension agents are supported in each state by administrative staff and research specialists in the land grant colleges.

The Smith-Hughes Act of 1917 created a Federal-State-local administrative structure to support vocational home economics programs in the public schools for youth and adults. Today there are 45,000 home economics teachers in programs enrolling 3,884,724 students . . . 3,193,987 are secondary students; 30,075 are postsecondary students; and 660,662 are adults.[3] Students enrolled in high school programs have opportunities for learning parenting and child care skills as a part of family life education. In many instances, these learning experiences are centered around caring for children in a day-care setting where students can observe developmental processes and interpersonal relationships. Other areas included in high school home economics are nutrition, housing and clothing, home management and consumer decision-making skills.

In addition, there are high school and postsecondary students enrolled in occupational courses designed to prepare for jobs as paraprofessionals in day care, as dietetic aides, homemaking aides, and institutional management aides. Adult programs offer opportunities for learning a variety of skills necessary for optimum use of time, and economic resources, as well as other family life skills.

We are convinced, Mr. Chairman, that the skills of these home economists in extension and education should and will be utilized at State and local levels where prime sponsors will be implementing child care and family service programs. We submit that this network of 48,000 professionals who work in extension and public education, in both rural and urban areas, possess unique skills for working with children and their families. Many are specialists in child development and family life who work in research and teaching to develop the knowledge base that is necessary to enable home economists to work more effectively with families. Others are more broadly prepared, but there is a core of concepts common to all training and professional preparation of home economists. As a minimum, at the bachelor's level, these 48,000 home economists will have studied general psychology, educational psychology, developmental and adolescent psychology, sociology, sociology of family, family relationships, and one or two courses in child development which includes the observation of young children. Supporting areas include studies in chemistry, physiology, biology, and nutrition.

I would also point out, Mr. Chairman, that there seems to be an aura of acceptance for cooperative extension and for vocational home economics programs in the public schools. Over the years both programs have continued to grow and expand. Many people, particularly those adults who live in rural areas, have grown accustomed to going to Cooperative Extension workers for answers to their problems. This credibility is based on accessibility to people, back-up from knowledge and research that exists with specialists in the land grant colleges, and the ability of home economists to provide education in unstructured and informal settings, and to provide individualized learning experiences.

One dramatic example of this credibility can be found in the Expanded Food and Nutrition Education Program implemented by Extension Home Economists. Of the 50 million families in the United States, more than five million have incomes below the poverty level. In 1968, the U.S. Department of Agriculture allocated $10 million to Cooperative Extension for a pilot program for reaching these low-income families with programs of nutrition education. The program was successful to the point that Congress has directly funded it at the level of $50 million. To date, the Expanded Food and Nutrition Education Program has reached more than 1,076,882 families who are enrolled in intensive nutrition education programs. An additional 701,000 families have been identified and worked with at a less intensive level.

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[1] Focus II, 1974, report of Task Force, Home Economics Subcommittee, Extension Committee on Policy, National Association of State Universities and Land Grant Colleges.

[2] Unraveling Juvenile Delinquency, Glueck, Sheldon and Glueck, Eleanor, Harvard University Press, Cambridge, Mass., *1950*.

[3] Preliminary Reports for Fiscal Year 1973, Bureau of Occupational and Adult Education, U.S. Office of Education.

Families are reached by program aides who are recruited and are continuously trained and supervised by extension home economists to teach adults. More than 22,000 aides have been employed since the program began. Through a one-to-one approach, aides knock on doors to locate homemakers; in other cases, neighbors or local agencies refer them to homes. Their job—once they get past the front door—is to help homemakers improve their diets and those of family members.

Extension home economists, including specialists in nutrition, have developed many teaching tools to help aides in their work such as nutrition lesson plans, simple handout leaflets, and small flip charts. Once homemakers learn from the one-to-one teaching experience, aides then encourage them to join small groups. This program has reached low income families in rural and urban areas, on Indian reservations, and has reached concentrations of Mexican-American families who are isolated from the mainstream by poverty, culture, and language.

Almost as if in anticipation of the proposed legislation, in 1972 the Extension Service of the U.S. Department of Agriculture, in cooperation with the College of Human Ecology, Cornell University, Ithaca, New York, initiated a pilot program with these objectives:

To design and test an informal continuing education program with family day care mothers.

To insure that educational program and supportive services meet the needs of family day care mothers as they perceive them.

To determine the roles that Cooperative Extension can play as trainer of indigenous family day care educators.

To test the feasibility of Cooperative Extension in role of broker between family day care givers and those whose children need family day care.

To explore the coordinating and leadership roles Cooperative Extension should play in linking with agencies responsible for comprehensive child care in a community.

The program has operated out of storefronts in Nassau County on Long Island, New York. This urban-suburban county with a population of 1.5 million has 236 licensed family day care homes, but estimates place the number of unlicensed homes at many times that figure. The target area for the operation of the Family Day Care pilot program is in three contiguous villages which have a population of 77,000. This includes 27,336 children under age 18. Of these 7,000 are five years or younger. In Roosevelt where the storefront center is located, more than one-fourth of the population is receiving public assistance, mostly in the category of aid to dependent children. The percent of working mothers in the target area is estimated to exceed the national survey which reports that 4 out of every 10 mothers are working. Approximately 500 children in the target area are served in half and full-day licensed arrangements which include Head Start, Pre-Kindergarten, BOCES Living Room School, and licensed family day care.

The Roosevelt project has consisted of a community based resource center for family day care parents to share ideas and experiences. Informal educational programs have been planned with family day care parents, including meetings, workshops, and trips to community resources. In addition, the storefront center has planned activities for children while family day care parents attend training. A monthly newsletter has been publishd to provide a communications link between family day care parents; teenage aides have been recruited to work with children in family day care homes; an advisory committee helps to determine program directions; and the center has also served as a "matchmaker" between parents seeking family day care and family day care providers. Many community agencies have cooperated in this pilot effort in family day care.

Feedback and evaluations on this program have been very positive. During the next year the program will expand to increase the number of family day care mothers; assistance will be provided to the Department of Social Service to organize groups of licensed family day care mothers in other geographical areas in the county to involve them in continuing education programs now under way. During the current year there are plans to train an estimated 300 family day care mothers. Specialists working in the project will also include Department of Social Services staff in educational programs so that the mandated monthly home visits can be more meaningful to both the caseworkers and the family day care mothers.

Already there has been growth in the level of community awareness and support of family day care. The Cooperative Extension Family Day Care Program has had an impact on effecting these changes.

The capacity for outreach to families, the specialized knowledge that extension specialists and agents possess for helping children and their families will be a major resource for state and local prime sponsors in implementing the proposed child care and family services programs. We also see home economics departments in hundreds of high schools as having potential for contributing to child care and family services programs. Again, many of these now conduct day-care and kindergarten programs as an integral part of the instruction for high school students enrolled in family life and child development programs. Again, this is a resource that is available in both rural and urban areas—for strengthening and augmenting the delivery of services to children and their families.

In summary, Mr. Chairman, home economists not only support these two bills, H.R. 1966 and S. 626, but we feel that their comprehensive approach towards services to children and families tends to strengthen the concept of the importance of family to society. Hopefully, when implemented, these programs may reverse the fragmentation of family influence to which many present day ills are attributed. We also dedicate our considerable resources of organization and expertise in the field to the wise use of facilities and funds which will be made available upon enactment of the bills.

Thank you for this opportunity to appear before these Subcommittees in behalf of the American Home Economics Association.

RESOLUTIONS PASSED BY ASSEMBLY OF DELEGATES, JUNE 28, 1973

CHILD CARE AND PARENT EDUCATION

Whereas, Major concerns of the American Home Economics Association have always included the improvement and strengthening of home and family life, and

Whereas, Drastic changes in the use of our nation's resources are needed to reverse the breakdown in family living and improve the quality of family living, and

Whereas, The strength and quality of home and family life is directly related to the quality of child care and parent education; therefore, be it

Resolved, That the American Home Economics Association reafirm its concern for the quality of life by endorsing federal legislation for comprehensive care for all children who need it, in or out of the home, and by the promotion of parent education for all young adults; and, be it further

Resolved, That leadership be given to educational programs to train persons at all levels to provide quality child care and for teaching parenting skills; and, be it further

Resolved, That state and national association members encourage state and national legislative leaders to enact legislation that will provide adequate funding to support quality child care programs, parent education, and preparation of personnel; and, be it further

Resolved, That appropriate officials of the Department of Health, Education, and Welfare, including the Office of Education, and the Department of Agriculture be urged to work with home economists in schools, social welfare agencies, home economics extension agencies, area vocational schools and community colleges, and colleges and universities so that they may make a maximum contribution to these educational activities to strengthen American families.

CHILD ABUSE LEGISLATION

Whereas, Child abuse is on the increase with as many as 60,000 children requiring protection each year, and

Whereas, Although laws requiring the reporting of suspected child abuse cases exist in all states, incidents are often reported only after the child has died or suffered permanent damage, and

Whereas, There is insufficient knowledge about the causes of child abuse and the means of reducing it, and

Whereas, Federal legislation has been introduced to provide resources for research and training of personnel, and to create a commission to examine issues relating to child abuse; therefore, be it

Resolved, That the American Home Economics Association support legislation to provide preventive, protective, and supportive services for parents and children; and be it further

Resolved, That legislation related to child abuse recognize the importance of providing education and rehabilitation services to families.

AID TO THE HANDICAPPED AND FAMILIES OF THE HANDICAPPED

Whereas, There are an estimated 40 million handicapped Americans, including one million under the age of six and 17½ million between the ages of eighteen and sixty-four, and

Whereas, Handicaps impose economic and social problems upon the families of the handicapped individuals by creating a need for changes in housing, management of resources, social involvement, and family interaction, thereby affecting the potential development of each member of the family of the handicapped individual, and

Whereas, Many court cases regarding equality of education rights for the handicapped have been decided in favor of the handicapped persons, and

Whereas, The costs of home care and institutionalization often exceed the costs of services which complement and supplement family contributions, and

Whereas, Many educational programs may be curtailed, consolidated, or eliminated under the revenue sharing programs; therefore, be it

Resolved, That the American Home Economics Association affirms its commitment to the handicapped and familes of the handicapped by supporting full funding of existing categorical federal aid programs for the handicapped; and, be it further

Resolved, That home economics associations work with national, state, and local officials to assure adequate funding through various agencies and revenue sharing programs to improve services to the handicapped and their families; and, be it further

Resolved, That legislation be supported to improve not only services for the seriously handicapped but also to provide vocational training in order to develop self-esteem and independence.

STATEMENT ON THE CHILD AND FAMILY SERVICES BILLS, S. 626 AND H.R. 2966

(Presented by Mrs. Lillie E. Herndon, President, National PTA)

I am Mrs. Lillie E. Herndon, of Columbia, South Carolina, president of the National PTA.

National PTA is an organization of 7½ million members from every state, the District of Columbia, and the European Congress of American Parents, Teachers, and Students.

In 1949, Harry and Bonaro Overstreet made a study of the PTA and its influence on education and social growth in the United States. They titled their book: "Where Children Come First." The Overstreets wrote: "We believe that what the National Congress of Parents and Teachers has been doing is the sort of thing that must be done by more groups if our culture is to maintain its integrity."

The words of the Overstreets still describe the purpose of PTA. Children and their welfare are our prime concern. Strengthening family life, in our belief, is one of the surest ways of promoting and protecting the welfare of children.

Therefore, the National PTA has adopted as one of its five priority items in its 1974–1975 Legislative Program the enactment of legislation to strengthen family services and to provide quality services to young children in families that have insufficient resources to provide for their children's health, nutritional and educational needs. The bills now under consideration—H.R. 2966 and S. 626—would, we believe, provide the resources so desperately needed by many families.

Federal support for state and local family service programs—including prenatal care, in-home tutoring, part-time and full-time day care, nutrition and health services, and after school care—would serve as a source of aid to families with inadequate abilities to meet, either technically or financially, their aspirations for their children.

This is a corollary of the scientific research of the past decade that has emphasized the importance of children's early years in terms of both mental health and learning, and has underscored an increasing national concern for the effort of the home environment on the learning process.

The need for increased child and family services has been well documented. Let us simply point out that according to the U.S. Census, the number of children in nursery schools has doubled in the last 10 years. We are aware, too, that in 1974, there were only a million day care openings for six million children. In a time of economic crunch, which unfortunately we must believe will be with us for some time, we can expect the number of working mothers to increase as they seek to supplement the family income or become the sole support of their families. Nor can we expect the number of single parent families to decrease; rather, their numbers will increase. During periods of stress, the strains on family life are also heightened. Thus, the need for the supplemental services provided to the family in the proposed legislation in the areas of counseling, health, nutrition, etc. are greater than ever.

Our testimony today shall not attempt to present a title by title analysis of the bills. Having stated our support for the need for additional day care and preschool programs, as well as other services to families, we offer the following additional comments:

1. We believe that the family is still the most fundamental influence on the child and providing services to strengthen family life is, therefore, of paramount importance.

2. We support wholeheartedly the fact that this is a program of voluntary participation. PTA shall make every effort to inform its members and the public in general that there is nothing in the Child and Family Services bills that would mandate participation on the part of any parent or child. No parent need have a child in this program unless the parent so desires.

3. We support also the fact that the bills address themselves to the broader concept of child development, rather than simply to day care. We would assume that under this concept of total child development, mental health services would also be provided.

4. We would urge that the program be available to accommodate people who have no other possibilities for such services. While we recognize the need to give assistance to working mothers and those with the greatest economic need, there are often human needs that transcend economic considerations. Provision for participation on the part of such families should also be provided.

5. PTA believes that parent involvement and parent education are absolutely vital in any effort or program to strengthen family life. We note, with approval, the attention given to this concept in the proposed legislation and we would oppose any amendment to weaken parent participation and provisions for parent education.

6. In addition to direct health benefits, we believe there are larger implications for health care implicit in the proposed legislation. For example, earlier identification of handicapped children would be possible and nutrition benefits for mothers and their children would come at an earlier stage in the development of a child.

7. We approve the requirement that no child can be the subject of research and experimentation without parental approval. Here, too, the voluntary nature of participation is clearly stated. We would oppose any amendment to modify this provision.

8. We endorse the provisions that stress the family as a unit—as in family counseling for parents and children. In a highly mobile and rapidly changing society, the need for family counseling can be expected to increase.

9. PTA believes that prime sponsors must be either state or local governmental agencies where there is greater public control and consequently greater accountability. National PTA policy requires that public funds for the education of children and youth, and for health and welfare services for children and youth, must be channeled through public boards or departments, or at the very least, through non-profit organizations.

10. To guarantee the best possible delivery of the new services promised in the bills now under consideration, the prime sponsor should not be limited to one particular governmental agency, as for example, the public schools. We would comment further that where schools are able, and willing to take on such increased responsibility, they could very well be so designated.

11. As the bills appear to satisfy PTA's objection that profit making organizations may not be prime sponsors, PTA would accept the utilization by prime sponsors of profit making organizations to operate programs, *provided* that the costs of standards for service are fully met and fully enforced. No program, whether operated by profit or non-profit groups, should be exempt from the requirement of full parent involvement and participation, including parent education.

National PTA stands ready to provide for the Committees additional information as required. We compliment the sponsors of the bills for their recognition of the need for such legislation.

We thank you for this opportunity to be heard.

STATEMENT ON BEHALF OF THE AMERICAN PERSONNEL AND GUIDANCE ASSOCIATION BY DR. JANET C. HEDDESHEIMER, ASSISTANT PROFESSOR OF EDUCATION, DEPARTMENT OF EDUCATION, THE GEORGE WASHINGTON UNIVERSITY, WASHINGTON, D.C.

Mr. MONDALE and Mr. BRADEMAS and Members of the Committee: I am Dr. Janet Heddesheimer, Assistant Professor of Education at George Washington University and a Member of the Government Relations Committee of the American Personnel and Guidance Association. It is with pleasure that I testify before this joint House and Senate subcommittee hearing on S. 626, The Child and Family Services Act of 1975.

I commend both of you for the outstanding work you have done in the preparation of this bill. The services for which it can provide meet a critical need in this country for more adequate child care services and direct assistance to families.

Today I will discuss what I view as the strengths of the bill. I will also suggest possible additions to the bill which I believe would make the bill even more responsive to the needs of the children and families it is designed to serve.

The focus of this bill on children in the first six years hits at an area of national need. Recent research in cognitive and social development of young children clearly identifies the importance of the early years in the individual's life. The foundation for such critical areas as learning, social skills, feelings of self-worth, and physical well being are laid in the first five to six years of a child's life. Yet many children whose mothers work or attend school or who are from one parent homes, spend much of their time in these early years in the care of people who do little to facilitate their development. Most parents would like to do all that they can to insure that their children will reach their potential later in life. But for many, economic requirements prevent them from devoting full time to child care.

In assisting children to reach their potential, prevention is a key concept. When I worked as an elementary school counselor I often saw children with physical handicaps, learning disabilities, or emotional problems which could have been prevented had the difficulties been identified and dealt with when the children were younger. Certainly by the time children reach junior high and high school many of the problems which interfere with learning are so severe that they are difficult if not impossible to ameliorate. The many components in the S. 626 which deal with prevention are essential. Early identification and remediation is at the heart of insuring a child's successful and happy school experience.

A third area of strength in the bill is the emphasis placed on all phases of a child's development. Attention must be given to the intellectual, emotional, social and physical development of an individual when preparing effective child care programs. All four aspects of an individual work together throughout life. Attending to only one or two without awareness of the others is impossible if we want to provide a truly effective child care program. For example, we know that a measure of self-concept coupled with a score on a reading readiness test is a better predictor of readiness to read than the test score alone. This suggests that we must be aware of a child's emotional state, how he feels about himself and his degree of confidence that he can read and his intellectual state, whether he is ready to and is capable of reading.

A fourth area of strength in S. 626 is the emphasis on parent involvement at all levels of the child and family services authorized by the legislation. Inclusion of parents in policy making as well as implementation recognizes that in order for the services to be a success, parents must be at the heart of all phases of the programs. Unless parents believe that they have a voice in the development of and running of the program they will remain outside of the program. The experience with such programs as Head Start and Follow Through demonstrate that if the programs are to be successful, parents in the home must reinforce and build on what is happening in the child care center. In addition, parental involvement insures a political base of support for the programs. Hopefully, the day will come when states and local communities will view child and family services as a needed institution in the community just as schools and hospitals are now.

Relatedly, the direct services offered to parents through parent education and home visits meet a critical need. For many children the problems they evidence in school are a direct outgrowth of problems the family as a whole are experiencing. If parents can be better informed and assisted in solving the dilemmas they face, their children are going to be affected as a result. In addition, assistance to parents will impact all children in the family, not only those participating in the child and family services programs.

Finally, the provisions for training of paraprofessionals and in-service training for professionals is essential. The comprehensive services suggested in this bill are in many respects unique. Few teachers, social workers, counselors and others who work with young children are prepared to offer the range of services provided for in S. 626. In addition, providing for the training of paraprofessionals with a career ladder built in, recognizes that the need for care for young children and assistance to their families is going to increase dramatically as more mothers continue to work outside of the home and as more single parent families emerge. Trained professionals and paraprofessionals who can work with children in child care facilities will be in demand. Certainly the success of the Office of Child Development's program in training Child Development Associates supports this need.

Even though S. 626 is a far-reaching bill with many strengths, I have identified several components in the bill which I believe can be made even more effective.

One essential area of the child and family services must be that of direct services to parents. The bill mentions the need for parent education and parent involvement. But this need is much broader than just education. In working in programs for pre-school children, counselors have found that parents need assistance through both consulting and counseling. Consulting encompasses parent education. Through consultation with counselors parents are able to have the numerous questions they ask about their child's development, their child's problems in the home, and their ability to relate to their child answered. In addition, parents themselves need support through counseling services. Often the parents own concerns have a great impact on how they deal with their children.

This assistance for parents can be offered individually and in groups. For example, in a program in Schaumburg, Illinois for three, four, five and six year old children with developmental delays, entitled the Schaumburg Early Education Center, the counselor who works in the center, Mr. Ronald J. Schmerber, offers a Dad's Study Group where fathers read literature and view films on children's development and how to relate more effectively to children and discuss the information they have found. In addition, there are parent counseling groups where parents come together to share their concerns and where they receive assistance and support from other parents as well as the counselor. The counseling and consulting services for parents aid parents in using the time they have with their children more effectively. Teachers generally are not trained nor do they have the time to offer this essential component in the child care centers. I would recommend that counseling and consulting services for parents by a certificated counselor be made available through the legislation.

Counselors can also play a valuable role in the in-service programs offered for teachers and the training of paraprofessionals. As I mentioned earlier, those who work with young children must attend to their intellectual, emotional, social and physical development in fostering their growth. Counselors have been effective in aiding teachers and paraprofessionals with such areas as identifying and dealing with the emotional concerns of children, creating a healthy psychological environment in the center, fostering a positive view of self in the child and aiding children with their social development.

In addition, counselors can be invaluable to staff members in aiding them to work with parents. Training staff members to effectively use parental help and to discuss with parents the strengths as well as problems their children have, are essential skills for full time staff to master. Counselors should be available to plan, coordinate and implement in-service programs for staff and training programs for paraprofessionals.

In addition to working with parents and staff, availability of counseling and guidance services for the children themselves cannot be overlooked. Developmental guidance programs for young children which are designed to accomplish such goals as to develop a positive attitude toward self, to understand and accept themselves as members of their family and community, and to learn to play and work with others, are all important components in a program of care for young children.

TESTIMONY GIVEN BY HON. PATRICIA SCHROEDER

Mr. Chairman, Members of the Select Subcommittee on Education, I appreciate the opportunity you have given me to speak in favor of H.R. 2969, the Child and Family Services Act of 1975 and its comprehensive approach to the needs of children of all ages. I particularly applaud its versatility, utilizing both homes and centers for day care, while providing education, health, nutrition, and social services; the inclusion of before- and after-school and summer programs to meet the special needs of families; the parental involvement at all stages of the program; its aim to serve children in all socio-economic groups; its special activities to ameliorate children's handicaps and disabilities, to serve migrant and Indian children, to understand needs of minority and ethnic groups, to benefit the working poor by reserving not less than 65 percent of funds for services to the economically disadvantaged, and focusing on the needs of children of working mother and single parents.

As a Federal government we have neglected children and youth. Children are the largest group among the American poor, representing 47% of the 24.5 million poor people in 1972. A disproportionately large number of deprived children are from minority groups who bear the effects of economic and social discrimination. The recent double-digit inflation and the simultaneous rise of unemployment to over 8% will escalate the number of poor and inflict hardship on many children, including children from former middle class families and especially children of minority families. Welfare rolls are rising noticeably.

The condition of our health care system is deplorable, allowing some 40,000 infants in deprived families to die each year who could readily be saved by maternal and infant health care. National educational achievement has risen markedly and is an absolute necessity for effective social and economic participation in today's world. Nevertheless, about one-fifth of all youth are high school dropouts and many who graduate are functionally illiterate by objective military entrance tests.

We have a national paradox of lofty ideals and low-level performance when it comes to children. This problem begins in our homes, but much of it carries over to our public policies in local school districts and counties, States and Federal agencies. Hundreds of thousands of our children are virtually condemned to failure on the day they were born because of the social and economic disadvantages of their parents and inadequate communities.

Let's look at the extent to which children and youth are short-changed in the Federal budgetary and legislative processes. From 1960 to 1969, during the New Frontier-Great Society years, Federal expenditures for children and youth increased from $3.6 billion to $14.1 billion, while Federal benefits and services to the aged increased from $13.3 billion to $34.2 billion, averaging $180 per head for services to children and $1,800 for each elderly person, the aged being one-fourth as large a group as children and youth.

It is time that the Congress declare unequivocably that the welfare of children and youth is of top priority in this country. In terms of revenue sharing and other allocations of funds, children and youth programs must be considered of highest priority and designated as such in the allocation of Federal, State, and local funds. It is time that we provide for child advocacy at every level of government. The Congress should provide for an agency in the federal government which would be responsible for the surveillance and advocacy of children's rights and for the social services designed to implement those rights.

There are those who question whether we can afford to give to children and youth the services they need and deserve. The present climate in Washington and the nation show a reluctance to accept new programs, to undertake actions to redress the neglect of the past. But I ask if we can afford *not* to reorder our priorities in terms of children and youth.

We are all concerned, for example, with rising crime rates—for which youths are very largely responsible. However, few of us are cognizant of the basic causes of crime. A recent study by the Colorado State Division of Youth Services analyzed 444 entrants committed to the State's Lookout Mountain School for Boys and the Mount View Girls School from July 1, 1972 to May 1, 1973. Over 90 percent of these "certified" delinquents had learning disabilities—such as inability to read, inability to think abstractly, and so forth. The average number of learning disabilities was 2.4 per youth.

No wonder they failed in normal school pursuits and went into crime in the streets. We must ask ourselves this: What did our society do to identify their basic problems and correct them before these youths became antisocial. Did we give them a fair start in life? When a child is allowed to be born handicapped or to become so, it costs the public dearly. Education for a handicapped child is two or three times as expensive as for a normal child—and the results are smaller. A crime career costs society $500,000.

An exceptional feature of this bill is its involvement of parents in planning and policy making as well as the training and employment of paraprofessionals from the community itself. This emphasis on the role of the family and community in child care programs fosters a healthy interdependence in our society, rather than a situation of independence in which families often find themselves isolated, fractured and hopeless—outside a community of concern.

I favor the bill's endorsement of a variety of models for effective child care, streamlined to the needs of individual families.

Licensed family day care homes. Over 70 percent of all preschool children of working mothers in the United States are cared for in home-care situations. While many parents want to improve on the quality of care provided, they do not necessarily want care provided on a group basis in a center or outside their community. In the family day care home the mother supplements her income by caring for one or more children; the atmosphere in informal and homelike. Family day care is suitable for children who have a strong need for individualized adult attention or who have physical or emotional handicaps which might hinder them from taking part in group activities. Experimentation with this model has had interesting results. The Illinois Bell System, concerned about child care for employees, recruited mothers willing to care for other children in their homes, provided orientation and training at the Erikson Institute in Chicago, and placed children of its employees in these homes. Possibilities along this line would involve community colleges and universities in training mothers in child development to provide a more creative child care, including supervision and evening accredited courses in early childhood education, as has been done at the University of Florida in Gainesville.

There has been suggestion of an expanded "block mother" concept, which would train and permit indigenous women to function more effectively in their own communities. They could provide "back-up" services to help out in emergencies, with sick school children, and for coordinating telephone messages.

Some industry and labor representatives have made a start toward providing child care services, but the active participation of many more is required to meet present and future needs. Traditionally, a number of hospitals and textiles and clothing manufacturers have provided child care for their employees to increase the labor pool and stabilize the work force. Certain trends seem to indicate greater possible involvement of industries in day care. Industry as a whole is broadening its views beyond a strictly economic focus, and increasingly, services are being brought to the work place—hot meals and health care. Individual industries are offering "fatter" fringe benefit packages in order to attract employees—health care insurance, stock options, parking spaces. Child care shouldn't be sold to industry on a solely economic basis, but as a preventive, rather than a therapeutic program, that recognizes the contribution of good child care to a healthy social/economic climate. Industries usually respond to a need of employees instead of creating a service on their own initiative—so that it is necessary that parents be aware of the variety of ways in which industry can contribute to a more adequate child care system.

a. Center in or near company facilities.

The advantages of this model are the elimination of extra transportation costs, especially in these days of energy conservation, the proximity of children and parent, as well as company services, such as janitorial, security, legal, health, hot meals, which could easily be extended to the center. In Europe urban-industry centers have had to open their enrollment to children of the community around the plant to stay at capacity enrollment—which would provide a bridge between industry and community.

b. Community-based child-care centers.

Community-based child-care centers offer a new model of industrial-supported day-care delivery. This care in the home community lacks the in-plant facilities which help subsidize the program, but might have greater parental involvement and become part of broader community services, such as health care, legal aid, etc. This coordination of services providing after-school supervision to older children, care for pre-schoolers, as well as health, recreation and other services is seen as an effective delivery model.

c. Industry support of existing day-care facilities.

Other companies act as referral agents, keeping a registry of available day-care services. There are those who have granted vouchers to employees to purchase day care or contracted with existing centers for a specified number of care spaces. In several cities industry has contributed seed money grants or loans to potential day-care operators. In other instances a coalition of industries have started a center.

Effective day care must be an extension downward of the educational process. Besides health and nutrition, intellectual stimulation is vital to a growing child. Currently there is more of an awareness of the importance of a child's first five years of development. Recent experiments on infant behavior by Jerome Bruner and colleagues at Harvard have shown that very young children are able to organize and react to their environments precisely and predictably and with far greater control than was previously acknowledged. The research argues more for enriching the infant's experience at his own developmental level rather than bringing a higher level down to him. General agreements exists that early intervention improves the social and educational abilities of children, and recommendations for lowering the age of active schooling to at least three are frequent.

Prior to 1968 there was no Federal standards for child care services provided under Federal legislation, but the Federal Interagency Day Care Requirements promulgated in 1968 were to be effective for all programs administered by the agencies. I must say that I was dismayed by the fact that these regulations were weakened in the 93rd Congress, when the House conferees accepted the Senate day care provision in the Social Services Amendments—which recommended the removal of the educational component from day care, burning it into custodial care, and increased child staff ratios for school age children. Although I am sure they did not intend it, the initial effect of the conferees was to say that the Federal Government does not think some poor children in day care need anything more than what we give dogs—kennel care. As we, who have studied children and their care know, children are unlike dogs. It is not enough to store them safely in a warehouse, with keepers. Children need educational services or they tune out—they become irreparably damaged—they end up, in the main, precisely incapable of function, so that when they are adults they must be on welfare, unemployment or institutionalized.

It is essential that the House change these provisions concerning day care requirements incorporated into the Social Services Amendments. H.R. 17045 as passed by the House showed our commitment to quality care for our children. State compliance with the Interagency requirements of 1968 has been intermittent; it is unacceptable that the Federal standards would be lowered. Quality child care is expensive, but I believe that the American children, our greatest natural resource, deserve this financial expenditure.

COMMENTS BY DR. MICHAEL S. MARCH

I have been asked to talk about Federal programs and priorities as they affect children and youth. This is a vital topic which deals with the central issue of creating a just society. My comments, of course, are my personal views as a professional analyst of national priorities.

I should like to cover briefly three points: First, the gap between our professed national attitudes toward children and our national performance in assuring them full opportunities for their development. Second, a review of Federal legislative and budgetary developments as they affect our young people. Third, some comments on how those who are advocates of children and youth might secure adequate Federal priorities for them.

These three points have a lot of bearing on one of the most important items on our national agenda of unfinished business: action to meet the needs of all the Nation's children so each of them has a full opportunity to attain his or her full potential.

First, let us consider the gap between rhetoric and performance.

We have had plenty of pronouncements regarding children and youth from many forums since 1909. There have been seven decennial White House Conferences on Children and Youth. We have had the Federal Interdepartmental Committee on Children and Youth, and the National Council of State Committees for Children and Youth, and many other private and public organizations to promote the welfare of children.

In these organizations we have clearly seen that the quality of the United States as a society is being shaped for the decades ahead by how we rear and educate our children and youth. The attitudes and the capabilities of our 80 million young people are the most important guaranty we have that our society and our constitutional form of government will last through the decades ahead.

The people who attended the successive White House Conferences were intelligent and very dedicated. They made many perceptive statements and they were influential in coloring the pronouncements of national leaders. The 1930 Conference, for instance, boldly proclaimed "the children's charter", which was an admirable statement.

All the Presidents since Theodore Roosevelt have responded by making strong verbal commitments on behalf of children in their messages and press releases. President Nixon, in 1969, called, for example, for a "national commitment to providing for all American children an opportunity for healthful, stimulating development during the first five years of life. . .". But then in 1971 he vetoed the Child Development bill for day care of preschool children.

Broadly speaking, the implementation of the lofty promises made in the last 60 years regarding programs for children has been poor. President Johnson's "Great Society" efforts made a good start in the anti-poverty and education areas, but social progress was side-tracked in favor of prosecuting the costly and divisive Vietnam War. By any reasonable standard of feasible humanitarian performance for this affluent country, the United States has failed its children and youth. The parents in the past have failed them in distressingly large numbers—and deterioration of the family structure augurs ill for the future. Many school districts and communities have failed their children. I doubt that any State can say it has succeeded in doing a proper job. Certainly the Federal Government has failed to do its fair share. The failures have been the result of inadequate commitment to goals, poor organization, and allocation of insufficient money.

The record has bright spots, to be sure. Let me cite two.

We have conquered most communicable diseases and have sharply reduced infant and child mortality. We are also the most educated, if not the best educated, country in the world.

Yet one of the principal findings of the 1970–71 White House Conference was the shocking conclusion that the Nation is still neglecting its children. Considerable data on the failure were assembled in a series of 8 background studies which were prepared under my direction for the Conference. Because of the interest shown by Senator Ribicoff, these were subsequently published in September 1971 by the Senate Committee on Government Operations under the title of "Government Research on the Problems of Children and Youth."

Consider also and explain the following phenomena with respect to our nation's children and youth:

Poverty has been reduced, but still about 12 million children and youth under age 21 were living in poverty in 1972 in families or as individuals. There were 7.8 million children on the welfare rolls in late calendar 1973—five times the number in 1950. Despite the rapid expansion of federal food programs in the last 7 years, many of these children receive inadequate nutrition for proper human development, and some of them still live in actual hunger.

Children are the largest group among the American poor. They were 47 percent of the 24.5 million poor in 1972. A disproportionately large number of deprived children are from minority groups who bear the effects of economic and social discrimination. The recent double-digit inflation and the simultaneous rise of unemployment to 6 percent will escalate the number of poor and inflict hardship on many children, including children from former middle class families and especially the children of minority families. Welfare rolls will rise.

The condition of our health care system is deplorable. Some 40,000 infants in deprived families die each year who could readily be saved by maternal and infant health care of the quality available today to most families. Most States today tolerate huge inequalities in infant death rates in their boundaries.

National education achievement has risen markedly and this is essential, because schooling is an absolute necessity for effective social and economic participation in today's world. Nevertheless, about one-fifth of all youth still drop out before finishing high school. And many who graduate are functionally illiterate by objective military entrance tests. As a result, based on data Office of Education technicians gave me in 1971, an estimated one-fourth of our young adults—approaching one million each year—leave the educational system unequipped with a 10th grade education, the level which experts adjudge is necessary to function effectively in our complex society.

Taken altogether, the mental and health deficits accrued by many of our children and youth are so substantial that a few years ago it was estimated that one-third of all young males could not meet regular military entrance standards. Military entrance standards have been relaxed to meet quotas of the new volunteer Army.

We have a national paradox of lofty ideals and low-level performance when it comes to children. This problem begins in our homes, but much of it carries over to our public policies in local school districts and counties, States, and Federal agencies.

The United States was founded on the principles of freedom and the worth and dignity of the individual. We subscribe to the philosophy that our country should assure adequate opportunity for the fullest development of the potentialities of each and every child.

Notwithstanding our ideals, our actual priorities, private and public, refute our philosophy of equality and full opportunity for children and youth. Our social, economic, and political institutions fail to deliver the opportunities our children need and which our national leaders promise for them. Our failure as a nation in this respect is hurtful to our national strength and substracts from the common welfare. Proper development of our children and youth is probably the only feasible way to prevent a substantial degree of poverty, delinquency, violence, and social and political breakdown. It is hard to visualize a category of public programs which is more important to the prevention of social and economic ills in our society.

Hundreds of thousands of our children are virtually condemned to failure on the day they are born because of the social and economic disadvantages of their parents and inadequate communities.

We are all concerned, for example, with rising crime rates—for which youths are very largely responsible. However, few of us are cognizant of the basic causes of crime. A recent study of the Colorado State Division of Youth Services analyzed 444 entrants committed to the State's Lookout Mountain School for Boys and the Mount View Girls School from July 1, 1972 to May 1, 1973. Over 90 percent of these "certified" delinquents had learning disabilities—such as inability to read, inability to think abstractly, and so forth. The average number of learning disabilities was 2.4 per youth. No wonder they failed in normal school pursuits and went into crime in the streets. The question left is: What did our society do to identify their basic problems and correct them before these youths became antisocial? Did we give them a fair start in life?

When children are allowed to be born handicapped or to become so, it costs the public dearly. Education for a handicapped child is two or three times as expensive as for a normal child—and the results are smaller. A crime career costs the society $500,000.

It seems clear that when the futures of children are blighted, the nation's security and welfare are impaired and its future is short-sighted. Our national priorities need to be reordered to give children a better chance in life. Somehow we must find a way to close the gap between the big promises and the meager performance. This is a problem which the Federal Government faces, but also one which afflicts States, cities and counties—and individual families, too.

We come now to the second point on my agenda, the question of what recent Federal policies and budgetary action may mean for children and youth—and for the States and local governments, as well as for the Federal agencies in this field. Two sets of somewhat related policies developed by the Nixon Administration have very important implications for all of us who are concerned about the future of the country's children.

One is the policy of severe Federal budgetary stringency which was initiated late in calendar 1972 and made fully evident in President Nixon's budget for the fiscal year 1974. Numerous impoundments were attempted to kill off whole programs and even agencies, such as OEO. These actions deprived our children and youth.

The Federal budget is in trouble. In fiscal 1971 and 1972 the deficits *each* year exceeded $23 billion. For the fiscal year 1973 and 1974 the deficits totalled nearly $18 billion. For 1975, the problem is to prevent an increase in the $9 billion deficit bequeathed by President Nixon.

Past deficits have been the root cause of our present runaway inflation—the worst inflation since World War II. Inflation is recognized as being hurtful to families and destructive of economic strength.

President Ford is currently driving his Cabinet to cut $5 billion out of the 1975 budget and hold it to $300 billion. These actions will hit controllable programs very hard—and many programs for children and youth are in the controllable category. The Congress is never enthusiastic about tax increases—and especially so when unemployment is high and rising. Reallocation of resources within the Federal Budget is also very difficult to achieve.

The restrictions on the Federal budget mean that States, local governments, and families will have to shoulder directly a greater burden for their children. The Federal Government is already overcommitted, given its present tax level. But States and cities, too, are hit hard by double digit inflation. In many States education programs are being cut back because of inflation.

The second major set of policies comes under the label of the "new Federalism." It was President Nixon's policy to encourage States and localities to take over more of the job which government faces. He wanted decisions to be made as close to the people as possible, rather than in Washington. He pressed for the decentralization of Federal programs to the 10 Federal regions. However, this policy has not carried any action to achieve a Federal-State-local partnership in developing coherent, coordinated programs for children and youth. For children and youth the "new federalism" so far *represents* a perpetuation of "business as usual" neglect.

Federal revenue sharing, which became law October 20, 1972, is an important facet of "the new federalism." Its purpose is to use Federal fiscal power to help States and local jurisdictions—which have serious problems but lack fiscal capability. General revenue sharing will provide Federal aid of $30 billion to the States, cities, and other local governments during the fiscal years 1972 through 1976.

General revenue sharing provides no major help for children and youth.

Two thirds of the allocations go to local "general" governments. Children's programs are left out of this share in two ways. First, school districts which are classified as "special" units of government, as is true in most States, are not eligible at all. Moreover, services for children and youth are omitted from the priority list for funds received by local governments—and the so-called "use reports" indicate that the localities turn their backs on educational needs.

The States receive the other one-third of the general revenue sharing funds. Education was initially the largest purpose of proposed State uses. However, some of this was substitution—offset by tax cuts. Moreover, there are great variations in use. The State of Colorado has allocated much of its share for sewers and for building at Colorado State University. As of June 30, 1974 it had actually spent only $7 million, the remainder of the $46 million of its general revenue sharing was sitting in a trust fund drawing interest. Meanwhile the State institutions for the mentally retarded were so grossly underfunded that, reportedly, a Federal investigation of abuses was in progress. Also, serious socio-economic disparities prevail in the State. The infant mortality rate, which is indicative of general conditions, in the worst county is nearly 80 per 1,000 births—or four times the average in Colorado.

The Federal revenue sharing programs are both an opportunity and a responsibility for the States and local governments. They will have to create mechanisms to set right priorities. If elementary and secondary education is to receive its share of local general revenue sharing, the proponents of children and youth will have to lobby the Committees of the Congress to allow school districts to share and to list children as a priority use by other local units. If the children and youth lose out on the use of the revenue sharing funds, the responsibility will be that of the States, cities, and counties.

Another thrust of the "new federalism" effort was to consolidate existing categorical grants into "block" grants. There have recently been two major Congressional enactments which rather significantly change the earlier rules of the road and bear careful watching by those who care for children and youth.

The Housing and Community Development Act of 1974 became law on August 22, 1974. It carries new funding authorizations of $11.9 billion for fiscal years 1975, 1976, and 1977. It initiates a major consolidated community development program, amends public housing laws and starts a new leased housing program, and has various other provisions. It reserved one-fifth of the community development money for non-metropolitan areas.

The Education Amendments of 1974 (P.L. 93–380) received Presidential approval on last August 21. This law contains new allocation formulas for the distribution of funds for the educationally deprived and also authorized advance funding. The authorized level for appropriations totals $25 billion for 4 fiscal years, starting with $7.16 billion for fiscal year 1975. There is a sharp boost in the funding authorization for education of handicapped children in the first year. President Ford has made clear that he opposes what he calls "excessive funding" authorized in this law and will try to get the Congress not to appropriate the full amounts, according to a *New York Times* story on August 14.

We come now to the third point on my list, the question of Federal priorities for children and youth and how to improve them.

As one who has devoted his life to the public service—and spent more than a quarter of a century in the Bureau of the Budget and the Office of Management and Budget at the heart of the Federal Government—I have a strong feeling that public agencies have a large responsibility for meeting the presently unfulfilled needs of our Nation's children and youth.

If my feeling is correct, this means that State governments and the Federal Government will have to take more action, because as we know the resources of local governments are heavily strained and are very uneven from jurisdiction to jurisdiction, as court decisions on education in California and Texas have brought out. In saying this I do not mean that individual families, and that private organizations as well as local communities, do not have a very important role. However, their financial means may be inadequate to their family and community responsibilities.

To say that the Federal Government must do more for children and youth, especially given the President's policies on cutting expenditures, immediately raises the issue of priorities. The $304 billion Federal budget already takes more than 20% of the GNP. The Government is, however, beleaguered on all sides by demand for scores of billions in additional spending. But there is also a reluctance to raise taxes. The competition for available budget resources is brutal, and if the young are to receive more, other purposes will have to receive less. Or, taxes will have to be raised to finance meritorious new programs.

Thus, if children and youth are to get their fair share, they need to be represented better in the Congress and at the Executive Office of the President. The decision-makers will have to be willing to provide more money for family planning, education, health, food and nutrition, day care, welfare, juvenile delinquency prevention, and the many other services for the normal and the exceptional children of the country.

During a sabbatical in 1969–70 to study at the Brookings Institution, I had occasion to review comprehensively the performance of the Federal Government with regard to its budgetary priorities. It seems fair to say that in the Federal budget the children suffer. The Federal Government must make hard choices, and other groups lobby more persuasively. In the absence of an effective advocacy system and because children do not vote, it is often said they do not get their fair share, even though they are the largest single group among the poor and represent 38 percent of the entire population.

I do not believe that either the policy makers or the people of the country understand the extent to which children and youth are shortchanged in the Federal budgetary and legislative processes.

Let me cite some facts: From 1960 to 1969, during the New Frontier-Great Society years, the Federal outlays for the approximately 80 million children and youth under age 21 increased by about $10.5 billion to around $14.1 billion. The total averaged out to something less than $180 per head for all education, health, cash benefits, and other special assistance per child and youth.

During the same span of time, 1960–1969, Federal benefits and services for persons over age 65 increased by about $20.9 billion to $34.2 billion. Federal expenditures for the aged averaged about $1,800 per aged person in 1969. Thus the 19 million aged, who were only one-fourth as large a group as children and youth, received increases in Federal benefits and services more than twice as large in absolute terms as the children and youth. And per person Federal aid for the aged was about 9.5 times as large on the average in 1969 than for the young. These figures cover only benefit and service programs such as cash benefits, health services, education, training, food, housing aid, and the like. They do not include allocations of general programs such as defense, law enforcement, aid to business, etc., which may less directly serve or benefit both the aged and the young.

The more recent estimates of the change from fiscal 1969 to the budget for 1975 as recommended by President Nixon show a continuation of the trend—and even a worsening of the comparison. Data for 1975 released in a budget "special analysis" (and somewhat adjusted by me to include minor omitted programs and to exclude outlays for "elderly" people not yet 65) show a striking increase for the aged.

The estimated increase in Federal outlays for the aged in the 6 Nixon years from 1969 to 1975 is $40.2 billion. Hence, in fiscal 1975 total planned Federal outlays for the aged will be $74.4 billion, or an average of more than $3,500 for every one of the 21 million aged persons in Federal funds alone. Needless to say the budget analyses carefully bring together these figures, for the politicians see profit in catering to the aged.

There is no available official tabulation of the corresponding increase for children and youth, nor of the aggregate amount spent for their benefit. My rough estimate of their increase is $13.9 billion for the period of fiscal 1969 to 1975. This brings their total in 1975 to about $28 billion, or roughly $350 per young person—or only one-tenth of the per person outlay for aged persons.[1]

The absolute dollar increase in the 6-year period for the aged is $40.2 billion versus only $13.9 billion for the young, so the aged got three times as much in total. The young, however, are roughly 4 times as numerous—80-plus million vs. 21 million aged. Hence, the increase for the aged was 12 times as much per capita as for the young in the last 6 years.

Over 12 million of the children and youth are in poverty (in 1972) compared to an estimated 3.7 million aged in poverty (in 1972), according to Census estimates. (The 20 percent increase in social security benefits in 1973 plus the enacment in 1972 of Federal supplemental security income payments for the aged should pull the figure for the aged poor down sharply by 1974.)

Overall, the aged who are only about 10 percent of the whole population in fiscal 1975 will receive 24 percent of all Federal budget outlays in special assistance; the children and youth who are 38% of the population will receive about 9% of the budget in their special programs. Moreover, the aged receive the great bulk of their portion in cash; the children and youth are being credited largely with educational, manpower, health, and other services for which teachers and other adults in other families really get the money. No one knows to what extent the children and youth really benefit from some of these expenditures. A little table at the end of this paper summarizes the comparative figures by broad category.

The foregoing illustration is not intended to suggest that present benefits for the aged should be cut so the funds can be given to the young. It is intended to show what can be done by a determined and united group of advocates. It is conceivable that if the Government focused on its people priorities meaningfully, it might want to favor both the young and the aged and to deemphasize other programs. Expenditures for the young are probably the best investment the United States can make for its future strength as a society and Nation.

The facts on our failures with our children and the figures from the budgets suggest that the people of our country do not care enough about their children to advocate their cause when it comes to money. If they do care, they do not know how to get their legislators and their Presidents to set human resources priorities in the Federal budget equitably and constructively.

The Nixon Administration made much propaganda about having "changed Priorities" by having reduced "defense" from 45 percent of the budget in 1958 to 39 percent in 1975, and having increased "human resources" programs from 32 percent in 1968 to 50 percent in 1975. They include in "human resources" all the veterans' programs for war-injured ex-servicemen and nearly all the $74 billion in cash, medical, and other assistance for the aged. The latter benefits really are a form of "welfare", as recent press reports indicate President Ford and his staff are calling them, rather than an "investment" in productive people, as the term "human resources" connotes. Education, health, and related services for children and youth who will become producers in the future are probably the most genuine "human resource" investments the country can make—but these have been neglected. This sort of corruption of budget presentations for political purposes is one cause of the Government's big credibility gap. Such comparisons are damaging to the public well-being because they mislead the people about budget priorities.

My former boss at the office of Management and Budget, Director Roy Ash, in Washington has recently floated a "trial balloon" about a possible effort to cut back some of the programs for which the Nixon Administration used to take credit. He has suggested possible reductions, of all things, in aid to Families with Dependent Children, social security, and revenue sharing.

Senator Proxmire, almost simultaneously, called attention to a little-known tax loophole by which big business could change accounting practices for inventories and realize $6 to $9 billion of tax breaks this year. This would be on top of $60 billion of tax loopholes which previously have been identified by the Joint Economic Committee. The Ford Administration is promoting more tax loopholes for business rather than closing them—at the same time that it proposes to cut "people" programs. If the Treasury and Chairman Wilbur Mills could close half the Federal tax loopholes now in existence, the Government could finance new programs for children and youth which would change our society for the better in a remarkable way.

Thus it becomes clear that at the center of the problem of the neglect of priorities for children and youth is the issue of reordering the budgetary priorities of the country. One important recommendation of the 1970 White House Conference on Children in this regard was that "At the national level . . . the proportion of our gross national product devoted to public expenditures for children and youth be increased by at least 50% during the next decade, and that the proportion of the Federal budget devoted to children be at least doubled during that period." In the 6 years since 1969, the share of children and youth in the Federal budget has gone only from 8% to 9%. The goal suggested by the White House Conference would be to reach 16 percent of the Federal budget by 1980.

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[1] The Consumers' Price Index rose 24% from calendar 1960 to 1969 and about 35% from 1969 to 1974—thus cutting into the budget increases.

When the Federal programs and the State and local programs are taken into account with what the families themselves can finance, the inadequacy of the provisions for the young is strikingly highlighted by the fact that there are probably 4 or 5 times as many children as aged persons living in poverty in 1974.

This situation is further aggravated by the huge disparities which prevail among the States (up to two and one-half fold) in total public per child outlays for education, which is very important. There are sharp differences in fiscal capacity within States, for example, between suburbs and central cities or rural areas. Children in disadvantaged areas need "compensatory" services of high order to overcome their other deficits. The problem of disadvantaged children in low income areas with high concentration of disadvantaged children (and of disadvantaged parents, too) are not likely to be solved unless substantial additional resources are provided from State and Federal budgets for a broad range of cash benefits and services. Some States do not have the fiscal capacity or the willingness to equalize spending, let alone to provide extra funds for compensatory services in the heavily disadvantaged communities.

This is not just a problem in budgetary arithmetic. We know that low support for benefits and services for children is often associated with high failures in education and frequently with high rates of delinquency—and poverty in later, adult life. Underinvestment in children thus generates a vicious cycle of poverty and welfareism.

In a large measure, we have the sort of society that we are willing to pay for in our taxes. How we care for our children today determines the condition of our society a generation hence. Private action and local public action is on the whole insufficient to overcome the externalities which individual self-seeking generates. Realistically, the national Government is the only entity with the money capacity and the power to give all our children a fair start in life.

The nature of the task ahead is made clear by some of the plans and priorities that were voiced by the Conference on Children held in Washington in December 1970. My own analysis of the priority poll taken at the Children's Conference suggests the following action needs, more or less in the order listed: Comprehensive services, especially for young children; action to eliminate racism; action to improve education; creation of organized efforts to follow through on the recommendations; reordering of our national priorities to accord greater weight to children and youth; organization for child advocacy at the local, State and national levels; comprehensive health services for mothers and children; justice for children; etc.

The passage of time has only confirmed the insight and the wisdom of the Conference—even though the Nixon Administration did not identify with the recommendations of the Conference President Nixon had convened.

If there is ever to be a successful follow-up on the recommendations of the 1970–71 White House Conference there are several essentials in order for the U.S. to redress its priorities and do justice to children and youth:

Organization responsibility must be fixed on some specific unit or official of Government in each State and in the Federal Government for carrying out the follow-up process. The units at each level must, moreover, have status and access sufficient to affect the resources allocation or budget patterns of the State and Federal agencies as well as, hopefully, those of local governments. In the Federal Government no one really speaks for children and youth as a group or considers all the programs which affect them in an interrelated way. Their needs are thus not fully considered in setting budget priorities either in the White House or in the Congress.

Provision must be made for adequate assessment and reporting to the public. At present in the Federal Government, and I suspect in most States, there is no single unit which carries on effective, comprehensive evaluation and assessment of the needs of children and youth and the status of the programs designed to meet those needs. Nor are assessment reports issued. The dismal neglect of the needs of children and youth in the Federal budgetary process is underlined by recent performance. In the last 6 years the budget increased by $119.8 billion and the aged alone took 34 percent or $40.2 billion of this increase. The young, who are nearly 4 times as numerous, got a meager $13.9 billion of just 12 percent of the increase. No one in Washington, D.C. seems to care deeply about children and youth. The Nation needs an effective organization of mothers and fathers to fight hard and see that children and youth receive 34% of the increases in the Federal budget in the next 6 years, based on the solid merits of their claim and their past neglect. This would bring us out close to the goal for 1980 suggested by the White House Conference.

The Chief Executives of the States and of the Federal Government must assume responsibility for the follow-up process in their respective areas. Moreover, this process must actively involve the respective State legislatures and the Congress of the United States, which enact the necessary legislation and appropriate the money to make it effective. At the Federal level, and in every State, both the Chief Executive and the legislature should receive annually a comprehensive status report on the programs as they relate to children and youth and on the status of the follow-up agenda.

Organizational machinery is needed in each State and in the Federal Government with sufficient power and staff resources to coordinate the multitudes of fragmented programs for children and youth which now exist. The objective should be to balance out the priorities and to achieve sufficient coordination and action so that the various service agencies serve the whole child and the whole family at the local community level instead of working at cross purposes as they often do.

Adequate provision should be made for representation of all groups, where the unmet needs of children today are particularly great, in these program areas so that their voice will be heard with respect to the setting of priorities and achievement of responsive administration of programs. We are all aware that needs often are overlooked if provision for advocacy is not made.

During the 1970 White House Conference process I had the good fortune of serving as Executive Secretary of an Ad Hoc Committee on Follow-up of the WHCCY. The other members of this group were Joseph Berg, Dr. Edward Greenwood, Mrs. Joseph Haefeli, C. F. McNeil, and Marsha Stevens. It prepared a blueprint for follow-up which was published as an appendix at pages 414–422 in the report to the President by the White House Conference on Children.

The Ad Hoc committee specifically urged a systematic follow-up under "strong Federal leadership and involvement of the States and citizen groups."

For the Federal follow-up machinery it suggested a well-staffed, highly-placed Federal unit to assess periodically the status of the nation's children and youth and represent them in the overall priorities-setting process of the Federal budget: It suggested that the President issue an annual Report on Children and Youth and that the Federal budget should show how children and youth share in its expenditures. It suggested the designation of a high level official to lead the Federal implementation effort. It also proposed the creation in the Congress of a Joint Committee on Children and Youth to hold periodic hearings on the entire range of Federal programs and concerns relating to the young, including on the annual report submitted by the President.

None of this has been done. Action is needed in the new, and hopefully more responsive, 94th Congress. It is our task to call this to the attention of our Senators and Representatives.

There is a real national urgency for action in reorienting the Federal Government's priorities to give a top rank to a comprehensive set of programs for child and youth development.

At the present time the 212 million people in the U.S. constitute only 5 percent of the world's population of about 4 billion. The world population is growing about 75 million each year—adding the equivalent of the entire population of the U.S. each 3 years. With the onset of ZPG in the United States our total population in the year 2000 is likely to be only 3.5 percent of the world's projected population of 7 billion.

There is increasing reluctance on the part of the underdeveloped nations to sell their resources cheaply to the U.S. Hunger is stalking one-fourth of the people on the globe and tensions are mounting in the "third world".

In this increasingly competitive situation the U.S. will not be able to survive economically, diplomatically, or militarily by virtue of the number of its people. We will have to maintain our status on the basis of quality and performance. It follows that if we are to outproduce, outthink, and even outfight the determined competitors from the rest of the world, every adult American will have to be a first-class citizen and able producer. We will not be able to afford an underclass consisting of millions of half-ignorant, half-sick, and half-productive citizens.

There is no more effective way to reduce significantly the ineffective underclass in the United States than through a full start for the little children—beginning with proper maternal health and nutrition and ending with maximum education and training for all the youth.

President Nixon was wrong on many things, but he was dead right in 1969 when he said that the first five years of life are the most important in the healthy development of an intelligent human being. Unfortunately he did not really act on this premise when it came to budgeting.

I can visualize no more vital piece of national legislation which the 94th Congress could enact than a "Full Opportunity Act for Children". Such a bill should have as its ultimate purpose two objectives: (1) the assurance that every child born in the United States would be given a full chance to have a sound body and a sound brain through proper health and nutritional care for the mother; and (2) the assurance in the first 5 years of life of adequate nutrition, proper preventive health care, and stimulative educational development in the home and in preschool day care centers to develop his or her capacities to the fullest. Social insurance provision for complete maternal and child health care is the most urgent and high priority step the country can take today to improve the health of the nation in a fundamental way—and the suggested bill would do it, plus much more.

The assurance of these basic human rights is the highest obligation of a society which says it believes in "social security". In 1935 the needs of both the aged and the children for social security were recognized—but the children still have not been given real protection 40 years later. I suggest that a bill for services to mothers and little children be drafted as an amendment to the Social Security Act and the program financed 50/50 by payroll taxes on all employers and all workers. The ultimate social and economic returns from this new program would exceed those from any existing title in the Social Security Act, I believe. In one generation we would be well on the road to a completely changed society—especially if this action were followed up by provision of full educational and health opportunities in the next 15 years of life for all children.

The Federal Government can provide money, but the action must be at the State level. Improved organization is necessary in each of the 50 states. To provide a strong State and local follow-up, the Ad Hoc Committee proposed that the State Committees on Children and Youth be strengthened so they could make periodic factual assessments of the status of children and youth in their States and evaluate the effectiveness of State and local programs serving them. Such strengthening would permit them to achieve better coordination of service delivery, to work with Federal regional offices and councils as the Federal Government decentralizes functions to the field, and to cooperate with voluntary organizations. The Committee proposed that each Governor make a public commitment to review and implement desirable proposals recommended during the WHCCY and that at least biannually a State Report on Children and Youth be prepared by each state.

The committee further proposed that the Federal Government encourage the States to take such action, by enacting new legislation to provide special Federal matching grants to strengthen staff resources of the State committees and the Governor for the planning, evaluation, and coordination of programs for children and youth. It was also suggested that the Federal Government should provide technical assistance and funding for follow-up functions from available Federal funds. This has not been done. Perhaps the use of general revenue sharing could fill this gap if a priority were set in the next revision of this program, but special Federal legislation specifically for children and youth is necessary. These stimulative grants might well be one title of the bill I have already suggested.

In addition, the Ad Hoc Committee suggested that simliar strengthening of private voluntary sector follow-up to be achieved, including the creation of a strong "children's lobby" or a "coalition for children".

The budget priorities for children and youth I have described are bleak. Likewise, I have seen no action to create a strong mechanism for representing the interests of children and youth effectively at the highest policy levels of the country, particularly in the budgeting process. This bodes ill for social justice and may indeed impair the future stability of our republic by perpetuating inequitable and avoidable social and economic inequalities. We need decisive action at the Federal level and in each of the 50 states.

In theory our public social welfare and human resources programs are predicated on the principle of social equity. However, in neglecting programs for children and youth many of our policy-makers have been blind to intergenerational equity and also to the greater social efficiency of adequate investments in the young—who will be the producers and the citizen-custodians of our society as the stream of life flows onward. I hope my analysis contributes toward redressing the balance in favor of more equitable and more effective use of our scarce public resources for the young whose future is in our hands.

FEDERAL EXPENDITURES FOR THE AGED AND THE CHILDREN AND YOUTH, FISCAL YEARS 1960-75 (AGED: OVER 65, CHILDREN AND YOUTH: UNDER 21, SELECTED FISCAL YEARS)

[Amounts in billions of dollars]

Category	Annual outlays in—					Outlay increases from—	
	1960	1969	1972	1974 (estimate)	1975 (estimate)	1960-69	1969-75 (estimate)
Cash benefits:							
Aged	12.6	25.5	34.8	49.9	57.7	12.9	32.2
Children and youth	1.6	4.2	5.7	7.3	8.3	2.6	4.1
Health:							
Aged	.6	8.2	10.1	13.4	15.1	7.6	6.9
Children and youth	.4	1.5	2.3	2.7	2.9	1.1	1.4
Food:							
Aged	(1)	.1	.4	.7	.8	.1	.7
Children and youth	.3	.8	2.0	2.4	2.9	.5	2.1
Education:							
Aged	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Children and youth	1.1	5.8	6.9	9.3	9.8	4.7	4.0
Manpower programs:							
Aged	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Children and youth	(1)	1.0	1.7	1.7	1.7	1.0	.7
All other:							
Aged	.1	.4	.5	.6	.8	.3	.4
Children and youth	.2	.8	1.5	2.3	2.4	.6	1.6
Grand totals:							
Total for aged	13.3	34.2	45.8	64.6	74.4	20.9	40.2
Total for young	3.6	14.1	20.1	25.7	28.0	10.5	13.9
Total, all budget outlays	92.2	184.6	231.9	268.3	304.4	92.4	119.8
Precent for aged	14	19	20	24	24	23	34
Percent for young	4	8	9	10	9	11	12

[1] Unknown, but probably less than $50,000,000.

Note: Includes general revenue sharing, social services, housing, early child care, etc.

Source: These are rough statistical estimates prepared by author from various publications and budget documents including: Children's Bureau, "Federal Programs Assisting Children and Youth" (1968); "Special Analyses," budget of the U.S. Government (fiscal years 1970-75, with downward adjustments in figures for 1972, 1973, and 1974 to exclude amounts of $3,000,000,000 to $4,500,000,000 a year for so-called elderly people who are under age 65 but are on the cash benefit rolls); "Budget Highlights," fiscal year 1974 (chart book by OMB); "The United States Budget in Brief," fiscal year 1975. Figures for 1974 and 1975 are based on amounts recommended in President's 1975 budget. Figures exclude special tax benefits, which for aged exceed $8,000,000,000 in 1975.

STATEMENT OF WAYNE J. SMITH, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION FOR CHILD DEVELOPMENT AND EDUCATION

Chairman Mondale, Chairman Brademas, my name is Wayne J. Smith, and I am Executive Director of the National Association for Child Development and Education, a non-profit association representing the nation's private providers of child care, and headquartered at 500 Twelfth Street, S.W., here in Washington, D.C.

I am accompanied this morning, by several persons who typify the membership of our association, and I hope that—whether offered jointly or sequentially—our statements will serve to remove any thought that proprietary child care centers, by reason of such private ownership, become less worthy than public or private non-profit centers to participate in the intended purposes of S. 626 and H.R. 2966.

When first in 1974 the bills under consideration were discussed with you, NACDE proposed (and now reaffirms) that private providers ought properly to be accorded participation corresponding to that of publicly sustained care-providing entities. We will seek to project to this joint committee the viewpoint that non-profit status does not, in and of itself, impart to a care provider a heightened sensitivity toward the needs of its young charges.

Similarly, we at NACDE are deeply troubled each time a report is issued in newly critical terms which suggest to Congress or to the public that irregularities in child care are assignable to the private sector. We will try not to evade the need, whenever it fits, to wear the shoe of parental or public indignation, but we must decline to bear silently any imputed responsibility for wrongs we have not committed.

We are convinced there is nothing ennobling in the absence of profit, and we wonder how—if non-profit status constitutes an act of purification—it is possible for proprietary providers consistently to achieve higher returns per dollar expended. We are persuaded that the margin of economic advantage, furthermore, is more subtle than simply to suggest that staff salaries are lower in privately run centers.

NACDE pleads that we are being attacked with a two-edged sword. For example, in the face of our exclusion from subsidized meal programs, we are subjected to criticism which claims that we fail to provide meals that are both better balanced and less expensive than are the subsidized meals in assisted centers.

Recent assaults have been leveled at the alleged sterility of private child care centers. If to be sterile is to be nonbacterial, we cherish the charge; but if to be sterile is to be noncreative, we believe the subsequent scholastic attainments of our "graduates" provide eloquent evidence to the contrary. Privately provided child care is customer-responsive, and within the frame of the children's needs, we try to meet parental preferences either in free-form or formalized care patterns.

In responding to customer preferences, privately provided child care meets the demands of the marketplace. And the legislation, here under consideration, seeks also to do that very thing. We find no fault with the idea that child care coalitions should find their criteria for sound child care precepts incorporated in S. 626 and H.R. 2966. But we plead that profit-making purposes neither clear nor distort the vision of the private provider in scanning the child care horizon. In fact, to return to the metaphor of the marketplace, we ask that the clamor around the sales counters of publicly provided child care not be allowed to obscure Committee awareness that the preponderance of customers still throngs about the private child care sales unit operating quietly at another place in that same market.

After having thus set the stage, it is hoped that no one will be surprised at NACDE's announcement that our aspirations concerning the needs of young children are very much like the objectives stated in the bills before you.

We concur in the view that child care is one of the nation's greatest challenges and a pre-eminent public need.

We concur, also, in the conclusion that child care needs to become much more universally accessible. A parallel might be found in general access to public transportation. But we suggest that such a parallel would be incomplete because privately owned vehicles are permitted to provide public transportation, while the same would not be true in early childhood education, were the presently pending bills to be enacted without amendment.

If, in fact, privately provided child care is to be proscribed, the bills before you do not go far enough. Consistency would direct that there also be a requirement that eligible public and private non-profit centers be housed in publicly owned or non-profit buildings. Since it is not proposed that eligible structures first be deeded to the public or a non-profit entity, and since the bills do not impose non-profit status on suppliers of goods and services, we think it to be needlessly restrictive to impose such restrictions on the providers, themselves.

NACDE feels that it is right and proper to require that caregivers possess demonstrated competencies in their respective fields. We cannot imagine that required competencies are affected by the economic or social status of the caregiver.

Rather than to impose criteria geared to the economic structure of the provider, NACDE believes the standards should be related to the delivered product in terms of the value per dollar returned to the fund-giver. Eligibility of the caregiver is, in fact, properly measured on a scale of responsibility to the care-receiver, and accountability to the fund-giver. No taint should attach to an operating efficiency which permits a cash return to be realized on the basis of services rendered.

It is painful to observe that the pending bills would impart to private providers only the participatory status of a marginal afterthought, and would cause them effectively to be the objects of statutory ostracism, a condition seen to be doubly dangerous in terms of today's troubled investment climate.

Private enterprise has millions of dollars invested in child care centers. At times other than the present, budgetary reality would make insupportable any plan to have one level or another of government take over that investment. Today, that prospect does not even bear contemplation. But unless participation is to be made possible for the private provider, some form of indemnification is essential. Factually, of course, the private provider is paying real estate taxes and is meeting a sizable payroll which in return is creating income and other tax revenue. The private provider is affording a healthy balance to the community, a balance which will be hazarded if one more segment of community funding is taken out of the private sector and is replaced by government capital.

NACDE believes that the private provider is making very affirmative contributions to community stability. Another such major contribution, as we have implied, is responsiveness to parental needs and desires. Although there are those who would depict the private provider as being either oblivious to, or contemptuous of, the wishes of parents, NACDE has sponsored the Parents' Advisory League (PAL) to enable parental preferences to be articulated. Many State administrators of early childhood affairs, having seen parental persuasiveness displayed in child care meetings they have attended, will testify to the effectiveness of parent groups in the private sector of child care.

NACDE believes that parents need and should have an effective voice in child care matters. But we are fearful that the bills under consideration, if fully implemented, would tend to establish mini-governments which could arrogate to themselves powers not envisaged by the bills being considered.

Finally, NACDE has been encouraged recently in its basic thinging about our entitlement to participate. We draw that encouragement from the types of responses given Chairman Brademas when he asked successive witnesses about the why's and wherefore's of opposition to participation by the private sector in the pending legislation. True, there has been some implied namecalling, an occasional veiled allegation that private child care could be subject to being scandal-ridden if given access to public funding. A recent study by the Audit Agency of the Department of Health, Education, and Welfare suggests that surveillance is essential, that compliance must be elicited, regardless of the economic persuasions of child care administrators.

One of NACDE's founding purposes was achievement of a pattern of responsible behavior by private providers to whom young children have their care entrusted. By projection, then, we enthusiastically accept licensure, regulation, and even limitation, but we ask understanding of our determination neither to embrace nor to tolerate exclusion from the surging mainstream of essential and all-embracing child care. Let there be no misunderstanding, we share this Committee's eagerness to make child care widely accessible, and we ask that S. 626 and H.R. 2966 be amended to enable full participation by the private providers of child care whose participatory eligibility will then be measured by their performance rather than by their economic orientation.

Testimony by Maria W. Piers, Ph. D., Dean, Erikson Institute for Early Education

I am grateful for the opportunity to testify before this committee and would like to address myself to three points and three points only:

(1) the great need for training and educating adults in child development on several levels, resulting in a ladder of competence from the doctorate or masters degree level to the Child Development Associates level;

(2) the question of institutions which might be entrusted with services for children and families; and

(3) the need for continuing research along specific lines.

While it is true that the developmental needs of children under five have been researched—more thoroughly, in fact, than the needs of older age groups—we are still woefully ignorant of the actual numbers and fate of children under five who live virtually without any adult protection or care. (See Pavenstedt's *The Drifters*; Richette's *Throwaway Children*; Coles and Piers, *Wages of Neglect*.) I have chosen these three points not because I consider them more important than other concerns of the Child and Family Act, but because they are logically the first three steps toward a common goal. This goal is a healthy, autonomous citizenry for the year 2000—hopefully before that. At that not so terribly distant date, our country will be populated primarily by people who in one way or another keep this nation going—even make it a better place to live; or else it will be inhabited by large numbers of unemployables who are dissatisfied, unsatisfactory, and an enormous burden to the taxpayer. For this "either/or" proposition, the first five years of life are critical.

How do we know that this is really so? How do we know that the first years of life matter twenty, fifty, or seventy years later? We are, of course, not so naive as to assume that good child care is an airtight, waterproof guarantee for optimal functioning, but we do know, only too well, what happens when children do not get it—when in fact they are being neglected.

A quick definition of "good" care is probably indicated here. It is the systematic application of scientific findings on the bodily, emotional, social, and intellectual development of children. Obviously this care does not *have* to be and cannot be provided exclusively by people with degrees, but also by parents—at any rate, by warm, responsible men and women who put into practice what experts have found.

Where such care is *not* given, children die outright—even when properly nourished—or grow up to be listless, angry, frail, and not very intelligent. The following excerpt from the Spitz Hospitalism study may serve as an example:

"Researchers compared the inmates of two institutions, giving them the names 'Foundlings Home' and 'Nursery' respectively. The team was first of all struck by the fact that the inmates of Nursery, by the end of their first year, had on the average developed steadily in keeping with their ages. Their D.Q. increased from 101.5 to 105. In contradistinction, the infants in Foundlings Home deteriorated under the very eyes of their caretakers, so that their D.Q. decreased from 124 to 72. By the end of the second year these inmates of Foundlings Home had gone as far down as 45, the mental age of ten-month-olds, or imbeciles.

"This means that the children of Foundlings Home could neither walk nor talk at the age of two years. Hardly any of them could eat alone, and they acted completely uninterested or even unhappy at the approach of any grownup person. Not a single child could control bowels and bladder at the age of two. Incidentally, they were all *extremely susceptible to illness* (during a measles epidemic, 23 out of 88 children died, compared with the usual ½%). Not so the inmates of Nursery. They acted roughly in accordance with their age and showed considerable appetite for food intake as well as for human contact, speech, and motility. In fact, at the age of ten months, they presented a problem of 'how to tame the healthy toddlers' curiosity and enterprise.'

"At this point, one might logically raise the question whether the children of Foundlings Home were perhaps genetically inferior. Quite the opposite was true. It was the children of Nursery who had, genetically speaking, several strikes against them, for Nursery was a childrens institution attached to a female penitentiary. The children's mothers were, without exception, young delinquent girls, prostitutes without license, and in many cases of low mentality. Yet these children thrived. On the other hand, the steadily deteriorating babies of Foundlings Home came from an unselected variety of backgrounds, with a far better average heredity than the children in Nursery. This, incidentally, also explains their high original D.Q.

"What were the reasons for the detrimental effects of Foundlings Home? A comparison of living conditions in both institutions showed only these differences:

"(1) Foundlings Home offered *no toys*, whereas Nursery did.

"(2) The *visual radius* of Foundlings Home children was sharply curtailed because each youngster lived in a small cubicle by himself; sheets hung over the sides of the cribs left each child living in isolation. Nursery children shared a large room across which they were able to communicate with each other in their own proverbial way, and in and beyond which they saw furniture, household items, people going to and fro and trees and sky.

"(3) Most importantly, though, Nursery

children *had maternal care,* whereas Foundlings Home children did not.

"In Nursery, the mothers came from the penitentiary at regular intervals to feed and bathe and play with their own babies. In Foundlings Home, one nurse took care of eight infants. Understandably, time permitted her only to feed and bathe her charges but not the luxury of playing with them. It is this luxury, a mother's playing with her children during their first year of life, which in a sense seals the fate of the human being. Those who play will learn and live. The others are fated to vegetate or die. This was indeed what happened to the inmates of Foundlings Home."

In other words, lack of proper, scientifically-based care leads either to death or to permanent under-development or retardation of one kind or another. The answer to our original question, how do we know that the first five years matter for the rest of life, is then in the accumulation of evidence of powerful negative findings. Children who do not receive good care don't grow up. Period.

This statement contains an implicit plea for at least a small corps of child development experts who can raise the level of child care for the nation by way of a multiplier effect. Let me substantiate the need for such expertise with two recent, casual observations made by faculty members of Erikson Institute.

In one inner-city, public-school-connected parent-child center, three-year-old children were sitting at small desks in a room devoid of any toys, pictures or stimulating materials. Half the children were copying numbers; the other half were being taught to read. The eyes of many children looked vacant. Other children seemed to be concentrating on containing themselves in their chairs. The principal described her "N.G." (no-good) teacher as one of whom she thoroughly disapproved because she spends a few minutes each morning doing some finger play with the children.

As inappropriate as the above, although totally different, was the activity observed recently in a Migrant day care center. The planned activity for the morning was as follows: The children stood in line, single file, patiently, silently, pasting stars onto a huge American flag. Limit: one star per customer. The children shifted from one leg to the other, trying not to fall asleep on their feet as they stood and waited. The midmorning snack, incidentally, was iced tea. Nothing else.

It is unlikely that this sort of care will prepare children to be eloquent salesmen, reliable and cautious coal miners, skilled auto mechanics; let alone businessmen, research chemists, or legislators. Such children, rigidly controlled and bored to death as they are, will at best make it through grade school.

The sins committed against these children were not instigated primarily by ill will of educators; rather are they the result of insufficient appropriations and, quite frankly, ignorance. The following misconceptions, clung to tenaciously by educators and parents alike, illustrate my point, and I shall try to refute them one by one.

(1) *Play is a waste of time* It is not. It is a biological necessity which leads to problem-solving, the acquisition of a conscience, learning of adult roles, choosing between options, and a lot of mastery.

(2) *Early readers make good and avid readers*. False. As long as children are not ready or curious about symbols, early reading can sour the child on books or even on soup labels. Besides, drill isn't reading. It is deciphering. The four-year-old who read the *New York Times* headline "Security Council proceeds cautiously in Mideastern crisis" had no idea what the words mean.

(3) *Anything can be learned anytime by anybody*. Incorrect. There are specific skills that can and must be learned by young children under five. Some are: a measure of skill in coexistence; the use of soap, water and toilets; also the use of toys, language; and, above all, trust in adults and an eagerness to be "with it."

(4) *Teachers need to see instant results.* Maybe so, but it is certainly against the best interests of the child, because all true development (i.e., that *not* based on fear) takes time.

This brings me to my second point. The notion of Instant Development is far more prevalent (and, one must admit, a little more appropriate) in public school systems than in preschool centers. By this I mean that, on the whole, the orientation of primary and secondary education is toward the imparting of specific skills rather than toward the healthy unfolding of the whole person. In the past, many public schools have, however, been neglectful in two respects: neither have they established the necessary cooperation with their communities, nor have they been advocates of parents, whose task they should complement.

This is not a criticism of the public schools in general. On the contrary, public school systems are frequently struggling to do the task which represents a mandate from the American people: to promote literacy and an understanding of mathematics, to encourage self-control, to provide health services, and last but by no means least, to serve school lunches. It is a huge order.

In a rapidly changing society, the school systems, as so many other systems, do not work as well as they wish they could. It would in many instances be unwise to burden the public schools with the additional, and to them alien, task of early child care. This is not to imply that child development should *never* be entrusted to the public schools; merely that it should be vested in a variety of institutions: educational, church-affiliated, housing project affiliated, or otherwise. Child development and parents centers should be entrusted to those local institutions that, for one reason or another, are best equipped to serve children within the context of family life.

Also, centers should be under the aegis of a child development expert. Such experts recognize the vital and ongoing importance of the parent-child relationship and the varying cultural environments and needs of specific ethnic, religious, and income groups. They can help centers utilize other community resources to benefit parents and children and can advise the child care workers on how to facilitate optimal development for all children. The fact is that young children simply require an emotional, physical, and cognitive climate different from all other age groups. They are not just miniature versions of adults, as for instance a VW Beatle is a smaller version of the VW station wagon. Their singular requirements must be met if they are to progress. Poor housing, poor food, loneliness, and an overdose of fear are hardships from which adults recover as soon as conditions improve. But for a young child, these hardships frequently inflict permanent damage, i.e. permanent retardation in varying degrees.

Now for my third point, which concerns the need for research. We have reason to believe that children whose parents seek out Head Start or day care programs and other community health, education and welfare facilities—whatever parents' motives or relative competence—are not the neediest children. The neediest children are the "invisible" children of parents who are hopeless, lethargic and totally frustrated. Yet we know next to nothing about this group, except that they are slated for a miserable life and most likely will fill the ranks of future unemployables and criminals—unless they are actively ferreted out, understood and helped toward a useful life.

In recent years we have acquired some scant knowledge about child abuse, severe child neglect, and indeed infanticide, which is still very much in our midst. Research in these areas has been hindered by the highly controversial impact of findings; but it has served to point up our glaring ignorance of and indifference to the prevalence of violent acts against, and neglect of, children. We are also increasingly aware of the inadequacies of our legal and social institutions, which are unprepared for assuming a protective role in the lives of these children.

Dale Meers presented his findings several years ago in a study entitled "Psychoanalytic Research and Intellectual Functioning of Ghetto Reared, Black Children." His conclusions were, to me at least, an eye-opener, and I wish to share with this committee the enclosed map prepared by Dr. Meers to depict the incidence of violence in the immediate neighborhood of the school children he observed. The map shows that over a period of twelve months, in an area of seven square blocks, 4107 major crimes were *reported*. Actually many more crimes were committed, because the above total does not include a single reported crime committed against those children. Clinical research gives us a good indication why crimes against children are never reported. Children, especially ghetto children, simply don't talk. They dare not admit to having been victimized because they are afraid they will be punished—for being raped, shaken down or injured. So they keep mum and live with their constant terror. Under such conditions is it any wonder that they trust no one and are unable to do their classroom work? My point is that we know next to nothing about the nation's neediest children, and this is just one area where research seems imperative, in the estimation of the Erikson Institute staff whom I represent.

My testimony is an urgent plea for recognition of the specific needs of young children in each of three areas: the need for expertise in designing and implementing programs for children; the need for appropriate allocation of family and children's centers; and the need for research, especially in the vast, uncharted areas of child neglect, child abuse and infanticide. The future competence of millions of children is at stake, and with it our future—the future of our nation and perhaps even the future of civilization as we know it.

STATEMENT OF JUNE SOLNIT SALE, CO-DIRECTOR DAY CARE CONSULTATION AND MEDIA PROJECT, PACIFIC OAKS COLLEGE, PASADENA, CALIF.

I am pleased to be present before this committee and am especially glad to be able to talk from the point of view of a West Coast resident. I have been unable to thoroughly analyze S626 and HR 2966, but from a brief reading am in complete accord with the goal of providing a range of supportive services to children and their families, with day care being one of the most important.

Pacific Oaks College has been involved in day care research and demonstration programs for the past 12 years, and we have become aware of the important contribution family day care offers to working parents and their children. Too often when day care is mentioned, a vision appears of a center with a sign over it telling us that this is a child care center. Family day care, which operates out of the home of a neighbor or friend is like every other house or apartment in the neighborhood . . . it is an invisible, informal network that may be uncovered in most neighborhoods and, despite its neighborhood roots, is the most integrated child care program that exists in terms of culture, race and socio-economic background. Family day care provides approximately 80% of the non-relative, out-of-home care for children in the United States. Other important facts about family day care are: 1) it provides most out-of-home care for infants of working parents; 2) it provides for more full day child care than public and private center programs put together; 3) it is the most flexible type of out-of-home care for children and their families, often providing for working hours that include the swing shift, afternoon shift, as well as alternate work days; 4) it is not babysitting (Recent studies show its potential for the delivery of developmental programs for children and their families); 5) it provides a significant part of day care for school age and handicapped children.

Not only do family care parents provide quality care for children they also act as substitutes for the extended family for lonely, troubled and alienated parents. The availability of a concerned family day care parent can be particularly significant during times of disruption. The stability of an established routine for the child can give needed security, as well as provide a parent support to handle his/her own trauma. This is not to say that all family day care is excellent, or that every family day care parent is a good child care provider, but it is to say, that as a model, family day care has the potential of delivering quality services for children and their families.

As family day care has begun to surface and appear as a viable alternative to center care, there have been questions asked about the money involved in running a family day care home. To some, it seems that if you care for children and earn a decent salary, then there must be something wrong. I think that is probably a correct observation of the state of day care today, but let me quickly add that I do not believe that is the way it should be. Those that are making large profits on child care are generally short-changing the children somewhere down the line . . . because the large costs are in personnel, and children need aware, nurturing and many well-paid adults to care for them. In the case of family day care, few earn more than the equivalent of a meager salary and some may even lose money. Our Community Family Day Care Project study conducted in 1972 found that the providers averaged 72¢ per hour (after expenses); we recently informally polled members of WATCH[1] and their rates have increased slightly, but then so has the cost of providing the service.

Family day care should be viewed as a service and certainly not as a business. It is interesting to note that in California, as well as other states, a family day care parent may not receive a license unless there is evidence of another or outside income. Is there another business that has this requirement? Many have asked . . . why should anyone want to be in family day care, if it doesn't make any money to speak of? The answers we have found are that if does provide pin-money; it does provide an opportunity to stay at home and not have to go out to work in a low-paying job that has additional expenses attached to it, such as work clothing, food and transportation costs; and most importantly, family day care parents like to be with children.

Recently, systems of family day care have been established, so that the providers of service may be guaranteed a stable income, but administrative costs of such systems often keep the salaries paid to providers quite low. Family day care parents, who provide services for most of the out-of-home care of young children deserve an adequate salary that reflects their contribution to our country.

Currently, family day care parents are beginning to form self-help groups in in order to improve the quality of life of those they serve, as well as for themselves. Many of these groups have been initiated by social service departments and have been encouraged to exist with kind words, but few tangible supports necessary to help infant organizations. Community organizers have noted the need for ongoing staff and office support in order to insure that a fledgling organization can develop and grow. Resourceful family day care providers have been able to keep their organizations afloat, but have expended a good deal of energy, time and their own money to insure that a fragile group may continue to exist.

I believe that family day care organizations should be supported and encouraged to grow. By forming into self-help groups that meet their own unique needs, family day care can become more visible to the community and thereby will become more accountable.

Another important effort has developed in the field of information and referral services that serve parents, as well as day care providers of all kinds—family and center programs. In a sense these groups act as the legendary friendly neighbor in a small town for parents looking for children's services in anonymous neighborhoods. They help to find a comfortable match between what families need and services that are available. Self-help groups of parents, day care providers and information-referral services have a good deal in common . . . they have to scrounge to receive any assistance or financial support to provide an office and staff to keep functioning, they are located in the community where families are trusted by parents, they are advocates for families and they care deeply about the quality of life of our families and children. I urge that these family-oriented groups be supported as an important way of providing supportive services to children and their families.

Thank you.

TESTIMONY OF PATRICIA MALTZ

Chairman Brademas, Chairman Mondale and Members of the Subcommittees—I am Pat Maltz, Chairperson of the Minnesota Licensed Family Child Care Association, an organization of licensed family day care providers. My experience has been that of a licensed family day care provider, a parent user of licensed family day care, and a provider of support services and training to family day care.

Family day care offers child care within the home. The children served by family day care include infants, pre-schoolers, and often kindergarten and elementary school children who are in care before and after school. The provider of this care uses her own home as the facility and often has children of her own at home.

Family day care offers the working or student parent versatility of service. In some cases evening care or overnight and day care are offered depending on the shifts the parent or parents work. Some family day care children attend nursery school during a part of the day, leaving from and returning to the family situation. Often provision is made for care of the mildly ill child in the family day care home saving the parent from lost work days. In addition it offers many parents the option of caring for all of their children in the same place.

Family day care is an important option to parents needing child care. The needs of the child must be important in selecting the kind of care he will receive. Family day care can offer siblings the chance to be in care together. It offers many children care in their neighborhood and in their school district. It can offer care with children of different ages. Probably the most important options offered by family day care are the continuity of care offered by one caring adult and the choice of a small group, less structured home-like atmosphere.

Family day care also offers an option to the community. It is run by women who choose to operate for-profit day care facilities in their homes. This relieves the community of the burden of funding expensive facilities. In our review of attitude assessment forms completed by five hundred licensed family day care providers in Minnesota, we found that they listed their motivations for offering family day care services as "desire to be at home with their own pre-school children rather than seeking employment outside the home," "love of children" as their first two choices. These are for-profit businesses but obviously, since we estimate the average wage at about 30 cents per child hour, the motivating force behind these women is their enjoyment of children rather than only money. Thus family day care offers the community child oriented providers with self-supporting facilities.

So far we have been discussing family day care in general. But the crucial issue is the quality of care provided and this leads to a discussion of standards of quality for family day care. Only a small percentage of the family day care in the nation is licensed, registered or certified by any public body. This is probably the greatest area of need for family day care—the establishment and enforcement of standards of quality in the care of children so that the parent and community may have some assurance that a child placed in family day care will thrive. We applaud the step Minnesota has taken to promulgating family day care standards that address not only the question of health and safety, but also the training of the provider and standards for the discipline and the intellectual and emotional nurture of the child in care. Such steps need to be taken to insure quality care for children throughout the nation.

In insuring quality day care to the nation's children, we see an active role for the federal government. Children are important, and the federal government must demonstrate this to the country by their active support, both in legislation and in funding for child care programs.

STATEMENT BY JEAN CHASE EMERSON, MEMBER, NEW YORK STATE ADVISORY COMMITTEE ON DAY CARE SERVICES TO CHILDREN TO THE STATE COMMISSIONER OF SOCIAL SERVICES

Mr. Chairman and members of the Committee: I am Jean Chase Emerson, Member of the New York State Advisory Committee on Day Care Services to Children to the State Commissioner of Social Services.

On my right is Mrs. Patricia Cox, a family day care provider-mother, who is President of the New York State Family Day Care Association, which was formed in January of this year. She will share with you some of the insights and concerns regarding the providing of services to children and their families as a care giver.

On my left is Mrs. June Rogers, Executive Director of the Day Care and Child Development Council of Tompkins County, who will describe the way in which a private, non-profit organization has been able to develop and provide a variety of resources and services to children, their families and care givers of Family Day Care.

We appreciate the opportunity to come before you at this time. We welcome the evidence that these bills give of the interest and commitment of the Federal Government to meeting the needs of children and their families. Senator Mondale, Mr. Brademas and their associates are to be commended for their long term efforts, sensitive concerns and commitment on behalf of the nation's children and their families.

We have been asked to speak specifically to the subject of family day care of children, this morning.

In coming before you today, we recognize that this nation faces difficult economic circumstances and that priorities of our nation's values and funding are being determined by our government. Children are one of our primary natural resources and, as such, must receive a high priority. This should be true in all times but especially in troubled times when discouraged, dejected, anxious parents, (many of whom fear unemployment and others who have already received their 'pink slips' of rejection in the market place), are overwhelmed by their hurtful and often angry feelings about themselves and society. These feelings can be reflected in the parents' attitude toward their children, often without realizing it. It is from such hostile feelings and sense of inadequacy that some of the child abuse cases result. Therefore, in such times as these, it is especially important that we give careful consideration to the quality and appropriateness of the programs available to our young children.

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[1] WATCH—Women Attentive To Children's Happiness, a self help group that was an outgrowth of the Community Family Day Care Project, Pacific Oaks College.

Family Day Care should be one of the options available to families provided by these bills. In this connection, Mr. Chairman, we welcome the language of the bills in their statements regarding the importance of the family, and the recommendation for providing comprehensive services when needed to the children and their families; and that child and family service programs should be planned with a view toward offering families the options they believe are most appropriate for their needs.

WHERE WE ARE IN FAMILY DAY CARE

In 1969 we had 1,093 homes for 3,340 children and as of January 1, 1975 we have 3,381 homes for more than 14,000 children. These are homes under the aegis of the State Department of Social Services, locally operated delivery system. Even with this great expansion of the program much of the need has not been met; for example, information from the WIN program staff indicates that during the last six months of 1974 over 4,000 ADC recipients did not partcipate in the program due to lack of day care for approximately 8,000 of their children.

The New York State Advisory Committee on Day Care Services recognized the need for the expansion of family day care. Early in 1974, Mrs. Joyce Black, Chairman of the Advisory Committee, appointed a task force on family day care. One of the projects of this committee was the co-sponsorship of the first statewide Family Day Care Conference held in October of 1974. It brought together over 200 persons interested in family day care including almost 100 family day care providers. As a result of this conference there has been an increased interest and recognition statewide of the value and importance of family day care.

One of the primary needs expressed by the participants in the conference was for training in areas such as nutrition, child development, special needs of children, first aid and safety, and appropriate activities for children of various ages.

We have good resources for training in our public and private colleges and specialized agencies, many of which have strengthened their curricular offerings and supervised experience for students with children in a variety of community settings, in order to better meet the special needs of young children today. What we need now is a mechanism to coordinate these resources and funds to make them available to family day care providers, who need and want them.

Another need clearly expressed by the participants in the conference was for supportive services by the sponsoring agency.

To meet this need requires a sufficient number of concerned, competent staff. From my knowledge of the Department that administers the family day care program, the critical need is for an adequate number of qualified staff at all levels to be devoted to this program. We hope that the provisions of this legislation will permit sufficient staff to recruit, license, and provide essential services for family day care.

In summary, family day care is a vital component of comprehensive child care services which should be an option available to families. During the years that I have been a member of the Advisory Committee on Day Care, I have seen the program grow from a small struggling endeavor to one which is attaining its rightful recognition as an integral part of New York State's Child Care services. We recommend this program be given serious consideration in your deliberations on this legislation.

Thank you, Mr. Chairman, and distinguished members of this committee, for having given me the opportunity to make this statement.

Testimony of Patricia Cox

Chairman Brademas, Chairman Mondale and Members of the subcommittees—I am Patricia Cox, a Licensed Family Day Care provider and President of the newly formed Licensed Family Day Care Association of New York State. The goals of our Association are to seek quality Family Day Care for all children, to raise the status of the Family Day Care License and to unite Family Day Care providers for greater recognition in New York State.

I greatly appreciate your invitation to testify on the need for comprehensive support systems to ensure quality care for all children, and would like to commend Senator Mondale and Congressman Brademas for their leadership over the years in seeking to achieve needed services for children.

I am here representing Family Day Care providers and would like to commence by reading a definition of a Day Care Home as written by a day care provided.

"A Day Care Home is a place where children are loved, listened to, comforted and cared for. A good day care provider is more important than the physical arrangement of her home. She is a substitute for the natural mother in the sense that she cares for and works to develop the child's personality in a way that she hopes his mother does at home. In order to make this work there must be good communication between the child's mother and the Day Care provider".

Family Day Care providers need recognition for the service they provide children. Recognition, support and training from agencies would enable Family Day Care providers to further enrich their skills so as to be able to give quality care to the children in their home.

Unfortunately the service is often viewed as "custodial care" and "cheap labor". Without adequate funding mandated for Family Day Care administrators often ignore the importance of providing equipment, needed materials, a respectable wage and the fostering of good self image and motivational support.

Isolation plays a large part in keeping Family Day Care an ignored service. The provider is usually a woman "at Home" with society viewing this as her place.

With such negative approaches to Family Day Care and with no adequate support systems, no career ladder and no recognition for training, there is little to motivate providers to give quality care.

However with 2 million of the nation's children in Family Day Care it is obviously a vital component in the day care network and an important choice of care for working parents.

Family Day Care is not care that is a proprietary enterprise operating with a built in profit factor and I would like to give a case history of a day care provider in Ithaca, New York.

Provider cares for:

3 full time children 10 hours per day.

2 part time children 4 hours per day.

1 child of her own who attends morning kindergarten.

(A part time child must count as a full time child).

Working Conditions:

She has to comply with a state ruling that a provider of this service must have: "finances sufficient to operate properly and in accordance with these rules".

Required to have an annual physical.

Required to take training (with no recognition).

No paid vacations.

No paid National holidays.

No sick pay.

No payment for childrens absences.

No compensation for equipment or craft materials.

No allowances for food for the day care children.

Earnings for 1975—50 weeks, 10 hours per day:

Earnings, $3,377.

Losses & Expenditures, $2,091.

Total, $1,286 or $25.72 pr. week.

Federal & State and Self Employment taxes to be paid on this amount.

What do these Bills, S626 and HR 2966 do for Family Day Care:

1. It would provide the very desperately needed support to agencies so that many of the difficulties encountered at the State and local level would be alleviated.

2. Support would ensure training, at present required, but through lack of funding often not provided.

3. Support would be available to provide release time and transportation making it possible for Day Care providers to attend training.

4. Equipment, materials, sick pay and payment for absences of children are needed by Family Day Care Providers in order to strengthen the quality of service they offer the 2 million children in their homes.

5. Support to agencies would provide programs whereby parents and providers could meet to discuss the welfare of their children.

I would like to see the words "Family Day Care Providers" written into these Bills as people to be involved in decision making policies at all levels of the administration.

Finally in TITLE V, Section 501—I would like to see Family Day Care both mentioned and defined.

Prepared Statement by June R. Rogers, Executive Director, Day Care and Child Development Council of Tompkins County, Inc., Ithaca, N.Y.

Chairman Mondale, Chairman Brademas, and members of the Senate Subcommittee on Children and Youth, and the House Select Subcommittee on Education. First, I want to thank Chairmen Mondale and Brademas for their leadership in promoting quality child care services for young children in this nation, and for the perseverance and determination this leadership has inspired and encouraged in those of us who have been struggling to build a system of comprehensive, coordinated child care services. For those of us still reeling from the veto of your Comprehensive Child Development Bill of 1971, and the continuing painful awareness in our local communities that so many children in their most formative years are *not* receiving the quality services that they need and their families desire for them, the Family and Children's Services Act of 1975 comes as a welcome antidote. Its strong emphasis on the family and the family's involvement in any program which serves its children, on the need for a wide variety of program choices and sponsors, and on strong supports to both the families and the providers of services is vital to the development of a quality child care system in this country.

Though we are focusing this morning on family day care as an important child care service, I would like to think of family day care as one, very vital component in a broad network of child care services. In fact, however, in most communities, there is no network, no communication or cooperation among children's services or between the formal, funded programs and the informal channels of care upon which families rely for help.

In Tompkins County, New York, we have developed one model of coordination and support to the broad child care community which I would like briefly to describe. Believing that child care opportunities must be available to every child and family who wants or needs them, and recognizing the fragmentation, isolation, and inequality of funding support of existing services for children and their families, the Day Care and Child Development Council of Tompkins County, a private, non-profit agency funded by the United Way and the Appalachian Regional Commission, provides the following: referral and information, consultation and training, technical assistance, coordination and planning, the Gathering Place—a resource center, and outreach. Let me give you some examples of each.

1. Referral and Information. — The Day Care Council provides referral and information to parents seeking child care, to parents seeking special services for their children, and to caregivers and group programs who wish to have children referred to them. For example: A single parent with three children may be able, after consultation with the Referral Counselor, to place her 4-year-old in a Head Start program; her 2-year-old in a family day care home with subsidy provided by the Department of Social Services; and her 6-year-old in a Youth Bureau after-school program.

2. Consultation and Training.—A day care mother called the Day Care Council recently to express concern about children in her care: one with speech problems; one who appeared to be hyperactive. In further conversations with the caregiver and the parents, the services of Special Children's Center, the Public Health Department, and a coordinated training program for family day care mothers were utilized to meet the children's, parent's and caregiver's needs. This fall, our Child Development Coordinator planned several in-service training workshops to help the director of a private, non-profit center whose teachers needed help in enriching their skills and whose budget did not allow for training services.

3. Technical Assistance.—Last week, two young people and a church group consulted the Day Care Council for information about setting up a day care center—funding, licensing, incorporation, curriculum, etc.—and were put in contact with the State Licensing Agency, a lawyer and the local community college for curriculum help. Before they left, they browsed through the library in the Day Care Council office for further information and ideas.

4. Coordination and Planning.—Based on the on-going information aavilable from child care requests and a general awareness of economic and population factors and trends, the Day Care Council works with other agencies to plan for needed services and to focus every existing resource on the needs of young children and their families.

5. The Gathering Place—A Resource Center.—In an attractive, economical environment where every wall, every shelf abounds with creative ideas for work with young children, the Gathering Place offers a library, a shop for discounted supplies, used toys and books, a loan closet of equipment and large toys, all sorts of trash to be converted into treasure, a workshop with tools for making simple toys, a box of ideas for using trash-to-treasure materials, and lots of caring people who recognize the value of every person in the child care network, from the family day care mother to the Ph.D. in Child Development, and who are willing to bend every effort to answer questions, gather resources and listen to problems.

6. Outreach.—Through our Appalachian Rural Outreach Project, all of the above resources and supports have been extended to the rural areas of the County. One of our outreach staff recently made contact with various segments of a small rural community. Through her knowledge of the community and its resources and alert responsiveness to articulated community concern, a plan is being devised whereby parents, caregivers, Public Health nurses, community action people, trailer park owners, and the Day Care Council are working closely together to create a critically needed children's area for play and shelter in a crowded trailer park.

Not too long ago, in an evaluation of the Council's program for the New York State Appalachian Child Development Project, Peter Sauer, from the Bank Street College of Education Day Care Consultation Service, made the following comments:

"Too often programs like the Council's are described as necessary (and yet there are only a dozen or so in the nation), because of the lack of adequate programs in a community. In fact, even with enough day care programs to give everybody choices, programs such as the Council's would be greatly needed in every community as an integral part of any child care and family support program or community effort to maintain a child care and family support system."

Because of our firm commitment to this approach, we applaud the emphasis in the legislation on Child and Family Services Councils and urge that their role clearly include support to the broad network of children's services, private and public, formal and informal.

In conclusion, I want to thank you for this opportunity to share these concerns, to commend for your further perusal our informational brochure for parents and a more detailed description of our resource center, the Gathering Place and to invite you to come to Ithaca and see for yourselves.

What's a Parent To Do?

What kind of care is available for my child while I work?

Can I find care for my child in someone's home; in my home; in a day care center?

What kinds of nursery schools are available for my preschooler?

Where can I find care for my school aged child before and after school?

Where is there a Well Baby Clinic?

How can I find care for my child in an emergency?

Is there a school for my handicapped child?

Is there help available in meeting child care costs?

How can I be sure my child is getting good care?

How can I find out about jobs in day care centers and nursery schools?

Where can I get information about classes and workshops in child development?

What do I need to find out in order to care for other people's children in my home?

How do I go about setting up an informal playgroup?

Let us help you with these and other questions about child care.

Day Care and Child Development Council of Tompkins County: 329 North Geneva Street, Ithaca, New York: 275-0259.

The Gathering Place

INTRODUCTION

The Gathering Place is the embodiment of an idea, a concept based on sharing and mutual respect. In a society which promotes isolation and lack of personal interaction, the Gathering Place encourages cooperation, community and togetherness. In another sense, the Gathering Place acts against the image of a human service as a place where only those in trouble go to seek help; here, all people with an interest in children may come to share experiences, ideas and problems. The goal of the Gathering Place is to create a community of equals with a common bond: concern for the welfare of children.

BACKGROUND

As an extension of the Day Care and Child Development Council of Tompkins County, the Gathering Place was initiated in 1971. The concept had been devised by Day Care Council staff, a group of day care mothers, nursery school and day care center staff, and an adviser from Cornell University. With the help of volunteers, the Gathering Place soon became an integral part of the Council in its effort to create centralized support services. From the beginning, it was recognized that a service for people must be cognizant of and responsive to the needs of those people. Therefore, representatives from all segments of the day care community (including parents) were appointed to the steering committee and encouraged to take an active part in directing the service and making known their requests for specific programs.

This factor was (and is) especially important with regard to day care mothers. In almost every case, they day care mother was found to downgrade her role in the child care community, to think of herself as a sort of long-term babysitter. She looked to nursery school and day care center staff as professionals, and she felt intimidated by their expertise. This lack of self-respect was further enhanced by community attitudes about day care in general. Day care services were regarded as unpleasant alternatives for the unfortunate woman who was forced to work, and those who provided these services were hardly considered gainfully employed. No wonder, then, that the day care mother found it almost conceivable that anyone could be interested in her concerns.

A great deal of understanding was necessary to change the day care mother's state of mind. Various events (such as a dinner honoring day care mothers and the services they provided were planned and implemented by the Gathering Place, and gradually a sense of belonging was developed. It should be emphasized that this is not a one-sided relationship. A feeling of self-worth and importance is, of course beneficial to the day care mother, but the knowledge and experience gained by these women in actual child care situations has been invaluable to the Day Care Council. A Ph. D. in Child Development is a marvellous tool, but it cannot substitute for practical experience. This point must be remembered by anyone wishing to establish a Gathering Place, for a patronizing attitude is a guarantee of failure.

In Tompkins County, eventual success in transforming attitudes led to many happy results, among them the formation of a Day Care Mothers' Association and a training program for new day care mothers in which the day care mothers were active participants in the planning and presentation of training sessions. The stage was thus set for a true community of equals, in which caregivers and other interested persons could learn from each other and work together in the effort to serve the needs of young children.

THE OFFICE, STAFF AND VOLUNTEERS

The office itself is a model for those who wish to create an inexpensive, safe, happy environment and are willing to invest plenty of elbow grease and ingenuity. Almost everything has been made from scratch or salvaged from the junkyard, yet the effect is a gay and attractive one. Some of the most successful ideas are:

Hanging plants in windows instead of curtains;

An old bottle filled with various seeds and beans arranged in layers (kidney beans, rice, birdseed, corn, lentils, green peas) and transformed into a lamp base;

Tie-dye curtains made from old sheets;

A macrame lampshade;

Cardboard covered with burlap to make colorful bulletin boards.

Of course the Gathering Place could not exist without a dedicated person or persons to run it. Most important is the Coordinator who orders supplies, handles accounts payable and receivable, maintains "trash to treasure" stocks, etc., etc. These responsibilities must be clearly assigned and efficiently organized if the Gathering Place is to be a reliable source. For years, the Coordinator was a volunteer who unselfishly devoted her time and energies to creating a successful operation; with the advent of government funding, she is now paid on a half-time basis. To help in the work, volunteers from other agencies and the community at large periodically sort donated items, mend toys and books, provide child care during Gathering Place events, and assist with bookkeeping chores. The staff of the Day Care Council also works on projects, events and displays, and it is imperative that each person be a caring individual who is responsive to the needs and concerns of the child care community.

OPERATION

The Store. The most visible function of the Gathering Place is the store which sells to day care mothers, nursery school and day care center staff, and teachers. A multitude of supplies are available at wholesale cost in an effort to prevent financial restrictions from hindering the development of good child care environments. A sample "shopping list" might be as follows:

1 set of felt marking pens, assorted colors.

2 packages of multi-colored construction paper.

1 bag of macaroni, assorted shapes.

3 sets of watercolors.

1 bunch of pipe cleaners.

100 paper cups.

Bought in quantity, such purchases result in substantial savings when compared to retail prices, and these savings may be used to buy a children's book or record. The service also provides a single location where a caregiver is sure to find all the items she needs—and maybe a few she hadn't thought of but would like to try!

The sale of new and used toys and books brings in the only "profit" realized by the Gathering Place. This money is used to help defray operating costs such as postage. An estimate is made of the cost of the item and 1/10th of that amount is charged, with no price being more than $1.00. Volunteers help mend and sort the toys, and many a day care mother has expressed joy to find that 15¢ will bring a set of building blocks to the children for whom she cares. New play groups and centers often find some of the basic toys needed to begin their activities.

Loan Items. The Gathering Place maintains a supply of donated children's furniture and large toys which are available to day care mothers and can be "recycled" indefinitely. Items include cribs, play pens, cots, rocking horses, and outdoor exercise equipment. This service is a necessary one because a day care mother who is suddenly given the care of a six-month-old baby may not have the funds to purchase a crib. As another example, a child with motor problems may desperately need the muscle development provided by a large climbing toy. Inclusion of this service brings the caregiver to the one source she knows she can rely on to meet her needs: the Gathering Place.

In Tompkins County, the Day Care Council is fortunate to have in the vicinity a number of colleges as well as Cornell University. Instructors in design classes have been challenged by the prospect of developing large toys and exercise equipment for the loan closet. Cooperation is thus beneficial to both parties; the design classes have an imaginative, worthwhile project, and the child care community gains some exciting new toys.

Recently, some major pieces of equipment have been added to the items available for loan. An especially exciting new acquisition is a set of power tools for making wooden toys such as jigsaw puzzles and animal figures. A small workshop has been created so that safety precautions may be observed; this equipment serves as an ideal basis for a gathering where creative activity and discussion are happily combined.

Trash to Treasure. In the Gathering Place, "trash" is collected and given without charge to anyone who wishes to convert it into "treasure". These are common, household items which can be recycled with imagination and ingenuity. The idea has caught on, and it is not uncommon to see a visitor arrive laden down with a donation of egg cartons and oatmeal boxes. Some of the ideas generated by these apparently worthless items are as follows:

Orange juice cans are transformed into pencil holders when covered with pretty paper.

Milk cartons become bird feeders if you cut a hole in them.

Styrofoam egg cartons are superb bean sprout planters.

Computer cards can be made into houses or used as sewing cards.

Paper towel rolls make cute animals if you cut them in the right pattern.

Popsicle sticks are ideal for simple puppet figures.

The list could go on forever, and a lot of fun and good feeling can be generated by setting a piece of "trash" before a group of people and seeing what they can make with it. Also available in this area are discarded clothes which caregivers may have free of charge for use as dress-up articles—always a favorite with children!

Library. For the benefit of both staff and visitors, a library is maintained which is divided into the following main categories:

Child Development.

Day Care Information.

Legislation and Finances for Day Care.

Creative Activities and Play.

Education and Learning.

Along with a large collection of children's books, these publications may be borrowed for 4 weeks at a time. Since the collection is designed to appeal to a broad spectrum of readers, any suggestions for additions to the library are carefully researched and either a book or other form of information is found to answer the needs of the party. Bibliographies and lists of resources are maintained for perusal on a variety of topics, from child development and children's books to films, records and equipment catalogues. Also available for use within the office are bound periodicals which are of general interest, such as *Young Children*, *Children Today*, and *Voice for Children*. Certain popular, inexpensive publications are on sale (with no mark-up added); these include scrapbooks of ideas for children's play and non-sexist storybooks. For the caregiver and teacher who does not have the time to search the public library for relevant information, the library of the Gathering Place serves as a central resource where top quality, up-to-date publications are coherently arranged for her examination.

The Idea Box. In a prominent position in the office sits the Idea Box filled with all sorts of ideas on every imaginable child care subject—games to play, toys to make, outdoor fun, nutritious and appetizing snacks that children can prepare themselves, exciting notions for growing seed plants, etc., etc. These ideas have been gathered from caregivers and parents throughout the community, and they provide a vivid example of creative sharing. Mimeographed copies of each idea are available to take home and try. The Idea Box is a vital part of the Gathering Place, for it has been instrumental in building up the self-confidence of day care mothers. It can be quite thrilling for a caregiver to find that her recipe for home-made peanut butter has found its way into the Idea Box and will be used, for example, by a Head Start program. Another step has thus been taken toward creating a true community of equals.

GATHERING PLACE EVENTS

Four times each year, the Gathering Place holds an event also called a Gathering Place. At these times, special invitations are sent to caregivers, group programs, parents and interested citizens to come together for an expanded version of the day-to-day Gathering Place operations. Staff members are on hand to provide activities and snacks for the children, such as puppet shows, cookie decoration (and eating), fingerpainting and games. Caregivers are encouraged to stock up on supplies, and exhibits are displayed for all guests. Such exhibits are changed on a monthly basis, but the Gathering Place event is a special opportunity for those who may not visit regularly. Bulletin boards carry news of local, state and national developments in the child care field; shelves are filled with projects based on suggestions in the Idea Box; special displays on such subjects as dental health, making your own baby food, or planning a budget are provided (often by other agencies who realize that the Gathering Place is an excellent resource); and staff members are available to answer questions and guide guests through the offices. Visitors to the Gathering Place events have included representatives of every segment of the population as well as the expected members of the child care community, and out-of-Country guests are always welcome to share in the fun.

Smaller gatherings occur on a regular basis whenever day care mothers, directors of group programs, nursery school teachers, etc. wish to meet in the offices. Any child care-related group is encouraged to use the facilities for in-service training, discussion or other types of meetings. Thus the office itself may be seen as a gathering place in many ways, as a common resource for all.

THE GATHERING PLACE AS A MODEL

For those who may wish to establish their own Gathering Places, no three words can be more important than Respect, Understanding, and Sharing.

Respect

For the vital role played by day care mothers in the community;

For the value of group programs in serving children's needs;

For the rights of parents to join in planning for their children's future;

For each individual as a vital human being.

Understanding

Of the needs of all people for self-respect and pride;

Of the psychological pressures which may inhibit an individual's capacity to give and receive;

Of financial burdens which limit a caregiver's options;

Of the needs of children.

Sharing

In plans for new programs;

In gathering ideas for children's fun and development;

In helping each other to a common goal;

In a community of equals.

It should be noted that the Day Care and Child Development Council of Tompkins County involves more than the Gathering Place. The Council was originally established as a referral and information center which serves both caregivers and parents. Caregivers are listed with the Council, and parents are given a list of possible child care options which meet the needs of their children and situations. It could be that a Gathering Place which was not part of a referral and information center would be less successful. Certainly the integration of these services (as well as coordination and planning functions) has resulted in a happy mixture and a truly comprehensive resource center. Whatever shape it may take, however, a Gathering Place based on the principles outlined above is sure to bring a new dimension to any child care network and a lot of fun will be in store for those who participate!

The Gathering Place is a simple idea adaptable anywhere, any time. Money need not be a determining factor—a bulletin board, a cup of coffee and two interested, caring people can be enough to develop close bonds and a spirit of cooperation. At the other extreme, the sky's the limit in terms of resources which may be made available. The Tompkins County model could be extended and expanded as far as the imagination might take it. Once an idea gets going, it grows and grows in exciting, surprising, rewarding directions. So long as plans are always responsive to the needs of those served, and the spirit of sharing is never lost, any community of equals—any Gathering Place—will be a vibrant success!

THE PLIGHT OF CHAMS

Mr. TOWER. Mr. President, there are dimensions to the unfolding tragedy in Indochina that too many of us have not adequately considered.

One such dimension is that of the Chams, one of the oldest and most peaceful civilizations in Southeast Asia.

The Islamic Items, an independent journal of Moslem thought published here in Washington, has analyzed the plight of Chams. I think we would all profit from reading this article, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE MUSLIM VICTIMS OF CAMBODIA

Without continued American assistance, the fall of Cambodia to the Communists insurgents is imminent. While the establishment of a Communist government in Cambodia will have little direct effect upon the rest of the world, it may well mean the end to a little known ethnic group called the Chams. The Chams are the Muslims of the Khmer Republic, numbering nearly ten percent of the total Cambodian population.

The Chams were the original inhabitants of what is now Vietnam. In the first century of the Christian era, they established an empire in Southeast Asia known as Champa. Between the years 1,000 and 1,036 of the Christian era, the Chams embraced Islam at the beckoning of Arab traders. The first Muslims in Southeast Asia, they went on to spread Islam throughout what is now Malaysia, Indonesia and the Philippines. In the sixteenth century, Vietnamese invaders started their push against the Chams. By the time the French arrived in the early nineteenth century, the Chams had been reduced to an ethnic minority. Today, North Vietnam under the rule of the Communist is continuing this systematic genocide of the surviving Chams.

The fall of Cambodia will mean a double disaster for the Chams. As Muslims, they are distrusted because of their belief in the One Living God as author of all law, not Karl Marx. And as Chams, now an ethnic minority, they are feared by the North Vietnamese due to the long historical conflicts.

In those areas of Cambodia which have already fallen under Communist control, the Chams have organized a rebellion against red control. It is doubtful if the Chams will ever submit to Communist control in Cambodia. This of course means that without outside help, the complete genocide of these brave Muslims will be completed. Few Muslim leaders around the world realize the true situation confronting their Khmer Muslim brothers. It is vital to the Chams that Muslim governments maintaining friendly relations with the North Vietnam government should speak up loud and clear on behalf of these defenseless Muslims who are the innocent and unknown victims of the Communist struggle in Southeast Asia

RURAL DEVELOPMENT AT THE CROSSROADS

Mr. CLARK. Mr. President, over the past 2 years, the Senate Agriculture's Subcommittee on Rural Development has been holding a series of oversight hearings on the Rural Development Act of 1972. During the 94th Congress, we have held two hearings and collected a good deal of material on the effects of the recession on rural areas and the implementation of the Rural Development Act.

At these hearings, it has become clear that rural America is in trouble. These are difficult times for the entire country, but no single segment of the population is troubled more than the people who live in small towns and on farms in every State of this country. Inflation, recession, inadequate health care, insufficient housing, no mass transportation, unemployment—these problems are leaving their mark everywhere, but their collective impact can most readily be seen in rural America. And these problems represent more than just a challenge to rural survival.

Right now, we have legislation on the books that would help rural America during this period of economic chaos—the Rural Development Act of 1972. Yet, much of that legislation remains unimplemented. Moreover, congressional appropriations and the administration's 1976 budget requests do not measure up very well against the need for giving these programs the emphasis they deserve. To successfully combat the recession in rural areas, that trend will have to be changed.

The Senate has made a good beginning by approving the emergency farm bill. That legislation will help insure farmers that they will receive just compensation in exchange for their investment and hard work. And, it will help insure the availability of food over the next 3 years. The tax cut legislation also will help the rural economy. But the problems in rural America go much beyond these issues. At stake are the survival of the family farm, the exodus from the farms and small towns to the larger cities, more unemployment, a return to the hard times of the past.

At best, the problems of rural America will compound the problems of urban America. That is why we cannot afford to wait until the people and the problems leave the countryside for the city. They need our attention right now. Unless we are prepared to give them that attention, the disparities between urban and rural life will continue to grow.

Mr. President, in a recent edition of the American Banker, Harold K. Street reported on the March 6 rural development hearing. I ask unanimous consent that this particular article and another one concerning the American Bankers Association's position on rural development be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the American Banker, Mar. 20, 1975]

RURAL DEVELOPMENT—MORE USE OF EXISTING PROGRAMS URGED TO COMBAT RURAL RECESSION

(By Harold K. Street)

WASHINGTON.—Organizations involved in rural development contend the Ford Administration could use existing Federal programs to combat the recession in rural areas.

These include the Farmers Home Administration's loan and grant programs for rural housing, water and sewer systems, other community facilities, and rural business and industry.

The rural groups say that if the programs were used to the fullest extent permitted by the laws that set them up, they would provide jobs for countless rural people and greatly benefit the economies of the towns where they live.

The Farmers Home Administration would need more field staff if this were done. But this expansion itself would provide still more jobs.

This is not likely to happen, however. The Ford Administration has made it clear that it does not plan to do more than it is now doing in rural development.

The Nixon Administration put into effect some, but not all, of the provisions of the Rural Development Act of 1972, which get up a number of new loan and grant programs and expanded existing ones.

The Ford Administration has said it does not intend to implement any more provisions of the act. The budget President Ford proposed to Congress for the 1976 fiscal year, which begins July 1, recommends slightly less spending and lending for rural development than in the current—1975—fiscal year.

This dismays the rural groups and makes them skeptical of statements such as those by William W. Erwin, assistant secretary of agriculture for rural development, that the U.S. Department of Agriculture is "moving rapidly yet deliberately" to put the Rural Development Act into effect and that rural development is "a vigorous national movement."

They expressed these views at a recent hearing by the rural development subcommittee of the Senate Agriculture and Forestry commitee. Subcommittee chairman Sen. Richard C. Clark, D., Iowa, called the hearing to give nongovernment groups involved in rural development a chance to rebut the statements of Administration officials at a previous hearing that the government really is doing a lot for rural development but the private sector should be doing most of the job anyway.

The statement by William E. Murray, legislative representative for rural area development for the National Rural Electric Cooperative Assn. was typical.

The NRECA, he said, believes "rural areas are being seriously affected by the recession. We also assume that many businesses are having difficulty in staying afloat and that millions of rural Americans are without jobs.

"We were surprised that the White House has not considered using the authorities under the Rural Development Act in its efforts to bolster the economy and combat unemployment." The Act, Mr. Murray contended, "gives the Administration the authorities to launch a very effective antirecession program in nonmetropolitan areas up to 50,000 population.

"The Rural Development Act would make it possible to greatly stimulate the economy by providing thousands of jobs involved in building essential community facilities of all kinds, in helping to develop new business enterprises, in saving existing ones from bankruptcy, and in providing thousands of new housing units," Mr. Murray continued.

For example, he said, the FmHA rural housing program "could be expanded by the Administration to whatever extent required to get the foundering housing industry going again. It could do this quickly by setting the loan level for rural housing at a figure many times what it estimates for fiscal 1975 and what it estimates for fiscal 1975–76.

"It could begin such a program today since the funds involved do not have to be appropriated. Congress has given the Administration authority to make such a decision," Mr. Murray contended.

Rural housing loans, like most other FmHA loans, are made from a revolving fund which is replenished through the sale of securities backed by the loans. Congress in recent years has set ceilings for FmHA loan programs even though it does not appropriate money for them.

"Currently, the FmHA rural housing program is operating at about a $2 billion level per fiscal year." Phillip S. Brown, information director for the Rural Housing Alliance, noted.

"For every billion dollar increase in that level, approximately 85,000 more people would be provided with a fulltime job for one year," Mr. Brown continued. The figure comes from an estimate that the cost of new houses financed by the FmHA average around $20,000; "so a $1 billion increase in loan funds could produce 50,000 homes."

The FmHA and Labor Department have estimated that each new house creates 1.7 man-years of on-site and off-site employment, Mr. Brown noted. "On that basis, the construction of 50,000 houses creates 85,000 years of employment.

"Moreover, as the dollars spent for construction changed hands, the multiplier effect, according to some economists, would be fivefold—$5 billion for each $1 billion advanced."

According to Mr. Brown, "It is obvious that FmHA cannot raise its sights without increasing its staff and improving its quality—but that in itself would create more jobs.

"We believe it absolutely essential that this increase, both in staff and level of financing, be undertaken immediately," the RHA spokesman said. "According to the 1970 census, there are 2.3 million households in FmHA service areas in need of better housing and with sufficient income to repay a FmHA loan."

Mr. Brown called the Administration's fiscal 1976 budget "an exceedingly depressing document" with respect to rural housing. It asks no money for self-help and farm labor housing; rent supplement, technical assistance, and research authorities provided the FmHA under the 1974 Housing and Community Development Act "are completely ignored."

Also, Mr. Brown said, the amount of money the Administration is asking for the main FmHA housing loan program—for single family houses—would mean a cut of 14% in the number of houses. The cut in money for the program would be entirely in that for subsidized loans, which permit low-income families to pay interest rates as low as 1%.

Thus, having recognized the value of rural housing in its dual role of providing needed shelter and employment, the Administration cuts the program back and makes the sharpest cut where it will hurt the most—among those least able to obtain decent shelter without government assistance."

Sen. Clark contended during the hearing that about one-fourth of the provisions of the Rural Development Act have not been implemented at all."

A spokesman for the National Association of Counties stated that "far from rapid implementation of this act, actually less than 12% of the authorized grant programs have resulted in any Federal cash outlays to assist local communities with rural development efforts."

The act authorized $397 million per year for various rural development grant programs. The Administration has not asked, and Congress has not yet appropriated, any money for some of the programs; for others, the amount requested and appropriated is less than the ceiling. In some cases, the Administration has refused to spend money Congress appropriated for grants.

Grants as well as loans are essential for rural counties, Robert Harbison, Culman County, Ala., commissioner and chairman of the NACO subcommittee on rural development, told the Senate subcommittee. Without grants, he said, counties in his area cannot afford rural development projects even if they can get loans for them.

"Whether you look at the amount of appropriations or the amount of outlays, you cannot conclude that the act is being rapidly or deliberately implemented," Mr. Harbison concluded.

ABA Sees Need for More FmHA Field Staff, Increased Loans for Rural Development

WASHINGTON.—The American Bankers Association sees an urgent need for more field staff for the Farmers Home Administration.

The ABA also favors:

Increasing the total amount of farm and rural development loans by commercial banks and other private lenders which the FmHA can guarantee.

Setting up a secondary market for loans guaranteed by the FmHA and making the guarantees suitable for sale to investors.

Raising the limits per borrower for FmHA farm loans and the total indebtedness permitted the agency's farm real estate borrowers.

Liberalizing the Emergency Livestock Loan program, through which the FmHA guarantees private lenders' loans to livestock raisers caught in the economic squeeze of high costs and low prices.

Oliver A. Hansen, vice chairman of the ABA agricultural bankers division, asked for those changes in testimony before the rural development subcommittee of the Senate Agriculture and Forestry Committee. Mr. Hansen is president of the $18.8 billion deposit Liberty Trust and Savings Bank, Durant, Iowa.

They result mainly from recommendations of bankers the ABA surveyed to find out how the FmHA's loan guarantee programs are working and what changes should be made to improve them.

The FmHA gained the authority to provide guarantees against 90% of loss from private lenders' farm and rural development loans under the Rural Development Act of 1972. Congress enacted the emergency livestock program, which provides 80% guarantees, last summer.

Mr. Hansen said the ABA survey provides convincing evidence that:

"The guaranteed loan programs are basically sound and do apply to a large number of communities.

"A large number of banks are aware of the programs but need more effective assistance from the FmHA at the local level. There are indications of a wide variation from state to state and even from county to county in the way the programs are being administered."

He described correcting "the local FmHA administrative bottleneck" as "probably the most urgent step needed at this time."

According to Mr. Hansen, "it has been demonstrated in individual cases that the guaranteed loan can be placed with a minimum of paper work and within a reasonable period of time. But there have been too many instances reported where this has not been true.

"We can only conclude that the big job of retraining and new staffing of FmHA personnel at the state and local level has not kept pace with the new programs added to their workload," Mr. Hansen continued.

"We understand that one of their main problems has been the inadequate funding of the FmHA operating budget which further impedes the transition to the guaranteed loan programs. So it is our strong recommendation that a high priority be assigned to assuring that the FmHA has the resources and authority neded to adjust their field force to the effective implementation of the guaranteed loan programs."

In order for banks to sell guaranteed loans to investors, Mr. Hansen said, "the technical language of the guarantee must assure investors and absolute full payment of interest and principal in cash at an agreed time.

"If we get into a money pinch and the local bank finds itself needing money, we have to find some way to make those loans marketable with a good guarantee," the Iowa banker commented.

Mr. Hansen said the FmHA is changing its regulations to accomplish this, and Congress may need to make "technical statutory adjustments."

Setting up a national secondary market for the guaranteed loans, according to Mr. Hansen, "undoubtedly would require congressional action."

If the guarantee provisions are changed, "banks may find investors within their local and surrounding areas for rural development lending. However, we foresee for the long run the possible need for a more formal mechanism, national in scope, for a secondary market for guaranteed loans."

Setting one up, Mr. Hansen said, "undoubtedly would require Congressional action." Various proposals for setting up a secondary market for guaranteed rural development loans were introduced, but got nowhere, in Congress last year. The Nixon Administration opposed them, and said the Federal Financing Bank could be used for this purpose.

The ABA reiterated its support for another proposal which the Nixon Administration opposed and which got nowhere last year; higher limits per borrower for FmHA farm loans.

The current limits are $50,000 per borrower for farm operating loans and $100,000 for farm ownership loans. The ABA proposed boosting these to $100,000 and $200,000, respectively, and increasing the total real estate debt from all sources permitted FmHA borrowers from $225,000 to $350,000.

The present ceilings, according to Mr. Hansen, "are much too limiting today, particularly for the producers which this program is expected to help—the young farmer, the farmer adversely affected by current economic or weather conditions beyond his control, and new business ventures."

The Iowa banker added that, "the present loan size restrictions if creating a particular problem since under the guaranteed loan programs first liens on security must be assigned to the guaranteed loan. This makes it virtually impossible for the lenders to handle any additional outside financing which is often needed because of the large credit line requirements."

Mr. Hansen said "the guaranteed loan program should allow appreciated funds to serve as a reserve against the total amount of loans made on a basis considerably less than the 1 to 1 ratio now being applied."

Currently, Congress sets ceilings on the amounts that can be lent under each FmHA program. These include the total amounts of guaranteed loans; in programs where the FmHA guarantees private lenders' loans as well as making its own insured loans, the Office of Management and Budget has interpreted the ceilings as the total amounts of insured plus guaranteed loans.

When the FmHA first started guaranteeing loans, it had expected them to be considered separately from insured loans, and had expected to set up a reserve against losses and guarantee loans up to 20 times that amount. The OMB ruled otherwise.

"There is no justification for considering the government's obligation under the guarantee program to be 100%," Mr. Hansen said. For example, a ratio of five or 10 loan dollars for each appropriated dollar is more realistic. This will allow an expansion to accommodate larger individual loans in view of today's increasing capital requirements."

Changes to achieve greater use of the emergency livestock loan programs are justified because of "the continuing deterioration of the livestock situation since this special program was implemented," Mr. Hansen said.

He recommended that the guarantees under the program be increased from 80% to 90%, the top limit per borrower be doubled, from $250,000 to $500,000, and the life of the program be extended. "This can be done and still keep the total program within the original $2 billion authorization."

The Senate and House are considering, and the Ford Administration supports, a bill which would boost the livestock loan guarantees from 80% to 90%, permit the Federal Financing Bank to buy the guaranteed parts of the loans, give farmers longer to pay them back, and extend the program through the end of 1976. It now expires next July, unless the secretary of agriculture extends it for another six months.

The bill would not boost the $250,000 limit per producer, but would set up a line-of-credit arrangement through which a borrower could bet several advances totaling that amount. Currently, a producer is limited to a single loan under the program.

HASEGAWA LOOKS AT UNITED STATES-JAPAN RELATIONSHIPS

Mr. HATFIELD. Mr. President, recently Mr. Norishige Hasegawa led the Japanese Economic Mission to the United States for a series of discussions focusing at the future of U.S. economic relations with Japan. As my colleagues are aware, this is an area of great personal interest to me and to the people of my State. As economic problems around the world allow those who preach a doctrine of economic isolation to gain credence, it is important for those of us to speak out as well who recognize that it instead must be through mutual interdependence that our complex problems be solved.

Mr. Hasegawa's responsible comments and measured tone comes at a time when we all welcome a rational discussion of international economic issues. Free from rhetoric, he raises important issues that must be addressed. I commend this speech to the attention of my colleagues. I ask unanimous consent that the luncheon remarks of Mr. Hasegawa, delivered at a United States-Japan Trade Council luncheon here in Washington on March 14, be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks by Mr. Norishige Hasegawa

I very much appreciate Mr. Enders' remarks. There is no question in the mind of anyone on this mission about the need for close harmony in the energy policies of all the great industrial democracies—the United States, Japan and Western Europe.

We are not only the three principal consumers of the world's oil. We are also the three major components of the free-world economic structure.

The structure itself is in danger unless we cooperate wholeheartedly:

On energy conservation,

On sharing of oil supplies in any future emergency,

On the orderly recycling of funds generated by the four-fold increase in oil prices, and

On an intensive joint R & D effort to develop alternative energy sources over the next decade or so.

Indeed, energy is but one of several critical areas where cooperation among Japan, the United States and Europe is essential if we are to restore stability and growth momentum to the world economic order.

The phenomenon of world inflation and world recession, everywhere at the same time, is another such area. Here, too, a go-it-alone or beggar-thy-neighbor policy by any of us will endanger all of us.

Nor can there be any progress on international monetary reform, or on the Tokyo Round of multilateral trade negotiations, without basic agreement on ends and means among the United States, Japan and West Europe.

In short, the interdependence we worked so hard to achieve in recent decades is now a fact. There is no retreat from it. We have no choice but to work together for the collective survival of our democratic political and economic institutions. There cannot be a strong Japan, or a strong Europe, without recovery and stability in the United States.

Just as certainly, the United States—with all its great power and wealth—cannot maintain its economic vitality without a strong Japan and a strong Europe.

As never before in history, we need each other.

It was in this spirit that Prime Minister Miki asked me to lead this Economic Mission to the United States. Like your own good President Ford, whom we had the honor of receiving as a national guest last fall, our Mr. Miki was thrust into office at a time of grave national and international economic crisis. One of his first concerns has been to invigorate the Japanese-American dialogue, and to stimulate wider areas for Japanese-American cooperation.

Our Mission, representing Japan's private sector, is a modest contribution to this effort.

We are, in part, a fact-finding mission. In the two weeks we have been here we have learned a surprising amount, thanks to the friendly candor of American industrial, business and financial leaders, Presidential advisers and Cabinet officers, and leaders of Congress.

For example, we have seen with our own eyes the remarkable diversity of this vast economy, and have learned that your recession barely touches some regions of the country. Despite the real and depressing figures compiled in New York and Washington, I can report to you that business optimism is alive and well and living in both Houston and Atlanta.

We were also greatly encouraged by the hospitality to new Japanese investment which we discovered in both the Southwest and the Southeast regions. While we were in Atlanta, six Southeastern states came to us with impressive presentations about their economic conditions and prospects—and with warm invitations to bring Japanese capital to create additional American jobs. I am confident Japanese industry will honor those invitations.

We have also been exploring ways in which Japan might join more effectively with the American energy industry in the difficult and costly search for new energy sources, for our common benefit.

And we have gained a somewhat better understanding of the complex political decision-making process which is now shaping your future national policies on energy, inflation control and the stimulation of business recovery. We are much better informed than when we arrived, and we are very much encouraged by what we have seen and learned.

Another important purpose of our Mission has been to answer your questions, and to give our estimate of Japan's economic situation and outlook.

As I am sure you know, Japan was the hardest hit of all the advanced industrial economies by the four-fold increase in oil prices. We are 99.7 percent dependent on imports for our oil. And oil furnishes 80 percent of our primary energy consumption. The inflationary impact was immediate, and hit every sector of our economy.

The Japanese Government's response was a severe demand-control (or tight-money) policy, which has been moderately successful in reducing inflation. But this has been at the cost of a sharp decline in private spending and in new plant investment. After more than a decade of 10 percent-plus in annual economic growth, Japan's GNP declined 3 percent in 1974.

I am confident we are now bottoming out. I expect our Government will shortly ease its monetary policy, and expand public investment in order to stimulate the economy. The Bank of Japan will, I am sure, soon reduce the official discount rate. Our recovery may be slower than yours, but it is beginning.

The experience of "going through the wringer" has been painful, but it has also given us an opportunity to reexamine our national growth priorities. The Japanese people were about fed up with the undesirable side effects of sustained high economic growth. They resent the destruction of our once-beautiful countryside, the pollution of our air and water, and the neglect of basic social services and facilities.

In material goods, the Japanese people had joined the world's affluent few. But in spiritual satisfactions and qualitiy of life, we have been impoverishing ourselves.

Now we have good reasons—domestic as well as international—to change course. Future emphasis in Japanese economic policy will be on meeting the broader aspirations of our people, on a slower but more stable economic growth, and on harmonizing Japan's economic performance more closely with that of the international community.

According to private sector estimates, Japan's economy will grow in the future at roughly the same rate as the rest of the industrial democracies—say around 5 percent annually. This will entail higher investment in social capital. It will also mean a shift from resource-intensive and energy-intensive industries (which also tend to be polluting industries) to the more knowledge-intensive, high-technology industries. These are also major growth areas in both our imports and our exports.

The new Japan should be a more rewarding society for its own people. It should also be a better-integrated member of the world economy, and a stronger economic and political ally of its sister democracies in the West. This is important if, together, we are to meet successfully our common challenges.

Japan must be strong—socially, politically and economically—not for selfish or nationalistic reasons, but because the free world of which we are a part must be strong and dynamic. Just as we need a vigorous America, you need a vigorous Japan. Especially in the Western Pacific, at the crossroads of American, Soviet and Chinese power, a strong Japan is a political factor of considerable significance, contributing to the stability as well as the economic development of the region.

Finally, let me say we have been deeply touched by the warm friendship we have been offered everywhere we have visited in your great country.

In history, relations between great powers are often based on little more than mutual interests. I believe the ties between Japan and the United States are an exception. We have achieved as well a mutual respect and affection which enriches our partnership.

I felt this when President Ford visited Japan last fall, and quickly won the hearts of all the Japanese people, who watched his every move on television. I am sure you will sense that same affection which Japan feels for America when Their Imperial Majesties return the Presidential visit, and travel in your country next fall.

FOREIGN AID APPROPRIATIONS

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record a statement by the distinguished Senator from Wyoming (Mr. McGee).

There being no objection, the statements was ordered to be printed in the Record, as follows:

Statement by Senator McGee

When the Joint Senate-House Conference on Foreign Assistance Appropriations for Fiscal Year 1975 issued its report last Thursday, I refused to sign the document for a number of reasons.

In particular, I was concerned over the Senate Committee's report (94–39). I found myself in disagreement with some sections of the report in general, and the section on International Organizations in particular. I felt the comments on the United Nations Development Program were misleading at best in light of the information which was available to the Committee but which was not included in the report language. During the debate last week on my amendment to increase our contributions for International Organizations from the Committee's recommendation of $140 million to the Administration's request of $153.9 million, I attempted to correct what I believed to be misleading information contained in the report.

For example, the Committee report stated:

"Saudi Arabia, on the other hand, contributed $350,000 to UNDP in 1973, while receiving $1,911,000. Iran's pledged $1,000,000 in 1973 while receiving $4,549,000."

What the report failed to mention are the following facts. In calendar year 1974, Saudi Arabia had pledged $350,000 to UNDP; yet during the course of the calendar year, this was increased to $1.5 million, an increase of more than 400 percent above their pledge. In addition, while the Saudi pledge for calendar year 1975 is $1.5 million, there is every indication that nation will make another substantial increase in its contribution to UNDP as it did in 1974. Iran, on the other hand, increased its pledge by 400 percent in calendar year 1975 from $1,000,000 of last year to $4,000,000. Of the OPEC countries, all of whom did not realize direct benefits from oil price increases until 1974, three nations—Ecuador, Gabon, and Quatar—did not increase their contributions to UNDP substantially in either 1974 or 1975.

The International Organizations' section of the Committee report was also misleading in other areas. For example, it reflected an unfamiliarity with the United Nations Development Program. The UNDP programming cycle is a five-year cycle. Eligibility for such assistance is determined by population and per capita income. UNDP is presently in the 1972–76 five-year cycle. Eligibility and the size of the program is determined a year prior to the actual initial disbursement of assistance for the five-year period. It is interesting to note that Saudi Arabia had a per capita income of $540 in 1971, when that nation's Indicative Planning Figure was established for 1972–1976. Saudi Arabia was therefore eligible for a $10 million UNDP program for the five-year period beginning in 1972, and this amount was programmed accordingly.

The Committee report also failed to note that during the present five-year programming cycle, countries with per capita incomes of less than $500 receive 81.7 percent of the program's resources. In the next five-year cycle (1977–1981), nations with less than $500 per capita income will receive 91.1 percent of UNDP resources.

I also found the argument that the United States does not ask for, nor does it receive, UNDP funds to be dubious at best; neither do Western European nations or other nations of the industrialized world. What should have been noted is the fact that since 1971, the United States has only increased its contribution by a little more than four percent. During this same period of time, contributions to UNDP from all member states have increased by 120 percent.

In addition, I was somewhat surprised to read in the Committee's report that the Administration's request of $110 million for UNDP ". . . closely approaches the Committee's recommended 'fair share,' that is, 25 percent of all member state contributions." I certainly do not share this view. In fact, my position has been more than adequately stated over the past three years on this question. Therefore, as a member of the Committee, I want to take the opportunity to set the record straight, that in light of my well-known and well-publicized views on this subject, the Committee report cannot speak for me in this respect.

In light of the Conference on the Foreign Assistance Appropriations, during which the Senate retreated even further in its contributions to the United Nations programs, this nation is facing serious consequences due to the action of the Congress. Our contribution to the United Nations Development program will drop from $90 million to $70 million in calendar years 1974 and 1975. If it is indeed the intent of the Congress in general, and the Senate in particular, to "get the U.S. out of the U.N. and the U.N. out of the U.S," as we have been urged to do by certain groups in this country, then I believe the Senate has given impetus to this process with its recent action I want to make sure that my colleagues are fully aware of the ramifications of their actions.

These are just a few of the objections that I have with this particular section of the Committee report. I might point out that it took me just one phone call and fifteen minutes of time to obtain the information contained in my remarks today. Yet, by handling the International Organizations section of the Committee report in the manner in which it was handled, I believe the Senate was denied information it needed in order to make an objective determination of what the level of our participation in United Nations programs should be.

THE TRIPLE CRISIS AND AMERICAN RELEVANCY

Mr. PERCY. Mr. President, I wish to share with the Senate a thought-provoking paper presented by Dr. Zbigniew Brzezinski, now Director of the Trilateral Commission, to the Council on Foreign Relations in New York earlier this year. I ask unanimous consent that this statement be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PERCY. Mr. President, while I must take exception to some of his comments—such as the reference to "a weak Congress led by weak leadership"—there are many astute observations and conclusions which I commend to my colleagues.

In particular I want to enlarge on Dr. Brzezinski's much-needed call for Americans to lay aside the "pervasive pessimism" that appears to afflict them and to adopt a more optimistic view of the future.

To be sure there has been much to be discouraged about in recent years but these difficulties do not call for hand-wringing and retreat into a shell, but rather for the problem-solving skill and ingenuity that have characterized our Nation since colonial days. In my view, the present domestic and international situation presents us with an enormous opportunity to use our minds and inventiveness for meeting the challenges which confront us.

What should stand us in good stead in devising what Dr. Brzezinski terms "a flexible response" is our genius for adaptation. As our Nation has grown and new problems developed, we have been able to adapt our institutions and processes to solve them. Similarly as the world around us is changing and as new stresses appear we can and will cope with them in the same manner.

New conditions may mean the need to adapt ourselves to the idea that fundamental Western concepts such as progress and liberty have a different meaning in the rest of the world, that they are not absolute in any case, and that therefore international institutions may have to adapt themselves to reflect new conditions. The notion of status quo is practically un-American and its not in our interest to take such a stance in world affairs.

During my recent service as a U.S. delegate at the 29th United Nations General Assembly, I felt I detected traces of status quoism on the part of the United States. By keeping a low profile and saying little we appeared to be downgrading the United Nations as of little relevance to us and at the same time as to be defending the existing order as if the United Nations still represented the world of 1945, when the U.N. was established. That is why I am gratified that Dr. Brzezinski stresses, as I did in my report on the United Nations to the Committee on Foreign Relations, the need to participate more, rather than less, in U.N. affairs and to speak with greater moral authority.

The United Nations affords the best, indeed only, forum for reconciling the strivings of mankind expressed in debate by member nations. It is a place where, to borrow a phrase from my children's generation, "it all hangs out."

While the General Assembly, as I stressed in my report, has no power to bind any nation to any course of action, it is the place for hammering out a general approach, a concept, if you will, of the responsibilities and functions of the international institutions.

That is why, even though as the official U.S. Representative, I voted against the Charter of Economic Rights and Duties of States, adopted by the General Assembly last fall, I still feel there is hope for accommodation in the future, and that the next step is up to us, as I stated in my report:

> The United States and other developed countries of the world should now offer to take the initiative in suggesting revisions and modifications in the Charter that will not in any way sacrifice basic principles necessary for the economic development and growth of the lesser developed nations but that actually help close the gap and accelerate the process of development by providing those reasoanble assurances that will encourage the flow of capital rather than discourage it. The objective should be revisions that can be accepted by all, so that a future vote on the overall Charter will be universally supported.

By working more through the United Nations, we can achieve the greater international collaboration that Dr. Brzezinski advocates, not only in the field of economics but in other areas as well.

Finally a comment on the relevancy of the United States to the other nations of the world.

At the United Nations I found a disturbing tendency to consider our past experience and present outlook irrelevant to today's world. In many votes we were isolated from the vast majority of nations, reinforcing the impression that we do not understand and share the striving of the developing world for greater equality in international forums and in decisionmaking. While much of this attitude toward us is unfair and mistaken, there is a message to us in it and that is for us to make sure that the United States remains relevant to the rest of the world. We can do this by reexamining our positions, collaborating more closely, and responding with flexibility to the needs of others.

The forthcoming Bicentennial reminds us of our Revolutionary past, of the fact that we are a nation founded by malcontents dedicated to change man's condition for the better. There is no nation whose experience is more relevant to today's historic forces.

As I said at the outset, we have a great deal to offer the world and there are no grounds for pessimism. I submit that a nation which has lived through the turmoil stemming from the Vietnam war and has survived the severest political crisis of its history without a rending of its social and political fiber, is a nation of great strength and resiliency, a nation that can face the future with confidence and get down to the business of finding solutions to the "triple crisis" that Dr. Brzezinski discusses in his paper.

EXHIBIT 1

THE TRIPLE CRISIS AND AMERICAN GLOBAL RELEVANCE*

(By Zbigniew Brzezinski)

I would like to speak to you tonight about some problems concerning American foreign policy. I do so with a sense of concern for it seems to me that this year 1975 will very severely test America's relevance to the changing world. It will do so by testing our ability to respond constructively to a very unprecedented crisis.

THE TRIPLE CRISIS

That crisis is unprecedented in that it is simultaneously a triple crisis: it is an intense, as we know, economic crisis; it is a deep cultural crisis; and it is a wide-ranging international crisis. It is the sudden combination of these three which makes the crisis so unprecedented and which produces a profound challenge to continued American global relevance. It is also this combination that calls for a very comprehensive and interrelated American response.

In my remarks tonight I would like to offer you first, therefore, a general analysis of the problem as I see it and then, secondly, some very broad recommendations. My presentation is thus in the nature of a think piece on the very short-term future rather than a series of very specific prescriptions.

The character and dimensions of the economic crisis are quite familiar. Hence I will limit myself to commenting just briefly on its essential elements without too much further elaboration. The economic crisis obviously involves the element of inflation. This condition is deeply imbedded in the fabric of post-World War II consumption-oriented democracies; thus the problem of inflation is closely connected with the cultural malaise of which I will be speaking shortly. Secondly, the economic crisis has posed the mounting threat of recession. This is clearly a more recent phenomenon, connected in some measure to our efforts to cope with inflation, but it generates a potentially more explosive threat because it threatens internally the political stability of the western democracies; these democracies have, in fact, become very much dependent for their political cohesion on material growth. Externally it casts a very deep threat to the social and political survivability of many of the developing countries, since a recession in the advanced world would inevitably rapidly affect the very stability of many of the developing countries. The economic crisis, thirdly, has been intensified by monetary instability, which recently has been exacerbated by the rise in energy prices, leaving the international banking, financial structure and trade in jeopardy. The interactive combination of these three factors of inflation, recession and monetary crisis has made the economic crisis so difficult to manage.

The economic crisis in turn intersects very closely with the progressively deeper cultural malaise in the western world, a malaise pregnant with dangerous political consequences. If I were to summarize the nature of that malaise, and in some respects I speak particularly of the United States, I would say that it involves a very sharp break with the two key, basic organizing ideas that have provided the western world with intellectual constancy and with a philosophical framework roughly since the late 18th century, that is the time of the French Revolution, American independence, and the onset of the industrial age. These two ideas were the idea of progress and the preeminence of liberty.

The idea of progress involved increasing permeation of everything we do in social affairs with the notion that change is good, that change involves improvement. It involved a sharper and more subjectively defined recognition of the reality of change, a recognition which clearly did not exist much earlier than the latter parts of the 18th century. Both liberalism and Marxism have been committed to this idea of progress as the basic organizing premise of much that has been done in what has since been called the industrialized world.

Today that idea of progress is in some places severely challenged and among many in disrepute. It is yielding to an increasing widespread acceptance of the notion of decay, the idea that progress means decay, that change is bad. As a consequence, one finds with increasing frequency more and more people, especially intellectuals, recommending the notion of a limited or zero growth as a way of arresting change which is inherently viewed to be bad. The most widely known—and symptomatically popular expression of that point of view—is the fundamentally pessimistic analysis contained in the widely read Limits to Growth; if you will, the pessimist manifesto!

The preeminence of liberty, which put such a high premium on individual development, on spiritual worth, and on the legal autonomy of the individual, is today yielding increasingly to the primacy of equality, especially to equality of condition and not just of opportunity. In our own societies the dominant concern is becoming that of equality, focused particularly on material equality which is to be sought through a redistribution of wealth.

That redistribution, however, is to be achieved with declining rates of growth and, therefore, with a smaller social pie to be shared.

All of that cumulatively amounts to a very profound cultural discontinuity in the western world, including our own society. It produces, as a consequence of that discontinuity, the phenomena of extremism, the search for a radical solution, or of religiosity, the search for an intimate personal relationship with God, or even terrorism, the search for an instant remedy. More fundamental, it produces a widespread mood of historical pessimism as the dominant outlook of large sectors of western societies, including that of the United States.

The effect of that, pessimism, in turn, is to challenge the under pinnings of modern democracy; namely, confidence, civility and compromise, none of which can exist without optimism. Confidence provides the basis for sustained commitment, civility is made possible by the notion that things will get better even at temporary cost, and compromise involves adjustment largely on the grounds that no vital interests have been jeopardized. The erosion of these core beliefs is destructive because a democracy rests ultimately not on institutions or on economic arrangements but on the beliefs of people which, I am deeply convinced, are intimately linked with the notion of social optimism.

The destructive effects of the erosion of hope are exacerbated in turn by the specific systemic problems which modern democracy today confronts. These problems involve an increasing overload of the democratic system by very numerous participants and by even more numerous demands. Democracy is increasingly beset by an overriding complexity of issues and by an overflow of information which it is difficult for the public or for the legislators fully to assimilate. Democracy increasingly confronts a breakdown in consensus as social cleavages become sharper and as demands for an equitable share of a smaller or more slowly growing social pie become more difficult to resolve. Finally, democracy has been witnessing an increasingly rapid delegitimization of political leadership, with mass media and action-oriented, but often frustrated intellectuals in the forefront of this process, thus contributing to breakdown of authority.

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*Transcription (edited) of informal remarks delivered at the Council on Foreign Relations, January 7, 1975.

The effect is increased uncertainty concerning the efficient governability of a modern democratic system. Speaking more specifically of the United States, this condition is made worse by the rather unusual situation of a weak Congress led by weak leadership confronting a President who so far has proven himself to be weak. We have usually had periods of strong executive power and weak legislative power and or of strong legislative power and weak executive power. Rarely have we had such weak leadership in both branches at the same time.

The international consequences of this cultural crisis of modern democracy are not to be underestimated. Today, democracy not only appears to be less vital but less globally appealing. It is hard to think of a period of time in modern history, since the American independence and the French Revolution, in which the democratic system as we understand it had less appeal for the intellectually articulate elites of the international community.

The cultural malaise in turn interacts with the third crisis; namely, the crisis of the international system. The term "international system" is a conceptualization of a reality; it is designed to convey that there are arrangements at any given time in history on the international plane which cumulatively amount to a distinctive system of institutions and guiding assumptions. The system which collapsed in the course of World War II was largely Europe-based, in that Europe was the vortex of world politics; it was largely Britain-balanced in that Britain played the pivotal role of making certain that no country controlled Europe, the vortex of international politics; and it was London-financed, in the sense that London banks played the crucial role in maintaining the monetary and economic system. The post-World War II system was instead Atlantic-based, it was U.S.-protected, and it was New York-financed. It was thus a historically different system, based on different arrangements and somewhat different premises, for example, Keynesian economics.

It is this system which today is in severe jeopardy. It is in severe jeopardy because of fundamental changes within our own societies, of which I have already mentioned two major ones, but it is also in jeopardy because of very basic changes on the international scene as a whole.

Much of the post-war years involved, to state it in a somewhat oversimplified fashion, the interaction of three worlds. The first world, broadly speaking, was the advanced and democratic world led by the United States; the second world was the communist world, led for a long while by the Soviet Union; and the third world was the world of the new states, recently emancipated, with different combinations of leaderships.

During much of the post-war era the basic international game, so to speak, involved an intense and hostile rivalry between the first and the second worlds, the western and the communist, with the third world being a neutral beneficiary of the competition between the first and the second. The year 1973 has been a watershed in that it produced a dramatic change, both politically and historically in some ways as important as the year 1905 when for the first time in history an Asian power had defeated an essentially European power in a political-military contest; it was a year in which the developing world for the first time inflicted a major economic setback on the advanced world. As a consequence of that confrontation we now find four worlds existing on the international scene instead of the earlier three worlds. The first, the advanced, essentially democratic, world is still there; the communist world is still there; but the third world has split. There is now a third world which is essentially composed of the nouveaux riches of the global community or, if you will, the new influentials of the global community, numbering approximately 5–6 hundred million people; and then there is the fourth world, which is made up of the basket cases of the international community, societies which confront increasingly dire prospects, including the danger of social and political fragmentation. This world numbers more than one billion people.

The international game between these four worlds today is thus quite different from what it has been for much of the last 25 years. Today the overt competition and the overt animosity is increasingly between the first world and the third and the fourth worlds, with the second, the communist world and particularly the Soviet Union, an indifferent but nuetral beneficiary of the competition between the rich and the poor. This has benefitted the Soviet Union and it has helped it directly in its competition with the United States. I may add that the fourth world, though it has suffered from recent economic dislocations, is supporting the third world because these two worlds, the third and the fourth, are united by their common demand for global equity. They demand more participation in the running of the international system, and they are not prepared to accept the post-World War II system which was largely Atlantic-centered, U.S.-protected and New York-financed.

Nor do these two worlds accept our values. This is an important element of change as well. It is, I think, important to note that the collapse of pro-western but un-democratic governments in Portugal or in Ethopia in both cases resulted in the appearance of regimes whose values are rather different from our own, regimes which proclaim themselves to be socialist and which subscribe to a different type of social organization.

Moreover, we should not underestimate the disruptive effects of the "politics of empathy" which modern communications stimulate. The populations of the developing, especially poorer countries are continually exposed (by T.V., films or tourists) to our wealth—and they resent it and want it. Our peoples are similarly in a uniquely intimate contact with suffering and poverty abroad—and they fear it and often feel guilty about it. This interaction makes for tension, for hostility, and for social conflict both between and within the poor and the rich countries.

THE PROBLEM OF RELEVANCE

It is the interaction of these three crises which in my judgment produces a very far-reaching challenge to American relevance to the world, a point with which I began my remarks. The economic crisis produces a challenge because the lack so far of an adequate American response, as well as some indications of a globally insensitive attitude, have the potential for dramatically worsening the world's economic crisis at large. This is particularly true of the deflationary policies pursued by the United States during 1974 which have been intensifying the global recession and have threatened to plunge some parts of the world into a genuine depression. This economic posture—or passivity—produced increasing worldwide anxiety and in some cases animostity towards the United States.

The cultural crisis is challenging American relevance to the world for it seems to underline the inadequacy of our democratic system. It seems to suggest that the democratic system has little to offer, that it has lost its inner confidence, that it is not the wave of the future, that it is not a system in the context of which social demands can be adequately satisfied. Moreover, social indifference and global egotism of many conservatively minded people in the United States and the mounting political xenophobia and economic zerophilia among American liberals is opening a rather broad gap between us and the values of much of the world.

Indeed, it is a gap which I believe is wider than at any point in the last 200 years of our existence, during much of which the United States symbolized values to which other nations aspired. I believe that this crucial ideological relevance of America is today very severely threatened. I do not believe it has been eroded. I do believe it can be restored, but I think that we should not lose sight of the reality that to many articulate and concerned people in the world at large our values and our preoccupations seem distant, remote and anachronistic.

The international crisis is challenging our relevance for it creates pressures within the United States itself, and particularly within our public opinion, to interpret change in world affairs as anti-American. We have seen this in many editorials, in many public comments. This mood in turn prompts the inclination—a very deliberate inclination, I believe—on the part of our policymakers to downgrade the United Nations, to lower the level and even the quality of American representation at international institutions. As a result, next year when we celebrate the 200th anniversary of the birth of the first nation explicitly committed to national independence, which America truly was, and when we enter the first year of what is likely to be the first year of national independence for all of the major regions of the world, we paradoxically may find America less relevant to that world than at any point in its 200-year history.

THE FRAMEWORK FOR RESPONSE

If this analysis has any merit, then what can be done about it?

It seems to me, without attempting to provide a detailed blueprint, that the need is for a comprehensive response on the same three fronts. Its collective thrust has to be to underline that the primary objective of American foreign policy today and in the years ahead is to help to shape a true global community. This does not mean movement away from the reality of nation-states, for that reality will be with us for a long time to come. But it does mean a very deliberate effort to forge new patterns of relations among them.

It is obviously extremely difficult to respond effectively to a cultural crisis, for a cultural crisis is not something which is subject to policy decisions and to policy programs. Yet there are things which can and, in my judgment, should be undertaken; these things pertain both to our Chief Executive and very much to the elite intellectual community in the country as a whole.

Above all, it is essential to tackle head on the mood of pervasive pessimism which has become so dominant in many of our centers of thought and learning. We must never lose sight of the fact that on the level of action pessimism is a self-fulfilling posture. Moreover, on such matters as the question of growth or of resources, I think one is justified in noting that the last word has not yet been said, that the literature is not conclusive, and that one can, indeed, be very skeptical about many if not most of the gloomy scenarios that have become so fashionable in recent years. With the exception of demographic growth, I am personally rather skeptical about much of the literature on the scarcity of resources, on the limits of growth.

Moreover, I am convinced that the human condition in a large sense had been genuinely improving and that it is continuing to improve. It is, for example, a fact that in 1900 approximately 1% of humanity lived above subsistence levels. In 1970, with a vastly larger population, approximately 30% of humanity lived above subsistence levels. This still leaves us with an enormous social agenda, but it is certainly a measure of remarkable progress. I believe, therefore, that it is quite possible—in fact, not difficult—to project a reasonably convincing scenario of the future which is quite optimistic, including more hopeful prospects for the future of democracy as well. Certainly our society has experienced marked progress in terms of education, of social sophistication, of political awareness. But we now have to plan our future much more deliberately than we have been prepared to do in the past. This includes deliberate efforts to maintain continued economic growth, and we may also have to consider, for example, ways of adapting what the Europeans have called "industrial democracy" to our own social conditions—that is, the creation of mechanisms for greater social participation in economic decision-making. But that, too, would strengthen—rather than weaken—our democracy.

Thus I feel strongly that analytically contingent optimism is justified and that politically optimism is imperative. Indeed, I will go further than that and argue paradoxically that a call on the nation to sacrifice would contribute a great deal to the restoration of optimism, for sacrifice generates optimism. It is indulgent, miasmic and passive behavior which stimulates pessimism. Those who went through the war years remember that sacrifice generated real commitment and a real faith in the future. Sacrifice does that, and I think the test of leadership today is its ability to call on the nation for meaningful social sacrifice, for acts of national will.

With respect to international economic issues, it seems to me—as a broad proposition—that the essence of any policy must be an unambiguous American commitment to a cooperative solution with all willing parties. This means, of course, in the first instance more collaboration with Western Europe and Japan—and not peevish chastisements as, for example, articulated in a recent interview in *Business Week*. Such collaboration is clearly needed most urgently on the twin challenges of inflation and recession. Here much needs to be done to dramatize a collective response, lest individual national efforts to combat inflation contribute to the problems of other nations.

I would favor, for example, a heads of government meeting on the emerging state of social emergency to dramatize the issue of interdependence; beyond that, the extension to the trilateral world of Japan, Western Europe and the United States of the Davignon Committee technique of sustained consultative relations. The extension of this technique to the United States and to Japan would establish an ongoing consultative process which is very much lacking in our relationships and without which misunderstandings and conflicts periodically arise.

In the second instance, a cooperative solution must be similarly followed on the question of oil and recycling. Here I am particularly troubled by the fact that the American posture still appears to be wavering. There are still strong indications of a confrontationist approach in the Administration, with particularly drastic formulations expressed in recent days. I believe that such rhetoric and approach are not helpful but counterproductive. Instead of seeking what historically might remind us of the Canal Users Association, we would be much better advised to follow the imaginative ideas expressed recently in the lead article in Foreign Affairs or, for that matter, some of the proposals put forth by the Trilateral Commission on this issue as well as on the problem of aid to the Fourth World. It is the cooperative element with the oil producers that has been missing in the recycling proposal advanced by Mr. Kissinger, while the prospects of cooperation are certainly not advanced by the kind of threats that he has recently made in his public discourses on the problem.

This brings me to a few words on the question of military intervention. If open speculations on that subject by our leading policy makers are designed to be a deterrent, then I would simply argue that they are unhelpful as a deterrent because in fact they inflame the situation. Moreover, insofar as the addresses of the warning are concerned, our threats in fact have the effect of strengthening the radicals against the conservatives. Thus as a deterrent they are counterproductive. If they are meant seriously and if they are not a bluff, then there are some questions which anyone who seriously advocates military intervention in the Middle East ought to ponder.

The first is, who does it? I assume it really means the United States alone. And if so, from where? There is no obvious place from which the United States could undertake such an intervention without precipitating the gravest political consequences.

Secondly, where should it be undertaken and in what conditions are likely to be the seized assets? It is likely that the process of extinguishing the fires that would be set in motion would consume a great deal of time, with questionably beneficial effects on the world economy.

Thirdly, what would be the impact of military intervention on other oil producers? I suspect that we would see immediate embargoes, but more importantly and enduringly, rapid domestic radicalization even of the oil producing countries not directly affected. Is this what we want?

Fourthly, what would be the impact on the rest of the Third and Fourth Worlds? At the very minimum there would be a violent anti-American reaction, sporadic boycotts, bringing into reality the complete irrelevance and isolation of the United States.

Fifthly, what would be the behavior of the alleged beneficiaries of this action, Western Europe and Japan? Present indications suggest that they do not favor this action, and in all probability they would rush to make their own deals with the other oil producers.

Sixthly, what would be the behavior of the Soviet Union? There would be political exploitation of this action at the minimum, and perhaps even a confrontation at the maximum.

And last and seventh, once we are in, how do we get out?

Until these questions are dealt with satisfactorily, I think one would be well advised, and this particularly applies to our top policy makers, to let questions concerning military intervention rest unanswered.

This brings me in turn to a related issue which I believe is very important: the relationship between economic cooperation and the political conflict in the Middle East. In my judgment, the need to solve that conflict is now more acute than ever before, not only because of its danger to world peace but because of its polarizing effect on American relations with the rest of the world, including in it even the rest of the First World and certainly much of the Third and Fourth Worlds. Moreover, without a settlement we will not create the kind of confidence on which also the resolution of some of the monetary problems with the oil producers depends.

I am doubtful that the Administration's current strategy can succeed, for keeping the Soviet Union out of a solution increases the Soviet stake in subverting a settlement. And while the Soviet Union lacks the capacity to achieve a settlement, it possesses the capacity to prevent a settlement. Secondly, I am doubtful that getting the Arabs and Israelis slowly together will succeed, for that, in my judgment, overlooks the reality of Arab disunion and impatience, which undermines the genuine acceptance by the Arabs of any gradually attained compromise solution; and it is also inhibited by internal Israeli political paralysis and foot-dragging on the negotiating process, which similarly obstructs the attainment of a settlement.

Thus in my judgment, it would be desirable and timely for the United States to spell out more openly what it considers to be the general outlines of a desirable settlement and also then to indicate that it would be prepared to guarantee it. Spelling out the general terms of a settlement would generate pressure on behalf of such a settlement. And, indeed, there is worldwide consensus today on the essential elements of what that settlement ought to be like.* Finally, it is this that moderate Arabs and moderate Israelis actually want, for they argue that unless there is external, particularly American, pressure on behalf of an overtly articulated settlement, it is difficult for them—because of the internal difficulties of which I have spoken—to take the lead in articulating explicitly and in promoting such a settlement.

Finally, on the larger global issue, it seems to me that we have to recognize the fact that the world today is emerging painfully, sometimes very emotionally, is a world of independent nations seeking more equity and therefore a world that we have long desired. Its appearance is bound to produce transitional frictions with the richer and more established nations. That is a reality which we cannot avoid, and therefore rather than turn our backs on it we should become more involved in getting that new world constructively engaged in shaping a global community. This means speaking at the UN with greater moral authority; this means upgrading the level of our representation at the UN and not lowering it. I would have been, for example, very happy if Elliot Richardson had been appointed as Ambassador to the UN rather than to the Court of St. James. We should participate more actively in the discussion of reforms, including even the very controversial issue of the new economic world order. We should certainly take the lead in discussing new voting rights in the IMF and the World Bank for the new influentials of the global community. We should even explore the possibility of creating machinery for global indicative planning and of arrangements for long-term transfer of resources, for we have a great deal of expertise to contribute in these fields. If we turn our backs on the UN, it is likely that the American public will become for a long time committed to an anti-universalist position, and this would put the poor against the rich, this would be a destructive course inimical to our interests.

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*Briefly, its principal components are: recognition by all parties, especially Arab neighbors, of Israel's sovereignty and peace treaties establishing normal relations; the creation of a demilitarized Palestinian state; the reinforcement of frontiers based largely on those existing in 1967 by security zones; the retention of a united Jerusalem but with two capitals in it; and a U.S. guarantee for the above. The above could make peace possible for it denies the use of territory for aggression but without making Israeli security dependent on the acquisition of territory which would be bound to perpetuate the Arab-Israeli conflict.

I have avoided in my remarks speaking directly about the American-Soviet relationship, and I have done so deliberately because in some ways I feel that it is today less central than it was in the overtly cold war days. Also the role and appeal of the Soviet Union is changing dramatically. Instead of being a symbol of revolution it is increasingly today the symbol of stability and social conservatism in a very turbulent world. It is this which makes the Soviet Union more appealing to some. Instead of being a ideologically motivated power, it is a power which puts a much higher stress on military power. Abroad, communist parties, particularly in France and Italy, increasingly appeal to the electorate as the parties of the work ethic and the parties of law and order. And it is this changed posture which inclines the Soviet leadership to adopt an essentially passive and selfish posture in regard to global problems. The temptation is to exploit our difficulties and not to contribute constructively to the resolution of global problems.

In addition, there are grounds for suspecting that there is a strong debate in the Soviet leadership as to the extent to which the Soviet Union should exploit more actively the difficulties which the international system confronts. This debate is very much related to the Brezhnev health problem. It does mean that we cannot count on American-Soviet cooperation to deal with the problems of which I have spoken.

It is thus the United States which has to take the lead in shaping a more optimistic global community. But it can do so only if it undertakes certain domestic changes and rearrangements as well. J will end by commenting briefly on two that seem to me important.

The first is the need for some effective political executive instrument for global planning. We desperately need today in Washington energetic supra-departmental integration of our global policy. It is impossible to conduct an integrated global policy today either from the vantage point of the Treasury or of the State Department. We need today not only a virtuoso or, as I have sometimes described him in my less charitable moments, an acrobat in charge of our foreign policy; we need a conductor, a person who can orchestrate the symphonic effort. The logical place in which an organ for such integration could be located is the Vice Presidency. The Vice Presidency could become an organ for integration of the major executive departments of the government with regards to global issues, and I think there are grounds to believe that on a personal level such as arrangement would not be impossible, given the present circumstances.

Secondly, it seems to me that we have to return to true bipartisanship in the shaping of our foreign policy. It has lately been both too partisan and too personal. It has also been very deceptive and unpredictable at a time when American moral authority and clarity are very much needed, given the global turbulence. Our foreign policy has been characterized by dramatic shifts, whether it has been in the Far East or the Middle East or in Europe. It has also been characterized by an excessive amount of covertness. Indeed, it is one of the paradoxes of our time that our intelligence community is going overt and our foreign policy making is going covert. I think it is very important that we go back to the immediate post-World War II days of a truly bipartisan foreign policy process. This means bipartisanship in the Cabinet, bipartisanship in the shaping of foreign policy. If we do that, I think we can generate the national unity that is needed. I personally believe that such unity is possible to attain, in spite of the obvious difficulties.

To conclude: we confront a very profound and wide-ranging historical challenge but it is a challenge that we can manage and control, provided we correctly understand its historical thrust. Contingent on the actions of which I have spoken, it is thus not unreasonable to entertain a much more hopeful outlook on the nature of change in our time and America's global role.

MORE ON STRIP MINING

Mr. METCALF. Mr. President, on February 17, I placed in the RECORD an article on strip mining entitled "The Wringing of the West," by Helena Huntington Smith. The article was the subject of much comment, including a rebuttal by Joseph McElwain of the Montana Power Co., which was carried in the RECORD of March 4. I wish now to insert a third and final installment of the debate on this important subject—the author's reply to Mr. McElwain.

I ask unanimous consent that the comments of Mrs. Smith be printed in the RECORD.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

ALEXANDRIA, VA.

In this letter to the editor of the Washington Post Outlook regarding my February 16 article on Western coal development, "The Wringing of the West," Mr. Joseph A. McElwain, president of the Montana Power Company, makes several inaccurate statements which call for a reply.

The article can scarcely be called "outdated," since it presents essentially the same energy picture as that found in President Ford's State of the Union message of last January: "Within the next ten years my program envisions . . . 250 major new coal mines, 150 major coal fired power plants . . . 20 major new synthetic fuel plants" (pp. 8–9).

Again, the projections of strip mining rates over the next 20 to 35 years were termed by Mr. McElwain "well in excess of any realistic assessment" and "ridiculous." They may or may not be all of that; but they are official, and will be found in "Coal Extraction R & D Program by Coal Extraction Task Force, U.S. Department of Interior, 12/11/73 as revised 12/27/73."

In regard to the plans of Montana Power and its allies for future development of generating plants and kindred projects, Mr. McElwain states cautiously: "To date only one energy conversion project has been formally proposed to state authorities. That is the 2100 megawatt generating complex at Colstrip"—i.e. Plants No. 1, 2, 3 and 4. In the past, however, the company has made a number of misleading statements as to its intentions, when facts to the contrary were already on the record.

Roger Rice, Western Energy Company geologist, was quoted December 24, 1972 as saying: "MPC has not planned additional power plants at Colstrip . . . The current construction area (Plants 1 and 2) could accommodate another 700 megawatt plant but it is not being considered by the company."

Again on March 14, 1973 Donald Leuschen, Billings division MPC manager is quoted as telling the Billings Audubon Society: "There is no plan to build further plants."

Yet we are informed that according to the Bonneville Power Administration report of June 19, 1972, federal administrators had already been told that Montana Power was scheduled to build those two additional 700 megawatt generators later known as Colstrip 3 and 4: and in September, 1973 the plans for Nos. 3 and 4 were officially unveiled.

The record speaks for itself.

As to those classes held in shower rooms in the Colstrip school last year; Mr. McElwain is referred to our source, a lengthy interview in the Billings Gazette for August 24, in which the editor quotes a rancher, taxpayer and parent, Bill Gillin. Mr. Gillin's fourth-grade daughter had a total of eight teachers in 1973–74 due to the turmoil of splitting and moving, and he states flatly that some physics and foreign language classes were dropped for the reasons given.

Let us add that Montana Power and Puget Sound Power and Light deserve the fullest credit for the money they have spent on improving the Colstrip school facilities this year.

HELENA HUNTINGTON SMITH.

THE STANTON REPORT

Mr. PERCY. Mr. President, I commend to the attention of my colleagues the report "International Information, Education, and Cultural Relations: Recommendations for the Future," prepared by the so-called Stanton Panel and released just 2 weeks ago.

The panel, a privately funded commission comprised of experts in the field of public diplomacy, studied the organization of the U.S. overseas information, education, and cultural program for 10 months. Working under the chairmanship of Frank Stanton, Chairman of the American National Red Cross and former president of the Columbia Broadcasting System, the panel surveyed the work of the U.S. Information Agency and the Department of State in this field.

As a result of its studies, the panel has recommended a reorganization by combining presently divided functions in the following manner:

First. All information, education, and cultural activities now carried out by the Department of State and the U.S. Information Agency to be combined in a new autonomous agency, the Information and Cultural Affairs Agency, the director of which would report to the Secretary of State.

Second. All programs which articulate and explain U.S. foreign policy, now split between the State Department and USIA, to be combined in a new State Department Office of Policy Information headed by a Deputy Under Secretary.

Third. The Voice of America to be set up as a Federal agency under a Board of Overseers, with a mandate to broadcast accurate, objective, and comprehensive news as well as to represent American society in its totality, and with State Department control over foreign policy articulation.

These are admittedly large steps which will generate much support and some opposition. They are important steps and deserve serious consideration by all of us who care about the quality and effectiveness of our information, education, and cultural activities abroad.

The work was done at Georgetown University's Center for Strategic and International Studies, the chairman of which, Dr. David Abshire, played a major role in obtaining financial backing for the study and in providing administrative support for the panel. Dean Peter Krogh, dean of the School of Foreign Service at

Georgetown, assisted Mr. Stanton as vice chairman of the panel. Walter Roberts resigned from the U.S. Information Agency, where he was an Associate Director, specifically to join the panel and serve as Project Director for the study.

Other members of the panel included such distinguished citizens as Andrew Berding, Leo Cherne, Thomas B. Curtis, W. Phillips Davison, David R. Derge, Harry S. Fleming, George Gallup, Lawrence Y. Goldberg, Edmund A. Gullion, Rita A. Hauser, Hobert Lewis, Leonard H. Marks, James A. Michener, J. Leonard Reinsch, John M. Shaheen, William French Smith, Kenneth W. Thompson, and William C. Turner.

The Stanton Panel report will now be the basis for administration and congressional reconsideration of the structure of U.S. international activities in the information, education, and cultural field. It is required reading.

FRIEND OF EDUCATION AWARD, NEA, NEW MEXICO

Mr. MAGNUSON. Mr. President, recently, the National Education Association of the State of New Mexico nominated Senator Joseph M. Montoya, the senior Senator from their State, for the Friend of Education Award—the highest honor which can be given by the National Education Association to a nonprofessional.

This honor for my colleague from New Mexico is an honor for the Senate as well. It is a recognition by the teachers and education professionals in his own State of the importance to them of Senator Montoya's many years of hard work in support of equal educational opportunity for all children and quality education for every child. It also reflects recognition by this group of professionals of the needs which have been met by Federal legislation in the education field. When a Member of this body is so honored it brings pride to all of us.

Mr. President, I ask unanimous consent that the article announcing this nomination in the Advocate, the official newspaper of the New Mexico NEA, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Honorable Joseph M. Montoya Nominated for Friend of Education Award

U.S. Sen. Joseph M. Montoya (D-New Mexico) has been nominated for the most prestigious award that can be bestowed on a lay person by the National Education Association.

In nominating Sen. Montoya for the highest NEA award, the NEA-New Mexico Board of Directors noted Montoya has taken an active interest in education legislation and appropriations for all of his professional political life.

Sen. Montoya, long known nationally as a strong supporter of quality education for all, has been nominated to receive NEA's "Friend of Education" award, to be presented during the NEA Convention in Los Angeles, California, in early July.

Sen. Montoya was first elected to the U.S. House of Representatives in 1957 and was elected to the U.S. Senate in 1964. He is the senior senator from New Mexico.

Montoya was appointed to the Senate Appropriations Committee in 1969, thus enabling him to take an even more active role in providing significant appropriations and other contributions to American education. Charles Olson, NEA legislative consultant, has stated that Sen. Montoya's record for education is perfect. According to NEA reports, Sen. Montoya is a very effective member of the Senate who actively supports all educational legislation and who utilizes his position on the appropriations committee to see that those programs in which he has an interest receive adequate funding.

Sen. Montoya's area of special interest include vocational education, bilingual education, Indian education, library services and construction, student loan programs for higher education. federal assistance to schools in federally impacted areas (impact aid), education of the handicapped, veteran's education and the University of New Mexico Medical School.

"Sen. Montoya believes that education is vitally important for all American citizens," said NEA-NM President Catherine Smith as the nomination was being prepared Monday (Mar. 3). "He is committed to the concept that students should receive a high priority for federal funds and has been particularly upset with the failure of the administration to request sufficient funds for education, especially for construction of all types of educational facilities.

"He believes the American school children are being shortchanged by the administration which withholds needed funds from the Department of Health, Education and Welfare in order to make up for mistakes in managing the economy."

President Smith noted Sen. Montoya is also on record as favoring a separate cabinet-level department of education and has co-sponsored legislation to this effect.

OECO NAMED A TOP SMALL BUSINESS

Mr. HATFIELD. Mr. President, I was pleased to hear recently that OECO Corp. a Portland, Oreg. company, has been named as one of the "Top 10" small business contractors. It is the choice for being named the top company nationally of region X of the S.B.A. Small businesses are the backbone of this country, and I want to congratulate OECO on this award.

I ask unanimous consent that a statement describing this award be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

OECO Corp. Named to U.S. Top 10 "Small" Business List

Portland based OECO Corporation has been named "outstanding small business contractor" of SBA region 10 by the Small Business Administration, according to the company's President, Robert V. Jack.

The company had been nominated three times previously for the award, in competition with companies from Oregon, Washington, Idaho, Alaska and Hawaii. This year it was successfully nominated by Hughes Aircraft Co., Los Angeles, a major government prime contractor.

OECO designs and manufacturers high quality specialty transformers and power supplies for sophisticated electronic systems. Its customers are major electronic equipment manufacturers throughout the U.S.

"While we do employ 350 people," Jack said, "we still qualify as a small business as defined by SBA."

The regional award puts OECO in the running for the National Sub-Contractor of the Year in competition with nine other SBA region winners from throughout the country. National winner will be announced at an awards banquet May 20, in Washington, D.C., to be attended by Jack and Stephen A. D. Meek, OECO Vice President and General Manager.

NASHUA, N.H.—A CITY OF DIVERSITY

Mr. McINTYRE. Mr. President, it was with a great deal of interest that I read in the Boston Sunday Globe that New Hampshire's second largest city, Nashua, is surviving the current recession without serious distress. While the unemployment rate there, 5.2 percent, is still too high, I find it nonetheless reassuring that it is three points below the national average and half of that of neighboring Massachusetts. And while I know there are many of my constituents in the Gate City facing the tragedies of joblessness and high prices, I am pleased to note new industry is moving into the area and the city is continuing to grow and develop.

Nashua's strong defense against recession has been provided by diversity and growth. Over the past quarter century, the city has moved away from a dependence on textile mills, a dependence which crippled the city during the 1930's, and today there are over a hundred manufacturers providing a strong and varied economic base. At the same time, Nashua has experienced continuous growth, with the population more than doubling since 1950. Many new residents have moved across the border from Massachusetts.

I take great pride in paying tribute to the people of Nashua and to the civic, business, and religious leaders of the community. Mr. President, I ask unanimous consent that the article, headlined, "Diversified Nashua Doing Nicely During Nation's Recession," from the Boston Sunday Globe of March 9, 1975, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Diversified Nashua Doing Nicely During Nation's Recession

(By Steven D. Stark)

Nashua.—This new-old city, sitting on wintry hills near the Massachusetts border, so far is weathering the economic storm.

While the unemployment rate hovers around 8 percent nationally and 10 percent in neighboring Massachusetts, from which Nashua was severed in the 18th Century, unemployment here is 5.2 percent and the economy of the city appears fairly healthy.

"The situation here is not that bad," Eber Currier, president of the Nashua new car and truck dealers' association, said. "This thing has been blown out of proportion as far as we're concerned."

Thus Nashua appears to be one of those cities which is holding out against the recession quite well. There are others—Wichitia, Kans., Richmond, Va., Austin and Dallas—with even lower unemployment rates, but in New England, where unemployment is running higher than the national average, Nashua's figure is exceptional. It's the lowest for any New Hampshire city.

The cities resisting recession seem to fall into two groups. Some like Wichita or Dallas, have the booming oil industry as one of their principal employers. Others like Richmond, seem to be making it partly because of the great diversity of their industry.

Nashua is a city of varied industry. It has the Federal Aviation Administration (FAA) Air Traffic Control Center, which employs more than 600 people and is responsible for all air activity in the six New England states and upstate New York.

There are more than 100 manufacturers in Nashua alone, according to state government statistics, and another 100 in the surrounding area.

Behind the city's economic good fortune is a recent history of economic growth. Accompanying that growth has been a steady influx of Massachusetts residents; Nashua's population has more than doubled in 25 years.

The city has increasingly become an extension of the Boston suburbs. Many people have moved to Nashua to escape Massachusetts taxes. New Hampshire has no state income tax or sales tax.

The influx has turned Nashua, a city of only around 35,000 in 1950, into the second largest city in New Hampshire with a population exceeding 70,000. And it no longer is the textile town, dependent on its mills, that it once was.

It's diversity has helped the city avoid the traumas of the 1930s Depression, when Nashua was particularly hard hit by layoffs.

The city's major industries appear to be doing well; none has reported any sizeable cutbacks in work force. Sanders Associates, Inc., whose 5300 workers make it the state's largest electronics firm, last week was awarded a $47.9 million contract from the US Naval Air Systems for electronic equipment.

A number of new industries are expected to move into the Nashua area soon, including a Kollsman Instrument Co. plant, division of the Sun Chemical Corp., in nearby Merrimack. It will employ about 800 workers.

"If an industry can find what it needs in an area," said Joseph Guilderson of the New Hampshire Dept. of Industrial Development, "it will tend to go there."

What draws these industries to the Nashua-Salem area is its geography, labor potential and favorable tax situation. Nashua is only 40 minutes from Boston and is located in the heart of New Hampshire's labor market.

The generally favorable outlook on employment is reflected in the stores of Nashua, where merchants say they have had a profitable year, despite the economy. Many Massachusetts residents shop here to avoid paying 3 percent sales taxes in their state.

Bernie Pastor of P.E. Fletcher Corp., a store which sells appliances and television, said sales are down 10 percent from a year ago, but he knows it could be much worse. The store still is making a profit Pastor said.

"I think we're doing better than other areas," he said. "Let's hope it continues."

Car dealers, who have reported slumping sales all over the country, don't seem to be doing badly in Nashua.

"We're doing exceptionally well," said Joe Walier, general manager of MacMulkin Chevrolet. "I am doing better than last year."

"Sales were down," said Currier, head of the dealers' association, "but not as much as anyone was led to believe. A lot of dealers are hiring."

Building did decline here in 1974, according to the number of permits issued by the city engineer's office, but again, not as much as in some areas. The total permits issued dropped 35 percent, to 687 from 1370. The number of permits issued for swimming pools increased slightly.

"We're doing all right," said Romeo Tashereau, a builder and developer. "It's starting to shape up," he said optimistically.

What worries some people here now is that Nashua's growth will continue as economic conditions worsen in other areas of New England. That could flood Nashua's labor market.

INCENTIVE TO PRISON INMATES

Mr. MATHIAS. Mr. President, a recent issue of the Baltimore Sun carried an article concerning a program of college courses being offered by Essex Community College at the Maryland House of Corrections in Jessup, Md.

Early reports from both the inmates and the college personnel involved in this program are encouraging and I am hopeful that its continued success will offer convincing precedent for other such programs.

The prison facility at Jessup instituted a program for inmate education on the primary and secondary levels over a year ago and it was the success of that program which was instrumental in the development of the higher education program. As a member of the Senate Subcommittee on Penitentiaries, I have had the opportunity to study many varying approaches to penal reform. But while the proponents of incarceration as a punitive measure and those who advocate extensive rehabilitative programs continue to debate, the prison officials at Jessup, the college personnel at Essex, and the inmates at Jessup have acted upon the premise that education can only result in the return of a better person to society.

Mr. President, I ask unanimous consent that this article by Isaac Rehert be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ESSEX PROGRAM OFFERS INCENTIVE TO PRISON INMATES

(By Isaac Rehert)

The classroom looks much like any other college classroom: the teacher up front, holding forth; the students at their desks writing notes or peering with gimlet eyes into their text books for that proper line to clinch an argument.

But in this classroom, the students are all men, the room is a bit shabbier than most college rooms these days, most of the students are older than their instructors, and on many matters not found in books, they are probably more knowledgeable.

The class is part of a new higher education program recently opened at the Maryland House of Correction by Essex Community College. That instructor up front is Art Seidel, of the college's regular off-campus staff. The students are all inmates at the penal institution—those men caught and convicted and sent up for a variety of crimes and misdemeanors.

It seems strange in this era of civilization that an institution such as the House of Correction should only now be installing a program of higher education.

After all, these are men needing correction; and, locked up the way they are, they have nothing but time. In America we believe in education as a kind of religion. What easier, cheaper means of rehabilitation could anyone have devised than to get these convicted criminals back into school?

And yet. oddly, until February 1, when Essex undertook this program (after a number of other colleges had turned the opportunity down) there was no higher education possible for the 1,600 men incarcerated at Jessup. In fact, until a year ago, there was not much in the way of education at Jessup at all.

There was a program on the books with about 30 inmates involved, but they did little but lounge around.

New impetus for schooling came when Peter Donohue, a former faculty member of Mount St. Joseph's in Baltimore, arrived at the institution as education director and took the old program in hand.

Mr. Donohue brought new energy and motivation to the job; but even more important, he brought the kind of maturity and willingness it takes for an educator to deal with the "custodial mind," that mentality that dominates prison, which is most concerned about maintaining security and which feels most secure when all men are locked up, not milling around in classrooms, or moving to and fro between cellblocks and school.

Mr. Donohue persuaded Warden Ralph Williams and his security staff that getting men who need it into school would not jeopardize precious security at the overcrowded institution, and might even improve it by improving morale—a critical factor in these days of unrest and rioting.

He also persuaded the staff that a man working at improving himself in school was doing as much to earn the token daily prisoner's pay as a man working in the license plate factory. Even more—he wangled 70 cents a day for students, compared to 55 cents for the man in the factory.

The result is that after a year, the enrollment in the school is 300, attending a range of classes beginning with the most basic reading and extending into standard college courses in English composition, literature, mathematics, social studies and science.

Only 30 are enrolled in the college. An equal number are just learning to read. In between are every level of schooling, leading to the high school equivalence certificate.

Teachers report that some of the students are so bright and so highly motivated that frequently they master the subject matter of three years of high school in three or four months. And some of their grades on the standardized examination are so high that school authorities downtown have doubted them, raising the query whether there had been cheating. School officials reply with a convincing smile that they know there was not.

The newly instituted college program is a natural outgrowth of the standard 12-year school. Why stop with the equivalence of only high school? Why not have a college come in that would give standard courses, where a student could earn transferable credits?

But no college was interested, and while concerned volunteers outside canvassed the institutions of the area, inside an inmate named John Giles, a 33-year old former student at Morgan and graduate of Antioch, single-handedly designed and introduced a college-preparatory program consisting of English, mathematics and applied logic, including discussions of sociology and instruction in note-taking and how-to-read-a-book.

Outside the institution, two women volunteers, JoAnn Parochetti and Marcianna Burt, carried the proposal for the program to the colleges. They had a number of refusals; they dragged state legislators in to talk to the men, and finally they were able to convince the administration of Essex that the project was worthwhile enough to try.

College is college, no matter where the classes are held, but inside a prison there are differences.

The instructors must have the same academic qualifications, but probably they need a little more daring. For, every class meeting, they must pass through the "slam-bang" environment of the steel-barred gates and into the tight, closed society of men that the open society outside has condemned as unfit for freedom.

Yet Mr. Seidel, the English teacher, reports that his prison students are better prepared than those he teaches outside (thanks to the rigor of the prison school) and that their intelligence, ability and insights are above average.

Incarcerated students have another disadvantage: they cannot easily confer with their instructors in off-hours; there is no library in the school; and to attend the prison library, they need special permission that is not always easy to get.

The college students pay tuition, as any college student does. In fact, because Essex is in Baltimore county and the House of Correction is not, the first semester they had to pay at the non-residents' rate of $365. A few of the students received grants, but the others had to obtain the money from their families. Mr. Donohue hopes to negotiate an institutional contract that would improve on that.

Morale at the school is high. Students say the school is the only activity in the institution even resembling rehabilitation.

THE CONTINUATION OF MILITARY AID TO SOUTH VIETNAM

Mr. THURMOND. Mr. President, the Communist offensive in South Vietnam is proceeding with a violence and brutality unknown in two decades of warfare in Southeast Asia. Even the famous Tet Offensive of 1968 seems small by comparison. The South Vietnamese Government has been forced to abandon six provinces already, and three more are in jeopardy. At this very moment, Communist forces are apparently on the verge of capturing a city, the ancient capital of Hue, which thousands of Americans fought, and hundreds died, to save.

Meanwhile, Congress delays taking the action that might enable the South Vietnamese to repel the Communist invaders. Moreover, it gives every indication that when it finally does act it will deny our South Vietnamese friends the help they need. This help is not great. The South Vietnamese do not want our troops or our planes. All they are asking for is the arms and ammunition they require to defend themselves. President Ford has made one eloquent appeal after another to get it for them. Yet the Congress, paying more attention to insubstantial public opinion polls than to treaty commitments, national interest, and human decency, refuses to listen.

Fortunately, there are others in the country besides the President who have not forgotten our obligations in Southeast Asia. A number of distinguished authors, columnists, educators, military experts, public officials, and business leaders have recently formed an Emergency Committee for a Free Vietnam. Displaying all the responsibility that Congress has so far lacked, they are desperately trying to inform the American people of what is currently happening in South Vietnam, and what will happen in the future if we do not continue our military aid. I wish them every success in this endeavor. The American people are the last hope of the South Vietnamese. If Congress will not heed the warning of the President, it has to heed the demands of the electorate. I am confident that if the true story about South Vietnam can be laid before the people, their compassion and good sense will lead them to make these demands, and make them vociferously.

In a recent newspaper advertisement, the emergency committee describes graphically and succinctly the probable results of a cutoff of American aid to South Vietnam. These horrible predictions deserve to be repeated over and over again. They deserve to be considered thoughtfully and carefully by every citizen. They deserve to be compared impartially with the small and temporary benefits that a cutoff would produce.

First, a cutoff would put an additional 25 million people under direct Communist control, giving the North Vietnamese fresh troops and resources with which to further their imperialist aims.

Second, it would undermine the confidence of friends and allies in our willingness to abide by our commitments. They, in turn, might begin to disregard their commitments to us, so destroying the unity of the free world.

Third, the Soviet Union and Communist Chinese, sensing American weakness, would step up the pressure on us at other trouble spots throughout the world. Far from mollifying Moscow and Peking, a cutoff would probably increase their belligerence.

Fourth, it would gravely impair the diplomatic influence that has enabled us to work for peace in the Middle East and elsewhere. Already we can see the Israelis taking a more independent stance in negotiations with the Arab nations, and it is hard to blame them.

Fifth, as a consequence of the four previously mentioned results, our position in the world would become so dangerous that we would have to increase defense spending sharply. According to British military expert Sir Robert Thompson, it might be necessary to add more than $100 billion to the defense budget over the next 5 years. That figure compares with the $300 million the President is asking for aid to South Vietnam.

Last in order but probably first in importance, the victorious Communists, with customary ruthlessness, would systematically murder hundreds of thousands, perhaps millions, of our South Vietnamese friends. Some Congressmen and commentators dismiss talk of a bloodbath as hypothetical, but they refuse to confront the evidence. We know what the Communists did at Hue, the terrible slaughter they made, when the fear of retribution was still alive. If that fear should be eliminated by final victory, the massacre that would follow is only too easy to imagine.

These considerations seem to me to leave no room for hesitation about the proper course for America in Southeast Asia. I shall add one additional consideration in conclusion. The America that I have known and loved has always stood, preeminently, for freedom. We have stood for others things, too—peace and economic opportunity being two of them—but it was love of freedom that shores, and it is the same love of freedom brought settlers and immigrants to our shores, and it is the same love of freedom that has inspired our foreign policy ever since we started to assert ourselves in the world. We have found freedom to be so indispensable to happiness that we have tried to help others to obtain it, too.

Now we have a chance to help 25 million people remain free. The cost is $300 million. That works out to $1.50 for every American citizen. Is there an American citizen anywhere who would be unwilling to contribute that small amount for that noble purpose? Congress seems to think that the vast majority of Americans would refuse to give a cent. I disagree. If the American people were fully aware of what is happening in South Vietnam, they would unite in support of freedom just as they always have before. Otherwise, they would hardly be Americans. Someday, inevitably, the public will know the truth. I only hope that this knowledge does not come too late.

Mr. President, in order to help get the message to the American people in time, I ask unanimous consent that the full text of the newspaper advertisement sponsored by the Emergency Committee for a Free Vietnam be printed in the RECORD.

There being no objection, the advertisement was ordered to be printed in the RECORD, as follows:

Within the coming weeks and months, Congress and the American people will quite possibly decide the fate of South Vietnam. Current readings indicate that the prognosis for South Vietnam is not very good partly because even some of those who in the past staunchly supported our commitment to the freedom of South Vietnam have now come to regard it as a hopeless cause. In effect, they feel that we should cut our losses and let the Communists takeover.

We, the undersigned citizens—Republicans and Democrats, conservatives and liberals—hope that all members of Congress and, indeed, all Americans, will weigh with a careful hand and an open mind the implication of the decisions they will soon be called upon to make.

It is only human to be weary of the Southeast Asia war and its recurring annual expenditures, and to wish that it would all go away. It is only human, too, that the question of cost should weigh more heavily on the minds of all of us when we must deal on the domestic front with a serious economic recession, mass unemployment and an energy crisis. Finally, it is only natural that everyone should be tired of the bitterness and division that attended our involvement in the Vietnam war.

There would be no point in reviving or rearguing the bitter controversies and divisions of the past. Our starting point must be the situation as it exists today. Given this situation, we must face up to the fact that a cut-off of aid, or a refusal to provide adequate aid—in the measure promised—is virtually certain to have these results.

It would turn over the 25,000,000 people of Indochina to Communist rule, and place Hanoi's militant imperialism in a position to field the third largest army in the world.

It would corrode our alliances and undermine American security by demonstrating to our allies and dependents that we do not live up to our pledges.

Because it is bound to be perceived as a product of weakness and lack of resolve, it is certain to play into the hands of the more hawkish elements in both Moscow and Peking—with dire consequences for the security of the free world.

It would seriously undercut our ability to conduct a viable foreign policy that will prevent the outbreak of war—in the Middle East and elsewhere.

Given these premises, our abandonment of Vietnam would create a world situation so perilous that we would have to increase massively our already heavy defense expenditures. Sir Robert Thompson has suggested that we might find ourselves shouldering a military budget of $200 billion five years from now.

While everyone now agrees that there must be some limitations on our involvements, the overwhelming majority of the American people tend to sympathize instinctively with all peoples who are seeking to defend their freedom against communist aggression. But with this there is a widespread belief that it really won't affect America too much if Vietnam or Cambodia or some other country should fall under communist rule.

We do well to ponder the meaning of the fact that this strange dichotomy does not exist in Israel. The Israeli leaders, no matter what their political differences, have staunchly sympathized with our commitment to the freedom of South Vietnam because, as they see it, the extension of Communist power in any significant area of the world is bound to have an adverse impact on their ability to defend their own freedom.

There is more involved than maintaining some kind of international balance between the forces of communism and the forces of the Free World.

For those who opposed as well as for those who supported our Vietnam policy there is also involved the issue of our moral commitment to an ally whose forces in recent years fought alongside our forces in many hard and bloody battles—an ally, which, on a proportionate basis, has sacrificed a hundred lives for every life that we have sacrificed in defense of their own freedom and of Free World interests in Southeast Asia.

THE MATTER OF HONORING ASSURANCES

Also involved is the question of American honor. That question, simply posed, is: does America live up to solemn assurances given to friends and allies—or does it renege on these assurances a few years later because it considers the cost excessive?

At the time of the Vietnam Peace Agreement, we gave our firm assurance to the government of South Vietnam that, if the Communists continued to attack, we would replace the materiel and ammunition consumed in resisting these attacks, on a one-for-one basis. It was not a written agreement—but the fact of assurance has been confirmed by both American and South Vietnamese spokesmen and the right to replace materiel on a one-for-one basis was written into the clause of the Peace Agreement which froze the military strength of both sides.

To do precisely this much and no more the Administration last year asked the Congress for $1,400,000,000. Congress authorized only $1,000,000,000—and then proceeded to appropriate only $700,000,000. This cutback aggravated by inflation, has already had drastic consequences.

Congressmen who supported the reduction in assistance argued that it would help to reduce the level of combat, and would therefore lead to more meaningful negotiations between the two sides. In fact, precisely the opposite has happened.

The cuts encouraged Hanoi and its allies to break off all negotiations—both the political negotiations in Paris and the Four-Party Joint Military Talks in Saigon—and to go for an all-out military victory. As a corollary of this, it encouraged the Soviet Union and China to step up the scale of their military assistance to Hanoi.

The stepped up Communist military activity since Congress halved last year's military aid request has resulted in the highest level of death and destruction since the Vietnamese Peace Accords were signed. Reduced to a position where they can receive no replacements for tanks or planes or other heavy hardware lost in battle, and where they have to ration hand grenades and rifle ammunition, the Saigon forces have had to pull in their defense lines in an effort to conserve resources. In the Delta alone they have had to abandon more than 1,000 of 3,700 defensive outposts. With this have gone serious reverses on the battlefield, including the loss of Phuoc Long Province in January.

There has been a tendency in some quarters to blame Saigon's reverses on the lack of a will to fight. This adds insult to injury. The South Vietnamese Army has fought heroically in situation after situation. There have been few easy surrenders and no significant desertions to the other side. Those who make this gratuitous accusation against the South Vietnamese military would do well to consider the following facts—resulting directly from last year's aid reduction.

Saigon has had to impose a 50 per cent cut in flying time on its air force, including a 40–50 per cent cut in close air support, interdiction and transport.

It has had to drydock several score naval vessels.

Its ammunition stocks have been reduced by 40 percent since the cease fire.

While Saigon has been fighting under these increasing restrictions, Hanoi—in flagrant violation of the cease-fire agreement—has been engaged in a remorseless buildup of its forces in South Vietnam. Since the cease-fire it has augmented its forces by 70,000 men, to give it a total current force of 300,000; it has brought in 400 additional tanks, for a total complement of 600; it has added 1,000 artillery pieces, plus anti-aircraft systems (including SAM missiles), and it has built 12 airfields.

Given these facts, it is clear that those who favor continuing the present restrictions on aid to Saigon, or who favor cutting aid even more drastically, are pursuing a policy which—if it is not quickly reserved—is virtually certain to result in a communist takeover.

OUR INVOLVEMENT IS NOT UNENDING

To those who argue that we should get out because Vietnam is an unending commitment, we would point out that the past several years have witnessed massive reductions in the scale of American involvement. For years we were spending up to $30 billion a year in Vietnam and losing men in battle at the rate of 1,000 a month or more. Now there is *no* American combat involvement; our prisoners have been released; and all that is being asked is that we provide South Vietnam with less than $2 billion a year in economic and military aid so that it can survive as a non-communist nation.

There *is* a will to fight in South Vietnam: Southeast Asian expert Sir Robert Thompson has stated that, in terms of morale and fighting ability, the 5 best divisions in the South Vietnamese Army would be a match for the 5 best divisions in the American Army—or any other army.

Given adequate support, the South Vietnamese can *win*. There is also very reason to believe that, if they are given the necessary support, the South Vietnamese can be largely self-sufficient within a few years. Among other things this belief is founded on the incredible success of the offshore oil drilling operations in Vietnam—virtually every drilling operation to date has produced oil! And it should not be lost sight of that these vast oil reserves, instead of being a free world asset, will fall to the communists if Vietnam goes under.

VIETNAM AID, AMERICAN CREDIBILITY, AND MIDDLE EAST PEACE

If South Vietnam now goes under because our failure to honor our assurance that we would replace military material on one for one basis, it would inevitabley have a devastating effect on American credibility—with friend and foe alike. It would undermine our ability to use our diplomacy as a protective shield for our national security and as a guarantor of the peace in other parts of the world. It would have a corrosive effect on existing alliances, and make it virtually impossible to persuade any other nation to credit an assurance of protection from the United States.

If such a situation should ever come about, the first casualties would be the State of Israel and the prospect of a stable peace in the Middle East. For these negotiations to be successful, the Israelis will have to agree to make major withdrawals in the Sinai, including the surrender of the vital Sinai passes and the oil fields from which Israel now gets most of its oil. To agree to a concession of this magnitude, Israel would have to have a firm American assurance against the possibility of renewed Arab attack. And no Israeli leader in his right mind would be willing to stake Israel's survival on such an assurance, if Congress now demonstrated, in the case of Vienam, that it can, at its own whimsy, completely nullify a solemn assurance of assistance to an ally, given only two years ago.

A FEW NONISSUES

Charges have been made by his political opponents that the Thieu regime is corrupt and oppressive.

It is impossible to know from this side just how much there is to the charges of corruption— but it is a reasonable assumption that there is more than there ought to be and certainly the undersigned would favor even stronger measures by the Thieu Government to bring it under control. But we cannot believe that Congress would deliberately condemn 19,000,000 Vietnamese to communist subjugation simply because the degree of corruption in that country exceeds that to which we are accustomed in our own country.

As for the charge that the Thieu Government is repressive, we do not take the stand that the United States must support President Thieu, come hell or high water or that there are no alternatives to him. But those who bandy about the charge would do well to remember that South Vietnam is fighting a desperate battle for survival, with enemy force no more than 50 miles from Saigon; that the Lincoln government at the time of the American Civil War also felt constrained to restrict civil liberties; that the survival of a substantial measure of freedom in South Vietnam is apparent from the almost daily accounts of opposition demonstrations and statements; and finally, whatever its shortcomings, there is a thousand times as much freedom in South Vietnam as there is under the totalitarian dictatorship of the Vietnamese Communists—in both the South and the North.

THE DANGER OF A COMMUNIST BLOODBATH

The establishment of communist power in the Soviet Union, China, North Vietnam and other countries has been attended by a massive blood-letting of opposition elements, extending over a period of many years. Experts who have followed Vietnamese affairs closely predict that a communist victory in the South would lead to one of the greatest bloothbaths of all.

This prediction is reinformed by the memory of the terrible massacres perpetrated by the Communist forces when they occupied the city of Hue for 26 days at the time of the Tet offensive. When it was over, 5,700 civilians had disappeared; roughly 3,000 were later found in mass graves; and the Communist radio boasted that they had eliminated "the hooligan lackeys who owed blood debts."

Professor P. J. Honey of London, who is widely regarded as one of the Free World's foremost authorities on N. Vietnam, has predicted that "on the basis of past Communist deeds, and given the size of South Vietnam's population, the minimum number of those to be butchered will exceed one million and could rise to several times that figure." Two high ranking North Vietnamese defectors, Colonal Tran Van Dac, and Colonel Le Xuan Chuyen, have declared that the communists, if they win, will slaughter several million of those who resisted them. Douglas Pike, author of the definitive work, "The Viet Cong," who conducted an in-depth study of the communist massacre in Hue, concluded with these words:

> The meaning of the Hue massacre seems clear. If the Communists win decisively in South Vietnam. . . . What is the prospect? First, all foreigners would be cleared out of the South, especially the hundreds of foreign newsmen who are in and out of Saigon. A curtain of ignorance would descend. Then would begin a night of long knives. The war was long and so are memories of old scores to be settled ... Beyond this would come communist justice, meted out to the "tyrants and lackeys." Personal revenge would be a small wheel turning within the larger wheel of party retribution.
>
> But little of this would be known abroad. The communists in Vietnam would create a silence.
>
> The world would call it peace.

We appeal to all members of Congress to keep these facts and these considerations in mind. So long as we deny assistance, it is a foregone certainty that the Communists will persist in their refusal to negotiate and to pursue the goal of outright military conquest. Only if we are prepared to give our Southeast Asian allies the means to resist, can there be some hope of persuading China and the Soviet Union to scale down the assistance to Hanoi in the interest of detente, and of persuading Hanoi to return to negotiations within the framework of the Paris Agreement.

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MEDICARE AND MEDICAID FRAUD

Mr. HARRY F. BYRD, JR. Mr. President, investigations into the operation of the medicare and medicaid programs already have uncovered fraudulent practices and abuses which may be costing the taxpayers as much as $3 billion a year.

The findings in several ongoing inquiries are summarized in articles recently written for the Scripps-Howard newspapers by Dan Thomasson and Carl West.

Investigations have disclosed that services not performed have been paid for by the Government, charges have been inflated, unnecessary laboratory work has been carried out at inflated prices, prescriptions have been forged and claims against the Government have been collected by agents for physicians at large profits. In Illinois, it is suspected that organized crime has entered the field of fraud in the medicaid program.

Both medicare and medicaid are enormous programs, with millions of recipients. The estimate for the fiscal year beginning next July 1 is that medicaid will cost $14 billion and medicare $16 billion.

Given the huge size of the programs, and the apparently widespread fraud and abuse in their operations, investigators are faced with a monumental task. They cannot keep up with the cheaters.

The present situation illustrates what happens when Federal programs grow like mushrooms. Medicaid has grown by $11 billion in 9 years; medicare has risen by $9 billion in the same period.

The result is that the hard-working taxpayers of this country are being bilked by a bold and aggressive band of crooks.

I suggest that the record of medicare and medicaid be studied with great care before the Federal Government embarks on any expensive new program of national health insurance.

I ask unanimous consent that an article dated February 14, and a series of articles beginning February 25, by Mr. Thomasson and Mr. West, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

The Medicaid Scandal

(By Dan Thomasson and Carl West)

Washington, February 15.—Congressional investigators estimate that fraud and abuses in the Nation's medicare and medicaid programs total at least $3 billion a year.

That is 10 per cent of the $30 billion combined annual costs of the two health care programs. Medicaid grew from a $3.3 billion program in 1967 to an estimated $14 billion for fiscal 1976 Medicare jumped from a $5 billion cost in 1967 to a projected $15 billion for fiscal 1976.

Concern over the enormous waste in these programs has mounted as pressure grows for a national health insurance program which could cost $60 billion annually. "How much stealing do you think would go on with that much money?" groaned one official.

Trouble in the two programs ranges from minor chiseling by doctors who inflate bills or charge for services not performed to allegations of a $10 million-a-year bill collection racket suspected of having mob ties.

Cheating by health care providers in medicaid, which serves the poor of all ages, has so alarmed the Ford administration that it is asking Congress for funds to hire 100 full-time analysts to develop new systems for identifying fraud.

"We need to have a much better initiative in the fraud area," said Keith Weikel, Commissioner of the Health, Education, and Welfare Department's Medical Services Administration. "I'm concentrating on fraud."

"Program Integrity" is the investigative arm of medicare which provides health care to persons over 65 under social security. "Integrity" officials conceded widespread abuses among doctors, nursing home operators, hospitals, pharmacists, laboratory operators and others. And they acknowledge that rapidly rising costs of the program can in part be attributed to cheating.

They have between 50 and 70 investigators for a program serving 24 million recipients. Congressional critics and General Accounting Office (GAO) sleuths consider this woefully inadequate to do the job.

"That means that about all the "integrity" people are able to do is wait until they get a complaint," said one GAO source. "They don't do much initiating."

GAO and HEW auditors are digging into medicare-medicaid scandals in several cities and states, including Miami, Chicago, Philadelphia, New York and Texas.

In medicare, program integrity officials reported there have been 32,863 cases of fraud and abuse since the plan's birth in 1966. Currently 1,763 cases are under investigation. The Justice Department is studying 272 cases for possible prosecution.

But congressional and GAO critics contend only one out of 100 cheaters in both programs is being caught and the Justice Department often is reluctant to prosecute. That frequently is the case when physicians are prominent figures in their communities.

Some examples of physicians caught scheming in medicare include:

A Shreveport, La., woman physician was fined $10,000 for billing for patient visits she did not make and for services she did not render.

A Long Beach, Calif., physician was fined $15,000 for using medicare reimbursements to a hospital to purchase baseball tickets, country club memberships, art objects and to make payments to the hospital's board of directors.

An Arkansas doctor pleaded guilty to illegal billing of medicare for funds he used for personal expenses, including a $2,250 diamond brooch, a $500 serving tray and a $452 chair. The Federal Government lost $60,000 through his scheme alone.

A Cleveland, Ohio, podiatrist was convicted for claiming falsely that he corrected a woman's crooked toes.

A Huntington Valley, Pa., doctor was jailed for 60 days and fined $10,000 for violating medicare fraud statutes.

A Michigan doctor was caught falsely claiming he treated some patients' eyes with a laser beam.

In medicaid, Government auditors are worried that taxpayers are being bilked through a variety of schemes despite tougher laws and a series of GAO reports identifying abuses.

The most recent example is New York where State auditors turned up $8.6 million in unwarranted medicaid billings—money used for such extravagances as a Rolls Royce, chauffeur, yacht fuel and alimony.

GAO currently is investigating widespread chiseling by doctors who refer work such as blood testing to independent laboratories. GAO says the doctors double and triple what the lab charges when submitting claims for reimbursement.

Thus, if a lab charges $3 for a test, the doctor ups his claim to medicaid to $9. The practice is under scrutiny in Miami, Washington, D.C., and Kansas City, Mo.

GAO and HEW auditors also are examining a practice in Chicago and New York called "factoring." Here's how it works:

A doctor anxious for speedy return from a medicaid claim takes the bill to an agency which will buy it at a discount.

For example, a $500 claim, which the physician may have inflated, is "sold" to the collecting agency for $350. The physician gets his $350 immediately in cash. The factor then settles with medicaid for $500—a $150 profit to him. But some factors are suspected of inflating the claim even more and in Chicago a crime syndicate allegedly has got into the business.

Amendments to the 1972 medicaid law supposedly outlawed the practice which in Chicago is estimated to cost Federal and State taxpayers $10 million annually. But chiseler physicians found a way around the ban by giving power of attorney to the factors. This permits the factor to sign the physician's name to the check received as reimbursement from medicaid and cash it.

In medicare, GAO is still puzzled over shocking waste it discovered in rental of equipment for use in a patient's home. "It's still going on," sighed a weary Government auditor.

Medicare law permits a home-care patient either to rent or purchase equipment. Some examples of waste GAO turned up border on absurdity:

A portable bedside toilet had a purchase price of $35 but one patient elected to rent it. The tab: a whopping $485—or $450 more than the purchase price.

Another patient decided to rent a breathing aid for three years, running up a bill of $1,932. The respirator would have sold for $396.

A trapeze bar mounted on a manual crank bed sold for $283 but when the patient got through renting it, the bill was $1,654.

There is no suggestion of criminal intent on the part of home-care patients. GAO found the waste resulted from ignorance in that many patients did not know they could purchase the equipment or that buying it would have been more economical than renting.

Today, anyone convicted of making a false claim from medicare or medicaid is liable for one year in prison and a $10,000 fine.

But congressional critics contend the laws aren't being enforced, that the Federal Government and the States and local communities which participate have done little to implement them.

The American Medical Association has waged a campaign to do away with the concept of peer review, adopted in 1972. That law requires establishment of teams of physicians to watchdog the medicare-medicaid programs in every community.

The Justice Department, already overworked, has been of little help, the critics say. The skeptics propose "strike forces" made up of auditors and trained investigators to ferret out medicare and medicaid chiselers.

They contend the task forces should be able to bypass the Justice Department with HEW's own attorneys bringing court actions.

"We can't possibly find it all, but we can find enough so that those who contemplate cheating will have second thoughts," said one member of the Senate Finance Committee.

THE MEDICAID SCANDAL

Chicago, February 25.—Federal probers, who estimate fraud and abuse nationwide are siphoning $1.5 billion a year out of the medicaid program for the poor, cite Illinois as a horrible example of what may be happening throughout the country.

Authoritative sources here say the Illinois program is so riddled with abuse, waste and mismanagement that it has been described as a $700 million-a-year "udder" being milked through a variety of schemes.

The program's skyrocketing costs alone suggest that Illinois medical providers have found it easy to exploit. In 1966, Illinois was spending $84.4 million for medicaid. This zoomed to $648 million in 1974, a staggering increase of 941 per cent.

At the same time, the number of welfare recipients increased only 138 per cent and the cost of living went up 38 per cent. The Federal Government pays about half of medicaid costs.

John Simon, a 32-year-old former Federal prosecutor was hired for $50,000 by Illinois Gov. Daniel Walker to head a 60-man task force to come up with a system for keeping fraud and abuse out of the program.

Before Simon, Illinois had no effective means of spotting medicaid chiselers. That may explain why, despite widespread charges of cheating, the State—astonishingly-referred only one fraud case to lawmen in the last nine months of 1974.

Simon, winding up his six-month task, told Scripps-Howard newspapers "the program is riddled with abuse. I found more abuse than fraud."

Simon said his auditors examined 100,000 medicaid claims and found between $170,000 and $180,000 in improper bills. Simon said he will demand repaying from medical providers through a civil procedure.

Said Joel Edelman, former director of the Illinois public aid department and now chief medicaid investigator for the legislative advisory committee, an arm of the State legislature:

"I'm convinced there are all kinds of abuse and fraud in Medicaid—overutilization, improper billings, services not rendered but being billed for—to the point where we have had a couple of gangland-style killings."

To get specifics, Scripps-Howard reporters combed Medicaid files and interviewed physicians, auditors, congressional experts, and State and Federal officials with Medicaid oversight duties.

Here are some examples of what has happened in Illinois:

A man dressed as a woman was struck by a car. He had dual Medicaid and welfare assistance cards—one for a male, the other for a female. He was on his way to cash a welfare check made out to the female he was posing as when injured.

A child with a common cold was given six prescriptions. Two were for pills, but in labeling the pills, the druggish described the dosage in terms of "CC's," a liquid measure. When the child's mother returned the pills, the druggist said he'd made a "mistake," corrected the label—but then charged medicaid as though he had filled two additional prescriptions.

A physician who examined the prescriptions snapped, "that's one hell of an expensive cold." The physician who wrote the prescripition owned the drug store where it was filled.

"We get stories that this is happening all over," said Neal Caauwe, an investigator for the Illinois Legislative Advisory Committee.

Seventy Illinois physicians were paid $10 million in 1973 for treating welfare patients; one got $447,995. Twenty drug stores received $7.4 million in Medicaid payments.

A physician in a poor area writes $1,000 worth of Medicaid prescriptions a day and every recipient is prescribed tranquilizers, sleeping pills and panty hose. Caauwe said the panty hose could be for varicose veins.

A woman told Medicaid investigators she was referred by her regular physician to an "associate" in whose office she overheard two men dressed in white. "Can you imagine the people we saw today actually thought we were doctors," she quoted one as saying.

Investigators suspect the physician hired someone who knew nothing about medicine to look after his Medicaid patients while he was off doing something else. "They could have been laborers or painters," Caauwe said. "Who knows what they were?"

Even stranger is the report that a woman with close ties to a Medicaid physician runs a "satanic devil church," according to investigative reports, the woman gains converts by promising them Medicaid cards.

"Her hold upon her flock," one source said, "extends to dramatic entrances in the church with drums rolling. She wears black satin attire with a large crown."

A similiar operation is reportedly run by an unlicensed physician who threatens patients with loss of their Medicaid cards if they don't go along with fraudulent billing schemes. For example, a woman brought her six children for a visit and all were ordered to have tonsils removed.

One woman, dubbed as Chicago's "welfare queen," who has bilked the public aid department of at least $150,000, invented a unique scheme for defrauding Medicaid.

Investigators were astonished to learn she posed as a surgeon and fraudulently billed the state for performing open heart surgery, then double billed because she posed as the patient and then triple billed by posing as the patient's housekeeper whom the state agreed to pay $16 a day because the "patient" was disabled by the phony heart surgery.

The woman, Mrs. Linda Taylor, is under indictment for welfare fraud, bigamy and perjury. "She is without a doubt the biggest welfare cheat of all times," one state official commented.

One laboratory is suspected of "grossly" inflating fees. This lab billed medicaid for $13,000 in 1973 but bills for the first six months of 1974 soared to $36,000 and by the end of the year had reached $125,000, the lab's ownership is in the name of a physician's wife.

Medicaid investigators are particularly suspicious of 12 Chicago laboratories, described as "store front" operations. They are under scrutiny for hiring incompetent technicians and performing sloppy work.

Some are suspected of subcontracting lab work to competent personnel, then inflating the charge to medicaid. Moreover, business ties have been discovered between some physicians and laboratories and the physicians are suspected of performing unnecessary lab work.

"I think," said State Sen. Donald A. Moore, Legislative Advisory Committee Chairman, "what we're going to find is millions of dollars of lab tests being performed that are of no benefit to the patients."

From May 1973, to March 1974, 23 optometrists prescribed three or more pairs of glasses to each of 1,804 medicated recipients, a total of 6,287 pairs.

A physician billed medicaid for 32 visits to six nursing homes to treat patients who denied he had seen them. One patient supposedly treated had left the nursing home.

The owner of a medical lab admitted kickbacks of up to 40 per cent to physicians and said there was no way the practice could be stopped.

Investigators checked what was billed to a single medicaid card selected at random and found 10 pairs of glasses charged in 12 months and six pairs of upper dentures.

In 1972, the average number of medicaid prescriptions per recipient was eight; it jumped to 12 in 1974. Physicians were found giving 30-day prescriptions to patients every 10 days.

CHICAGO, February 26.—State and Federal investigators believe organized crime has entered the health care picture and in Illinois alone is bilking the medicaid program of millions of dollars annually.

These investigators fear the underworld's involvement in medicaid may also be a factor in other populous states where medicare and medicaid programs reflect signs of wholesale cheating.

Congressional experts conservatively estimate that fraud and abuse in medicare for the aged and medicaid for the poor of all ages totals $3 billion or 10 per cent of the combined $30 billion-a-year cost of the two programs.

The congressional experts, increasingly concerned over the impact of fraud and abuse on soaring medicare and medicaid costs, are watching the Illinois developments closely. They contend there is evidence the cheating patterns here are being repeated throughout the nation.

No fewer than nine State and Federal agencies are conducting investigations in Illinois. They include the General Accounting Office, Internal Revenue Service, Senate Finance Committee, Health, Education and Welfare Auditors, Illinois Association of Clinical Laboratories, the Illinois Legislative Advisory Committee, a Gubernatorial Task Force and State and Federal Grand Juries.

The authorities probing the raid on Illinois' $700 million-a-year medicaid program say the mob muscled in on individual cheaters after discovering how easy it was.

Mob ties, according to one top state medicaid investigator, John Simon, appear to have grown steadily the last few years and are now "very, very serious," possibly involving everything from contract murders to mail fraud.

Simon heads a 60-member task force formed by Illinois Gov. Daniel Walker to come up with a system for keeping fraud and abuse out of the State's medicaid program.

Simon and other Chicago investigators say the mob's involvement in the medicaid scandal extends to control of some pharmacies, medical clinics and bill collection firms known as "factoring" agencies.

The FBI currently is working with a Federal grand jury on several fraud cases that are expected to disclose how deep organized crime has infiltrated the medicaid program in Illinois.

The cases include examples on an apparently mushrooming prescription racket that works this way: a pharmacy, in collusion with eligible medicaid recipients, falsifies a prescription for an expensive medicine. The medicaid recipient then takes the prescription to another pharmacy where it is filled and the cost is billed to medicaid.

The medicaid recipient then returns to the first pharmacy which produced the bogus prescription and "sells" the medicine to that pharmacy for a fraction of its actual cost, the crooked pharmacy is able to obtain an inventory of certain medicines at little expense and the medicaid recipient has pocket money.

Another suspected racket being scrutinized involves "assembly line" medical clinics where foreign-educated physicians are paid as little as $100 a week to treat patients. They accept the low pay because they have trouble establishing a practice.

The clinics' owners run hundreds of patients through a week, submit large claims to medicaid, and because they pay the doctors so little, realize a huge profit. The owners, it is further suspected, "rip off" medicaid by inflating the claims for treatment.

Some clinic owners also apparently have hidden interests in pharmacies which fill the prescriptions written by the foreign-trained doctors, who are encouraged to prescribe unnecessary medicines.

The possibility of organized crime involvement first surfaced last August when the owner of a Chicago drug store chain was slain, gangland-style, after reportedly boasting he had taken medicaid for $10 million.

Then in January his partner was murdered in the same fashion, leading Chicago police and Federal authorities to theorize the mob was muscling in on the medicaid rackets.

Investigators also say they have pinpointed mob infiltration of certain "factoring" agencies who act as bill collectors for physicians, druggists and other medical providers.

Factors appeared on the medicaid scene when sharp-eyed promoters discovered the Illinois Department of Public Aid (IDPA) was hopelessly bogged down in settling medicaid bills coming in at the rate of 2.5 million monthly when the system was geared to process only 750,000 a month.

Factors offered cash-starved physicians a deal: for a fee ranging between 10 and 20 per cent, they would "collect" medicaid claims owed by the State. Actually, some factors established lines of credit with banks and paid doctors out of their pockets and then waited for payments from the State.

To get around a 1972 Federal law which prohibits factoring in the medical care programs, the physicians now give the bill collectors their "power of attorney." This permits the factoring agent to sign the physicians name to the check when it comes from medicaid and to cash it.

Also involved in factoring, according to Simon, is the possibility of mail fraud: some factoring agents pad the doctor's medicaid claim after paying him the bill less the discount for the collection service. By sending the falsified bill through the mails, the agent has committed a Federal offense.

At least two State officials, responsible for processing medicaid claims, have admitted accepting gifts from factoring agents. They were dismissed by the State.

But investigators say there is evidence that other State medicaid officials are working in collusion with factoring agents.

CHICAGO, February 27.—A few years ago the Illinois Department of Public Aid (IDPA) owed Dr. Alan Hester here thousands of dollars in backlogged Medicaid claims.

Needing cash, Hester signed up with a "Factor," an agency which would collect his claims from the State in return for 15 per cent of the bills' total.

Three weeks later Hester received $68,000. But soon what Hester thought was a sweet deal turned sour. Hester suspected his factor of trying to take him for $30,000.

Federal officials are concerned that factors have become a major racket, a means of siphoning millions of dollars annually out of Medicaid—the joint Federal-State program to aid the poor.

Congress tried to outlaw the practice two years ago with legislation. But factors got around the ban by having physicians supply them with power of attorney. This permits the factor to submit the claim in the psysician's name and cash the check when it is paid.

While factoring honor stories, as uncovered in Chicago, New York and other major cities, appear to place the doctor or other medical provider in the victim's role, Federal investigators say ultimately the taxpayers are the real losers.

For example, investigators were astonished to learn Illinois would pay a higher amount for services rendered if the bill were submitted by a factor rather than by the physician himself.

"I would submit a bill for $20 and the State would pay me $6," Hester said. "When the factor represents me for the exact same service, the state pays them $25."

Collusion between factors and some State employees is suspected.

Also, factors were discovered inflating bills they submitted for pharmacies. One investigation disclosed that of 3,569 prescription claims factored by one company, 1,711 had been inflated, mostly by $1 or less, but some were raised by as much as $25.

Documents provided to Scripps-Howard newspapers by one physician indicate claims were inflated at the State level and the checks were sent to factors even though the physician said he had notified the State he was no longer doing business with the firm. Five claims were inflated, four of them from $25 to $45 and a fifth from $25 to $35.

The physician who submitted the claims, Dr. Carrell Hutchinson, said: "Obviously there was a very strong collusive organization."

Hutchinson branded factoring a "demonic, multimillion-dollar racket."

"Along with some banks," charged Hutchinson, an orthopedic surgeon who has investigated factoring, "these parasitic middlemen are presently bilking large numbers of vendors of health care and ancillary medical services to the poor but particularly the State and Federal taxpayers."

State and Federal probers fear factoring has become so lucrative that organized crime has entered the business. In Chicago, one top investigator termed the mob's factoring involvement "very, very serious."

Hester, for instance, was confronted by his factoring company with a practice that smacked of "shylocking," an underworld racket involving exorbitant interest rates on loans and heavyhanded pressure to pay or else.

In addition to the 10 to 20 per cent usually charged for merely sending bills to the State for payment, some factors hold back as "reserve" up to 50 per cent of total billings. This reserve is to cover billings for which the factor paid the doctor but the State rejected as improper.

When the State rejects factor-submitted claims, these firms resubmit them, perhaps, making some adjustment. But the factor then takes another 15 per cent processing fee and another amount, in Hester's case 33 percent, for the reserve.

Suddenly Hester's factor said he owed $30,000 and demanded immediate payment for the claims the State balked at paying.

When Hester said he couldn't pay, the factor offered to lend him the $30,000 for three months at 18 per cent interest and use his future Medicaid claims for repayment. Outraged, Hester refused the offer.

"The company then found it convenient to satisfy the debt in a way that is still not clear to me," said Hester. "They did apologize repeatedly and promised never to allow matters to get out of hand again."

Hutchinson angrily contends that the IDPA deliberately has dragged its feet on settling claims in order to create business for the factors. Factors didn't appear on the scene until it took a minimum of 50 days to settle a claim. Some claims took a year or more to settle.

Two IDPA employes were suspended last fall after taking money, gifts and favors from factors. One was the chief mail clerk who admitted taking a TV set and other gifts in exchange for helping a factor speed up payments to his accounts and providing confidential information that would steer the factor to medical providers with a high volume of Medicaid business.

Two doctors described how, after severing relations with their factor, they experienced prolonged delays in settling claims and their rejection rate was higher.

"The payment rate was terrible," complained Dr. Lowell M. Zollar. "Large sums of money were disallowed and we received very little amounts of money monthly. This makes me wonder about the possibility of collusion because payments were certainly better and more regular when we factored."

Dr. Myriam Wilson said he was having great difficulty getting medicaid payments when a factor approached him with an offer where the firm would guarantee payment of his bills within 10 days of submission.

Wilson did not sign a contract but soon checks started rolling in for $16,000, $7,000 and $12,000.

"I was harassed by this factor to sign a contract," Wilson said, "as they assured me I would be receiving no further money unless they intervened on my behalf."

Wilson still refused to sign and subsequently "payments resumed coming in at their usual slow rate."

Hutchinson signed with a factor because it was taking the state so long to pay him. But the pattern that had nearly cost Hester dearly repeated itself with Hutchinson. Within a short time his factor said he owed $18,000. The factor has sued to collect and Hutchinson is preparing to countersue, naming IDPA as a co-conspirator in a scheme to defraud him.

Hutchinson said he notified IDPA by letter and telephone that he was no longer doing business with his factor and to send the factor no more checks. Hutchinson resumed submitting his own claims.

But some IDPA employee mysteriously pasted in the address of the factor over Hutchinson's address and the checks for that batch of claims were mailed to and cashed by the factor.

Medicaid investigators suspect collusion but have difficulty proving it. Joel Edelman, medicaid investigator for the legislative advisory committee, said he found some factors were hand-carrying claims to IDPA and he is "sure" there was contact between bill collectors and claim processors.

"While there is nothing illegal about that," Edelman said, "it does pose an opportunity for collusion."

Clyde Downing, Acting Regional Commissioner for the U.S. Health, Education and Welfare Department's social and rehabilitation services, suspects collusion but feels it is minimal.

"Based on the information we have now, I would consider that if there has been collusion it probably has been nominal. It is possible that future information might reveal a different picture."

BLACKLISTING DISCLOSURES DECLINE SHARPLY

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that an article from the Wall Street Journal, dated March 24, 1975, regarding the response of American business firms to Arab blacklisting practices, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FEW U.S. FIRMS ARE FILING REQUIRED DATA ON ARAB STATES' ATTEMPTS TO BOYCOTT ISRAEL

(By James P. Gannon)

WASHINGTON.—Though U.S. trade with oil-rich Arab states is booming, only a handful of American exporters are filing legally required reports on Arab attempts to enforce their economic boycott against Israel. The exporters that do report indicate a high degree of compliance with the boycott.

Those are key findings developed from previously unpublished data on the Arab boycott on file at the Commerce Department. The information was supplied by the department in response to a Wall Street Journal request under the Freedom of Information Act.

The newly disclosed data show that:

—Fewer than 20 U.S. companies regularly file reports required by federal law whenever a U.S. exporter encounters a boycott demand.

—The number of such reports, which are required quarterly, has declined sharply in the past two years even as trade with the oil-producing states has soared and as the boycott has become a highly publicized issue. Only 785 reports were filed in 1974, down from 1,152 in 1973 and a somewhat-distorted peak of 23,617 in 1972.

—Except for 1974's final quarter, companies reported compliance with the Arab boycott conditions in roughly 50% to 60% of the cases; in the rest of the instances, they didn't say whether they complied. Reports of refusal to comply are very rare. But in the final quarter of last year, 80% of the reports simply didn't say whether the company complied.

But "compliance" with the Arab boycott in nearly all reported cases didn't involve illegal or ethically repugnant action by U.S. companies. In about nine out of every 10 cases, compliance involved certifying that goods shipped to an Arab country didn't come from Israel and didn't contain Israeli materials.

In other cases, companies complied with the Arab demands by certifying that their goods weren't shipped in a vessel on the Arabs' blacklist or weren't insured by a blacklisted insurance company. A few companies were required to certify they didn't have any subsidiaries or financial interests in Israel.

The boycott reflects even some petty Arab quirks: A few companies had to ban the words "Persian Gulf" from their invoices and other documents because the Arab states insist on calling that sea the "Arabian Gulf." (Persia is the historical name for Iran, which isn't an Arab country.)

Despite the recent furor over charges that Arabs are trying to discriminate against Jewish businessmen or Jewish-owned businesses in the U.S., the Commerce Department reports don't indicate a single case of that kind. "The boycott is designed to wage economic warfare against Israel, not to discriminate against Jews in American firms," said one Commerce Department official.

The Arab boycott against arch enemy Israel dates back to the early 1950s at least, department officials said. It is designed to stall development of Israel's economy and hamper that nation's military capability. But it is haphazardly enforced, officials said. The boycott generally doesn't prevent companies from selling nonstrategic goods to Israel, but it's designed to deter them from establishing plants or offices there, or selling military gear.

Since 1966, the Export Administration Act has required U.S. exporters to report to the Commerce Department every instance in which their cooperation with a boycott of one foreign nation by another was sought. Under U.S. policy, American companies are "encouraged and requested" to refuse to support such boycotts, but they aren't legally forbidden to comply. The quarterly reports required of companies request, but don't require, that they indicate whether they complied.

Those reports, on file at the department, are protected by a confidentiality clause that keeps them secret. The Commerce Department declined to comply with this newspaper's request to see all copies of the reports themselves, but it did volunteer previously undisclosed data contained in those reports.

The disclosures indicate very few companies file the quarterly reports. The number last year ranged from a high of 19 in the first quarter to a low of 15 in the fourth quarter; the range was 20 to 25 companies in 1973. The number is declining even though many more U.S. companies are doing business with the Arabs; the value of U.S. exports to Arab nations soared to $3.34 billion last year from $1.74 billion in 1973, and the total is expected to jump beyond $5 billion this year.

Commerce Department officials doubt that the decline in reporting of boycott demands reflects any real slackening of the Arabs' boycott effort. They suspect many companies simply are ignoring the law, and many others may be ignorant of the reporting requirement. "We don't know who isn't reporting," said one official, "and there isn't any way with our staff and budget that we can find out."

Charles W. Hostler, a Commerce Department official, told a House subcommittee yesterday the department is preparing a "campaign" to remind exporters of U.S. policy toward the boycott and the reporting requirements. But he said Congress would be "ill-advised" to forbid companies from complying with the boycott because businessmen should be free to choose between selling to Arabs or to Israel, if they must choose.

The companies last year reported 785 transactions with the Arab states in which a boycott demand was made. That's far below the historical average. From 1966 through 1971, the boycott-affected transactions reported ranged from 4,435 to 7,916 a year. The total leaped to 23,617 in 1972 due to a statistical aberration: One company reported 21,247 transactions in which it certified it wasn't using a blacklisted insurance company. Officials can't explain this case, but say the company involved switched to self-insurance and stopped filing all those reports. The total then fell to 1,152 in 1973.

The Commerce Department reports those numbers to Congress quarterly and some officials are puzzled why nobody in Congress ever asked about the tremendous surge in boycott reports in 1972, and the sharp decline since then. Despite the fact that the boycott has suddenly become a hot political issue, "nobody on the Hill ever asked us a word about this," one official said.

The sudden emergency of the boycott as a political issue, however, may be affecting the way companies are reporting, some officials suspect. In the most recent quarter, far fewer companies reported whether they complied with the boycott, which may reflect fear that their compliance might become publicly known and hurt their business in the U.S.

In 1974's first three quarters, companies reported compliance with the boycott in 342 out of 603 cases, or nearly 57%; for the rest of the cases, a reply wasn't given to the compliance question on the department's reporting forms. In the final quarter of 1974, there were only 36 cases of compliance reported, and 146 cases in which the compliance question wasn't answered, out of 182 reported boycott instances. "The guys who left that blank may have made a prudent decision" to protect themselves against disclosure of compliance, one official remarked.

Department officials could cite only one 1974 case of a company reporting noncompliance with an Arab boycott demand. That case involved a company that refused to respond to an Arab questionnaire on its business ties with Israel. Such information is used by the Arab states to add to its long blacklist of concerns with links to Israel.

The department doesn't regularly analyze which industries are reporting boycott pressure. But a special study of the data for 1974's third quarter showed that the reporting industries included makers of air conditioners, transportation equipment, food, drugs, petroleum, tobacco machinery and miscellaneous goods. The value of the goods involved in the reported boycott-affected transactions was only $3 million in that quarter—another indication that the reporting requirement isn't widely observed.

President Ford recently directed the Departments of Justice, Defense, Commerce, Treasury and State to look into the boycott to see if U.S. laws are being violated. He strongly condemned reports of Arab discrimination against banks or businesses with Jewish ties.

On Capitol Hill yesterday, a Justice Department official told Congress the government faces many obstacles in trying to apply civil rights or antitrust laws to the boycott. Antonin Scalia, an assistant attorney general, told a Senate subcommittee that an American company wouldn't be violating U.S. civil rights laws by agreeing with an Arab demand to discriminate against Jews if the discrimination is confined to the foreign country.

The official said, however, that a U.S. company might run afoul of the antitrust laws if it made a commitment to the Arabs to stop trading with Israel, and almost certainly would violate the law if it agreed to stop doing business with other U.S. companies the Arabs don't like.

Mr. SCHWEIKER. Mr. President, I originally introduced Senate Resolution 100, condemning blacklisting practices in international trade, on March 6. This measure now has 38 cosponsors and I have asked the chairman of the Commerce Committee, my distinguished friend from Washington, Mr. MAGNUSON, to consider prompt committee action on this resolution.

This Journal article demonstrates the necessity for a strong statement by the Senate on this issue—now—even while detailed legislative solutions are being considered. The article indicates that from 1966 through 1971, the boycott-affected transactions reported to the Commerce Department ranged from 4,435 to 7,916 per year. In 1974, only 785 reports were filed. This does not mean the boycott and blacklist demands have declined, according to the Commerce Department; on the contrary, it means that companies have simply stopped reporting these demands to our Government, despite the legal requirement to do so. It seems to me that nondisclosure in this situation probably reflects acquiescence, Mr. President, and acquiescence to demands of this nature is repugnant to the fundamental principles on which this Nation was founded. This article should trigger prompt Senate action on Senate Resolution 100, and I hope every Senator will take time to study the deeply disturbing facts in this article.

SENATOR RANDOLPH STRESSES VALUE OF PROVISIONS FOR THE HANDICAPPED IN THE HOUSING AND COMMUNITY DEVELOPMENT ACT

Mr. RANDOLPH. Mr. President, although members of the Subcommittee on the Handicapped does not have jurisdiction for the U.S. Housing Act or the Housing and Community Development Act of 1974, we have a genuine interest in these measures as they relate to housing for handicapped Americans.

The subcommittee I have the responsibility to chair, recently contacted the Department of Housing and Urban Development concerning the implementation of the Housing and Community Development Act of 1974, particularly those provisions designed to aid the handicapped. The response of James L. Mitchell, Under Secretary of Housing and Urban Development, is a clear, concise explanation of these programs. I call attention to the block grant assistance under title I of Public Law 93–383, which may be used for special projects to remove architectural barriers. These programs constitute a further advancement in this Nation's progress toward sensitivity to the special needs of handicapped persons. I strongly support effective implementation of the program and urge affected consumers and organizations to apply for assistance.

Mr. President, I ask unanimous consent that the text of Under Secretary Mitchell's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE UNDER SECRETARY OF HOUSING
AND URBAN DEVELOPMENT,
Washington, D.C., March 7, 1975.

Hon. JENNINGS RANDOLPH,
Chairman, Subcommittee on the Handicapped, Committee on Labor and Public Welfare, Washington, D.C.

DEAR SENATOR RANDOLPH: This is in further reply to your letter of January 6, 1975, concerning the implementation of the Housing and Community Development Act of 1974, as it relates to the handicapped.

The 1974 Act contains some significant provisions for handicapped persons. For example, block grant assistance under Title I of the Act may be used for special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.

Among the salient other laws which would apply to the administration of the program, and which are identified in the implementing regulations, is the Architectural Barriers Act of 1968, 42 U.S.C. 4151, which requires that the design of any facility constructed with block grant funds comply with the "American Standard Specification for Making Buildings and Facilities Accessible, and Usable by the Physically Handicapped," Number A–117.1–1961, as modified (41 CFR 101–17.703).

Title II, the assisted housing portion of the 1974 Act, contains several provisions for aiding the handicapped. Section 7 of the United States Housing Act, as amended, encourages public housing agencies to design, develop or otherwise acquire housing predominantly for elderly families (defined by Section 3(2) of the Act to include the handicapped) which meets their special needs and which, wherever practicable, can be used as congregate housing, with a central dining facility.

Section 8 of the USH Act, as amended, provides that housing assistance payments may be made to owners of existing, substantially rehabilitated and new housing in which at least some of the units are for lower income families, including the handicapped. Up to 100 percent of the units in a project serving the handicapped may be assisted under Section 8. Final regulations were published in the Federal Register on December 30, 1974, for the Section 8 Housing Assistance Payments Program for New Construction and Substantial Rehabilitation. The final regulations for existing housing were published in the Federal Register on January 23, 1975.

Section 209 of Title II requires that the Secretary of HUD consult with the Secretary of Health, Education, and Welfare to insure that special projects for elderly or the handicapped authorized pursuant to the USH Act meet acceptable design standards and provide quality services and management consistent with the needs of the occupants. An interdepartmental group has been established to coordinate these activities and a working agreement is being developed.

Section 210, the revision of the Section 202 Program for Elderly and Handicapped, changes the definition of handicapped by removing the word "physical" and adopting the broader definition set forth in the Development Disabilities Service and Facilities Construction Amendments of 1950. Thus, eligibility is extended to the mentally handicapped under several multifamily programs which are governed by the Section 202 program definition.

We have announced our intention to implement the revised Section 202 program which authorizes HUD to make direct loans for rental housing for the elderly and the handicapped. These loans will be used to finance the construction phase of projects for the elderly and handicapped, and will be available to non-profit sponsors of projects assisted under the Section 8 Housing Assistance Payments Program. The interest rate on these loans will be equal to the Treasury borrowing rate on debts with comparable maturities plus an allowance to cover administrative costs and anticipated losses. Permanent financing will be arranged through the same avenues of FHA-insured, or conventional financing as are available for all other Section 8 projects. We anticipate that the $215 million provided by Congress will be sufficient to finance approximately 10,000 units during the next two years.

Section 815 of Title VIII amends Title V of the HUD Act of 1970 providing additional research authority to HUD to undertake and evaluate special demonstrations involving planning, development and occupancy of special user groups, such as the handicapped to determine the most effective or appropriate way to meet their needs.

I hope this information will be helpful to you. If I may be of further assistance, please do not hesitate to let me know.

Sincerely yours,

JAMES L. MITCHELL.

HELP NEEDED FOR SOUTH VIETNAM AND CAMBODIA

Mr. BARTLETT. Mr. President, I delivered the following letter of transmittal to my colleagues in the Senate. I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON ARMED SERVICES,
Washington, D.C., March 25, 1975.

DEWEY F. BARTLETT,
U.S. Senate, Oklahoma.

DEAR —: Enclosed is a copy of a report on my recent trip to South Vietnam and Cambodia. I hope you may find the time to read the entire report; but, in summary, I have strongly urged that Congress vote the requested supplementary military assistance to South Vietnam and military, medical and food aid to Cambodia.

It is disturbing that the congressional leadership is adjourning for 10 days vacation without taking any action on these needed appropriation bills for Cambodia and South Vietnam.

Daily the military situation in both of these countries deteriorates while scores of additional casualties are suffered because of the non-communists' lack of sufficient ammunition to defend themselves adequately.

The North Vietnamese have the largest force ever in South Vietnam—with double the number of tanks and triple the number of artillery. This huge army, in blatant violation of the Paris accords, is made possible by increased support from China and Russia. In contrast, our military aid to South Vietnam is less than half of one to one replacement of equipment and expendables. Without immediate additional military aid to Cambodia, the non-communists will be unable to hold the perimeter around Phnom Penh and will have no hope of a controlled political solution.

Without additional military aid to Cambodia, a bloodbath of unparalleled proportions is possible. This could occur while the Congress is on vacation. Although the situation is less grim in South Vietnam, it is far worse now than two weeks ago.

It is imperative that we act on aid for Southeast Asia as quickly as possible. We're now talking about a total supplementary appropriation of approximately $500 million, which is about 1/60 of what we spent in one peak year of involvement in Vietnam in the late 1960's.

If either Cambodia or South Vietnam falls because of inadequate ammunition, gasoline, medical or food supplies, our allies around the world will receive a message loud and clear. I am afraid that message will read that the United States has defaulted on its commitment to its friends.

We are facing a test of the will of this nation to provide our friends the military aid they need to defend their lives and freedom against aggression from communists supported with aid from Russia and China.

The dominoes that might tumble around the free world could be the confidence of friendly nations in the leadership ability of the United States. Additionally, this could be a national security threat to the nations of the free world.

I urge the Senate leadership to schedule votes on these bills before adjourning on Wednesday—at least on Cambodia—and, if necessary, postpone the recess a day or two. Immediate U.S. military support will strengthen the resolve of Cambodians and South Vietnamese who believe there is a big difference between free institutions and communist tyranny.

Sincerely,

—— ——.

STATUS OF SOCIAL SECURITY

Mr. BAYH. Mr. President, in recent months there have appeared a number of statements indicating that the social security cash benefits programs—old-age, survivors, and disability insurance—are or are not facing serious financing problems. Because of the complexity of the issues involved the statements tend to favor one point or another and thus mislead any but the better informed readers. Some readers have even been led to believe that the program is in such poor financial conditions that its ability to continue to pay benefits is endangered. There is, of course, no danger of anything like that occurring. However, because of the concern expressed by so many people, this seems like a good time to point out just what the situation is and what Congress is doing about it.

At the outset, there should be no mistaken idea that the problems of the social security cash benefits programs are of a nature which suggests that they cannot be solved or that indicates any likelihood that benefits will not be paid as they come due.

THE PROBLEM

Inflation, a changing economy, and changing population patterns have affected the social security program just as they have every other area of social and economic life. As a result, a social security program designed in the depression years of the 1930's, and revised frequently thereafter again faces the need for what may well turn out to be major revisions.

Several years ago, Congress became aware of forthcoming problems in financing social security cash benefits. It noted, at the time, that the Social Security Act called for the appointment of an Advisory Council on Social Security which, among other things, would be required to examine the way in which the program is financed and to make recommendations as to what, if any, changes might be needed in the financing of the program. In this situation, there was no need for Congress to take hurried action to patch up a program which, while not needing an immediate bandaid, might need some long-term care. It seemed appropriate to let the Council make its study and recommendations before taking any action. In the meantime, the Social Security Administration actuaries were revising their estimates of the cost of the program, and the Senate Committee on Finance appointed a panel of economists and actuaries to look into the question.

The various studies and reports that have come to light show that the social security program is not adequately financed. There is some disagreement as to how much additional income the program will need and what is the best way of furnishing this income.

Disagreement as to just how much additional income will be needed and when it will be needed arises because estimates of future social security income and outgo depend on a complex relationship of wage levels to employment levels, to retirement rates, to birth rates, to disability rates, and to inflation levels—some of these factors affect short-range costs more than long-range costs while others have just the opposite effect.

Moreover, relatively small changes in the assumptions on which the cost estimates are based can have a very big effect on cost estimates. For example, a change of 1 percent in the cost-of-living benefit due for July 1975 would amount to about $600 million a year in benefit payments.

The estimators are in agreement, however, that while changes need to be made in the social security program, there is ample time for Congress to give careful consideration to the various ways in which the problems might be solved and to assure that the future cost of the program is measured as adequately as present techniques and information allow.

WHAT IS BEING DONE

Because of the importance of the social security program to a major segment of the population, Congress does not intend to rush into changes in the social security program which might make good headlines but which in the long run could endanger the soundness of the social security cash benefits program. A a first step, new actuarial cost estimates are being prepared so that Congress will have a better idea of the cost of the present program. With this information, Congress will know the minimum amount which must be provided to guarantee that the present rights of people to social security benefits are not endangered. With that as a starting point, Congress will examine various proposed reforms, such as those suggested by the Advisory Council or the Senate Finance Committee panel.

Under the Constitution, changes in the social security law must be considered in the House of Representatives before they can be considered in the Senate. The House is now looking into the problem. The Subcommittee on Social Security of the Committee on Ways and Means announced that—

> Its first order of business [is] to assure that the social security trust funds are maintained at adequate levels.

And a task force of the subcommittee is already at work on the problem.

While no exact schedule for action has been set, it is anticipated that Congress will act quickly to get the facts and determine what changes need to be made. I am confident that Congress will take the necessary steps to insure the continued strength of the social security system and that social security will continue as an essential element in our system of government and, indeed, our way of life.

SOCIAL SECURITY CHECK DELAY

Mr. SCHWEIKER. Mr. President, an article appeared in the Washington Post February 21, 1975, which I feel deserves the attention of my colleagues. It describes the plight of a 58-year-old blind man, Sidney Spriggs, and his 17-year-old daughter, who have been eligible for social security benefits since last July. Mr. Spriggs had not received his checks for December, January or February, and his daughter has not received a cent since last July. The Social Security Administration had been working on replacement checks for this family since January 9, and termed their claim as critical. But as of February 21, they still had not received their benefits.

I would like to add, Mr. President, that this case is not unusual. Delays in processing social security and black lung claims are a national disgrace. I have in my office literally hundreds of cases from people who have asked my assistance in expediting the tortuously long process of applying for benefits. It is unusual for a claim to be processed in less than 4 months, and common for a claimant to wait for a full year for a final decision. This is totally unfair to these deserving beneficiaries, many of whom must rely on these checks as their only source of income.

Corrective action is clearly necessary. I have sponsored, along with my colleague, Senator PELL, the Social Security Recipients' Fairness Act of 1975, which would establish a procedure for the prompt payment of social security and black lung benefits to individuals whose checks have been lost, stolen, or otherwise delayed, and to expedite hearings and determinations respecting claims for benefits. I urge my colleagues to join me in supporting this much needed reform, and ask unanimous consent that the article from the Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BLIND MAN, DAUGHTER SIT OUT SOCIAL SECURITY CHECK DELAY

(By Judy Luce Mann)

Sydney Spriggs, 58, a day laborer whose sight began to fade into total blindness five years ago, sat on the worn out sofa of his rented room Wednesday afternoon and haltingly described how since November he has not received any disability checks of $150.50 a month, which are his sole income.

The Social Security Administration, which administers the disability benefit program, did not know why Spriggs had not received the checks for December, January and February or why its attempts to replace them have taken so long.

Nor did Social Security Administration officials know why it has taken so long to clear up problems with the $78.60 monthly check that Spriggs' daughter Sylvia, 17, is entitled to receive as a dependent and has not gotten since July.

Those two monthly checks are the only income that Spriggs, a widower whose wife died in June, and his daughter have. Without them, their already tenuous existence in a first-floor room in the three-story row house at 457 M St. NW. has become even more uncertain. They pay $85.50 a month rent for the room. They share a kitchen and bathroom with other tenants.

Helen Keys, a social work student at Catholic University who is now working at the Model Cities Senior Citizen Center at 25 K St. NE., has been trying to help the family since Dec. 10 when a relative called the center's attention to the Spriggs' plight.

"If it wasn't for Miss Keys, I don't know how we'd survive," said Sylvia Spriggs. Miss Keys and others at the model cities center, which receives D.C. and federal funds, have gotten them food from private groups such as the Lutheran Social Services, the Salvation Army and Family and Child Services.

Sylvia Spriggs, a soft-spoken young woman who was attending Cardozo High School has stayed at home most of this school year to care for her father. She does not get out much, according to Miss Keys, which means that her existence has narrowed to the dark room. The street scene outside is one of young men lounging on rickety row house steps and malnourished dogs scurrying about.

"They should be getting a check within the next couple of days" said Ruby Wilde, an operations supervisor at the Social Security Administration who is familiar with the Spriggs case.

She said that Sylvia Spriggs' checks were delayed, in part, because her uncle was named payee after her mother's death. Change of this type can take two or three months to process. "That would still not excuse the long delay," said Mrs. Wilde. "I do not have an explanation for the long delay in processing the child's claim.

She said she did not know what had caused the lack of payments to Spriggs and a spokesman for the Social Security Administration was not readily able to determine what had happened.

Mrs. Wilde said she tried to get the family some relief on Jan. 9 by requesting twice that their claim be processed as "critical," an action that she says should have gotten checks to them in about 10 days. The emergency checks still have not arrived.

"Although two months may not seem a lot for Mrs. Wilde or other people, it's excruciating for these people," said Miss Keys. "They have no other resources and we're coming to the end of ours."

Vanetta Rogers, a supervisor in the social services section of the Model Cities Senior Citizens Center who has sought explanations on behalf of the Spriggs family, said she was told by officials that a computer problem caused the check cancellations.

"This is an understandable administrative mix-up," she said, "but, how long does the guy pay for it? is my question."

THE 83D BIRTHDAY OF SENATOR PAUL H. DOUGLAS OF ILLINOIS

Mr. STEVENSON. Mr. President, today, March 26, is the 83d birthday of a renowned former Member of the Senate, Paul H. Douglas of Illinois.

I take this opportunity to mark the occasion, not only because I feel Senator Douglas merits our praise, but because I think we who now serve in the Senate can benefit by his example.

Paul Douglas, as he celebrates this birthday, can take double satisfaction in his service to his State and Nation. For not only has he done much good—he has lived to see much that he planted bear fruit.

And he planted well.

When Senator Douglas was a Member of this body, his was sometimes a lonely voice of reason—on behalf of the consumer; on behalf of our threatened environment; on behalf of tax reform, political reform, and campaign reform.

Today, however, these issues for which he once seemed a lonely advocate are at the forefront of our national consciousness and at the top of our national agenda.

They are there in large part because of Senator Douglas' courage, his eloquence and his quiet, dogged, persistent faith that reason, though it may not prevail instantly, can prevail given enough time and effort.

That is a lesson worth repeating and worth learning.

It is what Thoreau must have meant when he said:

> Any man more right than his neighbors constitutes a majority of one.

Paul Douglas—scholar, teacher, statesman—was, as a Member of the Senate, as he is today, an admirable "majority of one." He is one of those rare public servants whose vision is truly prophetic.

Now he enjoys not only the blessings of a long life well lived, but the affection and gratitude of the many thousands who know about his career and appreciate all that he and his wife, Emily, have done in a generation of public service.

Happy birthday, Senator Douglas.

THE CURRENT ECONOMIC SITUATION

Mr. BEALL. Mr. President, without doubt the issue most on the minds of the American people today is the state of our economy. Faced with high unemployment, and a loss of disposable income, the American people are growing more and more concerned about our Nation's economic future. This problem certainly deserves the highest priority attention from all levels of government.

There are relevant statistics which I believe put our current economic condition in proper perspective:

First. In 1974 our gross national product dropped over 2 percent from 1973, and in the first quarter of 1975 preliminary statistics indicate that it will drop another 10 percent. This marks the fifth consecutive quarter which the real gross national product has declined—the sharpest drop since 1946, when our country was making the transition from a wartime economy.

Second. Last year, business activity dropped 5 percent, the steepest drop since the 1930's.

Third. Fixed business investment and residential construction also dropped at an alarming rate.

Fourth. Personal consumption expeditures by the American people fell $4½ billion in 1974, the biggest drop since 1951, a trend which to me indicates a lack of confidence in our national economy.

Fifth. Disposable income—that is, the amount of income in the hands of the American citizens that they can spend—has fallen for the first time since World War II.

Sixth. And of course, the most sobering statistic of all is that the unemployment rate, now standing at 8.2 percent, shows signs of even going higher.

Many factors have contributed to the current economic decline. I might also point out that this sharp decline caught almost everyone by surprise, not only those of us in government but professional economists as well. Incidentally, this failure to accurately forecast what was coming has caused many economists to be reluctant in making predictions about the future.

If we are to assume that for every action there is a reaction, then we should have logically expected that in a world suffering from unusually high inflation, at some time forces had to come into play which would cause the economy to react by putting on the brakes without regard to the smoothness of our deceleration.

In the fall of 1973, we saw a dramatic change in the cost of energy used by the world's economy, first by a drastic reduction in supply and then by an increase in the price of petroleum to unprecedented heights. This obviously has had an effect on the industrial consumers of oil and has contributed significantly to the instability of the world's industrial economy.

Third, I believe the imposition of wage and price controls was another cause of our current economic difficulties. The available evidence indicates that there is no major industrial democracy that has been able to impose wage and price controls effectively in peacetime without causing great problems for itself. The results have generally been a misallocation of resources and inventories, inefficiency in the marketplace, a growth of black markets and a rising dissatisfaction on the part of the people who are subject to controls.

We have to look no further than our Nation's economic history to understand the failure of this policy of economic controls. On August 15, 1971, the controls were placed into effect, the inflation rate was 3.7 percent. Two and one-half years later, with the expiration of those controls, that same inflation rate had tripled to a rate of 10.8 percent. Additionally, we then had to contend with controls induced shortages and everything from steel to hamburgers.

In the fourth place, fiscal policies of the Federal Government have contributed greatly to the past inflationary surges. Certainly there is nothing more important to the strength of an industrialized economy than the availability of the capital so necessary to expand the productive capacity of our economy and raise the productivity of our people. For the last decade, the Federal Government has consistently been spending at a rate considerably in excess of its revenues. This Federal deficit has created unusual strains on the financial world because in going to the marketplace to borrow money in order to finance its own debt, the Federal Government has increasingly come into competition with the private sector for a limited supply of money.

This, of course, caused interest rates to go sky high, and seriously impaired the ability of financial institutions to provide investment capital. This capital is critically needed to provide the kind of expansion necessary to maintain a steady economic growth, and any lack of capital formation leads to serious difficulties in increasing productivity. The Federal Government by not exercising the kind of fiscal restraint necessary to moderate inflationary pressures, has significantly contributed to a shortage of capital.

Because of this lack of fiscal restraint, the Federal Reserve Board was forced to put unusually restrictive controls on the monetary sector of our economy. This action had the effect of discouraging activity in almost every sector of our economy, blunting the efforts to expand the productive capacity of our Nation.

Finally, the public itself has suffered a deep loss of confidence in the ability of its Government to properly manage our Nation's economy. Certainly this lack of confidence was exacerbated by the political turmoil rising from the events of the past 2 years.

Mr. President, I believe, however, that there are some encouraging signs:

First. The inflation rate both here and abroad has moderated from its previously unprecedented high.

Second. There has been a good amount of inventory decumulation as business liquidated current inventories. This means that companies should again begin placing orders causing producers to once again start up the industrial machinery and cut down unemployment.

Third. The stock market, which most experts tell us acts generally about 6 months in advance of the rest of the economy, has shown a steady upward movement.

Fourth. Savings and loan institutions are reporting a substantial increase in deposits, which should provide new money to support increased activity in the housing field. In fact, I anticipate that we will shortly see a significant upturn in the housing market, as potential buyers take advantage of the availability of money at reasonable rates of interest.

Fifth. It should be noted that the automatic stabilizers built into our economy over the last 20 years have served us well in this period of economic downturn. I refer to such things as unemployment compensation, which has provided a cushion to millions of people during our recessionary cycle. These programs are alleviating the distress and keeping money in the hands of people in sufficient quantities so that they can provide for their daily needs.

Of course, Mr. President, much more needs to be done. We must develop policies which will encourage our full recovery from this period of economic stress, and do so in a way which will leave a solid foundation on which to generate continued economic growth in the future.

Since the basic problem, I believe, is one of attracting people back to the marketplace, it is necessary to restore the confidence of the public, and second provide them with disposable income that makes them financially able to become the purchasers of goods and services.

The easiest way for the Government to assist in increasing the amount of disposable income available to our citizens is through adjustments in tax policies. Mr. President, I believe that it is of the utmost importance that a tax rebate be implemented as soon as possible. The rebate should be directed to those areas where it will have the most beneficial impact in providing a stimulus to our economy.

In addition, to providing the direct rebates to individual citizens, we should also provide short-term investment tax credits to businesses and industries, in order to encourage them to renew and replace their industrial machinery. It is most important that we improve the productive capacity of our economy.

I am pleased that the House-Senate Conference Committee has completed its consideration of the Tax Reduction Act of 1975. It is my understanding, Mr. President, that this conference report will be taken up by the Senate later today. With prompt action on our part, we can forward this measure to the White House for Presidential action.

As we change our tax laws to provide that this immediate "one shot" stimulus should also continue to revise the tax structure to improve its equity. We must close many of the loopholes which exist in our tax laws, and also strengthen the present minimum tax. I believe that we can accomplish these goals, and at the same time take actions to encourage investment in our economy. Increased capital accumulation generates new jobs and expands our tax base. Unfortunately, this Nation is low on the list of the world nations in terms of capital accumulation, and we need to rapidly move to improve our standing.

Above all, our tax system should be fair and equitable and equity should be apparent to all the American people. There must be confidence that all the taxpayers in America are being treated equally. These exclusions and special treatments do not encourage that type of thinking, and thus, I believe it is in the long-term national interest that we, to the extent possible, eliminate unnecessary tax preferences.

Mr. President, I would also emphasize that, as we make these changes in our tax laws and law the ground work for future economic developments, we can not forget those who are the casualties of recession. We must continue to make certain that unemployment benefits remain available in sufficient amounts. In addition, we must make sure that the usual services of Government are available in a timely fashion to help the unemployed through this time of distress. It is important for the Government to continue to provide for their health and welfare until such time as the economic conditions permit them to become, once again, productive members of the work force.

Of paramount importance, as we turn our economy around, is that we do not forget our past mistakes. It would be inexcusable for us to recreate the same conditions that caused us to slip into this decline in the first place.

This means, first, that we must ignore the tempting illusion that Federal spending can provide the answers to all our problems. It was this illusion that caused us to become trapped in the tangled web of inflation in the first place, and it will happen again if we are not careful. It is important to remember that a tax rebate can provide immediate relief without imposing unnecessary strains on the financial markets. However, Federal spending is much less immediate in its effects and much more dangerous in its long term consequences. Massive deficits could impose new and unnecessary burdens on the capital markets just at a time when the private sector is reaching for the resources to finance its own recovery.

We should also not lose sight of the fact that we live in a free market economy. While it is important to make sure that the public interest is protected against monopolistic practices, it is equally important to assure that Government policy purporting to protect the public does not restrict the growth of the economy. Government policy must be designed to encourage individuality, creativity and the kind of initiatives that have led to the development of our economic system and to the highest standards of living anywhere in the world.

Unfortunately, in past years we have developed a series of regulatory agencies which threaten to stifle economic activity in this country. We must take a closer look at the regulatory practices, and streamline them so that they become a help not a hindrance to our economy.

To sum it all up, Mr. President, I feel that we have reason to be optimistic about the economic future of our country so long as we are willing to accept and recognize the advantages of the free market system. We must always remember the basic features of the free enterprise system which has led our country to unprecedented economic heights. We must also use governmental mechanisms to encourage and promote economic growth, rather than over regulate the productiveness, inventiveness, and ambition of our individual citizens. If we accomplish these goals, I am confident that our economy will once again be pointed to greater prosperity for the citizens of this country.

SENATE JOINT RESOLUTION 16, A PROPOSED CONSTITUTIONAL AMENDMENT TO REQUIRE PERIODIC RECONFIRMATION OF FEDERAL JUDGES

Mr. HARRY F. BYRD, JR. Mr. President, on January 27, 1975, I introduced Senate Joint Resolution 16, a proposed constitutional amendment to require periodic reconfirmation of Federal judges, for myself, the Senator from Alabama (Mr. Allen), the Senator from North Carolina (Mr. Helms), the Senators from Georgia (Mr. Talmadge and Mr. Nunn), the Senator from South Carolina (Mr. Thurmond), and the Senator from Utah (Mr. Garn). That measure was read twice and placed on the Senate Calendar.

Similar legislation has been introduced in the House of Representatives by the able and distinguished Congressman from Virginia's Seventh Congressional District, the Honorable J. Kenneth Robinson.

Both of these measures have received careful consideration in an editorial carried in the Winchester Evening Star, dated January 30, 1975. Mr. Douglas B. O'Connell is editor of the editorial page. The Star editorial, captioned "Accountability—Parallel Efforts" has this paragraph:

> It is time in this nation—and even well past time—that some form of accountability be established for these judges nominated by Presidents. Presidents come and go. The judges do not. And they are powerful, with some exercising dictatorial powers.

As Mr. O'Connell notes:

> Lifetime tenure flies in the face of the democratic process.

Like many others, he has called for a critical appraisal of advisability of the life tenure system.

I ask unanimous consent that the editorial, "Accountability—Parallel Efforts," be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Editorial

An analogy can be drawn between kings, emperors, maharajahs and United States Federal Judges. They all hold office for life. And they are accountable to no one.

It is time in this nation—and even well past time—that some form of accountability be established for these judges nominated by Presidents. Presidents come and go. The judges do not. And they are powerful, with some exercising dictatorial powers.

Power that in many ways seems almost autocratic breeds a form of judicial arrogance. This has been amply demonstrated in the all too many occasions in which federal courts have gone beyond the mere interpretation of the law and into the field of legislation—making the law.

Both Winchester area legislators in Congress, U.S. Sen. Harry F. Byrd, Jr. and Seventh District Congressman J. Kenneth Robinson, have recently renewed efforts to establish a degree of accountability. And accountability means subject to giving an account, being answerable and responsible for your actions.

Mr. Byrd on Monday introduced legislation to end lifetime tenure for judges. The measure provides for a constitutional amendment for submission to the states for ratification. It would call for the U.S. Senate to reconfirm federal judges every eight years.

On Jan. 20, Mr. Robinson introduced legislation to limit the terms of the judges to 10 years, unless reconfirmed by the Senate. This bill also would provide for a constitutional amendment to set up the 10-year limit. The President could renominate a jurist at the end of the term, after which the Senate would act on confirmation as in the case of the original appointment. Mr. Robinson's bill has been submitted to the House Judiciary Committee.

Article 3 of the U.S. Constitution, which deals with the judiciary, reads this way in Section 1:

"The judicial Power of the United States, shall be vested in one Supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish. The Judges, both of the supreme and inferior Courts, shall hold their Offices during good Behaviour, and shall at stated Times, receive for their Services, a Compensation, which shall not be diminished during their continuance in Office."

Thus the only restriction is good behavior. And good behavior, for all intents and purposes, means life tenure. The only way to remove a federal judge is by impeachment. And this weapon is apparently considered so extreme that it is used sparingly. But most of the relatively few impeachments have been of federal judges.

Considering the number of judges involved, the list is not long. Impeached have been:

Judge Pickering, 1803, impeached and removed; Justice Samuel Chase, 1804, impeached but not removed; Judge James H. Peck, 1830, impeached but not removed; Judge West Humphreys, 1852, impeached and removed; Judge Mark H. Delahay, 1873, impeached, no Senate action due to resignation; Judge Charles Swayne, 1904, impeached but not removed; Judge Robert W. Archbald, 1912, impeached and removed; Judge George W. English, 1926, impeached, case dismissed due to resignation; Judge Harold Louderback, 1933, impeached but not removed; Judge Halsted Ritter, 1936, impeached and removed. The phrase "not removed" means not guilty.

Thus of 13 federal officials impeached by the House of Representatives, 10 have been members of the judiciary and of these, one was a Supreme Court Justice.

Thomas Jefferson called the impeachment process "a bungling way of removing judges—an impractical thing—a mere scarecrow." And President Woodrow Wilson gave this assessment: "It requires something like passion to set them a-going; and nothing short of the grossest offenses against the plain law of the land will suffice to give them speed and effectiveness."

Jefferson wanted some accountability for judges as far back as this statement in 1822: ". . . Let the future appointments of judges be for four or six years, and removable by the President and Senate. This will bring their conduct, at regular periods, under revision and probation, and may keep them in equipoise between the general and special governments."

Apparently there is much to be said for limiting the terms of judges. Forty-nine of the 50 states have fixed terms for their judiciary. The only one left with life tenure is Rhode Island.

There's the well-worn argument that the accountability such as the legislators propose would tend to destroy the federal judiciary's independence.

Virginia hasn't found it so. The State constitution originally provided life tenure for judges. An 1850 revision established popular election for them. Then about 20 years later the present method of election by the General Assembly for specific terms was adopted. It has worked well. Virginia's judges, though confirmed by the General Assembly, have never hesitated to be independent. Even the State Supreme Court has used its power to strike down legislation.

Whether reconfirmation of federal judges comes at eight or 10-year intervals matters less than that they have at least some degree of accountability.

Why should any public official in the U.S. have lifetime tenure? This is the type of job security no one else has.

A more critical appraisal of the justification for life appointment of federal judges is necessary. Lifetime tenure flies in the face of the democratic process. And the system should be changed to make federal judges accountable.

SOUTHEAST ASIA

Mr. BUCKLEY. Mr. President, all of us are deeply concerned by the tragic events occurring in Southeast Asia in recent weeks. It appears that more than 20 million people may soon fall under the harsh yoke of Communist totalitarianism and become victims of a vengeful bloodbath.

As Douglas Pike, noted author of the definitive work, "The Viet Cong," has written:

> The meaning of the Hue massacre seems clear. If the Communists win decisively in South Vietnam . . . what is the prospect? First, all foreigners would be cleared out of the South, especially the hundreds of foreign newsmen who are in and out of Saigon. A curtain of ignorance would descend. Then would begin a night of long knives. The war was long and so are memories of old scores to be settled . . . Beyond this would come communist justice, meted out to the "tyrants and lackeys." Personal revenge would be a small wheel turning within the larger wheel of party retribution.
>
> But little of this would be known abroad. The communists in Vietnam would create a silence.
>
> The world would call it peace.

Mr. President, this scenario can still be prevented, if Congress will refuse to abandon our friends and allies at this time of their greatest need. It does not require thousands of American troops and lives; it does not require $30 billion a year, as we once spent in Indochina. All it requires is that we provide our allies with the ammunition, the spare parts, and the arms which they so desperately need to effectively defend themselves against the bald, massive North Vietnamese Communist aggression. All it requires is that we keep our word to the people of South Vietnam given at Paris 2 years ago.

Have we as Senators and as a Nation turned so inward, become so morally expedient and callous as to now turn our backs on the pleas of a wounded, desperate nation and people, and refuse to make the small contribution to their struggle which they so urgently require?

I dearly hope not, Mr. President, for that day will be a shameful one for the Congress and the American people. On that day America will cease to be the shining beacon of freedom and hope for the peoples of the world, and especially for those who lie oppressed in the darkness of totalitarianism behind the Iron and Bamboo Curtains. We must not allow that to happen—for them, and for ourselves.

Mr. President, the Emergency Committee for a Free Vietnam has recently placed an important statement in newspapers across the Nation. I ask unanimous consent that this statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

[An advertisement from the Washington Post, Mar. 21, 1974]

AN APPEAL TO THE AMERICAN CONSCIENCE: VIETNAM, AMERICAN CREDIBILITY AND WORLD PEACE

Within the coming weeks and months, Congress and the American people will quite possibly decide the fate of South Vietnam. Current readings indicate that the prognosis for South Vietnam is not very good partly because even some of those who in the past staunchly supported our commitment to the freedom of South Vietnam have now come to regard it as a hopeless cause. In effect, they feel that we should cut our losses and let the Communists take over.

We, the undersigned citizens—Republicans and Democrats, conservatives and liberals—hope that all members of Congress and, indeed, all Americans, will weigh with a careful hand and an open mind the implications of the decisions they will soon be called upon to make.

It is only human to be weary of the Southeast Asia war and its recurring annual expenditures, and to wish that it would all go away. It is only human, too, that the question of cost should weigh more heavily on the minds of all of us when we must deal on the domestic front with a serious economic recession, mass unemployment and an energy crisis. Finally, it is only natural that everyone should be tired of the bitterness and division that attended our involvement in the Vietnam war.

There would be no point in reviving or rearguing the bitter controversies and divisions of the past. Our starting point must be the situation as it exists today. Given this situation, we must face up to the fact that a cut-off of aid, or a refusal to provide adequate aid—in the measure promised—is virtually certain to have these results:

It would turn over the 25,000,000 people of Indochina to Communist rule, and place Hanoi's militant imperialism in a position to field the third largest army in the world.

It would corrode our alliances and undermine American security by demonstrating to our allies and dependents that we do not live up to our pledges.

Because it is bound to be perceived as a product of weakness and lack of resolve, it is certain to play into the hands of the more hawkish elements in both Moscow and Peking—with dire consequences for the security of the free world.

It would seriously undercut our ability to conduct a viable foreign policy that will prevent the outbreak of war—in the Middle East and elsewhere.

Given these premises, our abandonment of Vietnam would create a world situation so perilous that we would have to increase massively our already heavy defense expenditures. Sir Robert Thompson has suggested that we might find ourselves shouldering a military budget of $200 million five years from now.

While everyone now agrees that there must be some limitations on our involvements, the overwhelming majority of the American people tend to sympathize instinctively with all peoples who are seeking to defend their freedom against communist aggression. But with this there is a widespread belief that it really won't affect America too much if Vietnam or Cambodia or some other country should fall under communist rule.

We do well to ponder the meaning of the fact that this strange dichotomy does not exist in Israel. The Israeli leaders, no matter what their political differences, have staunchly sympathized with our commitment to the freedom of South Vietnam because, as they see it, the extension of Communist power in any significant area of the world is bound to have an adverse impact on their ability to defend their own freedom.

There is more involved than maintaining some kind of international balance between the forces of communism and the forces of the Free World.

For those who opposed as well as for those who supported our Vietnam policy there is also involved the issue of our moral commitment to an ally whose forces in recent years fought alongside our forces in many hard and bloody battles—an ally, which, on a proportionate basis, has sacrificed a hundred lives for every life that we have sacrificed in defense of their own freedom and of Free World interests in Southeast Asia.

THE MATTER OF HONORING ASSURANCES

Also involved is the question of American honor. That question, simply posed is: does America live up to solemn assurances given to friends and allies—or does it renege on these assurances a few years later because it considers the cost excessive?

At the time of the Vietnam Peace Agreement, we gave our firm assurance to the government of South Vietnam that, if the Communists continued to attack, we would replace the materiel and ammunition consumed in resisting these attacks, on a one-for-one basis It was not a written agreement—but the fact of assurance has been confirmed by both American and South Vietnamese spokesmen and the right to replace materiel on a one-for-one basis was written into the clause of the Peace Agreement which froze the military strength of both sides.

To do precisely this much and no more the Administration last year asked the Congress for $1,400,000,000. Congress authorized only $1,000,000,000—and then proceeded to appropriate only $700,000,000. This cutback, aggravated by inflation, has already had drastic consequences.

Congressemen who supported the reduction in assistance argued that it would help to reduce the level of combat and would therefore lead to more meaningful negotiations between the two sides. In fact, precisely the opposite has happened.

The cuts encouraged Hanoi and its allies to break off all negotiations—both the political negotiations in Paris and the Four-Party Joint Military Talks in Saigon—and to go for an all-out military victory. As a corollary of this, it encouraged the Soviet Union and China to step up the scale of their military assistance to Hanoi.

The stepped up Communist military activity since Congress halved last year's military aid request has resulted in the highest level of death and destruction since the Vietnamese Peace Accords were signed. Reduced to a position where they can receive no replacements for tanks or planes or other heavy hardware lost in battle, and where they have to ration hand grenades and rifle ammunition, the Saigon forces have had to pull in their defense lines in an effort to conserve resources. In the Delta alone they have had to abandon more than 1,000 of 3,700 defensive outposts. With this have gone serious reserves on the battlefield, including the loss of Phuoc Long Province in January.

There has been a tendency in some quarters to blame Saigon's reverses on the lack of a will to fight. This adds insult to injury. The South Vietnamese Army has fought heroically in situation after situation. There have been few easy surrenders and no significant desertions to the other side. Those who make this gratuitious accusation against the South Vietnamese military would do well to consider the following facts—resulting directly from last year's aid reduction.

Saigon has had to impose a 50 per cent cut in flying time on its air force, including a 40-50 per cent cut in close air support, interdiction and transport.

It has had to drydock several score naval vessels.

Its ammunition stocks have been reduced by 40 per cent since the cease fire.

While Saigon has been fighting under these increasing restrictions, Hanoi—in flagrant violation of the cease-fire agreement—has been engaged in a remorseless buildup of its forces in South Vietnam. Since the cease-fire it has augmented its forces by 70,000 men, to give it a total current force of 300,000; it has brought in 400 additional tanks, for a total complement of 600; it has added 1,000 artillery pieces, plus anti-aircraft systems (including SAM missiles), and it has built 12 airfields.

Given these facts, it is clear that those who favor continuing the present restrictions on aid to Saigon, or who favor cutting aid even more drastically, are pursuing a policy which—if it is not quickly reversed—is virtually certain to result in a communist takeover.

OUR INVOLVEMENT IS NOT UNENDING

To those who argue that we should get out because Vietnam is an unending commitment, we would point out that the past several years have witnessed massive reductions in the scale of American involvement. For years we were spending up to $30 billion a year in Vietnam and losing men in battle at the rate of 1,000 a month or more. Now there is *no* American combat involvement; our prisoners have been released; and all that is being asked is that we provide South Vietnam with less than $2 billion a year in economic and military aid so that it can survive as a non-communist nation.

There *is* a will to fight in South Vietnam: Southeast Asian expert Sir Robert Thompson has stated that, in terms of morale and fighting ability, the 5 best divisions in the South Vietnamese Army would be a match for the 5 best divisions in the American Army—or any other army.

Given adequate support, the South Vietnamese can *win*. There is also every reason to believe that, if they are given the necessary support, the South Vietnamese can be largely self-sufficient within a few years. Among other things this belief is founded on the incredible success of the offshore oil drilling operations in Vietnam—virtually every drilling operation to date has produced oil! And it should not be lost sight of that these vast oil reserves, instead of being a free world asset, will fall to the communists if Vietnam goes under.

VIETNAM AID, AMERICAN CREDIBILITY, AND MIDDLE EAST PEACE

If South Vietnam now goes under because of our failure to honor our assurance that we would replace military material on a one for one basis, it would inevitably have a devastating effect on American credibility—with friend and foe alike. It would undermine our ability to use our diplomacy as a protective shield for our national security and as a guarantor of the peace in other parts of the world. It would have a corrosive effect on existing alliances, and make it virtually impossible to persuade any other nation to credit an assurance of protection from the United States.

If such a situation should ever come about, the first casualties would be the State of Israel and the prospect of a stable peace in the Middle East. For these negotiations to be successful, the Israelis will have to agree to make major withdrawals in the Sinai, including the surrender of the vital Sinai passes and the oil fields from which Israel now gets most of its oil. To agree to a concession of this magnitude, Israel would have to have a firm American assurance against the possibility of renewed Arab attack. And no Israeli leader in his right mind would be willing to stake Israel's survival on such an assurance, if Congress now demonstrated, in the case of Vietnam, that it can, at its own whimsy, completely nullify a solemn assurance of assistance to an ally, given only two years ago.

A FEW NON-ISSUES

Charges have been made by his political opponents that the Thieu regime is corrupt and oppressive.

It is impossible to know from this side just how much there is to the charges of corruption—but it is a reasonable assumption that there is more than there ought to be and certainly the undersigned would favor even stronger measures by the Thieu Government to bring it under control. But we cannot believe that Congress would deliberately condemn 19,000,000 Vietnamese to communist subjugation simply because the degree of corruption in that country exceeds that to which we are accustomed in our own country.

As for the charge that the Thieu Government is repressive, we do not take the stand that the United States must support President Thieu, come hell or high water or that there are no alternatives to him. But those who bandy about the charge would do well to remember that South Vietnam is fighting a desperate battle for survival, with enemy forces no more than 50 miles from Saigon; that the Lincoln government at the time of the American Civil War also felt constrained to restrict civil liberties; that the survival of a substantial measure of freedom in South Vietnam is apparent from the almost daily accounts of opposition demonstrations and statements; and finally, whatever its shortcomings, there is a thousand times as much freedom in South Vietnam as there is under the totalitarian dictatorship of the Vietnamese Communists—in both the South and the North.

THE DANGER OF A COMMUNIST BLOODBATH

The establishment of communist power in the Soviet Union, China, North Vietnam and other countries has been attended by a massive bloodletting of opposition elements, extending over a period of many years. Experts who have followed Vietnamese affairs closely predict that a communist victory in the South would lead to one of the greatest bloodbaths of all.

This prediction is reinforced by the memory of the terrible massacres perpetrated by the Communist forces when they occupied the city of Hue for 26 days at the time of the Tet offensive. When it was over, 5,700 civilians had disappeared; roughly 3,000 were later found in mass graves; and the Communist radio boasted that they had eliminated "the hooligan lackeys who owned blood debts."

Professor P. J. Honey of London, who is widely regarded as one of the Free World's foremost authorities on N. Vietnam, has predicted that "on the basis of past Communist deeds, and given the size of South Vietnam's population, the minimum number of those to be butchered will exceed one million and could rise to several times that figure." Two high ranking North Vietnamese defectors, Colonel Tran Van Dac, and Colonel Le Xuan Chuyen, have declared that the communists, if they win, will slaughter several million of those who resisted them. Douglas Pike, author of the definitive work "The Viet Cong," who conducted an in-depth study of the communist massacre in Hue, concluded with these words:

"The meaning of the Hue massacre seems clear. If the Communists win decisively in South Vietnam . . . . What is the prospect? First, all foreigners would be cleared out of the South, especially the hundreds of foreign newsmen who are in and out of Saigon. A curtain of ignorance would descend. Then would begin a night of long knives. The war was long and so are memories of old scores to be settled . . . Beyond this would come communist justice, meted out to the 'tyrants and lackeys.' Personal revenge would be a small wheel turning within the larger wheel of party retribution.

"But little of this would be known abroad. The communists in Vietnam would create a silence.

"The world would call it peace."

We appeal to all members of Congress to keep these facts and these considerations in mind. So long as we deny assistance, it is a foregone certainty that the Communists will persist in their refusal to negotiate and to pursue the goal of outright military conquest. Only if we are prepared to give our Southeast Asian allies the means to resist, can there be some hope of persuading China and the Soviet Union to scale down the assistance to Hanoi in the interest of detente, and of persuading Hanoi to return to negotiations within the framework of the Paris Agreement.

EMERGENCY COMMITTEE FOR A FREE VIETNAM

Co-Chairmen

Dr. Frank Trager, Director, N.Y. University Graduate School of Public Administration.

John Chamberlain, syndicated columnist.

Members

Murray Baron, former Chairman, Liberal Party of New York.

Adda Bozeman, Professor of International Relations, Sarah Lawrence College.

William F. Buckley, Jr., editor, National Review

Rabbi Marcel Blitz, Pickwick Jewish Center, Baltimore, Maryland.

Ronald F. Docksai, Chairman, Young Americans for Freedom.

Dr. James Dornan, Chairman, Department of Politics, Catholic University.

Honorable Elbridge Durbrow, former U.S. Ambassador to South Vietnam.

Dr. Chester Earle, Professor of Political Science, American University.

Dr. Valerie Earle, Professor of Government, Georgetown University.

M. Stanon Evans, Chairman, American Conservative Union.

John Fisher, President, American Security Council.

Dr. Jeffrey Hart, Professor of English, Dartmouth College.

Dr. William Henderson, President, William Henderson Consultants, Inc.

James Jackson Kilpatrick, Syndicated columnist.

John Lofton, Syndicated columnist.

Honorable Clare Booth Luce, former U.S. Ambassador to Italy.

Charles Lucom, president, Concerned Citizens, Inc.

Eugene Lyons, former senior editor, Reader's Digest.

Admiral John McCain, USN (Ret.), former Commander-in-Chief Pacific Fleet, 1968–72.

Admiral William C. Mott, USN (Ret.), exec. V.P., U.S. Independent Telephone Association.

Paul Nitze, former Secretary of the Navy.

Dr. G. Warren Nutter, Professor of Economics, University of Virginia.

Daniel Oliver, executive editor, National Review.

Dr. Howard Penniman, Professor of Political Science, Georgetown University.

Dr. Stefan Possony, professor, Hoover Institution, Stanford University.

Maj. Nick Rowe, U.S.A. (Ret.), Ex-POW.

William Rusher, Publisher, National Review.

Allan Ryskind, Capitol Hill editor, Human Events.

Dr. I. Milton Sachs, Professor of Labor and Social Thought, Brandeis University.

Dr. Robert Scalapino, Professor of Political Sciences, University of California at Berkeley.

Dr. Paul Seabury, Prefessor of Government, University of California at Berkeley.

Dick Smith, Chairman, Young Republican National Federation.

Larry Stark, ex-POW.

Gerald Steibel, International Relations Research Director, Institute of America.

Charles Stephens, business executive.

Dr. Edward Teller, nuclear physicist.

R. Emmett Tyrrell, Jr., editor-in-chief, The Alternative.

Professor Eugene Wigner, Princeton University, Nobel Laureate.

Thomas S. Winter, editor, Human Events.

Stephen B. Young, Attorney and Author.

Admiral E. R. Zumwalt, USN, (Ret.), former Chief of Naval Operations.

PROGRESS OF SPENDING PRACTICES REFORM: FIRST REPORT OF THE OFFICE OF FEDERAL PROCUREMENT POLICY; NOTICE OF HEARINGS

Mr. CHILES. Mr. President, just over 1 year ago, the Senate passed legislation to create a central Office of Federal Procurement Policy to take directive authority to clean up the antiquated confusion in contracting policies, procedures, regulations, and forms.

The House of Representatives subsequently passed the legislation and on August 30, 1974, the President signed the act into law.

The Senate confirmed the first Administrator of the Office on December 19, 1974. The new subcommittee on Federal Spending Practices, Efficiency and Open Government will continue the thrust provided by the ad hoc Subcommittee on Federal Procurement, in this vital area.

When the Commission on Government Procurement finished its report and made recommendations to the Congress regarding legislative remedies in procurement, the No. 1 recommendation was the creation of the Office of Federal Procurement Policy.

The OFPP has submitted its first report to Congress and I ask unanimous consent that the report be printed in the Record after this statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CHILES. Mr. President, I also wish to announce that the Government Operations Subcommittee on Federal Spending Practices and Open Government will hold oversight hearings on the OFPP on April 21, 1975, in room 3302 in the Dirksen Office Building at 10 a.m. at which time the Administrator, Mr. Hugh E. Witt, will appear. I am personally concerned with seeing to it that the new office aggressively exercises the reform mandate we have given to it. This will not be just another faddish organization which loses congressional interest. We would like to review the progress Mr. Witt has made, identify any problems, and make sure the new operation has our full backing and support.

Anyone desiring to submit testimony or statements should contact the staff director of the subcommittee, Mr. Lester A. Fettig at room 701, Senate Annex No. 3, telephone 202—224-0211.

I might add, Mr. President, that our subcommittee will be moving forward with further broad initiatives to economize on Federal spending, both contracts and grants, and to investigate program inefficiencies.

As chairman, I welcome the opportunity to work in this vital area with new subcommittee members, Senators Glenn, Allen, Metcalf, and our new ranking minority member, Senator Weicker, who have now joined with Senators Nunn, Brock, and Roth who served on the old ad hoc Subcommittee on Federal Procurement during the 93d Congress.

I look forward to continuing to serve with them and would like to thank the chairman of the full committee, Mr. Ribicoff, for consolidating the subcommittee's jurisdiction. I know it will pay dividends well beyond the $200 million direct savings pushed last year.

Exhibit 1

Office of Management and Budget,
Washington, D.C., February 26, 1975.

The Vice President,
U.S. Senate,
Washington, D.C.

Dear Mr. Vice President: This report is submitted in response to Section 8(a), Public Law 93-400, which requires that an annual report on the activities of the Office of Federal Procurement Policy (OFPP) be provided to the President of the Senate and to the Speaker of the House of Representatives. It is prepared in the format and transmitted as suggested in the legislative history of the OFPP Act.

1. MAJOR ACTIVITIES OF THE OFFICE

The OFPP became operational on December 31, 1974, the date the Administrator for Federal Procurement Policy executed the oath of office. Staffing to date is six—the Administrator, two professionals and three clerical. The planned strength is 14 professional and eight clerical positions.

(a) Staff progress: In the last week of January 1975, authorization for four supergrade positions was received from the Civil Service Commission. These and the other professional staff positions are to be filled in accordance with the requirements of the competitive Civil Service system. The following principal OFPP organizational elements will be established:

Contract Law;

Logistics, Communications and Reliance on the Private Sector;

Systems Acquisition and Research and Development;

Procurement Regulations, Grants and Assistance Programs, Construction and A&E Contracting;

Contract Management and Implementation of Federal Socio-economic Programs; and

Procurement Career Development and Training.

(b) Priority Programs:

(1) Major Systems Acquisition Policy: The Interagency Steering Group's (ISG) proposed executive branch position on Recommendations C-1 through C-12 of the Commission on Government Procurement (COGP) was received from the Office of Federal Management Policy (OFMP), General Services Administration, on January 14, 1975. Of the two alternative plans suggested, the one selected calls for the following actions:

Step 1—Request DOD to provide OFPP with a framework of the implementation of the Interagency Steering Group recommendations as DOD would evision them in their operational stage. This step was initiated by letter to the Deputy Secretary of Defense on February 7, 1975.

Step 2—Development of a tentative base line for implementation of the COGP recommendations and a discussion of this proposal with appropriate civil agencies.

Step 3—Determination of the executive branch position.

(2) OFPP—Executive Agency Interaction: Another matter of the highest urgency is the establishment of effective operating relationships and procedures for coordinating with the executive agencies. A series of individual meetings with top level officials of 14 agencies has been initiated. The purpose of these meetings is to solicit agency viewpoints and advice on how the OFPP can best work with them to accomplish the objectives of P.L. 93-400.

(c) Miscellaneous Activities: In addition to a heavy commitment of time to the administrative and organizational problems associated with the start-up of a new office, other significant activities include:

Coordination with the Office of Federal Management Policy in its role as the focal point for executive branch action on the COGP recommendations.

Participation with the Interagency Procurement Policy Advisory Group and other interagency task forces in their consideration of procurement and related matters.

Seven speeches this calendar year by the Administrator to Government, industry, and professional groups.

Consultation with a wide variety of industry representatives to provide interchange of ideas concerning improvement of procurement functions.

Serving as focal point in the executive branch for review and consideration of legislation dealing with procurement and related activities.

2. *Status of Executive Branch Action on Recommendations of the Commission on Government Procurement, as of February 4, 1975.*

		Percent
Executive branch positions established	77	52
Implementation complete	20	
Implementation pending	44	
Rejected	13	
Referred to OFPP	48	32
In OFMP (GSA)	13	9
Awaiting agency-private sector views	5	3
Awaiting Task group reports	6	4
	149	100

3. PLANS FOR 1975

(a) Staffing: A matter of pressing importance is the completion of the manning of the office. OFPP action on a number of COGP recommendations is being held in abeyance pending the availability of qualified staffing. Based on experience to date, the necessity for strict compliance with Civil Service Commission requirements, and the time required for applicants to relocate, a fully manned office cannot be expected before May 1, 1975.

(b) Priority Programs: In addition to the two priority efforts discussed above, (1) development of an executive branch position on the COGP recommendations concerning major systems acquisition (C-1—C-12), and (2) establishment of operating relationships and procedures with the executive agencies, priority attention will be given to the following:

Support of a consolidated procurement statute to replace the Armed Services Procurement Act and Title III of the Federal Property and Administrative Services Act.

Establish a system of coordinated and, to the extent feasible, uniform procurement regulations, including a method of soliciting the viewpoints of interested parties.

Improve implementation of OMB Circular A-76, the Government's policy of reliance on the private sector to provide needed property and services.

Develop and promulgate a regulation for the conduct of public meetings for the purpose of establishing procurement policies and regulations. This regulation is required by Section 14(a), P.L. 93-400.

Initiate a study of procurement payable from nonappropriated funds called for in Section 6(c), P.L. 93-400.

Develop an executive branch position on the 72 remaining COGP recommendations and complete implementation on as many recommendations as possible.

4. RECOMMENDATIONS FOR LEGISLATION

The primary legislative recommendation of the COGP is that a consolidated procurement statute be enacted to replace the Armed Services Procurement Act and Title III of the Federal Property and Administrative Services Act. On December 4, 1974 a mark-up of such a bill, H.R. 9061, with suggested amendments and clarifications, was forwarded by OMB to the Chairman of the House Committee on the Judiciary. The revised bill would greatly facilitate the timely achievement of the objectives of P.L. 93-400.

Discussions with House staff members indicate that legislation similar to H.R. 9061 will be introduced in the 94th Congress. We urge that this legislation receive prompt consideration by the Congress.

Another bill introduced, but not enacted, in the 93rd Congress, which will be supported by the OFPP, would authorize the Administrator of the General Services Administration to enter into multi-year leases without obligating the total anticipated payments to be made under such leases. This legislation, S. 2785, was passed by the Senate in September, 1974. It would implement Recommendation D-13 of the COGP.

Support of other procurement legislation by the OFPP is primarily dependent on the executive position established on recommendations of the Commission on Government Procurement that are now being evaluated. On the basis of progress to date in processing these recommendations, those which may result in legislative proposals are:

A-36: Authorize the negotiated sale to using contractor of surplus heavy machine tools and production equipment not needed on a full-time basis.

A-44: Raise threshold to $10,000 for implementing socio-economic programs through the procurement process.

G-3: Grant subpoena and discovery powers to boards of contract appeals.

G-8: Establish uniform, short-time limits for judicial review of administrative decisions.

H-4: Establish authority for prompt and adequate compensation to victims of catastrophic accidents under Government-connected programs.

H-5: Provide for Government indemnification of contractors for liability in excess of available insurance resulting from catastrophic accidents under Government-connected programs.

I-6: Authorize agencies to settle patent infringement claims with available appropriations before litigation.

I-7: Authorize agencies to acquire patent applications and licenses or other related rights.

I-9: Repeal statutory limitations on agency flexibility with respect to rights in technical data.

I-11: Authorize agencies to acquire rights or interest in technical data and information.

I-14: Repeal statutory provisions limiting flexibility in publicizing works under Government contracts.

I-15: Authorize agencies to acquire private copyrights or interests therein.

I-16: Establish a Government-wide statutory policy with respect to the copyright and publication of works developed under Government contracts.

5. FUNDING

No unusual expenditures during Fiscal Year 1975 are anticipated. Estimated obligations are $424,000 against an appropriation of $660,000. This shortfall results primarily from the unanticipated length of time required to (1) obtain approval of the supplemental appropriation funding the office, (2) get Civil Service authorization of supergrade spaces, and (3) process employee applications.

The budget estimate for Fiscal Year 1976 is $940,000. This will provide for 22 permanent positions and the equivalent of two man-years of other positions. Consideration will be given to several procurement research projects as staff members are added and the office becomes fully operational.

Such reports as are necessary to keep the Congress fully and currently informed of the major activities of the OFPP will be submitted.

Sincerely,

HUGH E. WITT,
Administrator for Federal Procurement Policy.

THE ROCK ISLAND RAILROAD

Mr. STEVENSON. Mr. President, my involvement in the problems of the Rock Island began over a year and a half ago. During the Senate's consideration of the Regional Rail Reorganization Act in the fall of 1973, I authored the provision which subsequently enabled the Rock Island and other railroads in danger of bankruptcy to apply to the U.S. Railway Association for loans. The major qualification for a loan was a reasonable showing that the railroad would be able to repay it. Otherwise, it would not be a loan but a grant—a bailout—and nobody in Congress was about to give away millions of dollars to save private companies. The Congress did not save the Penn Central and other railroads in the Northeast from bankruptcy.

Pursuant to my amendment, the Rock Island management applied to the USRA in September 1974 for a $100 million loan. On December 16, I wrote Mr. Arthur Lewis, chairman of the USRA, asking that the USRA give careful consideration to the Rock Island's application. I also spoke to Mr. Lewis in early February about the Rock Island application, again urging serious consideration. I could not flatly urge a loan because, if the Rock Island could not qualify, I could not urge him to break the law. And at this stage it was becoming evident that the loan might not be repaid. Instead I expressed to Mr. Lewis my strong concerns about what would happen if the Rock Island ceased operations.

The possibility of a denial of the Rock Island loan application and the full gravity of the crisis facing the Rock Island was not revealed to me until February 25, when I received a report from the Department of Transportation. My staff immediately called the Rock Island, and the immediate nature of the crisis was confirmed.

The next morning I called Senator HARTKE, chairman of the Senate's Surface Transportation Subcommittee, of which I am a member, and asked for an immediate hearing on the Rock Island. Senator HARTKE agreed and I announced the next day, February 27, such a hearing. That hearing was held on March 10—only 11 days later. As of this date the House of Representatives has yet to do anything in regard to the Rock Island situation.

I attended the hearings on the Rock Island situation and heard the representatives of the Department of Transportation testify that the Rock Island Railroad as a company was not worth saving. The president of another railroad expressed the concern of several railroads—that if the Federal Government tried to bail out the Rock Island, the competition thereby provided by the Rock Island would probably force other railroads to cease their operations. At that point the Congress would be faced with requests for still more bailouts.

Nevertheless, at these hearings I asked the president of the USRA to reconsider the loan if the Rock Island produced new evidence. He agreed. Later that week, the USRA board did consider new evidence presented to it by the Rock Island management, but by an 8 to 2 vote the USRA loan denial was reaffirmed. Three days later the Rock Island board decided to file for reorganization under section 77 of the bankruptcy laws.

In the meantime, it became necessary to assure continuation of essential rail services provided by the Rock Island. The Interstate Commerce Commission has the power to order other railroads to operate over the lines of another carrier which has ceased operation. So I prepared a letter to the Chairman of the ICC, which was also signed by Senator JAMES PEARSON of Kansas, urging the chairman to convene a meeting immediately of all the affected railroads to work out the arrangement for a continuation of essential rail services under section 1(16)(b) of the Interstate Commerce Act. Chairman STAFFORD responded by calling such a meeting for Tuesday, March 18.

On Wednesday, March 19, the Senate Commerce Committee with my participation ordered reported to the full Senate further legislation to assure continued essential services over the Rock Island's lines on a temporary basis. Those services will be provided. And Rock Island employees will receive a measure of protection under the Interstate Commerce Act and the legislation the Commerce Committee reported.

The plight of the Rock Island and its employees symbolizes our deepening economic recession and the imbalance in our national transportation policy. The lines connecting and competing with the Rock Island, among them the Illinois Central, the Chicago & Northwestern, the Milwaukee Road, the Union Pacific and the Santa Fe railroads, have more employees on furlough due to the economic downturn than the entire work force of the Rock Island. That is no comfort to the Rock Island's employees, but it is the sad fact about the economy and the condition of the railroads.

The Interstate Commerce Commission, recognizing the critical condition of the railroads, on March 25 reversed an earlier decision and approved a 7-percent railroad freight rate increase covering most of the products carried by rail. If this increase is permitted to go into effect, it should help the troubled railroads, but it cannot be expected to solve their very serious long-range problems.

In the next several months the Senate Commerce Committee will hold hearings on the plight of the railroads. It is time we corrected the imbalances in our national transportation system. Railroad bankruptcies threaten to spread throughout the entire railroad industry.

There now appears to be no way to rescue the Rock Island as a company—save by a large bailout at taxpayer expense that would serve only to harm other marginal railroads that compete with the Rock Island. To suggest otherwise would deceive the public and waste its funds; 70 to 80 percent of the Rock Island's service can be provided by other railroads. The rail system in the Central States is overextended. The shipping cannot support all of its lines. So the Rock Island may go down as a company—but out of this tragedy a sound, viable rail transportation system can arise. I will continue to do all I honestly can to assure the continuation of essential rail services for the short term—and for the long term I will continue my efforts to help build a sound system.

Mr. President, the search during these last several months for a solution that would save the Rock Island has been painful for all of us. I was pleased, therefore, to receive today a very gracious letter from Mr. John W. Ingram, president and chief executive officer of the Chicago, Rock Island & Pacific Railroad Co. I ask unanimous consent that Mr. Ingram's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHICAGO, ROCK ISLAND &
PACIFIC RAILROAD CO.,
Chicago, Ill., March 19, 1975.

Hon. ADLAI E. STEVENSON III,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENSON: Thank you for the effort you made on behalf of our customers, employees and territory. As Rock Island faltered, all of us were moved by the outpouring of affection and concern from our own people, our leaders, and our media.

It has been a sad time for all of us. But I did want to tell you how much all of us appreciated your help, and that we will remember your kindness.

We are now working with the Interstate Commerce Commission to insure the best possible arrangements for our shippers and the jobs of our employees, as we help the court assume orderly control of the carrier's assets.

Sincerely,

John W. Ingram.

ABC AND THE IRS

Mr. MONTOYA. Mr. President, on Friday, March 21, the ABC Television Network carried a program concerning the Internal Revenue Service. This program covered the more sensational aspects of problems which I have spoken about on the floor of the Senate, in reports to you on hearings before the Appropriations Subcommittee on Treasury, Post Office, and General Government.

Unfortunately, the ABC program left an impression with viewers that was derogatory of the Congress and generally unhelpful to taxpayers. The suggestion was repeatedly made during the program that the Congress was not concerned about taxpayer services or taxpayer protections, and that the Congress had made no effort to correct abuses.

I was understandably disappointed in the approach taken by this network program, which was carried nationwide. However, I would not take the time of the Senate to report on this matter if the uncomplimentary tone had been the only distasteful element. After all, Mr. President, we in the Congress are getting used to being used as an all-purpose whipping boy by various people, including the White House Press Secretary, various political commentators, and extremists from both ends of the political spectrum.

But, Mr. President, in the final statement on this program, the commentator, Mr. Tom Jarriel, reported that the Congress had not held oversight hearings on IRS taxpayer services or problems for over 20 years! Since my subcommittee has held oversight hearings on exactly the matters covered in the ABC program—and on other problems not covered by the program—for 2 years in a row, I was somewhat disconcerted by Mr. Jarriel's remarks. I am sure that my distinguished colleague from Oregon, Senator Hatfield, who assisted me in these hearings, was also disturbed.

Since members of my staff had worked to assist Mr. Paul Altmeyer and Ms. Dale Gordon of the ABC staff in researching the material for the ABC program, I have written to Mr. Elton Rule, the president of ABC, to express my disappointment in the approach taken by this documentary. The ABC production crew had been given copies of the hearing reports, copies of statements made in the Senate reporting on those hearings, and copies of legislation which had been introduced as a result of those hearings. They had also been referred to staff members in Senator Weicker's office so that they could be fully aware of the legislation which had been introduced last year by the distinguished Senator from Connecticut and of the ongoing work his staff is doing in investigating these matters and preparing corrective legislation.

The ABC crew was also fully informed about the changes which IRS itself has made as a result of the hearings. They were informed about the publications of IRS which are currently available to assist taxpayers undergoing audit or attempting appeal.

It is impossible for me to believe that the producers of the ABC program were unaware of the work of the Congress. It is impossible for me to believe that any serious in-depth journalistic study of IRS problems would overlook the legislative review which had already taken place or the legislation which had been introduced to correct abuses discussed in the program or story.

I am therefore forced to conclude that the desire for a sensational story which would attract the attention of the public was so great that the ABC television producers made a conscious decision to eliminate from their story any reference to congressional action.

I regret their decision. I think it was a most unwise and unprofessional step, particularly at a time when the public has deep questions about the reliability of the media or the effectiveness of Government.

I regret their decision for another reason, too: I believe that they missed a golden opportunity to provide information to the public concerning existing publications and existing appeal rights. This information is needed badly by the public and one of the ongoing efforts of my staff is to find a way to inform the public about their rights under the law.

I believe, Mr. President, that it is important for the taxpayer to be informed about problems in Government. I commend any branch of the media which attempts to provide that information in an interesting way. I also believe, however, that the public is entitled to be informed about action which is being taken to correct problems. Public support for legislation is important and necessary. Public understanding of legislative and oversight efforts is also necessary.

In a year when broadcasters are eager to find support for their first amendment rights for the television news programs which they prepare, it would seem advisable for them to also be aware of their responsibilities as journalists.

I ask unanimous consent that a copy of my letter to Mr. Rule be printed in the Record following my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Mr. Elton H. Rule,
President, American Broadcasting Companies, New York, N.Y.

Dear Mr. Rule: Several months ago the ABC Television Documentary Division contacted my office to obtain information concerning the hearings which had been held in 1973 and 1974 by the Subcommittee on Treasury, Post Office and General Government of the Appropriations Committee of the Senate. I am the Chairman of that Subcommittee, and we have held hearings into IRS practices and taxpayer services in each of the last two years. My staff was very happy to cooperate, and spent many hours assisting the ABC staff representatives, Mr. Paul Altmeyer and Ms. Dale Gordon, in reviewing testimony taken at our hearings and other IRS material prepared by my office. We informed them of the taxpayer service changes we had been able to encourage IRS to begin, and we gave them copies of legislation introduced last year and this year in our continuing effort to correct abuses and improve taxpayer services and protections.

During our hearings we had uncovered problems in eight distinct areas: (1) special problems encountered by senior citizens which IRS was unprepared to handle; (2) lack of available information for taxpayers concerning audit, appeal rights, and claims for refunds; (3) possible misuse of the jeopardy assessment tool, and a need for post jeopardy assessment judicial review; (4) lack of taxpayer information about the availability of the small tax case court and the need for review of IRS practices concerning petitions to the tax court; (5) the need for continued publication of information previously available to tax specialists through The Audit Story, a discontinued IRS publication; (6) the need for better training for taxpayer service representatives who assist taxpayers at the local level; (7) IRS secrecy concerning statistical and other information which should be available to taxpayers under the Freedom of Information Act; (8) the continuing reports of a "quota" system in use by IRS agents.

In addition to the problem areas noted above, we had taken testimony which indicated serious lack of protection for the privacy of individual taxpayers, the possibility of misuse of IRS audit selection procedures for political purposes, the possibility of political pressure on the top administrators within IRS, and the need to protect taxpayers against unfair or inhumane levy against their income or possessions.

Legislation I introduced last year to depoliticize the IRS and to provide certain taxpayer protections was, unfortunately, not passed. I have re-introduced legislation this year to provide taxpayer protections in the following way: (1) S–137, a bill to provide judicial review to jeopardy assessment; (2) S–136, a bill to require formal procedures and criteria for the selection of income tax returns for audit and to assure that taxpayers are fully informed of the reasons for being audited; (3) S–139, a bill to establish a five-year term for the Commissioner of Internal Revenue, thus depoliticizing the office and (4) S–138, a bill to revise the provisions relating to property exempt from levy for taxes. My office has in preparation other legislation which will be aimed at protecting taxpayers against the release of taxpayer information to any individual or agency of government, and legislation which will require IRS publication of information and material needed by tax specialists or taxpayers, and legislation which will mandate better service by IRS to taxpayers through increased training for taxpayer service employees of IRS. My committee will hold hearings again this year to further inquire into the problem of a "quota" system, to look further at the problem of the increasing need of taxpayers for paid assistance in filling out their tax forms, and to examine special needs of minority groups, the aged, and the poor.

I have taken your time, Mr. Rule to give you this information—all of which was given to the ABC representatives who conferred with my staff—because I was astounded to discover that the recent ABC television documentary on IRS and taxpayer problems did not mention any of the congressional action described above. Your program covered jeopardy assessment, political abuse of IRS, and the need for better taxpayer services. Certainly, I am delighted that ABC television was willing to prepare a documentary to cover some of these very difficult problems. However, the program's general theme was one of sensationalism, and, unfortunately, the program provided very little helpful information to the taxpayer in need. Repeatedly the implication was made that the Congress had done nothing. Finally, in an astounding statement at the close of the program, the commentator, Mr. Tom Jarriel, said that no congressional hearings had been held to investigate IRS practices for twenty years!

I appreciate the fact, Mr. Rule, that it is difficult to prepare a documentary which includes every aspect of any complex problem. I know that a certain degree of sensationalism is considered to be necessary in order to attract viewers. However, I believe that a responsible journalistic approach requires an effort to tell the full truth to the public. It is difficult enough this period of our history for the average citizen to discover the facts he needs to know in order to take effective action on a problem. It is difficult for him to know whether or not to place his trust in the media, in his government, or in his elected officials. As I am sure you are aware, all of the institutions of this nation are suspect in the eyes of many Americans as a result of the traumatic events of the last few years. These facts make it imperative that government and the media both make every effort to be completely responsible in informing the public.

I hope, Mr. Rule, that you will accept this letter about your documentary as a constructive criticism intended to encourage programing that would provide better information to the public in the future. Most members of Congress are more than willing to assist members of the media in gathering information for presentation through news or documentary programs. I think it is important for us to keep that door open, and to remember that both of us have the real goal of serving the public in the most complete way possible even under very difficult circumstances.

Sincerely,

Joseph M. Montoya,
U.S. Senator.

REINTRODUCTION OF REVISED VERSION OF NATIONAL PEACETIME CONVERSION ACT OF 1971

Mr. MATHIAS. Mr. President, the 20th century philosopher, Albert Camus, wrote in his tragedy Caligula, "Men weep because things are not as they should be." For several weeks, we in the House and Senate have been reading into the Congressional Record our solutions to the Nation's failing economy. Labor leaders met in Miami recently to outline their suggestions, and business leaders are equally concerned that we cannot continue on the present course. There is an underlying trend of thought in the remarks and suggestions of all these groups. First, it is undeniably accepted that things are not as they should be. And, more concretely, there is a cry from political leaders, academia, business, and the general public that we have not planned properly for a stable, healthy, dynamic economy. The economic conflicts have not been resolved.

We in Congress finds ourselves asking each other the same questions year after year—whether or not each citizen is entitled to be housed, fed, and educated to a decent level. Those who would hope to have such a right accepted as a given factor in our society feel that providing needed services to all our citizens would keep our economy healthy for a long time. I agree there is much to be done. The resources are available, but something is obviously not working. The resources, though some grow costly, and the potential for their use have too often been traveling on different highways.

Hundreds of plants close each day, Federal Government facilities are closed or phased out. In a Cumberland, Md., sewing factory, 110 workers reported to work on Monday morning only to be told they need not get up on Tuesday. This was an overnight decision. Rumors were nonexistent and, thus, the workers had no time to plan their immediate futures.

Congress many times haltingly passes spending measures. And while it may be healthy in the long run to have these programs scrutinized by many committees and by Presidential vetoes, the State and local governments have not been able to plan wisely with these funds. When money does finally become available, plans are thrown together quickly in order to make the grant application deadlines. This is hopefully not the general rule, but there are enough exceptions to make planners uncomfortable.

It is true that we have not planned very well. We have somehow gotten by. But, as the recession deepens into depression, many are just not getting by at all. Recently, the Initiative Committee for National Economic Planning, praised by Senators Humphrey and Javits, proposed the establishment of an Office of National Economic Planning which would identify, gather, and consolidate America's economic data with a view toward placing the economy on a less chaotic course. Walter Cronkite made it the basis of his commentary recently on CBS News as did Hobart Rowan in this morning's Washington Post. As I see it, Mr. President, whether a National Planning Office is part of the solution is not the most urgent question at this time. What the question of National Planning does attack is the unsightly debris of America's broken economic wheel. With the furious pace of the last part of our century, we have failed to distinguish adequately between big business and small business, between rural and urban economies, between manufacturers, middlemen and retailers, between Federal employment sectors and private industry sectors. We know they exist and we have programs which address the failing rural communities, the farmers' low prices and the prohibitive prices of food for the elderly and the poor. But we have patched and tinkered—we have not faced the fact that a country 200 years old should read the mirror of its fading youth and marshall its resources to plan sensibly for its future.

The call for better planning points out the need to reestablish the unique aspects of each of the above economic cogs and how one affects the other. We need to give our citizens a working knowledge of their economy and to ask these same citizens to help in devising a course for a multiple of present and future needs.

Mr. President, our warehouses are filling with goods for which there is no demand, our streets are filling with transient workers for whom there are no jobs. If we allow this trend to continue, the only demands will be for more storage space and wider boulevards. My daily mail and my travels throughout the State tell me that the people are ready to come together with us to get their country back to work. Our people are disillusioned and hungry for food in many cases, and for direction from us in many, many more. It seems to many that we in Washington have barricaded our human sensibilities behind Federal Register regulations and U.S. codes. We need to simplify again, to break down the components of our society so that when we begin to rebuild for the next generations, they can see some method in our bureaucratic madness.

One of America's greatest historians and teachers, Henry Adams, described in his Education his feelings upon sailing into New York harbor in 1905:

> Power seemed to have outgrown its servitude and to have asserted its freedom. The cylinder had exploded, and thrown great masses of stone and steam against the sky. The city had the air and movement of hysteria, and the citizens were crying, in every accent of anger and alarm, that the new forces must at any cost be brought under control. Prosperity never before imagined, power never yet wielded by man, speed never reached by anything but a meteor, had made the world irritable, nervous, querulous, unreasonable and afraid.

Adams considered himself an 18th century man thrown into the chaos of a freightening 20th century. I do not think it is any less frightening in 1975 for most Americans.

In a few weeks, I shall be reintroducing with my distinguished colleague from South Dakota (Mr. McGovern) a revised version of the National Peacetime Transition Act of 1971. This bill attempted then to make defense contractors and the Federal Government plan for the eventual conversion of war oriented facilities into peacetime purposes. We have done this successfully in Maryland with one large facility in Frederick, as I have mentioned many times before. Fort Detrick, a biological warfare research center, was converted to a cancer research facility, thus saving for the area a $20 million payroll. More important, we did not allow to be abandoned the established human and capital resources housed in Fort Detrick.

Basically, the legislation will hope to provide a mechanism to provide economic adjustment assistance to workers, communities, and contractors which may be substantially and seriously affected by by reduction in defense expenditures. We can hopefully in the next days broaden this objective to include depressed sectors of the Nation which are not directly affected by defense expenditures. In any case, it is important to admit that we must adopt a different approach than we have in the near past. I believe the Transition Act will offer an alternative to our present way of doing things.

It is my hope that the conversion philosophy, redefined, for 1975, can become a useful tool in the workings of our Federal, State, and local planning. I urge the attention of my colleagues to this important legislation.

It is accepted by all that we must conserve. I think it follows that conservation must include all forms of technical, human, and spiritual energies—those of our natural resources, our factories, our workers, and, most basically, there exists today an urgent need to conserve the faith of our citizens for a more sane, balanced economic future.

BRIEFING ON BREAKDOWN OF MIDDLE EAST NEGOTIATIONS NEEDED

Mr. BAYH. Mr. President, this past weekend we learned that the recent round of negotiations in the Middle East had collapsed. Since that time we have also learned that the White House believes the recent events in the Middle East require a thorough reassessment of U.S. policy toward that area of the world.

Mr. President, it seems to me that in view of these dramatic developments, it is most important that every Member of this body be given detailed information as to what transpired during the negotiations. The leadership of the Senate and the Foreign Relations Committee have been briefed on these matters, but the rest of us have only the press to rely on in gathering the facts.

The Senate has had a longstanding and consistent record in regard to our policy in the Middle East. If the administration plans to take action which is inconsistent with that policy, I believe it is imperative, Mr. President, that all of us be briefed and told exactly what happened in the negotiations and why those events require a reassessment of policy.

I have today sent a letter to the majority leader, Senator MANSFIELD, and asked that he attempt to arrange for a briefing from Secretary Kissinger for every Member of the Senate. I have no preference as to whether this takes place in an executive session of the Senate, a meeting at the White House, or private meetings with the Secretary, but I think it is important that it be accomplished as soon after our recess as possible.

I am hopeful that Senator MANSFIELD will consider my request and that he, too, will consider it important. I realize that such briefings on every issue would create a major inconvenience. The collapse of the talks last week, however, is a diplomatic event of profound significance. It merits the attention of the full Senate.

U.S.S. "LAFFEY," MOST ATTACKED WARSHIP BECOMES MUSEUM PIECE IN ALEXANDRIA, VA.

Mr. HUGH SCOTT. Mr. President, on March 29, one of the Navy's battle-tested warships, the destroyer U.S.S. *Laffey*, will pass another milestone in its illustrious history. Her captain, Cmdr. John Shewmaker, will haul down the ship's commissioning pennant in ceremonies at her mooring in Alexandria, Va.

Only a few weeks ago the U.S.S. *Laffey* made her final voyage as a fully manned combatant warship, from the port of Philadelphia, Pa., to Alexandria. Despite the cold weather a crowd gathered at the Philadelphia Navy Yard to witness U.S.S. *Laffey* get underway on her own steam for the trip to Alexandria. A number of Philadelphians were in that group including the U.S.S. *Laffey's* first captain, Rear Adm. F. J. Becton, USN, whose home is also Philadelphia.

It is my understanding the city of Baltimore has requested that the U.S.S. *Laffey* join the *Constellation* in Baltimore's historic harbor. I hope the Navy grants the request as it would be a fitting enshrinement to a ship whose summary history was recently written up in the Main Line Chronicle, published at Ardmore, Pa.

Mr. President, I ask unanimous consent that the article from the Main Line Chronicle be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Main Line Chronicle, Feb. 5, 1975]

LAFFEY TO BE MUSEUM PIECE

Rear Admiral F. Julian Becton USN (ret.) of Cherry Lane, Wynnewood, accompanied the Unsinkable Laffey, which he commanded in World War II, on her last sea voyage on Saturday.

The celebrated destroyer was decommissioned last Thursday, but was saved from the scrap heap. She was headed for Alexandria, Va., where they want the historic fighting vessel placed on permanent exhibition as a museum piece.

A party of Main Liners went down to the Philadelphia Navy Yard along with Admiral Becton to pay their respects and to look over the Laffey, the "most attacked" ship of the Navy to survive so merciless a straffing as was inflicted on the destroyer.

She was attacked in waves by 24 Japanese Kamikaze planes. They scored four direct bomb hits and several close hits. Two of the planes crashed on mark, one of them setting the after deck afire. Twenty-two of the "bogies" were brought down by gunfire.

Admiral Becton pointed out to his Main Line guests where the most dramatic incidents occurred during the 79 minutes of the ordeal.

He was a three-striper when placed in command of the 2200-ton destroyer, which first took to the seas in 1944, in time to take part in the invasion of Normandy in June of that year.

NORMANDY INVASION

Becton showed where a 9.5-shell buried itself in the after deck. "It was a dud," he said. "A number of ships were hit by shells which failed to explode. It is believed they were sabotaged by Czechoslovac workers in the munitions factories."

The Laffey and Becton were sent to the Pacific in time for the Leyte landings and the Battle of Surigao Straits. Then she was sent as a picket to Okinawa, where Admiral Simon Bolivar Buckner was landing his 10th U.S. Army.

AWARDED NAVY CROSS

A whole chapter in "The World's Greatest Sea Adventure" is devoted to "Laffey and the Kamikazes." "Commander Julian Becton—who is now Rear Admiral Becton—was awarded the Navy Cross for his great heroism and devotion to duty," it is recorded. "Many said he should have received America's highest award for valor, the Congressional Medal."

The following is an excerpt from Jim Bishop's condensed account of the air attack on the Laffey:

"Nobody knew, in April, 1945, that the Japanese tactical plan was not aimed at the U.S. Army ashore, but at the U.S. Navy afloat. The Imperial High Command reasoned that, if they could sink the Navy picket boats, Buckner and his army would get no supplies, and thus die on the vine.

"From April 6, 1945 until June 22, the Japanese army and navy scaled 1,465 planes at the little Navy pickets. The job of the destroyers, spread around Okinawa like a 16-point star, was to detect enemy aircraft on radar, give numbers, positions, courses and speed, and call for help. The cry for aid helped identify the name of the picket about to die.

ELEVEN OF 16 PICKETS SUNK

"So many ships were sunk and damaged that the pickets were reduced to five. On April 16, Laffey was loafing at 15 knots when the radar man announced, at 8:25 a.m., that he had 50 'bogies' on his screen. Becton sent the word out to the fleet and rang for flank speed.

"The kamikazes came in from all corners of the compass at the same time. Laffey ran crazy, like a pencil trying to write its name in the sea.

"At 8:27, 18 of them were on final, heading straight for Laffey low and hard. In a moment, two bombs exploded abaft the forward turrets, and Laffey cried in pain and flame. Another landed on the fantail, among the depth charges, and blew the rudder into a locked position. Laffey stood in the morning sun like a whirling Roman candle.

"Enlisted men and officers were broiled black. Becton begged for speed, but Laffey was dying with fires everywhere. A kamikaze with a bomb dived into the after deckhouse. Another crashed behind the torpedo tubes. The ship's guts were exploding up through the hatches.

"Sometimes the tormentors went away. Then they came back and made their runs in concert. In all, Laffey took six kamikazes and four direct hits by bombs.

"At 9:47, the Japanese left for home. Becton, his face black with soot, ordered the damage control parties out. He had four small guns still firing. Laffey was dead in the water, down by the stern, and young boys jammed the sick bay screaming with fire and pain. There were 31 dead and 72 wounded."

A FAMOUS QUOTE

In Time Magazine of June 4, 1945, the story of the Laffey's ordeal was told, and Becton was quoted as saying, "I'll never abandon ship as long as a gun will fire." The Time magazine article goes on to say:

"In Seattle this week citizens could troop wonderingly aboard to gape at the shattered mast, twisted guns and clawed hull of the 2,200-ton destroyer Laffey, still floating proof of Becton's word."

The story of the Laffey and Becton is also told in the September, 1949, issue of U.S. Naval Institute Proceedings under the title. "Seventy-Nine Minutes on the Picket Line." A full-page illustration shows survivors of the Laffey tossing memorial wreaths on the sea in memory of shipmates who did not return. The illustration is captioned "In Memory of the Seventy-nine Minutes."

Life magazine published a super-feature about the Laffey's ordeal in 1945.

"The crew had the utmost confidence in their skipper," James H. and William N. Belote observed in Typhoon of Steel, published in 1971. They respected his professionalism—'He was Annapolis'—and his concern for their welfare, which he always placed above his own. They liked their ship, too, three-fourths of them being 'plankowners', having served on her since her commissioning."

OKINAWA CAMPAIGN

Typhoon of Steel tells the story of the Okinawa campaign from both sides, from the initial plans and preparations to the suicide of General Ushijima on June 22, 1945, when organized resistance ceased. It includes enthralling accounts of the last cruise and death of the Yamato, the largest battleship ever built, the triumphant ordeal of the carrier USS Franklin, the heroic fight for survival against Kamikazes by the U.S. destroyers on picket duty offshore, the death of the beloved American correspondent **Ernie Pyle,** and the remarkable exploits of many individual G.I.'s, Marines and Japanese in close-in combat.

It is an authoritative and engrossing narrative of the most difficult and costly military undertaking for more than two-and-one-half months and cost Army and Marine casualties of over 39,000. Among them was Lieutenant General Simon Bolivar Buckner, the highest ranking U.S. officer to be killed in action in World War II.

Even more dramatic and almost more effective was the Japanese Kamikaze assault of thousands of suicide planes on the shipping that was essential to maintaining the troops on the island. These attacks sank 38 U.S. ships, damaged 368 more, and caused over 9,000 naval casualties.

The landing on Okinawa itself proved ridiculously easy; virtually no enemy opposition met the nine-mile-wide flotilla of landing barges, or the early probes inland. But the local Japanese military command, ably led by Lieutenant General Misturu Ushijima, had planned and ultimately carried out a tenacious defense in depth that prolonged the fighting in the Pacific theater.

Planned as the prelude to the invasion of the Japanese home islands, the battle for Okinawa turned out instead to be the final climax.

BILINGUAL VOCATIONAL TRAINING

Mr. MONTOYA. Mr. President, it is with great pleasure that I join my distinguished colleague, Senator John Tower, in sponsoring an amendment to provide for bilingual vocational training.

Millions of children and adults are currently handicapped by their limited English-speaking ability. It is difficult, if not impossible, to estimate the number of Americans who can benefit from the assisance which bilingual training for job knowledge could provide. Unfortunately, the tragic fact is that many of the children who have dropped out of school because of language difficulty are unable to find jobs or keep jobs because of the same language problem which pushed them out of the educational system in the first place.

Vocational education is an integral part of our national job training system in the United States. It is truly "learning for living," as its proponents have claimed. Yet for those students who speak another language as their primary language—the language of their homes or their communities—even this very necessary kind of education is often an impossible barrier instead of the opportunity which it should be.

For the Spanish-speaking and Indian children of the Southwest, this limitation on their equality of opportunity has always been most severe.

Last year Senator Tower introduced legislation to make vocational education bilingual programs a possibility through federally supported demonstration programs. This seed money will help to develop the kind of bilingual vocational program which is so desperately needed in many parts of the Nation.

Part J of the Vocational Education Act was part of the Education Amendments of 1974, and was signed into law by the President in August. The bill Senator Tower and I introduced last Friday will extend that part of the vocational program for 2 more years, authorizing part 5 for the years 1976 and 1977.

I urge my colleagues to join us in support of this essential part of our total job training program.

THE IMPORTANCE OF THE PANAMA CANAL

Mr. THURMOND. Mr. President, the March 12 edition of the Brunswick News, Brunswick, Ga., included a thoughtful article by Anthony Harrigan. Harrigan, an expert on global strategy, has underscored the vital necessity for this country to retain control over the Panama Canal for the benefit of the United States and the free world.

I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Brunswick (Ga.) News, Mar. 12, 1975]

Sensing the News

The resolution Sen. Strom Thurmond introduced in the Senate recently, upholding the sovereign rights of the United States over the Panama Canal Zone, is an important statement of America's national authority and interest in a strategic region. Thirty six senators joined in sponsoring this resolution, indicating the feeling in the Senate against relinquishing the Canal Zone to the revolutionary government in power in Panama.

For many months, as Sen. Thurmond noted, U.S. diplomatic representatives have conducted negotiations with Panama "under a cloak of unwarranted secrecy." The senator rightly asserted that the "statement of principles" adopted by Secretary of State Kissinger and the Panamanian foreign minister Feb. 7, 1974, "constitute a clear and present danger to the hemispheric security and the successful operation of the canal by the United States."

Secretary Kissinger would do well to take careful note of this resolution. His career as a diplomatic superstar seems to be drawing to an end. His passion for secrecy has not resulted in tangible benefits for the United States.

Writing in the March issue of The Alternative magazine, Prof. Robert H. Ferrell of Indiana University observes that "Kissinger did not show considerable accomplishments before holding office, nor has he demonstrated very special qualities while in office. At the moment his legacy would seem to amount to a good deal less than greatness and could easily be interpreted as deplorable."

A State Dept. sacrifice of America's national interest in the Panama Canal Zone could be the last straw insofar as Dr. Kissinger's fate is concerned.

The sponsors of the Panama Canal resolution join in pointing out that the American interest is profound. For example, the resolution notes that "approximately 70 percent of canal traffic either originates or terminates in the United States ports, making the continued operation of the canal by the United States vital to its economy."

One of the contentions of the Panamanians is that the United States takes unfair economic advantage of the country in its operation of the canal. But Sen. Thurmond points out that the United States has made a total investment in the canal of over $6.8 billion and that "compensation and correlated benefits have constituted a major portion of the economy of Panama giving it the highest per capita income in all of Central America."

Time and again one hears from advocates of appeasement of Panama that Americans can't expect the Panamanians to accept U.S. control over a strip of land in their country. But the point well made by the sponsors of the Senate resolution is that the U.S. has ownership of the zone "in perpetuity" under a valid treaty.

The 1903 Panama Canal treaty is as valid as the 1867 Treaty of Cession by which the U.S. acquired Alaska from Russia. No one is suggesting that the Alaska treaty is invalid simply because it was signed more than a century ago.

Sen. Thurmond deserves the thanks of the public for introducing the Panama resolution. The public also owes a debt of thanks to the cosponsors of this important national interest resolution.

The cosponsors are Sens. Allen of Alabama, Bartlett of Oklahoma, Beall of Maryland, Buckley of New York, Byrd of Virginia, Byrd of West Virginia, Curtis of Nebraska, Dole of Kansas, Domenici of New Mexico, Eastland of Mississippi, Fannin of Arizona, Fong of Hawaii, Ford of Kentucky, Garn of Utah, Goldwater of Arizona, Hansen of Wyoming, Hartke of Indiana, Helms of North Carolina, Hollings of South Carolina, Hruska of Nebraska, Johnston of Louisiana, Laxalt of Nevada, Long of Louisiana, McClellan of Arkansas, McClure of Idaho, McIntyre of New Hampshire, Montoya of New Mexico, Morgan of North Carolina, Nunn of Georgia, Randolph of West Virginia, Stone of Florida, Symington of Missouri, Talmadge of Georgia, Tower of Texas and Young of North Dakota.

It is important and instructive to call the roll from time to time. Americans should know the names of their representatives who firmly oppose a surrender of U.S. national sovereignty over part of our country's territory.

BYELORUSSIAN INDEPENDENCE DAY

Mr. WILLIAMS. Mr. President, yesterday marked a special day to pay tribute to the courage and determination of a people who have clung fiercely to their culture in the face of continuous foreign oppression, and who have remained strong in their faith that they shall one day truly be free.

The people of Byelorussia on March 25, 1918, declared their independence after 350 years of foreign domination. With a history dating back to the eighth century, the Byelorussians have a rich heritage. During their "Golden Age" in the 16th century, Byelorussian life was characterized by religious and political toleration enjoyed by few at that time. The Byelorussians developed a legal system that was among the most advanced in the Western World. Although the end of the 16th century brought the beginning of a long period of foreign occupation, the Byelorussians continued to hold to their national spirit and their belief in democratic principles.

The freedom that the Byelorussians proclaimed 57 years ago came to an early end as the Soviets took control in 1920, but the people exhibited their strong national feeling by refusing to accept this aggression willingly. Uprisings occurred later in 1920 and again in 1922. In 1944, at the end of World War II, the Byelorussians again tried to gain the independence they had declared in 1918, by convening an All-Byelorussian Congress, approving their declaration of independence, and electing a Byelorussian Central Council. Again the Soviets put an end to their hopes.

Today, Byelorussia is a corporate Republic of the Soviet Union. Though its people are subject to the harsh rule of a totalitarian state and despite the continuing attempts of the Soviets to destroy their cultural identity, the Byelorussians remain firm in their desire for national freedom and in their faith that their cause shall one day prevail.

I am greatly honored to join with Americans of Byelorussian descent in the commemoration of their important national day, and in expressing the hope that they shall soon enjoy the blessings of democracy to which we are all devoted.

VIETNAM MILITARY AID—CONTINUED

Mr. MATHIAS. Mr. President, last Friday, March 21, the distinguished majority leader (Mr. Mansfield) and I engaged in a brief colloquy exploring the implications of the most recent data then available from the Department of Defense on the status of funds appropriated for military aid to the Government of South Vietnam for the current fiscal year.

At that time, I indicated that I had been advised that of the $700 million appropriated for Vietnam military assistance this fiscal year, as of February 28, $521.5 million had been obligated, and of that amount, only $158.4 million had actually been expended. On the basis of these figures, it appeared reasonable to conclude that $363.1 million worth of military aid—obligated, but as of then unexpended—remained in the pipeline, in addition to the $178.5 million which had not yet even been obligated.

In the time since I made those remarks, the Department of Defense has sought to clarify the actual status of these figures, and while confirming my basic figures on expenditures and obligations, now asserts that less than $100 million remans in the pipeline or on order, rather than the $363.1 million suggested by the figures I originally received. In addition, DOD has in no way disputed the most important figure of all—that as of April 1, 1975, there will still be $175 million of funds which have not even been obligated for the current fiscal year.

Their revision has been offered on the strength of what appears to be an entirely new term in the complex lexicon of defense budget analysis: for in addition to the familiar terms of art such as authorizations, appropriations, obligations and expenditures, we have now been asked to digest the concept of funds which, and I quote from the most recent DOD briefing memo, simply "have been used," as distinct from funds expended, obligated, appropriated or authorized.

The upshot is that DOD is now contending that a total of $430.3 million of funds have been, quote "used" for military aid to Vietnam this year, even though only $158 million have been, quote "expended." On that basis, DOD now argues that the available pipeline amounts to only about $95 million instead of the $363 million I referred to last week. It does not deny that $175 million is in the Vietnam account and subject to draft.

The problem is that there is no reliable way that Congress or anyone else can check and track such a "use" figure. DOD explains that an array of "logistics/fiscal accounting technicalities" delays the final billing for goods and services which have been obligated and then "used", which is assertedly why the "expenditure" figures tend to lag so far behind. From such lags, however, may spring the almost irresistable opportunity for future bookkeeping errors, to be discovered at the most opportune times.

If the Congress is to be permitted to fulfill its constitutional responsibilities and duties relating to the power of the purse, we will have to have far more than an inventive use of language before us as we assess the most basic considerations relevant to such grave matters as military assistance to Indochina. I trust that in the days and months to come, we will continue our endeavor to enlist greater precision and accountability from the Department of Defense on this crucial matter.

I ask unanimous consent that the full text of the latest DOD status report on Vietnam military aid be printed in the Record. In addition, I would like to commend to the attention of my colleagues the testimony of Mr. Guy Gran before the House Defense Appropriations Subcommittee on March 20, 1975, in which the amount and usefulness of military aid to South Vietnam are explored in considerable detail. I ask unanimous consent that Mr. Gran's testimony be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Talking Paper on Status of Defense Assistance to Vietnam (DAV) Account

Saturday (March 22) and Sunday (March 23) *New York Times* contain articles which indicate:

Only $158.4 million of the $700 million appropriated for Defense Assistance to Vietnam has been delivered.

Leaving $541.6 million in pipeline and unobligated.

Reports are incorrect.

As we have noted in previous statements concerning status of Vietnam program:

The principal measure of our status is the order placed on the Military Department for supplies/services and the amount of money OSD has allocated to the Military Department.

It is at this point—by statute—that the money is obligated.

As of 24 March, the amount issued in orders and obligated is $525 million, or exactly three-fourths of the $700 million appropriation.

The $158.4 million used by the *Times* is an outlay figure as of 28 February, obtained from a DoD report that is the last step in the accounting process.

When the Military Departments receive the order and fund allocation from OSD, they issue delivery authorizations to many depots and logistics centers

Authorizing Saigon (DAO) to requisition supplies and/or services.

After materiel has been shipped and confirmation of delivery is received.

Reports are consolidated and verified at various commands.

Because of many logistics/fiscal accounting technicalities, final billing/collection back to the DAV account is delayed.

This collection produces the outlay in the DAV account.

A more current measure of our spending status is maintained by the Defense Attache Office in Saigon where supplies/services are accounted for by a single organization.

As of 24 March, records in Saigon indicate that supplies/services valued at $430.3 million "have been used" thus far this fiscal year.

The $94.7 million difference between $525 million and $430.3 million is either in the pipeline or on order with Military Departments.

The $175.0 million balance of the account will be ordered/allocated to the Military Departments on 31 March 1975.

The $700.0 million program has necessitated a serious cutback in support of VNAF and a drawdown of stocks below prudent levels will take place.

Prepared by: Eric F. von Marbod PDASD (Comptroller) March 24, 1975.

The Vietnam Dilemma: Military Disintegration and the Futility of Aid

(By Guy Gran, Research Associate, Indochina Resource Center, Washington, D.C.)

PART I: IN SEARCH OF MILITARY STABILITY AND BALANCE

With the signing of the Paris Agreement in January 1973, Nguyen Van Thieu began a period of apparent military strength and political uncertainty. In military terms the RVN had just received more than a billion dollars in military supplies in the prior three months. PRG/DRV forces were perceived to be weakened by the Christmas 1972 bombing. The political balance was far less favorable for Thieu. The Paris Agreement required transformation of the political status quo. A transitional National Council was to assume power. Thieu and his supporters were to share its control equally with the PRG and the Third Force. Thus implementation of the Paris Agreement meant a considerable and unacceptable loss of power for Thieu.

The Paris Agreement meant equally unpalatable policy changes for the United States. For it obligated us inter alia to the following:

(1) The United States respects the sovereignty, unity, and territorial integrity of Vietnam (Art. 1).

(2) The United States will cease intervention in the internal affairs of Vietnam (Art. 4).

(3) The United States will withdraw all personnel involved in the war effort (Art. 5).

(4) The United States will not impose any political tendency or personality on the Vietnamese (Art. 9c).

(5) The United States will work to insure the kinds of freedoms necessary to implement the Paris Agreement (Art. 11).

(6) The United States will begin to contribute to healing the wounds of war in the Democratic Republic of Vietnam (Art. 21).

To fulfill such obligations would be to demonstrate the essentially artificial political and economic nature of our client state in Saigon and to let loose a political process in which Thieu could not win.

To avoid such an outcome, both Thieu and the Executive Branch selectively misrepresented both the meaning of the Agreement's text and their policy on the ground in Vietnam. Both efforts were largely successful. Large sectors of the American public came to believe that Hanoi was responsible for whatever ceasefire violations occurred during the year after January, 1973. This was a crucial image to create; the situation in

Vietnam could not be stabilized and attention had to be focused on DRV actions in order to keep attention away from serious injury into RVN and American activities. If Hanoi were painted an endless aggressor, no one would think that it might be adhering to or be willing to implement the Paris Agreement. Thus a policy of permanent war could be sustained and the political concessions avoided.

On the ground Thieu went immediately on the offensive, apparently catching PRG/DRV forces by surprise. During 1973 he moved with some success to enlarge his nominal control over territory. The RVN established outposts in many predominantly PRG areas and tried to disrupt civilian life there. The PRG avoided combat wherever possible, making only a handful of retributive efforts.[3] Admiral Moorer quantified Thieu's progress in February 1974.

". . . they (the RVN) have increased their control overall from 76 percent to 82 percent during the past year. In other words, President Thieu is consolidating his position, and I think gaining more control . . . the North Vietnamese . . . published a policy indicating that they were going to concentrate on political action in an effort to gain more territory, and not go forward with large-scale military activity. They have openly published this tract, and they have been following it." [4]

So much for the many pontifications from Schlesinger, Kissinger, Nixon, Ford, et al. about Hanoi the military aggressor during 1973.[5]

Since early 1974 the Administration has not often had to defend its interpretation of 1973 events. Indeed early this year Assistant Secretary of State Philip Habib retreated toward his critics by admitting:

"Of course not, anybody who tells you that the South Vietnamese never did a thing contrary to the cease-fire is just not telling the truth. The truth of the matter is there was jockeying for position. Who went that way and who went this way, you could never tell in those circumstances . . . now you can blame anybody you want." [6]

An overlooked DOD submission for an FY 75 hearing record carries Executive protestations of ignorance even farther.

"The determination of the initiator of a ceasefire violation is exceedingly difficult because of the fragmentary and secondary and third-hand nature of the reporting systems. The incidents normally take place in the countryside and, unlike the pre-ceasefire period, most U.S. personnel assigned to Vietnam are in Saigon. As a result, we do not have truly independent sources for information of this kind." [7]

Charitably put, the Executive Branch was making policy from ignorance, unnecessary ignorance given the many independent nongovernmental witnesses reporting from the scene. Congress should not find this acceptable; nor should it tolerate three different conflicting "official" explanations of the same 1973 events.

By late 1973 it was evident to the PRG that Thieu and Kissinger would never willingly accept their obligations under the Paris Agreement. It was also evident that Congress would continue to supply the resources to permit Thieu to continue military options. The PRG was faced with the choice of giving up a thirty-year war for socio-economic justice and political unification or making enough military moves to convince Saigon and Washington that they must deal with political and military reality. The PRG chose the latter. Captured COSVN documents and the gradual buildup of military pressure on the ground in 1974 as opposed to a full scale offensive, both support such an analysis.[8]

What had superficially appeared to be a military balance in 1973, due in large measure to PRG restraint, rapidly disintegrated during 1974. In mid-1974 PRG and North Vietnamese forces began to take back areas of Quang Nam and Quang Ngai lost during 1973. They also moved effectively toward more defacto control of much of the Delta, showing Thieu how futile his efforts were to prevent rice from reaching PRG areas. Reports at the end of the year chronicle "a broad steady erosion" of the RVN position in the Delta.[9] A recent report speaks of continued PRG gains especially in fringe areas.[10]

By the end of 1974 the actual military balance had swung far against the RVN. Thieu, however, ignored the political lessons of these military defeats. The PRG selected a nonstrategic province. Phuoclong. They took its isolated district capitals, then its province capitals. The political lesson fell on deaf ears. Washington and Saigon reacted by seeking more money for military aid: $300 million in this supplemental and $1,293 million for FY 76. The PRG is proceeding to escalate its educational effort. Capture of the Central Highlands and of Tayninh appear to be the next measurable targets.

Given such a disintegrating situation for the RVN, the Administration has come to Congress with another series of disingenuous arguments to support new requests. Secretary Schlesinger related all RVN woes to declining American aid and PRG/DRV buildups in an appearance before a Senate Committee last month.

"South Vietnamese forces were creditably handling themselves (sic) after the ceasefire agreement. Now, they are, because of ammunition rationing, back on a defensive posture. With the arrival of heavy equipment from North Vietnam and North Vietnamese soldiers using the equipment, . . . the Provincial Forces are no longer a match in protecting the local hamlets . . . There has been a weakening of the hold of the Saigon Government on elements of that countryside. The morale of the RVN, though it remains high, is deteriorating. The effect of supporting South Vietnam at the levels we have supported them to this date in 1975 would be that the country (sic) will grow weaker and weaker." [11]

Congress must determine what of this melange, if any, is true. Given limited knowledge, can one really measure the balance of forces between two armies fighting different kinds of wars?

In terms of manpower, there is no compelling evidence that the general force levels have shifted significantly over the last two years. DOD finds conclusive its evidence of a rise in DRV/PRG forces from c 250,000 in April 1973 to c 300,000 at the moment.[12] Given the ignorance it professes on other issues, the RVN claim of 156,222 DRV/PRG killed in two years which DOD accepts, and the enormous practical difficulties in measuring infiltration (and exfiltration), it would be ill-advised to draw firm conclusions. DRV/PRG forces probably held their own; perhaps the total increased when some units in Cambodia and Laos were moved into South Vietnam. Due to morale problems, corruption, and economic woes the RVN has had difficulty maintaining the 1973 level of about 1,000,000. Rep. McCloskey was told that 20% of RVN troops desert each year; no one is even making a pretense of counting the flowerpot and phantom soldiers. Whatever the figures RVN troops still outnumber PRG/DRV troops by 3–4 to 1. The disparity in combat troops alone is less, perhaps 2 to 1.[13]

The same kinds of disparities are evident in comparisons of weaponry. DOD estimates that the RVN has some 1373 armored vehicles and the PRG/DRV some 665. The RVN has an air force, the PRG/DRV none; the latter has built up anti-aircraft systems in its zones for self protection. The RVN has now about 1,400 pieces of artillery to 400 for the PRG/DRV.[14] DOD points to a decline in these ratios over the last two years. Part of that may be attributable to failing to keep the RVN in the style to which they were accustomed; part is a function of RVN use of resources, a subject to be explored at length.

Ammunition is at the heart of the Executive branch request, but it is there that the disparities are greatest. Rep. McCloskey reported ratios in DRV/PRG usage of 9–1 and 12–1 in ground munitions. An independent investigation found a variety from 10–1 to 18–1 and an equal variety of opinions from experts as to what was appropriate or necessary.[15] The amount of ammunition necessary is quite obviously a function of the kind of military tactics. The United States has not forced the RVN to begin to fight the kind of poor man's war it should have learned long ago.

Even the simple effort to ration is not carried out with any uniformity. One of my colleagues watched a battle in Quang Ngai in late February where more than 6,000 rounds were fired in four hours at a hill held by no more than 30–40 PRG. The ARVN officer said "There are no limits on the number of shells we could use this morning." The acting chief of the U.S. consular office there told him the real issue was not current ammunition levels but morale; the $300 million was a sign of faith in the U.S. commitment.[16] As with so many elements of Indochina, the symbolism far outstrips the substance.

The ammunition question is more than a debate on what is an appropriate level, presuming the necessity of continuing the war. There is substantial reason to believe that DOD does not have a clear idea how much ammunition the RVN actually has. Consider this current estimate from the Far Eastern Economic Review.

"Informed military sources in Saigon think that the request for more aid is only to prepare the ground for the massive $1,300 million military aid for . . . 1975–76. This higher level of aid would be used to build up stockpiles of fuel and arms to support Saigon's military effort through 1976—the year of the U.S. presidential election . . . In the unlikely event of all U.S. aid stopping immediately, there is believed to be enough fuel in stock to last six months, and ammunition for up to one year." [17]

Given the historical record of DOD on Vietnam and that of this journal, there is little reason to believe DOD.

Enormous amounts of ammunition entered Vietnam just prior to the Paris Agreement. DOD has testified that in the following year the RVN expended 260,000 tons and was supplied 200,000, thus drawing down on its stockpiles.[18] During 1974 the RVN expended 17,500 tons per month and its opposition 310 tons per month, a ratio of 56 to 1.[19] During FY 75 the RVN got $286.1 million (c 140–150,000 tons) in ammunition from the $700 million MASF appropriation. It also received 35–40,000 tons from stocks in Thailand originally meant for the FY 74 MASF program for Laos.[20] Thus RVN stocks appear to be drawing down slightly. But is it logical or productive to permit the RVN to fight a permanent ammunition-intensive war?

DOD claims that it is, that with more ammunition the present disintegration could be reversed. That is illogical. RVN reversals began in spring and summer 1974 when it was expending 56 times the tonnage of the PRG/DRV forces. Why would more greatly alter the situation? By DOD's own statistics the PRG/DRV are "outgunned, outnumbered, and suffering at least double the casualties" of the RVN.[21] Yet they continue to take and hold territory.

There is only one conclusion. Additional material resources of the same character and magnitude cannot reverse the situation, only prolong the bloodshed and possibly the kinds of escalation we saw a decade ago. But without understanding the factors DOD does not

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Footnotes at end of article.

discuss, such a conclusion is not especially helpful in creating an alternative to more of the same. Quantifying changes in the balance of military forces, even were the statistics entirely credible, does not reveal very much about why DOD's dreams of military stability and balance will remain unattainable.

PART 2: MEASURING A SOCIETY, NOT ITS WEAPONRY

The Vietnam war has always been more complex than the kinds of imagery evoked by the Executive Branch. It cannot be reduced to conclusions like ammunition cuts, made deeper by inflation, forced rationing which lost battles. A military contest is a function of all elements—political, economic, cultural, and human as well as military. Given vastly superior firepower the RVN are losing the war for many reasons. I shall focus on one and build from that a miniportrait of how the RVN state and society is defeating itself. That one is the RVN use of military resources.

It is commonplace to generalize about the "aggressiveness, will and sense of purpose" of the PRG/DRV forces and lack thereof of RVN troops. One need only peruse the retrospective reportage on the recent fall of Phuoc Binh in early January for an example. This isolated province capital had long been written off by the RVN as indefensible. During the final battle the RVN performance was described in this manner.

". . . while defenders fought bravely, many ran away; that the South Vietnamese Air Force, reluctantly called into what it considered a hopeless fight, killed many Government troops with imprecise high-altitude bombing . . . Several South Vietnamese military sources paint a similar picture—one of indecisiveness and confusion at the highest command levels."[22]

Such an analysis suggest several ways military resources are used and some of the psychological lessons for the participants.

But one must go farther to appreciate the more significant political and economic uses of military resources and how they affect the total RVN performance. The fall of Phuoc Binh also provides a more substantive lesson on the politics of war. The RVN put 1000 regular troops into the town in the last week.

"It seems that the Government really didn't intend to hold Phuoc Binh indefinitely as they didn't move any artillery or tanks into the place," one reliable source said. "It would have been all over in a few days if they hadn't moved those men in, so perhaps the Government merely wanted the affair to drag on for a week while it made world headlines, especially in Washington where the Government is trying to gain more military aid."[23]

The question is less whether this was the major RVN motivation than how such events were perceived by local commanders of insecure towns and outposts and by other Ranger units who might be put into a comparable predicament.

The economical use of military resources is, however, the Achilles heel of the entire RVN military effort. Public resources are siphoned off for private gain at all levels of operation on a scale which appears to outweigh all other elements of a military analysis of the current situation. That is a strong thesis—one absolutely contrary to the testimony of the director of the MASF program to this committee on January 30, 1975. It is the thesis, however, suggested by the current data. One can examine the more provocative accounts published in Vietnam or the quiet prose and revealing euphemisms of the GAO and get the same results.

One spectacular recent document is "Political Indictment No. 2" of February 1, a strongly worded general attack on Thieu by right opposition groups led by Rev. Tran Huu Thanh's People's Anti-Corruption Movement. The second of four parts deals with Thieu's personal responsibility for the general decay.

"The soldiers realize that they are not fighting for the country but are protecting the corrupt, the sellers of government ranks . . . The sale of promotions has brought with it the sale of weapons and ammunition to the enemy. Smuggling, especially the heroin traffic, has gone on even during military operations. . . . People have had to pay for supportive artillery shellings as well as for helicopter trips to evacuate the dead and wounded. Worst of all the problem of "ghost" and non-combat soldiers has created critical shortages in personnel . . . and is sucking the nation dry to enrich Nguyen Van Thieu and his corrupt commanders. Plush villas belonging to many officers, colonels and generals, have been built everywhere, guarded and serviced day and night by non-combat soldiers. The wives and children of these officers are living in luxury and making merry while the families of the soldiers are poor and hungry and their wives have had to become prostitutes in order to raise their children."[24]

Beyond the hyperbole there is a good cross section of the basic problems. Thieu's only tangible responses were to confiscate the five papers that dared publish the document and to arrest some 18 journalists and accuse them of being communists. The American embassy conducted a survey and found that "many deserters from the armed forces said they were fed up with fighting for corrupt leaders."[25] The embassy has classified the study.

A spectacular current case of individual corruption is that against Gen. Nguyen Vinh Nghi, former commander of MR4. Rev. Thanh published documents in late January making charges of embezzling billions of piasters in RVN revenues through many devices during 1972–1974 including these:

Stealing gas and oil designated for Vinel and Paye contractors after February 1, 1973;

"Losing" 24,000 guns and 8000 radios in 20 months, sold to both sides at a profit of 240,000,000 piasters;

Embezzling from the BCM program (in the Public Works Service) by falsifying records;

Embezzling funds intended to build defense networks;

Siphoning off money intended for quarters maintenance and building dead soldiers' graves;

Stealing 3 to 4 billion piasters of materials turned over to the Keystone program in 1973;

Accounting each soldier VN $200 for his field ration and then reselling them; and

Speculating in the rice business during the 1974 price rises.[26]

Half the RVN budget goes to the military, primarily for salaries. It affords a lot of opportunities.

In a more sober vein GAO has been quietly reviewing the disposal of American military aid in Vietnam. Its most recent report, dated December 18, 1974, covers activities of the Defense Attache Office during 1973 to assess needs, allocate material, and keep track of it.[27] Quantities of every item inventoried were lost, mislaid, missing, mislabeled and a dozen other polite phrases GAO uses instead of stolen. In an August 1974 letter DOD agreed with GAO's findings and looked to the future. "We must frankly stress that many of the reported deficiencies still exist and may worsen" due to the war and other reasons.[28] For DOD to come to Congress six months later and claim that it now commands "the means to determine what is needed and to control what is provided"[29] is manifestly absurd. Problems unresolved by the U.S. during a decade of conflict were cleaned up in a few months amidst escalating war?

GAO's major findings are reviewed in the Washington Post article. DOD was replacing virtually all RVN losses and requests regardless of need or the obligations of the Paris Agreement. In January 1973 RVNAF and the Navy had no accurate records for major items; subsequently at least 143 ships totaling $36.4 million disappeared, for example.

GAO inspection found lack of personnel, lack of training, inaccurate stock location records, and insufficient "physical security and accounting controls . . . to prevent or detect loss".[30] DOD admitted that American equipment is "oft times misused and abused . . . thus further compounds RVNAF logistic problems."[31] and that ultimately every request for material means accepting the word of the ARVN:

"While battle loss information is furnished by the RVNAF, we have no alternative but to rely on the accuracy of this information. While we may suspect it, agonize over it, exhort, challenge and check as best we can, we are limited in what we can do."[32]

The Pentagon's own comments make a compelling case for what appears logically apparent. DOD has no practical way to verify either existing quantities or actual need. Thus the precise figures for ammunition, consumption and need rest upon feet of clay. GAO, visiting a depot in November 1973, found:

"No program for control over the shelf life of about $6 million worth of ordnance material stored at the 1st AAD. No records were kept of expiration dates, and containers were not marked to identify shelf-life material by date of manufacture. The AAD had no system for issuing material with the shortest remaining shelf-life . . . Shelf-life material valued at $1.3 million had partially deteriorated because it was stored outside rather than in a warehouse."[33]

Multiply this experience across the breadth of Vietnam, add the factors of climate, poverty and greed—and tell me how many tons of ammunition the RVN now has.

One could pursue the private use of public resources and its effect on military and political strength at length.[34] But the RVN will and ability to fight are sapped by a myriad of interrelated factors involving the entire society, factors which would themselves require a book. Three tiny samples of the human problem begin to suggest how the war has scarred and battered the survivors and how effectively they will contribute to the military effort. In a recent review of the deteriorating economy James Markham talked to an ARVN corporal.

"Cpl. Nguyen Din Danh, 36 years old, on leave in Saigon to see his ailing wife and child. Four other children are reasonably healthy. School fees can be scratched together for only one. Everyone is hungry. 'Sometimes I become crazy and wish that a mortar round would fall and kill us all,' says the corporal. 'My wife and I can stand starving and suffering. But we can't stand the sight of our children looking sadly at the good food being eaten by others."[35]

What kind of a soldier will this man be upon return to his unit?

A second problem undermining RVN performance is heroin addiction. This is a direct gift brought by the Americans during 1970–1971. The American pullout left Chinese wholesalers with surplus stocks that are apparently still being used up. Some ARVN officers serve as middlemen and sell to their men. The problem is most acute in remote quiet outposts and among the wealthy young in Saigon. Investigations in Pleiku turned up 30% of the soldiers there using some form of heroin.[36] A current national survey of the problem has not appeared. Perhaps it is entirely fortuitous that Pleiku has just been surrendered to the PRG as indefensible.

Even more alien to the public American dialogue about Vietnam and its future is the effect of the mental stress of war. The hopes for peace in January 1973, dashed by the escalation of war and the economic woes,

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Footnotes at end of article.

could not avoid being debilitating. American anthropologist Jerry Rambo has written of increasing displays of public violence and the extreme psychological pressures of people in contested areas, constantly uprooted by war. In one of the best pieces of recent journalist on Vietnam, James Markham reported on an interview with Dr. Tran Minh Tung, former Minister of Health.

"He maintained that the suspiciousness bred by civil war had led the Vietnamese to develop "a total loss of confidence in one another" apart from the family. Even a casual observer can see manifestations of this suspiciousness: a bureaucracy in which no one trusts another to do his job, a Government that sees most signs of opposition as Communist plots, the governed who rarely believe their leaders and who concoct the most fantastic, Byzantine explanations for the simplest events. "We live very much in an atmosphere of distrust," Dr. Tung remarked. "We have become more or less paranoid in this war." [37]

It is, I think, an open question, how much longer the human resources will be willing to continue war, even if the material is present.

CONCLUSION

The Administration contends that further aid in sufficient quantities can prevent the RVN from growing even weaker, stabilize the situation, and thus encourage the PRG/DRV forces to negotiate some ill-defined settlement. The objective conditions suggest that this scenario is not a real possibility. The recent RVN loss of five provinces in the Central Highlands, combined with the more subtle disintegration in other regions, suggests that the far more likely path will lead in a year or two to a situation comparable to Cambodia today.

Like the government of Lon Nol, the government of Nguyen Van Thieu has under arms, nearly all the men who are willing or unlucky enough to be conscripted. In neither case has considerable superiority in manpower prevailed. The possibility that PRG–DRV forces have slightly increased in the last year should not misdirect the analysis from the central fact. Once the PRG/DRV troops decided in mid 1974 to use military pressure to gain the political rights accorded in the Paris Agreement, the RVN has stayed on the defensive and lost consistently.

In terms of weaponry DOD argues that the PRG/DRV troops have more than a year ago and the RVN less. Even if one accepts the figures, and there is compelling evidence which I have reviewed at length to suggest they are not very credible, DOD has demonstrated that the PRG/DRV forces are greatly outgunned by every major indice. The PRG has considerably improved its logistics and road systems in the last two years. That would appear to be the single purely military element that has greatly affected the military evolution. URG antiaircraft systems are now sophisticated enough to deter the RVNAF from bombing some PRG areas; but then the PRG doesn't have an airforce.

DOD has focussed attention primarily on cuts in ammunition. Even if one ignores GAO's report on the care and use of ammunition and accepts the Pentagon's history of usage in the last two years, the current RVN military disintegration began before stocks began to decline appreciably. Rationing thus far has been uneven; in some areas there appear no limits. More importantly, the RVN is still vastly outshooting its opponents. Estimates range from 9–1 to 18–1 in rounds and up to 56–1 in tonnage. As long as RVN troops sit in the towns and shell the bushes, they will waste endless amounts of ammunition and still lose.

The heart of the RVN military problem is what afflicts the society as a whole—corruption and injustice. The kinds of abuses chronicled in the second section represent a small sample of the possible. Left untouched were major financial drains, like the generals who siphon enormous quantities of military material into private warehouses later to be sold as scrap, the military equivalent of Swiss bank accounts.[38] Such processes go on in every sector of political, economic, and military life. How can external aid win, develop, or build anything viable in such a system?

The vast disparity in the quality of human resources is the most persuasive argument against the Executive contention that stability is possible for the RVN and another "final" effort should be made. But the cold facts of the military situation also refute such claims. If the RVN does not make substantive moves toward implementing the Paris Agreement, the PRG/DRV forces are going to continue military pressure. Their logistics now appear equal to Saigon's for the first time. Thieu does not have the USAF to save the day as he did during the 1972 major offensive. He does not now, nor did he ever, have the integrity and political appeal to attract the human and financial resources to win. The battlefield results speak for themselves.

Some voices in the public domain are still trying to carve out a median position, a final three year aid package that could get Thieu past his current crisis. If the past two years were not sufficient, why should another three (or two or one) "give him time enough to decide whether to seek a comprehensive settlement with Hanoi?" [39] There is, a more proper framework in which to pose our alternatives. Two years of "peace with honor" have cost the Vietnamese 350,000 casualties and 1.4 million refugees. Three further years would more than double those figures. Is there any reason to believe that the survivors could reach any better a political solution then than if American military aid were suspended now?

FOOTNOTES

[1] [2] Not supplied.

[3] These events are covered in detail in my testimony "Toward Perpetual War or Possible Peace," before this committee on March 13, 1974. For a similar analysis see Maynard Parker, "Vietnam: The War that Won't End," *Foreign Affairs*, January, 1975. Even among the independent observers who still fault both sides in this period, the evidence is overwhelming that the onus is on the RVN. See, for example, the data supplied in the SFRC staff report, "Vietnam: May 1974," p. 2–3.

[4] House Appropriations DOD Subcommittee, "Department of Defense Appropriations for 1975," Part I, p. 503.

[5] See, for example, the basic defense of the Executive request for FY 75 MASF funding by Maj. Gen. William Caldwell before the House Armed Services Committee on March 26, 1974: "Hearings on Military Posture and H.R. 12564 . . . FY 75," Pt. I, pp. 893–896.

[6] Testimony before the House Appropriations DOD Subcommittee, January 30, 1975, p. 108 of the unpublished transcript.

[7] House Armed Services Committee, "Hearings on Military Posture and H.R. 12564 . . . FY 75," Part I, p. 900.

[8] See the text, not the State Department explanation, of COSNV 08 (captured December, 1974), the Binh Dinh Province Resolution of early Fall 1974, and COSVN 12 (captured February 1974).

[9] *Washington Post*, December 12, 14, 23, and 24, 1974.

[10] *New York Times*, 2–18–75.

[11] Testimony before the Senate Armed Services Committee, February 5, 1975.

[12] See the SFRC staff report, "Thailand, Laos, Cambodia, and Vietnam: April 1973" and the current report by Rep. Paul McCloskey on his trip, *Congressional Record*, March 14, 1975, E 1183–1187.

[13] Lt. Gen. Daniel O'Graham, Director, DIA, before the House DOD Appropriations Subcommittee, January 30, 1975,

[14] *Ibid.*

[15] *Washington Post*, 2–2–75.

[16] W. Goodfellow, "A Shot in the Arm for ARVN", Pacific News Service, March 3, 1975. We have a similar report from a January battle. While the media headlined the 1000 shells that fell on Phuoc Long, an observer counted 759 rounds in one hour in a battle in the same province. Perhaps Quang Ngai is the extreme in profligacy but probably not.

[17] *Far Eastern Economic Review*, 3/14/75, p. 5.

[18] Senate Armed Services Committee Military Procurement Supplemental, Fiscal Year 1974 p. 106 and House Appropriations DOD Subcommittee DOD Appropriations for 1975, Part I, p. 478.

[19] Rep. McCloskey, op. cit., E 1185.

[20] Testimony of Erich Von Marbod before the House Appropriation DOD Subcommittee, January 30, 1975.

[21] Rep. McCloskey, *op. cit.*, E 1186.

[22] *New York Times*, 2/1/75.

[23] *London Times*, 1/11/75.

[24] This document is unpublished in the West; it is available from the Indochina Resource Center.

[25] *Far Eastern Economic Review*, March 7, 1975, p. 5.

[26] Summarized in *But Thep*, January 26, 1975.

[27] GAO "Stronger Controls Needed Over Major Types of U.S. Equipment Provided to the Republic of Vietnam Armed Forces", December 18, 1974, B 159451, classified.

[28] *Washington Post*, 3/2/75, an Outlook piece by Tad Szulc based on this classified GAO study and basic to any inquiry of this topic.

[29] Testimony of Mr. Von Marbod, January 30, 1975, p. 7.

[30] From an unclassified portion of the GAO report, p. 16.

[31] *Washington Post*, March 2, 1975.

[32] *Ibid.*

[33] From an unclassified portion of the GAO report, p. 17.

[34] The most exhaustive recent study of corruption in contemporary South Vietnamese society is my testimony before the Foreign Affairs Committees last summer "Vietnam: The Human Costs of the American AID Programs," (May 1974, 63 pp.)

[35] *New York Times*, January 26, 1975.

[36] *New York Times*, February 23, 1975.

[37] *New York Times*, January 22, 1975.

[38] See *Far Eastern Economic Review*, March 25, 1974 and several dozen articles in the Vietnamese press from 2/74 to 7/74. DOD naturally denies the magnitude of the problem. For an exchange on the topic see Senate Appropriations Committee *Second Supplemental Appropriations for FY 74*, Part II, p. 1523–1534.

[39] *Washington Post*, editorial, March 19, 1975.

SOLZHENITSYN: CITIZENSHIP AND CRITICISM

Mr. BUCKLEY. Mr. President, several days ago the Senate of the United States unanimously passed and sent to the House of Representatives a resolution which would confer honorary citizenship on Alexander Solzhenitsyn, the Russian novelist and journalist. I have learned through private sources that Mr. Solzhenitsyn awaits expectantly for the legislative process to be completed and to make it possible for him to receive this special status. It would be enormously sad if some committee of the Congress, some one person or department of this

Government, relying on some arcane reason, frustrates Mr. Solzhenitsyn's hopes.

In a very profound way Solzhenitsyn's expectations are flattering, for Solzhenitsyn stands today as a giant in a century otherwise filled with terror, disappointments and cynicism. This century, it appears, will be recorded, with a few exceptions, as the century in which totalitarian impulses formed the foundation of many governments. The brutality and insane racism of Nazi Germany was preceeded and followed by the total terror of the Soviet State. Man's most decent and humane impulses have been denied to millions, often in the name of the greater good or some utopian scheme. But gladly, out of the incredible oppression come men of wisdom and courage; men like Alexander Solzhenitsyn who provide for those of us in more comfortable circumstances a witness to "the realities of Soviet life."

In Solzhenitsyn's great novels, especially "August 1914," he provided us with magnificent, if sad, insights into the frailties of man. He informed us of the energy and hope of an ideology, the objective of which is to create a "new man," one unhinged from his history and altogether new to the world. In his journalism, he went on in "The Gulag Archipelago" and "One Day in the Life in Ivan Denisovitch" to report of the consequences when the ideologues had their chance. And for a time the world listened, including we in the United States. His literary power had at once opened to us the opportunity to live vicariously with the terror and turmoil which is at the heart of Soviet life.

There is in Solzhenitsyn's work relevance for us, although it is not at all certain that our concentration will be other than fleeting, unappreciative of the instruction he provides us. What's more, as Solzhenitsyn emerges, so do the critics. His profound and orthodox religious convictions have led to charges of mysticism; his essential Russian politics, to charges of authoritarianism. But these charges are contradicted when one realizes that today Alexander Solzhenitsyn is not just a critic, he is the world's critic of an unbelievable totalitarianism which grips those in the Soviet Union.

It is good to know that rejoinders to the criticism are being recorded. In the March 1975, issue of the New Guard, the magazine of the Young Americans for Freedom, YAF, there appears "A Case Against Ideology," by Juliana Geran. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A CASE AGAINST IDEOLOGY

(By Juliana Geran)

One of the remarkable features of Solzhenitsyn's writings, in spite of their unmistakable political message, is the absence of ideology and of doctrinaire moralizing. As a novelist rather than a philosopher, Solzhenitsyn is concerned to expose those realities of Soviet life that humanity cannot and should not ignore—yet the exposition is faithful to experience rather than to any dogma. The normative, ethical implications of his work are clear: the existence of pain and injustice must not go unnoticed. In his 1970 Nobel Prize Lecture, Solzhenitsyn's appeal to the world community is humanistic and universal: "I believe that world literature has it in its power to help mankind, in these its troubled hours, to see itself as it really is, notwithstanding the indoctrinations of prejudiced people and parties." In these days of relativism, when it has become unfashionable to speak of "objective truth," it may seem naive to claim that facts can be presented without an ideological motive lurking in the background. The American press, furthermore, has lately been publicizing Solzhenitsyn's "authoritarian," religious, and otherwise unliberal outlooks—so how can it be claimed that Solzhenitsyn is concerned with facts *tout court?*

Actually, *The Gulag Archipelago* (Parts I and II), although in essence designed to deal a severe blow to the communist system by presenting a horrible series of atrocities that took place in the Soviet Union from 1918 to 1956, makes a very strong case against "Ideologies." Man, says Solzhenitsyn, does not murder blindly. Rather, man must justify his actions even to himself. And that justification, especially in the case of national crimes sanctioned—indeed, initiated—by a government against innocent people, is often provided by ideology. "Ideology—that is what gives evildoing its long-sought justification and gives the evildoer the necessary steadfastness and determination." The Soviet Union is not alone in this respect: "That was how agents of the Inquisition fortified their wills, by invoking Christianity; the conquerors of foreign lands, by extolling the grandeur of their Motherland; the colonizers, by civilization; the Nazis, by race; and the Jacobins (early and late), by equality, brotherhood, and the happiness of future generations."

The twentieth century, of course, surpasses all others; such an unprecedented slaughter of millions, Solzhenitsyn believes, could take place only in the unholy name of ideology. But why? Solzhenitsyn's view of man is subtle enough; "To do evil, a human being must first of all believe that what he is doing is good, or else that it is a well-considered act in conformity with natural law." However, believing that an act is good because sanctioned by a particular ideology does not make it good. It simply makes it harder for humanity to view its crimes for what they are and to repent for its sins—let alone prevent them.

Only in light of Solzhenitsyn's larger point—his opposition to ideology as such—can we appreciate properly his polemic against Marxist ideology in his *Letter to the Soviet Leaders.* To be sure, Solzhenitsyn's arguments in the *Letter* are specifically anti-Marxist. He accuses Marxism of being inaccurate, being based on a primitive superficial economic theory, of pursuing senseless and self-defeating coercive techniques, of incorrectly predicting the course of history, and of driving Russia into a situation of acute political conflict abroad, particularly with the Chinese. However, Solzhenitsyn believes that all ideology—Marxism being only a case in point—fosters crime and stupidity. Unfortunately, in the case of the Soviet Union, ideology prevents a people from expiating the millions of unjust acts that were committed in its midst for decades; it prevents a people from mourning its dead. One anguished sentence emerges from the *Letter*: "After all, does the human heart not still feel the need to atone for the past?" The leaders undoubtedly understood what "past" was meant here. Marxism, then, has not only justified millions of crimes but, so long as it retains a stranglehold on the Soviet regime, those crimes are gnawing at the core of Russian conscience like a cancer.

The message, then—and clearly there is a message, however lacking in dogma—of Solzhenitsyn's work is simple and humanitarian: "We have to condemn publicly the very idea that some people have the right to repress others." And repression, by any other name, smells just as foul. To those who have emphasized Solzhenitsyn's authoritarian bias, to those who see him as the defender of some special creed, his plea to the Soviet leaders rings clear: "So that the country and people do not suffocate, and so that they all have the chance to develop and enrich us with ideas, allow competition on an equal and honorable basis—not for power, but for truth—between all ideological and moral currents, in particular between all religions; there will be nobody to persecute them if their tormentor, Marxism, is deprived of its state privileges." For "Marxism" substitute any ideology and Solzhenitsyn's statement becomes a universal defense of freedom and human dignity.

NEW JERSEY'S DISTINGUISHED YOUNG MEN

Mr. WILLIAMS. Mr. President, recently, I was privileged to participate in the annual awards banquet of the New Jersey State Chamber of Commerce.

I was, of course, most honored that the Jaycees saw fit to present me with a Certificate of Appreciation. However, I was even more honored to be able to participate in the ceremonies saluting the Jaycees' five Distinguished Service Award winners.

Mr. President, we live in a time when our Nation is beset by many problems. There are those in this land who even doubt the ability of our Nation to surmount those problems; who question so often "where are the leaders of tomorrow."

I do not share those sentiments. And, if I should ever harbor any doubts about the future of our Nation, they would be dispelled by meetings with such groups as the Jaycees and the recipients of their Distinguished Service Awards.

These are persons who give willingly of themselves in the spirit that has contributed so much to the greatness of America. They share willingly their abundant talents as well as their limited time to help their communities and others who are not so fortunate.

I believe that with these young men, and others like them, our future is in good hands. So that all of you may be aware of just a portion of their accomplishments, I ask unanimous consent to have printed in the RECORD a brief biography of the recipients of the Distinguished Service Awards.

There being no objection, the biographies were ordered to be printed in the RECORD, as follows:

BRIEF BIOGRAPHIES OF WINNERS OF JAYCEES DISTINGUISHED SERVICE AWARDS

Walter J. Cairnes, age 28, single, born in Newark, New Jersey, resident of Lavallette, New Jersey. Former financial consultant for various community organizations funded by OEO. Currently, National Director of Sea Ventures, largest educational and recreational fresh air program for inner-city youth in the country, which he formed in 1971. He has shared his love of sailing with the needs of disadvantaged youth and the aged.

George M. Gill, age 34, married, 2 children, born in Trenton, N.J., resident of Lawrence Twp., New Jersey. President, George Gill, Inc. office furniture and design business. Member and past President of the Trenton Jaycees, now a member of the Lawrence Jaycees.

Founding member of the Big Brothers Association of Mercer County and Auxiliary Board member of the Children's Center of the Union Industrial Home for Emotionally Disturbed Children. He has been a personal "friend" to fatherless boys and disturbed children.

Stanley W. Lane, age 35, married, 2 children, born in Camden, N.J., resident of Cherry Hill, New Jersey. President, IM of America, insurance management concern. Member of the Cherry Hill Jaycees. Founder of "Eagles Fly for Leukemia", a charity he formed with his neighbor and former Philadelphia Football Eagle, Fred Hill, whose daughter has leukemia. Proceeds go to the Oncology Department of Children's Hospital, a designated National Cancer Center in Philadelphia. Past President of the Willowdale Civic Association, active in the development of the Roddy McDonald Half Way House for drug users, and Pop Warner Football Program.

Andrew Lewandowski, age 28, single, born in Keil, Germany, resident of South Plainfield, New Jersey. Engineer with DeLeuw, Cather and Co., an international consulting engineering firm. Treasurer of the South Plainfield Jaycees. Youngest Councilman ever elected to the South Plainfield Borough Council. Co-founder of Scout Troop and Pack 10 for mentally retarded and handicapped. Advisor for Theater Unlimited, a local drama group and the South Plainfield Teenage Republicans. Cited by the Mayor for distinguished service on the Traffic Safety Advisory Commission.

Frank J. Stanley III, age 33, married, 2 children, born in Glen Ridge, N.J., resident of Somerville, N.J. Attorney in private practice. Former President of the New Jersey Jaycees (1972) and member of the Somerville Jaycees. "Jeff" was personally involved in the initiation of Camp Jaycee for the mentally retarded and handicapped, the largest priority project ever undertaken by the New Jersey Jaycees. He has served as President of the Youth Employment Service and Trustee of the United Fund. As an attorney he initiated the "Geraghty Case" which established legal precedent concerning the manner in which mental patients are committed.

DR. MALCOLM MOOS HEADS CENTER FOR THE STUDY OF DEMOCRATIC INSTITUTIONS

Mr. MATHIAS. Mr. President, one of Maryland's distinguished former citizens, Dr. Malcolm Moos, has become president of the Center for the Study of Democratic Institutions in Santa Barbara, Calif. In Maryland, and later here in Washington, Malcolm Moos played an instrumental role in the formulation and the consideration of the major issues of those years. Today in Santa Barbara, he brings his experience and knowledge from his public service and his academic career to bear on some of the major issues of these times—and, indeed, future times. The Baltimore Sun today contained an article on Malcolm Moos and his activities in California. It should be noted that the article was written by Bruce Winters, the Sun's west coast correspondent, who, by virtue of his own previous experience in Baltimore and Washington was especially qualified for this assignment. Mr. President, I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Baltimore Sun, Mar. 26, 1975]

"Sane Asylum for Thinkers"—Moos Heads Center That Wants To Change World With Words

(By Bruce Winters)

Santa Barbara, Calif.—High in the hills over this peaceful city, a handful of scholars is thinking about the future of man's institutions.

Outsiders call it a "think tank," but the term inappropriately suggests the easy application of knowledge toward the instant solution of all problems.

The Center for the Study of Democratic Institutions is something else.

Malcolm C. Moos, its president, formerly of Johns Hopkins, calls it "a center for exalted brooding."

Frank K. Kelly, its vice president, describes the center as "a sane asylum for thinkers concerned about their fellow human beings."

Dr. Moos also refers to the center's work as "a distant early warning system" that possibly can identify new problems arising in a fast-changing world.

The center's scholars, for example, were issuing warnings about the deteriorating ecology more than a decade before the subject hit the nightly news.

It perceived the evils of a Watergate before Richard Nixon was in the White House.

And its senior fellows were worried about Medicare malpractice four years before the alarm was sounded in the morning headlines.

The center is oriented toward man and the institutions man creates to govern, regulate, and plan his society. Nobody on Eucalyptus Hill is building a cleaner bomb.

Founded in 1959 by the Fund for the Republic, the center's charter called on it to "clarify the basic issues and widen the circles of discussion about them."

Over the years, that mandate has been carried out by hundreds of scholars participating in discussions here and in conferences around the world.

Today, 10 senior fellows in residence meet several times weekly for dialogues that focus different intellectual disciplines on a given subject.

The fellows, for example, include: Harry S. Ashmore, the Pulitzer-Prize-winning editor and writer; Alexander Comfort, a medical biologist and author of "The Joy of Sex;" Rexford G. Tugwell, an economist and former member of President Roosevelt's "Brains Trust;" Lord Ritchie-Calder, a Labor member of Britain's House of Lords and former professor of international relations at the University of Edinburgh, and Harvey Wheeler, who taught political science at the Johns Hopkins University and is coauthor of the popular novel, "Fail-Safe."

Life on the hill is both rarified and practical.

Last week, Robert Rosen, from the Center for Theoretical Biology of the State University of New York, delivered a paper on "The Social Dynamics Propaedeutic to Retrospective Futurology in the Cultural Mode."

And former Governor Jimmy Carter of Georgia stopped by to tell the follows why he wants to be president.

So it goes on Eucalyptus Hill, and Dr. Moos may be just the man to knit together the lofty world of academia and the often seamy reality of precinct politics.

His credentials are impressive. As a speech writer for President Eisenhower, he coined the phrase "military-industrial complex" and gave historical substance to the President's farewell address in 1961.

Dr. Moos taught political science at the Hopkins, wrote editorials for *The Evening Sun*, and was Baltimore's Republican chairman before moving on to Washington.

He joined the center last summer after seven years as president of the University of Minnesota, an institution with 18 colleges, 150 departments, 62,000 students, 5,000 faculty members and a budget exceeding $300 million annually.

The pace is less frantic on Eucalyptus Hill, but some of the same old problems linger on—money, for example.

The center's start-up grant of $15 million from the Ford Foundation ran out in 1962. Private gifts and 75,000 individual memberships currently maintain the center's $1.5 million budget.

But Dr. Moos has more on his mind than money.

He wants to increase the center's visibility by having some of its dialogues telecast on a regular basis. He wants bright, young graduate students brought in the way superior law students clerk for Supreme Court justices. And he thinks the senior fellows ought to be encouraged to get out every five or six years and teach a course somewhere.

Mindful of the center's traditions, Dr. Moos does not want to turn it into a cutting edge of advocacy. A Common Cause it is not, he said, nor was it ever meant to be.

What the center is all about was summed up pretty well by Paul Dickson in a book entitled, "Think Tanks." Mr. Dickson wrote that "its particular form of madness is that it is trying to change the world with words."

THE 50TH ANNIVERSARY OF THE BALTIMORE URBAN LEAGUE

Mr. MATHIAS. Mr. President, during the week of April 6 to 12, the Baltimore Urban League will celebrate its 50th anniversary. It is an observance that merits recognition. The Baltimore Urban League is a community service organization specializing in the field of race relations. Organized and chartered from the National Urban League in 1924, the Baltimore Urban League is a member agency of the United Fund. Constantly seeking to foster equal opportunity and greater inclusion of blacks and other minorities in American life, the league offers a time-tested program designed to eliminate racial inequities. It combines objective research with constructive social action geared toward the welfare of the entire community. The league's membership elects an interracial executive board of 33 persons which sets policy and works with the staff to carry out its programs.

Mr. President, the Baltimore Urban League has reached its 50th birthday through the tireless efforts of its board and staff and with the full support of the community it serves. Baltimore Mayor William Donald Schaffer is designating April 6 to 12 as Baltimore Urban League Week. I hope that all my colleagues in this body will join with me in saluting this distinguished community organization on this occasion.

REVIVING THE PRESS CONFERENCE

Mr. HUGH SCOTT. Mr. President, the Philadelphia Inquirer, in a recent editorial, praises the President for "contributing to the open administration he promised" by reviving the use of the press conference. I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial

was ordered to be printed in the Record, as follows:

[From the Philadelphia Inquirer, Mar. 26, 1975]

Mr. Ford Meets the Press

It is hard to believe, but the Wall Street Journal reports that some White House correspondents are grumbling that there have been too many presidential press conferences lately.

Now *there's* a switch. It hasn't been long since this same White House press corps was complaining about the inaccessibility of a secluded Richard Nixon. The reporters were right then and wrong now.

According to the Journal, the reporters complain that they can't think up enough fresh questions to ask. Mr. Ford, one newsman is said to have groused, "has devalued the news conference."

Nonsense. The President has had 11 news conferences in his seven months in office. That is a vast improvement over the record of Mr. Nixon who held only 37 press conferences in five and a half years.

Compared with some of his other predecessors, however, Mr. Ford has been a sphinx. Franklin Roosevelt held 998 press conferences, Dwight Eisenhower 193. And even though Lyndon Johnson "hunkered down" when criticism of his Vietnam policies got to him, he still managed to meet the press 135 times in five years.

And then came Mr. Nixon, under whose not-so-benign neglect the Presidential press conference became an endangered institution.

Far from being criticized, Gerald Ford should be commended for reviving the press conference. It is a useful avenue of communication between the American people and their President, and Mr. Ford's use of it has contributed substantially to the open administration he promised.

THE REPUBLICAN BEGINS 99TH YEAR

Mr. MATHIAS. Mr. President, during a period in which the performance of the media occupies much of our attention and is vital to our understanding of current issues, I am pleased to note that the Republican, a weekly newspaper in Garrett County, Md., recently began its 99th year of publication. Garrett County is Maryland's westernmost county, as far removed from the National Capital as any point in Maryland. Some of the matters that are of particular interest and concern to the residents of Garrett County and the readers of the Republican perhaps, relatively speaking, are of less import than some of the issues that confront us daily in the media to which most of us are accustomed. But papers like the Republican perform just as vital a role for the readers they serve.

Indeed, such newspapers—weeklies and small dailies—are, in a sense, the backbone of American journalism. They proudly continue the finest traditions of a free press in America, serving their communities and their readers well. That is the reason that they deserve recognition on particularly noteworthy occasions, and as the Republican begins its 99th year, I am pleased to bring its record to the attention of the Senate.

Mr. President, an article noting this anniversary appeared in the Republican in its March 6 edition, and I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Republican Begins 99th Year

The Republican this week begins its 99th year of continuous publication for Garrett County. Today's issue is Number One of Volume 99.

The newspaper was founded February 28, 1877, by the late Capt. James A. Hayden with the first issue being published on March 4 the following week.

It was purchased July 4, 1890, by the late Benjamin H. Sincell with the business remaining in the Sincell family since that time.

Upon his death January 11, 1947 the business continued until it was incorporated a few years ago with members being Donald R. Sincell and Mrs. Robert J. Ruckert, Oakland; Elmer Haulenbeek, the husband of the late Mrs. Lillian Sincell Haulenbeek; and the two children of the late Mr. and Mrs. C. M. Sincell: Mrs. Mary Frances Jankosky of Natrona Heights, Pa., and C. M. Sincell, Jr., Tampa, Fla.

The staff at present includes Donald R. Sincell, managing editor and publisher; George H. Hanst, editor; Robert B. Sincell, production manager; Ben Ridder, advertising manager; along with some seventeen others employed in various capacities: James H. Nordeck, John Castilow, Jack Glotfelty, Mrs. Carol Canan, Jerry Stewart, John Kisner, Mrs. D. R. Sincell, Mrs. Ruby Zimmerman, Mrs. Hester Foley, Mrs. Robert Ruckert, Mrs. Robert Sincell, Gary Cuppett, Mrs. Gary Cuppett, Gary King, Joseph Shorb, Mrs. Linda Browning, and Donald W. Sincell.

The Republican distributes some 9,000 newspapers each week through many parts of the United States, with papers going to men in the armed forces in many parts of the world.

PRIMARY CARE MEDICAL TRAINING

Mr. JAVITS. Mr. President, one of the most critical health care issues confronting our Nation is the documented shortage of physician primary care services for the American people.

In 1949, 50 percent of all physicians considered themselves to be general practitioners. However, by 1970 that percentage had dropped to 22 percent. At the same time physician specialists increased from 37 percent in 1949 to 80 percent in 1970.

Utilizing the definition of primary care set forth by Dr. Robert G. Petersdorf at the Primary Care Conference organized by the Association of American Medical Colleges—the physician of first contact for the patient, who solves as many of the patient's health problems as possible, and who coordinates the remainder of the patient's health care through an ongoing and continuing relationship with the patient—to determine the extent to which the medical schools are in fact carrying out programs to achieve that goal, I have had Dr. David Banta, a Robert Wood Johnson Health Policy Fellow with the Institute of Medicine, who is serving as a fellow on behalf of the minority professional staff of the committee, survey medical schools regarding the programs they are conducting with respect to primary care.

The initial survey conducted by Dr. Banta was of the twelve New York medical colleges. I ask unanimous consent that his findings be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JAVITS. Mr. President, upon reviewing Dr. Banta's survey, which indicates that only 1 of the 12 medical schools have a required clinical experience of any duration in primary care and only 3 others have remote site training, I have asked Dr. Banta to expand the scope of the survey to all medical schools and report on his findings.

I believe this information will be of great value to the Committee on Labor and Public Welfare, as it considers various legislative proposals which seek to insure that Federal funding for medical education will provide the requisite incentives to medical schools to contribute to the solution of the problems of shortages of primary care physicians.

While the percentage of residents training in primary care is almost 40 percent, if residents in internal medicine, pediatrics, and obstetrics/gynecology are included, only 4 percent of the total are in family medicine residences. Thus, while all would appear to qualify under the definition utilized, we must continue to be concerned about the issue of whether other than family medicine "specialists" will provide care in medically underserved areas—for we know there is a tendency for the internal medicine, pediatrics, and obstetrics/gynecology specialists to practice in urban areas.

EXHIBIT 1.—NEW YORK STATE MEDICAL SCHOOLS

	Primary care teaching of medical students					Primary care teaching of residents						
								Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program		Number	Percent	Number	Percent
Albany Medical College of Union University.	112	None	None	4th yr, 1 morning per week for a year.	Strong family practice program in department of community medicine, various electives.	Begins, 1975.	Train nurse clinicians.	312	0	0	128	41

EXHIBIT 1.—NEW YORK STATE MEDICAL SCHOOLS—Continued

	Primary care teaching of medical students					Primary care teaching of residents						
	Number of students per class	Primary care clerkship	Remote site clerkship	Ambulatory medicine clerkship	Other	Family medicine department	Other primary care program	Number of residents in medical school program	Number of family medicine residents (and percentage of the total)		Number of medical pediatricians and obstetrician gynecologist residents (and percentage of total)	
									Number	Percent	Number	Percent
Albert Einstein College of Medicine of Yeshiva University.	175	do	do	4th yr, 10 weeks full-time.	Field visits in 1st yr—Community health course.	None [1]	None [1]	427	0	0	136	31
Columbia University College of Physicians and Surgeons.	150	do	do	None	Field visits in 2d yr—Public health course.	do.[1]	do	376	0	0	97	25
Cornell University Medical College	105	do	do	3d year, 1 d per week for 12 weeks.	Electives in family medicine.	do	Being planned.	340	0	0	120	35
Mount Sinai School of Medicine of C.U.N.Y.	85	do	3d year, 6 weeks full-time.	None	Community medicine requires field visits and offers electives; family study, 2d year.	do [3]	Being considered.	431	0	0	128	29
New York Medical College	180	do	None	do	Field visits in 2d year—Community and preventive medicine course.	do	None	396	0	0	144	36
New York University	177	do	do	do	Field visits in 1st year—Urban affairs course.	do	do	454	0	0	178	39
The University of Rochester School of Medicine and Dentistry.	90	do	do	4th year, ½ day per week.	4th year, 4 week rehabilitation medicine course.	Yes	Being planned.	419	32	8	136	32
State University of New York at Buffalo	135	do(2)	do	None	2d year, ½ day per week for 9 weeks—Family Medicine course.	Yes	None	254	41	16	142	55
State University of New York—Downstate Medical Center College of Medicine.	218	do	2d year, 4 weeks full-time—Family study.	do	Strong elective program in family medicine.	Yes	Being considered.	551	18	3	157	28
State University of New York—Upstate Medical Center (Syracuse).	120	do	None	do	Very elective curriculum.	Yes	None	327	36	11	98	29
State University of New York—Stony Brook Health Sciences Center College of Medicine.	48	2d year, 4 weeks full-time.	1st year, 3 weeks full-time.	do	Many outside affiliates—electives in family and community medical.	Yes		528	54	10	252	48

[1] Affiliated hospital has program.
[2] Program under consideration.
[3] Community medicine residency with some primary care.

ENERGY CONSERVATION TAX ACT

Mr. MATHIAS. Mr. President, on February 28, 1975, I introduced S. 897, the Energy Conservation Tax Act of 1975. This act was designed to address in a comprehensive fashion a number of areas of energy consumption where meaningful conservation can take place. During the drafting of that particular bill, I had the advice and counsel of staff at the Johns Hopkins University Applied Physics Lab. They were able to give me their expert judgment in a number of different fields, including automotive engineering, economics, and physics. Since the bill was introduced, they have prepared an analysis of its provisions and I ask unanimous consent that their analysis be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

NOTES ON THE PROPOSED "ENERGY CONSERVATION ACT OF 1975"

I. INTRODUCTION

The purpose of this memorandum is to document the analysis of the financial aspects of the bill introduced into the Senate by Senator Mathias and entitled "Energy Conservation Act of 1975." The version of the bill analyzed was received on March 3, 1975 from Mr. Stuart Janney, Jr. of Senator Mathias' staff.

The bill consists essentially of three parts:

(1) Tax credits and deductions for energy-conserving home improvements.

(2) Tax on gasoline purchases and a tax credit.

(3) Tax and tax credit on new automobile purchases based upon the fuel consumption of the automobile.

The analysis presented in this memorandum is limited to items 2 and 3. These aspects of the bill are covered in Sections II and III, respectively. General comments on the bill are covered in Section IV.

II. GASOLINE CONSERVATION TAX INCENTIVE

This portion of the "Energy Conservation Act" consists of two parts: A gasoline conservation tax and a gasoline tax credit. The gasoline tax is to go into effect on Jan. 1, 1976 at an initial rate of 15c/gallon and to increase by 5c/gallon each quarter (3 months) until 30c/gallon is reached. The gasoline tax credit entitles each taxpayer, regardless of whether he is a driver, to a tax credit of up to $158.00 in 1976 and $210.00 for each year thereafter.

The purpose of this section is to estimate the income and the money rebated from this portion of the bill.

A. Gasoline conservation tax

Based on data[2,3,4] for 1969 to 1973, the annual growth rate of passenger fuel consumption has been slightly greater than 5% per year. In 1974, the year of the Arab oil embargo, the price of gasoline rose approximately 20c/gal and the fuel consumption dropped by 2.6% from 1973. These values imply a price elasticity of about 0.13,* i.e., the percentage decrease in fuel consumed for a 1% increase in price. This value of the elasticity is, however, confounded by the simultaneous effect of a fuel shortage and an energy conservation campaign.

The present analysis assumes a continued 5% growth rate prior to the imposition of a gasoline tax implying no other price increase in gasoline nor any significant fuel shortages or other changes that may reduce fuel consumption. In effect, the economy is assumed to continue in the same manner as in the late '60's and early '70's. The price elasticities used to estimate the decreased consumption due to the gasoline tax are taken to be between 0.1 and 0.4 in the near term and between 0.4 and 0.8 in the long term. These values are based upon a recent survey[5] of the elasticities. These numbers reflect in the near term the relatively minor impact of the gas tax on the total vehicle miles driven by the vehicle fleet. However, in the long term, the gas tax can be expected to influence the consumer's decision on the kind of automobile to be purchased with the expectation that the trend will be toward autos having better fuel economy.

Table 1 shows the projected fuel consumption with and without the gas tax, the range of values in column 4 reflecting the range of elasticities. The final column estimates the tax revenue based upon the tax rate of Ref. 1. The base price of gasoline was taken as 50c/gal.

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*Assuming an unperturbed growth rate of 5%, the decrease in fuel consumption would be 7.6%. The gas price was assumed to increase by 20c from a base of 35c/gal.

Additional footnotes at end of article.

TABLE I.—GASOLINE CONSERVATION TAX REVENUE

Year	Gasoline consumption projections [1] (billion gallons)	Gasoline demand elasticity	Gasoline consumption projections [2] (billion gallons)	Tax revenue (billions of dollars)
1969	62.3			
1970	65.7			
1971	69.2			
1972	73.5			
1973	77.6			
1974	75.6			
1975	79.4			
1976	83.4	0.1-0.4	79.7-68.5	17.9-15.2
1977	87.5	0.1-0.4	82.3-66.5	24.7-20.0
1978	91.9	0.2-0.5	80.9-64.3	24.3-19.3
1979	96.5	0.4-0.8	73.3-50.2	22.0-15.1
1980	101.3	0.4-0.8	77.0-52.7	23.1-15.8

[1] The 1974 figure is preliminary based on information received from Mr. Page. Values beyond 1974 are based on an annual growth rate of 5 percent per year.

[2] This is the projected fuel use reflecting the consumer response to pricing as dictated by the assumed variations in elasticities.

The table indicates an effective decrease in annual gasoline consumption in 1980 from 101.3 billion gallons to some value between 53 and 77 billion gallons dependent upon the achievable elasticity. This implies a savings of from 1.6 to 3 million barrels of crude oil per day. Based upon 1975 fuel consumption, the saving could be as high as 1.7 million barrels of crude oil per day.

B. Gasoline tax credit

The Energy Conservation Act proposes that, in 1976, each taxpayer who files a return receive a tax credit computed from the formula:

$$\text{Tax credit} = \$150 \left\{1 - \frac{\text{Adjusted Gross Income} - 10{,}000}{40{,}000}\right\}$$

The tax credit is given to each person that files an income tax return except a married individual filing a separate return for which case the tax credits will be reduced by ½. For years after 1976, the coefficient ($158) is changed to $210. In effect, the tax credit is rebating to the low income individual the tax imposed upon the first 700 gallons of gasoline purchased.

The total tax credit returned to the taxpayers can be estimated using the distribution by adjusted gross income of the number of returns filed in 1972* (Table II).

TABLE II.—1972 ADJUSTED GROSS INCOME DISTRIBUTION

1972 adjusted gross income	Number returns (1972) (thousands)	Average income
Less than $1,000	18	
$1,000 to $1,999	153	
$2,000 to $2,999	3,036	
$3,000 to $4,999	8,014	$4,000
$5,000 to $9,999	20,347	7,500
$10,000 to $14,999	15,311	12,500
$15,000 to $24,999	10,851	20,000
$25,000 to $49,999	2,596	37,500
$50,000 to $99,999	481	
$100,000 to $499,999	110	
$500,000 to $999,999	3	
More than $1,000,000	1	
Taxable returns	60,921	
Nontaxable returns	16,754	
Totals	77,675	

In that year, there were a total of 60.0 million taxable returns and 16.8 million nontaxable returns. Since all persons filing returns are eligible for the rebate we have assumed that the non-taxable returns would be eligible for the full tax credit. It is possible that with the tax credit incentive there may be a substantial rise in the number of non-taxable returns. In projecting the total money rebated for 1976 and beyond we have assumed the same distribution as in 1972, but have increased the number of returns by 2% per annum** and have adjusted the average income level by a 5% inflation rise. The results of these projections, based on the data in Table II, are shown below. Also shown are the estimated range of tax revenues taken from Table I.

COMPARISONS OF GASOLINE TAX CREDITS AND REVENUES

Year	Gasoline tax revenue (billions)	Gasoline tax credits (billions)
1976	$15.2-17.9	$11.8
1977	20.0-24.7	15.8
1978	19.3-24.3	15.9
1979	15.1-22.0	16.0
1980	15.8-23.1	16.1

III. AUTOMOBILE ENERGY CONSERVATION

This section of the proposed "Energy Conservation Act" proposes that the Federal Government grant a payment to individuals who purchase a new automobile; the amount of the payment being based on the fuel economy of the car according to the schedule shown in Table III. For the first year, 1975, the payment begins at $100.00 for automobiles that attain 17 to 18 mpg and increases by $25.00 for each additional mpg to a maximum of $675.00 for more than 40 mpg. In each subsequent year, 1976 and 1977, the schedule of payments is revised by a 2 mpg increment. In the fourth year, 1978, a combined tax and rebate schedule becomes effective.

Figure 1 shows the EPA measured 'average' mpg for 1975 automobiles.[6] An 'average' value is difficult to define; however, EPA is currently employing an average value that consists of weighing the city and highway mpg measurements by 55% and 45% respectively. Referring to Fig. 1, it is noted that there is a small proportion (42 out of 209 or about 20%) of the American models that attain over 17 mpg. For the imported cars, about 86% of the models (32 out of 37) attain over 17 mpg.

TABLE III.—NEW CAR REBATE AND TAX SCHEDULES IN BILL

Miles per gallon	1975	1976	1977	1978
Less than 10	0	0	0	−1,000
11 to 12	0	0	0	−900
13 to 14	0	0	0	−800
15 to 16	0	0	0	−700
17 to 18	100	0	0	−600
19 to 20	150	100	0	−500
21 to 22	200	150	100	−400
23 to 24	250	200	150	−300
25 to 26	300	250	200	−200
27 to 28	350	300	250	−100
29 to 30	400	350	300	0
31 to 32	450	400	350	25
33 to 34	500	450	400	75
35 to 36	550	500	450	125
37 to 38	600	550	500	175
39 to 40	650	600	550	225

Notes: (1) Negative sign is a tax; (2) only every other mile-per-gallon increment is listed.

In order to estimate the total dollars rebated we have used 1973 sales figures[7] with 1974 fuel economies.[6] Sales of "subcompacts" in 1973 accounted for 25% of the market.[8] The fuel economy values for 1974 were based upon "city" cycle values. To obtain "average" values, the "city" fuel economy was increased by 2 mpg. The rebates for American and imported cars are given in Tables IV and V, respectively. Based on the 1973 American car sales (9.66 million units produced) and imports (1.72 million units imported), about 12% of the American cars and about 62% of the imported cars would be rebated. This represents a total rebate of about 20% of the total sales. In absolute values, the total rebate amounts to about $0.6 billion, equally divided between American and imported cars.

Comparing this new car rebate value, $0.6 billion, to the gasoline tax and credit values in Table below, it is concluded that for 1975 there is a comfortable reserve in the automobile-related portion of the "Energy Conservation Act." Arbitrarily doubling the new car rebate for the 1976 and 1977 years giving values of $1.2 and $2.4* billion, respectively, still allows for a comfortable reserve. No attempt has been made to assess the effect of the tax-rebate schedule to be implemented in 1978.

COMPARISONS OF GASOLINE TAX CREDITS AND REVENUES

[In millions of dollars]

Year	Gasoline tax revenue	Gasoline tax credits	New car rebates	Surplus
1976	15.2-17.9	11.8	0.6	2.8→5.5
1977	20.0-24.7	15.8	1.2	3.0→7.7
1978	19.3-24.3	15.9	2.4	1.0→6.0
1979	15.1-22.0	16.0		−.9→6.0
1980	15.8-23.1	16.1		−.3→7.0

TABLE IV.—AMERICAN CAR REBATES (1973)

	Rebate per car	Miles per gallon	Units sold	Total rebates (millions)
Chevrolet Vega Hatchback	$325	26–28	325,000	$105.6
Ford Pinto	275	24–26	340,000	93.5
Dodge Colt	275	24–26	39,000	10.7
Ford Mustang	225	22–23	135,000	30.4
Chevrolet Vega Kammback	225	22–23	104,000	23.4
Lincoln-Mercury Comet	$200	21–22	95,000	19.0
Lincoln-Mercury Capri	200	21–22	114,000	22.8
Total			1,152,000	305.4
Total production			9,660,000	

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*These are the most current data available as verified by a telephone conversation with the U.S. Internal Revenue Service, March 4, 1975.

**A telephone conversation with Mr. J. Backsin in the Statistical Branch of the IRS yielded the information that 79.0 million returns were filed in 1973, the latest year for which this figure is available.

Additional footnotes at end of article.

*A $2.4 billion rebate for a sales fleet of 8 million automobiles would allow a $300.00 rebate per car implying that the "average" car sold in 1977 attains 29–30 mpg (see Table IV).

TABLE V.—IMPORTED CAR REBATES (1973)

Make	Rebate per car	Miles per gallon	Number units	Total rebate (millions)
Honda	$450	31–32	39,000	$17.6
VW 412	425	30–31	30,000	12.8
Toyota Corolla	400	29–30	117,000	46.8
Datsun B-210, VW Dasher	325	26–27	385,000	125.1
Triumph Spitfire	300	25–26	21,000	6.3
Sabaru, BMW, MG, Renault, Audi	275	24–25	99,500	27.4
Saab	200	23–24	2,400	.6
Datsun 610, Fiat 124, Mazda	$225	22–23	109,000	24.5
Opel, VW, Saab, Toyota, Porsche	200	21–22	118,600	23.7
Toyota Corona, Volvo 145	175	20–21	78,000	13.7
Renault, Porsche, Volvo 142, Fiat 128, Peugeot, Volvo 144	150	19–20	71,200	10.7
Total			1,071,000	309.2
Total import			1,720,000	

IV. GENERAL COMMENTS

(1) The one mile per gallon increment may be too small. A DOT study in addressing the question of measuring mpg concluded that current test procedures are accurate to ±2% to ±4%. At 20 mpg the uncertainty could be ±0.8 mpg and at 40 mpg the uncertainty could be ±1.6 mpg.

(2) The new car rebate scheme for the first 3 years results in a highly favorable situation for the import car market with a possible adverse impact on the balance of payments. Some thought should be given to lowering the rebate base in the first year to reduce criticisms on this point.

(3) The bill may have the effect of accelerating the scrappage rate of used cars. Consider the purchase of a new car in 1979. Given the choice of buying a used 1975 auto and a new 1979 auto with 40 mpg fuel economy we find:

	Assumed cost	Miles per gallon	Rebate	Monthly— Financing [1]	Fuel costs	Gas rebate [2]	Total cost	Down payment
Used	$1,500	15	0	$42	$44	$17.50	$69	$375
New	3,600	40	$250	77	17	17.50	76	540

[1] Used car financing: 25 percent down, 30 months at 9 percent; new car financing: 15 percent down, 42 months at 8 percent with rebate subtracted from amount financed.

[2] Assumes 10,000 miles per year driving.

The total monthly costs to the purchaser are almost identical. This situation may result in accelerating the scrappage rates of used cars that get poor fuel economy.

(4) Some consideration should be given to revising the tax and rebate schedules shown in Table IV for the following reasons:

(a) For cars obtaining between 20 and 30 mpg, there is about a $400 shift in the price between 1977 and 1978 due to the replacement of the rebate with a tax. Perhaps the tax schedule should be revised to reduce the tax level on autos obtaining more than 20 mpg and increase the tax on cars having fuel economies of less than 15 mpg.

(b) Due to uncertainty regarding pollution and safety legislation, it is difficult to predict the limits on the attainable fuel economy in the late '70's. This factor, as well as the ones discussed above, suggest that there should be a range of fuel economies, say from 25 to 30 mpg, in which there are no taxes or rebates. Such a procedure could provide a target for auto manufacturers and not penalize the consumer because of safety and pollution requirements.

(5) A definitive decision concerning safety and emission standards should be made so that manufacturers are not faced with legislative uncertainties in areas that strongly affect fuel economy.

(6) The automobile related portions of the bill appear to be self-supporting for the first two or three years. Should the bill be even more effective than our estimates, e.g., the elasticities are greater, the self-supporting feature may still be accomplished by reducing the gasoline tax credit.

FOOTNOTES

[1] *Energy Conservation, Oct. of 1975,* Draft Copy received from S. S. Janney, Jr. on March 3, 1975.

[2] U.S. Bureau of Census, *Statistical Abstract of the United States: 1974,* 95th ed., Washington, D.C., 1974.

[3] *Highway Selected Statistics, 1973,* U.S. Department of Transportation, Federal Highway Administration, 1974.

[4] Personal communication with Mr. Walton Johnson Page, U.S. Department of Transportation and Federal Highway Administration, Program Management Division, Planning Service Branch, March 5, 1975.

[5] APL/JHU report in publication, 1974.

[6] *1975 Gas Mileage Guide for New Car Buyers,* U.S. Environmental Protection Agency, Washington, D.C., 1975.

[7] *Wards Automotive Yearbook, 1974,* 36th ed., Wards Communication, Inc., Detroit, Mich., 1974.

[8] *Potential for Motor Vehicle Fuel Economy Improvement,* Report to the Congress, U.S. Department of Transportation and the U.S. Environmental Protection Agency, Oct. 24, 1974.

PROBLEMS OF THE SOCIAL SECURITY SYSTEM

Mr. RIBICOFF. Mr. President, recently a series of articles appeared in the Miami Herald which deals with the problems involved in the administration of our social security system.

Reporter Andy Rosenblatt has done a most commendable job in analyzing the problems of the system. The Social Security Administration's efficiency is of the utmost importance to those who must depend on it for their very existence. The civil servants who work at SSA are as dedicated a group of public servants as can be found in Government. But they, too, are burdened with caseloads which are too heavy, regulations which are too complex.

As a member of the newly created Senate Finance Subcommittee on Social Security, I believe we must investigate the problems that our social security system faces. The committee is already undertaking a study of the supplemental security income—SSI—program.

I commend to my colleagues the Miami Herald series of articles and ask unanimous consent that they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD,

ONCE EFFICIENT SYSTEM BOGGING DOWN

(By Andy Rosenblatt)

The symptoms are everywhere. America's Social Security Administration is suffering from advancing age.

Although the vast, sophisticated bureaucracy that pumps lifeblood to 31 million poor and elderly people is not yet 40, a serious case of hardening arteries already has set in and slowed the flow of sorely needed benefits.

The high-speed, computerized information system linking local Social Security offices with the agency's national headquarters in Baltimore has memory lapses as it frequently becomes overloaded and breaks down.

There are some signs. Lines at Social Security offices around the country are long and getting longer. So long that retired carpenter William P. Gray, 75, recently spent four hours sitting in the Coral Gables office and never saw a government worker. Gray finally walked out, emotionally exhausted and physically sick.

If Gray had not gone to the office, it still would have taken him anywhere from three minutes to an hour to get a Social Security worker on the phone.

Service is not what it used to be, Social Security officials concede. Because of administrative problems, lack of staff and new responsibilities, it often takes the system six weeks to process an ordinary retirement claim that was once handled in less than a month. Disability claims that used to be handled in three months now take twice that long, and disability appeals are backlogged a full year.

These delays and the resulting human frustration have produced enough complaints from Florida's 1.5 million Social Security recipients (more than a half million in Dade, Broward and Palm Beach) to prompt a government study of the bureacucracy's operation throughout the state The study is currently underway

For some people, the current mishmash of computer foul-ups, longer waits and red tape has merely been a matter of inconvenience. For Gray, it has meant moving in with relatives and drawing funds from Dade County Welfare.,

Others, like Robert McConnell of Miami say they are threatening their survival. McConnell, 65, a strapping, former broadcast engineer for radio station WWOK, never thought he would be dependent on Social Security . . . not until doctors were forced to amputate his disease-riddled left leg.

Today, Social Security benefits could make the difference for McConnell and his wife between struggling to pay monumental medical bills and living in modest comfort. A difference that is, if he were receiving the monthly checks Social Security officials admit he is entitled to.

"The medical bills," McConnell says, "exhausted every penny we had. Last year's taxes haven't been paid, the car payments are running behind, and we haven't had meat on the table since I don't know when. It hurts to admit all that."

McConnell first applied for disability and retirement benefits in January 1974. Immediately after, his left toe was removed because gangrene had set in. The disability request was denied. But McConnell began receiving retirement checks within two months.

It was a good thing he did. On March 27, doctors were forced to amputate McConnell's phlebitis-plagued left leg just below the knee.

As McConnell convalesced in a wheelchair, the problems of being old and sick developed. His Social Security checks stopped coming. They stopped coming because McConnell's second application for disability was approved, and government regulations require that retirement checks be discontinued when someone begins to draw disability.

In McConnell's case, the retirement checks stopped, but the disability checks never began. For the last eight months, Robert McConnell hasn't received a penny from his government. Just a run-around.

"Since July, my husband has contacted the Social Security office every month," Mrs. McConnell wrote in a letter to The Herald's Action Line. "Every month he was told that 'a tracer' would be sent out and it would be at least 28 days before he would hear anything. We are wondering how many '28 days' we will be kept waiting. . . . I am sick and tired of worrying about how I am going to pay our bills due to someone else's goof."

What happened to Robert McConnell's money? Social Security officials in North Miami Beach and Baltimore admit they don't know. Because it is a critical case, Social Security authorized the issuance of a special emergency check for McConnell two weeks ago. That check, like the others, has yet to arrive.

The dilemma facing McConnell and Gray isn't unique.

James W. Cardwell, the commissioner of the U.S. Social Security Administration, said in a Herald interview: "There are some signs that the quality of service as measured by lapse times and backlogs has diminished nationwide."

Sam Cohen, manager of the Social Security's Miami North district office, which is handling the McConnell case, and a man who has been with the system since its inception during Franklin Roosevelt's first term, speaks about the problem more succinctly: "Our service," says Cohen, "is not what it used to be, at a time when people are demanding more from their government than ever before."

Because of constituent complaints, U.S. Sen. Lawton Chiles and 10 of Florida's 14 congressmen requested in January that the General Accounting Office look into the matter.

"This situation," Chiles said, "has reached critical proportions in the administration of Social Security and Medicare-Medicaid programs. It is clear from the tremendous number of complaints I've received . . . that the administration of these programs needs a searching reevaluation and a great deal of improvement. Social Security claims take far too long to process. . . ."

Agents from the GAO's regional office in Atlanta currently are in Florida trying to determine the causes and cures for the congested situation.

The complaints reaching Florida congressmen and Social Security officials center on these areas: the non-receipt of checks, and delays in the processing of both Medicare and disability claims.

Social Security officials are hopeful that the establishment of a medicare claims processing center in Dade County by July will alleviate that problem. But, they are not optimistic about what can be done about disability delays and the missing checks.

Mrs. Sadye Rosenzweig knows what a problem it is, trying to get the government to replace a check. A widow, Mrs. Rosenzweig lives alone in a Miami Beach efficiency apartment. There are pictures of children and grandchildren on every wall. A tank of oxygen rests by her bedside.

For the past 10 months, Mrs. Rosenzweig has been waiting for her April 1974 check of $183.50. She has called and visited the Miami Beach Social Security office and has written letters to Philadelphia, Baltimore and Washington. The letters have not produced a check. Or even a reply.

"I'm disgusted," Mrs. Rosenzweig says. "It's bad enough I'm sick and have a heart condition. I don't need this."

Karl Saenger, manager of the Beach office, looked into Mrs. Rosenzweig's case at The Herald's request. "We blew this one," he concluded. "The check was erroneously withheld and I don't know why."

Mrs. Rosenzweig is one of approximately 300,000 persons nationwide who last year repoted that they did not receive one or more of their Social Security checks, according to Treasury Department figures. Government workers looked into each of the claims and found half of them to be justified, requiring the government to issue substitute checks.

Like other Social Security procedures, the replacement of a lost check involves numerous steps and government agencies. It is a procedure designed primarily to protect the government and not the individual Social Security recipients involved.

"Too often," said U.S. Sen. Abraham Ribicoff (D., Conn.), a former secretary of the Department of Health, Education, and Welfare, "government red tape and bureaucratic delay deprive citizens of the benefits due them. This works a special hardship on older Americans, (welfare) recipients and the disabled who depend largely on these payments for their income.

"Delays in getting their checks can mean more than inconvenience. Delays can mean going without food, defaulting on rent, utilities, medicine and other necessities."

Local Social Security officials say that a check often is lost because the recipient failed to report a change of address. They also insist that their system is highly efficient, pointing to the fact that less than 1 percent of all checks sent out are reported missing.

"Frankly, I'm surprised," Saenger says, "that there aren't more snafus given the tremendous volume of business we are dealing in."

To solve the problem of lost checks, Ribicoff, Chiles, Claiborne Pell (D., R.I.) and 19 other senators are sponsoring the Social Security Fairness Act of 1975. The act would compel the government to issue new checks within four days to any bona fide Social Security recipient who signs a statement that he or she did not receive a monthly check.

Chiles admits that chances of the bill passing are slim, partly because of the Social Security Administration's opposition.

"I don't think the bill is the right solution," says Cardwell, the man who oversees 80,000 employees and the distribution of Social Security benefits totaling more than $62 billion a year. "It could produce a run on the system. The right solution is to speed up the service."

Nathan Tatz is all for that. On the fourth day of every month, Tatz puts on a fresh shirt and a sour face and walks to the mailboxes of a Skylake condominium, preparing himself for the worst.

Tatz had to wait 15 months for his deceased wife's disability check. A retired lumber yard manager from New York, Tatz applied for the benefits in December 1973.

Because his records were lost somewhere between Tallahassee, Baltimore and New York City, Tatz did not get a notice that benefits had been approved until July 1974. That was not the end of the delay.

Tatz did not receive a check until last week. It contained a misspelled name. Banks have refused to cash the check because of the error and Social Security wants it returned.

Although Tatz is not desperately in need of the money, the long wait has been frustrating. So is the prospect that it will go on.

"Everytime I call the Social Security office, I have to bring up the name of my wife, Rose. Naturally, it's a mental thing. It bothers me. She's dead and I want to close the book, but as long as this keeps going on I can't."

The Social Security Administration generally is regarded as the most efficient of federal agencies. It spends less than 2 per cent of its annual budget on operating costs. Forbes Magazine last October called Social Security "the white hat bureaucracy."

So what happened? Why the delays? Government officials say there are several factors involved, the most prominent of which was the federal government's decision to assume responsibility for distributing funds to blind, disabled and poor persons previously drawing welfare checks from their individual states. That decision added four million people to the Social Security rolls in a relatively short period of time.

"The workload per employe," says Cohen, manager of the Miami North Social Security office, "has gotten much heavier (because of the job freeze) and a recession always makes things worse by increasing the number of claims."

Meanwhile, the filing of disability claims, which requires a time-consuming review, has doubled within the past three years. A temporary federal job freeze also has reduced local Social Security office staffs.

Despite all this, Social Security Commissioner Cardwell insists that progress is being made. A request for 11,500 additional workers recently has been approved by President Ford and awaits congressional action.

Cardwell also has organized a separate office within the agency to study ways of simplifying the nation's voluminous Social Security law and complicated administrative procedures. That effort is expected to take several years.

What happens until then? The answer probably is very little. The agency has shifted some workers to help reduce the backlog of disability claims, but that, Cardwell admits is a case of robbing Peter to pay Paul.

Recipients will have to endure their problems with patience. After all, as Ribicoff said, "The Social Security Administration is the most efficient bureaucracy in town. Which gives you some idea what it must be like to deal with the others."

How To Get Help Faster on Your Case

(By Andy Rosenblatt)

A Miami Beach man, just turned 65, recently decided to apply for his Social Security benefits while he and his wife were shopping along the Lincoln Road Mall.

The couple agreed to meet at Wolfie's restaurant an hour later for lunch. As things turned out, the husband barely made it to the restaurant in time for dinner.

Because the man chose to visit the Miami Beach Social Security office during the first week of the month he was forced to wait for two hours. If he had gone to the office the following week, he would have waited half that time. And, if he had visited the office at the end of the month, he would have had virtually no wait at all.

What's more, because the man didn't bring his birth certificate and other necessary documents with him, he had to return to the office again.

Although the man's experience was not unusual, it easily could have been avoided.

The Social Security system is a massive, complex maze of rules, regulations and procedures. It's easy to get lost in it. Here is a survival guide, suggestions on how to avoid long waits and unnecessary problems while having your Social Security claim processed in the shortest possible time:

File for benefits early. You don't have to wait until you have actually stopped work and retired before filling out a claim. This also applies to handicapped persons who may not be immediately eligible for disability benefits.

By filing early, you are giving Social Security time in which to get the necessary paperwork done so that benefits can start when you become legally eligible to receive them.

Don't visit a Social Security office without calling first. The visit may not be necessary, since government representatives can handle many claims and problems over the telephone.

If you are going to visit a Social Security office, you should still call and find out what documents should be brought with you. This can save return visits.

Unless your case is urgent, the best time to call or visit a Social Security office is at the end of the week and the end of the month. Long lines inevitably form on Mondays, during the first two weeks of the month and on the day after a holiday.

Deal with the Social Security office closest to your home and continue to deal exclusively with that office. There are 15 offices scattered throughout Dade, Broward and Palm Beach Counties.

Each of these offices can handle all types of claims and inquiries. By dealing with more than one office, you only run the risk of future confusion.

While visiting a Social Security office, get the name of the claims or service representative handling your case. When possible, ask to speak with that person if you must make contact with Social Security again. This will enable you to avoid repeating your case history again and again.

Notify your local Social Security office immediately of any changes of address. It is not sufficient to notify the post office alone. Social Security officials say many checks are not delivered on time because people fail to do this.

Save all communications received from Social Security. These communications may be important in cutting through red tape at a later date.

Because the Social Security system touches the lives of nine of every 10 Americans, it is inevitable that some problems and foulups will occur.

These are suggestions for dealing with problems that might affect you:

Most important, notify your local Social Security office of the problem as soon as possible.

If you are receiving Supplemental Security Income checks (the orange ones) and have not received them on time, contact your local Social Security office. A replacement check for up to $100 can be issued to you immediately if you are in desperate need.

If you have not received retirement, widows or survivors benefits (the blue-green checks) on time, you are expected to notify the local Social Security office after the check has been missing three days.

Persons who are in desperate need can request that their representative at the Social Security office handle the problem as a critical case. Representatives usually don't fill out critical case forms unless a check has been missing for at least two months. If you can't wait that long, ask to see a supervisor.

Social Security representatives have also been willing, on occasion, to call landlords on a recipient's behalf if he faces eviction because of a delayed check.

Representatives can also direct you to local social agencies which offer housing and food for the needy.

If you are not satisfied with the way your problem is being handled by Social Security, a call or letter directed to your congressmen is often of help.

Residents of South Dade, including South Miami Beach, can call Congressman Dante Fascell's office at 350-5301. Residents of central Dade County can call Congressman Claude Pepper's office at 350-5565, and residents of North Dade and South Broward can call Congressman William Lehman's office at 945-7518. Other Broward residents can call Congressman J. Herbert Burke's office at 522-3739.

Do not call the Social Security Administration's national or regional program centers. This may only delay the case further if they have to pull your folder out of processing.

Writing to these offices may also be a waste of time. Many persons who have sent letters to the regional or national offices of the Social Security Administration report that they never received a reply.

What Are Your Rights, Benefits Under Law?

(By Andy Rosenblatt)

How much do you know about your rights and responsibilities under our Social Security laws? Chances are, not much.

Did you know, for example, that a parent can sometimes collect benefits after the death of a child? Or that you may be required to deduct Social Security taxes from your maid's check even if she asks you not to?

Over $62.3 billion in Social Security benefits was distributed to about 31 million people last year. Knowing the answers to these and other questions could enable you to collect benefits you never realized you were entitled to.

The following questions and answers were compiled with the cooperation of Dade County Social Security district managers Sam Cohen of the Miami North office and Karl Saenger of the Miami Beach office.

Q—Who is entitled to receive Social Security benefits?

A—Retired workers over age 62 and severely disabled workers under 65 who have contributed to Social Security for a minimum of six to 40 quarters depending upon their age. A quarter is three months.

Spouses of retirement age and spouses with children under 18 who are married to retired, disabled or deceased workers also are entitled to benefits. So are the disabled children of retired, disabled or deceased workers if they were disabled before age 22.

Q—Can parents ever draw benefits when a child dies?

A—Yes, if the parents are age 62 or over and were financially dependent upon the child.

Q—What happens to the money we pay in Social Security taxes? How is it invested?

A—All the money paid for Social Security goes into special Social Security trust funds. These funds are strictly accounted for and kept separate from the general funds of the U.S. Treasury. Most of this money goes through the trust funds and is immediately used to pay current Social Security recipients.

The relatively small amount of income not immediately used for benefits is invested in government bonds and similar federal obligations that pay interest into the trust fund. About $54 billion is now invested this way.

Two cents of every dollar contributed to Social Security goes to meet operating expenses.

Q—What are the primary factors used to determine specific Social Security retirement payments?

A—Payments are based on the worker's average yearly earnings and age.

Q—When can a worker begin receiving retirement benefits?

A—Retired workers can begin drawing reduced benefits when they are 62 and full benefits at 65. When a worker applies for benefits before reaching age 65, his payments will be reduced five-ninths of 1 per cent for every month between the time he retires and his 65th birthday.

For example, a worker who retires at 62 will have his benefits reduced by 20 per cent.

Q—I am a widow who never worked before but have been drawing Social Security benefits on my husband's account. My husband just died. Can I get my late husband's check and widow's benefits at the same time?

A—No, only the larger of the two amounts.

Q—My husband died in the middle of the month. Am I entitled to his check for that month?

A—No. Social Security does not make payments for parts of the month so the check must be returned.

Q—Must I pay into Social Security for my maid when she insists that I do not take any tax out of her pay check?

A—Definitely. If the maid earns more than $50 in a quarter, you will be expected to deduct Social Security taxes from her check and also contribute the employer's share. If you do not deduct Social Security taxes from the maid's check, the Treasury Department can later require you to pay the amount yourself.

Q—Will the post office forward my Social Security check if I have moved?

A—The post office is authorized to forward only one check if you have notified it of your new address. However, Social Security officials say this is not always done. They advise people moving to immediately advise the local Social Security office of their new address. This can be done over the telephone.

Q—Where do my Social Security checks come from and where are my records stored?

A—The checks are printed by the Treasury Department in Philadelphia. Most of your Social Security records are filed in one of six regional program centers. The centers are in New York City, Philadelphia, Birmingham, Ala., Chicago, Kansas City and San Francisco. Disability records are kept on computer tapes at the Social Security Administration's national headquarters just outside Baltimore.

Q—I am a self-employed individual over 62. I earn about $20,000. I work 10 full months out of the year. Am I entitled to Social Security benefits for the two months I don't work?

A—Yes. The law provides that self-employed individuals may draw benefits for those months they don't work regardless of their overall earnings during the year.

Q—I lost my Social Security and Medicare cards. What should I do?

A—Immediately call the Social Security number listed in the telephone book and give your Social Security number and your health insurance claims number to the person who answers.

Q—Who can get Medicare?

A—Everyone who is 65 or older and who is entitled to receive monthly Social Security or railroad retirement benefits. Disabled persons who have been receiving disability benefits for two or more consecutive years are also eligible. Some persons over 65 who are not entitled to Social Security benefits may still be entitled to partial Medicare coverage.

Q—I have read that a new Medicare Claims Center will be opened in Dade County by July 1. Will this center have a public office and a public telephone number for Dade and Monroe County Medicare recipients?

A—Yes, there will be both. The center, local Social Security officials say, will speed up the processing of Medicare claims. However, the officials advise Medicare recipients to continue filing claims through their local Social Security offices.

Q—What happens when I report to the local Social Security office that my check is lost?

A—First, a claim form is filled out which you must sign. The form is then sent to the Treasury Department Regional Disbursing Center after it becomes obvious that the check was not simply delayed in the mail.

The Treasury Department first determines if your check was actually printed that month or if the post office returned it. If the check was printed and not returned, the Treasury Department sends the claim form on to its Division of Check Claims in Washington. The Check Claims Division checks with its Pennsylvania office to see if the check has been negotiated.

When Treasury determines that the check was not negotiated, it begins processing a new one. On the other hand, if the original check was negotiated, a photocopy of the check and a more detailed claim form is sent to you. If you still allege that the check was not received, a Secret Service investigation is begun. If the investigation uncovers forgery by a third part, a new check will be issued.

Q—Can I get an emergency check issued immediately if my regular check has been lost?

A—Not if you are receiving retirement, survivors, widows or disability benefits. There is a procedure for new checks to be issued immediately but it applies only to recipients of Supplemental Security Income benefits.

If you have not received a check on time and are in desperate need, the local Social Security office can handle your problem as a critical case to speed a new payment.

THE COMPUTER IGNORES A FACT OF HER LIFE

Maria C. Puig, 88, has been resurrected—again. A Miami resident since 1945, Mrs. Puig is one of a select group of people who for no apparent reason the government's computers declare dead.

Mrs. Puig was first informed of her demise in 1971. That's when Social Security workers called her daughter, Mrs. Carmine Bosque, with the bad news.

Mrs. Bosque said reports of her mother's death were not true. Social Security workers, however, refused to believe Mrs. Puig was among the living until she walked in their door.

That settled the matter until last November when Mrs. Puig again was declared dead. This time a telephone call was enough to bring Mrs. Puig back to life.

Mrs. Blenda Jenkins of Basalt, Idaho also was declared dead without explanation by Social Security last year. A widow, Mrs. Jenkins testified before a group of U.S. senators about her problem.

As Mrs. Jenkins approached the legislators, Sen. Frank Church recalled a quote by Mark Twain.

"The reports of my death have been greatly exaggerated."

1.5 MILLION IN FLORIDA GET $4 BILLION YEARLY

Social Security is a key part of Florida's economy and it is in trouble.

Approximately 1.5 million Floridans, or one of every six residents, draw Social Security benefits totaling $4 billion a year.

Getting those benefits, however, is not as easy as it used to be. Complaints about red tape and delays have prompted Senator Lawton Chiles and 10 of the state's 14 congressmen to request a General Accounting Office investigation. That study is currently under way.

"I am convinced," Chiles said last month in a speech before the Sarasota Council on Aging, "that red tape and indifference to the plight of the individual citizen has reached critical proportions in the administration of Social Security and Medicare-Medicaid. In Florida, perhaps more than any other state, a great many persons are dependent upon general Social Security benefits . . ."

Chiles, with 21 other senators, is sponsoring the Social Security Fairness Act in an effort to cut some of the delays.

If the act is passed, Social Security would be required to almost immediately issue a new check to any bona fide recipient who signs a statement that he or she did not receive the original check. The act also would set efficiency deadlines for the processing of disability appeals at Social Security offices.

The Social Security Administration opposes that bill, but it is taking some action of its own. A new Medicare Processing Center is due to be established in Dade County by July 1.—ANDY ROSENBLATT.

YOUR STATISTICS ON 10-SECOND CALL VIA SYSTEM'S HIGH-SPEED COMPUTERS

(By Andy Rosenblatt)

How much money have you earned in your lifetime? It might take you hours to figure that out.

A Social Security worker in Dade, Broward and Palm Beach counties can find out in the time it takes to turn on the television.

Besides your earnings, the Social Security worker also can find out where you live, who you live with and whether or not you own a car.

All this data and more can be transmitted from Social Security's national headquarters in Baltimore to six South Florida district offices in less than 10 seconds thanks to a high-speed computerized information system.

The system, called SSDARS, has linked Social Security district offices in South Florida with Baltimore since September of last year. While SSDARS is currently only used to transmit information about the recipients of Supplemental Security Income benefits, there are plans to expand the system's use.

And when another program now being planned is completed, Social Security checks will no longer be put in envelopes and mailed out. They will be delivered electronically to your bank.

"This," says Social Security Commissioner James W. Cardwell, "is the wave of the future."

SSDARS when expanded will eliminate the millions of folders stored in government warehouses around the country. That should make Roberta Dane, a North Dade widow very happy.

Mrs. Dane has had her wait for Social Security benefits extended because her folder is lost.

The error left Mrs. Dane with no choice but to file her application for widow's benefits again. That meant rewriting letters to obtain her marriage certificate, her birth certificate and the birth certificates of all the children.

The error delayed the benefits more than four months, too late to help with Christmas shopping. The plight of Mrs. Dane and her family was further complicated because Veterans Administration widow's payments could not be approved until Mrs. Dane's Social Security application was processed.

"I always thought," said Mrs. Dane, "that this sort of thing only happened to other people. It was a shock to find out I wouldn't have the money by Christmas. I didn't want to disappoint the children, not on the first Christmas after their father died. There must be a better way."

"We have no doubts," says Cardwell, "that a lot of streamlining and automation could be done. That's if one could figure out the puzzle of how to keep the system going with the left hand while making the necessary money to operate two systems at the same time."

NATIONAL COMMISSION FOR MANPOWER POLICY

Mr. JAVITS. Mr. President, one of the most constructive elements of the Comprehensive Employment and Training Act of 1973, in terms of the Nation's short-term directions and long-term objectives in regard to unemployment is the National Commission for Manpower Policy established under title V of that act.

The Commission, which is chaired by Eli Ginzberg, professor of economics at Columbia University—a distinguished authority on manpower programs—consists of 17 members including public officials, representatives of labor, industry, commerce, and education, persons served by manpower programs, and State and local officials who have responsibility for manpower programs.

The functions of the Commission include identification of manpower goals and needs of the Nation, examination and evaluation of the effectiveness of federally funded manpower programs, and related activities.

The Commission has transmitted to the Congress its first "Interim" report, dated February 28, 1975, entitled "The Challenge of Rising Unemployment" setting forth a number of preliminary conclusions and recommendations on the responsiveness of manpower and manpower-related programs to the very serious developing unemployment situation.

This report, coming only 3 to 4 months after the Commission was fully underway, is presented with a commendable awareness of purpose and a sense of urgency on the part of the Commission.

As noted in the report itself:

> In other circumstances, the Commission would have waited before submitting its first report. However, because of the unprecedented increase in unemployment between August and January when the national rate advanced from 5.4 to 8.2 or by more than 50 percent, the Commission considered it desirable to make a preliminary assessment of the manpower outlook for 1975 available at this time.

THE COMMISSION'S FINDINGS REGARDING THE UNEMPLOYMENT SITUATION

In a section entitled "The Specter of Unemployment," the Commission sets forth a number of alarming facts and findings regarding the current and prospective unemployment situation, including the following:

> Authorities have suggested that the unemployment rate may reach 9 percent or even higher at some point before the economy turns around.
>
> To the 7.5 million people out of work at the current 8.2 percent national rate, and the 8 million that would be unemployed at 9 percent, must be added several million additional persons who have stopped looking for work and are therefore no longer counted among the unemployed, those on part-time schedules, and those who work full time, but are unable to keep their families above the poverty level.
>
> Substantial unemployment among young people can be expected during the summer when large numbers of students enter the labor market.
>
> The record in the six months since August 1974 is "greatly disturbing". The number of

unemployed has increased by 2.7 million and there has been a "substantial shrinkage in the numbers of employed—about 1.6 million". "The Commission is particularly concerned because there is no clear sign that these trends will soon reverse or that recession growth will be soon restored to a sufficient level to reduce present unemployment and to provide employment opportunities for new entrants to the labor force."

"Averages hide almost as much as they disclose": The rate for black workers is close to double that for white workers, 13.4 percent for blacks as against 7.5 percent for whites; the rate for Vietnam war veterans between the ages of 20 and 24 is 19.7 percent compared to 11.6 percent for those in the same age group who did not serve in the military; the rate for all teenagers is almost 21 percent and the rate for minority teenagers is almost double that level; unemployment among construction workers is 15 percent with significantly higher rates in individual labor markets; and the unemployment rate in important industrial states such as Michigan, California, New Jersey, is significantly higher than the national average.

"A high level of unemployment inevitably leads to widespread human distress and . . . if it continues unabated it can threaten the vitality, even the survival of a community or a nation."

"At an 8 percent annual average unemployment rate [(the average predicted by the Administration)] as many as 20 million individuals may experience a period of unemployment at some time during the year and as many as 4.5 million of these may be out of work for at least six months or more."

The loss of a job involves more than the loss of earned income. It frequently results in the loss of valuable fringe benefits including medical insurance, pensions, and other retirement benefits.

THE COMMISSION'S ASSESSMENTS OF CURRENT EFFORTS

The Commission notes the important manpower and related legislation passed and signed into law in 1974:

The Emergency Jobs and Unemployment Assistance Act of 1974—which includes new provisions for public service employment, income support to previously ineligible workers; and special funds for public works projects; and

The Emergency Unemployment Compensation Act—providing for an additional 13 weeks of unemployment compensation to exhaustees.

In regard to these efforts, the Commission "took notice of the speed with which both the Congress and the administration responded to the rising unemployment and concluded that it foreshadows further constructive intervention if the situation worsens."

Assessing the responsiveness of these programs, the interim report makes "preliminary" findings and recommendations in four major areas:

First, with respect to public service employment programs under titles II and VI of the Comprehensive Employment and Training Act, the Commission concluded that "public service employment—PSE—has a role to play in any overall program of countercyclical measures, but that there are several constraints and limitations if it is to be relied upon to absorb a great portion of the unemployment during periods of high or sustained unemployment."

Among the Commission's "specific concerns" with PSE were the following:

Cost. However, the Commission "acknowledges that PSE provides a speedy mechanism for increasing the flow of income to the unemployed and providing desirable public services. Programs such as PSE in which 90 percent of the funds go for wages and benefits will be less inflationary than many alternatives—an important consideration at a time of inflationary pressures."

Delays by many localities in utilizing public service employment funds. However, "the Commission recognizes the difficulties that prime sponsors face in adding new people to their payrolls at the same time that they are laying off regular employees." Other factors cited by the Commission are the reluctance of some governmental units to absorb the unemployment insurance cost which may accrue to them when the PSE employees are later separated, civil service requirements and collective bargaining agreements.

"The Commission questions whether public works projects which result in more permanent social and economic benefits might not be better than PSE as a way to put the unemployed to work." However, the Commission recognizes "the difficulties engendered by startup and other time considerations and the relatively high unit cost of the jobs created through the more traditional public works approach" and then concludes that "some forms of public works activities—may be more responsive in the short run."

The report's assessment of job creation concludes with the statement that the Commission is "deeply sympathetic to the view of those who favor a much enlarged governmental program" and a pledge that the Commission will examine a number of "alternative employment-creating measures both in the public and private sectors."

Mr. President, these and other findings regarding public service employment job creation efforts deserve serious attention in connection with the expansion of the public employment program under title VI of the Comprehensive Employment and Training Act of 1973.

We expect national hearings early next month on S. 609, the "Emergency Public Service Employment Extension Act of 1975," which Senator WILLIAMS and I and 16 others introduced on February 7, to extend the authorization of appropriations under title VI for an additional fiscal year, 1976, with the objective of providing standby authority for an aggregate of 1 million public service jobs. During hearings on this measure, and executive session to follow, we will have an opportunity to examine and update these important findings by the Commission. Already very illuminating field hearings by the Senate Committee on Labor and Public Welfare, have been held in New York City on March 4, and in Buffalo on March 17.

Second, with respect to income maintenance programs, the Commission finds it is in "basic agreement" with proposals to broaden permanent unemployment insurance coverage to include currently excluded State and local employees and farm and household service workers; provide incentives and requirements so that improved benefit standards are achieved; revamp the extended benefit provisions so that the trigger mechanism now in the law will operate more effectively to provide benefits in times of above average unemployment; and reassess the financing of the unemployment insurance system, including the wage base against which the tax is levied. The Commission also expresses concern about the adequacy of reserves in the States' unemployment benefit accounts.

The special unemployment assistance program under the Emergency Jobs and Unemployment Assistance Act of 1974 represents an important forward step in meeting the challenges of rising unemployment. Importantly, the Commission, if early findings suggest that many are forces on to the welfare roles, believes that Congress should amend SUAP to extend the maximum benefit provided for an additional 13 weeks.

While recognizing the longer term reappraisal of welfare and welfare-related legislation, the Commission recommends that Congress require the States to accept AFDC families who are in need due to the unemployment of the father.

I commend the Commission for its evaluation of the need to extend and strengthen our unemployment compensation system. The amendment I sponsored to the tax reduction bill adopted by the Senate last week, providing up to 65 weeks of unemployment benefits, adds an important dimension to this system. Further emergency extensions will be required until the unemployment crisis recedes, and I will shortly introduce a resolution proposing a new Federal policy in this regard. As noted by the Commission, we must also be concerned with permanent changes in the UI system, as well as emergency extensions, and I urge the appropriate committees to consider seriously the Commission's recommendations in this regard.

Third, with respect to funding requirements, the Commission is "concerned" about adequacy of funds for public service employment and recommends that $1.6 billion be appropriated for public service employment under the $2.5 billion authorization for title VI of CETA for fiscal year 1975. This, together with the $800 million already appropriated, would constitute full utilization of that authority.

Since the preparation of the Commission's report, the administration has submitted to the Congress a revised budgetary request for the $1.6 billion; that amount has been appropriated by the House in H.R. 4481, now before the Senate Committee on Appropriations, and to be acted upon by the committee after the recess.

Fourth, noting the inadequacy of labor market and related information available for allocating funds, programing, and the general operation of manpower programs, the Commission believes that a "greatly expanded analytical and technical effort" is required. This should also be considered in hearings.

THE COMMISSION'S LONG-TERM RECOMMENDATIONS

In its final chapter, the report addresses "Long-Range Manpower Challenges and Opportunities," including the following:

"Serious structural problems" reflected in the "disturbingly high rate" among teenagers; chronic underemployment among the rural population, and among the residents of the inner cities; forced retirement of large numbers of men and women in the upper age groups; a steady increase of the number of individuals on welfare; the high unemployment rate of Vietnam veterans, and pockets of high unemployment.

The need to convert old plants to new uses including consideration of manpower impacts of a comprehensive energy program and the effect of a trade agreement.

Importantly the report notes that—

> The Commission realizes the importance of the Congressional charge that it serve as a forum for updating the Employment Act of 1946 and is committed to seek the counsel of knowledgeable and concerned representatives of business, labor, farm, minorities and to elicit an extended dialogue with economists and other social scientists in and out of government.

Thus, as the Congress intended, the Commission, although not chartered to achieve full employment itself, may make a very important contribution to that end.

S. 472, the "Full Employment and Job Development Act of 1975," which Senator Williams and I and 13 others introduced on January 29, would establish a Federal Full Employment Board as an independent agency in the executive branch having the charter of implementing a full employment policy for the Nation.

As that legislation is considered, the work and charter of the Commission will, of course, be important considerations.

In connection with the full employment goal, I am pleased to note that the Commission is studying a number of devices employed by innovative Western European countries, such as France, Germany, and Sweden. These include the following:

Government subsidies to private employers who hire the unemployed, or avoid severing employment relationships;

Forced saving of corporate profits in boom periods, which are then released to stimulate investment and expand employment in slack periods;

Concentration of governmental investments and purchases in periods of recession to expand employment;

Launching of large scale public works programs in periods of severe recession;

Mobility and other allowances to facilitate the reemployment of workers who have lost their jobs and who must relocate if they are to find other work;

The use of credit and other incentives—lower interest rates, loan guarantees, training allowances—to stimulate selected sectors of the economy that are acutely depressed such as residential construction in the United States at the present time;

Companies scheduling short time work rather than restoring to the layoffs with partial income compensation by the government as well as other individual layoff protections by law;

Reorganization of apprenticeship and other youth training schemes to provide broadened knowledge and skills to new entrants to the labor force; and

Expansion and restructuring of retraining programs with extensive involvement of unions and employers.

I am preparing legislation to provide for a testing of many of these new approaches to advance the "state of the art" in the tools available to implement a true full employment policy.

Mr. President, this is an excellent report representing a very dynamic start under the Commission's charter. I commend the Commission and its chairman, Dr. Eli Ginzberg. As ranking minority member of the Committee on Labor and Public Welfare, I pledge every attention to the Commission's findings in connection with oversight and consideration of new measures to deal with unemployment.

Mr. President, so that Members will have the opportunity to study the report in all of its aspects, I ask unanimous consent that a copy of the Commission's report, together with a copy of an editorial regarding the report, which appeared in the New York Times on March 18, 1975, be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

An Interim Report to the Congress of the National Commission for Manpower Policy—The Challenge of Rising Unemployment

MEMBERS OF THE NATIONAL COMMISSION FOR MANPOWER POLICY*

Eli Ginzberg, Chairman; A. Barton Hepburn Professor of Economics and Director, Conservation of Human Resources, Columbia University, New York.

James R. Schlesinger, Secretary of Defense.

Earl L. Butz, Secretary of Agriculture.

Frederick B. Dent, Secretary of Commerce.

Peter J. Brennan, Secretary of Labor.

Caspar W. Weinberger, Secretary of Health, Education, and Welfare.

Richard L. Roudebush, Administrator of Veterans' Affairs, Veterans' Administration.

Roudoph A. Cervantes, President, Rudy Cervantes Neckwear, Inc., Los Angeles, California.

Dorothy Ford, Manager, Personnel and Employee Development, Southern California Edison, Rosemead, California.

John V. N. Klein, County Executive, Suffolk County, New York.

Juanita Kreps, Vice-President and Professor of Economics, Duke University, Durham, North Carolina.

John H. Lyons, General President, International Association of Bridge, Structural, and Ornamental Iron Workers, Washington, D.C.

William G. Milliken, Governor of the State of Michigan, Lansing, Michigan.

John W. Porter, Superintendent of Public Instruction for the State of Michigan, Lansing, Michigan.

Milton L. Rock, Managing Partner of Hay Associates, Philadelphia, Pennsylvania.

Leon H. Sullivan, Pastor of Zion Baptist Church, Philadelphia, Pennsylvania.

Robert T. Hall, Director.

National Commission for
Manpower Policy,
Washington, D.C., February 28, 1975.

To the Congress of the United States:

This first interim report of the National Commission for Manpower Policy is submitted pursuant to Title V of the Comprehensive Employment and Training Act of 1973 (PL 93–203). The public members of the Commission were appointed by the President at the end of September 1974 and the Commission's organizational meeting was held in November. The scope and contents of this report were reviewed and approved at the Commission's second meeting on January 22, 1975.

The report includes preliminary plans made pursuant to our statutory charge and our instructions from the President to address the long-range manpower and employment issues involved in developing a comprehensive national manpower policy.

The Commission, however, came into existence at the time when unemployment was rapidly rising and showed no clear signs of abating. The Commission, therefore, felt compelled to also focus on the present challenge of rising unemployment. Although the Commission had only been in operation for about three months by the time of its January meeting, it was able to arrive at several preliminary conclusions and recommendations on the responsiveness of manpower and manpower-related programs to the developing unemployment situation.

The immediate issues addressed were:

Use of job creation in times of high unemployment—page 10;

Improving the unemployment insurance system—page 13;

Extension of the Special Unemployment Assistance Program up to 39 weeks—page 14;

Expanding coverage of Aid to Families with Dependent Children: Unemployed Fathers (AFDC-UF)—page 15;

Increased funding requirements for manpower programs—page 15; and

Additional support for local labor market information and analysis actiivties—page 16.

On behalf of the members of the Commission, I take pleasure in forwarding this report to Congress and express the commitment of all the members to do their best to assist in solving the immediate and long-range manpower problems—and opportunities—that face the Nation.

Eli Ginzberg,
Chairman.

I. THE COMMISSION'S TASK

Background

The first interim report to the Congress is an outgrowth of the Commission's preliminary work over its first three months. Although the Comprehensive Employment and Training Act (CETA) was signed into law on December 28, 1973, the public members of the Commission were not appointed until September 30, 1974 and the first meeting was held on November 14, 1974. The second meeting of the Commission was held on January 22, 1975 at which time the scope and content of this report were reviewed and approved. Therefore, the first report covers little more than the initial few months of the Commission's work. It should also be noted that the January deliberations of the Commission were held prior to the release of the January employment statistics and the estimates on the employment outlook contained in the President's Budget.

In other circumstances the Commission would have waited before submitting its first report. However, because of the unprecedented increase in unemployment between August and January when the national rate advanced from 5.4 to 8.2 or by more than 50 percent, the Commission considered it desirable to make a preliminary assessment of the manpower outlook for 1975 available at this time. The Commission will monitor the situation in the months ahead and submit new recommendations as events indicate.

The Commission is unique in several respects. Its seventeen members include the heads of federal agencies: The Secretaries of Defense, Agriculture, Commerce, Labor, Health, Education, and Welfare, and the Administrator of Veterans Affairs; and 11 public members appointed by the President from among representatives of industry, labor, commerce, and education; persons who are served by manpower programs; and elected officials who have responsibility for operating such programs. In appointing a governor, a mayor, and a county executive to the Commission, the President emphasized the importance of assessing manpower programs at all three levels of government—federal, state and local.

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*The appointment of a mayor to the Commission is currently being processed.

Established as a permanent statutory body with a director and an independent staff, the Commission has a broad charge that includes advising Congress how to strengthen national manpower policy and programs; how to improve coordination among the many federal manpower and manpower-related programs, including welfare, vocational education, vocational rehabilitation; whether recent efforts to decentralize responsibility for the operation of manpower programs to the states and localities are succeeding, including the extent to which community needs are met; and how the Nation's effort to reduce dependence on foreign energy sources will affect employment and manpower.

The Commission has statutory responsibilities to report to the Congress and is authorized to report to the President and to the heads of the federal agencies whenever it has findings and recommendations relevant to their respective jurisdictions. Because the Commission is composed of both federal officials and public members and has multiple reporting responsibilities, the Commission concluded that its reports will reflect broad concensus but not necessarily unanimity; that the members will be free to note when they do not participate in a particular recommendation; and that every member has the right to append a note when he or she desires to clarify his or her views.

The structure, charge, and membership of the Commission emphasize the Congress' view that only a broad body which represents all levels of government and includes members from other sectors would be in a position to address the larger aspects of manpower policy and programming which transcend the interests and concerns of any single federal agency. The Commission will seek to be responsive to this challenge.

Statutory charge

In establishing the National Commission for Manpower Policy, Congress charged it with the following specific responsibilities:

To identify the manpower goals and needs of the Nation;

To assess the extent to which employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity and other programs represent a consistent integrated, coordinated approach to meeting such needs and achieving such goals;

To conduct a study of the utilization of programs of manpower training and their interrelation with associated programs, such as those conducted under the Wagner-Peyser Act with an aim of determining how they could be better coordinated and more effectively combined to serve individuals; and,

To make studies of the impact of energy shortages upon manpower needs; and to make the findings and recommendations available to the Congress.

To better inform themselves of the legislative history and congressional intent, the Commission's Chairman and Director met early with various members of the House and Senate active on the labor committees and with the principal staffs of these committees. These discussions indicated the importance that Congress attaches to three complementary objectives: recommendations from the Commission with respect to the development of a coherent national manpower policy; advice on pressing current issues; and methods whereby the many federal manpower programs can be more effectively coordinated. The Chairman and Director also held exploratory discussions with each of the federal representatives on the Commission to elicit their priority substantive concerns and to explore how each agency could most effectively contribute to the work of the Commission.

The President's views

At its meeting on January 22, 1975, the Commission met with President Ford. The President expressed concern about the present unemployment situation and said he would welcome the Commission's advice on the Nation's manpower problems and policies. He also indicated three policy areas of special interest to his Administration:

The relationship between manpower, employment, and economic policies with special attention to the energy issue;

The need for the coordinated and integrated operation of CETA programs at all levels of government and with the concerned communities; and

The transition of young people from school to the world of work.

The Chairman reported to the President that through the courtesy of the Chairman of the Federal Reserve Board he had had an opportunity to meet the senior economic advisors of the Administration and that the Commission looks forward to a continuing interchange with them as part of its efforts to dovetail manpower and economic policy. The Chairman also informed the President that the Commission was seeking foundation support in accordance with the Commission's statutory authority and that one foundation had expressed a strong initial interest in the transition of young people from school to work.

The Commission's approach and work plan

Informed by its statutory charge and the priority considerations emphasized by the President, the Commission has structured its initial work program to include:

Close and continuing surveillance of the serious unemployment situation with a view to recommending required policy and program initiatives;

Explorations of ways to improve articulation of manpower and economic policies, including recommendations involving the updating of the Employment Act of 1946;

A study directed to the improved coordination of CETA with other manpower related programs;

A review of the problems and issues involved in the transition from school to work;

An improved articulation of manpower and welfare, income maintenance and related programs; and,

An assessment of the impact of emerging energy policies on employment and manpower.

The Commission sees as its primary task the assessment of conditions that interfere with the full development and use of the Nation's human resources and the recommendation of policies which would contribute to assuring all Americans who want to work the opportunity to do so. The Commission recognizes that through its fiscal and budget policies, the federal government plays a major role in determining the general level of output and employment. However the Commission believes that, in addition to macro-economic policy, manpower and manpower-related policies can contribute to the accomplishment of important individual and national goals.

Although the actions of the federal government have a substantial impact on the functioning of the economy, ours is a pluralistic society with considerable initiative deriving from the private and nonprofit sectors, particularly business, trade unions, community groups, universities, professional and trade associations. The Commission, therefore, expects to proffer recommendations about how federal policy can be developed so that it provides maximum opportunity for these sectors to contribute to the accomplishments of important national objectives. In a democracy such as ours, the national government cannot determine on its own either the goals of manpower policy or their implementation. At most, the national government can play a leadership role in eliciting the cooperation of other levels of government and the principal nongovernmental groups in clarifying the priority goals and working with them to accomplish them.

At its organization meeting the Commission decided to organize itself into the following four Working Groups:

I. Coordination of Manpower Training and Associated Programs;

II. Income Maintenance and Welfare;

III. Economic Policy and Jobs; and,

IV. Manpower Resources and Requirements.

Members of the Commission, both federal and public, serve on one or more of these Working Groups which are supported by the staff of the Commission and by outside consultants. Since the Commission has the right to hold hearings, it plans to use this mechanism, where appropriate, to elicit informed opinion about critical issues. It is the responsibility of each Working Group to clarify the key issues involved in the agenda assigned to it and to formulate alternative recommendations for the Commission's consideration. Although the Commission plans to meet only three or four times a year, the Working Groups meet regularly and the staff works full time. Through circulation of draft reports, all members of the Commission are kept informed of the work of each of the Working Groups. The recommendations of the Working Groups are submitted to the full Commission for review and action.

OUTLINE OF THIS REPORT

When the Commission first met in mid-November, it recognized the likelihood that the unemployment situation would worsen and that Congress would respond either in the closing weeks of the session or shortly after the 94th Congress was organized. Accordingly, the Commission decided that it would focus its initial report on the manpower challenges of 1975. We further decided to include in this report a brief overview of some of the long-run issues to which we plan to direct attention. This report reflects these early decisions. Its primary aim is to assess the extent to which the preexisting federal manpower and manpower-related programs and those enacted in December 1974 provide the Nation with a structure capable of responding to the manpower challenge of 1975, to identify potential weaknesses in that structure, and to seek their removal. The second part of the report speaks to some of the long-run critical manpower issues that the Commission plans to address in formulating recommendations aimed at the development of a cohesive national manpower policy.

II. MANPOWER CHALLENGES OF 1975

The specter of unemployment

The Commission's deliberations at its January meeting were held against a backdrop of one of the sharpest increases in the unemployment rate in the Nation's history. The fact that almost one million individuals had filed for unemployment compensation in the second week of January foreshadowed the further rise in the unemployment rate for the month. The rate for January reached 8.2 percent, a full one percent increase over December and more than a 50 percent increase over August's rate. The unemployment projections contained in the President's Budget (which were released in the first week of February) argue against an early improvement in the unemployment situation. The unemployment rate for 1975 is projected to avearge 8.1 percent. The forecast through 1978 point to a continuing high rate of about 7 percent. Some authorities have suggested that the unemployment rate may reach 9 percent or even higher at some point before the economy turns around.

At the current 8.2 percent unemployment rate, 7.5 million people are out of work; at 9 percent more than 8 million would be unemployed. To these millions must be added several million additional persons who have stopped looking for work and are therefore no longer counted among the unemployed; those who want to work full-time but are on part-time schedules; and those who work full-time but are unable to keep their families above the poverty level. Another concern will be the unemployment among young people during the summer when large numbers of students enter the labor market.

Even when the unemployment rate is reported at 8.2 percent, almost 92 percent of all those in the labor force have jobs. Moreover, since the end of World War II, the record of the American economy in job creation has been impressive. The growth in employment between 1947 and 1974 was about 29 million, from 57 to 86 million, or an increase of a little over one half. Despite the phenomenal expansion in jobs, the still larger number of job seekers kept unemployment at relatively high levels throughout most of this period.

But the record in the six months since August 1974 is greatly disturbing. The number of unemployed has increased by 2.7 million with many of those newly unemployed heads of households. In addition, there has been substantial shrinkage in the numbers employed—about 1.6 million. The Commission is particularly concerned because there is no clear sign that these trends will soon reverse or that economic growth will be soon restored to a sufficient level to reduce present unemployment and to provide employment opportunities for new entrants to the labor force.

Averages hide almost as much as they disclose. For instance, the data cited above do not reveal the impact of the current recession on young people from low income families, older persons and members of minority groups who face severe handicaps in obtaining employment even in good times and whose difficulties become overwhelming when employers curtail hiring. Indeed the current rise in unemployment may well undermine the employment progress of women and minorities made under affirmative action plans and related equal opportunity efforts. The following examples point up the extent of the January unemployment among particular groups and areas.

The rate for black workers is close to double that for white workers, 13.4 percent for blacks as against 7.5 for whites;

The rate for Vietnam war veterans between the ages of 20 and 24 is 19.7 percent compared to 11.6 percent for those in the same age group who did not serve in the military;

The rate for all teenagers is almost 21 percent and the rate for minority teenagers is almost double that level;

Unemployment among construction workers is 15 percent with significantly higher rates in individual labor markets; and,

The unemployment rate in important industrial states such as Michigan, California, New Jersey, is significantly higher than the national average.

While there is no need to belabor the fact that a high level of unemployment inevitably leads to widespread human distress and that if it continues unabated it can threaten the vitality, even the survival, of a community or a nation, one more observation may help to convey the seriousness of its impact. At an 8 percent annual average unemployment rate possibly up to some 20 million individuals may experience a period of unemployment at some time during the year and that perhaps as many as 4½ million of these may be out of work for at least 6 months or more.

The loss of a job involves more than the loss of earned income. It frequently results in the loss of valuable fringe benefits including medical insurance, pensions and other retirement benefits. It can lead to the loss of savings, even homes, if the unemployed are unable to keep up mortgage payments. Additional hardships often ensue: a severe loss of self-esteem, family disorganization, and disturbed or criminal behavior. The human and societal costs of substantial prolonged unemployment are high.

It is fortunate, in the Commission's view, that the American people are no longer willing to permit their government to do little to stem the ravages that unemployment brings in its wake. If the government ignores the demands of the public in general, and the inner city frustrations in particular, it will do so at a tremendous cost to our social fabric.

Recent initiatives

The rapid rise in the unemployment rate in the closing months of 1974 convinced both the Administration and the Congress that the existing legislation, primarily Unemployment Insurance and CETA, was not adequate to respond to the needs of an increasing number of citizens who, through no fault of their own, had lost their jobs and had no other source of income with which to support themselves and their dependents.

In the closing days of the 93rd Congress, two new pieces of important manpower and related legislation were passed and signed into law.

The first, the Emergency Jobs and Unemployment Assistance Act of 1974, created:

A new Title VI to the Comprehensive Employment and Training Act, which provides for an expanded public service employment effort during 1975;

A Special Unemployment Assistance Program which provides up to 26 weeks of income support to workers not eligible for benefits under regular unemployment insurance; and,

A new Title X to the Public Works and Economic Development Act of 1965, which authorizes special funds for public works projects aimed at reducing unemployment in impacted rural and urban areas.

The second piece of legislation, the Emergency Unemployment Compensation Act, provides for up to 13 additional weeks of temporary supplemental unemployment compensation to workers who are covered by unemployment insurance but who have exhausted their rights to both regular and extended unemployment compensation.

These additions to the spectrum of manpower and related programs expand the number of tools available to the federal government for use in responding to the challenge of rising unemployment. At its January meeting, the Commission took notice of the speed with which both the Congress and the Administration responded to the rising unemployment and concluded that it foreshadows further constructive intervention if the situation worsens.

The responsiveness of manpower and manpower-related programs

Because of the high level of unemployment in January 1975 and the still higher level that probably will be reached during the year, the Commission focused attention at its second meeting on an initial assessment of the adequacy and flexibility of job creation and income transfers to alleviate the human distress that results when people lose their jobs and/or are unable to obtain employment.

The Commission centered attention on the following four facets of manpower programming: (1) job creation in the form of public service employment and public works projects; (2) income maintenance devices in the form of unemployment insurance, unemployment assistance and welfare; (3) the status of funding for these programs; and, (4) the quality of local labor market information and analysis. Its principal findings and recommendations follow. These must be considered preliminary in light of the recent enactment of many of the manpower programs and the brief period in which the Commission has had to assess them.

1. Job Creation

Federally funded and operated job programs were a major response to the high unemployment rates of the 1930's which did not drop below the 10 percent level until the onset of mobilization for World War II. The rationale for such programs was to provide the unemployed with the opportunity to work for their income and to enable them to produce a useful public output. During the 1960's, a number of modest work experience programs were initiated which were primarily directed at moderating the chronic employment problems of selected groups in the labor force. The federal government did not reinstitute a broadly-based direct job creation program until 1971 when the Emergency Employment Act (EEA) was enacted.

The emphasis under EEA was on transitional public service employment that would eventually lead the individual to a regular job in public or private employment. Similarly, the 1973 Comprehensive Employment and Training Act (CETA) provided under Title II for specific appropriations for transitional public service employment (PSE). However, the new Title VI which was added to CETA in December 1974 was directed toward generating temporary public service employment during periods of high unemployment for recently disemployed persons with prior attachment to the labor force.

At its January meeting the Commission reviewed the effectiveness of PSE as a response to high unemployment. The Commission concluded that PSE has a role to play in any overall program of countercyclical measures, but that there are several constraints and limitations if it is to be relied upon to absorb a great portion of the unemployment during periods of high or sustained unemployment. The Commission did recognize and support the importance of PSE as a manpower development tool for the chronic unemployed. It noted that such a role entails special procedures and requirements which would not generally be applied when PSE is used as a countercyclical device.

The Commission's specific concerns in considering PSE as a countercyclical measure include the following:

First, there is the cost. The presently available $2 billion will provide about 300,000 jobs, but as of January the number of unemployed was 7.5 million. Each additional 100,000 PSE jobs cost about $800 million; consequently, any major expansion must be weighed against the cost and the proportion of the total number of the unemployed who will be assisted. The costs involved in PSE further emphasize the critical contribution of unemployment insurance and other direct income transfers to meeting the urgent needs of large numbers of the unemployed. The Commission also discussed the appropriateness during periods of economic downturn of expanding retraining and upgrading activities for those disemployed whose job skills are redundant or inadequate in order to improve their competitiveness in the labor market when the economic situation improves.

Nevertheless, the Commission acknowledges that PSE provides a speedy mechanism for increasing the flow of income to the unemployed and providing desirable public services. Programs such as PSE in which 90 percent of the funds go for wages and benefits will be less inflationary than many alternatives—an important consideration at a time of inflationary pressures.

Second, the Commission is concerned about reports that there is considerable delav in many localities in utilizing available PSE funds. Some of this may be due to "start up" difficulties. The Commission recognizes the difficulties that prime sponsors face in adding new people to their payrolls at the same time that they are laying off regular employees. Moreover, some governmental units are reluctant to absorb the unemployment insurance costs which may accrue to them when the PSE employees are later separated. In some instances, civil service requirements and collective bargaining arrangements slow the ability of state and local governments to place unemployed persons in PSE slots. The Commission noted—and encourages—the special efforts that the Department of Labor is making to assist the employing agents to remove these and other bottlenecks in order to speed the hiring of the unemployed. By the time of its next meeting in May, the evidence should be clear whether the legislation as written is responsive to the requirements for an extensive job creation program.

Third, the Commission questions whether public works projects which result in more permanent social and economic benefits might not be better than PSE as a way to put the unemployed to work. While noting the permanent social and other gains from such productive projects, the Commission also recognizes the difficulties engendered by start up and other timing considerations and the relatively high unit cost of the jobs created through the more traditional public works approach. There may be, however, some forms of public works activities which may be more responsive in the short run.

Numerous examples of socially and economically beneficial projects were cited by Commission members, including insulating the owner-occupied homes of low income families; rehabilitating dilapidated and abandoned housing; and the undertaking of recreational, conservation, and environmental projects. These activities could be carried out by a variety of agents including private and community groups as well as state and local governments.

In view of the foregoing concerns, the Commission will examine the programmatic and administrative dimensions of PSE including:

The extent to which the current PSE approach of state/local government hiring of additional workers in regular jobs is adequate as a countercyclical measure, whatever its value as a manpower development tool; and whether the present PSE approach is the most effective method to massively expand public jobs when unemployment rises and equally important, contract public jobs expeditiously when unemployment declines;

The extent to which the productive usefulness of the work performed under PSE may be limited because of the 10 percent limit on expenditures for other than personnel costs;

The possibility of greater utilization of the Federal government and private nonprofit agencies, including the use of community agencies to promote improved delivery of services to hard core urban and rural poverty areas;

The problems inherent in the Federal government's encouraging local governments to expand their personnel costs beyond what the taxpayers are willing to support through taxes; and

The longer term costs of assigning people to low level PSE jobs without alleviating their special employment handicaps—lack of command of English or the absence of an occupational skill—which will impede their later employability.

The Commission is deeply sympathetic to the view of those who favor a much enlarged governmental program aimed at putting the the unemployed back to work. One challenge is to explore how the unemployed could be quickly put back into productive work by increasing employment opportunities in high priority areas such as expansion of energy supplies. Hence the Commission will also probe the strengths and weaknesses of alternative employment—creating measures both in the public and private sectors that government might pursue in periods of high and protracted unemployment. In this activity, the Commission will consider both the short and long run advantages and disadvantages that flow from different types of job creation efforts under public, private and community auspices. The possible role of some form of quasi-governmental corporation will also be explored. Its second interim report to the Congress after its May meeting will contain its findings and recommendations on this important issue of the scale and scope of job creation as part of the panoply of the Nation's man power effort.

2. Income Maintenance

The broad spectrum of income support to the unemployed includes unemployment compensation (including extended benefits and special unemployment assistance), welfare, and other income support programs. At present, the income maintenance system provides the first line of defense for the unemployed worker who cannot find alternative employment.

Unemployment Insurance. Since it was first instituted in the mid-thirties, the Unemployment Insurance system has undergone many changes with respect to the proportion of the labor force that is covered—currently, approximately 7 out of every 8 wage and salaried workers. The number of weeks during which an unemployed worker receives compensation—currently up to 26 weeks—has been extended up to 52 weeks in the present period of high unemployment. The size of the average weekly benefit—which also varies among the states—averages less than the original goal of one-half of the worker's regular wage. Over the last several years proposals have been considered which have been aimed at the following objectives with which the Commission is in basic agreement:

Broadening permanent coverage to include currently excluded state and local employees and farm and household service workers;

Providing incentives and requirements so that improved benefit standards are achieved;

Revamping the extended benefit provisions so that the trigger mechanism now in the law will operate more effectively to provide benefits in times of above-average unemployment; and,

Reassessing the financing of the unemployment insurance system, including the wage base against which the tax is levied.

Also of concern is the adequacy of reserves in the States' accounts to pay unemployed benefits in times of high unemployment and the relationship of these reserves to the central loan fund. The Commission was informed that as many as 15 to 20 states may be forced to borrow during 1975 because their reserves will have been exhausted.

There are additional questions about the role of unemployment insurance within a panoply of manpower programs which the Commission will address at a later time as it explores the development of an effective manpower infrastructure that will be responsive to both short and long term problems. Even at this early date the Commission suggests that additional measures be considered to encourage the provision of training, relocation, and other manpower services to recipients of unemployment compensation whose jobs skills are redundant.

Special Unemployment Assistance Program. The Commission believes that the passage of this legislation represented an important forward step in meeting the immediate challenge of rising unemployment. It understands why the Congress limited the benefits to 26 weeks. However, the Commission recommends that the Department of Labor monitor the experiences of persons who receive this assistance to determine what happens to them after they exhaust these benefits. If early findings suggest that many are forced onto the welfare rolls, the Commission believes that Congress should amend SUAP to extend the maximum benefit period for an additional 13 weeks.

Aid to Families With Dependent Children: Unemployed Fathers. In 1961 Congress amended the AFDC program to permit states to put onto the welfare rolls needy families with dependent children when there was an unemployed father present. Since that time 25 states and jurisdictions have taken advantage of this proviso. While the Commission recognizes that both the Congress and the Administration are engaged in a reappraisal of welfare and welfare-related legislation, it recommends that Congress require the states to accept on AFDC families who are in need due to the unemployment of the father. The Commission believes that it is against public policy, as well as against common sense and common decency, to encourage family break-up as the price that a mother and her dependent children must pay to receive welfare benefits.

3. Funding Requirements

A wide range of manpower and income maintenance activities are authorized under existing laws and considerable funding is available for them. Labor Department programs alone have available almost $17 billion for 1975. This includes approximately $13 billion from both Federal funds and State unemployment insurance accounts for unemployment compensation and related activities, and almost $4 billion for public service employment, manpower training and related services.

Although this represents a substantial amount of funds which are available for manpower and manpower-related programs, including income support activities for the unemployed, the Commission is concerned about the adequacy of funding for PSE.

Under the legislation passed in December 1974, there remains $1.6 billion which still can be appropriated for PSE under the Emergency Jobs and Unemployment Assistance Act. At its January meeting, the Commission was in position to fully assess the adequacy of federal funding against potential need for the remainder of this year. However, it believes that the $1.6 billion will be needed, if only because of the steeper than expected rise in unemployment. If PSE utilization continues to lag, alternative consideration might be given for a supplemental appropriation which would allow local sponsors at their discretion to use these funds for forms of job creation and other manpower activities. For example, special efforts directed at particularly vulnerable groups such as unemployed older workers not yet eligible for Social Security; inner-city youth from low income families who are in need of both skill training and work experience; special activities for Vietnam era veterans and rural youth who might be enrolled in a federal conservation program that includes a significant training component.

If unemployment continues to rise throughout the late winter and spring, funding beyond this unappropriated $1.6 billion will be required. In that event the Commission will forward recommendations as to both scale and program mix.*

4. Labor Market Information and Analysis

CETA and the Emergency Jobs and Unemployment Assistance Act make federal funds available on the basis of local labor market conditions and place heavy responsibility on prime sponsors to shape their programs in accordance with local needs. The Commission is concerned that the labor market and related information which are available for allocating funds, programming, and the general operation of manpower programs on a local basis are inadequate. Congress took cognizance of this deficiency as early as 1968 when it made limited funds available to the Department of Labor to strengthen its efforts in this area. However, the Commission believes that a greatly expanded analytical and technical effort, supported by additional financial resources, is required if the Nation is to understand and improve the operation of its local markets. This is especially important if local communities are to effectively perform as managers of manpower programs. The Commission will further address this important problem and forward other recommendations in this area at a later date.

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*NOTE.—The Federal representatives on the Commission did not take a position on the funding issue.

III. LONG-RANGE MANPOWER CHALLENGES AND OPPORTUNITIES

The serious and growing imbalance between the demand for and supply of labor at the beginning of 1975 reflects serious difficulties in macro-economic policies since these policies determine the path and level of both output and employment. Manpower policies can only support and reinforce those macro-economic policies which aim at reversing a downward trend and providing support for the individuals and families who are victimized by rising unemployment.

Nevertheless, even at the height of a boom when the economy is upbeat and unemployment is quite low, many serious malfunctionings exist in the labor market. Most of these structural manpower problems reflect a less than successful effort to achieve the goals of the Employment Act of 1946; possible distortions in the incentive and reward structures so that some people are in a better income position if they do not seek or hold jobs; lack of effective linkages between critical manpower and related institutions, particularly between school and work; and weaknesses in the manpower infrastructure including the employment service, labor market information systems, and immigration policies, all of which impede the processes of adjustment between workers seeking employment and employers seeking workers.

In this connection, it is worth considering some of the more serious structural problems that characterized the American economy toward the end of the 1960's which represented the longest period of economic expansion in the Nation's history.

A disturbingly high rate of unemployment among teenagers, especially those from minority groups;

Chronic underemployment among the rural population and among the residents of the inner cities;

The forced retirement of large numbers of men and women in the upper age groups who were able and would have preferred to continue working;

A steady increase in the number of individuals on the welfare rolls;

The pervasiveness of discrimination against many members of minority groups and women, which blocked the full development of their potential and the effective use of their skills;

The serious imbalance on the horizon between the numbers completing advanced programs of study and the prospective demand for their services, from teachers to biologists;

The high unemployment of Vietnam era veterans who faced a difficult transition back into the labor market; and,

Pockets of high unemployment where the economic base had weakened and the adjustment process whereby new industry would move in or people move out was proceeding slowly.

Most of these structural problems have been accentuated since the late 1960's and the present severe recession is adding to them. For instance, when the economy again begins to expand it is likely that many older automotive plants and the facilities that supplied them will not reopen. If that turns out to be the case, many workers, businesses, and communities will face continued trouble. Unless these old plants can be converted to new uses, many unemployed workers and their families will have to relocate which will further weaken the economic prospects of those who remain. There is an analogy in these automotive-centered industrial communities in the Mid-West to the painful problems experienced by New England after World War I when the cotton textile industry relocated.

Although the Commission has only begun to assess the ramified manpower impacts of a comprehensive energy program, it is convinced that the American people will have to make a large number of changes in where they live, at what they work, and in their patterns of consumption, if the Nation's critical energy goals are to be realized. These changes will be sufficiently wrenching that many long-existing employment relations will be permanently severed. Some employers will be forced out of business and many workers will have to find new jobs. It is likely that many of the manpower impacts will be concentrated in particular industries, occupational groups, and regions.

Similarly, the recent revision of the Trade Act may mean that groups of American workers will lose their jobs as a result of future commercial agreements with foreign countries and that many may have to be retrained and relocated if they are to be reemployed. Although the revised Act makes provision for a more flexible system of special assistance to workers displaced as a result of these agreements, the Nation has had little experience in rendering such assistance effectively. This is one structural challenge with which we must learn to cope.

The Commission realizes the importance on the Congressional charges that it serve as a forum for updating the Employment Act of 1946 and is committed to seek the counsel of knowledgeable and concerned representatives of business, labor, farm, minorities and to elicit an extended dialogue with economists and other social scientists in and out of government.

As part of its explorations directed at the modernization of this Act, the Commission has taken the first steps to learn about the recent experiences of such innovative Western European countries as France, Germany and Sweden. These countries have expanded the panoply of manpower policies subsumed under the name of "active labor market policy" which is aimed at maintaining a high level of employment without permitting an intolerable level of inflation. Among the devices employed by these and other countries are:

Governmental subsidies to private employers who hire the unemployed, or avoid severing employment relationships;

Forced saving of corporate profits in boom periods, which are then released to stimulate investment and expand employment in slack periods;

Concentration of governmental investments and purchases in periods of recession to expand employment;

Launching of large scale public works programs in periods of severe recession;

Mobility and other allowances to facilitate the reemployment of workers who have lost their jobs and who must relocate if they are to find work;

The use of credit and other incentives—lower interest rates, loan guarantees, training allowances—to stimulate selected sectors of the economy that are acutely depressed such as residential construction in the United States at the present time;

Companies scheduling short time work rather than resorting to the layoffs with partial income compensation by the government as well as other individual layoff protections by law;

Reorganization of apprenticeship and other youth training schemes to provide broadened knowledge and skills to new entrants to the labor force; and,

Expansion and restructuring of retraining programs with extensive involvement of unions and employers.

The European experience emphasizes the importance of having a wide range of manpower programs which can respond selectively and quickly in periods of significant expansion and contraction in employment as well as to the special problems encountered by particular groups of workers, institutions, and regions. The role of trigger mechanisms and "shelf-ready" programs must be assessed.

During its preliminary review of the unemployment insurance system, the Commission noted possible distortions in the incentive structure which affect those who earn their income, those who receive transfer payments, and those who do both. In considering these issues the Commission will draw upon the detailed reports that have been issued by the Subcommittee of the Joint Economic Committee under the Chairmanship of Martha W. Griffiths. It will also draw upon the updated studies of the Department of Health, Education and Welfare growing out of the Administration's review of the potentialities for welfare reform.

Even before meeting with the President in January, the Commission had recognized the problem of the malfunctioning of transitional mechanisms in the labor market which affect young people entering and old persons involuntarily leaving the labor market. The Commission will move at an early date to assess the range of barriers that currently interfere with the transition of young people from school to work, particularly those that limit the jobs to youth, and will develop recommendations of how these barriers might be lowered through the joint action of management, labor, government and other key parties.

As noted in Part II, the Commission is disturbed about weaknesses in local labor market information and analysis. In conjunction with its investigation of the transition from school to work, it will study the availability and quality of occupational information and guidance services. Moreover, it will keep under surveillance the effectiveness of the newly established Comprehensive Employment and Training Act structure as it reassesses how the Employment Service and other manpower programs related to the new manpower framework. The Commission understands the importance of exploring how the existing labor market exchange mechanisms can be strengthened so that the job research period of unemployed workers can be reduced and a better fit achieved between the skills of job seekers and the requirements of employers.

The Commission's work agenda necessarily will be kept flexible. It is determined to address critical short-run problems, but it also intends to devote a major portion of its effort to outlining a national manpower policy. It is hoped that this two-pronged approach will contribute to meeting the needs of individuals for work and adequate income while enabling the country to produce the goods and services that will assure its continuing leadership in world affairs.

A national manpower policy framework

must contain a broad spectrum of program and other initiatives which will accommodate changing circumstances and diverse local conditions. There must be adaptability within the policies and programs to meet special situations in a timely manner.

The goal of manpower policy is not limited to providing a job for those who want to work. It must encompass consideration of the effectiveness with which work is performed. In a competitive world no country can be indifferent to questions of productivity. While productivity trends are affected by many factors including capital investment and utilization levels, there is a disturbing amount of evidence that the United States, a long time leader in technological progress, has lost ground in many areas which it must regain if it is to provide employment effectively and enjoy rising per capita real income for its citizens.

But an effective manpower policy must do more; it must be sensitive to the goals of national security and the protection of the environment. The effectiveness of economic and manpower policy must finally be judged by how well it meets the needs of the individual citizen for work, income, and independence and the needs of the society for security, growth, and well-being.

Appendix A

U.S. Comprehensive Employment and Training Act, Public Law 93-203, December 28, 1973

TITLE V—NATIONAL COMMISSION FOR MANPOWER POLICY

FINDINGS AND DECLARATION OF PURPOSE

Sec. 501. (a) The Congress finds and declares that the responsibility for the development, administration, and coordination of programs of training and manpower development generally is so diffused and fragmented at all levels of government that it has been impossible to develop rational priorities in these fields, with the result that even good programs have proved to be far less effective than could reasonably be expected. The Congress further finds that the lack of a coherent, flexible, national manpower policy reduces our prospects of solving economic and social problems which threaten fundamental national interests and objectives.

(b) Accordingly, the purpose of this title is to establish a National Commission for Manpower Policy which will have the responsibility for examining these issues, for suggesting ways and means of dealing with them, and for advising the Secretary on national manpower issues.

COMMISSION ESTABLISHED

Sec. 502. (a) There is established a National Commission for Manpower Policy (hereinafter referred to as the "Commission") which shall consist of seventeen members selected as follows—

(1) the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Defense, the Secretary of Commerce, the Secretary of Agriculture, and the Administrator of the Veterans' Affairs; and

(1) eleven members broadly representative of labor, industry, commerce, education (including vocational and technical education), State and local elected officials involved with manpower programs, persons served by manpower programs and of the general public appointed by the President.

(b) The Commission shall meet at the call of the Chairman, who shall be selected by the President and who shall be one of the ten appointed public members, but not fewer than three times a year.

(c) The Chairman (with the concurrence of the Commission) shall appoint a Director, who shall be the chief executive officer of the Commission and shall perform such duties as are prescribed by the Chairman. The Director may appoint, with the concurrence of the Chairman and the Secretary of Labor, such clerical staff as are necessary. The Commission may utilize such staff from the Department of Labor, the Department of Health, Education, and Welfare, and such other Federal agencies as may be available to assist the Commission in carrying out its responsibilities.

(d) The Commission may accept in the name of the Department of Labor and employ or dispose of gifts or bequests, to carry out its responsibilities under this title.

(e) Members of the Commission who are not officers or employees of the Federal Government shall be paid compensation at a rate of up to the per diem equivalent of the rate for GS-18 when engaged in the work of the Commission, including traveltime, and shall be allowed travel expenses and per diem in lieu of subsistence as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently and receiving compensation on a per diem, when actually employed, basis.

FUNCTIONS OF THE COMMISSION

Sec. 503. The Commission shall—

(1) identify the manpower goals and needs of the Nation and assess the extent to which employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity, and other programs under this and related Acts represent a consistent, integrated, and coordinated approach to meeting such needs and achieving such goals;

(2) conduct such studies, hearings, research, or other activities as it deems necessary to enable it to formulate appropriate recommendations;

(3) examine and evaluate the effectiveness of any federally assisted manpower development programs (including those assisted under this Act), with particular reference to the contributions of such programs to the achievement of objectives sought by the recommendations under clause (2) of this section;

(4) examine and evaluate major Federal programs which are intended to (or potentially could) contribute to achieveing major objectives of existing manpower and related legislation or those set forth in the recommendations of the Commission and particularly the programs which are designed (or could be designed) to develop information and knoweldge about manpower problems through research and demonstration projects or to train personnel in fields (such as occupational counseling, guidance, and placement) which are vital to the success of manpower programs; and

(5) evaluate and make recommendations to the Congress with respect to the report of the Secretary required under section 506, and continue to make studies of the impact of energy shortages upon manpower needs and include these findings and recommendations with respect thereto in the reports required by section 505.

COORDINATION STUDY

Sec. 504. The Commission shall conduct a study of the utilization and interrelation of programs of manpower training with closely associated programs such as those conducted under the Wagner-Peyser Act, the work incentives program under part C of title IV of the Social Security Act, and others of similar nature, with a view to determining how they could be better coordinated and more effectively combined to serve individuals, particularly at the State and local levels, and shall make a report of their findings and recommendations to the President and the Congress not later than January 31, 1975.

REPORTS

Sec. 505. The Commission shall make at least annually a report of its findings and recommendations to the President and the Congress, and the first such report shall be transmitted not later than September 1, 1974. The Commission may make such interim reports or recommendations to the Secretary of Labor or to the heads of other Federal departments and agencies, and in such form, as it may deem desirable.

ENERGY STUDY

Sec. 506. The Secretary shall, immediately upon enactment of this Act, make a study of the impact of energy shortages, including fuel rationing, upon manpower needs. The Secretary shall make a report of his findings and recommendations thereon to the Congress and to the Commission not later than March 31, 1974.

Appendix

National Commission for
Manpower Policy,
Washington, D.C., February 8, 1975.

Hon. Rogers C. B. Morton,
Secretary of Interior,
Washington, D.C.

Dear Mr. Secretary: As Chairman of the National Commission for Manpower Policy, I have been requested to write you, as Chairman of the Energy Resources Council, on behalf of the Commission concerning the employment impact and manpower implications of the energy initiatives currently being developed.

The National Commission for Manpower Policy was recently established by the President pursuant to Title V of the Comprehensive Employment and Training Act of 1973. Seventeen members comprise the Commission—six heads of Federal agencies and eleven public members appointed by the President. The Federal government representatives are the Secretaries of Defense; Agriculture; Commerce; Labor; Health, Education, and Welfare; and the Administrator of Veterans' Affairs. The public members represent broad sections of labor, industry, commerce, and education, persons served by manpower programs, and State and local elected officials who have responsibilities for operating manpower programs. (A complete list of members is included in the background material of the Commission which I am enclosing).

The Commission's general charge is to develop goals for a national manpower policy and to advise the President, Congress and Federal agency heads on employment and manpower issues. Included among the specific responsibilities of the Commission is a statutory obligation "to make studies of the impact of energy shortages upon manpower needs." In the Commission's meeting with the President on January 22, the tie between energy and manpower was singled out as an area of particular importance.

Accordingly, the Commission has made the implications of the energy situation a priority consideration in its work agenda, and will be developing a set of recommendations concerning the manpower aspects of the Nation's energy policies as the dimensions of the national energy program are determined in the period ahead. The Commission recognizes that the Administration's energy proposals will probably undergo some revision and modification before a national effort is finally gotten underway. However, the Commission tentatively plans to have a set of initial judgments and recommendations ready for discussion at the Commission's next meeting on May 21 and would welcome your attendance and participation at this meeting.

At the January 22 meeting of the Commission, there was considerable discussion concerning the substantial impact a national effort affecting the use and cost of energy as well as the development of new energy sources and capacity would have on many sectors of our economy and on certain labor markets. Such changes will affect not only the level of employment but also future needs for and supplies of specific manpower. Accordingly, it seems appropriate that in developing a national energy effort and in assessing the costs and trade offs of various energy options that full consideration be given to the employment and manpower implications of the policies. Where certain energy choices must be made which will have a possible disemployment effect, the nature and dimensions of this effect should be assessed and estimated so that appropriate remedial policies and actions can be undertaken by the concerned agencies. Where special and unique manpower requirements will arise from new energy initiatives, these needs must also be identified so that the involved agencies and the manpower authorities can take the necessary steps to insure that the required manpower will be available where it is needed on a timely basis.

The Commission, acting at its meeting on January 22, therefore urged that the Energy Resources Council assume responsibility for insuring that the employment and manpower impact of the various energy proposals are given serious consideration and that a special employment and manpower analysis of the energy proposals of the Administration and others be undertaken under the auspices of the Energy Resources Council with the assistance of the appropriate Federal agencies. Estimates of the macro short term employment effects as well as studies of the longer term impact on future economic and employment levels by industry should prove beneficial in selecting energy options with the least adverse effects on employment, and in effecting the necessary adjustments within industries and in employment levels with a minimum of dislocation and interruption of economic activity.

The Commission's staff and I are available to discuss some suggestions re this matter further with you or your staff at your convenience. We would also appreciate your advising the Commission of analyses which have been completed or will be undertaken pursuant to this matter and how the Commission might obtain access to such analyses.

Again, I would like to extend an invitation to you or your representative to attend the Commission's next meeting on May 21. I shall send you a copy of the agenda when it is finalized.

Thanking you on behalf of the Commission, I remain

Sincerely,

Eli Ginzberg,
Chairman.

Jobs for the Jobless

(By A. H. Raskin)

A dismal consensus is developing among manpower experts that, no matter how quickly the general economy revives, the pickup in jobs will be slow. Many companies that had slimmed down their work force under stress of the current mini-depression are finding avenues to increased efficiency that will leave them permanently able to do more and better work with far fewer employes. The same thing is beginning to happen in state and city agencies, obliged by tight budgets to cut staff or leave vacancies unfilled.

These austerity-born jumps in productivity hold out clear benefits not only for the balance sheets of profit-minded businesses but for the viability of the American economy in an increasingly competitive world. The rub is that—in the absence of imaginative advance planning—they also hold out the prospect that the skills, energies and hopes of million of unemployed workers will remain on the junk pile long after the gross national product starts climbing skyward again.

A return to "prosperity" in which everybody shares except the people is obviously something short of idyllic. That gap in current official planning makes it welcome news that there is an almost unnoticed group, appointed by President Ford under specific management from Congress, now working on ways to make a reality of the commitment to full employment which the nation adopted in the Employment Act of 1946—and then spent the next three decades forgetting.

The new group is called the National Commission for Manpower Policy and it was set up under the comprehensive Employment and Training Act, which President Nixon signed into law at the end of 1973. It is charged with responsibility for identifying the country's manpower goals and needs and assessing how much consistency or coordination mark the existing manpower programs on which tens of billions of Federal dollars are spent.

Partly because of Mr. Nixon's Watergate troubles and partly because of the distaste with which his Administration viewed the Congressional initiative for establishing a manpower commission, the former President never got around to appointing any members. It was not until Sept. 30 of last year, with Mr. Ford in the White House, that the agency got its 17 commissioners, headed by Prof. Eli Ginzberg of Columbia University.

An interim report just submitted to Congress offers at least a modicum of hope that the panel's recommendations will not wind up in the dead storage files, the customary repository over the years for the celebrations of blue ribbon advisory commissions. Its first target for action is to send to Capitol Hill by May its thoughts on how the mushrooming new public service employment programs, which have become the Government's first line of defense against mass joblessness, can be restructured to assure permanent community dividends.

There is growing skepticism that the present practice of relying almost totally on the states and cities to sponsor emergency jobs will result in much more than the substitution of Federal money for local tax levy in paying for regular civil service functions—a kind of revolving door for moving people from one Government payroll to another while leaving the great bulk of the unemployed untouched.

Among the alternatives under commission study is the feasibility of a quasi-government corporation or a broad range of public, private and community facilities to stimulate quick creation of job opportunities. The range of its thinking is indicated by its warning that many aging automobile factories and their parts suppliers may never reopen after the recession, leaving Midwest automotive centers with long-term adjustment problems as painful as those that confronted New England textile communities when the mills moved South after World War I.

The panel is also reaching out to adapt to the American scene elements of the activist labor market policies used by Sweden, West Germany and France to achieve high levels of general employment without pushing inflation to intolerable heights.

The specific devices being reviewed include governmental subsidies to private employers for hiring the jobless or for instituting work sharing arrangements as an alternative to layoffs; a system under which corporations must save part of their profits in boom periods and release them to expand employment in downturns, and the use of credit, low interest rates and other incentives to spur depressed sectors of the economy.

At the President's own first meeting with the commission in January, Mr. Ford asked it to give particular attention to the transition of teen-agers from school to work, an area in which the United States unemployment record is worse than that of any other industrial nation. If the panel can make a lasting contribution in that field alone, it will have justified its existence.

DOD ASKS FIRST REAL BUDGET INCREASE IN 9 YEARS

Mr. GOLDWATER. Mr. President, America's need to defend herself against possible enemies will not disappear in the foreseeable future, nor will the Defense Department budget requests for over $100 billion in total obligational authority.

This being the case I think that those of us who are concerned about the costs of operating at the Pentagon would do well to remember that these costs are not likely to go down any time soon, if ever.

This was made starkly clear in an article in the March 1975 issue of the Armed Forces Journal written by Thomas C. Steinhauser. His premise is that the $104 billion authority being asked for defense purposes in the fiscal year 1976 looks big now, but it will look small by 1980. He estimated that in 5 years the Pentagon's requirements will cost $148 billion.

He explained:

> The new budget request represents the first increase the Department of Defense has requested in real obligatorial authority in nine years. Nevertheless, it is still smaller than the amount projected last year for the fiscal year 1976 in the Department of Defense's rolling 5-year defense plan. Moreover, it represents the smallest defense burden on American society since Pearl Harbor, measuring the budget as a percent of gross national product.

Mr. President, because of the running controversy over defense costs in this country, I ask unanimous consent that Mr. Steinhauser's article entitled, "Department of Defense Asks First Real Budget Increase in 9 Years," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Armed Forces Journal International, March 1975]

DOD Asks First Real Budget Increase in 9 Years

(By Thomas C. Steinhauser)

DOD's budget request for $104 billion total obligation authority in FY76 looks big now, but it will look small by 1980 when the Pentagon expects to be asking for $148 billion. The new budget request represents the first increase DOD has requested in real obligatorial authority in nine years. Nevertheless, it is still smaller than the amount projected last year for FY76 in DOD's rolling 5-year defense plans. Moreover, it represents the smallest defense burden on American society since Pearl Harbor, measuring the budget as a percent of gross national product.

The $104.6 billion request compares with $88.9 billion in FY75. Outlays (actual spending) of funds is estimated at $92.8 billion in FY76, up from the $84.8 billion estimated for FY75. Thus, total obligation authority request is increased by $15.7 billion and outlays by $8 billion. In addition (and not included in FY76 budget) is about $1.9 billion for atomic energy defense activities. This includes R&D, underground testing of nuclear weapons, and development of improved nuclear propulsion for naval ships.

DOD and Military Assistance outlays for FY76 will represent 25.7% of federal budget, down from 48.1% in FY64 and 26.1% last year, and 5.8% of the gross national product, down from 8.3% in FY74 and 5.9% in FY75. (Spending will be higher if Congress does not approve the administrtion's request to limit federal pay and retired pay increases to 5% for an 18 month period starting 1 January 1975.)

Personnel costs will drop to 53% of the defense budget (down from 55% in FY75). Of this, $6.9 billion will go to military retired pay, up $5.7 billion just since FY64. Another $42 billiion is for civilian and active duty military pay.

Despite the estimated increase of $8 billion outlays in FY76 over FY75, inflation will limit DOD buys to the same amount of goods and services in FY76 that it bought in FY75. In other words, an estimated $8 billion increase in FY76 outlays will only allow DOD to retain status quo. Some belt tightening measures include a reduction of 29,000 military spaces, a reduction of 10,000 civil service positions; and less consumption of petroleum.

DoD budget request also contains $24.6 billion for transition period (July-August-September 1976) leading to new federal fiscal year which will be from October through September beginning 1 October 1976. (See Box)

Military strength will be at its lowest level in 26 years. Since 1968, DoD personnel rosters have been reduced by about 1.4 million military and 302,000 civilians. Total military strength for FY76 has gone down to 2.1 million while civilian strength has dropped to 985,000.

There is no dramatic change in strategic or general purpose forces and no new major weapon program in the budget. But the Army is adding three divisions by converting support forces to combat forces and maintaining an overall strength of 785,000. U.S. Navy is dropping back to 13 carriers, but will increase its nuclear attack submarines to 68 up from 64. Emphasis is on Navy's shipbuilding program and $1.5 billion is included in budget for 10 patrol frigates, two destroyer tenders and two fleet oilers. In addition there's $2.3 billion for ships approved by Congress in FY75.

While there are no major changes in force structure, there's substantially more money requested for modernization of both the strategic and general purpose forces. For example, there's $7.7 billion requested for strategic forces which is an increase of $300 million over FY75. There's $35.9 billion for general purpose forces, up $7.7 billion from FY75.

In strategic field, Minuteman modernization will be completed in FY75 and conversion of Polaris to Poseidon submarines will continue in FY76. At end FY76, U.S. will have 450 Minuteman IIs, 550 Minutemen IIIs, 13 Polaris submarines and 28 Poseidon submarines.

Procurement and R&D funds will show a real growth by as much as 4% by 1980. In FY76, procurement funds will go up $7 billion to $24.4 billion and R&D will go up $1.7 billion to $10.3 billion in current dollars.

While $700 million of the R&D increase is for pay and inflation, there's still a constant dollar growth of about $1 billion. The increased R&D money will go primarily to Trident missile, AF and Navy cruise missile, B-1 bomber program and for development of Air Combat Fighter.

In procurement funding, there's a real increase of about $2.5 billion. Increase will be spent building up production rates for A-10 and I-15 aircraft and the first large investment of production funds for Trident missile system. Army will get some of increase for more buys of M60A1 tanks. There are slight decreases in the budget for F-14A aircraft and Trident submarines, which will nevertheless get $622 million F-14A and $1.2 billion, respectively.

There's also a real increase of over $800 million for Military Construction. Upgrading troop housing, modernizing health facilities, sheltering in-place dual based and rapid reaction aircraft in Europe; support facilities for Trident submarine; and second phase of construction of Uniformed Services University for the Health Sciences will all get a boost in funds in FY76.

MAJOR HARDWARE ITEMS

Major money items in procurement budget (in addition to F-14A and Trident submarine mentioned above) follow. Figure in parentheses in FY75 request.

S3A Viking Aircraft. $517 million to buy 41 more carrier based twin engine ASW aircraft ($560 million). Lockheed and General Electric are prime contractors.

A-10 Close Air Support Aircraft. $460 million. Of this $408 million is requested for 61 aircraft and $52 million for R&D ($261 million). Transition budget request is $107 million. Fairchild and General Electric are prime.

E 3A AWACS. $690 Million. Of this, $430 million is for six production aircraft; $60 million for spares; and $199 million for R&D ($617 million). Transition request is $83.5 million. Boeing is prime.

F/TF-15 EAGLE. $1.7 billion. Of this $1.4 billion is for 108 aircraft; $205 million for spares; and $40 million for R&D ($1.1 billion). Transition request is $356 million for 27 aircraft. McDonnell Douglas is prime.

B-1 Bomber. $749.2 million. Of this, $672 million is for R&D and $77 million for long lead items ($445 million). Transition request is $199 million. Rockwell International is prime.

Trident Missile. $969 million. Of this $235 is for procurement, $800,000 million for spares, and $732 million for R&D ($651 million). Transition request is $353 million. Lockheed is prime.

SSN 688. $819 million. Of this $810 is for two submarines and $8.6 million is for military construction ($545 million). Transition request is $192.3 million. Newport News SBDD Company and General Dynamics are prime.

DD 963. $781.4 million for procurement ($464 million). Litton Systems is prime.

Major funding in R&D portion of budget is:

UTTAS, Utility Tactical Transport Aircraft System. $91.9 million for R&D ($53 million). Boeing, Sikorsky, and General Electric are prime. Transition request is $19 million.

Patrol Frigate. $1.1 billion for 10 ships ($186 million). Bath Iron Works, Maine, is prime.

AD Destroyer Tender. $454 million for two ships ($128 million). Contractor not selected.

M60A1 Tank. (Includes Army-Marines.) $498 million for 816 tanks ($265 million). Transition request is $170 million. Chrysler Corporation is prime.

AAH, Advanced Attack Helicopter. $65 million for R&D ($61 million). Transition request is $18 million. Bell Helicopter and Hughes Helicopters are prime.

SAM-D Air Defense Missile. $130 million for R&D ($105 million). Transition request is $40 million. Raytheon and Martin Marietta are prime.

XM-1 Tank. $52 million for R&D ($65 million). Transition request is for $39 million. Chrysler and General Motors are prime.

TriTac Joint Communications System. $58 million for R&D ($36 million). Transition request is for $8 million. GTE Sylvania is prime.

Site Defense. $140 mililon for R&D ($115 million). Transition request is $38 million. McDonnell Douglas is prime.

Navy Air Combat Fighter. $110 million for R&D ($20 million). Transition request is $23 million. No contractor selected.

Sea Launched Cruise Missile. $101.8 million for R&D ($38 million). Transition request is $42 million. LTV and General Dynamics are prime.

AEGIS Surface to Air Missile. $66 million for R&D ($63 million). Transition request is $9.6 million. RCA is prime.

AMST STOL Aircraft. $85 million for R&D ($55.8 million). Transition request is for $11.4 million. Boeing and McDonnell Douglas are prime.

Air Combat Fighter. $273 million for R&D ($32 million). Transition request is $82.5 million. General Dynamics is prime.

Status of other major weapons is shown on accompanying chart.

$3 BILLION FOR NOTHING?

Nothing now costs $3-billion. That's what DoD will be paying for nothing by 1980. Inflation must really be getting out of hand.

Of the $59-billion increase projected for DoD obligational authority between FY75 and FY1980 (in "then-year" dollars) $2.66-million will be eaten up by new budget entries that contribute nothing to national defense. This year, for instance, DoD will "institutionalize" some costs that were not previously part of its budget. Two examples are postal charges on DoD-franked mail ($130-million by 1980) and rent on GSA-managed buildings that DoD uses ($200-million). Another part of the $3-billion increase will pay for programs that comply with non-defense related legislation, but provide no additional defense capability. Examples are the implementation of environmental laws and the Occupational Safety and Health Act ($300-million by 1980). Finally, DoD will have to pay for some programs that are partially defense oriented but mainly of more general national interest. Examples are development of the Navy Petroleum Reserve (cost to DoD will be a whopping $1.8-billion by 1980) and DoD's share of the space shuttle program.

Surprisingly, Defense Secretary James Schlesinger's posture statement did not tell Congress how much DoD will have to pay for "nothing" in *this* year's budget, but it's surely more than loose change.

BUDGET JARGON

Budget Authority: Formerly called New Obligation Authority, this is an Office of Management and Budget term which describes the money that is requested of Congress.

Total Obligation Authority: This is the amount obligated to a program whether or not the obligation stems from the current budget or a previous year.

Outlays: This is the money that will be actually spent in a given fiscal year. The term "expenditures" was formerly used.

Constant Dollars: This indicates purchasing power allocated to a program over a number of years relating its obligational authority in dollars of equal value.

Current or Then Dollars: This describes dollars having a value prevalent at a given time.

A FEW THOUGHTS ON THINK TANKS

Mr. BROCK. Mr. President, speaking for myself and the Senator from South Carolina (Mr. HOLLINGS), we in Congress have for years benefited from the carefully researched legislative analyses and policy studies of the American Enterprise Institute for Public Policy Research. The principle to which the work of the Institute is directed, that "competition of ideas is fundamental to a free society," has served to generate research data and analysis of value to members of any political persuasion. In addition, AEI's "Public Policy Forum" television series presents an opportunity for Members of Congress to meet with distinguished and informed representatives of the business and academic community, the press, and the executive branch to discuss policy issues in an urbane, analytical setting.

The New York Times on Sunday, March 23, published an article entitled "A Think Tank for Conservatives," written by Steven Rattner, describing the philosophy and the work of the American Enterprise Institute. We recommend this article to the attention of our colleagues, and I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 23, 1975]

A THINK TANK FOR CONSERVATIVES

(By Steven Rattner)

WASHINGTON.—"There is a clear national need for a Republican conservative counterpart to Brookings," wrote former Presidential speechwriter Pat Buchanan to Richard M. Nixon in March, 1970, "which can generate the ideas Republicans can use, [and] which can serve as a repository of conservative and Republican intellectuals."

The American Enterprise Institute for Public Policy Research has aimed to do just that for the last 32 years, apparently without satisfying Mr. Buchanan, who did know it well enough to recommend enlisting the aid of its president.

Far better known than A.E.I. is the Brookings Institution, 38 years old under its present name, although one of its predecessor organizations dates back to 1916. From the Brookings building, a solid-looking stone facade, on Massachusetts Avenue, come the studies, papers and journal generally of liberal orientation, that almost automatically attract the attention of policy makers and the public.

Top conservatives grace the intellectual roster at the A.E.I.'s smaller but stylish offices on the 12th floor of a modern office building a few blocks away, just off Connecticut Avenue.

Paul W. McCracken, President Nixon's first chairman of the Council of Economic Advisers, chairs the academic advisory board. William Fellner just left the C.E.A. to resume his post as resident scholar. And Bryce Harlow, who served Presidents Eisenhower and Nixon in the White House and is currently the Washington representative for the Procter & Gamble Company, heads the program priorities committee.

The American Enterprise Institute's reputation is on the rise. In the last few years, the center has achieved unprecedented financial security. Its scholarship is coming to be respected in Governmental and academic circles. And a new group of young leadership has infused a spirit of professionalism into a languishing organization.

The institute's 52 full-time staff members coordinate the efforts of 27 adjunct scholars—mostly college professors who work part time for the institute—who produce several dozen policy studies a year.

The institute also runs a half-dozen major conferences each year, generally quite broad in scope, such as the Conference on World Oil problems in 1974; puts out Public Policy Forums, televised by 370 stations, and offers a miscellany of lectures, seminars and symposiums.

Institute leaders insist that these activities are not partisan but rather contribute to the "competition of ideas," which they say is A.E.I.'s only mission.

The A.E.I. story began in the dark days of World War II when Lewis H. Brown, then president of the Johns-Manville Corporation, concluded that after the war's end, the American economy would be faced with unique problems that the average Congressman just was not equipped to solve.

Initially supported entirely by Johns-Manville and other business concerns, A.E.I. put out a series of analyses of pending legislation, soon acquired a reputation for a distinct ideological slant to the right and gradually drifted into obscurity.

In 1954, interest revived, William J. Baroody Sr. was hired away from the United States Chamber of Commerce to become the institute's president. His activities in behalf of Republicans, primarily Barry Goldwater, earned him a mention as possible organizer in the very same Buchanan memo that ignored the A.E.I. as a "conservative counterpart to Brookings."

Mr. Baroody's son, William Jr., carries the political banner as special consultant to President Ford.

Also added to the staff in 1954 was W. Glenn Campbell who has since gone on to head the conservative Hoover Institution at Stanford University.

The two newcomers went to work to broaden the scope of A.E.I.'s activities—and of its financial support. The foundation money they went after now comprises about 80 per cent of A.E.I.'s income.

Institute staffers were particularly proud on receiving in 1972 a $300,000 grant from the Ford Foundation, long a Brookings supporter. They took it as a demonstration that A.E.I. had been accepted as belonging in the policy mainstream and being "relevant and credible," as Robert J. Pranger, director of foreign and defense studies, said:

The policy studies appear as unadorned five-by-eight-inch pamphlets ranging from 10 to 200 pages in length. Some are collections of opposing viewpoints. Others are works by a single author.

They tend to be diverse in subject matter. In 1974, topics ranged from A New Look at Inflation to Regulation of Pharmaceutical Innovation.

One very recent work, already receiving serious attention, is by Murray L. Weidenbaum, former Assistant Secretary of the Treasury. In Government-Mandated Price Increases: A Neglected Aspect of Inflation, Mr. Weidenbaum argues that the Federal government is continually mandating more inflation simply by the cost of the regulations it promulgates.

Mr. Weidenbaum proposes in general putting stress on an incentive, or carrot, system rather than relying so heavily on the stick of regulation.

The theme of this and many of the other studies is often echoed by institute leaders. "Our authors have tended to be suspicious of Big Government rhetoric, of Brave New World ideas, and of abstractions which tend to support more central government and more collective decision-making," Mr. Pranger said.

"At all institutions, a group of people and their friends tend to get asked to do all the studies," Mr. Mitchell pointed out. Even Mr. Baroody, who continually stresses A.E.I.'s position as an open forum, acknowledged that people "find themselves more comfortable in one place or another."

One who is more comfortable at A.E.I. is resident scholar Gottfried Haberler, who came to Washington after 35 years on the economics faculty at Harvard.

Mr. Haberler, who calls himself a "conservative, in a scholarly way" urges fiscal and monetary restraint in the current recession in order to avoid inflation. He strongly opposes wage and price controls and he supports equally strongly the current system of floating exchange rates for the world's currencies.

Carrying on with tradition, the A.E.I. these days produces for Congress 20-odd analyses of pending legislation each year, which attempt to present a balanced picture of a particular bill. It also makes periodic retrospective studies of programs already in effect.

Institute officials proudly claim that their study of the sugar subsidy program was a major reason for the termination of the subsidies.

Also designed exclusively for Congressional use is the daily news digest, similar in form to what the White House prepares for the President, and hand-delivered each morning.

A.E.I.'s prodigious output gets mixed grades from the experts.

"They've done a credible job and have added to public discussion in this town on economic policy," stated one Capitol Hill economist, who still felt that "Brookings makes a greater effort to be objective."

Another economist—a college professor—pointed out the difference in financing between the two policy centers. A.E.I. can afford to pay its authors only $750 to $2,000 for a study, while Brookings pays $5,000 to $20,000 for outside work.

Relations between the two are cordial, though, and some scholars participate in both centers.

In terms of over-all funding, "we're not in Brookings' ballpark," Mr. Baroody admitted. Instead of Brookings' large endowment, A.E.I. has only a reserve fund equal to one year's budget. It is invested in government securities. Annual income at A.E.T. is $3.5-million, roughly half that of Brookings.

There is a curious division at A.E.I. between the old guard that has been the mainstay since the nineteen-fifties and the group of younger men, hired in the last five years, who are all professional scholars.

Thomas Johnson, director of research, is as firm and proven a Republican as Mr. Baroody. But Robert Helms, the present director of health policy studies, says that he doesn't know which party he belongs to and Mr. Mitchell of the energy project has only voted once in his life—in a local election.

Both generations, however, are pleased with the way A.E.I. is operating and plan no major changes.

FOREIGN INVESTMENT IN NATIONAL SECURITY INDUSTRIES

Mr. INOUYE. Mr. President, on several occasions during the past few months I have periodically released information from the Department of Defense on that agency's policy regarding foreign investments in defense industries. My latest letter to the Department was transmitted on February 12, 1975, and the response has just arrived.

Of particular interest, I should note that a change in the Defense Industrial Security Program has been effected as a result of this congressional inquiry. Changes in the administration of the program would require companies subject to the program to give the Department advance notification of serious offers of significant investment rather than wait until a foreign investment is made. I am pleased that the change is contemplated and would urge that it be implemented at the earliest feasible date. This defense area is the most sensitive one for foreign investment. Tightening administrative provisions on foreign control of defense contractors will go far toward alleviating the pressures for restrictions on all foreign investment.

I ask unanimous consent that the Department's response be printed in the RECORD.

There being no objection, the material

was ordered to be printed in the Record, as follows:

Assistant Secretary of Defense,
Washington, D.C., March 18, 1975.

Hon. Daniel K. Inouye,
Chairman, Subcommittee on Foreign Commerce and Tourism, Committee on Commerce, U.S. Senate, Washington, D.C.

Dear Senator Inouye: The following are replies to the three questions in your letter of 12 February 1975 concerning the purported Lockheed bid:

Question 1: "First, has the Department made any further effort to confirm the accuracy of the news story reporting the bid and subsequent rejection? If not, why not? If yes, what has been discovered?"

Response: Under the provisions of the Industrial Security Program, a contractor is required to report if foreign interests acquire six percent or more of its outstanding stock. The *Washington Post* article of 1 December 1974 indicates that Lockheed rejected the alleged Arab bid to invest $100,000,000. Consequently, there would be no requirement for Lockheed to make a report, and, therefore, the Department of Defense has made no affirmative effort to confirm the accuracy of the newspaper report.

Question 2: "Second, assuming for the sake of argument that the report was correct, would the Department not consider this particular financial arrangement a matter for serious concern and investigation?"

Response: In response to the second question, the Department of Defense would consider the financial arrangement discussed in the news story, if it were consummated, a matter of serious concern, requiring investigatory attention in order to preserve our national security interests.

Question 3: "Third, could not the Department change the regulations to require a defense contractor subject to the Defense Industrial Security Program to report a serious offer of foreign investment? If yes, why does it not do so?"

Response. In response to the third question, the Department of Defense could change its regulations to require Defense contractors subject to the Defense Industrial Security Program to report serious offers for foreign investment. We have, in fact, drafted appropriate changes in this regard to the Industrial Security Manual and Industrial Security Regulations, and these proposals are now being staffed.

In the interim, representatives from the Office of the Secretary of Defense have met with industry representatives through the Aerospace Industries Association of America, Inc., and the National Security Industrial Association, in order to discuss this subject in detail and to request that companies report in advance when entering into preliminary discussions or negotiations which might lead to foreign ownership, control, or influence.

Finally, we are publishing an article in the next issue of the Department of Defense Industrial Security Letter, which will bring this matter to the attention of all cleared contractors and request advance reporting, as is suggested. A copy of this Industrial Security Letter article is attached for your information.

I trust the information furnished you will be of assistance in your deliberations. If I can be of any further help in this matter, do not hesitate to call upon me.

Sincerely,

Robert Ellsworth,
Assistant Secretary of Defense International Security Affairs.

Foreign Ownership, Control, or Influence

The foreign ownership, control, or influence policies in the Defense Industrial Security Program (DISP) have remained essentially unchanged since their initial development in 1950. Essentially this policy provides that a facility is not eligible for a facility security clearance if under foreign ownership, control, or influence. The standard which is applied in making this determination is that a contractor will be considered as being under foreign ownership, control, or influence when the degree of foreign ownership, control, or influence is such that a reasonable basis exists for concluding that compromise of classified information may result.

World-wide economic events over the recent past have resulted in enormous concentrations of capital and the capability of some foreign interests to invest substantially in U.S. industry. This phenomenon makes it particularly important that the foreign ownership, control, or influence policies, as enunciated in the DISP be fully understood and judiciously observed at all levels of management within our cleared facilities. Facilities should carefully review the information provided in connection with this policy on the Certificate Pertaining to Foreign Affiliation (DD Form 441s) to assure that it is fully accurate and current. Top management should be fully informed of the ramifications of this policy. Facility security supervisors should insure that clear lines of communication are established within the company so that they are informed of negotiations or contemplated arrangements with foreign interests that may have a bearing on the foreign ownership, control, or influence of their facilities. The procedure should provide for prompt reports to the cognizant security office whenever there is a change in information previously reported on the DD Form 441s.

Whenever a company is contemplating entering into preliminary discussion or consultation with foreign interests which may lead to the introduction or increase of foreign ownership, control, or influence, the cognizant security office should be apprised in advance. This will insure a clear understanding by top management of the industrial security ramifications of such negotiations. Early consultation will help in avoiding subsequent difficulties and problems. During this period of unusual international economic activity, it is absolutely essential to the effective administration of the DISP that clear channels of communication be maintained on this subject between the contractors and their cognizant security offices.

THE STATE OF BUSINESS ETHICS

Mr. BUCKLEY. Mr. President, a great deal has been said in recent weeks on this floor about the state of business ethics, much of it derogatory. I recently came across remarks by Mr. L. W. Foy, chairman of the Bethlehem Steel Corp., delivered at a lecture before the Columbia University Graduate School of Business, that I believe places the subject in proper perspective. I ask unanimous consent that his remarks, entitled "Business Ethics: A Reappraisal," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Business Ethics: A Reappraisal

(By L. W. Foy)

I was invited here to "give students a view of the business world."

Obviously, the "business world" I'm most familiar with is that of the large, professionally managed industrial corporations. That's where I've spent most of my working life, and that's primarily what I'm talking about today.

And when I look back over the last thirty or forty years, what impresses me most about the world of business is *change*. And I mean change for the better.

Management techniques have grown vastly more sophisticated and scientific, and at the same time management has become less authoritarian, more humane, and more socially aware.

The advances in production technology have been staggering. We produce more, faster, and to higher standards of quality and uniformity. What past generations considered luxuries are within the grasp of everyone.

The overall conditions of work, protection of worker health and safety, and money wages—to say nothing of a long list of employment benefits—have all improved dramatically.

As for individual opportunity, "what you know" has become a lot more important than "who you know." "What you can do" far outweighs "who you are." Tremendous progress has been made toward stamping out discrimination in hiring, placement, and advancement.

In all those areas—and I'm sure I could add a lot more—the improvements within the span of my own working life and experience have been nothing short of revolutionary.

And it seems to me that the changes that have been "humanizing" business, both in its relationships with employees and with our society at large, have sped up tremendously in recent years.

Now, I'm not saying all this to impress you with the marvelous accomplishments of business and business management. I don't mean to deny our shortcomings. I don't claim for a minute that we've reached the Promised Land. All I'm saying is that we've come a long way, and we're headed in the right direction.

But—and here's a contradiction—during the very years that business's performance has been rising, its reputation has been falling steadily and drastically.

PUBLIC OPINION—SKEPTICAL

For example, according to a whole series of public opinion surveys by the Yankelovich organization, confidence has fallen from 70 percent *approval* in 1968 to about 30 percent today. Some surveys put it even lower.[1]

The result is pretty well wrapped up in a *New York Times* headline earlier this month: "Business Is Under The Heaviest Fire in Many Years."[2]

It's true, of course, that some of the disenchantment is the result of higher expectations. The more we do, the more everybody expects us to do.

It's also true that the polls show what's been called "a crisis of confidence" in nearly every institution of our society. Business isn't being singled out by any means. But that's not much consolation. I'm deeply troubled by business's decline in public esteem, and I'm sure you are, too.

So, let's take a look at this very disturbing situation. Rather arbitrarily, I'll start with the analysis of Daniel Yankelovich, in a recent article in the magazine *Dissent*. He says that what we're experiencing is massive public skepticism about the "moral legitimacy" of institutions, including business.[3]

I'm sure that our individual attitudes are formed to a great extent by newspaper headlines and TV reports involving consumerism, environmentalism, and isolated cases of wrongdoing by businessmen. As Dean William R. Dill of NYU was quoted as saying in the *Times*, recent scandals triggered a "shock factor that's been rippling through business and other institutions."[4]

The net result to business is a generalized feeling of cynicism; a feeling that business organizations are so shot through with corruption that they no longer deserve the allegiance and loyalty of the workers and the public. That's how Yankelovich puts it.[5]

Footnotes at end of article.

Now, it's very difficult to talk about anything as vague and ill-defined as "business morality," but I'm going to take a stab at it.

TAKING STOCK

First of all, there's no doubt in my mind that the private enterprise system is fundamentally moral. I don't agree with the radical analysis, that our system is based on greed and exploitation, and I think most Americans feel the same way.

By a great majority, Americans believe in private property and the free enterprise system. And, in spite of all the debates over profits, most people agree that business is entitled to a profit as long as it's a "fair profit," honestly earned.

Our market system is more responsive to the needs and desires of the people, and it has delivered a higher standard of living than any other system that exists today or has ever existed on the face of the earth.

No other nation compares with ours for individual opportunity and personal freedom. We have exceptionally high standards of economic security, educational progress, and health care, and no other country can match the massive commitment we've made to improve our overall "quality of life."

I don't see how anyone can rationally characterize this system and its economic institutions as anything but fundamentally moral and humane.

But systems and institutions that are essentially moral can obviously be corrupted. And that's precisely the claim some people have been making about business.

This brings me to my *second* point: that the prevailing standards of behavior in the business community are in fact every bit as high if not higher than those of society at large. I'll come back to that a little later.

Now, whatever you may think of business behavior, I'm sure we can agree on my *third* point: that it's a primary responsibility of business management to instruct, motivate, and inspire their employees to conduct themselves with honesty, probity, and fairness. Starting at the top, management has to set an example for all the others to follow. As the *Wall Street Journal* editorialized recently, "our leaders must have principles and live by them."[6]

Fourth, management should always be as specific as possible about the proper behavior of employees. Where codes, rules, and guidelines *can* be articulated and published, they should be.

Fifth, management should be very careful *not* to ask an employee to do anything that he or she might think could be a violation of good ethics.

Sixth—and this is implied in a lot of what I've already said—management has to make company policy absolutely clear to all employees. People have to be told and re-told, in unmistakable terms, that the company is firmly committed to integrity in all its activities.

That's how I feel about it; that's how my associates feel about it; and I honestly think that most businessmen I know feel exactly the same way.[7]

ASSESSING BUSINESS MORALITY

Now I'd like to backtrack and say a little more about some of those points. I'll start with my belief that business behavior equals and probably exceeds the general ethical standards of society.

I believe that—but I can't prove it, any more than the critics can prove to the contrary.

If you check the literature, you'll find that critical writers usually take a few isolated cases of wrongdoing, and use them to support the idea that shenanigans like that are commonplace. It just doesn't follow.[8]

But there was an example of this sort of thing in the *New York Times* book review section a month ago. The writer was reviewing three books about notorious swindles. He pictured those cases as being small potatoes, compared with "corporate crimes . . . routinely practiced by seemingly respectable businessmen who run the oligopolies that control many major industries."[9]

I don't buy it. I think it's a false and reckless statement. But that's what people are reading all the time, along with highly publicized charges of individual wrongdoing that aren't ever proven to be true.

What are the facts? Let's start with the basic reality that normal, everyday business relies on a high degree of mutual good faith. Innumerable business transactions go on every hour, every day, on the routine assumption that responsibilities will be carried out, and obligations will be met. And, with very few exceptions, they are.[10]

I certainly found this to be the way it was in my many years in purchasing. Long business relationships are built on mutual confidence. Reliability and integrity are recognized and rewarded; improper practices are identified and penalized. Good ethical behavior is simply good business.

I'm not the only person who feels that way. There's academic support for the idea that the prevailing moral climate in business belies the tarnished public image. I'm thinking, for example, of Professor Neil Jacoby's book, "Corporate Power and Social Responsibility," published under the auspices of this school's Studies of the Modern Corporation. His conclusions about business behavior are flattering, and I think that's the way it is.[11]

And maybe you've read the judgment by Dr. Clarence Walton, president of Catholic University, who used to be dean of the School of General Studies here at Columbia. In 1969 he wrote this:

"What seems to be emerging is a plausible hypothesis which asserts that even as personal morality is declining, the institutional ethic is improving."

Dr. Walton went on to say, "it is the business elite itself which has been urging on the entire commercial community a concept of morality and professionalism."[12]

What he said then is equally true today. The overall "moral climate" of business management is more to be praised than panned.

I think management should, and for the most part *does*, establish and enforce high standards of corporate conduct. When someone in business goes wrong, he's betraying the corporate ethic as much as he is in the public trust.

We know, of course, that some people will always question whether business is acting in a moral way. I honestly think that a major cause of those doubts lies in the very fundamental question of just what business's duties really are.

There's a line of reasoning that goes something like this:

Business corporations are "rich and powerful;"

Wealth and power carry a moral obligation to solve the ills of society;

All the ills of society *haven't* been solved;

Therefore: business corporations aren't "moral"!

I just don't buy it. In my opinion, business corporations have already made more contributions toward social progress than a lot of people realize. Furthermore, business can't and shouldn't be asked to solve all our social problems. We just don't have the necessary resources. A lot of that "wealth and power" we're credited with is imaginary.

Putting it another way, I think we've been accused of moral shortcomings where the real issue is what our responsibilities really are, and how much we can afford to do to carry out those responsibilities.

WHAT MANAGEMENT SHOULD DO

Now, let's get back to a less argumentative area: business management's responsibility to act in a "morally proper way" and see to it that employees live up to the same standards. As I said earlier, management has to recognize this obligation very clearly. We have to set the example. We have to practice what we preach.

But we've got to do more than inspire and motivate employees; we have to inform and instruct. It's not enough to say, "obey the law." People have to know what the law is; what the law permits; and what it forbids.

It's even trickier when we get into the area of moral rights and wrongs, with its delicate distinctions and subtle shadings. That's why I said earlier, as many people have said, that rules and guidelines have to be explicit, whenever and wherever possible.

At Bethlehem, we have a number of documents that have to be studied, understood, and subscribed to periodically by all employees who are in sensitive areas. We have a policy designed to avoid personal conflicts of interest; a policy to guarantee compliance with all laws relating to antitrust; and a policy designed to fully meet all our fair employment obligations.[13]

Taken together, I believe those documents go about as far as we realistically can toward defining proper behavior in explicit terms. Beyond that, it's up to every individual employee to meet the spirit as well as the letter of his instructions, and conscientiously avoid behavior that raises the slightest doubts as to propriety.

In his article in *Dissent*, Dr. Yankelovich suggests that the most troublesome problem is the tendency to put aside one's own moral standards when serving the organization. The answer is that we're all accountable for our own actions. It's no excuse to say that something improper was done out of a sense of duty or loyalty to the organization. All I can say to my own people is "look to your own conscience."

Management's role is to make sure the objectives of the organization, and the actions and activities it undertakes to meet those objectives, won't run counter to the scruples of its people.

THE AMERICAN SPIRIT

My last though is this: I agree with the people who have said that in the final analysis what sustains this land of ours is the spirit of its people. And by the same token, the greatest threat to our way of life is a failure of that spirit.

I'm not a moral philosopher. I'm a practical businessman. But it seems clear to me that the American spirit rests largely on simple, old-fashioned virtues like personal honesty and fair play. I think this spirit still runs strong. It's been dramatically tested from time to time in our history, and never more severely than in recent years.

The public opinion surveys I mentioned earlier, showing a lack of confidence in most of our institutions, give us a warning we can't afford to ignore. And there are plenty of other danger signals: excessive crime; an upsurge in shoplifting and employee theft; vandalism; petty cheating; and a continuing and discouraging persistence of so-called "white-collar" crime.

There are reasons for these things, but we have to understand that public perceptions of improper conduct by people in positions of leadership and trust has "poisoned the well." It erodes confidence and creates an air of cynicism.

As I've said, I don't think that widespread cynicism is really justified. I don't believe wrongdoing by businessmen is anywhere near as much to blame for this atmosphere as some people say it is. Still, they're not all wrong. That being the case, no defender of business can afford to be complacent.

Footnotes at end of article.

Dr. Walton underscores why we can't be complacent in the book I mentioned. He points out that Americans don't share the traditional Old World tolerance for the personal sins of their leaders. Quite the contrary. We're quick to create heroes, and just as quick to destroy them. Our idealism causes us to judge our leaders severely, and we tend to over-react when they don't live up to our expectations. Our indignation and disillusion produce exactly the kind of cynicism that's so widespread today.

There's no doubt that this is a serious problem. If students think they have to cheat to compete; if buyers think they have to deceive sellers because they themselves are being deceived; if workers think it's okay to steal because their bosses are stealing on a bigger scale—then the very foundations of our society are seriously threatened.[14]

I don't think we're anywhere near a moral collapse, but there are enough signs of trouble to convince me that we've got a lot of reappraising to do. People in positions of leadership and authority have to buckle down and do their best to earn renewed confidence and respect—and that job must have the very highest priority.

A large part of that load is on the shoulders of business management. The feeling has been growing stronger lately that a businessman has obligations similar to the "public trust" of government officials. And I think Dean Dill was right in saying of business: "It has to be able to blow the whistle on itself if it wants to keep the support of the public." [15]

I want to tell you that a lot of us recognize that responsibility, and we intend to fulfill it.

I feel very strongly that the world of business is a worthy place not only for your talents, but for your ideals. And if everyone in business, all the way up and down the line, can join wholeheartedly in a crusade to further elevate our ethical standards, then our future prospects will be even better.

FOOTNOTES

[1] Yankelovich, Inc., National Surveys.

[2] *New York Times*, January 5, 1975.

[3] *Dissent*, Vol. 21, Fall, 1974.

[4] See Note (2).

[5] Also, see "Business Faces Growing Pressures to Behave Better," Max Ways, *Fortune*, May, 1974.

[6] *Wall Street Journal*, January 3, 1975.

[7] Brief excerpts from typical statements emphasizing the importance of ethical business behavior by Bethlehem executives:

"If I were asked to say the most important things that lead to a successful life I should say that, first of all, was integrity—unimpeachable integrity."—Charles M. Schwab, Chairman, Address at Princeton University, March 16, 1920.

"I say that integrity is the number one requirement in your career . . . Integrity is the first principle we teach each session to our college training group."—Eugene G. Grace, Chairman, Commencement Address, Lehigh University, June 14, 1948.

"Our policy at Bethlehem is and always has been to act within both the letter and the spirit of the law; and, beyond that, to conduct business in accordance with the highest standards of integrity. We expect you to do the same, in your-to-day work."—Frederic W. West, Jr., President, Address to Corporate Orientation Program (Bethlehem's incoming management trainees and other relatively junior management employees) July 19, 1974.

[8] E.g.—*In the Name of Profit*, Heilbroner, et al., Doubleday & Company, 1972; *The Corrupted Land*, Cook, MacMillan, 1966; *Up Against the Corporate Wall*, Sethi, Prentice-Hall, 1974; *America, Inc.*, Mintz and Cohen, Dial Press, 1971; *Dirty Business*, Demaris, Harpers, 1974.

[9] *The New York Times Book Review*, December 29, 1974.

[10] *Private Keepers of the Public Interest*, Heyne, McGraw-Hill, 1968; see especially pages 41–42.

[11] *Corporate Power and Social Responsibility*, Jacoby, MacMillan, 1973.

[12] *Ethos and the Executive*, Walton, Prentice-Hall, 1969.

[13] See "How to avoid antitrust," *Business Week, January* 27, 1975, for a survey of efforts by companies to educate employees.

[14] Indications of current concern over a wide variety of ethical problems are exemplified by the following: "grade-grubbing" and cheating at schools and colleges: editorials in *Wall Street Journal*, December 11, 1974; *New York Times*, January 13, 1975; dishonesty in scientific research: Op-Ed article in *New York Times*, January 22, 1975; unethical practices in college athletic programs: *Chronicle of Higher Education*, January 20, 1975; cheating in professional bridge: see articles written by Oswald Jacoby and widely published in January, 1975.

[15] See Note [2].

THE FEDERAL BUDGET DEFICIT

Mr. FANNIN. Mr. President, it is my strong feeling that our country is headed for economic disaster if Congress approves actions which will result in a Federal budget deficit in excess of $80 billion. Such a deficit will cause greater inflation and cripple our private industry so that we lose both jobs and the goods our people need.

Mr. President, the editor of the Tucson Daily Citizen, Paul A. McKalip, made some very appropriate remarks in his column in the March 19, 1975, editions of that outstanding newspaper. I ask unanimous consent to have the article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Letter from the Editor—Pass the Gravy, Mother

Of an evening it is my habit to sit down in an easy chair and read the home-delivered edition of the Tucson Daily Citizen even as you and thousands of other regular readers do.

No one of us involved with editing and producing the newspaper each day could possibly read all of it in the process. Hence, at night I become an avid reader of the finished product.

Night before last I settled down with the newsy Monday edition. Some of what was on page 1 I had seen or been aware of during that morning. But as my eyes scanned the whole front page they fell upon the smallest headline atop the tiniest story on the page—one paragraph, 10 lines.

The headline read: "Deficit may go to $80 billion."

The story reported that Treasury Secretary William E. Simon told Congress that the federal budget deficit might hit $80 billion in the coming fiscal year beginning July 1. That would represent a doubling of the deficit estimated by President Ford when he sent his 1975–76 budget to Congress less than two months ago on Feb. 3.

I don't know how many other readers saw the headline, or seeing it stopped to read the 10-line story, or reading the story froze in their chairs as I did to stare as the headline grew in mind's eye to enormous size equal to the shattering import of the news.

I do know that I sat a while, dazed as by a physical blow, while memory served up a torment of information that we had been publishing day by day and week after week. I recalled reading about the things that were being done, or were going to be done, for us with all that wonderful stuff from Washington known as "federal funds."

Just think of all the sewers, arterial streets, housing, education programs, transit buses, economic opportunity programs, hospital facilities, water, academic research, medical research, crime fighting, jobs, even some television programs that come to us with the massive outlays of "federal funds."

People long since have stopped wondering where that money's all coming from. They only say, "If we don't take it someone else will." So, pass the gravy, mother. There must be more in the kitchen.

People like to read the "good news" about the "gravy" ladled out for all those good works and good things we want. Only from time to time does a treasury secretary have to tell Congress that the government is piling up something called a deficit.

In your household and mine, we would be looking at "deficits" with the stark, scary realization that we were going broke.

Oh, well, it can't be serious for Washington because now we're going to receive money directly in almost everyone's pocket as soon as our benevolent benefactores agree on how and how much.

Then comes first an income tax rebate, money handed back to us that we thought was long gone, and second comes an income tax cut that means we won't have to send as much money this year as we thought we would.

Nevertheless, while big headlines proclaim such happy tidings, that little headline Monday appeared like a dark cloud no bigger than a man's hand on the Kansas horizon. Weather wise farmers know that presages a gathering tornado.

Are you guessing by now that I'm going to second-guess our news editors because they didn't banner that deficit "storm warning" across the top of the front page? Wrong. I think they assessed it correctly.

However large that story had been "played," or featured, on page 1 Monday, it would have attracted scant notice and limited response. Who's worrying about federal deficits? On with those tax rebates and hooray for that tax cut.

Anyway, what's wrong with deficits? We've had deficits ever since good old FDR taught us "we only owe it to ourselves." Well, for one thing Ourselves isn't really all of us in America. The government does borrow its money, like you and I do, from Somebody not from Ourselves. And the government has to pay, like you and I do.

At some point, if economic history means anything, government has to come to terms with its debt just as you and I do. Just when that storm cloud will become the tornado we fear is something I can't predict.

I will predict that this newspaper, and I hope the press in general, is going to pay more attention to the subject of government deficits because it is indeed Ourselves who have the most to lose, which could be everything.

In the coming decade, coming fast, that story could be the Big Story and everyone will be reading it then.—Paul A. McKalip.

REASSESSMENT IN THE MIDDLE EAST: THE SECRETARY OF STATE—TIME TO RESIGN?

Mr. HELMS. Mr. President, both the President of the United States and the Secretary of State have stated in recent days that it is time for a reassessment of U.S. policy in the Middle East. I quite agree. But because of the grave developments which have taken place hot on the heels of these announcements, and the

potential for further turmoil that currently exists, I believe that this reassessment should be carried out by a new team. In other words, is it not time for Dr. Kissinger to resign?

Nor is it only the Middle East which has defiled Secretary Kissinger's talents. The current tragedy in Cambodia, the collapse of our policy in South Vietnam, the instability in Europe, and the raising of unreasonable expectations in Latin America, all indicate that the Secretary's ability to cope with reality has run its course. Indeed, the bankruptcy of his international diplomacy is seen best in his fixation that "détente" is the answer for everything, revived so prominently in his news conference this afternoon. The notion that cooperation with the Soviets will solve the world's problems has largely brought us to the present impasse. Yet once again, the Secretary is taking us to Geneva where, he thinks, in partnership with the Soviet Union, all the problems of the Middle East will be solved. Yet, it might be more fairly said that it was the headlong rush into détente with the Soviet Union in 1972 and 1973 that blinded Dr. Kissinger to ignore the war preparations in the Middle East, in which the Soviets participated, and precipitated the events of October 1973.

Perhaps the failure lies in the style of Dr. Kissinger's personal diplomacy. Indeed, many may conclude that it was Dr. Kissinger's intimate relationship with Soviet leaders and diplomats that cruelly deceived the nation of Israel and led that nation's leaders to believe that no invasion was imminent. Afterwards, the Israeli leaders spoke of the assurances they had received from the United States. No doubt Dr. Kissinger was himself deceived by his Soviet friends who on one hand were delivering modern war material in massive quantities to the Arabs and on the other were giving Kissinger assurances through intimate diplomacy.

An so, after the conflict of October 1973, Dr. Kissinger once again reverted to shuttle diplomacy, step-by-step diplomacy, personal diplomacy, whatever you want to call it. It is perhaps out of place for the U.S. Secretary of State to be conducting such detailed and lengthy negotiations. History tells us that such negotiations are more successful when they are conducted on a low profile, out of the public eye, and out of controversy. Yet Dr. Kissinger did all that he could to introduce controversy.

One need only think back upon his statements last January, statements echoed by the President of the United States, that the United States was prepared to use force against Arab nations in the event of economic strangulation by the oil cartel. On January 23, on this floor, I suggested that these statements—repeated over and over in public and in private—came against a background of military maneuvers and other actions that seemed to lend substance to the threat. Thus, even though the United States was supposed to be an impartial mediator between two friends, the effect was to hint—not too subtly—that the United States was less than impartial in the Arab-Israeli conflict. At that time I said:

> A threat of force where no military action or invasion against the United States has triggered retaliation can cause each nation to misjudge their reactions in a very unfortunate way. Israel, for example, could misjudge the statements as indicating a hypothetical hostility of the United States toward the Arab world, and stiffen her determinations to resist negotiated and fair consessions. These statements could even be taken as a veiled hint or invitation from the United States that the United States could look sanguinely upon some military actions against the Arabs by a third force. The consequences for Israel, for other countries of the area, and even for the United States, could be tragic.

By the same token, Mr. President, the Arab nations could be provoked into precipitate action. Articles have continued to appear in the American press suggesting that the American people would welcome a military invasion and occupation of Saudi Arabia. Detailed plans and scenarios have been published, suggesting that Israeli bases could be used for the operation. Is it not possible, in a fevered and irrational atmosphere, that the Arab nations would feel that a preemptive strike at these bases is necessary?

And, of course, the atmosphere in the past 24 hours has reached a fevered pitch with the tragic assassination of King Faisal. A change in rulers is always a time of crisis, as we ourselves have recently learned. But this new tragic development, coming upon the collapse of the Israeli Arab negotiations, introduces an unavoidable increased element of instability and uncertainty.

In my judgment, Dr. Kissinger's usefulness as a negotiator is ended. His diplomacy is in ruins. His credibility with both the Arabs and the Israelis has collapsed. And now he turns to the Soviets for assistance after they have already made him a victim of their duplicity. It is clear that a fresh start must be made by someone who can have the confidence of all sides, including the confidence of the American people.

And yet once more, Dr. Kissinger starts off on the wrong foot. Today he rejected suggestions by questioners that the reassessment of the Middle East situation would be designed to get Israel to adopt a less intransigent position. Now I do not for 1 minute believe that one side or the other is more to blame for the failure of the negotiations. Yet by telling one side that it is all right to be inflexible, he is by implication encouraging the other side to be inflexible also. Structurally, it is an impossible stance for a mediator. It is almost as though Dr. Kissinger is driving both sides to Geneva where the Soviets can be expected to play a major role in shaping the final settlement.

Dr. Kissinger's other much-vaunted successes follow the same line. We see now that the checkerboard pattern of Communist infiltration imposed upon South Vietnam in January 1973, is now bearing its bitter fruit as hundreds of thousands of refugees stream eagerly toward the territory remaining to the Saigon government. The settlement which he imposed there proved to be the ideal base for the organizing and supply of Communist military action. Despite many objections and reservations by the South Vietnamese Government, he forced a structure of weakness and vulnerability without precedence in this history of divided nations. The present contraction of the defense perimeter by the South Vietnamese Government—with huge losses in lives and territory, is the direct result of Dr. Kissinger's personal diplomacy with the Communist coalition. I believe that South Vietnam might yet survive—if we continue to meet our present commitments. Yet that crippled nation will never forget the legacy of Dr. Kissinger.

Indeed, Dr. Kissinger's brand of diplomacy may be called the politics of instability. His broad concessions to the Soviet Union and his secret diplomacy with Peking have been the two most destabilizing policies which have led to the diminishing of the leadership capability of the United States and our loss of influence abroad. We have profoundly disturbed our alliances, upset the internal policies of friendly nations, and precipitated the disintegration of our military alliances. NATO, for exemple, is a ghost of its former self, as, one by one, the internal politics of the member nations diverge from partnership. I have spoken elsewhere on the floor today about yesterday's events in Portugal. Spain, although not a member of NATO, may also be on the verge of internal turmoil with dissidents openly talking to the press about forcing the issue of succession within a very short time. Italy continues its political instability with elections coming up in June. Germany, after its adventures with an overeager ostpolitik—nurtured and encouraged by Dr. Kissinger—is wondering if it has given up too much of its patrimony.

Events now are too grave, the situation in every corner of the world is too delicate for our international affairs to be directed by a man of proved failure. I suggest that the Secretary and the President should consider whether now is the time for Dr. Kissinger to step quietly from the scene.

THE PRESIDENT'S ENERGY PROGRAM

Mr. FANNIN. Mr. President, during the past few weeks the attention of Congress and the people has been focused on the so-called tax rebate bill and the numerous amendments to it.

All of this commotion has created a smoke-screen which obscures one major issue this Congress has yet to come to grips with—the formulation of rational energy policy.

President Ford remains the only one to present a full and reasonable program for reducing oil imports.

Mr. President, it is unfortunate that the national press and broadcast media have not presented the President's program in a manner which is easily comprehensible for the average citizen who is not trained in economics and oil politics.

Readers of the San Jose, Calif., News were fortunate to have an excellent presentation by Donald F. Anthrop, chairman of the Environmental Studies Department at San Jose State University. In two articles appearing in the News, Mr. Anthrop gave a very clear and concise report on what the President is attempting to accomplish and why this is a sound approach.

Mr. President, I ask unanimous consent to have these two articles printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

FACULTY FORUM—PUBLIC MISSES POINT ON ENERGY

(By Donald F. Anthrop)

President Ford's energy program seeks to reduce energy consumption and oil imports primarily through economic measures.

The essential features of the President's program are (1) a $3 per barrel import fee on imported crude oil and petroleum products; (2) price decontrol on domestic crude oil, most of which is presently controlled at $5.25 per barrel; (3) decontrol of wellhead natural gas prices; (4) an excise tax of $2 per barrel on domestic crude oil and $0.37 per thousand cubic feet on natural gas; (4) a windfall profits tax to be levied on domestic oil producers to recapture for the federal government the profits arising out of oil price decontrol; (6) relaxed environmental controls, accelerated offshore oil leasing, and other measures intended to increase domestic energy supplies.

Surprisingly, perhaps, the principal opposition to the President's program has been focused on those measures designed to reduce imports and foster conservation, a fact which suggests that Americans do not really understand either the gravity or complexity of the nation's long-range energy problems.

As a result of the Arab oil embargo during the first three months of 1974 and higher oil prices, total domestic demand for petroleum in 1974 was 6.1 billion barrels, about 3.1 percent below the 1973 level. However, domestic crude production, which peaked in 1970, continued to decline, falling 4.2 percent below 1973 production. As a result, the U.S. imported 2.1 billion barrels of petroleum last year (35 per of its supply) at a cost of nearly $24 billion. If U.S. petroleum consumption should return to its historic growth rate of 4.3 percent annually and if domestic crude production continues to decline at the rate it has since 1970, by 1980 the U.S. could be dependent upon foreign sources for nearly 60 percent of its supply at an annual cost of $45 billion at current world oil prices—a sum which is approximately half the existing value of all U.S. foreign investments. Of course we don't know what oil prices will be in 1980, but unless the OPEC cartel is broken we must assume they will rise.

To counter this perilous trend, the Ford Administration wants to reduce imports by one million barrels per day by the end of 1975 and 2 million barrels per day by the end of 1977. This is a modest proposal, and even if successful, will leave us dependent upon foreign sources for 30 percent of our oil by the end of this year. However, there are no quick and easy answers.

Our nation's future energy supplies are further jeopardized by an impending natural gas shortage of very serious proportions. In 1974, marketed production of natural gas was 1.5 percent below the 1973 level—the first absolute decline in gas production since World War II. In a staff report issued last month, the Federal Power Commission (FPC) states that conventional U.S. gas production reached its peak in 1973, and, because annual production far exceeds new gas discoveries, will decline for the indefinite future.

The problem is largely economic and stems from the FPC's regulation of natural gas prices. In a 1954 opinion, the U.S. Supreme Court ruled that under the Natural Gas Act of 1938, the well-head price of gas was subject to regulation. In implementing that decision, the EPC has regulated well-head prices largely in the interest of consumers and has succeeded in holding gas prices below those for other fuels. Comparison of fuel costs to electrical utilities shows that in September 1974, the utilities paid an average of $0.52 per million BTU for natural gas compared to $0.79 for coal and $1.95 for low sulfur fuel oil. Since natural gas contains almost no sulfur, electrical utilities faced with air pollution regulations limiting sulfur dioxide emissions have found combustion of gas to be a much cheaper solution than using low sulfur fuel oil or investing in the capital equipment needed to burn coal.

I have sketched in the foregoing the recent history of our consumption of oil and natural gas, and tried to indicate the seriousness of our present situation in regard to these commodities. In a second article I shall examine President Ford's proposed remedial program and the alternative of mandatory rationing.

FACULTY FORUM—PRESIDENT'S OIL STRATEGY SOUND

(By Donald F. Anthrop)

Last week in this space I attempted to sketch the history of our present energy dilemma and show the serious consequences that would follow if recent trends in energy supply and demand are allowed to persist.

To counter these perilous trends President Ford has proposed an energy program which includes taxation and other economic measures intended to reduce oil imports by one million barrels per day by the end of 1975 and 2 million barrels per day by the end of 1977.

Ever since the President proposed his energy program, Senators Jackson and Kennedy along with the Democratic leadership in the House have been telling us the President's program will be inequitable, inflationary, and ineffective. The Democrats appear determined to reject the Administration's program in favor of one of their own. While they are apparently unable to agree on the basic principles on which an energy policy should be based or even upon the objectives to be achieved, they seem to believe that some form of mandatory gasoline rationing is the only viable option for achieving these objectives. Before we accept this conclusion, a more careful analysis of the problem would seem to be in order.

As I indicated in this column last week, one of our basic problems is consumption of oil—particularly foreign oil—not just gasoline. Since motor gasoline accounted for 39 per cent of our total petroleum consumption in both 1973 and 1974, any program which limits gasoline usage only, whether it be rationing or a special tax on gasoline at the pump, attacks only thirty-nine per cent of the problem. Although some rationing advocates would have us believe the remaining 61 per cent consists largely of home heating oil, middle distillates, which include heating oils used in homes and commercial establishments, comprise about 18 per cent of our total oil consumption.

If imports are reduced by one million barrels per day and if domestic crude production continues to decline this year, our total oil consumption would have to be reduced by 7.2 per cent, which is a reasonable and achievable goal. If, however, these reductions were applied entirely to the gasoline component, gasoline consumption would have to be reduced 18 per cent. Since part of this gasoline is used in the production of food and other purposes not amenable to rationing, gasoline usage in passenger cars would have to be reduced at least 24 per cent. Achievement of this reduction would mean that on the average each passenger car could be driven no more than 130 miles per week. Although the bleeding heart liberals in Congress seem to assume that only rich suburbanites commute to work, it just happens that the poor commute too—often long distances—because they are more restricted in housing. Furthermore, an immediate reduction in gasoline usage of this magnitude would cause a major economic upheaval and unemployment in those industries and communities dependent upon tourism.

In my view, many of the President's proposals for energy resource development and relaxed environmental controls, particularly on air quality and strip mining, are unnecessary, undesirable, and detrimental to the quality of life. Nevertheless, his basic strategy on energy is based on two fundamental principles of a sound energy policy: (1) that the energy consumer rather than the general public pay the cost of making that energy available, and (2) that consumer demand should be shifted away from energy-intensive products and processes. I have no reason to believe Congress can do as well, and in my judgment, the most serious flaw in any rationing scheme is that it fails to accomplish either of these fundamental goals.

Finally, I should point out that the taxation and energy policies espoused by the liberal Democrats in Congress are not even in accord with their professed desire to keep energy prices low. (And I think I made clear that I believe low-cost energy to be an undesirable goal in this country.) In the long run, low-cost energy can only be achieved by increasing energy supplies. In order to make the enormous capital investment that would be required for exploration and production facilities, the oil and gas industries must improve their earnings. This will not be accomplished by maintaining price controls on domestic gas and crude oil or imposing additional taxes on the industry. Despite the rhetoric, Congress can't have it both ways.

PORTUGAL AND DÉTENTE

Mr. HELMS. Mr. President, after the initial euphoria that followed the end of the Caetano regime in Portugal, a haunting question surfaced: Would Gen. Antonia Spinola, ostensibly at the head of the revolutionary forces, be able to consolidate Portugal into a democratic government on a par with others of Western Europe?

Today, we know that the answer is a firm "no." After the events of this week, it is clear beyond doubt that the authoritarian regime of Caetano has been replaced with a Red military dictatorship which primarily relies on the Communist Party of Portugal and Communist sympathizers. The once-murky post-revolution picture became clearer with these recent events, and from the announcements which came from the Marxist military in power and their Communist allies. The upcoming spring election is a big question mark. Unless the ruling "Revolutionary Council" is given a permanent voice in running the country, the elections will be postponed.

All political parties associated with the old Caetano regime have been outlawed, along with any and all parties to the right of the Socialists, including the Christian Democratic Party. To satisfy the Communist Party of Portugal, which is the most loyal Soviet Communist Party satellite in Western Europe, their Maoist competitors have been also outlawed. London's Daily Telegraph has labeled the new regime a "military dictatorship dominated by the Communist Party."

Portugal's first go-around under the

democratic rules was a liberal's "pipe dream," and for the Communists and their allies, an expertly performed act of subversion. One needs only to refer to the similarity of the election symbols in four leftwing parties, all of which have a hammer and sickle on their banners, to understand the tone and nature of the political atmosphere. It was announced from the top level that the new constitutional assembly would not be a decisionmaking body, but a mere assembly for deliberations. Now it is quite clear that the Marxist military and the Communist Party boss, Cunhal, and not the people, will be the pillar of political sovereignty. It was a quest for power and Communist advice which guided the Revolutionary Council's had in this preliminary decision.

EFFECT ON NATO

Portugal's great leap toward communism began with the coup staged by General Spinola and not with his resignation last summer, as some would have us believe. Nevertheless, Spinola's resignation speech was significant, because it had a twofold message: One, he has realized that he played the role of the Communist "useful idiot"; and, two, he decried the "new kind of slavery" that was being instituted. His departure coincides with the removal and arrest of his closest advisors and the rejection of his economic plans as "too capitalistic."

Overtures to Moscow by the new leadership have been tendered. A Soviet fisheries minister called off a trip to Lisbon at the last minute following a revelation that the Soviets were pressing for port facilities for their fishing fleet. At the same time, thousands of students and workers demonstrated with Communist flags, crying "kick out NATO" in response to an allied naval force dropping anchor in Lisbon.

The effect on NATO of Portugal's shift to the left remains the most problematical factor as far as her alliance friends are concerned. Possible loss of the strategic Azores air fields in the North Atlantic is enough to cause consternation. With Greece and Turkey feuding in the eastern Mediterranean over Cyprus and virtually dropping out of the alliance, a defection from NATO by Portugal at the opposite end of the alliance's southern flank could cause irreparable harm.

FURTHER OMINOUS SIGNS

The joy with which the Communist Parties of France and Italy are viewing the increase of their Portuguese comrades' power is very revealing. The red military junta, jointly with the Communist Party chief, Cunhal, has long set switches for the future. The Portuguese Government, controlled by their Communist allies, yesterday announced the creation of a new Cabinet in which the Communist Party increased its influence. Maj. Melo Antunes, a Marxist revolutionary, was named to replace Socialist Party leader Mario Soares as Foreign Minister, despite Soares' objections. The red military junta has named a second Communist to the Cabinet, joining party boss Alvaro Cunhal. The Communists received the transportation and communication ministry. The Popular Democratic Movement, considered to be Portugal's second Communist Party, won two posts after a long fight to enter the government. The composition of the new Cabinet clearly demonstrates the direction and simultaneously proves that the emblem of the hammer and sickle is appearing in continuously brighter light on the Tagus River.

Conservative and centrist politicians may now be denounced without hindrance, even with the official approval. The radio appeal of the state security service to the people, which calls for the exposure of "fascist" machinations, shows more plainly than ever that Portugal is about to embark on a "road to socialism."

The nationalization of banks and insurance companies and the arrest of business leaders, including a pro-Socialist banker, evidently are aimed in part at undercutting the economic base of non-Communist political groups.

SOVIET ROLE

The Communist Party of Portugal is, and has always been, totally subservient to the Kremlin. In the key political test of the past decade, it gave 100 percent support to the Soviet invasion of Czechoslovakia.

The Portuguese Communist Party boss, Alvaro Cunhal, during his past two decades of exile, was stationed mostly in Prague, where he worked with the KGB and the headquarters' staff of the Soviet-controlled World Federation of Trade Unions. In 1949, Cunhal made an attempt in Portugal similar to the enterprise of Czechoslovak and Soviet Communists in Czechoslovakia in 1948, which brought the Communists to power in that country. He was caught and sent to jail.

Since then and since his escape from jail, the plan for the conquest of power has been updated under direct Soviet guidance. The strategy was drawn up on the precedent of the low-key "salami strategy" followed in the Communists' takeover of Czechoslovakia in 1948. This plan was put into operation after the April 19, 1974, coup against Marcello Caetano and has been pursued systematically and successfully, stage by stage.

The Portuguese operation by the Communists has been planned, supported, armed, and guided by the Soviet Union intelligence and subversion centers in Prague, Czechoslovakia. KGB and other trained clandestine operatives, intelligence operatives from the World Federation of Trade Unions—which is headed by the former chairman of the KGB—arrived in Portugal last April simultaneously with Alvaro Cunhal. And many others have followed. Large shipments of weapons have arrived from the Soviet Union and other Communist-governed countries in Eastern Europe.

James Burnham, collating the reports of informed journals and commentators in Europe, writes that Moscow is sending sums in excess of $10 million per month to Portugal. And why indeed not? At that rate, even over a period of 1 year, one is spending less than a single submarine costs you. However, the tactical and strategic value to the Soviet Union of Portugual is worth perhaps 1,000 submarines.

It is a pity that, during the SALT talks when Henry Kissinger and Leonid Brezhnev were balancing off permissible inventories of missiles and submarines to America's disadvantage, nobody thought to include countries into the scenario. It would have been interesting to see what would have happened if we had insisted that the Kremlin would have to limit itself to its current quota of slave satellites. But one supposes that that would have disturbed Dr. Kissinger's "scenario."

The Soviet presence in Lisbon is large and active. Moscow's influence is from day to day growing stronger. Together with renewed Communist action in Cambodia and Vietnam, backed up by the Soviet military-industrial complex, and the Soviets' continuous effort to subvert and promote unrest in the world, a Communist takeover in Portugal would only confirm that détente is that what Soviets want it to be—a strategy for destruction of the free world.

Mr. President, I ask unanimous consent that the articles by James Burnham be printed in the RECORD as well as articles from the Washington Post, the New York Times, and Human Events.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the National Review, Feb. 14, 1975]

POINT OF NO RETURN? THE PROTRACTED CONFLICT

(By James Burnham)

Alvaro Cunhal, leader of the Portuguese Communists, spent most of the past two decades in Prague. From there he ran the underground Portuguese party with the help of Soviet, Czech, and other European agents and money. Cunhal's relations with the World Federation of Trade Unions, which has its headquarters in Prague, were particularly close. Last April a contingent of WFTU operatives arrived in Portugal along with Cunhal, a few days after the overthrow of Caetano. They set to work with the conviction that the proletariat really *was* going to be the key to the revolution this time, as classic Marxian doctrine prescribes but reality has seldom confirmed. They and the local Communists have been able to draw on the ample funds—believed to be averaging more than $10 million a month—that Moscow has been sending into Portugal.

Many workers were already organized into a government-controlled federation set up by the old regime. Its national leadership dissolved overnight, leaving the constituent unions on their own for a while. Many of these had already been infiltrated by Communists during the underground period. Now the Communists moved quickly to replace the old officials with their own people. In this way they got control of most of the old unions. They have also been recruiting new members and starting new unions in hitherto unorganized fields.

SHOWING THE FLAG

In this operation the Communists were there fustest with the mostest. The Socialists had only a feeble underground apparatus, and in any case Mario Soares and his colleagues, in the usual manner of socialists were more involved with formal titles and posts than with the substance of power. Running around the world as foreign minister, Soares did not have much time to devote to the dull routine of grassroots trade union organization. In the last few months the Socialists and the left-centrists have been trying to make up for lost time.

A few weeks ago the Communists judged the critical moment had arrived for a preventive attack to abort this Socialist thrust and assure Communist domination of the entire trade union movement. As means thereto they proposed *Unicidade:* a single, unified labor confederation to control all Portuguese labor unions. Its structure will be a triumph of revolutionary democracy. The leadership will be elected by majority vote of the constituent unions: that is to say, in the existing circumstances, will be Communist. Through *Unicidade,* the Communist Party will command Portugal's organized working class.

The Socialists and the allied Popular Democratic Party (PPD) understood what the Communists were up to. They declared opposition to *Unicidade* both publicly and within the provisional government, which is a united front of the three main parties (Socialist, PPD, Communist) and seven nominees of the Armed Forces Movement (MFA), with the leftist general, Vasco Goncalves, who replaced General Spinola last September, as premier.

Cunhal did not choose to let the issue become a subject for prolonged public debate. He ordered his proletarian army to show the flag—the red flag, that is. On January 12 several hundred thousand workers under Communist leadership took over the streets of Lisbon.

Although the decision on *Unicidade* was nominally up to the provisional government, it would in fact be made by the Coordinating Committee of the MFA, which has been ruling Portugal since April. The Committee had postponed action after a meeting on January 2. On the 14th it declared for *Unicidade:* i.e., lined up with the Communists. On the preceding day the Socialists and Popular Democrats had threatened to resign if the MFA endorsed the Communist position. Again in the usual manner of socialists and centrists, their threats, when confronting a hard line, evaporated into rhetoric.

This Communist victory in and over the trade union movement is now added to virtual control of the press through Communist infiltration of both the editorial and production staffs.

However, the Communists face one possible embarrassment: the majority of the Portuguese do not like them. The MFA promised elections to a constituent assembly by April of this year. Polls indicate the Communists will do badly. Not surprisingly, the Communists have proposed a postponement of the election. The MFA, so far, has refused. The Communists are meanwhile trying to improve their electoral outlook by two familiar devices: 1) fielding an innocent sounding electoral front—the Portuguese Democratic Movement (MDP), founded in the first flush of April as a Socialist-PPD-Communist coalition, but later abandoned to the Communists; 2) rigging the vote by getting control of local election boards.

Nevertheless, the Communists will get only a minority, and an unimpressive minority, if the election is even halfway honest. This would create a dialectical contradiction between Communist weakness as measured by the polls and Communist strength as measured by the levers of social power.

The Portuguese situation would thus be analogous to the situation the Russian Bolsheviks confronted in October 1917. Portuguese Communists will not need to be reminded how the Bolsheviks resolved the contradiction: dissolution of the Constituent Assembly by force, and seizure of power.

CHANCE FOR POSTPONEMENT

The showdown cannot be avoided, but two factors work for postponement. 1) If the Communists appear as the aggressors in Portugal, this would frighten non-Communists in Italy and France and might thereby wreck the united front strategy pursued in those countries, which are bigger fish for the Communist pot. 2) Both the intentions and the strength of the armed forces are obscure. The MFA is dominated by radical officers who have been playing along with the Communists. But Egypt and Peru have taught us that radical officers are not necessarily Communist officers The Communists may figure they are not yet ready to risk an action in which they might find themselves fighting the MFA.

The decision will not be made in Portugal.

[From the Washington Post, Mar. 22, 1975]

Portugal: A Soviet Testing Ground?

(By Rowland Evans and Robert Novak)

Stuck without any plan of their own to retrieve Portugal from Moscow-dominated Communists, the Western European democracies have sent an SOS to Washington warning that a Communist takeover of a NATO member could have catastrophic results.

The fact that the Ford Administration itself lacks any plan at all dramatizes the deterioration of Western power. The Western alliance has proved impotent during the tragic evolution of Portugal from 40 years of right-wing totalitarianism to what seems its unavoidable left-wing counterpart.

But the difference between the two dictatorships is profound, which explains the call for help from the European democracies. The new Portugal, with brilliantly planned and executed Communist control tightening its grip, is switching from a somnolent reactional backwater to a potentially aggressive and hostile political threat to weakened Western Europe, particularly Britain and Italy.

That explains this phenomenon: Sweden, the most socialistic and neutralist democracy in Western Europe, has sought more than any NATO member to change the implacable course of events in Portugal. Operating with minimum publicity, the Swedish government has quietly sent desperately needed money and technical experts to Portugal to shore up the embattled socialist and center political parties there.

The lack of publicity in Stockholm may prevent a repetition of the recent fiasco in Bonn. Efforts by West German parliamentary groups, backed by the West German government, to stop the hemorrhage of Portuguese political freedoms were harmed by publicity. Exposure of the German help damaged both the Bonn government and the socialist-centrist parties in Portugal. Particularly damaged were the Christian Democrats, one faction of which is now banned from competing in next month's election.

For President Ford, policy choices are singularly bleak. High officials here are falling back on this dubious rationale: If the swift Communist takeover succeeds, as now seems likely, let Moscow choke trying to digest what it swallows.

Consolidating its political hold on Portugal would cost the Soviet Union at least $1 billion annually for several years, say U.S. experts—a financial drain on Moscow not much less than its vast investments in Fidel Castro's Cuba.

That prospect is causing concern inside the Kremlin. "The Russians really don't know how to play Europe yet," one expert told us. "Portugal is turning into an unknown experiment for them and they obviously did not expect events to go this fast."

But the Kremlin learned bitter lessons in Chile, such as the need for absolute control over the press and the army. Those mistakes are not being repeated in Portugal, where army and press opposition is smothered.

Congress is now working on a Portugal aid bill for about $20 million, a pittance but symbolically significant, and the White House intends to continue technical assistance planning for spending that money in Portugal. To announce withdrawal of the aid would play into the hands of the left—particularly the new 24-member High Council which now runs the country.

Yet, at some point in the future the aid may have to be withheld. Otherwise, the Communist-controlled regime might try to claim American support.

The loss of important U.S. navy facilities in the Portuguese Azores, particularly for anti-submarine reconnaissance, is slowly being accepted as unavoidable. So is the prospect of Soviet refueling stations on Portuguese Madeira Island, where the U.S. does not even possess a regular diplomatic outpost. Likewise, the odds strongly favor a Communist-dominated Portugal leaving NATO by its own decision.

These doleful prospects are dwarfed by more subtle effects on the European democracies of a Communist-controlled government running Portugal, with the U.S. helplessly on the sidelines. That may explain deep anxiety in Bonn last month when Alexander Shelepin, former boss of the notorious KGB secret police and now chairman of the Soviet Central Council of Trade Unions, arrived as head of a Soviet trade union mission.

Shelepin, a key Politburo member, is due in London on a similar mission next month. Against the tragic backdrop of Portugal, such visits are evil omens for level-headed statesmen here and in Europe.

[From the New York Times, Mar. 19, 1975]

Portugal and Détente

The rapidity with which the Soviet Union has moved in to seek refueling facilities on the Atlantic island of Madeira for its merchant ships indicates that Western concern over Portugal's lurch to the left is well-founded.

The mystery is why the Portuguese Communists and their military allies, who have just tightened their grip on the reins of power in Lisbon, have chosen publicly to expose their unpopular Soviet connection in the very week when campaigning opens for elections to a constituent assembly.

Confirmation of the informal Soviet request by the Information Ministry in Lisbon indicates that the Communists are no longer worried, as they were only recently, about making a poor showing in the elections. It suggests that they now feel confident of their ability to manipulate the election machinery or to intimidate opposing political parties now that they have exploited a purported rightist coup in order to seize the real levers of power in the country.

The Communist-backed military radicals of the "Revolutionary Council" seem to hold virtually dictatorial powers, as shown by their nationalization of banks and insurance companies almost overnight without appearing to consult any other authority, military or civilian. The planning of two extreme left groups and the center right Christian Democratic party from the forthcoming election has been accompanied by warnings from the Communists to their restive coalition partners, the Socialists, and the centrist Popular Democrats. The latter already have encountered left-wing street violence and now are getting Communist hints that they may be implicated in the alleged rightist coup.

In these circumstances, Moscow evidently sees no further reason to delay its military exploitation of the situation. Port facilities in Madeira on the western approaches to the Strait of Gibraltar and the Mediterranean could facilitate the operations of intelligence-gathering vessels as well as fishing and cargo ships. If submarine tenders can be moved in and, ultimately, a submarine base built, the efficiency of Soviet strategic nuclear-missile submarines could be substantially increased.

This new projection of Soviet naval power, giving it for the first time in history a "window on the Atlantic," comes at a time of American and NATO contraction. Greece has followed France in withdrawing from NATO's military structure; Turkey is threatening to do the same and Portugal may follow; the American base in the Azores in any event is unlikely to survive the leftward swing in Portugal. In Asia, American expulsion from Thailand looms as a likely consequence of the fall of Cambodia; and a phase-down of American aid to South Vietnam is probable.

But the détente atmosphere, which has contributed to the retraction of American and NATO military power, appears to be having the opposite effect on the Soviet Union. In the Indian Ocean, in the Mediterranean, in the Red Sea and the South Atlantic, there are growing signs of an outward thrust of Soviet military power.

If elections in Portugal now are circumvented and the threatened Communist takeover materializes, thus swinging a NATO ally directly into the Soviet orbit, the future of détente undoubtedly will be headed for an agonizing reappraisal.

Portuguese Labor Unions Being Manipulated by Soviet Agents

(By Victor Riesel)

If the Senate committee now probing Central Intelligence Agency "covert" action abroad truly desires an even-handed inquiry, it should invite leaders of the Portuguese Christian Democrats to testify firsthand on the underground action of the Soviet's KGB and its sundry secret services. That is, if the Portuguese anti-Communist leaders live long enough to make it to freedom.

Somehow it's rarely understood by our gung-ho national legislators and the public that the basic Soviet stratagem in any nation is to attempt to seize the labor movement, use it to paralyze the government, force the free governing parties to appoint a Communist as minister of interior (police) or face a general strike—and then kill off the non-Communists. That's how it developed in Czechoslovakia.

And that's exactly as it's burgeoning in Portugal, one of our most vital and strategic allies. Just glance at the Azores (islands) on the map.

Some months ago I was in Lisbon when it began. When I wanted to see the minister of labor, Capt. Jose Costa Martinis, I virtually had to fight my way in. He was in his office unaware of the Communist bureaucratic harassment in his outer reception room.

I had to push, physically, but I got in all right. We talked for over an hour. He told me he was a fighter pilot, knew little about labor, but was appointed because he could make quick decisions in the air and was a disciplinarian. The labor laws were being written for him. Then I had to buck my way out.

But not before he asked wistfully for some of our fighter aircraft. I told him I was just out of Phantoms.

The Communists wrote a labor law for him, all right. Basically it calls for a single trade union federation. No unions can function outside it. And it would be created if half the nation's unions voted for it. Which takes us to something called the Intersindical.

I got into Intersindical headquarters, too. It was the provisional labor "central." There I was finally received by a mystery member of the ruling secretariat. He gave me his name as Canais Rocha. For two hours we talked—monitored all the while by a female commissar. The man I talked with was a Stalinist in word, manner and dialectic diatribes.

Now this Intersindical is the Central Labor Federation. It is controlled, I believe, by Communist party secretary-general Alvaro Cunhal. How did it háppen?

First the party, which had been underground and fed by the Portuguese desk in the Moscow central committee, and its controlled World Federation of Trade Unions (WFTU) headquartered in Prague, created local unions. Also, street action squads. It was just like France and Italy immediately after World War II. But then there was covert American action which won back for the anti-Communist unions their pre-Nazi and pre-Fascist money, buildings and office equipment, and food supplies too.

Back to Portugal: the Communists began running a series of open local "union" mass meetings.

All in favor of a law creating one central labor federation raise hands. All hands went up. Or else. Thus there was a "vote" for the "central." Then the party called on its street squads to march on Capt. Martinis' labor ministry. They did. No doubt his Communist bureaucrats told the fighter pilot those sounds were the voices of the people.

Then the Communist muscle squads, just as in France and Italy, began breaking up the headquarters and meetings of opposition parties. Finally the central labor body was passed by the military junta, about half Communist controlled, on January 22. Note, please, that there are military juntas and juntas. Lots of vocal critics of the Chilean junta, a very tough one indeed, suddenly lose their voices when it comes to the pro-Communist Portuguese military junta, tough one too.

Recently, for example, the Communist youth squads besieged and broke up a Christian Democratic congress in Oporto. Though some 40 prestigious European parliamentarians were guests, the junta's militia and police got around to protecting freedom of speech and assembly mighty slowly. The convention swiftly adjourned under a maelstrom of rocks.

So, now the opposition is under fire. And the KGB operates jauntily. There are, for example, according to documented reports, a number of WFTU agents (Moscow-trained) sitting in the Central Labor headquarters. Our State Department knows that.

This is what happened in Prague circa 1948. The Communists actually controlled two unions then—but key unions, remember. These were in transportation and communication. They called a general strike in Prague. They isolated it. Crippled it. Well-directed by Moscow. Then they went to the Benes-Masaryk government—a freedom-loving government.

And they said, see what we can do. Just give us the ministry of interior and we'll free the city. Once in control of the police, democracy and its leaders died. Literally, Brutally.

A few weeks ago, leaders of the Portuguese Christian Democrats and Socialists (now frightened out of their popular front detente-trusting policy) came to the U.S. They sought trade, economic aid and money from the American Portuguese communities. How could this compare with what the KGB supplies the enemy? And the CIA cannot go covert—though a vital part of Europe may well go Communist.

The Portuguese Communist party, according to the best polls, has but 10 to 15 per cent of the people. So the Portuguese Communists (KGB) now howl down the Democratic opposition with cries of "reactionaries and Fascists." It's the old party game. Doesn't anyone care?

Why Is U.S. Media Ignoring Political Upheaval in Portugal?

(By Jeffrey Hart)

For some reason, only the vaguest, most general accounts have been carried by our national media about what is actually happening today in Portugal. Our wire services and our major newspapers maintain correspondents in Lisbon. Nevertheless, the American people remain largely in the dark concerning developments profoundly affecting their interest.

In a nutshell, the Communist party, with about 10 per cent support in basically conservative Portugal, is attempting a kind of slow-motion *coup d'état*.

If that succeeds, and the issue remains very much in doubt, totalitarianism will descend on yet another nation, Soviet power will leapfrog into Western Europe, Portugal will provide a base for revolutionary agitation in Spain and elsewhere, and Soviet naval power will surge westward, with advanced bases in Portugal and the Portuguese Azores. The strategic impact upon the U.S. position in the Mediterranean would be immense.

Yet the media take a ho-hum attitude toward all this, and give largely perfunctory coverage to events as they develop.

Communist coup strategy was implicit in the recent move to create a single monolithic trade union organization, the practical effect of which was to give the Communist party effective control over the Portuguese labor movement. Ominously enough, the Coordinating Committee of the Armed Forces Movement, which really runs the country, came down on the Communist side of the issue.

Significantly, this proto-coup involved considerable risk for the Communists and their allies. The other principal parties in the present government, the Socialists and the Popular Democrats, might have resigned over the issue, and in the ensuing power struggle the Coordinating Committee might have stepped in to run the country directly. This, in turn, could have provoked a counter revolution by moderates and conservatives in the armed forces and elsewhere.

The question naturally arises, therefore, of why the Communists moved so overtly and so riskily to seize control of the unions.

To this question there is only one answer. The Communist move arose out of the party's own political weakness. In light of a recent poll showing Communist support hovering around 10 per cent, the party moved to institutionalize what support it does have, chiefly in the labor movement, the universities and the communications media. The unions are the Communists' largest and most stable power base.

In theory, national election is supposed to take place this spring for a constituent assembly. In a reasonably clean election there is little doubt that the Communists would fare badly. How this election will be conducted, however, if indeed it ever is conducted, has become the subject of rising doubts.

Voter registration involves putting some five million people on the rolls, and this is being carried out by existing local authorities. Prior to the coup, these local authorities were mostly loyal followers of dictators. Salazar and Caetano, but after the Spinola coup last year they were replaced by assorted opponents of the old regime collected in the Portuguese Democratic Movement (MDP).

During the past year, crucially, tough Communist politics has increased the party's leverage in the MDP, the Socialists and Popular Democrats often withdrawing. Gen. Spinola himself has complained in public about the non-representative character of local government, and if the elections are held this could be a crucial factor. It is by no means clear who will supervise the voting and count the ballots, for example.

It is obvious today that the Portuguese Democratic Movement, which dominates government at the local level, is little more than a Communist front. Indeed, party leader Alvaro Cunhal went so far recently as to advise party members to cross over politically to the MDP.

Meanwhile, political guerrilla warfare is being carried on against the non-Communist parties, a half-dozen of which had expected to run in the spring election. Several parties have been banned for alleged "fascism." Socialists have had major rallies banned. The moderate-right Social Center Democrats have had their meetings broken up by toughs as the authorities sat on their hands. In the media, reports of nonCommunist political activity are often censored by Communist editors, journalists and printers.

American TV and print media cheered the coup that brought down the Caetano dictatorship, but they appear to have gone to sleep regarding subsequent developments. Moreover, at a moment when the Central Intelligence Agency could be lending discreet support to pro-Western interests in Portugal, the CIA has been largely immobilized by the media-generated atmosphere of suspicion in Washington.

ENERGY PROPOSALS OF SENATE AD HOC COMMITTEE SUPPORTED

Mr. PELL. Mr. President, the ability of the Democratic majority in the Congress to put forward a comprehensive energy and economic program as an alternative to the administration's proposal to impose, administratively, a $3 a barrel fee on imported oil was a unique and statesmanlike achievement.

The citizens of the State of Rhode Island are particularly proud of the major role played in the development of the congressional energy and economic program by my distinguished senior colleague (Mr. PASTORE), who accepted the difficult and challenging task of serving as chairman of the Senate ad hoc committee.

Mr. President, the Rhode Island State Senate of the Rhode Island General Assembly on March 4, adopted a resolution urging the Congress to enact the energy proposals of the ad hoc committee, and commending Senator PASTORE for his leadership in the development of the congressional program.

Mr. President, I join enthusiastically in the views expressed by the Rhode Island State Senate, and I ask unanimous consent that the text of the resolution, entitled "Resolution Memorializing Congress To Adopt and Support the Proposals of Senator John O. Pastore and the United States Senate Ad Hoc Committee on Energy," be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Senate Resolution memorializing Congress to adopt and support the proposals of Senator John O. Pastore and the United States Senate Ad Hoc Committee on Energy

Whereas, The cure for the deepening national recession will require certain sacrifice by Americans and especially by New Englanders, who are willing to do their share; and

Whereas, A major proportion of fuel oil for New England is imported so that any import quota would disproportionately affect the cost of fuel in this region; and

Whereas, The Senate Ad Hoc Committee on Energy, headed by Senator John O. Pastore, favors a smaller and gradual approach to any increase in gasoline taxes tied to an improvement in the economy; and

Whereas, The money collected by the additional taxes under the Senate Ad Hoc Committee on Energy's plan would be put into an energy trust fund for use in exploration and development of new energy sources; and

Whereas, The Ad Hoc Committee's plan would more equally proportion the added cost of fuel oil; now, therefore, be it

Resolved, That the Senate of the State of Rhode Island and Providence Plantations memorializes the Congress of the United States to adopt the proposals of the Senate Ad Hoc Committee on Energy; and be it further

Resolved, That the Senate of the State of Rhode Island and Providence Plantations commends Senator Pastore on his leadership in this area and urges his continuing efforts to bring support for a fairer and more equitable solution to the energy crises facing the United States and the States of New England; now, therefore, be it

Resolved, That the Secretary of State be and he hereby is authorized and directed to transmit duly certified copies of this resolution to the Senators and Representatives from Rhode Island in the hope that they will use every endeavor to influence favorable action by the Congress in this matter.

SENATOR PERCY'S BOOK AIDS THE ELDERLY

Mr. MOSS. Mr. President, Senator CHARLES PERCY, the ranking minority member of the Subcommittee on Long-Term Care of the U.S. Senate Special Committee on Aging has recently authored a book entitled: "Growing Old in the Country of the Young." The book is published by McGraw Hill.

The book is an excellent discussion of the needs and problems which confront the Nation's senior citizens. But it is more than that. The book provides the elderly with an action resource guide; that is a sort of handy yellow pages index to programs for the elderly by State and by region. This manuscript is insightful reading and I commend it to the reading of the American public.

The Chicago Tribune of November 18, 1974 carried an analysis of Senator PERCY's work by Christine Winter. I ask unanimous consent that it be printed in the RECORD.

There being no objections, the article was ordered to be printed in the RECORD, as follows:

PERCY PENS A HELP-GIVING GUIDE FOR THE AGED

(By Christine Winter)

Life is grim for Americans who grow old in a culture that thrives on teeny boppers, the "under 30 crowd," and being where the action is.

"Admittedly, our culture thrives on youth, but that is no reason for us to be insensitive to the aged among us—to the often harsh reality of their lives, to their needs, and to their dreams," said Sen. Charles Percy. He has made the problems of the aging one of his interests on the Senate floor, and the subject of his book "Growing Old in the Country of the Young" [McGraw Hill, $7.95].

The rising cost of food and the soaring problems of inflation that nag all Americans can mean a can of dog food for supper, an apartment with no heat, and a daily budget of under $2 for the elderly living on fixed incomes.

But in addition to the financial hardships that rob senior citizens of their dignity, "the fear that they will die and no one will know it" is among their greatest worries, said Sen. Percy.

There are too many myths that lump the elderly together and cause them all to be treated alike, he said. His many contacts with senior citizens tell their feelings of loneliness, and the sense that "this is where the action isn't" that depresses many who have reached their sixties and seventies. He also has seen the pride and the demand for independence that leads them to do without food and cut down on medicines rather than go on welfare.

"There is a sense of dignity for them in getting back what they put into Social Security," he said. "And a sense of shame in taking what they consider charity.

"Most of these men and women worked hard until age or disability forced them to stop," he said. "A huge number of elderly Americans became poor only after they became old."

"We wouldn't take help from our daughter, even if she had it to give," one Chicago couple in their seventies said:

"We aren't going to be dependent on anybody," the wife said as he scoffed at the idea of welfare, or even Medicare. Instead, she and her husband live in an abandoned store front on $266 a month, and resort to candlelight when the electricity is turned off.

Altho Sen. Percy pointed out that Social Security payments have been put on a cost of living escalator, he added that there are some basic problems with the law that forces those receiving benefits to "live a lie."

"Older couples are going against their own beliefs and living together to prevent losing half their benefits as a penalty for remarrying," he said.

A temporary employment placement director in Chicago told The Tribune of older workers desperate for money, but unable to take jobs because of Social Security limitations on their earnings.

Sen. Percy describes such limitations on earnings, which he favors abolishing entirely, as the "product of a Depression mentality."

It's important for senior citizens to work if they want to, he continued, and to get involved in life.

"One of the most successful programs ever developed, and one of our best investments, has been the Foster Grandparents program," he said. "The best therapy for the elderly is to be needed."

Altho he uses his book to point out the shortcomings of existing programs that haven't delivered as intended, and to show the need for legislation to expand nutrition programs, extend tax relief to the elderly who are clinging to their homes, and urge stricter enforcement of nursing home regulations, and the establishment of a full-time assistant secretary of housing for the aging, he feels that the most important part of his book is the Action Resource Guide at the end.

This is 87 pages of information for the aging, and those who live with them and care for them.

BROTHERHOOD AWARD OF THE CONCORD BAPTIST CHURCH

Mr. BUCKLEY. Mr. President, a great humanitarian and New Yorker, the Honorable Charles H. Silver, was recently honored to receive the Brotherhood Award of the Concord Baptist Church, a large and important congregation of more than 12,000 souls.

His acceptance speech contained a number of important reminders of the values for which this country stands, and I ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

COSPONSOR TO GARDNER TAYLOR

It would be impossible to find phrases adequate to express the appreciation I feel to your warm and gracious greeting.

You have made me very much at home.

Indeed, I am so deeply moved by your generous sentiments and the honor you have paid me that I feel there must be more than one Charlie Silver in the room.

This Charlie Silver however, will never forget . . .

And all of you whose presence gives evidence that we are bound together in one great human family . . .

I think you know how deeply moved I am that you have asked me to join you on this notable occasion to speak for brotherhood beside my cherished friend—your gifted, eloquent and prophetic minister—Dr. Gardner Taylor—in this majestic and inspiring house of God.

I feel that the spiritual influence of the church can help most in meeting the present tidal waves of temptation, corruption, and contempt for all that we deem holy.

Now, as never before, the moral and ethical concepts of the Eternal Creator are the sole hope of mankind's salvation and, indeed, the very survival of civilization.

In the midst of the energy shortage, we should make sure that we do not suffer an even more serious shortage in basic spiritual values.

Each of us, if we truly feel an inborn faith in God—and a love of mankind—shares a firm conviction that the people can ultimately be trusted to make the right decision.

But when we look about at the sad state of the world and scan the daily headlines, it is not easy to cling to our hope that truth and justice will prevail.

Well, perhaps they won't unless we do something about it.

We must require of our elected officials even more than we demand of ourselves.

Governments cannot rise above the moral level of their leaders.

We must look around at things as they are—and try to make them a little more the way they ought to be.

The world has spun too far from the design of the creator.

We must complete the work that he began so well and make it a better world for a better breed of human beings—our children, and theirs to come.

We need doers and dreamers who will turn our tarnished yesterdays into a better tomorrow.

We need men and women of integrity and devotion—resolved to set the record right—to inscribe upon the pages of the future the truth and courage of our dedicated forebears . . . the prophets and sages, the saints and saviors of every faith.

Perhaps, then, with the same strength which created and preserved our nation—and with that great sense of glory which moves all men who place their trust in God—we can strive to make ourselves more worthy of his trust in us.

Tidal waves of immorality, dishonesty and dissension have made us feel helpless—caught in the grip of forces beyond our control.

I am thinking not only of international unrest, but of the unprecedented moral upheaval right here in America.

The torment and trials of our era have reached nightmare proportions . . . but other generations have witnessed similar outrage against the public trust.

Somehow, a few enlightened individuals always manage to pull humanity back to self-control and self-respect.

Somehow, civilization—such as it is—continues to survive.

Our heritage of valor and freedom and wisdom as a great republic—with a glorious tradition—will ultimately overcome the forces of deceit and despair.

The almighty wills that no man shall be deprived of his human rights by reason of race, color or creed—that no man shall suffer unjust restriction or oppression or enslavement of mind or body because of the country of his origin or the color of his skin.

The eternal one requires us to deal truly and justly with one another, to honor the dignity of all men.

We are either truly and wholly our brother's keeper—or we are hypocrites—and then we have no business preaching the virtues of a brotherhood to which we do not even belong.

When the blessing of liberty and equality is denied to any human being, we place our own freedom in jeopardy . . . for each of us alike in the eyes of God.

For every one of us is part of the entire body of humanity—the whole human family.

Our every word or act reflects on the prestige and reputation of all mankind.

Brotherhood is not something limited to a time or a place.

No.—It is not a mask to wear when it suits our need and then to cast aside in a crisis.

It is a way of life. It must live in our soul.

Thus we can fulfill the mission of one world for all mankind. Thus we can find the path to peace.

For peace is more than a brief interruption of conflict. It cannot be won by conquest.

Peace will come when we use the eyes God gave us to expose hate and hopelessness—The hearts God gave us to extend justice and mercy.

What hope can we offer to any man, if our talk of brotherhood is only from the teeth out—and not from the heart . . . If we falsely set ourselves up as Apostles of Equality while so many Americans suffer the insult of second-class citizenship?

It is time to demand and secure inspired and farseeing leadership, devoid of bigotry and special privilege—to attain the stability, the equality, the universal freedom, the moral fibre and strong community spirit, the confidence in ourselves and each other that we so desperately need.

It is time to abolish the black ghettos of mind and body. It is time for all men to think free—and to walk free.

Let us demonstrate the extraordinary new nobility of our great nation.

Let us no longer go coasting along on empty words—eyes blinded to evil.

Together, let us return to the fatherhood of God and the Brotherhood of Man which has survived the ages—holding each other's hand to keep alive the spark of morality—of love and kinship—kindling the flame of fellowship on the altars of our faith.

Let us demonstrate the extraordinary new nobility of our great nation.

Let us no longer go coasting along on empty words—eyes blind to evil.

Let us find the good in each other—and the good in all things God has given us.

I don't believe in white power and I don't believe in black power.

I do believe in "grey power"—the blending of the best of both . . . The grey matter of men's minds that will ultimately show us the way to join our hands and hearts in building a better bridge to the future—which we can cross as brothers—closer together—and closer to God.

Let me conclude with the unforgettable words of the Great Emancipator whose birth we celebrate this month . . . words that are as true for us today as they were a few years ago.

We have been the recipients of the choicest bounties of Heaven: We have grown in numbers, wealth and power as no other nation has ever grown. But we have forgotten God.

We have forgotten the gracious hand which preserved us in peace and multiplied and enriched and strengthened us and we vainly imagined, in the deceitfulness of our hearts, that all these blessings were produced by some superior wisdom and virtue of our own.

Intoxicated with unbroken success, we have become too self-sufficient to feel the necessity of redeeming and preserving grace, too proud to pray to the God that made us.

Ladies and Gentlemen—Let us not be too proud. Let us humbly heed the words of Abraham Lincoln. Let us be thankful for our blessings—as we share them equally justly and generously with one another.

ST. VINCENT HOSPITAL AND MEDICAL CENTER AT AGE 100

Mr. HATFIELD. Mr. President, the measure of a city or a region is not measured solely in statistics and data that our various governmental units are so adept at gathering and then spewing back at us in voluminous books and charts. The measure of what makes something succeed is not this narrow, and it cannot be quantified. Often, it is the spirit and character of an undertaking that give it the catalyst to succeed.

I am thinking when I say this of St. Vincent Hospital and Medical Center, in suburban Portland, Oreg. This organization is nearing its 100th birthday. As this date nears, I want to mention this spirit and character, for they have helped so much in the hospital's early years, and still provide the thrust for what I trust will be a second century of service to the people of Oregon.

A hospital is more than a collection of buildings; it is more than people who do only the letter of their job. What sets a hospital apart and helps shape the character of the institution, is its commitment to service in human terms, its sensitivity, its understanding of community needs and its ability to meet these needs. These terms can well be used to describe St. Vincent Hospital and Medical Center.

I look forward to joining a former distinguished Member of this body, Hon. Hall Lusk and others on July 19, during the honoring of the Feast of St. Vincent, when the milestone date of 100 years is reached.

Recently, some background material on the history of this hospital was prepared, and I want to call it to the attention of my colleagues. As a history buff, I particularly enjoyed reading about the early days of the hospital. I ask unanimous consent that this material be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

ST. VINCENT HOSPITAL AND MEDICAL CENTER PORTLAND, OREG.

HISTORY IN BRIEF

St. Vincent Hospital has played a long and illustrious role in medical care and education in Portland and the State of Oregon.

In 1874 Oregon was a young state of only 15 years. Portland, a small but growing pioneer town of fewer than 9,000 people, was without a hospital. Concerned about this lack of adequate medical care, a group of Portland men—members of the St. Vincent de Paul Society—invited the Sisters of Providence to start a hospital and backed up the invitation with a gift of land in the city and $1,000. The five Sisters of Providence then working in Vancouver, Washington Territory, accepted the gifts and a request was sent to the Mother House in Montreal, Canada, for assistance.

In reply, Mother Mary Theresa and a companion (later joined by other Sisters) traveled by rail and ship across the continent and up the coast and the Columbia River to Portland. Arriving in October, 1874, they immediately set about raising additional funds, including door-to-door soliciting of Portland residents. Then, armed with a sum of less than $5,000, they started the construction of the hospital. Through their efforts and the support of the people of Portland, the building was completed the following summer.

On July 19, 1875, the Feast of St. Vincent de Paul, Oregon's first permanent hospital was dedicated and began serving the ill, the injured, the poor and hungry.

As Portland grew, the hospital's patient load increased and soon the original structure reached maximum expansion. In 1896 the hospital moved to a new facility on N.W. Westover Road, where it served the community in that location for more than 70 years. Eventually, this building also reached a point where modernization and expansion was not feasible, and the Sisters of Providence purchased land about five miles west of the city center in fast-growing Washington County. Here, on January 31, 1971, an entirely new 455-bed acute general hospital was completed and occupied.

St. Vincent Hospital and Medical Center today is the evolutionary product of a century of devoted effort. What began as a simple frame building with a capacity of only 75 patients has become a modern medical center—the recipient of a long tradition of excellence in health care and service to mankind that is soon to enter a second century.

THE EARLIEST YEARS

St. Vincent Hospital will be 100 years old on July 19 of this year. However, its earliest beginning was slightly more than 100 years ago, in July, 1874.

It was a very small beginning, no more than a flicker of life, that was to grow from a primitive start as Oregon's first permanent hospital to one of a modern health care facility with a century-long tradition of excellence.

This flicker of life, lighted by the concern of a few, was fanned into a full blaze of vitality by the devoted guidance of one person—Mother Mary Theresa.

Born in Germany in 1837, Rosalie Miller—later Mother Mary Theresa—was brought by her parents to Montreal. At the age of 18 she entered the order of the Sisters of Charity of Providence, a community founded by Mother Gamelin in 1843. After a number of years, Mother Mary Theresa was sent to take charge of a Home for Girls in Burlington, Vermont.

Meanwhile, across the country, the St. Vincent de Paul Society—a charitable organization of Catholic men—realized the need for a hospital in Portland. Portland was then a bustling frontier community of less than 9,000 people, and Oregon a young state of only 15 years.

The Society bought a tract of land at Twelfth and Marshall Streets. With the request that it be used as a hospital site, this lot and an additional gift of $1,000 was presented to the Sisters of Charity of Providence in Vancouver, Washington, on July 19, 1874. The date marked the Feast of St. Vincent de Paul.

A request was sent to Montreal for someone to take charge of the new institution. In Vermont Sister Mary Theresa received word from her superiors that she had been chosen to found a hospital in the Oregon Country on the other side of the continent. She was then in her late 30's.

Now just a quick jet flight, the journey then took more than three weeks. By train from Montreal to Omaha and finally to San Francisco, Mother Mary Theresa and three companions boarded a small steamer for the trip up the coast and up the Columbia. They arrived at Vancouver in October of 1874.

Immediately, Mother Mary Theresa and her companions began the long and thankless task of house-to-house solicitation of the city. From the people of Portland they collected $1,680. Some weeks later a fair was held and an additional $2,500 was added towards the hospital. Then, equipped with less than $5,000, Mother Mary Theresa ordered the building operations to begin.

The first floor was given to wards for men, and women were cared for on the second floor. The building would accommodate a total of 75 patients. This small framework building, later with an addition to accommodate 199 more beds, served as the hospital until a new building was ready on N.W. Westover Road in 1875. The old building, in later years a Japanese rooming house, was removed in 1938 to make way for city progress.

Early in May 1975, the building was finished just enough to allow Mother Mary Theresa and Sister Joseph of Arimathea to move in, and with only enough bread and butter for one meal they set about the task of cleaning.

Without funds, they were faced with the prospect of obtaining supplies on credit. However, charitable neighbors made themselves responsible for the payment of the bills should the Sisters fail to meet expenses. When they learned that the nuns could not afford to hire help, the young ladies of the city came to assist. And a few days later four more nuns arrived from Vancouver to help in getting the hospital ready for dedication.

Because a large amount of work yet remained to be done, Mother Mary Theresa decided that no patient could be received until after dedication. But one evening in June, a young man appeared so ill and so desperately in need of medical attention that the Sisters could not turn him away. To show his gratitude, this first patient worked about the hospital for almost a year after his recovery.

Portland may have been only a small community of fewer than 10,000 people on July 19, 1875, the Feast of St. Vincent de Paul, but the reception given the opening hospital was worthy of a big city. There were parades, bands, waving banners, ceremonies and speeches.

In an address at the grounds, Reverend Father Fierens, pastor of the Cathedral, thanked the people of Portland for their generous contribution which had made the hospital a reality. Not only, he promised, would St. Vincent's guard the health of the community, but the city would realize lasting benefits from this institution. The Sisters' charity would be available to the needy, and the good works of these nuns would relieve the suffering and brighten the lives of those among whom they would labor.

With the ceremonies concluded, the doors of St. Vincent Hospital opened—doors which have stood open 24-hours a day year-round ever since, serving all mankind without regard to sex, race, creed or ability to pay. The people of the city streamed through the newly opened institution for hours, inspecting the building and grounds.

Then, when the last guest had left and some semblance of order had been restored, at 7 p.m. a horse-drawn ambulance arrived with a Chinese laborer whose leg was so badly crushed that an immediate amputation was performed. This first operation was written up in great detail by Mother Mary Theresa. Added to her tasks, she kept a daily record of this surgery and subsequent case, the forerunner to modern medical records.

The Sisters relieved one another in the night and day care of this first surgery patient until he was discharged some months later. Mother Mary Theresa not only assumed her share of these patient-care shifts, but also took upon herself the long vigils with the critically ill and dying.

These first years were exceedingly rough. The Sisters underwent untold hardships to operate the hospital themselves, from patient care to housekeeping, from food services to record keeping, from admitting to surgery. In those days many Portland families brought their worn and discarded linens to the hospital. These the Sisters boiled and then tore and used as bandages. There was no other alternative to the hard work and sacrifice, even for the Superior of the hospital. Getting on her knees each morning, Mother Mary Theresa scrubbed the entrance steps.

Unfortunately, while costs were low—a few dollars could feed the patients and Sisters alike, money was scarce and the need great. In a crisis, Mother Mary Theresa was forced to borrow money. The repayment terms were firm, and as the time approached the money was not available. The creditor threatened to close the hospital. But, speeded by fervent prayers, money arrived from Montreal—enough not only to meet the bill due, but also to help sustain the hospital in days to come.

As Portland grew in importance, there was an influx of job-seekers, many of whom were not successful. They became homeless, discouraged and hungry, and roamed the streets by the hundreds. To prevent crime and save lives, the Sisters managed to find the resources to feed as many as three hundred people a day at the hospital. This extraordinary act of charity continued from the 1880's until after the Great Depression.

The hospital grew as the city and its population's needs grew, and finally a new building was necessary. Despite a fury of protest over the site far out on N.W. Westover Road, Mother Mary Theresa bought the land and oversaw the construction of the building that was to serve the community in that location for 70 years. The same year that the cornerstone was laid, 1892, Mother Mary Theresa opened the St. Vincent School of Nursing.

Before her death in 1921, at the age of 84, Mother Mary Theresa saw the city expand and engulf the new building, and the hospital itself grow and prosper. Her life's work was completed; her mission of making care possible for the sick and injured, the poor and hungry was successful. St. Vincent Hospital was her gift to the people of Portland, among whom she had labored in the city she loved.

GIANT FOODS AND CONSUMERISM

Mr. HATFIELD. Mr. President, all too often efforts by consumers to correct problems they face in the marketplace are like Sisyphus, always pushing but never getting anywhere. Stories of success do not always receive the attention they deserve. When success does occur, it is even rarer when it is a company that is at the forefront and receives the credit it is due.

In an article in the New York Times recently, the activities of Giant Foods in the consumer area are described, and I want to call attention to them. For most Members of this body, and their staffs, the steps Giant Foods has taken are well known locally. To readers of the Congressional Record around the country, and to the other grocery chain operators, this shows what responsible business leadership can do in meeting many problems consumers face.

To use the jargon of the moment, this good consumerism has "bottom line" benefits to companies as well. Businessmen and women must recognize that good consumerism pays off in added business for the concern. I know members of my staff who patronize Giant whenever possible solely because of their progressive consumer stands. Their warnings on products that could be mistaken by children is an example where the message is so clear a warning to parents of young children that some poisonous substances should be avoided in colored or perfumed scents so as not to attract small children. This is but one example of many where Giant Foods has taken the lead, at least locally, in good consumerism.

I ask unanimous consent that this article, from the March 24, 1975, New York Times, be printed in the Record, in hopes other business concerns might recognize that we, the consumers, will pay attention to consumer leadership with our business.

There being no objection, the article was ordered to be printed in the Record, as follows:

This Food Chain Found Consumer Reforms Pay

(By Alice Shabecoff)

Washington.—When Alex, age 10, unwrapped the water-propelled plastic rocket set and found it broken, his mother, Iris Schneider, a psychologist and wary consumer, got angry.

She wrote a stinging letter to the manufacturer, with a carbon copy to Giant Food, the supermarket chain where she had purchased the toy.

The manufacturer sent her a new set, but the supermarket chain did something unusual. Its office of consumer affairs sent a number of samples of the set to the company's own laboratory for testing and found that the rocket did not hold up properly. The chain discontinued carrying the toy and even contacted Mrs. Schneider to advise her of its action.

Can a supermarket afford this kind of consumer program? Yes, says Giant Food, Inc., a chain of 102 supermarkets with headquarters in Washington. Business, says the company, can make money on consumer reforms.

Besides increasing sales, Giant found that many of the reforms improved the stores' operating procedures, reduced costs and more than paid its own way.

"Industry always said, 'It can't be done, it can't be done,' and I never understood why," said Esther Peterson, the 68-year-old grande dame of the consumer movement who has served as Giant's consumer adviser since 1972. Mrs. Peterson, who served as the first White House consumer adviser under President Lyndon B. Johnson, while also acting as Assistant Secretary of Labor, is now president of the National Consumers League.

PRACTICAL ASPECTS

"No one ever knew enough about the practical aspects of using the retailer as a buying agent for the consumer instead of the selling agent for the producer," she said. "I had to be given a free hand. If I turned out to be wrong, if it went wrong on the sale line, I'd admit it."

It went right on the sale line. During Giant's 1972 fiscal year, the first full year of its consumer program, the company set records in sales $561-million) and earnings (more than $7.5-million). The latest figures for 1974 show Giant ahead of most other supermarket chains in profits—a 14.3 per cent return on stockholders' investment against an industry average of 12.4 per cent.

Giant's struggle with unit pricing is a good example of how a consumer reform brought about store reform. Giant first used gummed paper stickers on the grocery shelves, but these often popped off. Next, the chain used computer print-outs slipped into plastic casing sleeves. Now it uses a crystal-clear, easy-to-read label, computed and printed in Giant's own print shops.

The original set-up cost $30,000, for data processing, equipment and store labor, according to Gerson Barnett, vice president in charge of grocery operations. Remodeling the system cost $43,500. The annual maintenance now runs $100 a store.

Despite these outlays, Mr. Barnett says, "Out of an effort to serve the consumer, we improved our system for our own benefit as well." When clerks had to refer to large print-out lists in order to stamp prices-on foods, price marking errors ran 60 per store; now the chain finds the average is 10 per cent. Changes in prices are easier. Inventory control, plunged into the computer, has improved so that foods are no longer understocked or overstocked.

Part of Giant's success with consumer reforms springs from the way Mrs. Peterson pulled together representatives from consumer groups with experts from government, industry and the academic world.

WEDDING OF ADVERSARIES

"When consumer advocates sat down at our first group meetings, the executives and suppliers from industry were terrified," Mrs. Peterson recalled, "A public wedding of adversaries," said the consumer columnist Sidney Margolius about the Giant committee he worked on, to develop nutritional labeling.

The chairman of that committee was Dr. Jean Mayer, the noted Harvard nutritionist, and other members included Dr. Odgen Johnson, then a top Food and Drug Administration official: James Turner, consumer lawyer and author of "The Chemical Feast," a critique of the Federal agency; Dr Ira Somers, executive vice president of the National Canners Association; Helen Nelson, president of Consumer Federation of America and the host, Giant's president, Joseph Danzansky.

A second committee, headed by Arnold B. Elrind, former chairman of the National Commission on Product Safety, worked out a program to insure safety and age suitability for toys sold through Giant stores. Another labeling for Giant-brand non-prescription drugs and health and beauty aids.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, from the information I have been able to secure, the House will begin voting at about 10 minutes after 9 p.m. today and, therefore, I suggest that the Senators stay around in anticipation for a rollcall vote or votes, in the event Senators wish to order such.

RECESS UNTIL 9:30 P.M.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until the hour of 9:30 p.m. today.

The motion was agreed to, and the Senate, at 7.40 p.m., recessed until 9:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Culver).

ORDER FOR RECOGNITION OF MR. ABOUREZK ON APRIL 10, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on April 10, the distinguished Senator from South Dakota (Mr. Abourezk) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER THAT NO ROLLCALL VOTES BE TAKEN PRIOR TO 5 P.M. ON APRIL 7, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, April 7, there be no rollcall votes prior to the hour of 5 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10:15 P.M.

Mr. ROBERT C. BYRD. Mr. President, the Senate is still awaiting the House action on the conference report on the tax cut measure. I suggest that Senators continue to stay close to the Chamber because I would anticipate a rollcall vote on final passage of that conference report, and final adoption of it. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 10:15 p.m. today.

There being no objection, the Senate, at 9:31 p.m., recessed until 10:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Leahy).

CONCLUSION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that morning business be closed.

The PRESIDING OFFICER. Without objection, morning business is closed.

FIFTEEN-MINUTE RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess for 15 minutes.

The motion was agreed to, and at 10:16 p.m. the Senate recessed until 10:31; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Leahy).

AUTHORIZATION FOR THE SECRETARY OF THE SENATE, THE VICE PRESIDENT, THE PRESIDENT PRO TEMPORE OR THE ACTING PRESIDENT PRO TEMPORE TO TAKE CERTAIN ACTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the recess over until April 7 the Secretary of the Senate be authorized to receive messages from the President of the United States and from the House of Representatives and that they may be appropriately referred, and that the Vice President, the President pro tempore, or the Acting President pro tempore be authorized to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 86-42, appoints the following Senators to attend the Canadian-United States Interparliamentary Meeting, to be held in Quebec City, Canada, April 24-27, 1975: the Senator from Wyoming (Mr. McGee), chairman, the Senator from West Virginia (Mr. Randolph), the Senator from Montana (Mr. Metcalf), the Senator from Colorado (Mr. Haskell), the Senator from Iowa (Mr. Culver), the Senator from Vermont (Mr. Leahy), the Senator from Nebraska (Mr. Curtis), the Senator from New York (Mr. Javits), the Senator from Tennessee (Mr. Baker), the Senator from Alaska (Mr. Stevens), and the Senator from Utah (Mr. Garn).

ORDER FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS ON APRIL 7, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, April 7, after the two leaders or their designees have been recognized under the standing order, there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS ON APRIL 7, 1975

Mr. ROBERT C. BYRD. Mr. President, under the order previously entered, on April 7, after the conclusion of routine morning business, would not S. 622, the energy measure, come down automatically?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

MESSAGE FROM THE HOUSE

A message from the House of Representatives was delivered to the Senate by Mr. Berry, one of its reading clerks, announcing that, pursuant to the provisions of section 2(a), Public Law 93-379, the Speaker has appointed Mrs. Patricia Roberts Harris, of Washington, D.C.; and the minority leader has appointed Henry P. Smith III, as members of the District of Columbia Law Revision Commission.

The message also announced that, pursuant to the provisions of section 1, Public Law 86-42, the Speaker has appointed Mrs. Meyner as a member of the U.S. delegation of the Canada-United States Interparliamentary Group, vice Mr. Solarz, resigned.

The message further announced that the House has agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Leahy). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REDUCTION ACT OF 1975—CONFERENCE REPORT

Mr. LONG. Mr. President, I submit a report of the committee of conference on H.R. 2166, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of today.)

Mr. LONG. Mr. President, today the economy faces its most serious problems since the Great Depression. Eight million Americans are unemployed, and the gap between what our economy is capable of producing and what it actually produces exceeds the gross national product of Great Britain. Decisive action is needed, and that is what is provided in the Tax Reduction Act of 1975.

The House version of the bill provided a tax cut of only $17.6 billion. This is much smaller, as a fraction of gross national product, than the tax cut of 1964. The Senate sharply increased the size of the tax cut to $30.6 billion, a revised estimate. A reduction that large would, in my opinion, be a better response to the current slump in income and employment, which is the steepest decline since the 1930's, than that provided by the House. In conference, however, the Senate conferees had to agree to scale down the size of the cut to $22.8 billion.

In the process, unfortunately, we have had to drop some of the Senate amendments, although we have retained many important Senate amendments and in other cases have received commitments from the chairman of the House Ways and Means Committee to deal with areas covered in our amendments in subsequent legislation to come before the Senate and also before the House.

The most difficult issue in the conference was the repeal of percentage depletion. Here, the Senate conferees were quite successful in retaining a sizable amount of depletion for the independent producers. The Senate bill provided for continued depletion at 22 percent for 2,000 barrels per day of crude oil or an equivalent amount of gas, but depletion was to be limited to 50 percent of taxable income. The conference agreed to phase down the rate of depletion to 15 percent over a 10-year period, with the rate remaining at 22 percent until 1981. Also, the number of barrels eligible for the small producer's exemption is to be phased down from 2,000 to 1,000 over a 5-year period. In return for these concessions, the Senate was able to obtain an increase in the percentage of taxable income that can be offset by percentage depletion from 50 to 65 percent. This result will mean that the independent oil producers will continue to have the cash flow needed in the search for oil.

The Senate bill increased the refund of 1974 taxes in the House bill by 20 percent—from $8.1 billion to $9.7 billion. The conferees believed that tax cuts for 1975 that are reflected in withholding would be more effective in stimulating the economy than a lump-sum payment. Also, the cuts for 1975 are more highly concentrated in low- and middle-income groups than a 1974 refund. Therefore, the Senate conferees agreed to accept the smaller House refund for 1974 in return for larger cuts for 1975.

A major innovation in the Senate bill was a $200 optional credit that a taxpayer could claim in place of his personal exemption deductions. This was designed to provide relief for large families with low and moderate incomes. The House had no such provision in its bill. The conference bill does not include such an optional credit because the conferees felt that it would unduly complicate the tax return. However, it does include a $30 tax credit for taxpayers and their dependents. This will serve the same purpose of helping large families with low and moderate incomes and is much simpler than the optional credit.

The Senate also agreed to one-half of the increases in the standard deduction in the House bill, which we eliminated by committee amendment. These will increase the minimum standard deduction from $1,300 to $1,600 for single returns and $1,900 for joint returns, and will increase the percentage standard deduction to 16 percent up to a total maximum of $2,300 for single returns and $2,600 for joint returns.

A major innovation of this bill is a refundable tax credit of 10 percent of earned income, up to $400, with a phase-out between $4,000 and $8,000. This is designed to help the working poor and encourage people to work, especially those who would otherwise be on welfare. The conferees agreed to the Senate version of this work bonus, as we called it in previous legislation before the Senate, which involves a revenue loss of $1.5 billion.

I would point out that this agreement resulted in a revenue saving of $1.4 billion compared to the House bill, but it does more good among those who need it most. The work bonus will be a strong economic stimulus because the tax reduction is concentrated entirely among low-income people who will spend most of their reduction. It is equitable because it gives relief to those who need it most.

The House agreed to the Senate amendment on the work bonus with one change. They deleted the specific provision for counting the full credit as income in determining need for aid to families with dependent children. The House bill contained no provision modifying present law. The Senate conferees were willing to go along with this modification since the result is that present law will prevail for all Federal and State programs. For example, under the aid to families with dependent children program, all income and resources must be taken into account in determining need except where the law makes specific provision for a disregard. No specific provision is made in the bill.

One provision on which the Senate conferees were successful is the tax credit for new homes. This provision is desperately needed in view of the extremely sharp decline in housing production over the past 18 months. I believe this tax credit for new housing will turn that industry around and enable it to lead the way to economic recovery. The conferees, however, agreed to limit the home credit to the existing inventory of new homes. This cuts the cost of the provision from $1.1 billion to $600 million. Liquidating the existing home inventory is a precondition to a recovery in the housing industry. I believe that this credit will be effective in accomplishing that. Also, the conferees agreed to a provision denying the credit in cases where the price of a house is increased. This will prevent builders from capturing the benefit of the credit themselves rather than the benefit of the customer.

The Senate was also successful in maintaining a payment to social security recipients, SSI beneficiaries, and those who receive benefits under railroad retirement programs. We were able to get the House to agree to a $50 payment to these people. The aged are hurt the most by inflation and deserve relief in this bill.

The Senate bill, through a floor amendment offered by Senator TUNNEY, allowed a sizable increase in the child care deduction. While I am strongly in favor of liberalizing this deduction, the revenue cost of the Tunney amendment—$1.7 billion—was simply too large. The House was unwilling to agree to that much.

Most of the conferees on both sides were in favor of a significant liberalization and simplification of the child care deduction, but the conference did not have time to decide exactly how to do it. Also, the House conferees were interested in some liberalizations of the deduction that were not in the Tunney amendment and, therefore, were not in conference. We agreed to recede from the Senate provision on the condition that the House agree to increase the income level at which the child care deduction begins to phaseout from $18,000 to $35,000, effective in 1976. The House conferees have promised to send us a bill with major modifications of the child care deduction later this year.

I am very hopeful that at that time we can make greater progress in the area in which the Senator from California is working and to which he has contributed so much down through the years.

A major economic stimulant in this bill is the increase in the investment credit. The House bill provided for a 1-year increase in the credit to 10 percent, while the Senate provided a permanent increase. The conferees compromised on a 2-year increase. Because it takes time to plan investments, a 2-year increase in the credit will be more effective than the 1-year increase in the House bill.

The Senate bill also allowed a further increase in the credit to 12 percent if 1 percentage point is offset by stock issued to an employee stock ownership trust. This was one of the most important provisions in the Senate bill, since greater employee stock ownership would result in a significant decrease in the concentration of wealth in the United States and an increase in the productivity of American workers. The Senate conferees were successful in getting the House to agree that an additional 1 percentage point of the investment credit—from 10 to 11 percent—could be available if an equivalent amount of stock were issued to an employee stock ownership trust. I am confident that once American industry has some experience with employee stock ownership, the idea will spread quickly, and the result will be a major change for the better in the American economy.

The Senate bill also deleted the discriminatory provision that limited the investment credit for A.T. & T. and no other company. We were able to get the House to agree to eliminate this discrimination.

The Senate bill significantly lowered the taxes on small business, and we were able to maintain much of that reduction in conference. Both bills raised the corporate surtax exemption from $25,000 to $50,000. The Senate also lowered the tax rate on income below $50,000 from 22 to 18 percent. In conference, we compromised on a reduction in the corporate rate on the first $25,000 of income to 20 percent, which will provide $260 million of relief to small business.

The House bill raised the ceiling on used equipment, which is used mainly by small business, that is eligible for the investment credit from $50,000 to $75,000. To provide even more help to small business, the Senate removed the ceiling entirely. As a result, we were able to secure an increase to $100,000 in conference.

In other cases, unfortunately, we had to recede from Senate amendments. The Senate bill provided an extension of Senate amendments. The Senate bill provides an extension of the period to which net operating losses may be carried back. The amendment was narrowly drawn to benefit principally Chrysler Corp. I favored this amendment, especially since 25 percent of the tax savings had to be put into an employee stock ownership plan or a supplemental unployment benefits plan. The House conferees, however, thought that the Senate amendment was too narrowly drawn and, while they were not necessarily opposed to a broader provision along these lines, they were unwilling to accept the specific Senate amendment in such a limited fashion. I am hopeful, Mr. President, that the House will consider in due course and recommend to the Senate a tax reform measure, something that will be broader than this, and which will help to protect our major employers from going out of business after they have contributed large amounts of taxes to their Government over a period of time. Tax averaging seems to this Senator to be one appropriate way of doing it.

Also, the House would not accept the Senate amendments to repeal the excise tax on trucks and buses and to provide a tax credit for home insulation and solar energy equipment. These are expensive amendments—each costing $700 million—and the House conferees promised to address these issues in the context of an energy tax bill. Also, we agreed to defer consideration of Senator PERCY's amendment requiring the dying of certain kinds of heating oil until the energy bill comes before us.

In the case of Senator BEALL's amendment on the tax treatment of cooperative housing corporations, the House conferees thought that there was a problem in this area, but that it needed further study.

We did get the House to agree to Senator HUMPHREY's amendment extending for 6 months the period during which an individual must move into a new principal residence in order to roll over the capital gain on his old home. We agreed, however, to apply the new rules only to 1975 and not to 1974, as in the Senate amendment. Also, we got the House to agree to the Senate amendment liberalizing for 15 months the work-incentive tax credit. This will help spur employment of welfare recipients during the current recession.

A major Senate amendment that we maintained in conference extends for 13 weeks the period for emergency unemployment benefits for those who have exhausted 52 weeks of such benefits. This will help the long-term unemployed, who are bearing the most severe burden during the current recession.

The House bill contained no provisions dealing with the taxation of foreign income. The Senate adopted two major reforms which eliminated the foreign tax credit for oil and gas companies and eliminated deferral for all foreign subsidiaries of U.S. corporations.

The House did not recede to these provisions. A compromise was reached which results in revenues of somewhat less than half of the amount raised by the Senate amendments. The conferees, however, agreed that the taxation of foreign income should be further reviewed in the near future by both the Ways and Means Committee and the Senate Finance Committee with an eye toward further reforms and revenue gains from foreign income.

With respect to the problem of excess foreign tax credits and exploration losses of oil companies, the conferees reached the following agreement: Foreign taxes on oil extraction income will be limited to 52.8 percent of taxable income in 1975; 50.4 percent of taxable income in 1976; and 50 percent of taxable income in subsequent years. In addition, the amount of excess credits allowed within these limitations can be used only to reduce U.S. tax on foreign oil-related income.

The conference agreement also provides that any payments made to a foreign country in connection with the purchase and sale of oil or gas extracted in that country are not to be considered as taxes if the taxpayer has no economic interest in the oil or gas and either the purchase or the sale of that oil or gas is made at a price other than the market price. This provision is intended to result in denying any foreign tax credits to oil companies with respect to oil which is owned by the foreign governments; that is, oil which is described as nonequity oil or buyback oil.

This rule will become increasingly important as the foreign governments take over the oil companies' interests in oil concessions because once such takeovers take place, the oil companies will not be able to receive foreign tax credits on the oil which they buy from the foreign governments and resell for further distribution if the oil is bought or sold at a posted price. However, the oil companies would be permitted a foreign tax credit on any income derived from providing services with respect to extracting oil or gas. That income would, of course, be subject to the percentage limitations described above.

The conference agreement also provides that, beginning in 1976, the per country limitation is to be repealed and, beginning in 1975, losses from foreign operations are to be recaptured against future foreign profits.

The conference substitute will result in a revenue gain of $230 million in 1975; $470 million in 1976; and $530 million in subsequent years.

With respect to the taxation of income on which deferral is presently allowed, the conference agreed to a set of proposals which retain the present deferral treatment of foreign income generally but revise existing law to insure that no deferral would be permitted on tax haven types of income of foreign subsidiaries of U.S. corporations. The conference agreement accomplished this result by eliminating three substantial exceptions to the existing so-called subpart F rules of the code, under which tax haven income is taxed currently by the United States. These exceptions, dealing with shipping income, reinvestments in less-developed countries, and minimum distributions, were eliminated by the Ways and Means Committee in its energy taxation and individual income tax relief bill of last year. In total, these actions raise $125 million in revenue.

In addition, the conferees agreed to tighten up the subpart F rules so that a corporation's tax haven income is subject to U.S. tax if it equals 10 percent or more of the total gross income of the corporation—rather than the 30 percent provided under present law. This provision will raise an additional $75 million in revenues.

These changes in the tax treatment of tax haven types of income will thus raise a total of $225 million, which is approximately one-half what would have been raised under the Senate amendment.

Finally, the Senate bill included provisions repealing DISC benefits for natural resources and products subject to export control and denying investment credit for drilling rigs used in certain international waters. The House receded on these provisions.

The total revenue impact of these proposals is nearly $400 million in 1975 and increases to over $700 million in later years. Together, the provisions constitute a substantial reform in the taxation of foreign income of oil companies and other multinational corporations. They will encourage the oil companies to drill at home rather than abroad.

This bill is essential for our economic recovery. The Senate conferees have maintained the Senate position on most of the important issues. I hope, therefore, that the Senate will agree to this conference report.

Mr. RIBICOFF. Mr. President, as the chairman of the Senate conferees, I wish merely to say: "You were great."

Mr. FANNIN. Mr. President, I, too, commend the distinguished Senator from Louisiana. The job he did was highly commendable.

Mr. President, let me supplement the remarks made by our chairman, the distinguished Senator from Louisiana. First, I must commend our chairman for his unfailing support of the Senate throughout the conference. His able and vigorous advocacy on behalf of the Senate merits both special mention and commendation. Under the chairman's leadership, the views of the Senate were fully and fairly stated and carefully considered.

The chairman has adequately described the provisions of the conference substitute and I shall not repeat his summary of the bill. Instead, I would like to make some general observations about the bill and comment briefly on several of its provisions.

Mr. President, the conference report does not follow the recommendation of the President, since the bill is $6.8 billion over the administration's proposal. In my opinion the provisions for the expenditures will not affect the economy as the President intended.

The original basic objective of this legislation was to provide sufficient economic stimulus to assure recovery from the recession. This legislation was not intended to be either a major tax reform bill or an energy bill. These two subjects will occupy much of our attention later this year.

I am concerned about three aspects of this bill. First, I am fearful the revenue loss occasioned by this bill would be so great that, given the already large budgetary deficit, we would trigger another round of double digit inflation and high interest rates. In this respect, the conference substitute represents an improvement over the Senate bill. Revenue loss under the conference substitute will be $22.8 billion, or about $7.8 billion less than the Senate bill. Nevertheless, I remain concerned about the size of the revenue loss represented by the conference bill.

A second concern I have about this legislation is that we are enacting provisions that will inevitably become permanent parts of our tax structure. I believe that we could have acted both far more quickly and more responsibly had we limited the bill to a rebate of 1974 taxes and a temporary increase in the investment credit, which I certainly favor. This we have not done. Some provisions of the bill, although drafted as temporary measures, will in all likelihood become permanent features of our tax structure.

My third concern with this bill is the most serious. The repeal of the percentage depletion deduction and certain changes in the foreign tax credit provision will slow our drive toward energy independence.

I praise the chairman for his fight that he made as far as the depletion allowance is concerned. Certainly it is a credible achievement. But the depletion allowance has served to provide exploration companies with an invaluable source of cash flow and the economic incentive to invest the necessary capital. With the rapid escalation in oil price over the last 18 months it has been argued that the industry no longer needs depletion. Based on the industry cash flow, this is not the case, as the chairman certainly represented.

By eliminating depletion, prices will have to increase simply to maintain the same incentive, and it will be the consumer who makes up the difference. The modification of the foreign tax credit will seriously damage the capital requirement of the oil industry at a time when capital is in short supply.

Further, the changes we made in the tax law relating to foreign income will directly cause the loss of thousands of jobs in this country. Mr. President, the purpose of this bill was to stimulate the economy and increase employment. This bill moves in the wrong direction. We are penalizing certain of our companies that have foreign operations. By curtailing these foreign companies we will lose U.S. jobs that support such foreign operations.

Mr. President, why have we burdened the bill with energy provisions and so-called tax reform measures?

The House of Representatives currently is working on an energy tax bill and will send us a tax reform bill later this year. We should operate in a reasonable manner and give the Committee on Finance an ample opportunity to study these provisions and consider their economic impact.

In addition to energy and tax reform measures in this bill, we have the beginning of a negative income tax program, a partial reform of our welfare laws, a provision for unemployment compensation, a provision for social security, a provision for child care, a provision for the housing industry, and a change in taxation of foreign operations. Yet we have done little for our ailing economy.

Mr. President, instead of stimulating our economy this bill would: First, provide a disincentive to reach energy independence; second, guarantee the loss of thousands of jobs; and third, set the stage for a new and devastating round of inflation.

Mr. President, for these reasons, I cannot support such legislation.

Mr. President, I also commend the efforts of our fine staff, including Dr. Woodworth and Bernard Shapiro of the staff of the Joint Committee on Internal Revenue Taxation, Michael Stern, the staff director for the Finance Committee, and Donald V. Moorehead and George Pritts of our minority staff.

Mr. JAVITS. Mr. President, I shall be very brief. I agree with the Senate that we should vote, but I do want to thank Senator LONG for what I consider to be fine statesmanship and deeply humanitarian feeling in continuing unemployment compensation. If there is any pledge we should give the American worker, it is the fact that during this recession, he is not going to be thrown on relief. That is the big difference between this and 1932. I believe the sooner we say it in fact instead of in theory, the better it will be for our country and for them. Senator LONG took the amendment with real understanding of why I had offered it and was extremely fair about it. It was just the kind of thing that could have been dropped down the drain in view of the way in which it was put on this bill; that is, if the conferees needed it. I talked with Congressman ULLMAN and Congressman CORMAN, who were very understanding and sympathetic. I think it is a real tribute to the constructiveness and statesmanship and the humanitarian feeling of all the conferees, led on our part by Senator LONG, that this has happened.

Senator RIBICOFF took a very special interest in this matter and I wish to express much gratitude to him.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MAGNUSON. I wish to join with the Senator from New York and the Senator from Connecticut and others in commending Senator LONG's persistence in holding this unemployment compensation in the bill. I checked today, as the Senator from New York and the rest of us have. It involves about 25,000 people in the State of Washington alone. Senator JACKSON and I are very grateful for Senator LONG's help.

Mr. HARRY F. BYRD, JR. Mr. President, although I cannot support the legislation for the reasons I enumerated last week, I wish to commend the able chairman of the Committee on Finance for the hard and diligent and dedicated work he has devoted to this legislation over many, many weeks.

Mr. HANSEN. Mr. President, I cannot support this bill and will vote against its final passage.

What started out as a proposal to provide a limited and temporary tax cut to stimulate the economy has now developed into a $22.8 billion combination tax reform and energy bill with but a minimal amount of economic stimulus. Somewhere along the way, we simply lost sight of the basic and simple purpose of this legislation.

Let me point out some of the principal defects in the bill which leave me no choice but to vote against final passage. First, it is beyond any reasonable dispute that our national policy should be to encourage production of oil and natural gas. Yet, in this bill, we propose to phase out percentage depletion for all but 1,000 barrels a day and to reduce the rate on that 1,000 barrels to 15 percent. Moreover, for those who produce oil and gas, the mechanics of the bill will unquestionably encourage the production of oil at the cost of reduced natural gas production. This bill thus contains a clear disincentive for the search for and production of natural gas and oil. What we have done is to eliminate the major incentive we have for the production of more oil and gas while leaving for another day consideration of alternative incentives. At a time when the Nation is in critical need of additional oil and gas I cannot possibly support legislation which reduces the incentive to produce severely needed supplies. Given the current energy crisis we face, I find no sound public policy that warrants the action we now seem ready to take.

A second concern that I have with this legislation is that we have put all of the easy and popular tax reform measures in this bill. This will only make it more difficult to develop and enact a balanced tax reform bill later this year.

I am also concerned about the decisions we have made with respect to the foreign tax credit and the taxation of income of foreign subsidiaries. Under the banner of "getting" the major oil companies and the multinational corporations, we have not merely raised taxes. We have also discouraged further the search for energy resources, adversely affected our balance of payments situation, and threatened to create further unemployment in this country. These tax reform measures are important matters, and legislation may well be needed. But we should have done this later in the year after hearings and due consideration. These quickly composed far-reaching permanent measures have no place in what was intended as an antirecession temporary tax cut.

Additionally, this bill contains a provision making cash payments to social security recipients out of general revenues, a refundable earned income credit amounting to a negative income tax, and a housing purchase credit that deserves more carefully studied legislation.

Mr. President, I would like to support a moderate and temporary tax cut to stimulate the economy. But the projected $22.8 billion revenue loss can hardly be termed "moderate." No one seriously contends that all of its provisions are "temporary," and the "stimulus" we set out to provide has been lost in the search for tax reform.

The substance of this bill rests on hastily conceived, inadequately considered, far-reaching permanent tax reform wrapped in a $22.8 billion deficit building package. I am afraid, Mr. President, that what we may have accomplished in this legislation is to strike a severe blow to the Nation's productive capacity, add to our already bulging deficit, and create the framework for another round of inflation. This bill does not merit our support and I shall therefore vote against it.

Mr. President, despite the fact I cannot support this bill I wish to pay tribute to the distinguished chairman of the Committee on Finance and to express a real sense of gratitude to him for his fidelity to the Senate in fulfilling the obligation to strongly support the Senate bill. He worked very, very diligently at this task and I compliment him for it.

I shall vote against the bill, despite the fact that it contains much I think merits our support. I do so because the bill fails to accomplish most of the goals we sought to achieve. I think in this time of energy insufficiency, there can be no question that the reduction by the conferees of the action taken by the Senate amounts to a clear disincentive toward the production of adequate supplies of oil and gas. I think that the tax reform measures included in the bill should have been considered in a more deliberate atmosphere, following hearings by the Senate Committee on Finance. This action was recommended time after time by the distinguished chairman of the committee.

Mr. DOLE. Mr. President, I have found myself in a minority position, being the only Republican who signed the conference report—and I did sign my own name. I, too, want to commend our distinguished chairman, Mr. LONG, and the Senior Senator from Arizona (Mr. FANNIN) for their outstanding leadership during the conference.

I would assume we could probably start over—and maybe we will. I do not know whether the President plans to veto the bill or not. I would guess after he looks at the vote on the motion to recommit on the House side, he might be tempted to do so.

The Senator from Kansas has not been in this body too long, but I have been here long enough to know that if we start over, we are going to have the same problems we had all last week. I do not like a lot of things in this bill. If I had my way, I would take out a great number. And I assume others in this body would take out a great number of the provisions. But the conference did cut several billion dollars worth of reductions out of this bill, thus making it more acceptable to the administration.

Being one of the conferees was an experience I will try to forget—but many not soon forgot. There were a great many difficult decisions made. There were a great many unanimous decisions made. There were many times when the Senators would stand together, and sometimes we could not stand together.

I agree with the statement of the distinguished Senator from Arizona and the distinguished Senator from Wyoming that there are certainly some very apparent shortcomings in this legislation, but it seems to the junior Senator from Kansas that we have been talking now for several months about a tax cut. And we have been talking for several months about an economic stimulus, not just in this body but down on Pennsylvania Avenue. I do not know of any legislation that has ever been passed by Congress that pleased everybody. And I believe that now is the time to take what we have—imperfect though it is—and urge the President to sign it so we can get the American economy moving again.

I represent an oil and gas producing State. Frankly, I favored the Bentsen amendment, and I still favor it. I would like to have it in this bill, but it is a little late, at this point to raise that issue again.

Having said that, it occurs to me that because of the persistence of the conferees, and I think for the most part unanimously on the Senate side, we have saved for a very important industry a very sizable segment, to the small independents, of the depletion allowance, and I think that is a plus. It would have been far preferable to leave the depletion issue for a more comprehensive study in the context of the overall energy bill. But at least in this bill, we have let the small producer know that his Nation will support him in his efforts to make the United States energy independent.

Insofar as some of the other provisions are concerned, I think there are obvious shortcomings. But, having been convinced that nearly everyone has talked about a tax cut and nearly everyone suggested a tax cut, we have gone from surtaxes to WIN buttons to lowering taxes, and I think now is the time to act; and if the bill is vetoed as it might well be, then I guess in the months of April and May we can do it all over. I think that we in the minority party—with only 6 of the 17 conferees— must accept some of the bad with the good. And if we really believe a tax cut is needed to stimulate the economy, we should support this bill. For I believe it does provide needed economic stimulus. And it does provide that some persons who have in the past been able to shelter large portions of their income will have to pay a more equitable share of the overall tax burden.

I plan to vote for the conference report, and I plan to use what little influence I have, to urge the President to sign the measure.

SEVERAL SENATORS. Vote! Vote!

Mr. HATHAWAY. Mr. President, I will take only 30 seconds.

I want to take this opportunity to thank the staff director of the Committee on Internal Revenue Taxation, Dr. Woodward, and the many other staff people, and Members as well, who participated in the final product. I thank particularly the chairman of the Committee on Finance, the distinguished Senator from Louisiana (Mr. LONG) for the outstanding leadership he afforded in bringing to us this final product, through the markup, through the floor debate, and through the conference, where I was lucky enough to be a participant, and I thank him for that also. His fairness throughout, his knowledge of the problems, and his willingness to compromise were the most important ingredients in making this whole effort into a success.

I think he deserves the respect, admiration, and thanks of all of us for the job he has done through the last several weeks, and particularly in the last few days.

In addition, I might add that despite my earlier resistance to the idea of a tax cut, I became convinced it was necessary to support this bill for two reasons.

The first of these is that the version of the act finally agreed upon by the conferees was, in many respects, not just a tax cut measure, but a tax reform measure. As a Senator determined to reform our tax laws, I felt there were many provisions in the bill which demanded my support. Examples of these were the work bonus provisions, the oil depletion repeal, and the foreign tax credit revisions.

Furthermore, in the course of the hearings I became convinced that because of the depth of our present recession, some stimulus was required at this time. It is a short term, band-aid solution to a long-term problem that is not going to be solved until long-term solutions are examined, and it is the kind of remedy that can only lead to the need for further such remedies in the future. But for the time being, we are so locked into high prices and high wages by large economic power centers that some kind of tax cut was necessary to keep us afloat. And this act contained a number of provisions that were commendable as stimulants. Among these were the $50 payments to fix income beneficiaries, the increase in the standard deduction, and the 5-percent tax credit for new home purchases.

For these reasons, as a reform, and as an unavoidable stimulus with some very commendable provisions, I have decided to support the Tax Reduction Act of 1975.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LONG. Mr. President, before the conference report is agreed to, I want to add one word of advice which I hope whoever reads the RECORD for the President will direct to his attention.

In my judgment, it would be a very bad mistake for the President to veto this measure. I am sure it will more than likely be that some who have not been before the public for their approval at the polls, but who have served in appointive positions in the Government, will be urging that the President veto the bill because there is something in it contrary to their recommendation or something that they have failed to recommend, which Congress might have thought was good even though they did not think of it first, and therefore did not recommend it.

Mr. President, the Nation needs the stimulus and incentive provided by this tax cut. If the President vetoes the bill, it will be on the assumption, I should think, that Congress would pass another tax cut bill, and I think he would be making a very bad assumption to assume that the next tax cut bill would be more to his liking than this one.

I say that because I know what tends to happen when you have an Executive of one party and a Congress controlled, in the main, by the other party. It is entirely likely that if the President saw fit to veto this bill, thinking he would have something more to his liking the next round, he would very likely see not just a depletion allowance amendment on this bill—and I did not want any depletion amendment on the bill, but it is there, and I will vote for the bill because it is the best we could work out—he would not only see a depletion amendment, but he would probably see that energy bill on there that the President vetoed even though it passed both Houses by a huge majority. He might very well see on it a housing bill which is headed his way and which I hope he will sign but which I suspect he may veto. He might see certain other measures on there that we believe would be very important to the public interest; and when Senators encounter the frustration of having their favorite measures vetoed, they have a way of piggybacking one on top of the other, in the hope that they will reach the President's desk on a bill the President will feel compelled to sign.

The President is not going to be able to write his own ticket and have it all his way with regard to this Congress. I have been the manager of revenue bills when we had a President of the same party as mine, and I have had some experience the other way. It is very nice to have a situation where one has the President of his own party. But I know how positions tend to harden and crystallize, and I would say, as one who would advise the President as a friend, although a friend from the other party, that a veto of this bill would tend to harden positions. A veto message describing this bill in disparaging terms would bring a rejoinder from the Democrats, which is typical of the debate between Republicans and Democrats, that the President could not buy the bill because the Democrats shaped it to favor more of those who were poor and those in lower income brackets, and to place the incentive where we thought it would be more productive, with people rather than corporations.

I am familiar with all those ancient arguments between the parties. I think it is best that we not be involved in all that, but that the President respect our judgment as we have tried to respect his. We certainly respected his judgment with respect to what the overall amount of tax cut should be, not that we bought his figure, but we also had some information about what figure he thought would compel him to veto this bill, and it is far below that point.

So I think, in a spirit of working together, each doing what he believes to be in the national interest and trying to reconcile his views with the positions of those who have divergent views, the President would be well advised to sign this bill. I have no doubt whatever that if he should veto it, it would discourage business throughout the entire United States, it would undermine the confidence of the people of this country, and I fear that it would lead to a divisive type of partisanship which would not be good for this Nation.

I do not think the President wants that. I know that I, for one, do not want it, and I would hope that his attention would be called to what I am suggesting here, because I am not going to ask the President to sign this bill; I am just saying I think it would be a mistake not to.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. GOLDWATER. I ask for the yeas and nays.

The yeas and nays were ordered.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. HASKELL. Mr. President, I would like to briefly second what the distinguished chairman of the Finance Committee has said. I think it would be extremely ill-advised for the President to veto this bill. It is a very responsible compromise. The chairman of the Finance Committee did a magnificent job in negotiating this measure and in cutting off the deadwood. I certainly did not get everything I wanted; I do not imagine any Senator did. It was a very responsible and good job.

I would like to close merely by saying that I have never seen such an example of sure competence as was presented by the committee staff that helped us put this measure together. I call attention to the fact that we ended the conference about 3 o'clock this afternoon, and it has gone through the House of Representatives and is now before us. I think that speaks for itself as to the highly competent committee staff. I have never seen better staff work done.

SEVERAL SENATORS. Vote! Vote!

Mr. FORD. Mr. President, 1 minute. I, too, would like to compliment the chairman and those who worked for the Senate in the conference committee, but I think it is somewhat disheartening when we come, within a few moments after the bill has been passed by the House, and we have only had the ability to scrutinize the results of the efforts of the conference committee for an hour or so, to the point where we are called upon to make a decision in the best interests of this country.

I shall vote to support the confidence expressed by those who represented the Senate in conference, but I do so in my belief that they are correct, and without the ability to read what they have sent us tonight.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. HARRY F. BYRD, JR. Will the Chairman of the Finance Committee answer one question?

Mr. LONG. Yes.

Mr. HARRY F. BYRD, JR. Of the total revenue lost to the Treasury, how much of that will be in fiscal 1975, and how much in fiscal 1976?

Mr. LONG. About $8 billion of that will be in fiscal 1975, and about $14 billion in fiscal 1976.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. HOLLINGS. Mr. President, I make the following statement on behalf of myself, the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Washington (Mr. MAGNUSON):

Mr. President, in agreeing to include a strong amendment to the tax bill to repeal the oil depletion allowance, the House and Senate conferees have ratified historic action by the Congress in this area.

Their action is a landmark victory for tax reform, because it closes the most flagrant single loophole in the Internal Revenue Code, a loophole that has been the symbol for a generation of the way the tax laws can favor the wealthy and the special interest groups at the expense of the middle income taxpayer.

Senators KENNEDY, MAGNUSON, and I recognized the critical need for reform when we announced our intention several weeks ago to amend H.R. 2166 by including repeal of the percentage depletion allowance. Our decision to propose this amendment came after the House had clearly signaled an end to the depletion allowance with repeal action of its own.

Despite the obvious resolve of the House to stand firm on its proposal, our amendment was met with much criticism in the Senate. It was argued that our efforts would bring about protracted legislative debate and that this would seriously delay tax rebates to the public and thereby undermine the economic recovery sought by tax cut legislation.

In the weeks since that time, we have seen the Senate take the historic step of adopting a compromise amendment. Today, the Congress will put the final stamp of imprimature on the conference report, ending for all time the oil depletion allowance for major integrated oil companies and significantly limiting the use of this loophole by independents and the wealthy who shelter their income under the umbrella of depletion allowance.

As with most legislative endeavors, the final proposal arrived at in conference is a compromise. It does not go as far as we had wanted or as far as the House had initially proposed. And it goes much further than some of our colleagues desire.

It is, however, a significant step forward. In the process of granting tax rebates, tax cuts, and business incentives, we have taken firm action to make our tax laws more equal and to make our budget more realistic.

There is some irony in the compromise. Although as much as 85 percent of the oil production is now ineligible for the depletion allowance—since it comes from producers of over 2,000 barrels of oil a day—as many as 98 percent of the oil producers in this country will still retain depletion. And many of these producers hardly qualify as "small." Operations running as high as $7 million a year in oil production will still qualify for depletion, and the depletion windfall itself will be worth well over $1 million to each producer.

By reaching a Bess protective compromise for the independents, the conferees could have effectively eliminated depletion as a major issue of tax reform. It will be up to Congress in the future to finally close off this loophole once and for all.

But there has been a start. We are, by all means, in the throes of a serious energy and economic crisis. There is not one Member of Congress who would propose the elimination of any provision which would bring us additional supplies of oil. By the same token, there is no Member of Congress who would refuse a break to the American taxpayer when such action can logically and realistically be accomplished.

As we have stated in the past, the depletion allowance is not an effective incentive to explore for new oil. The $7 to $8 billion in profits being enjoyed by oil producers is incentive enough.

Repeal of this loophole will result in additional revenues to the Treasury increasing from $2 billion to $3 billion per year over the next several years. At a time when we face the possibility of an $80 billion deficit, it is imperative that we seek additional revenues wherever possible.

It would be my hope that the tightening of this loophole is a signal that this Congress is prepared to seriously address the question of comprehensive tax reform in order to bring greater equity to our tax laws and greater justice for our taxpayers.

HELP FOR THE SMALL BUSINESSMAN

Mr. MATHIAS. Mr. President, the Tax Reduction Act, which is before us for final approval today, contains significant benefits for small businesses.

Since the founding of our Nation, Americans have championed the small business establishment as the backbone of our economic system. Yet the burdens placed on small businesses today are enough to strain that backbone, if not snap it altogether.

It is appropriate that the bill before us provide relief for these enterprises. I was pleased that an article in the Washington Post this morning detailed the need for this relief, the type of relief provided by the bill, and the reaction of several local businessmen to the action proposed in the bill before us.

I ask unanimous consent that this article, entitled "Tax Cut To Help Businesses," written by William H. Jones and Claudia Levy, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 26, 1975]

Tax Cut To Help Businesses

(By William H. Jones and Claudia Levy)

Thousands of small businesses in the Washington area—and around the nation—will be among the chief beneficiaries of the omnibus tax cut bill expected to win Congressional approval this week.

But many large corporations here also will benefit from an increase in the investment tax credit and the financial health of utilities will be aided—with benefits passed along to consumers in the form of lower rate increases than would be necessary without a tax break at this time.

Area homebuilders, meanwhile, expressed hopes that Senate and House conferees will agree today on a home purchase tax credit that they said would boost sales in certain price ranges.

While approving tax cuts for small businesses and passing the higher investment tax credit, conferees bogged down on other business-related tax issues—including depletion allowances and foreign income and the Senate-proposed credit of up to $2,000 for new home purchases. They will resume their negotiations this morning.

In aiding small businesses, Senate and House conferees agreed yesterday to reduce the tax rate on the first $50,000 of earnings, a major goal of the National Small Business Association.

Currently, corporate income is taxed at a 22 per cent rate on the first $25,000, and 48 per cent above $25,000. Yesterday, the conferees agreed to lower the rate for 1975 on the first $25,000 to 20 per cent. In addition, the 20 per cent taxation rate will apply on the next $25,000 of annual earnings.

In effect, the conferees action would exempt the first $50,000 of earnings from a 26 per cent surtax. The Senate had sought to reduce the tax rate on the first $25,000 to 18 per cent—which would have reduced annual taxes for small businesses by an estimated $520 million.

Ray Sim, who heads Washington Woodwork Co. in Landover and is a former president of the small business association, said last night that the taxation rate has been "sore spot" among small entrepreneurs for years, "putting us on the same basis as General Motors."

Sim noted that his company with about $2 million in annual revenues, had a "good year" in 1974 with income of over $100,000—which would have required a taxation rate of 48 per cent on more than $75,000. Washington Woodwork paid some employee bonuses and reduced the impact of taxation somewhat but Sim said he still believes the company had to pay too much money in taxes compared with giant companies.

Another small businessman, owner Barney Kruglak of Glen's Music & Audio Co. at 1331 F St. NW, said the new tax rates would have a significant impact on corporate earnings. "Net profit is a very precious thing to us and hard to maintain," he said. The new tax rate cut will "make life easier" over the next two years, he said, when small firms generally expect uncertainty.

The 25-year old Glen's has annual revenues of about $3 million. It is typical of the 91 percent of American corporations that earn less than $25,000 a year, according to Sen. Gaylord Nelson (D-Wisc.), chairman of the Senate Small Business Committee.

Earlier, 19 trade organizations represented by the National Small Business Association had called on the Senate Finance Committee to cure what they saw as an "unfair tilt against small business' in the House-passed tax bill.

At least 75 per cent to 80 per cent of the business benefits in the House bill would have gone to large companies, the organizations said, and would "distort the economy still further with a subsidy to economic concentration."

The groups, ranging from the National Parking Association to the National Association of Black Manufacturers, supported amendments of Nelson to aid the small businesses. The conference agreement yesterday means a loss of $1.375 million in tax revenues from the small businesses for 1975 operations.

Larger companies—including utilities—will benefit from the conference committee agreement to increase the investment tax credit to 10 per cent—or 11 per cent, if added tax savings are put into an employee option plan.

Currently, most companies can receive a tax credit equal to 7 per cent on their investments in new plant and equipment. An exception is utilities, where the rate has been 4 per cent. The Senate had voted to increase the rate permanently to 10 per cent—and to establish a 12 per cent rate for 1975 and 1976 investments.

Yesterday, the House-Senate conferees decided on a two-year limitation for the 10 per cent level—except for the employee stock option plan situation. The new credit applied to property placed in service after Jan. 21.

For Washington Gas Light Co., the increase from 4 per cent to 10 per cent means an increase in the utility's cash flow this year estimated at $1.2 million—and that means the firm will have to borrow that much less in the capital markets, thereby reducing interest expenses.

Financial vice president Patrick J. Maher said the impact of the tax bill on earnings, however, probably would be less than a penny a share.

At Marriott Corp., a diversified restaurant, hotel and airline catering firm with international operations, financial vice president Robert F. Koehler said the increased investment tax credit would "mean quite a bit to us."

In the recent fiscal year, Marriott had a tax investment credit of $2.05 million and the company is forecasting a level of $2.6 million in the current year. The boost to 10 per cent, Koehler noted, would have a "substantial" impact—possibly by spurring additional investment now, with replacements of older equipment sooner than anticipated.

Retailers and bankers interviewed yesterday said they expected the main impact of the tax bill to be indirect on their operations—with consumers having more money to spend and/or save.

Mortimer C. Lebowitz, president of Morton's Department Stores, said that with his business in its present posture, "I can't find any advantage to us in the investment tax credit." But general tax rebates should be an incentive for increased buying, he said.

Rich's Shoe Store president Frank H. Rich said simply, "Anything will help."

While area builders viewed the potential home purchase credit as useful in promoting sales in the $30,000 to $40,000 price range and among families in the $15,000 to $18,000-a-year income range, some said they felt other kinds of measures might be needed.

Mr. PHILIP A. HART. Mr. President, Congress will shortly send the Tax Reduction Act of 1975 to the President.

In general terms, the debate both in Congress and between Congress and the administration has been over the size of the tax cut.

It is generally agreed that a substantial tax cut is needed to stimulate the economy, but some persons have expressed the fear that too large a cut will result in a sharp upturn in interest rates, a rekindling of steep inflation, and a slowdown, if not a halt, in our hoped-for economic recovery.

The connection between the tax cut and inflation is made this way:

The reduction in Federal revenues will mean a larger Federal deficit. The U.S. Treasury will have to finance that deficit by borrowing, which, unless the Federal Reserve provides additional bank reserves to meet that demand, could result in higher interest rates.

In a recent speech before the Economic Club of Detroit, Andrew F. Brimmer, a former member of the Board of Governors of the Federal Reserve System, outlined why he thought a larger Federal debt and an expansion of bank reserves would not rekindle inflationary pressure.

Because the speech goes directly to concerns with which Congress will deal for some time yet, and most certainly today, I ask unanimous consent that Dr. Brimmer's speech be printed at this point in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Monetary Policy, Credit Demands, and Economic Recovery

(By Andrew F. Brimmer[*])

I. INTRODUCTION

In trying to use monetary policy to help check the recession, the Federal Reserve System has been moving in the right direction, but its pace has been too slow. In fact, if the availability of credit is not greatly increased—and if interest rates are not reduced further over the next month or so—the recession is likely to go deeper and last longer than most observers were expecting at the beginning of the year. If the stance of Federal Reserve policy is not eased noticeably—and soon—the economic recovery (which is now the prime objective of national economic policy) will be severely hampered and may not be assured until the closing months of this year.

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[*] Mr. Brimmer is Thomas Henry Carroll Ford Foundation Visiting Professor in the Graduate School of Business Administration at Harvard University. He is also a Director and Economic Adviser of the DuPont Company; a Trustee of Tuskegee Institute and the Ford Foundation; a Director and Member of the Finance Committee of the Equitable Life Assurance Society of the United States, and a Director of the National Bureau of Economic Research. From March, 1966, through August, 1974, he was a Member of the Board of Governors of the Federal Reserve System.

Last October, as the evidence of a deteriorating economy became unmistakable, the Federal Reserve changed the aim of monetary policy to seek faster growth in the monetary aggregates. It took a number of steps in pursuit of this goal—including the provision of a substantially increased volume of bank reserves through open market operations, a cut in Federal Reserve member bank reserve requirements, and several reductions in the Federal Reserve Banks' discount rate. In response to these moves, short-term interest rates declined sharply through the end of January. Long-term interest rates lagged somewhat, but these too had recorded appreciable declines by mid-February. On the other hand, the System has been far less successful in inducing an expansion in the monetary aggregates. No matter which measure is used as a gauge (bank reserves, money supply, or bank credit), it is clear that the Federal Reserve has fallen considerably short of the growth targets it set for itself.

To some extent, the short-fall can be traced to primarily technical factors (especially those associated with the narrowly defined money supply). But, more fundamentally, it is also clear that the Federal Reserve has become noticeably hesitant about using monetary policy to stimulate the economy—despite acceleration in the rate at which the economy is grinding down upon itself. This hesitation seems to be traceable—at least in part—to a deeply rooted fear within the Federal Reserve System of rekindling inflation pressures through the creation of an excessive amount of liquidity. I can understand this concern. After all, inflation continues to be a serious problem in this country—as well as in the rest of the world. However, the current recession—which is already more severe than any we have experienced since 1937—is far more pressing. Consequently, one would normally expect the Federal Reserve to accord to the task of ending the recession the same top priority given to it not only by the Administration but also by the Congress and the public at large.

Why the Federal Reserve has not done so is a source of both confusion and controversy.

Since I resigned from the Federal Reserve Board last August, I have made no systematic attempt to keep abreast of detailed developments in monetary policy. Yet, I do follow the subject with some attention, and I do listen carefully to the comments I do hear. What I am hearing—and reading—these days suggests that the Federal Reserve System is engaged in an active internal debate over what should be the proper course of monetary policy. This debate seems to be focused primarily in the Federal Open Market Committee (FOMC)—consisting of the seven Members of the Federal Reserve Board and five (out of twelve) Presidents of Federal Reserve Banks. It appears that a sizable minority of the FOMC does want to use monetary policy more vigorously to counter the recession and to assure a strong recovery. However, for the time being, this group apparently is being outvoted.[1] The stakes in this debate are widely understood: if the Federal Reserve continues its present stance, unemployment will rise well beyond the 8.2 per cent of the civilian labor force recorded in January, and it will remain extremely high for the next few years. Yet, it seems quite evident that the present majority of the FOMC is prepared to accept such an outcome as part of the unfortunate—but necessary—cost of making genuine headway in the fight against inflation. Thus, for this group, it is an explicit and conscious choice of more unemployment now to enhance the prospect of less inflation in the future.

This fear of rekindling inflation appears also to be the main reason why the Federal Reserve appears reluctant to provide the additional bank reserves needed to facilitate the greatly enlarged borrowing the U.S. Treasury will have to undertake to finance the record budget deficits the Federal Government will incur during the next 18 months. Because of this reluctance, apprehension has arisen about the prospect of a turn-around in interest rates and of other necessitous borrowers being crowded out of the money and capital markets. If these events were to occur, the expected revival of housing would be aborted, and the hoped-for economic recovery would be postponed into next year.

In my judgment, this apprehension is entirely unwarranted. While the borrowing needs of the Federal Government will obviously expand appreciably, credit demands by other major economic sectors can be expected to subside considerably during the current year. The reason for this is quite simple: extremely depressed economic conditions have eroded business demand for working capital; reduced the need for funds to finance fixed capital outlays; cut household demand for consumer credit; shrunk the demand for residential mortgages; and sharply curtailed the financing requirements of Federal Government credit agencies (especially those which support the secondary mortgage market). Under these unfolding circumstances, the Federal Reserve System can well afford to provide the reserves needed to support the rise in the Federal Government debt—and thus make it unnecessary for the debt to be financed out of private savings. Furthermore, in an environment of extremely high unemployment and excess capacity, there is little or no possibility of the needed expansion of bank credit and the money supply rekindling inflation pressures during the next 12 months.

The evidence on which these conclusions rest is presented in the remainder of these remarks.

II. RECENT MONEY AND CREDIT DEVELOPMENTS

Since last October, the Federal Reserve has sought to encourage a more rapid growth of the monetary aggregates. That objective was spelled out in the Policy Record of the FOMC's October, 1975 meeting and reiterated at the December meeting (the latest official statement in the public domain). The evidence suggests, however, that the System has fallen considerably short of its goal. This conclusion is supported by the statistics presented in Tables 1 and 2. Table 1 shows the growth rates for several of the principal monetary and reserve aggregates during specified periods over the last year. Table 2 presents figures on selected interest rates.

Even a cursory review of the data in Table 1 leads to a significant conclusion: during the last two months, the Federal Reserve has lost ground in its efforts to accelerate the growth of money and credit in an economy slipping more deeply into recession. This fact stands out no matter which reserve, monetary, or credit aggregate is used to trace the trend of monetary policy.

For example, during the four weeks ending February 12, 1975, the average volume of reserves available to support private deposits (RPD's) declined at a seasonally adjusted annual rate (SAAR) of 6.4 percent. The same measure shrank at a 0.5 percent SAAR over the last eight weeks and it rose at only a 1.8 percent SAAR over the last 13 weeks. Nonborrowed reserves (i.e., reserves supplied at the initiative of the Federal Reserve) have grown significantly over most of the period under review. But here, also, in the last month there was no expansion at all compared with 10.4 percent in the last eight weeks and 19.1 percent in the last three months.

Federal Reserve credit (perhaps the best summary measure of the System's net impact on the money and capital markets) rose at a SAAR of 0.7 percent in the four weeks ending February 12. Here, too, the pace of expansion has been slackening noticeably over the last three months. For instance, the rate of growth was 10.1 percent over the 13-week period but only 0.9 percent over the 8-week period.

In the case of the monetary aggregates, a similar pattern can be traced. The narrowly defined money stock (M_1—demand deposits and currency in the hands of the public) fell 6.0 percent (SAAR) in the four weeks ending February 5, 1975. A drop of 6.6 percent occurred during the 8-week period; and over the 13-week period, there was a net decrease of 0.6 percent (SAAR). The more broadly based money stock (M_2—which includes M_1 plus commercial bank time and savings deposits other than large-denomination CD's) and commercial bank credit (as measured by the adjusted bank credit proxy) registered positive (though small) gains over the last three months.

As one can see in Table 2, short-term interest rates have fallen significantly since last fall. The decrease was led by the Federal funds rate—which dropped by over 5¼ percentage points since early September (from 11.64 percent to about 6¼ percent on February 12). The Federal Reserve discount rate has been reduced in three steps: from 8.0 percent to 7.75 percent in early December; to 7.25 percent in early January, and to 6.75 percent earlier this month. Other short-term rates show the same profile. The most widely quoted prime rate (which commercial banks charge their best customers) is in the neighborhood of 8¾ percent. Since the cost of money to the banks (measured roughly by the rates they offer on large denomination certificates of deposit (CD's) is approximately 6½ percent, they are enjoying a rate spread of about 2¼ percent—still one of the widest on record.

Long-term rates have fallen also, but the decline has been proportionately far less. The more modest declines in the long end of the capital market partly reflect a continuing strong demand for funds by corporations and State and local governments.

Some observers are particularly distressed that the Federal Reserve has made so little headway in expanding the narrowly defined money supply (M_1). I am far less concerned about the behavior of this measure than I am about the failure of bank credit to grow. It may be recalled that the M_1 measure of the money supply consists of privately held demand deposits and currency.

As of February 12, 1975, the money supply totaled $281.5 billion—compared with $282.8 billion on January 8 and $280.8 billion last September. Today about one-quarter of the total consists of currency and the rest is made up of checking accounts. At the end of 1973, currency represented just over one-fifth of the total, but in the last year it accounted for almost half of the rise in the total money supply.

The failure of the money supply to respond to Federal Reserve efforts can be explained readily. As already indicated, demand deposits in commercial banks are the principal component of the money supply, and over 60 per cent of such deposits is owned by business firms. In general, business-owned checking accounts grow (or shrink) as business loans expand (or contract). In recent months, as the economy has become weaker, business loans at commercial banks have been shrinking—by more than $3 billion since the beginning of this year. Under these circumstances, the narrowly defined money supply is unlikely to expand very rapidly—if at all.

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[1] In passing it should be noted that four of the Federal Reserve Bank Presidents currently serving on the FOMC will rotate off the Committee in March—to be replaced by four others. (The President of the New York Reserve Bank remains on the FOMC.) If past voting records are any guide, those coming onto the FOMC can be expected to give greater weight to checking the recession than has been the case on the part of those retiring from the Committee.

On the other hand, bank credit (consisting of total loans and investments) can be made to expand more rapidly. If the Federal Reserve System supplies more reserves, the banks will not allow the funds to remain idle. If they cannot put the funds to work in the form of loans, they will do so by the purchase of securities and other investments. As they bid for such securities (mainly U.S. Government and State and local issues), market interest rates will decline further—while the economy's liquidity is improved. Federal Reserve policy at the present juncture should be aimed at achieving both of these objectives.

III. PROSPECTIVE SUPPLY AND DEMAND FOR CREDIT

As noted above, an inordinate amount of concern has been generated over the uncertain impact of prospective Federal Government borrowing on the capital markets in 1975 and 1976. In fact, some of this concern has bordered on apprehension. This perception of the issue is entirely unwarranted. A number of observers have tried (evidently without very much success) to place the greatly enlarged borrowing in proper perspective. But given the importance of the subject, it seems worthwhile to try again.

Official estimates of the Federal Government's budget deficit during fiscal year 1975 (ending next June 30) were submitted to Congress on February 3. These estimates placed the FY 1975 deficit at $34 billion, and the deficit for FY 1976 (beginning next July 1) was placed at $52 billion. The latter figure, of course, is substantially more uncertain than the first estimate. Depending on the Congressional reaction to a number of President Ford's recommendations (including a proposed cut of $11 billion in already authorized Federal spending and a saving of $6 billion by holding increase in outlays for Social Security and other programs to 5 per cent), the FY 1976 deficit might exceed $69 billion. It should be noted that these estimates do not take into account the impact of the President's energy program—if the Congress ultimately endorses it. Nor do they allow for the fact that Congress is likely to enact a tax cut larger than the $16 billion recommended by the President.

The factors underlying the ballooning deficit are widely recognized—and, hopefully, understood. At this juncture, the Federal Government is expecting to spend about $313 billion in FY 1975, and receipts are anticipated at $279 billion—yielding the estimated deficit of $34 billion. In FY 1976, spending is expected to climb to $349 billion while receipts may advance to $297 billion—yielding a deficit of $52 billion. The explanation of the widening gap between Federal Government receipts and outlays is straightforward: the rapidly deteriorating economy had necessitated a sharp rise in spending to cushion the effects of growing unemployment while declining economic activity is a drag on Government revenues. The $20 billion tax cut (which Congress will probably enact as a stimulus to economic activity) will add to the deficit in the first round.

To finance these deficits, the U.S. Treasury may have to tap the capital market for more than $90 billion in the next 18 months. The specific timing of this borrowing (as well as the specific amount remains uncertain. However, it should be recalled that in FY 1974, the Treasury had net borrowings of $3½ billion. In the first half of the current fiscal year (last half of calendar 1974), net borrowing totaled about $11 billion. In late January, the Treasury announced that it would raise $28 billion net of refundings during the first six months of calendar year 1975. Net borrowing requirements for FY 1976 were placed at $46 billion. This latter figure is now probably in the neighborhood of $70 billion.

The prospect of greatly enlarged borrowing by the Treasury had given rise to a fear that private borrowers and State and local governments will be "crowded out" of the capital market. In the process, it is argued, the downtrend in interest rates will be halted; savings institutions will have difficulty competing for funds, and the revival of housing starts (on which the recovery of the economy depends crucially) will be aborted. Reportedly, it was this fear which led some of President Ford's advisers to advocate splitting into two portions the income tax rebate which he recommended to Congress.

This concern about "crowding out" other borrowers should be given far less weight than it is apparently getting. It overlooks the fact that several of the strong demands for funds recorded last year will moderate significantly during 1975. A number of imponderables (including Federal Government borrowing) make it difficult to construct a detailed forecast of sources and uses of funds for the current year. However, the efforts which have been made suggest that one should expect the demand for money and capital market accommodation by borrowers other than the Federal Government to place little or no strain on the ability of these markets to perform. For example, one recently prepared forecast [2] estimates that total funds to be raised in 1975 may amount to about $163 billion, a decrease of $9 billion from the year earlier total (Table 3). Last year, the total declined by $13 billion compared with the 1973 volume.

Among the major borrowers, the *business sector* is expected to shave appreciably its demands for external financing. Business net claims on the capital market may amount to $72 billion this year—a drop of $27 billion from the 1973 level. In particular to need to finance a large overhang of unwanted inventories will be greatly lessened, and many businesses will be able to economize on cash requirements as output and sales fall off. Reflecting these developments, the net increase in business loans in 1975 may come to roughly $12 billion compared with a rise of $34 billion last year. Viewed in terms of the impact of such borrowing in the money market, this represents a $22 billion lessening in business demands for funds. (In passing, it should be noted that the contra-seasonal decline of $3½ billion in business loans at the nation's commercial banks in January suggests that the moderation in demand is already underway.) Moreover, the volume of commercial paper outstanding may rise by about $10 billion in 1975—in contrast to a gain of $17 billion last year.

On the other hand, corporations will undoubtedly attempt to raise a larger volume of funds in 1975 through the sale of bonds in the capital market than they were able to obtain last year. Flotations may amount to $31 billion this year vs. $25 billion in 1974. However, this increase of $6 billion would be less than half the expansion ($12 billion) which occurred last year. Business-type real estate mortgages may rise by $19 billion in 1975—thus registering another year of decline.

The continued pressure on corporations to raise external funds during 1975 can be traced in part to an expected sharp reversal in corporate profits. Before allowing for taxes and inventory valuation adjustment (IVA), corporate profits might total $74 billion in 1975 vs. $120 billion in 1974. However, after adjusting for IVA, and adding repatriated foreign profits and depreciation—and after subtracting Federal tax payments and dividends—corporate cash flow from internal sources may amount to $84.5 billion in 1975 vs. $88.3 billion in 1974. But with total corporate sources projected to decline to $140.8 billion in 1975 from $163.5 billion in 1974, internal sources may represent 60 percent of the total this year compared with 54 per cent a year ago. Even so, the proportion of total funds raised internally would barely be restored to the 1969 ratio. Thus, the need to help reverse the deterioration in corporate liquidity that has been underway for the last five years is another reason why a more liberal monetary policy is desirable for the rest of this year.

The household sector may raise about $32 billion in 1975—a decrease of $10 billion from the 1973 level—which also saw a sharp decline. The rise in consumer credit in 1974 (partly a reflection of the sharp decline in automobile sales but also partly a reflection of sluggishness in consumer spending generally) amounted to only $10 billion; this was less than half of the $23 billion rise posted a year earlier. In the current year, the increase may amount to $4 billion. Residential mortgages may climb by $26 billion in 1975. However, this amount would be $4 billion less than that recorded in 1974—which in turn was $15 billion below that for 1973. State and local governments may raise about $15 billion, virtually the same as the $16 billion raised in 1974. In addition, Federal Government credit agencies (particularly those devoted to the raising of funds to be rechanneled into home financing) may have net borrowings of $10 billion this year vs. $20 billion recorded a year earlier. Finally, the volume of foreign bonds outstanding in the United States may expand by $3 billion in 1975 vs. $2 billion in 1974.

With respect to sources of funds, the crucial factor for 1975 is the outlook for nonbank investing institutions. In 1974, these institutions as a group supplied 57 percent of the total funds raised—vs. 61 per cent in 1973. Specifically, in 1974, savings and loan associations (S & L's) supplied about $23 billion to the market—virtually all of which went to home buyers. This was roughly $6 billion less than they supplied in 1973. For mutual savings banks, the figures were $2.7 billion vs. $5.3 billion. For 1975, it appears that S & L's may advance net about $27 billion and mutual savings banks about $6.6 billion.

In the case of commercial banks, net lending in 1975 may approximate $65 billion vs. $54 billion recorded last year. If this volume materializes, it would represent a gain of $11 billion—in contrast to a shrinkage of $24 billion in net credit extensions in 1954 compared to the 1973 level (which amounted to $78 billion). Life insurance companies and noninsured corporate pension funds may also have slightly more funds available in 1975 than was the case last year. On the other hand, State and local government retirement funds may expand their net lending to a lesser degree than they did in 1974. Federal lending agencies (partly reflecting the improved position of S & L's) will probably advance a much smaller volume of funds in 1975 than they did a year earlier. Nonfinancial corporations may also cut back appreciably the amount of credit extended (perhaps to $3 billion vs. $9 billion) as the backlog of receivables is worked down.

Real estate investment trusts (REITS) may continue to provide a declining volume of net financing of properties as they continue to struggle with their own liquidity problems. Mutual funds and fire and casualty companies may also expand slightly the volume of funds supplied to the market on a net basis. Foreign investors (especially the owners of petroleum revenues) may lift their net supply of funds to the United States capital market by $3.5 billion, raising the level to $10.5 billion in 1975 vs. $7.0 billion last year. In 1973, the figure was only $2 billion. Finally, individual investors may cut back significantly on the net volume of funds supplied to the money and capital markets directly. As market yields decline, they will most likely find more attractive the interest rates (along with greater liquidity and in some cases safety as well) offered by savings institutions. Reflecting this expected behavior, individuals may supply about $20 billion to the money and capital markets in 1975 vs. $39 billion supplied in 1974. In 1973, the figure came to $25 billion.

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[2] Salomon Brothers, "Supply and Demand for Credit in 1975," February 10, 1975.

But, in the projected flow of funds, the most dramatic change is the greatly stepped-up borrowing by the Federal Government during the current year. In the projection outlined above, it was estimated that the Federal Government (excluding Federal credit agencies) would raise net about $41 billion in calendar year 1975. This represents an increase of $30 billion from the 1974 level. In 1973, Federal net borrowing declined by $2 billion. These projections were made after the drastic upward revision of official estimates of the Federal budget deficit. Yet, given the uncertain outlook with respect to spending, net Federal Government borrowing might be raised appreciably beyond the present estimate.

Nevertheless, unless the Federal Reserve System acts to prevent it, the projected flow of funds might produce a level and structure of interest rates that could cast a shadow over the timing and vigor of the recovery which national economic policy is designed to achieve. The assessment of the outlook presented here assumes that (in addition to a stimulative fiscal policy and the absence of wage and price controls) the course of monetary policy during 1975 will be accommodative. Specifically, it is assumed that, in carrying out this policy, the Federal Reserve will supply bank reserves in a generous fashion (while keeping an eye on the rate of inflation), and that open market operations would be employed aggressively (i.e., to make large net purchases of outstanding Federal Government securities). The basic question, however, is whether the Federal Reserve will be vigorous enough in its efforts to expand the availability—and reduce the costs—of credit in a depressed economy.

Given the supply and demand for funds outlined above—along with an assumption about the reaction of investor expectations in the face of changes in the rate of inflation—the monetary policy followed by the Federal Reserve so far may lead to the following pattern of interest rates. Short-term rates may move down progressively through mid-1975, but the decline may be in the range of ½ to 1 percentage point below the levels prevailing in mid-February. The heavy borrowing by the Federal Government in the short-term market (along with continued sizable needs of the business sector) may well limit the magnitude of the reduction in short-term rates. In the latter part of the year, as the expected economic recovery gets underway—and particularly after the liquidation of unwanted inventories has been completed and stocks are being accumulated again—business loan demand is expected to become stronger. Under those circumstances, renewed upward pressure on short-term rates should be anticipated. In the long-term capital market, interest rates may decline by ¼ to ½ percentage point below mid-February levels. These more modest reductions will reflect the expected record level of corporate bond flotations and near-record borrowing by State and local governments. Moreover, interest rates on bonds issued by firms with less than the highest credit ratings may show little or no decline. Because of the continuing shortage of mortgage credit, interest rates on home mortgages may decline very little from the levels prevailing in mid-February. Corporate bond yields may start climbing again in the closing months of 1975—depending on the timing and strength of the recovery. Finally, toward the end of this year, some long-term investors may begin to worry again about the prospect of renewed inflation in 1976, and this change in expectations could also give a boost to long-term rates.

From the above discussion, a fundamental conclusion emerges: the Federal Reserve System will have to supply a much greater volume of bank reserves if the credit needs of the economy are to be met. If the System fails to do this, the greatly enlarged Federal budget deficits will have to be financed out of private savings and private borrowers will be "crowded out" of the market place. The consequences of such a development must not be underestimated: interest rates would back up; savings intermediaries would mobilize a smaller volume of funds; the revival of housing starts would be anaemic, and the overall pace of economic recovery in 1975 would be unsure and feeble at best.

Given this prospect, I am personally convinced that the Federal Reserve will quicken the growth rate of money and credit in the near future. Moreover, it will have to sustain the higher rates of expansion through most of the current year. However, the impact would be registered—at least during virtually all of 1975—as a stimulus to increased output, and very little would show up in the form of higher prices. As the year wore on, the increment in prices relative to the increment in production would become somewhat larger. Yet, because of the large backlog of excess capacity and the high- and rising-rate of unemployment, there is little likelihood that the provision of a greater volume of bank reserves by the Federal Reserve System would rekindle underlying inflationary forces during the current year.

IV. CONCLUDING OBSERVATIONS

The main conclusions reached in this discussion were stated in each section. Before closing, one or two additional points ought to be emphasized.

First, because of the 90-day time lag in the publication of the FOMC's Policy Record for each meeting, the further liberalization of monetary policy advocated here may have already occurred, and I (along with other outside observers) may simply be unaware of the shift. On the other hand, as I watch the day-to-day interventions of the manager of the open market account, I get the distinct impression that the System is currently trying to keep the Federal funds rate in the neighborhood of 5¾ to 6¼ per cent. Such a rate seems consistent with a long-term money growth target above 6 per cent but less than 7 per cent for the narrowly defined money supply. In either case, the adverse effect on the economy would be extremely severe—if such a target were not raised above 8 per cent and the associated easier credit conditions were not maintained.

Secondly, given the prospect of a very large increase in the Federal Government deficit over the next two years, it is clear that the Federal Reserve will have to acquire a fairly large proportion of the net increase in the public debt in the secondary market. The record of Federal Reserve behavior in previous years during which Government borrowing rose appreciably should lead the public to expect the System to do just that. For example, from the second quarter of 1970 through the second quarter of 1972, the volume of Treasury issues sold amounted to $64.5 billion. During the same period, Federal Reserve purchases through open market operations totaled $15.6 billion. Thus, the System absorbed about one-quarter of the net rise in the public debt. In an earlier period (from the first quarter of 1967 through the second quarter of 1968), the Federal Reserve absorbed an even larger share of the rise in Federal Government debt. Over this period, the debt rose by $17.0 billion, and the Federal Reserve's holding expanded by $7.7 billion. This amount represented 45 per cent of the total. Unless the Federal Reserve System behaves in a similar fashion over the next two years and absorbs a significant part of the net rise in the Federal debt (not necessarily the same proportion as in the late 1960's), the bulk of the borrowing by the Government will have to come out of household savings. Such a course would assure that the recession drags on well into next year—with a concomitant waste of the nation's human and material resources.

I am personally confident that the Federal Reserve System will continue to share in a correct assessment of the country's priorities and will keep monetary policy pointed in the right direction: that is, toward ending the recession and assuring a strong recovery. I am also confident that the System will discern when that task has been accomplished and will shift the posture of monetary policy to make sure that the revival does not proceed at a pace in excess of that required to achieve a restoration of price stability over the next few years.

TABLE 1.—MONETARY AND RESERVE AGGREGATES, RECENT GROWTH RATES—PER CENT

[Seasonally adjusted annual rates]

Category	Last month	Last 8 weeks	Last 13 weeks	Last 26 weeks	Last 52 weeks
Monetary aggregates:					
As of Feb. 5, 1975:					
M_1	−6.0	−6.6	−.6	.8	3.9
M_2	4.0	2.1	4.7	5.2	6.9
Adjusted bank credit proxy	1.3	3.3	5.1	3.9	9.3
Reserve aggregates:					
As of Feb. 12, 1975:					
Nonborrowed reserves		10.4	19.1	22.3	9.8
RPD's	−6.4	−5.0	1.8	2.8	8.5
Monetary base	1.6	2.3	7.1	7.7	7.7
Federal reserve credit	−.7	.9	10.1	7.3	7.7

[1] Per cent change, simple annual rates, 4-week average. Ending on date indicated from 4-week average. Ending at the earlier period.

Source: Computed at Data Resources, Inc., from Federal Reserve Board figures.

TABLE 2.—SELECTED INTEREST RATES

[In percent]

Category	1973	1974				1975
	September (monthly average)	February (monthly average)	July 3 (weekly average)	Sept. 4 (weekly average)	Dec. 28 (weekly average)	Feb. 12 (weekly average)
FR bank discount rate	7.50	7.50	8.00	8.00	7.75	6.75
Federal funds	10.78	8.97	13.55	11.64	8.75	6.28
U.S. Treasury bills 90-day	8.29	7.12	7.45	9.18	7.01	5.72
Commercial paper 90–119 day	10.31	8.00	11.95	11.94	9.28	6.38
CD's (new issue, NYC) 90–119 day	10.50	7.97	11.75	12.00	8.62	6.42
Corporate bonds: (Aaa utility) recently offered	7.99	8.23	9.79	10.27	8.90	8.85
Municipal (bond buyer)	5.10	5.20	6.64	6.88	6.70	5.80
U.S. Government (10-year constant maturity)	7.09	6.96	7.68	8.12	6.77	6.59
FNMA auction yields	9.32	8.48	9.65		9.47	9.20

Scurce: Federal Reserve Board.

TABLE 3.—NET DEMAND FOR CREDIT, 1973-75 (ANNUAL NET INCREASES IN AMOUNTS OUTSTANDING)

[Billions of dollars]

Category	1973		1974[1]		1975[2]	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Household sector:						
Consumer credit	$22.9	12.4	$9.9	5.8	$3.5	2.2
Mortgages: total	45.6	24.6	30.0	17.5	25.8	15.8
1–4 Family residential	41.0	22.2	27.6	16.1	24.4	14.9
Other mortgages	4.6	2.4	2.4	1.4	1.4	0.9
Security credit	−4.4	−2.4	−1.1	−0.6	1.0	0.6
Other consumer loans	5.3	2.9	2.7	1.6	2.0	1.2
Subtotal	69.4	37.5	41.5	24.3	32.3	19.8
Business sector:						
Business loans	38.4	20.7	34.3	20.0	12.1	7.4
Open market paper	8.4	4.5	16.9	9.8	9.6	5.9
Corporate bonds	12.7	6.9	24.7	14.4	31.3	19.2
Mortgages: total	28.9	15.7	22.7	13.2	19.1	11.7
Multi-family residential	8.8	4.8	5.7	3.3	5.3	3.2
Commercial mortgages	16.2	8.8	12.8	7.5	8.8	5.4
Farm mortgages	3.9	2.1	4.2	2.4	5.0	3.1
Subtotal	$88.4	47.8	$98.6	57.4	$72.1	44.2
Government sector:						
State and local governments	14.5	7.8	15.5	9.0	15.0	9.2
Federal government	19.4	10.5	30.7	17.8	50.7	31.0
U.S. Treasury (privately held debt)	−2.1	−1.1	10.7	6.2	41.0	25.1
Federal agencies (privately held debt)	21.5	11.6	20.0	11.6	9.7	5.9
Subtotal	33.9	18.3	46.2	26.8	65.7	40.2
Other domestic credit	−7.6	−4.1	−16.7	−9.7	−9.9	−6.1
Foreign bonds (domestically held)	1.0	0.5	2.2	1.2	3.1	1.9
Total: net demand for credit	185.1	100.0	171.8	100.0	163.3	100.0

[1] Estimated.

[2] Projected.

Source: Salomon Brothers, "Supply and Demand for Credit in 1975," Feb. 10, 1975.

TABLE 4.—NET SUPPLY[1] OF CREDIT, 1973-75 (ANNUAL NET INCREASES IN AMOUNTS OUTSTANDING)

[Billions of dollars]

Category	1973		1974[2]		1975[3]	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
Nonbank investing institutions:						
Mutual savings banks	$5.3	2.9	$2.7	1.6	$6.6	4.0
Savings and loan associations	29.3	15.8	23.3	13.6	26.5	16.2
Credit unions	2.9	1.6	3.2	1.9	3.5	2.1
Life insurance companies	9.6	5.2	10.9	6.3	12.5	7.7
Fire and casualty companies	3.5	1.9	3.7	2.2	2.9	1.8
Private noninsured pension funds	2.1	1.1	5.4	3.1	5.0	3.1
State and local government retirement funds	3.7	2.0	5.7	3.3	6.7	4.1
Open-end mutual funds	−.2	−.1	.9	.5	−.2	−.1
Real estate investment trusts	4.5	2.4	1.2	.7	.2	.1
Subtotal	60.7	32.8	57.0	33.2	63.7	39.0
Commercial banks[4]	$77.6	41.9	$53.6	31.2	$65.0	39.8
Finance companies	10.2	5.5	4.9	2.9	1.4	.9
Business corporations	5.4	2.9	8.0	4.7	5.7	3.5
State and local governments	4.5	2.4	2.4	1.4	−3.0	−1.8
Foreign sources	2.0	1.1	7.0	4.1	10.5	6.4
Subtotal	99.7	53.9	75.9	44.2	79.6	48.7
All institutions	160.4	86.7	132.9	77.4	143.3	87.8
Residual: individual and miscellaneous	24.7	13.3	38.9	22.6	20.0	12.2
Total: net supply of credit	185.1	100.0	171.8	100.0	163.3	100.0

[1] Excludes funds for equities, cash and miscellaneous demands not tabulated in table 3.

[2] Estimated.

[3] Projected.

[4] Includes nonoperating holding and other bank related companies.

Source: Salomon Brothers, "Supply and Demand for Credit in 1975," Feb. 10, 1975.

Mr. WILLIAMS. Mr. President, this tax reduction legislation is momentous in its implications for economic recovery. It forms the bedrock of our efforts to halt the recession and to help millions of Americans get back to work.

Passage of this vital tax cut is our solemn responsibility in these times, and it is gratifying to have the opportunity to contribute to this historic effort by supporting passage of this legislation.

It is especially gratifying that this omnibus bill contains a little-noticed but very important section extending unemployment compensation benefits on an emergency basis. As a sponsor with Senator JAVITS and others of the benefit extension bill that was added by the Senate as a rider to the tax bill, I want to express my appreciation to the distinguished chairman of the Finance Committee (Mr. LONG), the other Senate conferees, and the Members of the House who participated in the conference on the tax bill for agreeing to include our unemployment compensation proposal in the final version of this legislation.

I know that it was not an easy decision. A further extension of unemployment compensation benefits, beyond the 52 weeks already authorized, is regarded by many as inappropriate. Some are concerned that a precedent will be set by breaking through the 1-year ceiling on the benefit period. Others have noted that the 13-week extension enacted last December was faulty, resulting in denial of benefits for some unemployed workers. Still others felt that a general and thorough review of the unemployment compensation system should be completed before any decisions are made about extending emergency benefits. All of these concerns are legitimate, in my view, and deserving of full consideration in the weeks ahead.

On balance, however, it seems clear to me that passage of this emergency, 13-week extension of benefits is the right thing to do. Without it, some 250,000 Americans who cannot find work would exhaust, over the next 3 months, their basic means of support and be forced to apply for public assistance on the welfare rolls. The first of these exhaustions would occur early in April.

In my own State of New Jersey, an estimated 33,000 persons—roughly one-tenth of those receiving unemployment compensation—would be among those whose benefits would expire next quarter. In New York, the estimate is 80,000 persons, and the remainder are distributed among 11 other States.

Adoption of this proposal demonstrates our commitment to alleviate the human misery that the recession has inflicted on so many American families. It demonstrates that we are aware of their plight and willing to act promptly on their behalf. It strengthens their faith that their Government will help to see them through these difficult times.

However, it should not be regarded as a precedent for long-term policy. We are in the midst of an economic upheaval unparalleled since the great depression. This extension of UC benefits and other steps we take to combat the malaise are deemed necessary to deal with the specific, peculiar conditions confronting the Nation's economy.

Moreover, this emergency provision expires on June 30, providing Congress the time for conducting a reappraisal of the unemployment compensation system and imposing a deadline for completing that reappraisal.

Mr. President, in approving this tax cut bill today, we are taking another step in a broad national effort to stimulate economic recovery. The tax cut is of primary importance in this effort. The unemployment compensation extension is another vital contribution.

In the weeks immediately ahead, other significant actions must be taken, in light of predictions by economists that unemployment will continue at unacceptably high rates for many more months.

Expansion and acceleration of Federal, State, and local public works projects should have a high priority. Under the mandate of our Emergency Employment Act of last December, the Economic Development Administration has compiled a list of some $5 billion in labor-intensive public works that can be launched promptly.

Direct creation of jobs through a national public service employment program should be expanded and intensified, with careful restrictions to insure that regular public employees are not displaced by subsidized public service employees.

New initiatives should be launched to provide work in environmental and natural resource conservation for the hard-core unemployed, helping them get off the treadmill of poverty.

Federal assistance should be expanded, and interest rates on mortgage borrowing should be reduced, to revive the housing industry and resume our march toward the national housing goals established a decade ago.

As with this tax reduction legislation, these are momentous proposals—broad in scope and massive in proportion. To the extent that it is possible, we should enact all feasible and reasonable program authorizations at the earliest possible time. Doing so, we will put in place a variety of program mechanisms for dealing with specific economic conditions and employment problems.

Together, these enactments can provide a carefully wrought structure for the program of national recovery that is our prime concern and most urgent responsibility.

Mr. HATFIELD. The deficit in this bill will haunt us in the years ahead as a hidden tax. The bill will not create the jobs we need, and could well trigger another strong dose of inflation because of the deficit.

The new home purchase credit will not help Oregon's forest products industry with its restrictions covering only houses built or under construction. As such, it will help only to reduce the inventory of new homes.

This legislation puts money into one pocket of a taxpayer, and then takes more money out of the other pocket. Taxpayers who think we are returning money to them will see its purchasing power evaporate through inflation fueled by this large deficit.

Mr. BAYH. Mr. President, today we will vote upon the most important piece of legislation to come before Congress in some time. Though I have some reservations about the bill, I wish to compliment the conferees for their outstanding efforts in promptly bringing this agreement to the Senate floor so that we might enact the badly needed economic stimulus without further delay.

Mr. President, for well over a year many of us in this body have been warning that the policies of the Nixon, then Ford administration would lead our economy into recession. Unfortunately, administration economists paid no heed to our predictions, and only when the economy had entered a slump so severe that it approached depression, did they realize that recession was, indeed, public enemy No. 1. Not until January did the President accept the concept that a sizable reduction in taxes was needed to halt the dreadful recessionary slide. Even then, the President proposed a highly inadequate program.

Congress has reshaped the proposed tax reduction into a package which will be more effective in curing our economic ills. Though I would have preferred to see a stimulus approximating $30 billion and would have changed many of the details, I believe that enactment of the program contained in the conference report will provide some help in braking our downward slide and starting us on the road to recovery. It is unfortunate that the President's threats of a veto which would delay this urgently needed legislation, forced the conferees to reduce the size of the stimulus below that which would have been most effective.

I would like to take a moment, Mr. President, and review my own thoughts toward the tax cut legislation as the bill progressed during the last few weeks.

At the outset, I believed that the severity of the recession required decisive action from Congress. With unemployment at 8.2 percent, GNP declining drastically, and every economic indicator pointing downward, it was clear that a massive stimulus was needed. I believed that the stimulus should be in the neighborhood of $30 billion. Though this figure appeared large to many, I felt it was the proper one when placed in the proper perspective. In comparison to the $26 billion tax cut of 1964, which was very successful, $30 billion is not excessive, especially when one realizes that there has been significant growth in our economy since then and that the problems we are now experiencing are far greater.

I also believed, Mr. President, that the thrust of the tax reduction should be aimed at low- and middle-income individuals with relief for business in the form of an increase in the investment tax credit. It seemed to me that low- and middle-income individuals were more likely to spend additional funds freed from taxation and provide the needed stimulus to our economy.

A few weeks ago, when the House of Representatives passed H.R. 2166, I expressed approval of the form of that bill—with its stress on income tax rebates and reductions for individuals in the low- and middle-income ranges, combined with sound relief for business. My only concern was that the total tax relief for 1975 contained in the bill, about $20 billion, was not large enough to reverse the downturn quickly.

On the other hand, when the Finance Committee reported its version of the bill, I was pleased by the proposed size of reduction but objected to the fashion in which the bill provided the stimulus. The Finance Committee adopted a number of very narrow tax provisions that directed help away from those who most needed it to certain industries and sectors of the economy. I believed that such an attempt to fine tune an economic stimulus was bad public policy. Further, since several of the measures proposed by the Finance Committee involved totally new concepts, I felt that such changes should more properly be addressed in subsequent tax legislation which I hope we will be able to consider later this year.

Shortly after debate began in the Senate, I introduced an amendment which was a substitute for the committee bill. My amendment retained and increased provisions in both the House and Finance Committee bills aimed at tax relief for individuals while eliminating the portions which I believed did not belong in an emergency fiscal measure, most notably the loss carryback provisions and the housing credit. More particularly, my amendment would have increased the rebate on 1974 taxes to approximately $12 billion with a maximum payment of $300 and a minimum of $150. It would also have retained both the optional credit for personal exemptions and the changes in the standard deduction as set out in the committee and House bills, and made persons who had no dependents eligible for the 10-percent earned income credit. I believed the requirement for dependents would work hardships, especially on our senior citizens who are most in need of help.

On the business side, the Bayh substitute retained the House provisions for increases in the investment tax credit and the corporate surtax exemption. These were well reasoned measures which would stimulate business investment.

It seemed to me, Mr. President, that this straight forward approach to fighting recession was what was needed. I was subsequently gratified when the Mansfield substitute, which embodies this concept, was overwhelmingly passed by the Senate. Like my amendment, the Mansfield substitute increased the size of the rebate and provided additional relief for individuals, including the elderly. Further it eliminated or modified the most offensive provisions of the Finance Committee bill.

It was largely the Mansfield substitute which passed the Senate and was taken to conference. There were some important amendments, however, which I believed were essential.

First and foremost, after many years of trying, we were successful in passing a measure to eliminate the percentage oil depletion allowance for the large, integrated oil companies. This provision which for decades has permitted the oil companies to pay little or no taxes, did not belong in our tax code, and its repeal was one of the most significant victories for tax reform that I have seen since being elected to the Senate.

I would note that the Senate bill did allow independent producers to take percentage depletion on their first 2,000 barrels per day. It is the small independents who find the bulk of the oil in this country, and there is a real need for special treatment for them in order that they may attract the high risk capital needed for increased exploration and to permit them to retire debt incurred prior to this time. The complete elimination of percentage depletion for the independents would destroy them and serve to increase the grip of the major oil companies in the energy market. I am very pleased that the conference report retains a special exemption for these small independent producers whose efforts are vastly needed in the face of our current energy problems.

The Senate bill also contained Senator HARTKE's amendment to repeal the foreign tax credit on oil related income. In the past the oil companies have been able to subtract every dollar paid in royalties to a foreign country from their U.S. tax liability. Further, when such credits exceeded American tax liability, the oil companies were permitted to spread them around to shield income from other operations in low tax countries from U.S. taxes. This amendment terminates this multinational ripoff, and I think it is most important that the conference agreement retained such a provision, though in a modified form.

Finally, Senate provisions retained in conference extend unemployment benefits for an additional 13 weeks. Although this provision does not directly relate to tax relief, its passage is very important. Even with enactment of this bill, Mr. President, it will take time for the economy to right itself and for unemployment to come down to reasonable levels. It is our duty to provide for those who will continue to be out of work through no fault of their own.

To conclude, Mr. President, I believe that passage of H.R. 2166 as it now appears before us will be beneficial to the country, though I am very concerned that it does not provide a stimulus large enough to turn our economy quickly around. I am pleased that we have directed relief to low- and middle-income individuals, including those on social security, and provided reasonable reductions for business. I would have preferred, however, much larger reductions for our citizens under nearly every measure providing relief for individual taxpayers. Though I fear we have missed an opportunity for prompt and strong recovery, I believe the bill is better than the President's proposals and certainly better than nothing. I will support its enactment, but I am saddened that we in Congress did not provide a more effective package, when the economy and the country need every ounce of available help.

Mr. MATHIAS. Mr. President, the Senate today considers whether or not it should give final approval to the Tax Reduction Act of 1975, which has been reported to us by the House-Senate conference committee which met to resolve differences in the bill as passed by the House and Senate.

I shall vote for this bill, although I have severe reservations about many of its individual parts.

We consider this measure at a time when our country is gripped by the worst economic conditions since the Great Depression. It is the hope of the principal authors that this bill will have a major and positive effect, both because of the timing of the bill in relation to the worldwide economic problems which severely affect all Americans, and because of the size of the tax reduction, $22.8 billion. This is the largest single tax cut in our Nation's history, although the tax cut of 1964 was larger in proportion to the size of the national economy at that time.

For the past 2 years, inflation has raged on a scale unprecedented in recent decades during peacetime. The financial security of persons on fixed incomes have been devastated by soaring prices. Workers have found that inflation has outstripped the pay hikes they may have received, leaving them with less purchasing power than 2 years ago. Businesses, particularly the housing industry, have seen interest rates climb to a height which made new investments financially impractical. The inflation has thus directly contributed to the onrushing recession.

Today, plants throughout America are operating at 75 percent capacity. Real GNP dropped by 9.1 percent in the fourth quarter. The Federal Reserve Board's index of industrial production declined by 3 percent in February, making a 12.2-drop since last September. Unemployment is officially measured at 8.2 percent currently, but is expected to rise even further. Even this statistic, however, does not count the hundreds of thousands of Americans who have given up looking for a job, or the millions more who are working only part time or who are working at jobs which do not fully utilize their skills. Moreover, the effect of unemployment and underemployment of this magnitude is not just a temporary loss in production—the individuals affected will bear the scars of this experience for years into the future.

For these reasons, I believe it is imperative that the Federal Government take immediate steps to bring our domestic economy back into balance. Economic problems must be foremost on the agenda of this Congress, and a comprehensive and integrated response is urgent.

A tax cut is one vital component of an overall program. Consumers need added purchasing power, both to offset the effect of inflation on their personal lives, and to provide willing buyers for goods produced by our Nation's industry. American business needs further incentives to invest in plant capacity that will be needed in the future. This investment in itself will begin to reverse the downward spiral of industrial production which has continued for over 16 straight months.

The size and nature of the tax cut are critical to its success, however. The Federal Government is expected to run a budget deficit of over $30 billion for the current fiscal year. The President has now recommended a budget for the coming year, fiscal year 1976, that forecasts a deficit of over $50 billion. That forecast is based on several assumptions, several of which most observers believe will not hold true. Therefore, many see a deficit of $80 billion which may rise to as high as $150 billion. The forecast beyond the current fiscal year 1976 sees deficits which will continue to be huge by any standard.

These deficits are deeply concerning. They compel each Member of Congress, at the least, to reexamine the value of every Federal expenditure. As a member of the Senate Appropriations Committee, I was pleased that the committee and the Congress were able to trim the appropriations requested last year by the administration by some $10 billion. I believe that we must scrutinize programs even more carefully this year.

Just as the budget deficits are deeply disturbing, the loss of production and jobs in this country is alarming. The extent of this deficit in production in the country can be seen by looking at what Federal revenues and expenditures would be if the country was today operating near the full employment level.

At full employment, the Federal budget would not reflect a deficit of more than $100 billion, but instead have a surplus of $15 billion. This change reflects both lower expenditures for unemployment compensation, public service jobs, welfare, and similar programs, and higher revenues from the increased tax payments of employed workers and booming businesses.

It is clear to me, therefore, that our chief concern must be to restore health to our national economy by providing the stimulus that will put the private sector back to work.

Having said all of this, however, I must also state some concern with the provisions of the bill before us. I shall indicate my major concerns as I summarize the principal provisions of the bill, as passed by the House, the Senate and as provided in the conference committee version before us.

A. SIZE OF TAX CUT

The administration recommended a tax cut of $16 billion. The House passed a bill providing for a total cut of $20 billion. The Senate increased the cut to approximately $30 to $32 billion, almost double that recommended by the administration. The Senate figure was the largest cut recommended by the economists and other witnesses which appeared before the Senate Finance Committee, and was consonant with the recommendation of the Joint Economic Committee of the Congress. The conference committee, however, reduced the total cut to $22.8 billion, making it more in line with the consensus of economic recommendations. I believe this reduction was appropriate.

B. REBATE OF 1974 TAXES

Both the House and Senate bills provided for an immediate rebate of a portion of the taxes due from citizens on their 1974 income. The administration has recommended a rebate equal to 12 percent of an individual's tax payment, up to a ceiling of $2,000. The House passed a rebate of 10 percent with a minimum of $100—or the tax paid, if less than $100—and a maximum of $200. The maximum would be reduced for persons with an adjusted gross income in excess of $200, and persons with an adjusted gross income of more than $30,000 would receive only the $100 minimum. The Senate increased the rebate to 12 percent of tax due, with a minimum of $120—or the amount of tax paid, if less than $120—and a maximum of $240, with a similar phasedown for persons with adjusted gross incomes in excess of $20,000. The House version of the rebate carried a price tag of $8.1 billion; the Senate version, $10 to $11 billion. The conference committee adopted the House version.

I believe the rebate is an appropriate tool. It is not as stimulative of new jobs as a direct grant keyed to increased employment would be, but it will increase employment and at the same time it provides immediate and needed relief to citizens hard hit by inflation.

I objected to the fact that the rebate mechanism discriminates against married couples in which both spouses work. These couples receive only one rebate, whereas if they were single, each would receive a separate rebate. I introduced an amendment to correct this obvious and inexcusable inequity, but the amendment was not adopted by the Senate. The discrimination against married couples in which both spouses work exists as well in the tax rate schedules applicable to taxpayers each year. I have introduced legislation, S. 95, to correct this inequity by making marital status irrelevent to tax obligations. I am hopeful that the Congress will enact this needed reform, and am pleased that the chairman of the Senate Finance Committee has agreed to hold hearings on bills to make marital status irrelevant to tax obligation.

C. INCREASE IN STANDARD DEDUCTION

The House bill increased the minimum and percentage standard deduction which can be claimed by taxpayers. This change would be effective on 1975 income. It would involve about $5.1 billion. This increase would not benefit taxpayers who itemized their deductions, however, and it was replaced in the Senate bill by the following personal credit.

The conference committee increased the low-income allowance or minimum standard deduction to $1,600 for single persons and $1,900 for joint returns. The regular standard deduction is increased to 16 percent of AGI up to a maximum of $2,300 for singles and $2,600 for joint returns.

D. PERSONAL CREDIT

The Senate bill provided that taxpayers could take a $200 credit as an alternative to claiming each $750 personal exemption now permitted for the taxpayer and each dependent. The personal exemption is a deduction from gross income made in computing taxable income. The credit is subtracted from actual taxes due. The credit is more advantageous to any taxpayer who is below the 27-percent tax bracket; the exemption is more advantageous to taxpayers above this bracket. The 27-percent bracket is roughly equivalent to an adjusted gross income of $15,000.

This credit, like the change in the standard deduction above, would be effective on taxes due on 1975 income and thereafter. It would involve approximately $6.2 billion.

In lieu of a $200 tax credit as an alternative to the $750 personal exemption deduction, the conference committee agreed to a $30 tax credit in addition to the personal exemption for the taxpayer and his spouse and an additional $30 tax credit for each dependent. The revenue loss is $5.2 billion.

E. OIL DEPLETION ALLOWANCE

The House bill repealed the oil depletion allowance entirely, phasing it out over a 4-year period. The Senate bill was identical to the House version, except that it permitted independent oil producers to continue to claim the depletion allowance on the first 2,000 barrels pumped each day. The conference committee provided for a repeal of percentage depletion generally. However, 22-percent depletion on oil and gas will be available on the first 2,000 barrels of oil in 1975 with the number of barrels getting the 22 percent reduced 200 barrels per year through 1980. In 1981 a 20 percent depletion would be available on the first 1,000 barrels and this rate of depletion is reduced to 18 percent in 1982, 16 percent in 1983, and 15 percent in 1984 and thereafter. For this later period—between 1981 and 1985—secondary and tertiary wells would continue to get the 22-percent depletion rate but would get only 15 percent thereafter. The 50-percent limit on net taxes increased to 65 percent immediately.

I supported the original House version on this matter, on the grounds that the depletion allowance is an inefficient method of stimulating production.

FOREIGN TAX CREDITS

The Senate bill converted the foreign tax credit for royalty payments made by petroleum companies to a deduction, which is about half as valuable to the company. The Treasury would gain approximately $1.5 billion under this amendment. It also provided that taxes on foreign earnings would be due when earned, rather than when the money is "repatriated" by bringing it back to the United States. This would mean a gain of at least $600 million for the Treasury.

The conference committee adopted a complex compromise which should be tightened as part of any bill dealing with tax reform or international energy or trade matters. The compromise is estimated to save the Treasury $370 million annually.

CREDIT FOR HOME PURCHASERS

The Senate Finance Committee adopted a proposal to give each taxpayer who purchased or constructed a home as his or her principal residence a credit of 5 percent of the cost of the home, up to a ceiling of $2,000. The effective dates were originally April 1 to December 31, 1975, but the April 1 date was changed by the committee to March 13. The amendment was modified on the Senate floor so that it applied only to newly constructed homes. The conference committee provided a 5-percent tax credit up to $2,000 for the purchase of new houses either in being or in construction before midnight March 25. In order to obtain this credit, the taxpayer must receive a certificate from the seller that the price of the house is the lowest price at which the house has ever been offered for sale.

I believe that there is desperate need to stimulate the construction of new housing and the renovation of older homes. I am not convinced, however, that the amendment advanced by the Finance Committee is sufficient stimulus. As reported by the committee, this amendment would have involved $3 billion. As amended on the Senate floor, it would cost about $1 billion.

INCREASE IN INVESTMENT TAX CREDIT

The House and Senate bills both provided for an increase in the investment tax credit from 7 percent to 10 percent. The Senate provided that the credit be at 12 percent for the next 2 years under certain conditions. The investment tax credit is meant as a stimulus to investment by private industry in new productive capacity. The investment tax credit has been increased or decreased several times in recent years to stimulate or abate investment by the private sector, with positive results. The conference committee retained the Senate version, except that the figure of 12 percent was reduced to 11 percent. The increase in the investment tax credit is effective only until December 31, 1976.

INCREASE IN BUSINESS SURTAX EXEMPTION

Business income is now taxed at a rate of 22 percent on the first $25,000 and 48 percent thereafter. The Senate increased the $25,000 to $50,000. This is supposed

to aid small businesses, although the benefit extends as well to the first $50,000 earned by large corporations. The conference committee voted to apply a 20 percent tax rate to the first $25,000 of corporate earnings and 22 percent on the next $25,000. Additional earnings would be taxed at the current, 48 percent rate.

LOSS CARRYBACK

The Senate Finance Committee passed an amendment which would have enabled corporations to apply losses suffered one year against any taxable profits attained for any of the previous 8 years. This would have caused a revenue loss for the Federal Government of $1 billion. The measure was modified on the Senate floor to cut that loss in half. The conference committee quite rightly dropped this provision completely.

AID FOR RETIREES

The Senate bill provided for a $100 payment to persons over age 65 who were receiving social security or other Federal retirement and railroad retirement benefits. This provision was designed to aid those elderly citizens who were not paying substantial taxes and, therefore, may not be receiving a large rebate under the other parts of the bill. The estimated cost of this provision was $3.4 billion.

EMPLOYEE STOCKOWNERSHIP PLANS

The Senate bill provided that large corporations which took advantage of the 12 percent investment tax credit provided by the Senate bill would be required to establish an employee stockownership plan, by which stock would be made available to workers of the corporation. The bill also provided that corporations which utilized the liberalized loss carryback provisions of the bill would also be required to establish an employee stockownership plan. There would be no significant direct cost to the Treasury from these provisions. The provision relating to the investment tax credit was retained by the conference committee, although the figure of 12 percent was reduced to 11 percent.

CHILD-CARE EXPENSES

The Senate bill provided for liberalizing the child-care deductions in existing law by making the deduction available to persons who take the standard deduction as well as those who itemize deductions. The conference committee deleted this provision.

Under present law, taxpayers may deduct up to $4800 for child care or other expenses related to caring for dependents, if such expenses were necessary in order for the taxpayer to work. The full amount of deduction is only available to taxpayers who itemize and earn less than $18,000. A smaller deduction is available for those earning between $18,000 and $27,500. The conference committee voted to increase the $18,000 figure to $35,000 and the $27,500 figure to $44,600. This provision will involve about $90 million.

OTHER PROVISIONS

The Senate bill would repeal the current 10 percent Federal excise tax on the purchase on trucks, buses, tractors and related parts, $0.7 billion. This was deleted by the conference committee.

The Senate bill would also grant an employer a tax credit equal to 20 percent of the wages paid to a recipient of Federal aid to dependent children welfare assistance, $3 million. This was accepted by the conference committee. The Senate bill reduced the tax rate applied to the first $4,000 of taxable income by 1 percent, $2.3 billion. The Senate bill also included an "earned income credit" applicable to low-income taxpayers with children, $1.5 billion. This provision was retained by the conference committee. The House bill contained a more liberal earned income credit costing about $3 billion. The Senate bill permitted individuals to offset capital losses incurred in any year against any capital gains received during the 3 previous tax years, $0.1 billion.

The Senate bill provided a tax credit for part of the cost of home insulation. The conference committee deleted this provision.

NEED FOR FURTHER ACTION ON TAX REFORM

The enactment of this Tax Reduction Act is the first of several steps needed to make our tax code more fair and more responsive to national needs. This is primarily a tax reduction bill designed to provide immediate and lasting stimulus to the economy. There is a strong need for a tax reform bill to be enacted in the immediate future.

The first goal of a tax reform bill should be the simplification of the Tax Code. It is appalling that millions of taxpayers are forced to hire help to prepare their tax returns. The bill before us makes the Tax Code more, not less, complex. It therefore makes the need for a thorough review of the tax laws even more urgent.

Among provisions which must be examined in hearings on tax reform are: The foreign tax credit available to corporations, the part of the oil depletion allowance which is continued by the bill before us, a stronger minimum tax on the rich, the discrimination against married working couples and against certain single taxpayers in the current tax rates, the need to increase specific dollar figures in the code whose value has been eroded by inflation, and the need for a tax credit to offset some of the expenses to a family of sending their children to college and graduate school. This list is only a beginning. I am hopeful that the House Ways and Means Committee, which has the responsibility for initiating this type of legislation under the House rules and the Constitution, will report a comprehensive tax reform bill in the coming months.

NEED FOR ACTION RELATED TO ENERGY

The continuing crisis over the supply of energy for America and our allies—which is critical to alleviating both our inflation and recession—should be met partially by changes in the Tax Code to provide incentives for conservation.

I have outlined these changes in another statement, and I shall not repeat them here. This need is separate for tax reform, but is no less urgent.

Mr. CRANSTON. Mr. President, the economic stimulus provided by the conference committee bill is only half a loaf. But for an economy starved by recession, bankruptcies, and unemployment, this half a loaf is far better than none. And it is far, far better than the "cake" the administration had proposed for the rich.

As contrasted with the President's program, which called for a $16.5 billion tax cut primarily for the well-to-do, both the Senate and House bills gave greater relief to low- and middle-income people.

Most of the economists who testified before us at the Budget Committee hearings agreed that we need an immediate, massive stimulus—on the order of the $34 billion bill we passed in the Senate—to turn the economy around and pull the country out of the recession.

The Senate bill, which I strongly supported, would have done more to help the elderly on social security, the millions of unemployed and underemployed, and others hardest hit by recession and high prices.

But considering the veto threats of the President, the $24.8 billion conference committee bill is a sound compromise between the Senate's $34 billion bill and the House $20 billion program.

I will vote for it.

I urge all Senators to do likewise.

I congratulate the Senator from Louisiana and his fellow conferees for their hard, swift, and effective work.

Though a number of good Senate proposals were dropped in conference, I am particularly pleased that several which I originally offered in a Senate amendment are in the final bill. These include four provisions, which will bring in $170 million more in revenues from the major oil companies in 1975, to shut off some of the worst tax avoidance abuses by major oil companies in their foreign operations.

These include: ending the investment credit on drilling rigs outside the United States, repealing the tax benefits for domestic international sales corporations—DISC—on the export of natural resources and scarce commodities, repealing the "per country" loophole which enables oil companies to offset foreign losses against taxable U.S. income, and ending underwriting the startup costs of overseas ventures by U.S. oil companies.

I am delighted that the conference bill will also pick up some $1.6 billion in additional oil industry revenues by wiping out the oil depletion allowance for major oil companies—a move I strongly supported. And it gives some tax help to the independent oil companies, especially the wildcatters. Since I was so active in the effort to exempt the independents from the repeal of the percentage oil depletion—because we need the wells they find, the competition they give to majors in the oil industry and hopefully, the better prices they can provide through that competition under their new circumstances—I am particularly pleased by this compromise provision.

This necessary legislation will provide a $24.8 billion stimulus to our sagging economy. It will bring in about $2 billion in new revenues to the Treasury by repealing the depletion allowance for major oil companies and by bringing home some of the overseas dollars earned by the foreign oil and gas operations of the big majors.

The tax relief in this bill is aimed primarily at low- and moderate-income families and at stimulating business investment in more jobs. Over 80 percent of the relief for individuals will go to persons earning less than $20,000—half of this will go to families with less than $10,000 income.

Small businesses will be aided by an increase in the corporate surtax exemption and by a reduction of the tax rate on the first $25,000 of income. A substantial boost in the investment tax credit should make some $3.3 billion available for the creation of new jobs. The housing tax credit has been reshaped to maximize the stimulus for the construction of new housing—this year, not some future year.

Mr. PERCY. Mr. President, I reluctantly support the Tax Reduction Act of 1975 as finally agreed upon by the House-Senate conference committee. I voted against the Senate bill for the reasons given at the time.

The conference committee did modify or deleted several of the permanent tax cuts that were included in the Senate bill. Although I would still favor a bill with more emphasis on immediate economic stimulus and less on permanent changes in the tax code, we cannot afford to delay action any longer in sending a tax bill to the President for his analysis.

I am pleased that the Ways and Means Committee has agreed to give consideration to some of the revenue-raising measures I proposed during Senate action on this bill when it takes up energy tax reform next month. I continue to believe that we must raise the necessary revenue to pay for the permanent tax cuts in this bill once the current recession has been turned around. If we do not do so, we will once again be faced with the kind of Federal deficits that helped fire the inflation we have suffered from during the last few years.

Mr. BELLMON. Mr. President, I have reluctantly come to the conclusion to vote against the conference report on H.R. 2166—"The Tax Reduction Act of 1975." I have reached this conclusion, because of my concern that many features of this bill will prove to be seriously detrimental to this Nation's efforts to become independent of insecure foreign sources of energy.

The features of H.R. 2166 which are intended to stimulate the economy are generally supportable. I strongly favor the approach of returning funds to private citizens and to the private sector rather than increasing Government spending as we undertake to stimulate the economy and bring unemployment under control. Had the conference committee reported out a bill with those features in it I could have given it my support. However, when the committee undertook to change the foreign tax provisions, when it reduced the depletion allowance for petroleum while leaving it in place for other less essential and more readily available minerals, and when it limited the investment tax credit provisions to 2 years, I feel it made the bill unacceptable.

Mr. President, the Nation's economy needs an immediate stimulus and I favor a program to accomplish this objective. However, there is no excuse for trying complex and frequently counterproductive energy related legislation to this bill. There is ample time for the Senate to consider those proposals in an orderly way after we have dealt with the immediate problem of strengthening the Nation's economy. I believe that if this bill passes, the President would be wise to turn it down and I would certainly support his veto.

TAX REDUCTION ACT: A FURTHER SURRENDER TO INFLATION

Mr. HELMS. Mr. President, as my colleagues are aware, the conference committee considering this bill only concluded its deliberations this afternoon. Yet, we find ourselves in the position of having to vote on the conference report without any opportunity to study it—indeed, I seriously doubt that it has been printed. While some of the provisions that I understand are contained in the conference report are relatively simple, and are easily understood, others pertain to obscure provisions of the Internal Revenue Code, such as the alteration of certain aspects of foreign income deferrals, the foreign tax credit, and the like.

Traditionally, when Congress considers legislation of major importance, ample time is provided for public hearings, adequate deliberation of the various provisions, and a full and careful consideration of the merits of the proposals. That has not been the case with the so-called Tax Reduction Act of 1975.

On the contrary, this bill has been rushed through the Senate. After a full day last Friday, we remained in session through the evening and on into the morning. To be exact, we recessed at 2:09 a.m. on Saturday. All of this was in an effort to push through legislation, which I suspect may have some political appeal, but which I greatly fear is not in the best interest of the country and of the average American taxpayer and consumer.

I suppose there is hardly a person who has not heard of the tax rebates for 1974. Every taxpayer is to receive a minimum of $100. The maximum is $200. The way this phenomenon works is interesting in itself. Individuals in a low tax bracket will receive the $100 minimum, or the amount of their tax, whichever is less. Then, the amount of the rebate will increase gradually up to the maximum of $200 for those with a $20,000 income, whereupon it will begin to gradually decline as individual income rises from $20,000 to $30,000. Individuals making $30,000 or more will receive the minimum rebate of $100, the same amount that the lower income individuals get. It is not progressive, or regressive in the traditional sense. Perhaps, it is both in a rather unique sense. In any event, it benefits most those in a $20,000 income tax bracket. I only hope that the average taxpayer is fully aware that this is his own money that is being returned, less a substantial fee for the Federal Government for handling charges. It certainly is no gift. It is estimated to cost $8 billion.

The costs of alterations in the so-called standard deduction and personal exemptions will also run into the billions. A one-time $50 payment to all social security beneficiaries, all railroad retirement beneficiaries, and all aged, blind, and disabled welfare recipients will cost in the neighborhood of $1.5 billion. While I am greatly sympathetic with the serious plight of these citizens, I am reminded that reckless Federal spending far in excess of Federal income has created the current rate of spiraling inflation that has so cruelly deprived the aged and handicapped of a decent livelihood predicated on their ordinary income expectations. This federally created economic instability has, indeed, robbed them of their savings. Now, in a final massive insult, the Congress proposes to help them by further feeding the fires of that inflation. The single $50 payment that an individual receives will soon be spent and gone. He will then have to survive in the midst of even higher prices prompted by this $1.5 billion expenditure. These recipients will pay a dear price in the end.

The current economic condition of the homebuilding industry is, indeed, serious. I understand that a 5-percent credit with a maximum of $2,000, is allowed for the purchase of a new home in inventory, but it does not apply to additional construction. The high interest rates that we have experienced have greatly discouraged construction. Additionally, there has been a general shortage of mortgage money. Savings institutions have suffered. These high interest rates have been the result of great inflation, which in turn has resulted from deficit Federal spending. This bill will enlarge the deficit; it will force the Government to further invade the private money market in its borrowing. It will encourage high interest rates, and it will again dry up mortgage credit. While a few homes currently in inventory may be sold, the future of the construction industry is grim. We are compounding the errors of the past.

Admittedly, there are a few genuinely desirable provisions in the bill. The increase in the investment tax credit is needed. In fact, several months ago, I cosponsored legislation to increase this credit. However, that bill received little attention. The adjustments in the corporate income tax rate will be helpful to the smaller businesses that have been caught in the inflationary squeeze. However, the repeal of the percentage depletion allowance for oil and gas—though preserved to a limited extent—is, in my view, unwise. At no time in our Nation's history has there been a greater need for an incentive for further exploration and development. We are told that only about 1 well in 10 actually produces, and an even smaller proportion are really profitable. How can we expect any sensible person to fight those odds with a new Federal tax policy removing traditional incentives? I have felt for some time that when considering our energy problems, Congress should spend less time discussing how to divide a shortage, and devote its full efforts to stimulating domestic development of energy sources. I remain convinced that America can take care of itself. We need not go begging to foreign countries. Yet, the repeal of the percentage depletion allowance is before the Senate.

I suspect that of all the provisions of the bill, the sections pertaining to foreign source income are the least understood. Modifications are made in the foreign tax credit and foreign income deferral. Many enterprises have made business decisions based on these tax provisions as the law currently exists. I do not say that the law should never be changed. However, these provisions were added to the bill on the Senate floor. They did not even go through committee, much less bear the test of public hearings. I say simply that it is unwise to make policy in such a hasty manner.

We find in the bill provisions that would, under certain circumstances, extend unemployment benefits. But, apparently the circumstances are that the extended benefits will only be available in nine Northern and Western States.

An innovation of particular interest is the so-called "earned income credit." I understand that the conference committee selected the Senate version because it is less costly—only about $1.7 billion. That at least is an improvement over the House version which was estimated to cost almost $3 billion. It provides a 10-percent credit on earnings up to $4,000 a year, whether or not the recipient paid any Federal income taxes. The credit, we are told, would be gradually phased out from a maximum of $400 to zero as the taxpayer's income rises from $4,000 to $8,000 or more. Additionally, the credit is limited to those with dependent children. This, it is said, is to be viewed as an important first step toward a "negative income tax." The way that works is this: It benefits those who do not work and pay taxes. It builds into the Federal income tax structure an incentive to be less productive. We have social welfare programs already. It is my feeling—and I believe that most taxpayers share this view—that the aged, handicapped, and truly needy should be properly cared for, but this is not the proper means. There is already in existence a vast bureaucracy established to serve these needs. If it is considered that such a "negative income tax" is needed, it is a testimony to the inept administration and ineffectiveness of that bureaucracy in meeting the legitimate needs of the truly needy.

There are other provisions in the bill, but I will not dwell on them. The bill as a whole contains a couple of desirable measures, but its bad features greatly outweigh its positive points. As a whole, it is estimated to cost $22.8 billion. That is $22.8 billion that the Federal Government does not have, and that it must borrow. Estimates of the budget deficit for fiscal year 1976 range as high as $80 billion or more.

As I mentioned in the Senate during the prior consideration of this bill, on December 31, 1972, the national debt was $449.3 billion. A year later, on December 31, 1973, it was $469.9 billion, an increase of $20.6 billion. Then, on December 31, 1974, the debt was $492.7 billion, an increase of $22.8 billion over the previous 12 months and an increase of $43.4 billion in a 2-year period.

For fiscal year 1975, it is estimated that the interest on the national debt alone will be $32,900 billion. But, let us consider the round figure of $30 billion a year of interest on the national debt. That works out to about $54,000 a minute—almost $1,000 every time the clock ticks.

One may well wonder where it will end. I fear that the end is all too obvious—severe economic recession brought about through spiraling inflation. Unfortunately, this form of economic difficulty is not rectified by the brand of Keynesian economics that embraces Government pump priming. More deficit spending breeds more inflation, more inflation accentuates the recession.

On Friday of last week, I offered an amendment to this bill. It was directed to the vast, inexcusable deficit in the Federal budget. It was not unusual for me to address that issue. Indeed, on six separate occasions, I have cosponsored with the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) legislation to require the President to submit a balanced budget to Congress. However, my amendment last Friday provided for the salaries of Senators, Congressmen, and members of the President's Cabinet to be reduced by the exact same percentage that Congress fails to balance the budget. Of course, the amendment was soundly defeated. But, I felt that it was appropriate to offer that provision to this particular bill—this $22.8 billion package that has been rushed through Congress without hearings, and which in its final form is being considered by the Senate without even the benefit of a printed conference report.

Whatever its political popularity, I must vote "no." How else could one later plead that he had been faithful to the principle of fiscal responsibility which is essential if we are to experience any true economic recovery.

Mr. BARTLETT. Mr. President, foreign taxes and foreign tax credits of American international oil companies have scarcely been discussed in the debate over the tax bill. This is regrettable.

The Congress is wearing blinders as it looks at changes in the foreign tax credit on the foreign source income of the international oil companies.

A diversified and expanded worldwide supply of petroleum is essential to not only the economy of the free world, but also the economy of the United States.

There will be a better chance to break the OPEC cartel petroleum price if world supplies are more diversified and increased substantially.

The United States cannot do it alone with domestic production, because we are only one nation in a world that will have an increased demand for petroleum in the future.

Whether we like it or not, though our production should soon increase and continue increasing during the next decade, petroleum for at least 13 years will have to be imported in significant quantities if this Nation is to have sufficent energy to meet the expanding needs of the economy.

Any proposal which jeopardizes either an expanded world supply or an expanded domestic supply is contrary to the best interests of our Nation.

Repeal of the foreign tax credit such as in H.R. 2166 plus the institution of an additional U.S. tax on income generated in foreign countries has the very practical effect of making our U.S.-based international oil companies less able to compete with Government-owned or private companies operating in foreign countries. This is because other nations have a system which avoids double taxation.

It seems to me that these U.S.-based international companies are an indispensable link in the oil supply chain of the United States. I would like to ask a question of my colleagues who favor doing away with the foreign tax credit for the international oil companies: Who would you rather have integrally involved in the supply of energy to your country—a company based in the United States, managed by U.S. citizens, and owned by millions of stockholders who are also U.S. citizens or some company controlled by the government or citizens of any other nation?

I think the answer is obvious. Those who propose this measure, which will destroy the international competitiveness of the U.S. petroleum industry by increasing U.S. taxes on foreign income, are really playing into the hands of the OPEC leaders.

It is certainly in OPEC's best interests to retard the U.S. petroleum industry's expansion in other petroleum provinces, because, as some Arabs have publicly stated, the American international oil companies offer the largest threat to the cartel's ability to set high prices.

Our international companies have the expertise and the experience to explore for and develop oil and gas fields throughout the many potential petroleum provinces of the world.

Who is more capable to do this urgent job? To make these companies less competitive would be, in my opinion, a great mistake and not in the interest of our citizens.

It is obvious that these proposals to eliminate the foreign tax credit would render the U.S. petroleum industry less competitive. Any time an amount of money of approximately $2 billion is taken from an industry, as is the case with the proposed changes in foreign tax treatment and the loss of the depletion allowance, it will have a substantial negative impact on its productivity.

First, this is money which could otherwise be reinvested in ventures to increase the supply of oil and gas. The actual experience of the international petroleum industry during the first half of 1974 is a case in point. Based on figures of the Chase Manhattan Bank, during the first half of 1974, capital spending in the United States by Chases' group of petroleum companies was $6.5 billion or 122 percent more than in the first half of 1973. In the same period, capital spending in the rest of the world was $3.7 billion, which was only 28 percent more.

The group's worldwide profits of $8.9 billion were 93 percent more than in the first half of 1973. Of the worldwide profits, two-thirds were earned outside of the United States. The most significant aspect of these figures is that the $6.5 billion used for capital spending in the

United States was far above the $2.9 billion earned in the United States. Thus, the group concentrated as much as two-thirds of its overall new capital investment for oil and gas exploration in the United States even though it earned only one-third of its worldwide profits here. Capital spending in the United States was 124 percent greater than earnings.

Thus, it is apparent that reducing international profits has the dual effect of limiting investment both at home and abroad.

Certainly, the transfer of billions of dollars in additional taxes from an industry which would reinvest in energy producing activities to the Federal Government will reduce the overall supply of energy. The supply of energy is directly related to the capital invested in exploration and development.

Furthermore, I do not believe that by restricting the profitability of the foreign operations of the oil industry, an increase in investment in this country will necessarily follow:

Investments will be made in foreign areas and in the United States by American international companies to the limit of their capital and to the extent that those investments are profitable.

In other words, Congress, by repealing the foreign tax credit, will probably cause less foreign and domestic investment and consequently less production from both foreign and domestic areas.

There is a basic misunderstanding concerning the nature of foreign and domestic producing operations.

The actual cost of producing a barrel of petroleum in the Mideast is only a few cents a barrel and the cost of producing additional barrels is even less than that because of the large shutin capacity of oil which can be produced at no additional operating cost. Foreign operations are profitable for the international companies, because of the tremendous volumes of crude produced. Historically, the profit margins of the oil companies have been about 30 cents per barrel with the difference between the sales price and the industry's cost plus profit going to the host government.

In the United States, however, actual costs per barrel are many times higher than in the Mideast. Consider that the cost of drilling a well in the United States is probably similar to the cost in Saudia Arabia, but the average well in the United States produces 18 barrels per day while an average well in the Mideast produces more than 10,000 barrels per day. Most wells in the Mideast flow while wells in the United States require artificial lift and U.S. fields require pressure maintenance. Both operating costs and capital costs are significantly higher in the United States. Thus, if we want to increase production of crude in the United States, the price must be such that our producers receive enough return to cover the higher per barrel capital and operating costs on a much smaller volume of crude per well.

This foreign tax legislation is punitive. But I wonder whether punitive legislation is either necessary or warranted. It receives the political impetus, because of the OPEC embargo and price high—events which caused tremendous disruptions in the United States, but over which the oil companies had no control. It appears that Congress is punishing the wrong party.

International company profit rose in 1974, but the situation is changing now. I refer to a comparison of the Fourth quarter 1974 to 1973 foreign earnings of several of the companies:

Exxon—$501 to $458 million, down 8.1 percent.

Texaco—$359 to $216 million, down 39.9 percent.

Mobil—$189 to $40 million, down 78.8 percent.

Gulf—$267 to $83 million, down 68.9 percent.

Gentlemen, these tremendous reductions in profits are occurring because of realinements in the relationship of the international companies and the foreign host governments. I think the Congress is being a little hasty when it passes legislation, because of short-term increases in profits which we now see have not continued.

If this legislation is passed—

It will adversely affect our dometic economy. Many Americans are employed in industries which support the international oil companies.

It will adversely affect our foreign commerce, our balance of trade, and jeopardize our control over imported petroleum which we still desperately require.

But, the most serious implication of this legislation is that it will make our industry less able to compete in the international search for oil and consequently strengthen OPEC's ability to continue to fix the price of petroleum. I do not understand why anyone in the Congress would desire to do that.

I do not understand this thinking. It is obvious that a majority of Congress are wanting our American oil industry to be less productive at a time of severe domestic energy shortages and huge balance of payment deficits.

It appears that Congress may be on a masochistic binge from which our Nation may not recover.

Mr. NELSON. Mr. President, I am voting for this tax measure though I have grave reservations about it.

It is highly questionable in my judgment that this tax cut will result in the measure of economic stimulation its advocates either claim or hope for it. However, a broad spectrum of economists, businessmen and administration spokesmen have uniformly insisted that the cut is vitally necessary now as an economic stimulant. I reluctantly defer to their recommendation in the hope they are correct, though I cannot put aside my concern over the size of the budget deficit and the threat that such a deficit may in fact accelerate the inflationary spiral.

My other specific concern about this measure involves the depletion allowance. In my judgment it concedes far too much to the oil industry and permanently preserves a substantial depletion allowance for substantial producers far beyond what can be justified.

It was my judgment from the beginning that it was a mistake to introduce the depletion allowance issue into this bill. The chance of achieving a repeal of the depletion allowance or at least a much more limited measure would have been much better in a tax reform measure than in this emergency bill which is being passed under such an urgent time table. In my judgment it will be a long time before the tax loophole that it left can be reduced or eliminated.

Mr. BAKER. Mr. President, I am one of 29 Members of this body who last week voted against final passage in the Senate of H.R. 2166, the Tax Reduction Act of 1975. My vote was prompted by a belief that a $34.3 billion tax cut, with a corresponding revenue loss of $30.6 billion, was so large as to be fiscally unwise.

In casting my vote against the Senate bill, I was not rejecting the concept of a tax reduction, for I recognize the compelling need to ameliorate the hardships imposed by our recessionary economy upon those with modest income through a balanced program of tax reductions. I respectfully suggest, however, that the Senate-passed tax cut of $34 billion is economically unsound, virtually doubling the $16 million tax reduction proposed by the administration.

Thus, I am pleased that the Conference Committee pared approximately $10 billion from the Senate's bill. While the resultant tax reduction of $24 billion remains, I believe, excessive, and while I view certain other tax reform provisions contained in H.R. 2166 as deserving of more deliberate consideration, I shall vote for the conference report. In its current form, the Tax Reduction Act of 1975 reflects a substantial effort by the Congress to accommodate the requirements of fiscal responsibility and economic stimulation; and I believe that the bill should now go to the President for his evaluation and review.

Mr. President, I look forward to receiving White House reaction to this bill. I frankly am troubled by the size of the tax cut; and I do not regard my position as unalterable should the President, as has been rumored, exercise his authority to veto this bill.

Mr. ROTH. Mr. President, I voted against the Senate tax cut legislation because it was too costly, it was encumbered by numerous special tax provisions, and it was biased against the millions of hard-working middle-income taxpayers. One of my reasons for voting against the bill was to put the conference committee on notice to cut the total back closer to the House version. This vote was successful to the extent that the final version of the bill is now $8 billion less than the Senate bill, a cutback of nearly one-third.

While it is still high and I still have serious reservations about many provisions in the bill, I do believe that a tax cut is the best way to stimulate the economy and to reduce unemployment. It provides an immediate stimulus to the economy, increases consumer purchasing power, and puts people back to work.

However, I do have three serious criticisms of this final version of the tax bill.

First, the overall revenue total of the bill is still too high. Even though the final figure of $22 billion is closer to the right size than the original Senate bill, I am still concerned that the final figure may strain our already massive budget deficits. In order for this tax cut to stop the recession without unleashing a new round of inflation, Congress must now take special care to reduce overall Federal spending to a reasonable limit.

Further Federal spending and increased budget deficits will offset any possible benefits of the tax cut by driving up business, mortgage, and consumer interest rates.

Second, one of the most serious defects of this bill is that it provides too little relief for the millions of moderate and middle-income taxpayers earning between $10,000 and $30,000 a year.

I am extremely concerned that this Congress has a very real bias against the millions of middle-income taxpayers in this country. I believe that these people, the people who work, pay taxes, and do not depend on Government handouts are getting short-changed by this tax cut bill.

Besides being inequitable, the failure to provide more relief to middle-income taxpayers will also reduce the amount of stimulus given to the economy.

In the opinion of many economists, the most effective way to encourage the purchase of homes, automobiles, and other major consumer goods is to provide more tax relief for the middle-income taxpayers.

This in turn will stimulate the construction industry, get the factories working again, and put more people back to work again.

While the rest of the economy is in a recession, the housing and automobile industries are in a state of depression. Congress has adopted, and I have supported, a variety of measures to aid the ailing housing industry, but the only way to really help the housing industry is to put more money into the pockets of the middle-income taxpayers who have been squeezed out of the housing market by inflation and recession.

I agree and support providing relief to the low-income taxpayers, but I am opposed to using this tax legislation for creating a new welfare, the so-called earned income credit.

This provision is the beginning of a negative income tax, and experience shows that once the camel's nose gets under the tent, it is impossible to get it out.

I believe that it would be far more preferable to provide relief to the beneficiaries of this negative income tax by upgrading their standard of living with decent jobs created by a strong economy. And the best way to stimulate the economy and create jobs is to provide more tax relief to the middle-income taxpayers.

Third, I am particularly disappointed that the final bill does not include the provisions of the amendment I sponsored with Senators HART and GRIFFIN of Michigan. A provision of this amendment would have allowed Chrysler Corp. to channel up to $20 million into the employee Supplemental Unemployment Benefits fund, which is scheduled to run out of funds next week. I have been assured by a number of people that this provision will be reconsidered during the upcoming tax reform hearings. But the real tragedy is that if we had acted now we could have helped the thousands of Chrysler workers and their families who are now faced with the loss of their SUB funds.

But despite these objections, I still believe that quick action on a tax cut is the best way to stimulate the economy and put people back to work. It is better than increasing Federal spending on every conceivable Government program. And despite the many faults in the bill, it will still provide at least partial relief to the American taxpayers, and allow them, rather than the Government, to decide how and when to spend their tax dollars.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. McCLELLAN (when his name was called). Mr. President, on this vote I have a live pair with the senior Senator from Indiana who, if present and voting, would vote "Yea." If I were permitted to vote, I would vote "Nay." Therefore, I withhold my vote.

Mr. BROCK (after having voted in the negative). On this vote I have a live pair with the senior Senator from Tennessee. Were he present and voting, he would vote "Yea." Having cast my vote in the negative, I, therefore, withdraw my vote.

Mr. MORGAN (after having voted in the negative). Mr. President, I have a live pair with the Senator from Minnesota (Mr. MONDALE). I have voted in the negative. Were he present and voting, he would vote "Yea." Therefore, I withdraw my vote.

Mr. HATFIELD (after having voted in the negative). Mr. President, I have a live pair with the distinguished Senator from West Virginia (Mr. RANDOLPH). I have voted in the negative. If he were present and voting, he would vote "Yea." If I were at liberty to vote, I would vote "Nay." I therefore withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. ABOUREZK), the Senator from Arkansas (Mr. BUMPERS), the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alabama (Mr. ALLEN), the Senator from Delaware (Mr. BIDEN), the Senator from Alabama (Mr. SPARKMAN), the Senator from Georgia (Mr. TALMADGE), the Senator from California (Mr. TUNNEY), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Wyoming (Mr. McGEE), the Senator from Minnesota (Mr. MONDALE), the Senator from Georgia (Mr. NUNN), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from Kentucky (Mr. HUDDLESTON), the Senator Massachusetts (Mr. KENNEDY), the Senator from South Dakota (Mr. McGOVERN), the Senator from New Mexico (Mr. MONTOYA), the Senator from Montana (Mr. MANSFIELD), and the Senator from West Virginia (Mr. RANDOLPH) are absent on official business.

On this vote, the Senator from Alaska (Mr. GRAVEL) is paired with the Senator from Mississippi (Mr. EASTLAND).

If present and voting, the Senator from Alaska would vote "yea" and the Senator from Mississippi would vote "nay."

I further announce that, if present and voting, the Senator from Florida (Mr. CHILES), and the Senator from Arkansas (Mr. BUMPERS) would each vote "yea."

I further announce that if present and voting, the Senator from Montana (Mr. MANSFIELD) would vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Nebraska (Mr. CURTIS), the Senator from Massachusetts Mr. BROOKE), the Senator from Hawaii (Mr. FONG), the Senator from Oregon PACKWOOD), the Senator from Kansas (Mr. PEARSON), and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I also announce that the Senator from Nevada (Mr. LAXALT), the Senator from Illinois (Mr. PERCY), and the Senator from Michigan (Mr. GRIFFIN) are absent on official business.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

On this vote, the Senator from Hawaii (Mr. FONG) is paired with the Senator from Michigan (Mr. GRIFFIN).

If present and voting, the Senator from Hawaii would vote "yea" and the Senator from Michigan would vote "nay."

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

On this vote, the Senator from Illinois (Mr. PERCY) is paired with the Senator from Nevada (Mr. LAXALT).

If present and voting, the Senator from Illinois would vote "yea" and the Senator from Nevada would vote "nay."

The result was announced—yeas 45, nays 16, as follows:

[Rollcall Vote No. 117 Leg.]

YEAS—45

Bayh
Beall
Bentsen
Burdick
Byrd, Robert C.
Cannon
Case
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Ford
Glenn
Hart, Gary W.
Hart, Philip A.
Haskell
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Leahy
Long
Magnuson
Mathias
McIntyre
Metcalf
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Stone
Weicker
Williams

NAYS—16

Bartlett
Bellmon
Buckley
Byrd, Harry F., Jr.
Fannin
Garn
Goldwater
Hansen
Helms
Hruska
McClure
Scott, William L.
Stennis
Thurmond
Tower
Young

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—4

Brock, against
Hatfield, against
McClellan, against
Morgan, against

NOT VOTING—34

Abourezk
Allen
Baker
Biden
Brooke
Bumpers
Chiles
Church
Curtis
Eastland
Fong
Gravel
Griffin
Hartke
Huddleston
Johnston
Kennedy
Laxalt
Mansfield
McGee
McGovern
Mondale
Montoya
Nunn
Packwood
Pearson
Percy
Randolph
Sparkman
Stevens
Symington
Taft
Talmadge
Tunney

So the conference report was agreed to.

Mr. LONG. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD a summary prepared by the staff of the Committee on Finance of the conference agreement, the various positions and the amount of money involved.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

PROVISIONS OF H.R. 2166, THE TAX REDUCTION ACT OF 1975, AS AGREED TO BY THE HOUSE AND SENATE CONFEREES

(Prepared by the Staff, Committee on Finance)

Refund on 1974 Tax Liability.—The conferees agreed to provide a refund on 1974 tax liability to be paid in one installment beginning in May, 1975. It will generally equal 10 percent of tax liability up to a maximum of $200. However, each taxpayer is to receive a refund of at least $100 (or the full amount of his or her actual tax liability if less than $100). The refund is to be phased down from the maximum of $200 to $100 as the taxpayer's income rises from $20,000 to $30,000. The revenue loss from the 1974 refund is estimated to be $8.1 billion. (The conferees rejected a refund of 12 percent of tax liability up to a maximum of $240 with a minimum of $120 (or the amount of actual tax liability if less than $120) contained in the Senate-passed bill which would have produced a revenue loss of $9.7 billion.

$50 Payment to Social Security, Supplemental Security Income and Railroad Retirement Beneficiaries.—The conferees approved a provision under which the Secretary of the Treasury is to make, as soon as practicable, a one-time $50 payment to each resident of the U.S. who received a Social Security, Supplemental Security Income, or Railroad Retirement benefit for the month of March, 1975. This payment will be nontaxable. It will be disregarded in determining individuals' eligibility for aid or assistance under any State or Federal programs designed to help needy people. The $50 payment is not a Social Security benefit, but a payment from the general funds of the Treasury, comparable in nature to the tax rebates provided under the bill to other persons. This provision will cost $1.7 billion.

Increase in Standard Deduction and $30 Tax Credit in Addition to $750 Personal Exemption Deduction.—The conferees agreed to increase the minimum standard deduction from $1,300 under present law to $1,600 for single persons and $1,900 for married couples filing joint returns. In addition, the maximum percentage standard deduction of 15 percent of adjusted gross income (AGI) up to a maximum of $2,000 has been increased to 16 percent of AGI up to a maximum of $2,250 for single persons and $2,500 for married couples filing joint returns. A $30 tax credit is also provided in addition to the $750 personal exemption deduction which is available for the taxpayer, his or her spouse and each dependent which may be claimed. This provision applies to 1975 only, for which year there will be a revenue loss of $7.8 billion. (The conferees thus pared down the standard deduction provisions of the House bill, revised the tax credit provision of the Senate bill, and eliminated the rate reduction provision contained in the Senate bill.)

Refundable Credit on Earned Income or Work Bonus.—The conferees agreed to a refundable credit of 10 percent of earned income up to a maximum of $400—closely matching the employee and employer Social Security tax on the first $4,000 of income. This credit is to be available only to those with dependent children. The credit is to be phased out from the maximum of $400 to zero as adjusted gross income rises from $4,000 to $8,000. This change involves a revenue loss of $1.5 billion, or about one-half of the provision in the House bill. Federal welfare costs will be reduced by an estimated $0.1 billion.

Tax Credit for New Home Purchases.—The conferees agreed to provide a tax credit equal to 5 percent of the purchase price of a new principal residence (including mobile homes) up to a maximum of $2,000. This credit is only to apply to the existing inventory of new homes (those completed or in the process of construction as of March 25, 1975). In addition, sellers must certify that the price at which such new housing is offered is the lowest price since construction. Persons who violate this provision will be subject to treble damages, payment of the purchaser's legal fees incurred in connection with any controversy over this required certification and will be subject to criminal penalties for the preparation of a fraudulent price certification. A revenue loss of $600 million in 1975 will occur under this provision.

Deduction for Child Care Expenses.—The conferees agreed to increase the income limitation for the deduction of dependent care expenses for individuals and married couples who incur such expenses in connection with gainful employment. Under present law the maximum deduction of $4,800 is phased out by $1 for each $2 of adjusted gross income in excess of $18,000. The conferees have agreed to increase this $18,000 limit to $35,000. The revenue loss under this provision will be $100 million for 1976. (The conferees rejected the Senate-passed provision which would have converted this deduction to an ordinary and necessary business expense and would have provided an optional tax credit. The revenue loss under the Senate-passed provision was estimated at $1.7 billion.)

Investment Tax Credit.—The investment tax credit rate is increased for all taxpayers (including public utilities) for a period of 2 years to a rate of 10 percent from the present rate of 7 percent (4 percent in the case of public utilities). In addition, for this two-year period taxpayers may elect to claim an 11 percent investment tax credit. However, in order to claim the 11 percent credit, an employer must contribute an amount equal to this additional 1 percent to employee stock ownership plans. In addition, in the case of public utilities, the limitation on the amount of tax liability that may be offset by the investment credit in a year is increased from 50 percent to 100 percent for a two-year period and then is gradually reduced back to the 50 percent level over a five-year period. In the case of long leadtime property, the investment credit is to be available to the extent that progress payments are made during the construction period. Finally, the $50,000 limitation in present law on the amount of used property eligible for the investment credit is increased to $100,000. The revenue loss from these changes in the investment credit is estimated at $3.3 billion with respect to 1975 liabilities, or $.9 billion more than the House provision and $1 billion less than the Senate provision.

Decrease in Tax to Help Small Business.—To aid small businesses, the surtax exemption (the amount to which the 22 percent corporate rate presently applies rather than the 48 percent rate) is increased from the present $25,000 to $50,000. In addition, the 22 percent rate applying to his first $25,000 of income is reduced to 20 percent, although no change is made in the 22% rate applying to income between $25,000 and $50,000 on the 48 percent rate on income above $50,000.

Also, the accumulation credit under the accumulated earnings tax is increased from $100,000 to $150,000. It is estimated that these changes will result in a revenue loss of $1.5 billion, or $300 million more than the House bill and $400 million less than the Senate bill.

Federal Welfare Recipients Employment Incentive (WIN) Tax Credit.—The present tax credit of 20 percent of wages paid to employees hired under the Work Incentive Program is to be available with respect to the hiring of former welfare recipients, even though they have not been in the WIN program, by both business and non-business employers. This supplement to the WIN credit is to be available until July 1, 1976.

Net Operating Loss Carryback.—The conferees deleted from the bill a provision granting an eight-year loss carryback provision which could be elected for taxable years beginning on and after January 1, 1974. A revenue loss of $500 million for 1975 associated with this provision is eliminated.

Repeal of Truck Excise Tax.—The conferees deleted a provision repealing the 10 percent manufacturers' excise tax on new trucks and buses and also the 8 percent manufacturers' excise tax on truck parts. A revenue loss of $700 million for 1975 associated with this provision is eliminated.

Tax Credit for Energy Conservation Expenditures.—The conferees also agreed to delete a provision providing a tax credit for qualified insulation and solar energy equipment expenditures. The conferees agreed that this provision would be considered in connection with an energy tax bill which is presently under consideration by the House Ways and Means Committee. A revenue loss of $700 million for this provision is eliminated.

Tax Exemption for Homeowner's Associations, etc.—The conferees have agreed to delete a provision permitting homeowner's associations, etc., to be exempt from taxation if organized and operated exclusively for the management, preservation, maintenance, and repair of residential units owned by its members or the common areas or facilities owned by the association or its members. It was agreed that this matter would be considered in connection with a comprehensive tax reform bill.

H.R. 10 Plans—Time when Contributions Deemed Made.—The conferees agreed to permit a deduction for contributions to H.R. 10 plans where the required contribution is made by the time for filing the employer's return for that year (including extensions of time for filing). This provision will apply to 1975 and subsequent years (rather than beginning in 1976 under present law) without regard to the application of the other requirements under the Employee Retirement Income Security Act of 1974 concerning participation, vesting, funding, and form of benefit rules.

Extension of Emergency Unemployment Compensation.—The conferees agreed to increase the maximum duration of emergency unemployment compensation from 13 to 26 weeks. These benefits are payable to workers who have exhausted their regular and extended benefit eligibility (a maximum of 39 weeks). Thus, maximum over-all duration for unemployment benefits would be extended to 65 weeks. The additional benefits provided by this amendment are payable only through

June 30, 1975. The cost of this provision is $200 million.

Dyeing of Fuel Heating Oil.—The conferees agreed to delete a provision requiring certain heating fuel oil to be colored with an oil soluble dye so that non-taxable fuel oil can be distinguished from taxable diesel fuel oil for highway use. The conferees decided that this provision should be considered in connection with the Energy Tax Bill currently being marked up by the House Ways and Means Committee.

Extension of Period for Replacing Old Residence Without Current Taxation of Gain.—The conferees have agreed to a provision extending the time period under present law in which a taxpayer must purchase a replacement residence in order to defer the current taxation of gain from one year to 18 months (either before or after sale). This provision also extends the period in which a taxpayer may construct a subsequent residence from 18 months to 24 months (if construction begins within 18 months after the sale of the former residence). This provision is applicable to sales of residences on or after January 1, 1975.

Repeal of Minimum Distribution Exception to Requirement of Current Taxation of Subpart F Income.—The exception in present law which permits deferral of income earned through so-called tax haven operations by foreign subsidiaries of U.S. corporations in cases where the foreign corporation (or various combinations of related foreign corporations) distribute certain minimum dividends to their U.S. shareholders is to be repealed. The effect of repealing this exception is to tax currently all income of foreign subsidiaries of U.S. corporations which is deemed to be tax haven income under the existing so-called subpart F rules of the Code. A revenue gain of $100 million would be achieved under this modification for 1976.

Modification of Minimum Income Requirement Under Subpart F for Current Taxation of Income from Tax Haven Sources.—The conferees agreed to reduce from 30 percent to 10 percent the minimum income requirement under section 954(b)(3) so that any controlled foreign corporation with more than 10 percent of its gross income coming from tax haven sources will now be subject to the rules of Subpart F. If less than 10 percent of gross income comes from tax haven sources, subpart F will not apply. A revenue gain of $75 million is estimated under this provision for 1976.

Repeal of Exception to Requirement of Current Taxation of Subpart F Income for Reinvestment in Less Developed Countries.—The provisions in present law ending deferral for certain tax-haven income (so-called subpart F income) are to be modified to end the exception which presently applies where the dividends are reinvested in less-developed countries. A revenue gain of $15 million for 1976 will occur under this provision.

Shipping Profits of Controlled Foreign Corporations to be Taxed Currently Except to Extent Reinvested in Shipping Operations.—The rule under present law which permits deferral of U.S. tax for shipping income received by a foreign subsidiary of a U.S. corporation is continued, but is to be limited to the extent that the profits of these corporations are reinvested in shipping operations. Additional revenues of $35 million will be achieved under this provision for 1976.

Limitation on Foreign Taxes Attributable to Foreign Oil and Gas Extraction Income.—Foreign tax credits from foreign oil and gas extraction income are limited to a level of 10 percent above the U.S. rate, 52.8 percent for 1975; for 1976 this limit is reduced to 50.4 percent; for 1977 and succeeding years this limit is reduced to 50 percent. The excess credits which are allowable may only be used to offset United States tax on foreign oil-related income. For 1975 additional revenues of $180 million will occur. This revenue gain will increase to $300 million for 1976 and $340 million for 1977.

Repeal of Per Country Limitation for Oil and Gas Related Income.—The limitation on the foreign tax credit, which permits foreign losses to be offset against domestic income while foreign tax credits are claimed on foreign income in other countries, is repealed effective for 1976 and subsequent years. A revenue gain of $120 million will be achieved under this provision.

Recapture of Losses Offset Against Domestic Income for Oil and Gas Related Income.—To the extent foreign oil-related losses may still offset domestic source income with the repeal of the per country limitation (referred to above), the losses, in effect are to be recaptured in subsequent years when foreign oil-related income is earned or foreign oil-related assets are disposed of. This applies to losses incurred in 1975 and subsequent years. A revenue gain of $20 million will occur under this provision.

Elimination of Foreign Tax Credit for Payments Made to a Sovereign Government for the Purchase of Oil Where Taxpayer Has No Economic Interest in Oil in Place and Buys or Sells Such Oil at Other Than Market Price.—No foreign tax credit will be allowed for any payment to a foreign government for the purchase of oil where the payment made by the taxpayer is for oil in place in which the taxpayer has no economic interest and where such oil is purchased or sold at a price other than the market price. This provision is effective for 1975 and subsequent years. Foreign taxes imposed on income from production services, etc. will, of course, be eligible for the foreign tax credit. A revenue gain of $50 million will be achieved under this provision for 1975.

Limitation on DISC Benefits for Natural Resources and Energy Products.—DISC benefits, permitting deferral on one-half of the profits from the export of goods produced or manufactured in the United States, will be denied to exports of certain natural resources and certain energy products. This provision will be applicable to the export of such property after March 18, 1975. A revenue gain of $30 million for 1975 is anticipated and is estimated to grow at the rate of 15 percent annually.

Investment Tax Credit on Foreign Situs Drilling Rigs.—The conferees have agreed to deny the investment tax credit for foreign situs drilling rigs used outside of the northern half of the Western Hemisphere. This provision applies to property placed in service after March 18, 1975, unless covered under a binding contract in effect on April 1, 1974. This provision produces a revenue gain of $10 million for 1975 and $20 million for 1976 and 1977, respectively.

The aggregate revenue gain which is achieved under the foreign tax changes agreed to by the conferees will be $270 million for 1975, $753 million for 1976, and $807 million for 1977.

Percentage Depletion for Oil and Gas.—In general, percentage depletion for oil and gas produced on or after January 1, 1975, will not be allowed, except under the following circumstances: (a) Percentage depletion will be continued for natural gas sold under a fixed price contract in effect February 1, 1975, which does not permit price adjustment after that date to reflect repeal of depletion, (b) Percentage depletion will be continued until July 1, 1976, for gas sold in interstate commerce if no price adjustment is permitted after February 1, 1975, to reflect repeal of depletion, (c) Geothermal steam, if ultimately held by the courts to be a gas entitled to percentage depletion at the rate of 22 percent, will continue to be eligible for percentage depletion, (d) Percentage depletion will continue to be allowed for small producers under the following schedule:

Year	Average daily production of oil (barrels per day)	Average daily production of gas (cubic feet per day)	Rate (percent)
1975	2,000	12,000,000	22
1976	1,800	10,800,000	22
1977	1,600	9,600,000	22
1978	1,400	8,400,000	22
1979	1,200	7,200,000	22
1980	1,000	6,000,000	22
1981	1,000	6,000,000	20
1982	1,000	6,000,000	18
1983	1,000	6,000,000	16
1984 and years thereafter	1,000	6,000,000	15

(e) Small producers will continue to be eligible for percentage depletion at the rate of 22 percent with respect to production recovered through secondary and tertiary methods until 1984, when the rate will drop to 15 percent. The small producer exemption must be allocated among corporations which are part of a controlled group (using a 50 percent control test); among corporations, trusts, and estates owned by the same or related persons; among the taxpayer, his spouse, and his minor children, (f) Exemption will not be available for oil or gas on proven property transferred after December 31, 1974, except for property transferred because of death, or pursuant to a tax-free transfer to a corporation controlled by the taxpayer making such a transfer, (g) This exemption is not available to any producer owning or controlling a retail outlet or refining more than 50,000 barrels of oil on any one day of the taxable year, (h) Percentage depletion allowable under the small producer exemption may not exceed 65 percent of a taxpayer's net income from all sources (computed without regard to the exemption, net operating loss carrybacks or capital loss carrybacks). An unlimited carryover is provided for a percentage depletion deduction which is unused due to this limitation. A revenue gain of $1.7 billion in 1975 and $2.1 billion in 1976 is achieved under this provision.

	House	Senate	Conference
Individual reductions:			
1. 1974 refund	−8.1	−9.7	−8.1
2. Standard deduction	−5.2		−7.8
Tax credit (200)		−6.3	
Tax rate reduction		−2.3	
3. Earned income credit	−2.9	−1.5	−1.5
4. House purchase credit		−1.1	−.6
5. Child care		−1.7	−.1
6. Home insulation		−.7	0
Total	−16.2	−23.3	−10.3
Business reduction:			
1. Investment tax credit	−2.4	−4.3	−3.3
2. Corporate surtax	−1.2	−1.2	−1.2
3. Corporate rate reduction		−.7	−.3
4. Loss carryback		−.5	0
5. Excise tax on trucks		−.7	0
Total	−3.6	−7.4	−4.8
Increase in expenditures:			
1. Social security		−3.4	−1.7
2. Unemployment compensation		− 2	−.2
Total	0	−3.6	−1.9
Tax increases:			
1. Depletion	+2.2	+1.7	+1.7
2. Foreign oil tax		+1.5	−.3
3. Deferral		+0.5	0
Total	+2.2	+3.7	+2.0
Total	−17.6	−30.6	[1]24.8
Increases		−2.0	
Total		22.8	

[1] Reductions.

Mr. ROBERT C. BYRD. Mr. President, I wish to thank the chairman of the Committee on Finance, the distinguished Senator from Louisiana (Mr. Long) for his work on this tax bill; also I wish to thank the other members of the conference committee and the staff members of the Committee on Finance.

The President asked Congress for a tax reduction bill and the Members on both sides have worked hard in debating and refining a bill to give relief to the taxpayers of this Nation. The bill is a product of hard work by the Members on both sides.

Mr. President, my colleague from West Virginia (Mr. Randolph) is absent on official Senate business. He is a member of the Senate delegation to the 15th Mexico-United States Interparliamentary Conference in Campeche, Mexico. Had Senator Randolph been present, he would have voted for the conference report on H.R. 2166, the Tax Reduction Act of 1975.

Senator Randolph requested also that I express his genuine commendation of Senator Long, chairman of the Senate conferees and other members of the conference committee for their diligent, effective, and persevering efforts in bringing the final version of this vital measure to the Senate for approval.

MESSAGE FROM THE HOUSE

A message from the House of Representatives was delivered by Mr. Hackney, one of its reading clerks, announced that the House has agreed, without amendment, to the concurrent resolution (S. Con. Res. 27) providing for a conditional adjournment of the Congress from March 26, 1975, until April 7, 1975.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has signed the following enrolled bills:

H.R. 4075. An act to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–46) and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974.

H.R. 3260. An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. Glenn).

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, since convening 2½ months ago, the 94th Congress has dealt with a number of important issues. Our action today on the tax reduction bill is an important beginning toward improving the Nation's economy. We will be busy with other significant measures in the days and weeks ahead but we have made a good start.

Early in the session we passed legislation to stop the administration from increasing the price of food stamps and oil import fees. Even though President Ford vetoed the oil import fees bills, he did suspend the increases for March and April until Congress could act further.

Of major consequence, the Congress has begun to implement the budget review process which we set up last year. We have sent to the President today a measure which states just which proposed cuts and deferrals can be made. Both the House and the Senate have passed a strip mining bill similar to one the President vetoed last year. We have cleared an emergency price support measure to aid farmers.

We have cleared for the President a foreign aid 1975 appropriations measure for programs which have been operating under continuing resolutions for too long. We have created a Select Committee on Governmental Intelligence Gathering Activities which could provide us with vital information and guidance regarding control of foreign and domestic intelligence gathering by a variety of civilian and military groups.

The Senate spent extensive time changing the Senate cloture rule. Now a constitutional three-fifths of the Senate membership can vote to close debate instead of two-thirds of the number of Senators present and voting.

The Democratic majority set forth a comprehensive economic and energy program which responds to the President's program. Some of the actions called for in this program have already been acted on in the tax reduction bill.

In all, it has been a busy and productive two and a half months.

I ask unanimous consent that the report prepared by the staff of the Democratic Policy Committee summarizing legislation passed by the Senate be inserted in the Record and that it be updated to include action taken later today.

The PRESIDING OFFICER. Without objection, it is so ordered.

The material is as follows:

SENATE LEGISLATIVE ACTIVITY INDEX

(94th Congress—First session)

(By Senate Democratic Policy Committee)

AGRICULTURE

Disaster Loan Program (S. 555).
Food Stamp Increase (H.R. 1589).
Food Stamp Program Study (S. Res. 58).
Forest Pest Control (S. 441).
Forestry Research (S. 1307).
Livestock Credit (S. 1236).
Peanut Distribution (S. Res. 101).
Price Supports (H.R. 4296).

APPROPRIATIONS 1975

Continuing (H.J. Res. 219).
Foreign Assistance (H.R. 4592).
Supplemental (H.J. Res. 210).

APPROPRIATIONS DEFERRALS AND RESCISSIONS:

DEFERRALS

HUD—Comprehensive Planning Grants (S. Res. 23).

RESCISSIONS:

HUD—homeownership assistance (S. Res. 61).

Agriculture, Commerce, DOD, Executive Office, General Services, Justice, HEW, State, Treasury (H.R. 3260).

Agriculture, Commerce, Consumer Product Safety, DOD, HEW, Labor (H.R. 4075).

ATOMIC ENERGY

International Agreements:

Atomic Energy Cooperation Agreement With Israel (S. Con. Res. 15).

Enriched Uranium Distribution to Euratom (S. Con. Res. 14).

Nuclear Regulatory Commission Supplemental Authorization (S. 994).

Enriched Uranium to Distribution to IAEA (S. Con. Res. 13).

CONGRESS

Cloture Rule (S. Res. 4).

Select Committee on Intelligence (S. Res. 21).

Senate Committee Expenses (S. Res. 111).

ECONOMY-FINANCE

Monetary Policy (H. Con. Res. 133).

National Commission on Supplies and Shortages (S.J. Res. 27), (S.J. Res. 48).

National Insurance Development Program (H.R. 4075).

Public Debt Limit (H.R. 2364).

Tax Reduction (H.R. 2166).

DEFENSE

Naval Museum (S. Con. Res. 9).

ENERGY

Oil Import Fees (H.R. 1767).

ENVIRONMENT

Strip Mining (S. 7).

GENERAL GOVERNMENT

Attorney General's Salary (S. 58).

F.B.I. Director's Ten-Year Term for (S. 1172).

Trust Territory of the Pacific Islands (S. 326).

GOVERNMENT EMPLOYEES

Travel Expenses (S. 172).

HEALTH

School Lunch and Child Nutrition Program (S. 1310).

INTERNATIONAL

Cambodia—Food Aid (S. Res. 94).
Middle East Dispute (S. Res. 119).

MEMORIALS, TRIBUTES, AND MEDALS

Aleksandr I. Solzhenitsyn (S.J. Res. 36).
Bess Truman's Birthday (S. Res. 65).
Boy Scouts of America (S. Con. Res. 6).
Girl Scouts of America (S. Con. Res. 22).
King Faisal, Death of (S. Res. 120).
Martin Luther King (S. Res. 14).
Rabbi Menachem Schneerson (S. Res. 22).
Roy Wilkins (S. Res. 35).
Veterans Day (S. 331).

NOMINATIONS

(Action by Roll Call Vote)

Carla Anderson Hills to be Secretary of HUD.

PROCLAMATIONS

American Business Day (S.J. Res. 15).

Buchenwald Concentration Camp (S. Res. 123)/(S.J. Res. 56).

Car Care Month (S.J. Res. 57).
Child Abuse Awareness Week (S. Res. 43).
Earth Day (H.J. Res. 258).
Energy Conservation Month (S. Res. 59).
Music in Our Schools Day (S.J. Res. 18).
Youth Art Month (S.J. Res. 8).

TRANSPORTATION-COMMUNICATIONS

Maritime Authorization (S. 332).

Rail Reorganization (Penn Central) (S. 281).

SENATE LEGISLATIVE ACTIVITY

(94th Congress, first session)

(By Senate Democratic Policy Committee)

Days in session—43.
Hours in session—225:34.
Total measures passed—89.
Private laws—0.
Public laws—9.
Treaties—0.
Confirmations—8,372.
Record votes—118.
Vetoes—1.

Symbols: P/H—Passed House; P/S—Passed Senate; *—Vetoed in 1975; (VV)—Passed by Voice Vote; numbers in parenthesis indicate number of record vote on passage, conference report, or reconsideration.

AGRICULTURE

(*Disaster Loan Program:*) Amends the Consolidated Farm and Rural Development Act to simplify the procedures under which loans are made to victims of natural and major disasters and make additional credit assistance available to them; eliminates the requirement that there be a general need for agricultural credit; clarifies the authority of the Secretary to delegate authority to State directors of the Farmers Home Administration to make emergency loans to an area if the director finds that a natural disaster has substantially affected twenty-five or less farming, ranching, or oyster producing operations in the area; provides that loans would be made only to victims of a disaster who are unable to obtain credit from other sources; makes emergency loans available for livestock (as well as crop) changes deemed desirable as a result of shifts in market demand occurring after a disaster; authorizes loans in excess of the actual loss caused by the disaster provided that a rate of interest is charged for the amount in excess which is equal to the commercial rate charged for similar loans; requires that an applicant seeking an emergency loan based on production losses show that his operation sustained at least a 20 percent loss as a result of the disaster; provides annual subsequent loans for a period of up to 5 years when the borrowers need the credit to continue their operations and cannot obtain financing from other sources; and authorizes the Secretary—for any disaster occurring between January 1, 1975, and July 1, 1976—to make an emergency loan for an operating-type purpose for 20 years if it is determined that the applicant's financial need justified a longer payment term than that normally extended for operating loans in order to afford needed relief to victims of such severe disasters as the January 1975 blizzard in the Midwest. S. 555. P/S Mar. 26, 1975. (VV)

(*Food Stamp Increase:*) Suspends until December 30, 1975, the proposed administrative increase in the costs of coupons to food stamp recipients published in the Federal Register on January 22, 1975, (which would have the effect of increasing food stamp purchase requirements to 30 percent of net income for nearly all food stamp recipients by March 1, 1975), in order to give Congress an opportunity to pass on the merit of such an increase. H.R. 1589. Public Law 94-4, without approval Feb. 20, 1975. (8)

(*Food Stamp Program Study:*) States the sense of the Senate that the Secretary of Agriculture should conduct a study of the food stamp program and report to Congress by June 30, 1975, recommendations for legislative changes which will (1) disqualify families who have adequate incomes; (2) reduce administrative complexities; (3) tighten accountability for procurement, shipping, and handling of food stamps; and (4) increase penalties for those who abuse the program, as well as any other recommendations he deems desirable. S. Res. 58. Senate adopted Feb. 5, 1975. (6)

(*Forest Pest Control:*) Provides that funds appropriated to carry out the program of eradication and control of forest insect pests and diseases shall remain available until expended. S. 441. P/S Feb. 21, 1975. (VV)

(*Forestry Research:*) Amends the McIntyre-Stennis Act of 1962 to make privately endowed colleges eligible for the cooperative program of forest research under this act. S. 1307. P/S Mar. 24, 1975. (VV)

(*Livestock Credit:*) Amends the Emergency Livestock Credit Act of 1974 to (1) extend financial assistance to a farmer or rancher primarily involved in the breeding, raising, fattening, or marketing of livestock; (2) permit secondary financing of the guaranteed portion of livestock loans through the Federal Financing Bank; (3) provide that contracts of guarantee shall not require the Secretary of Agriculture to guarantee more than 90 percent of principal and interest on the loan thereby making it easier for lenders to sell the guaranteed portions of loans to other financial sources; (4) provide that guaranteed loans shall be for the period reasonably required by the needs of the borrower but not to exceed 7 years and may be renewed for an additional 3 years; (5) increase the guarantee of a line credit from $250,000 to $500,000; (6) authorize the payment of administrative expenses from any funds available including the Agriculture Credit Insurance Fund; (7) extend the act from July 25, 1975, until December 31, 1975; and (8) require that action by the Department of Agriculture on each loan application be completed within 30 days; and also amends the Consolidated Farm and Rural Development Act to provide that contracts of guarantee under that Act shall not require the Secretary to guarantee more than 90 percent of the principal and interest on such loans. S. 1236. P/S Mar. 20, 1975. (VV)

(*Peanut Distribution:*) Expresses the sense of the Senate that the Secretary of Agriculture immediately take steps to distribute excess peanut stocks in useful edible forms to needy persons at home and abroad under the domestic food assistance programs and the Public Law 480 program. S. Res. 101. Senate adopted Mar. 24, 1975. (VV)

(*Price Supports:*) Increases the target prices and loan levels for wheat, feed grains, and upland cotton above the prices and levels specified in the Agriculture and Consumer Protection Act of 1973; makes a loan and purchase program available to soybean producers; establishes the 1975 support price for manufacturing milk at 85 percent of the parity price therefor (with quarterly adjustments) and the 1975 support price for tobacco would be established at 70 percent of the parity price therefor; and bans the import of beef, mutton, lamb, or goat meat for 90 days, effective immediately. H.R. 4296. P/H Mar. 20, 1975; P/S amended Mar. 26, 1975. (116)

APPROPRIATIONS 1975

(*Continuing:*) Extends the continuing resolution, which expires on February 28, 1975, to provide obligational authority for foreign assistance programs through March 25, 1975, and funding of activities under title IX of the Public Health Service Act through June 30, 1975, for the following programs within HEW and the Community Services Administration which did not achieve final enactment during the 93d Congress: Health revenue Sharing and Services, Nurse Training; Health Manpower; Developmental Disabilities Services and Construction; and the Regional Medical program. H.J. Res. 219. Public Law 94- , approved , 1975. (VV)

(*Foreign Assistance:*) Appropriates a total of $3,674,346,982 in new obligational authority, which is $175,926,982 more than the amount allowed by the House and $271,750,000 less than that allowed by the Senate, $272,113,927 less than the fiscal year 1975 amended budget estimate, and $193,637,982 more than the 1974 appropriations; and includes:

Appropriations for Foreign Assistance Act activities of $854,800,000 in new obligational authority for economic assistance, which includes $300 million for food and nutrition development assistance, $125 million for population planning and health development assistance; $125 million for international organizations and progams, $5 million for the United Nations Environment Fund, $500,000 earmarked for the National Association of the Partners of the Alliance skill exchange program among peoples of the Americas, $17.5 million for international narcotics control, $35 million for famine or disaster relief assistance, $25 million for assistance to Portugal and Portuguese colonies in Africa gaining independence; $440 million for Indochina Postwar Reconstruction Assistance; $100 million for the Middle East Special Requirements Funds; and $660 million for security Supporting Assistance and Middle East peace programs; and,

Appropriations for military assistance of $450 million in new obligational authority, which equals the 1974 appropriation, and is $757 million below the budget estimate of $1,207,000,000 in new obligational authority, which, when added to other available funds, would support a proposed fiscal year 1975 program of $1,246,000,000;

Appropriations for foreign military credit sales of $300 million, which is $255 million less than the budget estimate of $555 million and, combined with outside credits, will support a total military credit sales program of up to $872.5 million, the ceiling established in the authorization bill;

Appropriations for other foreign assistance of $844,546,982, which is $355,813,927 less than the budget estimate of $1,200,360,909, and includes $77 million for the Peace Corps, $90 million for the Cuban Refugee Program, $8,420,000 for migration and refugee assistance, $40 million for Soviet Jewish immigrants to Israel, $10 million for assistance to Palestinian refugees, funds to the President for international financial institutions (Asian Development Bank, Inter-American Development Bank, and the International Development Association) of $619,126,982; and

Sets a limitation on use of corporate funds for the Export-Import Bank of $6,413,328,000 which is the same as the House amount and the budget estimate. H.R. 4592. Public Law 94- , approved 1975. (77)

(*Supplemental:*) Appropriates a total of $143,175,000 in new budget authority for fiscal year 1975 of which $17,175,000 is for alteration, maintenance, furnishing, and protection of House office space, $1 million is for temporary parking facilities for the Senate and additional costs in acquiring the site for a Senate garage, and the remain $125 million is for operating assistance for the Penn Central and other railroads in reorganization under the Regional Rail Reorganization Act of 1973, and contains an increase of $150 million in loan guarantees for these railroads upon which no appropriations action is required; and repeals the provisions of Public Law 93-554 which, in effect, amounted to a blanket 5 percent reduction in Government travel. H.J. Res. 210. Public Law 94-6, approved February 28, 1975. (31)

APPROPRIATIONS DEFERRALS AND RESCISSIONS

Deferrals

(*HUD—Comprehensive Planning Grants:*) Disapproves the $50 million deferral for the HUD Comprehensive Planning Grant Program recommended by the President in his message of November 26, 1974. S. Res. 23. Senate adopted Mar. 13, 1975. (VV)

Rescissions

(*HUD—Homeownership Assistance:*) Disapproves the $264,117,000 rescission for the HUD Homeownership Assistance Program recommended by the President in his message of October 4, 1974. S. Res. 61. Senate adopted Mar. 13, 1975. (VV)

(*Agriculture, Commerce, DOD, Executive Office, General Services, Justice, HEW, State, Treasury:*) Approves rescission of budget authority in the amount of $243,359,370, and disapproves President, for the following departments:

Department of Agriculture: Approves a partial rescission of $7,856,470 for the Agriculture Stabilization and Conservation Service, Water Programs, leaving available $13,356,470 for the wetlands and marshlands conservation program; Disapproves rescissions of $14,921,000 for the Forest Service;

Department of Defense: Approves rescission of $60,300,000 for operations and real property maintenance; Disapproves rescission of $5,700,000 for Army UH–IH utility helicopters procurement because rescission would result in no procurement of needed helicopters in fiscal year 1975; Approves rescission of $122,900,000 for Air Force F–111F fighter aircraft; disapproves rescission of $29,600,000 for Air Force A–7D attack aircraft as being necessary for modernization of the Air National Guard;

Department of Health, Education and Welfare: Disapproves rescission of $284,719,000 for Hill-Burton hospital bed construction;

Department of State: Approves rescissions of $2.1 million in savings;

Department of Justice: Disapproves rescission of $5,350,000, $1.3 million, and $2.4 million respectively for salaries and expenses of the FBI, Immigration and Naturalization Service, and the Drug Enforcement Administration on the basis that the rescission would adversely affect accomplishment of the purposes of these agencies; Approves rescission of $7 million for the Bureau of Prisons in view of a lower than expected prison population and the possibility of acquiring a new facility at no cost;

Department of Commerce: Approves rescissions totaling $2.25 million for Social and Economic Statistics Administration, Trade Adjustment Assistance, U.S. Travel Service, the Patent Office and marine data buoy project of the National Oceanic and Atmospheric Administration; Disapproves rescission of $2 million for Economic Development Administration assistance programs which affects planning for areas of chronic, high unemployment; Disapproves rescissions of $1.3 million, $500,000, and $500,000 respectively for National Oceanic and Atmospheric Administration, salmon and steelhead rearing ponds, three regional fisheries commissions under the National Fisheries Policy, and the marine ecosystems project in Puget Sound;

Department of the Treasury: Approves rescissions of $1.53 million affecting the Office of the Secretary, the Federal Law Enforcement Training Center, the Bureau of Accounts, and the Internal Revenue Service; Disapproves rescission of $9,230,000 and $10,240,000 respectively, for accounts, collection, and taxpayer service and compliance in the Internal Revenue Service; Disapproves rescission of $3 million for the Customs Service on the basis of adverse impact on its functions;

Executive Office of the President: Approves rescission of $2,240,000 for the Special Action Office for Drug Abuse Prevention as legislative authority for this office expires June 30, 1975 and other funding available is considered sufficient;

General Services Administration: Approves rescission of $20,022,900 for the Federal Buildings Fund which will be withdrawn from programmed low-priority work which has not been started. H.R. 3260. Public Law 94– , approved 1975. (68).

(*Agriculture, Commerce, Consumer Product Safety, DOD, HEW, Labor:*) Rescinds $16,454,704 ($10 million for Forestry Incentive Programs, $955,000 for Defense special foreign currency programs, $500,000 for the Consumer Product Safety Commission, and $4,999,704 for the Latin-American Cultural and Trade Center within the Department of Commerce) and disapproves $1,243,939,250 of the recommended rescission of $1,260,393,954 by the President in his message of January 30, 1975, and the communications of the Comptroller General of February 7 and 14, 1975, as follows: Department of Agriculture—$191,690,000; Consumer Product Safety Commission—$1,209,000; Community Service Employment for Older Americans in the Department of Labor—$12 million; Department of HEW—$936,030,250; and Department of Commerce—$125 million which is for the Job Opportunities Program which had been submitted as a deferral and reclassified by the Comptroller General as a rescission. H.R. 4075. Public Law 94– , approved 1975. (VV)

ATOMIC ENERGY

International Agreements:

Atomic Energy Cooperation Agreement with Israel: Approves the proposed two year extension of the Agreement for Cooperation Between the United States and Israel which concerns peaceful research applications in the field of atomic energy. S. Con. Res. 15. Senate adopted Feb. 19, 1975; House adopted Mar. 11, 1975. (VV).

Enriched Uranium Distribution to Euratom: Approves the proposed increase (from the present 35,000 megawatt ceiling to 55,000 megawatts) in the amount of enriched uranium which may be distributed by the United States to Euratom under Section 54 of the Atomic Energy Act of 1954, as amended, to support the fuel cycle of power reactors in the Community, such transfers to be subject to the additional Agreement for Cooperation with Euratom which, among other things, contains provisions for safeguards against the diversion of special nuclear material to military applications and in accordance with our Non-Proliferation Treaty obligations. S. Con. Res. 14. Senate adopted Feb. 19, 1975; House tabled Mar. 17, 1975. (VV)

Enriched Uranium Distribution to the International Atomic Energy Agency: Approves the proposed increase in the amount of enriched uranium which may be distributed by the United States to the IAEA under Section 54 of the Atomic Energy Act of 1954, as amended, to allow for the support of fuel cycle of power reactors, to be purchased from U.S. manufacturers, located in member states of IAEA (2 in Mexico, 1 in Yugoslavia) having a total installed capacity of 2,015 megawatts of electrical energy. S. Con. Res. 13. Senate adopted Feb. 19, 1974; House tabled Mar. 17, 1975. (VV)

(*Nuclear Regulatory Commission Supplemental Authorization:*) Authorizes supplemental appropriations of $50.2 million to the Nuclear Regulatory Commission for fiscal year 1975 which is in addition to the $90,765,000 fiscal year 1975 authorization for the Atomic Energy Commission (Public Law 93–276) and transferred to the Commission on January 19, 1975, when the Atomic Energy Commission was abolished pursuant to the Energy Reorganization Act of 1974 (Public Law 93–438) and its functions transferred to the Nuclear Regulatory Commission and Energy Research and Development Administration. S. 994. P/S Mar. 24, 1975. (VV)

CONGRESS

(*Cloture Rule:*) Amends rule XXII (Cloture) of the Standing Rules of the Senate to change from two-thirds present and voting to a constitutional three-fifths of the membership (or 60 Senators) the number of Senators required to vote for ending debate except on a measure or motion to amend the Senate rules, which shall require an affirmative vote by two-thirds of the Senators present and voting. S. Res. 4. Senate adopted Mar. 7, 1975. (55)

(*Select Committee on Intelligence:*) Authorizes $750,000 for the establishment of an 11-member select committee composed of six Democrats and five Republicans to investigate and study governmental operations with respect to intelligence activities and the extent, if any, to which illegal, improper, or unethical activities were engaged in by any agency of the Federal Government or by any persons, acting individually or in combination with others, on behalf of the Federal Government;

Empowers the committee to require by subpena the attendance of witnesses and the production of evidence;

Directs an investigation of the following matters among others: (1) whether the Central Intelligence Agency has conducted an illegal domestic intelligence operation; (2) the conduct of domestic intelligence or counterintelligence operations against citizens by the FBI or any other Federal agency; (3) the origin and disposition of the so-called Huston Plan to apply intelligence agency capabilities against individuals or organizations within the U.S.; (4) the extent to which the FBI, the CIA and others coordinate their respective activities; (5) the extent to which domestic intelligence or counterintelligence activities within the United States by the CIA conforms to its legislative charter; (6) past and present interpretation by the Director of Intelligence of the responsibility to protect intelligence sources; (7) the extent and nature of executive branch oversight as well as congressional oversight of all intelligence activities; (8) the need for specific legislative authority to govern the operation of any intelligence agencies of the Federal Government without explicit statutory authority, such as the Defense Intelligence Agency and the National Security Agency; (9) the extent to which intelligence agencies are governed by Executive orders, rules or regulations either published or secret and the extent to which these Executive orders, rules or regulations interpret, expand, or conflict with specific legislative authority; (10) violation or suspected violation of any State or Federal statute by any intelligence agency or person on its behalf, including surreptitious entries, surveillance, and illegal opening or monitoring of U.S. mail; (11) whether any of the existing laws are inadequate to safeguard the rights of American citizens, to improve control of intelligence activities and to resolve uncertainties as to the authority of U.S. intelligence and related agencies; (12) whether there is unnecessary duplication of expenditure and effort in the collection and processing of intelligence information by agencies; and (13) the extent and necessity of overt and covert intelligence activities in the United States and abroad;

Authorizes the committee to recommend new legislation with regard to its findings and to make a final report of the results of the investigation; provides that the committee shall prevent disclosure of information relating to CIA or other intelligence activities which would adversely affect intelligence activities in foreign countries; prohibits committee personnel from accepting any honorarium, royalty or other payment for a speaking engagement, article, or book in connection with the investigation; and requires security clearance for employees who have access to classified information. S. Res. 21. Senate adopted Jan. 27, 1975. (1)

(*Senate Committee Expenses:*) Continues through May 31, 1975, the authority of Senate Committees to pay employees and make expenditures for inquiries and investigations. S. Res. 111. Senate adopted Mar. 17, 1975. (VV)

DEFENSE

(*Naval Museum:*) Expresses the approval of Congress with respect to the establishment by the State of South Carolina of the Naval and Maritime Museum in the city of Charleston. S. Con. Res. 9. Senate adopted Feb. 28, 1975. (VV)

ECONOMY—FINANCE

(*Monetary Policy:*) States the sense of the Congress that the Federal Reserve Board and the Federal Open Market Committee (1) pursue policies in the first half of 1975 so as to encourage lower long term interest rates and expansion in the monetary and credit aggregates appropriate to facilitating prompt economic recovery and (2) maintain long-run growth of the monetary and credit aggregates commensurate with the economy's long-run potential to increase production so as to promote effectively the goals of maximum employment, stable prices and moderate long-term interest rates; and provides for semiannual oversight hearings by the House and Senate Banking committees wherein the Board of Governors of the Federal Reserve System and the Open Market Committee will consult with Congress with respect to the ranges of growth or dimunition of monetary and credit aggregates in the upcoming 12 months. H. Con. Res. 113. House adopted Mar. 4, 1975; Senate adopted Mar. 17, 1975; Senate agreed to conference report Mar. 20, 1975; House agreed to conference report Mar. 24, 1975. (65)

(*National Commission on Supplies and Shortages:*) Provides that section 720 of the Defense Production Act creating a National Commission on Supplies and Shortages is amended to assure that certain conflict of interest provisions shall not apply to members appointed to the Commission from the private sector; extends from March 1, 1975, to June 30, 1975, the time in which the Commission must submit its report to the President and Congress with respect to institutional adjustments and from June 30, 1975, to December 31, 1975, the time for the Commission to prepare, publish and transmit such other reports it deems appropriate; provides that the $75,000 authorization for the advisory committee shall remain available until December 31, 1975; and extends the $500,000 authorization for the Commission from June 30, 1975, until December 31, 1975. S.J. Res. 27. P/S Feb. 5, 1975. (VV)

Amends section 720 of the Defense Production Act which created a National Commission on Supplies and Shortages to extend from March 1, 1975, to June 30, 1975, the time in which the Commission must submit its report to the President and Congress with respect to institutional adjustments and from June 30, 1975, to December 31, 1975, the time for the Commission to prepare, publish and transmit such other reports it deems appropriate; provides that the $75,000 authorization for the advisory committee shall remain available until December 31, 1975; and extends the $500,000 authorization for the Commission from June 30, 1975, until December 31, 1975. S.J. Res. 48. Public Law 94–9, approved Mar. 21, 1975. (VV)

(*National Insurance Development Program:*) Extends the National Insurance Development Program, which would expire on April 30, for an additional 2 years so as to maintain the Federal Riot Reinsurance Program which reinsures the general property insurance business against the peril of riot and the Federal Crime Insurance Program which provides basic crime insurance coverages in States where it is needed. H.R. 2783. Public Law 94– , approved 1975. (VV)

(*Public Debt Limit:*) Increases the debt limit by $131 billion for a total temporary and permanent debt limit of $531 billion until June 30, 1975. H.R. 2634. Public Law 94–3, approved Feb. 19, 1975. (10)

(*Tax Reduction:*) Amends the Internal Revenue Code of 1954 for a $22.8 billion net tax reduction as follows:

INDIVIDUAL TAXES

1974 tax rebate: Provides a refund on 1974 tax liability to be paid in one installment within 45 to 60 days equal to 10 percent, ranging from $100 (or the full amount of tax liability if less than $100) to a maximum of $200 on an adjusted gross income of $20,000 which is scaled down to $100 when income reaches $30,000 and over;

1975 standard deduction: Increases the low income allowance on the minimum standard deduction from $1,300 to $1,600 for single persons and from $1,900 for joint returns; increases the regular standard deduction to 16 percent of adjusted gross income up to a maximum of $2,300 for single and $2,600 for joint returns;

1975 personal exemption Credit: Provides a $30 tax credit in addition to the personal exemption for the taxpayer and spouse and an additional $30 tax credit for each dependent;

1975 earned income credit or work bonus: Provides a refundable credit of 10 percent of earned income up to a maximum of $400 to families with dependent children with a phase-out to zero when income rises from $4,000 to $8,000;

1975 home purchase tax credit: Provides a 5 percent credit against tax liability up to a maximum of $2,000 for individuals purchasing a newly constructed home under certain conditions;

Cash payment to social security recipients: Provides a one-time $50 cash payment from the Treasury at the earliest practicable date to each recipient of social security, railroad retirement, or Supplemental Security Income benefits;

BUSINESS TAXES

1975–76 investment tax credit: Increases the investment tax credit rate to 10 percent for taxpayers, including public utilities; provides an additional 1 percent for all companies and requires companies with investments of $10 million or more to use the 1 percent savings for an employee stock ownership plan; increases from $50,000 to $100,000 the cost of used property qualifying for the credit; for public utilities, increases the amount of tax liability that may be offset in a year to 100% for a 2 year period which is reduced back to 50% over the next 5 years;

Depletion allowance: Repeals the 22 percent depletion allowance for major oil and natural gas producers; retains the 22 percent depletion allowance for independent companies who do not have retail outlets and who produce up to a daily maximum of 2,000 barrels of oil or 12 million cubic feet of natural gas which is phased down to 15 percent on 1,000 barrels or 6 million cubic feet of gas by 1984; requires a plowback of savings as a result of the small producer exemption;

Foreign source income: Provides that the foreign tax credit for foreign oil and gas extraction income is limited to 10 percent above the normal U.S. tax rate for 1975, 5 percent for 1976 and 2 percent for 1977; provides that excess credits could be claimed as a credit only against foreign oil related income including interest and dividends; makes certain changes regarding tax deferral of earnings of American-owned foreign corporations;

1975 corporate surtax exemption: Increases the present $25,000 surtax exemption to $50,000; provides a tax rate of 20 percent on the first $25,000, 22 percent on the next $25,000 and 48 percent on income over $50,000; increases the accumulated earnings tax from $100,000 to $150,000;

Federal welfare recipients employment incentive—(WIN)—tax credit: Allows employers to hire a Federal welfare recipient for more than 30 days and obtain a tax credit equal to 20 percent of wages not to exceed $1,000 per individual, until July 1, 1976;

MISCELLANEOUS

Extends unemployment compensation for those eligible under the 1974 Emergency Unemployment Act for an additional 3 months to June 30, 1975; allows a maximum of $4,800 in child care expenses to be deducted by families with an income up to $35,000 and phases out to zero such a deduction when income reaches $44,600; extends the tax deferment period for reinvestment in residences from the current 12 months to 18 months; and contains other provisions. H.R. 2166. Public Law 94– , approved 1975. (112, 118)

ENERGY

(**Oil Import Fees:*) Suspends for the 90-day period beginning on the date of enactment any authority the President might have to adjust imports of petroleum and petroleum products; negates any Presidential action to adjust petroleum imports taken after January 15, 1975, and before the date of enactment, and also provides for the rebate of any duties or import fees or taxes levied and collected pursuant to any such action; provides that the suspension of this authority will cease if at any time during the 90-day period war is declared, a national emergency occurs, or certain situations involving the commitment of U.S. Armed Forces arise; and provides that the import license fee system on petroleum and petroleum products which the provisions of this bill provide shall not effect the import licensee fee system on petroleum and petroleum products which was in effect on January 15, 1975. H.R. 1767. Vetoed Mar. 4, 1975. House referred to Ways and Means Committee Mar. 11, 1975. (13)

ENVIRONMENT

Strip Mining: Establishes a program for the regulation of coal surface mining activities and the reclamation of coal mined lands in order to assure that surface coal mining operations—including exploration activities and the surface effects of underground mining—are conducted so as to prevent or minimize degradation to the environment, and that surface mining operations are not conducted where reclamation is not feasible according to the terms and conditions of the act;

Establishes the Office of Surface Mining Reclamation and Enforcement in the Department of the Interior;

Sets a series of minimum uniform requirements for all coal surface mining operations on both Federal and State lands which deal with three basic issues—pre-planning, mining practices, and post-mining reclamation; contains provisions for protection of water resources in mining areas; specifies that lands which cannot be reclaimed under the standards of the act and lands within the National Park, Wildlife Refuge, Wilderness and Wild and Scenic Rivers systems, National Recreation Areas, National Forests, and certain other areas, including alluvial valley farming land, may not be strip-mined; provides for certain limited variances to the prescribed standards in the bill where such variances provide equal or better protection to the environment and result in a higher post-mining use;

Provides, in regard to rights of private surface owners, for obtaining of consent as a condition of issuing a new Federal coal lease, and requires payment of all damages, including lost income, and payment of limited additional compensation to the surface owner;

Provides for a fund to be used to reclaim abandoned mined lands which is derived from reclamation fees collected over a period of 10 years of 35 cents per ton for surface mined coal and 25 cents per ton for all coal mined by underground methods, or 10 percent of the value of the coal at the mine, whichever is less; provides for grants to State mining schools to train mining engineers and personnel and to foster research in improved mining, reclamation, and health and safety practices; and, contains provisions for enforcement of the act. H.R. 25 (S. 7). P/H Mar. 18, 1975; P/S amended Mar. 20, 1975. (62)

GENERAL GOVERNMENT

(*Attorney General's Salary:*) Repeals Section 1 of Public Law 93–178 (enacted to remove the question concerning the impact of Article I, Section 6, Clause 2 of the Constitution on the President's nomination of Senator William B. Saxbe to Attorney General of the United States) to restore to the Office of the Attorney General the annual rate of basic pay of $60,000 (Level I of the Executive Schedule) and provides that the act shall take effect February 4, 1975, following the February 3, 1975, resignation date of Attorney General William Saxbe. S. 58. Public Law 94–2, approved Feb. 18, 1975. (VV)

(*FBI Director, Ten-Year Term for:*) Amends the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a ten-year term of service for the Director of the Federal Bureau of Investigation; limits the appointment of a Director to one 10-year term; and provides that the law regarding Federal mandatory retirement at age 70 shall apply to this appointment. S. 1172. P/S Mar. 17, 1975. (64)

(*Trust Territory of the Pacific:*) Increases the fiscal year 1975 authorization for the activities of the civil government of the Trust Territory of the Pacific Islands from $60 to $65.650 million and authorizes an additional $1.5 million to fund the transition of the Mariana Islands District from the Trust Territory Government to a new commonwealth status as a territory of the United States, pursuant to an agreement signed on February 15, 1975, by the U.S. and the Marianas, if approved by Congress. S. 326. P/S Mar. 17, 1975. (VV)

GOVERNMENT EMPLOYEES

(*Travel Expenses:*) Increases the per diem allowance (from $25 to a maximum of $35) and the actual daily expense reimbursement (from $40 to a maximum of $50) which may be paid to regular employees of the Federal Government, and to consultants and experts employed intermittently, who are traveling on official business within the continental United States; authorizes the President to establish the per diem allowance for travel outside the continental United States and authorizes the Administrator of General Services to prescribe the conditions under which an employee may be reimbursed for actual and necessary expenses (not to exceed $21 per day) in addition to the maximum per diem established for that locality; provides commensurate increases, under regulations established by the Senate Committee on Rules and Administration, in the per diem allowances and actual expense reimbursement for Senators and Senate employees and members of a Senator's personnel staff traveling to and from the Senator's home State on official business; prohibits reimbursement for travel to or from a home State 120 days prior to a primary or general election in which the Senator is a candidate; increases the mileage rates for the use of privately owned vehicles used while traveling on official business (automobiles—from 12 cents to 15 cents; airplanes—from 12 cents to 18 cents; and motorcycles from 8 cents to 11 cents); requires the Administrator of General Services to make a determination with respect to the cost of travel and the operation of privately-owned vehicles and adjust the rates at least once a year; and provides that the agency or branch of Government concerned must absorb expenses incurred during fiscal year 1975 as a result of increases in per diem and mileage allowances out of its existing funds. S. 172. P/S Mar. 20, 1975 (VV)

HEALTH

(*School Lunch and Child Nutrition Program:*) Amends section 13 of the National School Lunch Act to continue the Special Food Service Program for children, which expires June 30, 1975, through September 30, 1975; authorizes the use of funds appropriated by section 32 of the Act of August 24, 1935, to carry out the program during this period; and provides that funds so used shall be reimbursed out of subsequent direct appropriations for the program. S. 1310. P/S Mar. 26, 1975. (VV)

INTERNATIONAL

(*Cambodia—Food Aid:*) States as the sense of the Senate that 50 percent of the food commodities which the President has budgeted for Cambodia under title I of the Agricultural Trade Development and Assistance Act of 1954 which is delivered after the date this resolution is agreed to and prior to July 1, 1975, be made available for humanitarian purposes under Public Law 480 title II humanitarian grant assistance and be administered by voluntary agencies already established in Cambodia. S. Res. 94. Senate adopted Mar 10, 1975. (VV)

(*Middle East Dispute:*) Endorses the efforts of and commends the Secretary of State and the President in trying to achieve a peaceful resolution of the Middle East disputes and urges the Secretary to continue to use his good auspices to help the parties in dispute abandon intransigence and see the wisdom of these objectives. S. Res. 119. Senate adopted Mar. 24, 1975. (VV)

MEMORIALS, TRIBUTES, AND MEDALS

(*Aleksandr I. Solzhenitsyn:*) Authorizes the President to declare by proclamation that Aleksandr I. Solzhenitsyn shall be an honorary citizen of the United States. S.J. Res. 36. P/S Mar. 20, 1975. (VV)

(*Bess Truman's Birthday:*) Extends best wishes to Elizabeth Wallace Truman on the occasion of her ninetieth birthday. S. Res. 65. Senate adopted Feb. 7, 1975. (VV)

(*Boy Scouts of America:*) Pays tribute to the Boy Scouts of America on the occasion of its 65th anniversary. S. Con. Res. 6. Senate adopted Jan. 28, 1975. (VV)

(*Girl Scouts of America:*) Pays tribute to the Girl Scouts of America on the occasion of the 63d anniversary of its founding. S. Con. Res. 22. Senate adopted Mar. 6, 1975. (VV)

(*King Faisal, Death of:*) Expresses sorrow of the Senate upon the death of King Faisal of Saudi Arabia. S. Res. 120. Senate adopted Mar. 26, 1975. (VV)

(*Martin Luther King:*) Commemorates the forty-sixth anniversary of the birth of the Reverend Doctor Martin Luther King, Jr., on January 15, 1929, and honors his contributions to the cause of social progress and economic justice for all Americans. S. Res. 14. Senate adopted Jan. 16, 1975. (VV)

(*Rabbi Menachem Schneerson:*) Congratulates Rabbi Menachem Schneerson on the observance of his twenty-fifth anniversary, January 22, 1975, as leader of the Movement of Lubavitch. S. Res. 22. Senate adopted Jan. 21, 1975. (VV)

(*Roy Wilkins:*) Honors Roy Wilkins, Executive Director of the NAACP, on the occasion of his being named "American of the Year" by the American Religious Town Hall Meeting, Inc., in Dallas, Texas. S. Res. 35. Senate adopted Jan. 27, 1975. (VV)

(*Veterans Day:*) Redesignates effective January 1, 1978, November 11 of each year as Veterans Day and makes such day a legal public holiday. S. 331. P/S Mar. 13, 1975. (VV)

NOMINATIONS—ACTION BY ROLLCALL VOTE

(*Carla Anderson Hills, of California, to be Secretary of Housing and Urban Development:*) Nomination confirmed Mar. 5, 1975. (44)

PROCLAMATIONS

(*American Business Day:*) Designates May 13 of each year as "American Business Day". S.J. Res. 15. P/S Mar. 20, 1975. (VV)

(*Buchenwald Concentration Camp:*) Proclaims April 6, 1975, as a day of observance of the liberation of the survivors of the Buchenwald concentration camp. S.J. Res. 56. P/S Mar. 20, 1975. (VV)

Proclaims April 6, 1975, as a day of observance of the liberation of the survivors of the Buchenwald concentration camp. S. Res. 123. Senate adopted Mar. 26, 1975. (VV)

(*Car Care Month:*) Designates May 1975 as "National Car Care Month". S.J. Res. 57. P/S Mar. 20, 1975. (VV)

(*Child Abuse Awareness Week:*) Designates the period of January 9 through January 15, 1975, as "National Child Abuse Awareness Week". S. Res. 43. Senate adopted Feb. 3, 1975. (VV)

(*Earth Day:*) Designates March 21, 1975, as "Earth Day". H.J. Res. 258. Public Law 94–8, approved Mar. 21, 1975. (VV)

(*Energy Conservation Month:*) Declares the period from February 16 to March 15, 1975, as "Energy Conservation Month"; requests the President to report to Congress by March 31, 1975, on the steps taken to promote energy conservation and their results on any recommendations for legislation necessary to implement a continuing program of energy conservation; and requests the President to report monthly to the American people and Congress on the status of energy conservation initiatives and their effectiveness, domestic energy supplies and shortages, energy imports and the impact of available supplies or shortages on the economy of and employment in the United States. S. Res. 59. Senate adopted Feb. 5, 1975. (VV)

(*Music in Our Schools Day:*) Designates March 13, 1975, as "Music in Our Schools Day". S.J. Res. 18. P/S Feb. 19, 1975. (VV)

(*Youth Art Month:*) Designates March 1975 as "Youth Art Month". S.J. Res. 8. P/S Feb. 19, 1975. (VV)

TRANSPORTATION-COMMUNICATIONS

(*Maritime Authorization:*) Authorizes $562,933,000 for the following six categories of programs of the Maritime Administration for fiscal year 1975: (1) acquisition, construction, or reconstruction of vessels and construction-differential subsidies; (2) ship operating-differentials subsidies; (3) research and development; (4) reserve fleet; (5) maritime training at the Merchant Marine Academy at Kings Point, N.Y.; and (6) financial assistance to State marine schools; authorizes additional supplemental appropriations for increases in salaries, pay, retirement, or other employee benefits authorized by law; and requires that at least one regional office of the Maritime Administration be maintained for each of the four major seacoasts (Atlantic, Gulf, Great Lakes, Pacific). S. 332. Public Law 94– , approved 1975. (VV)

(*Rail Reorganization (Penn Central):*) Authorizes an additional $347 million to insure the continuation of essential rail services in the Northeast and Midwest under the Regional Rail Reorganization Act (Public Law 93–236); increases from $85 million to $282 million Federal grants to bankrupt railroads in the Northeast and Midwest to keep them in operation until a plan being developed by the U.S. Rail Association becomes effective after its submission to Congress by March 28, 1975; increases from $150 million to $300 million loan guarantees to bankrupt railroads to maintain and improve rail facilities until the new system is in operation and gives the Secretary of Transportation more flexibility in deciding how and when the guarantees will be used; provides a mechanism for allowing a Federal district court overseeing a reorganization to reconsider the decision that a bankrupt railroad was capable of reorganization on an income basis and thus outside of many parts of the Regional Rail Reorganization Act as in the case of the Erie-Lackawanna; clarifies the position of the Interstate Commerce Commission's Rail Services Planning Office during the reorganization period by making it explicit that they are to continue representing the interests of the small communities and users during the whole reorganizing process and authorizes the Office to hold public hearings on any supplement to the preliminary system plan; provides that no railroad in reorganization shall withhold from a State or subdivision any tax collected from a tenant of its property and imposes a maximum fine of $10,000 for violations; and contains other provisions. S. 281. Public Law 94-5, approved Feb. 2, 1975. (5,28)

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on April 7 the Senate will convene at 12 o'clock noon. After the two leaders or their designees have been recognized under the standing order there will be a period for the transaction of routine morning business of not to exceed 30 minutes with statements limited therein to 5 minutes each.

At the conclusion of routine morning business, the Senate will resume consideration of S. 622, a bill to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, and to implement U.S. obligations under international agreements to deal with shortage conditions.

There is a time agreement on the bill and on amendments thereto. The time agreement on the bill allows 8 hours for general debate, 1 hour on amendments in the first degree, and 30 minutes on amendments in the second degree; 20 minutes on any debatable motion or appeal or point of order. The agreement is in the usual form.

Rollcall votes may occur on amendments or other matters related to the bill, S. 622, and other measures which may be cleared for action prior to that time could also result in rollcall votes on that Monday.

However, according to the order previously entered, no rollcall votes will occur prior to the hour of 5 p.m. on that day, Monday, April 7.

ADJOURNMENT UNTIL MONDAY, APRIL 7, 1975

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the provisions of Senate Resolution 120, as a further mark of respect to the memory of His Majesty King Faisal of Saudi Arabia, and in accordance with the provisions of Senate Concurrent Resolution 27, that the Senate stand in adjournment until 12 noon on Monday, April 7, 1975.

The motion was agreed to; and at 11:49 p.m., the Senate adjourned until Monday, April 7, 1975, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate March 26, 1975:

DEPARTMENT OF STATE

Thomas A. Clingan, Jr., of Florida, Deputy Assistant Secretary of State for Oceans and Fisheries Affairs, for the rank of Ambassador.

DEPARTMENT OF JUSTICE

James H. Henson, of Georgia, to be U.S. marshal for the northern district of Georgia for the term of 4 years, vice Bill C. Murray, resigned.

Emmett G. Wyche, of Louisiana, to be U.S. marshal for the western district of Louisiana for the term of 4 years, vice Joseph W. Keene, deceased.

H. Brooks Phillips, of Mississippi, to be U.S. marshal, for the northern district of Mississippi, for the term of 4 years (reappointment).

IN THE COAST GUARD

The following-named lieutenant commanders of the Coast Guard Reserve to be permanent commissioned officers in the Coast Guard Reserve in the grade of commander:

William R. Volpentest
Jerome T. Dennehy
Anthony D. Tagliente
Francis G. Charles
John B. Dowty
Ronald G. Bitner
Frank J. Ropiak
Francis J. Forristel, Jr.
Norman E. Tyler
Thomas J. Travers
Henry C. Rayburn
Fred R. Vickers
George Harding
Thomas W. Maclin
David J. Hartman
Frederick H. Beck
Frank S. Dean
William J. Wardle
James I. Piner
John H. Langer
Charles D. Bryant
Albert R. Matt, Jr.
Michael Burns
Morton J. Schmidt
Alan R. Carlsen
George E. Anderson
Stephen A. Daniels
James P. Schmidt
Major L. Kight, Jr.
John P. Stozich
George Ozuna, Jr.
Richard Freemont-Smith
Robert L. Pendleton
Thomas L. Gould
Roger D. Schultz
William W. Woodbridge, Jr.
Thomas A. Techentin
Welton H. Jones, Jr.
Clifford M. Parker
Glenn J. Muhle
Willis T. Fischer
John H. Coble
Gerald W. Seelman
Franklin F. Ballou
Robert A. Warden
James W. Miller II
David A. Wills
Henry R. Mann
Kingsley M. Hendrick
Gordon K. Rousseau
Donald W. Butler
Joseph B. Embres
Peter E. O'Rourke
Edward B. Israel
Frank B. Strickland
Edward W. Cannon
Michael C. McIntyre
Donald H. Hicks
John T. Kanne
John J. De Santis
Richard C. Cunan
George S. Bradbury
Donald A. Mooney
Albert L. Heiken
Francis M. Fairbank
Richard L. Olsen
James D. McCaleb, Jr.
Darrell L. Pepper
James W. Bevarly
Neil R. Coley
Robert E. Buckley
Vernon L. Striebel, Jr.
Fay D. James
Llewellyn B. Tucker, Jr.
James R. Evans, Jr.
William W. Wilcox
Frederick J. Koppenhafer
James W. Cutler, Jr.
Charles H. Ruble
Richard W. Strachan
David E. Zwerner
Armand E. Breard
Barry J. Connell
Paul F. Egner, Jr.
Robert W. Dinsmore
James A. Eder
Ray H. Bothel
Frank J. Gordon
Kenneth E. Sanders
Robert K. Mills
Harrison J. Turnbull
Ronald O. Griswold
James E. Chaddic
Richard L. Smith
James P. Renshaw
Normal E. Patterson
Gerald J. Jergensen
James A. Garnett
Philip L. Adair

IN THE AIR FORCE

The following-named officers for promotion in the U.S. Air Force, under appropriate provisions of chapter 839, title 10, United States Code, as amended:

LINE OF THE AIR FORCE

Major to lieutenant colonel

Abbott, Donald L., [redacted].
Abel, Franklin G., [redacted].
Abraham, Gary W., [redacted].
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Akers, Brian L., [redacted].
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Aldrich, Fred E., [redacted].
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Andrews, C. P., [redacted].
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Appelhans, Richard D., [redacted].
Apple, Burton J., [redacted].
Archer, Curtis F., Jr., [redacted].
Archino, David T., [redacted].
Arcieri, Joseph D., [redacted].
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Armstrong, Dwight A., [redacted].
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Arnold, John K., III, [redacted].
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Ashman, Charles T., [redacted].
Ashworth, Pratt D., [redacted].
Askew, Glenn W., Jr., [redacted].
Asterita, Anthony J., [redacted].
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Ator, Robert A., [redacted].
Auclair, Richard A., [redacted].
Avery, Charles F., [redacted].
Ayars, Richard W., [redacted].
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Ayres, Donald L., [redacted].
Babineaux, Thayer L., [redacted].
Baca, Jose A., [redacted].
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Backus, Richard B., [redacted].
Bailey, Billy T., [redacted].
Bailey, James E., [redacted].
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Blue, Jimmie M., [redacted].
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Chapman, James W., II, [redacted].
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Daily, Sammy G., [redacted].
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Dayton, Jonathan [redacted].
Dealing, Donald W., [redacted].
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Downing, Darrell A., [redacted].
Doying, John C., [redacted].
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Duey, Kent B., [redacted].
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Grable, Robert T., [redacted].
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Gradert, Marvin M., [redacted].
Graff, Peter M., [redacted].

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Graham, Oscar D., [redacted].
Graves, Curtis, [redacted].
Graves, John W., [redacted].
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Greve, Lance, [redacted].
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Griffith, Tedd N., [redacted].
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Gruidl, Thomas G., [redacted].
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Gundrum, Edward H., [redacted].
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Kolterman, Thomas V., [redacted].
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Lacosse Donald, E., [redacted].
Laferriere, Roy R., [redacted].
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Landman, Nelson B., [redacted].
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Langwell, Donald E., [redacted].
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Lay, Edward L., [redacted].
Leach, Gary A., [redacted].
Learmonth, James A., [redacted].
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Littlefield, David R., [redacted].
Livengood, John J., [redacted].
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Lockhart, Jimmie D., [redacted].
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Loving, Errol K., [redacted].
Low, Abraham M., [redacted].
Lowe, Teddy R., [redacted].
Lowery, Gordon H., [redacted].
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Luciano, Ferdinand J., Jr., [redacted].
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Lyng, Reginald W., Jr., [redacted].
Lyons, Austin J., [redacted].
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Package, Thomas L., [redacted]
Palmer, Albert W., [redacted]
Palmer, Roy E., Jr., [redacted]
Palmier, Patrick A., [redacted]
Pang, Frederick F. Y., [redacted]
Pancich, Bernard S., Jr. [redacted]
Pankey, James L., Jr., [redacted]
Pankratz, Robert L., [redacted]
Pannill, Harry L., [redacted]
Paramoure, Rodney L., [redacted]
Parker, Brian T., [redacted]
Parker, William F., [redacted]
Parks, Joe W., Jr., [redacted]
Parrish, Jesse R., [redacted]
Parsons, David A., [redacted]
Partin, James W., [redacted]
Pasanen, Ronald J., [redacted]
Pate, James E., [redacted]
Patrick, Gerald J., [redacted]
Paul, Earl I., [redacted]
Paulson, Robert L., [redacted]
Pavich, Michael D., [redacted]
Paxton, Pat R., [redacted]
Peacock, James A., [redacted]
Peck, Vincent B., [redacted]
Pehr, Frank J., [redacted]
Peio, Richard A., [redacted]
Pelini, Louis V., [redacted]
Pennington, James C., [redacted]
Pensock, Edward P., [redacted]
Perduf, Richard A., [redacted]
Pericola, Raymond, [redacted]
Perrotta, Donald T., [redacted]
Peters, Martin E., [redacted]
Peters, Willie F., [redacted]
Petersen, Ernest V., [redacted]
Petersen, Gaylord D., [redacted]
Peterson, Gordon F., [redacted]
Peterson, Roy W., [redacted]
Pettigrew, James L., [redacted]
Pfleeger, John R., [redacted]
Pflumm, Basil H., [redacted]
Philipp, Ernest F., [redacted]
Phillips, George V., Jr., [redacted]
Picht, Robert B., [redacted]
Pierce, Donald S., [redacted]
Pierce, Henry L., [redacted]
Pierson, Victor G., [redacted]
Pietsch, Robert E., [redacted]
Pilipowsky, J. Serhij, [redacted]
Pillet, Frederick A., [redacted]
Piner, James T., [redacted]
Pischke, Norman A., [redacted]
Platz, Joseph F., Jr., [redacted]
Plummer, Donald G., [redacted]
Poliio, Joseph P., [redacted]
Pollary, Melvin E., [redacted]
Poltorak, Gerald S., [redacted]
Pontius, Earl A., [redacted]
Poppenga, Burton H., [redacted]
Porter John P., [redacted]
Posy, Hollis D., [redacted]
Posey, William T., [redacted]
Post, James L., [redacted]
Potton, Dale H., [redacted]
Powell, Harold F., [redacted]
Powers, David S., [redacted]
Powers, Frank L., [redacted]
Prather, Dirk C., [redacted]
Pratt, Edward J., [redacted]
Prescott, James W., Jr., [redacted]
Prescott, Leo L., Jr., [redacted]
Preston, Peter C., [redacted]
Price, Michael H., [redacted]
Price, William T. III, [redacted]
Pring, Lawrence M., [redacted]
Proul, Blanche L., [redacted]
Purdy, Milton H., Jr., [redacted]
Purviance, Charles S., [redacted]
Pyne, Frank B., [redacted]
Quinlan, Michael J., [redacted]
Quist, Bernard W., [redacted]
Rabe, Todd E., [redacted]
Radder, Paul E., Jr., [redacted]
Rader, John R., [redacted]
Raign, Phillip H., [redacted]
Rajewski, Robert J., [redacted]
Ramsay, Allan C., [redacted]
Randall, William V., [redacted]
Randolph, Ross W., [redacted]
Rankin, James L., [redacted]
Rapp, Richard L., [redacted]
Rathbun, Richard K., [redacted]
Ratner, George H., [redacted]
Ray, Edward L., Jr., [redacted]
Ray, Walter J., Jr., [redacted]
Read, Richard E., [redacted]
Records, Jerry L., [redacted]
Redding, Dale H., [redacted]
Redmond, John W., [redacted]
Reed, Charles W., [redacted]
Reed, Donald R., [redacted]
Reeves, John M., [redacted]
Reid, Robert D., [redacted]
Reiman, James L., [redacted]
Reinke, Earl R., Jr., [redacted]
Renz, Robert B., [redacted]
Reynolds, Dwight R., [redacted]
Reynolds, Jon A., [redacted]
Rice, Norman L., [redacted]
Richards, James A., [redacted]
Rickard, David T., [redacted]
Riddell, Ralph A., [redacted]
Riddle, George M., [redacted]
Riddle, Owen W., [redacted]
Riebesehl, Edward H., [redacted]
Riedenauer, Robert L., [redacted]
Ringenbach, Paul T., [redacted]
Riopel, Francis D., [redacted]
Riotte, Wyndham, [redacted]
Ripley, Anthony J., [redacted]
Ritter, Keith K., [redacted]
Rivera, Danny, [redacted]
Rivers, James W., Jr., [redacted]
Roach, Dwight E., [redacted]
Roach, James H., [redacted]
Roberson, Paul L., [redacted]
Roberts, John E., Jr., [redacted]
Roberts, Matt A., III, [redacted]
Robertson, William R., [redacted]
Robidoux, Joseph E., [redacted]
Robinson, Frederick D., [redacted]
Robinson, Peter D., [redacted]
Robinson, Thomas W., [redacted]
Robison, Charles H., [redacted]
Rockett, Alton C., Jr., [redacted]
Rodeheaver, Clarence G., Jr., [redacted]
Rodgers, Linwood E., [redacted]
Rodriguez, Charlie, [redacted]
Roell, Joseph C., [redacted]
Roescher, Frank A., [redacted]
Rogers, Alan V., [redacted]
Rogers, Brown B., Jr., [redacted]
Rogers, Burke C., [redacted]
Rogers, Edward C., [redacted]
Rogers, James H., [redacted]
Rogers, Robert J., [redacted]
Roland, Jay R., [redacted]
Rollins, Robert G., [redacted]
Rood, Richard L., [redacted]
Roof, Robert L., [redacted]
Roose, Eugene J., [redacted]
Rose, William A., [redacted]
Ross, Curtis A., [redacted]
Ross, Sugene E., [redacted]
Ross, James D., [redacted]
Ross, John R., [redacted]
Ross, John W., Jr., [redacted]
Rostkowski, Alexander F., [redacted]
Roth, William J., Jr., [redacted]
Rousseau, Ernest W., [redacted]
Rowan, Roger W., [redacted]
Rowe, John J., [redacted]
Rumsey, Tracy, P., Jr., [redacted]
Russell, Bobby R., [redacted]
Rutan, Richard G., [redacted]
Ruth, Francis D., [redacted]
Rutten, Thomas W., [redacted]
Ryder, Scott M., [redacted]
Salmon, Haston E., Jr., [redacted]
Saltamachia, Jake A., Jr., [redacted]
Salyer, Phillip N., [redacted]
Samuel, Wolfgang W. E., [redacted]
Sanchez, John P., [redacted]
Sanders, James W., [redacted]
Sanders, Raymond W., [redacted]
Satterwhite, Thomas H., [redacted]
Sawyer, Donald W., Jr., [redacted]
Sawyer, Kenneth J., [redacted]
Sawyer, William T., [redacted]
Saxton, Gerald F., [redacted]
Scearce, David C., [redacted]
Schaefer, Joseph D., [redacted]
Schaff, William J., [redacted]
Schattel, John L., [redacted]
Schaum, Craig O., [redacted]
Scheatzle, David G., [redacted]
Scheeren, Frederick A., [redacted]
Scheltens, Ronald K., [redacted]
Schemenaur, Roger E., [redacted]

Schick, Donald L., [redacted].
Schmid, Robert E., [redacted].
Schmidt, George L., [redacted].
Schmidt, Karl W., [redacted].
Schmidt, Paul R., [redacted].
Schmoll, Ross V., [redacted].
Schneider, Edward C., [redacted].
Schnell, Tom C., [redacted].
Schoech, Howard A., [redacted].
Schorey, James R., [redacted].
Schritter, Robert W., [redacted].
Schultz, Robert F., [redacted].
Schulz, Jack H., [redacted].
Scott, David W., [redacted].
Scott, Taylor G., [redacted].
Seago, Donald A., [redacted].
Seamount, Sidney D., [redacted].
Seely, John C., [redacted].
Seizys, Anthony W., [redacted].
Selberg, Ronald L., [redacted].
Sellers, Lester H., [redacted].
Selph, James, [redacted].
Semanco, William F., [redacted].
Senecal, Lionel R., [redacted].
Senko, James F., [redacted].
Setnicky, John E., [redacted].
Sexton, Harry, [redacted].
Shaffer, Howard R., [redacted].
Shall, Paul J., Jr., [redacted].
Sharkey, Raymond P., [redacted].
Shatzer, Kenneth R., [redacted].
Shaw, Craig D., [redacted].
Shea, David J., [redacted].
Shearin, David R., [redacted].
Sheehan, Brian T., [redacted].
Shehi, Louis W., [redacted].
Shelley, Zack H., Jr., [redacted].
Shelton, Harold A., [redacted].
Shepard, Ronald L., [redacted].
Sherouse, Lewis E., [redacted].
Shillcutt, Ronald L., [redacted].
Shipley, Bruce C., [redacted].
Shoemaker, Alan M., [redacted].
Show, Donald L., [redacted].
Shupp, Thomas L., [redacted].
Shute, Richard M., [redacted].
Siburg, William E., Jr., [redacted].
Sico, Gaetano J., Jr., [redacted].
Sides, Dennie L., [redacted].
Silbernick, Kenneth J., [redacted].
Simmons, Sherwin B., [redacted].
Simon, Charles E., [redacted].
Simpson, Charles G., [redacted].
Sirmans, John C., [redacted].
Sistrunk, Harold M., [redacted].
Sitterly, Lewis F., [redacted].
Sizemore, Thomas J., [redacted].
Skoneki, Ronald J., [redacted].
Skucas, Donatas, [redacted].
Skwerski, Peter R., Jr., [redacted].
Slader, Eric L., [redacted].
Slawson, Tyler W., [redacted].
Sloan, Charles P., Jr., [redacted].
Sloan, Peter L., [redacted].
Slowey, Richard J., [redacted].
Slye, Richard H., [redacted].
Smalley, Vern G., [redacted].
Smalls, Robert F., [redacted].
Smith, Allan T., [redacted].
Smith, Curtiss L., [redacted].
Smith, Francis J., Jr., [redacted].
Smith, Howard K., [redacted].
Smith, James L., [redacted].
Smith, Jerry B., [redacted].
Smith, Jerry J., [redacted].
Smith, John S., III, [redacted].
Smith, Keith W., [redacted].
Smith, Kenneth R., [redacted].
Smith, Peter B., [redacted].
Smith, Richard D., [redacted].
Smith, Robert G., [redacted].
Smith, Thomas J., [redacted].
Smith, Wayne D., Jr., [redacted].
Smith, William R., Jr., [redacted].
Smith, Willis E., [redacted].
Smith, Zimri L., [redacted].
Smothermon, Philip R., [redacted].
Snyder, James M., [redacted].
Sodoma, William C., [redacted].
Sokol, Robert H., [redacted].
Sollinger, Richard L., [redacted].
Soltis, William J., [redacted].
Sorensen, Lee E., [redacted].
Sorrick, William G., [redacted].
Sparks, Gordon L., [redacted].
Speer, Michael J., [redacted].
Speight, William P., [redacted].
Spencer, Frank E., [redacted].
Spencer, Gary K., [redacted].
Spolidoro, Anthony F., [redacted].
Spoone, John P., Jr., [redacted].
Spradling, James W., [redacted].
Sprague, William T., Jr., [redacted].
Spring, Richard C., [redacted].
Springston, Wendell L., [redacted].
Spruill, Crosby L., [redacted].
Squires, John M., [redacted].
Stachelczyk, Victor S., [redacted].
Stadler, John T., [redacted].
Stallings, Donald F., [redacted].
Stamant, Anthony L., [redacted].
Stamm, Robert W., [redacted].
Stankiewicz, Paul R., [redacted].
Stanley, Roy M., II., [redacted].
Stansell, George A., [redacted].
Stark, Terry M., [redacted].
Starling, Leonard B., Jr., [redacted].
Starnes, Arthur J., [redacted].
Staud, John J., Jr., [redacted].
Steczkowski, Arthur F., [redacted].
Steele, Russell W., [redacted].
Stehli, Kenneth T., [redacted].
Stellmach, Arthur T., [redacted].
Stenger, Manfred, [redacted].
Steorts, Robert A., [redacted].
Stephens, Seth H., Jr., [redacted].
Stephens, Wade T., Jr., [redacted].
Stevens, Dana, Jr., [redacted].
Stevens, Donald D., [redacted].
Stevens, Gary E., [redacted].
Stevens, Gene L., [redacted].
Stewart, John S., [redacted].
Stipe, Alfred C., [redacted].
Stitzel, John T., [redacted].
St. Louis, Ronald L., [redacted].
Stocker, John R., [redacted].
Stockett, Joe T., [redacted].
Stocks, Samuel E., [redacted].
Stoddard, David D., [redacted].
Stoddard, James P., III, [redacted].
Stokes, Johnny A., Jr., [redacted].
Stone, Kenneth D., [redacted].
Stonebraker, Kenneth A., [redacted].
Stoop, James K., [redacted].
Straight, Thomas F., [redacted].
Stransky, Charles J., [redacted].
Streitmatter, Larry A., [redacted].
Strickland, James N., [redacted].
Strom, Brock T., [redacted].
Stroud, Donald E., [redacted].
Stuart, John F., [redacted].
Studinka, Richard J., [redacted].
Sugarman, Frank M., [redacted].
Sullivan, Edwin N., [redacted].
Sullivan, James V., [redacted].
Sundholm, Robert A., Jr., [redacted].
Suter, Richard M., [redacted].
Swan, Robert S., [redacted].
Swank, Leonard L., [redacted].
Swanson, Alan C., [redacted].
Sweeney, James K., [redacted].
Sweet, Leonard M., Jr., [redacted].
Swonson, John C., Jr., [redacted].
Tabor, Dale C., [redacted].
Takara, Stanley K., [redacted].
Talbot, Richard J., [redacted].
Taranto, Ramon L., [redacted].
Taylor, Allan A., [redacted].
Taylor, Anton M., [redacted].
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Taylor, Donaldl C., [redacted].
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Taylor, James W., [redacted].
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Taylor, William R., [redacted].
Tedrick, Robert L., [redacted].
Teeman, William R., [redacted].
Telander, Silas R., [redacted].
Templeton, Ronald H., [redacted].
Tenhoor, Frederick G., [redacted].
Terhune, Gerald K., [redacted].
Terry, Decker L., [redacted].
Terry, James R., [redacted].
Terry, William F., Jr., [redacted].
Tetmeyer, Donald C., [redacted].
Theurer, Byron W., [redacted].
Thieman, Gayle F., [redacted].
Thomas, Donald S., [redacted].
Thomas, Edward, [redacted].
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Thorne, Carlton E., [redacted].
Thurman, James S., [redacted].
Tickle, James R., [redacted].
Tietjen, John H. H., [redacted].
Tiller, James H., III, [redacted].
Timmermans, Philip W., [redacted].
Tindle, Dannie J., [redacted].
Tippett, David F., [redacted].
Tole, George E., [redacted].
Tomtan, Thomas D., [redacted].
Toye, Richard G., [redacted].
Tracey, Richard E., [redacted].
Trail, Richard L., [redacted].
Treanor, Charles W., [redacted].
Trombley, Donald J., [redacted].
Tronzo, Louis C., [redacted].
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Tuck, Frank K., [redacted].
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Tufo, Stanley, [redacted].
Turain, Robert L., [redacted].
Turner, James R., [redacted].
Turrin, Armand L., [redacted].
Twells, Ronald G., [redacted].
Tyson, Norman P., [redacted].
Udelhoffen, Robert I., [redacted].
Ulbricht, Gilmer D., [redacted].
Underwood, Joseph W., [redacted].
Underwood, Keith T., [redacted].
Unruh, Daniel D., [redacted].
Vajda, Frank S., [redacted].
Vanagas, Anthony A., [redacted].
Vanburen, Gerald G., [redacted].
Vance, Jon C., [redacted].
Vancleave, Danny R., II, [redacted].
Vaneaton, William G., [redacted].
Vankesteren, John A., [redacted].
Vansickle, Larry P., [redacted].
Varley, Donald J., [redacted].
Vaughan, John C., III, [redacted].
Vaughn, Jerry B., [redacted].
Veigel, Richard T., [redacted].
Venen, Leonard N., Jr., [redacted].
Venes, Robert O., [redacted].
Venn, Porter W., [redacted].
Venturini, Ronald A., [redacted].
Vettel, John W., Jr., [redacted].
Vidal, Lloyd J., [redacted].
Viehmann, Henry W., Jr., [redacted].
Vitito, Thomas E., [redacted].
Voelker, Edward M., II, [redacted].
Wachsmuth, Carl W., [redacted].
Wade, James E., [redacted].
Wagner, Richard A., [redacted].
Wagner, Robert K., [redacted].
Waldron, Larry D., [redacted].
Walker, Alan E., [redacted].
Walker, Belva D., [redacted].
Walker, Bert N., [redacted].
Walker, Charles W., [redacted].
Wallace, Donald M., [redacted].
Wallace, Ellis E., [redacted].
Wallace, Ray M., [redacted].
Wallace, Richard P., [redacted].
Wallis, William J., [redacted].
Walls, W. L., [redacted].
Waltermire, Jacob B., Jr., [redacted].
Walters, Charles M., [redacted].
Walters, Donald R., [redacted].
Walters, Ray G., [redacted].
Walther, George H., [redacted].
Walton, Samuel K., Jr., [redacted].

Ware, Frederick B., [redacted].
Waresh, John C., [redacted].
Warner, Donald D., [redacted].
Warner, Norris E., [redacted].
Warren, James M., [redacted].
Warsinke, James A., [redacted].
Waterman, Quintin L., [redacted].
Watling, Harvey R., [redacted].
Watlington, Bernard E., [redacted].
Watring, John A., [redacted].
Watts, George L., [redacted].
Watts, Holbrook M., [redacted].
Waynik, Michael, Jr., [redacted].
Weaver, Floyd W., [redacted].
Weaver, Philip A., [redacted].
Webb, Robert A., [redacted].
Werber, Dale T., [redacted].
Weeks, George M., III, [redacted].
Weeks, Michael W., [redacted].
Weenig, Jay F., [redacted].
Wehman, Ben P., [redacted].
Wehrly, Odis, G., [redacted].
Weidman, Donald G., [redacted].
Weishaar, Loren A., [redacted].
Weisman, Alan D., [redacted].
Welch, James C., [redacted].
Wells, John T., Jr., [redacted].
Wells, Norman E., [redacted].
Welton, Donald D., [redacted].
Wendell, John H., Jr., [redacted].
Wenker, David J., [redacted].
Wesley, Harold W., [redacted].
West, John W., Jr., [redacted].
West, Philip W., [redacted].
Westback, Eugene O., [redacted].
Westbrook, Sam W., III, [redacted].
Westmoreland, Robert L., Jr., [redacted].
Wham, Thomas J., [redacted].
Wheeler, Edd D., [redacted].
Whisenant, Bennette E., [redacted].
Whitaker, Gary L., [redacted].
Whitaker, Patrick W., [redacted].
White, Clarence L., [redacted].
White James E., [redacted].
White, Kenneth A., [redacted].
White, Thomas W., Jr., [redacted].
Whitsitt, Elwyn D., [redacted].
Whittenberg, Jean R., [redacted].
Whorton, William M., [redacted].
Wicker, Paul J., [redacted].
Wickman, John F., [redacted].
Wiener, Robert D., [redacted].
Wiley, James R., [redacted].
Wilkes, Quenten L., [redacted].
Wilkins, Jackie, [redacted].
Williams, Arnold, [redacted].
Williams, Charles P., [redacted].
Williams, David B., [redacted].
Williams, Gary J., [redacted].
Williams, George W., [redacted].
Williams, Gerald D., [redacted].
Williams, John O., Jr., [redacted].
Williams, Richard M., [redacted].
Williams, Ronald R., [redacted].
Williams, Tomas O., III., [redacted].
Williams, Winston, [redacted].
Williamson, George E., Jr., [redacted].
Willigrod, William E., [redacted].
Wilson, Arthur J., III, [redacted].
Wilson, Robert M., [redacted].
Wilson, Roger D., [redacted].
Wilson, William E., [redacted].
Wilson, William L., [redacted].
Wilson, William R., [redacted].
Wince, James P., [redacted].
Winkelmann, Edgar W., [redacted].
Winn, Wendell W., [redacted].
Wissing, Norman H., [redacted].
Wissinger, Kenneth L., [redacted].
Wittenberg, William A., [redacted].
Woelfel, Edward A., Jr., [redacted].
Wolfe, Dale E., [redacted].
Wolfe, John M., Jr., [redacted].
Wolpert, Donald G., [redacted].
Wood, Charles N., [redacted].
Wood, Charles T., [redacted].
Wood, Gary I., [redacted].
Wood, Lawrence M., [redacted].
Wood, Robert W., [redacted].
Woodring, Marvin J., [redacted].
Woodward, Charles C., Jr., [redacted].
Woodworth, Roger F., [redacted].
Work, James B., [redacted].
Worley, George H., [redacted].
Wright, Richard W., [redacted].
Wynn, Frederick B., [redacted].
Wyrick, Andrew G., Jr., [redacted].
Yager, Walter S., [redacted].
Yandell, John R., [redacted].
Yantis, Albert L., Jr., [redacted].
Yates, Thomas H., [redacted].
Yeatts, Fredrick S., [redacted].
Yoder, Richard O., [redacted].
Yoshinaga, Gene N., [redacted].
Young, Francis J., Jr., [redacted].
Young, Martin L., [redacted].
Young, William M., [redacted].
Young, William M., [redacted].
Youngblood, Jackie R., [redacted].
Youngson, James, Jr., [redacted].
Zahniser, Frank R., [redacted].
Zamkoff, Leonard J., [redacted].
Zannini, Robert H., [redacted].
Zara, Philip E., [redacted].
Zemlicka, Frank K., [redacted].
Zimmerman, Alex D., [redacted].
Zimmerman, Ronald L., [redacted].
Zint, William L., Jr., [redacted].
Zucker, Robert, [redacted].

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Bretscher, Forrest F., [redacted].
Byram, David P., [redacted].
Daley, Neil F., [redacted].
Davis, Edwin S., [redacted].
Elliott, Harold, [redacted].
Evans, Paul R., [redacted].
Foutz, Martin F., Jr., [redacted].
Gallenbach, Thomas E., [redacted].
Guikema, Henry, [redacted].
Henderson, Harold C., [redacted].
Hensley, Billy D., [redacted].
Hoffman, Sydney L., [redacted].
Kaiser, Roman F., [redacted].
Kastigar, John J., [redacted].
Kok, Louis E., [redacted].
Kucfra, Edward J., [redacted].
Ludwig, Alexander P., [redacted].
Mallory, Jerry J., [redacted].
McDonough, John P., [redacted].
McGinty, Edward S., [redacted].
McMullen, Francis R., [redacted].
Meade, John F., [redacted].
Merrell, Robert E., [redacted].
Monti, Robert M., [redacted].
Nelson, Samuel D., Jr., [redacted].
Plummer, James R., [redacted].
Richard, Leon J., [redacted].
Rodgers, Glen E., [redacted].
Seastrunk, Charles E., Jr., [redacted].
Sheerin, James O., [redacted].
Shields, James P., [redacted].
Smith, William N., [redacted].
Stork, Wayne L., [redacted].
Wallace, William T., Sr., [redacted].
Woerdeman, Robert K., [redacted].
Wood, Richard D., [redacted].
Worner, George J., [redacted].

JUDGE ADVOCATES

Bexten, Richard C., [redacted].
Brinson, Alfred C., [redacted].
Brunton, Rodney F., [redacted].
Campisi, Peter I., [redacted].
Cole, Floyd, Jr., [redacted].
Dorman, John T., [redacted].
Douglass, Robert G., [redacted].
Filkins, Merton F., [redacted].
Flatten, Franklin P., [redacted].
Green, Henry G., [redacted].
Ingrad, Anthony P., [redacted].
Peter, Thomas G., Jr., [redacted].
Kroetz, Thomas W., [redacted].
Miles, James R., [redacted].
Miller, Grant, [redacted].
Negron, Victor H., [redacted].
Pattison, Norman S., [redacted].
Persky, Arnold I., [redacted].
Sergl, Leo I., [redacted].
Simonalle, Eugene, [redacted].
Sims, Fred M., [redacted].
St. Martin, Norman R., [redacted].
Thomas, Forrest W., [redacted].

NURSE CORPS

Androulakis, Denise F., [redacted].
Arseneau, Audrey E., [redacted].
Baker, Olive M., [redacted].
Baker, Patrick J., [redacted].
Belt, Virginia T., [redacted].
Beverly, Minnie M., [redacted].
Black, Barbara A., [redacted].
Bradlfy, Patricia E., [redacted].
Bullington, Lyda A., [redacted].
Chenoweth, Theresa E., [redacted].
Corrado, Carol J., [redacted].
Corrado, Vivien P., [redacted].
Cote, Klarika J., [redacted].
Craft, Kathryn L., [redacted].
Creque, Ida A., [redacted].
Demfaux, Jeanne R., [redacted].
Deogburn, Charlotte M., [redacted].
Dood, Darlene M., [redacted].
Draves, Jacqueline L., [redacted].
Edwards, Jennie M., [redacted].
Fox, Marjorie R., [redacted].
Freeman, Edwin C., [redacted].
Fuller, Mary C., [redacted].
Glenn, Ellen M., [redacted].
Goff, Joseph H., [redacted].
Goodwin, Barbara A., [redacted].
Hagan, Faye T., [redacted].
Halley, Norma D., [redacted].
Hart, Alta, [redacted].
Hastings, Lois E., [redacted].
Hastings, Marilyn L., [redacted].
Hilty, Winifred J., [redacted].
Johnson, Phyllis J., [redacted].
Kesler, Jean L., [redacted].
King, General R., [redacted].
Koncelik, Joseph F., [redacted].
Kuehnast, Elizabeth L., [redacted].
Locke, Christine, [redacted].
Lomax, Johnnie O., [redacted].
Luuru, Helen A., [redacted].
MacMurray, Beverly A., [redacted].
Matthews, Daphine, [redacted].
Maul, Phyllis R., [redacted].
McCampbell, Ruth M., [redacted].
McDonald, Gregor R., [redacted].
Meads, Marian L., [redacted].
Meister, Joan, [redacted].
Melnik, Clara A., [redacted].
Miller, Elaine M., [redacted].
Moore, Julia Y., [redacted].
Morton, Carol A., [redacted].
Mulhollen, Joanne R., [redacted].
Murphy, Barbara E., [redacted].
Murray, Maejane, [redacted].
Nelson, Margaret P. C., [redacted].
Novy, Lee F., [redacted].
Pavlich, Mary L., [redacted].
Penfield, Richard A., [redacted].
Piper, Doris A., [redacted].
Reuter, Margaret A., [redacted].
Ronne, Ardis H., [redacted].
Ruddy, Mary L., [redacted].
Schmidt, Carlos E., [redacted].
Soeder, Darla J., [redacted].
Solsky, Katherine R., [redacted].
Sorge, Joseph J., [redacted].
Thompson, Mary E., [redacted].
Williams, Dorothy S., [redacted].
Wolbert, June, [redacted].

MEDICAL SERVICE CORPS

Adams, Gary L., [redacted].
Amesbury, John F., [redacted].
Brady, Gene F., [redacted].
Dawson, Emmett B., [redacted].
Inman, Gilbert R., [redacted].
Knowles, Harold D., [redacted].
Kraff, Myron M., [redacted].
McDougald, Donald H., [redacted].
McNally, Paul M., [redacted].
Morton, James I., [redacted].
O'Donnell, Daniel J., [redacted].
Park, Clinton R., [redacted].
Seese, Vernon L., [redacted].
Tillery, Dean, [redacted].
Vanherpen, John, [redacted].
White, Joe B., [redacted].
Woodward, Robert L., [redacted].
Young, Robert M., [redacted].

VETERINARY CORPS

Armstrong, Robert E., [redacted].
Avadikian, Richard G., [redacted].
Banknieder, August R., [redacted].
Bonney, Charles H., [redacted].
Butler, Thomas M., [redacted].
Craig, Dan J., [redacted].
Peguesse, James E., [redacted].
Russell, Robert J., [redacted].
Schilling, Paul W., [redacted].
Schmidt, Robert E., [redacted].
Schwichtenberg, Alan E., [redacted].
Sullivan, Raymond E., [redacted].

BIOMEDICAL SCIENCES CORPS

Ainsworth, Clayton A., III, [redacted].
Arledge, Robert L., [redacted].
Arnold, Eugene L., [redacted].
Breeskin, John, [redacted].
Caldwell, Arthur P., [redacted].
Collins, Raymond J., [redacted].
Cox, Hugh N., [redacted].
Davison, Robert L., [redacted].
Dobbs, Melvin B., [redacted].
Dubose, William P., III, [redacted].
Dunton, Donald D., [redacted].
Floyd, Virginia L., [redacted].
Fox, James E., Sr., [redacted].
Giron, David J., [redacted].
Hatch, Richard H., [redacted].
Houston, Robert G., [redacted].
Klebanoff, May O., [redacted].
Krutz, Robert W., Jr., [redacted].
Laney, Sherrill G., [redacted].
Manders, William W., [redacted].
McKissick, Jack E., [redacted].
McRaney, William K., [redacted].
Mikesell, George W., Jr., [redacted].
Moyer, William B., [redacted].
Porterfield, Clifford E., [redacted].
Roberts, Paul F., [redacted].
Rogers, Donald J., [redacted].
Rothman, Torsten, [redacted].
Schmitt, Richard G., [redacted].
Stewart, Bonnie J., [redacted].
Wallace, James D., [redacted].
Wasserzieher, Gilbert D., [redacted].
Witzgall, Fred L., [redacted].
Wurmstein, John E., [redacted].

MEDICAL CORPS

Bisgard, Jay C., [redacted].
Herrera, Christian Y., [redacted].
O'Mara, David J., [redacted].

HOUSE OF REPRESENTATIVES—*Wednesday, March 26, 1975*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

My presence shall go with thee and I will give thee rest.—Exodus 33: 14.

Eternal Father, we are quiet in Thy presence and looking up we would come to the realization that Thou art God, that this is Thy world, that we are Thy children, and that we are called to live together in peace and with good will in our hearts. Grant that this may become so in our day.

During this Holy Week prepare us for a worthy celebration of the Passover, Good Friday, and Easter Day. May our observance of these days draw us nearer to Thee and to one another and may we receive wisdom and strength to serve our Nation and bring to fruition our hope of a greater land of liberty and justice for all.

In Thy holy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

CREATING ADDITIONAL POSITIONS ON THE U.S. CAPITOL POLICE FORCE

Mr. ANNUNZIO. Mr. Speaker, by direction of the Committee on House Administration, I send to the desk a privileged report (Rept. No. 94–118) on the resolution (H. Res. 360) creating additional positions on the U.S. Capitol Police Force for duty under the House of Representatives, for printing under the rule, and ask unanimous consent for its immediate consideration.

The SPEAKER. The resolution is referred to the House Calendar and ordered printed.

Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 360

Resolved, That (a) in addition to the number of positions on the United States Capitol Police Force, and of such personnel detailed to such police force from the Metropolitan Police Force of the District of Columbia, existing on the date of the adoption of this resolution, there are hereby authorized to be established seventy-three positions on the United States Capitol Police Force, for duty under the House of Representatives, as follows:

(1) fifty-three positions of private;
(2) seven positions as technicians;
(3) three positions as detectives;
(4) seven positions of sergeant;
(5) two positions of lieutenant; and
(6) one position as captain.

(b) Each appointment to any such additional position shall be made by the Capitol Police Board, subject to prior approval of the Committee on House Administration, without regard to political affiliation and solely on the basis of fitness to perform the duties of the position.

SEC. 2. The per annum gross rate of pay of each officer or member appointed to such additional positions shall be in accordance with the current Capitol Police Pay Schedule approved by the Committee on House Administration. The hourly rate of pay of such officer or member is determined by dividing his or her annual rate of pay by 2080.

SEC. 3. There shall be paid out of the contingent fund of the House of Representatives, until otherwise provided by law, such sums as may be necessary to pay the rates of pay (including overtime pay) and the costs of uniforms and equipment, and to cover necessary expenses, incident to carrying out the purposes of this resolution.

Mr. ANNUNZIO (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with, and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANNUNZIO. Mr. Speaker, I want to commend the distinguished gentleman from Ohio, the ranking Republican member on the Committee on House Administration, a former member of the FBI, for the outstanding help and assistance and cooperation that the gentleman has rendered for the benefit of the Members of the House.

Mr. Speaker, this resolution is aimed at providing the necessary security for the Federal building being acquired for House use which is located at the square bounded on the east by Second Street SW., on the west by Third Street SW., on the north by D Street SW., and on the south by Virginia Avenue SW. The building has been used previously by the Federal Bureau of Investigation as their Identification Building. Specifically, the resolution authorizes 73 additional positions for the U.S. Capitol Police Force on the House side, and includes raises in pay for three members of the bomb squad and for four technicians.

In addition to the existing positions on the U.S. Capitol Police Force, and of such personnel detailed to such police force from the Metropolitan Police Force of the District of Columbia, there are to be established 73 positions on the U.S. Capitol Police Force, for duty under the House of Representatives, as follows:

First. Fifty-three positions of private;
Second. Seven positions as technicians;
Third. Three positions as detectives;
Fourth. Seven positions of sergeant;
Fifth. Two positions of lieutenant; and
Sixth. One position as captain.

It is estimated that under the current Capitol Police pay schedule, total annual salary costs for the additional police will be $898,148. Expenditures for uniforms, guns, radios, and other equipment will equate to $78,740.

The intent of this resolution is to integrate these 73 additional positions into the existing Capitol Police pay schedule system as approved by the Committee on House Administration, and not to establish any special provisions of entitlements, rights and pay for the U.S. Capitol Police Force under the House of Representatives.

On April 7 of this year we will occupy two floors and the police are necessary for additional security of the building.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. ANNUNZIO. I yield to the distinguished gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, this resolution calls for in effect 73 additional members of the Capitol Police Department primarily for security reasons. As the gentleman from Illinois so well pointed out, the House has recently acquired the FBI Building, because of our stress and need for additional space and, of course, that will require security.

In addition to that, the powerplant that exists just south of the Capitol complex is a very vulnerable area in the event someone would try to disable the functions of Capitol Hill. So we are talking about 73 policemen, but not all at once. It will take time to train them and put them out in the field. We are talking about three shifts, three 8-hour shifts, and when we divide it up into that, it is really not a large measure. It is necessary for security purposes.

I urge adoption of the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON JUDICIARY AND ITS SUBCOMMITTEES TO SIT WHILE HOUSE IS IN SESSION TODAY

Mr. CONYERS. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary and its subcommittees be permitted to proceed this morning with hearings on legislation amending current Federal law with respect to firearms and proposed amendments to the Federal rules of criminal procedure, during the time the House is in session.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BAUMAN. Mr. Speaker, I wonder if the Chair could give the House some indication as to what the likelihood is on action on the tax bill.

The SPEAKER. The Chair would like to state that the Chair is as anxious as the gentleman from Maryland to be able to answer his question. Although the Chair has consulted with various members of the conference committee, the Chair is not prepared at this time to say when we might expect that.

Mr. BAUMAN. I thank the Speaker.

RECESS

The SPEAKER. Pursuant to the authority granted the Chair on yesterday, the Chair declares a recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 6 minutes a.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 4 o'clock and 45 minutes p.m.

CALL OF THE HOUSE

Mr. WYDLER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 95]

Ashbrook
Bell
Brown, Calif.
Broyhill
Cederberg
Collins, Ill.
Conyers
Dent
Dickinson
Diggs
Erlenborn
Evins, Tenn.
Fish
Fraser
Fuqua
Giaimo
Hawkins
Hays, Ohio
Heckler, Mass.
Hightower
Holland
Ichord
Melcher
Mills
Murphy, N.Y.
Passman
Patman
Pickle
Runnels
Ruppe
Scheuer
Sebelius
Skubitz
Smith, Nebr.
Stuckey
Teague
Traxler
Waxman
Wiggins

The SPEAKER. On this rollcall 393 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

APPOINTMENT AS MEMBER OF DISTRICT OF COLUMBIA LAW REVISION COMMISSION

Mr. RHODES. Mr. Speaker, pursuant to the provisions of section 2(a), Public Law 93-379, I have today appointed as a member of the District of Columbia Law Revision Commission the Honorable Henry P. Smith III.

APPOINTMENT AS MEMBER OF DISTRICT OF COLUMBIA LAW REVISION COMMISSION

The SPEAKER. Pursuant to the provisions of section 2(a), Public Law 93-379, the Chair appoints as a member of the District of Columbia Law Revision Commission Mrs. Patricia Roberts Harris, of Washington, D.C.

RESIGNATION AS MEMBER OF U.S. DELEGATION OF CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

The SPEAKER laid before the House the following resignation from the U.S. delegation of the Canada-United States Interparliamentary Group:

WASHINGTON, D.C.,
March 18, 1975.

Hon. CARL ALBERT,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Please accept my resignation as a member of the U.S. Delegation of the Canada-United States Interparliamentary Group. I very much regret not being able to participate as a member of the delegation but find that I have a number of important long-standing commitments which I am obliged to honor during the week of the meeting in Quebec City.

Best regards,
Sincerely,

STEPHEN J. SOLARZ,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

APPOINTMENT AS MEMBER OF U.S. DELEGATION OF CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

The SPEAKER. Pursuant to the provisions of section 1, Public Law 86-42, the Chair appoints as a member of the U.S. delegation of the Canada-United States Interparliamentary Group the gentlewoman from New Jersey, Mrs. MEYNER, to fill the existing vacancy thereon.

PROVIDING FOR CONSIDERATION OF H.R. 2166, TAX REDUCTION ACT OF 1975

Mr. MATSUNAGA. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 358, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 358

Resolved, That immediately upon the adoption of this resolution, clause 2, rule XXVIII to the contrary notwithstanding, it shall be in order to consider any conference report on the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The SPEAKER. The gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 1 hour.

Mr. MATSUNAGA. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 358 provides that, clause 2, rule XXVIII of the Rules of the House of Representatives to the contrary notwithstanding, it would be in order to consider the conference report on the bill H.R. 2166, known as the Tax Reduction Act of 1975.

Clause 2 of rule XXVIII is divided into two paragraphs. Paragraph (a) relates to the 3-day filing requirement for the conference report and the accompanying statement, and the printing of both in the CONGRESSIONAL RECORD for the day on which such report and statement are filed.

Paragraph (b) relates to the consideration of Senate amendments reported from conference in disagreement.

Mr. Speaker, following a series of protracted daily meetings, many of which extended late into the night, the conference committee filed its report and statement today. House Resolution 358 would waive the 3-day layover requirement and enable this body to consider immediately the conference report on the Tax Reduction Act of 1975.

It would not be an exaggeration to state that not only the Congress, but also the Nation as a whole has been awaiting the results of the conference on H.R. 2166, a legislative proposal that undoubtedly will prove to be one of the most important measures to be considered by the 94th Congress.

Mr. Speaker, I urge the adoption of House Resolution 358 in order that the conference report on H.R. 2166 may be considered.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the rule under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. QUILLEN. Mr. Speaker, the able gentleman from Hawaii (Mr. MATSUNAGA) has explained the provisions of this resolution. It does waive the 3-day rule and, as well, waives the provision that a printed report must be available. All the eyes of this Nation are upon the House this evening as we act upon this conference report. The conferees have met around the clock for 2 days now trying to reach a compromise on the important matters added by the Senate and embraced in the House bill. I know that many of the provisions that will be discussed in the conference report will not meet the approval of many on this side of the aisle and probably on the other side of the aisle, also. But, Mr. Speaker, I see no objection to this House getting down to the business of discussing the conference report because it is of great importance to the people, the economy, and this Nation.

Mr. Speaker, whatever my individual reaction might be to some of the nongermane amendments and to the measure which was passed by the House, I would recommend that this rule be adopted and that we discuss the conference report.

Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, the hour is late in the afternoon, and I realize the cries of "Vote! Vote!" have begun to rise in the Chamber. But as one who was not present in the Committee on Rules and, therefore, did not vote on this particular rule, I do have some reservations about the apparently very hasty manner in which we are going to consider this bill this afternoon.

Under all of the pressures of plans that have been made to get away from the city, we are going to legislate on apparently a total package of something like $23 billion. I doubt very much whether we are going to have an opportunity during the scant 1 hour that is provided for under the rules of this House to give this matter the kind of detailed consideration that it should have. I can only very briefly say that I was shocked to come to the Chamber this afternoon and find out, for example, that we still have percentage depletion in this bill for as long as until 1984, at which time it will remain at the rate of 15 percent for producers of 1,000 barrels a day or less.

And I am surprised. Where are the people on the Democratic side of the aisle who led us to believe when we were debating this tax bill just a few days ago that this was the important consideration, to get a tax bill out of the Congress that would eliminate depletion? I happen to be one of those who did not think we should tack it on, but at the same time, I am sure my colleagues remember I stood in the well of this House and I spoke against the amendment of the gentleman from Texas (Mr. CHARLES WILSON) that would have preserved an exemption for producers of 3,000 barrels a day or less.

Now we are back here today with an exemption for producers of 2,000 barrels a day until 1984 and thereafter a continuing exemption for some producers permanently at the rate of 15 percent.

I think we ought to have more time—more time—on this.

I am not here to block a tax bill. I want the stimulus that will be afforded to the economy through the passage of a judicious tax bill as badly as anyone, but I do not want to be panicked; I do not want to be rushed pell-mell into adopting permanent changes—permanent changes in the Tax Code of this country—until I am satisfied as one Representative that we have had a chance to scrutinize in detail what has been done.

To date, because of the rule that was adopted on Monday, the only thing that I have been able to lay my hands on—and I obviously have not had time to read it since this House came back into session less than 30 minutes ago—is a summary of the conference report.

As I understand it, there are three copies—and I stand to be corrected if I am wrong—there are only three copies available of a conference report on a $23 billion bill. I do not want to stand here and pose as a purist and as a stickler for detail, because I am perfectly willing to take shortcuts when it is necessary. But my vacation is not so important, we are not so busy that we should not take more time to consider this matter today.

The SPEAKER. The time of the gentleman has expired.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Speaker, surely the House is not going to consider this legislation without the printed report of the conference committee before us. Surely we have not forgotten in the waning days of the last session we considered a tax measure brought forth under a similar suspension of the rules and lived to regret it. It was a little bill, the Members will recall, on upholstery needles that had six or eight tax gimmicks added in conference.

This is one of the most important bills we will consider all year, certainly the most important we have considered thus far. After scrupulously observing the procedural safeguards that permit this body to properly do its work on all the minor and routine bills that have come forth, are we now to forego our right to know what we are doing on an issue of such magnitude? Surely not.

I urge my colleagues to vote down this rule and let the bill lay over at least until tomorrow when we can have a conference report and know what we are voting on.

Mr. MATSUNAGA. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. REES).

Mr. REES. Mr. Speaker, I reluctantly rise to oppose the rule. I come from California and I would like to get back to my State because I cannot get back on weekends and I like to have the time set aside such as the recess for Easter. But rule XXVIII of the House of Representatives was to give us a chance to read a conference committee report and find out what was decided by the conference committee.

This is a $23 billion bill and we do not have a conference committee report before us. This is not the first time this has happened. I find each time we waive this rule at the end of a session, and it is a Ways and Means bill dealing with taxes, that the taxpayers get short shrifted.

Very frankly, as one Member who is very much interested in the tax system, especially when we deal with $23 billion, I would like to see the conference committee report and I would like to have 3 or 4 hours to find out exactly how it is going to affect this country and my district, and I ask for a "no" vote.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I regretfully rise in opposition to the rule for several reasons. We debated in this House an entirely different bill than what has been reported loosely to be in the conference report. I know there is a lot of comment, "well, it does not matter what the heck we do here today, nobody really knows what is in the bill, let us go ahead and vote for it because it is supposedly for the people."

How do we know? Last Saturday our chairman of the Committee on Ways and Means admitted on this floor that he did not really know what was in the Senate bill. He could not really tell us because there were so many nongermane amendments. How can we possibly know after just a few days of intensive debate in conference what is really in the new bill, no matter how many hours these fine conferees combed through this issue. We are now going to waive a rule that we worked very hard to make sure we put in place last year and that is to provide adequate time for the printing of a conference report and a full understanding of the many items on which we are voting.

Now, it was not but 1 or 2 years ago that we said in this House that we wanted to reform the rules to make sure that we had adequate time to understand what we were voting for, following a conference.

I seriously doubt if there are even people on the Committee on Ways and Means that know fully what is in this bill. This rule before us will force us once again to vote in total darkness.

It is very easy to say that we are in a hurry, it is time to go home and all those other things; but do we not owe our own constituents a better understanding of the major issues of this conference report than the hasty consideration of the moment. This rule does basic damage to the ability of every Member in this House to know and understand the many important aspects of this bill.

That does not mean he has to read the conference report, but at least the conference report is available.

I urge my colleagues to vote "no" on the rule.

Mr. QUILLEN. Mr. Speaker, I have no further requests for time, but I want to point out that while this Member did vote for the tax rebate bill when it was on the floor of the House, I do not agree with some of the provisions in the bill.

I do not agree with some of the nongermane amendments in the conference report, but I think the House here this evening is entitled to consideration of the conference reort, because as I said in the beginning, all the eyes of America are upon us and it might be construed that any delay would mean that the American people would be denied tax rebate.

Mr. Speaker, I have no further requests for time, but I reserve the balance of my time.

Mr. MATSUNAGA. Mr. Speaker, I yield 3 minutes to the distinguished chairman of the Committee on Ways and Means, the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, let me tell my friends in the House that the conferees have worked about as diligently as any Members ever have. We have attempted to keep the American people, as well as the Members of Congress informed.

We have had full press conferences yesterday and today following every action that we have taken. It has been rather widely publicized in the press.

I regret that because some of the very basic decisions were not finalized until early this afternoon, and this is a very complex technical matter that requires more drastic care than anything else we can imagine, that we have had the staff working as hard and as efficiently as possible. They are in the process of copying all the material now. We had expected this to be on the floor by 5:30, and I am rather sure that it will. That is the timetable they are meeting for both copies of the bill and the statement of the managers.

Now, the statement of the managers is here now and copies of the bill will be very shortly.

As I have indicated, somebody said that the conferees did not know themselves what is in this bill; but I would say every conferee participated almost 100 percent of his time. We totally understood every decision that we made as we made it, even though it is very complex and very difficult.

I do not frankly know everything about the law, but we tried to understand the issues related to the decisions we had to make. We will present the issues and the decisions to the House as clearly as we can.

Hopefully, I had anticipated that this debate might go on a little longer. My Republican colleagues have not talked as long as I anticipated. We should have this material on the floor very shortly. As far as I am concerned I am prepared to stay here until tomorrow, if that is the wish of the House; but the conferees have been laboring under the assumption that the Members would like to get away. I am sure when we get a chance to look at this report, we will see that the conferees have been responsible.

We have cut the Senate bill back to proper proportions, and every matter we have accepted has been done in a spirit of complete responsibility. There are some things in here I did not want, but when we accepted the Senate version on matters I did not want, or the conferees did not want, we did our very best to cut them back and limit them and put them in a perspective of responsibility.

I think, when the Members have a chance to examine it—and we will attempt to explain it to them—when they examine it, I think they will agree that this is a very responsible piece of legislation.

The SPEAKER. The time of the gentleman from Oregon has expired.

Mr. MATSUNAGA. Mr. Speaker, I yield 1 additional minute to the gentleman from Oregon.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Speaker, I have talked to the floor manager on this side of the aisle and had considered asking for some time on this rule because I think it is abundantly clear that no truly sound, responsible Member of this body would consider final passage of legislation of this importance under a limitation of 1 hour of debate.

But, it has been suggested to me on this side that, I am a lawyer, and know the law does not require one to do a useless thing, and to debate the rule would be an exercise in futility because the majority caucus has determined that 1 hour of debate is adequate and the rule will be adopted.

Everybody agrees on this side. I would like to ask the gentleman, is that true?

Mr. ULLMAN. They are rules of the House. I have no control over them. I would be happy to use the time to respond to any questions that Members have if the gentleman from Hawaii would choose to do that and if there are questions.

Mr. BROWN of Michigan. Then I would direct my question to the gentleman from Hawaii. Will the gentleman confirm that there has been a determination made by my fine colleagues on that side of the aisle to the effect that an hour of debate is long enough?

The SPEAKER. The time of the gentleman from Oregon has again expired.

Mr. MATSUNAGA. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The Chair is under the impression that the gentleman from Oregon wanted to answer questions.

Mr. MATSUNAGA. Mr. Speaker, I yield 1 additional minute to the gentleman from Oregon.

Mr. BAUCUS. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Montana.

Mr. BAUCUS. Mr. Speaker, the gentleman mentioned in his remarks, and I appreciate it very much, that the conferees tried to act as responsibly as possible, and in fact the Members stood by their positions as much as possible.

PARLIAMENTARY INQUIRY

Mr. SCHULZE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SCHULZE. Mr. Speaker, is there a motion on the floor? Did not the gentleman make a motion? Does it require unanimous consent to withdraw the motion?

The SPEAKER. It does not require unanimous consent to withdraw a motion in the House, and in any event the Chair did not recognize the gentleman to make a motion.

Mr. BAUCUS. Mr. Speaker, earlier this morning, about noon, I, as a new Member of Congress, thought that I should inform myself so that I could inform my constituents of what is in the tax bill, so I found out where the conferees were meeting. I went over to the room, talked to the policeman. He said I could enter because I was a Member of Congress.

I got into the meeting room, and I was asked to leave.

Mr. Speaker, I understand that not only Members of Congress who are not conferees, but also other Members of the Committee on Ways and Means are not entitled to sit in on the closed conference committee meetings.

It seems to me, since this is the biggest tax bill in the history of this country, that it is repugnant to a Member of Congress that he is not entitled to sit in on a meeting such as this, particularly when there were about 100 bureaucrats sitting in.

Mr. Speaker, my question is this: I am wondering if, the next time the joint conference committee meets between the Senate and the House, if the gentleman will urge the Senate to agree to open the meetings, because I think people in the country are a little bit concerned about backdoor, backroom politics, and they want full meetings as much as possible. I hope the gentleman will urge the Senate to open the meetings.

Mr. ULLMAN. Mr. Speaker, if I have any additional time, let me reply to the gentleman.

The gentleman raised the issue of an open conference. It has never been done. I am not going to be adverse to doing it. I think one can make an argument for doing it. The Senate has not passed rules that correspond to the House as of yet. If they would have, I am sure this conference would have been open. But we also have space problems. We did move over into the main hearing room of the Committee on Ways and Means for part of the conference, but we were over here at H-208, and we were also over on the Senate side into a small room. If there were any problems, I apologize to my friend from Montana (Mr. BAUCUS). I did not ask him to leave. I think it was another member of the committee. But it would not have been fair to allow one member and not allow others. It is a Senate rule that prevents it, and the Senators are rather touchy about it, and I think, under the circumstances, it would have been very unfair to us to allow this to happen.

This happens to be a conference between the Senate and the House. The House cannot unilaterally open it up. It has to be by agreement. The Senate has a rule about any Member being there who is not a member of the committee, and we simply have to abide. I am not going to be averse to doing it, but I think we can do it under a little more favorable circumstance than we had going here, where we had just a short time.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. GREEN. Mr. Speaker, I thank the gentleman for yielding.

I would like to rise to support the rule and to support the conference report. It was just a few weeks ago, when this fight began on oil depletion, that we were told, if we tried to tie oil depletion in this bill, there would be a filibuster in the Senate and we would delay a much-needed tax bill for the people of this country. It has not happened. We got 80 to 90 percent of what we wanted on the oil depletion.

The SPEAKER. The time of the gentleman has expired.

Mr. MATSUNAGA. I yield 2 additional minutes to the gentleman from Oregon.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. GREEN).

Mr. GREEN. Mr. Speaker, the House conference had a very difficult job on its hands. While I am not perfectly satisfied with what happened on the oil depletion, there will be an energy bill and there will be a tax reform bill, and we can do something about it at that time if it is the will of this House and the Senate.

However, we did achieve most of what we wanted. All we heard from the other side was that we would cause delay, and now that is what they want to do.

I want to say what they said a few weeks ago, and that is that the American people need this tax rebate. That is what our President said, that is what the Democratic Members of Congress say, and that is precisely what we should do before we go home. I support this conference report.

Mr. ULLMAN. Mr. Speaker, just let me say it has been a rough conference. We must look at what we have accomplished, considering the fact that all of the liberal Senators on the other side supported the Senate version of the bill. We had to do a great deal of revising the depletion formula.

We pared it down. That is true both in the total amount of the tax cut and on depletion. I think it is something we can live with for a time.

Mr. Speaker, let me tell the Members concerning this matter that when we adopt the rule, we will automatically go into recess, and I will be happy then to talk with different Members and give them time, before we bring the conference report up on the floor, to look at the papers and look at the bill and look at the statement of the managers that should be here very shortly, and then we will be glad to coordinate and cooperate with the Members and give them time to look at it and bring up their questions.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Speaker, is the distinguished committee chairman saying that after the rule has been voted on, if it is adopted, it would not be the gentleman's intention to take up the measure until we have the report and the information so that we can intelligently act on the measure?

Mr. ULLMAN. Mr. Speaker, the gentleman is correct. We will automatically go into recess, and I will confer with different Members. I am not sure I want to confer with the minority, because I am not sure they are in a cooperative mood. But we do want to work with the Members and give them sufficient time so they can examine the papers, and then we will cooperate with the Members on that.

The SPEAKER. The time of the gentleman from Oregon (Mr. ULLMAN) has expired.

Mr. MATSUNAGA. Mr. Speaker, I yield such time as he may consume to the gentleman from Oregon (Mr. ULLMAN).

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield further?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Speaker, based on that assumption, I will vote for the rule if I know we will have the report before we vote, because I agree with the gentleman on that. I remember the needle upholstery bill last year, and thank God, out of instinct I voted "No."

I agree that the measure should be in print, but given the gentleman's assurance, I will vote for the rule if I know the measure will not be taken up until we have something to look at.

Mr. MIKVA. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Illinois, a member of the committee.

Mr. MIKVA. Mr. Speaker, I appreciate the chairman of the committee yielding to me.

Let me say that I do not like closed conferences either. It is my intention as a member of the committee, as soon as we next get back into the committee, to see what we can do about forcing the Senate to change its rules, even if that means in fact that we have to be as intransigent as they were during this conference.

I trust that the Republican members of this committee will as vigorously support that effort as they are now talking about such matters on the floor.

Mr. Speaker, I think the Members on the floor ought to know that, as I understand it, not a single member of the Republican Party in the House signed the conference report and only one of the Republican conferees from the Senate signed the conference report. It is all well and good to talk about this coming up suddenly, but at least this side of the aisle ought to know that there apparently is an effort to delay the tax cut bill on that side of the aisle.

If I still have the floor, Mr. Speaker, I will say that perhaps they have good reasons, I do not know, but I remember, along with the gentleman from Pennsylvania (Mr. GREEN), being lectured by the other side of the aisle as being terribly irresponsible and being told that if we even wanted to debate the oil depletion allowance for 1 hour, we would delay it. Now we are talking about kicking it over, and obviously no Member on the other side is saying when we ought to do it. Some Members are saying that 1 hour is not long enough for this conference report. I do not remember when 1 hour was not long enough for a conference report. That was not true during this session and during other sessions when I have been here.

Mr. Speaker, let me say that if there should be some substantial reason why the other side of the aisle does not want a tax cut bill, they ought to let the American people in on it.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, I would suggest that while we are here waiting for the report to be ready for the House, we should give the chairman of the Committee on Ways and Means an opportunity to go to the well and tell us about this bill and the work of the conferees so that we can be informed fully when the document gets here and proceed with our further questioning at that time. It would be proper that we utilize this time to learn about what was done in conference and then proceed to a proper questioning of the chairman of the committee and other members of the conference in order to find out what has to be resolved so that we can utilize this time and move to action on the bill.

So, Mr. Speaker, I would hope that we could somehow dispose of the rule so that the committee chairman could come to the well of the House and proceed to tell us about the conference report.

Mr. REES. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California (Mr. REES).

Mr. REES. Mr. Speaker, I would suspect that the conference report that will be coming will be a good conference report. The only issue that we have here is the way clause 2 of rule **XXVIII** states, that the conference report shall be printed in the RECORD for 3 legislative days and that copies of the conference committee report should then be available to Members on the floor.

I have my Democratic whip advisory, and it says as follows:

> Cautionary note: This is complex legislation, so you should rely on official committee reports for details.

With that caveat, following are the highlights.

Very frankly, I would like more than 1 hour to debate on this conference report, to look at these very complex details of legislation that entails $23 billion worth of tax legislation, so it is not that I am opposed to the conference report. It might be the finest thing since canned beer.

Mr. ULLMAN. Mr. Speaker, in answer to the gentleman, the chairman of the committee has absolutely no desire to present a measure to the floor that the people do not understand. It is going to be his intention when he handles bills to do everything he can to make the matters in the conference report as widely understood as possible. In the past, it has not always been true.

As a matter of fact, I just conferred with the majority leader, and I see no reason why, when we pass this rule, that we do not take a special order. I would be happy to take a special order of 60 minutes or longer, if need be, and go through it with the Members of the

House. Then when we get into the consideration of the measure, we will have additional time.

Evidently the staff has run into some bottlenecks. Those papers should be here now, but certainly if we take an hour special order, by the time we are through, the material should be in front of us here, and at that time we can intelligently go through it so that all Members fully understand it.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the majority leader.

Mr. O'NEILL. Mr. Speaker, I want to thank the gentleman.

For those who are unaware of what the procedure is, the committee has to file the report. The report has technically not been filed yet. While we are working on the rule, there will be a Xerox copy provided when the report is filed. We are asking the Members for the adoption of the rule. Normally, if we did not have the rule to suspend the 3 days, we would have to wait until the item was printed. It would take a considerable time. This matter will not be printed for a couple of days. Actually, we will have the Xerox printed matter before us when the conference report is filed. Therefore, the gentleman from Oregon (Mr. Ullman), the chairman of the committee, is asking that when the rule is adopted, he will request unanimous consent that he may have a special order. The special order will be until such time as the report has been filed or the Xerox copy of it because at that time he would move the conference report and we would have an hour of debate, may I just say, with respect to it.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I will be happy to yield to the gentlewoman from New Jersey (Mrs. Fenwick).

Mrs. FENWICK. Mr. Speaker, could I point out to the Members of the House that I think we are all anxious to see this bill through. I certainly will be willing to stay here for 2 or 3 days, for 5 hours or 10 or 15, whatever is needed. I think it is urgent and needed.

I am troubled by the idea that the day is so short. I am struck by section 3. What is that going to do to our young working couples? What is going to happen to their taxes? It is going to be worse than it was before. These are things that need to be debated and that I want to know about.

How much time will we have to study these questions to see what we are doing to the lives of people before we vote?

Mr. ULLMAN. Mr. Speaker, I am going to ask unanimous consent for a special order for an hour, and we will be able to help people understand the bill. Then once we receive the printed matter, if we want to continue with the special order, I will be happy to do that. I want to do what the House wants. I think it is in the best interest of the House and I think it is in the interest of the Congress and of the country that we stay here today and finish the bill tonight.

Mrs. FENWICK. Right.

Mr. Speaker, I thank the chairman.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. I thank the gentleman for yielding.

My colleague, the gentleman from Illinois, seems to be very unhappy that two of the Republican Members did not sign the conference report. I was not under the impression that I was sent to the conference to be a rubber stamp.

There are two or three sections to which I take very violent exception. I will outline them on the floor later. I did not sign the conference report for a very good reason that I will delineate later.

Mr. ULLMAN. I think, though, that the gentleman does agree with most of the conference report. I think he does agree that we considered it in a responsible way. I have some disagreement with particulars myself, with particular parts.

Mr. SCHNEEBELI. We worked hard, we fought hard, and we did not win, and we are establishing very bad principles here to which I object.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Illinois (Mr. Anderson).

Mr. ANDERSON of Illinois. Mr. Speaker, as the Members know, I for one, a few moments ago, in the well, deplored the procedures under which we were operating which deprives Members of the opportunity to read the report, and to have an opportunity to conduct colloquy, if necessary, with the chairman so as to seek answers to their questions, and I want to congratulate the gentleman from Oregon (Mr. Ullman) the chairman of the committee, on the offer the gentleman has just made to seek a special order for that purpose. I for one will be anxious to be here to listen to his explanation. I think it will serve the purpose to which I referred.

Mr. QUILLEN. Mr. Speaker, I have some requests for time.

I yield 1 minute to the distinguished gentleman from Michigan (Mr. Brown).

Mr. BROWN of Michigan. Mr. Speaker, I would like to direct my remarks to the majority side of the aisle and especially to the gentleman from Hawaii.

If it is recognized, as apparently it is, that 1 hour is not enough time to debate the conference report, necessitating the requests which are being made to engage in special orders and all kinds of other extraneous or unusual activities, I would ask: Why did not the Committee on Rules provide in this rule a waiver of the 1-hour limitation on conference reports so that we might have had sufficient time to properly debate this conference report? The Rules Committee could have done this through a waiver or a suspension of the rules so that we might have had 5 hours of debate on the conference report or such time as might be needed so that Members could have an adequate amount of time on the matter.

Why did not the Committee on Rules do that if, in fact, they were not going to just in effect ram the bill down the throats of the minority without any chance to know what is going on, and this applies not just to the minority, but to many Members on the majority's side.

Mr. MATSUNAGA. Mr. Speaker, if the gentleman will yield, the gentleman has just heard the offer of the distinguished chairman of the Committee on Ways and Means, the gentleman from Oregon, (Mr. Ullman) that immediately upon the adoption of the rule he will seek to take a special order for 1 hour to answer any question which any Member may have.

Mr. BROWN of Michigan. The gentleman from Hawaii is not answering my question. Why did not the Committee on Rules provide for a rule to guarantee 5 hours of debate?

Mr. MATSUNAGA. Because we did not anticipate objections from gentlemen like the gentleman now in the well.

The SPEAKER. The time of the gentleman has expired.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Connecticut (Mr. McKinney).

Mr. McKINNEY. Mr. Speaker, I take extreme exception to the remarks of my good friend, the gentleman from the State of Pennsylvania, on the oil depletion allowance, because all of us from New England have been with the gentleman from the very beginning in this fight.

I think, quite frankly, we are acting in haste without knowing what the conferees have done on the very day after, at a New York press conference, Mobil Vice President Herman Schmidtt said in a direct quotation:

> If the actions of the U.S. Congress make it impossible for the U.S. international oil companies to operate competitively world-wide on some viable basis, Mobil would have to seriously consider a number of options including:
>
> 1. Spinning off its overseas affiliates;
> 2. Selling major overseas ventures to foreign firms; or
> 3. Or possible, even moving control of its international operations out of the U.S.

After a direct threat like that we will act tonight, without knowing one bit what we have done on oil taxes. The only thing we are acting is to be a spectacle in front of the United States of America, when we at 8 or 9 o'clock at night will be deliberating a bill, on the beginning of the Jewish holidays and, more importantly, when we could be deliberating carefully in the bright light of day tomorrow, simply for the purpose of taking a vacation that everybody thinks we take too many of, anyway.

Mr. MATSUNAGA. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. Ullman).

CONFERENCE REPORT ON H.R. 2166, TAX REDUCTION ACT OF 1975

Mr. ULLMAN submitted the following conference report and statement on the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes:

CONFERENCE REPORT (H. REPT. 94–120)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Tax Reduction Act of 1975".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Amendment of 1954 Code.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

Sec. 101. Refund of 1974 individual income taxes.
Sec. 102. Refunds disregarded in the administration of Federal programs and federally assisted programs.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Increase in low income allowance.
Sec. 202. Increase in percentage standard deduction.
Sec. 203. Credit for personal exemptions.
Sec. 204. Credit for certain earned income.
Sec. 205. Withholding tax.
Sec. 206. Increase in income limitation applicable to child and dependent care deduction.
Sec. 207. Extension of period for replacing old residence for purposes of nonrecognition of gain under section 1034.
Sec. 208. Credit for purchase of new principal residence.
Sec. 209. Effective dates.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

Sec. 301. Increase in investment credit.
Sec. 302. Allowance of investment credit where construction of property will take more than 2 years.
Sec. 303. Change in corporate tax rates and increase in surtax exemption.
Sec. 304. Increase in minimum accumulated earnings credit from $100,000 to $150,000.
Sec. 305. Effective dates.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND BUSINESSES

Sec. 401. Federal welfare recipient employment incentive tax credit.
Sec. 402. Time when contributions deemed made to certain pension plans.

TITLE V—PERCENTAGE DEPLETION

Sec. 501. Limitations on percentage depletion for oil and gas.

TITLE VI—TAXATION OF FOREIGN OIL AND GAS INCOME AND OTHER FOREIGN INCOME

Sec. 601. Limitations on foreign tax credit for taxes paid in connection with foreign oil and gas income.
Sec. 602. Taxation of earnings and profits of controlled foreign corporations and their shareholders.
Sec. 603. Denial of DISC benefits with respect to energy resources and other products.
Sec. 604. Treatment for purposes of the investment credit of certain property used in international or territorial waters.

TITLE VII—MISCELLANEOUS PROVISIONS

Sec. 701. Certain unemployment compensation.
Sec. 702. Special payment to recipients of benefits under certain retirement and survivor benefit programs.

SEC. 2. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

SEC. 101. REFUND OF 1974 INDIVIDUAL INCOME TAXES.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6428. REFUND OF 1974 INDIVIDUAL INCOME TAXES.

"(a) GENERAL RULE.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 10 percent of the amount of his liability for tax for such taxable year.

"(b) MINIMUM PAYMENT.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $100 ($50 in the case of a married individual filing a separate return).

"(c) MAXIMUM PAYMENT.—

"(1) IN GENERAL.—The amount treated as paid by reason of this section shall not exceed $200 ($100 in the case of a married individual filing a separate return).

"(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) LIABILITY FOR TAX.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) DATE PAYMENT DEEMED MADE.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) JOINT RETURN.—For purposes of this section, in the case of a joint return under section 6013 both spouses shall be treated as one individual.

"(g) MARTIAL STATUS.—The determination of marital status for purposes of this section shall be made under section 143.

"(h) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1974 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be substituted for "45 days" each place it appears in such section 6611(e).

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"SEC. 6428. Refund of 1974 individual income taxes."

SEC. 102. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

SEC. 201. INCREASE IN LOW INCOME ALLOWANCE.

(a) IN GENERAL.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

"(c) LOW INCOME ALLOWANCE.—The low income allowance is—

"(1) $1,900 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $1,600 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $950 in the case of a married individual filing a separate return."

(b) CHANGE IN FILING REQUIREMENTS TO REFLECT INCREASE IN LOW INCOME ALLOWANCE.—So much of paragraph (1) of section 6012(a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1)(A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—

"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,350, "(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $2,650, or

(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than $3,400 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home.

Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) The amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 15(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151(c);".

(c) CHANGE IN OPTIONAL TAX TABLES.—Section 3 (relating to optional tax tables) is amended by striking out "$10,000" and by inserting in lieu thereof "$15,000".

SEC. 202. INCREASE IN PERCENTAGE STANDARD DEDUCTION.

(a) INCREASE.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—

"(1) $2,600 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,300 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,300 in the case of a married individual filing a separate return."

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $2,600 ($2,300 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

SEC. 203. TAX CREDIT FOR PERSONAL EXEMPTIONS.

(a) IN GENERAL.—Subpart A of part VI of subchapter A of chapter 1 (relating to credits allowable against tax) is amended by redesignating section 42 as section 43 and by inserting after section 41 the following new section:

"SEC. 42. CREDIT FOR PERSONAL EXEMPTIONS.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year $30, multiplied by each exemption for which the taxpayer is entitled for the taxable year under subsection (b) or (e) of section 151.

"(b) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year. In determining the credits allowed under—

"(1) section 33 (relating to foreign tax credit),

"(2) section 37 (relating to retirement income),

"(3) section 38 (relating to investment in certain depreciable property),

"(4) section 40 (relating to expenses of work incentive programs), and

"(5) section 41 (relating to contributions to candidates for public office), the tax imposed by this chapter shall (before any other reductions) be reduced by the credit allowed by this section."

(b) TECHNICAL AND CLERICAL AMENDMENTS.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Credit for personal exemptions.
"Sec. 43. Overpayments of tax."

(2) Section 56(a)(2) (relating to imposition of minimum tax) is amended by striking out "and at the end of clause (iv) by striking out "; and" at the end of clause (v) and inserting in lieu thereof ", and", and by inserting after clause (v) the following new clause:

"(vi) section 42 (relating to credit for personal exemptions); and".

(3) Section 56(c)(1) (relating to tax carryovers) is amended by striking out "and" at the end of subparagraph (D), by striking out "exceed" at the end of subparagraph (E) and inserting in lieu thereof "and", and by inserting after subparagraph (E) the following new subparagraph:

"(F) section 42 (relating to credit for personal exemptions), exceed".

(4) Section 6096(b) (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 41" and inserting in lieu thereof "41, and 42".

SEC. 204. CREDIT FOR CERTAIN EARNED INCOME.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by redesignating section 43 as section 44, and by inserting after section 42 the following new section:

"SEC. 43. EARNED INCOME.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of so much of the earned income for the taxable year as does not exceed $4,000.

"(b) LIMITATION.—The amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $4,000.

"(c) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual means an individual who, for the taxable year—

"(A) maintains a household (within the meaning of section 214(b)(3) in the United States which is the principal place of abode of that individual and of a child of that individual with respect to whom he is entitled to claim a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents), and

"(B) is not entitled to exclude any amount from gross income under section 911 (relating to earned income from sources without the United States) or section 931 (relating to income from sources within the possessions of the United States).

"(2) EARNED INCOME.—

"(A) The term 'earned income' means—

"(i) wages, salaries, tips, and other employee compensation, plus

"(ii) the amount of the taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402(a)).

"(B) For purposes of subparagraph (A)—

"(i) except as provided in clause (ii), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year,

"(ii) the earned income of an individual shall be computed without regard to any community property laws,

"(iii) no amount received as a pension or annuity shall be taken into account, and

"(iv) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) MARRIED INDIVIDUALS.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for the taxable year under section 6013.

"(e) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) REFUND TO BE MADE WHERE CREDIT EXCEEDS LIABILITY FOR TAX.—

(1) Section 6401(b) (relating to excessive credits) is amended—

(A) by inserting "43 (relating to earned income credit)," before "and 667(b)"; and

(B) by striking out "and 39" and inserting in lieu thereof a comma and ", 39 and 43".

(2) Section 6201(a)(4) (relating to assessment authority) is amended by—

(A) inserting "or 43" after "section 39" in the caption of such section; and

(B) striking out "oil)," and inserting in lieu thereof "oil) or section 43 (relating to earned income),".

(c) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 43. Credit for certain earned income.
"Sec. 44. Overpayments of tax."

SEC. 205. WITHHOLDING TAX.

(a) REQUIREMENT OF WITHHOLDING.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables prescribed by the Secretary or his delegate. The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld with respect to wages paid after April 30, 1975, and before January 1, 1976, shall reflect the full calendar year effect for 1975 of the amendments made by sections 201, 202, 203, and 204 of the Tax Reduction Act of 1975. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1)."

(b) CONFORMING AMENDMENT.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

SEC. 206. INCREASE IN INCOME LIMITATION APPLICABLE TO CHILD AND DEPENDENT CARE DEDUCTION.

Section 214 (relating to expenses for household and dependent care services necessary for gainful employment) is amended by striking out "$18,000" each place it appears in subsection (d) and inserting in lieu thereof "$35,000".

SEC. 207. EXTENSION OF PERIOD FOR REPLACING OLD RESIDENCE FOR PURPOSES OF NONRECOGNITION OF GAIN UNDER SECTION 1034.

(a) ONE-YEAR PERIOD INCREASED TO 18 MONTHS.—

(1) Subsections (a), (c)(4), (c)(5), (d), and (h) of section 1034 (relating to nonrecognition of gain on sale or exchange of residence) are each amended by striking out "1 year" each place it appears and inserting in lieu thereof "18 months".

(2) Subsection (c)(5) of section 1034 is amended by striking out "one year" and inserting in lieu thereof "18 months".

(b) 18-Month Period for Constructing New Residence Increased to 2 Years.—Subsection (c)(5) of section 1034 is amended by striking out "18 months" and inserting in lieu thereof "2 years".

Sec. 208. Credit for Purchase of New Principal Residence

(a) Allowance of Credit.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowed) is amended by redesignating section 44 as section 45 and by inserting after section 43 the following new section:

"Sec. 44. Purchase of New Principal Residence.

"(a) General Rule.—In the case of an individual there is allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 5 percent of the purchase price of a new principal residence purchased or constructed by the taxpayer.

"(b) Limitations.—

"(1) Maximum credit.—The credit allowed under subsection (a) may not exceed $2,000.

"(2) Limitation to one residence.—The credit under this section shall be allowed with respect to only one residence of the taxpayer.

"(3) Married individuals.—In the case of a husband and wife who file a joint return under section 6013, the amount specified under paragraph (1) shall apply to the joint return. In the case of a married individual filing a separate return, paragraph (1) shall be applied by substituting '$1,000' for '$2,000'.

"(4) Certain other taxpayers.—In the case of individuals to whom paragraph (3) does not apply who together purchase the same new principal residence for use as their principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals as prescribed by the Secretary or his delegate, but the sum of the amounts allowed to such individuals shall not exceed $2,000 with respect to that residence.

"(5) Application with other credits.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowable under sections 33, 37, 38, 40, 41, and 42.

"(c) Definitions.—For purposes of this section—

"(1) New principal residence.—The term 'new principal residence' means a principal residence (within the meaning of section 1034), the original use of which commences with the taxpayer, and includes, without being limited to, a single family structure, a residential unit in a condominium or cooperative housing project, and a mobile home.

"(2) Purchase price.—The term 'purchase price' means the adjusted basis of the new principal residence on the date of the acquisition thereof.

"(3) Purchase.—The term 'purchase' means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267(b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(B) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014(a) (relating to property acquired from a decedent).

"(d) Recapture for Certain Dispositions.—

"(1) In general.—Except as provided in paragraphs (2) and (3), if the taxpayer disposes of property with respect to the purchase of which a credit was allowed under subsection (a) at any time within 36 months after the date on which he acquired it (or, in the case of construction by the taxpayer, on the day on which he first occupied it) as his principal residence, then the tax imposed under this chapter for the taxable year in which terminates the replacement period under paragraph (2) with respect to the disposition is increased by an amount equal to the amount allowed as a credit for the purchase of such property.

"(2) Acquisition of new residence.—If, in connection with a disposition described in paragraph (1) and within the applicable period prescribed in section 1034, the taxpayer purchases or constructs a new principal residence, then the provisions of paragraph (1) shall not apply and the tax imposed by this chapter for the taxable year following the taxable year during which disposition occurs is increased by an amount which bears the same ratio to the amount allowed as a credit for the purchase of the old residence as (A) the adjusted sales price of the old residence (within the meaning of section 1034), reduced (but not below zero) by the taxpayer's cost of purchasing the new residence (within the meaning of such section) bears to (B) the adjusted sales price of the old residence.

"(3) Death of owner; casualty loss; involuntary conversion; etc.—The provisions of paragraph (1) do not apply to—

"(A) a disposition of a residence made on account of the death of any individual having a legal or equitable interest therein occurring during the 36 month period to which reference is made under such paragraph.

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily and involuntarily converted (within the meaning of section 1033(a)), or

"(C) a disposition pursuant to a settlement in a divorce or legal separation proceeding where the other spouse retains the residence as principal residence.

"(e) Property to Which Section Applies.—

"(1) In general.—The provisions of this section apply to a new principal residence—

"(A) the construction of which began before March 26, 1975,

"(B) which is acquired and occupied by the taxpayer after March 12, 1975, and before January 1, 1977, and

"(C) if not constructed by the taxpayer, which was acquired by the taxpayer under a binding contract entered into by the taxpayer before January 1, 1976.

"(2) Self-constructed property begun before March 13, 1975.—In the case of property the construction of which was begun by the taxpayer before March 13, 1975, only that portion of the basis of such property properly allocable to construction after March 12, 1975, shall be taken into account in determining the amount of the credit allowable under subsection (a).

"(3) Binding contract.—For purposes of this subsection, a contract for the purchase of a residence which is conditioned upon the purchaser's obtaining a loan for the purchase of the residence (including conditions as to the amount or interest rate of such loan) is not considered non-binding on account of that condition.

"(4) Certification must be attached to return.—This section shall not apply to any residence (other than a residence constructed by the taxpayer) unless there is attached to the return of tax on which the credit is claimed a certification by the seller, in accordance with regulations prescribed by the Secretary or his delegate, that the purchase price is the lowest price at which the residence was ever offered for sale."

(b) Suits To Recover Amounts of Price Increases.—If—

(1) any person certifies under section 44(e)(4) of the Internal Revenue Code of 1954 that the price for which a residence was sold is the lowest price at which the residence was ever offered for sale, and

(2) the price for which the residence was sold exceeded the lowest price at which the residence was ever offered for sale,

such person shall be liable to the purchaser of such residence in an amount equal to three times the amount of such excess. The United States district courts shall have jurisdiction of suits to recover such amounts without regard to any other provision of law. In any suit brought under this subsection in which judgment is entered for the purchaser, he shall also be entitled to recover a reasonable attorney's fee.

(c) Denial of Deduction.—Notwithstanding the provisions of section 162 or 212 of the Internal Revenue Code of 1954, no deduction shall be allowed in computing taxable income for two-thirds of any amount paid or incurred on a judgment entered against any person in a suit brought under subsection (b).

(d) Technical and Clerical Amendments.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 44. Credit for purchase of new principal residence.
"Sec. 45. Overpayment of tax."

(2) Section 56(a)(2) (relating to imposition of minimum tax) is amended by striking out "and" at the end of clause (v), by striking out "; and" at the end of clause (vi) and inserting in lieu thereof ", and", and by inserting after clause (vi) the following new clause:

"(vii) section 44 (relating to credit for purchase of new principal residence); and".

(3) Section 56(c)(1) (relating to tax carryovers) is amended by striking out "and" at the end of subparagraph (E), by striking out "exceed" at the end of subparagraph (F) and inserting in lieu thereof "and", and by inserting after subparagraph (F) the following new subparagraph:

"(G) section 44 (relating to credit for purchase of new principal residence), exceed".

(4) Section 6096(b) (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 42" and inserting in lieu thereof "42, and 44".

Sec. 209. Effective Dates.

(a) Sections 201, 202(a), and 203.—The amendments made by sections 201, 202(a) and 203 shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply to taxable years ending after December 31, 1975.

(b) Section 204.—The amendments made by section 204 shall apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(c) Sections 202(b) and 205.—The amendments made by sections 202(b) and 205 shall apply to wages paid after April 30, 1975, and before January 1, 1976.

(d) Section 206.—The amendments made by section 206 apply to taxable years beginning after the date of enactment of this Act.

(e) Section 207.—The amendments made by section 207 shall apply to old residences (within the meaning of section 1034 of the

Internal Revenue Code of 1954) sold or exchanged after December 31, 1974, in taxable years ending after such date.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

SEC. 301. INCREASE IN INVESTMENT CREDIT.

(a) INCREASE OF INVESTMENT CREDIT.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) GENERAL RULE.—

"(A) TEN PERCENT CREDIT.—Except as otherwise provided in this paragraph, in the case of a property described in subparagraph (D), the amount of the credit allowed by section 38 for the taxable year shall be an amount equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) ELEVEN PERCENT CREDIT.—Except as otherwise provided in this paragraph, in the case of a corporation which elects to have the provisions of this subparagraph apply, the amount of the credit allowed by section 38 for the taxable year with respect to property described in subparagraph (D) shall be an amount equal to 11 percent of the qualified investment (as determined under subsections (c) and (d)). An election may not be made to have the provisions of this subparagraph apply for the taxable year unless the corporation meets the requirements of section 301(d) of the Tax Reduction Act of 1975. An election by a corporation to have the provisions of this subparagraph apply shall be made at such time, in such form, and in such manner as the Secretary or his delegate may prescribe.

"(C) SEVEN PERCENT CREDIT.—Except as otherwise provided in this paragraph, the amount of credit allowed by section 38 for the taxable year shall be an amount equal to 7 percent of the qualified investment (as determined under subsections (c) and (d)).

"(D) TRANSITIONAL RULES.—The provisions of subparagraphs (A) and (B) shall apply only to—

"(i) property to which subsection (d) does not apply, the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975, but only to the extent of the basis thereof attributable to the construction, reconstruction, or erection after January 21, 1975, and before January 1, 1977,

"(ii) property to which subsection (d) does not apply, acquired by the taxpayer after January 21, 1975, and before January 1, 1977, and placed in service by the taxpayer before January 1, 1977, and

"(iii) property to which subsection (d) applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d)) with respect to qualified progress expenditures made after January 21, 1975, and before January 1, 1977."

(b) PUBLIC UTILITY PROPERTY.—

(1) DETERMINATION OF QUALIFIED INVESTMENT.—Subparagraph (A) of section 46(c) (3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) To the extent that subsection (a) (1) (C) applies to property which is public utility property, the amount of the qualified investment shall be 4/7 of the amount determined under paragraph (1).".

(2) INCREASE IN 50-PERCENT LIMITATION.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) ALTERNATIVE LIMITATION IN THE CASE OF CERTAIN UTILITIES.—

"(A) IN GENERAL.—If, for a taxable year ending after calendar year 1974 and before calendar year 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) APPLICABLE PERCENTAGE.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that portion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment.

If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) TENTATIVE PERCENTAGE.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year ends in:	The tentative percentage is:
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10

"(D) PUBLIC UTILITY PROPERTY DEFINED.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c) (3) (B)."

(3) LIMITATION IN CASE OF CERTAIN REGULATED COMPANIES.—Section 46(f), as redesignated by section 302(a) of this Act (relating to limitation in case of certain regulated companies), is amended by adding at the end thereof the following new paragraph:

"(8) PROHIBITION OF IMMEDIATE FLOWTHROUGH.—An election made under paragraph (3) shall apply only to the amount of the credit allowable under section 38 with respect to public utility property (within the meaning of subsection (a) (6) (D)) determined as if the Tax Reduction Act of 1975 had not been enacted. Any taxpayer who had timely made an election under paragraph (3) may, at his own option and without regard to any requirement imposed by an agency described in subsection (c) (3) (B), elect within 90 days after the date of the enactment of the Tax Reduction Act of 1975 (in such manner as the Secretary or his delegate shall prescribe) to have the provisions of paragraph (3) apply with respect to the amount of the credit allowable under section 38 with respect to such property which is in excess of the amount determined under the preceding sentence. If such taxpayer does not make such an election, paragraph (1) or (2) (whichever paragraph is applicable without regard to this paragraph) shall apply to such excess credit, except that if neither paragraph (1) nor (2) is applicable (without regard to this paragraph), paragraph (1) shall apply unless the taxpayer elects (in such manner as the Secretary or his delegate shall prescribe) within 90 days after the date of the enactment of the Tax Reduction Act of 1975, to have the provisions of paragraph (2) apply. The provisions of this paragraph shall not be applied to disallow such excess credit before the first final determination which is inconsistent with such requirements is made, determined in the same manner as under paragraph (4)."

(4) EFFECTIVE DATES.—The amendment made by paragraph (1) of this subsection shall apply to property placed in service after January 21, 1975, in taxable years ending after January 21, 1975. The amendments made by paragraph (2) and (3) shall apply to taxable years ending after December 31, 1974.

(c) INCREASE FROM $50,000 TO $100,000 OF DOLLAR LIMITATION ON USED PROPERTY.—

(1) IN GENERAL.— Paragraph (2) of subsection 48(c) (relating to dollar limitation in case of used section 38 property) is amended—

(A) by striking out "$50,000" each place it appears and inserting in lieu thereof "$100,000", and

(B) by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply only to taxable years beginning after December 31, 1974, and before January 1, 1977.

(d) PLAN REQUIREMENTS FOR TAXPAYERS ELECTING 11-PERCENT CREDIT.—In order to meet the requirements of this subsection—

(1) A corporation (hereinafter in this subsection referred to as the "employer") must establish an employee stock ownership plan (described in paragraph (2)) which is funded by transfers of employer securities in accordance with the provisions of paragraph (6) and which meets all other requirements of this subsection.

(2) The plan referred to in paragraph (1) must be a defined contribution plan established in writing which—

(A) is a stock bonus plan, a stock bonus and a money purchase pension plan, or a profit-sharing plan,

(B) is designed to invest primarily in employer securities, and

(C) meets such other requirements (similar to requirements applicable to employee stock ownership plans as defined in section 4975(e) (7) of the Internal Revenue Code of 1954) as the Secretary of the Treasury or his delegate may prescribe.

(3) The plan must provide for the allocation of all employer securities transferred to it or purchased by it (because of the requirements of section 46(a) (1) (B) of the Internal Revenue Code of 1954) to the account of each participant (who was a participant at any time during the plan year, whether or not he is a participant at the close of the plan year) as of the close of each plan year in an amount which bears substantially the same proportion to the amount of all such securities allocated to all participants in the plan for that plan year as the amount of compensation paid to such participant (disregarding any compensation in excess of the first $100,000 per year) bears to the compensation paid to all such participants during that year (disregarding any compensation in excess of the first $100,000 with respect to any participant). Notwithstanding the first sentence of this paragraph, the allocation to participants' accounts may be extended over whatever period may be necessary to comply with the requirements of section 415 of the Internal Revenue Code of 1954.

(4) The plan must provide that each participant has a nonforfeitable right to any stock allocated to his account under paragraph (3), and that no stock allocated to a participant's account may be distributed from that account before the end of the eighty-fourth month beginning after the month in which the stock is allocated to the account except in the case of separation from the service, death, or disability.

(5) The plan must provide that each participant is entitled to direct the plan as to the manner in which any employer securities allocated to the account of the participant are to be voted.

(6) On making a claim for credit, adjustment, or refund under section 38 of the Internal Revenue Code of 1954, the employer states in such claim that it agrees, as a condition of receiving any such credit, adjustment, or refund, to transfer employer securities forthwith to the plan having an aggregate value at the time of the claim of 1 percent of the amount of the qualified investment (as determined under section 46(c) and (d) of such Code) of the taxpayer for the taxable year. For purposes of meeting

the requirements of this paragraph, a transfer of cash shall be treated as a transfer of employer securities if the cash is, under the plan, used to purchase employer securities.

(7) Notwithstanding any other provision of law to the contrary, if the plan does not meet the requirements of section 401 of the Internal Revenue Code of 1954—

(A) stock transferred under paragraph (6) and allocated to the account of any participant under paragraph (3) and dividends thereon shall not be considered income of the participant or his beneficiary under the Internal Revenue Code of 1954 until actually distributed or made available to the participant or his beneficiary and, at such time, shall be taxable under section 72 of such Code (treating the participant or his beneficiary as having a basis of zero in the contract),

(B) no amount shall be allocated to any participant in excess of the amount which might be allocated if the plan met the requirements of section 401 of such Code, and

(C) the plan must meet the requirements of section 410 and 415 of such Code.

(8) If the amount of the credit determined under section 46(a)(1)(B) of the Internal Revenue Code of 1954, is recaptured in accordance with the provisions of such Code, the amounts transferred to the plan under this subsection and allocated under the plan shall remain in the plan or in participant accounts, as the case may be, and continue to be allocated in accordance with the original plan agreement.

(9) For purposes of this subsection, the term—

(A) "employer securities" means common stock issued by the employer or a corporation which is in control of the employer (within the meaning of section 368(c) of the Internal Revenue Code of 1954) with voting power and dividend rights no less favorable than the voting power and dividend rights of other common stock issued by the employer or such controlling corporation or securities issued by the employer or such controlling corporation, convertible into such stock, and

(B) "value" means the average of closing prices of the employer's securities, as reported by a national exchange on which securities are listed, for the 20 consecutive trading days immediately preceding the date of transfer or allocation of such securities or, in the case of securities not listed on a national exchange, the fair market value as determined in good faith and in accordance with regulations issued by the Secretary of the Treasury or his delegate.

(10) The Secretary of the Treasury or his delegate shall prescribe such regulations and require such reports as may be necessary to carry out the provisions of this subsection.

(11) If the employer fails to meet any requirement imposed under this subsection or under any obligation undertaken to comply with the requirement of this subsection, he is liable to the United States for a civil penalty of an amount equal to the amount involved in such failure. The preceding sentence shall not apply if the taxpayer corrects such failure (as determined by the Secretary of the Treasury or his delegate) within 90 days after notice thereof. For purposes of this paragraph, the term "amount involved" means an amount determined by the Secretary or his delegate, but not in excess of 1 percent of the qualified investment of the taxpayer for the taxable year under section 46(a)(1)(B) and not less than the product of one-half of one percent of such amount multiplied by the number of months (or parts thereof) during which such failure continues. The amount of such penalty may be collected by the Secretary of the Treasury in the same manner in which a deficiency in the payment of Federal income tax may be collected.

(12) Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary, no deduction shall be allowed under section 162, 212, or 404 of such Code for amounts transferred to an employee stock ownership plan and taken into account under this subsection.

Sec. 302. Allowance of Investment Credit Where Construction of Property Will Take More Than 2 Years.

(a) General Rule.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) Qualified Progress Expenditures.—

"(1) In general.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) Progress expenditure property defined.—

"(A) In general.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clauses (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) Normal construction period.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) Qualified progress expenditures defined.—For purposes of this subsection—

"(A) Self-constructed property.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) Non-self-constructed property.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) Special rules for applying paragraph (3).—For purposes of paragraph (3)—

"(A) Component parts, etc.—Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) Certain borrowings disregarded.—Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) Certain unused expenditures carried over.—In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) Determination of percentage of completion.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) No qualified progress expenditures for certain prior periods.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later, before the first day of the first taxable year to which an election under this subsection applies).

"(F) No qualified progress expenditures for property for year it is placed in service, etc.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property,

or for any taxable year thereafter.

"(5) Other definitions.—For purposes of this subsection—

"(A) Self-constructed property.—The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

"(B) Non-self-constructed property.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) Construction, etc.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) Only construction of section 38 property to be taken into account.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) Election.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) Transitional rules.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	The applicable percentage is:
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100;

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount for each such preceding taxable year.

For purposes of this paragraph, the term 'full amount', when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) Conforming Amendments.—

(1) Amendment of section 46(c).—Section 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) Coordination with subsection (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leaseback described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d), to the extent the amount so treated has not been required to be recaptured by reason of section 47(a)(3)."

(2) Disposition, etc.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) Property ceases to be progress expenditure property.—

"(A) In general.—If during any taxable year any property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) Certain excess credit recaptured.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46(c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) Certain sales and leasebacks.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48(d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property is not less than the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) Coordination with paragraph (1).—If, after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) Clerical Amendments.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(2)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48(d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

Sec. 303. Change in Corporate Tax Rates and Increase in Surtax Exemption.

(a) Tax Rates.—Section 11(b) (relating to to corporate normal tax) is amended to read as follows:

"(b) Normal Tax.—The normal tax is equal to—

"(1) in the case of a taxable year ending before January 1, 1975, or after December 31, 1975, 22 percent of the taxable income, and

"(2) in the case of a taxable year ending after December 31, 1974, and before January 1, 1976, the sum of—

"(A) 20 percent of so much of the taxable income as does not exceed $25,000, plus

"(B) 22 percent of so much of the taxable income as exceeds $25,000.".

(b) Surtax Exemption.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(c) Technical and Conforming Amendments.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000". In applying subsection (b)(2) of section 11, the first $25,000 of taxable income and the second $25,000 of taxable income shall each be allocated among the component members of a controlled group of corporations in the same manner as the surtax exemption is allocated.

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

Sec. 304. Increase in Minimum Accumulated Earnings Credit From $100,000 to $150,000.

(a) Increase.—Paragraphs (2) and (3) of section 535(c) (relating to accumulated earnings credit) are each amended by striking out "$100,000" and inserting in lieu thereof "$150,000".

(b) Conforming Amendments.—Sections 243(b)(3)(C)(i) (relating to qualifying dividends for purposes of the dividends received deduction), 1551(a) (relating to disallowance of surtax exemption and accumulated earnings credit) and 1561(a)(2) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) are each amended by striking out "$100.000" and inserting in lieu thereof "$150,000".

Sec. 305. Effective Dates.

(a) Section 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(b) Section 303.—

(1) In general.—The amendments made by section 303 shall apply to taxable years ending after December 31, 1974. The amendments made by subsections (b) and (c) of such section shall cease to apply for taxable years ending after December 31, 1975.

(2) Changes treated as changes in tax rate.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) Increase in Surtax Exemption.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303(b) of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) shall be treated as a change in a rate of tax."

(c) Section 304.—The amendments made by section 304 apply to taxable years beginning after December 31, 1974.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND BUSINESSES

Sec. 401 Federal Welfare Recipient Employment Incentive Tax Credit.

(a) In General.—

(1) Section 50A (a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) Limitation with respect to nonbusiness eligible employees.—Notwithstanding paragraph (1), the credit allowed by section 40 with respect to Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year to an eligible employee whose services are not performed in connection with a trade or business of the taxpayer shall not exceed $1,000."

(2) Section 50A (c)(2)(A) (relating to amount of credit) is amended—

(A) by striking out "or" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserting in lieu thereof a comma and "or", and

(C) by inserting at the end thereof the following new clause:

"(iv) a termination of employment of an individual with respect to whom federal welfare recipient employment incentive expenses (as described in section 50B (a)(2)) are taken into account under subsection (a)."

(3) Section 50B(a) (relating to definitions; special rules) is amended to read as follows:

"(a) Work Incentive Program Expenses.—

"(1) In General.—For purposes of this subpart, the term 'work incentive program expenses' means the sum of—

"(A) the amount of wages paid or incurred by the taxpayer for services rendered during the first 12 months of employment (whether or not consecutive) of employees who are certified by the Secretary of Labor as—

"(i) having been placed in employment under a work incentive program established under section 432(b)(1) of the Social Security Act, and

"(ii) not having displaced any individual from employment, plus

"(B) the amount of Federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year.

"(2) DEFINITION.—For purposes of this section, the term 'Federal welfare recipient employment incentive expenses' means the amount of wages paid or incurred by the taxpayer for services rendered to the taxpayer before July 1, 1976, by an eligible employee.

"(3) EXCLUSION.—No item taken into account under paragraph (1)(A) shall be taken into account under paragraph (1)(B). No item taken into account under paragraph (1)(B) shall be taken into account under paragraph 1(A)."

(4) Section 50B(c) is amended—

(A) by striking out "subsection (a)" in paragraph (1) and inserting in lieu thereof "subsection (a)(1)(A)", and

(B) by striking out "subsection (a)" in paragraph (4) and inserting in lieu thereof "subsection (a)(1)(A)".

(5) Section 50B is amended by redesignating subsection (g) as (h) and by inserting immediately after subsection (f) of the following new subsection:

"(g) ELIGIBLE EMPLOYEE.—

"(1) ELIGIBLE EMPLOYEE.—For purposes of subsection (a)(1)(B), the term 'eligible employee' means an individual—

"(A) who has been certified by the appropriate agency of State or local government as being eligible for financial assistance under part A of title IV of the Social Security Act and as having continuously received such financial assistance during the 90 day period which immediately precedes the date on which such individual is hired by the taxpayer,

"(B) who has been employed by the taxpayer for a period in excess of 30 consecutive days on a substantially full-time basis,

"(C) who has not displaced any other individual from employment by the taxpayer, and

"(D) who is not a migrant worker.

The term 'eligible employee' includes an employee of the taxpayer whose services are not performed in connection with a trade or business of the taxpayer.

"(2) MIGRANT WORKER.—For purposes of paragraph (1), the term 'migrant worker' means an individual who is employed for services for which the customary period of employment by one employer is less than 30 days if the nature of such services requires that such individual travel from place to place over a short period of time."

(b) EFFECTIVE DATE.—The amendments made by this section with respect to federal welfare recipient employment incentive expenses shall apply to such expenses paid or incurred by a taxpayer to an eligible employee whom such taxpayer hires after the date of the enactment of this Act.

SEC. 402. TIME WHEN CONTRIBUTIONS DEEMED MADE TO CERTAIN PENSION PLANS.

Section 1017 of the Employee Retirement Income Security Act of 1974 (relating to effective dates for funding, etc., provisions of that Act) is amended—

(1) in subsection (b) by striking out "(c) through (h)," and inserting in lieu thereof "(c) through (i),"; and

(2) by adding at the end thereof the following new subsection:

"(i) CONTRIBUTIONS TO H.R. 10 PLANS.—Notwithstanding subsections (b) and (c)(2), in the case of a plan in existence on January 1, 1974, the amendment made by section 1013(c)(2) of this Act shall apply, with respect to a plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of section 401(c)(1) of the Internal Revenue Code of 1954, for plan years beginning after December 31, 1974, but only if the employer (within the meaning of section 401(c)(4) of such Code) elects in such manner and at such time as the Secretary of the Treasury or his delegate shall by regulations prescribe, to have such amendment so apply. Any election made under this subsection, once made, shall be irrevocable."

TITLE V—PERCENTAGE DEPLETION

SEC. 501. LIMITATIONS ON PERCENTAGE DEPLETION FOR OIL AND GAS.

(a) IN GENERAL.—Part I of subchapter I of chapter 1 (relating to natural resources) is amended by inserting after section 613 the following new section:

"SEC. 613A. LIMITATIONS ON PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without regard to section 613.

"(b) EXEMPTION FOR CERTAIN DOMESTIC GAS WELLS.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) regulated natural gas,

"(B) natural gas sold under a fixed contract, and

"(C) any geothermal deposit in the United States or in a possession of the United States which is determined to be a gas well within the meaning of section 613(b)(1)(A),

and 22 percent shall be deemed to be specified in subsection (b) of section 613 for purposes of subsection (a) of that section.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) NATURAL GAS SOLD UNDER A FIXED CONTRACT.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and at all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this chapter by reason of the repeal of percentage depletion for gas. Price increases after February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) REGULATED NATURAL GAS.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, before July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax under this chapter by reason of the repeal of percentage depletion for gas. Price increases after February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) EXEMPTION FOR INDEPENDENT PRODUCERS AND ROYALTY OWNERS.—

"(1) IN GENERAL.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the taxpayer's average daily production of domestic crude oil as does not exceed the taxpayer's depletable oil quantity; and

"(B) so much of the taxpayer's average daily production of domestic natural gas as does not exceed the taxpayer's depletable natural gas quantity;

and the applicable percentage (determined in accordance with the table contained in paragraph (5)) shall be deemed to be specified in subsection (b) of section 613 for purposes of subsection (a) of that section.

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1)—

"(A) the taxpayer's average daily production of domestic crude oil or natural gas for any taxable year, shall be determined by dividing his aggregate production of domestic crude oil or natural gas, as the case may be, during the taxable year by the number of days in such taxable year, and

"(B) in the case of a taxpayer holding a partial interest in the production from any property (including an interest held in a partnership) such taxpayer's production shall be considered to be that amount of such production determined by multiplying the total production of such property by the taxpayer's percentage participation in the revenues from such property.

In applying this paragraph, there shall not be taken into account any production of crude oil or natural gas resulting from secondary or tertiary processes (as defined in regulations prescribed by the Secretary or his delegate).

"(3) DEPLETABLE OIL QUANTITY.—

"(A) IN GENERAL.—For purposes of paragraph (1), the taxpayer's depletable oil quantity shall be equal to—

"(i) the tentative quantity determined under the table contained in subparagraph (B), reduced (but not below zero) by

"(ii) the taxpayer's average daily secondary or tertiary production for the taxable year.

"(B) PHASE-OUT TABLE.—For purposes of subparagraph (A)—

"In the case of production during the calendar year:	The tentative quantity in barrels is:
1975	2,000
1976	1,800
1977	1,600
1978	1,400
1979	1,200
1980 and thereafter	1,000

"(4) DAILY DEPLETABLE NATURAL GAS QUANTITY.—For purposes of paragraph (1), the depletable natural gas quantity of any taxpayer for any taxable year shall be equal to 6,000 cubic feet multiplied by the number of barrels of the taxpayer's depletable oil quantity to which the taxpayer elects to have this paragraph apply. The taxpayer's depletable oil quantity for any taxable year shall be reduced by the number of barrels with respect to which an election under this paragraph applies. Such election shall be made at such time and in such manner as the Secretary or his delegate shall by regulations prescribe.

"(5) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)—

"In the case of production during the calendar year:	The applicable percentage is:
1975	22
1976	22
1977	22
1978	22
1979	22
1980	22
1981	20
1982	18
1983	16
1984 and thereafter	15

"(6) OIL AND NATURAL GAS RESULTING FROM SECONDARY OR TERTIARY PROCESSES.—

"(A) IN GENERAL.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(i) so much of the taxpayer's average daily secondary or tertiary production of domestic crude oil as does not exceed the taxpayer's depletable oil quantity (determined with regard to paragraph (3)(A)(ii); and "(ii) so much of the taxpayer's average daily secondary or tertiary production of domestic natural gas as does not exceed the taxpayer's depletable natural gas quantity (determined without regard to paragraph (3)(A)(ii)); and 22 percent shall be deemed to be specified in subsection (b) of section 613 for purposes of subsection (a) of that section.

"(B) Average daily secondary or tertiary production.—For purposes of this subsection—

"(i) the taxpayer's average daily secondary or tertiary production of domestic crude oil or natural gas for any taxable year shall be determined by dividing his aggregate production of domestic crude oil or natural gas, as the case may be, resulting from secondary or tertiary processes during the taxable year by the number of days in such taxable year, and

"(ii) in the case of a taxpayer holding a partial interest in the production from any property (including any interest held in any partnership) such taxpayer's production shall be considered to be that amount of such production determined by multiplying the total production of such property by the taxpayer's percentage participation in the revenues from such property.

"(C) Termination.—This paragraph shall not apply after December 31, 1983.

"(7) Special Rules.—

"(A) Production of Crude Oil in Excess of Depletable Oil Quantity.—If the taxpayer's average daily production of domestic crude oil exceeds his depletable oil quantity, the allowance under paragraph (1)(A) with respect to oil produced during the taxable year from each property in the United States shall be that amount which bears the same ratio to the amount of depletion which would have been allowable under section 613(a) for all of the taxpayer's oil production from such property during the taxable year (computed as if section 613 applied to all of such production at the rate specified in paragraph (5) or (6), as the case may be) as his depletable oil quantity bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the taxpayer for such year.

"(B) Production of Natural Gas in Excess of Depletable Natural Gas Quantity.—If the taxpayer's average daily prouction of domestic natural gas exceeds his depletable natural gas quantity, the allowance under paragraph (1)(B) with respect to natural gas produced during the taxable year from each property in the United States shall be that amount which bears the same ratio to the amount of depletion which would have been allowable under section 613(a) for all of the taxpayer's natural gas produced from such property during the taxable year (computed as if section 613 applied to all of such production at the rate specified in paragraph (5) or (6), as the case may be) as the amount of his depletable natural gas quantity in cubic feet bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the taxpayer for such year.

"(C) Taxable Income From the Property.—If both oil and gas are produced from the property during the taxable year, for purposes of subparagraphs (A) and (B) the taxable income from the property, in applying the 50-percent limitation in section 613(a), shall be allocated between the oil production and the gas production in proportion to the gross income during the taxable year from each.

"(D) Partnerships.—In the case of a partnership, the depletion allowance in the case of oil and gas wells to which this subsection applies shall be computed separately by the partners and not by the partnership.

"(E) Secondary or Tertiary Production.—If the taxpayer has production from secondary or tertiary recovery processes during the taxable year, this paragraph (under regulations prescribed by the Secretary or his delegate) shall be applied separately with respect to such production.

"(8) Businesses Under Common Control; Members of the Same Family.—

"(A) Component members of controlled group treated as one taxpayer.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) Aggregation of business entities under common control.—If 50 percent or more of the beneficial interest in two or more corporations, trusts, or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the tentative quantity determined under the table in paragraph (3)(B) shall be allocated among all such entities in proportion to the respective production of domestic crude oil during the period in question by such entities.

"(C) Allocation among members of the same family.—In the case of individuals who are members of the same family, the tentative quantity determined under the table in paragraph (3)(B) shall be allocated among such individuals in proportion to the respective production of domestic crude oil during the period in question by such individuals.

"(D) Definition and special rules.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563(b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children,

"(iii) the family of an individual includes only his spouse and minor children, and

"(iv) each 6,000 cubic feet of domestic natural gas shall be treated as 1 barrel of domestic crude oil.

"(9) Transfer of oil or gas property.—

"(A) In the case of a transfer (including the subleasing of a lease) after December 31, 1974 of an interest (including an interest in a partnership or trust) in any proven oil or gas property, paragraph (1) shall not apply to the transferee (or sublessee) with respect to production of crude oil or natural gas attributable to such interest, and such production shall not be taken into account for any computation by the transferee (or sublessee) under this subsection. A property shall be treated as a proven oil or gas property if at the time of the transfer the principal value of the property has been demonstrated by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of—

"(i) a transfer of property at death, or

"(ii) the transfer in an exchange to which section 351 applies if following the exchange the tentative quantity determined under the table contained in paragraph (3)(B) is allocated under paragraph (8) between the transferor and transferee.

"(10) Special rule for fiscal year taxpayers.—In appplying this subsection to a taxable year which is not a calendar year, each portion of such taxable year which occurs during a single calendar year shall be treated as if it were a short taxable year.

"(11) Certain production not taken into account.—In applying this subsection, there shall not be taken into account the production of natural gas with respect to which subsection (b) applies.

"(d) Limitations on Application of Subsection (c).—

"(1) Limitation based on taxable income.—The deduction for the taxable year attributable to the application of subsection (c) shall not exceed 65 percent of the taxpayer's taxable income for the year computed without regard to—

"(A) depletion with respect to production of oil and gas subject to the provisions of subsection (c),

"(B) any net operating loss carryback to the taxable year under section 172, and

"(C) any capital loss carryback to the taxable year under section 1212.

If an amount is disallowed as a deduction for the taxable year by reason of application of the preceding sentence, the disallowed amount shall be treated as an amount allowable as a deduction under subsection (c) for the following taxable year, subject to the application of the preceding sentence to such taxable year. For purposes of basis adjustments and determining whether cost depletion exceeds percentage depletion with respect to the production from a property, any amount disallowed as a deduction on the application of this paragraph shall be allocated to the respective properties from which the oil or gas was produced in proportion to the percentage depletion otherwise allowable to such properties under subsection (c).

"(2) Retailers Excluded.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy any retail outlet owned, leased, or in any way controlled by the taxpayer or a related person.

"(3) Related Person.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation.

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(4) Certain Refiners Excluded.—If the taxpayer or a related person engages in the refining of crude oil, subsection (c) shall not apply to such taxpayer if on any day during the taxable year the refinery runs of the taxpayer and such person exceed 50,000 barrels.

"(e) Definitions.—For purposes of this section—

"(1) Crude oil.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(3) Domestic.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) Barrel.—The term 'barrel' means 42 United States gallons."

(b) Technical Amendments.—

(1) Section 613(d) (relating to percentage depletion) is amended to read as follows:

"(d) Denial of Percentage Depletion in Case of Oil and Gas Wells.—Except as provided in section 613A, in the case of any oil or gas well, the allowance for depletion shall be computed without reference to this section."

(2) Section 613(b) is amended—

(A) by striking out subparagraph (A) of paragraph (1) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(B) by striking out "(1) (C)" each place it appears in paragraphs (3), (4), and (7) and inserting in lieu thereof "(1) (B)", and

(C) by amending the last sentence of paragraph (7)—

(i) by striking out "or" at the end of clause (A),

(ii) by striking out the period at the end of clause (B) and inserting in lieu thereof "; or", and

(iii) by adding at the end thereof the following new clause:

"(C) oil and gas wells."

(3) Section 703(a) (2) (relating to deductions not allowable to a partnership) is amended by striking out "and" at the end of subparagraph (E), by striking out the period at the end of subparagraph (F) and inserting in lieu ", and", and by adding at the end thereof the following new subparagraph:

"(G) the deduction for depletion under section 611 with respect to oil and gas production subject to the provisions of section 613A(c)."

(c) Effective Dates.—The amendments made by this section shall take effect on January 1, 1975, and shall apply to taxable years ending after December 31, 1974.

TITLE VI—TAXATION OF FOREIGN OIL AND GAS AND OTHER FOREIGN INCOME

Sec. 601. Limitations on Foreign Tax Credit for Taxes Paid in Connection With Foreign Oil and Gas Income

(a) In General.—Subpart A of part III of subchapter N of chapter 1 (relating to foreign tax credit) is amended by adding at the end thereof the following new section:

"Sec. 907. Special Rules in Case of Foreign Oil and Gas Income

"(a) Reduction in Amount Allowed as Foreign Tax Under Section 901.—In applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this subsection) be taken into account for purposes of section 901 shall be reduced by the amount (if any) by which the amount of such taxes exceeds the product of—

"(1) the amount of the foreign oil and gas extraction income for the taxable year, multiplied by

"(2) the percentage which is—

"(A) in taxable years ending in 1975, 110 percent of,

"(B) in taxable years ending in 1976, 105 percent of, and

"(C) in taxable years ending after 1976, 2 percentage points above,

the sum of the normal tax rates and the surtax rates for the taxable year specified in section 11.

"(b) Application of Section 904 Limitation.—The provisions of section 904 shall be applied separately with respect to—

"(1) foreign oil related income, and

"(2) other taxable income.

With respect to foreign oil related income, the overall limitation provided by section 904(a) (2) shall apply and the per-country limitation provided by section 904(a) (1) shall not apply.

"(c) Foreign Income Definitions and Special Rules.—For purposes of this section—

(1) Foreign oil and gas extraction income.—The term 'foreign oil and gas extraction income' means the taxable income derived from sources without the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells, or

"(B) the sale or exchange of assets used by the taxpayer in the trade or business described in subparagraph (A).

"(2) Foreign oil related income.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(B) the processing of such minerals into their primary products,

"(C) the transportation of such minerals or primary products,

"(D) the distribution or sale of such minerals or primary products, or

"(E) the sale or exchange of assets used by the taxpayer in the trade or business described in subparagraph (A), (B), (C), or (D).

"(3) Dividends, interest, partnership distribution, etc.—The term 'foreign oil and gas extraction income' and the term 'foreign oil related income' include—

"(A) dividends and interest from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(B) dividends from a domestic corporation which are treated under section 861 as income from sources without the United States,

"(C) amounts with respect to which taxes are deemed paid under section 960(a), and

"(D) the taxpayer's distributive share of the income of partnerships:

to the extent such dividends, interest, amounts, or distributive share is attributable to foreign oil and gas extraction income, or to foreign oil related income, as the case may be; except that interest described in subparagraph (A) and dividends described in subparagraph (B) shall not be taken into account in computing foreign oil and gas extraction income but shall be taken into account in computing foreign oil-related income.

"(4) Certain losses.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account such items—

"(A) shall not be taken into account in computing foreign oil and gas extraction income for such year, but

"(B) shall be taken into account in computing foreign oil related income for such year.

"(d) Disregard of Certain Posted Prices, Etc.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement).

"(e) Transitional Rules.—

"(1) Taxable years ending after December 31, 1974.—In applying subsections (d) and (e) of section 904 for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974—

"(A) subsection (a) of this section shall be deemed to have been in effect for such prior taxable year and for all taxable years thereafter, and

"(B) the carryover from such prior year shall be divided (effective as of the first day of the first taxable year ending after December 31, 1974) into—

"(i) a foreign oil related carryover, and

"(ii) another carryover,

on the basis of the proportionate share of the foreign oil related income, or the other taxable income, as the case may be, of the total taxable income taken into account in computing the amount of such carryover.

"(2) Taxable years ending after December 31, 1975.—In applying subsections (d) and (e) of section 904 for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1976, to any taxable year ending after December 31, 1975, if the per-country limitation provided by section 904(a) (1) applied to such prior taxable year and to the taxpayer's last taxable year ending before January 1, 1976, then in the case of any foreign oil related carryover—

"(A) the first sentence of section 904(e) (2) shall not apply, but

"(B) such amount may not exceed the amount which could have been used in such succeeding taxable year if the per-country limitation continued to apply.

"(f) Recapture of Foreign Oil Related Loss.—

"(1) General rule.—For purposes of this subpart, in the case of any taxpayer who sustains a foreign oil related loss for any taxable year—

"(A) that portion of the foreign oil related income for each succeeding taxable year which is equal to the lesser of—

"(i) the amount of such loss (to the extent not used under this paragraph in prior years), or

"(ii) 50 percent of the foreign oil related income for such succeeding taxable year,

shall be treated as income from sources within the United States (and not as income from sources without the United States), and

"(B) the amount of the income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) to a foreign country for such succeeding taxable year with respect to foreign oil related income shall be reduced by an amount which bears the same proportion to the total amount of such foreign taxes as the amount treated as income from sources within the United States under subparagraph (A) bears to the total foreign oil related income for such succeeding taxable year.

For purposes of this chapter, the amount of any foreign taxes for which credit is denied under subparagraph (B) of the preceding sentence shall not be allowed as a deduction for any taxable year. For purposes of this subsection, foreign oil related income shall be determined without regard to this subsection.

"(2) Foreign oil related loss defined.—For purposes of this subsection, the term 'foreign oil related loss' means the amount by which the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the foreign oil related income for such year is exceeded by the sum of the deductions properly apportioned or allocated thereto, except that there shall not be taken into account—

"(A) any net operating loss deduction allowable for such year under section 172(a) or any capital loss carrybacks and carryovers to such year under section 1212, and

"(B) any—

"(i) foreign expropriation loss for such year, as defined in section 172(k)(1), or

"(ii) loss for such year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise.

"(3) Dispositions.—

"(A) In general.—For purposes of this chapter, if property used in a trade or business described in subparagraph (A), (B), (C), or (D) of subsection (c)(2) is disposed of during any taxable year—

"(i) the taxpayer notwithstanding any other provision of this chapter (other than paragraph (1)) shall be deemed to have received and recognized foreign oil related income in the taxable year of the disposition, by reason of such disposition, in an amount equal to the lesser of the excess of the fair market value of such property over the taxpayer's adjusted basis in such property or the remaning amount of the foreign oil related losses which were not used under paragraph (1) for such taxable year or any prior taxable year, and

"(ii) paragraph (1) shall be applied with respect to such income by substituting '100 percent' or '50 percent'."

"(B) Disposition defined.—For purposes of this subsection, the term 'disposition' includes a sale, exchange, distribution, or gift of property, whether or not gain or loss is recognized on the transfer.

"(C) Exceptions.—Notwithstanding subparagraph (B), the term 'disposition' does not include—

"(i) a disposition of property which is not a material factor in the realization of income by the taxpayer, or

"(ii) a disposition of property to a domestic corporation in a distribution or transfer described in section 381(a).

"(g) Western Hemisphere Trade Corporations Which Are Members of an Affiliated Group.—If a Western Hemisphere trade corporation is a member of an affiliated group for the taxable year, then in applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this section and section 1503(b)) be taken into account for purposes of section 901 shall be reduced by the greater of—

"(1) the reduction with respect to such taxes provided by subsection (a) of this section, or

"(2) the reduction determined under section 1503(b) by applying section 1503(b) separately with respect to such taxes, but not by both such reductions."

(b) Certain Payments Not To Be Considered as Taxes.—Section 901 is amended by redesignating subsection (f) as subsection (g), and by adding after subsection (e) the following new subsection:

"(f) Certain Payments for Oil or Gas Not Considered as Taxes.—Notwithstanding subsection (b) and sections 102 and 960, the amount of any income, or profits, and excess profits taxes paid or accrued during the taxable year to any foreign country in connection with the purchase and sale of oil or gas extracted in such country is not to be considered as tax for purposes of section 275(a) and this section if—

"(1) the taxpayer has no economic interest in the oil or gas to which section 611(a) applies, and

"(2) either such purchase or sale is at a price which differs from the fair market value for such oil or gas at the time of such purchase or sale."

(c) Clerical Amendment.—The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 907. Special rules in case of foreign oil and gas income."

(d) Effective Date.—The amendments made by this section shall apply to taxable years ending after December 31, 1974; except that—

(1) the second sentence of section 907(b) shall apply to taxable years ending after December 31, 1974, and

(2) the provisions of section 907(f) shall apply to losses sustained in taxable years ending after December 31, 1975.

Sec. 602. Taxation of Earnings and Profits of Controlled Foreign Corporations and Their Shareholders.

(a) Repeal of Minimum Distribution Exception To Requirement of Current Taxation of Subpart F Income.—

(1) Repeal of Minimum Distribution Provisions.—Section 963 (relating to receipt of minimum distributions by domestic corporations) is hereby repealed.

(2) Certain Distributions by Controlled Foreign Corporations to Regulated Investment Companies Treated as Dividends.—Subsection (b) of section 851 (relating to limitations on definition of regulated investment company) is amended by adding at the end thereof the following new sentence:

"For purposes of paragraph (2), there shall be treated as dividends amounts included in gross income under section 951(a)(1)(A)(i) for the taxable year to the extent that, under section 959(a)(1), there is a distribution out of the earnings and profits of the taxable year which are attributable to the amounts so included."

(3) Conforming Amendments.—

(A) The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking out the item relating to section 963.

(B) Subparagraph (A)(i) of section 951 (a)(1) (relating to general rule for amounts included in gross income of United States shareholders) is amended by striking out "except as provided in section 963.".

(b) Limitation on Definition of Foreign Base Company Sales Income.—Paragraph (1) of section 954(d) (relating to definition of foreign base company sales income) is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, personal property does not include agricultural commodities which are not grown in the United States in commercially marketable quantities."

(c) Repeal of Exception to Requirement of Current Taxation of Subpart F Income for Reinvestment in Less Developed Countries.—

(1) Repeal of Section 954(b)(1).—Paragraph (1) of subsection (b) of section 954 (relating to exclusions and special rules regarding foreign base company income) is hereby repealed.

(2) Repeal of Section 954(f).—Subsection (f) of section 954 (relating to increase in qualified investments in less developed countries) is hereby repealed.

(3) Amendment of Section 951(a)(1)(A) (ii).—Clause (i) of section 951(a)(1)(A) is amended by striking out "(determined under section 955(a)(3))" and inserting in lieu thereof "(determined under section 955 (a)(3) as in effect before the enactment of the Tax Reduction Act of 1975)".

(4) Repeal of Section 951(a)(3).—Paragraph (3) of section 951(a) (relating to limitation on pro rata share of previously excluded subpart F income withdrawn from investment) is hereby repealed.

(5) Repeal of Section 955.—Section 955 (relating to withdrawal of previously excluded subpart F income from qualified investment) is hereby repealed.

(6) Less developed country corporation defined.—Subsection (d) of section 902 is amended to read as follows:

"(d) Less Developed Country Corporation Defined.—For purposes of this section, the term 'less developed country corporation' means—

"(1) a foreign corporation which, for its taxable year, is a less developed country corporation within the meaning of paragraph (3) or (4), and

"(2) a foreign corporation which owns 10 percent or more of the total combined voting power of all classes of stock entitled to vote of a foreign corporation which is a less developed country corporation within the meaning of paragraph (3), and—

"(A) 80 percent or more of the gross income of which for its taxable year meets the requirement of paragraph (3)(A), and

"(B) 80 percent or more in value of the assets of which on each day of such year consists of property described in paragraph (3)(B).

A foreign corporation which is a less developed country corporation for its first taxable year beginning December 31, 1962, shall, for purposes of this section, be treated as having been a less developed country corporation for each of its taxable years beginning before January 1, 1963.

"(3) The term 'less developed country corporation' means a foreign corporation which during the taxable year is engaged in the active conduct of one or more trades or businesses and—

"(A) 80 percent or more of the gross income of which for the taxable year is derived from sources within less developed countries; and

"(B) 80 percent or more in value of the assets of which on each day of the taxable year consists of—

"(i) property used in such trades or businesses and located in less developed countries,

"(ii) money, and deposits with persons carrying on the banking business,

"(iii) stock, and obligations which, at the time of their acquisition, have a maturity of one year or more, of any other less developed country corporation,

"(iv) an obligation of a less developed country,

"(v) an investment which is required because of restrictions imposed by a less developed country, and

"(vi) property described in section 956(b) (2).

For purposes of subparagraph (A), the determination as to whether income is derived from sources within less developed countries shall be made under regulations prescribed by the Secretary or his delegate.

"(4) The term 'less developed country corporation' also means a foreign corporation—

"(A) 80 percent or more of the gross income of which for the taxable year consists of—

"(i) gross income derived from, or in connection with, the using (or hiring or leasing for use) in foreign commerce of aircraft or vessels registered under the laws of a less developed country, or from, or in connection with, the performance of services directly related to use of such aircraft or vessels, or from the sale or exchange of such aircraft or vessels, and

"(ii) dividends and interest received from foreign corporations which are less developed country corporations within the meaning of this paragraph and 10 percent or more of the total combined voting power of all classes of stock of which are owned by the foreign corporation, and gain from the sale or exchange of stock or obligations of foreign corporations which are such less developed country corporations, and

"(B) 80 percent or more of the assets of which on each day of the taxable year consists of (i) assets used, or held for use, for or in connection with the production of income described in subparagraph (A), and (ii) property described in section 956(b)(2).

"(5) The term 'less developed country' means (in respect to any foreign corporation) any foreign country (other than an area within the Sino-Soviet bloc) or any possession of the United States with respect to which, on the first day of the taxable year, there is in effect an Executive order by the President of the United States designating such country or possession as an economically less developed country for purposes of this section. For purposes of the preceding sentence, an overseas territory, department, province, or possession may be treated as a separate country. No designation shall be made under this paragraph with respect to—

Australia
Austria
Belgium
Canada
Denmark
France
Germany (Federal Republic)
Hong Kong
Italy
Japan
Liechtenstein
Luxembourg
Monaco
Netherlands
New Zealand
Norway
Union of South Africa
San Marino
Sweden
Switzerland
United Kingdom

After the President has designated any foreign country or any possession of the United States as an economically less developed country for purposes of this section, he shall not terminate such designation (either by issuing an Executive order for that purpose of by issuing an Executive order under the first sentence of this paragraph which has the effect of terminating such designation) unless, at least 30 days prior to such termination, he has notified the Senate and the House of Representatives of his intention to terminate such designation. Any designation in effect on March 26, 1975, under section 955(c)(3) (as in effect before the enactment of the Tax Reduction Act of 1975) shall be treated as made under this paragraph."

(7) Clerical Amendment.—The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking out the item relating to section 955.

(d) Shipping Profits of Controlled Foreign Corporation To Be Taxed Currently Except to Extent Reinvested in Shipping Operations—

(1) Shipping profits included in gross income of United States shareholders.—

(A) Section 954(a) (relating to foreign base company income) is amended by striking out "and" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", and ", and by adding at the end thereof the following new paragraph:

"(4) the foreign base company shipping income for the taxable year (determined under subsection (f) and reduced as provided in subsection (b)(5))."

(B) Paragraph (2) of section 954(b) is amended to read as follows:

"(2) Exclusion for reinvested shipping income.—For purposes of subsection (a), foreign base company income does not include foreign base company shipping income to the extent that the amount of such income does not exceed the increase for the taxable year in qualified investments in foreign base company shipping operations of the controlled foreign corporation (as determined under subsection (g))."

(C) Subparagraphs (A) and (B) of section 954(b)(3) are each amended by striking out "paragraphs (1) and (5)" and inserting in lieu thereof "paragraphs (2) and (5)".

(D) Subparagraph (B) of section 954(b)(3) is amended by striking out "paragraphs (1), (2)," and inserting in lieu thereof "paragraph (2).".

(E) Paragraph (5) of section 954(b) is amended by striking out "and the foreign base company services income" and inserting in lieu thereof "the foreign base company services income, and the foreign base company shipping income".

(F) Section 954(b) is amended by adding at the end thereof the following new paragraph:

"(6) Special rules for foreign base company shipping income.—Income of a corporation which is foreign base company shipping income under paragraph (4) of subsection (a) (determined without regard to the exclusion under paragraph (2) of this subsection)—

"(A) shall not be considered foreign base company income of such corporation under any other paragraph of subsection (a) and

"(B) if distributed through a chain of ownership described under section 958(a), shall not be included in foreign base company income of another controlled foreign corporation in such chain."

(G) Section 954 is amended by adding at the end thereof the following new subsections:

"(f) Foreign Base Company Shipping Income.—For purposes of subsection (a)(4), the term 'foreign base company shipping income' means income derived from, or in connection with, the use (or hiring or leasing for use) of any aircraft or vessel in foreign commerce, or from, or in connection with, the performance of services directly related to the use of any such aircraft, or vessel, or from the sale, exchange, or other disposition of any such aircraft or vessel. Such term includes, but is not limited to—

"(1) dividends and interest received from a foreign corporation in respect of which taxes are deemed paid under section 902, and gain from the sale, exchange, or other disposition of stock or obligations of such a foreign corporation to the extent that such dividends, interest, and gains are attributable to foreign base company shipping income, and

"(2) that portion of the distributive share of the income of a partnership attributable to foreign base company shipping income.

"(g) Increase in Qualified Investments in Foreign Base Company Shipping Operations.—For purposes of subsection (b)(2), the increase for any taxable year in qualified investments in foreign base company shipping operations of any controlled foreign corporation is the amount by which—

"(1) the qualified investments in foreign base company shipping operations (as defined in section 955(b)) of the controlled foreign corporation at the close of the taxable year, exceed

"(2) the qualified investments in foreign base company shipping operations (as so defined) of the controlled foreign corporation at the close of the preceding taxable year."

(2) Amounts included in gross income of United States shareholders.—

(A) Subparagraph (A) of section 951(a)(1) is amended by striking out "and" at the end of clause (i), by striking out the semicolon at the end of clause (ii) and inserting in lieu thereof a comma, and by adding at the end thereof the following new clause:

"(iii) his pro rata share (determined under section 955(a)(3)) of the corporation's previously excluded subpart F income withdrawn from foreign base company shipping operations for such year; and".

(B) Section 951(a) is amended by inserting after paragraph (2) the following new paragraph:

"(3) Limitation on pro rata share of previously excluded subpart F income withdrawn from investment.—For purposes of paragraph (1)(A)(iii), the pro rata share of any United States shareholder of the previously excluded subpart F income of a controlled foreign corporation withdrawn from investment in foreign base company shipping operations shall not exceed an amount—

"(A) which bears the same ratio to his pro rata share of such income withdrawn (as determined under section 955(a)(3)) for the taxable year, as

"(B) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year."

(3) Withdrawal of previously excluded subpart F income from qualified investment.—

(A) Subpart F of part III of subchapter N of chapter 1 is amended by inserting after section 954 the following new section:

"Sec. 955. Withdrawal of Previously Excluded Subpart F Income From Qualified Investment.

"(a) General Rules.—

"(1) Amount withdrawn.—For purposes of this subpart, the amount of previously excluded subpart F income of any controlled foreign corporation withdrawn from investment in foreign base company shipping operations from any taxable year is an amount equal to the decrease in the amount of qualified investments in foreign base company shipping operations of the controlled foreign corporation for such year, but only to the extent that the amount of such decrease does not exceed an amount equal to—

"(A) the sum of the amounts excluded under section 954(b)(2) from the foreign base company income of such corporation for all prior taxable years, reduced by

"(B) the sum of the amounts of previously excluded subpart F income withdrawn from investment in foreign base company shipping operations of such corporation determined under this subsection for all prior taxable years.

"(2) Decrease in qualified investments.—For purposes of paragraph (1), the amount of the decrease in qualified investments in foreign base company shipping operations of any controlled foreign corporation for any taxable year is the amount by which—

"(A) the amount of qualified investments in foreign base company shipping operations of the controlled foreign corporation at the close of the preceding taxable year, exceeds

"(B) the amount of qualified investments in foreign base company shipping operations of the controlled foreign corporation at the close of the taxable year.

to the extent that the amount of such decrease does not exceed the sum of the earnings and profits for the taxable year and the earnings and profits accumulated for prior taxable years beginning after December 31, 1975, and the amount of previously excluded subpart F income invested in less developed country corporations described in section 955(c)(2) (as in effect before the enactment of the Tax Reduction Act of 1975) to the extent attributable to earnings and profits accumulated for taxable years beginning after December 31, 1962. For purposes of this paragraph, if qualified investments in foreign base company shipping operations are disposed of by the controlled foreign corporation during the taxable year, the amount of the decrease in qualified investments in foreign base company shipping operations of such controlled foreign corporation for such year shall be reduced by an amount equal to the amount (if any) by which the losses on such dispositions during such year exceed the gains on such dispositions during such year.

"(3) Pro rata share of amount withdrawn.—In the case of any United States shareholder, the pro rata share of the amount of previously excluded subpart F income of any controlled foreign corporation withdrawn from investment in foreign base company shipping operations for any taxable year is his pro rata share of the amount determined under paragraph (1).

"(b) Qualified Investments in Foreign Base Company Shipping Operations.—

"(1) In general.—For purposes of this subpart, the term 'qualified investments in foreign base company shipping operations' means investments in—

"(A) any aircraft or vessel used in foreign commerce, and

"(B) other assets which are used in connection with the performance of services directly related to the use of any such aircraft or vessel.

Such term includes, but is not limited to, investments by a controlled foreign corporation in stock or obligations of another controlled foreign corporation which is a related person (within the meaning of section 954 (d) (3)) and which holds assets described in the preceding sentence, but only to the extent that such assets are so used.

"(2) Qualified investments by related persons.—For purposes of determining the amount of qualified investments in foreign base company shipping operations, an investment (or a decrease in investment) in such operations by one or more controlled foreign corporations may, under regulations prescribed by the Secretary or his delegate, be treated as an investment (or a decrease in investment) by another corporation which is a controlled foreign corporation and is a related person (as defined in section 954(d) (3)) with respect to the corporation actually making or withdrawing the investment.

"(3) Special rule.—For purposes of this subpart, a United States shareholder of a controlled foreign corporation may, under regulations prescribed by the Secretary or his delegate, elect to make the determinations under subsection (a) (2) of this section and under subsection (g) of section 954 as of the close of the years following the years referred to in such subsections, or as of the close of such longer period of time as such regulations may permit, in lieu of on the last day of such years. Any election under this paragraph made with respect to any taxable year shall apply to such year and to all succeeding taxable years unless the Secretary or his delegate consents to the revocation of such election.

"(4) Amount attributable to property.—The amount taken into account under this subpart with respect to any property described in paragraph (1) shall be its adjusted basis, reduced by any liability to which such property is subject.

"(5) Income excluded under prior law.—Amounts invested in less developed country corporations described in section 955(c) (2) (as in effect before the enactment of the Tax Reduction Act of 1975) shall be treated as qualified investments in foreign base company shipping operations and shall not be treated as investments in less developed countries for purposes of section 951(a) (1) (A) (ii).".

(B) The table of sections of subpart F of part III of subchapter N of chapter 1 is amended by inserting after the item relating to section 954 the following new item:

"Sec. 955

"Sec. 955 Withdrawal of previously excluded subpart F income from qualified investment."

(e) Exclusion from Foreign Base Company Income Where Foreign Base Company Income is Less Than 10 Percent of Gross Income.—Paragraph (3) of section 954(b) is amended by striking out "30 percent" each place it appears and inserting in lieu thereof "10 percent".

(f) Effective Date.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1975, and to taxable years of United States shareholders (within the meaning of 951(b) of the Internal Revenue Code of 1954) within which or with which such taxable years of such foreign corporations end.

Sec. 603. Denial of DISC Benefits With Respect to Energy Resources and Other Products.

(a) Amendment of Section 993(c) (2).—Section 993(c) (2) (relating to property excluded from export property) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ", or", and by adding at the end thereof the following:

"(C) products of a character with respect to which a deduction for depletion is allowable (including oil, gas, coal, or uranium products) under section 611, or

"(D) products the export of which is prohibited or curtailed under section 4(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2403(b)) to effectuate the policy set forth in paragraph (2) (A) of section 3 of such Act (relating to the protection of the domestic economy).

Subparagraph (C) shall not apply to any commodity or product at least 50 percent of the fair market value of which is attributable to manufacturing or processing, except that subparagraph (C) shall apply to any primary product from oil, gas, coal, or uranium. For purposes of the preceding sentence, the term 'processing' does not include extracting or handling, packing, packaging, grading, storing, or transporting."

(b) Effective Date.—The amendments made by subsection (a) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

Sec. 604. Treatment for Purposes of the Investment Credit of Certain Property Used in International or Territorial Waters.

(a) Amendment to 1954 Code.—

(1) In general.—Clause (x) of section 48 (a) (2) (B) (relating to property used outside the United States) is amended by striking out "territorial waters" and inserting in lieu thereof "territorial waters within the northern portion of the Western Hemisphere".

(2) Definition.—Subparagraph (B) of section 48(a) (2) is amended by adding at the end thereof the following new sentence: "For purposes of clause (x), the term 'northern portion of the Western Hemisphere' means the area lying west of the 30th meridian west of Greenwich, east of the international dateline, and north of the Equator, but not including any foreign country which is a country of South America.".

(b) Effective Date.—

(1) In general.—The amendments made by subsection (a) shall apply to property, the construction, reconstruction, or erection of which was completed after March 18, 1975, or the acquisition of which by the taxpayer occurred after such date.

(2) Binding contract.—The amendments made by subsection (a) shall not apply to property constructed, reconstructed, erected, or acquired pursuant to a contract which was on April 1, 1974, and at all times thereafter, binding on the taxpayer.

(3) Certain lease-back transactions, etc.—Where a person who is a party to a binding contract described in paragraph (2) transfers rights in such contract (or in the property to which such contract relates) to another person but a party to such contract retains a right to use the property under a lease with such other person, then to the extent of the transferred rights such other person shall, for purposes of paragraph (2), succeed to the position of the transferor with respect to such binding contract and such property. The preceding sentence shall apply, in any case in which the lessor does not make an election under section 48(d) of the Internal Revenue Code of 1954, only if a party to such contract retains a right to use the property under a long-term lease.

TITLE VII—MISCELLANEOUS PROVISIONS

Sec. 701. Certain Unemployment Compensation.

(a) Amendment of Emergency Unemployment Compensation Act of 1974.—Section 102(e) of the Emergency Unemployment Compensation Act of 1974 is amended—

(1) in paragraph (2) thereof by striking out "The amount" and inserting in lieu thereof "Except as provided in paragraph (3), the amount"; and

(2) by adding at the end thereof the following new paragraph:

"(3) Effective only with respect to benefits for weeks of unemployment ending before July 1, 1975, the amount established in such account for any individual shall be equal to the lesser of—

"(A) 100 per centum of the total amount of regular compensation (including the dependents' allowances) payable to him with respect to the benefit year (as determined under the State law) on the basis of which he most recently received regular compensation; or

"(B) twenty-six times his average weekly benefit amount (as determined for purposes of section 202(b) (i) (C) of the Federal-State Extended Unemployment Compensation Act of 1970) for his benefit year."

(b) Modification of Agreements.—The Secretary of Labor shall, at the earliest practicable date after the enactment of this Act, propose to each State with which he has in effect an agreement entered into pursuant to section 102 of the Emergency Unemployment Compensation Act of 1974 a modification of such agreement designed to cause payments of emergency compensation thereunder to be made in the manner prescribed by such Act, as amended by subsection (a) of this section. Notwithstanding any provision of the Emergency Unemployment Compensation Act of 1974, if any such State shall fail or refuse, within a reasonable time after the date of the enactment of this Act, to enter into such a modification of such agreement, the Secretary of Labor shall terminate such agreement.

Sec. 702. Special Payment to Recipients of Benefits Under Certain Retirement and Survivor Benefit Programs.

(a) Payment.—The Secretary of the Treasury shall, at the earliest practicable date after the enactment of this Act, make a $50 payment to each individual, who for the month of March, 1975, was entitled (without regard to sections 202(j) (1) and 223(b) of title II of the Social Security Act and without the application of section 5(a) (ii) of the Railroad Retirement Act of 1974) to—

(1) a monthly insurance benefit payable under title II of the Social Security Act,

(2) a monthly annuity or pension payment under the Railroad Retirement Act of 1935, the Railroad Retirement Act of 1937, or the Railroad Retirement Act of 1974, or

(3) a benefit under the supplemental security income benefits program established by title XVI of the Social Security Act;

except that (A) such $50 payment shall be made only to individuals who were paid a benefit for March 1975 in a check issued no later than August 31, 1975; (B) no such $50 payment shall be made to any individual who is not a resident of the United States (as defined in section 210(i) of the Social Security Act); and (C) if an individual is entitled under two or more of the programs referred to in clauses (1), (2), and (3), such individual shall be entitled to receive only one such

$50 payment. For purposes of this subsection, the term "resident" means an individual whose address of record for check payment purposes is located within the United States.

(b) Recipient Identification.—The Secretary of Health, Education, and Welfare and the Railroad Retirement Board shall provide the Secretary of the Treasury with such information and data as may be needed to enable the Secretary of the Treasury to ascertain which individuals are entitled to the payment authorized under subsection (a).

(c) Coordination With Other Federal Programs.—Any payment made by the Secretary of the Treasury under this section to any individual shall not be regarded as income (or, in the calendar year 1975, as a resource) of such individual (or of the family of which he is a member) for purposes of any Federal or State program which undertakes to furnish aid or assistance to individuals or families, where eligibility to receive such aid or assistance (or the amount of such aid or assistance) under such program is based on the need therefor of the individual or family involved. The requirement imposed by the preceding sentence shall be treated as a condition for Federal financial participation in any State (or local) welfare program for any calendar quarter commencing after the date of enactment of this Act.

(d) Appropriations Authorization.—There are hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this section.

(e) Payment Not To Be Considered Income.—Payments made under this section shall not be considered as gross income for purposes of the Internal Revenue Code of 1954.

And the Senate agree to the same.

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for personal exemptions and a credit for certain earned income, to increase the investment credit and the surtax exemption, to reduce percentage depletion for oil and gas, and for other purposes."

And the Senate agree to the same.

Al Ullman,
James A. Burke,
Dan Rostenkowski,
Phil M. Landrum,
Charles A. Vanik,
Members on the Part of the House.

Russell B. Long,
Herman Talmadge,
Vance Hartke,
Abraham Ribicoff,
William D. Hathaway,
Floyd K. Haskell,
Robert Dole,
Members on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the 2 Houses on the amendment of the Senate to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, submit the following joint statement to the House and the Senate an explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

REFUND OF 1974 INDIVIDUAL INCOME TAXES

House bill.—The House bill provides for a refund of 1974 tax liability to be made in one installment beginning in May, 1975. The amount of the refund is to be 10 percent of tax liability up to a maximum refund of $200. Each taxpayer is to receive a refund of at least $100 (or the full amount of his or her actual tax liability if it is less than $100). The refund is to be phased down from the maximum of $200 to $100 as the taxpayer's adjusted gross income rises from $20,000 to $30,000.

Senate amendment.—The Senate amendment provides for a similar refund of 1974 tax liability except that the amount of the refund will be equal to 12 percent of tax liability up to a maximum refund of $240 with a minimum of $120 (or the full amount of the taxpayer's tax liability if it is less than $120).

Conference substitute.—The conference substitute provides for the same refund of 1974 tax liability as in the House bill.

REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS

House bill.—The House bill provides that 1974 income tax refunds under section 101 of the bill are not to be considered income or resources for purposes of determining who is eligible to receive benefits or assistance, or the amount or extent of benefits or assistance, under any Federal or Federally assisted program.

Senate amendment.—The Senate amendment is identical to the House provision.

Conference substitute.—The conference substitute is the same as the House bill and Senate amendment.

REDUCTION IN INDIVIDUAL INCOME TAXES

(Increase In Low-Income Allowance and Standard Deduction; Personal Examption Credit.)

House bill.—The bill raises the minimum standard deduction ("low-income allowance") to $1,900 for single persons and to $2,500 for joint returns. It also increases the percentage standard deduction to 16 percent, with a maximum of $2,500 for single persons and $3,000 for joint returns. These increases under the House bill are effective only for the 1975 tax year.

Senate amendment.—Instead of the increase in the low-income allowance and the percentage standard deduction provided by the House bill, the Senate amendment provides a $200 optional tax credit for each personal exemption deduction to which a taxpayer is entitled in lieu of the $750 deduction and a reduction of 1 percentage point in the tax rates applicable to the first $4,000 of taxable income. The $200 optional tax credit is for the 1975 tax year, and the rate reduction is for 1975 and 1976 tax years.

The amendment provides that taxpayers are to compute their tax by using either the $750 exemption deduction of present law or the tax credit of $200 per exemption provided by the amendment depending on which alternative results in a lower tax liability. The amendment also provides that any overstatement of tax liability resulting from incorrectly choosing the personal exemption deduction instead of the credit (or vice versa) will be treated by the Internal Revenue Service as a mathematical error. The Internal Revenue Service will automatically check the computation made on each return and will refund (or credit) any excess amounts paid resulting from the overstatement of tax liability. Under the amendment the personal exemption tax credit is to apply on a 1 year basis for a taxable year beginning in 1975 only.

In addition to the optional tax credit for personal exemptions, the Senate amendment provides a 1 percentage point reduction in the tax rates applicable to the first $4,000 of taxable income in the case of joint returns. In the case of single persons and married individuals filing separate returns, there are 5 brackets for the first $4,000 of taxable income (3 brackets in the case of heads of households). The amendment also reduces each of these brackets by 1 percentage point.

Conference substitute.—The conference substitute raises the minimum standard deduction to $1,600 for single persons and to $1,900 for joint returns. It also increases the percentage standard deduction to 16 percent with a maximum of $2,300 for single persons and $2,600 for joint returns. This is to be effective for 1975.

In addition, the conference substitute provides for a tax credit, in addition to the personal exemption, of $30 for each taxpayer, spouse, and dependent. The credit is effective for 1975.

EARNED INCOME TAX CREDIT

House bill.—The bill provides for a refundable credit of 5 percent of earned income up to a maximum of $200. The credit is to be phased out from the maximum $200 to zero as earned income (or adjusted gross income, if greater) increases from $4,000 to $6,000. The earned income credit applies only for 1975.

Senate amendment.—The Senate amendment provides a tax credit of 10 percent of earned income up to a maximum of $400. The amount of the credit is to be phased out from the maximum amount down to zero as the earned income (or adjusted gross income, if greater) increases from $4,000 to $8,000. Only individuals who maintain a household in the United States for themselves and for 1 or more dependent children are eligible to claim the credit under the Senate amendment. As in the House bill, the Senate amendment applies only to taxable years beginning in 1975.

Conference substitute.—The conference substitute adopts the Senate version of the earned income credit. The langauge in the Senate amendment with reference to the income being taken into account for welfare purposes, however, is not included as the conferees intend that the language applicable under present law is not changed.

CHANGE IN WITHHOLDING RATES

House bill.—The bill provides a new annual percentage withholding table, which reflects the increases in the low income allowance, the percentage standard deduction, and the provision for an earned income credit provided in the House bill. The Internal Revenue Service is required to calculate withholding tables for other periods and for wage bracket withholding.

Senate amendment.—The Senate amendment requires the Secretary of the Treasury to prescribe new withholding tables which reflect the $200 personal exemption tax credit provided by the Senate amendment, the reduction in income tax rates provided by the Senate amendment, and the earned income credit as modified by the Senate amendment. The changes in the withholding tables are to take effect, as in the House bill, on May 1, 1975.

Conference substitute.—The conference substitute requires the Secretary to prescribe new withholding tables which reflect the temporary increases in the minimum standard deduction and the percentage standard deduction, the earned income credit, and the additional tax credit provided in the conference substitute. The changes in the withholding tables are to take effect on May 1, 1975.

DEDUCTION OF CERTAIN EXPENSES NECESSARY FOR GAINFUL EMPLOYMENT (CHILDCARE DEDUCTION)

House bill.—The House bill does not contain this provision.

Senate amendment.—The Senate amendment removes the present limits on deductible expenditures (maximum of $4,800 per year) and the income phaseout (the $4,800 maximum phased out $1 for each $2 of adjusted gross income in excess of $18,000 for the husband and wife). It changes the deduction from an itemized deduction (deductible from adjusted gross income) to a "business deduction" (deductible from gross income in determining AGI). Payments to related persons are also made deductible, if the transaction is made in an "arms-length" fashion (pursuant to Treasury regulations).

The Senate amendment also provides for an optional tax credit for 50 percent of the allowable child care expenses, up to a maximum credit of $50 per month ($25 in the case of a married person filing a separate tax return). The changes in the Senate amendment are effective for taxable years beginning after the date of enactment.

Conference substitute.—The conference substitute provides for an increase in the maximum adjusted gross income level from $18,000 to $35,000, before the phaseout begins. This change is effective for taxable years beginning after date of enactment.

EXTENSION OF PERIOD FOR REPLACING OLD RESIDENCE FOR PURPOSES OF NONRECOGNITION OF GAIN UNDER SECTION 1034

House bill.—No provision.

Senate amendment.—The Senate amendment provides an extension of the time period in which a taxpayer may purchase a subsequent principal residence and thereby defer gain, from one year to 18 months (before or after sale). The amendment also extends the period in which the taxpayer may construct a subsequent residence from 18 months to 24 months (if construction begins within 18 months after the sale of the former residence). The extension is effective for sales of residences after December 31, 1973.

Conference substitute.—The conference substitute follows the Senate amendment except that it makes the provision effective for sales of residences after December 31, 1974.

TAX CREDIT FOR HOME PURCHASES

House bill.—No provision.

Senate amendment.—The Senate amendment provides a tax credit for the purchase of construction by an individual taxpayer of a new principal residence. Under the amendment, the definition of a new principal residence includes, but is not limited to, a single family structure, a unit in a condominium or cooperative housing project, and a mobile home. The rate of the credit is equal to 5 percent of the taxpayer's basis in the new residence and the amount of the credit is limited to a maximum of $2,000.

Generally, to be eligible for the credit, the taxpayer must have acquired the home as his principal place of residence after March 12, 1975, and before January 1, 1976. However, the credit will apply to binding contracts entered into before January 1, 1976, if settlement and occupancy occur before January 1, 1977.

Conference substitute.—The conference substitute follows the Senate amendment on the 5-percent credit and $2,000 maximum, except that it allows a credit only with respect to a new principal residence that was constructed or was under construction before March 26, 1975. In addition, to be eligible for the credit the taxpayer must attach to his income tax return a certification by the seller that the purchase price paid by the buyer is the lowest price at which the new residence was ever offered for sale. Both civil and criminal penalties will be imposed for false certification.

INCREASE IN INVESTMENT CREDIT

House bill.—The House bill provides for an increase in the investment credit rate for all taxpayers (including public utilities) to 10 percent from 7 percent (4 percent in the case of certain public utility property). The additional credit for public utilities is limited to $100 million for any one taxpayer. The House provision modifies the limitation on the amount of tax liability that may be offset by the investment tax credit for a year in the case of most public utility property (which under present law is entitled to only a 4 percent investment credit). The percentage limit for public utility property is to be increased from the general 50 percent limit to 100 percent of the income tax liability for 1975 and 1976. In each of the next five taxable years, the increase for public utilities is to be reduced by 10 percentage points until 1981, and thereafter, at which time the 50 percent limitation again is effective. Additionally, the House provision increases from $50,000 to $75,000 the amount of use property which can qualify for the investment credit for any 1 year.

The 10 percent investment credit rate is to be available for property acquired and placed in service after January 21, 1975, and before January 1, 1976; It is also to be available for property placed in service in 1976 if the property was acquired pursuant to an order placed before January 1, 1976. In addition, in the case of property constructed, reconstructed, or erected by the taxpayer, the 10 percent investment credit rate is to be available for property completed by the taxpayer after January 21, 1975, but only to the extent of the portion of the value actually attributable to construction, etc., by the taxpayer after January 21, 1975, and before January 1, 1976. The provisions increasing the amount of used property which can qualify for the investment credit apply to taxable years beginning in 1975. The provisions with respect to progress payments apply to payments made after January 21, 1975, in taxable years ending after December 31, 1974.

Senate amendment.—The Senate amendment provides that, if certain requirements are met, a 12 percent investment credit is to be available with respect to property acquired and placed in service after January 21, 1975, and before January 1, 1977. Similarly, in the case of property constructed, reconstructed, or erected by the taxpayer, the 12 percent credit is also to be available with respect to property completed by the taxpayer after January 21, 1975, to the extent of the part of the basis of the property properly attributable to construction, etc., after January 21, 1975, and before January 1, 1977.

In cases where the property on which a taxpayer may claim an investment credit (qualified investment in property) for a year exceeds $10,000,000, the 12 percent rate is to be available only if the taxpayer establishes or maintains an employee stock ownership plan. To be eligible for the 12 percent rate in this case, a corporation will be required to contribute to the plan for the taxable year common stock or securities convertible into common stock (or cash for the acquisition of such stock or securities) of the employer in an amount equal to one-half of the additional 2 percentage point increase above the permanent 10 percent rate (i.e., one-twelfth of the total allowable investment credit in this case). If these requirements are not satisfied, the taxpayer will be eligible only for the 10 percent investment credit which the committee provision adopts as a permanent increase in the investment tax credit rate. However, the 12 percent rate will be available without regard to the requirement for an employee stock ownership plan if the qualified investment property of the taxpayer for the taxable year is less than $10,000,000.

The Senate provision puts no limit on the amount of the increase in the investment credit which will be allowed to a public utility. Additionally, the Senate provision adopts the temporary increase in the 50 percent limitation on the amount of tax liability that may be offset by the investment credit with the modification that such increase shall be available for taxable years ending in 1975 rather than for taxable years beginning in 1975.

The Senate provision also provides that the additional credit provided for a public utility by reason of the rate increase or the increase in the limitation based in tax liability is generally not to be available if the additional credit is used to reduce the rate base, unless the credit is then restored to the rate base at least as fast as ratably over the useful life of the property. The additional credit is generally not to be allowed if it is flowed through to income as a reduction in cost faster than ratably over the useful life of the property to which the increased credit applies. This rule with respect to the additional credit is to apply with respect to property used predominantly in the trade or business of the furnishing or sale of electrical energy, water, or sewage disposal services, gas through a local distribution system, telephone service, domestic telegraph service, or other domestic communication service, if the rates for furnishing or sale are regulated by a governmental body.

If the governmental regulatory agency requires ratable flow through to income, it cannot require any adjustment to the rate base; if the agency requires adjustments to the rate base, it cannot require flow through to income.

A special election is provided to permit the immediate flow through of the additional credit without the consequence of disallowance in certain cases. This election is to be available only with respect to property where the benefits of accelerated depreciation are flowed through to customers. The election must be made by the taxpayer within 90 days after the date of enactment of the bill. In this case the taxpayer must make the election at its own option and without regard to any requirement imposed by a regulatory agency.

If a regulatory agency requires the flowing through of a company's additional investment credit at a rate faster than permitted, or insists upon a greater rate base adjustment than is permitted, the additional investment credit is to be disallowed, but only after a final determination (made after enactment of this provision) is put into effect. The rules provided under present law with respect to determinations made by a regulatory body on the finality of its orders will apply to the flow through provision. Lastly, the Senate provision repeals the limitation on the amount of used property which may be included as qualified investment for the purposes of the investment credit with respect to used property acquired by the taxpayer after January 21, 1975.

Conference substitute.—The conference substitute provides for a 10-percent investment credit for all taxpayers (including public utilities) for property acquired and placed in service after January 21, 1975, and before January 1, 1977. In the case of property acquired after December 31, 1976, the 7-percent investment credit (or 4 percent for public utility property) provided under present law is to apply even if ordered by the taxpayer before 1977. In the case of constructed property, the 10-percent credit is to apply to the portion of the basis attributable to construction occurring after January 21, 1975, and before January 1, 1977.

In the case of a corporate taxpayer, a taxpayer may elect an 11-percent credit with respect to qualified investment for the period beginning January 22, 1975, and ending December 31, 1976, if an amount equal to one percent of the qualified investment is contributed to an employee stock ownership plan.

The rules governing such employee stock ownership plans are substantially the same as in the Senate amendment. However, under the conference substitute the entire contribution is to be transferred to the plan at one time, and not over 10 years. Also, participants are to be immediately vested in the full amount of such contributions, as soon as the contributions are allocated to their accounts. Additionally, distributions of such contributions cannot occur for 7 years (or may occur upon death or disability).

The conference substitute is the same as the Senate amendment which deleted the $100 million limitation on the increase in the investment credit attributable to the rate change that could be claimed by any one public utility.

With respect to the increase in the 50 percent of tax limitation for public utility property, the conference substitute is the same as the Senate amendment.

With respect to the treatment of the increased credit for utility ratemaking purposes, the conference substitute is the same as the Senate amendment but for technical changes which would make new elections by a public utility unnecessary if ratable flowthrough, or ratable rate base restoration treatment already applied to a utility under present law.

With respect to the limitation on qualified investment in used property, the conference substitute provides an increase to $100,000 from $50,000 for taxable years beginning after December 31, 1974, and before January 1, 1977. Thereafter, the $50,000 limitation under present law is to apply.

ALLOWANCE OF INVESTMENT CREDIT WHERE CONSTRUCTION OF PROPERTY WILL TAKE MORE THAN 2 YEARS

House bill.—Section 302 of the House bill provides that in the case of long lead time property, that is, property that requires at least 2 years to construct, the investment tax credit is to be available to the extent that progress payments are made during the construction period (rather than being allowed in the later year when the property is ultimately placed in service). During the first 5 years this provision is in effect, a transitional rule provides for a phase-in of the new system at the rate of 20 percent a year. The temporary 10 percent rate for the investment credit is to be available for qualified progress expenditures made in the period after January 21, 1975 and before January 1, 1976. In general, the provisions with respect to progress payments apply to payments made after January 21, 1975, in taxable years ending after December 31, 1974.

Senate amendment.—The Senate amendment adopts the House provision for progress payments without change.

Conference substitute.—The conference substitute is the same as the House bill and Senate amendment.

INCREASE IN CORPORATE SURTAX EXEMPTION AND CHANGE IN CORPORATE TAX RATES

House bill.—Section 303 of the House bill provides for an increase in the corporate surtax exemption from $25,000 to $50,000 for the period which is calendar year 1975.

Senate amendment.—The Senate amendment adopts the House provision with respect to the increase in the corporate surtax exemption without change. Additionally, the Senate provision reduces the normal tax by 4 percentage points (from 22 percent to 18 percent) while at the same time increasing the surtax by 4 percentage points (from 26 percent to 30 percent). The increase in the corporate surtax exemption and the reduction in the corporate rates are effective for taxable years ending after December 31, 1974. They are to apply, however, only for 1 year and are to cease to apply for taxable years ending after December 31, 1975.

Conference substitute.—The Conference substitute is the same as the House bill and the Senate amendment with regard to the increase in the corporate surtax exemption from $25,000 to $50,000 for 1975 only. In addition, the conference substitute provides a reduction for 1975 in the corporate normal tax rate from 22 percent to 20 percent on the first $25,000 of net income (with the 22 percent rate applicable to the second $25,000 of net income).

INCREASE IN MINIMUM ACCUMULATED EARNINGS CREDIT FROM $100,000 TO $150,000

House bill.—No comparable provision in the House bill.

Senate amendment.—The Senate amendment provides for an increase of the accumulated earnings credit from $100,000 to $150,000. Thus, a corporation may accumulate as much as $150,000 of earnings before its retained earnings may be subject to the accumulated earnings tax. The amendments relating to the increase in the minimum accumulated earnings credit apply to taxable years beginning after December 31, 1974.

Conference substitute.—The Conference substitute is the same as the Senate amendment.

ELECTION TO SUBSTITUTE NET OPERATING LOSS CARRYBACK YEARS FOR CARRYFORWARD YEARS

House bill.—The House bill does not have this provision.

Senate amendment.—The Senate amendment allows taxpayers generally an election to convert carryover periods for which they are presently eligible into additional carryback years for net operating losses incurred for taxable years 1975 and 1976. (Present law provides generally for a 3-lear carryback and a 5-year carryforward for net operating losses incurred by business taxpayers.)

In addition, the Senate amendment provides that, where a corporation would receive a tax benefit under this change of more than $10 million, 25 percent of such tax benefit from the first year of the extended loss carryback is to be placed in an employee stock ownership plan over a 10-year period. A corporation could also put up to 50 percent of the amount (of the 25 percent) into a supplemental unemployment benefit plan if transferred within one year from the time of election.

Conference substitute.—The conference substitute does not contain this provision.

FEDERAL WELFARE RECIPIENTS EMPLOYMENT INCENTIVE CREDIT

House bill.—No provision.

Senate amendment.—The Senate amendment makes the 20-percent credit of the present law WIN credit available also with respect to wages paid to certain AFDC recipients. The AFDC recipient must have been continuously receiving such financial assistance during the 90-day period immediately preceding the date on which the individual is hired by the employer, and the AFDC recipient must have been employed by the taxpayer for a period in excess of 30 consecutive days on a full-time basis before the credit is allowable. The credit is not allowable for any person who has displaced an individual from employment nor for a migrant worker. For nonbusiness employers, there is a limit of $1,000 per individual so employed each year.

The provision is effective for hirings after the date of enactment and for services rendered to the employer before July 1, 1976.

Conference substitute.—The conference substitute follows the Senate amendment.

TIME FOR MAKING CONTRIBUTIONS TO H.R. 10 PLANS

House bill.—No provision.

Senate amendment.—The Senate amendment added a provision under which, as to 1974 and subsequent years, a contribution to a pension, profit-sharing, etc., plan would be treated for deduction purposes as being made for a given year even though it was not in fact made until after the end of that year, but only if the contribution was in fact made by the time for filing the tax return for that year (including extensions of time for filing). This amendment would apply only to contributions for plans of self-employed people (so-called "H.R. 10" plans) and only if the employer elects to have this rule apply.

Under present law (the 1974 pension act), this rule is to apply as to 1976 and subsequent years for existing plans, both H.R. 10 plans and corporate plans.

Conference substitute.—Under the conference substitute, the rule of the Senate amendment is to apply for 1975 and subsequent years (but not for 1974).

REPEAL OF EXCISE TAX ON MOTOR VEHICLES

House bill.—No provision.

Senate amendment.—The Senate amendment repeals the present 10-percent manufacturers excise tax (5 percent on or after October 1, 1977) on the sale of trucks and buses, truck trailers and semi-tailers, and highway tractors used in combination with trailers and semi-trailers. The Senate amendment also repeals the 8-percent manufacturers excise tax (5 percent on or after October 1, 1977) on the sale of truck and bus-related parts and accessories. The Senate amendment also provides for floor stock refunds and refunds for certain consumer purchases.

Conference substitute.—The conference substitute does not include the Senate amendment.

While the Conference Committee is quite aware of the depressed condition existing in the truck manufacturing and marketing industry, it felt that the repeal of these excise taxes should more properly be considered in conjunction with the Public Works Committees, at a later date when Congress considers the Federal Highway Act and the Highway Trust Fund of which these taxes are a part.

TAX CREDIT FOR QUALIFIED INSULATION AND SOLAR ENERGY EQUIPMENT EXPENDITURE

House bill.—No provision.

Senate amendment.—The Senate amendment provides a tax credit for qualified insulation expenditures for new and used residences and commercial buildings of 40 percent of the first $500 and 20 percent of any excess expenditures. In addition, a tax credit is allowed for qualified solar energy equipment expenditures for new and used residences and commercial buildings of 40 percent on the first $1,000 of expenditures and 20 percent of any excess up to $2,000 For new residences, the credit is available only to the extent the qualified original insulation materials exceed the minimum HUD standards; this limitation does not apply to storm windows, storm doors and solar heating and cooling equipment.

Under the Senate amendment, unused credits may be carried back to any year for which this provision is in effect and carried over 4 years. The provision is effective during taxable years beginning after December 31, 1974, and ending before January 1, 1980.

Conference substitute.—The conference substitute does not contain this provision. The conferees decided to defer consideration of this because incentives for insulation and solar energy equipment expenditures are being considered in the Ways and Means Committee energy bill.

TAX EXEMPTION FOR HOMEOWNER'S ASSOCIATIONS, ETC.

House bill.—The House bill does not contain this provision.

Senate amendment.—The Senate amendment provides that a homeowner's association, etc., may be exempt from taxation if it is organized and operated exclusively for the operation, management, preservation, maintenance and repair of (1) the residential units owned by its members or (2) the common areas or facilities owned by the association or its members. The provision is effective for taxable years beginning after December 31, 1973.

Conference substitute.—The conference substitute does not contain this provision. The conferees deferred consideration of this provision believing it appropriate to consider it in tax reform legislation.

PERCENTAGE DEPLETION FOR OIL AND GAS

House Bill.—The House bill repeals percentage depletion generally for oil or gas produced on or after January 1, 1975. Depletion is continued for natural gas sold under a fixed price contract in effect February 1, 1975, which does not permit price adjustment after that date to reflect repeal of depletion. Depletion is also continued until July 1, 1976, for gas sold in interstate commerce if no price adjustment is permitted after February 1, 1975, to reflect repeal of depletion.

For geothermal steam, present law is unaffected, so that if steam is ultimately held by the courts to be a gas entitled to a 22-percent rate of depletion, this treatment will be continued.

Senate amendment.—Under the Senate amendment, the deduction for percentage depletion is generally eliminated with respect to oil and gas produced on or after January 1, 1975, with certain exceptions. These include the exceptions provided under the House bill. In addition, the Senate amendment retains percentage depletion at 22 percent on a permanent basis for the small independent producer to the extent that his average daily production of oil does not exceed 2,000 barrels a day, or his average daily production of natural gas does not exceed 12,000,000 cubic feet. Where the independent producer has both oil and natural gas production, the exemption must be allocated between the two types of production. In determining how much of a taxpayer's total production for the year will be entitled to the 22-percent rate, his total production for the year is averaged over the entire taxable year to arrive at an average daily figure, regardless of when the production might actually have occurred.

Where the producer has a partial interest in mineral property, his production from that property, for purposes of the exemption, will be proportional to his interest. For example, an individual owning a 10-percent interest in property with 2,000 barrels of average daily production will be treated as having used 200 barrels of his exemption in connection with that property.

If the taxpayer's average daily production exceeds 2.000 barrels (or 12,000,000 cubic feet of gas) the Senate amendment requires that the small production exemption be allocated among all of the properties in which the taxpayer has an interest. The allocation is made by totaling the production from all properties and allocating to each property the same proportion of the small production exemption as that property's total production bears to the taxpayer's total production from all properties.

Under the amendment, the 2,000 barrel (12,000,000 cubic feet) exemption is to be allocated (a) among the corporations which are members of the same controlled group of corporations (as defined in sec. 1563(a), but with a 50 percent common control test); among corporation trusts and estates if 50 percent of the beneficial interest is owned by the same or related persons; and (c) among the taxpayer and his spouse and minor children.

The small producer exemption is not to be available, under the Senate amendment, with respect to any oil or gas property transferred after December 31, 1974, if the principal value of the property has been demonstrated before the transfer, except in the case of a transfer by reason of death, or a transfer pursuant to a section 351 transaction.

Also, the small producer exemption is only to be available in the case of the independent oil or gas producer. The exemption is not available to any producer owning or controlling a retail outlet for the sale of oil or natural gas or petroleum products, or for a producer who refines more than 50,000 barrels of oil on any one day of the taxable year.

The deduction resulting from the small producer exemption may not exceed 50 percent of the taxpayer's net income from all sources (computed without regard to depletion allowed under the small producer exemption, net operating loss carrybacks and capital loss carrybacks). Percentage depletion which may not be used as a result of this limitation may be carried forward on an unlimited basis and used in a succeeding year (subject to the 50 percent limitation applicable to that year).

In addition, the deduction resulting from the small producer exemption is to be available, under the Senate amendment, only to the extent of the taxpayer's qualified plowback investment for the year (as well as any qualified plowback investment which was unused in the preceding year). The plowback requirement does not apply, under the amendment, to percentage depletion attributable to a royalty interest.

Conference substitute.—The conference substitute follows the Senate amendment in providing a small producer exemption from the repeal of percentage depletion for oil and gas. Initially the exemption ("depletable oil quantity") is 2,000 barrels of average daily production (or 12,000,000 cubic feet of natural gas). However, the exemption is to be phased down gradually, but not eliminated, so as to minimize the impact of the reduction on small independent producers.

Under the substitute, the exemption is to be reduced 200 barrels a year for 5 years from 1976 through 1980, when the permanent exemption of 1,000 barrels per day will be reached. The depletion rate for oil and gas covered under the small producer exemption will also be phased down gradually from 22 percent. In 1981, the rate will be 20 percent; in 1982, 18 percent; in 1983, 16 percent; and in 1984 the rate will be reduced to a permanent level of 15 percent. However, under the substitute, a taxpayer will be permitted to take percentage depletion, at a 22 percent rate, on all production resulting from secondary or tertiary recovery methods until 1984 (but not in excess of 1,000 barrels per day).

The deduction resulting from the small producer exemption may not exceed 65 percent of the taxpayer's net income from all sources (computed without regard to depletion allowed under the small producer exemption, net operating loss carrybacks and capital loss carrybacks).

Also, under the substitute, there is to be no plowback requirement in connection with percentage depletion under the small producer exemption.

LIMITATION ON FOREIGN TAX CREDIT FOR TAXES PAID IN CONNECTION WITH FOREIGN OIL AND GAS INCOME

House bill.—No provision.

Senate amendment.—The Senate amendment repeals the foreign tax credit on all foreign oil-related income and allows any taxes on that income as a deduction. The amendment also provides that foreign oil-related income is to be taxed at a 24-percent rate.

Conference substitute.—The conference substitute modifies the Senate amendment and applies a strict limitation on the use of foreign tax credits from foreign oil extraction income and foreign oil-related income. The substitute limits the amount of payments in the form of foreign taxes on foreign oil extraction income which will be treated as creditable taxes to 52.8 percent of taxable income from foreign oil extraction in taxable years ending in 1975, 50.4 percent of such taxable income in 1976, and 50 percent of such taxable income in subsequent taxable years. Any taxes paid in excess of that amount are to be disregarded and not allowed as a deduction. Any excess credits within the respective percentage limitations are to be allowed to offset U.S. tax only against foreign oil-related income.

Also, any payments to a foreign country in connection with the purchase and sale of oil or gas extracted in that country are not to be considered as a tax if the taxpayer has no economic interest in the oil or gas to which section 611(a) of the code applies and either such purchase or such sale is made at a price other than the fair market price of such oil or gas at the time of such purchase or sale.

The market price is to be determined without regard to any tax liabilities to the country of extraction to which the oil or gas is subject upon purchase. This provision, of course, is not to apply to fees or other types of income from the provision of services which relate to the extraction of oil or gas for another person. Any payments not allowed as taxes under this provision are to be allowed as deductions.

In addition, the conferees agreed that beginning in 1976 the per country limitation on creditable foreign taxes is not to apply to foreign oil-related income. Instead, the amount of creditable taxes with respect to such income is to be calculated under the overall limitation. The conferees believe that this change should be considered significant in judging requests to revoke consolidated return elections.

The conferees also agreed that beginning in 1975 any losses with respect to foreign oil-related income should be recaptured against future foreign oil-related income by limiting the foreign tax credits available with respect to such future income.

The conference substitute is to apply to taxable years ending after date of enactment.

Taxation of Earnings and Profits of Controlled Foreign Corporations and Their Shareholders

House bill.—No provision.

Senate amendment.—The Senate amendment provides that U.S. persons holding a one-percent or greater interest in foreign corporations are to be taxed currently on their proportionate share of the income from those corporations in cases when more than 50 percent of the stock of the corporations is controlled by U.S. persons.

Conference substitute.—The conference substitute provides for a number of specific measures which substantially expand the extent to which foreign subsidiaries of U.S. corporations are subject to current U.S. taxation on tax haven types of income under the so-called subpart F rules of the Code.

The conferees expressed their belief that the foreign tax provisions of present law relating to the deferral of foreign income should be further reviewed at the earliest possible date. The conferees indicated that this review should include an examination of the adequacy of existing provisions dealing with the disclosure and reporting of income (and related deductions) of foreign subsidiaries of U.S. corporations.

The conference substitute repeals the minimum distribution exception to the subpart F rules which, under present law, permits a deferral of U.S. taxation on tax haven types of income in cases where the foreign corporation (or various combinations of foreign-related corporations) distribute certain minimum dividends to their U.S. shareholders. The effect of repealing this exception is to tax currently all income of foreign subsidiaries of U.S. corporations which is deemed to be tax haven income under the existing so-called subpart F rules of the Code. An exception to this provision was made for agricultural commodities not produced in commercially marketable quantities into the United States. Under the exception, these commodities grown (or raised) abroad are to be excluded from foreign base company sales income.

The conference agreement also repeals the exception from the subpart F rules which presently permits a deferral of taxation in cases in which the tax haven income is reinvested in less-developed countries.

In addition, the conference agreement repeals the rule of present law which permits a deferral of U.S. tax for shipping income received by a foreign subsidiary of a U.S. corporation. However, deferral of tax is to be continued to the extent that the profits of these corporations are reinvested in shipping operations.

Finally, the conferees agreed to modify the present rule in the support F provisions which permits corporations having less than 30 percent of their gross income in the form of tax haven income to avoid the current taxation provisions of subpart F. The conference substitute provides that such tax haven income will be taxed currently under the subpart F rules in any case where it equals or exceeds 10 percent of gross income.

These provisions are to apply to taxable years beginning after December 31, 1975.

ELIMINATION OF DOMESTIC INTERNATIONAL SALES CORPORATION TREATMENT FOR CERTAIN NATURAL RESOURCES AND ENERGY PRODUCTS

House bill.—No provision.

Senate amendment.—The Senate amendment denies the benefits provided for domestic international sales corporations (DISC's) for the export of natural resources and energy products (i.e., products for which an allowance for cost depletion is provided) and for products subject to export control under section 4(b) of the Export Administration Act of 1969. The provision applies to sales made after March 18, 1975.

Conference substitute.—The conference substitute follows the Senate amendment.

INVESTMENT TAX CREDIT ON FOREIGN DRILLING RIGS

House bill.—No provision.

Senate amendment.—The Senate amendment denies the investment tax credit for foreign situs drilling rigs used outside of the northern half of the Western Hemisphere. The provision applies to property placed in service after March 18, 1975, unless such property is covered by a binding contract which was in effect on April 1, 1974.

Conference substitute.—The conference substitute follows the Senate amendment.

EXTENSION OF UNEMPLOYMENT COMPENSATION ACT OF 1974

House bill.—No provision.

Senate amendment.—The Senate amendment extends the benefits of the Emergency Unemployment Compensation Act of 1974 for an additional 13 weeks to those who have exhausted 52 weeks of benefits. This is available only for the period ending June 30, 1975. The provision states that the Secretary of Labor shall, at the earliest practicable date after the enactment, propose to each State with which he has in effect an agreement under section 102 of the 1974 Act a modification of such agreement designed to cause payments of emergency compensation as provided in the Senate amendment.

Conference substitute.—The conference substitute follows the Senate amendment.

SPECIAL PAYMENTS TO PEOPLE RECEIVING BENEFITS UNDER SOCIAL SECURITY, RAILROAD RETIREMENT, OR SUPPLEMENTAL SECURITY INCOME PROGRAMS

House bill.—No provision.

Senate amendment.—The Senate amendment added a provision to the bill, under which a one-time special payment of $100 is to be made by the Secretary of the Treasury to each individual who, for March, 1975, was entitled to monthly insurance benefits under title II of the Social Security Act, to monthly pension or annuity benefits under the Railroad Retirement Acts, or to supplemental security income benefits. An individual could receive only one such $100 special payment, even though he was entitled, for March, 1975, to benefits under 2 or more of the above-mentioned programs.

The Secretary of Health, Education, and Welfare and the Railroad Retirement Board are to provide the Treasury with such data and information as may be necessary to determine who is entitled to these special payments.

Receipt of the special payment by an individual is not to affect his eligibility for, or the amount of, the aid or assistance which he or his family would otherwise be entitled to receive under a welfare-type program. Federal financial participation in any State (or local) welfare-type program is to cease if that program violates the "disregard" requirement described in the preceding sentence.

Conference substitute.—The conference substitute generally follows the Senate amendment, except that the amount of the special payment is to be $50 per qualified recipient.

In addition, the conference substitute restricts it to residents of the United States who have applied for benefits under one of the three programs prior to April 1, 1975, and who actually receive a benefit for the month of March 1975 which is paid by August 31, 1975. The conference agreement includes the requirement that these payments be disregarded in determining eligibility under other programs and clarifies their non-taxable nature for income tax purposes.

The conferees emphasize that these payments are not social security benefits in any sense but are intended to provide to the aged, blind, and disabled a payment comparable in nature to the tax rebates which the bill provides to those who are working. These payments, therefore, should be clearly identifiable as Treasury Department payments and not be included in or confused with social security benefit checks.

DYEING OF CERTAIN HEATING OIL

House bill.—No provision.

Senate amendment.—The Senate amendment requires that certain heating fuel oil be colored with an oil soluble dye, so that such nontaxed fuel oil may be distinguishable from taxable diesel fuel oil for highway use. The Administrator of the Federal Energy Administration is to determine the appropriate soluble dye and the point of the petroleum distribution system to add the dye; and he may enter the premises (during business hours) to inspect for violations. Violators are to be subject to a fine of not more than $25,000, or imprisonment of not more than 5 years, or both.

The provision is to be effective on the date of enactment.

Conference substitute.—The conference substitute does not contain this provision. The conferees deferred consideration of this because the subject would be reviewed during the Ways and Means Committee consideration of the energy bill.

Al Ullman,
James A. Burke,
Dan Rostenkowski,
Phil M. Landrum,
Charles A. Vanik,
Members on the Part of the House.
Russell B. Long,
Herman Talmadge,
Vance Hartke,
Abraham Ribicoff,
William D. Hathaway,
Floyd K. Haskell,
Robert Dole,
Members on the Part of the Senate.

SPECIAL ORDER REQUESTS

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that upon the adoption of the rule I be granted a 60-minute special order.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. BAUMAN. Reserving the right to object, Mr. Speaker, we have in the rules of the House an adequate rule for the consideration of conference reports, which provides for points of order for nongermane amendments, motions to reject, debate of the conference report, and that rule governing conference reports protects both the rights of the majority and the minority. I have no way of knowing, nor does any Member in this Chamber know, who will control the time during a special order, except the gentleman from Oregon, whether questions, once raised, will be answered, or whether or not debate will deteriorate into partisan debate.

The SPEAKER. The gentleman is very effectively but improperly stating the rules. The minority has 30 minutes and the majority has 30 minutes on the conference report.

Mr. BAUMAN. I am talking about the lack of protection contained in the request for the 1-hour special order that was just made by the gentleman from Oregon.

The SPEAKER. Any Member of the House may make a request for a special order.

Mr. BAUMAN. I withdraw my reservation of objection.

Mr. SCHNEEBELI. Mr. Speaker, further reserving the right to object, I also ask for a 60-minute special order following that of the gentleman from Oregon (Mr. Ullman).

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SCHNEEBELI. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MICHEL. Mr. Speaker, I am growing more and more concerned every day about how much money we are spending in this Congress. And the reason I am concerned is that I am convinced that the near incredible potential deficits we may incur are a prescription for economic disaster.

Now, here is what I have done. My staff and I have been doing some careful research on just how great the potential deficit is. I can report to you today that as of this week, legislation has been proposed in this Congress that would mean back-to-back deficits totaling $156.6 billion.

It is my intention to update these figures on a weekly basis. And I am going to go a step farther. I am going to present a weekly report on our level of fiscal irresponsibility here in this Chamber, and I am going to present it on a graph so that everybody can understand just what is happening.

I am doing this because I am scared.

I am scared about the economic consequences of our actions, and I could not live with myself if I did not do everything within my power to stop it.

Deficits create problems. If financed by borrowing money, they create unemployment. If financed by printing money, they create inflation.

So the answer to why we have both inflation and unemployment at the same time is clear: we have been borrowing and printing too much money to pay for too great a deficit for too long a time.

Deficits create economic problems. Next week, when we have a chance to talk to our constituents, I hope we will all make that point, and the point that a $156.6 billion potential deficit over 2 years is just simply intolerable.

So that there can be no doubt about where that figure comes from, I would like to append the following table:

CHANGES IN THE DEFICIT UNDER CONSIDERATION BY THE CONGRESS AS OF MAR. 24, 1975

Additions to the deficit	1975	1976
Administration's budget (original deficit)	$34.7	$51.9
Revenue actions: Reduction of off-shore oil land receipts	2.5	-------
Spending actions:		
Release of highway funds (administration)		1.0
Public service employment (administration)	.1	1.8
Food stamp program (congressional action)	.2	.6
Court releases of funds		.1
Foreign aid, food for peace, etc. (administration)	.3	.1
Administration's budget (current deficit)	37.8	55.5
Legislative actions that increase the deficit:		
Revenue actions:		
Rejection of administration's energy taxes	1.1	3.8
House tax cut (change from budget proposal)	4.5	–.6
Senate tax cut[1] (change from House tax cut)	1.9	10.8
Spending actions:		
Rejection of "Cap" of 5 percent on cost-of-living increases		6.1
Rejection of medicare cost sharing	.3	1.3
Rejection of medicaid social services and other public assistance legislation	.3	1.5
Rejection of other administration proposed reductions	.6	3.4
Rejection of energy tax equalization payments (Senate Budget Committee staff)	–.5	–7.0
Rejection of proposed rescissions	.5	.7
Inaction on rescissions and overturn of deferrals (various bills)		.4
New public service employment bill (JEC recommendation)		7.2
Antirecession State and local grants (JEC recommendation)		4.0
Improvement in unemployment compensation (JEC recommendations)		3.0
Accelerate social security—$100 payment (Senate tax bill)	3.0	-------
Health insurance for the unemployed (Senate bill)		2.0
Child nutrition amendments (H.R. 4484)		1.1
Agriculture target prices and price supports (House bill)		1.4
Emergency employment appropriation (House addition to budget amendment)	1.5	1.9
House bill (H.R. 4484)		1.5
State and local government public works (Speaker Albert's proposal)		4.0
House committee legislative cost increases submitted to the Budget Committee		3.6
Potential legislative actions that increase the deficit	13.2	50.1
Summary:		
Administration deficit level	37.8	55.5
Legislative deficit actions	13.2	50.1
Potential deficit	51.0	105.6

[1] Senate Finance Committee proposal. Breakdown on Senate not available yet.

Note: The back-to-back deficit for fiscal 1975 and 1976 that must be financed totals $156.6.

Mr. ESCH. Mr. Speaker, in my 9 years in Congress, I have made it a policy to almost always vote in favor of the rule in the belief that there should always be free and open discussion of every piece of legislation. However, this evening we are being asked to vote on a large and complex tax package without being provided a copy of that legislation because some Members of this Congress wish to recess for the Easter holidays.

I would be doing an injustice to my constituency to vote on a bill of this magnitude without seeing that bill, simply so that some may go on vacation.

My vote opposing the rule is not to indicate that I do not believe it is urgent that this Congress expedite the passage of legislation to stimulate the economy. To the contrary, this Congress has already been in session almost 4 months. Why then are we asked at this time to pass on a $23 billion proposal with but 1 hour's debate. I believe my constituents in Michigan elected me to this body and charged me with the responsibility of being thorough in understanding and analytical in approach to the issues facing this country.

Tonight, the leadership is asking Members of this House to vote on this measure without thorough consideration and this will make a mockery out of that responsibility. Is it really so imperative that the Congress recess for vacation tonight? I think not, and I react in the only way available to me at this time in a vote against the rule as presented by the House Rules Committee tonight.

Mr. QUILLEN. Mr. Speaker, I have no further requests for time.

Mr. MATSUNAGA. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appear to have it.

RECORDED VOTE

Mr. ARMSTRONG. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 240, noes 172, not voting 20, as follows:

[Roll No. 96]

AYES—240

Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Bennett
Bergland
Bevill
Biaggi
Bingham
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Casey
Chisholm
Clay
Corman
Cotter
Daniels, Dominick V.
de la Garza
Delaney
Dellums
Dickinson
Diggs
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Oreg.
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Fenwick
Findley
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Tenn.
Fountain
Fraser
Fulton
Gaydos
Gibbons
Ginn
Green
Hagedorn
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Hefner
Helstoski
Henderson
Hicks
Hinshaw
Holland
Howard
Hungate
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Keys
Koch
Landrum
Leggett
Lent
Litton
Lloyd, Calif.
Long, La.
Lott
McClory
McCormack
McFall
McKay
Macdonald
Madden
Maguire
Mahon
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Ohio
Minish
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nichols
Nix
Oberstar
Obey
O'Neill
Ottinger
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pickle
Pike
Poage
Preyer
Price
Quie
Quillen
Randall
Rangel
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Russo
Santini
Sarbanes
Satterfield
Scheuer
Schneebeli
Seiberling
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Snyder
Solarz
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Stuckey
Sullivan
Symington
Taylor, N.C.
Teague
Thompson
Thornton
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Waxman
Weaver
Whalen
White
Whitten
Wilson, Bob
Wilson, Charles H., Calif.
Winn
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOES—172

Abdnor
Abzug
Archer
Armstrong
AuCoin
Bafalis
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Biester
Blanchard
Blouin
Boland
Brinkley
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Fla.
Butler
Carr
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Danielson
Davis
Derrick
Derwinski
Devine
Duncan, Tenn.
du Pont
Early
Edgar
Emery
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fish
Ford, Mich.
Forsythe
Frenzel
Frey
Giaimo
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hammerschmidt
Hansen
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Hillis
Holt
Holtzman
Horton
Howe
Hubbard
Hughes
Hutchinson
Hyde
Johnson, Colo.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lehman
Levitas
Lloyd, Tenn.
Long, Md.
Lujan
McCloskey
McCollister
McDade
McDonald
McEwen
McHugh
McKinney
Madigan
Mann
Martin
Michel
Milford
Miller, Calif.
Mineta
Mink
Mitchell, N.Y.
Moffett
Montgomery
Moore
Moorhead, Calif.
Moss
Myers, Ind.
Myers, Pa.
Neal
Nedzi
Nolan
Nowak
O'Brien
O'Hara
Pressler
Pritchard
Railsback
Rees
Regula
Riegle
Robinson
Roush
Rousselot

Roybal
Ruppe
Ryan
St Germain
Sarasin
Schroeder
Schulze
Sebelius
Sharp
Shuster
Smith, Nebr.
Spellman
Spence
Stanton,
J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Studds
Symms
Talcott
Taylor, Mo.
Thone
Traxler
Treen
Vander Jagt
Wampler
Whitehurst
Wilson,
Charles, Tex.
Wirth
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—20

Ashbrook
Bell
Carter
Cederberg
Collins, Ill.
Conyers
Dent
Erlenborn
Evins, Tenn.
Fuqua
Hawkins
Hays, Ohio
Hightower
Ichord
Mills
Passman
Runnels
Shipley
Skubitz
Wiggins

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Skubitz for, with Mr. Ashbrook against.
Mr. Hays of Ohio for, with Mr. Erlenborn against.
Mr. Dent for, with Mr. Wiggins against.

Until further notice:

Mr. Fuqua with Mr. Ichord.
Mr. Evins of Tennessee with Mr. Carter.
Mr. Conyers with Mr. Runnels.
Mr. Hawkins with Mr. Hightower.
Mr. Shipley with Mr. Bell.
Mrs. Collins of Illinois with Mr. Mills.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

TAX REDUCTION ACT OF 1975, H.R. 2166

The SPEAKER. Under a previous order of the House, the gentleman from Oregon (Mr. Ullman) is recognized for 1 hour.

Mr. ULLMAN. Mr. Speaker, there are copies—although limited in number just now—of both the statement of the managers and the conference report. There are more being run off, and as they become available they will be distributed.

Let me just go through the parameters of the conference report for the Members very briefly so that they can put it in perspective, and then I will be glad to respond to any questions.

First, the total revenue loss involved in this bill, the net tax reduction, is 22.8 billions of dollars. This is down from the $30.6 billion of the Senate bill. For my friends over on the minority side, I conferred with the President at some length before we went into conference, and I think the President would have been very happy with $24 billion. We are below that. I think he should be extremely pleased with the net figure.

In my judgment, it is the right amount; it is the kind of a package that we can defend. It does the right thing for the American people at the right time. I think it is important to pass it tonight so that we can send it down to the White House for the President to sign. In my mind, there is not one iota of doubt the President should sign this conference report. It is a good, responsible package.

Most of the amendments that we adopted from the Senate bill were greatly modified. We looked at every one, every item, in depth, and if we could not take it out of the bill or did not think it wise to take it out of the bill, we modified it in a way we thought was desirable. I think my colleagues, the gentleman from Pennsylvania (Mr. Schneebeli), and the gentleman from New York (Mr. Conable), agree with that, that we acted responsibly. We considered thoroughly every matter before us. I have no disagreement with their position. If we could have had our way all the way, we would not have had these Senate amendments in the bill. But in the conference between the House and the Senate there are some things one has to do that one does not want to do if we want to get a bill before the recess. So even though we accepted some Senate amendments we did not fully approve of, we cut them back and modified them in a way which substantially reduces the revenue loss.

Our economy faces its worse crisis since the Great Depression of the 1930's. The unemployment rate exceeds 8 percent—the highest since 1941. The gap between what the United States is actually producing and what it is capable of producing is $200 billion—$1,000 per person. Immediate action is needed to halt the current economic slide and to begin the arduous task of economic recovery.

The Tax Reduction Act of 1975, as agreed to in conference, will be a major factor in spurring economic recovery. The House bill provided a tax reduction of $17.6 billion—the largest in history. The Senate added $13 billion to this amount, and many of the tax cuts in the Senate bill were extremely bad tax policy. The House conferees have succeeded in reducing the Senate figure from $30.6 billion to $22.8 billion, a reduction of $8 billion. This represents a much more prudent approach to our economic problem than the Senate bill. Later in the year, we will be able to make a better judgment whether any further fiscal stimulus is needed in the light of decisions to be made on Government spending.

The most difficult issue facing the conference was repeal of percentage depletion for oil and natural gas. The House bill repealed depletion for all oil and gas, with some transitional rules for certain categories of gas, while the Senate adopted a permanent exemption from depletion repeal for so-called independent producers. The conference bill retains some percentage depletion for the independents but at a reduced rate. Under the compromise, the number of barrels of average daily production eligible for the small producer's exemption is reduced from 2,000, as under the Senate bill, to 1,000 over a 5-year period. The rate of percentage depletion for oil and gas is reduced from 22 percent to 15 percent over a 4-year period beginning in 1980 and ending in 1984.

In addition, percentage depletion subject to this small producer's exemption is limited to 65 percent of the taxable income from the property, computed without regard to deductions for depletion. Thus, no one will be able to use percentage depletion to escape substantially all of his income tax liability.

The bargaining on the depletion issue was most intense, and this was the best deal we could make if we were going to have a vitally needed tax bill. I can assure you that I and the other House conferees did everything we could to completely phase out percentage depletion but there was no way this could be done if we were to bring back to you the tax reduction we so badly need.

The bill provides a refund of 1974 tax liability equal to 10 percent of tax up to a maximum of $200. A minimum refund of $100 is provided for all taxpayers with at least $100 in 1974 tax liability, and those with less than $100 in 1974 tax will receive a refund equal to their entire tax liability. This refund will pump $8.1 billion into the economy in the next several months. It is smaller than the refund proposed by the administration, but it is more highly concentrated in low- and middle-income families, and it will, therefore, be more stimulative. The Senate proposed a refund that was 20 percent larger than the one in the House bill, but the conferees agreed to the smaller House refund in order to provide larger tax cuts for 1975.

The House bill provided a $5.2 billion increase in the standard deduction. The Senate deleted this and substituted a $200 tax credit, which a taxpayer could choose in place of his personal exemption deduction. The optional credit would have cost over $6 billion. Also, the Senate provided a $2 billion rate reduction. We agreed that it was appropriate to provide a larger reduction in this area than in the House bill because of the money we had saved in other parts of the bill. However, the House conferees opposed the idea of an optional credit because it would unduly complicate the tax return.

The conference bill provides a $30 credit for taxpayers and their dependents that is to be taken in addition to the personal exemption deduction. This accomplishes the same purpose as the optional credit by providing tax relief to larger families who are bearing a severe burden of higher food costs, but it is much simpler.

In addition, we were able to retain one-half of the increases in the standard deduction in the House bill. The minimum standard deduction will increase from $1,300 to $1,600 for single returns and $1,900 for joint returns. The regular standard deduction will increase to 16 percent of adjusted gross income up to a maximum of $2,300 for single returns and $2,600 for joint returns. These reductions in the conference bill total $7.8 billion. They will have a major impact in stimulating the economy.

A major innovation in this bill is a refundable tax credit for the working poor. The House bill provided a 5-percent refundable credit on earned income, up to a maximum of $200, with the credit phasing out between incomes of $4,000 and $6,000. The cost was $2.9 billion. This was designed to provide relief to people who are too poor to pay income taxes, but who are still bearing the burden of higher food and energy costs and the payroll tax. Too much of this credit under the House bill, however, was going to those who were not really poor, such as students who work during the summer. The Senate, therefore, limited the credit to families with dependent children and was able to raise the rate of the credit to 10 percent and lengthen the phaseout to between $4,000 and $8,000. Moreover, the cost of the Senate version of the earned income credit was only $1.5 billion. Since the Senate bill provides more help to those who are in greater need, and at a lower cost, the House conferees accepted the Senate amendments.

A provision of the Senate bill that the House conferees accepted is a tax credit for the purchase of new homes. I have grave reservations about this provision but had to agree to a much more limited version of it. The 5-percent credit, with a limit of $2,000, will be available only for the existing inventory of homes in order to permit them to be sold as rapidly as possible. This inventory liquidation is needed before home construction can recover. Also, the credit will not be available if the price is increased on a home. These limitations cut the cost of the credit in half—to $600 million. The depressed state of the housing industry, which has fallen off by almost two-thirds since 1972, makes it imperative that we take some action to stimulate housing investment.

The Senate bill provided large increases in the child care deduction. This is an area in which the Ways and Means Committee has been considering important reforms to broaden the applicability of the child care deductions and to simplify it. To enable the committee to continue this work, the conference agreed to drop the Senate amendments, but it provided an increase in the income level at which the child care deduction starts to phase out from $18,000 to $35,000, effective in 1976. The committee will recommend a further liberalization of the child care deduction in a tax reform bill later this year.

The House bill provided an increase in the investment credit to 10 percent only for the year 1975. The Senate bill provided a permanent increase to 10 percent, with a temporary increase to 12 percent, provided that common stock equal to 1 percentage point of the additional 2 percentage points was placed into an employee stock ownership plan. The conference agreed to increase the credit to 10 percent only for 1975 and 1976 but to allow an additional percentage point of the credit if the additional credit was offset by common stock issued to an employee stock ownership trust. This increase in the investment credit is a vital ingredient of economic recovery. Dollar-for-dollar, it may be more stimulative than anything else in the bill. Also, it will increase the productive capacity of the economy, which will alleviate inflationary pressures when the economy returns to prosperity.

The Senate agreed to a floor amendment providing an extension of the period for net operating loss carrybacks if 25 percent of the reduction in tax liability were placed into an employee stock ownership plan or a supplemental unemployment benefits plan. This amendment was designed mainly to benefit the Chrysler Corp. The Ways and Means Committee had rejected a similar provision, believing that it was best dealt with in a tax reform bill. The conferees agreed to delete it, saving $500 million, but in return the House had to agree to the employee stock ownership amendment to the investment credit.

The House bill limited the increased investment credit for any one company to $100 million in order to limit the additional credit for the American Telephone & Telegraph Co. The Senate deleted this limitation. Since the Senate had agreed to recede from a provision designed mainly to benefit one company—Chrysler—the House thought it appropriate to recede from its amendment designed to hurt only one company—A.T. & T.

The House bill had raised the limit on used equipment eligible for the investment credit from $50,000 to $75,000 to take account of inflation and to help small business. The Senate deleted the limit entirely, which would have cost an additional $175 million. The conference compromised with an increase to $100,000.

Both the House and Senate bills raised the corporate surtax exemption from $25,000 to $50,000. In addition, the Senate lowered the corporate rate on the initial $50,000 of income from 22 to 18 percent. The House conferees thought that some additional tax relief for small business was appropriate, so we agreed to reduce the rate on the first $25,000 of corporate income to 20 percent. Income between $25,000 and $50,000 will be taxed at a 22-percent rate, and income above $50,000 will continue to be taxed at a 48-percent rate, as under existing law. As a result of these changes, corporate taxes on small business will be significantly reduced. This will spur competition in many sectors of the economy.

The House conferees also agreed to a Senate amendment liberalizing the work incentive tax credit for a 15-month period. This should increase employment among welfare recipients during the recession.

Several Senate amendments related to energy conservation, and the conferees rejected these in order to deal with them later in the year on an energy tax bill. These included repeal of the excise tax in trucks and buses and a tax credit for home insulation and solar energy equipment. These are expensive provisions, and the committee plans to study them in the context of the energy bill or, in the case of the truck tax, after consultation with the public works committees.

The Senate bill provided a $100 payment to each social security recipient with a similar payment going to SSI recipients and beneficiaries of railroad retirement programs. This was designed to provide relief to poor people who would not receive a benefit under either the earned income credit, the refund of 1974 taxes, or the tax cuts for 1975. The conferees agreed on a $50 payment to these individuals at a cost of $1.7 billion. Many of the House conferees had reservations about this provision, but we felt that these people are suffering severely from inflation and deserved relief.

The House did agree to one Senate floor amendment that is especially important in the current recession. This extends emergency unemployment benefits for an additional 13 weeks to those who have exhausted 52 weeks of such benefits before June 30, 1975. This will provide income to the long-term unemployed, who are suffering the most from the current economic decline.

The House also agreed to a Senate floor amendment extending by six months the period during which an individual may occupy a new prinicipal resident if he is to be eligible for rollover treatment for the capital gain on the sale of his old residence. This will help people who experience delays in building a new home, and people who are forced to move for a temporary period because of their jobs. The Ways and Means Committee had tentatively agreed to a similar provision last year, and the House conferees, therefore, thought it appropriate to recede. We did, however, require that the amendment not be made retroactive to the beginning of 1974, as in the Senate amendment, but only to the start of this year.

The Senate bill contained four provisions dealing with the tax treatment of foreign income of U.S. corporations, including foreign income of oil companies. Two of these provisions, which repealed DISC benefits for natural resources, energy products and products subject to export control and which denied the investment credit for drilling rigs used adjacent to foreign countries had previously been adopted by the Ways and Means Committee and thus were accepted by the House conferees without modification.

The third provision in the Senate bill would have eliminated the deferral of U.S. taxation on the income of foreign subsidiaries of U.S. corporations. This provision, if enacted, would have a drastic impact on the ability of our corporations to compete in world markets. As a result, the House conferees urged, and the conference agreed, to a set of proposals which retain the present deferral treatment of foreign income generally but revise existing law to insure that no deferral would be permitted on tax haven types of income of foreign subsidiaries of U.S. corporations.

The conference agreement accomplishes this result by eliminating three substantial exceptions to the existing so-called subpart F rules of the Code, under which tax haven income is taxed currently by the United States. These exceptions, dealing with shipping income, reinvestments in less-developed countries, and minimum distributions, were eliminated by the Ways and Means Committee in its energy taxation and individual income tax relief bill of last year. In total, these actions raise $150 million in revenue.

In addition, the conferees agreed to tighten up the subpart F rules so that a corporation's tax haven income is subject to U.S. tax if it equals 10 percent or more of the total gross income of the corporation—rather than the 30 percent provided under present law. This provision will raise an additional $75 million in revenues.

These changes in the tax treatment of tax haven types of income will thus raise a total of $225 million, which is approximately one-half what would have been raised under the Senate amendment. Furthermore, this result is accomplished by limiting the increase to tax haven income, where the abuses exist, rather than taxing all foreign income in such a way that would reduce the competitiveness of our companies operating abroad.

The final provision on taxation of foreign income in the Senate bill repealed the foreign tax credit on all foreign oil-related income and taxed that income at a 24-percent rate.

The House conferees believed that this provision was much broader than is required to meet the abuses resulting from the excess foreign tax credits and the foreign exploration losses of oil companies. For this reason, the House conferees urged, and the conference agreed to, a provision along the lines of the provision adopted last year by the Ways and Means Committee in its energy legislation, which places excess credits from oil production income to reduce U.S. tax on other types of foreign income.

The conference agreement provides that foreign taxes on oil extraction income will be limited to 52.8 percent of taxable income in 1975, 50.4 percent of taxable income in 1976, and 50 percent of taxable income in subsequent years. In addition, the amount of excess credits allowed within these limitations can be used only to reduce U.S. tax on foreign oil-related income.

Foreign oil related income includes income from extraction, processing, transportation, and distribution of foreign oil or gas. It also includes income from the sale or exchange of assets used by the taxpayer in the business of extracting oil or gas, foreign source dividends from foreign or domestic corporations and foreign source interest form foreign or domestic corporations, to the extent that the dividends or interest income is attributable to foreign oil-related income. Dividends from domestic corporations and interest from domestic corporations which are attributable to oil extraction income are to be included in oil-related income and not in oil extraction income.

The conference agreement also provides that any payments made to a foreign country in connection with the purchase and sale of oil or gas extracted in that country are not to be considered as taxes if the taxpayer has no economic interest in the oil or gas and either the purchase or the sale of that oil or gas is made at a price other than the market price. This provision is intended to result in denying any foreign tax credits to oil companies with respect to oil which is owned by the foreign governments, that is oil which is described as nonequity oil or buyback oil. This rule will become increasingly important as the foreign governments take over the oil companies' interests in oil concessions because once such takeovers take place, the oil companies will not be able to receive foreign tax credits on the oil which they buy from the foreign governments and resell for further distribution if the oil is bought or sold at a posted price. However, the oil companies would be permitted a foreign tax credit on any income derived from providing services with respect to extracting oil or gas. That income would, of course, be subject to the percentage limitations described above.

Finally, the agreement provides for the repeal of DISC on certain products. The repeal of DISC benefits applies to scarce products for which export is limited under section 4(b) of the Export Administration Act of 1969 and to certain products similar in nature to those for which a depletion deduction is allowed. Under the bill the latter types of products are limited to those "of a character" which would qualify them for a depletion deduction because the products, once they are extracted or removed from the ground or water, cannot be replaced or renewed. Thus, under this test, DISC benefits are to be denied to fossil fuels and hard minerals. The DISC benefits are to be continued for crops and other products which are grown on the land and can be renewed after they are cut or harvested, even though some of these renewable products are technically eligible for depletion.

The conference agreement also provides that, beginning in 1976, the per country limitation is to be repealed and, beginning in 1975, losses from foreign operations are to be recaptured against future foreign profits.

The conference substitute will result in a revenue gain of $230 million in 1975, $470 million in 1976, and $530 million in subsequent years.

This bill is needed to promote economic recovery. It is a compromise, and it does not contain everything we want. However, I think the conferees have done a good job in maintaining the House position. We pared the size of the Senate bill down from $30.6 billion to $22.8 billion, a much more responsible figure. I hope the House will agree to the conference substitute.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, I want to point out how much revenue we pick up on the two foreign provisions. If the gentleman will allow me, I want to point out that it is $300 million in the first year, and $755 million in the third year. I want to point out to the House that we pick up over $225 million from deferral alone and $755 million overall.

Mr. ULLMAN. This is about as big a bite as it would be possible to take without risking serious international repercussions. I do not believe that these provisions will result in any corporate reorganizations but we have closed the tax haven loopholes about as tightly as we can close them and we have closed the foreign tax credit provisions about as tightly as we can for the oil companies.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, this provision applies to all foreign operations, not just to oil?

Mr. ULLMAN. Insofar as the tax credit is concerned, it applies only to oil, and on the deferral-related provision for tax haven income, all companies operating abroad are affected.

There are some other facets of this thing. We have limited the application of excess oil extraction credits to oil-related income. This means the oil companies now getting into hotels and other businesses around the world are not going to be able to use the oil tax credits, limited as they are here, to reduce U.S. tax on that income.

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Speaker, the Ways and Means Committee and Chairman AL ULLMAN are to be commended for an excellent tax measure. It meets the urgent need of the economy for quick stimulus to reverse the continuing downward slide. And it concentrates the benefits where they will do the most good—in the lower- and middle-income brackets where relief is most needed, and where most of the tax cut will quickly be translated into consumer spending.

I personally believe that a somewhat larger stimulus than the $22.8 billion provided here would be beneficial. But this tax cut is close to the mark, especially when viewed with other measures now in the works which will help specific sectors of the economy, such as housing.

I am especially pleased with the revision House conferees achieved in the tax credit of 5 percent, up to $2,000 for persons who purchase a home between now and January 1, 1976.

As the measure passed the Senate, the tax credit would have gone to anyone buying or contracting to buy a new home. This is inefficient as a means of stimulating homebuilding, and unnecessarily wasteful of the resources. The conference bill limits the credit to new homes on which construction began before today. These are the more than 600,000 new, unsold homes, most of which must be moved off the market before homebuilders can proceed to any great degree with new housing starts. The rate at which these homes are being sold is running about 50 percent below normal. Of course, I would have preferred the complete elimination of the Senate credit. But the conference compromise is a great improvement.

This measure will now dovetail nicely with the Emergency Middle Income Housing Act which passed the House last week. Under that bill, which provides mortgage interest subsidies for medium-income persons, 30 percent could be used for existing—including new but unsold—homes. With the enactment of today's tax bill, it will no longer be necessary to immobilize up to 30 percent of the funds in the Emergency Middle Income Housing Act in order to stimulate the sale of the large number of houses in the existing inventory. These funds can thus be switched, by subsequent legislative action, so as to stimulate additional housing starts in the coming year.

There are other excellent features in the conference bill, such as raising the exemption in the corporate income tax from $25,000 to $50,000, which helps small businesses particularly. And the elimination of the oil depletion allowance for the oil giants—finally, after all these years—is a major achievement. I would have preferred to see it ended altogether. But the compromise accomplished by the House conferees deserves our applause.

Mr. Speaker, I trust the President will accept the good work before us, and sign this bill into law without delay. The economy needs it.

Mr. ULLMAN. Mr. Speaker, I yield to the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. Mr. Speaker, I join with the distinguished gentleman from Wisconsin in applauding the chairman of the Committee on Ways and Means and his conferees with respect to the very item that the chairman of the Committee on Banking and Currency discusses. My only problem is, what is the definition of new housing? I understand it is existing inventory for the purchase of new housing. What is new housing? Can it be owner-occupied or is it unoccupied? Is it just standing there in inventory without being owner-occupied and unsold?

Also, I wonder whether or not there are any unsaid caveats with respect to increasing the cost of that house now by $2,000 as a result of the $2,000 tax break.

Mr. ULLMAN. Mr. Speaker, let me say that applies to new houses which never have been lived in before by anyone prior to acquisition by the taxpayer. The provision is also limited to existing inventories of new housing.

We also put in this provision as tight a safeguard against abuses as we could get. We said that the seller must certify that the sale price is not higher than the lowest price that the house was offered for on the market at any time. There is a heavy criminal penalty for false certification by the seller. So there is no way of passing this on to the consumer. It is a way of relieving the market of a lot of new houses now setting there vacant.

As the gentleman from Wisconsin said, it stimulates new housing; but to get old housing off the market, too, is important.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, I am certainly very pleased about the report and the understanding that the chairman of the Committee on Banking and Currency has with respect to this provision. I was among those conferees, we were all together, in being opposed to the tax credit provision. I think it is going to work. I think it is going to be helpful. I want to point out that just before I came to the floor an insurance man called me in the area. In the course of our conversation he talked about this provision. He said, "I am going to buy a new house next week." So that inventory is going down by one.

I think when the public realizes this problem, there should be a stimulated interest in clearing up this inventory, so that capital for construction can be released for new investment, so that it can provide a real stimulus to the housing industry.

I want to point out further that our work over the Senate proposal, the Senate proposal would have cost $1,100 million; by the adoption of this proposal, suggested by the chairman of the Committee on Banking and Currency, we were able to reduce the cost to $600 million.

I think the House conferees certainly provided a viable solution to the problem and preserved the incentive.

Mr. FRASER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Minnesota.

Mr. FRASER. Mr. Speaker, I wonder whether the chairman might comment upon section 203 of the bill. I understand the conferees dropped the Senate amendment which required the new earned income credit to be counted as income with regard to public assistance.

Notwithstanding the fact that this amendment was dropped, we understand that the disregard issue has not yet been resolved.

I wonder if the chairman could comment on this problem and indicate whether the issue might be considered in subsequent legislation.

Mr. ULLMAN. The gentleman raised an issue which we discussed at length. The Senate conferees were adamant against providing any "disregard" on this matter, but we did insist they take the language out that specifically mandated that it be considered in the computation of the total benefits.

This does leave to existing law the determination of the treatment of the provision for this purpose. We had some modifying language where we said we hoped would be acceptable, specifically providing a "disregard" but that did not prevail. As a result I am sure our situation is that we are back under existing law.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, I would like to point out to our colleague, however, with respect to the social security payment of $50, that is going to be a clear cut "disregard."

Mr. FRASER. My understanding, though, is that earned income credit may have the effect of putting money in the State treasuries but not putting it in the pocket of the poorest people of our communities. This bothers me.

Mr. VANIK. We do not think it will have that effect, but this is one of the problems we had in conference, and I do recognize what the gentleman says.

Mr. FRASER. I hope that members of the committee will agree that this is a problem. I hope they will be willing to look at the disregard issue in future legislation.

Mr. ULLMAN. It was not in the conference, but we did reject the Senate language, which leaves it open for future consideration. I am sure we are going to be looking at the issue in future.

Mr. RANDALL. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Missouri.

Mr. RANDALL. Mr. Speaker, I commend the committee for what it has done. I was interested in the 13 States in the unemployment compensation. The gentleman referred to nine high unemployment States.

Can the gentleman enumerate those, or will that develop later on?

Mr. ULLMAN. I do not have those before me.

Mr. RANDALL. I inquired, and they are not sure of which they are.

Mr. ULLMAN. Let me read the list of the nine States: California, Massachusetts, Michigan, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, and Washington.

Of course, there is provided an additional 13 weeks of benefits to individuals who qualify under the State extended unemployment benefit program, where they have already expired.

Mr. RANDALL. I thank the gentleman.

Mr. CORMAN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. CORMAN. Mr. Speaker, I might respond to the gentleman from Missouri by stating that the states that are involved are included, not because they are getting an additional 13 weeks as such, but because they triggered-in earlier than other States to start their additional 13 weeks of emergency unemployment benefits. No employee will exhaust his benefits before the end of June if we accept this amendment.

The States that were not cited by the chairman will not have consumed their additional 13 weeks because they did not start in the emergency benefit period as early as the States involved. We hope before June 30 to legislate for all of the States. But what we are really saying is that under this amendment no employee will have his rights exhausted before the 30th of June, even though he is in a State that got into this emergency period earlier than some of the others.

I hope that particular provision is adopted.

Mr. ULLMAN. I thank the chairman of the subcommittee for his assurance that that will be looked into. The gentleman has about as many facts as anyone.

Mr. BURGENER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman.

Mr. BURGENER. Mr. Speaker, I thank the gentleman for yielding.

May I ask a question on the tax credit for home purchases? As I understand it, that is a 5-percent tax credit?

Mr. ULLMAN. That is right.

Mr. BURGENER. Up to, but not to exceed $2,000. In other words, if my taxes are to be $5,000 and I buy a house, I would get a $250 tax credit? In other words, 5 percent of my $5,000 tax?

Mr. ULLMAN. The credit is 5 percent of the purchase price of the house. If one buys a house that costs $30,000, one will get $1,500, 5 percent of the cost of house.

Mr. BURGENER. That is related to the purchase price of the house?

Mr. ULLMAN. Yes. And one takes that as a credit against his income taxes.

Mr. BURGENER. The point is, if I bought a house that is under construction now, and I bought it last week, do I qualify?

Mr. ULLMAN. If you bought the house after March 12, 1975, and construction began before March 26, 1975, the house would qualify.

Mr. BURGENER. After the enactment of the law?

Mr. ULLMAN. After the enactment of the law.

Mr. BURGENER. For how long a period of time?

Mr. ULLMAN. Only for the remainder of this year, the calendar year.

Mr. BURGENER. The remainder of the calendar year 1975?

Mr. ULLMAN. Yes. However, if the buyer entered into a binding contract before January 1, 1976, the house would qualify as long as the taxpayer entered into settlement and occupied the house as his principal residence before January 1, 1977.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman.

Mr. VANIK. Am I correct in understanding the cutoff date is March 12?

Mr. ULLMAN. As of March 12, 1975.

Mr. VANIK. March 12.

Mr. ULLMAN. Because that is what was put in by the other side. The cutoff is March 12. If a taxpayer entered into settlement prior to that date, he would not be entitled to receive the credit.

Mr. GOLDWATER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. GOLDWATER. I would like to ask a question.

Under the definition of new houses there are current old houses and buildings or structures which are what they call rehabilitated, rehabs. These are dwellings which are completely gutted, new plumbing, new electricity, new utilities, in essence, brought up to current standards, given current warranties and guarantees to homeowners as would new construction. Would in fact that type of purchase qualify under this provision?

Mr. ULLMAN. No, not the way it is written. It applies only to new houses that are already in place or being constructed, but not to remodeled houses.

Mr. GOLDWATER. These are not remodeled. The outer dwelling is old but the house is, in essence new, because it does not carry all of the new warranties, all of the new guarantees.

Mr. ULLMAN. Let me yield to my friend from Ohio.

Mr. VANIK. Mr. Speaker, I would like to point out to my colleague from California that the question of rehabilitated houses was not in conference. We had no authority to deal with that issue.

Mr. ULLMAN. The only issue in conference was new houses. Unfortunately, rehabilitated houses would not qualify under this bill. There are other provisions in the housing bill we passed earlier this year that would help them.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman.

Mr. DON H. CLAUSEN. Mr. Speaker, the gentleman from Oregon (Mr. ULLMAN), represents, as I do, a lumber business area; and, as he knows, it is very depressed at this particular time.

I would like to have in his own words what he thinks the impact this particular tax credit on housing will have on the lumber industry, so far as bringing the mills into production.

Mr. ULLMAN. Mr. Speaker, this is obviously being confined to existing new, unoccupied houses and houses currently being constructed if construction began before March 26, 1975. It will have its major impact on clearing out of inventories. There is a heavy inventory of new houses already constructed but not sold in many areas. That is where its impact will be.

But I want to say to the gentleman that in doing that, we will in effect be making capital available for a lot of builders who are now out of capital. We do this by helping them sell houses in which they now have their capital tied up.

Mr. DON H. CLAUSEN. Or who have their money tied up?

Mr. ULLMAN. That is right, those who have it all tied up in inventory.

This will free that capital for new investments and new construction. We think that is an important factor. We think that getting these builders out from under that kind of a financial burden will be helpful.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentlewoman from New Jersey. The gentlewoman has been so helpful to us that I cannot help but yield to her.

Mrs. FENWICK. Mr. Speaker, I thank the gentleman.

I am troubled about the clause that appears here and about the explanation given to the gentleman from California (Mr. GOLDWATER). I am troubled by the emphasis of what our housing legislation, including the one we passed the other day, will be as to substantial rehabilitated homes.

Here we are acting again against the efforts we have seen in Newark, in Washington, and in many of our other cities to try to bring people to the cities to live in rehabilitated houses. These are houses which are sound but which are so antiquated inside they need to be gutted and substantially renewed.

Mr. Speaker, this is a problem that troubles me. I know we cannot now offer amendments on the floor, and I am not asking for that. But could we not consider that issue seriously?

Mr. ULLMAN. Mr. Speaker, I think the gentlewoman makes a very important point. We did not have that item for consideration in conference. It was limited exclusively to new homes, and there was no way we could extend our consideration beyond that point.

However, I think the gentlewoman makes a very valid point, and perhaps we should get into that issue and offer new incentives at a later date.

Mrs. FENWICK. Mr. Speaker, if the gentleman will yield further, it is the definition of "new homes" that troubles me. I wish it were possible somehow to include in the definition of "new homes" the 6,000 homes right here in the city of Washington and many homes that have been rehabilitated in my own home State and in my district. I am, in fact, talking about all the rehabilitated homes across the Nation.

Does the gentleman think the definition could be changed so as to include some measure of the substantial rehabilitation and take account really of the hard work needed by the builders and the building trades to get these homes into condition?

Mr. ULLMAN. Mr. Speaker, I would join the gentlewoman in trying to work in that direction. But let me say that if this provision would have included old homes, it would have been wide open to unlimited abuse, as I think the gentlewoman will understand.

Mrs. FENWICK. I know that.

Mr. ULLMAN. Mr. Speaker, that is why it could not be applied properly to anything beyond new homes. I think if we can make up a proper category of the type of homes the gentlewoman is suggesting, it would be possible to get these homes into that proposal without abusing it. However, to this point we do not have that kind of discretion, and it was not considered in conference.

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Speaker, if I may have the attention of the gentlewoman from New Jersey (Mrs. FENWICK), who has been making a very sensible plea for more attention to conservation and rehabilitation, I fully agree, and I think the explanation given by the chairman of the Committee on Ways and Means is quite persuasive, that that could not have been included in the measure before us.

However, in the Emergency Middle Income Housing Act which passed this body by a very substantial vote last week, new housing was specifically defined as including substantially rehabilitated housing, and I hope that will see a great increase in the effort to take our good, standard, decent homes and, instead of bulldozing them down, make them livable.

Mr. Speaker, I think the gentlewoman will be happy as a result of that effort.

Mr. BURGENER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. BURGENER. Mr. Speaker, on the matter of a house purchase, do I understand the house must be purchased after March 12; is that correct?

Mr. ULLMAN. Yes, that is correct.

Mr. BURGENER. Mr. Speaker, I understand there are provisions against sellers raising the prices of houses. Do I understand that correctly?

Mr. ULLMAN. Yes.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, on that point, let me explain that when the buyer makes his arrangements with the seller, he must get a certification from the seller that the house was not offered to any other person at a lower price.

Mr. BURGENER. I understand that.

Mr. VANIK. That was to insure that the sellers would not take advantage of this tax credit by increasing the price.

Mr. BURGENER. However, there is no provision against a family canceling on the escrow and reopening it, and I think that there is no way to estimate the cost of this, no way in the world. If I had purchased a house in March, I could go to the seller and ask him to cancel the escrow and sell it to me again.

Mr. ULLMAN. It is not intended that the mere signing of a contract and leaving a deposit will constitute the purchase of a house.

Mr. VANIK. If the gentleman will yield further, it is when the settlement occurs.

Mr. BURGENER. Yes, when the actual title is transferred.

Mr. VANIK. Generally, that is right.

Mr. BURGENER. But I would submit that there would be a great number of escrows canceled and reopened.

Mr. ULLMAN. Let me say this: If this were for more than 9 months, I would not so strongly support the program. However, I think it is worthy of a try. If there are abuses, we will certainly learn about them. I think we have tied it down up to this point.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. Yes, I yield to the gentleman from California.

Mr. ROUSSELOT. Was there any discussion in conference as to how many of these roughly 600,000 units we now have in this classification that has been described by the chairman are actually being made part of this provision?

Mr. ULLMAN. I think the latest estimate was that 75,000 homes would be purchased because of the tax credit.

Mr. ROUSSELOT. How was that arrived at?

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. Yes.

Mr. VANIK. In the classification of existing inventories there are about 350,000 single family homes. Multiple family homes such as condominiums and mobile homes are an additional number.

Mr. ROUSSELOT. My understanding is that it is roughly 600,000 units which are in this new classification.

Mr. VANIK. The figures were given in this classification.

Mr. ROUSSELOT. How were the 75,000 arrived at? What was the rationale?

Mr. VANIK. Three hundred fifty thousand was the figure for single family homes in the inventory. It is estimated that the tax credit will stimulate increased purchases of 75,000 of these homes.

Mr. ULLMAN. The art of estimating is not the best in the world, but I think that with the stringent requirements against any price increases, there will be a decided influence in the right direction. There are people who, in order to sell, will have to go back to a previous low price in order to qualify under this provision.

Mr. ROUSSELOT. If the gentleman will yield further, the gentleman has said he has reservations about this. What were his reservations?

Mr. ULLMAN. Because I have not believed that a cash benefit from the Government as a downpayment on a house was really a very sound procedure. I think that there are better ways of stimulating housing. I think, as the gentleman from Wisconsin (Mr. REUSS) said, we have tried to do the best we could in developing those other alternatives.

Mr. FREY. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Florida.

Mr. FREY. Does the definition of housing include condominiums?

Mr. ULLMAN. It does include condominiums.

Mr. FREY. Is there another requirement, for instance, that it be the only home of the individual?

Mr. ULLMAN. The home has to be the principal place of residence of the taxpayer.

Mr. FREY. Does that mean they can have two places, but they can designate this as the principal place, if they desire?

Mr. ULLMAN. There are some very stringent legal requirements with respect to principal place of residence. The taxpayer cannot have more than one principal residence under the tax laws.

Mr. VANIK. If the gentleman will yield, it is just the principal place of residence; it does not cover other situations.

Mr. FREY. But there could be a conflict-of-law situation.

For instance, one can have several places, but he can designate one as the principal place. My question is this: For instance, a man wants to buy a condominium in Florida, and he decides that he wants that as his principal place of residence. Can he stay where he is and use this as his principal place of residence?

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio (Mr. VANIK).

Mr. VANIK. On this point we were very specific. It is not merely where one designates as his principal residence. He must actually occupy this property more than any other.

Mr. FREY. If the gentleman would yield further, it is a question of fact and of law. What the gentleman is saying is that one may have two places to live in under this rule; is that correct?

Mr. VANIK. This is a tax law definition of where one lives, based on where he, in fact, lives most of the time.

Mr. ROUSSELOT. If the gentleman will yield, one still has his principal residence.

Mr. VANIK. The principal residence where he lives most of the time in the course of the year.

Mr. ROUSSELOT. That would apply to the condominium question before.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from New York, Mr. CONABLE, for an inquiry concerning a possible typographical error.

Mr. CONABLE. Mr. Speaker, first let me say that I want to compliment the gentleman from Oregon on the explanation the gentleman has given here. It has been very lucid and was done under difficult conditions. I think the gentleman has shown a remarkable capacity to pick up a wide range of subjects in a limited period of time.

I want to compliment the gentleman on having accommodated to a procedure which would permit advising the House of what is involved here.

Mr. ULLMAN. Mr. Speaker, if the gentleman will let me interrupt, let me say, while we are passing out bouquets, that I too want to commend the gentleman from New York for his very responsible role in this conference. Right up to the very end when the gentleman did not sign the conference report, I thought that the gentleman was extremely responsible, and up until the gentleman did not sign it, I thought he was solidly in support of it because we had worked on almost everything in concert.

Mr. CONABLE. Mr. Speaker, may I say that I regret that I communicated so poorly with the gentleman up to the moment of signing.

Mr. Speaker, I would like to refer the Chairman to a matter appearing in the conference report which I believe to be a typographical error and which should be corrected, and which is in response to the very provision we have just been discussing; namely, that relating to the housing credit.

It appears on insert 3-i-k-f, and it says, as follows:

> The provisions of this section apply to a new principal residence, (a) the construction of which began before March 26, 1975, and (b) which is owned and occupied by the taxpayer after March 12, 1975, and before January 1, 1977.

Mr. VANIK. It appears that it should read "1976".

Mr. CONABLE. It should read "1976", I believe. Otherwise this would extend the provision for almost 2 years, rather than the 9 months agreed to on the part of the conference.

Mr. ULLMAN. That will be corrected if it is wrong. I will ask the staff to check the date.

Mr. CONABLE. I thank the gentleman.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Speaker, I might say to the gentleman from Oregon that since we are preparing to go home tomorrow, and we might have some of our builders ask us about the date of

March 26. Would the gentleman explain that to us as to how that date affects builders who might start new construction, and how it could be enforced?

Mr. ULLMAN. If construction began after March 26, 1975, the house will not be eligible for the credit.

Mr. MONTGOMERY. Does this mean that the foundation should be in the ground by March 26 in order to be eligible?

Mr. ULLMAN. While it is not necessary that the foundation be completly in the ground, it is necessary that actual physical work at the building site occur and that this work be of a significant nature.

Mr. MONTGOMERY. I thank the gentleman.

Mr. ECKHARDT. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Speaker, I want to compliment the gentleman from Oregon on his presentation, and on the work that the conference committee did on this bill. I intend to support it, but I do think there are a few things that ought to be remarked upon such as with respect to the depletion allowance and the treatment of the depletion allowance in this bill.

I would like to mention a few of these things, and ask the gentleman from Oregon if he concurs:

Mr. Speaker, as I understand the main difference between what the Senate did and the Wilson amendment in the House was that this bill phases down the depletion allowance to 1,000 barrels of daily production over a period of time, I think 5 years.

Mr. ULLMAN. It does not phase it out.

Mr. ECKHARDT. It phases it down to 1,000.

Mr. ULLMAN. One thousand.

Mr. ECKHARDT. And after that it phases the rate down to 15 percent over the next five years.

Mr. ULLMAN. At the end of 5 years it is phased down to 1,000 barrels at 22 percent. Then the next year it drops 2 percent on depletion, and then 2, and then 2, and then 1, so that by 1984 one will be in a position where the maximum will be 1,000 barrels at 15 percent.

Mr. ECKHARDT. The thing that does concern me a bit is the effect and the difference between this bill and the Wilson amendment with respect to next year—the next several years. Let us take the next year. As I understand it, this will probably cost about a half billion dollars reduction in returns because of this depletion allowance provision, that is, a half billion dollars less revenue than if we took the whole depletion allowance away.

Mr. ULLMAN. Less benefits for the oil companies, does the gentleman mean?

Mr. ECKHARDT. No. Less benefits for the United States. In other words, it costs in taxes, as against removing the depletion allowance altogether, about a half billion dollars.

Mr. ULLMAN. There is a revenue pickup on the part of the Federal Government of about $1.7 billion. I do not quite understand what the gentleman is saying. He is saying, "What is the difference between the Wilson Amendment and this?" Is that what he is relating to?

Mr. ECKHARDT. No. I am saying, Supposing we got rid of the depletion allowance altogether.

Mr. ULLMAN. All right.

Mr. ECKHARDT. This costs the industry about a half billion dollars more.

Mr. ULLMAN. Yes.

Mr. ECKHARDT. As against the situation in the bill.

Mr. ULLMAN. Is that what we are talking about?

I yield to the gentleman from Ohio (Mr. VANIK).

Mr. VANIK. If we removed depletion entirely, it would cost the industry about $2.2 billion.

Mr. ULLMAN. What the gentleman from Texas is saying, though, as against removing it entirely, now giving the 2,000-barrel cover at 22 percent, what does that cost the Government?

Mr. VANIK. It reduces the revenue by $500 million initially, but that goes down over a period of years.

Mr. ULLMAN. That is the initial impact.

Mr. ECKHARDT. That would cost somewhere in the neighborhood of 18 or 19 percent of the total amount that would have been recovered if the depletion allowance had been altogether removed, right in that neighborhood.

Mr. VANIK. It would be in the neighborhood of 20 percent.

Mr. ULLMAN. The gentleman, I think, knows the issue very well.

Mr. ECKHARDT. The thing I am getting at is, according to WILSON's estimates of his loss of revenue because of that amendment, removing the depletion allowance altogether, he estimated about 15.6 percent, but it, of course, would have been a permanent decrease, and he was assuming that the depletion allowance would not be available to royalty owners because of the plowback provision. This may be valid or not valid, but I am simply suggesting that what the conference committee has done may be to increase the loss of revenue by a little over the Wilson amendment in the beginning, but in the end, of course, it would go down to a very much smaller figure.

Mr. ULLMAN. That depends on one's assumption as to the effect of the plowback provision on royalty holders.

The SPEAKER pro tempore. The time of the gentleman has expired.

Under a previous order of the House, the gentleman from Pennsylvania (Mr. SCHNEEBELI) is recognized for 60 minutes.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Ohio.

Mr. VANIK. I thank my co-conferee for yielding.

I want to point out, in further response to the issue that was raised by the gentleman from Texas, that in addition to the provisions that were discussed, there are several other tightening features in the depletion provision. First, there is a 65-percent limitation on the extent to which the depletion deduction may be used to reduce the income of the individual affected.

Second, there is a scheduled reduction in barrels of daily oil production eligible for 22 percent depletion which goes down to 1,000 barrels. Third, we reduce the depletion allowance from the 22-percent figure to the 15-percent figure.

I want to point out I opposed keeping the 1,000 barrel exception, but we had no other choice in the conference or we would not have had a bill before the House today.

I thank the gentleman for yielding.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to my friend, the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. Mr. Speaker, I thank the gentleman for yielding.

I merely wanted to take this opportunity to thank the chairman of the House Ways and Means Committee for the tremendous job he did during this conference. While we were not all in agreement on everything, he did bring out a conference report under the most difficult conditions that I think ever existed in any conference committee ever held in the history of this Congress. I think it is to his everlasting credit that he has brought this bill here today and that he has taken a special order to explain the report and to answer every question propounded and he has tried to bring about a reasonable result.

It is not easy to please everybody. It is impossible. There are many things I would like to have in that bill that I could not get in. I tried. The gentleman in the well tried to get a great many of them in. Of course, the gentleman did not sign the report and I did. But nevertheless the conferees on both sides of the aisle really worked hard. They worked and came in there early in the morning and worked late at night and they did try and they did bring out a bill. It is to the everlasting credit of the chairman of the Ways and Means Committee that he has done the task that he was assigned and he has done a yeoman job and he has proved to this Congress that he belongs in the Big League, and I will leave it at that.

Mr. SCHNEEBELI. I would like to underscore the remarks made by the gentleman from Massachusetts, the gentleman from Boston. I presume he means the gentleman from Oregon belongs with the Red Sox.

But, Mr. Speaker, the chairman did do a great job. He has had quite a grueling time in the last several weeks and in the last 3 days in particular. We are very proud of the job he did. I do not happen to agree with everything we did, but he made a good battle.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Speaker, I commend the gentleman from Pennsylvania and the gentleman from New York (Mr. CONABLE) for the constructive role they played in this conference. Also I want to say all the members of the conference committee, the gentleman from Massachusetts (Mr. BURKE) and the gentleman from Illinois (Mr. ROSTENKOWSKI) and the gentleman from Ohio (Mr. VANIK) and the gentleman from Pennsylvania (Mr. SCHNEEBELI) and the gentleman from New York (Mr. CONABLE) and myself were there early and late and everyone participated. Every decision we made was made after thorough study and consultation. Up until the very end the gentleman in the well played a very constructive role. I hope that before morning he will realize the error of his ways. This is a good bill. I would like to prevail on the gentleman to cosign it.

Mr. SCHNEEBELI. I think I am continuing my constructive ways by not signing it.

Mr. Speaker, we started with a bill of $30 billion and we are now down to less than $23 billion, so it is quite obvious we accomplished something.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, I want to point out it was stated earlier on this floor we did not have an open conference. As one member of the conference I wish it had been open because I think it would have displayed to every single Member of this body the thorough and careful manner in which all the issues were handled in the conference. I want to pay my respects to the gentleman in the well for his tremendous contribution and join my colleague, the gentleman from Massachusetts (Mr. BURKE), in directing special attention to the work that our chairman has done and the very thorough and complete way he handled his responsibilities and the thorough and complete way we went over the bill. It was a great pleasure to serve on the conference committee.

Mr. SCHNEEBELI. I thank the gentleman. He sat on my immediate right during the whole 3 days and it is the first time that anyone other than my wife has done that.

Mr. Speaker, there are two subjects I want to address myself to. One is the housing provision about which so many people seem concerned. The inclusion of this provision is one of my reasons for being disturbed and upset about the conference report. A person who started a house last November and plans to finish it next July will get the $2,000 credit on that part of the work that he did after March 12. If $40,000 was put into it, they get a $2,000 credit on a house they started without any encouragement, without any knowledge or any suggestion that they were going to get any credit whatsoever.

Usually we give rewards as encouragement for doing something. This time we are giving a reward for something that has already been accomplished.

There are about 600,000 units that they are trying to get off the market by means of the $2,000 credit, 600,000 out of a normal production of about 1½ million houses a year. This means that the fellow who built a house up to March 12 can get the $2,000 credit, but any houses built in the next 9 months are not eligible for it.

I thought it was the intent of legislation to encourage home building. This will not put a single man to work. This will let the construction unions remain where they are. It is not the slightest bit of encouragement for them or for new starts. It will discourage home building.

Let me give another instance here.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Speaker, I would agree with that point, but the House did pass a bill last week that theoretically is supposed to encourage home building. During the debate on that bill a point was raised about what to do with the existing inventory, that that bill did not apply to existing inventory, but to prospective building. It would seem as a package, if we did not want to stimulate the housing industry, that everybody thinks we must do, it seems to me we have in this bill and in that bill addressed ourselves to the total problem in that area. This deals with existing inventory and the other supposed to stimulate construction.

Mr. SCHNEEBELI. Mr. Speaker, we are giving a bonus of almost a billion dollars to people who build homes up to March 12 and cannot sell them. I would think an $80 billion deficit would be enough deficit, without adding another billion dollars to it.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, there is no limit on the price of a home?

Mr. SCHNEEBELI. No.

Mr. FRENZEL. It could be a $300,000 home and still get a tax credit?

Mr. SCHNEEBELI. Yes; a $2,000 credit.

Mr. FRENZEL. So we are conceding under this campaign we are in, we try to attack the weak, tax the poor to pay off the rich.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the distinguished chairman.

Mr. ULLMAN. Mr. Speaker, if the gentleman wants to be fair, we said we would give a bonus to the buyer, not to the builder.

Mr. SCHNEEBELI. For the disposal of the house.

Mr. ULLMAN. It is a bonus to the buyer and the builder cannot take the benefit away from the buyer by merely charging a higher price. It is not a bonus to the builder. It is a way to clear out the inventory.

Mr. SCHNEEBELI. But we are giving out a billion dollars without getting a nickel of new construction.

Mr. ULLMAN. $600 million at a maximum, and I think that in fact it will be much less.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I think this is a high currency provision of questionable merit. I would like to talk about the politics of it. If we have a constituent back home that has an old house to sell and he hears about this provision whereby we are going to give somebody that has a new home in inventory the benefit of being able to sell his home with this kind of tax credit to the purchaser, let me tell this House, the constituent who has his home listed on the market is going to consider himself disadvantaged by this to a very substantial extent.

The politics of it is very negative, and the gentleman should not think for a minute that it is not.

Mr. SCHNEEBELI. I thank the gentleman for his contribution.

There is another aspect of this which is very serious. In order to obtain the credit, the taxpayer must receive a certificate from the seller that the price of the house is at the lowest price at which the house has ever been offered for sale. If a gentleman is going to sell a $45,000 house, and if the asking price keeps going down until finally it gets to $40,000, and the potential purchaser indicates he does not want this type of house; it cannot be sold at any other price since it was offered to him at $40,000. If another fellow comes along and wants to buy the same house and offers $42,000 for that house because he thinks it is a good buy at $42,000, the man has to sell it to him for $40,000.

That price had been established because, in trying to get rid of the house he has gone down to the price of $40,000 for one customer. He can never go back to his $45,000 asking price or anything in between $40,000 and $45,000.

Mr. Speaker, I should think the real estate agents of the United States would be concerned about this bill; either that or they pay treble damages for selling the house at a higher price than he had offered it to any other buyer. This is pretty unique in American salesmanship.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the point the gentleman is making, because we tried to go through many of these same kinds of problems in dealing with this roughly 600,000 units are presently on the market in the bill.

I think even more important than the point the gentleman is making, which is an excellent one, is the point that my colleague from New York has brought out. That is, it was a "simple typographical error" that he just happened to catch because the printed copy of this conference report has now just arrived here, and it was the difference between 1976 and 1977 for this very benefit.

This would have extended this credit for 1 whole year more than we have been told the date would be, and the chairman said that, yes, he had to acknowledge that this "little mistake" existed.

The point many of us were trying to make during the rule—which not many Members seem to care about—is that this is just one typographical error. How many others are there? My colleague from Florida says there are a lot of them.

That is just a wonderful way to legislate. We have a whole bill here which is substantially new to the House.

Mr. SCHNEEBELI. It is worth $22 billion.

Mr. ROUSSELOT. To say that it is a great piece of legislation and that we can compliment all of our good colleagues whom we know have worked hard is very well, but there are these kinds of typographical errors.

I think that is just why we should not be legislating in such a hurry. Even those of my colleagues on the other side may feel, as some of my colleagues who in all sincerity voted against and refused to sign the report, just because of their concern about this kind of thing, I think we are committing a grave mistake in legislating with this kind of speed. That one mistake, if it was not discovered by my colleague from New York, could have cost literally a billion dollars.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Oregon.

Mr. ULLMAN. That was not a typographical error and is not a mistake. The information we had at the time was wrong.

Mr. ROUSSELOT. The gentleman just said it was a typographical error.

Mr. ULLMAN. I did, on advice that subsequently was proven wrong. What it says here is:

> The benefits of this section apply to a new principal residence—(A) the construction of which began before March 26, 1975; (B) which is acquired and occupied by the taxpayer after March 12, 1975, and before January 1, 1977.

That means he must occupy it before that date. In other words, if the house is being constructed by the taxpayer, construction must begin before March 26, 1975 and the taxpayer must occupy the house as his principal place of residence before January 1, 1977.

Then (C) says:

> If not constructed by the taxpayer, which was acquired by the taxpayer under a binding contract entered into by the taxpayer before January 1976.

This is the same kind of "binding contract rule" used elsewhere in the Internal Revenue Code.

Let me say that the staff had a monumental job putting this together, but we have one of the most competent legislative staffs, in coordination with the joint committee, that one could ever put together. The Members are not going to get a more accurate legislative service in the world than they have right here.

I want to say that the Members will find very few errors, despite the haste.

Mr. SCHNEEBELI. Mr. Speaker, I agree with the gentleman's statement. The staff is most competent.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman.

Mr. CONABLE. Mr. Speaker, I might confirm there has been some reassessment. Whether that is a typographical error or what it is, I think the wording is inartistic. I do not think we can take a great deal of credit for inartistic wording. I think we have made it abundantly clear on the floor that this provision should be in existence for 9 months only and not for a year and 9 months. Any 1977 date refers to the possible date of settlement and occupancy. If a taxpayer is purchasing a new residence, he must enter into a binding contract for the purchase of the residence before January 1, 1976. In addition, construction must have begun before March 26, 1975. That, I believe, should be part of the legislative record, regardless of the interpretation one makes on wording that has been called into issue.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman.

Mr. ULLMAN. Mr. Speaker, that should be in the record.

Mr. SCHNEEBELI. Mr. Speaker, I thank the gentleman from California for making the point in the record.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield, I thank my colleagues for making the point even more precisely than I could make it, and that is that we are again rushing into a monumental change in tax law that has been brought about after a few days in conference. Nobody was being critical of the staff. I do not know how they have done as well as they have done in producing this document, under the conditions which they had to operate. My point still goes. We are voting on something that we are not familiar with. Even the people who were in conference are not totally familiar with it. I believe my colleague in the well has tried to make the point, and I am trying to reemphasize the necessity for each Member to now get the copies that are available of this conference report and study it, because the Members must be responsible to their constituency as to whether they vote for or against this bill. The Members will have no capability of going back after the fact and saying, "I am sorry, I did not mean to vote that way," and so on and so forth. It is a total vote, one way or the other. That is why I think my colleague from Pennsylvania and my colleague from New York were in fact correct in not signing this report, because they admit they do not know totally what is in the bill.

Mr. SCHNEEBELI. Mr. Speaker, it is undesirable to accept all of the nongermane amendments by the Senate, because by the time we finish we do not know the territory we have covered. When we get about 16 or 20 nongermane amendments we have never before considered it is difficult to recall the provisions. You are not sure what you have then.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, even more important than that, had we not had this special order of two 60-minute periods, we would still be in the dark even further.

Mr. SCHNEEBELI. I think the gentleman will be in the dark when it is all over too.

Mr. BROWN of Ohio. Mr. Speaker, the economic impact as to purchasing a house, as I understand, it provides to new homes. I have a friend who has been obliged to move in the last few months to another community because of business obligations. Now he has a house for sale, and he thinks he may have a purchaser.

As I understand it, that purchaser, however, may very well under that provision buy a brand new house and get the $2,000 reduction or rebate or whatever it is.

But what is the impact on this friend of mine who has a used house for sale, in terms of whether or not the market is taken away from him? Is it not in fact the situation that the house that he has to sell may not find a market?

Mr. SCHNEEBELI. Mr. Speaker, the legislation included used houses as well as new houses, and there was so much argument against that that they deleted the section with regard to used houses. Why would one buy a used house when he could get a $2,000 tax credit for a new one?

Mr. BROWN of Ohio. Mr. Speaker, if the gentleman will yield further, the economic impact on my friend who must sell his home to meet a commitment is that he could lose his tentative purchaser to a new house, could he not, and he will have difficulty selling his house because the purchaser would not get that $2,000 break; is that correct?

Mr. SCHNEEBELI. The gentleman is correct.

Mr. BROWN of Ohio. So as a consequence we may have a lot of houses sitting on the market that are used and do not get sold?

Mr. SCHNEEBELI. The gentleman is correct.

Mr. Speaker, I think we have spent about all the time we should on this subject. I would like to move to a new area, if I may, and I would like to emphasize another reason why I did not sign the conference report.

For the first time in 38 years, since the social security system was established in 1937, this will be the first time we have ever taken any money out of general taxation funds to pay social security recipients.

The supporters of this provision say that it is only $50. Well, we have been through that before. Ten years from now it will be $500. Once we open this door, there is no stopping it, and we will be paying social security on two bases: First, the regular increase, the cost-of-living increase, plus this additional bonus.

It is only $50, but it will probably be payable in June at about the same time the social security recipients get an automatic increase of about 8.7 percent. On the average, that annualizes at about $200 a year. That is what we promised them when we put in the escalator clause relating to the cost-of-living increase.

We are here adding a new dimension. This is something everybody was concerned about and very afraid of for many, many years, that we would open up the general treasury to social security.

It is only $50 this year. It only amounts to $1.7 billion, that is all. Next year is election year, and it will probably be $100; the following year it will be $200. The pressure will be terrific. We will have two different types of social security payments: one to which they are entitled as a result of payments into the fund and one as an extra bonus because of political pressure.

Mr. Speaker, we set this social security system up separately so we would have some limitation and so that we would not pay any more than was paid in. The limitation is that we do not want to have too great a payroll deduction. That limits our payouts. Now we will have no limitation whatsoever.

So in July these people would get two extra checks: One for the 8.7-percent increase and one for the extra bonus that nobody expected, that nobody bargained for. It was put on as a Senate amendment, and I think we are going to regret this day for a long, long time.

Mr. CONABLE. Mr. Speaker, will the gentleman yield to me?

Mr. SCHNEEBELI. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I would like to disabuse the idea of those Members who think the minority Members who failed to sign the conference report did it only because they were confused or unaware of the great virtues that are encompassed in this bill. I think it is a bad bill.

I acknowledge the fact that when we are trying to stimulate the economy, a tax cut approach is a good approach. I was pleased when the President recommended a tax cut at this time, at a time when our economy has been faltering badly.

It is interesting to see what has happened since that time as this Congress has warmed to the task of stimulating the economy. We are headed downhill and virtually out of control in terms of the stimuli we are trying to apply. It seems to me we are likely to be imposing a stimulus on the economy long after it has turned. I have no confidence that it is turning, on any statistical basis, at this point.

However, I am sure that it is going to be very difficult for the Congress to turn off many of the measures in this bill which provide stimulus off into the distant future rather than following the course recommended by the President, which I myself felt is the best course; namely, of trying to have a one-shot stimulative approach with sufficient jolt to turn the economy around.

I note, Mr. Speaker, in connection with this report, that in virtually every case where we gave in to the Senate we gave in on structural matters, changing the tax base, eroding it, and contributing to future deficits rather than improving it. We would up with a present stimulus as modest as the House bill, and I felt that was inadequate at the time. If the Members recall, I moved to try to increase the size of the rebates on the 1974 tax, while eliminating those changes that were erosive to the tax base.

I think also, Mr. Speaker, that it is very clear that this is no way to legislate tax reform. I am happy that we have been able to accommodate the House by setting forth a full explanation of what transpired in the conference committee, but I must say there are many very significant measures, including the one the gentleman from Pennsylvania (Mr. SCHNEEBELI) has just referred to, which will constitute a substantial precedent for future action on which we have had no hearings, on which we have not had extensive deliberation, and in many cases which we have accepted from Senate action precipitated on the floor, and without any great deliberation.

This is not the way to change the Tax Code. The American people have to live with this Tax Code. They have to live with all this fine print which we are so cavalierly changing in major dimension here; and it seems to me that we lost sight of the goal when we moved this bill from a stimulative measure to a major tax reform measure without taking advantage of the normal legislative procedures. I deeply regret that we have done that. I think that we will live to rue this day because of some of the precedents set, including the one the gentleman has referred to, where we are putting General Treasury money into the hands of social security recipients by virtue of the fact that they are social security recipients only.

I have the feeling that there are many people in this House at this point who, if it was proposed that we shovel money out of an airplane for stimulative purposes, would resist any effort to try to eliminate that provision for the urban areas so as to minimize the waste. I have the feeling that we are at this time moving headlong toward stimulative measures which, unfortunately, are going to be very, very dangerous and damaging to the economy.

Mr. SCHNEEBELI. Mr. Speaker, I thank the gentleman for his contribution.

I would also like to remark, that the two gentlemen who would not sign the conference report, that there were two Members from the other side of the aisle in this conference who voted for the conference report very reluctantly. One of them said to me, "You can quote me as saying that I was very reluctant to agree to this conference report."

As a member of the Budget Committee, as is the gentleman from New York (Mr. CONABLE) who just responded, I would remind the Members that where we start with the 1976 budget at a 50.9-percent deficit, the Budget Committee is now estimating a $80 billion deficit for 1976. This does not include a lot of the legislation we have in here which comes to more than $22 billion additionally.

It has been freely discussed that our deficit for 1976 will be approximately $100 billion. I do not want to contribute to that type of deficit. That is why I am against this conference report.

I would like to ask the Members this question: What is the interest on our debt per day based on the $50 billion deficit for 1976? What is the interest we pay per day, just the interest? It is $94 million a day, the interest we pay. The interest we pay on our debt is more than $1,000 a second. That must be a proud record for people to talk about.

Mr. MYERS of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Speaker, I have in my hand a summary of the conference report, and I have difficulty in balancing out the philosophy between two items, items 1 and 4.

As I understand, item No. 1 deals with the rebate which was the original intent in this whole program, which was the rebate of tax dollars to people who had paid taxes in 1974.

Item No. 4 appears to give a maximum of $400 to persons who may not have even paid any taxes in 1974, whereas in item No. 1 the persons paying income taxes can only get a $200 maximum. The middle-income persons who have paid the majority of the taxes are limited to $200 as a tax rebate, or a refund under this program, while those who have in many cases paid "no" 1974 Federal income tax can receive $400.

That interpretation being correct, I would like to point out to the gentleman on the other side who earlier said that this program is going to start the industrial whistles blowing, that he is absolutely correct. Because I know from having worked on the floor of an industrial plant that when the persons who worked and paid taxes in 1974 only get a $200 rebate, and yet the persons who did not pay any taxes get $400, those whistles will surely be blowing, not because the assembly lines are heated up, but because workers are heated up and I would not blame them for blowing off some steam.

Mr. SCHNEEBELI. This is what one calls a negative income tax, and it is the reason why many of the Members voted against the bill when it passed the House originally.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Speaker, I hesitate to get in the middle of this subtle operation or the eloquence with which all of our colleagues have participated for several hours. But I would like to ask a couple of questions of the gentleman from Pennsylvania (Mr. SCHNEEBELI) and the chairman of the conference, the gentleman from Oregon, the distinguished chairman of the Committee on Ways and Means (Mr. ULLMAN) on that portion of the bill which relates to the deferral of income from foreign subsidiaries.

As I understand the decision of the conference on the sections that relate to the type of earnings or profits of controlled foreign corporations and their shareholders, the effort was to modify the so-called Hartke amendment in a way to modify that in conformity to what was tentatively agreed to by the House Committee on Ways and Means in 1974.

My questions will be directed to the distinguished gentleman from Oregon, if I may be permitted to do so.

No. 1: There are four provisions that relate specifically to deferral income. Were all those provisions agreed to in the 1974 bill, except the one that splits their income on a 30- to 70-percent basis; my understanding is that was not agreed to in 1974, but is, in fact, a new provision from which the estimated $225 million comes. Is that where most of that revenue gain is anticipated to come from?

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman.

Mr. ULLMAN. The first three items, as the gentleman suggested, were passed here and approved by the committee. The fourth item, the modification of the 30- to 70-percent rule to convert it into a 10- to 70-percent rule, was not acted upon by the committee.

Some of us had looked at this modification. It is my understanding, however, that the Treasury did approve it and, as a matter of fact, recommended it.

In looking at it in the conference we concluded even though it not had been acted on by the committee, it is undoubtedly a proper tax reform.

Mr. STEIGER of Wisconsin. Mr. Speaker, if the gentleman will yield further, may I ask what it is you are doing? If I understand the answer, and I must admit my ignorance, if I understand the present language it says in effect that if out of the tax "average" source you have less than 30 percent of your income coming from that particular operation or corporation or subsidiary, you are allowed to defer. Now you are changing that to 10 percent. And does that mean that if a subsidiary of an American corporation receives less than 10 percent of its income from that source it will not be allowed to defer that in the current tax bill?

Mr. ULLMAN. No, that is not quite right. It has to receive 10 percent or more to be taxed currently. The 30-percent rule says that it has to receive 30 percent or more, and because of that exclusion, a lot of corporations moved part of their operations into the tax-haven countries and took advantage of that 30-percent rule, and a lot of jobs left the country because of it. So we feel it was a real loophole and moved that 30 down to 10, so now we say we have limited the amount of tax haven income which may be deferred. If they have 10 percent or more, then they are subject to tax currently on their tax-haven income.

Mr. STEIGER of Wisconsin. I appreciate very much that clarification. Can I, then, ask a question as to where this one Member gets a definition as to what is defined to be a tax haven? I notice in the code and in the bill that there are certain countries specifically listed as being developing nations. Where do I find out what is a tax haven?

Mr. ULLMAN. If the gentleman will yield, the provisions that define a tax haven are in section 954 of the code. It is not by country, but it is by kind of income. But it gravitates toward certain countries for a number of reasons.

Mr. STEIGER of Wisconsin. I very much appreciate the gentleman from Pennsylvania's yielding so that I might ask those questions, and I very much appreciate the gentleman from Oregon's responding.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. I thank the gentleman from Pennsylvania for yielding.

I had endeavored when the chairman of the committee was holding forth under his special order to get him to yield, and he did not feel that he had the time to do so, but I was seeking to have him yield. Perhaps he would be willing now to respond to a question that I had at that time. I was interested in the colloquy that he had with the gentleman from Minnesota (Mr. FRASER) with respect to what I think is now section 203 in the committee print that I have of the bill dealing with tax credits for personal exemptions. Am I correct, and is the summary that I have seen of this section correct, that in effect what we will do will be to grant a $30 credit, not only for the taxpayer and his spouse, but for each dependent, in addition to the $750 exemption that is now in the code; and will that have the effect of creating a revenue loss of $5.2 billion?

Mr. ULLMAN. If the gentleman from Pennsylvania would yield, first, let me say that the gentleman did not refuse to recognize the gentleman from Illinois for any particular reason except that there were people all over the place, and we were trying to accommodate as many people as possible.

The gentleman is correct. This is in addition. This is a $30 credit in addition to the $750 exemption. It applies to the taxpayer, his spouse, and each dependent. The revenue impact is $5.2 billion, as the gentleman said.

Mr. ANDERSON of Illinois. If the gentleman from Pennsylvania will yield further, I have supported the notion that a tax cut was a good idea and an effective way of stimulating the economy, and I still subscribe to that notion. I have been in the well of this House on several occasions in recent weeks to speak against, and later to vote against, new spending programs on the ground that the best way to stimulate the economy was through a tax cut, giving the money to the people to spend rather than increasing what was already projected as a $50 or $75 or $85 billion deficit, depending on whose figures one uses. My concern is whether or not the Committee on Ways and Means—and this concerns the colloquy that I believe the chairman had with the gentleman from Minnesota (Mr. FRASER) in connection with the tax reform areas—later this year in the bill, hopefully, it will bring out, is going to try to make a serious effort to recapture through tax reform some of the revenue losses that otherwise are going to be implicit by reason of structural changes that will affect income tax collections in 1976, a year when, hopefully, we will be on a recovery path, and when we certainly do not want to overstimulate the economy with the kind of revenue losses that are involved in a section of this kind.

I would appreciate it if the gentleman from Pennsylvania would yield further and if I could get some response from the chairman of the committee.

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield further, the reason that the provisions of this particular legislation extend only one year is because the purpose of this legislation is the stimulation of the economy in a time of recession. Later this year the Ways and Means Committee will be looking at long-range tax reform. The committee and the chairman are very cognizant of the problem of the possibility of the recurrence of a wave of inflation and we fully understand the implications all throughout our system if that happens. Subsequently when we review the possible extension of some, or all, of these provisions, we certainly will be looking at the impact of the tax system on the economy so we can try to accommodate a growth factor in the Nation's economy without a recurrence of inflation. At the same time we will try to provide a revenue pickup provision to take care of the financial needs of the Nation. That will be the purpose of our committee.

Mr. ANDERSON of Illinois. Mr. Speaker, if I may have just 1 further minute, if the gentleman will yield further, I am fully aware that there are obvious and gross inequities in the present $750 exemption, and it means one thing to the man in the 70-percent bracket and it is worth much more to him than to the man in the 14-percent bracket. But again I think that this particular section of the bill is the best way of redressing that imbalance and bringing into that essentially the degree of proportionate taxing that it ought to have. Would the chairman make an effort to reexamine this particular subject, the subject of individual exemptions in connection with tax reform?

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield again, we have been looking at a possible way of shifting to a credit rather than an exemption. It is the feeing of the chairman and I think many members of the committee that would be more equitable. However, we have a very difficult problem. There are a great many people who would not understand if we took the $750 away and gave them a credit. They would think we were taking something away from them even though they were getting a sizable benefit.

The Senate put in the bill an option to take credits or personal exemptions. The credits would have been beneficial to taxpayers with incomes taxed at less than 27 percent. Everyone in the 27-percent or lower rate brackets would have been given $200 credits in lieu of their exemptions and those above tax level would have retained the $750 exemptions. That sounded very good at first. At first I thought it was an excellent thing, until we found the complications of trying to put it on a form, and then we realized it would be very difficult and would complicate the form to the extent that it would have been very confusing for taxpayers generally.

So the answer is, yes, the committee

will be looking at and carefully studying alternatives to see if we can find some better way of applying the exemption.

Mr. ANDERSON of Illinois. I thank the chairman of the committee and the gentleman in the well for their patience in explaining this bill and for yielding to me.

Mr. DELLUMS. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, I thank the gentleman on the other side of the aisle for yielding to me.

As the gentleman knows on two occasions the House took action in reporting this bill to the other body to repeal the oil and gas depletion allowance for the large companies as well as the independent producers or the so-called mom and pop oil companies. In a summary of this report it says:

> The conferees agree to repeal the oil and gas depletion allowance for large producers effective January 1, 1975 and to limit and phase down the amounts for independent producers and royalty owners by 1984.

My question is this: Several of my colleagues have indicated to me in colloquies off the floor that this provision for "royalty owners" is an extraordinarily large loophole that would virtually nullify all of our actions.

For example, we are talking about people who earn approximately $2 million a year income from gas and oil depletion allowances. The first $300,000 is to be protected from taxes.

Now, is there anything in this conference report that would preclude an oil company from restructuring itself in order to allow a substantial number of royalty owners collectively to come in with a $300,000 guaranteed income from taxes, multiplied by several people?

Is there any way they could not restructure in order to move into this loophole and nullify the action of this body?

Mr. SCHNEEBELI. Mr. Speaker, there is a prohibition against proliferation from a certain date forward. I would ask the members of the committee if this is not so.

The organizations that are in existence as of now could not be proliferated to take advantage of this loophole.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Pennsylvania.

Mr. GREEN. Mr. Speaker, I thank the gentleman for yielding. From December 1974 on, any of these operations in existence cannot restructure themselves to take this advantage. I think the concern the gentleman has expressed has been taken care of.

Mr. DELLUMS. Mr. Speaker, will the gentleman yield further?

Mr. SCHNEEBELI. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Speaker, I know my distinguished colleague, the gentleman from Pennsylvania (Mr. GREEN) fought valiantly on this issue. Is the gentleman saying he is satisfied with the provisions of this bill that would guarantee nonproliferation?

Mr. GREEN. If the gentleman is asking am I completely satisfied, no, I am not; but we got 80 to 90 percent of what we were after; but to delay this bill by trying to get 100 percent, which we could not get in any event, would be a mistake.

Mr. SCHNEEBELI. I would question the 80 to 90 percent.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from New York.

Mr. CONABLE. I would just rise to say that we failed in this. This is a bad result, because we are going to be back on oil depletion time and time again.

I was not in favor of repeal of depletion allowances in this bill, but if we are going to move against depletion, we might as well move against it. We have left a major loophole and I am distressed that we have.

It is kind of like the old situation where the young man went to work in a law firm and found an old file and settled the case. He went into one of the old partners and said, "For heaven's sake, I have done a great job settling this case."

And the old partner said, "We have been living on that case for all these years."

There are lots of politicians who have been living for all these years on depletion and now they can go on living on depletion. We will be back talking about this at great length when we ought to be talking about substantive provisions of tax reform.

Mr. SCHNEEBELI. Mr. Speaker, I agree with the gentleman. We heard some heroic speeches a week ago saying, "Let us put this depletion behind us," but it is suffering a very slow and lingering death. This has been a battle cry for quite a while.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Pennsylvania.

Mr. GREEN. I would like to say to my friend, the gentleman from California, who was concerned about this matter, we did not get everything we wanted. It may come up again.

The fact of the matter is that the very people who are decrying this at the moment are those who are against repealing it at all.

Mr. SCHNEEBELI. Mr. Speaker, I would remind my colleagues who are wanting to speak that we have another hour on the bill itself.

Mr. ROBERTS. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Texas.

Mr. ROBERTS. Mr. Speaker, I am amazed at the questions and the answers. We have no answers.

The royalty owner is the landowner. It has nothing to do with the corporation. The royalty owner is the landowner from which those entire products come. That applies to gas, coal or minerals.

Mr. SCHNEEBELI. And he gets about one-sixth of the value.

Mr. ROBERTS. The normal contract is for one-eighth of the oil on oil and gas and one-sixteenth on coal. It has nothing to do with the corporation. All the answers here are absolutely unrelated to the question.

Mr. KETCHUM. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Speaker, this may have been discussed earlier in the discussion, but it is such a confusing issue that perhaps we can get something straight.

On the $50 direct payment to social security recipients, is there anything in the bill to preclude a State from adding that as income to an old age recipient so that the $50 will be passed through rather than simply deducted by the State from their payment?

Mr. SCHNEEBELI. That subject came before us. The payment will be passed through. It will be disregarded and it will not upset a person's income insofar as his other State welfare benefits are concerned. The payments will be completely disregarded.

Mr. KETCHUM. I thank the gentleman.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for yielding to me. Is this bill an energy tax bill or is this an overall tax bill?

Mr. SCHNEEBELI. This is an omnibus bill. This covers many areas. As the Senate amendments came up—there must have been about 15 nongermane amendments. Luckily, we were able to jettison about two-thirds of them. The difficulty is, the unfortunate thing is, that we still have about a third of them left.

Mr. ARCHER. That is what I assumed when I looked at the conference report, but then I find these anomalies which say foreign tax credit provisions apply only to oil and gas industries. Is there some reason these were not applied to all other industries?

Mr. SCHNEEBELI. The deferral——

Mr. ARCHER. I am talking about the foreign tax credit. Is there some reason why those apply only to oil and gas?

Mr. SCHNEEBELI. The gentleman was on the Ways and Means Committee last fall when we adopted what was adopted in this bill. Perhaps he could answer the question.

Mr. ARCHER. I am saying this is an omnibus bill and not an energy tax bill. Why is it the oil and gas industry is picked out to be the only industries affected by the foreign tax credit?

Mr. SCHNEEBELI. The questioner is always a stout defender of the oil industry, and does a very good job. I cannot answer him, frankly, but the gentleman was on the committee last fall when we adopted the amendment.

Mr. ARCHER. But I was not on the conference committee. This is a bill which I assumed was not an energy tax bill.

I also say to the gentleman, if he wants to close depletion and not continue to have it as an issue discussed in the Congress again, why not make the same provisions for the coal, uranium, sand, gravel, granite, and a hundred other industries?

Mr. SCHNEEBELI. We did not have as much pressure.

Mr. ARCHER. But is not that to be

opened again, as my colleague from New York says? Is that not going to continue?

Mr. SCHNEEBELI. The gentleman knows who the whipping boys have been for a long time in campaign platforms. I agree with the gentleman on depletion. It is a public relations albatross around the necks of the oil companies. I should think they would be glad to get rid of it.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from New York.

Mr. CONABLE. Mr. Speaker, I believe we were in conference only with respect to oil on that because the Hartke amendment in the Senate eliminated foreign tax credits with respect to the petroleum industry only.

Mr. SCHNEEBELI. I would say this about the two foreign tax provisions—tax credits and deferral. The two Senate amendments added up to $2 billion. We cut them back to about $300 million this year and $700 million next year, so it is about 30 percent of what it started out to be this year.

Mr. ARCHER. Mr. Speaker, if the gentleman will yield further, I would simply point out to the gentleman for the purposes of the record that when the Congress cut the depletion allowance in 1969, we got a reduction in domestic production of oil and gas, and we are going to have the very same thing occur as a result of this inappropriate action.

Mr. SCHNEEBELI. The gentleman knows my position on the matter.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, I thank the gentleman for yeilding to me. As I go through this bill, I say to the gentleman from Pennsylvania, I find about a dozen nongermane amendments. One of them is the foreign tax credit for oil purchases; child care deduction; minimum accumulated earnings—whatever that may be; NOL carryback; Senate provision on social security; unemployment compensation; two foreign tax bills; Keogh plan change.

Was it pointed out to our friends from the other body that we are not supposed to deal in nongermane amendments?

Mr. SCHNEEBELI. It was very much pointed out to them. I would like to assure the gentleman that we threw out about an equal number of nongermane amendments which cost about $7 or $8 billion more.

Mr. FRENZEL. The trouble with nongermane amendments, I would tell my friend from Pennsylvania, whom I know was stout in trying to defend against them, is that it forces us to make decisions on the floor on matters on which we have no data. The law with respect to deferral of foreign source income tax credits is extremely mysterious to me.

Without benefit of hearing, without benefit of data, it just places an impossible burden on Members of Congress to make decisions. I think that the conferees have put me in a position where I am going to have to vote against the bill because I do not have much of a good idea of what is in it. I would like to say what a number of others have said when we talked about the rule on this bill. This is an absolutely disgraceful way to legislate, and I am not very proud to be a part of the process.

Mr. SCHNEEBELI. I agree with the gentleman 100 percent. We have gone through this process on a number of bills, and I think it is a disgraceful way to conduct business. I think we should have learned our lesson by this time, and the House should not accept the nongermane amendments from the Senate. When will we have the courage to stand up and conduct our business properly?

Mr. FRENZEL. The leadership does not seem to cope properly with the problem.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman.

Mr. McCLORY. I thank the gentleman for yielding. I want to compliment the gentleman for illuminating many of the aspects of the conference report on this tax rebate, et cetera, bill. I am aware of the fact that the gentleman and most of the Members on this side of the aisle disagree with some of the provisions of this conference report. However, I feel that the best opportunity we have for economic recovery is through more private jobs in private industry and, therefore, I just want to be sure that we are providing some inducement for private industry to provide additional investment for plant expansion and equipment so that they can provide these jobs to the men and women of America, that they want and need, and can secure only through our great private enterprise system and not through governmental make-work kinds of programs.

Will the gentleman help me, so far as the investment tax credits for our domestic industry is concerned?

Mr. SCHNEEBELI. The investment tax credit, in effect, is increased from 7 percent to 10 percent for general industry, and from 4 to 10 percent for utilities. Utilities, particularly, are going to have a tremendous demand. They have a very particular problem in capital formation. That is why they were increased from 4 to 10 percent. The basic investment credit will amount to $2.9 billion. This was provided as an incentive, in order to provide new plant and new equipment, which in itself will provide for employment and make them more capable of competing.

Mr. McCLORY. If the gentleman will yield further, I have one other question. It is my understanding that investment tax credit, if they are too short in duration, do not provide inducement for investment.

Mr. SCHNEEBELI. On the investment tax credit, although in the bill it is for 2 years, it is our intent to make it more or less permanent. Our difficulty in 1969 and 1971 was that we put it in, we took it off, we put it back in.

Industry gets very nervous about the Yo-Yo effect. I hope the increased credit will be permanent.

Mr. McCLORY. I thank the gentleman.

Mr. GOODLING. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman.

Mr. GOODLING. Mr. Speaker, I have one question. I will be talking to a reporter outside the door as soon as we vote. I would like to know if I am correct in assuming that if a family of four has an adjusted gross income in 1975 of $4,000, and they do not pay taxes on that, they will get $200 under item 1, $120 under item 3, $400 under item 4, or $720. But if they make $8,000 during 1974, that is, the adjusted gross income, they will then get $200 under item 1, $120 under item 3, zero under item 4, or only $320. And then if they make $30,000, having adjusted the income, they will get only $220. Is that correct?

The SPEAKER. The time of the gentleman has expired.

Mr. SCHNEEBELI. I will write the gentleman a letter.

CONFERENCE REPORT ON H.R. 2166, TAX REDUCTION ACT OF 1975

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

POINT OF ORDER

Mr. CONABLE. Mr. Speaker, I have a point of order.

The SPEAKER. The gentleman will state his point of order.

Mr. CONABLE. Mr. Speaker, I make a point of order against the conference report on the ground it contains matter which is in violation of provision 1, clause 7, of rule XVI. The nongermane matter I am specifically referring to is that section of the report dealing with the tax credit on sales of new homes. It appears in section 208 of the conference report, on page 14, as reported by the Committee on Conference.

The SPEAKER. Does the gentleman from New York (Mr. CONABLE) desire to be heard further on the point of order?

Mr. CONABLE. Mr. Speaker, I will add only briefly that a careful scrutiny of the titles of the House bill, as it was sent to the Senate, shows many types of tax measures, but nothing relating to the sale of homes. This clearly is an addition of a very divergent nature to the bill and deals with the nonbusiness and nonpersonal type of credit.

The SPEAKER. Does the gentleman

from Oregon (Mr. ULLMAN) desire to be heard on the point of order?

Mr. ULLMAN. Mr. Speaker, I would like to speak against the point of order.

Mr. Speaker, this is a very broad bill. It was a broadly based bill when it left this House to go to the other body. It has many diverse sections and many different kinds of tax treatments. It does deal with tax credits. It did deal with tax credits when it left the House, both for individuals and for corporations.

Mr. Speaker, it seems to me this falls totally within the purview of the bill as we passed it in the House and should be considered germane to the bill.

The SPEAKER. The Chair is ready to rule.

The gentleman from New York (Mr. CONABLE) makes the point of order against section 208 of the conference report on the bill H.R. 2166 on the ground that it would not have been germane to H.R. 2166 as passed by the House and is thus subject to the provisions of clause 4, rule XXVIII.

In passing upon any point of order against a portion of the Senate amendment in the nature of a substitute which the conferees have incorporated in their report, the Chair feels it is important to initially characterize the bill H.R. 2166 in the form as passed by the House. The House-passed bill contained four diverse titles, and contained amendments to diverse portions of the Internal Revenue Code of 1954. Title I of the House bill provided a refund of 1974 individual income taxes. Title II provided for reductions, including credits, in individual income taxes. Title III made several changes in business taxes, and title IV further affected business taxes by providing for the repeal of the percentage depletion for oil and gas.

The Senate amendment in the nature of a substitute contained provisions comparable to all four titles in the House-passed bill, and also contained a new title IV amending other portions of the Internal Revenue Code, making further amendments to the code with respect to tax changes affecting individuals and businesses, and a new title VI and title VII, relating to taxation of foreign and domestic oil and gas income and related income, and to the tax deferment and reinvestment period extension, respectively. The provision against which the gentleman makes the point of order was contained in section 205 of title II of the Senate amendment in the nature of a substitute.

The Chair would call the attention of the House to the precedent contained in Cannon's VIII, section 3042, wherein the Committee of the Whole ruled that to a bill raising revenue by several diverse methods of taxation, including an inexcise taxes, an amendment in the form of a new section proposing an additional method of taxation—a tax on the undistributed profits of corporations—was held germane. The Chair would emphasize that the portion of the Senate amendment included in the conference report against which the point of order has been made was in the form of a new section to the House bill, and was not an amendment to a specific section of the House bill. As indicated in Deschler's Procedure, chapter 28, section 14.4, the test of germaneness in such a situation is the relationship between the new section or title and the subject matter of the bill as a whole.

The Chair would also point out that section 203 of the House bill, on page 10, amends the same portion of the code which this part of the conference report would amend.

For these reasons, the Chair holds that section 208 of the conference report is germane to the House-passed bill and overrules the point of order.

POINT OF ORDER

Mr. CONABLE. Mr. Speaker, I have another point of order against the conference report.

The SPEAKER. The gentleman from New York will state his point of order.

Mr. CONABLE. I make a point of order against the conference report on the ground that it contains matter which is in violation of clause 7, rule XVI.

The nongermane matter I am specifically referring to is that section of the report dealing with a rebate to social security recipients. This section appears as section 702 of the conference report, on page 55.

Mr. Speaker, I listened very carefully to the Chair's ruling on my earlier point of order. There is clearly nothing in the House bill dealing with social security matters. There is nothing relating to a trust fund or the relationship of trust fund and general fund.

For that reason, Mr. Speaker, it seems to me that this, if not the earlier one, is clearly outside the scope of the House bill.

The SPEAKER. Does the gentleman from Oregon (Mr. ULLMAN) desire to be heard on the point of order?

Mr. ULLMAN. Yes, Mr. Speaker, I would like to speak in opposition to the point of order.

In the House-passed bill there was a provision very specifically rebating funds to individuals under title I. The measure included in this conference report does not affect the trust fund in any way. It does not in any way amend the Social Security Code.

In the statement of the managers we say the following:

> The conferees emphasize that these payments are not Social Security benefits in any sense, but are intended to provide to the aged, blind, and disabled a payment comparable in nature to the tax rebate which the bill provides to those who are working.

Therefore, in a broadly based bill such as this kind, where various kinds of rebates are passed along to different segments of the public, it seems to me that this is perfectly within the scope of the bill and should be determined germane to the bill.

Mr. CONABLE. Mr. Speaker, if I may add further, these recipients of rebates are recipients of rebates solely by virtue of their entitlement to social security benefits. We are using that device to designate who will receive these benefits. It is clearly outside the scope of a general tax law.

The SPEAKER. The Chair is prepared to rule.

Title V of the Senate amendment in the nature of a substitute "Miscellaneous Provisions" contained sections which did not amend the Internal Revenue Code and which could not be considered germane to any portion of the House-passed bill or the bill as a whole. Specifically, section 501 of the Senate amendment providing a special payment to recipients of benefits under certain retirement and survivor benefit programs, a modification of which was incorporated into section 702 of the conference report, is not germane to the House-passed bill. That provision is not related to the Internal Revenue Code and would provide an authorization of appropriations from the Treasury.

For this reason, the Chair holds that the section 702 of the conference report is not germane to the House bill and sustains the point of order.

MOTION OFFERED BY MR. CONABLE

Mr. CONABLE. Mr. Speaker, I move the House reject the nongermane amendment covered by my point of order.

The SPEAKER. The gentleman from New York is recognized for 20 minutes in support of his motion.

Mr. CONABLE. I thank the Speaker for his attention to the point of order I have made in this particular case. We are dealing here today with a rather unique departure from procedures well adopted in the past in relation to the social security system.

CALL OF THE HOUSE

Mr. ROUSSELOT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 97]

Andrews, N.C.
Ashbrook
Ashley
Badillo
Beard, Tenn.
Bell
Buchanan
Burton, John
Burton, Phillip
Cederberg
Collins, Ill.
Conyers
Delaney
Dent
Dickinson
Diggs
Drinan
Eckhardt
Erlenborn
Evans, Colo.
Evins, Tenn.
Foley
Ford, Mich.
Fuqua
Hastings
Hawkins
Hays, Ohio
Hébert
Heckler, Mass.
Hightower
Ichord
Jones, Ala.
Kastenmeier
Leggett
McKinney
Mathis
Mills
Moorhead, Pa.
O'Hara
Passman
Pepper
Pressler
Rees
Richmond
Runnels
Santini
Seiberling
Shipley
Skubitz
Stark
Stuckey
Teague
Thompson
Udall
Vander Jagt
Waxman
Wiggins

The SPEAKER. On this rollcall 375 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFERENCE ON H.R. 2166, TAX REDUCTION ACT OF 1975

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, in considering this Senate amendment which has been ruled nongermane and on which a vote must be taken, it is interesting to note the history of the provision.

At one point in the Senate deliberation, it was suggested that the expected cost of living increase for social security recipients be speeded up to the first of January, 1975. This particular provision would have cost roughly $3.4 billion, and such a provision would, of course, have had to be paid under the social security trust fund. Because of concern about the stability of the social security trust fund, this measure was taken from the Senate bill by motion of the majority leader of the Senate and it was decided, instead, to substitute a $100 benefit payment for all social security recipients.

In conference, that sum was cut back to $50. One of the theories was that this would partially compensate social security beneficiaries for a cost-of-living increase which they have not yet caught up to under the law. Now, $50, Mr. Speaker, is a very modest payment to a wide number of social security recipients. There are so many, in fact, that this benefit costs the general treasury, from which the money will be paid, $1.7 billion. It is the first time we have taken money from the general treasury and distributed it to social security beneficiaries.

We are in some trouble on social security, and this is generally known throughout the land, thanks to newspaper reports of the actuarial problems of the social security system. There is a Social Security Subcommittee of Ways and Means, and there has recently been some deliberation of the Social Security Advisory Council addressing the problems of actuarial imbalance in the system.

The Social Security Subcommittee of the Ways and Means Committee, headed by the distinguished gentleman from Massachusetts (Mr. BURKE) is embarking this year on a series of investigations into the soundness of the social security system and into probable changes that can be made, reforms that can be made to insure its soundness—not just now, but for the millions of young working people who are paying into the social security system and who are depending on it as are so many of our current beneficiaries.

The point, Mr. Speaker, is that it is extremely premature and an unfortunate precedent to decide at this point that we are going to use the general fund for the benefit of social security recipients, creating an expectation which we are going to find it very difficult to resist in an election year and in the years to come. Do we wish to make the social security system into something quite different, or do we not? Should we back into a major change — a precedent setting change of this sort—because of our concern to stimulate the economy? The economy will be stimulated very slightly by a $50 payment to each social security recipient.

Now, Mr. Speaker, the Members of the House should think carefully about what they are doing here. I hope they will consider their role, not only to ensure the soundness of the system, but to keep faith with many people who are depending on a retirement insurance system not to become just another tax, another welfare type of system.

I am sure there are many people who would like to have this $50 rebate. I am sure that those we send it to will keep it. Many of them, Mr. Speaker, are going to get rebates under other parts of the bill, rebates based on the fact that they are not only social security recipients but taxpayers as well.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. I would like to remind the Members of the House that there will be 34 million recipients of this largesse and only 31 million people who are eligible for social security payments. There will be as many as five or six payments to one family; there will be payments to millionaires; there will be indiscriminate payments. The gentleman in the well suggested that we restrict payments to those people who most need the money under the social security system, the supplemental security income recipients. This would have limited it to 3.5 million recepents rather than the 34 million indiscriminate payments. As the gentleman emphasized, we are just adding one more amount of largess to the social security system. This is the first time in 38 years that we have deviated from the original social security concept.

I thank the gentleman for yielding.

Mr. CONABLE. I thank the gentleman for his contribution. I would like to clarify one matter brought up. It seemed to me at the time we were considering this rebate that I would far prefer to give the money to the people who need it and who can be demonstrated to need it rather than the social security recipients, regardless of need. For that reason, it seemed to me that a payment of this sort—and I would have been perfectly willing to suggest a larger payment, in fact—should be given to SSI recipients rather than social security recipients.

We set up SSI in part to save the social security system. We have been pumping up the social security system for years to try to get money to the elderly who were in fact in need. Having set up SSI, payments for which come out of the General Treasury, we now seem inclined to go ahead and continue to treat the social security system as though SSI were not there. It would be far preferable, Mr. Speaker, for us to give money to the people who need it and to the people whose need has been demonstrated through their applications for SSI supplementation. Many of them are also social security recipients, I might say. It would be not only more logical, but in the long run it would be better for the social security system than for us to now embark on a change throwing the whole picture of the system into confusion.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Speaker, I just want to commend the gentleman for what he is telling the Members of the House on this particular occasion. I would like to make a further observation. To the credit of the Members of the House, when this measure passed the House, it did not have this provision in it. I commend the Committee on Ways and Means and the Members of the House for not being tempted, as was the other body, to make a "Christmas tree" out of this piece of legislation.

It will cost us $1.7 billion to spread this money around indiscriminately, as the gentleman said, to the rich and poor alike. It has no place in this bill.

As the gentleman from Pennsylvania pointed out earlier during his special order, the temptation next year, which will be a campaign year, will be: "Let us make it $100." That would be a loss of $3.4 billion.

And in the next year we may say, "Let us make it $200."

We are embarking now on a completely new course, and we are going to rue the day that we ever started going outside the trust fund and taking money from general revenue to supplement payments authorized by law from the trust fund.

Mr. Speaker, I commend the gentleman for what he is attempting to do to make sure the social security trust fund will remain sound for future generations of social security beneficiaries. Its the responsible approach—one I might say he always takes here in this House.

Mr. CONABLE. Mr. Speaker, I commend the gentleman for his contribution.

Mr. Speaker, I urge my colleagues to reject this nongermane Senate amendment, and I thank the Members for their attention.

Mr. ULLMAN. Mr. Speaker, I yield 6 minutes to the gentleman from Massachusetts (Mr. BURKE).

Mr. BURKE of Massachusetts. Mr. Speaker, I think my good friend, the gentleman from New York (Mr. CONABLE), is unduly alarmed about the $50 payment going to millionaires. I have thousands of social security recipients in my district, and I do not know one millionaire amongst all of them.

It is misleading to drag a red herring across the trail and say we are taking funds out of the general revenue. It is true that the Social Security Committee has been set up this year for the first time, and it is going to do an intensive study into the funding of the Social Security Trust Fund.

There are many questions that we are going to ask. There are a lot of questions I would like to ask. I do not want to raise them all here.

Mr. Speaker, it was wonderful when the Federal Government could go down to the Social Security Trust Fund and borrow money at 2½-percent interest on a 50-year loan. I do not know of anybody else who could do it, but the Social Security Trust Fund was available to the Secretary of the Treasury.

I am not criticizing the present Secretary of the Treasury. All of the Secretaries of the Treasury did this. They had this big, fat cash register down there, and the truth of the matter is that the Social Security Trust Fund has been subsidizing the Federal Government at the expense of the wage earners in this country and at the expense of the beneficiaries.

We are going to dig into those facts. I

have looked at some of the reports. I cannot find any of the real estate holdings of the Social Security Trust Fund listed as assets, but I understand that billions of dollars have been spent for buildings, equipment, and everything else. So there are a lot of questions to ask.

I think if the truth is known, we will find that the Social Security Trust Fund is in sounder condition than the Federal Government, and there is nothing for the social security beneficiaries or the employees today or the employers who are paying 50 percent of that tax to be concerned about.

Mr. Speaker, the truth of the matter is that this is the only country in the world that exercises a 50-percent tax on the employer and a 50-percent tax on the employee. All our trading partners in Europe have a one-third tax on the employer, a one-third tax on the employee, and one-third comes out of the general revenue.

So this is a broad area. When we get alarmed about taking money out of the general revenue, we should remember this was recommended when the bill first came up in Congress, relative to the financing on the basis of one-third, one-third, and one-third. This has been recommended by the Advisory Council on Social Security in the past years. There is nothing new about it.

Members raise their hands in horror as though something terrible was going to happen. There is nothing terrible that is going to happen. This is a step forward we are taking here in the form of sending a $50 check to the elderly, who certainly will be able to spend it.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. BURKE of Massachusetts. I yield to the majority leader.

Mr. O'NEILL. Mr. Speaker, in view of the fact we may be voting on the question of whether we should give $50 to the elderly or not, as I understand it, on the question which the gentleman from New York raised in his point of order, the point of order was sustained, and if we want to vote for the elderly on this, we will vote in the negative; we will vote, "no.".

I am suggesting the Members vote "no" with the gentleman from Massachusetts (Mr. BURKE).

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. BURKE of Massachusetts. I yield to my good friend, the gentleman from Pennsylvania, of course.

Mr. SCHNEEBELI. Mr. Speaker, I thank my friend, the gentleman from Massachusetts, for yielding. I believe I am correct that we have been on the committee together for 14 years; have we not?

Mr. BURKE of Massachusetts. That is right.

Mr. SCHNEEBELI. Mr. Speaker, I just want to clear the record on this. The gentleman is saying that the Federal Government has been taking the social security system for a ride, with the small rates of interest they were paying.

There are about $46 billion in social security funds invested by the Federal Government. Of this amount, less than $2 billion, which was given to the Federal Government or loaned to the Federal Government in 1951, is loaned at the rate of less than 6 percent. About 96 or 98 percent of the total is at the usual rate of interest, between 6 and 7 percent, a very small percentage.

Mr. BURKE of Massachusetts. Mr. Speaker, I am not going to comment on that statement, but I am merely going to cite some of the figures which show the 2½ percent rate. Believe me, if Russia today is being treated as a most favored nation in that it has paid the Export-Import Bank the 6 percent, I think the U.S. Government should pay the social security trust fund an interest rate that will keep that fund solvent and not siphon the funds out of it.

Mr. ULLMAN. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Speaker, I would like to direct a question.

There is not a Member of this House who has not been confronted with the shell game where we increase social security, and by the same token, decrease the veterans' pension or vice versa.

In this particular instance, should we pass the $50 social security supplement, would it in any way reflect itself in a reduction of the veterans' pension?

Mr. ULLMAN. Mr. Speaker, if the gentleman will yield, the conferees have done everything possible to make sure that that did not happen. We have written a statement into the bill providing, with respect to any $50 payment coming under the provision you referred to, that it is not to be regarded as income (or in the calendar year 1975, as a resource) of the recipient (or of the family of which he is a member) for purposes of any Federal or State program which undertakes to furnish aid or assistance to individuals or families, where eligibility to receive such aid or assistance—or the amount of such aid or assistance—under such program is based on the need of the individual or the family involved.

This, it seems to me, would assure that that will not happen.

Mr. JONES of North Carolina. Mr. Speaker, I thank the chairman very much.

Mr. ULLMAN. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Speaker, I thank the gentleman for yielding.

I would just like to thank the conferees for having partially accepted the Senate provision. I had hoped that they could go along with the full $100 for social security recipients, which would be approximately what the social security recipients would have had if the cost-of-living provision had gone into effect on January 1, to which they were entirely entitled. But the $50 is better than nothing.

In my district, I can assure the Members that this money will be well spent. It will contribute to the economy, and it will help many social security recipients who are not eligible for SSI and yet are living under grave hardship today.

The SPEAKER. The question is on the motion of the gentleman from New York (Mr. CONABLE).

The motion was rejected.

POINT OF ORDER

Mr. FRENZEL. Mr. Speaker, I make a point or order against the conference report.

The SPEAKER. The gentleman from Minnesota will state his point of order.

Mr. FRENZEL. Mr. Speaker, I make a point of order against the conference report on the ground that it contains matter which is in violation of the provisions of clause 7 of rule XVI. The nongermane matter that I am specifically referring to is that section of the report dealing with section 701, providing certain unemployment compensation benefits.

The SPEAKER. Does the gentleman desire to be heard any further?

Mr. FRENZEL. I do, Mr. Speaker.

I have looked over the House bill, and I can find no reference therein to unemployment compensation benefits. As nearly as I can figure it, this particular section came from a Senate nongermane amendment and has no relation whatsoever to anything that was contained in the House bill.

I, therefore, say the point of order should be sustained.

The SPEAKER. Does the gentleman from Oregon desire to be heard upon the point of order?

Mr. ULLMAN. Mr. Speaker, I concede the point of order.

The SPEAKER. The gentleman from Oregon concedes the point of order, and the point of order is sustained.

Does the gentleman from Minnesota (Mr. FRENZEL) desire to offer a motion?

Mr. FRENZEL. Mr. Speaker, I do not.

POINT OF ORDER

Mr. STEIGER of Wisconsin. Mr. Speaker, I make a point of order against the conference report on the ground that it contains matter which is in violation of the provisions of clause 7 of rule XVI. The nongermane matter that I am specifically referring to is that section of the report dealing wtih taxation of earnings and profits of controlled foreign corporations and their shareholders, in section 602 as reported by the committee of conference.

The SPEAKER. Does the gentleman from Wisconsin desire to be heard on his point of order?

Mr. STEIGER of Wisconsin. I do, Mr. Speaker.

As the Speaker well knows, I am sure, from listening carefully to the explanations regarding previous points of order, at no point during the consideration of the House-passed bill is there any mention of foreign taxation and the dealings of foreign taxes insofar as American corporations and their subsidiaries are concerned.

Title I of the 1975 tax bill dealt with the refund for 1974 taxes. Title II dealt with reductions in individual income taxes. Title III dealt with certain changes in business taxes, the title which dealt with the investment tax credit or income tax total, particularly as related to small businesses.

This particular provision, Mr. Speaker, in no way deals with a matter that was covered, mentioned, or dealt with by the bill that is presented to the House, or voted upon by the House.

Therefore, Mr. Speaker, I respectfully urge that the point of order be sustained.

The SPEAKER. Does the gentleman from Oregon desire to be heard on the point of order?

Mr. ULLMAN. Mr. Speaker, I do. I wish to speak against the point of order.

Mr. Speaker, the bill that the House passed had a great many diverse sections in it; it had credits. The matter that has been raised is an amendment to the Internal Revenue Code very clearly, and much of it is in the way of a credit. We have dealt with credits here both for individuals and for corporations in the bill that the House passed.

It seems to me that in a bill of this scope and in a bill that deals as broadly with tax credits and matters such as this that does involve an amendment to the Internal Revenue Code, it is very clearly within the province of the bill, and should be ruled germane.

The SPEAKER. The Chair is prepared to rule.

For the reasons stated in the opinion of the Chair on a similar point of order made by the gentleman from New York (Mr. CONABLE) and for the reasons stated by the gentleman from Oregon, the Chair overrules the point of order.

Are there further points of order? If not, the Clerk will read.

(For statement see prior proceedings of today's RECORD.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, at this hour, after some 2½ hours of extended discussion on this matter, I think that there is no one here who does not understand the broad principles, the broad changes in the law that are involved in this measure. I again want to state that the principal purpose of this bill is to rejuvenate the economy at a very critical time when we are in a severe recession with mounting unemployment.

A tax reduction is clearly in order, as has been testified by most of the economists in this country and most of the leaders in the business or labor community. We designed a package in the House that involved $19.8 billion of reductions geared to stimulate the economy in large part by reducing taxes for the low- and middle-income brackets so that it would clearly be spent and provide the incentives that we want.

The other body added very extensive amendments that increased this amount to $30.6 billion of net reductions, with many changes in the law. We have had a very trying conference. We have sorted out the Senate provisions, deleted many, and those that we accepted, we have trimmed down to conform with our views of what the fiscal situation will justify. We have reduced the net revenue loss from the $30.6 billion level down to $22.8 billion, and in the process of doing this we also have made some very significant reforms in the tax laws, especially in the areas of foreign income and percentage depletion.

I believe this is a package that will provide the incentives needed to stimulate the economy. It will return tax funds to the taxpayers, primarily in the low- and middle-income brackets where the money will be spent and where it is needed the most to offset the inflationary costs where they have borne the heaviest burden.

We have incorporated many tax reforms involving both foreign income and domestic income that are rather far-reaching in scope. I think this is a measure that will stand the test of time. Remember, the tax reductions are generally of a 1-year character. The purpose of this is to stimulate the economy. The purpose is not to reduce taxes over a long period of time. When we go to general tax reform later this year, we will consider which provisions of this bill should be extended, but that is a decision which we can make later on when we have a better picture of where our economy is going.

I think all of us, Republican or Democrat, would be well advised to vote for this measure. In talking to the President before we went into the conference, it seems to me that what we have here meets every criteria that he had asked for. It is true there are a few provisions that I had not approved in the beginning, but it seems to me the way that they have been refined in this measure before us clearly makes its passage in the public interest.

So I hope that we will have an overwhelming vote in support of this conference report. We discussed it very thoroughly and I do not believe we need much more discussion.

Mr. TREEN. Mr. Speaker, will the gentleman yield for a question?

Mr. ULLMAN. I yield to the gentleman from Louisiana.

Mr. TREEN. I thank the gentleman for yielding.

The statement of the managers dealing with the small producer exemption from the repeal of the depletion allowance contains one paragraph describing the Senate provision which reads as follows:

> The small producer exemption is not to be available under the Senate amendment with respect to any oil or gas property transferred after December 31, 1974, if the principal value of the property has been demonstrated before the transfer, except in the case of a transfer by reason of death, or a transfer pursuant to a section 351 transaction.

The statement of managers does not, in describing the conference substitute, touch on that point. Is that the manager's interpretation of the conference substitute as well?

Mr. ULLMAN. The provision to which the gentleman refers relates to a possible abuse whereby as the result of splitting up an oil property the small producer exemption might be multiplied several times. Included in the bill is a limitation which does not make the small producer exemption available if there is a transfer of property after December 31, 1974, except in the case of transfers by death or as the result of a transfer under section 351. It is in the conference measure. We did not describe it to any appreciable extent in description of the conference substitute, because it was the same as the Senate bill in this respect.

Mr. TREEN. If the gentleman will yield further. Are you saying that someone who buys a small property, 50 barrels a day, for example, on the assumption that, as the law provides today, he has a percentage depletion privilege at 22 percent—let us say he buys it on February 1, before enactment of this bill—will he lose the exemption since he acquired the property after the December 1974 date?

Mr. ULLMAN. You are right; he would not be eligible for the small producer exemption since he purchased the oil property after December 31, 1974. However, a purchaser generally would want to use cost depletion, rather than percentage depletion, because it is more likely to be favorable to him since he has the purchase price as his basis. I think the taxpayer will find no inequity in this for the legitimate transaction.

Mr. GOLDWATER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from California.

Mr. GOLDWATER. Mr. Speaker, I thank the gentleman for yielding.

I think it is important to clarify the definition in the law under section 208 concerning the purchase of new principal residence and specifically the provision with respect to purchase of new principal residence. It is my understanding under the definition, under which it says the principal use of which commences with the taxpayer's use, it means in essence when the ground is plowed and new construction is started from the ground up, and it does not cover, which is now in current practice, prior units that were, say, rented but then converted to condominiums or prior residences that were constructed before, but are now rehabilitated and sold for the first time under fee simple.

Mr. ULLMAN. The gentleman asks the question about apartments converted into condominiums. It is my understanding that such properties would not qualify since the original use of the structure did not commence with the taxpayer. A rehabilitated property will not qualify, because the property must be constructed or purchased by the taxpayer and the original use must have begun with him. A rehabilitated property is a reconstructed property, not a constructed property. Moreover, the original use of the shell does not begin with the taxpayer.

Mr. GOLDWATER. In this instance the original use was for rental.

Mr. ULLMAN. Yes. And the original use and purpose I think would be interpreted as being rental.

Mr. WAGGONNER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Speaker, would it not be appropriate to say only new construction would qualify?

Mr. ULLMAN. The answer is "yes." Only construction which is entirely new would qualify, and there are no exceptions.

Mr. DUNCAN of Oregon. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Oregon (Mr. DUNCAN).

Mr. DUNCAN of Oregon. Mr. Speaker, earlier in the evening the gentleman from Massachusetts (Mr. BURKE) in recognizing the superb job the gentleman from Oregon (Mr. ULLMAN) has done with this bill, suggested the gentleman has proved himself as a Big Leaguer. I want the RECORD to show the Oregon delegation has recognized the gentleman in the well as a member of the Big League Oregon Beavers for a long time.

I would like to ask the gentleman one question if he will yield further in connection with the foreign tax credit. I understand that the conferees have made a distinction between foreign oil extraction income and foreign oil-related income.

So I understand a service company engaged in the drilling or providing of services connected with drilling oil overseas whose income does not come from the extraction of oil, but rather from the providing of those services, would still be able to offset the foreign tax aid on that foreign income against the American tax on the same foreign income?

Mr. ULLMAN. The limitation is on extraction income and whether or not the service income from drilling is extraction income depends on whether the amount received for the services depends on the amount of oil found or extracted. If it does, it is extraction income. If it does not, it is oil-related income. The limitation applies to extraction income, but excess credits within the limitation can be used with respect to oil-related income.

Mr. DUNCAN of Oregon. I thank the gentleman.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Speaker, it is my understanding that the only changes made in the existing law with respect to foreign tax credits affect only the oil companies, that the existing law remains the same with respect to all other companies; is this correct?

Mr. ULLMAN. With respect to the foreign tax credit provisions that is true.

Mr. BROWN of Michigan. Similarly, the deferral investments with respect to foreign subsidiaries apply to all companies, not just oil companies?

Mr. ULLMAN. The gentleman is correct.

Mr. BROWN of Michigan. May I ask the gentleman a couple questions with respect to the tax credit for home purchasers. When the gentleman speaks of in being or in construction, would the gentleman once again state what is specifically meant. What properties are affected by the midnight, March 25, date?

Mr. ULLMAN. The provision says that any house that a person began construction on after March 25, 1975, will not be eligible. That is the cutoff date. Construction must have begun before March 26, 1975, to be eligible.

Mr. BROWN of Michigan. May I ask the gentleman, if I am correct in stating that no houses not under construction as of last night can be affected?

Mr. ULLMAN. That is right. This only deals with housing inventory or where the type of construction I have referred to has already begun.

Mr. BROWN of Michigan. Would the gentleman describe what he means by in being or in construction prior to midnight last night?

Mr. ULLMAN. It is intended that construction is to be considered as beginning only when significant physical work actually has begun at the building site. This does not include drilling to determine soil conditions, the preparation of an architect's sketches, the securing of a building permit, or the grading of the land. However, the digging of the footings, the excavation of the building site, or similar work would constitute the beginning of construction for purposes of this provision.

Mr. BROWN of Michigan. Is that the test then, the footings being in place or other excavation?

Mr. ULLMAN. There at least would have to have been the digging of the footings and only where the digging was at least of significance relative to the work to be done.

Mr. BROWN of Michigan. Excavation of the basement is adequate then?

Mr. ULLMAN. I believe if most or all of the basement were to be excavated that would be sufficient.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Speaker, could the gentleman clarify the use of the word "house"? The gentleman did not mean to exclude a condominium or a cooperative?

Mr. ULLMAN. No. It does include any new principal residence acquired by the taxpayer which is a single-family structure, a condominium, or a unit in a cooperative housing project. It would also include the portion of a duplex, a row house or similar housing unit to the extent occupied by the taxpayer as his principal residence.

Mr. STEIGER of Wisconsin. And the same applies to mobile homes, as well as to fixed dwellings?

Mr. ULLMAN. Yes, the answer is yes.

Mr. BROWN of Michigan. Mr. Speaker, if the gentleman will yield further, at what point do we start construction of a mobile home?

Mr. ULLMAN. Well, in the case of a mobile home, the construction must have begun by midnight March 25. It must be existing inventory.

Mr. BROWN of Michigan. If the gentleman says that houses shall include mobile homes in being or in construction, then those terms would have an entirely different application depending on whether we are referring to houses or to mobile homes; am I not correct?

Surely the gentleman knows a mobile home is in construction when it first starts down the assembly line.

Mr. ULLMAN. I realize that mobile homes often are constructed and held in inventory by the manufacturer. In the case of a mobile home, for construction to have begun, construction of important parts of the property must have been commenced and themselves be of a significant nature. It is not intended that the assembly of parts, unless they represent a major portion of the components of the mobile home, would constitute the beginning of construction for this purpose.

Mr. BROWN of Michigan. May I say to the gentleman that I appreciate his yielding to me? I have another question, but let me say that I am not trying to badger him. I know that this is not a provision that he particularly likes, and I think we agree that it is not a provision that we should adopt, but all I am doing is attempting to show that it is a very bad provision from the standpoint of definition or implementation.

May I just continue along this line a little bit, because serving on the Committee on Banking and Currency as I do, we have passed many proposals to help the housing industry, and it seems to me that the gentleman is kind of preempting what we have tried to do.

Mr. ULLMAN. Let me say to the gentleman that the chairman of his committee has taken the floor and has pointed out that the housing bill which that committee passed does not deal with existing inventory. In the debate on the floor, the issue of existing inventory was raised, and he said that the way this comes through, he thinks fits in admirably with the program your committee has adopted to stimulate new housing not yet constructed and, therefore, it could very well be a clear stimulus to housing.

Mr. BROWN of Michigan. If the gentleman will yield further, that is exactly the point I made on the floor. It was the gentleman's side of the aisle which wanted to limit the availability of mortgage interest subsidies.

Mr. ULLMAN. I would think the gentleman would be happy to support this measure now, because it does something for existing inventories of new housing.

Mr. BROWN of Michigan. May I ask the gentleman to define one further expression, where it says that in order to make sure there is not fraud, and so forth, that the house must not have ever been offered for sale?

Mr. ULLMAN. The seller must certify that the purchase price paid by the buyer is the lowest price at which the new residence was ever offered for sale.

Mr. BROWN of Michigan. What is meant by "offered for sale"? Is that a listing?

Mr. ULLMAN. It means literally what it says, either a listing, an advertisement or a private offer to an individual. It covers the whole gamut.

Mr. BROWN of Michigan. Even if it was on a person-to-person basis, and so forth, involving a lower price?

Mr. ULLMAN. That is correct. That is the intended interpretation of the law.

Mr. BROWN of Michigan. I thank the gentleman.

Mr. TAYLOR of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from North Carolina.

Mr. TAYLOR of North Carolina. Mr. Speaker, this housing situation concerns me. It seems to me to be a tax break to the purchaser of an existing unit, and we do not give the same break to the purchaser of a new unit which will be constructed in the next few months. Will this not have the effect of decreasing construction of many units? Will it not have the effect of depressing the home building industry?

Mr. ULLMAN. Not at all. In my judgment, before new additional houses can move well, there needs to be a clearing out of the existing new house inventory. This is a real problem, since relative to the demand which has been depressed by high interest rates, there has been an overproduction of housing in many parts of the country. It has tied up many builders who want to go on and build new houses but who cannot do so because they have their capital tied up in an inventory of new homes they cannot sell. In moving old inventories, it will free them of those obligations, and free their capital, so that they can go forward with additional construction.

Mr. TAYLOR of North Carolina. Would not the immediate effect be to give the owner of an existing unit an advantage over the builder of the new one?

Mr. ULLMAN. The House bill from the Banking and Currency Committee which we passed will, as the gentleman from Wisconsin has pointed out, provide very real incentives for building new housing units in the future at reasonable prices. He will get a real incentive in the way of interest subsidies which will stimulate new housing. But I think moving the existing inventory out, also is important to a healthy housing industry.

Ms. HOLTMAN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. I thank the gentleman for yielding. I have two questions, basically, because I am concerned about reduction in our tax revenues, in face of a large deficit, except where it is really necessary to stimulate the economy. For that reason, I would like to ask the gentleman what justification there is and what is the expense to the taxpayer involved in allowing in the provision of making contributions to H.R. 10 plans; in other words, allowing someone to get tax benefits for making contributions to a pension plan after the taxable year is ended or the calendar year is ended? What is the economic justification for that at this time? What is the expense involved?

Mr. ULLMAN. The Senate amendment would have applied to years 1974 and 1975. We concluded it would not be appropriate to go back to 1974, to make it apply for 1975. This is the rule that applies in 1976 and subsequent years as a result of the Pension Reform Act and all this amendment does is to make the rule in the Pension Reform Act applicable beginning in 1975 as well. This amendment will help those people who may not know the full amount of their income at the close of a year since it gives them until they file their return to participate in the Keogh plan.

Ms. HOLTZMAN. I understand that. I was asking the gentleman what conceivable economic basis is there for this at this time. Is this going to stimulate the economy in any respect?

Mr. ULLMAN. The amendment has no revenue impact one way or the other. The Senate conferees believed it was equitable to do this now and we agreed to go along with them on this provision especially since it is the rule for 1976 and the future, and it had no revenue consequences.

Ms. HOLTZMAN. Let me also ask the gentleman what the cost is going to be in respect to tax credit for home purchasers and who is going to benefit most. What income bracket will this benefit most?

Mr. ULLMAN. The cost of the housing provision costs a maximum of $600 million. The Senate amendment would have cost $1.1 billion. We reduced the cost by the modification we added to the provision. It will help those who buy a new home out of the existing inventory. It will help others, because it will free up funds to build new housing. It is a 5-percent credit with a maximum of $2,000. This means that the maximum credit will cover a house costing $40,000. Anyone purchasing a new home which costs under $40,000 will receive a credit of 5 percent of the cost of the home and on a home which costs more than $40,000, the person will still get a credit but it will be no larger than the credit on a $40,000 house.

Ms. HOLTZMAN. But, Mr. Speaker, is it not true—and perhaps the gentleman will correct me if I am wrong—that this tax credit basically then is for persons in the upper income brackets and also for persons who are able to afford a home at this time, as opposed to those who are unemployed and as opposed to those who have more modest incomes; is that correct?

Mr. ULLMAN. The $2,000 maximum means that the maximum benefit will go to those who buy a $40,000 home. I understand that the general rule of thumb is that you buy a house equal to 2½ times your annual earnings. If this is true, this means that the maximum benefit under this provision will go to a person with a $16,000 a year income. I do not think of such a person as being in the upper income group. It seems to me that this is in the middle-income category and helps those who perhaps we did not give quite enough help to in some of the other provisions. This is not a permanent amendment in the law; it only applies for the remaining 9 months of the year.

The provision is put in for a very specific purpose and, even though I opposed this matter very strongly all the way through the conference until the end, I think, considering the way we have tied it down, it will have a beneficial effect across the board in stimulating construction. This is what we want to do.

Mr. WAGGONNER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Speaker, there will undoubtedly be cases where foreign companies wish to reorganize to adjust to the new ground rules laid down by this bill. Am I correct that it is not intended to apply section 367 to automatically prevent all such reorganizations from being tax free solely because they are made in response to this new legislation?

Mr. ULLMAN. The gentleman is absolutely correct.

Mr. Speaker, I yield 3 minutes to my friend, the gentleman from Indiana (Mr. MADDEN).

Mr. MADDEN. Mr. Speaker, I urge all Members to support the conference report on H.R. 2166, the Tax Reduction Act of 1975. The conference report provides for a refund on 1974 tax liability. The refund will be paid in one installment beginning in May 1975 and will have a minimum rebate of at least $100 with a maximum rebate of $200. The conference report also provides for a 5-percent tax credit—up to $2,000—for purchasers of new homes.

However, the most important feature of this bill is that it includes the so-called Green amendment, which I fought for in the Democratic Caucus, eliminating the current 22 percent oil depletion allowance for the major oil companies. Thus the effect of this conference report will be to require the large multinational oil companies to pay their fair share of taxes for the first time in recent memory.

The conference report also provides a one-time $50 payment to each social security recipient, railroad retiree and aged, blind and disabled recipient.

Mr. Speaker, the people of America are eagerly awaiting passage of the Tax Reduction Act. The House must pass this conference report without further delay.

Mr. SCHNEEBELI. Mr. Speaker, I yield myself 5 minutes.

Mr. DU PONT. Mr. Speaker, will the gentleman yield?

Mr. SCHNEEBELI. I yield to the gentleman from Delaware (Mr. DU PONT).

Mr. DU PONT. Mr. Speaker, I rise in opposition to the conference report. The Congress of the United States this evening is taking yet another irresponsible step down the road to fiscal insanity. We are about to pass a $24 billion tax cut bill, on top of a Federal budget which already faces a deficit of over $60 billion. This legislation will prove to be a cruel hoax to the American taxpayer, a hoax that will return to haunt him in the form of raging inflation, skyrocketing interest rates, and economic chaos.

Some time ago, faced by mounting unemployment and economic recession, I supported and voted for a $17 billion tax cut bill to stimulate our depressed economy. But much water—and a lot of other matter—has gone over the dam since that time. What started out as a bill with a purpose—a simple one-shot tax cut to stimulate a recession-plagued economy—has become a Frankenstein monster, stalking the economic landscape, threatening to smash our delicately balanced economy and destroy all hope of a full economic recovery.

But even more important, since the beginning of the year the Congress has taken a $52 billion 1976 deficit and expanded it to over $85 billion. Indeed, since the House last considered this bill, it has increased the potential Federal budget deficit by $8 billion. I have voted against these irresponsible spending bills, for it is clear to me that unless someone gets control of this "runaway Congress" the 1976 deficit could go over $100 billion—nearly double the record $52 billion deficit which the President originally forecast.

A $100 billion deficit would be an economic disaster for everyone in this country, particularly the middle-income taxpayers that this tax cut bill seeks to help most. A $100 billion deficit will:

Send interest rates—which have started down—skyrocketing back through the ceiling as the Government launches a massive borrowing campaign to finance the deficit.

Set off a wave of inflation which will send prices soaring again after recent price easing.

Destroy consumer confidence—the key to any economic recovery—in the wake of the news of a $100 billion deficit.

Dry up available mortgage money in savings and loans institutions just as the corner had been turned. In January and February for example, savings and loans reversed the recent trends and recorded near record inflows after net deficits in mid and late 1974.

This is truly a "runaway Congress" with no direction, no leadership, little responsibility, and less judgment. It promises to take a record $52 billion deficit and double it. The Congress has lost all sense of fiscal control and responsible spending policies.

Mr. Speaker, this bill will lead to economic chaos; and will weaken our entire economic system. I cannot support it. We must not encourage a new wave of inflation, force interest rates through the ceiling, and, worst of all, we must not place the final burden on the very people we seek to help—the average American taxpayer.

Mr. SCHNEEBELI. Mr. Speaker, it is with great reluctance that I could not bring myself to sign the conference report on H.R. 2166 and must oppose the enactment of this legislation. I had felt that the recommendations of the President which essentially were designed to provide an immediate stimulus to our economy were appropriate because they targeted in on accomplishing that purpose. The President's program was a balanced one providing approximately $16 billion in tax reductions for individuals and businesses and at the time they were proposed, were appropriate and necessary. The bill approved by the House was substantially above the President's request and contained features that were neither necessary nor desirable for the overall purpose of stimulating our economy. The conference agreement which will provide a revenue loss in the neighborhood of $23 billion is too much too late in my opinion.

It should be noted that the conference agreement goes far beyond the purpose of stimulation and ends up a tax relief bill for many individuals who not only may not use the money for the kind of purchases needed to stimulate the economy, but also gives relief to the beneficiaries of certain Federal programs like social security and the supplementary security income program who are, at the same time they are receiving this relief, also getting significant cost-of-living increases.

In the case of social security recipients, at the same time that they are receiving the payments granted under this bill, they will also be getting an 8.6-percent cost-of-living increase. In my view, this kind of reckless spending is not needed to stimulate the economy and will serve only to provide the basis for a significant inflationary period after the economy has recovered.

The indicators that are available to all of us show that the economy will probably right itself in normal course and our charter should be to insure that we do not do so much now as to guarantee large inflation later. This bill will probably have a minimal impact on the recession, but surely will have a maximum impact on continuing the inflation that caused recession in the first place.

It perpetuates the long-term deficits which all agree have been at the cause of the inflation which we have experienced in the past few years. If we are interested in solving our economic problems both in the short term and in the long term, we should do everything in our power to avoid these long-term deficits and the time to start this avoidance procedure is now.

The permanent structural changes made by this bill guarantee these deficits. The Budget Committee and the Secretary of the Treasury have both estimated our fiscal 1976 deficit at $80 billion, which is approximately $50 billion above the President's budget. Such an enormous increase is totally unwarranted.

Also, the conference agreement raises major obstacles to badly needed reforms in the tax and welfare systems. I have long advocated tax reform, but believe that it should be done in a thoughtful and deliberate way and not piecemeal as is attempted by this conference agreement.

In addition, I am greatly concerned about one of the most absurd provisions that I have ever considered. The Senate bill contained a provision providing a 5-percent tax credit not to exceed $2,000 on the purchase price of a new principal residence including mobile homes. This was an amendment added by Senator LONG and in its initial form was bad policy. The conference agreement is even worse. It provides for the $2,000 credit but only for new houses that are either in being or in construction before 12 midnight on March 25. In addition, the conference agreement provides that in order for the purchaser of the home to obtain the tax credit, he must obtain a certification from the seller swearing that the price is the lowest price that the house was ever offered at either during construction or after completion. If the seller fails this certification, he is subject to treble damages on the difference between the lowest price offered and the lowest price he claimed to have offered the house at, the fraud provisions in the Internal Revenue Code and reasonable attorneys' fees necessary to void the deal. This is no more than the worst of all possible compromises on a bad provision and on this basis alone, the conference report should be rejected.

I propose making a recommittal motion to return the report back to conference and trust there will be strong support of this recommittal motion.

Mr. SCHNEEBELI. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I have only one brief point to make at this time.

I think we have lost our way on this bill. We started out to try to stimulate the economy. Instead of stimulating the economy with substantial temporary rebates, we have inched a very large amount of money into the economy through one tax system, including withholding, small rebates, and structural changes. We have, in fact, converted this into a tax reform bill; and we have allowed the structure of that tax reform bill to be dictated capriciously by Members of the other body during their floor debates, rather than through careful deliberation.

What I want to say to those who are committed to tax reform is this: In effect, you have given away your seed corn in this bill, and you cannot expect later in the year a comprehensive tax reform bill carefully deliberated and constructed by the Committee on Ways and Means.

I know an effort will be made, but we have committed so many goodies in this bill, many of them so extravagant that you are not going to be able to sweeten the pot to get tax reform later in the year. Tonight you are building the groundwork for future reform disappointment.

I say to the distinguished chairman of the Committee on Rules if the gentleman feels that depletion has been set aside finally, and that the fat cats have been relegated to their proper place, he has not studied the bill. Depletion is still alive, and will remain a whipping boy.

Mr. SCHNEEBELI. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Speaker, I shall vote in favor of this $23 billion tax cut because I believe the American people are overburdened with taxation and because this bill provides for the elimination of the oil depletion allowance. I emphasize as strongly as I can that this Congress will be acting in a grossly irresponsible fashion if it does not immediately act to reduce Government spending in order to pay for this tax cut and reduce the deficit.

I seriously considered voting against this bill, on the reasonable assumption that one could not expect this spendthrift Congress to exercise any degree of fiscal responsibility. America cannot stand the $80 to $100 billion deficit facing us. We cannot have it both ways. We must either cut taxes and reduce spending or increase taxes to pay for excessive spending.

Mr. Speaker, I did not vote to spend the billions being wasted by this spendthrift Congress so I have no desire to vote to tax the American people to pay for it. Let the Members of this House who voted to spend all the money now vote to raise the money to pay the bills.

I shall not hold my breath until such a display of responsibility occurs, but unless there are signs of willingness to cut spending, I may be forced to reconsider my position and vote to sustain a Presidential veto of this legislation should one occur.

Mark these words, if this Congress does not cut spending—if this Congress does not significantly reduce the horrendous deficit facing this Nation in fiscal 1976, we shall experience repeated rounds of rising interest rates and inflation, followed with more recession by 1977 and beyond. And when that occurs, the very Members who made it happen, will point to our deteriorating economy and impose further Government controls as the supposed cure.

One more "cure" may well be the last "cure" our beleaguered free-enterprise system can stand.

If this Congress persists in force-feeding the patient with 80 billion proof or 100 billion proof "old deficit," we shall eventually create a blithering "eco-holic" who will stagger down the path to self-destruction.

Mr. SCHNEEBELI. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina (Mr. MARTIN).

Mr. MARTIN. Mr. Speaker, I speak in continued opposition to H.R. 2166. Had the Congress been dealing with a swift, one-shot stimulating tax cut of modest proportions, I would have supported it. The risks of recession are such that we should adopt measures to generate economic recovery.

Unfortunately, only one-third of this package will stimulate the economy in a timely way to promote such a recovery. The remainder is a combination of ill-considered tinkering with the tax code which will contribute an inflationary sustained stimulus long after the need to deal with recession has passed into history.

Many of these more permanent and inflationary improvisations are of a nature that should not be a part of a stimulative tax cut. In addition to a novel tax cut for people who pay no taxes, in addition to a discriminatory preferential tax cut bonus for the person who has small debts but not available to the person of similar income with substantial debts, in addition to juggling of energy taxes that will be both inflationary on prices and recessionary on production, this conference report now offers a device to increase the price of a house by $2,000, a child care deduction, a novel transfer of general fund revenues to the social security fund, and a nongermane, backdoor appropriation for unemployment compensation. It does so at a total of $23 billion.

The overall impact of this bill must be grossly inflationary. This $23 billion, along with another $50 billion or so in new Federal debt, can be pumped into the economy as its advocates intend: but it must simultaneously be pumped right back out of the economy. If it is borrowed, in competition with the capital investment needs of American business, the effect on interest rates would be devastating. The total to be borrowed might well exceed the money market available for all borrowers, and would grossly exaggerate interest rates. That will be disastrous to the employment potential of the free enterprise economy.

In keeping with the recent congressional resolution requesting the Federal Reserve Board to avoid higher interest rates, the only alternative would be to monetize the $75 billion deficit. Now, in plain language, that means instead of financing the deficit by borrowing, the deficit would be "financed" by the irresponsible expedient of just printing more money. This would inexorably add enormous inflationary pressure, leading to steep devaluation of the American dollar. We should not deceive the American people on this. The inflationary impact will cause their tax cut to evaporate before they get it.

Thus, the choice between an unprecedented interest rate versus an unprecedented inflation rate.

Mr. Speaker, there is one other choice: Defeat or carve down this tax bill to minimize its inflationary impact.

Mr. SCHNEEBELI. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Speaker, I rise in opposition to this conference report. I do so after considerable thought and with the knowledge that several good sections are contained herein. But the simple truth remains that we cannot afford to cut revenues by billions of dollars at a time when inflation is still our major economic problem.

I believe that taxes are too high. I wish I could be standing here voting for a bill to cut taxes by $20 billion as well. But the conference report before us only reduces income, and does nothing to address the real problem and the cause of inflation—Government spending.

The Budget Committee now estimates that this year's deficit will be in the neighborhood of $78 billion. This bill will add to that total. The way that this deficit will be financed is through Government borrowing, which will drive up interest rates, remove funds for private capital investments, worsen inflation, and deepen the recession. Cutting taxes at this time will make all of us look like the Easter Bunny to the folks back home, but their opinion will change when they discover the real costs of this bill.

I submit to my colleagues that the round of inflation which will be touched off by this bill will more than devour any rebates we are offering. Sooner or later, when the Federal Government has gobbled up all the money available for borrowing, we will crank up the presses and simply start printing more money to finance more and more Government programs and offset more and more tax reductions. And it will end with the American people pushing around wheel-barrows filled with dollars to do their grocery shopping.

Another point should be made about this conference report, and that is, it is far more than just a tax reduction measure. It is also a welfare bill, a social security bill, an unemployment compensation bill, an energy bill—in fact it has something for everyone except those who want to solve our basic economic problems.

I believe the American people will understand our action if we defeat this bill. I do not believe it will ruin any political careers to stand up courageously and admit that Congress can no longer play Santa Claus with money it does not have. I hope my colleagues will exercise the restraint we have heard so much talk about and vote against this conference report.

Mr. SCHNEEBELI. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. TREEN).

Mr. TREEN. Mr. Speaker, it is with extreme regret that I rise in opposition to the conference report on H.R. 2166. I regret that I must vote against adoption of the report—and thus against this bill—because I believe some form of tax reduction is probably needed. Indeed, I believe the original proposal by President Ford for a quick tax cut, mainly in the form of early rebates of a percentage of 1974 taxes, was sound.

But, Mr. Speaker, the bill now before us goes far beyond what is needed for economic stimulus and, furthermore, it contains extraneous matter not relevant to its stated purpose.

I oppose this bill for several specific reasons:

First, the curtailment of the percentage depletion allowance for oil and gas production is too severe. It will discourage investment in oil and gas production at a time when we desperately need to increase our domestic production.

Second, the tax credit of up to $2,000 to purchase existing new houses, while well intended, will prove to be seriously disruptive to an orderly housing market. It discriminates against people who have to sell the homes in which they live because purchaser interest will be shifted to new houses. I doubt it will stimulate new construction because the credit only applies to houses constructed or under construction before March 26, 1975. Most houses in inventory as of this date will be sold anyway during the next 9 months—the tax credit provision expires on December 31, 1975. Thus, the cost of this to the American taxpayer, in the form of lost revenues, is far out of proportion to the benefits involved.

Third, the philosophy of the rebate provisions is an enigma to me. The maximum rebate that a taxpayer can receive is $200, while a person who paid no taxes in 1974, due to low income, may receive a payment from the Federal Government of as much as $400. Indeed, those who had earned incomes of $30,000 or more in 1974 will actually receive a reduced tax rebate, to wit, only $100. Thus, the more taxes a man or woman paid in 1974, the less the rebate.

Fourth, there is a very dangerous

precedent in the provision for a $50 payment to each social security recipient. I am not opposed to increasing social security benefits to meet the rising cost of living. Indeed, I voted for the cost-of-living increases in this program. And, these persons will receive an automatic increase in July of this year. What is wrong with this $50 payment is that—although the amount is a pittance to each individual—it establishes the precedent of paying social security beneficiaries out of general revenues. This is completely contrary to the trust fund concept of our social security system. From now on the pressure will increase to meet social security benefits out of the Treasury. It could destroy our already beleaguered social security system.

Mr. Speaker, as I stated at the outset, it is painful to me to cast a nay vote on this legislation because there are some good and wise provisions. It is much easier to vote for a tax cut than to vote against it. It is politically dangerous to vote against a tax cut. But, I believe my duty is to vote in accordance with my judgment as to what is in the best interests of my country. Using that as my guide, I will vote against this legislation.

Mr. SCHNEEBELI. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Speaker, I rise in opposition to the conference report. I do not like what I have to do, but I feel strongly that if a Congressman cannot do what he knows is right, he should not be here. I voted against H.R. 2166, known as the Tax Reduction Act, when it was last before the House and must do so again. I would have liked very much to have voted for a tax reduction as I believe it to be necessary. However, I must consider the things wrong with this bill and weigh them against the good. I have done so and have found this bill entirely unacceptable for seven important reasons.

First, the bill now includes the Senate nongermane amendment providing for a $2,000 tax credit for those persons who purchase a brand new house. I find this provision very unfair and discriminatory for several reasons. There should not be discrimination as to whether someone buys a new house or an old house. This will certainly hurt the real estate market as buyers will look only for homes that have just been constructed as others will not get this tax credit. In addition, this is an effort to directly and prejudicially help new home construction because it is suffering financial difficulties, but there are other industries having this same difficulty. Why should we not give a similar tax credit on new cars, new appliances, new furniture, or any other item that is new and comes from a depressed industry? Obviously, the logic of this provision is very weak at best.

The second reason for my opposition is due to the provision, again inserted by the Senate, to give every social security recipient a $50 bonus giveaway check. This will be the first time in the entire 33 year history of social security that a direct payment has been made from the Federal Treasury rather than from social security funds. This sets a very dangerous precedent of doing this again and again, rather than solving the very serious problems of the social security system. Further, it should be noted that this $50 is to be given to people who do not need it as there are many social security recipients who make more than enough money to live on through investments and other forms of exempt income. This provision should have been limited to those people who need it, such as SSI recipients. Therefore, this provision is not a tax cut as was the intention of Congress, but is an actuarially unsound and wasteful giveaway, worsening an already in trouble social security system.

The third reason for my opposition is the drastic curtailment of the oil depletion allowance for independent and minor oil companies and royalty owners. This will directly result in these people being forced to sell their oil holdings to major oil companies because they will not be able to raise capital to drill for oil as they do now with the depletion allowance. This simply means we are playing into the hands of the large major oil companies by forcing the little companies out of business. Further, there are many oil wells that will not now be drilled because they are not profitable for large oil companies, but are for minor ones who will not now be able to drill. This will also directly hurt Louisiana as we have a number of individuals who have royalty interests, such as small land owners, it will put our small oil companies out of business and thus increase our unemployment and lower our per capita income, and will lessen the already declining oil revenues to the State of Louisiana.

My fourth reason in opposition is the fact that this bill establishes for the first time in our history a direct Federal giveaway program to our citizens in the form of a negative income tax. People who do not work in this country or who do not pay taxes will receive up to $400 under this bill, whereas the middle-income taxpayer who is being heavily taxed and supporting the country may receive only $100. This is entirely unfair and sets a very dangerous precedent. I fear that this will be continued year after year and increased instead of using the established State welfare agencies who are far better organized to administer welfare programs.

My fifth reason is the fact that this bill is highly inflationary. The bill calls for approximately $23 billion in tax loss to the Federal Government, which is probably a conservative estimate, and which is $7 billion more than the President asked for and $5.2 billion more than the first time we voted on this bill. The Federal deficit for this year is approaching $80 billion, the highest since World War II, which means that this bill is probably a cure worse than the disease, as it will surely cause us to enter back into the age of double digit inflation, possibly as high as 20 percent. I favor a tax cut, but it must be accompanied by at least a reasonable amount of cuts in Federal spending, which is not the case with this bill at this time.

My sixth reason for opposing the report is the fact that the middle-income taxpayer who most needs relief gets the least, probably between $100 to $200. The idea behind the President's proposed tax cut was to give significant relief to the taxpayer who would use that relief to stimulate the recovery of our economy. There will be little or no stimulus or relief from a $100 to $200 tax rebate as it is insignificant.

My seventh reason and final reason for opposing this report is that this was supposed to have been a tax cut or rebate bill for individuals and business. It has turned out to be, however, a hastily conceived, ill-advised, and improperly constructed complex tax reform bill including many nongermane matters far broader than should have been considered, with questionable results.

For these reasons, Mr. Speaker, I urge my colleagues to vote to recommit this bill and, if that motion fails, to defeat the conference report in order that a proper tax reform bill can be formulated.

Mr. SCHNEEBELI. Mr. Speaker, I yield 5 minutes to the distinguished minority leader, the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Speaker, I shall vote to recommit this conference report, and if that does not succeed, I shall vote against the conference report.

I do so with reluctance, because I realize that the Committee on Ways and Means has labored long and hard on it, and because there are many portions of the bill which I think are very good, and which I hope will be brought back to the House in a form that can be enacted. But, among other things, we have broken three new pieces of ground today that I do not believe we should have broken in this type of a bill, or with as little consideration as they have had.

To begin with, we have enacted a negative income tax. This might be a good thing, I do not know, but no one has had any hearings on it, that I know of, yet we have it in the earned income section of this bill.

On social security we have finally done something today that people have been talking against for years and years. We have finally gone into the general revenues to pay social security recipients. When we take off the lid on that Pandora's box nobody knows where we will end.

Housing. We have a portion of this bill that should have come out, if it should have come out at all, from the Committee on Banking, Currency and Housing, chaired by the gentleman from Wisconsinn (Mr. REUSS), but instead of that we have this in the conference report as the result of a Senate amendment which was agreed to by the conferees, and I think unjustifiably so.

That in itself would be enough to recommit this bill, but there is more.

In the first place, when the President first suggested that there should be a tax cut he, of course, had some idea that the House and Senate would do more than just make a cursory examination of his request for rescissions and deferrals of Federal appropriations amounting to some $17 billion. We did not do that. We did not give permission for the rescissions or the deferrals as was required by the anti-impoundment bill which we so inadvisedly passed in the last Congress.

So that that $17.2 billion which the President's budget assumed would be deferred or withdrawn, will be in the expenditures of the Government for the next fiscal year, and this one.

We have also had some new programs which have been enacted since that time. The Members will recall that we passed a $6.5 billion appropriation bill, an emergency bill, as it was called. There were some good things in this bill, practically none of it was budgeted, so this will go on to the budget.

So the whole thing adds up, Mr. Speaker, to the fact that we have not only decided to cut taxes, we have also decided not to rescind or defer, and we have also added new programs. The President asked the Congress in his state of the Union message not to enact any new programs, but we have three of them just in this bill that I think in themselves would be enough to cause a Member to vote against this conference report.

The thing I am afraid of is that the economy is beginning to bottom out, and as the economy bottoms out and starts up, it is going to be hit with this impact which we will get from an $80 or $90 billion deficit which we will get from a $22.8 billion tax cut, all at the same time when it is beginning to go up. We do have signs that it is beginning to bottom out when the wholesale price index goes down, when the interest rates go down, when the automotive industry starts calling people back, when the savings and loan associations are full of money. This can mean and probably does mean that the upturn is not very far away.

Imagine what will happen when the economy—in spite of us, I might add—starts to go up and it is met by this tremendous inflationary drive which we are going to give in the budgets of these next 2 fiscal years. It will go right through the ceiling.

Mr. Speaker, we will have been responsible for an inflationary situation the like of which we have not yet seen. So this is the wrong bill at the wrong time, and done in the wrong way. People have been asking me as to what the President of the United States will do about this bill. I do not know, because he has not told me, but I will tell the Members this. I was with him at 4 o'clock this afternoon with some of my colleagues, and I will tell the Members that he is certainly considering very seriously vetoing this bill.

The SPEAKER. The time of the gentleman has expired.

Mr. SCHNEEBELI. Mr. Speaker, I yield 1 additional minute to the gentleman from Arizona.

Mr. RHODES. In my opinion—and it is only an opinion—there probably will be a veto of this bill, and I think there should be a veto of this bill. It is my hope that the House will sustain that veto, and then, with that experience behind us, it would be my hope that the Committee on Ways and Means with its distinguished chairman and its distinguished members, would come to the floor with a bill which does exactly what we set out to do: to adjust the taxes a little bit, to cut some taxes, which will act as a mild stimulant to the economy, and not send it right through the roof.

Mr. Speaker, I think this is very definitely a hallmark, a watershed in the history of the Republic, and also in the history of the House of Representatives. It is my strong hope and my strong belief that the House will rise to the occasion and recommit this bill to conference, and that the conference committee will then bring it back so that it will make some sense.

The SPEAKER. The time of the gentleman has expired.

Mr. SCHNEEBELI. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. Long).

Mr. LONG of Maryland. Mr. Speaker, I am voting against this nearly $23 billion cut in Federal taxes recommended to the House by the conferees. In the 7 years from 1968 to 1974, the Federal deficits resulting from spending in excess of tax revenue totaled $89 billion, and during these years the money supply rose by $80 billion, much more counting time deposits. The cost of living rose by 50 percent. I know of nobody who disputes a connection between these deficits, the money supply increases, and the one-third decline in the value of the dollar.

Keep in mind that this increase in the Federal deficit of less than $90 billion occurred over 7 years, whereas the proposed tax cut, coupled with the programed spending increases, will mean a deficit in the single year of fiscal 1976 as great as all the cumulative deficits of 7 years, which produced so much of the present inflation. Even greater deficits are projected for fiscal year 1977.

Unless the Federal Reserve Board is successful in resisting Congress and holding down the increase in supply of money, at the penalty of very high interest rates, it is difficult to see how another burst of inflation can be avoided. This cut is part of a program of fiscal overkill, all in the name of getting the economy moving toward full employment.

Of course, unemployment is bad. But inflation is far worse. Unemployment injures the unemployed. Inflation injures everybody, including the unemployed but especially poor and middle-income families and the elderly, most of whose assets are in savings banks and pensions, a large part of the value of which is stolen by inflation.

Unemployment is temporary, but inflation becomes permanent. It becomes locked into the economy and institutionalized. It feeds on itself.

To spend and cut taxes to reduce unemployment is politically popular. To vote against spending and tax cuts and to control inflation is politically risky. Anybody can vote for a tax cut. The day a Congressman votes against a tax cut he really earns his pay.

Mr. SCHNEEBELI. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. Schulze) such time as he may consume.

Mr. SCHULZE. Mr. Speaker, I thank the gentleman from Pennsylvania for yielding.

Mr. Speaker, a tax rebate is needed to stimulate our economy immediately and that is why I supported the original House bill. As we legislate to alleviate our immediate problems, however, we must also consider the long-range effects of any measure.

This conference report exceeds the House bill by $5.2 billion. Together with the large spending bills already passed, or in the works, we may be overdoing it and jumping from the frying pan into the fire of inflation. In fact, some of its provisions will not take effect until later when not recession but soaring inflation may be our major problem.

What good does it do to give people more dollars, if those dollars aren't worth the paper they are printed on?

Also, this hastily-conceived measure, which I doubt few if anyone fully understand, makes genuine and needed tax reform unlikely, if not impossible. Basic and permanent changes in our tax laws should only be made after the public has had an opportunity to testify. Not a single public hearing has been held on this bill. I cannot in good conscience support this measure.

Mr. SCHNEEBELI. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. Frenzel).

Mr. FRENZEL. Mr. Speaker, I object to the procedure under which this bill is being handled and I object to the bill itself, even though it is the only tax-cut bill in town. We need a tax cut, and most of us want to support one to give our economy some protection against an extended or deeper downslide. But under these unusual procedures, where we are obliged to make a decision without a printed bill, or without complete understanding, or, in some cases without any understanding or data, it is difficult to cast an affirmative vote even when one supports the need for a tax cut. That gives me a Hobson's choice—whether to support a flawed bill which is not completely understood, or whether to oppose a needed stimulus for our economy.

The features of the bill are as follows: A refund of 1974 income tax to individuals equal to 10 percent of taxes paid subject to minimum of $100 or the actual taxes paid; and a maximum of $200. The maximum rebate phases down to $100 as taxpayers' Federal adjusted gross income increases from $20,000 to $30,000. This is the House version. It is a reasonable feature and costs about $8.1 billion.

Second. An increase in the minimum standard deduction to $1,600 for single people and $1,900 for joint returns. The percentage standard deduction is increased to 16 percent, or a maximum of $2,250 for single people and $2,500 for joint returns. A tax credit of $30 per personal exemption was included. This package is not so bad. It costs $7.8 billion.

Third. The earned income credit is a 10-percent credit, subject to a maximum of $400, on earned income with a phase down and out from $4,000 to $8,000 of adjusted gross. This credit is available only to families with dependent children. This outrageous feature has been made worse in conference. It returns tax money which recipients never paid in the first place. It costs $1.5 billion.

Fourth. There is a tax credit of 5 percent, up to a maximum of $2,000, of the price of new homes. This boondoggle will reward 75,000 rather well-off families in a random manner. This is a good idea to tax the poor to pay the rich. It will cost $.6 billion.

Fifth. An increase from $18,000 to $35,000 on the adjusted gross which would qualify for a baby-sitting deduction. This is another tax-the-poor-to-pay-the rich provision. It costs $90 million.

Sixth. The investment tax credit is increased to 10 percent for 2 years, with an extra 1 percent for certain companies with ESOT plans. The limit on used machinery was increased to $100,000. This is an excellent feature. It will cost $3.4 billion.

Seventh. The corporate surtax exemption was increased to $50,000. The rate will be 20 percent for the first $25,000, and 22 percent for the next $25,000. This is a useful provision. It will cost $1.55 billion.

Eighth. The minimum accumulated earnings credit was raised to $150,000. Nobody seems to know what this is. Neither do I. It is supposed to cost nothing.

Ninth. Employers will receive a tax credit of 20 percent, subject to a maximum of $1,000 per year for employment of an AFDC recipient for over 30 days. It will cost $3 billion.

Tenth. There is an amendment applying to Keogh plans which conforms to pension legislation passed last year. It is supposed to have no cost impact.

Eleventh. Every recipient of social security, supplemental security income, and railroad retirement, will receive $50. This is a nice gesture, and all of us could use $50, but this is supposed to be a tax cut bill, not random disbursement of money. It will cost $1.7 billion.

Twelfth. There is an emergency unemployment compensation extending benefits for 13 additional weeks in certain States. It is an unrelated item. It will cost $2 billion.

Thirteenth. There is an extension of period for replacing an old residence for the purposes of capital gains treatments. Its cost is negligible.

Fourteenth. There is an extensive amendment relating to foreign tax credits which has been poorly explained and dimly understood. It is nongermane to the bill and we have no business acting on provisions we do not understand. It will bring in $270 million.

Fifteenth. The laws on deferral of income of foreign subsidiaries were also changed, but only a handful of people in the House know how or why. It is another mysterious nongermane amendment. It will bring in $225 million next year.

Sixteenth. Percentage of depletion is generally repealed, but there is an exemption for small producers—2,000 barrels per day. This is supposed to bring in $1.7 billion.

The foregoing does not cover all the changes in the bill. Members are reminded that we only know the changes that have been discussed. The numerous nongermane amendments and the late appearance of the conference report made close study impossible. In my judgment a vote against the bill is justified on procedural grounds alone.

But there are other more serious flaws. The changes in the tax tables for 1975 will be inevitably extended. The chairman has said so often. We are therefore undoubtedly making a permanent cut which will be an unnecessary waste of our Federal tax base in a time of ballooning deficits.

Another problem is that we have made a tax-cut bill into a welfare bill. Even that is not a bad idea, but we have put the welfare idea upside-down. We have either spread the money around whimsically as in the $50 payment—in No. 11 above, or we have taxed the poor to benefit the rich—as in No. 4 above.

I find the "earned income credit" especially troubling because it begins a negative income tax, to which concept I am not opposed, in a frivolous manner, to a strangely selected field of recipients. The $50 payments also set the unfortunate precedent of using general revenue funds—probably borrowed from the social security trust fund—for social security. This is the first step toward making social security payments subject to the whims of the appropriations process.

Finally, the elimination of depletion, much ballyhooed by the majority group here, has really turned out to be a perpetuation of percentage depletions. Obviously, our antidepletion hawks have been outfoxed by the doves. We should have done it right if we are to do it at all. This failure only proves that this bill was not the proper vehicle through which to attack the depletion allowance.

I want a tax cut. I very much wanted to vote for a tax cut. It is hard to make a tax-cut bill so bad I have to be against it. But, if there were any other possibility, I would vote against it. I shall vote to recommit it to conference in the hope that it be improved there. I would vote to sustain a veto. But faced only with two alternatives—a bill or no bill—I have to hold my nose and vote for this bill.

Mr. SCHNEEBELI. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HINSHAW).

Mr. HINSHAW. Mr. Speaker, I would like to ask the chairman of the full committee a couple of questions clarifying part of the colloquy he had with the gentleman from Michigan (Mr. BROWN).

If the chairman will recall the colloquy he had with the gentleman from Michigan (Mr. BROWN), there was some discussion about mobile homes. We have a great number of mobile home contractors in my area who build mobile homes on order. My question is if there has been an order placed for a special mobile home, would that mobile home once it is completed and purchased by the person who ordered it qualify for the special provisions of this bill?

Mr. ULLMAN. If it was under construction before March 26, 1975, yes.

Mr. HINSHAW. Another clarification. Would the chairman enlighten us as to what would happen for those small buildings such as a duplex or triplex and maybe even up to four units that were under construction and marketed with the specific concept in mind that the purchaser of the property would occupy one of the units? Would that qualify also for the provision under this bill?

Mr. ULLMAN. If it had not been lived in and the unit was occupied as the taxpayer's principal residence, then that unit would qualify.

Mr. HINSHAW. So if there were a new property that was under construction and had not been lived in before, and if one of the units were owner-occupied, that unit would qualify for the provision?

Mr. ULLMAN. Assuming that, yes, it is the principal residence of the owner it would be covered, assuming all other conditions are met.

Mr. HINSHAW. I thank the chairman.

Mr. SCHNEEBELI. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I think it is appropriate that the comments I intend to make be made at this time in view of the last colloquy because whether it be mobile homes or modular housing, the sale for all intents and purposes, the construction, the in being, as apparently the statute provides, these things occurred long before midnight last night but these units are excluded from the tax credit, according to the testimony in this well a few minutes ago by the chairman, but in view of his last statements I do not really know what is the situation.

Mr. Speaker, in addition, it has been reliably estimated and calculated that 2.4 new homes will be subsidized by the tax credit and subsidy provisions of bills of this nature for every one new purchase that occurs because of the well-intentioned incentives of bills of this nature.

In short, we will be using general taxpayer dollars to subsidize the purchase of homes which would have been purchased anyway. Is this the way this House acts as a trustee of the taxpayers' dollars?

Mr. Speaker, I have touched upon only a rather minor provision of this bill with which I have some knowledge.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. SCHNEEBELI. Mr. Speaker, I yield 1 additional minute to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Speaker, if the other provisions of this bill with which I am not familiar, at least not as familiar as I am with the housing provisions, if they are as bad as this one provision, I can only ask the good Lord to have mercy on us, for we know not what we do.

Mr. Speaker, I urge the recommittal of the bill.

Mr. SCHNEEBELI. Mr. Speaker, I yield such time as he may consume to the gentleman from South Dakota (Mr. PRESSLER).

Mr. PRESSLER. Mr. Speaker, there is much wrong with this tax bill, but it is our only available alternative. All economists who have testified have agreed on one point—be they liberal or conservative. That point is that our economy must be turned around. We seem to be headed into a recession. I do not like the rebate portions of this bill. I voted to recommit this bill—on the last immediately preceding vote—to the conference so that it might be made more acceptable.

But we must have a tax bill. It represents the best plan in town and much of it comes from administration planning. Thus I shall vote for the bill.

Mr. SCHNEEBELI. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I intend to vote for this tax cut bill in spite of its flaws. Had I the opportunity, I would oppose several of the individual provisions of this bill as I understand them, considering the very short time we have had to study them. I shall vote to recommit the bill in the vain hope that these provisions can be removed. The conference did a commendable job in removing some of the most undesirable items put in the legislation—most of these, I might point out, added by the other body.

But the offending sections, bad as they are, do not persuade me that I should vote against the bill. The Nation's economy needs stimulation to get it moving upward. And it needs the stimulation now. This bill is not the best stimulation, but it will help.

The worst thing about this bill—or any tax cut—is that it will add to the prospects for deficit. But deficits cannot be blamed on tax cuts. Deficits have come from overspending by Government in the last generation, not from taxes being too low.

On the contrary, taxes have been too high. Government taxes have risen more rapidly than food costs—or almost all of our other too rapidly rising costs of living in recent years. Years ago, the average middle-income citizen in the United States paid no Federal taxes. With World War II, only a very small tax nibble began on the middle-income family. But each year that tax bite has increased as inflation has moved all Americans into higher brackets that take higher and higher percentages of our income in tax.

It is time to reduce taxes and this bill is a just step, even if a misdirected one in many areas. Tax income is the life blood that feeds Government and one way to limit the growth of that animal is to cut the tax income it must have.

Government now makes over one-third of the economic decisions of our society and by the year 2000 it will be making 60 percent of those decisions if we do not revise the trend.

Now, how do we revise the fund? I favor reducing taxes. The only sources of funds for Federal spending are tax dollars or inflational borrowing—printing press money. But I also oppose deficits. Either way, Congress takes away the substance of the American citizen and gives it to the Government to spend.

During my service in Congress, I have voted for reduced spending in an effort to control our deficit and will continue to do so.

In the Joint Economic Committee we have had repeated testimony concerning the danger of adding more than $75 billion in debt for 1 year. The best estimates are that if we exceed that amount of debt addition in 1 year, we shall have interest rates approximately 15 percent within the next 12 months. The impact of that on inflation is obvious. And the long range depressive effects on our economy of continued high inflation should be just as obvious.

But keeping taxes up is not the answer. The answer is to cut spending. We are approaching our 200th birthday as a nation—a nation founded by men who dressed up as Indians and threw tea into the harbor because the Government wanted to tax that one item by 5 percent. As we near that anniversary we should once again resist dominance by Government, whether by direct taxes, overregulation, or inflation.

This bill has tax relief in it for the poor, small businesses, the unemployed, and other elements of our society who need that relief and who will help stimulate recovery by spending their reduced taxes on more job creative investments than Government—production investment that will increase our standard of living. I believe those individual Americans will make better collective judgments about how their money should be spent than a collectivist Government will make.

Mr. Speaker, I will vote to reduce tax and Federal spending and, hopefully, the size of Government. We must do that or our society will not survive on the same basis of personal freedom on which it was founded. If that happens, those of us here tonight will have failed our responsibility.

Mr. SCHNEEBELI. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Speaker, I admit some ambivalence about this bill. There are some problems, no question about it, but when it is all said and done I have to, I am afraid, come down on the side of saying the bill ought to pass.

I full well understand and recognize the dilemma that men and women on both sides of the aisle find themselves in as they try to approach the equity of this situation; but when I get through with it I have great difficulty in understanding how I think the bill is going to be improved by delaying it for 30, 40, 45 or 60 days.

Are we going to make the other body change their minds and come up with some new provisions that are not in the bill? Are we going to find a way to get a stimulus into the economy that every economist from the most conservative to the most liberal have all said needs to be done?

That is the issue this House is going to confront tonight. Of course, I would prefer that we had not come down the road of permanent changes in the tax code to the extent we have. Of course, I would prefer that we had not undertaken what is a mischievous housing credit concept. Of course, I would prefer we had dealt better on the oil depletion allowance than we did in this bill; but I say that I know of no way in God's green earth that the committee on conference could have done a better job than they did in preserving as much as they did from the onslaught of the other body. And yet I shall vote for the motion to recommit as my only protest with the provisions to which I object.

When I go to bed tonight there is no way that I can justify a vote against the efforts to put this economy back to work.

Mr. Speaker, I shall vote for the bill.

Mr. SCHNEEBELI. Mr. Speaker, I have no further requests for time.

Mr. ULLMAN. Mr. Speaker, there is no way, in my judgment, when we consider the purposes of this bill before us that we can justify a vote against it at this crucial time. The President laid down some guidelines on a tax reduction and we have more than met those guidelines.

This is a fiscally responsible bill. Those amendments of the other body which we finally accepted, we cut back in a way which saves substantial revenue. We reduced the impact of this bill from $30.6 billion down to $22.8 billion. Only about $14 billion of that will occur in the fiscal year 1976.

This is a fiscally responsible measure. It is tailored to the needs of our time. If we do not pass it, we will have to be responsible for the unemployment and worsened rescission which will result.

If the Members are thinking about balancing the budget, we had better think about getting this economy turned around first so that we can then begin building up our income and through this our revenue. This is the only way we will balance the budget.

Mr. Speaker, I urge that the Members vote unanimously for the conference report.

Mr. McCOLLISTER. Mr. Speaker, as one who voted for the original House-passed version of the Tax Reduction Act, I feel it necessary to explain my reasons for opposing the conference report on that legislation today.

My support for the tax cut bill was based on the hope that the stimulus contained in it would help the economy. I expressed at that time my reservations about the advisability of using this vehicle to make fundamental changes in our tax laws and the failure of the legislation to provide equity for middle income taxpayers. Those objections still remain in the conference report.

In addition, it has become increasingly apparent to me that the Congress has broken faith with the President and with the American people. The Congress has ignored the need for fiscal restraint by the Government, pushing aside the President's plea to forego new spending programs and hold a short leash on increases in present programs. Congress has enacted a dismal record of fiscal irresponsibility. The suspension of food stamp regulations cost taxpayers an additional $650 million to $1 billion dollars, disapproval of Presidential spending recissions added another $2.5 billion, and public jobs legislation which has passed the House would add still another $6 billion.

Congress is playing games with the tax cut bill. It is not the instrument of fiscal stimulus, although it will certainly add to the excessive stimulation already voted by the Congress. Have we not learned enough that Federal fiscal policy is no game? While the majority is playing at these games our economy is suffering. It needs a simple fiscal stimulus. It does not need a massive Federal spending effort which can only be financed by incurring massive deficits and strangulation of the Nation's financial markets whose operation is critically important to our economic recovery effort. Our economy also needs a thoughtful reconsideration of Federal tax policy, but not a slap-dash, fragmented attempt to remove objectionable features of the tax code without full consideration of the total impact on the proposed changes.

I am still in favor of a simple tax cut and am willing to give up my scheduled recess activities to stay in session to enact one. If the majority persists in its wrongheaded support of this conference report, I am hopeful that the President will veto it and insist that the Congress get back to work to enact a simple and just tax cut.

Mr. BROOMFIELD. Mr. Speaker, I rise to voice my somewhat reluctant support for the Tax Reduction Act conference report. I say somewhat reluctant because although I agree that such a cut is needed to help stimulate our economy, I am extremely disappointed over the conferees' decision to delete two provisions contained in the Senate version that I feel are very important to any effort for economic recovery.

These two provisions are the repeal of the Federal excise tax on trucks, trailers, and buses and their component parts, and the lengthening to 8 years from 3 years the period companies may carry back losses and use them to offset taxes paid on previous earnings.

I was pleased to be the original sponsor of the truck excise tax repeal bill in January. The measure was introduced to help stimulate sales in this area of that industry hardest hit by our current recession—the auto industry—and get some of its many unemployed workers back on the job. In 1974 sales of these vehicles dropped nearly 15 percent. The downward slide has continued until now sales have come to nearly a total halt. The result has been the closing of truck plants and supplier plants across the country, and the unemployment of thousands of workers.

Cost increases due to new safety braking standards make the future picture no brighter. In fact, repeal of the excise tax is needed just to keep prices at their current level.

In my files are letters from bus lines and trucking firms stating flatly that the repeal of this excise tax would result in the purchase of more vehicles by them. There is no doubt in my mind that sales of these vehicles would increase dramatically upon the removal of the excise tax. I would remind my colleagues that the repeal of the excise tax on passenger vehicles in 1971 stimulated new car sales and created thousands of new jobs in the industry. Now the same action is needed to return the thousands of unemployed truck workers to their jobs.

Mr. Speaker, the carryback provision in the Senate bill has been referred to as the Chrysler amendment, and it is true that Chrysler would gain the most benefit from it. But the measure would help other businesses that have been adversely affected by recession as well.

This amendment does not represent a large-scale bail-out for an inefficient industry or company, as some have charged. To qualify for the tax benefit a company would have to have shown profits within the last 8 years before incurring large losses in 1974 and 1975 due to overall economic conditions.

It is no secret that Chrysler Corp. is experiencing grave financial difficulties. In 1974 Chrysler lost some $71 million. It is estimated this loss will increase to $312 million in 1975. The 8-year carryback is badly needed to provide Chrysler with breathing room to make it through this time. It would permit them to remain competitive and increase the chances of their many unemployed workers for returning to the job.

The cost to the Federal Government for this has been estimated at between $250 and $500 million. I would suggest that, when compared to the massive costs in unemployment benefits, welfare payments, food stamps, and other programs, should Chrysler and other companies in similar positions fail, this is a bargain.

Mr. Speaker, there is no separating the plight of our economy from the condition of the auto industry. It is, perhaps, the most vital part of our economic structure, and our country's return to economic health depends in large part on the future of this industry.

Just this week I received a petition from Autoproducts magazine with over 16,000 signatures, urging Congress and the President to help the auto industry out of its severe depression. The signatures on the petition did not all come from Detroit or Michigan. They stretched all the way from New York and New Jersey to California. Considering the fact that 1 in every 6 jobs in the United States is related to this vital industry, this response is not surprising. Unfortunately, the important impact the auto industry has on our economy and our workers seems to have been lost on many of my colleagues.

In closing, Mr. Speaker, I would say yes, it is true both these measures, the truck excise tax repeal and the 8-year carryback amendment, are good for the auto industry. But if you look at the total economic picture, you will see that in a larger sense they are good for the country, and I am deeply disappointed that they are not included in this conference report.

Mr. FISHER. Mr. Speaker, I rise to support the conference report on the Tax Reduction Act of 1975. The result is not perfect and no one will be entirely pleased with it. But as the chairman of the Committee on Ways and Means and others have pointed out, the result is acceptable. An honorable compromise has been readied.

The important thing is for the Congress to act now to pass this measure and send it to the President who, I am convinced, cannot afford to veto it. Income tax reduction is generally the quickest way to stimulate a depressed economy. The $50 payment to each social security recipient and the limited 13-week extension of unemployment insurance payments are also quick stimulants. More than three-quarters of the total estimated tax cut is of the quick-acting kind. This is what the American economy needs. A moderate boost in spending now will be worth a much larger boost later.

The tax credits and reductions for business will not operate all that rapidly but over the months ahead should lead to more investment and in this way contribute to a sustained economic recovery. They are a desirable, even necessary part of the package.

Much argument during the past couple of months has revolved around the overall net amount of the tax reductions and credits. Should it be $16, $20, or $30 billion? There is no magic in any particular number. One develops a feel for what is about the right amount, recognizing that economic analysis helps to shape one's intuition. As an economist who has practiced the trade for a long time, I am content with the net $23 billion of tax relief. Economic conditions on the whole have worsened during recent weeks while this bill was being developed. This justifies the increase over the original House bill and the larger increase over the President's still earlier proposal.

Like others I have reservations with several of the particular features of the conference report. For example, the credit for purchasers of new housing was added hastily by the Senate. The $50 payment to social security beneficiaries, also added by the Senate at the last minute, means a dipping into general revenues for this purpose for the first time. These two matters could better have been considered in connection with housing and social security legislation. I would have greatly preferred that the report recommend complete phaseout of the oil depletion allowance for the two smaller operators, many of whom are still rather good sized, as well as larger ones.

These items, however, even with the problems associated with them, do not loom up sufficiently, in my judgment, to lead me to oppose approving the report. One hundred percent purity is not possible in this as in other matters, sad to say.

If I did not think speedy action for tax reduction was necessary now, I would want to purge the bill of items to which insufficient study has been given and which require a stretching of the imagination to call germane to the control purpose of the bill. But I am convinced we must get on with the job of helping people who are being hurt badly by the economic recession.

I am disturbed by the increase that passage of this bill will cause in the Federal budget for this year and next. This is a serious matter; deficits cannot be tolerated year after year. However, a time of deep economic recession—depression in some industries and parts of the country—is not the time to expect budget surpluses. Surpluses must be achieved when times get better. The Congress will have to brace itself to this responsibility later on so that over the full course of the economic cycle the budget will truly be balanced.

My distillation of all the debate we have had on the subject comes down to this: approve the conference report, enact the tax reduction bill, get on with this effort to turn the economy around and set our course toward jobs for the unemployed and higher incomes for those in need. The time to act is now or we may well have to do a lot more later.

Mr. PICKLE. Mr. Speaker, I intend to support this tax cut bill because I think the condition of our national economy demands it. I would prefer that the total dollar amount would have been less, but I do commend the House conferees for their restraint.

However, I am concerned and disappointed that the oil depletion allowance has been eliminated or severely limited. I do not think this will be good for the country. In this time of national energy crisis, what we need—desperately—is more production. The way to get more production is to offer incentives for more drilling. We have worked in reverse.

Earlier statements were made that "we got nearly 80 percent or more of what we wanted." Indications were that in the years ahead, further action would be taken against the oil and gas companies.

Some seem to think that the conferees have done the little independent operators and producers a favor. Perhaps it will be for a few. I hope so. I think what we have done on the depletion matter is not in our best interest.

I believe the major oil and gas companies will continue to drill, and produce, and do the best they can. I believe the independents will continue to drill, and do the best they can. Neither will stop trying to make the best of difficult circumstances. But it will not be easy. I am fearful that the number and percentage of new wells will be reduced. In the last 10 years, the number of producers in this country have been cut in half. This number will continue to be reduced, and all the time, our demands for energy will continue to increase.

In 5 years we may see our country in really severe circumstances if we do not find enough oil or gas or coal, or unless we can find our answers in alternate fuels.

Those who gloat today may be crying the hardest in the immediate years ahead.

Mr. PRESSLER. Mr. Speaker, today we are determining the fate of a comprehensive Tax Reduction Act. Because I was disappointed with some of the provisions contained therein, I voted to recommit the bill. I was and remain dubious of the utility of the $50 payments to social security recipients and of the rebate portions of the bill.

I am also concerned that the conferees elected not to include the Senate's insightful amendment encouraging the conservation of energy and rewarding commonsense by providing credits for qualified insulation expenditures of 40 percent of the first $500 and 20 percent of any excess expenditures, as well as credits for qualified solar energy equipment expenditures. However, the majority of my colleagues chose not to recommit the legislation; and, thus, we have proceeded to final consideration of the conference report.

Despite my reservations, I choose to support the Tax Reduction Act of 1975, because there is an urgent need for tax reduction. I would still prefer to exorcise portions of the bill which I feel are flawed or were developed without sufficient study. But we are engaged in a long struggle with economic recession. I am very concerned that Congress not become so consumed by the process of sharpening the sword with which to fight that struggle that the opportunity to deal a decisive blow is wasted. I am secure in the reasoning that we must get on with it. There are people suffering during our inaction. And, I do not want to be part of a "do nothing" Congress.

There are several important items in this tax package which will help to restore to our economy the stability upon which the burden of continued growth can be safely rested.

A major economic stimulant in this bill is the increase in the investment tax credit. The conference position on this item is an honorable compromise which takes into consideration the time to plan investments. Complementing this portion of the bill is the conference compromise of lowering taxes on small businesses.

There is a great deal of obvious concern for the small businessman in this bill; and, I am hopeful this represents an increasing responsiveness in these halls to those whom we are here to serve. Indicative of this trend is the compromise on the oil depletion allowance which recognizes the needs of wildcatters. It is the small independents who find the bulk of our domestic oil, and there is a real need for special treatment for them so that they can attract the high risk capital they need for exploration. To terminate their depletion allowance would be wrong and contrary to the emphasis America has long placed on innovation and imagination. I am very happy that the conference report includes a special exemption for these adventurous contributors to our economy. The compromise agreed to is far more responsive and applicable to my thinking than any other proposal on this issue. I am happy to support this portion.

I am also pleased by the creative use of the tax structure to open up jobs via the Federal welfare recipients employment incentive credit. I commend our colleagues in the Senate for devising this portion of the bill.

There are other important provisions of the measure which have been eloquently expounded upon by my colleagues; and I choose not to retread that ground. I am hopeful that the legislative momentum generated by this bill will help to produce a responsible tax reform bill and an effective, meaningful bill on energy policy. Let us pass this bill and actively re-engage in the constant struggle which progress imposes upon us.

Mr. HUGHES. Mr. Speaker, there is an explanation for the tightness of the vote on the rule for the Tax Reduction Act of 1975 which may have escaped initial notice.

That is that fully one-half of the freshmen Members of the 94th Congress, myself included, voted against the rule.

I think this speaks more to the frustration we feel over the manner in which this legislation has been offered than with the contents of the bill on balance. I intend, indeed, to support the bill on final passage largely because it does contain the first major elements of tax reform.

We do recoup approximately $2 billion a year from the elimination of the oil depletion allowance for major firms and by limiting foreign tax credits and tax deferrals.

Beyond this, Chairman **ULLMAN** has assured the House that his committee intends to enact far-reaching tax reform this year so that money will flow into the Treasury to recoup much of the money we are committing to the fight against recession.

But none of this can excuse the procedure under which this House has been asked to vote on this complex multibillion-dollar tax cut bill. I might add that this is only the latest of a series of frustrations we as freshmen Members have confronted.

In the past 2 months, we have all been exposed to the uncertainties of committee schedules and floor action that makes it impossible to effectively budget our time day to day.

But tonight, this is ridiculous.

Here we stand assembled faced with the decision in an hour's time to vote up or down a staggering $22.8 billion tax cut bill.

I suspect that our action will ultimately find its way into the "Book of World Records" under the heading of "Most Money Spent by a Government in the Shortest Period of Time."

So I think that the vote against the rule expressed what I hope the more senior members will perceive to be the frustrations of we who have just joined this House.

I do want to commend the House conferees who did the best job they could given the time restraints. Many of the nongermane, objectionable amendments added by the Senate have been eliminated and the $30.6 billion price tag trimmed back though not as much as I would have preferred.

Among the provisions which I would single out for special commendation is the limitation of a declining oil depletion allowance to small independent firms which are responsible for initiating 85 percent of the Nation's exploratory drilling.

Then there is the provision which limits foreign tax credits and tax deferrals which is excellent tax reform. The conferees have lowered the amount necessary to qualify for taxation from overseas tax havens from 30 percent of total income to 10 percent and have eliminated the investment credit for seagoing drilling rigs not used in U.S. waters.

I was also pleased by the agreement to deny Domestic International Sales Corporation—DISC—tax deferral benefits to income from export sales of energy resources.

I agree as well with individual income tax reduction features in the bill including increasing the minimum standard deduction from $1,300 to $1,600 for single persons and $1,900 for joint returns.

I am also pleased with a 2-year increase in the investment tax credit to 10 percent and the increases in the surtax exemption to provide tax relief for small corporations.

On the negative scale, the 5 percent, $2,000 credit for housing units built but unsold as of last Tuesday will do nothing to stimulate employment in the construction trades. I am pleased that the chairman did manage to cut the maximum cost by half.

Let me state in closing that I strongly object to the manner and method by which this legislation reached the floor today. I would like extra time to carefully examine item by item the recommendations of the conferees even if this means an abbreviated recess period.

But the House seems determined to resolve this matter immediately as indicated by the defeat of the motion to reject the rule.

Therefore, with the assurances of Chairman ULLMAN in mind on his determination to obtain true tax reform this year, I shall support this bill and send it to the President for his signature.

I would only add a final word imploring the managers of this bill to recognize the legitimate concerns of the new Members of this House that hastily drawn legislation not be thrust upon us for instant action.

Such an objection, I believe, was signaled in the votes of 46 freshmen Members against the rule.

Mr. GOLDWATER. Mr. Speaker, the Tax Reduction Act of 1975, H.R. 2166, as reported in the House by the Conference Committee is an unfortunate, cruel hoax.

This legislation proposes to rebate tax revenues to American taxpayers. It proposes to give cash payments to social security recipients, the moneys coming out of the general fund of the Treasury. Well, my colleagues, I find this very interesting. The United States is already spending 40 billion more dollars than it has in the Treasury. We are spending money that does not exist except on paper. And, in spite of that deficit, this Congress is proposing to rebate $22 billion of this deficit, imaginary money. This is a slight of hand that is beyond the ability of even Merlin the Magician to match.

This Nation's economy has needed some mild stimulation. Many Members of Congress, including myself, and the President have been calling for a meaningful, measured tax cut to give the staggering taxpayer and consumer a needed break. The original House version of the bill came fairly close to doing just that, particularly in the provisions affecting individual and joint taxpayers and small businesses.

But, this conference version goes too far. It nearly doubles the amount of money to be rebated without getting any handle on the root cause of inflation—deficit Federal spending. It raids the Treasury to pay for some of the rebates—a Treasury without funds. And, it neglects major portions of the housing industry—namely, the rehabilitation construction and mobile home segments—while claiming to give some much needed assistance to the new home industry.

I must vote against this tax rebate conference report, because it is a charade, a cruel hoax. This is a complex issue. This conference report has been available for study less than 6 hours. We are rewriting major portions of our social security law while raiding the general fund to pay for part of it. We are beginning a new welfare program with the "work bonus" provisions, and we are rewriting foreign tax credit law for American corporations. These are important matters that should not be treated lightly or hastily.

This tax cut, when coupled with the spending increases already programed, will mean a deficit of $100 billion, and another burst of inflation will surely follow.

This Congress needs a crash course in arithmetic and commonsense. There has been a propensity to pass legislation using the word "truth" in recent years. Maybe Congress should now seriously consider enacting a "Truth in Arithmetic Bill."

Mr. ULLMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. SCHNEEBELI

Mr. SCHNEEBELI. Mr. Speaker, I offer a motion to recommit. This is a straight motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. SCHNEEBELI. Definitely, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. SCHNEEBELI moves to recommit the conference report on the bill H.R. 2166 to the Committee of Conference.

Mr. ULLMAN. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. SCHNEEBELI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 197, nays 214, not voting 21, as follows:

[Roll No. 98]

YEAS—197

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Breaux
Breckinridge
Brinkley
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Corman
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Derrick
Derwinski
Devine
Dodd
Downing
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
English
Esch
Eshleman
Fenwick
Findley
Fish
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Giaimo
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hastings
Hefner
Henderson
Hicks
Hillis
Hinshaw
Holt
Horton
Hubbard
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Krueger
Lagomarsino
Latta
Leggett
Lent
Levitas
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McEwen
McKinney
Madigan
Mann
Martin
Mathis
Michel
Milford
Miller, Ohio
Mineta
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
O'Brien
Perkins
Pickle
Poage
Pressler
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rousselot
Roybal
Ruppe
Ryan
Sarasin
Satterfield
Schneebeli
Schroeder
Schulze
Sebelius
Shriver
Shuster
Sikes
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Treen
Van Deerlin
Vander Jagt
Waggonner
Walsh
Wampler
Whitehurst
Whitten
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wirth
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NAYS—214

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Brodhead
Brooks
Broomfield
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John L.
Burton, Phillip
Carney
Carr
Chisholm
Clay
Cornell
Cotter
D'Amours
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dellums
Diggs
Dingell
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Fulton
Gaydos
Gibbons
Gilman
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Holland
Holtzman
Howard
Howe
Hughes
Hungate
Jenrette
Johnson, Calif.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Keys
Koch
LaFalce
Landrum
Lehman
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
McCormack
McDade
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mahon
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Peyser
Pike
Preyer
Price
Randall
Rangel
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Russo
St Germain
Santini
Sarbanes
Scheuer
Seiberling
Sharp
Shipley
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Thompson
Traxler
Tsongas
Udall
Ullman
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
White
Wilson, Charles H., Calif.
Wolff
Wright
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—21

Ashbrook
Bell
Cederberg
Collins, Ill.
Conyers
Dent
Dickinson
Erlenborn
Evins, Tenn.
Fuqua
Hawkins
Hays, Ohio
Hightower
Ichord
Mills
Moorhead, Pa.
Passman
Rees
Runnels
Skubitz
Wiggins

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

The Clerk announced the following pairs on this vote:

Mr. Passman for, with Mr. Hays of Ohio against.

Mr. Wiggins for, with Mr. Skubitz against.

Mr. Ichord for, with Mr. Moorhead of Pennsylvania against.

Mr. Runnels for, with Mr. Dent against.

Mr. Ashbrook for, with Mr. Conyers against.

Mr. Erlenborn for, with Mr. Fuqua against.

Mr. Cederberg for, with Mr. Hawkins against.

Mr. Dickinson for, with Mr. Evins of Tennessee against.

Until further notice:

Mr. Rees with Mr. Hightower.

Mrs. Collins of Illinois with Mr. Bell.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The question was taken.

Mr. ULLMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 287, nays 125, not voting 20, as follows:

[Roll No. 99]

YEAS—287

Abzug
Adams
Addabbo
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burke, Calif.
Burke, Mass.
Burton, John L.
Burton, Phillip
Carney
Carr
Carter
Chisholm
Clausen, Don H.
Clay
Cohen
Conte
Corman
Cornell
Cotter
D'Amours
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Diggs
Dingell
Dodd
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Esch
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Fish
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frenzel
Fulton
Gaydos
Gibbons
Gilman
Gradison
Grassley
Green
Gude
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hillis
Hinshaw
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Keys
Koch
Krebs
LaFalce
Lagomarsino
Landrum
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
McClory
McCormack
McDade
McFall
McHugh
McKay
Macdonald
Madden
Madigan
Maguire
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Railsback
Randall
Rangel
Regula
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Shriver
Shuster
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Taylor, N.C.
Thompson
Thone
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Walsh
Waxman
Weaver
Whalen
White
Wilson, Charles H., Calif.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Alaska
Young, Ga.
Zablocki
Zeferetti

NAYS—125

Abdnor
Alexander
Anderson, Calif.
Archer
Armstrong
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Breaux
Brinkley
Brown, Mich.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Casey
Chappell
Clancy
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Derwinski
Devine
Downing
Duncan, Tenn.
du Pont
Edwards, Ala.
English
Eshleman
Findley
Flowers
Flynt
Forsythe
Frey
Giaimo
Ginn
Goldwater
Gonzalez
Goodling
Guyer
Hagedorn
Haley
Hansen
Harsha
Hastings
Hicks
Holt
Hutchinson
Hyde
Jarman
Johnson, Colo.
Jones, Ala.
Jones, Okla.
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Latta
Long, Md.
Lott
Lujan
McCloskey
McCollister
McDonald
McEwen
McKinney
Mahon
Martin
Mathis
Michel
Milford
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Myers, Pa.
Nichols
Poage
Quie
Quillen
Rhodes
Roberts
Robinson
Rousselot
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Sikes
Snyder
Spence
Steed
Steelman
Steiger, Ariz.
Symms
Talcott
Taylor, Mo.
Teague
Thornton
Treen
Vander Jagt
Waggonner
Wampler
Whitehurst
Whitten
Wilson, Bob
Wilson, Charles, Tex.
Wylie
Young, Fla.
Young, Tex.

NOT VOTING—20

Ashbrook
Bell
Cederberg
Collins, Ill.
Conyers
Dent
Dickinson
Erlenborn
Evins, Tenn.
Fuqua
Hawkins
Hays, Ohio
Hightower
Ichord
Mills
Passman
Rees
Runnels
Skubitz
Wiggins

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hays of Ohio for, with Mr. Passman against.

Mr. Dent for, with Mr. Runnels against.

Mr. Skubitz for, with Mr. Ichord against.

Mr. Fuqua for, with Mr. Cederberg against.

Mr. Evins of Tennessee for, with Mr. Ashbrook against.

Mrs. Collins of Illinois for, with Mr. Dickinson against.

Mr. Conyers for, with Mr. Erlenborn against.

Mr. Hawkins for, with Mr. Wiggins against.

Until further notice:

Mr. Rees with Mr. Hightower.

The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks and include extraneous matter and that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to—H.R. 2166.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 27. Concurrent resolution providing for a conditional adjournment of the Congress from March 26, 1975, until April 7, 1975.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4296. An act to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans; to provide price support for milk at 80 percent of parity with quarterly adjustments for the period ending March 31, 1976; and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4075) entitled "An act to rescind certain budget authority recommended in the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–46) and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3260) entitled "An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974."

ELECTION OF HON. JOHN J. McFALL AS SPEAKER PRO TEMPORE DURING ABSENCE OF THE SPEAKER

Mr. O'NEILL. Mr. Speaker, I send to the desk a resolution (H. Res. 369) electing the Honorable JOHN J. MCFALL Speaker pro tempore during any absence of the Speaker to continue not later than April 11, 1975, and ask unanimous consent for its immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 369

Resolved, That Honorable John J. McFall, a Representative from the State of California, be, and he is hereby, elected Speaker pro tempore during any absence of the Speaker, such authority to continue not later than April 11, 1975.

Resolved, That the President and the Senate be notified by the Clerk of the election of the Honorable John J. McFall as Speaker pro tempore during the absence of the Speaker.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SWEARING IN OF HON. JOHN J. McFALL AS SPEAKER PRO TEMPORE DURING ABSENCE OF THE SPEAKER

The SPEAKER pro tempore (Mr. BRADEMAS). I now ask the dean of the House of Representatives, the Honorable WRIGHT PATMAN of Texas, to administer the oath of office to the gentleman from California (Mr. MCFALL), as Speaker pro tempore.

Mr. McFALL assumed the chair and took the oath of office administered to him by the gentleman from Texas (Mr. PATMAN).

ADJOURNMENT FROM MARCH 26 TO APRIL 7, 1975

Mr. O'NEILL. Mr. Speaker, I offer a Senate concurrent resolution (S. Con. Res. 27) and ask unanimous consent for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 27

Resolved by the Senate (the House of Representatives concurring), That when the two Houses adjourn on Wednesday, March 26, 1975, they stand adjourned until 12 o'clock noon on Monday, April 7, 1975, or until 12 o'clock noon on the second day after their respective Members are notified to reassemble in accordance with section 2 of this resolution, whichever event first occurs.

SEC. 2. The Speaker of the House of Representatives and the President pro tempore of the Senate shall notify the Members of the House and the Senate, respectively, to reassemble whenever in their opinion the public interest shall warrant it or whenever the majority leader of the House and the majority leader of the Senate, acting jointly, or the minority leader of the House and the minority leader of the Senate, acting jointly, file a written request with the Clerk of the House and the Secretary of the Senate that the Congress reassemble for the consideration of legislation.

SEC. 3. During the adjournment of both Houses of Congress as provided in section 1, the Secretary of the Senate and the Clerk of the House, respectively, be, and they hereby are, authorized to receive messages, including veto messages, from the President of the United States.

The SPEAKER. Without objection, the previous question is ordered on the Senate concurrent resolution.

There was no objection.

The SPEAKER. The question is on the Senate concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. YOUNG of Florida. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 210, noes 182, not voting 40, as follows:

[Roll No. 100]

AYES—210

Abzug
Adams
Addabbo
Alexander
Anderson, Ill.
Annunzio
Armstrong
Aspin
Badillo
Baldus
Barrett
Baucus
Bedell
Bergland
Biaggi
Bingham
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Casey
Chisholm
Clay
Cleveland
Collins, Tex.
Conte
Corman
Cornell
Crane
Daniel, Dan
Daniels, Dominick V.
Danielson
Delaney
Dellums
Derwinski
Downing
Duncan, Oreg.
du Pont
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Evans, Colo.
Fish
Fisher
Flood
Florio
Foley
Ford, Tenn.
Fraser
Fulton
Gaydos
Gibbons
Gonzalez
Hagedorn
Hall
Hanley
Hannaford
Harrington
Harris
Hayes, Ind.
Hefner
Helstoski
Hicks
Hinshaw
Holtzman
Howard
Howe
Hutchinson
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Ketchum
Keys
Kindness
Koch
Krebs
LaFalce
Leggett
Lehman
Lloyd, Calif.
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCormack
McDonald
McFall
McHugh
McKay
Madden
Mahon
Mathis
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Nix
Oberstar
Obey
O'Neill
Ottinger
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Pickle
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Rhodes
Richmond
Risenhoover
Roberts
Rodino
Roe
Roncalio
Rosenthal
Rostenkowski
Roybal
Ruppe
Ryan
Santini
Satterfield
Scheuer
Seiberling
Sharp
Sikes
Simon
Sisk
Smith, Iowa
Snyder
Solarz
Spellman
Staggers
Stark
Steed
Steelman
Stokes
Stratton
Symington
Symms
Thompson
Thornton
Treen
Udall
Ullman
Van Deerlin
Vigorito
Waggonner
Weaver
Whalen
White
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wirth
Wolff
Wright
Wydler
Yates
Young, Ga.
Zablocki

NOES—182

Abdnor
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Ashley
AuCoin
Bafalis
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bevill
Biester
Blanchard
Brinkley
Brodhead
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Butler
Carr
Carter
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Conable
Conlan
Cotter
Coughlin
D'Amours
Daniel, Robert W., Jr.
Davis
de la Garza
Derrick
Devine
Diggs
Dingell
Dodd
Downey
Drinan
Duncan, Tenn.
Edgar
Emery
Esch
Evans, Ind.
Fascell
Fenwick
Fithian
Flowers
Flynt
Ford, Mich.
Forsythe
Fountain
Frenzel
Frey
Giaimo
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Green
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hansen
Harkin
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hillis
Holland
Horton
Hubbard
Hughes
Hungate
Hyde
Jacobs
Jeffords
Jenrette
Jones, Tenn.
Kasten
Kelly
Kemp
Krueger
Lagomarsino
Latta
Lent
Levitas
Litton
Lloyd, Tenn.
Lott
McCollister
McDade
McKinney
Madigan
Maguire
Mann
Martin
Melcher
Michel
Miller, Ohio
Mitchell, N.Y.
Moffett
Moore
Mosher
Mottl
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nolan
Nowak
O'Brien
O'Hara
Perkins
Pike
Pressler
Quillen
Randall
Regula
Reuss
Riegle
Rinaldo
Robinson
Rogers
Rooney
Rose
Roush
Rousselot
Russo
St Germain
Sarasin
Sarbanes
Schneebeli
Schroeder
Schulze
Sebelius
Shriver
Shuster
Slack
Smith, Nebr.
Spence
Stanton, J. William
Stanton, James V.
Steiger, Ariz.
Steiger, Wis.
Stuckey
Studds
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Traxler
Tsongas
Vander Veen
Vanik
Walsh
Wampler
Winn
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zeferetti

NOT VOTING—40

Ashbrook
Bell
Broomfield
Cederberg
Collins, Ill.
Conyers
Dent
Dickinson
Erlenborn
Eshleman
Evins, Tenn.
Findley
Fuqua
Hawkins
Hays, Ohio
Hébert
Hightower
Holt
Ichord
Johnson, Pa.
Landrum
McEwen
Macdonald
Mills
Moorhead, Calif.
Nichols
Passman
Peyser
Poage
Rees
Runnels
Shipley
Skubitz
Stephens
Sullivan
Vander Jagt
Waxman
Whitehurst
Whitten
Wiggins

So the Senate concurrent resolution was concurred in.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM FOR WEEK OF APRIL 7, 1975

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRADEMAS. Mr. Speaker, I take this time to announce the program for the House of Representatives for the week of April 7, 1975. The program is as follows:

Monday: Consent Calendar, no bills. Suspensions, no bills. There will be no legislative business on Monday.

On Tuesday, we will have suspensions, four bills: First is H.R. 3922, Older Americans Act amendments. Second is H.R. 543, Rehabilitation and Betterment Act amendments. Third is H.R. 3109, saline water conversion program. Fourth is House Joint Resolution 148, National Day of Remembrance of Man's Inhumanity to Man.

Votes on suspensions will be postponed until the end of all suspensions.

On Wednesday, Thursday, and Friday, we will consider:

H.R. 37, Standard Reference Data Act, open rule, 1 hour of debate;

H.R. 4700, NASA authorization, open rule, 1 hour of debate;

H.R. 4723, National Science Foundation authorization, open rule, 1 hour of debate;

H.R. 3786, Federal share of highway projects, open rule, 1 hour of debate.

Next we will consider H.R. 4224, Nuclear Regulatory Commission supplemental authorization, open rule, 1 hour of debate.

Then we will consider House Resolution 46, policy on convicted members; and finally H.R. 46, youth camp safety, subject to a rule being granted.

Mr. Speaker, conference reports may be brought up at any time, and any further program will be announced later.

AUTHORIZING CLERK TO RECEIVE MESSAGES FROM THE SENATE AND THE SPEAKER OR SPEAKER PRO TEMPORE, TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS FOUND TRULY ENROLLED

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that notwithstanding adjournment of the House from March 26 to April 7, 1975, the Clerk be authorized to receive messages from the Senate and that the Speaker or Speaker pro tempore be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER (Mr. McFALL). Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION FOR MEMBERS TO REVISE AND EXTEND THEIR REMARKS IN BODY AND IN EXTENSIONS OF REMARKS NOTWITHSTANDING ADJOURNMENT UNTIL APRIL 7, 1975

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until April 7, 1975, all Members of the House shall have the privilege to extend and revise their own remarks in the CONGRESSIONAL RECORD on more than one subject, if they so desire, and may also include therein such short quotations as may be necessary to explain or complete such extension of remarks: but this order shall not apply to any subject matter which may have occurred or to any speech delivered subsequent to the said adjournment.

Remarks submitted under this request are to be delivered to room H-132 between the hours of 10 a.m. and 3 p.m., Monday through Friday signed by the Member submitting.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

AUTHORIZING SPEAKER OR SPEAKER PRO TEMPORE TO ACCEPT RESIGNATIONS AND APPOINT COMMISSIONS, BOARDS, AND COMMITTEES

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until April 7, 1975, the Speaker or the Speaker pro tempore be authorized to accept resignations and to appoint commissions, boards, and committees authorized by law or by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, APRIL 9, 1975

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule may be dispensed with on Wednesday, April 9, 1975.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

STATEMENT OF WRIGHT PATMAN ON TREASURY TAX AND LOAN ACCOUNT BALANCES

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 45 minutes.

Mr. PATMAN. Mr. Speaker, in response to my letter to the Department of the Treasury of January 10, 1975, requesting updated statistical information on commercial bank holdings of Treasury tax and loan accounts, the Treasury has provided new information as of February 14, 1975.

This new information, which I will ask permission to have inserted in the RECORD at the end of this statement, shows that the Treasury has considerably reduced its balances in commercial banks over the last several months. Many of us who have been greatly concerned at the cost to the taxpayer of the Treasury maintaining extremely large non-interest-bearing accounts in commercial banks, sometimes going as high as $10.8 billion, should be pleased that the average balance betwen July 1974 and February 1975 was only $1.9 billion.

However, this is strictly a policy decision of the Treasury, and there is nothing under existing law to prevent that policy from being changed again to permit huge interest-free balances to accumulate in the Nation's commercial banks at a tremendous cost to the American taxpayer.

Indeed, the reduction in these balances in recent months may be a direct response to congressional interest in passing legislation requiring that interest be paid on Treasury tax and loan accounts. As soon as this pressure diappears, we may very well see a return to these high interest-free balances.

Therefore, Congress should not relax its efforts to pass legislation requiring the Treasury to have these large balances pay interest, and I certainly intend to do my part to see that this legislation passes Congress during this session.

I include the latest Treasury statistics on this matter in the RECORD:

TREASURY TAX AND LOAN ACCOUNT, NATIONAL BALANCE, FISCAL YEARS 1965-74 AVERAGE, HIGH, AND LOW

[In millions of dollars]

Fiscal year	Average	High	Low
1965	5, 431	10, 872	1, 844
1966	4, 324	11, 274	447
1967	3, 775	9, 979	710
1968	4, 191	8, 004	1, 029
1969	4, 329	9, 720	709
1970	4, 022	7, 990	894
1971	5, 146	8, 532	846
1972	5, 648	10, 251	1, 737
1973	5, 644	10, 854	800
1974	3, 913	9, 340	520
1975 (July 1974–Feb. 1975)	1, 959	7, 249	7
Feb. 14 1975	469. 0		

Source of 1965–74 data: Treasury Bulletin, table UST–2, Analysis of Changes in Tax and Loan Account Balances, February 1975, p. 14.

TREASURY TAX AND LOAN ACCOUNT, NATIONAL BALANCE MARCH 1974–FEBRUARY 1975, AVERAGE, HIGH, AND LOW

[In millions of dollars]

Month	Average	High	Low
March 1974	4, 215	6, 915	1, 563
April	3, 557	8, 576	520
May	5, 496	9, 340	3, 226
June	3, 374	6, 800	844
July	3, 355	7, 249	1, 740
August	2, 152	3, 098	626
September	3, 069	5, 536	694
October	1, 499	4, 760	165
November	937	2, 408	7
December	2, 097	3, 851	371
January	1, 740	3, 107	382
February 1975	825	2, 114	264
Feb. 14, 1975	469. 0		

Source: Treasury Bulletin, table UST–2, Analysis of Changes in Tax and Loan Account Balances, February 1975, p. 14.

8 LARGEST TAX AND LOAN ACCOUNT BALANCES IN NEW YORK CITY BANKS ON FEB. 14, 1975

Name of bank	Balance
1. First National City Bank	$17, 007, 296. 70
2. Chase Manhattan Bank, N.A	7, 886, 531. 27
3. Manufacturers Hanover Trust Co	5, 716, 306. 65
4. Bankers Trust Co	3, 140, 942. 03
5. Chemical Bank	3, 112, 664. 93
6. Irving Trust Co	1, 039, 821. 25
7. European American Bank & Trust Co	699, 438. 88
8. Marine Midland Bank	667, 815. 39
Total	39, 270, 187. 10
U.S. total	468, 950, 420. 18

Note: Percentage of U.S. total in 8 banks listed above, 8.4.

TAX AND LOAN ACCOUNT BALANCES IN AMERICAN BRANCHES OF FOREIGN BANKS, FEB. 14, 1975

Bank	Location of branch	Balance
Algemene Bank Nederland, N.V.	New York, N.Y	$12. 27
Banca Commerciale Italiana	do	8, 537. 55
Banca Nazionale del Lavoro	do	1, 968. 71
Banca De La Nacion Argentina.	do	0
Banco Do Brasil, S.A.	do	8. 40
Barclay's Bank International, Ltd.	do	19, 283. 02
The Chartered Bank	do	0
Commerzbank	do	0
Credit Lyonnais	do	22. 17
Dresdner Bank, A.G	do	94. 08
Israel Discount Bank, Ltd	do	62, 476. 44
Lloyds Bank International, Ltd.	do	70. 63
Swiss Bank Corp	do	77. 36
Swiss Credit Bank	do	29, 518. 30
Barclay's Bank International, Ltd.	Boston, Mass	262. 93
Bank of Tokyo	Portland, Oreg	0
Canadian Imperial Bank of Commerce.	do	8, 790. 41
Canadian Imperial Bank of Commerce.	Seattle, Wash	8, 818. 49
Total		139, 940. 76

BANKS HOLDING THE 50 LARGEST TREASURY TAX AND LOAN ACCOUNT BALANCES ON FEB. 14, 1975

[Dollar amounts in thousands]

Bank	Balance	Percentage of national total
1. First National City Bank, New York, N.Y	$17, 007. 3	
2. Chase Manhattan Bank, N.A., New York, N.Y	7, 886. 5	
3. Manufacturers Hanover Trust, New York, N.Y	5, 716. 3	
4. Security Pacific National Bank, Los Angeles, Calif	3, 966. 2	
5. Cleveland Trust Co., Cleveland, Ohio	3, 268. 2	
Total, 5 largest T.T. & L. accounts	37, 844. 5	8. 1
6. Bankers Trust Co., New York N.Y	3, 140. 9	
7. First Independence National, Detroit, Mich	3, 129. 4	
8. Chemical Bank, New York N.Y	3, 112. 7	
9. United California Bank, Los Angeles, Calif	2, 860. 0	
10. Bank of America, N.T. & S.A., San Francisco, Calif	2, 695. 3	
Total, 10 largest T.T. & L. accounts	52, 782. 8	11. 3
11. Commercial Trust Co. of New Jersey, Jersey City, N.J	2, 541. 7	
12. White Rock National Bank, Dallas, Tex	1, 721. 0	
13. National Bank of Detroit, Detroit, Mich	1, 601. 9	
14. First City National Bank, Houston, Tex	1, 529. 1	
15. First National Bank of San Jose, San Jose, Calif	1, 458. 7	
Total, 15 largest T.T. & L. accounts	61, 635. 2	13. 1
16. Manufacturers Bank, Los Angeles, Calif	$1, 439. 5	
17. Bank of California, San Francisco, Calif	1, 428. 8	
18. First National Bank, Boston, Mass	1, 206. 1	
19. Gulf National Bank, Tallahassee, Fla	1, 190. 2	
20. Southwest National Bank, El Paso, Tex	1, 172. 3	
Total, 20 largest T.T. & L. accounts	68, 072. 1	14. 5
21. Edison Bank, N.A., Edison, N.J	1, 144. 5	
22. Florida National Bank & Trust Co., Miami, Fla	1, 106. 1	
23. National Commercial Bank & Trust Co., Albany, N.Y	1, 089. 3	
24. First Pennsylvania Bank, N.A., Bala Cynwyd, Pa	1, 044. 7	
25. Irving Trust Co., New York, N.Y	1, 039. 9	
Total, 25 largest T.T. & L. accounts	73, 496. 6	15. 7
26. Exchange Security Bank, Birmingham, Ala	1, 036. 8	
27. Chase Manhattan Bank of Eastern New York, Albany, N.Y	1, 019. 9	
28. Union Bank, Los Angeles, Calif	971. 4	
29. First Los Angeles Bank, Los Angeles, Calif	942. 1	
National Bank of New Jersey, New Brunswick, N.J	929. 3	
Total, 30 largest T.T. & L. accounts	78, 396. 1	16. 7
31. Security National Bank & Trust Co., Duncan, Okla	924. 2	
32. Alaska National Bank Fairbanks, Alaska	913. 9	
33. First & Merchants N/B of the Peninsula, Williamsburg, Va	848. 6	
34. Fidelity Union Trust Co., Newark, N.J	833. 9	
35. Continental Illinois National Bank, Chicago, Ill	816. 7	
Total, 35 largest T.T. & L. accounts	82, 733. 4	17. 6
36. Peoples N/B of Central New Jersey, Piscataway, N.J	810. 2	
37. Highland Park State Bank, Topeka, Kans	801. 1	
38. Southwest State Bank, Topeka, Kans	791. 4	
39. Second National Bank of Orange, Orange, N.J	790. 7	
40. Houston-Citizens Bank & Trust Co., Houston, Tex	755. 3	
Total, 40 largest T.T. & L. accounts	86, 682. 1	18. 5
41. The First National Bank, Chicago, Ill	753. 4	
42. First National Bank, Austin, Minn	751. 3	
43. Rosedale State Bank & Trust Co., Kansas City, Kans	749. 5	
44. University National Bank, Denver, Colo	748. 7	
45. The State Bank of Jacksonville, Jacksonville, Fla	735. 4	
Total, 45 largest T.T. & L. accounts	90, 420. 4	19. 3
46. Home National Bank of Arkansas City, Arkansas City, Kans	730. 3	
47. Colonial Bank, Rockford, Ill	724. 9	
48. Commercial National Bank, Peoria, Ill	719. 0	
49. European American Bank & Trust Co., New York, N.Y	699. 4	
50. Fidelity Bank, Rosemont, Pa	698. 3	
Total, 50 largest T.T. & L. accounts	93, 992. 3	20. 0
Total, all banks	468, 950. 44	100. 0

Treasury Tax and Loan Account Balances at Commercial Bank Depositaries by States and Puerto Rico and the Virgin Islands, as of February 14, 1975

	Balance
Total balance as of Feb. 14, 1975	$468, 950, 420. 18
Alabama	7, 032, 719. 06
Alaska	1, 144, 210. 39
Arizona	1, 157, 315. 22
Arkansas	5, 395, 649. 28
California	25, 138, 573. 99
Colorado	5, 994, 278. 91
Connecticut	3, 653, 123. 71
Delaware	696, 787. 54
District of Columbia	1, 578, 002. 81
Florida	22, 037, 651. 31
Georgia	8, 558, 284. 92
Hawaii	370, 777. 19
Idaho	747, 343. 91
Illinois	34, 745, 240. 29

Treasury Tax and Loan Account Balances at Commercial Bank Depositaries by States and Puerto Rico and the Virgin Islands, as of February 14, 1975—Con.

Indiana	12, 459, 116. 08
Iowa	11, 016, 209. 09
Kansas	11, 500, 640. 19
Kentucky	7, 904, 858. 04
Louisiana	9, 494, 537. 33
Maine	2, 621, 075. 42
Maryland	4, 176, 801. 85
Massachusetts	10, 808, 810. 98
Michigan	17, 513, 012. 60
Minnesota	12, 673, 639. 72
Mississippi	4, 049, 792. 42
Missouri	15, 378, 563. 21
Montana	1, 274, 807. 03
Nebraska	3, 369, 410. 08
Nevada	728, 580. 64
New Hampshire	2, 461, 553. 34
New Jersey	20, 078, 479. 64
New Mexico	1, 392, 369. 84
New York	59, 639, 549. 39
North Carolina	4, 165, 579. 60
North Dakota	1, 745, 709. 93
Ohio	20, 586, 942. 10
Oklahoma	8, 452, 326. 48
Oregon	1, 845, 618. 02
Pennsylvania	20, 638, 641. 96
Rhode Island	1, 125, 250. 58
South Carolina	2, 878, 958. 00
South Dakota	2, 103, 609. 29
Tennessee	7, 080, 277. 74
Texas	34, 192, 819. 44
Utah	1, 742, 545. 74
Vermont	1, 285, 755. 35
Virginia	8, 028, 626. 62
Washington	3, 286, 916. 45
West Virginia	3, 970, 169. 17
Wisconsin	17, 696, 402. 23
Wyoming	1, 049, 987. 94
Puerto Rico	264, 309. 53
Virgin Islands	18, 208. 59

A NEAR NUCLEAR DISASTER AT BROWN'S FERRY NUCLEAR REACTOR, ALA.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Fish) is recognized for 10 minutes.

Mr. FISH. Mr. Speaker, last week I cosponsored with my colleague Ned Pattison, the Nuclear Energy Reappraisal Act of 1975 (H.R. 4971). H.R. 4971 orders the Nuclear Regulatory Commission to stop issuing construction licenses for nuclear power plants and requires that the Office of Technology Assessment study the wisdom of further development of nuclear powerplants in light of the very serious unresolved safety, environmental, and economic problems associated with nuclear power.

My conviction that we must stop building new nuclear powerplants was strengthened by a potentially catastrophic accident at the Brown's Ferry Nuclear Power Plant in Alabama last Saturday. I have pieced together the following tentative description of what occurred at Brown's Ferry from newspaper and eyewitness reports.

The fire at Brown's Ferry, which burned for 7 hours and forced the shutdown of the largest operating nuclear power station in the world was started by a technician with a candle. The technician was using a handheld candle to test the airtightness of an opening through which cables carry signals from the control room to the reactor. The sealant around the hole caught fire, which in turn ignited the cable insulation. The insulation was designed to be fire resistant.

These cables are crucial because they carry the signal from the control room to the emergency core coolant system—ECCS. The ECCS is the crucial system that must work to prevent a core meltdown in a reactor. A core meltdown could cause thousands of deaths and billions of dollars in property damage, according to AEC studies.

Nuclear reactors are designed to automatically shut down when an accident such as a fire occurs in key safety system cables. However, of the two reactors in operation at Brown's Ferry station only one shut down automatically. Not only did one of the reactors fail to shut down automatically, but the emergency core cooling system also failed to work because the signal cables were burned out. A makeshift system had to be devised by the plant operators to provide the water necessary to prevent the core from overheating and causing a melting down.

At the same time a system which was designed to extinguish fires in the reactor with carbon dioxide failed to do so. Plant operators were forced to use water to extinguish the electrical fire—a fire control method every homeowner realizes is only acceptable as a last resort for electrical fires.

We have been assured by the proponents of nuclear power that nuclear powerplants are safe because they are built with great care and an unparalleled degree of engineering excellence. But let us look at what has happened at Brown's Ferry.

Fire resistant insulation caught fire;

Only one of the two reactors shut down automatically as they were designed to do;

Only one of the two emergency core-cooling systems operated; and

Even the carbon dioxide fire control system failed to put out the fire.

It is true that no member of the public was hurt in this accident. But I think a 1969 AEC document summarizes my conviction that lack of public injury is no ground for confidence in nuclear power plants. This document states:

> In the recent past, there have been a number of occurrences at reactors where human error resulted in undesirable situations. None of these situations represented a threat to the health and safety of the public. The absence of more serious effects is largely the result of good luck. (—AP (10)—"A Citizen's Manual on Nuclear Energy 1974")

The occurrence of this accident also raises additional doubts of the adequacy of the Rasmussen report. The Rasmussen report, AEC-sponsored report which estimated that the chance of a catastrophic nuclear accident was one in a billion, has often been used by nuclear power proponents as proof that a catastrophic nuclear accident has little or no chance of happening.

But what are the probabilities that this accident at Brown's Ferry would occur as it did? David Dinsmore Comey, director of environmental research for the Chicago-based Business and Professional People for the Public Interest, used the probability methods of the Rasmussen report, to estimate the probability of the Brown's Ferry accident occurring. He computed that the probability of this particular accident happening was 1 in 93 trillion. In other words, the odds against the Brown's Ferry accident happening were far greater than the Rasmussen reports estimate of the probability of a catastrophic nuclear accident. Yet this accident did happen. Therefore, the Rasmussen report's computer projections that there is a one in a billion chance of a catastrophic nuclear accident occurring provides little assurance of the safety of nuclear power when even more improbable events keep occurring at nuclear power plants with disturbing regularity.

In 1974 Ralph Nader said:

> If the American people knew the facts about nuclear power and had to choose between nuclear power and candles, they would choose candles.

Today those words have a special irony.

Unless Congress acts to stop the further development of nuclear power pending a full study of the entire fuel cycle, our Nation will grow increasingly dependent on nuclear power for the production of electricity. Then one day, if, God forbid, a serious accident does occur, the American public will be left with the impossible choice of living with a demonstrably dangerous technology or radically and suddenly altering its entire way of life.

Mr. Speaker, lest my colleagues think I am allowing my own deep concern over the dangers of nuclear power to color this issue, let me read into the Record the story of the accident carried today in the New York Times.

[From The New York Times, March 26, 1975]

Fire Raises Issue of Safe Reactors—Accident at a TVA Facility Prompts New Questions About Atomic Power

(By David Burnham)

Washington, March 25.—Early last Saturday afternoon, an electrician for the Tennessee Valley Authority named Larry Hargett held a lighted candle near some insulation to find out whether air was leaking into an area under the control room of T.V.A.'s two giant nuclear reactors.

Seven hours later, a fire touched off by the candle had brought the reactors and their turbines to a halt, perhaps for as long as three months.

The candle flame caused an accident that turned off the world's largest nuclear generating station, two reactors that were producing more electricity than the 624,000 residents of Memphis use at any one time.

Beyond the cost of repairing the two General Electric reactors, which cost more than $500-million to build, and the $240,000 worth of coal that the T.V.A. will have to burn each day to replace their electricity, the accident has prompted new questions about the reliability and safety of the nation's 51 other nuclear reactors, which generate about 7 per cent of the nation's electrical power.

SAFETY SYSTEMS INOPERATIVE

In a bulletin dispatched to utilities on Monday, but not announced to the public, the Nuclear Regulatory Commission said that the fire at the reactors near Athens, Ala., had "made several safety systems inoperative."

The commission asked the utilities to review the design of walls and floors of control rooms "with particular attention to flammability" and to examine procedures for controlling construction work where it might affect operating reactors.

Jack R. Calhoun, chief of the T.V.A.'s nuclear generation branch, confirmed in a telephone interview that the emergency core cooling system—the prime system that would be called into action should there be a large loss of the regular coolant—had not functioned because the control cables had been destroyed.

"It's very nice to have the emergency core cooling system to get rid of extra heat and we normally do use it when we close down," Calhoun said. "We couldn't use this system Saturday so we used another one that kept the reactor flooded."

NUCLEAR POWER CHALLENGED

The fire and resulting long-term stoppage of the two T.V.A. reactors comes at a time when the industry has been defending itself against charges that nuclear power is not reliable.

David Dinsmore Comey, director of environmental research for Business and Professional People for Public Interest, has prepared reports showing that reactors recently have been producing about 55 per cent of their capacity although they originally were sold to the utilities on the basis of producing 80 per cent of capacity.

Mr. Comey, in a telegram sent to the Nuclear Regulatory Commission today, demanded that all reactors not complying with the latest fire prevention standards of the Institute for Electrical and Electronics Engineers be required to close down and rebuild their electrical control systems.

Mr. Comey made his demand under a Government regulation that requires the commission to institute the requested change or inform the person requesting it in writing why it was not adopted.

Mr. Comey further asked the Nuclear Regulatory Commission to adopt a regulation requiring that utilities close down an operating reactor when construction of an additional nearby reactor might compromise safety. There were conflicting reports that the fire in the two T.V.A. reactors had been caused by construction work on a third reactor that is expected to begin commercial operation early next year.

POSSIBLE PERIL CITES

Though the fire did not result in the release of any radioactivity, Mr. Comey charged that the avoidance of a major accident—the meltdown of the reactor core—was "largely the result of good luck."

Daniel Ford, the director of the Union of Concerned Scientists, an organization long critical of nuclear power, said that the reactor fire had been of major importance. "These safety systems are supposed to work during an emergency and they did not work," he said. One electrician with a candle may have refuted in an instant the industry's fundamental and long-standing claim about the reliability of reactor safety systems."

Both reactors affected by the fire were manufactured by the General Electric Company. Unlike the usual industry pattern where utilities hire separate architect-engineers, T.V.A. did its own engineering. The reactors involved were Brown's Ferry Unit No. 1, which began commercial operation last August, and Unit No. 2, which did so only three weeks ago.

A $100 BILLION DEFICIT?

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. STEELMAN) is recognized for 5 minutes.

Mr. **STEELMAN.** Mr. Speaker, a trend seems to be developing in the early days of the 94th Congress that, if not reversed, could have disastrous consequences. I am speaking of the likelihood of triggering a new wave of serious inflation and high interest rates by an overzealous Congress bent on spending us out of a recession and in the process running up a deficit that could reach $100 billion.

Mr. Speaker, various economic writers, liberals as well as conservatives, have warned that there is probably not more than $50 billion available in the debt market. I have supported the President in his view that this level can be financed in the debt market and therefore is not inflationary. However, it appears that we are moving toward a deficit of $70 to $80 billion in the very near future, and we must realize that this Government debt is only going to further squeeze the individual, potential homeowner in obtaining a reasonably financed loan. This squeeze will have the obvious multiplier effect in the building trades industry and in unemployment statistics.

Not only has the majority refused almost all of the President's budget rescission proposals but the Senate now calls for a tax rebate of almost twice the administration's suggested figure. And although I share a desire to get money into the private sector as quickly as possible, I realize that this Congress, just as the 93d Congress, is heading toward a spending record totally oblivious to our receipts. While some new programs may be needed, there are many that can and should be done away with and in the following weeks I hope to list them for the House, as well as the reasons we can do without them. I hope that the majority will accept the challenge to come up with revenue-producing alternatives to their spending programs.

VALLEY FORGE PARK

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. SCHULZE) is recognized for 5 minutes.

Mr. **SCHULZE.** Today I am reintroducing, with cosponsors from the Pennsylvania congressional delegation, legislation which will establish the Valley Forge National Historical Park. The bill reads:

> That in order to preserve and commemorate for the people of the United States the area associated with the heroic suffering, hardship, and determination and resolve of General George Washington's Continental Army during the winter of 1777–1778 at Valley Forge, the Secretary of the Interior is authorized to establish the Valley Forge National Historical Park in the Commonwealth of Pennslyvania.

It is appropriate that this legislation is being introduced in this 94th Congress, during which the United States will celebrate the Bicentennial of the American Revolution. Valley Forge marks the winter encampment of Washington's Continental Army from December 19, 1777, to June 19, 1778, and is known as the turning point of the American Revolution.

Valley Forge was chosen as the site for troop encampment because of its strategic location, overlooking the western approach from Philadelphia. Washington was joined at the camp by Generals Lafayette and von Steuben. Nearly 11,000 men, representing 11 of the original 13 States, accompanied General Washington to Valley Forge, and nearly 3,000 of these soldiers died during the stay. Washington wrote of these brave men on February 16, 1778, that—

> Naked and starving as they are we cannot enough admire the incomparable patience and fidelity of the soldiery.

By the time the camp was evacuated, the Army numbered approximately 10,000 men, carefully trained by General von Steuben. Camp was broken to pursue the British and to engage them at Monmouth Courthouse, N.J.

The suggestion that Valley Forge be preserved as a historic site was originally advanced by Dr. Isaac Pennypacker as early as 1845. He was joined by Daniel Webster and other public spirited citizens in an effort to muster support for its preservation.

The Valley Forge Park Commission was formed in 1895 by an act of the Pennsylvania Assembly which appropriated $25,000 for the acquisition of 500 acres of land. This was the original Valley Forge Park. Over the years, the commission has added to the original acreage and the park now consists of 2,255 acres.

Valley Forge is a window to the past. The focal point of the park is Washington's headquarters, a simple stone colonial house built in 1760 and owned at the time of the Revolution by Isaac Potts. Ninety percent of the original construction remains intact. The stone stable next to the headquarters was used as a stable and later as a hospital while the Army was encamped there. In addition, the park includes the camp schoolhouse, the oldest building on the grounds, General Knox's blacksmith shop, the bake house, Fort Huntington, Star Redoubt, Varnum's quarters, Fort Washington, and two redans, Fort Greene, Stirling Redoubt, a large rifle pit, and many other points of historical significance. Thirty soldiers' huts, built to specifications drawn by Washington himself, have been constructed at the several troop sites.

Not to be overlooked is the Valley Forge Museum. The museum contains such treasures as Washington's marquee or field tent, the supreme relic at Valley Forge. The commander in chief's original flag with its 13 white stars on a blue field, considered by some to be the forerunner of the first stars and stripes, is also on display. Among other outstanding relics housed in the museum are Washington's medicine chest, one of his swords, a set of his silver cups, some of Martha's personal belongings and autographed letters, orderly books, and weapons.

Valley Forge Park is visited by over 1 million individuals annually. These visitors come from all across the Nation to see the unique sights of historical significance to all Americans. What better time than during this Bicentennial Congress to see that this history is preserved for posterity? In reintroducing this bill to establish the Valley Forge National Historical Park, I call upon all of my colleagues in the House of Representatives to support this legislation.

REPORT OF REPRESENTATIVE SYMMS ON VIETNAMESE ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Idaho (Mr. SYMMS) is recognized for 20 minutes.

Mr. SYMMS. Mr. Speaker, although the Republic of Vietnam is a country torn by 35 years of almost continuous warfare, it is potentially one of the most rich in economic resources in the entire area. Key resources, in fact, are present in greater abundance in South Vietnam than they were in South Korea or Taiwan before the economic "takeoff" in those nations began.

As the International Monetary Fund recently observed:

> Vietnam is endowed with rich natural resources. Substantial infrastructure built for military purposes is left to be utilized, and the population is hard-working, literate, and disciplined. There exists ample land to bring into cultivation, and potential agricultural production is enormous.—*"Vietnam—A Changing Crucible: Report of a Study Mission to South Vietnam"* (House Committee on Foreign Affairs, May 1974, 33–449.

Mr. Speaker, from my recent trip to Southeast Asia I would say the people themselves could be called South Vietnam's most valuable resource. They are energetic, adaptive, and knowledgeable about modern technology. Besides a growing industrialized sector in the cities, the Vietnamese have thoroughly adopted modern technology to their fast-growing agricultural sector. The introduction of "miracle rice" in the last few years has resulted in a crop triple that of ordinary rice.

There is room for considerable expansion in agriculture since at the present time only about half the available land is actually under cultivation. In many ways, large parts of Vietnam are frontier societies, like some parts of the American West.

Vietnam can clearly become self-sufficient in rice production within a short time and, if it can sell in foreign markets, it could become one of the world's chief exporters of rice. Rubber was once a leading export crop and may well become one again; this is also true of sugar.

There is also considerable potential for exploitation of forestry and fishery resources. Frozen shrimp is already a major export commodity and with the gradual building of cold storage plants this could become one of Vietnam's prime sources of foreign exchange in the years ahead.

In 1972 South Vietnam's exports earned $23 million; in 1973 exports rose to the $63 million level, a jump of about 177 percent. In 1974 they reached $100 million and in 1975 exports of all kinds are expected to reach over $160 million. This certainly represents a considerable growth in exports, starting from a base of only $12 million 5 years ago.

This growth record is all the more remarkable when we consider the major dislocations in the Vietnamese economy caused by the withdrawal of the American presence—over half a million troops, many civilians and the sharp drop of American dollars coming into the economy, by the vast increases in world oil prices and, of course, by a continuing full-scale invasion of over 150,000 North Vietnamese troops.

At the present time imports total about $900 million so Vietnam still has some way to go to attain self-sufficiency. However, about a third of this total will be eliminated as soon as South Vietnam regains its former self-sufficiency in rice . . . a goal that should be reached very soon. In addition, the Government of South Vietnam has made enormous efforts to curtail the importation of expensive luxury goods. Imported sugar consumption has been reduced by over 30 percent. The government aims to limit oil imports to no more than $150 million a year until Vietnam can produce its own oil.

The record indicates that the Vietnamese government which has given rapid promotion to well-educated and hard-working young men and women is not mismanaged, is not wasting valuable natural and financial resources and is strongly discouraging its citizens from spending money on luxuries until the country's economic crisis is solved. The South Vietnamese Cabinet is considerably younger than ours in average age and much younger than the Politburo in Hanoi where the average age is about 65.

The most hopeful point about the Vietnamese economy, of course, is the recent discovery of oil off the coast. In December of 1974, Republic of Vietnam Minister of Trade and Industry Nguyen Duc Cuong, announced that:

> By 1977 South Vietnam will begin producing petroleum and reaping profits for the nation.

Two years will be needed to do the exploratory drillings but if the yield of each well could amount to 2,000 to 3,000 barrels a day and each rig drills up to 30 wells, "Vietnam only needs one rig to be self-sufficient in energy" according to the Minister.

If each barrel of oil earns $7 and if six drilling rigs could operate simultaneously, the income would be $525,000 a day per rig or $190 million a year per rig. This would bring a total of about $1 billion in foreign exchange to the Vietnam economy a year.

Since the Budget of the Government of Vietnam in 1973 was $1.2 billion and since imports in 1973 were $720 million, this influx of $1 billion would make a tremendous difference to the future of the Vietnamese economy.

So far several definite agreements with oil companies to explore and develop these resources have been signed.

Last August 21, these agreements were signed by Exxon Exploration, Inc., Mobil Oil Corp., and the Canadian company of Sunningdale. Pacten Vietnam, a subsidiary of the Shell Oil Co., signed it a week later.

Exxon Exploration, Inc., a subsidiary of Standard Oil of New Jersey, was awarded one 7,000 square kilometer block after pledging to commit $12 million for a 5-year exploration program, spend $100,000 each year to train Vietnamese personnel, and pay $11 million "discovery bonus" once oil has been found.

After the ratification of the agreement, Exxon also paid a signature bonus of $2 million to the Government of Vietnam.

Mobil Oil Corp. obtained two blocks, totaling about 15,000 square kilometers for a signature bonus of $5,500,000 and a discovery bonus of $34 million. In addition, it will also spend $50,000 yearly on the training of local personnel.

The Canadian firm of Sunningdale, established in 1969, also obtained two blocks totaling about 13,000 square kilometers.

Pecten Vietnam, which signed the agreement on August 28, received three blocks totaling over 21,000 square kilometers at a signature bonus of $9 million.

Pecten pledges to commit $20,250,000 in the next 5 years of exploration. It will also grant $150,000 per year to train Vietnamese technicians.

Pecten Vietnam is to be the operating company whereas the offshore venture in Vietnam will be a joint undertaking by Pecten and Cities Service International, which is an American company incorporated in Delaware.

Oil exploration off the coast of Vietnam has already begun and ships laden with electronic gear are presently plowing back and forth over the South China Sea to pinpoint the location of oil on the ocean floor.

On my recent visit to the Republic of Vietnam I discussed a number of issues with President Thieu. I asked him if the Vietnamese Government would be willing to regard any aid voted by Congress in the future as a loan to be repaid from future income from oil. The president was very interested in this proposal and told me that he would be quite happy to recommend its acceptance by the Vietnamese Government. From my short visit to Vietnam I could see that the Vietnamese are a proud and self-reliant people; they do not like to ask others to help them. They would much rather stand on their own feet and I believe their economic progress will very soon enable them to take care of their own needs without help from us.

It seems to me that the American taxpayer should not be taxed to help other people who have the ability to help themselves; I believe the Vietnamese and the American people would both prefer an arrangement whereby our aid which is needed in the current situation is regarded as a loan and is paid back to us with the recently discovered oil.

THE TAKEOVER IN PORTUGAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr.

Speaker, news for the free world has been anything but good in recent weeks and if the situations in Cambodia, South Vietnam and the Mideast were not bad enough, it appears that a Communist-dominated military takeover is taking place in Portugal.

Military men who overthrew Portugal's dictatorship last April in the name of democracy and freedom are now heading down the road to Marxism and expanding state control of all political and economic life.

Political arrests, nationalization of banks and insurance companies and a steady growth of influence by Moscow-oriented Communists are happenings that have deeply concerned governments of the Atlantic Allies.

Portugal and its problems may seem far removed from Americans who are worried about inflation, unemployment, crime, and other headaches. Portugal, after all, has less than 9 million people. It is pretty, but poor.

But with a Communist-controlled dictatorship on the southwest flank of NATO, the success of such a government could spell disaster for the free world.

First, and certainly worst of what could happen, would be a decision by the Portugal junta to quit NATO and to cancel the leases for our vital military bases in the Azore Islands—bases needed to monitor the sea approaches to all Europe and the Mediterranean.

There have been some reports that the Portuguese military leftists already have made a tentative decision to take these drastic steps but they have denied doing so.

If all of these events do take place, our next worry in Europe would be Spain. Like Portugal, Spain for decades has endured an oppressive rightwing dictatorship. The Spanish military, already increasingly filled with unrest, might easily follow the leftist path taken by their Portuguese colleagues after the death of strongman Franco, now 82 years old.

Greece, Italy, and France also need watching.

The essential fact is that many disturbed countries of Europe are monitoring the developments in Portugal with intense interest because what happens there could happen to them.

If a leftist military dictatorship succeeds in consolidating its rule in Portugal, attempts to duplicate it elsewhere in Europe are surely bound to follow.

The present government in Portugal is a coalition of Communists, Socialists, and middle-of-the-road politicians. But its composition is expected to shift even further to the left before the national elections for a constituent assembly now scheduled for April 25—the first anniversary of the military revolution.

The military previously had promised to step down once a civilian government was established but they have stayed on and they set up a supreme council of the revolution which has full legislative powers. No time limit has been set for the tenure of this council. What this means is that the council may veto decisions taken by the Portuguese Cabinet even after the elections and after a new government is formed.

The situation in Portugal is discouraging to all of the free world and we would do well to devote as much attention to Portugal as we are to South Vietnam, Cambodia, and the Mideast these days.

ELECTION DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, in a democratic society, no right is more fundamental than the right of every citizen to vote. Indeed, the right to vote is the very symbol of democracy.

At a time in our history when voter turnout is declining—down to 55.6 percent in the Presidential election of 1972, and 38 percent in the congressional election in 1974—we, as elected Representatives, must guarantee that every citizen has the opportunity to exercise the right to vote on election day.

The United States is one of the few free democratic countries not to hold its elections on either a Sunday or a holiday. In all of the following countries, elections are held on Sundays or legal holidays—Austria, Belgium, Denmark, Finland, France, West Germany, Italy, Luxembourg, Norway, Portugal, and Sweden. In all of these countries, a larger percentage of eligible voters vote on election day than in the United States. While I recognize that there are differences between the election systems in these countries and the United States, the freedom to vote unrestricted by work obligations must in part account for some of their greater turnout rate. In fact, of those who did not vote in our last election, over seven million explained they did not because of illness or inability to take time off from work.

At the present time, over half the States provide in law for time off by employees for voting. However, most of these States qualify these provisions to make them applicable only when there is not sufficient time to vote outside usual working hours. This often makes voting a rather arduous task for the individual who works a considerable distance from home and the polling place. In addition, the need for most working people to vote either before or after work, creates "rush hour" backups at the polls, adding to the voter's burden.

Further, if election day were a holiday, it would make it easier for those interested groups, whether partisan or nonpartisan, to get out the vote. The registration or enrollment lists for most precincts indicate a voter's home address and telephone, but do not include similar information about his work identity. Thus, groups involved in getting out the vote must wait until the voter returns home in order to determine if he or she has voted, needs a ride, a babysitter, and so forth. If election day were a holiday, interested groups would be more likely to reach voters throughout the day at home; thereby increasing the likelihood of a greater turnout, which would reflect more accurately the majority's position.

In November 1963, the President's Commission on Registration and Voting Participation recommended that Election Day be proclaimed a national day of dedication to our American democracy. Since then it has been supported by the Democratic National Committee's Freedom to Vote Task Force—1970, and a House Republican Task Force—1973.

Let us waste no more time. Let us act immediately on taking the burden out of voting by making Election Day a holiday.

REESTABLISHING OUR FISCAL INTEGRITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

Mr. KEMP. Mr. Speaker, I rise to talk about reestablishing the fiscal integrity of our Nation. As one who voted against the totally irresponsible tax cut bill passed by this House earlier this evening and voted against it in the House several days ago. I want to explain a new approach to restoring a sound economy with price stability.

But before I do I must say, Mr. Speaker, that the so called emergency tax cut bill is going to exacerbate rather than cure the very serious economic problems facing this Nation. At a time when we are staring in the face a deficit of $80 to $90 billion in fiscal year 1976, it is downright suicide.

Merely handing out money to people on the theory that the spending of it will stimulate economic recovery is absurd. If it were true, that is all we would need to do as a matter of economic policy. As a matter of fact that is the economic policy of the leadership of the Democratic Party. As my friend, Mr. CONABLE pointed out today, the Treasury need only shove money out of a plane or send $100 checks once a week to keep the economy in a perpetual boom, ludicrous is it not.

This bill, in the name of common sense and fiscal integrity should be vetoed and Congress should enact a proposal to limit Government's voracious appetite for the people's hard earned income, as well as coupling it with a balanced budget. It is a fact that confiscatory taxation combined with out-of-control deficit financing is choking our people and strangling free enterprise.

Mr. Speaker, the Joint Economic Committee has reported that of all the price increases which hit Americans last year, by far the largest increase in the cost of living was in the cost of government, that is, taxes.

While the average middle-income family paid 11.9 percent more for food and 14.3 percent more for transportation, they paid a shocking 25.9 percent more in taxes for government. More than 40 percent of all private income in America is going to taxes. It must be halted.

The most dangerous trend in our Nation today is the rise in the cost of government and if this trend is not halted, by the year 2000 nearly 67 percent of all private income in America will be siphoned off just to pay for government. The cost of government is outrunning the private sector's ability to create the wealth necessary to create the jobs and raise the standard of living of our people.

Mr. Speaker, Americans are being taxed at outrageous levels. The tax spiral can be stopped—and it must be stopped if we are to retain our freedom and expand our prosperity.

In the last session of Congress, I and other Members, on a bipartisan basis proposed the Fiscal Integrity Act—a measure designed to break the tax spiral and regain control of the Federal budget by establishing a limit on total Federal taxes and other income. This tax limit would be combined with a mandatory balanced budget. By so doing we could limit the Government's share of private income—leave more choice for individuals and help unleash the great productive capacity of America.

I am pleased tc reintroduce the Fiscal Integrity Act with the cosponsors:

COSPONSORS

James Abdnor.
Mark Andrews, of North Dakota.
Bill Archer.
William Armstrong, of Colorado.
Robin L. Beard, of Tennessee.
Tim Lee Carter.
Clair W. Burgener.
Thad Cochran.
James M. Collins, of Texas.
Edward J. Derwinski.
Samuel Devine.
William L. Dickinson.
John J. Duncan, of Tennessee.
Barry M. Goldwater, Jr.
William F. Goodling.
Tennyson Guyer.
James A. Haley.
Andrew J. Hinshaw.
Marjorie Holt.
William M. Ketchum.
Thomas N. Kindness.
Robert J. Lagomarsino.
Trent Lott.
Manuel Lujan, Jr.
John Y. McCollister.
James G. Martin.
Larry McDonald.
Carlos J. Moorhead, of California.
John P. Murtha.
Ralph S. Regula.
J. Kenneth Robinson.
John Rousselot.
Harold Runnels.
Keith G. Sebelius.
Floyd Spence.
Burt Talcott, of California.
Charles Thone.
David C. Treen.
William C. Wampler.
Bob Wilson, of California.
Antonio Won Pat.
C. W. (Bill) Young, of Florida.
Don Young, of Alaska.

I invite other Members to join with us in the sponsorship of this important measure, the text of which follows the bill.

In brief, the Fiscal Integrity Act would establish a total revenue limit in terms of a percentage of total national income. Expenditures could not exceed revenue except in times of a national emergency, as declared by a two-thirds vote of Congress. A mathematical equation is included in the bill to express the way in which the percentage level would be set, and the entire bill has been alined with the provisions of the Congressional Budget Control Act.

The text of the bill follows:

H.R. 4175

A bill to reestablish the fiscal integrity of the Government of the United States, through the establishment of controls with respect to the levels of its revenues and budget outlays, and the preparation of the budget, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fiscal Integrity Act".

FINDINGS

SEC. 2. (a) The Congress hereby determines that—

(1) it is the joint and several responsibility of the legislative and executive branches of the Government of the United States to reestablish the fiscal integrity of the Government through the establishment of requirements that budget outlays not exceed revenue, that the issuance of additional money not contribute to inflation, and that each such branch have adequate capability to prepare the budget of the Government in a manner to insure the reestablishment and maintenance of such fiscal integrity;

(2) the Government has been, and is now, making budget outlays for nontrust budget items in excess of revenues received from all nontrust sources;

(3) such existing fiscal policy has resulted in substantial borrowing by the Government from both public and private sources, an increase in the public debt of the Government and the interest payments required to carry such debt, and an increase in the issuance of additional money;

(4) such deficit spending has contributed to inflation in the economy and an attendant lessening of the value of the dollar in terms of its ability to purchase goods and services in both domestic and foreign markets;

(5) allowing the continuation of policies and activities which lessen the fiscal integrity of the Government is detrimental to the general welfare of the people and ought, therefore, to be ended.

TITLE I—REVENUE AND BUDGET OUTLAYS CONTROL

SEC. 101. Section 3(a) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting the following immediately after paragraph (5):

"(6) The term 'Federal revenue and budget outlay limit' means an amount derived by the Congressional Budget Office according to the following formulas:

"(A) for the first fiscal year to which such limit applies—

$$L_x = .99975\left(\frac{R_{x-1}I_x}{I_{x-1}}\right);$$

"(B) for each of the twenty succeeding fiscal years—

$$L_x = .999975\left(\frac{R_{x-1}I_x}{I_{x-1}}\right);$$

and

"(C) for each fiscal year thereafter—

$$L_x = \left(\frac{R_{x-1}I_x}{I_{x-1}}\right)$$

where—

"'L_x' represents the Federal revenue and budget outlay limit for fiscal year 'x';

"'R_{x-1}' represents the estimated aggregate revenue of the Government for the fiscal year preceding fiscal year 'x';

"'I_x' represents the estimated aggregate national income for fiscal year 'x';

"'I_{x-1}' represents the aggregate income for the fiscal year preceding fiscal year 'x'; and

"'Y' represents the number of the fiscal year, counting the fiscal year to which the Federal revenue and budget outlay is first applied as zero.".

SEC. 102. Section 301 of the Congressional Budget Act of 1974 is amended—

(1) by inserting ", which, except as provided in section 403(b), shall not exceed the Federal revenue and budget outlay limit" after "new budget authority" in paragraph (1);

(2) by inserting ", which, except as provided in section 403(b), shall not exceed the Federal revenue and budget outlay limit," after "level of Federal revenues" in paragraph (4);

(3) by inserting after "appropriate committees" in paragraph (5) the following. ", but no such proposed increase shall be for the purpose or have the effect of causing revenues or outlays to exceed the Federal revenue and budget outlay limit unless such limit has been suspended pursuant to section 403(b)"; and

(4) by redesignating subsections (d)(3) through (d)(8) as (d)(4) through (d)(9) respectively, and inserting immediately after paragraph (2) the following:

"(3) a comparison of estimated total revenues and total outlays, as set forth in the budget submitted by the President and as set forth in such concurrent resolution, with the Federal revenue and budget outlay limit, and the relation of the estimates of total new budget authority to the difference between such estimates of revenues and outlays, and such revenue and outlay limit;".

SEC. 103. Section 303(c)(1) of the Congressional Budget Act is amended by inserting ", but which does not have the effect of increasing revenues or outlays above the Federal revenue and budget outlay limit," after "subsection (a) applies".

SEC. 104. Section 304 of the Congressional Budget Act is amended by inserting after "most recently agreed to" the following: "revenues or outlays above the Federal revenue and budget outlay limit unless such limit has been suspended pursuant to section 403(b)".

SEC. 105. (a) Section 305(a)(3) of the Congressional Budget Act is amended by inserting after "Rules of the House of Representatives" the following: "but no amendment shall be in order which has the effect of causing the total revenues or outlays proposed in such concurrent resolution to exceed the Federal revenue and budget outlay limit unless such limit has been suspended pursuant to section 403(b)".

(b) Section 305(b)(2) of such Act is amended by inserting after "shall be received" the following: ", nor shall any amendment be received which has the effect of causing the total revenues or outlays proposed in such concurrent resolution to exceed the Federal income and budget outlay limit unless such limit has been suspended pursuant to section 403(b)".

(c) Section 305(c)(4) of such Act is amended by inserting after "shall be received" the following: ", nor shall any amendment be received which has the effect of causing the total revenues or outlays proposed in such concurrent resolution to exceed the Federal income and budget outlay limit unless such limit has been suspended pursuant to section 403(b)".

SEC. 106. Section 307 of the Congressional Budget Act is amended—

(1) by striking out "budget outlays and" and inserting in lieu thereof "budget outlays, with"; and

(2) by striking out the period at the end of such section and inserting in lieu thereof ", and with the Federal revenue and budget outlay limit for that year.".

SEC. 107. Section 308(a)(1) of the Congressional Budget Act is amended—

(1) by striking out "and" at the end of subparagraph (B); and

(2) by inserting after subparagraph (C) the following:

"(D) the impact of such new budget authority, and budget outlays resulting therefrom, on total budget authority and outlays with respect to the Federal revenue and budget outlay limit; and".

(b) Section 308(a)(2) of such Act is amended—

(1) by striking out "and" at the end of subparagraph (A);

(2) by striking out the period at the end of subparagraph (2) and inserting in lieu thereof "; and"; and

(3) by inserting after subparagraph (B) the following:

"(C) a projection for the five fiscal years beginning with such fiscal year of the impact of such tax-expenditures on the Federal revenue and outlay limit for each fiscal year in such period.".

(c) Section 308(b)(2) of such Act is amended by inserting after "both Houses" the following: ", and the impact of all such bills and resolutions on total revenues and total budget authority with respect to the Federal revenue and budget outlay limit".

(d) Section 308(c) of such Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting the following immediately after paragraph (2):

"(3) the concomitant predicted Federal revenue and budget outlay limits for each fiscal year in such period; and".

Sec. 108. Section 310(a) of the Congressional Budget Act is amended by striking out the period at the end of such subsection and inserting in lieu thereof the following: ", but no such concurrent resolution may be reported at any time which increases total revenues or budget outlay above the Federal revenue and budget outlay limit unless such limit has been suspended pursuant to section 403(b).".

Sec. 109. Title IV of the Congressional Budget Act is amended—

(1) by redesignating sections 403 and 404 as 404 and 406, respectively; and

(2) by inserting immediately after section 402 the following:

"FEDERAL REVENUE AND BUDGET OUTLAY LIMIT

"Sec. 403. (a) Except as provided in subsection (b) of this section, Congress shall make no appropriation for any fiscal year in excess of the Federal revenue and budget outlay limit for such fiscal year. If during any fiscal year the revenue of the Government exceeds that limit, and is not offset by emergency appropriations approved pursuant to subsection (b), such excess revenue shall be used for the payment of the public debt of the Government.

"(b) In the event of a substantial emergency requiring the immediate acquisition or appropriation of funds in excess of the Federal revenue and budget outlay limit for that fiscal year, the Congress may, by concurrent resolution approved by vote of two-thirds of the Members present in each House, declare a fiscal emergency and suspend the provisions of subsection (a), but such emergency and suspension shall apply only during the fiscal year in which such concurrent resolution was passed."; and

(3) by inserting after the section redesignated as 404 (by paragraph (1) of this section) the following:

"FISCAL DISCLOSURE

"Sec. 405. (a) A bill or joint resolution of a public or private character which has been introduced in either House of Congress or received by it from the other House shall be printed only when there appears at the bottom of the first page thereof a fiscal note. Such fiscal note shall state the amounts estimated to be the direct and indirect costs likely to be incurred or the direct and indirect savings likely to be achieved in carrying out the provisions of such bill or joint resolution in the fiscal year in which it is introduced or received and in each of the five fiscal years following such fiscal year, or for the authorized duration of any program authorized by such bill or joint resolution if less than five years, except that in the case of measures affecting revenue, the fiscal note shall state only the estimate of the change in revenues for a one-year period.

"(b) A copy of each bill or joint resolution required by subsection (a) to have printed on its first page a fiscal note shall, upon introduction or receipt, be transmitted immediately to the instrumentality of Government which will carry out the provisions of such bill or joint resolution.

"(c) Not later than seventy-two hours following the receipt of any bill or joint resolution transmitted under subsection (b) or this subsection, such instrumentality shall transmit the text of the fiscal note for that bill or joint resolution to the Public Printer for printing by him.

"(d) If a Member of Congress notifies the instrumentality of government which will carry out the provisions of the bill or joins resolution required under subsection (a) to be printed with a fiscal note, and submits a copy of the bill or joint resolution to such instrumentality, such instrumentality shall provide such Member with the text of the fiscal note for that bill or joint resolution. Such fiscal note shall be placed at the bottom of the first page at the time of introduction. A copy of any bill or joint resolution introduced with a fiscal note in accordance with this subsection shall be transmitted to the Public Printer for printing, and the provisions of subsections (a) and (b) of this section shall not apply to any bill or joint resolution so introduced.

"(e) A bill or joint resolution ordered reported by a committee of either House which authorizes a budget outlay shall be printed only when there appears at the bottom of the first page thereof a fiscal note consistent with the requirements of, and prepared in a manner consistent with, subsections (a) through (d) of this subsection.".

Sec. 109. The amendments made by this title shall apply with respect to the first fiscal year beginning more than one hundred and eighty days after the date of enactment of this Act.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Heinz) is recognized for 5 minutes.

Mr. HEINZ. Mr. Speaker, I was absent on official business and missed the following votes. Had I been present I would have voted: On rollcall No. 84, "aye"; on rollcall No. 86, "aye"; on rollcall No. 87, "aye"; on rollcall No. 88, "nay"; and on rollcall No. 89, "aye."

WHICH WAY DO THE REFUGEES FLEE?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Talcott) is recognized for 3 minutes.

Mr. TALCOTT. Mr. Speaker, today we here in the Congress have been preoccupied with an important tax rebate bill. It is important to many Americans who are suffering hard times according to our standards and customs.

But today most of the rest of the world is much worse off in almost every respect. We can go home tonight. We can debate openly. No one is starving in our home towns. No force is threatening us directly with arms and terror.

In our freedom, and security and well-being, we should not forget the terrified, homeless, tired and hungry refugees in South Vietnam. I hope we do not callously forget them or shamefully put them out of our mind.

Our tax, energy, inflation, and recession worries should not divert our attention from the plight of our friends and former allies beginning to suffer another Communist indiscriminate bloodbath along the refugee trail.

I hope we are still grateful that we can vote with our ballots and are not required to vote with our feet while carrying wounded babies on our backs, or burying our parents as we forge our way from certain barbarity.

Today the Wall Street Journal carried an editorial that every American should read and ponder.

Three and four years ago we were provided with a cornicopia of evil deeds by the United States and South Vietnamese, but few if any of the South Vietnamese ever fled to the North. No one ever tried to explain that phenomenon.

So stories and editorials like this one will probably be few and far between, but certainly they tell a story that all American citizens, as well as Members, and former Members, of the Congress should read.

We could not understand and were seldom told what the South Vietnamese were dreading and fighting. The refugees could probably tell us.

At least, while we struggle with tax rebates and deficits, we should take a few minutes to ponder the question asked in the editorial which I ask permission to insert in the Record.

Which Way Do the Refugees Flee?

As the battlefield reports from Vietnam grow increasingly gloomy, one looks for something, anything, the U.S. might salvage from its own agony in Indochina. Perhaps, though even this scrap is by no means assured, the U.S. could learn a few things about itself.

The most poignant testimony to what needs to be learned is the flood of refugees pouring out of the areas falling to the Communists. At times the Communists let the refugees pass unhampered; at times they open fire on the columns. The news-magazines capture the refugees' plight in cover photos of bloodied babies.

The same pictures, only a few years ago, would have been assumed to portray the latest atrocity wrought not by the Communists but by the Americans. In envisioning the current streams of refugees, one must also remember all the arguments, so hotly urged by some Americans and in fact still portrayed by today's filmmakers, that the Vietcong was a popular movement, that Ho Chi Minh would win any election, that the corrupt and dictatorial regime in Saigon could not win the hearts and minds of the people.

Well, the people are voting with their feet. The refugees are not merely fleeing the fighting; indeed, their movement is not away from the battle but toward areas still likely to be fought over. The only explanation for their desperate flight is that they prefer any chance, however slim, of living under Saigon to the certainty of living under Hanoi.

There is, after all, a world of difference between the two regimes. Hanoi is one of the most repressive regimes in the world, and in all likelihood the most demanding regime in the world in the sacrifices it is willing to impose on its citizens. One can debate the size of the bloodbath likely in South Vietnam after Hanoi's victory, but it is a simple fact of history that nowhere has a Communist revolution been consolidated without substantial numbers of executions.

Saigon is of course capable of its own repressions and cruelties, but there are differences that are meaningful to the Vietnamese if not to Capitol Hill democratic theoreticians. Saigon may not have freedom of the press, for example, but at least freedom of the press is an issue. More significantly, though you seldom hear about it in American conversations, since 1968 South Vietnam has carried out a land reform program that has allowed five of every six rural families to farm their own land. And even as the war raged, material prosperity grew.

The lesson of the refugee's choice, we note, is beginning to take hold in some quarters of American opinion. Our colleagues at both The Washington Post and The New York Times have editorialized against any abrupt termination of American aid to Saigon. They propose to phase out aid over a given time-period, papering over mere postponement with the polite fiction that in the meantime a political settlement might be reached with Hanoi. But at least they recognize that the United States owes something to the South Vietnamese.

Congress may not go even that far; it seems on the verge of an immediate cut-off. Even a temporary extension would be preferable, if only because a new Congress could take another look. This may be academic, of course, if it turns out that Congress has already closed the question by the aid reductions that helped provoke Saigon's withdrawals. For all that, there is a certain virtue in an abrupt aid cutoff—at least it openly declares responsibility. We, the United States of America, will foreclose that last hope for which all those refugees flee.

There is something to be said for getting the proposition out in the open, so that we can decide whether that is the kind of nation we want to be. Perhaps we do. But perhaps out of facing that question squarely would come a recognition of the real lesson of refugees from Communist areas, whether ballet dancers from Leningrad or peasants from the Central Highlands.

To wit, in the world today America stands for things—a measure of personal freedom, a degree of material prosperity—that ordinary people of the world value very highly indeed. And however much American foreign policy needs to separate possible purposes from impossible ones, there is no need whatever for it to be crippled by doubt about its ultimate purposes.

A CITY VULNERABLE—NO. 2

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, there is a swindler by the name of Leon Cohen plying his trade in San Antonio these days, and I take this forum as a means of describing this man and his methods of separating people from their money, by way of warning people in San Antonio who might be tempted by his guile—as many have been before, and as many are likely to be in the future as long as Cohen stays free and can find suckers. I hope that my warning will dry up at least some of his prospects.

Leon Cohen is in the insurance business. His home base for some time has been in Atlanta, where he is under the shadow of indictment on certain tax charges. As a young man, he was in trouble with the law; more recently he was convicted for swindling, in a phony stock scheme, and an insurance racket. This man is not a big individual—about 5½ feet tall—a very persuasive talker. At the moment he is in Atlanta; I expect he will be in San Antonio next week, plying his trade. He has been dealing in San Antonio for a while now, though he has no license to sell insurance in Texas. Licensed or not, Cohen has sold some spectacular insurance policies to San Antonio businessmen.

In the spring of 1968, or perhaps 1969, Leon Cohen opened an insurance agency in Atlanta which was known as Cohen, Kerwin, White and Associates. There never was a partner named White, and there was not any associates, either. As for Kerwin, his original name was Leroy Silverstein. For a while he used the alias Sterling, which is the name he used in a bankruptcy fraud in 1961.

This particular fraud involved a large number of people closely linked to the organized crime world in Chicago. Silverstein/Sterling/Kerwin disappeared on December 3, 1970, after flying to Toronto to take care of two deals that he had going. His corpse turned up 30 miles or so north of Toronto on June 13, 1971. A few days after that, the very rotten corpse of a Canadian enforcer named Theodore Yanovich was discovered in the trunk of a car that had been abandoned in Toronto. There are theories that Yanovich killed Kerwin, and was killed later on, perhaps to better protect some secret. This murder of Kerwin took place only a short time after the murder of one E. C. Mullendore, an Oklahoma rancher who had bought $15 million worth of insurance from Cohen and Kerwin.

So much for the late partner of Leon Cohen.

Leon Cohen specializes in the sale of very large insurance policies. He has sold as much insurance as anybody else I have ever heard of. Recently, he has peddled some very large policies, in the million-dollar class, to prominent people in San Antonio.

If these insurance sales in any way resemble those in Cohen's past, there is more than a little reason for people to wonder exactly what is going on.

Leon Cohen sells very large insurance policies. These policies usually are not underwritten by well-known companies; instead they come from small or brand-new companies that are willing to give big producers very special deals. Those who buy these big policies are people who very often crave a big amount of money, or who are trying to set up a large loan or other business deal. Cohen provides some very special assistance. For instance, Cohen, Kerwin, White, and associates had a habit of securing phony medical examinations for their clients. This enabled busy millionaires to work on deals in some other State, even as they supposedly had been getting medical examinations in Atlanta.

One Cohen gambit works like this: He offers to sell you the insurance you need for very little cash—say 5 percent of the first year's premium. All you have to do in exchange is give him a percentage of the loan that you procure, using the policy as part of the collateral.

This scheme costs Cohen nothing. His deal with the insurance company may give him a commission of as much as 95 percent of the first year's premium. He simply waives his commission, collects the 5 percent difference between the commission and the first year's premium, and pays that over to the company. Presto you have a huge insurance policy at a firesale price. All you have to do is give Cohen a percentage of your loan, which the policy makes possible. For this little service, which costs Cohen nothing, you get the loan you need, and Cohen gets his payoff from the loan.

The real loser in this kind of deal is the insurance company, because the company stands to make money only if the client renews the policy. Cohen clients have a nasty habit of letting their policy lapse after the first year. This makes the insurance company a bit unhappy, but Cohen seems not to mind, because he changes companies regularly. Small, aggressive companies are anxious to have this fantastic salesman on their team—he can and has produced sales in the tens of millions of dollars in a matter of months.

Another Cohen game is this: He offers to arrange a loan from you, if you will just buy a big insurance policy from him. A number of people who have bought policies have never seen the promised loan.

Another variation is for Cohen simply to demand a piece of your business in exchange for selling the insurance policy that you need in order to obtain a needed loan. Or he has been known to demand that you buy insurance from him, in exchange for investing in your business.

Cohen also operated as a loan broker. For a fee, he would promise to arrange a loan. With his insurance company contacts, this was not difficult. For example, Cohen would promise a bank that it would get deposits from his insurance company, if it would extend a needed loan. The company would be only too glad to do a favor for its superstar, and the bank would arrange the loan. Cohen would get his fee.

Unfortunately, for the bank, the insurance company would not necessarily keep its funds on deposit, and the client did not necessarily repay the loan. A Cohen-Kerwin deal similar to this resulted in $50,000 in bad loans in a Covington, Ga., bank which later folded. To arrange this deal, Cohen and Kerwin had an outfit called Mickey Mantle's Country Cookin' Kitchens—which they had sold $2 million worth of insurance to, and with which they had other ties—to deposit $100,000 in the bank. A client of Cohen and Kerwin got $25,000 in loans as a result, and they got an equal amount. They were unsecured loans, not a penny of which ever got repaid. In addition to their own $25,000 loan, Cohen and his partner undoubtedly got their usual brokerage fee.

Mickey Mantle's Country Cookin' Kitchens seems to have been a promotion of a resident of San Antonio who has promoted a number of big deals. In this case, the San Antonian had about 100,000 shares of the company, which were sold to him and his partners at a nickle apiece. His partners, Mantle and a man named Smith, had 110,000 shares each. On July 11, 1969, the company sold out a stock offering at $15 a share, realizing $2.7 million. This fund provided the cash that Cohen and Kerwin brokered into the Covington, Ga., bank. Country Cookin' partner Smith had a side deal with Cohen and Kerwin: He would get 30 percent of any business he brought to them.

The San Antonian had a similar deal, calling for 40 percent of the take from anything he brought the insurance agents. Country Cookin' bought $2 million of insurance on Mantle from Cohen and Kerwin; the San Antonian reputedly bought a policy for $2.5 million. Country Cookin' crashed along with Minnie Pearl, in the fast-food shakeout of the late sixties, and seems to have disappeared somewhere around Las Vegas.

Cohen will sell insurance policies to people who need a little cash, and a tax shelter, too. He will say that a client can borrow against his policy, and get tax deductions on the interest. Cohen used this approach 5 years ago, and he is using it in San Antonio today. The only problem with this pitch is that there is no tax break of the kind Cohen promises, just as there is very often no assurance that he can get you a loan, if you will just buy one of his big policies. The late E. C. Mullendore, for example, bought his $15 million worth of insurance in the hope of getting Cohen and Kerwin to arrange badly needed financing for his ranch empire. The big loan never came through, though some smaller ones did, and Mullendore died some $322,000 in debt to Cohen and Kerwin. Among other things, Cohen talked Mullendore's widow into signing a note for this, and oddly enough, this very note turned up in the briefcase of a very dead Kerwin some months later.

Cohen's specialty seems to be to deal with people who need a large loan. He will either provide the insurance that people need for a loan, or he will arrange a needed loan, in return for a nice fee. Sometimes he will collect a fee for the loan that never gets arranged; it is a swindle called the advance-fee scheme.

Cohen denies that he has ever been in on the advance-fee racket, but it is a little hard to believe this. In the Cohen and Kerwin agency, there was just such a scheme, and it worked through the use of a dormant Texas company owned by the San Antonian, a company known as Texas Trust.

The advance-fee scheme worked like this: a person needing short-term financing would get a commitment for long-term financing from Texas Trust. With this promise of long-term financing, the prospective borrower would go to a bank to try and secure a short-term loan, to cover his needs in the interim. For this commitment, the Cohen-Kerwin client would pay a fee of perhaps 10 percent of the total amount involved. This usually was in the tens of thousands of dollars.

The only problem was that Texas Trust did not have any money to meet its so-called commitments with. In fact, the net worth of the company was almost nil; it had neither employees nor offices. Yet Kerwin and Cohen could assure their clients that Texas Trust had a lot: They produced a financial statement showing that Texas Trust was worth $17.1 million. Supposedly, Texas Trust owned all of the Cohen insurance agency, and some 70 percent of First Financial, which was an insurance company the San Antonian owned. Cohen was made an officer in First Financial, and provided Kerwin a consulting fee of $1,000 a month.

Having paid Kerwin and Cohen advance fees for their worthless commitment papers from Texas Trust, borrowers would go to banks—some in Florida, some in Georgia, some in Texas—and try to get short-term loans. It was not long before the scheme got exposed by suspicious bankers, and the Texas Attorney General's office complained to Texas Trust's owner, the San Antonian, about it, who says that he fired Kerwin on learning of the scheme. Maybe that is true; Kerwin himself, was murdered the following month.

Like the San Antonian, Cohen says that he knew nothing of the Texas Trust swindle. Yet the financial statements that were used to cajole money out of would-be borrowers were prepared by an Atlanta accountant who shared offices with Cohen. If he was mad about the swindle, Cohen certainly did not let that cool his dealings with the accountant, whose financial statement had made a very dead Texas Trust look like a very big outfit—one that moreover owned the Cohen-Kerwin agency, and most of the insurance outfit as well.

Cohen and Kerwin, aside from working the insurance deals and loan brokering business, were glad to provide their clients with worthless stocks as well. Kerwin carried in his briefcase a number of stocks that had a face value of millions, on the day he was killed. These were virtually worthless. He and Cohen had previously dealt fake stocks.

In one deal, they invested $80,000 in cash and $70,000 in worthless Satellite Three-in-One stocks with a Florida outfit—which turned out to be a con. Satellite Three-in-One was incidentally a San Antonian's promotion. To get their money back, in this double-cross, Kerwin and Cohen joined forces with the Florida fraud artists, and plied their worthless securities in an effort to recoup the lost cash.

There we have Leon Cohen.

He is a swindler who parlays fast talk into ready cash. He operates among the most prominent and well-heeled people. He will sell you a perfectly good insurance policy for a song—in exchange for a piece of the action. He will sell you a promise. He will sell you anything, promising always a great deal for very little money. Leon Cohen has cheated a great many people; he is operating today among the most prominent people of San Antonio, offering them big insurance policies, arranging special deals of one kind or another, something that only he can arrange for you, something that is a quick way to achieve more money, a cheap way to the promised land.

The people of San Antonio should be forewarned. Leon Cohen is not the first nor last swindler we will see. He and his kind will always prey upon those who have a special craving for money, or are in bad need of a loan they cannot get from legitimate sources, or who are merely gullible. My hope is that this warning will dry up at least some of Cohen's business in San Antonio, until he goes elsewhere—perhaps to jail.

PUBLIC LAND TIMBER CONSERVATION BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. WEAVER) is recognized for 5 minutes.

Mr. WEAVER. Mr. Speaker, today I introduced the public land timber conservation bill. This bill requires that logs harvested from public lands owned by the United States located west of the 100th meridian be processed in the United States.

Until now, the only timber export regulations have been piecemeal, provisional measures. Exporting unprocessed Federal timber was limited to 350 million board feet annually in 1968. The 1973 Interior and Related Agencies appropriations bill and its 1974 counterpart banned the export of Federal timber. This restriction expires June 30, 1975.

It is an urgent matter that this export limitation be maintained. My bill will permanently prohibit the export of federally owned timber. However, private timber may be freely exported—there is no prohibition on export of private timber. It will ban any substitution of Federal timber for logs exported from private forests. This means that if a lumber company exports any of its own logs, it cannot—repeat cannot—buy Federal timber to replace those exported.

Now there are some logs we do not use in our own mills. These can be exported. Port Orford cedar is an example of a species the Japanese like very much and American mills do not. So my bill allows the Secretary of Interior, after a public hearing, to allow the export of such timber, either from Federal or private forests.

A person violating the law could not purchase U.S. timber for 5 years.

We need those logs that are being exported. Our mills are in desperate straits. They are being driven out of business because log supplies are scarce.

Private firms are exporting 2.6 billion board feet of logs annually from the Pacific Northwest, mostly to Japan. To show the enormity of these exports, the allowable cut on all our vast national forest lands is only four times as much.

Are log exports declining? There was some decrease in 1974 but in January of this year, log exports shot up, more than doubling from the previous month. Even with the depressed lumber market, log supplies are so tight that log prices have remained at record highs.

If our mills cannot obtain logs because of the high price of raw timber while the market for lumber is depressed, it is costing us American jobs. Logs exported are jobs exported. Communities lose their tax base. The mills should be running, exporting their finished products.

The tremendous market for our log exports could just as easily be a tremendous market for our finished wood products. And that processing will be done in the United States, putting an end to mills standing idle while vast amounts of raw timber are shipped overseas.

When the housing industry comes back, there is going to be an immense demand for logs. But if we do not limit log exports, the timber will not be there to go to our mills. If all our logs are being exported as unfinished timber, a housing renaissance would not help many mills in the Northwest.

We have been holding on, maintaining that an upsurge in the housing industry will mean an end to rampant unemployment, but this is true only if raw timber is available for processing. We must ensure a supply of logs for our use here in the United States.

Already the Japanese have outbid our mills for valuable logs. That Japanese market—and I cannot repeat this often enough—is of vital importance. But Japan has recently changed to the American dimension standard and now is the time to enact legislation to transform that market for raw timber into a market for our finished wood products.

We need to limit log exports to protect our economy. We also need this bill to protect our forests. Private forest lands have already been stripped of logs to be exported. Strong pressure is going to be put on Federal lands next, and we must have a bill which protects those Federal lands permanently against careless exploitation.

There is strong support for this bill. People in the Northwest have wanted to stop log exports for a long time. The three major unions in the timber industry, International Woodworkers of America, Association of Western Pulp and Paper Workers, and the Lumber and Sawmill Workers have taken strong stands against log exports. This bill is vital to the economic survival of a large segment of our wood products industry. I urge its passage.

H.R. 5544

A bill to require that all timber harvested from lands owned by the United States located west of the one hundredth meridian be processed in the United States, that only certain products from the processing of timber harvested from certain lands owned by the United States be exported from the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Land Timber Conservation Act".

Sec. 2. For purposes of this Act—

(1) the term "processed" means—

(A) the conversion of a timber into the shape of an approximately rectangular parallel log that is exclusive of bark;

(B) the conversion of so much of a piece of timber into wood chips or similar wool particles or into veneer as leaves an approximately rectangular parallelpiped log or a cylinder; or

(C) the treatment of timber with such preservative and to such extent as renders it suitable for use as a marine pole or piling; and

(2) the term "private timber" means timber from lands not owned by the United States or by any State.

Sec. 3. (a) All timber harvested from any lands owned by the United States and located west of the one hundredth meridian shall be processed in the United States. The only products from such processing which may be exported from the United States are as follows:

(1) any product of any length which is not more than 4½ inches in width at its narrowest dimension and not more than 12 inches in width at its widest dimension and which has been processed on its entire circumference; or

(2) any product which has been produced by fusing different lumber products.

(b) Except as provided in section 4, no unprocessed timber from any lands owned by the United States and located west of the one hundredth meridian shall be exported from the United States.

Sec. 4. (a) Notwithstanding section 3, the Secretary of the Interior and the Secretary of Agriculture may, by decision made on the record after opportunity for an agency hearing, permit (for lands under the jurisdiction of each such Secretary) any individual sale of a single species of unprocessed timber for export or permit any sale of salvage timber for export, but only if such species or salvage is not required at the time of the respective sale for normal processing operations by the mill in the United States in which such species or salvage would have been processed in the normal course of the operations of such mill.

(b) Upon a petition by any owner of private timber, the Secretary of the Interior may, by decision made on the record after opportunity for an agency hearing, exempt such timber from the provisions of section 5 if—

(1) such timber is a single species of unprocessed timber for export or salvage timber for export; and

(2) such species or salvage is not required for normal processing operations by the mill in the United States in which such species of salvage would have been processed in the normal course of the operations of such mill.

(c) Any hearing held pursuant to this section shall occur in the locality from which the timber which is the subject of the hearing originated.

Sec. 5. (a) On the date on which any person submits a bid to the Secretary of the Interior or the Secretary of Agriculture to purchase any timber from lands owned by the United States and located west of the one hundredth meridian, such person shall sign an affidavit stating that neither he nor any of his predecessors in interest has exported any unprocessed private timber from the United States harvested from lands located west of the one hundredth meridian for a period of three years prior to the submission of such bid, except as authorized under section 5, and that neither he nor any such predecessor has violated section 3 for such three-year period.

(b) For a period of one year after the completion of a harvest pursuant to a successful bid described in subsection (a), the person who harvested the timber (or any of his successors in interest) may not export any unprocessed private timber from the United States except as authorized under section 5.

Sec. 6. Any person violating any provision of this title shall be fined not more than $100,000 per violation, and shall be prohibited from purchasing any timber from any lands owned by the United States west of the one hundredth meridian for a period of five years after such violation.

Sec. 7. The Secretary of the Interior and the Secretary of Agriculture shall prescribe regulations to carry out the provisions of this Act for lands within the jurisdiction of each such Secretary.

Sec. 8. The provisions of this Act shall not apply to any timber harvested from lands owned by a State.

Sec. 9. The provisions of this Act shall take effect on the date of the enactment of this Act, except that section 5 shall only apply with respect to bids submitted and unprocessed timber exported on or after the one hundred eightieth day after such date of enactment.

TRIBUTE TO A FRIEND AND COLLEAGUE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. McFall) is recognized for 5 minutes.

Mr. McFALL. Mr. Speaker, it was my privilege recently to attend a brief ceremony which was marked with a twinge of sorrow and a great abundance of pride.

The occasion was the commissioning of the U.S.S. *Glenard P. Lipscomb,* one of America's efficient and modern nuclear submarines, at Groton, Conn.

I appreciated the invitation to join Mrs. Lipscomb and other guests as we gathered to honor our former colleague in the House, whose friendship I enjoyed for many years when we both served in the California Legislature and in the Congress.

The remarks of Mr. Robert T. Hartmann, Counsellor to the President, were particularly appropriate. They reflected the sorrow which was felt by friends and acquaintances of Congressman Lipscomb at the time of his untimely death in 1970, and the immense pride all of us experienced at the commissioning of an American fighting ship dedicated to the memory of a man who served his country with great dedication and distinction.

Mr. Hartmann's tribute was as follows:

Text of Remarks of Robert T. Hartmann

Mrs. Lipscomb, Members of Congress, Secretary Middendorf, former Secretary Laird, Admiral Rickover, Vice Admiral Williams, Commander Caldwell, Officers and Men of the United States Ship Glenard P. Lipscomb, friends of the Navy and friends of the great American for whom this fine ship is named:

It is always an honor to represent the President of the United States; today it is a special pleasure to pay tribute both to a man and a service that both of us loved. Last night the President told me to say to you that he wished he could be here, as he was at the Lipscomb's launching, but since then he got a promotion and has drawn another Saturday duty.

I think I can say without upsetting any diplomatic applecart that this is the finest naval base I have seen since Vladivostok; I know this is the finest submarine I have ever seen anywhere. I congratulate its Captain and crew as well as all who had a part in her planning and construction. I remember cruising almost 20 years ago in the first nuclear submarine, the Nautilus, and listening to Admiral Rickover tell me that someday there would be swift and silent ships like the Lipscomb. I remember three and a half years ago watching with pride as Diane and Joyce welded their iintials in the keel; a little over a year ago when Ginger proudly smashed the champagne on the Lipscomb's bow and we watched her ride the ways down to her element. But we all know that until a ship of the Navy breaks her pennant and is manned with highly skilled and motivated men, she is only a steel skeleton without mind or muscle. So today the Lipscomb really comes to life, and may it be a long and honorable one.

Our friend Glenard died nearly five years ago, at the age of 54, and it seemed then both a personal and a national tragedy that he left so much of a brilliant public career uncompleted and so much of a loving family life unlived. There were tears then, tears from strong men, but among his legion of friends—many of them here today—this ship has changed the picture. In our unfolding interest and pride in the progress of the U.S.S. Lipscomb our memory banks have targeted not on how much Glen Lipscomb left undone, but how much Glen Lipscomb did for us and for all Americans.

For 17 years in the United States House of Representatives, he fought to keep America strong; in this submarine, he still does. Bearing his name, it gives our great friend—as much as mortals can—a measure of immortality. For this we thank you, and thank those in the Department of Defense, the Congress, and the Electric Boat Division of General Dynamics who made it possible.

They go down to the sea in ships, that do business in great waters, the Bible tells us, see the Lord's wonders in the deep. The U.S.S. Glenard P. Lipscomb is a miracle of the hands and brains of man, a modern wonder of the deep, and for us who remember, a monument to a quiet but powerfully effective American and a friend for all seasons.

I have here a letter from one of Glen's closest friends which I would like to read in closing:

December 20, 1974.

Commander James F. Caldwell
U.S. Navy, Commanding Officer, USS Glenard P. Lipscomb, Groton, Conn.

Dear Commander: I wish for the fine ship bearing the name of one of my dearest friends and finest colleagues in the Congress, and for all hands who man her now and hereafter, the unique satisfactions of high performance of duty and dedicated service to our country, fair winds and a following sea. And, occasionally, a good liberty.

Good luck and Godspeed.

Sincerely,

Jerry Ford.

FBI BREAK-IN POLICY QUESTIONED

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. Harris) is recognized for 5 minutes.

Mr. **HARRIS**. Mr. Speaker, I am sure you and all Members of Congress were shocked and disturbed by the FBI's recent attempt to force their way into the apartment of a citizen residing in Alexandria, Va. The citizen, a woman, was home alone around 10:30 the night of March 15, 1975. Press reports indicate FBI agents, acting on an anonymous tip, and without a search warrant, demanded entry to look for Patty Hearst. Apparently, the woman tried to call the local FBI office to verify the identity and purpose of the people at her door. But the agents did not wait for her to make the call, and began pounding the door until she opened it.

This incident, as reported, raises serious questions as to constitutional protections from unreasonable searches and seizures. I have written Attorney General Levi for a complete report on the incident and a clarification of the FBI's policy and procedure on forced entries.

The seriousness of this situation, and the grave implications it holds for our society, is discussed in the following editorial from the Alexandria Gazette. Mr. Speaker, I bring this editorial to the attention of our colleagues in the belief that Congress must constantly be vigilant to safeguarding the constitutional rights of all Americans.

[From the Alexandria (Va.) Gazette, Mar. 24, 1975]

FBI Should Elaborate on Apartment Entry

On the basis of information available, FBI agents who forced their way into an Alexandria apartment a week ago in a futile search for Patricia Hearst were way out of line. As it turned out, the apartment was occupied by 21-year-old Elizabeth Norton and Bernadine Davis, 24, who was the "Patricia Hearst look-alike" the agents were seeking. Only Miss Norton was at home.

Agents began beating on the apartment door after Miss Norton had declined to open up until they slipped identification papers under the door. She had gone to the telephone to check with local police and FBI sources about the investigation when the attempted forcible entry began. It was fortunate that Miss Norton received no more than mental anxiety from the incident. It could have just as easily led to gunplay and an innocent victim being injured.

FBI explanations of the matter haven't been convincing, and if they have additional information to back up their contentions, they should out with it. Rep. Herbert Harris, D-8th, and Sen. Harry F. Byrd Jr., I-Va., both have expressed concern over the incident. Harris has asked for a clarification of FBI policy on such forced entries and for a complete report on the incident. Such a report and clarification should be provided by the bureau.

Law enforcement officers work under dangerous and trying conditions, and they must take every precaution when they approach a situation which might be dangerous. But such precautions can be taken without incidents such as the one at Elizabeth Norton's apartment last week. There are thousands of persons in Northern Virginia who are hesitant about opening their doors to just anyone, whether they identify themselves as FBI agents or as Bible salesmen. Law enforcement officers should remember this before beating on doors. And despite the events of the past few years, Article IV of the U.S. Constitution is still in effect, guaranteeing the right of citizens to be secure in their homes from unreasonable searches and seizures.

THE GROUND PROPULSION SYSTEMS RESEARCH, DEVELOPMENT AND DEMONSTRATION ACT OF 1975

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. Brown) is recognized for 15 minutes.

Mr. **BROWN** of California. Mr. Speaker, today I am introducing H.R. 5557, the Ground Propulsion Systems Research, Development, and Demonstration Act of 1975. This legislation is the direct successor to the bill I introduced in 1973, which authorized and directed the National Aeronautics and Space Administration—NASA—to conduct research and to develop ground propulsion systems which would serve to reduce the current level of energy consumption. That bill, which was first introduced as H.R. 10392, had over 100 cosponsors and was the subject of extensive hearings in the House Science and Astronautics Committee—now the Science and Technology Committee. The hearings on H.R. 10392 in the 93d Congress were the only hearings on automotive research and development, and the broader category of ground propulsion systems research and development, that were held in the House.

On the Senate side, the Senate Commerce Committee held a similar set of hearings on a bill by Senator John V. Tunney, which was numbered S. 1055 in the 93d Congress and sought to accomplish the same goal that my own legislation did. Senator Tunney's bill was approved by the Senate, but received no action in the House during the last session.

This year there is much more interest in legislation to authorize research and development, as well as require certain actions by the automobile industry itself. Senator Tunney has reintroduced his bill in the Senate, and the Senate Commerce Committee has already held hearings on this legislation this year. In addition to Senator Tunney's bill, S. 499, to provide for an intensive research and development program for an energy-efficient, smog-free alternative to the internal combustion engine, Senator Pete V. Domenici has introduced legislation, S. 783, which directs the Energy Research and Development Administration to conduct ground propulsion systems R. & D. There has also been new legislation introduced in the House which attempts to define the Federal role in ground propulsion systems research and development. One of the key bills in this category is H.R. 1109, which authorizes the Administrator of the Energy Research and Development Administration—ERDA—to undertake a program of research and development for demonstrating alternative propulsion systems for automobile vehicles. H.R. 109 was introduced by the distinguished chairman of the Committee on Science and Technology, Mr. Olin E. Teague, which has jurisdiction over this subject in the House of Representatives.

Another bill which addresses a very special aspect of ground propulsion research and development was introduced by Congressman Mike McCormack yesterday, for himself, Mr. Teague, Mr. Charles Mosher, Mr. Barry Goldwater, Jr., and myself. H.R. 5470, the Electric Vehicle Research, Development, and Demonstration Act of 1975 authorizes and directs the Administrator of ERDA to conduct a program designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles.

Mr. Speaker, in spite of the great interest in this subject in the Congress, there is still some doubt, particularly at the higher levels of the administration, that this type of R. & D. is proper for the Federal Government. This is demonstrated by the nearly insignificant amount of money in the administration's request for automotive R. & D. I would hope that this past opposition, which was voiced during the hearings on Senator Tunney's bill, and my own bill, H.R. 10392, during the last session, would now change to support.

The approach in this year's bill, H.R. 5557, differs in several particulars. The changes in this legislation, the text of which I will have inserted in the Record at the conclusion of these remarks, are based upon the testimony received on my bill during last year's hearings. Specifically, H.R. 5557, the Ground Propulsion Systems Research, Development and Demonstration Act of 1975 now gives ERDA, which was not in existence until this year, the lead agency role for R. & D., and not NASA. The National Aeronautics and Space Act is still amended to direct NASA to work on ground propulsion R. & D. and not just space and aeronautical R. & D. as is the case in the existing act.

H.R. 5557 is in many ways the most general of all of the pending ground propulsion R. & D. bills. It basically mandates that a Federal program be conducted, and that certain goals be achieved. It is not as specific as H.R. 5470, the electric auto bill, although it does encompass the objectives of that bill. The adoption of the Ground Propulsion Systems Research, Development and Demonstration Act of 1975 would commit the Federal Government to a program very similar to that described in a recent paper that was prepared by the Energy Research and Development Office of the Federal Energy Administration, entitled, "The Role of the Federal Government in Automotive R. & D.". A few excerpts from the executive summary of that paper helps put this issue in context.

EXCERPTS FROM "THE ROLE OF THE FEDERAL GOVERNMENT IN AUTOMOTIVE R. & D." ADMINISTRATIVE

> Our recommendation is that the government adopt a strong leadership position in this area in order to assure an adequate, but environmentally benign personal transportation ssytem for the nation during the period out to the year 2000 and beyond. The program we envision is one highly interactive with the private sector. It also contains a strong in-house component in order to assure a long term national commitment to the solution of the difficult scientific and technical problems underlying an efficient, non-petroleum based and clean automotive propulsion system. Such an in-house laboratory also provides the sophisticated scientific and technical base necessary for wise government legislation and regulation pertaining to the automotive industry.
>
> The most serious government challenge in the automotive R&D field is to prepare for the time when oil will no longer be available as the major fuel base for transportation because of the depletion of the world oil resource. Some estimates predict that decreasing petroleum availability may begin to occur domestically in the late 1980's. This development will require taking a whole new technical approach to automotive propulsion. Two such approaches can be foreseen at this time. One is the use of synthetic fuels from coal and perhaps shale in traditional heat engined vehicles. However, reasonable demand trends for liquid fuels probably cannot be met by realistically projected synthetic fuel availabilities. Thus it will be necessary to develop on the one hand highly efficient propulsion systems for that portion of the transportation system which must rely on liquid hydrocarbon fuels, and to develop on the other hand an entirely new type of transportation mode based on central electricity generation.
>
> The electric car is an example of the latter. In addition to these long-term aspects, fuel conservation is also important in the shorter term, where the goal is to conserve petroleum fuels in order to limit the dependence on foreign oil, and to delay the depletion of domestic oil sources. All of these problems must be viewed in the context of the national antipollution objectives. Thus, a national program is envisioned which combines the search for highly effiicent propulsion systems with minimum environmental impact based on other fuels than petroleum.
>
> Some simple estimates suggest that in order to generate the necessary new technology, a national R&D investment on the order of $150 million per year for the next 25 years or so will be required. Private industry is (prior to the current economic squeeze) investing on the order of one-third of this amount, concentrated in the near-term aspects of development. Furthermore, the integration of the national objectives of enery efficiency, alternatives to petroleum, and minimum environmental impact into a coherent long-term program in R&D requires perspectives and responsibilities well beyond those of the private automobile companies, whose objectives are rooted in the market place. Consequently, we perceive a major government role in automotive R&D with the following goals:
>
> 1. Overall guidance of a long term national technical effort to develop propulsion systems of high efficiency based on fuels other than petroleum and of the short-term effort to conserve petroleum. An optimum balance must be achieved between fuel efficiency and environmental effects.
>
> 2. Creation of a cooperative R&D climate at the technical working level between government and industry conducive to rapid advancement of the technology.
>
> We believe these goals must be implemented by:
>
> 1. A federally financed program directed primarily at the long-range problems of automotive R&D outlined above.
>
> 2. Establishment of an integrated in-house automotive research center to ensure the achievement of the national R&D goals through the long term technical commitment and leadership of the government, and to underpin the regulatory and legislative functions of the federal government.

There have been other reports on this general subject since last year's hearings on Senator Tunney's bill, and my own bill. One such report was prepared by the Energy Laboratory of the Massachusetts Institute of Technology, entitled, "The Role for Federal R. & D. on Alternative Automotive Power Systems." This report is the first phase of a two-phase study being funded by the National Science Foundation, and is a very objective view of developments affecting automotive R. & D. to date. The MIT study concludes that—

> There is a convincing justification for Federal support for R. & D. on alternative automotive powerplants. Our reasoning can be summarized as follows. Some of the alternative powerplants have the potential for significant long-term contributions to national air pollution abatement and fuel conservation goals. However, given the current uncertainty in these alternative engine technologies and the context within which the automobile manufacturers must operate, there is a divergence of industry and public interests. Some of these alternatives are not receiving adequate attention within the automobile industry for sound reasons which are unlikely to change. There are, therefore, substantial contributions that a well thought out and carefully executed government-funded program can make towards meeting these national goals by advancing the state-of-the-art in selected engine technologies, and in producing the technical data necessary for developing long-term regulatory and other policies. The goal of such a program would be to reduce the risks inherent in developing and introducing those alternative engines which may have long term economic and public benefits and which are not now receiving adequate attention, by reducing the current technological and regulatory uncertainties to the point where normal market decision-making mechanisms would be in better alignment with societal objectives.

The reason there is interest in new technologies for ground propulsion systems is that the existing automobiles are not safe, clean, or energy efficient, at least not to the degree that is acceptable to the American people and the Congress. There are numerous alternatives to the present conventional, reciprocating spark-ignition engine, or the common internal combustion engine. Some of these alternatives are already on the market, such as the wankel spark-ignition engine, the carbureted prechamber stratified charge spark-ignition engine, and the heavyweight diesel engine.

Alternatives that have been inadequately explored are the fuel-injected open chamber stratified charge engine, the light-weight diesel engine, the gas turbine engine, the rankine cycle engine, the stirling cycle engine, the battery-powered electric system, and the heat engine hybrid system. Not all of these alternatives will have practical application, but, at present, there is insufficient research and development to judge which technology will be the optimum at this time. The legislation that I introduce here today will enable the Federal Government to get this necessary knowledge on all of these technologies.

We cannot redo the past, and any past mistakes or omissions in Federal policy toward the automobile industry must not prevent us from working to improve the future. I, like many of my colleagues, believe that the automobile industry has brought its woes upon itself. And with its own woes, it has threatened the employment of millions of people. This legislation is not designed to punish, nor reward the automobile industry.

It is designed to have the Federal Government fill a vacuum in the area of researching, developing and demonstrating new technologies. I believe the Federal role has been irrefutably established, by the hearings last year in the Senate Commerce Committee, and again this year, and in the hearings in the House Science Committee, entitled, "Research on Ground Propulsion Systems," held February 4, 5, and 6 and June 11, 12, 13 and 18 in 1974.

Mr. Speaker, at this time I wish to invite my colleagues to examine this legislation, and if they agree with its purpose, contact my office to join as cosponsors. I also ask that the text of this bill be printed in full in the Record at this time for the benefit of my colleagues.

Text of H.R. 5557, the Ground Propulsion Systems Research, Development and Demonstration Act of 1975:

H.R. 5557

A bill to authorize the Administrator of the Energy Research and Development Administration to undertake, in cooperation with the National Aeronautics and Space Administration, and other Federal agencies, a program of research, development, and demonstration of ground propulsion systems which would serve to reduce the current level of energy consumption

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Ground Propulsion Systems Research, Development, and Demonstration Act of 1975".

FINDINGS AND POLICY

SEC. 2. (a) The Congress hereby finds that—

(1) existing ground propulsion systems are inadequate to meet the long-term goals of this Nation with respect to providing safety, to protecting the environment, and to conserving energy; and

(2) sufficient resources are being devoted to research and development of alternative ground propulsion systems by both the Federal Government and the private sector.

(b) It is therefore declared to be the policy of the United States to carry out a program of research, development, and demonstration directed toward improved ground propulsion systems.

DEFINITION

SEC. 3. For purposes of this Act the term "ground propulsion system" means the engine, transmission, or other drive mechanism, and associated controls, necessary to power automobiles, trucks, trains, buses, and light land and marine recreational vehicles.

OBJECTIVES

SEC. 4. The objectives of a Federal program of research, development, and demonstration directed toward ground propulsion systems shall be—

(1) the development of energy conserving ground propulsion systems;

(2) the development of ground propulsion systems with clean emission characteristics, economical per unit cost, and low per mile energy consumption;

(3) the improvement of efficiency, safety, performance, and usefulness of ground propulsion systems; and

(4) the most effective utilization of the scientific and engineering resources of the United States already in existence, with close cooperation among all interested agencies of the United States in order to avoid unnecessary duplication and waste of effort, facilities, and equipment.

DUTIES OF THE ADMINISTRATOR OF THE ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

SEC. 5. (a) The Administrator of the Energy Research and Development Administration (hereinafter in this Act referred to as the "Administrator" and the "Administration", respectively shall have the overall responsibility for providing effective management and coordination in connection with ground propulsion systems research, development, and demonstration, including the initiation and carrying out of research, development, and demonstration programs for the purpose of developing ground propulsion systems which are energy conserving, have clean emission characteristics, and are capable of being mass produced at a reasonable per unit cost. Such ground propulsion systems shall be required to meet or better all applicable emission standards, and to comply with all other provisions of Federal law.

(b) The Administrator shall conduct research in alternative energy sources for use in the ground propulsion systems developed pursuant to subsection (a) and shall develop such alternative energy sources for use in those systems.

CONTRACTS

SEC. 6. The Administrator is authorized to enter into contracts and other agreements or arrangements, and to make such grants, as he may determine necessary and appropriate in carrying out his functions under this Act.

COORDINATION WITH OTHER FEDERAL AGENCIES

SEC. 7. (a) The Administrator shall, to the maximum extent feasible—

(1) utilize the facilities and capabilities of the National Aeronautics and Space Administration to carry out the purposes of this Act; and

(2) utilize the capabilities and resources of other Federal agencies.

(b) Upon request of the Administrator, the head of any Federal department, agency, or instrumentality is authorized (1) to furnish to the Administration such information as may be necessary for carrying out its functions under this Act and as may be available to or procurable by such department, agency, or instrumentality, and (2) to detail to temporary duty with the Administration on a reimbursable basis such personnel within his administrative jurisdiction as it may need or believe to be useful for carrying out its functions under this Act. Each such detail shall be without loss of seniority, pay, or other employee status, to civilian employees so detailed, and without loss of status, rank, office, or grade, or of any emolument, perquisite, right, privilege, or benefit incident thereto, to military personnel so detailed. Each such detail shall be pursuant to a cooperative agreement of the Administrator with the head of the relevant department, agency, or instrumentality.

AMENDMENT OF THE NATIONAL AERONAUTICS AND SPACE ACT

SEC. 8. (a) Section 102 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2451) is amended by redesignating subsection (d) as subsection (e), and by inserting immediately after subsection (c) the following new subsection:

"(d) The Congress declares that the general welfare of the United States requires that the unique competence in scientific and engineering systems of the National Aeronautics and Space Administration to also be directed toward ground propulsion systems research and development. Such development shall be conducted so as to contribute to the objectives set forth in section 4 of the Ground Propulsion Systems Research, Development, and Demonstration Act of 1975."

(b) The subsection of section 102 of such Act redesignated as subsection (e) by subsection (a) of this section is amended by striking out "and (c)" and inserting in lieu thereof "(c), and (d)".

REPORTS TO CONGRESS

SEC. 9. The Administrator shall, at six-month intervals beginning six months after the date of enactment of this Act, submit to Congress reports describing actions taken with respect to all provisions of this Act, and all actions planned.

APPROPRIATIONS

SEC. 10. For the purpose of carrying out the provisions of this Act, there are authorized to be appropriated to the Administrator for the fiscal year ending June 30, 1976, not more than $40,000,000; for the fiscal year ending September 30, 1977, not more than $60,000,000; for the fiscal year ending September 30, 1978, not more than $100,000,000; and for the fiscal year ending September 30, 1979, not more than $100,000,000.

THE STATUE OF LIBERTY SHOULD BLUSH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, earlier this month an incident took place in Chicago that in my mind shakes the very foundation on which this country was founded.

Briefly, the incident concerned the arrest of 41 Polish cleaning ladies on the charge that they were illegal aliens. The women, who could not speak English, were forced to spend the night in jail and now they face deportation.

In recent months the Immigration and Naturalization Service has conducted an increased crackdown on illegal aliens partly because it is felt that the aliens are taking jobs away from Americans. While I certainly agree that we should not deprive American citizens of jobs which may be filled by illegal aliens, at the same time I wonder how many Americans brought up on color TV and two-car garages would be willing to mop floors in a Chicago skyscraper at 11 o'clock at night.

Most of the illegal aliens in this country are filling jobs that no one else wants, and many of the aliens are accepting virtual starvation wages because they know they cannot complain to anyone about the pay or working conditions.

Mr. Speaker, America was founded by aliens. It was made great by people from other lands who are willing to work and work hard to build a great country. I sometimes wonder if we have the zest for hard work which has made this country the greatest nation in the world, and are we now trying to cover up our lack of interest in hard work by seeking to prosecute the illegal aliens because they are willing to perform the jobs we do not want. At the same time, I cannot help but wonder why we prosecute illegal aliens, but take no action against those who employ them. I have supported legislation that would place the responsibility upon the employers who hire illegal aliens. It was the other body which failed to act to correct this problem. If indeed illegal aliens are taking jobs away from Americans, then as legislators it is our job to take action to correct the problem.

And perhaps our governmental agencies are equally to blame. How is it that some 600,000 social security cards have been issued to illegal aliens? When an employer sees an applicant with a social security card this is usually the only type of check that is made to determine if the person can legally be employed.

Mr. Speaker, it is time that the entire question of illegal alien employment be reviewed. The answer to the problem is certainly not to round up a group of frightened women in the middle of the night and put them in jail. And we must also consider who will perform the jobs now being done by the illegal aliens. Although we have a serious unemployment situation in this country, I know of no great clamor by people to apply for jobs mopping floors.

The Statue of Liberty is one of the greatest symbols this country has to the American way of life. The grand old lady would certainly blush today over the treatment of those less fortunate than most Americans.

Mr. Speaker, I am including in my remarks an extremely well written column by Mr. Andrew Greeley which appeared in the March 25 issue of the Chicago Tribune. This column vividly describes the situation surrounding the arrest of 41 Polish women in Chicago.

It is up to Congress to take the lead in correcting this very serious problem. Hopefully legislation can be enacted during the 94th Congress that will put the blame where it belongs.

The Crime of Pushing a Mop

(By Andrew Greeley)

I am not given to tears. But I read a news story in a local paper the other day which almost made me cry—first with sorrow, then with rage.

The storm troopers from the Immigration and Naturalization Service had rounded up 41 Polish women who had the nerve to get jobs as night cleaning ladies in our city's skyscrapers. For this horrendous crime, they were to be shipped back to Poland.

The gauleiter who presided over this efficient operation hassled them about how they were taking jobs from American citizens. He probably told a reporter that he was "liberating" these jobs for Americans.

I imagine that there are a lot of American housewives who can hardly wait to get in line for the job of swirling a mop around a terrazzo floor at 11 o'clock at night.

Then he confided that some of these women had actually saved enough to have bank accounts. What's worse, a lot of them couldn't speak English.

There was a time when we would have admired someone who did hard manual work at night and saved enough money to put some in the bank. We would have said that such industry and frugality were the strength of America. We would have boasted and bragged about ambitious immigrants. We would have predicted that their grandsons might some day be President.

Now we toss them into jail and ship them back to Poland.

Really impressive. There are so few serious crimes in our country that we can afford to use our law enforcement personnel to hunt down Polish cleaning women who are trying to put a few dollars in the bank.

And, heaven save us, they don't speak English. Of course English only became a requirement for American citizenship in 1907.

The people who started this land of freedom thought you could be an American no matter what language you spoke. All you had to do was to commit yourself to the principles of the Constitution and the Declaration of Independence.

Can you imagine Thomas Jefferson or James Madison ordering hard-working, frugal women shipped out of the country? The United States has the most generous and honorable immigration laws in the world. But laws cover every situation, and even the most just and fair laws can turn into oppression if they are administered by unthinking and unimaginative people.

Illegal immigration is something of a problem, tho most of the available evidence suggests that it is not too serious. There is little reason to think that our immigration gauleiter is right about jobs being taken away from American citizens.

On the contrary, most data suggests that they only get jobs that most American citizens wouldn't touch. It seems to me that anyone who was willing to take such a job, work hard at it and save money has already proved his right to be an American.

And we ought to consider ourselves lucky to have them. They are the kind of people who made America great. May their tribe increase.

Most of the immigrants coming to the country these days—legally of illegally—are not particularly "desirable." Oh, they may be intelligent and industrious, but they have the wrong skin colors or they spell their names wrong. The Mexicans lose on both counts.

Ship them back. They'll corrupt our pure native American stock. They'll take jobs away from us. They'll make too much money. They may even end up as bank presidents or [heaven help us] college professors. Some of them might even become Republicans.

Besides, it's hard to spell their names.

When have you heard those comments before?

A lot of us come from families which were not especially welcome here. We spoke English not at all or badly or with a terribly crude brogue. We took the worst jobs and worked too hard at them. We fought too much and we drank too much and our neighborhoods were not safe at night.

They never should have let us in.

But we got in, and now it's our country as much as anyone else's. Those Polish cleaning women and others like them are our people.

If we let the cruel and unthinking burocrats send them home, we will have betrayed our ancestors and everything they worked and fought and died for. God forgive us if we turn our backs on these would-be Americans. If we do, they will have more right to be Americans than we do.

ISRAEL AND THE KISSINGER PRESS CONFERENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 5 minutes.

Ms. ABZUG. Mr. Speaker, Secretary of State Henry Kissinger was raising a false issue today when he talked about the danger of "selective reliability" and sought to link continued U.S. military assistance for the discredited governments of Cambodia and South Vietnam to the credibility of U.S. commitments to Israel.

The American people have long since repudiated American policy in Southeast Asia where $150 billion in aid and 55,000 American lives have been squandered in fruitlessly seeking to prop up undemocratic regimes that cannot defend themselves no matter how much outside assistance they get.

In contrast, American public opinion remains strongly behind our Government's commitment to the survival of Israel, a unified and courageous democracy that has demonstrated its will to defend itself against aggression and its determination to continue to exist as an independent state with secure and defensible borders. American credibility on Israel is rooted in deep and widespread popular support in our country.

It is regrettable that Mr. Kissinger's efforts to negotiate an interim agreement between Israel and Egypt have broken down. Inevitably, this has produced fears of an intensified threat of war in the Middle East. We can only hope that war will not again break out and that the negotiations now expected to take place in Geneva among Israel, the Arab nations, the United States and Soviet Union will lead to a long term settlement.

As the New York Post commented in an editorial on March 24:

> Whether the path to peace can still be found in a mutually sponsored United States-Soviet Geneva program is far from clear. It was never, of course, a sure thing. Now, as before, it may depend . . . on how high a priority the Soviets place on detente with Washington and how prepared they are to defuse the demagogy of their Mideast clients. Only a major new initiative can ascertain the answer. . . .
>
> It is time for a new U.S. beginning on the course Kissinger unwisely rejected—a full-scale attempt to enlist Moscow in a common Mideast Peace offensive. At this juncture the only visible alternative is a hardening of lines and the increased threat of another Mideast tragedy.

Whatever the realistic prospects are for a Geneva settlement, we must continue to assist Israel so that she can have the strongest possible bargaining position as she heads into a conference with hostile nations and Arab leaders, some of whom are still pledged to wipe out Israel as an independent state.

Israel's position is not enhanced by the widespread rumors that President Ford is blaming her for the breakdown of the negotiations with Egypt and is threatening to cut down on projected aid to Israel as part of a reappraisal of American policy in the Middle East. This is unfair in view of the authoritative briefings Members of Congress have received which indicate that Egypt believed it was inexpedient politically to end its policy of belligerency in exchange for Israel's willingness to withdraw from the Gidi and Mitla passes and to return the Abu Rodeis oil fields. This led to the impasse. Israel was prepared to make concrete territorial concessions in exchange for concrete Egyptian steps toward nonbelligerency, including commitments on relaxation of Arab economic boycott, cessation of propaganda war against Israel and a pledge to facilitate tourism between the two nations. Egypt, however, was not prepared to make anything but minimal token pledges.

In this context, threats to reduce aid to Israel are clearly unjustified. I believe that Israel, which stands almost alone in the world with the exception of support from the United States, now needs our help more than ever. I have no doubt that the great majority of Americans will remain committed to that help and that they will make their views known to the President and to Congress.

BIRTHDAY OF PRINCE JONAH KUHIO KALANIANAOLE, BRIDGE BETWEEN MONARCHY AND DEMOCRACY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 20 minutes.

Mr. MATSUNAGA. Mr. Speaker, many of my colleagues have visited my State of Hawaii, and have seen, among other wondrous sights, the only palace within the United States, Iolani Palace in Honolulu. It reflects the fact that Hawaii was, at one point in its history, a proud monarchy. Thereafter, in succession, Hawaii was a republic and a territory of the United States before attaining statehood in 1959.

The names of the Hawaiian royal family are remembered fondly: King Kamehameha, Princess Kailani, King Kalakaua, and Queen Liliuokalani. But one of the most beloved, and most distinguished members of the royal family served as a Member of this House, as the Delegate from the Territory of Hawaii. I am referring, of course, to Prince Jonah Kuhio Kalanianaole, and we celebrate today the anniversary of his birth 103 years ago.

Born on the island of Kauai, only a short distance from my own birthplace, Kalanianaole was a direct descendant of the last independent ruler of that island. He was made a prince of the realm by his uncle, King Kalakaua, while still in his teens.

After an education in Great Britain and official service in the monarchy upon his return, the Prince sided with his cousin, Queen Liliuokalani, during the uprising of 1893 which was lead by nonnative elements. Establishment of the Republic of Hawaii led to the arrest and imprisonment of the Prince for conspiracy. He was released in 1896.

Prince Kuhio became active in politics, eventually receiving the Republican nomination for Territorial Delegate to Congress in 1902. He won his first election, and served as Delegate in the House of Representatives from 1903 until his death in 1922.

During that period of service, Prince Kuhio introduced the first of many bills calling for statehood for Hawaii. He sponsored and saw enacted the Hawaiian Homes Commission Act. In short, he was an active, persuasive legislator, liked and respected by constituents and colleagues alike.

Through all of his years in the House of Representatives, Prince Kuhio led the people of Hawaii toward a commitment to America, and helped instill the fierce patriotism still evident today among the residents of the Island State. He nurtured the dream of statehood, which he never lived to see fulfilled.

Truly, Mr. Speaker, Prince Jonah Kuhio Kalanianaole was "Ke Alii Makaainana"—a "Prince of the People"—whose memory still serves as an inspiration to his people.

BIRTHDAY GREETINGS TO MRS. BOLTON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Morgan) is recognized for 5 minutes.

Mr. MORGAN. Mr. Speaker, the 90th birthday of Mrs. Frances P. Bolton, on March 29, offers a happy occasion for a tribute to a truly outstanding American.

Mrs. Bolton's contributions to the Nation are many and distinguished. She has been a leader in preservation of our treasured Mount Vernon area. She has pioneered improvements in nursing, health, social service, and education. She was an inspiration to her colleagues throughout her long service in the House, and she has continued her active help to others since leaving the Congress in 1969.

As a colleague of Mrs. Bolton's on the Foreign Affairs Committee, I know particularly of her valuable service in the international field. She was appointed to the committee in 1941 and served on the committee until her retirement from the House in 1969, at which time she was the ranking Republican member. During this period she carried many responsibilities in the true bipartisan tradition of foreign policy.

Mrs. Bolton was especially well known in the foreign affairs field for her interest in Africa. She was the ranking minority member of our Africa Subcommittee. Her early leadership on African affairs is still reflected in committee attention to Africa and in aspects of U.S. policy toward Africa.

I join in birthday greetings to Mrs. Bolton and look forward to her further contributions in the future.

CONGRATULATIONS TO BOB WIEDRICH

The SPEAKER pro tempore. Under a previous order of the House, the gentlemen from Illinois (Mr. Murphy) is recognized for 5 minutes.

Mr. MURPHY of Illinois. Mr. Speaker, Bob Wiedrich, a Chicago Tribune columnist, has long been recognized as a journalist with more than just a passing interest in international narcotics trafficking. Wiedrich has written several series of articles about the problem but he does so not from his desk at the Tribune but during firsthand investigations abroad.

Wiedrich's latest series in January followed a trip to Amsterdam, Brussels, and Marseilles. He reported new refining laboratories that replaced the ones abandoned in Southern France. He charged that Holland has "missed the boat" in its anti-narcotics enforcement effort and concluded that its narcotics squad is so small in numbers and so hindered by official complacency that officers are forced to operate with "both hands manacled behind their backs."

Wiedrich blamed the Dutch for the leniency of their drug laws and the general permissiveness of their people. He argued that most of the heroin, cocaine, and hashish comes to Amsterdam by courier rather than by ship over borders with no customs inspections.

Wiedrich quoted one American official's remarks about Dutch indifference to drug trafficking:

> We must keep the griddle warm and continue prodding them to get tougher.

Wiedrich himself took this advice and refused to use polite language to describe what he saw and heard. He spoke of the French police and their aggressive stance "of recent vintage," and he noted "dope deals" made with impunity in the "plush gambling joints of the expatriate overseas Chinese community in Amsterdam." He criticized Holland's police policy to ignore any case involving less than a half kilo of heroin.

Wiedrich does not rely on embassy briefings or evening receptions for his stories. His sources are close to the action, his information is hard, and his probing is relentless. He is tough but he is not tough at the expense of fairness. His hard-hitting approach is not without compassion and humor.

Most Tribune readers knew something of the old French connection and the new Dutch connection but Wiedrich gave them the facts of the drug routes in a way they can understand. Wiedrich recognizes that people will read facts and statistics but will remember the human aspects of a story.

I am including in the Record a letter to Bob Wiedrich from John R. Bartels, head of the Drug Enforcement Administration. Mr. Bartels acknowledges the contribution Wiedrich has made and congratulates him for the thoroughness of his study and the clarity of his reporting. The letter is as follows:

The Administrator,
Drug Enforcement Administration,
Washington, D.C., January 28, 1975.

Mr. Robert Wiedrich,
Chicago Tribune,
Chicago, Ill.

Dear Bob: Your series of articles on the status of the heroin threat throughout Western Europe was one of the most important pieces of journalism I have ever read. I have discussed the articles with both our Ambassador to the Netherlands, Kingdon Gould, and our Ambassador to Belgium, Leonard Firestone, who have copies of the series and have discussed it with members of the local governments.

At a time when so much journalism is superficial, you and the Chicago Tribune should be congratulated for the depth of your study and the clarity of your analysis. Even more important, I believe this series will have an important impact on the policy of those nations facing the epidemic, and in mobilizing them toward action.

Sincerely,

John R. Bartels, Jr.

GAO REPORT ON THE GREAT LAKES WATER QUALITY AGREEMENT WITH CANADA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Vanik) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, the General Accounting Office has sent to the Congress the results of a study they initiated at my request in April of last year. I was, and continue to be, concerned with the lack of progress toward realization of the goals and deadlines of the Great Lakes Water Quality Agreement of 1972. I would like to make a few comments on the report—GAO number B-166506.

The Great Lakes Water Quality Agreement, described by one administration official at that time as a "sovereign contract," was signed by Prime Minister Trudeau and President Nixon in April 1972. Both countries boasted of the great cooperative spirit that brought the agreement about and would eventually see its goals implemented. The United States, unfortunately, either because the administration thought existing funding was adequate, or because it thought that no real extra effort would be required, made no request of the Congress for moneys to specifically fund the agreement. Consequently, the agreement has had to rely completely on the Federal Water Pollution Control Act, enacted to clean up the entire country's polluted waters and fraught with administrative delays and Executive impoundments.

The GAO report title states that the two countries are now "making progress in controlling pollution from cities and towns." I must take exception to this statement—or at least with its categorical implication that the old problems have been solved and effective implementation of the international agreement is just around the bend. While there may be some small movement toward the agreement's goals, it is not what was expected when it was signed, nor is it what is needed.

Elsewhere in the report, the GAO stresses the need for greater commitment to the agreement. While it appears that the letter of the law is being met, the United States in particular seems to have so far lacked the resolve that is necessary to carry out the spirit of the law.

Specifically, while Canada, which admittedly has a smaller population, will be able to serve about 98 percent of its Great Lakes basin population with municipal waste treatment facilities by the end of this year, our country will be serving only about 60 percent. The report states that the United States trails Canada by at least 3 years in constructing needed municipal waste treatment facilities. These are huge disparities and ones that we cannot be proud of.

The unravelling of the miles of EPA redtape and the recent releases of impounded moneys can jointly mean that the United States can meet, or at least come much closer to meeting, the agreement's objectives. I hope that Members representing Great Lakes States will urge their own States to allocate additional moneys to water treatment facilities in the Great Lakes basin so that we can catch up with Canada and realize the ideals foreseen on the signing of the agreement.

I recommend the GAO report to my colleagues. Although I do not agree with the optimism expressed in its title, it does state the problems that the international agreement has encountered and must overcome to be implemented effectively.

HEARINGS ON MIGRATION AND REFUGEE ASSISTANCE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Eilberg) is recognized for 5 minutes.

Mr. EILBERG. Mr. Speaker, this is to announce that my Subcommittee on Immigration, Citizenship, and International Law will hold 1 day of oversight hearings to review the operation of the Migration and Refugee Assistance Act since its enactment in 1962.

This public hearing will be held in room 2237, Rayburn House Office Building and will commence at 10 a.m. on April 9, 1975.

This 1962 legislation enabled the United States to participate in various migration and refugee assistance programs and authorized the President to make funds available in order to meet unexpected urgent refugee and migration needs.

During the April 9 hearing, testimony will be received from Mr. John Thomas, Director, Intergovernmental Committee for European Migration, and from other public witnesses.

THE ECONOMY: TOO MUCH GLOOM?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Louisiana (Mr. Waggonner) is recognized for 30 minutes.

Mr. WAGGONNER. Mr. Speaker, it is encouraging to note that at least one knowledgeable observer of the economy sees a few rays of good news breaking through the economic dark cloud hovering over this country. We can certainly use some good economic news for a change.

Charls E. Walker, former Deputy Secretary of the Treasury and a highly respected financial expert, in his March 19 Washington Economic Report points to several factors which he believes are encouraging signs in the economy. It is interesting to note that the four factors Mr. Walker views as "on the positive side" are natural occurrences in a free market healing itself, which came about in spite of Government tinkering, rather than because of it.

In checking the plus factors of the economic vital signs, Dr. Walker notes surprising strength in the stock market, decline in interest rates, rapid inventory liquidation, and more disposable income going toward buying goods and services.

He is quick to point out, and quite accurately I believe, that we are still facing serious problems from inflation and that this Congress can worsen the inflation spiral with long-lasting damaging effects on the economy, such as in the following excerpt from his report:

> Congress by attempting to force a very rapid turn around through giant tax cuts and increases in spending, particularly for permanent projects, could promote some degree of short-run exhilaration only at the cost of long-run inflation at a rate which might be severely damaging to our social, political and economic structure.

Mr. Speaker, so that our colleagues may have the benefit of the complete text of Dr. Walker's comments, I include the March 19 Washington Economic Report following my remarks:

Charls E. Walker's Washington Economic Report

In this issue we question whether economic seers are looking at the economy with too much gloom; take a look at one of the hottest developing political issues on the Washington scene—regulation of foreign investment in and control of U.S. business; and rebut those critics who assert we can't "afford" the defense budget proposed by President Gerald R. Ford and Defense Secretary James R. Schlesinger.

THE ECONOMY: TOO MUCH GLOOM?

Both in Washington and around the country—Wall Street excepted—the economic atmosphere is so gloomy you can cut it with a knife. And, to be sure, economic seers can point to little concrete evidence that the fifth and worst of the post-World War II recessions is bottoming out. George Meany and others continue to predict 10 percent unemployment, and some forecasters view 1976 as another recession year on top of 1974 and 1975. If these pessimists are correct, then the current recession will probably deserve the label "Depression." Politically, the impact at the polls in November 1976 is easy to foresee.

The pessimists may be right. But they also may be wrong. On both sides of the business cycle, the simplistic approach is almost always to forecast a continuation of current trends. Last summer, inflation, now abating, was roundly castigated as Public Enemy Number 1 and various pundits predicted somberly that a double-digit advance in the price level was practically assured as a way of life. And, as in earlier post-war recessions, time after time the public has been lambasted with "gloom and doom" forecasts from almost every side, forecasts which turned out to be wrong. Moreover, in this age of instant communication and electronic journalism, the news of lay-offs comes right into the living room within minutes of their occurrence. This may make things look worse than they really are.

One need not be consumed by a Pollyanna-ish outlook, or have his eyes covered with rose-colored glasses, to suggest that the time has arrived for more perspective in evaluating the economic scene. The "bad news" is well known. What can be singled out on the positive side?

First is the surprising strength of the stock market. Although market trends are not as good economic indicators as some believe, one cannot help but be impressed by a market that has risen about 100 points (Dow Jones industrial average) in the face of sharp recession, high unemployment, and an inevitable drop in corporate profits. To the extent "confidence" is a factor in the length and depth of the recession, the stock market's behavior up to now is a strong plus. Some investors—quite obviously, people with money—aren't all that gloomy about the economic future of this country. Maybe they're wrong; but at least they're laying their money rather than rhetoric on the line.

Second, the decline in the interest rates is another plus factor, and doubtless one of the major reasons for strength in the stock market. To review the record since last summer: the bank prime lending rate has dropped from an all-time high of 12 percent to 7½ percent; Federal funds (reserves that banks trade among themselves) are down from 13½ percent to 5 to 6 percent; and Treasury bills have dropped from 9½ percent to close to 5½ percent. In the longer-term area, yields on municipal bonds are down one-half of one percentage point or more, as is also true of Government and high-grade corporate bonds.

The benefit of the interest-rate decline to the stock market is both direct and indirect. Directly, debt instruments become less attractive alternative investments as compared with high-yielding stocks, and some investors are induced to shift to the latter. Indirectly, the decline in the cost of the credit so important in stock market activity exerts a beneficial impact.

With respect to overall economic activity, declining interest rates are good for almost all economic sectors—housing, capital spending, consumer purchases of big-ticket items, or what have you.

Before proceeding with additional promising developments, the danger to interest rate trends and credit markets of generating too large a budget deficit in the months ahead should be strongly emphasized. For several decades economist of the Keynesian persuasion have argued that recessions automatically generate sufficient funds in credit markets to finance the Federal deficits that inevitably occur in recessions. These economists look for a repeat performance this time around.

But clearly there is a limit, and some economists who have done careful homework doubt seriously that FY 1976 deficit upwards of $75 billion can be financed without "crowding out" other borrowers. The Federal Government will get the money it needs—no doubt about that. But if this occurs at the cost of homebuilding, where recovery may begin soon, or other important sectors, the upward move out of recession might be delayed significantly, if not aborted.

One answer to this dilemma—to prevail upon the Federal Reserve to create huge amounts of new money to help finance the larger deficit—might be of some help in the short run only to lead to disaster in the long run. And even the short run benefit might be fleeting. In recent years, participants in financial markets have been rightly persuaded that too much money creation means more inflation, and more inflation ultimately means higher interest rates, especially in the long-term sector. The result is that what is deemed by financial markets to be excessive money creation in the short run could cause long-term rates to rise much more quickly than in the past.

This is not to say that a strong case cannot be made for a step-up in the rate of monetary growth. It is to say that the monetary sluice gates shouldn't be opened wide to greatly ease financing of the deficit of $75 to $100 billion next year.

Here the ball is in Congress' court. Reasonable deficits can be financed without a significant "crowding out" effect. But the "reasonable area" is much closer to the $50–$55 billion range recommended by the White House than the much larger deficit towards which Congress seems to be headed.

Third, inventory liquidation is occurring at a rapid pace. If so, a turnaround, assuming the economy does not fall completely apart, is only a matter of time.

Fourth, with inflation abating and personal incomes continuing to rise, the prospects for a reversal in the decline in real per capita disposable income that occurred throughout 1974 are promising. This could mean that the high rate of individual saving might recede, with more money going into spending for goods and services. Inflation was a big factor causing the recession. Abatement of the rate of inflation can be a big factor fostering recovery.

What all this adds up to is that the Administration's forecast, shared by the majority of economists, that recovery should set in during the second half of the year is still probably the best bet in town.

But to conclude that a downward spiral throughout this year and on into 1976 is on the low side of the odds is not to conclude that the recovery will be vigorous. Indeed, Congress, by attempting to force a very rapid turnaround through giant tax cuts and increases in spending, particularly for permanent projects, could promote some degree of short-run exhilaration only at the cost of long-run inflation at a rate which might be severely damaging to our social, political and economic structure.

FOREIGN INVESTMENT IN THE UNITED STATES: A HOT POLITICAL ISSUE

In September 1973, we warned in this letter that the American people were likely to react negatively to increased foreign ownership and control of U.S. business. We noted that although in the past Americans had sharply criticized foreigners (such as the Canadians and French) for failing to welcome large gobs of U.S. investment and control of their industry, the tradition of independence and opposition to "absentee ownership" in this country is very strong, and that our people were likely to be second to none in chauvinistically rebelling against large flows of foreign money into American industry. We predicted legislative efforts to stop such flows.

Unfortunately, we were correct. Today, several bills are before the Congress which would control such investments; hearings have been held; and Administration officials are rightly doing their best to keep "control" over such investment informal rather than formal. We wish them success, but again we're not optimistic. And since we're not, a few words of advice to foreigners—particularly those who are obtaining big hunks of foreign exchange through maintaining the price of oil at extortionate levels—might now be in order.

Recommendation No. 1: Stay away from industries that are even remotely connected with the military security of the U.S. and its allies. It's not only that the Government has a big enough hammer to stop such investment (for one thing, by depriving any such company of vital security clearances); foreign investment in such firms is just not good public relations—especially when plenty of other opportunities for profitable investment are around.

Recommendation No. 2: Stay away also from industries that the consumer identifies as closely tied to his pocketbook, e.g., food chains. In point of fact, the competition in the U.S. supermarket industry is intense, but the typical consumer thinks he's ripped off by the store owner every time he goes through the check-out line. If Middle Eastern potentates want that sort of enmity transferred to them—and they're not all that popular already—then visible control of a company that the consumer identifies as in a position to significantly affect his cost of living is a sure-fire way of staying in public view and probably incurring consumer ill will.

Recommendation No. 3: Stay away from U.S. financial institutions, especially banks. The reason is simple, and illustrated by the answer the most famous U.S. bank robber of the post-World War II period gave to a reporter who asked him why he always robbed banks. "Easy," answered Willie Sutton. "That's where the money is."

And the same goes for the foreigner contemplating investment in U.S. industry. Overt and obvious gaining of control of U.S. banks and other financial institutions by foreigners particularly from the Middle East, may cause bad public reaction and result in strongly restrictive legislation.

Recommendation No. 4: For starters, foreigners might look for some sort of "junior partnership" arrangement which utilizes raw material produced by the foreign country. If, for example, an OPEC nation were to finance a significant (but not majority) part of a new East Coast refinery, and promise to supply that facility with crude, two birds are killed with one stone. Since it's in the oil-producing country's interest to keep the refinery operating and prosperous, public trust in a continued flow of crude—a trust greatly undermined by the 1973 embargo—is enhanced. Second, such investment would be in an industry of obvious long-run importance—and as a result, profitability—in the U.S. economy.

As an example of "how to" in investing in U.S. industry, the Iranian bail-out of Pan American Airways, if it goes through fully, is a prime case. Early consultations with the right people in and out of government were extensive; the Iranians are not asking for control, but will be satisfied with only one director (out of 17) even though they purchase 13 percent of the stock and also promise a big loan to Pan Am; they get a majority interest in Pan Am's hotels abroad; and Iran has the promise of considerable technical help from Pan Am in developing its own expertise and competitiveness in air transportation.

If foreigners, particularly the oil-rich countries of the Middle East, pay little attention to the "do's" set out above and instead move toward the "don'ts," then sharply restrictive legislation in the U.S. Congress is probably just a matter of time. The oil-rich Middle Eastern nations are said to have investment advisers coming out their ears. They could use some good political advice, too.

DEFENSE SPENDING AND THE ECONOMY

Of the several arguments being advanced to support a sharp cut in GRF's budget requests to keep U.S. armed strength within shouting distance of the Russians (who are now spending considerably more on arms and manpower than we are), the contention that "we can't afford it" is weakest of all. Budget dollars are scarce; that's nothing new. But with the slack in the economy and what LBJ economic adviser Arthur Okun refers to as a possible "depression," there is clearly sufficient economic potential to sustain—or even enlarge—the defense sector without crowding out other worthy activities.

What does national defense "cost"? In economic terms, the cost is what you have to "give up" from using manpower and other resources in that sector rather than others. With unemployment rising toward 10 percent and plant utilization low, the "cost" of additional defense efforts is low. In other words, by transferring unutilized resources to the defense sector, little or nothing is lost. In terms of U.S. survival as a first-class nation, a great deal may be gained—not to mention the boost to employment and income.

Non-economists are understandably suspect of the economic concept of "opportunity" or "alternative costs" (a skepticism indirectly reinforced by the poor forecasting record of economists in recent years). But the concept is both accurate and easy to illustrate. Take the case of a family-run farm. Cultivating 30 acres of wheat means that land cannot be used for other crops; the cost of producing the former is what you give up of the latter. The farmer and his sons may have the choice of maintaining a herd of dairy cattle *or* growing pigs for market—the "cost" of doing one, given limits on manpower, feed, etc., is that of *not* doing the other. Or consider the farmer's wife: Cultivation of a large vegetable garden means less time and resources to raise chickens, can foods, make quilts and clothes, or keep house. (We are describing the typical farm life of the past, not the present. But the principles are the same.)

Just as agricultural examples apply only to a "fully employed" farm family, so do analyses of the "cost" of adequate defense apply only to a "fully employed" economy. *Today, the situation is comparable to that just before World War II, which was fought by the U.S. at "no cost" in the economic sense.* The standard of living did *not* decline, because vast pools of idle manpower and other resources were available to produce the needed military equipment and staff the armed forces. Essentially there was no "guns or butter" problem.

To be sure, 1975 is not 1939. Unemployment in the earlier period was more than twice the current level. But even today the levels of unemployment and plant utilization are such that it is wrong to say, in economic terms, that we "can't afford" the level of defense spending advocated by the Ford Administration. If these requests are cut back, the reasons should not be economic, but either because GRF and Defense Secretary Schlesinger have overstated their needs (a contention refuted by the facts of Soviet versus U.S. defense efforts).

In short, the economic arguments against maintaining our defense establishment are open to serious question.

PROPOSED RECESS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. LEVITAS) is recognized for 5 minutes.

Mr. LEVITAS. Mr. Speaker, in anticipation of the scheduled Easter-Passover recess, I proposed in this place on March 19 that Congress adjourn on March 26, and reconvene on March 31, to complete work on the tax reduction bill and on other emergency and energy proposals. The schedule I suggested would have accommodated the religious observance needs of Passover, Good Friday, and Easter, but would still permit us in Congress to complete the important legislative work before us.

Now we are still in session this evening having just completed adoption of the conference committee report on the tax bill in a somewhat hasty manner. As a result, a number of Members of the House, myself included, will not be able to participate in the observance of the Passover Seder observance. While I am fully prepared to be inconvenienced and make sacrifices to do the vital task at hand, I believe this would have been avoided and, indeed, a more productive schedule of congressional work could have been arranged at this time of unusual circumstances and national need.

"JOHNNY ALOFSIN DAY"

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN), is recognized for 10 minutes.

Mr. ST GERMAIN. Mr. Speaker, Newport, R.I., is internationally famous, and justly so, for reasons truly unique. Many know it as the playground of the very rich. Others view it as the site of famous victories by contenders for the America's Cup yacht races. The biggest, best, and brassiest jazz festivals originated, in our generation, in Newport, and the magnificent mansions lining "Millionaire's Row," Bellevue Avenue, are a glorious reminder of America's gilded age.

On Saturday, March 15, I was privileged to march in Newport's annual St. Patrick's Day Parade, so ecumenical in spirit that it allows a ST GERMAIN to participate. On the same day I attended a Bar Mitzvah in Touro Synagogue, America's oldest such house of worship and surely one of its most beautiful.

On March 15, the city council established yet another first for Newport, in declaring said day "Johnny Alofsin Day" as a tribute to the principal of the Bar Mitzvah, John Robert Alofsin, whom I have known from his early childhood. The reasons for the honor are most eloquently expressed by the Newport City Council's proclamation, with which I concur completely, and I am privileged to bring to the attention of my colleagues:

CITY OF NEWPORT, R.I.—PROCLAMATION

Whereas, Saturday, March 15, 1975, has been set aside in the City of Newport, to pay tribute to one of our native sons, John Robert Alofsin, who is celebrating his Bar Mitzvah on this day; and

Whereas, in the words of Noah Webster, Bar Mitzvah is defined as a Jewish boy who has reached his 13th birthday and has attained the age of religious duty and responsibility; and

Whereas, "Johnny", as he is affectionately known by his family and peers, was born at the Newport Hospital on April 3, 1962, the son of Fred R. Alofsin and Ruth Marie Heckman, and has demonstrated to all that he is a responsible young gentleman, having distinguished himself last summer by participating in a daring rescue in Newport Harbor when he helped save four people whose boat had capsized in high winds; and

Whereas, a well-rounded individual with a congenial personality, John Robert Alofsin not only has been a good student at the New School, but has been an outstanding member of the soccer team and also played on the hockey team; and

Whereas, we in Newport deem it a privilege to set this day aside to honor John Robert Alofsin in commemoration of his Bar Mitzvah, an event which he has studied hard for for the past three years. Now, Therefore, Be It

Resolved: That I Humphrey J. Donnelly, III, Mayor of the City of Newport, in the State of Rhode Island and Providence Plantations, do hereby proclaim Saturday, March 15, 1975, as:

"JOHNNY" ALOFSIN DAY

and call upon all the citizens of Newport to join with me in this salute by expressing to John Robert Alofsin our heartiest congratulations and best wishes upon the celebration of his Bar Mitzvah with the fond hope that he will enjoy all the best things of life in the years to come.

In witness whereof, I have hereunto set my hand and caused the Seal of the City of Newport to be affixed this 12th day of March, A. D. 1975.

HUMPHREY J. DONNELLY, III,
Mayor.

PERSONAL EXPLANATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DE LA GARZA) is recognized for 5 minutes.

Mr. DE LA GARZA. Mr. Speaker, when a weather front moves in here with resulting well-known traffic disruption and flooding in the Washington area it also causes problems for somebody who is hurrying back from 2,000 miles away to vote.

On Monday of this week my plane could not land at National Airport because the ceiling was too low—being rerouted to Dulles, getting a bus, a taxicab, missed connections, and pouring rain caused me to miss several votes in the House that day.

But it was a pleasant weekend at home where I attended the 50th anniversary of the cornerstone laying at Texas A. & I. University at Kingsville. Texas Gov. Dolph Briscoe as well as several members of the State legislature and other State and local officials attended. Moving on from that point, that evening I addressed the annual Falfurrias, Tex., Chamber of Commerce dinner—a real pleasure and a great opportunity to receive on-the-ground opinions from concerned citizens.

Leaving that part of the district I traveled south and west to Starr County on the banks of the Rio Grande where I had the honor of addressing the Rio Grande City Rotary Club—substituting for Federal District Judge Reynaldo Garza—honoring the selection of the First Lady of South Texas, Mrs. Juan Hinojosa, of Rio Grande City.

The following day there was another major occurrence in the Starr County area—one of the poorest counties economically in the Nation—when on Sunday I dedicated a beautiful new hospital for the people of Starr County.

Construction of the hospital was made possible by Hill-Burton funds—providing tremendously needed bed space for a county hitherto served by a small privately owned clinic. The accomplishment of the construction of the hospital was due to the indomitable efforts of Dr. Mario Ramirez—an outstanding general medical practitioner, an indefatigable worker who is on call 24 hours a day together with his partner to meet the medical requirements of the county and who also serves capably and honorably as Starr County judge.

Mr. Speaker, there were other meetings and many people to see within that period, but this was a typical weekend visit at home, from landing at Corpus Christi, to my departure from Brownsville on Monday morning at 6:45 a.m.

"CONGRESSWOMAN" GWEN ALEXANDER

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 10 minutes.

Mr. ALEXANDER. Mr. Speaker, among the duties of the spouse of a Congressman include housewife, politician, schoolroom mother, congressional tour guide, cook, impresario, carpool driver, substitute teacher, receptionist, and correspondent. One of the recent letters to the "Congresswoman" is germane to one of the most important issues in America today. I recommend its message to my colleagues:

DEAR MRS. ALEXANDER: Having just arrived home from grocery shopping and Christmas now over, I felt a compulsive urge to sit down and review my blessings. Even though prices are up and continually inflating week by week, I feel fortunate that my husband can still provide for our family. The reason being very simply that "we do not spend more than we take in." I might add, that my husband, in directing his company, has always done so with the same theory, "never spend more than is received." As I review the past, and consider the present, it seems the only time the United States is going to be free from this cancerous inflation in the future is when our government leaders begin to adhere to this very simple and basic rule of thumb in the management of our government.

The reason for my letter to you is that I feel you, more than you realize, influence your husband everyday, and I think it is time that all Senators and Congressman alike start practicing conservation of our Unnatural Resource—namely Tax Money! We housewives know we cannot manage our home with unsound business principles, and I feel this same rule applies to small business, big business, and the biggest business of them all, the United States Federal Government.

With the above in mind, I pray you and your spouse will know what can be done in Washington to "light one candle" towards eliminating the darkness of Inflation.

Very truly yours,

Mrs. MARY POHLMAN.

INSTITUTE FOR EDUCATIONAL LEADERSHIP NARROWS GAP BETWEEN POLICY AND PRACTICE

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, for the past decade I have had the privilege of serving on the national advisory board of the George Washington University's Institute for Educational Leadership—IEL—and its predecessor organizations, Washington Internships in Education—WIE—and educational staff seminar—ESS. The institute is a unique organization; it exists to assist educational policymakers in Federal and State governments in being more effective in meeting their responsibilities.

As everyone in public life knows, there is always the danger of having one's heavy workload crowd out and obscure the objects of one's labors. Thus, it is possible for legislators to become so entrapped by busy schedules and bill drafting that they may fail to see the needy and the aged, the children and the unemployed, the persons, whose concerns are, after all, what the legislative and governmental process is all about.

Consequently, the Institute for Educational Leadership is devising a variety of educational formats to help policymakers keep their eyes on the real target; serving people. IEL seeks to achieve their objective by carefully constructing field trips so that harried administrators and legislative aides can get out from behind their desks to see at first hand the concerns of the Nation.

Grant-makers are enabled to interact with parents, students, and community leaders as well as with heads of interest group and thus obtain a personal view of the problems that they are supposed to solve.

Mr. Speaker, several members of my staff and that of the Committee on Education and Labor have remarked how these experiences have helped to make our legislation more realistic and, at the same time, more sensitive to human needs.

IEL also helps State government officials to meet their counterparts in the Federal Government and to discuss State-level issues with key education group leaders and out-of-State resource personnel. IEL programs now operate in 24 States.

The institute sponsors many other useful experimental efforts, each designed to narrow the gap between educational policy and practice: a series of 1-hour programs carried over most of National Public Radio's 176-station network; an educational policy internship program which enables professionals in midcareer both to learn about and serve in public policy posts in Washington and several State capitals; several analytical task forces designed to help policymakers learn more about the state-of-the-art on particularly vexing policy questions.

Mr. Speaker, I must also here note the outstanding leadership given to the institute by its director, Dr. Samuel Halperin, who served in important positions of responsibility in the Department of Health, Education, and Welfare and is widely respected for his knowledge of the role of the Federal Government in education.

While the institute is doing worthwhile ground-breaking work in educational policy, I also believe it is setting useful examples for the improvement of policymaking generally. Thus, health staff seminar, and similar programs in energy, welfare, and manpower are helping to improve communications among those who make public policies, those who have original ideas and expertise, and the people who are to be served by the policies.

Mr. Speaker, because I believe Members will be interested in learning more about the Institute for Education Leadership and its programs, I enter into the RECORD at this time an article on the institute published in the February 1975 issue of Change magazine. The article, by William McNamara, follows:

THE INSTITUTE FOR EDUCATIONAL LEADERSHIP

(By William McNamara)

Where have all our leaders gone? In an essay published recently by the *Washington Post*, Harry McPherson ventured the opinion that "none of our national problems can be successfully tackled unless we act to some degree collectively, upon the recommendations of genuine leaders." Whether leaders are born or made, the former aide to President Johnson lamented, "they require a reasonably hospitable climate to grow in, and on the evidence ours in not such a climate today."

The forces at work in the academy—the consuming concern for survival on the one hand, and the intellectual tradition that engenders suspicion of leadership on the other—have done litle to make that climate more nourishing and hospitable. Educators are being scolded rather regularly these days for their failures in this regard. Politicians say they can't get solid data or unified position statements from the educational establishment. And some media spokesmen, responding to the complaints of educators about the dearth of education news coverage, remind academics that the great issues of contemporary society seem to be receiving scant attention from campus scholars.

Educators accuse politicians of being blatherskites, compromisers, and opportunists. In turn, politicians see educators as stuffy, sanctimonious prigs who are out of touch with reality. These stereotyped animosities are usually expressed across the great chasm of unknowing that separates the antagonists' two worlds so that they never give issues their mutual attention. And the leadership that must be there in embryo is stunted and shriveled.

What is to be done about this unsettling condition? Samuel Halperin, who wrote compellingly of the "shared disdain" between politicians and educators in the November 1974 *Phi Delta Kappan*, directs a Washington enterprise that deals with the problem directly and effectively but that is not without its own frustrations and shortcomings.

Halperin's Institute for Educational Leadership (IEL), operated by George Washington University and supported by a Ford Foundation grant, seeks to strengthen leadership in American education at the policy level in the federal government and in the states. Basically, IEL is a communications broker between the education people and the policy makers in government. It brings people and ideas together and becomes the neutral catalyst for "reasoned discussion and intellectual inquiry" or—again using Halperin's earnest language—"mobilizing as much wisdom as can be harnessed to the pragmatic needs of the political process."

Founded in 1971, when the leadership picture was as bleak as a Washington without French restaurants, IEL has a staff of 10 professionals who divide their time among a number of adult educational programs, some of which were launched separately and swam along more or less on their own till IEL emerged a few years ago as the overall policy planning and coordinating agency. Ironically, IEL's effort to nurture educational-political leadership was itself more the product of exigency and uncharted growth than of any leader's vision. (George Washington President Lloyd Elliott and Norman Drachler, first IEL director, along with foundation staff, were instrumental in the institute's early development.)

The one program that addresses itself most directly to the leadership crisis in Washington is the Educational Staff Seminar (ESS), whose training sessions and field trips are designed to enlarge the perspectives and sharpen the perceptions of people who affect education policy in their jobs. Participants include congressional staff members, professionals from the Office of Management and Budget and special assistants to the president, Office of Education Officials, and staff from agencies like the National Science Foundation and the Smithsonian Institution.

In his book, *Self-Renewal*, John W. Gardner noted that as organizations and societies grow in size and complexity, the men at the top depend less and less on firsthand experience and more and more on heavily processed data, and the picture of reality that sifts through to them "is sometimes a dangerous mismatch with the real world." Gardner recommends that "every top executive and every analyst sitting at the center of a communications network should periodically emerge from his world of abstractions and take a long, unflinching look at unprocessed reality."

Halperin knows and respects Gardner, and quotes him liberally. Also, he believes that ESS provides the setting and resources for that unflinching look at "unprocessed" reality. Reports indicate that most of the people who get involved in some 65 to 70 programs each year are pleased with the results. The fly in the ointment is this: the program touches the men at the top only on occasion and by indirection. In a recent interview, Halperin acknowledged that this is the case, and he is intent on doing something about it. "We have to find a way to restore confidence and trust in and among the top echelons of the system," he avowed, making clear that the subject engages his considerable problem-solving skills. According to colleagues, the prospects of amelioration—if not remedy—are bright.

Meanwhile, the second-echelon people who take part in the program have more influence than many realize, for they originate ideas they then can develop into laws and regulations. Their stamp, more often than not, is on the finished product, this argument goes. And the argument, though overplayed at times, is far from specious.

Former ESS participants are apt to wax enthusiastic about their experience: "A clear case of immediate proof of the efficacy of the seminar concept," said one. "In making our policy here at the Pentagon," said another, "we too frequently operate in a vacuum; (field) trips of this kind serve to blow the cobwebs away and cause us to rethink some of the things we are doing."

Charles Saunders, who recently moved from the Department of Health, Education and Welfare to the American Council on Education as director of governmental relations, thinks ESS "has made a real difference in the whole process of education decision making in Washington. It has stimulated a whole new set of relationships and a broader mix of ideas and options."

When I worked on the development of the National Defense Education Act as a Senate staffer in 1958, the only contact we had with the House side was in the final conference. This situation had changed little when I returned to HEW in 1969 as deputy assistant secretary for legislation: committee staffs in the House and Senate had almost no dealings with each other, and had little personal contact with program officials in the executive branch. Aside from formal hearings, there were very few opportunities for executive or legislative staff to explore the impact of federal programs on the people and institutions in the field, or to discuss education issues with scholars and practitioners."

Most participants place the highest value on the opportunity to meet and understand people and positions they ordinarily encounter only in adversary situations. The ESS format combines dinner discussion meetings with visits to notable educational institutions and experiments—visits to places as distant as England and the Soviet Union.

In an address to state associates of the institute, Halperin said: "In a political environment increasingly unsure of itself, increasingly uncertain about the role of governments in helping to solve educational and social problems, IEL affirms that men and women cannot stand idly by and watch the slow—or nowadays the rapid—erosion of our educational system and our policy. When IEL talks of educational leadership, that is another way of expressing our personal and institutional commitment to the propositions that there is work to be done, that people *can* make a difference, that the human intellect *can* devise solutions to difficult problems, and that leaders are those with the moral courage to take risks in pursuit of those solutions. . . . In a word, we tell our constituents that they exist not to hold a job, but to *do* a job."

IEL's constituents, besides the ESS participants, include Washington interns (about 30 a year) who are assigned to public or private agencies and who participate in seminars and field trips; 26 associates who arrange forums at the state level comparable to ESS in Washington; members of the Leadership Training Institute who examine such problems as the training of minorities and other neglected groups; and National Public Radio (NPR) listeners who enjoy IEL's "Options on Education," a series coordinated by John Merrow, which has generated the greatest response in NPR history. With a grant from HEW's Fund for the Improvement of Postsecondary Education, IEL has also set up a convening authority to arrange a national conference on the policy conflicts inherent in "reconciling public demands for diversity in postsecondary education."

Difficult as it is to assess the overall impact of the institute's work, the Washington interships in Education program in its 10 years has reached 187 young persons. Their ranks now include the executive director of the American Educational Research Association, the superintendent of schools in Dallas, a program officer for the Ford Foundation, the director of the California Right to Read program, and the director of the New England Equal Education Center. The trend toward state activities is encouraged by Halperin, who keeps his eye on all significant developments in higher education and government. (Before joining IEL, he was deputy assistant secretary for legislation at HEW.)

McPherson wrote that "a society without barons is in danger of being ruled by a king—by a man on a white horse who thrills its leader-hungry people, and who is unchecked by other persons of esteem." IEL may be just the answer for developing barons sufficiently strong and effective that they can dull the nation's appetite for a thrilling white horse and rider on the horizon.

THE EXPLORATORIUM AND OTHER WAYS OF TEACHING PHYSICS

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, in a recent address, Frank Oppenheimer, director of the Exploratorium in San Francisco, discussed this unusual museum, which is designed to allow the visitor to interact with materials in the sciences, technology, and arts.

Dr. Oppenheimer notes that exposure to the Exploratorium frequently prompts a greater interest on the part of visitors in more formal study of areas such as physics. But, he adds:

> The Exploratorium is not an alternative to school; it is adjunctive to it and is conceived to accomplish educational and cultural objectives that are difficult if not impossible to achieve in school. It can, I hope, even open the eyes of visitors to a realization that science is an essential part of culture and enlightenment.

Mr. Speaker, the address by Dr. Oppenheimer is an eloquent commentary on the unique educational opportunities available through museums and on the need for greater public support to our museums of art, history, science, and technology.

Mr. Speaker, I include Dr. Oppenheimer's remarks at this point in the Record:

The Exploratorium and Other Ways of Teaching Physics

(By Dr. Frank Oppenheimer)

My experience at the Exploratorium has strengthened my belief that it is possible to divide up the tasks of public education. At present public education means primarily school education. Schools are places where there are classrooms, teachers, and registered students, and where the basic unit for learning is a course. Schools are not getting better fast enough and part of the reason for their troubles may lie in the fact that all the tasks of education . . . and some that lie outside the normal interpretation of education . . . have been dumped on them.

FUNCTIONS OF THE SCHOOL

Schools are expected as a minimum to do all of the following tasks (some of which are mutually exclusive):

To make learning seem worthwhile.

To teach skills: the three R's, drawing, manual dexterity, athletic competence, health care, interpersonal relationships, typing and bookkeeping, music, laboratory experimentation and many more.

To cultivate values: fairness, competitiveness, diligence, patriotism, internationalism, patience, ambition.

To transmit the culture with an overview of history, music, art, science, government, interpretations of current events.

To produce a generation that can adapt to the dominant culture and to produce individuals who are inventive, creative and interested in righting the wrongs of society.

To develop physical as well as mental fitness and to produce athletic teams which are capable of giving adults the vicarious pleasure of being on a winning side.

To devise programs for the special needs of gifted or retarded students, of minority histories and culture, and of physically handicapped children.

To keep young people off the streets or out of their parents' hair.

To compensate for deficiencies in urban housing and planning by eliminating prejudice in the classrooms.

To certify students as qualified for employment or further education.

This list is certainly not exhaustive but even as it stands, it is clear that not all of these demands on the school need to be done in school or can best be done in school.

Large scale public education took root in the United States during the mid-nineteenth century. At that time it was quite appropriately thought of in terms of "schooling". Today the concept of public education could be expanded to include all systematic possibilities for learning. The seeds for this broadening are already planted and need only to be cultivated.

DIFFERENT EDUCATIONAL DISTRICTS

Public education could quite readily be conceived as being implemented by a group of adjunctive systems . . . systems which had a variety of ties with each other but were not a part of one another . . . systems which, collectively and individually, self-consciously take their educational responsibilities and capabilities seriously.

In addition to a School District in each community, one could have a Library District, a Museum District, a Recreation and Park District and an Educational Television District. The self-consciousness comes in because each district could have a curriculum . . . not a required curriculum but also not a poorly thought out miscellaneous collection of items. Each district could ask itself, "What is it we would like to teach or what do people want to learn? What gaps do we have to fill in, what parts can we leave out, what domains can we add?" With the establishment of a conglomerate of districts for public education, the schools would be able to orchestrate the use of these facilities for their students; even more importantly, the students could more readily take on the responsibility of managing their own education.

ADJUNCTS TO SCHOOLS

At a recent meeting of curriculum development project directors that was called by the National Science Foundation, most of the panels discussed course curricula appropriate to various levels of schools. However, one session and group of panels was devoted to alternative education Alternative is not quite the proper word; museums or television programs are not in any way alternative to schools and schools are not alternative to museums. They are adjunctive to each other, and can supplement one another in a way that is clearly suggested by one of the panelists who claimed: "At the turn of the century Americans were experience-rich and information-poor; now most people are information-rich and experience-poor." Television and schools can provide readily available information. Museums, on the other hand, can be rich in experience. Yet all too often the potential of exhibits as educational facilities has been ignored. Even the self image of museums has been one of a showcase for things that should be preserved rather than that of a collection that provides opportunities for involvement.

The Exploratorium in San Francisco provides an extraordinary collection of interrelated experiences that are connected with the traditional content of science courses. Our core theme of human perception is fundamental to all attempts to find out about nature. It quite naturally expands to exhibit areas devoted to light, sound, motion, electricity, neurophysiology and mathematical phenomena. The exhibits embody interesting technology and many of them also embody the special sensitivity of artists to natural phenomena and patterns. My own previous experience as a teacher and a participant in a variety of curriculum development projects has influenced the selection and structuring of the material on display. The material is not organized sequentially as it would be in a course but is conceived more holistically as is appropriate for a museum. Nevertheless, the material on display can be used to provide the experiences and demonstrations for an astonishing variety of formal instructional sessions.

But despite this richness, the Exploratorium does not accomplish what a traditional physics course can do. It can make people want to take a physics course, and, in fact, several of our non-science trained staff members have done so after having worked here for awhile. It can stimulate curiosity; it can provide the familiarity with nature that forms the basis of physical intuition; it can show the same basic phenomena in such a variety of special contexts that it is easy to take the next step to the formation of abstractions and conceptual unification. It can stimulate a fifth grader to say, "I learned more science here today than all year in school" or an adult to exclaim, "Maybe I would have liked science if it had been taught this way." Certainly many people of all ages, including physicists, become more conversant with the phenomenology and even the ideas of physics through visits to the Exploratorium than they do from traditional college science courses.

But the Exploratorium does not teach many aspects of physics. It does not teach the strategies for thinking quantitatively about nature. We can show that motion can be described by velocity, acceleration, momentum and kinetic energy. But we do not show how to select appropriate strategies, and how to decide whether to attack a problem by Newtonian force-acceleration, kinetic-potential energy considerations, or variational methods of least action.

People do not learn how to make good measurements or even the importance of measurement. They learn almost nothing of what could be learned by reading Whitaker's *History of the Theories of the Aether and Electricity* or Rutherford's collected works or Bohr's discussions of complementarity. (At least they do not learn these kinds of things from the exhibits. We do, of course, sell books and Scientific American reprints. We also sell lenses and prisms and magnets that they can take home or to school.) The Exploratorium is not an alternative to school; it is adjunctive to it and is conceived to accomplish educational and cultural objectives that are difficult if not impossible to achieve in school. It can, I hope, even open the eyes of visitors to a realization that science is an essential part of culture and enlightenment.

The general pedagogical advantages of the Exploratorium are not necessarily unique to this institution. They are or could be included in art, natural history, anthropology and history museums.

I will not use this occasion to enumerate those parts of learning physics which could best be organized in television and film programs or in library book arrangements or park and recreation facilities. Certainly there would be some overlap and redundancy between the roles of the adjunctive systems that I have proposed as a utopian concept for public education.

PROBLEM OF CERTIFICATION

I do want to discuss the major obstacle to the establishment of this broader concept for public education. Each one of the adjunctive systems would have to be financed and there is little hope of doing so if the total of the expenditures were to be prohibitively more than that which is currently spent for schools, museums, library, television and park systems.

The financing problem would probably be solvable if one could overcome an even more crucial obstacle to the suggested utopia. It is the obstacle of certification. Enlightened attempts at educational improvement during the past half century are replete with schemes that have plunged into darkness because they could not meet the demands for certification of the students. No one ever flunks a museum or a television program or a library or a park . . . but they do flunk a course . . . they do "flunk out of school". Only schools can certify students; only certified students can progress. As a result only schools are conceived as public education. Even Government Surplus property is available only to accredited degree granting schools. As far as I have been able to determine the only funding that can be provided by the Office of Education must come through channels that are initiated by the school system. Fortunately things are beginning to open up a little. The National Science Foundation and the Endowment for the Arts and Humanities have found niches through which they can fund educational endeavors that do not necessarily originate in or through schools.

I would like to suggest that the current mechanisms for certification are not only stifling to educational progress but that they are also extraordinarily costly and wasteful.

UNNECESSARILY EXPENSIVE

Certification is an impediment not only as applied to graduates from schools but also within the school structure itself. Some years ago I tried to help a senior physics major at the University of Colorado to take a course in genetics. It was impossible because he had not had a course in introductory biology. The student was well read in biology and might have been able to pass a Biology I examination but this circumstance is irrelevant to the main point. The student needed only a small fraction of the material in Biology I to fully benefit from a course in genetics. He did not need all of Biology I to benefit from a course in genetics. It would have been unnecessarily expensive for him to take the elementary course in terms of teacher time, lab equipment, classroom space and the student's time and money.

Most courses use only bits and pieces from prerequisite courses. Today with the evolving gadgetry of programmed learning, computer assisted instruction, films and interactive television, these missing bits and pieces can be filled in even more readily than has always been possible with reference books alone. In fact this kind of gap-filling seems to me the most legitimate use for "Sophisticated Educational Technology". Students would have to be informed as to what was expected of them when they enroll in a course, but it would certainly reduce the overall cost of schools if the students were allowed to start wherever they wanted to and be responsible for rectifying their own particular deficiencies.

The demands for external certification are even more wasteful and pernicious than the internal requirements. In an overwhelming number of instances the demands of an employer for a high school diploma or an advanced university degree do not stem from any conviction on the part of the employer that the individual will have learned what is needed to do his job well. In these instances the diploma serves merely as a guarantee that the person has the stamina and temperament to put up with guff for twelve or sixteen or twenty years and is, therefore, not a bad risk for one-the-job training or trouble-free employment. Why should the educational system have to pay for such a certificate and all the hundreds of standardized and non-standardized tests and requirements that it rests on.

When I attended Johns Hopkins University in the early thirties they were struggling with the educational impediments imposed by the requirements of certification. They gave a smaller collection of grades than usual (Honor, Pass and Fail) and an undergraduate thesis replaced a detailed list of required courses. After I left Hopkins they went even further. A faculty committee was assigned to each student. The student could graduate if and when he was intellectually mature enough to do so in the opinion of this committee. This experimental procedure was very-short-lived. The pressure from employers and graduate schools forced a return to the standard method of keeping track of students and certifying their diplomas.

THE PRESENT RIGAMAROLE

The present rigamarole of certification is so ingrained in our thinking that it is impossible, even for me, to really conceive how the world would run without it. But I think it could. I have never been an employer before but the Exploratorium is such a unique situation that no one who works here was ever really trained to do what is required of them much less certified as being proficient at it. We waste some money by engaging the wrong people for a specific part of the job (probably no more than if we accepted only graduates of a hypothetical museum school) but it seems to me more fitting that we waste money in a few instances than it would be to place the burden of a much more pervasive waste on the entire educational process.

Without the incessant stages of formal certification that we now practice, students would have to be provided some understanding of what could or might be expected of them. There are many ways of providing this understanding. One of the best and healthiest is to promote more contact with and exposure to adults than is now usual for young people. Surely youngsters learn what is achievable in competitive sports by watching older children and by watching athletes perform in stadia and over television. There is no reason that the same degree of norm-building could not be available for intellectual, artistic and craft performance.

Without the present emphasis on certification, colleges, graduate schools and employers would bear the burden of learning what they could about each individual. Applicants would have to describe what they had learned and not what courses they had taken or degrees they had been granted. Certification is often mistakenly associated with the establishment of high standards. It is certainly appropriate that educators establish high standards for their own performance and even work collectively to maintain specific pedagogical standards for their institutions. But high standards in education need not be considered equivalent to high standards in manufacture which are expected to provide a money-back guarantee for the product. Acceptance of applicants could well be influenced by what school they had attended without any record of the performance of the applicant in school. However, applicants would by the same token feel that it was important to relate all their educational experiences, the books they like, the television programs they had watched, the museums in which they had spent time. The resultant process of selection might appear to be more costly to an admissions division or to a personnel department, but the actual cost to society would be much lower than the present system. Not only because so much is now certified about each individual that is irrelevant to a specific application, but because schools have been asked to do all of education, much of which could be done more efficiently in other environments.

I have belabored the matter of certification so elaborately because the requirements of school certification solidly block the broadening of public education to include adjunctive educational possibilities that could be so effective and so helpful. Without the insistence on in-school certification, the schools themselves could be more effective and far less costly. Both local and national funds could go much further if they were diverted from the demands of certification and were applied to the broader range of educational environments that have been developing during the past half century.

Kids play hooky from school to come to the Exploratorium. That is supposed to be bad, but I think that it is great.

A BILL TO AMEND THE FEDERAL WATER POLLUTION CONTROL ACT

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROUSH. Mr. Speaker, I am today introducing a bill which would amend the Federal Water Pollution Control Act because some communities, especially small ones, have been caught in an unnecessary and unfair bind.

In 1972 when the Water Quality Amendments were enacted, the Congress decided to terminate the so-called reimbursement program under the municipal sewage treatment grant provisions of the old law, but to appropriate funds for making reimbursement grants to those communities which had already begun work under the old program.

A few communities, which were proceeding under the reimbursement grant program were caught in the transition period and, despite the fact that they had acted properly and in good faith, they found they were not eligible to receive their share of the funds appropriated to close out the program. In almost every case these were small communities, in many cases operated by part-time city officials with neither the resources nor the staff expertise to meet their problem.

Their problem is that section 206a requires that construction of a project must have been initiated between July 1, 1966, and June 30, 1972, if it is to be eligible for reimbursement. Yet, the 1972 law did not pass until October of that year.

In my home State, Indiana, three communities were caught in this unfortunate situation, one of these is in my district. The situation in LaGrange is typical. Under order by the Indiana Stream Pollution Control to install phosphate removal equipment, they decided to provide the equipment and apply for a reimbursement grant. An engineering firm was employed, plans were drawn up; these were submitted to the State agency and the Environmental Protection Agency. An advertisement for bids was published and a contract signed. However, the contract was signed on July 3, 1972, 3 days after the imposed deadline for initiating construction. This did not become clear to LaGrange, however, until the EPA refused to accept an application for reimbursement on the basis of the July 3 contract date.

In the case of LaGrange, and I suspect most other communities which find themselves in similar circumstances, the amount of the possible reimbursement is not large—in this case $35,000. To LaGrange, however, this represents nearly 1 year's gross revenue from the entire sewage treatment operation and it is a large sum to LaGrange residents.

Thus my bill today would provide that the cutoff date should be not July 1, 1972, but effective with the passage of the law, October 18, 1972, to protect some of these small communities which were well on the way with their designs and plans when they were hit with what amounts to a retroactive dateline.

Second, my amendment also allows those communities which fall under the provision of this amendment a reasonable amount of time, namely 6 months, to file initial applications for reimbursement once this amendment is passed.

I think we are simply righting a legislative wrong by passing this simple bill.

SUPPORT OF RESEARCH FOR INFERTILITY PROBLEMS AND INFANT METABOLIC TESTING TO PREVENT MENTAL RETARDATION

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, while we do so much for contraception, we do relatively nothing for fertility. It is estimated that one out of seven couples—3½ million couples—are unable to have children. In addition, there are over 2½ million couples whose female partner has difficulty conceiving or carrying a child to term. Many of these married couples would like to have children and are unable to. They should be able to find medical assistance to help them have children as easily as others can to limit theirs.

At the present time, it is our understanding that any federally funded infertility service deals only with interconceptual care between pregnancies. Existing family planning services are primarily designed to prevent the cycle of unwanted children. The support they have offered has been contraceptive in nature including programs to distribute birth control devices or drugs, making it possible for families to space their children if they wish. Federal programs should deal with more than contraceptive care. The legislation Dr. CARTER, the gentleman from Kentucky, and I are introducing today would establish programs to assist research in fertility, sterility, and the reproductive process.

In 1973 in the United States for the second consecutive year, birth rates as well as fertility rates fell to their lowest points in history. The population "replacement level" of 2.1 children per family dropped to 1.9. Births in the United States were the smallest number since 1945. The number of marriages for 1973 showed the smallest increase since 1959.

We are putting millions of dollars into limiting the size of families and I support that. But there are those childless couples—12 million people—who would like to have a child but are unable to. The state of present medical knowledge is such that many families can be helped. We want to help them and such research programs would provide the needed assistance.

The cosponsors of the bill Dr. CARTER and I are introducing today are: Ms. ABZUG, Mr. BRODHEAD, Mr. BROWN of California, Mrs. BURKE of California, Mr. DOWNEY, Mr. EILBERG, Mr. FRASER, Mr. HARRINGTON, Mr. HICKS, Ms. HOLTZMAN, Mr. MELCHER, Mr. NIX, Mr. OBERSTAR, Mrs. SPELLMAN, and Mr. WIRTH.

Dr. CARTER and I are also introducing another bill which provides that all federally assisted hospitals routinely perform certain tests on newborn infants in order to detect metabolic disorders that could retard brain development. The tests to be administered to the infants are for phenylketonuria, homozygous sickle cell disease, branched-chain ketonuria, galactosemia, homocystinuria, adrenosine deaminase deficiency, and histidinemia.

Most of these diseases are related to an inability to use amino acids and are treatable if not curable. Phenylketonuria which can lead to retardation is definitely preventable as is galactosemia—an inability to digest lactose—which untreated can cause blindness and cataracts.

These metabolic diseases affect a significant number of children. We must do what we can to see that the disease, where it exists, is identified and treated. Many of these children can be saved, at little cost. Think of the parents' joy in having their child saved from a life of ratardation and think of the child enabled to live a full and healthy life. Newborn testing and identification of existing conditions is an incalculable investment in the future of our children.

Recently, the president of the National Association of Retarded Citizens, Marion P. Smith, in an address to that organization's 25th annual convention, said that it is possible to prevent 50 percent of the cases of mental retardation by prenatal and postnatal infant care, proper diet and testing for metabolic disorders.

This bill is modeled on the New York State law which was signed into law in September 1974 and whose sponsor was State Senator William Conklin.

The cosponsors of this bill are: Ms. Abzug, Mr. Blouin, Mr. Brodhead, Mr. Brown of California, Mrs. Burke of California, Mr. Downey, Mr. Eilberg, Mr. Ford of Tennessee, Mr. Fraser, Mr. Harrington, Mr. Hicks, Mr. Melcher, Mr. Mollohan, Mr. Nix, Mr. Oberstar, Mr. Rodino, Mrs. Schroeder, and Mrs. Spellman.

HOME HEALTH CARE—PART V

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 60 House cosponsors I have introduced H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators Frank Moss and Frank Church, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, Hugh Scott, Senate minority leader, and Senators Williams, Domenici, and Tunney.

To discuss the need for home health care and the public support this proposal is receiving, it is my intention to place statements in the Record several times a week by experts and lay persons commenting on the legislation.

This is the fifth in the series:

[From the New York Times, Mar. 24, 1975]

About New York—Such Good Friends

(By John Corry)

He was 90, and so was she, and although their union had never been solemnized by marriage it certainly had been sanctified by time. They had lived together 40 years, and now she was bedridden, her sight and hearing failing, and he was arthritic, unable to go up or down a flight of stairs. As best he could, however, he looked after her.

"Hello, Captain," Dr. Philip W. Brickner said to him the other day. This was at a brownstone on West 12th Street where the old man and woman lived. Once, the man had been an officer in His Majesty's Connaught Rangers.

"Come in, come in," the man said. He was leaning heavily on a cane, and he led Dr. Brickner and his companions, Sister Teresita Duque, who was a nurse, and Gloria Rich a social worker, into the bedroom. The old woman on the bed didn't move.

"Love, may I take your blood pressure?" Sister Teresita said to her.

The old woman's eyelids fluttered, which was a small sign of recognition. Once, she had been a successful writer of children's books.

Then Dr. Brickner examined her. She wore socks and red booties under the bed clothes, and she was very neat and clean. The captain had seen to that.

"Are you able to sleep much?" Sister Teresita said.

"No, but I close my eyes, and it pleases the captain,"the old woman said. In a real way, they were still lovers.

Dr. Brickner, meanwhile was examining the captain. Besides the arthritis, he had congestive heart failure, but he was still a remarkably cheerful man.

"Ah, the Irish," said the captain, who had been born in Londonderry, "they don't know what they want, and they won't be happy until they get it."

Now the captain and the old woman, despite their backgrounds, were not singular cases, and at least they had each other. All over New York there are people like them, unable to leave their homes, sharing a fierce independence, and unwilling to go into nursing homes. For the most part, they are alone, and they never see doctors.

About two years ago, St. Vincent's Hospital began to seek out people like this, and in the Chelsea-Greenwich Village area so far they have found 263 of them. There are many more, of course, throughout the city. The extraordinary thing is that hospitals in New York have never sent a doctor, nurse and social worker into their homes before.

"We tore the veils away from our eyes," Dr. Brickner says, "and we realized that there are groups of medically untreated people. Most of them are totally impoverished, and they value independence even more than life itself.

"They don't want to go into nursing homes, and most of them have been loners all their lives. They're without family or friends, and they'd rather die alone than have to reach out for help."

St. Vincent's does not charge people it helps, and under the rules it cannot charge Medicaid because Medicaid will not reimburse a hospital for caring for a patient in his home.

The odd thing here is that Medicaid patients in New York are kept in nursing homes for something more than $800 a month. St. Vincent's has found that it can keep a patient at home for less than one-third this amount, including the cost of medical care, rent and food.

The savings, obviously, are significant; so are the human benefits. Representative Edward Koch has introduced a bill in Congress that would allow Medicaid to reimburse a hospital for treating a patient in his home, and if it passes, then other hospitals might do what St. Vincent's is doing.

On the day that Dr. Brickner, Sister Teresita and Mrs. Rich visited the captain and his lady, they also visited a woman in a housing project on West 27th Street. She was very frail and had a great cloud of white hair, and when the people from St. Vincent's walked into her apartment she was lying in bed.

"What are you doing in bed? Isn't your heart beating?" Dr. Brickner said.

"Oh, it's always beating," the frail woman said.

"You talk too much," Dr. Brickner said.

"How am I making out?" the frail woman said.

"You're terrific," Dr. Brickner said.

The frail woman had once been in a nursing home, but if she had stayed, she said she would have died. She was now 101 years old.

DR. CANDELA RESPONDS: JUDGE FOR YOURSELF

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, on March 10, 1975, I placed correspondence in the Congressional Record that I had with Dr. Lester J. Candela, executive director, of the Medical Society of the County of Queens, Inc. In doing so, I brought to the House's attention the refusal of a physician to come to the hospital to examine a patient during the day of his admission to the intensive coronary care ward of a hospital in New York City. This seemed to me to be a risky procedure for someone sick enough to be admitted to the intensive coronary care ward of a hospital. The question I raised was whether the doctor had acted properly under the circumstances. I also commented on the difficulty of getting doctors to make home visits and asked whether this now applied to hospitals as well.

I thought it worthwhile to write to the medical societies of the five counties of the city of New York to get their point of view on the matter. One of the replies was from Dr. Lester J. Candela; I placed his response in the Congressional Record on March 10 with some comments of my own. Dr. Candela felt that my comments were unfair, as well as my interpretation of his March 10 letter—which while I quoted from in my statement, I placed in its entirety in the Record. Dr. Candela has written a rebuttal and asked that it be placed in the Congressional Record, and in all fairness I am pleased to do so. I will not place the entire correspondence in the Record at this time because of its length—and instead ask that those who are interested in this matter to refer to the March 10 Record, page H1509. Dr. Candela's response of March 21 follows:

Medical Society of the
County of Queens, Inc.,
March 21, 1975.

Hon. Edward I. Koch,
House of Representatives,
Washington, D.C.

Dear Mr. Koch: I read your remarks in the Congressional Record and was amazed to see how a few remarks drawn out of context can distort the entire thrust of a letter. It should be obvious in re-reading my letter in reply to your hypothetical case that, at no time, did I make any statements in the context to which you alleged and I have so informed the Speaker of the House. A copy of my letter to him is attached.

Sincerely,

Lester J. Candela, M.D.,
Executive Director.

Medical Society of the
County of Queens, Inc.,
Forest Hills, N.Y., March 21, 1975.

Hon. Carl Albert,
Speaker, House of Representatives,
Washington, D.C.

Dear Mr. Albert: On March 10, 1975, Representative Edward I. Koch entered into the Congressional Record an alleged reply from me on a situation he sent to me which I believed to be hypothetical, but which I now understand (from the copy of the Congressional Record which he forwarded to me) refers to his own family.

I call your attention to the "case" he relayed to me, which appears under "Statement of Facts" in the attached Congressional Record—and my reply to him which follows it, which hardly supports his contentions.

Without my going into details, I believe you will find from a reading of my letter and the case in question that it is evident that there is not even the remotest resemblance between his allegations and my reply. His letter was so hypothetical as to be vague and I suggested (as you will note in my letter in the Record) that he ask specific questions and I would be "happy to reply." His report to the House (which is now in the Record) consisted of taking a few items in my letter, out of context, and then distorting them to indicate that I was saying something entirely different. A careful reading of my letter in response to his hypothetical case may well reveal that what Mr. Koch found "infuriating" was really the fact that his allegations were demonstrated to be baseless.

I suggest that you note in the attached copy of the record the points indicated in my correspondence by red letters and the corresponding statements in his report to the House.

Mr. Koch refers (as he did to me) to a supposed situation where there was diagnosis and treatment "by phone." You will note that my letter clearly indicates that there was no diagnosis by phone.

Again, Mr. Koch in the Record discusses nursing homes and says that "(doctors) do not want to treat patients in their homes or institutions . . . and would prefer to treat them by telephone"—and then he adds that I said "This is a canard." This is pure imaginative distortion. In my letter, in which I said nothing about nursing homes, I referred to a statement he made that house calls were a "rarity" and I said that this was a canard. In support of my statement, I offered to document that house calls are still being made. Please see my letter. Mr. Koch then continues on the nursing home abuses (which we all read about) but, you may note, that there was nothing in either his letter or my letter about the nursing home problem and it was less than proper to relate this to the case about which he wrote to me and our exchange of correspondence.

I am amazed that a man of Mr. Koch's level should take advantage of his position to make a personal attack, with names, distorting the facts, as my letter in response to his (as presented in the Record) will reveal. I particularly note his intemperate remarks regarding the profession as a whole which have no basis in fact.

I thought you might like a factual version and, if it were possible, it would seem fair that the Record should be corrected.

Sincerely,

Lester J. Candela, M.D.,
Executive Director.

GPO'S BOOK DISPOSAL PROGRAM

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, the March 22 issue of The Nation carried an excellent article on the Government Printing Office by Frank Warner. A number of issues were raised, including policies that now make publications free for some, but at cost for others, which suggest that the Printing Office's policies should be reviewed by the Congress.

Most disturbing, however, was the report that last year the GPO destroyed 2 million pounds of books worth about $1.2 million. It seems to me that this deserves immediate attention. The books were destroyed because they were no longer in great demand. According to the Warner report, the Government Printing Office does not utilize the usual marketing mode of increasing sales of an item whose demand has weakened: discounts. What is so distressing about the destruction of the publications is not only their dollar value, but also the loss in information—often from Government sponsored studies—that could otherwise be distributed to schools, libraries, community centers, and even private individuals. Why can not the GPO notify the public of publications it wants to dispose of and offer discounts in its monthly mailing to subscribers? Perhaps these publications should also be made available to local libraries at no cost.

The article from The Nation follows:

A Very Odd Publishing House

(By Frank Warner)

The U.S. Government Printing Office is the largest publishing house in the world. Every year it prints hundreds of millions of books and pamphlets under thousands of titles. An oddity of this publishing house is that it never admits to putting out a work of fiction, which is not to say that its procedures are based very firmly on facts.

Worst things first: last year the Government Printing Office (GPO) destroyed 2 million pounds of books. That's about 2 million books, worth about $1.2 million, or $720,000 at the normal 40 per cent publisher's discount. But the GPO does not give discounts—not to the average buyer, anyway. The Printing Office would rather destroy its books than sell them to the public at a discount.

When a government agency asks the GPO to print a document, the Superintendent of Documents orders as many additional copies as he thinks can be sold to the public. Then, at six-month intervals, each publication's record is reviewed by GPO inventory management specialists. If they find that a work's demand has significantly declined or that it has become obsolete, they order most or all of the remaining copies destroyed. The books and pamphlets are sold for $30 a ton to paper dealers, who are to take care that the documents never reappear in their original form. Readers and researchers are given no chance to buy the publications at a reduced price.

The strangest thing about this practice is that no one at the Printing Office appears to know why it is done. The people who order the destruction think it stems from an interpretation of the law made by the GPO general counsel an undetermined number of years ago. Associate Counsel Allen Zuckerman guesses that the interpretation was based on a section of the U.S. Code which states, "A discount not to exceed 25 per cent may be allowed to book dealers and quantity purchasers." The law does not say that no one else may be allowed a discount in response to decreased demand, but the logicians at the GPO have decided that that is what it means.

Thomas F. McCormick, the Public Printer of the United States, conceded in an interview that he could, if he wanted, reinterpret the law to permit discount sales but, he said (to unbelieving ears) that it would cost too much to arrange such sales. McCormick noted that, before copies of any publication are destroyed, the agency that originally issued the publication is offered a chance to take the copies back. "We have, in effect, passed the buck."

The consequences of the GPO's failure to act on its own are recorded in files kept by its Documents Control Branch. The records show the dates when documents are received for sale and when they sold. The new file form also has a column labeled "Stock Reduction." Older forms called this "Number Destroyed," but someone at the Printing Office seems to have found this description offensive. One file form shows that, on March 20, 1969, the Superintendent of Documents received 3,000 copies of *Planning, Regulation and Competition*, an important 1,091-page case study of competition in the auto industry, to be sold for $4.75 a copy. By November 1971, 699 copies of the publication had been sold, and demand was diminishing. At that time, the remaining 2,301 copies were sold for destruction. The GPO allowed itself no alternative.

The same thing happens to copies of public documents by the hundreds of thousands, published every year on every conceivable subject. Public Printer McCormick says he doesn't like to see low-demand documents destroyed. In fact, he claims, "We'd give them away, if we could find someone to take them." But, as one GPO inventory specialist put it, the way things are, "we're going to sell them all or we're going to dump them."

Lacking the discount option, the GPO can expect to increase its sales only through wider publicity. But the Printing Office is doing less than ever to make government publications known. Its only real contact with the public is the monthly booklet, *Selected U.S. Government Documents*, sent to 1.5 million Americans. Not so long ago the booklet went out twice a month, and special flyers were also sent to those on the list. In addition, the Printing Office was establishing lines of communications with magazines and other media, to let them know of new government publications. Today, as part of the GPO's attempt to cut costs, these promotional measures have been dropped. The Public Printer now suggests that each government agency publicize its own publications.

Giving up so many of the open market advantages of discounting and good advertising is questionable enough, but here the GPO follies only begin. In 1968, the Congressional Joint Committee on Printing established the Federal Printing Procurement Program, whereby private printers, who are not especially interested in saving taxpayers' money, each year do more of the GPO's printing.

In 1969, the GPO's own presses handled 57 per cent of its printing jobs. By 1974, thanks to the procurement program, only 39 per cent of Printing Office work was processed on GPO presses. The other 61 per cent of the total 79,000 jobs were contracted out to commercial printers. The program, according to printing procurement manager Gil Young, is founded on "the attitude that government should get out of competition with private industry."

Unintentionally, perhaps, his remark is ironic for the Printing Office was established precisely to avoid the private printers, whose 19th-century passion for profits proved intolerable. President Lincoln wasn't concerned about "creeping socialism" when, less than a month after the GPO opened, Public Printing Superintendent John Defrees told him printing costs had been reduced by 15 per cent. And today the reluctance to pay the rates of commercial printers is so sharp that several federal agencies are adding to their own printing equipment, rather than comply with the Joint Committee's guidelines for increased commercial procurement. Editors of public documents, notably those in executive agencies, dislike sending their publications to the GPO, only to have them farmed out to private printers over whom they have no control. Some of the editors want a new executive printing office established; others simply propose an end to the emphasis on commercial procurement. A recent General Accounting Office report, supporting the latter proposal, estimated that an increase of GPO in-house printing capacity at central plants throughout the nation would save more than a million dollars annually.

It is disturbing but not surprising to find the Government Printing Office the victim of so much nonsense. The entire history of the GPO in its service to the public has been one of mindlessness and legislative patchwork, best illustrated by the way it prices documents sold to the public. Just since 1972, the cost of an average government document has doubled. *Infant Care,* the GPO's all-time bestseller, cost 20¢ in 1972 and for decades before that. Now it goes for $1. A year's subscription to the *Congressional Record* was $18 in 1970; it is now $45. Even the *Constitution of the United States* costs more—150 percent more than before Watergate (up from 10¢ to 25¢). No government publication sells for less than 25¢.

The increases are not unexplained. The Printing Office has suffered price gouging at the hands of paper suppliers, and severe postage increases. These, in essence, are the reasons given, and, if the GPO were an average publisher, they would be enough to justify the new prices. But the GPO is not that and the explanation is superficial. Congress has never formulated a coherent policy for the sales and distribution of government documents, 96 per cent of which are distributed free. In 1974, only 83 million of the almost 2 billion individual copies printed by the GPO were sold. The rest were either grabbed up by citizens who knew where to get them or used internally by government agencies (or destroyed).

While the GPO sold 83 million copies last year, it also distributed free 52 million copies at the request of Congressmen or executive agencies, and it sent another 10 million free copies to depository libraries. Countless millions (or hundreds of millions) more copies were freely distributed by Congressmen and executive agencies themselves, at their offices and through the mail. Of course, most of the citizens who bought the 83 million copies didn't know that everyone else was getting the same government material free. So how fair is it to ask an uninformed minority to meet rising printing, binding and distribution costs which the rest of America assumes are covered by taxes?

Perhaps all government books and pamphlets should be free; perhaps the GPO should make a nominal charge for its publications, while avoiding abuses of their easy availability. Free or extremely inexpensive government documents would not be particularly shocking; the federal government has always paid more than 90 per cent of GPO costs. And the benefits of bringing that figure to 99 per cent can far outweigh the expense.

But the Public Printer seems honestly afraid of making government publications available to too many people. As McCormick sees it, whatever the costs would be, they'd be too much. How would he feel about selling each document at 10 per cent of cost? "It would bother the hell out of me," he says, noting, "The vast majority of our sales are made to people who can afford to pay." The poor don't buy government documents, so presumably they don't want them.

Effecting change for the better at the GPO will require some effort on the part of Congress. For 114 years, it has failed to work out a sound system for making all public documents available to all the public. Right now, members of the Joint Committee on Printing are uninterested. It is hard to get quorums for committee meetings and it never holds public hearings.

If Congressmen can find the time, it might be good for them to consider a prompt reorientation at the Government Printing Office. The needless destruction of documents, the unwise increase of commercial printing procurement, and the inconsistent policies for selling and giving away government publications testify to the need for direction. It is up to the legislators to chart a new course. Meanwhile, the public can ponder the performance of the GPO as a government agency dedicated to the democratic belief in freedom of information.

MINE SAFETY

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, I have today reintroduced, with some strengthening changes, legislation to transfer from the Interior Department to the Labor Department administration of the Federal Coal Mine Health and Safety Act of 1969 and the Federal Metal and Nonmetallic Mine Safety Act of 1966.

First. My bill preserves both laws, but makes a number of changes in them. In particular, my bill will make the 1966 act parallel the 1969 law, where appropriate.

Some have suggested a merger of these two laws. I see no health and safety advantages to this approach. Oh, I am certain that administration of one law for both industries, rather than one for each, is feasible. But I point out that both industries and their respective labor forces have for years worked under separate law. I do not think it appropriate, for example, to once again subject the coal operators and miners to what amounts to a complete revision of the health and safety law. This was done in 1969. They have experience under it, including significant administrative and judicial decisions. I see no reason to upset this situation and start all over again, particularly when such a new learning process may be detrimental to miner health and safety.

Second. My bill would abolish the Mining and Enforcement Safety Administration, MESA, and transfer all its functions to a new Mines and Mineral Health and Safety Administration in Labor. It would specifically prohibit the merger of this new agency's functions with that of the Occupational Safety and Health Administration, OSHA, and require that the current level of funding and personnel at MESA be maintained and increased.

Here let me pause to comment on the importance of this last provision. A January 14, 1975, "White Paper" prepared by the Labor Department supports this transfer, but in an accompanying task force report, the question is asked what is the best way to "organize safety and health programs" if MESA is transferred to Labor. The task force answer was:

> In the beginning, it will be important to retain MESA's visibility, particularly in the enforcement and standards areas, until the constituent groups gain confidence in the Department's ability to effectively manage the program with no loss (and hopefully some gain) in effectiveness.
>
> This overall strategy, however, permits merging of parallel activities such as training, budget, planning, etc., and creates an opporunity for resource savings, and/or some redistribution of MESA resources to OSHA general industry.

A second question asked is: Should Labor "maintain the current level of resources now devoted to mine safety or redistribute some of these resources to OSHA covered industries." The task force answer was:

> Pledge maintenance of effort in key program elements (standards and enforcement) for two years but seek language in the transfer legislation to permit resource distributions in the future based on stated criteria.

Mr. Speaker, it is these very answers of the Labor Department's task force that have led me to spell out that mine health and safety are not to be merged and become the step-child of OSHA. This cannot be. We have fought for years for meaningful laws, money, and personnel to protect miners. We are not going to sacrifice this. Without such a restriction on merger, no transfer legislation would be worth the paper it is printed on.

Third. My bill specifies that the new agency's employees will be required to observe strict conflict-of-interest requirements similar to the provisions adopted by the House a few days ago in the strip mining legislation (H.R. 25).

Fourth. My bill adds citizen suit provisions to both laws and provisions for suits for damages against mine operators where the act or regulation is violated and a person is injured.

Fifth. My bill provides for the representatives of miners to participate in civil penalty proceedings, including conferences. It also does away with the de novo review of civil penalty cases in the district courts and substitutes review by the U.S. Courts of Appeals, based on the record at the administrative hearings. This latter provision has been recommended by the Administrative Conference of the United States.

Sixth. It would terminate the useless and long dormant Board of Review established under the 1966 law.

Mr. Speaker, this legislation is long overdue. This transfer has the support of the Labor Department which said in the above white paper:

> *Transfer would eliminate continuing criticism that locating an employee safety program in an agency charged with developing mineral resources creates a conflict of missions.* Pressures by mine unions and within the Congress are inherent and are not likely to abate. They are historically based, in part, on intense criticism of the long history of Interior's administration of these programs. Further, there exists among the affected unions and their supporters in Congress a conviction that administration of the mine safety programs by Interior involves a direct conflict of missions. *The primary mission of the Department of Interior is to promote the development of the mining industries.*
>
> The Department of Labor finds nothing in the special character of the mining industries that requires the continued separation of the mine safety and health programs from the general industry safety and health effort.
>
> * * * * *
>
> *Mine safety programs should not remain in the Interior Department just because of the historical accident that they preceded the enactment of general safety and health legislation.*
>
> The Department *strongly believes* that the efficiencies achieveable by transfer would in no way adversely affect the nation's ability to produce coal. This is particularly important at this time due to the energy situation and the major role that coal must play, at least for the near future. (Emphasis supplied.)

I hope that there will be hearings on my bill soon after the recess and that Congress can enact it this year.

INTRODUCTION OF THE VOTING RIGHTS ACT AMENDMENTS OF 1975

(Mr. BADILLO asked and was given my bill soon after the recess and that point in the RECORD and to include extraneous matter.)

Mr. BADILLO. Mr. Speaker, I am today introducing legislation, with my distinguished colleagues, Ms. JORDAN and Mr. ROYBAL, to extend and expand the coverage of the Voting Rights Act of 1965. In brief, the purposes of this bill are first, to extend the temporary provisions of the Voting Rights Act for an additional 10 years and to make the ban on literacy tests permanent; second, to provide for the expansion of the coverage of the Voting Rights Act to jurisdictions which have denied or abridged the right to vote of persons of Spanish origin; and third, to address the voting problems of other language minorities.

The legislation we introduce today represents a careful review of the excellent testimony which has been presented to the House Judiciary Subcommittee on Civil and Constitutional Rights and the various comments and suggestions which have been offered regarding proposed amendments which had been introduced earlier this session by myself, Ms. JORDAN, and Mr. ROYBAL. This bill also reflects, in part, the recent proposals made by the Department of Justice. The cooperation and assistance which has been extended by the Justice Department in attempting to draft amendments to the Voting Rights Act for the purposes outlined in this bill has been greatly appreciated.

Mr. Speaker, during the many days of hearings which have been held by the House Judiciary Subcommittee on Civil and Constitutional Rights, the need for this legislation has been clearly and dramatically established. Nearly every witness before that subcommittee voiced concern about the forms of discriminatory voting practices used to deny persons of Spanish origin their right to vote or to minimize the effect of their vote. The subcommittee has been provided substantial documentary evidence of pervasive discrimination in voting with respect to persons of Spanish origin.

Specific instances of voting discrimination against Mexican-Americans in the Southwest, Puerto Ricans in the Northeast cited during these hearings are of the same character and effect of those which led to the original enactment of this act. And, the principle of extending coverage of the act to persons of Spanish origin was supported by the Assistant Attorney General for Civil Rights, the Leadership Conference on Civil Rights and other respected individuals and organizations.

My colleagues and I have introduced this bill today so that Members of the House and other interested parties may review its provisions during the upcoming recess. We believe this bill represents a rational, effective and constitutional approach to this question. It is supported by the National Congress of Hispanic American Citizens and other national organizations representing the Spanish community. It is our hope that the Subcommittee on Civil and Constitutional Rights will use this bill as the vehicle for dealing with the issues which have been brought to its attention.

Under title I of the legislation introduced today, the temporary provisions of the Voting Rights Act would be extended for an additional 10 years. In addition, the bill provides for a permanent ban on literacy tests. In this respect, the bill is identical to H.R. 939 introduced by Chairman RODINO and Mr. EDWARDS, the chairman of the Subcommittee on Civil and Constitutional Rights.

Title II of the bill provides for the expansion of the coverage of the Voting Rights Act to jurisdictions which have denied to abridged the right to vote of persons of Spanish origin. The proposed amendments contained in this title provide a triggering mechanism which would bring jurisdictions within the coverage of this act if: First, there are large concentrations of persons of Spanish origin; second, certain election and registration materials were printed only in English in 1972; and third, less than 50 percent of the persons of voting age voted in the Presidential election of November 1972.

The amendments which are made by this title conform, in large part, to the format of the Voting Rights Act and closely parallel the provisions of the original act and the 1970 amendment enacted by the Congress. They are, therefore, consistent with the operation of the act since 1965.

However, the proposed amendments are different in two respects: First, the bill would add a new subsection (f) to section 4 of the act to extend the protection of the act to persons of Spanish origin based on their right to vote under the 14th and 15th amendments to the Constitution. This new provision states that:

> No citizen of Spanish origin shall be denied the right under the fourteenth and fifteenth amendments to vote in any Federal, State, or local election because of his inability to read, write, understand, or interpret any matter in the English language.

Specifically, this provision would:

First, prohibit the States or political subdivisions from conditioning the right of such citizens to vote on their ability to read, write, understand, or interpret any matter in the English language;

Second, modify the definition of term "test or devise" to also mean any practice or requirement by which a State or political subdivision provided all election and registration material in the English language only without providing printed translations in the Spanish language for the Presidential election of 1972 and where more than 5 percent of the voting age population residing in that State of political subdivision were of Spanish origin; and

Third, provide that any State or political subdivision determined to have maintained such a test or device would be subject to the provisions of sections 4(a) and (b) of the act.

I have included with this statement a list of those jurisdictions which would be covered by these proposed amendments.

Second, these amendments would be enacted under the authority of the 14th amendment as well as the 15th amendment to further strengthen the constitutional basis for the act. In this regard, the bill amends certain operative provisions of the Voting Rights Act to insure the applicability of those provisions to jurisdictions newly covered under the proposed amendments.

The title would also broaden the Attorney General's discretionary authority under section 3 of the act. Presently, section 3 authorizes the Attorney General to institute a proceeding in the courts under any statute to enforce the guarantees of the 15th amendment in those jurisdictions not automatically covered by the trigger mechanism of the act. If it is found that violations have occurred which justify equitable relief, the court is authorized to apply certain remedies provided for in the act. The addition of the 14th amendment in this section would allow the Attorney General, when in his judgment substantial evidence exists that any State or political subdivision is denying or abridging the right of any citizen to vote, to bring suit and seek to have certain provisions of the act apply in such State or political subdivision. In this sense, section 3 of the act would be nationwide in scope and appropriately more universal in its coverage to insure that the Attorney General could take such steps as he deemed necessary to prevent the denial or abridgement of the right to vote of any citizen anywhere in the United States.

Finally, Mr. Speaker, title II of the proposed bill contains a specific separability clause with respect to the amendments made by this bill to the act. This separability clause is of particular importance in this bill because it should be the demonstrable intent of Congress that the extension of the Voting Rights Act of 1965 not be impaired by a challenge to the constitutionality of the provisions of this bill which would expand the coverage of the act. Similarly it should be demonstrable that it is the intent of Congress that valid portions of the amendment expanding coverage of the Voting Rights Act are separable from any portions which might be held unconstitutional.

The fundamental determination in weighing the separability of valid and invalid sections of an act rests on the intent of the Congress. The inclusion of a separability clause in an act creates a presumption of separability to which the courts will give great weight. Therefore this bill specifically states congressional intent that the provisions of the Voting Rights Act. as amended, are separable from title II of this bill.

Title III of the proposed bill is a variation of a recent Justice Department proposal. It would amend title II of the Voting Rights Act of 1965 to ban the use of English only election and registration materials and assistance until 1985 in those States and political subdivisions not covered by the special provisions of the act, but which have a substantial concentration of persons whose mother tongue is other than English and where the illiteracy rate of such persons in English is below the nationwide illiteracy rate in English for all persons of voting age. There is evidence that although other language groups do not suffer from the same pervasive voting discrimination which has been demonstrated for persons of Spanish origin, they do register and vote in fewer numbers than their English-speaking neighbors.

Therefore, this provision would provide some assistance to these groups, with a minimum of Federal intrusion into State affairs and without setting into operation all of the stringent requirements of other sections of the Voting Rights Act. Such a provision is a constitutional exercise of Congress' 14th and 15th amendment powers. Although data on the jurisdictions which would be covered by this provision is not presently readily available, a review of recently provided 1970 Census data on mother tongue compilations clearly indicates that this factor, when combined with literacy level statistics being compiled by the Census Bureau will focus the provisions of this title on only those jurisdictions where a demonstrable need for such protection has been established. This title also contains a bail-out provision and provides that determination made by the Attorney General under its provisions are reviewable in the courts.

At this point I would like to include in the RECORD the text of this bill, a section-by-section analysis, and a list of those jurisdictions which would be covered by the proposed amendments to title I of the Voting Rights Act:

H.R. 5551

A bill to amend the Voting Rights Act of 1965 to extend and expand its coverage and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Voting Rights Act Amendments of 1975".

TITLE I

SEC. 101. Section 4(a) of the Voting Rights Act of 1965 is amended by striking out "ten" each time it appears and inserting in lieu thereof "twenty".

SEC. 102. Section 201(a) of the Voting Rights Act of 1965 is amended by—

(1) striking out "Prior to August 6, 1975, no" and inserting "No" in lieu thereof; and

(2) striking out "as to which the provisions of section 4(a) of this Act are not in effect by reason of determinations made under section 4(b) of this Act." and inserting in lieu thereof a period.

TITLE II

SEC. 201. Section 4(a) of the Voting Rights Act of 1965 is amended by—

(1) adding after "determinations have been made under": "the first two sentences of":

(2) adding at the end of the first paragraph thereof the following: "No citizen shall be denied the right to vote in any Federal, State, or local election because of his failure to comply with any test or device in any State with respect to which the determinations have been made under the third sentence of subsection (b) of this section or in any political subdivision with respect to which such determinations have been made as a separate unit, unless the United States District Court for the District of Columbia in an action for a declaratory judgment brought by such State or subdivision against the United States has determined that no such test or device has been used during the ten years preceding the filing of the action for the purpose or with the effect of denying or abridging the right to vote on account of race or color, or in contravention of the gurantees set forth in section 4(f)(1): *Provided*, That no such declaratory judgment shall issue with respect to any plantiff for a period of ten years after the entry of a final judgment of any court of the United States, other than the denial of a declaratory judgment under this section, whether entered prior to or after the enactment of this paragraph, determining that denials or abridgments of the right to vote on account of race or color, or in contravention of the guarantees set forth in section 4(f)(1), through the use of tests or devices have occurred anywhere in the territory of such plaintiff.";

(3) striking out "the action" in the third paragraph thereof, and by inserting in lieu thereof "an action under the first sentence of subsection 4(a)"; and

(4) adding following the third paragraph thereof the following paragraph: "If the Attorney General determines that he has no reason to believe that any such test or device has been used during the ten years preceding the filing of an action under the second sentence of subsection 4(a) for the purpose or with the effect of denying or abridging the right to vote on account of race or color, or in contravention of the guarantees set forth in section 4(f)(1), he shall consent to the entry of such judgment.".

SEC. 202. Section 4(b) of the Voting Rights Act of 1965 is amended by adding at the end of the first paragraph thereof the following: "On or after August 6, 1975, in addition to any State or political subdivision of a State determined to be subject to subsection (a) pursuant to the previous two sentences, the provisions of subsection (a) shall apply in any State or any political subdivisions of a State which (i) the Attorney General determines maintained on November 1, 1972, any test or device, and with respect to which (ii) the Director of the Census determines that less than 50 per centum of the persons of voting age were registered on November 1, 1972, or that less than 50 per centum of such persons voted in the presidential election of November 1972."

SEC. 203. Section 4 of the Voting Rights Act of 1965 is amended by adding the following new subsection:

"(f)(1) No citizen of Spanish origin shall be denied the right under the fourteenth and fifteenth amendments to vote in any Federal, State, or local election because of his inability to read, write, understand, or interpret any matter in the English language. The Congress hereby declares that to secure the rights of citizens of Spanish origin to vote in Federal, State, and local elections it is necessary to prohibit the States and political subdivisions from conditioning the right to vote of such citizens on ability to read, write, understand, or interpret any matter in the English language.

"(2) To assure that the right of such citizens of the United States to vote is not denied or abridged, no citizen of Spanish origin shall be denied the right to vote in any Federal, State, or local election because of his failure to comply with any test or device, as defined in paragraph (3) of this subsection, in any State with respect to which determinations have been made under subsection (b) or in any political subdivision with respect to which such determinations have been made as a separate unit.

"(3) For purposes of this title, the term "test or device" shall also mean, in addition to the provisions of section 4(c), any practice or requirement by which any State or political subdivision provided any ballots, voting or registration notices, registration forms, or voting or registration instructions to voters only in the English language without providing printed translations of such ballots, voting or registration notices, registration forms, or voting or registration instructions in the Spanish language with respect to the presidential election occurring in November 1972 or any election occurring after such presidential election where the Director of the Census determines that more than five per centum of the persons of voting age residing in such State or political subdivision are of Spanish original.".

SEC. 204. Section 5 of the Voting Rights Act of 1965 is amended by adding after "November 1, 1968," the following: "or whenever a State or political subdivision with respect to which the prohibitions set forth in section 4(a) based upon determinations made under the third sentence of section 4(b) are in effect shall enact or seek to administer any voting qualification or prerequisite to voting, or standard, practice, or procedure with respect to voting different from that in force or effect on November 1, 1972,".

SEC. 205. Section 3 and 6 of the Voting Rights Act of 1965 are each amended by striking out "fifteenth amendment" each time it appears and inserting in lieu thereof "fourteenth and fifteenth amendments".

SEC. 206. Sections 2, 3, the second paragraph of section 4(a), 4(d), 5, 6, and 13 of the Voting Rights Act of 1965 are each amended by adding immediately after "on account of race or color" each time it appears the following: ", or in contravention of the guarantees set forth in section 4(f)(1)".

SEC. 207. If any amendments made by this Act or the application of any provision thereof to any person or circumstance is judicially determined to be invalid, the remainder of the Voting Rights Act of 1965 as amended or the application of such provision to other persons or circumstances shall not be affected by such determination.

TITLE III

SEC. 301. The Voting Rights Act of 1965 is amended by adding at the end of Title II the following new section:

"SEC. 206. (a) Prior to August 6, 1985, no State or political subdivision shall provide ballots, voting or registration notices, registration forms, voting or registration instructions, or voting or registration assistance to voters in English only, if more than 5 per centum of the persons of voting age of such State or political subdivision are of any single mother tongue other than English, as determined by the Director of the Census, based on the 1970 decennial census: *Provided*, That the illiteracy rate in the English language of the members of the group of persons protected by this section residing in such State or political subdivision is equal to or more than the nationwide illiteracy rate in the English language. For purposes of this subsection, illiteracy is defined as failure to complete 5 grades of schooling. The determination of the Director of the Census under this subsection shall not be subject to review in any court, and shall be effective upon publication in the Federal Register.

"(b) Any State or political subdivision subject to the provisions of subsection (a) of this section, shall provide to voters written ballots (or sample ballots), registration forms, voting or registration notices, voting or registration instructions, and voting or registration assistance in the mother tongue of the applicable group of persons, as defined in subsection (a) of this section.

"(c) Upon publication in the Federal Register of such list of all States and political subdivisions determined by the Director of the Census pursuant to subsection (a), the Attorney General shall notify such State or political subdivision that it may be subject to the provisions of this section. The Attorney General shall inform the chief legal officer of such State or political subdivision that in order to establish that it is not subject to this section, such State or political subdivision must provide the Attorney General within 60 days of receipt of the Attorney General's notice sufficient evidence to establish that such State or political subdivision did provide to voters ballots, voting or registration notices, registration forms, voting or registration instructions, and voting and registration assistance in the mother tongue of the applicable group of persons, as defined in subsection (a) of this section. Within 30 days of receipt of such evidence, the Attorney General shall determine whether the State or political subdivision has submitted sufficient evidence to establish that such State or political subdivision has satisfied the requirements of subsection (b) of this section. If the Attorney General determines that such State or political subdivision has not established that it has satisfied the requirements of subsection (b) of this section, he shall certify that such jurisdiction is subject to the provisions of subsection (b).

"Any determination of the Attorney General in accordance with the provisions of the preceding paragraph shall be effective upon publication in the Federal Register, and shall be reviewable in the United States District Court for the District of Columbia. An action pursuant to this provision shall be heard and determined by a court of three judges in accordance with the provisions of section 2284 of Title 28 and any appeal shall be to the Supreme Court.".

SEC. 302. Section 203 of the Voting Rights Act of 1965 is amended by adding after "in violation of section 202," the following: "or (c) undertakes to deny the rights protected by section 206.".

SECTION-BY-SECTION ANALYSIS OF THE VOTING RIGHTS ACT AMENDMENTS OF 1975

A bill to amend the Voting Rights Act of 1965 to extend and expand its coverage, and for other purposes.

TITLE I

Section. 101. Extends the temporary provisions of the Act for an additional ten years.

Section 102. Amends section 201 of the Act to provide for a permanent ban on literacy tests.

TITLE II

Section 201. Amends section 4(a) of the Act to provide for the suspension of tests and devices in those jurisdictions which are brought within coverage of the Act by operation of the amendment to section 4(b) and a new subsection 4(f). The "bail-out" provision is identical to that provided for newly covered jurisdictions in the original provisions of the 1965 Act.

Section 202. Modifies section 4(b) of the Act by adding a 1972 trigger to the Act. This provision would apply to any State or political subdivision which would be covered by the Act pursuant to the provisions of amendments to section 4(a) and a new subsection 4(f) relating to persons of Spanish origin. The language used is identical (except for the date and one technical reference) to that used in the 1970 amendments to the Act for extension of coverage.

Section 203. Amends section 4 of the Act by adding a new subsection (f) which extends the protections of the Act to persons of Spanish origin based on their right to vote under the fourteenth and fifteenth amendments to the Constitution. Specifically, this section:

(a) prohibits the States or political subdivisions from conditioning the right of such citizens to vote on their ability to read, write, understand, or interpret any matter in the English language;

(b) modifies the definition of term "test or device" to also mean any practice or requirement by which a State or political subdivision provided all election and registration material in the English language only without providing printed translations in the Spanish language for the presidential election of 1972 and where more than five percent of the voting age population residing in that State or political subdivision were of Spanish origin; and

(c) provides that any State or political subdivision determined to have maintained such a test or device would be subjected to the provisions of sections 4 (a) and (b) of the Act.

Section 204. Amends section 5 of the Act to freeze the electoral laws and procedures of the newly covered jurisdictions as they were on November 1, 1972 and applies the pre-clearance provisions of section 5 of the Act to such jurisdictions.

Section 205. Amends sections 6 and 13 of the Act by adding the fourteenth amendment as a basis for enforcement of the Act.

Section 206. Amends sections 2, 3, 4, 5, 6, and 13 of the Act by adding "or in contravention of the guarantees set forth in section 4(f)(1)" after "race or color" to insure that the operative provisions of those sections will apply to any State or political subdivision covered under the Act pursuant to these amendments.

Section 207. Specifically provides for the separability of the provisions of amendments made by this title to the Act from existing provisions of the Voting Rights Act of 1965.

TITLE III

Section 301. Amends the Act by adding a new section 206 which would ban the use of English only election and registration materials in any State or political subdivision where more than five percent of the voting age population were members of any single group whose mother tongue is other than English and where such group has an illiteracy rate in the English language which is equal to or more than the nationwide illiteracy rate in the English language for all persons of voting age. Any such State or political subdivision would be required to provide such election and registration materials in the language of such persons. A determination by the Attorney General under this section would be reviewable in the courts.

Section 302. Amends section 203 of the Act to allow the Attorney General to enforce section 206.

JURISDICTIONS IN WHICH MORE THAN 5 PERCENT OF THE POPULATION ARE PERSONS OF SPANISH OR'GIN AND WHICH HAD LESS THAN 50 PERCENT VOTER PARTICIPATION IN 1972

	Voter turnout 1972 (percent)	Spanish origin 1970 (VAP)
Arizona:		
Apache[1]	36.7	6.9
Cochise[1]	41.6	24.6
Coconino[1]	49.3	12.4
Maricopa	49.5	11.0
Mohave[1]	47.2	5.4
Navajo[1]	41.5	10.1
Pima[1]	48.5	18.4
Pinal[1]	37.8	30.2
Santa Cruz[1]	43.7	65.4
Yuma[1]	37.0	19.5
California:		
Kings	43.7	20.2
Merced	47.4	19.4
Monterey[1]	48.2	16.2
Solano	49.1	8.8
Tulare	48.4	18.3
Yuba[1]	43.3	6.0
Colorado: El Paso	44.9	7.2
Florida:		
Collier	47.5	6.2
Dade	45.0	9.3
Hardee	39.7	7.9
Hendry	43.3	5.1
Hillsborough	42.6	9.6
Monroe	46.0	12.5
New Mexico:		
Curry	41.9	14.3
McKinley	42.8	20.2
Otero	42.7	20.7
New York:		
Bronx[1]	43.7	16.9
Kings[1]	43.3	6.7
New York[1]	46.2	6.6
Texas, statewide: 254 counties	46.9	13.9

[1] Jurisdictions already covered by the Voting Rights Act.

NATIONAL RESOURCE LANDS ORGANIC ACT INTRODUCED

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, I am today introducing the National Resource Lands Organic Act. This legislation would provide statutory base for the use and management of the 451 million acres of national resource lands administered by the Bureau of Land Management—BLM—in the Department of the Interior.

Up to now, the management of these lands has been based on a checkerboard pattern of legislation, lacking focus or clear direction. The BLM is the only major Federal land agency without statutory policies, goals, and authority for the lands it administers. The only tools available to the BLM are about 3,000 public land laws, many of which were enacted in the 19th century, when our public land policy was basically one of disposal into non-Federal ownership to encourage settlement and development of the country. A great many of these laws are outdated, unclear, conflicting, and at cross purposes.

Today, as a result of inadequate management, our national resource lands are deteriorating. A current report from the Department of the Interior states that 83 percent of the range land is in fair, poor, or bad condition, and that the condition is improving on only 19 percent of the land. Vehicular overuse has scarred vast areas. Crimes against persons, vandalism, and destruction of private and Federal property, thefts, and other unlawful acts are increasing rapidly.

The situation is appalling and must be remedied. These national resource lands comprise one-fifth of the Nation's land and two-thirds of all Federal lands. They contain diverse natural resources, such as timber, water, soil, minerals, plants, and animals. They include magnificent scenery and incomparable wilderness, with enormous potential for outdoor recreation. Although mostly located in the Western States, they have great economic and environmental values for the entire Nation. They annually provide millions of dollars in revenue to the U.S. Treasury, and even more in the value of goods and services they produce. Clearly these lands must be managed and used in a way that will protect and enhance them for present and future generations.

The bill I am introducing today would provide clear and consistent policy direction for our national resource lands. They would, except in specifically described circumstances, be retained in Federal ownership. They would be administered to protect the integrity of ecosystems and to permit appropriate economic uses. They would be systematically inventoried and a land use plan developed for them. They would be sensibly—and sensitively—managed under principles of multiple use and sustained yield.

To carry out these policies and goals, the bill would provide the Secretary with management implementing authority. It would allow the Secretary to acquire lands needed for proper management of these areas. It would provide adequate enforcement authority for agency personnel to protect the lands from misuse. It would give needed protection for the California desert area and provide for the identification and study of other fragile desert areas on national resource lands. It would also provide for review of all national resource lands for potential parks, forests, scenic rivers, wildlife refuges and wilderness.

Much of this legislation is based on the excellent work done by the Public

Land Law Review Commission. As the Commission stated in 1970:

> It is obvious that past and present Federal land laws and policies concerning the disposal or retention of public land have shaped the mosaic of land uses over most of the United States. It is equally obvious that future public land laws and policies relating to the retention or disposal of the remaining public land will greatly influence American land use and the quality of life in the years ahead.

Mr. Speaker, we cannot continue to neglect one-fifth of our Nation's land. Pressures on our national resource lands are escalating at a rapid rate. If we do not act to protect them, many irreplaceable treasures will be lost, and both the Nation's economy and environment will suffer. The future is now, and we must act now before it is too late.

SECRETARY KISSINGER SPEAKS ON PANAMA CANAL NEGOTIATIONS

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, on March 1, 1973, Secretary of State Henry Kissinger delivered a major address in Houston on U.S. policy toward Latin America. In the speech the Secretary spoke on a number of specific issues including our present negotiations with Panama concerning a new Panama Canal Treaty. There is widespread interest in Congress in the future of the Panama Canal and I am sure Members of Congress will find reassuring the Secretary's statement that—

> That the efficient, fair, and secure operation of the canal is a vital economic and security interest of the United States; that a new treaty must provide for the operation and defense of the canal by the United States for an extended period of time; and that a new treaty must protect the legitimate interests of our citizens and property in Panama.

Mr. Speaker, following is a complete excerpt of the Secretary's March 1 remarks on the Panama Canal from his address "The United States and Latin America: The New Opportunity":

REMARK BY SECRETARY HENRY KISSINGER

The Panama Canal. Since its opening, the peoples of the world have looked on the Panama Canal as an important lifeline of commerce and international security. It is essential that the canal remain open to the ships of all nations on fair terms.

In acquiring the rights to build the canal, the United States was granted exclusive control—the rights which it would possess and exercise "if it were sovereign"—over a 10-mile-wide strip of Panamanian territory from the Atlantic to the Pacific. In the Canal Zone, we enforce U.S. laws, operate commercial enterprises, and control most of the deepwater port facilities that serve Panama.

Over time the nature of the U.S. presence has come to be viewed by the people of Panama—and indeed by most of the rest of the hemisphere—as an infringement upon their national sovereignty and their principal resource—their country's strategic location.

Clearly both Panama and the United States have vital interests in the canal. The challenge is to reconcile the security needs of the United States with Panama's national honor and sovereignty. Negotiations on this problem have gone on intermittently for 11 years; in the last year and a half they have moved forward rapidly. We now believe that an agreement on terms fair to all is possible.

We have made progress because each side has recognized the essential needs and constraints of the other. The United States understands that a treaty negotiated in 1903 does not meet the requirements of 1975. We are ready to acknowledge that it is reasonable for Panama to exercise jurisdiction over its territory and to participate in the operation and defense of the canal. We are prepared to modify arrangements which conflict with Panamanian dignity and self-respect.

In turn we will expect Panama to understand our perspective—that the efficient, fair, and secure operation of the canal is a vital economic and security interest of the United States; that a new treaty must provide for the operation and defense of the canal by the United States for an extended period of time; and that a new treaty must protect the legitimate interests of our citizens and property in Panama.

A new treaty based on these principles will make the United States and Panama partners in the operation of the canal, protect the essential national interests of both, and provide a secure arrangement for the long term.

Serious problems remain to be resolved in the negotiation. But we are confident that they will be overcome if both parties continue to display the seriousness and mutual understanding they have shown so far.

The Administration has been consulting with the Congress as our negotiations have proceeded. We will intensify these consultations and discuss in detail the arrangements which we envisage. A new treaty which reflects the advice and consent of the Senate and the full support of the American people will be a concrete and significant demonstration that with good will on both sides cooperative solutions to the problems of the Western Hemisphere are possible.

FEDERAL MAGISTRATES ACT

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, I am today introducing legislation to broaden and clarify the jurisdiction of the U.S. magistrates. This legislation has been recommended by the Judicial Conference of the United States.

The Federal Magistrates Act of 1968 established a new lower tier of Federal judicial officers to assist the U.S. district courts in the expeditious administration of justice. The new system has proved to be of great value. However, the present jurisdictional provision of the original act is unclear. The bill I am introducing today would provide the needed clarification.

The proposal would authorize a district judge to designate a U.S. magistrate to hear any pretrial matter pending before the court. It would authorize a magistrate to conduct pretrial conferences, to rule on procedural and discovery motions, and to hear other motions in any civil or criminal case. Additionally, a magistrate would be empowered to conduct evidentiary hearings in prisoner petition cases and to make recommendations to a district judge for the disposition of such cases.

Additional authority of the magistrates is also specified in the proposed bill, and I am hopeful that favorable action will be taken by the Congress this session to enable the district courts to make even more effective use of U.S. magistrates.

THE FIRST 10 WEEKS

(Mr. PHILLIP BURTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PHILLIP BURTON. Mr. Speaker, the House of Representatives during the first 10 weeks of the 94th Congress has been more active and more productive than in any Congress since World War II.

When the House recesses this week for Easter, it will have worked more days, been in session more hours, taken more record votes, and passed more major legislation than the first 10 weeks of any Congress in 30 years.

Legislation passed so far includes three key economic recovery measures—the Tax Reduction Act—which also eliminates the oil depletion allowance—the emergency employment appropriation, the Emergency Middle-Income Housing Act—plus strip mining, the farm bill, School Lunch Act, and suspension of food stamp price increases.

This DSG Special Report, which summarizes the legislative record of the House thus far, contains the following sections: Summary, Status of Legislation, and Summary of Major Legislation Passed by the House:

SECTION I—SUMMARY

The accomplishments of the House during the first ten weeks of the 94th Congress can be attributed to several factors. They include:

An economic crisis unmatched since the Great Depression requiring fast Congressional action to put people back to work and to stimulate economic recovery.

The 1974 elections which produced 75 new Democratic members and a 2-to-1 Democratic majority with a mandate to start meeting the nation's ills.

The historic reforms of the past six years which broke legislative bottlenecks, democratized House decisionmaking, made committee leaderships more responsive and accountable to the rank and file majority, and spread the legislative workload permitting greater participation by middle-level and junior members.

Early organization of the House during December thereby permitting committees to get down to business as soon as Congress convened in January.

Special Task Forces appointed by the Democratic leadership which began formulating economic and energy programs and policies early in the session.

As of March 26, the House will have passed 30 substantive pieces of legislation, 15 of which are major bills. These major bills include the Tax Reduction Act, the Emergency Employment Appropriations Act, the Emergency Middle-Income Housing Act, the Emergency Farm Subsidy Bill, Strip Mining, the School Lunch Bill, and the Suspension of Food Stamps Price Increase Bill.

In addition, House committees are either working on or have completed action on some 66 other important measures: They include:

13 bills which have been reported and will be acted on by the House following the Easter recess (e.g. the Older Americans Act, Youth Camp Safety Act, the Rehabilitation and Betterment Act, and the Developmental Disabilities Amendments of 1975).

21 bills on which hearings have been completed and which are now in the mark up stage (e.g. Emergency Health Insurance for the Unemployed, the Emergency Homeowners Relief Act, AMTRAK Authorization, and the Health Revenue Sharing Act).

32 bills which are in the committee hearing stage of consideration (e.g. the Voting Rights Act Extension, Land Use Planning,

the Equal Opportunity and Full Employment Act, Clean Air Act Amendments, and the Student Financial Aid Act).

Also, the Ways & Means Committee and the Commerce Subcommittee on Energy & Power have held hearings and are now marking up comprehensive energy legislation, which is expected to reach the House floor before the end of April.

In compiling this legislative record the House has worked more days, been in session more hours, and taken more record votes on legislation than any Congress in the past 30 years. Following is a chart comparing the activity of the House during the first 10 weeks of the Congress with the first 10 weeks of the past 14 Congresses:

Year	Days in session	Hours in session	Record votes
1975	[1] 45	[2] 125	[3] 71
1973	34	72	27
1971	37	102	24
1969	37	60	12
1967	40	105	26
1965	42	101	21
1963	30	72	10
1961	37	72	6
1959	38	92	8
1957	37	101	11
1955	35	95	13
1953	31	75	12
1951	38	98	12
1949	36	115	16
1947	37	111	17

[1] Including Mar. 26.

[2] Actual hours in session as of close of business Monday, Mar. 24 was 115. It is estimated the House will be in session at least 10 additional hours before recessing for Easter on Wednesday, Mar. 26.

[3] A total of 61 record votes were taken as of the close of business Monday, Mar. 24. It is estimated that at least 10 additional record votes will be taken before the House recesses for Easter on Wednesday, Mar. 26.

Note: Hours in session cited above include only hours the whole House was in session. It does not include work in committee and subcommittee where legislation is initially developed. On average, Members spend at least 2 hours per day in committee in addition to time spent on the floor.

Also, exact statistics on the number of major bills passed during the 1st 10 weeks of past Congresses are not readily available. However, it is clear from weekly CQ reports on the status of major bills plus the small number of record votes (which are usually taken on major bills) during the 1st 20 weeks of past Congresses that the record of the 94th Congress easily exceeds all Congresses since World War II.

SECTION II—STATUS OF LEGISLATION

This section summarizes the status of legislation including measures passed and measures in committee in the House through the first ten weeks of this session of Congress.

MEASURES PASSED

As of March 26, the House will have passed 30 substantive pieces of legislation (the Senate has passed 17 of these measures). Major bills passed by the House include the Tax Reduction Act, Suspension of Food Stamp Price Increases, Strip Mining, the Farm Bill, Emergency Middle-Income Housing, the School Lunch Act, and Emergency Employment Appropriations.

In addition to these 30 bills and resolutions, the House has passed more than 70 procedural and housekeeping measures, including House Rules and rules accompanying legislation, committee funding and election resolutions, and commemorative resolutions.

Following is a list of the substantive legislation which the House has passed since the beginning of the 94th Congress (Senate and Presidential action is noted where applicable):

Measure	Status	Committee and report No.
Increase in the Public Debt Limit (H.R. 2634)	Public law	Ways and Means (94-1).
Oil Import Fee (H.R. 1767)	Vetoed	Do.
Suspension of Food Stamps Price Increase (H.R. 1589).	Public law	Agriculture (94-2).
Maritime Authorization (H.R. 3)	Awaiting signature	Merchant Marine (94-6).
Rail Reorganization Act (H.R. 2051)	Public law	Commerce (94-7).
U.S. Israel Atomic Energy Agreement (H. Con. Res. 114).	Action completed	Joint Atomic (94-8).
Select Committee on Intelligence (H. Res. 138)	do	Rules (94-12).
Supplemental Appropriation, Fiscal Year 1975 (H.J. Res. 210).	Public law	Appropriations (94-14).
Continuing Appropriations, Fiscal Year 1975 (H.J. Res. 219).	do	Appropriations (94-16).
Second Budget Recission Bill (H.R. 3260)	Conference completed.	Appropriations (94-17).
Tax Reduction Act (H.R. 2166)	do	Ways and Means (94-19).
Lowering Interest Rates (H. Con. Res. 113)	do	Banking (94-20).
Third Budget Recission Bill (H.R. 4075)	do	Appropriations (94-26).
Surface Mining and Reclamation Act (H.R. 25)	Awaiting conference	Interior (94-45).
Disapprovals of Six Reclamation Deferrals (H. Res. 241 through 246).	Action completed	Appropriations (94-46 through 94-51).
Emergency Employment Appropriations (H.R. 4481)	Passed House	Appropriations (94-52).
Foreign Aid Appropriation Fiscal Year 1975 (H.R. (4592).	Conference completed.	Appropriations (94-53).
Farm Subsidy Bill (H.R. 4296)	Passed House	Agriculture (94-54).
College Work-Study Grants (H.R. 4221)	do	Education and Labor (94-55).
Insurance Development Act (H.R. 2783)	Passed House and Senate.	Banking (94-60).
National School Lunch Act (H.R. 4222)	Passed House	Education and Labor (94-68).
Emergency Middle-Income Housing (H.R. 4485)	do	Banking (94-64).
Disapproval of a Commerce Deferral (H. Res. 309)	Action completed	Appropriations (94-98).
Restoring Attorney General's Salary (S. 58)	Public Law	Senate bill passed by unanimous consent.
Defense Production Act Amendments (S.J. Res. 48)	Passed House	Do.

Measures in committee

In addition to the measures passed, House committees have been working on a broad range of legislation.

An effective and equitable energy plan is being rapidly developed by the full Ways & Means Committee and the Subcommittee on Energy & Power of the Commerce Committee. Hearings have been held and the committees are now marking up the energy legislation, which is expected to reach the House floor by the end of April.

Major bills which have cleared committee and are ready for the floor include the Older Americans Act and two major science authorizations. Key measures upon which committees are expected to complete action in the near future include the Emergency Homeowners Relief Act, and Health Insurance for the Unemployed.

The pace of the work of the Appropriations Committee has been accelerated, as the committee has already completed action on several deferrals and recissions, continuing and supplemental appropriations, and the Emergency Employment and FY 1975 Foreign Aid Appropriations (all passed by the House). The 12 subcommittees handling the executive department requests have been hearing the requests since presentation of the budget; the major FY 1975 Supplemental and the FY 1976 Education Appropriation will be ready for the floor shortly after the recess.

Following is a list of measures which have been reported from committee and await floor action, are being marked-up or are ready for mark-up, or on which hearings are being held or are scheduled:

Measure	Status	Committee and report No.
Developmental Disabilities amendments (H.R. 4005)	Reported	Commerce (94-58).
Standard Reference Data Act (H.R. 37)	do	Science (94-62).
NASA authorization (H.R. 4700)	do	Science (94-63).
Congressional Review of Presidential decisions decisions Under the Emergency Petroleum Act (H.R. 4035).	do	Commerce (94-65).
National Science Foundation Authorization (H.R. 4723).	do	Science (94-66).
Older Americans Act (H.R. 3922)	do	Education and Labor (94-67).
Petroleum Reserves on Public Lands (H.R. 49)	do [1]	Interior (94-81).
Youth Camp Safety (H.R. 46)	do	Education and Labor (94-97).
Nuclear Regulatory Commission (H.R. 4224)	do	Joint Atomic (94-100).
Rehabilitation and Betterment Act (H.R. 543)	do	Interior (94-102).
Saline Water Conversion Authorization (H.R. 3109)	do	Interior (94-103).
Travel Expense Amendments (H.R. 4834)	do	Government Operations (94-104).
Presidential Protection Assistance Act (H.R. 1244)	do [2]	Judiciary (94-105).
Grand Canyon National Park Enlargement (H.R. 4109).	Ordered reported	Interior.
Energy Conservation and Conversion Act (H.R. 5005).	Markup	Ways and Means.
Energy Independence Act (H.R. 2633)	do [3]	Ways and Means, Commerce.
AMTRAK Authorization (H.R. 4975)	do	Commerce.
Securities Reform Act of 1975 (H.R. 4111)	do	Do.
Health Revenue Sharing Act (H.R. 4925)	do	Do.
Revise and Extend National Health Service Corps (H.R. 4114).	do	Do.
Nurses Training Act of 1975 (H.R. 4115)	do	Do.
Parole Reorganization Act (H.R. 2322 and 2326)	do	Judiciary.
Intergovernmental Personnel Act (H.R. 4415)	do	Post Office.
1st Concurrent Resolution on the fiscal year 1976 budget.	do	Budget.
Emergency Health and Insurance Extension Act (H.R. 5000).	do	Ways and Means.
Environmental Research, Development and Demonstration (H.R. 2932).	do	Science and Technology.
Health Benefits Program for the Unemployed (H.R. 4004).	do	Commerce.
Emergency Loans for Farmers Suffering Natural Disasters (H.R. 2127).	do	Agriculture.

Footnotes on following page.

Measure	Status	Committee and report No.
Rhodesian Chrome (H.R. 1287)	do	International Relations.
Cambodia Military Assistance (H.R. 2704)	do	Do.
Maritime Authorization fiscal year 1976 (H.R. 3902)	do	Merchant Marine and Fisheries.
Postal Bargaining Equality (H.R. 55)	do	Post Office.
Emergency Homeowners Relief Act (H.R. 34)	do	Banking, Currency and Housing.
Post Union Security Bill of Rights (H.R. 56)	do	Post Office.
Postal Supervisor Arbitration Bill (H.R. 57)	do	Do.
Postal Employees Safety Bill (H.R. 2559)	do	Do.
Land Use Planning (H.R. 3510)	Hearings	Interior.
Voting Rights Extension Act (H.R. 939)	do	Judiciary.
National Emergencies Act (H.R. 3884)	do	Do.
Equal Opportunity and Full Employment Act (H.R. 50).	do	Education and Labor.
Coal Slurry Pipeline Act (H.R. 1863)	do	Interior.
Student Financial Aid Act (H.R. 3471)	do	Education and Labor.
National Security Market System Board (H.R. 4457.	do	Commerce.
Appalachian Regional Development Act (H.R. 4073)	do	Public Works.
Immigration and Nationality Authorization (H.R. 1276).	do	Judiciary.
Defense Authorization for Fiscal Year 1976 (H.R. 3689).	do	Armed Services.
Black Lung Benefits Program (H.R. 7)	do	Education and Labor.
General Appropriations Bills	do	Appropriations.
Emergency Local Public Works (H.R. 3067)	do	Public Works.
Arms Control and Disarmament Agency (H.R. 1550)	do	International Relations.
Board for International Broadcasting (H.R. 4699)	do	Do.
200-Mile Fishing Limit (H.R. 200)	do	Merchant Marine and Fisheries.
Coast Guard Authorization (H.R. 5217)	do	Do.
Medical Malpractice Insurance (H.R. 1378)	do	Ways and Means.

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[1] Sequential referral to Armed Services, now holding hearings.

[2] Joint referral to Government Operations, awaiting hearings.

[3] Split referral.

SECTION III—SUMMARY OF MAJOR LEGISLATION PASSED BY THE HOUSE

This section summarizes the major legislation passed by the House during the first 10 weeks of the 94th Congress (January 14 to March 26).

Tax Reduction Act of 1975 (H.R. 2166, see DSG Fact Sheet 94-2 Feb. 25, 1975): The bill passed the House by a vote of 317 to 97 on February 27. The Senate passed an amended version by a vote of 60 to 29 on March 21.

The House bill provided a total of $21.28 billion in tax relief of which $16.21 billion would go to individuals and $5.07 billion would go to businesses and corporations. The tax relief to individuals would come through rebates on 1974 federal income taxes and reductions in 1975 federal income taxes through increases in the low-income allowance and the percentage standard deduction, and through an earned income credit for low-income persons. Business would receive tax breaks through increases in the investment credit and the corporate surtax exemption. In addition, the House amended the bill by a vote of 248 to 163 to repeal the 22% depletion allowance on oil and gas effective January 1, 1975, and rejected an amendment to exempt from the repeal certain independent oil producers.

The Senate version provides some $33 billion in tax cuts but continues the depletion allowance for independent producers, thus cutting in half the amount of revenue which would be raised if the allowance was repealed entirely as in the House bill.

The conference report on the bill will come before the House for final action as one of the last orders of business prior to the Easter recess (see DSG Legislative Report Supplement, March 25, 1975).

Emergency Employment Appropriations (H.R. 4481, see DSG Legislative Report for March 10, 1975): The bill passed the House by a vote of 313 to 113 on March 12.

The House bill appropriated a total of $5.93 billion for public service jobs, manpower training programs, and acceleration of existing federal programs and projects to stimulate employment. The bill would directly create more than 900,000 new jobs, and indirectly create many others. The bill provided funds for public service jobs, summer jobs for youths, employment for older Americans, work-study grants for college students, jobs and job training and related child care for welfare recipients, the Jobs Opportunities Program, and for the purchase of up to 121,000 American-made automobiles.

Suspension of food stamp price increase (H.R. 1589, see DSG Legislative Report for February 3, 1975):

The bill passed the House by a vote of 374 to 38 on February 4 and the Senate by a vote of 76 to 8 on February 5. It became law without the President's signature (P.L. 94-4).

The bill froze food stamp prices for all of 1975 at their January 1, 1975 level, thus suspending Administration action which would be the hardest hit. SSI recipients to pay 30% of their net income for their stamp allotment, effective March 1, 1975. The Administration proposed increase in food stamp prices would have meant that the average household would have to pay approximately one-third more to receive the same amount of stamps (the elderly poor would be the hardest hit). SSI recipients would in effect have been eliminated from the program, and hundreds of millions of dollars would have been pulled out of state budgets.

Oil import fee (H.R. 1767, see DSG Fact Sheet 94-1, January 31, 1975):

The bill passed the House by a vote of 309 to 114 on February 4 and the Senate by a vote of 66 to 28 on February 19. The President vetoed the bill on March 4 and consideration of the veto was deferred in the House on March 11.

The bill would have suspended for 90 days the President's authority under the Trade Expansion Act of 1962 to increase import fees, tariffs, or quotas on crude oil and refined petroleum products. The bill was intended to nullify the action taken by the President on January 23 when he announced his intention to increase oil import fees by $1 a barrel on February 1, March 1, and April 1 for a total import fee increase of $3 a barrel. The Administration plan would have had a severe inflationary impact and would have preempted consideration of alternative energy conservation plans by the Congress.

Action on the veto was deferred in the House after President Ford agreed to postpone, until June 1, the $1 a barrel increase scheduled for April 1 and suspended plans for the third $1 barrel increase. The House will likely consider alternative energy conservation measures prior to May 1.

Surface Mining Control and Reclamation Act (H.R. 25, see DSG Fact Sheet 94-3, March 11, 1975):

The bill passed the House by a vote of 333 to 86 on March 18. The Senate passed its own version (S. 7) by a vote of 84 to 13 on March 12.

The House bill established a federal-state program to regulate coal strip mining and reclamation. The bill set forth detailed environmental protection controls, required reclamation of mined lands, established a fee-funded program for the reclamation of existing abandoned mines, prohibited strip mining in certain designated areas, provided for public participation in the development and enforcement of programs, and provided protections for the rights of surface owners.

Foreign assistance appropriations for fiscal year 1975 (H.R. 4592, see DSG Legislative Report for March 10, 1975 and March 24, 1975):

The bill passed the House by a vote of 212 to 201 on March 13. The Senate passed an amended version by a vote of 57 to 40 on March 19.

This House bill provided $3.50 billion in new budget authority for foreign assistance in FY 1975, including $2.46 billion for foreign economic and military aid and $300 million for the foreign military credit sales program. The total was $2.45 billion below the Administration's budget request.

The conference version provides $3.67 billion ($2.27 billion below the Administration requests), with increases in economic aid and cuts in military aid compared to the original House version. Actions on the conference report is expected prior to the recess.

Regional Rail Reorganization Act amendments (H.R. 2051, see DSG Legislative Report for February 17, 1975):

The bill passed the House by a vote of 270 to 137 on February 19 and the Senate by a vote of 59 to 27 on January 29. It was signed into law on February 28 (P.L. 94-5).

The bill authorized a total of $347 million in emergency financial relief to the Penn Central and other bankrupt railroads in the process of reorganizing into a new rail system, the Consolidated Rail Corporation (Conrail).

Emergency farm price support for 1975 crops (H.R. 4296, see DSG Fact Sheet 94-4, March 15, 1975):

The bill passed the House by a vote of 259 to 162 on March 20.

This was a one-year emergency bill increasing the target prices and loan rates established in the 1973 Agriculture and Consumer Protection Act for the 1975 crops of wheat, feed grains, and cotton. The bill was amended to retain the price support for milk at 80% of parity, but with quarterly cost-of-living adjustments through April 1, 1976. The bill also extended cotton loans from 10 to 18 months, adjusted interest rate charges on all commodity loans on a quarterly basis in order to reflect the true cost of the money to the government, and established a loan rate for soybeans.

Emergency Middle-Income Housing Act (H.R. 4485, see DSG Legislative Report for March 17, 1975):

The bill passed the House by a vote of 259 to 106 on March 21.

The bill provides emergency assistance to subsidize up to $12 BILLION in mortgages on 400,000 housing units purchased by middle-income persons. The bill provides for subsidized temporary 6% mortgages or permanent 7% mortgages for the purchase of new or old housing. The bill earmarks 90% of the funds made available for the purchase of homes whose value is $38,000 or less with the remaining 10% for homes valued up to $42,000 in high cost areas of the country. The housing industry is in a severe recession and assistance to stimulate homebuilding and home buying is essential to the state of the economy.

School Lunch and Child Nutrition Act amendments (H.R. 4222, see DSG Legislative Report for March 24, 1975):

The bill would amend the National School Lunch and Child Nutrition Acts to extend and revise the special food service program for children and the school breakfast program. The bill makes permanent the school breakfast program and rolls back the price students must pay for a hot school lunch. The bill also makes children of unemployed parents eligible automatically for free meals under the National School Lunch Act and extends the School Lunch Act and the Child Nutrition Act to child care institutions.

House action is expected prior to the recess.

Increasing the public debt limit (H.R. 2634, see DSG Legislative Report for February 3, 1975):

The bill by a vote of 248 to 170 passed the House on February 5 and the Senate by a vote of 70 to 20 on February 18 (P.L. 94–3).

The bill increased the temporary debt limit by $36 billion to a level of $351 billion, to remain in effect through June 30, 1975. The increase was needed to permit the government to borrow funds to finance the national debt.

Supplemental appropriations, fiscal year 1975 (H.J. Res. 210, see DSG Legislative Report for February 19, 1975):

The bill passed the House by a vote of 273 to 134 on February 20 and the Senate by a vote of 61 to 29 on February 26 (P.L. 94–6).

The bill provided new budget authority in FY 1975 for the Department of Transportation for interim operating assistance for the Penn Central and certain other railroads under reorganization in the Midwest and Northeast Regions.

Further continuing appropriations (H.J. Res. 219, see DSG Legislative Report for February 24, 1975):

The bill passed the House by a vote of 308 to 75 on February 25 and the Senate by voice vote on February 28 (P.L. 94–7).

The bill provided stop-gap funds for foreign assistance programs, for four major HEW health programs, and for three OEO programs transferred to HEW.

Second budget recission bill (H.R. 3260, see DSG Legislative Report for February 24, 1975):

The bill passed the House by a vote of 389 to 3 on February 25 and the Senate by a vote of 76 to 8 on March 17.

The House bill disapproved presidential recissions of $706 million in funds appropriated by Congress for programs including Hill-Burton hospital construction, Section 235 home ownership subsidies, and other Justice, Commerce, Agriculture, Defense, State and Treasury programs. The House amended the bill to approve the presidential recission of funds for procurement of 12 F–111 fighter-bombers.

Action on the conference report is expected prior to the recess.

Third budget recission bill (H.R. 4075, see DSG Legislative Report for March 10, 1975):

The bill passed the House by a vote of 371 to 17 on March 10 and the Senate by voice vote on March 17.

The House bill disapproved presidential recissions of approximately $1.32 BILLION in funds appropriated by Congress for health and education programs of the Department of HEW, community service employment for the aged, and Department of Agriculture programs.

Action on the conference report is expected prior to the recess.

FULL-SCALE GENERAL ACCOUNTING OFFICE AUDIT OF THE FEDERAL RESERVE SYSTEM

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, today I am introducing a sixth bill providing for a General Accounting Office audit of the Federal Reserve System. The continued support for this legislation has brought the number of cosponsors to 105. It is very clear that the interest in this legislation indicates that effective legislation must be passed by the House to make the Federal Reserve more accountable to the Congress and the American people.

Therefore, in order to expedite consideration of such legislation, I am planning to hold hearings on this issue within the next few weeks.

LEGISLATION INTRODUCED TO PROHIBIT VARIABLE INTEREST RATES

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, for some time the Federal Home Loan Bank Board has been attempting to promote so-called variable interest rates for home mortgages.

These proposed regulations are not in the public interest and I do not think that they will provide any real benefits for the financial industry which they are designed to aid.

Therefore, Mr. Speaker, I am today introducing legislation which would, in effect, prohibit Federally insured financial institutions from engaging in the variable interest rate game. They would be required to continue to issue only the fixed rate mortgages which have been traditional for the mortgage lending business throughout its history.

This legislation will give the Congress a vehicle to go into the question of mortgage interest rates fully and I hope the Federal Home Loan Bank Board will not attempt to let its regulations go forward before this legislation is considered and before there are full hearings. I am convinced that a full airing of this question will clearly show that variable rates are not in the public interest.

Under the variable interest rate proposal, the lenders would be free to increase the interest payments when interest rates rose generally in the economy. Thus, the contract which the home buyer signs with the lender would be open-ended and the borrower would have no way of knowing what his monthly payments might be in the future.

True, the proposal would also allow interest rates to be lowered as interest rates went down generally in the economy, but the history of the money markets plainly indicates the emptiness of this side of the equation. The lenders obviously are not promoting this scheme because they think interest rates—over the long haul—are going to trend downward.

The Federal Home Loan Bank Board proposal would allow the lenders to increase interest rates by 2½ percent over the life of the mortgage—thus an original 8-percent mortgage could be moved up to a 10½-percent mortgage—an increase of almost one-third. Mr. Speaker, I do not think there are many home buyers—certainly in the low- and moderate-income categories—who could afford a one-third increase in their monthly interest rate payments.

Mr. Speaker, a variable interest rate will force many low- and moderate-income families completely out of the mortgage market. Lenders will simply refuse to consider loans to persons who might be unable to meet higher interest payments in future years. A lot of people who could now qualify for a fixed interest rate mortgage would be turned down flat under the variable proposals.

Mr. Speaker, without question mortgage lenders have had great difficulty during our repeated periods of tight money and I think that the Congress definitely needs to find solutions to this problem. But the variable interest rate scheme is not the answer. The answer lies in providing a more competitive atmosphere among the various segments of the financial community and, most importantly, setting monetary policy straight. What we need are monetary policies which can provide long-term stability for both the lenders and the borrowers.

Mr. Speaker, stable monetary policies could provide an even flow of funds and end the recurring problems of savings and loan associations and others in the mortgage lending business. I have long urged these financial institutions to take strong stands and to fight for changes at the Federal Reserve.

This is where the effort should be made to provide stability for home mortgage lending. The variable interest rate proposal puts all the burden on the home buyer—it shifts the risk to the consumer. Neither the Congress nor the Federal regulatory agencies should be in the position of requiring the home buyer to provide this stability out of his pocket.

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of March 19, 1975 (p. 7419):

H.R. 3500. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to impose a retailers excise tax on certain nonreturnable bottles and cans. Requires that the revenue generated by this Act be paid to the municipalities in which such bottles or cans were sold.

H.R. 3501. February 20, 1975. Judiciary. Amends the Voting Rights Act of 1965 by (1) authorizing the Attorney General to initiate enforcement proceedings against certain States and political subdivisions in which more than 5% of the voting age population is of Spanish origin; (2) making the Attorney General's decision not to prosecute reviewable in the district courts, in certain cases; (3) increasing, to twenty years, the time period during which a declaratory judgment which would allow a State to resume the use of certain tests and devices may not issue; and (4) prohibiting absolutely the use of any test or device as a prerequisite to voting.

H.R. 3502. February 20, 1975. Post Office and Civil Service. Abolishes the Commission on Executive, Legislative and Judicial Salaries established by the Federal Salary Act of 1967.

H.R. 3503. February 20, 1975. Agriculture. Increases the amount authorized to be appropriated for the forestry incentive program under the Agricultural Act of 1970.

H.R. 3504. February 20, 1975. Judiciary. Prohibits the manufacture, sale, purchase, transfer, receipt, or transportation of handguns or handgun ammunition except as authorized by the Secretary of the Treasury and by law enforcement officers and members of the military.

H.R. 3505. February 20, 1975. Agriculture. Increases the size of the tract which may be affected by the forestry incentive program under the Agricultural Act of 1970.

H.R. 3506. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to exempt from record keeping requirements licensed firearms or ammunition importers, manufacturers, or dealers.

H.R. 3507. February 20, 1975. Interior and Insular Affairs. Designates certain lands in the National Wildlife Refuge System and the National Forest System as wilderness.

H.R. 3508. February 20, 1975. Interior and Insular Affairs. Designates certain lands in the National Wildlife Refuge System and the National Forest System as wilderness.

H.R. 3509. February 20, 1975. Merchant Marine and Fisheries. Establishes the limit of the United States fishery zone at two hundred miles from the inner limit of the territorial sea.

Extends the jurisdiction of the U.S. over fish which originate in United States inland waters to wherever such fish range in the oceans except that jurisdiction does not extend into the fishery or territorial waters of another country.

H.R. 3510. February 20, 1975. Interior and Insular Affairs. Authorizes the Secretary of the Interior to make grants to assist States in the development and administration of land use programs. Establishes requirements and procedures for State eligibility for such grants and defines necessary elements of State land use programs.

Directs Federal public land management agencies to develop and revise land use plans. Includes provisions for public participation where Federal activities have a significant impact on State and local land use.

H.R. 3511. February 20, 1975. Ways and Means. Amends the Tariff Schedules of the United States to repeal the tariff treatment applied to articles of metal exported for processing and returned for further processing in the United States and to articles assembled abroad from United States products.

H.R. 3512. February 20, 1975. Ways and Means. Amends the Tariff Schedules of the United States to apply the existing tariff treatment of articles of metal exported for processing and returned for further processing in the United States, and to articles assembled abroad from United States products, only to articles which are to be sold to United States agencies under procurement contracts entered into before such articles are exported for processing or assembly.

H.R. 3513. February 20, 1975. Education and Labor. Amends the Emergency Jobs and Unemployment Assistance Act of 1974 to increase from twenty-six to thirty-nine the maximum number of weeks for which an individual may receive unemployment assistance under the provisions of such Act.

H.R. 3514. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to include certain joint hospital laundry ventures among the cooperative hospital service organizations granted tax exempt status.

H.R. 3515. February 20, 1975. Ways and Means. Amends the Emergency Unemployment Compensation Act of 1974 to increase from thirteen to twenty-six the maximum number of weeks for which an individual may receive emergency compensation thereunder.

H.R. 3516. February 20, 1975. Public Works and Transportation. Authorizes the Secretary of Transportation to delegate to the State which proposed a Federal-aid highway project the responsibility for preparing the required environmental impact statement.

H.R. 3517. February 20, 1975. Armed Services. Prohibits any change in the status of a member of the Armed Forces who was classified missing during service in Southeast Asia until there has been full compliance with the Paris Peace Accord of January 1973, and the President has determined that all reasonable action has been taken to account for such members and reported such finding to the Congress. Directs the Senate Committee on Armed Services and the House Committee on Armed Services to study the method whereby the status of a member of the Armed Forces is changed from missing to dead.

H.R. 3518. February 20, 1975. Armed Services. Prohibits any change in the status of a member of the Armed Forces who was classified missing during service in Southeast Asia until there has been full compliance with the Paris Peace Accord of January 1973, and the President has determined that all reasonable actions have been taken to account for such members and reported such findings to the Congress.

Directs the Senate Committee on Armed Services and the House Committee on Armed Services to study the method whereby the status of a member of the Armed Forces is changed from missing to dead.

H.R. 3519. February 20, 1975. Post Office and Civil Service. Prohibits an employee of an executive agency from requesting or receiving from Federal official or employees anything of value for political purposes. Allows any such employee to make voluntary contributions to political campaigns.

Permits employees of Federal executive agencies or the District of Columbia government to participate in political management or in political campaigns.

H.R. 3520. February 20, 1975. Merchant Marine and Fisheries. Amends the Merchant Marine Act, 1936, to entitle the Delegates in Congress from Guam and the Virgin Islands to make nominations for appointments to the Merchant Marine Academy.

H.R. 3521. February 20, 1975. Government Operations. Directs the Comptroller General to conduct a study on the effect of the reporting requirements of Federal regulatory programs on businesses, and to determine the extent to which such reporting requirements may be revised to lessen the burden on businesses.

H.R. 3522. February 20, 1975. Post Office and Civil Service. Authorizes any officer or employee of the United States to accept the voluntary services of certain students for the United States.

H.R. 3523. February 20, 1975. Ways and Means. Authorizes the Secretary of the Treasury to reimburse States which provide property tax relief to households headed by individuals who are 65 years of age or over.

H.R. 3524. February 20, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3525. February 20, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3526. February 20, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in reimbursement for the costs incurred in connection with the purchase of a new home incident to a charge of official stations required by such individual's employment with the Department of Labor.

H.R. 3527. February 20, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States for moving expenses resulting from employment with the United States Army.

H.R. 3528. February 20, 1975. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3529. February 20, 1975. Judiciary. Authorizes the admission of a certain individual to the United States for permanent residence.

H.R. 3530. February 20, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3531. February 21, 1975. Interstate and Foreign Commerce. Prohibits authorization of the abandonment of any railroad line covered by the Rail Reorganization Act prior to December 31, 1976.

H.R. 3532. February 21, 1975. Judiciary. Prohibits the importation, manufacture, sale, purchase, transfer, receipt, possession or transportation of handguns and handgun ammunition except as authorized by the Secretary of the Treasury or by members of the Armed Forces and law enforcement officials.

H.R. 3533. February 21, 1975. Judiciary. Increases by two the number of district judges for the Eastern District of Kentucky.

H.R. 3534. February 21, 1975. Veterans' Affairs. Directs the Administrator of Veterans' Affairs to permit a veteran, who is being supplied with drugs but who is not a patient in a Veterans' Administration facility, to determine whether the drugs will be supplied directly by the Administrator or from a source approved by the Administrator and whether the Administrator shall pay such source directly or reimburse the veterans who will pay for the drugs.

H.R. 3535. February 21, 1975. Education and Labor. Creates, within the Department of Labor an agency to be known as the Veterans' Employment Service to provide job counseling and employment placement for veterans.

H.R. 3536. February 21, 1975. Judiciary. Amends the Sherman Act by declaring unlawful any agreement between a labor organization and an employer whereby such employer agrees to boycott any product which is distributed in interstate or foreign commerce.

H.R. 3537. February 21, 1975. Armed Services. Revises eligibility requirements for the awarding of the gold star lapel button.

H.R. 3538. February 21, 1975. Government Operations. Expands the membership of the Advisory Commission on Intergovernmental Relations to include elected school board official and elected town and township officials.

H.R. 3539. February 21, 1975. Ways and Means Amends the Social Security Act to permit officers and employees of the Federal Government to elect coverage under Old-Age, Survivors and Disability Insurance.

H.R. 3540. February 21, 1975. Ways and Means. Amends the Internal Revenue Code to tax married and unmarried individuals at the same rate as married individuals filing jointly.

H.R. 3541. February 21, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3542. February 21, 1975. Ways and Means. Amends the Federal Alcohol Administration Act with respect to the definition of wine.

H..R. 3543. February 21, 1975. Agriculture. Adjusts the established price for feed grains, wheat, and cotton, under the Agricultural Act of 1949, for the purposes of determining loan levels for such crops.

H.R. 3544. February 21, 1975. Judiciary. Directs, under the Omnibus Crime Control and Safe Streets Act of 1968 that a gratuity be paid to survivors of certain public safety officers who die in the performance of duty.

H.R. 3545. February 21, 1975. Interstate and Foreign Commerce. Requires that any drug whose effectiveness or potency becomes diminished after storage shall be prominently labeled, under regulations promulgated by the Food and Drug Administration, as to the date beyond which the product shall not be used.

H.R. 3546. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act to require the use of the established name along with the proprietary name for a drug every time the name appears. Allows licensed pharmacists to fill or refill prescriptions with a substitute drug if a practitioner, licensed to administer the drug, identifies it by its proprietary name, provided the substitute drug costs the patient less than any other substitute drug. Defines substitute drug as a drug having the same established name as the drug identified by its proprietary name or a drug that the Secretary of Health, Education, and Welfare has determined to have the same qualitative composition as the drug so identified.

H.R. 3547. February 21, 1975. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act and the Fair Packaging and Labeling Act to require full disclosure of pertinent data on labels of foods and food products. Prohibits misleading brand names under the Federal Trade Commission Act.

H.R. 3548. February 21, 1975. Interstate and Foreign Commerce. Requires, under the Federal Food, Drug, and Cosmetic Act, the posting of prices for prescription drugs by drug retailers. Directs the Federal Trade Commission to cooperate with the Secretary of Health, Education, and Welfare to implement, at the vendors' discretion, the advertising of prescription drug prices.

H.R. 3549. February 21, 1975. Judiciary. Directs the Federal Trade Commission, upon a finding that the price charged or quoted to druggists is more than 500 percent of the cost of production of a patented drug, to order such patentee to grant an unrestricted patent license to any qualified applicant to make, use, and sell such drug.

H.R. 3550. February 21, 1975. Public Works and Transportation. Authorizes free or reduced rate transportation under the Federal Aviation Act of 1958 to handicapped persons and persons who are sixty-five years of age or older.

Authorizes the Secretary of Health, Education, and Welfare to make grants to public and private entities to plan, research, and develop special transportation systems for the handicapped and the elderly.

H.R. 3551. February 21, 1975. Public Works and Transportation. Prohibits sonic booms by civil aircraft within the United States.

H.R. 3552. February 21, 1975. Post Office and Civil Service. Includes as creditable service for civil service retirement purposes, service as an enrollee of the Civilian Conservation Corps.

H.R. 3553. February 21, 1975. Interstate and Foreign Commerce. Declares portions of the Wakulla River, in Wakulla County, Florida, a non-navigable water of the United States.

H.R. 3554. February 21, 1975. Veterans' Affairs. Prohibits the Administrator of Veterans' Affairs, without prior notice to both Houses of Congress, from readjusting the schedule of ratings of disabilities; from closing any hospital, domiciliary facility, or regional office over which the Administrator has exclusive jurisdiction; and from transferring any real property to any other department or agency of the Federal Government or to any State, territory, or possession of the United States.

H.R. 3555. February 21, 1975. Veterans' Affairs. Provides mustering-out payments to certain members of the Armed Forces who are discharged or released from active duty under honorable conditions.

H.R. 3556. February 21, 1975. Veterans' Affairs. Provides mustering-out payments to certain members of the Armed Forces who are discharged or released from active duty under honorable conditions.

H.R. 3557. February 21, 1975. Veterans' Affairs. Transfers control of Pershing Hall, located in Paris, France, to the Secretary of State.

H.R. 3558. February 21, 1975. Veterans' Affairs. Transfers control of Pershing Hall, located in Paris, France, to the Administrator of Veterans' Affairs. Abolishes the Pershing Hall Memorial Fund.

H.R. 3559. February 21, 1975. Veterans' Affairs. Extends the maximum period for veterans' educational benefits from 36 months to 48 months. Extends the aggregate period that a wife, child, or widow of a veteran with a service-connected disability is entitled to educational assistance from 48 months to 72 months.

H.R. 3560. February 21, 1975. Veterans' Affairs. Decreases the disability rating for a disabled veteran from 30 percent disabled to 10 percent disabled for the purposes of inclusion in programs of employment and training of disabled Vietnam Era Veterans.

H.R. 3561. February 21, 1975. Veterans' Affairs. Restores the wartime recognition, but grants no remuneration, to certain Filipino veterans of World War II whose records were expunged from the United States Army Final Revised Reconstructed Guerrilla Roster of June 30, 1948.

H.R. 3562. February 21, 1975. Science and Technology. Authorizes appropriations for the National Science Foundation for fiscal years 1976 and 1977.

H.R. 3563. February 21, 1975. Veterans' Affairs. Extends the maximum period of veterans' eligibility for educational benefits from thirty-six months to forty-five months.

H.R. 3564. February 21, 1975. Agriculture. Exempts from the inspection requirements of the Federal Meat Inspection Act, the custom slaughtering of livestock by any person not engaged in selling or buying meat or meat products when such livestock is delivered by the owner thereof, there is no change of ownership in such livestock, the meat and meat food products are to be used exclusively by the owner, and the premises and slaughtering meet the sanitation requirements of the State.

H.R. 3565. February 21, 1975. Judiciary. Specifies the tax treatment of a certain individual under the Internal Revenue Code.

H.R. 3566. February 21, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States for injuries sustained by such individual while participating in certain Army reservist training.

H.R. 3567. February 21, 1975. Judiciary. Permits the filing by a certain individual of a suit pertaining to operations conducted in a military hospital, notwithstanding certain time limitations.

H.R. 3568. February 21, 1975. Judiciary. Authorizes issuance of a visa under the Immigation and Nationality Act to a certain individual as a nonimmigrant alien.

H.R. 3569. February 21, 1975. Armed Services. Authorizes the Secretary of the Air Force to convey two parcels of Federal real property in the District of Columbia to the Air Force Enlisted Men's Widows and Dependents Home Foundation, Incorporated.

H.R. 3570. February 24, 1975. Agriculture. Amends the Emergency Livestock Credit Act of 1974 to provide additional temporary financial assistance to owners of livestock who have suffered severe financial losses as a result of low market prices for livestock.

H.R. 3571. February 24, 1975. Interior and Insular Affairs. Establishes the Great Prairie Lakes National Recreation Area in Nebraska, North Dakota, and South Dakota, to be administered by the Secretary of the Army.

H.R. 3572. February 24, 1975. Ways and Means Amends the Social Security Act to permit officers and employees of the Federal Government to elect coverage under Old-Age, Survivors and Disability Insurance. Sets forth the procedures by which Federal employees may elect such coverage.

H.R. 3573. February 24, 1975. Banking, Currency and Housing. Authorizes the Secretary of Housing and Urban Development to make payments to low- and middle-income owners of existing residential structures to purchase and install energy conservation improvements.

Directs the Secretary to compile and publish a list of eligible energy conservation improvements.

H.R. 3574. February 24, 1975. Banking, Currency and Housing. Authorizes the Secretary of Housing and Urban Development to make periodic assistance payments to mortgagees holding mortgages on behalf of owners of newly constructed homes to reduce the interest rate on the homeowners' mortgage payments to seven percent.

H.R. 3575. February 24, 1975. Government Operations. Revises per diem and mileage allowances for Federal employees traveling on official business.

H.R. 3576. February 24, 1975. Interstate and Foreign Commerce. Amends the National Traffic and Motor Vehicle Safety Act of 1966 to (1) include recreational vehicles within the scope of the Act, and (2) direct the Secretary of Transportation to issue safety standards applicable to the living quarters of recreational vehicles.

H.R. 3577. February 24, 1975. Ways and Means. Transfers all jurisdiction over and responsibility for Arlington National Cemetary from the Secretary of the Army to the Administrator of Veterans' Affairs.

Requires the Administrator to permit the burial in Arlington National Cemetery of any veteran or his survivors entitled to burial in national cemeteries.

H.R. 3578. February 24, 1975. Veterans' Affairs. Prescribes payment, by the Administrator of Veterans' Affairs, of the actual cost (not to exceed $250) of the burial and funeral of a person whose death occurs in a Veterans' Administration facility or a State Home for domiciliary, nursing home, or hospital care.

H.R. 3579. February 24, 1975. Public Works and Transportation. Changes the name of the "Jones Bluff Lock and Dam" on the Alabama River, Alabama, to the "Robert F. Henry Lock and Dam."

H.R. 3580. February 24, 1975. Ways and Means. Amends the Internal Revenue Code to increase the exemption from industrial development bond treatment for certain small issues of such bonds.

H.R. 3581. February 24, 1975. Judiciary. Authorizes the Attorney General to reimburse law enforcement officers for costs incurred by such officers in civil actions arising out of the performance of official duties on condition that the law enforcement officer prevails in such civil action.

H.R. 3582. February 24, 1975. Post Office and Civil Service. Authorizes reduced second-class postal rates for certain State conservation publications.

H.R. 3583. February 24, 1975. Post Office and

Civil Service. Authorizes reduced second-class postal rates for certain State conservation publications.

H.R. 3584. February 24, 1975. Judiciary. Limits the authority of States and their subdivisions to impose income taxes on residents of other States.

H.R. 3585. February 24, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a limited credit against the income tax the expenses paid by an individual during the taxable year to institutions of higher education for himself or for any other individual.

H.R. 3586. February 24, 1975. Banking, Currency and Housing. Requires the developers of all federally assisted condominium projects to disclose specific information on proposed new condominium construction or conversion to condominium units of existing structures.

Sets forth regulations to protect the rights of tenants of multifamily rental housing which is to be converted to condominiums.

Authorizes the Secretary of Housing and Urban Development to make grants to State and local governments to establish similar programs.

H.R. 3587. February 24, 1975. House Administration. Directs the Clerk of the House of Representatives, the Sergeant at Arms of the Capitol, and the Librarian of Congress to enter into agreements with officials of Virginia, Maryland and the District of Columbia to withhold State or District of Columbia income taxes from Members of the House of Representatives and congressional employees subject to such taxes who agree to such withholding. Directs the Committee on House Administration to review such agreeemnts.

H.R. 3588. February 24, 1975. Government Operations. Expands the membership of the Advisory Commission on Intergovernmental Relations to include elected school board officials.

H.R. 3589. February 24, 1975. Judiciary. Incorporates the United States Submarine Veterans of World War II.

H.R. 3590. February 24, 1975. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare, by amendment to the Community Mental Health Centers Act, to establish, within the National Institute of Mental Health, an administrative unit to be known as the National Center for the Prevention and Control of Rape to study existing laws dealing with rape, the attitudes of those who formulate such laws, the treatment of rape victims, and the causes of rape.

H.R. 3591. February 24, 1975. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare, by amendment to the Community Mental Health Centers Act, to establish, within the National Institute of Mental Health, an administrative unit to be known as the National Center for the Prevention and Control of Rape to study existing laws dealing with rape, the attitudes of those who formulate such laws, the treatment of rape victims, and the causes of rape.

H.R. 2592. February 24, 1975. Merchant Marine and Fisheries. Amends the Fisherman's Protective Act of 1967 to direct the Secretary of Commerce to compensate owners of United States commercial fishing vessels for damage caused by foreign vessels or citizens of foreign countries, and to reimburse such owners for losses suffered because of lost or reduced fishing hauls directly resulting from such damage.

H.R. 3593. February 24, 1975. Government Operations. Amends the Federal Property and Administrative Services Act of 1949 by authorizing the General Services Administrator to donate surplus Federal equipment or supplies to State or local public recreational agencies. Directs the Secretary of the Interior to allocate and administer the donation of such property.

H.R. 3594. February 24, 1975. Interior and Insular Affairs. Amends the Mineral Leasing Act of 1920 to allow funds acquired by lease or sale of public lands for the development of oil shale resources to be used for planning, construction, and maintenance of public facilities, and provision of public services.

H.R. 3595. February 24, 1975. Interior and Insular Affairs. Establishes the Special Commission on Guadalupe-Hidalgo Land Rights to determine property rights of persons living in territories ceded to the United States pursuant to the Treaty of Guadalupe-Hidalgo.

H.R. 3596. February 24, 1975. Interior and Insular Affairs. Modifies the boundary of the Cibola National Forest in New Mexico.

H.R. 3597. February 24, 1975. Post Office and Civil Service. Amends the Postal Reorganization Act of 1970 with respect to the applicability of certain civil service laws and regulations to the Postal Service.

Repeals that section of the Act which regulates labor disputes. Makes employee-management relations in the Postal Service subject to certain provisions of the Labor-Management Relations Act of 1947.

H.R. 3598. Interstate and Foreign Commerce. Amends the Clean Air Act to require the Administrator of the Environmental Protection Agency to prescribe warranty regulations of twelve months or twelve thousand miles for motor vehicle emission control devices rather than the currently prescribed standard of the "useful life" of the vehicle and engine.

H.R. 3599. February 24, 1975. Appropriations. Rescinds budget authorizations for certain Federal departments, agencies and programs, as recommended by the President, and transmitted to Congress pursuant to the Impoundment Control Act of 1974.

H.R. 3600. February 24, 1975. Agriculture. Directs the Secretary of Agriculture to establish a system of thorough examination and inspection of all livestock products imported into the United States to prevent the entry of any disease or distribution of any unwholesome products. Directs the Commissioner of Customs to levy a charge on such animal products to defray the costs of such examination, inspection, and surveillance.

H.R. 3601. February 24, 1975. Education and Labor. Directs the Bureau of Labor Statistics to prepare a monthly Consumer Price Index for the Elderly. Directs the Secretaries of Health, Education, and Welfare, Defense, and State; the Chairman of the Civil Service Commission, Board of Directors of the Tennessee Valley Authority, and Board of Governors of the Federal Reserve System; the Director of the Central Intelligence Agency; and the Commissioner of the District of Columbia to study and investigate any legislative and administrative action necessary for utilizing such an index in the administration of certain retirement programs.

H.R. 3602. February 24, 1975. Education and Labor. Directs the Bureau of Labor Statistics to prepare a monthly Consumer Price Index for the Elderly. Directs the Secretaries of Health, Education, and Welfare, Defense, and State; the Chairman of the Civil Service Commission, Board of Directors of the Tennessee Valley Authority, and Board of Governors of the Federal Reserve System; the Director of the Central Intelligence Agency; and the Commissioner of the District of Columbia to study and investigate any legislative and administrative action necessary for utilizing such an index in the administration of certain retirement programs.

H.R. 3603. February 24, 1975. Judiciary. Prohibits the use of any person confined in any Federal penal or correctional institution or any person confined under the authority of any Act of Congress as a subject upon whom any medical research is conducted.

H.R. 3694. February 24, 1975. Ways and Means. Amended the Social Security Act by revising the eligibility requirements for Disability Insurance benefits and the disability freeze in the case of individuals who become disabled before age 31.

H.R. 3605. February 24, 1975. Ways and Means. Amends the Internal Revenue Code to reduce the Federal excise tax on beer for certain qualified brewerys.

H.R. 3606. February 24, 1975. Ways and Means. Interstate and Foreign Commerce. Establishes a Long-Term Care Services program under the Medicare program of the Social Security Act to provide home health, homemakers, nutrition, long-term institutional care, day care, foster home, and outpatient mental health services. Specifies that these services shall be delivered by community long-term care centers under the direction and control of a State long-term care agency.

H.R. 3607. February 24, 1975. Interstate and Foreign Commerce. Prohibits the United States Consumer Product Safety Commission from making any ruling that restricts the manufacture or sale of firearms or firearm ammunition.

H.R. 3608. February 24, 1975. Interstate and Foreign Commerce. Amends the Internal Revenue Code to impose a tax on certain passenger automobiles based on their horsepower rating.

Amends the National Traffic and Motor Vehicle Safety Act of 1966 to prohibit the manufacture of passenger motor vehicles which do not comply with certain limitations with respect to weight, fuel economy, and horsepower.

H.R. 3609. February 24, 1975. Interstate and Foreign Commerce. Amends the Public Health Service Act to authorize the Secretary of Health, Education, and Welfare to make payment to a medical facility which provides treatment to any alien unlawfully in the United States for the costs of such treatment when the medical facility cannot recover such costs under any other program.

H.R. 3610. February 24, 1975. Ways and Means. Amends the Internal Revenue Code to tax married and unmarried individuals at the same rate as married individuals filing jointly.

H.R. 3611. February 24, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum of a certain individual in full settlement of such individual's claim against the United States for expenses incurred in furnishing the Atomic Energy Commission with certain information.

H.R. 3612. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to reduce by a limited amount the taxes due on individual income for the 1974 taxable year.

Revises the tax on business income to increase the investment credit and the corporate surtax exemption.

H.R. 3613. February 25, 1975. Public Works and Transportation. Authorizes the Chief of Engineers of the United States Army to construct a dam and reservoir on the Little White River in South Dakota.

H.R. 3614. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction the amounts paid during the taxable year by a handicapped individual for transportation between his residence and his principal place of employment.

H.R. 3615. February 25, 1975. Veterans' Affairs. Specifies that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits.

H.R. 3616. February 25, 1975. Veterans' Affairs. Authorizes and directs the Administrator of Veterans' Affairs to pay a pension to a veteran of World War I or his widow without regard to his or her annual income derived solely from payments of social security benefits, railroad retirement benefits, or pensions.

H.R. 3617. February 25, 1975. Ways and

Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors and Disability Insurance benefits.

H.R. 3618. February 25, 1975. Atomic Energy. Directs the Nuclear Regulatory Commission to prohibit the licensing of certain activities involving plutonium until expressly authorized by Congress. Authorizes a comprehensive study of potential dangers to public health and safety resulting from the recycling of plutonium.

H.R. 3619. February 25, 1975. Interior and Insular Affairs. Directs the Secretary of the Interior to designate additional lands, including the salt cairn used by the Lewis and Clark Expedition, for inclusion in the Fort Clatsop National Memorial in Oregon.

H.R. 3620. February 25, 1975. Post Office and Civil Service. Directs the Postmaster General to issue a special postage stamp commemorating the life and work of Doctor Enrico Fermi.

H.R. 3621. February 25, 1975. Public Works and Transportation. Terminates the Airlines Mutual Aid Agreement.

H.R. 3622. February 25, 1975. Ways and Means. Amends the Social Security Act to permit officers and employees of the Federal Government to elect coverage under Old-Age, Survivors and Disability Insurance. Sets forth the procedures by which Federal employees may elect such coverage.

H.R. 3623. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow a deduction from gross income for expenses incurred in connection with the adoption of a child by the taxpayer.

H.R. 3624. February 25, 1975. Education and Labor. Establishes an Office of Child and Family Services within the office of the Secretary of Health, Education, and Welfare to administer this Act. Establishes a Child and Family Services Coordinating Council to coordinate Federal activity in the field. Requires the Secretary to develop program standards for child care services and a uniform minimum code for facilities used for child care services.

Authorizes the Secretary to make grants for child and family services programs and for the training of professionals and paraprofessionals in the child development field. Authorizes the Secretary to insure mortgages for child and family services facilities.

H.R. 3625. February 25, 1975. Judiciary. Imposes penalties for the use of expanding bullets in the United States.

H.R. 3626. February 25, 1975. Judiciary. Imposes penalties for the use of expanding bullets in the United States.

H.R. 3627. February 25, 1975. Judiciary. Makes applicable to individuals convicted for the first time of using a firearm in the commission of a felony, the rules for suspended or probationary sentences and for minimum sentences now applicable to second and subsequent convictions.

H.R. 3628. February 25, 1975. Post Office and Civil Service. Grants to Federal employees the right to form, join and assist a labor organization or to refrain from such activity without fear of penalty or reprisal.

H.R. 3629. February 25, 1975. House Administration. Forbids the States from denying citizens the right to vote in a Federal election solely because they are outside the United States during such election.

Directs the States to follow certain enumerated procedures in supplying citizens with absentee ballots.

H.R. 3630. February 25, 1975. Interstate and Foreign Commerce. Directs the Federal Power Commission to review and modify plans submitted by natural gas pipelines, for curtailing sales to specific customers and authorizes the commission to direct transfers of available supplies of natural gas in order to meet regional needs.

H.R. 3631. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow a deduction from gross income of certain taxes allocable to the construction of treatment works or to the retirement of indebtedness attributable to any such construction.

H.R. 3632. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to increase the excise tax on cigarettes, and to utilize such increase for expanded research of smoking related diseases in the National Heart and Lung Institute.

H.R. 3633. February 25, 1975. Interstate and Foreign Commerce. Prohibits the Consumer Product Safety Commission from making a ruling or order restricting the sale or manufacture of firearms or ammunition.

H.R. 3634. February 25, 1975. Ways and Means. Amends the Social Security Act by requiring that the amount of outside earnings allowed while receiving Disability Insurance benefits be the same as the amount of outside earnings allowed while receiving Old-Age and Survivors Insurance benefits.

H.R. 3635. February 25, 1975. Banking, Currency and Housing. Establishes the Homeowners Loan Corporation and authorizes such Corporation to issue bonds.

Authorizes the Corporation to require mortgages and other liens secured by real estate in exchange for its bonds in any quarter during which the foreclosure rate reaches a predetermined level.

Authorizes the Corporation to make cash advances to a homeowner whose mortgagee will not accept the Corporations bonds.

Authorizes the Corporation to exchange bonds and advance cash to recover property lost through foreclosure within two years prior to such exchange or advance.

H.R. 3636. February 25, 1975. Education and Labor. Establishes a National Employment Relocation Administration in the Department of Labor. Establishes programs of Federal assistance to employees who suffer employment loss through economic dislocations, to businesses threatened with dislocation, and to affected communities.

Requires prenotification to affected employees and communities of dislocation of businesses. Provides Federal assistance for job placement and retraining of employees.

H.R. 3637. February 25, 1975. Merchant Marine and Fisheries. Interior and Insular Affairs. Amends the Coastal Zone Management Act to authorize assistance to affected coastal States for the development of coastal zone management plans relating to the impact of offshore energy facilities on such States. Prohibits Federal authorization of the development of offshore energy facilities prior to approval of State coastal zone management plans.

Establishes an Affected Coastal States Fund to assist States in designation of suitable or unsuitable on-shore sites for facilities related to coastal zone development.

H.R. 3638. February 25, 1975. Judiciary. Merchant Marine and Fisheries. Interior and Affairs. Science and Technology. Amends the Outer Continental Shelf Lands Act to establish strict liability for damages caused by oil spills. Authorizes the Secretary of the Interior to distribute revenues collected from the leasing of Outer Continental Shelf lands to affected States.

Establishes an Outer Continental Shelf Research Fund to expand and develop data and technology relating to oil and gas resources and the marine environment on the Outer Continental Shelf.

H.R. 3639. February 25, 1975. Foreign Affairs. Amends the United Nations Participation Act to permit the President to apply the sanctions contained therein notwithstanding certain provisions of the Strategic and Critical Materials Stock Piling Act.

H.R. 3640. February 25, 1975. Standards of Official Conduct. Requires each Member of Congress and certain employees of Congress to file certain financial information with the Comptroller General.

H.R. 3641. February 25, 1975. Veterans' Affairs. Requires the Administrator of Veterans' Affairs to pay pension benefits to each veteran who served in the active military, naval, or air service at any time during World War I and who is otherwise not eligible for pension or to the widow and children of such veterans.

H.R. 3642. February 25, 1975. Veterans' Affairs. Specifies that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits.

H.R. 3643. February 25, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors and Disability Insurance benefits.

H.R. 3644. February 25, 1975. Ways and Means. Interstate and Foreign Commerce. Amends the Social Security Act by requiring that State public assistance plans include a provision whereby the standard of need used to determine eligibility rises whenever there is an increase in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3645. February 25, 1975. Judiciary. Directs the President to appoint, by and with the advice and consent of the Senate, one additional district judge for the district of Connecticut.

H.R. 3646. February 25, 1975. Judiciary. Amends the Voting Rights Act of 1965 by increasing to twenty years the time period during which a declaratory judgment that no voting test or device has been used to abridge the rights to vote on account of race or color may not issue in a case brought by a State or local political subdivision.

Stipulates that no citizen shall be denied, because of his failure to comply with any test or device, the right to vote in any Federal, State, or local election.

H.R. 3647. February 25, 1975. Public Works and Transportation. Amends the Federal Aviation Act of 1958 to permit aliens holding permanent residence visas to register aircraft in the United States.

H.R. 3648. February 25, 1975. Government Operations. Prohibits Federal agencies from purchasing, hiring, leasing, operating or maintaining limousines and from employing chauffeurs to operate such limousines, except for certain designated Federal officers.

H.R. 3649. February 25, 1975. Education and Labor. Amends the National School Lunch Act and the Child Nutrition Act to extend and increase appropriations for programs under the Acts.

H.R. 3650. February 25, 1975. Post Office and Civil Service. Revises regulations with respect to pay and retirement annuities for individuals receiving Federal civil service annuities who have become reemployed by the Federal Government.

H.R. 3651. February 25, 1975. Post Office and Civil Service. Stipulates that Federal employees subject to certain pay limitations shall be credited, for civil service retirement and life insurance purposes, with the pay they would have received if such pay limitations were not in effect.

H.R. 3652. February 25, 1975. Government Operations. Amends the State and Local Fiscal Assistance Act of 1972 by making appropriations to the State and Local Government Fiscal Assistance Trust Fund for fiscal years 1977 through 1986.

Repeals provisions of such Act limiting the use to which units of local government may put funds received.

H.R. 3653. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to reduce the Federal excise tax on beer for certain qualified brewerys.

H.R. 3654. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction the household and dependent care expenses paid by a married couple during the taxable year when one spouse is a full-time student.

H.R. 3655. February 25, 1975. Interstate and Foreign Commerce. Makes it unlawful for any telephone or telegraph company to disclose information concerning any member of the news media without a court order.

H.R. 3656. February 25, 1975. Interior and Insular Affairs. Directs the Secretary of Agriculture to study certain lands in the Sierra National Forest, California, for possible inclusion in the National Wilderness Preservation System.

H.R. 3657. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income the interest on deposits in certain savings institutions.

H.R. 3658. February 25, 1975. Rules. Judiciary. Declares that certain rules proposed by Federal agencies shall take effect only if, after a certain period of time, either House of Congress does not pass a resolution disapproving such proposed rule. Establishes procedures for exercising Congressional disapproval of such proposed rules.

H.R. 3659. February 25, 1975. House Administration. Amends the Legislative Reorganization Act of 1970 by directing officers of the House of Representatives to prepare and conduct seminars for freshmen Members of Congress.

Authorizes freshmen Members to employ an interim staff during the period beginning on the day such freshman is declared elected and the first day of the regular session of Congress.

H.R. 3660. February 25, 1975. Banking, Currency and Housing. Prohibits the sale, alienation, or commitment of gold by the Secretary of the Treasury without prior approval by Act of Congress.

H.R. 3661. February 25, 1975. Foreign Affairs. Amends the Foreign Assistance Act of 1961 to authorize the President to (1) negotiate agreements with foreign countries to utilize foreign currencies owned by the United States to pay the import duty on United States commodities and certain costs of United States private enterprise in foreign countries; and (2) grant as credit against any debt owed to the United States by any country agreeing to such payment the amount of liability avoided by the United States through such method of payment.

H.R. 3662. February 25, 1975. Interior and Insular Affairs. Authorizes the Secretary of the Interior to convey all right, title and interest of the United States to certain lands in New Mexico to Sandoval County, New Mexico.

H.R. 3663. February 25, 1975. Interstate and Foreign Commerce. Designates the Miners' Hospital in Raton, New Mexico, a Public Health Service hospital to be known as the Miners' Rehabilitation and Medical Hospital.

Grants authority for the control, management, and operation of this hospital to the Secretary of Health, Education, and Welfare.

Extends certain privileges and priorities to miners and former miners with respect to health services received from this hospital.

H.R. 3664. February 25, 1975. Judiciary. Directs the Secretary of Health, Education, and Welfare to establish medical zones and a Federal Medical Malpractice Board for each zone. Empowers these Boards, with respect to malpractice suits, to determine and make a finding of fact and make an award for or against payment of recovery, according to the compensation schedule. Limits attorney's charges to no more than 20 percent of the award.

H.R. 3665. February 25, 1975. Post Office and Civil Service. Declares that no person appointed from private life to serve as a member of a committee, council, board, or similar organizational unit in the executive branch of the Federal Government shall be entitled to receive any pay except for reimbursement for expenses incurred in connection with the performance of services for such commission, council, board, or similar organizational unit.

H.R. 3666. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow an individual a limited credit against the tax imposed for amounts paid by him during the taxable year as tuition for the education in a private nonprofit elementary or secondary school of any dependent for whom he may claim a personal exemption.

H.R. 3667. February 25, 1975. Ways and Means. Permits a taxpayer who has donated his own blood to specified organizations to deduct under the Internal Revenue Code as a charitable contribution an amount specified for each pint donated.

H.R. 3668. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction for ordinary and necessary expenses paid during the taxable year for the repair or improvement of property used by the taxpayer as his principal residence.

H.R. 3669. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to permit a deduction from gross income for taxes paid by employees under the Federal Insurance Contributions Act.

H.R. 3670. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a limited credit against the income tax the expenses paid by an individual during the taxable year to institutions of higher education for himself or for any other individual.

H.R. 3671. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to permit individuals to deduct contributions to a qualified fund, where the beneficiary is a dependent of the taxpayer, and where the distributions from the fund are to be made only to defray the cost of room, board, and tuition at an institution of higher education.

H.R. 3672. February 25, 1975. Ways and Means. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare to establish and administer a national family health protection program. Directs the Secretary to issue a health protection certificate to the head of each eligible family which may be used to pay the premium on a basic one year health protection policy.

H.R. 3673. February 25, 1975. Agriculture. Directs the Secretary of Agriculture to promulgate standards to regulate the transportation, handling, care, and treatment of horses by any person engaged in the transportation of horses in commerce.

H.R. 3674. February 25, 1975. Ways and Means. Creates a national system of health insurance. Establishes a Health Security Board in the Department of Health, Education, and Welfare to administer such health insurance program. Repeals the Medicare provisions of the Social Security Act and all health benefit plans for employees of the Federal Government. Amends various other provisions of the Social Security Act and the Public Health Service Act.

H.R. 3675. February 25, 1975. Judiciary. Prohibits the importation, manufacture, sale, purchase, transfer, receipt, possession or transportation of handguns except as authorized by the Secretary of the Treasury or by members of the Armed Forces and law enforcement officials.

H.R. 3676. February 25, 1975. Banking, Currency and Housing. Amends the National Flood Insurance Act of 1968 by stipulating that communities in the process of constructing a flood protection system shall be eligible for flood insurance under the Act at premium rates not exceeding those which would be applicable if such flood protection system had been completed.

Repeals the provisions of the Flood Disaster Protection Act of 1973 which require communities and individuals in flood prone areas to participate in the national flood insurance program in order to be eligible for Federal financial assistance.

H.R. 3677. February 25, 1975. Interstate and Foreign Commerce. Prohibits the authorization of the abandonment of any railroad line covered by the Rail Reorganization Act prior to December 31, 1976.

H.R. 3678. February 25, 1975. Judiciary. Amends the Sherman Act by redefining "person" to include marketing cooperatives.

H.R. 3679. February 25, 1975. Ways and Means. Interstate and Foreign Commerce. Includes the services of registered nurses under Medicare supplemental insurance and Medicaid coverage of the Social Security Act.

H.R. 3680. February 25, 1975. Interior and Insular Affairs. Declares that certain lands now under the jurisdiction of the Department of the Interior are to be held in trust by the United States for the Lac Courte Oreilles Band of Lake Superior Chippewa Indians.

H.R. 3681. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to reduce the Federal excise tax on beer for certain qualified brewerys.

H.R. 3682. February 25, 1975. Interstate and Foreign Commerce. Defines the term special dietary uses as it appears in the Federal Food, Drug, and Cosmetic Act and circumscribes the authority of the Secretary of Health, Education, and Welfare to regulate foods for special dietary uses.

H.R. 3683. February 25, 1975. Ways and Means. Amends the Social Security Act by reentitling an individual to child's insurance benefits under the Old-Age, Survivors, and Disability Insurance program, in the case of a child whose benefits were terminated by marriage and who becomes divorced before attaining age 22.

H.R. 3684. February 25, 1975. Education and Labor. Directs the Secretary of Agriculture to purchase beef and beef products to be used, under the Older Americans Act of 1965, for providing services for the elderly.

H.R. 3685. February 25, 1975. House Administration.

Authorizes the Secretary of the Interior to establish a National Law Enforcement Heroes Memorial within the District of Columbia.

H.R. 3686. February 25, 1975. Ways and Means.

Revises the eligibility requirements for Disability Insurance benefits for blind persons under the Social Security Act. Revises the method of computing the primary insurance amount for blind persons under the Social Security Act.

H.R. 3687. February 25, 1975. Ways and Means.

Amends the Internal Revenue Code to exclude from gross income the interest on deposits in certain savings institutions.

H.R. 3688. February 25, 1975. Agriculture.

Authorizes the Secretary of Health, Education, and Welfare to make grants and enter into contracts with public and private nonprofit agencies and institutions for thhe purpose of developing programs of consumer education on the nutritional and economic aspects of agricultural commodities.

H.R. 3689. February 25, 1975. Armed Services.

Authorizes appropriations to the Department of Defense for fiscal years 1976 and 1977. Prescribes the authorized personnel strength for each active duty and selected Reserve component of the Armed Forces, of civilian personnel of the Department of Defense. Authorizes military training student loans.

H.R. 3690. February 25, 1975. Ways and Means.

Amends the Social Security Act to permit officers and employees of the Federal Government to elect coverage under Old-Age, Survivors and Disability Insurance. Sets forth the procedures by which Federal employees may elect such coverage.

H.R. 3691. February 25, 1975. Education and Labor.

Amends the National School Lunch Act and the Child Nutrition Act to extend and increase appropriations for programs under the Acts.

H.R. 3692. February 25, 1975. Interstate and Foreign Commerce.

Amends the Communications Act of 1934 to authorize grants to States and localities to assist the establishment and operation of emergency communications centers, and to make the national emergency telephone number 911 available in such areas.

H.R. 3693. February 25, 1975. Agriculture. Directs the Secretary of Agriculture to study certain lands in Michigan for inclusion as part of the national forest system.

H.R. 3694. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to increase the exemption from industrial development bond treatment for certain small issues of such bonds.

H.R. 3695. February 25, 1975. Interior and Insular Affairs. Increases the appropriation for the acquisition of private property to be included in the Gulf Islands National Seashores.

H.R. 3696. February 25, 1975. Agriculture. Amends the Consolidated Farm and Rural Development Act to include aliens legally admitted for permanent residence within the class of those eligible for emergency loans from the Farmers Home Administration.

H.R. 3697. February 25, 1975. Appropriations. Makes appropriations to the Department of Health, Education, and Welfare for the fiscal year ending September 30, 1976, to provide funds to conduct a study of the effects of the red tide on human health.

H.R. 3698. February 25, 1975. Banking, Currency and Housing. Directs that paper money printed after January 1, 1975, shall have the denomination imprinted on it in braille.

H.R. 3699. February 25, 1975. Interstate and Foreign Commerce. Establishes a National Blood Bank program within the Department of Health, Education, and Welfare for the purposes of regulating blood banks and encouraging voluntary donation of blood.

H.R. 3700. February 25, 1975. Post Office and Civil Service. Provides that the Director of the Office of Management and Budget shall be paid the annual rate of basic pay prescribed for level I of the Executive Pay Schedule.

H.R. 3701. February 25, 1975. Veterans' Affairs. Creates, within the Department of Labor, a separate agency known as the Veterans' Employment Service under the direction of the Assistant Secretary of Labor for Veterans' Employment to carry out job counseling and employment placement service functions for veterans.

H.R. 3702. February 25, 1975. Veterans' Affairs. Delimits the period of eligibility for veterans, their wives, and their widows to 8 years after the date of discharge or release from active duty.

H.R. 3703. February 25, 1975. Government Operations. Expands the membership of the Advisory Commission on Intergovernmental Relations to include elected school board officials.

H.R. 3704. February 25, 1975. Post Office and Civil Service. Requires the Secretary of Commerce to conduct a mid-decade sample survey of population in 1985 and every 10 years thereafter.

H.R. 3705. February 25, 1975. Armed Services. Revises the method of computing Armed Forces retired and retainer pay to reflect current active duty pay rates.

H.R. 3706. February 25, 1975. Post Office and Civil Service. Revises regulations regarding creditable service for civil service retirement purposes with respect to National Guard technicians.

H.R. 3707. February 25, 1975. Post Office and Civil Service. Declares that National Guard Technicians shall be compensated for overtime in the same manner as other employees of the Department of the Army, or the Department of the Air Force.

H.R. 3708. Februray 25, 1975. Education and Labor. Amends the Vocational Education Act of 1963 by directing that Federal aid under the Act shall be divided between vocational and occupational education. Requires each State to establish a local coordinating committee for each of its localities to make a continuing study of vocational and occupational education needs. Authorizes Federal financial assistance for planning, applied research, curriculum development, and program improvement in vocational and occupational education.

H.R. 3709. February 25, 1975. Ways and Means. Amends the Internal Revenue Code by increasing the Federal estate tax exemption.

H.R. 3710. February 25, 1975. House Administration. Directs the Secretary of the Interior to select, with the approval of the National Commission of Fine Arts and the National Capitol Planning Commission, a site in the District of Columbia for the erection of a memorial commemorating the men of the "Screaming Eagles" of the 101st Airborne Division of the United States Army.

H.R. 3711. February 25, 1975. Interstate and Foreign Commerce. Public Works and Transportation. Authorizes appropriations for the regulatory agencies of the Federal Government for fiscal years 1976, 1977, and 1978.

H.R. 3712. February 25, 1975. Banking, Currency and Housing. Authorizes the Secretary of Housing and Urban Development to make direct low-interest loans to assist homeowners and other owners of residential structures in purchasing and installing more effective insulation and heating equipment.

H.R. 3713. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to allow a limited credit against the income tax for amounts paid for the purchase and installation of qualified heating equipment or insulative materials in the taxpayer's principal residence.

H.R. 3714. February 25, 1975. Public Works and Transportation. Directs the Secretary of Transportation to make a study to determine the feasibility of developing a high-speed ground transportation system between Washington, District of Columbia, and Annapolis, Maryland, and a high-speed marine transportation system between the Baltimore-Annapolis area in Maryland and the Yorktown-Williamsburg-Norfolk area in Virginia, and, if the study findings are positive, to proceed with construction on either or both of such systems.

H.R. 3715. February 25, 1975. Interstate and Foreign Commerce. Directs the President to exercise authority to strictly enforce provision of the Emergency Petroleum Allocation Act of 1973 relating to pricing of oil and petroleum products. Authorizes the Federal Trade Commission to monitor and investigate all actions taken by the President to enforce pricing regulations.

H.R. 3716. February 25, 1975. Ways and Means. Interstate and Foreign Commerce. Exempts, temporarily, certain rural hospitals from the professional standards review, utilization review, and utilization control requirements imposed by the Social Security Act on hospitals participating in the Medicare, Medicaid, and Maternal and Child Health Services programs.

Directs the Secretary of Health, Education, and Welfare to study alternative methods of utilization review and utilization control for rural hospitals.

H.R. 3717. February 25, 1975. Agriculture. Amends the Agriculture and Consumer Protection Act of 1973 to prohibit the Secretary of Agriculture from requiring the prior approval of the export sales of feed grains, wheat, soybeans, or other agricultural commodities.

H.R. 3718. February 25, 1975. Agriculture. Directs the Secretary of Agriculture to issue orders applicable to persons engaged in the production, processing or marketing of cattle, such orders to provide for or regulate (1) advertising, sales promotion, and consumer education with respect to the use of beef; (2) research on the marketing and distribution of beef; (3) the inspection of the books and records of producers, processors, and marketers of beef; and (4) the establishment of a Beef Board to administer such orders.

H.R. 3719. February 25, 1975. Merchant Marine and Fisheries. Amends the National Environmental Policy Act to require preparation of supplemental environmental impact statements with respect to Federal leasing of Outer Continental Shelf lands for the exploration and development of oil and gas.

H.R. 3720. February 25, 1975. Armed Services. Prohibits any change in the status of a member of the Armed Forces who was classified missing during service in Southeast Asia until there has been full compliance with the Paris Peace Accord of January 1973 and all reasonable action has been taken to account for such members.

Directs the Senate Committee on Armed Services and the House Committee on Armed Services to study the method whereby the status of a member of the Armed Forces is changed from missing to dead.

H.R. 3721. February 25, 1975. Judiciary. Prohibits any person from traveling in or using any instrumentality of interstate commerce to obtain a purported title to a stolen automobile.

H.R. 3722. February 25, 1975. Veterans' Affairs. Removes the time limit for use of educational benefits by veterans and restores such benefits to veterans who lost their eligibility for educational assistance because of such time limit.

H.R. 3723. February 25, 1975. Ways and Means. Amends the Social Security Act and the Internal Revenue Code to allow Federal officers and employees to elect coverage under Old-Age, Survivors, and Disability Insurance.

H.R. 3724. February 25, 1975. Veterans' Affairs. Prohibits the Administrator of Veterans' Affairs from readjusting the schedule of ratings of veterans' disabilities without prior notification to both Houses of Congress.

H.R. 3725. February 25, 1975. Government Operations. Prohibits Federal agencies from purchasing, hiring, leasing, operating or maintaining limousines, and from employing chauffeurs to operate such limousines, except for certain designated Federal officers.

H.R. 3726. February 25, 1975. Agriculture. Authorizes and directs the Administrator of the Environmental Protection Agency to further modify his Mirex order to delete the prohibition against aerial application of Mirex within coastal counties or parishes and to permit such application by using the same standards applicable to noncoastal counties.

H.R. 3727. February 25, 1975. Interstate and Foreign Commerce. Prohibits the authorization of the abandonment of any railroad line covered by the Rail Reorganization Act prior to December 31, 1976.

H.R. 3728. February 25, 1975. Agriculture. Revises the eligibility requirements for food coupons under the Food Stamp Act of 1964 to exclude individuals who receive one-half of their income from an individual who is not eligible for food coupons.

H.R. 3729. February 25, 1975. Education and Labor. Amends the Higher Education Act of 1965 to require that institutions of higher education and vocational schools in order to be eligible for purposes of federally assisted student loans, establish a policy of tuition refunds for students who withdraw.

H.R. 3730. February 25, 1975. Education and Labor. Amends the Occupational Safety and Health Act of 1970 by authorizing the Administrator of the Small Business Administration to render onsite consultation and advice to certain small business employers to assist such employers in complying with the health and safety standards of the Act.

H.R. 3731. February 25, 1975. Education and Labor. Amends the Occupational Safety and Health Act of 1970 by authorizing the Administrator of the Small Business Administration to render onsite consultation and advice to certain small business employers to assist such employers in complying with the health and safety standards of the Act.

H.R. 3732. February 25, 1975. Ways and Means. Declares all income tax returns to be confidential, and prohibits the disclosure or inspection of such returns unless specifically authorized by this Act.

H.R. 3733. February 25, 1975. Ways and Means. Amends the Internal Revenue Code to impose an excise tax on every passenger automobile sold by the manufacturer whose fuel consumption falls below a stipulated fuel economy standard.

Directs the Secretary of Transportation to establish test procedures for determining the fuel consumption rate for each new automobile subject to this tax.

H.R. 3734. February 25, 1975. Atomic Energy. Amends the Atomic Energy Act of 1954 to require additional review of proposed nuclear powerplant sites by State and Federal agencies. Establishes additional procedures for early site approval and environmental review by the Nuclear Regulatory Commission.

Directs the Nuclear Regulatory Commission to establish at least five nuclear energy center sites for use by the Energy Research and Development Administration.

H.R. 3735. February 25, 1975. Interior and Insular Affairs. Revises the Mineral Lands Leasing Act to establish a public corporation to explore and develop oil shale energy resources on Federal lands. Authorizes the issuance of bonds to finance oil shale exploration and development.

Establishes an environmental advisory committee and requires that adverse environmental impacts be avoided. Prohibits the public corporation from use of surface mining techniques.

H.R. 3736. February 25, 1975. Education and Labor. Amends the National School Lunch and Child Nutrition Acts to (1) extend appropriations for various programs; (2) extend the school breakfast program; (3) revise guidelines for the administration of various programs under the Acts; and (4) redefine terms used in the Acts.

H.R. 3737. February 25, 1975. Ways and Means. Amends the Social Security Act by requiring that special social security cards be issued to aliens.

H.R. 3738. February 25, 1975. Veterans' Affairs. Specifies that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits.

H.R. 3739. February 25, 1975. Judiciary. Amends the Immigration and Nationality Act to allow the issuance of nonimmigrant visas to certain aliens entering the United States to perform temporary or seasonal labor. Redefines the term "lawfully admitted for permanent residence" for purposes of the Act.

H.R. 3740. February 25, 1975. Government Operations. Directs the Administrator of General Services to assist Federal agencies with respect to records creation, maintenance, use, and disposition. Directs the Administrator to make inspections and formulate rules regarding Federal records.

Establishes a Records Review Board to review orders issued by the Administrator.

Grants the Administrator custody and control over the National Archives Building and its contents.

H.R. 3741. February 25, 1975. Ways and Means. Interstate and Foreign Commerce. Amends the Social Security Act to include radiation therapy among those services covered by the Medicare program.

H.R. 3742. February 25, 1975. Judiciary. Declares certain individuals lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3743. February 25, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain organization in full settlement of such organization's claims against the United States for income taxes erroneously assessed and collected.

H.R. 3744. February 25, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3745. February 25, 1975. District of Columbia. Incorporates the Mid-Continent Railway Historical Society.

H.R. 3746. February 25, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States for injuries sustained in a post office.

H.R. 3747. February 25, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3748. February 25, 1975. Public Works and Transportation. Directs the Secretary of the Army to review a specified organization's license to use a certain parcel of land in Michigan.

H.R. 3749. February 25, 1975. Judiciary. Authorizes the admission of a certain individual to the United States for permanent residence.

H.R. 3750. February 26, 1975. Interior and Insular Affairs. Science and Technology. Establishes a National Energy and Conservation Corporation to undertake programs of exploration, development, and production of public land and tideland oil, natural gas, oil shale, and coal resources. Directs the Corporation to administer programs consistent with objectives of land use planning, conservation, and environmental protection.

H.R. 3751. February 26, 1975. Interior and Insular Affairs. Science and Technology. Establishes a National Energy and Conservation Corporation to undertake programs of exploration, development, and production of public land and tideland oil, natural gas, oil shale, and coal resources. Directs the Corporation to administer programs consistent with objectives of land use planning, conservation, and environmental protection.

H.R. 3752. February 26, 1975. Interior and Insular Affairs. Science and Technology. Establishes a National Energy and Conservation Corporation to undertake programs of exploration, development, and production of public land and tideland oil, natural gas, oil shale, and coal resources. Directs the Corporation to administer programs consistent with objectives of land use planning, conservation, and environmental protection.

H.R. 3753. February 26, 1975. Interstate and Foreign Commerce.

Amends the Natural Gas Act to exempt persons engaged in the production or gathering and sale of natural gas from regulation by the Federal Power Commission. Prohibits regulation of rates and charges with respect to certain transactions involving natural gas companies.

H.R. 3754. February 26, 1975. Post Office and Civil Service. Declares that refusing to answer questions asked in connection with the taking of agriculture, irrigation, and drainage censuses shall not be a crime.

H.R. 3755. February 26, 1975. Interstate and Foreign Commerce. Amends the Natural Gas Act to establish a priority allotment system for natural gas used to produce fertilizer and essential agricultural chemicals.

H.R. 3756. February 26, 1975. Judiciary. Standards of Official Conduct. Requires each Federal employee to file an annual statement with the Comptroller General setting forth the amounts and sources of any gifts or income, other than a Federal salary, received by such employee or his spouse during the preceding calendar year. Directs the Comptroller General to maintain such statements as public records.

H.R. 3757. February 26, 1975. Judiciary. Increases the penalties for the use of a firearm to commit certain felonies.

H.R. 3758. February 26, 1976. Post Office and Civil Service. Redesignates Veterans' Day as November 11.

H.R. 3759. February 26, 1975. Armed Services. Prohibits discrimination against applicants to the service academies on the basis of sex, race color or religious beliefs.

H.R. 3760. February 26, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors and Disability Insurance benefits.

H.R. 3761. February 26, 1975. Public Works and Transportation. Amends the Federal Water Pollution Control Act to allow the Administrator of the Environmental Protection Agency to accept State certification as discharging his responsibilities under certain provisions for the development and construction of adequate waste treatment facilities.

H.R. 3762. February 26, 1975. Public Works and Transportation. Amends the Federal Water Pollution Control Act to allow the Administrator of the Environmental Protection Agency to accept State certification as discharging his responsibilities under certain provisions for the development and construction of adequate waste treatment facilities.

H.R. 3763. February 26, 1975. Banking, Currency and Housing. Requires the developers of all federally assisted condominium projects to disclose specific information on proposed new condominium construction or conversion to condominium units of existing structures.

Establishes the office of Assistant Secretary for Condominiums in the Department of Housing and Urban Development. Authorizes the Secretary of Housing and Urban Development to make grants to State and local governments to establish similar programs.

H.R. 3764. February 26, 1975. Ways and Means. Amends the Social Security Act to include routine Papanicolaou tests for uterine cancer among the medical services covered under Medicare.

H.R. 3765. February 26, 1975. Ways and Means. Amends the Social Security Act to include routine Papanicolaou tests for uterine cancer among the medical services covered under Medicare.

H.R. 3766. February 26, 1975. Ways and Means. Amends the Social Security Act to include routine Papanicolaou tests for uterine cancer among the medical services covered under Medicare.

H.R. 3767. February 26, 1975. Ways and Means. Amends the Social Security Act to include routine Papanicolaou tests for uterine cancer among the medical services covered under Medicare.

H.R. 3768. February 26, 1975. Ways and Means. Amends the Internal Revenue Code to require a State unemployment law, which allows certain nonprofit organizations to elect to make payments to the State unemployment fund (in lieu of contributions), to require such election prior to April 1, 1972.

H.R. 3769. February 26, 1975. Ways and Means. Amends the Social Security Act to permit officers and employees of the Federal Government to elect coverage under Old-Age, Survivors and Disability Insurance. Sets forth the procedures by which Federal employees may elect such coverage.

H.R. 3770. February 26, 1975. Veterans' Affairs. Designates a Veterans' Administration Hospital in South Carolina as the William Jennings Bryan Dorn Veterans' Hospital.

H.R. 3771. February 26, 1975. Judiciary. Requires that whoever murders a law enforcement officer or fireman engaged in the performance of official duties shall suffer death. Sets forth penalties for assault of law enforcement officers and firemen.

H.R. 3772. February 26, 1975. Judiciary. Increases the penalties for a second or subsequent conviction of using a firearm to commit a felony or carrying a firearm during the commission of a felony.

H.R. 3773. February 26, 1975. Judiciary. Prohibits the sale of certain types of handguns in the United States.

H.R. 3774. February 26, 1975. Ways and Means. Amends the Social Security Act by allowing a State or local policeman or fireman to terminate participation in the Old-Age, Survivors, and Disability Insurance program if his position becomes covered by a State or local employee retirement system and his participation in that system is mandatory.

H.R. 3775. February 26, 1975. Interstate and Foreign Commerce. Requires certificates of approval from the appropriate State, regional, or Federal agency prior to construction of bulk power facilities. Sets forth the procedure for preparation of long-range plans for powerplant siting.

Direct the President to establish guidelines for criteria and procedures to be followed by State, regional, and Federal certifying bodies. Establishes a Federal certifying agency to review plans and develop studies on new and evolving siting concepts.

H.R. 3776. February 26, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income the gain on the sale of a principal residence held for a minimum length of time.

H.R. 3777. February 26, 1975. Ways and Means. Amends the Social Security Act to extend Medicare hospital coverage to include drugs. Establishes a Formulary committee within the Department of Health, Education, and Welfare to prepare and maintain a listing of qualified drugs.

H.R. 3778. February 26, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3779. February 26, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of the lump-sum death payment.

H.R. 3780. February 26, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income a certain amount received during the taxable year as an annuity, pension or other retirement benefit by an individual or married couple.

H.R. 3781. February 26, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3782. February 26, 1975. Ways and Means. Amends the Social Security Act by including the services of optometrists under the Medicare supplementary medical insurance program.

H.R. 3783. February 26, 1975. Ways and Means. Amends the Internal Revenue Code to lower the age limit and increase the amount of gain which may be excluded on the sale or exchange of the residence of an individual.

H.R. 3784. February 26, 1975. Ways and Means. Amends the Internal Revenue Code to permit a taxpayer to amortize any certified pollution control expenditure over a shorter period of time.

H.R. 3785. February 26, 1975. Ways and Means. Amends the Internal Revenue Code to permit an individual, at his election, to take a limited credit against the income tax for charitable contributions in lieu of a deduction as otherwise provided by the Code.

H.R. 3786. February 26, 1975. Public Works and Transportation. Authorizes the Secretary of Transportation to approve as the Federal share of the construction cost of an approved State highway project under the Federal-aid secondary system, any percentage of such cost up to one hundred percent.

Requires that any increase in the Federal share of a State's construction costs which are made pursuant to this Act be repaid by the State receiving such increase by January 1, 1977, as a condition for Federal approval of future highway projects of such State.

H.R. 3787. February 26, 1975. Public Works and Transportation. Authorizes the Secretary of Transportation to submit, in fulfillment of the requirements of the National Environmental Policy Act, any environmental impact statements prepared in accordance with that Act by the States of Connecticut, New York and Vermont concerning any Federal-aid highway project in such States. Limits the conditions under which the Secretary of Transportation shall require detailed statements under the National Environmental Policy Act concerning the environmental impact of Federal-aid highway projects.

H.R. 3788. February 26, 1975. Judiciary. Standards of Official Conduct. Requires candidates for Federal office, Members of the Congress, and certain officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions.

H.R. 3789. February 26, 1975. Judiciary. Specifies that the Sherman Act shall apply to persons engaged in the business of providing for profit professional team athletic contests.

H.R. 3790. February 26, 1975. Armed Services. Authorizes recomputation of retired pay for members and former members of the Armed Forces who are 60 years of age or older or who are retired because of a physical disability.

H.R. 3791. February 26, 1975. Armed Services. Authorizes recomputation of retired or retainer pay for members and former members of the Armed Forces who are 55 years of age and served for 25 years or more, or are 60 years of age or older, or who are retired because of a physical disability.

H.R. 3792. February 26, 1975. Education and Labor. Repeals the Occupational Safety and Health Act of 1970.

H.R. 3793. February 26, 1975. Government Operations. Amends the Accounting and Auditing Act of 1950 by directing the Comptroller General to audit the Federal Reserve Board, the Federal Reserve Banks, the Internal Revenue Service, the Comptroller of the Currency, and the Office of Alien Property.

H.R. 3794. February 26, 1975. Interstate and Foreign Commerce. Amends the Clean Air Act to prohibit the requirement of an indirect source emission review as part of an implementation plan under the Act.

H.R. 3795. February 26, 1975. Post Office and Civil Service. Revises regulations regarding creditable service for civil service retirement purposes with respect to National Guard technicians.

H.R. 3796. February 26, 1975. Agriculture. Prohibits the importation of any dairy product into the United States unless it has been inspected and found to be wholesome and unless the foreign farms and plants in which such products were produced comply with all inspection, grading and other standards prescribed by the Secretary of Agriculture.

H.R. 3797. February 26, 1975. Agriculture. Requires, under the Federal Meat Inspection Act, that imported meat and meat food products made in whole or in part of imported meat must be labeled "imported" or "imported in part" at all stages of distribution until reaching the ultimate consumer.

H.R. 3798. February 26, 1975. Post Office and Civil Service. Redesignates Veterans' Day as November 11.

H.R. 3799. February 26, 1975. Small Business. Stipulates that an agribusiness shall be considered to be a business for the purposes of the Small Business Act.

H.R. 3800. February 26, 1975. Ways and Means. Amends the Social Security Act to permit officers and employees of the Federal Government to elect coverage under Old-Age, Survivors and Disability Insurance. Sets forth the procedures by which Federal employees may elect such coverage.

H.R. 3801. February 26, 1975. Education and Labor. Makes various technical amendments to the Education Amendments of 1974, including revised reporting dates, revised fiscal year limitations and revised technical procedures for administration of various educational programs.

H.R. 3802. February 26, 1975. Ways and Means. Amends the Internal Revenue Code to include cooperative housing corporations, condominium housing associations, or any similar organization as organizations exempt from the income tax.

Imposes a tax on the unrelated business income of such organizations.

H.R. 3803. February 26, 1975. Interior and Insular Affairs. Designates a portion of the Tongue River in Wyoming for potential inclusion in the National Wild and Scenic Rivers System.

H.R. 3804. February 26, 1975. Banking, Currency and Housing. Amends the Bank Holding Company Act of 1956 to make it applicable to alien individuals.

H.R. 3805. February 26, 1975. Agriculture. Provides that under the Agricultural Act of 1949 the price of milk shall be supported at not less than 85 percent of the parity price therefor.

H.R. 3806. February 26, 1975. Veterans' Affairs. Excludes retirement, annuity, or endowment payments from the determination of annual income for the purposes of determining eligibility for military service pensions.

H.R. 3807. February 26, 1975. Merchant Marine and Fisheries. Amends the Coastal Zone Management Act of 1972 to establish a Coastal Impact fund to assist States affected by the development of energy resources in the coastal zone. Authorizes assistance for interstate coordination and planning, and coastal research to support coastal zone management programs.

H.R. 3808. February 26, 1975. Judiciary. Merchant Marine and Fisheries. Interior and Insular Affairs. Science and Technology. Revises the Outer Continental Shelf Lands Act to establish a policy for the development and management of oil and natural gas on the Outer Continental Shelf designed to protect the marine and coastal environment.

Directs the Secretary of the Interior to establish a comprehensive exploratory program to develop potential oil and gas leases. Directs the National Oceanic and Atmospheric Administration to assume lead responsibility in preparation of environmental impact statements.

Revises bidding and lease administration procedures.

Authorizes the Secretary of Transportation to report on pipeline safety and operation on Federal lands and the Outer Continental Shelf.

H.R. 3809. February 26, 1975. Atomic Energy. Creates as a corporate entity the National Power Resources Authority. Empowers the Corporation to issue bonds, to enter into agreements, and to exercise the power of eminent domain in order to assist in the design, construction, and operation of additional nuclear power facilities.

H.R. 3810. February 26, 1975. Veterans' Affairs. Authorizes the Administrator of Veterans' Affairs to pay an additional educational assistance allowance in an amount representing the cost of a veteran's tuition in excess of $419 for an ordinary school year, but such payment shall not exceed $600 for an ordinary school year.

H.R. 3811. February 26, 1975. Interior and Insular Affairs. Amends the Outer Continental Shelf Lands Act to require that leases for the recovery of oil and gas be issued only to citizens of the United States.

H.R. 3812. February 26, 1975. Ways and Means. Amends the Social Security Act to allow Federal officers and employees to elect coverage under Old-Age, Survivors and Disability Insurance.

H.R. 3813. February 26, 1975. Public Works and Transportation. Amends the Federal Water Pollution Control Act to increase authorized appropriation limits for the Alaska Village demonstration projects.

H.R. 3814. February 26, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3815. February 26, 1975. Judiciary. Authorizes the Comptroller General of the United States to pay the legal fees of a certain employee of the General Services Administration for defense of a civil suit against such employee which arose in the course of GSA employment.

H.R. 3816. February 26, 1975. Judiciary. Waives all claims of the United States against a certain employee of the Department of Interior for recovery of an overpayment of salary incurred by administrative error.

H.R. 3817. February 26, 1975. Judiciary. Directs the Comptroller General of the United States to settle and adjust certain claims for advertising furnished to either the Department of the Army or to the Department of Agriculture.

H.R. 3818. February 26, 1975. Interior and Insular Affairs. Stipulates that the conveyance of certain land by the Southern Pacific Transportation Company shall have the same force and effect as if the land conveyed had been held on the date of conveyance under absolute fee simple title by such company, subject to a reservation to the United States of the minerals therein.

H.R. 3819. February 26, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3820. February 26, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3821. February 27, 1975. Agriculture. Amends the Emergency Livestock Credit Act of 1974 to provide additional temporary financial assistance to owners of livestock who have suffered severe financial losses as a result of low market prices for livestock.

H.R. 3822. February 27, 1975. Interior and Insular Affairs. Establishes the Jerry Pettis National Conservation Area of the California Desert in California, to be administered by the Secretary of the Interior.

H.R. 3823. February 27, 1975. Small Business. Authorizes supplemental compensation to small businesses which are displaced by the acquisition of real property for a project undertaken by a Federal agency or with Federal financial assistance, in order to facilitate relocation.

H.R. 3824. February 27, 1975. Small Business. Authorizes supplemental compensation to small businesses which are displaced by the acquisition of real property for a project undertaken by a Federal agency or with Federal financial assistance, in order to facilitate relocation.

H.R. 3825. February 27, 1975. Government Operations. Directs the Administrator of General Services to assist Federal agencies with respect to records creation, maintenance, use, and disposition. Directs the Administrator to make inspections and formulate rules regarding Federal records.

Establish a Records Review Board to review orders issued by the Administrator.

Grants the Administrator custody and control over the National Archives Building and its contents.

H.R. 3826. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the corporate surtax exemption.

H.R. 3827. February 27, 1975. Rules. Amends the Impoundment Control Act of 1974 to permit the Congress by concurrent resolution to disapprove any rescission or reservation of budget authority proposed by the President, and thereby to make the funds involved immediately available without waiting for the expiration of the 45-day period during which such rescission or reservation otherwise would be effective.

H.R. 3828. February 27, 1975. Ways and Means. Stipulates that any cost-of-living increase in Old-Age, Survivors, and Disability Insurance benefits which is authorized during 1975 shall be effective retroactively with the month of January. Prohibits such increases from being considered income or resources for the purpose of determining eligibility under any Federal or federally financed State or local benefits or assistance program.

H.R. 3829. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the exemption for certain small issues of industrial development bonds.

H.R. 3830. February 27, 1975. Interior and Insular Affairs. Renames Monocacy National Military Park in Maryland as the Monocacy National Battlefield. Revises existing statutory methods of acquisition of land by the Secretary of Interior for the Battlefield.

H.R. 3831. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to authorize real property to be valued for estate tax purposes at its value as farmland, woodland, or open land rather than at its fair market value.

H.R. 3832. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to authorize real property to be valued for estate tax purposes at its value as farmland, woodland, or open land rather than at its fair market value.

H.R. 3833. February 27, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits. Revises the method of calculating the amount of allowable outside earnings.

H.R. 3834. February 27, 1975. Ways and Means. Amends the Social Security Act by extending medicare benefits to unemployed individuals, and their dependent spouses and children, who are entitled to weekly unemployment compensation benefits.

H.R. 3835. February 27, 1975. Ways and Means. Amends the Social Security Act by extending medicare benefits to unemployed individuals, and their dependent spouses and children, who are entitled to weekly unemployment compensation benefits.

H.R. 3836. February 27, 1975. Science and Technology. Authorizes the Director of the National Science Foundation to designate five universities at which coal research laboratories will be established and operated. Authorizes the Director to make grants to assist in the establishment of such laboratories.

Establishes a graduate fellowship program for study and research related to the production, conservation, and utilization of fuels and energy.

H.R. 3837. February 27, 1975. Armed Services. Prohibits discrimination against applicants to the service academies on the basis of sex, race, color or religious beliefs.

H.R. 3838. February 27, 1975. Armed Services. Prohibits discrimination against applicants to the service academies on the basis of sex, race, color or religious beliefs.

H.R. 3839. February 27, 1975. Armed Services. Prohibits discrimination against applicants to the service academies on the basis of sex, race, color or religious beliefs.

H.R. 3840. February 27, 1975. Ways and Means. Directs the Secretary of the Treasury to conduct a study of how inflation has increased the Federal income tax liabilities of certain individuals.

H.R. 3841. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the percentage standard deduction Imposes a minimum tax on tax exempt sources of income, and increases the minimum tax on tax preferences.

H.R. 3842. February 27, 1975. Public Works and Transportation. Authorizes the Secretary of the Army to proceed with construction of the locks and a dam for replacement and modification purposes on the Mississippi River at Alton, Illinois and Missouri.

H.R. 3843. February 27, 1975. Interstate and Foreign Commerce. Amends the Public Health Service Act to establish a health insurance benefits program for unemployed individuals, if they would have had such benefits from their prior employer, for their dependent spouse, and for their dependent children. Directs the Secretary of Health, Education, and Welfare to enter into contracts with carriers who will provide such insurance benefits.

H.R. 3844. February 27, 1975. Interstate and Foreign Commerce. Prohibits the Consumer Product Safety Commission from making a ruling or order restricting the sale or manufacture of firearms or ammunition.

H.R. 3845. February 27, 1975. Post Office and Civil Service. Declares that certain correspondence sent to the President, Vice President or Members of Congress by citizens of the United States shall be carried in the mails at no cost to the sender.

H.R. 3846. February 27, 1975. Judiciary. Delays the effectiveness of proposed rules and regulations issued by executive departments which implement public law until the congressional committee of origin approves or fails to disapprove such proposed rule within sixty days.

H.R. 3847. February 27, 1975. Public Works and Transportation. Reduces the permissible steering axle weight for users of the Interstate Highway System.

H.R. 3848. February 27, 1975. Ways and Means. Revises the tax rates for Old-Age, Survivors and Disability Insurance and hospital insurance under the Internal Revenue Code of 1954. Raises the ceiling on income taxable for Old-Age, Survivors, and Disability Insurance under the Social Security Act and Internal Revenue Code of 1954. Provides that one-third of the cost of the Old-Age, Survivors, and Disability Insurance program be borne by the Federal Government.

H.R. 3849. February 27, 1975. Banking, Currency and Housing. Authorizes the Secretary of Housing and Urban Development to make loans to homeowners and builders to assist them in purchasing and installing solar heating or solar heating and cooling equipment, and directs the Secretary to provide individuals with all current information on such equipment upon request.

Defines the types of equipment qualifying for inclusion under this Act.

Directs the Energy Research and Development Administration to (1) establish procedures for inspecting and evaluating solar heating and cooling equipment, (2) review new equipment as developed, and (3) periodically review certifications of such equipment for validity.

H.R. 3850. February 27, 1975. Interstate and Foreign Commerce. Amends the Emergency Petroleum Allocation Act of 1973 to establish a program of priority allocation of gasoline among classes of end-users. Directs the President to make allocations according to certain priorities.

Directs the President to make recommendations to Congress for the amount of increase in the Federal excise tax on gasoline in order to meet energy self sufficiency goals.

H.R. 3851. February 27, 1975. Banking, Currency and Housing. Repeals the provisions of the Flood Disaster Protection Act of 1973 which require communities and individuals in flood prone areas to participate in the national flood insurance program in order to be eligible for Federal financial assistance.

H.R. 3852. February 27, 1975. Education and Labor. Amends the Occupational Safety and Health Act of 1970 by authorizing the Administrator of the Small Business Administration to render onsite consultation and advice to certain small business employers to assist such employers in complying with the health and safety standards of the Act.

H.R. 3853. February 27, 1975. Agriculture. Authorizes and directs the Secretary of Agriculture, through the Commodity Credit Corporation, to purchase animals and animal food products for use in foreign and domestic food relief programs.

H.R. 3854. February 27, 1975. Government Operations. Authorizes Federal payments to county governments to compensate for the tax immunity of Federal lands within their boundaries.

H.R. 3855. February 27, 1975. Judiciary. Requires court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail and for the inspection or procurement of telephone, bank, credit and other records. Requires reports to Congress and to the Administrative Office of the United States Courts concerning court orders requested, denied, and approved.

H.R. 3856. February 27, 1975. Post Office and Civil Service. Redesignates Veterans Day as November 11.

H.R. 3857. February 27, 1975. Public Works and Transportation. Directs the Secretary of Transportation to arrange a demonstration project in Pine Bluff, Arkansas, for the relocation of railroad lines for the purpose of eliminating highway railroad grade crossings.

H.R. 3858. February 27, 1975. Public Works and Transportation. Directs the heads of Executive branch departments, agencies, and instrumentalities who have jurisdiction for public works programs and projects to reduce or eliminate any procedural requirements, including but not limited to time, hearing, reporting and publication requirements, when such action would appreciably speed up the initiation or completion of such programs and projects.

H.R. 3859. February 27, 1975. Science and Technology. Authorizes the Administrator of the National Aeronautics and Space Administration to conduct a comprehensive research and development program on the forecasting, detecting and monitoring of serious short-term weather phenomena.

Requires the Administrator to plan for and establish an Office of Short-Term Weather Phenomena within the office of Earth Observations.

H.R. 3860. February 27, 1975. Interior and Insular Affairs. Science and Technology. Establishes a National Energy and Conservation Corporation to undertake programs of exploration, development, and production of public land and tideland oil, natural gas, oil shale, and coal resources. Directs the Corporation to administer programs consistent with objectives of land use planning, conservation, and environmental protection.

H.R. 3861. February 27, 1975. Education and Labor. Authorizes the Commissioner of Education to make grants to State educational agencies and institutions of higher learning for teacher training pilot and demonstration projects and comprehensive school programs in the area of health education and health problems.

H.R. 3862. February 27, 1975. Ways and Means. Excludes from taxable income as defined in the Internal Revenue Code of 1954 the first $1,000 of interest earned on savings deposits in banking institutions with investments in residential real property.

H.R. 3863. February 27, 1975. Interior and Insular Affairs. Designates the Eagles Nest Wilderness in Colorado to be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act.

H.R. 3864. February 27, 1975. Interior and Insular Affairs. Designates the Flat Tops Wilderness in Colorado to be administered by the Secretary of Agriculture in accordance with the provisions of the Wilderness Act.

H.R. 3865. February 27, 1975. Public Works and Transportation. Amends the Tennessee Valley Authority Act to allow credits against required power investment return payments for expenditures for certified pollution control facilities.

H.R. 3866. February 27, 1975. Interstate and Foreign Commerce. Ways and Means. Directs the Administrator of the Federal Energy Administration to establish base allocations of motor vehicle fuel for consumers and to establish regulations governing the use of fuel certificates to be issued in accordance with base allocations.

Amends the Internal Revenue Code of 1954 to impose a tax on the purchase of motor vehicle fuel by a consumer in excess of the base allocation.

H.R. 3867. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the Federal estate tax exemption.

H.R. 3868. February 27, 1975. Post Office and Civil Service. Directs the Postmaster General to issue a special postage stamp in honor of the late Jack Benny.

H.R. 3869. February 27, 1975. Public Works and Transportation. Enables States to qualify for Federal highway safety funds without including in the State highway safety program any requirement for motorcycle drivers or passengers eighteen years of age or older to wear safety helmets.

H.R. 3870. February 27, 1975. Interstate and Foreign Commerce. Ways and Means. Amends the Emergency Petroleum Allocation Act of 1973 to direct the President to establish a program for rationing gasoline. Imposes an energy conservation tax, under the Internal Revenue Code, on gasoline sold to end-users which was not specifically allocated under the rationing program.

H.R. 3871. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the estate tax exemption, and to increase the estate tax marital deduction.

Permits the executor of an estate to elect an alternate valuation of certain lands used for farming, woodland or scenic open space.

H.R. 3872. February 27, 1975. Agriculture. Authorizes and directs the Secretary of Agriculture, under the Consolidated Farmers Home Administration Act of 1961, to enter into contracts to construct and operate three separate pilot facilities for the production of synthetic gas to be used exclusively as a feedstock for personals engaged in the production of nitrogen fertilizers.

H.R. 3873. February 27, 1975. Banking, Currency and Housing. Repeals the provisions of the Flood Disaster Protection Act of 1973 which require communities and individuals in flood prone areas to participate in the national flood insurance program in order to be eligible for Federal financial assistance.

H.R. 3874. February 27, 1975. Judiciary. Requires court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail and for the inspection or procurement of telephone, bank, credit and other records. Requires reports to Congress and to the Administrative Office of the United States Courts concerning court orders requested, denied, and approved.

H.R. 3875. February 27, 1975. Interstate and Foreign Commerce. Amends the Federal Trade Commission Act to require full disclosure of annual operating costs of major energy-consuming products by manufacturers of such products.

Directs the Secretary of Transportation to establish minimum full economy standards for new automobiles and to develop a long-range plan for more efficient energy usage in motor vehicle transportation.

Directs the Secretary of Transportation and the Administrator of the Environmental Protection agency to coordinate motor vehicle research programs in an effort to develop prototypes of advanced automobiles.

H.R. 3876. February 27, 1975. Interstate and Foreign Commerce. Amends the Natural Gas Act to provide increased supplies of natural gas and oil products. Directs the President to establish a ceiling on prices of crude oil and petroleum products and to roll-back prices to December 1, 1973, levels as soon as possible.

Creates a Federal Oil and Gas Corporation to locate and develop adequate supplies of natural gas and oil. Terminates certain gas and oil rate structures.

H.R. 3877. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to impose a motor vehicle excise tax on the sale of certain gasoline or diesel powered automobiles based on the rate at which such automobiles consume fuel.

Establishes a tax credit for the purchase of new automobiles according to the rate at which such automobiles consume fuel.

H.R. 3878. February 27, 1975. Interior and Insular Affairs. Amends the National Trails System Act to authorize a study to determine the feasibility of establishing a Pacific Coast Bike Trail along the Pacific Coast from Canada to Mexico.

H.R. 3879. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the Federal estate tax exemption.

H.R. 3880. February 27, 1975. Public Works and Transportation. Amends the Tennessee Valley Authority Act to allow credits against required power investment return payments for expenditures for certified pollution control facilities.

H.R. 3881. February 27, 1975. Banking, Currency and Housing. Establishes an Emergency Housing and Economic Recovery Fund under the Secretary of Housing and Urban Development. Authorizes the Secretary to purchase mortgages on dwelling units which are the mortgager's principal residence and meet certain other criteria.

Establishes economic limits at which the provisions of this Act will be activated and terminated.

Directs the Secretary of the Treasury to purchase any obligations of the Fund, and authorizes the Secretary to use the proceeds from the sale of securities issued under the Second Liberty Bond Act as a public debt transaction for the purposes of this Act.

H.R. 3882. February 27, 1975. Judiciary. Increases the penalties for use of a firearm in the commission of a felony.

H.R. 3883. February 27, 1975. Judiciary. Amends the Immigration and Nationality Act by revising the criteria under which the Attorney General may adjust the status of certain aliens to that of lawfully admitted.

Makes it unlawful to knowingly hire an alien not lawfully admitted into the United

States. Requires that employees of the Department of Health, Education, and Welfare disclose the names of illegal aliens who are receiving assistance under the Social Security Act.

H.R. 3884. February 27, 1975. Judiciary. Establishes regulations for the declaration of national emergencies and wars, and the termination of such declarations. Establishes regulations governing the exercise of emergency powers by the President. Terminates after one year all powers and authorities possessed by the President or any officer or employee of the Federal Government as a result of the existence of any declaration of national emergency in effect on the date of enactment of this Act.

H.R. 3885. February 27, 1975. Education and Labor. Authorizes appropriations for fiscal year 1976 for carrying out provisions of the Comprehensive Employment and Training Act of 1973.

H.R. 3886. February 27, 1975. Small Business. Directs the head of any agency of the Federal Government to modify the terms of fixed price contracts with small businesses if the contractor experiences certain price increases or is unable to obtain certain materials.

Requires each agency of the Federal Government to include an economic price adjustment clause in all contracts with small businesses.

H.R. 3887. February 27, 1975. Veterans' Affairs. Allows emergency officers, regular, or reserve retirement pay to be paid to any veteran concurrently with compensation for any service-connected disability rated 30 percent or more in degree disabling, unless the former payments are based on the same disability.

H.R. 3888. February 27, 1975. Education and Labor. Amends the Education for the Handicapped Act to authorize the Commissioner of Education to make grants for the development and implementation of tutorial programs for homebound handicapped children. Stipulates that such programs shall make a special effort to utilize veterans and handicapped students as tutors.

H.R. 3889. February 27, 1975. Education and Labor. Makes it unlawful to operate a temporary help service without a license issued by the Secretary of Labor. Establishes standards for the issuance of such license.

Prohibits temporary help services from restricting its employees from accepting permanent positions with employers to whom such employees are referred for temporary help.

Prohibits temporary help service employees from being employed as strikebreakers.

H.R. 3890. February 27, 1975. Education and Labor. Requires contracts entered into by an agency or instrumentality of the United States for the production or processing of motion picture films to contain a provision specifying the minimum monetary wages and fringe benefits to be paid laborers, mechanics, craftsmen, technicians, professional employees, and related or supporting personnel employed in the performance of the contract or any subcontract thereunder, as determined by the Secretary of Labor in the same manner as the wages of service employees under the Service Contract Act of 1965.

H.R. 3891. February 27, 1975. House Administration. Declares that no citizen convicted of a crime under the laws of the United States or any State shall be denied the right to vote in any Federal election solely because of such criminal conviction upon the completion of certain conditions.

H.R. 3892. February 27, 1975. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act to require (1) that all manufacturers of cosmetics be registered with the Secretary of Health, Education, and Welfare; (2) that each cosmetic manufactured for sale be tested and the results of such tests submitted to the Secretary; (3) that the labels of cosmetics include certain specified information; and (4) that each manufacturer submit a complete list of consumer complaints with respect to any cosmetics manufactured by such person, to the Secretary.

H.R. 3893. February 27, 1975. Interstate and Foreign Commerce. Amends the National Traffic and Motor Vehicle Safety Act of 1966: (1) to direct the Secretary of Transportation to establish Federal safety standards for schoolbuses and schoolbus equipment; (2) to research and test for improved safety of schoolbuses; (3) to require schoolbus manufacturers or distributors to certify to distributors or dealers upon delivery that each bus was inspected and test driven to determine conformity to all Federal safety standards; (4) to require dealers to certify to purchasers that each bus was test driven by such dealer; and (5) to require the Secretary to investigate every fatal schoolbus accident and promulgate regulations to prevent similar accidents.

H.R. 3894. February 27, 1975. Interstate and Foreign Commerce. Amends the Public Health Service Act to allow the Secretary of Health, Education, and Welfare to make grants to nonprofit private entities and enter into contracts with private entities for the purposes of research and development of new equipment and techniques for delivery of health services of the critically ill.

H.R. 3895. February 27, 1975. Interstate and Foreign Commerce. Establishes a National Commission on Health Science and Society to undertake a study of the ethical, social, and legal implications of advances in biomedical research and technology.

H.R. 3896. February 27, 1975. Judiciary. Amends the Omnibus Crime Control and Safe Streets Act of 1968 to authorize the Law Enforcement Assistance Administration to make grants only to those States whose State plans provide for the development and operation of narcotic treatment programs for drug abusers who are confined to or released from correctional institutions and facilities.

H.R. 3897. February 27, 1975. Judiciary. Directs the Secretary of the Treasury to pay, to any citizen or resident of the United States who establishes to the satisfaction of the Director of the office of Emergency Preparedness that he suffered a physical injury directly attributable to the atomic bombs dropped on Hiroshima or Nagaski or the fallout therefrom, the expenses incurred by such individual after the enactment of this Act, for the treatment of such injury.

H.R. 3898. February 27, 1975. Public Works and Transportation. Limits the charge which can be made by common carriers in interstate commerce for transporting elderly persons during nonrush hours to half the published tariff.

Establishes procedures for reimbursing carriers which lose money due to the provisions of this Act.

Revises the Urban Mass Transportation Act of 1964 to give preference for assistance under such Act to States and local bodies which adopt specially reduced rates for elderly persons transported in intrastate commerce.

H.R. 3899. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to allow a taxpayer who has attained the age of sixty to claim a limited amount as a credit against his income tax, and a refund, equal to any amount in excess of his tax for the real property taxes paid by him, or for the amount of his rent constituting such taxes.

H.R. 3900. February 27, 1975. Armed Services. Prohibits any military department from using dogs in connection with research and development of any chemical or biological warfare agent.

H.R. 3901. February 27, 1975. Agriculture. Amends the Consolidated Farm and Rural Development Act to include aliens legally admitted for permanent residence within the class of those eligible for emergency loans from the Farmers Home Administration.

H.R. 3902. February 27, 1975. Merchant Marine and Fisheries. Authorizes appropriations to the Department of Commerce for fiscal years 1976 and 1977 for (1) acquisition, construction, or reconstruction of ships; (2) payment of obligations incurred for ship operating-differential subsidy; (3) research and development; (4) reserve fleet expenses; (5) training at the Merchant Marine Academy; (6) financial assistance to State Marine Schools; (7) increases in employee salary and benefits; and (8) increased costs of operating the Merchant Marine Academy at Kings Point, New York.

H.R. 3903. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the estate tax exemption, and to increase the estate tax marital deduction.

Permits the executor of an estate to elect an alternate valuation of certain lands used for farming, woodland or scenic open space.

H.R. 3904. February 27, 1975. Education and Labor. Amends the National Labor Relations Act by repealing the prohibition against labor organizations being certified by the National Labor Relations Board as the representative of employees in a bargaining unit of guards if such organization admits to membership, or is affiliated directly or indirectly with an organization which admits to membership, employees other than guards.

H.R. 3905. February 27, 1975. Post Office and Civil Service. Revises regulations regarding creditable service for civil service retirement purposes with respect to National Guard technicians.

H.R. 3906. February 27, 1975. Interstate and Foreign Commerce. Amends the Emergency Petroleum Allocation Act of 1973 to prohibit the President from increasing the price of certain crude oil by more than one dollar per barrel per year.

H.R. 3907. February 27, 1975. Judiciary. Revises the Federal Criminal Code. Revises the Federal Rules of Criminal Procedure. Establishes a Criminal Victim Compensation Fund to compensate the victims of criminal offenses for financial loss.

H.R. 3908. February 27, 1975. Post Office and Civil Service. Establishes procedures governing Postal Service contracts for the procurement of facilities, equipment, supplies, and certain services.

H.R. 3909. February 27, 1975. Public Works and Transportation. Prohibits commercial flights by supersonic aircraft in the navigable airspace of the United States until Congress approves findings of the administrator of the Environmental Protection Agency that such flights will have no detrimental effect on the persons and environment of the United States, and the Secretary of Transportation certifies that the operation of such aircraft meets all standards prescribed for the operation of aircraft in the United States under the Federal Aviation Act of 1958.

H.R. 3910. February 27, 1975. Interior and Insular Affairs. Amends the Organic Act of Guam to convey certain lands to the government of Guam.

H.R. 3911. February 27, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3912. February 27, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors and Disability Insurance benefits.

H.R. 3913. February 27, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3914. February 27, 1975. Interior and Insular Affairs.

Authorizes the compensation of innocent persons killed or injured or whose property was damaged in the course of the occupation of Wounded Knee, South Dakota. Establishes the Wounded Knee. Compensation Board in the Department of the Interior to administer this Act.

H.R. 3915. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to increase the estate tax exemption, and to increase the state tax marital deduction.

Permits the executor of an estate to elect an alternate valuation of certain lands used for farming, woodland or scenic open space.

H.R. 3916. February 27, 1975. Interstate and Foreign Commerce. Science and Technology. Directs the Administrator of the Environmental Protection Agency, with the assistance of other agencies, to determine the effects on public health and the environment of the discharge of chlorofluoromethane into the ambient air.

Prohibits, subject to such determination, the introduction into commerce of any aerosol spray container which discharges chlorofluormethane into the ambient air. Establishes criteria for the licensing of manufacturers and importers of chlorofluormethane.

H.R. 3917. February 27, 1975. Ways and Means. Levies a variable import duty fee, under the Agricultural Adjustment Act, upon all milk of dairy cattle, or products of such milk, which may be entered, or withdrawn from warehouse, for consumption. Requires a monthly adjustment in the variable import duty fee.

H.R. 3918. February 27, 1975. Judiciary. Requires the acceptance of a law enforcement officer's bill of rights by the States and local government units as a condition to receiving grants under the Omnibus Crime Control and Safe Streets Act of 1968.

H.R. 3919. February 27, 1975. Judiciary. Requires establishment of a system for the redress of law enforcement officers' grievances and acceptance of a law enforcement officers' bill of rights by the States and local government units as a condition to receiving grants under the Omnibus Crime Control and Safe Streets Act of 1968.

H.R. 3920. February 27, 1975. Interstate and Foreign Commerce. Prohibits the introduction, or manufacture for introduction, into interstate commerce of tear gas.

H.R. 3921. February 27, 1975. Agriculture. Amends the Consolidated Farm and Rural Development Act to allow direct loans by the Secretary of Agriculture to persons acquiring and improving owner-operated farms up to the present market value of the farm.

H.R. 3922. February 27, 1975. Education and Labor. Authorizes appropriations for programs under the Older Americans Act of 1965 for fiscal years 1976, 1977, 1978, and 1979.

H.R. 3923. February 27, 1975. Education and Labor. Authorizes appropriations for programs under the Older Americans Act of 1965, for fiscal years 1976, 1977, 1978, and 1979.

H.R. 3924. February 27, 1975. Post Office and Civil Service. Requires Federal agencies, with certain exceptions, to employ a certain percentage of individuals on a part-time career basis for each grade.

H.R. 3925. February 27, 1975. Post Office and Civil Service. Requires Federal agencies, with certain exceptions, to employ a certain percentage of individuals on a part-time career basis for each grade.

H.R. 3926. February 27, 1975. Ways and Means. Amends the Supplemental Security Income eligibility requirements under the Social Security Act by excluding from resources an amount deposited as prepayment of funeral and burial expenses.

H.R. 3927. February 27, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3928. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction from gross income a limited amount paid by an individual during the taxable year as a premium on a motor vehicle insurance policy which insures a motor vehicle owned by the taxpayer.

H.R. 3929. February 27, 1975. Judiciary. Prohibits the destruction, burning, or damaging of the property of an employer, or other person near any place where work or business of the employer or owner is carried on. Redefines the term "extortion" to include actual or threatened force or violence used to induce consent in the course of a legitimate labor dispute.

H.R. 3930. February 27, 1975. Interstate and Foreign Commerce. Amends the Federal-State unemployment compensation provisions of the Social Security Act by stipulating that an individual's coverage under an employer's health insurance plan shall not terminate when such individual's employment terminates. Directs the Secretary of Labor to pay the insurance premium on behalf of the unemployed individual and his former employer.

H.R. 3931. February 27, 1975. Currency and Housing. Repeals the provisions of the Flood Disaster Protection Act of 1973 which require communities and individuals in flood prone areas to participate in the national flood insurance program in order to be eligible for Federal financial assistance.

H.R. 3932. February 27, 1975. Ways and Means. Amends the Social Security Act by extending Medicare benefits to unemployed individuals, and their dependent spouses and children, who are entitled to weekly unemployment compensation benefits.

H.R. 3933. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction from gross income limited amounts paid by the taxpayer during the taxable year on behalf of his qualified dependents for expenses at an institution of higher education.

H.R. 3934. February 27, 1975. Post Office and Civil Service. Prohibits any employee of an executive agency from requesting or receiving from Federal officials or employees anything of value for political purposes. Allows any such employee to make voluntary contributions to political campaigns.

Permits employees of Federal executive agencies or the District of Columbia government to participate in political management or in political campaigns.

H.R. 3935. February 27, 1975. Post Office and Civil Service. Prohibits any employee of an executive agency from requesting or receiving from Federal officials or employees anything of value for political purposes. Allows any such employee to make voluntary contributions to political campaigns.

Permits employees of Federal executive agencies or the District of Columbia government to participate in political management or in political campaigns.

H.R. 3936. February 27, 1975. Post Office and Civil Service. Prohibits, with certain exceptions, employees of executive agencies from requesting or receiving from Federal officials or employees anything of value for political purposes.

Permits employees of Federal executive agencies or the District of Columbia government to participate in political management or in political campaigns.

H.R. 3937. February 27, 1975. Interstate and Foreign Commerce. Authorizes the Secretary of Health, Education, and Welfare to offer reinsurance to any insurer or pool against liability for damages arising from medical malpractice. Directs the Secretary to conduct a comprehensive study of the problems that arise from medical malpractice litigation.

H.R. 3938. February 27, 1975. Interstate and Foreign Commerce. Authorizes the Secretary of Health, Education, and Welfare to offer reinsurance to any insurer or pool against liability for damages arising from medical malpractice. Directs the Secretary to conduct a comprehensive study of the problems that arise from medical malpractice litigation.

H.R. 3939. February 27, 1975. Interstate and Foreign Commerce. Authorizes and directs the Secretary of Health, Education, and Welfare to pay the health insurance premiums for unemployed individuals entitled to weekly unemployment benefits, if such person has in effect a policy of health insurance and if such person applies for such premium payments.

H.R. 3940. February 27, 1975. Ways and Means. Amends the Emergency Unemployment Compensation Act of 1974 to (1) increase from thirteen to twenty-six the number of weeks for which an individual may receive emergency compensation thereunder, and (2) extend the provisions of the Act for one year.

H.R. 3941. February 27, 1975. Education and Labor. Amends the Age Discrimination in Employment Act to make its prohibitions apply to all individuals over age forty.

H.R. 3942. February 27, 1975. Post Office and Civil Service. Amends the Fair Labor Standards Act of 1938 by declaring that rural letter carriers may be paid at a rate of compensation established by any collective bargaining agreement made between the Postal Service and any bargaining representative recognized under specified provisions of law.

H.R. 3943. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to permit a deduction from gross income of medical expenses for certain dependents who have physical or mental impairments without reducing those expenses by the percentage exclusions.

H.R. 3944. February 27, 1975. Ways and Means. Interstate and Foreign Commerce. Prohibits the importation of petroleum into the United States after October 1, 1975 except in accordance with this Act. Directs the Administrator of the Federal Energy Administration to regulate petroleum importation and the allocation of imported petroleum among domestic refiners.

H.R. 3945. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a limited credit against the income tax the expenses paid by an individual during the taxable year to institutions of higher education for himself or for any other individual.

H.R. 3946. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction from gross income the penalties incurred because of premature withdrawal of funds from time savings accounts or deposits.

H.R. 3947. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to exempt from Federal tax that portion of costs paid for communications services attributable to taxes imposed by State and local governments.

H.R. 3948. February 27, 1975. Armed Services. Amends the Career Compensation Act to revise the amount of retired pay to which certain officers of the uniformed services who retired prior to 1949 are entitled.

H.R. 3949. February 27, 1975. Interstate and Foreign Commerce. Amends the Interstate Commerce Act by requiring light-reflecting markings on railroad cars and locomotives.

H.R. 3950. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to permit a taxpayer to take a depreciation deduction for capital expenses incurred in connecting a sewage-line from the residence of the taxpayer to a municipal sewage system.

H.R. 3951. February 27, 1975. Education and Labor. Amends the Emergency Jobs and Unemployment Assistance Act of 1974 to increase from twenty-six to thirty-nine the maximum number of weeks for which an individual may receive unemployment assistance under the provisions of such Act.

H.R. 3952. February 27, 1975. Government Operations. Prohibits Federal agencies from purchasing, hiring, leasing, operating or maintaining limousines, and from employing chauffeurs to operate such limousines, except for certain designated Federal officers.

H.R. 3953. February 27, 1975. Interstate and Foreign Commerce. Amends the Railroad Unemployment Insurance Act to increase unemployment and sickness benefits, and to raise the contribution base under the Act.

H.R. 3954. February 27, 1975. Armed Services. Stipulates that a tort action against the United States shall be an individual's exclusive remedy for damages arising from malpractice or negligence of a military physician, dentist, nurse, pharmacist, or paramedic.

H.R. 3955. February 27, 1975. Public Works and Transportation. Repeals the authority of the Chief of the Army Corps of Engineers to enforce traffic regulations for MacArthur Boulevard in the District of Columbia and the State of Maryland.

H.R. 3956. February 27, 1975. Judiciary. Establishes a Bicentennial Constitutional commission to study and make recommendations with respect to proposed amendments to the Constitution and laws of the United States which would modify the institutions of the three branches of the Federal Government and their interrelationship.

H.R. 3957. February 27, 1975. Interstate and Foreign Commerce. Amends the Public Health Service Act to authorize a health insurance benefits program for unemployed individuals, if they would have had such benefits from their prior employer, for their dependent spouse, and for their dependent children. Directs the Secretary of Health, Education, and Welfare to enter into contracts with carriers who will provide such insurance benefits.

H.R. 3958. February 27, 1975. Interstate and Foreign Commerce. Amends the Public Health Service Act to authorize a health insurance benefits program for unemployed individuals, if they would have had such benefits from their prior employer, for their dependent spouse, and for their dependent children. Directs the Secretary of Health, Education, and Welfare to enter into contracts with carriers who will provide such insurance benefits.

H.R. 3959. February 27, 1975. Ways and Means. Amends the Social Security Act by (1) revising certain eligibility requirements for Old-Age, Survivors and Diability Insurance benefits; (2) eliminating the deductions from benefits for outside earnings and workmen's compensation; (3) requiring expedited benefit payments to Disability Insurance beneficiaries; (4) requiring the replacement of lost or stolen benefit checks; and (5) revising an eligibility requirement for medicare benefits, in the case of Disability Insurance beneficiaries.

H.R. 3960. February 27, 1975. Public Works and Transportation. Authorizes the Secretary of Transportation to approve as the Federal share of the construction cost of an approved State highway project under the Federal-aid secondary system, any percentage of such costs up to one hundred percent.

Requires that any increase in the Federal share of a State's construction costs which are made pursuant to this Act be repaid by the State receiving such increase by January 1, 1977 as a condition for Federal approval of future highway projects of such State.

H.R. 3961. February 27, 1975. Public Works and Transportation. Authorizes the Secretary of Transportation to submit, in fulfillment of the requirements of the National Environmental Policy Act, any environmental impact statements prepared in accordance with that Act by the States of Connecticut, New York and Vermont concerning any Federal-aid highway project in such States. Limits the conditions under which the Secretary of Transportation shall require detailed statements under the National Environmental Policy Act concerning the environmental impact of Federal-aid highway projects.

H.R. 3962. February 27, 1975. Agriculture. Amends the Agricultural Act of 1949 to establish the support price of milk at not less than 90 percent of the parity price therefor and authorize the quarterly adjustment of such support price.

H.R. 3963. February 27, 1975. Government Operations. Prohibits Federal agencies from purchasing, hiring, leasing, operating or maintaining limousines, and from employing chauffeurs to operate such limousines, except for certain designated Federal officers.

H.R. 3964. February 27, 1975. Armed Services. Extends post exchange privileges to any veteran with service-connected disabilities rated at 50 percent or more disabling.

H.R. 3965. February 27, 1975. Agriculture. Provides that under the Agricultural Act of 1949 the price of milk shall be supported at not less than 85 percent of the parity price therefor.

H.R. 3966. February 27, 1975. Interstate and Foreign Commerce. Amends the Federal Railroad Safety Act of 1970 to direct the Secretary of Transportation to establish requirements for controlling spark emissions from locomotives in order to minimize the danger of fires along railroad rights-of-way.

H.R. 3967. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to stipulate that the provision of the Code excluding individual grants from the taxable expenditures of a private foundation does not authorize the limitation of the grants awarded by a private foundation to fixed percentage of the number of applicants for such grants.

H.R. 3968. February 27, 1975. Merchant Marine and Fisheries. Amends the National Environmental Policy Act of 1969 to permit a Federal official to delegate the preparation of an environmental impact statement to an appropriate State agency, official, or qualified consultant.

H.R. 3969. February 27, 1975. Ways and Means. Amends the Social Security Act to permit officers and employees of the Federal Government to elect coverage under Old-Age, Survivors and Disability Insurance. Sets forth the procedures by which Federal employees may elect such coverage.

H.R. 3970. February 27, 1975. Ways and Means. Interstate and Foreign Commerce. Revises the conditions and limitations applicable to home health services under the Medicare and Medicaid programs of the Social Security Act.

Requires that State plans for medical assistance under the Social Security Act include rent payments in the case of certain individuals receiving home health services in lieu of institutional care.

Amends the United States Housing Act by removing the limitation on the amount of the contribution which the United States Housing Authority may make to public housing agencies for congregate housing.

H.R. 3971. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to allow an individual to elect either to take a Limited credit against the income tax or to exclude from gross income a certain portion of the interest received on deposits in certain savings institutions.

H.R. 3972. February 27, 1975. Armed Services. Extends medical benefits to the pregnant widow of a veteran who dies while he is eligible for hostile fire pay, or from illness or injury incurred while eligible for such pay, on the same basis prescribed for granting the benefits to dependents of members who are killed or injured on active duty. Allows institutional care in any hospital for a dependent, of an eligible member of the uniformed services, who is mentally retarded or has a serious physical handicap.

H.R. 3973. February 27, 1975. Veterans' Affairs. Authorizes and directs the Administrator of Veterans' Affairs to contract for hospital care and medical services, of any veteran with a service-connected disability, under such insurance, medical service, or health plans as the Administrator deems appropriate.

H.R. 3974. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income the interest on any United States series E savings bonds paid or accrued during the taxable year to an individual who has attained age sixty-five.

H.R. 3975. February 27, 1975. Interstate and Foreign Commerce. Amends the Federal-State unemployment compensation provisions of the Social Security Act by stipulating that an individual's coverage under an employer's health insurance plan shall not terminate when such individual's employment terminates. Directs the Secretary of Labor to pay the insurance premium on behalf of the unemployed individual and his former employer.

H.R. 3976. February 27, 1975. Ways and Means. Suspends temporarily the duties under the United States Tariff Schedules on calcined petroleum coke not commercially suitable for use as a fuel.

H.R. 3977. February 27, 1975. Interior and Insular Affairs. Establishes the Alpine Lakes National Recreation Area in Washington to be administered by the Secretary of Agriculture. Directs the Secretary to develop a management plan designed to regulate use of off-road vehicles on certain lands within the area. Establishes additional restrictions on land use and timber harvesting.

Designates the Alpine Lakes Wilderness in Washington for inclusion in the National Wilderness Preservation System. Designates segments of certain rivers in Washington for potential inclusion in the National Wild and Scenic Rivers System.

H.R. 3978. February 27, 1975. Interior and Insular Affairs. Designates certain lands in the Snoqualmie and Wenatchee National Forests in Washington as the Alpine Lakes wilderness and the Enchantment Wilderness to be administered by the Secretary of Agriculture.

H.R. 3979. February 27, 1975. Interior and Insular Affairs. Authorizes appropriations for the Indian Claims Commission for fiscal year 1976.

H.R. 3980. February 27, 1975. Ways and Means. Includes the services of clinical psychologists under the coverage of the Medicare supplementary medical insurance program of the Social Security Act.

H.R. 3981. February 27, 1975. Merchant Marine and Fisheries. Amends the Coastal Zone Management Act of 1972 to establish a Coastal Impact Fund to assist States affected by the development of energy resources in the coastal zone. Authorizes assistance for interstate coordination and planning, coastal research, protection of access to public beaches, and preservation of islands.

H.R. 3982. February 27, 1975. Merchant Marine and Fisheries. Interior and Insular Affairs. Amends the Coastal Zone Management Act of 1972 to establish a program for the leasing of Outer Continental Shelf lands and Federal oil and gas exploration. Directs the Secretary of the Interior to develop programs consistent with the policy of development of lands suitable for leasing without undue environmental harm.

Directs the National Oceanic and Atmospheric Administration to prepare environmental impact statements for any leasing or development plan. Declares a moratorium on leasing of Outer Continental Shelf lands in certain areas.

H.R. 3983. February 27, 1975. Interstate and Foreign Commerce. Defines unfair consumer practice and provides an adequate process for class actions on behalf of similarly situated consumers, who are injured by an unfair consumer practice.

H.R. 3984. February 27, 1975. Interstate and Foreign Commerce. Requires any consumer durable product that is determined by the Federal Trade Commission to be of a type whose design or performance features are changed on an annual or regular basis to be prominently labeled by the manufacturer as to the month and year of manufacture.

H.R. 3985. February 27, 1975. Interstate and Foreign Commerce. Requires manufacturers of durable consumer products to conspicuously label each item sold at retail with respect to the performance life under normal operating conditions of such durable product.

H.R. 3986. February 27, 1975. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act and the Fair Packing and Labeling Act to require full disclosure of pertinent data on labels of foods and food products. Prohibits misleading brand names under the Federal Trade Commission Act.

H.R. 3987. February 27, 1975. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act to require the use of the established name along with the proprietary name for a drug every time the name appears. Allows licensed pharmacists to fill or refill prescriptions with a substitute drug if a practitioner, licensed to administer the drug, identifies it by its proprietary name, provided the substitute drug costs the patient less than any other substitute drug. Defines substitute drug as a drug having the same established name as the drug identified by its proprietary name or a drug that the Secretary of Health, Education, and Welfare has determined to have the same qualitative composition as the drug so identified.

H.R. 3988. February 27, 1975. Judiciary. Directs the Federal Trade Commission, upon a finding that the price charged or quoted to druggists is more than 500 percent of the cost of production of a patented drug, to order such patentee to grant an unrestriced patent license to any qualified applicant to make, use, and sell such drug.

H.R. 3989. February 27, 1975. Government Operation. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare to make grants to States and units of local government to assist in the execution of consumer protection plans. Sets forth eligibility requirements for consumer protection plans.

H.R. 3990. February 27, 1975. Education and Labor. Amends the Vocational Education Act of 1963 by increasing and extending the appropriations for various programs under the Act.

H.R. 3991. February 27, 1975. Education and Labor. Amends the Vocational Education Act of 1963 by directing that Federal aid under the Act shall be divided between vocational and occupational education. Requires each State to establish a local coordinating committee for each of its localities to make a continuing study of vocational and occupational education needs. Authorizes Federal financial assistance for planning, applied research, curriculum development, and program improvement in vocational and occupational education.

H.R. 3992. February 27, 1975. Education and Labor. Amends the Vocational Education Act to (1) extend and change the level of appropriations for various programs; (2) require that States receiving funding designate the State Board as the administrative agency for vocational education; (3) redefine vocational education to include services given by private nonprofit or proprietary schools under contract with a State Board; and (4) establish new programs under the Act.

H.R. 3993. February 27, 1975. Education and Labor. Establishes an Office of Career Guidance and Counseling in the United States Office of Education.

Establishes a National Advisory Council on Career Guidance and Counseling to advise the Secretary of Health, Education and Welfare, and Commissioner of Education on the administration of this Act.

Directs the Council to assess the status of school and nonschool career guidance in the United States.

Authorizes the Commission to grant funds to States for approved counseling programs and related equipment, to contract with educational agencies for the training of guidance personnel, and to demonstrate new and evaluate existing guidance techniques.

H.R. 3994. February 27, 1975. Interior and Insular Affairs. Authorizes additional appropriations for land acquisition for the establishment of the Fire Island National Seashore in New York. Authorizes the Secretary of the Interior to petition for injunctive relief concerning activities inconsistent with the protection and development of the Fire Island National Seashore.

H.R. 3995. February 27, 1975. Atomic Energy. Amends the Atomic Energy Act of 1954 to establish procedures for the review of application for approval of sites for nuclear energy utilization or production facilities. Authorizes the Atomic Energy Commission to coordinate Federal review proceedings with those of State agencies. Directs the staff of the Commission to disclose information to the maximum extent possible.

Directs the Atomic Energy Commission to establish additional incentives for advanced planning of proposed nuclear energy utilization and production sites.

H.R. 3996. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to revise the definition of "employer".

H.R. 3997. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to exempt certain trust income from the earned income limitation on the low income allowance.

H.R. 3998. February 27, 1975. Banking, Currency and Housing. Establishes an Emergency Housing and Economic Recovery Fund under the Secretary of Housing and Urban Development. Authorizes the Secretary to purchase mortgages on dwelling units which are the mortgager's principal residence and meet certain other criteria.

Establishes economic limits at which the provisions of this Act will be activated and terminated.

Directs the Secretary of the Treasury to purchase any obligations of the Fund, and authorizes the Secretary to use the proceeds from the sale of securities issued under the Second Liberty Bond Act as a public debt transaction for the purposes of this Act.

H.R. 3999. February 27, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction a limited amount paid by an individual during the taxable year for qualified purchases of contemporary American Art.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. Wiggins (at the request of Mr. Rhodes), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Jeffords) to revise and extend their remarks and include extraneous material:)

Mr. Fish, for 20 minutes, today.

Mr. Steelman, for 5 minutes, today.

Mr. Schulze, for 5 minutes, today.

Mr. Symms, for 20 minutes, today.

Mr. Edwards of Alabama, for 5 minutes, today.

Mr. Railsback, for 5 minutes, today.

Mr. Kemp, for 10 minutes, today.

Mr. Heinz, for 5 minutes, today.

Mr. Talcott, for 3 minutes, today.

(The following Members (at the request of Mr. Ambro) and to revise and extend their remarks:)

Mr. Gonzalez, for 15 minutes, today.

Mr. Weaver, for 5 minutes, today.

Mr. McCall, for 5 minutes, today.

Mr. Harris, for 5 minutes, today.

Mr. Blanchard, for 5 minutes, today.

Mr. Brown of California, for 15 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Ms. Abzug, for 25 minutes, today.

Mr. Matsunaga, for 20 minutes, today.

Mr. Morgan, for 5 minutes, today.

Mr. Murphy of Illinois, for 5 minutes, today.

Mr. Vanik, for 5 minutes, today.

Mr. Eilberg, for 5 minutes, today.

Mr. Waggonner, for 30 minutes, today.

Mr. Levitas, for 5 minutes, today.

Mr. St Germain, for 10 minutes, today.

Mr. de la Garza, for 5 minutes, today.

Mr. Alexander, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Badillo and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $625.50.

Mr. Phillip Burton and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $834.

Mr. Madden in two instances.

ENROLLED BILLS SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 2783. An act to continue the national insurance development program;

H.R. 3260. An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974; and

H.R. 4075. An act to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–46) and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974.

ADJOURNMENT

Mr. AMBRO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore. In accordance with Senate Concurrent Resolution 27 of the 94th Congress, the Chair declares the House adjourned until 12 o'clock noon on April 7 next.

Thereupon (at 11 o'clock and 7 minutes p.m.), pursuant to Senate Concurrent Resolution 27, the House adjourned until Monday, April 7, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of the rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

662. A letter from the President of the United States, transmitting a draft of proposed legislation to clarify existing authority for the employment of personnel and the procurement of services by the President and the Vice President, and for other purposes; jointly to the Committee on Post Office and Civil Service, and Government Operations.

663. A letter from the Governor, Farm Credit Administration, transmitting the 41st Annual Report of the Farm Credit Administration and the cooperative Farm Credit System, including the report of the Federal Farm Credit Board, covering fiscal year 1974, pursuant to section 5.18(3) of Public Law 92–181 (H. Doc. No. 94–90); to the Committee on Agriculture and ordered to be printed with illustrations.

664. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the payment of oil import license fees collected for imports into Puerto Rico, and for imports into the Customs Territory of the United States from the U.S. Virgin Islands; to the Committee on Appropriations.

665. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed regulations governing the Emergency School Aid Act, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

666. A letter from the National Advisory Council on Supplementary Centers and Services, transmitting its recommendation that the President call a White House Conference on Education during 1977; to the Committee on Education and Labor.

667. A letter from the Attorney General, transmitting a report on the activities of the Department of Justice under the Freedom of Information Act during calendar year 1974, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

668. A letter from the Secretary of the Interior, transmitting a report on the activities of the Department of the Interior under the Freedom of Information Act during calendar year 1974, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

669. A letter from the Chairman, Advisory Commission on Intergovernmental Relations, transmitting the 16th Annual Report of the Commission, pursuant to Public Law 86–380; to the Committee on Government Operations.

670. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to provide authorization of activities and appropriations for the Department of the Interior for the period commencing July 1, 1976, and ending on September 30, 1976, in conformance to the requirements of section 502(a) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344); to the Committee on Interior and Insular Affairs.

671. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements other than treaties entered into by the United States, pursuant to section 112(b) of Public Law 92–403; to the Committee on International Relations.

672. A letter from the Chairman, Interstate Commerce Commission, transmitting a report on the effectiveness of the Rail Passenger Service Act, pursuant to section 308(c) of Public Law 91–518; to the Committee on Interstate and Foreign Commerce.

673. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to establish a national policy relating to conversion to the metric system in the United States; to the Committee on Science and Technology.

674. A letter from the Administrator, National Aeronautics and Space Administration, transmitting notice of a proposed NASA research and development facility construction project at Brigham City, Utah, the cost of which exceeds $250,000, pursuant to section 1(d) of Public Law 93–316; to the Committee on Science and Technology.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ANNUNZIO: Committee on House Administration. House Resolution 360. Resolution creating additional positions on the U.S. Capitol Police Force for duty under the House of Representatives (Rept. No. 94–118). Ordered to be printed.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 4975. A bill to amend the Rail Passenger Service Act to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes; with amendment (Rept. No. 94–119). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee of conference. Conference report on H.R. 2166 (Rept. No. 94–120). Ordered to be printed.

Mr. EILBERG: Committee on the Judiciary. H.R. 568. A bill to grant an alien child adopted by an unmarried U.S. citizen the same immigrant status as an alien child adopted by a U.S. citizen and his spouse (Rept. No. 94–121). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 5504. A bill to provide for payments to compensate county governments for the tax immunity of Federal lands within their boundaries; to the Committee on Government Operations.

By Mr. ASHLEY:

H.R. 5505. A bill to create a select committee to make investigations and studies relating to natural gas and petroleum reserves; to the Committee on Rules.

By Mr. BOWEN (for himself, Mr. Bedell, Mr. Brown of California. Mr. Cochran, Mr. Davis, Mr. Gilman, Mr. Hubbard, Mr. Jenrette, Mr. Jones of North Carolina, Mr. McCormack, Mr. Montgomery, Mr. Steiger of Wisconsin, Mr. Traxler, and Mr. Yatron):

H.R. 5506. A bill to amend the Consolidated Farm and Rural Development Act; to the Committee on Agriculture.

By Mr. CORNELL:

H.R. 5507. A bill to amend title 38, United States Code, in order to entitle veterans to 45 months of educational assistance for all educational programs under chapter 34 of this title including graduate degree programs; to the Committee on Veterans' Affairs.

By Mr. CORNELL (for himself, Mr. Zablocki, Mr. Reuss, Mr. Kastenmeier, Mr. Steiger of Wisconsin, Mr. Aspin, and Mr. Kasten):

H.R. 5508. A bill to designate the John W. Byrnes Federal Building; to the Committee on Public Works and Transportation.

By Mr. de LUGO:

H.R. 5509. A bill to amend the Tariff Schedules of the United States to provide duty free treatment to watches manufactured in any insular possession of the United States if foreign materials do not exceed 70 percent of the total value of such watches; to the Committee on Ways and Means.

By Mr. de LUGO (by request):

H.R. 5510. A bill to authorize the payment of oil import license fees collected for imports into Puerto Rico, and for imports into the Customs Territory of the United States from the U.S. Virgin Islands; to the Committee on Appropriations.

By Mr. DINGELL (for himself, Mr. Leggett, and Mr. Reuss):

H.R. 5511. A bill to amend the Fish and Wildlife Act of 1956, as amended, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 5512. A bill to amend the National Wildlife Refuge System Administration Act of 1966, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. FORD of Michigan (for himself, Mr. Burke of Massachusetts, Mr. Fulton, Mr. Grassley, Mrs. Boggs, Mr. Helstoski, Mr. McCloskey, Mr. Pattison of New York, Mr. Harrington, Mr. Pressler, Mr. Jenrette, Mr. Mann, Mr. Ottinger, Mr. Brown of Michigan, and Mr. Breaux):

H.R. 5513. A bill to amend title 39, United States Code, to provide that certain State conservation publications shall qualify for second-class mail rates; to the Committee on Post Office and Civil Service.

By Mr. HARRINGTON:

H.R. 5514. A bill to amend the Foreign Assistance Act of 1961 to prohibit military assistance to South Vietnam after June 30, 1975, unless the President determines that a temporary extension of such assistance, for not more than 120 days after such date, would facilitate a peaceful solution to the Vietnam conflict; to the Committee on International Relations.

By Mr. KARTH:

H.R. 5515. A bill to amend part B of title XI of the Social Security Act to provide a more effective administration of professional standards review of health care services, to expand the professional standards review organization activity to include review of services performed by or in federally operated health care institutions, and to protect the confidentiality of medical records; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. KASTENMEIER (for himself, Mr. Steelman, Mr. Ambro, Mr. Bonker, Mr. Blanchard, Mr. Phillip Burton, Mr. Hall, Mr. Hubbard, Mr. Matsunaga, Mr. Mineta, Mr. Studds, and Mr. Tsongas):

H.R. 5516. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. KOCH:

H.R. 5517. A bill to amend the Public Health Service Act to establish a program of Federal financial assistance for specialized treatment centers for the study and treatment of problems respecting human fertility and sterility and the human reproductive process, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KOCH (for himself, Mr. Carter, Ms. Abzug, Mr. Brodhead, Mr. Brown of California, Mrs. Burke of California, Mr. Downey, Mr. Eilberg, Mr. Fraser, Mr. Harrington, Mr. Hicks, Ms. Holtzman, Mr. Melcher, Mr. Nix, Mr. Oberstar, Mrs. Spellman, and Mr. Wirth):

H.R. 5518. A bill to amend the Public Health Service Act to establish a program of Federal financial assistance for research programs respecting human fertility and sterility and the human reproductive process, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KOCH (for himself, Mr. Carter, Ms. Abzug, Mr. Blouin, Mr. Brodhead, Mr. Brown of California, Mrs. Burke of California, Mr. Downey, Mr. Eilberg, Mr. Ford of Tennessee, Mr. Fraser, Mr. Harrington, Mr. Hicks, Mr. Melcher, Mr. Mollohan, Mr. Nix, Mr. Oberstar, Mr. Rodino, Mrs. Schroeder, and Mrs. Spellman):

H.R. 5519. A bill to require federally related health care facilities to test infants for certain diseases; to the Committee on Interstate and Foreign Commerce.

By Mr. KREBS (for himself, Mr. Abdnor, Mr. Cohen, Mr. Hawkins, Mr. Jeffords, Mr. Jenrette, Mr. Maguire, Mr. Moss, Mr. McCormack, Mr. McKinney, Mr. Pepper, Mr. Reigle, Ms. Schroeder, Ms. Spellman, Mr. Steelman, Mr. Traxler, and Mr. Wirth):

H.R. 5520. A bill to amend title II of the Social Security Act to provide that a beneficiary shall (if otherwise qualified) be entitled to a prorated benefit for the month in which he (or the insured individual) dies; to the Committee on Ways and Means.

By Mr. LEGGETT (for himself, Mr. Quie, Mr. Ketchum, Mr. Talcott, and Mr. Ullman):

H.R. 5521. A bill to provide for the establishment of an Agricultural Labor Relations Board for the purpose of regulating the agricultural industry and agricultural labor, and for other purposes; to the Committee on Education and Labor.

By Mr. LEGGETT:

H.R. 5522. A bill to give effect to the International Convention for the Conservation of Atlantic Tunas, signed at Rio de Janeiro May 14, 1966, by the United States of America and other countries, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 5523. A bill to improve the administration of fish and wildlife programs, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. McFALL (for himself, Mr. Brademas, Mr. Brown of California, Mrs. Burke of California, Mrs. Collins of Illinois, Mr. Conyers, Mr. Corman, Mr. Cornell, Mr. Dellums, Mr. Downing, Mr. Duncan of Oregon, Mr. Eilberg, Mr. Evans of Colorado, Mr. Fascell, Mr. Fraser, Mr. Haley, Mr. Hanley, Mr. Harrington, Mr. Harris, Mr. Hawkins, Mr. Hechler of West Virginia, Mr. Helstoski, Mr. Hubbard, Mr. LaFalce, and Mr. Leggett):

H.R. 5524. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency and Housing.

By Mr. McFALL (for himself, Mr. Madden, Mr. Macdonald of Massachusetts, Mr. Maguire, Mr. Matsunaga, Mr. Meeds, Mr. Mineta, Mr. Minish, Mr. Mitchell of Maryland, Mr. Mollohan, Mr. Moorhead of Pennsylvania, Mr. Moss, Mr. Mottl, Mr. Nedzi, Mr. Nix, Mr. Patterson of California, Mr. Perkins, Mr. Pressler, Mr. Rees, Mr. Rodino, Mr. Rosenthal, Mr. Roush, Mr. Roybal, Mr. St Germain, and Mr. Scheuer):

H.R. 5525. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency, and Housing.

By Mr. McFALL (for himself, Mr. Blanchard, Mr. Sikes, Mr. Solarz, Mrs. Spellman, Mr. Stokes, Mrs. Sullivan, Mr. Van Deerlin, Mr. White, Mr. Wolff, Mr. Won Pat, Mr. Wright, Mr. Yates, Mr. Udall, Mr. Zeferetti, Mrs. Schroeder, and Mr. Stark):

H.R. 5526. A bill to establish an independent board which shall have the authority to require prenotification of price increases, delay proposed price increases, disapprove proposed price increases, and roll back excessive prices with respect to companies in concentrated industries, in order to reduce inflation in the United States; to the Committee on Banking, Currency, and Housing.

By Mr. McDADE (for himself and Mrs. Boggs):

H.R. 5527. A bill to authorize the distribution within the United States, for public viewing in conjunction with the American Revolution Bicentennial, of certain films prepared by the U.S. Information Agency; to the Committee on International Relations.

By Mr. MARTIN:

H.R. 5528. A bill to amend part B of title XI of the Social Security Act to provide a more effective administration of professional standards review of health care services, to expand the professional standards review organization activity to include review of services performed by or in federally operated health care institutions, and to protect the confidentiality of medical records; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. MOLLOHAN (for himself, Mr. Casey, Mr. Hubbard, and Mr. Moakley):

H.R. 5529. A bill to repeal sections 102 and 202 of the Flood Disaster Protection Act of 1973 which make flood insurance coverage and community participation in the national flood insurance program prerequisites for approval of any financial assistance in a flood hazard area, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. OBEY (for himself, Mr. Mitchell of Maryland, Mr. Thompson, Mr. Solarz, Mr. Ottinger, Mr. Richmond, Mr. Ford of Michigan, Mr. Tsongas, Ms. Holtzman, Mr. Perkins, Mr. Edgar, Mr. Badillo, Mrs. Spellman, Mr. Metcalfe, Mr. Stark, Ms. Schroeder, Mr. Roybal, Mr. Sarbanes, Mr. Harrington, Mr. Fraser, Mr. Stokes, Mr. Udall, Mr. Seiberling, Mr. Edwards of California, and Mr. Ford of Tennessee):

H.R. 5530. A bill to amend the Occupational Safety and Health Act of 1970 to make the Director of the National Institute for Occupational Safety and Health directly responsible to the Assistant Secretary for Health of the Department of Health, Education, and Welfare; to the Committee on Education and Labor.

By Mr. OBEY (for himself, Mr. Carr, Mr. Conyers, Mr. Baldus, Mr. Vander Veen, Mr. Rangel, Mr. Preyer, Mr. Downey, Mr. Oberstar, Mr. Blanchard, Mr. Jenrette, Mr. Brodhead, Mr. Taylor of North Carolina, and Mr. Traxler):

H.R. 5531. A bill to amend the Occupational Safety and Health Act of 1970 to make the Director of the National Institute for Occupational Safety and Health directly responsible to the Assistant Secretary for Health of the Department of Health, Education, and Welfare; to the Committee on Education and Labor.

By Mr. PATMAN:

H.R. 5532. A bill to prohibit banks, savings and loan associations, and other lenders from offering loans secured by improved real estate with variable interest rates; to the Committee on Banking, Currency and Housing.

By Mr. PATMAN (for himself, Mr. Wright, Mrs. Chisholm, Mr. Chappell, Mrs. Keys, Mr. Duncan of Oregon, and Mr. Oberstar):

H.R. 5533. A bill to authorize and direct the General Accounting Office to audit the Federal Reserve Board, the Federal Advisory Council, the Federal Open Market Committee, and Federal Reserve banks and their branches; to the Committee on Banking, Currency and Housing.

By Mr. PEYSER (for himself and Mr. Bergland):

H.R. 5534. A bill to establish a Summer Food Corps; to the Committee on Education and Labor.

By Mr. RHODES:

H.R. 5535. A bill to allow a credit against Federal income taxes or a payment from the U.S. Treasury for State and local real property taxes or an equivalent portion of rent paid on their residence by individuals who have attained age 65; to the Committee on Ways and Means.

By Mr. ROUSH (for himself, Mr. Bedell, Mr. Fithian, Mr. Harkin, Mr. Hicks, Mrs. Spellman, Mr. Wirth, and Mr. Stark):

H.R. 5536. A bill to amend the Federal Water Pollution Control Act to provide that Federal reimbursement may be made with respect to certain treatment works construction of which was initiated before October 18, 1972; to the Committee on Public Works and Transportation.

By Mr. RUSSO:

H.R. 5537. A bill to amend the Railroad Unemployment Insurance Act to increase unemployment and sickness benefits, to raise the contribution base, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 5538. A bill to strengthen the penalty provisions of the Gun Control Act of 1968; to the Committee on the Judiciary.

H.R. 5539. A bill to terminate the Airlines Mutual Aid Agreement; to the Committee on Public Works and Transportation.

By Mr. SISK:

H.R. 5540. A bill to amend the Fair Packaging and Labeling Act to require that all consumer appliances in commerce bear labels stating their average rate of energy consumption and their average or projected useful life; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Iowa (for himself, Mr. Bergland, Mr. Corman, Mr. Yatron, Mr. Breckinridge, Mr. J. William Stanton, Mrs. Fenwick, Mr. Conte, Mr. Fish, Mr. Roe, Mr. O'Brien, and Mr. Flood):

H.R. 5541. A bill to provide for emergency relief for small business concerns in connection with fixed price Government contracts; to the Committee on Small Business.

By Mr. THOMPSON (for himself, Mr. Andrews of North Dakota, Mr. Aspin, Mr. Beard of Rhode Island, Mr. Breckinridge, Mrs. Burke of California, Mrs. Chisholm, Mr. Edwards of Alabama, Mr. Fithian, Mr. Florio, Mr. Jones of Tennessee, Mr. Macdonald of Massachusetts, Mr. Mathis, Mr. Murphy of New York, Mr. Nowak, Mr. Obey, Mr. Richmond, Mr. Scheuer, Mr. Sharp, Mrs. Spellman, Mr. Spence, Mr. Tsongas, Mr. Van Deerlin, Mr. Yatron, and Mr. Young of Georgia):

H.R. 5542. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mr. THOMPSON (for himself, Mr. Fish, Mr. Levitas, Mr. Thorton, and Mr. Fisher):

H.R. 5543. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mr. WEAVER (for himself, Mr. Bonker, Mr. Meeds, Mr. Hicks, and Mr. Vigorito):

H.R. 5544 A bill to require that all timber harvested from lands owned by the United States located west of the 100th meridian be processed in the United States, that only certain products from the processing of timber harvested from certain lands owned by the United States be exported from the United States, and for other purposes; jointly to the Committees on Interior and Insular Affairs, and International Relations.

By Mr. ROGERS (for himself, Mr. Preyer, Mr. Symington, Mr. Carney, Mr. Scheuer, Mr. Waxman, Mr. Hefner, Mr. Florio, Mr. Wirth, Mr. Carter, Mr. Broyhill, Mr. Hastings, and Mr. Heinz):

H.R. 5545. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the safety and effectiveness of medical devices intended for human use; to the Committee on Interstate and Foreign Commerce.

H.R. 5546. A bill to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps program and the National Health Service Corps scholarship training program, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Ms. ABZUG:

H.R. 5547. A bill to amend title XIX of the Social Security Act to require the States to regulate nursing homes more effectively under their medicaid programs and to improve the enforcement of such regulation; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDERSON of California (for himself, Mr. Matsunaga, Mr. Mineta, Mr. Yates, Mr. Brown of California, Mr. Stark, Mr. Miller of California, Mr. Roe, Mr. Corman, Mr. Murphy of New York, Mr. Won Pat, Mr. Dellums, Mr. Blanchard, Mr. Rangel, and Ms. Holtzman):

H.R. 5548. A bill to establish the Cabinet Committee for Asian American Affairs, and for other purposes; to the Committee on Government Operations.

By Mr. ANDREWS of North Dakota:

H.R. 5549. A bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months; to the Committee on Veterans' Affairs.

By Mr. ARMSTRONG (for himself, Mr. Bauman, Mr. Cochran, Mr. Kemp, Mr. Ketchum, Mr. Lott, Mr. Symms, and Mr. Treen):

H.R. 5550. A bill to assure increased supplies of natural gas at reasonable prices; to the Committee on Interstate and Foreign Commerce.

By Mr. BADILLO:

H.R. 5551. A bill to amend the Voting Rights Act of 1965, and for other purposes; jointly to the Committees on the Judiciary and Post Office and Civil Service.

By Mr. BADILLO (for himself, Ms. Jordan, and Mr. Roybal):

H.R. 5552. A bill to amend the Votings Rights Act of 1965 to extend and expand its coverage, and for other purposes; to the Committee on the Judiciary.

By Mr. BALDUS (for himself, Mr. Aspin, Mr. Brown of Michigan, Mr. Melcher, Mr. Mitchell of New York, Mr. Murtha, Mr. Risenhoover, Mr. J. William Stanton, Mr. Traxler, and Mr. Yatron):

H.R. 5553. A bill to amend the Agriculture Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Ways and Means.

By Mr. BENITEZ (by request):

H.R. 5554. A bill to authorize the payment of oil import license fees collected for imports into Puerto Rico, and for imports into the Customs Territory of the United States from the U.S. Virgin Islands; to the Committee on Appropriations.

By Mr. HECHLER of West Virginia:

H.R. 5555. A bill to provide for the transfer to the Secretary of Labor of all functions of the Secretary of the Interior under the Federal Coal Mine Health and Safety Act of 1969, as amended, the Federal Metal and Nonmetallic Mine Safety Act, and any other law relating to the health and safety of persons working in the mining and mineral industries, and for other purposes; to the Committee on Education and Labor.

By Mrs. BOGGS (for herself, Mr. Runnels, Mr. Bell, Mrs. Burke of California, Mr. Miller of California, and Mr. Patterson of California):

H.R. 5556. A bill to amend the Emergency Petroleum Allocation Act of 1973 (Public Law 93–159) to exempt the first sale of the share of a State or local government or a subdivision thereof in crude oil produced in the United States from the mineral or leasehold estate of any State or local government or subdivision owned lands, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of California:

H.R. 5557. A bill to authorize the Administrator of the Energy Research and Development Administration to undertake, in cooperation with the National Aeronautics and Space Administration, and other Federal agencies, a program of research, development, and demonstration of ground propulsion systems which would serve to reduce the current level of energy consumption; to the Committee on Science and Technology.

By Mr. BURKE of Massachusetts:

H.R. 5558. A bill to amend title 38, United States Code, in order to entitle Veterans to 45 months of educational assistance for all educational programs under chapter 34 of this title; to the Committee on Veterans' Affairs.

By Mr. BURKE of Massachusetts (for himself, Mr. Karth, and Mr. Rostenkowski):

H.R. 5559. A bill to amend section 883(a) of the Internal Revenue Code to provide for exclusion of income from the temporary rental of railroad rolling stock by foreign corporations; to the Committee on Ways and Means.

By Mr. PHILLIP BURTON:

H.R. 5560. A bill to amend title 5, United States Code, to provide that Japanese-Americans who were placed in internment camps during World War II shall be credited for civil service retirement purposes with the time they spent in such camps; to the Committee on Post Office and Civil Service.

By Mr. CASEY (for himself, Mr. Downey, Mr. Eshleman, Mr. Helstoski, Mr. Hyde, Mr. Kelly, Mr. Lent, and Mr. McCormack):

H.R. 5561. A bill to strengthen the penalty provisions of the Gun Control Act of 1968; to the Committee on the Judiciary.

By Mr. CASEY (for himself, Mrs. Burke of California, Mr. Hannaford, Mrs. Collins of Illinois, Mr. Duncan of Tennessee, and Mr. Traxler):

H.R. 5562. A bill to amend the Internal Revenue Code of 1954 to allow a taxpayer a deduction from gross income for expenses paid by him for the education of any of his dependents at an institution of higher learning; to the Committee on Ways and Means.

By Mr. CHAPPELL:

H.R. 5563. A bill to designate certain lands in the Lake Woodruff National Wildlife Refuge, Lake and Volusia Counties, Fla., as wilderness; to the Committee on Interior and Insular Affairs.

By Mr. CHAPPELL (for himself, Ms. Abzug, Mr. Burke of Massachusetts, Mr. Carney, Mr. Dominick V. Daniels, Mr. Fascell, Mr. Madigan, Mr. Matsunaga, Mr. Murphy of New York, Mr. O'Brien, Mr. Railsback, Mr. Riegle, Mr. Sisk, Mr. Stokes, Mr. Tsongas, Mr. Young of Florida):

H.R. 5564. A bill to amend title XVIII of the Social Security Act to provide for the administrative and judicial review of claims (involving the amount of benefits payable) which arise under the supplementary medical insurance program; to the Committee on Interstate and Foreign Commerce.

By Mr. CHAPPELL (for himself, Mr. Carter, Mr. Matsunaga, Mr. Scheuer, Mr. Treen, Mr. Wolff, and Mr. Kelly):

H.R. 5565. A bill to provide for the development of aquaculture in the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CHAPPELL (for himself, Mr. Bevill, Mrs. Boggs, Mrs. Collins of Illinois, Mr. Eilberg, Mr. Hannaford, Mr. Hicks, Mr. Horton, Mr. Lagomarsino, Mr. Long of Louisiana, Mr. Matsunaga, Mr. Nichols, Mr. Pattison of New York, Mr. Railsback, Mr. Riegle, Mr. Roybal, Mr. Sisk, Mr. Simon, and Mr. Taylor of North Carolina):

H.R. 5566. A bill to amend title II of the Social Security Act to provide that an individual may qualify for disability insurance benefits and the disability freeze if he has 40 quarters of coverage, regardless of when such quarters were earned; to the Committee on Ways and Means.

By Mr. CHAPPELL (for himself, Mr. Beard of Rhode Island, Mr. Dodd, Mr. Downey, Mr. Duncan of Tennessee, Mr. Duncan of Oregon, Mr. Harrington, Mr. Johnson of Pennsylvania, Mr. Mollohan, Mr. Matsunaga, Mr. Peyser, Mr. Price, Mr. Robinson, Mr. Roncalio, Mr. Vigorito, and Mr. Wolff):

H.R. 5567. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income certain amounts received by members of certain firefighting and rescue units; to the Committee on Ways and Means.

By Mr. DON H. CLAUSEN:

H.R. 5568. A bill to designate certain lands in the State of California as wilderness; to the Committee on Interior and Insular Affairs.

H.R. 5569. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes; to the Committee on Ways and Means.

H.R. 5570. A bill to amend the Internal Revenue Code of 1954 to require the establishment of formal procedures and criteria for the selection of individual income tax returns for audit, to inform individuals of the reasons why their returns were selected for audit, and for other purposes; to the Committee on Ways and Means.

By Mr. DEL CLAWSON:

H.R. 5571. A bill to amend the Federal Food, Drug, and Cosmetic Act to include a definition of food supplements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. COTTER:

H.R. 5572. A bill to amend the Internal Revenue Code of 1954 to exempt State lotteries from the tax on wages and to exclude from gross income amounts won in State lotteries; to the Committee on Ways and Means.

By Mr. DODD:

H.R. 5573. A bill to amend title 38, United States Code, in order to entitle veterans to 45 months of educational assistance for all educational programs under chapter 34 of such title, to eliminate the time limitation within which educational assistance must be used, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. EARLY:

H.R. 5574. A bill to authorize the acquisition and maintenance of the Goddard Rocket Launching Site in accordance with the act of August 25, 1916, as amended and supplemented, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FASCELL:

H.R. 5575. A bill to improve judicial machinery by amending title 28, United States Code, to broaden and clarify the jurisdiction of U.S. magistrates; to the Committee on the Judiciary.

By Mr. FLOWERS:

H.R. 5576. A bill to amend the act of August 24, 1935 (commonly referred to as the "Miller Act") to provide for additional protection to persons supplying labor and material in the prosecution of work provided for in contracts for the construction, alteration, or repair of any public building or public work of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. FRENZEL (for himself, and Mr. McKinney):

H.R. 5577. A bill to provide for accelerated capital formation; to the Committee on Ways and Means.

By Mr. FREY:

H.R. 5578. A bill to amend the Communications Act of 1934 with respect to the renewal of licenses for the operation of broadcasting stations; to the Committee on Interstate and Foreign Commerce.

By Mr. FULTON:

H.R. 5579. A bill to authorize the financing of parkways from the Highway Trust Funds, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. GINN (for himself, Mr. Levitas, Mr. Cochran, Mr. Lott, Mr. Taylor of Missouri, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Armstrong, Mr. AuCoin, Mr. Baldus, Mr. Baucus, Mr. Bedell, Mr. Bevill, Mr. Derrick, Mr. Flowers, Mr. Fuqua, Mr. Grassley, Mr. Hefner, Mr. Holland, Mrs. Holt, Mr. Howe, Mr. Jenrette, Mr. Johnson of Colorado, Mr. Jones of Tennessee, and Mr. Jones of North Carolina):

H.R. 5580. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works and Transportation.

By Mr. GINN (for himself, Mr. Long of Louisiana, Mr. McKay, Mr. McCollister, Mr. Mazzoli, Mr. Melcher, Mr. Milford, Mr. Obey, Mr. Perkins, Mr. Pickle, Mr. Roncalio, Mr. Sebelius, Mrs. Spellman, Mr. Steiger of Wisconsin, Mr. Teague, Mr. Thone, Mr. Treen, Mr. Charles Wilson of Texas, Mr. Winn, Mr. Snyder, Mr. Nichols, Mr. Evans of Colorado, Mrs. Schroeder, Mr. Spence and Mr. Mollohan):

H.R. 5581. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works and Transportation.

By Mr. GONZALEZ:

H.R. 5582. A bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service; to the Committee on Post Office and Civil Service.

By Mr. GRADISON:

H.R. 5583. A bill to amend the Wild and Scenic Rivers Act to designate a certain portion of the Red River in Kentucky for potential addition to the Wild and Scenic Rivers System; to the Committee on Interior and Insular Affairs.

By Mr. HAGEDON:

H.R. 5584. A bill to extend to all unmarried individuals the full tax benefits of income splitting now enjoyed by married individuals filing joint returns; and to remove rate inequities for married persons where both are employed; to the Committee on Ways and Means.

By Mr. HARRINGTON (for himself, Mr. Hannaford, Mr. Maguire, Ms. Abzug, and Mr. Hawkins):

H.R. 5585. A bill to amend the Trade Act of 1974 to provide for the application of the generalized system of preferences to Western Hemisphere countries; to the Committee on Ways and Means.

By Mr. HAYES of Indiana:

H.R. 5586. A bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HEINZ (for himself, Mr. Downey, Mr. Hicks, Ms. Holtzman, Mr. Horton, Mr. Nix, Mr. Rinaldo, Mr. Rodino, Mrs. Schroeder):

H.R. 5587. A bill to amend the Older Americans Act of 1965 to provide relief for older Americans who own or rent their homes; to the Committee on Education and Labor.

By Mr. HUGHES (for himself, and Mr. Dodd):

H.R. 5588. A bill to declare a moratorium on the sale of leases in frontier areas of the Outer Continental Shelf for the purpose of exploiting mineral rserves; to the Committee on Interior and Insular Affairs.

By Mr. JOHNSON of California (for himself, Mr. Leggett, and Mr. Don H. Clausen):

H.R. 5589. A bill to authorize the Secretary of Agriculture to review as to its suitability for preservation as wilderness the area commonly known as the Snow Mountain Area in the State of California; to the Committee on Interior and Insular Affairs.

By Mr. JONES of North Carolina (for himself, Mr. Fountain, Mr. Henderson, Mr. Andrews of North Carolina, Mr. Preyer, Mr. Rose, Mr. Hefner, Mr. Neal, Mr. Taylor of North Carolina, and Mr. Martin):

H.R. 5590. A bill to amend the Federal Trade Commission Act (15 U.S.C. 45) to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. JONES of Alabama (for himself, Mr. Roe, Mr. Bolling, Mr. Rodino, Mr. Pepper, Mr. Conyers, Mr. Davis, Mr. Carney, Mr. de Lugo, Mr. Conte, Mr. Eilberg, Mr. Thompson, Mr Nix, Mr. Addabbo, Mr. Bevill, Mr. Helstoski, Mr. Florio, Ms. Holtzman, Mr. Young of Alaska, Mr. Mollohan, Mr. Patten, Mr. Don H. Clausen, Mr. Boland, and Mr. Nedzi):

H.R. 5591. A bill to authorize a local public works capital development and investment program; to the Committee on Public Works and Transportation.

By Mr. KOCH (for himself and Mr. John L. Burton):

H.R. 5592. A bill to provide that members of the Armed Forces may be separated or discharged from active service only by an honorable discharge, a general discharge, or discharge by court martial, and for other purposes; to the Committee on Armed Services.

By Mr. KOCH (for himself and Mrs. Mink):

H.R. 5593. A bill to grant an alien child adopted by an unmarried U.S. citizen the same immigrant status as an alien child adopted by a U.S. citizen and his spouse; to the Committee on the Judiciary.

By Mr. KOCH (for himself and Mr. Moorhead of California):

H.R. 5594. A bill to amend the Internal Revenue Code of 1954 to provide that blood donations shall be considered as charitable contributions deductible from gross income; to the Committee on Ways and Means.

By Mr. KRUEGER:

H.R. 5595. A bill to provide for the phased removal of price controls on domestic petroleum, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LITTON:

H.R. 5596. A bill to amend the Internal Revenue Code to encourage the continuation of family farms, and to provide that farmland, woodland, or open land which comprises part of an estate may be valued, for estate tax purposes, as such rather than at its fair market value, and to provide that real property which is listed on the National Register of Historic Places may be valued, for estate tax purposes, at its value for its existing use, and to provide for the revocation of such lower evaluation and recapture of unpaid taxes with interest in appropriate circumstances; to the Committee on Ways and Means.

By Mr. LITTON (for himself, Mr. Baucus, Mr. Hays of Ohio, Mr. Cornell, Mr. Blanchard, Mr. J. William Stanton, Mr. Goodling, and Mr. McDonald of Georgia):

H.R. 5597. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. McCORMACK:

H.R. 5598. A bill to amend the Federal Power Act to prohibit the transmission of electric energy into any State which enacts a law or regulation prohibiting the production of electric energy or atomic energy in such State, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 5599. A bill to amend title 38, United States Code, in order to entitle veterans to 45 months of educational assistance for all educational programs under chapter 34 of this title; to the Committee on Veterans' Affairs.

By Mr. MACDONALD of Massachusetts:

H.R. 5600. A bill to amend section 315 of the Communications Act of 1934 to repeal the equal-opportunities requirement for candidates for President and Vice President, to provide for an additional exception from the equal opportunities requirement, and to provide for the right of response to certain broadcast statements for the President; to the Committee on Interstate and Foreign Commerce.

By Mr. MEEDS (for himself, Mr. Pattison of New York, Mr. Scheuer, Mr. Matsunaga, Mr. Andrews of North Carolina, Mr. Symington, and Mr. Staggers):

H.R. 5601. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems; to the Committee on Education and Labor.

By Mr. MELCHER (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Baldus, Mr. Baucus, Mr. Bergland, Mr. Brown of California, Mr. Findley, Mr. Fithian, Mr. Foley, Harkin, Mr. Harrington, Mr. Hagedorn, Mr. Hechler of West Virginia, Mr. Johnson of California, Mr. Johnson of Colorado, Mr. Leggett, Mr. Litton, Mr. Myers of Indiana, Mr. Nichols, Mr. Nix, Mr. Poage, Mr. Roe, Mr. Rose, and Mr. Sebelius):

H.R. 5602. A bill to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research; to the Committee on Agriculture.

By Mr. MELCHER (for himself, Mr. Shriver, Mr. Smith of Iowa, Mr. Symms, Mr. Thone, and Mr. Whitehurst):

H.R. 5603. A bill to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research; to the Committee on Agriculture.

By Mr. MELCHER (for himself, Mr. Bell, Mrs. Heckler of Massachusetts, Mr. Edwards of California, Mr. Baucus, Mr. Pressler, Ms. Keys, Mr. Roe, Mr. Edgar, and Mr. Mazzoli):

H.R. 5604. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MOSS:

H.R. 5605. A bill to create a comprehensive Federal system for determining the ownership of and amount of compensation to be paid for inventions made by employed persons; to the Committee on the Judiciary.

By Mr. OBERSTAR:

H.R. 5606. A bill to establish an emergency health benefits program for the unemployed; to the Committee on Interstate and Foreign Commerce.

H.R. 5607. A bill to provide for the conservation of petroleum and other natural resources by imposing an excise tax on the sale of certain automobiles and granting a tax credit on the sale of certain automobiles according to the rate at which such automobiles consume fuel, and for other purposes; to the Committee on Ways and Means.

By Mr. OBERSTAR (for himself, Mr. Leggett, and Mr. Dingell):

H.R. 5608. A bill to extend until the close of 1983 the period in which appropriations are authorized to be appropriated for the acquisition of wetlands, and to increase the maximum amount of such authorization; to the Committee on Merchant Marine and Fisheries.

By Mr. PATTEN:

H.R. 5609. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. PERKINS (for himself, Mr. Dominick V. Daniels, Mr. Hawkins, Mrs. Mink, Mr. Ford of Michigan, Mr. Meeds, Mr. Gaydos, Mr. Lehman, Mr. Risenhoover, Mr. Simon, Mr. Zeferetti, Mr. Hall, and Mr. Steed):

H.R. 5610. A bill to amend the Education Amendments of 1974 to delay the effective date of certain amendments to the Act of September 30, 1950 (Public Law 874, 81st Congress), and for other purposes; to the Committee on Education and Labor.

By Mr. RAILSBACK:

H.R. 5611. A bill to make election day a national holiday; to the Committee on Post Office and Civil Service.

By Mr. RAILSBACK (for himself and Mr. Moore):

H.R. 5612. A bill to amend the Internal Revenue Code of 1954 to raise the estate tax exemption from $60,000 to $185,000; to the Committee on Ways and Means.

By Mr. RAILSBACK (for himself, Mr. Kastenmeier, Mr. Cochran, Mr. Harris, Mr. Hubbard, Mr. Mineta, Mr. Lott, and Mr. Esch):

H.R. 5613. A bill to regulate lobbying and related activities; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. ROGERS:

H.R. 5614. A bill to provide for the conservation and management of fisheries, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. RUSSO:

H.R. 5615. A bill to retain November 11 as Veterans Day; to the Committee on Post Office and Civil Service.

H.R. 5616. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of posthospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to require contributions by adult children toward their parents' nursing and home health care expenses under the medicaid program, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. St GERMAIN (by request):

H.R. 5617. A bill to provide for Federal regulation of foreign banks establishing, acquiring, operating, or controlling banks, branches, and agencies in the United States, and for other purposes; to the Committee on Banking, Currency and Housing.

H.R. 5618. A bill to expand competition, provide improved consumer services, strengthen the ability of financial institutions to adjust to changing economic conditions, and improve the flows of funds for mortgage credit; to the Committee on Banking, Currency, and Housing.

H.R. 5619. A bill to provide for the uniform application of the tax laws to all financial institutions and a credit for interest from qualifying real property loans; to the Committee on Ways and Means.

By Mrs. SCHROEDER (for herself, Ms. Abzug, Mr. Breaux, Mr. Edgar, Mr. Evans of Colorado, Mr. Hagedorn, Mr. Harsha, Mr. Henderson, Mr. Holland, Mr. Howard, Mr. Howe, Mr. Johnson of Colorado, Mr. Levitas, Mrs. Lloyd of Tennessee, Mr. McCormack, Mr. Mineta, Mr. Oberstar, Mr. James V. Stanton, Mr. Studds, and Mr. Wirth):

H.R. 5620. A bill to amend the act of August 20, 1963, as amended, relating to the construction of mint buildings; to the Committee on Public Works and Transportation.

By Mr. SCHULZE (for himself, Mr. Biester, Mr. Coughlin, Mr. Dent, Mr. Edgar, Mr. Eshleman, Mr. Green, Mr. Goodling, Mr. Heinz, Mr. Johnson of Pennsylvania, Mr. McDade, Mr. Moorhead of Pennsylvania, Mr. Murtha, Mr. Rooney, Mr. Schneebeli, Mr. Vigorito, and Mr. Yatron):

H.R. 5621. A bill to authorize the Secretary of the Interior to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SEIBERLING:

H.R. 5622. A bill to provide for the management, protection, and development of the national resource lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SIKES (for himself, and Mr. Kelly):

H.R. 5623. A bill to amend section 4182 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. SPENCE:

H.R. 5624. A bill to name a Federal office building to be located in Columbia, S.C., the Strom Thurmond Federal Building; to the Committee on Public Works and Transportation.

By Mr. STAGGERS:

H.R. 5625. A bill to amend the Railroad Retirement Act of 1974 to clarify the eligibility conditions for one type of benefit thereunder; to the Committee on Interstate and Foreign Commerce.

By Mr. STARK (for himself, Mr. Long of Maryland, Mr. Sarbanes, Ms. Spellman, Mr. Moore, and Mr. Downey):

H.R. 5626. A bill to amend the Bank Holding Company Act of 1956 to make it applicable to alien individuals; to the Committee on Banking, Currency and Housing.

By Mr. STEELMAN:

H.R. 5627. A bill to regulate lobbying and related activities; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. STEIGER of Arizona:

H.R. 5628. A bill to amend title 18 of the United States Code to provide an alternative to the exclusionary rule in Federal criminal proceedings; to the Committee on the Judiciary.

By Mr. STEIGER of Wisconsin:

H.R. 5629. A bill to provide for the duty-free entry of binder twine and baler twine made of man-made fibers; to the Committee on Ways and Means.

By Mrs. SULLIVAN:

H.R. 5630. A bill to amend the Federal Boat Safety Act of 1971 in order to increase the Federal Government's share of the costs of State boat safety programs, and to increase the authorization for appropriations for such programs; to the Committee on Merchant Marine and Fisheries.

By Mr. TAYLOR of North Carolina (for himself and Mr. Sebelius):

H.R. 5631. A bill to increase the appropriation authorization relating to the volunteers in the parks program, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. THONE:

H.R. 5632. A bill to improve the antitrust laws; jointly to the Committees on the Judiciary, and Interstate and Foreign Commerce.

By Mr. UDALL (for himself, Mr. Steelman, Mr. Ashley, Mr. AuCoin, Mr. Brown of California, Mrs. Burke of California, Mr. de Lugo, Mr. Downey, Mr. Fisher, Mr. Ford of Michigan, Mr. Gude, Mr. Harrington, Mr. Hechler of West Virginia, Ms. Holtzman, Mr. Koch, Mr. Mikva, Mr. Mineta, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Oberstar, Mr. Pattison of New York, Mr. Preyer, Mr. Rangel, Mr. Scheuer, and Mr. Wirth):

H.R. 5633. A bill to encourage conservation of natural resources, to authorize grants to the States for land use programs, to coordinate Federal actions concerning land use, to require land use planning for the public lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ULLMAN (for himself, Mr. AuCoin, Mr. Duncan of Oregon, and Mr. Weaver):

H.R. 5634. A bill to authorize the Secretary of Agriculture to reimburse cooperators for work performed which benefits Forest Service programs; to the Committee on Agriculture.

By Mr. ULLMAN (for himself and Mr. McKay):

H.R. 5635. A bill to amend the Internal Revenue Code of 1954 to allow Federal income tax returns to be inspected by a common tax auditing agent utilized by the States; to the Committee on Ways and Means.

By Mr. VANIK:

H.R. 5636. A bill to amend the Emergency Unemployment Compensation Act of 1974 to provide emergency unemployment compensation to certain individuals who are ineligible for such compensation because they exhausted their rights to State unemployment compensation before there was an extended benefit period in the State; to the Committee on Ways and Means.

By Mr. WALSH:

H.R. 5637. A bill to amend the Internal Revenue Code of 1954 to allow individuals a deduction for volunteer services performed in Veterans' Administration hospitals; to the Committee on Ways and Means.

By Mr. WYLIE:

H.R. 5638. A bill to amend section 924 (relating to commission of Federal felonies with firearms) of title 18 of the United States Code to make applicable to a first conviction under that section the rules for suspended or probationary sentences now applicable to second and subsequent convictions; to the Committee on the Judiciary.

H.R. 5639. A bill to amend the Postal Revenue and Federal Salary Act of 1967 to abolish the Commission on Executive, Legislative and Judicial Salaries; to the Committee on Post Office and Civil Service.

By Mr. DUNCAN of Tennessee (for himself and Mr. Quillen):

H.R. 5640. A bill to amend section 103(c) of the Internal Revenue Code of 1954 to increase the exemption from the industrial development bond provisions for certain small issues; to the Committee on Ways and Means.

By Mr. GILMAN:

H.R. 5641. A bill to amend title II of the Social Security Act to increase to $7,500 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. GUDE (for himself, Mr. Rees, Mr. Fauntroy, Mrs. Meyner, Mr. McKinney, Mr. Railsback, Mr. Biester, Mr. Whalen, and Mr. Fraser):

H.R. 5642. A bill to amend the act entitled "To reorganize the governmental structure of the District of Columbia, to provide a charter for local government in the District of Columbia subject to acceptance by a majority of the registered qualified electors in the District of Columbia, to delegate certain legislative powers to the local government, to implement certain recommendations of the Commission on the Organization of the Government of the District of Columbia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. KEMP:

H.R. 5643. A bill to repeal the provisions of H. Res. 457 of the 92d Congress as enacted into law by the Supplemental Appropriations Act, 1972 (relating to allowances of Members, officers, and committees of the House of Representatives); to the Committee on House Administration.

H.R. 5644. A bill to prohibit travel at Government expense outside the United States by Members of Congress who have been defeated, or who have resigned, or retired; to the Committee on House Administration.

H.R. 5645. A bill to amend the Federal Salary Act of 1967, and for other purposes; to the Committee on Post Office and Civil Service.

By Mrs. MINK (for herself, Ms. Abzug, Mr. Blanchard, Mrs. Burke of California, Mr. Fraser, and Mrs. Heckler of Massachusetts):

H.R. 5646. A bill to authorize the Secretary of Health, Education, and Welfare to make grants to conduct special educational programs and activities designed to achieve conservation and nonuse of energy and materials, and for other related educational purposes; to the Committee on Education and Labor.

By Mr. DINGELL:

H.J. Res. 361. Joint resolution proposing an amendment to the Constitution of the United States relative to the assignment of public school students; to the Committee on the Judiciary.

By Mr. DINGELL (for himself, Mr. Bob Wilson, Mr. Bell, Mr. John L. Burton, Mr. Lagomarsino, Mr. Rees, Mr. Wiggins, Mr. Moss, and Mr. Roybal):

H.J. Res. 362. Joint resolution to authorize the establishment of the Tule Elk National Wildlife Refuge and the establishment of a Federal-State management program for the conservation, protection, and enhancement of tule elk and other species, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mrs. HECKLER of Massachusetts:

H.J. Res. 363. Joint resolution to authorize and request the President to proclaim April 6, 1975, as a day of observance of the 30th anniversary of the liberation of the survivors of the Holocaust; to the Committee on Post Office and Civil Service.

By Mr. HELSTOSKI (for himself, Mr. O'Neill and Mr. Tsongas):

H.J. Res. 364. Joint resolution to designate April 24, 1975, as "National Day of Remembrance of Men's Inhumanity to Man", to the Committee on Post Office and Civil Service.

By Mr. HICKS:

H.J. Res. 365. Joint resolution to designate October 9 of each year as "Leif Erickson Day"; to the Committee on Post Office and Civil Service.

By Mr. JEFFORDS (for himself, Mr. Bedell, Mr. Edwards of California, Mr. Harrington, Mr. Howe, Mrs. Schroeder, Mr. Roe, Mrs. Holt, Mr. Pressler, Mr. Charles Wilson of Texas, Mr. Emery, Mrs. Spellman, Mr. Gilman, Ms. Abzug, Mr. Conte, Ms. Holtzman, Mr. Beard of Rhode Island, Mr. Cleveland, Mr. Evans of Indiana, Mr. Fithian, Mr. Yates, Mr. Blouin, and Mr. Boland):

H.J. Res. 366. Joint resolution to amend the Emergency Petroleum Allocation Act of 1973 to prohibit the President from setting minimum prices for crude oil, residual fuel oil, or any refined petroleum product without congressional review, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KEMP (for himself and Mr. Ambro):

H.J. Res. 367. Joint resolution to authorize and request the President to proclaim April 8, 1975, as a day of observance of the 30th anniversray of the liberation of the survivors of the Holocaust; to the Committee on Post Office and Civil Service.

By Mr. McEWEN:

H.J. Res. 368. Joint resolution proposing an amendment to the Constitution of the United States with respect to participation in voluntary prayer or meditation in public buildings; to the Committee on the Judiciary.

By Mr. MURPHY of Illinois:

H.J. Res. 369. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. RAILSBACK:

H.J. Res. 370. Joint resolution designating the week beginning April 7, 1975, as "National Drafting Week; to the Committee on Post Office and Civil Service.

By Mr. SIKES (for himself, Mr. Mann, Mr. Santini, and Mr. Clay):

H.J. Res. 371. Joint resolution asking the President of the United States to declare the fourth Saturday of each September National Hunting and Fishing Day; to the Committee on Post Office and Civil Service.

By Mr. SOLARZ:

H.J. Res. 372. Joint resolution to authorize and request the President to proclaim April 6, 1975 as a day of observance of the 30th anniversary of the liberation of the survivors of the Holocaust; to the Committee on Post Office and Civil Service.

By Mr. STRATTON:

H.J. Res. 373. Joint resolution authorizing the President to proclaim September 18 of each year as National Jogging Day; to the Committee on Post Office and Civil Service.

By Mrs. SULLIVAN (for herself, Mr. Leggett, Mr. Ruppe, Mr. Dingell, Mr. Forsythe, Mr. McCloskey, Mr. Studds, Mr. Anderson of California, Mr. Breaux, and Mr. Pritchard):

H.J. Res. 374. Joint resolution to authorize and request the President to issue a proclamation designating the month of October 1975, and each succeeding October, as National Fish and Seafood Month; to the Committee on Post Office and Civil Service.

By Mr. ADDABBO (for himself, Mr. Blanchard, Mr. Boland, Mr. Phillip Burton, Mr. Carr, Mrs. Fenwick, Mr. Fithian, Mr. Frenzel, Mr. Hannaford, Mr. Harrington, Mr. Jacobs, Mr. Lent, and Mr. Lloyd of California):

H. Con. Res. 196. Concurrent resolution expressing the sense of the Congress that the President should convene immediately a meeting of the heads of all appropriate Federal departments and agencies for the purpose of taking such steps as may be necessary to prevent Arab discrimination against American business enterprises which have Jewish individuals serving in positions of major responsibility or which do business with Israel; to the Committee on International Relations.

By Mr. ADDABBO (for himself, Mr. Mazzoli, Mr. Metcalfe, Mr. Mezvinsky, Mr. Moore, Mr. Mosher, Mr. O'Brien, Mr. Pepper, Mr. Rinaldo, Mr. Rooney, Mrs. Spellman, Mr. Stark, Mr. Treen, Mr. Tsongas, and Mr. Wirth):

H. Con. Res. 197. Concurrent resolution expressing the sense of the Congress that the President should convene immediately a meeting of the heads of all appropriate Federal departments and agencies for the purpose of taking such steps as may be necessary to prevent Arab discrimination against American business enterprises which have Jewish individuals serving in positions of major responsibility or which do business with Israel; to the Committee on International Relations.

By Mr. KAZEN (for himself, Mr. Gonzalez and Mr. Krueger):

H. Con. Res. 198. Concurrent resolution expressing the opposition of the Congress to any change in the present method of providing financial support for military commissaries through appropriations to meet their payroll costs; to the Comimttee on Armed Services.

By Mr. DERWINSKI (for himself, Mr. Anderson of Illinois, Mr. Brown of Michigan, Mr. Downey, Mr. Harkin, Mr. Lent, Mr. Macdonald of Massachusetts, Mr. Murphy of Illinois, and Mr. Vigorito):

H. Con. Res. 199. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. PATTEN:

H. Con. Res. 200. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. RODINO:

H. Con. Res. 201. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. RUSSO:

H. Con. Res. 202. Concurrent resolution against social security ceiling; to the Committee on Ways and Means.

By Mr. BROOKS (for himself, Mr. Blanchard, Mr. Coughlin, Mr. English, Mr. Harris, Mr. McCormack, Mr. Mineta. Mr. Hawkins, and Ms. Spellman):

H. Res. 370. Resolution directing the House Commission on Information and Facilities to provide for radio and television coverage of proceedings in the House Chamber during the first session of the 94th Congress; to the Committee on Rules.

By Mrs. BURKE of California, (for herself, Ms. Abzug, Mrs. Boggs, Ms. Chisholm, Mrs. Collins of Illinois, Mrs. Fenwick, Mrs. Heckler of Massachusetts, Mrs. Holt, Ms. Holtzman, Ms. Jordan, Ms. Keys, Mrs. Lloyd of Tennessee, Mrs. Meyner, Mrs. Mink, Ms. Schroeder, Mrs. Smith of Nebraska, Mrs. Spellman, and Mrs. Sullivan):

H. Res. 371. Resolution to send a congressional delegation to the International Women's Year Conference in Mexico City, June 19, 1975, to July 2, 1975; to the Committee on Rules.

By Mr. JOHN L. BURTON:

H. Res. 372. Resolution to amend the Rules of the House of Representatives to provide that the House may not consider any bill or other similar measure unless copies of the bill or other measure are available to Members at least 4 hours before such consideration; to the Committee on Rules.

By Mr. EILBERG:

H. Res. 373. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on International Relations.

By Mr. MURPHY of Illinois (for himself, Mr. Metcalf, Mr. Mikva, and Mr. St Germain):

H. Res. 374. Resolution expressing the sense of the House that the provisions of title XII of the Organized Crime Control Act of 1970, Public Law 91–452, creating a National Commission on Individual Rights, be immedately implemented; to the Committee on the Judiciary.

By Mr. KEMP:

H. Res. 375. Resolution to amend clause 32(c) of rule XI of the House of Representatives to provide the minority party, upon request, with up to one-third of a committee's investigative staff funds; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

76. By the SPEAKER: Memorial of the Legislature of the Trust Territory of the Pacific Islands relative to membership of the trust territory in the Asian Development Bank; to the Committee on Interior and Insular Affairs.

77. Also, memorial of the Legislature of the State of Montana, relative to aid to dependent children; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of California:

H.R. 5647. A bill for the relief of Earl Gilbert Larry Collins, Vern C. Parton, Alexander L. Adams, and John Kimm; to the Committee on the Judiciary.

By Mr. BURGENER:

H.R. 5648. A bill for the relief of Violetta Cebreros; to the Committee on the Judiciary.

By Mr. HICKS:

H.R. 5649. A bill for the relief of Terence Timothy Turner; to the Committee on the Judiciary.

By Mr. HUBBARD:

H.R. 5650. A bill for the relief of Dr. Kok Liong Tan and his wife, Gloria Siao Tan; to the Committee on the Judiciary.

By Mr. KEMP:

H.R. 5651. A bill for the relief of the estate of the late Richard Burton, SFC, U.S. Army (retired); to the Committee on the Judiciary.

By Mr. KOCH:

H.R. 5652. A bill for the relief of Estelle M. Fass; to the Committee on the Judiciary.

By Mr. LONG of Maryland:

H.R. 5653. A bill for the relief of the estate of Peter Boscas, deceased; to the Committee on the Judiciary.

By Mr. OTTINGER:

H.R. 5654. A bill for the relief of Arthur Dentz and Hedy Dentz; to the Committee on the Judiciary.

By Mr. ROUSSELOT:

H.R. 5655. A bill for the relief of Mark Charles Mieir and Liane Maria Mieir; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

66. By the SPEAKER: Petition of the student senate, University of Massachusetts, Amherst, relative to Chile; to the Committee on International Relations.

67. Also, petition of the city council, Erie, Pa., relative to the depletion allowance on natural gas; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

VARIABLE IMPORT DUTY ON DAIRY PRODUCTS

HON. ALVIN BALDUS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BALDUS. Mr. Speaker, today I am introducing with nine co-sponsors a bill to establish a variable import duty fee on dairy products. I think that this bill is especially significant because it would offer a measure of protection to the American dairy farmer without placing a burden on the taxpayers or consumers of the nation.

Last week the House narrowly defeated a provision which would have increased dairy support prices to 85 percent of parity. In light of that action, I feel that it is especially important that we now take some action to protect our farmers from the threat of unfair competition at times when the domestic price of milk is below parity.

I want to emphasize the fact that while this bill uses the parity price as a frame of reference, it would in no way effect the price support level and would in no way require additional outlays by the Federal Government.

This amendment would insure that additional imports of dairy products can not be brought into the United States to depress domestic dairy farmers' prices so long as milk prices in the United States remain below parity.

This would be done by requiring that a variable import duty fee be paid on all imports of dairy products in excess of those provided for in import quotas that were in effect as of January 1, 1970. This is before the drastic importations authorized by former President Nixon occurred.

The amount of the variable duty would be calculated so as to raise the cost of imported dairy products to which the amendment would apply to a level moderately above the current parity price. With the duty in effect, there would be no economic incentive for importers to buy foreign dairy products for sale in the United States so long as products produced from American milk are available at prices reflecting parity, or slightly more than parity.

While protecting domestic dairy farmers, this measure would also guarantee consumers of unrestricted access to world market supplies of dairy products under the regular or emergency procedures authorized under section 22 of the Agricultural Adjustment Act of 1933. The difference would be that American dairy farmers would not be injured or handicapped by violent price collapse, as happened under the Nixon procedure, from maintaining their capability to provide an abundant supply of milk and dairy products for Americans.

The measure proposed here to protect the American dairy industry is identical in principle to the program recently proposed by Secretary of State Henry Kissinger for oil and other energy suppliers. Secretary Kissinger proposed that the United States, and other petroleum-importing countries as well, establish a support price for oil substantially above the levels that prevailed in this country until the recent world price increases, and protect domestic producers of oil and other energy by use of a similar variable import duty to be applied if imported oils should be dumped on the world market at low prices.

It is every bit as important to protect our Nation's capability to produce the milk and dairy products that we need, as it is to protect and develop our ability to meet our own needs for energy.

There is a great deal of attention being given these days to the administration's recent promise that countervailing duties would be applied in the future to subsidized imports of dairy products.

This is a promise without substance. Even if countervailing duties are applied equal to the amount of any other country's export subsidy, it would not protect American dairy farmers from the price-depressing effect of non-subsidized imports from New Zealand, Australia, and any other country which does not use export subsidies or which might discontinue using export subsidies.

New Zealand and Australia have never subsidized their exports of dairy products into our market. Yet imports from those countries have many times in the past constituted a serious threat to our dairy farmers. Those countries have now recovered from the drought that kept them out of our market during the past few years. With the drastic collapse in cattle prices, these countries in all probability will turn to a vast increase in their dairy production for our market, if the administration's plans to eliminate quantitative limitations are carried out.

But the problem is even more immediate and direct than that. If the Europeans discontinue sales of dairy products to the United States because we have started applying countervailing duties, they will simply sell it someplace else. And when they do that, they will displace dairy products that have been furnished in those markets by Australia and New Zealand. When Australia and New Zealand lose those markets, they will turn to the United States for a market.

They will come without subsidies. And the countervailing duty that is being touted as the administration's protection for our dairy farmers will be an empty promise.

MISPLACING BLAME

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, March 26, 1975

Mr. HARRY F. BYRD, JR. Mr. President, the March 25 edition of the Richmond Times-Dispatch included an excellent editorial concerning criticism of conservative fiscal and economic policies.

The editorial points out that it is the liberal economics of deficit financing, excessive Government spending, and excessive Government controls over private enterprise which must bear the responsibility for the present economic plight of the United States. Liberal economics is the only economics that has been put into practice.

I ask unanimous consent that the text of the editorial from the Richmond Times-Dispatch, "Misplacing Blame," be printed in the Extensions of Remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

MISPLACING BLAME

Many political pundits believe that partly because of the nation's economic problems a conservative could not win the 1976 presidential election. In times of economic difficulty, these sages observe, the American people automatically place their faith in liberal leaders.

This thought was expressed in a question put to former California Gov. Ronald Reagan in a recent *Time* magazine interview. "Conservatives have never had much electoral appeal in times of economic stress," the magazine's correspondent said. "Can they have it now?"

Governor Reagan's answer:

"How can your philosophy be a failure if it hasn't been implemented? For 40 years or more this country has been following the lute song of the liberals. Suddenly, when they come undone with their planned economy, their deficit spending and their deliberately planned inflation, which they said would maintain prosperity, how the hell do the conservatives get blamed?"

How indeed! Those who hold conservatives responsible for the country's economic troubles are misplacing the blame. After all, the impetus for the nation's steady drift into statism has been provided by the liberals; and the failures of governmental policy have been primarily the failures of liberalism—not of conservatism. Deficit financing, excessive government spending and excessive government interference with private enterprise have resulted from liberal leadership and have helped to cause the nation's existing economic woes.

Blame the conservatives? No, they're not the culprits; and they do not deserve to be censured in 1976—or now—for the recession or for inflation. What they do deserve is a chance, a real chance, to apply their remedies to the nation's ailments, a chance to show what they can do. After listening to the "lute song of the liberals" for 40 years, the country should know what the liberals *cannot* do.

NORTHERN IRELAND

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. WOLFF. Mr. Speaker, I would like to share with my colleagues today a few of the many letters I have received urging the Congress to hold hearings on the situation in Northern Ireland.

Last December our distinguished colleague, Benjamin Rosenthal of New York, who was chairman of the Subcommittee on Europe, agreed to hold hearings on the tragic situation in Northern Ireland. With the reorganization of the Committee on Foreign Affairs, recently renamed the Committee on International Relations, I was honored to be named chairman of the Subcommittee on Future Foreign Policy Research and Development.

With that subcommittee assignment, I also inherited Mr. Rosenthal's commitment to hold hearings on Northern Ireland.

The need for such hearings has been expressed to me by responsible men and women throughout our country, including private citizens, and representatives of Irish-American groups as well as Members of Congress.

I now submit for the Record letters I have received from two of our colleagues here in the House. The distinguished gentleman from New York (Mr. Ottinger) and the distinguished gentleman from Ohio (Mr. Stanton). I would also like to recommend to the attention of the House a letter I received this week from Mr. Al DelBello, county executive of Westchester, N.Y., one of our Nation's largest and most progressive counties.

House of Representatives,
Washington, D.C., February 21, 1975.

Hon. Lester L. Wolff,
Rayburn House Office Building,
Washington, D.C.

Dear Mr. Chairman: It is my understanding that the Sub-committee on Future Foreign Policy Research and Development will be holding hearings on the situation in Northern Ireland and on British-Irish relations during the first week of April.

I would appreciate having the opportunity to testify before the Sub-committee. Please let me know when might be a convient time for me to testify.

Best regards,

Richard L. Ottinger,
Member of Congress.

February 10, 1975.

Hon. Lester L. Wolff,
Chairman, Policy Planning Subcommittee, Committee on Foreign Affairs, U.S. House of Representatives, Washington, D.C.

Dear Lester: You've already had my handshake and congratulations for landing the chairmanship of this important subcommittee. Now I'd like to ask you in all earnestness to accept the suggestion you've heard from so many of us to place the Irish question high on your agenda as this new session of Congress gets under way.

I'd be repeating myself here if I were to refer again in detail to the tragedy that has trapped the Irish people, how this has come about and how it all has culminated in violence and murder. You yourself have spoken with some eloquence about this situation and have shown yourself to be one of the most concerned Members of Congress.

But since our last conversation there has been a hopeful development—the truce that was proclaimed over the weekend. This might seem like a time to lay low, out of fear of upsetting things. I don't think so. On the contrary, I'm all the more convinced that we should act now, to keep momentum going for the cease-fire in the hope that this one, too, doesn't break down.

Specifically, I'm proposing that you hold hearings on the question which, hopefully, could generate some ideas looking toward a lasting solution. I think that the House of Representatives showed during the impeachment inquiry last year that it certainly is capable of acting responsibly in sensitive situations. And we've already shown, in connection with Soviet emigration and the Cyprus war, that we are willing to step in and set policy for this nation in cases where the Executive has a record of inaction.

Should you decide to hold hearings, I'd appreciate timely notice so I could appear personally before the subcommittee to give a statement and answer questions. Perhaps we could have a few words about this.

Kindest personal regards,

JAMES V. STANTON,
Member of Congress.

COUNTY OF WESTCHESTER,
OFFICE OF THE COUNTY EXECUTIVE,
White Plains, N.Y., March 20, 1975.

Hon. LESTER WOLFF
Rayburn Building
Washington, D.C.

DEAR LESTER: As County Executive of Westchester, I have been asked by many constituents to bring to the attention of the "Foreign Policy Planning Sub-Committee on Irish Affairs" the convictions of many of the people in our County in regard to freedom for the Irish people.

It is our hope that your Sub-committee will conclude with a recommendation that supports the right of free self-determination for the Irish people. For many years, this right has been a fundamental principle of International Law. It is incumbent on the United States of America to support so clear a principle and apply it to the rights of the Irish people to choose their own government and their own governmental structure.

I trust that your Sub-committee will recommend that the Irish, like other nations, be granted exercise of the right to determine their own future.

Sincerely,

ALFRED B. DELBELLO,
County Executive.

DR. WILLIAM J. HARGIS, JR. NEW CHAIRMAN OF THE NATIONAL ADVISORY COMMITTEE ON OCEANS AND ATMOSPHERE

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, March 26, 1975

Mr. HARRY F. BYRD, JR. Mr. President, the President has named a distinguished Virginia marine scientist, Dr. William J. Hargis, Jr., to serve as Chairman of the National Advisory Committee on Oceans and Atmosphere.

Dr. Hargis is directed of the Virginia Institute of Marine Science at Gloucester Point, Va., a position he has held since 1959. He is also chairman of the Department of Marine Science at the University of Virginia and dean of the School of Marine Science at the College of William and Mary.

A graduate of the University of Richmond, he received his doctoral degree from Florida State University.

He has been a member of the National Advisory Committee since its establishment in August, 1971, and has served on numerous other State and Federal commissions involved in oceanography and allied fields.

Dr. Hargis is one of the most widely respected marine scientists in the United States. Author of more than 60 research publications, he has provided the Congress with testimony over the years on many of the most important bills in the oceanographic field.

I congratulate the President on his selection of this distinguished scientist to head the National Advisory Committee, and I salute Dr. Hargis for his long service to marine science and to his countrymen.

MISSING IN ACTION

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BAUMAN. Mr. Speaker, recently members of the Maryland congressional delegation met with representatives of the National League of Families of American Prisoners of War Missing in Southeast Asia. We were fortunate to have the benefit of a wide-ranging discussion of the problem of POW–MIA's and pending legislation which seeks to solve the many difficulties faced by this group. Along with many other Members of Congress I feel that the Government must do more to obtain information about the status of these brave men who served our country so gallantly. I am particularly aware of the suffering of the families denied knowledge of the fate of their loved ones and at the same time receiving little help from the Government.

I insert at this point a resolution by the Maryland State Senate and an editorial from the Baltimore News American in the hope that this will spur the Government to take action in this serious matter:

THE MIAs

Unfortunately, a legislative resolution addressed to the federal government usually has little effect.

A resolution is pending in the state Senate which we hope will be an exception. It deals with a heart-rending problem that has long been begging for relief.

That is the problem of the MIAs—missing in action. For the families of servicemen still missing after the long, arduous war in Vietnam, patience has run out.

As the Senate resolution was introduced the other night, three women sat on the Senate floor attempting once more to determine what happened to their loved ones. They had received no answer from the enemy on whether their family members were still alive—and no answer from their own government, either.

Their hope was that the Senate resolution, which calls attention to the plight of those missing in action, would put a little more pressure on the federal government to get the Southeast Asian Communist forces to provide information on the men.

The plight of the families of the MIA's is a cruel one. We hope their expectations are justified, and that the Senate resolution—which is assured of final passage—will help.

SENATE RESOLUTION NO. 72

A Senate Resolution concerning the Missing In Action in Southeast Asia for the purpose of bringing to public attention the continuing plight of American men who fought in the war in Southeast Asia, and were listed missing in action, and the plight of their families and loved ones

Whereas, The efforts of American who have fought in their country's behalf with the hope that all men shall live in peace, should not ever be forgotten; and

Whereas, More than 1200 Americans who were captured or listed as missing in action at the time of the ceasefire in Southeast Asia have not yet been returned or even accounted for; and

Whereas, Of the 42 men with families in Maryland who were listed as prisoners or missing in action, only 11 have returned, leaving 31 unaccounted for; and

Whereas, It has become increasingly clear that, because of the bitterness, divisiveness, and domestic unrest which characterized the Vietnam years, the American people would like to erase from their memories all traces of those agonizing years and this may have caused many of us to forget about these men, whose fates are still unknown; and

Whereas, It seems at times, that the United States Government has deemed it expedient to forget the fates of these men and their families, in the pursuit of larger foreign policy goals; and consequently little is being done to bring the anguish of all concerned to an end; and

Whereas, It would be tragic, not only for these men and their families, but for the self-esteem and moral standing of the United States as a nation, if these men are abandoned by our government and our people, since it is for the sake of those very things that these men fought; and

Whereas, The National League of Families of American Prisoners and Missing in Southeast Asia has requested President Ford to name a Special Commission to develop and execute a plan to get an acceptable accounting for the missing in action; now, therefore, be it

Resolved by the Senate of Maryland, That the members of this Body pay tribute to the men missing in action, and express their most profound sympathy for those families who still must live in the inconceivable agony of not knowing where their loved ones are, or whether they are dead or alive; and be it further

Resolved, That the Senate of Maryland express its concern that nothing has been done to bring this situation to some final conclusion, and its concern that the fate of these men might be forgotten, both by our government and by our people; and be it further

Resolved, That the Senate of Maryland request the President of the United States, Gerald Ford, to create a Special Commission to develop and execute a plan for an acceptable accounting for the missing in action; and be it further

Resolved, That copies of this Resolution be sent to the President of the United States, Gerald Ford; Maryland Senators Charles Mathias and J. Glenn Beall; members of the Maryland Delegation to the U.S. House of Representatives; the U.S. Secretaries of State and Defense; the U.S. Representative to the United Nations; Col. John H. Madison, Jr., Chief of the U.S. Delegation, Four Power Joint Military Team; Charles S. Whitehouse, U.S. Ambassador to Laos; Governor Mandel; the Maryland Chapter, National League of Families of American Prisoners of War and Missing in Southeast Asia; and the national office of VIVA (Voices in Vital America).

THE RIGHT TO STRIKE FOR GOVERNMENT EMPLOYEES?

HON. JAKE GARN

OF UTAH

IN THE SENATE OF THE UNITED STATES

Wednesday, March 26, 1975

Mr. GARN. Mr. President, there are presently some 14 million government workers in the United States—3 million Federal employees and 11 million State, county, and municipal employees—and their number is growing at a prodigious rate. It is a fact that the public employment sector has grown faster than any other sector of the economy and that public employment unions are the fastest growing and best organized labor unions in the country. From 1951 to 1972, Government work forces grew by 151 percent, payrolls by 596 percent, union membership by 130 percent, and strikes by public employees by 1,000 percent.

How can we as citizens of the United States or as Members of Congress stand quietly in the sidelines as a major push is mounting for enactment of Federal laws that would regulate unionization of public sector employees at all levels of Government? Have the media and political commentators missed the significance of this dramatic political play being rehearsed on Capitol Hill? I, for one, am alarmed that such fundamental questions are being raised without more than a tittle-tattle of discussion.

The Honorable Calvin L. Rampton, the distinguished Governor of the State of Utah, should be commended for standing up to the Utah Public Employees Association with a warning that voluntary absences from work by State officers or employees, without authorization, would be considered as resignation from State employment.

I also applaud the editors of the Deseret News for their efforts to get the message through to the people of the overwhelming implications of Federal legislative proposals to interfere with the employment practices of State and local governments.

My experience as mayor of Salt Lake City and as first vice president of the National League of Cities made me very realistic about the outcome of such intervention by the Federal Government. I submit that it is time the American people awakened to what is being imposed upon them. If we want to have Government close to the people, if they want their local mayor and city council, county commissioners, Governors, and legislators able to be anything but local stooges for the Federal Government, then we cannot tolerate a further extension of the power of the Federal Government into the internal affairs of local and State governments. We cannot tolerate any bill that imposes mandatory collective bargaining and binding arbitration upon the cities and counties of this country.

I urge my colleagues to read "Still No Right To Strike Against Government Entity," a timely editorial printed in the Deseret News on March 14, 1975.

I ask unanimous consent that the following editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Still No Right To Strike Against Government Entity

The right to organize unions among government employes is now widely recognized—provided the rights are safeguarded, for those who do not choose to join a union.

What has never been recognized, and should not be, is any implied or actual right to strike against any segment of federal, state, or local government.

So Governor Calvin L. Rampton was correct this week when he warned the Utah Public Employees Association (UPEA) that any voluntary absence from work by a state officer or employee without authorization would be considered a resignation from state employment. In other words—fired.

Such clear wording is needed because the public employes' union recently voted to remove the "no strike" clause from its constitution. And that can have only one meaning: the union would not bar itself from striking if circumstances arose.

Strikes must be prohibited against government for several reasons. One is that governments exist to provide essential services for the people, and no union should be granted the power to put government out of business whenever it chooses, as happened in New York City a few years ago.

Because of the dependence of citizens on those services, it is not possible for government to go out of business or use all of the counterweapons that are available to private industry in a labor dispute. Thus governments are more vulnerable to the strike, at least in general, than is private industry.

In addition, unions should not be given the power to conduct raids on the public treasury at will. Government must be the servant of all, and not a source of money to be looted by special interests.

There are already movements in the 94th Congress to impose not only collective bargaining on all tax-supported units of government below the federal level, but to require compulsory union membership as well. At least bills are currently before Congress to achieve those objectives: H.R. 8679, the Clay bill, and two Senate bills, S3294 and S8295, supported by Harrison Williams (D-New Jersey).

The Clay bill, considered the toughest of the three, would obligate every "state, political subdivision, town, city, county, borough, district, school board, board of regents, public or quasi-public corporation, or any other entity which is tax supported," to abide by provisions of the bill and to obey the decisions of the National Public Employment Relations Commission.

Among those provisions are authorizing strikes of public school teachers, policemen, firemen, and other government employes as a part of the day-to-day routine, requiring funding of union bosses by unwilling employes, and granting monopoly status, through exclusive bargaining rights, to a union without secret ballot elections in most cases.

The mere fact that such a bill has been introduced is reason enough to be concerned about union activities among government employes. For as President Franklin D. Roosevelt declared many years ago:

"A strike of public employes manifests nothing less than an intent on their part to obstruct the operation of government until their demands are satisfied. Such action, looking toward the paralysis of government by those who have sworn to support it, is unthinkable and intolerable."

SALUTE TO BYELORUSSIAN INDEPENDENCE

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. FORSYTHE. Mr. Speaker, I rise today to join with free men throughout the world to celebrate the 57th anniversary of Byelorussian Independence. On March 25, 1918, representatives of the Byelorussian people threw off the chains of Russian domination and, by declaring their independence, joined the world community as a free nation. They declared a nation of equality under law, religious toleration and cultural freedom; a nation like our own.

However, in December of 1918 the chains that had bound the Byelorussian people to Russian oppression were again forged as Russian Bolshevik armies invaded the young Republic. Today the Byelorussian people live under the yoke of Russian tyranny, which has not loosened in this era of détente. The Byelorussian people still struggle to maintain their cultural and national identity.

On three occasions since 1918 the Byelorussian people have risen to free their homeland from foreign rule.

Today on this 57th anniversary of Byelorussian independence, we, the American people, salute a nation that refuses to die in the hope that the future will bring new life to its freedom-loving people.

NO MORE MILITARY AID FOR INDOCHINA

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. CONYERS. Mr. Speaker, it has been more than 2 years since the Paris Peace Accords were signed, but American dollars and machines continue to fuel death and devastation in both Cambodia and South Vietnam. After more than a decade of American military involvement in Indochina, President Ford's current request for an additional $522 million in military assistance for Indochina demonstrates that this administration continues to believe in the possibility of military solutions and in the role of the United States as policeman of the world. Billions of dollars and thousands of American lives could not impose an American solution on Southeast Asian problems, and even the President has acknowledged that the $522 million he has requested will have no decisive effect. Instead, he has proposed a multiyear and multibillion dollar program of military assistance which would continue to drain the people's tax dollars from desperately needed domestic assistance programs.

The Congress must not shovel still another $522 million into the quicksand of Indochina. It is past time for the Congress to make President Ford realize that the American people have had enough of corrupt dictatorships in Indochina which the United States has created and protected. At a time when the real international danger is mass starvation throughout Africa, Asia, and Latin America, it would be unconscionable to send more military equipment to Indochina to destroy lives, not build and sustain them. When the American economy is on the verge of national collapse, it is especially absurd to spend millions more in a futile effort to prop up governments which do not even enjoy the support of their own people. It was for these reasons that I recently appeared before the Subcommittee on Defense Appropriations to offer the following testimony in opposition to military assistance for Vietnam:

STATEMENT OF CONGRESSMAN JOHN CONYERS, JR., BEFORE THE SUBCOMMITTEE ON DEFENSE APPROPRIATIONS, MARCH 20, 1975

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to appear before you to oppose President Ford's supplemental appropriation request for military assistance to South Vietnam. I must admit, however, that I am sadly disappointed that these hearings are even taking place. The Congress has regularly received and approved proposals for military aid to South Vietnam ever since I first came to Washington in 1965. Had these hearings taken place then, or even five years ago, I would not have been surprised. But for the Congress to seriously consider wasting $300 million more, on top of the billions which have already been spent, makes me wonder what, if anything, the Congress has learned during the last ten years.

There is no need for intricate arguments. My reasons for opposing these extra millions for South Vietnam are simple:

We can't afford it.

It won't do any good.

Thieu doesn't deserve it.

No threat of impending disaster or promise of glorious success can make these simple truths disappear. I fail to see how any member of this committee or the Congress can support the President's request unless he can refute them.

Certainly no one here would have the temerity to argue that the economy of the United States and the welfare of its people are so strong and secure that we need not give a second thought to throwing away $300 million. Let any Congressman who supports this request go down to the unemployment offices in his or her district and explain to the crowd already gathered there that $300 million is a small price to pay in order to save President Thieu from joining the ranks of the jobless.

I have advocated that the federal government assume the role of employer of last resort for men and women unable to find work. Unfortunately, however, this Administration only seems interested in paying the salaries of the colonels and generals of South Vietnam who would not be able to continue the autocratic devastation of their own nation without American subsidies. Instead of employing Americans to re-build America, President Ford would have us employ South Vietnamese to continue to destroy South Vietnam. For the Congress to sanction such priorities would be unconscionable.

The American economy would have to be enjoying unprecedented prosperity before we could afford to send this $300 million to South Vietnam because there can be no doubt that this aid would be as totally wasted as if we burned it instead. I doubt if there is anyone in Washington or Saigon who really knows precisely how many billions of dollars have been spent in support of the various South Vietnamese regimes. What we do know for certain is that this sum is astronomical, that it has seriously undermined the American economy and stimulated the spiralling inflation we continue to endure, and that it has brought only desolation and death to the land and people of Vietnam.

Even in this unpredictable world, we can be sure that sending $300 million more to South Vietnam will have no perceptible effect on progress toward peace. Not even the most avid proponents of this aid actually assert that it could make the difference between war and peace. Instead, we hear the argument that this money must be appropriated or the government in South Vietnam will eventually collapse. It is beyond argument that the Thieu regime could not have survived this long without American backing, and that it will remain in power only so long as American subsidies continue. The real issue then becomes not this $300 million request, but what will happen when those dollars are gone?

For too many years, the Congress and the American people have been told by one Administration after another that if we only pass one more appropriations bill or only send a few more thousand troops, that will finally be enough. But there will never be enough. Let us finally be honest enough to admit that the Saigon government will continue to require massive American support. If the President is sincerely unwilling to accept the fall of General Thieu, then he cannot stop with this $300 million request; he will have to come back for more, again and again. If this is not his intention, then Thieu will fall soon after the money stops, and that might as well happen now as a few months and hundreds of millions of dollars from now.

These choices have been clear to the American people for years, and they have made it equally clear that they are unwilling to make an open-ended and endless commitment. This does not reflect a callous disregard for human life in Asia; instead, it demonstrates a national unwillingness to support further dictatorship and repression in South Vietnam. Even if the United States could afford it, and even if it would really make a difference, the Saigon regime does not deserve American support. From Diem to Thieu, the United States has exalted and sustained a series of petty tyrants, none of whom ever attempted the serious economic and political reforms which might have earned them the affection and support of the Vietnamese people. The Viet Cong and North Vietnamese have been able to fight so long and so successfully on what is supposed to be enemy ground because they have been fighting only the government, not the people, of South Vietnam.

For much too long, Thieu and his predecessors were supported by American lives. Now it is only American money and machinery which continue the devastation. But whether the triggers are pulled and the buttons pushed by American or South Vietnamese fingers makes absolutely no difference to the villagers who see their famiiles killed and their homes destroyed.

There must come an end to this madness. It should never have begun but, once begun, it should have been stopped years ago. More lives are wasted each day. Let it finally end—here and now.

My opposition to more military aid for Cambodia and South Vietnam is shared by the overwhelming majority of the people of Detroit and by their elected representatives who serve on the Detroit City Council. The members of the city council recognize that a continuation of American militarism abroad is detrimental to Government efforts to relieve the depression which now engulfs Detroit and which is quickly spreading throughout the United States. Under the leadership of Councilman Clyde Cleveland and Councilwoman Maryann Mahaffey, the city council has adopted the following resolution calling for a total U.S. military withdrawal from Indochina and emphasizing that first priority must be given instead to creating jobs and recreating the cities of America:

RESOLUTION

By Council Members Mahaffey and Cleveland:

Whereas, The Nation, and Detroit in particular, faces serious problems, including shortage of money for services because of inflation and unemployment; and

Whereas, Our increased economic problems are traceable in part to the past governmental policy of high expenditure for both "guns and butter"; and

Whereas, The serious problems of inflation and unemployment call for re-examination of governmental budgets at every level in order to shift monies to restore hope and well-being; and

Whereas, On January 27, 1973, the United States Government, represented by the Secretary of State, signed the Paris Peace Agreement on Ending the War and Restoring the Peace in Vietnam; and

Whereas, There is no peace in Indochina and there is continued U.S. military aid which is not in agreement with the U.S. support of the Paris Peace Agreement; and

Whereas, The huge sums allocated to Indochina would best benefit American workers suffering from unemployment by providing jobs that will produce consumer products; Now therefore be it

Resolved, That the Detroit City Council calls upon the United States Government to live up to its pledge of complete withdrawal from Indochina; and be it further

Resolved, That the Detroit City Council supports all Congressional initiatives to cut U.S. military and economic aid not provided for in the Paris Peace Agreement; and be it further

Resolved, That the Clerk send copies of this resolution to President Gerald Ford, the Secretary of State, Henry Kissinger, the Michigan Senators and Representatives, the Liaison Office of the People's Republic of China and the Russian Embassy in Washington, D.C.; and be it further

Resolved, That the Paris Peace Agreement be immediately and fully implemented; and be it further

Resolved, That the Council supports January 27, 1975 as "Paris Peace Accords on Indochina Bay".

Adopted as follows:

Yeas — Councilmen Browne, Cleveland, Eberhard, Hood, Kelley, Mahaffey, and President Levin — 7.

Nays—Council Member Rogell—1.

PROPOSAL FOR A NATIONAL BOARD OF BICENTENNIAL HONOR PRESENTED BY THE COLLEGIATE SCHOOL OF PASSAIC, N.J.

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ROE. Mr. Speaker. As our people prepare for our Nation's Bicentennial observance to be celebrated during the coming year, 1976, I would like to call to your attention the preparatory program underway at the Collegiate School located in the city of Passaic, my Eighth Congressional District, State of New Jersey, which has impressed me with its potential for bringing into our Bicentennial activities wholesome team spirit and maximum participation of the schoolchildren, teachers, and academic community throughout our United States of America.

I first learned of the Collegiate School's program from the moderator and moving force behind this program for a National Board of Bicentennial Honor, the headmaster of the Collegiate School, Dr. James P. Kane. He has invited the Governors of all of our States to send him and to the faculty and students at Collegiate School a Bicentennial letter of greeting or an official proclamation or special scroll to be placed on the Bicentennial display at Collegiate School. The teachers and children at Collegiate School are also exchanging greetings and handwritten notes sharing experiences that they have had with other faculty members and students throughout our country.

Mr. Speaker, the communion of people and free exchange of information and communication is one of the most symbolic expressions of America that we could portray during our Nation's Bicentennial Celebration and I am pleased and honored to join with the Collegiate School in this most significant exchange of goodwill for national and international understanding among all peoples of the world.

For a more detailed edification and clarification of the Collegiate Bicentennial Celebration activities, with your permission, I would like to insert at this point in our historic journal of Congress a recent article written by Dr. Kane for the Collegiate School newspaper together with a letter that Dr. Kane has forwarded to the superintendent of the Salt Lake City, Utah, public schools which could serve as a sample letter for those who wish to participate in this "national exchange of communications" project.

Dr. Kane's article is as follows:

HEADMASTER'S CORNER

(By James P. Kane)

"Give me a place to stand," said Archimedes, "and I will move the world." And this morning, members of Collegiate, I challenge us all to move America in some small way in the next year or so. As a nation, we are entering a period of celebration and perhaps, like Spring, it has come just in time. We are about to celebrate, all of us, our only country's 200th Birthday. We near our national Bicentennial.

I call upon all of you now to release some type of creative energy across this great land in the coming months in a Collegiate recognition of the Bicentennial. Do something individually, or in small groups, or from classes, or in Student Council, or from our teams, or as Home Rooms. Involve everyone. Reach out and create some positive things from Collegiate which will, in their collective results, move America. Already, for example, the lower school teachers and their classes are joining me in collecting from our younger students a variety of personal letters and pictures and the like which will by the time you read this have been sent to similarly aged classes in places such as Salt Lake, and Nome, and Hannibal, Missouri, and El Paso, Texas. In so doing we will attempt to share with young Americans elsewhere what it is like to live in these times, in our New Jersey, and in our Collegiate. We'll ask them to send back to us letters and things dealing with their way of life and possibly how they might be observing our national Bicentennial in their distant homes and schools. As a result, I hope we may become good friends in the next year and a half and the possibilities of exchange are without limit. It will bring us closer together as fellow Americans; and this is a noble and worthy goal for us all.

But this is only one example of what we might do from Collegiate. We are shackled only by our imagination. Some of us, for example, might do a series of paintings about American history; another class might like to gather data and sink a time capsule out behind the school to be dug up in the year 2000, or 2076 which would tell Collegians then what Collegians today are like, and what is important to us now. One class might like to collect funds and plant another tree outside; another group could exchange a yearbook with a school group in South Carolina, or our Student Council might send a recording to a Student Council in Cody, Wyoming, asking for one back from them in return. Cheerleaders could exchange letters and make a collection of them here from around the country from cheerleaders in places like Maine, or Montana, or Illinois, or Alabama. For my part, I have written personally each state Governor requesting that each send a specific Bicentennial message of some kind to the men and women of Collegiate. We'll collect the results and make a growing display board for these in our library. It actually doesn't matter what we do but let's begin. Let's let it always be said that at a remarkable time in our nation's history, Collegiate again did its share. One school can make a difference. We'll not have this chance again.

America is special. And for all of her recent travail, she remains special. Remember this: two hundred years is a very long survival time indeed for a nation founded merely on ideals. The democratic city-states of ancient Greece turned into tyrannies. The republic of Rome fell into the hands of the Caesars before Christ was born. More recently in history, the French Revolution—based on ideals similar to ours—became Napoleon's personal empire inside of twenty years. In our own time, the Russian revolution which overthrew the autocratic czars was in the grip of an infinitely more autocratic Stalin in less than two decades. As a young nation, we have endured in sheer terms of a dedication to an ideal. And I call upon us all to help celebrate that previous ideal in the months just ahead. Archimedes would be proud.

Dr. Kane's letter to the school superintendent of Salt Lake City is as follows:

COLLEGIATE SCHOOL,
Passaic, N.J., January 15, 1975.

SUPERINTENDENT OF SCHOOLS,
Salt Lake City Public Schools,
Salt Lake City, Utah.

DEAR SIR: We are getting underway here at Collegiate School our Bicentennial celebration and I write this morning to ask that you join us in it. Our hope is to have Collegiate youngsters reach out across America and share some common experiences with similar classes in parts of our great land. And our Second Grade class has picked Salt Lake City to greet.

I wonder if you might send the enclosed letters from our Second Grade, along with the cover letter from Mrs. Diane Martyniuk—our Second Grade teacher— to a Second Grade somewhere in the Salt Lake system and ask that they respond to us in some similar manner. I think it will be a fine learning experience for the children as well as providing both classes with the chance to meet new friends, however distant. In fact, I see the project with on-going possibilities for them since there are so many things they might share in the coming Bicentennial months.

My warm thanks and best wishes.

Sincerely,

JAMES P. KANE, ED.D.

Mr. Speaker, I appreciate the opportunity to present this national board of Bicentennial honor program to our people. Hopefully, the enthusiasm transmitted by Dr. Kane will prompt as refreshing and contagious response as he has conveyed to me and that many, many other members of our Nation's academic community will want to participate in this forum of communication and goodwill.

SAN ANTONIO TO FETE DR. JAMES P. HOLLERS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. TEAGUE. Mr. Speaker, on Saturday, April 5, 1975, the city of San Antonio will fete Dr. James P. Hollers, a past president of the American Dental Association, by awarding him the annual Camellia Award, which will be another in his long list of outstanding achievements.

It has been my pleasure to have known Dr. Hollers over the past number of years, and I worked with him quite closely during the period of time he served as chairman of the board of trustees of the San Antonio Medical Foundation in the establishment of the VA hospital in that city.

The San Antonio Light and the San Antonio Express have both carried articles on Dr. Hollers which appeared in their editions of Sunday, March 16 and I am pleased to insert them at this point in the RECORD:

DR. HOLLERS TO RECEIVE CAMELLIA AWARD

(By Myrtle Oefinger)

[From the Express-News, Mar. 16, 1975]

"Believe it or not," wrote Bob Ripley in his world-circling cartoon in the 1930s, "there is a dentist in Texas named Dr. Hollers!"

With today's painless dentistry, that pun would hardly stand up, but during the years of dental college and early practice, San Antonio's Jim Hollers took a lot of kidding about his name.

On Saturday, April 5, Dr. James P. Hollers, D.D.S., a past president of the American Dental Association, will receive Joske's annual Camellia Award, another in a long list of honors and achievements.

In making the announcement, William W. McCormick, Joske's president, said:

"Dr. Hollers has had a distinguished career of service in governmental work, in civic affairs and in his profession. We are very proud to honor him for his dedicated leadership in developing the South Texas Medical Center.

"This $200 million facility, with an annual budget of over $100 million, is a major center of education, research and patient care, and a major factor in the economy of San Antonio. It is our privilege to name him as the recipient of our 10th annual Camellia Award."

"BLACK TIE"

The "black tie" event will be held at the University of Texas Institute of Texan Cultures.

The Camellia Award is being sponsored for the sixth year by the Wives Club of the University of Texas Health Science Center, with proceeds to benefit the Medical and Dental Students Financial Assistance Fund. Mrs. George G. Meyer is president, and Mrs. James M. Childers is social chairman of the organization.

Reservations are $35 per couple, 50 percent tax deductible. Formal invitations are in the mail.

Cocktails will be served at 7:30 p.m. on the veranda, weather permitting or in the foyer.

At 8:30 p.m. the party will move to the rotunda where a steak dinner (seated) will be served by candlelight.

After dinner, a fashion show salute to Dr. Hollers' many accomplishments will be presented by Joske's fashion coordinator Vicki Nichols. (Del, who will model in the show, is pictured above with Dr. Hollers against a partial view of the medical center).

Mr. McCormick will then present the Camellia Award, a painting by Clay F. McGaughy, Jr., commissioned for the occasion.

The award will precede by only three months another milestone in Dr. Hollers' career. On July 25, the $27 million University of Texas Dental School will be dedicated at the South Texas Medical Center. It will be one of the largest and best-equipped dental schools in the country.

Ranked second last year among accredited dental schools, the U.T. facility is working to become first in the United States both in the physical plant and academic excellence.

CAREER

Dr. Hollers had much to do with bringing the dental school to San Antonio as well as other facilities in the vast South Texas Medical Center.

Since Methodist Hospital opened its doors there in 1963, some 20 institutions have been completed or are under construction. The University of Texas Nursing School will be dedicated on April 4.

From 1957 to 1970, Dr. Hollers served as chairman of the Board of Trustees of the San Antonio Medical Foundation. On Oct. 1, 1970 he retired from active dental practice to become executive director.

Since its inception in 1947, the foundation has overcome many obstacles to secure 683 acres of land and establish the ever-growing medical complex in the Oak Hills area. The foundation set out to attract institutions and facilities related to health education, research, patient care and service which would assure highest standards of achievement.

A milestone was reached in 1966 with groundbreaking ceremonies for the University of Texas Medical School and the Bexar County Teaching Hospital.

All applications for land in the medical complex are directed to Dr. Hollers.

Born in Canadian, Texas, April 17, 1889, Jim Hollers attended Southern Methodist University and Texas Dental College and received his DDS degree from Tulane University.

To list his many honors and achievements would require columns. Among the highlights are the presidency of the ADA, as well as presidency of the Texas Dental Association, 1959–60, and of the San Antonio District Dental Society, 1955.

He was president of the San Antonio Chamber of Commerce in 1956–57 and chairman of the San Antonio Board of Education.

Dr. Hollers served with the U.S. Expeditionary Forces in World War I and with the U.S. Army Dental Corps in World War II. He holds the rank of Brigadier General in the U.S. Air Force Reserves, and is a consultant to Brooke Army Medical Center and Lackland Hospital.

He has served as a civilian aide to the Secretary of the Army, and as a member of the Armed Forces Medical Policy Council Office and the special committee of the Hoover Commission.

He is a member of the Rotary Club, San Antonio Country Club, Masonic Order, American Legion and past state and national president of the Reserve Officers' Association.

LEISURE

Dr. Hollers and his wife, Elizabeth, are parents of one daughter, Mrs. Robert M. T. Jutson, and grandparents of Robert Jutson III, a student at Rice University, and Scott Jutson, a student at the University of California in Santa Barbara.

When asked how he manages to look years younger than his age, he mentioned "good health . . . and the wonderful world we live in . . ."

Then, with typical humor, quipped: "Why shouldn't a man of 49 look young?"

DR. JAMES P. HOLLERS TO RECEIVE CAMELLIA AWARD

(By Reneta Smith Byrne)

Dr. James P. Hollers, this year's Camellia Award honoree, is a robust blend of drive, energy and vitality, not tempered by time.

He is uncompromising when it comes to the future of the San Antonio Medical Foundation, giving up a distinguished dentistry practice to become executive director for the foundation in 1970.

Even with the magnificent medical facilities now available, Dr. Hollers says "There are still many things we need to make a complete medical center. The number one on my priority is a cancer hospital."

This, he hopes will come with Phase II. Phase I has included The University of Texas Medical School at San Antonio, The University of Texas Dental School at San Antonio, The University of Texas Clinical Nursing School at San Antonio, the Bexar County Teaching Hospital, Veteran's Hospital, Villa Rosa, Cerebral Palsy Treatment Center, Community Texas Cradle Society, Oak Hills Medical Building, San Antonio Community Hospital, and Ecumenical Center for Religion and Health.

The "pioneer" institution, Dr. Hollers said, was the progressive and now expanding Southwest Texas Methodist Hospital.

The plight of good health center first interested this year's Camellia Awardee in the Fifties.

"I was president of the Chamber of Commerce in 1956–57 at which time the San Antonio Medical Foundation that had been chartered in 1947 was reorganized. I became chairman of the board in 1957 and served as chairman of the board until 1970." He has been an ardent spokesman for the center ever since.

Honored with an award that has in the past saluted such notables as Mrs. Lyndon B. Johnson, U.S. Congressman Henry B. Gonzalez and Mayor Emeritus Walter McAllister, Dr. Hollers is also being honored for his outstanding career in governmental work and civic affairs.

"My whole life is my profession and my civic work," he said to the interviewer in his office atop the brand-new Physicians' Plaza with a commanding view of the medical complex.

In the dentistry profession 40 years which he says he enjoyed, Dr. Hollers considers the highlight of that career the year he was named the national president of the national Society of the Dental Association. That was in 1963–64. "I consider it the greatest honor that can be bestowed on anyone in the profession."

As for his military career, Dr. Hollers names serving as a member of the Armed Forces Medical Policy Council, under the office of the Secretary of Defense. He was named by the late Gen. George Marshall as one of four civilians to the council which also includes the Surgeon-Generals, of the Army, Navy, and Air Force. He also served as civilian aid to the Secretary of the Army and was on active duty in World War II. He presently holds the rank of brigadier general in the U.S. Air Force Reserves.

There is much to attest to Dr. Hollers' civic work. In 1937 he was appointed to the San Antonio School District Board of Trustees. A year later he became its president. "I guess the greatest accomplishment was the building of Alamo Stadium. It was a WPA Project, taking a rock quarry and making a stadium." There is a tribute plaque at the stadium and a treasured replica in his office.

He has been a member of the Coordinating Board of the Texas Colleges and University System, and the recipient of the prestigious Golden Deeds Award from the Exchange Club.

Does all his activities leave him time for hobbies? "About the only hobby I have besides watching this complex grow is golf, but that is something that should not be mentioned in public!"

When Dr. Hollers leans back in his executive chair and sees the dedication of the Nurses' School unfold in April and the School of Dentistry dedication on July 25 of this year, the certain amount of friction from beginning obstacles "because of going out 'in the country' to buy land for a medical center" will seem very remote.

"Our concept was to get sufficient land for this medical center which we did, given to the foundation by a group known as Five Oaks Inc." However, the 200 acres didn't last long and the foundation found themselves needing more. "With the help of many philanthropists and many people involved, we acquired 483 additional acres." For Phase II 430 acres will be used.

He envisions the center as a continual development of institutions that will make San Antonio "One of the best balanced medical research treatment centers in America.

"We've gotten the basic requirements now. Each complements the other."

But Dr. Hollers says "This center is not a one-man undertaking. The San Antonio Medical Foundation and many of our citizens—too many to name—have contributed funds to make this possible." He also included the City of San Antonio along with the City Public Service Board and the City Water Board—the latter two supplying utilities for a city of 125,000.

THE INTERNATIONAL SYNDROME

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. GAYDOS. Mr. Speaker, for several years I have seen a trend among American businesses to internationalize their image. Some have gone so far as to advocate dropping the familiar "Made in the U.S.A." trademark from their products in favor of one advertising "Made in the World."

Now this international syndrome appears to have infected areas of the Federal Government. I, for one, do not like it. It is particularly repugnant to me since we are on the verge of celebrating America's bicentennial anniversary.

Within the past few months, the U.S. Tariff Commission became the U.S. International Trade Commission. Now, the House Foreign Affairs Committee has changed its name to the International Relations Committee. How far will this trend go?

Since we have fed, financed, and defended a major part of the world for more than three decades, perhaps other House committees should consider their international image. The Agricultural Committee could become the International Breadbasket Committee; the Banking and Currency Committee the International Finance Committee and the Armed Services Committee the International Military Intervention Committee.

Ultimately, if the trend continues, I expect someone will propose the Congress of the United States should henceforth be known as the International Assembly of North American States in the Western Hemisphere.

Mr. Speaker, I am not an international citizen and I want the world to know it. I am an American. I will stay an American, regardless of this current craze for an international image.

MR. PAUL D. EHRET HONORED

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. STARK. Mr. Speaker, it is with great pleasure and honor that I bring to the attention of my colleagues a devoted public servant and active citizen from my district, Mr. Paul D. Ehret. He will be retiring this June after 27 years as superintendent of the San Lorenzo School District and deserves our recognition.

Mr. Ehret attended University High School in Oakland and went on to receive degrees in political science, English, and educational administration from the University of California at Berkeley.

After 5 years in the Navy, where he rose to the rank of lieutenant commander, Mr. Ehret became deputy county superintendent of schools for Alameda County. In 1948 he moved to San Lorenzo. Its school district was comprised of only six elementary schools.

A leader and a planner who has always kept the needs of his community in the forefront, Paul Ehret exemplifies the true public servant. With a minimum use of funds, but with great administrative capability, he is largely responsible for the creation of the present San Lorenzo Unified School District. It consists of 18 elementary schools, four junior high schools, three senior high schools, and a continuation high school.

The district is also the sponsoring agency for a three-district regional occupational program with over 2,000 vocational students and an adult education program with over 3,000 participants.

His devotion to effective educational programs for our youth led him to serve as a member of the State teachers retirement board, the advisory council of the American Association of School Administrators, and as chairman of the California City Superintendents. He coupled this involvement with long hours of work in community affairs. His active contributions to the Boy Scouts of America, his church, and other local organizations serve as an example of the total citizen—a leader and an involved member of the community.

Mr. Speaker, I am proud to represent the San Lorenzo district and express its gratitude before my colleagues today for Paul's accomplishments and untold contributions to the community. I know you join me in wishing him and his family good fortune in the years to come.

THE COST OF ELECTRICITY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the cost of electricity is of growing concern to almost everybody, as utility bills are beginning to approach rent or mortgage payments.

The cause of the big increase in electricity rates is mainly the increased cost of fuel needed to run electric generators. This in turn is the result of the energy crisis.

The energy crisis is the result of Government intervention into our economy and has been building-up for many years, as was demonstrated in an essay by Robert Anderson which appeared in The Freeman of August 1973 and which was reprinted in the March 21, 1975, CONGRESSIONAL RECORD, page 8289.

Many people in Georgia are extremely concerned about their electric bills. As bad as they are, however, they are far better than in many other areas of the country. For example, the price for 600 kilowatt hours of electricity produced by the Georgia Power Co. is $19.59; the price in New York City is $45.89; in Philadelphia it is $32.66; in Washington, D.C. it is $24.46; in Charlotte, N.C. it is $20.13.

Nevertheless, it is still important to publicize the special problems and issues peculiar to electric utility companies, beyond their increased costs due to the energy crisis. An excellent summary of these issues is provided in the March 17, 1975, issue of Research Reports, published by the American Institute for Economic Research, Great Barrington, Mass.

THE COST OF ELECTRICITY

During an upward trend of the general price level caused by inflating (the creation of excess purchasing media), the prices of all commodities do not necessarily increase at the same time. The prices of some items may at times increase markedly and at other times change little or even decrease. Consumer indignation and protests usually tend to focus on those specific items whose prices are increasing rapidly. Often implicit in these protests is the notion that the producers of such items are responsible for "inflation" (rising prices). Within recent memory, commodities such as oil, meat, building materials, sugar, grain, and even onions have received such attention.

The production and distribution of electric power probably is more closely linked to all forms of production and consumption than any other industry in the United States. The rates charged for electricity are reviewed by public officials. Such rates have increased by unprecedented amounts during recent months. Accordingly, many consumers have become indignant and angry not only with the organizations that supply electricity but also with the officials concerned. Because electricity is the product of a regulated industry, its price is determined by fiat rather than by competition. The purpose of this article is to place in historical perspective recent increases in the price of electricity to consumers so that some of the issues involved may become clearer to the reader.

REGULATED INDUSTRIES

Privately-owned but publicly regulated enterprises have existed for many centuries. An early tenet of the Common Law was that the services of certain facilities, such as ferries, inns, or warehouses, had to be made available to all comers on equal terms. This principle remains a goal of public regulation to this day, and the legally enforceable right to buyers to equal treatment by sellers has been extended to many industries over the years.

A second principle of regulated industries arose where private interests were encouraged to build and operate facilities such as bridges, wharves, or turnpikes. This practice reduced the demands on public funds, and where the inducement to the private interests included an exclusive franchise, which prevented competition, the authority that granted the franchise retained the right to prevent the entrepreneur from charging "what the market would bear."

The most important economic characteristic of a regulated industry usually is that the initial capital outlays are large relative to the outlays required for each unit of output. Also, the physical capital usually is such that its duplication (by a competitor, for example) would be a waste of resources.

Thus, privately owned but publicly-regulated enterprises have been seen as alternatives to state run enterprises. Also, the major purpose of price regulation has been to prevent officially-sanctioned monopolists from exacting the maximum revenue from consumers, either individually or as a group. In practice, the prices charged by regulated industries are set somewhat arbitrarily, because the usual market mechanisms are absent. In general, regulatory authorities must set prices high enough to ensure the solvency of the enterprises concerned. Occasionally, technological obsolescence, or restrictive rules or taxes, can result in a situation where no price will provide adequate revenue. In such instances, the regulated industry either ceases to function or continues as a state-operated and subsidized operation. Canals, streetcars, and some railroads are examples of this phenomenon.

ASPECTS OF ELECTRICITY PRODUCTION

In the United States the production, sale, and distribution of electric power is one of several regulated, capital-intensive industries. However, there are many aspects of the electric utility industry that are unique, such as the ratio of capacity to actual production and the ownership of a portion of the industry by governments.

Of the total installed generating capacity in the United States, about three-quarters is owned by private companies engaged in the business of selling electricity; about one-fifth belongs to governments or government-sponsored co-operative enterprises; and about 5 percent belongs to enterprises that produce power for their own use (such as railroads, mines, and industrial establishments). Total annual production of electricity is roughly one-half of the installed capacity. This is not only because facilities must be shut down periodically for repairs and maintenance, but also, and more importantly, because the use of electricity varies substantially according to the time of day and the season of the year.

The residential use of electricity by consumers accounts for about one-third of the electricity sold in the United States. However, residential customers account for about 89 percent of all customers of the electric utility industry. The accompanying chart shows the average annual use per residential customer; the average annual bill per residential customer, in current dollars and in constant dollars as measured by the Consumer Price

Index (1935–1939—100); and the average price paid per kilowatt-hour, also in current dollars and in constant dollars, for the period 1945 to 1974.

THE EXPERIENCE OF RESIDENTIAL CUSTOMERS*

Inspection of the chart reveals information that may surprise some readers. The average price paid per kilowatt-hour for residential service decreased substantially during most of the postwar period. The average price decreased from $.0341 during 1945 to a low of $.0209 during 1969. Since then, the average price paid by consumers per kilowatt-hour has increased. During 1973 that price averaged $.0238, and the estimated average price for 1974, $.0283, increased an unprecedented 19 percent from that during 1973. Nevertheless, the average price paid per unit of residential electric service during 1974 was less than that during 1950.

The average annual use of electricity by residential customers increased approximately 7 percent per year during the period 1945 to 1973. During 1974 such use decreased about 3 percent. No doubt the decreasing unit price of electricity during most of the postwar period encouraged the use of electricity by consumers. The extent to which the decrease in such usage during 1974 reflected voluntary conservation in response to public appeals to save energy rather than a response to increased prices is impossible to estimate. Both factors probably contributed to the decrease in the average use of electricity last year.

The average annual bill per residential customer increased steadily during the postwar period. Prior to 1970, the average price per unit of electricity decreased each year, and the average annual bill per residential customer increased less rapidly than the average annual use of electricity. Since 1970 the situation has been reversed.

HOW ARE RATES DETERMINED?

The state and Federal regulatory agencies that review the rates charged for electricity base their findings primarily on the costs involved. During most of the history of the industry, prices decreased because costs decreased. The two most important factors that served to reduce costs were improved technology and economies of scale.

Reportedly, Thomas A. Edison's first commercial power station used about 5 pounds of coal to produce a kilowatt-hour of electricity. By the 1960's, that ratio had decreased to less than 1 pound of coal, or equivalent fuel, for each kilowatt-hour produced. (Industry analysts do not expect any further cost savings from this source.) In addition, improved power transmission methods, primarily involving high-voltage techniques, have served to reduce the losses between the generating station and the user.

Increased use per customer leads to more efficient utilization of equipment, transmission lines, and personnel. These and other economies of scale are passed on to the consumer in the form of reduced rates, usually "volume discounts." In addition, some residential customers receive reduced rates for certain uses, such as water heating, at times of the day when idle generating capacity is available. These practices not only encourage use, but also reduce the average price of electricity sold to residential customers.

Another factor, which has served to diminish the rate of increase in electricity prices rather than reduce them, is the practice of calculating the yearly charges for capital items on the basis of their historical costs. The costs of constructing a generating facility is spread over its useful life. Regulatory agencies look at the original cost of a power plant in determining the rates to be charged for its output, even though its actual economic value, in terms of what a replacement would cost, may be much larger. During the prolonged period of inflating of the past 4 decades, this practice has meant that the price of electricity has increased less rapidly than the cost of building power-generating and distribution facilities. Ironically, when the legal precedents were established for this practice, in the late 19th Century, the general price level had decreased. The litigation concerned the valuation of the assets of certain railroads and the decision to base rates on historical costs rather than replacement values were denounced at the time as unfavorable to consumers.

There is an unwarranted temptation to place undue emphasis on the various complex formulas (such as "return on investment") that regulatory bodies use to justify their price determination. As was noted above, the absence of competitive mechanisms renders all such determination arbitrary. Nevertheless, that recent price increases have not enriched investors in the securities of electric utility companies (as a glance at the trend of quotations for such securities will confirm) indicates that such investors have found the "rate of return" allowed by the officials to be inadequate.

RECENT DEVELOPMENTS

After a long period of relative stability, the cost of fuel used in the production of electricity began to increase several years ago. These increases began before the Arab oil embargo, but the large increases in oil prices that followed the recent Arab-Israeli war were reflected in markedly increased prices for all forms of fossil fuel during 1974. In addition, the decreased use of electricity then meant that the fixed and overhead costs were to be spread over fewer units of production.

"FUEL ADJUSTMENT"

Because the increase in fuel costs has been larger than increases in the other costs of producing electricity, the impact of increased prices has been largest for high-volume residential customers and others, such as "off peak" users, who had been favored with lower-than-average rates because they were more economical to service than low-volume customers. The fuel required per kilowatt-hour is about the same, regardless of the method of its distribution or its ultimate use. This is why the strongest protests concerning increased electricity prices often have occurred in relatively affluent suburbs, where many households use electrical appliances to perform functions that less well-to-do citizens perform manually or do without.

CONCLUSION

Among consumers, the impact of recent increases in the price of electricity has been proportionally larger on households whose use of electricity is larger than average. Often such households' patterns of consumption of electric power were established when the cost of fuel used to produce electricity was a significantly smaller proportion of the total cost of electricity production than it is at present. The rate differential between the unit price charged for above-average and below-average use has diminished with the marked increase in fuel costs. That differential reflects economies of scale in the use of fixed equipment and personnel needed to provide residential service. The prolonged trend of lower prices for residential electric service (which only ended in the present decade) probably fostered rapid increases in the use of electricity by households. However, households that consume electricity in above-average amounts presumably own many electrical appliances and pieces of equipment that are indicative of above-average incomes.

Efforts of consumer groups to prevent rate increases by action before regulatory bodies would, if successful, reduce the revenues of the supplier of electrical power. Any rate adjustment that favored one class of customer, such as large-volume residential customers, would create a shortfall of revenue to the producers of electric power. That shortfall would have to be made up by increased charges to other customers such as commercial and industrial users, or by subsidies that in one form or another would be paid by taxpayers. Another possibility might be the suspension of the customers' historic right to service on demand (blackouts and brownouts). That would tend to reduce the capital requirements of electricity production, but the effect on prices for electricity paid by consumers probably would be small.

FOR A RESPONSIBLE TAX CUT

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. RUSSO. Mr. Speaker, I would like to bring to the attention of the House the wise words of moderation and fiscal responsibility which appeared on the editorial page of yesterday's Chicago Tribune.

While the editorial is directed with immediate reference to present conference action on H.R. 2166, the Tax Reduction Act of 1975, its underlying endorsement of a balanced and measured approach to tax reform and reduction of Federal revenues, is something this House ought to have constantly in mind as we carry out the people's business in these difficult economic times.

At this time, Mr. Speaker, I include the statement:

FOR A RESPONSIBLE TAX CUT

The House-Senate conference on the tax cut legislation has a twofold responsibility to the American people: The tax cut compromise the conferees will hammer out should be big and quick enough to help the economy move out of recession, but not so big as to rekindle the fires of inflation.

The $33 billion measure approved by the Senate over the weekend is bound to be inflationary. Instead of serving as the deliberative and stabilizing body of Congress, the Senate has behaved like a child who is let loose in a candy store with unlimited money and buys everything in sight, without a thought to the possibility of a stomachache. How, for example, can a special childcare deduction for working parents help stimulate the economy?

We agree with Chairman Al Ullman of the House Ways and Means Committee that the conferees will have to curb the excesses of the Senate and present President Ford with a tax cut that does not exceed $25 billion. Even this amount is a substantial increase from the $16 billion recommended by the President and the $20 billion voted by the House and, in the long run, may yet prove to be inflationary.

Perhaps what is most disturbing is the Senate's misuse of the emergency tax cut proposal as a vehicle for broad tax reforms. In its haste, the upper body has not given adequate thought to what the long term effects of its actions might be on the economy.

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*The source of the data in this article is the Edison Electric Institute, 90 Park Avenue, New York, New York 10016. The absolute level of the data may not reflect the experience of some readers. Wide variation exists not only with respect to the annual use of electricity, but also with respect to price paid per kilowatt-hour. Nevertheless, the trends discussed in this article are broadly similar throughout the Nation.

It is up to the House conferees to remove the more obnoxious and costly of the Christmas tree ornaments added by the Senate.

IN MEMORY OF THE LATE KEEVE M. SIEGEL

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ESCH. Mr. Speaker, on March 13 while testifying before the Joint Committee on Atomic Energy, Prof. Keeve M. Siegel, chairman and chief executive officer of KMS Fusion, Ann Arbor, Mich., collapsed and passed away several hours later.

Mr. Siegel left us all with a unique heritage—that of a man who had the ability to look beyond the immediate future and the persistence and dedication to match his vision.

At his memorial service, Dr. Henry J. Gomberg, president of KMS Fusion, presented testimony that reflects the thoughts of all those who knew Kip Siegel.

At this point in the RECORD, I would like to include for the benefit of all Members, Dr. Gomberg's most moving tribute to Professor Siegel:

TO THE MEMORY OF KEEVE M. SIEGEL

I will carry a great burden, a great sorrow and a very great sense of honor for the years left to me. I was at Kip's side as we sat at the witness table in that Washington hearing room where some of the most powerful men in our government had gathered to speak of the nation's and world's greatest problems. In truth, they had come to hear what Keeve M. Siegel had to say. Others had spoken as we waited, and we were shown limited horizons, narrow views, cautious simpering, all heard many times before. But now, a room that had stood partially empty was full and an audience that had buzzed and whispered was silent and attentive because a man of known courage, of wide accomplishment and great foresight was to speak. Kip had come to tell them how by joining together in a new, and unconventional effort that would bring together the best of the country's resources of mind, spirit, and labor, from the government, from the universities, and above all from the greatest creative and courageous resources within our industries, we could free our world of a bondage that has had little parallel since biblical times.

In those early days, before mankind understood the earth and its riches, a few men of power and of greed controlled a simple substance and thereby dominated their world. They controlled salt.

But the Jews are a people who have always fought to break such bondage and slavery. The holy scriptures are replete with the stories of such struggles.

The greatest symbol of our breaking this bondage, of our right to walk in the paths of our ancestors is in our freedom here in the diaspora and in the spirit and existence of Israel. Kip, a man who explored all the worlds of the spirit, of the mind and, of man's affairs has returned here to Beth Israel when he was called home.

It has always been deep in our traditions that the greatest triumphs are those of the mind. When England was in peril in the first great war because a "salt" of war was denied it by blockade, it was a great Jewish chemist, Chaim Weizmann who broke that strangle hold. The Balfour Declaration—an affirmation of the right of a place for our people to gather and exist in peace came from Weizmann's work. Today, standing in the midst of the threat of destruction to Israel is Efraim Kazier, a biophysicist who has taken on the burden of the Presidency of Israel.

But this threat to Israel is also a threat of enslavement for all of us, with little parallel since the biblical monopolies of salt.

Today our whole world can be free or chained depending of whether we have energy, to use wisely we hope, but even foolishly because we are human—but we must have that freedom. That freedom is in dire peril.

Today we honor and take our leave of one man, a scientist who above all others had the wisdom, the foresight, the courage and the heart to recognize the coming struggle and to act! He gave the alarm even as smaller minds could not understand; he fought when men of less courage turned away; he gave of his worldly goods to carry on the struggle against this enslavement—and he continued until the final glorious—and terrible—moment.

He often said—we must not have energy only for the rich—we could say we must keep free to create.

A great hero has been taken from us too soon. But even Moses, our greatest leader, did not live to enter the promised land. It is for us to show that we were worthy of having been allowed to join with Kip in his struggle—and—in his honor—finish it!

THE 25TH AMENDMENT SHOULD BE LEFT ALONE

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. LENT. Mr. Speaker, as is fitting and proper the Congress has been reviewing the new 25th amendment to the Constitution to determine how it is working, and to see if there is new evidence to indicate a better way has been advanced for Presidential succession.

Long Island's "Newsday," on March 15, presented a brief commentary on this amendment, and urged it be left unaltered.

I often find myself in disagreement with this newspaper, but in this case I find their succinct arguments logical and well founded. I commend the editorial, which follows, for the consideration of my colleagues:

WHY CHANGE THE 25TH?

President Ford probably meant well when he suggested, some time ago, that Congress take another look at the procedure for Presidential succession. But changing the Constitution's 25th Amendment makes no sense at all.

Ford himself epitomizes the reasons why. Ratified eight years ago to cover the event of a disabled President, the 25th Amendment carried the nation through what one Constitutional authority describes as "a period of political turmoil unmatched in the nearly 200 years of its existence."

Rhode Island's Senator John Pastore now wants to require a special national election whenever an appointed Vice President becomes President with more than one year to serve in office—as happened with Ford last August. But this would only prolong the period of national leaderlessness.

The 25th Amendment was written by intelligent statesmen, it has been tested, and it worked. It should be left alone.

THE HOLOCAUST PLUS THIRTY YEARS

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. SCHEUER. Mr. Speaker, it is now 30 years since the "holocaust," more than 6,000,000 Jewish men, women and children were systematically hunted down and destroyed. The atrocities of Nazi Germany irreversably affected our perceptions of mankind itself.

Indeed the words atrocity and murder are themselves feeble descriptions of a part of history that challengees all of our human presumptions.

I have continuous occasions to talk and work with people who survived that hell and I can testify that their lives and the lives of their children have been struck by an awesome trauma that lends them a level of human insight that those of us who were beyond Nazi Germany's grasp can hardly fathom.

Among these people is a particularly dear friend and noble gentleman, Alex Schlesinger, who now lives in Brooklyn. Alex told me that he made a vow in Auschwitz:

> If God shall grant that I survive the death camp then I will devote myself to the cause of human dignity and religious freedom for all people.

In 1958 Alex initiated the efforts for freedom for Jews living behind the iron curtain under the ancient call "Let my people go". Indeed in November 1963 he organized and sponsored the first protest rally to dramatize the plight of Soviet Jewry. Alex's efforts began to draw world attention to the plight of Soviet Jewry and to Russia's denial of fundamental human rights to its inhabitants.

The intensity of his devotion to American freedom is clearly the result of the devastation he experienced in Hitler's concentration camps.

Alex, in his passion for a world where bestiality, torture, and murder will no longer be possible, recognizes our great country as the bearer of the hopes and aspirations of mankind—Jew and non-in America, however, does not assure us Jew alike.

Alex Schlesinger's love and confidence that the lessons of the holocaust and its implications for every human being in this country, and indeed on this interdependent planet, have been learned.

I fear that we have not made the young people of this country—who will be responsible for the next chapter of American history and consequently, in significant measure, world history—aware of the incredible assault on humanity which ceased just 30 years ago.

Alex Schlesinger has a dream that proceeds from a nightmare. He dreams that America's youth in schools and colleges will be taught about the terror and torment that was methodically meted out to Jews. Alex dreams that if the youth of this country are brought face to face with the "hell" that was finally crushed 30 years ago they, too, will share some measure of his abiding concern and they, too, will gain a new and critically important sense of the greatness of American freedom.

If we allow time to erase all memory of a unique hell in world history, I submit that history will not treat us benignly. George Santayana wrote:

> Those who cannot remember the past are condemned to repeat it.

It is imperative that we give substance to Alex Schlesinger's dream, by urging schools and universities, libraries, and foundations to present the story of the human hell that has been termed the holocaust to the young people of America.

I will be developing a suggested program of education on the history of the horrors and atrocities stemming from the period of Nazi rule of occupied Europe which I hope to present to my colleagues and the people of America.

Alex Schlesinger and hundreds of thousands who shared his hell understand America's great heritage better than most of us do and we have a profound responsibility to America and to the world to see to it that the lesson of the holocaust is part and parcel of the consciousness of America and of mankind.

LOS ANGELES CITY COUNCILMAN ROBERT J. STEVENSON

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. DANIELSON. Mr. Speaker, it is with deep sorrow but great respect that I speak of Robert J. Stevenson, Los Angeles City councilman and good personal friend who died in Los Angeles recently.

Mr. Stevenson was first elected to the city council of the 13th district of Los Angeles in 1969, and served until his death. I had worked with him on many occasions, as our constituencies overlapped. He served his district in a highly honorable manner, and represented his constituents well as chairman of the governmental efficiency committee, vice chairman of the personnel committee and member of the traffic and off-street parking and sister city committees. Before his service as councilman, Mr. Stevenson represented two city council districts as chief administrative assistant for 5 years.

Mr. Stevenson's passing on Tuesday, March 4, was a great loss to the 13th district of Los Angeles and to the entire community. My most sincere condolences are extended to his wife Peggy and his son Bruce, with my greatest respect for a fine public servant, citizen, and friend.

DINGELL - LEGGETT - REUSS BILL WILL PROTECT ALL AREAS OF NATIONAL WILDLIFE REFUGE SYSTEM BY PREVENTING THEIR TRANSFER FROM U.S. FISH AND WILDLIFE SERVICE

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. DINGELL. Mr. Speaker, on February 15, 1975, Secretary of the Interior Rogers C. B. Morton announced that he has assigned management responsibility for three national wildlife ranges to the Department of the Interior's Bureau of Land Management to be administered "exclusively" by the BLM.

This is like appointing the fox to guard the henhouse.

Each of these ranges is part of the National Wildlife Refuge System which Congress established in 1966. For years these areas have been managed for fish and wildlife purposes by the Bureau of Sport Fisheries and Wildlife—now the U.S. Fish and Wildlife Service—while the BLM has managed grazing and mineral activities within these areas.

In the fifties the Eisenhower administration attempted to dispose of a number of wildlife refuges, declaring them to be surplus. This effort was blocked by the outcry of citizens across the country. Although the Congress then considered forbidding secretarial disposal of refuge lands without its prior approval, it shelved the idea when assurances were given that the giveaway would be dropped.

Again, in 1970, the Nixon administration tried to sell some 10 percent of our national wildlife refuge lands. This, too, was stopped by the public outcry which ensued.

Thwarted in recent attempts to dispose of wildlife refuges outright, the Ford administration has come up with a new, but most insidious, way of dismantling the refuge system. The program involves transfer of the three wildlife ranges to the Bureau of Land Management while keeping them as parts of the National Wildlife Refuge System. In this way, they are not disposed of but "merely assigned" to another agency for "management."

On March 18, 1975, Congressman Henry S. Reuss and I wrote to Secretary Morton about this new effort to dismantle the National Wildlife Refuge System area-by-area. Our letter is printed in the Congressional Record of March 18, 1975, at pages 7325 to 7326. We pointed out that this effort was contrary to law and congressional understanding.

We also stated that the Interior Department had not prepared an environmental impact statement pursuant to the National Environmental Policy Act of 1969 before making this decision. Yet over a year ago—on February 19, 1974—the Department's Solicitor had admonished:

> The action of transferring the administration of these three areas to BLM should also be reviewed to determine if it would be a major federal action significantly affecting the quality of the human environment under the National Environmental Policy Act and the guidelines issued thereunder.

That admonition has gone unheeded; because 1 year later—on February 27, 1975—the Solicitor said:

> Since no environmental assessment was prepared upon which to base an actual determination of the possible environmental consequences of this proposed action, it is difficult to speak categorically to the requirements of the National Environmental Policy Act. If, as you indicated, no changes from present management practices will take place on the three ranges, in my view this action would not require the preparation of impact statements on the delegation.
>
> However, the likelihood of a different result would increase in relation to the extent that there would be any departure from present management practices on these areas. If there is any proposal to modify existing management practices or any other proposed action which would have future management implications, an environmental assessment should be prepared for the purpose of determining whether that proposal is or is not a major Federal action significantly affecting the quality of the human environment thereby requiring the preparation of an environmental impact statement.

As our March 18 letter to Secretary Morton observes, the Assistant Secretary for Fish and Wildlife and Parks believes that an EIS is required. Surely, he did not reach that conclusion without reason. Indeed, he believes and knows, as we do, that management by BLM will be "different" than that by the F&WS.

On March 5, 1975, Congressman Leggett, chairman of the Fisheries and Wildlife Conservation and the Environment Subcommittee of the Merchant Marine and Fisheries Committee, also wrote to Secretary Morton concerning the transfers of these areas to the BLM. Interior's March 20 response to Chairman Leggett contends that such transfers were perfectly legal and cited the above Solicitor's opinions as supporting Interior's conclusion that no environmental impact statement is required. That is not true.

First, the Solicitor's February 27 memorandum pointed out that no environmental assessment had been prepared upon which to base an actual determination of the possible environmental consequences, and the Department's letter of March 20 to Chairman Leggett confirmed that "neither an EIS—environmental impact statement—or assessment has been prepared at this time."

Second, the Solicitor's February 27 memorandum stated that no EIS would be required if "no changes from present management practices will take place on the three ranges." But the Bureau of Land Management has already issued an "Instruction Memo No. 75–117" dated March 7, 1975, which includes an extensive document entitled "Game Range Policy and Management Criteria" containing directives on management practices which appear to be substantially different than those of the Fish and Wildlife Service.

Thus, since the present management

practices are being changed, the predicate upon which the Solicitor's view is based is not present here and hence the Department errs in concluding that the Solicitor has ruled that no EIS is needed.

In essence, Mr. Speaker, the Interior Department is simply seeking to avoid the National Environmental Policy Act. Such action, as Congressman REUSS and I pointed out in our March 18 letter, lays the Department open to a lawsuit based on its noncompliance with NEPA. That is precisely what happened a few weeks ago when the Department was enjoined by the U.S. District Court for the District of Columbia when the Department attempted to change the parking and road pattern on the Mall in Washington, D.C., without preparing an environmental impact statement.

Those who say that the Bureau of Land Management can do the job of protecting fish and wildlife just as well as the U.S. Fish and Wildlife Service are either naive, or ill-informed, or both! The U.S. Fish and Wildlife Service is our only Federal agency which has the primary mission of protecting wildlife habitat and managing it for the benefit of wildlife. While the BLM has secondary responsibilities for wildlife, it also has other conflicting missions, such as mining, logging, livestock grazing, and fossil fuel development.

When the Congress enacted the National Wildlife Refuge System Administration Act of 1966, it intended that wildlife refuges and ranges would be managed by the Fish and Wildlife Service, not by other agencies with these built-in conflicts. Secretary Morton's proposal is an obvious attempt to subvert this act.

If we let this proposed pattern of administrative nonresponsibility go unchallenged, no unit of the National Wildlife Refuge System or National Park System is safe from administrative transfer to another agency for "management". If this proposed transfer is left unchallenged, the intent and will of the Congress thus will be subverted or ignored.

Mr. Speaker, on March 18 Congressman REUSS and I asked Secretary Morton to reverse this bad decision. We hope he will. But we have not yet received a reply. Certainly, the response that Congressman LEGGETT has received is quite negative. If Secretary Morton does not reverse that decision, the Congress must do so. The bill we are today introducing will confirm the congressional understandings of 1966, that the National Wildlife Refuge System be administered through the U.S. Fish and Wildlife Service.

We consider this a major conservation issue of the 94th Congress, and we hope that this legislation will be cosponsored by many of our colleagues and supported overwhelmingly by the citizens of this country and by both Houses of Congress.

At this point I insert a copy of the bill and two articles on this subject:

H.R. 5512

A bill to amend the National Wildlife Refuge System Administration Act of 1966, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 4(a) of the National Wildlife Refuge System Administration Act of 1966 (80 Stat. 927), as amended (16 U.S.C. 668dd(a)) is amended by striking the period at the end thereof and inserting in lieu thereof the following words:

"and shall be administered by the Secretary through the United States Fish and Wildlife Service."

SEC. 2. Section 4(a) of the National Wildlife Refuge System Administration Act of 1966 (80 Stat. 927), as amended (16 U.S.C. 668dd(a)) is amended by adding at the end thereof the following new sentence:

"Each area designated by law, executive order, or Secretarial order as an area of the National Wildlife Refuge System and included in the System on January 1, 1975, or thereafter shall continue to be a part of the System until otherwise specified by Act of Congress, except that nothing in this sentence shall be construed as precluding the disposal of lands within such areas in accordance with the provisions of this section."

SEC. 3. The second sentence of section 4(a) of the National Wildlife Refuge System Administration Act of 1966 (80 Stat. 927), as amended (16 U.S.C. 668dd(a)) is amended by striking the word "Nothing" and inserting in lieu thereof the following words "Subject to the provisions of this section, nothing".

[From the New York Times, Feb. 27, 1975]

WHOSE PUBLIC LANDS?

Conservationists are rightly aroused by the Interior Department's decision to give exclusive control of three of the country's major wildlife ranges to the Bureau of Land Management. Their concern is warranted enough for Congress to step in if President Ford does not reverse Secretary Morton's deplorable action.

The issue is extremely simple. The Fish and Wildlife Service, which has had joint jurisdiction with the B.L.M. over these areas, has been conscientiously trying to fulfill its duty to protect the wild animal life of the Kofa Game Range in Arizona, the Charles Sheldon Antelope Range in Nevada and the Charles M. Russell National Wildlife Range in Montana. It has resisted overgrazing of the land and destructive mining claims.

The B.L.M., by contrast, has historically concentrated on protecting the interests of livestock grazers and mining interests; with only secondary concern for watershed, wildlife and recreational values. Inevitably the two agencies have been in conflict—notably on such matters as the bureau's plans to destroy the sagebrush of the antelope range by spraying it with herbicides and to confine livestock with extensive fencing, regardless of harm to the wildlife of the area.

The unnatural administrative yoking of the two agencies should no doubt be ended—but the Secretary wants to do that in precisely the wrong way. B.L.M. is already in control of the vast bulk of public lands, as it was intended to be.

But there is no justification for turning over to it the administration of ranges specifically established for the protection of animals that depend on undisturbed environments—among them the desert bighorn sheep, the pronghorn antelope and a variety of raptors. These ranges, which are their habitat, represent less than one-half of 1 per cent of the public lands. They should be assigned to Fish and Wildlife, to which a fourth game range, in Arizona, has in fact been transferred.

The only purpose in Mr. Morton's move is to accommodate the stock and mining interests which have already been overprotected by an indulgent government at the expense of the common heritage. Congress should say no.

[From the Sunday Oregonian, Feb. 23, 1975]

WILDLIFE LOSS, GAIN

The never-ending crusade to conserve and enhance wildlife resources of the nation has its high points and its low points. Federal agencies with jurisdiction over such resources sometimes demonstrate sincere recognition of their responsibilities. Sometimes, they don't.

Among the items of bad news is the decision of Secretary of Interior Rogers Morton removing jurisdiction over 2 million acres of wildlife habitat in Montana, Nevada and Arizona from the Fish and Wildlife Service and awarding it exclusively to the Bureau of Land Management, another Interior Department agency whose chief concerns are grazing, mining and oil and gas leasing. The affected areas are the Charles M. Russell National Wildlife Range, the Charles Sheldon Antelope Range and the Kofa Game Range. These have been jointly administered by Fish and Wildlife and BLM since they were established in the 1930s by order of President F. D. Roosevelt.

Twenty-three environmental organizations led by the Wilderness Society have urged President Ford to revoke Secretary Morton's order. Turning these wildlife ranges over to BLM, they said, "is absolutely unacceptable." BLM's own report that 83 per cent of the grazing land it administers is in fair, poor or bad condition is not reassuring as to its management of habitat set aside for wildlife.

On the bright side is a recent statement of fish habitat management policy for Region 6 (the Pacific Northwest) of the U.S. Forest Service, Department of Agriculture. Outdoor protectionists have fought for years to prevent destruction of stream habitat by logging and roadbuilding, often with discouraging results.

The Region 6 policy statement fully recognizes the major contribution of the national forests in Oregon and Washington to fishery resources, "in (direct) terms of on-site fish habitat, and in (indirect) terms of supplying high quality water to fish habitat downstream."

Three goals in timber management are listed: To prevent massive soil failures which adversely affect water quality and fish habitat; to eliminate deficiencies in road construction and timber harvest; to correct and improve conditions resulting from past logging and road building that continue to harm water quality and fish habitat. Full partnership is pledged with state and federal agencies responsible for the fishery resource.

The statement promises highest priority for preservation of the fish habitat and flatly says: "If a proposed timber sale or road project cannot support management procedures which will prevent unacceptable water quality and fish habitat degradation, it will not be made. Short-run economics will not override quality land management."

The policy statement is detailed and precise in its instruction to national forest supervisors. This is an enlightened program which should not be overturned by higher authority. We cannot say the same for Secretary Morton's order delivering 2 million acres of wildlife habitat to the exclusive control of the Bureau of Land Management.

FOREGOING THE EASTER RECESS

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. PEYSER. Mr. Speaker, I recognize the legitimate desire of all Members to take an Easter recess and be with their families over the upcoming holidays. It would also give them the chance to meet with their constitutents and discuss what this Congress has already done, and what it must do in the near future.

However, we cannot let ourselves be rushed into recessing. We must take the time to carefully consider the tax bill that is pending in conference, as well as manpower appropriations and several other major bills that must be quickly passed into law.

Therefore, I suggest that we be prepared to forego this recess. Our constituents are expecting us to respond to the economic problems confronting us. In my opinion, we should not take a recess until we have completed action on the emergency economic measures that are still pending.

BYELORUSSIAN INDEPENDENCE ANNIVERSARY

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. MIKVA. Mr. Speaker, on March 25, 1918, Byelorussia threw off two centuries of Russian rule and proclaimed her national independence. Although unfortunately she soon became one of the first victims of Soviet expansion, her people have periodically struggled to regain their freedom and have never forgotten their traditional dedication to democracy and tolerance.

Yesterday, Byelorussian Americans in a number of cities throughout the United States commemorated the 57th anniversary of the proclamation of their regained, but shortly lived freedom. As the United States approaches its own Bicentennial, Americans should recognize, congratulate, and note the achievements of those nations—such as Byelorussia—who are celebrating their own anniversaries of independence.

Byelorussia—then known as the Grand Duchy of Litva—once encompassed vast territories from the Baltic to the Black Sea and compiled a remarkable record of cultural and political achievements that were not matched by other states in Eastern Europe. While the rest of Europe was suffering from religious persecution and inquisition, life in Byelorussia was characterized by a tolerance of all ideas and an almost unlimited freedom of speech, conscience, and faith.

This atmosphere stimulated progressive and bold ideas, which were best reflected in the Byelorussian judicial code. This code, first printed in 1588, became one of the most authoritative judicial codes in Europe. Other Byelorussian achievements included the printing of the first Bible in Eastern Europe and one of the first in the world and the high level of the Byelorussian literary language, which played an international role in the diplomatic relations of Eastern Europe.

These achievements became the foundations for the democratic ideals that have not diminished among the Byelorussian people to this day. Mr. Speaker, I wish to extend my congratulations to all Byelorussians and their descendants. Let us hope that as we Americans celebrate our 200th anniversary of independence, the Byelorussians can again gain their freedom.

KING GEORGE GRAND LODGE

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. WYDLER. Mr. Speaker, Mr. Stanley Scott, a Special Assistant to President Ford, a former Dix Hills, N.Y., resident and accomplished journalist, recently addressed the King George Grand Lodge, Ltd., of the State of New York, on the occasion of its first annual dinner dance, which honored New York State Senator Owen Henry Johnson. The lodge is one of the more prominent black organizations of Long Island. It is a free masonry association comprised of some 1,800 members in the Greater Long Island area. I am pleased to read Mr. Scott's remarks into the RECORD, for the benefit of my colleagues. They follow:

ADDRESS

(By Stanley Scott)

Grand Master George Sparks, distinguished DAIS guests, members and friends of the King George Lodge, Democrats, Independents, and fellow Republicans who are courageous enough to identify themselves:

Before I go any further, let me take this opportunity to thank you for your kind invitation to be with this fine group of Americans. Just before coming into this room I was informed that President Ford is back in Washington addressing the Republican leadership conference. . . . I'm here with you. . . . So that's just great. Then again, Bob Strauss, the Democratic national chairman, has been spending more and more of his time talking to large groups . . . not audiences . . . Democrats candidates for President!

Seriously, I am delighted to be here in my adopted home town to join all of you in paying tribute to our friend Owen Henry Johnson. A man who, in 43 years, has accomplished what few of us accomplish in a life time. His official biography reads like some of those I have viewed of great statesmen on official White House or Washington visits.

A son of the town of Babylon, a graduate of Hofstra College who served in the United States Marine Corps in World War II. An insurance broker, a member and former councilman of the Cross of Christ Lutheran Church, chairman of the Babylon town unit of the Salvation Army, a member of the Board of Directors for the society of the Italian education fund, and many other civic, professional and community organizations. Let us not forget that—in this non-partisan gathering—Owen Johnson is a staunch Republican and a member of the Suffolk County Republican Committee for the 105th district. In other words, he is an involved American, and, of course, owes all of his success and good fortune to his wonderful wife, Christel. What I am talking about is citizenship—which really means being responsible citizens. We can take a page from the life of Owen Johnson . . . being involved citizens. Whatever the economic or energy problems, we can resolve these problems if we work together as responsible citizens. This is why President Ford has faith in the belief that the Congress will ultimately respond to the will of the American people and serve national rather than narrow interests.

The President of the United States is performing as a responsible citizen. The President has presented to the Congress a comprehensive package of proposals to deal with our economic and energy problems. We are still waiting on some action from the Congress. When we talk about being good Americans . . . being responsible citizens . . . we are also talking about reaching out to help others.

I am frequently asked around the country, "Is the civil rights movement dead?" My consistent and persistent answer is a loud no. The emphasis of careful planning in and execution of economic programs is the order of the day. The era of confrontation in the 60's has been replaced with a far less dramatic, but I believe a more difficult but productive immediate and long range program.

Minorities have concentrated on the political approach. Greater emphasis on registration programs, defining political issues and approaching the voting booth in large numbers.

The sixties constituted an examination of the wrongs; the seventies an application of the remedies. Dealing with these questions requires scalpel and sutures, not the boiling cauldron of a few years ago.

This is the work that is now underway. It is the work that logically follows the symbolic and legislative gains made before. It is the payoff on those gains. While I think we must agree that progress has been made, I would add that there can never be enough progress until all Americans are assured of parity across the board.

Sometimes it's even hard for students of race relations to understand the civil rights movements because we are talking about new tactics in the 70's to resolve additional problems created by progress made during the past decade. Most of the symbolic, early gains stemming from civil confrontation are behind us. What remains is the less spectacular task of resolving the more complex and difficult issues ahead in the field of human rights as well as minority rights. It is, in my view, indeed a sign of maturity that in ten years civil rights enforcement has become a part of the basic fabric of American life.

In the 60's we were engaging in the process of freeing ourselves from the mental chains of slavery and second-class citizenship. Through blood, sweat and tears we pressed our bill of particulars before the American public with sit-ins, jail-ins and countless other forms of mass protest.

Now the tactics have changed. Most of the laws are now on the books. We have public accommodations and voting rights laws. We realized in the 60's that it's not enough to have access. We are now engaged in less dramatic involvement. We want to own some of those lunch counters, hotels and gain some of the government and private sector contracts. We are finally talking about becoming producers as opposed to age-old consumers in this great capitalistic democratic society. We are finally talking about gaining a real piece of the American pie. Now that we have made it inside the facility, we now want a piece of the action . . . and rightly so—this is what the American system is all about.

The momentum of the civil rights movement is continuing, expanding, and achieving greater concrete successes in both old and new areas of endeavor.

So where do we go from here to make equality a reality for all Americans? First, I think, we must acknowledge certain truths.

The black vote today is the least effective vote in America. We have earned the right to participate in the political arena—through blood, sweat and tears—in the sixties, but we have not learned to participate too wisely.

Here's the situation today—in September of 1974, a candidate can announce for office and before he makes his first campaign speech—if he happens to be a Democrat—he knows that he has from 70 to 80 percent of the black vote in his hip pocket. How can an individual or a group of people gain commitments from politicians know that they have that individual or group's votes at the outset?

We, as a racial minority, have got to stop allowing ourselves to be taken for granted—by the Democrats, and those of us who count ourselves Republicans—must fight to make the GOP live up to its promise of being the "party of the open door."

An indication of how strongly I feel about the two-party system is simply this: if 70 to 80 percent of Black Americans were voting the Republican line today, I would switch to the Democratic Party.

Let me say something to you about a sure bet. President Ford intends to seek the nomination of the Republican Party as its candidate in 1976. He intends to run for President and he intends to win.

The President has laid before the Democratic-controlled Congress fully detailed programs to attack recession, to contain our recently raging inflation, and to start freeing us from the threat of oil blackmail.

Although the response was deadly slow at first, a sense of greater urgency may now be arriving on Capitol Hill—and for that we can all be grateful.

Americans are demanding action. They are rightfully fearful that some people in Washington are so insulated that they don't know the desperation of being jobless or of living on an inadequate wage or pension that can't catch runaway prices.

The problems which the President's proposals seek to resolve have been with us for sometime. We ask the Congress: Where are the tough, coordinated and comprehensive programs which our urgent and interrelated problems demand? A piece here, a touch there, do not add up to an effective total program. Far from it.

Now it could be argued that, because our national problems are so serious, we should not be wasting time on the problems of our party—or any party.

Yet it is precisely because of our national problems that it is essential to look to our party and its revitalization everywhere.

I know what the polls show—as you do—and I tell you with all the force I can command:

The standing of this party has hit its lowest point, as far as I am concerned. It must climb from this point forward!

The cost of our failure to rebuild effectively will not be measured by the fate of the party itself.

It will be measured by the deprivation of a basic right of all Americans—a choice in politics. It will be measured by the death of the effective two-party system so vital to this Nation.

To carry out our determination to make sure that Republicans are on the rise, we are going to have to make some fundamental changes in our political thinking.

As a starter, we must discard the attitude of exclusiveness that has kept the Republican party's door closed too often while we give speeches about keeping it open.

We must discard the pettiness which, if continued, will leave the few remaining die-hards of the struggle for power arguing over who gets possession of the corpse.

We must erect a tent that is big enough for all who care about this great country and believe in the Republican party enough to work through it for common goals.

We must be prepared to overcome the cynicism of voters with candidates of outstanding ability and rock-hard integrity. People like Sen. Owen Johnson.

As I am sure all of you know, the budget and the economic and energy programs the President sent to the Congress forecast months of problems still ahead. There has been—and will be—no attempt to mislead anyone about the seriousness of our problems.

Yet, I am convinced that adversity can bring us together—not drive us farther apart. I am convinced that the spirit that built this Nation is neither dead nor diminished.

It must be aroused. For the goal we seek—a better country through better citizenship participation—will demand more of us than mere party service. It will demand hard work, high purpose, enthusiasm and unshakable faith that we will attain a goal that is in the best interest of this land.

To this goal, let us pledge ourselves tonight.

Thank you.

WCKT TELEVISION STATION RECEIVES AWARD

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FASCELL. Mr. Speaker, WCKT Television of Miami, Fla., has just been awarded the coveted George Foster Peabody Award, presented by the board of regents of the university system of Georgia, for the second time in 14 years.

The award cited the station for its "superb investigative reporting" as shown in three news documentaries. The first of these, "Strike Force," placed a cameraman with the local organized crime bureau which was probing the connection between local political figures and known gamblers and underworld associates. Actual meetings between the suspects were secretly filmed and aired in a six-part series. The investigative reporter was John Camp and the program was produced by David Choate.

The second series, "Finders Keepers, Losers Weepers," tested the honesty of the south Florida police force. A station employee turned over a wallet containing $12 and proper identification to various police personnel claiming that it had been found. The next day, the employee would call the police agency to see if the wallet had been turned in. Fortunately, in most cases, it had been, although there were instances where the money had been removed or it had not been returned at all. Brian Ross was the investigator reporter of this eight-part series and it was produced by Roger Burnham.

The third series, "Apathy or Fear," placed a trussed-up female employee of the station in a car, on a park bench or on the ground as though she had been mugged. A hidden camera recorded people's reactions as they passed the woman in distress. It was found that some people helped but the majority did not. The reporter then stopped the passers-by after they moved on and asked them why they had or had not helped the "victim." Carmel Cafiero was the investigative reporter and Roger Burnham also produced this nine-part series.

Gene Strul is the news director of WCKT, which is owned and operated by Sunbeam Television Corp. I know our colleagues will want to join me in extending our warmest congratulations on this fine achievement.

PROJECTING AMERICAN ART

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BRADEMAS. Mr. Speaker, I insert in the Record the text of an editorial, "Projecting American Art," from the Washington Post of February 21, 1975.

I think both the National Endowment for the Humanities and the Dunlap Society are to be commended for this effort to provide a visual record of the most important buildings of the capital. The editorial follows.

Projecting American Art

Modern American artists have become world leaders in painting, sculpture, music, dance and building. American "antiques" have become fashionable collectors' items. A growing number of museum exhibits and publications are devoted to all aspects of America's artistic development. Angry citizens everywhere rise to protect our architectural heritage from the wrecking balls and, in defeat, will at least rescue bits and pieces of old architectural ornaments from the ruins. Yet, as Dr. Bates Lowry, chairman of the art department of the University of Massachsuetts has observed, "It is still easier for a teacher to show student views of Medieval churches in remote parts of Europe than to show them some of our own country's most significant buildings."

Dr. Lowry and a group of other notable scholars have therefore founded a new organization—the Dunlap Society—to change all this by developing new teaching aids, launching research into the history and development of various forms of American art and promoting its study throughout our education system, particularly in high schools. The new organization was named after William Dunlap, the first historian to take pride in and pay serious attention to American art when, in 1834, he published a two-volume book entitled "The Rise and Progress of the Arts of Design in the United States." The teaching aids the Dunlap Society hopes to develop include micrographics, microfiche (which presents 90 slides on one sheet) and other visual and audio-visual devices which are inexpensive and are easily distributed. Initially the focus will be in aspects of American culture on which little research and documentation is now available, such as Black Art, Industrial Arts, Indian Art, Folk and Primitive Art, and the evolution of American building design and technology.

The first Dunlap Society project has just been funded by a $50,000 grant from the National Endowment for the Humanities. It will develop a complete visual record of this city's most important buildings from the first architectural drawings through the various remodelings to their current appearance. Incredible as this may seem, a teacher today can present the story of the founding of our capital—including a discussion of the deliberations of Washington, Jefferson and Adams over the plan for the new city—only with great effort and at great expense. The original plan by L'Enfant is poorly reproduced. The sketches by Jefferson of what the White House and Capitol might look like are only little known. The drawings, prints and early photographs which show the changing design for the Capitol, Treasury, Mall, and White House are difficult for a teacher to acquire.

Dr. Lowry and the Dunlap Society's advisory council consider the visual documentation of the capital's history a model which they hope will inspire similar efforts elsewhere, and they are prepared to assist local bicentennial committees record their own historic architecture and works of art. The hope is that the capital project will become the catalyst for a central archive of visual documentation of all aspects of American art for lively use in schools, museums and local art centers and on television.

We consider ths program much needed and important. In fact, it is one of the most sensible and promising bicentennial projects we have heard of so far.

A YOUNG CONSTITUENT'S VIEW OF THE COUNTRY'S PROBLEMS

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. SEIBERLING. Mr. Speaker, during the last recess, I spent the week having meetings with constituents in my district, both private citizens and top officials in industry and labor unions, to obtain their views concerning the problems of our community, the tire industry, and the country as a whole.

One of the people whom I talked with was a young man named Stephen A. Walker, who had obviously done some very intensive thinking about many of the problems of our country and had some very constructive ideas about dealing with them. He had thought so deeply and had expressed himself so well that I suggested that he reduce his views to a written outline so that I could insert them into the CONGRESSIONAL RECORD.

Subsequently, Mr. Walker wrote me a letter in which he outlined his views on many of our problems. His letter speaks for itself and I hereby offer it for insertion in the RECORD:

CUYAHOGA FALLS, OHIO,
February 14, 1975.

Congressman JOHN SEIBERLING,
Fourth Floor Federal Building,
Akron, Ohio.

DEAR CONGRESSMAN SEIBERLING: Yesterday I was in your office to see you and express my views on the economy and some possible solutions. You stated the fact that you were favorably impressed with my presentation and would like to have a copy to circulate among your colleagues. I promised to copy it and send it to you in a more readable form. Here it is and I most certainly hope that it may assist you and other legislators in solving some of the problems, inequities, and wrongs currently plaguing our country.

First, a short introduction is in order. My name is Steve Walker, I am 25, married, and employed as a conservationist with the Ohio Department of Natural Resources. I, as many others, am becoming more concerned daily about the apparent inability of our leaders to do anything about our current economic problems. The Administration's solutions are short-sighted, blame-fixation oriented, and economically and environmentally unsound. I propose the following solutions:

1. No more money to Southeast Asia.
2. Bring the troops home from Europe.
3. No more Turkish opium blackmail.
4. No more arms to Israel *and* the Arab nations.
5. End *all* foreign aid except disaster and food relief; and rearrange the priorities on these.
6. Highway funds should be diverted to developing mass transit systems, and these should be built upon existing right-of-ways.
7. Comprehensive, environmentally sound, nationwide, land-use planning and zoning.
8. Clean up wasteful and useless Federal spending. For example—
   (a) No more "tricycle investigations."
   (b) Abolish wasteful, harmful programs such as the Army Corps of Engineers.
9. Less government and taxes, government should only serve to accomplish what the people cannot do for themselves.
10. No more tax-subsidized grain deals or merchant marine deals which benefit only the interests of "Big Labor and Big Business."
11. No more military overkill plans.
12. Revise outdated and restrictive Interstate Commerce Laws.
13. Alternate plans to the subsidies of Lockheed, Penn-Central, etc.
14. Put food and other commodities back on the free-market and end or restrict the subsidies.
15. Bottle and can deposit laws, and other laws or tax incentives to encourage the recycling of our resources.
16. Education of the American public on our future situation and realities. This must include the following points—
   (a) Present known oil reserves and the present rate of consumption leave us with only enough oil to last the next 30 years.
   (b) Alaskan reserves are minimal.
   (c) Changing our lifestyle is a necessity, and can no longer be avoided.
   (d) End our oil imports to force this. We did without Arab oil last year, we can continue to do so.
   (e) End long store hours, advertisement lighting, many other frills.

These ideas should do two things—cut our deficit and pump money into the American economy. Also they could put a halt to our wasteful use of our resources. Our environment cannot be sacrificed for the economy. Our economic health now and in the future depends on our conservation practices and the wise use of our natural resources. It is short-sighted and selfish to look at our economy any other way. We must plan now for our future and to maintain the quality of life. To this goal and to provide jobs to the unemployed of varying degrees of skill, I offer the following suggestions:

1. No more dams and highways, instead we need—
   (a) Tertiary sewage treatment facilities across the nation.
   (b) Air pollution controls and incentives to industry for them.
   (c) Low cost loans for inner-city homesteads, home repair, etc.
   (d) Incentives and encouragement for inner-city industrial growth.
   (e) Build, plan parks and recreation areas across the nation.
   (f) Garbage incinerators to supply energy to cities.
   (g) A public works program to clean up America and improve the environment.
   (h) Mass transit systems, in and between population centers, in conjunction with city and land-use planning.
2. Do not mine shale oils until the environmental problems are solved.
3. Strong strip mine control laws.
4. Tax incentives or laws to pressure oil companies to research new sources of energy such as—fusion, solar, geothermal, tides. For example: Allow the oil companies to keep the oil depletion allowance only on the condition that this money is spent on researching ways to harness the above sources of energy.

There is much more than I could say on the problems of our economy and environment, but this should suffice as a summary. It is high time that our government started to pay attention to the problems of this country and ended its position as world policeman and provider. We, the taxpayers, are sick and tired of pouring our hard-earned tax dollars down every foreign drain the Federal government can find. Let's get our own house in order first instead of trying to force our system down everyone else's throat. That sort of attitude makes us no better than the Russians. If ours is the best system, then let's get to work on making it work for us. As it is with the problems we have now, others look at us and wonder why they should change. The impetus and leadership must come from those elected to do the job. In talking to many people I find that the distrust and lack of confidence in our elected officials is greater than I have ever known. The only way to change this sad outlook is for our leaders to start making the gut decisions that need to be made and to tell the big money interests that their reign of power is over.

Thanks in advance from a concerned citizen.

Sincerely,

STEPHEN A. WALKER.

P.S.—I'll be glad to do what I can to help.

JOHN W. BYRNES

HON. ROBERT J. CORNELL

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. CORNELL. Mr. Speaker, I have today introduced legislation which would name the Federal building at 325 East Walnut Street in Green Bay, Wis., after a former Member of this House, the Honorable John W. Byrnes.

I am joined in the introduction of this bill by Mr. ZABLOCKI, Mr. REUSS, Mr. KASTENMEIER, Mr. STEIGER, Mr. ASPIN, and Mr. KASTEN of the Wisconsin delegation.

As you know, John Byrnes served with distinction in this House for 28 years as the representative of my Eighth Congressional District of Wisconsin. For the last 10 years prior to his retirement, Mr. Byrnes was the ranking minority member on the Ways and Means Committee.

My Wisconsin colleagues and I feel that the naming of this Federal building in honor of Mr. Byrnes is a fitting tribute for his years of service in this body. May I point out the naming of a Federal building after a former Member of this House, even a sitting Member, is not without precedent. I approve of such a practice on rare occasions in due recognition of deserving individuals. Why should we wait until we entomb before we enshrine?

My sponsorship of this measure is not entirely altruistic. If it had not been for the popularity of John Byrnes, I would probably not be here today. As chairman of the Eighth Congressional District Democratic organization of Wisconsin, it was so difficult to get a suitable candidate to challenge Mr. Byrnes that I finally decided to have my name placed on the ballot. My presence here today 4 years later is a consequence of that decision of desperation.

Mr. Byrnes may not be of my political persuasion, but as those Members who were honored to serve with him know, he represents the type of dedicated public servant who has unsparingly contributed his talents in behalf of his district, his State, and his country.

VIETNAM DEBATE: THE REFUGEES

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MURTHA. Mr. Speaker, for the information of the Members, I would like to submit for the Record the following UPI dispatch from South Vietnam concerning the refugees who have been uprooted by the latest war developments. At the heart of the entire debate is the fate of these human beings and I believe this story from the March 23 Pittsburgh Press provides excellent information:

Viets Flood Escape Route to Danang—Human Wave Riding "Anything That Rolls" To Flee Red Attack

Nam O, Vietnam.—As far as the eye can see Hue's human column of refugees—on foot and on everything that can roll—snakes its way from the Hai Van pass to this bridge hamlet.

The refugees from the proud imperial capital are trying to make the six more miles to Da Nang and the dubious refuge and comfort of a sports stadium, a jampacked school building, or a quiet alley.

REDS FEARED

They say they have fled their homes, their roots, their graceful old city 50 miles north not because they fear war but because they fear the Communists.

They know both from the 1968 and 1972 offensives. Shells, bombs, bullets and death.

They fear and run from the thought of being marched out to dig a shallow grave which they will then fill, the fate of 3,000 Hue residents in the mass killing by Communists during the Tet offensive.

Militiaman Ba, pulling his battered wooden cart, has been on the road for two days. He is one of a quarter-million who have voted with their feet.

North of this sandy seaside hamlet the column gushes down from the mountainous Hai Van pass. South, past the bridge toward Da Nang and safety they are backed up in a six-mile traffic jam.

The incredible convoy moves on cars, Jeeps, trucks, buses, motorbikes, bicycles, push-carts—anything that rolls. Everybody that walks moves along with the vehicles.

ALL BELONGINGS

Alternately walking and riding on Ba's wooden cart are Ba's mother, his wife, six children, half a dozen chickens. They carry what ever they can of the small treasures of a poor family. Ba said he hoped to find other relatives who fled Hue before and after his little group departed.

Another refugee family is squeezed with all their belongings atop a small truck of uncertain make and vintage. It took them 22 hours to reach Nam O from Hue.

Those lucky enough to find something to ride in are being charged $135—about three months' salary for a middle-level bureaucrat.

An old man in the packed little truck inadvertently drops a lighted cigarette on an oily rag below his feet. Flames leap up.

A family hurls mattresses, clothing, pots and pans, a piece of heirloom furniture to the ground. Their prize pigs scream and run. Chickens and ducks scatter in all directions.

Across the highway on a hillock stands a gleaming 60-foot-high Buddha erected by grateful refugees from the 1968 Hue Tet offensive holocaust.

The buddha smiles serenely on a quarter-million heartbreaks.

White rocks etched into the green lawn at the foot of the statue pick out the words of the final irony:

"Welcome travelers."

FOOD DAY 1975

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ROSENTHAL. Mr. Speaker, more than 40 of our colleagues have joined me in introducing House Joint Resolution 304 to declare April 17 National Food Day. This will be a day to focus national attention on the need for a meaningful food policy and dedication to the goal of insuring that everyone is well-fed.

Students and professors at colleges and universities are organizing teach-ins; poverty groups will be publicizing food stamps; consumer groups will be having conferences on food prices and monopolies; radio and television broadcasters are planning special programs.

The Food Day project has just released its Citizens' Food Policy, a statement of goals it advocates in domestic and international food policy.

Emphasizing corporate regulation, the Citizens' Food Policy calls for immediate antitrust actions against existing monopolies in the food industry; price supports to insure adequate income for the small farmer; the establishment of revolving credit funds to create food cooperatives from farm to store; and the imposition of a cooling-off period before former Government officials may join a regulated industry, such as the food industry.

The Food Day project also seeks economic incentives for poor countries to increase production and marketing of their own goods; the formation of a "world food security system," including international grain reserves; and the monitoring of American food aid to insure it is extended primarily to needy nations.

Mr. Speaker, I am inserting the Citizens' Food Policy in the Record at this point:

Citizens Food Policy

The Citizens Food Policy places human need before corporate profit and recognizes that an adequate diet is a basic right of every individual.

I. NATIONAL POLICY

American food policy reflects disparate political pressures more than careful thought and planning. These pressures are usually wielded by multi-billion dollar, global corporations. Our current "food policy" consists of such elements as inadequate government control over giant food companies, a poorly publicized food stamp program, uncontrolled TV advertising that induces small children to buy foods that are bad for their health, and no nutrition education whatsoever. The Federal government must articulate a comprehensive national food policy, covering agricultural production, nutrition education, and aid to needy nations.

1. Every American should have a guaranteed adequate income to insure access to a nutritionally adequate diet. Until this is a reality, all federal food assistance programs—such as food stamps, school lunch, school breakfast, food for day care centers, and meals for the elderly—should be fully funded and implemented.

2. High prices, low quality, and reduced variety are due in part to monopoly and oligopoly in the food industry. Immediate anti-trust actions should be taken by the Justice Department and Federal Trade Commission to end existing monopolies in the food industry. Future problems should be avoided by laws limiting the size of corporations and the percentage of the market that they control.

3. The family farmer should be protected by laws restricting corporate involvement in farming and by price support programs progressively structured to assure adequate income for small farmers, but not to allow undue benefits for large farmers.

4. A major nutrition education effort, making full use of TV, radio, and other media, should encourage the public to eat a balanced diet based to a large extent on whole grains, vegetables, nuts, low-fat dairy products, poultry, grass-fed beef, and fruit, and to reduce their intake of fat, sugar and cholesterol.

5. Nourishing food should be easily accessible, whether in a country grocery store, a city supermarket, a fast-food restaurant or a vending machine.

6. The potential for conflicts of interest in FDA, USDA, and other agencies that regulate food should be minimized by (1) forbidding employees to join a regulated industry after leaving the agency until a substantial period of time has elapsed; and (2) balancing former industry people in government agencies with persons who have worked with pro-consumer groups.

7. Agricultural research, particularly at land grant colleges, should develop technology to assist small-scale farmers and to breed more nutritious crops and livestock. The agricultural extension services should focus their efforts on disseminating the results of this research.

8. Energy conservation measures should be promoted throughout the food industry. Farmers should be judicious and frugal in their use of pesticides, herbicides, fertilizer and fuel. Regional markets should be emphasized to save on transportation costs.

9. Consumer interests should be equitably represented on state and federal boards that help determine production levels, quality standards and prices of certain foods.

10. The medical community should focus its efforts on implementing the findings of current nutrition research, which show strong connections between diet and obesity, heart disease, dental caries and other health problems.

11. Federal and State governments should have revolving credit funds earmarked for setting up food production, processing, distributing and retailing cooperatives.

II. INTERNATIONAL POLICY

Americans comprise only five percent of the world's population, but consume a disproportionate thirty percent of the world's resources. The following policy recognizes that any commitment to end poverty and hunger must reflect a desire to attain social justice. The present food crisis will not be eliminated solely by growing more food, controlling population, or using energy intensive agricultural methods throughout the world. No end to human misery is possible until political power and economic wealth are controlled not by the few, but by the majority.

1. The United States must commit itself to the elimination of world hunger. Because such a commitment should be based on an equitable distribution of the world's wealth, our government must take the following steps to insure that poor countries control their own resources:

(a) cease supporting those governments that keep their people from enjoying the benefits of their nation's resources.

(b) insure fairer trade measures for developing countries by guaranteeing economic incentives to poor countries for increased manufacture and marketing of their goods.

(c) prevent devaluation of the resources of poor countries by curbing inflation in the United States.

(d) regulate more strictly the overseas activities of American multinational corporations.

(e) encourage a change in the life-style of Americans from one of overconsumption to one of conservation.

2. Development assistance should be provided to nations to improve their own production, storage and distribution of food. Agricultural self-sufficiency should be encouraged by promoting decentralized, labor-intensive farming, land reform, farm cooperatives, and access to credit for small-scale farmers.

3. The United States should use its influence to encourage the establishment of a world food security system that includes a grain reserve to insure stable prices for producers and an adequate supply of grain for the world's needs.

4. Food assistance must be extended to the neediest nations. This aid should be closely monitored by Congress in order to certify that it is being used primarily for humanitarian rather than political purposes.

Mr. Speaker, the following organizations have endorsed the Citizens Food Policy: The Center for Science in the Public Interest, Consumer Federation of America, The Children's Foundation, Food Research and Action Center, National Consumer Congress and the National Consumers League.

MR. EGON J. GERSON, OF NORTHBROOK, TO RECEIVE THE RED CROSS CERTIFICATE OF MERIT

HON. ABNER J. MIKVA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MIKVA. Mr. Speaker, I wish to congratulate Mr. Egon J. Gerson of Northbrook, Ill. Mr. Gerson has been named to receive the Red Cross Certificate of Merit which is the highest award given by the American National Red Cross for saving a life by using the skills and knowledge learned in Red Cross training.

In December of 1973, Mr, Gerson was on ski patrol duty when a skier suffered a seizure and was brought to the patrol room. Mr. Gerson immediately administered mouth-to-mouth resuscitation to the unconscious victim, continuing until the young woman resumed breathing. Several times Mr. Gerson had to begin the treatment again as the victim stopped breathing. He continued until an ambulance arrived to transport the woman to a hospital, where she recovered completely. The attending physician stated that without doubt, Mr. Gerson's use of his skills and knowledge had saved the victim's life.

Mr. Gerson's ability to think quickly and calmly and to apply his Red Cross training to a critical situation reflect the special qualities of a person who has readied himself to aid others whose lives are in danger. As the Red Cross said, his action "exemplifies the highest ideals of the concern of one human being for another who is in distress." Such is the stuff of real humanity, and I am proud to claim Mr. Gerson as a resident of the 10th District of Illinois.

WILSON BOWERS CAN TAKE PRIDE IN OFFSPRING

HON. JOHN J. FLYNT, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FLYNT. Mr. Speaker, Johnny Brown, sports editor, has written an article for the Newnan Times Herald on the L. W. Bowers family of Moreland, Ga. This article is especially important to me because I have known this family for many years. Each member of the family has contributed significantly to his own community and to our country. I submit this article to my colleagues as a fine example of the strength that comes from working and living together as a family. The article follows:

WILSON BOWERS CAN TAKE PRIDE IN OFFSPRING

While covering the East Coweta girls' basketball team in Macon last Monday. I had the occasion to sit and talk a spell with Harley Bowers, Sports Editor of the Macon Telegraph. Harley is a native of Coweta county and is recognized as one of the top sports journalists in the state. He covers a wide area in the Middle Georgia mecca of Macon and plays a big part in the advancement of athletics for that entire region. When I returned home that night I started thinking of the Bowers boys and how very proud their parents must be after having raised three fine offspring.

I'm speaking of L. W. Bowers of Moreland. Wilson and his wife, I'm sure, made many sacrifices during their lifetime in raising their three boys. Like most parents they probably had their anxious moments and their frustrations. How wonderful it must be for them now to look back—then cast their eyes upward and say, "thank God they turned out the way they did and it was all worth it."

This is not meant to single out Mr. and Mrs. Wilson Bowers for they are like so many parents today—working hard for their children and wondering how it will all turn out. It's not easy to raise children today and even the best laid plans can go astray. The family unit is not as strong today as in past years—maybe it's the television tube or the hectic day to day struggle to survive. Anyhow, it's good to look back on the seeds planted and harvested by Mr. and Mrs. Bowers years ago and observe the fruits of their labor. Wilson, a man who laughs a lot and enjoys life, proudly tells you of the 11 grandchildren and one great-grandson that occupy front and center stage in their lives now.

As mentioned above, Harley is firmly established as a major sports journalist having served in Albany and now Macon. David has been with the FBI and will soon retire after 25 years service. He is in Washington. Larry is in Atlanta and heads up sales for a big heating and air conditioning firm. Back when it was difficult to send a child to college—all three of the Bowers children got all the education they wanted.

Their parents, I'm sure, found it difficult at times but today they must look back with pride in their accomplishments. This paragraph has very little to do with sports but I hope you will spare me the few lines to congratulate a happy couple in Moreland—or is it Bexton, Georgia.

SPOTLIGHT ON THE FLAG

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. STUDDS. Mr. Speaker, the Massachusetts State Senate and the Massachusetts House of Representatives have both approved a resolution urging every city and town hall and the Capitol of the Commonwealth to spotlight the American flag with a guiding light of hope for peace and unity, from dusk to dawn, as a symbol of our new national spirit for the bicentennial year of 1976. This idea was originated by Mr. Joseph Theodore of New Bedford, Mass., and has been strongly supported by American Legion posts throughout the State. I believe that the text of this resolution will be of great interest to my colleagues:

Resolutions relative to the illumination of the flag of the United States of America at the state house and city and town halls as a symbol of the new spirit for nineteen hundred and seventy-six

Whereas, Throughout the history of the United States, the Stars and Stripes has served as a unifying force for all Americans; and

Whereas, In 1812, "Old Glory" was then flying through the night—a sight that inspired Francis Scott Key to write the "Star-Spangled Banner"; and

Whereas, During World War I, requests were received from all over the country urging that the United States flag be flown continuously over our National Capitol, as it does now; and

Whereas, During the Vietnam War, our State Capitol was the first State Capitol in the nation to fly our state flag and American flag day and night as a special tribute to our fighting men who were then suffering untold pain and agony; and

Whereas, We believe that today the United States needs a symbolic action capable of uplifting and uniting all Americans; and

Whereas, This uniting up-lifting action should be a common act in every City Hall, Town Hall and our State Capitol with the illumination of our flag from dusk to dawn, with a perpetual light of hope for peace and unity; and

Whereas, This coast-to-coast and border-to-border ocean of light surrounding "Old Glory" shall be a heartwarming reminder to every American that the root of American integrity and American initiative grows deeper and stronger as we approach our nation's Two Hundredth Birthday; and

Whereas, Every American shall feel inspired to join this crusade of lighting up "Old Glory" as a sign of faith in the immortality of American honor and American greatness; now, therefore, be it

Resolved, That the General Court of Massachusetts endorses these resolutions and urges that every City and Town Hall and Capitol of the Commonwealth spotlight "Old Glory" with a guiding light of hope for peace and unity, from dusk to dawn; and be it further

Resolved, That this unique and inspiring example may be symbolic of our new spirit for nineteen hundred and seventy-six.

ALL SAINTS CHAMPIONS AGAIN

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. TRAXLER. Mr. Speaker, for the second year in a row All Saints High School of Bay City, Mich., has captured the State Class C basketball championship. A school of only 672 students, the Cougars defeated Cassopolis 79 to 69 to win the title and put the finishing touch on their second straight 27-and-1 season.

Their two championships and near-perfect records for the last two seasons are particularly impressive because the Cougars regularly play much larger high schools that compete in the class A and B divisions.

Their consistent "David and Goliath" victories are the work of a 23-year veteran coach, a squad that lives to play basketball and a dedicated student body and fans who pack the Cougars fieldhouse for home games and follow their team across the State.

A great deal of the credit must go to their Coach Russell "Lefty" Franz, a man dedicated to teaching his players the true meaning of sportsmanship, who has lead the team to 340 victories against 122 losses in the 23 years he has coached basketball at the school.

Leading the team to its victory before a capacity crowd of 13,609 at the University of Michigan's Crisler Arena was senior Billy Harris, who pumped in 36 points to break a class C championship game scoring record he set in last year's championship game when he scored 33 points as the school won its first title ever.

Harris, a 6–2 all-State guard, led the Cougars to their victory only days after suffering a painful injury to his shooting hand in a quarterfinal game against White Cloud.

Harris, whose performance was called "superb" by a sports writer for the Bay City Times, consistently scored critical baskets, made crucial rebounds, and provided a settling influence on the Cougars to single-handedly rally them from an eight-point deficit in the first quarter, pulled them ahead by nine at the half, and never allowed Cassopolis to get closer than five points after that.

Wayne Sevilla was another vital factor as he came off the bench to score 14 points. Besides Harris and Sevilla, the game was the last for senior starters Gary Rasdorf, Ron Morse, Tim Trepkowski, and Joe Sasiela.

Aiding in the victory was a highly partisan Bay City crowd which has followed the Cougars across the State and packed the All Saints Fieldhouse for home games.

The team received a hero's welcome at the city limits after driving the 80 miles from Ann Arbor and a celebration was held for them at St. Joseph's gymnasium.

It is the kind of dedication by Coach Franz, the team and students, and ever-loyal fans which speaks well for the future of America.

All of Bay City is very proud of team-players Gary Rasdorf, Tom Debo, Mark Holka, Mike Nutt, Tim Trepkowski, Craig Learman, Ron Morse, Jeff Szczepanski, Wayne Sevilla, Bill Harris, Jim Walsh, Joe Sasiela, Gary Socia, Greg Heme, Jim Dominowski, and Head Coach Russell "Lefty" Franz and Assistant Coach Jim Deming.

All Saints victory is an example that we, as Americans, can solve our problems and make America an even greater nation if we have the desire to work hard enough.

TRADITIONS OF EDITIONS

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. JONES of Tennessee. Mr. Speaker, I would like to take the opportunity today to pay tribute to the Memphis, Tenn., Press-Scimitar, and to all of those who work daily to put out an outstanding newspaper.

The following article marks the occasion of the Press-Scimitar's annual party of its 25-year club. The club is made up of the Press-Scimitar employees who have at least 25 years of service with the paper. Ewing Johnson, chief editorial writer for the paper, received a pin denoting 40 years with the paper. Frank Reid, Joe C. Stamps, and Robert Steed received their 25-year pins and membership in the club.

The Press-Scimitar, in its 95th year of publication, is a Scripps-Howard newspaper. I have read the Press-Scimitar for many years, and appreciate the hard and tireless work of the many outstanding journalists who make a good newspaper possible.

At this time, I would like to insert in the RECORD, the text of the article, which appeared on March 24, 1975:

TRADITIONS OF EDITIONS

More than 8,781 years of work for Memphis Publishing Co. was honored by members of the firm's 25-year club at the group's annual party held in the company's second floor auditorium.

For many of the employes, yesterday's gathering marked their first meeting with the publishing company's new business manager, Joseph R. Williams.

Williams assumed the position in February after W. Frank (Red) Aycock retired from the post.

Aycock, who initiated the 25-year club that now has 255 employes and retired workers as members, took the opportunity to introduce Williams to those in attendance.

Aycock said Williams was a third generation newspaperman. "His hands were smeared with printing ink at a very early age," he said.

Williams introduced 10 new members under his jurisdiction to the club and presented nine other workers with pins signifying a change of length of service brackets.

Charles H. Schneider, editor of The Press-Scimitar, introduced four member of this paper's staff joining the club.

They were Roy B. Hamilton, county-state reporter, and Frank H. Reid, Joe C. Stamps and Robert H. Steed, all in the composing room.

Schneider also cited three with long years of service receiving new pins for completion of five additional years of work. Ewing Johnson, chief editorial writer for the paper, received a 40-year pin. Eldon F. Roark, Strolling columnist, and Luther W. Southworth, news editor, received 50-year pins.

"This is a joyous occasion and I'm glad to be part of it," Schneider said.

Other Memphis Publishing Co. employes to receive 25-year pins included Jessie Bradford, building; Artie G. Cox, circulation; Ernest Dunlap, transportation; Irene Gray, building; Richard E. Hall, circulation; Clifford Huffman, local advertising; Dallas J. Robinson, pressroom; Ernest H. Rolen, stereotype; Thomas E. Roseberry, mailroom, and Durwood Wilbourn, pressroom.

Gordon Hanna, editor of the Commercial Appeal, presented a 25-year pin and certificate to William B. Clark of the paper's composing room.

He also presented a 45-year pin to Eugene Rutland, director of the Newspaper in the Classroom program; a 30-year pin to Guy Northrup, editorial page editor of the Commercial Appeal. Other editorial department employes recognized for 25 years of service were Morris R. Cunningham, John Knott, John Wilbourne and Emmett Maum.

Nine other publishing company employes were honored for additional years of service, including Daniel Hanson, local advertising; J. T. King, L. T. Marbry, Louis F. Aeschliman and O. D. Harrell, pressroom; H. G. Fleet Jr., job shop; O. Fletcher Leake Jr., circulation; Christine Shelton, advertising, and Theo Couch, who recently retired as office manager.

PANAMA CANAL VITAL TO U.S. INTEREST

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ANDERSON of California. Mr. Speaker, once again we are being told by the State Department that the United States will soon give up its rights and duties in the Panama Canal Zone. This includes, of course, the operation and ownership of the canal itself.

According to the February 28, 1975, edition of the Los Angeles Times, Assistant Secretary of State William D. Rogers has stated that the United States is prepared to recognize full Panamanian sovereignty over the canal.

If the United States does so, I believe we will be making a terrible and irrevocable mistake.

In recent years, some 70 percent of the tonnage passing through the canal has had its origin or its destination in the United States. Stated another way, 16 percen of our total imports and exports must pass through the canal.

Since the canal opened, the United States has maintained and operated it to the benefit of all seafaring nations. In fact, all nations which conduct any foreign commerce have benefited from the fair tolls and service the United States provides.

Any disruption of commerce through the canal would have disastrous effects upon our merchant marine and our international commerce.

Additionally, the canal has strategic military importance in the movement of our naval forces.

In order to operate and maintain the canal, the United States maintains a narrow strip of land on each of its banks. The Canal Zone is vital to the security and maintenance of the canal itself.

Certainly, Panama's feelings of injured sovereignty can be understood, since the country is—on paper, at least—divided by the zone. However, there are no restrictions on the movements of Panamanians through the zone.

Continued uninterrupted operation of the canal is vital to the interests of the United States, and to world commerce as well.

Our operation of the Panama Canal is not a case of U.S. colonialism, as some would have us believe.

Instead, it is a case of the United States protecting her own best interests, as well as those of a large part of the international community as well.

REMARKS OF HON. LOUIS FREY, JR. ON INTRODUCTION OF LICENSE RENEWAL LEGISLATION

HON. LOUIS FREY, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FREY. Mr. Speaker, despite the efforts of many Members of Congress, the broadcast license renewal problem has not yet been solved.

You will recall that the House spent months in the 93d Congress, under the most able leadership of our Communications Subcommitte Chairman TORBERT MACDONALD, developing a license renewal bill. Our committee efforts were overwhelmingly endorsed by the whole House, and the Senate also passed a license renewal bill, though it differed in some significant provisions with our legislation. Unfortunately, disputes among supporters of these bills and conferees made it impossible to hold a successful conference in the busy closing days of the session.

Our mandate to resolve this issue is still pressing. Inconsistent actions of the courts, the FCC, and others, over the past few years have confused the standards by which broadcasters are judged at renewal time. And the public still needs a license renewal process which provides, first, the stability broadcasters need to plan and invest in quality programing, second, the incentives to excel and, third, the freedom from the unneeded bureaucratic paperwork burdens now imposed by the Government on licensees.

I am introducing a license renewal bill today which can help us attain such objectives. This legislation lifts the Government paperwork burden from especially the smaller broadcaster, authorizes the FCC to institute "short form" renewal procedures for appropriate licensees, and clarifies the criterion used to judge the broadcaster at renewal time. In addition, my bill gives the FCC authority to extend the license term from 3 years to 5 years, if the Commission determines it is in the public interest to do so. The Commission also retains the authority to set different license term lengths—up to 5 years—and varying ascertainment procedures for radio and television and for different types of broadcasters. Finally, this legislation allows appeals from FCC decisions or orders to be brought in the U.S. court of appeals in the circuit where the broadcast station is located instead of only in the District of Columbia, U.S. Court of Appeals.

Such legislation can significantly improve our broadcast license renewal process, and can stimulate the vitally needed debate on this issue. I urge you all to give this bill and the problem it addresses your most careful attention.

TRADE UNIONISTS VICTIMS IN CHILE

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FRASER. Mr. Speaker, a March 1, 1975, news story from the Guardian has been brought to my attention.

Vanya Walker-Leigh reports from Geneva that "the Chilean junta has admitted that 33 trade unionists have been executed or killed since the 1973 coup and that another 60 are in prison."

The Guardian story reports some of the information gathered by a three-person commission of inquiry the International Labor Office sent to Chile in December 1974. The information is not encouraging to those who see a free trade union movement as critical to any free society. The junta's stifling of labor organizations is another clear sign that the junta's plans for Chile do not include liberty and freedom.

The news report follows:

CHILEAN JUNTA ADMITS KILLINGS

(By Vanya Walker-Leigh)

GENEVA, February 28.—The Chilean junta has admitted that 33 trade unionists have been executed or killed since the 1973 coup and that another 60 are in prison.

This information was supplied to a three-man commission of inquiry sent to Chile last December by the International Labour Office. The commission, led by a former President of Peru, Mr. Bustamante Rivero, obtained the figures after submission to the Chilean Government of a list of 110 trade unionists reported to have died and another 120 to have been arrested.

The commission's interim report states that these persons were executed or detained because they had taken part in armed clashes or constituted a threat to State security. But it goes on to emphasize that "a number of trade unionists who have been in custody for long periods, continue to be detained without trial and some are being released on condition that they leave the country. The lack of normal legal safeguards and procedures gives cause to fear that some trade unionists may have suffered abusive or unwarranted treatment or penalties. As a result, important sections of the movement have been crippled."

Apart from the dissolution of the single central organization of workers in September 1973, the Chilean Government admitted to the commission that trade union activity has been severely restricted by prohibiting meetings, elections of officers, the right to submit claims, to bargain collectively and to strike.

The commission noted substantial changes in the composition of executive committees of federations still existing, with the disappearance of organizations especially in agriculture and teaching.

Dismissals for "political activism" and "agitation" continue to take place in all sectors.

EEOC'S CHAIRMAN'S RESIGNATION

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. HAWKINS. Mr. Speaker, as chairman of the Subcommittee on Equal Opportunities, which has jurisdiction over the Equal Employment Opportunity Commission and as one of the cosponsors of title VII of the Civil Rights Act of 1964, which created the EEOC, I am deeply concerned and interested in all matters affecting the effective operation of EEOC as a viable arm in equal employment efforts.

On March 18, 1975, Mr. John Powell, Chairman of the Commission, in a letter to President Ford resigned his chairmanship; he further indicated that effective April 30, 1975, he will resign as a Commissioner.

As a courtesy to the Members of Congress, I wish to share the following correspondence between Mr. Powell and the President relative to Mr. Powell's resignation:

THE WHITE HOUSE,
Washington, D.C., March 19, 1975.

Hon. JOHN H. POWELL, Jr.,
Chairman, Equal Employment Opportunity Commission, Washington, D.C.

DEAR JOHN: I have your letter dated March 18, and as you request, I accept your resignation as Chairman of the Equal Employment Opportunity Commission, effective today, and your resignation as a Commissioner, effective April 30, 1975. I appreciate your willingness to stay on as a member of the Commission during the next month to assist in the orderly transfer of authority to the Acting Chairman and to provide a period of time in which a well-qualified nominee to replace you can be selected.

I want to take this opportunity to express my personal appreciation for your dedicated service to our Nation. Under your Chairmanship, the Commission has broken new ground, expanding the economic and social horizons of all our citizens. I know that this has been a particularly challenging time for the Commission, but your devotion to the goals of the Commission and to the present and future well-being of every American has not faltered. You have earned their thanks as well as my own.

As you depart the Equal Employment Opportunity Commission, I want you to know that you take with you my very best wishes for every future happiness and success.

Sincerely,

GERALD R. FORD.

EQUAL EMPLOYMENT
OPPORTUNITY COMMISSION,
Washington, D.C., March 18, 1975.

Hon. GERALD R. FORD,
President,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: During the fifteen months that I have served as Chairman of this agency, it has been my privilege to participate in the ongoing effort to achieve equal employment opportunity for all Americans.

During this time substantial progress has been made in moving this Commission toward the efficiency, effectiveness and fairness that I know you want it to achieve. Unfortunately, this agency's problems have for too long been ignored. Despite this, recent commentary has focused upon superficialities. The underlying problems were addressed quite eloquently in a letter dated March 5, 1975, written by Clarence Mitchell to the Washington Post.

My interest in the problems falling within EEOC's mandate began long before December 28, 1973, the date upon which the commission designating me as chairman was executed. During the 1960's, for example, I served as Special Counsel to the Southern Christian Leadership Conference and in 1963 I was one of many lobbying here in Washington for what eventually became the first comprehensive Civil Rights Act enacted during the Twentieth Century (the 1964 Civil Rights Act, as amended) of which Title VII is an integral part.

My colleagues on this Commission and the EEOC staff, many of whom have given outstanding support are justifiably proud of the many historic objectives achieved during my administration. These include the first industry-wide settlement obtained under Title VII.

As a result of these initiatives, there is a growing minority of thoughtful commentators who believe that EEOC has begun to show signs of becoming the effective law enforcement vehicle envisioned by Congress when Title VII was amended just a little less than three years ago.

Regrettably, this agency and particularly its present Chairman have become a focal point of controversy: controversy over the authority of this Office, controversy over whether progress such as that above-mentioned is, in fact, being made and controversy as to whether, in view of the continuing intense criticism, the public interest would be served by my continuing as the administrative head of this agency.

I recognize that the responsibility of this Office entails creating an atmosphere in which effective enforcement of Title VII can be achieved—a task involving striking a delicate balance between forcefulness and evenhandedness. I would like to continue to devote, in whatever way possible, my energies in the effort to strike that balance in an optimal fashion. I have, therefore, reluctantly decided to, and hereby tender my resignation as the Chairman of this Commission at your pleasure. In addition, I also hereby tender my resignation as a Member of this Commission, effective April 30, 1975.

I do this not because I agree with the intense criticism leveled against this Office and this agency. Rather, my resignation as Chairman is offered in the hope that the current controversy will cease. Attention must now be focused on the important job that remains before all of us.

As indicated above, I will in the few weeks remaining assist in providing the new head of this agency with whatever guidance I can to aid in giving this Commission the continuity of leadership it deserves. Moreover, you have my assurance that, as a Commissioner, I will continue to serve you, the Congress and the people to the best of my ability. You also have my commitment that the new Chairman will have my unqualified support in his or her effort to maintain the present momentum towards effective enforcement of Title VII.

Finally, Mr. President, I wish to again thank you for your many courtesies and for the generous support extended by you over the last several months. It has indeed been a privilege to serve in your Administration. In this regard, I am pleased that you share my concern that the efforts of this and other agencies at the Federal, state and local level, will soon give rise to employment systems compatible with Title VII's mandate—that there be equal employment opportunity for all Americans.

Respectfully,

JOHN H. POWELL, Jr.,
Chairman.

RESOLUTION TO DESIGNATE OCTOBER OF EACH YEAR AS NATIONAL FISH AND SEAFOOD MONTH

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mrs. SULLIVAN. Mr. Speaker, today I am introducing a resolution to establish a national fish and seafood month.

The development of the fish and seafood industry in America parallels the development of this great Nation by the diverse people who came here to settle.

In view of this, what more appropriate time is there than now to salute our oldest industry and to take a sharp look at the requirements necessary to renew that industry to the benefit of our people, in particular, and to mankind, in general—a time when we seek to renew the spirit of the early days of our Nation through the celebration of our 200th anniversary.

As indicated, the fishing and processing industry in America long has provided a variety of assets to our Nation—to the economy through jobs and other fringe benefits and to the health of our people through a nutritious and enjoyable food source.

Quoting the National Marine Fisheries Service—NMFS:

> Fish is a valuable and much enjoyed food in this country and throughout the world. Indeed, fish represents almost the ideal food for the U.S. dietary needs. It has an unusually high protein to calorie ratio, providing satisfaction and sound nutrition while contributing minimally to obesity, which is this country's major health problem. Its natural oil is high in polyunsaturates, and it is a useful source of several other important nutrients.

To illustrate the economic value of fishing and seafood processing, I turn again to quote from NMFS on commercial harvest and processing:

> U.S. commercial fisheries are a vast and varied enterprise. In 1973, 2.33 billion pounds (1.06 million metric tons) of food fish, including shellfish, and 2.40 billion pounds (1.09 metric tons) of industrial fish for fishmeal and petfood, etc., were landed by U.S. fishermen, for a total value of 907 million at dockside, approximately equivalent to $2.81 billion on the retail market or 0.22 percent of the GNP . . .
>
> Total employment including fishing, processing and wholesaling is more than 220,000, representing approximately 0.24 percent of the U.S. work force. This proportion is much higher in the many coastal towns . . .

In addition to the primary use of fish for human consumption, fish byproducts are utilized in the pet food industry and fish meal is used extensively as feed for poultry.

Despite these important contributions, fishing and its related industries in the United States have fallen on troubled times.

Ross Clouston, president of the National Fisheries Institute—NFI—recently noted:

> There is no disputing the problem before us. The National Marine Fisheries Service recently has estimated that overfishing of herring, cod, flounder, mackerel, redfish, and tuna is evident in all five of the world's major fishing areas. To this list can be added the decline of stocks of haddock and halibut off our own coasts. On a world-wide basis, these over-fished stocks represent two-thirds of the total catch taken from the sea annually.
>
> Thus, two points come clearly into focus: first, overfishing is worldwide; and second, the vast majority of the species we rely on as sources of protein are being affected.
>
> In short, the fishing effort is too intensive and decimation of stocks is at hand. Man is currently taking a protein source which is infinitely renewable when properly managed, and making that renewability finite. If large, subsidized, foreign stern trawler fleets are allowed to persist up to 12 miles from our shores in fishing endeavors which are unmanaged by sound conservation and resource management principles, then the days of our domestic fishing industry, or indeed, of any fishery anywhere in the world so treated, are numbered.
>
> The problem of overfished and decimated stocks cries out for a solution in the form of resource management.

Mr. Speaker, the committee which I have the honor to head—the Merchant Marine and Fisheries Committee—and our Subcommittee on Fisheries and Wildlife Conservation and the Environment now are taking a hard look at the various alternatives available to us in our attempt to solve this difficult problem for our oldest industry. We sincerely hope and trust that our efforts will be fruitful.

In addition, a number of other problems exist in the fishing and allied industries, and the National Oceanic and Atmospheric Administration—NOAA—through NMFS is studying a variety of methods to help the industry. Late last year, NMFS drew up a kind of working paper or outline for the diverse elements of the Government, the industry, and the consuming public to review and help draw up a "National Fisheries Plan" for our Nation—a plan which is sorely needed.

As indicated in the resolution, the call for a "National Fisheries Plan" came from the President's Advisory Committee on Oceans and Atmosphere, which saw the need for urgent action in this area.

Our committee members are aware of all of these related problems and we propose to add our efforts toward a sound solution.

Mr. Speaker, in closing, we would like to say that we think the beginning of this concerted effort to assist our oldest industry in America is long past due, but we also are pleased to note that it comes at a time when the entire Nation seeks to renew the independence and the innovative spirit that made our Nation great—the time of our Bicentennial Celebration.

At this point, I insert a copy of the resolution in the RECORD:

JOINT RESOLUTION

To authorize and request the President to issue a proclamation designating the month of October 1975 and each succeeding October as "National Fish and Seafood Month."

Whereas, the fishing industry—and its related segments—is the oldest continuous industry in these 50 states; and

Whereas, fish and seafood provide a readily available protein resource for feeding Americans of all walks of life; and

Whereas, this rich protein resource could be a potent weapon in the war against world food problems; and

Whereas, the United States fishermen and their allies in the food industry produce more than five billion pounds of fish and shellfish annually to provide a major source of natural food to enrich each American's diet; and

Whereas, the total water resources surrounding and within the United States of America are capable of producing an even greater abundance of nutritious, wholesome seafood products; and

Whereas, the President's Advisory Committee on Oceans and Atmosphere—coincidentally with the nation's 200th birthday celebration—has recommended the launching of a National Fisheries Plan aimed at rehabilitating U.S. marine fisheries; and

Whereas, the nation's fishermen and seafood processors consist of a large group of independent businessmen who represent the best in the American tradition of individual endeavor in their goal of producing food for the American people and the world's hungry; and

Whereas, it is appropriate to honor the nation's oldest industry while saluting the 200th anniversary of this nation; be it

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled,

That the President is authorized to issue a proclamation designating the month of October, 1975, and each succeeding month of October following as "National Fish and Seafood Month" and calling upon the people of these United States and interested groups and organizations to observe such month with appropriate ceremonies and activities.

THE 57TH ANNIVERSARY OF BYELORUSSIAN INDEPENDENCE

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. WOLFF. Mr. Speaker, I would like to take the time to remind my colleagues that yesterday marked the 57th anniversary of the proclamation of independence of the Byelorussian Democratic Republic. This was a proud and vibrant nation which now suffers under the yoke of tyranny of the Soviet Union.

It is very popular to speak of détente in this day and age. While we certainly must continue to seek an easing of international tensions, we must not forget that there are many in the world who do not enjoy the fruits of freedom and are not accorded the basic human freedoms.

I call upon my colleagues to join me in commemorating the Byelorussian proclamation of independence. Let us not forget these proud people.

IN MEMORIAM TO THE HONORABLE JOHN TROMMELEN, BELOVED MAYOR, DISTINGUISHED STATESMAN, AND GREAT AMERICAN

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ROE. Mr. Speaker, on Tuesday, March 4, 1975, the chief executive officer of the borough of Prospect Park, the Honorable John Trommelen, at the young age of 65 years, passed away, leaving behind a grief-stricken family and citizenry who loved him very dearly for his lifetime of unselfish devotion and dedication on their behalf. I know you will want to join with me in extending our most sincere condolences to his wife, the former Bertha Heerema; three sons, William and Ronald of Prospect Park, N.J. and Edward of Wayne, N.J.; two daughters, Mrs. Janet Scarso of North Haledon, N.J. and Mrs. Joyce Mautone of Haledon, N.J.; two sisters, Mrs. Marie De Ruiter of Haledon, N.J., and Mrs. Agnes Mabie of California; three brothers, Walter of Belvidere, N.J., Marinus of Paterson, N.J., and Peter of Haledon, N.J. and five grandchildren.

Mayor Trommelen was one of the most outstanding town administrators in our Nation. For the past quarter of a century he was in the vanguard of government service in seeking the rebuilding of our cities and the preservation and enhancement of our country's resources as a member of the governing body of the borough of Prospect Park. He was elected councilman in 1950 and was first installed as mayor on January 1, 1969, for a 2-year term, followed by his reelection to a 4-year term in November 1974.

In our community he will always be remembered for his exemplary leadership and his energetic pursuit of optimum public service for all of the people in his quest for quality in the way of life for each and every citizen. Prior to joining the borough council, Mayor John served 13 years on the board of education. He was a member of the first department for 32 years and served with distinction and honor as fire chief for three terms. For 23 years he was secretary of the Prospect Park Firemen's Relief Association and 14 years as director of the civil defense agency.

Mr. Speaker, in tribute to the mayor's outstanding public service to our community I would like to insert at this point in our historic journal of Congress a copy of the resolution adopted by the governing body of the borough of Prospect Park memorializing his leadership efforts on behalf of the community. The formal resolution is as follows:

RESOLUTION OF THE BOROUGH OF PROSPECT PARK, N.J.

Whereas, it has pleased Almighty God in His infinite wisdom to call from our midst our fellow citizen John Trommelen, and,

Whereas, he has faithfully and conscientiously served the Borough of Prospect Park for many years as its Mayor, and as a Councilman, and also as a member of the Volunteer Fire Department, and has given freely of his time and energy in all matters pertaining to the welfare of our Borough and community, and

Whereas, his passing is a great loss to all of us,

Now, therefore, be it resolved that this Board on behalf of all the citizens of the Borough of Prospect Park, make this public expression of its deep feeling of loss and extend our heartfelt sympathy to the family of the late John Trommelen.

Be it further resolved that this resolution be spread in full on the minutes of this Board and a copy thereof be sent to the family of our late fellow citizen, John Trommelen.

Mr. Speaker, we can indeed honor John today for he has served our country and our people well with valor and sincerity of purpose as the mayor of this elected board of officials. His many, many accomplishments and good works during his lifetime have truly enriched our community, State and Nation. The world has been a better place because he made a difference when he walked here with us. By his deeds, he serves as an inspiration to all of us, young and adults alike; by his friendship, he has left a warmth of goodwill and brotherhood. It is my privilege and honor to have been numbered amongst his many, many friends.

I ask you and our colleagues here in the Congress to join with me now in silent prayer to the memory of a leader among men and a great American. May his wife Bertha and his family soon find abiding comfort in the faith that God has given them and in the knowledge that John is now under His eternal care. May he rest in peace.

FUNDING FOR EDUCATION PROGRAMS CONSOLIDATED UNDER PUBLIC LAW 93-380

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. QUIE. Mr. Speaker, approximately 20 small States are concerned about the reduced funding levels projected by the Department of Health, Education and Welfare under title IV of Public Law 93-380. This title consolidates library resources, institutional equipment, and guidance and counseling programs in one section and educational innovation and support of the dropout prevention, health and nutrition, and State education agencies in another section.

The chairman of the Education and Labor Committee and I agree that there was no intention to reduce small State allocations in the way which occurred under the new legislation. The problem arises primarily because the small State minimum contained in title III of the Elementary and Secondary Education Act was not transferred to the new law.

The effect in fiscal year 1976 is not nearly as great as in fiscal year 1977. This is due to the fact that half of the funds will be allocated under the old formulas in fiscal year 1976.

Chairman PERKINS and I are interested in correcting this problem by possibly including an amendment in the bill amending the Vocational Education Act, but under the rules of the House, the amendment could not take effect until fiscal year 1977 at the earliest.

FOREIGN POLICY AND THE AMERICAN CITIZEN

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FASCELL. Mr. Speaker, I would like to bring to the attention of our colleagues a recent editorial from the highly respected Spanish language newspaper Diaro Las Americas concerning the importance of citizen awareness in our system of government, especially in the realm of international relations. As a person closely involved in the reduction of citizen apathy in foreign affairs, the distinguished editor, Horacio Aguirre, makes important points on the role of popular input in the decisionmaking process.

The subject is not controversial, yet it is of central importance to the proper functioning of our democracy. The voice of the people which speaks in elections should be one which is well informed; and I believe that the interest and involvement of citizens based on the information they receive is the proper fulfillment of the principle of majority rule by the people in all aspects of our Government, foreign and domestic.

The editorial expands upon these ideas, and I urge our colleagues to consider its message.

Here follows "Foreign Policy and the American Citizen" from Diaro Las Americas:

FOREIGN POLICY AND THE AMERICAN CITIZEN

If democracy did not work in the United States of America, specially in matters of elections and referendums, it would not be so important that the American citizen be properly informed about what affects him from without. But as the United States is the first world power and here authorities are chosen in democratic elections, and public opinion exerts great influence on the national life, it is necessary that every citizen, in the measure possible in relation to his aptitude and activities, know what is happening in the rest of the world. And, above all, that he realize what is good and what is bad for his country.

Unfortunately, generally speaking, it can be said that although he possesses great resources of information, the American citizen does not have adequate formation, orientation, and knowledge on international policy and affairs in line with what he—as a citizen—in a way decides in his country.

If in the United States of America a governing elite were the one making all decisions on national and international policy, this lack of knowledge in the majority of the people would be less serious, perhaps even of little importance. But, precisely the contrary is what is true. Here, the majority of the people elects the legislators, the President of the Republic and, directly or indirectly, all the leaders of the nation's life. And that great majority of the people has to judge the behavior of its leaders in matters of international policy. That is why it is necessary, for that judgment to be relatively correct, that there be a greater knowledge of what is taking place in the rest of the world, what the rest of the world thinks about the United States of America and, especially, what the enemies of this country, in one way or another, do against it.

It is all right, of course, that information on local problems, especially municipal ones, be as broad as it is. It is all right that the citizen be well informed of what is happening in the smallest jurisdiction where he lives. But, because of the reasons explained above, it is indispensable to broaden the international horizon of the citizens of this great country who, integrated into a Nation, hold on this historical times the responsibility of being the first power of the world.

THE 154TH ANNIVERSARY OF GREEK INDEPENDENCE

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BADILLO. Mr. Speaker, on March 23, 1975, I presented the following speech to a convocation organized jointly by the Hellenic Universities Graduates' Association and the Hellenic University Club of New York. The affair was held at the Americana Hotel in New York City to commemorate the 154th anniversary of Greek independence:

The speech follows:

SPEECH BY REPRESENTATIVE HERMAN BADILLO

March 25 is a day in the history of mankind synonymous with the victory of liberty and freedom over the forces of tyranny and oppression. In 1821, the bell tolled the defeat of the forces of destruction, pillage and slaughter. Greece liberated itself from the Ottoman yoke. The everlasting light of democracy shone once more in the land which created that philosophy of government that has inspired nations and leaders for over 2000 years.

And now again, the ugly monster of hate and destruction has reared its head in the very area where Aphrodite, the goddess of love and beauty was born. Cyprus, the once proud and independent republic is now a broken and shattered remnant of its former glory.

This agonizing situation began with the July 1974 genocidal invasion of Cyprus by 40,000 Turkish troups. The overwhelmingly outnumbered and outgunned forces of the Cyprus National Guard bravely fought against this savage onslaught, but the Turkish forces using every means of terror imaginable occupied 40% of the richest and most productive part of Cyprus.

200,000 Greek Cypriotes were forcibly expelled from the north and are still living as destitute exiles in refugee camps in the south. Those attempting to return have been brutally killed outright. Their land and homes have been taken over and occupied by the 40,000 troops of the invading Turkish army, the families of these Turkish soldiers along with ordinary citizens imported from Turkey, and 10,000 Turkish Cyproites who formerly lived in southern Cyprus. These thousands of illegally transplanted intruders today hold new title deeds to thousands of Greek homes, businesses and acres of land to solidify the Turkish hold in Cyprus.

This unnatural and massive shift in population to make northern Cyprus predominantly Turkish, is for the deliberate purpose of dividing Cyprus into two regions and destroying the independence, sovereignty and territorial integrity of Cyprus. And just recently, the Turkish Cypriotes proclaimed a separate state in the Turkish-occupied north and made these thousands of imported Turkish citizens from the mainland Cypriote citizens.

Turkey's original goal in Cyprus has been and still is the annexation of the entire island. Turkish government statements and actions demonstrate that Turkey intends to 1) partition Cyprus into two separately administered zones within a federation, 2) set up a powerful military base, 3) take over the Turkish area of this federation, 4) establish a rump "federal" state on the rest of Cyprus, and finally 5) annexe this rump state at the opportune moment. Already the first three parts have been carried out in Cyprus. Will the world allow the remaining two parts to be completed? Are Cyprus and the Greek islands in the Aegean Sea to be additions to an already too-long and infamous list of Turkish crimes, that include Armenia in 1915, Smyrna in 1922 and Alexandretta in 1939, among many, many others? Are these glorious civilizations only going to be remembered as insertions in future history books?

According to the Constitution of the United States, it is the responsibility of the U.S. Congress as the people's representative, to advocate a policy in accordance with American law and reflective of the deep convictions of the American people. And it is the administration's responsibility in its constitutional role, to execute the law. In this regard, the administration has miserably failed.

The Secretary of State, as the administration's representative, has stressed the breakoff of military assistance to Turkey would undermine our national security. Has our weakened NATO position in the eastern Mediterranean enhanced or hurt our national security? The Secretary of State appealed for an "evenhanded" approach to the situation. Can it be termed "evenhanded" when the United States has unilaterally and unwisely stocked Turkey with weapons making it militarily much more powerful than Greece and Cyprus, separately or combined? During this crisis was it "evenhanded" for a naval vessel or the U.S. 6th Fleet to halt, board and search a Greek passenger ship in the open seas which was carrying relief supplies to Cyprus?

The Secretary of State in callous disregard of the law and inhuman disregard of the people of Cyrus, has worked unceasingly to continue and even increase military aid to Turkey, even though Turkey flagrantly violated Congressional foreign aid laws, by using American military equipment to invade and occupy Cyprus.

National security and morality can go hand-in-hand. It is not in our national interest to support militarily aggressive regimes. If we continue to do so we will be isolated in the world body of nations and our national security undermined.

Our legacy to the present and future generations of mankind must be dictated by moral and ethical principles, which by definition are in the national interest of all nations. The law of the jungle must not prevail where the militarily strong devour the defenseless. Sultan Abdul Hamid stated in 1915 at the start of the Armenian massacres, "The way to get rid of the Armenian Question is to get rid of the Armenians." Is the way to get rid of the Cyprus problem, to get rid of the Cypriotes? A history of force must not repeat itself or there will be no great civilizations to endure and no future mankind to create them.

Once again, the government of the United States must affirm the historic American tradition that America is a country which respects the law that governs all men to a policy put forward by just a few men. The United States Congress has taken a clear stand that we cut off military aid to Turkey. We urge each and every one of you to continue your pressure on the administration to insure that the will of Congress prevails.

U.S. AID TO EDUCATION CARRIES "COERCIVE POWER" WITH IT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. CRANE. Mr. Speaker, when proposals for Federal aid to education were first introduced in the Congress there were many who advanced the view that such financial assistance would inevitably lead to Federal control over what schools taught, whom they hired, and how they conducted their affairs.

At that time, the proponents of Federal aid to education rejected the possibility of Federal control following Federal money. Now, it is clear to all that the opponents of Federal aid were correct.

In a recent speech to the American Bar Foundation, Yale University President Kingman Brewster, Jr., declared that, "the coercive power of the Federal purse" is infringing the right of private educational institutions to set their own policies.

Mr. Brewster stated that—

> The leverage of the Federal spending power is used indirectly to control private colleges in ways the Government could not use directly.

He indicated that private colleges and universities, increasingly dependent on Federal money, face across-the-board termination of grants if they violate a Federal guideline affecting only a single educational activity.

Discussing Mr. Brewster's speech, the Wall Street Journal stated that—

> If we may be permitted to say so, this is . . . what a good many Americans not so long ago predicted would happen once the government involved itself deeply in education . . . those who warned that federal subsidy inevitably meant federal control had a more realistic understanding of the nature of government.

Mr. Brewster, in his speech, indicated that much of the responsibility rests with the Congress. The Wall Street Journal notes that educators themselves must bear some of the blame as well—

> Educators themselves are to blame for having lobbied for ever more federal dollars, for having encouraged Congress to pour billions into education . . . and for having helped create a climate hostile to warnings that federal subsidy invites federal control.

I wish to share with my colleagues the editorial, "Thinking the Unthinkable," which appeared in the Wall Street Journal of March 14, 1975, and insert it into the RECORD at this time:

[From the Wall Street Journal, Friday, Mar. 14, 1975]

THINKING THE UNTHINKABLE

In a recent speech to the American Bar Foundation, Yale University President Kingman Brewster, Jr. complained that the "leverage of the federal spending power" is being used indirectly to control private colleges in ways the government could not use directly. This coercive power, Mr. Brewster said, is infringing on the right of private educational institutions to establish their own policies. Yet because Yale, Harvard, Stanford and other liberal arts schools are at least one-third financed by the national government, failure to go along with a "favored" government program would place any one of them at a hopeless competitive disadvantage.

If we may be permitted to say so, this is an excellent summary of what a good many wary Americans not so long ago predicted would happen once the government involved itself deeply in education. To be sure, some such warnings badly overstated the case by making it sound as though anyone or any institution that accepted a cent of government money would inexorably become a handmaiden of the state. On the other hand, politicians and the education lobby resolutely insisted that the specter of federal control was a strawman erected by those who would deprive deserving youngsters of a college education.

Obviously, both sides were guilty of oversimplification. But by and large those who warned that federal subsidy inevitably meant federal control had a more realistic understanding of the nature of government. They may not have won any plaudits for "compassion," but they understood the dynamics of political momentum.

As an example of that momentum, consider what sins are being committed in the name of education at—or more likely, to—the University of California. University officials and HEW's Office of Civil Rights have agreed on an "affirmative action" (i.e., quota) plan that calls for eventually replacing 178 of the positions now held by white males in a total staff of 1,489. The New York Times concluded this would mean replacing them with "97 women, 20 blacks, 42 Asians, 10 Chicanos, no native Americans [Indians] and nine others." University officials dispute those specific figures, explaining that the plan calls for only 96 women, two blacks and three Asians—as if that makes the concept any less grotesque. All that's missing is that the quotas extend across 30 years, rather than having a 1984 deadline.

Since the University of California is a public institution, Mr. Brewster's remarks don't apply exactly. Yet they are a good example of the sort of meddling that the federal government promotes under the guise of nondiscrimination. And the Yale educator is certainly right that Congress is to blame. But educators themselves are to blame for having lobbied for ever more federal dollars, for having encouraged Congress to pour billions into education on the pretext of national defense, and for having helped create a climate hostile to warnings that federal subsidy invites federal control.

Curiously enough, although some educators have awakened belatedly to the implications of large scale federal aid, few seem to have grasped that one solution—perhaps the only solution—would be to reduce or eliminate dependence on federal financing. Budgetary withdrawal is often painful, and being placed at a competitive disadvantage is an unenviable position to be in. But we can think of few positions potentially more destructive to education than for it to continue to invite the political regulation that necessarily accompanies federal subsidy.

SLOVAK HERITAGE WEEKEND

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BLANCHARD. Mr. Speaker, last Saturday and Sunday, March 22 and 23, 1975, the Detroit Slovak Community sponsored its second annual Slovak Heritage Weekend. This event coincided with the celebration of Slovak Independence Commemoration Day.

The Slovakian heritage is rich reflecting centuries of traditions including folksongs, toolmaking, woodcarving, and metallic arts, just to name a few.

This weekend is one in a series of cultural experiences presented by Wayne State University in cooperation with the Southeast Michigan Regional Ethnic Heritage Studies Center and the International Institute of Metropolitan Detroit. These cultural weekends have been described as an "opportunity of sharing the cultural achievements and contributions of Detroit's ethnic groups with everyone in the metropolitan Detroit."

Since Congress was in session last weekend, it was not possible for me to attend this event. So I would like to take this opportunity to commend all of the participating groups for all of their hard work and effort. Events such as these provide all of us with a deeper understanding of our ethnic backgrounds and traditions, so that we can all become more aware of our rich and varied heritage.

PARENTS HAVE ULTIMATE RESPONSIBILITY FOR EDUCATION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. McDONALD of Georgia. Mr. Speaker, two fundamental issues lie at the base of the recent school textbook controversy in Kanawha County, W. Va.

The first is a moral-political issue: Who has ultimate responsibility, and thus control over, the education of a child—the parents or the State?

The second is an issue of educational philosophy: What is the purpose of education? What values should be taught or presented to a child?

The opponents of those who protested the textbooks have attacked the protestors on a number of grounds, but generally have evaded the basic issues at stake.

For example, instead of dealing with the issue of who should control education, the opponents often attack the protestors as advocates of censorship or "bookburners." This is patently false; censorship pertains to government action, and means that the government is attempting to restrict or control free expression. The protestors are not advocating a government ban on the publishing of the textbooks; they are simply protesting their use in their schools, at their expense, and to teach their children.

Clearly, however, only some textbooks can be chosen for a given course of study and to advocate that those books be decent is not censorship. This point is well put by Phyllis Schlafly—the Phyllis Schlafly Report, January 1975:

> "Bookburner" is an irrational epithet hurled at anyone who objects to vulgar, obscene, or immoral books. There are hundreds of thousands of available books for which a tiny selection must be made by someone for use in elementary and secondary schools. The real "bookburners" are those who choose

contemporary trash or trivia over books that inspire the young generation with the achievements of great men and women, and that impart the wisdom of past generations.

The ultimate responsibility for a child's education lies with the parents and it is this principle that the protestors are defending when they defend their right to choose the textbooks with which their children will be taught. To deny this would require advocating that the State has ultimate responsibility for a child's education, and apparently this the opponents of the protestors are not yet ready to do explicitly.

What textbooks should be chosen? Mrs. Schlafly continues:

> U.S. Education Commissioner Terrel H. Bell made a remarkable speech in December 1974 calling on textbook publishers to print only "materials that do not insult the values of most parents." He specifically mentioned the Bible, McGuffey's Readers, and the Wizard of Oz as examples of books that both tell interesting stories and teach worthwhile values.

What was in the books that insulted the values of the West Virginia protestors? Again to quote Mrs. Schlafly:

> The American public has been led to believe that the West Virginia controversy is between a group of rednecked fundamentalist preachers and forward-looking educators striving to drag a backward people into the 20th Century. Intelligent discussion of the pros and cons is badly handicapped by the fact that the American public really has no idea of what is in the textbooks being challenged. The magazine *Editor and Publisher* admitted that there isn't "any newspaper in general circulation that is prepared to print the stuff verbatim."

So that we here in Congress will have to operate under no such handicap, I am listing the following excerpts from the textbooks, as they appeared in Mrs. Schlafly's report:

WHAT'S IN THE WEST VIRGINIA TEXTBOOKS?

Listed below are actual excerpts from the textbooks used in Kenawha County, West Virginia, which have caused the controversy there. In order that the general public could know what the children are reading, the parents published these excerpts in a full-page ad in the CHARLESTON GAZETTE on November 14, 1974. We apologize for the language, but surely parents have a right to read what their children are reading. The books are published by well-known publishers and widely used in grade and high schools all across the United States.

WEBSTER/MCGRAW-HILL SERIES

The art of narration: The short story

Page 324—"You son of a bitch, and he and the fat wop went out through the tables.", ". . . looked sick as hell . . ."

Page 322—"Sure is hell keeping it down, Joe,"

Page 327—". . . and you feel like swearing and goddamning worse and worse."

Page 328—". . . and could have rode him instead of that son of a bitch."

Themes in the act play

Page 32—"He hasn't said a damn thing."

Page 34—"For Christ's sake. . . .", "Damn it, . . ."

Page 37—"Damn it, . . ."

Page 39—"Listen, you yellow bastard, what the hell's the idea . . ."

Page 57—"He'll be glad to see me too—like hell", What the hell . . ."

Page 60—"Well, I'll be damned!"

Page 61—"The damned son-of-gun", "Serve him damn right if I done it." "Aint that a hell of a fine old man for yuh", "Ain't he a hell of a nice old man for a guy to have?"

Page 62—"Ain't he a hell of an old man to have?", ". . . not by a damned sight", "I ain't made to be no damned dirt-puncher—not me!"

Page 63—"Come on, pal. T'hell with supper."

Page 94—"I've never met a bastard like you before", "I'm the bastard." "Damn you!"

Page 122—"You damned right you don't."

Page 124—"Damn it . . ."

Page 128—"Hell, yes!"

Page 205—"Is there such a thing as a black human brain?", "Damn good riddance."

Page 204—"Oh, damn your mother's cups."

Page 212—"Dammit, I know what I said!"

Page 213—"Good God!"

Page 218—"Dammit, you unlocked the door, didn't you?"

Page 217—"What are you doing? (pause) Gilbert? Is that you (creaking springs)? What are you . . . no, no . . . go back to your own bed and go to sleep. (pause, silence) Gilbert? (pause, creaking springs) Gilbert we are old people . . . This is . . . you shall not, (pause) Please . . . please, Gilbert. (Gilbert grunts several times.) How dare you, dare you attempt this disgusting behavior!"

Page 248—"God damn it. Here's the son of a bitch!"

African images

Page 79—"Two deaths for a goddam nigger."

Page 132—"Where's the goddam pass?"

Page 133—"The blerry bastard." "Blerry black whore."

Page 134—"Law Bastards.", "Hell what you crying for?"

Page 135—"What the hell," "They are wearing me down, goddammit!"

Themes in science fiction

Page 7—"You're all a bunch of bastards, damn your eyes."

Page 9—"What the hell's going on here?"

Page 40—". . . well, hell man, what else can we do?"

Page 51—"the damn fools . . ."

Page 54—"Oh, go to hell."

Page 56—". . . bastard culture . . ."

Page 57—"For Christ's sake!"

Page 124—"For God's sake!"

Page 302—"You sons of bitches," "You stupid damn wretch", "Time hell."

Page 303—". . . and rotted with it as you and your goddamned friends have.

Page 310—"Damn you Myrion."

Page 311—"For Christ's sake, Myrion, lie down."

Page 318—"Hell, it's about time somebody told about my friend. . . ."

Page 319—"Von Kleigstadt was in one hell of a state."

Page 320—"Dammit, Pat! Please marry me!"

Page 327—"Damn near shook me out of my seat!"

Page 328—"Tremor, hell!" "Trim charges, hell!"

Page 329—"Hell, it'll damp out by then!"

Page 346—". . . other instruments knocked to hell . . ." "What the hell! What ship is that?" "For godsake man stop talking nonsense . . ."

Jump rope jingles and other useful rhymes

Sally Drank Marmalade
Sally Drank Beer
Sally Drank everything
That Made Her Feel Queer
A-Whoopsie Went The Marmalade.
A-Whoopsie Went The Beer.
A-Whoopsie Went Everything
That Made Her Feel Queer.

"Fudge, Fudge"
Fudge, Fudge
Call The Judge.
Mama's got a newborn Baby!
It's not a girl.
and it's not a boy.

It's Just A Newborn Baby!
Wrap It Up In Tissue Paper
Put It On The Elevator.
One, Two, Three,
And
Out Goes She!

"I Was Standing On The Corner"
I Was Standing On The Corner,
Not Doing Any Harm.
Along Came A Police Car
And Took Me By The Arm.
He Took Me Around The Corner,
And He Rang A Little Bell.
Along Came A Police Car
And Took Me To My Cell.

OBJECTIONS TO GALAXY SERIES—SCOTT FORESMAN COMPANY

Thrust

The most depressing stories in the textbook adoption are found in the Galaxy Series. There is disregard for governmental authorities, stealing, beating, shooting, hate and lying.

Some stories suggest that it is best not to tell the truth as you might embarrass someone.

The article "God Bless This Child" suggests that money and independence can solve all problems.

Focus

"The Kitten" page 67 is a senseless story of cruelty, telling about the killing of a kitten.

"Spoil A Child" page 174. Tells of the mother being cruel to her son and his not knowing why she was cruel.

Vanguard

The language used in the dialogues contains much slang and vulgarity. Any time religion is mentioned in the text, it is depicted in a bad way.

There are 11 poems scattered throughout the book. None of them reflects anything but depressing and morbid thoughts. None of them show any beauty or depict the joy of living.

Perspective

The overall theme of this book is violence, hatred of different races, murder, dope, drinking, disrespect for parents and older people. Out of 600 pages, only 87 were used for teaching English.

The stories in this book were all sad, terrible stories. There were no happy thoughts at all. This is written more like a murder mystery than an English book.

Accent

"The Legend of Joe Lee." The main character, who is described as irresponsible, concerned with nothing but himself, his car, and his girlfriend, ends up the hero in the story.

"The Fate of The Hero". Comment: Violence seems to prevail. The hero is pointed out as being unthinking, dumb, and hated or resented by his fellow employees because of his desire to make good, his honesty, his willingness to work, and his safety-mindedness, giving rise to the thought that these traits are not to be desired.

Compass

There is excessive cursing and taking the name of God in vain. These are supposed to be multicultured stories, but do we have to subject our youth to the bad side of life? Don't children love their parents anymore? The morbid stories far outweighed the good stories in this book.

1. "On Saturday Afternoon" page 112. The story of a ten year old boy who was helping a man to hang himself.

MAN BY MCDOUGAL, LITTELL & CO., 1970–71

Man In the Fictional Mode 1

Page 6—Use of God's name in vain.
Page 62—Use of God's name in vain.
Page 69—Goddamn, and What the hell.

MAN In the Fictional Mode 4

Page 32—"for God works in mysterious, but inefficient ways, and He needs help."

MAN In the Fictional Mode 6

Pages 1–17—Damn, hell, God's sake, knock the Living Jesus out of you.

Pages 20–39—The bully speaks of doing God's dirty work.

MAN In the Expository Mode 2

Page 99—"How the boy trembles and delights at the sight of white excrement of the bird!"

Pages 75–81—Hell, ass whippin, dumb damn lid.

Pages 1–16—"All praise to Allah that I went to Boston when I did. If I hadn't, I'd probably still be a brainwashed black Christian."

MAN In the Dramatic Mode 2

Pages 1–19—Hell, ass.

MAN In the Dramatic Mode 5

Pages 14–15—Refers to "the preservation of the law in all its sick dignity."

MAN In the Poetic Mode 4

Page 74—"Telling children that God is in heaven and all's right with the world is wrong."

MAN In the Poetic Mode 5

Page 4—"God's No One."

Page 48—11 (picture of Marilyn Monroe's face) "pondering of her perfect breasts"

MAN In the Poetic Mode 6

Page 27—"Oh, all the laws!" "apples, perfect for window cracking."

AMERICA READS (SCOTT FORESMAN)

Counterpoint in Literature

Page 51—"Damn fool"
Page 74—"Where the hell you been?"
Page 133—"stupid damn fool" "Oh God" "What the hell shall I do?"
Page 114—"My God"
Page 116—"damn good"
Page 141—"Kill that damn thing."

Outlooks Through Literature

(Grade Nine Teacher's Research Book)

Page 3—From article Censorship and the Values of Fiction. "There you have found such things as teenagers speaking profanities, the phrase "fuck you" repeatedly and a schoolboys visit to a prostitute It must seem to you that I am being merely perverse when I say that such a book is really highly moral when read properly, yet I mean something quite real and concrete by this claim."

Page 3—"those goddamn little bastards" "Christ, man.", "no shit", "he's a mean son-of-a-bitch", "they'll beat the shit out of me," "how the hell are you?"

Exploring Life Through Literature

Page 20—"And then that damned tea's always filling himself up with."

Page 23—"Peter's always so damnably resentful when anyone else . . ." "I'll be damned if this isn't the best thing you've hit on yet."

Page 35—"You can be damn sure you won't lose by it."

Page 35—"Still—damn it all—you must remember."

Page 42—"I'm damned if I'll put up with that."

Page 43—"It's disgraceful that these damn bureaucrats should be . . .

Page 44—"It'd be a damn nuisance if he did."

Page 46—"Who the hell cares about danger." "You're always so damned frightened, Alasken."

Page 49—"But then damn it all . . ." "But damn it!"

Page 64—"Well—to hell with it."

Page 52—"They don't care a damn about the general good."

Page 57—"My name's Peterson alright—But I'll be damned if . . ."

Page 58—"—the damnable solid majority . . ."

Page 59—"No damn it—you've never had the courage."

Page 65—"Well—to hell with it."

Page 65—". . . that damned expression—!"

Page 66—"To hell with my practice!"

Page 68—"Damn it." Ignorant, damnable mongrels that they are!"

Page 70—"They both got away—damn them!" "No I'll be damned if we are Katrine . . ."

Fictional Biography Two

Page 2—"bastards"
Page "You old son of a bitch"
Page —"There no telling what the fool white folks will do"

Fictional Memoir One

Page 22—"bastard"

Page 30—Boy says poem to father "Look up, look, down, look at my thumb, gee you're dumb."

Page 41—"I could hear his Goddam eye blinking.

Memoir

Page 31—"Damn grandmother's got it together."

Page 34—"were bitching that their maids stole"

Page 25—"Black as a nigger."

Narrative poetry

Page 61—"Ballad of the Carpenter"—Mockery of Christ's life and death on the cross.

Page 90—"Malcolm X"—"I hustler, I pimp, I unfulfilled black man."

Communicate

Page 47—"The most dangerous threat in the modern world is based on the "either-or" fallacy, namely; that we must choose between "capitalism" and "Communism."

Scripts 2

Page 163—"Feel my old bag's tits"
Page 173—"them sons-bitches too onery"
Page 190—Goddammit! All this crapping 'round and footsying . . . Ass!"

Scripts 3

Page 87—"That fat old bitch"
Page 91—"God, he'll fix it. "Hell, no."
Page 92—"Damn thing" "Yes, by God."
Page 99—"Goddam cards"

Autobiography One

Page 10—"I beat the hell out of her.
Page 11—"Pig-tailed bitch
Page 29—"I pissed in my pants"
Page 32—"Get your ass over here"
Page 77—"You bastard"

Diaries

Page 38—"Goddam"
Page 82—"bloody bastard"
Page 87—"goddam"

Fables

Page 13—"The True Christian"—sarcastic and cynical view of the Christian religion.

Page 35—"HY P-TT"—Sacrilegious, blasphemous and intentionally offensive toward Christianity.

Biography 2

"If the man in the store said he already had insurance, and if his attitude was bad—if he told me to get the hell out—then I'd go back that night and rob him. I never carried a gun, never hurt anybody except the insurance companies and their bastardly thieves anyway. . . . There's only two ways to open a safe—you can beat the son of a bitch open or you can blow it."

VARIABLE IMPORT DUTY FEE ON DAIRY PRODUCTS

HON. ALVIN BALDUS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BALDUS. Mrs. Speaker, today I am introducing with nine cosponsors a bill to establish a variable import duty fee on dairy products. I think that this bill is especially significant because it would offer a measure of protection to the American dairy farmer without placing a burden on the taxpayers or consumers of the Nation.

Last week the House narrowly defeated a provision which would have increased dairy support prices to 85 percent of parity. In light of that action, I feel that it is especially important that we now take some action to protect our farmers from the threat of unfair competition at times when the domestic price of milk is below parity.

I want to emphasize the fact that while this bill uses the parity price as a frame of reference, it would in no way effect the price support level and would in no way require additional outlays by the Federal Government.

This amendment would insure that additional imports of dairy products cannot be brought into the United States to depress domestic dairy farmers' prices so long as milk prices in the United States remain below parity.

This would be done by requiring that a variable import duty fee be paid on all imports of dairy products in excess of those provided for in import quotas that were in effect as of January 1, 1970. This is before the drastic importations authorized by former President Nixon occurred.

The amount of the variable duty would be calculated so as to raise the cost of imported dairy products to which the amendment would apply to a level moderately above the current parity price. With the duty in effect, there would be no economic incentive for importers to buy foreign dairy products for sale in the United States so long as products produced from American milk are available at prices reflecting parity, or slightly more than parity.

While protecting domestic dairy farmers, this measure would also guarantee consumers of unrestricted access to world market supplies of dairy products under the regular or emergency procedures authorized under section 22 of the Agricultural Adjustment Act of 1933. The difference would be that American dairy farmers would not be injured or handicapped by violent price collapse, as happened under the Nixon procedure, from maintaining their capability to provide an abundant supply of milk and dairy products for Americans.

The measure proposed here to protect the American dairy industry is identical in principle to the program recently proposed by Secretary of State Henry Kissinger for oil and other energy suppliers. Secretary Kissinger proposed that the United States, and other petroleum-importing countries as well, establish a support price for oil substantially above the levels that prevailed in this country until the recent world price increases, and protect domestic producers of oil and other energy by use of a similar variable import duty to be applied if imported oils should be dumped on the world market at low prices.

It is every bit as important to protect our Nation's capability to produce the milk and dairy products that we need, as it is to protect and develop our ability to met our own needs for energy.

There is a great deal of attention being given these days to the administration's recent promise that countervailing duties would be applied in the future to subsidized imports of dairy products.

This is a promise without substance. Even if countervailing duties are applied equal to the amount of any other country's export subsidy, it would not protect American dairy farmers from the price-depressing effect of nonsubsidized imports from New Zealand, Australia, and any other country which does not use export subsidies or which might discontinue using export subsidies.

New Zealand and Australia have never subsidized their exports of dairy products into our market. Yet imports from those countries have many times in the past constituted a serious threat to our dairy farmers. Those countries have now recovered from the drought that kept them out of our market during the past few years. With the drastic collapse in cattle prices, these countries in all probability will turn to a vast increase in their dairy production for our market, if the administration's plans to eliminate quantitative limitations are carried out.

But the problem is even more immediate and direct than that. If the Europeans discontinue sales of dairy products to the United States because we have started applying countervailing duties, they will simply sell it someplace else. And when they do that, they will displace dairy products that have been furnished in those markets by Australia and New Zealand. When Australia and New Zealand lose those markets, they will turn to the U.S.A. for a market.

They will come without subsidies. And the countervailing duty that is being touted as the administration's protection for our dairy farmers will be an empty promise.

GUNS: A TRAGIC TRADITION

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. RANGEL. Mr. Speaker, a recent article in the New York Times reports on the design of a special rifle to commemorate the Bicentennial. The rifle, to be produced in only 200 copies, will be priced at $5,800–$7,250 each. The gunmaker stated:

> The gun is not only a weapon, it's a tradition.

Tragically, he is right. The new "Spirit of 76" rifle symbolizes the needless deaths of tens of thousands of innocent Americans over the past two centuries from firearms. Accidents and murders from the barrels of guns have cost more American lives than the war in Southeast Asia. Children and teenagers find guns laying around their homes, play with them, and kill or maim themselves, their friends, and their families. One significant factor in the high rate of crime in this country is the presence of literally millions of guns, legal and illegal.

When the Colorado designer of the rifle, "Spirit of 76," says, "What we're trying to say is how for 200 years the gun was involved in this country," he has a history of senseless bloodshed to prove it.

THE NEED FOR PRIVACY LEGISLATION

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ARCHER. Mr. Speaker, I have joined as a cosponsor of H.R. 4193 which would provide for the confidentiality of Federal income tax returns.

It is my belief that an individual's financial condition is a very personal thing. The individual who submits his or her income tax return has every right to believe that the return he or she signs will be held in strictest confidence. Unfortunately, our present law allows these returns to be considered in effect as public documents. If enacted, H.R. 4193 would consider tax returns as private records unless otherwise provided in the law.

There is a very important protection in this measure—it strictly limits the persons to whom income tax information can be divulged. These include only the following: The taxpayer concerned and his authorized representative; officers and employees of the Internal Revenue Service; the Justice Department, but only for the enforcement of the IRS Code; State tax officials, but only for the purpose of administering their tax systems; the Joint Committee on Internal Revenue Taxation; and the President, but only after certifying publicly in writing that he needs to inspect an individual return in the performance of his official duties. By this limitation, we will be enforcing the individual's right of privacy.

An excellent column on the problem of the invasion of privacy appeared recently in the Chicago Tribune, March 1, 1975. Bill Anderson in "News IRS Snooping in Bank Records" explains the real need for this type of legislation. I would like to enter this column in the RECORD:

NEW IRS SNOOPING IN BANK RECORDS

(By Bill Anderson)

WASHINGTON.—The second most popular sport and profession in Washington is snooping.

Almost everybody does it. Reporters and Russians. The Pentagon spies on the White House, and the Central Intelligence Agency opens foreign mail.

Now the Supreme Court has made it easier for the Internal Revenue Service to snoop. A ruling last week could allow the IRS to approach any bank in the country and demand, "Give us all the records."

Experts say what the court has done is allow the IRS to fish without bait. Even the most innocent taxpayer can be dragged downtown to explain savings accounts and checks for more than $100.

The nation's bankers call the action "a grave cause for concern." Dissenters on the court say it is a "sharp and dangerous detour." The IRS, as usual, says nothing.

Sen. Lowell Weicker (R., Conn.) says the decision cannot be allowed to stand. He introduced legislation this week "to halt government snooping thru bank records without notification."

Evils in the IRS had been charged by Weicker even before the agency got the new blank check. For example, when publication of the Pentagon Papers was considered a sin by the Nixon administration, the IRS leaned very heavily on the Unitarian Church.

Without telling the church, the IRS went to the New England Merchants Bank in Boston and asked for 16,000 of its financial records. The IRS even wanted to know who contributed to the church.

The real target, however, was Beacon Press, which happened to be church-owned. Beacon Press had published the Pentagon Papers—not the stolen papers, but the account from the public Senate record.

In the church case, Unitarian officials were tipped off by the bank. They went to court and threw the IRS out into the street.

The relatively tiny Commercial Bank of Middlesboro, Ky., has not been so lucky. What happened there began when the bank sent $40,000 in mutilated $100 bills to the Federal Reserve Board for credit.

There's nothing unusual in this action, because all 14,000 banks do it. Money not only inflates, but it wears out.

The Fed, however, like many other government agencies, suffers from paranoia. Just this week Fed Chairman Arthur F. Burns got the Federal Bureau of Investigation to snoop around to find out who "leaked" a news story to Consumer Reports magazine.

The Fed also tipped off the IRS about the crushed money. And, even tho it had no specific suspect for tax cheating, the IRS demanded that the Kentucky bank turn over (in effect) "all the records."

Bank officials balked in court action because of a steady erosion of consumer privacy. In days gone by, banks could notify depositors if the IRS wanted to look at individual records. The IRS had to be specific, and the individual could fight back.

The so-called Bank Secrecy Act of 1972 opened the door for the IRS. Now banks are required to keep copies of checks in excess of $100 for seven years. All interest and dividends must be reported directly to the IRS.

"We do not want a government that sneaks around doing business in the dark," says Weicker. The American Banking Association agrees that the 7–2 court opinion is a further "invasion of privacy."

Postscript: Weicker's bill passed last year, but got shot down in the privacy of the House-Senate conference committee.

The most popular sport and profession in Washington is politics. Washington is not a typical American city.

THE HONEST AMERICANS

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. JONES of Oklahoma. Mr. Speaker, too often, the headlines in our newspapers and the stories that are reported in the media reflect only the crime and violence in our society, and neglect the kindness and compassion which is our strength. I know that this has often been the case in reporting of life in the neighborhood of Capitol Hill.

My family and I live on Capitol Hill. Last night, as we were taking a walk, we stopped by a local restaurant where my billfold slipped out of my pocket. I know that all of my colleagues will appreciate how I felt at the loss of not only what money I carried, but my credit cards and identification as well.

I lost my billfold early in the evening. We returned home. At 10:30, Mr. Ed Fogle knocked on our door, and returned my billfold with everything intact.

This morning, I received a call from Mr. Joseph Longest. It was Mr. Longest who had found my billfold in the restaurant, and he was calling to make sure that everything had been safely returned.

I want to take this opportunity to share with my colleagues an incident which reaffirms my confidence in the basic honesty of Americans.

HUMAN RIGHTS AND PEACE

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FISHER. Mr. Speaker, Mr. William T. Griffin, a resident of Falls Church, Va., has been chosen a winner in the United Nations Association of the United States of American oratorical contest. The purpose of this annnual contest is to encourage interest in international affairs and in the workings of the United Nations among high school students.

William is a member of the class of 1975, Denis J. O'Donnell High School, Arlington, Va. I am happy to bring to the attention of my colleagues the text of his excellent speech "Human Rights and Peace":

HUMAN RIGHTS AND PEACE

"We know that the question of peace and the question of human rights are closely related. Without recognition of human rights we shall never have peace, and it is only within the framework of peace that human rights can be fully developed."

These words of Dag Hammarskjold, dealing with the realtionship between human rights and peace, clearly emphasize the fact that one is very much dependent on the other. The exact relationship between human rights and peace as viewed by various countries may differ, but no country has denied the fact that if the basic rights of all humans are not recognized, then true peace can never be achieved.

In his history-making speech to the United Nations on October 4, 1965, Pope Paul stated, "Peace, as you know, is not built by means of politics, by the balance of forces and of interests. It is constructed with the mind, with ideas, with works of peace." The implication that Paul made concerning the methods of achieving peace went against the common belief demonstrated so often by men of all nations in the past that peace can be achieved only through force.

A question that people often ask concerning the absence of true peace in the world today is, "What can I, only one of the billions of people in the world today, do to promote world peace?" It's easy for us to say, "Let Henry Kissinger or Pope Paul worry about the condition of the world, I can't do anything about it anyway." This attitude, however, fails to take into consideration the fact that the rights that we have also carry with them responsibilities. As responsible citizens, we must realize that nothing is going to change unless we each do our part, whether on a community, state, country, or world-wide level. Although most of us can't do much for the human rights struggles in other parts of the world, we can promote peace in our own community through an awareness and respect of the rights of those around us.

The 1948 Declaration of Human Rights contained not only the traditional rights as recognized in many governments during the 18th, 19th, and 20th centuries, but also many economic, social, and cultural rights, such as the right to life, freedom from slavery, freedom from arbitrary arrest or exile, the right to a nationality, the right to marry and found a family, freedom of thought, conscience, and religion, freedom of opinion and expression, freedom of association, the right to take part in government, the right to education, the right to self-determination, freedom from hunger, and the right to health.

The United Nations Commission on Human Rights has proved in the past to be virtually powerless in defending the rights of the individual. The commission and other U.N. bodies have formally condemned the various violations of human rights throughout the world, but their power to act against these violations has been almost nonexistent. This inability to enforce their 1948 Declaration of Human Rights has greatly minimized the effect of the declaration, and if the U.N. is not able to exert more influence with respect to the violators of this document, then its purpose will never be achieved and its contribution to mankind will never be experienced.

It is apparent that the solution to ending all wars and bringing about a lasting peace lies not in one particular religion, nor can it be found in one specific form of government. It is only through a recognition of the rights of his fellow man, as stated in the Declaration of Human Rights of 1948, that man will ever be able to establish worldwide peace, justice and brotherhood for all men.

DR. JOSEPH A. BUDA, "CITIZEN OF THE YEAR"

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. HELSTOSKI. Mr. Speaker, on April 12, the Fort Lee, N.J., Chapter of Unico National, will honor Dr. Joseph A. Buda, of Englewood, as its 1975 "Citizen of the Year," and I would like to take a few minutes to extend my best wishes to Dr. Buda on this occasion.

Dr. Buda is director of surgery at Presbyterian Hospital in New York and is one of the most widely respected medical professionals in the country. Through his ability and dedication to helping other people, he has made countless friends throughout his community and the Nation.

The selection of Dr. Buda as "Citizen of the Year" is a fitting tribute to a man who throughout his life has exemplified neighborliness, integrity, and charity, three of the principles to which Unico National is dedicated.

Mr. Speaker, I know that my colleagues from New Jersey and New York join me in congratulating Dr. Buda on this occasion and in extending him best wishes for continued success.

THE NEED FOR FAIRNESS IN STATE SOCIAL SERVICES

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. CONYERS. Mr. Speaker, a serious problem that exists in Michigan has recently been brought to my attention by Detroit City Councilwoman Maryann Mahaffey. I am sure that the problem must exist in other States as well and illustrates the need for improved Federal legislation with regard to how the States administer social service and related programs within their borders. Specifically, the problem is one of discriminatory and inequitable practices on the part of State officials in the distribution of Federal appropriations for social service programs.

Wayne County, which includes Detroit, has 45 percent of the State's social service case load, yet it receives far less than 45 percent of the State's social service budget. This results in a federally sanctioned discrimination by the Michigan Department of Social Services against the residents of Wayne County. Since 80 percent of the total population of the country, including 75 percent of its elderly, live in Detroit, the adverse effects on the city of Detroit, which is already a depressed area, are obvious and deplorable.

Under current Federal laws, including both the Food Stamp Act and the Social Security Act, the individual States are left free to distribute the moneys which they receive in matching grants from the Federal Government in any way they see fit, so long as they include all the political subdivisions within their jurisdiction. Legally, therefore, the State Department of Social Services can distribute its resources in any discriminatory fashion it chooses so long as it gives Wayne County some amount, however small. Surely the Federal Government, which pays 50 percent of the administrative costs of the food stamp program and 75 percent of the administrative costs of the social service programs, did not intend for these services to be denied to those people who need them most while going in greater proportion to those whose need is less.

The denial of necessary services, equipment, personnel, and funds to those in legitimate need strikes me as fundamentally contrary to the equal protection guarantees of the Constitution. By committing or condoning such practices, the State directly and the Federal Government indirectly adds insult to injury by perpetuating the discrimination and the injustices that have already been heaped upon the least fortunate members of our society.

The city of Detroit must now use portions of its overtaxed budget to conduct the applicant screening processes for local service programs; if the State were to assume these functions, it would get 50 percent of its money back from the Federal Government. At the same time, rather than allocate its resources more equitably, the State has simply hired 700 investigators whose sole function is to reduce overpayments and get more people off the rolls. Yet the State General Accounting Office admits that most of what is presumed to be "fraud" is simply "agency error."

I am working on legislation which will ameliorate these untenable practices in the administration of State social service programs by requiring the States to distribute the revenue and resources in matched-funding programs in proportion to the demonstrable needs of the localities within each State. Too many people are now being adversely affected for us not to resolve this deprivation of much needed social services at once.

The material follows:

STATEMENT BY COUNCILWOMAN MARYANN MAHAFFEY

"The Michigan Department of Social Services is discriminating against Wayne County citizens, including the newly unemployed, by giving proportionally fewer services through the Wayne County Department of Social Services, than in other parts of the state," Councilwoman Maryann Mahaffey charged today.

Wayne County has 45% of the State's social service case load, according to Ms. Mahaffey, but the State is allocating far less than 45% of the state-wide Social Service budget. The Michigan Department of Social Services is discriminating against Wayne County in several ways, Ms. Mahaffey claimed, including failure to provide sufficient clerical and other personnel, shortchanging of equipment, and inadequate supervisory and administrative controls.

"This area is not only the hardest hit by unemployment, it is the most neglected by the State itself," Ms. Mahaffey declared. "Michigan has a responsibility equally to each and every citizen, and deprivation of vital social services from any segment of the population, whatever the reasons, is immoral, improper and illegal."

Examples of the State's discrimination were itemized by Ms. Mahaffey:

1. Wayne County had only 1/9 of the state computer terminal time; just recently it was increased to 40%.

2. Only 20% of the service clerks are in Wayne County and 33% of the service workers. The ratio of clerks to professional staff is recommended in the State Plan to be 1 to 3. In some districts in Wayne County the ratio is one clerk to twenty-five workers. This increases the error rate.

3. There is one supervisor for 12 workers, and therefore approximately three seconds of supervisory attention available per case week. Meaningful quality control is impossible and the error rate claims. Legislature set ratio at 1–10; Wayne County in some places has 1–13 or –14; and it is estimated to be 1–6 out-state.

4. Only about 25% of the state Department of Social Services file cabinets are in Wayne County, so case files are on the floors, chairs, desks and in the basement of Department offices. Thus cases are "lost" and duplication takes place, persons who are ineligible are kept on the roles *as well as* persons who are eligible not receiving the services.

5. Positions stay vacant for as long as 6 weeks and can be filled only with the approval of the State Director's office. Therefore those cases just sit, and the error increases. Currently there are 1500 new intakes in the Wayne County Food Stamp office each week.

6. The Wayne County Department is now using some administrators and supervisors to do intake, so the supervisory time and quality control they usually do is decreased.

"These examples of shortchanging on service and personnel and equipment demonstrate that Wayne County is getting far less than its fair share," Ms. Mahaffey said. "The Social Service system must be geared to human needs and not left to the bureaucracy. The present inequities and inadequacies demand immediate and full investigation."

Ms. Mahaffey revealed that the evidence of prejudice in the allocation of social service resources has been brought to the attention of the governor, state officials and Detroit legislators. "I have also requested the House and Senate to launch extensive inquiries into this situation and to bring the full facts and figures before the people," she stated. "I hope corrective steps will be taken to provide urgently needed service to Wayne County residents even before such investigations are started. Unless the principle of equality is maintained with every aspect of every State service, the rights of every citizen are in jeopardy."

LICENSE RENEWAL LEGISLATION

HON. LOUIS FREY, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FREY. Mr. Speaker, despite the efforts of many Members of Congress, the broadcast license renewal problem has not yet been solved.

You will recall that the House spent months in the 93d Congress, under the most able leadership of our Communications Subcommittee Chairman TORBERT MACDONALD, developing a license renewal bill. Our committee efforts were overwhelmingly endorsed by the whole House, and the Senate also passed a license renewal bill, though it differed in some significant provisions with our legislation. Unfortunately, disputes among supporters of these bills and conferees made it impossible to hold a successful conference in the busy closing days of the session.

Our mandate to resolve this issue is still pressing. Inconsistent actions of the courts, the FCC, and others over the past few years have confused the standards by which broadcasters are judged at renewal time. And, the public still needs a license renewal process which provides: First, the stability broadcasters need to plan and invest in quality programing; second, the incentives to excel; and third, the freedom from the unneeded bureaucratic paperwork burdens now imposed by the Government on licensees.

I am introducing a license renewal bill today which can help us attain such objectives. This legislation lifts the Government paperwork burden from especially the smaller broadcaster, authorizes the FCC to institute "short form" renewal procedures for appropriate licensees, and clarifies the criterion used to judge the broadcaster at renewal time. In addition, my bill gives the FCC authority to extend the license term from 3 years to 5 years, if the Commission determines it is in the public interest to do so. The Commission also retains the authority to set different license term lengths—up to 5 years—and varying ascertainment procedures for radio and television and for different types of broadcasters. Finally, this legislation allows appeals from FCC decisions or orders to be brought in the U.S. court of appeals in the circuit where the broadcast station is located instead of only in the District of Columbia U.S. Court of Appeals.

Such legislation can significantly improve our broadcast license renewal process, and can stimulate the vitally needed debate on this issue. I urge you all to give this bill and the problem it addresses your most careful attention.

REMARKS OF REPRESENTATIVE JOHN KREBS DURING INTRODUCTION OF LEGISLATION

HON. JOHN KREBS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. KREBS. Mr. Speaker, today it is my pleasure to reintroduce a bill designed to correct a long-standing inequity in our Nation's social security system.

The reintroduction of my bill today, which I first introduced on March 13, 1975, is to allow 13 additional distinguished colleagues to join me, bringing the total of cosponsors to more than 60, in this effort to correct a tragic injustice.

There is more than enough trauma among family members following the death of a relative, Mr. Speaker, without having the Federal Government adding to it, as is the case now.

It recently was brought to my attention by a constituent in Exeter, Calif., which is a small town within the 17th Congressional District of which I was elected to represent, that social security benefits must be returned for the month a recipient dies, no matter the date.

This is an inequity that we have allowed to go unchecked far too long, and today I propose, along with more than 60 of my colleagues, that the Congress of the United States take corrective steps in this problem which affects far more than just my constituent in Exter, Calif. In fact, Mr. Speaker, that same situation could, or has touched each of us at one time or another.

As the Social Security Act now provides, Mr. Speaker, even if a person lives until the last day of the month, relatives must return the deceased recipient's benefit check to the Federal Government. In addition to the Federal Government adding to the bereaved family's trauma, the return of the check often places the relatives in dire financial straits.

It seems far more equitable to me, Mr. Speaker, for the benefit to be paid for that part of the month the recipient was living, in other words, prorate the benefit during the month of death.

After all, Mr. Speaker, we all agree, I am sure, that social security is something our citizens earned during their working years and is a citizenship right which is supposed to be paid for the rest of a person's life.

The legislation I am proposing today will correct this grave problem.

Mr. Speaker, I urge prompt enactment of my bill to allow prorated benefits to social security recipients during the month of death in order to ease the burden under which families are now being placed by an inequitable regulation.

The bill follows:

H.R. 5520

A bill to amend title II of the Social Security Act to provide that a beneficiary shall (if otherwise qualified) be entitled to a prorated benefit for the month in which he (or the insured individual) dies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Prorated Benefit for Month of Death

"(x)(1)(A) Notwithstanding any provisions of subsection (a), (b), (c), (d), (e), (f), (g), or (h) of this section, subsection (a) of section 223, or subsection (a) of section 228 which (but for this paragraph) would terminate an individual's entitlement to benefits with the month preceding the month in which he (or the person on the basis of whose wages and self-employment income such benefits are payable) dies, any individual who is entitled to a monthly benefit under any such such subsection for the month preceding the month in which he (or such person) dies shall (unless another event terminating his entitlement occurs after such preceding month and before such death) be entitled for the month in which he (or such person) dies to a benefit in an amount determined under subparagraph (B).

"(B) The monthly benefit to which an individual is entitled by reason of subparagraph (A) for the month in which he (or the person on the basis of whose wages and self-employment income such benefit is payable) dies shall be in an amount which bears the same ratio to the benefit to which he would have been entitled for such month if he (or such person) had died in the following month as the number of days in such month through the date of such death bears to the total number of days in such month.

"(2) Notwithstanding any provision of subsection (e), (f), (g), or (h) of this section, the monthly benefits to which an individual may be entitled under any such subsection for the month in which the person on the basis of whose wages and self-employment income such benefit is payable dies shall be in an amount which bears the same ratio to the benefit to which such individual would have been entitled for such month if such person had died in the preceding month as the number of days in such month after the date of such person's death bears to the total number of days in such month. This paragraph shall not apply to any individual with respect to any month if the person on the basis of whose wages and self-employment income such individual's benefits are payable is not entitled to a benefit for such month under paragraph (1)."

Sec. 2. Section 202(d)(2) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding provisions of this paragraph, such child's insurance benefit for the month in which such individual dies shall be equal to the sum of (A) one-half of the primary insurance amount of such individual for such month multiplied by a fraction having for its numerator the number of days in such month through the date of such individual's death and for its denominator the total number of days in such month, and (B) three-fourths of the primary insurance amount of such individual multiplied by a fraction having for its numerator the number of days in such month after the date of such individual's death and for its denominator the total number of days in such month (except that if such individual is not entitled to a benefit for such month by reason of subsection (x) the preceding sentence shall apply as though such individual had died prior to such month)."

Sec. 3. The amendments made by this Act shall apply only in the case of deaths occurring after the month in which this Act is enacted.

Sec. 2. Section 202(d)(2) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding provisions of this paragraph, such child's insurance benefit for the month in which such individual dies shall be equal to the sum of (A) one-half of the primary insurance amount of such individual for such month multiplied by a fraction having for its numerator the number of days in such month through the date of such individual's death and for its denominator the total number of days in such month, and (B) three-fourths of the primary insurance amount of such individual multiplied by a fraction having for its numerator the number of days in such month after the date of such individual's death and for its denominator the total number of days in such month (except that if such individual is not entitled to a benefit for such month by reason of subsection (x) the preceding sentence shall apply as though such individual had died prior to such month)."

Sec. 3. The amendments made by this Act shall apply only in the case of deaths occurring after the month in which this Act is enacted.

NATIONAL AGRICULTURE DAY

HON. GENE TAYLOR

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. TAYLOR of Missouri. Mr. Speaker, I would like to take just a moment to reflect on the first day of this week, March 24, which has been designated as National Agriculture Day. A day that honors our men and women of the soil, who have given themselves over to the task of providing the food and fiber for our citizens as well as the hungry and needy of the world.

Mr. Speaker, no other nation in the world can match the efficiency of our farmers nor the abundance they produce. Neither is there a nation on the face of the Earth that is able to feed its population such good and nutritious food at such a low percentage of their income.

The production of food has always been one of the great strengths of this Nation for without it we would become the servants of the world instead of its leader.

Food is the primary commodity of life. Until this basic need is met, man can worry about little else. He can have no time to improve his life, educate his children, or work toward better health and the everyday comforts taken for granted in this country.

We can live without cars or resist buying a new television, but there is no way to tighten our budgets to overcome the need for food.

Let us face it, agriculture, the growing, harvesting, marketing, and processing of food, is our most essential industry.

Mr. Speaker, too often the American consumers try to blame our farmers for the cost of their food. The fact is that about two-thirds of the grocery bill goes to pay for the cost of marketing.

Instead of condemning our farmers we should thank them for staying on the land through drought, hail, wind, and flood in order to keep America the best fed and best clothed Nation in the world.

MODEL U.N. CONFERENCE AT CHICAGO STATE UNIVERSITY

HON. RALPH H. METCALFE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. METCALFE. Mr. Speaker, on April 4, Chicago-area high school and community college students will participate in the second annual Chicago Model United Nations Conference. The conference will be held at Chicago State University, which is located in the First Congressional District of Illinois. With the growing complexity of international relations, it is important that our young people are made aware of how foreign policy is made and implemented. Chicago State University is to be highly commended for perceiving and acting upon this important educational need. The benefits to the students participating in the Model United Nations Conference are immeasurable. Dr. Robert J. Kovarik, coordinator of the conference and a professor of history at Chicago State University, has stated that—

> Having been for the past decade involved in such Model UN activities at Chicago State, I have seen the impact upon the individual students. The results have been the development of basic abilities for organization, debate, and leadership; growth from narrow provincialism in attitudes and tastes towards becoming more cosmopolitan and sophisticated; and discovery of new professional opportunities: Business, Law, Broadcasting, Government, and graduate study in International Relations.

As is evident from Dr. Kovarik's statement, the Model United Nations Conference will be an invaluable educational experience for the participants.

The high schools which will be participating in the conference are: Academy of Our Lady, Argo Community, Austin, Calumet, Fenger, Foreman, Gage Park, Harvard-St. George, Hirsch, Ida Crown Jewish Academy, Kelly, Lindblom Technical, Morgan Park, Morton West, Parker, Rich Township, St. Rita, and Tinley Park. The participating community colleges are Kennedy-King College and Moraine Valley Community College. The theme of the conference will be "International Terrorism and Global Hunger." These are two topics of immediate importance, and I am sure that the participants will have some interesting solutions.

THE FARMER PLEADS HIS OWN CASE

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ALEXANDER. Mr. Speaker, in the 6 years I have been in Congress, I have often taken the floor to make speeches and pleas in behalf of the small farmer upon whose economic survival I believe the future of this Nation depends.

However, this time I am going to let the small farmer speak for himself. Reprinted below is a copy of a letter I received from Mr. Bovay Allen, of Strawberry, Ark. Thirty of his friends and neighbors joined in cosigning the letter. I ask you to read it and think about it as we continue to discuss agriculture, energy, and economic legislation:

March 10, 1975.

Dear Sir: I am a farmer, and I am very much concerned about the way farm prices are going. My two boys and I farm about 700 acres in Black River bottoms. We filed our income tax last week and found that our farm expenses for 1974 were more than doubled over 1973, and there is no way a farmer can grow soybeans for $5.00 per bushel and survive with expenses like they are now, such as (repair and maintenance, fuel, fertilizer, and seed, not counting groceries and clothes).

I have got to where it burns me up to hear the news on TV. It seems that all that is going on in Washington is the Republicans and Democrats fighting each other to see which can get the best program to get oil prices higher (which is already cutting our throats, on low and middle income people) or forming a committee to investigate somebody. If anything is ever said about the farmer it is only Earl Butts trying to get the price of farm commodities lowered, or some town dude yelling about the farmer getting rich when he has already let some labor union price him out of a job.

Why can't the leaders of our country see that a depression cannot be avoided when the farmer goes broke? What are people going to do when the supply of cattle that is on hand now is gone? (Which won't be long if something isn't done about cattle prices soon.) The cattle grower is going in the hole everyday. Why is meat at the grocery almost as high as it was a few months ago when a cow would sell for twice as much as it will now? Why does a tractor that sold for $12,000.00 three years ago sell for $18,000.00 now? Why does a disc that sold for $3,000.00 three years ago sell for $5,500.00 now? Why does a car or pickup cost at least a $1,000.00 more now than it did eighteen months ago? We could go on and on about such things because we all know the producer is having to sell his products cheap and pay too much for what he buys.

If we have enough farm products that they have to sell so cheap, why does President Ford and Earl Butts want to increase production? Soybeans would have to sell for at least $7.00 per bushel now to be worth as much to the farmer as they were when we sold them for $3.00 per bushel. High labor, costly transportation, and the middle man are the causes of inflation (not high farm prices), and higher fuel sure isn't going to help any.

Getting back to the oil situation, it is my belief that anyone who wants to raise the price of fuel to reduce consumption is taking from the poor and giving to the rich. I know people that have to drive thirty miles to work, and their wages are cheap compared with big city labor. If gas goes 10¢ to 25¢ more per gallon I am sure some of them would have to quit their jobs. I know that the oil companies are supposed to be putting most of their profits into research, but don't we all know they are getting rich first? If half the gas that is wasted by young people, boat pullers, campers, and people that have enough money to just ride around in big cars was stopped, we would have a surplus instead of a shortage of fuel.

Consider the population now and what it was in 1930 and think about what would happen during a depression, and we will be in a depression (not a recession) if something isn't done quickly. I could write a book on this, but I am afraid a depression will have us swallowed up before you would have time to read it.

I am going to have some of my neighbors read this letter and sign it. We do hope you will read it personally and consider just what kind of shape our country is in and try to get something done about it.

I believe that some of the older congressmen and senators have been in office so long and have enough money to do them the rest of their lives, are very little concerned about the people of our country, judging this by the way they talk on TV.

Sincerely,

Bovay Allen.

JONES URGES EXPANDED ROLE FOR BARTLESVILLE ENERGY RESEARCH CENTER

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. JONES of Oklahoma. Mr. Speaker, those of us in the House who are privileged to serve congressional districts located in our Southwestern States have long been aware of the vital energy research role carried on by the U.S. Bureau of Mines' Bartlesville, Okla., Center.

A recent progress report on the center's activities in field demonstrations and grants to universities for supporting research indicates that as our Government moves into a reorganization of our energy research effort, the Bartlesville Center is emminently qualified to accept a larger and expanded role in our Nation's quest for energy self-sufficiency.

Basic research into enhancement of oil and gas recovery methods is a primary goal of the new Energy Research and Development Administration. It is in this highly specialized and technical area of research that the Bartlesville Center has so long excelled. The center today stands ready to take the lead in our efforts to improve all phases of recovery methods.

Our Oklahoma congressional delegation has urged both Interior Secretary Morton and the new Administrator of ERDA, Dr. Robert Seamans, to allocate maximum responsibilities to this proven and highly competent research facility. We believe under the leadership of its Director, John Ball, the Bartlesville Energy Research Center can make a valuable and lasting contribution to our improved energy research efforts. I congratulate John Ball and his staff on the outstanding job they have performed to date, and I feel confident we can be assured of their continued dedication and tireless efforts to improve our Nation's use and conservation of its fossil fuel resources.

RABBI MENACHEM M. SCHNEERSON: ADDRESS ON THE 25TH ANNIVERSARY OF HIS LEADERSHIP

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. WAXMAN. Mr. Speaker, on January 22, 1975, the revered spiritual leader, Rabbi Menachem M. Schneerson, the Lubavitcher Rebbe, celebrated his 25th anniversary as leader of the worldwide Chabad-Lubavitch Movement. The date also marked the 25th anniversary of the passing of Rabbi Schneerson's saintly father-in-law, Rabbi Joseph I. Schneerson, the previous Lubavitcher Rebbe. This important occasion was marked by a large Hassidic gathering at the Lubavitcher Movement's headquarters in Brooklyn, N.Y. The gathering was broadcast live to followers of the Rebbe in such diverse places as Los Angeles, Paris, London, Melbourne, and Kfar Chabad in Israel.

One of Rabbi Schneerson's discourses on January 22 focused on the historical role of America as a haven for those suffering religious persecution. The Rebbe's remarks also dealt profoundly with the impact of spiritual values on our national life since Colonial times.

I wish to insert the English translation of this discourse in the Record, so that my colleagues and others will have the opportunity to read this message:

In Appreciation

(Excerpts from address of the Lubavitcher Rebbe, Rabbi Menachem M. Schneerson, on the occasion of the 20th anniversary of his leadership, January 22, 1975)

The Torah teaches us: "Seek the peace of the city whither I have caused you to be carried away, and pray unto God for it; for in the peace thereof shall you have peace." (Jer. 29:7).

We are also mindful of the Talmudic teaching that it is proper to speak in praise of the hospitality one enjoys. (Ber. 63b).

In light of the above, it is only right that we should gratefully recall on this solemn and festive occasion of the 25th anniversary (Yahrzeit) of my saintly predecessor, my father-in-law of blessed memory, the role which this country, the United States of America, and its great leaders, played in saving his life, not once but twice, under the most crucial and dire circumstances. As we know full well, the resolute intervention in his behalf by leading Americans and other world figures, played a decisive role in obtaining his liberty after his arrest in 1927, under a ruthless regime which was determined to put an end to his religious activities.

Again, thirteen years later, it was largely through American diplomatic intervention that my saintly father-in-law was saved from the holocaust. Moreover, every courtesy and facility was extended to him and his family, and his entourage, to transfer the headquarters of the Chabad-Lubavitch movement to these shores. Here, in this blessed country of religious freedom, the movement has flourished with renewed vitality, with unprecedented national and global scope.

Truly, those great Americans were the emissaries of G-d to save not only his life alone; for it meant also a new lease on the expansion of the movement he headed. Indeed, this was his greatest cause for rejoicing, as he points out in his encyclic letter of the 12th of Tammuz, the anniversary of his liberation (coinciding with his birthday). He went even further to say that the event was relevant not only to his followers, but to every Jew, even one who had nothing more than his Jewish name; certainly to those for whom Judaism, Torah and Mitzvoth are the very essence of life.

Recalling all this with sincere gratitude, we are confident that the said American tradition of active concern for religious freedom, and for those who are oppressed on racial or other grounds, will be zealously continued. Certainly those Americans who have been elected to public office, from the highest down, will surely consider it their privilege and duty to show what America and Americans stand for. To be sure, such action is not always universally popular; there may even be obstacles to overcome—but do not all deeds of virtue and duty require effort, as it is written, "Man unto toil is born" (Job 5:7). Certain it is that, inasmuch as these are responsibilities which Divine Providence places upon persons in positions of public office and trust, G-d provides them also with the necessary capacities to carry them out. All that is required is personal determination and courage and the proper approach, to make such a stand effective and productive of desired results.

* * * * *

A special word of thanks is due to the State and to the City of New York, to His Honor the Mayor, and to all City officials and administrators. For it was here, in this great Metropolis, that my saintly father-in-law landed and was officially welcomed, first as a distinguished visitor (1929–30) and, ten years later, as a refugee and resident.

In the hospitable and conducive atmosphere of this warmhearted City, he set up his headquarters in 1940, after the holocaust, and it soon became the hub from which the movement's far-reaching activities radiated throughout the United States and abroad.

We appreciate the kind tribute paid to our movement on this occasion, and in all humility trust that it was well earned. For, while our movement is engaged in a variety of activities to bring the light of the Torah, and the experience of the Mitzvoth to every Jew it can reach, and has no proselytizing activity among non-Jews, it directly and indirectly promotes the ideals of morality and equity among men of all creeds. Our adherents and followers are particularly conscious of the obligation of all Jews, as Maimonides rules, to promote the so-called Seven Commandments, with all their ramifications, incumbent upon all mankind, which are indispensable to any human society, if it is to be governed by the principles of true morality and justice, law and order.

Since the sign of life is in growth, it is to be hoped that the City's, State's and Federal Government's aid and cooperation will likewise grow, for the benefit of many and the gratifying results and accomplishments of the past should only stimulate a greater ambition to accomplish even more.

OF THE SPIRITUAL AND MORAL CRISIS

A great deal is heard lately of the energy crisis, economic crisis, etc., and of ways and means to cope with them; bu not enough about the spiritual and moral crisis.

American history tells us that this nation was founded on the inalienable rights of men. First and foremost among these rights is the right of religious freedom. As everybody knows, the Pilgrims came to America to be able to practice here their religion, free from persecution. The majority of the early settlers were religious refugees, who firmly believed in G-d and in His word, the Bible. They were determined to foster this belief and to protect their right to bring up their children in the belief in G-d. Parenthetically it may be added that all newborn nations and states, barring none, would do well to emulate the principles upon which the American nation was established.

The belief in G-d which brought the early Americans to these shores was not an abstract belief in a Supreme Being Whose Presence is confined to the Seventh Heaven. It was a belief that permeated every aspect of their everyday life, particularly the education of their children. It was this uncompromising belief that prompted and guided the Founding Fathers to formulate the Bill of Rights.

Times have changed, but the Truth never changes. Yet, through circumstances which need not be delved into here, the spirit and letter of the Constitution on religious freedom has come to mean to some—freedom *from* religion. We are witness to a sad phenomenon: Some well-meaning Americans, even some organizations, use the very same Bill of Rights in a way that is weakening and undermining the belief in G-d in American life. It has prevented financial aid, Federal, State, and local, to any educational institutions where children are taught to believe in G-d. Even the mere mention of a Supreme Being in a brief non-denominational prayer, to start the day off, has been proscribed.

There can be no doubt that the intent of the Founding Fathers was to preserve religious freedom, not to deny it; to preserve religious equality, not to wean the nation away from G-d, G-d forbid. Juvenile delinquency and crime have become so rampant as to pose a serious threat to society. Clearly, a child that is brought up without fear of G-d in his heart, will have no fear or respect for a police officer. There is no substitute for restraining the child unless he, or she, is brought up, from infancy and throughout the formative years, in the belief in the Supreme Being, Whose Providence extends to each and everyone individually, at all times, and in all places. Or, as the great Teacher and "Guide of the Perplexed" Maimonides expressed it: "The foundation of all foundations, and the pillar of all sciences, is to know that there is a Supreme Being, the Creator of all things that exist. . . ."

And taking a clue from the Divine "Constitution," the Ten Commandments, we have already had occasion to point out that the fulfillment of the commandments "Thou shalt not murder," "Thou shalt not steal," etc., can be assured and can withstand any temptation only if they are preceded by the knowledge that "I am the L-rd, thy G-d, Who brought thee out of the land of Egypt, from the house of bondage." The Pilgrims knew this when they fled from their "Egypt," and they wished to ensure for themselves and posterity the newly found freedom. We have also seen what happens to a society that has no fear of G-d, we have seen the Holocaust.

At the time when the Constitution was written, there was no need to worry about the preservation of the Belief in G-d. The need that was imperative then was to preclude the establishment of a state religion, or give priority to any religious denomination over another. Nowadays, however, the nation is faced with social disorders largely due to a lack of belief in G-d. Should not the Constitution be amended, or better still according to many be interpreted in a way to meet this national crisis?

The Constitution was enacted with provisions for amendments, and, in fact, was coupled from the start with a number of amendments, and many more were added in the course of time to meet national exigencies. There has not been a greater emergency than now.

Time is of essence, particularly in matters of education. Children grow up every day. They should not be subjected to substitutes of Faith in G-d, or to educational experimentations, sometimes more harmful than good.

Again, we look to the President and Congress to lead the nation, not only out of an energy crisis and economic recession, but "also" out of the spiritual and moral crisis, upon which ultimately depends the future of this great nation under G-d, whose slogan is "In G-d We Trust!"

THE VOICE OF AMERICA

Of the many lessons that come to mind on this auspicious occasion, one is particularly instructive and relevant.

It has already been mentioned earlier that the United States played a decisive role in the liberation of my saintly predecessor, whose life and work we honor tonight, and in his emigration from behind the Iron Curtain. It was America in action—quietly, persuasively, firmly and effectively. It did so because it felt it was its duty to do a humanitarian act, and in doing so it demonstrated that this was American policy. It also proved that the voice of America, the voice of America's conscience, is heeded around the world. Just as America helped my saintly father-in-law to come out from behind the Iron Curtain, so it can today and tomorrow help many Jews to emigrate from there. We are certain that through quiet, but firm diplomacy, without publicity, a greater number of Jews are likely to be helped to emigrate from there.

Most important is also to do everything possible to alleviate the religious needs of those Jews who still have to, or choose to, remain there. They are entitled to the free exercise of their religion and to other basic human rights, rights which know of no geographical boundaries.

I am certain that I'm expressing the thought of thousands upon thousands, Jews and gentiles, in saying that we firmly hope and expect that the President of the United States and the U.S. Congress will use their good offices, consistently and in the fullest measure, in this great humanitarian endeavor.

If there is a world's conscience, America must be the voice that echoes it. It is not the time at all to underestimate its influence in the world. And certainly, the isolation policy in our jet era is impossible.

OF PEACE IN THE HOLY LAND

As mentioned earlier, the founders of the American nation were imbued with belief in G-d and with the spirit of the holy Bible. It is, therefore, understandable that there should be a special affinity between the American people and the People of the Book, the Jewish people. America has traditionally shown its empathy with the Jewish people, particularly in times of stress, and at present proudly hosts the largest Jewish community in the world. And American Jews have contributed to the best of their possibilities to the independence and prosperity of the United States, as is well known.

The traditional American affinity for the Jewish people has found its most eloquent expression in the moral, economic and military aid which it has consistently extended to the people of Israel in the Holy Land.

To be sure, America, as the leading democracy in the world, has its vested interests in that part of the world, which inevitably coincide with a viable, secure, and strong democratic Israel in that strategic crossroad region. But basically it is America's moral integrity, stemming from its own experience as a nation under G-d, and the recognition of its commitment to world peace, that prompts its policy.

Moreover, as a nation born, reared and nourished with a deep sense of reverence for the Bible and for the inalienable rights of all men, it recognizes the inalienable right of the Jewish people to its homeland, the land which is acknowledged by all nations of the world as the Holy Land. This right has its roots in the everlasting covenant between G-d and our Father Abraham, as is repeatedly reaffirmed in the Holy Scriptures. To quote but several familiar passages: "For, all the land that thou seest—I will give unto thee and unto thy seed for ever" (Gen. 13:15); "On that day G-d made a covenant with Abram, saying: Unto thy seed have I given this land" (ibid. 15:18); "I shall give unto thee, and unto thy seed after thee, the land of thy sojourn, all the land of Canaan, for an everlasting inheritance" (ibid. 17:8), and more in this vein.

In light of the above, there is no need to convince the American government and people of this commitment vis-a-vis the Jewish people in general, and the Land of Israel in particular.

Nor is there any need to justify American aid to Israel in order to ensure its security. Just as America's own military superiority is designed as a deterrent to aggression by any foreign power that might have designs on the U.S.A., so is the strength of the land of Israel a necessary deterrent in the face of its enemies. For this reason the magnitude of aid provided till now is not enough. If non-belligerence is to be achieved in that region, the land of Israel must have sufficient aid to resolutely discourage any attempt on its security. This is the way to dispel effectively the illusion about a "military solution" and to achieve a negotiated and lasting peace.

The Jewish people is the People of the Book, not a people of the sword. Its destiny is linked with the Torah, which was given by G-d in order to bring peace to the world, for "its ways are ways of pleasantness, and all its paths are peace" (Gitt. 59b; Prov. 3:17).

We hope and pray for the day when the world will be free from the fear of war, and the vast resources that now go into wasteful military arsenals will be applied in peaceful and productive channels for the material and spiritual wellbeing of all mankind, in accordance with the prophecy of the Prophet Isaiah: "And they shall beat their swords into plowshares, and their spears into pruning-hooks; nation shall not lift up sword against nation, neither shall they learn war any more" (Isa. 2:4).

CONSIDER THESE POINTS DURING EASTER VACATION

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. SPENCE. Mr. Speaker, the 94th Congress is on the verge of taking a 10-day recess without having acted upon the administration's request for aid to South Vietnam and Cambodia.

Meanwhile, cities continue to fall, and we are told that the Communists are purposely and indiscriminately firing into crowds of fleeing refugees. The bloodbath, which many of my colleagues deny will ever occur, has begun.

Smith Hempstone pointed out in a recent column:

> The South Vietnamese government, which never had any illusions about Hanoi's good faith, signed the Paris Accords in exchange for an American commitment to provide the people of the South with the means to resist North Vietnamese aggression. Thus what is at stake here is not only the survival of the Thieu government but the worth of America's word.

Of course, those who make light of the bloodbath warnings also ridicule the idea that American honor and prestige would be adversely affected by our abandonment of Indochina allies. They cannot see how our treatment of South Vietnam and Cambodia could affect U.S. foreign relations in other parts of the world—notably the Mideast.

Yet, the New York Times news service reported just last week that Secretary of State Kissinger has found the Israelis "more cautious about accepting assurances from the United States" since Cambodia's fall has become imminent. The Times also reported that the President of Syria told Kissinger that he is not so worried about Israel now because Israel would lose American support in the next 4 years, just as Cambodia did.

Perhaps we should consider these points during our Easter vacation, Mr. Speaker.

BYELORUSSIA

SPEECH OF

HON. JAMES M. HANLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. HANLEY. Mr. Speaker, every year on March 25, the people of Byelorussia celebrate the anniversary of their proclamation of the independent Byelorussian Democratic Republic. This year marks the 57th year since that independence was proclaimed. That independence was to be shortlived because Byelorussia was soon incorporated into the Soviet Russian State. From that moment on the Soviet State has taken part in an effort to dismantle the cultural heritage of the Byelorussian people and to rewrite their history. A rewriting that denies the true historical accomplishments of the Byelorussian State: During the 16th century a golden age of democratic life and religious tolerance unseen in the rest of Europe, a statutory law system dating back to the 1500's, a literary history that begins with the first Byelorussian printing in 1517, the Byelorussian language being the culturally dominant language for all Eastern Europe during the Renaissance, and a tradition as a strong and dynamic people in the exchange of European culture and commerce.

The repression of Byelorussia continues today but the Byelorussian people have remained strong in their effort to maintan the cultural history, identity, and the spirit of independence. We issue every support for their effort. We can only look back on our own history with shame because of the cultural repression of the Native Americans. We can never fully rectify our past mistakes, but we can work to assure that other peoples in America and around the world do not suffer a similar fate. It is in this spirit, and in the spirit of freedom that I say that we must continue our support and use every avenue possible to aid the Byelorussian people in their struggle for independence.

BILL OF RIGHTS FOR NURSING HOME PATIENTS

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Ms. ABZUG. Mr. Speaker, I have become aware of an important and well-conceived bill of rights for nursing home patients which should be employed in all nursing home facilities. It has been published by the American Jewish Congress Committee on Poverty and Social Welfare, chaired by Albert C. Lasher. The bill of rights was prepared by Dr. Martin T. Hochbaum. For the benefit of my colleagues, I would like to present this document:

BILLS OF RIGHTS FOR NURSING HOME PATIENTS

I. CONTRACT

A. Upon admission to a nursing home, a contract shall be concluded between the patient or his representative and the institution.

B. This contract shall specify:

1. The services to which the patient is entitled during his stay;

2. The costs on a daily, weekly, monthly and annual basis, including those costs not covered by government programs;

3. The patient's right to receive an explanation of the cost of his bill regardless of the source of payment;

4. The regulations governing patient conduct and responsibilities;

5. The medical condition leading to the patient's placement in the nursing institution;

6. The conditions under which the patient may be transferred to another nursing institution;

7. The fact that the staff is governed by official rules, regulations and by-laws which establish professional standards;

8. The address and telephone number of the nearest Social Security office and the name of its administrator;

9. The names, addresses and telephone numbers, provided by the patient, of two persons to be called in an emergency.

C. A copy of the contract shall be given to the patient or to his surrogate.

D. The patient and any two persons he shall name shall be given a copy of the applicable federal, state and local laws and regulations regarding nursing home patients' rights.

II. LIMITATIONS IMPOSED BY PHYSICIANS

A. Any of the provisions contained in parts III and IV (A–H, J, M–P, R and S) of this bill of rights may be suspended if the patient and his physician conclude that such suspension is necessary for reasons of the patient's health.

B. The physician's approval of such suspension shall be in writing on the patient's chart and shall specify the reason that prompted it, unless the immediate situation makes this impractical. Where it is impractical to immediately secure written authorization, it shall be presented within twenty-four hours.

III. RIGHT OF ENTRY AND ACCESS TO PATIENTS

A. Public officials having jurisdiction or responsibility pertaining to nursing homes shall have the right to see patients and inform them of their rights.

B. Prospective patients, families, relatives and friends of prospective patients shall have access to facilities during normal operating hours, except where such access would intrude upon the privacy of others.

C. Families, relatives and friends of patients shall have access to patients except where such access would intrude upon the privacy of others.

D. Private nonprofit groups concerned with providing assistance to the residents of nursing homes shall have the right of access during normal operating hours to see patients and to inform them of their rights.

E. A nursing home patient's lawyer shall have access to his client at a time that is mutually convenient to the lawyer and the patient. Counsel and client shall be provided with a private facility in which to confer.

IV. RIGHT TO PRIVACY

A. The patient shall be entitled to associate and communicate with persons of his choice.

B. The patient shall be entitled to receive visitors during convenient time periods. He shall also be entitled to refuse to receive visitors.

C. The patient shall be allowed to make use of his own clothing.

D. The patient shall be encouraged to keep his personal documents and papers in his room, including personal items of decoration, sentiment, etc.

E. A locked door shall be available on a patient's room if so desired. The key to this door shall be available to each room resident, as well as to appropriate staff members.

F. Staff members shall be required to knock on closed doors to patient's rooms before entering them.

G. The patient shall receive his personal mail unopened.

H. The patient shall be entitled, and be given opportunity, to handle his personal business affairs.

I. The nursing home shall treat with confidence all aspects of the patient's personal and medical affairs.

J. The patient shall be entitled to share a room with his/her spouse, if both are residents in the same institution, and to meet in private with his/her spouse if one of them is a patient.

K. The nursing home shall provide for the safekeeping of the patient's valuables and possessions.

L. 1. The patient shall be entitled to establish an account for funds deposited with the nursing home. These funds shall not be commingled but shall be maintained in a separate patient's account. Disbursements may be made only with the written permission of the patient.

2. On a monthly basis the facility shall provide the patient with a statement of his account.

3. Upon the patient's transfer, discharge or death, the account shall be closed within 30 days. All remaining moneys shall be returned to the patient, his surrogate or his estate.

M. 1. The patient shall have the right to make and receive telephone calls in private and to have a private telephone in his room, at a reasonable charge, with the approval of his roommates.

2. The patient shall be permitted to call the service departments and nursing stations within the facility.

N. At his own expense, the patient may consume a reasonable amount of alcoholic beverages.

O. The patient shall be entitled to meet in private with government officials or inspectors.

P. The patient shall be entitled to see his medical records and shall be informed by his physician of his medical status.

Q. No patient shall be subjected to any experimental treatment without his informed consent.

R. The patient shall have the right to retire and rise in accordance with his personal wishes, provided that he does not disturb others or posted meal schedules.

S. In so far as is possible, the patient shall have the right to flexible meal and snack schedules.

V. PATIENT ADVOCACY

A. Where organizations of relatives and friends of nursing home patients or other civic organizations engaged in assisting patients are in operation, patients and their representatives shall be informed of their existence. Patients shall not be discriminated against because they or their friends or relatives are members of, or active in, such organizations.

VI. STAFF

A. Staff members shall be informed of the provisions of the "Bill of Rights for Nursing Home Patients."

B. Staff members shall treat all patients with respect and dignity. They shall address them by their proper names unless otherwise informed by the patient. References such as "Mom" and "Pop" shall not be used unless specifically encouraged by the patient.

C. 1. The acceptance of gratuities by staff members shall be prohibited. This includes tips provided by the patient, the patient's family and the patient's friends.

2. The acceptance by staff member of a gratuity, other than a "reasonable gift," shall be considered a violation of his employment agreement.

D. Staff members shall be informed of their obligation to provide all patients who have the same needs with the same service.

E. Patients shall have the right to bring complaints regarding staff members to the attention of the institution's administrator and to public officials.

F. 1. The patient shall have the right to a competent, adequate staff.

2. Patient-Staff ratios shall be established by the State Department of Health with the advice of interested public and private groups. Separate ratios shall be established for accredited social workers and nurses.

G. In-service training programs, conforming to standards established by the State Department of Health, shall be undertaken for all staff members.

H. The patient shall have the right to know by name those members of the staff who are treating him.

VII. THERAPY

A. Medications shall not be administered as an alternative to other therapy programs unless medically indicated.

B. Threats to withhold or administer medications shall not be used as an incentive to get patients to comply with staff orders.

C. The patient shall be entitled to designate a relative or friend who shall be informed on request of medications being administered to the patient.

D. Incontinent patients shall be changed as the need arises, and not at the convenience of the staff.

VIII. PATIENT TRANSFER AND DISCHARGE

A. Within seven days after a new patient arrives in a home, the home shall establish a written discharge plan for the patient if discharge can reasonably be anticipated. This plan shall emphasize the patient's attainment of the maximum physical, social, intellectual and vocational condition of which he is capable.

B. Any competent patient shall be able to discharge himself from the facility. Where an incompetent patient seeks to discharge himself, his relatives, surrogate or friends shall be notified before he is released.

C. The nursing home shall be required to specify the conditions under which a patient may be discharged without his consent. These conditions shall be subject to approval by the State Department of Health.

D. Patients shall be entitled to spend up to fifteen days a year on furlough with friends or relatives without losing either their nursing home beds or Medicare or Medicaid benefits.

E. Patients shall have the right to safe, rapid and appropriate transfer to a hospital or other health facility should their condition warrant it.

IX. PUBLICATIONS RECORDS

The State Health Department shall be required to publish on an annual basis:

A. An official report listing all nursing homes and the citations issued against them in the previous year. The nursing homes listed in this report shall be grouped according to counties.

B. The nursing homes listed in this report shall be placed in one of the three following categories, depending upon the nature of the violations uncovered:

1. Nursing homes that are in total compliance with existing standards;

2. Nursing homes that have violations of existing regulations that do not pose an imminent danger of physical or psychological harm to the residents of the institutions; and

3. Nursing homes that have violations that pose an imminent danger to the residents that could lead to serious physical or psychological harm, including death.

C. This report shall be distributed to the public and private agencies that refer patients to nursing institutions and shall be made available to the general public through local Social Security and social service centers and libraries.

D. Each nursing home shall be required to maintain three copies of this report on its premises for use by the public, including nursing home patients.

E. Physicians and other health professionals shall be obligated to report to the appropriate public authorities any instance of neglect or abuse of patients that they encounter in nursing homes.

X. RELIGIOUS PRACTICES

A. Whenever practical, patients shall have the right to observe the religious practice of their faith.

B. Upon request, the nursing home shall contact the clergyman of the patient's choice.

C. Whenever practical, patients shall be allowed to attend religious services within the neighboring community.

D. Whenever practical, patients shall be allowed to conduct religious services on the premises of the nursing home.

E. The nursing home shall be prohibited from requiring patients to participate in religious services and from discriminating against patients on the basis of their religion.

XI. PATIENT RESTRAINT

A. Physical restraint

1a. Except in case of emergency, physical restraint of a patient may be used only upon written authorization by a physician who has examined the patient. The physician must provide the reasons for ordering physical as opposed to chemical restraint, and must state that the restraint is necessary in order to protect the patient from harming himself or others with whom he is in contact.

1b. In case of emergency, physical restraint may be used upon telephone authorization by a physician. Within twenty-four hours, said physician must provide written authorization.

2. Such authorization may be effective only for one twenty-four hour period. It may be renewed in writing for another twenty-four hour period following the examination of the patient by a physician.

3. At least twice an hour any patient placed under physical restraint must be checked by

a member of the nursing staff and a written notation made on the patient's chart.

4. Special care shall be taken to to ensure that the restrained patient receives a proper diet.

5. The restrained patient shall be allowed visitors unless visits are prohibited by a physician in writing.

B. Chemical restraint

1a. Except in cases of emergency, chemical restraint may be used only after authorization in writing by a physician.

1b. In an emergency, chemical restraint may be used upon telephone authorization by a physician. Within twenty-four hours, said physician must provide written authorization.

2 The authorization of chemical restraint by a physician shall specify the length of time for which it is to be used and the reasons why it is ordered. This period is not to exceed the maximum established by the State Department of Health.

3. Following the period for which chemical restraint is ordered, it may be renewed in writing after examination of the patient by a physician.

4. Special care shall be taken to ensure that the restrained patient receives a proper diet.

5. The restrained patient shall be allowed visitors unless visits are prohibited by a physician in writing.

XII. PHYSICAL REQUIREMENTS

A. Patients' rooms shall be designed to provide barrier-free access and use.

B. Patients' rooms shall be equipped to meet the needs of the visually and auditorially handicapped as well as the physically weak and disabled. Suggested items shall include large-print and large-number calendars, signs and clocks.

C. Patients' rooms and bathrooms shall have doors, grab bars and call buttons accessible from bed, toilets and showers.

D. Hallways shall be equipped with grab bars.

E. Protected areas shall be made available outside of the nursing home so that patients may go out of doors.

MAKING MORE OF MIDWAY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. DERWINSKI. Mr. Speaker, one of the most unexcusable developments in air travel tolerated by the FAA and CAB is the complete underdeveloped utilization of Midway Airport by scheduled airlines. At a time when Chicago's O'Hare Airport is one of the most crowded in the country, to have a major facility at almost complete idleness shows an obvious disregard for safety as well as a disservice to their customers.

These points are very well made in an editorial by Chicago's radio station WBBM, broadcast on March 3, which I insert at this time:

MAKING MORE OF MIDWAY

Midway Airport, which used to be a thriving center of activity, is now little more than a wasteland. Nobody deplores that more than a lot of South Side residents who claim the dwindling number of Midway flights causes them inconvenience. They've got a good point. They have to spend a lot of time and use a lot of gas getting out to O'Hare when they've got an airport nearby.

Other major cities support two airports. Look at New York and Washington. We have two major airports, but one has 95 percent of the passengers and the other has only four percent. Something is wrong when planes are often backed up for hours over O'Hare and an average of only 32 a day came in and out of Midway during January. That imbalance is one of the reasons the Air Line Pilots' Association would like to see more flights rescheduled to Midway.

We have talked repeatedly about the need for a new area airport. We'd like to see one built out from the city with rapid transportation to the downtown area so visitors could be encouraged to spend time—and money—in Chicago. But we know that airport will be a long time coming. When it is built, the land where Midway sits could be turned into an industrial park or a recreational area.

But, in the meantime, we agree with the Citizens Committee for Midway Airport which is encouraging interested people to sign petitions urging the Federal Aviation Administration and Civil Aeronautics Board to require the airlines to use Midway to capacity with 727's or DC9's for flights terminating in Chicago. Your next long wait over O'Hare might very well convince you of the merit of their argument.

A BILL FOR TAX-EXEMPT STATUS FOR COOPERATIVE AND CONDOMINIUM HOUSING GROUPS

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. EDWARDS of California. Mr. Speaker, I would like to take this opportunity to insert into the RECORD a bill I have introduced, H.R. 3415, to provide tax-exempt status for cooperative housing corporations and condominium housing associations. Under our current tax system, these homeowner associations do not qualify for tax exempt status as nonprofit organizations, even though the funds they collect are used for maintenance and repair of commonly owned properties and not for any profit-making purposes. This measure is identical to one I introduced last session. The bill follows:

H.R. 3415

A bill to amend the Internal Revenue Code of 1954 to provide an exemption from income taxation for cooperative housing corporations and condominium housing associations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 501(c) of the Internal Revenue Code of 1954 (relating to list of exempt organizations) is amended by adding at the end thereof the following new paragraphs:

"(20) (A) Cooperative housing corporations (as defined in section 216(b)(1)).

"(B) Any organization formed for the purpose of managing, operating, and maintaining the property within a condominium housing project which is owned in common by the owners of units within such condominium housing project, if—

"(i) membership in such organization is limited to the owners of units within such condominium housing project;

"(ii) no member of such organization is entitled (either conditionally or unconditionally) to receive any distribution from such organization except on a complete or partial liquidation of the organization; and

"(iii) 80 per centum or more of the gross income of such organization consists solely of amounts received from the owners of units within such condominium housing project.

"(C) For purposes of this paragraph, the term 'condominium housing project' means any condominium project substantially all the units of which are used by individuals as residences.".

SEC. 2. The amendment made by the first section of this Act shall apply to taxable years beginning after December 31, 1974.

AUTHORIZATION FOR A NEW DENVER MINT

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mrs. SCHROEDER. Mr. Speaker, I am today introducing a bill which will permit the construction of a new mint at Denver, Colo. I am happy to say that this measure is backed by the Department of the Treasury and that my colleagues from the State of Colorado (Mr. EVANS, Mr. JOHNSON, and Mr. WIRTH) and numerous members of the House Committee on Public Works and Transportation, to which the bill will be referred, are joining me in cosponsorship. Similar legislation is also being introduced in the Senate today by the Senators from Colorado, Mr. HASKELL and Mr. GARY W. HART.

The Denver Mint began minting coins for this Nation in 1906. It is a popular tourist attraction with about 4 million people a year visiting it. It produces 4.5 billion coins per year. It has also been declared a national historic landmark.

The increasing demand for coins—caused by a variety of factors such as vending machines, population growth, numismatics, and production of coins for other nations—is outstripping even the estimated demands met by the Nation's mint production at the three available mints at Philadelphia, San Francisco, and Denver. We now have plans for the production of many Bicentennial coins honoring great events and people of our Nation's past. This creates an additional, although profitable, burden on coin output. The projections are that by 1980, Americans will need 18 billion new coins per year. Without the new Denver Mint, however, our production capabilities will be but half that figure.

Having established a new mint at Philadelphia in the 1960's, the Department of the Treasury has laid plans for a new facility at Denver. As opposed to the present facility—expanded to the hilt and causing congestion in mid-city Denver which was never envisioned in 1906 when the facility began production—a 35-acre site convenient both to the interstate highway and railroads has been chosen, and the General Services Administration has contracted for its purchase. The environmental impact statement has been filed, with the general finding that the new mint will improve the environment of the site. Being large, the site is capable of accommodating the latest manufacturing techniques.

It is planned, for example, that the new mint be constructed on one floor plan so that production from raw metal to finished coins can proceed on a smooth basis without the interruption of elevators. The Department of the Treasury has projected that this facility can produce three-fourths of our future coin requirements when completed. From the standpoint of my own constituents, the new facility will play an important part, economically and socially, in helping to stimulate and renew the core city of Denver—the sustaining element for the entire Denver Metropolitan area. It will also free up the beautiful old Denver Mint building for retirement and rebirth which I am sure will be beneficial to all of us.

Mr. Speaker, in these times of economic downturn and government deficits, it is well to note that the Bureau of the Mint operations are projected to bring over $700 million during fiscal year 1976 into our Nation's treasury. The costs of the Bureau's business—even with projected outlays for initial construction of the new Denver Mint—are a fraction of this income: the $41 million requested by the administration for the Bureau's budget. Not only does the Bureau of the Mint supply the coins to this Nation without which commerce would stand still, but it makes a handy amount of money in the process. It cannot, however, continue in its present course, or expand its revenue intakes, without congressional support for its projects. The return which the Bureau obtains on our money certainly points out its good business judgments. The new Denver Mint is crucial to its plans and the authorization bill for the new mint that I am today introducing is necessary to carry out the Bureau's plans for completion of the new facility by 1980.

Having visited the present Denver Mint on many occasions, I am consistently surprised at the productivity of its workers. I am very happy and grateful to say that so many of the mint's workers are represented by me in Congress. The production acomplished in this present historic site of a plant—crowded, outmoded, and improvised—is not in the best working conditions by any means. I look forward to seeing the mint workers in new suroundings where they can do their best without obstacles at every turn. Mr. Speaker, I urge that my colleagues on the House Committee on Public Works and in the whole House of Representatives work for early consideration and passage of the measure I am today introducing.

SUPPORT FOR 200-MILE FISHING LIMIT

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. STUDDS. Mr. Speaker, the following is an article which was written by Rev. John F. Moore and published in the Anchor, the official newspaper of the Diocese of Fall River, Mass. Reverend Moore offers a strong and eloquent call for the quick passage of legislation to extend the U.S. fisheries jurisdiction to 200 miles. I want to thank Mrs. Katharine Nowak of Marion, Mass. for bringing this article to my attention, and I believe that it will be of great interest to all of the Members of the House of Representatives:

SAVE THE FLEET

(By Rev. John F. Moore)

Outside the public library in New Bedford stands the famous whaleman statue. Inscribed on the face of the monument is the phrase "a dead whale or a stoved boat." Whaling is a thing of the past and soon the men who go down to the sea in ships will experience the same fate if someone does not come to the aid of the fishing fleets not only of this area but of the entire United States. Today's fisherman has found that his boat has been stoved in not by the legend of a Moby Dick but by the whale-like appetite of foreign fishing vessels and the complete indifference of our own government.

It is a sad sight to see the small, rusting trawler and draggers leave our fishing ports knowing that in a few hours and a few short miles from our shores they will be outclassed, outnumbered and outproduced by the new giants of the sea that gobble up what was once one of our most productive food sources and industries.

How can our aged wooden-hulled 75 foot trawlers compete with a modern 300 to 500 foot floating processing plant flying the hammer and sickle of Russia? Day after day, brave men from this area leave port with archaic and outmoded equipment to face the most modern Soviet fishing fleet in history.

Not only must they compete against these odds to seek what remains of the once plentiful food sources of the sea but they also must do battle on the high seas as Russian ships destroy their gear and equipment. As a result fewer American boats are willing to leave port, the fishing industry is in decline and a necessary food source is being depleted.

FEW REALLY CARE

Yet the greatest tragedy of all in this battle of the seas is that so few really do care. For example, what has the federal government really done to help renew and develop, expand and refurbish the New England fishing fleet?

Very little indeed. In fact it seems to have more interest in protecting the Russian fleet than modernizing and updating our own fishing industry.

Outside of mere tokenism, the local elected officials have not used their political influence or energies in really supporting and renewing our fishing fleet that it may compete on an equal basis with the government-supported fleet of the Soviet Union.

If a few oil men from the south or some farmers in the midwest were in such a predicament the entire congress would be up in arms and rally to their cause. But when New England faces the extinction of one of its basic industries, who cares?

We all should care. One of our national basic food supplies is being severely threatened and may be destroyed by foreign invaders and overkill fishing.

Congress should be encouraged immediately to pass the 200 mile zone proposed for our national territorial waters and the necessary funds to enforce such a move. Nations like Peru are not afraid to take such a step and back it up with corresponding enforcement.

The national government also should support and encourage the total modernization of the American fishing industry that it may be an equal competitor in international fishing. In addition there must be a corresponding interest in research and conservation efforts of existing sea food sources.

This week the congress has proposed a 3.2 billion foreign aid bill. Why can't some of these monies be used to aid the hard-pressed and declining fishing industry? Each and every citizen especially in this area of the nation should actively undertake and endorse every effort to save the American fishing fleet. Let's not have any more stoved boats.

A LOOK AT THE ENVIRONMENT

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ARCHER. Mr. Speaker, efforts to preserve our environment have received much attention in recent years. All of us want to preserve a good environment and do our best to reduce and/or eliminate pollution. The more pessimistic members of the environmentalists are predicting that we are on the brink of an ecological crisis.

It is time that we add some commonsense to this whole debate. Extreme measures alleged to protect the environment may work to hurt the credibility of responsible environmentalists by impeding vital economic activities without commensurate salubrious effect on preserving a good environment. Some of these proposed remedies may create a whole series of new problems. Dr. John J. McKetta, a professor in the department of chemical engineering at the University of Texas at Austin and expert in the field of environmental studies, has declared that we are not on the brink of an ecological disaster. He has noted:

> We cannot solve our real problems unless we attack them on the basis of what we know rather than what we don't know. Let us use our knowledge and *not our fears* to solve the real problems of our environment.

Professor McKetta does an expert job of exposing some of the myths that have been proposed in recent months. I would like to enter into the CONGRESSIONAL RECORD his perceptive speech entitled "The Eight Surprises or Has the World Gone to Hell?":

THE EIGHT SURPRISES OR HAS THE WORLD GONE TO HELL??

(By John J. McKetta)

On March 27, 1973, I heard Garner Ted Armstrong say over the television:

'There is no way you can have any optimism for the continuation of life on this earth because of the pollution, overpopulation, and results of technological advances."

It bothers me that there are so many purveyors of gloom who talk about the hopelessness of our future.

There is an entire spectrum, from zero to infinity, of views and actions on almost any problem. Let's take the pollution problem, for example. We all know there are still some companies and cities who put toxic gases and liquids into our air and streams. It's almost unbelievable that many of our large cities still discharge raw sewage, or only partially treated sewage into our streams. Both industry and the cities should be stopped immediately from these flagrant violations. On the other extreme, we have those people who wish to have distilled water in the streams and zero particulates in the atmosphere. These are impossible concentrations and could not be attained even if we had no people on this earth. The answer, obviously, is somewhere between these two extremes. Just like most of you, I am a family man. My lovely wife and I have four wonderful children. It is my wish that they have clean air to breathe and clean water to drink. Not distilled water nor absolutely pure air, but I do want them to have odorless, nontoxic, clean air, and clean water. I believe we still have a great deal of environmental work to do in the USA. I believe, however, that extremism is bad on either end.

We're all deeply concerned about reports of the destruction of our environment as a result of technological recklessness, overpopulation, and the lack of consideration to the preservation of nature. As Chairman of the National Air Quality Commission, I have to read great amounts of technical literature in this area, and I've turned up a lot of evidence that I'd like to share with you.

Some of the people, who are filled with gloom and believe we have no future, blame our apparent demise on the Judeo-Christian ethic that it is God's will that man exploit nature for his proper ends and that we have overdone it.

Others recommend that we return 2500 years and embrace the practices of druidism. Many, many people express a disdain for science and mistrust in technology in general.

They say our automobiles are no longer a wonderous method of freeing man from his immobility, but instead have become terrible polluters and ultimately piles of junk to desecrate the landscape. Electricity, which has been the most convenient form of energy ever available, has come into disrepute. The bad industry that produces electricity is looked upon as an evil organization of the establishment whose objective is to create new radiation hazards with nuclear power plants, cut down trees, stick poles into the ground and pump smoke into the air to poison all of us.

It's a gloomy picture indeed. But I've found out this outlook is not justified. This is what I'd like to talk to you about. I hope you'll understand that I'm speaking to you as one who understands elementary science and engineering and not as an emotional supporter of any particular "side" of ecology. Some of the facts I will mention will surprise many of you. I can assure you that my conclusions are supported by evidence that is difficult to interpret in any other way. They may be verified by anyone who wishes to do so. I'll leave a list of literature citations with the chairman of your group.

1. WHY IS THE OXYGEN DISAPPEARING??

My first surprise concerns the air we breath. You have been reading that we are seriously depleting the oxygen in the atmosphere and replacing it with toxic substances such as carbon monoxide.

Throughout my formal education I have always been taught that oxygen in our atmosphere is supplied by green plants using the process of photosynthesis. It is known that plants take in carbon dioxide and through activation by sunlight, combine CO_2 with water to make starches and cellulose, and give off oxygen. In this way the whole chain of plant and animal life is sustained by energy from the sun. When the vegetable or animal materials thus produced are eaten, burned, or allowed to decay they combine with oxygen and return to the carbon dioxide and water from whence they came. We all know this. Then what is the surprise?

Surprise number one is that most of the oxygen in the atmosphere doesnt come from photosynthesis. The evidence is now overwhelming that photosynthesis is just inadequate to have produced the amount of oxygen that is present in our atmosphere. The reason is that the amount of oxygen produced by photosynthesis is just exactly enough to convert the plant tissue back to the carbondioxide and water from which it came. In other words, the net gain in oxygen due to photosynthesis is extremely small. The oxygen in the atmosphere had to come from another source. The most likely possibility involves the photodissociation of water vapor in the upper atmosphere by high energy rays from the sun and by cosmic rays. This process alone could have produced (over the history of the earth 4.5×10^9 years) about 7 times the present mass of oxygen in the atmosphere. 2,11

The significance of this information is that the supply of oxygen in the atmosphere is virtually unlimited. It is not threatened by man's activities in any significant way. *If all* the organic material on earth were oxidized it would reduce the atmospheric concentration of oxygen by less than 1%. We can forget the depletion of oxygen in the atmosphere and get on with the solution of more serious problems.[7]

2. CARBON MONOXIDE WILL KILL US ALL

As you know, the most toxic component of automobile exhaust is carbon monoxide. Each year man adds 270 million tons of carbon monoxide to the atmosphere. Most of this comes from automobiles. The scientists are concerned about the accumulation of this toxic material because they know that it has a life in dry air of about 3 years. For the past several years, monitoring stations on land and sea have been measuring the carbon monoxide content of the atmosphere. Since the ratio of automobiles in the northern and southern hemisphere is 9:1 respectively, it was expected that the northern hemisphere would have a much higher concentration of atmospheric carbon monoxide. The true measurements show, however, that there is no difference in CO amounts between the hemispheres and that the overall concentration in the air is *not* increasing at all. In fact, they've found higher concentrations of CO over the Atlantic and Pacific oceans that over land?????

Early in 1971, scientists at the Stanford Research Institute [12] in Palo Alto disclosed that they had done some experiments in smog chambers containing soil. They reported that carbon monoxide rapidly disappeared from the chamber. Next, they sterilized the soil and then found that now the carbon monoxide did not disappear. They quickly identified the organisms responsible for CO removal to be fungi of the aspergillus (bread mold and penicillin types). These organisms, on a world-wide basis, are using all of the 270 million tons of the CO made by man for their own metabolism, thus enriching the soils of the forest and the fields.[1]

This does not say carbon monoxide is any less toxic. It does say that, in spite of man's activities, carbon monoxide will never build up in the atmosphere to a dangerous level except on a localized basis. To put things in perspective, let me point out that the average concentration of CO in Austin, Texas is about 1.5 parts/million. In downtown Los Angeles it gets to be as high as 35 ppm. In parking garages and tunnels it is sometimes 50 ppm.[6]

Here lies surprise number two for you—do you know that the CO content of cigarette smoke is 42,000 ppm. The CO concentration in practically any smoke filled room grossly exceeds the safety standards we allow in our laboratories. I don't mean to imply that 35 to 50 ppm CO should be ignored. I do mean that there are so many of us who subject ourselves to CO concentrations voluntarily (and involuntarily) that are greater than those of our worse polluted cities including Holland Tunnel in New York, without any catastrophic effects. It is not at all unusual for CO concentrations to reach 100–200 ppm range in poorly ventilated, smoke filled rooms. Incidentally, if a heavy smoker spends several hours without smoking in a highly polluted city air containing 35 ppm of CO concentration, the concentration of CO in his blood will actually decrease! [10] In the broad expanse of our natural air, CO levels are totally safe for human beings.

Incidentally, 93% of the CO comes from trees and greeneries. (3.5 billion tons/yr.) Only 7% comes from man (270 million tons/yr.)

3. OXIDES OF NITROGEN WILL CHOKE US

I have been extremely impressed by the various research efforts on the part of petroleum, automotive and chemical companies to remove oxides of nitrogen from the products of combustion in the tail pipe gas of our automobiles. I've read about the brilliant work of Dr. Haagen-Smit that showed that the oxides of nitrogen play a critical role in the chain reaction of photochemical smog formation in Los Angeles.[8] Oxides of nitrogen are definitely problems in places where temperature inversions trap the air.

But we've all known for many years that nature, in addition to man, also produced oxides of nitrogen. The number three surprise (and shock) is that most of the oxides of nitrogen *come from nature*. If we consider only nitric oxide and nitrogen dioxide the best estimates are 97% is natural and only 3% is man made. If we also consider nitrous oxide and amines, then it turns out that 99+% is natural and less than 1% is man made.[6, 9]

Nature makes oxides of nitrogen in several ways. Biological action and organic decomposition produce most of the N_2O and NO. In fact, the great saltpeter deposits of South America are a result of perpetual thunder storms over the Andes. Oxides of nitrogen in rain water react with minerals of the soil and end up as saltpeter when the water evaporates.

The great abundance of marine life between Antarctica and the tip of South America is also attributed to the nitrate run-off from the Andes which initiates plankton growth, thus setting off a whole chain of fishes which eat each other ending on the top with the blue whale.

The significance of this is that even if we are 100% successful in our removal of the oxides of nitrogen from combustion gases, we will still have more than 99% left in the atmosphere which is produced by nature. *Sometimes I think nature laughs at us.*

4. THE DEATH OF LAKE ERIE

We've all read for some time that Lake Erie is dead. It's true that the beaches are no longer swimable in the Cleveland area and the oxygen content at the bottom of the lake is decreasing. This is called eutrophication. The blame has been placed on phosphates as the cause of this situation. Housewives were urged to curb the use of phosphate detergents. In fact, for several years phosphate detergents were taken off the market. There's been a change in law since scientific evidence proved that the phosphate detergents were not the culprits and never should have been removed from the market in the first place.

Now, let's look at the scientific evidence that I've been able to find on the subject. The study shows that the cause of the eutrophication of Lake Erie has not been properly defined. This evidence suggests that if we totally stopped using phosphate detergents it would have no effect whatever on the eutrophication of Lake Erie. Many experiments have now been carried out that bring surprise number four—that it is the organic carbon content from sewage that is using up the oxygen in the lake and not the phosphates in the detergents.[4, 5]

The reason that the Cleveland area beaches are not swimable is that the coliform bacterial count is too high, not that there is too much detergent in the water.

Enlarged and improved sewage treatment facilities by Detroit, Toledo, Sandusky and Cleveland will be required to correct this situation. Our garbage disposal units do far more to pollute Lake Erie than do the phos-

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Footnotes at end of article.

phate detergents. If we put in the proper sewage treatment facilities, the lake will sparkle blue again in a very few years.

Incidentally, we've all heard that Lake Superior is so much larger, cleaner and nicer than Lake Erie. It's kind of strange then to learn that in 1972 and 1973 more tons of commercial fish were taken from Lake Erie than were taken from Lake Superior.

Governor Gilligan of Ohio declared war on pollution in general and on thermal pollution in particular. Investigation of the thermal pollution problem reveals that, beyond any question of doubt, the sun is by far the greatest thermal polluter of Lake Erie. Governor Gilligan announced that he would "back legislation making in unlawful to increase the temperature of the water by more than one degree over the natural temperature." I don't know what he will do with the sun breaking the law, since as we all know, the natural temperatures of Lake Erie is changed by the sun more than 40°F every year between winter (33°F) and summer (75°F+). The natural life in the lake accommodates this change in great fashion, as it has for many thousands of years. According to my calculations, if we would store up all of the electricity produced in Ohio in a whole year and use it exclusively for heating Lake Erie all at one time, it would heat the entire lake less than 3/10th of 1°F.

In terms of localized heating we must remember that we already have hundreds of power plants pouring warm water into streams and lakes. Forty of these are nuclear power plants. Evaluation of the effect of these from an ecological point of view is that "thermal pollution" is a less descriptive and and less appropriate term than is "thermal enrichment". There are no species disappearing. No ecological catastrophies or problems have appeared. Some of the best fishing locations in the country are near the warm water outlets of these power plants.

5. DDT IS THE WORST THING THAT EVER HAPPENED TO US

DDT and other chlorinated compounds are supposedly endangering the lives of mankind and eliminating some bird species by the thinning of the egg shells of birds. There is a big question mark as to whether or not this is true. From the readings that I have done, the experiments were conducted in such a manner that positive conclusions could not be drawn from them. Even if it is true, it's quite possible that the desirable properties of DDT so greatly out number the undesirable ones that it might prove to be a serious mistake to ban entirely this remarkable chemical.

Many of you heard of Dr. Norman E. Borlaug, the Nobel Peace Prize winner. He is opposed to the banning of DDT. Obviously, he is a competent scientist. He won the Nobel Prize because he was able to develop a new strain of wheat that can double the food production per acre anywhere in the world that it is grown.

Dr. Borlaug said "If DDT is banned by the United States, I have wasted my life's work. I have dedicated myself to finding better methods of feeding the world's starving population. Without DDT and other important agricultural chemicals, our goals are simply unattainable."

As I read into this matter I find that DDT has had a miraculous impact on arresting insect borne diseases and increasing grain production from fields once ravaged by insects. According to the World Health Organization, malaria fatalities alone dropped from 4 million a year in the 1930's to less than 1 million per year in 1968. Other insect borne diseases, such as encephalitis, yellow fever, and typhus fever showed similar declines. Surprise number five is that it has been estimated that 100 million human beings who would have died of these afflictions are alive today because of DDT. Incidentally, recent tests indicate that the thinning of bird egg shells may have been caused by mercury compounds rather than DDT! Oh hum!

6. WE'RE KILLING OFF TOO MANY SPECIES

Many people feel that mankind is responsible for the disappearance of the animal species. It is possible that in some instances man may hasten the disappearance of certain species. However, the abundance of that evidence indicates that he has very little to do with it. About 50 species are expected to disappear during this century. It is also true that 50 species became extinct last century and 50 species the century before that, and so on——. Dr. T. H. Jukes, of the University of California, points out that about 100 million species of animal life have become extinct since life began on this planet, about 3 billion years ago. Animals come and animals disappear. This is the essence of evolution as Mr. Darwin pointed out many years ago. Mankind is a relatively recent visitor here. Surprise number six is that he has had nothing to do with the disappearance of millions of species that preceded him.

In fact, one of man's failures is that he has *not* been successful in eliminating a single insect species—in spite of his all-out war on certain undesirable ones in recent years.

7. MAN IS THE REAL POLLUTER

Here's the seventh surprise! The late Dr. William Pecora has calculated that all of man's air pollution during his thousands of years of life on earth does *not* equal the amount of particulate and noxious gases from just three volcanoes, (Krakatoa, Java—1883; Mt. Katmai, Alaska—1912; Hekla, Iceland—1947).

Dr. Pecora pointed out that nature's pure water is not so pure after all. Here are a few of his examples:

1. The natural springs feeding the Arkansas and Red Rivers carry approximately 17 tons of salt per minute.

The Lemonade Springs in New Mexico carry approximately 900 pounds of H_2SO_4 per million pounds of water. (This is more than ten times the acid concentration in coal mine discharges.)

3. The Mississippi River carries over 2 million tons of natural sediment into the Gulf of Mexico each day.

4. The Paria River of Arizona makes the Mississippi look like a trout stream. It carries 500 times more natural sediment than the Mississippi River—yes—1 billion tons of sediment per day.

Let's go back to the good old days

Don't believe the trash about the happy lives that people once had before all this nasty industrialization came along. There was no such thing. One of my 19 year old students once asked me "What has all these 2000 years of development of industry and civilization done for us? Wouldn't we have been happier in 100 B.C.?" I said "No, chances are 97 out of 100 that, if you were not a poor slave, you'd be a poor farmer, living at bare subsistence level".

When people think of ancient times, they think of themselves as members of aristocracy. They are sitting in the Agora in Athens listening to Socrates, in the Senate House in Rome debating Cicero, riding on horses as knights of Charlemagne's time. They are never slaves, never peasants, BUT that's what most of them would be.

My wife once said to me "If we lived a hundred years ago we'd have no trouble getting servants". I said, "If we'd lived 150 years ago we'd be the servants".

Let's consider what life was really like in America just 150 years ago. For one thing, we didn't have to worry about pollution very long—because life was very brief. Life expectancy of males was about 38 years of age. It was a gruelling 38 years. The work week was 72 hours. The women's lot was even worse. They worked 98 hours a week scrubbing floors, making clothes by hand, bringing in fire wood, cooking in heavy iron pots, fighting off insects without pesticides. Most of the clothes were rags by present day standards. There were no fresh vegetables in winter. Vitamin deficiency diseases were prevalent. Homes were cold in winter and sweltering in the summer.

Epidemics were expected yearly and chances were high that they would carry off some member of the immediate family. If you think the water pollution is bad now, it was deadly then. In 1793, one person in every five in the city of Philadelphia died in a single epidemic of typhoid as a result of polluted water. Many people of that time never heard a symphony orchestra, or traveled more than 20 miles from their birth place during their entire life time. Many informed people do not want to return to the "paradise" of 150 years ago. Perhaps the simple life was not so simple.

We are practicing witchcraft

In every age we have people practicing witchcraft in one form or another. I used to think that the people of New England were irrational in accusing certain women of being witches without evidence to prove it. Suppose someone accused you of being a witch? How could you prove you were not? It is impossible to prove unless you can give evidence. It is precisely this same witchcraft practice that is being used to deter the construction of nuclear power plants. The opponents are saying that these plants are witches and it is up to the builders and owners to prove that they are not. The scientific evidence is that the nuclear power plants, constructed to date, are the cleanest and least polluting devices for generating electricity so far developed by man. We need electricity to maintain the standard of living we have reached but to the extreme environmentalists we are witches. We should be burned at the stake.

We hear the same accusations about lead compounds from the gasoline engine. Our Environmental Protection Agency has *no* evidence that there has ever been a single case of death, or even illness from lead in the air coming from burning of gasoline, but they still insist that we must remove the lead from the gasoline. To the EPA we are witches—they have no evidence—no proof—we are pronounced guilty! And yet you know that gasoline needs some additives to prevent engine knocks. If we don't use tetraethyllead we'll have to use aromatic compounds. Some aromatics are carcinogenic. We know that! The use of unleaded gasoline also uses up to 20% more crude oil. (Incidentally, the real reason for removing lead from gasoline was because it was suspected that lead poisoned the catalyst in the emission control unit. Now we have good evidence that it isn't the lead but ethylene bromide which is the poisoner.)[12]

From what we read and hear it would seem that we are on the edge of impending doom. A scientific evaluation of the evidence does not support this conclusion. Of course, we have some undesirable problems attributed to technological activities. The solution of these problems will require a technical understanding of their nature not through emotion. They cannot be solved unless properly identified, which will require more technically trained people—*not less*.

I agree, as Thomas Jefferson did, that if the public is properly informed, the people will make wise decisions. The public has not been getting all of the facts on matters relating to ecology. This is the reason why I am speaking out on this subject today—as a technical man and as a citizen. Some of the things you have heard today are contrary to your beliefs, but I'm willing to support my conclusions on evidence good enough for me to stake my reputation on it.

8. THE LAST SURPRISE—NO. 8—WE'RE GOING TO LIVE

In summary, let me state that we are not on the brink of an ecological disaster. Our O_2 is not disappearing. There will be no build up of poisonous CO. The waters can be made pure again by adequate sewage treatment plants. The disappearance of species is natural. A large percentage of pollution is natural pollution and would be here whether or not man was on this earth. We cannot solve our real problems unless we attack them on the basis of what we know rather than what we don't know. Let us use our knowledge and *not our fears* to solve the real problems of our environment.

There is a moral to the effect that those who misrepresent facts are not believed when they speak the truth. We've heard many cries of "wolf" with DDT, the oxides of nitrogen, phosphates in the lakes, thermal pollution, radiation effects from nuclear power plants, lead in gasoline, mercury in fish, filth in our streams, to name a few. For the most part, these cries of wolf have not been malicious, but have been based largely on fear, ignorance, or misinformation. The people have listened to these cries and have come running to the rescue, but when they got there they didn't find the wolves.

Let's not cry "wolf" until we are reasonably certain that we have done enough homework to know what a wolf looks like. Otherwise we may undermine our credibility and not be believed by the people when we warn them of the real wolves that do exist.

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HEALTH MANPOWER ACT OF 1975

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ROGERS. Mr. Speaker, today, I and 12 members of the Subcommittee on Health and the Environment, Mr. PREYER, Mr. SYMINGTON, Mr. CARNEY, Mr. SCHEUER, Mr. WAXMAN, Mr. HEFNER, Mr. FLORIO, Mr. WIRTH, Mr. CARTER, Mr. BROYHILL, Mr. HASTINGS, and Mr. HEINZ, introduced H.R. 5546, the Health Manpower Act of 1975, which would revise and extend authorities for Federal assistance to schools and students of the health professions.

This measure is a clean subcommittee bill as reported by the Subcommittee on Health and the Environment to the Interstate and Foreign Commerce Committee. I am hopeful that this bill will be favorably considered by the full committee during the month of April.

IS BUDGET REFORM WORKING?

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MAZZOLI. Mr. Speaker, I am constrained to express my disappointment that the distinguished Budget Committee failed to oppose House Resolution 352, the rule providing for the consideration of H.R. 4222, the National School Lunch Act Amendments.

House Resolution 352 was the latest of two recent instances in which the Rules Committee cleared to the House floor a measure which had not been examined and passed upon by the Budget Committee as provided for by the Budget Reform Act.

Like most Members, I have written letters to hundreds of anxious taxpayers saying in effect: "Just wait until the new Budget Committee gets going. Then you'll really see how carefully Congress will handle your tax dollars. We will only approve those spending bills which survive a rigorous budget process. And, back-door spending will be tightly controlled."

But, Mr. Speaker, my words ring hollow.

Because, for the second time within days, the Budget Committee was unwilling to "go to the mat" to preserve its oversight prerogatives on spending measures.

I voted against House Resolution 352, Mr. Speaker. But, it carried with room to spare. Nevertheless, I believe the membership of the House would have supported the Budget Committee had it chosen to oppose this rule.

All the House needed was a sign that the Budget Committee wanted this "end around" play to be halted dead in its tracks. But, the sign never came.

The earlier waiver of the congressional budgetary process came in the rule providing for the consideration on March 21 of the Emergency Middle Income Housing Act of 1975. An emergency in the housing industry, demanding immediate House attention, was given as the reason for dispensing with the time-consuming Budget Committee process.

But, in the case of the school lunch amendments, there was not the hint or suggestion of emergency.

Mr. Speaker, beyond the technical and parliamentary side of this, I am troubled by the unfortunate signal which the House, by its action in waiving the established budgetary process, has sent out to the American people.

The message is loud and clear: the Congress is still not prepared to come to grips with the nettlesome problems involved in managing Federal revenues and Federal expenditures.

The decisions required of the Congress under the Budget Reform Act are painful. But, a specific goal of the Budget Reform Act was to make all Federal money decisions painful. Pain is an excellent teacher.

In sum, Mr. Speaker, if Congress is ever to harness the Federal budget and realign our national priorities, it cannot do so by ignoring the very process which forces the legislative branch—through its Budget Committees—to examine and pass upon each spending proposal.

We should have stood firm on House Resolution 352. I hope we stand firm in the future.

MILITARY AID

HON. RICHARD F. VANDER VEEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. VANDER VEEN. Mr. Speaker, the cause of democracy is served when the representatives of the people in the Senate and the House debate in words that clarify and sharpen issues so that the votes taken and reported in the media are readily understood by the people. The cause of democracy is frustrated when Senators and Representatives speak in phrases and invocations that obscure the issue.

The beclouding of public issues is increasingly evident in the statements of administration spokesmen on Pennsylvania Avenue and Capitol Hill who blame the failure of the Executive on the Congress. A current instance is their attribution of the failure of Congress to act on additional military aid for Cambodia and South Vietnam to the fact that Congress is going into recess.

There is no acknowledgement in these pronouncements that Senate and House subcommittees have indicated a willingness to compromise with the administration on aid for Southeast Asia if the administration undertakes to negotiate a settlement of the fighting in Cambodia and to recognize June 30 as a cutoff date for further military aid for this area.

Instead the administration and its spokesmen seek to obscure the issue by ascribing the reticence of the Senate and House to provide foreign aid to the selfish desire of Members of Congress to have a vacation in celebration of Easter. This is a misleading substitution of one issue for another.

Let the administration and its spokesmen in the Congress clearly identify their purposes and their programs so that the voters may judge who better expresses the will of the people, the administration or the Congress.

Let the administration explain why it seeks congressional approval of more military aid when it appears possible through bookkeeping errors and other bureaucratic sleights of hand to provide an additional $21.5 million for ammunition for Cambodia as announced by the State Department on March 1.

Mr. Speaker, I do not mean to imply by these words that I support additional military aid to Southeast Asia. I do not. I believe the provision of additional weapons and ammunition will only serve to increase the number of Southeast Asian deaths financed by the American taxpayer while at best postponing an outcome which appears inevitable. In taking this position I wish to respectfully acknowledge the stand of my colleague, Representative McCloskey, who presented on March 14 a powerful argument for military aid until the onset of the monsoon, or June 30, in congressional terms. This argument is factually documented and well worth the attention of all who seek to understand what is happening in Cambodia and South Vietnam.

Let me make it clear that while I oppose the U.S. provision of any more instruments of death to the Indochinese people, I subscribe wholeheartedly to the provision of humanitarian relief, be it foods or medicines to the peoples of Vietnam and Cambodia. And I would gladly spend days and nights in this Chamber to accomplish this end whether the administration sought it or not.

ANNIVERSARY OF BYELORUSSIAN INDEPENDENCE

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 25, 1975

Mr. PATTEN. Mr. Speaker, March 25 marks a date of great importance for individuals of Byelorussian descent because it is the date that the Byelorussian people proclaimed their independence in the year 1918.

To look at the whole situation historically we must go back to the end of the First World War in March 1918 when the Czarist Russian Empire collapsed. It was at this point that Byelorussia, along with the other captive nations, restored its national sovereignty. With great excitement the First All-Byelorussian Congress assembled on December 14, 1917. The members of the Congress were elected democratically and covered the ethnographic Byelorussian lands.

On March 25, 1918 independence was proclaimed for the Byelorussia Democratic Republic. Ultimately, however, and brutally, the Byelorussians were defeated and annexed with the other captive nations into the U.S.S.R.

This history is quite brief, but I want to mention a few things about the whole of the historical events. We in this country fought a revolution, which we are getting ready to celebrate, so that we could call ourselves a democracy. We are extremely proud of our freedom and although there have been threats to many of our freedoms from people who have abused power from time to time, we have used our system of checks and balances to preserve the freedoms and stop the abuses.

Let us consider for a moment what it would be like to live in a country where we could not discuss our heritage or our ethnic identity, because we were not allowed to acknowledge having either. Let us suppose that we disagreed with the government, but if we opened our mouths and expressed the disagreement, we would be arrested. It is hard for us to conceive of this happening, and yet this is what the Byelorussian people have had to endure. They felt freedom for such a short period of time, and then it was lost. It is for this reason—for the reason that these people wanted and fought for freedom so very hard—that we must celebrate and give thought to the Byelorussian Independence Day.

INTRODUCTION OF MEDICAL DEVICES BILL

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ROGERS. Mr. Speaker, today, I and 12 members of the Subcommittee on Health and the Environment, Mr. Preyer, Mr. Symington, Mr. Carney, Mr. Scheuer, Mr. Waxman, Mr. Hefner, Mr. Florio, Mr. Wirth, Mr. Carter, Mr. Broyhill, Mr. Hastings, and Mr. Heinz, are introducing H.R. 5545, the Medical Device Amendments of 1975, a bill which would amend the Federal Food, Drug, and Cosmetic Act to provide the Food and Drug Administration with authority to assure the safety and effectiveness of medical devices. These products, which range from thermometers to pacemakers, from crutches to kidney dialysis machines, are subject to minimal controls under present law, despite the enormous potential for injury from inadequate testing or poor design.

The inadequacy of present Federal authority to regulate medical devices has been recognized for several years. Calls for device legislation go back to the Kennedy administration. Years of thoughtful consideration have produced a broad concensus for the need for device legislation among the Congress, the administration, health professional groups, consumer representatives, and industry.

The Food and Drug Administration has already established a Bureau of Medical Devices and Diagnostic Products to exercise the limited authority it now has under the Food, Drug, and Cosmetic Act and has undertaken a number of tasks with respect to medical devices, principally the classification of devices into appropriate regulatory categories. These activities will facilitate implementation of the proposed legislation.

The principal features of the bill my colleagues and I are introducing today are as follows:

First, the bill establishes a formal classification system for medical devices. This system will build upon the one already initiated by the Food and Drug Administration. It would require classification of medical devices into three categories: Class I, general controls; Class II, performance standards; and Class III, premarket approval. All medical devices would be classified by the FDA upon the advice of expert panels, thus involving the scientific community in FDA's decisionmaking processes. Consumer interests and industry interests would each have a nonvoting member on the classification panels.

Second, the bill authorizes the establishment of performance standards for medical devices classified in class II. Provision is made for adoption of suitable existing standards, and for development of standards by expert governmental and private entities.

Third, the bill requires premarket approval for devices classified in class III. Premarket approval requirements would apply to devices already on the market on a gradual priority basis and any device classified as class III which was not on the market prior to date of enactment of the bill would be required to obtain premarket approval prior to its introduction into commerce. If a device is subject to premarket approval, its sponsor must satisfy the FDA, through the submission of test results, that it is safe and effective. In order to encourage continued research and medical progress an exemption is provided for the development of devices under investigational use. Also, the bill authorizes an alternative procedure to the premarket approval approach: devices may be tested and developed under a product development protocol, whereby the FDA may approve testing protocols in early stages of the development process, and if the protocols are followed, completion of the protocol may be substituted for the premarket approval process through submission of a notice of completion after the device has been developed.

Fourth, existing remedies under the act—seizure, injunction, and prosecution—are supplemented by new provisions for notification and repair, replacement, or refund for defective devices.

Fifth, the bill includes requirements that manufacturers and distributors maintain records and make reports as needed to assure that medical devices comply with the act.

Other features of the bill include an exemption from standards and premarket approval for certain custom devices; provisions protecting trade secrets; explicit statutory authority to require, where appropriate, that devices be dispensed only upon prescription; good manufacturing practice requirements; provisions insuring uniformity of State and local requirements; a revision of the definition of "device"; records inspection authority; controls over prescription device advertising; registration of manufacturers; and authority to temporarily detain devices in violation of the act.

The bill is designed to assure the public that medical devices do not present unreasonable hazards and that they are effective. By providing regulatory controls which are suited to the particular risks involved, the bill avoids imposing unnecessary and burdensome regulatory requirements on the medical device industry. I believe this bill reflects a sensitivity to the need to avoid imposing excessive costs to industry, particularly small, innovative companies who have made great contributions to medical progress through development of new devices and at the same time insures protection of the public health.

I intend to schedule hearings on this important piece of legislation in the near future.

THE FEDERAL GOVERNMENT AND ITS PUBLIC RELATIONS NETWORK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. DERWINSKI. Mr. Speaker, I welcome the responsibilty of participate in this exchange of views of the fiscal problems of our Government. Fiscal problems often seem dry to the man on the street, and indeed they are in the sense that when we deal with them we must make the books balance, which is a most irksome discipline indeed. Yet when all the political speeches have faded away, the hard fact remains that even in order to do good in this world we must have money at some point—even volunteers for good works have to be supported by someone. And most of our domestic programs for the poor and handicapped certainly require money, and a great deal of it indeed. And when the time comes to appropriate money for programs old and new, I am afraid there will always be some of us around who will have the interests of the taxpayer at heart, and who will ask: How is all this to be financed? Certainly that is a question which needs to be asked about the fiscal 1976 budget with insistent urgency.

However, Mr. Speaker, I would like to dwell in these brief remarks on a more limited subject; namely, the public relations budgets of Government agencies. Many of us remember the CBS television documentary of a few years ago called "The Selling of the Pentagon," in which all sorts of horrors were attributed to the effectiveness of the Department of Defense's public relations organization. One may certainly question the efficacy of that effort. Edward Luttwak, writing in a very recent issue of Commentary, cites chapter and verse on the dramatic decline of our Military Establishment over the last few years, as compared both with Soviet expenditures and U.S. expenditures on programs for human needs, and then adds:

> It is a curious reflection on the supposedly pervasive and skillful propaganda of the Pentagon that the vast majoriy of the public continue to believe that military expenditures have been steadily increasing relative to everything.

Yes, Mr. Speaker, this is curious indeed, especially when the truth is exactly the opposition.

But the Pentagon is hardly the only Federal department with a large public relations budget. In its recent study of the Federal budget entitled "An Other Budget," the Heritage Foundation of Washington, D.C., comments that—

> The welfare bureaucracies are evidently persuaded that welfare provides a superior form of existence, and expend considerably sums to advertise through the mass media the benefits to which potential clients are entitled under the law. . . . It is bad enough to lace our society with immense welfare programs without advertising them as a positive good . . .

To be sure, it is not always easy to discover what the public relations budget is for an agency even when one reads the huge appendix to the budget, but certainly every agency of any size has a public relations office to deal with citizens with inquiries, and many do request money for what one might call "outreach" efforts through the mass media. One such sum visible in the fiscal 1976 budget request, for example, is better than $1.4 million for the Department of Health, Education, and Welfare. A good deal of this money goes, I imagine, for such things as radio and television spots which inform potential welfare clients of some benefits of which they might never have dreamed, or which put across some political or philosophical position which the Department of Health, Education, and Welfare is pushing at the moment.

My point here is not to argue over whether the program or position in question at a particular moment is good or bad. The real point is that all these public relations efforts added up—and anyone who watches television much in the Nation's Capital knows that there are many more such television spots than there used to be—amount to a gigantic ministry of propaganda for the Government. Americans have always associated ministries of propaganda with totalitarian states, and rightly so, in my judgment. Such PR efforts naturally depict at least Government domestic policies as unexceptionable and indeed almost inevitable. Little by little, sometimes without noticing, we come to think of ourselves as clients of the State. Welfare is a "right," and everyone should hasten to get his. Government is already so huge that it is difficult enough to halt its growth without such things, but when in addition the Government employs tax moneys to propagandize for itself, the task becomes that much harder.

Mr. Speaker, I do not object to modest budgets for public relations and public information and the distribution of useful publications. But I think we do need to take a close look at governmental advertising through the mass media for the purpose, really, of extolling Government's achievements and encouraging more and more giveaway programs. Little of this indeed should be allowed to be funded. If we cut off these funds, not only will we reduce the fairly substantial sums needed for those programs directly, but we will probably find that the expenditures for the programs advertised will probably decline as well. Let us have no ministry of propaganda in this country.

ALCOHOL IS THE NO. 1 DRUG PROBLEM

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MILLER of California. Mr. Speaker, I would like to bring to the attention of my colleagues a recent article from the Post-Dispatch in Pittsburg, Calif. The subject of this piece is alcoholism—one disease the public does not want to talk about. I feel Mrs. Sargent, of Contra Costa County, has some very important personal observations to offer on alcoholism.

The article follows:

ALCOHOL IS THE NUMBER ONE DRUG PROBLEM

"Alcohol is the most dangerous drug in America with barbiturates taking second place and heroin—that big horrible substance—is number seven," Mrs. Peggy Sargent told members of the Soroptimist Club last week at a meeting held at the Copper Skillet.

Mrs. Sargent quickly pointed out she wasn't advocating the use of heroin, but wanted to emphasize that the use of alcohol is more widespread than people realize and it is the number one drug problem in this country.

Accurate figures are not available, but it is estimated some 20 million Americans are alcohol addicts. "Each alcoholic effects eight people in his life and when an alcoholic is treated, all eight people must be treated too, because all are ill."

No one really knows what causes a person to become an alcoholic. The problem of alcoholism is further complicated by the social traditions and mental habits of the alcoholic and the social group he lives in.

As examples, Mrs. Sargent pointed out that people of the Jewish faith where wine is used in religious ceremonies and alcoholic beverages are an accepted social fixture have the lowest incidence of alcoholism in this country. She also cited France and Italy, adjacent countries, where France has the highest rate of alcoholism in Europe because it condones it and Italy one of the lowest because it does not.

Alcoholism—an abnormal and persistent desire to drink excessive amounts of ethyl alcohol—can happen to anyone. As "one who has been there" (she is an admitted recovered alcoholic) Mrs. Sargent has helped many people since she began working in the field of alcohol addiction eight years ago. Currently, she is the director of the East County Detoxification Center in Pittsburg.

At 27, she was the stereotype of what a woman was taught to be. "I was a lady, a wife and a mother. My husband was well on his way to a successful career and we lived in a beautiful home. But no one prepared me for what happens when you acquire that American Dream, that's why I'm now a feminist."

Her drinking problem began when she and other women in the neighborhood started to meet every afternoon for socials. The house work was done, the children at school and it was a pleasant way to pass the time. She claimed she was not bored.

Naturally, drinks were served at the gatherings. "I didn't know that I was the one in every 10 persons who would become an alcoholic."

It wasn't long that she had the usual symptoms of an addict—such as shakes and sweating. "What I didn't know was that the others were not experiencing the same problem. Most alcoholics are not aware of this until they begin to communicate with others."

Alcoholism is the one disease the general public doesn't want to talk about, Mrs. Sargent noted. Alcoholic women are protected by husbands who don't want their neighbors, friends and business associates to know.

It is with good reason that families protect alcoholics because there is so much condemnation, and what is even worse, alcoholics are the subject of humor—tragic humor.

"There is nothing funny about a drunk. Although, many jokes are told about male alcoholics, you never hear a joke about women drunks. No one wants to admit that some 'mothers' are alcoholics.

"Being an alcoholic is a nightmare. Addicts are ridiculed, called names and being a woman is worse. The stigma is unbelievable.

"Contrary to popular belief, only three per cent of alcoholics end up in skid row. Forty nine per cent of addicts are professional people—doctors, lawyers and businessmen. Those long lunch hours have lead many people to alcoholism."

Mrs. Sargent, who was educated in a Catholic School, noted many priests and even nuns are alcohol addicts.

There is an alarming increase of alcoholism among children and the situation will get worse if parents don't take preventive steps, Mrs. Sargent said. Wine commercials, for example, are geared to children. She cited the advertisement where there usually is a family picnic—and everyone is drinking wine and having a good time.

"Grown-ups," Mrs. Sargent said, "don't buy those cheap wines advertised—children do. Children also learn to drink by watching their parents."

The youngest addict she has met was 10 years old. "Alcoholism is common among teens—in fact, that's when most alcoholics begin to drink, she said.

"The problem of alcoholism should be a concern of everyone. Just think about it. Alcoholics are making laws in congress which effect your life, alcoholics are packing the food you eat and alcoholics are processing the medicine you take.

"In the past, addicts were treated as if they were insane. They were given shock treatments, tied down and even acupuncture. They are not mentally ill, in fact some are the sharpest manipulators around.

"Treating an alcoholic is not simple, even doctors fail to understand. They will tell a patient she is nervous and prescribe barbiturates—compounding the problem.

"Things are improving, especially in Contra Costa County where there are many forward thinking people who are doing something to solve the problem. Locking the alcoholic in jail doesn't work."

The county operates small social model units located in Pittsburg, Richmond and Martinez. Soon a fourth center will be opened in Concord.

"These centers have highly trained personnel who know what they are doing. The program is an on-going one which continues to assist the alcoholic after he undergoes withdrawal. The withdrawal process takes about 72 hours and is dangerous."

The centers are proving to be a good investment. It costs about $100 a day to keep the alcoholic in the hospital compared to $22 a day at the center.

"Alcoholism can't be cured, it's a terminal disease that can only be arrested so the alcoholic needs constant assistance."

There are many agencies which help the addicts—such as Alcoholic Anonymous. "You too can help. Lots of women are in bad trouble. They need your help and you can do this by not offering them any liquor."

Mrs. Sargent expressed concern that the legal definition of being drunk might be changed. A person is legally drunk when his blood contains 1.8 per cent alcohol. There is a rumor that this will be lowered. It's interesting to note that recently, three state legislators were arrested for drunk driving, she added.

Mrs. Sargent attended the University of Nevada, University of Utah School of Alcoholic Studies, University of Nevada School of Alcoholic Studies, San Francisco State-School of Alcohol Drug and Related Dependencies and the National Institute of Alcohol Addiction, Washington, D.C. She also was program coordinator of Bi-Belt Corp. (Women's Recovery Home) in Concord.

ENFORCEMENT AND OMBUDSMAN/ OMBUDSWOMAN NEEDED FOR REFORMS AIMED AT NURSING HOME ABUSES

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Ms. ABZUG. Mr. Speaker, today I am introducing the Nursing Home Regulation Enforcement Amendments of 1975, which are intended to guarantee that the greatly needed reforms in nursing homes are effectively carried out. The bill also creates an ombudsman/woman system to represent the elderly and the ill, whose scandalous mistreatment in many nursing homes has been exposed in recent months by congressional hearings and State investigations, particularly in New York.

I have cosponsored the package of nursing home reform bills introduced recently in the Congress and have also introduced H.R. 4735, which requires any nursing home receiving medicaid payments to submit a report of costs and a certified financial statement to the State agency that administers the medicaid program. This bill is essential if we are to prevent the continuation of the financial abuses and profiteering that have been exposed in the management of many nursing homes.

More important than this or any of the other proposals introduced so far, which deal with additional regulations for nursing homes, is the problem of enforcement of regulations. Even if we should enact a model code of regulations dealing with every conceivable abuse in the nursing home industry, it would be worthless unless it could be enforced.

Thus, the bill I am introducing today provides that medicaid payments will not be made to a State for nursing homes unless:

Unified inspection procedures conducted on a single visit, no-warning basis are made for purposes of determining compliance with standards for sanitation, environment, medical care, patient care, diet, and fire safety under medicaid.

A single State or local agency is made responsible for the regulation of nursing homes, and for determining their compliance with standards.

Inspections are conducted and regulations enforced jointly by this single State or local agency and the appropriate Federal officials.

Simplified inspection forms are made available to the public indicating the Federal, State, and local code and regulation requirements that are applicable to the nursing facilities involved.

An effective procedure is developed for the mandatory reporting by inspectors, physicians, personnel of long-term care facilities, and by consumer representatives of any neglect—physical or social—abuse, or unsafe or unsanitary conditions in nursing homes.

An ombudsman/woman system is created to receive and consider complaints and reports concerning nursing home operations. The system would also establish accreditation standards, and procedures for nursing homes, and create safeguards to assure that all patients, personnel, inspectors, and consumers can make complaints or reports without fear of reprisal or penalty.

Provide for those long term facilities which fail to comply with standards above, that trustees be appointed to manage these facilities and such trustees be responsible for putting into effect immediate and necessary changes to insure proper standards of care as an alternative to any action that would otherwise be taken under section 1904.

I recognize that this bill, if enacted, would require constant oversight by the Department of Health, Education, and Welfare and the Congress, but I believe we must make it clear that Congress is interested not only in writing new regulations, but in seeing that they are enforced.

Only in this way can the elderly and the ill in need of long-term care be assured of humane treatment in the facilities which the Federal Government underwrites with our tax dollars.

The text of my bill follows:

H.R. 5547

A bill to amend title XIX of the Social Security Act to require the States to regulate nursing homes more effectively under their medicaid programs and to improve the enforcement of such regulation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1902(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof a semicolon; and

(3) by inserting immediately after paragraph (36) the following new paragraphs:

"(37) provide—

"(A) that inspections of nursing facilities for purposes of determining compliance with sanitation, environmental, patient care, medical care, dietary and fire safety standards under the plan will be made in accordance with unified inspection procedures under which inspections for all such purposes are made, without advance notice, in a single visit,

"(B) that a single State or local agency shall be designated as responsible for the regulation of such facilities and for determing compliance with such standards.

"(C) that the conduct of such inspections and the enforcement of such regulation and standards will be the joint responsibility of such single State or local agency and appropriate Federal officials, acting in accordance with arrangements entered into between such agency and the Secretary for this purpose, and

"(D) that simplified inspection forms, indicating the Federal, State, and local code and regulation requirements which are applicable to the nursing facilities involved will be furnished and made available to the public;

"(38) provide an effective procedure for the mandatory reporting by inspectors (including consumer representatives), physicians and personnel of long-term care facilities under the plan, to the appropriate authorities and to the general public, of any neglect (physical or social), abuse, or unsafe or unsanitary condition which may be found to exist in any such facility;

"(39) provide for the creation of an ombudsman-ombudswoman system to receive and consider complaints and reports concerning the operation of long-term care facilities under the plan and to establish meaningful accreditation standards and procedures for such facilities; and for the creation of such procedures and safeguards as may be necessary to assure to all patients, patient representatives, personnel, and inspectors (including consumer representatives) of such facilities that they will be able to make complaints or reports to ombudsmen and ombudswomen under that system, or to Federal employees or officials, without fear of penalty or reprisal; and

"(40) Provide, for those long-term care facilities which fail to comply with sanitation, environmental, patient care, medical care, dietary and fire safety standards, that

"(A) Trustees be appointed under the plan to manage such facilities, and

"(B) Such trustees be responsible for putting into effect immediate and necessary changes to insure proper standards of care as an alternative to any action which would otherwise be taken under section 1904."

SEC. 2. The amendments made by the first section of this Act shall take effect on the first day of the first calendar quarter beginning on or after October 1, 1975.

OLIVER J. SEMMES, JR.

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. SIKES. Mr. Speaker, I am proud to take this opportunity to call to the attention of my colleagues the accomplishments of Mr. Oliver J. Semmes, Jr., who truly was an institution and legend in Pensacola, Fla. For almost half a century, he served the city of Pensacola in many capacities. During the 14 years he was city manager of Pensacola, progress was made in all departments of city government. Under his leadership, a number of programs which greatly improved personnel practices and morale and which contributed to the efficiency of the city's operations were initiated.

These included adoption of a 40-hour week, time-and-a-half overtime pay, adoption and enforcement of leave regulations, a system of hospital and surgical insurance with major medical benefits, an aggressive safety program, a system of electronic data processing for the finance department. A funding scheme for street pavement that is now used nationwide was developed under Mr. Semmes' leadership.

During his administration a number of new public buildings were erected and community recreation facilities, including a baseball stadium and golf course, were provided. An outstanding achievement was a deep-water terminal of modern design.

When Mr. Semmes retired from his job as city manager in 1961, he had held the post longer than any other city manager in any city of the State of Florida. On his retirement, the Pensacola News-Journal stated:

> Semmes inspired and financed progress which has been phenomenal and achieved this with little additional taxation.

Although Mr. Semmes retired from the position of city manager, Pensacola and the area continued to benefit from his professional engineering and management assistance.

I submit these remarks about Oliver J. Semmes, Jr. to enrich our records with the deeds of this fine public servant. Today, when each of us is challenged with the serious problems of a great country, I feel it appropriate to recognize the accomplishments of a man who, for almost half a century, responsibly met such challenges and contributed much to his community.

LEGISLATION NEEDED TO GUARANTEE EMPLOYED INVENTORS REWARDS FOR INVENTIONS

HON. JOHN E. MOSS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MOSS. Mr. Speaker, I am reintroducing legislation today to regulate the relationship of employed inventors to the fruits of their labor and creativity.

Legislation of the type which I am introducing today is critical if our technological society is to continue to be preeminant in the world. A look at the Official Gazette of the U.S. Patent Office, though continuing to bulge with new inventions, indicates that these inventions are more and more the product of foreign innovators. Today over a third of the filings which this document records are for inventions from foreign countries. I submit, Mr. Speaker, that in light of the importance of high technology exports in our balance of trade, we must reverse this trend.

In our country today, most inventions are the product of employed inventors, inventors who are required as a condition of employment to assign in advance their rights to the fruits of their labor and creativity. This has lead a number of commentators to conclude that our falling creativity is a function of this lack of full remuneration for creative achievement. I concur with this view.

I have therefore, authored this act to speak to this need. In summary, this legislation creates a structure within which the interests of employers and employee-inventors are given appropriate protection. Section 414 guarantees that an employed inventor is "entitled to adequate compensation for his service invention." "Adequate" compensation is to "represent the fair market value of the employer's exclusive right to the invention adjusted to reflect the following factors: First, the position and duties of the employee, and second, the degree to which the operations of the employer contributed to the making of the invention." This legislation further provides in section 435 for the creation of a mediation board in the Patent Office to settle disputes over the application of these standards. Section 436 makes available judicial review to the parties in the event that mediation has proved inadequate but only after exhaustion of the administrative remedy.

In closing, Mr. Speaker, I wish to say again that this is needed and timely legislation. It is traditional good sense that a man will only produce if he is guaranteed the fruits of his own labor. In a technical society like our own we must insure that those who forward out technology are adequately compensated for their unique contributions.

ERTS PUTS THE WHOLE EARTH UNDER A MICROSCOPE

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. TEAGUE. Mr. Speaker, Fortune magazine in its February issue, explores the contributions being made by the Earth resources technology satellite program. Over $2 million worth of satellite images, the article by Gene Bylinsky points out, have been sold to commercial users. Yet the full potential of Earth resource surveys remains to be tapped. ERTS-B currently in operation, now renamed Landsat-B, will be replaced in 1977 by Landsat-C with increased capability. This definitive article on the NASA Earth resources program again demonstrates how space program derived technology and space base system, are contributing directly to the quality of our lives and our economic well-being. I commend this important article to my colleagues and the general public:

ERTS PUTS THE WHOLE EARTH UNDER A MICROSCOPE

(By Gene Bylinsky)

(NASA's first resources satellite is opening great vistas in mineral prospecting, agriculture, map making, and other fields.)

One of the strangest and most forbidding places on earth is a huge salt desert called the Great Kavir, which lies between the populous northern and southern parts of Iran. It is covered with treacherous salt swamps and deep depressions hidden by a brittle salt crust that can collapse beneath the footfall of a man. Underground water unpredictably swells the spongy land, setting off streams of brine. In the past, only occasional camel caravans ventured into this desolate scene, and some are said to have vanished without a trace. For centuries, prudent travelers have chosen to go 500 miles out of their way rather than cross the dangerous desert.

Shortly after rocketing from Vandenberg Air Force Base in California two and a half years ago, the Earth Resources Technology Satellite began crossing the Great Kavir once every eighteen days, taking pictures of the land below. At the U.S. Geological Survey's headquarters in Reston, Virgina, Daniel Krinsley, a geologist, studied the images. He was able for the first time to determine the extent of the hazardous areas and to trace a route for an all-weather road through the Great Kavir. He then flew to Iran and explored the salt desert by helicopter to confirm the route. Thanks to the satellite's pictures and Krinsley's work, the Iranians are studying the possibility of spanning the great salt desert with a six-lane highway.

"NOW WE SEE THE ELEPHANT"

Because of the desert's vast size, discovering its secrets by conventional aerial photography would have been prohibitively time-consuming and expensive. The achievement typifies the remarkable contributions of the Earth Resources Technology Satellite, better known as ERTS-1. Launched by NASA to determine just how effectively the earth's resources could be surveyed from space, it makes great sweeps from pole to pole, viewing every section of the earth except small areas near the poles themselves. Before it was launched, U.S. scientists thought the satellite would provide experimental data useful mainly to federal agencies, such as the Interior and Agriculture departments. But the satellite's sterling performance and the wide applications that have been found for its data have surprised and delighted its designers.

ERTS is opening up great new vistas in map making, geology, and mineral exploration. It is proving helpful in assessing the condition of crops, timberlands, water supplies, and many other resources. Some scientists liken the satellite's contribution to the invention of the microscope. This time, the whole earth is under a microscope. Sam M. Pickering Jr., Georgia's state geologist who has worked extensively with the satellite's data, says: "Before ERTS-1, we were crawling over an elephant's skin with a magnifying glass. Now we see the elephant."

In terms of potential economic payoff, ERTS may be the most important spacecraft ever launched. It is the first harbinger of those long-talked-about but elusive benefits of space research. More than 110 countries, including the Soviet Union and Communist China, have purchased ERTS pictures, and hundreds of scientists from corporations, universities, and government agencies have taken courses on how to use the data. Canada and Brazil have built their own multi-million-dollar receiving stations and get images from the satellite at little cost to them. Italy is building a station, Iran and Zaire are each planning one, and many other countries, including West Germany and Japan, are interested in the idea.

A MAGIC MIRROR IN ORBIT

In large measure, the satellite owes its success to the four remarkable "eyes" of its electro-optical imaging system. This is the "multispectral scanner," which consists of a mirror that oscillates inside a telescope and is connected by glass fibers to light detectors. (A more conventional video system had to be turned off early in the flight because of a circuit failure.) As the satellite passes over the earth, the mirror faces a continuous strip of land 115 miles wide. When light reflected by objects below hits the mirror, it is conducted by the glass fibers through four color filters to the photoelectric detectors. Each filter lets through only a narrow band of the light spectrum. The detectors thus see the image simultaneously in different wavelengths.

Scientists chose to record images in two visible and two infrared bands just beyond what the human eye can see. They selected these bands in order to make various classes of objects more visible. Vegetation, for instance, stands out especially well in infrared, while rocks are more visible in other spectral regions.

The system can even distinguish among different kinds of vegetation. Wheat, for example, reflects light differently than corn. Each class of objects on earth possesses its own distinctive fingerprint, or "spectral signature," determined by its atomic and molecular structure. The multispectral scanner picks up these signatures as electronic signals—voltage variations in its light detectors. The signals are then transformed into a digital format aboard the satellite and telemetered to earth, where they are recorded on magnetic tape.

BETTER THAN THE BEST CAMERAS

Technicians at NASA can then construct a photograph-like negative from the electronic signals in each spectral band. They may assign colors to the negatives and produce "false color" prints highlighting the different types of objects shown. In addition, the magnetic tapes can be manipulated by computers—without the need to print a picture first. For instance, using the different electronic signatures registered on tape, a computer program can print out the total acreage of, say, wheat, corn, or coniferous or deciduous trees. As many as thirteen different types of vegetation and soil have been classified by computers in a single area. General Electric, builder of ERTS-1, has a system that extracts data from computerized images in seconds and displays them on a TV-like screen and on paper with printers and plotters. As NASA Administrator James C. Fletcher puts it: "We see things from the ERTS perspective that we've never seen before with the best cameras or the sharpest eyes."

This novel approach to processing pictorial information electronically hints at one of the great powers of the system. When fully developed, ERTS could provide nothing less than a continuing, automated inventory of many of the world's resources. It has the sharpest eyesight of any civilian satellite launched so far. Enlargements of its images can show objects as small as 200 feet on a side, say, a big building or a pond slightly larger than an acre. To be sure, this is far below the capability of spy satellites, whose cameras can make out numbers on an automobile license plate. At this point, however, a resource-surveying satellite does not need a spy satellite's fine vision. Users would be hopelessly swamped with data they couldn't process.

The most obvious application of the satellite's pictures is in map making. Alden P. Colvocoresses, a cartographer with the U.S. Geological Survey, says that before ERTS was launched, many map makers were skeptical about the ability of an untested contraption—"a little mirror in space"—to produce images with the demanding fidelity and geometric precision required for map making. To the cartographers' delight, however, the scanner reproduced scenes on earth without the distortions present in aerial photographs taken from relatively low levels.

From 567 miles above the earth, the satellite can depict an area about the size of Maryland on a 1:1,000,000 scale (one inch equals about sixteen miles) in its true shape as if it were a plane. "The resulting image," says Colvocoresses, "is for practical purposes orthopraphic [i.e., an observer sees each point as if he were directly above it] and can be readily turned into a usable map."

RE-EXPLORING ANTARCTICA

ERTS images 115 miles on a side can easily be put together to form maps of whole countires and continents. A mosaic of the U.S. that would have required 100,000 aerial photographs was constructed with fewer than 600 images. Cartographers have found the images suitable for accurate mapping up to the 1:250,000 scale (one inch equals four miles)—a worldwide standard for medium-scale maps. For larger-scale maps, aerial photography still holds an advantage because of its finer resolution. But even large-scale maps of wilderness areas have been revised from data revealed by ERTS.

Using satellite imagery, the Bolivian government has prepared the most accurate map ever made of the country, including some previously uncharted lakes. Brazilians afflicted with land-speculating fever buy and sell hunks of their country's little-explored interior on the basis of satellite pictures. In Antarctica, where the U.S. has spent years and millions of dollars mapping the huge continent with aerial photography, ERTS has discovered whole mountain ranges and has indicated the need to redraw maps covering about 1,200 miles of the coast. Even in a state as well known as Massachusetts, the satellite has detected striking inaccuracies on conventional small-scale maps of the coastline.

As one map maker puts it, ERTS does away with " scissor cartography"—maps compiled from secondhand reports and clippings from older maps. The satellite also introduces the revolutionary concept of mapping the earth automatically, in days instead of the years consumed by conventional techniques. Even now, maps can be made from ERTS images rapidly and inexpensively. In Bangladesh, for example one map maker took a slide made from an ERTS picture, projected it on a huge piece of paper hung on a wall, and in sixteen hours, with colored pencils, produced a land-use map of a portion of the country. . . .

BERKLEY BEARS ARE STILL CHAMPS

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BLANCHARD. Mr. Speaker, I would like to bring to the attention of my colleagues, the outstanding feats of a group of young men in the 18th Congressional District. These young men, better known as the Berkley Bears, have brought about a resurgence of interest and pride in the school system and the community of Berkley, Mich. The achievements and spirit of these young men is illustrated by the fact that they won 25 straight basketball games and finished the season with a distinguished 25 to 1 record.

The people in my district are proud of Berkley Senior High School and proud of the fine young men who "gave their all". The coach of this fine team is Steve Rhoads. He has assembled a well-disciplined, well-drilled, and talented team.

The team is led by its All-American 6-foot, 8½-inch center, Bruce Flowers, who has captured the hearts and appreciation of thousands of fans who have flocked to see Bruce and his teammates play this past season.

Of course, basketball is not a one-man sport. The city of Berkley was proud also to be ably represented on the court by the following players: Dan Baran, Pat Davenport, Alan Davis, Mark Duckett, Tom Halbrook, Chris Izzi, Ed Kondrat, Ross Potter, Mike Scully, Jim Steffen, John Waring, Phil Watts, and Mike Williamson.

I cannot let the efforts of these true sportsmen go unnoticed. We are all proud of their achievements and in my eyes, the Berkley Bears are still champs.

PRESERVATION AND REHABILITATION OF URBAN HOUSING

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. RICHMOND. Mr. Speaker, New York City now has an estimated 3 million residents living in substandard dwellings and it has become clear that the preservation, maintenance and rehabilitation of our dwindling housing stock must receive our highest priority during the second half of the 1970's.

If we are to stem the rising tide of housing deterioration and abandonment, we must begin to develop programs that will generate strong, community based housing rehabilitation agencies so that residents with the greatest knowledge of local neighborhood problems can begin to take a more meaningful role in planning and developing their own futures within a growing city.

While the language contained in the new Housing and Community Development Act and the city's application for first year community development funds does recognize this fact, I do not believe that the City Planning Commission's draft proposal goes far enough in these areas.

Within the area which I represent there are several neighborhoods that are facing an epidemic of housing abandonment.

Community groups have organized to prevent deterioration and to work together to develop plans to improve their own neighborhood but in many cases this draft proposal will not provide the assistance so vital for the long term survival of their efforts.

The Los Sures Project which seeks to stem the tide of deterioration of Williamsburg's Southside is one of these projects.

Here we see a community based group with intimate knowledge of their neighborhood fighting against time to save their community.

The Los Sures Project has not been included in the City's Community Development Application.

Without a formal and definite commitment by the city to fund Los Sures out of Capital Budget funds—Line HD-78—which has not been forthcoming, it is essential that Los Sures be included in the city's application.

If Los Sures is not funded this year the abandoned housing which can now be speedily converted to decent housing will disappear beneath either the wrecker's ball or will become so deteriorated that hundreds of thousands of additional funds will be needed to accomplish what can now be done relatively inexpensively.

At the other end of Williamsburg, the St. Nicholas Housing Association is attempting to overcome the problems of red-lining and disinvestment in the community.

The association is actively seeking to coordinate the various financial, insurance and governmental forces that effect their neighborhood and is working hard toward the preservation, maintenance, and improvement of their community's housing stock. The city should approve the application of the St. Nicholas Housing Association for first year development funds for $150,000 as part of other mini-preservation programs which rely on community intervention and the management of abandoned property.

The Williamsburg community has been conspicuously absent as recipients of housing funds in the past. It is high time that housing rehabilitation funds be made available to this ethnically heterogeneous area whose vitality and viability few communities in New York can match.

It is essential for the future of the Williamsburg community that both Los Sures and the St. Nicholas Housing Association be assigned funding this year.

Two other neighborhoods should be given prime consideration for funding under the Community Development Act.

The Greenpoint-Northside Community has been promised additional infill housing along the lines of the successful housing built as a result of the Northside dispute last year.

The City Planning Commission itself recommend the development of new infill housing in its Greenpoint study released last year.

The city's application contains no funding requests for infill housing for this community contending that no specific sites were put forward by the community.

However, sites were mentioned in the study produced by this Planning Commission. These were the same sites along the southern rim of McCarren Park which were recommended by the Northside Community Development Council.

Since it is clear that both the city and the community know exactly which sites should be developed in this area for infill housing the city has an obligation to live up to its community contained in the Greenpoint study.

Fort Greene is the second neighborhood which the city has not included in its application because of the absence of specific sites.

The city planning commission's block grant application states that although the Fort Green community is suitable for rehabilitation no sites were presented and, therefore, funding will not be made available to the Fort Greene Community Corp.

The overriding fact is that the city has acknowledged the need for rehabilitation. It is also obvious that the city knows which buildings within the community are locally or federally owned and which buildings when rehabilitated could be offered for sale to low- and moderate-income families.

I urge that moneys be set aside for the Fort Greene community to begin to develop plans for rehabilitation in this area.

Finally, I would like to recommend that community block grants for housing assistance payments be made available for the conversion of single room occupancy hotels in Brooklyn Heights into decent housing for the elderly with supportive services provided as part of the housing package.

Brooklyn Heights has seven such hotels which are under severe social and financial pressure.

Increasing economic pressure is forcing some owners to convert to other uses. As a result, long-term elderly tenants are being forced out of their homes.

As everyone knows, housing at rents these poor elderly tenants can afford, is practically nonexistant. Many of these tenants exist solely on social security or SSI which seldom totals more than $200 per month.

Although the city's application recommends demonstration SRO projects through section 107 of the Housing and Community Development Act, there are many SRO's in the city which should be preserved as housing for its present occupants through moderate or substantial rehabilitation and which could be upgraded through community development funds and housing assistance payments. I urge that such funds be made available to community sponsors and private developers for the upgrading of these facilities.

Beyond these specifics, I share the concern expressed by the Pratt Conference Coalition about the lack of programs to rehabilitate the thousands of deteriorated and abandoned one- to four-family dwellings in New York City.

It is well known that one abandoned home can have devastating effects upon formerly good and stable blocks.

I am in full agreement with the Pratt Conference and support their program which calls for the creation of a revolving loan fund for low-interest rehabilitation loans for the refurbishing of this type of property. Funds should be allocated in the amounts of a million dollars for a construction loan fund and 2.5 million for rehabilitation and acquisition purposes.

I think the most vital long-term proposal made by the Pratt Conference is their request that community development funds be made available to train community groups as sponsors, managers, and developers of abandoned housing units. This investment in the native resources and skills of our local neighborhoods will have a long-term beneficial effect and the acquisition and renovation of abandoned property will be accelerated.

Lastly, I strongly disagree with the city's intention not to fund the emergency repair program through Federal community development moneys. This program was once funded through Model City's appropriations. Although, emergency repair is only a palliative action, thousands of poor New Yorkers depend on this program when they have no heat or hot water due to boiler breakdown or the lack of oil. Emergency repair steps in and will repair a boiler or deliver oil when the owner refuses or is financially unable to assume his responsibility in this regard.

Delivered were 2.6 million gallons of oil under this program between July and January, double the year before. These figures clearly show the need for continuing this program.

A building in trouble may be the result of a slumlord operation or that of a responsible owner feeling the brunt of poor economic climate including high operating and maintenance costs and a controlled rent base too low to meet his expenses; the city steps in in either case. case.

The emergency repair program is the only program that tenants of buildings in trouble can turn to and, although another solution may be needed to quickly identify problem buildings and to effectively enforce needed repairs to a given unit by its owner, the emergency repair program should be there to make the needed repairs whenever a landlord is unwilling or unable to do so.

Tenants who face the prospect of no heat or hot water on a blustery winter's day, or have a cracked ceiling or inoperative toilet that has not received attention in months, deserve the assurance that the emergency repair program will be there to make the necessary repairs. I therefore urge that the emergency program be funded to the full extent that it was during past Model Cities program.

SURFACE MINING CONTROL AND RECLAMATION ACT

HON. THOMAS N. DOWNING

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. DOWNING. Mr. Speaker, last week in his regular report to his constituents, my colleague, the Honorable Dan Daniel, set forth his position on the Surface Mining Control and Reclamation Act. It is a position to which a number of us adhered. While feeling the need for controls, we could not in good conscience vote to increase the cost of energy in these times of national economic distress.

I am pleased to place his remarks in the Record:

Surface Mining Control and Reclamation Act

This week the House passed, again, the Surface Mining Control and Reclamation Act. The Senate has already acted on similar legislation, and the measure will soon go to the President.

Hopefully, he will again, as he did last year, veto the measure.

No one argues that some sort of change is needed in this regard. But ample evidence exists that this bill is *not* what we need.

Billions of tons of coal—coal desperately needed in this day of high petroleum prices and high electric rates—lies just beneath the surface in the United States, and it must be dug to literally keep our country going.

If this legislation becomes law, most of that coal will remain just where it is today, and where it has been for millions of years.

It should be recognized that the major use of surface-mined coal is to produce electricity. I need not tell you what has happened to costs in that area already, and there is no justification for raising the price of this necessity, when it is already too high.

This bill will force the price of coal higher. The result will be higher electric bills—higher heating costs, and high production cost.

Just as important, however—and perhaps of greater importance, given the possibility of reimposition of an oil embargo at the whim of oil exporters—is the damaging effect this bill will have on the raw material for energy production.

For if this bill becomes law, it will cost the economy millions of tons of coal production each year.

Given the current aggressiveness of the extreme environmentalists and the potential for mischief written into this law, you can reasonably assume the losses will be exceptional.

How does this loss translate into terms of the economy?

It means the loss of thousands of jobs.

It means that billions of dollars in purchasing power will be lost from the Gross National Product.

It means that additional oil must be imported daily, and at present prices, that represents an enormous addition to the steadily growing deficit in our balance of payments.

Aside from these losses, which our nation can ill afford, there are other portions of this bill which fly in the face of reason. On the one hand, Members of Congress are calling daily for abolishment or restriction by regulatory agencies, and then they pass this bill which builds a new bureaucracy with outrageous regulatory authority.

The bill by-passes the rights and responsibilities of the states to control these operations within their borders, by imposing federal requirements.

Already 32 States have laws regarding strip mining, yet the Congress in its wisdom has decided that Washington can do it better—a statement not borne out by past experience.

Further, once a mine operator has complied with all the regulations—assuming this is possible—and has obtained the necessary permits to mine coal, he still remains vulnerable to citizen suits.

If ever legislation was devised with the intent and purpose of choking off an industry, the Surface Mining Act is it.

The question now is, though, what do we do now?

If there is one thing we have learned in the past two years, it is that ours in an energy economy.

Nothing moves without power to move it.

Yet, the extreme environmentalists and ecologists—well-meaning though some of them may be—are rapidly destroying or impeding most energy development.

They do not like hydro-electric dams, because of damage to the ecology.

They do not like nuclear energy plants, because they may at some time be hazardous.

They do not like off-shore drilling for oil and gas.

They do not like refineries for petroleum products.

And if someone ever devises a feasible system for large-scale use of windmills, you have the feeling they won't like that, either.

The only advantage to be derived from the direction we are now headed for is that if they have their way, there will soon be no more print or electronic media capable of carrying their caterwauling.

We may all take comfort from the thought as we starve and freeze in the dark.

GEOTHERMAL ENERGY PRICE DOUBLES

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MAGUIRE. Mr. Speaker, one of the central issues we face as we deal with the energy problem is the windfall profits for the oil industry that result from allowing the OPEC cartel to set the price of domestic oil. There seems to be widespread agreement in this body that these windfall profits must be curbed, either through a windfall profits tax, as the administration proposes, or through a price rollback like the one Congress passed last year.

One issue that has not received as much attention is the effect of OPEC pricing on the prices of nonoil fuels such as coal. If the monopoly price that OPEC sets for imported oil artificially raises the price of domestic oil, it also artificially raises the price of fuel substitutes—coal, uncontrolled natural gas, and now geothermal energy. This creates windfall profits for the owners of those resources, often the same giant oil companies that reap windfall profits from OPEC pricing of petroleum production.

The following article by Stuart Auerbach of the Washington Post describes how Union Oil has doubled the price of steam sold to Pacific Gas & Electric in San Francisco. Union Oil does not even pretend that the price hike is justified by increased costs; Union's contract with P.G. & E. simply ties the price of geothermal energy to the price of oil. When OPEC raises oil prices, Union raises the price of steam.

I am inserting this article in the Record for the information of my colleagues:

Geothermal Energy Price Doubles

(By Stuart Auerbach)

San Francisco.—Union Oil Co. doubled the price this year for the steam it extracts from deep within the earth to help heat and light San Francisco.

But the oil company acknowledged that the sharp price increase has nothing to do with any increases in the cost of getting the steam from a vast field of underground steam known as the Geysers 90 miles north of here.

Instead, under a 16-year-old contract that Union Oil has with Pacific Gas and Electric Co., the cost of the steam is pegged to the price of gas and oil, which has more than quadrupled in the last year.

"The doubled price of geothermal was due solely to the escalator clause (in the contract). In 1974 the cost of oil and gas rose dramatically," said Harold Sipe, a staff member with the California Public Utilities Commission.

"They base the cost of steam to us on what we pay for fossil fuel" said Larry McDonnell, a PG&E spokesman.

This pricing pattern has national significance since steam trapped in pools beneath the earth—known as geothermal energy—is considered as an alternate, environmentally clean, and possibly less expensive form of energy than oil or gas.

The Joint Economic Committee of Congress, in a December, 1973, staff report, estimated that geothermal energy could supply the total electric needs of the nation for as long as 1,000 years. Moreover, the committee said, "geothermal energy is the lowest cost [way] of any known method of producing electricity."

So far, San Francisco is the only city in the nation to get any portion of its heat and light from geothermal energy. The portion is small—PG&E figures it amounts to about 5 per cent of the power used by the city—but it could grow as more turbines are added near the Geysers to take advantage of added wells now being drilled. Moreover, other areas are looking to geothermal steam to supply some of their energy needs.

By late this spring, said Carel Otte, vice president and general manager of Union Oil's geothermal division, the Geysers should produce enough steam to supply electrical needs of a city of 500,000. San Francisco has a population of about 700,000.

Union Oil and PG&E officials defended their pricing practice for geothermal energy as the only logical way, considering that when the original contract was signed in 1958 there was no way of knowing whether the steam beneath the Geysers could be used to produce electricity.

Tying the price of the steam to the cost of developing the Geyser fields and drilling the first wells would have been so expensive "that PG&E might not have stood still for the costs," said John Robinson of Union Oil.

He called the price of steam "a hell of a bargain" for PG&E. But he declined to give cost and profit figures that could show how much Union Oil is making on the deal.

"We won't reveal the economic breakdown of any division of the company. As a matter of policy, we won't do that," Robinson said.

Sipe of the utilities commission said the oil company's pricing pattern for geothermal energy "irks us."

"There isn't any government control over prices that the producers can charge. It just doesn't exist. We think that lack of government intervention is a bad thing."

Nevertheless, Sipe said, neither state legislators nor utility commissioners—most of whom were appointed by former Gov. Ronald Reagan, a conservative Republican—have moved toward regulation of the companies that supply raw energy material, such as geothermal energy, to utility companies.

"That seems to be a taboo subject," Sipe said.

Blunting any possible drive to regulate the price of geothermal steam is the fact that it is one of the cheapest sources of energy for PG&E. The utility company this year pays 7 mills (a mill is one-tenth of a cent) for a kilowatt hour of electricity produced by geothermal steam—up from 3.73 mills last year and 3.15 mills in 1973.

Gas and oil, however, are more than twice as expensive as geothermal energy—15 mills per kilowatt hour.

THE COALITION OF LABOR UNION WOMEN

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. RANGEL. Mr. Speaker, today it is my pleasure to make a statement for the RECORD about the Coalition of Labor Union Women which was organized last March. I have been advised that the founding conference drew 3,200 trade union women from all parts of the country and about 60 international unions. The main purpose of the organization is to urge, educate, and encourage women trade unionists to work within the framework of their unions to achieve their goals.

The organization has advised me that it is aiming for a greater voice in the organizing and collective bargaining programs of unions, and in their policies. Of course, equal pay for equal work and wiping out discrimination are primary goals.

CLUW has almost 3,000 members in 24 chapters around the country in many of our large cities—New York, Washington, and San Francisco are a few. Women have to be members or retirees of labor unions to be eligible for membership.

The organization has just published its first newsletter and Ms. Yetta Riesel, research and information associate, was kind enough to send me a copy. For the information of other Members of Congress and general public I hereby submit the first newsletter for inclusion in the RECORD:

STRENGTH IN UNITY

(By Olga Madar)

Despite the enthusiastic cheering atmosphere at the CLUW founding conference, the women present were cognizant of the inflationary spiral and the growing unemployment statistics.

There was fear of another depression similar to that of the '30s and there were women present who had personal recollections of that bitter period in our nation's history.

The depression is now a reality and there is no question that the impact of unemployment and lay-offs on women and minorities is severe. But they are not the only groups who are without employment, In non-unionized work places the older workers, even with years of job seniority, are summarily being dismissed, while the young are not exactly being welcomed at the hiring hall.

We are not going to solve the unemployment problems of these groups—all of them minorities at the work place—on an individual basis. We need immediate massive federal, state and municipal programs to provide jobs for all the unemployed, coupled with financial incentives to increase the spending power of low- and middle-income individuals and families. To date, the program of the President would direct the help to the wrong places. It would provide too little for the "have-nots" and too much for the affluent. Th cutbacks in school lunches, the increased cost of food stamps and the hold-back in Social Security increases accentuate the suffering of the old, the poor and the disabled minorities.

At a time when the loss of jobs highlights the need for legislation guaranteeing health security coverage for individuals and families, the Administration calls for delaying enactment of national health security legislation.

While the President continues to cater to the same interests as his predecessor, the Democrats sing solo. It is incomprehensible after a smashing victory for a Democratic majority at the polls last November that Democratic members of Congress would go it alone.

Organized labor cannot make the same mistake. The cost in human misery and suffering will be too great.

Already there is agreement among unions on several of the economic and employment proposals. George Meany, President of the AFL–CIO, stated in a message to Leonard Woodcock, President of the United Auto Workers, "We share not only a common concern about the problem (unemployment), but a common economic and tax program . . ."

Now, if ever, is the time to join ranks in coalition—the AFL–CIO and all affiliates, the IBT, the UAW, the UMW, and the various independent unions.

The members of CLUW come from a variety of unions and collective bargaining units and are in a unique position to accelerate the development of and strengthen the effectiveness of such a coalition. I call upon all CLUW members to urge the leadership of their unions on a local state and national level to join together, close ranks and organize a legislative communications network so that all elected officials, at every level of government, in their home districts and in the legislative halls, will hear the message loudly and clearly—we want action, we need a program now.

The strength of organized labor stems from its unity, from the force of many people speaking with one voice. Now, as never before, we must marshall our strength and work for the adoption of an action program to put America back to work.

THE MALIGN COLLABORATION

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. HARRINGTON. Mr. Speaker, the Ford administration's policy of restricting demand for foreign oil by placing a tariff on imported oil is both short sighted as a national policy and unduly discriminatory to New England.

There are alternatives. The February 15 issue of the Nation carried an article by Louis B. Schwartz, Benjamin Franklin professor of law and economics at the University of Pennsylvania, outlining an alternative approach.

I commend this article to my fellow Members.

The text follows:

OPEC AND BIG OIL—THE MALIGN COLLABORATION

(By Louis B. Schwartz)

The Ford Administration has come up with an amazing remedy for the "energy crisis." The cure advocated for the Arab-dictated extortionate price of petroleum is to raise prices still higher. It is proposed to tax imported crude at the rate of $3 per barrel, this to be added to the current international price of $11 with a pass-through of the new tax to the consumer. At the same time, it is proposed to drop price controls on domestic crude oil and gas. These steps, according to the President, will have the gratifying result that people will simply be forced to buy less gasoline and fuel oil. Accordingly, demand will decline, or at least "stabilize," and thus we shall have countered the cartel power of OPEC.

This Alice-in-Wonderland solution of the energy crisis is so divorced from economic reality that it must be regarded as disingenuous. The purpose of the proposal is not to restrict the use of oil, but to provide revenue to balance the politically attractive income tax cuts concurrently proposed. An additional purpose is to gratify all the interests in the United States that have for generations used the government to support artifically high prices for domestic oil, gas and competitive fuels. The recent quadrupling of the price of oil with no substantial "voluntary" curtailment of consumption, sufficiently demonstrates that oil consumption is relatively unresponsive to price change. Accordingly, further increases in price cannot be expected to cut demand significantly. They will, however, significantly contribute to inflation, and will cut the demand for other goods.

A real cut in demand for oil, and a real contribution to conservation, can be achieved only by rationing and, preferably for the long run, by tax or other legislation favoring the manufacture of small cars. A graduated tax based on horsepower would change car-buying habits in a manner that would not interfere seriously with travel, would reduce air pollution (in contrast to President Ford's proposal to relax clean-air standards) and would offset higher gas prices with increased miles per gallon. Along with this conservation effort should go a drive to break the OPEC cartel, thus reducing the price of imported, hence all, petroleum.

Real, as distinguished from phony, solutions of the oil crisis must respond to basic facts and rest on moral and economic principles. The central facts are that OPEC is controlling a price for crude oil that is approximately forty times the cost of production, that the multinational oil companies, which have been our "agents" to procure foreign oil and to negotiate with the shieks, have failed us and that the U.S. Government's recent policy has been aimed at "collaboration" rather than "confrontation" with OPEC. Collaboration is Kissinger's program to bring the consumer states together with OPEC to "stabilize" the situation at current fantastic, cost-disregarding prices. Confrontation would aim at breaking the cartel, especially by concerting the U.S. buying power to make favorable bilateral deals with those suppliers who would reduce prices.

Prices should, in general, reflect costs. That is a principle of morals and economics. To the extent that prices reflect costs (including fair compensation to labor and a capital return sufficient to attract the necessary investment), a given expenditure of human effort will produce a maximum of human satisfaction. Putting it another way, price-cost parity allocates resources most efficiently. If oil that can be produced at 25¢ a barrel in the Middle East is sold at forty times that price, two misallocations follow: (1) The energy users, forced to divert enormous resources to pay this non-cost-justified price, will have less with which to buy meat, clothing, capital goods and services. The world is thus forced to forgo production for which it is ready to pay cost, in order to pay much more than cost for a monopolized resource; (2) the non-cost-justified rise in oil prices leads to an enormous and wasteful diversion of resources into finding alternatives to the monopolized resource. The difficult, expensive and dangerous development of nuclear energy, of oil production from the sea depths, of new means of extraction and transportation, absorb billions that would otherwise be spent for human needs other than fuel.

An even more dangerous misallocation of resources is occurring. The oil billions are being used to buy arms; and the build-up of Arab military power will evoke a countervailing build-up of Israel's military power. Such a perversion of the world's productive resources to weapons of mutual destruction is, at a time when millions of human beings face death by starvation, not only reckless but disgusting. War is being brought closer to the Middle East, not merely war between the Arabs and the Israelis but war between their Big Power sponsors, and even war among the Arab states. In the chaos of expanding armaments each Arab state will see a deterioration of its relative military position vis-a-vis its neighbors, or much to be gained by putting to hideous use the new instruments being provided by the West (including Russia). The immorality of OPEC's extortion of monopoly prices for petroleum inheres therefore both in the excessive returns and in the use to which those returns are put.

This immoral and dangerous redistribution of wealth is the result of an agreement or conspiracy among the OPEC countries to limit production and to exact an arbitrary monopolistic price from the rest of the world. Cartel agreements of this type are illegal and even criminal under the laws of the Western nations when engaged in by private companies, for the reason, among others, that charging a monopoly price is equivalent to levying a tax on consumers. When interests inside or outside our country levy taxes upon us other than through our own political processes, the issue of "taxation without representation" arises. As in the case of the American Revolution, that issue can lead to violence. To say that the oil "belongs to them" is no answer to the charge of immoral and uneconomic exaction. Ownership, when dispersed among numerous proprietors, does not carry with it the power to exact prices above cost: competition among proprietors would usually divert trade to the low-cost producers. The power of OPEC nations to overcharge results from the agreement among them to consolidate their bargaining position, not from their individual "ownership."

OPEC is, of course, not the only cartel in the international oil market. The giant multinational oil firms functioned as a private cartel long before OPEC appeared on the scene. They collectively maintained the price of oil far above the cost of production, thus denying energy to some who could have paid a reasonable competitive price and misallocating resources toward production of more costly fuels. They maintained their united front not by an overt comprehensive cartel agreement, like OPEC, but by a complex network of interrelationships, including partnerships to develop new fields or markets, multiple contracts for exchange of oil and petroleum products among themselves and, above all, unspoken understandings—typical of oligopolies—not to challenge one another commercially but to "follow the leader" in pricing for particular markets. By this means, for example, Middle East oil was for decades sold in the Mediterranean on the basis of Gulf Coast prices, i.e., as if it had been produced at high cost in the United States and transported thousands instead of hundreds of miles. Moreover, there is little reason to doubt complaints of OPEC members that the private cartel exploited their weak, unorganized suppliers as well as their weak, unorganized customers, exercising monopsony power on one side as well as monopoly power on the other.

There is small comfort for the rest of us in the "countervailing power" seemingly provided by the private oil cartelists confronting OPEC. The great multinational petroleum companies do not represent us. They certainly cannot be identified with any single national interest, e.g., of the United Kingdom, or the United States, or Holland or France. The obvious solution to tensions between superpowers—as Kenneth Galbraith observed in "American Capitalism: The Concept of Countervailing Power"—is a treaty of alliance, i.e., power sharing at the expense of the unorganized. It takes little imagination to envision the course of negotiations tween OPEC and the cartelists. OPEC wants the highest price extractable from the industrial consumer nations. The oil companies' position is not inherently antagonistic to that desire, since any increase in the total revenues enlarges the companies' potential income (if the sheiks are not too greedy). Also, the value of the companies' reserves in the United States and elsewhere rises by breath-taking billions with each rise in the current price called for by the Saudis.

What will most preoccupy the companies is that the price increases be so handled as to avoid three undesirable responses: (1) A genuine rapid search for alternative energy sources which would reduce the demand for oil; (2) nationalization, excess profit taxation, or other adverse political responses in the "home" country; (3) any undermining of OPEC control, either through covert violation by a member, or by rapid development of non-OPEC oil fields, since an uncontrolled oil source would lead to price cutting and upset the balance of power among the oil companies in favor of whichever one found the new source. Arabia will be most understanding of the companies' apprehensions on each of these scores.

OPEC member countries have begun to buy or confiscate interests in the oil companies' transportation, refining and marketing operations—activities outside the boundaries of the producing country. The private organization is retained on a profitable basis to carry on the activities for the new owner. This progressive integration of the companies into the OPEC cartel tends to consolidate both the governmental and the private cartels. The main sources of supply become permanently tied to the main outlets to the market. The probability that a new refiner or marketer will come on the scene to serve consumers independently is reduced. The chance that a new oil discovery will find its way to consumers by a route other than through the cartelized marketers is slim. There is talk already that the consumer nations need to engage in a little "counternationalization" of Arab interest in non-Arab petroleum operations.

The grim picture is oversimplified—unavoidably so in a brief analysis. Company policies are not perfectly aligned, if for no other reason than that they are differentially dependent on OPEC oil. They are rivals for sources and markets as well as collaborators. Some of them are responsive to public opinion and to political pressures in the home country. But these moderating influences are inadequate to qualify the companies to represent the national interests of consumer countries. The underlying conflict of interests is too plain, and the history of the companies' commercial policies too dubious.

An American reaction to the situation was recently embodied in a bill, tentatively approved by a Subcommittee on Multinational Corporations of the Senate Committee on Foreign Relations. This "Foreign Oil Contracts Act of 1974" purportedly is intended to increase the political accountability of the international oil companies. It would require registration of all contracts for procurement of substantial quantities of crude or refined petroleum; forbid any "United States business entity" to enter into such contract without approval of the Federal Energy Administrator (but a contract is deemed approved if not disapproved within twenty days of registration); authorize the Administrator to inspect records of companies submitting contracts for approval; and make public all registered contracts, except to the extent that publication would "seriously interfere with the national interest in obtaining secure supplies" of petroleum products. In exercising his authority to approve, the Administrator would consider "any threat to the economic well-being of the United States or of other importing nations," the availability of other lower-priced oil, the tendency of the contract to concentrate access to any oil production "in the hands of one or a small number of corporations" and "the degree to which the Administrator was consulted during negotiation of the contract."

The bill is a travesty. It is confined to contracts and ignores structural integration, e.g., mergers and takeovers. It adopts a contract-by-contract approach instead of appraising the entire skein of relationships. It does not apply to contracts made prior to enactment. It does not authorize the Administrator to withdraw approval once given. It does not assure him a continuous flow of information on changing conditions that affect the desirability of the contract. Perhaps the most interesting feature is the hint that the Administrator should involve himself in *negotiating* the contracts. Considering that the Administrator is given only twenty days to pass upon registered contracts, it would be reassuring to believe that his agents would be scurrying about the world to influence contract formation. But that would be an illusion; the manpower would be lacking and that other participants in the negotiations would obstruct intrusions by outsiders. At best, a nominal participation by the Administrator would serve to justify swift formal approval of *faits accomplis*. The most revealing comment on this bill was its characterization by one "insider" as "a more feasible alternative to establishing a direct purchasing agency of the U.S. Government which would deal directly with OPEC nations and then allocate purchased oil among U.S. oil companies." * The bill in short is a political gesture masquerading as effective governmental intervention—a triumph for the oil companies, for OPEC and for the highly placed officials in the government of the United States who favor "collaboration, not confrontation" with OPEC.

These forces find a governmental purchasing agency "less feasible" because it would expose and highlight the political confrontation between the importing governments and OPEC. But there is every reason for the industrialized democratic governments to press boldly for solutions grounded on economic justice and morality and to put away pseudo-solutions—including the one so often advanced these days, that we borrow back from the sheiks the billions which they are extorting from us.

The strangest and most frightening element in the whole situation is that the government of the United States seems committed, not merely to pseudo-solutions but actually to maintaining the monopolistic price levels dictated by OPEC. Secretary Kissinger, to the wrath of the French, the Japanese and others, is trying to organize a consumer nation "common front" which will, in negotiations with OPEC, settle for "stability" at or about current high prices. The sop to participating consumer nations would be some kind of insurance against Arab boycotts of individual nations, through an agreed sharing of supplies. The "gain" for the United States would be a putative (and wholly unreliable) enhancement of political influence with the sheiks, plus solidification of the U.S. world financial hegemony through the channeling of Arab billions back into U.S. investments and banks.

Behind these current manifestations of oil's power in Washington is a long, dark history of the betrayal of national interests by successive national governments. The people in government who are providing the current leaden life preserver are the ones who "promoted national security" with a suicidal national oil policy. That policy excluded oil imports in the decades when we could have had all we wanted at minimal cost, while stockpiling our own higher cost reserves for emergencies like the present; maintained a high price for domestic petroleum by encouraging state systems for manipulating production and prices in the facilitated oligopolistic pricing in the domestic oil business; subsidized the oil barons interests of the least efficient producers; through arbitrary tax credits, without requiring the exploration which those subsidies were supposed to finance; perpetuated a giant leak in the natural gas regulating system by allowing huge quanties of gas to escape federal regulation; and drove us into multibillion expenditures for high cost and dangerous alternate sources of energy, e.g., nuclear power.

The forces that have generated these economic irrationalities were reviewed by Prof. M. A. Adelman in The World Petroleum Market (1972). They are the "protectionist," autarchic influences that operate everywhere. In England, the National Coal Board and the Gas Council derive a perverse comfort from artificially high oil prices. In this country, operators of marginal oil wells, numerous and politically influential, enjoy the bonanza of government-sponsored inflation of oil prices. In France, expensive North African exploration and inefficient state-operated refining and marketing bureaucracies are masked by the extortionate OPEC prices. The huge vested interests in nuclear energy everywhere prosper under the umbrella of the cartel.

What, then, is it reasonable to expect of the American Government in the oil crisis? Very little. Its natural and traditional tendency is to make common cause with those who would exact the highest price for oil. But if the question is what should informed citizens demand in the way of a national oil policy, an answer is available:

A genuine attempt should be made to reduce needless petroleum consumption. This implies rationing and a shift to smaller cars.

A National Oil Resources Agency (NORA) should be created, and given exclusive right to import petroleum and to allocate imports among domestic refiners and marketers. The bargaining power of this consolidated buying agency, vis-a-vis OPEC and other suppliers, would be enormous. It might well be able to crack the cartel by playing members against one another.

NORA should be empowered to spend sums equivalent to the subsidies of the nuclear energy program or space exploration program to develop alternate energy supplies, e.g., from shale or geothermal sources. Investments like these would pay off in several ways. The threat would be efficacious in moderating the demands of OPEC and other suppliers. Low-cost additions to the energy supply would be fed into our energy system at cost, displacing higher cost oil. This contrasts with existing arrangements under which the oil companies themselves "diversify" into geothermal energy, for example, and market it at prices tied to the rigged international oil price. High-cost energy coming out of NORA's development program would be fed into our energy system at a calculated normalized price. The taxpayers would absorb the excess cost. That is surely preferable to the staggering increase in *all* petroleum prices which has been allowed to follow from the higher price of OPEC's oil, which is after all only a marginal part of America's total supply.

All oil company "secrets," at least in the international sphere, should by law be made accessible to NORA, which would exercise an inquisitorial power comparable to that of national bank examiners.

The Secretary of State should cease trying to organize a consumer nation cartel to engage in collective bargaining with the producer nation cartel on a basis that legitimates cartelization on both sides and freezes into the international trade system the current fantastic, cost-disregarding prices. A firm entente among the consumer nations is so unlikely, given their different situations and interests (political as well as economic), as to make doubtful the good faith of the attempt, which so far has served only to sidetrack a real solution. That solution lies, rather, in bilateral arrangements between particular suppliers and their customers. Iran or Venezuela may be willing to make concessions to country X that Libya would not consider. In this way, the solidarity of the cartel might begin to be undermined.

The OPEC nations are entitled to fair returns through conventional taxation and to royalties to the extent that each has legitimate property interests in the land. Some of them have, as underdeveloped states, moral claims upon us for constructive aid. They do not, any more than does the private cartel, have a right to dictate prices unrelated to costs, to bully us into supplying arms with which to threaten the peace of the world, to create a new crop of unearning billionaires, or to disrupt our fiscal and industrial order. A failure of nerve on the part of the Western democracies, an evasion of the challenge, can have only catastrophic consequencies.

GLEANERS INTERNATIONAL OF EUREKA COLLEGE TURNING IDEALS INTO ACTION

HON. TIM L. HALL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. HALL. Mr. Speaker, in August of 1974, Eureka College, a small college in by congressional district, established an intracampus program called GLEANers International. The purpose of the project is to do something to respond to the tragedy of world hunger at a local level.

GLEANers assumed their names from the biblical tradition of the gleaning of fields by those in need. In the autumn of 1974, college students, Girl Scouts, 4–H Club members, and others spent most of their weekends in the cornfields near Eureka College harvesting the field for hungry people.

Mr. Speaker, Illinois is one of the leading States in agricultural production and the leading State in agricultural exports. Illinois farmers can be very proud of their achievements in helping to feed the world.

The GLEANers are following the advice of George Washington when he wrote:

> I know of no pursuit in which more real and important services can be rendered to any country than by improving its agriculture, its breed of useful animals and other branches of husbandman's cares.

I want to share with my colleagues in the House a statement of purpose written by the GLEANers at Eureka. Those participating in the program are to be commended for their fine work. They carry on a long tradition at Eureka College with its students and faculty committed to the goal of helping others to help themselves.

Mr. Speaker, the GLEANers statement follows:

GLEANers International of Eureka College Turning Ideals Into Action

As Americans are becoming increasingly concerned about the crises in world hunger, students at Eureka College in Eureka, Illinois are converting concern into action.

In West Bengal fifteen million are now starving. In Africa's Sahel, twenty-five million are still in danger of serious malnutrition or death. Three million African nomads have lost their entire herds of livestock. They are left destitute and need help to reestablish their productivity and pride. Many experts are predicting five hundred million people will perish in famine by the year 2000. Tayed A. Marei, Secretary General of the Rome Conference, has estimated that today four hundred sixty million people have been left "permanently hungry."

GLEANers International is providing the rallying point for "students" of all ages to participate in a many faceted program that responds to both the short range relief and long range development to help hungry people. GLEANers is an acronym for GROUPS LEADING in the EDUCATION of AGRICUL-

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* Antitrust and Trade Regulation Reports, No. 679 September 10, 1974, p. A-16, quoting a Subcommittee staff member.

TURAL NEEDS. It was initiated by students on the Eureka College campus in August of 1974 as an intracampus program. However, because students on other campuses were calling for relevant programs of national scope to actively express their concern, GLEANers moved beyond the Eureka campus. The State of Illinois has now been divided into seventeen districts to carry on grass-roots programs. Projects in other states throughout the Midwest and South are in the initial stages of development.

GLEANers first assumed its name from the Hebrew tradition of the gleaning of fields by those in need. The Bible has gleaning as a feature of the romance of Ruth and Boaz. Gleaning provided the first project for the volunteers. It was discovered that in a small county where Eureka College is located, over 500,000 bushels of corn are left in the fields by the combine to rot each year, in the autumn of 1974 this was worth over $1.5 million. Extension officers from the University of Illinois informed GLEANers that approximately five per cent of the United States corn crop is left in the fields. College students, Girl Scouts, 4–H Club members and others responded to the challenge by spending their weekends in the cornfields harvesting for hungry people. This productive response to world hunger exemplifies the philosophy of GLEANers. Whereas many philanthropic organizations concerned with overseas relief ask for gifts of money, GLEANers asks for volunteer labor—a giving of a part of oneself—to save American agricultural produce which would otherwise be wasted.

Concern for the well-being of American's productive capacity is another part of the GLEANers organizational purposes. Therefore, in carrying out projects, GLEANers avoids taking away from the domestic economy more money or commodities than it adds.

Heifer Project International asked GLEANers to help save calves tagged for destruction as unprofitable. The College students brought five such calves from Wisconsin to the Eureka campus in Central Illinois and cared for them until they could be moved to Honduras. Two members of GLEANers, Glenn Miller and Myrla Marshall, accompanied 100 head of cattle flown to Honduras and brought back eye-witness reports of the distribution of the cattle to farm families who lost 500,000 head of cattle in Hurricane Fifi in 1974. An unique part of the program is the requirement that the first calves of the donated heifers must be given by the farmers to neighbors in need who did not receive a U.S. heifer. GLEANers commitment to the preservation of the family farm extends worldwide.

GLEANers urged National Farmer Organization farmers in the Cobden, Illinois, area to co-operate with the students in averting further calf slaughter.

"We understand the stress of high costs and low farm prices which prompts you to get rid of unprofitable livestock," the students told the farmers. "But there is a better solution than the waste of calf slaughter—that is giving the calves to Honduran farm families now in distress. We want to help you do this." National Farm Organization members in the Cobden area have said they will co-operate.

Education of people at home and abroad is an ongoing concern of this new "student" organization. In the United States, GLEANers is working with the Overseas Development Council, the Food and Agricultural Organization of the United Nations, CARE, and CROP in providing programs and information to help Americans understand the crisis that confronts three-quarters of the world's population. Hunger is a domestic problem too, and to confront this challenge in our own backyard requires education in regard to nutrition and available programs for hungry citizens. In the developing world, GLEANers is working through fellow college organizations, UNESCO, USAID, and many others in establishing schools and systems to educate people to better help themselves. Education is a primary requirement in the development of a peaceful and prosperous world. As the charter of UNESCO states, "since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed."

To avert the horrors of war, GLEANers is co-operating with the aforesaid diverse consortium of agencies in an attack on war's deadly brother—starvation. Philip Palin, the nineteen-year-old Executive Director of GLEANers International, announced his organization's objectives in January, at an address at the University of Illinois:

"We seek a three front war on Hunger—in the areas of protein, population, and politics. Action is demanded. Protein means food and the world needs food immediately. This is an emergency situation. Three to five million people will die of starvation during the next six months no matter what we do.

"The problem of world hunger will not be solved in the next six months, nor in the next six years, nor very possibly in this century. However, the ultimate solution must be initiated within our lifetime if indeed any life is to follow us. If we are to provide some ultimate solution in the distant future, we must begin today. or if we are not moved to respond to the needless deaths of millions of people today, we will not discover how to save the millions who come after them.

"Population growth has less urgency but certainly is of no less importance. The Earth's population must eventually be stabilized. Our food resources are not infinite. We have the knowledge to avoid the "Malthusian" horrors if we have the will. Developing people can progress economically and socially given educational opportuniites, and economic and social progress is the surest path to long term population control.

"Finally, the political structure must be established which is sensitive to food crises and will 1) provide the necessary immediate help and 2) allow for continuous and long term responses to food shortages. In the United States this means encouraging discussion and decisions on the part of the people and the people and the Congress. Overseas this requires encouraging governments to respond in an intelligent and constructive manner to their starving citizens. Developing nations usually need advice and technical assistance to achieve constructive solutions. Many times Americans tend to blame themselves exclusively certainly we could be doing more) but we should also realize that political decisions on the part of recipient nations are vital to the effectiveness of any aid."

From the gleaning of corn to the planting of thousands of sunflowers, a dynamic symbol of challenge to face the crises in world hunger has evolved from a small 12′ x 15′ office on a campus of 500 students. GLEANers is showing us that Americans are not nearly as cynical or selfish as we sometimes allow ourselves to believe and that Americans are wanting to do more than just donate a few dollars. GLEANers have accomplished all these things with less than a thousand dollars, relying on the response of friends as funds or supplies were needed.

In the future more funds will be required, but GLEANers have learned a lesson valuable for many Americans—that concern, dedication, practical planning, and hard work perform the miracles that a million dollar program would be expected to produce. In the beginning six college students dedicated themselves to an unselfish objective and their dream has caught the imagination of a nation.

THE SECRET TAX THAT HURTS US—INFLATION

HON. DEL CLAWSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. DEL CLAWSON. Mr. Speaker, "tax reduction" as a legislative label has an affirmative ring assured of broad-based appeal in these days when average Americans have rightfully assumed a protective, defensive attitude toward the purchasing power of their hard-won dollars. But tax cuts which ignore the most rapacious tax of all, inflation, with its steadily increasing drain on the dollar, will soon be evaluated by the people as little more than window dressing. A discussion in the March issue of Readers Digest stated the problem in such objective terms that I obtained permission to insert it in the Record to assure it wider distribution. The article follows:

The "Secret Tax" America Can't Afford

Ever wonder why you feel poorer even though you're probably making more money than your father ever dreamed of? You finally bought that house. You drive a nice car. Maybe you're making payments on that boat you always wanted. But why did that new tile in the kitchen cost so much more than you expected? Why did the bill for that washing-machine service call take your breath away? Why do expenses now seem to exceed income?

There is an easy one-word answer to all these questions—*inflation*. But do we really understand what inflation is, and why this "secret tax" keeps chipping away at our paychecks?

Many factors have exacerbated this dollar-dissolving inflation—the energy crisis, crop prices, excessive and ill-advised government regulation, wages outrunning productivity. But the basic cause of inflation is one that most Americans seem largely unaware of: *spending money that hasn't been earned yet.*

In short, inflation is the creature of debt, and the most inflationary kind of debt is the one we—under our democratic system—are the most responsible for: the public debt. The officials we elect run up this debt to provide the loans, goods, services and programs that we have come to believe should be "paid for by government."

We forget, of course, that "paid for by government" means paid for by us. Government may *print* money, but this is only the symbol of wealth. Real wealth is the value of the goods and services produced by working men and women. It is their pay for making cars, houses, clothes, books, furniture and all the other myriad things we are accustomed to. Government depends upon this wealth that we create, and takes from each of us a portion of it through taxes and other revenues.

Last year we paid out $255.4 billion in federal taxes. Unfortunately, the government not only spent all this money; it kept right on spending, doling out $3.5 billion more than we gave it. And it has generally done the same for years—spending $66.8 billion more than income in the five years 1970 through 1974 alone.

That is where the trouble starts—when we, as electors, allow government, often for individually persuasive reasons, to spend dollars it doesn't have. It goes into debt.

But government and the average citizen go into debt under different rules. Government is the dominant borrower in the market, both from individuals (mainly through selling savings bonds) and by depositing

IOUs with banks, then writing checks against them. Result: We taxpayers have to pay various banks and other lenders some $29 billion in yearly interest on the public debt.

And that's why we are in trouble. We pay all the government's bills, and we bear the burden of those bills government incurs after our tax money has run out. We pay by shelling out that secret tax that adds ten cents to a pound of bacon, $5 to a pair of shoes, $20 to an electric stove.

Now this is the part of inflation that most of us don't fully understand: How the government's indebtedness pushes up the prices of the things we buy.

It works this way: We can't print money to cover our own debts. The federal government, however, can; through a complex procedure called "monetary policy," the Federal Reserve creates dollars and transfers them to banks. The banks make loans from these new "assets." Thus, money is "pumped into the economy"—money that was originally nothing more than the figures on a Federal Reserve check; soon more currency has to be printed to cover the new dollars. Many of these dollars originate through bank loans of various kinds. They find their way into the economy through various commercial transactions. But who has established the need for these new dollars in the first place? We have—through the many things we ask government to "do" for us; through loans and grants to businesses, schools, research groups; through "aid" programs of all kinds. Remember, most of the deficit dollars have not been earned by producing anything. They merely compete with our paycheck dollars for whatever goods and services we and others have produced. Result: The oldest of economic laws takes effect. With more money around than available goods, prices rise—and inflation is upon us.

Okay. Everybody talks about it. Almost everybody feels it. But what can we do about it?

Certainly, increased productivity—each of us producing more for the dollars we earn—is one of the most effective counters to inflation. Many businesses and dedicated workers have performed amazing feats of productivity, enabling them to increase their wages and profits while cutting the price of their products to remain competitive.

But productivity increases cannot indefinitely make up for the steady cheapening of the dollar brought on by the government indulging legislative whims with more "thin air" money. It's time for some tough decisions in Washington. Decisions that will not be made unless citizens—businessmen, farmers, workers, housewives, pensioners—demand them and are willing to accept the sacrifices that must be made.

Particularly in times such as these, no one would deny the use of federal resources to take care of the truly needy. And to alleviate the rigors of recession, job programs and other relief may well be essential. But with additional costs, it is even more imperative that the rest of the budget be kept under control so we do not wind up compounding the inflation which brought about the recession in the first place.

If we expect government to cut spending, however, *we must all cut our expectations of government*. Businessmen seeking special treatment to pull them out of a hole dug by their own inefficiency must make do with their own resourcefulness. Special-interest groups must stop and consider the overall effects of their requests upon government, and thus upon inflation. Citizens must realize that government installations may close in *their* area. Because the money is not available, certain non-essential programs may have to be delayed or even discarded.

We, all of us, are trying to hold the line on spending at home, and we should expect government to do the same. We only fool ourselves if we think real progress can be made without getting the government's fiscal engine back in tune.

And remember, *we* are the government. That's why we can do something about inflation—if we have the sense to discipline ourselves and the ingenuity to get more out of the considerable human and material resources we already have.

CHURCHES UNDER FIRE IN TITO'S YUGOSLAVIA

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. LOTT. Mr. Speaker, on Februrary 27, 1975, my distinguished colleague from Ohio (Mr. ASHBROOK) showed remarkable prescience in his comments on Rhodesia, Yugoslavia and the Old Double Standard.

On March 4, the New York Times confirmed his remarks on Tito by writing:

> The Yugoslav leader served the Soviet Union directly for a quarter century, initially as a soldier in the Red Army and subsequently as an agent of the Comintern. Despite the subsequent differences he had with Moscow, President Tito remains a product of Soviet political indoctrination.

Our colleague should also be commended for inviting the attention of the Congress to the substantial religious movement within Yugoslavia. The cooperation evident in Yugoslavia between the predominantly Roman Catholic Croats and the predominantly Eastern Orthodox Serbs is deserving of every support from the United States. For the first time the Communists are unable to play off Serbs and Croats against each other, as their common Christian principles offer the solution for the ending of national antagonism between Serbia and Croatia should these two nations in the future elect to retain some form of Yugoslavia or an amicable separation.

The comments in the article "Churches Under Fire in Tito's Yugoslavia" as printed in the February 1975 issue of the Orthodox Church were neglected by the mass media. I would like to correct that oversight by bringing them to the attention of my colleagues in the Congress.

[From the Orthodox Church, February 1975]

CHURCHES UNDER FIRE IN TITO'S YUGOSLAVIA

UNITED NATIONS, N.Y.—Church-state relations in Yugoslavia continue to deteriorate, experts in the East European affairs say.

They report increased anti-religious propaganda in the government-controlled press, and legal measures against the Catholic press and clergy. Both the Roman Catholic and the Serbian Orthodox Churches have been accused of engaging in "nationalistic propaganda" and of trying to create centers of "political clericalism."

It is also asserted by observers in the West that the Yugoslav government may be attempting to limit the Churches' social and educational activities and restrict them to the sole performance of religious duties.

Religious activities within the Serbian Orthodox Church have also come under sharp attack. Last year the regular sessions of the Holy Synod of this Church expressed its concern over difficulties hindering religious education because it was not possible to obtain authorization and sites for the construction of new churches, and because of the "hostile and negative" reporting on church activities in some Yugoslav press organs.

TAXPAYERS CAN'T RELY ON IRS FOR ACCURATE ADVICE

HON. DAVID W. EVANS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. EVANS of Indiana. Mr. Speaker, the Indiana Public Interest Research Group, Inc.—INPIRG—conducted a study recently on the advice given to taxpayers by the Internal Revenue Service on their tax returns. The study was similar to one conducted last year on a nationwide scale by the Tax Reform Research Group.

The results of the Indiana study are appalling. INPIRG found that the widespread pattern of inconsistency in tax advice given by IRS continues.

INPIRG consulted IRS offices in six Indiana cities with an identical tax problem. In one city, Muncie, the IRS office did not help compute the tax. In Terre Haute, the office did provide INPIRG investigators with advice, but did not help compute the tax. In Bloomington, the office did not know how to compute the tax!

In the three cities which did offer this service, South Bend, Indianapolis, and Richmond, the IRS results varied from a refund of $186.40 to a refund of $596.05, a spread of over $400.

As INPIRG concluded, it seems that taxpayers have three not very good choices. They can try to figure out the tax code on their own, take their chances with IRS advice and hope they won't be subsequently audited and perhaps fined, or last, they can pay an outside expert to compute their tax for them.

A tax expert is usually the route taken by the wealthy, who consider it more of an investment than a fee. But for the average family, who is simply looking for accurate tax advice so that it can comply with the law, and not tax shelters, the costs of consulting a tax expert becomes a tax on a tax.

What is even more unfair is that IRS can and will fine a taxpayer if his return, based on IRS advice, is incorrect.

I believe we have three choices. Either we train IRS personnel in the intricacies of the tax laws so they are able to give accurate advice, or we force IRS to stand by the advice it gives, or we simplify the tax code so that it is understandable to the average person.

When the Ways and Means Committee begins its consideration of tax reform, I urge it to take a close look at the present inequitable situation, and provide the taxpayers with a solution.

I am inserting below for the attention of my colleagues a letter I received from INPIRG on this, and the press release

INPIRG issued on the results of its investigation:

INPIRG,
Indianapolis, Ind., March 20, 1975.

Hon. DAVID EVANS,
U.S. House of Representatives,
Indianapolis, Ind.

DEAR REPRESENTATIVE EVANS: Enclosed along with this letter you will find a copy of a press release on a recent study of ours on the kind of advice given to taxpayers by the Internal Revenue Service. As you may be aware, a similar study was conducted on a nationwide basis last year by the Tax Reform Research Group—unfortunately, the picture does not seem to have changed much in the intervening year.

Our brief study (results are summarized on the last page of the press release) shows that the IRS still does not do a very reliable job of assisting taxpayers in the preparation of their income taxes, and that in many cases, the IRS employees themselves do not fully understand the tax code.

The real import of this study is to confirm something that many of us have suspected for a long time: current IRS regulations are just too complex for the average citizen—and since the IRS will not even stand by its own advice, but reserves the right to audit you and fine you even if the mistakes have been made by their own employees, the would-be law-abiding citizen has three very poor choices confronting him or her when he or she is preparing their tax return. They can:

1. Try to understand the maze of regulations on their own, or

2. Take their chances with the IRS advice and hope that they will not subsequently be audited, or

3. Pay a fee to an outside expert to compute their tax. While this is a fairly acceptable alternative for people in upper income tax brackets, it really is an unacceptable "added tax" on persons in the low and middle income brackets.

We urge you to seek legislation which would assist in this problem area. We frankly do not know what the best solution would be, but feel that two possibilities immediately suggest themselves:

1. Real tax reform that comprehensively changes the existing system and, at the same time, simplifies the tax computation process, or

2. Legislation requiring the IRS to stand by the advice of its own employees.

Sincerely yours,

FRITZ WIECKING,
Executive Director.

STUDY SHOWS WIDESPREAD ERRORS IN GOVERNMENT HELP TO TAXPAYERS

Statewide testing of the advice that the Internal Revenue Service and the Indiana State Department of Revenue give people on their tax returns has revealed a widespread pattern of government mistakes and inconsistencies, the Indiana Public Interest Research Group (InPIRG) announced today.

The test, conducted in six cities around the state, showed that the government advice can "help" increase taxes unfairly for some, while it lets others pay less than they owe. It further revealed a widespread lack of consistency in the amount of help that the government gives taxpayers coming in for the publicized aid.

"In fact," said Marybeth Kleiser, project coordinator, "you can go to three or four different IRS or State Revenue offices, looking for help, and never get the same answer twice. How are honest taxpayers, who are trying to obey the law, supposed to know how much they really owe?"

"Furthermore," she said, "the IRS and the State Revenue service will not stand behind the advice that their employees give. Even if they prepared a return for you, they may decide to audit you later and tell you that you owe more money. They make it very clear that they won't back up their own work. Those whose taxes are underestimated may well get an additional tax bill—with interest added."

The tests were conducted by InPIRG chapters in Indianapolis, South Bend, Bloomington, Terre Haute, Muncie and Richmond.

Investigators took the same income tax question to at least one IRS office and one Indiana Department of Revenue Office in each city. They asked for help in filling out an itemized, joint return for a married couple with one child. The return included fairly routine deductions for maintaining an office in the home, business travel, payments for child care, state and local tax withheld, interest on savings account, medical insurance and donations to charity. In addition, the state tax included the new "renters" deduction.

Equally as surprising as the actual variation in taxes computed, was the difference in the amount of advice and the sophistication of advice received in the different offices. While some offices actually helped the researchers fill out the forms, in other offices the investigators didn't even know how to compute the deductions. In Bloomington, for the second year in a row, the taxpayer was simply given a booklet and told to figure it out for herself. In other offices, while the tax people did not actually help fill out the form, they were helpful in telling people what information they would need to document certain deductions.

There are only about 1,800 permanent, full-time employees in the IRS taxpayer services, out of a total IRS staff of over 75,000. These "taxpayer service representatives are GS–7 or less and receive less training than the people in the enforcement divisions—the collection and audit branches—two-thirds of which are GS–9's to 13's. And they alone cannot begin to handle the 11 million people who pour into IRS offices during the tax season. Therefore, between January and April, the IRS sends thousands of temporary employees—GS–3's and 4's, none with more than a few weeks training—out into its offices to augment the permanent staff.

"What this test shows, is that average taxpayers are still faced with three poor choices if they want to comply with the law," said Kleiser. "They can face the complexities of their tax return alone, they can pay commercial tax preparers, or they can take their chances with IRS assistance. No wonder taxpayers paid over $600 million dollars last year to companies like H&R Block. This amounts to an *added* tax—a tax to help you honestly comply with the income tax. Taxpayers cannot afford this."

"If the government expects taxpayers to obey the law, and penalizes their mistakes, then it is only fair that they give them whatever help that is necessary in order to comply with the rules."

CITY, IRS RESULTS, STATE REVENUE SERVICE RESULTS

South Bend: $186.40 refund; no tax figured; did explain how to do it.

Indianapolis: $585.06 refund; $66.35 refund.

Terre Haute: Did not compute tax, did give advice; no advice; uncooperative.

Muncie: Didn't help compute; $67.66 refund.

Richmond: $596.05 refund; no state office found.

Bloomington: Didn't know how to compute; did not assist.

SUPREME COURT STRIKES DOWN PROVISION OF THE SOCIAL SECURITY ACT AS UNCONSTITUTIONAL

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mrs. SCHROEDER. Mr. Speaker, those of us who have been concerned about the equality of women under the law were heartened by the Supreme Court's voiding of an outdated, discriminatory provision of the Social Security Act. The law stated that a widower could not collect from his wife's social security unless he could prove that she was supporting him by at least half of their total income, whereas a widow could receive benefits from her husband's contributions irrespective of her own income. The reversal of this law is another step toward greater respect for the workingwoman, whose pay, taxes, and benefits should be determined without regard to sex. I recommend to my colleagues the following editorial from the Washington Post:

> Almost every time the Supreme Court gets its hands on a case involving equal rights for women, the logic that has led so many women to work hard for the Equal Rights Amendment becomes clearer. Last week, for example, the Court struck down as unconstitutional a provision of the Social Security Act because it provided less protection for the survivors of female wage earners than for the survivors of male wage earners. That discrimination, the Court said, was based on the "archaic and overbroad" generalization that the money a man earns is always vital to the support of his family while the money a woman earns never is. Because Social Security benefits depend significantly upon an individual's participation in the work force, the Court said, those benefits cannot be distributed on classifications based solely on sex.
>
> As is usual in cases of this kind, the facts explain the situation better than generalizations. In this case, Paula Wisenfeld had provided most of the support for her family and paid Social Security taxes before her death in 1972. Under the Social Security Act, her child was entitled to benefits until maturity but her spouse, because he was male, was entitled to nothing. If, however, the situation had been reversed—if he had been a wage earner and had died—his spouse, because she was female, would have been entitled to benefits under certain conditions until the child grew up. In other words, the taxes Mrs. Wisenfeld paid provided substantially less protection for her survivors than did precisely the same taxes paid by the man working along side her.
>
> This kind of discrimination against working women was once rampant in the Social Security system, as well as elsewhere. At one time, for example, the children of parents who both worked to support the family could never receive benefits if the mother died but got them automatically if the father died. While this provision and several others based on the same premise have now been changed, there are still parts of the system which rest on the rationale that husbands support families and wives work for some reason other than family support. Although this is a rationale completely out of step with the real world, it lives on far more than it ought to in law and government policy. Some women, like some men, work because they have to.

The fact that some workers are male and others are female ought to be irrelevant to what they are paid, how they are taxed and what benefits they receive.

A general awareness of the unfairness toward women of so much law and policy has been growing rapidly in recent years. It was just four years ago, for example, that a high level commission told Congress there was nothing wrong with the very provision of the Social Security system the Court struck down last week. We doubt that the same commission would have made the same recommendation this year. The drive for the Equal Rights Amendment, and for women's rights in general, has forced many people to reexamine the logic behind such parts of the law as this. And examination such as the Court gave the particular section of the law involved in this case often reveals the lack of logic, not to mention the lack of basic fairness, behind many such laws and policies. Indeed, if the country had been as sensitive to these claims in the past as it is now becoming, the need for the Equal Rights Amendment would not be so great. But it was not, and it is cases like this that demonstrate the need for ratification of that Amendment to settle these issues once and for all.

BULGARIAN INDEPENDENCE ANNIVERSARY

HON. DAWSON MATHIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MATHIS. Mr. Speaker, on March 3 thousands of Bulgarian-Americans celebrated the anniversary of the independence of their ancestral land, Bulgaria, in 1878. In that same year the Bulgarians adopted their Trnovo Constitution which represented a very advanced attempt in the Balkans of the time to attain rational representative government. Of course, today, Bulgaria is ruled by a foreign-installed Communist dictatorship, but the Bulgarian people await the day when their national motto, Bog I Bulgaria—God and Bulgaria—will again be the official motto of their nation and the alien Communist ideology will cease to be in position to exploit the hard-working, honest, and devout Bulgarian population.

Bulgaria's efforts to obtain its freedom and national independence from the Ottoman Empire were given tremendous impetus by a great Bulgarian national and religious hero of the 18th century, Saint Paisii. This outstanding monk was not only a hero to the Bulgarian people, but an inspiring example to Bulgaria's Romanian, Serbian, Greek, Croatian, and Hungarian neighbors in their struggle for freedom.

Because the symbol of Saint Paisii represents the true history and feelings of the Bulgarian people today, I would like to acquaint my colleagues in the Congress with the following information on this remarkable man:

PAISII KHILENDARSKI, FOUNDER OF BULGARIAN RENAISSANCE

(By Assen Nicoloff)

Two hundred years ago, while the American colonies were preparing to proclaim their independence from England, the Bulgarians—descendants of a people which had known better days in the 9th, 10th, 12th, and 13th centuries (the periods of the First and Second Bulgarian Kingdoms)—were in danger of extinction. Bulgarians of wealth and education solemnly pronounced themselves to be Greeks and faithful subjects of the Turkish sultan, because of that particular moment for over three centuries politically the country was a part of the Ottoman Empire and spiritually under the authority of the Greek patriarch in Constantinople. Only the vast majority of uneducated Bulgarian peasants, who cultivated the farms of their Turkish landlords, refused to accept the grim reality of national extinction. They went on as usual with their chores and on Sundays and holidays attended church where mass was conducted in Greek, a language utterly unintelligible to the common people both in village and town communities. But at home these commoners continued to communicate with each other by speaking Bulgarian. The new generations, born in simple Bulgarian homes, were raised in Bulgarian traditions and folklore. Mothers spoke to their children in Bulgarian and taught them to sing Bulgarian folk songs. Isolated churches and monasteries were the only places where Bulgarian manuscripts were kept.

It was during these times that Paisii was born in 1722 in the diocese of Samokov. Very little is known of the life of the founder of Bulgarian renaissance. In 1745, at the age of twenty-three, he visited his brother Lavrentii at Mt. Athos, not far from Salonika, and remained as a monk at the monastery of Khilendar. There he had an opportunity to participate in discussions where questions of political and historical significance were debated and opinions on matters pertaining to religion were expressed. Greek, Russian, and Serbian monks at Mt. Athos mocked their Bulgarian brethren and stated that the latter belonged to a race of soil-tillers and shepherds. Therefore such simple folks had no history even worth mentioning. These rash and untrue statements provoked Father Paisii to busy himself collecting and organizing information on Bulgarian history. In spite of ill health he was able to systematize the collected material and in 1762, when he was forty years of age, to put the finishing touches to his Slaveno-Bulgarian History. Thus he proved to his adversaries that the Bulgarians had a glorious past.

He proudly declared that he wrote his book for all Bulgarians who loved their country and people, and who wanted to know about their own race and language.

On the other hand, turning to all Hellenized Bulgarians he castigated them in the following terms:

"O thou foolish and degenerate man, why art thou ashamed to call thyself a Bulgarian? Have not the Bulgarians had a Kingdom and Empire of their own? Why shouldest thou, O imprudent man, be ashamed of thy nation and shouldest labor in a foreign tongue?"—Quoted from Clarence A. Manning and Roman Smal-Stocki, *The History of Modern Bulgarian Literature*, p. 51.

Then he went on to explain:

"There was a time when the Bulgarians were famous throughout the world; many times they have imposed tribute upon the strong Romans and the wise Greeks; . . . of all the Slavonic peoples the Bulgarians have been the most illustrious. They were the first to receive baptism, the first to have a patriarch, the ones who made most conquests, the first Slavonic saints were of the Bulgarian race."—Quoted from L.S. Stavrianos, *The Balkans Since 1453*, p. 370.

Paisii's work was not an objective history, but its emotional appeal fired the imagination of his countrymen. It aroused the dormant patriotism of the Bulgarian people and created a modern miracle—this book saved a nation which was on the verge of extinction.

Paisii's patriotism did not stop with his writing. He went about the country urging his audiences to study Bulgaria's illustrious past and have a greater respect for their heritage and be proud of their nationality.

The first handwritten copy was produced from the original manuscript of *Slaveno-Bulgarian History* in 1765 by Stoiko Vladislavov, a young priest who later became Bishop Sofronii of Vratsa. Of the great number of handwritten copies of Paisii's history there are over fifty extant manuscripts existing today. Another eighty years elapsed before this book was printed. A schoolteacher made a revised version of the *Slaveno-Bulgarian History* and published it in Buda (Hungary) in 1844 without mentioning (Book of Kings) and was used as a history textbook in Bulgarian schools over a hundred years ago.

Paisii's pioneer work bore fruit. In a little over a century the Bulgarians won their national church (in 1870). Later, as a result of the Russo-Turkish war of 1877-1878, their country was set up as a tributary principality—the prelude to complete political independence proclaimed in 1908.

Father Paisii's dreams of Bulgarian heritage in the second half of the eighteenth century became a reality for his fellow Bulgarians a century later.

PASS THE GRAVY, MOTHER

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. STEIGER of Arizona. Mr. Speaker, I want to bring to the attention of my colleagues an editorial which appeared in the March 19 Tucson Daily Citizen written by Editor Paul A. McKalip.

Every time mention is made of the national debt, the estimates on its size seem to grow larger. President Ford's proposed budget anticipated a $54 billion deficit. Treasury Secretary Simon has stated it may go up to $80 billion. I would venture to say that even that horrible figure is an optimistic estimate.

Mr. McKalip's editorial raises an important point regarding public reaction to the deplorable situation our economy is in in terms of this enormous and continually mounting national debt. As crucial as it has become to the very future of our country, the debt just does not make big headlines. As Mr. McKalip points out, people are more interested in reading about Federal handouts than in finding out where the money to pay for those handouts is going to come from.

Mr. McKalip's editorial follows:

PASS THE GRAVY, MOTHER

Of an evening it is my habit to sit down in an easy chair and read the home-delivered edition of the Tucson Daily Citizen even as you and thousands of other regular readers do.

No one of us involved with editing and producing the newspaper each day could possibly read all of it in the process. Hence, at night I become an avid reader of the finished product.

Night before last I settled down with the newsy Monday edition. Some of what was on page 1 I had seen or been aware of during that morning. But as my eyes scanned the whole front page they fell upon the smallest headline atop the tinist story on the page—one paragraph, 10 lines.

The headline read: "Deficit may go to $80 billion."

The story reported that Treasury Secretary William E. Simon told Congress that the federal budget deficit might hit $80 billion in the coming fiscal year beginning July 1. That would represent a doubling of the deficit estimated by President Ford when he sent his 1975–76 budget to Congress less than two months ago in Feb. 3.

I don't know how many other readers saw the headline, or seeing it stopped to read the 10-line story, or reading the story froze in their chairs as I did to stare as the headline grew in mind's eye to enormous size equal to the shattering import of the news.

I do know that I sat a while, dazed as by a physical blow, while memory served up a torrent of information that we had been publishing day by day and week after week. I recalled reading about the things that were being done, or were going to be done, for us with all that wonderful stuff from Washington known as "federal funds."

Just think of all the sewers, arterial streets, housing, education programs, transit buses, economic opportunity program, hospital facilities, water, academic research, medical research, crime fighting, jobs, even some television programs that come to us with the massive outlays of "federal funds."

People long since have stopped wondering where that money's all coming from. They only say, "If we don't take it someone else will." So, pass the gravy, mother. There must be more in the kitchen.

People like to read the "good news" about the "gravy" ladled out for all those good works and good things we want. Only from time to time does a treasury secretary have to tell Congress that the government is piling up something called a deficit.

In your household and mine, we would be looking at "deficits" with the stark, scary realization that we were going broke.

Oh, well, it can't be serious for Washington because now we're going to receive money directly in almost everyone's pocket as soon as our benevolent benefactors agree on how and how much.

Then comes first an income tax rebate, money handed back to us that we thought was long gone, and second comes an income tax cut that means we won't have to send as much money this year as we thought we would.

Nevertheless, while big headlines proclaim such happy tidings, that little headline Monday appeared like a dark cloud no bigger than a man's hand on the Kansas horizon. Weatherwise farmers know that presages a gathering tornado.

Are you guessing by now that I'm going to second-guess our news editors because they didn't banner that deficit "storm warning" across the top of the front page? Wrong. I think they assessed it correctly.

However large that story had been "played," or featured, on page 1 Monday, it would have attracted scant notice and limited response. Who's worrying about federal deficits? On with those tax rebates and hooray for that tax cut.

Anyway, what's wrong with deficits? We've had deficits ever since good old FDR taught us "we only owe it to ourselves." Well, for one thing Ourselves isn't really all of us in America. The government does borrow its money, like you and I do, from Somebody not from Ourselves. And the government has to pay, like you and I do.

At some point, if economic history means anything, government has to come to terms with its debt just as you and I do. Just when that storm cloud will become the tornado we fear is something I can't predict.

I will predict that this newspaper, and I hope the press in general, is going to pay more attention to the subject of government deficits because it is indeed Ourselves who have the most to lose, which could be everything.

In the coming decade, coming fast, that story could be the Big Story and everyone will be reading it then.—PAUL A. MCKALIP.

PACIFIC LEGAL FOUNDATION ENGAGED IN LAND-USE PLANNING ISSUES

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. SYMMS. Mr. Speaker, Mr. Donald Pach has made a brilliant analysis of the problems of downzoning, the "taking" issue and recompensation which the proponents of land-use planning fail to face. The following testimony which he presented before the Subcommittee on Energy and Environment addresses this point and I commend it to my colleagues:

TESTIMONY OF DONALD M. PACH, PACIFIC LEGAL FOUNDATION

The Pacific Legal Foundation is a public interest legal foundation established for the purpose of engaging in litigation to protect the public interest. It has been deeply involved in a number of cases on the trial and appellate levels involving current land use issues which are surfacing as new and innovative land planning and regulatory controls are implemented. Such cases involve, for example, time sequential controls, open space and environmental regulations, downzoning, clear air regulations, etc.

A growing number of instances are being brought to our attention where severe financial hardship has occurred due to the regional planning and regulatory activities of California's Coastal Zone Commission, the Tahoe Regional Planning Agency, and even local agencies which have adopted state mandated open space zoning laws. If the Committee wishes, we could supply case histories upon request.

The Pacific Legal Foundation considers this bill (H.R. 3510) to be of special significance in that it involves yet another level of governmental involvement in the ever increasing proliferation of land use regulations for environmentally sensitive areas. Our experiences indicate that unless compensation provisions are contained in this bill, the guidelines and regulations in decisions effecting matters of more than local concern will indiscriminately limit the use of private properties without carefully weighing the consequences to both the individual and society as a whole. Absent such a compensation mechanism, necessary accountability will be lost in the broad application of the police power.

The interests of the Pacific Legal Foundation in this bill are not to aid those committed to land speculation or private gain. Nor are we solely committed to environmental enhancement over all other considerations. We do speak to protect the citizen-taxpayer, the consumer, the worker, the non-worker seeking employment, and those in search of adequate housing; in short, the person who usually is expected to pick up the tab for governmental programs.

Omitting provisions for compensation does not make the regulatory program any less costly. It only makes it less costly to the government and more costly to the individuals who are its victims. We are not unmindful of the provision in this bill which requires the State program to give: "consideration of the impacts of the State land use program on the rights of private property owners."

The proposed legislation would leave it to the *courts* to determine if the regulation is proper under the police power or violates federal and state constitutional principles, *i.e.*, constitutes "a taking." Unfortunately, no fixed formula has been established to test the distinction between police power and eminent domain, and because the courts have elected to treat the problem on a case-by-case basis, there is a good deal of uncertainty and unpredictability in the law. The courts have largely centered their discussions around the queston of whether or not a property right exists. A few of the better decisions have forthrightly recognized the social and policy implications by deciding the appropriateness of compensation first and then establishing that there is or is not a property right.[1] In essence, such decisions have recognized whether there is a property right or not is really the question to be answered.

Professor Arvo Van Alstyne in a University of Southern California Law Review article stated the inadequacy of our judicial handling of the problem as follows:

"Judicial efforts to chart a usable test for determining when police power measures impose constitutionally compensable losses have, on the whole, been notably unsuccessful. With some exceptions, the decisional law is largely characterized by confusing and incompatible results, often explained in conclusionary terminology, circular reasoning, and empty rhetoric. Even the modicum of predictability which might otherwise inhere in the pattern of judicial precedents is impaired by the frequently reiterated judicial declaration that each case must be decided on its own facts. In part, this state of affairs may be attributed to the amorphous nature of the legal dilemma posed by the need to balance the interest in social control against the interest in distributive justice. But, in part at least, it also reflects the absence of a generally accepted theoretical rationale for circumscribing the boundaries of the police power, as well as the persistent reluctance of legislatures to provide statutory guidelines or criteria for the resolution of the issues thus posed."[2]

Professor Van Alstyne then went on to urge that legislators stop experimenting with harsh land use regulations, leaving it up to the courts to bail out the property owner. It was his suggestion that statutes set forth compensation provisions.

The thesis for compensable regulation (with varying degrees of support) has received the overwhelming concurrence by respected and recognized legal authorities in the field of land use law.

There have been demands by some for stronger dosages of broad application of the police power. In the Rockefeller Task Force report "The Use of Land" it recommended that courts should rule that individual landowners should bear the effects of "tough new restrictions" without payment by government.[3]

This proposition assumes that it is socially desirable to force individuals to absorb the losses which will occur in the quest for a better environment through land use controls.

We oppose this propositisn. The law is well established that the Fifth Amendment guarantee against confiscation of private property was designed to prohibit government from "forcing some people alone to bear public burdens which in all fairness and justice, should be borne by the public as a whole. . . ."[4] Since it is the public which will benefit, it is only fair that the public fund it.

Footnotes at end of article.

Even if the courts would tolerate it, it still may not be the best policy to sacrifice the individual for broad public resource enhancement. Relocation assistance and highway beautification are but two examples of governmental decisions to pay, even though the constitution may not require it.

During the hearings in 1965 concerning the decision of whether scenic easements along freeways should be purchased or the same objective achieved through uncompensated zoning, Senator Edward S. Muskie of Maine stated, "It has been my belief, developed out of these hearings, that whenever an individual suffers loss because of some broad public benefit or broad public interest, that the public interest also requires that that loss be compensated for. If we can't sustain that kind of concept in the public interest, then I would say the public interest ought to be reviewed."

Some have argued that society cannot afford to pay for strong conservation controls. In answer to this proposition, we ask whether society can afford to have a system under which it is unwilling to finance governmental programs under conditions of full compensation?

The suggestion for a legislative mechanism for providing payment for the harsh effects of regulatory controls is not a unique proposal. Under the proposition that it is fair to acquire and pay for a development right, the British system has long operated under its Town and Country Planning Act which provides for compensation. Although California has not passed a state land use planning act, at least one of the bills introduced last year contained provisions for compensation.[5]

While it is fair to protect individuals from severe losses, it is also fair to prevent windfall profits to others as a result of such regulations. However, the two concepts are not interdependent and should be treated separately. It would also be unfair to deny compensation for the reason that insufficient recoupment of windfalls has failed to fund the source.

There are a number of strong policy reasons for a legislative criteria for compensation due to regulations which implement the purposes of this bill. These include the following:

(1) *Fairness*—As we have seen, environmental regulations having as their objective the establishment of legitimate public conservation enhancement should be evenly funded by the community that benefits from the program. Such programs should not be treated any differently from other legitimate public goals whether it be the acquisition of scenic easements, parks or other community projects and services.

(2) *Predictability in the Economy*—The adverse effect of stringent land control regulations is not limited to losses to individual property owners but includes the dislocations in the economy. Environmental land use restrictions have created unnecessary delay, confusion, expense and uncertainty in land development and has seriously affected those industries directly dependent upon it. The dislocations include, for example, hardships on the consumer who seeks housing in an already overpriced and understocked market.

The increasing risks incident to property ownership have the potential to make investment in land less attractive, with the ultimate result of higher development costs and higher prices imposed by those who have assumed such risks. Professor Donald G. Hagman, noted authority on zoning in California, and Professor Dean Misczynski, University of California research economist, have written of the effects of market disequilibrium caused by the morass of Federal controls already imposed with regard to land use.[6] They state that in the long run, those who must bear the uncertainty of market disequilibrium must be paid their dues. The risk is ultimately passed on to consumers whether it be the retailer seeking commercial space in a shopping center, his customer or the individual in search of housing.

It is the interests of the public at large who must contend with market disequilibrium which we speak to by this testimony. Those interests are substantial.

(3) *Certainty in the Law*—Definite legislative criteria upon established principles is needed to clarify case law that has developed in this area. This is as important to public agencies who find themselves as defendants in inverse condemnation actions as well as the individuals who are oppressed by the regulations. Moreover, the Legislature is better equipped to deal with such matters from a comprehensive point of view rather than the case by case methodology of the courts.

(4) *Perspective*—By attaching fiscal responsibility for the public cost of environmental objectives, such objectives can be consciously evaluated with other priorities in governmental programs. Education, public services, welfare, employment, and other governmental goals should be balanced in their order of priorities along with needed conservation programs.

If a clearly defined procedure for acquisition of development rights or conservation easements were contained in land use laws, it would add a degree of fiscal responsibility and accountability to decisions relating to land use and conservation. The legislative rationale for compensation should be carefully analyzed to provide fairness in the distribution of costs of economic public programs to benefit many.

It is suggested that a statutory test could be established that would provide for relief where:

(1) The purpose of the regulation is to create, protect or preserve wildlife, plant life, aesthetics or public recreation; or

(2) The owner has been denied all practical or reasonably economic use (other than nuisance effects) of his property; or

(3) There has been a substantial decrease in property value due to a change in the law that the owner has reasonably relied on to his detriment; or

(4) A proposed use would not substantially detract from the statutory objectives and would not severly damage public property nor create a nuisance effect upon the public health and safety.

We therefore submit that if these principles were included in this bill before this committee, it would solve many of the unsettled questions and forestall the seemingly unending litigation which is currently in the courts today.

It has been an honor to be here and we thank you for this privilege of being able to speak before this committee on this bill relating to the important subject of land use planning.

FOOTNOTES

[1] *United States* v. *Willow River Power Co.*, 324 U.S. 499, 502–503 (1945).

[2] Van Alstyne, *Taking or Damaging by Police Power: The Search for Inverse Condemnation Criteria*, 44 So. Cal. L. Rev. 1 (1971).

[3] *The Use of Land: A Citizen's Policy Guide to Urban Growth*, The Rockefeller Brothers Fund (1973) at 145–146.

[4] *Armstrong* v. *United States*, 364 U.S. 40 at 49 (1960).

[5] *AB 2144* (Burke, R-Huntington Beach, 1973).

[6] Hagman and Misczynski, *The Quiet Federalization of Land Use Controls*, XV(4) California Real Estate Magazine 14, 16 (1975).

CAPITAL FORMATION AND INDIVIDUAL FREEDOM

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BAUMAN. Mr. Speaker, the Congress of the United States has been almost totally unwilling to discuss the true economic problems facing our Nation. Content to gloss over the basic causes, they have ignored the difficult solutions which are necessary.

In the headlong dash to spend money, thereby creating the possibility of a $100 billion deficit in the coming fiscal year, the administration and Congress is seriously crippling the ability of the private sector to grow, expand, and provide jobs.

One of the best assessments of the acute need for capital formation is contained in a speech by Willard C. Butcher, president of the Chase Manhattan Corp. His speech was given before the Economic Club of Chicago on February 20, 1975, and I commend it to those who are truly interested in addressing the basic economic problems of America:

> I'm very disturbed about what I see taking place in this country. I am disturbed about the economy—not so much that we are in a recession as some of the senseless ways we try to get out of it. Not so much by inflation as by the fact we try to counteract and make up for it, rather than cure it.
>
> I am disturbed by the fact that people aren't being told enough about the essential nature of our economy and our economic problems. I am distressed by the media, and by what seems to be either their failure to understand what makes our economy work, or their inability or unwillingness to communicate that knowledge.
>
> I am disturbed by the kind of politics-as-usual in Washington that puts less emphasis on solving our problems than on who will get the credit if they are solved, or the blame if they are not. And I'm disappointed in much of the nation's business community, which is either too indifferent, too resigned, or too frightened to communicate forcefully with the people.
>
> I am troubled by the erosion of personal freedom that has taken place and continues to take place, and by the complacency with which many Americans surrender their rights to make choices, to render judgments, and to exercise control over their own lives and destinies.
>
> Fundamentally, I am concerned over the way we are giving up, bit by bit, what America really stands for. And before this evening is over, I hope to have transmitted to you some of my sense of unease and alarm.
>
> ### CAPITAL INVESTMENT HAS NOT BEEN ENOUGH
>
> My subject today is capital formation and economic policy, which takes in a lot of territory. So let's look at where we stand, where we want to go, and what we need to get there.
>
> To start with, our total private capital plant today amounts to some $3.2 trillion, of which $1.8 trillion represents our industrial capacity. Almost two-thirds of that amount—or $1.1 trillion—was developed and invested in just the past ten years.
>
> It was a tremendous achievement. But it was not enough. We did not meet some of our country's basic needs.
>
> It was not enough because our industrial plant today is deficient. It is estimated that it is fully two years older than that of Europe and Japan, and there is a fundamental cor-

relation between modern plant and productivity. A tabulation of growth rates by the OECD of twenty advanced economies for the 1960–1970 decade put the United States pretty close to the bottom—in eighteenth place, with average annual growth of only 4%. Japan headed the list with an 11% growth rate.

It's significant that in this period Japan was putting about a third of its GNP into investment spending, while we put less than a sixth of ours to work as capital. To catch up and to stay caught up can cost as much as $225 billion over the next ten years.

Our capital investment has not been enough because we fell behind our needs in financing the search for more sources of energy. For energy self-sufficiency alone, it is estimated that we in this country will have to provide about $850 billion over the next ten years, which equals about 80% of our total industrial investment in the past ten years.

It was not enough because we have fallen short of meeting our transportation needs—for mass transportation of people and more energy-efficient transport of goods, which means mainly by rail. That could require a ten-year investment of another $225 billion.

Then there is the matter of our employment needs. There is no better—indeed no other—way to create new jobs than by supplying capital to provide the tools, the supplies, and the materials that jobs require. Economists tell us that it takes on the average anywhere from $20,000 to $30,000 in capital investment to back up every worker in American industry.

All in all, to meet these needs over the next ten years will require more than twice as much capital as the last ten. How have we arrived at that figure? Considerable economic analysis indicates that from today until early 1985, investment spending of 2.5 trillion constant dollars is projected, on the assumption that we will see a continuation of our relatively slow growth rate of 4% a year. Add in inflation, at a presumed rate of approximately 5% a year, and that comes to 3.6 trillion current dollars. If inflation were to be 6% or 7%, the figure would be somewhat higher. But, for illustrative purposes tonight, I will use 5%.

INDUSTRY ALONE MAY NEED $4.1 TRILLION

However, in terms of what we really need for industry alone—not including housing—for energy, for bringing our industrial plant up to date, for the higher quality of life we are demanding, the overall figure could go up to $4.1 trillion. In other words, we have to build considerably more industrial America in the next ten years than we've got standing out there now.

There are obviously many challenges facing our country now: inflation, energy, employment, production. But, to my mind, the single greatest challenge is in finding ways to provide such unprecedented amounts of capital in such a short span of time.

So where is all that money—$4.1 trillion—going to come from? The simplest—and most simplistic—way to answer is to look at where investment capital has come from over the past ten years and to project it out over the next ten, as best we can.

In doing that, I will take a banker's liberty and use the words *capital* and *credit* interchangeably. To the user, both credit and capital represent resources for productive capacity, and the difference is only one of classification, not of function. To the supplier, the ability to extend credit is, in the final analysis, predicated on a capital base.

The banks, especially major money center banks, are the ones that have come through in the credit pinches. I don't know how much longer we can continue to do that. In the short range, the ability of the banks to further make funds available to the economy will depend, for the first time in my memory, not so much on monetary ease and growth in the money supply, but rather on the adequacy of the banking industry's own capital and its ability to attract sizable portions of the capital generated by others.

In other words, although credit can be efficiently channeled *through* banks, that is not where capital really comes from. The real sources of capital and credit in this country are individuals and corporations—the savings of people like you and me and the cash flow, made up of retained earnings and depreciation reserves, of corporations and businesses like yours and mine.

Over the last ten years these sources provided $1.6 trillion, of which less than a third was in personal savings, less than a sixth in corporate retained earnings, and more than half in depreciation allowances. On the basis of the same projection of growth and inflation rates that were used for investment spending, the total for the next ten years should go up to $3.8 trillion.

We are estimating that $1.2 trillion will come from personal savings, $600 billion from retained earnings and $2 trillion from depreciation allowances.

WE WILL BE UNDERINVESTING $400 MILLION EVERY DAY

Now, $3.8 trillion is a lot of money. But from that we must first deduct $1 trillion that will be needed—and almost certainly provided—for housing. Then we have to take out whatever will be required for ten years of government deficits and negative balances of payments with the rest of the world. Considering the start being made with the projected federal deficits in the first two years of the decade, we may be lucky if there is as much as $2.6 trillion left for building and rebuilding our industrial capacity. Set against the needs of $4.1 trillion, we have a shortfall of $1.5 trillion. This means we will be underinvesting $400 million every day—*every day*—for the next ten years.

This state of affairs, I submit, is unacceptable. Moreover, there are far too many signs that tell us that even $2.6 trillion will not be available for productive investment. For one thing, the motivation for personal savings in this country seems to grow weaker all the time. For another, in spite of significant changes that have been made, the provisions for depreciation allowances by American business are considerably less than that of other nations with which we compete. And finally, profits as a percentage of total income have been seriously declining since the mid-1960's. Indeed, the share of profits as a percentage of gross national product has been moving down since the Second World War, and the present period represents its lowest level ever—with the exception of the 1930's, hardly a period of economic progress to which appropriate levels of investment should be compared.

Let me talk for a minute about profits. To my mind, there are three functions that profits perform. First, they provide a return on capital. Second, profits are an indication of how well a business has managed its resources. And third—and of overriding importance—profits are a source of capital for a business or a nation.

EXCESS PROFITS—EXCESS OVER WHAT?

I wince whenever I hear the expression, "excess profits." I don't know what it means. Excess over what? What is excessive?

We have been given some insight about profit trends by George Terborgh, the economist of the Machinery and Allied Products Institute. Extrapolating from his figures, we find that after-tax profits of the nation's non-financial corporations, after adjusting for the increases in cost of equipment and inventory to their replacement levels, dropped from $36 billion in 1965 to an estimated $24 billion in 1974—and down to 16 billion in constant dollars. And retained earnings, which should be a major source of capital, were insufficient to finance any additional productive capacity. In fact, the Treasury Department has estimated this shortfall at $10 billion.

I hardly consider that excessive, but the point really is that there is no such thing as excess profits for a company that needs capital.

As if the grim consequences of capital shortage were not enough, we are now confronted with the specter of new government policy and action that could cripple our capital markets even further.

Among the more mindless measures now before, but as of this afternoon temporarily tabled by, the House Banking Committee is a bill to allocate credit toward those purposes that it deems to be useful—such as low- and middle-income housing, loans to state and local governments, small business and agriculture, working capital for established businesses, and loans for such other purposes as the government considers useful and proper.

DO WE WANT A CREDIT POLICE STATE?

Now, you might logically expect that my chief concern over mandatory credit allocation would be with its effect on the banking industry. Wrong. Certainly if we can survive gyrating monetary policy in this country, massive shifts in the flow of funds around the world, and the great damage done to capital and money markets, we in the banking community can survive credit allocation. What really concerns me is whether the national economy can survive it, and whether the people should be forced to submit to what Treasury Secretary William Simon properly characterized as a police state.

After all, it is not such a long step from the constraints written into the act itself to having the government say, "You can finance a condominium in Florida but not a summer home on Lake Michigan." Or, "You can finance the government deficit, but not the needs of a private company."

I submit that the Solomon who's going to allocate credit in this country will possess more power than a bad man should have or a good man would want. I would be hard put to improve on Secretary Simon's testimony on this bill before the House Banking Committee, so I will just quote some of the things he said:

"Control would extend to every loan made by every creditor in the country. Every family that wanted to buy a home or a car, every man or woman who needed a personal loan, every farmer who wanted to buy new equipment on credit, every employee who wanted to borrow from his local credit union, every small businessman who needed a loan, every corporation that wanted to enter the capital markets, every city or state that wanted to float a bond, every school board that needed money to build new schools—each and every one of us, in fact, would find that our financial plans were totally under the control of the Federal Government. In effect, this bill would establish a national credit police state."

On this point, most European countries that have tried credit controls have found them to be very efficient methods of raising interest rates, not lowering them.

Admittedly, all government spending amounts to resource allocation. It removes funds from the mainstream of the economy and assigns them to many worthy, but mostly non-productive, purposes. It seems to me that after various levels of government have disposed of an ever-increasing share of our resources—in fact, double its share of 25 years ago—the American people and *their* free enterprise system ought to have the right to allocate in their own way whatever is left over.

It has been said, and rightly so, that there wouldn't be any credit at all if somebody didn't allocate it. Some say that it's the banks that allocate credit. In a sense, that's true. But, unlike government, we are no monolith. There are 14,000 banks in the country, and thousands of other lenders who make the credit decisions. More importantly, our role is that of an intermediary in the real market which, after all, is nothing but the desires and demands of 200 million people, the true allocators of credit and resources in a free society.

OUR MOST TROUBLED INDUSTRIES ARE AMONG THE MOST REGULATED

We are all familiar with the nature and the normal course of development of government regulation. As the American people know from much unhappy experience, we are quickly bogged down in a web of inelastic and unchangeable rules. Isn't it interesting that our most troubled industries today—railroads, airlines, utilities—are among the most regulated?

Consider the experience of the energy industry. In 1954 the Federal Power Commission ruled that natural gas shipped across state boundaries could not exceed a base price, and this price was held to unrealistically low levels for twenty years, during which the price of almost everything else kept going up. Of course this brought distortions to the market place. Gas was used extravagantly, rather than in the more sparing manner it would have been consumed in a free market. Coal-burning equipment was dismantled. Exploratory drilling rigs were transported overseas, where drillers found it more worthwhile to seek out new deposits.

And it was not until our cheap imported oil disappeared that there was a recognition of the fact that inadequate incentives had resulted in insufficient reserves of gas.

I see still another parallel, in terms of timely warning. It was no great secret that our energy consumption was growing and our sources becoming less reliable back in the years when we still had time to do something about it. Oil companies kept telling the nation and the government about it. So did others, including Chase Manhattan.

As far back as 1952, we published a study warning against government disincentives to the continuing search for natural gas. We raised more caution flags in 1956, 1957, and 1961 about the industry's ability to continue "to deliver low-cost petroleum energy." And seven years ago we said, "The United States cannot afford actions . . . that jeopardize the future supply of any form of energy and thereby increase the nation's vulnerability."

There were those at the time who accused us of crying "wolf." We were simply facing hard facts, and stating those facts.

ECONOMY'S HIGHEST PRIORITY MUST BE CAPITAL FORMATION

The situation is not much different today. We face an equally hard set of facts regarding the level of capital formation and mounting capital needs—for energy, for jobs, for the economy, for all of us. We are crying "wolf" and we mean it. What we are saying is that a continuation of present policies, let alone an escalation of those policies, will lead us—in ten or fifteen years, or perhaps sooner—to a situation of far greater peril than that we face today.

In essence, our great need is not one of finding ways to shift, assign, or allocate capital and credit, but of moving toward a much more favorable atmosphere for its creation. The highest priority of our economy today should lie in nurturing and stimulating capital formation, because everything else we want grows out of that.

What we need for the long term is an ever-growing base of personal savings, so that more people will have a larger and larger stake in our total economy, and in the stability of our currency. Capital formation must become everybody's business.

Given the needs for capital in our future, what must then be the implication for sane economic policy? Simply this: We must have a policy that places the highest priority on developing a growing pool of capital, and on using that capital for productive purposes. The implementation of this policy in legislation and regulation should stress incentives and the removal of disincentives to that process. In this vein, I would like to suggest some specific areas where positive action could contribute toward this end.

SOME SUGGESTIONS FOR POSITIVE ACTION

High on the list would be more realistic methods of determining depreciation allowances for plant, equipment, and inventory, to reflect more fully their current costs, rather than historical costs.

Second, I would like to see some method of preferential tax treatment for retained corporate earnings used for investment purposes—whether this were to be brought about by uniformly applied investment tax credits, a lower tax rate for profits specifically earmarked for investment, or some other method. In this connection, I would commend President Ford's excellent suggestion that preferred stock dividends be treated as a business expense.

Third, there is a pressing need to ameliorate the relatively harsh treatment of capital gains, as compared with that of most other countries.

Fourth, we need stability in monetary policy. Changes, when they are deemed necessary, should be subtle and gradual, so that they do not dislocate any sector of the economy. I am not arguing against moderate use of monetary policy, but this does not mean that the violence of rate changes should be a continuing source of amazement to all of us.

And finally, we need every possible measure that would make for a freer market economy, including the removal of regulations that have outlasted their time and the dismantling of agencies that have outlived their purpose. This would include rejection of controls, most notably wage and price controls, which inevitably hamper the interplay of natural forces in a free economy.

I hope many of you will join me in actively calling for policies of this kind, regardless of what ranks first and what second on your own schedule of priorities.

I believe the American people are ready to listen and to understand. But, to be effective, we must be ready to speak in *their* terms. Economic systems, capital requirements, and money flows are terms we, as businessmen, use every day. Jobs, paychecks, and freedom of choice as consumers are things *every* American understands. It is in those terms that we must speak to the American public.

LABOR AND MANAGEMENT CAN BE ALLIES

There are many signs on the horizon that our message is becoming more acceptable. Last month we heard Leonard Woodcock, president of the United Auto Workers, say that auto manufacturers couldn't cut prices because they had to build up their "paper thin" profits in order to boost employment. Certainly that ought to suggest to all of us in both labor and management that we can be allies in this battle for a free and prosperous America. Recently, it was Senator Proxmire who voiced concern about the expansion of federal activity: "The economy may be on the verge of a permanent economic straight-jacket if the will of an apparent majority of the electorate and of the leadership of the House and Senate prevails."

I believe that perhaps one can be more hopeful than Senator Proxmire about Congress. Obviously, this Congress is young and eager to make changes. Its members appear to be intelligent and educated, and may not be too easily stampeded. But, like any Congress, it is a sensitive barometer of its various constituencies, a measure of what the American people really feel and think. That's why our fellow countrymen are the audience we must reach with the facts about the everyday economics of their lives.

Business has been told many times that it needs to sell itself to America. I disagree. Business must sell America to America—its strengths, its greatness, its potential for creating the most humane and prosperous society on earth—in short, ladies and gentlemen, we must sell America on the value of its liberties and individual freedoms.

REPRESENTATIVE LENT LAUDS WOODWARD CENTER

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. LENT. Mr. Speaker, at a time when many Americans are deeply concerned with the enormous and chilling problem of mental illness, I am happy to report the dramatic accomplishments of the Woodward Mental Health Center for the Emotionally Disturbed in Freeport, N.Y.

Hundreds of thousands of children and young adults have been and are still being excluded from public education, considered untrainable because of emotional instability. Thanks to the innovative, creative and compassionate programs at the Woodward Mental Health Center, under the inspiration and directorship of Gertrude K. Berman, some of these unfortunate young people are now self-reliant adults, working at jobs within the community. Were it not for the Woodward program, these same young people might have spent the rest of their lives isolated from family and friends, receiving custodial care in state hospitals or in penal institutions.

Woodward's early childhood development program, designed for disturbed or multiple handicapped children between the ages of 2 and 6, encourages the young child to develop socially, emotionally and physically. The program includes diagnostic services, language and speech therapy, physical development and early childhood education.

Woodward's education division provides specialized treatment and education of emotionally disturbed children at various age, cognitive and functioning levels. The program is based on the concept of assessing the child's strengths and pathology and then designing a goal directed and developmental plan to fit the individual child's needs. The treatment plan is designed as a therapeutic day and includes working with family.

Through its rehabilitation division, the Woodward Mental Health Center offers what is often a last chance for young adults, aged 16 to 21, who have been unsuccessful even in cooperative education programs. Rejected by society, these young people have histories of severe emotional disturbance, violence, withdrawal, drug and alcohol-related problems.

In the therapeutic work setting of the rehabilitation division, these young people receive vocational evaluation and training along with encouragement to reestablish positive identities and to improve their self image. A job placement counselor finds employment in the community for "graduates" of the program. Followup counseling continues after job placement. The aim of the program is to make each person a productive and accepted member of society. More than 60 percent of the young adults in Woodward's rehabilitation program have become independent, functioning members of the community.

The Woodward Mental Health Center began more than 18 years ago because Getrude Berman, a young teacher, dared to dream. Leaving her job as a New York City schoolteacher, she singlehandedly created one of the country's first day schools for emotionally disturbed children. The Berman School was housed in her own basement and backyard and served six youngsters the public schools had refused to teach. Five years later, with an increasing number of "forgotten children," several teachers and a staff psychologist squeezed into her home quarters, Mrs. Berman obtained an old low-priced frame house, overrun with weeds and in total disrepair, but it meant space to expand her program and the ability to reach out to more youngsters in need of help.

There have been great changes over the years. Mrs. Berman gained more and more acceptance for her theory that with the proper special education, emotionally disturbed youngsters can be taught and trained vocationally. In 1963, the name was changed to the Luther E. Woodward School for Emotionally Disturbed Children in honor of the man who had contributed so much to the school's growth. Last year, the inadequate facilities of the past were exchanged for a new, modern 22,000 square foot, $2 million facility. The center now helps 100 children and young adults on a full-time basis, offering counseling for many more.

Unfortunately, there is no preventive measure for mental illness in children. There is, however, a cure for the sickness it creates in society. A sickness that has allowed us to accept the dehumanization of these childern in State mental institutions; that allows that they be deprived of their right to an education; that attaches stigma and shame to them and their families.

I think we should all be grateful to Gertrude Berman and the Woodward Mental Health Center for its dedication to the belief that the mentally disturbed are trainable. I hope you will join me in commending the center for the miraculous help it has provided these youngsters, leading them to productive lives as accepted and contributing members of society.

FLEEING REFUGEES IN VIETNAM

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. KEMP. Mr. Speaker, I commend ths article from the Wall Street Journal and its message to my colleagues.

[From the Wall Street Journal, Mar. 26, 1975]

WHICH WAY DO THE REFUGEES FLEE?

As the battlefield reports from Vietnam grow increasingly gloomy, one looks for something, anything, the U.S. might salvage from its own agony in Indochina. Perhaps, though even this scrap is by no means assured, the U.S. could learn a few things about itself.

The most poignant testimony to what needs to be learned is the flood of refugees pouring out of the areas falling to the Communists. At times the Communists let the refugees pass unhampered; at times they open fire on the columns. The news-magazines capture the refugees' plight in cover photos of bloodied babies.

The same pictures, only a few years ago, would have been assumed to portray the latest atrocity wrought not by the Communists but by the Americans. In envisioning the current streams of refugees, one must also remember all the arguments, so hotly urged by some Americans and in fact still portrayed by today's filmmakers, that the Vietcong was a popular movement, that Ho Chi Minh would win any election, that the corrupt and dictatorial regime in Saigon could not win the hearts and minds of the people.

Well, the people are voting with their feet. The refugees are not merely fleeing the fighting; indeed, their movement is not away from the battle but toward areas still likely to be fought over. The only explanation for their desperate flight is that they prefer any chance, however slim, of living under Saigon to the certainty of living under Hanoi.

There is, after all, a world of difference between the two regimes. Hanoi is one of the most repressive regimes in the world, and in all likelihood the most demanding regime in the world in the sacrifices it is willing to impose on its citizens. One can debate the size of the bloodbath likely in South Vietnam after Hanoi's victory, but it is a simple fact of history that nowhere has a Communist revolution been consolidated without substantial numbers of executions.

Saigon is of course capable of its own repressions and cruelties, but there are differences that are meaningful to the Vietnamese if not to Capitol Hill democratic theoreticians. Saigon may not have freedom of the press, for example, but at least freedom of the press is an issue. More significantly, though you seldom hear about it in American conversations, since 1968 South Vietnam has carried out a land reform program that has allowed five of every six rural families to farm their own land. And even as the war raged, material prosperity grew.

The lesson of the refugee's choice, we note, is beginning to take hold in some quarters of American opinion. Our colleagues at both The Washington Post and The New York Times have editorialized against any abrupt termination of American aid to Saigon. They propose to phase out aid over a given time-period, papering over mere postponement with the polite fiction that in the meantime a political settlement might be reached with Hanoi. But at least they recognize that the United States owes something to the South Vietnamese.

Congress may not go even that far; it seems on the verge of an immediate cut-off. Even a temporary extension would be preferable, if only because a new Congress could take another look. This may be academic, of course, if it turns out that Congress has already closed the question by the aid reductions that helped provoke Saigon's withdrawals. For all that, there is a certain virtue in an abrupt aid cutoff—at least it openly declares responsibility. We, the United States of America, will foreclose that last hope for which all those refugees flee.

There is something to be said for getting the proposition out in the open, so that we can decide whether that is the kind of nation we want to be. Perhaps we do. But perhaps out of facing that question squarely would come a recognition of the real lesson of refugees from Communist areas, whether ballet dancers from Leningrad or peasants from the Central Highlands.

To wit, in the world today America stands for things—a measure of personal freedom, a degree of material prosperity—that ordinary people of the world value very highly indeed. And however much American foreign policy needs to separate possible purposes from impossible ones, there is no need whatever for it to be crippled by doubt about its ultimate purposes.

MISS NORMA MILAM—VA'S OUTSTANDING HANDICAPPED EMPLOYEE

HON. M. CALDWELL BUTLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BUTLER. Mr. Speaker, we in Roanoke and Virginia are very proud that Miss Norma Milam, Vocational Rehabilitation Specialist at the Veterans' Administration Hospital in Salem will receive one of the Outstanding Handicapped Federal Employee of the Year Awards to be presented by Vice President ROCKEFELLER on April 3.

Miss Milam is a most courageous young lady and I want to dedicate this moment to her. Listen please to her story.

As a result of multiple congenital birth defects, Miss Milam has no arms and one withered leg, 8 inches shorter than the other. Yet, with her feet and toes, she takes dictation, answers the phone, writes in beautiful script, types, plays the organ and is an artist. She also has a magnificent singing voice.

She works successfully at the VA Hospital as a co-therapist to a group of alcoholics undergoing treatment. With the help of an electric wheelchair Miss Milam has complete mobility around the hospital where she has earned the greatest respect of the veteran patients and the staff members. She is a cheerful and highly motivated person whose enthusiasm has a positive impact on others—particularly wheelchair patients and the psychiatrically depressed veteran.

Until recently, Miss Milam's world was largely limited to the mobility of her wheelchair, then inmates at the Virginia State Prison in Richmond made an impossible dream come true. As reported by the Associated Press, the penitentiary Jaycee chapter presented Miss Milam with a specially equipped van which she is able to enter and operate by herself. Now she comes and goes at will and travel has become a hobby.

More than 4,500 man-hours of labor went into the Jaycee's effort to raise the cost of the van—nearly $10,000. At the presentation, Norma was carried onto the athletic field of the prison. A sign over an arch proclaimed, "We Love You Norma," and inmates carried matching placards.

What makes this lady so special? Perhaps it is her total commitment to the well-being of her community, for example: she is a soloist in her church choir, part-time Sunday School teacher with young adults and she frequently appears as a soloist before community groups. For the past 2 years she also has performed for the Mayor's Committee for Employment of the Handicapped at meetings attended by all the community service organizations.

Miss Milam was a member of the National Honor Society at Jefferson High School in Roanoke, and was graduated with a B.A. degree from Emory and Henry College in 1971. She is now working for a master's degree.

Recently Miss Milam was presented one of VA's highest honor awards, the Administrator's commendation, in recognition of her daily contributions at the VA Hospital in Salem, Va., where "she has ably demonstrated her ability to overcome limiting physical factors and meet the highest standards of a Federal Civil Servant." Administrator Roudebush said that her achievements have brought great honor to herself and to the Veterans' Administration.

Indeed, this is true.

THE POLITICAL BROADCASTING ACT OF 1975

HON. TORBERT H. MACDONALD

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MACDONALD of Massachusetts. Mr. Speaker, I am today introducing the Political Broadcasting Act of 1975. In summary, this legislation, if enacted, would—

First, repeal the so-called equal opportunity provision of section 315 of the Communications Act with respect to candidates for the offices of President and Vice President of the United States.

Second, provide for an additional exception to the "equal opportunity" provision of section 315 for regularly scheduled programs in which legally qualified candidates for public office present their views on current issues of public importance, if the content, format and participants of the program are determined by the broadcasting station or network presenting the program and it is not intended to promote the candidacy of any person, and

Third, expand the equal opportunities requirements of section 315 to provide that if a broadcasting station or network permits the President to use the broadcast media for the purpose of making a partisan political statement it must grant equal opportunity in the use of the media to a spokesman for the other major political party.

Mr. Speaker, the astute student and practitioner of television broadcasting, Fred W. Friendly, describing that medium as used by our Presidents, has stated:

> No mighty king, no ambitious emperor, no pope, or prophet ever dreamt of such an awesome pulpit, so potent a magic wand.

I am certain that every Member of this Congress and anyone else acquainted with the use of television for political purposes, would agree with Mr. Friendly's description. But, the problem with which the Congress is faced is how the broadcast media can best be utilized in our political processes, and particularly in the election of our Presidents. Mr. Friendly's statement is taken from the foreword which he wrote for "Presidential Television, A Twentieth Century Fund Report" authored by Newton N. Minow, John B. Martin, and Lee M. Mitchell. That report written in 1973, provides the best available insight into the use of broadcasting as a device of the Presidency. Nonetheless, the bill which I am introducing today takes a somewhat different approach than the voters' time and right of response legislation proposed in the Twentieth Century Fund Report.

My purpose in introducing the legislation at this time is to permit it to be thoroughly analyzed before hearings on political broadcasting are commenced by the House Communications Subcommittee. Although convinced that the public interest requires further amendment of section 315, I am introducing the Political Broadcasting Act of 1975 today only as a first step in that process. It is my hope that the bill will serve as a stimulus for other proposals to better utilize the broadcast media as a part of our political processes.

I offer the following section-by-section statement on the legislation in order to provide further background for the provisions of the bill:

SECTION 1—REPEAL OF EQUAL OPPORTUNITY REQUIREMENTS WITH RESPECT TO CANDIDATES FOR PRESIDENT AND VICE PRESIDENT

Section 1 of the bill amends the first sentence of section 315(a) of the Communications Act which presently provides that if a broadcast licensee permits any legally qualified candidate for public office to use his station, he must afford equal opportunities in the use of his station to all other candidates for the same office. The amendment makes this requirement inapplicable to use of a station by any legally qualified candidate for President or Vice President in a general election.

Since the Communications Act was first passed in 1934, the equal opportunities provisions of section 315 have been suspended once, for the Presidential and Vice Presidential campaign of 1960 by Public Law 86–677. Since that time, several attempts have been made to suspend or repeal the equal opportunities requirements of section 315 with regard to candidates for President and Vice President. Each such effort has failed to achieve enactment into law.

The suspension of the equal opportunity requirements for the Presidential and Vice Presidential campaign made possible the "Great Debates" between John F. Kennedy and Richard M. Nixon. The four debates were viewed or heard by over 115 million Americans, the largest audience ever to view two men contending for our Presidency. This adaptation of the broadcast media face-to-face confrontations between Presidential candidates has been characterized as the greatest experiment in direct democracy ever attempted in this country.

That experiment was a success. No more effective way has been developed for informing the American electorate of the significant candidates for President and Vice President, and of the issues involved in their election, than through the presentation of those candidates on television. Repealing of the equal opportunities provisions of section 315 with respect to candidates for President and Vice President will facilitate the presentation of significant candidates for President and Vice President on television by avoiding the necessity of affording equal coverage of those candidates of minor and splinter parties.

I assume that if this legislation is enacted the national broadcast networks will donate substantial periods of broadcast time to the candidates for President of the significant political parties as they did during the 1960 campaign.

In addition, by repealing the equal opportunities provisions as contrasted with suspending those provisions as was done in 1960, the Congress will be spared a major legislative effort every 4 years which can be frustrated by partisan political considerations.

It should be noted that the "fairness doctrine" would apply with respect to broadcast statements of candidates for the offices of President and Vice President to which the equal opportunities requirements are made inapplicable by this legislation. The fairness doctrine, of course, requires that when one side of a controversial issue of public importance is broadcast, reasonable opportunity must be afforded for the presentation of contrasting views. Also, the "equal opportunities" provisions of section 315 would continue to apply with respect to candidates seeking their party's nomination as candidate for President and Vice President.

SECTION 2—ADDITIONAL EXCEPTION FROM THE EQUAL OPPORTUNITY REQUIREMENT

At present section 315(a) of the Communications Act contains four exceptions to its equal opportunities requirement. These exceptions apply to appearances by legally qualified candidates on bona fide newscasts, news interviews, news documentaries, and on-the-spot coverage of bona fide news events. They were inserted in section 315 by an amendment made in 1959 as a result of an opinion of the FCC rendered in the Lar Daly case which would have had the effect of making the equal opportunity requirements applicable to appearances in newscasts of legally qualified candidates for public office.

By-and-large these exceptions have worked well. An additional exception to the equal opportunity requirement has been proposed by Henry Geller, for many years general counsel of the FCC and now a research specialist for the Rand Corporation. As I understand it, Mr. Geller proposed his added exception as an alternative to repeal of the equal opportunities requirements.

In my bill the Geller proposal is coupled with partial repeal of section 315. To my way of thinking the Geller proposal adds more flexibility to the provisions of section 315. If enacted together with repeal of the equal opportunities requirements with respect to candidates for President and Vice President—as proposed by section 1 of the bill—it would permit greater exposure of candidates seeking their parties' nomination for President and Vice President, and also of candidates in congressional and State and local election campaigns.

This added exception would permit legally qualified candidates for public office to be presented in regularly scheduled programs of a news or journalistic character without the necessity of affording equal time to other candidates for the same office if the broadcasting station or network presenting the program retained full editorial control over the program and it was devoted to exploring contrasting views on current issues of public importance in a manner not designed to benefit any candidate for public office.

Mr. Speaker, I believe that this proposal has much to commend it and I look forward to receiving the views of others with respect to it in the course of our hearings.

SECTION 3—RIGHT OF REPLY TO CERTAIN PRESIDENTIAL STATEMENTS

The third proposal contained in my bill, Mr. Speaker, is addressed to the imbalance which has been created among the branches of the Federal Government as a result of the almost automatic access to the medium of television by the President of the United States. Section 3 is legislation which I introduced in the 93d Congress as H.R. 7562.

Although slightly different in approach than the right of response legislation proposed by Minow, Martin and Mitchell in their excellent study, "Presidential Television," I think that it effectively responds to the need which they so thoroughly document in their study—the need for access to television by spokesmen of the other major political party to respond to partisan political statements of the President.

I would like to make clear, Mr. Speaker, that this proposal is not advanced in any spirit of partisanship. Rather it is submitted in recognition of the fact that presidential use of television has put opposition parties and viewpoints at a serious disadvantage in reaching the public and influencing public opinion. If there is to be a healthy dialog in the formulation of our national policy it seems to me to be essential that spokesmen in the Congress from the party of which the President is not a member must have equal access to the broadcast media in order to respond to partisan policy statements of the President. This would be achieved by section 3 of the bill.

Mr. Speaker, the text of the Political Broadcasting Act of 1975 reads as follows:

H.R. 5600

A bill to amend section 315 of the Communications Act of 1934 to repeal the equal-opportunities requirement for candidates for President and Vice President, to provide for an additional exception from the equal opportunities requirement, and to provide for the right of response to certain broadcast statements of the President

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

REPEAL OF EQUAL OPPORTUNITY REQUIREMENTS WITH RESPECT TO CANDIDATES FOR PRESIDENT AND VICE PRESIDENT

SECTION 1. (a) The first sentence of section 315(a) of the Communications Act of 1934 (47 U.S.C. 315(a)) is amended by inserting before the colon the following: ", except that the foregoing requirement shall not apply to the use of a broadcasting station by a legally qualified candidate for the office of President or Vice President of the United States in a general election".

(b) The second sentence of such section is amended by striking out "any such candidate" and inserting in lieu thereof "any legally qualified candidate for public office".

ADDITIONAL EXCEPTION FROM EQUAL OPPORTUNITY REQUIREMENT

SEC. 2. The third sentence of section 315(a) of the Communications Act of 1934, is amended by striking out "or" at the end of clause (3), inserting "or" at the end of clause (4), and (3) inserting after clause (4) the following—

"(5) regularly scheduled program (A) with respect to which the content, format, and participants are determined by a licensee or a radio or television network, and (B) which is devoted to exploring contrasting views on current issues of public importance in a manner not designed to benefit any candidate for public office,".

RIGHT OF REPLY TO CERTAIN PRESIDENTIAL STATEMENTS

SEC. 3. (a) Section 315 of the Communications Act of 1934 (47 U.S.C. 315) is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting immediately after subsection (b) the following new subsection:

"(c) If a licensee permits the President of the United States to use a broadcasting station for purposes of taking a partisan position on a controversial issue of public importance and the President is not at that time a legally qualified candidate for the office of President, the licensee shall afford equal opportunities in the use of such broadcasting station to a spokesman of the other major political party. For purposes of this subsection, the term 'other major political party' means the political party, excluding the political party of which the President is a member, which has the greatest number of members who are United States Senators or Representatives."

(b) The section heading for such section 315 is amended to read as follows:

"POLITICAL BROADCASTING"

SHORT TITLE

SEC. 4. This Act may be cited as the "Political Broadcasting Act of 1975".

THE IMPERATIVE OF CONGRESSIONAL REFORM

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. KASTEN. Mr. Speaker, not since the 1910 "revolt" against the autocratic rule of Speaker Joseph Cannon has the House seen so much change. The list of reforms adopted in recent years is staggering. Several are worth noting:

In 1970, Congress enacted an omnibus legislative reorganization act which strengthened its research capacity and helped eliminate secrecy in congressional procedures.

During the closing weeks of the last session, the House adopted a committee reform resolution—House Resolution 988—albeit in watered-down form, which made certain areas of the committee system more rational.

The 93d Congress enacted landmark budgetary reform, the Congressional Budget and Impoundment Control Act (P.L. 93-344), which should enable Congress to better control budget outlays and receipt totals.

A war powers measure was enacted in 1973 which limits the President's power to commit troops to combat without congressional consent.

In 1972, Congress created an Office of Technology Assessment to aid it in understanding the technical implications of measures.

Beginning in 1971, both parties in the House have significantly modified the seniority system.

Truly, Congress has adopted a remarkable set of reforms. Reforms, of course, do not guarantee good results. Nor do they guarantee that creative legislation will be drafted to resolve the Nation's ills. Nevertheless, the removal of numerous procedural obstacles and the strengthening of Congress' research capacity creates, at least, the conditions that should facilitate the development of sound legislation.

Much more needs to be done, however. Numerous changes made behind closed doors in 1974-75 by the Democratic Caucus are, in fact, antireform. Instead of progress, the House has retrogressed in certain areas. Under its rules, the caucus can bind Democrats to follow the party line on the House floor. This is not only unacceptable to the minority party, in that it potentially renders their contribution a nullity, but it is undemocratic. Through secret meetings and secret votes, "King Caucus" has invoked its "unit rule" to bind members to negate reforms adopted the previous year. The caucus can also instruct Democratic members on committees to report legislation, even if it is contrary to their views. This means that as few as 74 Democrats—a bare majority of a quorum—can dictate what should come to the floor.

As a result, Mr. Speaker, I am introducing a resolution which would prohibit party caucuses from binding members on committees or on the House floor. To permit a small group in the caucus to dictate how members should vote is contrary to the intent of the framers and a denigration of our republican form of government.

I am also dismayed, Mr. Speaker, by the reinstitution of proxy voting. Last year, on October 8, 1974, the House voted overwhelmingly to ban proxy voting in committees and subcommittees. But the caucus decided that it should be reinstituted, and it is now back in the rules of the House. Proxy voting should be abolished permanently, Mr. Speaker, and I am introducing a resolution to do just that. Proxies are subject to abuse, and weaken public confidence in the legislative process. Moreover, committees consitute the heart of the legislative process. That being the case, it is imperative that each member participate actively in his committee work and not transfer that responsibility to another member.

As an instrument of the majority party, the caucus also promulgates the rules of the House. And that, perhaps, is how it should be. But the minority party should not be completely excluded from participating in that process, as it is today. When new rules—House Resolution 5—were adopted for the 94th Congress, copies did not become available until shortly before debate began. And the new rules were considered under a "closed" rule procedure, meaning that no amendments could be offered to perfect them. It is a tenet of parliamentary law that rules should protect the minority from the arbitrary and capricious exercise of power by the majority. In this case, however, the minority party had no say whatsoever. This is grossly unfair and undemocratic. To remedy this, Mr. Speaker, I am proposing that at the beginning of each new Congress, there shall be 10 hours of debate on the rules, equally divided between the majority and minority, and that amendments to the rules shall be permitted.

Several other reforms are vitally needed to improve the functioning of the House and to restore public confidence in our deliberations. The public's business should be conducted in open session. While the House in recent years has made progress in this area, there is ample room for improvement. For example, committee meetings, including markups, may still be closed by majority vote. What I am proposing is that all committee sessions, including those of subcommittees and joint and select committees, be open to the public, with very few exceptions—national security or invasion of privacy for example. Put differently, none of the public's business should be shrouded in secrecy except for compelling reasons. And should a closed session be required, then a record vote would be required in each instance where this is done.

I also support open conference sessions, Mr. Speaker. The new rule the House adopted permits either a majority of House or Senate conferees to close a conference. The rule does not go far enough. In my judgment, this is not a sufficient guanatee that more open conferences will be held. Hence, my resolution would require that no conference report could be considered in the House unless the conference sessions were open to the public. Again, they could be closed for reasons of national security or other similar compelling considerations.

As my colleagues know, conference committees are a vital, yet little known part of the legislative process. One former Representative stated that the "conference committee is the central core of the power" of the House. I concur in his judgment. The public is entitled to know who participated in conference sessions. What policy recommendations were made? Were they adopted? By what vote? Were groups with contrary viewpoints able to have their viewpoints represented in these sessions? These and other questions can only be answered if the curtain of secrecy over conference committees is lifted.

Related to this is my proposal to provide that all committee records be made available for public inspection, except material that, if disclosed, would endanger national security or violate the rules of the House. Today, the public is entitled to see only the recorded vote portion of the committee record. I stress again, Mr. Speaker, the need to restore public trust in the legislative branch. Openness is one way to bring this about.

Finally, Mr. Speaker, I am proposing three reforms that will further improve committee and floor proceedings. First, the rules should provide that any committee member may demand a rollcall vote on any question. Some committees during the last Congress provided that one-fifth of a quorum was needed to demand a rollcall vote. Second, all measures reported from committee should be by rollcall vote. In this way, all Members and citizens would know who voted for and against a proposition. Finally, use of the suspension procedure on the floor should be limited, for it is subject to abuse. To accomplish that end, I am proposing that no bill may be brought up under suspension unless the chairman and ranking minority member of a committee so request, or unless the committee by two-thirds vote instructs the chairman to make that request.

The resolutions I am proposing today will promote greater participation in the legislative process by the citizenry and by all Members of the House. To summarize, I am proposing that—

First. Binding party instructions be prohibited.

Second. The public have greater access to committee records, and that all motions to report a measure from committee be by rollcall vote.

Third. Proxy voting in committees and subcommittees be prohibited.

Fourth. All committee meetings, including those of conference committees, be open except under circumstances which mandate closure.

Fifth. Use of the suspension rule be limited, because it is subject to abuse.

Sixth. Any member have the right in committee to demand a rollcall vote.

Seventh. When the new rules of the House are adopted at the beginning of a new Congress that there be 10 hours of debate—equally divided between the majority and minority—and that the proposed rules be open to amendment.

Mr. Speaker, Members have come to realize that by failing to reform our procedures has earned us public discredit. Many times Congress has been its own worst enemy. By organizing itself so it can do its job and be seen by the public doing its job, then Congress effectiveness and public image will both improve. Moreover, making congressional procedures more visible is of direct benefit to all Members. To conclude, Mr. Speaker, the reforms I am proposing will help improve our capacity to act and therefore be in the interest of the House as an institution.

A BILL TO SAVE THE RED RIVER GORGE

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. GRADISON. Mr. Speaker, I am introducing a bill today which seeks to preserve one of our Nation's most spectacular scenic regions, the Red River Gorge in Kentucky.

This bill would add that portion of the Red River which includes the gorge area to the National Wild and Scenic Rivers System. The Red River Gorge has been called "the Grand Canyon of the East" and is visited annually by over 1 million Americans. They are attracted to this wild country because of its rare geological formations and flora and fauna which exist in no other part of the world.

My bill would publicly recognize what these visitors already know: The Red River Gorge is one of the priceless treasures of America. Inclusion in the Wild and Scenic Rivers System would preserve the area by prohibiting the construction of any dam or water project affecting the river.

This prohibition is a very important provision because, hard as it may be to believe, the Corps of Engineers has initiated a project to dam up the gorge area. The corps would destroy for all time the unique features of the area. There are a number of specific problems with their selection of a dam project for this area on the basis of their cost-benefit ratio. I would like to note those problems to show that the corps has serious difficulties justifying its own figures, much less taking into account the unmeasureable loss of the gorge.

First, the corps failed to consider adequately alternatives to the dam for flood control purposes. By rejecting alternatives solely on the basis of economic benefits, the corps ignored the environmental benefits to be provided in contrast to the dam project.

Second, recreational benefits which are essential to the outcome of a favorable cost-benefit ratio were computed by adding the entire current figure for visitors to the projected new visitors for the manmade lake. Obviously, all those who came to see the gorge in its natural, untouched state will not be attracted to the newly commercialized area. Therefore, the Corps of Engineers' figures overstate the recreational benefits.

Third, the corps has included a figure for water supply benefits in its computations, even though no contract has been made with any surrounding city for the water. The applicable regulations state that such contracts must exist in order for the benefits to be counted. Therefore, the benefit figure is again overstated.

Mr. Speaker, as these facts indicate, there has been considerable controversy over the proposed dam in the Red River Gorge. This argument has been fought in Washington and Kentucky for over 10 years. Many sincere people have been involved on both sides. I mention the problems with the Corps of Engineers figures to point out the complex nature of this issue.

I am introducing this bill as a new approach to the Red River Gorge controversy in the hope that it will be considered on its own merits. By including this part of the river in the Wild and Scenic Rivers system, the gorge will be preserved for all Americans to continue to enjoy. In addition, some 60 families who have lived on that land for better than a hundred years will be able to remain.

Finally, the Corps of Engineers will be encouraged to examine alternative flood control projects for the area—hopefully those which will be better fitted to the needs of the residents and the geography of the gorge. Alternative projects will also be considerably less expensive than the $29 million the corps now estimates the dam will cost without taking into account annual increases due to inflation.

I walked through the Red River Gorge on February 15 with over 300 concerned citizens, including representatives from the Corps of Engineers and the Sierra Club. All of us came away from that walk with the feeling that some arrangement should be worked out to preserve the unscarred beauty of the gorge.

I believe this bill provides that new approach and I would urge my colleagues to support this bill as an efficient means of resolving the on-going battle between the corps and environmentalists.

I believe we owe it to future generations of Americans to preserve this spectacular region, so much a part of our heritage.

I am enclosing a copy of this bill for your consideration:

H.R. 5583

A bill to amend the Wild and Scenic Rivers Act to designate a certain portion of the Red River in Kentucky for potential addition to the Wild and Scenic Rivers System

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 5(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1276) is amended by adding at the end thereof the following new paragraph:

"(57) Red, Kentucky: The segment from highway 746 (also known as Spradlin Bridge) in Wolf County, Kentucky, downstream to the point where the river descends below 700 feet above sea level (in its normal flow) which point is at the Menifee and Powell County line just downstream of the iron bridge where Kentucky Highway 77 passes over the river.

(b) Section 5(b) (1) of such Act is amended by inserting after "(55)" the following "and in paragraph (57)".

(c) Section 5(b) (3) of such Act is amended by adding at the end thereof the following: "There are authorized to be appropriated for the purpose of conducting the study of the river named in paragraph (57) of subsection (a) such sums as may be necessary."

A NEW TAX LOOPHOLE FOR PUBLIC UTILITIES

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. VANIK. Mr. Speaker, the Tax Reduction Act, H.R. 2166, passed by the House on February 27, increases the investment tax credit—ITC—from 7 to 10 percent. For public utility companies, the ITC was increased by 250 percent—from the current 4 to 10 percent of capital expenditures. The current limitation of 50 percent of taxable liability that may be offset by the utilities' investment tax credits has been increased to 100 percent, and carryback and carryforward provisions have also been liberalized.

All of these measures were instituted by the Committee on Ways and Means in an attempt to address two problems: First, supposed inadequacies in electricity production and money available to build utility plants and second, the need to generally stimulate the national economy—to create jobs.

Mr. Speaker, I argued that increasing the ITC for utilities would not accomplish either of these results. In fact, it amounts only to another Federal tax expenditure that would show little or no justification after it had become firmly rooted in the tax code. Since the annual increase in electricity consumption is down significantly, it appears that utilities will be given an incentive, through H.R. 2166, to build new and additional facilities that will not be needed. Additionally, since utilities are traditionally capital intensive instead of labor intensive, we can expect few if any jobs to be created with the hundreds of millions of dollars we will be giving utilities in ITC's.

In fact, Mr. Speaker, it has never been conclusively proven that an investment tax credit causes companies to make additional capital expenditures at all. Several responsible studies have been conducted—Wood and Panichi, 1965; McGraw-Hill, 1962; Castellano, 1972; National Industrial Conference Board, 1962; Rinfret Boston Associates, 1972—that suggest that an ITC has very little if any effect on industry capital spending plans.

Now, to add to the billions given away in H.R. 2166 in investment tax credits to all industries, a witness before the Ways and Means Committee last week suggested that the Congress consider legislation to allow utility companies to sell their excess tax credits. Don C. Frisbee, chairman of the board of the Pacific Power & Light Co., testified on March 13:

> I think one simple and effective way Congress could make the investment tax credit available to all utilities, thus providing necessary cash to their construction programs, would be to permit utilities to sell their unused credits to the highest bidder, which I suggest should be another corporation so as to avoid problems inherent in the sale of tax credits to higher bracket taxpayers.
>
> We think that any legislation permitting the sale of tax credits should also provide that the proceeds from the sale not be taxed to the utility and that State and Federal regulatory bodies should be precluded from using the proceeds from the sale of the credit as a direct or indirect substitute for operating revenues in rate-making proceedings.

Mr. Speaker, Mr. Frisbee's statement that utilities have more tax credits than they can use is the most effective argument against the continuation of that tax break that I can think of. And not only does Mr. Frisbee want to be able to sell extra credits, but he wants the income from those sales to be tax-free. As if that is not enough, he goes on to propose that the Congress not force State utility commissions to treat that income as everyday revenue—since such a measure could mean a decrease in the utility's rate base and a consequent decrease in charges to consumers.

I hope, Mr. Speaker, that the Congress will reconsider its earlier approval of the increased investment tax credit—particularly the ITC for utility companies. If our goal for the Tax Reduction Act is to get cash back in the hands of the public and to stimulate jobs, the investment tax section—title III—is not appropriate.

In the past, Mr. Speaker, I have proposed measures that would limit the application of the ITC to only the amount of capital expenditures above an industry's average new investment. If we continue to allow tax "incentives" for normal, everyday spending, we can no longer call the tax credit an incentive, but rather only a simple and indiscriminate subsidy, or an out-and-out gift from the Federal Government and the American taxpayers.

Mr. Speaker, I hope all Members will give the continuation of the investment tax credit further thought.

REMARKS OF ROGERS C. B. MORTON

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MARTIN. Mr. Speaker, recently Secretary of the Interior Rogers C. B. Morton delivered the attached address in Raleigh, N.C. I would like to make his remarks a part of the RECORD for I believe our former colleague's proposals are worthy of consideration:

REMARKS OF SECRETARY OF THE INTERIOR ROGERS C. B. MORTON, BEFORE THE ANNUAL MEETING OF THE NORTH CAROLINA CITIZENS ASSOCIATION

Governor Holshouser, President Baldwin, Ladies and Gentlemen.

Thank you very much. Coming from Maryland, I guess I am not used to that kind of warm reception down here in Tar Heel Country. I am going to have to tell Lefty Driesell about this.

It is a great honor to address the Annual Meeting of the North Carolina Citizens Association. Yours is one of the oldest, strongest and most prestigious citizens groups in the country. You can be rightfully proud of the work you have done in bettering the economic and social climate in North Carolina. I have always enjoyed this State, and it is a great pleasure to be here again to help honor those civic leaders who have worked so hard to make this great State what it is.

Tonight I want to talk to you about the energy crisis and its impact on our Nation and on your State. I also want to outline the President's program for solving that crisis.

Historically, we have been blessed with an abundance of natural resources, especially energy resources. This abundance has allowed us to be wasteful of those resources. But, let me assure you that in spite of our wastefulness, we still have enough potential energy sources to meet our needs now and in the future.

Why, then, are we importing up to seven million barrels of foreign oil everyday? The reasons are fairly simple. In the years after World War II, we began to explore and develop oil fields in the Middle East and in Venezuela. The oil we found in Saudi Arabia and other countries was cheaper to produce than in many parts of the U.S. Gradually, our overseas production of this cheap oil increased, and with it, our dependency. In 1948, we first became a net importer of energy. In the 50's and 60's we began importing an ever increasing amount of oil. By 1960, we were importing 17% of our petroleum needs.

No one was particularly alarmed at this growing dependence. In fact, we considered this cheap oil a bargain, especially for States along the East coast. They gladly switched from Appalachian coal to Arabian oil. Then, in late 1973, the Arab nations decided to embargo oil going to the U.S. and many other western nations. It was a great national shock. For the first time, this nation realized that it was dependent on a group of smaller nations for one of our most precious commodities. We had fought wars and sacrificed untold men and resources to win and maintain our independence, only to lose that independence, quietly and without bloodshed, through our reliance on insecure foreign sources of energy. Suddenly, we discovered that no amount of military might can buy real security so long as we are dependent on foreign sources for nearly seven million barrels of oil a day.

The embargo reduced our imports by about one-third, or about two million barrels per day. The cut-off lasted no more than four months, but it reduced our Gross National Product by about $20 billion. When the embargo was lifted, we were subjected to an even more insidious problem—the quadrupling of world oil prices.

That's where we are today. We must import about one-third of our oil needs. The price of this imported oil was about $25 billion in 1974—up $18 billion from the year before. If we annualize the import figures for January of this year, it would cost us about $39 billion for 1975.

The bill for this oil is being paid by the consumer—you and me. As a result, we are exporting a vast amount of American wealth to a handful of producer nations. Furthermore, we continue to be at the mercy of another embargo—one which could cause the complete collapse of our economic system and our way of life. The energy crisis really boils down to a question of basic national security.

As long as the producer nations hold the threat of an embargo over our heads, we cannot be secure and independent.

As long as we must pay out some $25 billion a year for foreign oil, we cannot be free to develop our economy and provide jobs for future generations of Americans.

As long as "oil politics" can be played in the Middle East, the world cannot achieve the peace and stability for which we have fought and paid so dearly.

We must adopt a national energy policy which eliminates the threat of an embargo and restores our energy independence.

The President has already enunciated such a policy. With the help of the Congress and the American people we can translate that policy into action.

Very simply, it is our policy to reduce oil imports through a balanced program to reduce demand and increase the domestic product of energy. Our goal is to reduce oil imports low enough so that, with standby emergency procedures and strategic reserves, we could withstand the effects of another embargo without serious disruption to our economy.

The Administration's program is based on three guiding premises:

First, it will operate on the *market* principle—people will conserve energy because they can profit by it. And for that same reason, domestic energy industries will expand their efforts to find and develop new sources of energy. Profit is not a four-letter word. The profit motive has brought us great technological advancement and the highest standard of living in the world. We must not abandon this principle just when it is most needed.

The second premise of the Administration's program is that all monies taken out of the economy—in the form of excise taxes, import fees and windfall profits taxes—will be returned. The $30 billion collected by these taxes will flow back into the economy through income tax reductions and direct payments to non-taxpayers and State and local governments. Only about $3 billion will be retained by the Federal Government to cover the increased costs of energy supplies. In addition, there will be no "rip off" by the energy industries. Our windfall profits tax is designed to give the industry enough capital for needed expansion of domestic production—expansion that will benefit all Americans—but not for lining their pockets at the public expense.

The third premise is that our program will be fair to all. We will not impose undue hardship or provide extra benefits to any sector of the populace, any region of the country, or any segment of our economy.

With these three premises in mind, I would like to detail some of the ingredients of the President's program.

On the conservation side, there are incentives to encourage the more careful and efficient use of oil and gas. These incentives include an excise tax of $2 per barrel of oil and a 37½¢ tax on each thousand cubic feet of natural gas. They also include a tax credit of up to $150 toward the cost of improving the insulation on existing homes. We are also proposing tougher thermal standards for new buildings and efficiency standards on new appliances. The President's package includes measures to allow conversion of existing power plants from the use of oil and gas to coal—our most abundant fossil fuel. We have also proposed to increase the gasoline efficiency of new automobiles to achieve a 40% mileage improvement on the fleet average. Taken together, these conservation measures will save us about 4.2 million barrels a day by 1985.

On the development side of our energy equation, the President's program requests authority to establish a strategic reserve of one billion barrels of oil, plus another 360,000,000 barrels reserved for military use. We are seeking authority to develop our Naval Petroleum Reserves in California and Alaska to a level of production of about 2.3 million barrels a day by 1985. In addition, we hope to increase production of oil and gas from the Outer Continental Shelf. Pending completion of the environmental studies, we want to begin a leasing program for the frontier areas of the California, Alaska, and Atlantic OCS areas. Our effort is designed to help us find out where the oil is—and where it is not. With any luck, this effort will give us an extra 1.5 million barrels a day by 1985. To ease the adverse impact of this development, we are now studying ways to share some of the revenues from this expanded program with the various States.

Our efforts to increase domestic production of energy also include the doubling of coal production—from about 600 million tons per year to 1.2 billion tons by 1985. We also hope to encourage the construction of some 200 new nuclear power plants and 150 non-nuclear power plants.

Perhaps the most significant part of the development program is the deregulation of old oil and new natural gas. When the market determines the real price of these commodities we will see the additional exploration and development we need to displace imported oil.

I think you are all keenly aware of the natural gas shortages you have faced in this State. I have had a number of meetings with Governor Holshouser to seek ways to alleviate the problems brought about by natural gas curtailments this winter.

Natural gas is sold in two separate markets—the interstate market, which is regulated, and the intrastate market, which is free from Federal regulation. The artificial price constraints on interstate gas are the principle cause of the shortages we are now facing. Natural gas curtailments, if permitted to continue, could result in the loss of 200,000 tons of fertilizer this spring. That translates into a loss of 160 million bushels of corn or about 2.5% of the crop. Additional curtailments could have tragic consequences in this food-hungry world.

This Nation is now consuming about 22.3 trillion cubic feet of natural gas per year. We are discovering new reserves at the rate of about 9.5 trillion cubic feet per year. At these rates, and with our proven reserves, we could be out of natural gas in 17 years. I don't expect that to happen. Already, the price increases in the intrastate gas market have spurred exploration. In the past four years, we have almost doubled the number of gas wells we have drilled. The deregulation of new interstate natural gas would bring about another quantum jump in exploration to assure greater supplies for the entire nation—not just the producing areas.

These artificial gas prices have resulted in the gross misuse of this valuable resource. In some of the producing States, as much as 90% of the electric power is generated from gas, while industries in this State, for whom gas is an irreplacable part of the production process, have faced layoffs and shutdowns for lack of gas.

If Congress will deregulate new natural gas, and authorize the other elements on the supply side of the President's energy program, we can further reduce our dependence on foreign oil by about 3.8 million barrels a day.

This program will not get us out of the world oil market. The result of the balanced program of energy conservation and increased development will reduce our daily imports to about 4.7 million barrels in 1985.

The result of the balanced program of energy conservation and increased development will severely reduce our need for imported oil. It will not get us entirely out of the world market. We will still have to import about 4.7 million barrels a day by 1985. But with our strategic reserves and other standby emergency authorities, we could withstand even a total embargo without capability consequences to our economy. If the producer nations knew we had that capability the threat of an embargo would no longer be effective. Our energy independence will have been reaffirmed.

The remedies to our energy ills will not be easy. Those in the Congress who thought there were easy solutions to the energy problems are learning otherwise, and some of the alternatives proposed, would be more painful—and perhaps less effective—than those being put forth by the President. But nearly all the principle elements of his program require Congressional approval. I do not expect that the Congress will accept every aspect of the program. Indeed I am certain you do not agree with everything we have set out. But time is of the essence; we cannot afford a lengthy debate. We need to show the world we are determined to solve our energy problems.

I am encouraged by the increased Congressional activity in the energy area. I have high hopes that we will have a firm national energy policy before the tobacco gets very high here this summer.

I want to leave you with this thought. America has a long and glorious history in which we have faced and overcome challenges that would have brought other nations to their knees. Now we face a challenge that is a struggle to restore our independence and protect our way of life. But we face this challenge with an abundance of resources—natural resources, economic resources, and human resources. We have all the ingredients for meeting the energy challenge. All we need is the *will* to do what has to be done. I believe we have the *will*, and if your presence here tonight is any guide, I see nothing that can prevent our success.

D.C. STUDENTS SELECTED AS TOP COMPETITORS IN THE U.N. HIGH SCHOOL ORATORICAL CONTEST

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FAUNTROY. Mr. Speaker, the District of Columbia is very proud to have such young outstanding citizens as Victoria Uzoukwu and Adrienne McAdoo.

Victoria, a student at Cardozo High School, and Adrienne, a student at Roosevelt High School, have been selected as top competitors in this year's United Nations Association-Capital Area Division high school oratorial contest, through a program designed to introduce the workings of the United Nations into Washington area high schools and stimulate interest in the students in the fields of international affairs. By their efforts, these students have received the opportunity to represent the metropolitan area in Coventry, England, this summer, with subsequent trips to Paris, Geneva, and Rome to observe U.N. field operations in action—the educational value of which must be regarded as incalculable.

Victoria's and Adrienne's award winning essays both address the issue of international human rights. I think you will find their work to be expressful as well as important. They call on their generation to sow the seeds of peace for the future. They are striving for something that they feel the world of the past has had much too little of—love.

The essays follow:

HUMAN RIGHTS AND PEACE

(By Victoria Uzoukwu)

Human rights are basic and necessary privileges that should be available to everyone, regardless of religion, race, sex, or language. These privileges can be put into three major categories, the right to life, the right to liberty, and the right to security.

The first category, the right to life, includes other privileges such as the right to health, freedom from poverty and hunger, and most importantly, freedom from the afflictions of wars.

The second category, the right to liberty, consists of other privileges such as freedom from slavery or servitude, freedom from discrimination, freedom of expression, freedom of religion, the right to education, the right to work, the right to take part in government, and the right to equal justice under the law.

The third category, the right to security, can be further analyzed as freedom from our fellow man's thirst for power, freedom from inhuman treatment or punishment, the right to a decent way of life, in other words, the right to an atmosphere conducive to good living.

All these rights make up part of a man. They cannot be separated from the man himself. To deny a man these rights, therefore, is to deny him existence.

In the past, disregard for human rights has resulted in heavy losses of life and property. World War II, during which millions of innocent people were denied their rights to life, liberty and security, is a good example. The world has come to realize that the security of human rights is very essential to achieving world peace. Our respect for human rights has direct bearings on the peacefulness of our world.

There cannot be world peace while apartheid exists in South Africa. There cannot be world peace while millions of people die of starvation and diseases in the underdeveloped areas of the world. There cannot be world peace while people continue to engage in wars. There cannot be world peace while racial discrimination continues to exist. There cannot be world peace while many people continue to die in Ireland because of religious differences. There cannot be world peace while we continue to produce military weapons, while people are being denied their human rights. Consequently, we must secure human rights, not just in one part of the world, but throughout the entire world, in order to achieve worldwide peace.

The people of the United Nations have taken initiative in this search for peace. The United Nations Universal Declaration of Human Rights marked the world's first major step in the struggle for peace. This momentous document represents a worldwide effort and desire to safeguard man's human values. The initiative has been taken. It is up to all of us to make our world a peaceful place.

This peaceful world will not easily emerge; we must work hard for it. We must work hard for peace for two reasons. First, it makes life worth living. And secondly, only peace can insure the safety and continuity of the human race. To achieve this peace we must learn to compromise our differences in order to do away with wars. We must learn to have concern for, and help each other in order to put an end to starvation, and control diseases. We must learn to accept and respect each other as human beings, so that racial and sex discrimination cease to exist. When we do away with discrimination and wars, when there is freedom of religion and expression, when there is equal justice, with liberty and opportunities for all, we shall have peace for our reward. This should be our goal. For our sake and for the sake of generations to come, we must achieve world peace. We must continue to strive to secure and safeguard the rights of humanity because that is our only sure way to achieving a lasting peace.

HUMAN RIGHTS AND PEACE

(By Adrienne McAdoo)

On December the 10th, 1948, a cry was heard. A new baby was born. The Declaration of Human Rights had been conceived. A suffering need of all mankind was fulfilled. The loud cries of this infant for the realization of his self-respect and dignity were heard around the world.

The Declaration of Human Rights states that we are all equal regardless of our race or religion. We are all free beings. We must have the freedom to determine our own destinies. Our inalienable rights must not be abridged by any man. This universal document of human rights declares that the responsibility of every human being is to strive for the enforcement of principles which clearly affirm that mankind has the right to be respected and to be treated with dignity.

Human rights are increasingly demanded by everyone in the civilized world. Human rights demand that each person receive honor and respect. They endow all men with inalienable rights to political, economic, and social justice.

Philosophers and great figures in history have emphasized and developed the concept of human rights. These rights are so important that the United Nations has reaffirmed all of them and urged their world wide acceptance in the universal declaration of human rights.

All men have individual rights; but these rights are constantly being violated. Abusers of human rights are not aware of what individual rights mean, because of ignorance, indifference, and lack of educational knowledge.

According to the Universal Declaration of Human Rights all people are born free, yet slavery still exists. Involuntary servitude is against the law of God as well as against the law of man. We are all supposed to be equal but this equality is a farce.

Cruel and inhumane treatment and punishment of any kind are in direct violation of the Universal Declaration. Yet we see these acts of violence against the will of the human person taking place everyday.

Quite often we observe the suppression of freedom of people around the world. We observe the suppression of thought, and the suppression of a people based on religious preferences. These are all violations of the Charter on Human Rights.

To achieve the objectives outlined in the Universal Declaration of Human Rights each of us as individuals has to set aside old ideas and unite as one. We have to bring about a change that will develop better attitudes and better understanding. We have to think of others rather than of ourselves. We have to nurture attitudes that will have lasting effects upon our homes, upon our communities; upon our country, and upon the world.

Yes, on December the 10th, 1948, a baby cried. Life was breathed into its body. This baby was the Universal Declaration of Human Rights that has been crying out for equality and justice around the globe. But has its voice been heard? I'm afraid not.

Wake up world, and live in harmony and peace!

MANAGING WITH MOSCOW

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FRENZEL. Mr. Speaker, below is an article entitled "Managing With Moscow" by William E. Griffith, professor of political science in the Center for International Studies at MIT, from the Christian Science Monitor of March 19. This article confirms some of my own feelings about the congressional mishandling of the Eximbank bill last session.

The article features some very strong statements, especially in the paragraph that accuses congressional proponents of the cut in Exim credits for Russia as being either foolish or opposed to détente per se and are using the issue of emigration for political profit. I do not endorse that statement, but I can understand how the author reached that conclusion. We could still make up for our mistakes if we had the courage to amend the Eximbank Act to restore the language from the original House bill last year. Détente, or at least one of its main components, East-West trade, will not mean much until we do.

The article follows:

Managing With Moscow

(By William E. Griffith)

The recent Soviet cancellation of the Soviet-United States trade treaty, after Congress limited U.S.-guaranteed credits to Moscow, poses the greatest question mark yet about Soviet-American detente. Do the Russians "really mean" detente? Have they been getting more out of it than Americans have? A national debate on the subject is, rightly, underway.

Soviet-American detente means the limitation, although certainly not the end, of the Soviet-American conflict relationship. The Soviets state flatly—and why should we doubt them?—that they will continue the "ideological struggle" against us. Our interests are in conflict around the globe. Yet we and they realize that we also have a common, limited goal: to avoid nuclear war and to slow down the arms race.

We Americans have historically always wanted to know who the good guys and the bad guys are. We are puzzled and frustrated by shades of gray. But in the nuclear age we can no longer afford to think of ourselves in international politics as the U.S. Cavalry fighting the "murderous" Indians.

We have every reason to make mutually advantageous deals with the Russians in arms control and trade. If we blunder, as in "the great grain robbery," we should blame ourselves, not Moscow. Until recently Washington gave U.S. firms low-interest insured credits for trade with the Russians without getting as much political pay-off as we could have in return. In fact, we were carrying on an economic aid program to the Soviet Union. Again, though, let's blame ourselves, not Moscow. Senator Jackson's initially successful drive to get the Russians to let more Soviet Jews out showed that we could have gotten more than we did out of detente.

But then Congress overdrew our account. Over the administration's opposition, it placed a $300 million limit on such credits to the Soviet Union for the next four years—after we had given Moscow nearly $500 million in credits in 1974 alone. That the Russians broke off the negotiations and cancelled the trade treaty should have surprised no one. What else should a great, proud nation do? Leonid Brezhnev had changed Soviet emigration policy in return for U.S. credits. Should he have changed it more in return for only one-quarter of the credits he had been getting before?

Either the congressional proponents of this cut in credits were fools, and did not realize that Moscow would not accept such a one-sided deal; or they were not, and were therefore opposed to detente *per se* and were only using the issue of emigration of Soviet Jews for domestic political profit.

This is, in my view, the worst example—although not the only one; our disastrous antagonism of Turkey is another—of the dangers of congressional determination of foreign policy tactics on the basis primarily of domestic, and usually ethnic, political considerations rather than U.S. national interests. The U.S. has a long history of falling into this trap. In the nuclear age we can no longer so easily afford it. Certainly the U.S. presidency became too imperial. But that is no reason to err so badly in the other direction. We have literally no alternative except to deal with the Russians. But we must do so with our eyes open, our powder dry, our emotions under firm control, and U.S. national interests, not domestic ethnic politics in command.

However, this does not mean that we should not use incentives and pressure in dealing with Moscow. Like any other great power, Communist or not, the Russians are best impressed by both carrots and sticks. It is, to speak frankly, naive and absurd to think that we can persuade them of the error of their ways. A notable recent example of this naivete—it reminds one of the "good old Uncle Joe" mythology of World War II—was a recent Washington Post advertisement by the American Committee on U.S.-Soviet Relations." It included the following: "Only if our relations with the Soviet Union reflect a substantial measure of friendly cooperation, shared interest and mutual confidence is there a chance for agreements on the effective control of nuclear weapons."

"Friendly cooperation?" "Mutual confidence?" That we and the Russians want to avoid nuclear destruction, yes. But that this can lead to "friendship" and "confidence"? If one can believe that, one can believe anything.

Thus the dangers to a sensible U.S. policy come, as usual, from both hawks and doves. Black and white international politics is tempting, but it is not the real world. The U.S. Congress, and the American people who elect it, should reject the easy but dangerous posture of moralizing for the more difficult but necessary one of the hard-headed pursuit of our national interests in the nuclear age.

WHICH WAY DO THE REFUGEES FLEE?

HON. DAVID C. TREEN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. TREEN. Mr. Speaker, this morning's Wall Street Journal contains an editorial whose sobering thoughts on the events now taking place in South Vietnam deserve the honest and thoughtful consideration of every Member of this body. In considering President Ford's request for supplemental assistance to South Vietnam, or in refusing to consider such a request as some of my colleagues in caucus have done, we need to ask ourselves "Which Way Do the Refugees Flee?"

The editorial follows:

Which Way Do the Refugees Flee?

As the battlefield reports from Vietnam grow increasingly gloomy, one looks for something, anything, the U.S. might salvage from its own agony in Indochina. Perhaps, though even this scrap is by no means assured, the U.S. could learn a few things about itself.

The most poignant testimony to what needs to be learned is the flood of refugees pouring out of the areas falling to the Communists. At times the Communists let the refugees pass unhampered; at times they open fire on the columns. The news-magazines capture the refugees' plight in cover photos of bloodied babies.

The same pictures, only a few years ago, would have been assumed to portray the latest atrocity wrought not by the Communist but by the Americans. In envisioning the current streams of refugees, one must also remember all the arguments, so hotly urged by some Americans and in fact still portrayed by today's filmmakers, that the Vietcong was a popular movement, that Ho Chi Minh would win any election, that the corrupt and dictatorial regime in Saigon could not win the hearts and minds of the people.

Well, the people are voting with their feet. The refugees are not merely fleeing the fighting; indeed, their movement is not away from the battle but toward areas still likely to be fought over. The only explanation for their desperate flight is that they prefer any chance, however slim, of living under Saigon to the certainty of living under Hanoi.

There is, after all, a world of difference between the two regimes. Hanoi is one of the most repressive regimes in the world, and in all likelihood the most demanding regime in the world in the sacrifices it is willing to impose on its citizens. One can debate the size of the bloodbath likely in South Vietnam after Hanoi's victory, but it is a simple fact of history that nowhere has a Communist revolution been consolidated without substantial numbers of executions.

Saigon is of course capable of its own repressions and cruelties, but there are differences that are meaningful to the Vietnamese if not to Capitol Hill democratic theoreticians. Saigon may not have freedom of the press, for example, but at least freedom of the press is an issue. More significantly, though you seldom hear about it in American conversations, since 1968 South Vietnam has carried out a land reform program that has allowed five of every six rural families to farm their own land. And even as the war raged, material prosperity grew.

The lesson of the refugee's choice, we note, is beginning to take hold in some quarters of American opinion. Our colleagues at both The Washington Post and The New York Times have editorialized against any abrupt termination of American aid to Saigon. They propose to phase out aid over a given time period papering over mere postponement with the polite fiction that in the meantime a political settlement might be reached with Hanoi. But at least they recognize that the United States owes something to the South Vietnamese.

Congress may not go even that far; it seems on the verge of an immediate cut-off. Even a temporary extension would be preferable, if only because a new Congress could take another look. This may be academic, of course, if it turns out that Congress has already closed the question by the aid reductions that helped provoke Saigon's withdrawals. For all that, there is a certain virtue in an abrupt aid cutoff—at least it openly declares responsibility. We, the United States of America, will foreclose that last hope for which all those refugees flee.

There is something to be said for getting the proposition out in the open, so that we can decide whether that is the kind of nation we want to be. Perhaps we do. But perhaps out of facing that question squarely would come a recognition of the real lesson of refugees from Communist areas, whether ballet dancers from Leningrad or peasants from the Central Highlands.

To wit, in the world today America stands for things—a measure of personal freedom, a degree of material prosperity—that ordinary people of the world value very highly indeed. And however much American foreign policy needs to separate possible purposes from impossible ones, there is no need whatever for it to be crippled by doubt about its ultimate purposes.

BEATING THE FTC

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. MICHEL. Mr. Speaker, as representatives of our constituencies, it is our duty to provide rationale and justification for our actions as lawmakers. Educators must justify their decisions to trustees, parents, and students. The media is responsible to its readers for its editorials and reporting practices. The businessman, as a matter of sound judgment, provides documented justification to his directors before investing large sums of money in new ventures. How is it then that some of our rulemaking agencies issue rules with devastating impact without first clearly documenting, measuring, and informing us to the costs and benefits of those rules.

Such a rule is the Federal Trade Commission Lines of Business Report Program. It is because of actions such as this that the executive and legislative branches have become so concerned with the inflationary impact of regulation and legislation. It is also a prime example of why this Congress must concern itself with regulatory reform and a specific procedure for congressional review of rules issued by the agencies.

An editorial which appeared in the Wall Street Journal of February 27, 1975, cites the many disadvantages of the ill-conceived FTC Lines of Business Program. Mr. President, I commend that editorial to my colleagues and include it to be printed in the RECORD:

BEATING THE FTC

The business community has been getting so little news to cheer about lately that a federal court ruling in Wilmington, Del., this week is worth its weight in smiles. The court ruled that the Federal Trade Commission improperly adopted its line-of-business reporting program and violated the Administrative Procedures Act. The seven companies that brought suit against the FTC were absolved, at least temporarily, from having to comply with the program.

The FTC is reeling, but far from beaten, the main action being in the federal court in New York City where the industrial giants are seeking to demolish the line-of-business program. They have our best wishes, for LOB has to be one of the most frightfully expensive, totally worthless bureaucratic boondoggles ever conceived in Washington. To comply with it, just for a start, would require the education and training of another 6,500 accountants, the construction of several more law schools, and a minimum cost of $125 million a year just to do the paperwork. And the reports will be obsolete even as they're being shoveled into the FTC's file cabinets.

The LOB idea sprang from an earnest desire by the folks at FTC to know what's going on out there in the private sector. If only the bureaucrats could collect under one roof all there is to know about American business and industry works, they reasoned they'd be in a better position to offer friendly advice on how to make it work better. They could use their know-how to issue rules, institute antitrust proceedings, generally terrorize management, and in other ways make America a better place to live.

All it would require would be a few simple forms that every major company would have to fill out. The FTC commissioners figured it would cost no more than, say, $10,000 a year per company, as if General Motors would assign a junior clerk the job of figuring costs, profits, advertising and overhead allocations for every business line GM is involved in. The FTC also promised that once it learned all from GM, Alcoa and Acme Widget, it would hold the information in secret so their competitors wouldn't also learn all. Common Cause didn't even wait for the reports to be filed before demanding, under the Freedom of Information Act, that everything the FTC learns should be divulged to the public. The FTC rolled over with a "compromise," saying it would divulge what it learns in "aggregates."

The whole thing has gone far beyond the original gleam in the eye of some FTC bureaucrat. Accounting practices are so diverse that it became apparent the reports wouldn't be of much use, except for mischief making, unless the entire private sector converted to one standard procedure for keeping books. And then, the FTC would need a national police force of accountants to make sure cost allocations were being carried out on a uniform basis.

It's all turning into a terrible bureaucratic fiasco. But the FTC, which has committed itself to do battle, can't just turn it off. It has to have peace with honor, right? We can only hope that the federal courts are now providing the light at the end of the tunnel.

OIL FRAUD INQUIRY

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. HUGHES. Mr. Speaker, on Monday, March 24, Today's Sunbeam, a daily newspaper published in Salem, N.J., published an editorial that reflects many of my thoughts in regard to the possibility of fraud perpetrated on consumers at the height of the Arab oil embargo.

The editorial states:

> If there has been fraud on anything like the scale intimated in official comments, the country has a major scandal on its hands.

What is particularly disturbing about accusations of criminal activity through the forging of ports of origin and transfers of oil at sea is that those most hurt are Americans living on small, fixed incomes who paid for the profiteering through passthrough surcharges and overall higher utility bills.

If it can be shown that such profiteering did occur to anywhere near the extent reported in recent news accounts, then it is incumbent on this Congress to call the Federal regulatory agencies into account.

I can clearly remember the assurances of spokesmen for the then Federal Energy Office, for example, issuing statements throughout the embargo about how closely the producers, suppliers, and importers were being monitored.

And now we have Projects Speculator, Manpulator, and Escalator. Classic examples of slamming the barn door too late.

Mr. Speaker, I insert, in full, the editorial of March 24:

OIL FRAUD INQUIRY

One's gorge rises at allegations that fraudulent oil supply schemes may have cheated American consumers out of billions of dollars. As many Salem Countians suspected at the time, those oil tankers weren't cruising back and forth in the Delaware River in late 1973, heavily laden in both directions, for the fun of it.

While prejudgment of oil companies would be unfair, even at this early stage there appears to be little reason to accept American Petroleum Institute's self-serving claim that the charges "are vastly overblown if true at all."

Spokesmen for two government agencies, the Federal Energy Administration and the Customs Service, have told of finding possible overcharges amounting to hundreds of millions. A number of grand juries have begun looking into allegations that various means were employed to jack up oil prices artificially.

Teams of FEA and Customs investigators are working on electric utility fuel purchases. Scores of others have an eye out for possible violations of price regulations setting the difference between what can legally be charged for "old oil" and "new oil."

There are indications, too, of possible fraud through misrepresentation of the source of imported oil—that is, making it appear that oil from one country actually was imported from another where prices were higher.

The government agencies apparently are pursuing these investigations with vigor, and on a nationwide basis. The public has a right to expect nothing less. If there has been fraud on anything like the scale intimated in official comments, the country has a major scandal on its hands.

ENDING THE NATURAL GAS SHORTAGE

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. ARMSTRONG. Mr. Speaker, today I am introducing legislation to end the Nation's increasingly serious natural gas shortage by removing Federal controls on the wellhead price of gas.

The severe curtailments of gas service which are plaguing many areas could have been averted if Congress had heeded warnings of the impending problem. Unfortunately, however, until gas curtailments began to close schools and factories most Members of Congress tended to ignore the consequences of Federal price regulations which encourage consumption while virtually eliminating incentives to increase, or even maintain, production.

AN ARTIFICIAL SHORTAGE

Even now some of our colleagues are reluctant to face the central fact about the natural gas shortage—it has been artificially created by these Federal controls. Until these restrictions are eliminated, or drastically modified, the situation is bound to grow worse. And the longer a decision is delayed, the more serious the consequences will become.

Until 7 years ago, America enjoyed an abundant supply of this efficient and environmentally desirable fuel. Gas consumption rose dramatically, but production more than kept pace. Year after year, more new gas was developed than consumed; reserves steadily increased.

But in 1968, the Supreme Court upheld the Federal Power Commission's complicated system of price regulation which was imposed on all natural gas sold for transmission in interstate commerce.

The effect was dramatic. Incentive to produce a new gas for interstate commerce vanished almost overnight. The Nation's total gas production leveled out, after rising for years, and the country began to use more gas than was produced. By 1973 new reserve additions were less than one-third of consumption and the Nation's total natural gas reserves dropped from a 15-year supply in 1967 to a less than 10-year reserve:

[Trillion cubic feet]

	Domestic consumption	Domestic production	Reserve additions	Year-end reserves	Supply (in years) at current use	Supply (in years) at 1974 usage
1950	5.9	6.3	12.0	184.6	31	8
1955	8.9	9.4	21.9	222.5	25	9
1960	13.0	12.8	13.8	262.2	20	11
1964	15.7	15.3	20.1	279.4	18	12
1966	18.0	17.5	19.2	286.4	16	12
1968	20.0	19.3	12.0	282.1	14	12
1970	22.6	21.8	11.1	259.6	12	11
1971	23.5	22.6	9.4	247.4	11	10
1972	23.5	22.5	9.4	234.6	10	10
1973	23.6	22.6	6.8	218.6	9	9

Meanwhile, an increasing proportion of production was being diverted from the price-controlled interstate market to unregulated intrastate customers:

NEW NATURAL GAS RESERVES

[Volume in percent]

Year	Intrastate	Interstate
1964	47	53
1966	26	74
1968	21	79
1969	27	73
1970	100	0
1971	79	21
1972	100	0
1973	83	17
1974[1]	90	10

[1] Estimate.

PERCENT OF TOTAL U.S. NATURAL GAS PRODUCTION

Year	Production (TCF)	Percent interstate
1966	17.5	67
1968	19.3	66
1969	20.8	67
1970	21.8	64
1971	22.6	67
1972	22.5	65
1973	22.6	62
1974[1]	21.9	58

[2] Preliminary estimate.

THE EFFECT IN COLORADO

Within a short time, shortages began to develop throughout the Nation, except, of course, in gas producing areas. In my own State, Colorado, lack of natural gas to meet peak demand has closed schools, shutdown factories and brought new home construction to a standstill.

General softening of the economy has subsequently eased demand for new natural gas permits for residential construction, but when the demand increases again the economic recovery will be severely curtailed by lack of gas, particularly in rapidly growing areas such as Colorado Springs, Aurora, and metro Denver.

In Colorado Springs, all interruptible customers have been cut off almost all winter. No new firm customers have been added for over 2 years. In Denver, the waiting list for natural gas, begun in 1973, is 10 months long and Public Service Co. sees no improvement in sight. Some builders are switching to all electric heat, a more expensive—and from an energy standpoint less efficient—alternative.

By 1977, present gas supplies to the State of Colorado, including those now committed and contracted for, will not meet present needs. The State's major gas supplier, CIG, sees no prospect of new supplies. So-called firm customers, including homeowners, will be forced to cut back on usage.

Meantime, industries located in areas with local supplies of natural gas have a significant competitive advantage over firms which must rely on other sources of energy. Consequently, firms are foregoing plans to expand in nonproducing areas and relocating plants to take advantage of abundant natural gas available in a handful of States where it is produced in great quantity.

The magnitude of this trend—and the extent to which this premium fuel is being diverted from home heating to use by industries which could use oil or coal with proper environmental safeguards—is revealed by the consumption statistics: Four gas-producing States already consume 34 percent of the natural gas used in the Nation. Of this amount, 91 percent is used industrially. A large part of this consumption is used to generate electricity. Nationwide about 20 percent of all natural gas production is used to generate electricity. Four gas producing States account for 65 percent of that amount. In summary, electric production in just four States accounts for 15 percent of all natural gas consumption in the entire Nation.

Homeowners and industries elsewhere who are, in effect, prohibited from bidding on natural gas are being forced to switch to higher-priced substitutes.

In Colorado Springs for example, city council spent $1 million for equipment to inject a propane-air mixture into natural gas lines at times of peak demand. This cost, and the use of higher-priced propane, became necessary simply because regular gas supplies were inadequate to maintain pressure in the gas lines on coldest days when peak demand occurs.

Other communities have responded in other ways: Burlington, for example, maintains a large supply of fuel oil for emergency use if their interruptible supply of gas is cut off, leaving the powerplant—and city buildings, including the hospital, without service.

As municipalities and other priority users are increasingly forced to depend on propane, oil and coal, the price of these substitutes is bid up in response to increased demand. Mobile homeowners who use propane for heating and farmers who use it extensively in crop drying were horrified when the price per gallon jumped from around 18 cents to over 60 cents within a few months. Although this price increase has moderated somewhat in recent months, propane is still twice as expensive as 2 years ago and an even worse supply-price crunch may develop in the future.

The price of coal has been similarly affected.

OTHER AREAS OF THE NATION

Although I have mentioned hardships and dislocations in my own State, the shortage of natural gas is causing similar consequences elsewhere. Recently, the Federal Power Commission turned down an oil company's request to supply domestic natural gas to New York State users at a cost of 52 cents per thousand cubic feet. So instead these users ended up with imported liquefied natural gas from Algeria at rates up to $1.86 per thousand cubic feet.

In New Jersey, gas curtailment levels this winter have so far averaged 28 percent. If they rise to 30 percent, the State estimates that 120,000 wrokers could be laid off, and that the working hours of another 40,000 employees would be reduced. In Ohio, in 1970, a 10-day shutdown of natural gas caused 1,500 man-years of unemployment.

These are a few of many dislocations that have resulted from the Federal Government's unwise attempt to substitute administrative judgments and regulations for the efficient working of the free market. Even the Federal Power Commission, the agency which regulates the field price of gas, recently called for legislation to decontrol gas altogether. FPC studies, and much other evidence, indicates that decontrol is the only feasible way to assure the Nation a dependable supply of gas.

OBJECTIONS TO DECONTROL

The main objection to returning to free market pricing seems to be the fear of a drastic increase in home heating costs. Such increases may be justified by comparison with other fuels which are harder to transport and use, less desirable environmentally and far more expensive on an energy-equivalent basis. Fortunately, however, much higher prices to residential users does not seem likely.

Most of the burner-tip cost of natural gas to the consumer is the cost of distribution, not gas. Only about 10 to 18 percent of the price paid for home heating is accounted for by the fuel cost, the balance representing distribution charges. So even if the field price of gas were to double or triple, a pessimistic estimate I believe, the effect on most homeowners would be relatively modest, certainly far less than converting to other fuels if natural gas supplies are further depleted. And such increases would probably be phased over many years.

The alternative should also be considered. If nothing is done, and the volume of gas carried in interstate pipelines declines, the shrinking volume of gas will necessarily become more expensive as the cost of the pipeline—the major component of user cost—is amortized over fewer and fewer units of natural gas. In short, some experts believe that price increases resulting from decontrolling the wellhead price will be less than price increases inherent in the present regulatory structure. As FPC Chairman, John Nassikas, pointed out:

> Whatever the cost of deregulation may ultimately be, it will be far less than the costs associated with current and anticipated curtailments of gas deliveries, idle

pipeline capacity, high cost supplemental supplies.

THE FREE MARKET APPROACH

The Nation has suffered long enough as a result of this experiment with regimentation in the natural gas industry. By substituting Government decisionmaking for the free market, we have curtailed supply, increased costs, fostered economic dislocations and permitted the Nation to become increasingly dependent on foreign sources of natural gas.

There are over 4,000 producers of natural gas in this country. I think it is time to turn them loose again. Let us go back to the kind of free and open competition that provided us with abundant natural gas before and will do so again.

There is no reason to delay. This subject has been exhaustively studied and the conclusions are obvious. By enacting this bill Congress can do more to alleviate the Nation's overall energy shortage than any other single piece of legislation now pending before Congress, in my opinion. I urge its immediate adoption.

"SPIRIT OF '76"

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. GILMAN. Mr. Speaker, I recently solicited entries for my annual high school essay contest for senior students in the 26th Congressional District of New York. The theme chosen for this year's contest was the "Spirit of '76".

The essays which won honorable mention in the contest were written by James R. Flinton, a senior at Wallkill Senior High School, Wallkill, N.Y.; Joseph Holt, a senior at Clarkstown Senior High School, Clarkstown, N.Y.; and Virginia E. Ford, a senior at Marlboro Central High School, Marlboro, N.Y.

Mr. Speaker, these essays reveal an attitude of deep pride and enthusiasm for our Nation and for its future. Because the essays were so thoughtful and articulated their feelings so well, I would like to share them with my colleagues and submit them to be printed in full in this portion of the RECORD:

"THE SPIRIT OF '76"

(By James R. Flinton)

The spirit of '76, which is now coming alive in the United States of America in preparation for the Nation's 200th Anniversary, means different things to different people, but to me, it means a time to bow our heads and give thanks to those people who have allowed us to realize the greatest form of life in the world—the United States of America.

So, let us give thanks to . . . our forefathers for having the courage to stand up and bring America to life . . . our soldiers, our defenders, who have the courage and love of America to risk their lives so that we may continue to live in the glory of America . . . our parents for instilling in us the virtues of which America is made of—honor, respect, and love of America by it's citizens . . . and most of all, to give thanks to our Eternal Father for blessing America and making it all the things which it is—a dream come true.

For, it is right and proper that, to these people we give thanks for they have given us the right to enjoy our beautiful America—it's beautiful landscape of crystal blue skies, green rolling hills, golden and abundant crops, and a great spirit all put together in one.

For, it is right and proper that we give thanks to these people for their unending work to give us a Nation of freedom, peace, wealth, and most important, the ability to always remember and help those Nations that have not been as blessed as we are.

For, it is right and proper that we give thanks to these people for creating for us a society which is clean, indestructible and free, where each man is allowed to pursue his dreams.

And, it is especially important, that we give thanks to these people for making a dream come true with the creation of America—a way of life which is unmatched and unparalled in the history of all mankind; a way of life, in which all men have one thing in common—that they are equal!

"SPIRIT OF '76"

(By Joseph Holt)

It began as a dream in the minds of men, a special breed of men, who held a common belief in the individual's right to "life, liberty, and the pursuit of happiness." The dream that they had materialized into what we now know as the United States of America, and the men who envisioned it came to be known as Americans.

These early immigrants came to this land by the thousands with new skills and ideas, as well as their treasured ideals of freedom and equality. That these ideals were valued highly by our forefathers was clearly evidenced by the fact that, when placed under a common oppression, they fought back and, in emerging victorious, formed a government that was designed to protect the rights of the individual. To insure a state of liberty, they wrote the Constitution, which guaranteed freedom of speech, of political belief, of religion and of the press.

They have given to us a nation in which each man is free to carve out his own destiny and which has progressed through diversity rather than uniformity.

Projecting into the future, we can predict with confidence that the United States will continue to progress and that every American will always be able to carve out his own destiny. This confidence is strengthened when we reflect on the words of the late President John F. Kennedy, who stated, "The cost of freedom is always high, but Americans have always paid it. And one path we shall never choose, and that is the path of surrender, or submission."

"THE SPIRIT OF '76"

(by Virginia E. Ford)

With the approach of this nation's two hundredth birthday comes a great opportunity for all Americans to re-examine the nation in which we live. Evidence of America's rich history lies all around us, yet it frequently goes unnoticed. We, as citizens, have an obligation to become more fully aware of our heritage as the celebration of the Bicentennial approaches.

One of the most meaningful ways of becoming cognizant of our American legacy is to visit historic sites in our own areas. In this particular area, residents are surrounded by the scenes of many historic events. The United States Military Academy at West Point is a fine example of this. The educator of many of the nation's greatest military leaders, the Military Academy houses the Army Museum. Not far away, Washington's Headquarters in Newburgh, the site of the establishment of the Order of the Purple Heart, and Temple Hill offer visitors a unique opportunity to study history at close range. Across the Hudson River, the home of Franklin D. Roosevelt, thirty-second president of the United States, gives us a look at more recent history.

This familiarity with our nation's past is of vital importance to all American citizens. The more we understand the problems of the past, the better we will be able to deal with the problems of the present. Being aware of the obstacles the United States has overcome in the past will give us new optimism for the future and that, truely, is the "Spirit of '76".

SOUTH VIETNAM—THE HUMAN COST

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. BAUMAN. Mr. Speaker, in the looming debate over U.S. military and humanitarian assistance to South Vietnam, one factor which is in danger of being overlooked is the human cost of U.S. inaction. The stream of refugees fleeing those areas which are being taken over by the Communists is an eloquent testimony to what the people of the area know about living under communism.

Some say that these people are fleeing the war areas. In fact the opposite is true. In fleeing those provinces which the Saigon government has been forced to abandon they are leaving areas in which the war is essentially over, and fleeing to areas in which the war is likely to intensify. But they apparently believe that the threat of war is preferable to life under communism.

Today's Wall Street Journal includes an editorial which summarizes some of the differences between Hanoi and Saigon and explores some of the considerations which should be in our minds as we make important decisions about the future course of American foreign policy.

The editorial follows:

WHICH WAY DO THE REFUGEES FLEE?

As the battlefield reports from Vietnam grow increasingly gloomy, one looks for something, anything, the U.S. might salvage from its own agony in Indochina. Perhaps, though even this scrap is by no means assured, the U.S. could learn a few things about itself.

The most poignant testimony to what needs to be learned is the flood of refugees pouring out of the areas falling to the Communists. At times the Communists let the refugees pass unhampered; at times they open fire on the columns. The news-magazines capture the refugees' plight in cover photos of bloodied babies.

The same pictures, only a few years ago, would have been assumed to portray the latest atrocity wrought not by the Communists but by the Americans. In envisioning the current streams of refugees, one must also remember all the arguments, so hotly urged by some Americans and in fact still portrayed by today's filmmakers, that the Vietcong was a popular movement, that Ho Chi Minh would win any election, that the corrupt and dictatorial regime in Saigon could not win the hearts and minds of the people.

Well, the people are voting with their feet. The refugees are not merely fleeing the fighting; indeed, their movement is not away from the battle but toward areas still likely to be fought over. The only explanation for their desperate flight is that they prefer any chance, however slim, of living under Saigon to the certainty of living under Hanoi.

There is, after all, a world of difference between the two regimes. Hanoi is one of the most repressive regimes in the world, and in all likelihood the most demanding regime in the world in the sacrifices it is willing to impose on its citizens. One can debate the size of the bloodbath likely in South Vietnam after Hanoi's victory, but it is a simple fact of history that nowhere has a Communist revolution been consolidated without substantial numbers of executions.

Saigon is of course capable of its own repressions and cruelties, but there are differences that are meaningful to the Vietnamese if not to Capitol Hill democratic theoreticians. Saigon may not have freedom of the press, for example, but at least freedom of the press is an issue. More significantly, though you seldom hear about it in American conversations, since 1968 South Vietnam has carried out a land reform program that has allowed five of every six rural families to farm their own land. And even as the war raged, material prosperity grew.

The lesson of the refugee's choice, we note, is beginning to take hold in some quarters of American opinion. Our colleagues at both The Washington Post and The New York Times have editorialized against any abrupt termination of American aid to Saigon. They propose to phase out aid over a given time-period, papering over mere postponement with the polite fiction that in the meantime a political settlement might be reached with Hanoi. But at least they recognize that the United States owes something to the South Vietnamese.

Congress may not go even that far; it seems on the verge of an immediate cut-off. Even a temporary extension would be preferable, if only because a new Congress could take another look. This may be academic, of course, if it turns out that Congress has already closed the question by the aid reductions that helped provoke Saigon's withdrawals. For all that, there is a certain virtue in an abrupt aid cutoff—at least it openly declares responsibility. We, the United States of America, will foreclose that last hope for which all those refugees flee.

There is something to be said for getting the proposition out in the open, so that we can decide whether that is the kind of nation we want to be. Perhaps we do. But perhaps out of facing that question squarely would come a recognition of the real lesson of refugees from Communist areas, whether ballet dancers from Leningrad or peasants from the Central Highlands.

To wit, in the world today America stands for things—a measure of personal freedom, a degree of material prosperity—that ordinary people of the world value very highly indeed. And however much American foreign policy needs to separate possible purposes from impossible ones, there is no need whatever for it to be crippled by doubt about its ultimate purposes.

MISSING IN ACTION IN SOUTHEAST ASIA

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. FISH. Mr. Speaker, on January 27, 1973, a Vietnam peace agreement was signed in Paris by our Government, South Vietnam, North Vietnam, and the National Liberation Front. Since that time, 566 American prisoners of war have been returned home. But the heartache continues for the families of over 1,300 men who are still listed as missing in action as the Government of North Vietnam persists in violating article 8 of the agreement that calls for a detailed accounting of the missing, captured, and dead.

Our Government has taken an active role in attempting to determine the fate of American personnel who have not returned from Southeast Asia and are unaccounted for. To this goal, the four-party joint military team was formed in April 1973. This team is responsible for implementing article 8(b) of the Paris agreement, which provides for an exchange of information about military and certain other personnel who have been listed as missing in action. The U.S. delegation to the FPJMT has consistently requested that Communist countries comply fully with their obligations under the agreement. To date, the FPJMT has been obstructed by the lack of cooperation by the Communist members, who frequently boycott the meetings, or use them to give propaganda speeches. The U.S. delegation has repeatedly protested this lack of cooperation by the Communists, but to no avail.

Search crews have had some success in the resolution of MIA cases, but have been hampered by North Vietnam's refusal to grant search teams permission to enter the country. In December of last year, an American member of a search team was murdered in cold blood by a hostile force during an investigation of a reported crashsite. Such is the Communist response to the efforts of the JCRC.

Mr. Speaker, Congress cannot and has not been silent on the issue of MIA's. Because the Americans who remain unaccounted for in Southeast Asia are of great concern to me, I was very pleased by the unanimous vote in the House in the last Congress for House Concurrent Resolution 271. This measure expressed this Chamber's desire to deny aid, trade, or recognition to Southeast Asian Communist countries until there has been a full MIA accounting. In addition, the Trade Reform Act of 1974, passed by the Congress late last year and signed into law by the President, contains a provision for the withholding of "most-favored-nation" status from those Communist countries that do not cooperate in the efforts to locate MIA's in Southeast Asia.

But have we done enough? I, for one, am not satisfied our Government has used its diplomatic or political leverage to its fullest extent. What is needed is congressional initiative and congressional direction. I have, therefore, introduced several bills dealing with MIA's. One of these measures, House Concurrent Resolution 91, calls for the establishment of a Presidential task force on MIA's to propose courses of action to achieve a full accountng, while House Resolution 152 calls on our Government to make every effort to insure that all signers of the Paris Peace Agreement and the Laotian protocols abide by these international agreements. To help monitor these efforts and continue investigating and exploring possibilities of obtaining further information concerning these men, I have called for the creation of a Select Committee of the House of Representatives (H. Res. 335). Finally, I have cosponsored legislation that prohibits reclassification of MIA's to presumptive death status until the Communists follow the provisions of 8(a) and 8(b) of the Paris Peace Agreement.

Most recently, I joined with over 95 of my colleagues in the House in sending a letter to Secretary of State Kissinger requesting him to take immediate steps to deal with the North Vietnamese in securing a complete and accurate accounting of U.S. MIA's.

Mr. Speaker, the joy this Nation expressed at the return of its prisoners of war has now been overshadowed by a real sense of frustration with respect to MIA's. We must continue to seek legislative and diplomatic initiatives that can help determine the status of these servicemen. This country must show all nations concerned that we will not quit or shrink from traveling any road which can resolve the fate of our 1,300 men in Southeast Asia.

TAX CUT MAY OVERSTIMULATE ECONOMY

HON. ROBERT DUNCAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. DUNCAN of Oregon. Mr. Speaker, without agreeing with everything that the gentleman from Illinois (Mr. ANDERSON) has said about the bill before us, I do want to emphasize one aspect of his colloquy with the chairman, my colleague from Oregon, Mr. ULLMAN.

The gentleman and others on both sides have expressed apprehension that this bill will overstimulate the economy and add fuel to the flames of inflation primarily because of the permanent changes and reductions being made in the tax laws.

The chairman has agreed that his committee has and will accept the responsibility of monitoring the economic progress closely in an effort to avoid this.

I want to underscore this aspect of our problem, because I feel in some ways that I am watching history repeat itself. Over a decade ago President Kennedy was elected on a promise "to get the country moving again." That campaign pledge resulted in the Congress adopting a Keynesian approach to a planned recovery from what was then referred to as the Eisenhower recession. The theory was that massive Federal tax cuts resulting in budgetary deficits would stimulate the economy and ultimately increase Government revenues even at lower rates of taxation. The Congress passed such a tax cut, totaling as I recall, about $17 billion. It had the desired effect, though some said the corner had already been turned.

I was one of those who thought that that might be so. I could not be sure, however, and voted with the majority for the tax cut, secure in the knowledge that there were two sides to the coin of Keynesian economics. The reverse side was that when economic conditions were good taxes should be increased, the Government should run a surplus and the debt should be reduced.

Sadly I found how quickly this body will cut taxes and increase spending and how reluctant it is to increase taxes and reduce spending.

My colleagues will recall that President Johnson himself forgot the Keynesian economics as he called for both "guns and butter."

I take pride that I introduced bills calling for increased taxes and attempted to hold down expenses but to no avail. This Government has continued to run deficits with the exception of only a couple of years during the intervening period of unprecedented growth and prosperity. The result in my judgment is the inflation and the depression we suffer today.

Each of us who votes for this legislation tonight bears a heavy responsibility to take the opposite and more difficult tack if, as we all pray, an economic recovery ensues.

I have great confidence in the chairman's assurance that he and his committee will take the necessary steps to preserve what integrity remains in our dollar and our economy. I do so because I know he, too, urged tax increases and fiscal economy in lieu of the more popular "guns and butter" approach of those days.

This country has had its ups and downs but over the almost 200 years of its history its currency has enjoyed remarkable stability. It has done so because prior governments have acted more responsibly to redeem and stabilize the currency following periods of inflation. I believe that we have failed in this area over the past decade and that we dare not fail again.

Of course, I would prefer a clean bill to the one the conference has brought back to us. In my judgment the defects to which I object must be and should be laid solely at the feet of the Senate. I consider, however, the major thrust of the bill—to stimulate the economy—to be so important that further delay with no assurances of more responsible Senate action cannot be accepted.

I, therefore, vote against recommittal and for final passage.

GILMAN SEEKS TO REMOVE LIMITS ON EARNINGS OF SOCIAL SECURITY RECIPIENTS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. GILMAN. Mr. Speaker, today I am reintroducing legislation to revise the amount of allowable earnings for social security recipients. This bill would increase allowable earnings from the present ceiling of $2,520 to $7,500. An "earnings limitation" is in reality a penalty imposed upon those persons who are otherwise eligible for social security payments, but who happen to earn more than $2,520 per annum.

As the law now reads, recipients of social security benefits are currently penalized $1 in benefits for each $2 which they earn above the $2,520 limitation. Accordingly their benefits are subject to complete elimination if their income increases substantially beyond the allowed amount. The only exception to these stringent constraints is for persons 72 years of age and older.

Mr. Speaker, the current earnings ceiling is grossly unfair to those persons who are suffering the most in the present economic environment. Those individuals on fixed incomes cannot possibly cope with the continuing pressures of inflation. The more conservative estimates indicate that there are 2 million workers and their dependents who are suffering an economic disadvantage as a result of the present limitation on earnings. These conditions have driven a group of highly productive and highly motivated senior citizens from our Nation's work force. In these days—with the economy of the country dictating a requirement for increased productivity—we should not abandon one of the most productive segments of our labor force. Furthermore, the senior citizen is such a large part of our American populace that he cannot and must not be thrust aside and ignored.

These workers still have the ability to make significant contributions to society. The majority of our older Americans desire to be self-sufficient. Many wish to continue working to enrich their lives—a reflection of the great American work ethic.

Mr. Speaker, if we have it in our power to make the lives of our senior citizens more comfortable, then it is unconscionable to allow these citizens to suffer, because of artificial and outmoded constraints which have not kept pace with the traumatic changes to our economic system during the past few years.

Mr. Speaker, I invite my colleagues to join with me in sponsoring this legislation and respectfully request that the full text of this measure be printed at this point in the RECORD:

H.R. —

A bill to amend title II of the Social Security Act to increase to $7,500 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (f) (3) of section 203 of the Social Security Act is amended by striking out "$200" and inserting in lieu thereof "$625".

(b) Subsections (f) (1), (f) (4) (B), and (h) (1) (A) of such section 203 are each amended by striking out "$200" and inserting in lieu thereof "$625".

(c) The amendments made by this section shall be effective with respect to taxable years beginning after December 31, 1973.

SEC. 2. Section 202 of Public Law 93–66 is repealed; and the amendments made by such section shall be of no force or effect.

ITALIAN-AMERICAN MAN OF YEAR AWARD

HON. F. EDWARD HÉBERT

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. HÉBERT. Mr. Speaker, it was my privilege recently in New Orleans to present our colleague, PETE RODINO, chairman of the House Committee on the Judiciary, to the Greater New Orleans Italian Cultural Society, headed by Dr. Nick Accardo and Edmond B. Montaldo, two of New Orleans leading civic community workers and outstanding Italian-Americans.

The occasion was the selection of our colleague as the Italian-American of the year.

I think it is most indicative of the prestige of this award to recall some of the previous recipients, which include the great football coach, Vince Lombardi, in 1967, followed by Jack Valenti, formerly of President Johnson's White House staff and now with the Motion Picture Association. Dr. John Adriani was selected in 1969, and he is perhaps one of the most outstanding scientists in the field of anesthetics. Joseph Giarruso in 1970, who at the time was one of the most powerful police chiefs in the Nation. John Volpe in 1971, then Secretary of Transportation and later Ambassador to Italy. Joe Garagiola in 1972, needs no introduction to anyone, because of his baseball and TV fame. Joseph Alioto in 1973, the mayor of San Francisco. And last year, Marguerite Piazza, the famous Metropolitan star and also a native of New Orleans.

Our colleague made perhaps one of the finest speeches I have ever heard relating to Italian-Americans. He was given a standing ovation as he received his award. Perhaps the best think to do, however, is to share with you what he said that night, St. Joseph's night, in New Orleans:

ITALIAN-AMERICAN MAN OF YEAR AWARD

My distinguished colleague Congressman Hébert, Archbishop Hannan, Mr. Maselli, Dr. Accardo, Mr. Montaldo, Director Balzano, coawardees, Mr. Coseonza, and Mrs. Zuppardo, I am grateful that you have chosen me to receive your award is "Italian-American Man of the Year".

This award has special meaning because of our common and proud heritage and our undivided loyalty to this great land. We, whose fathers and grandfathers found a haven of freedom and opportunity in America, cherish our land and our liberty with special devotion.

I accept your award in the spirit of Thomas Jefferson, who said that the receipt of an award was an occasion for pride and gratitude for the opportunity his contemporaries had given him to serve the public interest.

This reference to Jefferson is particularly appropriate, for it was his doctrine, expressed in the Declaration of Independence—that "all men are created equal"—which has come to symbolize the essence of the American creed. Yet not many are aware that he borrowed this immortal phrase from Filipo Mazzei, a great American patriot and pamphleteer who campaigned for an end to colonial rule.

Italians and Americans of Italian ancestry have made inestimable contributions to our national life . . . contributions which go back long before Jefferson and Mazzei stood together against the tyranny of George III.

For not only did Italian workers and artisans pour their blood, sweat, and tears in the building of the cities of this land—but they have nourished the spirit of this land and its dedication to the principle that ours is a government of laws, not men, it was Justinian, the Roman, perhaps the greatest lawgiver of them all, who gave posterity a code . . . which enjoined all "to live honorably, to injure no other man, to render every man his due." This is not empty rhetoric. But an eloquent statement of the principles upon which our very freedom depends.

Italians have provided the visionary leadership and physical vigor which explored this vast continent and tamed its wilderness for our civilization. Christopher Columbus, who founded America, Amerigo Vespucci, after whom it is named . . . Father Marco Da Nizza, who explored Arizona in 1539 . . . Father Eusebio Chino, who built churches on the West coast of North America . . . Alessandro Malaspina, the first white man to explore Alaska and Vancouver . . . Enrico Tonti, who, with La Salle sailed down the Mississippi and explored your own Louisiana . . . All imparted that spirit of bold adventure, dream, and the American, which has so marked the American character. And many gave their blood and their lives to preserve and protect our frontiers and freedoms.

They have enriched the music and art of this land measurably . . . from John Palma's first concert in 1757 . . . to Caruso and Galli-Curci and Toscanini.

The very capitol building where I am privileged to work is a living monument to the love which Italian-American artists bore to their new country. The bronze doors of Amateis . . . the great bronze clock of Franzoni . . . the eagle of Valperti . . . the statues of Causici, Trentanovo, Vincenti . . . lend beauty and grandeur to the halls where our laws are made.

The greatest of them all . . . the man known as the "Michelangelo of the Capitol" . . . was Constantino Brumidi. Through his bronze doors, which depict the landings of Columbus and the Pilgrims, pass our Presidents on their way to take the oath of office. Under his glorious frescoes in the dome of the Capitol pass millions of latter-day pilgrims . . . come to see first-hand the workings of their Government.

High in the very eye of the dome, Brumidi left his signature. It reads, "C. Brumidi . . . artist . . . and citizen of the United States."

For many years, first as a member and later as Chairman of the Subcommittee on Immigration of the Judiciary Committee, I had a unique opportunity to observe on an intimate daily basis the meaning which America and American citizenship have had for the ravaged and oppressed of this world, and to me, the quiet pride and devotion of Brumidi's simple signature is the highest expression of this quality.

Our great fortune, however, as Americans, is that as we celebrate our Italian heritage . . . we know that ours is but one strand from which the fabric of this Nation has been woven. Thus it was that last year, during the greatest constitutional crisis we have ever faced as a Nation, there stood together, not only a Sirica . . . but a Donohue . . . a Brooks . . . a Kastenmeier . . . an Edwards . . . an Eilberg . . . a Jordan . . . a Mezvinsky . . . a McClory . . . a Cohen.

And thus it was last July that when you saw the Members of the Judiciary Committee on television following months of study and deliberation, they spoke—despite their divergent backgrounds—with one voice. And the message was clear—we must protect and preserve our Constitution, our country, and our freedoms.

Whether the voice was that of Rep. Walter Flowers of Alabama or Rep. Barbara Jordan of Texas—it was the voice of "we the people" and that voice, as in the preamble of our Constitution, said that "we the people" acting in our communities can pull our fragmented society together again. We can create an America in which men and women speak to one another once again in trust and mutual respect.

We learned from the experience of last year just how strong our society and our institutions are. There were those who said that the country could not withstand the process of calling its highest leader to account for his abuse of the public trust . . . that the result would be confusion, division, bitterness, rancor among the people.

We proved, however, that the American people united and determined to do the right, fair, decent thing . . . can surmount any obstacle, weather any crisis, achieve any goal. We learned that to enjoy the blessings and fruits of freedom—as Thomas Paine said at the beginning of the Republic—that we had to undergo the fatigue of supporting it.

We will need all the strength we can summon from the rich diversity of our national heritage once again as we face a unique crisis in the months and years ahead. Our public servants must realize that . . . after plumbing the depths and scaling the heights of the impeachment process . . . we cannot go back to politics as usual.

I am not referring simply to what some cynically call "post-watergate morality" . . . but to the need for a new candor and a new determination to set the facts and the choices before the people.

To combat the worst recession in forty years . . . to deal with rising unemployment and rising prices at the same time . . . to adjust our economy and our foreign policy to the new realities of international economics . . . to preserve our environment and at the same time develop new sources of energy . . . will call for an effort of historic proportions from our public servants . . . and unselfish sacrifice from all our people.

I believe we are equal to the task, more than two hundred years ago, the English statesman Edmund Burke told the British Parliament in a time of crisis . . . "We stand in a situation honorable to ourselves and very useful to our country . . . if we do not abandon or abuse the trust that is placed in us."

We celebrate today the feast of Saint Joseph, who has been looked to as a patron by travelers and workers of the world. His feast day is celebrated in many parts of Europe as the first day of spring—a time of renewal. Next year our entire country will celebrate another time of renewal—our bicentennial year. As we approach that time it is appropriate for all Americans to rededicate ourselves to the timeless virtues of fairness, decency, and trust on which our society and government have been built. Inspired by the spirit of St. Joseph—you of the Greater New Orleans Cultural Society can help to lead the way.

SENATE—*Monday, April 7, 1975*

The Senate met at 12 noon and was called to order by Hon. RICHARD STONE, a Senator from the State of Florida.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, in whom our fathers trusted, we lift our prayer to Thee, for Thou art the same yesterday, today, and forever. Amid all changes keep this Nation fearless and strong, unwavering in the principles of justice and truth. Keep our deeds compassionate that we may do our share in mitigating suffering and bringing peace to our troubled world. Make us to remember that as the "Captains and the kings depart—still stands Thine ancient sacrifice: a humble and a contrite heart.

"Now unto the King eternal, immortal, invisible, the only wise God, be glory for ever and ever." Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., April 7, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. RICHARD STONE, a Senator from the State of Florida, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. STONE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, March 26, 1975, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent to waive the call of the calendar for unobjected-to measures under Senate rule VIII.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. **MANSFIELD**. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. FOREIGN POLICY

Mr. **MANSFIELD**. Mr. President, on Thursday last, the President of the United States made a speech in San Diego, Calif.

On the role of the Congress, part of the press conference reads as follows:

> QUESTION. Are you blaming Congress for this, then?
>
> Answer by the PRESIDENT. I am not assessing the blame on anyone. The facts are that in fiscal year 1974 there was a substantial reduction made by the Congress in the amounts of military equipment requested for South Vietnam.

Later, and the President is still speaking:

> I think it is a great tragedy, what we are seeing in Vietnam—

No one would disagree with him in that respect—

> I think it could have been avoided, but I am not going to point a finger. The American people will make that judgment. I think it is more important for me and the American people, and the Congress, in the weeks and months ahead, to do what we can to work together to meet the problems of the future, and that's what I intend to do, and I'll go more than halfway with the Congress in seeking to achieve that result.

I think, Mr. President, the media has given an underemphasis to a part of this; it did not give enough emphasis to that part when he said, "and that's what I intend to do. I'll go more than halfway with the Congress in seeking to achieve that result."

Mr. President, recent months have witnessed a breakdown in U.S. foreign policy in widely separated parts of the globe. At the present time, our policy in Southeast Asia is in a state of disarray and it might be said that we have no foreign policy at all, except to advocate more military and economic assistance.

In the eastern Mediterranean, we have the situation on Cyprus involving Greece and Turkey, and in the western part of that sea, an uncertain situation developing as it affects Portugal. In Latin America, we have over the years, if not the decades, paid too little attention to that most important part of the world. A home, we have 8.7 percent unemployment, or 8 million Americans out of work, inflation in the double figures, and a worsening farm situation, to mention just a few of our difficulties.

It is time that we base our foreign policy on the present rather than on the past, that we revise and review our defense arrangements all over the world and that we do so in both areas on the basis of cooperation between the executive and the legislative branches of Government. We have paid a higher price—too high a price—for our participation in the Indochina tragedy in men and money. The Cambodians, the Laotians, and the Vietnamese have likewise paid a terrible price in killed, wounded, starvation, disease, and an increasing number of refugees.

The results of a foreign policy inaugurated six Presidents ago and carried on down to the present are now at our doorstep. In our domestic policy, we have seen a bad economic situation become steadily more dangerous and more all-embracing as far as industry, agriculture, and the work force are concerned. The President and the Congress have approved a tax bill which will add enormously to the budget deficit, and we have passed a farm bill which will increase Government costs.

We have become the world's chief supplier of arms and it appears that we will sell to anyone, anywhere, anytime who wants to buy our armaments, often at bargain basement prices, and, in some cases, we have even given them away. We have helped to supply our opponents in Indochina with weapons to use against the governments in Saigon and Phnom Penh. This armanent was not sold to the other side but was captured or acquired in various manners as was the case of approximately $1 billion of military equipment left behind in the retreat to the south in Vietnam, and similar situations, though to a lesser degree, have occurred in Cambodia.

The President has indicated that there will be a reassessment of our foreign policy as it affects the Middle East. I would suggest, most respectfully, that this reassessment should be conducted on a worldwide basis. The time is long past due for such a reexamination of our foreign and defense policies to take place, because many of those policies go back to the end of World War II and have long been subject to revision. We can no longer live in the past, but we must face up to the present and plan for the future. It is not a question of our credibility but our will to make necessary changes. It is a question of our judgment and, in all too many parts of the world, that judgment has not been as sound as it should have been. Military interventions, except in the interests of our own security, should become a policy of the past and should be conducted only in proper consultation between the executive and the legislative branches. The Nixon doctrine was at least a step away from direct armed intervention and, in effect, a return to the Truman doctrine. Developed further, it could, perhaps, provide a new and contemporaneous directions to foreign policy.

This is not the time for either the executive of the legislative branch to begin pointing the finger. If there is any blame to be attached, and there is a great deal, we must all share in it. None of us is guiltless. It is time for Congress and the President to work together in the area of foreign as well as domestic policy. The President, in his speech at San Diego last week, indicated that he was prepared to go more than halfway in working with Congress, and I believe the Congress can and should do no less. This does not mean that there will not be differences between us but it does mean that under the leadership of the President and with the cooperation of Congress we can and we will find a way out of the morass in which our country now finds itself. Cooperation will very likely not achieve much in the way of headlines, but those we can do without. Finger pointing will achieve headlines, temporarily, but the Nation will suffer and so will the executive and the legislative branches. A few might like nothing better than to witness bitter recriminations between the executive and the legislative branches; the people weighed down by the anxieties of these uncertain times would like nothing less. So, let us start afresh. Let us recognize that there is enough blame to go around and that it affects all of us. Let us do what we can, together, to bring this country out of the economic morass and out of the quagmire which we helped to create in Indochina. The people cry for leadership and that leadership can come from the President assuming the initiative and the Congress working with him in tandem. The people expect no more; the people deserve no less.

The ACTING PRESIDENT pro tempore. The Senator from Michigan.

Mr. **GRIFFIN**. Mr. President, I commend the distinguished majority leader for a very responsible, a very appropriate, and very typical statement. One need not agree with every point the majority leader makes to recognize that his is the kind of statement that we need coming from our leadership today.

In particular, I commend him on his recognition that certain comments made by the President at San Diego did not really warrant the interpretations and some of the criticism that followed. It should be kept in mind that the President was appearing at a press conference. The only statement he volunteered had to do with humanitarian assistance and help for orphans in South Vietnam; the rest of his comments were in response to direct and very pointed questions from the press.

With respect to the President's response to the one question which had to do with the blame of Congress, I think the President's response was remarkably restrained under all the circumstances. He indicated that he will leave it to history to assess blame, and that he intends to work with the people and with Congress to meet the problems of the future.

I certainly share that viewpoint. There is plenty of blame to go around, and it can be left to the historians to decide where most of the blame should rest.

Mr. President, I ask unanimous consent that the full text of the transcript of the President's press conference last Thursday be printed at this point in the RECORD.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

[From the New York Times, Apr. 4, 1975]

TRANSCRIPT OF PRESIDENT'S NEWS CONFERENCE ON FOREIGN AND DOMESTIC MATTERS

OPENING STATEMENT

Will you please sit down.

At the outset, let me express my appreciation to Mayor Pete Wilson and the fine people of San Diego for the very warm welcome.

I also am delighted to see one or more of my former colleagues in the Congress here. It's always nice to see them and Al and others who may be here. Good morning.

I have a short opening statement. We are seeing a great human tragedy as untold numbers of Vietnamese flee the North Vietnamese onslaught.

The United States has been doing and will continue to do its utmost to assist these people.

I have directed that all available naval ships stand off Indochina to do whatever is necessary to assist. We have appealed to the United Nations to use its moral influence to permit these innocent people to leave and we call on North Vietnam to permit the movement of refugees to the area of their choice.

While I've been in California I have been spending many hours on the refugee problem and our humanitarian efforts. I have directed that money from a $2-million special foreign aid children's fund be made available to fly 2,000 South Vietnamese orphans to the United States as soon as possible. I've also directed American officials in Saigon to act immediately to cut red tape and other bureaucratic obstacles preventing these children from coming to the United States.

I have directed that C-5A aircraft and other aircraft especially equipped to care for these orphans during the flight be sent to Saigon. I expect these flights to begin within the next 36 to 48 hours.

These orphans will be flown to Travis Air Force Base in California and other bases on the West Coast and cared for in those locations. These 2,000 Vietnamese orphans are all in the process of being adopted by American families. This is the least we can do and we will do much, much more.

The first question from Mr. George Dissinger of the San Diego Tribune.

QUESTIONS

Q. Mr. President, are you ready to accept a Communist takeover of South Vietnam and Cambodia?

A. I would hope that that would not take place in either case. My whole Congressional life in recent years was aimed at avoiding it. My complete efforts as President of the United States were aimed at avoiding that. I am an optimist, despite the sad and tragic events that we see unfolding. I will do my utmost in the future, as I have in the past, to avoid that result.

2. Military aid for Vietnam

Q. Mr. President, I understand you're soon going to ask Congress for new authority to extend humanitarian aid in Southeast Asia; I wondered if you stand by your request though for more military aid for South Vietnam.

A. We do intend to ask for more humanitarian aid. I should point out that the Administration request for $135-million for humanitarian aid in South Vietnam was unfortunately reduced to $55-million by Congressional action.

Obviously we will ask for more—the precise amount we have not yet determined. We will continue to push for the $300-million that we have asked for, and Congress had authorized, for military assistance to South Vietnam, and the possibility exists that we may ask for more.

3. The will to resist

Q. Mr. President, how and why did the United States miscalculate the intentions, the will of the South Vietnamese to resist?

A. I don't believe that we miscalculated the will of the South Vietnamese to carry on their fight for their own freedom. There were several situations that developed that I think got beyond the control of the Vietnamese people. The unilateral military decision to withdraw created a chaotic situation in Vietnam that appears to have brought about tremendous disorganization.

I believe that the will of the South Vietnamese people to fight for their freedom is best evidenced by the fact that they are fleeing from the North Vietnamese and that clearly is an indication they don't want to live under the kind of government that exists in North Vietnam. The will of the South Vietnamese people, I think, still exists. They want freedom under a different kind of government than has existed in North Vietnam. The problem is how to organize that will under the traumatic experiences of the present.

Q. A unilateral decision by whom?

A. It was a unilateral decision by President Thieu to order a withdrawal from the broad exposed areas that were under the control of the South Vietnamese military.

4. Paris Peace Accords

Q. Mr. President. A. Miss Thomas.

Q. What is your response to the South Vietnamese Ambassador to Washington's statement that we had not lived up to the Paris peace accords and that the Communist are safer allies?

A. I won't comment on his statement. I will say this, that the North Vietnamese repeatedly and in massive effort violated the Paris peace accord. They sent North Vietnamese regular forces into South Vietnam in massive numbers—I think around 150 to 175,000 well-trained North Vietnamese regular forces in violation of the Paris peace accord moved into South Vietnam.

We have objected to that violation. I still believe that the United States in this case and in other cases, is a reliable ally. And Although I'm saddened by the events that we've read about and seen, it's a tragedy unbelievable in its ramifications.

I must say that I am frustrated by the action of the Congress in not responding to some of the requests both for economic and humanitarian and military assistance in South Vietnam and I'm frustrated by the limitations that were placed on the chief executive over the last two years.

But let me add very strongly I am convinced that this country is going to continue its leadership. We will stand by our allies and I specifically warn any adversary they should not under any circumstances feel that the tragedy of Vietnam is an indication that the American people have lost their will or their desire to stand up for freedom any place in the world.

We read in European papers to the effect that Western Europe ought to have some questions. Let me say to our Western European allies: We're going to stand behind our commitments to NATO and we're going to stand behind our commitments to other allies around the world. But there has to be in the minds of some people a feeling that maybe the tragedy of Indochina might affect our relations with their country. I repeat, the United States is going to continue its leadership and stand by its allies.

Q. Mr. President. Can you explain why President Thieu without close military ties as allies did not tell you what he was going to do in terms of the retreat? A. I think the only answer to that can come from President Thieu.

5. Threat to U.S. security

Q. Mr. Ford. Recently you said the fall of Cambodia could threaten the national security of this country. Considering the probable fall of South Vietnam to Communist forces, do you feel that will threaten our national security and if so, how?

A. At the moment I do not anticipate the fall of South Vietnam, and I greatly respect and admire the tremendous fight that the government and the people of Cambodia are putting up against the insurgents who are trying to take over Cambodia. I believe that in any case where the United States doesn't live up to its moral or treaty obligations, it can't help but have an adverse impact on other allies we have around the world.

Q. Are you, in fact, a believer of the domino theory—if Southeast Asia falls then perhaps some of the other countries in the Pacific are next?

A. I believe that there is a great deal of credibility to the domino theory. I hope it doesn't happen. I hope that other countries in Southeast Asia—Thailand, the Philippines—don't misread the will of the American people and the leadership of this country into believing that we're going to abandon our position in Southeast Asia. We are not.

But I do know from the things I read and the messages that I hear that some of them do get uneasy. I hope and trust they believe me when I say we're going to stand by our allies.

6. Americans in Saigon

Q. Mr. President, as you are well aware, there are about 7,000 Americans still in Saigon. They are in danger not only from Communist attack, but from South Vietnamese reprisals. There are reports the South Vietnamese are in a bad temper toward Americans. Do you feel that under the War Powers Act and also under the limitations voted by Congress in 1973 on combat by Americans in Indochina that you could send troops in to protect those Americans, and would you if it came to that?

A. I can assure you that I will abide totally with the War Powers Act that was enacted by the Congress several years ago. At the same time, I likewise assure you that we have contingency plans to meet all problems involving evacuation if that should become necessary. At this point I do not believe that I should answer specifically how those contingency plans might be carried out.

Q. Sir, you don't want to talk specifically. Can you tell us however if you do believe that you do have the authority to send in troops. You're not saying, I understand, whether you would, but do you have the authority?

A. It's my interpretation of that legislation that a President has certain limited authority to protect American lives and to that extent I will use that law.

7. Redtape and orphans

Q. Mr. President, despite your statement here this morning about war there apparently is a lot of red tape in Washington. A San Diego man is trying to get four Vietnamese children out of that country. He has received hundreds of calls from people all over the Western United States wanting to help, even adopt, children. But despite this outpouring of compassion by the American people all he gets from Washington is "No way." There's nothing that can be done. Why is he running into this problem if we're trying to help?

A. Having had some experience in the past with Federal bureaucracy when we had a similar problem involving Korean orphans, I understand the frustration and the problems. But I am assured that all bureaucratic red tape is being eliminated to the maximum degree and that we will make a total effort, as I indicated in my Opening Statement, to see to it that South Vietnamese war orphans are brought to the United States.

Q. Do you think something can be done before it's too late for many of them?

A. I can only say we'll do what has to be done, what can be done as a practical matter. I can't guarantee that every single South Vietnamese war orphan will get here but I can assure you that we intend to do everything possible in that humanitarian effort.

8. Action Against Inflation

Q. Mr. President, the Gallup Poll shows that a very healthy majority of the American people—60 per cent of the American people—are more concerned about the high cost of living than they are about any other issue, including the recession and international developments.

I would like to ask you in view of that if Congress does not respond to your repeated appeals to hold down spending and not exceed a level that would produce a deficit of $60-billion, if they don't do that and Government borrowing increases to cover the deficit, do you have any plan—is there anything you can plan to do beyond just these appeals to Congress—to prevent a resurgence of inflation?

A. As I clearly indicated last Saturday night when I approved the Tax Reduction Act, I have drawn the line on additional Federal spending. That's as far as we dare go; if we go beyond that, we amplify the potentialities for a resurgence of double digit inflation.

I intend to appeal to the Congress to hold the lid, and I intend to appeal to the American people to get their members of Congress—Senators and Congressmen—to stop coming to the White House with one spending bill after another.

In addition, I'm asking the Congress to enact a provision that would make applicable for fiscal year 1976 the Budget Control Act that was enacted last year by the Congress. Under the present law, the Budget Control Act which forces the Congress to set a ceiling, doesn't actually come into effect until fiscal year 1977. It seems to me, in the crisis that we face today, that the Congress ought to amend the Budget Control Act and make it applicable to fiscal year 1976 so they will impose on themselves—the individual members of Congress, House and Senate—a spending limitation.

Now they're going through sort of a practice session on it, I wish they would abandon the practice session and get down to the ball game, And they themselves set a spending limit at the level that I indicated.

Q. What I asm asking you, Mr. President, is if you have any strings to your bow other than these Congressional strings. In other words, what I'm asking you is do you have, do you plan any executive action to try to curb a resurgence or prevent a resurgence of inflation?

A. Well, the executive actions will be directives to the various department of the Government to limit their spending even within the appropriated amounts that Congress has made available. We're expecting every department to spend as little as possible to carry out their programs on their mandates, and this includes holding the line on Federal personnel, it includes the limitations on spending for anything that cannot be justified. Under the law, that's the maximum that I can do in an executive capacity.

9. Resignation of Thieu

Q. Mr. President, if it would alleviate the refugee problem in South Vietnam and bring about something of a temporary cease-fire, would you urge President Thieu to resign?

A. I don't believe that it's my prerogative to tell the head of state elected by the people to leave office. I don't believe whether it's one head of state or another makes any difference in our efforts to help in the humanitarian program.

We're going to carry it on. I hope, with the full cooperation of the South Vietnamese Government and I don't think it appropriate for me to ask him under these circumstances to resign and I don't think his resignation would have any significance on our humanitarian efforts.

10. Vietnamese refugees

Q. In that regard, are there any plans under way by the United States Government to accept large numbers of Vietnamese refugees in this country other than the 2,000 orphans that you've talked about?

A. Well, under existing law, action by the Attorney General can permit refugees who are fleeing problems in their own country to come to the United States. This authority was used after World War II. This authority was used after the Hungarian invasion by the Soviet Union, this authority was used on a number of other occasions. I can assure you that that authority is being examined and if it will be helpful, I certainly will approve it.

11. End of the recession

Q. Mr. President, what is your judgment now on when you expect the recession to end and recovery to begin. Is it the third quarter of this year or will it be later?

A. Our best judgment is that the recession will turn around during the third quarter of this calendar year. We are already seeing some significant changes in that statistics in that give us more certainty that the recession will end and that economic recovery will begin in the third quarter of this calendar year.

Q. Could you tell us what those signs are, please, sir?

A. Yes, the latest report shows that the—that there has been an increase in the ordering of manufactured goods, the first time I think that there's been an increase rather than a decrease.

Interest rates are dropping. More money for borrowers is being made available. The inflation is receding—or at least the rate of inflation is receding. As of the last report it would annualize at about 7.2 per cent contrasted with 12 or 13 per cent rate of inflation in 1974. If we add up all these various economic indicators, it does show that the recession is receding and that economic conditions will get better in the third quarter of 1974—of 1975, excuse me.

12. Campaign and Candidates

Q. Mr. President, in line with the spending question, last year when you campaigned in California you asked voters to help defeat the Big Spenders in Congress, and if they happened to be Republicans, well, so be it. Do you plan to use the same philosophy in campaigning next year, and to the extent that you will openly campaign against Republicans whose philosophies or policies may contradict yours, and if so, how does this fit with your statement that the Republican party is broad enough for all views?

A. I expect to be campaigning very hard for my own re-election or election in 1976. I will, of course, urge that voters in every state support those candidates who believe as I do that we've got to hold the line on and restrain excessive Federal spending. My enthusiasm for an individual candidate will, of course, depend upon his strong support for my policy of fiscal restraint, but I'm not going to pass judgment today on individuals, whether in one party or another.

Q. Does this mean, then, that there is a possibility that during the campaign you could come out openly in support of a Democrat as opposed to a Republican?

A. I believe in the need for the country to have individual members of the House and Senate who believe that these massive Federal spending programs are bad for America, and I certainly will look with favor on anyone who believes as I do that we cannot spend ourselves into prosperity; a tax cut approach is a far better way, and that massive spending programs are not good for America.

13. Crime and Politics

Q. Mr. President, you now head an Administration which came to power on a strong law and order platform, but the crime rate since 1969 has done nothing but go up and the statistics include crimes at the highest levels of Government, and my question is whether you think it would be fair for the Democrats to charge that this Administration is soft on crime or at least is incapable of dealing with the problem?

A. Well, unfortunately for the country, the crime rate has been increasing for the last 10 or 15 years, whether it was under a Democratic Administration under President Kennedy or President Johnson, or except for I think one year under the former President, the crime rate has been going up. I don't think it's a partisan issue.

It's my judgment that we have to maximize our effort, the Federal Government, the state government and local units of government, to try and have proper enforcement of the law, which includes the prosecution of people who violate the law, and I can only assure you that to the extent the Federal Government can do something about it, we, this Administration, will do it.

The facts of life are that most law enforcement is the local responsibility. Now, through the Law Enforcement Assistance Act, the Federal Government has been sending for the last several years around $800-million to help local units of government, state units of government in the upgrading of their law enforcement capability, helping police departments, helping sheriff departments, helping the courts, and we'll continue to do it. But the principal responsibility rests at the local level.

Q. Would you be able to spend any more money under your proposition that the line has to be drawn somewhere on fighting the crime problem? A. I think in the budget that I submitted there is ample money for a federal effort to carry out the Federal role in the area of law enforcement. Q. Thank you.

14. Curbs on War Powers Act

Q. Mr. President, you spoke a few minutes ago about being frustrated by the limitations of the War Powers Act. If it were not forbidden now, would you like to send American planes and naval forces, and possibly ground forces, into Vietnam to try to turn the situation around?

A. I have said that there are no plans whatsoever for U.S. military involvement in Vietnam. On the other hand, I think history does prove that if a chief executive has a potential, it to some extent is a deterrent against aggressors.

Q. So that is your frustration, because you do not have that power to at least threaten the possibility? A. I didn't use the word "threaten," I said the potential, for power I think over the years has indicated that that potential is a deterrent against aggression by one country against another.

15. Plans for Primaries

Q. Mr. President, in view of the possible primary entries by Governor Reagan and perhaps Governor Thompson in New Hampshire, would you be good enough to discuss your own timetable. When will you set up your committee specifically and can you also tell us do you plan to enter any primaries yourself or to a stand-in candidate?

A. We haven't defined our precise timetable nor our precise plans for the pre-convention campaign. We are in the process of putting together our timetable and our plan. I have said repeatedly that I intend to be a candidate, but I have made no categorical announcements to that effect. But the matter is not being neglected.

16. Warren Commission Report

Q. Mr. President, in light of current concerns regarding the assassination of President Kennedy and the recent showings of the Zapruder films, do you still have the same confidence in the finding of the Warren Commission that you had as a member of that Commission?

A. I think you'd have to read very carefully what the Warren Commission said and I as a member of the Warren Commission helped to participate in the drafting of the language. We said that Lee Harvey Oswald was the assassin. We said that the commission had found no evidence of a conspiracy, foreign or domestic. Those words were very carefully drafted.

And so far I have seen no evidence that would dispute the conclusions to which we came. We were most careful because in 1963 and '64, when we most carefully analyzed all the evidence available there was none of the involvement of anybody or anybody as a group in the assassination. It's my understanding that the Rockefeller Commission may if the facts seem to justify it, take a look at it—the problems—and I suspect that the House and Senate Committees that are currently investigating C.I.A. history may do the same.

But the commission was right when it made its determination and it was accurate at least to this point and I want to reemphasize that as to the evidence that we saw.

17. The Lesson of Vietnam

Q. Mr. President, some people are saying this week that despite all our massive aid in Vietnam and all the lives that were lost there, that the whole thing has come to nothing. Now how do you feel about this and do you think there's any lesson to be learned in what's been happening over there?

A. I believe that the program of the previous four or five Presidents—President Kennedy, President Johnson, President Nixon and myself—were aimed in the right direction. That we should help those people who are willing to fight for freedom for themselves. That was a sound policy.

Unfortunately, events that were beyond our control as a country have made it appear that the policy was wrong. I still believe that policy was right if the United States had carried it out as we promised to do at the time of the Paris peace accords, where we promised with the signing of the Paris peace accords that we would make military hardware available to the South Vietnamese Government on a replacement, one-for-one basis.

Unfortunately we did not carry out that promise.

18. The role of Congress

Q. Are you blaming Congress for this then?

A. I am not assessing the blame on anyone. The facts are that in fiscal year 1974 there was a substantial reduction made by the Congress in the amounts of military equipment requested for Vietnam.

In fiscal year 1975, the current fiscal year, the Administration asked for $1,400-billion in military assistance for South Vietnam. Congress put a ceiling of $1-billion on it and actually appropriated only $700-million.

Those are the facts. I think it's up to the American people to pass judgment on who was at fault, or where the blame may rest. That's a current judgment. I think historians in the future will write who was to blame in this tragic situation, but the American people ought to know the facts, and the facts are as I've indicated.

I think it's a great tragedy, what we're seeing in Vietnam today. I think it could have been avoided. But I'm not going to point a finger, the American people will make that judgment. I think it's more important for me and the American people—and the Congress—in the weeks and months ahead to do what we can to work together to meet the problems of the future.

And that's what I intend to do and I'll go more than halfway with the Congress in seeking to achieve that result. I think we have the capability in America, I think we have the will to overcome what appears to be a disaster in Southeast Asia. To the extent that I can, I hope to give that leadership.

19. 55,000 American lives

Q. Mr. President. Regardless of what caused it, it seems apparent that for the first time in our nation's history the enemy is about to win a war where Americans fought and died. Do you think that those 55,000 lives were wasted?

A. I don't think they were wasted providing the United States had carried out the solemn commitments that were made in Paris at the time American fighting was stopped in South Vietnam, at a time when the agreement provided that all of our troops should be withdrawn, that all of our P.O.W.'s should be returned. If we had carried out the commitments that were made at that time, the tragic sacrifices that were made by many—those who were killed, those who were wounded—would not have been in vain. But when I see us not carrying through, then it raises a quite different question.

Q. Is that a yes, then, sir?

A. I still think there's an opportunity to salvage the situation in Vietnam, and if we salvage it giving the South Vietnamese an opportunity to fight for their freedom, which I think they are anxious to do if given an honest opportunity, then there is, there was not, a sacrifice that was inappropriate or unwise.

20. World Situation

Q. Good afternoon, Mr. President. A. Good afternoon.

Q. In a speech you're going to deliver here in San Diego this afternoon you warn against fatalism, despair and the prophets of doom, and yet as I look back over the past eight months or a year—I don't mean to suggest that these are any way your responsibility or fault—I have a laundry list which cites Portugal as having a Leftist government raising serious questions about its future in NATO; Greece and Turkey are at each other's throat threatening the the southern flank of that alliance. We're familiar that Secretary Kissinger's mission failed in peace talks with Egypt and Israel, and we don't need to rehash the situation in Cambodia and South Vietnam.

That being the case, sir, how can you say that the world outlook, and particularly as you address it in your speech next week on the State of the World is anything but bleak for the United States when many of the minuses which I cited are actually pluses for the Soviets?

A. The speech that I'm giving to Congress and to the American people next week will deal with many of the problems that you have raised.

I think we do face a crisis, but I am optimistic that if the Congress joins me and if the American people support the Congress and me as President we can overcome those difficulties. We can play a constructive role in Portugal, not interfering with their internal decisions, but Portugal is an important ally in Western Europe. We can find ways to solve the problem in Cyprus and hopefully keep both Greece and Turkey strong and viable members of NATO.

We can, despite the difficulties that transpired in the Middle East in the last several weeks, find a way to keep a peace movement moving in that very volatile area. It may mean—it probably does—that we will have to take the problem to Geneva. I would have preferred it otherwise. But the facts are that if Congress, the American people and the President work together—and I expect they will—then in my judgment those disappointments can become pluses.

Q. But sir, you can cite any specific reasons for the optimism you expressed?

A. The historical character of the American The historical character of the American people. That's the main ingredient. It is my judgment it will take Americans from the disappointments of the present to the optimism of the future.

Q. Thank you, Mr. President.

Mr. GRIFFIN. Mr. President, I yield, if he so desires, to the distinguished junior Senator from Kansas.

Mr. DOLE. Mr. President, I share the thoughts expressed by the distinguished majority leader. Last week I said that it is time for reassessment in Indochina. I did not make it as broad as the distinguished majority leader, but perhaps it is time for a reassessment of our entire foreign policy.

I do believe that we still have some obligation in Southeast Asia. Certainly, I do not blame Congress; and I agree with the distinguished Senator from Michigan, in that I believe his remarks, in the proper context, indicate that we need to work together. Certainly, the President demonstrated his willingness to work together with Congress in signing the tax bill on last Saturday—one that I believed he should sign and one that had many "bad" provisions. In any event, the President indicated and demonstrated at that time a willingness to work with Congress.

It is my hope that in the rush to help those refugees, we not find ourselves in a position, perhaps, of promising millions for surrender but not 1 cent for freedom. In my view, there still is some obligation, and I could not care less about President Thieu or any other leader in Southeast Asia. There are literally millions of people who have looked at this country over the years for freedom and for support. Whether or not because of bad leadership, it is true the South Vietnamese have abandoned weapons that may be valued at nearly a billion dollars, maybe less, maybe more; but that in itself should not be justification, nor should the lack of leadership in Cambodia or South Vietnam be justification for turning our backs as an ally on 18 to 25 million people—if both countries are considered—people who want freedom, who, in effect, are voting with their feet when they flee the Communist onslaught; who are symbolizing and demonstrating to America and the world that they want freedom. I am certain that the majority leader shared that general view in his statement. In my view, that is the proper approach that we should take as a Congress, the proper approach that the President should take in reviewing and reassessing the entire tragedy, as it is—and it is a tragedy—in Southeast Asia.

It is my hope that in the coming weeks, as we really address ourselves to this matter, as the distinguished majority leader has indicated, we should in the process keep one thing in mind, as a priority matter, that is that there is some obligation. Congress certainly, over the years, in appropriating nearly $150 billion, has demonstrated its willingness—or maybe its folly—in the policy in Southeast Asia. But at the same time, Congress, I think with this Senator participating in some of those actions, has made it rather difficult for the executive branch, and precisely the President, regardless of party, to make any appropriate response. I do not suggest by that intervening in any way at any time in the future in Southeast Asia. The President's options are limited.

Our obligation is enormous. As the distinguished majority leader indicated, the only way to come to grips with it is to work together.

Mr. ROBERT C. BYRD. Mr. President, I wish to congratulate the distinguished majority leader on his very even-tempered, reasonable statement. I agree with him that there is enough blame to go around and that there is a responsibility upon both Congress and the Executive to cooperate in dealing with the problems that confront our country in many parts of the world.

I would want to express the hope, however, that the tendency on the part of some, in the face of tragic events in South Vietnam, to place blame upon Congress—in veiled and sometimes not too veiled attempts—would come to an end. I do not think that it can be reasonably stated, or reasonably believed, that the failure of Congress to appropriate $300 million, in addition to the $700 million that has already been appropriated for 1975 military aid to South Vietnam, would have prevented the debacle, the panic, and the retreat from the central highlands and other towns and cities to the north thereof, that has occurred. I do not believe that it could be reasonably believed by the people of this country or the people of the world that $300 million more would have prevented the South Vietnamese from cutting and running, and abandoning a billion dollars worth of military equipment supplied by the taxpayers of this country—which included not only ammunition and firearms, but also 200 to 300 helicopters and fixed wing aircraft, which can now be used by the North Vietnamese and the Vietcong against the South Vietnamese.

I think that when the facts are being laid out on the record, they ought all to be laid out—not just in part—for the people to make a reasoned and unbiased judgment of the situation. People cannot escape the knowledge that over $1 billion worth of American equipment was abandoned by the South Vietnamese in their flight; that President Thieu made his decision unilaterally without consulting our Government; that it came without warning to our Government, as President Ford pointed out; and that inadequate preparations had been made by the South Vietnamese leadership for the retreat of the South Vietnamese military from the central highlands and the northern coastal cities.

Three hundred million dollars can never instill willpower, determination, discipline, and spirit in any people. There is no substitute for strong, capable leadership, and money will not provide it. The people should also be made aware that it was not until April 1 that the last $175 million of that $700 million was obligated by the Administration for military aid to South Vietnam.

I hope that the President will stop this business of pointing the finger of blame at Congress. He has not been really too subtle: the message, I think, gets across to some of us as to where the blame is sought to be placed.

This is not a time for blame, though, as the distinguished majority leader has stated, there is plenty of that to go around. Congress has done its duty. This Nation has lived up to its commitments everywhere in the world.

Sometimes commitments are invented by the administration where no commitments in fact exist, and then Congress is blamed for not keeping those "commitments."

I would hope also that the United Nations would do something. I think it is disgraceful that the United Nations has not remonstrated against the violations of the peace accords. I think the United Nations and other countries of the world ought to contribute to the humanitarian effort to help the refugees and orphan children. The United States bore almost the whole burden of the war in South Vietnam for many years in an effort to give the South Vietnamese an opportunity to defend themselves, and they have now abandoned three-fourths of the country to the Communists almost without firing a shot. I would hope that the United States would not now have to bear the whole burden of the humanitarian effort that needs to go forward to bring some succor and relief to the defenseless and distraught civilian refugees, who have been run over by the elite military personnel in their wild scramble to get out of the way of the approaching North Vietnamese and to get on the planes, the helicopters, and the roads leading to South Vietnam.

I would hope also that the White House and the Congress might cooperate and join together in dealing with the internal problems of this country that impinge on foreign policy. What I am talking about are the energy shortfall and the economic problems that confront our country. Because if the Nation is strong at home, it will be strong abroad. And its influence, if it is strong at home, will benefit not only itself, but also the world.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Mr. President, my 5 minutes are up. I yield the floor.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I seek recognition.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I am glad to yield to the distinguished Senator from Louisiana.

U.S. FOREIGN POLICY

Mr. LONG. Mr. President, looking at this matter in perspective, there have been, not just one President, but a number of Presidents who felt they could pursue a high-minded policy of making the United States the policeman for the whole world. They felt that they could commit this Nation to help defend almost every government on this planet that did not want to be ruled by communism.

The American people simply are not willing to do what that policy would require any longer. They have been pressed as far as they are willing to go. I believe we should recognize that this Nation is overextended and overcommitted, and if the rest of the world does not know that now, it is time that as least we recognize it and face up to that fact.

The American people, when attacked, will fight. If they are fully convinced that their vital interests are at stake, they will fight. But the idea that the freedom and the future of the United States are at stake in all areas, including those points as far away from the territory of the United States as one can go on the other side of this planet, is not a policy that the people of the United States will continue to uphold. They are not willing to have their sons killed in foreign wars where they do not feel our vital interests are at stake.

One can call this isolationism, but the likelihood that the American people can be persuaded that their sons should go abroad and fight wars that are none of our making, to settle issues and controversies all over this world, is no longer the case. Our people will not permit the United States to play that role. Therefore no American President should think he can lead this Nation into more Koreas, more Vietnams, or more foreign wars not of our making.

As I have stated, if attacked the people of this Nation will fight, and make whatever sacrifices are necessary. But the idea of dealing ourselves a hand in whatever war breaks out around this planet, and trying to be policemen for the whole world, is something the American people have had a taste of, and they want no more of it.

The American people have not necessarily been abused; they have just been overused in this type of endeavor. They want no more of it, and any President would do well to recognize how the people feel.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. RANDOLPH. Mr. President, the comments of the Members of the Senate in reference to the possible further polarization between the administration and Congress, I think, tend to further focus our attention on the possibility of confrontation. Such an outcome would not benefit the administration or Congress and, certainly, would not be of benefit to the American people.

I am certain that the Members of this body—including the Senator from West Virginia who has been speaking—have, during the period of the several days we have been in recess, had the opportunity and responsibility to listen very carefully to our constituencies. They are concerned men and women, younger men and women especially. They talked with me during these few days and, as late as Saturday and Sunday in our State, and I am sure Senator BYRD can join in this thought that I express. These persons are questioning—more than they have ever questioned—the advisability of further participation by the United States in a variety of foreign aid programs, particularly, military assistance.

As the Senator from Louisiana has said, we have, in essence, spread our resources very thin over a wide area of the earth. Our Nation has been so extended that with the deterioration in events far away from our shores there comes the realization that much of that money which has been provided—and much of the effort in which we were well-intentioned—has not produced the affirmative result we desired. Rather, there have been negative results.

I am especially gratified today that my colleague from West Virginia, Senator BYRD, has brought into this discussion the failure in part of the United Nations through Secretary General Kurt Waldheim and through the High Commissioner for Refugees, to give attention to this problem of human suffering in South Vietnam. There is the desire for understanding, for compassion and aid from the American people when we are faced with such a tragic situation involving millions and millions of people who have been ravaged by the war in South Vietnam.

It is not an attempt to withdraw from responsibility as a Nation and a people when we call upon the United Nations, representing practically all of the countries and peoples of the Earth, to participate in the humanitarian relief effort in South Vietnam that I have mentioned. The U.N. should insofar as possible, give havens of security, provide medical aid and food to those suffering in this war-torn area. In a sense, this is practicing what the Prince of Peace spoke about so many, many years ago in the history of mankind.

Mr. President, last week I sent a telegram to the President urging him to call on the United Nations to coordinate a cooperative international effort so that all countries which are members of that organization might participate in programs of aid for refugees and war victims. I indicated to the President that his leadership could be the compelling force which would well mean positive action from the United Nations.

Mr. President, I ask unanimous consent that my telegram to President Ford be reprinted in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

APRIL 1, 1975.

The PRESIDENT,
The White House:

Dear Mr. President: The changed conditions in South Vietnam make imperative a cooperative international effort to assist refugees and victims in that war ravaged area. I urge you, Mr. President, to appeal to the United Nations for prompt humanitarian aid for those persons whose lives have been torn by the tragedy in Indochina.

Citizens generally are concerned over the human suffering in Southeast Asia and the problems faced by the millions of refugees, orphans, and civilian casualties. Secretary General Kurt Waldheim has indicated that aid could be channeled through the U.N. high commission for refugees, "which has programs of humanitarian assistance on both sides of the conflict."

I believe we have, Mr. President, the moral responsibility to urge all countries to act immediately through the United Nations to lessen the massive problems connected with the movement of refugees, relief personnel and supplies. We should advocate intensified efforts within the U.N. to develop solutions to this critical issue.

Your strong leadership, Mr. President, would be a compelling force in bringing cohesive action.

With official and personal esteem.

JENNINGS RANDOLPH,
U.S. Senate.

Mr. RANDOLPH. I thank the Chair.

Mr. DOLE. Mr. President, the distinguished Senator from Louisiana has mentioned a very real problem, and I do not think he intended to infer that President Ford has indicated any further intervention in Southeast Asia. In fact, I said earlier that I do not think that is comprehended; it is not going to happen, and I am certain that was not the intent of the Senator from Louisiana.

But I do believe whether or not Congress should be blamed or not blamed or judged or not judged may depend on what we do in the next 30 to 45 days.

The easy course is to talk about humanitarian aid in assisting refugees. But there comes a time for realism. If there is no government in South Vietnam I am not certain just how we are going to administer aid, whether it be humanitarian or whatever, and I am not so certain that the Hanoi government, the Vietcong, the North Vietnamese would accept our aid, if proffered, in an effort to aid the millions who may become refugees.

So there must be some structure. This Senator does not really believe that the United Nations will respond. I am certain the President will appreciate any help the United Nations can render in this instance, but we have noted over the years—as again the distinguished Senator from Louisiana pointed out—that we have sort of gone it alone in Southeast Asia.

So it occurs to the junior Senator from Kansas that whether or not Congress should be faulted, whether or not the executive should be faulted may be a judgment for history to make. But it also occurs to the junior Senator from Kansas that we are now in a time of crisis. The question is not headlines or headstones. The question is what do we do as a country, and do we have a present obligation to an ally or ought we, as some have suggested, to wait 4 or 5 weeks to see if assistance may be justified then. That has been suggested, that we do not do anything right now.

It is much like a doctor who has someone on the critical list saying to that patient:

> I am going to wait a month, and if you are still alive, I am going to give you some medication.

I am not so certain that that would be the response a great nation should make.

Finally, I do not really believe that the stature of this country has been diminished by the tragedy of Southeast Asia. In my view, and again not speaking directly to foreign policy failures or foreign policy successes, it seems to me that we still stand as the greatest and strongest country on the face of the Earth, and whatever we do in Vietnam should not be done solely in an effort to either reestablish or maintain whatever the image we might have in the world now.

I would again emphasize that it seems to this Senator as we review the history of our efforts in Indochina, the efforts of Congress, the money appropriated by Congress, the Executive, the efforts of President after President in Southeast Asia, it is easy to stand up now and suggest that the policy has been wrong—and some have indicated that for some time, I might add. But it occurs to me that our immediate attention must be whether or not we are going to face up to the question of trying to preserve freedom for the 25 million people in Southeast Asia, in Cambodia, and in South Vietnam, who might like freedom, or shall we say to those millions today or next week:

> We cannot be concerned with you until you surrender or until you become a refugee, and then we can offer humanitarian aid.

Do we do it through the International Red Cross? Is it done through the United Nations? Is it done through the Hanoi government?

I firmly believe that our obligation is greater than that.

Again, not direct intervention, not with manpower, nor air power, nor sea power, and again not with reference to any single leader in South Vietnam—perhaps a new one would be much better, but I am not convinced that the negotiations some suggest would mean anything but an eventual Communist takeover—and if that is the judgment this country has made, so be it, but I doubt it.

The ACTING PRESIDENT pro tempore. The Senator's 5 minutes have expired.

The Senator from Rhode Island.

Mr. PASTORE. Mr. President, this morning in reading the editorial page of the Washington Post I read a very cogent article written by Joseph A. Califano, Jr., who was chief counsel to Robert McNamara at the time that he was the Secretary of Defense. I ask unanimous consent that that article be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHERE HAVE ALL THE LEADERS GONE?

(By Joseph A. Califano, Jr.)

At a time when America desperately needs leaders who seek to make history, our nation seems condemned to a President, Secretary of State and loyal opposition who are more interested in rewriting it. In response to the debacle in Indochina, President Ford, Secretary of State Kissinger and Secretary of Defense Schlesinger have made a judgment to feed the Democratic Congress to the lions rather than to lead the people. With the simplicity adaptable to modern communications—televised press conferences and newspaper headlines—they are trying to convince the people that the blame for the unfolding Indochina tragedy rests with the congressional failure to provide timely aid to South Vietnam and Cambodia.

Moreover, the Ford administration is compounding its own problems in handling foreign policy by repeated public and private warnings that the United States will no longer be taken at its word in international affairs, if the Democratic Congress refuses to live up to a Paris agreement the Senate never had an opportunity to ratify. Even measured against public statements that we will "stand behind our allies," this characterization has a self-fulling momentum that is bound to make other nations in the world wary of their future relationships with the United States. Thus, the Chicago Daily News Foreign Service reports that the Japanese foreign ministry has expressed its nation's concern about the reliability of the American nuclear umbrella over Japan. What might have been a routine ratification of the nuclear non-proliferation treaty by the Japanese Diet is likely to become a major national debate there. In authorized backgrounders, State and Defense officials point to guerrilla activity in Thailand and increased trouble in the Philippines. Halfway around the world, Israeli ears hear the dim thunder of the crashing dominoes the leaders of their American ally keep talking about.

By refusing to acknowledge both the complexity of the American emotional and political reaction to affairs in Southeast Asia and the panoply of indigenous reasons for the total collapse of the South Vietnamese and Cambodian governments and the deteriorating position of Thailand, the Ford and Kissinger public statements acquire an aura of unreality and political expediency. And the irony of it is that Ford and Kissinger have a respectable complaint against the Democratic Congress and opposition leaders, quite different from the one they are making.

For the Democrats are distinctly vulnerable. On March 29, Sen. Adlai Stevenson III (D-Ill.) wrote to The Washington Post that more military aid for South Vietnam would "only assure a bloody takeover by the Communists," whereas the termination of aid would free "the South Vietnamese for the first time to establish a broad-based government which could govern, negotiate and with the [Viet Cong] carry out the Paris Agreement." Like too many of his House and Senate colleagues, he ignores the fact that the withdrawal of Lon Nol in Cambodia only led Prince Sihanouk to demand that Lon Nol's successors move out so the Communists can move in to negotiate with themselves. Sen. Birch Bayh (D-Ind.) and Lloyd Bentsen (D-Texas) rightly attack the Ford administration for blaming the Democrats. But in the same statements, they seek to put the onus of defeat on the President for not yet having used the money already appropriated, on President Thieu and on the sorry performance of the South Vietnamese soldiers in abandoning so much U.S. military equipment.

Members of the foreign relations committees of the House and Senate, as well as some elements of the Democratic leadership, still speak of negotiating a settlement in Cambodia and South Vietnam when it is abundantly clear that the curtain is down not only for Lon Nol and Thieu, but for American influence of any significance in Indochina, beyond the provision of humanitarian aid. The Democrats themselves are consumed with the politics of recrimination and living in the past.

If recent political history provides precedents for a journey down this retrogressive road, Senate Democrats will soon seek to answer Ford's charge of congressional responsibility for the fall of Indochina by a congressional investigation designed to prove that someone else was responsible. Such investigations served hopelessly to confuse the issues after Pearl Harbor, the Communist takeover of China and the firing of Gen. Douglas MacArthur. Perhaps the best chance to avoid a congressional witch hunt is the consummate decency and good sense of Senate Majority Leader Mike Mansfield. But if Gerald Ford and Henry Kissinger keep fingering the Congress, they will inflame even this singularly patient man's political temper.

This amorality play of recrimination is staged by leading Democrats and Republicans at a time when the American people are obsessed with economic problems and disgusted with international entanglements that intrude upon their self-interested attempts to solve the intransigent problems of domestic inflation, unemployment and maldistribution of wealth. The recent Chicago Council on Foreign Relations poll reports that the only nation to which a majority (77 per cent) of the American people are willing to commit troops in case of invasion is Canada. Only 39 per cent would commit troops for Western Europe in such circumstances; 34 per cent would commit troops for West Berlin and a mere 11 per cent for Saigon. Only half of the public think the United States would be threatened by a Communist takeover of Italy; only 47 per cent consider a Communist government in Portugal a threat to U.S. security.

Businessmen, blessed by a one dimensional reading of Soviet intentions on the part of both Republican and Democratic leaders, busily chase the trade dollars to be found in detente with Moscow and Peking and in the oil-producing countries of the Middle East. Kissinger, by privately passing the word that the Israelis are to blame for the breakdown in Middle East negotiations (in sharp contrast to his public refusal to assess fault), has not only signaled American business interests that they are on the right track. Whatever his intention, Kissinger has also opened the way for the terminal cancer of Indochina to debilitate our moral commitment to Israel.

Incredibly, many Democrats have joined Ford and Kissinger in propagating the almost Orwellian concept that our word as a nation is worthless, while at the same time accepting the public rhetoric of Soviet detente and ignoring the reality of Russian arms in North Vietnam and Arab states and Russian aid to help Portugese and Italian Communists take control of those countries.

What is desperately needed is some leadership more concerned about national posture than political posturing. The time has come to close the book of Southeast Asia, admit that Saigon is not Stalingrad, realistically assess our position in the world and get on with the difficult and dangerous months ahead in the explosive Middle East and the even more treacherous years ahead throughout the world.

Only Vice President Nelson Rockefeller characterized the situation with chilling candor. "It's really too late to do anything" to stem the Communists in South Vietnam, he said, adding, "I guess a lot of them are going to die. For us, we go on living." That's blunt language—too blunt a deviation from the Ford-Kissinger line on the Congress for the administration to tolerate. As a result, within hours Rockefeller amended his statement to put the blame where Ford and Kissinger want it: on the failure of Congress to appropriate more aid for Indochina.

The cold reality is that Southeast Asia is dead and we must go on living in a new world, a world in which the United States can no longer have its way, something the last two Democratic Presidents perceived, but were either unable or unwilling to act upon. Shortly before his assassination, John Kennedy said, "We can't expect these countries to do everything the way we want them to do it. . . .We can't make everyone in our image, and there are a good many people who don't want to go in our image." And Lyndon Johnson, during his 1964 campaign against Barry Goldwater, characterized as an illusion the thought "that the United States can demand resolution of all the world's problems and mash a button and get the job done." As Johnson pointedly noted, "We are not the sole captain of the ship."

To the extent that neither President acted on his perceptions, this nation has lost a decade in recognizing the reality of the world we face today. To the extent Republicans and Democrats spend the next few years sugar-coating the sour citrus of defeat and recriminating about who did what to whom in Indochina, Portugal, Greece and Turkey and the Middle East, we will lose more time.

Winston Churchill provided an excellent lesson for us when Singapore fell and the Malay Peninsula was overrun in February 1942. He candidly recognized the event as a "heavy and far reaching military defeat . . . a British and Imperial defeat." But he reminded the British people that "other dangers gather about us . . . and none of the dangers which we have hitherto succcessfully withstood at home . . . are in any way diminished."

Churchill saw in that defeat a moment "when the British will and nation can show their quality and their genius . . . another occasion to show—as so often in our long story—that we can meet reverses with dignity and with renewed accessions of strength."

Perhaps it is too much to hope for a Churchill in 1975 America. Our nation is much younger than the British Empire was in 1942 and has not had much experience in handling international reverses. But certainly we can hope for something more than selectively secret negotiations and finger pointing hypocrisy among our Democratic and Republican leaders. Hopefully we are not condemned to be led by a group of small men—at both ends of Pennsylvania Avenue—who will persist in living in the prologue of the past at a time when there is both grave peril and great promise.

Last Saturday Secretary Kissinger gave some public hint that the administration may be reassessing its decision to pursue the politics of unreality and recrimination. When President Ford addresses the Congress Thursday, we will see whether that reassessment evidences a willingness to lead the nation rather than remake the record.

Mr. **PASTORE** Mr. President, I listened to President Ford on television and I must say at this juncture that I can appreciate his frustration. As a matter of fact, I think we are all frustrated. But I do not believe that I take too much offense at what he said because I can understand it.

We have got to realize that Jerry Ford was a former football player and he learned a long time ago that the best defense is a good offense. So if he cannot blame it on himself, if he cannot blame it on the party, he has to blame it on somebody, and it has become traditional now with the White House that the Congress is to be the scapegoat any time they make a mistake, or a mistake is made, we cannot get 535 Members of Congress to agree. I can understand that.

Mr. President, it strikes me that the chickens have come home to roost. This was a bad policy from the beginning. I know it is not going to cure anything with incriminations and recriminations, but the fact still remains that not too long ago—and we were inclined to think it was rather facetious at the time, a statement was made by a former Senator. George Aiken said some time ago:

> What we ought to do is just say that we won the war and come home.

If we had heeded that advice, even though it might have been facetiously made, the fact still remains we would have saved $100 billion and we would have spared the lives of thousands of Americans who died in the jungles of a country they never knew, a country they never understood, and many of them came back, I regret to say, as drug addicts.

Now, Mr. President, I know we are being called upon to do this and that, and I realize that the solution is not an easy one, but I have reached a conclusion that no matter what we do, if we could not stop the North Vietnamese with 520,000 American soldiers in combat there, with billions and billions and billions of dollars in weapons, if we could not stop them then, how do we expect anybody to stop them now that we have left that country?

The administration knew that, every President knew that, but we met in Paris. Kissinger went to Paris and he had many, many meetings. He knew right along and should have known that the North Vietnamese would never keep their word, and they never did. It never came as a surprise to anyone, but we kidded ourselves.

So we formed a commission and said that we would pay one-half, the Vietcong would pay a quarter and, the North Vietnamese would pay the other quarter. We found out they would not put up the money, so they came before our committee and said, "Well, I think we ought to put it all up," I said, "What for?" "Well, so that they will enforce the agreement." Enforce what agreement? What agreement? As a matter of fact, they never intended to keep any agreement.

I know there is a bloodbath going on and God only knows it might even become more serious, but I do not think we have the potentiality, I do not think we have the will in this country—and I am not saying we should have it—to change it in the least.

I am hopeful, I am sincerely hopeful that something will happen. I do not know what it might be, but I prayerfully hope that somehow they will stabilize the situation, that they will negotiate and bring peace in that part of the world.

The ACTING PRESIDENT pro tempore. The Senator's 5 minutes have expired.

Mr. ROBERT C. BYRD. Mr. President, I ask for recognition.

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

Mr. ROBERT C. BYRD. I yield the Senator 5 minutes of my time.

Mr. PASTORE. So, Mr. President, this is not an easy decision to make. I realize that Henry Kissinger tried very hard. I realize that President Ford is trying very hard, but I am referring to pouring in more money. Only the other day I read in the newspaper where the South Vietnamese retreated and left billions of dollars of war equipment behind, and now it would seem that we are in default because we did not send them more, when they fled, and gave up, and let the enemy take the equipment we had sent them.

In that kind of framework, how can anybody stand up and say that we owe them more weapons, or that we should send more military aid? How can we do that with logic? The American people will not stand for it, absolutely will not stand for it. No matter what we do in that part of the world, I do not think it is going to make much difference.

Let us take care of the refugees, let us adopt the babies. I think that is marvelous, I think that is a wonderful thing to do. Let us do whatever we can to soften the blow, but beyond that, I doubt very much that even if we poured $50 billion more in South Vietnam it would do any good.

Then look at the spectacle. Here is an American plane going in to take the wives and children out of South Vietnam. And what happened? Some soldiers of South Vietnam were pushing aside their wives and their children and getting on the planes themselves.

I must say, What kind of men are we dealing with?

Oh, I can understand a stampede. We can go into any theater and if somebody were to yell "fire," there would be a stampede. But heaven knows, I never have seen a father shove his wife aside and his children aside so that he could run to safety and leave them to die.

If that is what we have done in South Vietnam, I say that the quicker the better to bring it to an end.

Mr. RANDOLPH. Mr. President, I am appreciative that the Senator from Rhode Island (Mr. PASTORE) permits me to ask a question and make an observation.

In the early 1960's, General of the Army Douglas MacArthur said, in essence, that it would be a grave mistake for the United States to commit a massive land army on the Asian continent.

I mention this counsel from General MacArthur because the Senator from Rhode Island indicated that there were those who, from time to time, warned us of the eventual result of military involvement in Asia. The predicted tragedy contained in those warnings has come to pass. It is not my intention to look back, but I thought that the record should reflect the warnings MacArthur gave many years before we committed U.S. forces to South Vietnam.

This concern was initially expressed by MacArthur in 1951 in hearings before the Senate Armed Services and Foreign Relations Committees when he talked of our inability to maintain large units of ground troops 10,000 miles away.

Mr. PASTORE. I recall that in November, 1967, I was invited to the White House by Lyndon Johnson, who was then President of the United States, and we just chatted a bit. It was about 6 o'clock in the evening. We were alone. He asked me the question at the time. I thought he was pulling my leg, if I may use the vernacular.

He said:

> John, do you think I should not seek reelection and I should bring my term to an end?

Frankly, the remark flabbergasted me a little. I repeat, I thought he was pulling my leg.

The following March, in 1968, when he announced his decision on television, it brought my mind back to the statement he had made the previous November.

I said:

> Mr. President, why do you say that?

He looked me straight in the eye and said:

> I have been unable to unite the country.

And that is the result of Vietnam. Vietnam has divided the country. There is no unanimity that we continue.

If Lyndon Johnson, in my humble opinion, though that would not have hurt him at the next election, I think he would have run for reelection. It is my firm conviction that that might have happened. But he told me distinctly, "I have been unable to unite the country." I said:

> Mr. President, has it ever occurred to you that the reason is Vietnam?

Today, I repeat, the chickens have come home to roost.

LEAVE OF ABSENCE

Mr. GOLDWATER. Mr. President, I ask unanimous consent that I may absent myself from the Senate tomorrow and possibly part of the following day. The B-1 will make its first supersonic flight, and I want to be there to observe it.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR TALMADGE, AND SENATOR HELMS ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Wednesday, after the two leaders or their designees have been recognized under the standing order, the Senator from Georgia (Mr. TALMADGE) be recognized for not to exceed 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Wednesday, after the remarks of Mr. TALMADGE, Mr. HELMS be recognized for not to exceed 15 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR SENATE RESOLUTION 110 TO RETAIN ITS STATUS ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senate Resolution 110, a resolution coming over under the rule, not come over under the rule but retain its status on the calendar until April 22.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT RECEIVED DURING ADJOURNMENT

Under the authority of the order of March 26, 1975, a message from the President of the United States was received on March 31, 1975, transmitting the third annual report on the status of advisory committees covering the year 1974, which, with the accompanying report, was referred on April 1, 1975, to the Committee on Government Operations. The message is as follows:

To the Congress of the United States:

In accordance with the provisions of section 6(c) of the Federal Advisory Committee Act, the report on the status of advisory committees in 1974 is herewith forwarded.

This is the third annual report. It is organized to improve public access to information concerning specific advisory committees and the Federal agencies to whom they provide advice.

GERALD R. FORD.

THE WHITE HOUSE, *March 28, 1975.*

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. Stone) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

APPROVAL OF BILL

A message from the President of the United States stated that he had approved and signed the enrolled bill (S. 332) to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce.

MESSAGE FROM THE HOUSE

On March 26, 1975, during the adjournment of the Senate and under the authority of the order of Wednesday, March 26, 1975, a message from the House of Representatives was received stating that the Speaker had signed the enrolled bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for personal exemptions and a credit for certain earned income, to increase the investment credit and the surtax exemption, to reduce percentage depletion for oil and gas, and for other purposes.

Under the authority of the order of Wednesday, March 26, 1975, the Acting President pro tempore (Mr. Metcalf) signed the above enrolled bill on Thursday, March 27, 1975.

On March 2, 1975, during the adjournment of the Senate and under the authority of the order of March 26, 1975, a message from the House of Representatives was received stating that the House has agreed to the resolution (H. Res. 269) electing John J. McFall, a Representative from the State of California, Speaker pro tempore during any absence of the Speaker, such authority to continue not later than April 11, 1975.

REPORT OF A COMMITTEE RECEIVED DURING THE ADJOURNMENT OF THE SENATE

Under the authority of the order of Wednesday, March 26, 1975, Mr. Magnuson, from the Committee on Commerce, on Friday, April 4, 1975, reported with amendments the bill (S. 229) to amend the Endangered Species Act of 1973 to make it more consistent with the Marine Mammal Protective Act of 1972 (Rept. No. 94–63).

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Stone) laid before the Senate the following letters, which were referred as indicated:

A communication from the President of the United States concerning U.S. participation in international humanitarian relief efforts to transport refugees from South Vietnam; to the Committee on Foreign Relations and ordered to be printed in the Record. The communication is as follows:

[White House Situation Room]

April 4, 1975.

Hon. James Eastland,
President pro tempore, U.S. Senate,
Doddsville, Miss.

As you know, last Saturday I directed United States participation in an international humanitarian relief effort to transport refugees from Danang and other seaports to safer areas farther south in Vietnam. The United States has been joined in this humanitarian effort by a number of other countries who are offering people, supplies and vessels to assist in this effort. This effort was undertaken in response to urgent appeals from the Government of the Republic of Vietnam because of the extremely grave nature of the circumstances involving the lives of hundreds of thousands of refugees. This situation has been brought about by large-scale violations of the agreement ending the war and restoring the peace in Vietnam by the North Vietnamese who have been conducting massive attacks on the northern and central provinces of South Vietnam.

In accordance with my desire to keep the Congress fully informed on this matter, and taking note of the provision of section 4(A)(2) of the war powers resolution (Public Law 93–148), I wish to report to you concerning one aspect of United States participation in the refugee evacuation effort. Because of the large number of refugees and the overwhelming dimensions of the task, I have ordered U.S. naval vessels to assist in this effort, including Amphibious Task Group 76.8 with 12 embarked helicopters and approximately 700 marines. These naval vessels have been authorized to approach the coast of South Vietnam to pick up refugees and U.S. nationals, and transport them to safety. Marines are being detailed to vessels participating in the rescue mission. The first vessel entered South Vietnam territorial waters at 0400 a.m. EDT on April 3, 1975.

Although these forces are equipped for combat within the meaning of section 4(A)(2) of Public Law 93–148, their sole mission is to assist in the evacuation including the maintenance of order on board the vessels engaged in that task.

As stated above, the purpose of the introduction of United States naval vessels into Vietnamese waters is to assist in an international humanitarian effort involving vessels of several nations, including both military and civilian craft. The United States participation in this effort includes the charter of commercial vessels, the use of military Sealift command vessels with civilian crews, as well as United States naval vessels with military crews. This effort is being undertaken pursuant to the President's constitutional authority as commander-in-chief and chief executive in the conduct of foreign relations and pursuant to the Foreign Assistance Act of 1961, as amended, which authorizes humanitarian assistance to refugees, civilian war casualties and other persons disadvantaged by hostilities or conditions relating to hostilities in South Vietnam.

You will appreciate, I am sure, my difficulty in telling you precisely how long United States forces may be needed in this effort. Our present estimate, however, is that this operation may involve the presence of United States naval vessels in Vietnamese waters for a period at least several weeks.

Gerald R. Ford.

Report of the Secretary of Defense

A letter from the Secretary of Defense transmitting a secret document entitled "Improving the Combat Proportion of U.S. Forces in Europe"; to the Committee on Armed Services.

Transfer Authority for the Department of Transportation (S. Doc. No. 94–30)

A communication from the President of the United States transmitting a request for a transfer authority for the fiscal year 1975 in the amount of $850,000 for the Department of Transportation; to the Committee on Appropriations, and ordered to be printed.

PRESENTATION OF A PETITION

Mr. PASTORE. Mr. President, I send to the desk for myself and my colleague, Sentaor Pell, a resolution adopted by the General Assembly of the State of Rhode Island memorializing the President of the United States and the Congress to appropriate $30 million to the unemployment fund of the State of Rhode Island and ask that it be printed in the Congressional Record and referred to the proper committee.

The ACTING PRESIDENT pro tempore (Mr. Stone). Without objection, it is so ordered.

The resolution, which was referred to the Committee on Appropriations, is as follows:

Senate Resolution Memorializing the President of the United States and the Congress to Appropriate $30,000,000 to the Unemployment Fund of the State of Rhode Island

"Whereas, the State of Rhode Island is burdened with an unemployment rate of 15 per centum, twice the national average; and

"Whereas, the State of Rhode Island, in order to fulfill its responsibility to more than 70,000 unemployed citizens, has depleted all available unemployment funds; and

Whereas, The only alternative would be to increase the employer's amount of contribution to the unemployment fund, an action which would only cause more businesses to close their doors: Now, therefore, be it

"*Resolved,* That this Senate of the State of Rhode Island and Providence Plantations hereby memorializes the Congress and the President of the United States to appropriate an outright grant of thirty million dollars to the state unemployment fund; and be it further

"*Resolved,* That the secretary of state be, and he is hereby, respectfully requested to transmit a duly certified copy of this resolution to the President of the United States and the members of Congress from Rhode Island."

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. WEICKER:

S. 1358. A bill for the relief of Simeon Zivkov and his wife, Paca Zivkov. Referred to the Committee on the Judiciary.

By Mr. MUSKIE (for himself, Mr. Humphrey, and Mr. Brock):

S. 1359. A bill to coordinate State and local government budget-related actions with Federal Government efforts to stimulate economic recovery by establishing a system of emergency support grants to State and local governments. Referred to the Committee on Government Operations.

By Mr. McGEE (for himself and Mr. Humphrey):

S. 1360. A bill to provide additional humanitarian assistance authorizations for South Vietnam and Cambodia for the fiscal year 1975. Referred to the Committee on Foreign Relations.

By Mr. HANSEN (by request):

S. 1361. A bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of veterans cemeteries, and to provide for transportation of bodies to a national cemetery. Referred to the Committee on Veterans' Affairs.

By Mr. BAYH:

S. 1362. A bill to amend title 37 of the United States Code in order to provide incentives for lawyers to enter and remain in the Armed Forces. Referred to the Committee on Armed Services.

By Mr. MOSS:

S. 1363. A bill to facilitate the exchange of school lands between the States of Utah and the Navajo Tribe. Referred to the Committee on Interior and Insular Affairs.

By Mr. INOUYE:

S. 1364. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide manpower programs for native Hawaiians. Referred to the Committee on Labor and Public Welfare.

By Mr. STEVENS (for himself and Mr. Gravel):

S. 1365. A bill to authorize the Secretary of the Interior to convey to the city of Haines, Alaska, interests of the United States in certain lands. Referred to the Committee on Interior and Insular Affairs.

S. 1366. A bill to authorize the Secretary of the Interior to waive recovery of certain costs for extraordinary wind and ice damage to certain facilities. Referred to the Committee on Public Works.

By Mr. PACKWOOD:

S. 1367. A bill to amend the Immigration and Nationality Act to eliminate the legal custody requirement and the requirement of residence and physical presence in the United States for the naturalization of children adopted by U.S. citizens. Referred to the Committee on the Judiciary.

S. 1368. A bill to confer U.S. citizenship on certain Vietnamese children and to provide for the adoption of such children by American families. Referred to the Committee on the Judiciary.

By Mr. SPARKMAN (by request):

S. 1369. A bill to limit cost-of-living adjustments of annuities under the Foreign Service Retirement System for a specified period of time, and for other purposes. Referred to the Committee on Foreign Relations.

By Mr. SPARKMAN:

S. 1370. A bill to amend and improve 5 U.S.C., section 7342 (Public Law 90-83). Referred to the Committee on Foreign Relations.

By Mr. BELLMON:

S. 1371. A bill to amend title 38 of the United States Code to provide for cost-of-living increases in educational benefits. Referred to the Committee on Veterans' Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MUSKIE (for himself and Mr. Humphrey):

S. 1359. A bill to coordinate State and local government budget-related actions with Federal Government efforts to stimulate economic recovery by establishing a system of emergency support grants to State and local governments. Referred to the Committee on Government Operations.

INTERGOVERNMENTAL COUNTERCLYCLICAL ASSISTANCE ACT OF 1975

Mr. MUSKIE. Mr. President, today I am introducing with Senator Humphrey legislation which I believe will provide much-needed balance to the efforts of this Congress to restore our country to economic health.

Thus far, both the debate we have had and the action we have taken in the Congress to deal with recession have focused on the long-accepted remedy of pumping more money back into the private sector—through tax rebates to individuals, investment incentives to business, and public service jobs to absorb some of the unemployed.

The public sector, on the other hand, has largely been ignored in economic policy considerations to date. And yet, States and local governments not only comprise a major segment of our economy, but also are among the hardest hit victims of today's inflation-recession squeeze.

State and local governments have been fighting the battle against inflation for some time. These governments have been especially hard hit because of the labor-intensive nature of the goods and services they must purchase.

Today, while the costs to State and local governments continue to rise, the deepening recession is adding new burdens to already overstrained budgets. The general economic slowdown is beginning to take a toll on revenues which—because of high unemployment and the standstill in new construction—are not rising as rapidly as anticipated. Rising unemployment is placing new demands on social services while the demand for basic local services—such as police and fire protection—is not diminished.

Earlier this winter, the Subcommittee on Intergovernmental Relations—which I chair—held hearings to try and determine just how bad the fiscal situation of State and local governments really is. The news was almost uniformly bad.

Severe budgetary pressures resulting from the combined impact of inflation and recession are forcing local governments across the country to take drastic steps. Newark, with one of the highest property tax rates in the country, has had to raise that rate two times within the past year, along with laying off hundreds of city employees.

In New York City, revenues for the last 6 months of 1974 fell $150 million short of estimates, while inflation added $280 million to the costs of running the city. To make up for the shortfall, Mayor Beame has had to raise city real estate and sales taxes and lay off city employees possibly numbering in the thousands.

Cleveland has had to lay off several hundred city employees, and has now reduced garbage collection to twice a month. In Wilmington, Del., and Baltimore, job freezes have been in effect for some time, and the latter is still anticipating a substantial deficit for the next fiscal year. In Detroit, the mayor has just announced that as many as 25 percent of the city's employees may be laid off to balance next year's budget, where a deficit of between $65 to $85 million is now projected.

The results of a telephone survey conducted by the National League of Cities and submitted to the subcommittee indicate that the problem is not limited to those large cities which have perennial fiscal troubles. Of the 67 cities surveyed by the League, 42 responded that either tax increases or service cutbacks will be necessary to survive their fiscal squeeze. Thirty-six responded that they were being forced to defer or cancel planned capital improvements. And 43 reported that they anticipate revenues to fall short of original estimates because of the depressed economy. Cities where the fiscal squeeze is forcing such actions include Englewood, Calif., DeKalb, Ill., Auburn, Maine, and Binghamton, N.Y.

In my own State of Maine, a survey of local government officials conducted by my office revealed that over half of those communities contacted have already had to raise local taxes, or else expect to do so very soon.

The cities and towns included in these two surveys range in size from quite small—in Maine—to a few cities the size of Pittsburgh. Primarily they are medium size. Not included are the giant urban centers that we usually associate with chronic and severe fiscal problems.

At the State level, the fiscal squeeze is not as critical, although there is reason to believe that the States have not yet felt the full impact of recession. Even so, a number of States are perilously close to severe fiscal problems, and a few—most notably New York and Massachusetts—are already there.

Tax increases have been called for by the Governors of New York, New Jersey, Massachusetts, and Vermont. In Rhode Island and Connecticut, tax increases may be unavoidable to balance the State budget. An article from the March 17, New York Times which follows my remarks elaborates further on the current financial problems of several of the States.

These examples do not bode well for the success of our efforts here in the Congress to revive the economy.

While we at the Federal level are trying to speed up economic recovery by cutting taxes, State and local governments are delaying the impact of that effort by raising their own taxes. While we at the Federal level are trying to target the stimulus to those most in need, by using the progressive income tax structure, State and local governments are placing the burden back on those hardest hit by raising regressive local taxes. And while we at the Federal level are trying to create new jobs through public service employment, State and local governments are blunting that goal by cutting back on job-producing capital projects and by laying off regular employees, only to replace them with public service employees.

In the past, when the Federal Government accounted for a much larger share of the public sector than it does today, we may have been able to ignore such counterproductive actions at the State and local level. But subnational government today is one of the fastest growing sectors of the economy, presently employing four times as many persons as the Federal Government, and spending almost two-thirds as much. It is increasingly clear, therefore, that the actions of this major force in the public sector can be ignored only to the detriment of the economic health of the Nation as a whole.

To remedy this situation, economic policymakers need to begin now to broaden their sights to include the public sector in any antirecession program.

The legislation we are introducing today—the Intergovernmental Countercyclical Assistance of 1975—is a substantial move in that direction.

The purpose of this legislation is simple. It is not to bail individual governments out of fiscal trouble—at times such as this, a little belt tightening by all governments is necessary. Rather, it is simply to provide help to State and local governments in bridging the gap caused by today's most unique economic circumstances—so that these governments will have not to rely so heavily upon budgetary tools which run counter to Federal efforts to revive the economy.

The logic behind the legislation is compelling. At a time when economic recovery is our highest national priority, it simply does not make sense to have governments at different levels working at cross purposes to one another.

And the arguments for the legislation are strong.

In the first place, the assistance provided under this proposal is very selectively targeted—to reach only those States and localities hard hit by the recession. Assistance would be triggered initially when national unemployment reached a level of 6 percent. Further, no State or locality would receive assistance under the program unless its own unemployment rate had reached 6 percent.

Second, the program is not self-perpetuating. Unlike most Federal programs which cost more as time passes, countercyclical assistance would phase itself out as the economy grows healthier, and would terminate altogether when national unemployment drops below 6 percent.

Third, and perhaps most important, the impact of this program would be felt now, when it is most needed, not several years down the road.

Both the tax cut we have just enacted and the increased funding for public service employment which we are likely to appropriate have an impact which is more or less immediate.

The impact of a third type of antirecession measure now being considered—accelerated public works—may not be felt for some time. Consider the experience with an accelerated public works program adopted by Congress in 1962. Although the initial obligational authority was $850 million, only $62 million was spent in the first year. The bulk of the funds were not actually spent until 1964 and 1965, after the recession was over.

Countercyclical assistance does not suffer from that handicap.

The Senate Budget Committee will begin this week to consider items to be included in the first concurrent resolution which will be presented to the Senate later this spring.

The choices we will have to make will not be easy. The Budget Committee staff is presently projecting a deficit of $68 billion, without the addition of programs which appear to be well on their way to passage. Economists have suggested that the economy can sustain a deficit of between $70 to $75 billion. That does not leave us much room to work with.

Nevertheless, I believe that we should put countercyclical assistance high on our list of priorities.

The Federal Government will be spending many billions of dollars in the next several months to help revive the economy. Countercyclical assistance to State and local governments can do a great deal to help insure the success of that effort.

Mr. President, I ask unanimous consent that Senator Humphrey's remarks, the text of the legislation, a section-by-section analysis, a series of questions and answers about countercyclical assistance, and two newspaper articles about the local fiscal crisis be included in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Humphrey

Mr. President, today I am introducing with my distinguished colleague, Senator Muskie, legislation which I believe is an essential component of any program designed to restore growth and prosperity to the nation's economy. The bill, the Intergovernmental Counter-Cyclical Assistance Act of 1975 provides counter-cyclical assistance to state and local governments.

America is presently experiencing its most severe economic crisis since World War II. Eight million Americans were out of work in March, a full 8.7 percent of the Nation's work force. Gross National Product in constant dollars has declined for 4 successive quarters and will register another significant decline in the first quarter of 1975. $200 billion in output will be lost in 1975 alone.

Congress is moving swiftly to develop a program designed to reduce these unacceptably high rates of unemployment and restore economic growth. Taxes have been cut to provide much needed increases in purchasing power to individuals and incentives for investment to business. Public service jobs have been provided to employ a small percentage of the unemployed. Legislation that provides much needed assistance to housing and other sectors of the economy will soon be considered by both the House and the Senate. But these programs largely ignore an integral sector in our nation's economy, the state and local government sector.

The state and local government sector is already experiencing severe recession-induced fiscal problems. Last year, unprecedented inflation rates and soaring energy costs played havoc with the costs of operating state and local governments. This year, the recession has further increased expenditures, particularly for health and welfare, while seriously eroding the size of anticipated increases in revenues.

One need only look at the combined surplus or deficit of all state and local governments to get a clear picture of the rapid deterioration of their fiscal positions.

In 1972, the enactment of revenue sharing and a reasonably strong economy combined to produce a $4 billion surplus. In 1973, this surplus disappeared and the combined state and local sector was essentially in balance. In 1974, inflation affected expenditure increases and recession induced revenue shortfalls combined to produce a combined $7.5 billion deficit. Undoubtedly, the severity of the recession in 1975 will mean further increases in the demand for services and greater shortfalls in anticipated revenues, yielding even worse deficits.

But these aggregate figures mask even more severe problems in many of our nation's cities and a few of our nation's states. Hiring freezes or layoffs, cuts in services, delays in capital expenditures and increases in taxes are the rule not the exception. Most of our nation's largest cities have already been forced to take one or more of these actions. Cleveland has been forced to layoff 1,100 workers and cutback services to levels that previously would have been unacceptable. Detroit has had to layoff 1,500 workers and to cutback essential services. And the problems of our largest metropolitan area, New York, have been reported in every paper around the country.

But these problems are not confined to our largest cities. Wilmington, Delaware has had to reduce its fire-fighting force by 11 percent while other city departments have experienced personnel cuts as high as 40 percent. An informal telephone survey conducted by the National League of Cities of 67 small and medium sized cities indicated far more widespread problems. One-third of the cities had cut payrolls by laying off employees or through the combination of hiring freezes and attrition; over one-half had postponed essential capital expenditures; two-thirds found that their revenues had fallen short of anticipated levels; and almost half expected to enact some form of tax increase in 1975.

But many will argue that the Federal government should not be concerned about these serious fiscal problems. These people would suggest that a little belt-tightening is necessary and that state and local governments can always raise taxes or borrow the money so that they can weather the storm. However, this is certaintly not the case.

In my opinion, there are significant national purposes that necessitate Federal government assistance to State and local governments during recessionary periods. First, state and local governments are a major sector of our economy, employing 12 million people and spending over $200 billion annually. No single sector of the economy can approach the level of employment found in the state and local government sector and no national economic policy can succeed in restoring economic prosperity without taking into account the needs of this sector. I would agree that a little belt-tightening by all governments is in order but strangulation of state and local governments is certainly not the answer.

Second, state and local governments' budgetary actions should be made consistent with Federal government efforts to reduce unemployment and restore economic growth. It is senseless economic policy to force state and local governments to increase taxes, thus depressing the economy, when the Federal government is simultaneously cutting taxes in an attempt to stimulate the economy. Such a policy undermines the stimulative impact of Federal income tax reductions and weakens the progressivity of the total tax system by substituting regressive or proportional state and local government taxes for progressive Federal income taxes. A similar inconsistency exists in the public employment program where the net number of new jobs created under existing public service employment programs is less than desired because state and local governments have been forced to layoff their permanent employees and replace them with Federally financed public service employees.

Finally, it is unrealistic and in most cases illegal, for state and local governments to undertake separate fiscal policies through deficit spending. State constitutions generally require state and local governments to operate with balanced budgets. However, even if these constitutional requirements did not exist, one could not realistically expect the thousands of state and local governments to coordinate their economic policies, thus formulating a consistent fiscal policy. Only the Federal government has sufficient flexibility in economic policy to eliminate the fiscally perverse nature of state and local government budget actions and to make all government budget actions more consistent.

The legislation that we are introducing today, "the Intergovernmental Counter-Cyclical Assistance Act of 1975," would provide the means for rationalizing the budgetary actions of all levels of government into one coherent fiscal policy. It would provide enough assistance to prevent fiscally perverse state and local government budgetary actions, but not enough to prevent essential stream-lining that all sectors of the economy undergo in a recession. In essence, it will prevent state and local governments from bearing a disproportionate share of the burden imposed upon the economy by recession.

As Chairman of the Joint Economic Committee I have heard considerable testimony regarding the components of an effective program to reduce unemployment and restore economic growth while maintaining price stability. Witness after witness testified to the need for immediate tax and expenditure stimulus to restore the economy to prosperity. However, all of the witnesses agreed that anti-recession programs should be designed to take effect immediately and to phase-out as the economy improves. This point of view was best expressed by Dr. Arthur Okun of the Brookings Institution who said "In general, I am pointing to two key tests of a valid anti-recession proposal: Does it really stimulate production and jobs during the recession? Does it stop stimulating the economy during the recovery as prosperity is regained?" The legislation that we offer today effectively meets both of these criteria.

First, the Intergovernmental Counter-Cyclical Assistance Act is clearly designed to phase-in as the recession deepens and to phase-out when the recession ends. Assistance is not made available unless the national unemployment rate exceeds 6 percent for one quarter. The amount of assistance that would be available is $2 billion at 6 percent unemployment, but is increased by $1 billion for each 1 percent increment in the national unemployment rate. Thus, when the national unemployment rate is between 8 and 9 percent, $4 billion would be available. The important feature is that no permanent spending program is created and no inflationary expenditures will be made after the recession has ended.

Second, the program is targeted to assist those governments hardest hit by the recession and thus the greatest propensity to take fiscally perverse budget actions. The formula weighs heavily the number of unemployed persons in a jurisdiction, concentrating assistance where the greatest recession induced revenue shortfalls and expenditure increases occur. In addition, no government will receive any assistance if its unemployment rate is below 6 percent. This insures that the program will phase-out on a government by government basis, as well as nationally.

Finally, this legislation insures that the stimulus be quickly injected into the economy, thus being spent almost immediately. The bill requires that all assistance distributed under this legislation must be spent within one year of receipt. This will insure that no funds that were allocated during the recession will be spent after it has ended.

Clearly, counter-cyclical assistance to state and local governments is an effective anti-recession program because: 1) the size of the program varies with the severity of the recession, phasing out at 6 percent unemployment; 2) the assistance is targeted toward those jursidictions hardest hit by the recession and; 3) expenditures are made quickly so the stimulative impact is immediate.

It is these overwhelming advantages which have caused the Joint Economic Committee to frequently suggest counter-cyclical assistance to state and local governments as an essential component of its recovery program. The Committee recently recommended counter-cyclical grants in last year's emergency study, "Achieving Price Stability Through Economic Growth" and subsequently in reports to the House and Senate Budget Commitees required by the Congressional Budget Act, and in the 1975 Annual Report of the Joint Economic Committee. The specific recommendation in the 1975 Annual Report was that "A counter-cyclical revenue assistance grant to state and local government should be enacted to cushion the financial hardships presently experienced by these governments and to prevent these governments from adjusting revenues and expenditures in a manner which will hinder Federal government efforts to stimulate a recovery."

I urge my colleagues to support this recommendation and to consider counter-cyclical assistance to state and local governments as an integral component of any Federal strategy to reduce unemployment and restore economic growth.

S. 1359

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That this Act may be cited as the "Intergovernmental Countercyclical Assistance Act of 1975."

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 2. (a) Findings.—The Congress finds—

(1) that State and local governments represent a significant segment of the national economy whose economic health is essential to national economic prosperity.

(2) that present national economic problems have imposed considerable hardships on State and local government budgets;

(3) that those governments, because of their own fiscal difficulties, are being forced to take budget-related actions which tend to undermine Federal government efforts to stimulate the economy;

(4) that efforts to stimulate the economy through reductions in Federal government tax obligations are weakened when State and local governments are forced to increase taxes;

(5) that the net effect of Federal government efforts to reduce unemployment through public service jobs is substantially limited if State and local governments use Federally financed public service employees to replace regular employees that they have been forced to lay off;

(6) that efforts to stimulate the construction industry and reduce unemployment are substantially undermined when State and local governments are forced to cancel or delay the construction of essential capital projects; and

(7) that efforts by the Federal government to stimulate the economic recovery will be substantially enhanced by a program of emergency Federal government assistance to State and local governments to help prevent those governments from taking budget-related actions which undermine the Federal government efforts to stimulate economic recovery.

(b) Policy.—Therefore, the Congress declares it to be the policy of the United States and the purpose of this Act to make State and local government budget-related actions more consistent with Federal government efforts to stimulate national economic recovery; to enhance the stimulative effect of a Federal government income tax reduction; and to enhance the job creation impact of Federal government public service employment programs.

FINANCIAL ASSISTANCE AUTHORIZED

SEC. 3. (a) Emergency Support Grants.—The Secretary of the Treasury (hereafter in this Act referred to as the "Secretary") shall, in accordance with the provisions of this Act, make emergency support grants to States and to local governments to coordinate budget-related actions by such governments with Federal government efforts to stimulate economic recovery.

(b) Authorization of Appropriations.—Subject to the provisions of subsection (c), for the purpose of making such grants, there are authorized to be appropriated for each of the 12 succeeding calendar quarters (beginning with the first calendar quarter beginning after the date of enactment of this Act)—

(1) $500,000,000 plus

(2) $250,000,000, multiplied by the number of whole percentage points by which the rate of seasonally adjusted national unemployment for the most recent calendar quarter which ended before the beginning of such calendar quarter exceeded 6 percent.

(c) Termination.—No amount is authorized to be appropriated under the *provisions* of subsection (b) for any calendar quarter if the rate of national unemployment during the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter did not exceed 6 percent.

ALLOCATION

SEC. 4. (a) Reservations.—

(1) All States.—The Secretary shall reserve one-third of the amounts appropriated pursuant to the authorization under section 3 for each calendar quarter for the purpose of making emergency support grants to States under the provisions of subsection (b).

(2) All local governments.—The Secretary shall reserve two-thirds of such amounts for the purpose of making emergency support grants to local governments under the provisions of subsection (c).

(b) State allocation.—

(1) In general.—The Secretary shall allocate from amounts reserved under subsection (a)(1) an amount for the purpose of making emergency support grants to each State equal to the total amount reserved under subsection (a)(1) for the calendar quarter multiplied by the applicable State percentage.

(2) Applicable State percentage.—For purposes of this subsection, the applicable State percentage is equal to the quotient resulting from the division of the sum of—

(A) the State unemployment percentage multiplied by 2, plus

(B) the State tax percentage

by 3.

(3) Definitions.—For purposes of this subsection—

(A) the term "State" means each State of the United States and the District of Columbia;

(B) the State unemployment percentage is equal to the quotient resulting from the division of the number of unemployed persons in the State during the appropriate calendar quarter by the number of unemployed persons in the United States during such quarter, as determined by the Secretary of Labor and reported to the Secretary;

(C) the State tax percentage is equal to the quotient resulting from the division of the State tax amount by the sum of the State tax amounts of all the States;

(D) the term "State tax amount" means the amount of compulsory contributions exacted by the State for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other than special assessments for capital outlay), as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes; and

(E) the term "unemployed persons" has the same definition given it under section 601(a)(12) of the Comprehensive Employment and Training Act of 1973.

(c) Local Government Allocation.—

(1) Identifiable local governments.—

(A) Subject to the provisions of paragraph (3), the Secretary shall allocate from amounts reserved under subsection (a)(2) an amount for the purpose of making emergency support grants to each identifiable local government equal to the total amount reserved under such subsection for the calendar quarter multiplied by the identifiable local government percentage.

(B) For purposes of this paragraph, the identifiable local government percentage is equal to the quotient resulting from the division of the sum of—

(i) the identifiable local government unemployment percentage multiplied by 2, plus

(ii) the identifiable local government tax percentage

by 3.

(C) For purposes of this paragraph—

(i) the identifiable local government unemployment percentage is equal to the quotient resulting from the division of the number of unemployed persons within the jurisdiction of the identifiable local government during the appropriate calendar quarter by the number of unemployed persons in the United States during such quarter, as determined by the Secretary of Labor and reported to the Secretary;

(ii) the identifiable local government tax percentage is equal to the quotient resulting from the division of the local tax amount of the identifiable local government by the sum of the local tax amounts of all local governments;

(iii) the term "identifiable local government" means a unit of general local government for which the Secretary of Labor has made a determination concerning the rate of unemployment for purposes of title II of the Comprehensive Employment and Training Act of 1973 during the current or preceding fiscal year;

(iv) the term "local tax amount" means the amount of compulsory contributions exacted by the local government for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other special assessments for capital outlay) as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes; and

(v) the term "unemployed persons" has the same definition given it under subsection (b)(3)(E).

(2) Other local governments.—

(A) The Secretary shall allocate from the amounts remaining under the reservation pursuant to subsection (a)(2), after the application of paragraph (1) of this subsection, an amount to be paid to each State for the purpose of making emergency support grants to local governments, other than identifiable local governments, within the jurisdiction of such State, under the procedure described in subparagraph (B), which is equal to the sum of the amounts which would be allocated under paragraph (1) to all the local governments in the State, other than identifiable local governments, if such local governments were identifiable local governments.

(B) Each State shall allocate from the amount which it receives under this paragraph an amount for the purpose of making grants to each local government, other than an identifiable local government, within its jurisdiction determined under an allocation plan which meets the following requirements:

(i) the criteria for allocation of amounts among the local governments within the State shall be consistent with the allocation formula for identifiable local governments under paragraph (1);

(ii) the allocation criteria must be specified in the plan; and

(iii) the plan must be developed after consultation with appropraite officials of local governments within the State other than identifiable local governments.

(C) For purposes of this paragraph the term "identifiable local government" has the same definition given it under subsection (c)(1)(C).

(3) County Areas.—

(A) In general.—In the case of an identifiable local government unit which is a county area government, and which has one or more local government units within its jurisdiction which are not identifiable local governments, as defined in subsection (c)(1)(C), the Secretary shall allocate from amounts reserved under subsection (a)(2) an amount, for the purpose of making emergency support grants for each county area, in lieu of the amount allocated for such county area under paragraph (1), equal to the amount reserved under such subsection for the calendar quarter multiplied by the county area percentage.

(B) County area percentage.—For purposes of this paragraph, the county area percentage is equal to the quotient resulting from the division of the sum of—

(i) the county area unemployment percentage multiplied by 2, plus

(ii) the county area tax percentage

by 3.

(C) County area government-local government distribution.—

(i) The Secretary shall allocate from the amount allocated under subparagraph (A) an amount for the purpose of making emergency support grants to the county area government which bears the same ratio to the amount allocated under subparagraph (A) as the county area government tax amount bears to the county area tax amount.

(ii) The Secretary shall allocate the amount remaining of the amount allocated under subparagraph (A), after the application of clause (i) of this subparagraph, to be paid to each State for the purpose of making emergency support grants to each local government, other than identifiable local governments, within the jurisdiction of such county area government. Each State shall allocate from the amount which it receives under this clause an amount for the purpose of making grants to each local government, other than an identifiable local government, within the jurisdiction of such county area government determined under an allocation plan the criteria of which are identical to the criteria established by the State for purposes of subsection (c)(2).

(D) Definitions.—For the purposes of this paragraph—

(i) the county area unemployment percentage is equal to the quotient resulting from the division of—

(I) the number of unemployed persons within the county area, reduced by

(II) the number of unemployed persons within the jurisdiction of identifiable local governments within the jurisdiction of such county area, during the appropriate calendar quarter

by the number of unemployed persons in the United States during such quarter, as determined by the Secretary of Labor and reported to the Secretary;

(ii) the county area tax percentage is equal to the quotient resulting from the division of the county area tax amount by the sum of the local tax amounts of all local governments;

(iii) the term "identifiable local government" has the same definition given it under subsection (c)(1)(C);

(iv) the term "local tax amount" has the same definition given it under subsection (c)(1)(C);

(v) the term "county area tax amount" means the amount of compulsory contributions exacted by the county area government, plus—

(I) the amount of such contributions exacted by all local governments within the jurisdiction of such county area, reduced by

(II) the amount of such contributions exacted by identifiable local governments within such jurisdiction,

for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other special assessments for capital outlay) as such contributions are determined for the most recent period for which such data are available by the Social and Economic Statistics Administration for general statistical purposes;

(vi) the term "unemployed persons" has the same definition given it under subsection (c)(1)(C); and

(vii) the county government tax amount means the amount of compulsory contributions exacted by the county government for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other special assessment for capital outlay) as such contributions are determined for the most recent period for which such data are available by the Social and Economic Statistics Administration for general statistical purposes.

(E) Double counting prohibition.—Any unit of local government which receives a grant from a State under the provisions of this paragraph shall not be allocated an amount under paragraph (2). For purposes of making allocations under paragraph (2), the number of unemployed persons within the jurisdiction of any local government which receives an allocation under this paragraph shall not be taken into account.

(4) Double counting prohibition.—For purposes of making an allocation under this subsection for a local government that has within its jurisdiction one or more local governments which receive an allocation under this subsection, the number of unemployed persons within the jurisdiction of such local governments and the local tax amount of such local governments shall not be taken into account.

CONTINGENCY FUND

SEC. 5. The Secretary shall reserve from the amounts appropriated pursuant to the authorization under section 3 for each calendar quarter an amount equal to the amount, if any, not paid to State or local governments by reason of section 11(c), but not in excess of an amount which is equal to 2½ percent multiplied by the total amount appropriated under the authorization in section 3 for such quarter, for the purpose of making additionall emergency support grants to State or local governments which are in severe fiscal difficulty, as determined by the Secretary.

USES OF EMERGENCY SUPPORT GRANTS

SEC. 6. Each State and local government shall use emergency support grants made under this Act for the maintenance of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government, as the case may be. State and local governments may not use emergency support grants made under this Act for the acquisition of supplies and materials or for construction unless such supplies or construction are essential to maintain basic services.

APPLICATIONS

Sec. 7. (a) In General.—Each State and identifiable local government unit may receive emergency support grants under sections 4 (b), (c)(1), (c)(2), (c)(3)(D)(1), and 5 only upon application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary of the Treasury requires by rule. Each such application shall—

(1) include a State or local government program for the maintenance, to the extent practical, of levels of public employment and of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government which is consistent with the provisions of section 6;

(2) in the case of a State government, provide assurances that the State will not reduce the total amount of financial assistance, determined in dollars, which it provides to the local governments within its jurisdiction during the appropriate calendar quarter on an annualized basis below an amount which equals the amount of such assistance which it provided to such local governments during the 12-month period which ends on the last day of the calendar quarter immediately preceding enactment of this Act;

(3) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of, and accounting for, Federal funds paid to the State or local goverment under this Act;

(4) provide that reasonable reports will be furnished in such form and containing such information as the Secretary of the Treasury may reasonably require to carry out the purposes of this Act and provide that the Secretary of the Treasury, on reasonable notice, shall have access to, and the right to examine any books, documents, papers, or records as he may reasonably require to verify such reports;

(5) provide that the requirements of section 8 will be complied with;

(6) provide that the requirements of section 9 will be complied with;

(7) provide that the requirements of section 10 will be complied with; and

(8) provide that any amount received as an emergency support grant under this Act shall be expended by the State or local government before the end of the twelve calendar month period which begins on the day after the day on which such State or local government receives such grant.

(b) Grants to States under section 4(c)(3)(D)(ii).—Each State may receive funds for payment to local government units under section 4(c)(3)(D)(ii) only upon application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may require by rule. Such application shall, to the extent practicable, conform to the requirements for applications filed under subsection (a).

(c) Approval.—The Secretary shall approve any application that meets the requirements of subsections (a) or (b) within 30 days after he receives such application, and shall not finally disapprove, in whole or in part, any application for an emergency support grant under this Act without first affording the State or local government reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

Sec. 8. (a) In General.—No person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this Act.

(b) Authority of the Secretary.—Whenever the Secretary determines that a State government or unit of local government has failed to comply with subsection (a) or an applicable regulation, he shall, within 10 days, notify the Governor of the State (or, in the case of a unit of local government, the Governor of the State in which such unit is located, and the chief elected official of the unit) of the noncompliance. If within 30 days of the notification compliance is not achieved, the Secretary shall, within 10 days thereafter—

(1) exercise all the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d);

(2) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; or

(3) take such other action as may be provided by law.

(c) Enforcement.—The Secretary shall have the full authority to withhold or suspend any grant under this Act, or otherwise exercise any authority contained in title VI of the Civil Rights Act of 1964, to assure compliance with the requirement of nondiscrimination in federally assisted programs set forth in that title.

(d) Civil Actions.—

(1) Any person adversely affected or aggrieved by any action of an official of a State or local government in violation of subsection (a) of this section, or in violation of rules prescribed by the Secretary to carry out the provisions of this section, may bring a civil action for relief on his own behalf, or on behalf of a class of persons similarly situated, against such official. Any such action may be brought in any district court of the United States in which such person resides, or in which the claim arose, or in the United States District Court for the District of Columbia. The court may permit the Attorney General to intervene in such civil action if he certifies that the case is of general public importance. Upon application by the complainant, and in such circumstances as the court considers just, the court may appoint an attorney for such complainant and may authorize the commencement of the civil action without the payment of fees, costs, or security.

(2) In any action commenced pursuant to this section, the court may allow the prevailing party, other than the United States, a reasonable attorney's fee in addition to any other costs, and the United States shall be liable for such fees and costs as though it was a private person.

(3) In the case of an alleged act or practice prohibited by this section which occurs within the jurisdiction of a State or local government which has law prohibiting such act or practice and authorizing a State or local government authority to grant or seek relief from such practice, or to institute proceedings with respect thereto upon receiving notice thereof, no civil action may be brought under this paragraph (1) before the expiration of the 30-day period which begins on the day on which written notice of such alleged act or practice is received by the appropriate State or local authority.

LABOR STANDARDS

Sec. 9. All laborers and mechanics employed by contractors on all substantial repair or renovation construction projects assisted under this Act shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a–276a–5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 C.F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

TAX INCREASES

Sec. 10. Each State and local government which receives a grant under the provisions of this Act shall report to the Secretary any increase or decrease in any tax which it imposes and substantial reductions in the number of individuals it employs or in services which such State or local government provides. Such report shall be made as soon as is practical and, in any case, not less than 30 days after the date on which the decision to impose such tax increase or decrease or reductions in employment or services is made public.

PAYMENTS

Sec. 11. (a) In General.—From the amount allocated for State and to each local government under section 4 or the amounts reserved under section 5, the Secretary of the Treasury shall pay to each State and to each local government which has an application approved under section 7, an amount equal to the amount allocated to such State or local government under Section 4.

(b) Apportionment.—Payments under this Act may be made in installments and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

(c) Termination.—No amount shall be paid to any State or local government under the provisions of this section for any calendar quarter if the rate of unemployment within the jurisdiction of such State or local governments during the most recent calendar quarter which ended three months before the beginning of such calendar quarter was less than 6.0 percent.

WITHHOLDING

Sec. 12. Whenever the Secretary of the Treasury, after affording reasonable notice and an opportunity for a hearing to any State or local government, finds that there has been a failure to comply substantially with any provision set forth in the application of that State or local government approved under section 7, the Secretary shall notify that State or local government that further payments will not be made under this Act until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made under this Act.

REPORTS

Sec. 13. The Secretary of the Treasury shall report to the Congress as soon as is practical after the end of each calendar quarter during which grants are made under the provisions of this Act. Such report shall include information on the amounts paid to each State and local government and a description of any action which the Secretary of the Treasury has taken under the provisions of section 12 during the previous calendar quarter. The Secretary of the Treasury shall report to Congress as soon as is practical after the end of each calendar year during which grants are made under the provisions of this Act. Such reports shall include detailed information on the amounts paid to State and local governments under the provisions of this Act, any actions which the Secretary of the Treasury has taken under the provisions of section 12, and an evaluation of the purposes to which amounts paid under this Act were put by State and local governments and the economic impact of such expenditures during the previous calendar year.

ADMINISTRATION

Sec. 14. (a) Rules.—The Secretary of the Treasury is authorized to prescribe, after consultation with the Secretary of Labor, such rules as may be necessary for the purpose of carrying out his functions under this Act.

(b) Coordination.—In administering the provisions of this Act, the Secretary of the Treasury is authorized to use the services and facilities of any agency of the Federal Government and of any other public agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

SECTION-BY-SECTION ANALYSIS OF THE INTERGOVERNMENTAL COUNTERCYCLICAL ASSISTANCE ACT

Section 1 provides that this legislation may be cited as "The Intergovernmental Countercyclical Act of 1975."

FINDINGS OF FACT AND DECLARATION OF POLICY

Section 2 sets out Congressional findings that State and local governments represent a significant segment of the national economy which is suffering from considerable hardships because of the current national economic problems; that those governments, because of their own fiscal difficulties, are being forced to take actions that undercut Federal efforts to stimulate the economy; that the impact of Federal tax cuts is weakened when State and local governments are forced to raise their taxes; that the net impact of Federal public employment programs is limited if State and local governments are forced to lay off their regular employees; that efforts to stimulate construction are undermined when State and local governments cancel or delay essential capital projects; and that Federal efforts to stimulate economic recovery will be substantially aided by a program of emergency Federal assistance to State and local governments.

Section 2 further declares it to be the national policy to make State and local government budget-related actions more consistent with Federal efforts to stimulate national economic recovery; to enhance the stimulative effect of Federal income tax reductions; and to enhance the job creation impact of Federal employment programs.

FINANCIAL ASSISTANCE AUTHORIZED

Section 3(a) authorizes the Secretary of the Treasury to make emergency support grants to State and local governments to carry out the purposes of this legislation.

Section 3(b) authorizes for each of 12 succeeding calendar quarters (beginning with the first calendar quarter after the date of enactment of this Act) $500 million when the national seasonally adjusted unemployment rate reaches 6% plus an additional $250 million for each whole percentage point over 6% of the national seasonally adjusted unemployment rate for the preceding calendar quarter. On an annual basis, that means that $2 billion would be authorized when the national seasonally adjusted unemployment rate reaches 6% and an additional $1 billion would be authorized for each additional whole percentage point the national seasonally adjusted unemployment rate rises above 6%.

Section 3(c) provides that no funds would be authorized for any calendar quarter during which the national unemployment rate was under 6%.

ALLOCATION

Section 4(a) provides that the Secretary of the Treasury shall reserve one-third of the authorized funds for distribution to State governments and two-thirds of the authorized funds for distribution to local governments.

Section 4(b) provides for the allocation of assistance to State governments. State allocations would be made two-thirds on the basis of unemployment and one-third on the basis of its adjusted taxes. In each case, the particular State's unemployment (in numbers) and its taxes raised would be compared to national totals, with the unemployment percentage weighted double. Say, for example, a State had 5% of the nation's unemployment and raised 2% of all taxes raised by all State governments. With the unemployment percentage weighted, that State would receive 4% of the funds for all State governments. For the purposes of this section, the District of Columbia is included as a State.

Section 4(c) provides for allocation to local governments. Allocations to local governments would be made according to the same formula as for State governments—two parts unemployment and one part adjusted taxes raised. The adjusted tax data used in this section is the same as is compiled by the Bureau of Census for use in the Revenue Sharing Act.

Paragraph (1) of Section 4(c) provides for allocations to "identifiable local governments"—those local governments for which the Secretary of Labor has unemployment data for the purposes of Title II of the Comprehensive Employment and Training Act of 1973. Each identifiable local government will be allocated a share under the formula.

Paragraph (2) of Section 4(c) provides for assistance to "other local governments"—those local governments for which the Secretary of Labor does not have unemployment data. In the case of other local governments, unemployment and tax data for all local governments in each State that are not identifiable local governments will be considered in aggregate as if all those governments combined were one identifiable local government. In other words, in addition to the identifiable local governments in each State, an entry will be made into the formula for the balance of the local governments in each State. Distribution of assistance to specific local governments from the amount allocated for other local governments for each State will be made by the State government in accordance with a plan approved by the Secretary of Treasury. That plan will require that, to the extent practicable, the State follow the criteria for distribution of funds set out in the formula for identifiable local governments.

Paragraph (3) of Section 4(c) allocates funds in those cases where an identifiable local government unit is a county area and has one or more local government units within it which are not identifiable local governments. In those cases, the allocation will be made to the county area taking into account unemployment in the county area (reduced by the amount of unemployment in any identifiable local government within the county area) and taxes raised by all local governments located within the county area (again reduced by taxes raised by any identifiable local governments located within the county area). The county government's share of the county area allocation would be equal to the percentage the taxes raised by the county government are of taxes raised by all local governments, including the county government, located within the county area (reduced by taxes raised by identifiable local governments within the county area). The amount of the county area allocation that does not go to the county government will be returned to the State for allocation to other local governments within the State.

Sections 4(c)(3)(E) and 4(c)(4) prohibit double counting of the data in the workings of the formula.

CONTINGENCY FUND

Section 5 provides that the Secretary of the Treasury reserve from the amounts authorized for this program for each calendar quarter an amount equal to that not paid under Section 4(d) but in no case more than 2½ percent of the total authorized amount for the purpose of making additional emergency support grants to State and local governments which are in severe fiscal difficulty, as determined by the Secretary.

USE OF EMERGENCY SUPPORT GRANTS

Section 6 provides that grants under this program should be used for the maintenance of basic services ordinarily provided by the State and local governments and that State and local governments shall not use funds received under this Act for the acquisition of supplies and materials or for construction unless essential to maintain basic services.

APPLICATIONS

Section 7(a) establishes an application procedure for State governments and identifiable local governments eligible to receive assistance under the Act. Section 7(a) further requires that each application shall:

(1) include the applying government's program for maintenance, to the extent practicable, of levels of employment and basic services that it customarily provides;

(2) in the case of a State government, provide assurance that it will not reduce the total amount of financial assistance, in dollars, which it provides to local governments within its boundaries;

(3) provide that necessary fiscal control and fund accounting procedures will be established to assure proper disbursal, and accounting for, Federal funds paid to State and local governments under this Act;

(4) provide that reasonable reports will be furnished as the Secretary of Treasury may require and that the Secretary of Treasury has access to the records he needs to verify those reports;

(5) provide that the nondiscrimination requirements of this legislation will be complied with;

(6) provide that the labor standards and wage requirements of this Act be complied with;

(7) provide that the Act's requirements that governments receiving assistance under this Act report tax changes and changes in levels of services provided to the Secretary of the Treasury be complied with;

(8) provide that all funds received under this Act be expended by the recipient State or local government within 12 months of the time it is received.

Section 7(b) provides that applications for payment of funds to other local governments shall be filed by the States.

Section 7(c) provides that the Secretary of the Treasury shall approve any application which meets the requirements of this Act within 30 days and shall not finally disapprove, in whole or in part, any application for an emergency support grant under this Act without first affording the State or local government reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

Section 8 provides that no person shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with employment made available under this Act. This section further provides that in any case where the Secretary of the Treasury makes a finding of discrimination by a State or local government and is unable to achieve compliance within 30 days, he is specifically authorized to defer payment to the discriminating jurisdiction unless compliance is achieved.

LABOR STANDARDS

Section 9 provides that laborers and mechanics employed by contractors on all substantial repair renovation construction programs funded under this Act be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor under the Davis-Bacon Act.

TAX INCREASES

Section 10 provides that each State or local government which receives a grant under this Act shall report to the Secretary, within 30 days, any increase or decrease in any tax which it imposes and substantial reductions in employment levels or in services which that jurisdiction provides.

PAYMENTS

Section 11 gives the Secretary of the Treasury the authority to make payments from the funds authorized under this Act. It further allows payments to be made in installments in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments.

Section 11(c) provides that no fund be paid to any State or local government under this Act for any calendar quarter if the unemployment rate within that jurisdiction during the previous calendar quarter was less than 6%.

WITHHOLDING

Section 12 requires the Secretary of Treasury to withhold funds from any jurisdiction which fails to comply substantially with any of the provisions set forth in the application it submitted for funds under this Act. Funds will continue to be withheld until the Secretary of Treasury is satisfied that compliance has been achieved.

REPORTS

Section 13 requires the Secretary of the Treasury to report as soon as practical after the end of each calendar quarter on the implementation of the program.

ADMINISTRATION

Section 14 authorizes the Secretary of the Treasury, after consultation with the Secretary of Labor, to prescribe such rules as may be necessary to carry out the Act. That section also provides the Secretary of the Treasury with the authority to use services and facilities of any agency of the Federal government and of any other public agency or institution in accordance with appropriate agreements and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

QUESTIONS AND ANSWERS ABOUT THE INTERGOVERNMENTAL COUNTERCYCLICAL ASSISTANCE ACT

Q. What is countercyclical assistance?

A. Countercyclical assistance is targeted emergency financial assistance to hard pressed State and local governments caught in a fiscal squeeze brought on by national economic hard times.

It is called countercyclical because the amount of the assistance would increase each time the national unemployment rate increases a full percentage point and decrease each time the national unemployment rate decreases a full percentage point. No funds would be authorized if the national unemployment rate is less than 6 percent. In other words, the assistance under this program increases as the national economy deteriorates and decreases as the national economy improves.

Q. Isn't this a lot like revenue sharing?

A. No. Revenue sharing provides Federal assistance to virtually every unit of government in the country.

Countercyclical assistance, on the other hand, is very selectively targeted to only those states and local governments hardest hit by recession. The formula used in this countercyclical proposal has two factors: (1) unemployment, as a measure of the severity of the recession in a given state or locality; and (2) adjusted taxes, as a measure of the level of services provided by that government.

Whereas revenue sharing money presently goes to over 38,000 units of government, only 50 states and the District of Columbia and approximately 2,000 units of local government would participate initially in the countercyclical assistance program, even fewer would actually receive Federal funds under the program, since some of these localities do not have unemployment as high as 6 percent.

Furthermore, countercyclical aid would not entail a permanent high level of funding, as does revenue sharing. As the economy revises, the countercyclical assistance program would phase itself out, terminating completely when national unemployment sank below 6 percent.

Countercyclical assistance is an *anti-recession* program only.

III.

Q. Why is countercyclical assistance needed?

A. Countercyclical assistance is needed in order to maximize the impact of present Federal efforts to revive the economy.

During times of recession, such as at the present time, Federal economic policy is aimed at stimulating greater economic activity. This policy usually includes measures such as tax cuts—to stimulate greater spending in the private sector—and public service jobs programs—to help absorb some of the unemployed.

While the Federal government is pursuing such anti-recession measures, however, State and local governments are often forced to take budgetary actions which run counter to the Federal effort. At the present time, State and local governments throughout the country—caught in a squeeze between rising costs of inflation and recession—are either having to raise taxes, lay off employees, cancel job-producing capital improvement projects, or cut back on services, in order to balance their budgets. Such actions run counter to the stimulus the Federal government is trying to provide.

Countercyclical assistance is needed not for the purpose of bailing these governments out of fiscal trouble. During a recession, belt-tightening by all governments is necessary.

Countercyclical assistance is needed to reduce the reliance of State and local governments upon budgetary actions which run counter to national economic policy.

Countercyclical assistance is also needed to preserve the progressive nature of other anti-recession measures which are aimed at providing the most relief to those hardest hit by recession—the unemployed, and those at the lower end of the income ladder.

When State and local governments are forced to raise regressive local taxes—such as the property and sales taxes—the progressive impact of Federal income tax cuts is blunted. When the Federal government tries to create new jobs for the unemployed, only to have State and local governments lay off workers and cancel capital projects, those unemployed realize little if any benefit.

Finally, countercyclical assistance is needed because national economic policy to date has focused solely on the private sector. And yet State and local governments comprise one of the largest and fastest growing segments of the economy, currently employing four times as many persons as the Federal government, and spending collectively almost two-thirds as much. The actions they take have a substantial impact on economic trends. The improved health of individual State and local governments is essential to the improved health of the nation as a whole.

IV.

Q. How much will it cost?

A. As introduced, the legislation would authorize an initial appropriation of $2 billion when national unemployment reaches 6%. For every point—that unemployment rises above 6%, the legislation would authorize an additional appropriation of $1 billion.

Therefore, at the current unemployment level of 8.7%, the bill would authorize appropriations of $4 billion.

V.

Q. Who will be eligible?

A. Any state or the District of Columbia will be eligible for assistance if it has an unemployment rate of 6% or greater for a period of one calendar quarter.

At the local level, those units of general purpose government for which the Secretary of Labor has certified unemployment statistics, as compiled for the CETA program, will be eligible for assistance if such units of government have an unemployment rate of 6% or greater for a period of one calendar quarter. Funds for local jurisdictions for which the Secretary of Labor does not have certified unemployment statistics will also be made available to each state.

Further, a unit of local government with unemployment over 6% within a state with unemployment less than 6% will be eligible for assistance.

VI.

Q. On what basis will funds be distributed to state and local governments?

A. Initially, the funds appropriated under the Act will be divided into two pots, with one-third allocated for the states' share, and two-thirds allocated for local governments' share.

Within each of these pots, the individual allocations for a state or unit of local government will be calculated on the basis of a formula using unemployment and adjusted taxes as factors.

The unemployment factor is used as the best measure of the recession. Adjusted taxes are used as a measure of the level of services provided by a particular government. Both factors are already available—unemployment figures from the CETA program, and adjusted taxes from the Office of Revenue Sharing.

The pot appropriated for each calendar quarter will be divided up into individual portions for all eligible governments, using the formula noted above. Only those units of government with unemployment 6% or more would actually receive their allocations, however. Those allocations not actually distributed (to governments with unemployment below 6%) would be returned to the Treasury.

In the case of local units of government for which unemployment information is not available, all such governments within a state will be combined into a balance of state category and, for the purposes of the formula, treated as if they constituted one individual government. Funds allocated to the balance of state category would be administered by the State government and would be distributed, to the extent practicable, in accordance with the formula used for individual units of local government.

VII.

Q. Is countercyclical assistance a sensible way to stimulate the economy?

A. Yes, for four main reasons.

First, the impact of the funds spent will be immediate, not down the road a year or so. State and local governments—given the fiscal situation of many of them—are likely to spend the money soon after receiving it. Furthermore, the legislation requires that any funds received be spent within a year of receipt.

Second, countercyclical assistance is targeted to only those units of government hard hit by the recession. Unlike under revenue sharing, where virtually every unit of government in the country receives Federal funds—or over 38,000 governments—under countercyclical assistance only those governments where unemployment is at least 6% will receive assistance.

Third, countercyclical assistance will phase itself out once the economy is healthier, and national unemployment drops below 6%. Thus the stimulus will be provided only when it is needed.

And fourth, countercyclical assistance can strengthen the stimulative effect of other Federal anti-recession efforts by reducing the need for State or local governments to increase taxes or reduce employment. When the Federal government enacts a tax cut to stimulate the economy, only to have State and local governments increase their taxes, the stimulative effect of the Federal action is delayed. When the Federal government tries to create new jobs through public service employment, only to have State and local governments lay off their own employees and replace them with public service employees, or cut back on job-producing capital improvements, then again the impact of the Federal effort is delayed. Countercyclical assistance can help insure a greater degree of coordination between actions of all levels of government.

VIII

Q. Congress is considering a number of different types of anti-recession measures. Why should we add another one to the list, particularly in view of the size of the deficit?

A. Congress has enacted a tax cut, and will probably enact an increased public service jobs program. Countercyclical assistance is a natural complement to these two initiatives.

The impact of the tax cut will be lessened if State and local governments around the country raise their own taxes as they are starting to do now. Countercyclical assistance will help keep this from happening.

The impact of jobs programs will be lessened if State and local governments lay off their own employees and replace them with public service employees, paid for by the Federal government as has happened in a number of places. Countercyclical assistance will help keep this from happening as well.

Both the tax cut and job programs are aimed at the private sector. We must recognize that sub-national government is now so substantial that it should not be neglected in national economic policy. Countercyclical assistance is a stimulus for the public sector that complements what we are trying to accomplish for the private sector.

Countercyclical assistance will provide a faster stimulus than one of the other major anti-recession measures Congress is likely to be considering shortly—that is, accelerated public works.

Whereas the impact of countercyclical assistance is felt more or less immediately, that of public works projects is not felt until much further down the road. A major public works program enacted in the early 1960s demonstrates this point. Although the program was enacted in September, 1962, the bulk of the funds appropriated were not spent until 1964 and 1965, long after the recession was over. In the first year of the program, only about 8% of the funds were actually put into the economy.

IX

Q. Isn't this another new spending program that will have a long-term inflationary impact?

A. No. If high unemployment is a measure of recession—and this is generally agreed upon—then countercyclical assistance will diminish as the recession fades and will eventually terminate altogether. Countercyclical assistance is not like revenue sharing—it is not a permanent entitlement program.

Public works programs are far more likely to have a long-term inflationary impact. If past experience is our guide, little money will be spent right away, and large amounts of money spent for public works several years from now may only contribute to inflation then.

LOCALITIES SEEKING TAX RISES AS UNITED STATES IS PREPARING CUTS

(By William E. Farrell)

Soaring inflation, shrinking Federal aid and growing demands for public services are forcing many of the nation's city and suburban officials to seek increases in local taxes at a time when the Federal Government is deciding to cut taxes.

In some areas public employes are being laid off to avoid the need for even higher levies than those now being sought. In others, officials are trimming public services in an effort to avoid layoffs and politically unpopular rises in the property tax.

The financial pinch on the local level means, that, for many individuals, the benefits of Federal tax reduction could be quickly nullified by increases in local taxes. Mayors and other local officials, meanwhile, feel that the cities are being asked to fight inflation through layoffs and higher taxes at precisely the moment when Washington is moving to stimulate the economy.

In some areas the requests for new taxes are being accompanied by layoffs of public employes to avoid the necessity of even higher levies than those now being sought. In other areas, including some with mayoral or other local elections this year, attempts to avert tax increases are being made primarily by cutbacks in services.

The financial pinch has prompted many local officials, particularly mayors, to criticize Federal plans for individual tax reductions at a time when they are faced with severe budget gaps.

This criticism was summed up recently by Mayor Beame of New York in testimony in public hearings held in Washington by the United States Senate's Budget Committee.

"Local governments are being forced to raise taxes, while the Federal budget proposes to stimulate the private sector through tax reductions," Mr. Beame said. "Local governments are laying off city workers, while the Federal budget proposes to create new jobs for other unemployed; local officials are forced into unnecessary confrontations with local union leaders, while Federal officials are implementing and proposing to expand a national public employment program; and local governments are being forced to cut public service in health and welfare, in a penny-wise, pound-foolish attempt to reduce the Federal budget."

Like a growing number of other city chief executives, Mr. Beame is seeking additional local revenues to meet increasing city expenses. He has already proposed an increase in the New York City real estate tax from $7.35 to $8.09 per $100 of assessed valuation, and the other day he told city councilmen that there would be a need for other new taxes.

67 CITIES SURVEYED

Recently the National League of Cities, a Washington-based organization that represents some 15,000 municipalities, surveyed 67 cities ranging from large urban centers such as Buffalo to smaller ones such as Racine, Wis.

According to the survey, 36 cities reported that the economy was forcing postponements of planned capital improvements, 21 cities reported municipal job layoffs or job freezes and 43 cities said they anticipated revenue short falls this year.

A total of 28 cities reported that taxes would have to be increased, and 23 of them said that municipal services would be reduced, according to the survey. Nine cities reported that they would have to raise taxes and reduce city services. They were Anchorage, Englewood, Calif.; East St. Louis, Ill.; Auburn, Me.; Newark, Binghampton, N.Y.; Buffalo, Syracuse and Cleveland.

A spot check by The New York Times also indicates that a growing number of local officials are reluctantly seeking new levies to make ends meet.

In Newark, for instance, Mayor Kenneth A. Gibson recently announced that 348 city workers, including 112 policemen and 66 firemen had been sent dismissal notices and that the property tax rate would increase from $8.60 to $10.15 per $100 assessed valuation to meet an expected budget deficit of some $35-million.

In Camden, N.J., Mayor Angelo J. Errichetti said that he planned to try to fend off any property tax increase to meet his $3.3-million budget, but that to do so meant he would have to dismiss 130 city employes.

Property tax increases are usually a distasteful route for politicians to take to raise revenues because they fear that homeowners' resentment will show itself at the polls.

In some areas, property assessments have increased while the property tax rate remains constant. In Dade County, Fla., for example, the total value of assessed property rose in 1974 from $14.1-billion to $18.8-billion. County officials argued that because assessments had risen so much, cities within the county should have reduced their tax rates to offset the increased assessments and prevent tax bills from rising.

City officials in Dade County say they were holding the line and blamed county assessors for increasing the tax bills. While the two levels of officials bicker over who is to blame, the home-owner pays more.

For instance, a house in Dade County assessed in 1973 at a tax rate of $30 per $1,000 of assessed valuation meant a tax bill of $600. At the 1974 assessment rate, the house's value increased to $26,000 and the same $30 tax rate meant a bill of $780.

According to Keith W. Teague, chairman of the property tax committee of the National Tax Association-Tax Institute of America, the trend in local property tax bills is upward, although there is some shift to other taxes such as sales and use taxes.

Mr. Teague said that property tax increases have tended to level off, but that property assessments have increased. By whatever name, it still means a bigger bite out of the homeowner's bankroll.

In Philadelphia, over the veto of Mayor Frank Rizzo, a small property tax increase of 30 cents per $100 went into effect on Jan. 1, while in nearby Lower Merion Township, a prestigious "Main Line" community, there was also a modest increase in property levies.

According to the spot check, tax delinquencies were running about average although there were isolated reports of an increasing delinquency rate that some fiscal officials attributed to the state of the economy.

The heads of large cities—such as Cleveland where 1,100 city workers have been laid off and where garbage collection has been reduced to once every two weeks—are seeking new Federal money to stem the layoffs and the tax increases.

A draft of proposed legislation to aid non-Federal governments are circulating in the Senate Subcommittee on Intergovernmental Relations headed by Senator Edmund S. Muskie, Democrat of Maine.

The aim of the proposal, according to a staff memorandum, "would be to help state and local governments maintain their existing levels of services and employment without raising taxes, thereby preventing them from undertaking policies that will undercut Federal efforts to stimulate the economy."

The memorandum noted that such a program would be distinct from Federal revenue sharing—an ongoing program that provides 39,000 units of state and local government with $30.2-billion in funds over a five-year period ending in 1976 with a minimum of restrictions on their use.

The draft, unlike the revenue sharing program would "provide assistance to a limited number of jurisdictions—those with the most serious economic problems."

It would provide the sum of $3-billion when the national unemployment rate averaged 7 percent for three consecutive months. Each additional one point increase in the unemployment rate would call for an additional $1-billion in Federal aid, and as unemployment decreased, so would the Federal funding level.

A program of this type is being pushed by the League of Cities and the United States Conference of Mayors, both strong Washington lobbying groups.

"It makes no sense for the Federal government to cut taxes in order to stimulate the economy while at the same time pursuing policies to force our cities to increase taxes," said Milwaukee's Mayor, Henry W. Maier. Mr. Maier urged prompt passage of a one-year "emergency recovery" measure for local governments totaling $5-billion.

By Mr. McGEE (for himself and Mr. HUMPHREY):

S. 1360. A bill to provide additional humanitarian assistance authorizations for South Vietnam and Cambodia for the fiscal year 1975. Referred to the Committee on Foreign Relations.

Mr. McGEE. Mr. President, on behalf of the distinguished junior Senator from Minnesota (Mr. HUMPHREY), and myself legislation is being introduced today which would authorize $200 million for the purpose of providing humanitarian assistance to refugees and other needy people who are victims of the conflicts in South Vietnam and Cambodia.

The assistance authorized under this act is to be provided under the direction and control of the United Nations or under the auspices of voluntary relief agencies.

At this point, I ask unanimous consent that a statement by Senator HUMPHREY regarding the legislation we are introducing be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR HUMPHREY

We now are witnessing the final chapter of the most tragic failure in foreign policy in our nation's history. This is not a time for finger pointing or playing political blamesmanship. We must look to the future, not assess blame for the past. There is more than enough blame to go around for America's role in the Indochina war. Our involvement was not a failure of Presidential policy or a failure of Congressional policy. It was a failure of national policy.

But I am disturbed by what I have been hearing. I remember all too well the McCarthy era and the "Who Lost China" charge that poisoned our political dialogue for so many years. I do not want to see that happen again. Recriminations only will compound the tragedy taking place in Indochina.

Yet, the seeds are being sown for another divisive debate over a foreign policy failure. Secretary Schlesinger, on March 20, said that if the Congress had been "less niggardly" in giving military aid to South Vietnam, that nation's forces would not have been forced to start the withdrawal which resulted in the current debacle. A few days later, Secretary Kissinger went even further. In a March 26 news conference he stated that ". . . we are in a position where the United States is forcing people to surrender by withholding supplies." And the President said last Thursday that he thought that United States policy in Vietnam had been correct ". . . if the United States had carried it out as we promised to do at the time of the Paris peace accords, where we promised with the signing of the Paris peace accords that we would make military hardware available to the South Vietnamese on a replacement, one-for-one basis. Unfortunately, we did not carry out that promise."

A bit of perspective is needed to weigh the merits of these changes. The Paris agreement signed on January 27, 1973, was presented to the American people and the Congress as an *end* to military activity and the beginning of a political struggle for control of South Vietnam. It was not presented merely as a pause in the fighting in order to bring American troops and prisoners home. Both Congress and the public were led to believe that peace was not just at hand but actually in hand. If any further commitments were made to South Vietnam, Congress was not a party to them.

I pointed out that in 1969 the Senate, as a result of continued misuse of the word "commitment" by Executive Branch officials, defined what, in its view, constituted a "national commitment." By a vote of 70 to 16, the Senate said that: ". . . a national commitment by the United States results only from affirmative action taken by the executive and legislative branches of the United States Government by means of a treaty, statute, or a concurrent resolution of both Houses of Congress specifically providing for such commitment." Congress neither was involved in the negotiation of the Paris agreement nor asked to pass judgment on it in any way. Thus any so-called commitments surrounding the Paris agreement do not meet the test of the Senate formula.

When asked why the agreement was not submitted to Congress for approval, Secretary of State Rogers told the Foreign Relations Committee on February 21, 1973: "Well, there was a time factor, Senator, in this agreement. We wanted to end the war. Second, I do not detect any opposition to this agreement . . ." He went on to say: "Furthermore, if we attempted to do it by the ratification process, we probably would not have been able to accomplish it because we would have had to explain a lot of things in the agreement to the Congress for the sake of clarity which themselves were intended to be ambiguous . . . I do not think (the treaty route) would work."

That should have served as a warning for us to ask harder questions. But after years of acrimonious debate over Indochina policy, Committee members were in a receptive mood to put the war behind them.

Secretary Rogers was asked by Senator Symington during the same hearing: "Have we given any commitment to the South Vietnamese regarding future levels of assistance?" "No," he replied. Later he told Senator Church: "I do not believe it will impose any further obligations on the United States."

Mr. President, the allegation that Congress' failure to vote $300 million more in military aid was a prime factor in the debacle that has taken place in South Vietnam and that more military aid to Cambodia might, somehow, make a difference in the outcome there, simply does not wash. City after city in South Vietnam and hundreds of millions in U.S.-supplied military equipment have fallen to enemy forces without a fight. For five years the Cambodian rebel forces have continued to expand their control over the country despite the virtually unlimited flow of U.S. ammunition and supplies.

If there is one thing Americans should have learned long ago from our sad experience in Indochina, it is that dollars cannot substitute for effective military and political leadership. South Vietnam and Cambodia are on the verge of collapse, not because of too little U.S. aid, but because of a failure of local leadership and will.

I hope that the President and other Executive Branch officials will join Congress in our effort to bind up the wounds of the suffering in Vietnam. Pointing the finger at Congress only rubs salt into the deep political wound here at home.

The United States has a responsibility to provide humanitarian relief aid to refugees and other war victims as long as the fighting continues and to assist in resettling them in their homes and villages when the fighting ends. But in carrying out this responsibility, we must be realistic. The time has passed for AID to be the primary institution which distributes humanitarian relief in Vietnam and Cambodia. Some voluntary agencies may be able to work effectively in relief operations with all elements, but others may be too closely identified with American objectives and may be politically suspect. Above all, Congress must not seek to attain political objectives through humanitarian aid, but only concern itself with saving lives and relieving suffering. This is a job uniquely suited for the United Nations.

Tomorrow I will introduce an amendment as a substitute to the Cambodia aid bill now on the calendar, S. 663, which would authorize $200,000,000 in humanitarian aid for the people of Cambodia and South Vietnam to be distributed under the auspices of the United Nations and its agencies. Because of the uncertainty surrounding that bill, Senator McGee and I also are introducing the proposal as a separate bill. My proposal also would allow the use of any unobligated funds now available for general economic assistance to either country to be used in the same way. This would make available immediately tens of millions of dollars for United Nations relief operations since these funds already have been appropriated.

We must turn to the United Nations to handle the relief effort needed in South Vietnam and Cambodia. A vast American aid project simply will not work. The United Nations organization has a proven capacity to perform in delicate political situations. It plays no favorites and should be acceptable to all sides.

Adoption of my amendment will change the Cambodia aid bill from a device to perpetuate the war in that country to one to bind up the wounds of the wars in both South Vietnam and Cambodia.

Mr. McGEE. Mr. President, various agencies of the United Nations are already conducting humanitarian assistance programs in Indochina and, in my estimation, would be the appropriate vehicle acceptable to all parties to channel refugee and humanitarian assistance to meet the tragic needs of so many millions who are the victims of this tragic conflict.

Secretary General Kurt Waldheim issued a worldwide appeal for assistance for humanitarian relief in Indochina on March 31. The following governments have responded to this appeal at this time: Australia, $1.35 million; the United Kingdom, $1.2 million; and Sweden, $2.5 million. Other member nations are expected to follow suit.

The specific United Nations programs in Indochina are as follows:

UNICEF

The Children's Fund is coordinating its activities in Vietnam with the United Nations High Commissioner for Refugees and the International Red Cross. It has a 2-year program of $44 million for all of Indochina. Since 1973, UNICEF has successfully administered programs under provisional revolutionary government administration.

In addition, there has been a direct request from the Republic of Vietnam for emergency supplies from UNICEF. This initial need will be supplied at the estimated cost of $800,000 and $900,000. These emergency supplies will include tents, blankets, special rehabilitation centers, medicines and other supplies. It should also be noted that UNICEF has an initial stockpile of supplies in Bangkok and Singapore at the current time for assistance in Vietnam valued at $4 million.

UNHCR

The United Nations High Commissioner for Refugees has some extensive activities in Southeast Asia valued at a total cost of $12 million. These projects cover Laos, Republic of Vietnam, North Vietnam, and areas controlled by the Vietcong. There are ongoing discussions between UNHCR and the Republic of Vietnam with regard to current emergency aid to South Vietnam. In North Vietnam, UNHCR staffs are aiding refugees in the field of agriculture and small-scale industries. In the Republic of Vietnam, assistance is being given to refugees and similar programs are being administered in areas controlled by the PRG.

UNDP

The United Nations has 57 UNDP projects in the Republic of Vietnam valued at $10.35 million. There are a total of 75 U.N. personnel in the Saigon and Mekong area.

As my colleagues can see, the United Nations has already demonstrated its capacity to deal with these humanitarian problems which have increased in their tragic scope in recent weeks. We have a proven mechanism to deal effectively with the problems we all are desirous of resolving. Therefore, it is only natural that we utilize the United Nations as the most effective instrument available to us, to alleviate the human suffering sweeping Indochina.

At this point, I ask unanimous consent that the March 31 worldwide appeal for humanitarian assistance issued by the U.N. Secretary General be printed in the Record, and I ask unanimous consent that the text of the bill, introduced by Senator Humphrey and me, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Secretary-General's Worldwide Appeal for Humanitarian Assistance in Indochina

I am deeply concerned over reports of increasing suffering and the mounting death toll among the civilian population in Indochina. I appeal to all who may be in a position to help to do everything within their means to relieve the plight of innocent persons, including those who have been displaced. To the governing authorities concerned on all sides of the fighting, I address an earnest request that effective efforts be made to limit the suffering of innocent people, especially women and children.

To governments and individuals everywhere I appeal for increased humanitarian assistance to help meet essential needs of the millions who find themselves in such tragic conditions of deprivation and suffering.

If donors have no other preferred way of giving, I appeal to them to do so in the first instance through the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Children's Fund (UNICEF), both of which have programs of humanitarian assistance on both sides of the conflict.

S. 1360

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is traditional for the American people to be generous and compassionate in helping the victims of foreign conflicts and disasters. In keeping with that tradition it shall be the policy of the United States to provide humanitarian assistance to help relieve the suffering of refugees and other needy people who are victims of the conflicts in South Vietnam and Cambodia. To insure that the assistance is provided to such persons throughout both countries and through channels acceptable to all parties, the assistance authorized by this Act is to be provided under the direction and control of the United Nations or under the auspices of voluntary relief agencies.

Sec. 2. (a) Notwithstanding any other provision of law, in addition to amounts otherwise available for assistance to South Vietnam and Cambodia, there are authorized to be appropriated to the President for the fiscal year 1975, to remain available until expended, $200,000,000 for the purpose of providing humanitarian assistance to refugees and other needy people who are victims of the conflicts in South Vietnam and Cambodia.

(b) Funds made available under this section shall be furnished under the direction and control of the United Nations or its specialized agencies or under the auspices of such international agreements or voluntary relief agencies as the United Nations or any specialized agency thereof may approve.

(c) Notwithstanding any other provision of law, any amounts authorized under paragraph (1) or (2) of section 36(a) of the Foreign Assistance Act of 1974 which have not been obligated on the date of enactment of this Act may be used to carry out the provisions of this Act.

(d) Not less than 90 days after the date of enactment of this Act and not later than the end of each 90-day period thereafter, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report describing fully and completely—

(1) the amount of each type of economic assistance provided under this Act;

(2) the expected recipients of such assistance;

(3) the names of all organizations and agencies involved in the distribution of such assistance; and

(4) the means with which such distribution is carried out.

By Mr. HANSEN (by request):

S. 1361. A bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of veterans cemeteries, and to provide for transportation of bodies to a national cemetery. Referred to the Committee on Veterans' Affairs.

Mr. HANSEN. Mr. President, I am introducing today a bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of veterans cemeteries, and to provide for transportation of bodies to a national cemetery.

This bill implements, in part, the study made by the Veterans' Administration at the direction of the Congress in Public Law 93–43. One of the purposes of the bill is to establish a grant-in-aid program for State veterans cemeteries. A great majority of the States provide some assistance, financial or in kind, for the burial of veterans. A burial allowance, provided either by the State or a political subdivision thereof, is the most common benefits, followed by the furnishing of burial plots, care and maintenance, and decoration of veterans' graves. The prevailing philosophy among these governing bodies appears to be a willingness to shoulder a measure of responsibility for the burial of veterans.

One of the underlying considerations in passage of the National Cemeteries Act of 1973 was fulfillment of the veteran's desire to be buried with his comrades-in-arms, those with whom he shared the hazards and vicissitudes of wartime service, and with whom he continued his association after the wars through membership in veterans' organizations.

Enactment of the proposed legislation would, through the authorization of grants for establishment, expansion, and improvement of State veterans cemeteries and payments to assist in defraying the cost of interment in and maintenance of those cemeteries, make it possible for the States and the Federal Government to share their mutual obligation toward veterans in this respect. The interest of the States in such programs is clearly established by the unilateral action taken by most States to furnish some assistance in the burial of veterans.

The proposed program for assistance to the States would furnish an impetus to States to undertake further participation in meeting the burial needs of veterans. The establishment of State veterans cemeteries would complement those cemeteries already established or planned for the National Cemetery System, and make it possible for every veteran, who so desires, to be buried with his comrades-in-arms in a cemetery in his home State.

Section 2 of the bill would provide for the payment of the cost of transportation of the body of a deceased veteran who dies as the result of a service-connected disability, or is in receipt of—or but for the receipt of retirement pay or pension under this title would have been entitled to—disability compensation, for burial in the national cemetery nearest the veteran's last place of residence in which burial space is available. The payment of transportation costs would be in addition to any amount paid pursuant to the provisions of sections 902 and 907 of title 38, United States Code.

Mr. President, I have attached a detailed section-by-section analysis of the draft bill and a document showing the changes which would be made in current law.

This bill would authorize appropriations for the fiscal year beginning July 1, 1975, and each of the four succeeding fiscal years for the new State grant-in-aid program. The actual cost of this program would depend on the extent to which the individual States participate in the program within that fund, and the level of appropriations provided. We estimate, however, that the annual cost over the first 5 years would average $5,750,000 for the new section 1008 to title 38 proposed in the bill. The total first 5-year cost is estimated at $9,000,000, for the new section 1009 in title 38, broken down as follows:

Fiscal year:	*Cost (in millions)*
1976	$1, 000, 000
1977	2, 000, 000
1978	2, 000, 000
1979	2, 000, 000
1980	2, 000, 000

The costs to the Government of the new section 908 to title 38 would depend on the extent to which individuals participate in the program. Using an average transportation cost of $75, and assuming a 5 percent per annum increase, the estimated cost for each of the first 5 fiscal years is:

Fiscal year:	*Cost*
1976	$230,000
1977	246,000
1978	271,000
1979	291,000
1980	316,000
Total first 5-year cost	1,354,000

Mr. President, I ask unanimous consent that the text of the bill, the section-by-section analysis, and the changes in existing law made by the bill be printed following my remarks in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 1361

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 24 of title 38, United States Code, is amended by—

(a) adding at the end thereof the following new sections:

"§ 1008. Aid to States for establishment, expansion, and improvement of veterans cemeteries.

"(a) There is hereby authorized to be appropriated $4,000,000 for the fiscal year commencing July 1, 1975, and $6,000,000 for each of the four succeeding fiscal years. Subject to the conditions set forth in subsection (b) of this section, sums appropriated pursuant to this section shall be used for making grants to States which have submitted, and have had approved by the Administrator, applications for assistance in establishing, expanding, or improving veterans cemeteries owned by a State.

"(b) The amount which may be granted to a State for the purposes of subsection (a) is subject to the following conditions:

(1) No State may receive a grant or grants in any fiscal year in excess of 20 percent of the total amount appropriated for that fiscal year;

(2) The amount granted to a State shall not under any circumstances exceed 50 percent of the total value of the land and improvements;

(3) Insofar as a grant made to a State is concerned, the total value of the land, which the State already owns and dedicates to such purpose at the time of the grant, may be considered in determining the amount of the State's contribution. However, the value of such land may only be considered once;

(4) Where the cost of improvements is less than 50 percent of the total value of the land and improvements, as determined pursuant to subsection (3) above, the amount granted to a State shall not exceed the actual cost of the improvements and no future credit for the difference will be established.

"(c) Grants under this section shall be made on such other terms and conditions as may be prescribed in regulations by the Administrator.

"(d) Sums appropriated pursuant to subsection (a) of this section shall remain available until the end of the second fiscal year following the fiscal year for which they are appropriated.

"§ 1009. Payments to States for the interment of veterans and maintenance of State veterans cemeteries.

"(a) For the calendar year 1976 and each calendar year thereafter the Administrator may pay to any State upon application therefor in such form and containing such information as he may prescribe (1) an amount equal to one-half of the reasonable cost of interment incurred by such State, such amount not to exceed $150 for each eligible person interred in a State veterans cemetery during that year, and (2) an amount equal to one-half of the reasonable cost of perpetual care maintenance, such amount not to exceed $40 for each eligible person interred in a State veterans cemetery during that year.

"(b) The Administrator shall, prior to June 30, 1976, and biennially thereafter, conduct a survey to determine the reasonable cost of interment and perpetual care maintenance for the purposes of payment under subsection (a) of this section.

"(c) Payments under this section shall be made on such other terms and conditions as may be prescribed in regulations by the Administrator."; and (b) inserting at the end of the table of sections at the beginning of such chapter—

"1008. Aid to States for establishment, expansion, and improvement of veterans cemeteries.

"1009. Payments to States for the interment of veterans and maintenance of State veterans cemeteries."

SEC. 2. Chapter 23 of title 38, United States Code, is amended by—

(a) adding at the end thereof the following new section:

"§ 908. Transportation of bodies to a national cemetery.

"Where a veteran dies as the result of a service-connected disability, or is in receipt of (or but for the receipt of retirement pay or pension under this title would have been entitled to) disability compensation, the Administrator, in his discretion, having due regard to the circumstances in each case may pay, in addition to any amount paid pursuant to section 902 or 907 of this title, the cost of transportation of the deceased veteran's body for burial in a national cemetery. Such payment shall not exceed the cost of transportation to the national cemetery nearest the veteran's last place of residence in which burial space is available."

(b) inserting at the end of the table of sections at the beginning of such chapter—

"908. Transportation of bodies to a national cemetery."

SEC. 3. (a) The first section of this Act shall become effective on the date of enactment.

(b) Section 2 of this Act shall become effective on the date of enactment, and its provisions will only be applicable to deaths occurring on and after such date.

SECTION-BY-SECTION ANALYSIS OF A DRAFT BILL

A bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of veterans cemeteries, and to provide for transportation of bodies to a national cemetery

SECTION 1

Section 1 of the bill would amend chapter 24 of title 38 by adding two new sections, 1008 and 1009.

Subsection (a) of new section 1008 of title 38 would add a new provision to authorize a program of assistance to the several States for the establishment, expansion, and improvement of veterans cemeteries. It would authorize the making of grants to the States which have submitted, and have had approved by the Administrator, applications for assistance for such purposes as they pertain to cemeteries owned by a State.

Subsection (b) of section 1008 establishes certain limitations upon the amount of a grant which would be made to a State under this program. It would provide that no State could receive in any fiscal year more than 20 percent of the amount appropriated by the Congress for that fiscal year. It would also provide that the amount granted to a State shall not under any circumstances exceed 50 percent of the total value of the land and improvements. The total value of the land, which the State already owns and dedicates to such purpose at the time of the grant, may be considered in determining the amount of the State's contribution. However, the value of such land may only be considered once. It would further provide that where the cost of improvements is less than 50 percent of the total value of the land and improvements, as determined pursuant to subsection (3) of section 1008(b), the amount granted to a State shall not exceed the actual costs of the improvements and no future credit for the difference will be established.

Subsection (c) would authorize the Administrator to prescribe regulations setting forth other terms and conditions under which such grants would be made. The authority granted to the Administrator would be consonant with the basic purpose of allowing him to make appropriate evaluations and determinations in order to provide desirable conditions and limitations upon the operation of such a grant program.

Subsection (d) of section 1008 would provide that sums appropriated pursuant to subsection (a) would remain available until the end of the second fiscal year following the fiscal year for which they are appropriated. The appropriation of $4,000,000 for carrying out the purposes of section 1008 would become effective with the fiscal year commencing July 1, 1975, and the sum of $6 million for each of the four succeeding fiscal years is provided.

Under new section 1009 of title 38 the Administrator would be authorized to pay on an annual basis to any State a sum of money equal to one-half of the reasonable cost of interment incurred by that State for each eligible person buried in a State veterans cemetery during that year, but not to exceed $150 in any case. It would further authorize the Administrator to pay an additional amount equal to one-half of the reasonable cost of perpetual care maintenance for each such interment, but not to exceed $40 in any case. The indicated purpose of these provisions is to furnish additional assistance, independent of other burial benefits provided in chapter 23 of title 38, to the several States in support of State veterans cemeteries which would complement the cemeteries of the National Cemetery System.

Subsection (b) would require the Administrator to conduct a survey in order to determine what the reasonable costs of interment and perpetual care maintenance are for the purposes of payment under subsection (a). It requires such survey to be initially conducted prior to June 30, 1976, and every two years thereafter.

Subsection (c) would authorize the Administrator to promulgate regulations to establish criteria for the purposes of payment of the benefits authorized under subsection (a) and which are to be based upon the surveys prescribed by subsection (b).

SECTION 2

Section 2 of the bill would amend chapter 23 of title 38 by adding a new section 908.

Subsection (a) would authorize payment of the cost of transportation of the body of a deceased veteran who dies as the result of a service-connected disability, or was in receipt of (or but for the receipt of retirement pay or pension under this title would have been entitled to) disability compensation for burial in a national cemetery. The payment shall not exceed the cost of transportation to the national cemetery nearest the veteran's last place of residence in which burial space is available. This payment would be in addition to any amount paid pursuant to the provisions of sections 902 and 907 of title 38, United States Code.

SECTION 3

Under this section the amendments to chapter 24 of title 38 would be effective on the date of enactment. The amendments to chapter 23 would also be effective on the date of enactment, but would only be applicable to deaths occurring on or after the date of enactment.

CHANGES IN EXISTING LAW MADE BY THE DRAFT BILL

Changes in existing law made by the draft bill are shown as follows (existing law proposed to be omitted is enclosed in black backets; new matter is printed in italic; existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

* * * * *

PART II—GENERAL BENEFITS

* * * * *

Chapter 24—National Cemeteries and Memorials

Sec.
1000. Establishment of National Cemetery System; composition of such system; appointment of director.
1001. Advisory Committee on Cemeteries and Memorials.
1002. Persons eligible for interment in national cemeteries.
1003. Memorial areas.
1004. Administration.
1005. Disposition of inactive cemeteries.
1006. Acquisition of lands.
1007. Authority to accept and maintain suitable memorials.
1008. *Aid to States for establishment, expansion, and improvement of veterans cemeteries.*
1009. *Payments to States for the interment of veterans and maintenance of State veterans cemeteries.*

* * * * *

§ 1008. Aid to States for establishment, expansion, and improvement of veterans cemeteries

(a) There is hereby authorized to be appropriated $4,000,000 for fiscal year commencing July 1, 1975, and the sum of $6,000,000 for each of the four succeeding fiscal years. Subject to the conditions set forth in subsection (b) of this section, sums appropriated pursuant to this section shall be used for making grants to States which have submitted, and have had approved by the Administrator, applications for assistance in establishing, expanding, or improving veterans cemeteries owned by a State.

(b) The amount which may be granted to a State for the purposes of subsection (a) is subject to the following conditions:

(1) No State may receive a grant or grants in any fiscal year in excess of 20 percent of the total amount appropriated for that fiscal year;

(2) The amount granted to a State shall not under any circumstances exceed 50 percent of the total value of the land and improvements;

(3) Insofar as a grant made to a State is concerned, the total value of the land, which the State already owns and dedicates to such purpose at the time of the grant, may be considered in determining the amount of the State's contribution. However, the value of such land may only be considered once;

(4) Where the cost of improvements is less than 50 percent of the total value of the land and improvements, as determined pursuant to subsection (3) above, the amount granted to State shall not exceed the actual cost of the improvements and no future credit for the difference will be established.

(c) Grants under this section shall be made on such other terms and conditions as may be prescribed in regulations by the Administrator.

(d) Sums appropriated pursuant to subsection (a) of this section shall remain available until the end of the second fiscal year following the fiscal year for which they are appropriated.

§ 1009. Payments to States for the interment of veterans and maintenance of State veterans cemeteries

(a) For the calendar year 1976 and each calendar year thereafter the Administrator may pay to any State upon application therefor in such form and containing such information as he may prescribe (1) an amount equal to one-half of the reasonable cost of interment incurred by such State, such amount not to exceed $150 for each eligible person interred in a State veterans cemetery during that year, and (2) an amount equal to one-half of the reasonable cost of perpetual care maintenance, such amount not to exceed $40 for each eligible person interred in a State veterans cemetery during that year.

(b) The Administrator shall, prior to June 30, 1976, and biennially thereafter, conduct a survey to determine the reasonable cost of interment and perpetual care maintenance for the purposes of payment under subsection (a) of this section.

(c) Payments under this section shall be made on such other terms and conditions as may be prescribed in regulations by the Administrator.

* * * * *

Chapter 23—Burial Benefits

Sec.
901. Flags.
902. Funeral expenses.
903. Death in Veterans' Administration facility; plot allowance.
904. Claims for reimbursement.
905. Persons eligible under prior law.
906. Headstones and markers.
907. Death from service-connected disability.
908. *Transportation of bodies to a national cemetery.*

* * * * *

§ 908. Transportation of bodies to a national cemetery

Where a veteran dies as the result of a service-connected disability, or is in receipt of (or but for the receipt of retirement pay or pension under this title would have been entitled to) disability compensation, the Administrator, in his discretion, having due regard to the circumstances in each case may pay, in addition to any amount paid pursuant to section 902 or 907 of this title, the cost of transportation of the deceased veteran's body for burial in a national cemetery. Such payment shall not exceed the cost of transportation to the national cemetery nearest the veteran's last place of residence in which burial space is available.

By Mr. BAYH:

S. 1362. A bill to amend title 37 of the United States Code in order to provide incentives for lawyers to enter and remain in the Armed Forces. Referred to the Committee on Armed Services.

PROFESSIONAL PAY FOR MILITARY LAWYERS

Mr. BAYH. Mr. President, I introduce today legislation which I firmly believe is essential to the continued strength of our military forces. For some years it has become increasingly evident that the military services are having a difficult time recruiting the number of lawyers that are needed. As one who has long been concerned with the area of military justice and who has proposed legislation in this area in the past several Congresses, I believe that it is essential to the efficient and fair operation of the military that it have a good legal staff. Today American military leaders find themselves facing a plethora of increasingly complex statutes, regulations, and situations requiring seasoned and experienced legal counsel. At the same time, the economic incentives are such as to greatly discourage lawyers from remaining beyond their initial commitment. The bill I introduce today provides that military lawyers on active duty would be paid an additional $100 per month in grades O–1 through O–3, $200 per month in grades O–4 and O–5. Additionally, this bill would provide for the payment of an incentive bonus to judge advocate personnel to remain in the service beyond the initial period of obligated service. This incentive payment would amount to 2 months of basic pay for each year of service beyond the attorney's completion of his initial active duty service obligation, up to a maximum of 6 years.

Enactment of this legislation is essential to bring to a halt the alarming exodus of experienced lawyers from our Armed Forces and to increase the retention of career military lawyers. The retention of military lawyers beyond their period of obligated active service has been a chronic and serious concern of the services. The typical pattern sees the new young lawyer enter the service from the ROTC or similar program and serve 3 to 4 years of obligated service and acquire valuable and costly experience in trial work and other legal skills.

However, many separate when they complete their obligated service to pursue a considerably more remunerative position in private practice, industry, or indeed even in the civilian agencies of Federal and local government. This persistent drain of experienced military lawyers has resulted in a substantial deficit of experience in the field grade ranks and necessarily impacts adversely on the many military commanders who require seasoned and experienced legal talent on a variety of fronts.

The extent of the problem can be quite easily seen in the consideration of just a few brief facts. Recent statistics from 1974 show that the Army is short 46 percent of its required field grade officers, the Air Force is 44 percent short, the Navy is 21 percent short, and the Marine Corps is 26 percent short. The following chart shows the actual numbers involved:

	Number of field grade officers required	Number of field grade officers assigned	Shortage field grade officers	
			Number	Percent
Army	649	348	301	46
Air Force	732	408	324	44
Navy	361	284	77	21
Marine Corps	132	98	34	25

The experience of the Air Force provides a dramatic indication of the alarming growth in the field grade deficit. In

1963 they had a shortage of only 14 field grade officers, but that shortage has grown to 324 as of June 30, 1974.

In the Army and Air Force today, many military lawyers are deeply involved in the highly specialized multibillion-dollar military procurement program. Commanders charged with such awesome responsibilities in procurement and contracting can ill afford to be deprived of the expertise of seasoned, experienced lawyers. Today's military leaders are also confronted with increasingly sensitive and complex international law problems including the law of war and the Geneva Conventions. The Freedom of Information Act and other developments in the area of privacy, which are becoming increasingly complex because of legislation passed in the 93d Congress, have increased the commander's reliance on sound legal advice as has the development of the environmental law field which has profound implications in the development and management of military installations. The modern military commander's expanding responsibilities involve him in the labor law and civil rights fields, as well as the more traditional areas of military justice, claims, and administrative law.

The military commander is not unlike his civilian counterpart in industry and elsewhere in Government who manages sizable personnel and physical resources and who is daily confronted with myriad situations involving statutes, regulations and case law which require immediate and constant use of experienced legal resources. It goes without saying that a military commander will be seriously handicapped if he is deprived of experienced legal expertise. No civilian corporation would rely on inexperienced counsel in making its decisions regarding contracts, labor relations, environmental and other matters vitally affecting its interests. Neither would the military.

Another important need for experienced legal counsel is representation—defense and prosecution—in military courts-martial. Military personnel should have the right to experienced counsel, particularly in serious offenses which may bring long imprisonment.

A career-incentive program for judge advocates and law specialists would be a worthwhile investment to safeguard the rights of our service personnel as well as its value to the commander in carrying out their military operations.

Numerous studies, surveys, and indepth interviews have established beyond question that the single greatest factor in the failure to retain experienced lawyers is the absence of professional pay. Simply stated, the armed services are unable to compete in the lawyer job market. While the initial military pay of the new lawyer compares favorably with his peers in the private sector, his pay falls off sharply at the point where he has completed his 3 or 4 years of obligated service and must decide to make a career as a military lawyer or leave the service. The Congress has previously passed legislation to provide special pay for flying personnel, submarines, physicians, dentists, and other health professionals and the Congress must now come to grips with the increasing need for incentive pay for the services' law professionals. We do a disservice to the Armed Forces and the public interest if we stand idly by and observe the military law departments become staffed with predominantly very junior and inexperienced lawyers. We must act.

Similar legislation has been passed by the House in the 91st and 92d Congresses. That legislation has never been reported out from the Senate Armed Services Committee despite the fact that hearings in both the House and Senate have fully documented the need for this legislation.

The estimated cost of this bill of well under $10 million per year is a small price to pay to retain experienced lawyers to handle the increasingly costly and important responsibilities of today's military commanders, as well as providing experienced legal counsel for our military personnel. Increased monetary compensation is essential if we are to solve the experience deficit problem. Unless we solve this significant problem, we will be doing an injustice to all the military and will thereby fail our constituents—the American taxpayers—who are entitled to the best possible management of military resources.

Mr. President, at my request the Air Force and the Navy have provided information on the current situation in these services with regard to retaining lawyers. I ask unanimous consent that this material be printed in the Record, together with the text of the bill.

There being no objection, the material was ordered to be printed in the Record, as follows:

Department of the Navy,
Office of the Judge Advocate General,
Washington, D.C., March 14, 1975.
Hon. Birch Bayh,
U.S. Senate,
Washington, D.C.

Dear Senator Bayh: This letter is in reply to your letter of February 25th addressed to Rear Admiral Merlin H. Staring. Rear Admiral Staring retired from active duty on 31 January 1975, and I have relieved him as Judge Advocate General. I am therefore responding to your request for information concerning the matter of special pay for active duty military lawyers.

Your first question requested information concerning the retention rate for lawyers within the Navy. For the past three years, the retention rate for Navy Judge Advocate General's Corps lawyers who entered the JAG Corps directly from law school has been less than seven per cent. The Navy JAG Corps accepts approximately 135 accession, or new, officers into the Corps each fiscal year, all but about 20 of whom enter active duty directly from law school. However, among those 20 officers, nearly all of whom come into the Corps via the Excess Leave and Funded Law School Programs, the retention rate is high. In the last few years the JAG Corps has thus experienced an overall retention rate among those who have served their obligated service plus 2 years of approximately 18%. A retention rate of about 25% should be sufficient to keep the total JAG Corps manning structure in balance.

Turning from total numbers to experience levels, I should note that for FY–75 through FY–77, the Navy JAG Corps has an authorized strength of 768 officers. Of these 768 officers, only some 320—or slightly more than 40%—can be identified as "career officers" (officers of the Regular Navy, and officers of the Reserve who are lieutenant commander and above on active duty). Personnel studies indicate that the Navy JAG Corps requires at least 60% of its strength as career officers. Presently, however, the JAG Corps has on active duty only 56 of its 70 authorized captains and 72 of its 102 authorized commanders. Current projections indicate that the number of active duty captains will, by FY–77–78, be reduced to 44 of the 70 authorized. While the total number of commanders will improve from our present posture, the single largest retention problem for the Navy JAG Corps is, and will continue to be, the need for senior officers at the O–5 and O–6 levels. The need to retain these senior officers—many of whom are retirement eligible—is great.

In answer to your second question, the Navy JAG Corps does not have separate promotion lists which can be used to place JAG Corps officers in promotion zones one or more years ahead of their fellow line officers. Promotions in the JAG Corps are based on a "running-mate" system, whereby each JAG Corps officer is numerically tied to a line officer. In essence, this means that the promotion zones for the line community automatically set the promotion zones for judge advocates. Navy selection boards for the selection of judge advocates, however, consist solely of JAG Corps officers. Further, in recent years we have been successful in obtaining approval for a higher-than-the-line fraction promotion opportunity. For example, in FY–75 authority was granted to select a number equal to 90% of the judge advocates within the promotion zone for promotion to O–6, while the line community was authorized only a 60% selection rate to O–6. Likewise, we were authorized 100% selection to O–5, while the line community was authorized only a 75% selection opportunity. Numerically speaking, this meant that, in FY–75, nine JAG Corps officers were in the promotion zone for selection to O–6 and eight officers were promoted, while six officers were in the promotion zone for selection to O–5 and six were promoted.

In order to provide an incentive for industrious and hard-charging officers, it has been the Navy's policy to encourage selection boards to select up to 15% of their total authorized selection from below the promotion zone. This procedure has resulted in capable and effective JAG Corps officers within the zone being passed over for promotion. This in turn has led a few such officers to request release from active duty or early retirement, contributing further to the shortage of experienced senior JAG Corps officers. Our projections indicate that the rank structure in the grades of captain and commander will remain seriously short for a number of years because of small promotion zones and the retirement of some career officers as soon as they become eligible.

Removal of the line/JAG Corps running-mate tie could be used to speed up the alleviation of our shortage of officers in the grades of captain and commander. Such action would require a legislative amendment to 10 U.S.C. 5753. It must be borne in mind, however, that advancing an officer in grade does not increase his experience level. Our current shortage in senior-officer grades reflects a serious deficiency in experience level—a deficiency that I regard as more serious than the shortage of officers in the higher grades *per se*.

From an "in-house" viewpoint, I believe a separate promotion list would do more harm than good, since it would tend to isolate the Navy lawyer from his line and staff counterparts and would likely be an alienating factor in relations between Navy attorneys and their clients. We are striving to improve our relations and rapport with our clients, and to generate the respect, confidence, and goodwill which are the keys to early consultation and a shift toward preventive law. Consequently, I consider alternatives in the area of additional compensation to be preferable to a separate promotion list. One promotion option which I do favor, however, is amendment of the current law which prohibits below-the-zone selection to lieutenant commander for JAG Corps officers. Such an amendment would provide a retention incentive for our most outstanding junior officers, since it would provide the opportunity for promotion ahead of their contemporaries. An amendment which would have this effect is included in the Defense Officer Personnel Management Act (DOPMA), which was submitted to the last Congress.

The cost of a separate promotion list is difficult to determine, since the cost is directly proportionate to the rate of accelerated promotion and the numbers so promoted. If we assume for discussion purposes that each year the promotion of five captains and ten commanders would be accelerated by one year, the cost would be about $20,000 per year at current pay scales.

Turning to your final question, it is estimated that providing monthly special pay to Navy lawyers at the same rates as paid to Navy doctors and using current on-board strengths (less than two years' active duty—$100 per month; two years' active duty and over—$350 per month), would cost an estimated $2,610,000 per year. This figure does not include any costs for continuation pay as currently provided to medical officers. It is estimated that the annual cost of providing such continuation pay to Navy judge advocates at the 04, 05, and 06 levels would amount to an additional $1,860,000, using current on-board populations. Furthermore, if the recently implemented variable incentive pay for members of the Medical Corps is made applicable to qualifying members of the Judge Advocate General's Corps, it is estimated that the annual cost would be in the vicinity of an additional $7,000,000.

The U.S. Marine Corps is also experiencing a critical shortage of judge advocates in senior officer grades. Consequently, I have asked Brigadier General John R. De Barr, Director of the Judge Advocate Division, Headquarters, U.S. Marine Corps, to comment relative to the questions raised in your letter. His comments are attached as an addendum to this letter.

In considering the cost effectiveness of the monthly special pay, it should be emphasized that the purposes of the proposed pay are to retain on, or to recall to, active duty those officers who possess skills in the critical shortage specialty and whose active duty would be a benefit to the United States Navy. In addition, monthly special pay would provide a worthwhile measure of professional recognition to our young judge advocates and, for monetary reasons, aid in the retention of senior and middle-management-level officers. The continued existence of special pay for physicians, dentists, and some enlisted ratings, demonstrates that the military services have had success relative to improving retention rates in a number of personnel categories and occupations.

If you should desire additional information, I would be pleased to respond.

Sincerely,

H. B. Robertson, Jr.,
Rear Admiral, JAGC, U.S. Navy, Judge Advocate General of the Navy.

U.S. Marine Corps Judge Advocate Personnel Survey

The U.S. Marine Corps continues to experience difficulty in retaining judge advocates on active duty beyond their initial obligated tour of duty. For the past several years, the retention rate of first term judge advocate obligors has consistently been below 5%. The Marine Corps currently has a requirement of 132 field grade judge advocates (i.e., those serving in the grades of major to colonel); however, there are only 98 field grade judge advocates currently on active duty. Current Marine Corps judge advocate requirements are premised upon the tenuous assumption that no need for additional judge advocates will or is likely to arise in the foreseeable future. The grade breakdown of active duty Marine Corps field grade judge advocates is as follows:

Colonels: requirements, 34; on board, 24; percentage of shortage, 29.4.

Lieutenant colonels: requirements, 32; on board, 19; percent of shortage, 40.6.

Majors: requirements, 66; on board, 55; percentage of shortage, 16.6.

The shortage of field grade judge advocates reflected above are expected to continue and become even more severe with the impending retirement of three colonels and one lieutenant colonel, and the reasonable projection of several other retirements among the colonel and lieutenant colonel grades. Additionally, one judge advocate colonel, 4 lieutenant colonel judge advocates, and 14 of the 25 most senior judge advocate majors currently on active duty have been functioning as judge advocates for four years or less. In addition, 4 of the 24 active duty colonel judge advocates are retired officers who have been temporarily returned to active duty to help alleviate our judge advocate shortage in the senior grades. Considering the numbers of career judge advocate majors and captains, and their current relative seniority, the grades of colonel and lieutenant colonel will continue to remain seriously short for a number of years to come.

Because so few judge advocates elect to remain on active duty beyond their initial obligated tour, the Marine Corps expects its judge advocate career force of the future to be primarily composed of officers who have either: (1) been granted excess leave, in a non-pay status, for three years, to obtain a law degree; or (2) officers who are ordered to law school pursuant to Public Law 93–155 (the funded law school program). The retention rate among excess leave (law) students has, to date, been high. There is no basis, however, for determining the retention rate of law students pursuant to Public Law 93–155, since that statute was but recently enacted. However, since the eligibility requirements for both of these programs dictate that a participant must have been on active duty in a commissioned status not less than two years (nor more than eight years, for the excess leave (law) program, nor more than six years, pursuant to PL 93–155) an individual who completes law school under the terms of either of these programs will have a minimum of five years and a maximum of eleven years service prior to certification as a judge advocate and the assumption of legal duties. This may constitute a sufficient perceived "investment" to convince a significant number of the officers to remain on active duty for a full career, of at least 20 years.

When participants in these programs commence to perform duties as a judge advocate they can expect to be serving in the grade of major or senior captain. This produces a relatively senior judge advocate, with a minimum of legal background and experience. Such a grade/experience imbalance is a significant problem, which must be evaluated in assessing the Marine Corps lawyer situation, together with any consideration of just the gross numbers of active duty judge advocates. Neither the excess leave (law) program nor the utilization of PL 93–155 is as cost productive as the direct procurement of civilians who have obtained their law degrees and are admitted to practice prior to entering military service. While judge advocates who are directly procured from the civilian community do not have the background or experience in military command and structure as do their counterparts procured pursuant to PL 93–155 or the excess leave (law) program, they do bring a wide diversification of civilian backgrounds, experiences and philosophies which add vitality to the practice of military law. Ideally, the Marine Corps would benefit most from a continual infusion of a mix of both the direct-procurement civilian lawyer and the military officer who obtains his law degree while on active duty.

The most troublesome judge advocate problems currently confronting the Marine Corps are: (1) the insufficient retention of experienced field grade judge advocates beyond their eligibility for retirement (i.e. 20 years active duty), and (2) the insufficient retention of company grade judge advocates beyond their initial three or four year active duty obligation. Retention beyond these two critical points would ensure a continuing cadre of judge advocates well versed in all aspects of military law, and with sufficient background and experience in the military to fully understand the society in which they practice, thereby substantially enhancing their professional effectiveness. It is to meet these retention problems that the adoption of both continuation pay and monthly professional pay is urged. Both types of remuneration would serve as extremely useful incentives, in not only convincing initial obligors to remain in the Marine Corps as career judge advocates, but in convincing field grade officers not to retire at the 20 year active duty point. This conclusion is buttressed by the success of similar monetary incentives currently paid to physicians, dentists and others. Professional and continuation pay would not only provide increased monetary benefits to those judge advocates who remain on active duty, but would recognize their status and qualifications as professionals. In this latter regard, one of the major dissatisfactions with the practice of military law voiced by Marine Corps judge advocates who return to civilian life after their initial tour of active duty is their perception that the military community has failed to accord them the professional recognition and respect they are convinced they deserve, and are confident they can acquire in the civilian community.

The Marine Corps does not have a separate promotion list for judge advocates. Further it has no plans for the implementation of such a system, and does not desire such a separate promotion list. The Marine Corps has traditionally viewed its judge advocates as unrestricted Marine Corps officers, as opposed to "limited duty" officers, and it is considered essential to the preservation of this uniquely effective concept that Marine Corps judge advocates remain a part of an integrated promotion list. In this regard, however, there is a requirement in the Marine Corps that selection boards, which meet to consider officers for promotion to the next higher grade, must afford those judge advocates in the promotion zone the same selection opportunity as that accorded to all officers in that promotion zone. For example, if there are four judge advocates in a promotion zone, with an overall 50% selection opportunity, at least two judge advocates can expect to be selected, albeit those selections may come from above, in, or below the promotion zone.

A separate promotion list for Marine Corps judge advocates would not be feasible. As stated earlier, a large percentage of those field grade officers who are majors have four years or less experience as judge advocates.

To promote members of this group to the next higher pay grade more rapidly than their line contemporaries would only further distort and exacerbate the grade/experience imbalance problem noted earlier.

37 U.S. Code 302 provides special pay for physicians of $100 a month, if they have served on active duty as medical officers for less than two years, and $350 a month, if they have served on active duty as medical officers for two years or more. Different amounts of special pay are provided for dentists and veterinarians. Based on the amounts provided monthly as special pay for physicians, as cited above, it would cost the Marine Corps an estimated $798,600 annually for professional pay, based on our current judge advocate strength. This does not include amounts which would be paid if continuation pay, as currently provided for medical officers, was also provided for judge advocates. The cost of continuation pay for Marine Corps judge advocates cannot be forecast in any meaningful manner. That concept involves a written agreement by a lawyer to serve for a definite length of time beyond his initial obligation. Only a minimal number of such agreements are currently in effect in the Marine Corps, although they would be expected to increase considerably were continuation pay legislation to be enacted.

JOHN R. DE BARR,
Brigadier General, U.S. Marine Corps Director, Judge Advocate Division.

DEPARTMENT OF THE AIR FORCE,
Washington, D.C., March 12, 1975.

Hon. BIRCH BAYH,
U.S. Senate, Washington, D.C.

DEAR SENATOR BAYH: This is in reply to your February 27, 1975, letter regarding the personnel situation for military lawyers within the Air Force.

The Air Force Judge Advocate personnel problem, like the Army problem mentioned in your letter, is a low retention rate resulting in an ever increasing experience deficit. Our retention experience during the last 13 years reflects a 12% retention rate for Air Force ROTC graduates commissioned as Judge Advocates. Except for six direct appointees, the AFROTC program has been our sole source of newly commissioned Judge Advocates since 1967. The 12% retention rate is approximately one-third of our requirements for a balanced and experienced Judge Advocate force.

Programs which permit us to select previously commissioned officers, such as the Funded Legal Education Program which was authorized by the 93rd Congress and which enables 25 Air Force active duty officers to attend law school each year at government expense, will hopefully offset in part our dismal first term retention rate. It will not in and of itself cure our retention problem.

The Department's unsatisfactory retention rate has adversely impacted on the number of experienced Judge Advocates on active duty. This is because an insufficient number of young Judge Advocates remain on active duty long enough to move into field grade ranks. An examination of the Department's experience shortage over the last 11 years reflects the following unabated increase in field grade shortages:

AF/JA FIELD GRADE EXPERIENCE SHORTAGE

Year:	*Shortage*
1974 (Dec)	—325
1973 (Dec)	—322
1972 (Dec)	—275
1971 (Dec)	—232
1970 (Dec)	—205
1969 (Dec)	—202
1968 (Dec)	—148
1967 (Dec)	—104
1966 (Dec)	— 91
1965 (Dec)	— 74
1964 (Dec)	— 29
1963 (Dec)	— 14

The current experience deficit of field grade requirements is 44%. Restated, the Department has a requirement for 729 field grade Judge Advocates in the grades major through colonel and there presently are only 404 field grade officers on active duty—a shortage of 325. The effect of this experienced shortage is that numerous Judge Advocate leadership positions and others which require a seasoned lawyer are filled with junior captains with less than desired experience. As a result, clients and Commanders are deprived of the experience and perspective normally associated with seasoned lawyers.

In September 1973 an Air Force Study Group was appointed to review Judge Advocate retention. The Study Group distributed a survey to 1206 Judge Advocates which provoked a comparison of civilian lawyer pay, benefits, status, and job environments with military lawyers. 1166 responses were received, of which 165 could not be processed by the optical scanner because they were torn, folded or otherwise mutilated. The 961 processed responses (80%) which were processed provided the following insights on how retention can be improved.

1. Professional Pay (overwhelming majority)
2. Increase promotion opportunity
3. Increase prestige of military lawyers.

Recognizing the improbability of legislation to provide professional pay in the 93rd Congress and the projected further decline in Judge Advocate field grade manning, the Secretary of the Air Force on November 27, 1974, approved a separate promotion list for Judge Advocates. Under this program, Judge Advocate captains are considered for promotion to the grade of major, and, if selected, are promoted one year earlier than their line contemporaries with a similar date of rank. Since all promotions are made within the limits of the Officer Grade Limitation Act, this separate promotion list, results in no additional costs to the Air Force.

Turning to the subject of professional pay, Mr. Mendel J. Davis, on March 6, 1975, introduced H.R. 4372 which would authorize Professional Pay for Judge Advocates. Attached is a copy of his floor speech. The cost of H.R. 4372 for the Air Force would be approximately three and one-half million dollars per year.

As requested in your letter, we have estimated the cost of professional pay for Air Force Judge Advocates at the rate which P.L. 93-274 authorized for military physicians as follows:

$8,212,500.00—Continuation Pay (Bonus).
$4,288,200.00—Monthly Professional Pay.
$12,500,700.00—total.

Thus, professional pay at the physician level would be more than three times as expensive as that which Mr. Davis has proposed in H.R. 4372.

Thank you for the opportunity to comment on this very timely problem. A qualified motivated and experienced force of military lawyers is necessary for quality legal services in the Air Force. Your interest is appreciated.

Sincerely,

HAROLD R. VAGUE,
Major General, USAF, The Judge Advocate General, U.S. Air Force.

S. 1362

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 5 of title 37, United States Code, is amended—

(1) by inserting immediately after section 302b the following new section:

"S. 302c. Special pay: judge advocates and law specialists

"(a) In addition to any other basic pay, special pay, incentive pay, or allowances to which he is entitled, a judge advocate of the Army, Navy, Air Force, or Marine Corps, or law specialist of the Coast Guard, as defined in section 801 of title 10, other than one on active duty under a call or order which specifies a period of less than one year, is entitled to special pay at the following rates while he is performing judge advocate duties:

"(1) $100 a month for each month of active duty, if he is in pay grade O-1, O-2, or O-3.

"(2) $200 a month for each month of active duty, if he is in pay grade O-4 or O-5.

"(3) $250 a month for each month of active duty, if he is in a pay grade above O-5.

"(b) The amounts set forth in subsection (a) of this section may not be included in computing the amount of an increase in pay authorized by any other provision of this title or in computing retired pay or severance pay.

(2) by inserting immediately after section 313 the following new section:

"§ 314. Special pay: judge advocates and law specialists who execute active duty agreements

"(a) Under regulations prescribed by the Secretary of Defense and approved by the President, a judge advocate of the Army, Navy, Air Force, or Marine Corps, or a law specialist of the Coast Guard, who—

"(1) is entitled to special pay under section 302c of this title;

"(2) has completed his initial active duty service commitment as a judge advocate or law specialist; and

"(3) executes a written agreement to remain on active duty for a period of at least three, but not more than six, additional years;

may be paid not more than two months' basic pay at the rate applicable to him when he executes that agreement for each additional year that he agrees to remain on active duty. Pay under this section may, at the election of the officer be paid to him in a lump sum at the beginning of the additional period or be prorated.

"(b) An officer who does not serve on active duty for the entire period for which he was paid under this section shall refund that percentage of the payment that the unserved part of the period is of the total period for which the payment was made."; and

(3) by amending the analysis of such chapter 5 by inserting immediately after

"302b. Special pay: dentists."

the following:

"302c. Special pay: judge advocates and law specialists.";

and by inserting immediately after

"313. Special pay: medical officers who execute active duty agreements."

the following:

"314. Special pay: judge advocates and law specialists who execute duty agreements.".

By Mr. MOSS:

S. 1363. A bill to facilitate the exchange of school lands between the State of Utah and the Navajo Tribe. Referred to the Committee on Interior and Insular Affairs.

Mr. MOSS. Mr. President, this is a bill which will help facilitate an exchange of lands between the Navajo Indian Tribe and the State of Utah.

In 1933, Congress enacted legislation which provided that certain land in the State of Utah be added to the Navajo Indian Reservation, which straddles the Utah-Arizona border. The act authorized the State of Utah to relinquish to the Navajo Tribe certain school lands owned by the State within the area to be added to the reservation, and allowed the State, in turn, to make in lieu selections of other unreserved and "nonmineral" public land located elsewhere in Utah to compensate for the land given the Navajos.

The bill I am introducing today would amend the act to allow the State to make an acre-for-acre trade of land; that is, to trade an acre of nonmineral land for another acre of nonmineral lands, and to trade an acre of land containing minerals for another acre of mineral land. This would mean that land equal in area would be traded on a basis of equal value. Payments of fees and commissions would be waived.

I am told that the Navajo tribal leaders are in agreement that a land exchange would be in the best interests of both parties. They are anxious that the bill be passed quickly and the matter cleared so that the land exchange can be facilitated.

I ask unanimous consent that a copy of the bill be printed in the Record, and I ask that it be given early consideration.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1363

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to permanently set aside certain lands in Utah as an addition to the Navajo Indian Reservation, and for other puropses", approved March 1, 1933 (47 Stat. 1418), is amended to read as follows:

"Sec. 2. The State of Utah may relinquish such tracts of school land, including mineral rights, within the areas added to the Navajo Reservation by section 1 of this Act as it may see fit to the United States in trust for the Navajo Tribe, whereupon the State of Utah shall have the right to select other unreserved public lands contiguously or noncontiguously located within the State of Utah, equal in area to that relinquished, said lieu selections to be made in the same manner as is provided for in the Enabling Act of July 16, 1894 (28 Stat. L. 107), except as to the payment of fees or commissions which are hereby waived."

By Mr. INOUYE:

S. 1364. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide manpower programs for native Hawaiians. Referred to the Committee on Labor and Public Welfare.

Mr. INOUYE. Mr. President, in 1973 the Congress and the President enacted Public Law 93-203, and the Comprehensive Employment and Training Act of 1973. Included in that legislation was section 302 which is designed to assist the creation of job training, educational and employment programs for unemployed and economically disadvantaged native Americans.

Unfortunately, although native Hawaiians are obviously native Americans and there are a significant number of unemployed and/or economically disadvantaged native Hawaiians in Hawaii, the Department of Labor has determined that under the language of Public Law 93-203, native Hawaiians are ineligible for inclusion in the Indiana manpower programs authorized in section 302.

Former Secretary of Labor Brennan has informed me that the Department of Labor believes that legislation which specifically includes native Hawaiians as eligible recipients of CETA manpower assistance must be approved before these funds can be provided to the native Americans of Hawaii. Accordingly, I am today introducing the Native Hawaiian Manpower Act of 1975 to correct this inequity.

I am hopeful that this legislation will meet rapid approval by the Senate Labor and Public Welfare Committee, the full Senate and House of Representatives, and the President. A regrettable oversight in the original drafting of Public Law 93-203 is now depriving native Hawaiians of necessary assistance during bleak economic times. My legislation will remedy this injustice.

By Mr. STEVENS (for himself and Mr. Gravel):

S. 1365. A bill to authorize the Secretary of the Interior to convey to the city of Haines, Alaska, interests of the United States in certain lands. Referred to the Committee on Interior and Insular Affairs.

Mr. STEVENS. Mr. President, I am today introducing legislation to give the city of Haines, Alaska, greater flexibility in their community development. This bill would convey title to the city land that they obtained by deed from the Department of the Interior and remove the restrictive clause that requires this property must be used as school or for other public purposes.

Initially, the building on this site was used for a school and later the city converted it into a health center. After the health center became obsolete, this facility was used as a teen center; subsequently the building was condemned by the fire department. Because this facility is in a residential area, and no longer accessible or adequate for public use, the city of Haines would like to sell the property as well as the building.

At this stage of the community's development, the site would be better utilized in another capacity; moreover, the city has agreed to use the proceeds from this sale for the benefit of the community. The receipts will be used to construct a building or purchase land for public purposes in the city of Haines. The new facility must be used for public purposes in perpetuity.

I request unanimous consent that my bill be printed in its entirety in the Record immediately following my remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1365

A bill to authorize the Secretary of the Interior to convey to the city of Haines, Alaska, interests of the United States in certain lands.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to transfer by quitclaim deed or other appropriate means to the city of Haines, Alaska, all right, title, and interest remaining in the United States in and to the following described lands in the City of Haines, Alaska, together with all improvements thereon:

Beginning at the NW Corner of Lot 17 in Block 13, which is the same as Corner 1 of the Native School Reserve; thence N. 76° 26½′ West 58.11 feet to Corner No. 2; thence South 17° 58′ West 165.26 feet to Corner No. 3; thence S. 76° 45′ East 82.08 feet to Corner No. 4; thence N. 9° 38′ East 164.65 feet to Corner No. 1, the place of beginning, containing 17,531 square feet.

Lots 8 and 9 of Block 13 in the Townsite of Haines, Alaska, containing a total of 7,330 square feet.

Lot 17 of Block 13 in the Townsite of Haines, Alaska, containing a total of 5,885 square feet.

Sec. 2. No conveyance may be made under this Act unless the city of Haines has shown to the satisfaction of the Secretary of the Interior that—

(1) the city of Haines will sell such land and improvements referred to in the first section at not less than fair market value;

(2) the proceeds from the sale thereof will be used to acquire property or to construct a building to be used for public purposes; and

(3) any amount by which the proceeds from the sale of such lands and improvements referred to in the first section exceed the acquisition costs of property or construction costs under clause (2) shall be paid to the United States.

Sec. 3. If the requirements of section 2 are satisfied, the Secretary of the Interior is authorized to enter into an agreement or agreements with the city of Haines, Alaska, whereby, in consideration of a quitclaim deed to the city of Haines of all right, title, and interest remaining in the United States in and to those lands and improvements referred to in the first section of this Act which have been conveyed to the city of Haines, the city of Haines—

(1) agrees that title to any property acquired or building constructed with the proceeds of the sale of such property and improvements referred to in the first section of this Act will vest in the United States if such property or building acquired or constructed with the proceeds from such sale ever ceases to be used for a public purpose; and

(2) agrees to execute, with ninety days after acquiring such lands, a deed to this effect and deliver said deed to the Secretary of the Interior.

By Mr. STEVENS (for himself and Mr. Gravel):

S. 1366. A bill to authorize the Secretary of the Interior to waive recovery of certain costs for extraordinary wind and ice damage to certain facilities. Referred to the Committee on Public Works.

Mr. STEVENS. Mr. President, the bill I am introducing today would waive recovery of the rehabilitation costs for the wind and ice damage that occurred to the transmission line of the Snettisham hydroelectric project in southeastern Alaska.

In February of last year, shortly after the Snettisham project began operation, a combination of severe icing and high winds caused the collapse of three towers on the Salisbury Ridge section of the transmission line. An emergency reprograming of $1.4 million by the Senate Appropriation Committee allowed repairs on the damaged line to be accomplished last summer; however, problems continue to plague the Salisbury Ridge line and the Corps of Engineers and Alaska Power Administration has determined that it will have to be relocated at a lower elevation if further equipment failures are to be prevented.

The line relocation costs are currently estimated to be $5.5 million. Coupled with the $1.4 million spent on emergency repairs of the damaged towers, the cost of replacing the line will total $6.9 million. The $6.9 million when figured in the total cost of the Snettisham project, will mean an estimated 1 mill per killowatt hour increase in the wholesale power rate. Compared with the current wholesale user rate for the project, this would be a 6-percent increase in user charges.

The Snettisham project has been beset with numerous problems. When the project was authorized, the estimated power rate was much lower than the current estimate of 15.6 mills per kilowatt hour. The project was originally estimated to cost $43 million, however, construction costs will probably exceed $90 million before the last phase is completed.

Much of the increased cost can be attributed to the normal rate of inflation, however contract problems, construction delays, and unforseen disasters such as the power collapse on Salisbury Ridge have pushed the project cost greatly beyond the normal rate of inflation. These are problems that the Snettisham power users had no control over and consequently they should not be required to foot the entire bill for these problems.

The Snettisham Authorization Act requires the imposition of these costs on the power user. The bill I am introducing would simply amend this act by waiving the requirement for the recovery of the Salisbury Ridge line repair and relocation costs from the power users. It would not waive any other of the project costs.

The passage of this bill is necessary if the Snettisham project is ever to approximate what it was promised to the residents of Juneau, Alaska—a source of low-cost power. I urge the committee to request departmental reports on this bill at the earliest possible date.

Mr. President, I ask unanimous consent that the text of my bill be printed at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1366

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204(b) of the Act of October 23, 1962 (76 Stat. 1173, 1174), is amended by changing the period at the end of the second sentence to a colon and adding "*Provided* That the Secretary of the Interior, in determining reimbursable costs, shall not include the costs of replacing and relocating the original Salisbury Ridge section of the 138-kv transmission line."

By Mr. PACKWOOD:

S. 1367. A bill to amend the Immigration and Nationality Act to eliminate the legal custody requirement and the requirement of residence and physical presence in the United States for the naturalization of children adopted by U.S. citizens. Referred to the Committee on the Judiciary.

S. 1368. A bill to confer U.S. citizenship on certain Vietnamese children and to provide for the adoption of such children by American families. Referred to the Committee on the Judiciary.

Mr. PACKWOOD. Mr. President, over the last few weeks, we have witnessed the accomplishment of greater military and territorial gains by the Vietcong and the North Vietnamese than in all the years of U.S. involvement in that tragic conflict. Every day, it seems, we hear of the loss of another city and of the plight of thousands of refugees fleeing the Communist offensive which picks up greater momentum with each victory. The human tragedies seem to eclipse each other with their misery and despair. I feel deeply saddened by the sorrow and real anguish the South Vietnamese must be haunted within these days of great uncertainty. It is etched in every face I see.

The Congress was to have considered the President's request for supplemental military assistance to South Vietnam and Cambodia this week. Frankly, I do not think there is much point in talking about further military aid to Vietnam. It is clear that no matter how much money we have sunk into that fight over the last 20 years and how many lives we have sacrificed in Indochina, we have been unable to instill the will to win in the people of South Vietnam. I do not know how you do it. I used to think it could be done, but I do not know. We have given our best. Certainly $150 billion and 50,000 lives should be enough. But, it was not and is not and I do not think more weapons now will do it.

I do believe, however, that we should offer all the humanitarian assistance we can, particularly to the orphans who are unable to help themselves. In this spirit, then, Mr. President, today I am offering legislation to ease the way to U.S. citizenship to those orphans currently being received into the United States from Indochina, and for those American-Vietnamese orphans still in South Vietnam.

The first bill will drop the 2-year, U.S. residence requirement for all alien children who are adopted by American citizens, and would grant them immediate citizenship upon legal adoption. I can see no reason for the 2-year hiatus between adoption and citizenship. All alien children who enter this country for adoption are under the age of 14. Since they are minors, the citizenship decision will be made by the parent. The vast majority of these kids will be naturalized eventually and the 2-year wait seems superfluous.

The second proposal is more expansive in that it provides a means for granting U.S. citizenship to those Vietnamese orphans who are, in all probability, eligible for American citizenship by virtue of the fact that their fathers were U.S. soldiers and citizens. This grant of citizenship would be awarded to children, first, born in South Vietnam before January 1, 1974 and orphaned or abandoned; second, not more than 12 years old at the time of enactment of this legislation; third, who probably have or had one parent who was at the time of the child's birth an American citizen; and fourth, who are placed through a licensed U.S. adoption agency with suitable parent or parents—preference being given to any natural parent of the child—who wish to adopt.

Within these parameters, the Secretary of State is authorized to devise rules and regulations for qualifying children to be awarded citizenship and, additionally, is authorized, with the President, to negotiate and conclude arrangements with the South Vietnamese Government by which the provisions of this act may be carried out. Further, the State Department is made responsible for informing accredited adoption agencies of children qualified for citizenship and placement in an American home and for transporting those children to the United States.

Mr. President, there are any number of Americans willing to adopt a Vietnamese orphan. This has been strikingly demonstrated in the last week. The State Department, every congressional office I know of, and all of the voluntary agencies involved in the current airlift have been deluged with phone calls from concerned Americans offering a home and hope to any and all of these children.

I believe we have a responsibility to do what we can for the Amerasian children. They are young and defenseless and most would not be there were it not for the lengthy American presence in South Vietnam. Some have remained with their mothers and, in that way, are cared for and loved. Many are not so lucky. They are abandoned, often because they will never be fully accepted in the community and are a source of shame and embarrassment to their Vietnamese families. These we should seek to help.

Hopefully, early enactment of this legislation would provide the relief we are seeking. But, action has to come soon. Time is running out. The famous—or infamous—"light at the end of the tunnel" is quickly fading and, before we know it, what we will find at the end of that tunnel is blackness and an impenetrable wall.

I ask my colleagues to open their hearts and join together to save the lives of these orphans from that darkness.

Mr. President, I ask unanimous consent that the text of the two bills be included in the RECORD at this point.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1367

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 323 of the Immigration and Nationality Act (8 U.S.C. 1434) is amended—

(1) by adding "and" after the semicolon in paragraph (1) of subsection (a);

(2) by striking out "; and" in paragraph (2) of subsection (a) and inserting in lieu thereof a period;

(3) by striking out paragraph (3) of subsection (a);

(4) by striking out the first sentence of subsection (b) and inserting in lieu thereof the following: "For the purposes of this section, and adopted child shall not be required

to establish any specified period of residence or physical presence in the United States." and

(5) by striking out subsection (c).

S. 1368

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That, the Congress declares that—

(1) during the course of the Vietnam conflict, thousands of children were fathered in Vietnam by United States citizens;

(2) current procedures for adoption of and granting citizenship to illegitimate children born in Vietnam make provision of assistance difficult;

(3) the French, following their departure from Vietnam in 1954, offered citizenship and educational assistance to the illegitimate children of French soldiers;

(4) Americans have expressed the desire to adopt Vietnamese orphans of American extraction, so that they may receive the care and love which the disruptions and tragedies of the Indochinese war have denied them;

(5) if adoption procedures could be expedited and redtape eliminated, there would be homes for thousands of Vietnamese-American orphans; and

(6) the United States has a special responsibility to assist in facilitating the care and adoption of those children in South Vietnam whose parent is a United States citizen no longer providing parental care to the child.

SEC. 2. Notwithstanding the Immigration and Nationality Act, the children qualifying under section 3 shall be citizens of the United States.

SEC. 3. Each child shall be qualified for the purpose of this Act who, to the satisfaction of the State Department under such rules and regulations as the Secretary of State shall prescribe—

(1) was born in the Republic of Vietnam prior to January 1, 1974, and orphaned or abandoned;

(2) is of an age such that not more than twelve years have passed from the date of such child's birth to the date of the enactment of this Act;

(3) in all probability has or had one parent who was at the time of such child's birth a citizen of the United States; and

(4) is placed through an adoption agency in the United States licensed or properly accredited according to pertinent local, State and Federal law with suitable parent or parents in the United States, with a preference for any natural parent of such child, who is or are willing to adopt the child upon its arrival in the United States.

SEC. 4. (a) The Department of State shall make the arrangements necessary to inform properly accredited adoption agencies in the United States of children potentially eligible for the benefits of this Act, and cooperate in the placement of such children under section 3(4).

(b) The Department of State shall make the arrangements necessary to transport children who are qualified under this Act to their adoptive parents in the United States at the expense of the United States.

SEC. 5. The President and the Secretary of State are authorized to negotiate and to make such arrangements with the Republic of Vietnam as are necessary to effectuate the purposes of this Act while assuring that citizenship conferred under this Act is in accordance with the norms of international law and the treaty obligations of the United States.

SEC. 6. No person shall acquire any right, privilege, or status under the Immigration and Nationality Act by reason of such person's relationship to any child granted citizenship under the first section of this Act.

By Mr. SPARKMAN (by request):

S. 1369. A bill to limit cost-of-living adjustments of annuities under the Foreign Service retirement system for a specified period of time, and for other purposes. Referred to the Committee on Foreign Relations.

Mr. SPARKMAN. Mr. President, by request, I introduce for appropriate reference a bill to limit cost-of-living adjustments of annuities under the Foreign Service Retirement System for a specified period of time, and for other purposes.

The bill has been requested by the President and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when it is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill, an explanation, and a table be printed in the RECORD at this point, together with the letter from the President of the United States to the President of the Senate dated March 19, 1975.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1369

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, additional cost-of-living increases in annuities which otherwise may be authorized to be paid during the period from March 2, 1975 through June 30, 1976, under section 882 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1121), shall not be paid either during or after such period, except that an annuity which has not otherwise been increased under section 882 may be increased under such section by not to exceed a maximum of five percent.

SEC. 2. Determinations by the Secretary of State of the percent change in the price index and the effective dates of increases in annuities shall continue as prescribed under section 882 of the Foreign Service Act of 1946, as amended. The first increase under that section payable on or after July 1, 1976 will be computed on the basis of the price index for the base month for that increase, compared to the price index for the next preceding base month as determined by the Secretary.

SEC. 3. No person shall be entitled to receive any amount of cost-of-living increase denied in whole or in part, nor to have any annuity recomputed to reflect any amount denied, pursuant to this Act.

EXPLANATION—FOREIGN SERVICE RETIREMENT

The draft bill would provide a limit of 5% on automatic cost-of-living increases in Foreign Service retirement annuities through June 30, 1976. The bill would not affect the 6% cost-of-living annuity increase which became effective February 1, 1975, and is payable starting March 1, 1975. However, annuitants who already received the 6% increase, and child and survivor annuitants who receive that increase pursuant to subparagraphs (c) (1) and (2) of section 882 of the Foreign Service Act of 1946, as amended, would receive no additional cost-of-living adjustments until after June 30, 1976.

Persons who retire between February 2, 1975 and June 30, 1976 who have not received any cost-of-living increase under section 882 prior to enactment of this bill, would be permitted to receive an annuity adjustment under that section during such period of not to exceed 5%.

The draft bill would make no change in the statutory method for determining the effective dates of cost-of-living adjustments under section 882 of the Foreign Service Act of 1946, as amended. Accordingly, adjustments after June 30, 1976 would be computed on the basis of the usual base months for such adjustments under section 882. For example, if the price index for March 1976 should trigger a cost-of-living increase payable July 1, 1976 under section 882, such increase would be allowed. The percentage would be determined by comparison of the March index to the price index for the next preceding base month under section 882. Conversely, if the price index for February 1976 should trigger a cost-of-living increase payable June 1, 1976, such increase would not be allowed, except for 5% payable only to limited categories of annuitants as explained above. The February base index would be used to measure price index changes for the next cost-of-living increase.

No retroactive adjustments will be paid after the period covered by the bill to restore the amounts of annuity increases denied in whole or in part, nor will any annuity be recomputed to reflect any amount denied, under the bill.

THE WHITE HOUSE,
Washington, D.C., March 19, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: I am transmitting herewith a set of legislative proposals which would place a temporary 5 percent ceiling on pay increases for Federal employees and in benefit payments to individuals that are connected by law to consumer prices.

These proposals are an intgral part of the economic, fiscal, and energy program that I outlined to the Congress in my State of the Union Address on January 15, 1975. As we move forward with tax reductions to revitalize the economy, with energy conservation and self-reliance measures, and with substantially expanded aid to the unemployed, it is essential that we restrain the overall growth of Federal expenditures. In the interest of the long-run as well as near-term health of the economy, we simply must curb the rate of increase in the budget that has occurred in recent years.

My 1976 budget recommendations include no new spending initatives, except for energy. In addition, they reflect proposals that would reduce outlays by $17 billion, including $6.1 billion in savings that would result from enactment of the enclosed draft bills. A table is attached providing a breakdown of this figure and the programs involved. Without the economy measures I am recommending, increases in Federal spending would be sharper in the short run and would continue unchecked in future years. The budget deficit for the coming fiscal year would also be greatly increased.

In proposing a 5 percent ceiling on Federal pay raises this year, I am asking that the Federal Government set an example for the Nation. Federal workers generally enjoy greater job security than other workers. I believe that most Federal employees will understand that some restraint on their pay raises is appropriate in light of the need to provide benefits and create more jobs for the unemployed.

I urge the private sector—labor and management alike—to follow this example and minimize wage and price increases.

The proposals place a similar temporary limit of 5 percent on the automatic increases in benefit programs linked to consumer prices. These proposals bear in mind the large incerases that have occurred in these programs in recent years—increases which have exceeded the rate of inflation. Total benefit payments under the programs involved—primarily Federal civilian and military retirement, social security, railroad retirement, supplemental security income, and the food stamp and child nutrition programs—have risen more than the cost of living. For example, average per capita payments for persons receiving social security benefits have increased by 22 percent in real terms since 1970—that is, after adjusting for increases in consumer prices.

The enclosed proposals would not eliminate or reduce any benefit payments from their present levels, but would merely slow down, through June 30, 1976, the rate at which these payments would be rising. Their enactment would help us begin to gain some control over the longer-run growth in the Federal budget. This is because, in general, the lowered levels of benefit increases that would be in effect through fiscal year 1976 would not be made up subsequently.

I recognize that I am asking the Congress to make some difficult decisions in acting on these proposals. But that is what I must do. During this time when thousands of workers are being laid off and we are still experiencing considerable inflationary pressure, I believe the modest restraint that I am proposing on pay raises and increases in benefit programs makes sense for the future and is urgently needed in the present.

At the request of the District of Columbia Government, District Government employees are included in the attached draft legislation, where applicable.

I hope the Congress will consider these proposals and act on them promtply and favorably.

Sincerely,

GERALD R. FORD.

TEMPORARY CEILING OF 5 PERCENT ON FEDERAL PAY INCREASES AND BENEFIT PROGRAMS TIED BY LAW TO CONSUMER PRICE INDEX

Estimated fiscal year 1976 savings

[Billions of dollars]

Federal civilian and military pay raises	1.6
Federal civilian and military retirement benefits[1]	1.4
Social Security old age, survivor, and disability benefits	2.5
Supplemental Security Income payments	0.1
Railroad retirement benefits[2]	0.1
Food stamp program	0.2
Child and elderly nutrition programs	0.1
Federal Employees Compensation Act benefits	*
Coal miner benefits[2]	*
Total	6.1

[1] Includes Foreign Service and Central Intelligence Agency retirement systems.

[2] Separate legislation is not required to place 5% ceiling on these programs.

*Less than $50 million.

By Mr. SPARKMAN:

S. 1370. A bill to amend and improve 5 U.S.C., 7342 (Public Law 90–83). Referred to the Committee on Foreign Relations.

RELEASE OF GAO REPORT ON THE FOREIGN GIFTS AND DECORATIONS ACT OF 1966

Mr. SPARKMAN. Mr. President, recently, I made public the report of the General Accounting Office requested by me a year ago on the administration and operation of the Foreign Gifts and Decorations Act of 1966. I stated at that time that I would introduce a bill to amend that act.

The legislation, which I am introducing today, is designed to remove ambiguities, clarify responsibilities, and broaden the application of the act. As we consider the proposed legislation there might occur to us additional steps we might wish to take. For instance we might wish to propose that the Senate's Office of the Curator of Art and Antiquities become the Senate's depository for gifts received by Senators to be suitably displayed. Any suggestions by my colleagues will be welcome.

The GAO report notes that improvements in procedures were already being instituted during the course of its investigation. Nonetheless, it is time to take the second step in this area of legislation.

Since the Foreign Relations Committee initiated the steps that led to the enactment of the act in the first place, I feel it has a special responsibility to take the lead in strengthening the law.

By Mr. BELLMON:

S. 1371. A bill to amend title 38 of the United States Code to provide for cost-of-living increases in educational benefits. Referred to the Committee on Veterans' Affairs.

Mr. BELLMON. Mr. President, today I am introducing legislation which will guarantee that veterans' educational benefits keep pace with the rising "cost of living."

The Congress has in recent years periodically reassessed the sufficiency of veterans' benefits. Significant adjustments were considered and passed in 1967, 1970, and 1972 and again in 1974. However, in making these adjustments, we are always trying to make up for lost ground. It seems that the Congress makes significant adjustments only after inflation and rising costs have already deteriorated the purchasing power of the veterans' dollar. It seems that we always wait until after inflation has taken its toll before we act. It is almost as if we knew there was going to be a flood, yet we refuse to build a wall to protect the victims.

Mr. President, the Congress last summer enacted what is now Public Law 93–508, the Vietnam-era Veterans' Readjustment Assistance Act of 1974, which substantially increased educational benefits to veterans. At that time I introduced an amendment to that bill similar to the legislation I propose today. The Senate Veterans' Affairs Committee noted in its report of Public Law 93–508 that, given the unchecked inflation rate, the cost of living could be expected to approach 18 percent by fall of 1974. The committee itself, therefore, recognized the veteran faces and continues to face great rises in the cost of living in the near future. It seems all too reasonable to conclude then that within a very short period of time the benefits contained in Public Law 93–508 will once again be eaten up by inflation. Once more Congress will be faced with yet another crisis in the inadequacy of veterans benefits.

Mr. President, the Congress has been in the past reluctant to enact automatic cost-of-living escalator clauses for veterans educational benefits. It has been the position of many Members of Congress that such a proposal would eliminate the important element of legislative oversight in determining the need for adjustments in educational benefits. Yet this argument fails for two very simple reasons: First, the Congress has in no way lost its power of oversight over those other programs where a cost-of-living escalator clause is present. For example, the social security program contains a cost-of-living escalator clause for benefits, yet in no way has the power and prerogative of Congress to maintain its legislative oversight in determining the need for adjustments of those benefits been diminished.

Second, the enactment of a cost-of-living escalator clause for veterans benefits would eliminate the veterans feeling of uncertainty inherent in the legislative process.

The thrust of this proposal is to insure that the veteran will not be left hanging—and to diminish the financial hardship imposed upon veterans when the Congress procrastinates and delays the enactment of deserved and much needed increases in benefits.

Mr. President, our commitment to the veteran is irreversible and rightfully so. My proposal would protect the purchasing power of veterans in the following way: At the end of each calendar quarter, the Administrator of the Veterans' Administration would determine the extent by which the price index in the preceding calendar quarter was higher than the price index in the applicable base period—July 1, 1975. If the price index has risen by 3 percent or more of its level in the same base period, then the amount of the educational assistance allowance payable to the eligible veteran would rise by the same percentage. Accordingly, as the cost of living rises so will the veterans' benefits. With the adoption of this bill what has happened to the veterans dollar after each congressional increase in educational benefits will not happen again.

Mr. President, there are many Members of Congress today who took advantage of the benefits offered by the previous GI bill. During those days of educational pursuit, we were not so concerned with our financial stability 2 years down the road as we were concerned with how we were going to make ends meet on a weekly and monthly basis. The case is no different today. Young veterans attending a university are of necessity deeply concerned with whether or not they can pay monthly electric, water, and gasoline bills. This legislation will help remove that worry so the veteran can concentrate on getting an education.

Mr. President, under my proposal the veteran would be in a better position to satisfy his monthly obligations. By adjusting benefits quarterly, and tying these benefits to the Consumer Price Index, veterans will not have to face the difficult struggle they have had to face in the past few years in the battle with inflation.

Mr. President, adjusting benefits with the method I suggest, will provide a more equitable basis on which to address the needs of the students better.

It is my hope that the Senate will act promptly with consideration of this proposal. Mr. President, I ask unanimous consent that the full text of my bill be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1371

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 36 of title 38, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 1796. Cost-of-living increases for educational benefits

"(a) As soon as possible after the beginning of each calendar quarter, the Administrator shall determine the extent by which the price index in the preceding calendar quarter was higher than the price index in the applicable base period (as those terms are defined in subsection (e)). If he determines that the price index had risen by a percentage (of its level in the base period) equal to 3 per centum or more, the amount of each benefit otherwise payable under chapters 31, 34, 35, and this chapter shall be increased by the same percentage (adjusted to the nearest one-tenth of 1 per centum), effective with respect to benefits for months after the quarter in which the determination is made.

"(b) In the case of any individual who first becomes entitled to a benefit in or after the month in which an increase becomes effective under subsection (a), the amount of the benefit payable to or with respect to him on the basis of such entitlement shall be determined by applying such increase (or, if more than one increase has become effective under subsection (a), by applying all such increases successively) to the amount of the benefit which would be payable under chapters 31, 34, 35, and this chapter without regard to this section.

"(c) Any increase under subsection (a) shall apply with respect to all benefits payable under chapters 31, 34, 35, and this chapter during the period in which such increase is effective regardless of the provisions under which such benefits are payable or the manner in which the amounts payable are determined, but shall be applied with respect to the benefit payable to or with respect to any particular individual only after all of the other provisions of chapters 31, 34, 35, and this chapter which relate to eligibility for and the amount of such benefit, and all prior increases made in such benefit under this section, have been applied.

"(d) If the amount of the increase in any benefit under subsection (a) is not a multiple of $0.10 it shall be raised to the next higher multiple of $0.10 in the case of a multiple of $0.05 or adjusted to the nearest multiple of $0.10 in any other case.

"(e) For purposes of this section—

"(1) the term 'price index' means the Consumer Price Index (all items, United States city average) published monthly by the Bureau of Labor Statistics; and the average level of the price index for the three months in any calendar quarter shall be deemed to be the level of the price index in such quarter; and

"(2) the term 'base period' means—

"(A) the calendar quarter commencing July 1, 1975, with respect to the increase under subsection (a), and

"(B) the calendar quarter immediately preceding the quarter in which the determination constituting the basis of the most recent increase under subsection (a) was made, with respect to any increase under subsection (a) after the first such increase.

"(3) the term 'benefit' means any benefit payable under chapters 31, 34, 35, or this chapter.".

(b) The table of sections at the beginning of chapter 36 of title 38, United States Code, is amended by adding at the end thereof the following:

"1796. Cost-of-living increases for educational benefits.".

Sec. 2. The amendments made by the first section of this Act shall apply only with respect to increases in benefits under chapters 31, 34, 35, and 36 of title 38, United States Code, for months in and after the second calendar quarter beginning after the date of the enactment of this Act on the basis of determinations made (under section 1796 of such title, as added by the first section of this Act) in and after the first calendar quarter beginning after the date of the enactment of this Act.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 19

At the request of Mr. Dole, the Senator from Ohio (Mr. Taft) was added as a cosponsor of S. 19, a bill to amend title XVI of the Social Security Act so as to provide for the referral, for appropriate services provided by other State agencies, of blind or disabled children who are receiving supplemental security income benefits.

S. 104

At the request of Mr. Inouye, the Senator from Michigan (Mr. Philip A. Hart) was added as a cosponsor of S. 104, a bill to amend the Social Security Act.

S. 123

At the request of Mr. Inouye, the Senator from Michigan (Mr. Philip A. Hart) was added as a cosponsor of S. 123, a bill to amend title XVIII of the Social Security Act.

S. 306

At the request of Mr. Gravel, the Senator from Minnesota (Mr. Humphrey), the Senator from Indiana (Mr. Bayh), the Senator from New Jersey (Mr. Case), and the Senator from Minnesota (Mr. Mondale) were added as cosponsors of S. 306, a bill to terminate the Mutual Aid Agreement.

S. 861

At the request of Mr. Church, the Senator from Nebraska (Mr. Hruska) was added as a cosponsor of S. 861, a bill to amend the Emergency Petroleum Allocation Act of 1973.

S. 1009

At the request of Mr. Stone, the Senator from Texas (Mr. Tower), and the Senator from Alaska (Mr. Gravel) were added as cosponsors of the bill (S. 1009) to amend title 13 of the United States Code to require the compilation of current data on total population between censuses and to require the use of such current data in the administration of Federal laws in which population is a factor.

S. 1167

At the request of Mr. Abourezk, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of S. 1167, the Uniform Mail Delivery Act.

S. 1216

At the request of Mr. Talmadge, the Senator from Wyoming (Mr. McGee) and the Senator from South Dakota (Mr. Abourezk) were added as cosponsors of S. 1216, a bill to amend the Federal Water Pollution Control Act.

S. 1218

At the request of Mr. Inouye, the Senator from Indiana (Mr. Hartke) was added as a cosponsor of S. 1218, to incorporate the Pearl Harbor Survivors Association.

S. 1331

At the request of Mr. Dole, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of S. 1331, a bill to amend the Commodity Credit Corporation Charter Act.

SENATE RESOLUTION 113

At the request of Mr. Church, the Senator from Pennsylvania (Mr. Schweiker) was added as a cosponsor of Senate Resolution 113, a resolution expressing the sense of the Senate that the President should submit an action plan to correct abuses in nursing homes.

SENATE JOINT RESOLUTION 50

At his own request, the Senator from West Virginia (Mr. Robert C. Byrd) was added as a cosponsor of Senate Joint Resolution 50, providing for the annual proclamation of National Medical Laboratory Week during the second week of April.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL MEDICAL MALPRACTICE INSURANCE ACT—S. 188

AMENDMENT NO. 311

(Ordered to be printed and referred to the Committee on Labor and Public Welfare.)

Mr. NELSON. Mr. President, I send to the desk an amendment for appropriate reference. It is an amendment in the nature of a substitute to authorize the Secretary of Health, Education, and Welfare to establish a medical malpractice reinsurance program and to conduct experiments and studies on medical malpractice.

Mr. President, I ask unanimous consent that the amendment and some material be printed in the Record in the following order:

Mr. President, I ask unanimous consent that a brief statement of mine be printed in the Record, followed by the amendment in the nature of a substitute; followed by an article in the Chicago Sun-Times on this question by William Hines; followed by a summary of the medical malpractice reinsurance in Canada.

There being no objection, the material was ordered to be printed in the Record, as follows:

Mr. Nelson. Mr. President, a number of possible legislative remedies to medical malpractice problems have been put forth in the Congress. A substantial amendment that I am offering to a previous bill, S. 188, (see Congressional Record, January 16, 1975, page 537), would do the following:

1. Provide for a medical malpractice reinsurance pool, to be administered by the Department of HEW, patterned after the Riot Reinsurance law, in which primary insurance companies voluntarily pay into a pool that covers losses above a certain figure. Initially the bill provides for payment of losses over $25,000, which figure would be adjusted based on actuarial experience.

2. Make such reinsurance available to companies only in states which have established programs for initial arbitration of medical malpractice claims. Such arbitration would not be binding. However, the decision of an arbitration panel would be admissible as evidence in any court proceeding.

3. Require that each state establish uniform rates for malpractice insurance so that all licensed physicians or other providers of health care pay the same fee, regardless of type or specialty of practice in which they are engaged. This would eliminate ratemaking within each state. The proposal is patterned after the system of malpractice premiums in Canada and Great Britain, where we are advised that physicians pay approximately $50 a year for malpractice insurance, regardless of specialty.

4. Require that each state establish by law or court rule a schedule of maximum contingent fee rates which may be charged or accepted by attorneys for services performed in connection with an arbitration or civil action arising from a claim for damages on account of alleged medical malpractice. The fee rates would be expressed as a percentage of the net amount recovered in a successful settlement or prosecution of such actions, decreasing as the amount of recovery increases.

The nature of the malpractice problem has been discussed at some length. More actual data and figures must be obtained as to malpractice experience in each state. The concept of eliminating ratemaking within states should be seriously considered along with other remedial approaches.

However, reinsurance and uniform rates will not solve the problem without placing a curb on the rising number of claims filed, and the costs of litigation. For this reason, the bill requires states to establish contingency fee controls and prelitigation arbitration systems, which, where in operation now, have shown a marked reduction in claims that have legitimate cause, and shortened periods for claim settlement.

AMENDMENT No. 311

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Federal Medical Malpractice Insurance Act".

AUTHORITY

SEC. 2. (a) The Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary") is authorized to offer to any insurer or pool, subject to such rules and regulations as he may prescribe, reinsurance against liability for damages resulting from acts of medical malpractice.

(b) In carrying out the medical malpractice reinsurance program authorized by subsection (a), the Secretary shall arrange for—

(1) appropriate financial participation and risk sharing in the reinsurance program by insurance companies and other insurers, and

(2) other appropriate participation on other than a risk sharing basis by insurance companies or other insurers, insurance agents and brokers, and insurance adjustment organizations.

(c) The Secretary shall make reinsurance available—

(1) in such amounts as he determines to be necessary, based upon actuarial studies, but shall make available initially such insurance in amounts in excess of $25,000;

(2) only in those States which he finds have established programs for the initial arbitration of medical malpractice claims in accordance with section 3 through 15; and

(3) only with respect to medical malpractice insurance the premium rates for which he finds (on a state-by-state basis) are not calculated to result in a difference of premium rates among licensed physicians or other providers of health care regardless of the type or speciality of practice in which they are engaged.

NATIONAL STANDARDS

SEC. 3. (a) A State establishing a program for arbitration of medical malpractice claims in accordance with this section shall enact a law which incorporates the provisions of sections 4 through 15. These provisions, taken together, shall be known as the national standards for arbitration of medical malpractice claims.

(b) A State program for arbitration of medical malpractice claims is in acccordance with this section if it meets or exceeds all the national standards. A State program "meets" the national standards only if the substance of the State program requirements is the same as or the equivalent of the corresponding requirements of the national standards. A State program "exceeds" the national standards only if it includes requirements which are the same as or equivalent to the corresponding requirements of the national standards, and imposes additional requirements which are reasonably designed to encourage the arbitration of medical malpractice claims without unduly limiting the rights of any parties, and which are not inconsistent with the national standards.

SUBMISSION OF MEDICAL MALPRACTICE CLAIMS TO ARBITRATION

SEC. 4. Any civil action arising from a claim, against a company which is a participant in the reinsurance program established under section 2, for damages on account of alleged medical malpractice on the part of any health professional or health care institution may be instituted in a court of the State only after there has been an arbitration of the claim which forms the basis for such action, in accordance with this section, and no complaint in any such action may be filed in any court unless there has first been filed in such court a copy of the decision with respect to such claim by an arbitration panel pursuant to section 8.

INITIATION OF ARBITRATION

SEC. 5. An arbitration of any claim under this section shall be initiated by filing a petition requesting such arbitration with any court having jurisdiction to hear a civil action based upon such claim. The court shall inform the health professional or health care institution against which the claim is made of the filing of such petition.

APPOINTMENT OF ARBITRATION PANEL

SEC. 6. (a) Upon petition for arbitration under section 4 the court shall appoint an arbitration panel to conduct an arbitration.

(b) An arbitration panel shall be composed of a chairman and equal numbers of (1) attorneys and (2) members of the health profession of those professionals against whom the claim is being made.

(c) Parties to the arbitration shall be permitted to excuse panel members for cause and by the exercise of peremptory challenges.

HEARING PROCEDURES

SEC. 7. (a) Before hearing any testimony, the members of the arbitration panel shall be sworn, to hear the claim and render a decision faithfully and fairly, by an officer authorized to administer an oath.

(b) The arbitration panel shall appoint a time and place for the hearing and notify the parties by means adequate to assure their presence. The panel may adjourn or postpone the hearing. The panel shall preside at the hearing and shall exercise all powers relating to the conduct of the hearing. The court in which the petition for arbitration was filed pursuant to section 5, upon application, may direct the panel to proceed promptly with the hearing.

(c) The testimony of the witnesses shall be given under oath. Members of the arbitration panel, once sworn, shall have the power to administer oaths.

(d) The parties are entitled to be heard, to present evidence and to cross examine the witnesses, but the rules of evidence need not be observed. The arbitration panel may proceed with the hearing and render a decision upon the evidence produced, notwithstanding the failure of a party duly notified to appear.

(e) The arbitration panel may issue or cause to be issued subpenas for the attendance of witnesses and for the production of books, records, documents, and other evidence. Subpenas so issued shall be served, and upon application to the court, in which the petition for arbitration was filed, pursuant to section 5, by a party or the arbitration panel, enforced, in the manner provided by law for the service and enforcement of subpenas in a civil action. All provisions of law compelling a person under subpena to testify are applicable.

(f) On application of a party and for use as evidence, the arbitration panel may permit a deposition to be taken, in the manner and upon the terms designated by the panel, of a witness who cannot be subpenaed or is unable to attend a hearing.

(g) A party has the right to be represented by an attorney and may claim such right at any time as to any part of the arbitration which has not taken place.

(h) The hearing shall be conducted by all members of the arbitration panel but a majority may determine any question and may render a decision pursuant to section 8.

DECISION OF ARBITRATION PANEL

SEC. 8. (a) The arbitration panel shall render a decision which shall consist of findings of fact, a recommendation, and a statement of the basis for such recommendation. The recommendation shall relate to both liability and damages.

(b) The decision shall be signed by all members of the arbitration panel, except that any member of such panel may write a concurring or disenting opinion giving his reasons therefor.

(c) The parties to the arbitration shall receive copies of the panel's decision and a copy shall be filed with the court in which the petition for arbitration was filed, pursuant to section 5.

LAW GOVERNING DECISION OF THE ARBITRATION PANEL

SEC. 9. (a) Except as provided in subsection (b), the decision of the arbitration panel shall be in accordance with the law of the State as applicable to civil actions for medical malpractice.

(b) No party to an arbitration under this part shall be required to produce expert testimony as a prerequisite to a decision in his favor. The arbitration panel may consider the absence of such testimony along with other relevant factors and evidence, in determining whether the applicable burden of proof has been sustained.

PROCEEDINGS SUBSEQUENT TO DECISION OF ARBITRATION PANEL

SEC. 10. (a) The parties to an arbitration shall file with the court (in which the petition for arbitration was filed pursuant to section 5) a statement of acceptance or rejection of the decision of the arbitration panel. If the parties accept such decision, it shall be binding upon them.

(b) In the event that any party rejects the decision of the arbitration panel, the claimant may institute a civil action for damages on account of alleged medical malpractice. Such action shall be instituted in the court in which the petition for arbitration was filed pursuant to section 5.

ARBITRATION DECISION AS EVIDENCE AT TRIAL

SEC. 11. The decision of an arbitration panel with respect to a claim rendered in accordance with section 9 shall be deemed admissible as evidence in any subsequent trial of a civil action for alleged medical malpractice arising out of such claim if the court conducts a review of the decision and any other relevant information submitted by the parties and concludes that—

(1) the findings of fact, included in such decision, are not clearly erroneous, and

(2) the decision is in accordance with the applicable law, and

(3) the required procedures were followed in conducting a hearing in rendering the decision.

EFFECT ON STATUTE OF LIMITATIONS

SEC. 12. The date of filing of a petition for arbitration pursuant to section 5 shall be considered the date of institution of a civil action for the purposes of the applicable statute of limitations.

REPORTING OF ARBITRATION DECISIONS

SEC. 13. (a) Decisions rendered by arbritration panels pursuant to section 9 shall be compiled and published on a regular basis. Decisions rendered by arbitration panels pursuant to section 9 with respect to claims made against any health professional shall be reported to the State agency and to the professional standards review organization designated under section 1152 of the Social Security Act for the area in which such professional practices his profession.

(b) All decisions rendered by arbitration panels pursuant to section 9 shall be reported to the Secretary.

AGREEMENT FOR BINDING ARBITRATION

SEC. 14. Nothing in this part shall be construed to impose any limitation on the right of any person to enter into an agreement to arbitrate a dispute or to be bound by the decision of the arbitrators.

PAYMENTS OF ATTORNEYS' CONTINGENT FEES

SEC. 15. (a) (1) There shall be established by statute or court rule in each State a schedule of maximum contingent fee rates which may be charged or accepted by attorneys for services performed in connection with an arbitration or civil action arising from a claim for damages on account of alleged medical malpractice.

(2) (A) The fee rates shall be established so as to provide reasonable compensation for the services performed by an attorney in connection with such arbitration or civil action.

(B) (i) The fee rates, which shall be expressed as a percentage of the net amount recovered in a successful settlement or prosecution of such arbitration or civil action, shall decrease as the amount of recovery increases.

(ii) As used in this subparagraph "net amount recovered" means the amount actually recovered less disbursements made in connection with prosecution of the arbitration or civil action.

(b) (1) Any attorney who charges or accepts a contingent fee for services performed in connection with an arbitration or civil action arising from a claim for damages on account of alleged medical malpractice shall reduce to writing the agreement or other arrangement whereby such fee was paid and shall provide to his client and file with the court in which a petition for such arbitration or such civil action was filed a copy of such agreement or other arrangement.

(2) All such agreements or other arrangements filed with the court pursuant to paragraph (1) shall be confidential and shall be made available for inspection only for the purpose of determining compliance with the fee rates schedule established pursuant to this section.

(c) Any attorney who charges, demands, receives, or collects for services performed or to be performed by him in connection with an arbitration or civil action arising from a claim for damages on account of alleged medical malpractice any amount in excess of the fee computed by application of the fee rate schedule established pursuant to this section shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $10,000, or imprisonment for not more than 1 year, or both.

USE OF EXISTING FACILITIES AND SERVICES

SEC. 16. In carrying out his responsibilities under this Act, the Secretary may utilize—

(1) insurance companies and other insurers, insurance agents and brokers, and insurance adjustment organizations, as fiscal agents of the United States, or

(2) officers and employees of any executive agency (as defined in section 195 of title 5, United States Code) as the Secretary and the head of any such agency may from time to time agree upon, on a reimbursement or other basis.

PREMIUM RATES

SEC. 17. (a) The Secretary shall prescribe such premium rates for reinsurance as may be necessary to provide sufficient revenue to carry out his functions under this Act.

(b) In establishing rates for reinsurance under this section the Secretary shall consult with appropriate State insurance authorities and other knowledgeable persons and shall consider—

(1) the nature and degree of risks involved,

(2) the extent of anticipated losses,

(3) the prevailing rates for similar insurance,

(4) the economic importance of various types of coverage, and

(5) the relative abilities of particular classes and types of insurers to pay the full estimated cost of such coverage.

(c) The Secretary may from time to time but not more frequently than annually establish new rates under this section.

CONDITIONS OF PARTICIPATION

SEC. 18. (a) Participation in the reinsurance program established under this Act shall be conditioned upon continued compliance with requirements for eligibility described in section 2(c) (2).

(b) Each insurer who purchases reinsurance under this Act shall furnish to the Secretary such information as may be necessary to determine whether payment is due under this Act and the amount of any payment which may be due.

REPORTS AND STUDIES

SEC. 19. (a) The Secretary shall—

(1) conduct a comprehensive study to determine the direct and indirect cost of medical malpractice claims, including litigation arising out of claims, in all federally supported health care programs;

(2) explore alternative methods of classifying individual medical practitioners and institutions for medical malpractice insurance ratemaking purposes;

(3) study and recommend methods of minimizing the cost of litigation, including the contingency fee system;

(4) develop a contingency plan to provide medical malpractice insurance if such insurance were to become unavailable through private insurance companies.

(b) (1) In carrying out his functions under this Act the Secretary is authorized to provide financial assistance to persons for the purpose of studying and evaluating new and alternative methods of settling medical malpractice claims, including but not limited to studies and demonstration projects of no fault insurance and compensation plans, prelitigation screening programs, arbitration programs, and mediation of disputes.

(2) Assistance may be provided under paragraph (1) under such terms and conditions as the Secretary may be regulation prescribe.

(c) The Secretary shall annually report to the President and the Congress on his operations and activities under this Act together with such recommendations as may be appropriate.

ANNUAL STATEMENTS AND AUDITS

SEC. 20. (a) Any insurer or pool acquiring reinsurance under this Act shall furnish the Secretary with such summaries and analyses of information in its records as may be necessary to carry out the provisions of this Act in such form as the Secretary in cooperation with the State insurance authority shall by regulation prescribe. The Secretary shall make use of State insurance authority examination reports and facilities to the maximum extent feasible.

(b) Any insurer or pool acquiring reinsurance under this Act shall file with the Secretary a true and correct copy of any annual statement, or amendment thereof, filed with the State insurance authority of its domiciliary State, at the time it filed such statement or amendment with such State insurance authority. In addition, any such insurer or pool shall file any information pertaining to medical malpractice insurance as the Secretary may determine is necessary for carrying out the provisions of this Act. Any insurer or other person executing any contract, agreement, or other appropriate arrangement with the Secretary under this Act shall keep reasonable records which fully disclose the total cost of the programs undertaken or the services being rendered, and such other records as will facilitate an effective order of liability for reinsurance payments by the Secretary.

(c) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purposes of investigation, audit, an examination to any books, documents, papers, and records of any insurer or other person that are pertinent to the cost of any program undertaken for, or services rendered to, the Secretary. Such audit shall be conducted to the maximum extent feasible in cooperation with the State insurance authorities and through the use of their examining facilities.

ADVANCE PAYMENTS

SEC. 21. Any payments which are made under the authority of this Act may be made after necessary adjustments on account of previously made underpayments or overpayments in advance or by way of reimbursement. Payments may be made in such installments and on such conditions as the Secretary may determine.

RECOVERY OF PREMIUMS; STATUTE OF LIMITATIONS

SEC. 22. (a) The Secretary in a suit brought in the appropriate United States district court shall be entitled to recover from any insurer the amount of any unpaid premiums lawfully payable by such insurer to the Secretary.

(b) No action or proceeding shall be brought for the recovery of any premium due to the Secretary for reinsurance, or for the recovery of any premium paid to the Secretary in excess of the amount due to it, unless such action or proceeding shall have been brought within 5 years after the right accrued for which the claim was made, except that, where the insurer has made or filed with the Secretary a false or fraudulent annual statement or other document with the intent to evade, in whole or in part, the payment of premiums, the claim shall not be deemed to have accrued until its discovery by the Secretary.

PAYMENT OF CLAIMS

SEC. 23. The Secretary is authorized to issue orders establishing the general method or methods by which proved and approved claims for losses may be adjusted and paid for any liability which is covered by medical malpractice reinsurance made available under the provisions of this Act.

NATIONAL MEDICAL MALPRACTICE REINSURANCE DEVELOPMENT FUND

SEC. 24. (a) To carry out the programs authorized under this Act the Secretary is authorized to establish a National Medical Malpractice Reinsurance Development Fund (hereinafter referred to as the "Fund") which shall be available without fiscal year limitations—

(1) to make such payments as may from time to time be required under reinsurance or direct insurance contracts under this Act;

(2) to pay such administrative expenses as may be necessary or appropriate to carry out the purposes of this Act; and

(3) to repay the Secretary of the Treasury such sums, including interest thereon, as may be borrowed from him for the purposes of such programs under this Act.

(b) The Fund shall be credited with—

(1) reinsurance premiums, fees, and other charges which may be paid or collected in connection with reinsurance;

(2) interest which may be earned on investments of the Fund;

(3) such amounts as may be advanced through the Fund from appropriations in order to maintain the Fund in an operative condition adequate to meet its liabilities;

(4) such amounts which are hereby authorized to be appropriated as may be necessary from time to time to reimburse the Fund for losses and expenses (including administrative expenses) incurred in the carrying out of the program;

(5) receipts from any other source which may, from time to time, be credited to the Fund; and

(6) funds borrowed by the Secretary and deposited in the Fund.

(c) If after any amounts which may have been advanced to the Fund from appropriations have been credited to the appropriation from which advanced, the Secretary determines that the moneys of the Fund are in excess of the current needs he may request the investment of such amounts as he deems advisable by the Secretary of the Treasury in obligations issued or guaranteed by the United States.

FEDERAL MALPRACTICE REINSURANCE · ADVISORY BOARD

SEC. 25. (a)1) There is hereby established a Federal Medical Malpractice Reinsurance Advisory Board (hereinafter called the "Board") consisting of 19 members appointed by the Secretary. Members of the Board shall be selected from among representatives of the general public, medical practitioners, and other providers of health care services, the legal profession, and insurance industry, State and local governments including State insurance authorities, and the Federal Government. Not more than two members of the Board shall be regular full-time employees of the Federal Government; not more than three shall be representatives of the general public; not less than four shall be representatives of health care providers; not less than four shall be representatives of the legal profession; not less than four shall be representatives of the insurance industry; and not less than two shall be representatives of State insurance authorities.

(2) The Secretary shall designate a Chairman and a Vice Chairman of the Board.

(3) Each member shall serve for a term of two years or until his successor has been appointed, except that no individual who was appointed while a full-time employee of a State or Federal Government shall serve in such position after he ceases to be so employed unless he is reappointed.

(4) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of that term.

(b) The Chairman shall preside at all meetings, and the Vice Chairman shall preside in the absence or disability of the Chairman. In the absence of both the Chairman and Vice Chairman, the Board may appoint any member to act as Chairman pro tempore. The Board shall meet at such times and places as it may fix and determine, but shall hold at least four regularly scheduled meetings a year. Special meetings may be held at the call of the Chairman or of any three members of the Board.

(c) The Board shall review general policies and shall advise the Secretary and perform such other functions as he may require.

(d) The members of the Board shall not, by reason of such membership, be deemed to be employees of the United States, and such members, except those who are regular full-time employees of the Government, shall receive for their services, as members, the per diem equivalent to the rate for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, engaged in the performance of their duties, and each member of the Board shall be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703 of such title for persons in the Government employed intermittently.

AUTHORIZATION OF APPROPRIATIONS

SEC. 26. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

[From the Chicago Sun-Times, Feb. 16, 1975]

Liability Crunch: Suing the Doctor

(By William Hines)

Washington.—A meeting of critical importance to the future of U.S. medicine will be held here Wednesday under the auspices of the Department of Health, Education and Welfare.

It has been scheduled as part of a desperate effort to come to grips with a situation potentially touching every doctor, hospital and patient in the country—and profoundly affecting the course of health-care costs, which already have zoomed past the $100-billion-a-year mark.

The situation was brought to the crisis point by demands of insurance companies in several states for astronomical increases in premiums and of announcements by them of intentions to abandon entirely, in some regions, the business of writing so-called malpractice insurance in the health field.

Already the Argonaut Insurance Co. of Menlo Park, Calif., one of the largest medical malpractice insurers, has served notice that it will stop writing hospital policies in 14 states as of March 31 and that it intends to drop physicians' policies on June 30 in New York State, which, with 36,000 practicing doctors is the No. 1 focus of medical talent in the country.

Side by side with the Argonaut action are a series of decisions by several other companies in the country to seek whopping rate increases.

In North Carolina, for example, St. Paul Fire & Marine Insurance Co. got a premium rise of 82 per cent over objections of the insurance commissioner (who approved 5.6 per cent) by threatening to drop physician malpractice coverage if its increase were not approved.

That this and similar threats are not necessarily idle ones is attested to by the fact that Argonaut asked for a 197 per cent increase on the premiums of policies of the 21,000 New York doctors it covers and pulled out when the increase was denied. In Michigan, the Shelby Insurance Co. asked for—and got—a 200 per cent raise.

Up to mid-February no area of the country actually is uncovered by physician and hospital malpractice insurance, according to Dr. Roger O. Egeberg, former assistant HEW secretary for health, who is now HEW Sec. Casper W. Weinberger's special assistant on malpractice. It is Egeberg who will be chairman of Wednesday's meeting with insurance-industry representatives, state insurance commissioners and other interested parties.

While malpractice insurance may not have disappeared anywhere in actual fact, in some areas and for some persons it has, Egeberg said.

"If you're paying $12,000 a year now and you get a 300 per cent increase, does that mean that the insurance is available?" he asked. "That's the real question."

No prudent doctor—like no prudent motorist—can afford to be without liability insurance, which is what "malpractice" coverage really is. All statistics suggest that only a small fraction of claims against physicians arise from actual malpractice, which is defined as "failure of a professional person to render proper services through reprehensible ignorance or negligence or through criminal intent, especially when injury or loss follows."

Basic coverage for medical malpractice is of the "100/300" variety, which means protection up to $100,000 for each *individual* claimant and a maximum of $300,000 in claims arising out of a single incident. But most doctors nowadays seek supplementary insurance that will protect them against settlements and court judgments running into millions.

A letter in the files of Sen. Gaylord Nelson (D-Wis.), sponsor of a malpractice-insurance bill introduced in Congress last month, recites the problem an orthopedic surgeon had in getting coverage for his small group of medical associates up to a maximum of $10 million.

Doctors popularly suppose that the million-dollar judgment is a clear and present threat to the average practitioner and that millions are handed out like John D. Rockefeller's dimes by damage-suit juries. Egeberg himself, who should know better, talks about "someone getting a million dollars for a (surgical) clamp (left inside after surgery)."

Actually, most million-dollar judgments on record—principally in California, where a spate of them emerged in 1973–74—have been awarded only after proof of the most gross and outrageous bungling resulting in grievous, lifelong harm to the victim and loss to kin.

It is, the insurance companies say, the large (exceeding $250,000) judgments that have them scared. Moreover, many companies writing malpractice policies are opting out of this field because of what they call the "long-tail syndrome." Some cases drag on for as much as 10 years from the triggering incident to settlement of claim, they say, and this requires tying up large sums of reserve capital.

Statistics do not lend much credence to either one of these purported concerns. The great bulk of settled claims are for small sums, not large, and the 10-year tail on claims is the rare exception. These statistics are admittedly obsolescent (1970 data published in 1973 by a government-appointed panel on medical malpractice) but the insurance companies have offered no later or better data to refute them.

Nobody—except possibly a relative handful of tort lawyers who specialize in prosecuting medical malpractice actions—likes the current state of affairs, which is one bright reason for hope that it can be changed for the better.

An injury resulting in a malpractice claim now runs the following approximate course:

A patient is treated by a physician, or is in a hospital for some condition, and something untoward occurs. This may or may not be immediately apparent to the patient; conceivably it could be years before an untoward result of treatment becomes known.

From this moment of discovery—be it the day after the operation or five years later—the statute of limitations on legal action begins to run. This statute limits the time in which initiation of a lawsuit can be undertaken; it varies from one to three years, according to state law.

Having discovered the injury, the patient then complains to the doctor, the hospital—or to a lawyer. From then on, the matter runs a course leading to out-of-court settlement or to trial; if it goes to trial, it then runs a further course leading to a verdict for either plaintiff or defendant. If it is a plaintiff's verdict, it goes on to an award of damages.

Doctors and insurance companies say the system encourages lawyers, operating at, or sometimes beyond, the fringes of professional ethics, to entice patients to sue for astronomical sums. Although lawyers, like doctors, are ethically constrained from advertising, Egeberg contends that a lawyer's suit in behalf of a plaintiff for, say, $5 million is in itself a form of advertising.

It is, of course, possible under the U.S. system of justice to sue almost anyone for almost anything and ask for almost any amount of damages. Getting what's asked for is quite another thing.

For example, a 16-year survey at a 126-bed hospital in Ohio showed the following malpractice-suit experience:

Twenty-six suits were filed, asking a total of $5,327,000. The eventual settlement (usually out of court) was for a total of $218,400, of which only $124,541 was paid by the insurance companies covering the hospital. Meanwhile, it is interesting to note, the hospital had paid $327,849 in insurance premiums—2½ times as much as the insurance firms paid in settlements.

The average settlement—8,400—is somewhat higher than about two-thirds of the settlements in 1970 that were analyzed by the HEW malpractice panel in its 1973 report. The average settlement in 1970 was slightly more than $2,000.

This brings up the controversial matter of the contingency-fee lawyer's role, a drama in which these lawyers are cast as villains by doctors and insurance companies.

It is common in the United States for lawsuits to be brought on behalf of persons without substantial resources by lawyers who agree to represent them for a stipulated fraction (usually one-third or two-fifths) of the award if there is any. This relieves the plaintiff of the need to pay any money before the legal action starts and at the same time burdens the lawyer with the risk of bearing all costs of the action if no favorable award results.

Many malpractice lawyers have got rich off contingency fees. But even the best of the malpractice attorneys lose cases, too; a noted practitioner in that field here, who, early in February won a $1,500,000 verdict and pocketed about $500,000 of it, had lost his three previous cases and a good bit of money on each of them.

Malpractice lawyers defend the contingency-fee system as a winnowing process; since 40 per cent of nothing is nothing, they screen cases quite carefully before taking them so, they argue, frivolous suits never get to court by this route.

That is true enough, but there is another side to the coin. A busy lawyer will not take a case—however meritorious—if, in his judgment, it will result in only a chicken-feed award.

Forty per cent of $2,000 is $800, and few experienced lawyers will mess with sums like that. Milton Heller, a Washington attorney who takes cases on a one-third contingency, said he won't touch anything unless he believes it will bring at least a $50,000 award or an out-of-court settlement, preferably the latter.

So while contingency-fee suits give the little guy the only chance he has to play the game of big-time malpractice law, it denies him the chance to get his just desserts when the stakes are lower. In 1970, Heller's $50,000 lower limit was exceeded by only about 5 per cent of all awards and settlements.

Still, while the little guy's efforts to get justice in a small damage suit can be thwarted by the malpractice lawyer's refusal to take his case and by the insurance company's unwillingness to settle for substantial sums in the absence of a threat of lawsuit, a lot of claims are settled for the small amounts that add up in the end.

These settlements arise, sometimes, from the doctor's plea to his insurance agent to "get this guy off my back!" and sometimes from other considerations. They mount up; in 1970, three-eighths of all claims were settled for less than $1,000.

Such settlements, and the paper work and adjusters' time involved, are the sort of nickel-and-dime nuisance, insurance men say, that make them feel they are being nibbled to death by ducks. Egeberg said he believes the time has come, finally, that insurance men are as eager as anyone else to reach a workable solution to the problem.

Why Now—After All These Years?

Washington.—A generation ago a malpractice suit or a negligence claim against a physician was a rarity. Now such actions are almost commonplace. Why?

Aside from the fact that greedy patients-turned-plaintiffs, unethical lawyers and incompetent doctors do exist, there are some fairly clear reasons for the rising incidence of malpractice actions.

Some reasons have to do with the changing nature of U.S. medicine. The rise of specialization—and the concurrent weakening of a warm personal relationship between doctor and patient—is one. It is still unusual for a family doctor to be sued by a patient of long standing.

Another reason relates to the use of powerful new drugs with potentially dangerous side effects. Although doctors are supposed to tell their patients about risks as well as benefits from medication (and most probably do) sometimes this information does not sink in, and a patient will become angry or distressed at what happens.

Most serious malpractice actions seem to arise out of dissatisfaction with results of so-called elective surgery—nonemergency operations. Plastic surgeons run a particularly high risk of lawsuits from patients dissatisfied with cosmetic results.

Then there's what the medical profession calls the Marcus Welby Syndrome, after the television character who works medical miracles in 28 minutes 30 seconds week after week. If things don't go exactly right—and in serious surgery things sometimes don't—the patient frequently assumes negligence where none exists.

[From the Chicago Sun-Times, Feb. 17, 1975]

Binding Arbitration Seen Answer To Malpractice Suits

(By William Hines)

Washington.—In searching for a solution to the malpractice-insurance crisis, many experts in and out of government have proposed a formula called binding arbitration, which is already an alternative to court proceedings in the legal codes of 27 states.

Arbitration, which is being tested in a major West Coast prepaid group medical practice, is looked on as an effective way of easing crowded court calendars, cutting time between claim and settlement, and leaving to the injured party a larger share of the monetary award than he or she usually gets to keep nowadays. It works this way:

A patient and the doctor or hospital sign at the outset an agreement to bring any possible malpractice claim arising from treatment to an arbitration board and agree to accept its decision. As with any contract, coercion would invalidate it; thus, the agreement would be void if it were signed by the patient as a condition of getting urgently needed treatment.

If a grievance arises later, it is handled under procedures approved by the American Arbitration Assn., and the decision of the arbiters is—for practical purposes—final.

Another proposed solution is no-fault insurance, which has worked well, according to most observers, for auto liability in states where it has been tried. No-fault is aimed at righting a wrong without regard to whose fault it was or indeed whether there is fault.

Dr. Roger O. Egeberg, the project officer on malpractice insurance in the Health, Education and Welfare Department, said he sees a place for all three mechanisms—no-fault arbitration and court proceedings (whether or not handled on a contingency-fee basis).

No-fault, he said, would take care of so-called act-of-God events and unavoidable mishaps such as those covered today by workmen's compensation. The place for arbitration is where a case for "ordinary negligence" can be made—for instance, a fall off an examining table because the doctor stepped out of the room and the nurse wasn't paying attention. Gross negligence should be the continued province of the full-blown lawsuit, Egeberg said.

The malpractice insurance business has come a long way since Egeberg, now 71, hung out his shingle as an internal-medicine man in Cleveland in 1932. He said he recalls paying $28 a year for his insurance. Typically an internist in a city practice pays $625 today. The highest premium Egeberg said he actually knows of is $18,000 for an orthopedic surgeon or neurosurgeon in New York City.

Numbers such as these conceal a point once elucidated by Jacob D. Fuchsberg, an attorney now a judge in New York, who said, "Doctors once paid $100 for malpractice coverage, but they made $15,000 a year then. Now they pay $2,500 for coverage and make $90,000 a year. When I tell doctors this and ask them if they want the good old days, they don't have an answer."

Where the malpractice insurance crisis is hurting the worst, Egeberg said, is at the top and bottom of the physician age-curve. Many young doctors are unable to get insurance at any price, and old doctors who would like to taper off their practice over a period of 5 to 10 years feel they cannot afford full-rate premiums for a part-time practice. He knows of instances of both sorts, Egeberg said.

The crisis is spotty in nature, Egeberg continued. Probably 60 percent of the States have no real problems—yet—where malpractice insurance for doctors is concerned. Hospitals are a different story, and the American Hospital Assn. recently took initial steps toward setting up its own insurance company—an action a medical society in Southern California found disastrous a few years ago.

The average insurance premium paid by the U.S. physician today is not particularly outrageous; about 300,000 doctors share an annual insurance premium of about $350,000,000, roughly $100 a month. Because a relatively few specialists in "high-risk" categories pay a great deal more than this average premium, many generalist doctors pay a lot less.

But the traffic apparently will not bear much more than it is today. Physician and hospital malpractice-insurance premiums are estimated at something like $1 billion a year, and "defensive medicine" practiced primarily to cover the doctor in event of legal action costs another $5 billion, Egeberg said.

This makes the direct and indirect costs of malpractice insurance the No. 3 item in the nation's medical bill—after Medicare and Medicaid.

"Six billion dollars a year; that's about 6 per cent of our over-all present health costs. It's really ghastly. That's more than our own

(HEW) health budget, taking aside Medicare and Medicaid. That's more than the budget for the National Institutes of Health, plus the Health Resources Administration; Health Services Administration; Food and Drug Administration; Alcohol, Drug Abuse and Mental Health Administration, and the Center for Disease Control, all put together.

"So it's a hell of an expensive item."

Tuesday's meeting at HEW will not solve the malpractice insurance crisis, Egeberg acknowledged. The most that can be hoped for is some arrangements that will tide things over until a lasting solution can be worked out.

Rep. Dan Rostenkowski (D-Ill.), chairman of the new health subcommittee of the House Ways and Means Committee, has proposed a full-scale study of the insurance picture, which Egeberg said is a good idea, since such a study would have the power of subpena and thus would go beyond what the HEW panel was able to do in 1972–73.

Egeberg also said he favors the formula laid out in legislation introduced last month by Sen. Gaylord Nelson (D-Wis.). Nelson's formula would create a reinsurance pool (not at federal expense) that would guarantee malpractice protection to doctors who need it. He shies at an alternative proposal by Sen. Edward M. Kennedy (D-Mass.) that, Egeberg said, would put doctors "under such restrictions that they would find it difficult to be independent."

Egeberg's boss, HEW Sec. Caspar W. Weinberger, has asserted federal interest in the situation because of the government's direct responsibility to finance care for the aged (Medicare) and for the poor (Medicaid). Uncle Sam will step in, Weinberger said, before he will allow people covered by these programs to go untended simply because doctors cannot get liability insurance.

[From the Chicago Sun-Times, Feb. 18, 1975]

MALPRACTICE SETTLEMENT: HOW MUCH IS TOO MUCH?

(By William Hines)

WASHINGTON.—Experts disagree on the actual peril confronting the typical U.S. physicians in the emotion-charged area of malpractice litigation, but doctors are running scared. Many look on every patient as a potential adversary in court.

This is hardly an ideal climate in which to nurture a good therapeutic relationship. As a formula for easing doctor-patient tensions, Health, Education and Welfare Sec. Caspar W. Weinberger has suggested that proof of adherence to standards of practice set by the new Professional Standards Review organizations should be a valid defense for a physician sued for damages by reason of malpractice.

But Dr. Roger O. Egeberg, Weinberger's special assistant in charge of malpractice matters, has reservations about this. While adherence to PSRO standards might cut the incidence of malpractice claims, Egeberg said he can see how this might actually add to the cost of health care.

"Let's say," Egeberg explained, "that PSRO would say that for an injury to the ankle we won't approve more than four X-rays. I'm not sure that if PSRO should say the limit is four, that wouldn't soon become the minimum as a means of protecting the doctor if he has some trouble. And boy! Would that up the cost some more."

Egeberg has one other idea to cover cases where gross and inexcusable negligence results in severe permanent damage to a patient. Instead of huge, lump-sum awards, such as the record $3.7 million given for a botched disc operation that was unnecessary in the first place and left the patient paralyzed and incontinent, juries might consider the "reversionary trust" as a means of righting wrongs, he said.

Under this system, the needs of a patient and his family would be taken into account, and a trust established to realize sufficient interest to provide the needed sum. After the patient died and his family had grown up, the trust could be terminated.

This would eliminate such cases as one in the West, where a verdict exceeding $1 million was returned and the plaintiff died shortly afterward leaving his relatives "instant millionaires."

Another consideration clouding the malpractice insurance picture is uncertainty over the nation's economic future. Companies writing insurance in various states are required to maintain surpluses corresponding to a certain proportion of the premiums they collect. In the current stock-market nosedive, many surpluses (tied up in securities) dwindled in value and caught insurors in a bind.

At the same time claimants—especially those with damage that will persist—tend to take inflation into account when asking for redress of injury.

A patient permanently disabled but not hopelessly crippled might have thought a settlement guaranteeing an income of $15,000 for life a good deal in 1960 or even 1965. No longer. The prudent patient today would shy at any annuity based on 1975 dollars unless inflation were cranked in at a rate of 12 per cent or so.

Not mentioned up to now is one aspect of the malpractice picture that the medical profession soft-pedals. It is unquestionably true that there are "chasers" in the legal profession and greedy patients who would happily sock it to the doctor if they could. It is also true that insurance companies seem to rake in a lot more in premiums than they pay out in claims. To all these rapacious elements, the doctor stands as a lamb before wolves.

But it is also true that there is a lot of careless, substandard, ignorant and ill-motivated medicine being practiced, and it is not enough to say (as Egeberg does) that these make up only a tiny percentage of all doctors.

As long as the medical profession tolerates a Dr. John Nork, it has nobody but itself to blame for what happens at the hands of a malpractice jury. Nork is the holder of the dubious record for a judgment, the $3.7-million award by a Sacramento (Calif.) court for—as the judge said—making "a practice of performing unnecessary surgery, and performing it badly, simply to line his pockets."

Nork finally lost his license a year ago—but only after acknowledging needless and negligent surgery on 37 patients during a period when his hospital administration was ignoring his scandalous behavior and his local medical society was (in the judge's opinion) covering up for him. It should be of small consolation to former servicemen, incidentally, that after Nork was run out of town in disgrace, he ended up on the staff of a nearby Veterans Administration hospital.

For all of California medical profession's slowness in acting on Nork and others like him, that state has a far more enviable record of peer review and peer discipline than most. A recent survey of disciplinary actions taken by doctors against doctors in 46 states and the District of Columbia (Louisiana, Missouri, Pennsylvania and South Carolina refused to provide information) showed 404 licenses were revoked nationwide from 1969 to 1973, and 245 of them were in California.

MEDICAL MALPRACTICE IN CANADA

(By Rebecca Welch) *

SUMMARY

Medical and legal experts in Canada cite a variety of reasons for the lower level of medical malpractice activity compared to medical malpractice activity in the United States:

Health care costs for Canadians are borne largely by a government compensation system.

Canadian physicians are protective and tightly organized through their medical association.

The potential malpractice plaintiff in Canada cannot benefit from a *res ipsa loquitur* doctrine, and in addition, he is more likely than his American counterpart to have difficulty in obtaining medical testimony.

Canadian malpractice cases generally are tried before a judge, alone, rather than before a jury.

Most Canadian provinces have short status of limitations which commence from the date treatment of the condition in question terminated rather than from the date the alleged medical injury occurred.

The vast majority of Canadian malpractice plaintiffs must pay their lawyer, win or lose, and if they lose they must pay a portion of the defense costs as well.

The climate of opinion in Canada, both among judges and the general public, reportedly tends to be more sympathetic toward physicians than public and judicial opinion in the United States.

The practice of medicine in Canada and the United States well may be similar, but in light of the differences cited above, one can understand why each country has had a different experience with medical malpractice claims and suits.

Considering the similarities between Canada and the United States in regard to population composition, quality of education, ratio of physicians population,[1] and medical techniques taught and practiced, the proportionate volume of medical mishaps should be fairly comparable between the two countries. However, while the volume and size of malpractice claims and suits in the United States has grown to the point where the malpractice problem is said to be of major proportions, malpractice suits are relatively infrequent in Canada and malpractice insurance for Canadian physicians costs only $50 per year.

According to Law Professor A. M. Linden of York University in Ontario, only 80 writs (documents issued by Canadian courts when suits are filed) were issued in 1970 against members of the Canadian Medical Protective Association, which represents some 22,000 of Canada's 28,000 physicians. Only 43 of these writs resulted in actual trials. Of those cases that went to trial, 35 were dismissed and only 8 were successful.

Like American hospitals, Canadian hospitals are insured for malpractice liability by private insurance carriers, either under group coverage within each of the provinces or through individual policies. Malpractice claims against Canadian hospitals, like those against Canadian physicians, however, are much less frequent and involve smaller awards than hospital malpractice claims in the United States. One Canadian insurance company which underwrites 45 hospitals under the Manitoba Hospital Association program, for example, maintained a total amount reserved for outstanding claims in 1971 of only $12,000.

Preliminary data from a study by the Canadian Hospital Association (CHA) of the number of malpractice actions against hospitals in various Canadian provinces in 1971 found that the volume of such actions has been relatively low. Only seven actions were brought in the province of Manitoba in 1971. Four of these were pending at the time of the study and three cases had been closed with only out-of-pocket patient expenses awarded: $181 for a suicide and $87.85 and $67.50 for two incidents of alleged improper treatment. No malpractice actions against hospitals were reported for Prince Edward Island or the Northwest Territories for 1971. In Alberta, according to the study, eight malpractice actions were taken against hospitals, but only two of them resulted in payment and the sums paid were small: $54.40 in the case of a cardiac arrest and $60 in another case.

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*This report was originally prepared as a background paper for the Secretary's Commission on Medical Malpractice, U.S. Department of Health, Education, and Welfare. Report No. SCMM–I–RW–CM.

[1] According to the American Medical Association, the ratio of active physicians directly involved in patient care to people in the United States in 1970 was 1 to 730, not greatly different from the corresponding Canadian ratio of 1 physician to every 808 people.

Of those Quebec hospitals responding to the CHA survey, forty indicated they had sustained no malpractice actions during 1971, three reported one action each, four reported two each, three reported three each, one reported four actions and one reported seven actions. One hospital that did not report its malpractice experience for the year 1971 separately did report that it had sustained a total of 23 malpractice actions between June 1969 and August 1972. The majority of those twenty-three actions, however, resulted in no payment or payment of less than $100. Fewer than 10 awards over $5,000 were reported in all of Quebec for 1971.

At the time of this writing, the Ontario Hospital Association had not yet responded to the CHA survey, but a spokesman for the CHA estimated that some 150 claims were filed against Ontario hospitals in 1971.

In examining the overall malpractice claims record in Canada, even taking into consideration the somewhat higher frequency of claims against hospitals in Ontario, one may conclude that the volume of medical malpractice claims in Canada appear to be quite low in comparison to the volume of malpractice claims in the United States, which was estimated to be approximately 12,800 claims in 1970.[2] Many Americans concerned over the volume of medical malpractice claims in the United States have wondered why Canada's claim record is so superior to our own.

Mr. Lorne E. Rozovsky, Departmental Solicitor of the Hospital Insurance Commission in Halifax, Nova Scotia and president of the Nova Scotia Medical-Legal Society, testified about medical malpractice in Canada during the public hearings held by the Department of Health, Education, and Welfare Secretary's Commission on Medical Malpractice (SCMM). In addition, deans of law schools and medical schools throughout Canada were contacted by letter and asked for their views on why the Canadian medical malpractice problem is so slight compared to the malpractice problem in the United States. The following suggested explanations for the disparity between the volume of malpractice claims in the United States and Canada were drawn from information supplied by Mr. Rozovsky and from the letters that were received in responses to our letter to the medical and law deans.

National health care insurance reduces the need for compensation for medical injury

The Canadian hospital health care program covers 98.9% of the Canadian population and provides payment for all medically necessary hospital services. It is financed by equal contributions from the National and provincial governments. The province funding is provided through general revenues, payroll deductions from both employees and employers, and premiums from individuals or welfare. In the provinces that require individual contributions, the cost is usually from $11 to $15 per month per family. The hospitalization coverage under the Canadian program is much broader than coverage under Medicare Part A in the United States: There are no age restrictions or work requirements, no annual "deductibles," no limits to necessary hospital days covered and fewer exemptions to covered services. The Canadian coverage is based on the all-inclusive daily standard ward rate that has been approved by the authority of each individual province. Services rendered are not tabulated separately and overbilling and large fee items have been essentially eliminated.

According to Dr. John R. Gutelius, Dean of the Medical School of the University of Saskatchewan, "This overall system has eliminated whatever stimulus to sue may arise from the sudden realization by the patient that he has a very large bill which he would have trouble meeting." In addition, Dr. Gutelius points out that the absence of hospital bills reduces the awards in malpractice cases because plaintiffs have smaller "specialized damages" to claim.

The Canadian health care program's coverage of physicians services is similar to the coverage provided elderly people in the United States under Part B of Medicare. Again however, there are no age restrictions to eligibility. The excepted services under Medicare Part B and the Canadian health care program are similar, and freedom of choice for both the patient and physician is protected. Physicians are paid directly with government funds if they are participants in the various provincial plans. When nonparticipant physicians are used, payment is channeled through the patient to the doctor. Eighty-five percent of all medically required services are paid under the Canadian program. Commercial health insurance is available to provide protection for expense generated by the remaining 15% of medical care costs.

The strength of the Canadian Medical Protective Association discourages claims

A possible partial explanation for the relatively small number of medical malpractice actions against Canadian physicians lies in the role of the Canadian Medical Protective Association (CMPA). This professional organization is financed by a $50 annual dues assessment from each member physician. It represents over 78% of all licensed physicians in Canada.

One of the membership services of the CMPA is provision of advice and counsel in malpractice matters. The Association offers advice on the best way to avoid suit when threats have been made, handles the actual defense of the suit and the payment of defense costs, and pays damages, should any be assessed. Those physicians who inquire about commercial insurance are told that as long as they maintain membership in the CMPA they do not require commercial insurance which, if carried, actually may introduce needless complications. A member who has been threatened with a malpractice claim notifies the Association of the pertinent information surrounding the case and is then requested not to discuss the case further with the patient or the patient's attorney.

The CMPA takes the position that a defensible case should be defended in court rather than compromised, regardless of economic considerations. Professor Linden, previously quoted, wrote, "They defend vigorously and rarely pay anything except in the clearest of cases. . . ."

The CMPA has spent large sums defending cases that could have been settled less expensively out of court, but its strong resolve to defend malpractice cases appears to have had a great dissuading effect on the bringing of "nuisance" claims by potential plaintiffs and their lawyers. In addition, the CMPA's policy of going to court in nearly every case, thus requiring the defendant physician to justify his professional performance with testimony and undergo cross-examination, may tend to encourage caution on the part of physicians, who do not relish having to account for questionable professional behavior before their colleagues.

Canadian courts do not accept the "res ipsa loquitur" doctrine

In Canada, the plaintiff in a medical malpractice suit must prove, through affirmative evidence in court, that he was medically harmed and that his injury was caused by professional malpractice. The Canadian courts do not recognize the legal doctrine of *res ipsa loquitur*, which has been used in United States courts in certain cases to reverse the normal burden of proof on the part of the plaintiff by requiring the defendant to prove that he was not negligent in the incident at question.

Obtaining medical testimony is often difficult for Canadian medical malpractice plaintiffs

A number of the Canadian medical and legal experts contacted pointed to the plaintiff's difficulty in obtaining expert medical testimony as a prime reason for the low number of medical malpractice suits in Canada.

Roger Carter, Dean of Law at the University of Saskatchewan, wrote, "In most instances, of course, this (prosecution of a medical malpractice suit) will necessitate the plaintiff being able to find and call expert medical testimony. Perhaps understandably, there is something of a wall of professional silence which many a litigant will run into in attempting to get this kind of assistance from a doctor."

A Canadian medical school Dean, Dr. W. A. Cochrane, of the University of Calgary, wrote, "Physicians generally in Canada have been less interested and less enthusiastic about testifying against each other than perhaps [are physicians in] the United States."

Still another expert, John F. McCreary, M.D., Coordinator of Health Sciences and Dean of Medicine at the University of British Columbia, characterized the Canadian medical profession as ". . . a relatively tightly-knit group." He went on to write, "Perhaps partially because we have a poorer physician population ratio than exists in the United States, and physicians are therefore busier, the lawyers find it difficult to find a physician who will go to court to testify against another physician."

Although the dearth of expert plaintiff medical witnesses appears to be a serious problem throughout Canada, in at least one city, Toronto, the local medico-legal society has a policy of providing medical experts to testify in those cases it considers "meritorious and bona fide." A society spokesman said the society recognized that the "conspiracy of silence" on the part of the medical profession often only aggravates the malpractice problem and gives the medical profession bad newspaper publicity.

Canadian courts tend to be psychologically oriented in favor of the physician and make fewer and smaller malpractice awards

In Canada, the doctor's position and high regard place him in a different climate than that of the United States doctor. According to Canadian legal author E. Jacques Courtois, "The courts take great pains to avoid any hindrance to the practice of liberal professions. They carefully refrain from meddling in their fields of activity and intervene only when very obvious injustice occurs." Mr. Courtois goes on to say, "It is with considerable reticence and always with great care that a judge will make up his mind to charge the individual engaged in medical practice with error."[3]

Although the belief has not been documented, some experts, including Leon Getz, Law Professor at the University of British Columbia, feel that American courts tend to stretch the principles of tort liability in order to compensate a disabled patient while

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[2] *See* "Medical Malpractice Insurance Claims Files Closed in 1970," *Supra*, pp. 1ff.

[3] E. Jacques Courtois, Q.C., "Legal Responsibility," *The Canadian Nurse*, December, 1964.

Canadian courts tend to concentrate more on the question of actual liability of the doctor for the injury, regardless of the patient's hardship.

Jury trial is not common in Canadian malpractice cases

A Canadian medical malpractice trial is more likely to be held before a judge alone than is a medical malpractice trial in the United States. Trial by jury is usually refused in Canada on grounds of complicated medical evidence. Canadian legal and medical experts tend to think this use of trial by judge rather than trial by jury results in smaller awards in those cases decided for the plaintiff. They believe that judges are more prone than juries to base their decisions on technical data and less apt to be swayed by emotional factors. Even when juries are used in Canada, the trial judge is allowed to exercise more control in terms of advice and approach to the task than an American judge is allowed to exercise.

Law Professor J. B. Dunlop, who teaches courses in civil liability for personal injuries, including medical malpractice, at the University of Toronto, pointed out that only half of all personal injury actions in Canada are tried by juries and that awards are much smaller than awards in the United States, particularly in medical malpractice cases. He also reported that Canadian appellate courts are more prone to reduce high malpractice awards than are American appellate courts.

Relatively short statutes of limitation's exist in Canada

The statutes of limitation applying to both minors and adults are generally somewhat shorter in Canada than in the United States. Seven of Canada's provinces, for example, have one-year statutes of limitation and two provinces have two-year statutes. Only one province has no statute of limitations. Where the statutes of limitation's exist in Canada, they commence not from the date when the negligence was discovered but from the date treatment of the matter complained of terminated.

The contingent legal fee is rarely used in Canadian medical malpractice cases

Although the contingent legal fee is not generally used in Canada and most lawyers charge their clients on an hourly basis, use of the contingent fee is permitted in six Canadian provinces, including New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, and British Columbia. The lawyer's share of the award under the Canadian contingent fee system, however, is usually only from 15% to 20%, considerably smaller than the average one-third taken by American attorneys.

Even where the contingent fee is permitted, then, one can well understand why Canadian attorneys might not be as anxious as American attorneys to accept medical malpractice cases on a contingent fees basis. Canadian attorneys would be working for a smaller share of a less probable, smaller award.

Without access to a contingent fee arrangement, plaintiffs must pay for their attorneys' services even if their cases are lost. The prospect of taking on this financial responsibility, win or lose, well may act as a deterrent for many prospective Canadian plaintiffs.

If the unavailability of the contingent legal fee were the main reason for fewer medical malpractice cases in Canada than in the United States, however, one would expect a correspondingly small number of other personal injury suits to be filed. It should be pointed out in this regard that several of the medical and legal experts queried for this study mentioned that the disparity between the volume of all personal injury litigation in the United States and in Canada is much less than the disparity between the volume of medical malpractice cases in the two countries. No figures to refute or substantiate this contention were supplied, however.

The losing Canadian plantiff must pay a portion of the defendant's legal costs

Not only must the plaintiff pay his own lawyer, in most cases whether he wins or loses, but if he should lose he is also required by Canadian law to bear a substantial portion of the defendant's legal costs. This places an additional economic incentive for caution before the prospective plaintiff who has a speculative case.

The unavailability of legal aid to the poor discourages suits

Although there has been an attempt made to provide free legal aid services to Canadians in the lower economic brackets, several of the Canadian law and medical experts queried thought that these programs were underdeveloped. They believed that if free legal assistance were available, a larger number of medical malpractice actions would be filed than are filed at present.

Canadian consumers are less concerned with medical malpractice than consumers in the United States

On the whole, Canadians appear to be much less concerned with a "medical malpractice problem" than Americans are. The Canadian media reportedly tend to give relatively little publicity to Canadian malpractice cases. Those malpractice cases that are publicized are usually large American ones. To quote Profesosr Linden again, "Canadians do not seem as 'claims conscious' as Americans. This is in part due to their less aggressive nature, perhaps, but also to the widespread existence of social welfare schemes which make lawsuits unnecessary."

Some legal and medical experts indicated that the excellent doctor-patient rapport that exists particularly in the rural areas of Canada tends to mitigate against patient initiation of malpractice suits. In the urban areas, the legal and medical professions have formed strong associations to achieve an easy flow of information about their professions and reduce misunderstanding.

The Malpractice Problem in Great Britain

(By Philip H. Addison, MRCS, LCRP, Peter Baylis)

I. THE MEDICAL DEFENSE UNION

In Great Britain medical practitioners do not cover themselves against malpractice actions by commercial insurance; this is the function of the medical defense organizations which are not commercial organizations but mutual benefit asosciations of doctors administered by doctors. The Medical Defense Union is the largest and oldest of the three British defense associations and has a membership of over 71,000.

It was during the early 1880s that members of the medical profession in Great Britain noted that attacks on doctors were increasing in number, and that many prosecutions, or threats of prosecution, were actuated by malice or based on frivolous pretexts. Two cases in particular roused the indignation of the profession.

Two doctors had performed a tracheotomy on a child suffering from diphtheria. They instructed the father to suck the tube to remove any obstruction. The child died and the father contracted diphtheria. The father instituted a charge of manslaughter. The doctors were acquitted and the father then brought action for negligence. There were two trials as the first jury could not agree. In the second trial the jury, after hearing the plaintiff's statement, thought it necessary to hear defendants' counsel and the action was stopped. Even so the doctors incurred costs of over $2,600, to say nothing of the anxiety which they must have endured.

In the other case a doctor was sentenced to two years' imprisonment with hard labour. He had been attending a woman during her pregnancy and was convicted of an attempt to commit sexual assault. The profession clamoured for his release and a petition was submitted to the Home Secretary expressing the view that the evidence failed to support the charge and that due weight had not been given to the fact that from childhood the patient had suffered from epileptic fits and was liable to delusions. Eventually the Home Secretary, on being satisfied that there was sufficient doubt, directed the doctor's release with a free pardon. By then the doctor had served eight months of his two years' sentence. It was generally believed that a conviction would never have been secured if adequate evidence had been submitted on this doctor's behalf.

In October 1885, the Medical Defense Union was founded with the object of protecting doctors against such risks. For the first few years the Union's membership remained at about 500. It had to fight for survival, convulsed by internal crises, and opposed by a new body formed by seceding members, and it narrowly escaped liquidation. Only the faith, courage and devotion of a little band of medical men saved it from extinction and set it on the path of development to become the great institution it is today, with over 71,000 members in all countries of the world, with the sole exception of the U.S.A. At present the Union has 11,000 members who practise outside Great Britain.

II. SERVICES PROVIDED BY THE MEDICAL DEFENSE UNION

Only a handful of medical practitioners engaged in clinical work in Great Britain are not members of one or other of the three British defense organizations. It can be said without fear of contradiction that in Great Britain the members of the medical and dental professions are fully satisfied with the cover that they are afforded by their medical organizations.

The principal function of the Medical Defence Union is to defend and indemnify members in proceedings that are brought against them and that arise out of their porfessional work. In addition, members are entitled to advice on matters that are connected with their professional work. Furthermore the Union does not hesitate to initiate proceedings on behalf of members when their professional character and interests have been impugned. In every Annual Report reference is made to cases in which the Union has initiated proceedings on behalf of members who have been defamed. The following defamation is a typical example.

A. The doctor and the strait jacket

A Sunday newspaper published a sensational article about a prisoner who had died in hospital. It was alleged that when he screamed with pain, while he was dying, he was put into a strait-jacket, that he had complained of severe headache for several weeks but had received treatment only with 'aspirin water' and that he had had no drugs to ease his pain. The man had died from a tumour in the silent area of the brain. Needless to say, the story about strait-jackets was nonsense, because they are no longer to be found in prisons. Until a few days before his death the patient had complained only of vague pains in the head and elsewhere. These complaints had been investigated and at no time had he been fobbed off with 'aspirin water' (the prisoners' name for a suspension of paracetamol in water). As the tumour developed, so far from 'screaming with pain', he became slowly more vague and disorientated and the correct diagnosis was made in the prison hospital. He was referred to a neurosurgical centre where the tumour was found to be inoperable. All the members of the medical staff of the prison, including two local general practitioners who did part-time relief work, were members of the Union, which took up the cudgels on their behalf. The story was traced to letters written by fellow prisoners to a Member of Parliament, who referred to them the newspaper whose reporter delved enthusiastically into the murky depths of prison rumour. Long before the trial the newspaper must have known that the story could not be supported since they had seen the meticulous prison records. In the end the paper paid substantial damages and the Union's legal costs. A statement was made in open court and published in the newspaper concerned and other daily and Sunday newspapers which cleared the members of the unpleasant allegations made against them.

B. Criminal charges

Members are also defended when they have to appear before the criminal courts on charges arising out of their professional activities. One of the most celebrated cases in which the Union has ever been involved concerned the trial of its member Dr. J. Bodkin Adams.[1] The accused was charged with the $46,800.

C. Hospital medical officers

Members holding hospital appointments in the National Health Service are frequently assisted at hospital inquiries. Hospital medical officers in the N.H.S. also frequently seek assistance about their contracts, removal expenses and many other matters. In every Annual Report some of these cases are mentioned under the main heading of "Problems of Hospital Medical Officers in the N.H.S."

D. General practitioners

General practitioners are assisted when it is alleged that they have been in breach of their Terms of Service. Numerous cases of this sort are mentioned every year in the Union's Annual Report under the main heading of "Problems of General Practitioners in the N.H.S.".

E. Ethical inquiries

The commonest ethical inquiry that the Union receives from its members relates to one or other aspect of professional secrecy and again many such cases are referred to in the Annual Reports.

F. Disciplinary Committee of the General Medical Council

Another type of case in which members are assisted arises from their appearance before the Disciplinary Committee of the General Medical Council. Disciplinary powers were first conferred on the G.M.C. by the Medical Act 1858, which established the G.M.C. and the Medical Register. The disciplinary jurisdiction of the G.M.C. is now governed by the Medical Act 1956 as amended by the Medical Act 1969 and these Acts provide that if any fully or provisionally registered practitioner

(1) has been convicted in the United Kingdom or the Republic of Israel or any of the Channel Islands or the Isle of Man of a criminal offence, or

(2) is judged by the Disciplinary Committee of the Council to have been guilty of serious professional misconduct the Committee may if it thinks fit direct that his name shall be erased from the Register, or that his registration shall be suspended for a period not exceeding 12 months. The power of erasure applies also to temporarily registered practitioners. Again, cases of this sort are often referred to in the Union's Annual Reports.

G. Inquests

Members regularly consult the Union when they are asked to give evidence at inquests concerning deceased patients for whom they have been clinically responsible. It is often possible by suitable inquires and by consulting expert colleagues, for the Union to resolve points of doubt or dispute. Legal representation is provided when it is thought that a member's conduct may be called in question. Four such cases are reported.

III. INCIDENCE OF MALPRACTICE CLAIMS IN GREAT BRITAIN

A. Magnitude of the problem

A following graph shows the percentage of MDU members involved in malpractice claims over the period of 1947 to 1971. It can be seen that the percentage has doubled over the last 25 years.

Owing to the effects of inflation that has occurred on an unprecedented scale since 1965, the Medical Defense Union has had to increase its annual subscription very considerably. Whereas in 1969 members were required to pay an annual subscription of only $16, they will be required to pay an annual subscription of $65 as from 1, 1, 1973. The amounts that are now awarded by the courts to successful plaintiffs have increased very considerably during the past few years. Needless to say, this increase is reflected in the claims that are considered to be indefensible and are therefore settled out of court. Whereas in 1965 the payments made by the Union on behalf of its members, in respect of damages and legal costs, amounted to $236,600 the corresponding amount in respect of 1971 totalled no less than $832,000. The increase in these payments during the last seven years is vividly shown in the following graph.

STATISTICS

Statistics for the 25-year period 1.1.1947 to 31.12.1971:

Number of malpractice claims and actions referred to and dealt with by the Union's solicitors, 2,809.

Number of actions contested in court, 222.

Number of actions contested and won, 171.

Number of actions contested and lost, 51.

Number of claims and actions settled wholly or in part by the Union, 924.

Number of claims and actions either abandoned by the plaintiffs or settled out of court by some other party without any contribution from the Union, 1,448.

Number of claims and actions referred to the Union's solicitors during period in question but not yet disposed of, 215.

In Great Britain medical practice is dominated by the National Health Service. This was created by the National Health Service Act, 1946, to establish "a comprehensive health service designed to secure the improvement in the physical and mental health of all the people of England and Wales and the prevention, diagnosis and treatment of illness."

Similar statutes cover Scotland and Northern Ireland. Treatment provided under the National Health Service is, in the main, free of charge. The cost is borne out of public funds and is recouped partly by National Insurance contributions and partly out of general taxation.

The National Health Service is divided into three main groups—Hospital and Specialist Services, General Medical Services and Local Authority Health Services. The Hospital and Specialist Services started with the transfer to the Government of almost all hospitals and medical and ancillary staff working in them.

Annual Total Payments of Damages and Legal Costs on Behalf of Members By the Medical Defense Union

There is a complex administrative structure controlling the hospitals and the services provided at them and all medical officers working in hospitals are employees of the relevant hospital authority. Consultants (Specialists) are sometimes employed whole time, but many work part-time and also engage in private practice. Most other hospital medical officers work whole-time. All are paid by salary and there is a system known as "Merit Awards" by which the service is made attractive to senior consultants by the payment of additional remuneration over and above their salary.

The hospital authority is vicariously responsible for the acts and omissions of all its staff in relation to the treatment of patients (Cassidy v. Ministry of Health).[2] Accordingly all hospital medical officers are required by the terms of their contracts to belong to a medical defence organization. In 1954 the three medical defence organizations covering Great Britain entered into an agreement with the Minister of Health (now the Secretary of State for Social Services) which governs the manner in which claims by patients involving both hospital authority and hospital medical officers are dealt with, the agreed arrangements in the Department of Health's circular H.M. (54) 32 (Appendix I).

The General Medical Service is the service provided by the family doctor. It is administered by bodies known as Executive Councils for whom general practitioners provide services for patients and are paid largely on a capitation basis with a limit to the number of patients who may be included in their medical lists. General practitioners are self-employed persons and they are not servants or agents of the Executive Council which has no vicarious responsibility for their acts or omissions in relation to the treatment of patients. Except to a limited extent general practitioners do not work in National Health Service hospitals. General practitioners are not required to belong to a medical defence organization, but almost all do so.

Local Health Authorities are responsible for such matters as public health, the care of the elderly outside hospital, child health, family planning and many others. The Local Health Authority is staffed by whole-time salaried medical officers assisted by a large number of part-time doctors, often married women. The Local Health Authority is generally vicariously responsible for the acts and omissions of its medical staff, but these are not required to belong to a medical defence organization. The fact that there are relatively few claims by patients involving doctors employed by Local Health Authorities has made it unnecessary for there to be any agreement with the medical defence organizations as in the case of the hospital medical officers.

B. Factors favoring claims

There is no real malpractice problem in Great Britain at present, but we are by no means sure that we shall not have one within the next decade.

This is suggested by the great increase in public interest in medical matters which is particularly evidenced by the news media. This is a country in which, like the United States, the news media are dominated by television and, unlike, we believe, the United States, by large circulation national newspapers. There are seven national newspapers which have a combined daily circulation of 14¼ million, the largest being the Daily Mirror, with a circulation of near 4½ m. Newspaper and magazine articles and television and radio features deal constantly with the ills to which mankind is heir, and with the activities of doctors and hospitals—a doctor in trouble or a scandal in a hospital is automatically headline news. In a typical week the seven national newspapers we have mentioned carried a total of 139 items comprising 1,643 column inches on matters medical.

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[1] *British Medical Journal* 1957, 1, 712; 1957, 1, 771; 1957, 1, 828; 1957, 1, 889; 1957, 1 954.

murder of two of his patients. He was acquitted. The costs that the Union incurred in defending Dr. Bodkin Adams amounted to $46,800.

[2] *Cassidy* v. *Ministry of Health* (1951) 1. All E.R. 574, 2, K.B. 343.

The doctor is no longer a man of mystery with his black bag. Cancer is no longer an unmentionable subject, and the correct diagnosis, however difficult, and the right prescription or surgery is looked for as of right, and there is, we believe, a slowly increasing tendency for the deprivation of that right to be regarded as an automatic entitlement to compensation.

Although an increase in litigation involving medical malpractice has been noted in this country, this has not been on the scale which is apparent in the United States. The increase that has occurred is due to two principal factors. The first is the impersonal element introduced by the National Health Service in 1948. The taking over of hospitals under the National Health Service Act has brought about a radical change in the attitude of the patient towards hospitals and their staffs. Although in the past many patients grumbled if they were not treated in hospital in the way they would have wished, they respected their local hospitals and the medical and nursing staff. Some of this respect has now gone and with it an inherent reluctance on the part of the patients to institute proceedings against their local hospitals. The attitude nowadays is that they are suing "the State". The general practitioner has also, in some measure, lost his status as the family friend and counsellor and his relationship with his patients has become, particularly in urban communities, more impersonal. This is especially so in large cities with floating, often non-indigenous, populations. The family doctor's relative immunity from malpractice claims has therefore diminished, although the hospital authority and the hospital medical officer are still the more common targets.

The second principal factor arises from the introduction of our Legal Aid Scheme in 1950. This has made it possible for many members of the public, who would not have been able to afford to do so, to institute action against doctors and/or hospital authorities for alleged negligence. A person can hardly be blamed for instituting legal proceedings against a hospital authority in respect of injuries when he thinks, as so many do, that he is suing the State at the State's expense. Legal Aid (unlike medical treatment) is not available to all and is not always free. Eligibility depends upon income and the possession of capital. There is a complicated system of calculating eligibility but broadly a married man with two children ceases to be eligible if he earns more than $300 per month and Legal Aid is not available to those with $1,200 of available capital. Those who are within the Scheme but are near the top of the scale must pay a part of the legal costs themselves.

When Legal Aid is not available the hopeful litigant is not necessarily forced to rely on his own resources. The Trade Unions frequently give financial support to their members in personal injury litigation and this may extend to litigation involving allegations of medical malpractice.

C. Factors discouraging claims

Factors which we believe have stemmed the tide of litigation in Great Britain are:

Our System in Relation to Legal Costs

In our courts costs are said "to follow the event". This means that the unsuccessful party is usually ordered to pay the legal costs of the successful party. The costs of defending a medical negligence action will generally range between $7,500 and $25,000 dependent upon the complexities of the case, and the fear of having to meet such a bill is a strong deterrent to the litigant with a speculative case.

The general rule we have mentioned is subject to two important qualifications. In the first place the costs which the unsuccessful litigant will be ordered to pay are what is known as "party and party costs". These are assessed by a court official on the basis of the minimum costs of defending the case and they usually amount to about two-thirds of the actual costs of the successful defence of the suit. The second qualification is that costs are seldom awarded against the unsuccessful litigant who is in receipt of Legal Aid. He can be ordered to make a contribution to the costs of the successful party if his financial position appears to justify it but this order is seldom made and when it is the contribution is generally not in excess of $250. It is possible for a successful litigant who would be out of pocket because his opponent has Legal Aid to obtain payment of his costs out of public funds. However, this only applies in the case of serious hardship and would not apply to practitioners assisted by the medical defence organizations.

The Prohibition Against Undertaking Legal Work on a Contingency Basis

We understand that lawyers practising in the United States are permitted to undertake litigation on behalf of a client on the basis that the lawyer will receive no, or only nominal, remuneration if the client's action is unsuccessful or a proportion of the damages recovered if it is successful. Such a practise is expressly forbidden to lawyers in Great Britain and it would be a serious disciplinary offence if it were proved that any lawyer in Great Britain had undertaken a case on this basis. Opinions differ in the legal profession as to whether this is a desirable and necessary inhibition.

The Absence of Juries in Civil Actions

Except in actions for libel and slander, civil actions in England and Scotland are now tried by a judge alone and not by a jury. Trial by jury has been retained in Northern Ireland and this has enabled us to observe the marked contrast in the difficulty of defending medical practitioners in cases tried by a jury. In a recent case in which the Medical Defence Union was involved a woman alleged she had been sterilized without her consent. It was demonstrated by the clearest evidence that the patient had consented to the operation and the judge summed up strongly in favour of the gynaecologist. However, the jury, doubtless influenced by religious convictions, disagreed and a retrial of the action had to be ordered. It was so unlikely that religious feeling could be kept out of the case, that the Medical Defence Union felt compelled to settle the case before the retrial took place. Such a case would probably never have been brought to court had the plaintiff not been able to rely upon the prejudices of a jury.

The Comparative Absence of Private Medical Practice

Most medical and surgical treatment in Great Britain is provided under the National Health Service. Private practice exists and to an extent is helped by private insurance schemes but in general it is limited to the well-to-do. It is not, we think, cynicism to believe that the patient who has paid for his treatment is more ready to sue if he considers that the treatment was less than satisfactory. In truth we believe that, although they may grumble at the inevitable delays, the production-line type of medicine and the absence of the bedside manner, the people of this country on the whole are proud of the National Health Service and grateful that it has removed the fear that illness can be a crippling financial burden.

The Existence and Attitude of the Medical Defence Organizations

Most British lawyers experienced in litigation are aware of the protection that is afforded to medical and dental practitioners by their defence organizations. They know that unless their client has a prima facie case the doctor's defence organization will resist the claim vigorously irrespective of the costs which will be incurred. It is not the practice of the defence organizations of this country to dispose of a claim on a nuisance basis. Insurance companies which indemnify motorists and others against personal injury claims and are concerned solely with profits to their shareholders will generally settle a doubtful claim if it is financially expedient to do so. The defence organizations, although under a duty to protect their members' funds, are non-profit-making organizations and are very much concerned to defend the reputation of their members from attack upon their professional skill and competence and are also concerned to discourage other unjustified claims.

It is appreciated that it is distressing to a member to be confronted with the possibility of a legal action. As the date of the trial draws near he begins to realise the risks that are inherent in all litigation. However unjustified the action may be the member may feel tempted to ask his defence organization to meet the patient's demand for compensation rather than face the ordeal of a public trial. Nevertheless the Union firmly believes that the settlement of an ill-founded claim is detrimental not only to the profession as a whole but also to the individual member.

Dr. R. W. Cope, consulting anaesthetist, said that ampoules could be contaminated through invisible cracks. He did not think an ordinarily competent anaesthetist would appreciate that in 1947.

Mr. Justice NcNair, giving judgment, said the operations on Mr. Roe and Mr. Woolley were comparatively minor, but in each case the result was disastrous; both unfortunate men were now permanently paralysed from the waist downwards. The method of anaesthesia was in 1947 a well-known method, and no charge of negligence had been made in regard to the adoption of that method in these two cases.

The hospital's obligation was to provide a competent anaesthetist, which obligation it had undoubtedly fulfilled. In his lordship's view a specialist anaesthetist was in the same class as a visiting surgeon, and the hospital did not assume responsibility in law for his acts. Although Dr. Graham was responsible for the choice of anaesthetic and the activities of the theatre staff, he could not be regarded as being responsible for any of their casual acts of negligence. The hospital was responsible for any acts of negligence by the theatre staff on the basis of master and servant.

The judge said he found that the plaintiffs' injuries were in fact caused by contamination of the nupercaine by phenol. The percentage of such injuries following such anaesthesias seemed to be about 1 in 10,000. An explanation that in those rare cases the injuries were due to some personal idiosyncrasy of the patient was difficult to accept in these particular cases because the injuries to Mr. Roe and Mr. Woolley resulted from the same anaesthesia injected by the same anaesthetist on the same day. That seemed to point conclusively to some common factor in the two cases. Phenol was present in the theatre, because the glass ampoules containing the nupercaine were stored in a phenol solution of 1 in 40, after a temporary immersion in a solution of 1 in 20. Glass ampoules could crack, and if they did there might be a replacement of nupercaine by phenol, although the measure of replacement might not be capable of being noticed. In his lordship's opinion, therefore, phenol was the most likely common factor.

It was now clear that phenol could find its way into the ampoules through invisible cracks, but in 1947 the ordinary general run of anaesthetist would not appreciate that risk. The judge continued: "I accordingly find that by the standard of knowledge of competent anaesthetists in 1947 Dr. Graham was not negligent in failing to appreciate this risk." He also found that the theatre staff were not negligent.

His lordship added that, having seen Dr. Graham and heard him give his evidence in a forthright manner, he found it extremely difficult to believe he could have missed two visibly cracked ampoules. Plaintiffs' claim against the Ministry and Dr. Graham failed, and there would be judgment for both defendants.

Defendants did not ask for costs against the plaintiffs and no order was made as to costs.

The legal costs that the Union incurred in defending Dr. J. Malcolm Graham amounted to $20,020. Both the plaintiffs had been awarded a legal aid certificate and the Union was unable to recover any of its costs.

What Should the Patient Be Told?

In 1954, Lord Justice Denning, sitting as an additional judge of the Queen's Bench Division, in summing up to the jury in the action of Hatcher v. Black and Others, restated the principles on which a doctor may be liable in an action for negligence by an aggrieved patient.

The facts were as follows. Mrs. Celia Hatcher, a young married woman of Belgian origin, aged 30, had done freelance broadcasting work from time to time which required the full use of her voice. She was sent by her doctor to St. Bartholomew's Hospital for examination. There she was seen by Dr. K. Black, who diagnosed a toxic goitre. He discussed with her the possible alternatives of a partial thyroidectomy or medical treatment, and advised her that operative treatment was the better course. The operation was done by Mr. E. Tuckwell, consulting surgeon to the hospital and dean of the medical school. When Mrs. Hatcher asked him on the night before whether there was any risk to her voice, he told her that there was none..

After the operation she found her voice was not strong. After a fortnight as an inpatient she was sent for three weeks to a convalescent home, and when she returned it was found on examination that her left vocal cord was paralysed. She tried therapy with the hopsital speech therapist, Miss Van Thal, who considered that the patient's prospect of recovering a useful voice had been quite good, but that she did not persist. Mrs. Hatcher found that although the quality of her voice was only a little less than before the operation, in use it became weak atfer a short time, and made her throat painful so that she was no longer able to broadcast.

Mrs. Hatcher's complaint against Dr. Black was that, according to her, he had negligently advised her that operation involved no risk to her voice, and that had she known there was any risk she would have chosen medical treatment, not operation. Her complaint against Mr. Tuckwell was that he had performed the operation negligently, and had damaged her laryngeal nerve. She also complained against Mr. Tuckwell and the hospital governors that after the operation there had been a negligent failure to discover vocal cord paralysis.

In his summing-up Lord Justice Denning said that Mrs. Hatcher's counsel had compared her case to that of an accident on the road or in a factory. That was the wrong approach, because on the road and in the factory there would be no accidents if everyone used proper care. In hospital, where people who were ill came for treatment, there was always a risk no matter what care was used. It would be wrong, and bad law, to say that simply because a mishap occurred the hospital and the doctors were liable, and it would be disastrous for the community. It would mean that a doctor examining a patient or a surgeon operating at the table instead of getting on with his work would be for ever looking over his shoulder to see if someone was coming up with a dagger. An action for negligence against a doctor was like a dagger which could wound his reputation as severely as it could his body. The jury must not find a doctor negligent simply because one of the risks inherent in an operation had actually taken place, or because in a matter of opinion he had made an error of judgment. A doctor was only negligent when he had fallen short of the standard of reasonable medical care, when he deserved censure. An illustration was the first question raised in the action, what should the doctor tell the patient.

Mr. Tuckwell on the eve of the operation had told Mrs. Hatcher that there was no risk to her voice, although he knew there was some slight risk. This he had done for her own good because of the vital importance to her that in her condition she should not worry. He had told a lie which in the circumstances was justifiable. It was a matter which in law was left to the conscience of the doctor himself. The law did not condemn him if he did what a wise doctor so placed would do. None of the doctors called as witnesses had suggested that Mr. Tuckwell was wrong to tell her what he had, and if they did not condemn him why should the jury.

Mr. Tuckwell was also charged with carelessness in the operation, and it was said that it was his fault that the nerve was damaged. But all the doctors called as witnesses had said that damage to the recurrent laryngeal nerve was a well-known hazard of the operation even though all care was taken. No doctor called had suggested that Mr. Tuckwell in the course of the operation had done anything he ought not to have done.

As to the complaint about the post-operative period, it was not suggested that the operation injury had been aggravated. The jury might consider whether these complaints had not the colour of ingratitude, and whether Mrs. Hatcher's true nature was not better shown by her letter in which she wrote that she had nothing but kindness at St. Bartholomew's Hospital.

The jury returned a verdict in favour of all the defendants, and judgment was duly entered for them with costs.

Failure to Diagnose

In 1955 a general practitioner, Dr. J. S. Rix, was visiting a general practitioner hospital, which has no resident staff, when a call was received from a local shop indicating that a butcher had cut himself in the abdomen. Dr. Rix, thinking that the patient might be in grave danger, immediately went to the shop where he found the patient sitting on a box smoking a cigarette and looking somewhat shaken. He was told that the accident had occurred whilst the patient was boning a rump of beef and holding the knife point downwards like a dagger and that the knife had slipped and cut his abdomen. He inspected the would which was 1¼ inches in length and 2½ inches to the left of and slightly below the umbilicus. Dr. Rix took the patient to hospital to make a more thorough examination and during the course of this examination he used a probe. He found that, although the deep fascia was cut, there was no obvious injury to the underlying muscle. He was unable to find any evidence to suggest that the peritoneum had been penetrated; he concluded, therefore, that the wound was superficial and told the patient so. He was conscious of the fact that there was an outside chance that the peritoneal cavity might have been penetrated. The wound was sutured and the patient was detained in hospital under observation for two hours.

Before the patient was sent home he was given emphatic instructions by Dr. Rix to call in his own doctor that evening and to tell him exactly what had happened and what had been done. The purpose of this was to guard against the "outside chance" of penetration. Dr. Rix did not see the patient again and he did not communicate with the patient's own general practitioner. The patient carried out these instructions and when he was seen by his own doctor, Dr. S. Mohr, that evening, he complained of nausea and abdominal pain on the side opposite to the wound. Dr. Mohr found no abnormality and he was told by the patient that the wound had been described at the hospital as "superficial." He concluded that the patient was suffering from a digestive disorder and he prescribed accordingly. He asked the patient's wife to call him the following morning if the abdominal pain persisted, but unfortunately she got the impression that there was no need to call him unless her husband's condition deteriorated. The doctor was not asked to visit the patient again until two days later, when he found signs indicative of an acute abdominal condition. Immediate arrangements were then made for the patient's admission to hospital. A laparotomy revealed a small perforation in the jejunum due to the knife wound. This was repaired but six days later the patient died following an inhalation of vomit.

The patient's widow sued Dr. Rix for negligence. Among the allegations that were made it was stated that Dr. Rix failed to take an adequate history, to have regard to an alleged "principle" that all wounds of the abdomen must be assumed to have penetrated the abdomen until the contrary is proved, to admit the patient to hospital and to write or telephone to the patient's own doctor giving his findings and conclusions and warning him of the "outside chance" of penetration.

The expert medical evidence at the trial was mainly concerned with two of these points. The first was whether the "principle" that all wounds of the abdomen must be assumed to have penetrated the abdominal wall until the contrary is proved was generally accepted. This implied the necessity for operation because it was agreed that there was no other way of proving non-penetration. The second point was whether the practitioner should have communicated with the patient's own doctor. On the first point there was a wide variation of opinion. One of the expert witnesses maintained that hospitalization and immediate operation was the only course. Another said that hospital was the only place where adequate observation could be kept even if immediate operation was not essential. Others said that there was enough variation of circumstance to leave a field for the exercise by a practitioner of his clinical judgment. The defendant's case was that there are wounds which are clearly penetrating which should be dealt with by * * *.

CONCLUSION

We believe that in order to reduce the number of malpractice actions against members of the medical and dental professions it is essential that unmeritorious claims should be stoutly resisted, even though it would be more economical to settle. We are opposed to the settlement of a claim merely to dispose of an annoyance. We feel that the settlement of an ill-founded claim harms not only the individual practitioner but also the medical and dental professions. After such a settlement the patient may claim that he has been vindicated and others are thus encouraged to sue their doctors for real or imaginary injury. If the decision of the court of first instance is considered to be unsatisfactory and if the defendant's legal advisers consider that an appeal would be justified it is essential that appropriate action be taken to upset the decision irrespective of the cost of an appeal. A practitioner who successfully defends an ill-founded claim confers a benefit on his professional colleagues as well as on himself.

We also believe that more attention should be paid to the teaching of legal medicine both to undergraduates and to postgraduates. It is only by constant propaganda—by articles, lectures, conferences and films on legal medicine—that members of the medical and dental professions will be made fully aware and reminded of their medico-legal responsibilities. Before embarking upon their professional careers practitioners must appreciate their legal obligations to patients and their relationship with lawyers. We do not believe that sufficient instruction is given to practitioners on medico-legal matters. We are of the opinion that much more consideration should be given to legal medicine in medical and dental education than is at present the case.

EXTENSION OF THE VOTING RIGHTS ACT OF 1965—S. 1279

AMENDMENT NO. 312

(Ordered to be printed and referred to the Committee on the Judiciary.)

Mr. BAYH. Mr. President, I am introducing at this time a very important piece of legislation, which will be occupying the attention of the Congress of the United States over the next several weeks. The measure which I now introduce will provide for the extension of the 1965 Voting Rights Act as it was extended by Congress in 1970. The measure which has been introduced by the Senator from Indiana not only would extend the present provisions of the 1965 Voting Rights Act, but would go further to expand the impact of the Voting Rights Act on other groups who were not included under the definition of those citizens being discriminated against when the 1965 Voting Rights Act was enacted.

Mr. President, there can be no more cherished right of citizenship than the right to vote. We all know that, so there is no need to expound on it at great length.

Many Americans have made the supreme sacrifice to protect that right as one of our basic, inalienable rights, and Congress, through a series of acts, the most comprehensive of which was the 1965 Voting Rights Act, has recognized our responsibility to root out discrimination against citizens' rights to vote. The 1965 Voting Rights Act, without going into great detail, did, indeed, provide the right to vote for over a million American citizens in a very small number of States who, prior to that time, were not even accorded access to the county courthouse. I think this has been one of the most salutary efforts that the U.S. Congress has made to give the right to vote to well over a million of our citizens. But we have found that, whereas the 1965 Voting Rights Act and its extension was designed primarily to root out the discrimination directed at black voters, there are large numbers of Spanish-speaking American citizens who are being discriminated against today in the very fashion in which the black voters were discriminated against throughout generations.

So the thrust of the amendment which has been introduced by the Senator from Indiana goes to extending those rights and to protecting those rights which have been given to black voters, but, also, to expanding this protection to Chicanos, and other non-English-speaking Americans, many of whose parents and forebears came to this country long ago. They are, to a very great extent, native Americans who have inhabited that part of the United States which, indeed, was a part of the United States a long, long time ago, but who have been denied their full voting rights up to this very day.

SECURING THE RIGHT TO VOTE FOR ALL AMERICANS

So, Mr. President, tomorrow the Subcommittee on Constitutional Rights, on which I have had the privilege of serving for the past several Congresses, begins hearings to consider legislation to extend the Voting Rights Act of 1965 for the second time. Nothing can be more fundamental to the workings of a democracy than the free exercise of the franchise. We sit here in this chamber today chosen by ballot to represent the American people. We have no more serious obligation to fulfill than to do everything we can to make certain that every American, of every race, of every national origin, of every region has full and free access to that ballot. No democracy can long remain viable if large numbers of its citizens do not participate in the elective process. Historically, the United States has not done particularly well in this regard. The percent of the electorate who go to the polls in other western democracies has been far higher.

The single greatest step which the Congress has taken to protect the right of all American citizens to vote was accomplished with the Voting Rights Act of 1965 and its extension in 1970. I personally rate the work which I did on these two bills as among the most important of my responsibilities in my years in the Senate. As as result of this legislation, we are well on the road toward ending the single most pervasive and systematic example of voting discrimination against a particular group in our society—blacks in the South. Much more remains to be done there, and unfortunately any relaxing of the strict standards of the act would only tempt some to return to earlier days. I am convinced, however, that the time is ripe for us to move further to protect the rights of other identifiable groups in our society against whom there is clear evidence of discrimination by State and local officials in equal access to the polling booth. I refer to our Spanish-speaking citizens. Accordingly, I am introducing today legislation to amend S. 1279, the extension legislation introduced by Senators HART and SCOTT of Pennsylvania to add two additional titles to the Voting Rights Act. These provisions will provide the full protection and resources of the Federal Government to the cause of enfranchising many millions of our citizens.

Joining me as cosponsors of this amendment are the following Senators: Mr. GARY W. HART, Mr. PHILIP A. HART, Mr. HASKELL, and Mr. HUGH SCOTT.

Before deciding to introduce this amendment, I reviewed the statistical evidence available on the underparticipation of Spanish-origin citizens in the political process, as well as the hearings that have been conducted in the past few weeks in the House on this legislation. This material clearly documents the extent of the discrimination and the need for Federal standards.

I shall ask, Mr. President, that the testimony of the Honorable EDWARD R. ROYBAL of California, Vilma S. Martinez, the president of the Mexican American Legal Defense and Educational Fund, and Mr. Leonel Castillo, the controller of the city of Houston, Tex., before the House Subcommittee on Civil and Constitutional Rights be printed at the conclusion of my remarks in the RECORD.

I fully realize, Mr. President, that by extending the Voting Rights Act into nonracial areas, we will, to some extent, be charting new constitutional ground. The foundation of the 1965 act in the 15th amendment has been upheld by the Supreme Court. I, of course, have no desire to jeopardize either politically or legally the renewal of the provisions of the 1965 act. The constitutional questions that may be raised about the new titles to the act which I propose are clearly severable, as a matter of law, from the renewal provisions. The political forces in the Congress who wish to terminate or undermine the act's renewal are likewise no significant threat. Therefore, I made a decision that it was time to move forward. I hope and expect that the vast majority of my colleagues in both the House and the Senate will agree. The plan I propose, and I should take note of its companion bill introduced in the House as H.R. 5552, would operate as follows:

Title II provides for the expansion of the coverage of the Voting Rights Act to jurisdictions which have denied or abridged the right to vote of persons of Spanish origin. The proposed amendments contained in this title provide a triggering mechanism which would bring jurisdictions within the coverage of this act if: first, there are large concentrations of persons of Spanish origin; second, certain election and registration materials were printed only in English in 1972; and third, less than 50 percent of the persons of voting age voted in the presidential election of November 1972.

The amendments which are made by this title conform, in large part, to the format of the Voting Rights Act and closely parallel the provisions of the original act and the 1970 amendment enacted by the Congress. They are, therefore, consistent with the operation of the act since 1965.

However, the proposed amendments are different in two respects: first, the bill would add a new subsection (f) to section 4 of the act to extend the protection of the act to persons of Spanish origin based on their right to vote under the 14th and 15th amendments to the Constitution. This new provision states that:

> No citizen of Spanish origin shall be denied the right under the fourteenth and fifteenth amendments to vote in any Federal, State, or local election because of his inability to read, write, understand, or interpret any matter in the English language.

Specifically, this provision would:

First, prohibit the States or political subdivisions from conditioning the right of such citizens to vote on their ability to read, write, understand, or interpret any matter in the English language;

Second, modify the definition of term "test or device" to also mean any practice or requirement by which a State or political subdivision provided all election and registration material in the English language only without providing printed translations in the Spanish language for the presidential election of 1972 and where more than 5 percent of the voting age population residing in that State or political subdivision were of Spanish origin; and

Third, provide that any State or political subdivision determined to have maintained such a test or device would be subject to the provisions of sections 4 (a) and (b) of the act.

I have included with this statement a list of those jurisdictions which would be covered by these proposed amendments.

Second, these amendments would be enacted under the authority of the 14th amendment as well as the 15th amendment to further strengthen the constitutional basis for the act. In this regard, the bill amends certain operative provisions of the Voting Rights Act to insure the applicability of those provisions to jurisdictions newly covered under the proposed amendments.

The title would also broaden the Attorney General's discretionary authority under section 3 of the act. Presently, section 3 authorizes the Attorney General to institute a proceeding in the courts under any statute to enforce the guarantees of the 15th amendment in those jurisdictions not automatically covered by the trigger mechanism of the act. If it is found that violations have occurred which justify equitable relief, the court is authorized to apply certain remedies provided for in the act. The addition of the 14th amendment in this section would allow the Attorney General, when in his judgment substantial evidence exists that any State or political subdivision is denying or abridging the right of any citizen to vote, to bring suit and seek to have certain provisions of the act apply in such State or political subdivision. In this sense, section 3 of the act would be nationwide in scope and appropriately more universal in its coverage to insure that the Attorney General could take such steps as he deemed necessary to prevent the denial or abridgement of the right to vote of any citizen anywhere in the United States.

Finally, title II of the proposed bill contains a specific separability clause with respect to the amendments made by this bill to the act. This separability clause is of particular importance in this bill because it should be the demonstrable intent of Congress that the extension of the Voting Rights Act of 1965 not be impaired by a challenge to the constitutionality of the provisions of this bill which would expand the coverage of the act. Similarly it should be demonstrable that it is the intent of Congress that valid portions of the amendment expanding coverage of the Voting Rights Act are separable from any portions which might be held unconstitutional.

The fundamental determination in weighing the separability of valid and invalid sections of an act rests on the intent of the Congress. The inclusion of a separability clause in an act creates a presumption of separability to which the courts will give great weight. Therefore, this bill specifically states congressional intent that the provisions of the Voting Rights Act, as amended, are separable from title II of this bill.

Title III of the proposed bill is a variation of a recent Justice Department proposal. It would amend title II of the Voting Rights Act of 1965 to ban the use of English only election and registration materials and assistance until 1985 in those States and political subdivisions not covered by the special provisions of the act, but which have a substantial concentration of persons whose mother tongue is other than English and where the illiteracy rate of such persons in English is below the nationwide literacy rate in English for all persons of voting age. There is evidence that although other language groups do not suffer from the same pervasive voting discrimination which has been demonstrated for persons of Spanish origin, they do register and vote in fewer numbers than their English-speaking neighbors.

Therefore, this provision would provide some assistance to these groups, with a minimum of Federal intrusion into State affairs and without setting into operation all of the stringent requirements of other sections of the Voting Rights Act. Such a provision is a constitutional exercise of Congress 14th and 15th amendment powers. Although data on the jurisdictions which would be covered by this provision is not presently readily available, a review of recently provided 1970 census data on mother tongue complications clearly indicates that this factor, when combined with literacy level statistics being compiled by the Census Bureau, will focus the provisions of this title on only those jurisdictions where a demonstrable need for such protection has been established. This title also contains a bail-out provision and provides that determination made by the Attorney General under its provisions are reviewable in the courts.

The list of jurisdictions is as follows:

JURISDICTIONS IN WHICH MORE THAN 5 PERCENT OF THE POPULATION ARE PERSONS OF SPANISH ORIGIN AND WHICH HAD LESS THAN 50 PERCENT VOTER PARTICIPATION IN 1972

	Voter turnout 1972 (percent)	Spanish origin 1970 (VAP)
Arizona:		
Apache[1]	36.7	6.9
Cochise[1]	41.6	24.6
Coconino[1]	49.3	12.4
Maricopa	49.5	11.0
Mohave[1]	47.2	5.4
Navajo[1]	41.5	10.1
Pima[1]	48.5	18.4
Pinal[1]	37.8	30.2
Santa Cruz[1]	43.7	65.4
Yuma[1]	37.0	19.5
California:		
Kings	43.7	20.2
Merced	47.4	19.4
Monterey[1]	48.2	16.2
Solano	49.1	8.8
Tulare	48.4	18.3
Yuba[1]	43.3	6.0
Colorado: El Paso	44.9	7.2
Florida:		
Collier	47.5	6.2
Dade	45.0	9.3
Hardee	39.7	7.9
Hendry	43.3	5.1
Hillsborough	42.6	9.6
Monroe	46.0	12.5
New Mexico:		
Curry	41.9	14.3
McKinley	42.8	20.2
Otero	42.7	20.7
New York:		
Bronx[1]	43.7	16.9
Kings[1]	43.3	6.7
New York[1]	46.2	6.6
Texas, statewide: 254 counties	46.9	13.9

[1] Jurisdictions already covered by the Voting Rights Act.

I ask unanimous consent, Mr. President, that the text of the amendment be printed at this point in the RECORD, including a section-by-section analysis of the amendment. I also ask that a feature article from the Washington Post of March 30, 1975 entitled "Mexican-Americans Charge Subtle Voting Discrimination" be printed in the RECORD, together with a recent editorial on the same subject.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 312

On page 1, strike line 3 and insert the following:

"TITLE I

"SEC. 101. Section 4(a) of the Voting Rights Act of 1965 is".

Strike line 6 and insert the following:

"SEC. 102. Section 201(a) of the Voting Rights Act of".

At the end of the bill add the following titles:

TITLE II

SEC. 201. Section 4(a) of the Voting Rights Act of 1965 is amended by—

(1) adding after "determinations have been made under": "the first two sentences of":

(2) adding at the end of the first paragraph thereof the following: "No citizen shall be denied the right to vote in any Federal, State, or local election because of his failure to comply with any test or device in any State with respect to which the determinations have been made under the third sentence of subsection (b) of this section or in any political subdivision with respect to which such determinations have been made as a separate unit, unless the United States District Court for the District of Columbia in an action for a declaratory judgment brought by such State or subdivision against the United States has determined that no such test or device has been used during the ten years preceding the filing of the action for the purpose or with the effect of denying or abridging the right to vote on account of race or color, or in contravention of the guarantees set forth in section 4(f) (1): *Provided,* That no such declaratory judgment shall issue with respect to any plaintiff for a period of ten years after the entry of a final judgment of any court of the United States, other than the denial of a declaratory judgment under this section, whether entered prior to or after the enactment of this paragraph, determining that denials or abridgments of the right to vote on account of race or color, or in contravention of the guarantees set forth in section 4(f) (1), through the use of tests or devices have occurred anywhere in the territory of such plaintiff.":

(3) striking out "the action" in the third paragraph thereof, and by inserting in lieu thereof "an action under the first sentence of subsection 4(a)"; and

(4) adding following the third paragraph thereof the following paragraph: "If the Attorney General determines that he has no reason to believe that any such test or device has been used during the ten years preceding the filing of an action under the second sentence of subsection 4(a) for the purpose or with the effect of denying or abridging the right to vote on account of race or color, or in contravention of the guarantees set forth in section 4(f) (1), he shall consent to the entry of such judgment.".

SEC. 202. Section 4(b) of the Voting Rights Act of 1965 is amended by adding at the end of the first paragraph thereof the following: "On or after August 6, 1975, in addition to any State or political subdivision of a State determined to be subject to subsection (a) pursuant to the previous two sentences, the provisions of subsection (a) shall apply in any State or any political subdivisions of a

State which (i) the Attorney General determines maintained on November 1, 1972, any test or device, and with respect to which (ii) the Director of the Census determines that less than 50 per centum of the persons of voting age were registered on November 1, 1972, or that less than 50 per centum of such persons voted in the presidential election of November 1972."

SEC. 203. Section 4 of the Voting Rights Act of 1965 is amended by adding the following new subsection:

"(f) (1) No citizen of Spanish origin shall be denied the right under the fourteenth and fifteenth amendments to vote in any Federal, State, or local election because of his inability to read, write, understand, or interpret any matter in the English language or because of any other qualification or prerequisite of voting, or standard, practice, or procedure, with respect to voting which has the purpose or effect of denying or abridging the right to vote of all such persons. The Congress hereby declares that to secure the rights of citizens of Spanish origin to vote in Federal, State, and local elections it is necessary to prohibit the States and political subdivisions from conditioning the right to vote of such citizens on ability to read, write, understand, or interpret any matter in the English language.

"(2) To assure that the right of such citizens of the United States to vote is not denied or abridged, no citizens of Spanish origin shall be denied the right to vote in any Federal, State, or local election because of his failure to comply with any test or device, as defined in paragraph (3) of this subsection, in any State with respect to which determinations have been made under subsection (b) or in any political subdivision with respect to which such determinations have been made as a separate unit.

"(3) For purposes of this title, the term "test or device" shall also mean, in addition to the provisions of section 4(c), any practice or requirement by which any State or political subdivision provided any ballots, voting or registration notices, registration forms, or voting or registration instructions to voters only in the English language without providing printed translations of such ballots, voting or registration notices, registration forms, or voting or registration instructions in the Spanish language with respect to the presidential election occurring in November 1972 or any election occurring after such presidential election where the Director of the Census determines that more than five per centum of the persons of voting age residing in such State or political subdivision are of Spanish origin.".

SEC. 204. Section 5 of the Voting Rights Act of 1965 is amended by adding after "November 1, 1968," the following: "or whenever a State or political subdivision with respect to which the prohibitions set forth in section 4(a) based upon determinations made under the third sentence of section 4(b) are in effect shall enact or seek to administer any voting qualification or prerequisite to voting, or standard, practice, or procedure with respect to voting different from that in force or effect on November 1, 1972,".

SEC. 205. Section 3 and 6 of the Voting Rights Act of 1965 are each amended by striking out "fifteenth amendment" each time it appears and inserting in lieu thereof "fourteenth and fifteenth amendments".

SEC. 206. Sections 2, 3, the second paragraph of section 4(a), 4(d), 5, 6, and 13 of the Voting Rights Act of 1965 are each amended by adding immediately after "on account of race or color" each time it appears the following: ", or in contravention of the guarantees set forth in section 4(f) (1)".

SEC. 207. If any amendments made by this Act or the application of any provision thereof to any person or circumstance is judicially determined to be invalid, the remainder of the Voting Rights Act of 1965 as amended or the application of such provision to other persons or circumstances shall not be affected by such determination.

TITLE III

SEC. 301. The Voting Rights Act of 1965 is amended by adding at the end of Title II the following new section:

"SEC. 206. (a) Prior to August 6, 1985, no State or political subdivision shall provide ballots, voting or registration notices, registration forms, voting or registration instructions, or voting or registration assistance to voters in English only, if more than 5 per centum of the persons of voting age of such State or political subdivision are of any single mother tongue other than English, as determined by the Director of the Census, based on the 1970 decennial census: *Provided*, That the illiteracy rate in the English language of the members of the group of persons protected by this section residing in such State or political subdivision is equal to or more than the nationwide illiteracy rate in the English language. For purposes of this subsection, illiteracy is defined as failure to complete 5 grades of schooling. The determination of the Director of the Census under this subsection shall not be subject to review in any court, and shall be effective upon publication in the Federal Register.

"(b) Any State or political subdivision subject to the provisions of subsection (a) of this section, shall provide to voters written ballots (or sample ballots), registration forms, voting or registration notices, voting or registration instructions, and voting or registration assistance in the mother tongue of the applicable group of persons, as defined in subsection (a) of this section.

"(c) Upon publication in the Federal Register of such list of all States and political subdivisions determined by the Director of the Census pursuant to subsection (a), the Attorney General shall notify such State or political subdivision that it may be subject to the provisions of this section. The Attorney General shall inform the chief legal officer of such State or political subdivision that in order to establish that it is not subject to this section, such State or political subdivision must provide the Attorney General within 60 days of receipt of the Attorney General's notice sufficient evidence to establish that such State or political subdivision did provide to voters ballots, voting or registration notices, registration forms, voting or registration instructions, and voting and registration assistance in the mother tongue of the applicable group of persons, as defined in subsection (a) of this section. Within 30 days of receipt of such evidence, the Attorney General shall determine whether the State or political subdivision has submitted sufficient evidence to establish that such State or political subdivision has satisfied the requirements of subsection (b) of this section. If the Attorney General determines that such State or political subdivision has not established that it has satisfied the requirements of subsection (b) of this section, he shall certify that such jurisdiction is subject to the provisions of subsection (b).

"Any determination of the Attorney General in accordance with the provisions of the preceding paragraph shall be effective upon publication in the Federal Register, and shall be reviewable in the United States District Court for the District of Columbia. An action pursuant to this provision shall be heard and determined by a court of three judges in accordance with the provisions of section 2284 of Title 28 and any appeal shall be to the Supreme Court."

SEC. 302. Section 203 of the Voting Rights Act of 1965 is amended by adding after "in violation of section 202," the following: "or (c) undertakes to deny the rights protected by section 206.".

SECTION-BY-SECTION ANALYSIS OF THE VOTING RIGHTS ACT AMENDMENTS OF 1975

A bill to amend the Voting Rights Act of 1965 to extend and expand its coverage, and for other purposes.

TITLE I

SEC. 101. Extends the temporary provisions of the Act for an additional ten years.

Section 102. Amends section 201 of the Act to provide for a permanent ban on literacy tests.

TITLE II

SEC. 201. Amends section 4(a) of the Act to provide for the suspension of tests and devices in those jurisdictions which are brought within coverage of the Act by operation of the amendment to section 4(b) and a new subsection 4(f). The "bail-out" provision is identical to that provided for newly covered jurisdictions in the original provisions of the 1965 Act.

SEC. 202. Modifies section 4(b) of the Act by adding a 1972 trigger to the Act. This provision would apply to any State or political subdivision which would be covered by the Act pursuant to the provisions of amendments to section 4(a) and a new subsection 4(f) relating to persons of Spanish origin. The language used is identical (except for the date and one technical reference) to that used in the 1970 amendments to the Act for extension of coverage.

SEC. 203. Amends section 4 of the Act by adding a new subsection (f) which extends the protections of the Act to persons of Spanish origin based on their right to vote under the fourteenth and fifteenth amendments to the Constitution. Specifically, this section:

(a) prohibits the States or political subdivisions from conditioning the right of such citizens to vote on their ability to read, write, understand, or interpret any matter in the English language;

(b) modifies the defintion of term "test or device" to also mean any practice or requirement by which a State or political subdivision provided all election and registration material in the English language only without providing printed translations in the Spanish language for the presidential election of 1972 and where more than five percent of the voting age population residing in that State or political subdivision were of Spanish origin; and

(c) provides that any State or political subdivision determined to have maintained such a test or device would be subjected to the provisions of section 4(a) and (b) of the Act.

Section 204. Amends section 5 of the Act to freeze the electoral laws and procedures of the newly covered jurisdictions as they were on November 1, 1972 and applies the pre-clearance provisions of section 5 of the Act to such jurisdictions.

Section 205. Amends sections 6 and 13 of the Act by adding the fourteenth amendment as a basis for enforcement of the Act.

Section 206. Amends sections 2, 3, 4, 5, 6, and 13 of the Act by adding "or in contravention of the guarantees set forth in section 4(f) (1)" after "race or color" to insure that the operative provisions of those sections will apply to any State or political subdivision covered under the Act pursuant to these amendments.

Section 207. Specifically provides for the separability of the provisions of amendments made by this title to the Act from existing provisions of the Voting Rights Act of 1965.

TITLE III

Section 301. Amends the Act by adding a new section 206 which would ban the use of

English only election and registration materials in any State or political subdivision where more than five percent of the voting age population were members of any single group whose mother tongue is other than English and where such group has an illitaracy rate in the English language which is equal to or more than the nationwide illiteracy rate in the English language for all persons of voting age. Any such State or political subdivision would be required to provide such election and registration materials in the language of such persons. A determination by the Attorney General under this section would be reviewable in the courts.

Section 302. Amends section 203 of the Act to allow the Attorney General to enforce section 206.

[From the Washington Post, Mar. 30, 1975]

MEXICAN-AMERICANS CHARGE SUBTLE VOTING DISCRIMINATION

(By Tom Curtis)

UVALDE, TEX.—Twenty-five years ago Gilberto Torres was a shoeshine boy standing outside a cafe in this South Texas town soliciting business from a passing Anglo—a non Mexican-American white.

"I said, 'Mister, want a shine?' " Torres remembers. "He said, 'yeah, come inside.' I did, but the owner came over, yanked me up by my hair and my collar, and carried me over to the door. A sign there said, 'No Mexicans, No Dogs Allowed.' Then he pushed me back out on the sidewalk."

There are no longer signs like that around Uvalde County, hub of this region's profitable "winter garden" vegetable growing area and home of Texas Gov. Dolph Briscoe.

But Torres, 38, who this year became the first Mexican-American county commissioner in Uvalde's history, says that a more subtle and sophisticated discrimination persists here. He says its aim is to discourage his people from registering, voting and running for public office.

When Mexican-Americans undertake registration drives, Torres says, election officials often say they have run out of registration forms and refuse to accept old forms or forms returned en masse instead of mailed individually. When they go to vote, he says, precinct judges won't let them if they forgot their registration forms.

And when Mexican-Americans run for office, challenging candidates supported by the Anglo minority, Torres says they may be fired from their jobs or, if they own a business, they may be boycotted by Anglos.

Local officials here and in surrounding counties either dispute the allegations or justify their practice. "Gilbert, he's a good Mexican boy, but he's got some wild ideas," said Leo Darley, 62, who has been Uvalde county judge (county executive) for the past 12 years.

"Nobody who ought to have a vote has been denied one," Darley adds. "We treat our Mexicans the same as anybody. When I forgot my registration form, the election judge—and she's a bosom friend of mine—made me go home and get it."

But Leroy Beck, Jr., an attorney in the Texas secretary of state's office, says voters whose names appear on the poll lists need only swear to the election judge that they are the person named in order to vote.

Despite assurances from local officials that Chicanos are not hindered from voting, Reps. Barbara Jordan (D-Tex.), Edward R. Roybal (D-Calif.) and Herman Badillo (D-N.Y.) have proposed that Congress extend the Voter Rights Act of 1965 to protect Hispanic Americans in all of Texas and in certain counties of California, Florida, New Mexico, Colorado and Arizona. Now the act primarily protects blacks in the South.

Rep. Jordan says that "Spanish-speaking persons can document acts of discrimination that have the effect of denying them participation in the political process."

In Texas, she charges, such acts include electing representatives from districts in which all candidates must run at-large thus diluting minority voting strength, and making voting material available only in English, as well as intimidating and obstructing Chicano voters. Texas has the nation's second-largest concentration of Mexican-Americans—2.2 million compared with California's 3 million.

Here in Uvalde, which has 18,000 residents, and in 25 other South Texas counties, Mexican-Americans are a majority of the population but seldom have exercised much political power. For decades, however, Anglo Democratic political bosses have been accussed of delivering the votes of truckloads of illiterate Mexican-American fieldhands and sharecroppers to the candidates they support. The recurring charges have given this region a reputation for election fraud, comparable to that of Cook County, Ill.

Although voter registration data are scant on Mexican-Americans in the Southwest, a U.S. Census Bureau report on participation nationally in the November, 1972, general election said that only 44 percent of eligible Spanish-surnamed citizens were registered to vote. That compared with 73 per cent for Anglos and 68 per cent for blacks.

Of those registered, only 38 per cent of the Spanish surnamed actually voted, compared with 65 per cent for Anglos and 54 per cent for blacks.

"It started out as a matter of attitude," explained a Uvalde attorney, Rogelio Munoz, 27. "A lot of our people felt it was not our place to vote. They thought the Mexican's role was to work, not to help run things."

When they first began to vote, Munoz said, Mexican-Americans were blatantly intimidated. "Those days are gone when the [Texas] Rangers would come around and make you produce your [citizenship] papers," he continued. "But they served to instill a lot of old people a reluctance to vote that continues to this day."

Lately the political involvement of Mexican-Americans has been rising, even in impoverished rural Texas. Stirred by the example of Crystal City, 38 miles south of here, where Mexican-American candidates in November completed a sweep of local and Zavala County offices, capping a campaign begun haltingly in 1963, increasing numbers of nearby Mexican-Americans have challenged entrenched Anglo-officeholders, almost all of them conservative Democrats. Like most of the elected officials in Crystal City, many of the challengers here are members of a third political party called La Raza Unida—the United Race.

LaRaza's success in Crystal City—which is 85 per cent Mexican-American—has stiffened the resistance of the Anglo minority elsewhere to assaults on its power. "What they want is to take over the country," said George Cook, clerk of neighboring LaSalle County, where 78 per cent of the 5,000 residents are Mexican-American.

Cook, the county's chief elections officer and a real estate man who runs his business from his county courthouse office, added "We'll have to outmaneuver them and outsmart them. It will be done by the people themselves, not the officials. We hold our elections according to law."

But dissident Mexican-Americans in Cotulla, the LaSalle County seat, charge that officials use the law to perpetuate their power For example, they say officials permit nonresident Anglos to vote absentee, but bar requests for absentee ballots from resident Mexican-Americans who have migrated elsewhere for seasonal work.

"Our laws are not too clear on the residency thing," says Cook, who admits that a lot of Anglos haven't lived in Cotulla for years and own no property in LaSalle County but are permitted to vote absentee.

Cook says, "A whole lot of Mexican-Americans are in the same situation," and he adds that they too, are allowed to vote absentee if they ask. But he says that "Anglos are better organized" and do a better job of "voting a lot of people in rest homes and people who are working away from the county on jobs."

Leodoro Martinez, 26, elected to Cotulla's city council last April, says that since 1970, when a La Raza candidate first captured a county commissioner's seat as a write-in candidate, official harassment has intensified.

Concerned Citizens of Cotulla and LaSalle County, which opposes La Raza's challenge, recently collected $13,000 to sustain in court the removal of Mayor Arsenio Garcia, who was expelled from office last June in the middle of his second term on grounds that he was not a legal resident. He contended that he had moved across the street from the city limits in 1973 while his house was being remodeled and had moved back five months later.

Garcia, however, is running again for mayor in the April 5 city election. The city council tried to remove his name but was stopped by the state supreme court.

"Any time we're elected, we know there's going to be legal action against us, especially if our elected candidates constitute a majority," says Raul Martinez, 28, a La Raza member and coordinator of a supplemental food program in LaSalle County.

He also says that at times local officials have diminished Mexican-American participation in elections by opening polls at 8 a.m. instead of 7 a.m., making it difficult for fieldworkers to vote before work, and by holding city and school board elections on the same day but at different polling places, which works against Chicanos, who have less time and fewer cars than Anglos.

But some Mexican-Americans disagree. Auto supply dealer Enrique Jimenez, Jr., 34, a city councilman who is a member of the Concerned Citizens group, says, "We can't blame the Anglos" for low voter turnout among Mexican-Americans. "It's our fault," he said. "It goes back to our parents, who didn't want to vote."

In Pearsall, a community of 5,600 that also has a Mexican-American majority, La Raza Mayor Paul Morales was removed in 1973 following an election challenge. According to party members, many ballots were thrown out because election judges had failed to endorse "X" marks made by illiterate voters.

"We can beat them in votes, but we can't beat them in court," says Arnoldo Hernandez, 30, a farm laborer who ran unsuccessfully for county judge last November, La Raza members and others say the frequent challenges discourage political involvement by Mexican-Americans because voters often are subpoenaed to court and cannot afford to lose the time from work.

La Raza leaders in Pearsall also claim that Mexican-Americans know that employers disapprove of their voting and threaten to fire them if they are active in La Raza. However, Pearsall, Mayor Reuben Leal, 31, a Mexican-American endorsed by the local Anglo establishment, says, "There's . possibility that some of these ranchers would intimidate people, but personally I haven't seen it happen."

Chicanos also charge that Anglos offset potential Mexican-American voting majorities by refusing to annex Mexican-American neighborhoods adjacent to city boundaries. For example, party members point to a Pearsall map showing Anglo areas barely touching city boundaries that were annexed, adding Anglo voters to the rolls. Then they point out larger Mexican-American neighborhoods contiguous to the city line that have not been annexed.

And in Uvalde County, where Mexican-Americans make up half that population, commissioner Torres says that the precincts from which commissioners are elected were gerrymandered last year to put most of the Mexican-Americans in one precinct that is 95 per cent Chicano. He says the practice robs them of two of four commission seats.

County Judge Darley denies that he and his fellow commissioners gerrymandered the precincts.

Josue George Garza, 36, now a junior high school principal in Crystal City, ran for Uvable county judge in 1970.

"Three days after I announced my candidacy," he says, "I received a letter from the principal of my school endorsed by the superintendent advising me I was not being rehired. They told me privately I was hired to be a teacher, not a politician."

Uvalde School supt. R. E. Byron declined to say why Garza was fired, calling it "past history."

The proposed Voter Rights Act amendment to include Hispanic-Americans would continue the law for 10 years and would require bilingual voting materials in areas where more than 5 per cent of the population speaks a "single mother tongue" other than English and the rate of illiteracy is higher than the national average. The act would also permit federal examiners to register voters and would provide federal observers at elections.

[From the Washington Post, April 5, 1975]

Expanding the Right To Vote

Across the American Southwest in recent months, a complaint has been made that is striking in its familiarity. The complaint is that American citizens are being systematically denied the right to vote because of their ethnic background. These citizens, Mexican-Americans, have provided Congress and the courts with examples of how their insistence on the right to vote has been challenged by local voting registrars. The evidence includes instances of blatant gerrymandering, cases where the names of aspiring voters were not entered in the voting books after they thought they had registered and instances in which community members have been denied the opportunity to serve as deputy registrars to be in a position to oversee the registration process. The U.S. Civil Rights Commission has confirmed many of the contentions in a study of its own.

The reason all this has a familiar ring is that the complaints of the Mexican-Americans of the Southwest sound remarkably like the complaints of the black people of Alabama and Mississippi only 10 years ago, after much national anguish, the remedy for the Deep South situation was found. Congress passed the Voting Rights Act of 1965. Not all the voting problems of the black people of the South disappeared with the passage of that act. Much remains to be done, but much progress has been made. The Voting Rights Act has proved to be a worthwhile device for correcting historic inequities in the voting patterns of the South.

Now, Americans of Hispanic background have called on the Congress to include them specifically under the act in those jurisdictions in which the systematic denial of the franchise is still a way of life. The Voting Rights Act is up for renewal this year, and Mexican-American groups have asked Congress for its expansion. Reps. Herman Badillo of New York, Barbara Jordan of Texas and Edward Roybal of California have submitted a bill (HR 5552) that encompasses the needs of the Mexican-Americans and others of Hispanic descent for relief. It would amend the Voting Rights Act by making it illegal to conduct English-only elections in jurisdictions with large numbers of Spanish-speaking citizens, and it would bring in federal registrars where large numbers of the Spanish-speaking are not registered. It would place those jurisdictions under federal supervision until such time as a majority of the Hispanic people had been registered. And during that time, no changes in the voting procedures could be made without the consent of the attorney general or the U.S. District Court. Moreover, the elections would be supervised in those areas of the country where Mexican-Americans now feel threatened when they attempt to vote.

Texas and California are among the states where the Mexican-American community is feeling the pressure most, but there are problems elsewhere in the country that could, and should, be redressed by the expansion of the act.

There have been expressions of concern that the cause of civil rights could be harmed by this attempt to expand the law, notably because of the question of whether the Supreme Court would sustain a law that forbids English-only election procedures. Since the Supreme Court spoke on that subject last fall (*New York v. United States*) and said English-only elections were a restrictive device against the Spanish-speaking, that concern appears to be of little consequence. In any event, the Badillo-Jordan-Roybal bill contains a clause that is designed to permit a test of the new sections of the act without endangering the whole of it, so there is little reason to fear losing the entire Voting Rights Act in the course of trying to fashion legislative relief for the Mexican-American community.

As matters now stand, the Mexican-American Legal Defense and Educational Fund has been fighting inch-by-inch in the courts for relief from a variety of restrictive devices in several states. Even though their cause has often been upheld, the time and expense involved in court suits have been needlessly burdensome. The Voting Rights Act was intended to make certain that the 14th and 15th Amendments were obeyed in the case of blacks. It's principles should be applied now in the case of Americans of Hispanic descent.

Roybal

Mr. Chairman and members of this subcommittee it is a pleasure to appear before this committee on extending the provisions of the Voting Rights Act to Spanish speaking Americans. I strongly believe that these hearings offer an excellent opportunity to develop a positive legislative response to this overriding need.

We are involved today in a fundamental constitutional issue, one that goes to the very democratic roots of this country. That issue relates to the right of a people to cast a meaningful and effective vote. The preservation of this right is important to the vitality of this country's political system. Its denial, its enfeeblement, can only jeopardize our commitment to democratic principles. As the Supreme Court has pointed out repeatedly: "Any discrimination in determining who may participate in political affairs . . . undermines the legitimacy of a representative government." The right to vote, the Court stated as early as 1886, is a "fundamental political right" for it protects "all rights."

Despite the presence of the fourteenth and fifteenth amendments, this country has seriously failed to protect the voting rights of our second largest minority of over 12 million Spanish speaking citizens. This oversight, this neglect, comes as no surprise. Ever since the acquisition of the Southwest and of Puerto Rico, Mexican Americans and Puerto Ricans have suffered every aspect of discrimination and abuse imaginable—in housing, health, education, economic opportunity, political representation and the administration of justice.

The contradiction is all too clear: While Latinos have been honored for their courage and heroism in the battlefield, most recently in Vietnam, they continue to be denied the basic rights and opportunities afforded other Americans. For these citizens, the doors to equal opportunity remain virtually shut.

This pattern of discrimination infects the very fabric of American society. Like a cancer, it corrupts the integrity of our political system and weakens its constitutional guarantees. This discriminatory history is in stark contrast to the eloquent ideals expressed in the preamble of the Constitution which stresses solidarity and mutual agreement to ". . . secure the blessings of liberty to ourselves and our prosperity."

That contract must mean the eradication of racial and ethnic discrimination within our public and private institutions.

We can no longer subscribe to a doctrine which accepts only "three fifths" of a person's citizenship in the apportionment of legislative seats. We must end every trace of this standard as it was applied to Black Americans during the first half of this country's constitutional and political history. There is little doubt that the lack of voting protection for Spanish speaking Americans only perpetuates this unconscionable and racist doctrine.

The Voting Rights Act of 1965 was in direct response to the glaring abuses being experienced by Blacks in the South. Its basic strategy was to break the back of voting discrimination through prompt federal scrutiny and enforcement. Curiously, however, it ignored the basic voting and registration problems facing Spanish speaking Americans, and left unsettled the issue of English-only election as a discriminatory "test or device" within the scope of the Act. Only section 4(e) of the Act recognizes the discriminatory effect of monolingual elections, but this coverage extends only to Puerto Ricans and, even then, is of limited value outside the three covered counties of New York.

In my own state of California, the more than three million Mexican Americans continue to experience serious impediments to registration and voting participation. The discriminatory practices include at-large school board elections, redistricting, registration and voting irregularities, changes in polling places and lack of bilingual registrars and election officials. The total effect of these practices has been a negligible level of representation for Mexican Americans.

Overall, Mexican Americans comprise approximately 16% of California's total population and 12% of its voting age population, but yet hold only 0.7% of the elected offices in the state. Further, Mexican Americans have only one federal representative (elected in 1963) out of a total of 43; two state senators out of 40; and four state assemblymen out of 80.

Of particular concern is the rural experience. In an August 1971 report, the California State Advisory Committee to the U.S. Commission on Civil Rights found a serious lack of Mexican American deputy registrars in the rural areas. Citing several voting obstacles, including intimidation, the Civil Rights Advisory Committee concluded that "rural communities generally appear to offer inadequate opportunities for Mexican Americans to participate in governmental functions." Similarly, a 1971 study by the Civil Rights Commission showed that in rural counties such as San Joaquin, Madera, Colusa, Kern, Monterrey, Santa Barbara and Tulare, Mexican Americans had a combined total of 1.2% of the government officials although their population in these counties ranged from 16.7% to 44.9%

More recent incidents reinforce the 1971 findings of voting abuse in the rural areas. Staff members of the California Rural Legal Assistance point to a number of voting problems, including at-large school board elections and registration difficulties. In the rural communities we find that at-large school elections effectively deny Chicanos representation on the board, even though they constitute a substantial part of the population. The point is that if school boards were elected by district instead of at-large, Chicanos would likely gain two or three seats.

For example, Chicanos make up 16.8% of the Kern County population, 26.2% of Tulare, and 24.7% of Kings; yet they represent less than 2% of the board membership for these counties. In the rural community of Shafter (Kern County), it is reported that Mexican Americans have no board representation, although they comprise 30–40% of the population. In the community of Delano, the result is the same: no Chicano representation even though they comprise approximately 40% of the population and over 50% of the school enrollment. In Arvin, Mexican Americans had no board representation until 1972, even though they constituted more than 50% of the school enrollment. In 1972 they were successful, finally, in gaining a seat on the five-member board.

Besides at-large election obstacles, Mexican Americans must face the reluctance of county officials to employ bilingual registrars and election officials. There have been reports that county officials have told Chicanos they were not needed as registrars since the county already had a sufficient number (almost totally Anglo and English speaking). Only in the town of Delano have Mexian Americans been somewhat successful in increasing the number of bilingual registrars. But even then there has been virtually no change in the selection of voting officials.

The result has been the maintenance of an Anglo-only registration and election system within these communities. In one case, in the town of Arvin, a Spanish speaking woman was refused an opportunity to register on grounds that she could not speak English.

In another community, San Ysidro, a Spanish speaking voter asked for assistance in operating the voting machine. Since none of the Anglo election officials spoke Spanish, she obtained help from another Mexican American voter. The woman who assisted her asked the officials why they had failed to provide bilingual officials. The response was that "this is America, and if the woman wanted to vote, she should know how to speak English."

Other complaints focus on the lack of adequate voting facilities and changes in polling places without proper notice. In Shafter, Chicanos complained that they had received voting packets from the county instructing them to vote at a nonexistent location. They were never informed of the correct address.

Other Chicanos had received voting packets that informed them to vote at a certain school where they had usually voted in the past. However, when they attempted to vote at the school, they were unable to locate the polling facility and saw no signs indicating a change to another location on the school grounds. Even after an intensive search, they were unsuccessful in finding the location.

In Delano, Mexican Americans encountered a number of serious voting obstacles during a recent school board election. The first problem involved a voting facility in the west side of the town where half of the population, mostly Mexican American, resided. At this location, Chicano voters experienced long lines involving usually an hour wait. Although the facility contained eight voting booths, only one was being used at a time apparently because of the inability of the Anglo election officials to quickly process the Spanish surnames and communicate in Spanish. A staff member of the California Rural Legal Assistance witnessed instances in which several voters decided not to wait and left.

Another incident involved threats made by Anglo election officials to deny a Mexican American woman an opportunity to vote, unless she removed her Farm Worker Union button. She refused and insisted on her right to vote, and was finally permitted to do so.

Aggravating these problems has been the absence of bilingual assistance, despite passage of a 1973 law mandating bilingual registration efforts. The law requires county clerks and registrars to take steps to recruit bilingual registration officials in precincts where 3% or more of the voting age residents lack sufficient skill in English to vote without assistance. In addition, an earlier law, effective in 1971, required the posting of a facsimile copy of the ballot in Spanish at the polling place.

Both provisions have not been carried out effectively. A special Library of Congress report on "Bilingual Voting Assistance in the Southwest" (dated Feb. 21, 1975) points out that a Secretary of State official admitted the office had little power to "administer" the state's election process. This means that the administration and enforcement of the election laws, including bilingual assistance, are left to each county's discretion.

A 1974 study by the California Secretary of State found that, on the basis of a poll of all 58 counties, "the vast majority of County Clerks and/or Registrars of Voters in this state have not responded to the mandate of section 1611 [bilingual registration assistance] and have made little progress in assisting voters who have difficulty in voting in English."

"Most disturbing of all," the report stressed, "was the lack of response to the questionnaire from counties with statistically large numbers of Spanish speaking and other non-English speaking ethnic groups." It cited 15 counties with over 10% Spanish language populations failing to respond including Imperial (46%), San Benito (45%), Tulare (26%), Fresno (25%), Merced (23%), Monterey (21%), Ventura (20%), San Joaquin, (18%), Santa Clara (18%), Kern (17%), Riverside (17%), Santa Barbara (17%), Yolo (17%), Alameda (16%), and San Luis Obispo (11%).

Other counties with 10% or more Spanish language responded but failed to find precinct areas needing bilingual assistance although some like Kings (25%) and San Bernardino (16%) have substantial Spanish speaking populations.

Some of the worse practices affecting Chicano participation have been statewide gerrymandering schemes. These practices have provoked protests from the Mexican American communities as abridging their right to vote and receive fair representation. In its 1971 plan the State Legislature failed to form Mexican American districts in areas where community patterns lent themselves naturally to that formation. In the Los Angeles area, for instance, there are a number of contiguous Chicano communities, including unincorporated East Los Angeles, where gerrymandering has diluted their vote and level of representation. The combined Chicano population for these adjacent communities has been estimated at 870,000.

The 1971 plan attempted to divide this Mexican American enclave into: eight assembly seats with no district having more than 25% Chicano registration; four senate seats with three under 18% Chicano registration and one with 26%; and six congressional seats with only one showing as high as a 21% Chicano registration.

The 1971 plan mirrored, to a great extent, earlier reapportionment schemes in undermining political representation for Mexican Americans. The 1965 plan splintered the Chicano communities in the Los Angeles area into ten state assembly seats and five state senate districts—not one having more than 30% Chicano registration. The 1967 plan divided the communities into six congressional seats with only one as high as 23% Chicano registration and the other five less than 20%.

In their analysis of California's gerrymandering practices, both the California Rural Legal Assistance and the Mexican American Legal and Educational Defense Fund concluded that ". . . the architects of the reapportionment were careful to keep the Chicano population in any district small enough so that no incumbent need fear a challenge from a Chicano."

In 1973, the State Supreme Court stepped into the reapportionment issue after the Legislature and the Governor failed to reach agreement. As a result, the court ordered the implementation of its own plan. On first glance the court plan appears to provide additional opportunities for Mexican Americans to increase their level of representation. However, this change of events will not occur unless the prevailing pattern of voting and registration abuse which I have discussed today is eradicated.

Another problem area that must be covered is the lack of representation on school boards elected at large. This is true not only of rural areas, as I have already mentioned, but of urban communities as well. For example, in Los Angeles County, Mexican Americans continue to be underrepresented on these educational boards. According to 1975 school data being compiled by the Mexican Legal and Educational Defense Fund, there are some two dozen school districts in Los Angeles county which have failed to provide adequate Chicano representation. A half a dozen districts have between 25% and 35% Mexican American enrollment but no Chicano representation on their boards.

Four others have over 50% Mexican American enrollment but only one Chicano representative on what are usually five-member boards. There are a dozen or so districts which have between 10% and 20% Mexican American enrollment but, again, lack Chicano representation.

While I have tried to focus my testimony on the California experience, there is little doubt that extensive evidence also exists for the state of Texas. Much of this evidence has already been presented by Messrs. Cottrel. Korbel and Rodriquez. Their testimony has documented voting abuses such as widespread gerrymandering, systematic use of at-large election districts, inaccessible polling places and use of numbered paper ballots requiring voter signature. Other abuses involve annexation of only Anglo areas but not contiguous Chicano neighborhoods, redistricting, and shifts from single-member to at-large elections.

The impact of these practices can be measured by their effect on political representation. In Texas, Mexican Americans comprise over 18% of the total population and over 16% of the voting age, but only hold 2.5% of the elected offices.

Similarly, in Colorado, Mexican Americans constitute 13% of the total population and over 10% of the voting age, but less than 2% of the elected officials. Despite the fact that nine counties in Arizona are presently covered under the Act, Mexican Americans still represent only 4.4% of the elected officials, even though they comprise 18% of the total population and 15% of the voting age.

New York and Florida also show disparities in Latino representation. In New York, for instance, Puerto Ricans hold less than 1/10th of 1% of the elected offices although they make up over 5% of the voting age.

In introducing H.R. 3501, I, along with my esteemed colleague, Representative Herman Badillo, sought to provide substantial coverage for Spanish speaking Americans under the protection of section 5 of the

Voting Rights Act. This section, as you know, mandates that areas covered by the Act must submit proposed changes affecting voting to the Attorney General who must then certify that the proposed change is not discriminatory in purpose or effect. While this provision has not always been properly enforced, I believe it still remains the best available mechanism for overcoming specific voting abuses. It places the burden of proof on the covered jurisdiction. Further, it offers an important and practical alternative to the often drawn-out case-by-case approach.

H.R. 3501 establishes a new trigger formula consisting of three elements: one, a determination by the Director of Census that a state or political subdivision contained more than 5% eligible voters identified as Spanish origin; two, a determination by the Director of Census that the state or political subdivision had a registration or voting level below the national average for the Presidential election of 1964 or 1968; and three, a determination by the Attorney General that the state or political subdivision carried out any of the following practices: (a) printed its election or registration materials only in English, or (b) otherwise conducted its registration or election procedures only in English (a much more comprehensive term). The purpose of this language is to cover all aspects of registering and voting, including the printing of ballots as well as voting and registration assistance.

Once a state or county meets these three determinations, it falls within the Act's preclearance provision.

Constitutionally, H.R. 3501 seeks to apply the Voting Rights Act to Spanish speaking Americans on the basis of fourteenth and fifteenth amendment safeguards.

Let me briefly discuss with you the concepts and elements involved in this approach:

1. Base Years. To begin with, I would substitute the 1972 election for the 1964/1968 dates in H.R. 3501. This change is necessary due to the failure of the Bureau of Census to use a self-identifier for Spanish origin or descent in the 1960 census. The only data available would be on the basis of Spanish ancestry, a composite of Spanish surname in the five Southwestern states, Puerto Rican birth and parentage and mother tongue only for foreign born. These categories are of limited geographic and populational value.

2. Spanish Origin. I prefer the use of Spanish origin over other classifications because of its value as a self-identifier. Under the 1970 census, a person was classified as Spanish origin or descent if the individual identified him or herself as any of the following: Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish.

The specific use of this identifier presents no constitutional problems. In *South Carolina* v. *Katzenbach*, the Court held that Congress could constitutionally attack the problem of voting discrimination in gradual fashion. In the 1965 Act, Congress sought to end voting abuses being experienced by Blacks and Puerto Ricans. The time has now come to eliminate voting discrimination against Mexican Americans and further strengthen coverage for Puerto Ricans.

3. English-Only Elections and Registration. With regard to the issue of English-only elections, I would amend H.R. 3501 by defining the conduct of English-only elections and registration as a "test or device" in areas covered under the bill's trigger. This approach would simplify the bailout language since it would apply the existing 4(a) provisions of the 1965 Act.

The focus on English-only elections as a "test or device" is extremely important, and one which I feel has application in the existing Act. It is my contention that English-only elections fall within the meaning of section 4(c) of the Act. As you know, the Act defines "test or device" as "any requirement that a person as a prerequisite for voting or registration for voting .... demonstrate the ability to read, write, understand, or interpret any matter ...."

As I understand it, the team "prerequisite" specifies a prior condition that determines what is to follow. Well, the conduct of an English-only election and registration, particularly in Spanish speaking areas, acts as a prerequisite or prior condition to participating and exercising the right to vote.

In a recent staff memorandum (dated March 1975), the Civil Rights Commission argues that an English-only election can be interpreted as a "test or device" under the Act. It points to the broad standard enunciated in *South Carolina* v. *Katzenbach*, in which the Court describes "literacy tests and similar devices" as mechanisms established for the purpose of disenfranchising and administered in a discriminatory fashion.

From the evidence presented here today and earlier, it is clear that the absence of bilingual voting and registration has effectively abridged the voting rights of Spanish speaking Americans. This is especially true in the rural communities and counties of the Southwest and in other migrant and farmworker centers.

It has also been documented from past hearings and testimony that English literacy or language requirements were instituted to discriminate against certain racial and ethnic groups. In California, both Asian and Mexican Americans have borne the brunt of this exclusionary practice not only at the voting booth but in the classroom as well. The fact is that there is a profound connection between voting and educational discrimination. The Court in *Gaston County v. U.S.* recognized this relation between the denial of equal education and the validity of literacy or language tests.

The evidence of educational discrimination against Chicanos and Puerto Ricans is overwhelming. We have been inundated by volumes of hearings and reports before the Civil Rights Commission and before House and Senate committees, including this very subcommittee. The Civil Rights Commission issued extensive reports beginning in April 1971 on the lack of equal education for Mexican American children. In its February 1974 report, the Commission found that the conditions and practices it examined:

"... reflect a systematic failure of the educational process, which not only ignores the educational needs of Chicano students but also suppresses their culture and stifles their hopes and ambitions. In a very real sense, the Chicano is the excluded student."

That experience has had a crippling effect on the social and economic well-being of millions of Mexican Americans as well as Puerto Ricans. In California, the data shows that 14.9% of Mexican Americans have completed less than 5 years of elementary school. This is, indeed, an educational disaster, even more pronounced when compared to other groups; Blacks showed 6.6% and Whites 4%.

This pattern of educational denial extends to Texas where the figure for Mexican Americans is 33.8%, for Blacks 14.6% and for Whites 8.6%.

The overall effect of this lack of educational opportunity, of the absence of bilingual voting assistance, and of the systematic attempt to deny Spanish speaking Americans the right to vote has been low registration and voting participation. According to a survey conducted by the Bureau of Census for the 1972 election, only 44.4% of Spanish origin reported themselves as registered to vote, with only 37.5% reported as voting. The comparable figures for Blacks are 65.5% and 52.1% voting; and for Whites, 73.4% registered and 64.5% voting.

4. National Average. I would add that the use of a national average formula is relevant and consistent with the evidence presented today. The concept is not new and, in fact, was expressed by the Court in *Oregon v. Mitchell*. There the Court cited Congressional evidence to show that "voter registration in areas with large Spanish-American populations are consistently below the state and national averages."

It seems to me that the national average formula recognizes the cumulative effect of an English-only election and registration process with lower Spanish speaking population levels. The Act, which presently uses a less than 50% trigger, does not cover the situation where a Spanish speaking population is so small that even a low voter turnout on its part would not appreciably depress the total turnout to under 50%.

For example, in California there are only two counties with 40% or more Chicanos; and the rest are under 30%. In contrast to this experience, Texas, which falls under the current triggering level, has 23% of its counties with 30% or more Spanish speaking; California has only 3%. Further, Texas has 28 counties with 50% or more Mexican Americans; California has none.

14th and 15th Amendment Basis. I suggest that any final measure on Spanish speaking voting rights include a fourteenth as well as fifteenth amendment rationale. There is apparently confusion over whether Mexican Americans and Puerto Ricans fall within the term "race or color" under the fifteenth amendment. The Department of Justice, in a February 24, 1975 letter to this subcommittee, has taken the position that these groups are covered under "race or color". While I personally agree with that analysis, I remain a cautious man, particularly since the court history on this point is not clear. For this reason, I would prefer the addition of fourteenth amendment language as I attempted to do in H.R. 3501.

Mr. Chairman, I believe that whatever language comes out of this subcommittee it must provide fundamental voting protection for the rural communities in California, Texas and Colorado. In introducing H.R. 3501, I have tried to provide that coverage. While I do not believe this bill to be perfect by any means, I do think that it has provided a momentum toward correcting voting inequities against Spanish speaking Americans in the area of reapportionment, registration, and voting assistance.

In addition to the section 5 approach reflected in H.R. 3501, I strongly favor new language under the 1970 amendments for uncovered areas having non-English speaking populations. I suggest language that would ban the English-only election and registration in states or political subdivisions where more than 5% of the voting age population lacks sufficient skill in English to vote without assistance.

Further, I recommend that the Commerce Department carry out its responsibilities under Title VIII of the 1964 Civil Rights Act which mandates the compilation of registration and voting statistics by race and national origin. I understand that despite two requests made by the Civil Rights Commission for this information, Commerce has failed to conduct any survey in this area. Congress must correct this serious omission and assure that the Federal government meet its legal responsibility.

Mr. Chairman, the issue before us today is one of constitutional importance. It would be unconscionable if we entered our bicentennial year having failed to secure the right to vote for Spanish speaking Americans. For them the bicentennial will, to a great extent, represent a critical point in history—a decision between renewed faith in our Constitution and system of government, or further disillusionment.

It is my hope that we act positively in taking up that historical and political challenge—and affirming the Constitution as a living document for Spanish speaking Americans.

JURISDICTION IN WHICH MORE THAN 5 PERCENT OF THE VOTING AGE POPULATION ARE SPANISH ORIGIN AND WHICH HAD A VOTER PARTICIPATION UNDER THE NATIONAL AVERAGE IN 1972

	Voter turnout 1972 (percent)	Spanish origin/VAP 1970
Arizona:		
Apache[1]	36.7	6.9
Cochise[1]	41.6	24.6
Coconino[1]	49.3	12.4
Gila	53.9	23.0
Maricopa	49.5	11.0
Mohave[1]	47.2	5.5
Navajo[1]	41.5	10.1
Pima[1]	48.5	18.4
Pinal[1]	37.8	30.2
Santa Cruz[1]	43.7	65.4
Yuma[1]	37.0	19.5
California:		
Imperial	50.0	29.2
Kings	43.7	20.2
Madera	54.3	15.8
Merced	47.4	19.2
Monterey[1]	48.2	16.2
Riverside	55.0	12.0
San Bernardino	54.3	12.2
Solano	49.1	8.3
Tulare	48.4	18.3
Yuba[1]	43.3	6.0
Colorado:		
Adams	55.1	11.7
Bent	54.5	18.1
El Paso	44.9	7.2
Montezuma	54.9	11.2
Florida:		
Collier	47.5	6.2
Dade	45.0	9.3
Hardee	39.7	7.9
Hendry	43.3	5.2
Hillsborough	42.6	9.6
Monroe	46.0	12.5
Kansas:		
Finney	52.3	6.5
Grant	50.1	5.3
Nebraska: Scotts Bluff	50.1	5.8
New Mexico:		
Chaves	54.5	21.8
Curry	41.9	14.3
Dona Ana	52.0	42.0
Lea	52.0	9.2
McKinley	42.8	20.2
Otero	42.7	20.7
Roosevelt	53.9	12.7
San Juan	50.7	12.1
Sierra	52.5	27.3
New York:		
Bronx[1]	43.7	18.9
Kings[1]	43.3	6.7
New York[1]	46.2	6.5
Texas, statewide: 243 counties	46.9	[2] 13.8

[1] Districts already covered by VRA.

[2] Percent of total population.

TESTIMONY OF VILMA S. MARTINEZ

I am Vilma S. Martinez, President and General Counsel of the Mexican American Legal Defense and Educational Fund. MALDEF is a non-profit organization which works to redress the grievances and vindicate the legal and constitutional rights of over six million United States citizens of Mexican ancestry. Our community constitutes the second-largest minority in America today. Its needs, gentlemen, are enormous; the barriers it faces are legion; the discrimination it has endured and continues to endure is pervasive. But I should like to believe that its hope and its ultimate faith in this country are abiding and deep-sprung. Today we call upon this committee and this Congress to vindicate that hope and faith.

At the core of that hope and faith necessarily must lie a belief that our voices are heard, our impact welt, and the society at large is willing to respond as best it can to the legitimate needs of our people. But too often in the American Southwest, we find our voices subtly but effectively silenced and our efforts cancelled by a society too rigid to respond flexibly to our most basic necessities. This committee can help change that.

Statistics give only the bare skeleton of the problem. According to the 1970 Census, 24.4% of all Mexican families in this country attempt to survive beneath the poverty line.[1] In Texas, that figure rises to 35.6%, well over one out of every three.[2] The Census shows a median income for Mexican American males of $4,735 and Mexican American women of $1,892.[3] In Texas, those figures drop even further to $3,733 and $1,551 respectively.[4] More than one quarter, fully 26.1%, of Mexican Americans in this country over the age of 25 have completed less than five years of school.[5] In Texas, this figure rises to 33.8%.[6]

We know that the kind of school and the kind of jobs that are found in a community reflect that comunity's political power. Yet throughout the Southwest, and most particularly in Texas, Mexican Americans have not been able adequately to make their weight felt at any level of government. In Texas, where Mexican Americans comprise 18% of the population[7] only 6.2% of the 4,770 elective offices—298 of them—are held by Chicanos.[8]

This result is no more coincidence. It is the result of manifold discriminatory practices which have the design or effect of excluding Mexican Americans from participation in their own government and maintaining the status quo.

A recent study by the U.S. Commission on Civil Rights of voting abuses directed at Mexican Americans in Uvalde County, Texas, shows a pattern that is strikingly reminiscent of the Deep South of the early 1960's. The Civil Rights Commission study documents that duly registered Chicano voters are not being placed on the voting lists; that election judges are selectively and deliberately invalidating ballots cast by minority voters; that election judges are refusing to aid minority voters who are illiterate in English; that the Tax Assessor-Collector of Uvalde County, who under Texas law is responsible for registering voters, refuses to name members of minority groups as deputy registrars; that the Uvalde County Tax Assessor-Collector repeatedly "runs out" of registration application cards when minority voter applicants ask for them; that the Uvalde County Tax Assessor-Collector refuses to register voter applicants based on the technicality that the application was filed on a printed card bearing a previous year's date.

Other abuses were uncovered by the study of the Civil Rights Commission in Uvalde County, and elsewhere in Texas: widespread gerrymandering with the purpose of diluting minority voting strength; systematic drawing of at-large electoral districts with this same purpose and design; maintenance of polling places exclusively in areas inaccessible to minority voters; excessive filing fees required in order to run for political office; numbered paper ballots which need to be signed by the voter, thus making it possible to discover for whom an individual cast his ballot.

The Civil Rights Commission field investigation in Uvalde County, Texas, also uncovered widespread economic threats and coercion directed at citizens who become involved with insurgent political forces. Again and again, interviewees stress fear of economic reprisal as one reason for low voter registration and turn out. As one woman put it bluntly: "Jobs are at stake."[9] The Uvalde County school system fires teachers who attempt to run for office. Local officials in Uvalde County have shown ingenuity and determination in depriving Mexican Americans of their right to vote. The city council of the town of Uvalde—for example—met and unilaterally decided in secret not to print on the ballot the name of a Chicano candidate for the council, even though he had duly qualified to stand for election.

This, then, is the situation in at least one of the 254 Texas counties. As the Civil Rights Commission found, the processes by which this country conducts its elections are riddled with subtle—and not so subtle—discriminatory devices which have the effect of excluding minorities. The atmosphere in which those elections are conducted is heavy with the clouds of discrimination and coercive control. Consider, if you will, the multitude of suits which would have to be filed by private parties, to remedy each of these separate abuses which the Civil Rights Commission uncovered there. Consider the enormous pressure to which the suing party would be subjected. Consider the time which such litigation would consume. Consider the cost. And then consider that these problems by no means are to be found in Uvalde County alone. They exist all across the great swath of Texas where Chicanos are attempting to share in decisions affecting their county, their city and their schools, decisions which are crucial to their daily lives. It is thus crucial that the constitutional rights of these citizens be enforced.

But, gentlemen, it is simply not possible to guarantee to these people a meaningful right to vote with private litigation alone. It would be like attempting to empty the sea with a sand pail.

There is, however, an alternative remedy: Sections 4, 5, 6 and 8 of the Voting Rights Act. Under Section 5, for instance, no change in a voting practice or procedure, however slight, could be enforced without the acquiescence of the Attorney General, who must determine that such change is neither discriminatory in purpose or effect. Practices that range from the most flagrant gerrymander to the most subtle transfer of a polling place from the barrio to an Anglo-dominated neighborhood would all be objectionable under Section 5 if they had a discriminatory effect on minorities. The presence of federal registration examiners under Section 6, and federal election observers under Section 8, both would have a calming effect and would tend to dampen the abuse of raw economic power and coercion directed against Mexican Americans.

These remedies are swift. They are efficient. They are effective. They are in great measure responsible for the extraordinary gains marked by minorities in the Deep South over the past decade. They are relevant to the problems faced by Mexican Americans in the Southwest today. The Congress should apply these remedies and safeguards to the Southwest.

I would like briefly to share with the Committee MALDEF's experience with case-by-case litigation to date, in order to show the Committee the types of artificial barriers and obstacles which have been placed in our people's path. It will also demonstrate, I believe, the enormity and perhaps ultimate impossibility of dealing with these abuses one vote at a time.

One of the most severe problems we face is the at-large election or the multi-member-district election. Such an election effectively operates to cancel out minority voting strength where a Chicano, if running from a single-member district, might otherwise hope to win. We have sued to strike down such schemes in California for the San Fernando City Council; in Texas for the State House of Representatives, the City Council of San Antonio, and school board elections in Corpus Christi, Lubbock, Waco, and Hondo; in Arizona, for school board elections in Tucson; in Washington, for school board elections in Yakima County.

Another tool employed by those who wish to perpetuate majoritarian control and block Chicano access to elective office is the gerrymander. In California, we attacked a flagrant gerrymander of the Los Angeles City Council; in Texas, we brought suit to strike down gerrymandered congressional redistricting in El Paso, and gerrymandered county commissioner districts in Bexar, Kleberg and

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Footnotes at end of article.

Val Verde Counties. In El Paso, we moved to force reapportionment of Justice of the Peace precincts.

Language has been a recurrent problem in qualifying to vote and in voting itself. MALDEF has brought actions alleging the unconstitutionality of English-language literacy tests in Arizona and the State of Washington. We have attacked a California statute which prohibited use of the Spanish language at the polling place. And in Texas, we overturned that state's prohibition on assistance to voters who could not read the ballot.

We have waged battles against unduly restrictive registration procedures. In Texas, we brought the suit which overturned the state's annual registration requirements. In another action, we challenged Texas statutes which required a student to intend to reside indefinitely at his student domicile in order to vote there. In California we attacked that state's early closing date for registration.

Qualifying a candidate to stand for office has proved enormously burdensome in some areas. In New Mexico, we attempted to set aside a requirement that third-party candidates for the state legislature from multi-county districts collect signatures of three percent of registered voters in the entire state. In Carrizo Springs, Texas, we discovered and sought to hold unconstitutional a requirement that one had to be a property owner in order to run for city council.

Finally, we have attacked refusals by local election officials to set up a polling place in a Chicano neighborhood of Villa Coronado, Texas, where 75% of the district's population resided, thus forcing those voters to travel seven miles in order to cast their ballots.

This list of voting abuses, Mr. Chairman, is by no means exhaustive. It does show, however, the persistence, determination and the resources of local officials bent on making it as difficult as possible—and in some cases actually impossible—for minorities to exercise their right to an effective vote.

Mr. Chairman, members of the Committee, most, if not all, of the types of abuses I have outlined above would be routinely objectionable under Section 5 of the Voting Rights Act. These abuses, which would be susceptible to swift administrative remedy under the Attorney General's Section 5 preclearance powers, demand legal resources which are simply too great for private litigants like MALDEF to bear. In our suit attacking Texas's discriminatory use of multi-member districts, for instance, we have gone through one district court proceeding which resulted in extensive findings of discrimination and mandated single-member districts for Bexar County (San Antonio). Texas appealed that to the Supreme Court and our position was affirmed. On remand, the district court struck down additional multi-member districts in the Texas reapportionment plan. Texas again appealed, and just this past January, we were back in the Supreme Court defending that appeal. It has now been over three years and the matter of Texas's reapportionment is still not yet finally resolved.

This is a senseless waste of legal resources, by both private attorneys and the courts, and it points up the need for a more rational approach to the problems we encounter, particularly in Texas. More importantly, a privately funded organization like MALDEF does not have the resources to litigate against discriminatory voting procedures in every county in Texas or even to identify exhaustively where discriminatory voting procedures are being employed. Only the Justice Department, with its public resources, its expertise in this field gained over the past ten years, and with the aid of the presumptions set forth in the statutory language of Section 5, can effectively ensure that minority voters' rights in the Southwest are secured.

That is why MALDEF earlier this year petitioned the Attorney General to determine that Texas, because less than 50% of the eligible voters there voted in 1964 and 1968, and because Texas maintained a "test or device" by conducting elections only in the English language, should already be covered pursuant to the existing Section 4(b) trigger. We believe the judicial authority supporting our position is overwhelming and dispositive. I ask the permission of the Committee to insert in the record a copy of our petition to the Attorney General.

In his testimony before this Committee, Mr. J. Stanley Pottinger recognized that the Department of Justice had brought and won the case of *New York* v. *United States* on behalf of Spanish-speaking citizens in New York City. In its brief before the Supreme Court, the Department of Justice argued that where substantial numbers of Spanish-speaking citizens reside—and here I am quoting from the Government's brief—

"The printing, distribution, and use of election materials solely in the English language and the failure adequately to provide bilingual materials constitute a 'test or device' within the meaning of Section 4(c)."[10]

This proposition, advanced by the Justice Department itself, was the only substantive issue of law involved in that case, and the Supreme Court summarily affirmed the position of the United States. It is now law throughout this country, and the Attorney General should apply the law to the State of Texas, since Texas, like New York, conducted English-only elections by printing its election materials solely in English, and by statutorily prohibiting any assistance whatsoever to a voter who could not read the ballot.

Since the Attorney General has so far refused to grant our petition, we come before you as the final forum for redress of our grievances.

Mr. Chairman, this committee should clarify for the Justice Department its responsibilities under the Voting Rights Act of 1965. By amending the statutory definition of "test or device," the Congress will only write into law what we believe the Supreme Court has already held, but what the Attorney General refuses to enforce. The Congress should pass amendatory language which would afford Mexican Americans in Texas and elsewhere in the Southwest the powerful protections of Section 5 of the Voting Rights Act.

In all this, Mr. Chairman, there lies only the fervent desire to be heard, to participate in our own government and to ensure that electoral rules and procedures foster—not foreclose—our opportunity for self-expression at the polls. And ultimately, if this legislation is passed by the Congress and enforced by the Justice Department, it will mean better local government; it will mean better education for our children; it will mean better street lighting and police protection and other vital services. It will mean the beginnings of a fair share for Mexican Americans. I sincerely hope this committee will help us make that new beginning. Thank you.

FOOTNOTES

[1] Bureau of Census, *Persons of Spanish Origin*, Series PC(2)–1C, June 1973, Table 10, p. 121.

[2] *Id.*, p. 134.

[3] *Id.*, Table 7 p. 75.

[4] *Id.*, p. 30.

[5] *Id.*, Table 4, p. 32.

[6] *Id.*, p. 45.

[7] Bureau of Census, *General Social and Economic Characteristics: Texas*, Series PC(1)–645, Table 48, 1972.

[8] Information provided by the Office of the Secretary of State of Texas.

[9] U.S. Commission on Civil Rights summary of interview with Mrs. Nacha Flores of Uvalde, Texas, p. 1.

[10] Brief of the United States, p. 10.

TESTIMONY OF LEONEL CASTILLO

Mr. Chairman, members of the Subcommittee, I am Leonel Castillo, Controller for the City of Houston. I am honored to have this opportunity to appear before you to testify in support of extending the Voting Rights Act of 1965 to include the State of Texas.

During the past 13 years, I have been a precinct worker of many campaigns, a delegate to local, State, and National Democratic functions and activities. In 1969 I headed up Project VER, a voter registration drive in the Mexican American community of Houston; I am now on the Board of the Southwest Voter Education and Registration Campaign which tries to register voters in the Southwest. Also, I am presently serving a second term as the elected City Controller of the fifth largest City in this nation.

The testimony I will be presenting to you today draws upon those first hand experiences to illustrate the major points from my documented statement submitted to you last week.

Hopefully, this narrative will portray for you what it is like to be a Mexican American or black Texan seeking to participate in the electoral process and will clearly show why we urgently need the VRA in Texas.

DEMOGRAPHIC CHARACTERISTICS

To paint the placement of minorities on Texas' political landscape, I will begin with some very broad demographic brushstrokes.

Texas is the fourth most populus State in the Union with about 11.2 million people. Approximately 68 percent of them are Anglo, 19 percent are Mexican American, 12 percent are black, and slightly less than 1 percent are Asian Americans and American Indians. When compared to other States, Texas ranks second in the number of Spanish-speaking and fourth in terms of its black population.

Only the States of New York, Illinois, and California have more blacks than Texas. Texas has more blacks than do any of the States presently covered by the Voting Rights Act.

The geographic distribution of both the Mexican American and the black population in Texas is very distinct. The vast majority of the black population is concentrated in that part of Texas usually referred to as East Texas, the region through which most of the early Anglo settlers coming from Southern States entered Texas. Traditionally it has been known as the Black Belt of Texas and while not nearly as solidly black as that of the Deep South States (22 percent) it has, nonetheless, also produced a political system largely dominated by whites.

Approximately 85 percent of the minority population in this State live in urban areas compared to about 78 percent of the Anglo population. What this means is that while one third of the urban population is comprised of minority groups, they account for less than 25 percent of the rural population. It also means that this skewed distribution impacts the political decision making on the State level, particularly vis a vis the issue of local redistricting by the State Legislature.

Geographic distinctions nonwithstanding, very few counties in Texas are without a sizeable ethnic or racial minority population. Past voter registration procedures, which I will describe later, however, have depressed registration among these groups. Although election law changes in the past few years have improved the situation, the registration of blacks and Mexican Americans is still well below that of other portions of the State population.

Like the black population, Mexican Americans are also highly urbanized. Approximately 46 percent of the States Mexican American people now reside in the five major metropolitan areas of Dallas, Fort Worth, Houston, El Paso, and San Antonio. Recently, there has been a great influx of persons from rural communities into the big cities in Texas. In Houston, for example, the Census estimates that during the 1960's, the Chicano population grew by 145 percent, the blacks by 45 percent, Anglos by 14. Most local observers feel that this pace of growth will continue throughout the 1970's.

Almost 2 out of every 5 black Texans are living below the poverty level. Almost half of these blacks are under the age of 20. Of those blacks 24 years of age and over living below the poverty level, more than half have received less than nine years of total education.

Although the number of black people living in poverty is tragically large, the number of Mexican Americans who live in severe poverty is unreal. According to the Texas Department of Community Affairs three quarters of a million Mexican Americans in my State are poor—we Texans can almost claim the possession of an underdeveloped nation in our midst.

Poverty—severe poverty—is common in South Texas. In Hidalgo County where nearly 80 percent of the population is Mexican American, over 50 percent of that minority population lives under poverty conditions. It is not uncommon to find 55 percent of the minority people in poverty. In sharp contrast, the incidence of poverty among Anglos is only about 5 percent.

Lack of adequate education is another millstone for minorities. Over one third (34.1 percent) of the total Mexican American population and over half (53.1) of the Mexican American poor have only four years of school or less. In comparison, about 4 percent of all Anglos in Texas, and approximately 11 percent of the Anglo poor have less than four years of schooling. As of 1970, about 14 percent of Texas' Mexican Americans had received no formal education at all, and less than 10 percent had gone to college. Moreover, less than 25 percent of all Mexican Americans in the State are high school graduates. Sixty three percent have received no more than eighth grade education.

Ethnicity, socio-economic conditions, cultural background, lack of education and language all play important roles in preventing the poor and racial minorities in Texas from exercising an effective influence over the political process.

Historically, local and State agencies have separated Mexican Americans by the use of land records, hospital records, health records, police records, and for purposes of instruction in the public schools. Yet when the Federal Courts ordered the integration of public schools in Houston, the local authorities complied by pairing or bussing students from predominately black schools to predominately Chicano schools and vice versa. The School Board and Superintendent defended this action by saying that Mexican Americans were to be defined as "white," and therefore they were integrating black and white schools. The actual percentage of Anglos affected was about 4 percent. This practice continues to this day, and epitomizes that hypocrisy and prejudice which is so pernicious in Texas.

With respect to the question of language: it has posed an almost insurmountable barrier to Mexican Americans as we strive to move into the mainstream of American society while attempting to retain our cultural heritage and identity.

Several studies have been made in the last few years concerning the use of Spanish language among people of Spanish origin. All of these studies indicate that a large part of the Spanish-origin population is either wholly or predominantly dependent on Spanish for oral communication.

A special report issued by the Census Bureau in 1970 indicated that about 48 percent of all persons of Spanish origin in the Southwest speak Spanish in their homes. Among Mexican Americans the proportion is slightly higher—52 percent. A supplementary report dealing with persons of Spanish descent, released in February 1973, revealed that almost 90 percent of the Mexican Americans in Texas use Spanish as the language spoken in the home.

Yet today in Texas, all election materials—from the voter registration forms to the ballots—are written exclusively in English. Regardless of the Mexican American's interest, intelligence, or knowledge of the issue, if he has not been taught to read English he is functionally illiterate in this society. In 1971, after decades of denial, the ban on giving assistance to the handicapped (disabled, illiterate, non-English speaking) was removed. However, the requirement for assistance has not been enforced. Besides, at this point the "aid" is of dubious value: the non-English speaking voter discovers that the materials are all printed in an alien language—English—the election official, historically unsympathetic to minorities, is monolingual and unable to communicate with the voter.

You may be wondering how someone so handicapped could make an intelligent decision on an election issue or candidate even if the opportunity were provided. Because of the large number of radio and television stations in Texas broadcasting to the Mexicanos in their mother tongue, the Mexicano voter may be as will informed on current events, issues, and candidates as his Anglo counterpart.

This is not to say that he is equally well informed about the electoral process. In fact, sometimes misinformation is deliberately directed to the Spanish-speaking. During the 1972 Presidential election, for example, 30 second "public service" spots announced regularly throughout the day over KCOR, San Antonio's most popular Spanish-speaking station, and on Houston's KLVL:

"Si usted no esta perfectamente y legalmente registrado para votar, no debe de votar hoy. Lo pueden poner en la carcel o le pueden dar una multa se no vota legalmente."

Translated that would come across something like this in English: If you have not complied completely and perfectly with all the election laws on registration—and you vote today—you could be fined $500.00 or sent to jail. The message was made perfectly clear to tens of thousands of citizens who are forever being pushed to the periphery of mainstream English-speaking America.

HISTORICAL PERSPECTIVE OF ELECTION PRACTICES

With that kind of background painted in on the people, I would like to concentrate on adding some depth to the scene by touching on the historical perspectives of the election practices in my home State.

Texas has been described by the U.S. Supreme Court as having a rather colorful history of racial segregation. This probably alludes to the fact that among minorities in Texas there has been, more or less, an equitable distribution of *in*equitable treatment.

Until 1926, blacks in Texas were prohibited *by statute* from participating in the Democratic primary. In that same year, the U.S. Supreme Court declared in *Nixon v. Herndon* that the Texas statute violated the U.S. Constitution and ended the notorious "white primaries."

Discrimination against Mexican Americans in Texas is different from that afforded blacks because it is not statutory. Texas has had no laws which on their face are discriminatory toward Mexican Americans; however, the illegal application of these laws has been equally damaging to Mexican Americans.

As recently as 1972, the U.S. District Court in *Graves v. Barnes* reinforced this finding by stating:

"Because of long-standing educational, social, legal, economic, political and other widespread and prevalent restrictions, customs, traditions, biases and prejudices some of a so-called *de jure* and some of a so-called *de facto* character, the Mexican American population of Texas, which amounts to about 20%, *has historically suffered from, and continues to suffer from, the results and effects of insidious discrimination and treatment* in the fields of education, employment, economics, health, politics and others." (Emphasis added)

One example of a supposedly neutral law was the payment of a poll tax on a prerequisite to voting. From 1902 until 1966 when the U.S. Supreme Court reviewed and stopped this practice in *U.S. v. Texas*, the poll tax was paid for the "privilege" of voting in Texas.

Subsequent to the eradication of the poll tax, a constitutional amendment to the Texas Constitution was passed which provided for annual registration of voters. This proposition was implemented by Texas statutes which required that those who wished to vote must register during the period of October 1 and January 31. Can you imagine going out during the coldest, rainiest months of the year to register voters using a form printed in a language they didn't understand for an election which was to take place 11 months away between unknown candidates for unknown positions?

This system had all the features of the poll tax except the payment of a monetary sum. In 1971, a three-judge District Court held that provisions of the Texas Constitution and the implementing statute requiring annual registration could not pass legal muster as they denied the equal protection guaranteed by the 14th Amendment (*Beare v. Smith*) Texas is not a State to give up easily and the vestiges of that "insidious purpose" persist.

CURRENT ELECTION LAWS

Under the present system of voter registration, one may register up until 30 days before the next election. Whenever a registered voter votes in a primary or general election for nomination or election of State and county officers, his registration is automatically extended or renewed for the succeeding three voting years.

Before the first day of each year, the registrar must examine the registration records to determine which registrations expire at the end of that voting year. A notice must then be mailed to all persons whose registration is expiring, indicating that they must reregister and that they may reregister by returning the notice to the registrar, with a signed statement thereon that they are still qualified electors of the county, together with any changes of addresses or other information necessary to bring the records up to date.

Interestingly enough, there is no requirement that this notice be sent out in both English and Spanish. At present, these forms are being sent in English in spite of the large population of non-English speakers in Texas. For example, in San Antonio, Texas, of the 60,941 notices of cancellations that were mailed out, only 12,302 were sent back to achieve reregistration while 48,639 were cancelled. It is only speculation, of course how many of these letters were not returned because of a lack of understanding of the language; however, suffice it to say that 52% of the population in San Antonio is Mexican American.

Although voter registration data on Mexican Americans in the southwest is inadequate, enough information is available to indicate some patterns concerning registration in selected areas.

For example, in Bexar County, Texas there were 48 precincts that had a population of 70 percent or more Mexican Americans in 1970. Of the 131,249 eligible voters in these precincts, only 61,857, or about 47 percent of all those eligible to vote, were actually registered. In contrast, of the 92 precincts that had 70 percent or more Anglo population, 62 percent of the eligible voters were registered. Thus, it appears that Mexican American's in Bexar County register at a rate of approximately 15 percent lower than the Anglo population.

Additional comparisons of registration figures for May and December, 1974 indicate that while there has been a net gain of about 7,000 in the number of eligible voters registered in Bexar County there has been a corresponding decrease of about 330 registered voters in predominantly Mexican American precincts.

The Texas Election Code designates the Secretary of State as the Chief Election Officer. In actual practice, however, the county judge is the one who oversees the election process. Of the 254 county judges in the State of Texas, only 9, or 3.5% are Mexican Americans. The other election officials designated by the Code are the county clerk and the tax assessor collector. Of a total of 254 for each position, only 15% of the county clerks and approximately 4% of the tax assessor collectors are Mexican American, and are concentrated mainly in eight counties.

A Bureau of the Census report entitled "Voter Participation in November 1972" noted that there is a significant gap between Mexican Americans and Anglos regarding voting participation. It also reported that the percentage of the Spanish surnamed population of voting age who registered to vote was 44 percent, as compared to 73 percent for the Anglo population, and 68 percent for the black population. The percentage of those Spanish surnamed individuals eligible to vote who actually voted was 38 percent, as compared to 65 percent Anglo, and 54 percent black.

Another case in point, the U.S. Supreme Court in 1973 in *White v. Register* affirmed a Three-Judge Court's decision that:

". . . Bexar County Mexican Americans are effectively removed from the political process of Bexar County . . ."

The court went on to state that it thought single-member districts were required to remedy the effects of *past* and *present* discrimination against Mexican Americans and to bring the community into the full stream of political life of the county and State by encouraging their further registration, voting and other political activities.

Voter turnout is also an important consideration. Again, data on this question is very difficult to come by as we try to determine the ethnic factor. A general indication, however, of voter turnout patterns can be derived from local information. The 1970 State elections in San Antonio can serve as the basis of comparison.

Turnout during this particular election in Bexar County was good. In those precincts having in excess of a 70 percent Mexican American population turnout was 47 percent as compared to a 57 percent turnout for those precincts that are predominantly Anglo. Thus, despite the fact that this was a hotly contested race by a popular Mexican American candidate, turnout by Mexican American voters was 10 percent lower than for Anglos.

VOTING IRREGULARITIES IN TEXAS

In addition to being the Controller for the City of Houston, I am also a member of the Texas Advisory Committee to the United States Commission on Civil Rights. In that capacity, I have come across numerous complaints alleging voting irregularities in South Texas, as well as in other parts of the State. Because of the volume and severity of complaints received by our Committee and staff last fall, during the period of the general election, the Advisory Committee formerly requested that the Department of Justice observe and accept complaints on election day in several South Texas counties. The nature of the problems brought to our attention reflected a pattern indicating that law enforcement personnel, incumbent public officials, and election judges might be engaged in actions which tended to discourage and deter the full participation of Mexican American voters. We felt it imperative, therefore, that the Federal government be responsive to the issues being raised.

Let me briefly summarize for this committee the major allegations involved in the complaints we received:

1. Poll watchers were harassed and intimidated by election officials thus preventing them from exercisiing their responsibilities and rights under Federal and State election laws.

2. Local election officials provided insufficient or wrong information on voting procedures. For example, registered voters who appeared at the polling places without voter registration certificates were not allowed to vote.

3. Election officials denied assistance to non-English speaking, illiterate, and/or disabled voters as required by Article 8.13 of the *Texas Election Code.*

4. There were indications that there was a biased use of residential requirements to deny Mexican Americans, especially migrant laborers, the right to vote absentee.

5. Law enforcement officials allegedly harassed and intimidated Mexican American voters by circulating and parking in front of selected polling places, by making excessive and unnecessary appearances at those polling places and by actually threatening Mexican American Voters.

6. Local officials, on occasion, selected voting places clearly designed to discourage participation by Mexican American voters.

7. Voters were allegedly economically intimidated by threats of financial loss for failure to support certain candidates.

8. Many voters were denied the right to vote due to the failure of local election officials to make registration equally convenient to all groups. For example, in some areas, Mexican Americans had difficulty in obtaining voter registration applications for registration drives.

There has been a steady increase in the number and severity of complaints at the time when more and more Mexican Americans are attempting to enter the arena of political participation.

Unfortunately, those who have called for Federal involvement have been greatly disappointed. Despite the strong and repeated urging of the Texas Advisory Committee, the Department of Justice failed to respond to a request for on-site election monitoring.

The explanation provided by the Justice Department for its in action was that the State of Texas is not covered by the existing Voting Rights Act. Consequently, the limited resources of the voting section of the Civil Rights Division could not be diverted away from responsibilities in those geographic areas covered by the statute.

On November 5, 1974, the day of the general election in Texas, several staff members of the Southwestern Regional Office of the U.S. Commission on Civil Rights were able to observe elections in three South Texas counties from which many of the voting complaints had originated. These were La Salle, Frio, and Uvalde counties, all located south and west of the San Antonio metropolitan area. Staff members visited the various polling places throughout the day and recorded several significant observations. These included: harassment and intimidation of Mexican American campaign workers, last-minute unannounced changes in voting times, insults to Mexican-American poll watchers by a county clerk serving as election judge, a highly visible presence of armed law enforcement officials near polling places, and excessive demands for personal identification required of Mexican-American voters. The atmosphere surrounding these elections was tense and hostile. In at least one county, violence might have easily erupted (as indeed it had in other election years). In addition to witnessing these events, the Commission staff reported to our Advisory Committee that numerous additional problems were called to their attention by minority voters in these areas.

While our Committee appreciated these staff efforts, we also recognized the serious limitations under which they were operating. For the Civil Rights Commission has no official enforcement authority and lacks the resources required to fully investigate the many allegations regarding voting irregularities.

And because no Federal agency has the mandate or the resources to adequately address the voting problems of Mexican Americans in Texas, it is entirely possible that the many complaints now being voiced by our people will not be appropriately responded to—or even taken very seriously.

PERSONAL OBSERVATIONS

To complete this picture on minorities and the political process, I would like to add a touch of personal observations.

My belief in the democratic ideals of this country and my abiding desire to see justice achieved impel me to work continuously to see this conviction become reality: Citizens in the State of Texas should not have to fight to *participate* in the political process. Every politician knows that struggle within the political arena is commonplace. But no one should be unjustly barred before the match has started. All citizens—whether minority or no-minority—must be assured of their *right to participate* to the fullest extent in all phases of political activity. Let me expand on this point with a few vignettes.

On the outskirts of Houston there is a small town. From the time it was established until about 4 years ago it was virtually controlled by anti-minority factions. All the elected and appointed officials were Anglo. Four years ago a Mexican-American announced his candidacy for City Council there. His campaign meetings were "observed" by the local police—and I mean men in marked cars, in uniform, and visibly armed who continuously patroled the area. On election day the local authorities in that little town deployed all of their policemen to the polls to ensure that no "trouble developed." This show of force was not customary when the candidates were Anglo.

We won that election. But winning that election was the culmination of years of organizational effort, of repeatedly demonstrating to the community people the existence of group solidarity capable of responding to individual harassment, and of endless hours of convincing people that to display the fear generated by the ominous presence of the police power and economic power would only breed more intimidation. Just last week a candidate for local office in South Texas contacted my office about what might be done if she were fired from her job because she filed for office.

Because I am a Mexican-American and as elected official of the fifth largest city in the United States, I am a visible symbol to many minority persons of how someone can "make it in the system." As a result of this visibility I receive requests for advice and assistance from a number of minority persons who are seeking public office or political change much like the situation I have just described. These are people who do not live within my jurisdiction and who are seeking help on matters over which I have no direct influence. While I have been able to visit a few of these communities, offering them what assistance I can, the time commitments required in the execution of my duties as controller preclude my offering the substantive assistance needed to even *begin* to adequately help my fellow Texans fight the obstructions they encounter. But that is beside the point, the point is simply this: Mexican-Americans and black Texans should not be unjustly barred from participating in the political process.

The traditional reluctance to relinquish power is radicalized by racism. Being more cosmopolitan, Houston is pervaded with a racism that is institutionalized, covert, and more difficult to unmask than that which permeates the smaller towns and rural areas. But I will personally attest to the fact that ugly, overt racism pollutes the politics of this State.

In September 1974 I was a candidate for the State Chairmanship of the Democratic Party. In that short, intense campaign, I experienced actions of overt racism unlike anything I had recently seen. Attached is an exchange of correspondence between myself and Harry Hubbard, President of Texas AFL–CIO, in which I outline some of these acts and indicate my reaction to the convention and campaign process. The significant thing illustrated by this exchange is the recognition of the prevalence of racism conveyed by Mr. Hubbard who says "those things are not new to you or to me," in effect, these are the kinds of things that you have to expect in Texas politics. Appended to this testimony are some complaints filed during a recent election in Floresville, former governor John Connelly's home county, which tend to corroborate this perception.

In my opinion it is not of incidental importance to note the dominance of the Democratic party in my home state. In Texas a victory in the Democratic party primary usually means that a candidate has won the election. The dominance of the Democratic Party should indicate that the people who attend the Democratic State conventions are in effect the people who hold the political power in the State. It is also my predeliction that this power will in no wise be shared with minorities, without a divisive struggle unless there are laws *with concomitant* enforcement to protect the rights of all Texas citizens to participate to the fullest in the political process.

There are many obstacles to full participation in the State of Texas. Two years ago Commissioners Court of Harris County redrew the district lines for the positions of Constables and Justices of the Peace. This was the first time these lines had been redrawn since the day of Reconstruction. Although County government has become somewhat more accessible—a few minorities individuals have been elected to some of these positions—a prolonged legal battle has developed as a result of the boundary changes. Had Section V of the Voting Rights Act been applicable at the time, the process of drawing those lines might have been less painful and more immediately productive.

We are now involved in redistricting efforts throughout the state. Earlier I mentioned that minority groups in Texas are rapidly moving into the States Urban areas. As as result of the *White* v. *Register* case, citing racial discrimination, corrective action was recommended for Bexar, Dallas, Tarrant, El Paso, Travis, Jefferson, Lubbock, Mt. Lennan and Nueces counties. The courts have held that Mexican Americans and blacks in the largest counties in the State have maintained multi-member districts that operated to deny Mexican Americans and blacks an equal opportunity to participate in the political process. The Houston method of electing City Council members is now the subject of both litigation and State legislation. The growth of our City and of the State is such that, coupled with the courts' rulings, over half of the state's population will be living under City or County governments which will be redrawing boundaries, redefining precinct, and generally changing political jurisdictions and practices.

This could be a splendid opportunity for helping Texas truly open its political process. However, it is my firm belief generated by eighteen years of experience that without the protection afforded by Voting Rights law, the people who are now in power will continue to resist any changes that will ensure adequate and fair representation.

City of Houston, Tex.,
September 23, 1974.

Mr. Harry Hubbard,
President, Texas AFL–CIO,
Austin, Tex.

Dear Mr. Hubbard: As I said in my concession speech Tuesday night, I have no animosity in my heart toward you or any other person who saw fit to oppose my bid for chairmanship of the State Democratic Executive Committee.

Your position on the SDEC races, in opposition to the positions of the Black Caucus, the Mexican-American Caucus, the Youth Caucus, the Women's Caucus, the Open Party Caucus, the Progressive Party Caucus and the official AFL–CIO position of neutrality, left me in a state of complete surprise and anger. But it's all over now and there really isn't much that you or I can do to change what happened.

My anger toward you at the Convention and shortly after has subsided into a sense of disappointment that we didn't have our signals clear. It hurt me that you and some other Labor leaders felt you had to support the side that included some persons who were: calling me a Spic, asking me if I spoke English, telling me to go back to Mexico, refusing to shake my extended hand, booing me before I spoke, and who displayed more hostility toward me and my supporters than I thought still existed in Texas.

Please be assured that my views on labor issues have not changed. I will still support collective bargaining, oppose phony Right-to-Work laws, support a state check-off system, assist the United Farm Workers and, in brief, stay loyal to those principles that are essential in the struggle for economic and political freedom. The Convention fight was a strong reaffirmation of the validity of these beliefs.

Basic principles can not be violated for short term political expediency. When a few Jewish friends asked me if I wanted them to violate their beliefs and attend the Convention I told them that Religious principles were more important than *any* political vote. Now, I am asking all my supporters to remain loyal to Labor movement principles and to rededicate themselves to the fight against discrimination and injustice.

Admittedly, politics includes the art of picking winners; when I announced, I was a long shot. But hopefully in future races political philosophy will also be taken into consideration.

Obviously, my campaign though well organized and vigorous, was launched too late and marred by some strategic errors. For these mistakes, I take full responsibility and offer my sincere apologies to anyone who may have been offended. For the race itself, I not only offer no apology but rather remain convinced that it was a fight that had to be fought.

If there is any one lesson I learned from the Convention it is that the need for reforming democratic processes is even greater than I had imagined. The Convention process was not conducive to discussion or debate. Loud voices and prearranged commitments prevailed over reason and openness. Far too many delegates told me that they had to check with their "leader," before they could vote.

I came away from the Convention wiser and, in a curious sense, tougher. This baptism of fire strengthened my faith and deepened my hope.

God help us as we build Unions and as we build a better State. Let's not let this kind of split occur again. Let's work together.

Sincerely,

Leonel J. Castilio,
City Controller.

Texas AFL–CIO,
Austin, Tex., October 1, 1974.

Mr. Leonel J. Castilio,
City Controller, City of Houston,
Houston, Tex.

Dear Leonel: Thank you for your letter of September 23, 1974, concerning activities of the State Democratic Convention. I, too, wish to assure you that I hold no animosity toward you or any other participant at the Convention.

However, to respond to your letter, let me relate to you our involvement from the beginning. Almost a year ago it was obvious that unless some compromise could be reached between the quota system and winner take all method to select delegates at the precinct level, an unrepairable split in the Party was evident. It was at this time we came up with the 20% system which all factions agreed upon. (However, there were some who went straight home and devised methods in direct conflict to which they had agreed.) Nothing unusual among some Democrats who spend more time developing fights than trying to solve problems.

We then went to all parts of the State in an attempt to inform our membership of the new selection process, working with all factions of the Party, with one thing in mind: Having those in our ranks who wished to participate become active from the bottom up and assure every other person would have the same opportunity. This was not an easy task, nor was it one taken lightly by the Texas AFL–CIO. It did require much time and expense.

During all of this, we visited with all factions. Some only wanted to talk about resolutions or personalities to divide the forces for their personal gratitude. We said from the beginning that we were not interested in dividing the Party, just for the sake of division for any person to get out in front of a faction and declare themselves their leader. We did say if a reasonable program came forth which would work toward Party unity in 1976, Labor would gladly join.

If you recall, when you called me from the airport on your way back to Houston from a meeting you had had here in Austin, you said Bullock or Yarborough would not run for Party Chairman, so you were considering the race. I did not lie to you or play games. I told you the same thing I told Mr. Bullock: That we were going to continue to work with the present leadership because I felt we had accomplished some change and could realize further changes toward having unity in the Party for 1976.

There was never any doubt as to where I stood in the campaign, but at no time did I encourage opposition to your candidacy. As for those who may have reacted in any negative way to you or your supporters, they certainly were not doing so under any instructions, especially mine. I understand during heated campaigns, things are said and done which would have been better not said or done. However, those things are not new to you or to me.

As to the positions in S.D.E.C. races; again, I could not control what happened in any given individual case in a district caucus any more than you could have. There were cases when many or all of the caucuses mentioned in your letter opposed union members for S.D.C.E. posts. That is the way it should be and I do not believe you would want to change that. Let me remind you again, we set out to increase minority representation on that body and that was accomplished. The S.D.E.C. today has 5 Blacks instead of 2, 5 Mexican-Americans instead of 2 and 7 Union members instead of 3.

In closing, let me assure you that I fully realized that the position we took to accomplish some semblance of Party unity in 1976 was not a popular one. However, Labor has never been known to always take the popular stand.

We appreciate you asking your supporters to remain loyal to the Labor Movement. However, I must repeat what I said to Craig Washington at the Convention: "No matter what you say or do now in the future, I **am committed to work with and assist** minorities, workers and poor people wherever and whenever I can, and this is what you will find me doing in the days ahead."

Thank you again for your letter and I look forward to visiting with you in the near future.

Sincerely,

HARRY HUBBARD,
President.

STANDBY ENERGY AUTHORITIES ACT—S. 622

AMENDMENT NO. 313

(Ordered to be printed and to lie on the table.)

Mr. HANSEN submitted an amendment intended to be proposed by him to the bill (S. 622) to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, and to implement U.S. obligations under international agreements to deal with shortage conditions.

AMENDMENTS NOS. 314 THROUGH 317

(Ordered to be printed and to lie on the table.)

Mr. GRAVEL submitted four amendments intended to be proposed by him to the bill (S. 622), supra.

NATURAL GAS PRIORITY FOR AGRICULTURE

Mr. DOLE. Mr. President, in the past 2 years agriculture has received an increasing amount of public attention both domestically and internationally. At home food production is a major factor in every American's effort to hold his own against inflation. On the world scene, we have seen a tremendous amount of concern about the world food crisis and the importance of the U.S. efforts to provide additional food assistance.

Natural gas has become a vital factor in maintaining the ample food production Americans have enjoyed over the recent years. Natural gas is especially important in agriculture for the production of fertilizer and agricultural chemicals and to crop-drying dehydration and irrigation. In the past 6 months we have seen that natural gas curtailments have cost American farmers a great deal of fertilizer; as much as 3 percent of our total production capacity. We have also seen a natural gas company propose to curtail its customers using natural gas for irrigation. The Federal Power Commission after hearings upheld that order and although hearings are continuing to be held by FPC, a very real danger lies ahead in the possible curtailment of natural gas for irrigation engines.

These curtailments could have an extremely detrimental affect on food production in this country. That is why I have sent this amendment to the desk today, in order to prevent curtailment of those agricultural uses of natural gas.

TIME IS CONCERN

One major reason for bringing up this amendment is the time factor involved in achieving a level of natural gas production capable of meeting our agricultural needs. Last year before the Senate Agriculture Committee, Chairman John Nassikas of the Federal Power Commission testified that it would probably be 3 to 5 years from now before an adequate level of natural gas production could be obtained to meet all our needs. And that would be only in the event that the Congress enacts a policy that would result in optimum natural gas development.

Clearly we cannot wait 3 to 5 years to prevent a decline in food production. Agricultural production is too important for that. I do not believe any industry is more important than our food production industry. The Congress should act now to establish a priority on natural gas for agriculture.

SUPPORT FOR AGRICULTURAL PRIORITY

On previous occasions in Kansas and elsewhere, President Ford has pledged his support for an adequate supply of fuel and fertilizer for agriculture. His pledge indicates that he would surely support a priority on natural gas for agriculture as would be provided under this amendment.

In addition, it is my understanding that the Senate Commerce Committee has approved, in principle, a priority on natural gas for agriculture. While the natural gas issue is controversial and the Senate may be involved for sometime in debating the relative merits of continued price regulation or deregulation, I believe the time to pass an agricultural priority is now. It is my hope that this amendment can be approved to prevent any further reduction in natural gas supplies for our food producers.

IMPORTANCE OF NATURAL GAS FOR FERTILIZER PRODUCTION

Fertilizer plays a key role in our food production. The reality of modern agriculture is that without fertilizer our ability to meet the demand for food at home and abroad is drastically reduced. Yet in recent months, we have seen natural gas curtailments for many fertilizer plants all over the country. Natural gas supplies to plants in Alabama, Arkansas, California, Louisiana, New Jersey, New York, North Carolina, Missouri, and West Virginia have been curtailed or stopped altogether. These actions have resulted in plant shutdowns or sharp reduction in the production of fertilizer.

The Department of Agriculture officials have indicated to me that the expected loss of ammonia production from these curtailments has been about 500,000 tons. That, as I mentioned earlier, represents about 3 percent of our total fertilizer production.

At the same time the Kansas Department of Agriculture has indicated a fertilzer shortage this year likely to be about 6 to 8 percent. A similar forecast has been made by the Department of Agriculture for the Nation as a whole.

The reduction of our ammonia production by 3 percent due to natural gas curtailments will further aggravate that shortage. Passage of my amendment would remedy that situation by preventing further natural gas curtailments.

IMPORTANCE TO IRRIGATION

In recent months since the Federal Power Commission issued an opinion lowering natural gas from priority 2 to priority 3, a great deal of information has become available about the detrimental impact on agriculture curtaining natural gas for irrigation uses.

AMENDMENT NO. 318

(Ordered to be printed and to lie on the table.)

Last year the Senate Agriculture Committee held hearings on the results that could be expected from curtailment of natural gas for agriculture. At that time, Mr. Carl D. Holmes, of Meade County, Kans., testified about the fact of a natural gas shortage for irrigation purposes. I request unanimous consent that an excerpt from his testimony be inserted in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXCERPT OF STATEMENT BY CARL D. HOLMES

We have an abundance of irrigation water, but this will not be developed, due to the energy not being available to pump the wells.

Also, shortages of fertilizer and chemicals are adding to the problems, as well as the high cost of irrigation development.

Today, my country has approximately 60,000 acres under irrigation, with a projection by the year 2000 of 125,000 acres.

Whe have an available underground water supply of 20 million acrefeet of water available for irrigation usage.

Due to the fact that natural gas or electricity are not available for pumping the wells, this water will remain underground, unavailable for crop production.

It will be several years before electricity is available, due to the shortage of transformer capacity, to take care of the load created by the natural gas pipeline companies not selling gas for irrigation usage.

Last summer, when people were able to hook on to natural gas for pumping, the electric companies, REA's, figured they had approximately 10 years transformer capacity.

One pipeline company after another came in and shut the gas off, so they could have no additional hook-ups for gas, which created a tremendous load on the electric companies.

As a result, when they thought they had, a 10-year projected transformer capacity it went to zero in about 2 months' time.

To date, over 10,000 acres that could be developed for irrigation immediately, and the farmers want to develop them, are idle, due to the lack of energy for pumping.

One company in my area, Panhandle Eastern Pipeline Co., stated in a letter, which I will submit to this committee, to a potential irrigation gas customer:

"This system-wide policy was placed into effect October 1st, 1973, and limits the providing of future irrigation, grain drying, and domestic service with those parties whom Panhandle has a legal obligation to provide such service."

Which, they are insisting, if you are hooked on, or if we have to hook you on, we will. But we will not sell any additional gas.

That customer had natural gas wells on

his property with over 1 billion cubic feet of natural gas being produced in 1973.

However, he could not secure any natural gas for irrigation or grain drying usage.

We are sitting on the world's largest natural gas field in southwest Kansas. Yet, this gas is being taken to the East, and is not available for new development of crop production.

In our area, we have a number of feed lots. And because of the economic situation in the cattle market, these feed lots are less than one-half capacity. And the market for high moisture grain, specifically corn, is no longer available.

So we need natural gas to use to dry this crop. And this is a crop that is in the field now. It should be coming off in the next couple of months; and would normally go to the feed lots as high moisture grain.

The gas is not available due to the position taken by the natural gas companies. Therefore, we have an abundant supply of grain that is going to come off this irrigated acreage, and it is going to rot unless we can get fuel to dry it.

Mr. DOLE. As indicated in Mr. Holmes' testimony, the number of acres under irrigation in his country could be more than doubled. However, without natural gas that expansion of irrigation would be impossible. It should be stated that by using irrigation the production capacity of land in western Kansas can be increased by double or more. I would fully expect that the number of acres and the amount of increased production possible for Meade County, Kans., exists for nearly every other county in western Kansas, Oklahoma, Texas, Nebraska, and portions of Colorado and New Mexico.

Mr. President, I have also received a letter and resolution from the Southwest Kansas Royalty Owners Association which has a great deal of information about the impact of natural gas curtailment for irrigation uses. I request unanimous consent that this information also be entered in the RECORD at this point. I also ask unanimous consent to enter in the RECORD at this point a letter and table sent to me by the Grain Sorghum Producers Association indicating the size of irrigated crops in the Midwest and the United States.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SOUTHWEST KANSAS ROYALTY
OWNERS ASSOCIATION,
Hugoton, Kans., February 28, 1975.

HONORABLE MEMBERS OF CONGRESS: Members of the Southwest Kansas Royalty Owners Association are very much concerned about the Federal Power Commission's Opinion No. 697A entered in Docket No. RP 726, (El Paso Natural Gas Company). In the opinion, the FPC classifies irrigation pumping as an "industrial" use and subjects irrigation farmers to interruptible gas service.

The western portions of Kansas, Oklahoma, Texas, Nebraska, Eastern Colorado, and all of New Mexico are in a farming area having marginal moisture. Much of the land is now being irrigated from deep wells using natural gas as the fuel source for gas produced there. Because of irrigation, several million acres are now productive, which formerly yielded erratically. One needs only to go back to the 1930's to see what can happen when this region receives less than its normal rainfall.

Enclosed is a copy of a resolution adopted by the Board of Directors of our Association, setting forth the reasons why an interruptible gas supply for irrigation farmers is dangerous for the economy of the nation and food supply of the world. The resolution is presented on behalf of Association members and on behalf of thousands of irrigation farmers.

We request your comments and help.

Respectfully submitted,

B. E. NORDLING,
Secretary.

RESOLUTION OF THE SOUTHWEST KANSAS ROYALTY OWNERS ASSOCIATION

Whereas, the Southwest Kansas Royalty Owners Association is a non-profit Kansas corporation organized in 1948. Its membership consists of over 2,000 landowners with mineral interests in the Kansas portion of the Hugoton Gas Field. The Hugoton Gas Field comprises a substantial portion of nine Southwest Kansas counties, extends through the Panhandle of Oklahoma into Texas, and adjoins the large East and West Panhandle fields of Texas. The Hugoton field and East and West Panhandle fields in Kansas, Oklahoma and Texas cover approximately 33,000 square miles and over 21 million acres. Much of the land in this area is under irrigation, and the chief source of fuel to operate the irrigation engines comes from the natural gas produced from the land; and

Whereas, on December 19, 1974, the Federal Power Commission, in Opinion No. 697–A entered in Docket No. RP72–6, (El Paso Natural Gas Company), classified natural gas for irrigation pumping as an industrial use, thus placing its use on an interruptible basis. The FPC order further prohibits considering the use of butane and propane as an alternate fuel; and

Whereas, FPC Opinion No. 697–A applies only to El Paso Natural Gas customers, nevertheless, it is the concern of the members of this Association and irrigation farmers in the area that the order can directly affect all irrigation farmers in the United States using natural gas as a fuel source; and

Whereas, if this policy is made applicable to other gas companies and the use of natural gas for irrigation purposes is curtailed, the following results can be expected:

(1) Irrigation farming requires water to be available at critical times during the growing season of all crops. If the fuel source is not available at a critical stage of growth of the plant, there can be crop failure. Fertilizer is necessary to increase crop production and requires water to utilize the chemicals. If there is not the proper balance of water and fertilizer, there will be a drastic decrease in production.

(2) The FPC order eliminates considering the use of propane and butane as alternate sources of fuel supply, leaving only diesel, gasoline or electricity as alternate sources. Not only would the cost of fuel be greatly increased, conversion to alternate energy would require a different type of irrigation engine, as well as supply tanks and other equipment to operate the engines. There is already a critical shortage of diesel fuel and gasoline, as well as fuel tanks.

(3) Most industrial plants are designed for alternate fuels and the costs of the equipment and fuel are being passed on to the consumer. The irrigation farmer does not have standby equipment to convert to other fuels because of prohibitive costs, which cannot be passed on to the consumer.

(4) FPC Opinion No. 697–A is in direct conflict with the position taken by President Ford, by the Federal Energy Administration, by the Department of Agriculture, and by Congressmen introducing legislation declaring top priority for the use of natural gas and other fossil fuels in food production.

Now, therefore, be it resolved by the board of directors of the Southwest Kansas Royalty Owners Association, on behalf of its members and on behalf of thousands of irrigation farmers throughout the United States, that it hereby opposes the action of the Federal Power Commission in classifying natural gas for irrigation pumping as an industrial use on interruptible basis, and urges the Commission to reconsider such action and classify natural gas for irrigation pumping to the highest priority of use.

Be it further resolved, that the Secretary of this Association is hereby directed forthwith to transmit a copy of this Resolution to the President of the United States, members of Congress, the Federal Power Commission members, the Secretary of Agriculture, the Federal Energy Administrator, and the Governors of the states located within the affected area.

Adopted this 19th day of February, 1975, by the Board of Directors of the Southwest Kansas Royalty Owners Association.

GRAIN SORGHUM PRODUCERS ASSOCIATION,
Lubbock, Tex., April 2, 1975.

Hon. ROBERT J. DOLE,
U.S. Senate
Washington, D.C.

DEAR SENATOR DOLE: The ruling by the Federal Power Commission, Opinion 697A, issued December 19, 1974, changing natural gas use for irrigation purposes from Priority #2 to #3, will have serious repercussion on agriculture's ability to meet: 1) domestic food requirements; 2) food commitments to underdeveloped nations; and 3) exports which are desperately needed to pay for our imported energy needs. The importance of irrigation is the stability it provides in the production of food.

The attached chart is designed to show the importance of this eight-state irrigation belt (Arizona, California, Colorado, Kansas, Nebraska, New Mexico, Oklahoma and Texas). Production in this region accounts for much of our vegetables and fresh fruit. Also, this region is a primary producer of fresh meat and provides a surplus of grain which is used for exports. This FPC ruling will stop pump irrigation in this region and, except for canal water, change the majority of our farming to dryland and reduce the productivity of this region to twenty percent of present production.

FPC did state in this ruling that if alternate fuels were not technically feasible, irrigation would be placed back in Priority #2. It is technically feasible to convert our present power sources to gasoline or diesel; however, it is not economically feasible. Agriculture does not have the financing or equipment available to convert more than 200,000 engines from one fuel source to another in the short period that FPC is requiring. This change-over will require new engines in many cases, fuel storage tanks at each irrigation well, and new carburetion for each engine.

The Federal Energy Agency could alleviate this problem by indicating that gasoline and diesel are not available alternate fuels. This would then put irrigation back under Priority #2, according to FPC.

The FPC has made a ruling which was not supported by data. The people who were responsible for making the ruling evidently did not realize the serious impact it would have on the food, fiber and shelter production capabilities of American agriculture.

We will supply additional information regarding the number of irrigation wells and cost of conversion to other fuel types as soon as it is available. We hope you can use this data to support your efforts in changing the priority rating of natural gas for irrigation use from Priority #8 to #1.

We appreciate your efforts regarding this unfortunate situation.

Sincerely,

JACK G. KING,
Research Director.

PRELIMINARY ESTIMATES OF PERCENT OF PRODUCTION OF AGRICULTURAL COMMODITIES FROM IRRIGATED ACRES IN 8 STATES[1]

Commodity and units	Total (thousands)		8 States as a percent of United States
	8 States	United States	
Alfalfa (tons)	10, 814	78, 343	13.8
Barley (bushel)	44, 370	430, 181	10.3
Corn (grain)	488, 421	5, 643, 256	8.6
Corn (silage) (tons)	11, 765	109, 848	10.7
Cotton (bales)	3, 268	12, 958	25.2
Irish potatoes (hundredweight)	19, 961	297, 352	6.7
Orchards (dollars)	786, 802	1, 656, 130	47.5
Sorghum (grain) (bushel)	377, 670	936, 587	40.5
Vegetables (dollars)	590, 979	1, 242, 600	47.6
Wheat (bushel)	66, 180	1, 716, 993	3.8

[1] Arizona, California, Colorado, Kansas, Nebraska, New Mexico, Oklahoma, and Texas.

Source: James E. Osborn, professor and chairman of the Department of Agricultural Economics, Texas Tech University

REFERENCES

1. U.S. Department of Agriculture, "1973 Arizona Agricultural Statistics," Statistical Reporting Services, Phoenix.

2. U.S. Department of Agriculture, "California Vegetable Crops," Statistical Reporting Service, Sacramento, 1973.

3. U.S. Department of Agriculture, "1973 California Fruit and Nut Acreage," Statistical Reporting Service, Sacramento, 1973.

4. U.S. Department of Agriculture, "1974 Colorado Agricultural Statistics," Statistical Reporting Service, Denver, 1974.

5. U.S. Department of Agriculture, "Farm Facts," Statistical Reporting Service, Topeka, 1974.

6. U.S. Department of Agriculture, "1973 Agricultural Statistics," Statistical Reporting Service, Lincoln, 1973.

7. U.S. Department of Agriculture, "New Mexico Agricultural Statistics," Statistical Reporting Service, Las Cruces, 1974.

8. U.S. Department of Agriculture, "Oklahoma Agriculture, 1973,'" Statistical Reporting Service, Oklahoma City, 1974.

9. U.S. Department of Agriculture, "1973 Texas Small Grains Statistics," Statistical Reporting Service, Bulletin 105, Austin, 1973.

10. U.S. Department of Agriculture, "1973 Texas Vegetable Statistics," Statistical Reporting Service, Bulletin 106, Austin, 1974.

11. U.S. Department of Agriculture, "1973 Texas Field Crop Statistics," Statistical Reporting Service, Bulletin 110, 1974.

12. U.S. Department of Agriculture, "1973 Texas County Statistics," Statistical Reporting Service, Bulletin 114, 1974.

13. U.S. Department of Agriculture, "Agricultural Statistics, 1971," Washington, 1971.

14. U.S. Department of Agriculture, "Agricultural Statistics 1974," Washington, 1974.

15. U.S. Department of Commerce, "1969 Census of Agriculture," Bureau of the Census, Volume 1, Area Reports:

Part 20, Section 1, Nebraska
Part 21, Section 1, Kansas
Part 36, Section 1, Oklahoma
Part 37, Sections 1, and 2, Texas
Part 43, Arizona
Part 48, Section 1, California
Part 41, Colorado

16. U.S. Department of Commerce, "1969 Census of Agriculture, Irrigation and Drainage on Farms," Chapter 9, Volume II, Bureau of the Census.

Mr. DOLE. It should be pointed out that especially in the Midwest the vast majority of this irrigation is accomplished by engines running on natural gas. It would be economically unfeasible and in some cases physically impossible to make the transition from natural gas for these engines to some other source of fuel. That is why this amendment is so important to food production in Kansas and in other States.

NATURAL GAS FOR CROP DRYING AND OTHER AGRICULTURAL OPERATIONS

Mr. President, natural gas is also a vital factor in crop drying and dehydration and other agricultural operations. The importance of natural gas for those uses is more fully explained in the enclosed copy of a letter from the American Dehydraters Association. I ask unanimous consent that this letter be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

AMERICAN DEHYDRATORS ASSOCIATION,
Mission, Kans., February 25, 1975.

Re: S. 187
Senator ROBERT J. DOLE,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR DOLE: The following information is in response to our phone conversation of February 24, 1975.

It requires approximately 12 mcf of natural gas to produce one ton of dehydrated alfalfa. The annual production of dehydrated alfalfa in Kansas is approximately 200,000 tons requiring approximately 2.4 million mcf of natural gas. Nebraska production runs around 650,000 tons annually and requires 7.8 million mcf of natural gas. The annual production of dehydrated alfalfa in the United States is 1.5 to 1.7 million tons and requires 18 to 20 million mcf of natural gas.

Dehydrated alfalfa is primarily produced in the months of May through October, but in California and Texas, it is produced 8 to 10 months out of the year. Many alfalfa dehydrating plants dehydrate other whole plant products in the fall and dry other forages during the winter months, but their gas demands during these months are significantly less than during the summer months.

The various gas companies have different curtailment schedules, but in general, alfalfa dehydrators would fall into category 5 or 6 of the FPC 9 step priority schedule. Of the 40 alfalfa dehydrating plants in Kansas, I have been informed of 4 which have already experienced some degree of curtailment. These all occurred in the fall, and ranged from a voluntary cut back for two weeks to being shut down for 12 days. In the summer of 1973, several dehydrators were notified that they would be shut down on certain peak demand days, but we were able to prevent this by contacting the gas companies and explaining the nature of our business and the extreme problem which would be created by their proposed curtailment.

One gas company located in Nebraska has notified its customers in several states of its curtailment schedule which would curtail natural gas to 40 dehydrating plants by 10% in 1975, 20% in 1976, 65% in 1977, and 100% in 1978. This is the type of curtailment schedule over which our industry needs some type of legislative protection. It is interesting to note that only 5 years ago, this gas company was promoting the expansion of the alfalfa dehydrating industry. A copy of its promotional literature is enclosed.

Please let me know if you need more information, or if it would be beneficial for us to provide witnesses for any of the hearings in Washington. Your efforts in behalf of our industry and agriculture, in general, are appreciated.

Sincerely,

KENNETH D. SMITH,
Executive Vice President.

Mr. DOLE. Mr. President, in short the importance of food production is growing in proportion to the increase in population around the world. At the same time the supply of natural gas which plays such a vital role in food production is decreasing. The need to establish a priority on natural gas for agricultural uses is urgent. I hope we can act on this amendment to establish that priority.

I ask unanimous consent that the text of the amendment be printed in the Record at this point.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

AMENDMENT NO. 318

At the appropriate place, insert the following:

SEC. —. The Natural Gas Act, as amended (52 Stat. 821; 15 U.S.C. 717 et seq.), is amended by inserting immediately after section 22 the following new sections:

SEC. 22a. Notwithstanding any other provision of law or of any natural gas allocation or curtailment plan in effect under existing law, the Federal Power Commission shall expeditiously consider and grant—

"(a) Under the provisions of this Act, applications for emergency relief to prevent interruption or curtailment of natural gas used in the production of anhydrous ammonia necessary to maintain maximum fertilizer production from existing plants, or necessary to maintain any agricultural production or operation including the production of agricultural chemicals, crop drying, dehydration, or irrigation, except to the extent that any such amounts are required to maintain natural gas service to existing residential and small commercial (less than 50 Mcf per day) users or cause significant unemployment by diversion of natural gas from other users.

"If grant of relief in the total amount requested can be effectively demonstrated to result in the inability to meet the actual requirements of residential and small commercial customers or to result in significant unemployment due to diversion of natural gas from other users, the relief shall be limited to the maximum amount available to avoid those results. The maximum relief available to any anhydrous ammonia manufacturer or agricultural user, as described in the first paragraph of this subsection, shall not exceed the existing contractual volumetric limitations with its natural gas suppliers.

"In order to qualify for relief hereunder the anhydrous ammonia manufacturer or agricultural user must demonstrate a maximum usage of all currently available alternate fuels on a continuing basis and shall immediately undertake alternate fuel conversion where technically and economically feasible. In addition, in each proceeding under this subsection, the Commission shall promptly notify the Administrator of the Federal Energy Administration of such proceeding and the Administrator shall expeditiously report to the Commission on the availability and cost of alternate fuels for industrial, agricultural, or utility use requested.

"In the event relief is not granted by State or local authority or public utility commission due to jeopardy of residential and small commercial users or for reasons of significant unemployment, under conditions expressed herein, the anhydrous ammonia manufacturer or agricultural user may request its intrastate natural gas supplier(s) to immediately petition on its behalf for extraordinary relief to the Federal Power Commission if the curtailment is attributable to one or more natural gas pipeline companies subject to the Commission's jurisdiction. The intrastate natural gas supplier shall immediately file such petition, accompanied by showing why additional deliveries from the interstate pipeline company are required.".

AMENDMENTS NOS. 319 THROUGH 326

(Ordered to be printed and to lie on the table.)

Mr. BARTLETT submitted eight

amendments intended to be proposed by him to the bill (S. 622), supra.

AMENDMENT NO. 327

(Ordered to be printed and to lie on the table.)

Mr. FANNIN submitted an amendmendt intended to be proposed by him to the bill (S. 622), supra.

ANNOUNCEMENT OF PUBLIC HEARINGS BEFORE THE INDIAN AFFAIRS SUBCOMMITTEE OF THE SENATE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. ABOUREZK. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Indian Affairs Subcommittee of the Senate Interior and Insular Committee.

The hearing is scheduled for Wednesday, April 30, and Thursday, May 1, beginning each morning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. This is an informational hearing, the purpose of which is to carefully review the present Indian housing situation in the United States. The subcommittee will receive testimony from the various Federal agencies responsible for the delivery of Indian housing units on trust land, several tribal organizations, and other Washington based groups with considerable expertise in the area of Indian housing. We hope to conduct a series of field hearings this summer to receive more extensive public testimony.

If you wish to submit a written statement for the record or have any questions regarding these hearings, please contact Mr. Forrest Gerard of the subcommittee staff at 224–7143.

ADDITIONAL STATEMENTS

S. 692—THE NATURAL GAS PRODUCTION AND CONSERVATION ACT OF 1975

Mr. STEVENS. Mr. President, the Senate Commerce Committee is in the process to mark up S. 692, the Natural Gas Production and Conservation Act of 1975. The bill, as reported from the Subcommittee on Oil and Gas Production and Distribution, would establish price ceilings on new natural gas in both interstate and intrastate commerce. While the price range authorized in S. 692 is somewhat higher than that now allowed by the Federal Power Commission for interstate gas sales, it is set at only half the price new natural gas now brings in the intrastate market which is not currently subject to FPC regulation. There is an even greater disparity when one compares the commodity value of gas with oil.

Prior to the recess I sent a letter to all Members of the Senate explaining the deficiencies in S. 692 and providing a description and rationale for the amendment in the nature of a substitute which I intend to offer when natural gas legislation comes to the floor. I would hope that each of my colleagues will have the opportunity to review this material prior to a Senate vote.

On April 3, the Washington Post ran an editorial comparing the provisions of S. 692 with trying to protect the consumer by putting a price ceiling on the price of red jellybeans while allowing the price of black and white jellybeans to rise. I think the point is well taken. Mr. President, I ask unanimous consent that the Post editorial be printed in the RECORD following my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 3, 1975]

GAS PRICES AND JELLYBEANS

As the shortage of natural gas grows more serious in the Washington area, some customers are being forced to convert to oil. Nobody converts voluntarily. The price of gas to a large customer is $1.60 per thousand cubic feet. The equivalent energy in the form of fuel oil is now up around $2.60. That difference is, in fact, the explanation of the gas shortage. There are three basic fuels. Congress insists on holding the price of gas far below the prices of oil and coal. That is the heart of the controversy over the deregulation of natural gas.

The local distributor, Washington Gas Light, has accepted no new customers for three years. The pipeline companies supplying the Washington area have cut back deliveries and, in turn, Washington Gas Light is dropping service to its interruptible customers—those that got a lower rate for signing a conditional contract. Most of them are big apartment houses and office buildings, but the list includes some schools and colleges. Next in jeopardy are the industrial customers. Some of them would have been cut off months ago if the weather had been normal. But for the second year in a row this region was lucky. It was a warm winter. What about next winter?

Gas is the cleanest of all the major fuels, and ought to be sold at a premium on environmental grounds alone. Instead, as the cheapest of the three competing fuels, it is used to fire boilers by any industry or utility that can get it. With the enormous increases in oil prices over the past two years, the disparity has become increasingly severe. By last summer, to use a standard comparison, the gas delivered to utility generators throughout the country cost only 26 per cent as much as their fuel oil. Coal cost 38 per cent as much but was rising fast, as contracts expired or were renegotiated. Soft coal went for about $5 a ton throughout the 1960s, but prices now range from $15 to $25 and are climbing. The wider the price gap betwen gas and the other fuels, the more severe the gas shortage will be.

It is as though Congress were keeping down the price of red jellybeans, to protect the consumers—but not the prices of black or white jellybeans which, in the current inflation, are rising. In time you would find it increasingly difficult to get red jellybeans, although there would be plenty of the others in the stores. In Congress, the defenders of the consumer would explain that the rapacious and monopolistic jellybean industry was willfully withholding red jellybeans from the public. That, of course, would be an outrage. Several senators would promptly introduce bills establishing intricate rules for allocating the dwindling national supply of red jellybeans—and maybe extending price controls to the black ones as well, since they are getting increasingly popular.

In the Senate Commerce Committee, Sens. Warren G. Magnuson (D.-Wash) and Adlai E. Stevenson (D.-Ill.) are currently drafting a bill to resolve the natural gas issue pretty much along the lines of the jellybean case. Their bill would greatly expand and refine the system of allocation and price control that is already in effect. It would extend price ceilings for the first time to gas burned within the state where it is produced. The uncontrolled intrastate prices are currently running almost four times as high as the present federal maximum for gas crossing state lines.

The Commerce Committee's draft bill is pursuing a principle that deserves attention. It would raise the present ceiling price, but deliberately keep it far below the comparable price for oil. The price of oil has been jacked up artificially high, the argument goes, by a cartel of foreign governments. If the U.S. government has lost control of oil and coal prices, why should it voluntarily permit gas prices to accompany them to such unreasonable heights? This view is not a frivolous one. It reflects a well-considered conviction that, as a matter of social justice, it is better to have shortages— managed by various allocation and rationing systems—than high prices.

But keep in mind that any price ceiling turns out to be a subsidy paid by somebody. As people in the Southwest point out, a low ceiling on natural gas means that relatively low-income states like Oklahoma and Louisiana are subsidizing the standards of living in much wealthier states of the northeast—not to mention metropolitan Washington. To help the poor and the elderly in times of rapidly rising prices, the most effective remedies are those that directly increase the amounts of money in their pockets. Straightforward income redistribution is infinitely better than trying to fiddle and distort the mechanisms for pricing each of the hundreds of commodities that are, to one degree or another, necessities of life.

The way to deal with the gas shortage is to deregulate the price. In present circumstances, it ought to be done in stages, over several years, to cushion the impact. No one can exactly say where fuel prices will be several years from now. But they certainly will not return to the level of two years ago. The basic reason for the great upswing in fuel costs is not the producers' cartel but a worldwide surge of demand for cheap fuel. Higher prices are a signal that supplies are not unlimited and we have to begin conserving. Price controls merely suppress that warning signal. Natural gas currently provides one-third of this country's energy supply. We can afford to make mistakes in our national policy on jellybeans, but not on basic fuels.

DOES THE CATTLEMAN GET A FAIR SHARE?

Mr. CHURCH. Mr. President, for years the cattlemen have been told that the price they receive for their cattle reflects no more than the operation of the free market. And yet the widespread suspicion continued that not only did the massive purchasing power of the supermarket chains establish prices paid to the producer but that some form of agreement among the chains determined prices to consumers.

Evidence is now beginning to emerge that these suspicions have a basis in fact. How is it possible to explain the fact that prices to the producers have fallen while the retail price has increased or stayed the same? Can inflation alone account for the fact that, as the Department of Agriculture reports, middlemen added 52.7 cents to each pound of choice beef in 1974 compared to 36.5 cents in 1971—a two-thirds increase?

These questions and others are explored in a recent article for the Washington Post by James Risser and George Anthan of the Des Moines Register.

While these reporters do not draw final conclusions, they discuss the evidence assembled on behalf of six cattlemen who recently won a $32.7 million verdict against A. & P.—what may be a landmark case now on appeal—and find it convincing.

So that others may have an opportunity to consider the matter for themselves, I ask unanimous consent that the article, "The Meat Price Explosion and Chain Stores," from the March 9 Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 9, 1975]

THE MEAT PRICE EXPLOSION AND CHAIN STORES

(By James Risser and George Anthan)

In the mid-1960's, officials of the nation's largest supermarkets gathered quietly at confidential "meat clinics" sponsored by their trade organization, the National Association of Food Chains (NAFC).

Each participant was guaranteed anonymity. Neither his name nor his company affiliation appeared on any list. Officially, he was known to his colleagues only by a color-coded badge on his lapel. If he spoke out during clinic sessions, he could be identified only as a member of, for instance, "the red-striped badge group."

The system was developed, one NAFC official explained later, "for the purpose of encouraging people to speak out and not hold back" as the executives discussed complexities of buying and marketing meat at a profit. And, somewhat to their chagrin today, participants did speak freely.

One color-coded supermarket man declared that "it is about time we stopped passing along the savings in distribution costs to the customer. I think we ought to keep some of it for ourselves."

"The group seemed in general agreement with this thought," notes of the meeting said.

Last summer, those words and others uttered at the meat clinics came back to haunt the supermarket industry as a federal court jury in San Francisco handed six cattlemen a stunning $32.7-million verdict against the Great Atlantic & Pacific Tea Co. (A&P) in a lawsuit charging that major retail grocery chains had conspired to fix the price of beef.

During the trial, the chief meat buyer for A&P had denied he ever met with his competitors. But then the jury of four women and two men was shown a photograph of him meeting with other supermarket officials at an NAFC clinic. The impact on the jurors was powerful.

Their verdict was upheld 10 days ago by Chief U.S. District Judge Oliver Carter, who denied A&P's plea for a new trial. Judge Carter ruled the jury had received "sufficient evidence" to support its finding that A&P had plotted with other supermarkets to set the prices they pay for beef at a low level and the prices they charge customers in their retail stores at a high level. The jurors were justified in believing that, at the "various secret meetings," supermarket executives and meat buyers "met, not only to discuss prices of meat, but to forge agreement concerning fixing of those prices," said the judge.

A&P has termed the verdict "monstrous" and plans an appeal to the U.S. Circuit Court of Appeals. The decision has sent tremors through the multi-billion-dollar supermarket industry as cattlemen in other states have moved quickly to file similar suits. While the San Francisco case covers a period which began almost a decade ago, some cattlemen contend the alleged practices have continued.

Backed by some farm-state congressmen, the cattle raisers say large supermarket chains wield undue influence on wholesale and retail prices of meat. Rep. Neal Smith (D-Iowa) charges the chain grocers have replaced meat packers as the largest single force in the nation's food industry, saying they exert "tremendous leverage" over meat prices and can, in effect, dictate prices meat packers pay the cattleman for his live animals.

Smith is pushing legislation to limit the chains' involvement in production of meat, and some veteran industry regulators at the U.S. Agriculture Department agree privately that tough new laws are needed.

The farmers complain that low prices they are paid for cattle are not adequately reflected at the stores' meat counters. This has become one of the most curious aspects of the high food-price situation of recent months. How can it be that U.S. cattlemen have lost $100 to $200 on each animal sent off to the slaughterhouse, and yet consumers have had to pay higher prices for their steaks and hamburger?

Agriculture Department economists and statistical experts agree that if there is an economic villain, it's someone called the "middleman"—the meat packer, the processor, the packager, the shipper, the retail grocer. All have been getting an increasingly large piece of the action as beef makes its way from an Iowa farm or a Texas feedlot to the American dinner plate.

Agriculture Department figures show that in 1971 middlemen, including the retail supermarkets, added an average of 36.5 cents to each pound of choice beef they handled. This increased to 52.7 cents a pound in 1974.

A special department task force reported last August that meat price margins—costs added by middleman —"exploded" late in 1973 and early in 1974 "while market prices for cattle and hogs dropped sharply and losses mounted for livestock feeders." General inflation, restrictive labor union practices, government regulations and market distortions caused by earlier federal price controls were factors in this "explosion" but not enough to "explain the surge," the task force stated.

Meat marketers, the unit's report said, had significantly increased their profits, partly to recoup earlier losses. "It appears that the recent increase in meat price spreads was caused partially by food retailers changing their pricing policies to increase profits in their meat departments," it said.

A series of recent hearings by the Congressional Joint Economic Committee also dealt a blow to the supermarkets' public image. First, the committee staff accused the chain stores of issuing "intentionally misleading" financial figures in order to "cover up" high profits. Then, several supermarket chains refused to testify before the committee unless forced to do so by subpoena.

Cattlemen's suits patterned after the California case are on file in Nebraska and Texas, and the filing of others is under consideration. A $1.4-billion antitrust action filed in Cedar Rapids, Iowa, by cattlemen there was dismissed recently, but strong efforts are being made to revive it.

An examination of the voluminous record in the six-week A&P trial in San Francisco shows that cattlemen's attorney Joseph M. Alioto (an antitrust specialist and son of San Francisco Mayor Joseph L. Alioto) was able to produce little clear or startling proof of an overt conspiracy. There was no document actually showing high grocery chain officials agreeing on price-fixing schemes. But there was massive testimony and statistical evidence that, at a time when beef demand was high, cattlemen were being paid low prices while supermarket profit margins were rising. And the jury apparently was convinced that the NAFC meat clinics were a cover for supermarket efforts to get together on pricing.

TWO CHAINS SETTLE

The case, filed in 1968, originally named as defendants A&P, Safeway Stores, Inc. and Kroger Co. The three firms had conspired to pay low prices for the beef they bought and to fix high prices for the beef they sold to customers, the petition asserted. The large supermarket chains, the cattlemen alleged, had divided geographical territories among themselves to reduce competition. They also had eliminated competition among themselves in purchasing meat products, and even among different stores of the same chain. Also, it was charged, they had exchanged information on prices, sales, margins and profit through their trade associations.

Safeway and Kroger eventually elected to avoid a trial and settled out of court by paying the cattlemen $90,000 for attorney's fees, though the two chains strongly denied the charges against them. A&P, however, decided to fight the case to the end.

After a six-week trial, the jury returned its verdict, finding that a price-fixing conspiracy had cost the six cattlemen 20 cents a pound on all the beef they sold from 1964 through 1967. As a result, they had lost a total of more than $10 million and, under federal antitrust law, were entitled to triple damages.

The plaintiffs produced witnesses to buttress their claim that the big supermarket chains had agreed, perhaps only through an informal "understanding," to pay packers uniform, arbitrary, non-competitive and artificially low prices for fresh meat and meat products.

Cattlemen told the jury they sold cattle for less than it cost to raise them, and that they were able to stay in business only with bank loans and by raising crops. Also, a former independent packer testified that he had been forced to pay cattlemen low prices because of "great pressure" from major food chains he dealt with.

Testimony showed that A&P followed a policy of buying 20 million pounds of meat a week—90 per cent of its total requirements—out of a single office in Chicago. Company officials acknowledged that such large buying power could not help but have a significant market impact, but they insisted "we do not determine prices."

But, in his closing argument to the jury, Alioto claimed: 'It's more likely than not that (the competing supermarket executives) got together, either by an understanding or an agreement or an invitation to some and an acceptance by others, to control the market. They talked about prices. The evidence is they talked about methods and procedures. . . ."

Referring particularly to the photograph of A&P meat buyer Robert Carpenter meeting with his competitors, Alioto commented: "First, several of them deny meeting each other, and then we have to show that and prove that in documents. . . . Next, they say, 'Well, I didn't sit with him; I might have met him, but I didn't sit with him.' And then we have to get a picture. . . . And then they say, 'Well, we didn't talk about prices or supply or anything like that,' and then it's all over these documents."

Arguing unsuccessfully that the jury verdict should be set aside, A&P contended that the NAFC sessions involved "wholly theoretical and legitimate discussions about retail marketing practices and consumer buying habits, but were not an attempt to fix prices or coordinate buying.

"Accusations of retail price-fixing before a jury of consumers in a period of high inflation were obviously highly prejudicial," A&P complained.

THE "YELLOW SHEET"

In addition to the NAFC meat clinics, evidence of some contact among competing food stores came in testimony of A. D. Davis, an official of Winn-Dixie stores. He said he had given his private telephone number to officials of some other firms to save them from making more expensive person-to-person calls when they wanted to speak to him.

The calls often related to handling of "excess supply" of beef, said Davis, who acknowledged that he may have told a competitior that Winn-Dixie was planning to "feature" beef.

Supermarket officials said that the NAFC often issued notices to its members, telling them of the existence of excess meat supplies, and asking them to conduct beef sales. But A&P lawyers said such sales had the effect of removing excess supplies and actually benefited cattlemen.

The cattlemen who testified in San Francisco made it clear they don't feel that way. Courtenay C. Davis, who operates a 75,000-acre ranch at Horse Creek, Wyo., told the court that many cattlemen have been losing money since 1952. At about that time, he said, "a powerful new force emerged in the form of the concentrated buying power of fewer and fewer big chain store buyers, operating without restraint in the carcass beef market."

Supermarket officials testified that the four largest chains together were accounting for less than 20 per cent of carcass meat sales in the nation, but they acknowledged that much of the other 80 per cent represented "fragmented" purchases by locally oriented grocery, hotel, restaurant and institutional operations.

While noting that most of its 3,500 stores get most of their meat through a centralized buying office in Chicago, A&P strongly denied it sets prices it will pay to packers by relying on the so-called "Yellow Sheet." That publication, officially called The National Provisioner, is a daily compilation of wholesale prices in the meat industry. It bases its quotation on actual sales, but there have been allegations in the press and before Congress that the Yellow Sheet's figures sometimes are manipulated.

Also, during the California trial, the cattlemen contended that a Safeway decision to sell its New York City stores, A&P's decision to leave the Los Angeles market and a Kroger decision to abandon Washington were tied to efforts to lessen competition among the three in the purchase of meat.

C. W. McManamy, an official of the Omaha, Neb., Livestock Foundation and a longtime observer of midwestern markets, sees evidence large supermarket chains have been able to force some significant drops in prices farmers receive for their cattle.

One clue to this, he said, is a uniform price decline on the same day at widely scattered markets. "When I look at a radical departure from normal patterns," he said, "then I have to look at market muscle as a possibility. I see six to eight major retail outlets. Against this, I see 3,500 packing plants, and producers market through all these plants.

When I look at this picture, I can't escape the conviction that concentration in retailing would provide substance for suspecting that prices can de dictated where the power lies. Packers to a large degree don't sell meat to retailers anymore; the retailers order meat from the packers."

Testifying before the Joint Economic Committee last December, Irvin Bray, one of the plaintiffs in the California suit, said he had been unsuccessful in trying to sell cattle to packers early in the week because the packers have to wait until Wednesday to find out what Safeway, the dominant chain in his area, is willing to pay.

Safeway's buyers wait until then so they can determine through the Yellow Sheet what A&P has paid the previous day, he claimed. Bray said that in recent years there has been very little relationship between the prices paid to cattlemen and the retail beef prices charged to consumers.

Testifying later, Safeway denied the charge.

Company lawyer Richard W. Odgers said Safeway does not utilize centralized buying, but purchases its beef through competitive "offer and acceptance" in which packers' offers are received and accepted separately through more than 15 meat-buying offices.

W. S. Mitchell, Safeway's president, was grilled before the committee by Sens. William Proxmire (D-Wis.) and Hubert Humphrey (D-Minn.) about the increasing concentration of economic power in a few of the big chains. Proxmire said he has "serious doubts about the competitiveness of the industry" and Humphrey asserted that the supermarket chains "went out for a killing" after food price controls were removed.

But Mitchell told the committee that "all those stories about price-gouging profiteering, rip-offs, price-fixing and monopoly are just not so." He strenuously resisted suggestions that Safeway, with its 2,200 stores and annual sales of some $6 billion, is able to drive out competition and keep its prices high. Net profits of most major chains have averaged around 1 per cent of total sales, Mitchell said.

A DEVASTATING CASE

Later, the committee staff issued a report calling such figures "irrelevant." Profit figures based on rate of return on sales have been "purposefully" used to "cloud the issues and obscure the industry's true performance," the report said. A more reliable measure of supermarket profits, it contended, is "return on equity" (earnings compared to the value of the stock owned by the companies' stockholders) because this shows how much money the supermarkets are making in comparison to their total worth. For the supermarket chains, return on equity is "strikingly higher" than return on sales, the report said.

Safeway's rate of return on equity, for example, was 11.2 per cent in September, 1973, and rose to 19.5 per cent in September, 1974, an increase of 74 per cent, the report said. Winn-Dixie's rate of return rose from 13.1 per cent to 21.4 per cent. Kroger Co. went from 6.1 per cent to 10.4, and A&P from a loss of 2.2 per cent to a profit of 3.2 per cent.

The figures, on the average, are "neither spectacular nor poor," but they refute the retail food stores' claims that they are doing poorly, the committee report said.

The NAFC continues to argue, nevertheless, that supermarkets make so little profit that, if their earnings were entirely wiped out, the average family's food bill would drop by only eight cents a week.

"Lowering food prices by reducing supermarket profits is like trying to pump water from a dry well," says NAFC president Clarence Adamy. As for meat specifically, the supermarkets generally have been unable or unwilling to provide figures, although A&P has acknowledged that its average markup on fresh meat nearly doubled between 1968 and 1973. Safeway says its gross profit on meat is lower than on other grocery products, and Jewell Companies, Inc., officials say the company lost $5 million on meat sales during the first half of 1974.

Proxmire said in December that his committee staff's field investigations showed that where a small number of supermarket firms dominate the grocery business in a particular city, as in Washington, food prices tend to be higher and often are identical in the various competing stores in that city. A sampling of 4,000 items in Safeway and A&P stores in Kansas City, Mo., turned up identical prices on 3,000 items, he said. The Wisconsin senator described the finding as "the kind of conduct you'd expect out of a price-fixing conspiracy."

Three weeks later, Proxmire announced that A&P, Kroger, Winn-Dixie and Grand Union Co. had refused to appear before the committee unless subpoenaed.

Proxmire said company records obtained from the 17 largest chains had been analyzed and "we believe that a devastating case has been made against the industry—especially that retail prices rose while farm prices fell and that actual price competition, as such, did not exist in about 60 per cent of the items sold in the food chains."

Proxmire has since yielded the chairmanship of the Joint Economic Committee to Humphrey and the future status of the investigation is in doubt, as is the question of public release of the reportedly revealing company financial records.

The Federal Trade Commission has announced a probe of the food industry, but a congressional source who has followed the FTC effort says it is "in bad shape, partly because of lack of staff." The Senate Select Committee on Nutrition and Human Needs also has plans to investigate the food industry, including price fixing and other anti-competitive activity, later this year.

AN OPEN LETTER TO THE SECRETARY OF DEFENSE

Mr. GOLDWATER. Mr. President, the Retired Officers Association is composed of those people who have served their country in the capacity of officers. Their interests go across the board, however, and includes everyone who is serving or who had served their country in uniform. Retired Lt. Gen. John Carpenter, who is president of the organization, has written an open letter to the Secretary of Defense which, I think, is deserving of reading for every Member of Congress as we approach the days of authorization, followed by appropriation for this important function of our Government. If it were not so deadly serious, I might say I have been amused by the remarks of some of my colleagues who find fault with military bases having golf courses along with little niceties that those not in uniform enjoy without any question. One of the major points that the critics of the man in uniform always forget is that this man is not working a 40-hour week or a 48-hour week, or an 8- or 12- of 18-hour day, he works around the clock when he is needed and through the week when he is needed, and there is no double time for working overtime, there is no special vacation for working certain days, they are serving, as men in uniform have always served, without question.

For the information of my colleagues, I am hoping to have completed in the relatively near future a study that will show the tremendous waste that goes on on Capitol Hill, waste of taxpayers money in duplications of service, in services not needed or called for. I think that it is only fair that if we are going to be critical of those people who work in uniform, we should put the spotlight a little bit on the man who serves in civilian clothes. I ask unanimous consent that the letter from General Carpenter be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AN OPEN LETTER TO THE SECRETARY OF DEFENSE

DEAR MISTER SECRETARY: People are as important as weapon systems.

We fully realize the magnitude of the problems you face . . . We have applauded your forthright stand before the Congress. We, like you, believe that America must remain militarily strong . . . that we must honor our commitments to our allies.

The need for superior weapon systems is understood and fully appreciated by all in the military community, active and retired. Superior weapons provide the edge in combat—the edge, sometimes, between life and death. But a military commander is always aware that weapons require dedicated, trained and experienced personnel with the will to use them . . . mature, career motivated people.

We also believe that the military way of life is a unique one . . . that our nation must recognize this and honor the commitments she has made to the men and women who serve in her armed forces . . . and who served in the past.

I remind you, Sir, that the military way of life is one of total commitment . . . both for the individual and the family. There can be no reservations in the individual's mind. He or she must be prepared to go where ordered when ordered . . . a willingness to serve the country at personal expense and family sacrifice.

These sacrifices, however, represent a symbolic love for country . . . They require reciprocity to make them meaningful.

I quote from the writings of clinical psychologist Dr. Theodore C. Kahn published in *The Retired Officer Magazine* ("Military Careerists: A New Scapegoat Minority," January 1974):

"The greatly misunderstood fringe benefits, commissaries, post exchanges, medical care and space available travel, all have a symbolic significance that overrides their dollar value many times. Their continuation represents a symbolic expression of national appreciation . . . There is no substitute for them. The military culture prescribes symbols and the nation must reciprocate—at least partially—with symbols in order to maintain military morale."

COMPARABILITY—A FALSE BASE

The contention that since military pay has now achieved "comparability" with civilian pay many of the so-called benefits of service life can be dispensed with is not valid . . . Perhaps it is even dangerous.

There is little comparison between military and civilian careers . . . Thus, to place a dollar value—comparability—on military service is to start from a false base, a base established by money managers . . . Not people managers. Your own Secretaries of the Army, Navy and Air Force recognize this.

The proposal to make military commissaries self-supporting leaves us befuddled . . . It is total support and the faith of the family, in good times and bad, that allows the soldier, the sailor, the airman and the marine to continue to serve this nation . . . The commissary, like other on-base facilities, is recognition of the value of the individual—and his family. It is a benefit, like so many others now threatened or curtailed, that permits the military man to go where needed when needed . . . secure in the knowledge that his family's needs are being cared for.

Not all of our past armed conflicts have been popular. But the military, a disciplined force, went where ordered by the civilian leadership. They served at low pay, believing that their own military service and the government would look to their entitlements . . . As it has turned out, how naive!

We fear, Sir, that in their eagerness to cut non direct-mission spending, some of your appointed civilian deputies are refusing to recognize what the military community has come to understand . . . that many earned rights and entitlements have been or are now being abrogated. No amount of rationalization issued from the Pentagon will dispel this belief.

"Expediency" rather than "credibility" appears to be the word.

To the military family it is simple . . . If you have something and someone takes it away, you have lost something. This is how we perceive it.

Yes, Mr. Secretary, we are concerned. Commissaries can be self-supporting, we are told, because military pay is now adequate. We have noted, however, that many do not agree, especially older retirees and lower grade enlisted men trying to raise a family. It could not have escaped you, Sir, that some $1.5 million in food stamps are now being spent in commissaries each month.

And your Assistant Secretary (Comptroller) has the effrontery to suggest that an inequity exists simply because all military retirees do not live near commissaries . . . an inequity that will be erased by the increased costs to those retirees who do show in commissaries.

That's a bad joke, Mr. Secretary.

RECOMPUTATION AND PAY INVERSION

You tell us that because of inflation and competing demands on the Defense budget, coupled with recent increases in retired pay under the CPI formula, DOD will no longer support recomputation of retired pay even on a one-time basis . . . "Recent retirees are receiving more retired pay under the CPI system than current retirees," you tell us.

Another bad joke, Mr. Secretary.

Older military retirees, those who never enjoyed "comparability," are well aware of the pay those members retiring today are receiving . . . even under the so-called "inversion." We remind you, Sir, that they are at the other end of that inversion, the low end, even though we have struggled for more than a decade to have restored what until 1958—during the time they served this nation—was guaranteed by law.

We realize that today's retirees receive about three percent less than individuals of like service who retired last year. Too few realize their pre-1958 counterparts are drawing up to 35 percent less.

We understand your desire to seek legislative relief from the retired pay inversion for those who retired after September 1974—it is an inequity. What we must question, however, is your refusal to seek at the same time legislative relief for those who are obviously suffering the greatest inequity.

NO APOLOGIES

We are not ungrateful, Mr. Secretary, nor bitter. Neither are we apologetic.

We had full, rewarding careers. We appreciate the entitlements Congress has provided . . . the protection of the Survivor Benefit Plan for our families . . . the health care provisions of the Civilian Health and Medical Program for the Uniformed Services. We know these cost money, but they must be recognized for what they represent . . . an unfunded obligation that we, the retired military, have already paid for. Many of our fellow servicemen paid with their lives.

Those currently on active duty are now paying their dues. They, too, are earning whatever benefits and entitlements accrue to them, now and in the future. And, let me assure you, they are intensely aware of every abrogation.

We fear that many of the actions you are taking and others that are proposed will weaken the will of our career military forces . . . that intangible thing called esprit de corps . . . the will to fight and the determination to prevail.

We therefore respectfully urge you, Mr. Secretary, to examine once more the importance of so-called "fringe benefits." And to call directly upon your senior combat commanders for their undiluted views on the subject.

We in The Retired Officers Association, and I'm sure all military retirees, will continue to support the Departments of Army, Navy and Air Force.

We reserve the right to express our views to the Department of Defense, including the Office of the Secretary of Defense . . . solicited or unsolicited.

We are concerned, knowledgeable citizens, Mr. Secretary, who love our country . . . and who know full well the cost of keeping it free.

FULL FAITH AND DEDICATION

We have full faith in those who are guarding our freedom today. We are thankful that they are now receiving financial compensation more adequate to their needs and those of their families.

But, Mr. Secretary, you must recognize that a military life is a unique one . . . one requiring more than a competitive salary to retain dedicated people. Many can earn as much or more in the civilian sector, without the continual uprooting and separations from families which are an integral part of military life . . . occurrences that are costly both in dollars and family pressures. It is the symbolic recognition of this uniqueness—the importance of things provided by the military services that are uniquely their own—that knits the military family.

How often I have heard the words "The Air Force takes care of its own." The same is true for all the services. Do not destroy this, Mr. Secretary, or I fear it could destroy the morale of our armed forces, at the expense of the freedom of this great nation.

JOHN W. CARPENTER III,
Lieutenant General, USAF (retired),
President.

VIRGINIA MASONS' CONTRIBUTION TO FREEDOM

Mr. HARRY F. BYRD, JR. Mr. President, on March 21, 1975, Mr. George E. Stringfellow, of Arlington, Va., addressed the Mid-Atlantic Shrine Association meeting in Roanoke, Va.

I have read with interest the remarks of Mr. Stringfellow, who is a Past Imperial Potentate of the Shrine of North America and a past chairman of the board of directors of the Shriners Hospital for Crippled Children.

As we approach our Bicentennial Year, I feel his remarks are especially appropriate, and I commend them to my colleagues and ask unanimous consent that his address be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

VIRGINIA MASONS' CONTRIBUTION TO FREEDOM

(An address by George E. Stringfellow)

Illustrious Sir Eugene M. Bane, President of Mid-Atlantic Shrine Association, Officers and Members, Lt. Governor and Mrs. Dalton, other distinguished guests and beautiful ladies:

Thank you for your complimentary introduction and thank you for the warmth of your reception. You certainly make me feel at home. I am happy to be back in the land of my birth after a sojourn of some 40-odd years in New Jersey. While New Jersey was very good to me in many ways, however, it's nice to be home again.

The story is told of a small child who asked a guest, "Are you from Virginia?" After the guest had departed the child's mother—a true Virginian—remarked, "Sonny, you should never ask anyone if he is from Virginia. If he is, he will tell you, and if he is not, he will be embarrassed."

I should like to address myself to the part Masons played in the founding of our nation. Since our hosts are Virginians, I shall confine my remarks to Virginia Masons.

The exact dates of the founding of many Masonic Lodges in Virginia are shrouded in uncertainty, however, I am reliably informed that one of the earliest was the Royal Exchange Lodge of Norfolk, chartered on December 22, 1733. Approximately twenty years later George Washington, Virginia's foremost citizen and the father of our country, was initiated into Masonry in Fredericksburg Lodge No. 4 on November 4, 1752. Later he became Master of his Lodge in Alexandria.

John Blair, Virginia's first Grand Master, was Associate Justice of the Supreme Court of the United States.

James Mercer, Virginia's second Grand Master, was a member of Congress under the Articles of Confederation.

Edmund Randolph, Virginia's third Grand Master, was a member of Virginia's Constitutional Convention.

John Marshall, Virginia's fourth Grand Master, was the first Chief Justice of the United States Supreme Court. It was he who proclaimed, "The power to tax is the power to destroy."

"Light Horse" Henry Lee, prominent soldier and statesman, was a Mason, as was Fancis Lightfoot Lee, a delegate to the Continental Congress and signer of the Declaration of Independence.

James Monroe, our fifth President, who proclaimed the Monroe Doctrine was a well and favorably known Mason.

It is believed that President Thomas Jefferson, author of the Declaration of Independence and architect of the State Capitol Building, and President James Madison, father of the Constitution, were Masons.

Winfield Scott who distinguished himself not only in the Battle of Queenstown Heights, but in the preparation of the first complete manual of military tactics ever compiled for the United States, was an active Mason.

President William McKinley was raised a Mason in Hiram Lodge No. 21 in Winchester, Virginia.

The oldest building in the United States erected for and in continued use by Masons for Masonic purposes, is in Richmond. Here Lafayette was received. Here the Confederate and Union Forces held what is believed to have been the first fraternal intercourse after the close of hostilities.

The first school for the deaf and dumb was sponsored by Manchester Lodge No. 14 in Richmond.

Virginia has had many distinguished Governors. Most of them were Masons and, in recent years, Shriners too. Perhaps the most distinguished and respected Governor in this century was Harry Flood Byrd. As United States Senator he did more perhaps than anyone else to lift the moral and ethical standards of our United States Senate. He was a 33° Mason, a Grand Cross and a Shriner. His illustrious son, Harry Byrd, Jr., a Mason and a Shriner, is carrying on in a most commendable manner as senior United States Senator from the Old Dominion State.

In every generation there is someone who represents the conscience of the people. I can think of no one in America who more nearly represented the conscience of the people than did the Hon. Harry Flood Byrd during his long sojourn on this earth. He was honest, courageous, forceful and, above all, he did what he thought was necessary to preserve our way of life.

The roll of Virginia Masons is long and honorable. The limitation of time has permitted me to mention but a few. A similar story, differing in detail, could be told for every State which makes up our great nation. I believe that Masonic scholarships will some day document what you and I already know—that in the founding of our country Freemasonry was the greatest single influence.

We, as Masons and Shriners, must, by our conduct and example, help to create a moral and ethical climate to sustain our free institutions. We must develop the spiritual resources essential to the maintenance of freedom and democracy. While visibility at the moment is poor and the atmosphere is depressing, the courage of our people is good. Courage and character are the qualities that made America great.

It was the courage and determination of one man who led the world from confusion, despair and darkness at Dunkirk. Winston Churchill sparked the spirit of freedom and decency that electrified men of honor who arose and conquered those who would enslave the world. It was this same spirit of freedom that helped George Washington hold together his little band of patriots at Valley Forge and thus made us a free people.

Freedom must be protected. Freedom, as we cherish it in America, is in danger everywhere. Freedom can not be taken for granted. Freedom is not free. Freedom must be deserved and won and re-won. We must not become complacent for nothing fails like success when success leads to complacency.

A newspaper commenting on world conditions recently quoted the following from Harper's Magazine: "Not in the lifetime of men has there been such apprehension * * *. The domestic economic situation is in chaos. Our dollar is weak * * *. Prices are so high as to be utterly impossible. Of our troubles no man can see the end." That quotation appeared in Harper's in 1857—118 years ago.

About 90 years ago James Russell Lowell, a great poet and a wise statesman, was asked: "How long will the American Republic endure?" Mr. Lowell responded: "Only so long as the ideals of the men who established it continue to be dominant in each succeeding generation."

If we are worthy of our heritage we will follow in the footsteps of our forefathers and thus preserve our way of life.

WESTERN FOOD PRODUCTION

Mr. CHURCH. Mr. President, never has the production of food been more crucial to the well-being of the Nation and the world. Some Americans are not aware of how much of this Nation's food is produced in the Western States. In a recent editorial in the South Idaho Press of my own State Mr. John Eberline has spelled out, succinctly, the extent of the western contribution to food production. I ask unanimous consent that Mr. Eberline's editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the South Idaho Press, Mar. 19, 1975]

FOOD PRODUCING WESTERN STATES

The important role western states will be playing in the production of food for not only the United States but the whole world will be borne out at the Western Governors' Conference scheduled for Billings, Montana on April 1–3.

The theme of the meeting is "Agriculture and Energy in the Western United States" and the purpose is to explore and discuss factors and ways in which agriculture and energy relate to each other.

And if our government (Washington-style) is smart they will keep an eye on that conference and encourage the 16 western states to solve energy problems and continue in food production on an even larger scale.

The reasons being very simple. The 16 western states produce a large—often the majority—of this nation's foodstuffs and with food becoming one of the more advantageous trading commodities, well, Uncle Sam needs the 16 western states producing at 150 per cent.

The 16 western states consist of Idaho, Washington, Oregon, California, Nevada, Wyoming, Montana, Utah, Alaska, Arizona, Colorado, Hawaii, Nebraska, New Mexico, North Dakota, South Dakota.

In 1974 these states contributed $27 billion (29 per cent) of the country's $95 billion in cash receipts from agriculture—with about $11 billion from livestock and $16 billion from crops.

Farming and ranching in these 16 states provides jobs for about 908,000 farm workers (family and hired), representing 21 per cent of the total U.S. farm labor force. On a land area of 1.3 billion acres, nearly one-half billion acres is devoted to farming and ranching—44 per cent of the national land in farms. The number of farming units, however, totals only 416,000—15 per cent of the national number of farms and ranches. This reflects the larger average size of agricultural units in the west—1,136 acres compared with 384 nationally.

The 16 western states have 26 million acres in irrigated land or two-thirds of the total U.S. irrigated land. Irrigation accounts for a higher proportion of agricultural production in the West than elsewhere, with 19 per cent of cropland in the western states irrigated compared with 8 per cent for the nation.

On a commodity basis, the 16 states head the nation in a number of important agricultural commodities, furnishing more than one-half the national production of barley, sugarbeets, fruits and nuts, vegetables, and sheep. The west also produces about half the nation's wheat and one-third the "all cattle" production.

Actual figures are (national percentage in parentheses). barley, 241 million bushels (78 per cent); sugarbeets, 17.3 million tons (78 per cent); wheat, 860 million bushels (48 per cent); fruits, nuts, $2.1 billion (63 per cent); vegetables, $2.2 billion (51 per cent); cattle, 14.4 billion lbs. (35 per cent); sheep, .5 billion lbs. (58 per cent); cattle on feed, 3.9 million head (41 per cent); all cattle, 37.8 million head (29 per cent).

With that type of production and with a growing demand for the products the 16 western states should have a big say in many national decisions.

Because they have something the rest of the world wants and needs.

ANALYSIS OF PROPOSED "WINDFALL PROFITS" TAX BY MR. C. JOHN MILLER, PRESIDENT, INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA

Mr. BARTLETT. Mr. President, the Congress is now beginning consideration of various energy tax proposals. A letter written by Mr. C. John Miller, president of the Independent Petroleum Association of America, to the Secretary of the Interior, succinctly explains many of the very detrimental aspects of the administration's version of a "windfall profits" tax. Knowing that all Senators are interested in developing a sound national energy policy that will eventually lead to energy sufficiency, I ask unanimous consent to have Mr. Miller's letter printed in the RECORD so that they, too, might benefit from Mr. Miller's analysis.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA,
Washington, D.C., February 12, 1975.

Hon. ROGERS C. B. MORTON,
Secretary of the Interior, Department of the Interior, Washington, D.C.

DEAR MR. SECRETARY: Thank you for appearing before our Executive Committee and Vice Presidents last week and for the candid discussion which you encouraged. Your willingness to hear and consider our views is appreciated. As you requested at that time, we are submitting some specific comments on the President's energy proposal.

We feel very strongly that the "windfall profits" tax would be adverse to the President's goal of increased domestic supplies of oil and gas. The lack of a meaningful plowback provision magnifies the adverse impact the tax would have on exploration and development.

We are concerned that the President's energy program, unless modified, would be self-defeating because it would substantially reduce existing incentives and frustrate the capital formation essential to increase domestic production and reduce dependency on imports. Any reduction in cash flow to U.S. producers, whether through increased taxes, lower prices or a combination of both, would be accompanied by a reduction in exploration and development expenditures.

Our analysis of the relationships between exploration and development expenditures, reserves and production, demonstrates that each reduction of $1 billion annually in expenditures for drilling exploratory and development wells during the next decade would result in a reduction of approximately 2.5 million barrels daily in combined production of domestic oil and natural gas by 1985.

The effect of the proposed "windfall profits" tax amounts to a substantial rollback in the price of new, released and stripper well oil. Because of their role as wildcatters and operators of the marginal wells, independents produce almost half of presently uncontrolled oil (new, released and stripper), although they account for about one-third of total domestic production. Consequently, independents would bear more than 80 percent of the total revenue loss suffered by the domestic petroleum industry.

The proposal penalizes most severely those producers who have reinvested their funds in expanded exploration and drilling activities. The incentive of the new oil prices has resulted in the rig count being increased steadily for almost two years; 1974 saw the largest one-year increase in such activity in the history of the domestic petroleum industry with independents drilling 88 percent of exploratory wells and 80 percent of all wells.

Another result of severely reduced cash flow, in the face of rapidly rising costs now being experienced, would be premature abandonment of stripper wells and other marginal operations and the elimination of many potential secondary and tertiary projects which will mean the permanent loss of millions of barrels of known producible reserves.

Relying upon the "rules of the game" established by the Administration last year, thousands of independent producers borrowed heavily or acquired venture capital from outside investors to expand exploration and drilling operations. This expansion was predicated on the free market prices that the administration had permitted. To change the rules after the "game" has started constitutes a breach of faith on the part of government. Furthermore, the uncertainty caused by discussion of change is having a disruptive effect on the financial position and planning of many independents.

For approximately twenty years, there was a steady decline in the real price of domestic crude oil resulting in a decline in drilling activity. For example, from 1956 through 1972, the wellhead price of crude oil in constant dollars declined 22 percent and total U. S. wells drilled declined by 50 percent. Beginning in 1973, crude oil prices began to move upward and a dramatic increase in domestic exploration and development took place and has continued to increase steadily to date. This badly needed rejuvination of the domestic industry would be severely curtailed by the imposition of the proposed "windfall profits" tax.

If such a tax is to be imposed in any form, it is strongly urged that its application be limited to the increased revenue derived from the production of "old" oil after price controls are removed from such production.

We believe this modification is critical if our government wishes to maintain the present momenum toward finding increased domestic oil and natural gas supplies.

We will greatly appreciate your consideration of these views based upon the above facts.

Sincerely,

C. JOHN MILLER.

RED LION REVISITED

Mr. PROXMIRE. Mr. President, Fred W. Friendly recently revealed disturbing facts regarding political use of the Federal Communications Commission's fairness doctrine.

Briefly summarized, the facts are these:

The Kennedy and Johnson administrations used the fairness doctrine to harass political opponents.

As part of that campaign, and with the financial help of the Democratic National Committee, a fairness complaint was lodged against a radio station in Red Lion, Pa., which led to the important Red Lion Supreme Court decision that is now used as a major prop of the fairness doctrine.

The Supreme Court's ruling in that case, to quote Mr. Friendly, established "the power of government to intervene directly in the content of broadcasting."

Mr. President, before commenting further, I ask unanimous consent that news items about Mr. Friendly's disclosures from the New York Times of March 31 and from the Washington Post of April 2 be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit I.)

Mr. PROXMIRE. Mr. President, in the March 17 New Yorker magazine, Thomas Whiteside detailed in a lengthy article the methods used by the Nixon administration to harass broadcast and print journalism. Included in that article are the subtle and not-too-subtle methods used in an attempt to stifle broadcasters from reporting and commenting on Government policies.

The New Yorker and the New York Times Magazine articles are much too long to be included in the RECORD, but I commend them to the attention of all who hold feelings, one way or the other, on the first amendment guarantee of a free press.

We cannot forget why our Constitution guarantees a free press: to make certain that the Government cannot escape criticism, that it cannot cover up what it is doing. The free press protection of the first amendment—the only mention of a private enterprise in the Constitution—is there so that a competitive business will report to the citizens of this country what is going on in their Government, so that they can use the ballot box to take whatever action they deem proper.

If the Government can use its powers to regulate broadcasting to still or control the voice of broadcast news, the first amendment is being subverted.

We now have documented evidence the three national administrations—two Democratic and one Republican—have tried to use the FCC's fairness doctrine to quell criticism.

If that evidence is true—and there are no denials—then we have a prima facie case that the first amendment has been violated.

What is more, Mr. Friendly tells us that the landmark Supreme Court case was decided without the FCC or the Supreme Court knowing how the challenge to the Red Lion station occurred.

It might be said that the most important case in the field of regulating broadcast content was rigged.

If the facts had been known at the time, would Red Lion have been decided the way it was?

Or would there have been a decision at all?

There is no way, of course, of reopening that case. To suggest that would be futile.

But there is no reason whatsoever that the Congress, which voted for broadcast regulation, should not look into this entire subject.

We need no special committees. They already exist.

We need no resolution directing the committees to act. It is their responsibility.

Here is a clear constitutional question: Does governmental control of broadcasting abridge the freedom of the press guaranteed by the Constitution's first amendment?

That is a legitimate question.

It is not contrived.

It deserves an answer.

We as Members of the Congress are sworn to uphold the Constitution. It is our duty to seek an answer.

For 10 months I have been speaking on the floor of this Senate about the first amendment questions involved in the Communications Act, particularly in section 315 which requires broadcasters to provide equal time to candidates seeking the same political office and which requires broadcasters to air opposing points of view on controversial public issues.

The ends may be right in such requirements; but are the means? The means, of course, are the Government regulations.

There are no such means when it comes to the print press.

The real question is, then, is broadcasting part of the press.

It is my firm belief that broadcasting is part of the press. I have offered a bill, S. 2, the First Amendment Clarification Act of 1975, that would make that belief the law of the land. I have been joined by five cosponsors. The Senator from Nebraska (Mr. HRUSKA) has introduced a similar bill. Representative DRINAN of Massachusetts has introduced a bill in the House. All of these introductions predate the Friendly and Whiteside articles.

Mr. President, I hope that when something as basic to the operation of our form of government as the first amendment is in danger that the U.S. Senate would want some answers.

Consideration of these bills will, by the very nature of the operation of this body, produce the answers.

EXHIBIT 1

[From the New York Times, Mar. 31, 1975]

REPORTED POLITICAL USE OF RADIO FAIRNESS DOCTRINE UNDER KENNEDY AND JOHNSON IS CAUSING CONCERN

(By Les Brown)

A report yesterday that the Kennedy and Johnson Administrations had carried on organized, covert campaigns to harass unsympathetic radio commentators dismayed experts in communications law, most of whom said they were concerned about its impact on a key policy in broadcast regulation.

The policy is the fairness doctrine, under which broadcasters are required to present all pertinent viewpoints in discussions of controversial issues of public importance. It also provides that individuals attacked in radio or television be accorded time by the stations for reply.

Two broadcast licenses have been lost in recent years for violations of the fairness doctrine, WLBT in Jackson, Miss., and WXUR, Media, Pa.

CLANDESTINE CAMPAIGNS

Several bills have been introduced in Congress to abolish the fairness doctrine. A number of communications experts have said that the doctrine would have to be reconsidered in light of the abuses reported yesterday in an article in The New York Times Magazine by Fred W. Friendly.

The article reported that the Kennedy and Johnson Administrations, with financial backing from the Democratic National Committee, had used the fairness doctrine to subdue right-wing radio commentators who were critical of Administration goals.

The clandestine campaigns, which reportedly began in 1963, were also designed to inhibit stations from carrying commentary supporting Senator Barry Goldwater, Republican of Arizona, at the time he was a prospective Presidential candidate.

What occurred during the two Democratic Administrations, "ironically . . . emboldened the Nixon White House in its attempts to lean on broadcasters unfriendly to the President," Mr. Friendly wrote.

Mr. Friendly, a professor at the Columbia University Graduate School of Journalism and broadcast adviser to the Ford Foundation is a former president of CBS News. He identifies himself as a liberal.

In his article, Mr. Friendly said that both the Kennedy and Johnson Administrations maintained professionally staffed organizations that monitored stations carrying right-wing commentary and then demanded time for reply under the fairness doctrine.

These demands for air time, which the stations would have to give gratis, were regarded by many broadcasters as harrassments that they chose to avoid, with the result that they either dropped the commentaries or tempered them. Mr. Friendly's interviews with people who have been involved on behalf of the White House indicate that this was exactly what the campaign had intended to achieve.

"PROVIDE AMMUNITION"

"There is no question that these disclosures will provide ammunition for those who oppose the fairness doctrine," said Richard E. Wiley, chairman of the Federal Communications Commission. But Mr. Wiley said he still admired the principle of the doctrine and maintained that it was the cornerstone of all broadcast regulation.

Opposition to the doctrine, by journalists as well as broadcasters, is based on the fundamental free speech and free press guarantees of the First Amendment, which they feel are limited by the requirement to present an opposite point of view. But in a landmark case in 1969, upholding the legality of the fairness doctrine, the Supreme Court held that the public's right to know the full range of views on important issues supersedes the broadcast licensee's right of free speech, since he is a public trustee.

Billy James Hargis, a commentator who was involved in that case and who describes himself as "an extreme rightwinger," remarked in a telephone interview from Los Angeles that he believed political misbehavior has doomed the fairness doctrine. "I want to be there for the funeral," he said.

Mr. Hargis, whose daily "Christian Crusade" broadcast was one of the chief targets of the White House efforts to subdue right-wing opinion on radio, stated:

"I had said all along that there was a campaign by the White House to get me, but no one in the press would listen to me or believe me.

DOWN TO 50 STATIONS

Mr. Hargis, who buys time on stations for his programs, said stations began dropping him "by the dozens" because of organized requests for free reply time. "The whole Mutual network dropped me because of those fariness doctrine campaigns," he said, noting that he was once carried by 350 stations but now was down to only 50.

He said his present program is carefully written so as not to invite the claims for reply time that brought on the Supreme Court decision, commonly cause the Red Lion case.

The case derives its name from Red Lion, Pa., where station WGCB challenged in the courts the claims for time by a journalist who said that his character was maligned by Mr. Hargis in November, 1964. The journalist was Fred J. Cook, who had written a book, "Goldwater: Extremist on the Right," and an article in The Nation, "Hate Groups of the Right," which prompted the attack from Mr. Hargis.

In the broadcast, Mr. Cook was accused of dishonesty and of falsifying stories, and Mr. Hargis gave an inexact account of how the investigative reporter came to lose his job at The New York Herald Tribune.

The Supreme Court upheld a decision by the F.C.C. that Mr. Cook was entitled to free air time on WGCB to defend himself. Mr. Friendly pointed out in his article that the court's unanimous ruling established "the power of government to intervene directly in the content of broadcasting."

But Mr. Friendly reported that Mr. Cook was, at the time, a participant in the White House efforts to suppress the voices of the right on radio. The publication of his book and magazine article had been arranged by the Democratic National Committee, and his request for air time to defend himself was at the behest of the committee and was written with the help of its lawyers.

Moreover, he had been paid by the committee for writing material for the program series "Spotlight," which was used to counter the right-wing programing.

None of this was known either by the F.C.C. or the Supreme Court while the Red Lion case was being debated.

DATA CALLED "ALARMING"

Henry Geller, the former general counsel of the Federal agency and now with the Rand Corporation, who wrote the F.C.C. decision upholding Mr. Cook's right of reply, called the newly uncovered information "alarming" and said that "if it [the doctrine] can be used in an interfering way by the Government, then it is dangerous and has to be loosened."

Mr. Geller, who was moved by Mr. Cook's case to strengthen the rules and make more precise the broadcasters' obligations under the fairness doctrine, said he would have written the rules differently if he had known how the case had come about.

He said he had changed his position on the fairness doctrine even before Mr. Friendly's article appeared and explained that he now considers it wrong to use the policy on a broadcast-by-broadcast or issue-by-issue basis. His present position, he said, is that the policy should apply to a broadcaster's over-all pattern of fairness rather than to each specific instance of alleged unfairness.

The validity of the fairness doctrine, in spite of abuses, was asserted by Rev. Everett C. Parker, director of the Office of Communication of the United Church of Christ, a leading advocate of the public's rights in broadcasting.

"The fact that people who are propagandists misused it doesn't make the law any less necessary to offset the monopoly broadcasters have on political and social comment," he said. "It is still a fair and proper way to handle the right of access to the broadcast station."

[From the Washington Post, Apr. 2, 1975]

NEW FAIRNESS DOCTRINE DISPUTE

(By John Carmody)

The long-smouldering dispute in broadcast and legal circles about the fairness of the Federal Communication Commission's "fairness doctrine" has warmed up again with the disclosure that the Kennedy and Johnson administrations used the rule to stifle right-wing radio attacks in the 1964 campaign.

The revelation, following nearly five years of real and implied pressure on broadcasters by the Nixon administration, largely by threatening the power of the fairness doctrine, has renewed the debate over whether the rule should be abolished completely.

Two bills, submitted by Sen. William Proxmire (D-Wis.) and Rep. Robert Drinan (D-Mass.), that call for its abolishment currently are before Congress.

Yesterday, a spokesman for the House subcommittee on communications said a review of the doctrine is on the agenda for FCC oversight hearings scheduled later this year. At that time, the spokesman said, the recent disclosures about the Kennedy and Johnson years "are sure to be brought up."

The report on the 1963–64 actions was contained in an excerpt from an upcoming book on the doctrine written by Fred W. Friendly, Edward R. Murrow professor of journalism at the Columbia Graduate School of Journalism, a Ford Foundation adviser and former CBS News executive. The article appeared in The New York Times Magazine last Sunday.

Friendly focused on the 1969 Supreme Court decision that upheld the right of the FCC to order a broadcaster to grant reply time to a person or group claiming to have suffered from a broadcast over the public airwaves.

The case was known as the "Red Lion" decision (for Red Lion Broadcasting Co. of Red Lion, Pa.). The ruling ordered that WGCB provide time to freelance writer Fred Cook so he might answer a personal attack, contained in a transcribed broadcast of Nov. 25, 1964, by The Rev. Billy James Hargis, a right-wing commentator.

Hargis had been a strong supporter of Sen. Barry Goldwater (R-Ariz.) in the 1964 campaign. Cook had written a book attacking the Republican presidential candidate as well as an article called "Hate Clubs of the Air," which attacked Hargis as a bigot and which appeared in Nation magazine.

Friendly's book reveals for the first time that the decision was tainted. Unknown to the FCC or the courts, according to Friendly, Cook was part of an elaborate campaign, first instituted by the Kennedy White House in October, 1963, to blunt right-wing broadcasters attacking the United States-Soviet nuclear test-ban treaty and the subsequent Johnson campaign stands, all manipulated through the Democratic National Committee.

Friendly quotes a former DNC official as claiming that many right-wing stations were "inhibited" by the campaign and that more than 1,700 free radio replies were induced by vigorous pursuit of attacks (against presumably liberal officials and organizations) invoking the fairness doctrine.

The Red Lion decision, upholding the power of the FCC in such matters, "chilled" the broadcast industry, which had long sought the same First Amendment rights of free speech accorded print journalists, who are not subject to government regulation.

Broadcasters, including network executives, have since viewed Red Lion as an effective but unfair bar to free-wheeling discussion of issues over the airways and a successful attempt by government to control program content. Hargis himself recently said the number of stations carrying his broadcasts has since dropped to 50 from a total of 350 due to fear of fairness doctrine reprisals.

FCC Chairman Richard Wiley said yesterday that the commission "has recently tried to restate the doctrine to insure it will encourage robust debate and not have a chilling effect on expression of views."

Wiley also stressed that there "were no allegations (in Friendly's story) that any former or present FCC employee had knowledge of a political attempt to harass any station over the years."

THE SUBSTANTIAL COST OF FREEDOM

Mr. GOLDWATER. Mr. President, it is becoming more and more obvious from comments made during the recent tax-cut bill and action taken in the opposite House that the defense budget this year is going to come in for an uncalled-for and unmerciful attack. I know that it is very easy politically for my colleagues to say we are spending too much on defense, but I urge them to study this carefully because while it is a tremendous amount of money, it is by no means adequate for our needs, nor is it even adequate to keep us abreast of the Soviets.

The Association of the United States Army prepares from time to time position papers expressing the opinion and findings of members of this organization who have served the United States in uniform and who continue to carry very deep understanding interest in her well-being. I ask unanimous consent that the position paper, "Fiscal Year 1976 Defense Budget, The Substantial Cost of Freedom," be printed in the RECORD.

There being no objection, the position paper was ordered to be printed in the RECORD, as follows:

Fiscal Year 1976 Defense Budget—The Substantial Cost of Freedom

The fiscal year 1976 seems assured of a memorable place in our history. It could be recorded as a period when the democratic process of government was unequal to the challenge. We are in the midst of economic chaos brought on by the twin processes of inflation and recession. Our preoccupation with this problem seems to have crippled our ability to reason sensibly about foreign policy and defense, with the result that a sense of aimlessness pervades our governmental effort. Early indications are that the FY–76 Defense Budget, for example, may be decided more by the knee-jerk economic persuasions of many individual Congressmen than by the realities of our Defense needs. This is a sorry dilemma for a great nation that has temporarily lost its equilibrium. It promises to be a lean year for statesmanship.

This need not be. Vigor and decisiveness in the face of adversity have been valued hallmarks of our 200-year history. This legacy should again replace in our legislative halls what has been diagnosed as a fervent wish to return to the womb. What is needed above all is to stop dealing from emotion and hearsay and start dealing with facts.

There are several cogent reasons for resisting defense cuts as a misguided solution to our economic problem. It shall be our purpose in this paper to examine these.

Mr. Herbert Stein, former Chairman of the President's Council of Economic Advisors, pinpointed one of the most important reasons for resisting Defense cuts in an article he wrote very recently in the Wall Street Journal:

"Whatever our economic problems may be, they do not include being a poor country—too poor to defend ourselves. Our potential output is around $1.5 trillion. To say that there is any near serious economic limit to devoting another $1 billion, $5 billion or $10 billion to our national defense, reducing output available for all other purposes by .07% or .35% or even .7% is silly."

There is a general lack of understanding also of the role that national defense plays in the conduct of our foreign affairs. The interdependence of the world economy has been emphasized insufficiently. U.S. assets abroad amount to more than $180 billion. We export over $70 billion a year and import even more. And many of our imports now are scarce materials needed to keep our economy going. The oil embargo of 1973 emphasizes but one important phase of our deep involvement with and dependence upon foreign countries.

Moreover, the world in which we must conduct our affairs continues in a most volatile state. In our most recent Position Paper, "The Security of the Nation—1974—A Year-End Assessment", we took a detailed look at the rest of the world to see whether or not there was sufficient encouragement in the actual trend of events to warrant reducing our defense establishment. We do not see any such encouragement particularly in those areas of most critical interest to the United States.

Since 1968, we have reduced our Defense Budget by 42 per cent in real terms. During the same period, the Soviets have been adding to their defense forces at the rate of 3 to 5 per cent per year. This has brought us to the threshold of an inferior position to the Soviets.

If this is the direction that the people of our country wish to go—and we do not believe this for a minute—then this should be a conscious decision openly arrived at, clearly understood by all, and not something that happens to us by the constant erosion of our defense forces.

We are not aware of any Members of Congress who was elected on a platform of making this a second-class nation. All the polls we have seen indicate clearly that the public expects the government to maintain at least the semblance of equality with Soviet Arms.

Before we consider serious defense cuts, we need also to weigh carefully some of the fruits of the present era of deterrence which has been based on a defense strong enough to have a perceivable potential for effective counteraction.

As imperfect and incomplete as they may be, SALT I and the Vladivostok Agreements represent an effective start on nuclear arms control—a start that was not believed possible a decade ago.

Recent news has reported real progress in the European Security Conference at Geneva. Mutual Balanced Force Reduction talks between NATO and the Warsaw Pact continue in Vienna.

Secretary Schlesinger put it this way: "We are now in the thirteenth year of relative peace among the great powers, and the record, however modest, owes much to the generosity and steadfastness of the United States. The course has been long and the role burdensome, but the prize has been great. I doubt we should want to surrender it now out of fatigue, pique or a mistaken sense of priorities."

These are several of the tangible trends towards a less volatile world that have come about because we have kept our defenses reasonably strong.

THE NATIONAL BUDGET

If more Americans knew more about our national budget, discussions about our priorities would be more sensible.

For one thing, it would ring down the curtain on the mindless clatter about the defense budget soaring out of control and the need for reordering priorities to take money from defense for more social welfare programs. As the following chart indicates, this reordering has long since been accomplished.

Senator McClellan (D-Ark) had occasion to remind his colleagues of this fact recently from the Senate floor. "Outlays for National Defense have shrunk during the 10-year period from 41.5 percent of the total Federal Budget Outlays to 29.3 percent requested for Fiscal Year 1976—Since Fiscal 1966, nondefense programs, including outlays for human resource items—education and manpower, health including medicare and medicaid, income security, including individual benefits—have increased from 58.5 percent of the budget to 73.1 percent—while national defense costs were rising by 68 percent over the last ten years—total other governmental expenditures were climbing by 224 per cent."

Sir John Slessor, our distinguished British colleague from World War II, is quoted as having made a particularly pertinent remark on this subject: "It is customary in democratic countries to deplore expenditures on armaments as conflicting with the requirements of the social services. There is a tendency to forget that the most important social service that a government can do for its people is to keep them active and free."

THE DEFENSE BUDGET

The Defense Budget request for FY-76 asks for authorization to obligate $104.7 billion during the year and to actually spend $92.8 billion of which some $6.9 billion will go for retired pay.

This represents an increase of $15.7 billion in obligational authority over the present fiscal year. Actual outlays would increase by $8 billion.

The FY-76 budget represents a conscious effort on the part of the President to reverse the serious and sharp erosion of Defense purchasing power which we have been experiencing in recent years. Federal budget trends on the following graph and table indicate the continuous reordering of priorities which has taken place.

Over the last three fiscal years, for example, we have had to absorb a heavy impact from inflation amounting to a compound total of 35 percent.

TREND OF FEDERAL EXPENDITURES

[Outlays in billions]

	Fiscal year 1964	Fiscal year 1976	Percent change
Defense—Military	49.6	92.8	87
Human resources	28.6	178.2	523
Veterans' benefits	5.7	15.6	174
Commerce/transportation	6.5	11.8	82
Space research	4.2	3.5	−17
Interest on national debt	9.8	36.0	267

The Department had forecast an inflationary factor of 23% for the period. This inflation impact was described in detail in a recent AUSA Position Paper.

These increases reflect only a modest upgrading of our defense capabilities. Much of the increased request will have to go for increased pay and to offset inflation. Retired pay will be up. An average of 57,000 people will be added annually to the retired rolls and cost-of-living increases in pay are added on.

In the area of operations and maintenance, about $652 million can be identified as growth which will help address the programmed neglect of real property and maintenance and contribute to increasing personnel and materiel readiness.

In procurement, some $2.3 billion had to be included to cover the increased cost of ships approved by Congress in prior years. After this and other inflationary factors are weeded out, there is about $2.5 billion for the procurement of weapons planes, ships and other equipment. R&D has a constant dollar growth of about $1 billion and some $800 million additional is included for military construction.

To summarize: In the FY-76 Defense Budget request:

Strategic missile forces do not change in total;

The number of strategic bombers remains unchanged;

The Manned Fighter Interceptor Squadrons remain at 6;

The Army will add three divisions to its active force structure by taking manpower from its support elements. There is no increase in total Army manpower;

Three Marine Corps divisions are continued;

The Air Force active fighter force is maintained at 22 wings although quality is improved as the first two squadrons of F-15's enter the force. Similarly, the Air Guard will be upgraded by the receipt of the F-4 and A-7 aircraft being relinquished by the active force;

Navy attack wings will be decreased from 14 to 13 as two attack carriers (Hancock and Oriskany) are deactivated leaving us with a 13-carrier force;

The nuclear attack submarine force will increase from 64 to 68;

12 Navy warships being retired from the fleet are replaced by 7 newly constructed ships and one completed conversion for a total reduction of 4 and giving us a total for FY-76 of 185 warships;

The introduction of two new LHA class amphibious assault ships is offset by the retirement of one amphibian cargo and two amphibious transport ships;

No change in our C-5, C-141 strategic airlift force;

Three oilers are added to the Military Sealift Command;

Military personnel will be reduced by 7,000 in the Navy and 22,000 in the Air Force;

DOD civilian employees will be cut by 10,000;

Thus, when the facts are examined, there really are no grandiose, free-spending additions to the Defense Budget as some have thought. The table following presents the actual figures.

FISCAL YEAR 1976 DEFENSE BUDGET, FEDERAL BUDGET, AND GNP FOR SELECTED YEARS

[In billions of dollars]

Fiscal Year		GNP	Total budget outlay	Department of Defense	DOD outlays as percent of—	
					GNP	Federal budget
1950	Lowest year since World War II[1]	$263.3	$43.1	$12.0	4.5	26.8
1953	Korea peak	358.9	76.8	47.5	13.3	60.3
1964	Last prewar year	612.2	118.6	50.8	8.3	41.8
1968	SEA peak—	$826.1	$178.8	$78.0	9.4	42.5
1974	Last actual year	1,348.9	268.4	78.4	5.8	28.2
1975	Current estimate	1,434.1	313.4	84.8	5.9	26.1
1976	Budget estimate—	1,595.6	349.4	92.8	5.8	25.7

[1] In constant prices, and as a percentage of GNP. Until fiscal year 1975, this was also the low year for Defense as a share of the Federal budget.

STRATEGIC FORCES

As was indicated in the foregoing summary, activity in upgrading our strategic capability is qualitative rather than quantitative.

General George S. Brown, Chairman of the Joint Chiefs of Staff, made two major points to the Congress as his considered judgment of the current status:

"First, the strategic balance today remains in dynamic equilibrium with the Soviet numerical edge by some indicators offset by the United States qualitative advantage. The USSR, however, has embarked upon a massive program of major strategic force improvements which, if not constrained by the negotiating process or balanced by major U.S. arms initiative, will result in serious supiority over the United States in the years ahead.

"Second, across the spectrum of warfare from strategic exchange to the lowest intensity of conflict, our military forces, together with those of our allies, possess today the capabilities to meet any foreseeable provocations with precision, discrimination, and restraint appropriate to the circumstance." Given the objective of deterring attack on ourselves and upon our allies, it is essential that we remain on equal footing with the Soviet Union wtih regard to strategic systems. Using SALT I and Vladviostok as a starting point, we must continue our efforts to further reduce strategic armaments on both sides. But given the Soviets current massive deployment of new weapons, we have no choice but to continue to enhance our own strategic weapons capability.

Thus, the programs requested in the budget continue to support the orderly entry of Trident submarines into the fleet, the continued development of the B-1 bomber leaving the actual production decision till later, continuing research and development on greater accuracy for our warheads, and continuing study of anti-ballistic missile technology.

GENERAL PURPOSE FORCES

We spend the bulk of our defense budget on that element of our defense that is most likely to see action if any conflict should develop—our General Purpose Forces. Secretary of Defense James Schlesinger made this point in his Annual Report to Congress: "After thirty years of the nuclear era, most nations have developed a deep and understandable reluctance to resort to the use of nuclear weapons. By contrast, the inhibitions against the use of traditional force are not so great. However unpredictable the course and outcome of conventional conflicts, we probably understand them better than the risks and consequences of a nuclear campaign. If military force finally seems in order, familiar force is what is most likely to be used." The history of conflict since 1945 would bear this out.

Moreover, as the Secretary of Defense goes on to point out: "It must be repeatedly stressed that the deterrence of nuclear war depends not only on the adequacy of our strategic and tactical nuclear capabilities. It also rests heavily in the first instance on our ability to deter the outbreak of conventional conflict among the great powers—most of us would agree that the more likely first use of nuclear weapons would arise out of a setback at the conventional level of conflict. To keep the nuclear threshold high, we must therefore maintain strong conventional forces and work unceasingly to deter the outbreak of any major conflict. Despite our strategic and theater nuclear capabilities, non-nuclear forces remain the prime coin of the military realm." Some of that coin is being invested by both sides in the initiatives indictaed on the chart.

SIGNIFICANT U.S. AND U.S.S.R. INITIATIVES
GENERAL PURPOSE FORCES SYSTEMS

Ground Forces

U.S. and U.S.S.R.

Army "Big Five": AAH & UTTAS: [1] M–1970 Medium Tank.

XM–1 Tank & MICV: [1] New Fighting Vehicle (BMD)

Sam–D: [1] SP Artillery (122mm 152mm)

[1] Dragon & Tow Antitank Weapons: [1] Tactical Sams (SA–8) [1] Hind a Helo.

Naval Forces

688 Class Attack Sub: Kiev Class Carrier.

LHA Amphib Assault Ship: [1] Kara Class Cruiser.

Patrol Frigate: [1] Krivak Class Destroyer; (Harpoon Equipped); [1] AMGA Class Missile (Support Ship: [1] Ropucha Class LST.

Tactical Air Forces

A–10 Close Air Support A/C: [1] SU–19 (Fencer A) VGW Fighter Bomber.

F–15 (Eagle) Fighter: [1] Mig-23 (Flogger) Fighter.

EF–111A: [1] SU–17/20 (Fitter C) Fighter Bomber.

[1] F–14 (Tomcat) Fighter: V/STOL Fighter.

ACF (F16).

NACF.

AWACS.

The Tactical Air Forces are complementary to our ground forces. They provide the range and speed to attack important targets beyond the range and surveillance of ground forces. Air Force Tactical Air, together with that of the Marines and the Navy's carrier strikeforce, constitute our Tactical Air Forces.

U.S. Allies are expected to provide about half of NATO's total tactical air capability. The three principal missions of Tac Air have been air superiority, interdiction and close air support.

The benefits of an extensive modernization program are now starting to be realized in our tactical air inventory. The Navy's F-14A, and the Air Force F-15, both already operational, are lauded as two of the finest fighters in the world today. The new A-10 due to enter the active force next year was selected by the Air Force to beef up close ground support. The F-16 lightweight fighter has just been selected by the Air Force after a fly-off competition. The Navy and Marines will soon select a lightweight fighter as well.

To employ these new aircraft effectively in the highly sophisticated battlefield environment of today, the Air Force is again seeking funds to buy Airborne Warning and Control Systems Aircraft (AWACS). AWACS could provide a sorely needed ingredient in extending our ability to detect enemy aircraft and missiles as well as to control our own support operations.

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[1] Currently being deployed: Still in production.

THE NAVAL FORCES

Since it would be our firm intention that any conflict in which we might become involved begin on foreign shores and stay there, we must have deep concern for how we can get our forces where they are needed and support them after they are engaged. This involves, among other things, the control of our sea lanes of communication.

At a time when the Soviet Union has been increasing its Navy, the United States Navy has been reduced. The Navy is scheduled to drop 27 ships from the active fleet in FY–76, including 2 carriers, 3 destroyers and 1 submarine. The total Navy active fleet in FY–76 will be 496 ships—the lowest number since 1939. The charts reflect the relative status of major combat surface ships and those of attack and cruise missile submarines.

The Carrier continues to be the core of our naval power. It provides us a mobile platform and the ability to propel our air power into places that might not be accessible from land bases. Carriers provide support for amphibious operations and they are the dominant ship in any contest among surface ships. Certainly in today's volatile climate and 13-carrier task force is a most essential ingredient in our defense.

Among the greatest problems confronting the Navy today are (1) the skyrocketing cost of building ships (2) the lack of shipyard space and skilled manpower to both construct new ships and to overhaul and maintain those already in the fleet. Readiness suffers greatly from these latter two problems.

LAND FORCES

The arm-chair strategists from academe have long espoused the theory that the only conventional conflict for which we need be prepared is a short war in Europe.

Secretary Schlesinger summed up our contrary view in his report: ". . . it is worth remembering that previous calculations about the duration of a war and the nature of high policy decisions have usually been in error. According to most of the conventional wisdom available at the time, World War I should have ended after about six weeks; and yet it went on for four more years. Britain supposedly should have come to terms with Germany after the fall of France in 1940; certainly Hitler thought she should."

It takes no great amount of study to see clearly that we have critical interests also in the Middle East, in Asia, and in our own hemisphere. One could make a more persuasive argument that as long as we maintain a strong stance in Europe with our NATO allies, Europe could be the least likely place for an armed conflict.

For a variety of reasons, our forward deployments play a great role in the credibility of deterrence, particularly in view of our widely recognized deficiencies in strategic mobility. The presence of major oceans between our continent and areas of major importance and interest to the U.S. are clearly recognized by all. Since our forces have been so reduced, we are not geared to deal with any large number of contingencies so we place our emphasis on a credible ability to concentrate quickly in areas of critical interest. We do this in part by maintaining strong points in these areas, retaining the bases necessary to support them and improving our capability to reinforce them.

Our combat strength in Europe is too low, particularly in light of continuing Soviet increases in their ground forces there. Hence, the sensible decision to beef up our forces by the additional brigades this year. We will do this without increasing our overall numbers in Europe but by reducing support elements.

In Asia, we have cut back more than 90,000 since 1964. Since Northeast Asia represents the most critical area for us in that part of the world, more than 60% of our forces over there will be found in Korea, Okinawa and Japan. Another 25% are at sea. These provide some measure of deterrence and stability in that region through our visible presence and commitment.

The thrust of the FY–76 budget is to increase the combat capabilities and the readiness of our land forces without increasing their size.

The Marine Corps will continue at three active and one reserve divisions. They will be working to reduce headquarters overhead sufficiently to man six more rifle companies than they now have.

The Army, on the other hand, expects to be able to increase its combat forces by three divisions, without any increase in its total active duty strength of 785,000. This would give the Army 16 active divisions and eight reserve component divisions.

Reductions in active Army support units will be required to get the personnel to man the three new divisions. One brigade of each of these divisions will come from the Reserve Components. Reserve Component units will have to assume the important support backup which the Active Army relinquishes. While the major combat units which are needed early must be active, this utilization of Reserve Component units to round out and augment Active Army combat divisions, gives real impetus to the growing integration of active and Reserve Component units into a truly viable total force.

The addition of these three combat divisions responds in part to a long-expressed need for having available immediately greater conventional combat power. Land forces are the weakest element in our defense structure when we compare our conventional forces with those of likely adversaries. Events in recent months have exacerbated the already tenuous risk that we have accepted in this regard in the past. The Joint Chiefs of Staff have long supported a 30-division force requirement. The Secretary of Defense documented in his Annual Report the fact that we had long since gone too far in reducing our active ground forces.

In his testimony before the Congress, the Army's Chief of Staff, General Fred C. Weyand listed several major benefits to be gained from adding to the Army's combat strength.

"It results in an Army better able to fight with resources at hand, which helps avoid forcing a premature decision to mobilize.

It provides a better chance of winning that critical first battle.

It extends our conventional combat capability significantly, thereby raising the nuclear threshold.

It allows us to bolster our initial combat strength in Europe while still retaining a powerful and responsive central reserve in the United States.

It increases our capability to fulfill treaty commitments and provides a force to deter threats to our unilateral interests elsewhere, thus affording the President greater flexibility in crisis management.

It underscores our determination to resist coercion, to retain our freedom of action, to protect our interests."

This is the first effort in years to enhance the credibility of the ground element of our deterrence. It will help to offset some of our previous actions which have made friend and foe alike question both our capability and our will to honor our commitments and to protect our freedom of action.

There are other great advantages to holding the Army's strength at 785,000. In the last months, the Army has just begun to derive the broad range of benefits that stem from a stable strength. These benefits pervade the whole spectrum of Army life and missions—readiness, discipline, morale and effectiveness. The importance of maintaining this stability to the improving effectiveness and attractiveness of our Army cannot be overemphasized. To maximize results, a steady level of manpower and purchasing power over a period of at least five years would yield a truly cost-effective return.

There are other areas impacting strongly on our defense readiness, credibility and effectiveness. Two of the most important include the funds required for operations and maintenance and those for the equipping and modernization of our forces.

All the Services have had great difficulty with their operations and maintenance accounts. The budget requests for these accounts are consistently pared by the Congress. The impact of soaring inflation on these activities equate closely with the bread and butter issues every American confronts daily. To make matters worse, the Services are not permitted to budget for inflation in these accounts so they are behind the purchasing curve before they spend the first dime.

The Army's O&M needs provide an example of what these accounts involve.

FISCAL YEAR 1976 OPERATION AND MAINTENANCE, ARMY

[In millions—Total obligational authority]

Program		Revised fiscal year 1975	Requested fiscal year 1976
1	Strategic forces	$89	$85
2	General purpose forces	1,974	2,309
3	Intelligence and communications.	412	439
7-S	Central supply	1,363	1,488
7-M	Depot maintenance	529	696
8	Training and other personnel activities.	1,127	1,192
8-M	Medical	506	582
9	Administration and associated activities.	474	498
10	Support of other nations	50	63
11	Base operations	(2,028)	(2,266)
	Total	6,524	7,352

OPERATION AND MAINTENANCE—BASE OPERATIONS/FUNCTIONAL DETAIL

[Expressed in actual dollars (millions)]

	Fiscal year—		
	1974	1975	1976
Audiovisual services	71	5	5
Supply operations	92	103	111
Maintenance of materiel	156	193	230
Transportation services	118	134	140
Laundry and drycleaning services	24	37	44
Army food program	177	216	200
Personnel support	109	143	152
Bachelor housing furnishings support	32	30	36
Operation of utilities	225	326	317
Maintenance and repair of real property	318	306	426
Minor construction	27	15	20
Other engineering support	200	192	205
Administration	283	275	328
Data processing activities	48	53	52
Total	1,880	2,028	2,266

We have already reached the crisis point in cutting or deferring these accounts. As a matter of fact, inflation became so pernicious in recent months that money had to be reprogrammed from investment accounts back to O&M, so that utility, heating and other minimum existence bills could be paid.

Readiness is slipping as a result of past deficiencies in O&M and may be in worse shape than we yet recognize. Maintenance both on real property and equipment is getting in a shameful state. Training is being constrained and troops are being diverted from training to maintenance or nonmilitary tasks. There is nothing left to rob from Peter so we must get operations and maintenance funding back to a safe and realistic level and then use it for the purposes for which it was intended.

Another critical area is the procurement and continued development of the weapons and equipment we need to not only bring our units up to the numbers they need but to proceed with orderly modernization as well. Secretary of the Army, Howard H. Callaway addressed this point in his testimony before the Congress: "If we are to have a general purpose force that is anywhere near a match in quality with that of the Soviets, we must reverse the steep downward trend in our research and development programs and other procurement activities. . . . Current estimates are that all these price increases (from inflation) will add $830 million to our FY-76 procurement and R&D costs. . . . This is an area where we need the sympathetic support of the Congress in fully funding those items the Army needs to perform its mission in the years ahead." Some of the Army's procurement highlights are reflected on the chart that follows.

TANKS

U.S.—9,000.

U.S.S.R.—40,000.

P.R.C.—1,000.

HELICOPTERS

U.S.—9,000.

U.S.S.R.—2,000

P.R.C.—1,000.

[Dollar amounts in millions]

	Fiscal year 1975—TOA		Fiscal year 1976—TOA	
	Procurement	Quantity	Procurement	Quantity
Aircraft (includes)	$242		$362	
AH-1S helicopter (Cobra/TOW)		6		38
Airplane, utility, U-X		0		20
Missiles (includes)	392		461	
Improved Hawk		520		652
TOW		23,860		23,813
Dragon		14,350		19,300
Weapons and tracked combat vehicles (includes)	$430		$989	
M60A-1 tank		510		626
Armored personnel carrier, M113A1		151		1,320
Ammunition	808		752	
Other	645		1,003	
Total	2,517		3,567	

Most of the Army's major modernization needs are wrapped up in the so-called "Big 5" which are moving along through the Research, development, test, and evaluation process. The validity of the Army's requirements for these systems has been amply demonstrated and for the most part accepted by the Congress. What is needed now is to continue to support them so that their development may continue in the most orderly, cost-effective manner. The earlier they enter the Army's inventory, the sooner our combat effectiveness will be improved.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY BIG 5 PROGRAMS

[In millions of dollars]

	Fiscal year—			
	1973	1974	1975	1976
Army attack helicopter	20	49	61	65
Utility tactical transport aircraft system	50	103	53	92
XM-1 tank	22	54	65	52
Mechanized infantry combat vechcle	8	12	10	16
SAM-D	171	194	105	130
Total	271	412	294	355

Secretary Callaway ranks the product improvement of the M-60 tank series right behind the "Big 5" in priority. He points out that by this summer, we will have completed the program to give these tanks added reliability, mobility, firepower and flexibility. During FY-76, we hope to add a better night-fighting capability.

It is imperative, too, that the continuing needs for military construction be addressed. In an era when manpower costs are high and great effort is expended to attract top-notch people to the military services, we cannot afford to make their living and working conditions so unattractive as to discourage their continued service. Many amenities associated with military life are being eroded. It would be shortsighted indeed in the present economic climate of our country if we were not to proceed with these needed construction projects which will have the further impact of invigorating a weak spot in our civilian economy.

RESERVE COMPONENTS

We have already alluded to the increasing responsibilities of our Reserve Component force and our greater reliance upon them. The FY-76 budget request for the Reserve Component forces is $5.6 billion. The following table outlines the Army's portion.

MILITARY CONSTRUCTION, ARMY HIGHLIGHTS

	(Spaces)	
	Fiscal year 1975	Fiscal year 1976
Barracks modernization	22,298	9,062
Barracks construction	10,654	17,733
BOQ construction	0	126

Bachelor Housing—$301 million.
New Division Stations—$147 million.
Medical Facilities—$105 million.
One Station Training—$89 million.
Pollution Abatement—$85 million.
Nuclear Weapons Security—$37 million.
Energy Conservation—$33 million.
Real Estate—$14 million.

We are reaching the outer limits of the responsibilities we can ask our citizen soldiers to assume in our total defense programs. One would have to assume that the citizen-military man can only afford to give so much time to his military duties and still earn a living. Current programs approach those limits. This makes it all the more imperative that the Budget programs to facilitate their contribution be supported strongly.

RESERVE COMPONENT APPROPRIATIONS

[Dollar amounts in millions]

	Fiscal year—	
	1975	1976
Appropriation:		
Army Reserve	$815	$847
Personnel	487	465
Operations and maintenance	284	332
Construction	44	50
National Guard	1,338	1,438
Personnel	671	697
Operations and maintenance	608	678
Construction	59	63
Total	2,153	2,285
Highlights (in thousands):		
Paid drill end strength:		
National Guard	400	400
Army Reserve	212	212
Technician end strength:		
National Guard	28,831	29,524
Army Reserve	8,438	9,698

STRATEGIC MOBILITY

In our analysis of the FY-75 Defense Budget last April, we commented in some detail about the serious inadequacies of our strategic mobility. There is no discernible improvement in the situation since that time. Secretary of Defense Schlesinger made this point abundantly clear in his recent Annual Report: "Unless we are willing to make the necessary investment in strategic lift, we run the risk of several unpalatable consequences. Either we will have to deploy more forces forward with resulting decreases in strategic flexibility and increases in both budgetary and balance of payment costs, or we will have to accept the risk that an opponent, by a rapid buildup, would overwhelm U.S. and allied deployed forces before reinforcement could arrive." He went on to set the rock-bottom minimum requirements. ". . . if we have the capability to move (on the average) about 10,000 tons a day in a wide-bodied aircraft over a distance of about 4,000 nautical miles (without any dependence on intermediate bases), we should be able to meet most of the demands on our strategic airlift. In other words, if we are able to lift a division with all its equipment each week from the CONUS to bases in Europe, we should have in hand the capability to deal with most of the other contingencies which could arise." Our best guess is that we could not now move a division to Europe with all of its equipment in less than 19 days. Nor does the modest program being proposed by DOD really face up to the problem. We need to do more than just stretch the capacity of C-141's, modifying some of the wide-bodied equipment of the civilian airliners and add some tankers. What we really need is a few more squadrons of an aircraft with the capability of the C-5.

To make matters worse, there is no plan—or probably much capability—to expand our sealift. What early support we will be able to muster for any conflicts we may encounter will have to be by air or through our forward deployments and prepositioned equipment until we can round up merchant shipping and press it into service. This is a sorry state of affairs for a great nation in today's world.

CONCLUSION

Before concluding this brief summary of the budget, there is an important point that is little mentioned but that should be of great interest to every taxpayer. The Department of Defense is by any measurement the best-managed department in our government. Even the most severe critics of defense spending have made this point. It may have to do with the fact that the Department operates in a much clearer fishbowl and under much closer scrutiny than any other agency of the government—most especially including Congress. But whatever the reasons, the taxpayer can be assured that on a comparative basis he's getting better management of his tax dollar in DOD than any place in the government. Moreover, efforts to tighten up and manage better are a continuous part of the operation. We think the taxpayer ought to know this.

Those who favor cutting the defense budget willy-nilly without reference to the facts or our needs and commitments, would be well-advised to heed some words spoken earlier this year by the Defense Secretary: "When you refer to what DOD wants, I think I should underscore one point. The Department of Defense is not something aside from the American people or the American society. The Department of Defense represents the shield of the American society for whatever commitments the society decides to embark upon. It is not an interest apart from other interests. Therefore, when we consider reductions in the Department of Defense, we should keep clearly in mind that we are doing something to ourselves, to our defense posture, to our foreign policy, and we are not simply forcing DOD, as it were, to tighten its belt."

The Defense budget in total rests on several salient facts. Foremost among these is reflected in Secretary Schlesinger's happy phrase "we have been driven out of the paradise of isolation and non-involvement which characterized the America of the nineteenth and twentieth century." Obviously, we cannot return. He went on to summarize several other points. The United States continues to have large and growing interests in an interdependent world even as it faces a number of problems at home. The areas of greatest interest to the United States are beset by a number of internal and external difficulties. Despite detente, the sources of potential differences and conflict among the powers remain numerous. Lastly, large and diversified military capabilities remain in the hands of powers with whom our relationships have to some degree improved, but powers who have not traditionally wished us well or looked with cordiality upon our interests. In our view, this is the most conservative estimate of the current dangers we face that one in a position of responsibility could make. But there can be no gain-saying that the opportunities for calamity are abundant.

We support strongly the view that our defense must be based on external realities and not wishful thinking. There is no point to an inadequate defense budget and—Freedom does have a substantial price. It is a price we can well afford to pay.

OIL OR ISRAEL?

Mr. RIBICOFF. Mr. President, "Oil or Israel" by Louis Harris in the New York Times Magazine of April 6, 1975, is of great significance. It deserves serious consideration.

I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Oil or Israel?

(By Louis Harris)

There is a deep and disturbing counterpoint to Henry Kissinger's flying diplomacy (now grounded) in the Middle East. It is the feeling here at home—and particularly among the Eastern Establishment—that the traditional American support for Israel is crumbling and that anti-Semitism may be on the rise. Put somewhat differently, in the prospective trade-off between the need to get along with the oil-rich Arabs and sympathy for the Jewish state, the Jews are going to be the losers.

The sentiment is expressed in many other ways. A prominent Eastern newspaper publisher, who is Jewish, remarked: "Most Americans are practical and pragmatic. They are not that principled. And when they become convinced that we must get oil from the Arabs, they'll say, 'The Jews be damned.'" A leading doctor, also Jewish, had a more apocalyptic vision: "I'm not even religious, nor have I been that enamored of Israel. But now I think that if Israel goes down the drain, it will be followed by pogroms against the Jews in every Western country, including this one."

This apprehension, this deep distrust of the world about them is characteristic of the way many Jews see the present situation. And it must be said that they can find reasons for their fears. During a recent conversation, a top executive of an oil company in New York City summed up his view of the current scene: "The balance of power in the world has passed into new hands. Israel is going to be lucky to survive. The old voting power of Jews in America is going to give way to a new realization that Arab oil power is a price America must both reckon with and ultimately compromise with, even if Israel has to go."

A highly publicized variant of this view was offered by Gen. George Brown, the chairman of the Joint Chiefs of Staff, during an informal talk at the Duke University Law School. He said that if Americans suffered enough because of the energy shortage "they might get tough minded enough to stop the Jewish influence in this country and break that lobby." And then, rather mindlessly, he went on to say that the "Jews own the banks and the newspapers in this country. Just look where the Jewish money is." General Brown was scolded by President Ford; he apologized, and the matter was dropped. When Jewish organizations threatened to demand his removal, they were persuaded to hold back on the grounds that forcing the general out would be taken as proof of the power of "Jewish influence" at the highest levels.

Others have pointed out the obvious misconceptions behind General Brown's remarks. There also seemed to be a series of linked underlying assumptions: Israel's reputation in the United States was built on its military success. The life-line for Israel was American military assistance. The more the Soviet Union poured arms into Egypt and Syria, the bigger the United States build-up in Israel. As former Senator William Fulbright remarked several times, the pro-Israel Jewish influence in Washington was so great that it could command as many as 71 out of 100 members of the United States Senate. Thus, Jewish voting power, strategically located in pivotal states, such as New York, California, Illinois, Michigan and Pennsylvania, along with Jewish money in political campaigns, provided the political muscle to guarantee unlimited American backing for Israel.

But now, the argument goes, things are different. The myth of Israeli military invincibility has been shattered. Israel did not win the Yom Kippur War in 1973. With its traditional air-power supremacy blunted by Russian missiles in the hands of the Egyptian and Syrian Armies there was a standoff. At the same time the Arab stereotype has changed. No longer could they be seen as backward sheiks garbed in white sheets and living in desert tents. They control a large part of the world's most precious raw material—oil. And the American people have to come to terms with this new power or find themselves in the deepest trouble for lack of energy. Finally, the relentless Jewish effort to keep in touch with the power centers in Washington is beginning to backfire.

Indeed, the failure of Kissinger's mission was underscored by President Ford's statement, made less than 24 hours after Kissinger's return, that if Israel "had been a bit more flexible . . . it would have been the best insurance for peace." The Administration stressed that the time had come to reassess American policy, though Kissinger was quick to point out that "punishment of a friend cannot be the purpose"; nor would he publicly affix blame on the Israelis or the Arabs for the collapse of the talks. Nevertheless, a sensible inference was that Ford, who needs a conspicuous success in the international field for his own political well-being, did blame the Israelis and was angry at them. It is also possible that he misjudged American public opinion on the matter.

Taken together, the cumulative effect of the events of the last year and a half seem to have produced three main conceptions in many American minds: (1) Jewish power could well be eroding in the United States, accordingly weakening the lifeline to Israel; (2) traditional Israeli intransigence would no longer be tolerated; (3) with the decline of sympathy for Israel and the growth of Arab power, a spate of anti-Semitism could well break out in the Western world.

The trouble with almost all of this is that it simply doesn't square with prevailing public opinion in the United States. And the single group which most underestimates the pro-Israel sentiment in this country and most overestimates the possibility of the anti-Semitism is none other than the American Jewish community. Instead of silpping away, support for Israel is now at a record peak. A recent Harris survey indicates that 52 per cent of the public now sympathizes with Israel, up sharply from the 39 per cent who felt that way in 1973, right after the Yom Kippur War. By contrast, 7 per cent of the American people expressed sympathy with the Arab side in the Middle Eastern conflict. A national leadership group drawn from government and politics, business, labor, communications, education, religion, and voluntary organizations was 56 per cent in sympathy with Israel, while only 5 percent supported the Arab cause.

Later this year, Congress must decide whether to give Israel $1.8-billion in military aid, a much higher sum than that country has ever asked for before. American public opinion has not always favored sending military assistance to Israel. Back in 1967, when Israel was rolling up its smashing victory of the Six Day War, a 39 per cent to 35 per cent plurality of the public opposed sending military aid. During the 1973 war, opinion shifted and a relatively narrow 46 to 34 per cent plurality supported aid.

But now, even as the myth of Israel's invincibility has lost its hold on the public, support for sending weapons to Israel has grown enormously. A rather lopsided 66 to 24 per cent majority favors sending Israel what it needs in the way of military hardware. (Some have suggested that the very size of this margin might tempt the Israelis to bypass the Administration and take their case, no doubt illadvisedly, to the public and the Congress directly.) This is all the more remarkable in view of the decisive 65 to 22 per cent majority who oppose this country's giving military aid in general and the 74 to 17 per cent who oppose sending any more military assistance to Vietnam.

These findings about the attitudes of Americans towards the Arab-Israeli conflict and toward Jews in the United States came from a survey that was finished by the second week of January. Two major groups were interviewed: First the public, in the form of a representative national cross section of 3,377 adults, including a number of Jews; and, second, the leadership community, a total of 491 persons who are opinion leaders in such areas as business, government, religion, education, labor and communications.

The obvious conclusion to be drawn from

the survey is that when Israel is seen as a tough, cocky Sparta, the top military power in the Middle East, most Americans feel little sense of urgency to send aid. But when Israel appears to be the underdog, alone and surrounded by hostile Arabs, then a better than 3 to 1 majority wants to send military aid. (In passing, I should point out that only 34 per cent of the public is confident that Israel would win another war.) Thus, Israeli leaders who think the world always wants to ride with a winner may be sorely underestimating the compassion of the American people for the underdog. Of course, there are other reasons for this overwhelming support for military aid for Israel (which rises to an even higher 75 to 13 per cent majority among the leaders). One is a persistent worry about the Russians and their arms. As a mechanic in Youngstown, Ohio, put it: "I hear the Russians have sent the Arabs all their latest planes and missiles. So we better do the same or Israel will be wiped out, and Russia will take over the whole area."

It must be said that only one out of four Americans would approve sending American troops to the Middle East even "if Israel were being defeated by the Arabs," and there are some who will find this a very distressing figure. But this is a very remote scenario and the Israelis have always insisted that they would never ask for troops. The reluctance to send troops should not be taken as a sign of an erosion of American support for more military aid for Israel. To the contrary, there is every sign that such backing is at a peak.

Despite all that has been said about it, neither the public nor the leadership group seems particularly disturbed about Israel's so-called intransigence in the Middle East peace negotiations. A solid majority of the public and 77 percent of the leaders feel that the current Government of Israel is "reasonable in wanting to work for a peace settlement." It should be added that the Egypt regime is also felt to be "reasonable" by a 2 to 1 majority among the public and a 4 to 1 margin among the leadership group. In fact, there is little demand from American public opinion that Israel be persuaded to give back the territories it has occupied since the 1967 war. The heavily prevailing view at all levels is that "Israel has helped develop occupied Arab territories and will work out a fair way for the Arabs to rule themselves in their own territory." A 55 per cent majority of the public is opposed to America's pressuring Israel to hand back the occupied areas, and a wide 65 to 14 per cent majority is against Israel's "giving up occupied Palestinian Arab territory and letting P.L.O. leader Yasir Arafat rule it."

Indeed, neither Arafat nor the P.L.O. is held in high regard by the public. Arafat's appearance before the United Nations met with a negative response of 58 to 30 per cent. Compared to last summer, the majorities that see him as "an extremist who conducts terrorist activities" and "responsible for the slaughter of innocent children" have grown in number. Yet Arafat is gaining ground as the recognized leader of the Palestinians (up from 19 per cent to 35 per cent in 6 months), and there is no strong feeling among either the public or the leaders that he should be barred from the Geneva peace talks if they ever take place.

The reasons people think Arafat ought to have a seat at Geneva are interesting and reflect an underlying cynicism about world politics. It is a cynicism so widespread that it is becoming hard to find majorities of Americans who are ready to condemn aggressors. The head of the P.L.O. is seen as being only a cut below many of the other figures who might be seated in Geneva. Moreover, Americans have become used to seeing Secretary of State Kissinger holding cordial negotiating sessions with all kinds of previously hostile leaders: Brezhnev, Mao, the North Vietnamese and every shade of Arab potentate. Why shouldn't Arafat sit in at Geneva, the reasoning goes, even if the P.L.O.'s acts of terrorism are despicable?

In the complex web of concerns that make up the Middle East problem, there is one that dominates all others in the mind of the American public. It can be summed up in a statement from our recent survey: "Arabs are getting rich on our dollars, and as a result we and the rest of the world are suffering bad inflation and economic hardship, which is wrong."

Since last fall, a massive backlash against foreign oil-producing countries has formed in the United States and it now colors nearly all other American views. When asked to name the leading case of inflation, 76 per cent of the public singled out foreign oil-producing countries. When asked to account for the recession, 63 per cent pinpointed "Arab oil producers." Fully three out of four Americans blame last year's oil shortage on the Arab embargo, while two out of three blame the Arabs for the rise in the price of oil. With a kind of indiscriminate intensity, the American people attribute their energy troubles, as well as their general economic woes, to oil—and to most, oil means "the Arabs."

But even as they appreciate the spectacular increase in the wealth and power of the Arab world, the American people remain firm in their support of Israel and determined to maintain this position. A 68 to 20 per cent majority rejected the notion that "we need Arab oil for our gasoline shortage here at home, so we had better find ways to get along with the Arabs, even if that means supporting Israel less." The percentage that rejected this argument last summer was only 61 to 23.

The response to the pivotal question in the entire survey was profoundly illuminating. The question was this: "If it came down to it and the only way we could get Arab oil in enough quantity and at lower prices was to stop supporting Israel with military aid, would you favor or oppose such a move by this country?" A 64 to 18 per cent majority of the public, which contains only 3 per cent Jews, came down decisively against abandoning Israel to get enough oil. An even higher, almost unanimous 93 to 5 per cent majority of the leaders expressed the same view. Yet, when a special national cross section of 567 Jews was asked how non-Jews in America would feel, by 45 to 34 per cent, the Jews were quite sure that they would opt for oil, not Israel.

It is clear that most Americans are unwilling to make Israel the victim of what many feel is a "game of Arab oil blackmail," as one United States Senator put it. There is little doubt that the Arabs have badly miscalculated American public opinion in this country. This is not to say that the public favors the use of force to take over the Arab oil fields. A 58 to 25 per cent majority opposes this. But that is beside the point. With the exception of Egypt's President Sadat and Jordan's King Hussein, Arab leaders, including the murdered King Faisal of Saudi Arabia, are now viewed as foes of the United States and are highly unpopular. Sadat is a familiar figure to 55 per cent of the public, more than know most Democratic candidates for President, and 69 per cent have a favorable view of him. He is one of the few bridges the Arab world has to the American public.

Though opinion in this country has deep reservations about the Arab world, it does not accept Israel uncritically. Americans feel that the Israelis have taken American support for granted too easily. A majority of 62 per cent to 24 per cent and only a slightly smaller majority of 56 to 36 per cent of leaders believe that "Israel is friendly to the United States because it wants our military supplies." Even more damaging is the 48 to 33 per cent plurality of the public which holds that "Israel seems to feel the United States will back them up, no matter what they do." The leaders deny this, but the difference is only marginal.

If Israel projects the view that it takes American aid for granted, there is certain to be a serious erosion of votes in the Congress during the military aid debate in the coming months. An Israel which appears to shun all peace efforts and boasts of its military power could well be told to find its backing elsewhere. In sharp contrast, an Israel which appeared eminently reasonable about negotiations can easily make its case for continued military aid. At the moment, Israel is benefiting as much from anti-Arab sentiment over oil as from its pro-Israeli feeling in its own right.

The extent and depth of support for Israel may come as a surprise to many, but the most surprised group of all will be American Jews, who now seem totally possessed of a doomsday vision of what will happen to Israel and what might happen to Jews in this country. A prominent Jewish lawyer in Chicago put it this way, "Senator Percy is known for having his ear to the ground. When he made all those friendly remarks about the Arabs, he could see the handwriting on the wall. Don't kid yourself, the fact that Arabs have oil power is changing everything. Combined with the recession, you'll see Jews not being hired and I wouldn't be surprised to see middle America blame the whole economic mess on the Jews before it is all over."

Let us return to the case of General Brown. By 45 per cent to 42 per cent, most Jews felt that non-Jews thought "it was proper and right" for the general to say what he did. Yet, when non-Jews were asked about the general's statements, by 61 to 19 per cent, a solid majority—and an even higher 78 to 15 per cent of the leadership—said Brown's comments were "improper and wrong."

But this discrepancy is only the beginning. Where American Jews really take off into flights of fantasy is on the subject of anti-Semitism itself.

It can be argued that people say one thing and really believe another when it comes to such delicate matters as racial and religious prejudice, and anyone who looks closely at public opinion must take this into account. In the case of Jews and non-Jews, the Harris survey took steps to deal with the problems. An attempt was made to match Jewish interviewers with Jewish respondents and non-Jewish interviewers with their counterparts to reduce as much as possible any hesitation among non-Jews to express anti-Semitic attitudes or among Jews to express their perceptions of anti-Semitic attitudes. There is evidence that the exercise was useful. Compare these Jewish estimates of non-Jewish attitudes with the facts of the matter: 62 per cent of all Jews hold the view that non-Jews think "Jews are irritating because they are too aggressive." Yet, no more than 31 per cent of the non-Jewish public believes this. Fifty-two per cent of all Jews think non-Jews feel that "when it comes to choosing between people and money, Jews will choose money." Only 32 per cent of the non-Jews actually feel that way. This same pattern could be repeated on a whole list of attitudes. For each, Jews vastly overestimate the hostile feelings of non-Jews.

If we total all the unfavorable stereotypes, it can be estimated that 31 per cent of the non-Jewish public in the United States hold attitudes about Jews which can be described as anti-Semitic. This is not a small number and it certainly confirms the fact that anti-Semitism is very much alive. Indeed, trend measures indicate that there has been a marginal rise in anti-Jewish feeling from 28 per cent last year. However, when Jews were asked to estimate anti-Semitism, a much higher 56 per cent estimated that non-Jews held prejudiced views about them.

The inescapable conclusion is that American Jews have somehow lost touch with the reality of where anti-Semitism really is. The dangers in this major miscalculation by the Jewish community are many. It could mean that American Jews may be consistently ignoring their natural allies in the fight against anti-Semitism. It could also mean that they are serving Israel poorly by automatically assuming hostility to Israel when rather powerful support actually exists. Most importantly, American Jews could well be giving an impression of such insecurity that they are inviting the hostility they fear.

All minorities tend to think things are worse for them than they are. It is part of the survival mechanism and is understandable in human terms. But in today's climate of opinion, American Jews have vastly overestimated their own problems as well as the precariousness of Israel's position. What we have found is that support for Israel is deep and wide among non-Jews, and anti-Semitism is holding at traditional levels. This may be no great consolation to the American-Jewish minority, but it is hardly a prelude to holocaust.

CHIANG KAI-SHEK

Mr. CURTIS. Mr. President, the death of Chiang Kai-shek has saddened many Americans who knew him and followed his contributions to history as he was making them.

Throughout his life he was a bulwark against the forces of communism that are terrorizing Southeast Asia at the present time.

The Communists likely will relate Chiang's death in some way to the events by which they are gaining territory and power by force of arms in Vietnam and Cambodia. They will claim his death as another victory for communism. If they do this, they will be deceiving themselves at the same time they are attempting to deceive people of all other persuasions.

It is true that Chiang's leadership will be missed, but his inspiration will live on. The way of life including economic success for the people which his leadership succeeded in establishing on Taiwan stands in bright contrast to the dullness and drabness of life under communism on mainland China. This contrast will go on haunting the Communist leaders of mainland China for a long time because Chiang left the Government of Taiwan in good, strong hands as he prepared for his departure from the world scene. For the leadership which Chiang Ching-kuo has provided and will continue to provide in the future the people of America as well as the people of Taiwan can be grateful.

I respectfully call the attention of everyone to the following epitaph written by the editors of the Washington Post on this day, Monday, April 7, as follows:

> He leaves behind a prosperous, energetic Taiwan, whose economy ceased to need American support years ago. The island has now become one of the ten best customers for U.S. exports. He also leaves scattered through Asia hundreds of Western-trained ethnic Chinese professional and business people who would not be so placed but for his Western orientation. They are playing a part in the development of several Asian countries.

I want to extend to Madame Chiang Kai-shek and to their son and other relatives and to all of China my deepest sympathies.

GENOCIDE CONVENTION DOES NOT VIOLATE THE FIRST AMENDMENT

Mr. PROXMIRE. Mr. President, I again protest this body's failure to ratify the Genocide Convention. Our failure to act is based in part on the claim that this treaty would infringe on our first amendment right to free speech: that article III(c) of the Convention, in prohibiting "direct and public incitement" to commit genocide is contrary to the right guaranteed by the first amendment.

There is no basis for such concern. Any activity which a court of competent jurisdiction deems sufficient to convict an accused person of a violation of article III(c) of the Convention would fall outside that realm of activity which the courts have held to be protected by the first amendment. Indeed, it would seem that article III(c) is drawn so as to fit precisely with the acknowledged judicial interpretations of the first amendment. The Supreme Court has carefully delineated what is and what is not activity protected by the first amendment: Chaplinsky against New Hampshire; Terminiello against City of Chicago; Feiner against New York; Whitney against California. Mr. Justice Brandeis, concurring in the latter case stated,

> Even advocacy of violation (of the law), however reprehensible morally, is not justification for denying free speech where advocacy falls short of incitement and there is nothing to indicate the advocacy would be immediately acted on.

It is clear that the courts bear in mind the specific facts in each case, and that restraint—or, in this case, genocide prosecution—bears the heaviest burden in the court, allowing speech its declared freedom. In fact, in Brandenburg against Ohio, the Court (per curiam) held that:

> . . . the constitutional guarantees of free speech and free press do not permit a State to forbid or prescribe advocacy of the use of force or of law violation except where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.

Such activity, necessary to support a conviction for inciting to genocide, is obviously not a constitutionally protected activity. Clearly, the first amendment guarantees do not protect the sort of activity which is prohibited by article III(c) of the Genocide Convention.

YOUNGTOWN, ARIZ.

Mr. GOLDWATER. Mr. President, I am sure there is nobody in this body who needs any information from me about sunny Arizona. I meet too many of my colleagues in my home State during recesses and vacations. Arizona seems to be the place they go to absorb the warm rays of the sun in addition to enjoying Arizona's scenic beauty.

The prevalence of sunshine becomes more important every day as our energy demands increase and the need for solar energy becomes a genuine necessity.

Mr. President, it has been reported to the Common Council of the Town of Youngtown, Ariz., that Arizona is among the States under consideration as the site of a U.S. Solar Research Center. I cannot think of a better choice. In Maricopa County, for example, we have less than 8 inches of rainfall per year. We also have low humidity, a central location, and prominence in the fields of industry. technology, and accessibility to transportation.

Mr. President, for these reasons I should like to endorse and ask unanimous consent to have printed in the Record a resolution adopted by the mayor and common council of Youngtown that Youngtown be chosen as the site for a Federal solar research center.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution No. 1029

A resolution of the mayor and common council of the town of Youngtown, Arizona, with relation to a United States solar center being located in Maricopa County

Whereas, it has been reported to the Common Council of the Town of Youngtown, Arizona, that Arizona is among the States being considered for the site of a United States Solar Research Center, and

Whereas, our County's climate, geography and other characteristics, such as less that 8 inches per year rainfall, and low humidity, central location, prominence in the fields of industry, technology and accessibility to transportation, now

Be it therefore resolved, by the Mayor and Common Council of the Town of Youngtown, Maricopa County, Arizona to urge the location of the federal solar research facility to be in Maricopa County, Arizona, and to urge you to use all influence possible to expedite this project, especially in view of the country's current energy crisis.

OUR SOCIAL SECURITY PROBLEMS

Mr. CURTIS. Mr. President, Dr. Robert J. Myers, professor of actuarial science at Temple University, is one of the most knowledgeable men in our country on the subject of social security. Dr. Myers was for many years the actuary for our Social Security Administration. It would be well for the Congress of the United States to heed the words of Dr. Myers.

Mr. President, I ask unanimous consent to print in the Record a news release issued by Temple University which carries a statement by Dr. Myers.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Economic Disaster Ahead?

Philadelphia.—Unless prompt measures are taken to counteract growing imbalances within the Social Security system, Americans under the age of 20 today face economic disaster when they retire, a Temple University actuarial scientist predicts.

Dr. Robert J. Myers, professor of actuarial science at Temple and formerly the chief actuary of the Social Security Administration from 1947 to 1970, explained that the problem has its roots in the current trend toward Zero Population Growth.

"Although many social philosophers today hail Zero Population Growth (ZPG) as an answer to some of the world's more pressing problems, the concept embodies latent hazards which could cause serious economic imbalance in the Social Security system within 40 years," he warned.

"The United States is going to enter into a peculiar demographic pattern over the next 40 years," he explained. "The first indications of it are now becoming evident with the continuing increase in the number of the aged. This increase will continue over the next 20 years.

"However, the economic balance will be maintained by a corresponding increase in the number of workers, as people born during the high birthrate years of the 1950s and 1960s enter the work force and pay the bills for the benefits going to the aged.

"During the following two decades, the 1990s and the early years of the 21st century, those born during the low birthrate years of the depression of the 1930s will be reaching age 65, and because there is a relatively small number of them, the total aged population will level off. After that, however, the balance will shift.

"The problem will become increasingly acute, beginning with the year 2010," Dr. Myers predicted.

"Those was are going to be affected by it are here now. Everybody under the age of 20 today who remains able to work will still be in the working population at that time. There may be some who shrug their shoulders and say it doesn't matter what happens in the year 2010, but time passes more swiftly than we realize, and neglecting to take suitable measures to cope with the impending crisis now, while we still have time to think and plan, is both dangerous and irresponsible. The youth of today will have to foot the bill for our negligence."

The problem will come about as the demographic shift tends to throw the economy out of balance, he said.

"Given our present birthrate, which over the long run will result in Zero Population Growth, there will be fewer workers relative to the number of beneficiaries by the year 2010 than had previously been estimated. That means bigger bills and fewer working people to pay them. And that will be just the beginning.

"The total population aged 65 and over will have remained on a plateau of about 31 million during the period from 1990 to 2005. After that it will increase to about 48 million by 2025 . . . an increase of about 55 per cent.

"On the other side of the ledger, the productive population, those between the ages of 20 and 64 who are actively employed in the labor force, will have increased by only 18 per cent from 1990 to 2025. These figures represent the ingredients of an economic disaster insofar as Social Security costs are concerned," he said. "Now is the time to take suitable action to cushion the blow. Delay can only prove costly."

Boosting Social Security benefits, a favorite ploy of politicians, doesn't help matters, he said.

"Too many politicians like to buy today's popularity at the price of tomorrow's stability," Dr. Myers commented. "Awarding higher Social Security benefits always seems a sure-fire vote-getter, and few if any politicians are willing to pass up a chance to improve their standing with their aged constitutents.

"But higher benefits now mean a greater drain on the System's financial resources, which are already depleted from a long-range standpoint.

"Taking into consideration the coming demographic imbalance and the problems it will certainly raise, it seems particularly unwise to do any thing to add to the seriousness of the crisis we can now see developing.

"In my opinion we must begin immediately to take corrective action while there is still time."

ON THE TRAIL OF MAVERICK AEROSOLS

Mr. McGEE. Mr. President, during my teaching days at the University of Wyoming in Laramie some 17 years ago, I might never have dreamed, had it not been for my faith in the American way, that United States and Russian spacemen might make a cooperative rendezvous in space. Nor would I have dreamed that scientists at the University of Wyoming might play a part in it all.

During the Easter recess, I spent some time with Dr. William Carlson, president of the University of Wyoming, and E. Gerald Meyer, vice president for research, and a trio of scientists from the university's physics and astronomy department, which was labeled the "Minnesota mafia" by an article. From them I learned more about SAM—stratospheric aerosol measurement, an instrument designed to measure aerosol particles in the stratosphere and developed by Drs. David Hoffman, James Rosen, and Theodore Pepin through a $2-million research contract with the National Aeronautics and Space Administration. It was Dr. Pepin with whom I was able to spend the most time.

While there has been much criticism regarding grants for all kinds of scientific studies, this project is one which, as the article "On the Trail of Maverick Aerosols" by Howard M. Kaplan of Empire magazine in Denver points out, puts the Cowboy Joe school on the scientific map.

I prefer to think SAM plays a major part in joining Wyoming with the American space program, especially in light of the fact that the upcoming space venture of this country will be one which stretches not only above the clouds, but moreover, beyond political and geographical differences as witnessed by the planning of the Apollo-Soyuz space shots. Thus, Wyoming talents and efforts at the university, which was chosen for the research project only with the University of California and the University of Michigan—out of hundreds of applications—mark an historic contribution to mankind.

I leave the importance of the specific project to be told by the article that I ask unanimous consent to be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

On the Trail of Maverick Aerosols

(By Howard M. Kaplan)

Three young University of Wyoming atmospheric physicists—affectionately called the "Minnesota mafia" by their associates—have put the Cowboy Joe school on the scientific map.

David Hofman, 37, James Rosen, 35, and Theodore (Ted) Pepin, also 35, of the university's physics and astronomy department have cracked the starting lineup of scientific experiments aboard the Apollo-Soyuz cooperative U.S.-U.S.S.R. space shot scheduled for July. And, the three natives of Minnesota also have won the admiration and support of their colleagues through their dedication to quality teaching and basic scientific investigation.

"We're certainly proud of them," says Dr. E. Gerald (Gerry) Meyer, vice president for research and dean of the college of arts and sciences. He is, in effect, "the boss" of the trio of physicists.

Dr. Pepin, a native of St. Paul and the apparent "entrepreneur" of the trio, credits the availability and proximity of two Colorado sources for much of their success. One is Ball Brothers Research Corp. in Boulder and the other is Robert Thacker, regional representative of the Office of Naval Research in Denver.

Thacker, as the contract monitor for the Navy, advises them of what they can and cannot spend their grant and research money for under terms of a National Aeronautics and Space Administration (NASA) agreement. He therefore saves them a lot of time as well as dollars by preventing misspent money.

The Ball Bros. aerospace experts, who have worked on several orbiting solar observatories for NASA, have provided testing facilities for all the gear and furnished expertise in the reliability, quality assurance and engineering support. Dr. Pepin says the unstinting aid of the Ball aerospace teams has been priceless.

What is the important experiment the UW physicists are engaged in that has put them in the major leagues? (The Universities of Michigan and California are the only other colleges in the Apollo-Soyuz space shot.) It is a study of the number, kind and distribution in the atmosphere of aerosols. These are tiny particles circling the globe like a cloud of dust, polluting the atmosphere and portending ominous consequences for life on earth if they are not understood.

UW's experiment is one of 18 in the Apollo-Soyuz Test Program (ASTP). It will enable the Russian cosmonauts and American astronauts to check a 23-mile-deep chunk of the atmosphere and record how and why the tiny particles and gases behave in different levels of the earth's stratosphere.

The stratospheric aerosols reside in the stratosphere, the area from 7 to 30 miles above the earth, where a stable series of air layers exist due to temperature inversions. These aerosols form a shield that alters the amount of energy reaching the earth from the sun.

With his partners in Antarctica, conducting aerosol studies using high-altitude balloons, Dr. Pepin assumed the brunt of explaining the experiments—past and yet to come.

Aerosols are able to modulate up to 1 per cent of the solar flux—the energy radiated to earth by the sun. That could make a difference of a fraction of a degree in the average temperature of the earth. While that may not sound like much, a one-degree change in the earth's average temperature could alter the growing season by several weeks. What do you think would happen to our economy if the corn crop in the en- * * * several weeks earlier than historically expected?

"What we are trying to do," Dr. Pepin says, "is determine how the aerosol particles get where they are, how long they stay there, how they get out of the stratosphere and where they go when they leave." They already have discovered some interesting things by lofting their detection instruments from a variety of places around the world in balloon experiments. One example is the particle distribution. For the past few years they have been fairly uniform but show interesting variations.

"In the spring the particles have some mechanism, or at least the ability, to get out of the atmosphere in the midlatitudes—about 30 to 35 degrees—above the equator," says Dr. Pepin.

The question arises then: Do the particles migrate because of the season? The temperature? The change in the attitude of the earth to the sun?

With the ASTP test, the scientists plan to compare the behavior of aerosols in the Northern and Southern Hemispheres at the same time—something possible with a satellite platform but not with balloon launches. They will be looking for an interaction between the clouds of aerosols above the hemispheres and what causes a circulation pattern.

The black box aboard Apollo-Soyuz is a one-channel detector called SAM—"stratospheric aerosol measurement." Another satellite was scheduled for launching at the end of March in an Air Force space shot that has been delayed since February 1972. It is called PAM—"preliminary aerosol measurement"—and it will carry a two-channel sensor system. The two channels will measure small particles in the blue light (cold) region and large particles in the infrared (warm) end of the spectrum. It will be working primarily in the high northern latitudes and yield measurements not as fine as SAM's. It also will last for a very few months because of the satellite's planned short life.

Both SAM and PAM are being built at the University of Wyoming.

"PAM's orbital altitude will be about 400 nautical miles so its resolution will be quite coarse (compared to SAM)," says Dr. Pepin. (Manned space capsules orbit at one-half that altitude). However, PAM will provide 30 excellent solar observations—15 sunrises and 15 sunsets each earth day—because of its polar orbit. SAM, despite its single detector, will yield "more refined data." What is hoped for in ASTP is the information with which to produce an instrument for a late-1978 space shot on a vehicle named Nimbus-G. Dr. Pepin believes he can design a remote-sensing detector that will deliver accurate data on it. It would lock onto a small area of the sun for a high-resolution set of data.

The Nimbus-G experiment is a $78 million space shot, but only $20 million of that is for experiments. That equates to $2.5 million per experiment, Dr. Pepin says, but with 10,000 soundings of the atmosphere it shakes out to $250 per sounding. "That's a lot cheaper way to go than the $8,000 per sounding cost with balloons."

This concern for cost-per-experiment may be another reason for choosing the University of Wyoming to participate in ASTP. The engineering, building, testing and completion of both flight and backup models (plus the balloon research data) is right at $319,000. Add to that the fact that Wyoming's gear was the last equipment contracted for by NASA and it was the first delivered!

Where do most of the stratosphere's aerosols come from? Nature contributes the bulk of them, principally through volcanic eruptions around the earth. Once a particle is put into the stratosphere, it might be two years before it settles out and no longer is a factor in altering solar energy. But where does it go? That is another point Dr. Pepin hopes to ascertain.

In a book just published (The Earth in the Looking Glass by Lloyd Darden, a University of Colorado graduate) the author points to aerosols in connection with the worst winter in New England's history in 1816. Scientists attributed that fierce winter to "an immense dust cloud which accumulated in the edge of the stratosphere over New England as a result of several volcanic eruptions." Specifically blamed was Mt. Tambora, east of Java, which had exploded in 1815 and spewed up an estimated 100 cubic miles of dust. Apparently New England got the thickest part of the cloud that eventually reached the stratosphere and drifted over much of the Northern Hemisphere the next year.

Results of other volcanic eruptions have lasted even longer.

Krakatau was credited for extremely red sunsets all over the world for 10 years after it erupted in 1883, according to Darden. Krakatau's dust cloud also is believed to have caused some cooling of the earth's weather for up to one year.

Dr. Pepin says the composition of the aerosol cloud still tends to cause reddish sunrises and sunsets. Those particles that scatter the blue light are responsible for our blue sky. Those that scatter more of the infrared light give us those warm scarlets. Experiments by the Pepin-Hofmann-Rosen team, in conjunction with other researchers, have determined that there is a very high concentration of sulfuric acid in the aerosols. About 75 per cent are H_2SO_4 and 25 per cent are water vapor. This condition has the scientists planning for detectors that can determine how the acid is created. The conversion process for the ammonia and sulfur dioxide gases emitted in volcanic eruptions is still a puzzle.

Another important future experiment will probe what happens in the atmosphere with a very small change of ozone. This element, heavy oxygen, absorbs the ultraviolet radiation of the sun and protects the earth. If much of the ozone layer were destroyed, it would allow lethal ultraviolet rays to penetrate in increasing frequency at the surface. One danger of over-exposure to ultraviolet rays is skin cancer, so a prime study would involve finding what combination of circumstances might destroy ozone.

As you may have surmised by now, the Wyoming group has done extensive work in studying the aerosols, especially with balloon-launched experiments. Dr. Pepin says the three have participated in "about 200 balloon tests" so far. They have sent their instruments aloft from a variety of points—an iceberg station called T-3 in the Arctic Ocean; Duluth, Minn.; Laramie; Palestine, Tex.; the Panama Canal Zone and northern Australia.

Before those, when the trio first met on the Minneapolis campus of the University of Minnesota as they were doing graduate work, Rosen had built his first "Dustsonde." It is a detector for counting aerosols. That first one weighed 120 pounds. You appreciate their progress when you see present models that weigh 30 pounds and see plans for the next ones which will weigh 12.

Since the modulation of the sun's light is of global interest, many nations are responding to the concern of the international scientific community to study the atmospheric aerosols. Relatively few groups, however, have been actively involved for more than 10 years. Among them are teams from Japan, Australia and the Soviet Union. All three groups have worked with the Wyoming researchers. The UW trio, in a cooperative program with the University of Melbourne, has launched balloons over northern and southern Australia to give important coverage of the Southern Hemisphere.

Dr. Pepin and his colleagues now are excitedly looking forward to experiments planned at Laramie and in Leningrad where they will make tests side-by-side with Russian scientists. Dates have not yet been firmed.

The Russians use a technique that is somewhat different than ours and we have never really had a chance to compare them," says Dr. Pepin. The Japanese, from Nagoya University, have already conducted cooperative research with the UW team (from a balloon facility in northern Japan) and last summer came to Laramie for experiments.

"As is the case with the Russians, the Japanese equipment can look at some parameters that our instruments do not, and vice versa. That being the situation, the coming experiments with the different sets of gear spurs our anticipation more than ever," says Dr. Pepin.

Despite their global experimentation, Dr. Pepin says he and his colleagues have realized for quite awhile that their data has been a little short. In their average of 50 balloon flights a year they have taken too few samples of atmosphere.

"Anyone who has ever tried to determine what the weather is—or will be—realizes that 50 samples in a year really do not tell you much," Pepin points out. "That's why we have been working so hard to develop techniques to 'remote sense' the particles in the atmosphere, gathering our data without actually taking physical samples." This is what has produced the ability to use satellites as aerosol study platforms.

Dr. Pepin actually is the developer of the remote sensing technique the UW scientists are using. He describes it as "a simple one."

The black box, as it is called, measures the number of aerosol particles roughly the same way a photographic light meter works. You may have noticed when rays of sunlight come through your windows at home you see the light scattering off dust particles in the air. The remote sensors look at the atmosphere the same way—toward the sun and through the particle cloud—from their satellite platform.

When the detector is aimed at the sun *outside* of this cloud, it measures the full intensity of the sun's light. As the satellite circles the earth, the instrument then points at the sun *through* the particle layer. The difference in the light intensity is recorded. Since the particles scatter light at differing wave lengths, the number of particles present can be determined by the observation. The color of the light tells the differences in particle sizes: Small particles scatter blue light more efficiently than red.

Dr. Pepin recalls a large volcanic eruption in Bali (Mt. Agung) in the 1960s that produced a significant increase in the total number of particles in the stratosphere. "With our particle counter, which was developed by Jim Rosen just after the volcano erupted, we have noted a steady decrease in particles since then." Within the past 10 years, measurements indicate that 90 per cent of those aerosols have disappeared. Where have they gone? If they have changed, what have they become?

If any weather changes were to be caused solely by a shield of volcanic dust it would seem mere academic interest to study aerosols because we can hardly control volcanoes. But since 1950, according to reliable evidence, man is helping pollute the stratosphere. With the coming space shuttles and supersonic transports, it would appear that there are some important answers awaiting discovery in the stratosphere. That intrigues Dr. Pepin.

He says with the new and more frequent data, researchers see an understanding of natural variations in terms of their net effect on the earth's climate for as long as decades. He would like to be able to make forecasts for spans like that as well as answer another intriguing question.

That query was asked in a story he pasted into one of his college experiment notebooks in 1964. The story, from *The New York Times*, reported the return of a U-2 plane to the United States after an extremely high altitude flight. When it landed, technicians noticed its wings' leading edges were coated with a white substance, as were its jet intake ports. Ice couldn't last *that* long. Examination revealed the compound was ammonium sulfate, an excellent lawn food. The story asked, in effect, "is the earth girdled by a layer of fertilizer?"

Dr. Pepin and his "Minnesota mafia" friends hope to answer that to his—and everyone else's—satisfaction.

TESTIMONY OF MR. MERRILL W. HAAS, PRESIDENT, AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS ON PROPOSED LEGISLATION

Mr. BARTLETT. Mr. President, Mr. Merrill W. Haas. president of the American Association of Petroleum Geologists, recently testified before the Subcommittee on Minerals, Materials, and Fuels of the Senate Committee on Interior and Insular Affairs with regard to proposed legislation which establishes direct Federal involvement in the exploration for oil and gas. Mr. Haas discusses such things as the National Energy Production Board, a Federal Exploration Company, and pending OCS legislation.

All Senators could benefit by reading Mr. Haas' statement and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF MERRILL W. HAAS, PRESIDENT, AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS

Mr. Chairman, my name is Merrill W. Haas, president of the American Association of Petroleum Geologists; and I am representing AAPG. Our Association is a scientific organization founded in 1917 and has nearly 17,000 members from all states of the union as well as 80 different countries. There are no corporate memberships. AAPG's members are interested primarily in finding oil and gas and have selected the drilling sites of practically all of the major oil and gas fields discovered in the free world for almost 60 years, including the great oil fields of the Middle East. We are dedicated to maximizing oil and gas discoveries to meet the energy needs of our country. No one can challenge our expertise in these matters.

My remarks today will be directed to proposals in the various bills under consideration by this Committee which indicate a lack of fundamental knowledge about finding hydrocarbons and which will result in serious delays in discovering the resources of the OCS.

It is agreed that there is an urgent need to decrease the dependence on costly and interruptible foreign energy supplies. One bill, S–740, purports to promote the general welfare by establishing a National Energy Production Board to assure early development of energy resources on the public lands. On the contrary, the proposed solutions of this bill, as well as those in S–81, S–426, and S–521, will actually prolong the dependence for many years.

Furthermore, the delay caused by these proposals will eliminate the possibility of attaining a greater degree of energy independence than we enjoy today. It is not clear why any of these bills are necessary when our free-enterprise system has efficiently and effectively supplied great quantities of energy resulting in our nation's having the highest standard of living in the world. The proposals would bring about a radical change in our life style that is neither desirable nor necessary. They would damage the free-enterprise system and the economic well-being of the U.S. consumer and taxpayer. The unwarranted proposed regulations pertain to the areas of greatest potential resources to which our nation must turn to achieve energy independence. Regulation never found a barrel of oil, nor will it ever!

There is substantial misinformation in Congress about the science of exploring for oil and natural gas. Therefore, my testimony will cover three areas in which we have undeniable expertise.

1. Assessment of potential in the frontier areas of the OCS.
2. Federal exploration.
3. Data submission requirements pertaining to the Federal Domain.

ASSESSMENT OF POTENTIAL

Many variables affect the occurrence of oil and natural gas. These variables must be considered in any assessment of potential. For instance, coincidental favorable geologic parameters must occur for an area to contain significant amounts of hydrocarbons. A minimum thickness of sedimentary rock containing source beds. Stratigraphic sequences to provide porous and permeable reservoirs as well as effective seals. A favorable temperature gradient to convert the organic materials to hydrocarbons. When the fluids within the sedimentary sequences begin their movement due to pressure stresses, properly sealed traps must form and be in proper relationship to the source. These are just a few of the geologic parameters pertaining to the accumulation of hydrocarbons. In addition, there are economic parameters which affect recovery. Variations or absence of any of these parameters greatly affect the assessment.

In estimating a frontier area's oil and gas potential, a methodology must be set up which considers all parameters. The methodology must weigh the importance of each. But more important, any methodology must conform to a set of definitions which carefully describe the assessment desired. Today, there is no standard assessment method. Thus, one needs to know what assumptions and definitions underlies each assessment. Any assessment requires judgment decisions on the part of the geologist. Each geologist can weight important parameters differently; so, rarely are two estimates exactly the same. It should be no surprise that potential reserve estimates for the OCS have varied so widely. I am not at all dismayed that estimates for the U.S. range from 100 billion barrels to three and four times that amount.

So many estimates are available that those using them can select any one to further their own interests. Practically speaking, however, under no circumstances can any estimate be used as a single answer. It must be viewed in the context of ranges which may vary by many orders of magnitude.

Even after a large amount of exploration has been done, there can be no single answer to the OCS potential. Nevertheless, at least two bills, S–426 and S–740, would suggest a single-answer syndrome—an assumption that the public will know once and for all the potential of the OCS just because the federal government undertakes an exploratory program. This is misleading! After 25 years of exploration, industry is still finding new fields in the Gulf of Mexico, reserves are being added to the old fields, and potential estimates are still changing. It is ridiculous to assume any one entity, including the federal government, could make an accurate estimate of the OCS and particularly in the proposed time period. I refer you to the authoritative A.A.P.G. Memoir 15, Volume 1, pages 22–26, on the problems of estimating potential reserves.

FEDERAL EXPLORATION

With this in mind, let's discuss federal exploration. Proponents of this concept cite the need to establish the fair market value for federal resources to prevent a "give away" to industry. Others cite the need to stimulate competition, and some even state a federal exploration company would measure the efficiency of private enterprise. Such claims confuse the issues before the American people.

Such claims ignore the fact that the U.S. consumer pays among the lowest prices in the world for fuel; or that private industry has taken the risk of exploring for the resources and will continue to do so if government refrains from imposing new economic and punitive constraints.

As for the charge of a "give away," consider these examples. In 1964, a federal sale was held offshore Oregon and Washington. Thirty-seven million dollars was paid in lease bonuses and rentals, followed by the drilling of many unsuccessful wildcat wells. No discoveries were made.

In 1968, an offshore sale was held in California. Discoveries have been made but development has been restricted. A decade will pass before any revenue will be returned on much of the 600 million dollars spent in the sale.

In 1968, nearly 600 million dollars was spent for leases in the Texas OCS. One small oil and several gas discoveries were made. Most of the acreage has been released, and the sale must be classified as an economic failure.

Remember these sums exclude the substantial exploration costs to test these areas. The federal government and the public have had their money since the lease sales—over 1.2 billion dollars. Industry's return is nearly zero.

Recently, in 1973, 1.5 billion dollars was spent by industry in the MAFLA area. So far, ten holes have been drilled in the northeast Gulf with no discoveries. This could very well be another nonproductive province. As for the actual distribution of revenues to date, over 80% of all revenues generated from the OCS has gone to the government. It is reported that industry's return on its invested dollar in the offshore through 1973 has been from 4% to 6%. The industry could have made an equal return without risk by investing in savings accounts. You might ask why didn't they? Optimists that they are, industry anticipated a better return. That's the risk. Yet, industry will continue its search for oil and natural gas in the unknown frontiers of the United States.

Let's discuss the risks inherent in finding hydrocarbons. Using geophysical, geochemical, and geological tools and techniques, the search for accumulations extends to over five miles below the surface. The average diameter of the drill hole is about five inches at the depth of the accumulation. With only a five-inch hole as a geologic mirror, it must be obvious that many wrong decisions are possible in deciphering the geologic conditions occurring at these depths. This is particularly true in the younger deposits where sedimentary changes can occur even between closely spaced wells. Consequently, the size of a field is known only after many development wells are drilled. Modern technology has improved the accuracy of predicting field limits; yet, one out of every five development wells in the offshore is still a dry hole.

Prospect delineation relies heavily on geophysics. However, variations in the rock properties can affect seismic recordings to the extent that structures interpreted from seismic data may not exist. Structures become more complex with well density, which increases the risk. Even a new method such as "bright spot" technology, which under certain geologic conditions indicates the presence of hydrocarbons, has its limitations. Contrary to popular belief, this technique has not eliminated exploration risk.

Turning now to the charge of a lack of competition, the record shows that OCS sales are increasingly competitive. A steady growth has taken place in both the number of bidders and those acquiring acreage. At the

1962 sale, 32 companies entered bids and 29 acquired leases. In subsequent sales, the number of participants gradually increased to as many as 83 with about 60 acquiring leases. This is a true measure of competition. Competition is also indicated by overbids. In the last ten offshore sales in the Gulf of Mexico, the overbids totaled $5.3 billion, more than 46% of the total money spent. Only in an intensely competitive-bidding environment would one expect such results.

Let's now consider the matter of whether a federal exploration company could measure the efficiency of industry in finding oil and natural gas.

The federal government today has difficulty running its own business. Its debt is staggering. Can this be a standard of efficiency?

The results of most government corporations are not proud standards by which to judge the free-enterprise system. Why would the proposed federal exploration company be any different? On the contrary, it would be the opening wedge for FOGCO; and FOGCO would not be just another competing company. It would start with impressive advantages over its competitors. It would receive choice leases. It would pay no bonuses, no royalties, no income tax; and the taxpapers would provide its capital and underwrite its debts. Even under these favorable terms, it would be doomed to failure. Why?

A successful exploration company must have a decision-making organization, not a bureaucracy, and be geared to making practical, not political, decisions. It must be staffed by competent personnel with years of training in the science of finding oil and natural gas. The federal government has little expertise in these matters. Where would it secure its employees? Obviously, it would be necessary to raid industry. Such raiding would drastically diminish industry's oil-finding effort during this time of dire need for new energy supplies.

DATA SUBMISSION FROM THE FEDERAL DOMAIN

Finally, let's consider the submission of data from the Federal Domain. In my testimony before the Department of Interior hearings last July on the submission of geological and geophysical data, I stated that the federal government is the owner of a tremendous quantity of raw data as well as confidential information which has been supplied by industry. Now, I'll go a step further. The federal government is the owner of more raw data on the OCS than any other single company because of industry's compliance with data submission requirements. Because of these submissions, the federal government receives many times the raw data that it could generate by itself; yet, we hear repeated charges that industry is withholding information pertaining to exploration. This is an unfair accusation against the industry.

Industry has not been derelict in its submission of data, nor will it be as long as the confidentiality is maintained. Competitive positions must not be compromised by premature release of costly scientific information.

CONCLUSION

Mr. Chairman, these proposals are ironic. While on one hand, the sponsors recognize the regulatory, economic, environmental, and administrative delays in developing the resource base of our nation, their solutions would create additional and more restrictive delays. While the right hand champions free enterprise under the 1970 Mining and Minerals Policy Act, the left hand proposes replacement of private industry. While recognizing that the development of our domestic resources is the way to progress toward energy independence, the sponsors propose lease moratoriums and denial of access to the potential areas, increasing our dependence on imports. The ultimate results will severely impact the U.S. consumer and taxpayer.

It is difficult to believe these proposals or even understand why they have been made. The nation's experts in exploration, who are as important a national resource as the basic fuels themselves, have not been consulted.

Obviously, it is easy to write bills; but the details, organization, and implementation of the project is a far different matter. We, the energy finders, know the difficulties, risks, delays, and the many failures in the exploration business. Your decisions will have far-reaching consequences on this nation and all mankind. Crises decisions can produce grave errors. These proposals can cause the greatest domestic energy dilemma the nation has ever faced.

And, finally, let me answer the charge by critics that the energy crisis was not forecast and, therefore, the nation's Congressional leaders were caught unprepared. In 1952, the Paley Commission (officially, President Truman's Materials Policy Commission) published the report stating that shortages of energy and raw materials posed threats of economic crises and dangerous dependence on imports by 1975. Congress was warned!

In addition, throughout the decade of the '60s, spokesmen from industry, alerted to the growing restraints on energy development, also reiterated such warnings. But nobody listened. Furthermore, industry spokesmen rightly predicted that past performances would get no credit but instead industry would be charged with creating the crisis. The crisis produced scores of instant experts whose opinions are given greater weight than those who find the energy. Today, we are issuing warnings on decisions that can have profound effects on the energy situation. We hope these warnings are heard before it is too late.

Remember, energy is found not by the computer, magic formulas, or political decisions—it is found in the "minds of men." If the oil finders of today can practice their profession without new increasingly burdensome regulations and spurred by economic incentive, the future is not lost. You, Mr. Chairman, and other Congressional leaders can preserve or destroy the environment necessary to supply new energy supplies.

Our Association is eager and willing to advise on the important matters pertaining to the exploration for energy.

GEORGIA GENERAL ASSEMBLY PAYS TRIBUTE TO MRS. BERNICE McCULLAR, OUTSTANDING EDUCATOR

Mr. NUNN. Mr. President, recently both houses of the Georgia General Assembly passed resolutions honoring the distinguished career of one of Georgia's most outstanding educators, Mrs. Bernice McCullar.

This recognition was a fitting tribute to a life-time of dedication to the teaching profession. Her career is truly an inspiration to every teacher in this country.

Teaching, the oldest and certainly the noblest of all professions, needs more dedicated individuals like Bernice McCullar. For over 50 years she instilled a sense of purpose and direction in the lives of countless thousands of young students who came in contact with her as a teacher, a writer, and friend.

I ask unanimous consent that both resolutions from the Georgia General Assembly be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE SENATE OF THE STATE OF GEORGIA

Commending Bernice Brown McCullar; and for other purposes.

Whereas, Bernice Brown McCullar has throughout her life exemplified the qualities of an incomparable scholar, inspired teacher and devoted friend to all who know her; and

Whereas, she has used her wit, her intelligence and her unbounded energy in a continuing effort to improve the quality of life for young Georgians through public education; and

Whereas, her desire to share her love of learning and enthusiasm for knowledge found expression in numerous writings—books, newspaper and magazine articles—in lectures, tapes and records and in her everyday relationships with people; and

Whereas, Bernice McCullar's joyful excitement about education has reached thousands of people through all media communications and especially through her extraordinary personal magnetism as a teacher and communicator; and

Whereas, recognizing her years of unselfish and untiring work in education and communications, this State is proud to claim her as a native daughter; and

Whereas, her City and State have, through numerous civic and professional organizations, honored her for her contributions by naming her as Atlanta Woman of the Year, a WSB Great Georgian and an outstanding newspaper woman.

Now, therefore, be it resolved by the Senate that this Body does hereby highly commend Mrs. McCullar for her outstanding personal and professional achievements in education and communications.

Be it further resolved that the Senate expresses its deep appreciation to Mrs. McCullar for her lifelong contributions to the quality of life in her native State.

Be it further resolved that the Secretary of the Senate is hereby authorized and directed to transmit an appropriate copy of this Resolution to Bernice Brown McCullar.

A RESOLUTION

Commending Mrs. Bernice McCullar; and for other purposes.

Whereas, Mrs. Bernice McCullar has compiled a long and distinguished career as an educator in this State; and

Whereas, Mrs. McCullar presently is a history teacher within the DeKalb School System; and

Whereas, Mrs. McCullar, through her enlightened instruction, has inspired her many students to acquire a thirst for the study of history; and

Whereas, Mrs. McCullar has been an active participant in the civic life of her community and has contributed of her time and talent to many worthy causes.

Now, therefore, be it resolved by the House of Representatives that this body does hereby commend and congratulate Mrs. Bernice McCullar upon her many outstanding accomplishments and for her distinguished career as an educator of the young people of this State.

Be it further resolved that the Clerk of the House of Representatives is hereby authorized and directed to transmit an appropriate copy of this Resolution to Mrs. Bernice McCullar.

WORLD POPULATION ESTIMATES

Mr. PACKWOOD. Mr. President, for nearly 4 years, I have been placing in the CONGRESSIONAL RECORD monthly estimates of the U.S. population. During this period of time, the United States' population has grown by more than 5 million people. I should mention that this growth has occurred—and continues to occur—

while most Americans have been led to believe that our population has leveled off, and that we are no longer growing in numbers.

During this same brief 3- to 4-year period, the world's population has grown by over 260 million people, and continues to grow at the rate of 1.9 percent per year. At this rate, the population of the world will double in just 36 years. By the year 2000, the Earth will be "supporting," to one degree or another, 6,253,000,000. That is, Mr. President, 6 billion 253 million people—2 billion 286 more people than the Earth is supporting today.

The Population Reference Bureau, here in Washington, D.C., has just published updated estimates of populations of the nations of the world. To my knowledge these are the most current figures available, and I ask unanimous consent to have them printed in the RECORD.

There being no objection, the estimates were ordered to be printed in the RECORD, as follows:

1975 WORLD POPULATION DATA SHEET OF THE POPULATION REFERENCE BUREAU

Region or country [1]	Population estimate mid-1975 (millions) [2]	Birth rate [2] [3]	Death rate [2]	Rate of population growth (annual, percent) [2] [4]	Number of years to double population [5]	Population projection to 2000 (millions) [2]	Infant mortality rate [6]	Population under 15 yrs. (percent) [2]	Median age (years) [2]	Life expectancy at birth (years) [2]	Dietary energy supply (kilocalories per person per day) [7]	Per capita gross national product (US dollars) [8]
World	3,967.0	31.5	12.8	1.9	36	6,253.0	98	36	22.4	55	2,470	940
Africa	401.0	46.3	19.8	2.6	27	813.0	156	44	17.8	45	2,250	240
Northern Africa	98.0	43.3	15.2	2.7	26	192.0	126	44	17.7	52	2,240	300
Algeria	16.8	48.7	15.4	3.2	22	36.7	(128)	48	16.0	53	1,730	430
Egypt	37.5	37.8	14.0	2.4	29	64.6	103	41	19.4	52	2,500	240
Libya	2.3	45.0	14.8	3.0	23	4.7	(130)	44	17.8	53	2,570	1,830
Morocco	17.5	46.2	15.7	2.9	24	35.9	149	47	16.4	53	2,200	270
Sudan	18.3	47.8	17.5	3.0	23	39.0	(141)	45	17.2	49	2,160	120
Tunisia	5.7	40.0	13.8	2.2	32	10.9	(128)	44	17.4	54	2,250	380
Western Africa	115.0	48.7	23.0	2.6	27	238.0	178	45	17.6	41	2,220	150
Cape Verde Islands	.3	32.8	13.7	1.9	36	.4	91	44	17.7	50	----	180
Dahomey	3.1	49.9	23.0	2.7	26	5.9	(185)	45	17.3	41	2,260	110
Gambia	.5	43.3	24.1	1.9	36	.9	(165)	41	19.8	40	2,490	140
Ghana	9.9	48.8	21.9	2.7	26	21.2	156	48	16.2	44	2,320	300
Guinea	4.4	46.6	22.9	2.4	29	8.5	216	43	18.5	41	2,200	90
Guinea-Bissau	.5	40.1	25.1	1.5	46	.8	(208)	37	22.1	38	----	250
Ivory Coast	4.9	45.6	20.6	2.5	28	9.6	(164)	43	18.5	44	2,430	340
Liberia	1.7	43.6	20.7	2.3	30	3.2	159	41	19.4	44	2,170	250
Mali	5.7	50.1	25.9	2.4	29	11.3	(188)	44	18.0	38	2,060	70
Mauritania	1.3	44.8	24.9	2.0	35	2.3	189	42	19.0	38	1,970	180
Niger	4.6	52.2	25.5	2.7	26	9.6	200	46	17.2	38	2,080	90
Nigeria	62.9	49.3	22.7	2.7	26	134.9	(180)	45	17.4	41	2,270	130
Senegal	4.4	47.6	23.9	2.4	29	8.2	(159)	43	18.3	40	2,370	260
Sierra Leone	3.0	44.7	20.7	2.4	29	5.7	136	43	18.6	44	2,280	190
Togo	2.2	50.6	23.5	2.7	26	4.6	(179)	46	17.2	41	2,330	160
Upper Volta	6.0	48.5	25.8	2.3	30	11.0	182	43	18.3	38	1,710	70
Eastern Africa	114.0	48.1	20.7	2.7	26	240.0	160	45	17.5	44	2,240	160
Burundi	3.8	48.0	24.7	2.3	30	7.3	150	44	18.4	39	2,040	70
Comoro Islands	.3	46.6	21.7	2.5	28	.5	(160)	43	18.4	42	----	140
Ethiopia	28.0	49.4	25.8	2.4	29	53.7	(181)	44	18.2	38	2,160	80
Kenya	13.3	48.7	16.0	3.3	21	31.0	(135)	46	16.7	50	2,360	170
Malagasy Republic	8.0	50.2	21.1	2.9	24	17.8	(170)	45	17.3	44	2,530	140
Malawi	4.9	47.7	23.7	2.4	29	9.5	148	45	17.5	41	2,210	100
Mauritius	.9	24.4	6.8	1.8	38	1.3	65	37	20.5	66	2,360	300
Mozambique	9.2	43.1	20.1	2.3	30	17.6	(165)	43	18.8	44	2,050	300
Reunion	.5	31.2	8.5	2.3	30	.7	----	43	18.6	63	----	950
Rhodesia	6.3	47.9	14.4	3.4	20	15.1	122	48	16.1	52	1,660	340
Rwanda	4.2	50.0	23.6	2.6	27	8.7	133	44	17.8	41	2,960	60
Somalia	3.2	47.2	21.7	2.6	27	6.5	(177)	45	17.2	41	1,830	80
Tanzania	15.4	50.2	20.1	3.0	23	34.0	162	47	16.6	44	2,260	120
Uganda	11.4	45.2	15.9	2.9	24	24.2	160	44	17.7	50	2,130	150
Zambia	5.0	51.5	20.5	3.1	22	11.6	(157)	48	16.2	44	2,590	380
Middle Africa	45.0	44.4	21.7	2.3	30	88.0	165	43	18.6	42	2,120	170
Angola	6.4	47.3	24.5	2.3	30	12.5	(203)	42	18.8	38	2,000	390
Cameroon	6.4	40.4	22.0	1.8	38	11.6	537	40	19.6	41	2,410	200
Central African Republic	1.8	43.4	22.5	2.1	33	3.4	190	42	19.0	41	2,200	160
Chad	4.0	44.0	24.0	2.0	35	6.9	160	40	19.4	38	2,110	80
Congo (People's Rep. of)	1.3	45.1	20.8	2.4	29	2.7	180	42	18.8	44	2,260	290
Equatorial Guinea	.3	36.8	19.7	1.7	41	.5	(165)	37	23.3	44	----	240
Gabon	.5	32.2	22.2	1.0	69	.7	229	36	29.8	41	2,220	880
Zaire	24.5	45.2	20.5	2.5	28	49.4	(160)	44	17.8	44	2,060	100
Southern Africa	28.0	43.0	16.2	2.7	26	56.0	121	41	19.1	51	2,720	790
Botswana	.7	45.6	23.0	2.3	30	1.4	(97)	46	16.7	44	2,040	240
Lesotho	1.1	39.0	19.7	1.9	36	2.0	181	38	21.1	46	----	90
Namibia	.7	45.5	23.2	2.2	32	1.3	(177)	41	19.7	41	2,740	850
South Africa	24.7	42.9	15.5	2.7	26	50.0	(117)	41	19.2	52		
Swaziland	.5	49.0	21.8	2.7	26	.9	(149)	46	16.7	44	----	260
Asia	2,255.0	34.9	13.6	2.1	33	3,636.0	102	38	20.8	54	2,160	270
Southwest Asia	88.0	42.8	14.3	2.8	25	174.0	112	43	18.4	54	2,760	510
Bahrain	.3	49.6	18.7	3.1	22	.5	(138)	(45)	----	47	----	640
Cyprus	.7	22.2	6.8	1.2	58	.8	33	30	25.3	71	2,670	1,180
Gaza	.6	49.6	18.7	3.4	20	1.3	----	(50)	----	----	----	----
Iraq	11.1	48.1	14.6	3.4	20	24.4	(99)	47	16.6	53	2,160	370
Israel	3.4	26.5	6.7	2.9	24	5.6	21	33	24.2	71	2,960	2,610
Jordan	2.7	47.6	14.7	3.3	21	5.9	(99)	46	16.8	53	2,430	270
Kuwait	1.1	47.1	5.3	7.1	10	3.2	44	47	16.6	67	----	4,090
Lebanon	2.9	39.8	9.9	3.0	23	6.1	(59)	43	18.1	63	2,280	700
Oman	.8	49.6	18.7	3.1	22	1.6	(138)	(45)	----	(47)	----	530
Qatar	.1	49.6	18.7	3.1	22	.2	(138)	(45)	----	(47)	----	2,590
Saudi Arabia	9.0	49.5	20.2	2.9	24	18.6	(152)	45	17.6	45	2,270	520
Syria	7.3	45.4	15.4	3.0	23	15.8	(93)	45	17.2	54	2,650	310
Turkey	39.9	39.4	12.5	2.5	28	72.6	(119)	42	19.0	57	3,250	370
United Arab Emirates	.2	49.6	18.7	3.1	22	.5	(138)	(45)	----	(47)	----	3,220
Yemen Arab Republic	6.7	49.6	20.6	2.9	24	13.8	(152)	45	17.6	45	2,040	90
Yemen, People's Republic of	1.7	49.6	20.6	2.9	24	3.4	(152)	45	17.6	45	2,070	120

Footnotes at end of table.

1975 WORLD POPULATION DATA SHEET OF THE POPULATION REFERENCE BUREAU—Continued

Region or country [1]	Population estimate mid-1975 (millions) [2]	Birth rate [2,3]	Death rate [2]	Rate of population growth (annual, percent) [2,4]	Number of years to double population [5]	Population projection to 2000 (millions) [2]	Infant mortality rate [6]	Population under 15 yrs. (percent) [2]	Median age (years) [2]	Life expectancy at birth (years) [2]	Dietary energy supply (kilocalories per person per day) [7]	Per capita gross national product (US dollars) [8]
Middle South Asia	838.0	41.7	17.0	2.4	29	1,501.0	138	43	18.3	48	2,070	120
Afghanistan	19.3	49.2	23.8	2.5	28	36.7	(182)	44	17.9	40	1,970	80
Bangladesh	73.7	49.5	28.1	1.7	41	144.3	(132)	46	16.7	36	1,840	70
Bhutan	1.2	43.6	20.5	2.3	30	2.1		42	18.9	44		80
India	613.2	39.9	15.7	2.4	29	1,059.4	139	42	18.8	50	2,070	110
Iran	32.9	45.3	15.6	3.0	23	66.6	(139)	46	17.0	51	2,300	490
Maldive Islands	.1	(46.0)	(23.0)	2.0	35	.2		(44)				90
Nepal	12.6	42.9	20.3	2.2	32	23.2	(169)	42	18.8	44	2,080	80
Pakistan	70.6	47.4	16.5	3.1	22	146.9	(132)	46	16.6	50	2,160	130
Sikkim	.2	(48.0)	(29.0)	2.0	35	.4	208	(40)				80
Sri Lanka	14.0	28.6	6.4	2.2	32	21.3	45	39	19.9	68	2,170	110
Southeast Asia	324.0	42.4	15.4	2.7	26	592.0	106	44	18.0	51	2,070	150
Burma	31.2	39.5	15.8	2.4	29	54.9	(126)	41	19.6	50	2,210	90
Indonesia	136.0	42.9	16.9	2.6	27	237.5	125	44	18.0	48	1,790	90
Khmer Republic	8.1	46.7	19.0	2.8	25	15.8	127	45	17.2	45	2,430	120
Laos	3.3	44.6	22.8	2.2	32	5.7	(123)	42	18.9	40	2,110	130
Malaysia	12.1	38.7	9.9	2.9	24	22.1	(75)	44	17.7	59	2,460	430
Philippines	44.4	43.8	10.5	3.3	21	89.7	(78)	46	17.0	58	1,940	220
Portuguese Timor	.7	44.3	23.0	2.1	33	1.1	(184)	42	18.9	40		110
Singapore	2.2	21.2	5.2	1.6	43	3.1	20	33	22.1	70		1,300
Thailand	42.1	43.4	10.8	3.3	21	85.6	(65)	46	16.9	58	2,560	220
Vietnam (Dem. Republic of)	23.8	41.4	17.9	2.4	29	43.1		41	19.1	48	2,350	100
Vietnam (Republic of)	19.7	41.7	23.6	1.8	38	32.7		41	19.3	40	2,230	170
East Asia [9]	1,006.0	26.2	9.8	1.6	43	1,369.0	50	33	24.0	62	2,220	420
China (People's Republic of)	822.8	26.9	10.3	1.7	41	1,126.2	(55)	33	23.5	62	2,170	160
Hong Kong	4.2	19.4	5.5	1.4	50	5.6	17	32	23.2	70		980
Japan	111.1	19.2	6.6	1.3	53	132.9	12	24	30.4	73	2,510	2,320
Korea (Dem. People's Republic of)	15.9	35.7	9.4	2.6	27	27.5		42	18.6	61	2,240	310
Korea (Republic of)	33.9	28.7	8.8	2.0	35	52.0	(60)	37	20.4	61	2,520	310
Macau	.3	(31.0)	(8.0)	1.7	41	.4	(78)	(38)		(58)		150
Mongolia	1.4	38.8	9.4	3.0	23	2.7		44	18.1	61	2,380	380
Taiwan (Republic of China)	16.0	(24.0)	(5.0)	1.9	36	21.8	(28)	(39)		(69)		490
North America	237.0	16.5	9.3	0.9	77	296.0	18	25	28.5	71	3,320	5,480
Canada	22.8	18.6	7.7	1.3	53	31.6	17	27	27.2	72	3,180	4,440
United States [10]	213.9	16.2	9.4	0.9	77	264.4	18	25	28.6	71	3,330	5,590
Latin America	324.0	36.9	9.2	2.7	26	620.0	79	42	18.8	61	2,530	650
Middle America	79.0	42.2	9.4	3.2	22	173.0	66	46	17.0	62	2,490	670
Costa Rica	2.0	33.4	5.9	2.8	25	3.7	54	42	18.2	68	2,610	630
El Salvador	4.1	42.2	11.1	3.1	22	8.8	58	46	16.6	58	1,930	340
Guatemala	6.1	42.8	13.7	2.9	24	12.4	79	44	17.6	53	2,130	420
Honduras	3.0	49.3	14.6	3.5	20	6.9	(115)	47	16.6	54	2,140	320
Mexico	59.2	42.0	8.6	3.2	22	132.2	61	46	16.9	63	2,580	740
Nicaragua	2.3	48.3	13.9	3.3	21	5.2	(123)	48	15.7	53	2,450	470
Panama	1.7	36.2	7.2	2.8	25	3.2	(47)	43	18.4	66	2,580	880
Caribbean	27.0	32.8	9.2	1.9	36	45.0	69	41	19.4	63	2,320	680
Bahamas	.2	23.8	5.7	2.8	25	.3	33	(44)				2,400
Barbados	.2	21.6	8.9	0.5	139	.3	31	34	22.3	69		930
Cuba	9.5	29.1	6.6	2.0	35	15.3	25	38	22.0	70	2,700	510
Dominican Republic	5.1	45.8	11.0	3.3	21	11.8	(98)	48	15.9	58	2,120	470
Granada	.1	27.9	7.8	0.4	173	.1	34	(47)		(69)		330
Guadeloupe	.4	29.3	6.4	1.6	43	.5	(46)	40	19.1	69		840
Haiti	4.6	35.8	16.5	1.4	50	7.0	(150)	40	19.3	50	1,730	130
Jamaica	2.0	33.2	7.1	1.5	46	2.7	26	46	16.7	70	2,360	810
Martinque	.4	29.7	6.7	1.4	50	.5	32	41	19.0	69		970
Netherlands Antilles	.2	19.7	4.7	1.7	41	.4	(25)	(38)		(74)		1,440
Puerto Rico	2.9	22.6	6.8	1.1	63	3.7	27	34	22.6	72		2,050
Trinidad and Tobago	1.0	25.3	5.9	1.1	63	1.3	(35)	39	19.6	70	2,380	970
Tropical South America	180.0	38.3	9.2	2.9	24	351.0	90	43	18.2	60	2,470	530
Bolivia	5.4	43.7	18.0	2.5	28	10.3	(108)	43	18.4	47	1,900	200
Brazil	109.7	37.1	8.8	2.8	25	212.5	(94)	42	18.8	61	2,620	530
Colombia	25.9	40.6	8.8	3.2	22	51.5	(76)	46	16.9	61	2,200	400
Ecuador	7.1	41.8	9.5	3.2	22	14.8	78	46	16.8	60	2,010	360
Guyana	.8	32.4	5.9	2.2	32	1.3	40	44	17.5	68	2,390	400
Paraguay	2.6	39.8	8.9	2.8	25	5.3	(84)	45	17.2	62	2,740	320
Peru	15.3	41.0	11.9	2.9	24	30.6	(110)	44	17.8	56	2,320	520
Surinam	.4	41.6	7.5	2.6	27	.9	30	50	15.1	66	2,450	810
Venezuela	12.2	36.1	7.1	2.9	24	23.6	50	44	17.4	65	2,430	1,240
Temperate South America	39.0	23.3	8.9	1.4	50	52.0	62	30	26.2	66	2,940	1,120
Argentina	25.4	21.8	8.8	1.3	53	32.9	60	28	27.9	68	3,060	1,290
Chile	10.3	27.9	9.2	1.8	38	15.4	71	36	21.9	63	2,670	800
Uruguay	3.1	20.4	9.3	1.0	69	3.9	40	28	29.1	70	2,880	760
Europe	473.0	16.1	10.4	.6	116	540.0	24	24	32.4	71	3,150	2,380
Northern Europe	82.0	15.8	11.2	.4	173	91.0	16	24	33.1	72	3,140	2,870
Denmark	5.0	14.0	10.1	.4	173	5.4	14	22	33.2	74	3,240	3,670
Finland	4.7	13.2	9.3	.2	347	4.7	10	22	31.0	70	3,050	2,810
Iceland	.2	19.3	7.7	1.2	58	.3	12	29	25.7	74		2,800
Ireland	3.1	22.1	10.4	1.2	58	4.0	18	30	26.5	72	3,410	1,580
Norway	4.0	16.7	10.1	.7	99	4.5	13	24	32.4	74	2,960	3,340
Sweden	8.3	14.2	10.5	.6	116	9.4	10	21	35.0	73	2,810	4,480
United Kingdom	56.4	16.1	11.7	.3	231	62.8	18	24	33.3	72	3,190	2,600

Region or country [1]	Population estimate mid-1975 (millions) [2]	Birth rate [2,3]	Death rate [2]	Rate of population growth (annual, percent) [2,4]	Number of years to double population [5]	Population projection to 2000 (millions) [2]	Infant mortality rate [6]	Population under 15 yrs. (percent) [2]	Median age (years) [2]	Life expectancy at birth (years) [2]	Dietary energy supply (kilocalories per person per day) [7]	Per capita gross national product (US dollars) [8]
Western Europe	153.0	14.6	11.1	.6	116	171.0	18	23	33.5	72	3,230	3,380
Austria	7.5	14.7	12.2	.2	347	8.1	24	24	33.9	71	3,310	2,410
Belgium	9.8	14.8	11.2	.4	173	10.8	17	23	34.3	73	3,380	3,210
France	52.9	17.0	10.6	.9	77	62.1	16	24	31.6	73	3,210	3,620
Germany (Federal Republic of)	61.9	12.0	21.1	.3	231	66.2	20	22	35.5	71	3,220	3,390
Luxembourg	.3	13.5	11.7	.2	347	.4	16	21	36.0	71	3,380	3,190
Netherlands	13.6	16.8	8.7	.8	87	16.0	12	26	29.4	74	3,320	2,840
Switzerland	6.5	14.7	10.0	.8	87	7.4	13	23	32.9	72	3,190	3,940
Eastern Europe	106.0	16.6	10.2	0.6	116	122.0	29	23	31.6	70	3,240	1,410
Bulgaria	8.8	16.2	9.2	0.7	99	10.0	26	22	33.7	72	3,290	820
Czechoslovakia	14.8	17.0	11.2	0.6	116	16.8	21	23	31.9	69	3,180	2,120
Germany (Democratic, Republic of)	17.2	13.9	12.4	0.2	347	18.2	18	22	35.3	73	3,290	2,190
Hungary	10.5	15.3	11.5	0.4	173	11.1	34	20	34.4	70	3,280	1,200
Poland	33.8	16.8	8.6	0.8	87	39.8	28	24	28.8	70	3,280	1,350
Romania	21.2	19.3	10.3	0.9	77	25.8	40	25	30.8	67	3,140	740
Southern Europe	132.0	17.7	9.2	0.7	99	156.0	29	26	31.4	71	2,990	1,440
Albania	2.5	33.4	6.5	2.7	26	4.3	87	41	19.2	69	2,390	480
Greece	8.9	15.4	9.4	0.3	231	9.6	27	23	34.5	72	3,190	1,460
Italy	55.0	16.0	9.8	0.5	139	60.9	26	24	33.4	72	3,180	1,960
Malta	0.3	17.5	9.0	0.2	347	.3	24	25	28.2	71	2,820	950
Portugal	8.8	18.4	10.1	0.3	231	9.9	44	27	30.0	68	2,900	780
Spain	35.4	19.5	8.3	1.0	69	44.9	15	27	30.3	72	2,600	1,210
Yugoslavia	21.3	18.2	9.2	0.9	77	25.7	43	26	29.0	68	3,190	810
USSR	255.0	17.8	7.9	1.0	69	315.0	26	36	22.3	70	3,280	1,400
Oceania	21.0	24.8	9.3	2.0	35	33.0	50	31	25.4	66	3,270	2,480
Australia	13.0	21.0	8.1	1.9	36	20.2	17	28	27.6	72	3,280	2,980
Fiji	.6	25.0	4.3	2.1	33	.8	26	38	19.8	70	----------	500
New Zealand	3.0	22.3	8.3	1.4	50	4.3	16	30	25.9	72	3,200	2,560
Papua-New Guinea	2.7	40.6	17.5	2.4	29	5.0	(159)	46	18.9	48	----------	290

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[1] The data sheet lists all UN members and all geopolitical entities with a population larger than 200,000.

[2] Unpublished materials from the Population Division of the UN. These data are from the recently completed medium variant set of projections and are to be published in a series of working papers under the general title "World Population Prospects, 1970–2000, As Assessed in 1973." Birth and death rates, annual rate of population growth, and life expectancy at birth refer to the average of the 1970–75 period; the percentage of the population under 15 years and median age refer to mid-1975.

[3] Presumably because of recent fertility declines, current birth rates for many countries, and especially those for Canada, the United States, Finland, Norway, the United Kingdom, Austria, Belgium, the 2 Germanies, Luxembourg, the Netherlands, Switzerland, Australia, and New Zealand, are appreciably lower than those given here for the average of the 1970–75 period.

[4] Differences between the values in this column and those for natural increase represent the assumptions made by the UN regarding net immigration or net emigration for the 1970–75 period. The countries assumed to have the highest rates of net immigration are Kuwait, Israel, Australia, the Federal Republic of Germany, and Switzerland. Those assumed to have the highest rates of net emigration are Puerto Rico, Jamaica, Martinique, Trinidad and Tobago, and Surinam.

[5] Assuming no change in the growth rate.

[6] Latest available year as given in UN, "Population and Vital Statistics Report", series A, vol. 26, No. 4, 1974. Because of deficient registration in some countries, rates estimated by the UN were used where the registered rates were unrealistically low.

UN World Food Conference, "Assessment of the World Food Situation Present and Future," Rome, Italy, Nov. 5–16, 1974.

[8] International Bank for Reconstruction and Development, 1971 or 1972 data.

[9] The United Nations does not show figures for Taiwan. These figures were separately estimated. The population of Taiwan was assumed to increase during the next 25 years at the same rates as for the People's Republic of China. The infant mortality rate was estimated by the International Statistical Programs Center of the U.S. Bureau of the Census and will appear in its forthcoming publication "World Population: 1974—Recent Demographic Estimates for the Countries and Regions of the World."

[10] UN figures are the same as those given for the series E projection in the U.S. Bureau of the Census, Projections of the Population of the United States, by Age and Sex: 1972 to 2020, "Current Population Reports," series P-25, No. 493, December 1972.

GENERAL NOTES

World Population Data Sheets of various years should not be used as a time series. Because every attempt is made to use the most accurate information, data sources vary and radical changes in numbers and rates from year to year may reflect improved source material, revised data, or a later base year for computation, rather than yearly changes. The only exception to this general caution is that population totals for mid-1975 along with those for mid-1974 presented in the supplement to this Data Sheet may be used as a time series.

Birth and death rates: Annual number of births or deaths per 1,000 population.

Population growth rate: Annual rate of natural increase (birth rate minus the death rate in a given year) combined with the plus or minus factor of net immigration or net emigration.

Infant mortality rate: Annual number of deaths to infants under one year of age per 1,000 live births.

Median age: That age which divides the population into two equal-size groups, one of which is older and the other which is younger than the median.

Figures in parentheses are from U.S. Bureau of the Census, World Population: 1973—Recent Demographic Estimates for the Countries and Regions of the World, May 1974. The figures from this source generally were presented here if no equivalent figures are available from the UN or its publications.

Figures for the regions and the world: Population totals take into account small areas not listed on the Data Sheet. Totals may also not equal the sums of their parts because of independent rounding. Infant mortality, dietary energy supply, and per capita gross national product are weighted averages of the figures shown.

Dashes indicate data are unavailable.

Except as noted, this Data Sheet is based primarily on unpublished United Nations (UN) figures. While expressing its deep gratitude to the UN's Population Division for these data, the PRB assumes all responsibility for the accuracy of the figures given in the Data Sheet.

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The Population Reference Bureau gathers, interprets, and publishes information about population trends and their economic, environmental, and social effects. Founded in 1929, it is a private, nonprofit educational organization that is supported by foundation grants, individual and corporate contributions, memberships, and subscriptions. It consults with other groups in the United States and abroad and operates an information service, a library, and an international program.

U.N. ASSISTANCE IN SOUTHEAST ASIA NEEDED

Mr. SPARKMAN. Mr. President, on March 24, I sent a letter to President Ford which noted that the heart-rending human tragedy unfolding in Southeast Asia had found upwards of 2 million Cambodians and Vietnamese homeless and hungry. I stated my belief that the United States should seek to reconvene the International Conference on Vietnam and that I thought the time had passed when U.S. citizens should return to the area in the large numbers needed to carry out massive relief efforts. I wrote that this was a job for the United Nations.

In the 2 intervening weeks the situation has become even more serious. We see spread out before us in each morning's paper pictures and stories of death and depressing degeneracy. As we sit down to supper, the network news provides us with an appalling full color panorama of human deprivation.

I have heard considerable speculation recently about whether we have a military obligation to Cambodia and South Vietnam. That is a topic which may or may not be moot in the next few days or weeks.

I personally feel strongly that we do have an overriding obligation to ease the suffering that is cascading down the highways of South Vietnam and across the lush landscape of Cambodia.

But, Mr. President, we cannot do this on a unilateral or bilateral basis. It must be done through the United Nations or some other multilateral organization. For, it is only in this manner that we will be able to assist those hundreds of thousands of innocent babies, youngsters, women, and men who are displaced, depressed, and desperate.

I am sure that arrangements can be made with the appropriate agency or agencies to see that the assistance we provide can be directed to the people who need it most.

That means that we will be providing humanitarian assistance, food, clothing, medicines, and shelter to a great many people who are now in areas controlled by governing bodies with whom we have no formal diplomatic relations. Yet, I think the American public overwhelmingly feels that we must help these people.

On March 26, I introduced a bill for Senator KENNEDY which would provide an additional $100 million for humanitarian assistance for South Vietnam and Cambodia for the fiscal year 1975. Such assistance would be provided under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions and private voluntary agencies. This bill was referred to the Committee on Foreign Relations.

I will endeavor to speed action upon the bill so that this body will have an opportunity to consider the situation as soon as possible.

I ask unanimous consent to have the March 24 letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
March 24, 1975.

DEAR MR. PRESIDENT: The heart-rending human tragedy presently unfolding in Southeast Asia in which upwards of two million Cambodians and Vietnamese are homeless and hungry has reached the stage where, I believe, the United States should seek to reconvene the International Conference on Vietnam which ratified the 1973 cease-fire agreement.

As you know, each of the twelve countries which signed the conference agreement has a responsibility to consult with the other parties whenever a violation of the agreement threatens the peace. The conference can be reconvened either by a joint request from the United States and North Vietnam, which I suspect is not likely, or on the request of six or more of the signatories. Since the cease-fire agreement has never been implemented by either side, I think it is time that we sat down and talked with the Russians and Chinese, in particular, about the situation.

In the meantime, an attempt must be made to ease the pain and suffering of the huge number of refugees displaced during the past few weeks. The United States, in one way or another, has been a major contributor to the wrenching dislocation of their lives. We have an obligation to them.

While the traditional American attitude has been to send money and material, provisions and personnel, I think that the time has passed when the people of the United States or the people of Cambodia or Vietnam would think it appropriate for U.S. citizens to return to the area in the large numbers that may be needed to carry out massive relief efforts.

As was true in the case of Bangladesh relief, it is proper—in fact, eminently logical—for the United Nations to mount a major relief program.

It is my hope that the Department of State is intending to seek such an effort, in which the United States would assist. I am sure that the overwhelming majority of Congress and the American people will support this humanitarian move.

Sincerely,

JOHN SPARKMAN,
Chairman.

THE ENERGY SITUATION AND THE AGRICULTURAL INDUSTRY

Mr. BARTLETT. Mr. President, I recently received a letter from one of my constituents, Mr. James H. Holden, of Oklahoma City, Okla.

Mr. Holden's views, in my opinion, are very consistent with what Oklahomans are thinking regarding the energy situation and the agricultural industry.

I ask unanimous consent that Mr. Holden's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 25, 1975.

Hon. DEWEY BARTLETT,
U.S. Senate,
Washington, D.C.

DEAR SIR: While much of what I have to say you probably already know, there are a number of key issues presently under debate which, in my opinion, will importantly influence the economic future of Oklahoma and on which I would like to make my views known to you.

As you can determine from my letterhead, I am an investment advisor by profession. Additionally, I am active in farming and mineral royalties, and consequently my perspective on these matters is neither academic nor without an element of self-interest.

During the past year or so we have seen our basic industries—energy and agriculture—come under increasing criticism. The health of these industries is vital to all of us, and because they share the problem of having to operate in a highly regulated environment the importance of constructive legislation and regulatory policies is essential if these industries are to remain healthy and viable in the future.

Only a short time ago the cattle industry came under criticism for excessive profits, which was followed shortly by the oil price issue, including the question of natural gas pricing. In reflecting on what took place it appears that much of the criticism in each of these issues was consumer oriented and that in large measure the resulting policies have consistently favored the consumer as opposed to the producer, which is generally understood to be politically expedient but not always the most desirable long-term policy to follow.

There is no question that Oklahoma has paid dearly by reason of the fact that much of its natural resources have been and are continuing to be exported at below market prices. Old oil and natural gas are being consumed elsewhere, Oklohomans are paying full retail for end products but receiving an arbitrarily depressed price for these essential resources. Quite frankly I fail to grasp the logic behind such a system. In particular I fail to understand why it serves our national interest when the choice really boils down to whether foreign entities are to receive the premium price or whether our own mineral owners should receive the premium. With respect to the problem of recycling the money, if our mineral owners were paid full market price then this problem would automatically take care of itself, and the increased revenue would additionally raise tax receipts at both the federal and state level. Most importantly, however, the multiplier effect of having this money recycled internally, would do much to ease the present recessionary problems which are having to be dealt with through deficit financing.

Even if deregulation of old oil is regarded as a completely impossible situation, the need to decontrol interstate natural gas is so obvious that it is impossible for me to understand how continued procrastination can be justified. Extensive studies of this industry have been taking place for well over a year now and certainly additional study can hardly be expected to uncover some magic solution or alter the fact that the root problem stems from regulatory policies which specifically discourage exploration for new reserves.

That past regulation has been lacking in foresight is plain to everyone, and from what I understand it now appears that decontrol of interstate prices may be possible if it also provides for end use allocation among all states. While I believe that decontrol of new and deep reserves is a more desirable step, I certainly hope that if end use allocation is approved it will contain a provision exempting those states that restrict development of their reserves in any way whatever.

It is a very unpleasant experience to observe first hand the financial problems which many of our local farmers presently experience. These are honest, frugal and hard working people, but because of regulatory policies they have been forced over time to alter farming practices and to increase their dependency in certain areas which has resulted presently in a situation where concentration of forces is making the farmer the victim of the same policies which he opposed for years.

In the wheat situation, for example, many of our farmers are faced with a situation where acreage that had been in cotton and other crops is now being diverted to wheat because of program changes, the cattle market has been absolutely destroyed, and all of this has occurred at a time when fertilizer and other costs have risen dramatically. I do not propose that there is an easy solution to these problems, but I do propose that it would be refreshing to witness an approach to the problem that sincerely dealt with the need for having a viable and otherwise profitable farming industry. Certainly, given the present situation, the choice is between higher product prices on the one hand or another bad year for the farmers on the other, and whereas the first situation might be more palatable to consumers in the short run, policies that force farmers out of business are destructive no matter how they are viewed.

Economic health is obviously the basic key to industry viability and in this regard it has been a long time since any of us read a positive word about profits. Much deliberation has been conducted on excessive profits, consumer gouging and similar matters which, while they may take place on a limited basis, the plain fact of the matter is that most industries and people are honest and competitive. In my opinion the critical issue is the relationship that exists between government and business. If the relationship is hostile then everyone will respond in a way that best protects their interest, but if the relationship is sincere and well designed then the response will run parallel. In short, therefore, the relationship pattern is established in Washington, and if policies are unreasonable and slanted toward political blocks then one can hardly criticise producers for unreasonable actions when their basic livelihood is threatened. The general attitude toward these industries, and in particular the energy industry, is unquestionably hostile and will remain so until leadership sets the record clear. Moreover, if given the choice it is my opinion that most people would prefer to pay higher prices if they were confident that the incremental profit was being re-employed with an eye to solving the production problems, rather than the alternative which is higher prices resulting from having to pay foreign producers and then having to turn around and finance government deficits through inflation.

On the question of depletion, it seems to me that eliminating the depletion allowance will have an identical effect to that produced by the natural gas decision some years back. At this critical point in time it will very severely-damage our independent operators, whose sources of capital are largely high income bracket investors. The large companies will be able to survive because they have the staying power, but our independents lack this key ingredient and will be driven from the market place, just the same as the natural gas producers have been driven out of business as a result of uneconomic regulation.

Quite obviously my opinions, as expressed, may not be shared by other Oklahomans and most likely are not shared by many people in the consuming states, but on the other hand neither are they offered with the idea in mind that I wish to profiit expressly at the expense of others. All of us should be keenly interested in seeing that our basic industries are viable and that they remain so in the future. This is as true for the automobile and other industries as it is for farming and energy. My principal concern, as previously stated, is that so little is said that represents a true understanding of the basic economic realities of these industries but I wonder if it is possible to make decisions intelligently. There are two sides to every coin, and compromise is the basis of our form of government, but these represent a completely different situation from the one-sided attacks which dominate the news media and other reports which shape public opinion.

I sincerely appreciate the opportunity to express my opinions and I hope that you will see fit to share them with others as you undertake the job of formulating the policies which will govern the future of these industries.

Sincerely yours,

James H. Holden.

KEN JAMES

Mr. **HRUSKA**. Mr. President, my home city of Omaha was saddened recently by the death of one of its better known and most influential citizens—Kenneth H. James.

Mr. James was president of the Channel 7 Corp. and general manager of television station KETV in Omaha. A native of Table Rock, Nebr., Mr. James began his distinguished broadcasting career while attending high school in Columbus, Nebr. He held several radio and television positions in Omaha and other Midwest cities before joining KETV in 1959.

He was very active in community affairs and was a member of the Nebraska Bicentennial Commission Board. Hard work and dedication were attributes that served Mr. James well.

The Omaha World-Herald in an editorial on March 23, 1975, characterized Mr. James in this manner:

> Ken was a hard worker who exuded enthusiasm and who threw himself into every task he ever tackled. Not only was he successful and memorable as an announcer in his early years, but he proved himself an able and innovative broadcast executive who was highly regarded in the national councils of his industry as well as on the local scene.

Omaha and the State of Nebraska will miss the fine contributions of Mr. James. His voice has been stilled, but his memory will live on.

Mr. President, I ask unanimous consent that the World-Herald editorial "Kenneth H. James," be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Omaha World-Herald, Mar. 23, 1975]

Kenneth H. James

Ken James, who died of lung cancer last Friday at age 50, was a big man with a booming voice and a heart to match.

For a quarter-century, he was a major force on the local broadcasting scene. For the past 16 years, he was associated with KETV, moving from program director to vice-president and general manager and, in 1973, to president and chief operation officer of the Herald Corp. Last year the company's name was changed to the Channel 7 Corp.

Ken was a hard worker who exuded enthusiasm and who threw himself into every task he ever tackled. Not only was he successful and memorable as an announcer in his early years, but he proved himself an able and innovative broadcast executive who was highly regarded in the national councils of his industry as well as on the local scene.

His decisions were not universally popular, but he was a man of integrity who stuck by what he believed and who sought to keep standards of programming high.

He was a busy man who found time for a wide range of church and civic activities. He was a warm-hearted man and a good friend. We offer his family our deep sympathy,

ILLEGAL ALIENS NOT EXCLUSIVELY A BORDER PROBLEM: THEY ARE EVERYWHERE IN THE UNITED STATES

Mr. HRUSKA. Mr. President, the illegal alien problem is evident everywhere in the United States. Contrary to widely held notions, it is not a phenomenon of the States, nearest the Mexican border; nor even only of the vineyards, truck gardens, and orchards of the Gulf States or the Pacific coast.

The problem is felt emphatically in all areas of the contiguous States. This is brought into clear focus in an excellently written, front page, March 30 story by Omaha World-Herald reporter David Tishendorf.

In the story headlined, "Tide of Illegal Aliens Lapping at Midlands,' Mr. Tishendorf points out that:

> These are a different kind of immigrant worker. They bring more than just a strong back and a willingness to work. Many are skilled and educated. They often hold good-paying jobs at the expense of a citizen or legally admitted alien. . . ."

The problem is of two kinds:

The billions of dollars earned here and sent out of the country by illegal aliens. If this could be halted, it would make a substantial reduction in the deficit balance of payments.

The large sums which are appropriated and expended to enforce the law by apprehending the illegal entrants and deporting them. This cost is estimated to be approximately $110 million per year. These funds are not only for border patrol, but also for investigation, apprehension and deportation activities throughout the country.

Leonard Chapman, head of the U.S. Immigration and Naturalization Service, estimates there are some 8 million of these illegal aliens in the entire country.

The World-Herald reports that regional officials for Nebraska and Iowa estimate as many as 6,000 to 8,000 illegal aliens reside in those two States alone.

What a lift to our unemployment problems if these people were not here; a place where they are not entitled to be.

CORE OF PROBLEM

Employment—and at pay dramatically higher than any in their native country—is the attraction for illegal aliens.

Overpopulation in their homeland and economic stagnation there make their plight desperate, indeed. But the plight of the unemployed American citizen and legal alien also is desperate. A further burden is the loss of tax revenue by the States and Federal Government and the unemployment benefits that must be paid to those who cannot get jobs because illegal aliens hold them. It is reported that some illegal aliens are receiving unemployment benefits, which is certainly contrary to commonsense.

REMEDY

A pending bill in the Congress, H.R. 982, proposes to make it illegal for employers to hire aliens not entitled to be in this country. This law would be very effective if properly drawn and administered.

The burden would be placed on the employer to determine whether each employee is a legal alien and, therefore, is permitted to work. The bill is very simple in principle and in reality and very much more effective than the laws we have today.

Without availability of employment the incentive to come and stay in this country would be eliminated. In fact, it would not be possible for illegal aliens to sustain themselves here without employment.

Is this too great a burden to place on the employer in the United States? It should not be considered so. But the answer is clear and firm when one considers the alternative: No other effective solution.

The present situation is extravagantly expensive and ineffective. Steps must be taken to:

End unemployment among those citizens and legal aliens who are entitled to jobs;

Eliminate the added unemployment benefits being paid out;

Stop the vast sums of money earned in the United States from being shipped out of the country; and

Halt the staggering law-enforcement costs at the border and throughout the United States related to illegal alien activities.

In the 93d Congress, the House approved a bill along these described lines, and late in the session, it was received in the Senate, but no action was taken.

Mr. President, it may be that the House should take the initiative and act first on this measure. But the Senate should be taking action to: first, take prompt action on any measure passed in the House and transmitted to the Senate, or second, submit a bill of its own for proper committee consideration and after approval in the Senate transmit to the House, if no similar measure is being considered there.

In a letter today to the chairman of the Judiciary Committee. I am again urging that action to be undertaken accordingly. I have expressed the hope that it will be.

Mr. President, I ask unanimous consent that the World-Herald article, "Tide of Illegal Aliens Lapping at Midlands," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Omaha World-Herald, Mar. 30, 1975]

TIDE OF ILLEGAL ALIENS LAPPING AT MIDLANDS—6,000 MAY RESIDE IN NEBRASKA, IOWA

(By David Tishendorf)

Officials call it "one of the greatest mass migrations in history," a human torrent so vast that it is "totally out of control."

"People by the millions," said Leonard F. Chapman, head of U.S. Immigration and Naturalization Service (INS), "are flocking from the less-developed agrarian nations to the industrialized countries of the world in search of employment.

"Nowhere is this more pronounced than here in the United States."

Chapman estimates there are about eight million illegal aliens in the United States, and that they continue to arrive at an annual rate "in the millions."

About 90 per cent of the illegal aliens come from Mexico, others come from Central and South America, the Caribbean Islands and Asia.

A DIFFERENT KIND

Last year, Chapman said, the INS apprehended and sent back to their native countries nearly 800,000 such aliens, a number equal to the population of San Francisco. Even so, he said, the INS picked up "probably no more than one out of three or four who entered the country illegally."

Many illegal aliens simply walk across the unguarded U.S.-Mexican border. Others enter legally as visitors, then disappear and don't return. Frequently they pay smugglers to bring them into the country.

"These are a different kind of immigrant worker," said Chapman. "They bring more than just a strong back and a willingness to work. Many are skilled and educated. They often hold good-paying jobs at the expense of a citizen or legally admitted resident alien.

"The cost to taxpayers of this problem can only be measured in the billions of dollars. A substantial portion of the more than $3 billion balance of payments deficit could be eliminated if the money which is earned here and sent out of the country by illegal aliens could be halted."

Santiago Robbles, 30, rousted from an early evening nap, walked barefoot into the living room of his home at 5634 South Twentieth Street, rubbed his stocking-cap-covered head, shook hands with two visitors and sat down.

His wife Lucia entered the room and walked over to the corner behind his chair. Maria Trinidad, his 6-year-old daughter, climbed into his lap, ignoring the visitors while she watched a black and white TV.

"My son is ill," Robbles said through an interpreter. "We have until April 1 (Tuesday) to leave the country. But we are trying to get an extension."

SIX THOUSAND IN MIDLANDS?

Les Hoppes, head of the INS office in Omaha, estimates there are from 3,000 to 6,000 illegal alients in Nebraska and Iowa, the two states in which his office has jurisdiction.

"Most are in the various population centers, including Omaha and, in Iowa, Marshalltown, Davenport, Muscatine, Burlington and possible Des Moines," he said.

Hoppes said there are about 1,000 such aliens living in the Omaha area.

"We're under the belief that a good many work in industry here in the Omaha area. Their wages run from $2.50 an hour up to $5 an hour, with the average being from $3.50 to $3.65 an hour.

"Many work in the packinghouses. In certain seasons they work in nurseries and on tree farms. We have had reports of them being in widely scattered sections of the state."

Hoppes has four investigators searching out illegal aliens in the two states. His monthly budget for such activities until recently was $2,500, an amount he said enabled the office to pick up from 25 to 40 aliens and put them on a chartered bus to El Paso, Tex., and from there back into Mexico.

In March, however, his office was allotted only $1,700 (funds are distributed by the INS regional office in Minneapolis), so "we haven't even attempted to pick up that many this month."

WE'RE GETTING BEHIND

"We could bring in from 75 to 80 illegal aliens a month, maybe even many more than that, if we had adequate funds," Hoppes said. "With only four investigators we're getting behind."

For four years before he came to the U.S., Robbles said he did construction work in Tijuana, earning $5 a day.

Before that, he was a sharecropper on a farm near the small town of Guanajuato Purisna Bel Rincon, in central Mexico, raising corn, beans, wheat and garbanzos.

"But if there is no crop," said Mrs. Rabbles, "there is no way of living."

So in November 1973, Robbles gathered his family, paid $100 to a smuggler who took them to a strategic point along the border, where they walked across into America, met a contact and were taken north to Omaha.

"The pattern of migration for illegal aliens is changing," said Hoppes. "We're seeing more families now, instead of just individual males. It seems to be part of their scheme to make it more difficult for us to send them back to Mexico.

"We find a few that are half frozen or half starved, having ridden the rails up here, but mostly they are in good shape."

TIPS FROM THE DISGRUNTLED

Hoppes said his investigators frequently receive tips on illegal aliens from disgruntled or laid-off workers.

"They call and say they can't get a job at such and such a place, but they know that illegal aliens are working there."

Hoppes said most illegal aliens return to Mexico voluntarily. If they have enough money, they are required to pay the $50 bus fare to El Paso. If not, the bill is paid by the government.

Deportation hearings are held for those who refuse to return voluntarily. While awaiting the hearings, men usually are kept in the Douglas or Sarpy County jails while women and children are housed by charitable organizations such as the Salvation Army.

Hoppes said the women and children normally are flown back to Mexico while the men are transported on buses with a guard, or detention officer, aboard.

"We try to treat them as humanely as possible," he said.

Robbles said he came to Omaha because he had heard "there were jobs here."

He applied at a meat-packing plant and, with the help of some Spanish-speaking friends, was hired to work in the beef-kill operation.

He said he doesn't know whether his employer was aware he was an illegal alien. "They needed men to work," he said.

Robbles earned $3.40 an hour at the plant. He had worked there for more than a year when, on Feb. 12, an immigration official "caught me at work during a coffee break. I don't know who tipped him off."

"The job situation has changed here recently, and with the unemployment rate as high as it is, I'm sure there are some illegal aliens drawing unemployment insurance," Hoppes said.

And while some of the aliens draw unemployment, he said, many avoid paying taxes.

TURNED OVER TO IRS

"It's a practice of theirs to claim a large number of deductions, so they will have little withholding tax. They take a lot of income back to Mexico with them.

"If we find them with a lot of money, we turn them over to the Internal Revenue Service for questioning."

Hoppes said Mexico's "high unemployment, estimated at 40 per cent, high birth rate, high density of population and poor housing conditions" are the major reasons Mexicans come to the United States.

"Generally, they stay out of trouble, or try to, while they're here, because they don't want to attract attention to themselves," he said. "On occasion they have run away from our investigators, but they have never been vicious or violent.

"We have had a lot of cooperation from the State Patrols in Nebraska and Iowa. They will call us whenever they pick up illegal aliens.

"Occasionally we have had to tell them to lay off because we were out of money. We always try to accommodate the (Omaha police and the sheriffs' offices, but in the past they have become a little upset when we had to tell them we were out of money and couldn't help."

Robbles' son, 9-month-old Margarito, was born in Omaha, and has developed what Robbles said are allergies that must be treated with expensive medication.

The family has asked Hoppes for more time, claiming that the medicine can't be obtained in Mexico and that the family wouldn't be able to afford it there anyway.

Meanwhile, Maria Trinidad continues to go to Marrs School, 5619 South Nineteenth Street, where she is in kindergarten. Her teacher, Mrs. Lucile Wiles, says Maria is "a very intelligent girl who is doing beautifully. I'll hate to see her go."

A second daughter, 2-year-old Maribel, was born not long before the family came to America.

CHILD CANNOT PETITION

"I told them to come back by April 1," said Hoppes. "You don't want to just push them out. If they don't come up with a definite date for leaving by then, we'll have to bring them in for a hearing.

"I don't think it is a critical situation with their baby, nothing that can't be attended to in Mexico."

Hoppes said that Margarito, because he was born in Omaha, is an American citizen. "But that won't do the family much good," he said. "An infant child cannot petition for his parents' citizenship, not until he's 21."

Chapman, meanwhile, hopes that Congress will pass a bill which would make it unlawful for employers to hire illegal aliens.

The bill, he believes, would "turn off the magnet that attracts millions of persons to our country—the opportunity to often employment."

"Perhaps with an army of border patrolmen and several thousand more investigators we might keep out most of the illegals . . . But that is abhorrent to the American conscience. We are not a police state."

Passage of the bill (HR 982) would be a short-range solution, Chapman said. The long-range answers involve providing "opportunities in their own countries," with U.S. help. "Obviously, that is not going to happen overnight."

NOT MUCH LONGER

"But the longer we delay, the more difficult it becomes to find workable solutions. I do not believe we can delay much longer without seriously threatening the future of our country and endangering the progress of the world's developing nations."

Robbles said his plans are to return to the Mexican farm where he was a sharecropper several years ago.

How does the family feel about returning to Mexico after living here the past 16 months?

Mrs. Robbles spoke this time. "Triste," she said.

"That about sums it up," said the interpreter. "It means 'sad.'"

FAIRNESS DOCTRINE SPAWNED SLEAZY AND SEAMY ACTIVITIES

Mr. HRUSKA. Mr. President, an interesting article written by Fred W. Friendly, former CBS News executive and now Edward R. Murrow professor of journalism at the Columbia Graduate School of Journalism, was published in the Sunday New York Times magazine of March 30, 1975. In the article Professor Friendly revealed that the so-called "fairness doctrine" has been used as a political weapon to intimidate certain broadcasters critical of an administration's policies.

The fairness doctrine is the name commonly given to the rule of law which holds that a radio or television licensee, as a public trustee, must devote a reasonable amount of broadcast time to the discussion of controversial issues of public importance and must also afford a reasonable opportunity to spokesmen for contrasting viewpoints on these issues, free of charge if necessary.

It even appears that the Red Lion decision, which upheld the power of the FCC to require broadcast licensees to make time available to particular persons for particular purposes was itself tainted with the kind of dirty tricks and political corruption that made Watergate infamous. According to Professor Friendly, the original petition filed by free-lance writer, Fred Cook, against the Red Lion Broadcasting Co. Station WGCB was part of an elaborate campaign instituted by the Kennedy White House in October 1963 and then manipulated and financed through the Democratic National Committee, to blunt right-wing attacks on the programs and policies of the Democratic administration.

I quote from Professor Friendly's article:

> It became clear that the basically well intentioned concept of the fairness doctrine has on occasion been perverted—used for political purposes. Fred Cook, it turns out, did not bring his action against WGCB simply as an offended private citizen; instead, his actions grew out of a politically motivated campaign to use the fairness doctrine to harass stations airing right-wing commentary, an effort inspired and managed by the White House and the Democratic National Committee and financed in large measure with political contributions.
>
> The facts of that effort are startling enough in themselves after the Watergate story, with its generally accepted assumption that dirty tricks in the Nixon White House were unique. But the story of the fairness-doctrine effort during the 1964 campaign also illuminates—with striking irony—the subtle and fascinating interplay of power politics and regulatory policy. In the Red Lion case, for example, many of the agency bureaucrats, Government lawyers and judges tended to dismiss the broadcasters' claim that freedom of expression might be "chilled" by court decisions extending Federal regulatory control over the content of radio and television programs—little realizing that, at the time, they were granting implicit legal sanction to an unsavory project of political censorship by the Democrats.

In the article a former Assistant Secretary of Commerce to the Kennedy administration was quoted as saying:

> Our massive strategy was to use the fairness doctrine to challenge and harass the right-wing broadcasters and hope that the challenges would be so costly to them that they would be inhibited, and decide it was too expensive to continue.

Apparently this campaign of attack using the fairness doctrine was successful. According to one former DNC official quoted by Professor Friendly, "over 1,700 free radio broadcasts" were granted to proadministration spokesmen and "even more important than the free radio time, however, was the effectiveness of this operation in inhibiting the political activity of these right-wing broadcasts." Professor Frendly goes on to cite other examples of intimidation of the press by subsequent administrations relying on the "fairness" approach.

Mr. President, I introduced recently a bill, S. 1178, to guarantee to the electronic media all rights under the first amendment to the Constitution and to terminate discrimination between the print and broadcast media by certain amendments to the Communications Act of 1934 and other provisions of law.

My bill would eliminate, among other things, the more onerous and least fair requirements imposed on broadcast licenses by the so-called "fairness doctrine."

In my remarks accompanying this bill, I emphasized that constitutional principles and sound reason dictate that the electronic press must be put on a parity with the printed press and that first-amendment guarantees must apply equally to radio and television and to other media, like newspapers and magazines. Without such protection the free press cannot provide an uninhibited marketplace of ideas in which the truth will ultimately prevail. Restrictions on the press, like the fairness doctrine, inhibit the broadcast media from performing its proper role of providing what Mr. Justice Potter Stewart has called "the organized expert scrutiny of government."

There are many specific examples under the "fairness doctrine" mentioned in my statement which attest to the "chilling effect" on broadcast journalism that has led many commentators to suggest that the Federal Communications Commission has the "power to regulate by lifted eyebrow." I quoted Justice Douglas in CBS against the Democratic National Committee, a fairness case, as stating:

> The Fairness Doctrine has no place in our First Amendment regime. It puts the head of the camel inside the tent and enables administration after administration to toy with TV or radio in order to serve its sordid or benevolent ends.

In light of Professor Friendly's discovery, Justice Douglas's fears seem to have been fully justified.

Bad cases make bad law, it is said. From Professor Friendly's report we know that the Red Lion decision was ill-conceived and it should be reversed. The problems caused by the fairness rules attest to the failure and danger of that doctrine. Yet, in spite of this latest piece of evidence against the fairness doctrine, Professor Friendly clings to the hope that the doctrine is still worthwhile because "the power of the major broadcasters is so awesome, that the thought of their executing it totally unchecked is hard to accept." The professor might have noted that the Federal Government has an ample arsenal of legal weaponry, including antitrust policy, to limit this power, and the license-renewal process provides the FCC with an appropriate opportunity to examine the licensee's overall record of performance to determine if, in fact, the broadcaster has operated fairly and within the scope of the "public interest."

My conclusion is directly the opposite of Professor Friendly's. I consider the "sleazy and seamy activities"—not my words—which he has uncovered to be sufficient justification for the Congress to reexamine the fairness doctrine in light of the first amendment. "Any regulatory principle so susceptible to political abuse is clearly a threat to free speech," in my opinion. That is why I introduced the Fully Free Press Act of 1975 and why I again urge the Congress to give prompt and careful consideration to this legislation.

Mr. President, I ask unanimous consent that the full text of Professor Friendly's articles together with John Carmody's report on that article in the Washington Post, be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

[From the Washington Post, Apr. 2, 1975]

NEW FAIRNESS DOCTRINE DISPUTE

(By John Carmody)

The long-smouldering dispute in broadcast and legal circles about the fairness of the Federal Communication Commission's "fairness doctrine" has warmed up again with the disclosure that the Kennedy and Johnson administrations used the rule to stifle right-wing radio attacks in the 1964 campaign.

The revelation, following nearly five years of real and implied pressure on broadcasters by the Nixon administration, largely by threatening the power of the fairness doctrine, has renewed the debate over whether the rule should be abolished completely.

Two bills, submitted by Sen. William Proxmire (D-Wis.) and Rep. Robert Drinan (D-Mass.), that call for its abolishment currently are before Congress.

Yesterday, a spokesman for the House subcommittee on communications said a review of the doctrine is on the agenda for FCC oversight hearings scheduled later this year. At that time, the spokesman said, the recent disclosures about the Kennedy and Johnson years "are sure to be brought up."

The report on the 1963–64 actions was contained in an excerpt from an upcoming book on the doctrine written by Fred W. Friendly, Edward R. Murrow professor of journalism at the Columbia Graduate School of Journalism, a Ford Foundation adviser and former CBS News executive. The article appeared in The New York Times Magazine last Sunday.

Friendly focused on the 1969 Supreme Court decision that upheld the right of the FCC to order a broadcaster to grant reply time to a person or group claiming to have suffered from a broadcast over the public airwaves.

The case was known as the "Red Lion" decision (for Red Lion Broadcasting Co. of Red Lion, Pa.). The ruling ordered that WGCB provide time to freelance writer Fred Cook so he might answer a personal attack, contained in a transcribed broadcast of Nov. 25, 1964, by The Rev. Billy James Hargis, a right-wing commentator.

Hargis had been a strong supporter of Sen. Barry Goldwater (R-Ariz.) in the 1964 campaign. Cook had written a book attacking the Republican presidential candidate as well as an article called "Hate Clubs of the Air," which attacked Hargis as a bigot and which appeared in Nation magazine.

Friendly's book reveals for the first time that the decision was tainted. Unknown to the FCC or the courts, according to Friendly, Cook was part of an elaborate campaign, first instituted by the Kennedy White House in October, 1963, to blunt right-wing broadcasters attacking the United States-Soviet nuclear test-ban treaty and the subsequent Johnson campaign stands, all manipulated through the Democratic National Committee.

Friendly quotes a former DNC official as claiming that many right-wing stations were "inhibited" by the campaign and that more than 1,700 free radio replies were induced by vigorous pursuit of attacks (against presumably liberal officials and organizations) invoking the fairness doctrine.

The Red Lion decision, upholding the power of the FCC in such matters, "chilled" the broadcast industry, which had long sought the same First Amendment rights of free speech accorded print journalists, who are not subject to government regulation.

Broadcasters, including network executives, have since viewed Red Lion as an effective but unfair bar to free-wheeling discussion of issues over the airways and a successful attempt by government to control program content. Hargis himself recently said the number of stations carrying his broadcasts has since dropped to 50 from a total of 350 due to fear of fairness doctrine reprisals.

FCC Chairman Richard Wiley said yesterday that the commission "has recently tried to restate the doctrine to insure it will encourage robust debate and not have a chilling effect on expression of views."

Wiley also stressed that there "were no allegations (in Friendly's story) that any former or present FCC employee had knowledge of a political attempt to harass any station over the years."

[From the New York Times Magazine,
Mar. 30, 1975]

WHAT'S FAIR ON THE AIR?

(By Fred W. Friendly)

At 1:12 P.M. on the afternoon of Nov. 25, 1964, Bob Barry, the announcer on duty at radio station WGCB, Red Lion, Pa., threaded a tape made in Tulsa, Okla., studio of the Christian Crusade. At 1:14, he began reading a commercial for Mailman's Department Store. Sixty seconds later, he gave station identification, pushed the "start" button on Tape Recorder 1 and raised the level of the audio pot just in time for the opening fanfare of "The Battle Hymn of the Republic." The Rev. Billy James Hargis was on the air in Red Lion, York, Spry and Dallastown.

The Rev. Mr. Hargis, in a stinging personal attack, lashed out at Fred J. Cook, an investigative reporter who in his own crusades had taken aim on a wide range of targets, from Richard M. Nixon to J. Edgar Hoover, from the C.I.A. to the F.B.I. His most recent book had been a highly critical biography of Barry Goldwater, published during the conservative Senator's unsuccessful race for the Presidency.

In 1964, Hargis had believed that the election of Barry Goldwater was essential "to the survival of a free America" and he was outraged by Cook for writing the book "Barry Goldwater: Extremist of the Right" as well as an article, "Hate Clubs of the Air," which appeared in The Nation and classified Hargis as a bigot. Hargis attacked Fred Cook as "a professional mudslinger," accused him of dishonesty, of falsifying stories and of defending Alger Hiss. The Hargis attack lasted less than two minutes, and the air time it filled cost $7.50.

The voice of Billy James Hargis was familiar to the people who listened to WGCB, which offered a rich diet of conservative, anti-Communist opinion derived from the evangelical vision of "the infallible word of God." There are hundreds of stations like it throughout America, many of them clustered in the Bible belts of Pennsylvania, Texas and Oklahoma.

If that day's Hargis broadcast seemed routine, however, it also turned out to be an element in a larger story of politics and communications law. For it would generate a key legal dispute over the fairness doctrine—the idea that the Government has the right to order a broadcaster to grant reply time to a person or group that claims to have suffered from a broadcast over the public airwaves.

This article began with research for a textbook on the history of the fairness doctrine, and the Hargis broadcast was a logical point of focus. For Mr. Hargis's attack upon Fred Cook would cause Cook to demand reply time of WGCB, and the resulting legal case would end in a Supreme Court decision directing the Red Lion station to grant Cook's request. The decision would stand as a commanding precedent fortifying the Government's position in subsequent fairness-doctrine cases, and the name "Red Lion" would come to stand for the power of broadcast programing on fairness grounds.

Before long, however, the historical research turned into an exercise in investigative reporting. For it became clear that the basically well intentioned concept of the fairness doctrine has on occasion been perverted—used for political purposes. Fred Cook, it turns out, did not bring his action against WGCB simply as an offended private citizen; instead, his actions grew out of a politically motivated campaign to use the fairness doctrine to harass stations airing right-wing commentary, an effort inspired and managed by the White House and the Democratic National Committee and financed in large measure with political contributions.

The facts of that effort are startling enough in themselves after the Watergate story, with its generally accepted assumption that dirty tricks in the Nixon White House were unique. But the story of the fairness-doctrine effort during the 1964 campaign also illuminates—with striking irony—the subtle and fascinating interplay of power politics and regulatory policy. In the Red Lion case, for example, many of the agency bureaucrats, Government lawyers and judges tended to dismiss the broadcasters' claim that freedom of expression might be "chilled" by court decisions extending Federal regulatory control over the content of radio and television programs—little realizing that at the time, they were granting implicit legal sanction to an unsavory project of political censorship by the Democrats.

Furthermore, this sanction, unwittingly ratified by the highest court in the land, would later embolden the Nixon Administration in its attempts to lean on broadcasters unfriendly to the President. The Red Lion precedent has been cited most recently in a case brought by a Nixon-Agnew era broadcasting watchdog group in response to a 1972 NBC documentary about corporate pension plans. That case was decided in favor of the network only this month in the Court of Appeals for the District of Columbia, but an appeal to the Supreme Court is planned. It focuses the First Amendment aspects of fairness-doctrine policy even more sharply than did the Red Lion case. For in Red Lion the issue was relatively limited—the right of an individual to gain Government-ordered reply time if he has been attacked by an irresponsible commentator. But in the pensions case, the issue is broad—the right of an interest group to gain Government-ordered satisfaction if it doesn't agree with the editing and interpretation of the facts by professional journalists.

As a general concept, the fairness doctrine arose from the fact that more people wished to broadcast over the airwaves—a public resource—than the electromagnetic spectrum could accommodate. Its outlines were formalized in a 1949 F.C.C. report, which directed broadcast licensees to operate in the public interest (1) by devoting a reasonable amount of time to the coverage of controversial issues of public importance, and (2) to do so fairly by affording a reasonable opportunity for contrasting viewpoints to be voiced on these issues.

So stated, the doctrine seems innocuous, yet the second provision, the part usually enforced, mandates that the Government should have some power to influence the content of broadcasting. A station's fairness record has come to be considered a factor in the F.C.C.'s decision to renew its license, although only once, in the case of the flagrantly racist WLBT in Jackson, Miss., did a television station lose its license to operate on fairness-doctrine grounds. Even in that case the F.C.C. acted reluctantly only after Judge Warren Burger and his colleagues on the Court of Appeals ordered it not to renew WLBT's license. More common was the application of the personal-attack provision, under which a person who felt his character had been maligned over the air could apply to the offending station for free time to respond. (It is important not to confuse the fairness doctrine, which applies to news and public affairs programing and has to do with content, with the concept of equal time, a mathematical formula for apportioning air time among candidates during political campaigns.)

It was in 1963 that the doctrine began to change from a vague public-interest policy to an instrument of politics and inhibition.

That year, President Kennedy worried that one of the noblest goals of his Administration—the nuclear test-ban treaty with the Soviet Union—was being jeopardized by right-wing commentators who denounced the treaty and argued against its ratification. His political strategists monitored stations broadcasting such commentary and then prompted test-ban treaty advocates to demand time to state their side of the issue, citing the fairness doctrine in their letters to the stations involved. The campaign resulted in a dramatic number of broadcasts favoring the treaty in areas of the country where such views might not otherwise have been heard. The White House believed this political use of the fairness doctrine had made an important contribution to the eventual Senate vote to ratify.

In 1963, Kennedy and the Democratic National Committee believed that the Republicans might nominate Goldwater and that the right-wing radio commentators who supported him could damage the President's chances for re-election; they decided to see if the fairness doctrine could again be used, this time for partisan political purposes. (It is important to remember, in light of the following, how ominous the thunder on the right seemed in those days. During this period I was an executive of CBS News; we did some aggressive reporting about the influence of right-wing extremists and incurred the wrath of many, and of Senator Goldwater, who for a period during the 1964 campaign refused to appear on CBS news programs.) The result was a campaign that continued under Lyndon Johnson through the 1964 election year; in the process, events were set in motion that would lead to the Supreme Court's decision in the Red Lion case.

On Oct. 12, 1963, one of President Kennedy's chief political assistants, Kenneth O'Donnell, invited Wayne Phillips, a skilled publicist who had helped run several Administration conferences on urban problems, to the White House. Phillips, a former New York Times reporter and part-time faculty member of the Columbia School of Journalism, was then an assistant to the director of the Housing and Home Finance Agency. At a meeting in the Fish Room, O'Donnell instructed Phillips to see if the fairness doctrine "could be used to provide support for the President's programs." Phillips in turn hired Wesley McCune, who made a business of keeping an eye on right-wing groups, to monitor the radio right. Since now there was no focused debate, as there had been over the test-ban treaty, the idea was simply to harass the radio stations by getting officials and organizations that had been attacked by extremist radio commentators to request reply time, citing the fairness doctrine. All told, Phillips recalls, this effort resulted in over 500 radio replies.

In the midsummer of 1964, with Goldwater the Republican nominee, the Democrats decided to expand the fairness-doctrine effort. Phillips, now an executive of the Democratic National Committee, retained the public relations firm of Ruder & Finn, which set about organizing a bipartisan front organization, The National Council for Civic Responsibility. Arthur Larson, a prominent liberal Eisenhower Republican and once head of the United States Information Agency, was recruited to lead the blue-ribbon panel whose members shared serious concern over the growth of the John Birch Society and other elements of right-wing extremism.

Larson would deny in public that the organization of the group had anything to do with the Presidential campaign, and funds for the council were solicited through newspaper advertisements signed by a wide range of the most respected moderate and liberal intellectuals in the country. Yet more than half of the money Larson set as his fund-raising goal came from major Democratic party contributors at the direction of the Democratic National Committee. Furthermore, the Democrats sought to encourage—and to camouflage—these big party contributions by linking the council to the Public Affairs Institute, a tax-exempt "citizen's lobby" group that had been funded in 1948 by several unions, but had existed in name only for many years.

James H. Rowe, a Washington lawyer and adviser to Presidents from Roosevelt to Johnson, called his old friend Dewey Anderson, executive director of the moribund institute, and learned that its tax-exempt status was still in effect. Anderson, then 67, recalls being escorted by Rowe through a side door of the Democratic National Committee offices to meet National Chairman John Bailey and Treasurer Dick Maguire. Anderson remembers being told by Rowe and Bailey, "We got the money and you got the tax exemption and we need you to fight these right-wing radio extremists." Anderson, happy to be summoned from retirement, agreed to join the campaign. So the National Committee for Civic Responsibility became the National Committee for Civic Responsibility of the Public Affairs Institute with initial funding of $25,000, directly from the Democratic National Committee.

The committee used the money raised—estimated at $200,000—to amplify the effort begun by Phillips and McCune. It produced and sponsored broadcasts to counter right-wing extremism, and it printed and distributed literature exposing the John Birch Society and other extremist groups. The radio shows, as shrill as those they were designed to counter, were called "Spotlight" and were narrated by commentator William Dennis, the made-up name for an actor employed by Ruder & Finn.

After the election, Phillips wrote in an evaluation report that the monitoring campaign had "resulted in over 1,700 free radio broadcasts," and that "even more important than the free radio time, however, was the effectiveness of this operation in inhibiting the political activity of these right-wing broadcasts."

Most of those who were involved in this combined White House-Democratic National Committee-Ruder & Finn effort and who will talk about it today are not proud to recall their participation. "Our massive strategy was to use the fairness doctrine to challenge and harass the right-wing broadcasters and hope that the challenges would be so costly to them that they would be inhibited, and decide it was too expensive to continue," says Bill Ruder, who had been an Assistant Secretary of Commerce in the Kennedy years. A former Ruder & Finn executive who handled the account has little doubt that "if we did in 1974 what we did in 1964, we'd be answering questions before some Congressional committee."

Larson, who had long been a target of the radical right, recalls his role with a sense of embarrassment. "The whole thing was not my idea," he says, "but let's face it, we decided to use radio and the fairness doctrine to harass the extreme right. In the light of Watergate, it was wrong. We felt the ends justified the means. They never do." And then he adds sadly, "I guess I was like a babe in the woods."

No major news organization reported these "sleazy and seamy activities" as Dewey Anderson characterized them recently, although four months after the election another man named Anderson reported in the "Washington Merry-go-Round" column the covert use of Democratic party funds to finance the Committee for Civic Responsibility front. But Jack Anderson could not possibly have known about the far-reaching fairness-doctrine implications of these irregularities, for at that time the Red Lion case was just getting under way.

Wayne Phillips and the Ruder & Finn organizers of the fairness-doctrine effort had hired freelance writer and reporter Fred Cook to help out with research and writing. He freely acknowledges that he was paid $1,500 by Ruder & Finn to produce material to be used in pamphlets, the "Spotlight" broadcasts and other projects to combat the right. Cook also undertook other tasks as a result of his association with Phillips and McCune. His book on Goldwater, it turns out, was encouraged and would not have been published without the subsidization of the Democratic National Committee. The technique, similar to Laurance Rockefeller's financing of the Victor Lasky book critical of former Supreme Court Justice Arthur Goldberg, was simple enough: The Democratic National Committee offered in advance to buy 50,000 copies of the book. The offer virtually guaranteed the cost of printing and Cook's advance of $1,000. Correspondence indicates it was the key element in the decision of Grove Press to publish the book.

In the meantime, Phillips, in May of 1964, began conversations with Carey McWilliams, editor of The Nation, as well as with Cook, about an article exposing right-wing radio activities. Cook acknowledges the close working relationship he had with the Democratic National Committee at this time and says, "It was only natural that while I was working on the Goldwater book, Phillips would suggest the 'Hate Groups of the Air' piece." The Nation agreed to run the article and pay the author a modest fee. Phillips and McCune provided Cook and much of the research material and a master tape of the most virulent far-right broadcasts.

Billy James Hargis was one of those who had figured prominently in the Nation article, and there are some indications he had an inkling that there was more to the growing anti-extremism movement than met the eye. In any case, he decided that November to attack Fred Cook in one of his broadcasts. He mentioned Cook's anti-Goldwater book and then made a number of assertions intended to discredit its author, among them that "Cook was fired from The New York World Telegram after he made a false charge publicly on television against an unnamed official of the New York City government. . . ."

It is true that Cook was discharged from The World Telegram & Sun in 1959 under clouded circumstances. He and another Telegram reporter, Eugene Gleason, had prepared a report on slum clearance mismanagement. During the preparation of the article, Gleason told Cook that he had been offered a bribe by a city official, and Cook repeated the story in a television interview. The next day, Gleason admitted to the District Attorney that he had fabricated most of the bribe story, and both men were fired from The Telegram. Cook always claimed that he was a victim of Gleason's bravado and eventually obtained a letter from Manhattan District Attorney Frank Hogan exonerating him of any responsibility for the false accusations made on the television program.

The imprecision of Billy James Hargis's statements about Cook made him a choice target for the fairness-doctrine effort, which continued even though election day had passed. Phillips and Democratic National Committee lawyers helped Cook to draft and mimeograph a letter demanding time to answer Hargis' "scandalous and libelous attack," and they provided him with a detailed list of the stations that normally broadcast Hargis. Cook sent out 200 letters; about 50 of the stations agreed to air a reply. The response of WGCB in Red Lion, Pa., however, was uncompromising. It said flatly, "Our rate card is enclosed. Your prompt reply will enable us to arrange for the time you may wish to purchase."

The rest of the Red Lion drama was played out in the courts. Fred Cook turned to the F.C.C. for redress, and the agency directed WGCB to give him free reply time. The station's owner, the 82-year-old Rev. John M. Norris, declaring that "the devil was loose in the F.C.C. corridors," decided to sue in the Court of Appeals in Washington, D.C., and lost. The court upheld the commission's right to order WGCB to provide Cook with free reply time. The F.C.C., emboldened by this faborable ruling, published a new set of rules "to clarify and make more precise the obligations of broadcast licenses where they have aired personal attacks and editorials regarding political candidates." They specified that stations and networks must notify within a week all persons attacked during the discussion of an issue and offer them reply time. Failure to provide notification could result in the forfeiture of $1,000.

Then the case took a portentous turn. The larger community of broadcasters had been watching the Red Lion events with increasing anxiety, and they were hardly reassured by Mr. Norris's plans to take his case to the Supreme Court. They feared the curmudgeon from the hills of Pennsylvania would be routed in the Supreme Court, and that the resulting precedent could give the F.C.C. new legal muscle to implement the fairness doctrine.

The self-appointed champion of the industry's cause was W. Theodore Pierson, the *pro bono* legal counsel for the Radio-Television News Directors Association, an unincorporated group of some 1,000 news managers and editors of radio and television stations. He decided to mount an attack on the fairness doctrine that would be purposely separated from the embarrassing Red Lion case and designed to steal the spotlight from it. His plan was to fight the F.C.C.'s proposed personal-attack rules, an effort in which he was eventually joined by CBS and NBC.

Pierson brought a suit challenging the proposed rules in the Seventh Circuit Court of Appeals in Chicago, a court that, he believed, did not share the pro-F.C.C. leanings of the D.C. bench. He also retained Harvard law professor and former Solicitor General Archibald Cox to represent the broadcasters.

Pierson's strategy worked. In a unanimous opinion, the Chicago court struck down the F.C.C.'s rules on right of reply to personal attack as "colliding with free-speech and free-press guarantees contained in the First Amendment. . . ." The Washington and Chicago court tests had resulted in two diametrically opposed decisions on the constitutionality of the fairness doctrine. This conflict in the circuits insured that the Supreme Court would accept the appeal. The News Directors Association case was consolidated with the Red Lion case for a date in the highest court in the land.

In the Supreme Court, Red Lion's lawyer was Roger Robb, selected by Norris because he wanted "a true believer, not one of those fancy-pants Eastern liberals." Robb relied heavily on First Amendment rhetoric. "We submit," he argued, "that the command of the First Amendment is that 'thou shalt not abridge' [free speech]. And it is not 'You may abridge, but please try to keep it reasonable.'" For the industry, Archibald Cox argued that the personal-attack rules could have a chilling effect even if they were never applied, a position that Solicitor General Erwin Griswold, representing the Government, quickly attacked as hypothetical.

In questioning the three lawyers, the Justices made it clear that their main concern was the matter of access—whether the First Amendment should mean that broadcasters can use their own right of free expression in order to limit the free expression of others. Justice White asked if the Government that gave franchises to radio stations ought not "to be able to require that they let somebody else into the facility now and then when there is good reason to do so." And Justice Black asked if "there would be no relief that the man could get from the radio station that permitted him to be personally attacked."

Cox attempted to answer that the vision of "the insulated listener that the commission hypothesizes" had been proved unrealistic. Broadcasting, he argued, with its multitude of outlets and its complementary relationship to other news media, has given the public greater means to communicate, not less.

But the seven participating Justices (William O. Douglas was ill, and before the decision, Abe Fortas, in the midst of his own troubles, recused himself) sided with the Government. In a unanimous ruling in June of 1969 they upheld the right of the F.C.C. to order Red Lion to grant Fred Cook reply time, and they reversed the Chicago Seventh Circuit Court opinion that the personal-attack rules were in violation of the First Amendment. The Court did acknowledge that the First Amendment was not irrelevant to broadcasting and noted that "Congress . . . forbids F.C.C. interference with the right of free speech by means of radio communication." But the opinion proclaimed "that it is the right of the viewers and listeners, not the right of the broadcaster, which is paramount."

Justice Byron White, writing for the unanimous Court, stated: "There is nothing in the First Amendment which prevents the Government from requiring a licensee to share his frequency with others and to conduct himself as a proxy or fiduciary with obligations to present those views and voices which are representative of his community and which would otherwise, by necessity, be barred from the airwaves."

Mr. Norris and the broadcasting community were finally undone. Norris sent Fred Cook a letter offering him 15 minutes of air time at no cost. Cook responded by thanking Norris for the offer but declined to accept it. "I cannot see much point at this late date in raking up and rehashing the entire episode. . . ." Cook says he did not know the case had gone to the Supreme Court until a local newspaper notified him of the decision.

The Red Lion decision was hailed at the F.C.C. as a "cardinal teaching," solidifying the fairness doctrine into law. At last the vague policy based on the fuzzy notion that the Government ought to have some power beyond the traditional libel laws to keep broadcasters from behaving irresponsibly had received the sanction of the highest court in the land. And what was more, the Court had used its understanding of the doctrine to intervene directly in one station's programing—it did not simply tell the Red Lion station that it must be fair to Fred Cook; it ordered it to grant him free time to broadcast on its station. The fallout from the decision did not take long to appear. Shortly after the opinion was handed down, the F.C.C. decided for the first time to take away a radio station's license for its "failure to comply with the fairness doctrine . . ." as well as its failure to inform the commission of its program plans. The station was WXUR in Media, Pa., owned by the ultraright Rev. Carl McIntire. (In a dissent to the Court of Appeals decision upholding the F.C.C. ruling, Judge David Bazelon protested that the license removal was like "going after gnats with a sledgehammer.")

But there was also a more subtle and more important result: The Red Lion decision had been read as definitely affirming that the First Amendment could not be considered an absolute guarantee of free speech as far as broadcasters were concerned; the broadcasters' rights under the First Amendment were to be balanced by the rights of viewers and listeners.

This was no small matter, for in this pre-Watergate, Vietnam-racked period, the Nixon White House was seeking systematically to politicize broadcasting. A Supreme Court decision that could be construed as the opening wedge for Government involvement in decisions of content on a broadcast-by-broadcast basis meshed with the aspirations of the Nixon Administration.

There is evidence, furthermore, that major broadcasters were in fact inhibited by the Government during this period. They granted Richard Nixon more free air time than any President had ever sought before to announce and explain his programs. And with few exceptions, they acquiesced in the demand of the White House that views too critical of the President and his policies be kept off the air—when, for example, the Democratic National Committee sought to purchase reply time to the President.*

This reaction, of course, was more a matter of politics than of written law, and with the Watergate scandals, the politics would shift in such a way that broadcasters, along with journalists, would find themselves less on the defensive. But before that happened another case entered the courts, this time at the insistence of a group with a rightist orientation. The case threatened to tighten by another notch the Government's potential fairness-doctrine power over broadcasters.

The broadcast involved was a far more substantial item than a $7.50 episode of the Christian Crusade. Entitled "Pensions: The Broken Promise," it was a major network documentary on corporate pension plans and how they often fail to keep faith with the workers they are supposed to benefit. It was broadcast on Sept. 12, 1972, over 175 stations of the NBC network.

In one of the strange coincidences of fairness-doctrine history, NBC's interest in the idea that workers were not receiving their due from pension plans had been stimulated in part by an article in The New York Times

The F.C.C. has also ruled on the fairness questions raised by paid commercials. In 1966, acting on a complaint of a 23-year-old Columbia Law School graduate, John F. Banzhaf III, the commission ruled that radio and television stations were required to provide some response time to cigarette advertising. By 1969, antismoking commercials had proved themselves effective, and Congress, in an act of pragmatic statesmanship, passed the Public Health Act of 1969, which ordered all cigarette advertising off the air.

In 1970, Friends of the Earth, an environmental group, complained that the NBC station in New York was airing automobile commercials that promoted the sale of cars using high-octane gasoline. After prodding from the court, NBC and Friends of the Earth entered into a "secret" agreement that provided for some 120 antipollution commercials to be aired. Since then, the F.C.C. has ruled that the fairness doctrine is not applicable to the ordinary commercial that simply promotes the sale of a product.

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*The fairness doctrine, the Court decided in another historic case, could not be applied to such broadcasts. That case involved a suit by Business Executives Move for Peace, an antiwar group that had been denied the right to purchase one-minute spots on WTOP, Washington. In a strange coalition of Justices as diverse as Burger and Douglas, the Supreme Court agreed that "editing is for editors" and broadcasters could not be ordered to sell time to political activists. For different reasons, the Nixon Administration and the networks rejoiced in the decision.

Magazine, which happened to be written by freelance writer Fred J. Cook.

The pensions broadcast captured the poignancy of aging workers who described, often in moving, graphic detail, firsthand experiencies of pension plan abuse. It also included a number of interviews with U.S. Senators and authorities involved with pension-plan reform. There were some fleeting interviews with defenders of pension plans, including an executive representing the National Association of Manufacturers. Strictly on professional grounds, the documentary might be faulted for not having included a brief example of a pension plan that worked. Such a portrayal would have heightened the contrast with those that fail. However, the narrator of the program, Edwin Newman, purposely prefaced his final summary with a disclaimer: ". . . we don't want to give the impression that there are no good private pension plans. There are many good ones, and there are many people for whom the promise has become a reality."

But there was no attempt by NBC to create a stopwatch balance. Producer David Schmerler and his executive producer, Eliot Frankel, had been aroused and offended by the pension abuses uncovered by their research and that of a Senate labor committee. Schmerler says: "What we were doing was building an emotional program out of people who felt they had been terribly wronged." And although "Pensions: The Broken Promise" received an American Bar Association gavel and the George Foster Peabody Award, among others, it also was credited with stimulating the sweeping remedial action that Congress applied to the problem in a 1974 pension-reform law.

The praise was not universal, however. A Los Angeles actuary, Richard Solomon, felt the program had unfairly represented his profession and helped persuade a group called Accuracy In Media, Inc. (AIM) to file a formal complaint with the F.C.C. demanding reply time for the pension-plan industry. AIM's membership includes many names generally associated with the right-wing view of the press (Abraham H. Kalish, Marine Corps Gen. Lewis W. Walt, Eugene Lyons and Morris L. Ernst) though its founders and original directors included some moderates (Dean Acheson, Dr. Harry Gideonse and Edgar Ansel Mowrer). The identities of all of AIM's financial backers are not revealed, although knowledgeable sources will confirm that one wealthy individual who made a major contribution to the group was Shelby Cullom Davis, a major contributor to Nixon's campaigns who eventually was appointed Ambassador to Switzerland by the former President. AIM's largest contributor, a wealthy Connecticut industrialist, refuses to be identified.

AIM charged that the documentary presented a "grotesquely distorted picture of the private pension system in the United States . . . giving the impression that failure and fraud are the rule." It accused NBC of presenting "a one-sided, uninformative, emotion-evoking pitch." The intent of the action was to get the F.C.C. to order the network to schedule additional coverage of the pensions question to correct the "deliberately distorted" presentation.

The F.C.C. rejected AIM's allegation of distortion, but did hold that NBC had violated the fairness doctrine. And, mindful, no doubt, that the Supreme Court in its Red Lion decision, had recognized that the Government could use the fairness doctrine to justify a specific order relating to program content, the agency ordered the network to broadcast balancing material. For years the F.C.C. had refused demands by irate groups to second-guess the fairness of such documentaries as "Biography of a Bookie Joint," "City of Newburgh," "Harvest of Shame" and "The Selling of the Pentagon," and Chairman Burch had previously pledged that the agency would continue to do so. This, then, was the first time the F.C.C. had found a network television documentary in violation of the fairness doctrine. NBC, which might have complied with the commission's order by scheduling a follow-up report on the Today Show or the NBC Nightly News, refused, and instead entered an appeal with the Court of Appeals for the District of Columbia.

NBC's defense, argued in court on Feb. 21, 1974, by Floyd Abrams, the 37-year-old attorney who had worked with Alexander Bickel representing The New York Times in the Pentagon Papers case, was that the fairness doctrine had been misapplied. The network's position was that the commission's decision constituted an impermissible intrusion into matters of news discretion. The documentary, the network contended, did not fall under the purview of the fairness doctrine because its topic, abuses in pension plans, was not in itself a controversial issue of public importance. Had the program been about the overall performance of pension plans, good and bad, the network said, then the fairness doctrine would have applied; in that case the question would have been, does America's pension system work successfully? And it would have framed a truly controversial issue. But the existence of abuses in pension plans is a matter of fact, and, the network argued, not controversial. NBC reinforced this point by asserting that the documentary recommended no remedial course of conduct other than to suggest that individuals check their own plans to see if they are being treated well; had the program endorsed specific measures to reform pension practices, it would have become controversial.

In response, the F.C.C. conceded that the program did treat the subject of some abuses, but argued that NBC was unreasonable denying that it had not also presented viewpoints on the issue raised by AIM—the over-all performance of the private pension system considered as a whole. In sum, the F.C.C.'s position seemed to be that while a network's journalistic judgment should be given the widest possible latitude, it could be challenged under the fairness doctrine in cases where editing seemed unbalanced to an unreasonable degree. In effect, the agency held that the Government could serve as a super editor of last resort.

John Pettit, general counsel of the F.C.C., suggested that NBC may not have fully understood what the F.C.C. and the Supreme Court require in the seeking out of reasonable opportunity for opposing views, and recalled the Red Lion language stating the licensee's responsibility to "conduct himself as a proxy of fiduciary with obligations to present those views and voices which are representative of his community and which would otherwise, by necessity, be barred from the airwaves."

Because of the urgency of the case, the court had dispensed with formal briefs; therefore, the oral arguments were decisive far beyond their usual impact. In his quiet way, Floyd Abrams had hit hard at what he called the F.C.C.'s misuse of the fairness doctrine and wasted little time on the customary First Amendment rhetoric. When the court handed down its decision, in the fall of 1974, two of the three judges identified themselves with the NBC argument about the misapplication of the fairness doctrine, and "Since we reverse on [that] ground, we have no occasion to consider [First Amendment] arguments," which had been the central core of Red Lion and most other fairness-doctrine appeals.

Six months later, on March 18, the full court issued a ruling upholding its three-man panel, and though AIM said it planned to take the case to the Supreme Court, it appeared that NBC and Floyd Abrams had won a decisive round. Among broadcasters, there was a sense of relief. For if the decision had gone the other way, the court would have legitimized the idea that the Government could in effect substitute its judgment for that of the network as to what issue was involved in a broadcast documentary and order that more air time be given to elements that the journalist never thought central to the story. This the broadcasters feel, would genuinely restrict their efforts at investigative reporting. It would mean that every assertion of wrongdoing by persons or groups would have to be balanced with an equal statement of their claims to innocence—however unbelieveable they might be. The result would be confusion and, more often than not, outright misinformation. In addition, the broadcasters feared, a decision for the Government would make it difficult to air any program that took a point of view.

These fears have been allayed for the time being, however, and we are left to ponder the larger implications of these cases. The first is simply that high-minded principles of regulation are tricky, even dangerous, to administer in a society of powerful competing interests, and all of the parties involved—the executive, the broadcasters, the courts and the public—need to understand the process more completely than they do now.

A we have seen, the Supreme Court decision in the Red Lion case was based on questions of personal attack and access, on the idea that a broadcast licensee has "obligations to present those views and voices which are representatives of his community and which would otherwise, by necessity be barred fom the airwaves." Thus, *Red Lion* was, above all else, the enabling act of the fairness doctrine. The decision transformed an ethic of fairness into a rigid law proposed by the F.C.C. and enacted by the judiciary. This decision became a major prop for the Government's position in the pensions case.

And yet the assumption that the problem in the Red Lion case was access for Fred Cook's view is, in light of what we know today, demonstrably false. Fred Cook with his Nation magazine attack on Hargis and other "Hate Clubs of the Air," and his subsidized book against Goldwater, was hardly a classical case of a man in need of access. And though the Court did not know it when it heard the case, his motivation for taking action against the Red Lion station was not just to gain access to the public air-waves in order to defend himself against an attack so much as it was the product of a carefully orchestrated program initiated by politicians to inhibit views they believed to be harmful to the country, as well as to their own political fortunes.

In the pensions case, which grew out of another era of high-level Government hostility to broadcasters, the Red Lion precedent served to bolster the Government's position that it had a right to broad influence over broadcast content, a claim that may or may not have been laid to rest by the Court of Appeals for the District of Columbia. Indeed, after that court's most recent ruling, an official of the F.C.C. was quoted as saying, "The fairness doctrine is alive and well," and it remained clear that the basic dispute is far from settled. The crucial test will apparently have to wait until another television or radio case works its circuitous course from the newsroom through the regulatory agency to the high court.

In light of all this, it is tempting to say that the fairness doctrine should be abolished—any regulatory principal so susceptible to political abuse is clearly a threat to free speech. And in fact, some powerful broadcasters want the Government totally out of broadcast journalism, and they cite the 1974 landmark First Amendment case that applies to newspapers—*Tornillo v. The Miami Herald*, in which the Supreme Court decided "it has yet to be demonstrated how

Government regulation in this crucial [editing] process can be exercised consistent with First Amendment guarantees of a free press." During the arguments Justice Harry Blackmun made an observation that was as relevant to *Red Lion* as it was to *Tornillo*. "In this country, for better or worse, we have opted for a free press, not fair debate."

And yet, many serious observers of the broadcast industry are apprehensive about the removal of all requirements for responsibility on the part of broadcasters. Most agree that in the case of WLBT in Jackson, Miss., the decision of the F.C.C. to withdraw the station's license was justified—over a long period of time, the station had shown itself to be grossly unfair to the black people in its community. Furthermore, the power of the major broadcasters is so awesome, that the thought of their exerting it totally unchecked is hard to accept. One need only ponder the fact that not too long ago the International Telephone & Telegraph Corporation was seriously interested in purchasing one of the major networks to understand the possible danger of unregulated broadcasting.

The real lesson to be learned from studying these cases is that the Government seems to have lost its sense of priorities in applying the fairness doctrine. It is the second requirement of the doctrine that broadcasters should "afford reasonable opportunities for opposing viewpoints." The first requirement is "to devote a reasonable amount of broadcasting time to the discussion of controversial issues." It is the breach of that first obligation that should be considered decisive; concern for opposing views should not be emphasized to the extent that coherent discussion of controversial subjects becomes inhibited.

The basic issue is whether the Government will encourage or discourage broadcasters from the probing, hard-hitting journalism that their financial interests resist but the public interest demands. In this sense, the proper definition of the fairness doctrine will influence the essential quality of broadcast programing.

In the resolution of the contradictions between the fairness doctrine and the First Amendment, between *Red Lion* and *Tornillo*, rests the base of the American system of broadcast journalism, so vital—now more than ever—to the proper functioning of our democratic process.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

STANDBY ENERGY AUTHORITIES ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 622, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 622) to provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, and to implement United States obligations under international agreements to deal with shortage conditions.

The ACTING PRESIDENT pro tempore. Time for debate shall be limited to 8 hours, to be equally divided between and controlled by the Senator from Washington (Mr. Jackson) and the Senator from Arizona (Mr. Fannin), with 1 hour of debate on any amendments in the first degree, 30 minutes of debate on any amendments in the second degree, and 20 minutes of debate on any debatable motion or appeal.

Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time not be charged against either side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, today the Congress returns to the consideration of the elements of a national energy policy. The legislation before the Senate today, the Standby Energy Authorities Act, contains two essential elements of such a policy, specifically:

First. The delineation of specific standby authority and contingency programs to insure that the national response to any severe curtailment in energy will be prompt, effective, and equitable; and

Second. The authorization of specific energy conservation programs implemented by State government in response to local needs and conditions and supported by the Federal Government.

With the passage of the Tax Reduction Act of 1975, the way is clear for the Congress and the administration to address directly the formulation of an energy policy which is responsive to clearly defined and reasonable national goals and which is not only consistent with, but which actively supports, economic recovery. It is worthwhile to ask what the basic elements of this policy ought to be. We have a number of specific tasks to accomplish. I am encouraged by the fact that, in my opinion, there is much room for cooperation between the administration and the Congress on a number of these tasks. The basic elements of the national energy policy legislative agenda include:

First. Standby authority and contingency programs to deal effectively with future energy supply curtailments;

Second. The development of a system of strategic energy reserves;

Third. Specific programs and standards to begin the task of building efficiency in energy utilization into the fabric of the domestic economy;

Fourth. Coordinated and accelerated actions to mobilize existing resources for the production of domestic energy supplies;

Fifth. Concerted efforts to survey, identify, and develop new and yet untapped domestic energy resources;

Sixth. Economically viable programs to assist the domestic economy and individual consumers in making the transition from a society which has been based on cheap and plentiful energy to one in which energy is more carefully used;

Seventh. The development of a vigorous and balanced energy research and development program to improve production and utilization of existing sources of energy and develop new sources; and

Eighth. Establishment of an open, equitable, and reliable method of reconciling competing policies which affect domestic energy consumption and availability.

S. 622, the Standby Energy Authorities Act, responds directly to at least two of these policy elements. It contains provisions for standby authority and specific energy conservation measures which have been recommended to the Congress over the past year and a half by a broad spectrum of persons concerned with U.S. energy policy. Additional legislation which extends and refines the national energy conservation effort and which deals with the other energy policy elements cited above is now under consideration or active development in a number of congressional committees with varying degrees of cooperation from the administration.

In the areas covered by the Standby Energy Authorities Act, there is substantial agreement between the administration and the Congress. The staff of the Senate Interior Committee has prepared a summary of the provisions of S. 622.

I ask unanimous consent that this summary be inserted in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. JACKSON. Mr. President, title I of S. 622 provides specific standby authority to deal with the severe energy shortages which would result from a new oil embargo or other serious curtailment in energy supply. Most of the provisions of title I were adopted by the Senate and the House of Representatives in the 93d Congress. That legislation, S. 2589, the Energy Emergency Act, was vetoed in March 1974. Since that time there has been a substantial narrowing of differences between the administration, which opposed congressional efforts to enact balanced standby authorities legislation, and the Members of Congress who initiated this legislation.

Title I of S. 622 contains authority, triggered by a Presidential finding that acute energy shortages exist or are impending that threaten the domestic economy, to establish, subject to congressional review with right of disapproval, a program of end use rationing or other specific energy conservation plans designed to restrain energy demand and equitably manage the energy shortage; take specific actions to increase production of domestic energy supplies; and cooperate with other energy consuming nations to share available supplies and take actions to ease the impact of energy shortages.

In addition title I authorizes the allocation of materials and supplies associated with the production of energy to the extent necessary to maintain and increase the production and transport of fuels, the regulation of exports of fuels and equipment and materials necessary for domestic energy exploration and production and collection of the energy information required to achieve the purposes of the act, including the fulfillment of obligations incurred by the United States under the Agreement on an International Energy Program signed by the United States on November 18, 1974.

Action by the President to increase the price of domestically produced oil currently under price controls would be made subject to the procedures of congressional review with the right of disapproval specified in the act. It is quite clear that this action, which the President still claims he intends to take, will have immense consequences for the domestic economy with little or no guarantee of compensating benefits. The need for congressional participation in a decision of this magnitude ought to be obvious to everyone.

The provisions of title I of S. 662 contain the authorities which the Federal Government will require in the event of a future serious curtailment in energy supply. Title II of S. 662 provides a foundation and a number of first building blocks for a national energy conservation policy. The goal of this policy is to begin to implement those measures which the FEA has indicated, in their Comprehensive Energy Plan and in the Project Independence Blueprint can result in significant energy savings and begin to build the efficient utilization of energy into the fabric of the domestic economy. The concept upon which the provisions of title II are based is one of decentralized administration of conservation measures so that the diverse regional economic, geographical, and climatological features prevailing in each State can be properly and equitably taken into account. Under title II, the Federal Energy Administration, in cooperation with other appropriate Federal departments and agencies, would be directed to establish, pending subsequent Federal legislation, and in any event, within 3 months of enactment of the act, energy conservation standards and model programs in a number of areas where the potential for energy conservation is significant. State governments would be asked to construct State Energy Conservation programs responsive to Federal guidelines and directed toward the achievement of reasonable and attainable Federal targets and objectives for each State. In constructing these State Energy Conservation programs, State governments may select programs from among those outlined by the Federal Energy Administration. Technical assistance in the development of the programs and funding to support program operation would be provided by the Federal Government.

Mr. President, title II of S. 622 would begin the job of systematic energy conservation which nearly everyone agrees is necessary. The approach taken by title II does not involve conservation by prohibitive energy pricing. It relies on Federal assistance and cooperation to mobilize the efforts of individuals and Federal and State government to improve energy utilization. The vulnerability of the domestic economy to curtailments in energy supplies and to steep increases in energy prices will be reduced as improved energy utilization is built into lifestyles and work processes.

The areas in which title II directs Federal efforts in efficient energy utilization will result in savings of the energy equivalent of over 800,000 barrels per day of crude oil within a year and a million barrels per day by 1977 based on analysis published by the FEA. For example, Federal standards and programs required by title II, include:

First. The establishment of lighting efficiency standards for public buildings and reasonable standards to govern decorative or nonessential lighting. The Project Independence Blueprint estimates that the energy equivalent of over 100,000 barrels per day of crude oil could be saved by mandatory adoption of lighting standards nationally;

Second. The establishment of thermal performance standards for all new construction supported or financed by Federal funds or through any federally guaranteed program. The Project Independence Blueprint estimates energy savings at 140,000 barrels per day (oil equivalent) rising to well over 300,000 barrels per day in the 1980's from mandatory adoption of such standards on a national basis;

Third. The establishment of standards and programs to increase efficiency in the industrial use of energy. The potential for savings in the industrial sector are expected to exceed 100,000 barrels per day (oil equivalent) in the short term and to rise to well over 600,000 barrels in the mid-1980's according to FEA analysis;

Fourth. The establishment of programs to increase efficiency in the transportation sector through enforcement of the national speed limit and efforts to encourage the use of carpools and public transit. Large savings are estimated in this sector by both the FEA Comprehensive Energy Plan and the Project Independence Blueprint: 300,000 to 500,000 barrels per day during this decade and up to 800,000 barrels per day in the mid-1980's; and

Fifth. Creation of low-interest loan and loan guarantee programs to improve the thermal efficiency of existing residences. Programs providing the capital to initiate these improvements at low cost could achieve significant short-term results—in the vicinity of 150,000 barrels per day (oil equivalent)—and over twice this amount in the 1980's.

The conservation programs embodied in title II of S. 622 recognize the very real impediments to new investment in energy efficiency by the very large number of consumers who have already been hard hit by inflation and recession. These Americans have taken what steps they can to conserve in response to the price increases initiated during the 1973 oil embargo. They are looking to the Federal Government for leadership. I find it incredible that all this administration has to offer to them is another round of energy price increases as substantial as the increases of 1973–74. In opposition to this uncritical reliance on price rationing of energy, S. 622 offers realistic and equitable programs based on real analysis.

The administration opposes title II realizing, correctly in my view, that enactment of this title would grant the Nation a reprieve from the dangerous and inequitable tax tariff and price decontrol policies upon which the administration's rhetoric about energy conservation is based. Given an opportunity to participate in meaningful, systematic programs to improve the efficiency in energy use, the American people will respond. I do not feel, and I do not think the Congress feels, that unevenly and indisriminately applied energy price increases represent a responsible energy conservation policy. Passage of S. 622 would represent a forthright rejection of the philosophy of energy rationing by prohibitive pricing and in favor of responsible Federal leadership.

[EXHIBIT 1]

SUMMARY

S. 622, "The Standby Energy Authorities Act," as reported, provides the authority to deal with situations created by severe energy shortages and creates the foundation upon which a new national energy conservation policy can be built. The programs embodied in this legislation are essential if we are to minimize our dependence on imported energy, protect natonal security interests and the integrity of our foreign policy, and promote sensible energy conservation consistent with economic recovery, full employment and stable prices.

A. TITLE I: STANDBY AUTHORITIES

The most important provisions of title I, Standby Authorities, are as follows:

1. Section 103 authorizes the President, subject to congressional review and right of disapproval, to implement a program for end use rationing of petroleum and petroleum products.

2. Section 104 authorizes the President, subject to congressional review and right of disapproval, to implement energy conservation plans.

3. Section 105 authorizes the President, after reporting to Congress, to allocate supplies and materials associated with the production of energy to the extent necessary to maintain and increase the production and transport of fuels.

4. Section 106 authorizes the President to undertake a number of measures to increase domestic supplies of petroleum.

5. Section 111 authorizes the President to restrict exports of fuels and energy resources, including petrochemical feedstocks, as well as material and equipment necessary for domestic energy exploration and production under such terms as he deems appropriate, consistent with existing laws.

6. Section 113 authorizes the President to order such action as may be necessary for implementing the obligations of the United States under the international agreement, as defined in this title, with regard to the international allocation of petroleum.

7. Section 118 authorizes the President to collect such energy information as he deems necessary for the purpose of carrying out this title, including the obligations of the United States under the international agreement.

8. Section 120 provides that title I shall not be construed as advice and consent, ratification, endorsement, or other form of congressional approval of the international agreement or any related agreement.

9. Section 121 sets forth the procedures and conditions governing voluntary agreements entered into to accomplish the objectives of the international agreement with regard to the international allocation of petroleum.

10. Section 122 extends the Emergency Petroleum Allocation Act of 1973 to June 30, 1976, by amending section 4(g)(1) of that Act.

11. Section 123 prohibits any increase in the price permitted for "old" oil, and any exemption of crude oil, residual fuel oil, or refined petroleum product from price con-

trol regulations without congressional review and right of disapproval.

12. Section 124 requires the President to develop and transmit to Congress, contingency plans for energy rationing and conservation. Such contingency plans may not be implemeted, however, without congressional approval, as provided for in sections 103 and 104.

b. Title II: Energy Conservation Policy

The direction and authority contained in title II is intended to mandate the establishment of energy conservation goals, standards and specific programs to be administered by State government. These programs are to be initiated promptly and are intended to be in effect until such time as the Congress enacts specific legislative policies on each of the subject matters covered by the title. Title II programs do not require an oil embargo or finding of impending emergency shortage conditions to trigger implementation. The most important sections of title II are as follows:

1. Section 202 authorizes the promulgation by the President, subject to Congressional right of review and disapproval, of specific interim Federal energy conservation programs pending establishment and implementation of the comprehensive program authorized by the title.

2. Section 203 requires the Administrator of the Federal Energy Administration to promulgate regulations within three months of the effective date of the Act setting forth Federal Standards for energy efficiency and establishing specific programs for energy conservation. These Federal initiatives shall include:

(A) lighting efficiency standards for public buildings;

(B) thermal performance standards for all new Federal construction and all new homes and buildings financed under any Federal loan guarantee or mortgage program;

(C) reasonable restrictions on hours for public buildings;

(D) standards to govern decorative or nonessential lighting;

(E) standards and programs to increase industrial efficiency in the use of energy;

(F) programs to insure better enforcement of the 55 mph speed limit;

(G) programs to maximize use of carpools and public transportation systems;

(H) standards for reasonable controls and restrictions on discretionary transportation activities upon which the basic economic vitality of the country does not depend;

(I) energy efficiency standards to govern Federal procurement policy;

(J) low interest loans and loan guarantee programs to improve the thermal efficiency of individual residences by installation of insulation, storm windows, or other improvements; and

(K) public education programs to encourage voluntary energy conservation.

The Federal Energy Administration has estimated that the energy equivalent of over 800,000 barrels per day of crude oil could be saved within a year through a purely voluntary program incorporating many of the provisions included in Section 203. Mandatory adoption of these measures will increase energy savings. The Committee intends that States will select from among these conservation measures those which fit best their own local economic, geographic and climatological conditions for incorporation in the State Energy Conservation Programs mandated by Section 204. The Committee believes that a national energy conservation effort guided by Federal standards, mandated by Federal authority but administered by States and tailored to local circumstances will result in significant energy savings without precipitating the further deterioration in the nation's economy which would result if the Administration's program of energy tariff, tax and pricing policies were enacted.

3. Sections 204, 205, and 206 authorize the setting of Federal guidelines for State Energy Programs to be submitted to the Administrator of the Federal Energy Administration by the Governors of each State. If a State program is approved, the authority to implement it is delegated to the State by the Federal Government, and the program is supported through a grant of Federal funds.

4. Section 207 requires the Administrator of the Federal Energy Administration to establish realistic energy conservation targets and objectives for State programs and to establish an incentive program for added Federal funding.

5. Section 208 provides that, should any State fail to submit an acceptable State Energy Conservation Program, the Administrator shall develop, implement and enforce a Federal energy conservation program in that State.

c. Administration Bill: Title XIII, the Standby Energy Authorities Act of 1975

There is substantial similarity between title I of S. 622 as reported by the Committee and title XIII of S. 594, which is part of the program proposed by President Ford on January 15. For example, each bill provides standby authority to:

Increase available domestic petroleum supplies;

Institute rationing of petroleum products;

Promulgate energy conservation plans;

Allocate scarce materials which are essential to the maintenance of production, refining and transportation of energy supplies;

Restrict exports of energy supplies and materials related to the production, refining and transportation of energy;

Provide grants to States to assist in the operation of State or local energy conservation programs.

In addition each bill grants to the President the authority to participate in the international allocation of petroleum supplies and to exchange information in fulfillment of the obligations of the United States under the international energy agreement signed in November of 1974.

Principal differences between title I of S. 622 and the Administration bill are:

S. 622 provides for congressional review and right of disapproval of rationing or conservation plans;

S. 622 does not grant the President control over privately held stocks of fuel;

S. 622 does not constitute advise and consent, ratification, endorsement or other form of congressional approval of the executive agreement, or any subsequent amendment thereto, regarding international cooperation in energy policy;

S. 622 extends the Emergency Petroleum Allocation Act of 1973 until June 30, 1976 and amends that act to require congressional review with right of disapproval for any alteration in price control regulations which apply to crude oil or refined petroleum products.

TABLE—SUMMARY OF FEA ENERGY CONSERVATION PLAN AND SAVINGS FOR OIL IMPORT REDUCTION PROGRAM [1]

Voluntary measures with major Federal program	Probable petroleum savings rate, thousands of barrels per day for each quarter in 1975				Maximum theoretical potential
	1	2	3	4	
Demand reduction measures					
1. Reduce energy use in industry: Institute industry conservation plans and energy audits	50	75	105	175	280
2. Reduce energy use in transportation:					
Institute auto fuel economy program	3	6	13	58	74
Enforce a 55 mile an hour speed limit	10	25	50	50	100
Encourage motorists to keep cars tuned	0	1	2	4	60
Encourage motorists to keep tires inflated to specification	1	2	2	3	10
Encourage use of public transportation	1	2	3	5	20
Encourage carpooling	7	10	25	40	400
Encourage activity and route coordination to conserve travel	28	95	127	130	220
Total transportation	50	141	222	290	884
Reduced energy consumption in buildings:					
3. Environmental systems:					
Modify ventilation in commercial buildings	5	30	15	50	100
Induce building owners to thermally insulate and seal buildings	0	2	2	15	40
Encourage adjusting the space heating/cooling thermostat for broader comfort settings	38	15	22	102	410
Encourage economic home furnace/air-conditioning maintenance	0	3	5	5	28
Urge reduction in commercial lighting	7	55	100	100	200
Urge turning off gas yard lights	0	8	8	8	35
Encourage energy conscious design by builders architects engineers	0	0	3	5	10
Total environmental systems	50	110	115	285	823
4. Consumer consciousness:					
Reduce hot water heater thermostat setting	0	5	5	5	23
Encourage cold water laundering	1	4	13	20	100
Urge maintenance and reduced use of residential appliances	9	16	27	35	107
Total consumer consciousness	10	25	45	60	230
Total buildings	60	135	200	345	1,053
Total demand rate reduction	160	350	525	810	2,217

[1] Table extracted from FEA report: Comprehensive energy plan. A report in response to sec. 22, Federal Energy Administration Act of 1974, Federal Energy Administration, Washington D.C.

Mr. BUMPERS. Mr. President, S. 622 had been debated to some extent and was under consideration on March 13, at which time it was set aside by unanimous consent so that we could proceed with consideration of the tax bill.

The Standby Energy Authorities Act contains provisions dealing with the first level of protection of the domestic economy from the impact of severe energy shortages which would result from a future oil embargo or for any other reason. Title I of the bill contains specific and carefully circumscribed authority for the President which would become effective only upon a Presidential finding that severe energy shortages threatening the domestic economy were in existence or impending or that we had a commitment under an international agreement which would require presidential actions. This title authorizes presidential actions, subject to congressional review with right of disapproval to:

Promulgate a program establishing end-use rationing of scarce fuels;

Promulgate additional energy conservation programs to restrict public and private energy consumption;

Activate standby programs to increase domestic energy production on an emergency basis; and

Participate in the international allocation of petroleum pursuant to the Agreement signed by the United States on November 18, 1974.

In addition title I contains authority to:

Allocate materials relating to exploration, production, and transportation of fuels and energy in an effort to maximize domestic energy production;

Restrict exports of coal, natural gas, petroleum products, and petrochemical feedstocks and material or equipment related to the exploration and development of energy resources;

Collect the energy information required to achieve the purposes of the Act and for the effective participation of the United States in the International Energy Agency;

Provide financial assistance to States to assist in the management of State energy conservation programs to cope with energy emergencies; and

Establish and update Federal contingency plans to deal with serious energy shortages.

Title I underlines the desire and the responsibility of the Congress to participate in essential actions affecting the welfare of the domestic economy and individual consumers. Section 123 improves the language of the Emergency Petroleum Allocation Act with regard to the congressional role in reviewing petroleum pricing decisions. Under this section, any proposal to increase the price of oil currently held under price controls would be subject to effective and prompt congressional review with right of disapproval.

Title I of S. 622 deals primarily with actions and authorities which relate to emergency situations resulting from a severe curtailment in energy supplies. Title II sets the stage and takes the first steps toward the creation of a national energy conservation effort. The programs authorized under title II provide a rational alternative to the economically dangerous and socially inequitable energy tax, tariff, and price decontrol policies offered by the administration. The programs authorized by title II would result in significant energy savings—800,000 barrels per day within a year, according to the Federal Energy Administration's Comprehensive Energy Plan, without the ruinous energy price increases offered by the administration.

Title II involves State government in the national energy conservation effort. State energy conservation programs would be prepared by State government reflecting unique local economic, geographical, and climatological conditions. These programs would be responsive to a set of model Federal programs and standards which include, but are not limited to, plans to establish:

A. Lighting efficiency standards for public buildings;

B. Thermal performance standards for all new Federal construction and all new homes and buildings financed under any Federal loan guarantee or mortgage program;

C. Reasonable restrictions on hours for public buildings.

Mr. RANDOLPH. Mr. President, will the able Senator handling this measure yield at this point because of the subject matter that he is now addressing?

Mr. BUMPERS. I am happy to yield.

Mr. RANDOLPH. The able chairman is addressing energy conservation efforts in Government-owned buildings. He speaks at the moment of State levels. But at all levels of government there is a compelling need for the conservation of energy.

Mr. President, I call to our attention that the General Services Administration, realizing that Government has to assume a leadership position in energy conservation, has developed a set of guidelines to help achieve that goal.

Last year, these recommendations dealt solely with energy saving in the design stages of construction. Our colleague has been mentioning that very subject here as it has to do with the thrust of this legislation.

At a recent hearing of the Senate Public Works Committee, Walter Meisen, the Acting Director of the GSA Public Buildings Service, provided us with information indicating that the application of that new set of guidelines could result in a 20- to 30-percent energy savings in the operation of existing office buildings.

I recall, I shall say to the Senator, that the Acting Commissioner assured me that in fiscal year 1974 the General Services Administration had effected a 21.9-percent reduction in energy consumption as the result of the institution of the energy conservation measures.

As part of this debate, I want the record to indicate, as we consider the value insulation in commercial buildings—and those, of course, are both privately and federally owned buildings—that these structures, I say to the gentleman, consume about 14 percent of all the energy consumed each year in the United States.

I think we should also know that there is a real need for resourcefulness and for innovative conservation techniques, such as those that have been set forth in the recent guidelines of GSA.

Mr. President, I ask unanimous consent to have printed in the RECORD a brief news release of GSA on this subject, dated February 17, 1974.

There being no objection, the news release ordered to be printed in the RECORD, as follows:

GSA PUBLISHES NEW ENERGY GUIDELINES

More than 300 recommendations for saving energy in office buildings were released today by the U.S. General Services Administration.

The publication, "Energy Conservation Guidelines for Existing Office Buildings," is a companion document to GSA's "Energy Conservation Design Guidelines for Office Buildings," published a year ago, which made recommendations relative to saving energy in the design stages of construction.

GSA Administrator Arthur F. Sampson said application of the recommendations in the new guidelines could result in a 20 to 30 percent energy saving in the operation of existing buildings. Commercial buildings, he said, both privately and federally-owned, use about 14 percent of all energy consumed each year in the U.S.

The new document is intended for use by GSA in the remodeling, maintenance, and operation of the 10,000 GSA-controlled buildings across the country. GSA also is encouraging use of the guidelines by architects, engineers and building owners in the private sector.

The guidelines make recommendations for energy conservation in several areas. Among these are interior and exterior lighting; power distribution; heating-ventilation-air conditioning; solid waste disposal; and elevator and escalator operations.

The element of flexibility is important in the new guidelines, Sampson said. They allow tradeoffs, permitting building owners and managers to select only those recommendations which are best for a specific building in terms of energy savings, cost, human needs and aesthetics.

Copies of the guidelines may be purchased for $2 at GSA Business Service Centers, located throughout the country.

Mr. BUMPERS. Mr. President, I digress from my prepared statement to reply to the distinguished Senator from West Virginia, pointing out that he will find the report of the Committee on Interior and Insular Affairs on this particular bill especially interesting because it is very specific in the area he has mentioned.

The Senator referred to the GSA standards for lighting which were set in January 1974. They provided, of course, that standards for overhead lighting were to be set, and apparently that requirement applies to all public buildings. But, in any event, the Project Independence blueprint estimated that lighting standards alone could save 100,000 to 120,000 barrels per day of crude oil before 1980. Then it set out thermal performance standards for all new Federal construction and all new homes and buildings financed under any Federal loan guarantee or mortgage program. That, incidentally, is covered under this bill.

It showed that 36 percent of the energy used annually in single-family dwellings could be saved by altering construction techniques without significantly changing the average cost of a new house or the lifestyle of the occupants.

For high rise construction, the corresponding figure is 24 percent, and in commercial buildings there would be a savings of 32 percent.

I thank the Senator from West Virginia for his comments and calling that to my attention. Those savings, of course, would indeed be very significant.

Mr. President, I was discussing State energy conservation programs, which may embrace, but need not be limited to, any one or all of those things that are set out in the bill. Possible provisions include, as I said, standards for lighting efficiency of public buildings and thermal performance standards, as I have just referred to in the committee report, and reasonable restrictions on hours for public buildings.

Incidentally, under the Commerce clause, public buildings include any building. It does not have to be government owned.

The programs would further refer to standards to govern decorative or nonessential lighting; standards and programs to increase industrial efficiency in the use of energy; programs to ensure better enforcement of the 55-mile per hour speed limit, and programs to maximize use of carpools and public transportation systems.

I might digress and say therein lies probably the potential for the greatest savings of energy in the United States.

Further the plans refer to standards for reasonable controls and restrictions on discretionary transportation activities upon which the basic economic vitality of the country does not depend; energy efficiency standards to govern Federal procurement policy; low interest loans and loan guarantee programs to improve the thermal efficiency of individual residences by installation of insulation, storm windows, or other improvements; and, finally, public education programs to encourage voluntary energy conservation.

These programs would be developed with Federal financial and technical assistance, and their operation would be supported by a grant of Federal funds.

Mr. President, the Standby Energy Authorities Act represents a responsible step by the Congress to deal with the urgent energy-related needs of our Nation.

Mr. President, I strongly urge speedy consideration and prompt passage of this very important bill by the Senate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FORD). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 101

Mr. BUMPERS. Mr. President, I wish to call up Amendment No. 101.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) proposes amendment numbered 101.

The amendment is as follows:

(1) On page 48, line 12, delete the following and renumber accordingly:

"4. Section 110, Antitrust Provisions;".

(2) On page 69, line 20, insert the following between "cases" and "shall": "such advisory committees".

(3) On page 88, line 6, insert the following between "cases" and "shall": "such advisory committees".

(4) On page 89, line 23, substitute the word "title" for the word "Act".

(5) On page 90, line 22, substitute the word "section" for the word "subsection".

(6) On page 92, line 4, substitute the word "section" for the word "subsection".

(7) On page 94, line 8, substitute the word "title" for the word "Act".

(8) On page 96, line 12, substitute the word "title" for the word "Act".

(9) On page 96, line 20, substitute the words "and taken pursuant to" for the word "by".

(10) On page 96, line 22 and 23, delete subsection "(1)".

(11) On page 96, line 24, redesignate subsection "(m)" to read "(1)".

Mr. BUMPERS. This is a series of technical amendments—there are 11 of them—which simply change certain words. They are, as I say, technical and they are on the desk. I move the adoption of this amendment.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. FANNIN. Mr. President, will the distinguished Senator from Arkansas please explain again the content of the amendment? I understand it is a technical amendment, but I did not receive the information on what is involved.

Mr. BUMPERS. It is a technical amendment. We shall be happy to supply a copy of it.

Mr. FANNIN. I appreciate that very much.

Mr. BUMPERS. Mr. President, if I may at this time, under the previous consent order, it was agreed that no rollcalls will be held, I believe, before 5 p.m. this afternoon. Therefore, on all amendments, I wish to ask unanimous consent, if that is necessary, that all amendments be backed up until at least 5 p.m.

The PRESIDING OFFICER. Does that mean amendments on which rollcalls are ordered?

Mr. BUMPERS. I did not understand.

The PRESIDING OFFICER. Is that amendments on which rollcalls are ordered?

Mr. BUMPERS. That is correct.

The PRESIDING OFFICER. Is there objection?

Mr. BUMPERS. As far as I know, the unanimous-consent order only applied to rollcalls.

The PRESIDING OFFICER. That is correct.

Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, under the unanimous-consent order, there was an hour on each amendment to be divided equally——

The PRESIDING OFFICER. On amendments in the first degree, 30 minutes of debate on any amendments in the second degree, and 20 minutes of debate on any debatable motion or appeal.

Mr. BUMPERS. It is my understanding that on the 1 hour of debate, it is to be divided equally between the manager and the mover of the amendment.

The PRESIDING OFFICER. The Senator from Arkansas is correct.

Mr. BUMPERS. At this time, I have offered this amendment. I yield 3 minutes of my time to the distinguished Senator from Indiana.

Mr. BAYH. Mr. President, I propose first to ask unanimous consent that that 3 minutes not be charged to the time of either the proponent or the opponents.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. BAYH. I ask unanimous consent that a staff member of mine, Mr. Howard Paster, be accorded privileges of the floor in the voting on S. 622.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Mr. BAYH's remarks made at this point appear in today's RECORD under Statements on Amendments Submitted for Printing.)

AMENDMENT NO. 101

Mr. BUMPERS. Mr. President, we have before us amendment No. 101, a technical amendment; and I would like some feeling from the other side of the aisle before yielding back my time. As I say, it is what I consider to be a very innocuous amendment.

Mr. FANNIN. Mr. President, I would very much like to cooperate and will cooperate with the distinguished Senator from Arkansas, but I do feel that it would be in order for each one of the amendments to be explained, so that other Senators may understand what is involved.

Would that be possible?

Mr. BUMPERS. Mr. President, it would be possible, of course, to explain why we have changed a number where there was an error in the printing of the bill, or why we changed something from "commissioner" to "committee," or something of that sort. That is essentially what all of these amendments are. None of the amendments changes the substance of the language of any section of the bill. If it should become——

Mr. FANNIN. Let me say to the Senator from Arkansas, that is exactly the explanation that I think is needed. If he will expand on that, I think it would be in order to accept the amendment.

Mr. BUMPERS. Mr. President, in response to that request, the corrections proposed in amendment 101 are as follows: First, remove section 110—which is misnamed "Antitrust Provisions" on page 48 of the bill as printed—remove this section from the list of authorities which require a Presidential finding of severe shortage conditions to take effect.

Actually section 110 relates to the establishment of advisory committees by the FEA Administrator. The operation of this section should not be limited to emergency situations.

Section 110 in no sense relates to the procedures for cooperation between oil companies for the international allocation of oil pursuant to the international energy program. These procedures are governed by section 121 of S. 622.

Paragraphs (2) through (11) of amendment 101 represent grammatical and clarifying perfections in language and the elimination of clearly unnecessary language only.

For example, one of the amendments simply changes the word "act" to "title," in view of the fact that a second title has been added.

Mr. FANNIN. Will the Senator yield further?

Mr. BUMPERS. Yes.

Mr. FANNIN. Is it not true that such advisory committees are now being negotiated, that there is communication going on now that might affect that particular provision, and that it might be in order to delete the reference to such committees at this time?

Mr. BUMPERS. There is a discussion going on, and if an agreement is reached then, of course, we would have ample time to change the provision.

Mr. FANNIN. If the Senator will continue, we will see just what others——

Mr. BUMPERS. That is the substance of amendment 101. There are 11 changes enumerated there, and we simply remove the words "antitrust provisions," which were a misnomer——

Mr. FANNIN. Will the Senator yield?

Mr. BUMPERS. I yield.

Mr. FANNIN. It is certainly satisfactory with this Senator if amendment 101 is adpoted, with the understanding, naturally, that if other agreements are reached, the necessary changes then would be made to comply with them.

Mr. BUMPERS. I think that would be—we would agree to that.

Mr. FANNIN. With that understanding, we are willing to accept the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. I yield back the remainder of my time.

Mr. FANNIN. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. FORD). All remaining time having been yielded back, the question is on agreeing to the amendment No. 101 of the Senator from Arkansas (Mr. BUMPERS).

The amendment was agreed to.

Mr. BUMPERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FANNIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, I call up an amendment which I have sent to the desk and I ask that it be read.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona (Mr. FANNIN) proposes an amendment. On page 106, line 8, following "improvements" insert ", or by the application of solar energy heating and cooling equipment which meets the specifications developed under Section 8 of the Solar Heating and Cooling Demonstration Act of 1974 (Public Law 93-409; 88 Stat. 1073).".

Mr. FANNIN. Mr. President, solar energy is becoming of great interest throughout the world. Many nations now are exerting great leadership in this field, and it is my feeling that our Government should be foremost in the work on solar energy. This is a field which offers tremendous potential. There is not any source of energy which compares with that coming from the Sun.

So, as we go forward with our goals to try to reach independence as far as energy is concerned, this should be one of our major considerations.

Fortunately we have been dealing in solar energy for many years. In my particular State of Arizona as long ago as 1904 we were using solar energy to pump water, which was quite an accomplishment in those days.

But, Mr. President, as time went by, solar energy was put aside the same as coal utilization and the utilization of other fuels because of cheap natural gas. This is one of the reasons why we have not gone forward in developing this great resource.

We are now realizing the tremendous opportunities, and because of the higher price of fuels and the abundance of solar energy, we are concentrating more on this particular type of energy development.

Mr. President, in every part of the world this offers a great potential. But in the Southwest—and in my particular State of Arizona—it offers particular possibilities because we have more sunlight for a greater number of hours than most any other place in the Nation. So we have gone forward in testing these different units that offer great possibilities.

We now have our universities, in my State as well as in other States of the Nation, concentrating, too, on this particular field of endeavor. We have energy units that are utilized for supplemental heating of hot water, and now we have units for supplemental refrigeration.

Also in many areas of the country different type units are being used not only in homes but in businesses, schools, and other public buildings. In fact, just recently it was announced in a junior college in Denver, Colo., that one of the large buildings would be heated with solar energy. So even in the cooler areas of our country there is a potential.

Mr. President, if we take into consideration the objectives in this legislation, and the title of the bill, I think, indicates just what we intend to accomplish with the legislation, I question how well we are accomplishing that objective. That is why I feel it is very important for us to consider some amendments that I think would be helpful in energy conservation and not just allocation of scarce supplies.

Here we say:

To provide standby authority to assure that the essential energy needs of the United States are met, to reduce reliance on oil imported from insecure sources at high prices, and to implement United States obligations under international agreements to deal with shortage conditions.

Mr. President, that is exactly what this amendment will do. It would assist in that endeavor.

We have many sources of energy throughout the Nation. But, as we all know, coal represents the largest source, both in this country and worldwide. When we talk about the source of energy, the Btu content, we find that coal represents more than 70 percent of all the resources of energy from fossil fuels worldwide. We find that oil and gas represent a much smaller amount—in fact, just a little over 11 percent as far as the amount of energy that can be obtained from all known sources. I would not say it can be obtained from them because much of that is not recoverable, and that is why we do have programs now to develop our coal resources, coal representing so much of our energy. Coal does offer us an opportunity, the best opportunity, to be self-sufficient in energy.

We now have programs in the West for coal mining—in fact, we have a strip mining bill that we are considering, and which will soon be in conference.

Mr. President, what we are discussing here today is how we can carry out the intent of this legislation, at least the intent as stated in the title of the bill. I feel it is highly essential that we follow that intent if we are going to carry through with our goal.

Mr. President, many provisions of the bill do not provide that goal. I think we should realize if they are adopted they would not only be detrimental but, I think, would seriously affect the development of our resources throughout this Nation.

The particular amendment I am talking about at this time though has tremendous possibilities contained within it. Very few people realize what can be done with the generation of power through solar energy. So many people think of solar energy as an absorber-type unit on their roof or placed around a swimming pool, for instance. This is a very proper way of utilizing solar energy. But we also have a potential for meeting power needs with solar energy—for instance, we talk about the open pit mines, and wonder what we are going to do with those open pits when we have mined them out and are all through with them.

Mr. President, we have, perhaps, many ways of utilizing those open pits. One way, I think, is to utilize them for the development of solar energy. Why do I say that? If we look at present use of solar energy we will see examples of large collector units—there is one in France that covers eight floors of a building, and that provides quite a considerable amount of power generation. But that is just a minute part of what could be developed if we used an open-pit mine and had the reflection from different areas of that open pit reflecting on a centralized collector. I will have a great deal to say about that because I will have special legislation in regard to this particular utilization. But the amendment I am offering now does bring to the attention of the Members of Congress just what is involved.

People will think of these ideas as being farfetched. But, Mr. President, we must consider what has already been done with solar energy, and we see it utilized in many, many different ways.

Mr. FANNIN. Incidentally, Mr. President, while we are discussing the tremendous energy conservation we can achieve through the utilization of solar energy, I would like to elaborate on this particularly innovative use of open pits or craters in connection with solar power.

Over 3 years ago, Dr. Burke Nelson, currently serving on the minority staff for the Senate Interior Committee, conceived of the idea of using natural craters on the Earth's surface for solar collection. At that time, Dr. Nelson was attending a conference of the American Institute of Aeronautics and Astronautics, at which solar power generation was discussed. He points out that the surfaces of such craters merely need to be coated with a reflective plastic substance, such as aluminized mylar utilized in our lunar landings, in order to become vast solar reflectors for power generation. This offers a great opportunity for practical utilization of the many open-pit copper mines found around this country following mining operations. The terracing on the slopes of such mines would in fact approximate the proportions of a fresnel lens whose horizontal slopes could be coated in the aforementioned aluminized mylar and adjusted to reflect the Sun's energy to a large collector suspended above the pit.

So I feel that just the consideration of this amendment will bring to the attention of the Members of the Senate—and I hope the Members of the House so that we can get it adopted—just what potentials we have that are very seldom considered.

I know that solar collection over a vast area is not a new idea.

But now we have other thoughts, and what I am bringing up today suggests a tremendous potential. It is something, as I say, that incorporates what has been proven, but it has not been concentrated in this particular way previously.

I feel that it is a way in which we can go forward with development of this particular idea.

Mr. McCLURE. Will the Senator from Arizona yield?

Mr. FANNIN. Yes, I am very pleased to yield to the Senator from Idaho.

Mr. McCLURE. I want to commend the Senator from Arizona for again bringing this matter to the attention of the Senate because it is a matter which has been discussed in committee and a matter which has had some previous discussion on the floor of the Senate.

We had a somewhat similar amendment in the tax bill. The Senator from Arizona supported that amendment, as well, and it was lost in the conference.

I was wondering if it might be advisable to have a record vote on this amendment, although I understand that the majority is disposed to accept the amendment, but to have a vote just simply to kind of lock it into the bill so it is not so easy to move away in the conference if there is a difference in the position between the House and the Senate.

Mr. FANNIN. Well, I certainly want to express my appreciation to the distinguished Senator from Idaho. I think it might be advisable, I would be very pleased to discuss it on that basis, and I would want to have as many Senators here as we could to listen to the explanation, because this is something that I think goes even beyond some of the discussions we have had previously.

The distinguished Senator from Idaho is perhaps one of the foremost exponents on utilizing alternate energy facilities most advantageously. Certainly in his great State of Idaho they are talking about geothermal, they are talking about solar energy, and every other possible way of generating fuel and energy. I feel that his knowledge of the mining industry would certainly be very beneficial in analyzing this particular proposal. I do not know whether he has considered or discussed it with any of his people, but I am sure they would all be vitally interested because it is something which I think offers an opportunity for a different way of generating the electricity needed and not having build something that would be unsightly.

So many times, we do have that problem, as the Senator realizes.

Mr. McCLURE. Will the Senator from Arizona yield?

Mr. FANNIN. I am very pleased to yield to the Senator from Idaho.

Mr. McCLURE. Well, I certainly appreciate the comments of the Senator. I strongly support the amendment.

My only concern was the matter of expressing it in a way which will have the maximum effect, the maximum likelihood that it will remain in whatever legislation is ultimately sent to the White House for signature.

The possibilities of solar energy are nearly endless. The problems have been economic ones.

I think we can indicate now to homeowners that they can, in many areas of the country, economically justify the investment necessary to install solar heating, both for their house and for the hot water—particularly, the hot water that is consumed in the house, even in areas where we do not think of them as being sunny States, like the State of Arizona. But the initial investment is relatively high and so a great many people looking at the cost of the equipment and the installation of equipment shy away from solar heating because it is cheaper to get some alternative even though the operating costs are higher.

I was just recently at a meeting at the White House with some of the White House staff trying to indicate to them some of the opportunities available in the solar heating field, and again the economics came out very strongly that in about 6 or 7 years of operating, the capital cost of the installation is amortized through reduced operating costs, but the initial cost is the thing slowing people down, and in the installation.

The amendment of the Senator would very greatly assist in at least making that initial investment less burdensome and more attractive.

We can now heat, in many areas of the country, a small home with an additional initial installation cost of somewhere on the order of $4,000.

We can right now do what is being done in many other countries of the world in heating hot water, at least raising the initial input temperature as it goes through conventional heaters.

In January I was in Israel and nearly every new dwelling or every commercial installation in Israel has a solar heater on the roof.

Dr. Tabor has been very instrumental in leading in the development of this installation, and there are a variety of them, but almost every apartment has a 30-gallon tank and a solar heating panel on the roof. I am sure the Senator has seen those.

This, I think, is what the Senator refers to, the esthetics of the installations, and we perhaps do not want to go around, as they do in Israel, seeing a 30-gallon tank on the roof of every house and one for every apartment.

Nevertheless, there are things that can be done and could be done right now in this country if we could just start taking the steps.

So while I am sure the Senator would agree that is not the true answer to our energy problems, the opportunities are endless and we ought to begin.

I again commend the Senator from Arizona for the leadership that he and people in his State have taken in furthering the research and again in offering this amendment which would further the application of solar energy to our energy problems.

Mr. FANNIN. I wish to express my appreciation to the distinguished Senator from Idaho on his contributions concerning solar potential, related to his travels abroad and here in this country. I was interested in his comments about the units in Israel. We have had a display of units from Israel at our Arizona State University, and in the Motorola plant nearby, they have units from Australia, Israel, and Japan, along with some of the units produced here in the United States.

I am very pleased to let the Senator know that the Motorola Co. has a research laboratory wherein they are testing all of these units. These collectors are lined up with a computer which records the efficiency, including the energy absorbed on each unit every hour of the day.

So something is being done that is very beneficial.

Most of the utilities consider the advantages of solar energy from the standpoint of balancing their load when they are talking about the supplemental heating and cooling, and heating of hot water that the Senator from Idaho referred to. This is very beneficial to the company.

As the Senator knows, about 25 percent of the investment in electric utility plants is for peak load utilization and if they could cut down the peak loads and level out those valleys with a more straightline utilization, it could reduce their capital investments. Especially when we realize that contrary to what the industry has to spend for a return on their capital, the industry usually calculates that they spend a dollar for every dollar of returned revenue, whereas the utilities spend $4 for every $1 of returned revenue. That is why it is so vital that they cut down on that peak load.

Then, too, we have come into a new field. I say "new field." I explained earlier that it was back in 1902–04 that they had a unit operating at Tempe, Ariz., with mirrors reflecting on a heat unit that generated steam, with power and electricity that pumped water out of the Salt River. That was many years ago.

What has happened is that, by cheap natural gas coming along, those programs were dropped, and they were no longer economically sound. The investment was too high to offset the operating costs.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. FANNIN. I yield.

Mr. McCLURE. The economics, of course, have been the determining factor, as they often are in decisions made by our citizens.

The Senator correctly points out that cheap alternative sources of energy have dampened the development of solar energy resources. Right now, there are units on the market for hot water heating that cost under $700, with all their controls. That might not provide all the hot water that a household would use, but it would do so in sunshiny weather, and it would supplement greatly the other energy used in home water heating, even in off periods of time.

I think the public does not understand that even in cloudy weather, a great deal of solar heat gets through the clouds and can be collected in solar collectors. Is that correct?

Mr. FANNIN. That is correct.

Mr. McCLURE. When it comes to home heating, a number of systems have been devised and tested, with a great deal of experimentation going forward. The latest figures I have seen with respect to a home in a temperate portion of the United States indicate that about 3 tons of rocks would provide enough of a heat sink to provide all the hot water required to heat the home in all except extended periods of cloudiness, and certainly enough to last overnight.

Similarly, in climates like that in Arizona, where the major energy load may be air-conditioning rather than heating, the solar energy can provide the heat for a system that will air-condition as well as heat these homes.

Again I commend the Senator for having offered the amendment and for the leadership he has shown through all the years I have served with him, in terms of trying to get some very real progress with respect to the application of solar energy.

Mr. FANNIN. I thank the Senator from Idaho. He is highly qualified in this field and in the entire energy program.

What the Senator has explained is essential to the goals we have. When the solar energy unit can provide 80 to 90 percent of the load, it will be extremely beneficial to the homeowners as well as to the utilities in cutting down peak loads.

In recent years, we have had great concentration on the power generation hopes of the solar energy industry. We have seen the unit that has been prominently displayed in magazines in this country. It has been publicized around the world. It is unsightly, and that is one of the problems we have with respect to building a huge structure to hold all these mirrors or the various materials that can be utilized for reflecting the sunlight.

However, when we can use an abandoned open pit mine for our purpose, it shows that with ingenuity there is a utilization that I think may mean a great deal to us in the future. We are talking about being able to generate large quantities of electricity in this manner. As I say, this still has to be proven, so far as the open pit mine application is concerned; but I think it would be far more simple to utilize that method for this energy than it would be to build a tall structure such as they have in France.

This is something we should go into very thoroughly. As we consider proposed energy research legislation, I want to be sure that we provide for this type of program so that we can fund programs and can give leadership from the standpoint of the Energy Research and Development Administration and provide for the funds that are needed to support that type of research.

In my amendment, I am not talking about the same program. I feel that we should have a more expansive program than simply loan guarantees. It is said that success breeds success; and if we can have success in these programs, which are not so expansive, we can exert a great deal more interest in the ones that may come along in the future. I feel that this is something with which we should go forward.

Mr. President, the Senator from Idaho has suggested that we have a rollcall vote. I know it would not be in order at this time, so I ask unanimous consent that my amendment be set aside until a greater number of Senators are present.

Mr. HASKELL. I have no objection.

The PRESIDING OFFICER (Mr. BELLMON). Without objection, it is so ordered.

Are there further amendments?

Mr. HASKELL. Mr. President, I suggest the absence of a quorum.

The assistant legislative clerk read as time?

Mr. HASKELL. The time to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HASKELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 3 P.M.

Mr. HASKELL. Mr. President, I ask unanimous consent that the Senate stand in recess until 3 p.m., and that the recess time be charged equally on the bill against both sides.

There being no objection, the Senate, at 2:11 p.m., recessed until 3 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. TOWER).

Mr. FANNIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. will call the roll. The assistant legislative clerk proceeded to call the roll.

Mr. FANNIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GOLDWATER). Without objection, it is so ordered.

Mr. FANNIN. Mr. President, I call up my amendment, which was temporarily set aside earlier today.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Arizona (Mr. FANNIN) proposes an amendment: On page 106, line 8, insert the following: following "improvements" insert ", or by the application of solar energy heating and cooling equipment which meets the specifications developed under section 8 of the Solar Heating and Cooling Demonstration Act of 1974 (Public Law 93–409; 88 Stat. 1073),".

Mr. FANNIN. Mr. President, previously I discussed this amendment. I understand that the manager of the bill has agreed to accept it. Mr. President, I ask for the immediate consideration of the amendment.

Mr. BUMPERS. The amendment is acceptable to us, Mr. President. We agree to immediate consideration of it.

Mr. FANNIN. I yield back my time.

Mr. BUMPERS. We yield our time back.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona.

The amendment was agreed to.

Mr. FANNIN. I thank the Chair.

The PRESIDING OFFICER. The bill is open for further amendment.

Mr. FANNIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Mr. John I. Brooks of my staff be granted the privilege of the floor during consideration of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. Mr. President, I ask unanimous consent that Nolan McKean of my staff be granted the privilege of the floor during debate and any votes on this bill.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its consideration.

The **PRESIDING OFFICER.** The clerk will report the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with. I will explain it.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

> Beginning with page 61, line 19, strike out all through page 62, line 23, and insert in lieu thereof the following:
>
> SEC. 105. MATERIALS ALLOCATION.—Section 101 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:
>
> "(c)(1) Notwithstanding any other provision of this Act, the President may, by rule or order, require the allocation of, or the performance under contracts or orders (other than contracts of employment) relating to, supplies of materials and equipment in order to maximize domestic energy supplies if he makes the findings required by paragraph (3) of this subsection.
>
> "(2) The President shall report to the Congress within sixty days after the date of enactment of this subsection on the manner in which the authorities contained in paragraph (1) will be administered. This report shall include, but not be limited to, the identification of materials and equipment in short supply, the manner in which allocations will be made, the procedure for requests and appeals, the criteria for determining priorities as between competing requests, and the office or agency which will administer such authorities.
>
> "(3) The authority granted in this subsection may not be used to control the distribution of any supplies of materials and equipment in the marketplace unless the President finds that—
>
> "(A) such supplies are scarce, critical, and essential to maintain or further exploration, production, refining, transportation, and conservation of energy supplies or for the construction and maintenance of energy facilities; and
>
> "(B) maintenance or furtherance of exploration, production, refining, transportation, and conservation of energy supplies and the construction and maintenance of energy facilities cannot reasonably be accomplished without exercising the authority specified in paragraph (1) of this subsection.
>
> "(4) During any period when the authority conferred by this subsection is being exercised, the President shall take such action as may be appropriate to assure that such authority is being exercised in a manner which assures the coordinated administration of such authority with any priorities or allocations established under subsection (a) of this section and in effect during the same period."

Mr. PROXMIRE. Mr. President, this amendment is aimed at preventing duplicated and overlapping priority allocation systems for energy and national defense.

This amendment will in no way change the substance or the intent of the original section 105 of S. 622 which it amends. It is offered as an improved substitute for my amendment No. 128 to S. 622, which I introduced prior to the recess.

Rather, it is offered to avoid a duplicate allocation mechanism, which could very well conflict with the priorities and allocations program provided for defense programs under title I of the Defense Production Act of 1950, as amended.

The priorities and allocations system established under the DPA is an ongoing system which has been increasingly used to insure the timely completion of defense programs at a time of growing shortages of strategic and critical materials.

Implementation and administration of the title I authority is carried out by the Bureau of Domestic Commerce of the Domestic and International Business Administration in the Department of Commerce. The priority and allocation powers are administered through a series of regulations and orders collectively designated as the Defense Materials System—DMS—and the Defense Priorities System—DPS.

In fiscal year 1974, this system was utilized by the Department of Defense in a total of 1,411 priorities assistance cases with a value of over $240 million. It was also used by the Atomic Energy Commission in 101 cases for obtaining materials and equipment for powerplants. The National Aeronautics and Space Administration and the Maritime Administration have also availed themselves of the materials allocations and priorities available under the Defense Production Act in the past year.

What prompts my concern—and this amendment—is the very real possibility of a parallel and competing system for priority allocations. As the bill before us now reads, there is no way of resolving conflicts in energy priorities and defense priorities, there is no way of determining precisely which legislation, which agencies, and which allocation mechanism have jurisdiction in which cases. It provides no mechanism for resolving the conflicts which will inevitably result where there are competing claims and competing justifications for distributing scarce resources.

Additionally, the operation of two different allocation systems would surely create time-consuming bureaucratic entanglements that would defeat one of the purposes for having such priority allocations in the first place. Although the two systems would nominally operate in two different spheres—the one relating to the national defense and the other to national energy needs—I feel sure that we all understand how difficult it is in practice to separate national energy problems from national defense issues. There are no clear criteria for making such distinctions. The distinction between energy and national defense priorities is a question of specific situations and of judgment. Decisions must be made on a case-by-case basis.

The answer to this problem of potentially conflicting requirements is to continue having a single priority allocation system, one which is capable of integrating, studying, and judging competing claims for priority treatment. The present amendment, therefore, establishes the need for priorities and allocations for both energy and national defense. Additionally, it requires the President to insure that these priorities and allocations are administered in a coordinated fashion.

The effect, then, of the amendment which I have proposed is essentially to take our existing and working allocation system and broaden it to include domestic energy supplies, while at the same time to provide the authority to reconcile different claims on a basis that will best serve the total national interest, rather than just one aspect of it.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the distinguished Senator from Washington.

Mr. JACKSON. Mr. President, I think it is a good amendment. Before I would propose to accept the amendment I do want to make clear a point that, I think, needs clarification so that there will be no misunderstanding in connection with any possible court test of this amendment.

Now, title I, section 2071 of the United States Code, subtitle (b) reads as follows:

> The powers granted in this section shall not be used to control the general distribution of any material in the civilan market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

Now, that is the section, the critical section, from the Defense Production Act. It is my understanding that the Senator's language in his amendment under subsection (c) states as follows:

> (c)(1) Notwithstanding any other provision of this Act, the President may, by rule or order, require the allocation of, or the performance under contracts or orders (other than contracts of employment) relating to, supplies of materials and equipment in order to maximize domestic energy supplies if he makes the findings required by papragraph (3) of this subsection.

The purpose of the Senator's specific language that I read from his amendment is that allocation of material for energy production would not require the defense findings that I read from the Defense Production Act, subsection (b) of title I, section 2071; is that correct?

Mr. PROXMIRE. The manager of the bill is correct; that is right.

I might say I modified the amendment a slight bit to change "section" to "act."

That is simply to make the language clear.

Mr. JACKSON. I see no objection to that.

Mr. PROXMIRE. I thank the Senator.

Mr. JACKSON. I am sure the Senator agrees with me that the whole thrust of this particular authority is to deal with the problem that we face in the energy area, and that we would not want whoever is going to administer this to be encumbered with a requirement that they would have to make a finding and a showing that it was tied to the defense section from which I read, from the United States Code, under subsection (b) in both categories (1) and (2).

Mr. PROXMIRE. The Senator is absolutely correct. The whole purpose of the amendment is to try to reconcile the situation so that we do not have these conflicting claims with no clarity in the law as to how to reconcile them.

Mr. JACKSON. I think the Senator's point is well taken. I take it he has in mind that there not be parallel or duplicating allocation authority. It ought to be centralized in one place.

Mr. PROXMIRE. It has to be because there might be some times——

Mr. JACKSON. The right hand would not know what the left hand was doing, and they might be competing for critical materials.

Mr. PROXMIRE. That is right.

Mr. JACKSON. I commend the Senator for his amendment, and I think it is a good amendment and a helpful amendment.

Mr. FANNIN. Mr. President, with the reservation which has been made by the distinguished Senator from Washington, the manager of the bill, I can understand that the amendment could be beneficial.

I agree with the intent for clarification that the Senator has explained as the reason for his amendment.

I have some reservation regarding the modification that may come about by other amendments that we have at the desk that will be under consideration later. With the understanding that was given to me by the manager of the bill that, in conference, this would be taken into consideration, I, therefore, do not have any objection to the amendment.

Mr. PROXMIRE. I thank the distinguished Senator.

Mr. JACKSON. I yield back the remainder of my time.

Mr. FANNIN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PROXMIRE. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

> On page 96, strike out line 16, and insert in lieu thereof the following: "voluntary agreement under the International Agreement with respect to international petroleum allocation and the information system provided in such agreement."

Mr. PROXMIRE. Mr. President, I rise to offer an amendment to the Standby Energy Authorities Act which seeks to clarify the applicability of the Defense Production Act of 1950 to voluntary agreements and antitrust exemptions therefor. The amendment is in the nature of a technical amendment.

At the outset, I should like to note that this amendment does not alter the purpose of the original section 121 of S. 622. Rather, it adds language which will make it more obvious that the antitrust immunity provisions in section 708 of the DPA do not apply—do not apply—to voluntary agreements authorized in support of the international petroleum agreement.

As the relevant paragraph (paragraph (J)) now reads, it appears that section 708 of the DPA cannot be made to apply to any voluntary agreement. By adding the language of my amendment, it is evident that this restriction pertains only to those voluntary agreements authorized by S. 622.

I trust on this basis, that the distinguished manager of the bill and the ranking minority member of the committee will accept this minor modification in the spirit it is offered as an improvement in the language of the bill.

Mr. JACKSON. Mr. President, the Senator from Wisconsin, I think, has described the situation correctly. It is basically a technical amendment.

I may say further that the staff has cleared this particular amendment with Senator HART's Antitrust Subcommittee and, as I understand it, he is in accord.

Mr. FANNIN. Mr. President, with the same reservation made on the previous Proxmire amendment, I do not have any objection to it, but I do want to make that one explanation. If further amendment would change the intent, then in conference we would consider correcting any ineptitude created.

Mr. PROXMIRE. I thank the Senator.

Mr. JACKSON. I yield back the remainder of my time.

Mr. FANNIN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BARTLETT. Mr. President, I call up my amendment No. 1, which is at the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

> On page 63, line 8, following the word "President", add "obtains the approval of the appropriate State regulatory authority and".

Mr. BARTLETT. Mr. President, subsection 1 to which this amendment applies is in section 106, Federal actions to increase available domestic petroleum supplies, and subsection 1 has to do with increasing the MER, the maximum efficient rate of production.

The MER is defined as the highest rate of production from an oil or gas well that can be sustained over a long period of time without reservoir damage and significant loss of ultimate oil and gas recovery.

Production in excess of MER for sustained periods may result in both loss of recovery and premature loss of producing capacity.

This amendment would require the President to obtain approval of the appropriate State regulatory authority. The purpose of this amendment is to recognize that the State regulatory authority is the only authority which is experienced in the particular area of establishing MER's because it actually does establish the MER for fields in the State in which it has jurisdiction. It is the only authority which has the information on which to base an opinion.

Later on subsection (1) provides that the data to determine the maximum efficient rate of production shall be supplied to the Secretary of the Interior by the State regulatory agency which determines the maximum efficient rate of production and by the operators who have drilled wells in or are producing oil or gas from such fields.

This provision is not in the interests of conserving our natural resources and the purpose of my amendment is to make certain that it will conserve those resources by bringing into action the State regulatory agency which does have sufficient knowledge to make a judgment.

Without my amendment this section could have the effect of taking private property without due compensation because it could lead to wasting of large amounts of oil and gas by producing a field at too fast a rate.

Oftentimes in a field with a gas cap, opening up a well to the maximum rate of production is not efficient because it causes premature fingering of gas cap gas into the producing well. This ultimately reduces the reserves and reduces simultaneously the daily production from that particular oil well.

In a field with a partial or strong water drives, production of the reservoir at above, the MER leads to a premature watering out of wells in the lower parts of the reservoir. This could very well cause both a very significant reduction in the ultimate recovery for the individuals whose leases would be so located in the reservoir and also a lower ultimate recovery for the whole field.

The State regulatory agencies that now establish the MER's for fields accomplish two goals:

Natural resources are conserved—in other words, the production and the ultimate recovery of oil are maximized; and the property rights of the various individuals having an interest in an oil field are protected. This is the correlative rights concept.

The States are not restricting production. Developing the appropriate MER's is an adversary process in which qualified individuals present detailed data to support their contentions.

The Federal Government could not possibly do a better or, in my opinion, a more complete job.

I do not believe that the Federal Government would institute an adversary process and it would not have the time in which to make a good determination of just what level the production could be held, for a short or for a long period of time, without doing damage to the reservoir.

This is a very sophisticated subject both from a technical standpoint and also from a judicial standpoint in which the two objectives of conservation and production of property rights are balanced.

The provisions of section 106(d) are not specific and contain an undefinable standard before production in excess of MER can be implemented.

Who can possibly define what an excessive risk of loss in ultimate recovery is?

My amendment is a precautionary amendment to make certain that any increase in MER is going to be judiciously determined and that both conservation and property rights will be respected.

The State bodies that regulate the oil and gas industry today are in the best position to establish what increase there could be without any risk.

So, Mr. President, I hope the manager of the bill will accept this amendment. I believe that it will permit additional production over the current MER's established by State regulatory agencies, and will also provide assurance that property rights and reserves will be preserved.

Mr. President, I yield to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. HANSEN. Mr. President, I would like to ask my distinguished colleague from Oklahoma if it is not a fact that in most oil-producing States there is joint authority exercised in determining the maximum efficient rate by State and Federal authorities.

Mr. BARTLETT. Is the Senator referring to production from Federal lands?

Mr. HANSEN. Yes. I presume that is right. But I think, as a matter of fact—and maybe I am in error—in Wyoming the State authority, which is the oil and gas commission, calls upon the Federal representative from the USGS, and perhaps one or another Federal authorities, to help make a determination in order to establish what is the maximum rate at which a well may produce in order not to damage that well.

Maybe I am in error, but with the intermingled pattern of ownership of lands, would not the Senator from Oklahoma agree with me that what may be done on one tract, on one lease, could indeed have an effect upon the total production from a field or what was taken from an adjoining 40-acre tract?

Mr. BARTLETT. My understanding is where there are Federal ownerships involved, the USGS is consulted. I think this applies to Indian leases in Oklahoma where the minerals are entrusted to the Federal Government, then leased to a lessee and produced. I believe there is a coordination and exchange of information. However, I believe the final authority for State production lies with the State regulatory agency. It does have all the information on the producing tracts within its jurisdiction within the State.

Mr. HANSEN. The point this Senator is trying to make is that this rate of production is not one arbitrarily and independently arrived at, but it is one which is arrived at by using and taking advantage of all the professional competence available. It is designed to achieve the maximum recovery of oil and gas from a field. As has been indicated by the Senator from Oklahoma, if that rate is exceeded, there is always the probability that less oil will be recovered than would otherwise have been recovered. As a consequence, it occurs to the Senator from Wyoming that we ought to be very wary indeed before we exceed the established MER rate in any field or in any well excepting for anything other than the most dire emergency. Would the Senator from Oklahoma agree with that statement?

Mr. BARTLETT. Yes, I certainly do agree with the Senator from Wyoming. I would also emphasize that in very extensive hearings supporting scientific data, engineering data and reservoir data must be introduced to sustain a particular level of production. Then there is an adversary proceeding during which period the royalty owner—or if the royalty owner happened to be the State or the Federal Government—could make a case for maximum production from that well. The producer, along with the royalty owner, would normally like to produce at the maximum efficient rate, and the highest MER possible, in order to enhance and increase the return on his investment. He has a chance to also provide technical information.

The offsetting lease operator and royalty owner are concerned that a particular lease not be permitted to produce too rapidly or more rapidly than their own lease. So there are correlative rights; there is the matter of conservation; there is the matter of reserves and maximum production which are all considered with the main emphasis from most parties on increasing the production rather than decreasing it, and maximizing the MER for reasons of amortization and return on investment.

For this bill to designate another agency, the Department of the Interior, to do the scientific work for the President and to advise him I think is taking a very risky step of putting someone new into the picture who does not have the full background of establishing MER's, who does not have the experience in the particular fields in question, and would not be in the position of making as prudent a judgment as would the State agency involved.

Mr. HANSEN. Mr. President, I agree completely with my colleague from Oklahoma. It does not make sense, in order to try to make best use of this Nation's energy reserves, to contemplate the type of unilateral action that I think is contained in this section. It seems to me most appropriate that this amendment be considered, and I would hope it would be adopted by the Senate. What it really means is that we are going to have better input of information. We are going to be able to come up with rates of production that will assure the best long-range interests of our country being served.

In 1967, in the 6-day war, we all recall that this country rose to the occasion when there was an embargo on oil coming from foreign sources. Not only were we able to take care of our own domestic needs and to supply the requirements of our military machine as well, but, in addition to those needs, we were able to make a significant contribution to other nations who were cooperating with the United States in the long-term search for peace. We were able to see that their energy requirements were satisfied fairly well, in the main.

If it had not been for the fact that the Texas Railroad Commission, which is the regulatory authority in that State, had wisely determined what those wells were capable of producing over a long-term basis, we might not have had that extra productive ability down there at that time.

I would ask the Senator from Oklahoma if that is not a fact.

Mr. BARTLETT. I certainly agree with the Senator from Wyoming. In fact, it was the Corporation Commission of Oklahoma which actually took the leadership in this area following the discovery of new fields in our State. The national tendency to produce those fields too rapidly resulted in a tremendous waste of hydrocarbons, oil and gas, and the exhaustion of fields prematurely.

So conservation regulations were established to preserve for a longer period of time the production that could be produced from a lease, guaranteeing that the ultimate production would be maximized.

The MER's, as I said, are always set at the maximum rate that the producer and the owner can convince the corporation commissioner or the regulatory agency to establish, because they want a maximum return. But it does provide a safeguard on the production, so that the oil and gas will be produced carefully and judiciously but, nonetheless, at a maximum rate for the benefit of all concerned.

Mr. HANSEN. What is not often understood is that when we talk about the reserves that we have in this country or the reserves that are estimated anywhere, what we are really saying is that, given the mechanics of the operation, the value of the oil, and the cost of producing that oil, so much can be produced at a given price and cost level.

At the present time in the United States, it is estimated that we have approximately 40 billion barrels of oil in reserve. It has been estimated, further, that with the known secondary and tertiary recovery efforts that can be undertaken, we may increase those 40 billion barrels of reserves by another 19 billion barrels, nearly 50 percent more than could be recovered ordinarily.

If it were not that these wells have been operated with the MER in mind, I should think it would follow that we would not be able to anticipate the recovery of that nearly 50 percent more of the reserves that we have. So let us be very careful when we talk about exceeding the MER or when we talk about giving any agency, without access to the full information, the authority to override unilaterally a decision made by the proper authority.

Would the Senator from Oklahoma agree with me that there is real danger in taking the step that seems to be implied in this particular section of S. 622?

Mr. BARTLETT. I advise the Senator from Wyoming that I heartily agree. I think that his concern about the increase in the MER is very much like the concern today that would exist in increasing the speed limit by a very significant amount. The resulting chaos and the resulting tragedy would, as he is pointing out, make it more likely that known potential reserves in the ground which are not producible with present technology will never be recovered. Because of a longer field life, perhaps just a year longer, a field might respond to a new technique which is not economically feasible today.

The Senator is correct when he says that the conservation practices of the various regulatory commissions have preserved a great deal of stripper production for future secondary and tertiary recovery operations. This is of tremendous benefit today because significant increases in oil and gas production will be possible by new methods. As time goes on, we hope there will be a decontrol of the price of old oil—this could happen at almost any time—and there would be much more opportunity to bring on additional production of secondary and tertiary oil.

To jeopardize known reservoirs by excessive production today is very shortsighted. The amendment I have submitted would not prevent in any way the increase over the MER's, but it would require that the State regulatory agency must approve it.

I think this would be a safeguard that the Federal Government would like to follow, to have the agency which has the most experience and a good reputation, so far as I know State regulatory agencies have excellent reputations, assume part of the responsibility, review the MER's that are currently established, and increase them over the MER's that it has established previously, if it feels this can be done without hazarding these very valuable reserves.

Mr. HANSEN. Mr. President, I believe that the Senator from Oklahoma is making a very valuable contribution to our Nation's total potential energy supply through the amendment he proposes. I hope it will have the support of all Senators.

It seems to me to be very clearly in the public interest. It is an amendment against which it would be most difficult to argue logically. I commend the Senator from Oklahoma for having submitted his amendment, and I hope it will be supported by all Senators.

Mr. BARTLETT. I thank the distinguished Senator from Wyoming.

I hope that the distinguished floor manager of the bill will see fit to support this amendment.

Mr. JACKSON. Mr. President, I shall be very brief.

The effect of the amendment, of course, is to pull the teeth right out of section 106, which makes it possible to increase available domestic petroleum supplies. Let me read specifically from the report accompanying the bill.

> This section—

Referring to section 106—

> authorizes the President to undertake a number of measures to increase domestic supplies of petroleum.
>
> Subsection 106(a) authorizes the President to require on a mandatory basis that existing domestic oil fields produce at their maximum efficient rate. Maximum efficient rate (MER) is a level of production fixed by State agency regulation, at which level it is estimated that production can be sustained without deterioment to ultimate recovery of the resource. Any designation of fields to be produced above MER may be made only after—

And I emphasize this—

> consultation with the appropriate State agencies which traditionally set MER.

I read further from the report:

> According to the National Petroleum Council there are at least five large Texas fields on private lands, and certain oilfields on public lands in which production over MER could be sustained for periods of 90 to 180 days without damage to ultimate recovery. If production above MER were authorized on both Federal and State lands, such production could result in additional supplies of 292,000 barrels per day (b/d) deliverable to refineries within 90 days and 331,000 b/d within 180 days.

Mr. President, the effect of the amendment would be to give to the States the right to veto this authority. It would vitiate the whole purpose of section 106.

The National Petroleum Council is a quasigovernmental agency made up of strong, shall we say, industry participation, and I think that the report of the National Petroleum Council cited in the report on the bill speaks for itself.

It would be unfortunate, when we are dealing with standby authority to deal with emergencies, if we were to cripple the authority of the President and the Federal Government to provide for this additional supply in the event of a crisis. Therefore, I shall oppose the amendment.

Mr. BARTLETT. Mr. President, I am very pleased that the distinguished Senator from Washington speaks so highly of the National Petroleum Council and its report. I should like to read to him directly from that report.

The bottom paragraph of page 83 says as follows:

> Privately owned United States oil fields have no spare producing capacity unless established MER's are exceeded: Although the established MER's of major oil reservoirs represent the maximum rate of production that can be sustained over a long period of time, it is possible to exceed the MER in certain high-quality oil reservoirs for a period of up to 6 months with minimum risk of reservoir damage or significant loss of ultimate recovery.

So I advise the distinguished Senator from Washington that the report does say that there can be an increase in production for up to 6 months, which, of course, is not going to amount to much production, but with a minimum risk of reservoir damage, or a minimum risk of significant loss of ultimate recovery.

So I advise the Senator that there is a risk.

There is also an asterisk and an editor's note about MER as follows:

> MER is defined as the highest rate of production that can be sustained over a long period of time without reservoir damage and significant loss of oil and gas recovery. Production in excess of MER for sustained periods may result in both loss of recovery and premature loss of producing capacity.

So the report that the Senator from Washington cites does state that this may result, by exceeding the MERs, in both a loss of recovery and a premature loss of producing capacity. This is the point that I was making, and it is for this reason that I think we need to exercise extensive precaution by utilizing the State agencies which do have the real expertise in this area.

Mr. President, I should like to set my amendment aside for the time being and have the yeas and nays requested tomorrow on this particular amendment, and have a vote take place tomorrow. I wish to call up my amendment No. 5.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The amendment will be stated.

The legislative clerk read as follows:

> On page 63, line 20, following the word "fields", add "working interest owners, royalty owners and any other parties having financial interests in such designated oil and gas fields shall be compensated by the federal government for any estimated loss in ultimate recovery resulting from implementation of the subsection;"

Mr. BARTLETT. Mr. President, the amendment that I called up amends section 106, subsection (1) which enables the President, under certain conditions, to increase the MER over and above that MER or maximum efficient rate of production established by the regulatory agency of the State in question, by adding this sentence:

> Working interest owners, royalty owners, and any other parties having financial interests in such designated oil and gas fields shall be compensated by the Federal Government for any estimated loss in ultimate recovery resulting from implementation of this subsection.

Mr. President, I would bring out, first, that the MER by definition is the maximum efficient rate beyond which there is risk of loss of production ultimately and also loss of the producing rate.

So what the section does in the bill is to place the Federal Government in a position of requiring production at a risk over and above the maximum efficient rate that was established by the State.

In doing so I think it is only fair that those who have a working interest or have a financial interest in such production be compensated by the Federal Government for any estimated loss in ultimate recovery. Otherwise, if this amendment is not adopted and there is a loss of production occasioned by the increase in production, then this just amounts to an unconstitutional taking of property.

It raises a very good question, should this Congress and the Federal Government establish a public policy which would subject the property of particular individuals in this Nation to perhaps severe financial loss just because they happen to own minerals or production under leases which the Federal Government, in its own interests, sees fit to increase beyond what the State thinks is sensible and sound?

So I think, obviously, there should be a provision in this section which would compensate the individual for any estimated loss in recovery.

I am certain that it was not the intention of the committee in writing this section to take the assets of individual Americans in pursuing a policy to maximize the production of oil and gas from the domestic producing areas of the Nation.

So I would ask the distinguished chairman to support this amendment, to provide security to all those who are land owners and producers in areas now subject to MER's established by State regulatory agencies.

Mr. JACKSON. Mr. President, this amendment was considered last year and was voted down by the Senate.

The pertinent comment that I wish to make is contained on page 35 of the report in connection with section 106, and I would like to read the specific paragraph, and I quote:

> The committee recognizes that, should the President exercise the authority provided in section 106(a)—

That is the relevant section here—

> a "taking of property" conceivably could result. If such action in fact constituted a constitutional "taking" of private property the injured party or parties would of course be entitled to just compensation as provided for in the U.S. Constitution.

Now, Mr. President, simply stated, if there is a constitutional taking, there is a remedy in law.

There is no sense in going beyond existing law and providing, in effect, a grant of authority here to make payments that would not, in fact, represent payment for a constitutional taking.

The Constitution protects all parties in this kind of situation or in any other situation in which there is a constitutional taking.

The amendment is redundant and, in addition, it would have the effect of placing a requirement on the Federal Government above and beyond the responsibility of the Federal Government under the U.S. Constitution.

So I shall oppose the amendment.

Mr. BARTLETT. Mr. President, I would ask the distinguished Senator from Arizona for 1 minute on the bill.

Mr. FANNIN. I am very pleased to yield 1 minute on the bill.

Mr. JACKSON. We have time on the amendment.

Mr. FANNIN. Yes, we still have time on the amendment, Mr. President.

Mr. JACKSON. Well, I will yield time.

The PRESIDING OFFICER (Mr. WEICKER). The Senator has 1 minute on the amendment. Who yields time?

Mr. JACKSON. How much time do I have on the amendment?

The PRESIDING OFFICER. Twenty-seven minutes.

Mr. JACKSON. I yield 26 minutes.

Mr. BARTLETT. I thank the distinguished Senator. I was going to retain that 1 minute left on the amendment just for a very quick explanation at the time I will ask for the yeas and nays for a vote on it tomorrow.

I am quite concerned about this area because there is nothing in the bill that would indicate any interest at all in the financial ownership of royalty owners and producers to protect them, if, in fact, the increased MER does result in a reduction of their assets.

Just by definition, in the opinion of the States, increasing the MER beyond the State figure does put in jeopardy those assets and should, according to the State agency, result in a loss of assets.

So I think it is very good policy for us to include in this bill that the working interest owners, the royalty owners, and any other parties having financial interests in such designated oil and gas fields, shall be compensated by the Federal Government for any estimated loss in ultimate recovery resulting from implementation of this subsection.

If the Federal Government has the ability to make a sensible judgment of what the MER should be above that established by the State, certainly it would have the technical ability to decide what the loss was and recognize that loss and recompense the royalty owners and producers for that loss.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. FANNIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I would like to call up my amendment which was sent to the desk a while ago.

The PRESIDING OFFICER. Will the Senator from Oklahoma yield back that portion of time yielded to him by the distinguished Senator from Washington?

Mr. JACKSON. Mr. President, I yield back my 1 minute. I think I gave the Senator 26 out of the 27 minutes. I yield back the remainder of the time I have on that amendment.

Mr. BARTLETT. Mr. President, I advised the Senator from Washington that I wanted the 1 minute. I would yield back his time.

Mr. JACKSON. I now yield back what the Senator yielded to me, plus whatever other time I had.

Mr. BARTLETT. I yield myself 40 seconds to advise the Senator that I plan to ask for the yeas and nays on this amendment tomorrow.

Mr. JACKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JACKSON. There was no unanimous-consent request?

Mr. BARTLETT. I was going to ask for unanimous consent to have a vote on this tomorrow, at the appropriate time, and I will ask for the yeas and nays at that time.

The PRESIDING OFFICER. It takes unanimous consent for the Senator from Ohio to introduce an amendment at this time, unless action on the previous amendment is put off.

Mr. BARTLETT. Mr. President, I ask unanimous consent that the consideration of my amendment lay over until tomorrow, and that the vote on it occur tomorrow. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. JACKSON. Mr. President, I ask also for the yeas and nays on the previous Bartlett amendment.

Mr. BARTLETT. That is amendment No. 1.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Ohio may now offer his amendment.

Mr. GLENN. Mr. President, I now call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> On page 113 after line 9, insert a new section to read as follows and renumber subsequent sections accordingly:
>
> "SEC. 210. LIMITATIONS ON FEDERAL INITIATIVES AND GUIDELINES. No regulation or guideline promulgated pursuant to section 203 or section 204(a) of this title may impose rationing or any tax or provide for a credit or deduction in computing any tax."

Mr. GLENN. Mr. President, this has to do with sections 203 and 204(a). Both of those sections involve the Federal and State initiatives as far as energy conservation goes.

What this does is it would make it impossible for any tax to be passed onto the States that would bypass the intent of what the committee or the Senate would intend as far as limiting production or imposing a rationing or any tax that would be imposed as part of the conservation program unnecessarily, or without applying straight across the board to all of the country, to the whole Nation.

I have discussed this with the chairman.

Mr. JACKSON. Will the Senator yield?

Mr. GLENN. I yield.

Mr. JACKSON. Mr. President, I think this is a helpful amendment. It helps to clarify the present section and the authority under which the President would operate. I am pleased to support and accept the amendment.

Mr. FANNIN. Mr. President, I support and accept the amendment.

The PRESIDING OFFICER (Mr.

BARTLETT). The Senator from Connecticut.

Mr. WEICKER. Might I direct a question to the distinguished Senator from Ohio? I have just had the opportunity to look at this amendment within the last minute. Does this amendment prevent the implementation of any rationing program nationally?

Mr. GLENN. It is quite the opposite. It would mean that if there is a rationing program that the President has, it would apply clear across the country. It would mean that individual conservation plans as provided in this bill that may be imposed on the States for conservation purposes could not have a tax that would apply only to that State.

It would mean that any rationing that the President would put in would apply across the board to all States.

Mr. WEICKER. So that the alternative would still be the end that the President would have the power to impose a national rationing scheme?

Mr. GLENN. Yes; certainly. That is part of title I.

This occurs under title II of the bill in sections 203 and 204(a). In fact, it would mean that if there was not an overall rationing program provided for the whole country, it could not be imposed directly on one State.

Mr. WEICKER. I appreciate the response of the Senator from Ohio. I am completely satisfied.

My concern up to date has been the failure of the Congress or the executive branch to tackle a national program in a national way.

We recommended rationing by price, that to be a selective system of rationing, economically. We have suggested certain portions of the country do certain things. My own view has been that the only way we will ever do it right and fairly, in the American way, is to devise a national rationing scheme. I just wanted to make sure that this did not prevent that from occurring. I am completely satisfied. I understand the object of the Senator from Ohio was similar to mine.

Mr. GLENN. The Senator is absolutely correct. Of course, the bill does provide for national standby authority for rationing, which is a basic part of title I.

Mr. JACKSON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Ohio yield back his time?

Mr. GLENN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. Who yields time?

AMENDMENT NO. 116

Mr. FANNIN. Mr. President, I call up amendment No. 116, and and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. FANNIN) proposes an amendment to add a new title at the conclusion of the bill.

The amendment is as follows:

At the conclusion of the bill, add the following new title:

TITLE XIV

SHORT TITLE

SEC. 1401. This title may be cited as the "National Appliance and Motor Vehicle Energy Labeling Act of 1975".

FINDINGS AND PURPOSE

SEC. 1402. (a) The Congress finds—

(1) that the fuel resources of the Nation used in the production of energy are not inexhaustible;

(2) that significant environmental degradation often accompanies production of energy, presenting a danger to the health and welfare of the Nation's population;

(3) that avoidable inefficiencies exist in the production and consumption of energy;

(4) that increased efficiency in energy production and use can result in resource conservation and improved environmental quality; and

(5) that, while primary responsibility for the efficient utilization of energy rests with the manufacturers of energy-consuming major appliances and motor vehicles and the purchaser and users of these products, Federal action is essential to encourage the manufacture, purchase, and use of major appliances and motor vehicles all of which are either manufactured, sold, or used in interstate commerce or affect such commerce, that promote the efficient utilization of energy and minimize the waste of energy.

(b) The Congress declares that it is the policy of the United States to promote the efficient utilization of energy. To that end, it is the purpose of this title to provide information to the public on the energy consumption characteristics of major appliances and motor vehicles so that consumers by comparing such characteristics when purchasing such major appliances and motor vehicles may select those that can effect savings in energy consumption.

DEFINITIONS

SEC. 1403. (a) The term "manufacturing" means (1) any person engaged in the manufacturing or assembling of new products, as defined in subsection (d) of this section, in the United States or in the importing of such new products, for sale or resale, and (2) any person whose brand or trademark appears on the product who owns such brand or trademark and has authorized its use on such product, if the brand or trademark of the person actually manufacturing or assembling the product does not appear on the product.

(b) The term "appliance" means any item of equipment which provides heating, cooling, cleaning, washing, drying, entertainment, or other services by converting energy in the form of fossil fuels or electricity into thermal energy or work and is generally used in or around a permanent or temporary household or residence, or in a commercial establishment.

(c) The term "motor vehicle" means any self-propelled vehicle designed for transporting persons or property on a street or highway but excludes military vehicles designed for combat use or other vehicles designed for use in experimental work.

(d) The term "product" means any appliance or motor vehicle.

(e) The term "energy efficiency" means the energy use of a product relative to its output of services, as determined through test procedures contained or identified in a specification.

(f) The term "energy use" means the energy resources used by a product under conditions of use approximating actual operating conditions insofar as practical, as determined through test procedures contained or identified in a specification.

(g) The term "consumer" means the first person who purchases a new product for purposes other than resale.

(h) The term "class of product" means a group of products whose functions or features are similar, and whose range of energy use and/or energy efficiency may be of interest to consumers.

(i) The term "specification" means a final energy conservation specification or amendment thereto promulgated under section 1406 of this title.

(j) The term "label" means an article of printed matter accompanying a product or printed material appearing in a catalog from which a product may be purchased by order.

(k) The term "commerce" means commerce (1) between a State and any other place outside thereof or (2) which affects commerce between a State and any place outside thereof.

(l) The term "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, and the Canal Zone, territories and possessions of the United States, or the Trust Territory of the Pacific Islands.

(m) The term "United States" when used in the geographic sense means all of the States as defined in subsection (l).

FUNCTIONS

SEC. 1404. (a) The President is authorized to develop and promulgate energy conservation specifications for the following classes of products: motor vehicles, room and central air-conditioners, refrigerators, freezers, clothes washers, dishwashers, clothes dryers, kitchen ranges and ovens, water heaters, and comfort heating equipment. Additional classes of appliances which use a significant amount of energy and which have an actual or potential range of energy efficiency from which consumers can choose may be added to the products enumerated in this subsection by the President pursuant to rulemaking procedures as set out in section 553 of title 5 of the United States Code.

(b) In carrying out the functions authorized under this title the President may consult with appropriate Federal agencies, affected manufacturers, distributors, retailers, consumer and environmental organizations, and other interested parties.

SEC. 1405. (a) Each specification promulgated under this title shall include but need not be limited to:

(1) A description of the class of product covered by the specification.

(2) The range of energy efficiency and energy use data for that class of product as provided in section 1406 of this title.

(3) Listings or descriptions of test methods to be used in measuring the energy efficiency and/or energy use characteristics of the class of product. Such test methods shall be methods the President determines are reasonable, technologically practicable, and appropriate.

(4) A prototype label and directions for displaying the label. The specification shall require that the label be prominent and readable, and be visible to the consumer at time of purchase. The specification shall specify the information that shall be included on the label to assist the consumer in comparing, by cost or amount of energy used or otherwise, the energy efficiency and/or energy use characteristics of a particular product with all others in its class. The label shall also include the energy conservation mark specified in section 1409.

(5) A statement covering the information on the energy use and/or efficiency characteristics of the product which is to be included in any product advertisement pursuant to section 1408 of this title.

(b) Wherever feasible the test methods listed or described in the specification pursuant to subsection (a)(3) of this section shall be those described in existing nationally recognized voluntary standards or international standards.

PROCEDURE FOR PROMULGATIONS AND AMENDMENT SPECIFICATIONS

SEC. 1406. (a) Specifications shall be promulgated and amended pursuant to the provisions of section 553 of title 5 of the United States Code. Interested persons shall be given thirty days after publication in the Federal Register of the notice of intent to promulgate or amend a specification to submit written comments on such specification or such other time as the President determines is in the public interest.

(b) A specification or amended specification shall be effective sixty days after publication in the Federal Register, unless the President finds that an earlier or later effective date is in the public interest, or unless the range of energy efficiency and/or energy use for the product group which is the subject of the specification is not known at the time of publication.

(c) If the range of energy efficiency and/or energy use for a product group is not known at the time of publication of the applicable specification, the specification shall direct each manufacturer of a product in the product to forward to the President within forty-five days after publication, or within such other period as the President determines is in the public interest, test data obtained through the test methods prescribed in the specification for each such product. On the basis of the information received from such manufacturers and without further opportunity for public comment, the President shall publish a range of energy efficiency and/or energy use values as an adjunct to the specification. A specification for which ranges are established pursuant to this subsection shall become effective sixty days after publication of the adjunct unless the President finds that an earlier or later date is in the public interest.

(d) Specifications and amendments to specifications shall not apply to individual products, the manufacture of which was completed prior to the effective date of the specification or amendment.

(e) Any final voluntary energy conservation specification promulgated under the Department of Commerce voluntary labeling program prior to the effective date of this title and in accordance with the procedural requirements of this section shall be deemed to be a specification promulgated and effective under this title.

REQUIREMENTS OF MANUFACTURERS

SEC. 1407. (a) Each manufacturer of a product or products for which a specification and effective date has been promulgated under this title shall provide a label that meets and is displayed in accordance with the requirements of that specification.

(b) Each manufacturer of a product or products for which a specification has been promulgated under this title shall notify the President, not later than sixty days after the date such specification becomes effective, of the models in current production and starting serial numbers of these models, covered by the specification.

(c) If requested by the President the manufacturer shall provide within thirty days of the request the data from which the information included on the label and required by the specification was derived. Data shall be kept on file by the manufacturer for two years after that product is no longer manufactured unless otherwise provided in the specification. Pursuant to regulations issued by the President the use of independent test laboratories or national certification programs available to any manufacturer is authorized for obtaining required information for the purposes of this title.

(d) When requested by the President, the manufacturer shall supply at his expense a reasonable number of products to any laboratory designated by the President for the purpose of ascertaining whether the information set out on the label as called for by an applicable specification, is accurate. Any reasonable charge levied by the laboratory for such testing will be borne by the United States.

(e) A specification may require the manufacturer or his agent to permit a representative designated by the President to observe and inspect tests performed on products under the terms of this title.

(f) Each manufacturer of a product for which an applicable specification has been promulgated by the President shall annually at a time specified by the President supply to the President relevant energy efficiency and/or energy use data on each currently manufactured product covered by a specification.

(g) Manufacturers shall use labels reflecting revised energy efficiency and/or energy use ranges on all affected products manufactured after the expiration of sixty days following the publication of a revised table of ranges. Such ranges may be revised by the President only on an annual basis.

ADVERTISING

SEC. 1408. Any manufacturer, distributor, wholesaler, importer, or retailer of products for which a specification has been promulgated and is effective who advertises or causes to be advertised the energy characteristics of any such product through any communications medium must include in such advertisement all information on the product required by the specification applicable to such product. This section shall not apply to printed material appearing in a catalog from which a product may be purchased by order.

ENERGY CONSERVATION MARK

SEC. 1409. There shall be developed an energy conservation mark which shall be registered in the United States Patent Office under section 4 of the Act of July 5, 1946 (60 Stat. 429; 15 U.S.C. 1054) for use on each label described in a specification.

CONSUMER EDUCATION

SEC. 1410. Governmental agencies as directed by the President shall in close cooperation and coordination with appropriate industry trade associations and industry members including retailers, and interested consumer and environmental organizations carry out a program to educate consumers relative to the significance of the labeling program.

PREEMPTION

SEC. 1411. It is hereby declared to be the express intent of Congress that this title supersedes any and all laws and regulations promulgated thereunder of the States or political subdivisions thereof insofar as they may now or hereafter provide for the disclosure of energy use or consumption, energy efficiency, efficiency ratio, or annual operating cost of any product if there is in effect and applicable any specification with respect to such product.

GENERAL PROVISIONS

SEC. 1412. (a) The President is authorized to issue such regulations, including recordkeeping, reporting requirements, and the use of foreign laboratories or programs in other countries for testing required under the title on a reciprocal basis or otherwise, as he deems necessary to carry out the provisions of this title.

(b) The President may delegate any authority conferred upon him by this title to any officer, employee, agency, or instrumentality of the United States.

(c) Trade secrets or other matter referred to in section 1905 of title 18 of the United States Code obtained under the provisions of this title shall be considered confidential for the purposes of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this title when relevant in any proceeding under this title.

SUBPENA

SEC. 1413. The President may sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, records, papers, and other documents and may administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of contumacy by, or refusal to obey a subpena served upon any person subject to this title, the President may request the Attorney General to seek an order from the district court of the United States for any district in which such person is found or resides or transacts business requiring such person to appear and give testimony, or to appear and produce documents.

ANNUAL REPORT

SEC. 1414. The President shall prepare and submit an annual report to the Congress on April 1 of each year concerning the administration of this title.

EXPORTS

SEC. 1415. This title shall not apply to any product if (1) it can be shown that such product is manufactured, sold, or held for sale for export from the United States (or that such product was imported for export), unless such product is in fact distributed in commerce for use in the United States, and (2) such product when distributed in commerce, or any container in which it is enclosed when so distributed, bears a stamp or label stating that such product is intended for export.

IMPORTS

SEC. 1416. Any product offered for importation in violation of section 1417 shall be refused admission into the United States under regulations issued by the President except that the President may, by such regulations, authorize the importation of such product upon such terms and conditions (including the furnishing of a bond) as may appear to him appropriate to insure that such product will be properly labeled as required by this title, or will be exported or abandoned to the United States.

PROHIBITED ACTS

SEC. 1417. It shall be unlawful for any person to—

(a) offer for sale in, sell in, introduce into or deliver for introduction into commerce, or import for sale or resale, any new product manufactured after the effective date of a specification applicable to such product unless there is provided with such product a label meeting the requirements of the applicable specification, including any requirements as to manner of display;

(b) offer for sale in, sell in, introduce into or deliver for introduction into commerce, or import for sale or resale, any new product manufactured after the effective date of a specification applicable to such product if the label required to be provided with such a new product contains misleading or inaccurate information concerning energy use and/or efficiency;

(c) remove any label required to be provided with a new product pursuant to a specification promulgated under this title before sale to the consumer;

(d) advertise any product in violation of the provisions of section 1408;

(e) fail to or refuse to permit access to, or copying of, records or fail to or refuse to make reports or provide information required to be supplied under section 1406(c) or 1407 or any other provisions of this title within the time limits provided, if any; or

(f) fail to or refuse to comply with requirements of section 1407 (d) or (e) of this title.

ENFORCEMENT

SEC. 1418. Whoever violates any provision of section 1417 shall be subject to a civil penalty of not more than $10,000 for each violation. Civil penalties assessed under this title may be compromised by the President, taking into account the nature and degree of the violation and the impact of the penalty upon a particular respondent.

INJUNCTIVE ENFORCEMENT AND SEIZURE

SEC. 1419. (a) The United States district courts shall have jurisdiction to restrain any violation of section 1417. Such actions may be brought by the Attorney General in any United States district court for a district wherein any act, omission, or transaction, constituting the violation occurred, or in such court for the district wherein the defendant is found or transacts business. In any action under this section process may be served on a defendant in any other district in which the defendant resides or may be found.

(b) Any product which is not labeled as prescribed by an applicable specification promulgated under this title when introduced into or while in commerce or while held for sale after shipment into commerce shall be liable to be proceeded against on libel of information and condemned in any United States district court within the jurisdiction of which such product is found. Proceedings in cases instituted under the authority of this subsection shall conform as nearly as possible to proceedings in rem in admiralty. Whenever such proceedings involving substantially similar products are pending in courts of two or more judicial districts, they shall be consolidated for trial by order of any such court upon application seasonably made by any party in interest upon notice to all other parties in interest.

JUDICAL REVIEW

SEC. 1420. (a) Any person who will be adversely affected by a specification or amendment thereto promulgated under this title when it is effective may at any time prior to the sixtieth day after such specification or amendment thereto is issued file a petition with the United States court of appeals for the circuit wherein such person resides or has his principal place of business, for a judicial review thereof. A copy of the petition shall be forthwith transmitted by the clerk of the court to the President or other officer designated by him for that purpose. The President thereupon shall file in the court the record of the proceedings on which the standard or regulation was based as provided in section 2112 of title 28 of the United States Code.

(b) Upon the filing of the petition referred to in subsection (a) of this section, the court shall have jurisdiction to review the specification in accordance with chapter 7 of title 5 of the United States Code and to grant appropriate relief as provided in such chapter.

(c) The judgment of the court affirming or setting aside, in whole or in part, any such specification shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28 of the United States Code.

(d) The remedies provided for in this subsection shall be in addition to and not in substitution for any other remedies provided by law.

SEPARABILITY

SEC. 1421. If any provision of this title or the applicability thereof is held invalid the remainder of this title shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 1422. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title. Appropriations to carry out the provisions of this title may remain available for obligation and expenditure for such period or periods as may be specified in the Acts making such appropriations.

Mr. FANNIN. Mr. President, the purpose of this amendment is solely to inform the consumer and to assist in a better understanding of just what a purchaser is obtaining in the way of equipment that uses energy.

My amendment No. 116 is the same as title XII of the President's Energy Independence Act of 1975, which has far-reaching impact on the Nation's consuming habits and attitudes, for it would authorize the President to require energy efficiency labels on all new major appliances and motor vehicles. This title would assure that consumers are fully apprised of the efficiency of various appliances and motor vehicles and would encourage the manufacture and greater utilization of more efficient products.

Administration witnesses have testified before the Energy and Power Subcommittee of the House Commerce Committee on March 19.

When the President submitted the Energy Independence Act of 1975, it was accompanied by a factsheet, which I ask unanimous consent to have printed in the RECORD for consideration by Senators.

There being no objection, the factsheet was ordered to be printed in the RECORD, as follows:

ENERGY INDEPENDENCE ACT OF 1975—TITLE XII

FACT SHEET: NATIONAL APPLIANCE AND MOTOR VEHICLE ENERGY LABELING ACT OF 1975

Background

In the fact sheet supplementing the President's January 15, 1975, State of the Union Message to Congress, legislation was proposed to conserve energy by requiring labels on major appliances and motor vehicles to show their energy use and efficiency.

Title XII of the Administration's Energy Independence Act contains this legislation—the National Appliance and Motor Vehicle Energy Labeling Act of 1975.

The problem to be solved

Automobiles and major appliances are important consumers of energy.

Major appliances such as air conditioners, water heaters, refrigerators and ranges account for about one-third of residential energy use.

Motor vehicles account for about 45% of the petroleum and close to 20% of all energy used in the U.S.

Similar products vary widely in the amount of energy used, and few consumer products now on the market clearly indicate how much energy is needed for their operation.

Energy information must be readily available if consumers are to compare energy use and efficiency when selecting appliances or motor vehicles.

What the bill would do

Authorize the President to require appliance and motor vehicle labels to give the consumer information that will permit comparison of relative energy consumption. Products covered will include motor vehicles, room and central air conditioners, refrigerators, freezers, clothes washers and dryers, dishwashers, kitchen ranges and ovens, and water heaters.

Mr. FANNIN. Mr. President, the advantage in this measure is that it informs and contains certain requirements with respect to labeling which I think are desirable. We see many advertisements which state that the appliance uses a certain voltage, a certain amount of energy, and that it produces a certain amount of cooling effect, for example, in the units that are sold throughout the Nation.

With respect to a heat pump, it is important to check the efficiency as to what is utilized by that particular unit, as compared to the output of energy that comes forth in cooling or heating. It so happens that a heat pump works for both cooling and heating.

I think this is a good illustration of the intent, because it is difficult for a consumer to determine whether he is buying the most efficient appliance or a very inefficient appliance. He can divide the amount of utilization of fuel into the Btu's and make a determination as to the efficiency. In that way, he can compare it with other units. I think this is very valuable.

In addition, this would apply to other appliances, which is very important, because as these advertisements are issued, the advertiser is tied to the wording involved. Not only would the consumer be buying according to brand name or trademark, but also, the advertiser would be tied to certain specifications that are required to be placed on that particular unit. It could apply, as I said, to heating and cooling, but also could apply to cleaning, washing, drying, entertainment, and other devices.

The term "motor vehicle" is important, because it means any self-propelled vehicle designed for transporting persons or property on a street or a highway, but it excludes military vehicles designed for combat use or other vehicles designed for experimental work. It protects the manufacturer from the standpoint of his export business, inasmuch as other countries, in many cases, do not have the same restrictions on manufacturing. Consequently, the manufacture of equipment in this country who is putting extra money into it for a larger motor, perhaps, or for a compressor, is in competition with equipment manufacturers in other countries where they do not comply with the requirement we have in this country.

Without this provision, we would place our manufacturers in an unfair position which is not intended. We feel that protecting the American public is vital and that other countries could have their own requirements. This would cover the equipment manufacturer in this country and in other parts of the world in which he might be involved with commercial trade.

Mr. President, this amendment is needed to better protect consumers and manufacturers.

I should like to comment on title II

of the bill. I know that when the chairman of the Committee on Interior and Insular Affairs reported the Standby Energy Authorities Act to the Senate, he called title II "an alternative to the ruinous energy tax, tariff, and pricing policies proposed by the administration." I know that he was sincere, but I do not think that he took the time or had the time to examine carefully what is in the proposed legislation.

With respect to his conservation proposals, it turns out that they all have been proposed by the administration, with the exception of three: the industrial efficiency standards, standards for public buildings, and nonessential lighting standards. I am sure that the distinguished manager of the bill wants the best legislation possible.

Granted that those energy conservation proposals are not related directly to the administration's proposed standby authorities but the fact that the Interior Committee chose to duplicate at least some of the administration initiatives is cause for hope. I do have serious misgivings about title II.

First of all, the committee bill directs the President to establish reasonable restrictions for hours in public buildings. Again we come to the question of standards. What is a reasonable restriction? And do we mean to include State and local buildings as well as Federal?

One of my colleagues has touched on the question of lighting standards. But, again, how do we define nonessential lighting? Is a neon sign nonessential, even though it may promote commerce? For that matter, is store lighting nonessential, even though it may foster customer traffic?

The section of title II that worries me most, however, is Presidential authority to establish standards for industrial efficiency. How did the Interior Committee ever become so convinced of the Government's expertise that we now presume to tell American industry how to improve its efficiency? The only thing the Government has been able to do with any degree of efficiency is collect taxes. Somehow I just cannot see a Federal bureaucrat telling a plant foreman for United States Steel how to use anything—except perhaps paper—more efficiently.

Now, when we are evaluating title II, I think we should analyze carefully the claims that are being made for it. For example, the chairman says that all these measures would result in an immediate saving of more than 800,000 barrels of oil daily—this year. He even quotes the Project Independence report to support this contention.

But the 800,000 barrels he is talking about is the maximum theoretical—and I emphasize the word "theoretical"—saving that could be attained. In the world of reality, however, the true figure would be far lower.

For instance, the three measures that I mentioned earlier would save, at most, a total of 100,000 barrels a day. In my book, that kind of saving is marginal. To attain it, we would be laying the heavy hand of Government regulation on industry and individuals.

Even if we enacted title II and obligated the President to promulgate all those conservation measures, we still would not reach the figure that Senator JACKSON claims for them. He says 800,000 barrels of oil a day, and that would be true under the best of all possible ideal, theoretical circumstances. As a practical matter, we could expect perhaps a saving of 450,000 barrels a day, not this year, as the Senator claims, but by 1976. We would not reach the Senator's figure until the end of 1977.

I am happy to see the Senator is beginning to rely on solid administration analysis, but it would be even more gratifying if he would start interpreting those figures correctly.

I think we should give him and the Senate a little more time to study those figures by eliminating title II from this bill, but I will cover that later.

I do want to discuss further the amendment I have called up, because it provides something with which the distinguished manager of the bill would be in agreement. I ask the distinguished chairman of our committee whether or not he is willing to accept this amendment.

Mr. JACKSON. Mr. President, first, I shall comment on the latter part of the Senator's statement.

The figures that we used in connection with conservation were taken from the Federal Energy Administration's study of Project Independence.

We relied on those figures. I must say I do not know whether they are totally accurate, but I wish to point out that they do represent the administration's own data which it provided the Congress.

I believe that the bulk of the bill that we have before us is one in which there is, shall we say, bipartisan support. I think I stated in the hearings that on about 80 percent of the standby authority legislation, we are in agreement. We are in disagreement in some of the areas that the Senator mentioned and some others.

Now, for the amendment. The Senator's amendment is fundamentally sound in substance and in what he is trying to do. In fact, we passed that appliance labeling act and the basic part of his amendment in connection with the conservation bill which the committee approved last year, and which the Senate passed and sent over to the House. It died over there.

The problem that we have, and the reason that I hope that the Senator will withdraw the amendment, is this: under the unanimous-consent agreement of February 5 for referral of the several titles of S. 594, this title was recognized as being under the jurisdiction of the Committee on Commerce. I am advised that the Committee on Commerce has been actively considering this particular provision that I referred to as one of the titles of S. 594. So what we really get down to here is a jurisdictional matter. In view of the unanimous-consent agreement, I shall have to oppose the amendment because it is now being considered by the Senate Committee on Commerce.

Mr. FANNIN. Will the Senater yield?

Mr. JACKSON. Yes.

Mr. FANNIN. Inasmuch as we have title II in the bill, I understand that the germaneness cannot be questioned, but at the same time, jurisdiction certainly could be.

Mr. JACKSON. It is solely a jurisdictional matter.

Mr. FANNIN. If the Senator thinks it is a jurisdictional matter on the amendment that I have offered, then how about title II? I understand that is not subject to a point of order, because as far as germaneness is concerned, it is in the bill and it would not be subject to the same point of order. But it is subject to the same question as to jurisdiction, because it is the same question, I think.

Mr. JACKSON. Title II is not contrary to any of the unanimous-consent agreements that was entered into on February 5.

Mr. FANNIN. I understand that. I am saying that I feel it should be deleted if we are going to accept the argument about this amendment No. 116. I think it is just as valid to say that title II should be turned back to the Committee on Commerce because of jurisdiction.

Mr. JACKSON. No. The point is that title II is not within the unanimous-consent agreement.

Mr. FANNIN. I understand. There is not any question on that, I say to the Senator.

Mr. JACKSON. On the contrary, title II is a matter that we handled before. So there is no jurisdictional problem. But there is a specific, clear-cut jurisdictional problem in the case of the Senator's amendment because of the unanimous-consent agreement entered into on February 5.

Mr. FANNIN. If the Senator will yield, from the standpoint of this amendment 116, he may question the germaneness because of the unanimous-consent agreement. All I am saying is that if we are going to abide by our obligations to the other committees, then title II should be deleted from this bill for the same reason. I am not saying because it is not germane, because it is in the bill and it was in the bill before we ever had the unanimous-consent request and approval. I am just talking about what is proper. If we are going to say it is not proper to take up this amendment No. 116, then I just feel that I would question the right—and certainly it is a committee that I am very proud of, but I just feel if the Senate Committee on Commerce should have energy conservation jurisdiction——

Mr. JACKSON. In part, yes. But I point out to the Senator that the Committee on Commerce did not ask rereferral in connection with title II of this bill. They did in connection with the Senator's amendment.

I point out further that in connection with the emergency energy bill last year, the basic provisions of title II were in that bill, which, of course, was subsequently vetoed by the President of the United States then, Mr. Nixon. It is solely a matter of trying to carry out the understandings that we have entered into here on the floor of the Senate as it pertains to the other committees.

The Committee on Commerce has asked for rereferral in connection with the matter of the Senator's amendment. The matter is now under consideration by the Committee on Commerce. They did not ask for rereferral of the basic provisions of title II.

Mr. FANNIN. I say to the distinguished Senator that inasmuch as there is a question of whether or not the amendment is germane, and also inasmuch as we are going to be discussing title II—and I know that there will be an amendment to delete title II—and at that time we will be thoroughly covering the subject we are discussing at this time, I shall withdraw the amendment. But I do want the distinguished Senator to know that I feel that the same consideration should be given to title II that he is asking be given to amendment No. 116, although I understand his position as far as germaneness is concerned. The principle is what I am talking about now. I know that last year we had a similar stipulation that was put in right at the last moment. I do not think it was given much consideration, but it did go down to the White House, included in the bill, and was vetoed. I know that.

Mr. JACKSON. Will the Senator agree that we were in conference for days and days?

Mr. FANNIN. We were and we did not put that in until quite late in the conference, the Senator will remember.

Mr. JACKSON. Yes, I understand.

Mr. FANNIN. But I do want to accommodate in every way possible.

Mr. JACKSON. I think it is a difficult problem here that we face, I say to my good friend. I appreciate his understanding.

The problem, as I stated earlier, stems from the specific unanimous-consent agreement previously entered into. His amendment is, nevertheless, in order but it does cause committee problems. I appreciate the Senator's understanding of this and I am most grateful for his willingness to withdraw the amendment under the circumstances.

Mr. FANNIN. Mr. President, I say to the distinguished Senator that the Senator from Arizona would like to withdraw it. If on further investigation, the Senator from Arizona considers it in order to offer the amendment again, that will be done. But I do not say at this time that I will offer the amendment again.

Mr. President, I ask unanimous consent that the amendment be withdrawn.

The amendment was withdrawn.

Mr. JACKSON. I yield to the distinguished majority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator.

(The following proceedings, which occurred during the consideration of S. 622, are printed at this point in the Record by unanimous consent:)

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. BARTLETT. I yield to the Senator from Virginia.

THE COAL MINERS COME TO WASHINGTON

Mr. HARRY F. BYRD, JR. Mr. President, a motor convoy of coal miners from western Virginia and neighboring States is now crossing Virginia en route to Washington. Tomorrow the coal trucks and other vehicles in the caravan will drive past the Capitol and the White House in a peaceful protest against the surface mining bills which have been approved by the Senate and the House of Representatives.

On Tuesday and Wednesday, the miners will be visiting the offices of Members of the Congress to make their case.

Their position is simple and straightforward: the proposed surface mining bills—either the House or Senate version—will put thousands of miners out of work.

I hope that the Members of the Senate and the House will listen carefully to the arguments advanced by the miners. I am convinced that their viewpoint is correct, and that the surface mining legislation in the form it passed the Senate and the House is ill-advised.

Two of the most critical problems this Nation faces today are unemployment and the lack of reliable domestic sources of energy.

The surface mining bills now in conference will make both these problems worse.

The Department of the Interior has estimated that the extreme restrictions on surface mining contained in these bills will cost 47,000 jobs and up to 140 million tons of coal a year.

This at a time when we have high electric bills. What sense does that make, to eliminate 140 million tons of coal? About one-fifth of the job loss estimated by the Department of the Interior would occur in Virginia.

Because of the unnecessarily severe limitations placed upon surface mining in mountainous areas, the impact will be particularly harsh in the Appalachian regions of Virginia and adjacent States.

Mining authorities maintain that this legislation will effectively end surface mining in Virginia, eliminating the jobs of about 2,000 miners and thousands of other workers in related industries.

And there will be a significant loss of coal. Surface mining in Virginia annually produces 10 million tons of low-sulfur coal. And, I say again, make 140 million tons of coal unavailable at a time when electric rates, utility rates, all over the country are going up by leaps and bounds, when the cost of living is going up because of this. Yet Congress wants to eliminate more jobs and more coal production. It does not make too much sense, as far as the Senator from Virginia is concerned.

It is not necessary to take such drastic action to prevent environmental damage.

The State of Virginia already has on the books an excellent law, a workable law, under which surface mining can proceed in sloping areas and the affected land can be reclaimed for beneficial use in the future.

The provisions of the Virginia law, or a similar code of rules, should govern mountain surface mining—not the extreme provisions of the bills which have passed the House and Senate.

Let us listen to the miners. They have an important message for a nation plagued with unemployment and energy problems.

Mr. President, I ask unanimous consent that an article published in the April 3 edition of the Roanoke Times, describing the preparations for the miners' visit to Washington and the background of their objections to the proposed surface mining legislation, be printed at this point in the Record, and following that, an editorial from today's Richmond Times-Dispatch.

There being no objection, the material was ordered to be printed in the Record, as follows:

COAL STRIKE EASES; PROTEST PLANS FIRM

(By Paul Dellinger)

Most of Southwest Virginia's striking coal miners went back to work Wednesday, as preparations continued for thousands of them to drive to Washington next week and protest pending strip mine legislation.

A convoy of coal trucks, buses and other vehicles is scheduled to leave the Wise County fairgrounds Monday at 7 a.m. They are expected to arrive about 10 p.m. at Alexandria, where they will be parked overnight in a shopping center.

On Tuesday, the first active business day for Congress after the Easter recess, the convoy will drive from Alexandria into Washington along 14th Street and down Independence Avenue to the Capitol. It will proceed along Constitution Avenue and around the White House, before retracing its route back into Virginia.

Miners and their supporters making the trip will divide into committees of five on Tuesday and Wednesday, with each committee trying to meet with 10 members of Congress to present its side of the strip mining problems.

Wally Maggard, one of the strip mine operators on the 11-member committee coordinating the trip, said Wednesday that if the legislation passes in its present form, "we're out of work." Operators in Virginia claim they cannot meet the requirements under the House and Senate bills, due mainly to the mountainous terrain.

The two bills are now in the hands of House and Senate conferees. The office of Rep. William C. Wampler, whose 9th Congressional District includes Virginia's coalfields, is trying to arrange the appointments with members of Congress for Tuesday and Wednesday. Wampler has opposed the more stringent requirements for reclamation and surface mining.

Ray Dotson, an assistant to Wampler, said Wednesday that Congress will reconvene Monday but that is traditionally District of Columbia Day, and no federal legislation is considered. He said Tuesday is the first active day.

Col. Harold Burgess, commandant of Virginia's State Police, said he saw no problems involved in the motorcade's 15-hour trip from the coalfields to Washington, Dotson said. "It appears to be really snowballing in enthusiasm and attendance," he added.

Besides the more than 400 trucks already signed up from Virginia, Maggard said, others are expected from Tennessee and Kentucky where miners held meetings on this trip Tuesday night. Two 10,000-gallon oil tankers and other auxiliary vehicles are also going, he said.

"We started out with 15 hours and now we're up to 30, and it doesn't look like the 30 is going to do it," he said.

The group has booked 500 rooms at the Washington Hilton Hotel, Maggard said, and it's beginning to look as though that will not be enough, either.

"We have our own rescue squal boys, towboys, service trucks, wreckers, welders, mechanics, oil tankers, gas tankers—it's like moving the 5th Army," he said.

A meeting for just the drivers is scheduled for Saturday at 1 p.m. at the fairgrounds, he said, but the drivers alone are expected to total more than 1,000.

Maggard said the meetings with Congress members will concentrate on those who voted in favor of the bills. "We want a chance to talk to them and explain to them what they've done to us."

He said all the necessary permits had been obtained for the motorcade, and the group was receiving cooperation from police in Alexandria and Washington as well as the State Police. "It's going to be peaceful," he said.

The convoy will move from the Wise County fairgrounds to Norton, then head south on U.S. 58 through Coeburn, St. Paul and Abingdon where it will get onto Interstate 81.

The first fuel stop is to be at the rest area just past Marion, Maggard said. The second will be at a rest area near Pulaski, the third at the Buena Vista exit and the last just past Gum Spring on Interstate 64.

"These trucks only get four to five miles to the gallon, and the top speed on most of 'em is 45 miles per hour," he said. "Some of them are gas trucks and only get three miles to the gallon, so we have to pull the gas trucks in at shorter intervals."

Tankers will be picking up fuel in Roanoke and other points, he added.

Officials at the Wise County National Bank in Norton have been among the people getting donations for the trip. Many surface mine operators are paying expenses for their miners.

"The response to this thing is fantastic. There's a real unity through this area," said Ralph Keith, one of the bank officials.

A wildcat strike by both surface and deep miners began last week and continued in varying degrees all five weekdays. Union miners had a holiday Monday, but some still remained away from work Tuesday due to picket lines.

The United Mine Workers of America refused to give the walkout any official endorsement. The international union in Washington had supported more strict surface mine requirements.

Three coal companies sought an injunction against picketing and other activities aimed at stopping work, and Judge James C. Turk granted a restraining order against such activities through Wednesday. A hearing on the injunction itself was scheduled for Wednesday at U.S. Western District Court in Abingdon, but was postponed until noon Thursday because Turk was still tied up on a case in Harrisonburg.

Tom Owens, president of the union's District 28, said practically all union members had returned to work Wednesday following radio broadcasts by union officials all day Tuesday telling members to ignore the remaining picket lines. He said those lines had been formed by nonunion miners. "We got reports from the local unions, and company officials too, that they're all back at work," he said.

"Now there might be a few scattered here and yonder" who never got the word to return, Owens said, but "we had it on the air, too, for the people to go back to work."

The Miners' Caravan

That efforts to combat one form of pollution can, especially if carried to absurd extremes, lead to a more objectionable kind of pollution should be vividly illustrated today when hundreds of coal miners move into Washington to protest strip mining legislation pending in Congress. Their purpose will be to show that restrictions designed to protect the beauty of nature and the quality of the environment can result in that disturbing form of economic pollution known as "unemployment."

Many experts who have analyzed the legislation, variations of which have been approved by both the House of Representatives and the Senate and are pending in a conference committee, are convinced that it would have a disastrous impact upon the surface mining industry. Numerous strip mines, including most of the 491 in Virginia, would simply have to stop operating, leaving thousands of men jobless. And with the recession destroying jobs in Detroit, Chicago and other meccas for unemployed Appalachian residents, prospects for idled coal miners would be dismal.

So the men who go to Washington today will attempt to persuade Congress to scrap the strip mining legislation, and scrap it Congress should. Promoted by such members as Rep. Patsy Mink of Hawaii, whose life in the sunny Pacific has not necessarily qualified her as the nation's leading authority on coal mines and miners, the legislation is an egregious example of the effects of environmental fanaticism.

The legislation should be scrapped not only because of the adverse impact it would have upon the miners who will protest today but also because of the damage it would do the nation in general. Restrictions imposed by the measure would increase the operating costs of those strip mines that managed to continue to function, and this, obviously, would increase the price of coal. Eventually, the cost of products and services dependent upon coal—such as electricity—would rise too, and consumers far removed from coal fields would suffer.

Consider, too, the legislation's effect upon this country's efforts to achieve self-sufficiency in energy, a goal it cannot reach without relying to a steadily increasing extent upon its vast coal resources. At the moment, strip operations produce about half of the 600 million tons of coal mined in the United States each year. Strip mining is by far the most efficient—and in some instances the only efficient—method of recovering much of the nation's coal deposits. Enactment of the proposed surface mining restrictions into law would result, according to the Interior Department, in the loss of more than 270 million tons of coal by 1980.

No reasonable person should object to restrictions designed to minimize to the most practical degree the environmental dangers of strip mining. Restoration of scarred land, proper disposition of mining wastes and the prevention of water pollution are all highly desirable objectives. But such environmental goals must be balanced against economic necessity, and the pending legislation provides no such balance. Its prohibition against any strip mining at all on slopes steeper than approximately 25 degrees, a provision that would prevent strip mining throughout much of Southwest Virginia, is far too extreme. Its land restoration requirements are far too rigid.

The bill should die in Congress. But if it doesn't, President Ford should execute it with a veto the minute it reaches the White House.

Mr. HANSEN. Will the Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. I am happy to yield.

Mr. HANSEN. Mr. President, I am very pleased that the Senator from Virginia has spoken out as he has. He calls attention to concerns that have been felt and sensed by the Senator from Wyoming and others for some time. I was one of the conferees on the surface mining bill last year. I was a participant, as a member of the Committee on Interior and Insular Affairs, in the markup of the surface mining bill which has been cleared by this session of Congress and now awaits action between the House and Senate conferees. I think it is most appropriate and most timely that the Senator from Virginia calls attention to what we are doing.

Here we are, in a time of critical energy crisis. There is growing concern nationally that trouble may, once more, erupt in the Middle East. Dr. Kissinger's herculean efforts there, despite his talent, despite his unique ability to understand the conflicting concerns that lead to trouble and, indeed, have led to hostilities in the past, have failed in this instance, at least insofar as his last trip was concerned, to reconcile differences over there. So there is no guarantee at all that we shall not have a resumption of hostilities. There is no guarantee at all that we shall not be subjected to another oil embargo. There is no guarantee at all that developed nations around the world and developing nations around the world will not have to come to grips, on top of our recession, with a very sharply curtailed availability of oil and natural gas.

Yet despite all of this, despite the compelling arguments that those facts should make for all of us, here we have gone overboard, in my opinion far beyond what wisdom and good sense would have directed us to do, in trying to spell out a lot of specifics in the surface mining bill that ought to be left to the good judgment and action of the State legislatures.

I favor conservation. I have had three goals in mind which I think should be achieved through this bill. The first is to make certain that we have a good reclamation law passed, so that once and for all we could put aside the arguments of those who say we want to tear up the earth and leave it despoiled, and destroy this part of the Planet Earth.

We do not want to do that at all. We have certainly gone abundantly far in guaranteeing that reclamation will be enforced; but we have even gone beyond that: We have gotten down into the specifics. We have tried to satisfy groups in every part of the country with their particular ideas of what should be put into a strip mining bill. In my State of Wyoming, in the Great Divide Basin, as it is referred to, a 300-square-mile tract of land mostly in central southern Wyoming, we average 7 inches of rainfall per year, and despite the fact that that varies markedly from the situation in Appalachia, where in the State of Virginia, the State of West Virginia, the State of Tennessee, and other places where coal is mined, the rainfall may be 2 or 3 feet per year, we have tried to spell out the specifics that ought to be left to State action.

I think the Senator from Virginia is quite right. He calls attention to a very glaring defect in this legislation, a fault that has been pointed to and addressed specifically by the administration, saying that instead of making coal available, which is the one readily available source of energy we now have, which could diminish our need for and our reliance upon oil, we have turned the other way. In fact, Mr. President, we went both ways. We said, "We are going to give the surface owner, the man who owns only the surface of the land below which lie coal deposits owned by the Federal Government, by all of the people of the United States, the right to say whether or not coal may be mined," and then we have defined who a surface owner is, and have excluded recent purchasers of the surface estate, and in a very narrow way restricted our definition of the surface owner to a man a substantial part of whose income must come from farming or ranching, who must have lived on the land for 3 previous years, and of whose operations agriculture is a very important part.

We have said only those persons so defined and so restrictively identified are surface owners; and then we have said in the bill that was passed by the Senate that that surface owner cannot be paid for more than the appraised value of the land actually mined or occupied by the mining operation, for the actual appraised value of the improvements on that land, for any relocation costs that may be incurred if he has to move a building a barn, or a headquarters from one part of the ranch to another, plus whatever actual loss of income results from the incidents of under certain conditions the Secretary can add up to $100 per acre—thus in effect, Mr. President, insuring that the typical rancher or the typical farmer in the West will say, "I am not going to give my consent."

Why should he give his consent? There is no inducement for him to. Unless he just wants to take what the appraised value of that particular part of his operations is, and sell out at that appraised basis, there is no reason for him to give his consent.

So I think that by having failed to treat the landowner fairly, which has been my second objective, we have insured that my third objective, too, shall not be fulfilled, and that is that the Government shall be able to get its coal.

What is the importance of all this? Precisely what the Senator from Virginia says it is. We are going to be putting people out of work at a time when this Government—the Senator from Virginia is a very distinguished member of the Committee on Finance, a man whose input has been reflected on may pieces of legislation being reported by the Finance Committee—at a time when we have finally agreed upon a bill to pump practically $23 billion in terms of tax cuts, rebates, refunds, and everything else into the economy to put people back to work, we are talking about an action that can result from this surface mining bill which will deny the people of the United States, from the Senator's area alone, 140 million tons of coal; and how many jobs did the Senator from Virginia say might be lost from the implementation of this act?

Mr. HARRY F. BYRD, JR. It is estimated that at least 2,000 miners will lose their jobs, and some 6,000 additional personnel involved one way or the other with the coal mining business will also be put out of work. The total is 8,000 persons in the State of Virginia; and the Department of the Interior estimates that some 47,000 persons throughout the United States will be thrown out of work at a time when we have unemployment now as high as 9 percent.

Mr. HANSEN. The Senator from Virginia has stressed the fact that we are trying to combat inflation. This can actually add fuel to the fires of inflation, can it not? Will this not make the costs of electricity go higher, instead of working them downward?

Mr. HARRY F. BYRD, JR. I say to the Senator from Wyoming, who has tried so hard to bring some sense to this piece of legislation, that it will drive higher the cost of energy. In the State of Virginia, the Virginia Electric Power Co., which serves a great part of that State, up to this point has increased its rates tremendously.

It relies, as do many other power companies in this general area, on coal. When this bill takes its full effect, there will be further tremendous upward pressure.

We talk about consumers. We have a lot of legislation which we say is for the benefit of consumers. I believe the best thing the Senate of the United States and the Congress of the United States can do for the consumer is to stop passing foolish legislation that drives up the cost of everything the consumer has to buy.

The legislation we have passed in regard to automobiles has already increased the cost of an automobile by $600, and if the new regulations go into effect—and I hope they will not; I think they should be held in abeyance for a while—it will add another $600 to the cost of automobiles.

I think it is no wonder that the Gallup poll shows the people of this country have very little confidence in the wisdom of Congress, and I do not blame them. I must say my feeling in that regard is somewhat restricted, when we see more and more unemployment, and while we pass more and more legislation and appropriate more and more tax dollars to put people back to work, and at the same time pass legislation which we know will put people out of work. We worry about the cost of living going up, and at the same time eliminate 140 million tons of coal annually by this one piece of legislation.

Mr. HANSEN. Mr. President, before too long the Committee on Interior and Insular Affairs will be holding hearings on the nomination of the former Governor of Wyoming, my very distinguished friend, Stanley K. Hathaway, to become Secretary of the Interior, and I know that there will be intense interest in those hearings, because he has been accused of being proindustry, against a reasonable protection of the environment. I am certain that when Senators have completed that hearing process in the Interior Committee, and when Senators on the floor are apprised of the actual role that former Governor of Wyoming Stanley Hathaway has had characterize the 8 years of his administration, they will be very pleased indeed with what he has done.

I would make this observation: The Senator from Montana (Mr. METCALF) and I have attached an amendment to the surface mining bill which gives the States, each of the States, the authority to exceed the Federal reclamation demands and such other stipulations as may be imposed by law on surface mining.

If the State of Wyoming has gone beyond the Federal law, and, indeed, it has done that on occasion, that action by the State should be recognized. We have gone beyond Federal law in the concern for the quality of our air. The permissible emission in stack gas in Wyoming is only one-sixth of the amount that it is by Federal law; 1.2 percent sulfur dioxide is permissible according to Federal law. The State of Wyoming has said by law that it shall not exceed 0.2 percent and, as a consequence, the Metcalf-Hansen amendment to the strip mining bill permits each State to write its own ticket insofar as reclamation is concerned.

I think if Wyoming or Montana or Virginia wants to state the kind of job that it believes will be acceptable and the kind that will not be acceptable it should have that right, and it seems too bad to me that we have gone into the specific details that we have in this bill. We have written a measure that insures that we will deny ourselves coal that could be available to ease the energy crunch; we will have added to the unemployment rolls in this country, and we will have escalated the price of power from the powerplants all at the same time. We are headed in precisely the wrong direction, and there is no reason at all why we should have done that.

I know that ours was the losing side. People everywhere are concerned about the environment, I am concerned about it, I know the Senator from Virginia is concerned about it, but we are also concerned about our national well-being. We are concerned about the continuing influence of this great Nation as a peacekeeping force throughout the world. We do not want to weaken our military machine in this country.

There has been no more staunch defender of adequate military power in the Congress of the United States over the years that I know of than the distinguished floor manager of this bill that we are presently debating, the Senator from Washington (Mr. JACKSON). He has contended time after time after time that whatever else may come, let us keep this country strong.

Yet I say to my good friend from Virginia if we continue pursuing the kind of course that we are headed on now, we will not keep this country strong; we will weaken it. We will weaken it because we will deny it the necessary industry that fuels the machines that turn out planes, tanks, and other machines that can serve the purpose of keeping the peace if they are in the right hands. I want to keep them in the right hands, which means I want to keep them in American hands.

I just have to say to my good friend from Virginia that this bill, as it has been worked out by the Senate of the United States, and as it has been passed by the Senate of the United States, certainly needs a big overhauling or we are going to find that it will not help, but will hurt.

I said to my friends in Wyoming, who are concerned about what can happen out there:

> Do not ask us to get too specific in writing out the details of this bill. Leave some things to the good judgment of the various State legislatures.

Because, as we have demonstrated in Wyoming by legislative action, we can take the additional steps that we think are necessary. If we take those steps on a State basis out there it is far better to do it that way than to incorporate all of the ideas into one law that has to fit all of the 50 States, and it insures the kind of result that I think the Senator from Virginia has called attention to there that ought to be disturbing to everyone.

I thank my colleague from Virginia for calling attention to a very serious problem.

Mr. HARRY F. BYRD, JR. I am very grateful indeed for not only the comments, but the hard work which the able Senator from Wyoming has put into that strip mining legislation in an effort to make it a reasonable piece of legislation that will protect the environment, as all of us want to do, but not put people out of jobs; not make it possible to mine coal which we need so badly, but to bring forth a reasonable proposal, and the present piece of legislation certainly is not a reasonable proposal, and which will have a very bad effect on so many jobs, particularly in Appalachia.

We hear people in Congress speak about how their hearts bleed for Appalachia, and how we have to appropriate more money to send to Appalachia and to send to other places around the country. Well, those people do not want doles; they want jobs.

Mr. HANSEN. I would ask my good friend from Virginia—I know he is aware that in this bill we have a provision for unemployment compensation for people, and I think it is proper that we should have it in there, despite the fact that I have serious misgivings about that kind of legislation. There can be no denying the fact that if this law is passed as it was voted out by the Senate, it is going to bring unemployment.

So it seems to the Senator from Wyoming that certainly the people who were so insistent that we take the tough, hard line we took knew full well if that bill were to become law as it was passed by the Senate there would indeed be unemployment, and I would just say to my good friend from Virginia, is it not pretty hard to find unemployed people who are concerned about their families and who are having to live on welfare or on unemployment compensation until those benefits are exhausted, is it not pretty hard to find them reasonable about anything else when they are worrying first about their families?

Mr. HARRY F. BYRD, JR. Yes, and I think justifiably so. And knowing the coal miners of southwest Virginia as I do, they are independent-minded people, and they are proud people. All they want to do is to have a job and go to work.

Mr. HANSEN. And they want to live where they live, is that not a fact?

Mr. HARRY F. BYRD, JR. And they want to live in their home communities where they were born and where they are used to living, areas they are used to and like, and areas that they love, and I do not blame them for loving that part of southwest Virginia.

They want to live there and they want an opportunity to earn a living. They are coming down here tomorrow, 1,000 strong—they are on their way now, 1,000 strong, these independent-minded coal miners, people who work the ground for a living, to support their families, they are coming down here to ask Congress to please show some reason, show some commonsense in the legislation we pass so that we do not put them out of work and, at the same time, deny a needed energy element to the people of our Nation.

I want to thank the Senator from Oklahoma very much for yielding. I did not expect to take so much time, but I am grateful to him.

Mr. BARTLETT. I wish to advise the Senator from Virginia that I enjoyed the discussion very much.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10 o'clock tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING PERIOD FOR ROUTINE MORNING BUSINESS TOMORROW AND TO RESUME CONSIDERATION OF S. 622

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order tomorrow morning, there be a period for the transaction of routine morning business not to extend beyond the hour of 10:30 a.m., and that upon the conclusion of routine morning business at 10:30 a.m., the Senate resume consideration of S. 622.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF BARTLETT AMENDMENTS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the resumption of consideration of S. 622 tomorrow, the Senate proceed to vote, first on the Bartlett amendment, No. 319, and then, upon the disposition of that amendment, that the Senate then proceed to vote on the Bartlett amendment, No. 323, it being my understanding that that is in accordance with the wish of Mr. BARTLETT, the author of the two amendments.

Do I also understand correctly that all time has been yielded back on those amendments?

Mr. JACKSON. The Senator is correct.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. FANNIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FANNIN. Did I correctly understand that Senator BARTLETT was retaining 1 minute? Was that permitted? He asked unanimous consent.

Mr. ROBERT C. BYRD. It would certainly be agreeable to me, I might say.

The PRESIDING OFFICER. Will the Senator restate his parliamentary inquiry?

Mr. FANNIN. It was my understanding that the Senator from Oklahoma (Mr. BARTLETT) had requested that he might retain 1 minute for explanation of the amendment immediately before the time that the vote would be taken.

The PRESIDING OFFICER. He has retained 1 minute on the second amendment. There is time remaining on the first amendment.

Mr. FANNIN. I thank the Chair.

Mr. JACKSON. Mr. President, I ask unanimous consent that each side have 1 minute, on both amendments.

Mr. FANNIN. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. ROBERT C. BYRD. I ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LIMITATION ON STATEMENTS DURING THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senators be permitted to speak for not to exceed 5 minutes during the period for the transaction of routine morning business tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

MODIFICATION OF ORDER FOR RECOGNITION OF SENATORS TALMADGE AND HELMS ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the orders previously entered for recognition of Mr. TALMADGE and Mr. HELMS on Wednesday be reversed, so that Mr. HELMS will speak first and then Mr. TALMADGE.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. The yeas and nays have been ordered on both amendments of the Senator from Oklahoma (Mr. BARTLETT) so there will be two rollcall votes beginning very shortly after the hours of 10:30 tomorrow—within 2 minutes, I might say, unless a quorum call is put in.

Other rollcall votes will occur during the day on amendments to the bill.

May I ask the distinguished manager of the bill if there is any likelihood, in his judgment, of final action occurring on the bill tomorrow?

Mr. JACKSON. I would hope we could try to finish, but we have a long list of amendments, and I would suggest that the distinguished Senator from Arizona (Mr. FANNIN) would be in a better position to comment. We do not have any further amendments, I believe, other than technical amendments, on our side.

Mr. FANNIN. Mr. President, we do have several administration amendments, quite a number, and I doubt very much that we will be finished tomorrow. They will be offered and we will go forward on the amendments, and I think we can make substantial progress tomorrow.

Mr. ROBERT C. BYRD. Very well. I thank the Senator.

It is apparent, then, Mr. President, that several amendments will be called up tomorrow, and rollcall votes will occur thereon.

How much time remains on the bill?

The PRESIDING OFFICER. One hundred ninety-four minutes for the minority; 172 minutes for the majority.

Mr. JACKSON. Does the Senator want some time?

Mr. ROBERT C. BYRD. No, that is fine. That answers my question.

ADJOURNMENT UNTIL 10 A.M.

Mr. FORD. Mr. President, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and at 5:25 p.m. the Senate adjourned until tomorrow, Tuesday, April 8, 1975, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate April 7, 1975:

DEPARTMENT OF COMMERCE

Rogers C. B. Morton, of Maryland, to be Secretary of Commerce, vice Frederick B. Dent.

DEPARTMENT OF THE INTERIOR

Stanley K. Hathaway, of Wyoming, to be Secretary of the Interior, vice Rogers C. B. Morton.

DEPARTMENT OF STATE

Charles A. Mann, of North Carolina, to be an Assistant Administrator of the Agency for International Development, vice James F. Campbell, resigned.

Curtis Farrar, of Maryland, to be an Assistant Administrator of the Agency for International Development, vice Joel Bernstein, resigned.

FEDERAL ENERGY ADMINISTRATION

John A. Hill, of Maryland, to be a Deputy Administrator of the Federal Energy Administration. (New Position)

Gorman C. Smith, of Virginia, to be an Assistant Administrator of the Federal Energy Administration, vice John W. Weber, resigned.

ACTION AGENCY

John Dellenback, of Oregon, to be an Associate Director of the ACTION Agency, vice Nicholas W. Craw, resigned.

Ronald E. Gerevas, of Virginia, to be an Associate Director of the ACTION Agency, vice Marjorie W. Lynch.

Willard H. Meinecke, of Maryland, to be an Assistant Director of the ACTION Agency. (New position.)

DEPARTMENT OF STATE

Charles S. Whitehouse, of Virginia, a Foreign Service Officer of the Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Thailand.

DEPARTMENT OF JUSTICE

Jervis S. Finney, of Maryland, to be U.S. attorney for the district of Maryland for the term of 4 years vice George Beall, resigning.

Clarence A. Brimmer, Jr., of Wyoming, to be U.S. attorney for the district of Wyoming for the term of 4 years vice Richard V. Thomas, resigned.

COMMUNICATIONS SATELLITE CORPORATION

The following-named persons to be members of the Board of Directors of the Communications Satellite Corporation for the terms indicated:

Until the date of the annual meeting of the Corporation in 1977: Frederic G. Donner, of New York.

Until the date of the annual meeting of the Corporation in 1978: George Meany, of Maryland.

NATIONAL CREDIT UNION BOARD

Joseph F. Hinchey, of Pennsylvania, to be a member of the National Credit Union Board for a term expiring December 31, 1980. (Reappointment)

NATIONAL INSTITUTE OF EDUCATION

Harold L. Hodgkinson, of California, to be Director of the National Institute of Education, vice Thomas K. Glennan, Jr., resigned.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Subject to qualifications provided by law, the following for permanent appointment to the grades indicated in the National Oceanic and Atmospheric Administration:

To be captains

Philip J. Taetz
Robert W. Franklin
Sidney C. Miller
Ronald M. Buffington

To be lieutenant commanders

Albert E. Theberge, Jr.
Arthur N. Flior
Michael E. Wagner
Robert E. Hunt, Jr.
Richard K. Muller
Donald L. Suloff
Stephen J. Mangis
Roger P. Hewitt
Lawrence L. Lake
Thomas W. Richards
Raymond W. Reilly
Stewart McGee, Jr.
John D. Busman

To be lieutenants

Stephen E. Anderly
Harold B. Arnold
Curtis M. Belden
Donald D. Winter
Dan E. Tracy
William A. Wert
Timothy A. Kessenich
Richard P. Floyd
Willis C. Blasingame
Alan D. Kissam
Thomas E. DeFoor
H. Bruce Thelen
Ronald C. Pate
Robin D. Wells
Charles L. Rives
William E. George

To be lieutenants—junior grade

Alan J. Potok
Richard H. West
Thomas A. Bergner
John A. Murphy
Peter E. Gadd
Earl W. Fenstermacher
Paul B. Loiseau, Jr.
David C. McConaghy
John J. Kineman
Stephen J. Kott
Alan D. Anderson
Edward E. Seymour, Jr
Michael H. Allen
Chris J. Nelson

To be ensigns

Marcella J. Bradley
Steven C. Brophy
Thomas G. Clark
Mary M. Huestis
Robert G. Mann
F. Ronald Philippsborn
Stephen L. Poole
Thomas L. Renninger
Kenneth W. Santarelli
Douglas L. Terry

IN THE ARMY

The following-named officers under the provisions of title 10, United States Code, section 3066, to be assigned to positions of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be general

Lt. Gen. George Samuel Blanchard, [redacted] Army of the United States (major general, U.S. Army).

To be lieutenant general

Maj. Gen. Frederick James Kroesen, Jr., [redacted], U.S. Army.

The following named officer for appointment as chief, Army Reserve and for appointment as major general, Army of the United States, and major general, U.S. Army Reserve, under the provisions of title 10, United States Code, sections 3019, 3442 and 3447:

To be major general

Brig. Gen. Henry Mohr, [redacted], U.S. Army Reserve.

Chaplain (Colonel) Orris Eugene Kelly, [redacted] Army of the United States (lieutenant colonel, U.S. Army) for appointment as Chief of Chaplains, U.S. Army, as major general in the Regular Army of the United States and as major general in the Army of the United States, under the provisions of title 10, United States Code, sections 3036, 3442, and 3447.

IN THE NAVY

Vice Adm. Walter D. Gaddis, U.S. Navy, for appointment to the grade of vice admiral on the retired list, pursuant to the provisions of title 10, United States Code, section 5233.

Vice Adm. Frank H. Price, Jr., U.S. Navy, for appointment to the grade of vice admiral on the retired list, pursuant to the provisions of title 10, United States Code, section 5233.

U.S. AIR FORCE

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

To be lieutenant general

Lt. Gen. Ernest C. Hardin, Jr., [redacted] FR (major general, Regular Air Force), U.S. Air Force.

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, Title 10, United States Code, with a view to resignation under the provisions of section 8067, Title 10, United States Code, to perform the duties indicated, and with dates of rank to be determine by the Secretary of the Air Force:

MEDICAL CORPS

To be major

Sherman, Howard H., [redacted].

DENTAL CORPS

To be captain

Ness, Charles F., [redacted].
Robinson, Stephen F., [redacted].

To be first lieutenant

Hansen, Steven C., [redacted].

The following persons for appointment as Reserve of the Air Force, in the grade indicated, under the provisions of section 593, Title 10, United States Code, with a view to designation as Medical officers, under the provisions of section 8067, Title 10, United States Code:

MEDICAL CORPS

To be lieutenant colonel

Doremus, William P., [redacted].
Harris, Julian L., [redacted].
Hough, Travers E., Jr., [redacted].
Jones, Robert T., [redacted].
Kim, Young W., [redacted].
Morgan, William C., [redacted].
Rogers, William L., [redacted].
Rowe, Lynn B., [redacted].
Sears, Robert F., [redacted].
Shireman, Kenneth L., [redacted].
Smith, Stuart J. [redacted].
Stiles, Willard F., [redacted].
Turner, John C., [redacted].
Wright, Richard C., [redacted].

The following person for appointment as a Reserve of the Air Force, in the grade indicated, under the provisions of section 593, Title 10, United States Code:

LINE OF THE AIR FORCE

To be colonel

Guetling, Alfred J., [redacted].

The following persons for appointment as temporary officers in the United States Air Force, in the grade indicated, under the provisions of sections 8444 and 8447, Title 10, United States Code, with a view to designation as Medical officers, under the provisions of section 8067, Title 10, United States Code.

MEDICAL CORPS

To be lieutenant colonel

Bass, Dwight R., [redacted].
Berry, Roy V., [redacted].
Doremus, William P., [redacted].
Fletcher, Robert G., [redacted].
Harris, Julian L., [redacted].
Kim, Young W., [redacted].
Morgan, William C., [redacted].
Nepomuceno, Normando R., [redacted].
Resnick, Nolan, [redacted].
Rogers, William L., [redacted].
Sears, Robert F., [redacted].
Shireman, Kenneth L., [redacted].
Sincaban, Virginia M., [redacted].
Smith, Stuart J. [redacted].
Stiles, Willard F., [redacted].
Taylor, Gilbert W., [redacted].
Turner, John C., [redacted].
Wiegreffe, James W., [redacted].
Wright, Richard C., [redacted].

The following officers for promotion in the Air Force Reserve, under the provisions of sections 8376 and 593, Title 10, United States Code:

Major to lieutenant colonel

LINE OF THE AIR FORCE

Kinard, Theodore D., [redacted].

CHAPLAIN CORPS

Basford, Pail J., Jr. [redacted].

NURSE CORPS

Ellsworth, Patricia A., [redacted].
Jorgensen, Marilyn J., [redacted].
Strachan, Shirley A., [redacted].

IN THE ARMY

The following-named cadets, graduating class of 1975, U.S. Military Academy, for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3283 and 4353:

Abcouwer, James K., [redacted].
Abt, Frederic E., [redacted].
Acevedo, Robert F., [redacted].
Adams, John A., Jr., [redacted].
Ahle, Neil W., [redacted].
Akamatsu, Jeffrey C., [redacted].
Alexander, Daniel R., [redacted].
Algeo, James H., Jr., [redacted].
Allison, Roy R., Jr., [redacted].
Acojedo, Rudolph D., [redacted].
Acree, Malcolm T., Jr., [redacted].
Adams, Bruce K., [redacted].
Alt, Leonard A., [redacted].
Anderson, Dorian T., [redacted].
Anderson, Edward B., [redacted].
Anderson, Peter C., [redacted].
Anderson, Richard B., [redacted].
Anderson, Ronald, [redacted].
Andrews, George H., Jr., [redacted].
Annen, David M., [redacted].
Antes, Ralph D., [redacted].
Aoki, Carl K., [redacted].
Armstrong, Barrington M., [redacted].
Armstrong, James E., Jr., [redacted].
Ashbaugh, Dean L., [redacted].
Aslanian, Rick, [redacted].
Attaya, James J., [redacted].
Aultman, William R., [redacted].
Austin, Lloyd J., III, [redacted].
Austin, Thomas A., IV, [redacted].
Ayers, Thomas G., [redacted].
Bachus, Bruce D., [redacted].
Backof, John S., [redacted].
Bailey, John R., [redacted].
Baker, Francis C., Jr. [redacted].
Baker, Larry G., [redacted].
Baker, Philip J., Jr., [redacted].
Barattino, William J., [redacted].
Barget, Joseph H., Jr., [redacted].
Barthelson, Einar C., [redacted].
Barton, Howard E., Jr., [redacted].
Bates, Timothy L., [redacted].
Batey, Alan M., [redacted].
Bauleke, Gary D., [redacted].
Baynes, Ronald R., [redacted].
Bear, David A., Jr., [redacted].
Beatty, Kenneth D., [redacted].
Beaudry, Charles L., [redacted].
Beeman, John M., [redacted].
Beever, Stephen P., [redacted].
Begley, Cornelius G., Jr., [redacted].
Belanger, Van-George R., [redacted].
Bellene, Stephen, [redacted].
Bender, Gregory N., [redacted].
Benkufski, Steven J., [redacted].
Benn, James F., Jr., [redacted].
Bennett, Melvin F., III, [redacted].
Benson, Norman G., II, [redacted].
Bentley, David A., [redacted].
Berens, Thomas A., [redacted].
Berlin, Robert S., [redacted].
Bero, Victor J., [redacted].
Bethea, David K., [redacted].
Bice, Vernon C., [redacted].
Bishop, Gary M., [redacted].
Bishop, Jay R., Jr., [redacted].
Bittner, Stephen J. [redacted].
Bjorlin, Duane H., [redacted].
Blackledge, David N., [redacted].
Blankenship, Clyde D., [redacted].
Blankmeyer, William J., Jr., [redacted].
Blom, Michael D., [redacted].
Boatright, Jeffrey H., [redacted].
Boddie, Ossie B., Jr., [redacted].
Boehmler, John E., [redacted].
Bolyard, Timothy N., [redacted].
Bolzak, Jerry R., Jr., [redacted].
Bonine, James E., III, [redacted].
Bonney, Daniel J., [redacted].
Bonney, Paul M., [redacted].
Bonometti, Robert J., [redacted].
Borman, Edwin S., [redacted].
Boyd, Ricky E., [redacted].
Boyko, Robert G., [redacted].
Boylan, Joseph T., Jr., [redacted].
Bradford, Edward M., Jr., [redacted].
Bradley, Rawskia, [redacted].
Brady, Charles J., Jr., [redacted].
Brandt, John D., [redacted].
Branscom, Stephen G., [redacted].
Brewer, John F., III, [redacted].
Brewster, Philip S., III, [redacted].
Briggs-Hall, Martin A., [redacted].
Britton, William C., [redacted].
Broadfoot, Randall G., [redacted].
Brooks, David W., [redacted].
Brown, Albert B., Jr., [redacted].
Brown, Douglas R., [redacted].
Browne, Donald W., Jr., [redacted].
Bruce, Sheldon J., [redacted].
Buckley, David J., Jr., [redacted].
Buckley, Richard R., [redacted].
Buckner, Gerald L., [redacted].
Burkhard, Alfred E. S., Jr., [redacted].
Burnett, John F. [redacted].
Burnette, Michael C., [redacted].
Burris, Robert F., [redacted].
Burton, James H., [redacted].
Bush, Howard J., [redacted].
Busick, Robert P., [redacted].
Byce, Terry H., [redacted].
Byers, Robert M., [redacted].
Byrd, Harry R., Jr., [redacted].
Byrd, Johnathan E., [redacted].
Byrne, Charles M., [redacted].
Cage, Jack H., [redacted].
Cailteux, Kerry L., [redacted].
Cain, James L., [redacted].
Campbell, Douglas A., [redacted].
Campbell, Terrence C., [redacted].
Campsey, William M., [redacted].
Cannon, Michael W., [redacted].
Canny, Kenton R., [redacted].
Cantwell, Richard D., [redacted].
Cappell, Daniel D., [redacted].
Caputo, Francis G. J., [redacted].
Cardinal, Charles N., [redacted].
Carpenter, John H., [redacted].
Carr, Brian P., [redacted].
Carrano, Carl J., [redacted].
Casella, Bruce A., [redacted].
Caslen, Robert L., Jr., [redacted].
Castro, Randal R., [redacted].
Cates, Marc L., [redacted].
Cauley, Gerald W., [redacted].
Cawthon, Roger E., [redacted].
Cederle, Dale S., [redacted].
Cerri, Anthony J., [redacted].
Chalupa, Wayne F., [redacted].
Chappell, John S., [redacted].
Cheese, Ronald A., [redacted].
Cherolis, George T., [redacted].
Chesnulovitch, Douglas M., [redacted].
Christensen, Scott L., [redacted].
Cimral, John J., [redacted].
Clark, Brent L., [redacted].
Clark, David T., [redacted].
Clark, Gary F., [redacted].
Clark, George D., [redacted].
Clark, Jamie D., [redacted].
Clark, Thomas R., [redacted].
Cleckner, William H., IV, [redacted].
Cochran, Howe P., III, [redacted].
Cody, William P., [redacted].
Coffey, James R., [redacted].
Colatarci, Salvatore J., [redacted].
Coleman, Robert J., Jr., [redacted].
Coles, Daniel B., [redacted].
Collins, Ben F., [redacted].
Collura, Michael A., [redacted].
Colotti, Michael A., [redacted].
Combs, Gary W., [redacted].
Conley, Ronald P., [redacted].
Conlon, Kevin C., [redacted].
Conners, Michael R., [redacted].
Connors, Thomas P., [redacted].
Conrad, Martin R., Jr., [redacted].
Cook, Bart D., [redacted].
Cooley, Michael J., [redacted].
Corbett, Joseph T., [redacted].
Cosgrove, John F., [redacted].
Coston, Rickie L., [redacted].
Coughran, David P., [redacted].
Coury, Bradley P., [redacted].
Crain, William F., [redacted].
Craven, John F., [redacted].
Crumplar, John A., [redacted].
Cunningham, Eric R., [redacted].
Dace, Robert W., [redacted].
Danaher, Thomas K., [redacted].
Dannemiller, Edward M., II, [redacted].

Darrow, Dempsey N., [redacted].
Dashiell, John C., Jr., [redacted].
David, William C., [redacted].
Davis, Glenn S., [redacted].
Davis, James J. [redacted].
Davis, John E. [redacted].
Davis, John N. [redacted].
Davis, William M., [redacted].
Deacon, John J., II [redacted].
Decker, Kenneth L. [redacted].
D Elosua, Ralph F. [redacted].
De Troye, John L., III, [redacted].
Devens, Patrick E., [redacted].
De Vilbiss, Melvin L., [redacted].
Dickerson, Stanley A., [redacted].
Dickey, Dean E., II, [redacted].
Di Domenico, Frank, [redacted].
Diener, Charles E. [redacted].
Dierksmeier, Fred E., [redacted].
Dodd, Joseph G., Jr., [redacted].
Dolan, Patrick J. [redacted].
Dominguez, Michael L., [redacted].
Donlin, Bruce J. [redacted].
Doran, Richard J. [redacted].
Dornstadter, John R. [redacted].
Douglas, Thomas R., [redacted].
Downs, William T., [redacted].
Dresch, Denny D., Jr., [redacted].
Drummond, Daniel D., [redacted].
Dunaiski, Mark T. [redacted].
Duncavage, David J. [redacted].
Dunn, Robert A., [redacted].
Dunphy, James J., Jr. [redacted].
Dupree, Douglas W., [redacted].
Durbin, Robert E. [redacted].
Dvorak, Dale A., [redacted].
Dyer, Allan G. [redacted].
Eccleston, Thomas E., [redacted].
Edge, Darrell W. [redacted].
Edmonds, David B. [redacted].
Edwards, Lawyn C., [redacted].
Edwards, Phillip J. [redacted].
Egler, Darryl J. [redacted].
Ellis, Stephen C. [redacted].
Ellison, Gregory W., [redacted].
Elton, Olaf L., [redacted].
Emswiler, David G., [redacted].
Enzenauer, Robert W., [redacted].
Erdly, James E., [redacted].
Evans, Henry S., [redacted].
Everett, Malcolm O., [redacted].
Farmer, Bernard M. J., [redacted].
Farrell, Peter T., [redacted].
Fehlings, Allan D., [redacted].
Ferguson, Chris S., [redacted].
Ferrara, Peter J., [redacted].
Fey, Daniel A., [redacted].
Fiedler, John P., [redacted].
Findlay, Patrick G., [redacted].
Fine, Alaric G., [redacted].
Finley, Leonard M., III, [redacted].
Fiorey, Peter K., [redacted].
Fischer, John D. [redacted].
Fiser, Thomas C., [redacted].
Fitzgerald, Michael J., [redacted].
Fitzpatrick, Brian D., [redacted].
Fix, Thomas M., [redacted].
Fletcher, Michael D., [redacted].
Flor, Leonardo V., [redacted].
Florio, John A., [redacted].
Floyd, Harold D., II, [redacted].
Fogg, Gregory C., [redacted].
Ford, Charles W., Jr., [redacted].
Ford, David G., [redacted].
Frank, Robert L., [redacted].
Frazier, Douglas S., [redacted].
Freakley, Benjamin C., [redacted].
Freeman, Philip J., [redacted].
Frenier, David J., [redacted].
Fruscella, Steven G., [redacted].
Fucci, August J., [redacted].
Furman, John S., [redacted].
Furst, Robert S., [redacted].
Gagliano, Donald A., [redacted].
Gaines, Keith D., [redacted].
Gallagher, Patrick J., [redacted].
Gardner, Jeffrey R., [redacted].
Garland, Edward O., [redacted].
Garland, Steven H., [redacted].
Garver, John B., III, [redacted].
Garvey, Raymond E., III, [redacted].
Gassert, Dennis M., [redacted].
Gaylor, Kevin W., [redacted].
Geck, David E., [redacted].
Genetti, Michael G., [redacted].
George, Kenneth J. [redacted].
Gerberman, James H. [redacted].
Gerhiser, Carl E., [redacted].
Ghent, Ralph D. [redacted].
Ghormley, Larry L., [redacted].
Gianakouros, Fred D., [redacted].
Gibbs, Larry D., [redacted].
Gibson, Sloan D., IV, [redacted].
Gilbert, John R. [redacted].
Gillig, Jeffrey R., [redacted].
Girolamo, Mark R., [redacted].
Girrard, Michael R., [redacted].
Given, James K., III, [redacted].
Glade, Elmer G., [redacted].
Glasser, James P., [redacted].
Glenn, Russell W., [redacted].
Goldberg, Joseph, [redacted].
Gonzalez, Manuel E., [redacted].
Goodman, Robert J., [redacted].
Gordon, Keith D., [redacted].
Gourley, Richard S., [redacted].
Grasso, Leonard A., [redacted].
Grayson, James M., [redacted].
Green, Dale A., [redacted].
Grimes, Steven R., [redacted].
Grimm, Edward J., [redacted].
Gross, Thomas M., [redacted].
Grossman, Robert E., [redacted].
Groves, Richard W., [redacted].
Grubbs, Thomas R., [redacted].
Gruskowski, Jay S., [redacted].
Gulden, Jack G., [redacted].
Gunzelman, Karl J., [redacted].
Guth, Peter L. [redacted].
Guthrie, Steven G., [redacted].
Gwiazdowski, Vincent F., [redacted].
Haas, Bruce C., [redacted].
Hadden, Robert R., [redacted].
Haglin, Peter E., [redacted].
Haig, Brian F., [redacted].
Haith, Michael E., [redacted].
Hale, Gary M., [redacted].
Hale, Thomas J. [redacted].
Hall, Bradley C., [redacted].
Haller, Lawrence R., [redacted].
Hallgren, Wayne F., [redacted].
Hamil, Charles L., [redacted].
Hamilton, Michael J., [redacted].
Hamilton, Roger M., [redacted].
Hamlin, Andrew T., [redacted].
Hammond, Charles O., [redacted].
Hanford, Craig B., [redacted].
Hanly, Patrick D., [redacted].
Hansen, Kurt W. [redacted].
Hardy, Harry C., [redacted].
Harnois, Steven M., [redacted].
Harren, Robert J., [redacted].
Harris, Bradley M., [redacted].
Harris, Charles A., [redacted].
Harris, Darryl L., [redacted].
Harris, George C., [redacted].
Harris, James W., III, [redacted].
Harrison, Marvin W., [redacted].
Harrold, Arthur C., Jr., [redacted].
Hart, Clarence M., [redacted].
Hartman, Larry E., [redacted].
Hartung, Donald F., [redacted].
Harvey, Frederick R., [redacted].
Hatley, Mark R., [redacted].
Haver, Charles B., [redacted].
Haviland, Robert A., [redacted].
Hayes, Gerald J., Jr., [redacted].
Hayes, Robert W., Jr., [redacted].
Hazel, George H., [redacted].
Heddleston, Leslie N., [redacted].
Hehmeyer, Mark O., [redacted].
Heine, Daniel G., [redacted].
Heinen, Mark E., [redacted].
Hennessy, Joseph J., [redacted].
Henning, Robert J., [redacted].
Heredia, Michael D., [redacted].
Hertling, Mark P., [redacted].
Hetz, Stephen P. [redacted].
Hicks, James E [redacted].
Highfill, William T. [redacted].
Hill, Gerald D., III, [redacted].
Hill, Jeffrey S., [redacted].
Hillard, Marshall T., [redacted].
Hitchcock, Dan T., [redacted].
Hodges, John A., [redacted].
Hoefert, Richard A., [redacted].
Hoffman, James S., [redacted].
Hoffman, William F., III, [redacted].
Hogan, Thomas M., [redacted].
Holden, Thomas A., Jr., [redacted].
Holland, Frank E., III, [redacted].
Hook, John A., Jr., [redacted].
Hoopes, Robert E., [redacted].
Hopkins, Gerard T., [redacted].
Howard, Gregory A., [redacted].
Howard, Thomas M., [redacted].
Hubbard, Dan H., Jr., [redacted].
Hubbard, Samuel J., Jr., [redacted].
Huber, Keith M., [redacted].
Huey, Thomas J., III, [redacted].
Hug, John H. [redacted].
Hughes, Griffith S., [redacted].
Hughes, James M., [redacted].
Hulsart, Bruce W., [redacted].
Hunley, Clarence R., III, [redacted].
Hunt, Charles K., [redacted].
Hunzeker, Kenneth W., [redacted].
Huxel, Scott B., [redacted].
Ilseman, Jeffrey K., [redacted].
Isaacs, James R., [redacted].
Ivey, William D., Jr., [redacted].
Jablonski, Bruce E., [redacted].
Jaggers, Joseph N., III, [redacted].
Jardine, Richard J., [redacted].
Jarnagan, Harry W., Jr., [redacted].
Jarvis, James P., [redacted].
Johns, James C., Jr., [redacted].
Johnsen, Nicholas R., [redacted].
Johnson, Carl R., [redacted].
Johnson, Earl A., Jr., [redacted].
Johnson, Gerard M., [redacted].
Johnson, Raymond E., [redacted].
Johnson, Robert E. J., [redacted].
Johnson, Robert E., [redacted].
Johnson, Robert L., Jr., [redacted].
Johnson, Scott K. [redacted].
Johnston, David E., [redacted].
Jones, Jerald A., [redacted].
Jones, Joseph D., III, [redacted].
Jones, Noel T., [redacted].
Jones, Ward L., [redacted].
Jordan, Lance D., [redacted].
Jordan, Norman C., [redacted].
Judy, Daniel R., [redacted].
Jung, Craig D., [redacted].
Kaigh, George J., Jr., [redacted].
Kaplan, Roger, [redacted].
Kasprisin, Kenneth S., [redacted].
Kay, William J., II, [redacted].
Keeble, Trenton G., [redacted].
Keehu, Ioane, Jr., [redacted].
Keiser, Bart D., [redacted].
Keller, Michael E., [redacted].
Kelley, Dennis R., [redacted].
Kelley, Gerald P., Jr., [redacted].
Kershner, Michael R., [redacted].
Kilian, John D., [redacted].
Killebrew, Sidney R., [redacted].
Killham, Michael A., [redacted].
Kincaid, Royce J., [redacted].
Kinney, Peter C., III, [redacted].
Kinsey, Daniel E., [redacted].
Kirby, Michael A., [redacted].
Kish, Timothy R., [redacted].
Klemashevich, James D., [redacted].
Klepich, John P., [redacted].
Kline, William R., [redacted].
Kociscak, William M., [redacted].
Koenig, Gary M., [redacted].
Kolar, Frank, Jr., [redacted].
Kolar, Nicholas J., Jr., [redacted].
Koontz, George W., Jr., [redacted].
Kormann, Wells B., [redacted].
Kotch, Joseph A., Jr., [redacted].
Kovar, Louis J., [redacted].
Krueger, Daniel W., [redacted].
Laffosse, Miguel D., Jr., [redacted].
Lane, John L., [redacted].
Langan, Joseph E. [redacted].

Langhorst, Richard H., [redacted].
La Rivee, James M., [redacted].
Larson, Peter F., [redacted].
Lastoskie, Thomas E., [redacted].
Lawson, Albert P., II, [redacted].
Leake, John P., [redacted].
Leake, Paul W., [redacted].
Leal, Charles E., [redacted].
Lebel, Gerald N., [redacted].
Lee, Charles B., Jr., [redacted].
Lee, Michael L., [redacted].
Lee, Mitchell R., [redacted].
LeKander, Jan C., [redacted].
Lenz, Douglas C., [redacted].
Lewis, Jeffery S., [redacted].
Lewis, Sidney J., [redacted].
Lewis, William D., [redacted].
Lineburg, Richard D., [redacted].
Lisowski, Patrick W. P., [redacted].
List, Gregory J., [redacted].
Littlefield, Thomas K., Jr., [redacted].
Lloyd, William C., III, [redacted].
Lockard, Dennis K., [redacted].
Lockwood, James T., [redacted].
Loeschner, David G., [redacted].
Lollis, Steven R., [redacted].
Loomis, Corydon M., Jr., [redacted].
Lopez, Gilberto M., [redacted].
Lord, Stephen E., [redacted].
Lorenz, Michael D., [redacted].
Lough, John S., [redacted].
Lowe, Walter V., Jr., [redacted].
Lowrey, Lee D., [redacted].
Ludera, Brian M., [redacted].
Lute, Douglas E., [redacted].
Luzius, Donald H., Jr., [redacted].
Lynes, John R., [redacted].
Lynn, Clark, III, [redacted].
Maas, David L., [redacted].
Machamer, Richard F., Jr., [redacted].
Macias, Victor, [redacted].
MacIntire, David L., [redacted].
MacMillan, Dougald, II, [redacted].
Madsen, Peter T., [redacted].
Magnanti, Luigi R., [redacted].
Maney, Edward K., [redacted].
Manganiello, Dennis J., [redacted].
Manzo, Joseph J., [redacted].
Marion, Peter B., [redacted].
Marks, James A., [redacted].
Martin, Ephriam, IV, [redacted].
Martin, Paul R., [redacted].
Maye, James J., III, [redacted].
Mazzoli, Enrico A., [redacted].
McAlister, Johnie R., Jr., [redacted].
McBiles, Mike, [redacted].
McCall, Michael S., [redacted].
McClure, Ricky D., [redacted].
McConnell, John R., II, [redacted].
McCourt, Henry F., Jr., [redacted].
McCowan, William H., Jr., [redacted].
McCrady, David B., [redacted].
McCrum, Lynn M., Jr., [redacted].
McCutcheon, Joseph B., Jr., [redacted].
McDermott, Glenn D., [redacted].
McDonald, Robert A., [redacted].
McFarland, John M., [redacted].
McGarry, Francis P., [redacted].
McGree, Malachy P., [redacted].
McIntyre, James L., [redacted].
McMullen, John P., Jr., [redacted].
McMurray, John M., [redacted].
McNab, Robert A., [redacted].
McNally, John J., III, [redacted].
McNeely, Keith W., [redacted].
McNulty, Robert E., [redacted].
Means, Michael W., [redacted].
Mehlenbeck, Cary W., [redacted].
Meisell, David H., [redacted].
Melton, Gary P., [redacted].
Menard, Raymond E., Jr., [redacted].
Menk, Emil J., [redacted].
Menzie, Jared G., [redacted].
Merkl, Robert D., [redacted].
Messinger, Bruce A., [redacted].
Mestler, Gilbert E., [redacted].
Mierswa, Myles H., Jr., [redacted].
Miles, David F., [redacted].
Milton, David W., [redacted].
Miske, Robert S., [redacted].
Missler, James M., [redacted].
Mitcham, John P., [redacted].
Mitchell, Gary A., [redacted].
Mitchell, George J., [redacted].
Mobley, Schaun H., [redacted].
Mockos, Robert E., [redacted].
Mode, John W., II, [redacted].
Moldovan, Gregory J., [redacted].
Monahan, Kelly D., [redacted].
Monken, Daniel L., [redacted].
Montgomery, Steven R., [redacted].
Mooney, Donald L., [redacted].
Mooney, Scott E., [redacted].
Moore, Stephen C., [redacted].
Moran, Paul E., [redacted].
Morgan, William M., [redacted].
Morningstar, Dean E., [redacted].
Morris, David A., [redacted].
Morris, David B., [redacted].
Morris, James C., [redacted].
Motson, Charles E., III, [redacted].
Mrak, Frank A., III, [redacted].
Muchmore, Timothy S., [redacted].
Muniz, Leocadio, [redacted].
Murby, Gustave H., [redacted].
Murdock, Edwin A., [redacted].
Murphy, Lawrence D., [redacted].
Musser, Russell M., [redacted].
Myers, James B., [redacted].
Nakayama, Clifford E., [redacted].
Nance, John L., [redacted].
Nash, Jean-Luc M., [redacted].
Nava, Ramon, III, [redacted].
Neese, Bruce A., [redacted].
Neidermeyer, Alan B., [redacted].
Neilsen, Ernest W., II, [redacted].
Nelson, Phillip R., [redacted].
Nelson, Robert C., [redacted].
Newell, Glenn D., [redacted].
Nicholas, Gary M., [redacted].
Nicholas, Michael R., [redacted].
Niederlander, Gary D., [redacted].
Nishida, Leslie H., [redacted].
Noreen, Thomas R., [redacted].
Novara, Mark J., [redacted].
Nunaley, Dell H., III, [redacted].
O'Brien Michael H., [redacted].
O'Brien, William J. A., [redacted].
O'Connor, Patrick J., [redacted].
Oetjen, Thomas L., [redacted].
Oetken, Mark O., [redacted].
Olney, Ronald L., [redacted].
Olsen, James M., [redacted].
Omlie, Austin R., [redacted].
O'Neill, Robert J., [redacted].
O'Nell, Francis J., [redacted].
O'Rorke, Dennis J., [redacted].
Oscar, Raymond M., [redacted].
Ostrom, Michael T., [redacted].
Osuniga, Theodore G., Jr., [redacted].
Owens, Patrick M., [redacted].
Palatka, Robert M., [redacted].
Pardue, Leonard W., Jr., [redacted].
Parker, Joseph W., III, [redacted].
Parker, Timothy H., [redacted].
Parkins, Paul C., [redacted].
Parrinello, Dennis J., [redacted].
Partridge, William J., [redacted].
Patton, Robert E., [redacted].
Peddy, Charles A., II, [redacted].
Pennington, John W., [redacted].
Pepper, Barry K., [redacted].
Perkins, Raymond K., [redacted].
Perle, Alfred, [redacted].
Perry, Jeffrey S., [redacted].
Peters, Vernon M., [redacted].
Peterson, John S., [redacted].
Peterson, Paul L., [redacted].
Petroff, Dale M., [redacted].
Pettit, James I., [redacted].
Pevoski, Richard J., [redacted].
Piasecki, Eugene G., [redacted].
Picart, Jose A., [redacted].
Pinkney, Roderick M., [redacted].
Pirog, Thomas M., [redacted].
Place, Fred R., [redacted].
Plumley, Allen G., [redacted].
Pollard, Patrick A., [redacted].
Polzella, Marc A., [redacted].
Pontious, Harold D., Jr., [redacted].
Pope, James P., [redacted].
Popovich, Wade O., [redacted].
Porr, Loren D., [redacted].
Pospisil, Stephen L., [redacted].
Potter, Bruce W., [redacted].
Pottorff, James P., Jr., [redacted].
Powell, Samuel C., III, [redacted].
Preast, David R., [redacted].
Provencher, Carl A., [redacted].
Ptacek, Steven C., [redacted].
Purcell, David N., [redacted].
Pursell, David F., [redacted].
Putz, Neil L., [redacted].
Quirk, Willard F., Jr., [redacted].
Quisenberry, Lee E., Jr., [redacted].
Rabon, Jimmy M., [redacted].
Ramirez, Hilario J., Jr., [redacted].
Ramsberger, Peter R., [redacted].
Ramsey, Donald E., Jr., [redacted].
Raney, James B., [redacted].
Range, Philip R., [redacted].
Rapp, Randy R., [redacted].
Ratz, Reinhard A., [redacted].
Ray, Bruce J., [redacted].
Read, Steven N., [redacted].
Readinger, Mark E., [redacted].
Redington, John, V. R., [redacted].
Reed, William S., [redacted].
Rehbein, David J., [redacted].
Reid, William J., [redacted].
Reinhardt, Norman F., [redacted].
Remmert, Stephen M., [redacted].
Renne, Alan J., [redacted].
Repass, William R., [redacted].
Reynolds, George T., [redacted].
Reynolds, Robert R., [redacted].
Rice, John G., [redacted].
Richard, Ronald R., [redacted].
Richardson, Matthew D., [redacted].
Richwine, Thomas E., [redacted].
Riddle, Ray, Jr., [redacted].
Ridenour, David R., [redacted].
Rider, Barry A., [redacted].
Rigsby, James M., [redacted].
Rittenhouse, David O., [redacted].
Roberston, Randall C., [redacted].
Rodriguez, Charles G., [redacted].
Rogers, Alan S., [redacted].
Rogers, Charles W., [redacted].
Ronne, Robert P., Jr., [redacted].
Ross, James H., [redacted].
Rowan, Anthony T., Jr., [redacted].
Rowe, Glen S., [redacted].
Ruck, David C., [redacted].
Ruzicka, John M., [redacted].
Ryan, Thomas P., Jr., [redacted].
Salmon, Philip L., [redacted].
Samson, Gregory J., [redacted].
Sanford, George E., [redacted].
Sapienza, John S., [redacted].
Scace, Cody S., [redacted].
Scalo, Joseph F., [redacted].
Schaefer, Paul S., [redacted].
Schaefer, Walter P., [redacted].
Scheets, George M., Jr., [redacted].
Schook, Steven P., [redacted].
Schoonover, John C., [redacted].
Schrlau, George E., Jr., [redacted].
Schroedel, Joseph, [redacted].
Schulze, Michael C., [redacted].
Schumann, David J., [redacted].
Schumpert, Robert G., [redacted].
Scoba, Michael J., Jr., [redacted].
Scully, Vincent J., Jr., [redacted].
Self, Keith A., [redacted].
Sellers, Robin B., [redacted].
Shaffer, Edward C., [redacted].
Shapiro, Terry L., [redacted].
Shaw, Eugene E., Jr., [redacted].
Shipley, Claude W., [redacted].
Showers, Ralph V., [redacted].
Sidoni, John M., [redacted].
Siemer, Mark, [redacted].
Silverberg,, Dean, [redacted].
Simone, Michael R., [redacted].
Simons, Robert W., Jr., [redacted].
Sims, Keith A., [redacted].
Skaggs, Charles B., [redacted].
Slavin, James V., [redacted].
Slavin, Michael L. F., [redacted].

Smith, Chester L., Jr., [redacted].
Smith, Craig L., [redacted].
Smith, Donald B., [redacted].
Smith, James L., [redacted].
Smith, Mark G., [redacted].
Smith, Michael F., [redacted].
Smith, Michael L., [redacted].
Smith, Michael S., [redacted].
Smith, Ralph D., [redacted].
Smith, Robert L., [redacted].
Smith, Ronald B., [redacted].
Snyder, Michael D., [redacted].
South, Carl H., Jr., [redacted].
Spasyk, Michael A., [redacted].
Spence, Bernard L., [redacted].
Stacey, Stephen C., [redacted].
Stanley, Andrew J., Jr., [redacted].
Starn, Harry M., Jr., [redacted].
Stickley Douglas P., III, [redacted].
Stone, Norman E., [redacted].
St Onge, Thomas H., [redacted].
Strathearn, Michael C., [redacted].
Strickland, Steven M., [redacted].
Strom, Robert A., [redacted].
Stroud, Danny E., [redacted].
Styron, Howard T., [redacted].
Suchting, Henry W., III, [redacted].
Swanson, Jimmy D., [redacted].
Sweberg, Mark H., [redacted].
Swetman, Ricky L., [redacted].
Sykora, David P., [redacted].
Sugrue, Timothy F., Jr., [redacted].
Talbot, John W., [redacted].
Tate, David W., [redacted].
Taylor, Frank D., [redacted].
Taylor, James R., [redacted].
Taylor, Porcher L., III, [redacted].
Tellier, Richard D., [redacted].
Tharp, James G., [redacted].
Thigpen, Willie L., [redacted].
Thomas, David A., [redacted].
Thomas, David J., [redacted].
Thomas, Hugh H., [redacted].
Thomas, Laurence E., Jr., [redacted].
Thornton, William R., [redacted].
Thrasher, William H., Jr., [redacted].
Tigner, Michael D., [redacted].
Tilley, John J., [redacted].
Tokarz, Richard S., [redacted].
Tomson, Alan A., [redacted].
Tonello, Stephan J., [redacted].
Toney, Gordon D., [redacted].
Townes, Stephen D., [redacted].
Trimble, Dan, [redacted].
Troup, Eric G., [redacted].
Trout, James F., Jr., [redacted].
Troy, William J., [redacted].
Tyson, Bruce C., [redacted].
Uhorchak, John M., [redacted].
Ulekowski, Michael J., [redacted].
Umanos, Henry A., [redacted].
Van Deusen, Robin W., [redacted].
Vane, Michael A., [redacted].
Van Keuren, Edwin J., [redacted].
Vanschoyck, Patrick, [redacted].
Veenstra, Roger H., [redacted].
Venema, William H., [redacted].
Vogel, William S., [redacted].
Vosilus, John D., [redacted].
Vuckovic, Charles M., [redacted].
Wagner, Alan K., [redacted].
Wahlgren, Lynn M., [redacted].
Walker, Norman G., III, [redacted].
Walker, Sam S., III, [redacted].
Wallace, Steven H., [redacted].
Wallace, Thomas C., [redacted].
Wallace, Thomas H., [redacted].
Walls, Charles G., [redacted].
Walsh, Robert V., Jr., [redacted].
Walsh, Stephen P., [redacted].
Ward, Barry M., [redacted].
Ward, Stephen L., [redacted].
Wardlow, Kevin N., [redacted].
Wark, James M., [redacted].
Warren, Tom E., [redacted].
Washechek, David W., [redacted].
Wasiak, Joseph E., Jr., [redacted].
Wasilition, Timothy P., [redacted].
Watkin, William W., III, [redacted].
Webb, Robert F., [redacted].
Webber, Ross W., [redacted].
Weber, William C., [redacted].
Wedemeyer, Albert S., [redacted].
Weinstein, Michael P., [redacted].
Weishar, Doyle J., [redacted].
Weiskopf, Harry F., [redacted].
Wells, Bruce R., [redacted].
Westbrook, Lynn A., [redacted].
Westfall, Steven F., [redacted].
Westover, Daniel O., [redacted].
Whisler, John L., Jr., [redacted].
White, David C., [redacted].
Whitehead, Ennis C., III, [redacted].
Whitesel, William T., [redacted].
Whitney, David J., [redacted].
Wilhelm, Joseph F., [redacted].
Willhite, Derwood, Jr., [redacted].
Williams, David L., [redacted].
Williams, Frederick D. G., [redacted].
Williams, Gary L., [redacted].
Williams, James P., [redacted].
Williams, Michael R., [redacted].
Williams, Timothy D., [redacted].
Williams, William V., [redacted].
Wilson, Kevin S., [redacted].
Wimmer, Michael W., [redacted].
Wisenbaker, James D., [redacted].
Wittman, William W., [redacted].
Woodbery, Edward H., Jr., [redacted].
Woolery, James K., [redacted].
Wooley, William J., [redacted].
Wray, Lewis T., [redacted].
Wright, Randy C., [redacted].
Yelverton, Bruce J., [redacted].
Yocum, James W., [redacted].
Zak, Richard E., [redacted].
Zeidman, Eric J., [redacted].

The following-named cadet, graduating class of 1975, United States Air Force Academy, for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3283 and 4353:

Baxter, Scott W., [redacted].

IN THE NAVY

The following-named midshipmen (Naval Academy) to be permanent ensigns in the line or staff corps of the Navy, subject to the qualifications therefor as provided by law:

William C. Absher
Jaime Acevedo
Christopher C. Adams
James J. Adams
Robert E. Adamson III
Daniel J. Aiken
Joseph L. Alexander
Charles T. Allen
Glen M. Amundson
Scott P. Anderson
Charles Areizaga
Jesse A. Arildsen
Richard R. Arnold
Douglas K. Ault
Randall J. Avers
Dennis E. Averyt
Arthur D. Ayars, Jr.
Dorel L. Baila
Bernard C. Bailey
Jeffrey W. Baker
Joe F. Baker
Henry S. Baldwin
Brian L. Balko
Michael C. Bannon
Armand L. Baptista, Jr.
Robert E. Barba, Jr.
Anthony A. Barbieri
Ronald M. Barbieri
Paul K. Barreto
Luncford L. Bass
Roy C. Bass
Dale D. Bateman
Donald R. Batze
Scott A. Bauer
James L. Baumgaertel
Reece N. Beck
William J. Becker
James E. Beebe
Bruce A. Beemer
Grant A. Begley, Jr.
James A. Bellard
John C. Benigno
Gary D. Bennett
Donald D. Bennette
Fred W. Bergman
Wardell K. Bernhardt
Frank J. Bertalan
Bruce E. Beuchel
John T. Blake
Mark P. Bloomquist
Roger G. Blummer
Kenneth A. Bobb
James W. Bobenage
John L. Bohn II
Robert B. Borries
Carlton M. Bourne
Paul R. Bowles
Robert L. Boyce
Edwin E. Boyd II
Thomas E. Boyd
James Boyer
Todd C. Brannon
Thomas C. Brasco
John L. Breidenthal
Robert G. Brewer, Jr.
Robert A. Brody
Chalker W. Brown III
Michael L. Brown
Robert D. Brown
Robert E. Brownlee III
Thomas E. Brubaker
Stephen A. Buescher
Robert A. Bullock
Craig W. Bultemeier
Mark L. Bumgardner
James E. Burd
Gerald A. Burger, Jr.
Donald M. Burks
Robert F. Burns
Thaddeus E. Burr
Robert B. Bush
Jeffry D. Bust
Robert P. Bustamante
Stephen C. Butler
James E. Buttermore
Jeffrey M. Butts
Fred J. Calfior
Wynn E. Calland
Mark S. Campagna
Glenn Canigiani
Leslie F. Carey
Keith P. Cary
Carl G. Carlson
Phillip D. Carlson
John W. Carman
"J" Javier Carrizales
Edward J. Casey III
Kevin D. Casey
Ronald L. Casey
Stephen J. Cassin
Joseph P. Cavalli
John A. Cave
Michael L. Cecere III
Anthony W. Cenci
Alan J. Cetel
Randolph A. Charlsen
David J. Chatlos
Edward W. Cheeseman, Jr.
George M. Chegin
David M. Cheney
James R. Cherney
Roy W. Chesson
William J. Chimiak
Nynes L. Christensen
Richard C. Church
Thomas J. Cihlar
Christopher J. Cikanovich
Brozia H. Clark III
Robert L. Clark
William W. Cleary
Michael R. Clements
Shaw H. Cohe
Stephen D. Cole
Clifford L. Collier
Jeffrey M. Conley
James M. Connell
Roger J. Connell, Jr.
Lawrence J. Conrad
Robert D. Conrad
Daniel R. Conway
Frederick C. Cook
Stephen B. Coppins
Robert D. Corley
Patrick J. Corrigan
Benjamin B. Convington
Curtis L. Coy
James W. Crandall, Jr.
George W. Croner
Sean P. Crook
James A. Crowley
William R. Cummings
Steven D. Curlee
William H. Daley III
Peter W. Damisch
Hoyle H. Daniels III
Kirk J. Daniels
Lawrence W. Danko
Dallas M. Darland
Mark F. Darrow
Michael G. Daum
Lee S. David
Frank D. Davila
Thomas B. Davilli
Alfred R. Davis
Robert H. Davis
Lawrence Dawson
Joseph M. Delpino
Stephen G. Demeranville
Keith N. Denham
Samuel E. Dennis
Thomas J. Detweiler
Brian A. Diantonio
Dennis J. Diantonio
Richard Dick
Thomas C. Dillon
Joseph A. Dinunzio
Mark S. Disney
Thomas M. Dlugolecki
John T. Doherty, Jr.
Stephen W. Dolat
Kirkland H. Donald
Thomas Q. Donaldson V.
John J. Donnelly
Michael L. Douglas
John M. Downer
Clarence G. Draughon
James E. Droddy
Stephen C. Duba
James E. Ducharme
David A. Duffie
Marshall B. Duncan
Robert B. Duncan
Desi G. Dundics
Jaymie A. Durnan
Robert G. Durst
Albert L. Eaton, Jr.
Leslie I. Edgar
Robert M. Eichelberger
Daniel J. Elins
James M. Ellis
James W. Emery, Jr.
Peter B. Engelman
David M. Engler II
Charles P. English
John F. Ennis
Raymond J. Enzenauer
Franklin A. Ervin
Steven C. Estes
Henry S. Ezzard, Jr.
Michael A. Fackrell
Paul F. Farrell
Frank F. Faulk III
James F. Fay
Stephen W. Ferguson
William F. Ferris
Lorin M. Fife III
Raymond W. Finnegan
Edwin G. Firth
Walter F. Fitzpatrick III
Brian E. Flannery
Robert M. Flick
Thomas P. Flint
Walter N. Flippin III
Charles A. Floyd
Bernd A Foerster
Robert W. Fogelsanger
Christopher P. Foley
Barry L. Fosberg
Leslie Foster
Dana L. Fox
Frank J. Frassica
Thomas W. Frey
Ronald J. Frigo
David E. Frost
Roy L. Fuhrmeister
Louis L. Fusco, Jr.
James R. Gabor
Thomas J. Gadzala
Dennis M. Galicki
Robert D. Gallaher
John E. Galle, Jr.
Craig E. Galloway
Robert H. Ganze
Stanley A Garmer
Lloyd M. Garnett
William L. Garrett
Carlos E. Geigel-Bunker
Joseph P. Gentile
Charles E. Geyer, Jr.
James H. Gibson
Robert D. Gibson
Thomas E. Gillcrist
John D. Ginn
Robert E. Glendinning
Daniel E. Glynn
Frederick L. Goodwin, Jr.
William P. Gooley
David L. Gothard
Patrick O. Gottschalk

David B. Gough
David A. Gove
Frederick W. Graff, Jr.
Jerry L. Graham
Boyd E. Graves
David P. Gray
Thomas B. Gray
Jonathan W. Greenert
Kevin M. Gregor
Paul G. Gregory
Thomas J. Gregory
Richard E. Gribble, Jr
Philip W. Griese
Gerald B. Griffin
Michael R. Groothousen
Ronald O. Grover
Neal F. Guernsey
Eric L. Guerrazzi
Victor G. Gustafson
Howard W. Gutzman
Christoper J. Hall
Douglas A. Hall
Steven C. Hall
Stanley F. Halter
David A. Hamel
David A. Hammer
Richard S. Hammond
James S. Hanna
Wilhelm A. Hansen, Jr.
Paul W. Harar
Timothy S. Harden
Charles D. Hargrove
Steven A. Harmon
Mark J. Harper
Michael D. Harrington
Kenneth R. Hart
Francis X. Hartmann, Jr.
Rickey D. Harwell
Gregory D. Halstat
Edward R. Hawkens
Robert M. Hayward
Timothy L. Heely
David S. Herbein
Richard W. Hess
Gary P. Hetzel
Lawrence F. Hicks III
William M. Hicks
Charles A. Hill
Stephen A. Hill
Thomas B. Hill
Craig A. Himel
Thomas J. Hirsch
Gregory W. Hoffman
Gary P. Hogan
Timothy M. Hogan
Richard T. Hoke
James B. Hood, Jr.
Robin L. Hood
Andrew C. Howard
William S. Howse
James O. Hubbard
Stephen D. Hubbard
Kurt R. Huff
Stephen M. Hughes
Robert E. Hyer, Jr.
Gary C. Ingold
Edward R. Jablonski
Douglas E. Jackson
James T. Jackson, Jr.
James R. Jefferson
Randall C. Jencks
Carlton R. Jennings
Donald W. Jensen
Andrew R. Jesson
Edwin D. Jewell
Edward R. Joell
Eric R. Johns
Aaron B. Johnson
John R. Johnson
Michael D. Johnson
Steven W. Johnson
Thomas E. Johnson
Walter C. Joller, Jr.
Gary R. Jones
James H. Jordan
Marc W. Joseph
Carl H. June
Thomas A. Jurewicz
Richard W. Kammier
Thomas J. Kapurch
Michael G. Karstens
Francis J. Kearney, Jr.
Scott C. Kee
Donald L. Keeler, Jr.
Thomas C. Kelley
William A. Kelly, Jr.
Charles W. Kennard, Jr.
Ludwig A. Kern III
John K. Kersey
Patrick J. Kilcline
William H. King IV
Michael W. Kirk
William C. Kirkland, Jr.
John L. Kittler
Mark F. Klauss
Carl R. Klee
Mark N. Klett
Kim F. Kline
Lawrence G. Kloth
Kenan J. Knieriem
John R. Knight
James Knox
Randall W. Kochanik
Charles J. Kondrack
William H. Konrad
Andrew Kozak
Tig H. Krekel
Dennis A. Kruer
Rodger P. Krull
John M. Kucinski
Robert H. Kuppers, Jr.
Martin P. Kurdys
Steven R. Laabs
Dean B. Lahren
Daniel T. Lam
Mark W. Lamboni
Joseph M. Lambright
John R. Langan
Frank M. Langley
Glenn A. Lanzer, Jr.
Charles R. Lasko
Donald R. Law
John J. Lawlor
Richard L. Lecky
Richard H. Lee
Michael R. Lilek
James J. Lind
Hutson H. Lindner
Richard H. Lindsay
Mark R. Lindsey
Michael L. Lingerfelt
Michael S. Lipari
Thomas E. Lisowski
Kim R. Loll
Michael W. Lord
Chuck L. Louie
Laverne R. Lovell
Richard W. Lowell
William H. Luebke
Richard T. Luke
Mark C. Lunny
Hirlye R. Lutz, Jr.
David M. McCall
Christopher S. McCarthy
John J. McCauley
Craig S. McClellan
James A. McConnell, Jr.
Jack W. McCorkle, Jr.
Landy L. McCormick
Bernard J. McCullough III
Joseph D. McDermaid
Michael J. McDermott
Martin B. McDonough
Roger L. McFarland
James W. McGloon, Jr.
William L. McKee
Francis X. McKeone
Dane W. McNeil
John A. McTighe II
Gregory A. MacDonald
James M. MacKenzie, Jr.
James S. Maclin
Thomas E. Madre II
Gil J. Madsen
Charles R. Mahon
Michael J. Manfredi
Patrick C. Mangan
Frank B. Marano
George J. Markulis
Jarrett T. Marquis
Douglas F. Martin
Gregory Martin
Lance S. Martin
Raymond F. Martin, Jr.
Michael C. Masley, Jr.
David L. Maslow
Martin W. Mason
Thomas E. Massicotte, Jr.
Charles S. Matastic
Michael J. Mathews
Joseph A. Matyskiela
John M. Mauthe
George E. Mayer
John P. Maynard
John P. Maynard
David L. Mayo
Thomas Mead
David W. Mears
Joseph A. Mehula II
Robert M. Meissner
George A. Melnychenko
Charles M. Messick
Thomas L. Metz
William O. Meyers
Douglas W. Michalke
Bruce E. Miller
David B. Miller
James R. Miller
Kerwin E. Miller
Robert K. Miller
Mark R. Milliken
Albert J. Monger, Jr.
William B. Montgomery
John F. Moody
Donald F. Moorehead, Jr.
Douglas B. Moran
John F. Moran
Richard W. Morgan
Mark A. Morison
Bruce H. Morris
Charles J. Morrow
Christopher A. Mortonson
Christopher Moschella
William L. Moss, Jr.
Brian R. Murphy
Daniel R. Murphy
John W. Murray
Tony M. Muschara
Timothy R. Meyers
Timothy M. Naple
John A. Narcum
John T. Nawrocki
Harold L. Neal III
William R. Neill
Daniel A. Nelson
Stephen G. Newberry
Ronald L. Nicol
David G. Neidermaier
Christian R. Neilsen
Kevin J. Nietmann
Thomas C. Nollie, Jr.
Daniel L. Nordstrom
John C. Norris
Joseph L. Norte
Donald R. Northam, Jr.
Donn R. Northup
Carleton P. Norton
Keith R. Nostrant
James D. O'Brien
Stephen A. O'Brien
James O'Chenkoski
Thomas J. O'Connor, Jr.
Keith W. Oldemeyer
Carl S. Olexik, Jr.
David K. Oliveria
James J. O'Rourke
Steven R. Oslund
Lynn F. Oster
Kaye K. Owen
Paul A. Papish
John S. Park, Jr.
Larry A. Patrick
Malcolm D. Patterson
Joseph J. Paulis III
Mark A. Peifer
William S. Perkins
Scott C. Peterson
Douglas T. Philipp
Daniel E. Phillips
Duane J. Phillips
Robert L. Phillips
James N. Pond
Denis F. Powers
Gary D. Powers
Trent R. Powers, Jr.
David D. Pruett
William G. Puckett
Charles P. Puksta, Jr.
Marc L. Purcell
Craig R. Quigley
Edward J. Quirk
Michael B. Rabideau
Robert F. Ramey
Craig A. Rankin
Scott L. Rarig
Lloyd J. Rasmussen
David C. Ray
Philip D. Ray
Paul J. Reardon
Gary E. Reed
Robert E. Reed
Mark W. Regn
Thomas J. Reilly
Rodney P. Repka
John Reskusich
Gerald M. Reust
Robert E. Richards
Stuart A. Richards
Robert S. Riche
Paul P. Riconscente
Harold E. Roche, Jr.
Gordon M. Roesler, Jr.
David W. Rogers
Steven L. Rogness
Henry J. Rohling
Andreas D. Rolle
Richard L. Rollins
Andrew J. Ronacher, Jr.
Jimmy V. Rose, Jr.
Louis T. Roumaya
Anthony J. Ruoti, Jr.
Richard C. Rush
Darrell A. Russell
Joseph M. Russell
Lester E. Ryan
Allan R. Sabenorio
Thomas W. Sadorus
Michael E. Sagen
John R. Sampson
Scott W. Sargeant
Mark A. Satorius
Dennis P. Savonarola
Richard S. Schenk
William P. Schenzel
Thomas C. Schievelbein
Brian G. Schires
Douglas C. Schlaefer
Martin J. Schoenbauer
Richard A. Schwarting
Randall A. Seaward
Charles E. Sellers
Harry D. Selsor
William E. Shannon III
Michael K. Shafer
Brian D. Shaw
Richard S. Shaw
Stevens K. Shegrud
James M. Shelton
David S. Sheperd
Randall C. Shippee
Marc A. Siedband
Paul R. Siedsma
Stevan D. Silvast
Steven C. Simonson
George A. Siragusa
Gary M. Skura
Patrick F. Sloan
David A. Smith
Hugh D. Snead
Richard L. Snyder
Craig R. Solem
Charles C. Souder
Theodore L. Spilman, III
Russell A. Spoto
Thomas L. Sprague
Vincent P. Spunar
Peter D. Squicciarini
William D. Squires, Jr.
Frank J. Stanko
Paul S. Stanley
George D. Steel
Edmund J. Stefanik
Michael P. Stephenson
Richard A. Stevens
Allen R. Stevenson, II
John W. Stewart, III
Michael C. Stichter
Roger C. Still
Danny A. Stine
Dennis D. Stone
Kermit P. Stott
Gary R. Strul
John D. Stufflebeem
Dennis M. Sullivan
William R. Sullivan, Jr.
Francis M. Sweeney
Joseph W. Sweeney, III
Randal C. Sweeney
Robert L. Sweeney, III
Robert B. Sweet, Jr.
Gary B. Swift
Thomas O. Swift
Kenneth B. Sykes
John R. Szymanski
James E. Tenuto
Mark E. Tharp
Glenn A. Thomas
John A. Thomas
Richard C. Thomas
Richard J. Thomas
Daniel P. Thompson
David D. Thompson
Richard H. Thompson
James M. Thoms
Stephen D. Thorne
Neil E. Tollefsrud
Daniel J. Tomaszewski
Philip A. Tomkins
Norman E. Tooley, Jr.
Richard C. Torgersen
Michael C. Tracy
Philip E. Troy
Arden C. Turner
George M. Tusing II
David S. Tyson
Richard A. Udicious
Steven J. Udick
Edward W. Ulmer
Clement D. Urban
Donald W. Vanosdol
Mark A. Vandyke
Ralph P. Vendeland
Francis A. Verhofstadt
Daniel T. Vilotti
Paul W. Viscovich, Jr.
Steven Vonchristierson
Thomas M. Waechter
Lambert R. Walker III
Kevin E. Wallace
Stephen E. Walsh
Stephen W. Walsh
Robert J. Warmbrunn
Timothy R. Warren
Larry L. Warrenfeltz
Michael B. Washington
Raymond P. Wassell, Jr.
Warren J. Wasson
Larry J. Watson
Michael G. Watson
Brian R. Weaver
Fredrick W. Weber
Larry L. Weckbaugh
Brian J. Wegner
Kirk D. Wessel
David D. West, Jr.
William G. Weyand II
Norman B. Wham
Daniel A. Wheeler
Steven R. Wheeler
David E. Whipple
James F. White III
Norman L. White
Stuart T. White
Richard E. Whiteside, Jr.
Lynden D. Whitmer
Daniel B. Wick
Daniel J. Wildfong
George Z. Wilhoit
Lonnie O. Wilkerson III
Kenneth L. Willett
Raymond B. Williams
Robert P. Williams
Carl J. Willis
Joseph D. Willis, Jr.
Ricky L. Wilson
Steele D. Wilson
George B. Windsor
Jeffrey N. Winston
Fred E. Wiseman, Jr.
William S. Wolff
James W. Woodall
Wayne A. Woods
James R. Woolley
Michael H. Wooster
Erwin J. Wunderlich
Mark J. Wydra
Stephen R. Yandle
Frank P. Yasment
Patrick E. Young
Robert V. Young
Edward S. Zapolski
Daniel S. Zazworsky
Michael D. Zeiders
Randel L. Zeller
Keith M. Zwingelberg

The following-named temporary chief warrant officers to be permanent chief warrant officers W-2/W-3 and temporary chief warrant officers W-3/W-4 in the Navy, subject to the qualifications therefor as provided by law:

Edward J. Adkins
James M. Albertin, Jr.
Benjamin F. Allen
Joe A. Arreola
David G. Ayers
Neil G. Ballew
Jack A. Bedell
Phillip R. Berdeski
Donald J. Beyer, Jr.
Richard W. Boehl
Jerry W. Bowman
Dennis L. Bradley
John P. Brantly
Haven J. Britts
Roger J. Brown
William O. Burris
Edward M. Byrne
Doyle E. Cahoon
William R. Castle
John H. Chartier
Paul H. Conway III
David R. Cordray
Charles H. Crawford
James W. Doran
Carroll D. Dozier
John A. Ferris
Charles E. Finney
George W. Fish
Jimmy J. Flora
Richard J. Foltz, Jr.
John A. Gaffey
Franklin C. Gates
Leon L. Geoffroy
Raymond G. Gladding, Jr.
Richard Grigg

Everette A. Gwinn
James R. Haynal
Daniel E. Hicks
Jack S. Hill
Lamar K. Hill
Byron W. Hodges
Kenneth D. Huston
Robert T. Hutchins
Douglas M. Iles
James A. Ivey
William J. Jones
Bruce H. Kennedy
Kenneth J. King
Louis P. Kleis, Jr.
Jack Kondziela
James R. Kuenzinger
John C. Lisk
Harry L. Lovett
Jack Lutes
Ellsworth R. Luther, Jr.
Archibald A. McAllister
Wayne H. McBain
Arthur P. McCluskey
John W. McMullen
Robert W. Marsh, Jr.
Elmer E. Marttila
John R. Meadows
George P. Miller
Gerald J. Miller
Charles C. Morris
Joseph R. Moudry
James G. Naylor
Russell D. Oxford
Peter E. Pavidis
John W. Pendrey
William W. Roberson
Duane M. Sanger
Gary L. Schlomer
John T. Schropp
William T. Seals
Hillery M. Sharbutt
Halley L. Simpson
John J. Sitar, Jr.
Henry B. Smith
Curtis J. Smothers
Richard O. Stevens III
Billy W. Stevenson
Edward W. Thomas III
Donald E. Thornberry
Jon L. Toombs
Rocco J. Troino
Michael P. Varvel
Robert W. Welch III
Kenneth H. Welsh
Henry Wiggins, Jr.
William L. Wilcox
Terry P. Wise
Ronald W. Woods
Henry J. Zakrajsek

The following-named (Naval Reserve Officers Training Corp candidates) to be permanent ensigns in the line or staff corps of the Navy, subject to the qualifications therefor as provided by law:

Michael A. Baker
Ronald A. Dedels
Allen J. Greenberg

The following-named (Naval Reserve Officers) to be permanent lieutenants and temporary lieutenant commanders in the Medical Corps in the Navy, subject to the qualifications therefor as provided by law:

Kenneth J. Adcock
Fred C. Brown II
Douglas M. Grodin
William L. Hunter, Jr.

Richard E. Hopper (Naval Reserve officer) to be appointed a permanent lieutenant commander in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

Eugene G. Evans, ex-U.S. Navy officer, to be appointed a permanent captain in the Medical Corps in the Naval Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

Harold E. Byrd (Naval Reserve officer) to be reappointed from the temporary disability retired list as a permanent commander in the Judge Advocate General Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

Robert L. Howard, Jr. and Ernest H. Smith (Navy officers) to be reappointed from the temporary disability retired list as temporary lieutenants in the Supply Corps in the Navy, subject to the qualifications therefor as provided by law.

CWO2 James L. Bales (USN(T)) to be appointed a lieutenant junior grade, for limited duty, for temporary service, in the classification, electronics, and as a permanent chief warrant officer in the Navy, subject to the qualifications therefor as provided by law.

In the Navy

The following-named officers of the Navy and of the Naval Reserve for permanent promotion to the grade of captain:

LINE

Captain

Adams, Billy Joe
Addams, John Franklin
Ailes, John William, IV
Allen, Winfred Preston
Altmeyer, John Marshall
Ammerman, Clell Neil
Anaston, Tommy K., Jr.
Anderson, Alden Benum
Anderson, Emmitt Edwin, Jr.
Armel, Lyle Oliver, II
Austin, Robert Clarke
Bademan, Harold William
Bailey, George Thomas
Ball, Courtland Dwight, III
Banks, Sidney Mack
Baron, Charles Raoul
Barry, Thomas Merritt
Bath, Alan Harris
Bathurst, Robert Barrie
Bayne, John Phillip
Bekkedahl, Clifford Lewis
Bender, Albert Frederick, Jr.
Benero, Manuel Anthony, Jr.
Bentley, William Cooke
Bergesen, Andrew John
Berry, Joel Halbert, Jr.
Beskind, Robert Letaw
Best, Eddie Fredrick
Bird, Charles Felix
Bivens, Arthur Clark
Blackwood, Jack Dewayne
Blandine, Robert Edward
Blanding, Robert Lightbourn
Bodensteiner, Wayne Dean
Bowers, Henry Harrison
Boyd, John Huntly, Jr.
Boyer, Walton Tully, Jr.
Bridge, James Andrew, Jr.
Britt, Donald Dean
Brown, Donald Nathan
Brown, Jacob Calloway
Brown, Robert Magnus
Brown, Walter Hollows, Jr.
Brownley, John Horner
Bruce, George Wallace, Jr.
Bruning, Richard Adams
Buck, Donald Dean
Burdon, Eugene Robert
Butcher, Paul Donald
Butrym, Standley Bruce, Jr.
Campbell, James Benjamin
Canon, George Alfred, III
Cantacuzene, Rodion
Carelli, Francis Leo
Carr, John Howard
Carraway, Terry Farnel
Carter, Powell Frederick, Jr.
Cash, Eugene James
Cassidy, Thomas Joseph, Jr.
Christensen Raymond J.
Clark, Frank Taylor
Cloughley, William Danes
Coakley, Walter Joseph, Jr.
Cockell, William Arthur, Jr.
Coleman, James Otto
Colligan, Thomas Richard
Collins, Philip Kent
Conger, Clayton Ned
Cooper, Tommy Gene
Coskey, Kenneth Leon
Coston, Stanford William, Jr.
Cotten, Thomas Randolph, Jr.
Crater, Ray Farrell
Curran, Robert Welch
Daniels, Verlyne Wayne
Dapogny, Robert John
Davis, George Wilmot, Jr.
Davis, Russell Everett
Delgiudice, David
Denbigh, Robert Sipp, Jr.
Denton, David Newton
Dewispelaere, Earl Lee
Dick, Joseph Leonard
Digiacomo, Joseph Gregory
Dimon, Charles Grayson, Jr.
Donaldson, Robert Stewart
Donovan, James Francis
Doolittle, James Edward
Dowse, Herbert Barrow, Jr.
Driskell, Omer Louis
Duckett, Philip Vanhorn L.
Dudley, Paul Lee, Jr.
Dunaway, John Allen, Jr.
Dyer, George Thomas, Jr.
Edwards, Jerry James
Edwards, William Robert, Jr.
Eggert, Lowell Franklin
Ellis, Frederick Robert
Elster, James Marc
Emerson, Jesse Rutledge, III
Englander, Owen
Farnham, Charles Gordon
Farrar, Ronald Lee
Feeks, Edmond Michael
Fenn, Dan Edward
Ferguson, Andrew Claude
Fergusson, Ernest Wesley
Fernandes, James Edwin
Finney, Jack Lee
Fischer, David Henry
Fleeson, Richard James
Fong, Chong Sum
Fraser, Robert E.
Freeman, Linus Walter, Jr.
Freeman, Robert Wade
Frick, Joseph Francis
Friese, George Arthur
Friesen, Floyd Andrew
Frost, John Frederick, III
Garcia, Andrew Lawrence
Gauthier, John Oliver
Gavazzi, Robert Richard
Geronime, Eugene Leo
Gildea, Joseph Alroy
Giovanetti, William Clyde
Glaves, Robert Hugo
Glazier, Alvin Steuer
Goforth, William Henry, Jr.
Golde, Morton
Good, Ronald Phillip
Gooden, Richard Orville
Gowing, Richard Maxwell
Graffam, Earl Herbert
Gray Harvey, Jr.
Greeley, Michael Thomas
Green, William Carbine
Greiwe, William Harry
Grich, Richard John
Griggs, Norman Earl
Groder, Robert Earl
Grosshuesch, David Karl
Gunn, William Joseph
Halverson, Richard Kenneth
Hamel, James Kenneth
Hamilton, Glenn Dale
Hamilton, Leroy Albert
Hannegan, Frank Nebeker
Hansen, Rodney Val
Harns, John Henry
Harp, Robert Maurice
Harris, Frank Brayton
Henry, Albert Luther, Jr.
Henry, Lee Leverne
Henson, John Morton
Herring, Edwin Lyle
Hipple, William John
Hobbs, James Norman
Hoch, John Emerson, Jr.
Hoffman, Robert Bernard
Hogan, Edward Joseph, Jr.
Hoskovec, William Bernard
Howard, Albert William, Jr.
Hubbard, Samuel Walton, Jr.
Hughes, Kenneth Paul
Hull, Fred Albron
Humber, Marcel Berthier
Hyde, Robert Alfred
Isaacks, Marion Howard
Jasper, Charles Roland
Jaycox, Randall Eugene, Jr.
Johnson, Clarence A. E., Jr.
Johnson, Frederick Charles
Johnson, George Marshall
Johnson, Philip Edwin
Jones, Donald Sylvester
Jones, Richard Henry
Jones, Robert Clyde
Josephson, Henning Carl
Karapaitis, Anthony Joseph
Kellogg, Edward Samuel, III
Kelly, James Francis
Kennedy, William Everett
Larkins, Burton Justin
Latham, William Bernet
Latta, Robert Lee
Lawler, William Allen
Kosmela, Walter Theodore
Kraft, Frederick Wendell
Kugler, Kenneth Dean
Lage, Robert Lawrence

Lamm, William Arthur
Lang, Roger Jay
LeBlanc, Georges Etienne, Jr.
Leedom, Clair Edward, Jr.
Lenahan, Robert Peter
Levenson, Lee Edward
Leverone, Robert Michael
Levey, Sanford Norman
Lewis, Harold Michael J., Jr.
Lewis, Robert
Limbaugh, Harold Dean
Limerick, Christopher J., Jr.
Locke, Walter Michael
Loggan, Wilfred John
Lumsden, Richard Elbyrne
Lynch, William Allen
Lyon, Peter Wauchope
Lyons, Thomas William, Jr.
Mallory, John Sidney
Maloney, Peter Michael
Mann, Horace Desmond, Jr.
Marshall, Robert Malcolm
Martin, Alan Frederick
Martin, Robert Courtney
Martini, Richard Anthony
Mathis, Thomas Ronald
McAlevy, John Hoyle
McCardell, James Elton, Jr.
McCoy, Roy Edgar
McCrimmon, Douglas Robert
McCune, Joe Denver
McDonald, Raymond Thomas
McGathy, Charles Leroy, Jr.
McGrath, William Darrell
McLuckie, James David
McMurtray, Robert Alvin, Jr.
McPadden, Donald Francis, X
McVay, Donald Herbert, Jr.
Metzler, Donald Moderi
Meyer, William Frederick
Miland, Vito Rocco
Miller, Curtis William, Jr.
Miller, Richard John
Mitchell, Joseph Sidney
Montgomery, Stephen C.
Moredock, William Joseph
Morford, Dean Russell
Morgan, Houston Mayo
Morgan, Leroy William, Jr.
Morin, Ronald Drake
Morris, Henry Clay, Jr.
Muench, Gerald Winston
Mullane, Thomas Frederick
Murray, Joseph Edward, Jr.
Mustin, Henry Croskey
Nielsen, Donald Edwin
Nordtvedt, Ernest Richard
Norton, Richard James
Numbers, Earl Wallace
Oakley, Nicholas Wickham, Jr.
O'Brien, Austin Charles, Jr.
O'Connell, John Daniel
O'Connell, John Francis
O'Connor, John Edward
O'Connor, Joseph Edward
Oldham, Albert Wayne
Olds, Robert Barnard
Orell, Quinlan Roberts
Ortega, Joseph Jesus
Osborne, Arthur Merwin
Paddock, Charles Oscar
Palmieri, John Joseph
Parcher, Stuart Michael
Parker, John Theodore, Jr.
Parkhurst, David Clayton
Passantino, Sebastian P.
Pattee, Arthur William
Paul, John Edwin
Payne, Douglas Wilkinson
Peebles, Edward Metcalfe
Peelle, Morris Albert
Perrault, Mark Edward
Peterson, John William
Pickens, William Arthur
Pohli, Richard Roland
Poling, William Edward
Pressly, George Byrne
Priddy, Clarence Lester, Jr.
Profilet, Clarence Julienne
Punzelt, David Lum
Purdum, William Hayes
Quirk, William Joseph
Randolph, Joseph Leslie
Rapkin, Jerome
Reeg, Frederick John
Rhodes, Randolph Lee
Rich, Richard
Ritz, Merlin Carroll
Roach, Francis Leroy
Robinson, Kirby Lou
Rodgers, Thomas Arthur
Rogers, Robert Burnett
Rorie, Conral Jonathan
Rose, William Ralph
Runyon, Richard Everett
Sanden, Oscar Emanuel
Sanders, Ben Taylor
Sayer, William Dougherty
Schaaf, Alfred Norman
Schrader, Harry Christian J.
Scott, Austin Burnett, Jr.
Sebring, Leland Hart
Self, David Lee
Semple, William Coulter, III
Sesow, Anthony Dean
Sewell, Robert Lewis
Shaw, John Geis
Shaw, John Henry
Sheehy, Eugene Edward
Sheets, Roger Ervin
Shelton, Donald Charles
Shilling, John Donald
Shine, Maurice Joseph
Simons, Donald William
Slawson, Ralph Lipscomb
Smevog, Herbert Wayne
Smith, David Gerald
Smith, John Valentine
Smith, Paul Joseph, Jr.
Smith, Richard Carl
Snyder, Fred David
Snyder, James Madison
Spar, Edwin Franklin
Spencer, Harry Arthur, Jr.
Sperling, David John
Stafford, Kenneth Brandt
Stanley, Thomas Albert
Stein, Norman Floyd
Stevens, Jack Donald
Stewart, Douglas Arthur
Story, Warren Lewis
Sudduth, Roger Marlowe
Sullivan, Walter Francis
Sullivan, William Wesley
Sweet, William Jay
Sykes, Lewis Blair
Talbot, James Robert, Jr.
Tally, Billy Fair
Tetreault, Paul Jerome
Thomas, Donald Patrick
Thompson, Arthur Robert, Jr.
Thompson, Clifford Edwin
Throop, James Ray
Tolg, Robert George, Jr.
Traweek, Billy Banks
Trueblood, William Eugene
Turk, Herman Lee
Turner, Sherman Wendell
Tuttle, John Robert
Vanwestendorp, Steven
Veach, Clarence Edward
Wages, Clarence Jordan, Jr.
Walker, William Burguet
Wallace, Cedric Sterling
Wallace, Thomes McCarthy
Ward, Conley Richard
Warner, Laurance Bliss
Warren, Tommy Hathaway, Jr.
Warthen, Donald
Wasson, John Edward
Weedon, Robert Ernest
Weeks, Alan Luce
Weishar, Charles Francis
Weissman, Marvin Malcolm
Wellings, John Franklin
Wells, Don Vinton
West, Frederick Powr, Jr.
Westphal, Lloyd Milton, Jr.
Whitley, Clyde Thomas
Wight, Roy Ryan
Wilder, William Ernest
Wiley, Kenneth Raymond
Williams, Douglas Avery
Williams, James Garfield, II
Williams, Louis Alvin
Williamson, Robert Layman
Wilson, Edward Woodrow
Wilson, Samuel Bennett
Wilson, Vaughn Edgar, Jr.
Wise, Peyton Randolph, II
Wolff, William Martin, Jr.
Wyatt, William Claudius, III
Wynn, Carl Everett, Jr.
Yoder, Dwane Franklin
York, Avin Huey
Young, Alfred Avery, III
Zimmerman, James Arthur

SUPPLY CORPS

Allinder, Joe Arthur, Jr.
Bates, Robert Louis
Brown, Russell Marvin
Brunson, Robert Louis
Corn, James Raymond
Curtis, Richard Earl
Dempster, Darrell Dean
Derby, Francis Augustine
Donzell, Richard John
Earl, Robert J.
Eckert, George Henry, Jr.
Flolid, Robert Eugene
French, Robert Calhoun
Gilmore, Roger West
Girod, Roy Oscar
Henry, Gerald Ray
Hubbard, Charles Cromer
Kenealy, William Edward, Jr.
Kollios, Achilleas Evangelo
Lemma, Paul Anthony
Maier, Raymond George
Mason, Albert Grant
McDonald, Francis Edward
Moore, Guy Thomas
Morehouse, Charles William
Neelley, Charles Gaylord
Normand, Robert Leo
Oneil, Raymond Leo
Palmer, Donald Richard
Paul, John William
Pomponio, Bruno Alfred
Recher, Bernard Louis
Ross, Orrin Bowen
Schanz, Thomas Ladd
Watt, Robert Charles

CHAPLAIN CORPS

Beck, John Thomas
Boreczky, John Vincent
Gillis, Edward Francis
Keyser, Charles Lovett
Reagan, Ernest McDowell, Jr.
Schneider, Otto
Seim, James Emmett
Stevenson, Neil MacGill
Vanbeck, Alfred Frank
Warren, Robert Hagen
Wicker, Richard Fenton, Jr.

CIVIL ENGINEER CORPS

Belton, Edward Hughes
Crowley, Irwin Daniel, Jr.
Demidio, Joseph Anthony
Erickson, James Albert
Falk, Harvey Alfred, Jr.
Gates, Charles William
Keegan, Robert Daniel
Lapolla, Joseph
Lawson, Leroy Donnell
Mathews, Charles Joseph
Reese, Joseph Lyman, Jr.
Rickels, Jack Clinton
Robinson, Charles Francis
Wear, John Ross
Wilson, Dean Gordon
Wright, John Albert

JUDGE ADVOCATE GENERAL'S CORPS

Baum, Joseph Herbert
Bruner, James Robert

Dowd, George Gordon, Jr.
Fink, Edward Robert
Hairston, Thomas Fleetwood
Jenkins, John Smith
Waite, Charles Eugene
Walker, Peter Brockway
Zitani, Genius Ares

MEDICAL SERVICE CORPS

Buckley, Emanuel Navarro
Gill, Robert Ledman
Jula, Paul Nestor
Long, William Lee
Longest, Clifford B.
Wolf, John Washington
Young, Johnny Wilbur

NURSE CORPS

Osborne, Loah Gean
Zabel, Kathryn Elizabeth

IN THE MARINE CORPS

The following-named temporary disability retired officer for reappointment to the grade of captain in the Marine Corps, subject to the qualifications therefor as provided by law:

Wells, Claire V.

The following-named (Navy Enlisted Scientific Education Program) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Doyle, James V.
Harding, Terry R.
Hicklin, Michael S.
Mickelson, David C.

The following-named (Naval Reserve Officer Training Corps) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Gearin, Michael J.
Green, Douglas L.
Lies, Richard J.
Miller, Jerome
Wilson, Russell E.

The following-named U.S. Military Academy graduate for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Wray, Douglas T.

The following-named U.S. Air Force Academy graduate for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Symens, Terry M.

HOUSE OF REPRESENTATIVES—*Monday, April 7, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Seek ye first the kingdom of God and His righteousness; and all these things shall be added unto You.—Matthew 6: 33.

O Lord, our God, at the dawn of a new day and the beginning of a new week, we lift our hearts unto Thee praying that Thou will guide us in the way we should go and give us courage to walk in that way.

Deliver us from the strain and stress of the demands of daily duties and during these hours may we have a continued sense of Thy presence that with a sincerity of mind and a purity of heart we may face the tasks before us.

We thank Thee for the glorious light of liberty which is ours here in America. Grant that we may never give our consent to the crucifixion of freedom anytime, anywhere, for any reason, by any people. Let us heed the lesson "the measure you give will be the measure you get."

By Thy grace may we seek first Thy kingdom as we labor for the good of our country. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 555. An act to amend the Consolidated Farm and Rural Development Act; and

S. 1310. An act to continue the special food service program for children through September 30, 1975.

The message also announced that the Vice President, pursuant to Public Law 86–42, appointed Mr. McGee, chairman; Mr. Randolph, Mr. Metcalf, Mr. Haskell, Mr. Culver, Mr. Leahy, Mr. Curtis, Mr. Javits, Mr. Baker, Mr. Stevens, and Mr. Garn to attend, on the part of the Senate, the Canada-United States interparliamentary meeting to be held in Quebec City, Canada, April 24–27, 1975.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
March 27, 1975.

Hon. Carl Albert,
Speaker, House of Representatives.

Dear Mr. Speaker: Pursuant to the permission granted on March 26, 1975, the Clerk has received the following message from the Secretary of the Senate:

"That the Senate agrees to the conference report on H.R. 2166, An Act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes."

With kind regards, I am,
Sincerely,

W. Pat Jennings,
Clerk, House of Representatives.
By W. Raymond Colley,
Deputy Clerk.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce that pursuant to the authority granted on Wednesday, March 26, 1975, the Speaker pro tempore did on Thursday, March 27, 1975, sign the following enrolled bill of the House:

H.R. 2166. An act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for personal exemptions and a credit for certain earned income, to increase the investment credit and the surtax exemption, to reduce percentage depletion for oil and gas, and for other purposes.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
March 28, 1975.

Hon. Carl Albert,
Speaker, House of Representatives.

Dear Mr. Speaker: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 3:05 P.M. on Friday, March 28, 1975, and said to contain a message from the President wherein he transmits the third annual report on the status of advisory committees in 1974.

With kind regards, I am,
Sincerely,

W. Pat Jennings,
Clerk, House of Representatives.
By W. Raymond Colley,
Deputy Clerk.

THIRD ANNUAL REPORT ON THE STATUS OF ADVISORY COMMITTEES IN 1974—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Government Operations:

To the Congress of the United States:

In accordance with the provisions of section 6(c) of the Federal Advisory Committee Act, the report on the status of advisory committees in 1974 is herewith forwarded.

This is the third annual report. It is organized to improve public access to information concerning specific advisory committees and the Federal agencies to whom they provide advice.

Gerald R. Ford.

The White House, *March 28, 1975.*

PERMISSION FOR COMMITTEE ON BANKING, CURRENCY AND HOUSING TO FILE REPORT ON H.R. 5398, THE EMERGENCY HOMEOWNERS' RELIEF ACT OF 1975

Mr. BARRETT. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Currency and Housing may have until midnight tonight to file a report on the bill, H.R. 5398, the Emergency Homeowners' Relief Act of 1975.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

SOUTH VIETNAMESE CAN BLAME ONLY THEMSELVES

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, for the South Vietnamese to blame the United States for their recent defeats is a lot of nonsense and totally unfair to the only real friend they have. The military support we have given has been more than adequate.

I have always felt that the South Vietnamese wasted too much ammunition. In the recent report of Representative McCloskey to the Congress, he stated that for every 1 round of artillery fired by the enemy the South Vietnamese fired 10 rounds. So shortages of ammunition cannot be blamed on America. Plus, from what I have read recently the ARVN forces have not been shooting at anybody. They did abandon about a billion dollars of equipment in their hasty retreat.

The South Vietnamese had the only air force and navy in that part of the world and the largest equipped army. It seems, however, that you can not teach or train motivation.

There is a tendency in life to blame someone else for your defeats. The South Vietnamese can blame only themselves for their present situation.

INDIANA DUNES

(Mr. MADDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MADDEN. Mr. Speaker, a few years ago, the Congress enacted the long-delayed legislation to create a national park at the beautiful Indiana Dunes area on the south shore of Lake Michigan. For some reason or other, the Interior Department has postponed any definite steps in using the appropriated money for the development of this park area that is within 2 hours drive for approximately 7 or 8 million people.

Many organizations are awaiting the park development and also are supporting legislation now pending before the Congress which was introduced by our colleague Congressman Roush for expansion of certain areas of the Indiana Dunes National Park.

I include with my remarks an editorial from the Fort Wayne Journal-Gazette on the necessity of completing this worthwhile and long-delayed project:

Completing the Dunes

The chances are better for completing the Indiana Dunes National Lakeshore this year than they have been since the first completion bill was introduced just four years ago. In those four years at least 14 of the 21 areas proposed for addition to the Lakeshore have been physically altered, some of them irrevocably. Every delay increases the peril to the remaining sites, and if Congress doesn't act soon there may be nothing left to protect.

Fortunately Rep. J. Edward Roush, who has championed the Dunes' cause since the early 1960s, has an important ally this year in his perennial fight to complete the national lakeshore he persuaded Congress to create in 1966. Rep. Floyd Fithian, in whose district most of the lakeshore park is located, replaced the troglodytic Earl Landgrebe, the Dunes' principal opponent, in last fall's elections.

The Roush bill that would add 5,328 critically needed acres to the Dunes Lakeshore was reintroduced last week. Mr. Fithian announced he would support a somewhat smaller expansion. While the Fithian proposal would delete some 700 acres that are unquestionably desirable for protecting the dunesland ecosystem, at least the Congressman is committed to providing a viable Lakeshore that can fulfill its potential as the country's first urban national park.

Rep. Ray Madden, chairman of the powerful House Rules Committee, and Rep. John Brademas, deputy majority whip, have consistently supported the Roush bill. Sens. Vance Hartke and Birch Bayh have sponsored Senate versions of the same legislation. Gov. Otis R. Bowen has endorsed the completion effort, though he favors a more modest plan.

This wide bipartisan support, however, shouldn't lead Dunes supporters to believe the Lakeshore's completion is assured. Last session the Roush bill unanimously passed the House Interior subcommittee that is the traditional bottleneck for much legislation providing new park areas. It was on the verge of passing the full committee and being sent to the House floor, where a favorable vote was expected, when Congress adjourned.

There's the danger that the salamander pace of the congressional process could prolong the Lakeshore completion another two years. To avoid that potentially ruinous eventuality, Congress should seize the initiative provided by the new climate of political support, and complete the Indiana Dunes National Lakeshore without further delay.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO FILE REPORT ON H.R. 4111, SECURITIES REFORM ACT OF 1975

Mr. VAN DEERLIN. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce have until midnight tonight to file its report on the bill H.R. 4111, the Securities Reform Act of 1975.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

U.N. ACTIONS WITH RESPECT TO REFUGEES IN INDOCHINA

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, today the gentleman from New York (Mr. Koch) and I are circulating a resolution into the House condemning the actions of the United Nations dealing with the requests of the United States that the United Nations step forward in the situation of the refugees in Indochina.

I think the statements that have been made by the United Nations stating that this was not really a field that they need be concerned with violate the very principles of their charter and raise some real questions in our minds as to just how far the Congress of the United States should go in continuing its active support of the United Nations.

We are hopeful that action by the Congress will help the United Nations see that they should be involved in this humanitarian pursuit.

HOUR OF SHAME FOR CONGRESS

(Mr. COUGHLIN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. COUGHLIN. Mr. Speaker, this indeed must be an hour of shame for the Congress of the United States.

To the individual Members of both parties who have sought in vain to move the Congress to act on imperatives of international and national consequence, it is a shame that all must bear the shame because of the inadequacy of leadership.

Shame because the Congress again has been in recess at a time that cried for action. No matter how we may feel about aid to Southeast Asia, the Congress had and has an obligation to act. Whether aid be humanitarian or otherwise, the Congress should have been in session at a time when the course of history in Southeast Asia was being altered in a sweeping tragedy of immense proportions.

To the people of the United States, the Congress unfortunately presents itself as a collective Nero fiddling while Rome burns.

Shame because the Congress again had gone on recess without acting on a myriad of important proposals to combat the continuing energy crisis. Regardless of differing preferences for specific proposals, the Congress again had the obligation to act.

Shame because the Congress again had recessed while unemployment soared to ever-higher levels and the economy sputtered in trying to emerge from a recession while possibly preparing a scenario for a near-future economic slump of worse proportions.

Mine is not the new light of intellectual dawning, but the old cry of an individual Congressman who fought in vain last December to conciliate the Congress and the President in an effort to initiate action on our worsening problems.

I am proud that there were colleagues on both sides of the aisle who joined me in a bipartisan plea to the congressional leadership and to the White House. We did not want the Congress to adjourn without acting on vital legislation. That our pleas were for naught only illustrates too clearly now my concerns over a continuation of inaction.

The hasty and slipshod manner in which the few pieces of legislation were enacted thus far emphasizes even more the need for the Congress to tend to its business—in committee with hearings and testimony, in drafting legislation that is responsible and well thought out, to bring measures to the House floor with sufficient time and debate, and in working with the executive branch.

No one enjoys whistling in the wind. I must note that my own pleas are minute puffs in the breeze compared to the big wind that will come—as surely it must—howling in from the electorate.

ADDITION TO LEGISLATIVE PROGRAM

Mr. BRADEMAS. Mr. Speaker, I take this time to announce that we are adding to the suspension list for tomorrow the following measure: House Joint Resolution 335, to extend the effective date of certain provisions of the Commodity Futures Trading Commission Act of 1974.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO FILE REPORTS ON HOUSE JOINT RESOLUTION 335 AND S. 1236

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file reports on House Joint Resolution 335, as amended, to extend the effective date of certain provisions of the Commodity Futures Trading Commission Act of 1974; and S. 1236, as amended, to amend the Emergency Livestock Credit Act of 1974 and Section 316 of the Consolidated Farm and Rural Development Act.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

THE NEW HOUSE MICROPHONES

(Mr. **DANIELSON** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I do not know if anyone has yet made a comment on our new microphones and sound system, which are being used for the first time today, but I am so pleased that we finally got these installed and working that I think it is appropriate to make a comment. For once we have microphones that are not directional, and when Members speak on the floor they can be heard throughout the entire Chamber. Also, the little repeater loudspeakers mounted under the seats should give us reinforced sound, plus or minus about two decibels, throughout the entire Chamber and the Member speaking now needs to only use a normal tone of voice. Nothing could please me more, because I am one of those who does not hear too well unless we have adequate sound.

RENEWED SPIRIT OF BIPARTISAN FOREIGN POLICY

(Mr. **WIRTH** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WIRTH. Mr. Speaker, as the Members know, the President will be addressing a joint session of the Congress on Thursday night related to American foreign policy. I, and I am sure many of my colleagues, look forward to his remarks and look forward, hopefully, to a spirit of cooperation between the Congress and the executive branch in the reevaluation of American foreign policy.

Mr. Speaker, many of us have recently come from our districts, where there has been great concern among the people of this country about the foreign policy of this country. I, and I am sure many of my colleagues, look forward to Thursday night and to a renewed spirit of bipartisan foreign policy in the United States.

THE U.N. AND THE EVACUATION OF REFUGEES IN INDOCHINA

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. PEYSER) is recognized for 20 minutes.

Mr. PEYSER. Mr. Speaker, a few moments ago I announced that the gentleman from New York (Mr. KOCH) and I today are circulating a resolution concerning the need for the United Nations to undertake an immediate and concerted effort to aid the refugees in Indochina.

Specifically, this resolution expresses the sense of Congress that all possible efforts should be made by the U.N. to aid and assist in the evacuation and relief efforts for those made homeless by the ravages of war in Southeast Asia; and that the Secretary General of the U.N. should call on Communist leaders in Vietnam not to interfere with these humanitarian efforts.

The Congress appropriated over $111 million for U.N. activities for the current fiscal year, and I believe that failure by the United Nations to give the issue of aid for these refugees the highest possible priority can only result in forcing the Congress to reconsider this Nation's financial assistance to that world body.

The issue here is not one of politics; it is one of people. There is a compelling moral obligation on the part of the U.N. to assist in this lifesaving effort. For it to ignore this responsibility can only mean more hardship, more misery, and more death.

OLDER AMERICANS AMENDMENTS OF 1975

The **SPEAKER** pro tempore. Under a previous order of the House the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, tomorrow the House will consider a bill vitally important to millions of older persons in our country. I refer to H.R. 3922, the Older Americans Amendments of 1975, a bill to extend and amend the Older Americans Act of 1965, to extend authorizations of appropriations, and for other purposes.

Mr. Speaker, every Member of the House is aware that many of the elderly of our Nation are in need of help, particularly during the current economic recession. I believe, Mr. Speaker, that the bill which we shall tomorrow consider represents a significant step toward providing this assistance, and I would like to urge my colleagues to give this legislation their strong support.

Briefly, Mr. Speaker, H.R. 3922, as amended, includes provisions which will:

First. Extend through fiscal year 1979 all of the major programs presently authorized by the Older Americans Act, including the Nutrition Program for the Elderly;

Second. Extend the Older Americans Community Service Employment program through fiscal year 1979;

Third. Extend the National Older Americans Volunteer programs, including the Retired Senior Volunteer program and the Foster Grandparents program;

Fourth. Create a new Special Services program for the elderly, including homemaker and other home services, counseling assistance, residential repairs and renovation, transportation, and mortgage interest reduction and insurance payments so that older adults will be able to live more independently at home;

Fifth. Provide for the direct funding for Indian tribes of service programs under title III of the Older Americans Act; and

Sixth. Prohibit discrimination on the basis of age in any program receiving Federal financial assistance.

Mr. Speaker, before proceeding further, I want to say a brief word about those who have worked so hard on this measure.

First, I want to commend the distinguished chairman of the Committee on Education and Labor, the gentleman from Kentucky (Mr. PERKINS) as well as the distinguished ranking minority member, the gentleman from Minnesota (Mr. QUIE), for their contributions to the bill.

Second, I want to thank the members of the Subcommittee on Select Education, which I am privileged to chair, for their diligence in helping to draft this legislation.

In particular, I want to commend the new members of the Subcommittee for their valuable contributions. Here, Mr. Speaker, I refer to the gentleman from Wisconsin (Mr. CORNELL), the gentleman from Vermont (Mr. JEFFORDS), the gentleman from Rhode Island (Mr. BEARD), the gentleman from South Dakota (Mr. PRESSLER), the gentleman from New York (Mr. ZEFERETTI), the gentleman from California (Mr. MILLER), and the gentleman from Illinois (Mr. HALL). The new members were faithful in attendance at the hearings and most thoughtful and effective with their questions and suggestions on the bill.

I want also to thank the gentleman from California (Mr. BELL), the gentleman from Washington (Mr. MEEDS), the gentleman from New York (Mr. PEYSER), the gentlewoman from New York (Mrs. CHISHOLM), and the gentleman from Florida (Mr. LEHMAN).

Third, Mr. Speaker, I would like to thank all of the members of the Committee on Education and Labor for their support of and contributions to this legislation. That support is represented by the vote of the committee to report this measure—a unanimous 36 to 0.

Finally, Mr. Speaker, I want to acknowledge the work of the gentleman from Ohio (Mr. SEIBERLING), the gentleman from New York (Mr. KOCH), as well as the gentleman from Oklahoma (Mr. RISENHOOVER), and the gentleman from North Carolina (Mr. ANDREWS). All of these Members, Mr. Speaker, made constructive suggestions which have been incorporated into this legislation.

Mr. Speaker, because this measure constructively extends and expands programs affecting the lives of millions of older people, H.R. 3922 has been strongly endorsed by many of the leading organizations which represent the interests of older persons. Mr. Speaker, I insert into the RECORD some of the letters I have recived from these groups in support of this important legislation.

Those following letters came from:

Mr. Nelson H. Cruikshank, president, National Council of Senior Citizens, Inc.;

Mr. Cyril F. Brickfield, counsel, National Retired Teachers Association and American Association of Retired Persons;

Mr. Jack Ossofsky, executive director, the National Council on the Aging, Inc.; and

Mr. Tony T. Dechant, president, National Farmers Union.

The letters follow:

NATIONAL COUNCIL OF SENIOR CITIZENS, INC.,
Washington, D.C., March 28, 1975.

Hon. JOHN BRADEMAS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BRADEMAS: The Older Americans Amendments of 1975, H.R. 3922 is tentatively scheduled to come before the full House of Representatives on April 8, 1975.

H.R. 3922 as developed and reported out unanimously from the Committee on Education and Labor is a good bill which we believe deserves your strong support.

H.R. 3922 extends the authorization for all the programs of the Older Americans Act including: Title III grants for State and Community Programs on Aging; Title IV Research, Demonstration and Training Programs to meet the special needs of the elderly and, Title V provisions for Acquisition, Alteration or Renovation of Multipurpose Senior Centers. Also retained is: Title VII Nutrition Program for the Elderly and, Title IX The Older Americans Community Service Employment Act.

New to the bill are provisions under Title VIII for Special Service Programs for the Elderly. These include Homemaker and Home Services, Counseling and Tax Assistance Services, Conversion and Renovation of Housing for the Elderly, and Transportation Services—all designed to provide alternatives to deleterious and costly institutionalization of seniors.

All of the on-going programs of the Act have proven worthwhile in meeting a substantial portion of the needs of our nation's elderly. We believe these—as well as the new programs under Title VIII—should be extended for the four years as provided for in the bill.

Of particular concern to the National Council is Title IX, the Older Americans Community Service Employment Act. This Title provides part-time community service jobs to people 55 years and over. Providing job opportunities is one of the best ways and least costly to help older people live more independently and better lives while they provide services to less fortunate people of all ages.

We believe the subcommittee and the full committee have carefully and conscientiously constructed a bill that will create mechanisms and programs to assist America's elderly to live a better and more independent life.

The National Council hopes that you will vote for passage of H.R. 3922, Older Americans Amendments of 1975 as reported by the House Committee on Education and Labor.

Sincerely and respectfully yours.

NELSON H. CRUIKSHANK,
President.

NATIONAL RETIRED TEACHERS ASSOCIATION; AMERICAN ASSOCIATION OF RETIRED PERSONS,
April 4, 1975.

HOUSE OF REPRESENTATIVES,
Washington, D.C.

DEAR CONGRESSMAN: On Tuesday, April 8, the House of Representatives will be considering H.R. 3922, the Older Americans Act Amendments of 1975.

Our Associations are appreciative of the diligent efforts of the Committee on Education and Labor to improve upon the present service delivery programs authorized under the Older Americans Act and to expedite consideration of the legislation prior to the expiration of the present authorization. These amendments expand and extend a number of beneficial programs for older Americans including the Title III Grants to the States for Community Service Programs, Title IV Research and Training programs, the Title VII Nutrition program and the Title IX Older Americans Community Service Employment programs. Furthermore, the legislation offers a number of innovative efforts designed to provide greater emphasis to the special needs of the elderly in order to facilitate their continued involvement in the mainstream of community life.

We believe the legislation as reported by the Committee meets the critical need of continued expansion of the service delivery network of the Administration on Aging. In addition, the amendments broaden the scope of programs designed to meet the special needs of older persons. Therefore, our Associations, with combined membership of over 7.8 million older Americans, urge your support of this legislation.

Sincerely,

CYRIL F. BRICKFIELD,
Counsel.

THE NATIONAL COUNCIL ON THE AGING, INC.,
Washington, D.C., April 7, 1975.

Hon. JOHN BRADEMAS,
Subcommittee on Select Education,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BRADEMAS: The National Council on the Aging wishes to express its appreciation for the prompt, thorough, and thoughtful work done by the Subcommittee on Select Education and the full Education and Labor Committee on H.R. 3922—a bill to extend and strengthen programs authorized under the Older Americans Act of 1965. At a time when the nation's elderly are forced to endure increasing economic burdens, they will be pleased to note the priority given to the extension of the Older Americans Act by their representatives in the Congress.

As the nation's leading professional organization in the aging field, NCOA believes that H.R. 3922 can be another major step in the development of a public policy responsive to the needs and potentials of the country's older citizens. There is a pressing need for expansion of the service delivery network which enables the elderly to maintain their independence. We are pleased that this bill extends and strengthens the major components of that network and also begins to address the need for a permanent service program for the aged.

Once again, we praise your diligent work and that of the Committee in developing this comprehensive and innovative legislation.

Sincerely yours,

JACK OSSOFSKY,
Executive Director.

NATIONAL FARMERS UNION,
April 3, 1975.

Hon. JOHN BRADEMAS,
Chairman, Select Subcommittee on Education, House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN BRADEMAS: I would like to express our strong support for passage of H.R. 3922, the Older Americans Act Extension.

H.R. 3922 will do an excellent job of guaranteeing a better life for rural older Americans. We particularly wish to commend the bill for the improvement and extension for four years of Title IX which will provide jobs and increased incomes for older rural Americans.

In addition, enactment of the bill will enable older rural Americans to provide community improvements and increased social services for the elderly and for the communities where they live.

H.R. 3922 is an excellent piece of legislation and should be passed unanimously by the House of Representatives as it was approved by the Committee on Education and Labor. Please accept the appreciation of our organization and of the older rural Americans who participate in our Green Thumb program for the sincere and significant work done by you and your Subcommittee on this worthwhile legislation.

Sincerely,

TONY T. DECHANT,
President.

Mr. Speaker, among the other groups supporting this legislation are the AFL–CIO and the United Auto Workers.

Mr. Speaker, I hope that H.R. 3922, the Older Americans Amendments of 1975, will tomorrow receive a vote that reflects the overwhelming support that this measure has already received from those who are genuinely concerned about the lives of our elderly citizens.

LAW SUIT TO ENJOIN THE UNITED STATES FROM PARTICIPATING IN FURTHER MILITARY ACTION IN CAMBODIA—APPEAL TO THE U.S. COURT OF APPEALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 15 minutes.

Mr. DRINAN. Mr. Speaker, on January 31, 1975, 20 Members of Congress and myself filed in the U.S. District Court for the Circuit of Massachusetts a lawsuit which would seek a preliminary injunction to halt further U.S. military operations in Cambodia. The suit was brought against President Gerald R. Ford and other high ranking officials.

I am sorry to say, Mr. Speaker, that Judge Frank Freedman of the Massachusetts circuit recently dismissed the complaint which was filed on behalf of the plaintiffs' in this case. The judge indicated that while he was sympathetic to the plaintiffs' "cause and desire," he reached his result based on an opinion that the issue was nonjusticiable and raised political questions. The court concluded that "the issues raised by the complaint are clearly political in nature and are of a type that courts were not meant to become involved in."

On April 1, 1975, we filed an appeal from Judge Freedman's decision in the U.S. Court of Appeals for the First Circuit. A brief and motion for an expedited hearing were filed, and on April 4, the motion was granted. Therefore, the court of appeals will hear our appeal next Tuesday, on April 8, 1975.

For the benefit of my colleagues, the brief of the plaintiffs-appellants follows:

[In the United States Court of Appeals for the First Circuit]

APPEAL FROM THE U.S. DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS—BRIEF FOR PLAINTIFFS-APPELLANTS

Robert F. Drinan, Michael J. Harrington, John Joseph Moakley, Bella S. Abzug, Herman Badillo, George E. Brown, Jr., Yvonne B. Burke, Bob Carr, Ronald V. Dellums, Don Edwards, Donald M. Fraser, Ken Hechler, Henry Helstoski, George Miller, Richard L. Ottinger, Frederick W. Richmond, Benjamin S. Rosenthal, Edward R. Roybal, John F. Seiberling, Fortney H. Stark, Henry A. Waxman, and David E. Lowry, on his own behalf and on behalf of all others similarly situated, Plaintiffs-Appellants. *v.* Gerald R. Ford, individually and in his capacity as President of the United States; James R. Schlesinger, individually and in his capacity as Secretary of Defense; John L. McLucas, individually and in his capacity as Secretary of the Air Force; Henry A. Kissinger, individually and in his capacity as Secretary of State, and John Gunther Dean, individually and in his capacity as United States Ambassador to Cambodia; William L. Colby, individually and in his capacity as Director of the Central Intelligence Agency, Defendants-Appellees.

ISSUES PRESENTED FOR REVIEW

The principal issue presented for review is whether certain actual and prospective violations of specific Congressional mandates regarding executive actions in and relating to Cambodia constitute a justifiable question.

The doubts expressed in the decision below concerning the standing of the Congressional plaintiffs present a subsidiary issue, which, although not specifically decided below, should be decided on appeal in the interest of judicial economy.

STATEMENT OF THE CASE

Ths suit was commenced on Jaunary 31, 1975. Plaintiffs, twenty-one members of Congress and one citizen of Massachusetts, presently on active duty with the Second Marine Air Wing, sought a preliminary and permanent injunction restraining the President of the United States, the Secretary of Defense, the Secretary of the Air Force, the Secretary of State, the United States Ambassador to Cambodia and the Director of the Central Intelligence Agency, from carrying on military and paramilitary activities in, over and off the shores of Cambodia, and from engaging in certain other named activities clearly and uniquivocally prohibited by specific statutes. Plaintiffs also requested appropriate declaratory relief.

At a pre-trial conference on February 6, Judge Freedman reserved the entire day of March 7 for a Hearing on the preliminary injunction. Between February 6 and March 7, plaintiffs supplemented their already voluminous record of specific violations by additional affidavit evidence of actual and prospective violations. They also filed requests for admissions and production pursuant to Fed. Rules Civ. P. 34(b) and 36(a) and motions to shorten the time to answer such requests and to answer discovery to a date prior to March 7. These motions were granted. Defendants moved for a protective order staying discovery. In addition, the United States Attorney filed a motion, as *amicus curiae,* to quash summons and dismiss the action as to the President, which motion was opposed by plaintiffs. On February 28, defendants moved to dismiss on the grounds of lack of standing, non-justiciability and sovereign immunity.

At the hearing on March 7, plaintiffs were prepared, with witnesses, to put on their case for a preliminary injunction. However, Judge Freedman agreed to hear only argument on defendants' motion to dismiss, which motion he granted by his order of March 25.

A notice of appeal was filed yesterday, together with a request that the Clerk of the District Court proceed forthwith to certify the record to this Court. This brief and appendix are being filed in support of plaintiffs' Motion for an Expedited Hearing and Decision.

ARGUMENT

I. Justiciability

At the outset, it should be made crystal clear what this action seeks to accomplish, and what it does not. Plaintiffs are not complaining, as Judge Freedman wrongly suggests at the top of p. 4 of his decision, that American aid is being dispatched to Cambodia. Since there has been no vote in the House on additional appropriations for Cambodia subsequent to the institution of this suit, it is not even certain that all Congressional plaintiffs would vote against such appropriations. Thus, when Judge Freedman says at the bottom of p. 4 of his decision, that the result which plaintiffs' "seek to accomplish, if they could prevail in this suit," is "to end American assistance to Cambodia once and for all time," he *misconstrues* the *thrust* of the complaint and engages in precisely the type of Congressional mind-reading which this Court, in *Drinan v. Nixon,* No. 73–1271, August 10, 1973, held to be an improper activity for the courts.

This misconstruction lies at the heart of the decision below. What plaintiffs do seek to accomplish in this suit is to call the attention of the courts to what they conceive to be gross, specific and continuing violations by the Executive of a long series of Congressional statutes currently in force and, if the courts agree with their judgment, to obtain relief by way of injunction and declaratory judgment.

The District Court's decision, if allowed to stand, would strike a body blow at efforts to deal with executive lawlessness and make a mockery of the doctrine that courts will intervene in cases of clear conflict between legislative will and executive action, which has been the law of this circuit since *Massachusetts v. Laird,* 451 F.2d 26 (1971).

In that case, this court held that the several years of Congressional appropriations had led, by 1971, to a situation where the legislative and executive branches could not be said to be in opposition as to this country's war effort in Indochina, but added, significantly, at p. 34:

"Should either branch be opposed to the continuance of hostilities, however, and present the issue in clear terms, a court might well take a different view."

Massachusetts v. Laird was based entirely on Art. I, Sec. 8, Clause II of the Constitution, the so-called "war powers clause", and did not involve the kind of specific violations of specific laws alleged in the case at bar.

Two years later, in *Drinan v. Nixon,* 364 F. Supp. 854, D.C. Mass, 1973, aff'd., No. 73–1271, 1st Cir., August 10, 1973, the District Court for the District of Massachusetts, was presented with a complaint which, at the time of its filing, involved a clear legislative/executive conflict, i.e., the continuing bombing of Cambodia in violation of the war powers clause as well as several statutory prohibitions against involvement of United States forces in combat in or over Cambodia.

However, by the time Judge Tauro came to issue his opinion, on August 8, 1973, the clarity of this opposition had become considerably obscured by Congress' adoption, on July 1, 1973, of the so-called "Fulbright Amendment" or "August 15 Compromise", setting a cut-off date of August 15, 1973 for U.S. bombing operations in Cambodia, after the receipt of assurances from the President that this deadline would be observed.

As a result, the argument as to the nature of the Congressional/Executive opposition, at least by the time of Judge Tauro's decision, had shifted from its initial lucidity to a highly complex examination of the significance of the Presidential veto preceding the passage of the Fulbright Amendment and quasimetaphysical speculation as to whether Congress can forbid something to be done which is already illegal.

In the end, Judge Tauro concluded, at p. 865:

"By any objective standard it is clear that, after weeks of continuing debate and division, the executive and legislative have acted so as to avoid resolute conflict. The political question has been resolved by the Political Branches and, therefore, there is no justifiable issue before this count."

This Court, in affirming Judge Tauro's decision, did not fully agree with the finding that the "August 15 Compromise" represented a clear resolution of the conflict, freely arrived at by Congress. On the contrary, Chief Judge Coffin, the author of the court's unanimous opinion, wrote:

"The court is faced with Congressional action that at times was ambiguous and at times possibly contradictory. The Fulbright Amendment may have, as plaintiffs argue, represented 'a bowing to the naked exercise of Presidential power.' Or, Congress itself eschewing the exercise of its full power, it may have represented a political compromise between Congress and the President in which a Congressional majority consented to operations until August 15 in return for an end to the war. In order for this court to say there was no political compromise, we would have to read minds as well as words. Any attempt to discern a 'clear conflict' would involve the court in evaluating Congressional strategies and motives. In this case we are of the view that there are no judicially manageable standards for determining whether conflict presently exists."

In the instant case, there patently is not only no such conflict resolution as that found by Judge Tauro, but there is not even the ambiguity, the need for Congressional mind-reading, which troubled this Court.

Here, there are only two questions:

1) Are the facts alleged by the plaintiffs true?

2) If so, do they represent a clear and unambiguous defiance by the Executive of a series of specific Congressional mandates?

The facts alleged, which, for the purpose of the motion to dismiss must be taken as true, include, but are not limited to, the following:

1. United States advisers are being furnished to Cambodian military forces in Cambodia in violation of § 7(a) of the Special Foreign Assistance Act of 1971, 22 U.S.C. § 241 n.

2. Officers of the armed forces of the United States are participating directly in ground combat in Cambodia in violation of, *inter alia,* § 806 of the Department of Defense Appropriations Authorization Act, 1974.

3. The number of military and civilian officers and employees of the United States present in Cambodia exceeds two hundred, and the number of individuals in Cambodia who are citizens of countries other than Cambodia or the United States and whose compensation is being paid by the United States exceeds eighty-five, all in violation of the Foreign Assistance Act of 1971, 22 U.S.C. § 2416.

4. Bomb target information is being furnished to the Lon Nol air force by American planes operating out of Thailand, in violation of, *inter alia,* § 13 of the Department of State Appropriations Act of 1973, P.L. 93–126, which prohibits "the involvement of United States military forces in hostilities in or over or off the shores of . . . Cambodia."

5. U.S. journalists are being denied access to Thai and Cambodian military bases maintained or operated with United States funds, in violation of § 29 of the Foreign Assistance Act of 1974, P.L. 93–559.

6. The so-called "civilian airlift" to Cambodia being operated under contract with the United States Air Force is in violation,

inter alia, of the prohibition against "paramilitary operations by the United States in or over . . . Cambodia."

7. Even though it is common knowledge that the "civilian airlift" was substituted for the operations previously carried out by the United States Air Force in Cambodia in an effort to circumvent the statutory prohibitions recited in the complaint, defendants have a "contingency plan" to resume direct operations by the Air Force into Cambodia should the military situation deteriorate further.

8. Perhaps most serious of all, there is in existence a contingency plan, announced by defendant Schlesinger on March 5, 1975 (Exhibit X to Second Supplemental Affidavit, dated March 6, 1975, by Peter Weiss) "to use marines to extricate Americans" from Cambodia "if the need arises". This plan, if executed, would be in violation of all of the pertinent statutory prohibitions against involving U.S. forces in combat, or in hostilities, in Cambodia and would pose a grave risk of escalation.

All of these multiple, clear and direct, actual and prospective violations are swept away in one single paragraph on p. 4 of Judge Freedman's opinion:

"I understand that plaintiffs insist that the acts of which they complain were not a part of such an agreement and thereby transgress beyond, hence giving this Court jurisdiction over this case. I regret that I do not see it that way. I believe that when Congress approved the Act for funds to Cambodia for military or economic assistance and further requested the President to 'use all available means' to encourage an early end to the conflict, it was countenancing the very acts they now complain of and cannot seek a judicial remedy to resolve the problem they helped create."

The doctrine implied in this holding, unsupported as it is by precedent or explanation, is one of such staggering sweep and novelty that it is difficult to comprehend, let alone come to grips with it. Over the years, Congress, following the trauma of the Cambodian invasion, enacted a series of laws set out at pp. 15 ff. of the Complaint, which were intended to prohibit categorically any further military involvement by the United States in Cambodia and severely to restrict the role and activities of the United States in that unhappy country. None of these laws has a time limit and none has been repealed.

HEARINGS ON VIETNAMESE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 5 minutes.

Mr. EILBERG. Mr. Speaker, I wish to announce that my Subcommittee on Immigration, Citizenship, and International Law has scheduled a public hearing tomorrow, April 8, 1975, to review the developments of last week relating to the airlift of Vietnamese orphans into the United States and to consider the current refugee and orphan problems in South Vietnam.

I am distressed by the apparent lack of leadership and direction relating to the orphan airlift and I am hopeful that these hearings will serve to stem the confusion that has resulted from the vast amount of misinformation circulated within the last week.

The hearing will be held in room 2141 and will commence at 2 p.m. The following officials from the Department of State and Justice have been invited to testify at this hearing: Daniel Parker, Administrator, Agency for International Development, Department of State; Leonard Walentynowitz, Administrator, Bureau of Security and Consular Affairs, Department of State; and Leonard F. Chapman, Commissioner, Immigration and Naturalization Service.

NATIONAL POLICY IN THE MIDEAST

(Mr. BARRETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BARRETT. Mr. Speaker, recent events in the Middle East and statements emanating from various spokesmen for our Government, which at times appear contradictory, give me cause for great concern. I feel quite strongly that regardless of what may be occurring in other parts of the world, our position and policy in the Middle East must continue as it has. Namely, a very clear expression and commitment of support for the State of Israel.

The administration has announced that it is reviewing our Nation's policy on the Mideast. On Thursday, April 3, I sent the following telegram to the President:

> DEAR MR. PRESIDENT: No doubt you and Secretary Kissinger are disappointed over the lacked mark of success in the recent Mideast negotiations. I share and I am sure all Americans share, your disappointment. A review of policy is always welcome. Hopefully, your forthcoming report will restate America's basic commitment to an independent state of Israel; and contain a restatement of our intent to continue to supply Israel with the necessary military aid so as to maintain a proper balance of arms in the Mideast and to insure Israel's security and survival; all of which is in the best interests of our own national security. Anything less will be most disappointing to me, the people of my district and I am sure the majority of Americans for it would indicate succumbing to possible oil pressure tactics and could be misinterpreted, as to American resolve, by Russia and the Arab states, as well as other countries.

Secretary Kissinger's recent efforts in the negotiations between Israel and Egypt are to be highly commended. The fact that a major step along the road to peace did not result, should not cause an upheaval in American Middle East policy as regards Israel. It appears that the Egyptian leaders believed, for whatever reason, that the Secretary was entering this phase of negotiations from less than a position of great strength and that they could thereby force him to impose impossible conditions on Israel.

I cannot help but wonder whether the disappointment we all share is a result of an assumption that other peoples and other nations think and act as we do—honestly and in good faith and good conscience, with regard for other people. It must be apparent to all that such an assumption on our part in our dealings with the Arabs is wrong.

An examination of the information made public regarding those negotiations leads me to conclude that throughout the negotiations Israel was motivated by a natural concern for its own security and survival. The history of that part of the world, and the conflicts there, since 1948, when the State of Israel was established justifies such concern.

Egypt's past record, scoffing at U.N. resolutions and charter obligations, offered little promise that her current set of proposals would allay Israel's fears.

It was Egypt which invaded in the 1948 war in opposition to the U.N. partition resolution; closed the Suez Canal in defiance of a 1951 Security Council order; insisted that she could remain in a state of belligerence; armed and stimulated fedayeen raids into Israel in the 1950's a major cause of the 1956 war; forced out the United Nations peacekeeping mission forces and closed the Straits of Tiran—an act of war which precipitated the 1967 conflict—and it was Egypt which began the 1973 war.

Egypt lost all four wars, but today acts as a victor, demanding rewards at Israel's expense, and the return of territory which it used so often as a launching pad for aggression.

Egypt and her partners, in the war of avowed annihilation of Israel, have for the past 27 years played an interesting and intriguing game of international politics. They have, at various times, played off one nation or another against the United States. In the early years it was our longtime allies, France and England; in more recent times the Soviet Union. Egypt, the ringleader, has been able to switch tactics and switch sides manipulating the two superpowers, the United States and U.S.S.R., to suit her needs and those of her partners. Invariably, the belligerent Arabs have managed to come out ahead in the long run.

American policy during this period has been to try to win the Mideast away from the Soviet Union and to coalesce a group of Arab States which would be supportive of settlement—Egypt, Syria, Jordan, Saudi Arabia, and Lebanon. But this vision of a strong U.S. sphere of influence has been blotted out time and again by the Arabs.

It was this vision, an erroneous one I believe, which seems to have given rise in the past year to our willingness to provide economic and military aid to the Arabs. The recent events clearly indicate the error of that decision.

In a review of our Mideast policy, I believe it would be well to take a good, hard look at our own position with respect to the Arab nations and our ability to apply economic pressure. The oil producing Arab nations are reliant upon the United States for the necessities to keep their limited industries operating. They are in need of our assistance to expand their technology and industrial capacity. We are their prime source of foodstuffs, which they must import to feed their people. These are our strengths, our trump cards. Russia cannot supplant us in any of these vital areas. I strongly recommend that these factors be considered in this review.

We have attempted to persuade and guide many nations around the world to a democratic, representative form of government. Israel has had such a government from its inception, and I might say, without any effort or input from us. In that same period of time many of the Arab governments have gone through tortuous changes, none of which have established representative governments; and, there is no reason to believe that they ever will. Israel is, has been, and will continue to be the citadel of democracy in the Middle East. She is the only nation that has been truly and constantly an unswerving ally of the United States. Our own best interest is served by a continuation of a policy of complete support for the State of Israel.

AMERICA CANNOT WITHDRAW FROM THE WORLD

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the tragic events which have unfolded in Southeast Asia in recent weeks serve to emphasize the effects of American withdrawal from that part of the world. But American withdrawal is not confined to that part of the world. The sad truth is that whether from choice or not, America's prestige is confronted with grim prospect in many parts of the world. American diplomacy is showing greater weakness than at any time since the beginning of World War II. Despite the brilliant and tireless efforts of Secretary of State Kissinger, it could be said that we are being backed into a corner.

I welcomed the end of American combat participation in the war in Southeast Asia. It can be stated that we never should have been involved in conflict there. It is easy to say that now. More importantly, having become involved, we should have gone in to win in the American tradition. A timid State Department and our fair-weather friends in the United Nations talked us out of getting the job done and it could have been done within a very short time without serious consequences from other powers. After long and tragic years, we obtained an agreement for an end of conflict between the North Vietnamese and South Vietnamese and withdrew our forces. At the time U.S. troops were withdrawn, the Congress and the American people—and the people of the entire world—were told our physical presence in South Vietnam would be replaced with aid of another form, namely military and humanitarian help.

Now it seems Congress does not intend to live up to that commitment. The fact is that the sudden reverses in the military situation in Southeast Asia can be traced in part to the congressional decision of a year ago not to live up to our word.

As the situation worsens, we hear from all sides that we should not place blame in any quarter for the events now going on there. We are told that these tragic consequences would have happened even if we had lived up to our agreement. I do not believe that, nor do I believe we can salve our conscience by bringing out a few hundred orphans. That is a poor substitute for the loss of freedom for millions of people in one of the most productive areas in the world.

I do not believe there would have been a shortage of ammunition or gasoline today if we had provided these as we said we would. I do not believe parts for trucks and planes would have been in short supply if we had sent spare parts as we said we would. I do not believe the army of South Vietnam would be in its present state of confusion if that army had been given the means to fight a war instead of having been denied essential supplies which we had promised. I do not excuse them for panic or for abandoning weapons and aircraft. But we are not blameless in today's grim picture.

I do believe the communists have grown bold in the knowledge that America is backing away from its friends, and they now can attack at will and in confidence, believing that however much they may violate their truce agreement, this Congress will do nothing to help stem the advance of Hanoi's troops and their allies, the Khmer Rouge, in Southeast Asia. I know of no means whereby people enslaved by communism can be provided humanitarian assistance. There are those who say that we must isolate ourselves from what is happening in that part of the world so that the fighting will stop. The fighting has stopped for millions, but the killing did not stop. The fall of South Vietnam will signal the start of mass executions and reprisals aimed at those who chose to fight for freedom rather than succumb to Communist rule. These people staked their lives on our good word, and we failed them.

We can learn from the tragic story of the refugees. They are fleeing toward any sanctuary which will take them out of reach of communism. Refugees never flee toward Communist forces. They flee from communism.

There are those who base their objection to American assistance on the fact that they do not like the present governments of nations friendly to us in Southeast Asia. They neglect to state whether they will like Communist governments better in those countries. This is the only alternate that is in prospect.

The rest of the world is facing the facts of life about America and our efforts to withdraw from the rest of the world. This Congress must face the facts of life and death in Southeast Asia.

DEATH OF A WORLD LEADER

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the death of President Chiang Kai-shek of the Republic of China marks the end of an era. This world leader was the last of the great statesmen of the World War II period. He fought by the side of Franklin Roosevelt and others who sought freedom for people the world over. Now all of them are gone.

This remarkable man never lived to see his dream of a free and united China come to pass. Instead, ironically, at the time of his death the Communists on the mainland of Asia are making even greater strikes toward their goal of Communist domination throughout the area.

But President Chiang left behind a strong nation determined to remain independent and continue to provide a outstanding example of free enterprise which both worlds could well seek to imitate. The people of Formosa have been eminently successful and the level of prosperity which they enjoy is far superior to that of the Red Chinese.

After emerging successfully from World War II, Chiang and his people suffered the indignity of seeing their native land overrun by the Communists. He reestablished his government on Taiwan and there he continued to carry on the fight against communism.

For years he dreamed of reclaiming the Chinese mainland and reestablishing the government of free China. His was a dream that was not to come true in his lifetime, but the example he set as the leader of the Republic of China on Taiwan and around the world will insure that the legacy of Chiang Kai-shek will live on in the years ahead.

It was my honor to know this truly great man. I first met him in the dark days during the late 1940's when the Communists were beginning to close in on the free Chinese on the mainland. Anyone who has known this man will attest to his remarkable strength of character and his love of freedom. Equally as strong was his hatred for the Communists who had enslaved millions of Chinese. At his side, upholding him in his endeavors and providing in her own right an outstanding example of leadership and inspiration, was his beloved wife, Mei-ling.

Chiang was subjected to severe pressure to knuckle under to the Communists.

The Russians even forged letters to Chiang which purported to denounce the President and, attributed to his son, they came as a severe blow to the gentle heart of the great leader.

Over the years it has become known the letters were frauds, and today much of the leadership authority on Taiwan rests with that same son, Chiang Ching-kuo, who was at his father's bedside when he died Saturday.

At 87 years of age, the stout heart of the fabled leader succumbed to age. The wonder of it is that he remained with us so long. He had suffered heartbreak after heartbreak over the years. He saw his country ejected from the United Nations to be replaced by the Communists. He saw an American President drinking toasts to his enemies in Peking. And he heard almost constant report that Taiwan would be abandoned by the United States for the sake of expediency and détente with the Communists.

But he had great moments of triumph, as well. He had only to drive the streets and highways of Taiwan to see what freedom could accomplish. His was a nation of 15 million people where the standard of living was second only to Japan in the Far East. Unemployment was almost unheard of. Crime was seemingly nonexistent. Productivity was soaring. Hunger had almost been abolished. Freedom was everywhere. He could drive past teeming factories, lush farms, busy schools, and hallowed temples.

And he could know that he had done this by virtue of his strong leadership and the inspiration of his personality.

Now he has gone and his great heart has been stilled. But the strength of Chiang Kai-shek lives on in the important works of his life.

All of this is the legacy he leaves behind.

Today, with his passing, the inspiration of his leadership remains. The monumental personality of Chiang Kai-

shek will not be forgotten by people everywhere who seek freedom and the rights of the individual. Chiang Kai-shek was a man among men.

"WHY CAN'T FELONS SERVE COMMUNITY?"

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, I am highly impressed with an editorial which appeared in the Pensacola Journal of Pensacola, Fla., on Saturday, April 5. It is entitled, "Why Can't Felons Serve Community?" It shows a lot of commonsense. Obviously our present criminal justice system is not working. The Journal's editorial says:

> Why not let these people perform a service of some kind to the public . . .?

As a nation we seem "locked in" on the theory that felons must not be punished or worked, simply "detained." This accomplishes little. It would be much better to find ways to use the skills of those who are convicted. I submit the editorial for printing in the RECORD:

WHY CAN'T FELONS SERVE COMMUNITY?

One of the most striking ironies of Watergate has been the espousal by John Ehrlichman of liberalized rehabilitation theories which go against the grain of the Nixon administrations hard-line approach to "law and order".

At Ehrlichman's sentencing in the Watergate case, his lawyer asked that he be allowed to perform a "public service" as an alternative to imprisonment.

And Ehrlichman himself expanded on the theme in an article for the New York Times. In that article, he stated, "America's prisons do very little for society and less for the prisoners. Our prisons may rightly be characterized as warehouses."

There is little record of Ehrlichman's concern for such a waste of criminal power when he was a major figure in the Nixon administration, in those heady days before he became a common felon. But notwithstanding the sincerity of his motives, the question he has raised is a valid one.

There is little doubt that our present criminal justice system is not working. And while hard-liners argue that stricter enforcement of the law is all that is needed, the tools to achieve such enforcement would be tremendously expensive.

And if the prisons were built, if the judges, district attorneys and police officers hired, there would still be a tremendous waste of abilities if we simply locked up everyone convicted of a criminal offense and forgot about them until their sentences were served.

Why not let these people perform a service of some kind to the public, as Ehrlichman now suggests? Instead of locking a doctor behind bars, his skills could be used in an area lacking physicians. Others with similar skills could put them to use in appropriate ways, rather than having them wasted in a prison cell.

Actually the alternative service idea is not as radical as it may sound at first. It is merely an extension of theories of parole and probation, both of which require the criminal to have employment and to be closely supervised.

The alternative service idea goes beyond this in that it would apply to criminals who would not normally be eligible for parole or probation, and it would require the criminal to perform some public service as his punishment.

There are obvious problems. The system could put dangerous criminals on the streets who need to be locked away, a problem already increasingly evident. And it could lead to an even greater disparity in the handling of criminal offenses of well-to-do persons and those of the poor.

But something has to be done, and the problems don't appear insurmountable. Florida could lead the way in this area, as it has in so many others in the past few years, by establishing a committee to thresh out the flaws and attempt a plan on an experimental basis. The need is there; is the initiative?

A COMMENTARY BY PAUL DUKE ON CONGRESS AND FOREIGN POLICY

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, I believe that Members of Congress will read with considerable interest a most thoughtful article concerning the role of Congress in foreign affairs by Paul Duke, the able senior correspondent for the National Public Affairs Center for Television.

Mr. Duke's article, "A Pullback to Pragmatism" appeared in the April 4, 1975, issue of the Washington Post.

[From the Washington Post, Apr. 4, 1975]

A PULLBACK TO PRAGMATISM

(By Paul Duke)

The criticism coming from Henry Kissinger and other officials about congressional meddling in foreign affairs reflects a striking misconception of the new tides on Capitol Hill.

CONGRESS: A MANDATE TO DRAFT FOREIGN POLICY FOCUS

Whether by design or not, the administration continues to ignore the essential reality: That a clear majority of House and Senate members now believes Congress has a national mandate to change the focus and direction of American policy. Until the administration comes to grips with this fundamental truth, there is little chance for any real rapprochement between the legislative and executive branches.

ADMINISTRATION DOMINATION WEAKENED AS CONGRESS REVISES RULES

It is hardly surprising that policy planners would regard the congressional rebellion with angry distaste after years of executive domination. What is surprising, though, is the head-in-the-sand attitude that suggests either a naive obliviousness or a fumbling miscalculation about the revised rules laid down by the legislators.

OLD RHETORIC RATHER THAN NEW PERCEPTIONS

Nothing illustrates this more than the resurrection of the state arguments of the past in seeking additional military aid for Cambodia and South Vietnam. In trotting out the old familiar frights—the domino theory, the coming bloodbath, the loss of American credibility, the undermining of U.S. security—the administration acts as if nothing has changed and that somehow the reflex rhetoric of 10 years ago can be recycled to work one more time.

ADMINISTRATION MISCALCULATIONS IN BLAMING CONGRESS FOR FALL OF INDOCHINA

Nor does the administration show much political sagacity in contending that Congress will have to bear the blame for the fall of Indochina. Indeed, this neo-McCarthyist tactic only emphasizes how far out of touch White House spokesmen are. The implication that millions of Americans will indignantly cast revenge votes in 1976 flies in the face of opinion polls showing a vast indifference to the war's outcome. The paradox is underscored all the more by the outspoken stand taken by the large freshman class in the House, most of whom were elected on platforms to cut back on overseas commitments and to devote more attention to homefront problems. Far from a liability, they believe their antiaid votes will be a solid plus in seeking re-election.

GROWING BIPARTISAN CONGRESSIONAL ROLE IN FOREIGN AFFAIRS

Moreover, in casting the congressional uprising in narrow political terms and invoking the Truman-Vandenberg bipartisanship era of the 1940s, the administration obscures one important detail. The movement for a greater congressional role in foreign policy is basically bipartisan, too, with Republican as well as Democrats supporting most of the restrictions written into recent laws covering aid allocations and other issues. Their goal is a genuine partnership in contrast to the one-sided relations that existed after bipartisanship came to symbolize a compliant Congress acquiescing meekly in White House decision-making.

PRESIDENT MISSES THE POINT

Notwithstanding these developments, the White House has plowed ahead into the storm. One group of congressional critics who visited President Ford the other day found him courteously attentive and sympathetic to the legislative mood, but they also came away with a sense that something was missing in the Oval Office. "He didn't have a smell of the streets for what the people really feel and want," was the way one Democrat put it.

AMERICAN PEOPLE WON'T PAY TO POLICE WORLD

This is the point. Capitol Hill now believes that it knows better than the White House what the country wants. As the legislators read the national mood, it is to let Indochina go, to accept limits on the deployment of American power elsewhere and to acknowledge that we no longer will pay the price necessary to police the world.

Accordingly, Congress sees its principal duty as twofold: To guard against a repetition of the mistakes of the past and to insist that U.S. power be used for purposes which the public will support. In short, the legislative branch is pressing for a new consensus that will bring foreign policy more in line with old fashioned American ideals and will be redefined by more realistic goals.

A PULLBACK TO PRAGMATISM

The administration may view this as a pullback to isolationism, but the congressional majority views it as a pullback to pragmatism. In any event, it obviously sounds the final knell for the old assumption that our main mission and priority is to "contain" communism.

The congressional assertion carries with it one significant new assumption—that Congress has earned the right to a meaningful voice in policymaking because of the Vietnam record of failures, bad judgments and deceptions. Whatever restraints the lawmakers may have had were removed by Watergate, which shredded away the last vestige of an omnipotent presidency. Hence, the legislators believe all the more that they are justified in challenging White House authority on a broad front.

CONGRESS MUST PROVIDE BALANCE

"Back in the 1950s and early 1960s the American people implicitly trusted their president," observes Republican Rep. Pierre duPont of Delaware, a member of the recently rebellious House Foreign Affairs Committee. "They believed what he did was clearly in the best interests of the country. Because of everything that has happened, this trust is gone. It's vanished. Now the people are saying to the Congress, you get involved because we'd like a balancing force on these questions."

The mandate has a notable irony. While President Ford and Secretary of State Kissinger dwell on the need to preserve credibility and trust abroad, Congress is more concerned about reestablishing credibility and trust at home.

A NAVIGATOR AS WELL AS A HELMSMAN FOR THE SHIP OF STATE

There is little evidence the administration has got the message or that it will voluntarily veer from the old ways. The ship of state may indeed need only one helmsman in most matters, as Lincoln said, but Congress is determined to help chart the ship's future journey in foreign seas. Until the White House awakens to this fact, the outlook is for continued confrontation rather than cooperation and a new period of genuine bipartisanship.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Pressler (at the request of Mr. Michel), for the week of April 7, on account of illness.

Mr. AuCoin (at the request of Mr. Duncan of Oregon), for 3 days (through April 9), on account of death in family (mother-in-law).

Mr. Derwinski (at the request of Mr. Michel), on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Kasten) to revise and extend their remarks and include extraneous matter:)

Mr. Kemp, for 15 minutes, today.

Mr. Peyser, for 20 minutes, today.

Mr. Broomfield, for 45 minutes, on April 8.

(The following Members (at the request of Mr. Duncan of Oregon), to revise and extend their remarks, and to include extraneous matter:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Brademas, for 5 minutes, today.

Mr. Drinan, for 15 minutes, today.

Mr. Eilberg, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Madden and to include extraneous matter.

(The following Members (at the request of Mr. Kasten, and to include extraneous matter:)

Mr. Kemp in two instances.

Mr. Crane in five instances.

Mr. Peyser in three instances.

Mr. Ashbrook.

Mr. Bell.

Mr. Buchanan.

(The following Members (at the request of Mr. Duncan of Oregon), and to include extraneous matter:)

Mr. Sisk in two instances.

Mrs. Lloyd of Tennessee in five instances.

Mr. Annunzio in six instances.

Mr. Anderson of California in three instances.

Mr. Gonzalez in three instances.

Mr. McCormack.

Mr. Harris in 10 instances.

Mr. McDonald of Georgia in 10 instances.

Mr. Fraser in 10 instances.

Mr. Rangel in 10 instances.

Mr. Eilberg in 10 instances.

Mr. McFall.

Ms. Abzug in 10 instances.

Mr. Drinan.

Mr. Harrington in 10 instances.

Mr. Dodd.

Mr. Holland in 10 instances.

Mr. Conyers in two instances.

Mr. Matsunaga.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 555. An act to amend the Consolidated Farm and Rural Development Act; to the Committee on Agriculture.

ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2166. An act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for personal exemptions and a credit for certain earned income, to increase the investment credit and the surtax exemption, to reduce percentage depletion for oil and gas, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following title:

On March 26, 1975:

H.R. 4592. An act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

On March 27, 1975:

H.R. 2166. An act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for personal exemptions and a credit for certain earned income, to increase the investment credit and the surtax exemption, to reduce a percentage depletion for oil and gas, and for other purposes;

H.R. 2783. An act to continue the national insurance development program;

H.R. 3260. An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974; and

H.R. 4075. An act to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–46) and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974.

ADJOURNMENT

Mr. DUNCAN of Oregon. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 16 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 8, 1975, at 12 o'clock noon.)

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

675. A letter from the President of the United States, transmitting a proposed amendment to a supplemental appropriation for fiscal year 1975 for the Department of Commerce (H. Doc. No. 94–91); to the Committee on Appropriations and ordered to be printed.

676. A letter from the President of the United States, transmitting a report on participation of U.S. naval vessels in the evacuation of refugees in South Vietnam, pursuant to section 4(a) of the War Powers Resolution (Public Law 93–148); to the Committee on International Relations.

677. A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Federal Insurance Act and for other purposes; to the Committee on Agriculture.

678. A letter from the Under Secretary of Agriculture, transmitting the annual report for calendar year 1974 on the Department's administration of the Animal Welfare Act of 1970, pursuant to section 25 of the act (7 U.S.C. 2155); to the Commitee on Agriculture.

679. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President transmitting, a report that the appropriation to the Federal Mediation and Conciliation Service for "Salaries and Expenses." for fiscal year 1975, has been reapportioned on a basis which indicates a necessity for a further supplemental estimate of appropriation, pursuant to section 3679(e) of the Revised Statutes (31 U.S.C. 665(e)(2)); to the Committee on Appropriations.

680. A letter from the Chairman, National Transportation Safety Board, transmitting an amendment to the Board's fiscal year 1976 appropriations request submitted to the Office of Management and Budget, pursuant to section 304(b)(7) of Public Law 93–633; to the Committee on Appropriations.

681. A letter from the Secretary of Defense, transmitting the first semiannual report on efforts to increase the combat proportion of U.S. Forces in Europe, pursuant to section 302(a) of Public Law 93–365; to the Committee on Armed Services.

682. A letter from the Secretary of the Army, transmitting a draft of proposed legislation to amend section 2107 of the United States Code, to remove the limitation on the number of cadets or midshipmen who may be appointed from the 2-year Senior Reserve Officers' Training Corps Course; to the Committee on Armed Services.

683. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend title 10, United States Code, to eliminate the requirement for quadrennial physical examinations for members of the Fleet Reserve and Fleet Marine Corps Reserve; to the Committee on Armed Services.

684. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a report for the second quarter of fiscal year 1975 on receipts and disbursements from the sale of surplus military supplies, equipment, and material, and for expenses involving the production of lumber and timber

products, pursuant to section 812 of Public Law 93–437; to the Committee on Armed Services.

685. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a list of contract award dates for the period March 15–June 15, 1975, pursuant to 10 U.S.C. 139(b); to the Committee on Armed Services.

686. A letter from the Assistant Secretary of Defense (Manpower and Reserve Affairs), transmitting the annual report on the adequacy of the pays and allowances of the uniformed services, pursuant to 37 U.S.C 1008(a); to the Committee on Armed Services.

687. A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting the first annual report on the defense industrial reserve for calendar year 1974, pursuant to section 809, Public Law 93–155; to the Committee on Armed Services.

688. A letter from the Deputy Assistant Secretary of Defense (Military Personnel Policy), transmitting a report that during calendar year 1974 no special payments were made to officers holding positions of unusual responsibility, pursuant to 37 U.S.C. 306(f); to the Committee on Armed Services.

689. A letter from the Chairman of the Council of the District of Columbia, transmitting copies of act No. 1–5, "To amend the Horizontal Property Act of the District of Columbia," and act No. 1–6, "To authorize the Mayor of the District of Columbia to permit the use of public space under Dupont Circle in the District of Columbia," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

690. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of act No. 1–7, "To amend the District of Columbia Public Assistance Act of 1962," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

691. A letter from the President and the National Executive Director, Girl Scouts of the United States of America, transmitting the 25th annual report of the Girl Scouts (H. Doc. No. 94–92); to the Committee on the District of Columbia and ordered to be printed with illustrations.

692. A letter from the Secretary of Labor, transmitting the fifth annual report on the Work Incentive Program, pursuant to section 440 of the Social Security Act [42 U.S.C. 640]; to the Committe on Education and Labor.

693. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend title I of the Elementary and Secondary Education Act of 1965 to provide a more equitable means of allocating grants among local educational agencies; to the Committee on Education and Labor.

694. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed criteria for funding applications for fiscal year 1975 for demonstration centers for extension and continuing programs, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

695. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed final regulations governing the Right to Read school-based program under section 2(a) of the Cooperative Research Act, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

696. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed criteria for funding applications for fiscal year 1975 for Domestic Mining and Mineral and Mineral Fuel Conservation Fellowships, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

697. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed final regulations covering the methods for determination of expected family contribution for the basic educational opportunity grant program for the 1975–76 academic year, pursuant to section 431(d)(1) of the General Education Provisions Act as amended; to the Committee on Education and Labor.

698. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed final regulations for school assistance in federally affected areas for parts 112, 113, 114, and 115, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

699. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report on recommendations and actions related thereto contained in the Report of the President's Advisory Panel on Timber and the Environment, dated September 24, 1973, pursuant to section 6(b) of the Federal Advisory Committee Act (H. Doc. No. 94–93); to the Committee on Government Operations and ordered to be printed.

700. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting a report on the Corporation's activities under the Freedom of Information Act during calendar year 1974, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

701. A letter from the Chairman and the General Counsel, National Labor Relations Board, transmitting a report on the activities of the Board under the Freedom of Information Act during calendar year 1974, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

702. A letter from the Secretary of the Interior, transmitting a proposed plan for the use and distribution of the judgment funds awarded to the Jicarilla Apache Tribe in docket 22–K before the Indian Claims Commission, pursuant to 87 Stat. 466; to the Committee on Interior and Insular Affairs.

703. A letter from the Secretary of the Interior, transmitting a proposed plan for the use and distribution of the award granted to the Pueblos of Zia, Jemez and Santa Ana in docket 137 before the Indian Claims Commission, pursuant to 87 Stat. 466; to the Committee on Interior and Insular Affairs.

704. A letter from the Acting Secretary of the Interior, transmitting a proposed plan for the use and distribution of the judgment funds awarded to the Ottawa Indians of Oklahoma in dockets 304 and 305 before the Indian Claims Commission, pursuant to 87 Stat. 466; to the Committee on Interior and Insular Affairs.

705. A letter from the Assistant Secretary of the Interior, transmitting an amendatory contract with the Westlands Water District, California, for the construction of additional water supply and distribution facilities in the San Luis unit of the Central Valley project, pursuant to section 8 of Public Law 86–488; to the Committee on Interior and Insular Affairs.

706. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposal contract with Flow Research, Inc., Kent, Wash., for a research project entitled "The Application of a Hydraulic Borehole Mining Apparatus to the Remote Extraction of Coal," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

707. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with the University of Missouri, Rolla, Mo., for a research project entitled "Rapid Excavation of Rock with Small Charges of High Explosives," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

708. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with the University of Missouri, Rolla, Mo., for a research project entitled "The Development of a Longwall Water Jet Cutting Machine," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

709. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with the University of Pittsburgh, Pittsburgh, Pa., for a research project entitled "Self-Replacing and/or Self-Adjusting Belt Cleaning System," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

710. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with Bend Research, Inc., Bend, Oreg., for a research project entitled "Contract for Active Transport Membranes for Metal Separations," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

711. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with Foster-Miller Associates, Inc., Waltham, Mass., for a research project entitled "The Development of a Winch-Pulled Dozer Blade Equipment System," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

712. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed contract with Southwest Research Institute, San Antonio, Tex., for a research project entitled "The Development of a Winch-Pulled Dozer Blade System," pursuant to section 1(d) of Public Law 89–672; to the Committee on Interior and Insular Affairs.

713. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the Department of State to consent to a request by the Government of Australia for permission to sell certain U.S.-origin defense articles to the Government of the United Kingdom, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

714. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on deliveries of excess defense articles during the second quarter and first half of fiscal year 1975, pursuant to section 8(d) of the Foreign Military Sales Act Amendments of 1971, as amended [22 U.S.C. 2321b(d)]; to the Committee on International Relations.

715. A letter from the Administrator, Agency for International Development, Department of State, transmitting the annual report for fiscal year 1974 on military expenditures by recipients of U.S. economic assistance, pursuant to section 620(s)(2) of the Foreign Assistance Act of 1961, as amended [22 U.S.C. 2370(s)]; to the Committee on International Relations.

716. A letter from the Secretary of Health, Education, and Welfare, transmitting the annual report on the administration of the Fair Packaging and Labeling Act during fiscal year 1974, pursuant to section 8, Public Law 89–755; to the Committee on Interstate and Foreign Commerce.

717. A letter from the Acting Secretary of Transportation, transmitting a prospectus proposing the lease of an engineering facility at the Transportation Research Center of Ohio by the National Highway Traffic Safety Administration, pursuant to section 301(a) of Public Law 89–563, as amended [15 U.S.C. 1431(a)]; jointly to the Committee on Interstate and Foreign Commerce, and Public Works and Transportation.

718. A letter from the Acting Executive Director, Federal Communications Commis-

sion, transmitting a report on the backlog of pending applications and hearing cases in the Commission as of January 31, 1975, pursuant to section 5(e) of the Communications Act, as amended; to the Committee on Interstate and Foreign Commerce.

719. A letter from the Administrator, Federal Energy Administration, transmitting a report on changes in market shares for petroleum products during the months of November and December, 1974, pursuant to section 4(c) (2) (A) of the Emergency Petroleum Allocations Act of 1973; to the Committee on Interstate and Foreign Commerce.

720. A letter from the Vice President for Government and Public Affairs, National Railroad Passenger Corporation, transmitting the financial report of the Corporation for the month of December 1974, pursuant to section 308(a) (1) of the Rail Passenger Service Act, as amended; to the Committee on Interstate and Foreign Commerce.

721. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting a report on amendments and modifications to contracts by the Department of Defense during calendar year 1974 to facilitate the national defense, pursuant to section 4(a) of Public Law 85-804 [50 U.S.C. 1434(a)]; to the Committee on the Judiciary.

722. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in the cases of certain aliens found admissible to the United States, pursuant to section 212(a) (28) (I) (ii) of the Immigration and Nationality Act [8 U.S.C. 1182(a) (28) (I) (ii) (b)]; to the Committee on the Judiciary.

723. A letter from the Commissioner, Immigration and Naturalization Service. Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d) (3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant to section 212(d) (6) of the act [8 U.S.C. 1182(d) (6)]; to the Committee on the Judiciary.

724. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation under the authority of section 244(a) (1) of the Immigration and Nationality Act, as amended together with a list of the persons involved, pursuant to section 244(c) of the act [8 U.S.C. 1254(c)]; to the Committee on the Judiciary.

725. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting a copy of an order entered in the case of certain aliens under the authority contained in section 13(b) of the act of September 11, 1957, pursuant to section 13(c) of the act [8 U.S.C. 1255b(c)]; to the Committee on the Judiciary.

726. A letter from the Administrator, Energy Research and Development Administration, transmitting a report on amendments and modifications to contracts by the Atomic Energy Commission during calendar year 1974 to facilitate the national defense, pursuant to section 4(a) of Public Law 85-804 [50 U.S.C. 1434(a)]; to the Committee on the Judiciary.

727. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to provide that the district judgeship for the Eastern and Western Districts of Kentucky be a judgeship for the Eastern District only; to the Committee on the Judiciary.

728. A letter from the Secretary of Commerce, transmitting the annual report for fiscal year 1974 on ocean pollution, overfishing, and offshore development, pursuant to section 202(c) of Public Law 92-532; to the Committee on Merchant Marine and Fisheries.

729. A letter from the Acting Secretary of Commerce transmitting the second annual report on marine sanctuaries, covering fiscal year 1974, pursuant to section 302(d) of Public Law 92-532; to the Committee on Merchant Marine and Fisheries.

730. A letter from the Secretary of Transportation, transmitting the report on the utilization of authority to designate and rent inadeqaute quarters, lease family housing, and hire quarters, for the calendar year 1974, pursuant to 14 U.S.C. 475(f); to the Committee on Merchant Marine and Fisheries.

731. A letter from the Chairman, Council on Environmental Quality, Executive Office of the President, transmitting a draft of proposed legislation to authorize further appropriations for the Office of Environmental Quality, and for other purposes; to the Committee on Merchant Marine and Fisheries.

732. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated July 31, 1973, submitting a report, together with accompanying papers and an illustration, on Hager Slough, Cass County, Ill., requested by a resolution of the Committee on Public Works, House of Representatives, adopted May 8, 1964; to the Committee on Public Works and Transportation.

733. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, submitting a report on Flat Creek, vicinity of Sedalia, Mo., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted October 21, 1965, and October 5, 1966; to the Committee on Public Works and Transportation.

734. A letter from the Administrator National Aeronautics and Space Administration, transmitting a report on negotiated contracts for experimental, developmental, test or research work, or for industrial mobilization in the interest of the national defense, covering the period July–December 1974, pursuant to 10 U.S.C. 2304(e); to the Committee on Science and Techology.

735. A letter from the Acting Assistant Secretary of Defense (Installations and Logistics) transmitting a report on Department of Defense procurement from small and other business firms for July 1974–January 1975, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

736. A letter from the Administrator, Small Business Administration, transmitting a draft of proposed legislation to change the computation basis for interest charged under the direct loan program and the economic injury loan programs of the Small Business Administration; to the Committee on Small Business.

737. A letter from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to amend title 38 of the United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of veterans cemeteries, and to provide for transportation of bodies to a national cemetery; to the Committee on Veterans' Affairs.

738. A letter from the Chairman, U.S. International Trade Commission, transmitting the first quarterly report on trade between the United States and nonmarket economy countries, pursuant to section 410 of the Trade Act of 1974; to the Committee on Ways and Means.

739. A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to provide for the addition of certain lands in the State of Alaska to the National Park, National Wildlife Refuge, National Forest, and the Wild and Scenic Rivers Systems, and for other purposes; jointly, to the Committees on Interior and Insular Affairs, and Merchant Marine and Fisheries.

740. A letter from the Administrator, Energy Research and Development Administration, transmitting the annual report of the Office of Coal Research, pursuant to section 7 of Public Law 86-599 [30 U.S.C. 667]; jointly, to the Committees on Interior and Insular Affairs, and Science and Technology.

741. A letter from the Acting Chairman, Equal Employment Opportunity Commission, transmitting the eighth annual report of the Commission, covering fiscal year 1973, pursuant to section 705(e) of the Civil Rights Act of 1964, as amended (H. Doc. No. 94-94); to the Committee on Education and Labor and ordered to be printed with illustrations.

742. A letter from the President, American Academy of Arts and Letters, transmitting the annual report of the Academy for calendar year 1974, pursuant to section 4 of its charter; to the Committee on House Administration.

RECEIVED FROM THE COMPTROLLER GENERAL

743. A letter from the Comptroller General of the United States, transmitting a report that the failure of the Office of Education to make available for obligation the budget authority provided by continuing resolution for Emergency School Aid, and the probability that part of the budget authority will lapse before it can be prudently obligated, constitute a de facto rescission of such authority which has not been reported to the Congress by the President, pursuant to section 1015(a) of the Impoundment Control Act of 1974 (H. Doc. No. 94-95); to the Committee on Appropriations and ordered to be printed.

744. A letter from the Assistant Comptroller General of the United States, transmitting a report on the release of budget authority for the National Oceanic and Atmospheric Administration, the deferral of which (D75-94) was disapproved by the House of Representtaives; to the Committee on Appropriations.

745. A letter from the Comptroller General of the United States, transmitting a report on issues of the Department of the Army's ballistic missile defense programs; to the Committee on Government Operations.

746. A letter from the Comptroller General of the United States, transmitting a report on the readiness of Navy air and surface units for antisubmarine warfare; to the Committee on Government Operations.

747. A letter from the Comptroller General of the United States, transmitting a report that better management of secondary items by the Republic of Vietnam Armed Forces would reduce the U.S. investment; jointly, to the Committees on Government Operations, and International Relations.

748. A letter from the Comptroller General of the United States, transmitting a report on the progress made by the United States and Canada on controlling pollution from cities and towns along the Great Lakes (Environmental Protection Agency); jointly, to the Committees on Government Operations, International Relations, and Public Works and Transportation.

749. A letter from the Comptroller General of the United States, transmitting a report on the examination of the financial statements of the Tennessee Valley Authority for fiscal year 1974 (H. Doc. No. 94-96); jointly, to the Committees on Government Operations, and Public Works and Transportation and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FOLEY: Committee on Agriculture. House Joint Resolution 335. Joint resolution to extend the effective date of certain provisions of the Commodity Futures Trading Commission Act of 1974; with amendment (Rept. No. 94–122). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 4111. A bill to amend the Securities Exchange Act of 1934 to remove barriers to competition to foster the development of a national securities market system and a national clearance and settlement system, to make uniform the Securities and Exchange Commission's authority over securities industry regulatory organizations, and for other purposes; with amendment (Rept. No. 94–123). Referred to the Committee of the Whole House on the State of the Union.

Mr. REUSS: Committee on Banking, Currency and Housing. H.R. 5398. A bill to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or underemployed as the result of adverse economic conditions; with amendment (Rept. No. 94–124). Referred to the Committee of the Whole House on the State of the Union.

Mr. FOLEY: Committee on Agriculture. S. 1236. An act to extend and amend the Emergency Livestock Credit Act of 1974, and for other purposes; with amendment (Rept. No. 94–125). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H.R. 5656. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the aid to families with dependent children program, and for other purposes; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. Metcalfe, Mr. Mitchell of Maryland, Mr. Nolan, and Mr. Zeferetti):

H.R. 5657. A bill to create a national system of health security; to the Committee on Ways and Means.

By Mr. CRANE:

H.R. 5658. A bill to limit the jurisdiction of the Supreme Court and of the district courts in certain cases; to the Committee on the Judiciary.

By Mr. DRINAN:

H.R. 5659. A bill to provide for increased congressional oversight of foreign military sales conducted under the Foreign Military Sales Act; jointly to the Committees on International Relations and Rules.

By Mr. DRINAN (for himself and Mr. Carr):

H.R. 5660. A bill to require the submission of reports to the Congress prior to the issuance of a license for the export of certain arms, ammunition, or implements of war; to the Committee on International Relations.

By Mr. DRINAN (for himself, Mr. Badillo, Mr. Studds, and Mr. Hawkins):

H.R. 5661. A bill to amend the Impoundment Control Act of 1974 to provide that no rescission of budget authority proposed by the President shall take effect unless and until the Congress has passed a bill incorporating such rescission; to the Committee on Rules.

By Mr. MARTIN:

H.R. 5662. A bill to provide a penalty for the robbery or attempted robbery of any narcotic drug from any pharmacy; to the Committee on the Judiciary.

By Mr. SISK:

H.R. 5663. A bill to provide for the protection of franchised distributors and retailers of motor fuel; to the Committee on Interstate and Foreign Commerce.

H.R. 5664. A bill to provide tax incentives to encourage physicians, dentists, and optometrists to practice in physician shortage areas; to the Committee on Ways and Means.

By Mr. CHARLES H. WILSON of California (for himself, Mr. Brown of California, Mrs. Burke of California, Mr. Dominick V. Daniels, Mr. Eilberg, Mr. Fulton, Mr. Harrington, Mr. Moss, Mr. Pepper, Mr. Rosenthal, Mr. Roybal, Mr. Sisk, Mrs. Spellman, Mr. St Germain, Mr. Studds, Mr. Thompson, and Mr. Walsh):

H.R. 5665. A bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service; to the Committee on Post Office and Civil Service.

Mr. MAHON:

H.J. Res. 375. Joint resolution making an additional appropriation for the fiscal year ending June 30, 1975, for the Veterans' Administration, and for other purposes; to the Committee on Appropriations.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

78. By the SPEAKER: Memorial of the Legislature of the Territory of the Virgin Islands, relative to elections in the Virgin Islands; to the Committee on Interior and Insular Affairs.

79. Also, memorial of the Senate of the State of Oklahoma, relative to natural gas; to the Committee on Interstate and Foreign Commerce.

80. Also, memorial of the Legislature of the State of Oklahoma, relative to National Hunting and Fishing Day; to the Committee on Post Office and Civil Service.

81. Also, memorial of the Legislature of the State of West Virginia, relative to the Sutton Dam on the Elk River, W. Va.; to the Committee on Public Works and Transportation.

82. Also, memorial of the Legislature of the State of Oklahoma, relative to the oil depletion allowance; to the Committee on Ways and Means.

83. Also, memorial of the Legislature of the State of South Dakota, relative to the Federal estate tax; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CEDERBERG:

H.R. 5666. A bill for the relief of Won Hyo-Yun; to the Committee on the Judiciary.

By Mr. MATSUNAGA:

H.R. 5667. A bill for the relief of James C. Dodds; to the Committee on the Judiciary.

H.R. 5668. A bill for the relief of Waihang Lai and Celia Chiu-Shan Lai; to the Committee on the Judiciary.

By Mr. YOUNG of Florida:

H.R. 5669. A bill for the relief of Mrs. Fred J. Studenberg; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

68. By the SPEAKER: Petition of the Speaker, 13th Guam Legislature, Territory of Guam, relative to the impending lay off of civilian employees on Guam by the Department of Defense; to the Committee on Armed Services.

69. Also, petition of Long Island Friends of Children of Vietnam, Inc., Deer Park, N.Y., relative to Vietnamese orphans; to the Committee on International Relations.

70. Also, petition of the 80th Convention of the Episcopal Diocese of Washington, D.C., relative to world hunger; to the Committee on International Relations.

71. Also, petition of Leila Johnson, Washington, D.C., and others relative to gun control; to the Committee on the Judiciary.

72. Also, petition of Clifford Barrister, New York, N.Y., relative to redress of grievances; to the Committee on the Judiciary.

73. Also, petition of Samuel Earl Williams, Huntsville, Tex., relative to redress of grievances; to the Committee on the Judiciary.

74. Also, petition of the Army and Air National Guard Association of New Jersey, Trenton, relative to retirement of National Guard technicians; to the Committee on Post Office and Civil Service.

75. Also, petition of the Societe des 40 hommes et 8 chevaux du Oklahoma, Tulsa, Okla., relative to the treatment of service personnel who did not carry out their military obligation; to the Committee on Veterans' Affairs.

76. Also, petition of Richard R. Luehrs, Northridge, Calif., and others, relative to veterans' educational benefits; to the Committee on Veterans' Affairs.

EXTENSIONS OF REMARKS

THE HUGHES-CIA CONNECTION

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. HARRINGTON. Mr. Speaker, Charles Morgan, Washington director of the American Civil Liberties Union, was interviewed recently by Norman Kempster of the Washington Star on the subject of the CIA's collaboration with billionaire Howard Hughes in raising a sunken Soviet submarine in the Pacific. Mr. Morgan raised some very pertinent questions about this very questionable project, and I ask that the interview—from the March 21 edition of the Star—be inserted in the Record at this time for the attention of my colleagues:

LIBERTARIAN MORGAN HITS CIA SECRECY

(Charles Morgan, Washington director of the American Civil Liberties Union, was interviewed by Washington Star Staff Writer Norman Kempster:)

Question. It just has been reported that the CLR contracted for an underwater ship with a cover story that it belonged to Howard Hughes. You have been sharply critical of this arrangement. Why?

Morgan. The problem to me is that the executive contracted out the warmaking power to private corporations. The press reports that we're training the army in Saudi Arabia. We've got a ship roaming around loose someplace out there. Well, good heavens, to turn a ship like that over to Howard Hughes! I should add one thing. These views are my own. There are folks in the ACLU that would disagree with me and on much of what I may say the ACLU has no position.

Question. You say the ship was turned over to Hughes. Wasn't the Hughes connection just a cover story to conceal CIA involvement?

Answer. How do I know it's not turned over to him? So, (CIA Director William B.) Colby says it isn't. Who can you believe in that agency? Twenty years they've spent learning to lie. They lie by rote. Is there a difference between Hughes and the CIA?

Question. Is there? Are you saying they are the same?

Answer. I don't know. We ought to look into it.

Question. Do you have any indication other than this recent situation with the ship that there is a connection?

Answer. Well, certainly, certainly. (Former Hughes aide Robert) Maheu testified, according to the Washington Star, in his depositions in his lawsuit against Hughes that in 1960 he was asked by Hughes to form a link between the CIA and Hughes Tool. He then went further and said that he did not do that. Secondly, he said that he'd been working on an intelligence mission in 1960 in Miami and Hughes had tried to summon him back to Los Angeles, or Las Vegas, or someplace and he refused to go. He did identify the agency—the Central Intelligence Agency. He wouldn't go into what he'd been working on but I think the people of this country are entitled to know.

Question. But how much control does Howard Hughes have over what this boat does?

Answer. I have no way of knowing. I don't even know if there is a Howard Hughes. All I know is that I've got to make several assumptions about it. If there is a Howard Hughes, then I have to assume that he is either sane or insane or something else. If I assume him to be sane, then I have to assume him to be the most secure person in the United States. If I assume him to be insane, then we have turned a very highly risky operation over to a man who is an alleged nut. Now I don't want him out there picking up free hydrogen bombs, or walking around with anything else or risking that my country gets into war. Now if it's not Howard Hughes' crew, and there is a risk that we may go to war over that ship, then that's even worse.

Question. Do you believe the CIA has a right to contract with private corporations to engage in any of the covert activities that the CIA engages in?

Answer. Let me go back just a little bit. In 1967, we were shocked when we found out the CIA was funding the National Student Association. Now I have an equal shock when I find out the CIA is funding Howard Hughes. Now when I look around at the kinds of things that have happened to Hughes that an average citizen couldn't get consideration on for the past several years: an antitrust exemption for the Dunes Hotel, a tax exemption for his medical foundation, non-extradition from the Bahamas, great Justice Department efforts to keep a United States grand jury from indicting him in Nevada. I look at that and I say to myself, "What are we paying that fellow for?" Secondly, if you have covert operations through an American corporation, where's the check on that? Who runs the war? Does Hughes run the operation, or does the CIA? Or do their interests merge? What happens when they go off and get into trouble? Do we go out and defend them? Is it a war contracted for by the CIA secretly, without the taxpayers' knowing where their money went, without any control at all by the executive or anybody else? That's the problem.

Question. You ask some interesting questions. Do you know any of the answers?

Answer. I think the questions answer themselves. I think we should investigate and find out about it.

Question. Do you have any indication that the Glomar Explorer was engaged in any activities for the CIA other than the Russian submarine caper?

Answer. Well, I would say without any knowledge of anything other than the public documents and public records, we are putting a remarkable amount of American money into underseas ventures. We've got ships roaming loose, small submarines, tiny things built by corporations over here, the Defense Department and every place else. And I don't really know what we're doing in the sea. All I know is that we are doing something there. I assume we are doing it undercover and the reason we're doing it undercover is because apparently we're doing something wrong. If we're doing something right then we ought to tell everybody about it and tell them what it costs.

Question. If we could get back to the Glomar Explorer. Do you know of any other covert operations conducted by that ship?

Answer. I just don't know about that. I read an article in the March 1975 American Legion Magazine. It's a perceptive article. It ends up saying that Hughes' ship is the only ship that's ready to go to mining underseas. If 75 percent or 80 percent of the mineral wealth of the world is underseas and if that ship does also mine, then we have financed a ship to mine underseas and violate a U.N. resolution as I understand it about the ownership of the underseas. Are we in such a tremendous hurry in this country to give away every piece of land under the sea and on land to private corporations to make a fortune on it? Is that ship being used as kind of a symbol over the head of countries negotiating now on a law of the seas agreement over in Geneva? I don't know what other uses that ship has, but I'll tell you one thing—if that ship was a one-time, pick-up-a-submarine kind of venture, then it is worse than a Spruce Gander. The same sauce for the Spruce Goose was the sauce that got the Spruce Gander going, and that sauce is money.

Question. Why should the CIA be so concerned about underseas research?

Answer. I don't know what you do with all these nuclear submarines and all these scientific ships and ventures going on. Maybe we're just in collusion with private oil companies and private mining companies doing research for them and finding out where minerals and oil are.

Question You've spoken informally of underseas explorer Jacques Cousteau in this context. How does he fit into this?

Answer. As I understand, Cousteau in November 1974 showed up in Pensacola, Fla. in his ship, the Calypso. He said he came for research into the red tide. The unfortunate part of that venture is the world's outstanding oceanographer got there at the season when the red tide isn't a problem. You go beyond that and he does say he is doing research on a U2 type of camera to be used in 1978. He's talking about electric sensors through the gulf, studying pollution. I didn't know that Cousteau worked for the government of the United States, but I do now. So I can't answer the question, I just know the story's there.

Question. Does the Hughes contract with the CIA violate any Securities and Exchange Commission regulations?

Answer. I have read some documents filed with the SEC and they don't seem to make full disclosure of this kind of transaction and this kind of operation that is going on, with respect to prospective stockholders in Global Marine, Inc. (The Hughes company that owns the Glomar Explorer.) It may very well be that in other documents they do. The ones that I've been over look to me like they merit risky investment."

Question. Is there any way that a prospective stockholder would be damaged by not having full information about the contract with the CIA?

Answer. When you have full disclosure in corporate documents, you can say, "Wait a minute, if that ship's out in the middle of the ocean and it is being watched by satellites and the Russians know it is there, and it's got a risk factor that it may go, I've got a pretty risky investment."

Question. You have been stressing the secrecy that surrounded the submarine matter. You tried to interest several newspapers in the story but they withheld it because of national security considerations until columnist Jack Anderson used it. Do you think the press should withhold information like this?

Answer. Of course not. Newspapers are supposed to do their own job. Newspapers are charged with the duty of putting out the truth and the news. They're not national security agents, they're not official bureaus of the state. The press is supposed to be separate from the government. When a person telephones who you know has been paid for 20 years to be a liar and tells you to kill a story, why would you believe him, unless your experience has been such that you believe you're supposed to cover for the United States government.

Question. Why do you suppose this story was held out of print?

Answer. The problem is cowardice. The higher one goes in a bureaucracy, the more he is able to rely on "responsibility" to rationalize his fear. Newspaper owners and executives learn as they move up that there is less risk in being held responsible for stories they don't print than for stories they do print. So, when the CIA or some other set of trained liars come to them, they are inclined to suppress legitimate news.

Question. Surely a newspaper executive has a responsibility to decide what goes into print.

Answer. Newspaper owners and executives should limit their power to overruling decisions not to publish. They should recognize cowardice as inherent in the bureaucracy and eliminate their power to kill a story. The 1st Amendment means nothing unless there are news people with the spirit and courage to use it. The wall between the government and the press should be absolute. Otherwise, you wind up with house organs for the CIA. If The New York Times had run the Bay of Pigs story in 1961 there wouldn't have been a Bay of Pigs (invasion) and the nation would have been spared that absurdity.

Question. Are you saying that newspapers should ignore the national security implications of what they print?

Answer. I believe that our only national security is to tell the truth. I think for 35 years we have lost the people of the world, constantly and regularly, by not telling the truth to ourselves or abroad. I've noticed over a 2½ year period that when I bring up the fact that somebody lied in Washington, people just shrug their shoulders, like everybody lies. Well, that's okay in a Machiavellian government. That's okay with a prince. But it's not okay in a democracy. We've gone from cover stories to coverup, and that's mighty easy for a (Watergate conspirator) Jeb Magruder.

Question. You say lying is easy for a Magruder. But the CIA presumably should have more reason to lie than the CRP (Nixon campaign committee). Are you saying that the CIA should lay all of its cards on the table?

Answer. I'm saying we should live by the Constitution. That all the pragmatism and pragmatic arguments I hear are so unreal for a democracy. If we live by democracy and live by the Constitution of the United States, the world would be clamoring to come our way. There have been revolutions fought all over the world for the things we profess to believe in. And what happens is that the policy and practice from the highest level comes down to lying.

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS TO CONTINUE TESTIMONY ON GUN CONTROL ACT OF 1968

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. CONYERS. Mr. Speaker, I am pleased to announce that the Subcommittee on Crime of the Committee on the Judiciary will continue hearings on more than 50 bills which would amend the Gun Control Act of 1968. Thus far, the subcommittee has held eight hearings on this subject. We have heard testimony from our colleagues in the Congress, law enforcement officials, and a representative of the medical profession.

On Thursday, March 20, Rex D. Davis, Director of the Bureau of Alcohol, Tobacco and Firearms, began testimony on the administration and effectiveness of the Gun Control Act of 1968. With the assistance of members of his staff, Mr. Davis continued his testimony on Wednesday, March 26. Mr. Davis will continue his testimony further on Wednesday, April 9, at 9:30 a.m. in 2141 Rayburn House Office Building.

Those wishing to testify at a future hearing or to submit a statement for the RECORD should address their requests to the Committee on the Judiciary, 2137 Rayburn House Office Building, Washington, D.C. 20515.

CONSTITUENTS RESPOND TO DRINAN QUESTIONNAIRE

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. DRINAN. Mr. Speaker, during my 4 years in the House of Representatives, I have made it a practice to send periodic questionnaires to all of the residents of my congressional district in an attempt to learn their opinions on the many issues facing us in Congress.

I take this opportunity to share with my colleagues the results of my most recent poll, which invited responses of both national issues and Federal spending priorities.

Over 11,500 of my constituents responded to my questionnaire, including 1,400 young people between the ages of 15 and 21.

Mr. Speaker, the complete text and the tabulated results of my questionnaire follow:

MARCH, 1975.

DEAR CONCERNED CITIZEN: Rising prices, energy conservation, and tax reform are just a few of the many urgent and complex issues facing the new Congress. To help me get a better understanding of the ideas and opinions of the citizens of the 4th Congressional District, I would appreciate it if you would take a few minutes to fill out this questionnaire and return it to me.

If you have young people (15–21) in your household I am interested in having their answers in the special youth column.

When your answers are complete, tear off the question section, refold, affix a stamp and mail it to me. The results of this questionnaire will be tabulated and sent to every household in the district.

It is difficult, I know, to cover all sides of an issue with a simple answer. If you would like to elaborate on any of these questions—or would like to discuss an issue not mentioned in this questionnaire—I would welcome a personal letter from you.

I look forward to receiving your completed questionnaire and hope that you will keep in touch regularly.

Cordially yours,

ROBERT F. DRINAN.

I. ENERGY DO YOU APPROVE OF THE FOLLOWING PROPOSALS TO CONSERVE ENERGY AND REDUCE OUR DEPENDENCE ON OIL IMPORTS?

[In percent]

	Adult		Youth		Total	
	Yes	No	Yes	No	Yes	No
1. Raise prices on gasoline, heating oil, and other forms of energy by increasing taxes	18	82	14	86	17	83
2. Ration gasoline, giving preference to those who need if for their work	56	44	57	43	56	44
3. Impose taxes on automobiles according to fuel consumption or horsepower	69	31	61	39	68	32
4. Relax antipollution standards on automobiles	39	61	31	69	38	62

II. ECONOMY.—DO YOU APPROVE THE FOLLOWING PROPOSALS TO BRING THE AMERICAN ECONOMY OUT OF RECESSION AND EASE INFLATION?

1. Cut taxes for all individuals up to a ceiling of $1,000	48	52	53	47	48	52
2. Cut taxes for low and middle income individuals only	69	31	68	32	69	31
3. Cut taxes for all corporations	20	80	15	85	20	80
4. Expand Federal programs to provide jobs for the unemployed	76	24	88	12	78	22
5. Expand supply of mortgage money for construction and purchase of housing	88	12	85	15	88	12

III. OTHER LEGISLATIVE PROPOSALS.—DO YOU APPROVE OF THE FOLLOWING LEGISLATIVE PROPOSALS?

1. Impose a windfall profits tax on major oil companies	87	13	92	8	87	13
2. Establish a comprehensive system of national health insurance	80	20	83	17	80	20
3. Reduce hy $15 the present military budget	71	29	70	30	71	29
4. Require the licensing and the registration of all guns	86	14	91	9	87	13
5. Prohibit the sale and possession of handguns to all but authorized law enforcement personnel	68	32	79	21	69	31
6. Prohibit all forms of wiretapping and eavesdropping by public agencies	67	33	78	22	69	31
7. Prohibit CIA intervention in the internal affairs of a foreign nation	71	29	69	31	71	29
8. Continue military aid to South Vietnam	14	86	16	84	14	86
9. Subsidize the continued operation of freight railroads	75	25	79	21	76	24
10. Subsidize the continued operation of passenger railroads	77	23	78	22	77	23
11. Nationalize the oil industry	46	54	72	28	48	52
12. Increase emergency food shipments to starving people overseas	65	34	77	23	66	34
13. Restrict the FBI from gathering information about American citizens, which is not related to a criminal investigation	86	14	91	9	86	14
14. Abolish the Vice Presidency and provide for a special national election in the event that the Office of the President becomes vacant	36	64	42	58	36	64
15. Negotiate with the oil producing nations to sell them arms only if they agree to sell the U.S. oil at lower prices	38	62	36	64	38	62
16. Increase the social security tax from 5.85 percent to 5.95 percent to include coverage of prescription drugs under medicare	60	40	63	37	61	39

IV.—SPENDING PRIORITIES

WHAT ARE YOUR FEELINGS REGARDING FEDERAL FUNDS FOR THE FOLLOWING PROGRAMS?

	Adult			Youth			Total		
	Spend more	Spend less	Maintain at the same level	Spend more	Spend less	Maintain at the same level	Spend more	Spend less	Maintain at the same level
1. Defense programs	12	65	23	11	63	26	11	65	24
2. Foreign aid programs	6	70	24	18	48	34	8	67	25
3. Highways	15	55	30	17	57	26	15	55	30
4. Mass transit	83	7	10	83	5	12	83	7	10
5. Medical research and training	72	6	22	75	2	23	73	5	22
6. Welfare benefits	20	48	32	28	33	39	21	46	33
7. Education	52	13	35	64	10	26	53.5	12.5	34
8. Environmental quality programs	52	18	30	67	13	20	53	18	29
9. Energy research and development	88	2	10	83	4	13	88	2	10
10. Housing	55	13	32	52	7	41	55	12	33
11. Veterans benefits	23	26	51	23	30	47	23	27	50
12. Senior citizens assistance	66	6	28	59	17	24	65	7	28
13. Space and NASA	14	57	29	5	60	35	13	57	30
14. Day care programs	43	24	33	46	21	33	43	24	33

JOHN D. McWILLIAMS

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. DODD. Mr. Speaker, last week saw the death at age 82 of a former member of the House of Representatives, John D. McWilliams of Norwich, Conn.

John McWilliams served in the 78th Congress from 1943 to 1945 representing Connecticut's Second District. As a member of the Naval Affairs Committee he traveled to many Navy bases in the Pacific during those war years, and he is remembered by many for the joy brought by the letters he wrote to family and friends of those soldiers with whom he had a chance to speak at the bases.

John McWilliams was exceedingly active in his community through business, civic, and political accomplishments. His construction company built many fine buildings in the region. Prior to his term as Congressman, Mr. McWilliams served four terms as first selectman of Norwich, a position at that time equivalent to mayor. His list of civic positions is lengthy.

Mr. Speaker, I wish to place into the Record the following article and editorial from the Norwich Bulletin which speak so well of our former colleague:

John D. McWilliams

The successful public service career of John D. McWilliams of Norwich culminated, in 1943, in his election to the 78th Congress, and service during a time when the nation was devoting its entire attention to achieving victory in World War II.

He is remembered by many as the Congressman who, upon his return from a tour of South Pacific war bases, personally wrote letters to the parents and loved ones of the American soldiers whom he had seen and talked to.

But his career in government had started several years before he aspired to national office.

He ran successfully for the office of First Selectman of the town of Norwich, offering what he called "nonpolitical" experience in business methods and management. After eight years in office, he looked back on a number of accomplishments. He had brought about the expansion of the town road system. He had replaced three vital bridges in the town. And, he noted, he had brought to an end the fiscal practices which produced an "unbelievable floating debt of $600,000" that had resulted from an unwillingness to "proceed on a pay as you go policy."

These accomplishments, viewed in historic context, were remarkable. For Mr. McWilliams served the town during the depth of the great depression, when galloping government deficits had become a national habit, and when resources for government revenues were scarce.

John D. McWilliams has now passed on. But he leaves a legacy that is valuable for our time. If we are to learn from history, his outspoken patriotism in a time of international upheaval, and his devotion to fiscal integrity in time of economic trouble should provide worthwhile examples, for those who have followed him in public office.

John D. McWilliams, 83; Builder, Congressman

Norwich.—Former U.S. Rep. John D. McWilliams, 83, of 2 Elizabeth St., died Sunday night at Uncas-on-Thames after he suffered an apparent heart attack.

Mr. McWilliams was born in Norwich July 23, 1891, son of John and Elizabeth (McClure) McWilliams.

He attended the Norwich Free Academy and was graduated from Mercersberg, Pa. Preparatory School in 1910.

He was associated with Peck & McWilliams Co. and under this name some of the finest buildings of all types were constructed. Later the business was continued as the John D. McWilliams Co.

Built during the latter era were the Lincoln School in New Britain, Manchester Town Hall, Norwich Inn, Nitany Lion Inn, State College, Pa., Phillips Exeter Academy Inn, Exeter, N.H., Dime Savings Bank in Norwich, The Southern New England Telephone Co. in Norwich and The Southern New England Telephone Co. in Waterbury.

During World War I he enlisted in the 49th Co. 20th Engineers, entering service Mar. 16, 1918 and was discharged on July 1, 1919.

He was elected first selectman of Norwich under the old form of government when the office was equivalent to the mayor of the city. He was nominated as an independent Republican and was elected on that ticket three times. During this period his administration had to cope with three major floods, including the Great Hurricane of 1938.

Mr. McWilliams was elected to the 78th Congress from the Second District in 1942 and served one term. He was the first freshman congressman chosen to membership of a major committee—the Naval Affairs Committee.

He was chosen by House Speaker Sam Rayburn as one of the eight congressmen to visit naval bases in the Pacific theater.

He was a guest of Admiral Chester Nimitz in a trip that took him from Hawaii to Australia and the islands of the Pacific.

In 1950 he joined the Electric Boat Division of General Dynamics and retired 10 years later. At that time he was given a life membership in the Marine Draftsmen Association.

Later he served as clerk of the works for Kelly Junior High School and in a similar post for the Thames Plaza redevelopment project. He was clerk of the works for the Thamesville sewer inceptor and the North Main St. project. He held a similar role during the construction of the Eastwood and Westwood housing projects for the elderly.

He was a charter member of the East Great Plain Volunteer Fire Co.; member of Richard E. Hourigan Post 594, Veterans of Foreign Wars; a 54-year member of Robert O. Fletcher Post 4, American Legion; a life member of Norwich Lodge 430, B.P.O. Elks; 40-year member of the Salvation Army Advisory Board; trustee of the Maplewood Cemetery Association for over 50 years; and director of The Connecticut Bank and Trust Co. from 1925 to 1932.

He was a former member of the Greenville Congregational Church and served as a Sunday school teacher. Mr. McWilliams was also a former member of Somerset Lodge 34, AF & AM.

He was married to the former Ethel V. McClafferty in Norwich, Aug. 28, 1919 and they observed their 55th wedding anniversary last summer.

Besides his widow survivors include one granddaughter, Mrs. Thomas Archer, two grandsons, J. David Sullivan and G. Bryce Sullivan; and two great grandsons, Brent and Troy Sullivan.

THE LOSS OF A FREE WORLD LEADER

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. ASHBROOK. Mr. Speaker, the death of President Chiang Kai-shek is being mourned by all freedom-loving people everywhere. He was the leader of a country which was able to overcome serious setbacks and by so overcoming them serve as a symbol for people throughout the world.

At this time it is important to remember the principles that President Chiang upheld. Those principles must not be forgotten. The new President of the Republic of China, I am confident, will continue to follow them.

Under Chiang Kai-shek's leadership the Republic of China on Taiwan has grown into a country which plays an important role on the international scene. It is a country whose leaders and people view Americans as friends. It would be a tragedy indeed if the present diplomatic and defense relationship between the United States and the Republic of China were loosened in any way. It is time to make our relations closer. Both countries would be well served by such a move.

It is time to make the principles of liberty again a shining beacon for the rest of the world. It is time for all of us to rededicate ourselves to them.

VIETNAM REFUGEE PROBLEM

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. KOCH. Mr. Speaker, last week I was most distressed to read in the New York Times Secretary General Kurt Waldheim's statement to the effect that the refugee problem in Vietnam was "a very controversial political problem" that the United Nations should not get involved in. In subsequent statements, as I understand it, Secretary Waldheim said that his statement was misunderstood and that what he feared was that the United Nations' involvement in this political issue would impair its humanitarian efforts.

I can only ask, what else is the United Nations to do if it is not to extend its hand into the political arena? What Secretary General Waldheim has lost sight of is that the United Nations must insert itself into political disputes, but as an unbiased mediator and arbiter. Instead, Mr. Waldheim has taken sides by acceding to the wishes of the Communist world which on this issue wants the United Nations to stand aside.

In recent years, the United Nations has suffered a disasterous tumble from the heights of impartiality and is now just picking and choosing whom it will help, not on the basis of justice, but on the basis of politics.

The United States cannot stand mute while this happens. Therefore, today I am joining with my colleague from New York (Mr. PEYSER) in circulating a joint resolution expressing the sense of the Congress that the United Nations should give immediate aid to the refugees and call on North Vietnamese and the PRG leaders not to interfere with such humanitarian effort.

If the United Nations fails to respond to the very basic needs of refugees in need of care and food, it will be further degraded as a humanitarian body. And its failure once again to act in the fact of challenge will diminish further the respect and influence it commands in the world and its future ability to bend arms into plowshares.

HAWAII'S GREAT LEADER, JACK BURNS, DIES

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. MATSUNAGA. Mr. Speaker, it is my sad duty to relay to my colleagues in the House of Representatives the news that John A. Burns, former Delegate to Congress from what was then the Territory of Hawaii, died in Honolulu last Saturday. He served in this House from 1956 through 1959.

Few Members of the House, let alone nonvoting delegates, were as well liked, as highly respected and as legislatively effective in Washington as was Jack Burns. His crowning achievement, of course, was the enactment of the bill which conferred statehood on Hawaii in 1959.

For the 12 years ending in 1974, Jack Burns was Governor of Hawaii. For 30 years, he was a leader and onetime chairman of the Democratic Party of Hawaii. He was a man of utmost integrity and consummate political skill, who brought vibrance to the economy of our State, dominance to Hawaii's Democratic Party, and a sense of participation in America to disadvantaged minority groups. It was my great privilege to be a friend and political ally of Jack Burns for nearly 25 years.

It would be an injustice not only to the memory of Jack Burns, but also to those in whose behalf he labored, if all the good he has done should be buried with him. I am confident that this will not be the case. On Wednesday, Jack will be laid to rest, but his achievements and his goodness will be perpetuated in his memory and he will never be forgotten.

I will be reserving time under a special order next week, so that those who knew Jack Burns during his time in the House may have the opportunity to express their feelings on the loss of a great American. I enclose at this point in the RECORD a copy of the notice of his death that appeared in this morning's Washington Post:

EX-GOVERNOR OF HAWAII DIES

(By John A. Burns)

HONOLULU, April 6.—John A. Burns, a former police officer who aligned himself with the postwar political awakening of Hawaii's noncaucasians, died Saturday at his suburban home, less than four months after completing his third term as governor. He was 66.

Mr. Burns underwent surgery for cancer of the colon in October, 1973, and never was able to resume his official duties. Lt. Gov. George R. Ariyoshi, Gov. Burns' political protege, took over as acting governor and a year later won election as the nation's first governor of Japanese ancestry.

Ariyoshi ordered the state flag flown at half-staff for a 30-day period of mourning for the man he described as "the architect of Hawaii as we know it."

As a police captain following the attack on Pearl Harbor, Mr. Burns was assigned to keep an eye on the local Japanese community for signs of subversive activity.

He was, however, soon defending the loyalty of Japanese-Americans and sponsored the creation of an all-Japanese-American Army unit that went to fight in Italy. It was the 442nd Regimental Combat Team, the most decorated unit of World War II.

When the veterans returned home to the islands, most were no longer satisfied to be workers on Hawaii's huge sugar and pineapple plantations.

It was at that time that Mr. Burns gave up police work and started devoting most of his time to organizing the Democratic Party.

His first try for political office was in 1948, running for territorial delegate to Congress. He was crushed by Republican Joseph Farrington, who had the support of Hawaii's rich landowners.

The political revolution in Hawaii occurred in the 1954 election when the young Democrats aligned with Mr. Burns swept into office and won control of the territorial legislature. Among them were U.S. Sen. Daniel K. Inouye, U.S. Rep. Spark M. Matsunaga and Ariyoshi.

But for Mr. Burns, it was another year of failure and he again lost the bid to go to Washington.

On his third try and with a promise that he could win statehood for Hawaii, Burns became Hawaii's delegate to Congress in 1956.

With the knack of a seasoned politician, Mr. Burns soon found influential friends among the conservative southern forces, including house speaker Sam Rayburn and Senate Majority leader Lyndon Johnson.

By allowing the Alaska statehood debate to go ahead first, Mr. Burns won his political gamble that success for the northern territory as the 49th state would pave the way for Hawaii's admission.

Then, in what many saw as a personal political blunder, Mr. Burns remained too long in Washington, failing to get back home and bask in the glory for having brought full U.S. citizenship to Hawaii's people with statehood in 1959.

When Hawaii's voters ratified the Statehood Act by a 17 to 1 margin, Republican William F. Quinn defeated Mr. Burns to become the first state governor.

Mr. Burns unseated Quinn in 1962 with a substantial margin.

Born in Fort Assineboine, Mont., on March 30, 1909, the oldest son of an army sergeant, Mr. Burns moved to Honolulu with his family when he was 4.

Mr. Burns was sent to the mainland for his high school education, but left school for military service. After his discharge, he returned to Hawaii and completed his high school education.

He married Beatrice Van Fleet, an army nurse, in 1931 and joined the police department in 1934. That same year his wife suffered polio and became permanently confined to a wheelchair.

The Burns administration through the 1960s coincided with an unprecedented era of prosperity for the islands, largely based on a tremendous surge in tourism.

But the lavish spending on the governor's pet projects had to be curtailed in the early 1970's as Hawaii experienced the impact of a recession on the mainland and a prolonged West Coast dock strike which hurt the economy.

He is survived by his wife and three children.

ILLEGAL ALIENS

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. MADDEN. Mr. Speaker, during the last 10 years our Nation has been the victim of an avalanche entry by illegal aliens.

The following editorial from the March 30 Hammond, Ind., Times narrates the facts on this breakdown of our immigration laws:

ILLEGAL ALIENS HURTING

High unemployment in the United States and the prospect that it may remain high for awhile makes it all the more imperative that effective measures be taken to check the flow of illegal aliens into the country.

As many as 12 million of them may be living here with at least one million holding jobs, some in high-paying factory and skilled construction work, according to Immigration Commissioner Leonard Chapman.

Correcting the problem poses some thing of a problem. Rights of privacy and the need to minimize new burdens that may be placed on both employer and job applicants are necessary. But it would hardly be unfair to require that employers obtain some form of proof from job applicants that they are legally qualified to obtain employment in this country.

A Social Security card might be enough. Its use for identification purposes is already abused but its universality makes it handy for weeding out illegal aliens.

Despite the recession, the opportunities in the United States for work or welfare are so inviting that aliens are willing to risk what little money they have to pay a smuggler to get them here from Latin America, the Caribbean, Europe and the Orient.

To detect them, the Immigration and Naturalization Service wants a $50 million increase in its $175 million budget. We could save such costs and millions more in unemployment benefits paid citizens squeezed out of work by illegal aliens, by finding some way to catch them when they apply for jobs.

SUBCOMMITTEE ON CRIME TO TAKE TESTIMONY ON FEDERAL FIREARMS LEGISLATION IN TELEVISED HEARINGS IN CHICAGO, ILL.

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. CONYERS. Mr. Speaker, I am pleased to announce that the Subcommittee on Crime of the Committee on the Judiciary will travel to the city of Chicago, Ill., to begin a series of regionalized hearings on more than 50 bills which would amend the Gun Control Act of 1968. The subcommittee intends to visit cities throughout the country over the next 2½ months to satisfy several objectives: To determine public sentiment for more stringent State and Federal control of firearms; to ascertain the relationship between the proliferation of handguns and increasing crime, as viewed from a local perspective by civic, administrative, and law enforcement personnel; to learn how effectively Congress mandate to assist State and local law enforcement in their efforts to combat increasing violence has been carried out; and to measure the effect of growing homicide rates on the quality of American life, among others.

In view of the widespread public interest in this issue, the members of the Subcommittee on Crime agreed to permit the proceedings to be televised; accordingly, gavel-to-gavel coverage of the 2 days of hearings will be provided throughout the Chicago area from the studios of WTTW–TV, channel 11, 5400 North St. Louis Avenue. WTTW–TV, an affiliate of the Public Broadcasting system, first carried such coverage of congressional proceedings more than 2 years ago when the Select Committee on Crime, this subcommittee's predecessor, held 3 days of hearings on the problem of drugs in city schools, under the able chairmanship of my distinguished colleague and friend, the gentleman from Florida (Mr. PEPPER).

On Monday and Tuesday, April 14–15, the Subcommittee on Crime will hear from a number of distinguished witnesses, including: The Honorable Richard J. Daley, mayor of the city of Chicago; the Honorable Bernard Carey, Cook County State's attorney; representatives of the Chicago Crime Commission, the medical profession, crime statistics experts, and several civic and citizens' groups, as well as the local bench and bar. The hearings will begin at 10 a.m. both days.

Those wishing to testify or to submit a statement for the record should address their requests to the Committee on the Judiciary, 2137 Rayburn House Office Building, Washington, D.C. 20515.

KENNETH KEE-BOK HAHN

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. BELL. Mr. Speaker, I wish today to pay special recognition to a particularly outstanding individual in my congressional district in southern California.

Kenneth K. Hahn is regional director for American Medicorp, Inc., one of the Nation's largest investor-owned hospital organizations. He has supervision over 11 major hospitals in Los Angeles and Riverside Counties.

These hospitals under Mr. Hahn's direction have together more than 3,500 employees and volunteers, and combined staffs including more than 2,000 medical doctors.

Under Mr. Hahn's direction, these hospitals served last year more than 44,000 inpatients, 98,000 emergency cases, and returned more than $3.3 million in taxes to city, county, and State and Federal Government.

A resident of Torrance, Calif., Kenneth Hahn has pertinent educational degrees and honors from the Sussex College of Technology in England, the University of Southern California, the University of California at Los Angeles, and Hong-Ik University of Seoul Korea.

He has also maintained a high level of community involvement with several service organizations including Rotary International, Town Hall of California, and two terms on the Board of Directors of the Westchester Chamber of Commerce, as well as several health and hospital associations.

Mr. Hahn has received many important awards and citations for his service in the health care field to the residents of Los Angeles County and southern California. He has been honored by the major organizations in his field by being named a fellow of the American Academy of Medical Administrators, a member of the American College of Hospital Administrators, a fellow of the American Public Health Association, and a fellow of the British Royal Society of Health.

It is for these reasons, Mr. Speaker, that I call to your attention the outstanding achievements of Kenneth Kee-Bok Hahn in providing finer health care to the people of southern California.

FROM RUSSIA, WITH LOVE

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 7, 1975

Mr. FRASER. Mr. Speaker, several weeks ago, the New York Times published on its op-ed page a letter written by Mstislav Rostropovich, the world famous cellist, who, in his own words has embarked "on a lengthy separation from my homeland," the Soviet Union. Rostropovich will become the music director and conductor of the National Symphony Orchestra beginning with the orchestra's 1977–78 season.

Excerpted from the New York Russian-language newspaper Novoye Russkoye Slovo, the letter published March 6, 1975, by the Times was translated by Antonio W. Bouis. It is an artist's testimony of how an authoritarian regime can strangle the artistic life of a person who considers herself/himself nonpolitical. "I never was political," writes Rostropovich, but in some societies even acts of conscience and friendship are viewed by the bureaucrats as "political."

In his case, Rostropovich writes, there was no intolerable pressure:

> Almost anything physical can be withstood. . . . A musician cannot lock himself inside four walls and create for himself alone. He must give his art to others, otherwise the art, having no outlet, will destroy the artist.

Mr. Speaker, Mstislav Rostropovich gives us an artist's view of how authoritarian government corrodes the human spirit. For Rostropovich, "the wall raised by the system" between him and the Russian people was too high to jump. He saw flight as his only recourse.

The Times version of the letter follows:

FROM RUSSIA, WITH LOVE

(By Mstislav Rostropovich)

(NOTE.—The Soviet Union allowed the cellist Mstislav Rostropovich to go abroad on a two-year visa last year, ending a three-year travel ban imposed for his support of dissidents. He and his wife, the opera singer Galina Vishnevskaya, are now touring the United States. In the following letter, excerpted from the New York Russian-language newspaper Novoye Russkoye Slovo, and translated for The New York Times by Antonina W. Bouis, Mr. Rostropovich explains why he has said he will not return home until there is full artistic freedom there. Igor Shafarevich,who is cited in the letter, is a Moscow University mathematician and an associate of Aleksandr I. Solzhenitsyn. Novoye Russkoye Slovo had reprinted excerpts of a Shaferevich article that had first appeared in the Paris newspaper Le Monde.)

As I read the opinions of Igor Shafarevich, whom I admire greatly, I understood that even people who are kindly disposed toward me, like Mr. Shafarevich, do not know or do not understand the real reasons that forced me to take a very decisive step—to embark on a lengthy separation from my homeland.

Mr. Shafarevich writes: "The best representatives of our literature, criticism, and music . . . have left voluntarily. And, if now, some say that they were expelled, and others that they were almost expelled, and still others that they are incensed because they were deprived of citizenship, then it means that all of them feel that they did not act as they should have."

What if he is right, and I did not act properly? Could my friends have found another way for me? What more could I have done?

My family's situation for the last five years was completely unlike that of any other artists and musicians now living in the U.S.S.R. There was only one reason for it: As a musician, I never was political. I lived according to my conscience and my heart; I signed no letters composed by official organs—either against "Israeli aggressors" or against Boris Pasternak or Andrei D. Sakharov; I did not participate in the officially organized persecution campaigns against certain composers, writers, artists, and scientists; and, as you know, I gave refuge to my friend Aleksandr I. Solzhenitsyn, who spent four winters in my dacha. These are the "crimes" that led to an entire chain of events. The result was my departure from Russia with my family for an extended period.

Mr. Shafarevich wrote: "They left . . . voluntarily." What does voluntarily mean? I am speaking now not of the manner of the departure but of what led up to the fact that two Russian artists had to appeal to the Government with a request to take their family abroad for an extended period.

I would like I. R. Shafarevich to answer this: Just how do you picture my creative life at home when I was denied the opportunity of self-expression as an artist? What should a performing musician do when his art is aging and dying along with him? Recordings are the only way (and then, not fully) to leave a "record" of interpretations, which can even "outlive" the artist himself. But for this you need at least permission to record. What would you do if at someone's command, the recording session is stopped literally in mid-note, and you are literally thrown out of the studio? That is what happened during a recording of Puccini's "Tosca" with my wife and the Bolshoi Theater orchestra under my baton.

Once, in reply to Herbert von Karajan's request for Galina Vishnevskaya to come to Vienna to record Moussorgsky's "Boris Godunov," the Ministry of Culture of the U.S.S.R. said, naturally without consulting Galina Vishnevskaya, that she was a "soprano" and could not sing the part of Marina Mnishek because it did not suit her voice.

Apparently, Mr. von Karajan was not as educated musically as our Ministry of Culture which, of course, knows everything better than anyone. After the resulting scandal, the recording was made, and it remains indisputable evidence of who knows more about music.

I would be interested in Leontyne Price's reaction if the United States State Department, saying nothing about it to her, were simply to forbid a record company to use her in "Carmen," because in their opinion her voice lacked the necessary lower ranges.

How much longer could I remain a puppet of Goskoncert, the state organization that trades in artists, in planning my guest appearances abroad? When, in accordance with their (or "someone's") desires, only they can determine where I can go and where I can't what I can play and what I can't. Why is it that when they did not wish to let me perform Beethoven's Trio with Yehudi Menuhin and Wilhelm Kempff for the UNESCO celebration in Paris (in January, 1974), they send an official telegram to Mr. Menuhin stating that I could not come because of illness—when in truth I am perfectly healthy?

How many times can my creative plans be changed abruptly and how many times can I be "punished" by various periods of "quarantine" against appearances abroad and by various cancellations of my concerts at home?

Perhaps I was always hoping to go abroad and consequently did not devote enough energy and time to my people? No. During my 25 years at the Moscow Conservatory I graduated over twenty international prize winners; I tried to stimulate composers to create new works for the cello; I was one of the initiators of the first music festival in the U.S.S.R. in the city of Gorky; I did not disdain performing in the distant cities of Siberia, Chukota, and the Far East.

But for my growth as a musician and artist, I need to realize more significant projects with large orchestras and major conductors and soloists, in my own country and abroad.

I am only 47 now, in my prime. There is so much more that I could have done for my country, if they would have at least given me "musical freedom," without "regulation," without tripping me up, spoiling my plans, trying to destroy me as a person and musician. They were trying to prove that a talented man, too, if he did not obey, could be destroyed and replaced by a mediocrity, who would slavishly submit to the authorities and follow the narrow, and often stupid, official line blindfolded.

How much suspicion, control, and overcautiousness they have toward their own compatriots!

It is not my fault that I must realize my life's dreams not in my homeland but in the theaters of New York, San Francisco, London, Paris, Milan, Vienna, and Munich. Not long before I left, the Deputy Minister of Culture said to me in an official conversation: "Who cares that you want to conduct or play with the best orchestra of our country. They do not want you!"

Galina Vishnevskaya replied: "That is precisely why we must leave, because they want Rostropovich in Paris, London, and New York."

In the prime of her career, Galina Vishnevskaya found her appearances being met with a conspiracy of silence. She was literally driven from radio and television.

What then should I have done according to my friend Mr. Shafarevich? Sit at home until I was old or dead, waiting for them "to want" me? And never realizing my dreams, think as I lay dying, "Ah, how I could have played that work!"?

Mr. Shafarevich writes, "The cultural figures who voluntarily left Russia just could not withstand the pressures that, say, millions of religious believers withstood for decades."

There is no talk of intolerable pressures in my particular case. Almost anything physical can be withstood. My wife survived the blockade of Leningrad. We suffered through the hardships, hunger, and sorrow of war with our people. That is possible when there is hope and the chance of it coming true. A musician cannot lock himself inside four walls and create for himself alone. He must give his art to others, otherwise the art, having no outlet, will destroy the artist.

And now my wife and I have gone away for a few years—not from our own people, but from the bureaucrats who are allowed to mock openly people in the arts. We did not leave because we did not have enough love, recognition, comfort, or money at home. Not at all. On the contrary, our life abroad is much more difficult for us: The children are in boarding school in Switzerland, and we keep moving around, spending a few days at a time in hotels, definitely without the comforts we enjoyed in our marvelous apartments and huge dacha. We left only to realize our musical plans.

Mr. Shafarevich writes that "the cultural figures who left voluntarily . . . did not have sufficient spiritual values to counterbalance the threat of ordeals, difficult ones, to be sure, but completely within the scope of human strength, as numerous examples attest. If that is so, how can we talk of significant contributions to culture? People without these values are incapable of contributing to culture no matter which side of the border they are on."

What should you do then, if you are perhaps not bereft of these "spiritual values," but are physically restrained from sharing them with your people? And if you cannot jump over the wall raised by the system, no matter how hard you try and how much you suffer?

I do not know whether I have contributed even minutely to music, but whatever I do on the other side of my country's border will always be Russian. Our stay abroad is not an escape from Russia for my wife and myself, but the only opportunity left for us to realize our musical dreams, which we will perform with all our love from Russia and the great Russian people.

INTERIOR AND THE SHELF: TIME FOR A MORATORIUM

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 26, 1975

Mr. HUGHES. Mr. Speaker, on behalf of Mr. Dodd and myself, I announce the introduction of legislation to declare a moratorium on the sale of leases in frontier areas of the Outer Continental Shelf for the purpose of exploiting mineral reserves.

Members wishing to either discuss or cosponsor this legislation are encouraged to call either of our offices.

The necessity for this legislation is apparent: Secretary Morton has pronounced full speed ahead on plans for lease sales for production despite such cautionary developments as:

A report by the Government Accounting Office released March 19—"Outlook for Federal Goals To Accelerate Leasing of Oil and Gas Resources on the Outer Continental Shelf"—that concludes, in part:

> GAO believes that the Secretary of the Interior should clearly define Shelf leasing goals and specify how these goals will be met and how they relate to national energy goals and plans (p. 16).

A Department of Commerce report highly critical of the Interior Department's assessment of industry capabilities to meet its target estimates of gas and oil extractions from the OCS.

A recommendation by the Environmental Protection Agency that the opening of frontier areas be postponed for at least 2 years to enable coastal States to assess the impact of onshore development and assess possible adverse environmental consequences.

An assessment by a committee of the National Academy of Sciences that studies on environmental risks associated with offshore oil development in the Gulf of Alaska and the Atlantic Ocean is inadequate and incomplete.

The legislation Mr. Dodd and I have introduced, H.R. 5588, is brief and to the point:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That notwithstanding any authority granted under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 and following) or any other act, that beginning on the date of enactment of this legislation no lease sales or other transfer of proprietary interest shall be made in respect to the production of mineral reserves of the Outer Continental Shelf during the 94th Congress or until such time as the 94th Congress prescribes procedures for the orderly development of the O.C.S.
>
> However, such moratorium shall not prevent the Federal Government acting through the United States Geological Survey or other instrumentality to negotiate with government or private industry for the purpose of conducting exploratory operations to determine the nature and extent of such mineral reserves along the O.C.S.

I want to emphasize that this moratorium would not prevent the Federal Government from negotiating with public agencies and private industry for the sinking of test wells to determine the nature and extent of mineral reserves offshore.

What a moratorium will provide is time for a reassessment, a review of how accelerated drilling in the Outer Continental Shelf fits into an overall energy strategy.

As the Government Accounting Office so accurately stated in its report of March 19, the Interior Department's leasing goals were:

Hastily conceived by Interior under pressure exerted by the energy crisis and the newly formed Federal Energy Administration;

Developed with little input by the Interior operating levels and based on overly optimistic assumption and inadequate data;

Adopted by Interior policy officials despite opposition from program personnel; and

Developed and adopted without adequate consideration of environmental impacts, national-regional supply-and-demand needs, or alternatives to large-scale expansion of shelf leasing.

Legislation is pending in both Houses for the orderly planning and development of offshore reserves which consider such needs as coastal impact funds and no-fault oil spill liability.

Mr. Speaker, it is time for the House and Senate Interior Committees to exercise oversight responsibilities.

It is time to take the wind out of Interior's hastily raised sails.